

## 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 2011–12, 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 2011–12 is \$55,487,878. 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 2011–12 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 PROJECT 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 Océangate 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 2010-11
<b>General Government</b>				
<i>City Council</i>				
Mayor	1.00	11,022	28,699	39,721
Councilmember	4.00	32,042	32,109	64,152
Total	5.00	43,065	60,808	103,873
<i>City Clerk</i>				
City Clerk	1.00	10,038	21,084	31,123
Deputy City Clerk	1.00	68,458	38,973	107,432
Administrative Aide I	1.00	50,907	26,838	77,745
Total	3.00	129,404	86,896	216,300
<i>City Manager</i>				
City Manager	1.00	180,692	85,653	266,345
Clerk Typist	1.00	42,258	23,275	65,533
Administrative Aide II	1.00	49,578	24,643	74,221
Cable TV Prod. Coordinator	2.00	121,285	64,605	185,889
Total	5.00	393,813	198,176	591,989
<i>City Treasurer</i>				
City Treasurer	1.00	10,038	608	10,647
Total	1.00	10,038	608	10,647
<i>City Attorney</i>				
City Attorney	1.00	195,962	114,395	310,357
Assistant City Attorney	1.00	143,277	79,019	222,296
Administrative Aide I	1.00	61,435	30,924	92,359
Total	3.00	400,675	224,338	625,012

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2010-11
<i>Administrative Services</i>				
Finance Manager	1.00	113,443	53,643	167,086
Accounting Supervisor	1.00	84,996	43,394	128,390
Accountant I	1.00	77,116	39,371	116,487
Payroll Technician	1.00	73,867	39,335	113,202
Accounting Technician	3.00	181,812	89,406	271,218
Bus. Lic. & Code Enf. Supervisor	1.00	84,287	43,723	128,010
License Permit Technician	3.00	174,496	87,048	261,544
Business Licsence Technician	1.00	55,991	28,200	84,190
Human Resource Manager	1.00	114,930	71,596	186,526
Total	13.00	960,938	495,715	1,456,653

*Planning & Community Development*

Acting Director of CDBG & Planning	1.00	104,025	50,926	154,951
Planning Associate	2.00	141,902	64,482	206,384
CDBG/Home Coordinator	1.00	73,867	43,034	116,901
Total	4.00	319,794	158,442	478,236



Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2010-11
<i>Building &amp; Safety</i>				
Director of Building & Safety	1.00	139,564	79,208	218,771
Building Permit Technician	1.00	68,458	31,864	100,323
Housing Specialist	1.00	71,302	40,238	111,540
Senior Building Inspector	1.00	90,768	45,511	136,278
Building Inspector	2.00	158,852	84,412	243,265
Code Enforcement Officer	5.00	377,226	195,671	572,897
Total	11.00	906,169	476,904	1,383,073

**Public Safety**

*Police*

Chief of Police	1.00	189,546	160,816	350,362
Police Captain	2.00	315,105	269,979	585,084
Police Lieutenant	7.00	873,820	756,025	1,629,844
Police Sergeant	16.00	1,574,361	1,347,911	2,922,272
Police Officer	73.00	5,581,933	4,691,082	10,273,016
Police Service Officer	19.00	1,208,711	649,659	1,858,371
Secretary to Chief of Police	1.00	85,615	45,815	131,430
Information Systems Analyst	1.00	90,768	50,783	141,550
Information Systems Specialist	2.00	133,201	64,608	197,809
Forensics Specialist	1.00	73,379	36,906	110,285
Traffic Specialist	1.00	68,458	39,985	108,443
Administrative Assistant	1.00	65,716	31,480	97,196
Police Admin. Technician	1.00	66,746	30,615	97,361
Gang Analyst	1.00	56,774	28,122	84,896
Administrative Aide II	1.00	45,676	22,466	68,142
Police Records Supervisor	1.00	87,202	39,195	126,397
Sr. Police Records Clerk	2.00	135,224	73,652	208,876
Police Records Clerk	12.00	584,515	302,861	887,376
Animal Control Officer	2.00	127,279	71,854	199,133
Total	145.00	11,364,028	8,713,813	20,077,841

