

RESOLUTION NUMBER R- 291802

ADOPTED ON JUN 21 1999

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 1999 limit was established by Resolution No. R-290321 on June 29, 1998; 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 1998 \$504,620,542

Established for Fiscal Year 1999 \$539,035,663

Established for Fiscal Year 2000 \$512,052,218

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 7, 1999.

APPROVED: CASEY GWINN, City Attorney

By Stuart H. Swett
Stuart H. Swett
Deputy City Attorney

SHS:mmm
06/01/99
Or.Dept:Fin.Mgmt.
R-99-1434
Form=fytaxres.frm

CITY OF SAN DIEGO
MEMORANDUM

DATE : June 3, 1999
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 2000. 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 4, 1999.


PATRICIA T. FRAZIER

PTF:MC

R- 291802

EXHIBIT A

**CITY OF SAN DIEGO
MEMORANDUM**

DATE : June 3, 1999

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 2000

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

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guidelines was greater than it would have been under pre-Proposition 111 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 Fiscal Year 1996 and authorizing adjustments to this increased limit for the subsequent three fiscal years through Fiscal Year 1999. With the expiration of the four year waiver at the end of Fiscal Year 1999, the Fiscal Year 2000 tax appropriations limit will be calculated based solely on increases in the approved adjustment factors (inflation and population) from the Proposition 111 base year of Fiscal Year 1987. Because the Fiscal Year 2000 limit will be calculated without a waiver adjustment, it will be down from the Fiscal Year 1999 limit.

Recalculation Without Waiver

Since Fiscal Year 1999 represents the last year of a four year waiver, it is necessary to first recalculate the Fiscal Year 1999 tax appropriations limit without the waiver, prior to calculating the Fiscal Year 2000 limit (See Attachment 2). Under Proposition 111, the base year for calculating the tax appropriations limit was changed from Fiscal Year 1979 to Fiscal Year 1987.

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, rents and concessions, and inter-fund transfers are not subject to the limit. Based on the revenue estimates contained in the Proposed Fiscal Year 2000 Budget, the proposed limit of \$512,052,218 exceeds the projected appropriations subject to the limit by approximately \$41 million.

Fiscal Year 2000 Limit

On June 21, 1999 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 2000. 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 1998, 1999

and 2000 (proposed).

2. Recalculation of Fiscal Year 1999 limit to reflect increases from the Proposition 111 base year of Fiscal Year 1987.
3. Alternative adjustment factors for making the annual adjustment to appropriations limit.
4. Recommended calculation of permitted growth for the City's tax appropriations limit in Fiscal Year 2000.
5. History of tax appropriations limits for Fiscal Years 1979 through 1999.
6. Source data used to calculate alternative adjustment factors:
 - A. Price and population data.
 - B. Assessed valuation attributable to new non-residential construction.
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

PTF:MC

Attachments:

1. Tax appropriations limits for fiscal years 1997, 1998 and 1999 (Proposed).
2. Recalculation of Fiscal Year 1999 tax appropriations limit.
3. Alternative adjustment factors.
4. Recommended calculations of permitted growth for the City's Fiscal Year 2000 limit.
5. History of tax appropriations limits Fiscal Years 1979 through 1999.
6. Source data used to calculate alternative adjustment factors:
 - A. Price and population data.
 - B. Assessed valuation attributable to new non-residential construction.
7. Proposition E and confirmation of election results.
8. A copy of Article XIII B, the Gann Initiative.
9. A copy of Proposition 111.

