

Council Meeting  
June 13, 2006

Honorable Mayor and Members  
of the City Council  
City Hall  
Torrance, California

Members of the City Council:

**SUBJECT: Approval of Fiscal Year 2006-07 Appropriations Limit and Selection of the Annual Adjustment Factors for the Same Fiscal Year**

### RECOMMENDATION

The Finance Director recommends adoption of the attached Resolution approving the City's appropriations limit for fiscal year 2006-07 in the amount of \$737,610,212; and selection of the 2006-07 percentage change over prior year of Per Capita Personal Income as the cost of living factor together with the increase in the City's population as the annual adjustment factors for same fiscal year.

### BACKGROUND

In November 1979, the voters of the State of California approved Proposition 4, commonly known as the Gann Initiative. The Proposition created Article XIII B of the State Constitution placing limits on the amount of revenue which can be spent by all entities of government. The limit applies only to revenues considered as proceeds of taxes. Proposition 4 became effective for the 1980-81 fiscal year, but the formula for calculating the limits was based on the 1978-79 "base year" revenues.

In order to deal with an increasing number of complaints about the restrictions of Proposition 4, and to increase the accountability of local government in adopting their limits, the voters approved in June 1990, Proposition 111 which amended Proposition 4 and its implementing legislation.

### ANALYSIS:

Under Proposition 111, each City has the option to choose not only its own population growth factor but also the population growth factor within its county.

Moreover, the cost of living factor may either be the change in the California per capita personal income or the percentage change in the jurisdiction's assessed valuation, which is attributable to non-residential new construction. Both of these selections require a recorded vote of the City's governing body.

Analysis of available data indicated that selection of the percentage change over prior year in Per Capita Personal income, together with the increase in the population of the County of Los Angeles would give the most beneficial result for the City. Using these growth factors, the appropriations limit for fiscal year 2006-07 would be \$737,610,212. This calculated limit is 593% or \$613,305,169 more than the projected appropriations subject to limitations of \$124,305,043 as shown on Worksheet #4.

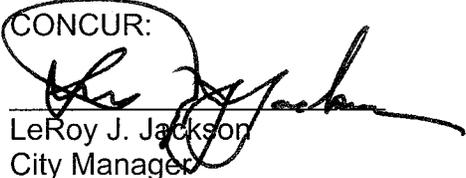
The legislation requires that 15 days prior to adoption of the resolution, the documentation used in the determination of the appropriations limit should be made available to the public. The data supporting the attached resolution has been on file in the City Clerk's office since May 22, 2006 and a public notice was posted in the Daily Breeze on June 3, 2006.

Respectfully submitted,



Eric E. Tsao  
Finance Director

CONCUR:



LeRoy J. Jackson  
City Manager

Attachments:

- A. Resolution
- B. Worksheets 1-7b for Fiscal Year 2005-06
- C. Copy of Daily Breeze Public Notice published June 3, 2006

## ATTACHMENT A

## RESOLUTION NO. 2006 -

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE  
APPROVING THE 2006-07 APPROPRIATIONS LIMIT AND SELECTION OF  
THE ANNUAL ADJUSTMENT FACTORS FOR THE SAME FISCAL YEAR**

**WHEREAS**, the voters of the State of California on November 6, 1979, added Article XIII B to the State Constitution, placing various limitations on the appropriations of the State and local governments; and

**WHEREAS**, in June 1990, the voters of the State of California approved Proposition 111, permitting entities of government to select alternative growth factors by a recorded vote of its governing body; and

**WHEREAS**, the City of Torrance has complied with all the provisions of Article XIII B, as amended by Proposition 111, in determining the appropriations limit for fiscal year 2006-07; and  
**WHEREAS**, all calculation for fiscal year 2006-07 were necessary to arrive at an accurate limit; and

**WHEREAS**, all calculations necessary to arrive at the appropriations limit are attached as Worksheets 1 through 7B for fiscal year 2006-07;

**NOW, THEREFORE**, the City Council of the City of Torrance does hereby resolve that:

- (1) It selects the following growth factors for fiscal year 2006-07:

