

## 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 2013-14, 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 2013-14 is \$61,177,090. 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 2013-14 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.

**S B W I B FUND**

Employment development and training programs under this fund are funded by various State and Federal sources including the Workforce Investment Act, Greater Avenues for Independence, Welfare-to-Work and the Private Industry Council Aerospace Network.

**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 2013-14
<b>General Government</b>				
<i>City Council</i>				
Mayor	1.00	10,239	23,784	34,024
Councilmember	4.00	28,910	34,648	63,559
Total	5.00	39,150	58,433	97,583
<i>City Clerk</i>				
City Clerk	1.00	10,038	24,042	34,081
Deputy City Clerk	1.00	71,165	44,673	115,838
Administrative Aide I	1.00	54,918	33,517	88,435
Total	3.00	136,122	102,232	238,354
<i>City Manager</i>				
City Manager	1.00	207,796	104,628	312,424
Administrative Aide II	1.00	54,054	30,924	84,978
Clerk Typist	1.00	45,535	29,591	75,126
Cable TV Prod. Coordinator	2.00	131,818	80,911	212,729
Total	5.00	439,203	246,054	685,257
<i>City Treasurer</i>				
City Treasurer	1.00	10,038	936	10,974
Total	1.00	10,038	936	10,974
<i>City Attorney</i>				
City Attorney	1.00	180,692	105,253	285,945
Assistant City Attorney	2.00	215,517	145,298	360,816
Deputy City Attorney	1.00	137,579	84,123	221,702
Administrative Aide I	1.00	61,435	34,773	96,208
Total	5.00	595,224	369,447	964,671

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2013-14
<i>Administrative Services</i>				
Finance Manager	1.00	123,121	66,903	190,024
Accounting Supervisor	1.00	90,252	52,650	142,903
Accountant I	2.00	136,532	77,421	213,953
Payroll Technician	1.00	77,890	44,598	122,489
Accounting Technician	2.00	135,350	78,380	213,730
Buyer	1.00	56,531	30,206	86,736
Internal Auditor	1.00	54,384	29,241	83,625
License Permit Technician	5.00	313,626	187,298	500,923
Human Resource Manager	1.00	105,228	63,301	168,529
Sr. Human Resources Analyst	1.00	77,264	39,523	116,787
Total	16.00	1,170,179	669,520	1,839,699

*Planning & Community Development*

Director of CDBG & Planning	1.00	110,695	61,940	172,635
Planning Associate	2.00	153,528	80,800	234,328
CDBG/Home Coordinator	1.00	76,822	49,895	126,716
Code Enforcement Officer	4.00	270,701	163,870	434,571
Total	8.00	611,746	356,505	968,250

*Building & Safety*

Director of Building & Safety	1.00	147,198	84,008	231,206
Building Permit Technician	1.00	68,458	36,750	105,208
Housing Specialist	1.00	73,084	49,934	123,018
Senior Building Inspector	3.00	265,124	160,679	425,802
Total	6.00	553,864	331,371	885,235



Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2013-14
<b>Public Safety</b>				
<i>Police</i>				
Chief of Police	1.00	203,227	184,149	387,376
Police Captain	2.00	319,923	295,137	615,060
Police Lieutenant	8.00	985,722	901,266	1,886,988
Police Sergeant	16.00	1,548,648	1,496,392	3,045,040
Police Officer	72.00	5,588,163	5,171,397	10,759,561
Police Service Officer	18.00	1,209,035	763,134	1,972,169
Secretary to Chief of Police	1.00	87,985	53,478	141,464
Information Systems Analyst	2.00	160,010	99,937	259,946
Information Systems Specialist	1.00	78,813	49,527	128,340
Forensics Specialist	1.00	84,263	46,901	131,164
Traffic Specialist	1.00	68,458	45,777	114,235
Administrative Assistant	1.00	67,675	44,958	112,633
Police Admin. Technician	1.00	69,241	41,053	110,294
Gang Analyst	1.00	61,134	34,861	95,995
Administrative Aide II	1.00	49,918	30,505	80,423
Police Records Supervisor	1.00	87,202	47,498	134,700
Sr. Police Records Clerk	2.00	135,350	82,795	218,145
Police Records Clerk	10.00	554,297	338,910	893,208
Animal Control Officer	2.00	132,446	84,978	217,424
<b>Total</b>	<b>142.00</b>	<b>11,491,511</b>	<b>9,812,653</b>	<b>21,304,164</b>

