

File No. 131130

Committee Item No. 4  
Board Item No. \_\_\_\_\_

**COMMITTEE/BOARD OF SUPERVISORS**  
AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 1/8/2014

Board of Supervisors Meeting

Date: \_\_\_\_\_

**Cmte Board**

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| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

**OTHER** (Use back side if additional space is needed)

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Completed by: Victor Young Date January 3, 2014  
Completed by: \_\_\_\_\_ Date \_\_\_\_\_

1 [California Constitution Appropriations Limit - FY2013-2014]

2  
3 **Resolution establishing the appropriations limit for FY2013-2014 pursuant to California**  
4 **Constitution, Article XIII B.**

5  
6 WHEREAS, Article XIII B of the California Constitution provides that the annual  
7 appropriations of the City and County of San Francisco which are subject to said Article may  
8 not exceed the appropriations limit for the prior year, with adjustments as provided in said  
9 Article XIII B; and,

10 WHEREAS, The California Government Code, Section 7901, defines the terms, and  
11 Section 7902(b) sets forth the equations to be used to determine the City and County of  
12 San Francisco's annual appropriations limit, according to the following formula:

13 (b)"...the appropriations limit of the state and each local jurisdiction shall equal the  
14 appropriations limit for the prior fiscal year multiplied by the product of the change in  
15 cost of living, as defined in paragraph (2) of subdivision (e) of Section 8 of Article XIII B  
16 of the California Constitution, and the change in population of the local jurisdiction for  
17 the calendar year preceding the beginning of the fiscal year for which the  
18 appropriations limit is to be determined, and adjusted for other changes required or  
19 permitted by Article XIII B of the California Constitution;" and,

20 WHEREAS, Article XIII B, Section 8(e)(2) of the California Constitution authorizes  
21 for the calculation of the cost of living, the use of either the percentage change in California  
22 per-capita personal income from the preceding year, or the percentage change in the local  
23 assessment roll from the preceding year for the jurisdiction due to the addition of local non-  
24 residential new construction; and,

1           WHEREAS, The change in California per-capita personal income from FY2012-13 is  
2 5.12%, while the percentage change in the local assessment roll from 2012 due to the  
3 addition of local non-residential new construction was 0.08%; and,

4           WHEREAS, The percentage change in population during calendar year 2012 for the  
5 City and County of San Francisco according to the State Department of Finance was 1.08%;  
6 and,

7           WHEREAS, The resulting calculation establishing the City and County of San  
8 Francisco's FY2013-14 appropriations limit is:

9           \$2,634,687,668 X 1.0512 X 1.0108 = \$2,799,495,180; and,

10          WHEREAS, This matter has been considered at a regularly scheduled meeting of the  
11 Board of Supervisors for the City and County of San Francisco; and,

12          WHEREAS, The documentation used to determine the appropriations limit for the City  
13 and County of San Francisco for FY2013-2014 was available for public inspection in the  
14 Office of the Clerk of the Board of Supervisors for at least 15 days prior to said regularly  
15 scheduled meeting; now, therefor, be it

16          RESOLVED, That the City and County of San Francisco elects to use the change in  
17 California per-capita personal income from FY2012-13 and elects to use the annual percent  
18 change in population as measured by the San Francisco City and County population growth  
19 from the previous year for the purpose of computation of its appropriations limit pursuant to  
20 Article XIII B of the California Constitution for FY2012-2013; and, be it

21 //

22 //


23 //

24 //

25 //

1 FURTHER RESOLVED, That the net appropriations limit for FY 2013-2014 is  
2 established at \$2,799,495,180.

3  
4 Recommended:

A handwritten signature in black ink, appearing to read 'B. Rosenfield', is written over a horizontal line. The signature is stylized and cursive.

