

TO: James L. App, City Manager
FROM: Jim Throop, Director of Administrative Services
SUBJECT: Appropriation Limit - Fiscal Year 2014
DATE: June 18, 2013

Needs: For the City Council to consider adoption of a resolution approving the "Appropriations Limit" for fiscal year 2014.

Facts:

1. Article XIIIB of the State Constitution requires state and local governments to annually adopt an appropriations limit.
2. Article XIIIB 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 1/1/13 was 0.92% as calculated by the Department of Finance.
6. The change in California's per capita personal income was 5.12%.

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 XIIIB 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 \$44,274,287, while the total City appropriations subject to the limit are only \$22,952,100.

Options:

- a. That the Council adopt a resolution approving an appropriation limit of \$44,274,287 for the fiscal year 2013-14 operating and maintenance budget; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 13-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
ADOPTING AN APPROPRIATIONS LIMIT CALCULATION FOR FISCAL YEAR 2013-14

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, 2014.

APPROVED AND ADOPTED by the City Council of the City of El Paso de Robles this 18th day of June,
2013 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 2013-14

Appropriation Limitation		<u>\$44,274,287</u>
Total Original Operating Budget as Approved		53,551,000
Less:		
(1) <u>Appropriations Not Subject to Limitation</u>		
Debt Service (non-enterprise)	3,438,900	
Sewer Operations	6,350,600	
Water Operations	9,799,600	
Water Connection Fees	1,991,800	
Airport Operations	705,000	
Transit Operations	1,558,200	
TDA Article 8a	35,000	
CDBG	221,700	
Capital Replacement	2,890,100	
Senior Endowment	39,000	
City Hall Development Fund	100,000	
Landscape & Lighting	<u>1,375,000</u>	
		(28,504,900)
(2) <u>Non-Proceeds From Taxes</u>		
SB 172 Sales Taxes	302,000	
Building Permits	525,000	
Vehicle Code Fines	62,000	
Court Fines	15,000	
Parking Fines	19,000	
Traffic School Fees	10,000	
Library Fines	73,000	
Business License Penalties	6,000	
Fire Department Citations	0	
Self Storage Unit Rents	0	
Miscellaneous Rents	92,000	
Recreation Rents	127,000	
Library Rental Fees	0	
Library Copies	8,000	
State Library Funds	0	
State POST Reimbursements	10,000	
State Mandate Payments	8,000	
Engineering Insp. Fees	61,000	
Planning & Building Fees	282,000	
Police Services Fees	59,000	
Fire Services Fees	175,000	
Recreation Fees	258,000	
Library Service Fees	<u>2,000</u>	
		<u>(2,094,000)</u>
Net Appropriations Subject to Limitation		<u>\$22,952,100</u>

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2013-14

1978-79 Fiscal Year Appropriation Limitation		\$2,746,539
Change in CPI - March 1978 to March 1979	10.17%	X 1.1017
		3,025,862
Change in Population - 1/1/79 to 1/1/80	2.17%	X 1.0217
		3,091,523
Change in per Capita Income - 1979-1980	12.11%	X 1.1211
		3,465,907
Change in Population - 1/1/80 to 1/1/81	11.35%	X 1.1135
		3,859,287
Change in per Capita Income - 1980-1981	9.12%	X 1.0912
		4,211,254
Change in Population - 1/1/81 to 1/1/82	6.25%	X 1.0625
		4,474,457
Change in CPI - March 1981 to March 1982	6.79%	X 1.0679
		4,778,273
Change in Population - 1/1/82 to 1/1/83	10.09%	X 1.1009
		5,260,401
Change in per Capita Income - 1982-1983	2.35%	X 1.0235
		5,384,020
Change in Population - 1/1/83 to 1/1/84	2.73%	X 1.0273
		5,531,004
Change in CPI - March 1983 to March 1984	4.74%	X 1.0474
		5,793,174
Change in Population - 1/1/84 to 1/1/85	7.10%	X 1.0710
		6,204,489
Change in CPI - March 1984 to March 1985	3.74%	X 1.0374
		6,436,537
Change in Population - 1/1/85 to 1/1/86	7.95%	X 1.0795
		6,948,242
Change in CPI - March 1985 to March 1986	2.30%	X 1.0230
		7,108,051
Change in Population - 1/1/86 to 1/1/87	9.63%	X 1.0963
		7,792,556
Change in per Capita Income - Fiscal Year '88	3.47%	X 1.0347
		8,062,958
Change in Population - 1/1/87 to 1/1/88	6.94%	X 1.0694
		8,622,527
Change in per Capita Income - Fiscal Year '89	4.66%	X 1.0466
		9,024,337
Change in Population - 1/1/88 to 1/1/89	5.30%	X 1.0530
		9,502,627
Change in per Capita Income - Fiscal Year '90	5.19%	X 1.0519
		9,995,813
Change in Population - 1/1/89 to 1/1/90	5.81%	X 1.0581
		10,576,570
Change in per Capita Income - Fiscal Year '91	4.21%	X 1.0421
		11,021,844
Change in Population - 1/1/90 to 1/1/91	6.65%	X 1.0665
		11,754,796
Change in per Capita Income - Fiscal Year '92	4.14%	X 1.0414

