

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Ron Ahlers, Finance Director *RA*

BY: Irmina Lumbad, Finance/Accounting Manager

DATE: May 21, 2009 (Council Meeting of June 17, 2009)

SUBJECT: Consider Resolution Establishing the Appropriation Limitation for Fiscal Year 2009/2010 for the City of Moorpark at \$26,198,908

BACKGROUND

Proposition 4, sometimes referred to as the "Gann Limit", was approved by the voters of California on the November 1979 special ballot election. This Proposition created Article XIII B of the State Constitution which sets forth the calculation of the State and local jurisdictions' annual appropriations limit or the "ceiling" on monies that can be spent from tax revenues. Each year, it requires the governing body of the local agency to establish the limit, by resolution, before the beginning of the following fiscal year.

Initially, the appropriations limit was annually adjusted by the population growth of each local agency and the lesser of the change in cost-of-living or the change in California per capita personal income from the preceding year. Proposition 111 adopted on June 1990, allowed major adjustments to the methodology. Local agencies may select the higher of percentage change in population within the City, or County; and the higher of rate of change in California per capita personal income from preceding year, or the rate of change in the local assessment valuation due to additional non-residential new construction from the preceding year.

DISCUSSION

On April 29, 2009, the California State Department of Finance notified the local jurisdictions of the population and price data for use in the appropriations limit calculation for FY 2009/2010. Based on this letter, the percentage change in population for the City of Moorpark is 1.27%, while the Ventura County percentage change is 1.03%. The preceding year's percentage change in cost-of-living factor per capita personal income is 0.62%. Information regarding the change in local assessment valuation in non-residential new construction of 16.59% was provided by the City's property tax consultants, HDL Coren & Cone.

Honorable City Council
June 17, 2009
Page 2

The City selected to use the percentage change in population for the City (1.27%) and the percentage change in local assessment valuation in non-residential new construction (16.59%) in adjusting the prior year's appropriations limit of \$22,189,171. Accordingly, the City of Moorpark's limitation for FY 2009/2010 is \$26,198,908. Per the Recommended Budget for FY 2009/2010, the appropriations subject to limit is \$13,748,165. This brings us \$12,450,743 or 47.5% under the limit.

STAFF RECOMMENDATION

Adopt Resolution No. 2009-_____.

Attached: Resolution No. 2009-_____
 Appropriation Limit Calculation

RESOLUTION NO. 2009-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, ESTABLISHING THE CITY'S APPROPRIATION LIMITATION FOR FISCAL YEAR 2009/2010

WHEREAS, Article XIII B of the State Constitution limits annual appropriations from proceeds of tax revenues for state and local governments; and

WHEREAS, Government Code Section 7910 requires that a city establish its annual appropriations limitation by resolution at a public meeting of the legislative body; and

WHEREAS, the Fiscal Year 2009/2010 appropriations limitation has been calculated in accordance with the State Constitution and applicable sections of the Government Code by adjusting its Fiscal Year 2008/2009 appropriations limit of \$22,189,171 by the percentage change in the City of Moorpark's population of 1.27%, as determined by the State of California, Department of Finance and the percentage change of local assessment valuation in non-residential new construction of 16.59% as provided by the City's property tax consultants, HDL Coren & Cone.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The appropriations limitation for the City of Moorpark for Fiscal Year 2009/2010 is hereby determined to be \$26,198,908.

SECTION 2. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original Resolutions.

PASSED AND ADOPTED this 17th day of June, 2009.

Janice S. Parvin, Mayor

ATTEST:

Deborah S. Traffenstedt, City Clerk

CITY OF MOORPARK
Appropriation Limit Calculation

Article XIII B of the California State Constitution, commonly referred to as the Gann Initiative or Gann Appropriations Limit, was adopted by California voters in 1979 and placed limits on the amount of proceeds of taxes that State and local agencies can appropriate and spend each fiscal year.

The limit is different for every agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in FY 1978/1979, modified for changes in inflation and population. Inflationary adjustments are based on increases in the California per capita income or the increase in non-residential assessed valuation due to new construction. An adjustment is also made based on changes in Moorpark's population or County population.

For FY 2009/2010, the estimated tax proceeds appropriated by the Moorpark City Council are under the limit. The adjusted Appropriation Limit for FY 2009/2010 is \$26,198,908. This is the maximum amount of tax proceeds the City is able to appropriate and spend in FY 2009/2010. The appropriations subject to the limit is \$13,748,165, leaving the City with an appropriations capacity under the limit of \$12,450,743.

Section 7910 of the State Government Code requires the governing body to annually adopt, by resolution, an Appropriations Limit for the upcoming fiscal year.

HISTORY OF LIMIT CALCULATION						
Fiscal Year	Population City/County		Price or Non-Residential New Construction		Growth Factor	Appropriation Limit
	Basis	Factor	Basis	Factor		
1996-97	County	0.95	Per Capita Income	5.21	1.0621	\$10,255,730
1997-98	City	2.58	Per Capita Income	4.67	1.0737	\$11,011,629
1998-99	City	2.72	Per Capita Income	4.15	1.0698	\$11,780,241
1999-00	City	0.64	Per Capita Income	4.56	1.0523	\$12,392,814
2000-01	City	0.07	Per Capita Income	4.91	1.0498	\$13,010,402
2001-02	City	1.37	Per Capita Income	7.82	1.0930	\$14,219,997
2002-03	City	4.19	Per Capita Income	-1.27	1.0287	\$14,627,654
2003-04	City	4.21	Non-residential new construction	9.23	1.1383	\$16,650,451
2004-05	County	1.73	Per Capita Income	3.28	1.0507	\$17,494,629
2005-06	City	2.66	Per Capita Income	5.26	1.0806	\$18,904,696
2006-07	City	0.24	Per Capita Income	3.96	1.0421	\$19,700,584
2007-08	City	1.05	Per Capita Income	4.42	1.0552	\$20,788,056
2008-09	City	2.13	Non-residential new construction	4.51	1.0674	\$22,189,171
2009-10	City	1.27	Non-residential new construction	16.59	1.1807	\$26,198,908