

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

MEMORANDUM

DATE: June 23, 2020

TO: **BOARD OF DIRECTORS**
Lake Arrowhead Community Services District

FROM: **JOHN O'BRIEN, Finance Manager**
CATHERINE CERRI, General Manager

SUBJECT: **RESOLUTION 2020-03 ESTABLISHING
APPROPRIATION LIMITS FOR FISCAL YEAR
2020-21**

A. RECOMMENDATION

Approve Resolution 2020-03 establishing the District's appropriation limits for fiscal year 2020-21.

B. REASON FOR RECOMMENDATION

Per Government Code 61113 et seq., the District is required to annually review and adopt a resolution establishing its appropriation limit on or before July 1st, pursuant to the Gann Limit Initiative.

C. BACKGROUND INFORMATION

In November of 1979, voters approved Proposition 4, an initiative that added Article XIII B to the California Constitution. The constitutional amendment, also known as the Gann Initiative, placed limits on the annual growth in appropriations or expenditures made by local government agencies for tax funded services in an effort to control government spending. Article XIII B required that the annual growth in appropriation not exceed the annual growth in population and inflation. California Government Code 61113 et seq. was then put in place requiring local government agencies to annually review and adopt a resolution establishing its annual appropriation limit. The growth calculation is driven by both the percent change in California per capita income and the population change in unincorporated San Bernardino County, both of which are provided by the California Department of Finance.

The District's Wastewater Enterprise receives an annual allocation of the County of San Bernardino's one percent property tax levy and is subject to the requirements

of Article XIII B of the California Constitution as well as Government Code 61113 et seq. The appropriation limit for the Wastewater Enterprise as calculated for fiscal year 2020-21 is \$8,853,896 which is well above the District's share of property tax revenue which, for fiscal year 2019-20, was \$3,475,406.

D. FISCAL IMPACT

There is no fiscal impact associated with the approval of this item.

E. ENVIRONMENTAL IMPACT

None.

F. ATTACHMENTS

- Exhibit I – Resolution 2020-03 Establishing Appropriation Limit for 2020-21
- Exhibit II – Appropriation Limit Calculation for 2020-21

RESOLUTION NO. 2020-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR 2020-21

WHEREAS, the Lake Arrowhead Community Services District ("District") was formed in 1978 following amendments to the California Constitution which added Article XIII A (the "Jarvis Initiative") and Article XIII B (the "Gann Initiative"), and upon formation the District did not levy a tax or receive any tax revenue and therefore did not have any proceeds of taxes subject to the appropriations limit contemplated by the Gann Initiative; and

WHEREAS, the Community Services District Law was amended to add Government Code Section 61113, which specifically requires a community services district to adopt a resolution establishing its annual appropriations limit, if any, pursuant to the Gann Initiative in certain circumstances; and

WHEREAS, prior to the amendment of the Community Services District Law, the Community Services District Law did not specifically require the District to adopt an annual appropriations limit, and

WHEREAS, in June, 1983, proceedings were completed through the Local Agency Formation Commission of San Bernardino County annexing the area previously served by the Lake Arrowhead Sanitation District ("Sanitation District") to the boundaries of the District, transferring responsibility for providing sewer service in the annexed area to the District, and dissolving the Sanitation District; and

WHEREAS, upon annexing the service area of the Sanitation District and assuming responsibility for providing sewer service in that area, the District began receiving the portion of the County of San Bernardino's annual one percent tax levy which previously had been allocated to the Sanitation District, and thus inherited the appropriations limit applicable to the Sanitation District pursuant to the Gann Initiative prior to its dissolution; and

WHEREAS, the appropriations limit applicable to the District pursuant to Article XIII B of the California Constitution for Fiscal Year 2019-20 was established and determined to be the sum of \$8,508,453 by Resolution No. 2019-04; and

WHEREAS, Section 7910 of the California Government Code requires this District to make the documentation used in determining the appropriations limit available to the public 15 days prior to adoption of the resolution establishing the annual appropriations limit; and

WHEREAS, in accordance with Senate Constitutional Amendment No. 1 approved by the voters of the State effective June 6, 1990, beginning with Fiscal Year 1990-91 and for each fiscal year thereafter, this Board of Directors is required to select either the percentage change in the California per capita personal income or the percentage change in the local assessment roll due to the addition of local non-residential construction, and either the population change within

the District or the population change within San Bernardino County, as the two factors to be applied in adjusting the appropriations limit for each fiscal year; and

WHEREAS, beginning with Fiscal Year 1990-91 and for each fiscal year thereafter, the Board of Directors selected, as factors in determining this District's appropriations limit, the percentage change in the California per capita personal income and also the population change within San Bernardino County; and

WHEREAS, this District has documented its calculations of the appropriations limit for the Sanitation District for Fiscal Year 2020-21, and said calculations have been posted on this District's website and have been made available to the public at least 15 days prior to the adoption of this Resolution;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Lake Arrowhead Community Services District as follows:

1. The appropriations limit applicable to the Sanitation District pursuant to Article XIII B of the California Constitution for Fiscal Year 2020-21 is hereby established and determined to be the sum of \$8,853,896.

ADOPTED by the Board of Directors of the Lake Arrowhead Community Services District at a regular meeting held on June 23, 2020, by the following votes:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

John Wurm, President of the Lake
Arrowhead Community Services District
Board of Directors

ATTEST:

Kathleen Field, Secretary of the Lake
Arrowhead Community Services District and
to the Board of Directors

(SEAL)

CERTIFICATION

I, Kathleen Field, Board Secretary of the Lake Arrowhead Community Services District, hereby certify that the foregoing is a full, true and correct copy of the Resolution No. 2020-03 adopted by the Board of Directors of said Agency at the regular meeting of said Board held on the 23rd day of June 2020, by the following vote:

AYES:
NOES:
ABSTENTIONS:
ABSENT:

Kathleen Field, Secretary to the Lake
Arrowhead Community Services District
and to the Board of Directors

Lake Arrowhead Community Services District
Appropriations Limit Calculation for FY 2020-21

Exhibit II

2019-20 Appropriations Limit \$ 8,508,453

2020-21 Adjustments

Increase in California personal per capita income 3.73%

Increase in population, Unincorporated San Bernardino County 0.32%

$(3.73+100)/100$ 1.0373

$(.32+100)/100$ 1.0032

$1.0373 \times 1.0032 = 1.0406$

2020-21 Appropriations Limit

$\$8,508,453 \times 1.0406 =$ \$ 8,853,896

2019-20 Property Tax Allocation \$ 3,475,406