5 Ben Rosenfield,  
6 Controller

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<b>Item 4</b> <b>File 13-1130</b>	<b>Department:</b> San Francisco Controller's Office (Controller)
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• Resolution establishing the City and County's appropriations limit for FY 2013-14 pursuant to Article XIII B of the California Constitution.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would establish the City's appropriations limit in FY 2013-14 at \$2,799,495,180 pursuant to Article XIII B of the California Constitution.</li> <li>• According to the California Constitution Article XIII B, the appropriations limit does not apply to any tax proceeds appropriated due to (a) voter-approved indebtedness, (b) federally-mandated services, (c) qualified capital outlays, and (d) various hazardous waste programs administered by the Department of Public Health. The terms and the calculation to be used in setting the appropriations limit are defined by California Government Code Sections 7901 and 7902(b), respectively.</li> <li>• For FY 2013-14, based on the Controller's calculation, the City's net tax proceeds subject to the FY 2013-14 appropriations limit are \$2,696,388,530 or \$103,106,650 less than the appropriations limit of \$2,799,495,180, as calculated by the Controller.</li> </ul> <p><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• Per California Constitution Article XIII B Section 8(e)2, when calculating the cost of living adjustment to the appropriations limit, the Controller may use either (1) the percentage change in California per-capita income from the preceding year or (2) the percentage change in the local assessment roll from the preceding year due to the change in local non-residential new construction.</li> <li>• For the FY 2013-14 appropriations limit, the Controller elected to use the percentage change in California per-capita income from the preceding year, consequently calculating the appropriations limit at \$2,799,495,180. Had the Controller elected to use the percentage change in the local assessment roll due to non-residential new construction from the preceding year, the appropriations limit would have been calculated at \$2,665,272,809, which is (1) \$134,222,371 less than the proposed appropriations limit of \$2,799,495,180 and (2) \$31,115,721 less than the Controller's estimate of net tax proceeds subject to the appropriations limit of \$2,696,388,530.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

**MANDATE STATEMENT / BACKGROUND****Mandate Statement**

California Constitution Article XIII B states that each local government must set an annual appropriations limit as calculated using the preceding year's appropriations limit adjusted for (1) the change in population and (2) the change in the cost of living.

**Background**

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Article XIII B (later amended by State Proposition 111, as approved by the voters in June of 1990) places annual limits on the appropriations of tax proceeds made by the State, school districts, and local governments in California. The annual appropriations limit is set to the appropriations limit for the preceding year as adjusted for (1) the change in population and (2) the change in the cost of living. Additionally, California Government Code Sections 7901 and 7902(b) define the terms and the calculation to be used in setting the appropriations limit, respectively.

Per Article XIII B Section 9 and California Government Code Section 7901, the appropriations limit does not apply to any tax proceeds appropriated for (a) debt service, (b) federally-mandated services, (c) qualified capital outlays, and (d) various hazardous waste programs administered by the Department of Public Health.

California Government Code Section 7901(b) defines the change in population as the population growth for the calendar year preceding the beginning of the fiscal year for which the appropriations limit is to be determined. According to the California Department of Finance, in calendar year 2012, San Francisco's population growth was 1.08 percent.

California Constitution Article XIII B Section 8(e)2 allows the local government to use one of the two following definitions to calculate the cost of living adjustment:

**Definition 1:** The percentage change in California per-capita personal income from the preceding year, estimated to be 5.12 percent in 2012, or

**Definition 2:** The percentage change for the local jurisdiction in the assessment roll from the preceding year due to non-residential new construction, estimated to be 0.08 percent in 2012.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would establish the City's FY 2013-14 appropriations limit at \$2,799,495,180 as calculated by the Controller. The appropriations limit for FY 2013-14 is based

on the amount of the FY 2012-13 appropriations limit and adjusted to reflect changes in (1) the population and (2) cost of living adjustment (calculated using the per capita increase in personal income).

**FISCAL IMPACT**

Per California Constitution Article XIII B, the appropriations limit does not apply to tax proceeds appropriated for: (a) debt service, (b) federally-mandated services, (c) qualified capital outlays, and (d) various hazardous waste programs administered by the Department of Public Health. Consequently, the Controller excluded \$285,875,094 from the City’s total FY 2013-14 tax proceeds of \$2,982,263,624 as shown in Table 1 below.

