

TO: James L. App, City Manager
FROM: Jim Throop, Director of Administrative Services
SUBJECT: Appropriation Limit - Fiscal Year 2009
DATE: June 3, 2008

Needs: For the City Council to consider adoption of a resolution approving the “Appropriations Limit” for fiscal year 2009.

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 1/1/08 was 1.06% as calculated by the Department of Finance.
6. The change in California’s per capita personal income was 4.29%.

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 \$38,833,913 while the total City appropriations subject to the limit are only \$24,765,400.

Options:

- a. That the Council adopt a resolution approving an appropriation limit of \$38,833,913 for the fiscal year 2008-09 operating and maintenance budget; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 08-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF EL PASO DE ROBLES
ADOPTING AN APPROPRIATIONS LIMIT
CALCULATION FOR FISCAL YEAR 2008-09

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, 2009.

APPROVED AND ADOPTED by the City Council of the City of El Paso de Robles this 3rd day of June, 2008 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 2008-09

Appropriation Limitation **\$38,833,913**

Total Original Operating Budget as Approved \$47,061,300

Less:

(1) Appropriations Not Subject to Limitation

Debt Service (non-enterprise)	4,191,300
Sewer Operations	4,304,500
Water Operations	4,579,400
Airport Operations	766,400
Transit Operations	1,503,200
TDA Article 8a	55,000
CDBG	370,600
Redevelopment Agency	1,935,000
Capital Replacement	668,500
Senior Endowment	39,000
Landscape & Lighting	<u>526,400</u>

(18,939,300)

(2) Non-Proceeds From Taxes

SB 172 Sales Taxes	345,100
Building Permits	659,500
Vehicle Code Fines	135,000
Court Fines	60,000
Parking Fines	35,000
Traffic School Fees	35,000
Library Fines	53,000
Recreation Rents	95,000
Library Rental Fees	7,000
Library Copies	5,000
State Library Funds	90,000
State POST Reimbursements	30,000
State Mandate Payments	25,000
Public Safety Grants	125,000

CITY OF EL PASO DE ROBLES
APPROPRIATION LIMITATION CALCULATION
FISCAL YEAR 2008-09

(2) Non-Proceeds From Taxes continued

Recreation Partnerships	40,800
Engineering Insp. Fees	228,100
Planning Fees	373,100
Police Services Fees	85,000
Fire Services Fees	286,900
Recreation Fees	525,000
Greyhound Commissions	40,000
Library Service Fees	2,000
Miscellaneous Rents	<u>76,100</u>

(3,356,600)

Net Appropriations Subject to Limitation

\$24,765,400