

**ACTION OF  
SOLANO COUNTY WATER AGENCY**

**DATE:** July 12, 2018

**SUBJECT: REVISE PROPOSITION 4 APPROPRIATIONS LIMIT FOR FISCAL YEAR 2004-2005  
THROUGH FISCAL YEAR 2017-2018**

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RECOMMENDATION:

Approve Resolution Number 2018-03 of the Solano County Water Agency revising the appropriations limit calculation for fiscal year 2004-2005 through fiscal year 2017-2018.

FINANCIAL IMPACT:

None

BACKGROUND:

California's state appropriation limit, established by Proposition 4 in 1979, places an "upper bound" each year on the amount of monies that can be spent from state tax proceeds. The original Proposition's intent was to limit the growth of government spending and applies to all local governments including special districts. The state appropriation limit is based on actual appropriations during the base year (1986-87) and increases each year using specified growth factors and calculations provided annually by the California Department of Finance (DOF). Certain revenues and expenses – such as water purchases and sales - are exempt and outside of the annual Appropriations Limit. Accordingly, only a portion of the Water Agency's budget is subject to the annual Appropriations Limit.

The Agency's financial consultants, Regional Government Services, have concluded that the Agency has incorrectly calculated the annual Appropriations Limit every year since 2004, and therefore, on behalf of the Agency, recalculated the Appropriations Limit for fiscal year 2004-2005 through fiscal year 2017-2018 (see Resolution 2018-03). Fortunately, the errors have no material impact in that, even with the corrected Appropriations Limit data, there are no instances when the Agency exceeded its statutory Appropriations Limit.

Recommended: \_\_\_\_\_

  
Roland Sanford, General Manager



Approved as  
recommended



Other  
(see below)



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Modification to Recommendation and/or other actions:

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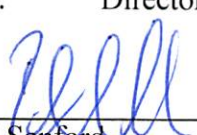
I, Roland Sanford, General Manager and Secretary to the Solano County Water Agency, do hereby certify that the foregoing action was regularly introduced, passed, and adopted by said Board of Directors at a regular meeting thereof held on July 12, 2018 by the following vote:

Ayes: Directors Patterson, Bogue, Price, Mahoney, Crossley, Kott, Brown, Vasquez, Thomson, Kluge, Sanchez, Augustine and Sampayan.

Noes: None.

Abstain: None.

Absent: Directors Hannigan and Spering.

  
Roland Sanford  
General Manager & Secretary to the  
Solano County Water Agency



RESOLUTION NUMBER 2018-03

**A RESOLUTION OF THE SOLANO COUNTY WATER AGENCY REVISING THE  
APPROPRIATIONS LIMIT CALCULATION FOR FISCAL YEAR 2004-2005  
THROUGH FISCAL YEAR 2017-18**

**WHEREAS**, on November 6, 1979 the people of California added Article XIII-B to the State Constitution, placing various limitations – Appropriations Limit - on State and local government appropriations; and

**WHEREAS**, on June 5, 1990 the people of California amended Article XIII-B of the State Constitution and California Government Code sections 7900, *et seq.* to include additional guidance regarding the calculation of an Appropriations Limit, and to require local governments to adopt a resolution setting their respective annual Appropriations Limit; and

**WHEREAS**, the Appropriations Limit is required to be established each fiscal year and may be amended in subsequent years to make corrections; and

**WHEREAS**, The Agency's consultants, RGS, have determined the Agency, by using incorrect annual growth factors, incorrectly calculated the annual Appropriations Limit for each fiscal year since FY 2004-05; and

**WHEREAS**, The Agency has made the necessary corrections to the Appropriations Limits previously reported for FY 2004-05 through FY 2017-18.

**NOW, THEREFORE**, the Board of the Solano County Water Agency does hereby resolve as follows:

In accordance with Article XIII B of the California Constitution and Government Code sections 7900 et seq., the revised Appropriations Limits from FY 2004-05 through FY 2017-18 are as set forth in Exhibit A, attached hereto, and;

The annual adjustment growth factors to recalculate the Fiscal Year 2017-18 Appropriations Limit of \$14,720,779 shall be the change by the State wide per capita personal income percentage and State Department of Finance estimated change in County population as shown in Exhibit B, attached hereto.


I, ROLAND SANFORD, General Manager and Secretary to the Board of Directors of the Solano County Water Agency, do hereby certify that the foregoing resolution was regularly introduced, passed and adopted by said Board of Directors, at a regular meeting thereof held on the 12th day of July 2018, by the following vote:

Ayes: Directors Patterson, Bogue, Price, Mahoney, Crossley, Kott, Brown, Vasquez, Thomson, Kluge, Sanchez, Augustine and Sampayan.

Noes: None.

Abstain: None.

Absent: Directors Hannigan and Sperring.

