

RESOLUTION NUMBER R- 290321

ADOPTED ON JUN 29 1998

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, the tax appropriations 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 1998 limit was established by Resolution No. R-288896 on June 30 1997; and

WHEREAS, on November 8, 1994, San Diego voters approved Proposition E, authorizing an increase of \$50 million in the City's appropriations 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

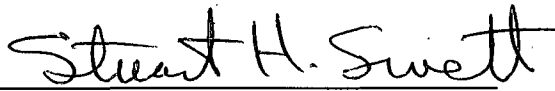
hereby established the following tax appropriations limit for The City of San Diego:

Established for Fiscal Year 1997	\$475,160,586
Established for Fiscal Year 1998	\$504,620,542
Established for Fiscal Year 1999	\$539,035,663

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 June 12, 1998.

APPROVED: CASEY GWINN, City Attorney

By



Stuart H. Swett
Deputy City Attorney

SHS:smf
06/09/98
Or.Dept:Fin.Mgmt.
R-98-1497
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CITY OF SAN DIEGO
MEMORANDUM

DATE : June 10, 1998
TO : Charles Abdelnour, City Clerk
FROM : Patricia T. Frazier, Deputy City Manager
SUBJECT : Tax Appropriations Limit Public Inspection Packet

The attached packet contains documentation used in the determination of the City's tax appropriations limit for Fiscal Year 1999. Title I, Division 9 of the Government Code requires that such documentation be made available to the public fifteen days prior to Council adoption of the tax appropriations limit for the following fiscal year. To satisfy this requirement, the Inspection Packet should be made available no later than Friday, June 12, 1998.

Patricia T. Frazier
PATRICIA T. FRAZIER

PTF:MC

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EXHIBIT A

**CITY OF SAN DIEGO
MEMORANDUM**

DATE : June 10, 1998
TO: Viewer of Tax Appropriation Limit Public Inspection Packet
FROM: Patricia T. Frazier, Deputy City Manager
SUBJECT: City of San Diego Tax Appropriations Limit for Fiscal Year 1999.

In November 1979, California voters approved Proposition 4 (the Gann Initiative) and added Article XIII B to the California State Constitution. In 1980, the State Legislature added Division 9 (commencing with Section 7900) to Title I of the California Government Code to implement Article XIII B. This legislation requires the governing body of each local jurisdiction in the State to establish a tax appropriations limit on, or before June 30 of each year for the following fiscal year.

Proposition 111

On June 5, 1990, California voters approved Proposition 111, which amended Article XIII B by revising the methodology used to calculate the tax appropriations limit. The specific changes were as follows:

1. New Base Year - The base year was changed from Fiscal Year 1979 to Fiscal Year 1987.
2. Price Adjustment Factor - The annual price adjustment factor was changed from the percent change in either the U.S. Consumer Price Index or California Per Capita Income to either the change in California Per Capita Income or percentage change in total assessed valuation attributed to new non-residential construction.
3. Population Adjustment - Under Proposition 111, cities have the option of using as their population adjustment factor either the percentage change in citywide population, or countywide population. Prior to Proposition 111 cities were required to use citywide population.

Proposition 111 went into effect in Fiscal Year 1991. Due primarily to the option of being able to use countywide population growth as an adjustment factor and the shifting of the base year to Fiscal Year 1987, the City's limit under the new guidelines was greater than it would have been under pre-Proposition 111

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procedures.

Proposition E

On November 8, 1994, San Diego voters approved Proposition E, authorizing an increase of \$50 million in the City's tax appropriations limit for the period FY 1996 to FY 1999. Fiscal Year 1996 was the first year of the waiver. Prior to the waiver enacted by Proposition E, the City was operating under a four year waiver approved by voters in 1990, under which the City's limit was increased by \$273 million. Because the current waiver is for a lesser amount (\$50 million compared with \$273 million) the City's limit showed a rather significant drop in Fiscal Year 1996 compared with the four years covered by the prior waiver (Fiscal Year 1992 to Fiscal Year 1995).

