

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Appropriation Limit - Fiscal Year 2005
DATE: June 15, 2004

Needs: For the City Council to consider adoption of a resolution approving the "Appropriations Limit" for fiscal year 2005.

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 1/1/04 was 2.39% as calculated by the Department of Finance.
6. The change in California's per capita personal income was 3.28%.

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 \$29,205,317 while the total City appropriations subject to the limit are only \$16,315,500.

Options:

- a. Adopt Resolution No. 04-xx approving an appropriation limit of \$29,205,317 for the fiscal year 2004-05 operating and maintenance budget.
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 04-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
ADOPTING AN APPROPRIATIONS LIMIT CALCULATION FOR
FISCAL YEAR 2004-05

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, 2005.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 15th day of June 2004 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 FISCAL YEAR 2004-05

Appropriation Limitation \$29,205,317

Total Original Operating Budget as Approved \$33,766,400

Less:

(1) Appropriations Not Subject to Limitation

Debt Service (non-enterprise)	5,253,000
Sewer Operations	3,362,400
Water Operations	3,461,000
Airport Operations	589,500
Transit Operations	929,100
TDA Article 8a	35,000
CDBG	190,200
Redevelopment Agency	75,000
Capital Replacement	164,400
Senior Endowment	19,000
Landscape & Lighting	<u>504,800</u>

(14,583,400)

(2) Non-Proceeds From Taxes

SB 172 Sales Taxes	215,000
Building Permits	550,000
Vehicle Code Fines	100,000
Court Fines	75,000
Parking Fines	30,000
Traffic School Fees	25,000
Library Fines	55,000
Self Storage Unit Rents	30,000

Recreation Rents	125,000
Library Rental Fees	3,500
Library Copies	6,000
State Library Funds	50,000
State POST Reimbursements	0
State Mandate Payments	0
Public Safety Grants	149,600
Recreation Partnerships	34,900
Engineering Insp. Fees	62,500
Planning Fees	569,200
Police Services Fees	65,000
Fire Services Fees	64,800
Recreation Fees	550,000
Greyhound Commissions	20,000
Library Service Fees	2,000
Miscellaneous Rents	<u>85,000</u>

(2,867,500)

Net Appropriations Subject to Limitation

\$16,315,500

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 DETERMINATION OF APPROPRIATION LIMITATION
 FISCAL YEAR 2004-05

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%	<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
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%	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> 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>

Change in per Capita Income – Fiscal Year '04	3.28%	27,617,741 <u>X 1.0328</u>
Change in Population – 1/1/03 to 1/1/04	2.39%	28,523,602 <u>X 1.0239</u>
APPROPRIATION LIMIT Fiscal Year 2004-05		<u>\$29,205,317</u>

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

GENERAL FUND APPROPRIATIONS	\$27,989,973
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>\$2,746,539</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

	<u>Proceeds From Taxes</u>	<u>Non-proceeds From Taxes</u>
<u>Revenue From Other Agencies (contined)</u>		
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
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	
TOTAL REVENUES	<u>\$2,303,351</u>	<u>\$1,486,651</u>