

RESOLUTION NUMBER R- 293317

ADOPTED ON JUN 19 2000

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 2000 limit was established by Resolution No. R-291802 on June 21, 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 1999 \$539,035,663

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

Established for Fiscal Year 2001 \$548,766,362

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 2, 2000.

APPROVED: CASEY GWINN, City Attorney

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

SHS:mmm  
05/24/2000  
Or.Dept:Fin.Mgmt.  
R-2000-1462  
Form=fytaxres.frm

**CITY OF SAN DIEGO  
MEMORANDUM**

**DATE:** May 31, 2000  
**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 2001

---

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

*R* 293317

EXHIBIT A

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 was calculated based solely on increases in the approved adjustment factors (inflation and population) from the Proposition 111 base year of 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 2001 Budget, the proposed limit of \$548,766,362 exceeds the projected appropriations subject to the limit by approximately \$34 million.

### Fiscal Year 2001 Limit

On June 19, 2000 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 2001. 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 1999, 2000 and 2001 (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 2001.
4. History of tax appropriations limits for Fiscal Years 1979 through 2000.
5. Source data used to calculate alternative adjustment factors:
  - A. Price and population data.

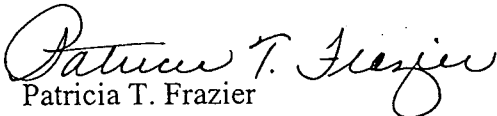
B. Assessed valuation attributable to new non-residential construction.

6. A copy of Article XIII B, the Gann Initiative.
7. 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  
Deputy City Manager

PTF/MC

- Attachments:
1. Tax appropriations limits for fiscal years 1999, 2000 and 2001 (Proposed).
  2. Alternative adjustment factors.
  3. Recommended calculations of permitted growth for the City's Fiscal Year 2001 limit.
  4. History of tax appropriations limits Fiscal Years 1979 through 2000.
  5. Source data used to calculate alternative adjustment factors:
    - A. Price and population data.
    - B. Assessed valuation attributable to new non-residential construction.
  6. A copy of Article XIII B, the Gann Initiative.
  7. A copy of Proposition 111.

**TAX APPROPRIATIONS LIMITS  
FOR FISCAL YEARS 1999, 2000, AND 2001 (PROPOSED)**

FY 1999 Tax Appropriations Limit	\$539,035,663
FY 2000 Tax Appropriations Limit	\$512,052,218
FY 2001 Tax Appropriations Limit (Proposed)	\$548,766,362

---

ADJUSTED TAX APPROPRIATIONS (1)

Actual Tax Appropriations for FY 1999	\$446,092,345
Budgeted Tax Appropriations for FY 2000	\$474,107,057
Projected Tax Appropriations for FY 2001	\$514,638,565

(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 2001 adjustment are as follows:

Price Factor:

- |  |         |
|--|---------|
| (A) Percent growth in State Per Capita Personal Income                           | + 4.91% |
| (B) Percent change in Assessed Valuation due to new non-residential construction | + 0.84% |

Population Factor:

- |   |         |
|---|---------|
| (C) Percent growth in County Population | + 2.15% |
| (D) Percent growth in City Population   | + 1.95% |

Annual Adjustment Factors:

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

$$\begin{aligned} (A \times C) &= (1.0491) \times (1.0215) = 1.0717 \\ (A \times D) &= (1.0491) \times (1.0195) = 1.0696 \\ (B \times C) &= (1.0084) \times (1.0215) = 1.0301 \\ (B \times D) &= (1.0084) \times (1.0195) = 1.0281 \end{aligned}$$

The recommended limit was calculated using the factor of (A x C), resulting in a 7.17% increase to the limit.

Source data supporting the above calculation is provided in Attachments 5-A and 5-B.

**RECOMMENDED CALCULATION OF PERMITTED GROWTH IN LIMIT**

**Recommended Adjustment Factors**

The recommended appropriations limit of \$548,766,362 is based on the following factors:

Price Factor (State Per Capita Personal Income)	+ 4.91%
Population Factor (Change in County Population)	+ 2.15%

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

Price change converted to adjustment factor	=	$(4.91 + 100) \div (100) = 1.0491$
Population change converted to adjustment factor	=	$(2.15 + 100) \div (100) = 1.0215$
Combined adjustment factor	=	$(1.0491) \times (1.0215) = 1.0717$

**Calculation of FY 2001 Limit**

$$\begin{aligned} \text{Fiscal Year 2001 Limit} &= (\text{FY 2000 limit}) \times (\text{Adjustment Factor}) = \\ &(\$512,052,218) \times (1.0717) = \$548,766,362 \end{aligned}$$



**HISTORY OF TAX APPROPRIATIONS LIMITS  
FOR FISCAL YEARS 1979 TO 2000**

<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
2000	\$512,052,218 (4)

- (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.
- (4) Limit fell due to the end of a 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 18, 2000

Dear Fiscal Officer:

**PRICE AND POPULATION INFORMATION****APPROPRIATIONS LIMIT**

The California Revenue and Taxation Code, Section 2227, mandates the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction uses their percentage change in population factor for January 1, 2000, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2000-2001. Enclosure I provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2000-2001 appropriations limit. Enclosure II provides city and unincorporated county population percentage changes, and Enclosure IIA provides county and incorporated areas population percentage changes. The population percentage change data excludes federal and state institutionalized populations and military populations, as noted.