Population Factor	Inflation Factor
<u>(City)</u>	<u>(Increase in Per Capita Personal Income)</u>
.39%	3.96%

- (2) It accepts the appropriations limit for fiscal year 2006-07 in the amount of \$737,610,212

**INTRODUCED, APPROVED AND ADOPTED** this 13<sup>th</sup> day of June, 2006.

\_\_\_\_\_  
Mayor Dan Walker

APPROVED AS TO FORM:  
JOHN FELLOWS III, City Attorney

ATTEST:

By \_\_\_\_\_  
Ronald T. Pohl, Assistant City Attorney

\_\_\_\_\_  
Sue Herbers, City Clerk



**CITY OF TORRANCE  
APPROPRIATIONS LIMIT  
USERS' FEES VERSUS COSTS**

**WORKSHEET #1  
BUDGET BASIS  
FISCAL YEAR 2006-07**

	<b>PUBLIC SAFETY</b>	<b>PUBLIC WORKS</b>	<b>COMMUNITY ENRICHMENT</b>	<b>GENERAL GOVERNMENT</b>	<b>INDIRECT CHGS-ENT</b>	<b>TOTAL</b>
<b>A. COSTS REASONABLY BORNE</b>	24,088,149	5,136,204	6,700,151	8,846,061	\$3,928,799	48,699,364
<b>B. FEES:</b>						
INDIRECT CHARGES-ENT.					3,928,799	3,928,799
CONSTRUCTION RELATED FEES	1,262,391	310,513	0	1,500		1,574,404
ENGINEERING FEES		114,330				114,330
POLICE DEPT SERVICES	806,956					806,956
FIRE INSPECTION FEES	1,174,200					1,174,200
OTHER CHARGES	2,740	67,820		36,200		106,760
LIBRARY FINES AND FEES			206,000			206,000
<b>FEE REVENUE</b>	<b>3,246,287</b>	<b>492,663</b>	<b>206,000</b>	<b>37,700</b>	<b>3,928,799</b>	<b>7,911,449</b>
<b>C. AMOUNT FEE EXCEEDS COST (ie, amount of tax proceeds)</b>	0	0	0	0	0	0
<b>D. AMOUNT OF FEE REVENUE LESS THAN COSTS</b>	<b>\$3,246,287</b>	<b>\$492,663</b>	<b>\$206,000</b>	<b>\$37,700</b>	<b>\$3,928,799</b>	<b>\$7,911,449</b>

