

Appropriations Limit

Article XIII B of the California State Constitution, more commonly referred to as the Gann Initiative or Gann Appropriations Limit, was adopted by the California voters in November 1979. This measure placed limits on the amount of tax proceeds that State and local governmental agencies can appropriate and spend each year.

This limit is different for each agency and changes annually. It is calculated by taking the amount of tax proceeds that were authorized to be spent in fiscal year 1978–79 and modified for changes in inflation and population for each subsequent year. Inflationary adjustments are, by law, based on increases in the California per capita income or the increase in non-residential assessed valuation due to new construction. Population adjustments are based on City or County population growth, whichever is greater.

For fiscal year 2017–18, the City of Hawthorne’s estimated tax proceeds, as well as tax proceeds appropriated by the City Council will, as in prior years, continue to fall under the limit. The appropriations limit for fiscal year 2017–18 is \$71,782,294. This limit is the maximum amount of tax proceeds the City will be able to appropriate and spend in the coming fiscal year.

The State Legislature requires a governing body to annually adopt, by resolution, an appropriations limit for the coming fiscal year. The City’s fiscal year 2017–2018 appropriation limit was adopted as required by the Legislature.

DEFINITION OF FUNDS AND MAJOR REVENUE SOURCES

GENERAL FUND

The General Fund is used to account for financial resources traditionally associated with general government operations, which are not required legally or by financial management to be accounted for in another fund.

Property Tax: The valuation of property in the City is determined by the Los Angeles County Tax Assessor, except for Public Utility property, which is assessed by the State Board of Equalization. As defined by Article XIII A of the California Constitution (commonly known as "Proposition 13"), assessed values are stated at 100% of full cash value. The County levies a base tax of \$1 per \$100 of assessed valuation (subject to annual growth limitations of 3%). Hawthorne's share of the \$1 has been approximately 10%.

Sales & Use Tax: In accordance with the California Revenue & Taxation Code and the Bradley-Burns Uniform Local Sales Use Tax Law of 1955, the State of California imposes a 8.25% Sale & Use Tax on taxable sales in the City. The City receives 1% of the levy with the remaining funds being shared by the State, County and Transportation District.

Hotel & Motel Bed Tax (Transient Occupancy Tax): The Hawthorne Municipal Code authorizes the City to levy a tax for the privilege of occupying lodgings on a transient basis. The current rate is 12%.

Franchise Fees: The City imposes fees on gas, electric, refuse, water, oil, towing and cable television companies for the privilege of using City infrastructure.

Business License Tax: The Hawthorne Municipal Code requires a license as a prerequisite for conducting business, trade or profession in the City. The Code further imposes an annual tax for the privilege of conducting such businesses based on generated revenues.

Real Property Transfer Tax: The Hawthorne Municipal Code authorizes the imposition of a transfer tax on real property sold in the City, at a rate of \$0.27 per \$500 of purchase price in excess of \$100.

Utility Users Tax: As authorized by the Hawthorne Municipal Code, Utility User Taxes are levied on electricity, water, gas, telephone and cable TV services. The current rate is 5%.

Motor Vehicle In-lieu Tax: Section 11005 of the State Revenue and Taxation Code imposes an annual State license fee equivalent to 2% of the market value of a motor vehicle in lieu of local property taxes. The Code also specifies that 81.25% of the revenue is to be divided equally between the cities and counties and apportioned on the basis of population.

Licenses and Permits: The California Government Code and State Constitution give cities the authority to assess certain license and permit fees as a means of recovering the cost regulating various activities. Examples include building, electrical and plumbing permits and police alarm permits.

Fines & Forfeitures: The California Vehicle Code and the Hawthorne Municipal Code mandate and/or allow for the imposition of civil penalties for parking violations. These penalties are collected by the City. Fines assessed for moving violations of the California Vehicle Code and non-parking violations of the Hawthorne Municipal Code are collected by the County of Los Angeles by the Inglewood Municipal Court and partially remitted to the City.

Charges for Services: Service charges or fees are imposed on the user for a service provided by the City under the rationale that benefiting parties should pay for the cost of that service rather than the general public. Examples of such services include various recreation, planning & building, and public safety fees.