**Table 1: Tax Proceeds Subject to the Proposed Appropriations Limit**

<b>FY 2013-14 Total Tax Proceeds</b>	<b>\$2,982,263,624</b>
<b>Exclusions</b>	
(a) Debt Service	(218,201,356)
(b) Federally-Mandated Services	(64,380,048)
(c) Qualified Capital Outlays	(183,227)
(d) Hazardous Waste Program	(3,110,463)
<b>Subtotal Exclusions</b>	<b>(\$285,875,094)</b>
<b>FY 2013-14 Net Tax Proceeds Subject to Appropriations Limit</b>	<b>\$2,696,388,530</b>

The City’s FY 2013-14 net proceeds of taxes, as determined by the Controller, are \$2,696,388,530 as shown in Table 1 above. As shown in Table 2 below, the proposed resolution would establish the City’s appropriations limit in FY 2013-14 at \$2,799,495,180, as calculated by the Controller.

**Table 2: Proposed FY 2013-14 Appropriations Limit  
Calculated by the Controller’s Office**

<b>FY 2012-13 Appropriations Limit</b>	<b>\$2,634,687,668</b>
<b>Adjustment Factors</b>	
Increase in Population	1.08%
Increase in Per-Capita Personal Income (Cost of Living)	5.12%
<b>FY 2013-14 Appropriations Limit <sup>a</sup></b>	<b>\$2,799,495,180</b>

<sup>a</sup> \$2,634,687,668 x 1.0108 x 1.0512 equals \$2,799,495,180.

As shown in Table 1 and Table 2 above, the City’s FY 2013-14 net tax proceeds of \$2,696,388,530 are \$103,106,650 less than the proposed FY 2013-14 appropriations limit of \$2,799,495,180.

## POLICY CONSIDERATION

As noted in the background section, the Controller has discretion to calculate the cost of living adjustment factor using one of two following definitions:

**Definition 1:** The percentage change in California per-capita personal income from the preceding year, estimated to be 5.12 percent in 2012, or

**Definition 2:** The percentage change for the local jurisdiction in the assessment roll from the preceding year due to local non-residential new construction, estimated to be 0.08 percent in 2012.

Table 3 below shows the FY 2013-14 appropriations limit using both definitions.

**Table 3: The FY 2013-14 Appropriations Limit Can Vary Depending on Definition**

	<u>Definition 1</u>	<u>Definition 2</u>
	Per-Capita Personal Income <sup>a</sup>	Local Assessment Roll from Non- Residential New Construction <sup>b</sup>
<b>FY 2012-13 Appropriations Limit</b>	<b>\$2,634,687,668</b>	<b>\$2,634,687,668</b>
Adjustment Factors		
Increase in Population	1.08%	1.08%
Increase in Per-Capita Personal Income	5.12%	-
Increase in Local Assessment Roll	-	0.08%
<b>FY 2013-14 Appropriations Limit</b>	<b>\$2,799,495,180</b>	<b>\$2,665,272,809</b>

<sup>a</sup> \$2,634,687,668 x 1.0108 x 1.0512 equals \$2,799,495,180.

<sup>b</sup> \$2,634,687,668 x 1.0108 x 1.0008 equals \$2,665,272,809.

For the FY 2013-14 appropriations limit, the Controller elected to use the percentage change in California per-capita personal income from the preceding year to calculate the cost of living adjustment, consequently calculating the appropriations limit at \$2,799,495,180, as shown in Table 2 above. Had the Controller elected to use the percentage change in the local assessment roll from the preceding year, the appropriations limit, as shown in Table 3 above, would have been calculated at \$2,665,272,809, which is (a) \$134,222,371 less than the proposed appropriations limit of \$2,799,495,180 and (b) \$31,115,721 less than the Controller's estimate of net tax proceeds subject to the appropriations limit of \$2,696,388,530, as shown in Table 1 above.