E. USE THE RESULTS TO COMPLETE WORKSHEET #2

CITY OF TORRANCE  
CALCULATION OF PROCEEDS OF TAXES

WORKSHEET #2  
BUDGET BASIS  
FISCAL YEAR 2006-07

Funds included:---- GENERAL FUND

REVENUES	PROCEEDS OF TAXES	NON-PROCEEDS OF TAXES	TOTAL
<b>TAXES</b>			
Property Tax	\$38,892,000		\$38,892,000
Sales & Use Tax	33,484,000		33,484,000
Utility Users' Tax	34,218,000		34,218,000
Business License Tax	7,582,000		7,582,000
Construction Tax	773,000		773,000
Transient Occupancy Tax	6,629,000		6,629,000
Real Property Transfer Tax	1,100,000		1,100,000
Oil Severance Tax	30,000		30,000
Aircraft Assessment Tax	100,000		100,000
<b>Total Taxes</b>	<b>\$ 122,808,000</b>	<b>0</b>	<b>\$ 122,808,000</b>
<b>LICENSES AND PERMITS</b>			
Animal Fees		125,905	125,905
Construction Permits		1,924,185	1,924,185
Other License Fees/Permits		7,700	7,700
<b>Licenses and Permits</b>		<b>2,057,790</b>	<b>2,057,790</b>
<b>REVENUE FROM OTHER AGENCIES</b>			
State Motor Vehicle License	3,241,000		3,241,000
Trailer Coach In Lieu			0
State Gasoline Tax		2,540,000	2,540,000
State Homeowners' Property Tax Relief	250,000		250,000
State Cigarette Tax			0
Other State Revenue	0	0	0
Other County Grants		0	0
<b>Revenue from Other Agencies</b>	<b>3,491,000</b>	<b>2,540,000</b>	<b>6,031,000</b>
<b>FINES AND FORFEITURES</b>			
General Court Fines		710,000	710,000
Traffic Fines		470,000	470,000
<b>Fines and Forfeitures</b>		<b>1,180,000</b>	<b>1,180,000</b>
<b>USE OF MONEY AND PROPERTY (EXCLUDING INVESTMENT EARNINGS)</b>			
Rents and Royalties		551,050	551,050
Franchise Payments		4,525,740	4,525,740
PERS Interest Amortization		0	0
Extraordinary Income			0
<b>Use of Money and Property</b>		<b>\$5,076,790</b>	<b>\$5,076,790</b>
<b>USER FEES (From Worksheet#1)</b>	<b>\$0</b>	<b>\$7,911,449</b>	<b>\$7,911,449</b>
<b>OTHER MISCELLANEOUS</b>			
Contribution from Other Funds (from Worksheet #2A)	950,000	1,600,000	2,550,000
Other Revenue		504,800	504,800
Operating Transfer In		4,773,000	4,773,000
<b>Other Miscellaneous</b>	<b>950,000</b>	<b>6,877,800</b>	<b>7,827,800</b>
<b>SUB-TOTAL (For Worksheet #3)</b>	<b>129,306,790</b>	<b>25,643,829</b>	<b>152,892,829</b>
Interest Earnings (from Worksheet #3)	953,109	232,891	1,186,000
<b>TOTAL REVENUE (Use for Worksheet #4)</b>	<b>\$130,259,899</b>	<b>\$25,876,720</b>	<b>\$154,078,829</b>
<b>RESERVE WITHDRAWALS</b>		<b>\$600,000</b>	<b>\$600,000</b>

**CITY OF TORRANCE  
CALCULATION OF PROCEEDS OF TAXES  
CONTRIBUTIONS FROM OTHER FUNDS**

**WORKSHEET #2A  
BUDGET BASIS  
FISCAL YEAR 2006-07**

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	PROCEEDS OF TAXES	NON-PROCEEDS OF TAXES	TOTAL
<b>CONTRIBUTIONS FROM OTHER FUND AIRPORT FUND:</b>			
PROPERTY TAX IN-LIEU TRANSFER	\$250,000	\$0	\$250,000
LEASED LAND RENTAL TRANSFER	0	1,600,000	1,600,000
<b>SUB-TOTAL</b>	<b>250,000</b>	<b>1,600,000</b>	<b>1,850,000</b>
<b>WATER FUND</b>			
WATER IN-LIEU TAX	700,000	0	700,000
<b>TOTAL (COPY ONTO WORKSHEET #2)</b>	<b>\$950,000</b>	<b>\$1,600,000</b>	<b>\$2,550,000</b>

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CITY OF TORRANCE  
INTEREST EARNINGS PRODUCED BY TAXES

WORKSHEET #3  
BUDGET BASIS  
FISCAL YEAR 2006-07

	AMOUNT	SOURCE
A. NON-INTEREST TAX PROCEEDS	\$129,306,790	(WORKSHEET #2)
B. MINUS EXCLUSIONS	<u>5,954,856</u>	(WORKSHEET #7)
C. NET INVESTED TAXES	123,351,934	(A-B)
D. TOTAL NON-INTEREST REVENUES PLUS RESERVE WITHDRAWALS	153,492,829	(WORKSHEET #2)
E. TAX PROCEEDS AS PERCENT OF BUDGET	80.36%	(C/D)
F. INTEREST EARNINGS	1,186,000	06-07 BUDGET
G. AMOUNT OF INTEREST EARNED FROM TAXES	<u>953,109</u>	(E*F)
H. AMOUNT OF INTEREST EARNED FROM NON-TAXES	<u>\$232,891</u>	(F-G)
I. TAKE THE RESULT OF STEPS #G AND #H COPY ON TO WORKSHEET #2		