**TAX APPROPRIATIONS LIMITS
FOR FISCAL YEARS 1998, 1999, AND 2000 (PROPOSED)**

FY 1998 Tax Appropriations Limit	\$504,620,542
FY 1999 Tax Appropriations Limit	\$539,035,663
FY 2000 Tax Appropriations Limit (Proposed)	\$512,052,218

ADJUSTED TAX APPROPRIATIONS (1)

Actual Tax Appropriations for FY 1998	\$418,931,042
Budgeted Tax Appropriations for FY 1999	\$427,724,832
Projected Tax Appropriations for FY 2000	\$471,393,710

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

RECALCULATION OF FISCAL YEAR 1999 LIMIT

Since Fiscal Year 1999 represents the last year of a four year waiver, it is necessary to recalculate the Fiscal Year 1999 tax appropriations limit without the waiver, prior to calculating the Fiscal Year 2000 limit. The following table shows the recalculation of the City's Fiscal Year 1999 limit based on the annual adjustment factors previously adopted by the City Council.

Proposition 111 Recalculation of Fiscal Year 1999 Tax Appropriations Limit				
	Adjustment Factors			
Fiscal Year Adjustment Period	Inflation Factor	Population Factor	Total	Recalculated Limit
1987 (Base Year)				\$233,915,120
1987-88	3.47%	3.43%	7.02%	250,335,961
1988-89	4.66	3.80	8.64	271,964,988
1989-90	5.19	3.85	9.24	297,094,553
1990-91	4.21	3.65	8.01	320,891,827
1991-92	4.14	3.06	7.33	344,413,198
1992-93	-0.64	2.34	1.69	350,233,781
1993-94	2.72	2.23	5.01	367,780,493
1994-95	0.71	1.42	2.14	375,650,996
1995-96	4.72	1.33	6.11	398,603,272
1996-97	4.67	1.19	5.92	422,200,586
1997-98	4.67	1.46	6.20	448,377,022
1998-99	4.15	2.56	6.82	\$478,956,335

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 2000 adjustment are as follows:

Price Factor:

- (A) Percent growth in State Per Capita Income + 4.53%
- (B) Percent change in Assessed Valuation due to new non-residential construction + 0.69%

Population Factor:

- (C) Percent growth in County Population + 2.17%
- (D) Percent growth in City Population + 2.28%

Annual Adjustment Factors:

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

$$(A \times C) = (1.0453) \times (1.0217) = 1.0680$$

$$(A \times D) = (1.0453) \times (1.0228) = 1.0691$$

$$(B \times C) = (1.0069) \times (1.0217) = 1.0287$$

$$(B \times D) = (1.0069) \times (1.0228) = 1.0299$$

The recommended limit was calculated using the factor of (A x D), resulting in a 6.91% increase to the limit.

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

RECOMMENDED CALCULATION OF PERMITTED GROWTH IN LIMIT

Recommended Adjustment Factors

The recommended appropriations limit of \$512,052,218 is based on the following factors:

Price Factor (State Per Capita Income)	+ 4.53%
Population Factor (Change in County Population)	+ 2.28%

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

Price change converted to adjustment factor:	$(4.53 + 100) \div (100) = 1.0453$
Population change converted to adjustment factor:	$(2.28 + 100) \div (100) = 1.0228$
Combined adjustment factor =	$(1.0453) \times (1.0228) = 1.0691$

Calculation of FY 2000 Limit

$$\begin{aligned} \text{Fiscal Year 2000 Limit} &= (\text{Recalculated FY 1999 limit})^1 \times (\text{Adjustment Factor}) = \\ &(\$478,956,335) \times (1.0691) = \mathbf{\$512,052,218} \end{aligned}$$

¹ The Fiscal Year 2000 limit is calculated using the Fiscal Year 1999 recalculated limit, as opposed to the adopted Fiscal Year 1999 limit which included the waiver adjustment.

