

TO: James L. App, City Manager
FROM: Jim Throop, Director of Administrative Services
SUBJECT: Appropriation Limit - Fiscal Year 2015
DATE: June 17, 2014

Needs: For the City Council to consider adoption of a resolution approving the "Appropriations Limit" for fiscal year 2015.

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 1/1/14 was (0.24)% as calculated by the Department of Finance.
6. The change in California's per capita personal income was (0.23)%.

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 \$42,508,198, while the total City appropriations subject to the limit are only \$21,059,000.

| | |
|----------------------------|--------------|
| FY2014 Appropriation Limit | \$44,274,287 |
| Change in Population | -0.0024 |
| Change in Income | -0.0023 |
| Total Change | -0.0047 |
| FY2015 Appropriation Limit | \$42,508,198 |

Options:

- a. That the Council adopt a resolution approving an appropriation limit of \$42,508,198 for the fiscal year 2014-15 operating and maintenance budget; or
- b. Amend, modify, or reject the above option.

CITY OF EL PASO DE ROBLES
 APPROPRIATION LIMITATION CALCULATION
 FISCAL YEAR 2014-15

| | | |
|---|------------------|----------------------------|
| Appropriation Limitation | | <u>\$42,508,198</u> |
| Total Original Operating Budget as Approved | | 50,301,600 |
| Less: | | |
| (1) <u>Appropriations Not Subject to Limitation</u> | | |
| Debt Service (non-enterprise) | 3,438,900 | |
| Sewer Operations | 6,558,700 | |
| Water Operations | 9,737,700 | |
| Water Connection Fees | 1,991,800 | |
| Airport Operations | 726,400 | |
| Transit Operations | 0 | |
| TDA Article 8a | 35,000 | |
| CDBG | 225,400 | |
| Capital Replacement | 2,890,100 | |
| Senior Endowment | 39,000 | |
| City Hall Development Fund | 100,000 | |
| Landscape & Lighting | <u>1,354,600</u> | |
| | | (27,097,600) |
| (2) <u>Non-Proceeds From Taxes</u> | | |
| SB 172 Sales Taxes | 311,000 | |
| Building Permits | 550,000 | |
| 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 | |
| Miscellaneous Rents | 92,000 | |
| Recreation Rents | 127,000 | |
| (2) <u>Non-Proceeds From Taxes</u> | | |
| Library Copies | 8,000 | |
| State POST Reimbursements | 10,000 | |
| State Mandate Payments | 8,000 | |
| Engineering Insp. Fees | 64,000 | |
| Planning & Building Fees | 296,000 | |
| Police Services Fees | 59,000 | |
| Fire Services Fees | 175,000 | |
| Recreation Fees | 258,000 | |
| Library Service Fees | <u>2,000</u> | |
| | | <u>(2,145,000)</u> |
| Net Appropriations Subject to Limitation | | <u>\$21,059,000</u> |

RESOLUTION NO. 14-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
ADOPTING AN APPROPRIATIONS LIMIT CALCULATION FOR FISCAL YEAR 2014-15

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, 2015.

APPROVED AND ADOPTED by the City Council of the City of El Paso de Robles this 17th day of June,
2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk