

TO: James L. App, City Manager

FROM: Jim Throop, Director of Administrative Services

SUBJECT: Appropriation Limit - Fiscal Year 2012

DATE: June 21, 2011

Needs: For the City Council to consider adoption of a resolution approving the "Appropriations Limit" for fiscal year 2012.

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 1/1/11 was 0.88% as calculated by the Department of Finance.
6. The change in California's per capita personal income was 2.51%.

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.

Policy

Reference:

Article XIII B of the State Constitution requires state and local governments to annually adopt an appropriations limit.

Fiscal

Impact:

None. The City's proceeds from taxes and expenditures continue to be well below the appropriations' limit. The appropriation limit is \$39,807,675 while the total City appropriations subject to the limit are only \$22,195,500.

Options:

- a. That the Council adopt a resolution approving an appropriation limit of \$39,807,675 for the fiscal year 2011-12 operating and maintenance budget; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 11-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
ADOPTING AN APPROPRIATIONS LIMIT CALCULATION FOR FISCAL YEAR 2011-12

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, 2012.

APPROVED AND ADOPTED by the City Council of the City of El Paso de Robles this 21st day of June, 2011 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk

CITY OF EL PASO DE ROBLES
APPROPRIATION LIMITATION CALCULATION
FISCAL YEAR 2011-12

Appropriation Limitation		<u>\$39,807,675</u>
Total Original Operating Budget as Approved		52,532,100
Less:		
(1) <u>Appropriations Not Subject to Limitation</u>		
Debt Service (non-enterprise)	3,430,400	
Sewer Operations	5,702,200	
Water Operations	9,507,000	
Water Connection Fees	2,112,300	
Airport Operations	770,300	
Transit Operations	1,316,500	
TDA Article 8a	35,000	
CDBG	136,900	
Redevelopment Agency	2,842,700	
Capital Replacement	911,900	
Senior Endowment	39,000	
City Hall Development Fund	100,000	
Landscape & Lighting	<u>1,361,400</u>	
		(28,265,600)
(2) <u>Non-Proceeds From Taxes</u>		
SB 172 Sales Taxes	263,000	
Building Permits	409,000	
Vehicle Code Fines	87,000	
Court Fines	53,000	
Parking Fines	24,000	
Traffic School Fees	19,000	
Library Fines	66,000	
Business License Penalties	7,000	
Fire Department Citations	3,000	
Self Storage Unit Rents	28,000	
Miscellaneous Rents	125,000	
Recreation Rents	113,000	
Library Copies	11,000	
State Library Funds	36,000	
State POST Reimbursements	9,000	
State Mandate Payments	16,000	
Engineering Insp. Fees	45,000	
Planning & Building Fees	189,000	
Police Services Fees	80,000	
Fire Services Fees	150,000	
Recreation Fees	335,000	
Library Service Fees	<u>3,000</u>	
		<u>(2,071,000)</u>
Net Appropriations Subject to Limitation		<u>\$22,195,500</u>

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2011-12

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

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2011-12

		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
Calculation Factor for Fiscal Year '01	11.30%	X <u>1.1130</u>
		23,266,711
Change in Population - 1/1/00 to 1/1/01	3.26%	X <u>1.0326</u>
		24,025,206
Change in Local Assessment Roll – Fiscal Year '02	7.82%	X <u>1.0782</u>
		25,903,977
Change in Population – 1/1/01 to 1/1/02	3.93%	X <u>1.0393</u>

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2011-12

		26,922,004
Change in per Capita Income – Fiscal Year '03	-2.31%	X <u>1.0231</u>
		26,300,105
Change in Population – 1/1/02 to 1/1/03	5.01%	X <u>1.0501</u>
		27,617,741
Change in per Capita Income – Fiscal Year '04	3.28%	X <u>1.0328</u>
		28,523,602
Change in Population – 1/1/03 to 1/1/04	2.39%	X <u>1.0239</u>
		29,205,317
Change in per Capita Income – Fiscal Year '05	5.26%	X <u>1.0526</u>
		30,741,516
Change in Population – 1/1/04 to 1/1/05	3.05%	X <u>1.0305</u>
		31,679,132
Change in per Capita Income – Fiscal Year '06	5.22%	X <u>1.0522</u>
		33,332,783
Change in Population – 1/1/05 to 1/1/06	3.44%	X <u>1.0344</u>
		34,479,431
Change in per Capita Income – Fiscal Year '07	4.42%	X <u>1.0442</u>
		36,003,422
Change in Population – 1/1/06 to 1/1/07	2.34%	X <u>1.0234</u>
		36,845,902
Change in per Capita Income – Fiscal Year '08	4.29%	X <u>1.0429</u>
		38,426,591
Change in Population – 1/1/07 to 1/1/08	1.06%	X <u>1.0106</u>
		38,833,913
Change in per Capita Income – Fiscal Year '09	0.62%	X <u>1.0062</u>
		39,074,683
Change in Population – 1/1/08 to 1/1/09	0.85%	X <u>1.0085</u>
		39,406,818
Change in per Capita Income – Fiscal Year '10	-2.54%	X <u>-1.0254</u>
		38,405,885
Change in Population – 1/1/09 to 1/1/10	0.23%	X <u>1.0023</u>
		38,494,218
Change in per Capita Income – Fiscal Year '11	2.51%	X <u>1.0251</u>
		39,460,423
Change in Population – 1/10 to 1/1/11	0.88%	X <u>1.0088</u>

APPROPRIATION LIMIT Fiscal Year 2011-12

\$39,807,675

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>	<u>Non-proceeds</u> <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 Fess	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	

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

Charges for Current Services

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

Proceeds
From Taxes

Non-proceeds
From Taxes

Charges for Current Services continued

Refuse Collection Fees		7,931
Sewer Service Fees		189,488
Parks & Recreation Fees		75,217
Weed Abatement		5,559
Other		8,671

Revenue From Use of Money & Property

Investment Earnings	25,481	16,291
Rents & Concessions		8,375
Sale of Property		120,422

Other Revenue

Contr. From Non-gov't. Sources		25,000
Miscellaneous	243,324	

TOTAL REVENUES

\$2,303,351

\$1,486,651