STREET LIGHTING ASSESSMENT FUND

Property owners in the assessment district are assessed an amount each year for the costs of establishing, improving and maintaining street lighting for the City. The assessments are billed by the County of Los Angeles as part of the annual property tax bill.

GAS TAX FUND

The City is allocated a share of revenues derived from the State Highway Users Tax Account Sections 2105, 2106, 2107 and 2107.5. Gasoline taxes must be used for maintenance and improvement of City streets, which serve as State and County thoroughfares.

STREET FUND

This fund is to account for all related revenues and expenditures, including street repair, reconstruction and maintenance, which are not required to be accounted for in the City's State Gas Tax Fund.

ASSET FORFEITURE FUND

This fund is to account for all revenues and expenditures related to monies and property seized by the Police Department in drug related incidents. These funds may only be expended on activities used to enhance law enforcement activities.

POLICE GRANT FUNDS

The Hawthorne Police Department receives grant funds from several Federal and State agencies for the purpose of establishing, monitoring and administering local drug enforcement activities in coordination with other law enforcement agencies. Specific grants include the COPS Grant, and Urban Security Initiative Grant.

OFFICE OF TRAFFIC & SAFETY GRANT FUNDS

The Hawthorne Police Department receives grant funds to offset the personnel costs for the Sobriety Checkpoint and Seat Belt Compliance Programs.

INSURANCE RESERVE FUND

This fund is to account for the City's self-insurance activities. The expenditures for liability and workers' compensation are funded by charges to City departments based on claims history and a percentage of personnel costs.

LOCAL TRANSIT ASSISTANCE - PROP A

A one-half cent sales tax was approved by the voters of Los Angeles County to be utilized for local transit purposes. These revenues are received by the State and a portion is funneled to the City through the Los Angeles County Metropolitan Transit Authority. The City of Hawthorne uses these funds for Dial-A-Ride, Recreational Transit and Bus Stop Maintenance. Excess of these funds are traded with other Los Angeles County municipalities for General Funds.

PROPOSITION C COUNTY SALES TAX

A second half-cent sales tax was approved by the voters, the proceeds of which are used to improve transit service and operations, reduce traffic congestion, improve air quality and efficiently operate and improve the condition of streets and highways utilized by public transit.

MEASURE R FUND

This is an ongoing maintenance and capital improvement transportation fund.

MEASURE M FUND

This is an ongoing maintenance and capital improvement transportation fund.

AB2766 AIR QUALITY FUND

This fund is used to support the South Coast Air Quality Management District's (SCAQMD) imposition of an additional vehicle registration fee and to receive fee revenues for implementing programs to reduce air pollution from motor vehicles.

DEVELOPMENT IMPACT FEES FUND

Under the authority of Assembly Bill 1600 (AB 1600), the City imposes an impact fee on all developments within the City boundaries. These Development Impact Fees are used to defray the costs associated with infrastructure improvements due to new developments. This fund accounts for both the collection and expenditures of the Development Impact Fees.

REDEVELOPMENT AGENCY PROJECT AREA #1 FUND

Project Area #1 of the Community Redevelopment Agency of the City of Hawthorne consists of the Hawthorne Plaza Mall, which was constructed in 1974 with proceeds of Tax Allocation Bonds. The debt service on these bonds is supported by property tax increment and SB55 assessments which are collected by the County of Los Angeles and remitted to the Redevelopment Agency.

REDEVELOPMENT AGENCY PROTECT AREA #2 FUND

Project Area #2 of the Community Redevelopment Agency of the City of Hawthorne consists of approximately 960 acres in the southwest section of the City, including the Gateway and Oceangate development projects. Development of this area was assisted by a Tax Allocation Bond originally issued in 1994 and also includes Mello-Roos Bond issues for both of the development projects.

LOW & MOD INCOME 20% SET ASIDE FUND

The Redevelopment Agency is required by state law to set aside 20% of the revenues generated by property tax increment for low- and moderate-income housing needs.