## RECOMMENDATION

Approve the proposed resolution.





RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2013 NOV 15 PM 2:49

Ben Rosenfield  
Controller

Monique Zmuda  
Deputy Controller

November 8, 2013

Angela Calvillo  
Clerk of the Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

RE: Legislation to Establish the Appropriation Limit for Fiscal Year 2013-14,  
Pursuant to California Constitution Article XIII B.

Dear Ms. Calvillo:

Enclosed is the above referenced resolution to set the City and County's appropriation limit for fiscal year 2013-14, as required by Government Code Section 7910. The necessary supporting documentation prepared by the Controller's Office is also enclosed.

This information must be posted and available for public inspection for fifteen days prior to a public hearing. Our working papers are available upon request at Controller's Office, Room 316.

Please contact Michele Allersma at (415) 554-4792 if you have any further questions regarding this matter.

Sincerely,

  
Ben Rosenfield  
Controller

Enclosures    1) California Spending Limit Resolution  
                  2) Transmittal to Mayor and Board of Supervisors  
                  3) Supporting Documents - Exhibits



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

Ben Rosenfield  
Controller

Monique Zmuda  
Deputy Controller

November 8, 2013

Mayor Edwin M. Lee  
City and County of San Francisco  
City Hall, Room 200  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

RE: Appropriations Limit for Fiscal Year 2013-14

Dear Mayor Lee and Board Members:

In accordance with Article XIII B of the State Constitution, attached is the resolution establishing the City and County's annual appropriation limit for fiscal year 2013-14. We estimate City and County appropriations are approximately \$103.1 million below the state-mandated appropriation limit.

Background

Article XIII B of the State Constitution provides that annual appropriations of the City and County of San Francisco, which are funded from "Proceeds of Taxes," may not exceed the City and County's appropriation limit. This limit is equal to the prior year's limit adjusted for changes in population and inflation.

Our computation of proceeds of taxes is in accordance with California Government Code Section 7900, and conforms to the "Proposition 4, Article XIII B, California Constitution, Procedural Guidelines" prepared by the County Accounting Standards and Procedures Committee of the State Controller's Office (See Exhibit A).

Annual Appropriations Limit Adjustments

Each year the City and County of San Francisco adjusts its appropriation limit based upon two factors: population growth and inflation as determined by the California Government Code. Population growth is determined by using the change in San Francisco City and County population. According to the California Department of Finance, in calendar year 2012, the San Francisco City and County population growth was 1.08%. This growth factor is being used in the calculation. Inflation is determined by using either the change in California per capita personal income or the increase in the local assessment roll due to the addition of non-residential new construction. The fiscal year 2013-14 change in per capita income was 5.12%,

while the local assessment growth due to non-residential new construction was 0.08%. The fiscal year 2013-14 change in per capita income is used in the calculation (See Exhibit B).

Adjustments to Proceeds of Taxes

There are a series of downward adjustments to proceeds of taxes allowed by Article XIII B. The following exclusions are factored into our calculation of Net Proceeds of Taxes:

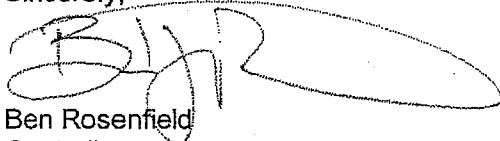
- (1) \$218.2 million is excluded as voter-approved bonded indebtedness (Article XIII B, Section 9(a));
- (2) \$64.4 million is excluded as the federal mandate for Social Security and Medicare payroll taxes (Article XIII B, Section 9(b));
- (3) \$0.2 million is excluded under the determination of "qualified capital outlay" (Article XIII B Section 9(e)); and,
- (4) \$3.1 million is excluded for the hazardous waste program (Governmental Code Section 7901(i) (2)).

City and County Appropriations are well under the Limit

Our appropriation limit for FY 2013-14 is \$2,799,495,180. We estimate that our appropriations subject to limitation will be \$2,696,388,530. Thus, the Controller projects that the City and County will be \$103,106,650 below its limit in the current fiscal year.

