

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

0590-00098-5259

Date: August 15, 2023

To: The Council

From: Matthew W. Szabo, City Administrative Officer

Handwritten signature of Matthew W. Szabo in blue ink, with the word "for" written in blue ink to the right of the signature.

Subject: **2023-24 APPROPRIATIONS LIMIT (C.F. 23-0600)**

**RECOMMENDATIONS**

1. Provide the public, in accordance with Section 7910 of the Government Code, the opportunity to review the attached documentation for at least 15 days before adopting an appropriations limit for 2023-24.
2. Adopt the following factors to calculate the appropriations limit for 2023-24:

Population Percent Change: City	-0.97%
Nonresidential New Construction	6.02%
3. Adopt \$8,008,538,281 as the appropriations limit for 2023-24.

**SUMMARY**

Section 7910 of the Government Code of the State of California requires that the governing body of each local jurisdiction establish its appropriations limit for the following fiscal year pursuant to Article XIII B of the State Constitution (Gann Initiative). The Gann Initiative limits the amount of revenue that can be appropriated in any fiscal year, which is applicable to revenues that are referred to as "proceeds of taxes." The limit adjusts annually for population growth, inflation/per capita income or changes to nonresidential new construction, and other factors. Certain appropriations are exempt from the Gann Limit, such as voter-approved debt, court orders, and federal mandates.

The City of Los Angeles must make the documentation used to calculate the appropriations limit available to the public fifteen days prior to adopting the limit.

Therefore, in addition to submitting this report to the City Clerk for City Council action, this Office is transmitting the documentation to all certified neighborhood councils.

When adjusting the annual appropriation limit, the City has the discretion to apply either the inflation/per capita income rate or the change to nonresidential new construction along with the population change and other factors. If the City applies the inflation/per capita income rate, the 2023-24 appropriation limit would be \$7,889,132,530. If the City applies the change to nonresidential new construction, the 2023-24 appropriation limit would be \$8,008,538,281. Both of these amounts exceed the \$5,395,735,126 in actual appropriations that are subject to the limit in the 2023-24 Budget. Attachment 1 and 2 of this report provide the detailed calculations for each approach. After reviewing both approaches, this Office recommends using the nonresidential new construction rate for the calculation of the 2023-24 appropriations limit. The City's annual financial audit will review this calculation in 2023-24.

Attachment 3 to this report includes documentation of the base year and subsequent years' appropriations limit calculations.

## **FISCAL IMPACT STATEMENT**

There is no fiscal impact in adopting the recommendations in this report.

*MWS:JJ:01240001*

Attachments

**CALCULATION OF 2023-24 APPROPRIATIONS LIMIT**

**2022-23 APPROPRIATIONS LIMIT ADOPTED BY THE CITY COUNCIL** \$ 7,631,452,035

Factors used - see Attachment 3 as indicated:

- 1. Population (paragraph B.1): City -0.97%
- 2. California per capita personal income or nonresidential new construction assessed valuation (paragraph B.2): Los Angeles non-residential new construction assessed valuation 6.02%
- 3. Total Annual Adjustment Factor\* 1.0499

Annual Adjustment \$ 380,826,246

$\$ 7,631,452,035 \times 1.04990220$  \$ 8,012,278,281

Reduction in limit due to change in financing from other revenues to user charges:

- 1. Architectural Design Fee Increase: (40,000)
- 2. Fire False Alarm Fee: (3,700,000)

**2023-24 APPROPRIATIONS LIMIT** \$ 8,008,538,281

\* Total Annual Adjustment Factor was derived as follows:

Population Change converted to a ratio:	(	-0.97 + 100)/100=	0.99028693
Los Angeles Non-Residential New Construction Assessed Valuation Change converted to a ratio:	(	6.02 + 100)/100=	1.06020000
Calculation of Total Annual Adjustment Factor:		0.99028693 x 1.06020000	1.04990220

**2023-24 APPROPRIATIONS LIMIT** \$ 8,008,538,281  
**2023-24 BUDGET APPROPRIATIONS SUBJECT TO LIMITATION** 5,395,735,126  
**DIFFERENCE** \$ 2,612,803,155

**2023-24 BUDGET APPROPRIATIONS  
SUBJECT TO LIMITATION**

	<b>2023-24 Budget</b>	<b>Non Proceeds of Taxes</b>	<b>Proceeds of Taxes</b>
<b>General Receipts:</b>			
Property Tax and State Replacement - 1% Fund.....	\$ 2,640,250,000	--	\$ 2,640,250,000
Property Tax - Ex-CRA Increment.....	143,730,000		143,730,000
Utility Users' Tax.....	650,490,000	--	650,490,000
Licenses, Permits, and Fees.....	1,363,324,165	1,363,324,165	--
Business Tax.....	847,200,000	--	847,200,000
Sales Tax.....	724,230,000	--	724,230,000
Documentary Transfer Tax.....	198,610,000	--	198,610,000
Power Revenue Transfer.....	236,502,000	--	236,502,000
Transient Occupancy Tax.....	342,430,000	--	342,430,000
Parking Fines.....	115,000,000	115,000,000	--
Parking Occupancy Tax.....	129,195,000	--	129,195,000
Franchise Income.....	137,810,000	137,810,000	--
State Motor Vehicle License Fees.....	3,994,000	--	3,994,000
Grant Receipts.....	109,192,719	109,192,719	--
Tobacco Settlement.....	10,710,000	10,710,000	--
Residential Development Tax.....	4,910,000	--	4,910,000
Special Parking Revenue Transfer.....	32,387,919	32,387,919	--
Interest.....	77,000,000	18,740,472	58,259,528
Transfer from Reserve Fund.....	136,370,443	136,370,443	--
		--	--
Total General Receipts.....	\$ 7,903,336,246	\$ 1,923,535,718	\$ 5,979,800,528