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2013-14
<b>Public Works</b>				
<i>Public Works</i>				
Chief of Gen. Services & Pub W	1.00	172,436	112,012	284,447
Senior Engineer	1.00	108,768	70,555	179,323
Sr. Transportation Engineer	1.00	121,461	69,187	190,648
Sr. Public Works Inspector	1.00	80,974	53,050	134,024
Associate Engineer	1.00	94,398	54,171	148,569
Engineering Technician	1.00	66,261	37,907	104,168
Administrative Analyst	1.00	81,470	44,556	126,026
Administrative Aide II	1.00	53,342	32,517	85,860
Electrician	1.00	63,399	39,797	103,196
Skilled City Maintenance Work.	1.00	71,253	51,993	123,246
Supervisor - Park Maintenance	1.00	90,690	53,433	144,124
Crew Leader	3.00	222,222	151,494	373,716
Custodian	2.00	105,565	75,435	180,999
City Maintenance Worker	6.00	340,602	243,430	584,032
Tree Trimmer	2.00	110,855	81,887	192,742
Graffiti Worker	4.00	216,046	155,978	372,024
<b>Total</b>	<b>28.00</b>	<b>1,999,742</b>	<b>1,327,402</b>	<b>3,327,145</b>

*Street*

P.W. Maintenance Superintend:	1.00	106,717	75,316	182,033
Crew Leader	2.00	149,300	95,058	244,358
City Maintenance Worker	2.00	119,047	85,280	204,327
Sewer Service Technician	1.00	71,557	47,882	119,439
Maintenance Worker I	2.00	99,158	69,016	168,173
Sr. Typist Clerk I	1.00	36,235	23,290	59,525
<b>Total</b>	<b>9.00</b>	<b>582,014</b>	<b>395,842</b>	<b>977,855</b>

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2013-14
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**Recreation & Community Services**

*Recreation & Community Services*

Asst. Dir. of Recreation & Com	1.00	153,728	85,100	238,828
Asst. Rec. Supervisor	2.00	147,522	87,079	234,601
Community Liaison Officer	1.00	68,458	41,721	110,180
Crew Leader	1.00	73,507	55,216	128,723
City Maintenance Worker	3.00	180,193	121,689	301,882
<b>Total</b>	<b>8.00</b>	<b>623,409</b>	<b>390,805</b>	<b>1,014,214</b>

**Community Development**

*Housing*

Director of Housing	1.00	144,832	98,882	243,714
Acting Housing Administrator	1.00	83,518	52,839	136,356
Housing Inspector	1.00	77,362	53,373	130,735
Housing Specialist	2.00	140,414	77,601	218,015
Sr. Typist Clerk I	1.00	37,944	24,059	62,003
<b>Total</b>	<b>6.00</b>	<b>484,069</b>	<b>306,753</b>	<b>790,822</b>

**Enterprise Operations**

*Airport*

Senior Engineer Specialist	1.00	120,678	80,314	200,992
Skilled City Maintenance Work	1.00	71,650	57,904	129,553
Maintenance Worker I	1.00	46,330	32,206	78,536
<b>Total</b>	<b>3.00</b>	<b>238,658</b>	<b>170,424</b>	<b>409,081</b>

*Sewer*

City Maintenance Worker	1.00	68,630	45,189	113,819
<b>Total</b>	<b>1.00</b>	<b>68,630</b>	<b>45,189</b>	<b>113,819</b>

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2013-14
<b>Internal Service Operations</b>				
<i>Insurance Reserve</i>				
Public Risk Manager	1.00	128,169	78,698	206,866
Assistant City Attorney	1.00	142,687	81,140	223,826
Total	2.00	270,855	159,837	430,692
 <i>Equipment Maintenance</i>				
Master Mechanic	1.00	79,677	53,296	132,973
Equipment Mechanic III	1.00	57,677	45,539	103,217
Equipment Mechanic I	1.00	53,081	34,102	87,183
Total	3.00	190,436	132,937	323,373
 GRAND TOTAL	<u>251</u>	19,504,850	14,876,340	34,381,190