DEBT SERVICE -1997 COP

In 1997, the Hawthorne Public Financing Authority refinanced the Certificates of Participation for the purpose of financing various public improvements in the City. This fund is used to account for the debt service associated with these bonds.

DEBT SERVICE - GENERAL OBLIGATION BONDS (POLICE FACILITY)

In 2002 the City obtained a \$20-million loan financing for the construction of the new Hawthorne Police Facility from the California Infrastructure and Economic Development Bank. This fund accounts for the debt service payments on the loan.

DEBT SERVICE - PROJECT AREA I - 2001 TAB

This fund accounts for the debt service associated with Hawthorne Plaza's 2001 Tax Allocation Bonds.

DEBT SERVICE - PROJECT AREA II -2016 TAB

This fund accounts for the debt service associated with Project Area II 2006, 2004 & 1998 Tax Allocation Bonds.

AIRPORT FUND

This fund is to account for the operation and maintenance of the Hawthorne Municipal Airport.

SEWER & STORM DRAIN FUND

Property owners pay an annual assessment for the operation, maintenance and capital improvements of sewer and storm drains in the City.

EQUIPMENT MAINTENANCE FUND

This fund is used to account for the purchase and maintenance of vehicular equipments on behalf of all City departments. City departments are charged a rental rate based on use and maintenance costs of vehicles.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

This fund is to account for Federal grants received from the Department of Housing and Urban Development (HUD). Grant activity is administered by the Community Development Department and is predominantly restricted to activities in 'target areas'.

HOME FUNDS

This fund is used to account for HOME Fund grants received from the U.S. Department of Housing & Urban Development. These funds are to be used predominantly to aid low & moderate income residents with their housing needs.

CALIFORNIA USED OIL RECYCLING GRANT FUND

The City of Hawthorne receives grant funds from the State Integrated Waste Management Board to promote the recycling of used motor oil. This fund accounts for all the revenues and expenditures associated with this activity.

SECTION 8 HOUSING FUNDS

These funds account for the Federal grant revenues and program expenditures related to the housing assistance programs. These programs are administered by the City's Housing Authority under the regulations established by the Department of Housing and Urban Development (HUD).

DEBT SERVICE - CFD 1999-1

This fund accounts for the debt service associated with the Gateway Center development project's Mello-Roos bonds.

DEBT SERVICE - PARKING AUTHORITY CFD 1

This fund accounts for the debt service associated with the Mello-Roos bonds issued to refund the Parking Authority bonds in Project Area No. 1.

DEBT SERVICE -1998 REFUNDING CFD 1990-1

This fund accounts for the debt service associated with the Oceangate development project's Mello-Roos bonds.

DEBT SERVICE -2004 CFD (Fusion)

This fund accounts for the debt service associated with the Fusion at South Bay development project's Mello-Roos bonds.

DEBT SERVICE - 2006-1 (360 Degrees)

This fund accounts for the debt service associated with the 360 degrees development projects Mello-Roos bonds.

GREVILLEA AVE PROPERTY FUND

This fund accounts for the operations of eight residential rental units on Grevillea Avenue, which are rented to low- and moderate-income households.

GALE AVE PROPERTY FUND

This fund accounts for the operations of eight residential rental units on Gale Avenue, which are rented to low- and moderate-income households.

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
General Government				
<i>City Council</i>				
Mayor	1.00	7,228	13,590	20,818
Councilmember	4.00	28,910	56,370	85,280
Total	5.00	36,138	69,960	106,098
<i>City Clerk</i>				
City Clerk	1.00	10,038	29,508	39,546
Deputy City Clerk	1.00	82,762	63,614	146,376
Administrative Aide I	1.00	63,053	48,953	112,006
Total	3.00	155,854	142,075	297,928
<i>City Manager</i>				
City Manager	1.00	180,692	116,214	296,906
Executive Assistant	1.00	59,639	36,005	95,643
Total	2.00	240,331	152,218	392,549
<i>Cable</i>				
Cable TV Prod. Coordinator	2.00	158,252	109,887	268,139
Total	2.00	158,252	109,887	268,139