**Special Funds:**

	<b>2023-24 Budget</b>	<b>Non Proceeds of Taxes</b>	<b>Proceeds of Taxes</b>
Property Tax and State Replacement .....	\$ 138,016,262	--	\$ 138,016,262
Sewer Construction and Maintenance Fund.....	1,070,103,238	1,070,103,238	--
Proposition A Local Transit Assistance Fund.....	209,172,604	209,172,604	--
Proposition C Anti-Gridlock Transit Improvement Fund .....	105,713,910	105,713,910	--
Special Parking Revenue Fund.....	32,731,271	32,731,271	--
Los Angeles Convention and Visitors Bureau Trust Fund.....	26,340,769	26,340,769	--
Solid Waste Resources Revenue Fund.....	320,020,614	320,020,614	--
Fines--State Vehicle Code.....	1,000,000	1,000,000	--
Special Gas Tax Street Improvement Fund.....	121,423,121	121,423,121	--
Housing Dept. Affordable Housing Trust Fund.....	2,009,000	2,009,000	--
Stormwater Program Funds.....	30,870,000	30,870,000	--
Community Development Trust Fund.....	17,059,173	17,059,173	--
HOME Investment Partnerships Program Fund.....	6,963,915	6,963,915	--
Mobile Source Air Pollution Reduction Trust Fund.....	5,226,000	5,226,000	--
City Employees Retirement Fund.....	145,998,231	145,998,231	--
Community Services Administration Grant.....	1,471,501	1,471,501	--
Park and Recreational Sites and Facilities Fund.....	3,100,000	--	3,100,000
Convention Center Revenue Fund.....	28,791,230	28,791,230	--
Local Public Safety Fund.....	58,207,000	58,207,000	--
Neighborhood Empowerment Fund.....	3,430,905	3,430,905	--
Street Lighting Maintenance Assessment Fund.....	84,718,444	84,718,444	--
Telecom. Liquidated Damages and Lost Franchise TDA	6,003,000	6,003,000	--
Older Americans Act Fund.....	3,173,152	3,173,152	--
Workforce Innovation Opportunity Act.....	16,190,721	16,190,721	--
Rent Stabilization Trust Fund.....	22,032,000	22,032,000	--
Arts and Cultural Facilities and Services Trust Fund.....	27,772,334	27,772,334	--
Arts Development Fee Trust Fund.....	1,850,000	1,850,000	--
City Employees Ridesharing Fund.....	2,526,000	2,526,000	--

	<b>2023-24 Budget</b>	<b>Non Proceeds of Taxes</b>	<b>Proceeds of Taxes</b>
Allocations from other sources.....	62,086,269	62,086,269	--
City Ethics Commission Fund.....	5,576,729	5,576,729	--
Staples Arena Special Fund.....	3,595,921	3,595,921	--
Citywide Recycling Fund.....	32,460,014	32,460,014	--
Cannabis Regulation Special Revenue Trust Fund.....	19,360,000	19,360,000	--
Local Transportation Fund.....	5,109,264	5,109,264	--
Planning Case Processing Revenue Fund.....	26,122,704	26,122,704	--
Disaster Assistance Trust Fund.....	86,515,000	86,515,000	--
Accessible Housing Fund.....	30,426,018	30,426,018	--
Household Hazardous Waste Special Fund.....	3,221,146	3,221,146	--
Building and Safety Enterprise Fund.....	199,379,000	199,379,000	--
Housing Opportunities for Persons with AIDS Fund.....	862,690	862,690	--
Code Enforcement Trust Fund.....	54,638,000	54,638,000	--
El Pueblo de Los Angeles Historical Monument Revenue Fund.....	5,286,816	5,286,816	--
Zoo Enterprise Trust Fund.....	29,586,331	29,586,331	--
Central Recycling and Transfer Fund.....	5,100,000	5,100,000	--
Supplemental Law Enforcement Services Fund.....	9,717,491	9,717,491	--
Street Damage Restoration Fee Special Fund.....	77,720,000	77,720,000	--
Municipal Housing Finance Fund.....	11,119,000	11,119,000	--
Measure R Traffic Relief and Rail .....	79,009,870	79,009,870	--
Multi-Family Bulky Item Fund.....	7,764,191	7,764,191	--
Sidewalk Repair Fund.....	24,656,738	24,656,738	--
Measure M Local Return Fund.....	79,579,889	79,579,889	--
Code Compliance Fund.....	1,150,000	1,150,000	--
Road Maintenance and Rehabilitation Fund.....	94,045,392	94,045,392	--
Measure W.....	37,146,529	37,146,529	--
Planning Long-Range Planning Fund.....	10,818,194	10,818,194	--
City Planning System Development Fund.....	10,053,321	10,053,321	--
House LA Tax Fund.....	604,611,000	604,611,000	--
Available Balances.....	1,133,494,675	1,133,494,675	--
Total Special Receipts.....	<u>\$ 5,242,126,587</u>	<u>\$ 5,101,010,325</u>	<u>\$ 141,116,262</u>
<b>Total</b>	<u><b>\$ 13,145,462,833</b></u>	<u><b>\$ 7,024,546,043</b></u>	<u><b>\$ 6,120,916,790</b></u>