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2013-14

		12,241,445
Change in Population - 1/1/91 to 1/1/92	10.07%	X 1.1007
		13,474,158
Change in per Capita Income - Fiscal Year '93	-0.64%	X -1.0064
		13,387,924
Change in Population - 1/1/92 to 1/1/93	1.75%	X 1.0175
		13,622,213
Change in per Capita Income - Fiscal Year '94	2.72%	X 1.0272
		13,992,737
Change in Population - 1/1/93 to 1/1/94	1.87%	X 1.0187
		14,254,401
Change in per Capita Income - Fiscal Year '95	0.71%	X 1.0071
		14,355,607
Change in Population - 1/1/94 to 1/1/95	0.79%	X 1.0079
		14,469,016
Change in per Capita Income - Fiscal Year '96	4.67%	X 1.0467
		15,144,719
Change in Population - 1/1/95 to 1/1/96	2.57%	X 1.0257
		15,533,939
Change in per Capita Income - Fiscal Year '97	4.67%	X 1.0467
		16,259,374
Change in Population - 1/1/96 to 1/1/97	2.54%	X 1.0254
		16,672,362
Change in per Capita Income - Fiscal Year '98	4.15%	X 1.0415
		17,364,265
Change in Population - 1/1/97 to 1/1/98	2.80%	X 1.0280
		17,850,464
Change in per Capita Income - Fiscal Year '99	4.53%	X 1.0453
		18,659,090
Change in Population - 1/1/98 to 1/1/99	3.67%	X 1.0367
		19,343,879
Change in per Capita Income - Fiscal Year '00	4.91%	X 1.0491
		20,293,663
Change in Population - 1/1/99 to 1/1/00	3.01%	X 1.0301
		20,904,503
Calculation Factor for Fiscal Year '01	11.30%	X 1.1130
		23,266,711
Change in Population - 1/1/00 to 1/1/01	3.26%	X 1.0326
		24,025,206
Change in Local Assessment Roll – Fiscal Year '02	7.82%	X 1.0782
		25,903,977
Change in Population – 1/1/01 to 1/1/02	3.93%	X 1.0393
		26,922,004
Change in per Capita Income – Fiscal Year '03	-2.31%	X 1.0231
		26,300,105
Change in Population – 1/1/02 to 1/1/03	5.01%	X 1.0501
		27,617,741
Change in per Capita Income – Fiscal Year '04	3.28%	X 1.0328
		28,523,602
Change in Population – 1/1/03 to 1/1/04	2.39%	X 1.0239