CITY OF TORRANCE  
 APPROPRIATIONS SUBJECT TO LIMITATION

WORKSHEET #4  
 BUDGET BASIS  
 FISCAL YEAR 2006-07

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	AMOUNT	SOURCE
A. PROCEEDS OF TAXES	\$130,259,899	(WORKSHEET #2)
B. EXCLUSIONS	<u>5,954,856</u>	(WORKSHEET #7)
C. APPROPRIATIONS SUBJECT TO LIMITATION	\$124,305,043	(A-B)
D. CURRENT YEAR'S LIMIT	737,610,212	(WORKSHEET #6)
E. OVER/(UNDER) LIMIT	<u>(\$613,305,169)</u>	(C-D)

CITY OF TORRANCE  
INFLATION FACTOR  
CHANGE IN PER CAPITA PERSONAL INCOME AND CHANGE IN NON-RESIDENTIAL ASSESSED VALUATION

WORKSHEET # 5A  
BUDGET BASIS  
FISCAL YEAR 2006-07

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<u>TO COMPUTE LIMIT TO:</u>	CHANGE IN CALIF. PER CAPITA PERSONAL INCOME (1)	CHANGE IN NON RESIDENTIAL ASSESSED VALUATION (2)
2005-2006	5.26%	-27.08%
2006-2007	3.96%	0.11%

(1) BASED FROM THE DEPARTMENT OF FINANCE PRICE AND POPULATION  
DATA FOR LOCAL JURISDICTIONS DATED MAY 2006

(2) SOURCED FROM LA COUNTY ASSESSORS OFFICE LETTER DATED MAY 16, 2006.



DEPARTMENT OF  
**FINANCE**

ARNOLD SCHWARZENEGGER, GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 2006

Dear Fiscal Officer:

**Subject: Price and Population Information**

### **Appropriations Limit**

The California Revenue and Taxation Code, Section 2227, mandates 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, 2006, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2006-07. Enclosure I provide 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 2006-07 appropriations limit. Enclosure II provides city and unincorporated county population percentage changes, and Enclosure IIA provides county and incorporated areas population percentage changes. The population percentage change data excludes federal and state institutionalized populations and military populations, as noted.

### **Population Percent Change for Special Districts**

Some special districts must establish an annual appropriations limit. Consult the Revenue and Taxation Code, Section 2228, for the various population options available to special districts to assess population change in their district. Article XIII B, Section 9, of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. No State agency reviews the local appropriations limits.

### **Population Certification**

The population certification program applies only to cities and counties. 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 2, 2006.**

**Please Note:** City population estimates are controlled to independently calculated county population estimates. Due to county estimates revisions; prior year's city population estimates may have also been revised.

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

Sincerely,

MICHAEL C. GENEST

Director

By:

*Vincent P. Brown*

VINCENT P. BROWN

Chief Deputy Director

Enclosure

FINANCE DEPT.  
06 APR 26 PM 1:14  
CITY OF TORRANCE

May 2006

Enclosure I

- 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 2006-2007 appropriation limit is:

## Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2006-2007	3.96

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2006-2007 appropriation limit.

**2006-2007:**

Per Capita Cost of Living Change = 3.96 percent

Population Change = 1.21 percent

Per Capita Cost of Living converted to a ratio:  $\frac{3.96 + 100}{100} = 1.0396$

Population converted to a ratio:  $\frac{1.21 + 100}{100} = 1.0121$

Calculation of factor for FY 2006-2007:  $1.0396 \times 1.0121 = 1.0522$



RICK AUERBACH  
ASSESSOR

**COUNTY OF LOS ANGELES**  
**OFFICE OF THE ASSESSOR**  
500 W. TEMPLE STREET  
LOS ANGELES, CALIFORNIA 90012-2770  
<http://assessor.co.la.ca.us/>

May 16, 2006

Ms. Ruby Villanueva  
Accountant  
City of Torrance  
3031 Torrance Boulevard  
Torrance, CA 90503

Dear Ms. Villanueva:

Your agency, the City of Torrance, in order to effect an adjustment of its Gann Limit, has requested that the Assessor's Office supply the percentage change in total assessed valuation for the city over that of the preceding year, due to nonresidential new construction.