**Less: Appropriations Not Subject to Limitation**

A. Debt Service on: (supported by taxes)		
1. General Obligation Bonds		\$ (138,016,262)
B. Federal Mandates:		
1. Medicare for New Employees		(62,200,413)
2. Fire-Fair Labor Standards Act overtime costs - Firefighters & Civilian		(88,522,954)
3. Police-Fair Labor Standards Act overtime costs - Sworn & civilian		(215,720,608)
4. Unemployment Compensation		(3,000,000)
5. Social Security for employees not in retirement system		(1,766,194)
6. Pensions Savings Plan		(2,875,607)
7. Unappropriated Balance - Police Fair Labor Standards Act Overtime Costs Sworn		(16,270,000)
C. Capital Outlay Projects (fixed assets of \$100,000 or more with a useful life of 10 years or more):		
1. Capital Improvement Expenditure Program:		
a. General Fund - Municipal Facilities Projects		(43,373,510)
b. Park and Recreational Sites and Facilities Fund		(3,100,000)
c. General Fund - Physical Plant Projects		(19,400,443)
2. Capital Finance Administration Program		(130,935,673)
3. Lease Obligation to Convention Center Authority (General Fund financing)		--

**2023-24 BUDGET APPROPRIATIONS SUBJECT TO LIMITATION****\$ 5,395,735,126**

**CALCULATION OF 2023-24 APPROPRIATIONS LIMIT**

**2022-23 APPROPRIATIONS LIMIT ADOPTED BY THE CITY COUNCIL** \$ 7,631,452,035

Factors used - see Attachment 3 as indicated:

- 1. Population (paragraph B.1): City -0.97%
- 2. California per capita personal income or nonresidential new construction assessed valuation (paragraph B.2): California per capita personal income 4.44%
- 3. Total Annual Adjustment Factor\* 1.0343

Annual Adjustment \$ 261,420,494

\$ 7,631,452,035 x 1.03425567 \$ 7,892,872,530

Reduction in limit due to change in financing from other revenues to user charges:

- 1. Architectural Design Fee Increase: (40,000)
- 2. Fire False Alarm Fee: (3,700,000)

**2023-24 APPROPRIATIONS LIMIT** \$ 7,889,132,530

\* Total Annual Adjustment Factor was derived as follows:

Population Change converted to a ratio:	( -0.97 + 100)/100=	0.99028693
California Per Capita Income Change converted to a ratio:	( 4.44 + 100)/100=	1.04440000
Calculation of Total Annual Adjustment Factor:	0.9903 x 1.0444	1.03425567

**2023-24 APPROPRIATIONS LIMIT** \$ 7,889,132,530

**2023-24 BUDGET APPROPRIATIONS SUBJECT TO LIMITATION** 5,395,735,126

**DIFFERENCE** \$ 2,493,397,403

**2023-24 BUDGET APPROPRIATIONS  
SUBJECT TO LIMITATION**

	<b>2023-24 Budget</b>	<b>Non Proceeds of Taxes</b>	<b>Proceeds of Taxes</b>
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Business Tax.....	847,200,000	--	847,200,000
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<b>Total</b>	<b>\$ 13,145,462,833</b>	<b>\$ 7,024,546,043</b>	<b>\$ 6,120,916,790</b>

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B. Federal Mandates:			
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2. Fire-Fair Labor Standards Act overtime costs - Firefighters & Civilian			(88,522,954)
3. Police-Fair Labor Standards Act overtime costs - Sworn & civilian			(215,720,608)
4. Unemployment Compensation			(3,000,000)
5. Social Security for employees not in retirement system			(1,766,194)
6. Pensions Savings Plan			(2,875,607)
7. Unappropriated Balance - Police Fair Labor Standards Act Overtime Costs Sworn			(16,270,000)
C. Capital Outlay Projects (fixed assets of \$100,000 or more with a useful life of 10 years or more):			
1. Capital Improvement Expenditure Program:			
a. General Fund - Municipal Facilities Projects			(43,373,510)
b. Park and Recreational Sites and Facilities Fund			(3,100,000)
c. General Fund - Physical Plant Projects			(19,400,443)
2. Capital Finance Administration Program			(130,935,673)
3. Lease Obligation to Convention Center Authority (General Fund financing)			--

