RESOLUTION NUMBER R- 285949

ADOPTED ON JUN 1 2 1995

WHEREAS, in November 1979, the California voters approved a constitutional amendment (Proposition 4) which added article XIIIB 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 XIIIB; 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

Вy

Stuart H. Swett

Senior Chief Deputy

SHS:smf 05/25/95

Or.Dept:Fin.Mqmt.

R-95-1793

Form=r.fytax

Attachment 1

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

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.



⁽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.

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 +0.28% to new non-residential construction.

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:

$$(A \times C) = (1.0472) \times (1.0133) = 1.0611$$

 $(A \times D) = (1.0472) \times (1.0112) = 1.0589$
 $(B \times C) = (1.0028) \times (1.0133) = 1.0161$
 $(B \times D) = (1.0028) \times (1.0112) = 1.0140$

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.

RECALCULATION OF FISCAL YEAR 1995 LIMIT FOR PURPOSE OF CALCULATING FISCAL YEAR 1996 LIMIT

BACKGROUND

Why A Recalculation Is Necessary

On November 8, 1994 voters approved a four year waiver, under which the City is authorized to increase its Gann Limit by \$50 million in Fiscal Year 1995, with subsequent adjustments for changes in population and inflation as provided for in the Proposition 111 guidelines. Under the Proposition 111 guidelines, Fiscal Year 1987 was established as the base year for calculation of the limit. Since the City was operating under a waiver during the four year period Fiscal Year 1992 to Fiscal Year 1995, year-to-year adjustments to the limit during this period included the \$273 million waiver amount. Since the 1990 approved waiver expires as of June 30, 1995, it is necessary, for purposes of calculating the Fiscal Year 1996 limit, to recalculate the Fiscal Year 1995 limit by adjusting the Fiscal Year 1987 base limit for changes in population and inflation.

Recalculation

Adjustment Factors		Combined	Recalculated Limits (1)	
<u>Inflation</u>	Population	<u>Factor</u>	<u>Amount</u>	Fiscal Year
				1007
			\$233,915,120	1987
3.47%	3.43%	7.02%	- \$250,335,961	1988
4.66%	3.80%	8.64%	\$271,964,988	1989
5.19%	3.85%	9.24%	\$297,094,553	1990
4.21%	3.65%	8.01%	\$320,891,827	1991
3.06%	4.14%	7.33%	\$344,413,298	1992
-0.64%	2.34%	1.69%	\$350,233,781	1993
2.72%	2.23%	5.01%	\$367,780,493	1994
0.71%	1.42%	2.14%	\$375,650,996	1995
	Inflation 3.47% 4.66% 5.19% 4.21% 3.06% -0.64% 2.72%	Inflation Population 3.47% 3.43% 4.66% 3.80% 5.19% 3.85% 4.21% 3.65% 3.06% 4.14% -0.64% 2.34% 2.72% 2.23%	Inflation Population Factor 3.47% 3.43% 7.02% 4.66% 3.80% 8.64% 5.19% 3.85% 9.24% 4.21% 3.65% 8.01% 3.06% 4.14% 7.33% -0.64% 2.34% 1.69% 2.72% 2.23% 5.01%	Inflation Population Factor Amount 3.47% 3.43% 7.02% \$250,335,961 4.66% 3.80% 8.64% \$271,964,988 5.19% 3.85% 9.24% \$297,094,553 4.21% 3.65% 8.01% \$320,891,827 3.06% 4.14% 7.33% \$344,413,298 -0.64% 2.34% 1.69% \$350,233,781 2.72% 2.23% 5.01% \$367,780,493

(1) The "recalculated limit" for each year is determined as follows:

Example: 1988 Limit = $(1987-88 \text{ Adjustment Factor}) \times 1987 \text{ Limit}$

= $(7.02 +100)/100 \times 1987 \text{ Limit}$

 $= 1.0702 \times \$233,915,120 = \$250,335,961$

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:

4.72 + 100 = 1.0472

100

Population change converted to adjustment

1.33 + 100 = 1.0133

factor: 100

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) =

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

Adjustment					
From	То	CPI-U/	_	•	
Fiscal	Fiscal	PCI	Pop.	Total	
<u>Year</u>	<u>Year</u>	<u>Adi.</u>	<u>Adj.</u>	<u>Adi.</u>	
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>	Appropriations Limit				
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)