For the City of Torrance, the 2005-2006 net change in nonresidential new construction, applicable to the 2006-2007 budget, is 0.11%.

If we can be of further service, please call Ventura Cuenca at (213) 974-9221.

Very truly yours,

Dan Kinoshita  
Information Systems Coordinator  
Research and Development

DK:mf

**CITY OF TORRANCE OR COUNTY OF LOS ANGELES  
POPULATION INCREASES**

**WORKSHEET #5  
BUDGET BASIS  
FISCAL YEAR 2006-07**

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TO COMPUTE LIMIT TO:	CITY POPULATION	PERCENT	COUNTY POPULATION	PERCENT
<b>2005-06</b>				
01/01/04	146,263		10,096,795	
01/01/05	146,532	0.78%	10,226,506	1.18%
01/01/06	147,108 (1)	0.39%	10,245,572 (1)	0.19%

(1) BASED FROM THE DEPARTMENT OF FINANCE PRICE AND POPULATION DATA FOR LOCAL JURISDICTIONS DATED MAY 2006

**GANN07 - 5**



DEPARTMENT OF  
**FINANCE**

ARNOLD SCHWARZENEGGER, GOVERNOR

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May 2006

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Enclosure

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May 2006

Enclosure I

- 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 2006-2007 appropriation limit is:

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Population converted to a ratio:  $\frac{1.21 + 100}{100} = 1.0121$

Calculation of factor for FY 2006-2007:  $1.0396 \times 1.0121 = 1.0522$

Enclosure II  
Annual Percent Change in Population Minus Exclusions (\*)  
January 1, 2005 to January 1, 2006 and Total Population, January 1, 2006

County City	Percent Change	--- Population Minus Exclusions ---		Total Population
	2005-2006	1-1-05	1-1-06	1-1-2006
LOS ANGELES				
AGOURA HILLS	0.17	23,191	23,231	23,231
ALHAMBRA	-0.78	90,032	89,326	89,326
ARCADIA	0.28	55,988	56,145	56,145
ARTESIA	1.66	17,211	17,496	17,496
AVALON	0.00	3,488	3,488	3,488
AZUSA	0.13	48,241	48,302	48,302
BALDWIN PARK	0.30	80,744	80,986	80,986
BELL	0.23	38,730	38,821	38,821
BELLFLOWER	-0.02	77,052	77,039	77,039
BELL GARDENS	0.02	46,036	46,044	46,044
BEVERLY HILLS	0.17	35,754	35,813	35,813
BRADBURY	-0.53	945	940	940
BURBANK	0.73	106,107	106,879	106,879
CALABASAS	1.75	22,985	23,387	23,387
CARSON	0.24	97,747	97,981	97,981
CERRITOS	0.16	54,746	54,834	54,834
CLAREMONT	0.45	36,448	36,612	36,612
COMMERCE	0.10	13,425	13,439	13,439
COMPTON	0.75	98,215	98,948	98,948
COVINA	0.22	49,272	49,378	49,378
CUDAHY	-0.14	25,691	25,655	25,655
CULVER CITY	0.10	40,630	40,669	40,669
DIAMOND BAR	0.21	59,595	59,722	59,722
DOWNEY	0.11	112,938	113,063	113,063
DUARTE	1.32	22,701	23,000	23,000
EL MONTE	0.21	125,086	125,352	125,352
EL SEGUNDO	0.25	16,923	16,965	16,965
GARDENA	0.74	61,062	61,513	61,513
GLENDALE	0.25	205,785	206,308	206,308
GLENDORA	0.26	52,066	52,199	52,199
HAWAIIAN GARDENS	0.46	15,777	15,849	15,849
HAWTHORNE	0.22	88,262	88,458	88,458
HERMOSA BEACH	-0.29	19,491	19,435	19,435
HIDDEN HILLS	0.44	2,026	2,035	2,035
HUNTINGTON PARK	0.10	64,540	64,607	64,607
INDUSTRY	0.13	800	801	801
INGLEWOOD	0.55	117,466	118,112	118,112
IRWINDALE	4.42	1,493	1,559	1,559
LA CANADA FLINTRIDGE	-0.78	21,479	21,311	21,311

(\*) Exclusions include residents on federal military installations and group quarters' residents in state mental institutions, and state and federal correctional institutions.