**2023-24 BUDGET APPROPRIATIONS SUBJECT TO LIMITATION****\$ 5,395,735,126**



**CITY OF LOS ANGELES**  
Calculation of Appropriations (Gann) Limit  
(Article XIII B of the State Constitution)

**A. Determination of Base Year**

1. **Original Determination.** The December 4, 1980 report from the City Administrative Officer (CAO File No. 0230-02771), adopted by City Council December 22, 1980 (C.F. 78-5568-S2) and concurred by the Mayor December 30, 1980 was the basis for the original determination of the base year.
2. **Contributions to Retirement - Santa Barbara Taxpayers Association versus County of Santa Barbara (194 Cal. App. 3d 674--review denied November 18, 1987).** Assumption #3, Attachment I of December 4, 1980 report was negated by this case whereby it was determined that contributions to a retirement fund constitute appropriations subject to limitation and are not considered "indebtedness." The City had previously deducted contributions necessary to meet any unfunded liability existing on January 1, 1979. Similarly, payments for leasebacks are not considered "indebtedness." Attachment 3, section D under "LESS APPROPRIATIONS NOT SUBJECT TO LIMITATION" are restored.
3. **Water and Power Revenue Transfers.** Assumption #2, Attachment 1, indicates that transfers of surplus funds from the Water and Power Department are "proceeds of taxes" except for reimbursement for services provided. An annual review is conducted to ascertain the costs of services provided to the Department of Water and Power by the Controller, Office of Finance-Treasurer, and Personnel Department.
4. **May Adopted City Budget.** The City adopted the 1978-79 Budget in compliance with Charter requirements that a budget must be adopted by the Council by June 1. Assumption #1, Attachment 1, indicates that the adopted budget was used to determine appropriations subject to limitation for 1978-79. This was the conclusion of the City Attorney in a February 15, 1979 report to the City Administrative Officer (page 19) that "... any authorization which existed during the fiscal year 1978-79, including the Budget in effect until July 24, 1978 and interim appropriations during the same fiscal year from the Reserve Fund subsequent to the adoption of the Budget, would be considered 'appropriations subject to limitation' within the meaning of Subsection (b)" of Section 8.
5. **Interim Authorizations added to base.** Council File 78-5568 and S1, adopted by the Council on June 25, 1979, provided for various appropriations that added to the 1978-79 base as follows (see Attachment 3 for additions):

- a. Excess General Fund revenues subject to limitation. The total appropriation of \$40,470,163.89 was reduced to \$30,246,692 by applying a factor of 88.5% to the interest earnings portion.
  - b. The end-of-year Reserve Fund transfer of \$971,614.94 was reduced to \$859,879 by applying a factor of 88.5%.
  - c. For-Hire Trucking revenues of \$8,310.75 exceeding the budget were appropriated.
  - d. Section B is self-explanatory. Section C includes over 30 items that were appropriated from the Reserve Fund throughout the year, exclusive of appropriations for non-limited items (primarily grant advances), for a total of \$9,118,967. Section D is self-explanatory.
6. **Franchise Fees - Santa Barbara County Taxpayers Association versus Santa Barbara County** (209 Cal. App. 3d 940 -- review denied 1989). This case determined that franchise fees are not "proceeds of taxes." In light of this decision, the City reduced the base by eliminating the amount budgeted for Franchise Income (\$3,549,000) and excess General Fund revenues attributable to Franchise Income (revenues of \$4,510,290 exceeded the budget estimate of \$3,549,000 by \$961,290). It is noted that these adjustments do not impact the factor of 88.5 percent, which is applied to interest earnings, etc.
7. **Revised Base Year.** The base year was revised as follows:

APPROPRIATIONS SUBJECT TO LIMITATION  
December 4, 1980 Report (C.F. 78-5568-S2)

1978-79 Base Year:	\$763,061,903
Section A.2. (above)	
Restoration of contributions to unfunded liability of retirement systems	
1. City Employees' Retirement Systems	28,558,915
2. Fire and Police Pensions Systems	73,878,573
Restoration of contributions for lease obligations	
1. Convention Center Authority	2,558,130
2. Public Facilities Corporation	4,700,000
3. Los Angeles Mall	1,966,045
Section A.6. (above)	(4,510,290)
 Revised Base: 1978-79	 \$870,213,276

**B. Annual Adjustments**

1. Population. Prior to the passage of Proposition 111 on the June 5, 1990 ballot, the City used the change in the City population as an adjustment factor each year. Proposition 111 provides that the City may choose either the increase in the City or County population. While the City did not retroactively change the adopted appropriations limit for the years prior to 1990-91, the factors were applied for the limits from 1986-87 to 1989-90. This action was taken in order to have a modified base that was consistent with the newly approved legislation to calculate the limit for 1990-91.

The State Department of Finance provides a population number and the population percent change factor each May 1. Though the population number is usually adjusted the following year, it creates an erosion as the adjustment is generally upward. Below is a listing of adjusted population amounts through 1989 reported by the State Department of Finance. The amounts after 1989 should be adjusted at such time as the City recalculates the limit for all years after that date (when factors are available for the change in nonresidential new construction - see paragraph 2).