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
<i>City Treasurer</i>				
City Treasurer	1.00	10,038	23,482	33,521
Total	1.00	10,038	23,482	33,521
<i>City Attorney</i>				
City Attorney	1.00	186,318	137,094	323,412
Assistant City Attorney	2.00	281,577	202,630	484,207
Administrative Aide II	1.00	64,885	46,397	111,282
Total	4.00	532,779	386,122	918,901

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
<i>Administrative Services</i>				
Finance Director	1.00	150,466	107,909	258,375
Accounting Supervisor	1.00	106,639	73,116	179,755
Finance Analyst	1.00	83,912	42,904	126,816
Accountant I	1.00	88,112	63,280	151,392
Internal Auditor	1.00	66,077	48,204	114,280
Payroll Technician	1.00	84,773	62,000	146,773
Payroll Assistant	1.00	63,090	42,897	105,987
Accounting Technician	2.00	142,924	100,638	243,562
Confidential Clerk	1.00	45,828	28,386	74,213
License Permit Technician	4.00	280,294	185,692	465,987
Human Resource Director	1.00	131,744	93,969	225,713
Human Resources Assistant	1.00	62,155	33,025	95,180
Human Resources Specialist	1.00	81,341	45,860	127,201
Total	17.00	1,387,353	927,879	2,315,232
<i>Planning & Community Development</i>				
Director of CDBG & Planning	1.00	138,273	82,992	221,265
Sr. Planner	1.00	97,903	69,824	167,727
Planning Associate	1.00	92,464	61,217	153,681
Planning Clerk	1.00	58,043	40,071	98,114
Code Enforcement Officer II	3.00	283,237	191,706	474,943
Code Enforcement Officer I	1.00	55,690	32,490	88,180
CDBG/Home Coordinator	1.00	82,764	56,360	139,124
Total	9.00	808,373	534,660	1,343,033
<i>Building & Safety</i>				
Director of Building & Safety	1.00	178,222	138,896	317,118
Building Permit Technician	1.00	56,237	39,060	95,297
Plan Check Specialist	1.00	74,933	54,534	129,467
Senior Building Inspector	3.00	251,791	170,305	422,096
Total	6.00	561,183	402,794	963,977

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
Public Safety				
<i>Police</i>				
Chief of Police	1.00	240,684	244,068	484,752
Police Captain	2.00	372,884	415,750	788,634
Police Lieutenant	9.00	1,365,010	1,505,229	2,870,239
Police Sergeant	14.00	1,599,555	1,859,239	3,458,793
Police Officer	69.00	5,745,171	6,302,006	12,047,177
Exec Asst to Chief of Police	1.00	94,769	67,699	162,468
Payroll Assistant	1.00	69,374	54,967	124,341
Comm. Affairs K9 Specialist	1.00	71,462	51,422	122,883
Police Service Officer	12.00	858,690	640,719	1,499,409
Jailer I	6.00	245,228	173,244	418,472
Jailer II	1.00	74,202	57,332	131,535
Info Tech Serv Sys/Net Manager	1.00	108,636	76,145	184,781
Information Systems Analyst	1.00	101,166	76,594	177,760
Information Systems Specialist	1.00	83,442	58,848	142,290
Info Systems Support Tech	2.00	126,402	78,557	204,959
Sr. Forensics Specialist	1.00	93,047	59,777	152,824
Forensics Specialist	1.00	65,589	39,393	104,982
Traffic Specialist	1.00	72,767	58,967	131,734
Traffic Clerk	1.00	53,479	40,530	94,009
Administrative Assistant	1.00	71,462	50,970	122,432
Police Admin. Technician	1.00	63,162	63,162	126,324
Gang Analyst	1.00	70,679	70,679	141,358
Police Records Manager	1.00	93,464	93,464	186,928
Police Records Supervisor	2.00	143,994	143,994	287,987
Police Records Clerk	9.00	523,543	523,543	1,047,086
Parking Enf. Officer II	6.00	283,987	183,095	467,083
Animal Control Officer	2.00	144,229	104,619	248,847
Total	149.00	12,836,073	13,094,011	25,930,084