Appropriations Subject To The Limit

The Tax Appropriations Limit does not apply to all City revenues, or all General Fund revenues, but only to proceeds of taxes, including property tax, sales tax, transient occupancy tax, motor vehicle license fees, and other local taxes, less the amount paid in debt service on voter approved debt. Other revenues, including fees, licenses and permits, fees, rents and concessions, and inter-fund transfers are not subject to the limit. Based on the revenue estimates contained in the Proposed Fiscal Year 1999 Budget, the proposed limit exceeds the projected appropriations subject to the limit by approximately \$118 million.

Fiscal Year 1999 Limit

On June 29, 1998 the San Diego City Council is scheduled to consider the adoption of a resolution establishing a City of San Diego tax appropriations limit for Fiscal Year 1999. In order to assist you in understanding how the recommended limit was determined, the following documentation is attached for your review:

1. City of San Diego tax appropriations limits for fiscal years 1997, 1998 and 1999 (proposed).
2. Alternative adjustment factors for making the annual adjustment to appropriations limit.
3. Recommended calculation of permitted growth for the City's tax appropriations limit in Fiscal Year 1999.
4. City of San Diego tax appropriations limits for Fiscal Years 1979 through 1998, with adjustments for population growth, price changes and voter approved waivers.

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5. Source data used to calculate alternative adjustment factors:
 - A. Price and population data.
 - B. Assessed valuation attributable to new non-residential construction.
6. Proposition E and confirmation of election results.
7. A copy of Article XIII B, the Gann Initiative.
8. A copy of Proposition 111.

Section 7910 of the Government code provides the following time limits for challenges against the Article XIII B tax appropriations limit adopted by the City.

FOR THE 1981-82 FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, ANY JUDICIAL ACTION OR PROCEEDING TO ATTACK, REVIEW, SET ASIDE, VOID, OR ANNUL THE ACTION OF THE GOVERNING BODY TAKEN PURSUANT TO THIS SECTION SHALL BE COMMENCED WITHIN 45 DAYS OF THE EFFECTIVE DATE OF THE RESOLUTION.

Should the attached material not answer your questions, please contact Mike Carrier at 236-6946.

Patricia T. Frazier
PATRICIA T. FRAZIER

PTF:MC

Attachments:

1. Tax appropriations limits for fiscal years 1997, 1998 and 1999 (Proposed).
2. Alternative adjustment factors.
3. Recommended calculations of permitted growth for the City's Fiscal Year 1999 limit.
4. Tax appropriations limits for Fiscal Year 1979 through 1998, with adjustments for population growth, price changes and voter approved waivers.
5. Source data used to calculate alternative adjustment factors:
 - A. Price and population data.
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8. A copy of Proposition 111.

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CITY OF SAN DIEGO

TAX APPROPRIATIONS LIMITS
FOR FISCAL YEARS 1997, 1998, AND 1999 (PROPOSED)

FY 1997 Tax Appropriations Limit	\$475,160,586
FY 1998 Tax Appropriations Limit	\$504,620,542
FY 1999 Tax Appropriations Limit (Proposed)	\$539,035,663

ADJUSTED TAX APPROPRIATIONS (1)

Actual Tax Appropriations for FY 1997	\$385,579,144
Budgeted Tax Appropriations for FY 1998	\$383,614,219
Projected Tax Appropriations for FY 1999	\$421,341,468

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

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 1999 adjustment are as follows:

Price Factor:

- | | |
|---|---------|
| (A) Percent growth in State Per Capita Income | + 4.15% |
| (B) Percent change in Assessed Valuation due to new non-residential construction. | + 0.38% |

Population Factor:

- | | |
|---|---------|
| (C) Percent growth in County Population | + 2.56% |
| (D) Percent growth in City Population | + 2.45% |

Annual Adjustment Factors:

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

$$\begin{aligned} (A \times C) &= (1.0415) \times (1.0256) = 1.0682 \\ (A \times D) &= (1.0415) \times (1.0245) = 1.0670 \\ (B \times C) &= (1.0038) \times (1.0256) = 1.0295 \\ (B \times D) &= (1.0038) \times (1.0245) = 1.0284 \end{aligned}$$

The recommended limit was calculated using the factor of (A x C), resulting in a 6.82% increase to the limit.