<b>Year (As of January 1)</b>	<b>CITY</b>		<b>COUNTY</b>	
	<b>Amount</b>	<b>% Change</b>	<b>Amount</b>	<b>% Change</b>
1978	2,899,690			
1979	2,930,267	1.05		
1980	2,953,310	0.79		
1981	2,978,607	0.86		
1982	3,010,172	1.06		
1983	3,062,957	1.75.		
1984	3,103,774	1.33		
1985	3,146,314	1.37		
1986	3,249,047	3.27	8,228,477	
1987	3,313,074	1.97	8,400,370	2.09
1988	3,365,380	1.58	8,532,396	1.57
1989	3,395,273	0.89	8,632,069	1.17
1990 Unadj.	3,428,770	0.99	8,749,615	1.36
1991	3,531,757	3.00	8,964,736	2.46
1992	3,574,521	1.21	9,065,427	1.12
1993	3,602,526	0.78	9,139,357	0.81
1994	3,615,698	0.36	9,208,731	0.76
1995	3,590,357	(.71)	9,229,730	0.23
1996	3,635,515	1.28	9,356,784	1.38
1997	3,679,165	1.20	9,476,976	1.28
1998	3,719,925	1.11	9,590,909	1.20
1999	3,778,539	1.58	9,744,931	1.61
2000	3,820,095	1.10	9,871,788	1.30
2001	3,799,854	(.53)	9,790,152	(.83)

Year (As of January 1)	CITY		COUNTY	
	Amount	% Change	Amount	% Change
2002	3,804,063	0.11	9,811,918	0.22
2003	3,862,134	0.15	9,968,146	0.16
2004	3,910,607	1.26	10,092,305	1.24
2005	3,956,666	1.18	10,216,040	1.18
2006	3,974,892	0.46	10,235,632	0.78
2007	3,991,768	0.99	10,263,866	0.72
2008	4,041,183	1.24	10,352,128	0.86
2009	4,061,730	1.09	10,382,451	0.90
2010	4,090,497	1.08	10,430,366	0.83
2011	3,805,881	(6.96)	9,848,442	(0.06)
2012	3,822,324	0.43	9,874,366	0.26
2013	3,822,324	0.43	9,874,366	0.26
2014	3,901,605	1.00	10,031,664	0.78
2015	3,953,775	1.09	10,126,867	0.82
2016	4,028,043	1.27	10,231,861	0.85
2017	4,038,817	1.06	10,231,933	0.57
2018	4,051,443	0.82	10,274,346	0.51
2019	4,037,190	0.05	10,244,542	(0.01)
2020	4,010,684	(0.06)	10,172,951	(0.11)
2021	3,923,341	(1.29)	10,044,458	(0.89)
2022	3,819,538	(0.88)	9,861,224	(0.71)
2023	3,766,109	(0.97)	9,761,210	(0.75)

2. Cost of Living. Prior to the passage of Proposition 111 on the June 5, 1990 ballot, the City used the lesser of the United States cost of living (CPI) or California per capita personal income change for the annual calculation. Proposition 111 provides that the City may choose either the California per capita personal income change or the change in nonresidential new construction on the local assessment roll. While the City did not retroactively change the adopted appropriations limit for the years prior to 1990-91, the factors were applied for the limits from 1986-87 to 1989-90. This action was taken in order to have a modified base that was consistent with the newly approved legislation to calculate the limit for 1990-91. The following is a listing of the annual factors provided by the State Department of Finance:

Year	Lesser Factor	% Change	Per Capita
			Income % Change
1979-80	CPI	10.17	
1980-81	Per Capita Income	12.11	
1981-82	Per Capital Income	9.12	
1982-83	CPI		6.79
1983-84	Per Capita Income	2.35	
1984-85	CPI		4.74

1985-86	CPI	3.74	
1986-87	CPI	2.30	
1987-88	CPI	3.04	3.47
1988-89	CPI	3.93	4.66

<b>Year</b>	<b>Lesser Factor</b>	<b>Per Capita % Change</b>	<b>Income % Change</b>
1989-90	CPI		4.98 5.19

Use either Per Capital Income or Nonresidential New Construction

<b>Year</b>	<b>Lesser Factor</b>	<b>Per Capita % Change</b>	<b>Income % Change</b>
1990-91	Per Capita Income		4.21
1991-92	Per Capita Income		4.14
1992-93	Per Capita Income		(0.64)
1993-94	Per Capita Income		2.72
1994-95	Per Capita Income		0.71
1995-96	Per Capita Income		4.72
1996-97	Per Capita Income		4.67
1997-98	Per Capita Income		4.67
1998-99	Per Capita Income		4.15
1999-00	Per Capita Income		4.53
2000-01	Per Capita Income		4.91
2001-02	Per Capita Income		7.82
2002-03	Per Capita Income		(1.27)
2003-04	Per Capita Income		2.31
2004-05	Per Capita Income		3.28
2005-06	Per Capita Income		5.26
2006-07	Per Capita Income		3.96
2007-08	Per Capita Income		4.42
2008-09	Per Capita Income		4.29
2009-10	Per Capita Income		0.62
2010-11	Per Capita Income		(2.54)
2011-12	Per Capita Income		2.51
2012-13	Per Capita Income		3.77
2013-14	Per Capita Income		5.12
2014-15	Per Capita Income		(0.23)
2015-16	Per Capita Income		3.82
2016-17	Per Capita Income		5.37
2017-18	Nonresidential New Construction		5.12
2018-19	Nonresidential New Construction		5.10
2019-20	Nonresidential New Construction		10.68

