



Date: June 29, 2021
To: Board of Directors
From: Katherine Korsak, Finance and Business Manager
Subject: Establishment of the Appropriations Limit for Fiscal Year 2021-22

Recommendation:

Approve and adopt the Resolution No. 2021-09 of the Board of Directors of the Kensington Police Protection and Community Services District Affirming the Establishment of the Appropriations Limit for Fiscal Year 2021-22 (Attachment 1).

Rationale for Recommendation:

In November 1979, California voters approved a ballot proposition, “The Gann Initiative” (Proposition 4), adding Article XIII(B) to the California Constitution, which sets forth budgetary guidelines limiting the level of most appropriations from tax sources that the state and most local government entities are permitted to make in any given year. The purpose of article XIII(B) is to constrain fiscal growth in government by limiting the proceeds of taxes that may be appropriated each year.

Background:

Each year, a local government, including most special districts, must adjust its Appropriations Limit for two factors: 1) the change in the cost of living; and 2) the change in population. The change in the cost of living may be calculated by using the percentage change in California per capita personal income from the preceding year; or (B) the percentage change in the local assessment roll from the preceding year due to the addition of nonresidential new construction. For special districts, if the district is located entirely within one county, the county’s population change factor is to be used. That is the case for the Kensington Police Protection and Community Services District. The limit may be changed in the event of a transfer of fiscal responsibility.

The California Revenue and Taxation Code, section 2227, mandates that the Department of Finance transmit an estimate of the percentage change in population to local governments. The Department of Finance also transmits the change of cost of living, price factor (Attachment 3).

Discussion and Analysis:

For Kensington Police Protection and Community Services District, the prior year Appropriations Limit is adjusted by the percentage change in California per capita personal income and the change in population for Contra Costa County. The formula for adjusting the Limit is:

Prior year Appropriations Limit \times Cost of Living Factor \times Population Factor

A summary of the KPPCSD Appropriations Limit for FY 2021-22 is as follows:

FY 2020-21 Appropriations Limit	\$4,758,237
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Annual Adjustments (prior year multipliers)	
Change in Population	1.0035
Change in California Per Capita Personal Income	1.0573
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FY 2021-22 Appropriations Limit	\$5,048,492
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A detailed calculation of the Kensington Police Protection and Community Services District Appropriations Limit for FY 2021-22 is in Attachment 2.

Fiscal Impact:

There is no fiscal impact to adoption of the appropriations limit.

Attachment:

1. Attachment 1: Resolution No. 2021-09
2. Attachment 2: Detailed Appropriations Limit Calculation
3. Attachment 3: Price Factor and Population Information Letter from the State of California Department of Finance

RESOLUTION NO. 2021-09

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
KENSINGTON POLICE PROTECTION AND COMMUNITY
SERVICES DISTRICT AFFIRMING THE ESTABLISHMENT OF
THE APPROPRIATIONS LIMIT FOR FY 2021-22**

The Board of Directors of the Kensington Police Protection and Community Services District “Board of Directors”) does find as follows:

WHEREAS, in November 1979, California voters approved a ballot proposition (Proposition 4), adding Article XIII B to the California Constitution, which limits the level of most appropriations from tax sources that the state and most local government entities are permitted to make in any given year; and

WHEREAS, and each year, a local government must adjust its Appropriations Limit for two factors: 1) the change in the cost of living; and 2) the change in population; and

WHEREAS, for the District; the prior year Appropriations Limit is adjusted by the percentage change in California per capita personal income and the change in population for Contra Costa County. The formula for adjusting the Limit is:

Prior year Appropriations Limit X Cost of Living Factor X Population Factor

A summary of the KPPCSD Appropriations Limit for FY 2021-22 is as follows:

FY 2020-21 Appropriations Limit	<u>\$4,758,237</u>
Annual Adjustments (prior year multipliers)	
Change in Population	1.0035
Change in California Per Capita Personal Income	<u>1.0573</u>
FY 2021-22 Appropriations Limit	<u><u>\$5,048,492</u></u>

NOW, THEREFORE, THE BOARD OF DIRECTORS DOES RESOLVE AS FOLLOWS: the Appropriations Limit for KPPCSD for FY 2021-22 is established as \$5,048,492.

PASSED AND ADOPTED by the Board of Directors of the Kensington Police Protection and Community Services District upon motion by Director _____, seconded by Director _____, on Tuesday, the 29th day of June, 2021, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTAINED:

Sylvia Hacaj
President, Board of Directors

HEREBY CERTIFY the foregoing resolution was duly and regularly adopted by the Board of Directors of the Kensington Police Protection and Community Services District at the regular meeting of said Board held on Tuesday, the 29th day of June, 2021.