**Enclosure II**  
**Annual Percent Change in Population Minus Exclusions (\*)**  
**January 1, 2005 to January 1, 2006 and Total Population, January 1, 2006**

County City	Percent Change 2005-2006	--- Population Minus Exclusions ---		Total Population
		1-1-05	1-1-06	1-1-2006
LA HABRA HEIGHTS	-0.76	6,156	6,109	6,109
LAKESWOOD	0.13	83,175	83,287	83,287
LA MIRADA	-0.79	50,188	49,793	49,793
LANCASTER	4.50	128,253	134,021	138,392
LA PUENTE	0.15	43,099	43,164	43,164
LA VERNE	0.08	33,285	33,310	33,310
LAWNDALE	0.25	33,260	33,343	33,343
LOMITA	0.00	21,064	21,064	21,064
LONG BEACH	0.30	488,688	490,166	490,166
LOS ANGELES	1.05	3,933,505	3,974,892	3,976,071
LYNWOOD	0.35	72,787	73,044	73,044
MALIBU	0.28	13,624	13,662	13,662
MANHATTAN BEACH	-0.33	36,623	36,503	36,503
MAYWOOD	0.42	29,419	29,543	29,543
MONROVIA	0.23	38,915	39,006	39,006
MONTEBELLO	0.22	65,282	65,423	65,423
MONTEREY PARK	0.24	64,230	64,387	64,387
NORWALK	0.17	108,596	108,784	109,681
PALMDALE	3.81	135,834	141,012	141,012
PALOS VERDES ESTATES	-0.59	14,125	14,041	14,041
PARAMOUNT	0.07	57,762	57,805	57,805
PASADENA	0.57	145,314	146,138	146,138
PICO RIVERA	0.14	66,887	66,980	66,980
POMONA	1.27	159,282	161,304	161,850
RANCHO PALOS VERDES	-0.64	43,269	42,991	42,991
REDONDO BEACH	0.28	66,925	67,112	67,112
ROLLING HILLS	-0.35	1,973	1,966	1,966
ROLLING HILLS ESTATES	-0.81	8,142	8,076	8,076
ROSEMEAD	0.52	56,851	57,144	57,144
SAN DIMAS	0.20	36,791	36,864	36,864
SAN FERNANDO	0.91	24,809	25,035	25,035
SAN GABRIEL	0.46	42,125	42,320	42,320
SAN MARINO	-0.82	13,593	13,482	13,482
SANTA CLARITA	0.27	166,958	167,412	167,412
SANTA FE SPRINGS	0.11	17,761	17,780	17,780
SANTA MONICA	0.08	90,678	90,750	90,750
SIERRA MADRE	-0.63	11,080	11,010	11,010
SIGNAL HILL	1.89	10,883	11,089	11,089
SOUTH EL MONTE	0.11	22,285	22,309	22,309
SOUTH GATE	0.09	101,557	101,647	101,647
SOUTH PASADENA	0.16	25,634	25,674	25,674

(\*) Exclusions include residents on federal military installations and group quarters' residents in state mental institutions, and state and federal correctional institutions.

