

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 2015–16, 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 2015–16 is \$64,564,889. 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 2015–2016 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.

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.

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 -2006 TAB, 2004 TAB & 1998 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 2014-15
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General Government

City Council

Mayor	1.00	10,239	27,407	37,647
Councilmember	4.00	28,910	50,422	79,332
Total	5.00	39,150	77,829	116,979

City Clerk

City Clerk	1.00	10,038	23,262	33,301
Deputy City Clerk	1.00	80,770	46,012	126,782
Administrative Aide I	1.00	60,899	35,976	96,875
Total	3.00	151,707	105,251	256,958

City Manager

City Manager	0.50	107,813	61,914	169,727
Executive Assistant	1.00	65,006	30,558	95,564
Confidential Clerk	1.00	41,023	21,055	62,077
Total	2.50	213,842	113,526	327,368

Cable

Cable TV Prod. Coordinator	2.00	151,077	90,458	241,535
Total	2.00	151,077	90,458	241,535

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2014-15
<i>City Treasurer</i>				
City Treasurer	1.00	10,038	22,377	32,415
Total	1.00	10,038	22,377	32,415
<i>City Attorney</i>				
City Attorney	1.00	193,353	110,794	304,147
Assistant City Attorney	2.00	234,303	142,083	376,386
Legal Clerk	1.00	56,834	49,181	106,014
Administrative Aide I	1.00	64,230	37,238	101,468
Total	5.00	548,720	339,295	888,015

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2014-15
<i>Administrative Services</i>				
Finance Director	1.00	146,084	79,115	225,199
Accounting Supervisor	2.00	177,472	88,660	266,132
Accountant I	1.00	87,235	43,971	131,205
Internal Auditor	1.00	62,036	37,533	99,569
Payroll Technician	1.00	83,930	50,632	134,561
Payroll Assistant	1.00	57,159	33,667	90,825
Accounting Technician	2.00	141,494	81,479	222,974
License Permit Technician	4.00	266,075	157,954	424,030
Human Resource Director	1.00	118,606	68,376	186,983
Human Resources Assistant	1.00	56,260	27,092	83,352
Human Resources Specialist	1.00	73,703	37,557	111,260
Total	16.00	1,270,054	706,036	1,976,089

Planning & Community Development

Director of CDBG & Planning	1.00	123,351	73,271	196,622
Sr. Planner	1.00	90,487	50,498	140,985
Planning Associate	1.00	85,312	47,885	133,197
Planning Clerk	1.00	52,440	33,635	86,075
Code Enforcement Officer	4.00	352,964	216,021	568,985
CDBG/Home Coordinator	1.00	78,452	66,682	145,134
Total	9.00	783,005	487,993	1,270,998

Building & Safety

Director of Building & Safety	1.00	151,927	91,037	242,965
Building Permit Technician	1.00	68,680	42,410	111,090
Plan Check Specialist	1.00	79,465	48,377	127,842
Senior Building Inspector	3.00	281,884	170,674	452,558
Total	6.00	581,957	352,498	934,455

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2014-15
Public Safety				
<i>Police</i>				
Chief of Police	1.00	231,447	200,981	432,428
Police Captain	2.00	348,403	312,644	661,047
Police Lieutenant	8.00	1,116,643	1,036,306	2,152,948
Police Sergeant	16.00	1,380,505	1,423,144	2,803,650
Police Officer	68.00	5,539,517	5,641,409	11,180,925
Police Service Officer	18.00	1,177,158	665,725	1,842,883
Exec Asst to Chief of Police	1.00	93,843	52,194	146,037
Exec Aide to Chief of Police	1.00	62,011	38,469	100,479
Info Tech Serv Sys/Net Manager	1.00	100,487	62,109	162,596
Information Systems Analyst	1.00	100,174	58,500	158,674
Information Systems Specialist	1.00	80,215	48,756	128,971
Info Systems Support Tech	1.00	54,325	26,326	80,651
Sr. Forensics Specialist	1.00	89,208	52,618	141,826
Forensics Specialist	1.00	16,895	8,418	25,313
Traffic Specialist	1.00	72,052	34,898	106,950
Traffic Clerk	1.00	48,004	21,783	69,786
Administrative Assistant	1.00	68,687	42,934	111,621
Police Admin. Technician	1.00	69,992	41,551	111,543
Gang Analyst	1.00	66,679	38,475	105,155
Police Records Supervisor	1.00	92,539	53,886	146,425
Sr. Police Records Clerk	2.00	141,950	85,044	226,994
Police Records Clerk	10.00	489,551	298,440	787,991
Parking Enf. Officer I	3.00	128,114	62,615	190,730
Parking Enf. Officer II	4.00	178,428	86,132	264,560
Animal Control Officer	2.00	138,294	88,242	226,536
Total	148.00	11,885,122	10,481,598	22,366,720

