

COUNCIL COMMUNICATION

TO THE CITY COUNCIL
FROM THE CITY MANAGER'S OFFICE

DATE
March 18, 1987

NO.

SUBJECT: 1986-87 APPROPRIATION SPENDING LIMIT

RECOMMENDED ACTION: That the Lodi City Council set the 1986-87 Appropriation Spending Limit at \$22,654,787.

BACKGROUND HISTORY: Article XIII B of the California State Constitution specifies that an annual Appropriation Spending Limit shall be established.

The Spending limit shall be adjusted each year by the changes in population (+5.38%) and Consumer Price Index (2.30%).

The revised 1985-86 Limit of \$21,015,572, increased by population and Consumer Price Index, yields a 1986-87 Spending Limit of \$22,654,787.

$$(\$21,015,572) (1.0538) (1.0230) = \$22,654,787$$


Robert H. Holm
Finance Director

RHH/ss

attachment

APPSNDG/TXTF.06S

MEMORANDUM

TO: Thomas A. Peterson, City Manager
FROM: Robert H. Holm, Finance Director
DATE: March 5, 1987
SUBJECT: 1986-87 Appropriation Spending Limit

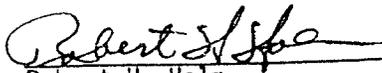
We have revised our original 1978-79 Proposition 4 Spending Limit from \$6,623,521 to \$10,631,611. In the original calculation of the base year Spending Limit, we discovered the profits of the Utility Enterprise Funds were double posted to both the appropriations subject to the Spending Limit and the Excess User Fee calculations. Using this new base, and, increasing it by the permitted growth in population and Consumer Price Index, results in a 1986-87 Spending Limit of \$22,654,787.

The City's current appropriation, subject to the Spending Limit as of 1/31/87, is \$15,386,513. This is 68% of the City's revised Spending Limit attained with the following calculations:

Population growth 5.38%
CPI increase 2.30

$1.0538 \times 1.0230 = 1.0780$ Spending Limit increase in 1986-87

We can still raise the limit by a factor for all annexations since 1979 which is not included above. Article XIII B of the Constitution, Section 3(a), states that when financial responsibility for providing services is transferred (annexation), the limit of each agency shall be increased/decreased a mutually agreed "reasonable amount." No further guidelines are given. Lodi has grown from 7.9 square miles to 9.3 square miles (18%) since Proposition 4. At such time as it is necessary to further increase the City's Spending Limit, these rather complicated calculations can be undertaken.


Robert H. Holm
Finance Director

RHH/ss

Attachment

RESOLUTION NO. 87-35

RESOLUTION ADOPTING AN APPROPRIATIONS SPENDING
LIMIT FOR 1986-87 IN COMPLIANCE WITH PROPOSITION 4
ARTICLE XIII B OF THE STATE CONSTITUTION

RESOLVED, that the City Council of the City of Lodi adopt the following
Appropriations Spending Limit for 1986-87 in compliance with
Proposition 4, Article XIII B of the State Constitution:

1986-87 Appropriations Spending Limit - \$22,654,787

Dated: March 18, 1987

I hereby certify that Resolution No. 87-35 was passed
and adopted by the City Council of the City of Lodi in
a regular meeting held March 18, 1987 by the following
vote:

Ayes: Council Members - Olson, Hinchman, Pinkerton,
Snider, and Reid (Mayor)

Noes: Council Members - None

Absent: Council Members - None

Alice M. Reinche
Alice M. Reinche
City Clerk