**HISTORY OF TAX APPROPRIATIONS LIMITS
FOR FISCAL YEARS 1979 TO 1999**

<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
1998	1999	4.15	2.56	6.82

<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

<u>Year</u>	<u>Appropriations Limit</u>
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
1996	448,603,272 (3)
1997	475,160,586
1998	504,620,542
1999	539,035,663

- (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).
- (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 95814-4906



May 1, 1999

Dear Fiscal Officer:

PRICE AND POPULATION INFORMATION**Appropriations Limit**

The Department of Finance is mandated to provide population and California per capita personal income change data to local jurisdictions to use in calculating their appropriations limits. The enclosures contain the official price factor and the population percentage change for setting your 1999-2000 appropriations limit. These data are effective for January 1, 1999, and were calculated on a base that excludes federal and state institutionalized populations and military populations as noted. Enclosure I provides the change in California's per capita personal income. An example of how to utilize this price factor and the population percentage change in calculating your 1999-2000 limit is included. Enclosures II and IIA provide population percentage change for cities and counties, and their incorporated areas.

Population Percentage Change for Special Districts

Some special districts are required to establish appropriations limits. These districts should consult the state code for the various population factors that may be used for purposes of assessing change in population. Other districts are exempt under Article XIII B, Section 9(c). This letter may be received by such special districts. However, it should not be construed as a Department of Finance requirement to establish an appropriations limit.

Population Certification

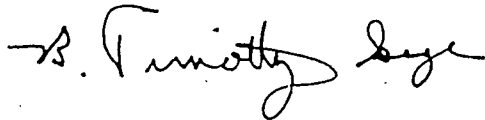
The certification program applies only to cities and counties. It is mandated that if a Department of Finance population estimate is greater than the current certified population, the Department shall automatically file a certified copy with the State Controller's Office not less than 25 days nor more than 30 days after completion of the estimate. **The Department will certify the higher estimate unless a written request not to certify is received within 25 days of the completion of the estimate.** A city or county requesting that its 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 county in writing by June 1, 1999.

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Fiscal Officer
May 1, 1999
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Questions about population should be addressed to the Demographic Research Unit at
(916) 323-4086.

Sincerely,

A handwritten signature in cursive script that reads "B. Timothy Gage". The signature is written in dark ink and is positioned above the typed name.

B. TIMOTHY GAGE
Director

Enclosures

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May 1, 1999

- 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 1999-2000 appropriation limit are:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
1999-2000	4.53

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 1999-2000 appropriations limit.

1999-2000:

Per Capita Change = 4.53 percent
Population Change = 1.66 percent

Per Capita converted to a ratio: $\frac{4.53 + 100}{100} = 1.0453$

Population converted to a ratio: $\frac{1.66 + 100}{100} = 1.0166$

Calculation of factor for FY 1999-2000: $1.0453 \times 1.0166 = 1.0627$

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Annual Percent Change in Population Minus Exclusions (*) January 1,
1998 to January 1, 1999 and Total Population January 1, 1999

County City	Percent Change	Population Minus Exclusions		Total Population
	1998-99	1-1-98	1-1-99	1-1-99
SAN DIEGO				
CARLSBAD	5.20	73,715	77,550	77,550
CHULA VISTA	3.00	161,464	166,303	166,945
CORONADO	1.23	16,657	16,862	28,715
DEL MAR	1.31	5,259	5,328	5,328
EL CAJON	1.08	94,524	95,546	95,546
ENCINITAS	2.53	58,936	60,426	60,426
ESCONDIDO	1.95	123,193	125,597	125,597
IMPERIAL BEACH	1.23	28,532	28,882	28,882
LA MESA	1.16	57,078	57,739	58,655
LEMON GROVE	1.41	25,326	25,683	25,683
NATIONAL CITY	1.06	51,028	51,570	54,961
OCEANSIDE	2.56	153,925	157,869	157,869
POWAY	2.72	46,999	48,277	48,393
SAN DIEGO	2.28	1,180,337	1,207,274	1,254,281
SAN MARCOS	2.42	50,846	52,074	52,074
SANTEE	1.48	56,055	56,886	57,389
SOLANA BEACH	1.45	13,950	14,152	14,152
VISTA	1.72	82,931	84,361	84,361
UNINCORPORATED	1.65	408,309	415,033	456,451
COUNTY TOTAL	2.17	2,689,064	2,747,412	2,853,258

(*) Exclusions include residents in state mental institutions, federal military installations, and state and federal correctional institutions.