**Enclosure II**  
**Annual Percent Change in Population Minus Exclusions (\*)**  
**January 1, 2005 to January 1, 2006 and Total Population, January 1, 2006**

County City	Percent Change 2005-2006	--- Population Minus Exclusions ---		Total Population
		1-1-05	1-1-06	1-1-2006
TEMPLE CITY	0.09	35,437	35,469	35,469
TORRANCE	0.39	146,532	147,108	147,108
VERNON	0.00	95	95	95
WALNUT	1.38	31,710	32,148	32,148
WEST COVINA	0.64	111,748	112,459	112,459
WEST HOLLYWOOD	-0.70	37,811	37,545	37,545
WESTLAKE VILLAGE	0.11	8,852	8,862	8,862
WHITTIER	0.12	86,736	86,841	86,841
UNINCORPORATED	1.28	1,076,195	1,089,961	1,092,908
COUNTY TOTAL	0.78	10,155,951	10,235,632	10,245,572

(\*) Exclusions include residents on federal military installations and group quarters' residents in state mental institutions, and state and federal correctional institutions.

**CITY OF TORRANCE  
CURRENT YEAR'S APPROPRIATIONS LIMIT**

**WORKSHEET #6  
BUDGET BASIS  
FISCAL YEAR 2006-07**

	AMOUNT	SOURCE
A. LAST YEAR'S LIMIT	<u>\$706,757,125</u>	
B. ADJUSTMENT FACTORS		
1. Population % change	0.39%	(Worksheet #5)
2. Per Capita % change	3.96%	(Worksheet #5A)
Total Adjustment (In Ratios)	1.0437	(B1* B2)
Total Adjustment (In %)	4.3654%	
C. ANNUAL ADJUSTMENT\$	30,853,087	(B*A)
D. OTHER ADJUSTMENTS:		
Lost Responsibility(-)	0	
Transfer to private (-)	0	
Transfer to fees (-)	0	
Assumed Responsibility (+)	0	
Sub-total, Annual Adjustment	0	
E. TOTAL ADJUSTMENTS	<u>30,853,087</u>	(C+D)
F. THIS YEAR'S LIMIT	<u>\$737,610,212</u>	(A+E)
To Worksheet #4		

**G. COMPARISON OF GANN LIMIT TO EXPENDITURES/APPROPRIATIONS**  
**SUBJECT TO LIMIT, FY'S 2001-02 TO 2005-06**

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
GANN LIMIT	541,617,620	574,006,354	666,249,175	706,757,125	737,610,212
Expenditures/ Appropriation					
Subject to Limit	<u>103,418,929</u>	<u>107,856,773</u>	<u>111,684,684</u>	<u>119,456,631</u>	<u>124,305,043</u>
Amount Over (Under) Limit	<u>438,198,691</u>	<u>466,149,581</u>	<u>554,564,491</u>	<u>587,300,494</u>	<u>613,305,169</u>

**CITY OF TORRANCE  
EXCLUDED APPROPRIATIONS**

**WORKSHEET #7  
BUDGET BASIS  
FISCAL YEAR 2006-07**

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CATEGORY	AMOUNT	
<b>FEDERAL MANDATES</b>		
<b>INCREASE IN FICA TAXES</b>	\$2,619,765	(From WS #7a)
<b>FLSA ADJUSTMENT 2005-06</b>	446,366	(From WS #7a)
<b>SUB-TOTAL</b>	3,066,131	
<b>QUALIFIED DEBT SERVICE</b>		
1998 COP FIRE/POLICE FACILITY	543,087	
2004A COP TORRANCE PUBLIC FINANCING	1,088,175	
2004B COP TORRANCE PUBLIC FINANCING	1,232,963	
Administrative Fees	24,500	
<b>SUB-TOTAL</b>	2,888,725	
PAYBACK TO PARKS & RECREATION	0	
PAYBACK TO DRAINAGE IMPRVEMENT FD	0	
PAYBACK TO SEWER REVOLVING FD	0	
<b>SUB-TOTAL</b>	0	
<b>TOTAL EXCLUDABLE (Copy to Worksheet #3 &amp; #4)</b>	<b>\$5,954,856</b>	

CITY OF TORRANCE  
EXCLUDED APPROPRIATIONS - FEDERAL MANDATES

WORKSHEET # 7A  
BUDGET BASIS  
FISCAL YEAR 2006-07

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## 1) INCREASE IN FICA TAXES