Source data supporting the above calculation is provided in Attachment 5.

CITY OF SAN DIEGO

RECOMMENDED CALCULATION OF FY 1999 TAX APPROPRIATIONS LIMIT

Recommended Adjustment Factors

The recommended appropriations limit of \$539,015,478 is based on the following factors:

Price Factor (State Per Capita Income) + 4.15%

Population Factor (Change in County Population) + 2.56%

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

Price change converted to adjustment factor: $(4.15 + 100) \div (100) = 1.0415$

Population change converted to adjustment factor: $(2.56 + 100) \div (100) = 1.0256$

Combined adjustment factor = $(1.0415) \times (1.0256) = 1.0682$

Calculation of FY 1999

Limit

FY 1999 Limit = (FY 1998 limit) x (Adjustment Factor) =

$(\$504,620,542) \times (1.0682) = \$539,035,663.$

**HISTORY OF TAX APPROPRIATIONS LIMIT ADJUSTMENTS
FOR CHANGES IN POPULATION, INFLATION,
AND SPECIAL ADJUSTMENTS
FISCAL YEARS 1979 TO FISCAL YEAR 1998**

<u>Adjustment From Fiscal Year</u>	<u>To Fiscal Year</u>	<u>Price Adjustment</u>	<u>Population Adjustment</u>	<u>Total Adjustment</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
1995	1996	4.72	1.33	6.11
1996	1997	4.67	1.19	5.92
1997	1998	4.67	1.46	6.20

<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

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

<u>Year</u>	<u>Appropriations Limit</u>
1991	387,569,525
1992	617,411,893 (2)
1993	627,846,154
1994	659,301,246
1995	673,410,293
1996	448,603,272 (3)
1997	475,160,586
1998	504,620,542

- (2) \$273 million waiver approved for 4 year period (FY 92 to FY 95).
- (3) Limit fell due to end of 4 year waiver authorizing \$273 million increase in limit. Fiscal Year 1996 was the first year of a new 4 year waiver authorizing a \$50 million increase in the limit.

DEPARTMENT OF FINANCE

OFFICE OF THE DIRECTOR
STATE CAPITOL, ROOM 1145
SACRAMENTO, CA 95814-4998



May 1, 1998

Dear Auditor/Controller/Fiscal Officer:

PRICE AND POPULATION DATA FOR LOCAL JURISDICTIONS

Appropriations Limit

Article XIII B of the California Constitution specifies that appropriations made by state and local governments may increase 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 nonresidential construction.

The Department of Finance is mandated to provide the population and California per capita personal income change data for local jurisdictions to calculate their appropriations limits. The change in the local assessment roll due to local nonresidential construction may be obtained from your county Assessor. The enclosures contain the price factor and population percentage change for setting your 1998-99 appropriation limit.

Enclosure I provides the change in California's per capita personal income price factor. An example of how to utilize this price factor and the population percentage change in calculating your 1998-99 limit is included.

Enclosure II provides the population percentage change factors for cities and counties.

Enclosure IIA provides the population percentage change factor for counties and for the total incorporated population of each county.

These population percentage changes were prepared pursuant to Sections 2227 and 2228 of the Revenue and Taxation Code and are calculated as of January 1, 1998. Section 2227 specifies that state mental institutions, federal military bases and state and federal prisons be excluded from the percentage change calculations.

