

TO: James L. App, City Manager
FROM: Jennifer Sorenson, Finance Manager
SUBJECT: Appropriation Limit - Fiscal Year 2007
DATE: June 20, 2006

Needs: For the City Council to consider adoption of a resolution approving the “Appropriations Limit” for fiscal year 2007.

Facts:

1. Article XIII B of the State Constitution requires state and local governments to annually adopt an appropriations limit.
2. Article XIII B was added to the State Constitution in November, 1979 when voters approved Proposition 4.
3. The appropriations limit may be adjusted annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment roll due to local non-residential construction.
4. The data required to complete the calculation is provided by the State of California, Department of Finance.
5. The City’s annual population change for the period ending 1/1/06 was 3.44% as calculated by the Department of Finance.
6. The change in California’s per capita personal income was 5.22%.

Analysis
and
Conclusion:

The appropriation limitation calculation was first applied in fiscal year 1978-79. While described as an ‘appropriation’ limit, Proposition 4 was, in essence, a tax revenue limit. Local agencies were required to classify revenues as either ‘proceeds from taxes’ or ‘non-tax proceeds’. The total amount of ‘non-tax proceeds’ was deducted from total appropriations and the difference became the local agencies’ appropriation limit.

If the agencies' 'proceeds from taxes' exceeded the amount of the appropriation limit, the difference had to be refunded to taxpayers within two years or in lieu of a refund, the agency could undertake an election to receive voter approval to keep the extra taxes.

As noted above, this limit may be adjusted annually by the percent change in population and the percent change in California per capita personal income or the percent change in the local assessment roll due to local nonresidential construction. Based upon these annual adjustments, it is highly unlikely that the City would ever experience difficulties in staying within the limit.

Fiscal
Impact:

None. The City's proceeds from taxes and expenditures continue to be well below the appropriations' limit. The appropriation limit is \$34,479,431 while the total City appropriations subject to the limit are only \$20,571,000.

Options:

- a. That the Council adopt a resolution approving an appropriation limit of \$34,479,431 for the fiscal year 2006-07 operating and maintenance budget; or
- b. Amend, modify, or reject the above option.

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 FISCAL YEAR 2006-07

Appropriation Limitation		<u>\$34,479,431</u>
Total Original Operating Budget as Approved		\$38,936,500
Less:		
(1) <u>Appropriations Not Subject to Limitation</u>		
Debt Service (non-enterprise)	5,229,600	
Sewer Operations	3,236,100	
Water Operations	3,574,100	
Airport Operations	630,400	
Transit Operations	1,340,400	
TDA Article 8a	55,000	
CDBG	267,100	
Redevelopment Agency	75,000	
Capital Replacement	390,900	
Senior Endowment	39,000	
Landscape & Lighting	<u>520,200</u>	
		(15,357,800)
(2) <u>Non-Proceeds From Taxes</u>		
SB 172 Sales Taxes	299,200	
Building Permits	755,800	
Vehicle Code Fines	100,000	
Court Fines	20,000	
Parking Fines	35,000	
Traffic School Fees	30,000	
Library Fines	51,000	
Self Storage Unit Rents	30,000	
Recreation Rents	134,000	
Library Rental Fees	12,000	
Library Copies	6,000	
State Library Funds	20,000	
State POST Reimbursements	30,000	
State Mandate Payments	0	
Public Safety Grants	0	
Recreation Partnerships	40,800	
Engineering Insp. Fees	150,000	
Planning Fees	512,500	

CITY OF EL PASO DE ROBLES
APPROPRIATION LIMITATION CALCULATION
FISCAL YEAR 2006-07

(2) Non-Proceeds From Taxes continued

Police Services Fees	65,000
Fire Services Fees	92,600
Recreation Fees	501,800
Greyhound Commissions	25,000
Library Service Fees	2,000
Miscellaneous Rents	<u>95,000</u>

(3,007,700)

