



**CITY OF EAST PALO ALTO
FINANCE DEPARTMENT
2415 UNIVERSITY AVENUE
EAST PALO ALTO, CA 94303**

FISCAL YEAR 2020-21 APPROPRIATIONS LIMIT

Notice is hereby provided that the City Council of the City of East Palo Alto shall consider a resolution establishing the Fiscal Year 2020-21 Appropriations Limit in accordance with the Article XIII B of the California State Constitution at a regularly held Council Meeting on September 1, 2020 6:30 p.m.

Further, in accordance with Article XIII B the City is providing exhibits and schedules used in determination of the Appropriation Limit, as attached herein on Exhibit A, fifteen days prior to the meeting being held to establish the Appropriations limit.

Brenda Cooley-Olwin, CPA
Finance Director
August 12, 2020

CITY OF EAST PALO ALTO
Appropriation Limitation Calculation
2020-21

EXHIBIT A

Executive Summary

An annual calculation of the City's appropriation limitation is required by Article XIII B of the California Constitution. City expenditures may increase only in relation to changes in per capita income or growth in non-residential assessment valuation, whichever is greater, and the population change for the City or County, whichever is greater. Due to COVID-19, the factor related to growth in non-residential assessment valuation was not calculated and made available by the San Mateo County Assessor's Office. This factor is not estimated as a significant difference in determination of Appropriation Limit.

The City's 2020-21 budget appropriations that are subject to limitation are \$9,074,249 million under the limitation as shown below:

I. Determination of Appropriation Limit:

2020-21 Appropriation Limit (Schedule 3)	\$	33,843,252
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II. Determination of Appropriations Subject to Limitation:

2020-21 Revenue Sources for Appropriations (Schedule 2)	\$	45,664,955
Deductions of Exempt Revenues and Qualified Capital (Schedule 1)		<u>(20,895,952)</u>

2020-21 Appropriations Subject to Limitation (Schedule 1)	\$	<u>24,769,003</u>
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III. Amount Under/(Over) Appropriation Limit (I-II)	\$	<u>9,074,249</u>
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IV. Remaining Capacity as a Percent of FY 2020-21 Limit ¹		<u>26.81%</u>
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¹ Remaining capacity as a percent of limit is approximately 15% higher than expected due to COVID-19.

CITY OF EAST PALO ALTO
CALCULATION OF APPROPRIATIONS SUBJECT TO LIMITATION
2020-21

Total Revenue Sources For Appropriations (Schedule 2)	<u>\$ 45,664,955</u>
<u>Exclusions:</u>	
Non-Proceeds of Taxes (Schedule 2)	(20,895,952)
Qualifying Capital Outlay	<u>-</u>
Total Exclusions	<u>(20,895,952)</u>
Net Revenue Sources Subject to Limitation	<u><u>\$ 24,769,003</u></u>

CITY OF EAST PALO ALTO
SUMMARY OF REVENUES-BY CATEGORY
2020-21

SCHEDULE 2

	Budgeted Proceeds of Tax	Budgeted Non-Proceeds of Tax	Total Revenues
Taxes			
Property Taxes	\$ 15,542,245	\$ 3,320,000	\$ 18,862,245
Sales and Use Tax	3,850,000	-	3,850,000
Utility Users Tax	1,380,000	-	1,380,000
Transient Occupancy Tax	1,187,500	-	1,187,500
Other Taxes	2,667,280	1,766,525	4,433,805
	<u>\$ 24,627,025</u>	<u>\$ 5,086,525</u>	<u>\$ 29,713,550</u>
Franchise Fees			
Franchise Fees	\$ -	\$ 965,000	\$ 965,000
Licenses, Fees, and Permits			
Building and Other Permits	\$ -	\$ 1,000,000	\$ 1,000,000
Rent Stabilization Fees	-	530,000	530,000
NPDES	-	130,000	130,000
CCAG Measure M Vehicle Fee	-	108,500	108,500
Development Impact Fees	-	5,585,515	5,585,515
	<u>\$ -</u>	<u>\$ 7,354,015</u>	<u>\$ 7,354,015</u>
Fines and Forfeitures			
Vehicle Code and Parking Fines	\$ -	\$ 355,000	\$ 355,000
Other Fees and Fines	-	40,000	40,000
	<u>\$ -</u>	<u>\$ 395,000</u>	<u>\$ 395,000</u>
Grants and Intergovernmental			
California SLESF	\$ -	\$ 125,000	\$ 125,000
Ravenswood School District	-	211,990	211,990
California Department of Aging	-	52,250	52,250
California SB2	-	160,000	160,000
California Beverage Recycle	-	10,000	10,000
Subventions and Reimbursements	-	54,150	54,150
	<u>\$ -</u>	<u>\$ 613,390</u>	<u>\$ 613,390</u>
Charges for Current Services			
Solid Waste and Recycling Charges	\$ -	\$ 2,400,000	\$ 2,400,000
Water Capital Replacement Fees	-	850,000	850,000
Building Charges	-	165,000	165,000
Engineering Charges	-	360,000	360,000
Planning Charges	-	1,514,500	1,514,500
Police Services	-	35,500	35,500
Miscellaneous Charges	-	14,500	14,500
	<u>\$ -</u>	<u>\$ 5,339,500</u>	<u>\$ 5,339,500</u>