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2013-14

		29,205,317
Change in per Capita Income – Fiscal Year '05	5.26%	X 1.0526
		30,741,516
Change in Population – 1/1/04 to 1/1/05	3.05%	X 1.0305
		31,679,132
Change in per Capita Income – Fiscal Year '06	5.22%	X 1.0522
		33,332,783
Change in Population – 1/1/05 to 1/1/06	3.44%	X 1.0344
		34,479,431
Change in per Capita Income – Fiscal Year '07	4.42%	X 1.0442
		36,003,422
Change in Population – 1/1/06 to 1/1/07	2.34%	X 1.0234
		36,845,902
Change in per Capita Income – Fiscal Year '08	4.29%	X 1.0429
		38,426,591
Change in Population – 1/1/07 to 1/1/08	1.06%	X 1.0106
		38,833,913
Change in per Capita Income – Fiscal Year '09	0.62%	X 1.0062
		39,074,683
Change in Population – 1/1/08 to 1/1/09	0.85%	X 1.0085
		39,406,818
Change in per Capita Income – Fiscal Year '10	-2.54%	X -1.0254
		38,405,885
Change in Population – 1/1/09 to 1/1/10	0.23%	X 1.0023
		38,494,218
Change in per Capita Income – Fiscal Year '11	2.51%	X 1.0251
		39,460,423
Change in Population – 1/10 to 1/1/11	0.88%	X 1.0088
		39,807,675
Change in per Capita Income – Fiscal Year '12	3.77%	X 1.0377
		41,308,424
Change in Population – 1/11 to 1/1/12	1.03%	X 1.0103
		41,733,901

CITY OF EL PASO DE ROBLES
APPROPRIATION LIMITATION CALCULATION
DETERMINATION OF APPROPRIATION LIMITATION
FISCAL YEAR 2013-14

Change in per Capita Income – Fiscal Year '13	5.12%	<u>X</u> 1.0512
		43,870,677
Change in Population – 1/12 to 1/1/13	0.92%	<u>X</u> 1.0092

APPROPRIATION LIMIT Fiscal Year 2013-14

\$44,274,287

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 From Taxes</u>	<u>Non-proceeds 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



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ [WWW.DOF.CA.GOV](http://www.dof.ca.gov)

May 2013

Dear Fiscal Officer:

Subject: Price and Population Information

Appropriations Limit

The California Revenue and Taxation Code, section 2227, mandates the Department of 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, 2013, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2013-14. Attachment A provides 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 2013-14 appropriations limit. Attachment B provides city and unincorporated county population percentage change. Attachment C provides population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. Consult the Revenue and Taxation Code section 2228 for further information regarding the appropriations limit. Article XIII B, section 9(C), of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. The Code and the California Constitution can be accessed at the following website:
<http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this issue should be referred to their respective county for clarification, or to their legal representation, or to the law itself. 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 1, 2013.**

Please Note: Prior year's city population estimates may be revised.

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

ANA J. MATOSANTOS
Director
By:

MICHAEL COHEN
Chief Deputy Director

Attachment

- 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 fiscal year 2013-14 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2013-14	5.12

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2013-14 appropriation limit.

2013-14:

Per Capita Cost of Living Change = 5.12 percent
Population Change = 0.79 percent

Per Capita Cost of Living converted to a ratio: $\frac{5.12 + 100}{100} = 1.0512$

Population converted to a ratio: $\frac{0.79 + 100}{100} = 1.0079$

Calculation of factor for FY 2013-14: $1.0512 \times 1.0079 = 1.0595$

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2012 to January 1, 2013 and Total Population, January 1, 2013

County City	<u>Percent Change</u>	<u>Population Minus Exclusions</u>		<u>Total</u>
	2012-2013	1-1-12	1-1-13	1-1-2013
San Luis Obispo				
Arroyo Grande	0.60	17,292	17,395	17,395
Atascadero	0.62	27,393	27,562	28,687
El Paso De Robles	0.92	30,227	30,504	30,504
Grover Beach	0.36	13,163	13,211	13,211
Morro Bay	0.41	10,275	10,317	10,317
Pismo Beach	0.53	7,676	7,717	7,717
San Luis Obispo	0.51	45,312	45,541	45,541
Unincorporated	0.41	113,219	113,683	118,805
County Total	0.52	264,557	265,930	272,177

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.