2006-07 FICA	\$3,477,800 (1)	
1978-79 EXPENDITURES FOR FICA	764,508	
 DOLLAR INCREASE IN FICA TAXES		 \$2,713,292

DEDUCT: INCREASE IN FICA TAXES  
DUE TO INCREASE IN PERSONNEL

2005-06 NUMBER OF EMPLOYEES (From Worksheet #7b)	1,755	
1978-79 NUMBER OF EMPLOYEES	1,564	
	191	

1978-79 FICA EXPENSE	764,508	
DIVIDED BY:		
2005-06 NUMBER OF EMPLOYEES	1,564	

AVERAGE 1978-79 FICA TAX PER EMPLOYEE PER YEAR	488.82	
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MULTIPLY BY INCREASE IN NUMBER OF EMPLOYEES	191	
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INCREASE IN FICA TAXES DUE TO INCREASE IN PERSONNEL	93,527	(93,527)
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NET INCREASE IN FICA TAXES (To Worksheet #7)		\$2,619,765
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## 2) FLSA - 2006-07

CITYWIDE BUDGETED FLSA FOR FISCAL YEAR 2005-06 (To Worksheet #7)		\$446,366 (2)
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(1) FROM 2006-2007 PROPOSED BUDGET DATED JUNE 7,2005 NET OF WAGE RESERVES OF \$7,177,765)

(2) FROM 2006-2007 PAYROLL BASE BUDGET (COMPENSATION DETAIL REPORT), p. 261

(3) 1978-79 DATA ARE CONSTANT

GANN07 - 7A

CITY OF TORRANCE  
EXCLUDED APPROPRIATION  
FEDERAL MANDATES (INCREASE IN FICA TAXES)  
NUMBER OF EMPLOYEES

WORKSHEET #7B  
BUDGET BASIS  
FISCAL YEAR 2006-07

	# OF EMPLOYEES (EXCL. WIN)	WIN EMPLOY. PROGRAM	TOTAL NUMBER OF EMPLOYEES
JUNE 2005	1,702	42	1,744
JULY 2005	1,758	43	1,801
AUGUST 2005	1,766	42	1,808
SEPTEMBER 2005	1,693	43	1,736
OCTOBER 2005	1,703	43	1,746
NOVEMBER 2005	1,737	45	1,782
DECEMBER 2005	1,724	46	1,770
JANUARY 2006	1,617	45	1,662
FEBRUARY 2006	1,734	42	1,776
MARCH 2006	1,744	47	1,791
APRIL 2006	1,690	34	1,724
MAY 2006	1,690	34	1,724
<b>Total</b>	<b>20,558</b>	<b>506</b>	<b>21,064</b>
Divided by 12 Months	12	12	12
<b>Average per Month</b>	<b>1,713</b> (1)	<b>42</b>	<b>1,755</b> (2)

(1) MONTHLY EMPLOYEE COUNT SHEET (FROM PAYROLL)

(2) USE IN WORKSHEET#7A (INCREASE IN FICA TAXES)

Daily Breeze Advertisement Published on June 3, 2006

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**PUBLIC NOTICE**

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**DB 6-11**

**NOTICE OF INTENTION TO ADOPT  
THE ANNUAL APPROPRIATIONS  
LIMIT FOR FISCAL YEAR  
2006-07 PURSUANT TO THE  
REQUIREMENTS OF ARTICLE XIII B OF  
THE CALIFORNIA CONSTITUTION AS  
MODIFIED BY PROPOSITION 111**

Notice is hereby given that on June 13, 2006, the City Council of the City of Torrance, meeting in regular session in the Council Chambers at 3031 Torrance Boulevard, will adopt the annual appropriations limit for fiscal year 2006-07 as provided in Article XIII B of the California Constitution, as modified by Proposition 111. The documentation used in making the determination of the said appropriations limit is on file for public review at the Office of the City Clerk at 3031 Torrance Boulevard, Torrance, California.

Eric E. Tsao  
Finance Director

Pub.: June, 3, 2006.