Net Appropriations Subject to Limitation

\$20,571,000

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2006-07

1978-79 Fiscal Year Appropriation Limitation		\$2,746,539
Change in CPI - March 1978 to March 1979	10.17%	<u>X</u> 1.1017
		3,025,862
Change in Population - 1/1/79 to 1/1/80	2.17%	<u>X</u> 1.0217
		3,091,523
Change in per Capita Income - 1979-1980	12.11%	<u>X</u> 1.1211
		3,465,907
Change in Population - 1/1/80 to 1/1/81	11.35%	<u>X</u> 1.1135
		3,859,287
Change in per Capita Income - 1980-1981	9.12%	<u>X</u> 1.0912
		4,211,254
Change in Population - 1/1/81 to 1/1/82	6.25%	<u>X</u> 1.0625
		4,474,457
Change in CPI - March 1981 to March 1982	6.79%	<u>X</u> 1.0679
		4,778,273
Change in Population - 1/1/82 to 1/1/83	10.09%	<u>X</u> 1.1009
		5,260,401
Change in per Capita Income - 1982-1983	2.35%	<u>X</u> 1.0235
		5,384,020
Change in Population - 1/1/83 to 1/1/84	2.73%	<u>X</u> 1.0273
		5,531,004
Change in CPI - March 1983 to March 1984	4.74%	<u>X</u> 1.0474
		5,793,174
Change in Population - 1/1/84 to 1/1/85	7.10%	<u>X</u> 1.0710
		6,204,489
Change in CPI - March 1984 to March 1985	3.74%	<u>X</u> 1.0374
		6,436,537
Change in Population - 1/1/85 to 1/1/86	7.95%	<u>X</u> 1.0795
		6,948,242
Change in CPI - March 1985 to March 1986	2.30%	<u>X</u> 1.0230
		7,108,051
Change in Population - 1/1/86 to 1/1/87	9.63%	<u>X</u> 1.0963
		7,792,556
Change in per Capita Income - Fiscal Year '88	3.47%	<u>X</u> 1.0347
		8,062,958
Change in Population - 1/1/87 to 1/1/88	6.94%	<u>X</u> 1.0694
		8,622,527
Change in per Capita Income - Fiscal Year '89	4.66%	<u>X</u> 1.0466
		9,024,337
Change in Population - 1/1/88 to 1/1/89	5.30%	<u>X</u> 1.0530
		9,502,627
Change in per Capita Income - Fiscal Year '90	5.19%	<u>X</u> 1.0519
		9,995,813

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2006-07

Change in Population - 1/1/89 to 1/1/90	5.81%	<u>X</u> 1.0581
		10,576,570
Change in per Capita Income - Fiscal Year '91	4.21%	<u>X</u> 1.0421
		11,021,844
Change in Population - 1/1/90 to 1/1/91	6.65%	<u>X</u> 1.0665
		11,754,796
Change in per Capita Income - Fiscal Year '92	4.14%	<u>X</u> 1.0414
		12,241,445
Change in Population - 1/1/91 to 1/1/92	10.07%	<u>X</u> 1.1007
		13,474,158
Change in per Capita Income - Fiscal Year '93	-0.64%	<u>X</u> -1.0064
		13,387,924
Change in Population - 1/1/92 to 1/1/93	1.75%	<u>X</u> 1.0175
		13,622,213
Change in per Capita Income - Fiscal Year '94	2.72%	<u>X</u> 1.0272
		13,992,737
Change in Population - 1/1/93 to 1/1/94	1.87%	<u>X</u> 1.0187
		14,254,401
Change in per Capita Income - Fiscal Year '95	0.71%	<u>X</u> 1.0071
		14,355,607
Change in Population - 1/1/94 to 1/1/95	0.79%	<u>X</u> 1.0079
		14,469,016
Change in per Capita Income - Fiscal Year '96	4.67%	<u>X</u> 1.0467
		15,144,719
Change in Population - 1/1/95 to 1/1/96	2.57%	<u>X</u> 1.0257
		15,533,939
Change in per Capita Income - Fiscal Year '97	4.67%	<u>X</u> 1.0467
		16,259,374
Change in Population - 1/1/96 to 1/1/97	2.54%	<u>X</u> 1.0254
		16,672,362
Change in per Capita Income - Fiscal Year '98	4.15%	<u>X</u> 1.0415
		17,364,265
Change in Population - 1/1/97 to 1/1/98	2.80%	<u>X</u> 1.0280
		17,850,464
Change in per Capita Income - Fiscal Year '99	4.53%	<u>X</u> 1.0453
		18,659,090
Change in Population - 1/1/98 to 1/1/99	3.67%	<u>X</u> 1.0367
		19,343,879
Change in per Capita Income - Fiscal Year '00	4.91%	<u>X</u> 1.0491
		20,293,663
Change in Population - 1/1/99 to 1/1/00	3.01%	<u>X</u> 1.0301
		20,904,503

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2006-07

Calculation Factor for Fiscal Year '01	11.30%	<u>X</u> 1.1130
		23,266,711
Change in Population - 1/1/00 to 1/1/01	3.26%	<u>X</u> 1.0326
		24,025,206
Change in Local Assessment Roll – Fiscal Year '02	7.82%	<u>X</u> 1.0782
		25,903,977
Change in Population – 1/1/01 to 1/1/02	3.93%	<u>X</u> 1.0393
		26,922,004
Change in per Capita Income – Fiscal Year '03	-2.31%	<u>X</u> 1.0231
		26,300,105
Change in Population – 1/1/02 to 1/1/03	5.01%	<u>X</u> 1.0501
		27,617,741
Change in per Capita Income – Fiscal Year '04	3.28%	<u>X</u> 1.0328
		28,523,602
Change in Population – 1/1/03 to 1/1/04	2.39%	<u>X</u> 1.0239
		29,205,317
Change in per Capita Income – Fiscal Year '05	5.26%	<u>X</u> 1.0526
		30,741,516
Change in Population – 1/1/04 to 1/1/05	3.05%	<u>X</u> 1.0305
		31,679,132
Change in per Capita Income – Fiscal Year '06	5.22%	<u>X</u> 1.0522
		33,332,783
Change in Population – 1/1/05 to 1/1/06	3.44%	<u>X</u> 1.0344
APPROPRIATION LIMIT Fiscal Year 2006-07		<u>\$34,479,431</u>