Population Factors for Special Districts

This letter may be received by special districts, which were exempt from establishing appropriation limits by Article XIII B, Section 9(c). Receipt of this letter should not be construed as a requirement by the Department of Finance to establish an appropriation limit.

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Auditor/Controller/Fiscal Officer

May 1, 1998

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Certification

The certification program applies to cities and counties only and does not apply to special districts.

Sections 11005.6 and 30462.1 of the Revenue and Taxation Code, Section 21022 Streets and Highways Code, and Section 38421 Vehicle Code specify that if a Department of Finance population estimate is greater than the current certified population, the Department shall automatically file a certified copy with the Controller not less than 25 days nor more than 30 days after completion of the estimate. **The Department will certify the higher estimate unless a written request not to certify is received by the Department from the city or county within 25 days of the completion of the estimate.** A city or county requesting that their higher estimate not be certified will remain at the current certified population.

The Department of Finance will not certify a population estimate that is lower than the current certified population unless requested to do so by a city or a county. The request for certification must be received by the Department on or before June 1, 1998.

Further Information

Questions concerning population should be directed to the Demographic Research Unit at (916) 323-4086.

Sincerely,



CRAIG L. BROWN

Director

Enclosures

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May 1, 1998

Enclosure I

- 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 changes to be used in setting the 1998-99 appropriation limit are:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
1998-99	4.15

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 1998-99 appropriations limit.

1998-99:

Per Capita Change = 4.15 percent
 Population Change = 1.81 percent

Per Capita converted to a ratio: $\frac{4.15 + 100}{100} = 1.0415$

Population converted to a ratio: $\frac{1.81 + 100}{100} = 1.0181$

Calculation of factor for FY 98-99: $1.0415 \times 1.0181 = 1.0604$

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Enclosure II
Annual Percent Change in Population Minus Exclusions* January 1, 1997
to January 1, 1998 and Total Population January 1, 1998

County City	Percent Change 1997-98	— Population Minus Exclusions —		Total Population
		1-1-97	1-1-98	1-1-98
SAN DIEGO				
CARLSBAD	4.47	70532	73688	73688
CHULA VISTA	3.62	155759	161405	162047
CORONADO	2.07	16312	16650	26777
DEL MAR	1.96	5156	5257	5257
EL CAJON	1.84	92787	94490	94490
ENCINITAS	2.17	57666	58915	58915
ESCONDIDO	2.53	120110	123148	123148
IMPERIAL BEACH	1.86	28002	28522	28557
LA MESA	1.84	56026	57057	57973
LEMON GROVE	2.08	24801	25317	25317
NATIONAL CITY	1.74	50139	51009	54400
OCEANSIDE	2.95	149463	153869	153869
POWAY	2.21	45973	46988	47098
SAN DIEGO	2.45	1149525	1177708	1224848
SAN MARCOS	3.60	49062	50827	50827
SANTEE	2.09	54889	56035	56538
SOLANA BEACH	1.80	13699	13945	13945
VISTA	2.17	81144	82901	82901
UNINCORPORATED	2.63	397651	408113	454190
COUNTY TOTAL	2.56	2618696	2685844	2794785

* Exclusions include residents in state mental institutions, federal military installations, and state and federal prisons.

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SAN DIEGO COUNTY ASSESSORS OFFICE
 NON-RESIDENTIAL NEW CONSTRUCTION (PROP 111)
 ASSESSMENT ROLL 1997

