

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Appropriation Limit - Fiscal Year 2008
DATE: June 5, 2007

Needs: For the City Council to consider adoption of a resolution approving the “Appropriations Limit” for fiscal year 2008.

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 1/1/07 was 2.34% as calculated by the Department of Finance.
6. The change in California’s per capita personal income was 4.42%.

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 \$36,845,902 while the total City appropriations subject to the limit are only \$22,118,500.

Options:

- a. That the Council adopt a resolution approving an appropriation limit of \$36,845,902 for the fiscal year 2007-08 operating and maintenance budget; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 07-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF EL PASO DE ROBLES
ADOPTING AN APPROPRIATIONS LIMIT
CALCULATION FOR FISCAL YEAR 2007-08

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, 2008.

APPROVED AND ADOPTED by the City Council of the City of El Paso de Robles this 5th day of June, 2007 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank R. Mecham, Mayor

Attest:

Deborah Robinson, Deputy City Clerk

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 FISCAL YEAR 2007-08

| | | |
|---|----------------|----------------------------|
| Appropriation Limitation | | <u>\$36,845,902</u> |
| Total Original Operating Budget as Approved | | \$40,656,400 |
| Less: | | |
| (1) <u>Appropriations Not Subject to Limitation</u> | | |
| Debt Service (non-enterprise) | 4,582,800 | |
| Sewer Operations | 3,595,700 | |
| Water Operations | 3,522,500 | |
| Airport Operations | 741,700 | |
| Transit Operations | 1,169,300 | |
| TDA Article 8a | 155,000 | |
| CDBG | 321,200 | |
| Redevelopment Agency | 75,000 | |
| Capital Replacement | 729,300 | |
| Senior Endowment | 38,000 | |
| Landscape & Lighting | <u>520,300</u> | |
| | | (15,450,800) |
| (2) <u>Non-Proceeds From Taxes</u> | | |
| SB 172 Sales Taxes | 328,700 | |
| Building Permits | 517,500 | |
| Vehicle Code Fines | 130,000 | |
| Court Fines | 40,000 | |
| Parking Fines | 35,000 | |
| Traffic School Fees | 35,000 | |
| Library Fines | 52,500 | |
| Self Storage Unit Rents | 20,000 | |
| Recreation Rents | 95,000 | |
| Library Rental Fees | 6,500 | |
| Library Copies | 5,000 | |
| State Library Funds | 90,000 | |
| State POST Reimbursements | 30,000 | |
| State Mandate Payments | 25,000 | |
| Public Safety Grants | 131,000 | |
| Recreation Partnerships | 40,800 | |
| Engineering Insp. Fees | 180,000 | |
| Planning Fees | 325,000 | |

CITY OF EL PASO DE ROBLES
APPROPRIATION LIMITATION CALCULATION
FISCAL YEAR 2007-08

(2) Non-Proceeds From Taxes continued

| | |
|-----------------------|---------------|
| Police Services Fees | 85,000 |
| Fire Services Fees | 279,900 |
| Recreation Fees | 525,000 |
| Greyhound Commissions | 35,000 |
| Library Service Fees | 2,000 |
| Miscellaneous Rents | <u>73,200</u> |

(3,087,100)

Net Appropriations Subject to Limitation

\$22,118,500

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2007-08

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

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2007-08

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

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2007-08

| | | |
|---|--------|----------------------------|
| Calculation Factor for Fiscal Year '01 | 11.30% | <u>X 1.1130</u> |
| | | 23,266,711 |
| Change in Population - 1/1/00 to 1/1/01 | 3.26% | <u>X 1.0326</u> |
| | | 24,025,206 |
| Change in Local Assessment Roll – Fiscal Year '02 | 7.82% | <u>X 1.0782</u> |
| | | 25,903,977 |
| Change in Population – 1/1/01 to 1/1/02 | 3.93% | <u>X 1.0393</u> |
| | | 26,922,004 |
| Change in per Capita Income – Fiscal Year '03 | -2.31% | <u>X 1.0231</u> |
| | | 26,300,105 |
| Change in Population – 1/1/02 to 1/1/03 | 5.01% | <u>X 1.0501</u> |
| | | 27,617,741 |
| Change in per Capita Income – Fiscal Year '04 | 3.28% | <u>X 1.0328</u> |
| | | 28,523,602 |
| Change in Population – 1/1/03 to 1/1/04 | 2.39% | <u>X 1.0239</u> |
| | | 29,205,317 |
| Change in per Capita Income – Fiscal Year '05 | 5.26% | <u>X 1.0526</u> |
| | | 30,741,516 |
| Change in Population – 1/1/04 to 1/1/05 | 3.05% | <u>X 1.0305</u> |
| | | 31,679,132 |
| Change in per Capita Income – Fiscal Year '06 | 5.22% | <u>X 1.0522</u> |
| | | 33,332,783 |
| Change in Population – 1/1/05 to 1/1/06 | 3.44% | <u>X 1.0344</u> |
| | | 34,479,431 |
| Change in per Capita Income – Fiscal Year '07 | 4.42% | <u>X 1.0442</u> |
| | | 36,003,422 |
| Change in Population – 1/1/06 to 1/1/07 | 2.34% | <u>X 1.0234</u> |
| | | |
| APPROPRIATION LIMIT Fiscal Year 2007-08 | | <u>\$36,845,902</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 | <u>243,324</u> | |
| TOTAL REVENUES | <u><u>\$2,303,351</u></u> | <u><u>\$1,486,651</u></u> |