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SAN DIEGO COUNTY ASSESSORS OFFICE
NON-RESIDENTIAL NEW CONSTRUCTION (PROP 111)
ASSESSMENT ROLL 1998

PA640380 PA6433-01
RUN DATE 11/11/98

6085-00 SAN DIEGO CITY

TAX RATE AREA	VALUE
08001	\$189,421,678
08012	\$33,806,778
08015	\$2,448,438
08026	\$20,000
08035	\$1,773,000
08050	\$19,024,861
08073	\$7,532,000
08087	\$11,000
08100	\$1,675,500
08110	\$20,000
08114	\$181,000
08118	\$79,661,014
08119	\$27,938,089
08139	\$1,101,602
08140	\$158,000
08141	\$11,003,353
08144	\$20,962,500
08149	\$1,406,500
08159	\$195,000
08166	\$100,000
08168	\$49,883
08170	\$10,000
08171	\$125,000
08172	\$259,500
08174	\$48,000
08178	\$1,525,000
08193	\$6,726,000
08195	\$7,344,500
08200	\$845,000
08213	\$314,200
08215	\$8,719,087
08216	\$3,544,600
08217	\$191,500
08220	\$287,000
08239	\$74,500
08240	\$8,500
08241	\$378,000
08242	\$6,929,002
08243	\$234,464
08244	\$35,000
08247	\$325,000
08248	\$7,500
FUND TOTAL	\$436,421,549

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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

1997 INVENTORY OF PARCELS AND VALUES - CITY OF SAN DIEGO

		<u>PARCELS</u>	<u>UNITS</u>	<u>ASSESSED VALU</u>
RESIDENTIAL	TOTAL	300,407	> 435,760	45,589,632.3
Time-share Condominiums		4,322	4,332	19,229.4
Mobilehomes		894	888	24,825.4
Vacant		7,033	10	508,137.3
Single Family		190,797	190,847	28,926,695.3
Duplex or 2 Houses		6,088	12,184	711,635.6
Multi 2 to 4 Houses		11,806	33,110	1,636,227.7
Multi 5 to 15 Units		5,410	42,430	1,491,313.1
Multi 16 to 60 Units		1,099	29,079	957,822.8
Multi 61 Units and Up		414	50,563	2,390,630.5
Condominium		71,994	72,246	8,887,471.1
Transitional		550	71	35,643.8
COMMERCIAL	TOTAL	11,015	34,596	11,266,276.8
Vacant		1,157	45	369,978.4
Store Building		5,778	3,230	5,394,654.6
Shopping Center		392	50	1,418,414.5
Hotel Motel		387	27,079	1,743,918.9
Service Station		340	14	122,103.1
Office Condominiums		290	30	34,562.9
Parking or Used Car Lot		836	325	375,047.9
Trailer Park		53	1,721	85,612.9
Auto Sales & Service Agency		120	125	112,573.5
General		1,662	1,977	1,609,409.6
INDUSTRIAL	TOTAL	4,462	6,322	4,040,284.0
Vacant		1,251	10	417,601.7
Factory		989	87	1,954,316.8
Warehousing		1,423	3,139	1,383,192.7
Bulk Storage		27	0	14,291.1
Extractive & Mining		48	1	13,496.2
Industrial Condominiums		256	23	70,696.1
General		468	3,062	186,689.1
IRRIGATED FARM	TOTAL	137	91	28,222.7
RURAL LAND (Non-irrigated)	TOTAL	918	23	262,167.8
INSTITUTIONAL	TOTAL	907	794	1,654,974.5
RECREATIONAL	TOTAL	1,844	695	436,272.7
MISCELLANEOUS	TOTAL	9	0	32,701.8
GRAND TOTAL		319,699	478,281	63,310,533.0

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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