6085-00 SAN DIEGO CITY

PA640380 PA6493-01
 RUN DATE 11/25/97

TAX RATE AREA	VALUE
08001	\$39,390,496
08008	\$175,000
08012	\$39,118,669
08026	\$5,700
08028	\$70,000
08035	\$70,000
08050	\$33,881,261
08073	\$440,000
08075	\$42,500
08079	\$149,000
08087	\$23,000
08100	\$4,296,500
08114	\$61,980
08118	\$34,271,163
08119	\$16,528,529
08137	\$455,000
08139	\$1,529,200
08140	\$200,000
08141	\$8,704,900
08144	\$20,618,400
08149	\$659,001
08168	\$79,125
08169	\$2,065,000
08170	\$4,622,000
08172	\$45,000
08174	\$49,000
08178	\$2,800,000
08185	\$57,000
08195	\$23,758-
08200	\$2,413,000
08213	\$1,546,000
08215	\$11,340,000
08216	\$3,088,600
08217	\$230,000
08220	\$765,000
08227	\$15,000
08240	\$1,000
08241	\$1,017,435
08242	\$4,236,778
08243	\$495,000
FUND TOTAL	
	\$235,531,480

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NOTE: IF A TAX RATE (TRA) IS NOT LISTED, IT INDICATES THAT NO NEW NON-RESIDENTIAL CONSTRUCTION OCCURRED DURING THE TAX YEAR.



COUNTY OF SAN DIEGO

GREGORY J. SMITH
 ASSESSOR/RECORDER/COUNTY CLERK



ASSESSOR'S OFFICE
 1600 PACIFIC HIGHWAY, RM 103
 SAN DIEGO, CA 92101-2480
 (619) 236-3771 Fax (619) 557-4056

RECORDER/COUNTY CLERK'S OFFICE
 1600 PACIFIC HIGHWAY, RM 260
 SAN DIEGO, CA 92101-2480
 (619) 237-0502 FAX (619) 557-4155

1996 INVENTORY OF PARCELS AND VALUES - CITY OF SAN DIEGO

		PARCELS	UNITS	ASSESSED VALUES
RESIDENTIAL	TOTAL	298,124	434,189	44,513,532,338
Time-share Condominiums		4,321	4,321	56,594,061
Mobilehomes		844	947	23,987,358
Vacant		7,371	63	526,372,953
Single Family		189,463	189,487	28,007,397,104
Duplex or 2 Houses		6,112	12,226	701,963,816
Multi 2 to 4 Houses		11,848	33,186	1,632,537,981
Multi 5 to 15 Units		5,413	42,218	1,519,274,432
Multi 16 to 60 Units		1,116	29,671	981,110,656
Multi 61 Units and Up		420	50,730	2,219,068,769
Condominium		70,686	71,269	8,807,276,496
Transitional		530	71	37,948,712
COMMERCIAL	TOTAL	10,968	32,810	10,806,104,524
Vacant		1,167	68	373,770,936
Store Building		5,768	3,178	5,268,260,168
Shopping Center		396	19	1,315,904,959
Hotel Motel		389	25,827	1,558,122,440
Service Station		346	14	118,540,829
Office Condominiums		266	29	33,561,778
Parking or Used Car Lot		830	275	374,062,205
Trailer Park		52	1,720	83,954,171
Auto Sales & Service Agency		115	125	107,910,597
General		1,639	1,555	1,572,016,441
INDUSTRIAL	TOTAL	4,464	6,316	3,998,009,212
Vacant		1,305	11	438,847,798
Factory		986	85	1,937,606,587
Warehousing		1,418	3,134	1,344,424,925
Bulk Storage		25	0	13,208,772
Extractive & Mining		47	1	12,860,740
Industrial Condominiums		231	23	66,924,514
General		452	3,062	184,135,876
IRRIGATED FARM	TOTAL	149	91	28,802,391
RURAL LAND (Non-irrigated)	TOTAL	923	23	261,084,016
INSTITUTIONAL	TOTAL	907	1,785	1,540,004,611
RECREATIONAL	TOTAL	1,778	504	416,466,573
MISCELLANEOUS	TOTAL	8	0	31,889,515
GRAND TOTAL		317,321	475,718	61,595,893,180

The above data is provided for your information and represents total assessed values of real property, prior to exemptions. If you have any questions, please contact Robert Frazier, Chief Deputy Assessor, at (619) 531-5507.

GREGORY J. SMITH
 County Assessor

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