2020-21	Nonresidential New Construction	7.84
2021-22	Nonresidential New Construction	8.90
2022-23	Per Capita Income	7.55
2023-24	Nonresidential New Construction	6.02

3. Annexations. The City adjusts the appropriations limit annually to reflect the negotiated property tax transfer with the County or other jurisdiction for annexations, de-annexations, or other jurisdictional changes. Such changes have not been significant to date.
4. Transfer from "Proceeds of taxes" to fees. When a new fee is imposed for an existing service or a fee is increased to recover a proportionally greater amount of the cost of a service, the appropriations limit must be reduced since it is presumed that "proceeds of taxes" are being replaced with fees to finance the service. The methodology used to reduce the limit is to deduct the year-to-year increase in the cost of the service from the increase in revenues from fee increase adjustments or the prior year cost of the service from the new fee.
5. Transfer of Financial Responsibilities. Whenever the financial responsibility of providing a service is transferred between governmental agencies, they are supposed to adjust their limits by an agreed upon amount. In practice, however, the agency that is to adjust its limit downward very likely will not agree to an amount. The City may be able to adjust its limit for such transfers in the future, e.g., the transfer of the financial responsibility of property tax administration and booking of prisoners, which occurred in 1990-91.

**C. Appropriations Subject to Limitation -- Reserve Fund Transfers**

The December 4, 1980 report from the City Administrative Officer and subsequent reports through 1988-89 counted transfers from the Reserve Fund either as part of the Budget (proportionately, as a ratio of General Fund "proceeds of taxes" to total General Fund revenues) or on an interim basis against the appropriations limit. In response to a request from the City Administrative Officer, the City Attorney reported (Opinion No. 88:23, January 26, 1989) that transfers from the Reserve Fund (or by inference, the use of any available balance) do not count against the appropriations limit. All excess revenues (the amount above the Budget estimate) continue to be counted against the limit in the year received when they are appropriated.

**D. Calculations for Annual Appropriations Limit**

Calculations for the annual appropriations limit are as follows:

REVISED BASE 1978-99 (see paragraph A.7.)	\$ 870,213,276
1979-80      Population Change - 1.05% times	

	CPI Change - 10.17%	<u>11.33%</u>
		<u>\$ 968,808,440</u>
	Reduction in limit due to change in financing from other revenues to user charges:	
	(1) Harbor Fire Protection. Budget revenues (\$1,650,000) less difference between 1979-80 cost (\$4,203,704 and 1978-79 cost (\$3,847,469)	(1,293,795)
	(2) Animal Regulation - dog license late payment fee (new)	<u>(260,000)</u>
		<u>\$ 967,254,675</u>
1980-81	Population Change - 0.79% times Per Capita Personal Income Change - 12.11%	<u>13.00%</u>
		<u>\$ 1,092,997,783</u>
	Add Property Tax transfers for annexations	<u>3,224</u>
		<u>\$ 1,093,001,007</u>
1981-82	Population Change - 0.86% times Per Capita Personal Income Change - 9.12%	<u>10.6%</u>
		<u>\$ 1,202,956,908</u>
	Reduction in limit due to change in financing from other revenues to user charges:	
	(1) Harbor Fire Protection. Increased Budget revenues (\$2,350,000) less difference between 1981-82 cost (\$5,100,000) and 1980-81 cost (\$4,412,619)	\$ (1,662,619)
	(2) Additional Planning fees (new)	<u>(440,000)</u>
		<u>\$ 1,200,854,289</u>
1982-83	Population Change - 1.06% times CPI Change - 6.79%	<u>7.92%</u>
		<u>\$ 1,295,961,949</u>
	Add Property Tax transfer for annexation. Reduction in limit due to change in financing from other revenues to user charges:	
	(1) Harbor Fire Protection. Increased revenues (\$1,652,000) less	

	difference between 1982-83 cost (\$5,652,000) and 1981-82 cost (\$5,429,378)	(1,429,378)
(2)	Police Burglar Alarm Fees	<u>(500,000)</u>
		<u>\$ 1,294,040,525</u>
1983-84	Population Change - 1.75% times Per Capita Personal Income Change - 2.35%	<u>4.14%</u>
		<u>\$ 1,347,613,803</u>
	Add Property Tax transfer for annexations	\$ 23,376
	Reduction in limit due to change in financing from other revenues to user charges -- Police Burglar Alarm Fees	<u>(1,500,000)</u>
		<u>\$ 1,346,137,179</u>
1984-85	Population Change - 1.33% times CPI Change - 4.74%	<u>6.13%</u>
		<u>\$ 1,428,655,388</u>
	Adjust for Property Tax transfers for annexations	<u>(14,153)</u>
		<u>\$ 1,428,641,235</u>
1985-86	Population Change - 1.37% times CPI Change - 3.74%	<u>5.16%</u>
		<u>\$ 1,502,359,123</u>
1986-87	Population Change - 3.27% times CPI Change - 2.30%	<u>5.65%</u>
		<u>\$ 1,587,242,413</u>
1991-92	City Population Change - 3% times Per Capita Personal Income Change - 4.14%	<u>7.26%</u>
		<u>\$ 2,149,597,445</u>
	Reduction in limit due to change in financing from other revenues to user charges - Stormwater Pollution Abatement Charge for flood control program	<u>(5,217,509)</u>
		<u>\$ 2,144,379,936</u>
1992-93	City Population Change - 1.21% times Per Capita Personal Income Change - (-0.64)%	<u>0.56%</u>
		<u>\$ 2,156,388,427</u>



1993-94	County Population Change - 0.81% times Per Capita Personal Income Change - 2.72%	<u>3.55%</u> <u>\$ 2,232,940,188</u>
	Reduction in limit due to change in financing from other revenues to user charges:	
	(1) Sanitation Equipment Charge increase	(20,900,000)
	(2) Water and Electricity -	
	(a) Transfer of Fire Hydrant Service to Department of Water and Power	(5,164,000)
	(b) Transfer of Traffic Signal and Utilitarian Lighting costs to Department of Water and Power	(6,134,129)
	(c) Transfer of General Benefit Lighting costs to Department of Water and Power	<u>(763,875)</u>
		<u>\$ 2,199,978,184</u>
1994-95	County Population Change - 0.76% times Per Capita Personal Income Change - 0.71%	<u>1.48%</u> <u>\$ 2,232,537,877</u>
	Reduction in limit due to change in financing from other revenues to user charges: Water and Electricity -	
	a. Transfer of General Benefit Lighting Costs to Department of Water and Power	(763,875)
	b. Transfer of Public Property Lighting to Street Lighting Assessments	<u>(670,000)</u>
		<u>\$ 2,231,104,002</u>
1995-96	County Population Change - 0.23% times Per Capita Personal Income Change - 4.72%	<u>4.96%</u> <u>\$ 2,341,766,758</u>
1996-97	County Population Change - 1.38% times Per Capita Personal Income Change - 4.67%	<u>6.11%</u> <u>\$ 2,475,949,932</u>
	Reduction in limit due to change in financing from other revenues to user charges: Street Deterioration Fees	<u>(15,000,000)</u> <u>\$ 2,460,949,932</u>

1997-98	County Population Change - 1.28% times Per Capita Personal Income Change - 4.67%	<u>6.01%</u> <u>\$ 2,601,962,363</u>
1998-99	County Population Change - 1.20% times Per Capita Personal Income Change - 4.15%	<u>5.40%</u> <u>\$ 2,774,065,184</u>
1999-00	County Population Change - 1.61% times Per Capita Personal Income Change - 4.53%	<u>6.21%</u> <u>\$ 2,931,130,793</u>
2000-01	County Population Change - 1.30% times Per Capita Personal Income Change - 4.91%	<u>6.27%</u> <u>\$ 3,114,912,694</u>
2001-02	City Population Change - (0.53%) times Per Capita Personal Income Change - 7.82%	<u>7.25%</u> <u>\$ 3,340,743,864</u>
2002-03	City Population Change - 0.11% times Per Capita Personal Income Change - (1.27%)	<u>(0.0098%)</u> <u>\$ 3,301,991,235</u>
2003-04	City Population Change - 1.53% times Per Capita Personal Income Change - 2.31%	<u>3.88%</u> <u>\$3,430,108,495</u>
2004-05	City Population Change - 1.26% times Per Capita Personal Income Change - 3.28%	<u>4.58%</u> <u>\$3,587,207,464</u>
2005-06	City Population Change - 1.18% times Per Capita Personal Income Change - 5.26%	<u>6.50%</u> <u>\$3,820,375,949</u>
2006-07	City Population Change – 0.46% times Per Capita Personal Income Change – 3.96%	<u>4.44%</u> <u>\$3,989,932,486</u>
2007-08	City Population Change – 0.99% times Per Capita Personal Income Change – 4.42%	<u>5.45%</u> <u>\$4,207,533,748</u>

2008-09	City Population Change – 1.24% times Per Capita Personal Income Change – 4.29%	<u>5.58%</u> <u>\$4,442,448,604</u>
2009-10	City Population Change – 1.09% times Per Capita Personal Income Change – 0.62%	<u>1.02%</u> <u>\$4,518,714,696</u>
2010-11	City Population Change – 1.08% times Per Capita Personal Income Change – (2.54)%	<u>0.98%</u> <u>\$4,451,501,888</u>
Reduction in limit due to change in financing from other revenues to user charges:		
	(1) Solid Waste Fees -	(165,537,537)
	(2) Fire Fees -	
	(a) Brush Clearance Initial Inspection	(1,400,000)
	(b) Brush Clearance Reinspection	<u>( 650,000)</u>
		<u>\$4,283,914,632</u>
2011-12	City Population Change – (6.96)% times Per Capita Personal Income Change – 2.51%	<u>1.022%</u> <u>\$4,388,385,333</u>
2012-13	City Population Change – 0.43% times Per Capita Personal Income Change – 3.77%	<u>1.037%</u> <u>\$4,554,024,205</u>
2013-14	City Population Change – 1.00% times Per Capita Personal Income Change – 5.12%	<u>1.051%</u> <u>\$4,787,671,114</u>
Reduction in limit due to change in financing from other revenues to user charges:		
	(1) Public Right-of-Way Construction	( 333,000)
	(2) Zoo – Entrance Fee Increase	<u>( 750,000)</u>
		<u>\$4,786,591,114</u>
2014-15	City Population Change – 1.00% times Per Capita Personal Income Change –(0.23%)	<u>1.007%</u> <u>\$4,555,372,559</u>