  
\_\_\_\_\_  
Roland Sanford  
General Manager & Secretary to the  
Solano County Water Agency



Attachment: **Exhibit A** – Annual Appropriations Limit Calculation Summary for Fiscal Year 2004-05 through Fiscal Year 2017-18



**Exhibit B – Appropriations Limit Calculation Summary for FY 2017-18**

**Solano County Water Agency**

**APPROPRIATIONS LIMIT CALCULATION SUMMARY**

**For Fiscal Year 2004-05 through Fiscal Year 2017-18**

**Exhibit A**

**Appropriation Growth Factors -  
Population & Cost of Living**

| Fiscal Year                     | Change Cost of Living Indices [1]     |  | Population        | Growth Factor   | Prior Year Limit                     | REVISED Current Year Appropriations Limit [5] | Prior Period Adjustments to Annual Appropriations Limit from FY 04/05 to FY |                                |
|---------------------------------|---------------------------------------|--|-------------------|---|--------------------------------------|---|---|--------------------------------|
| Appropriation Limit Fiscal Year | Per Capita Personal Income (PCPI) [2] | Annual Non-Residential Assessed Valuation Growth to Total Growth [3] | Solano County [4] | Allowed Annual Percent Growth in Appropriations Limit |                                      |   | As Originally Adopted   | Change from Adopted to Revised |
|                                 | Apply Highest Factor                  |  |                   | [Highest Cost of Living times Population]             | Growth Factor times Prior Year Limit |   |   |                                |
| 03/04 [6]                       |                                       |  |                   |   |                                      | \$ 8,187,592                                  | \$ 8,187,592  | \$ -                           |
| 04/05                           | 3.280                                 | NA   | 1.120             | 1.044370  | \$ 8,187,592                         | \$ 8,550,875                                  | \$ 8,550,854  | \$ 21                          |
| 05/06                           | 5.260                                 | 4.8300   | 1.320             | 1.066490  | \$ 8,550,875                         | \$ 9,119,423                                  | \$ 9,117,437  | \$ 1,986                       |
| 06/07                           | 3.960                                 | 3.6500   | 1.150             | 1.051560  | \$ 9,119,423                         | \$ 9,589,621                                  | \$ 9,587,897  | \$ 1,724                       |
| 07/08                           | 4.420                                 | 5.2700   | 1.190             | 1.065230  | \$ 9,589,621                         | \$ 10,215,152                                 | \$ 10,130,572   | \$ 84,580                      |
| 08/09                           | 4.290                                 | 0.1100   | 0.620             | 1.049370  | \$ 10,215,152                        | \$ 10,719,474                                 | \$ 10,631,022   | \$ 88,452                      |
| 09/10                           | 0.620                                 | (2.6200)   | 0.940             | 1.015660  | \$ 10,719,474                        | \$ 10,887,341                                 | \$ 10,797,485   | \$ 89,856                      |
| 10/11                           | (2.540)                               | (0.0500)   | 0.760             | 1.007100  | \$ 10,887,341                        | \$ 10,964,641                                 | \$ 10,797,485   | \$ 167,156                     |
| 11/12                           | 2.510                                 | (0.0900)   | 0.220             | 1.027360  | \$ 10,964,641                        | \$ 11,264,633                                 | \$ 10,913,624   | \$ 351,009                     |
| 12/13                           | 3.770                                 | (0.0300)   | 0.230             | 1.040090  | \$ 11,264,633                        | \$ 11,716,232                                 | \$ 11,351,115   | \$ 365,117                     |
| 13/14                           | 5.120                                 | (0.0100)   | 0.780             | 1.059400  | \$ 11,716,232                        | \$ 12,412,177                                 | \$ 12,025,360   | \$ 386,817                     |
| 14/15                           | (0.230)                               | 0.0100   | 1.020             | 1.010300  | \$ 12,412,177                        | \$ 12,540,022                                 | \$ 13,209,858   | \$ (669,836)                   |
| 15/16                           | 3.820                                 | 0.0100   | 1.170             | 1.050350  | \$ 12,540,022                        | \$ 13,171,412                                 | \$ 13,874,314   | \$ (702,902)                   |
| 16/17                           | 5.370                                 | 0.0500   | 1.080             | 1.065080  | \$ 13,171,412                        | \$ 14,028,608                                 | \$ 14,777,254   | \$ (748,646)                   |
| 17/18                           | 3.690                                 | 0.0608   | 1.200             | 1.049340  | \$ 14,028,608                        | \$ 14,720,779                                 | \$ 15,508,554   | \$ (787,775)                   |

[1] From State Department of Finance per Article XIII B of the California Constitution every May 1st for following Fiscal Year Appropriations Calculation. A 1991 amendment to Article XIII-B dropped use of the Consumer Price Index (CPI) and allowed for revising limit with Per Capita Personal Income (PCPI) or Growth in non-residential assessed valuation multiplied by the higher of City or County population growth factors back to FY 87-88. The Agency may selection by resolution the growth factors to be used to calculate the annual Appropriations Limit. The shaded area indicate the highest factor used in calculation for the individual Fiscal Year.