**POPULATION PERCENTAGE CHANGE FOR SPECIAL DISTRICTS**

Some special districts must establish an annual appropriations limit. Consult the Revenue and Taxation Code, Section 2228, for the various population options available to special districts to assess population change in their district. Article XIII B, Section 9 of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. No State agency reviews the appropriations limit.

**POPULATION CERTIFICATION**

The population certification program applies only to cities and counties. Revenue and Taxation Code 11005.6 mandates the Department of Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **The Department of Finance will certify the higher estimate to the Controller by June 1, 2000.**

Address questions about the price and population data to the Demographic Research Unit at (916) 323-4086.

Sincerely,

B. TIMOTHY GAGE  
Director

Enclosure

R- 293317

- 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 2000-2001 appropriation limit are:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2000-2001	4.91

- 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.

**2000-2001:**

Per Capita Change = 4.91 percent  
Population Change = 1.73 percent

Per Capita converted to a ratio:  $\frac{4.91 + 100}{100} = 1.0491$

Population converted to a ratio:  $\frac{1.73 + 100}{100} = 1.0173$

Calculation of factor for FY 2000-2001:  $1.0491 \times 1.0173 = 1.0672$

## DEPARTMENT OF FINANCE

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



May 1, 2000

Dear Fiscal Officer:

## PRICE AND POPULATION INFORMATION

### APPROPRIATIONS LIMIT

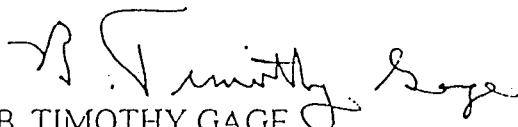
The California Revenue and Taxation Code, Section 2227, mandates the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction uses their percentage change in population factor for January 1, 2000, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2000-2001. This year, the price factor is not currently available because the Federal Government will not provide the state's income estimate until May 17. Please read Enclosure I for an explanation on how and when local areas will be able to obtain this year's price factor. Enclosure II provides city and unincorporated county population percentage changes (and Enclosure IIA provides county and incorporated areas population percentage changes). The population percentage change data excludes federal and state institutionalized populations and military populations, as noted.

### POPULATION CERTIFICATION

The population certification program applies only to cities and counties. Revenue and Taxation Code 11005.6 mandates the Department of Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. The Department of Finance will certify the higher estimate to the Controller, unless the Department receives a written request not to certify within 25 days of the completion of the estimate. The city or county then retains the current certified population. The Department of Finance will only certify a lower population estimate if requested by a city or county in writing to do so by June 1, 2000.

Address questions about the price and population data to the Demographic Research Unit at (916) 323-4086.

Sincerely,

  
B. TIMOTHY GAGE  
Director

Enclosures

R- 293317

May 1, 2000

Enclosure I

The price factor needed by local jurisdictions to compute their appropriations limit for fiscal year 2000-2001 could not be calculated in time for the May 1 mandated due date, as explained below. The Department of Finance (DOF) regrets this inconvenience and will provide the price factor to local areas immediately, both on the Internet and by mail, when it becomes available.

By law, the Economic Research Unit of the State Department of Finance uses a state income estimate provided by the U.S. Bureau of Economic Analysis (BEA) to calculate per capita personal income. This is the price factor provided annually by DOF to local areas to calculate the local appropriations limit. This year, the BEA cannot provide the state's income estimate until May 17.

The Department Of Finance will place the price factor on its home page after May 17, and mail both the price factor and the population change factor to local areas.

After May 17, the 2000-2001 fiscal year price factor can be obtained on the Department of Finance web page: [www.dof.ca.gov](http://www.dof.ca.gov)

To open the page containing the 2000-2001 price factor, click on: *2000-01 Price Factor used for Appropriations Limit Calculation*

R- 293317

Enclosure II  
 Annual Percent Change in Population Minus Exclusions (\*)  
 January 1, 1999 to January 1, 2000 and Total Population January 1, 2000