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
Public Works				
<i>Public Works</i>				
Chief of Gen. Services & Pub Wks	1.00	215,626	165,881	381,507
Senior Engineer	1.00	114,846	89,234	204,080
Sr. Transportation Engineer	1.00	125,019	84,566	209,585
Sr. Public Works Inspector	1.00	93,342	67,294	160,635
Associate Engineer	1.00	99,378	70,832	170,210
Engineering Technician	1.00	80,390	57,393	137,783
Administrative Analyst	1.00	86,026	61,789	147,814
Administrative Aide II	1.00	63,637	47,855	111,492
Bldg Maint. Crew Leader	1.00	76,760	63,851	140,611
City Maintenance Worker	1.00	54,914	45,010	99,924
NPDES Maintenance Worker	3.00	130,231	92,450	222,682
Custodian	2.00	103,253	92,878	196,131
Graffiti Worker	4.00	233,256	193,096	426,352
Total	19.00	1,476,678	1,132,129	2,608,806
<i>GasTax</i>				
NPDES Maintenance Worker	1.00	42,692	28,566	71,258
Total	1.00	42,692	28,566	71,258
<i>Street</i>				
P.W. Maintenance Superintendent	1.00	114,918	95,186	210,104
Crew Leader	2.00	164,584	124,608	289,191
City Maintenance Worker	4.00	227,968	181,464	409,432
Sewer Service Technician	1.00	73,845	57,842	131,688
Sr. Typist Clerk I	1.00	43,497	33,773	77,269
Clerk Typist	1.00	44,635	28,093	72,728
Total	10.00	669,446	520,966	1,190,412

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
Recreation & Community Services				
<i>Recreation & Community Services</i>				
Rec & Comm Srvc Manager	1.00	107,030	72,840	179,870
Asst. Rec. Supervisor	2.00	165,129	117,674	282,803
Supervisor - Park Maintenance	1.00	95,082	80,437	175,520
Crew Leader	1.00	81,996	65,269	147,265
Skilled City Maint. Worker	3.00	206,274	167,919	374,193
City Maintenance Worker	3.00	197,204	161,826	359,029
Total	11.00	852,715	665,966	1,518,681

Community Development

Housing

Director of Housing	1.00	155,579	122,319	277,898
Housing Administrator	1.00	97,313	72,412	169,725
Housing Inspector	1.00	81,022	64,623	145,645
Housing Assistant	2.00	113,230	71,405	184,635
Administrative Clerk I	1.00	44,197	24,870	69,067
Housing Clerk Typist	1.00	37,741	24,963	62,703
Clerk Typist	1.00	40,499	29,627	70,126
Maintenance Worker I	1.00	49,329	42,099	91,428
Total	9.00	618,910	452,317	1,071,227

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2017-18
Enterprise Operations				
<i>Airport</i>				
Administrative Analyst	1.00	86,433	60,316	146,749
Crew Leader	1.00	78,326	68,057	146,383
City Maintenance Worker	1.00	51,156	43,338	94,494
Total	<u>3.00</u>	<u>215,915</u>	<u>171,711</u>	<u>387,626</u>
<i>Sewer</i>				
City Maintenance Worker	1.00	71,070	54,657	125,727
Total	<u>1.00</u>	<u>71,070</u>	<u>54,657</u>	<u>125,727</u>
Internal Service Operations				
<i>Insurance Reserve</i>				
Public Risk Manager	1.00	147,050	107,232	254,283
Assistant City Attorney	1.00	135,738	97,193	232,930
Legal Clerk	1.00	61,869	37,018	98,887
Total	<u>3.00</u>	<u>344,657</u>	<u>241,442</u>	<u>586,099</u>
<i>Equipment Maintenance</i>				
Master Mechanic	1.00	96,046	71,202	167,248
Equipment Mechanic III	1.00	68,591	54,333	122,924
Equipment Mechanic I	1.00	55,776	38,626	94,401
Equipment Mechanic	1.00	53,742	40,402	94,144
Total	<u>4.00</u>	<u>274,154</u>	<u>204,563</u>	<u>478,717</u>
GRAND TOTAL	<u><u>259</u></u>	<u>21,249,921</u>	<u>19,176,950</u>	<u>40,268,619</u>