CITY OF EAST PALO ALTO
SUMMARY OF REVENUES-BY CATEGORY
2020-21

SCHEDULE 2

	Budgeted Proceeds of Tax	Budgeted Non-Proceeds of Tax	Total Revenues
Use of Money and Property (ex. Interest)			
Loan Interest	\$ -	\$ 79,245	\$ 79,245
Facility Use and Leases	-	350,000	350,000
Penalties	-	26,000	26,000
	<u>\$ -</u>	<u>\$ 455,245</u>	<u>\$ 455,245</u>
Other Miscellaneous			
Solid Waste Reimbursements	\$ -	\$ 300,000	\$ 300,000
Loan Proceeds and Reimbursements	-	242,500	242,500
Other	-	25,000	25,000
	<u>\$ -</u>	<u>\$ 567,500</u>	<u>\$ 567,500</u>
Operating Budget Subtotal	\$ 24,627,025	\$ 20,776,175	\$ 45,403,200
Percent of Total	54.24%	45.76%	100.00%
Interest Allocation	\$ 141,978	\$ 119,777	\$ 261,755
TOTAL	\$ 24,769,003	\$ 20,895,952	\$ 45,664,955

CITY OF EAST PALO ALTO
 APPROPRIATIONS LIMIT COMPUTATION
 CUMULATIVE GROWTH RATE
 2020-21

<u>FISCAL YEAR</u>	<u>BEGINNING LIMIT</u>	<u>POPULATION FACTOR</u>	<u>PER CAPITA INCOME FACTOR</u>	<u>ASSESSED VALUATION CHANGE FACTOR</u>	<u>ENDING LIMIT</u>
2005-06	10,941,091	1.0123	N/A	1.3297	14,727,314
2006-07	14,727,314	1.0100	1.0396	N/A	15,463,621
2007-08	15,463,621	1.0139	1.0442	N/A	16,371,558
2008-09	16,371,558	1.0126	N/A	1.0920	18,103,000
2009-10	18,103,000	1.0121	N/A	1.1120	20,374,116
2010-11	20,374,116	1.0117	N/A	1.0080	20,777,393
2011-12	20,777,393	1.0080	N/A	0.9810	20,545,684
2012-13	20,545,684	1.0098	1.0377	N/A	21,529,194
2013-14	21,529,194	1.0109	1.0512	N/A	22,878,172
2014-15	22,878,172	1.0117	N/A	1.1160	25,830,765
2015-16	25,830,765	1.0100	1.0382	N/A	27,085,675
2016-17	27,085,675	1.0091	1.0537	N/A	28,799,892
2017-18	28,799,892	1.0056	1.0369	N/A	30,029,838
2018-19	30,029,838	1.0065	N/A	1.0379	31,369,806
2019-20	31,369,806	1.0028	1.0385	N/A	32,668,760
2020-21	32,668,760	0.9987	1.0373	N/A	33,843,252

Sources: State Dept. of Finance, Budget Resolutions & Prior Year Appropriation Limits, San Mateo County Assessor's Office

N/A = Not applicable; calculation formula uses the higher of per capita or assessed valuation factors multiplied by population factor.