2015-16	City Population Change – 1.09% times Per Capita Personal Income Change – 3.82%	<u>1.05%</u> <u>\$4,780,938,118</u>
	Reduction in limit due to change in financing from other revenues to user charges:	
	(1) Paycheck Fee	( 100,000)
	(2) New Engineering Fees	<u>( 92,470)</u>
		<u>\$4,780,745,648</u>
2016-17	City Population Change – 1.27% times Per Capita Personal Income Change – 5.37%	<u>1.07%</u> <u>\$5,101,447,580</u>
2017-18	City Population Change – 1.06% times Nonresidential New Construction Change – 5.12%	<u>1.06%</u> <u>\$5,419,631,599</u>
	Reduction in limit due to change in financing from other revenues to user charges:	
	(1) Increased Fire Fees	( 980,000)
	(2) Increased Planning Fees	(2,800,000)
	(3) Public Works - Tree Replacement Fee	( 12,000)
	(4) Public Works - Collection Fee	<u>( 20,000)</u>
		<u>\$ 5,415,819,599</u>
2018-19	City Population Change – 0.82% times Nonresidential New Construction Change – 5.10%	<u>1.06%</u> <u>\$ 5,738,548,722</u>
	Reduction in limit due to change in financing from other revenues to user charges:	
	(1) Increased Fire Fees	( 5,188,000)
	(2) Metropolitan Transportation Authority Reimbursement for Police Services	<u>(64,212,626)</u>
		<u>\$ 5,669,148,096</u>
2019-20	City Population Change – 0.05% times Nonresidential New Construction Change – 10.68%	<u>1.1073%</u> <u>\$ 6,277,464,808</u>
	Reduction in limit due to change in financing from other revenues to user charges:	
	(1) Ambulance Fee Increase	( 6,000,000)
	(2) Controller E-Payables	( 1,000,000)

(3) Tobacco Permits Increase	( 400,000)
(4) Metropolitan Transportation Authority Reimbursement for Police Services Increase	(15,679,374)
(5) Local Enforcement Agency Fees	( 150,000)
(6) Animal License Canvasser Program Increase	( 153,000)
(7) Ground Emergency Medical Transport Fee Increase	(17,523,000)
(8) Ethics Outreach and Education – LAUSD	( 219,000)
(9) Street Vending Permit Fee Increase	( 2,323,529)
	<u>\$ 6,234,016,905</u>

2020-21	City Population Change – -0.06% times	
	Nonresidential New Construction Change – 7.84%	<u>1.0778%</u>
		<u>\$ 6,718,874,614</u>

Reduction in limit due to change in financing  
from other revenues to user charges:

(1) Ambulance Transport Fee Increase	( 9,000,000)
(2) Controller E-Payables	( 500,000)
(3) Metropolitan Transportation Authority Reimbursement for Police Services Increase	(26,694,628)
(4) Animal License Canvasser Program Increase	( 267,861)
(5) Ethics Elections Support - LAUSD	( 362,198)
	<u>\$ 6,682,049,927</u>

2021-22	City Population Change – -1.29% times	
	Nonresidential New Construction Change – 8.90%	<u>1.0749%</u>
		<u>\$7,182,624,605</u>

Reduction in limit due to change in financing  
from other revenues to user charges:

(1) Ambulance Transport Fee Increase	( 700,000)
(2) Protected Tree Ordinance Fee	( 601,000)
(3) Local Public Safety Realignment	( 7,072,009)
(4) Redistricting – LAUSD	( 561,000)
(5) 710 Freeway Corridor - Metro	( 129,555)
(6) LAFD False Alarm Program	( 277,488)
(7) Metro Project Support	( 111,775)
	<u>\$ 7,173,171,778</u>

2022-23	City Population Change – -0.88% times	
	Per capita personal income change – 7.55%	<u>1.07%</u>
		<u>\$7,646,555,226</u>

Reduction in limit due to change in financing  
from other revenues to user charges:

(1) Ambulance Transport Fee Increase	( 1,400,000)
(2) In Street AI Fresco Application Review Fee	( 211,000)
(3) Local Public Safety Realignment	(12,184,542)
(4) Various Bureau of Engineering Fees	( 307,649)
(5) Street Furniture Agreement	( 1,000,000)
	<u>\$ 7,631,452,035</u>

2023-24	City Population Change – -0.97% times	
	Nonresidential New Construction Change – 6.02%	<u>1.0499%</u>
		<u>\$ 8,012,278,281</u>

Reduction in limit due to change in financing from other revenues to user charges:	
(1) Architectural Design Fee Increase	( 40,000)
(2) Fire False Alarm Fee	( 3,700,000)
	<u>\$ 8,008,538,281</u>