County City	Percent Change 1999-2000	--- Population Minus Exclusions ---		Total Population
		1-1-99	1-1-00	1-1-2000
SAN DIEGO				
CARLSBAD	5.68	77,623	82,030	82,030
CHULA VISTA	4.33	166,461	173,677	174,319
CORONADO	1.02	16,879	17,051	24,673
DEL MAR	1.09	5,333	5,391	5,391
EL CAJON	1.04	95,636	96,627	96,627
ENCINITAS	2.61	60,482	62,060	62,060
ESCONDIDO	1.67	125,716	127,813	127,813
IMPERIAL BEACH	0.94	28,908	29,180	29,180
LA MESA	0.87	57,793	58,294	59,210
LEMON GROVE	0.89	25,707	25,936	25,936
NATIONAL CITY	0.93	51,619	52,100	55,447
OCEANSIDE	1.73	158,019	160,753	160,753
POWAY	1.75	48,323	49,171	49,287
SAN DIEGO	1.95	1,208,442	1,232,045	1,277,168
SAN MARCOS	3.48	52,123	53,938	53,938
SANTEE	1.58	56,939	57,839	58,342
SOLANA BEACH	1.37	14,166	14,360	14,360
VISTA	1.44	84,440	85,659	85,659
UNINCORPORATED	2.33	415,446	425,130	469,275
COUNTY TOTAL	2.15	2,750,055	2,809,054	2,911,468

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

R- 293317

SAN DIEGO COUNTY ASSESSORS OFFICE  
NON-RESIDENTIAL NEW CONSTRUCTION (PROP (11))  
ASSESSMENT ROLL 1999  
6085-00 SAN DIEGO CITY

PA640380 PA6433-01  
RUN DATE 10/28/99

TAX RATE AREA	VALUE
08001	\$72,963.858
08008	\$100,001
08012	\$78,388.670
08015	\$25,000
08026	\$36,000
08035	\$458,600-
08050	\$9,566,900
08073	\$32,810,000
08092	\$420,000
08100	\$440,500
08103	\$73,000
08114	\$272,000
08118	\$99,560,127
08119	\$79,408,357
08129	\$2,472,000
08137	\$170,000
08139	\$976,600
08140	\$571,000
08141	\$14,703,300
08144	\$108,708,490
08149	\$1,273,000
08160	\$46,000
08168	\$133,498
08169	\$70,000
08170	\$1,178,500
08171	\$645,000
08172	\$365,053
08178	\$13,270,000
08179	\$40,000
08184	\$36,200
08193	\$1,766,000
08195	\$8,435,000
08200	\$99,000
08202	\$230,000
08213	\$1,345,400
08215	\$18,667,429
08216	\$4,194,600
08217	\$5,094,500
08220	\$62,000
08240	\$118,000
08241	\$308,250
08242	\$10,230,447
08243	\$1,259,390
08244	\$1,679,800
08247	\$5,000
08255	\$2,000

R-293317



PAGE 264

SAN DIEGO COUNTY ASSESSORS OFFICE  
NON-RESIDENTIAL NEW CONSTRUCTION (PROP 111)  
ASSESSMENT ROLL 1999

6085-00 SAN DIEGO CITY

TAX RATE AREA	VALUE
08256	\$225,000
	\$569,987,170

PAG40380 PAG433-01  
RUN DATE 10/28/99

FUND TOTAL

R- 293317

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

## 1998 INVENTORY OF PARCELS AND VALUES - CITY OF SAN DIEGO

		PARCELS	UNITS	ASSESSED VALUES
RESIDENTIAL	TOTAL	302,612	438,071	48,341,937,135
Time-share Condominiums		4,574	4,574	23,335,411
Mobilehomes		869	863	25,557,295
Vacant		6,254	39	593,686,647
Single Family		192,511	192,740	30,767,884,858
Duplex or 2 Houses		6,067	12,134	732,014,555
Multi 2 to 4 Houses		11,793	33,048	1,683,012,173
Multi 5 to 15 Units		5,407	42,541	1,544,789,357
Multi 16 to 60 Units		1,107	29,224	1,022,162,091
Multi 61 Units and Up		403	49,277	2,561,792,744
Condominium		73,089	73,281	9,356,996,403
Transitional		538	350	30,705,601
COMMERCIAL	TOTAL	11,026	36,676	12,613,843,254
Vacant		1,127	47	351,615,153
Store Building		5,797	3,361	6,003,963,594
Shopping Center		389	50	1,670,967,102
Hotel Motel		386	28,707	2,011,300,407
Service Station		326	12	133,811,632
Office Condominiums		295	32	34,334,434
Parking or Used Car Lot		858	412	396,519,212
Trailer Park		52	1,720	89,537,186
Auto Sales & Service Agency		121	125	113,457,123
General		1,675	2,210	1,808,337,411
INDUSTRIAL	TOTAL	4,438	7,254	4,704,619,356
Vacant		1,198	8	506,539,806
Factory		1,005	91	2,253,629,272
Warehousing		1,417	4,068	1,542,457,559
Bulk Storage		21	0	9,869,308
Extractive & Mining		45	1	30,473,494
Industrial Condominiums		264	26	74,528,289
General		488	3,060	287,121,628
IRRIGATED FARM	TOTAL	133	83	27,367,353
RURAL LAND (Non-irrigated)	TOTAL	908	22	271,589,927
INSTITUTIONAL	TOTAL	934	2,852	1,814,777,023
RECREATIONAL	TOTAL	1,974	633	442,738,525
MISCELLANEOUS	TOTAL	12	0	37,666,966
GRAND TOTAL		322,037	485,591	68,254,539,539

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

R- 293317