

RESOLUTION NUMBER R- 285949

ADOPTED ON JUN 12 1995

WHEREAS, in November 1979, the California voters approved a constitutional amendment (Proposition 4) which added article XIII B to the California Constitution; and

WHEREAS, in 1980, the State Legislature added Division 9 to Title 1 of the California Government Code (commencing with section 7900) to implement article XIII B; and

WHEREAS, said Government Code sections require the governing body of each local jurisdiction in California to establish, by resolution, tax appropriation limit for the following fiscal year predicated upon the appropriations limit for the prior fiscal year multiplied by a determinable factor; and

WHEREAS, the FY 1995 limit was established by Resolution No. R-284019 on June 6, 1994; and

WHEREAS, on November 8, 1994, San Diego voters approved Proposition E, authorizing an increase of \$50 million in the City's appropriation limit for the period fiscal year 1996 to 1999; and

WHEREAS, section 7910 of the Government Code requires that the documentation used to determine the City's tax appropriations limit be made available to the public fifteen (15) days prior to the Council meeting at which the tax appropriations limit resolution is to be considered; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that pursuant to the authority of California Government Code,

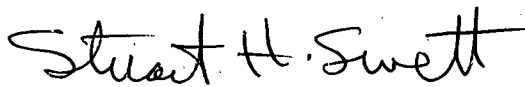
Division 9, Title 1 (sections 7900 et seq.) there is hereby established the following tax appropriations limit for The City of San Diego:

Established for Fiscal Year 1994	\$ 659,301,246
Established for Fiscal Year 1995	\$ 673,410,293
Established for Fiscal Year 1996	\$ 448,603,272

BE IT FURTHER RESOLVED, that this Council hereby declares that, pursuant to the requirements of section 7910 of the California Government Code, the documentation upon which the tax appropriations limit herein established has been determined, which is attached hereto as Exhibit A, has been made available for public information and review at the office of the City Clerk since May 26, 1995.

APPROVED: JOHN W. WITT, City Attorney

By



Stuart H. Swett
Stuart H. Swett
Senior Chief Deputy

SHS:smf
05/25/95
Or.Dept:Fin.Mgmt.
R-95-1793
Form=r.fytax

CITY OF SAN DIEGO

TAX APPROPRIATIONS LIMITS FOR FISCAL YEARS 1994, 1995, AND 1996

FY 1994 appropriations limit	\$659,301,246
FY 1995 appropriations limit	\$673,410,293
FY 1996 appropriations limit (1)	\$448,603,272

(1) In November 1994 voters approved a four year waiver authorizing a \$50 million increase to the City's Gann Limit. Since the previous waiver, which expires as of June 30, 1995, authorized an increase of \$273 million to the limit, there will be a significant drop in the limit in FY 96, due primarily to the changes in the two waiver amounts.

ADJUSTED TAX APPROPRIATIONS (2)

Actual tax appropriations for FY 1994	\$331,993,517
Budgeted tax appropriations for FY 1995	\$340,275,385
Projected tax appropriations for FY 1996	\$337,532,873

(2) Based on tax appropriations adjusted for debt service payments.

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EXHIBIT

A

ALTERNATIVE ADJUSTMENT FACTORS

Under Proposition 111, there are two options available for each of the major adjustment factors. The values of these factors for the purpose of calculating the Fiscal Year 1996 adjustment are as follows:

Price Factor:

(A) Percent growth in State Per Capita Income	+4.72%
(B) Percent Change in Assessed Valuation due to new non-residential construction.	+0.28%

Population Factor:

(C) Percent growth in County Population	+1.33%
(D) Percent growth in City Population	+1.12%

Annual Adjustment Factors:

Based upon the above data, the four alternative adjustment factors are as follows:

(A x C) = (1.0472) x (1.0133) =	1.0611
(A x D) = (1.0472) x (1.0112) =	1.0589
(B x C) = (1.0028) x (1.0133) =	1.0161
(B x D) = (1.0028) x (1.0112) =	1.0140

The recommended limit was calculated using the factor of (A x C), resulting in a 6.11% increase to the limit.

Source data supporting the above calculations is provided in Attachment 6.

CITY OF SAN DIEGO

RECOMMENDED CALCULATION OF FY 1996 TAX APPROPRIATIONS LIMIT

Recommended Adjustment Factors

The recommended appropriations limit of \$448,603,272 is based on the following factors:

Price Factor (State Per Capita Income) +4.72%

Population Factor (Change in County Population) +1.33%

To calculate the actual adjustment factor, the above factors were converted as follows:

Price change converted to adjustment factor: $\frac{4.72 + 100}{100} = 1.0472$

Population change converted to adjustment factor: $\frac{1.33 + 100}{100} = 1.0133$

Combined adjustment factor = $(1.0472) \times (1.0133) = 1.0611$

Calculation of FY 1996 Limit

FY 1996 Limit = (Recalculated FY 1995 limit) x (Adjustment Factor) + (Waiver) =

$$\begin{aligned} &(\$375,650,996) \times (1.0611) = \$398,603,272 \\ &\quad + \$ 50,000,000 \text{ (Waiver)} \\ &\quad \underline{\$448,603,272} \end{aligned}$$

**HISTORY OF TAX APPROPRIATIONS LIMIT ADJUSTMENTS
FOR CHANGES IN POPULATION, INFLATION,
AND SPECIAL ADJUSTMENTS
FISCAL YEARS 1979 TO FISCAL YEAR 1995**

Adjustment From Fiscal Year	To Fiscal Year	CPI-U/ PCI Adj.	Pop. Adj.	Total Adj.
1979	1980	10.17%	2.89%	13.35%
1980	1981	12.11	2.49	14.90
1981	1982	9.12	2.49	11.84
1982	1983	6.79	2.40	9.35
1983	1984	2.35	2.13	4.53
1984	1985	4.74	2.85	7.73
1985	1986	3.74	2.32	6.15
1986	1987	2.30	3.06	5.43
1987	1988	3.04	2.43	5.54
1988	1989	3.93	2.78	6.82
1989	1990	4.98	3.11	8.24
1990	1991	4.21	3.65	8.01
1991	1992	4.14	3.06	7.33
1992	1993	-0.64	2.34	1.69
1993	1994	2.72	2.23	5.01
1994	1995	0.71	1.42	2.14

<u>Year</u>	<u>Appropriations Limit</u>
1979	\$116,513,949
1980	132,073,121
1981	151,754,049
1982	169,717,309
1983	185,590,901
1984	193,998,271
1985	209,004,242
1986	221,866,905
1987	233,915,121
1988	298,900,060 (1)
1989	319,282,815
1990	345,607,293
1991	387,569,525
1992	617,411,893 (2)
1993	627,846,154
1994	659,301,246
1995	673,410,293

(1) \$52 million waiver approved for 4 year period (FY 88 to FY 91)

(2) \$273 million waiver approved for 4 year period (FY 92 to FY 95)

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