Lynelle M. Lewis
District Clerk of the Board

Marti Brown
General Manger

Kensington Police and Community Services District

Fiscal Year 2021-22 Proposed Budget

Calculation of Appropriations Limit

FY 2020-21 Appropriations Limit	4,758,237
GENERAL FUND REVENUE DETAIL	
Annual Adjustments (prior year multipliers)	
Contra Costa County Change in Population	1.0035
% Change in Per Capita Personal Income converted to a ratio	1.0573
****Source California Department of Finance****	
 FY 2021-22 Appropriations Limit	 5,048,492

Calculation of Appropriations Subject to Limit

	Proceeds of Taxes	Non-Proceeds of Taxes	Total
<u>REVENUE</u>			
401 Levy Tax	2,100,040		2,100,040
402 Special Police Tax	685,710		685,710
403 Misc - Tax Police	-		-
404 Measure G Supplemental Tax	621,207		621,207
409 Asset Seizure	-		-
410 Police Fees/Service Charges	-	1,500	1,500
411 Kensington Hilltop Services Reimb.	-		-
412 Special Assignment Revenue	-		-
413 West County Crossing Guard Reimb.	-		-
414 POST Reimbursement	-	-	-
415 Grants - Police	-	125,000	125,000
416 Investment Income - Interest Police	1,000		1,000
418 Misc Police Income	-	5,000	5,000
419 Supplemental Workers Comp Reimb.	-		-
424 Special Tax-L&L	42,185		42,185
427 Community Center Revenue	-	30,000	30,000
437 Contributions for Sound System	-		-
438 Misc Park/Rec Rev	-	2,000	2,000
439 Contributions for Community Ctr	-		-
448a Franchise Fees Gross	-	110,000	110,000
448b less Franchise Fees Paid Out	-	(47,300)	(47,300)
456 Interest-District	-	2,600	2,600
458 Misc District Revenue	-	335,952	335,952
TOTAL REVENUE	3,450,142	564,752	4,014,894

Summary

FY 2021-22 Appropriations Limit	5,048,492
Appropriations Subject to Limit	3,450,142



May 2021

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

California Revenue and Taxation Code section 2227 requires the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2021, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2021-22. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2021-22 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2021.**

Please Note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data. Given the stay-at-home orders due to COVID-19, growth in the coming years may be substantially lower than recent trends.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

KEELY MARTIN BOSLER
Director
By:

Erika Li
Chief Deputy Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2021-22 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2021-22	5.73

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2021-22 appropriation limit.

2021-22:

Per Capita Cost of Living Change = 5.73 percent
Population Change = -0.46 percent

Per Capita Cost of Living converted to a ratio: $\frac{5.73 + 100}{100} = 1.0573$

Population converted to a ratio: $\frac{-0.46 + 100}{100} = 0.9954$

Calculation of factor for FY 2021-22: $1.0573 \times 0.9954 = 1.0524$

Fiscal Year 2021-22

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2020 to January 1, 2021 and Total Population, January 1, 2020

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total Population</u>
	2020-2021	1-1-20	1-1-21	1-1-2021
Contra Costa				
Antioch	0.55	112,236	112,848	112,848
Brentwood	1.28	65,263	66,097	66,097
Clayton	-0.19	11,290	11,268	11,268
Concord	-0.14	129,453	129,273	129,273
Danville	0.15	43,840	43,906	43,906
El Cerrito	0.04	24,835	24,846	24,846
Hercules	1.45	25,494	25,864	25,864
Lafayette	0.15	25,321	25,358	25,358
Martinez	-0.32	36,946	36,827	36,827
Moraga	0.38	16,756	16,820	16,820
Oakley	1.48	42,268	42,895	42,895
Orinda	0.50	18,984	19,078	19,078
Pinole	-0.11	19,390	19,369	19,369
Pittsburg	0.00	74,501	74,498	74,498
Pleasant Hill	0.02	34,127	34,133	34,133
Richmond	-0.14	110,288	110,130	110,130
San Pablo	-0.12	31,078	31,041	31,041
San Ramon	0.58	83,376	83,863	83,863
Walnut Creek	1.03	70,592	71,317	71,317
Unincorporated	0.35	173,731	174,339	174,423
County Total	0.35	1,149,769	1,153,770	1,153,854

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.