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2014-15
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Public Works

Public Works

Chief of Gen. Services & Pub Wks	0.50	107,813	61,914	169,727
Senior Engineer	1.00	110,397	65,379	175,776
Sr. Transportation Engineer	1.00	123,790	73,526	197,316
Sr. Public Works Inspector	1.00	86,628	54,680	141,308
Associate Engineer	1.00	92,129	55,587	147,716
Engineering Technician	1.00	74,365	44,662	119,027
Administrative Analyst	1.00	85,154	48,226	133,380
Administrative Aide II	1.00	56,233	34,602	90,835
Bldg Maint. Crew Leader	1.00	79,694	55,576	135,269
City Maintenance Worker	1.00	48,725	37,851	86,576
NPDES Maintenance Worker	3.00	133,735	93,253	226,988
Custodian	2.00	112,676	78,065	190,742
Graffiti Worker	4.00	226,432	162,893	389,325
Total	18.50	1,337,771	866,214	2,203,984

GasTax

NPDES Maintenance Worker	1.00	45,057	32,178	77,234
Total	1.00	45,057	32,178	77,234

Street

P.W. Maintenance Superintendent	1.00	118,298	76,220	194,518
Crew Leader	2.00	159,407	109,233	268,640
City Maintenance Worker	4.00	213,151	153,874	367,025
Sewer Service Technician	1.00	73,131	50,639	123,771
Sr. Typist Clerk I	1.00	39,445	26,124	65,569
Clerk Typist	1.00	40,213	26,512	66,725
Total	10.00	643,645	442,602	1,086,247

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2014-15
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Recreation & Community Services

Recreation & Community Services

Director of Rec & Comm Svc	1.00	169,361	97,715	267,075
Asst. Rec. Supervisor	2.00	158,981	92,696	251,677
Supervisor - Park Maintenance	1.00	86,691	57,476	144,167
Crew Leader	2.00	156,562	106,134	262,696
Skilled City Maint. Worker	2.00	142,297	98,836	241,134
City Maintenance Worker	3.00	193,085	136,992	330,077
Total	11.00	906,978	589,850	1,496,827

Community Development

Housing

Director of Housing	1.00	151,927	89,682	241,609
Housing Administrator	1.00	89,161	52,181	141,342
Housing Inspector	1.00	79,393	55,913	135,306
Housing Specialist	2.00	132,447	77,893	210,340
Administrative Clerk II	2.00	84,819	2,411	87,231
Housing Clerk Typist	1.00	37,085	20,059	57,144
Clerk Typist	1.00	37,085	20,059	57,144
Office Clerk I	2.00	74,734	20,059	94,793
Maintenance Worker I	1.00	44,438	29,025	73,463
Total	12.00	731,089	367,282	1,098,371

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2014-15
Enterprise Operations				
<i>Airport</i>				
Senior Engineer Specialist	1.00	128,063	73,866	201,929
Crew Leader	1.00	74,180	52,150	126,330
City Maintenance Worker	1.00	43,752	31,385	75,137
Total	<u>3.00</u>	<u>245,995</u>	<u>157,401</u>	<u>403,395</u>
<i>Sewer</i>				
City Maintenance Worker	1.00	67,071	47,906	114,977
Total	<u>1.00</u>	<u>67,071</u>	<u>47,906</u>	<u>114,977</u>
Internal Service Operations				
<i>Insurance Reserve</i>				
Public Risk Manager	1.00	138,614	83,901	222,515
Assistant City Attorney	1.00	146,084	86,550	232,634
Total	<u>2.00</u>	<u>284,698</u>	<u>170,451</u>	<u>455,148</u>
<i>Equipment Maintenance</i>				
Master Mechanic	1.00	88,553	60,959	149,513
Equipment Mechanic III	1.00	65,433	48,003	113,436
Equipment Mechanic I	1.00	51,200	30,341	81,541
Equipment Mechanic	1.00	49,357	29,727	79,084
Total	<u>4.00</u>	<u>254,543</u>	<u>169,030</u>	<u>423,574</u>
GRAND TOTAL	<u><u>260</u></u>	<u>20,106,460</u>	<u>15,497,138</u>	<u>35,452,521</u>