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2010-11
<b>Public Works</b>				
<i>Public Works</i>				
Chief of Gen. Services & Pub Wks	1.00	161,966	89,498	251,464
Administrative Assistant	1.00	13,535	10,035	23,570
Senior Engineer	1.00	108,768	54,838	163,606
Sr. Transportation Engineer	1.00	121,461	60,232	181,694
Sr. Public Works Inspector	1.00	90,768	44,180	134,948
Associate Engineer	1.00	93,604	47,165	140,769
Engineering Technician	1.00	61,298	31,869	93,167
Administrative Analyst	1.00	77,314	36,560	113,874
Administrative Aide II	1.00	47,817	23,293	71,110
Electrician	1.00	62,352	36,511	98,863
Skilled City Maintenance Worker	2.00	135,537	82,636	218,173
Supervisor - Park Maintenance	1.00	90,690	55,133	145,823
Crew Leader	2.00	143,621	91,024	234,644
Custodian	2.00	94,995	62,389	157,385
City Maintenance Worker	6.00	323,002	199,671	522,674
Tree Trimmer	2.00	101,746	62,313	164,059
Graffiti Worker	4.00	211,643	135,692	347,334
Total	29.00	1,940,117	1,123,040	3,063,157

*Street*

P.W. Maintenance Superintendent	1.00	106,717	65,833	172,550
Crew Leader	2.00	149,299	83,621	232,920
City Maintenance Worker	2.00	115,128	71,451	186,580
Sewer Service Technician	1.00	71,557	42,654	114,211
Maintenance Worker I	1.00	48,956	29,425	78,381
Total	7.00	491,656	292,985	784,641

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2010-11
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**Recreation & Community Services**

*Recreation & Community Services*

Asst. Dir. of Recreation & Community Services	1.00	151,282	83,072	234,353
Asst. Rec. Supervisor	2.00	142,659	72,394	215,053
Community Liason Officer	1.00	68,458	34,055	102,513
Acting Crew Leader	1.00	70,729	48,218	118,947
City Maintenance Worker	3.00	177,185	109,208	286,392
<b>Total</b>	<b>8.00</b>	<b>610,312</b>	<b>346,946</b>	<b>957,258</b>

**Community Development**

*Job Training & Development*

Customer Service Rep	1.00	51,811	25,507	77,317
Employment Services Mgr	1.00	115,788	52,254	168,042
Emp Dev Account Clerk	1.00	42,403	21,200	63,602
Emp Dev Admin Aide I	5.00	250,794	123,920	374,714
Emp Dev Admin Aide II	1.00	45,535	23,079	68,614
Emp Dev Assistant I	9.00	568,164	271,992	840,156
Emp Dev Assistant II	6.00	385,174	182,284	567,458
Emp Dev Fiscal Coordinator	1.00	115,646	52,864	168,510
Emp Dev Office Supervisor	1.00	61,435	29,229	90,665
Emp Dev Program Asst I	3.00	199,924	91,722	291,646
Emp Dev Program Asst II	5.00	392,472	182,602	575,074
Emp Dev Specialist	4.00	371,816	172,104	543,920
Emp Dev Sr. Account Clerk	1.00	61,435	31,396	92,832
Emp Dev Sr. Admin. Analyst	1.00	102,501	44,443	146,944
Emp Dev Typist Clerk I	1.00	35,669	19,264	54,932
Emp Dev Typist Clerk II	1.00	49,040	24,435	73,475
Sr Emp Dev Specialist	5.00	530,070	235,266	765,336
<b>Total</b>	<b>47.00</b>	<b>3,379,676</b>	<b>1,583,561</b>	<b>4,963,237</b>

Personnel Classification Summary

Full Time Employees	Number	Gross Compensation	Other Payroll Costs	Total Cost FY 2010-11
<i>Housing</i>				
Director of Housing	1.00	132,551	71,360	203,911
Acting Housing Administrator	1.00	78,607	42,219	120,826
Housing Inspector	1.00	69,314	41,463	110,777
Housing Specialist	3.00	206,554	99,701	306,255
Total	6.00	487,026	254,743	741,769
<b>Enterprise Operations</b>				
<i>Airport</i>				
Senior Engineer Specialist	1.00	120,678	70,081	190,759
Skilled City Maintenance Worker	1.00	64,989	47,447	112,436
Total	2.00	185,667	117,528	303,196
<i>Sewer</i>				
City Maintenance Worker	1.00	64,291	38,166	102,457
Total	1.00	64,291	38,166	102,457
<b>Internal Service Operations</b>				
<i>Insurance Reserve</i>				
Public Risk Manager	1.00	104,585	53,445	158,030
Deputy City Attorney	1.00	130,942	72,093	203,034
Total	2.00	235,526	125,537	361,064
<i>Equipment Maintenance</i>				
Master Mechanic	1.00	73,660	42,931	116,591
Equipment Mechanic III	1.00	40,112	25,098	65,210
Equipment Mechanic I	1.00	31,006	20,641	51,648
Total	3.00	144,778	88,670	233,448
GRAND TOTAL	295	22,066,974	14,386,877	36,453,851