CITY OF EL PASO DE ROBLES
APPROPRIATION LIMITATION CALCULATION
FISCAL YEAR 1978-79

GENERAL FUND APPROPRIATIONS	\$2,799,973
LIBRARY FUND APPROPRIATIONS	56,021
WATER OPERATIONS FUND APPROPRIATIONS	363,795
SEWER OPERATIONS FUND APPROPRIATIONS	157,229
PARKS & RECREATION FUND APPROPRIATIONS	181,708
GAS TAX FUND APPROPRIATIONS	309,500
SB 325 FUND APPROPRIATIONS	31,635
REVENUE SHARING FUND APPROPRIATIONS	139,412
AIRPORT OPERATIONS APPROPRIATIONS	<u>193,917</u>
TOTAL GOVERNMENTAL FUND APPROPRIATIONS	4,233,190
LESS:	
REVENUE FROM NON-PROCEEDS OF TAXES	<u>1,486,651</u>
APPROPRIATIONS SUBJECT TO LIMITATION	<u><u>\$2,746,539</u></u>

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 SCHEDULE TO CATEGORIZE REVENUES
 FISCAL YEAR 1978-79

	<u>Proceeds</u> <u>From Taxes</u>	Non-proceeds <u>From Taxes</u>
<u>Taxes</u>		
Property Taxes	\$397,403	\$ -
Sales Taxes	783,576	
Franchise Taxes	46,138	
Business License Taxes	93,056	
Real Property Taxes	13,750	
Transient Occupancy Taxes	111,293	
<u>Licenses & Permit</u>		
Bicycle Permits		354
Construction Permits		53,463
<u>Fines, Forfeits & Penalties</u>		
Vehicle Code Fines		44,100
Court Fines		16,419
Library Fines		2,326
<u>Revenue From Other Agencies</u>		
State Alcoholic Bev. Licenses	8,897	
State Motor Vehicle Fees	118,353	
State Trailer Coach Fees	3,790	
Other State Grants	202,275	
State Homeowners' Exemption	24,796	
State Bus. Inventory Exemption	12,231	
State Cigarette Taxes	40,145	
State Gas Tax		78,339
Other Federal Grants		681,303
Other Taxes in Lieu	2,062	
Federal Revenue Sharing	176,781	
<u>Charges for Current Services</u>		
Zoning Fees		63,986
Street & Curb Fees		3,290
Engineering Fees		7,873
Plan Checking Fees		10,316
Subdivision Fees		11,740
Sale of Maps & Publications		3,324
Other Filing Fees		695
Police Service Fees		2,808
Fire Service Fees		81
Sewer Connection Fees		49,280

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 SCHEDULE TO CATEGORIZE REVENUES
 FISCAL YEAR 1978-79

	<u>Proceeds From Taxes</u>	<u>Non-proceeds From Taxes</u>
<u>Charges for Current Services continued</u>		
Refuse Collection Fees		7,931
Sewer Service Fees		189,488
Parks & Recreation Fees		75,217
Weed Abatement		5,559
Other		8,671
<u>Revenue From Use of Money & Property</u>		
Investment Earnings	25,481	16,291
Rents & Concessions		8,375
Sale of Property		120,422
<u>Other Revenue</u>		
Contr. From Non-gov't. Sources		25,000
Miscellaneous	243,324	
	243,324	
TOTAL REVENUES	\$2,303,351	\$1,486,651

RESOLUTION NO. 06-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF EL PASO DE ROBLES
ADOPTING AN APPROPRIATIONS LIMIT
CALCULATION FOR FISCAL YEAR 2006-07

WHEREAS, the City Council of the City of El Paso de Robles must annually adopt an appropriations limit; and

WHEREAS, the State of California has provided the necessary data for the City of El Paso de Robles to calculate its appropriations limit.

THEREFORE, BE IT HEREBY RESOLVED that the City Council of the City of El Paso de Robles adopts the appropriation limitation attached herewith as Exhibit "A" for the fiscal year ending June 30, 2007.

APPROVED AND ADOPTED by the City Council of the City of El Paso de Robles this 20th day of June, 2006 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank R. Mecham, Mayor

Attest:

Deborah Robinson, Deputy City Clerk