[2] Per Capita Personal Income (PCPI) - California 4th Quarter - Calculated by State Department of Finance

[3] Determination of the annual growth in non-residential assessed valuation is calculated by the Solano County Auditor-Controller's Office for the County Appropriation Limit and released in August of each year and is applied to the following fiscal year for the appropriations limit calculation purposes. The SCWA jurisdiction is the entire county and the growth in the entire county assessed valuation is applicable. See worksheet 6.1 for details.

[4] Population changes are from the State Department of Finance Demographic unit and updated as of January of each year. The Countywide population growth is applicable to the Agency.

[5] Current Year Appropriations Limit has been adjusted due to prior year incorrect calculations in multiple years and application of non-residential assessed valuation change, as appropriate.

[6] Prior to FY 04-05 Solano County Auditor-Controller's Office calculated the Appropriations Limit for the Solano County Water Agency and only provided the PCPI growth factor.

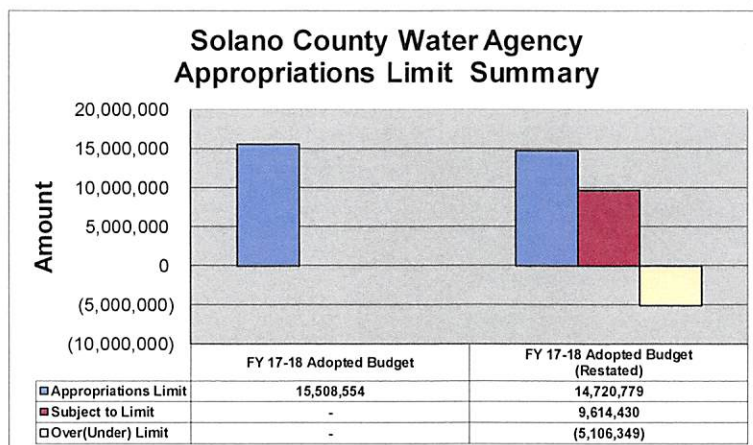
# Solano County Water Agency

## Appropriations Limit Calculation Summary

### Fiscal Year 2017-18 Adopted Budget (Revised)

Exhibit B

|   |                |
|---|----------------|
| Prior Year Revised Appropriation Limit [4]                            | \$ 14,028,608  |
| Allowed Compounded Percentage Increase from Prior Year [1]            |                |
| Statewide Per Capita Personal Income                                  | 3.690%         |
| County Population Growth From State Dept of Finance                   | 1.200%         |
| Compounded Percentage as an Adjustment Factor                         | 4.934%         |
| Growth Factor Adjustment Amount to Appropriation Limit                | 692,172        |
| Current Year Appropriation Limit From Growth Factors                  | 14,720,779     |
| Annual Other Adjustments to Limit [1]                                 | -              |
| Current Year Appropriations Limit                                     | 14,720,779     |
| Current Year Adopted Budget Appropriations From Proceeds of Taxes [2] |                |
| Proceeds of Taxes From Adopted Budget [3]                             | 23,359,216     |
| Less Allowable Exclusion of Certain Appropriations [3]                | (13,744,786)   |
| Current Year Appropriations Subject to Appropriation Limit            | 9,614,430      |
| Current Year Appropriations Over or (Under) the Appropriation Limit   | \$ (5,106,349) |
| Percentage Over or (Under) the Limit                                  | -35%           |



| (1) Article XIIb allowed annual adjustments to the Appropriations Limit after calculation of annual growth factors   |                            |                        |                      |
|--|----------------------------|------------------------|----------------------|
| (2) Proceeds of Taxes are certain revenues as defined by State Law and League of California Cities Article XIIb Appropriations Limit Uniform Guidelines. See Worksheets for details. |                            |                        |                      |
| (3) Summary of worksheets for above calculations of Appropriations Limit and Appropriations Subject to Limit.  |                            |                        |                      |
| Summary of Appropriations From Proceeds of Taxes   | From Non Proceeds of Taxes | From Proceeds of Taxes | Total Appropriations |
| Admin-Solano Project-Watermaster   | 7,235,315                  | 8,921,422              | 16,156,737           |
| State Water Project  | 2,621,997                  | 13,044,104             | 15,666,101           |
| Ulatis Flood Control   | 21,742                     | 1,263,984              | 1,285,726            |
| Green Valley Flood Control   | -                          | 129,707                | 129,707              |
| Total Proceeds and Non Proceeds of Taxes   | 9,879,055                  | 23,359,216             | 33,238,271           |
| Summary of Exclusions  |                            |                        |                      |
| Court Order Costs  | 2,196,040                  |                        |                      |
| Federal Mandates   | 125,701                    |                        |                      |
| Qualified Capital Outlay Over \$100,000 and 10+ year life  | -                          |                        |                      |
| Qualified Debt Service   | 11,423,045                 |                        |                      |
| Total Exclusions to Appropriations Subject to Limit  | 13,744,786                 |                        |                      |
| [4] Adjustments to prior year calculation of Appropriations Limit due use of appropriate growth factors and calculations from FY 04-05 to FY 16-17. See worksheet details.           |                            |                        |                      |