It is the Controller's responsibility to monitor this appropriation limit each year for compliance. When the fiscal year in question has been audited, we will compare the actual appropriations to the budgeted appropriations and the actual mandate costs to the estimates. If the total adjusted appropriations funded from proceeds of taxes exceed the statutory limit, such excess must be returned to the taxpayers within two years.

Sincerely,



Ben Rosenfield  
Controller

Attachments

cc: Kate Howard, Mayor's Budget Office  
Dennis Herrerra, City Attorney  
Buck Delventhal, Deputy City Attorney  
Angela Calvillo, Clerk of the Board  
Harvey Rose, Budget Analyst

**California Constitution Article XIII B Appropriation Limit  
Fiscal Year 2013-14 Final Budget  
Exhibit A - Appropriations Funded by Proceeds of Taxes Subject to Limit**

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	MUNICIPAL TRANSPORTATION FUND	TOTAL
Property Taxes	1,153,417,389	345,313,356	-	1,498,730,745
Business Taxes	532,988,000	1,000,000	-	533,988,000
Other Local Taxes	846,924,000	-	-	846,924,000
Interest (1)	8,110,270	775,831	-	8,886,101
Rents & Concessions (1)	1,797,778	-	-	1,797,778
Grants - State (2) (3) (4)	90,675,000	1,262,000	-	91,937,000
<b>TOTAL PROCEEDS OF TAXES</b>	<b>\$2,633,912,437</b>	<b>\$348,351,187</b>	<b>\$0</b>	<b>\$2,982,263,624</b>

**LESS:**

Voted approved indebtedness funded from proceeds of tax (Article XIII B Section 9(a) exclusion)	(218,201,356)
Federal Mandate for Social Security/Medicare (Article XIII B Section 9(b) exclusion)	(64,380,048)
Qualified Capital Outlay (Article XIII B Section 9(d) exclusion)	(183,227)
Hazardous Waste (Government Code Section 7901(i)(2) exclusion)	(3,110,463)
<b>NET PROCEEDS OF TAXES</b>	<b><u>\$2,696,388,530</u></b>
Adjusted Appropriations Limit 2013-14 - Exhibit B	2,799,495,180
Less: Estimated Appropriations from Proceeds of Taxes	<u>(2,696,388,530)</u>
<b>FY 2013-14 Appropriations Under (Over) Statutory Limit</b>	<b>\$103,106,650</b>

**California Constitution Article XIII B Appropriation Limit  
 Fiscal Year 2013-14 Final Budget  
 Exhibit B - Calculation**

Fiscal Year 2013-14:

CA Per-Capita Personal Income change			5.12%
Population percentage change - County of San Francisco (1)			1.08%

CA Per-Capita Personal Income Change converted to ratio	$\frac{5.12 + 100}{100}$	=	1.05120
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Population Change converted to ratio	$\frac{1.08 + 100}{100}$	=	1.01080
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Calculation of Appropriations Limit:

Ratio Change	$1.0512 \times 1.01080$	=	1.062553
Appropriations Limit FY 2012-13			\$2,634,687,668
X Ratio Change			1.062553
Appropriations Limit FY 2013-14			<u><u>\$2,799,495,180</u></u>

(1) Per Capita Personal Income and Population Percentage Changes provided by the California Department of Finance.

**California Constitution Article XIII B Appropriation Limit  
Fiscal Year 2013-14 Final Budget  
Exhibit C - Annual Changes FY 1980-81 to FY 2013-14**

Base Year Limit	421,812,990
Less: Base Year Voter-Approved Indebtedness funded from Proceeds of Taxes	(11,347,967)
Franchise Fees in Base Year	<u>(1,405,000)</u>
Revised Base Year Limit	409,060,023

Schedule of Annual Changes:

1980-81:	Base Year	x	1.261700	=	\$516,111,031
1981-82	516,111,031	x	1.103200	=	569,373,689
1982-83	569,373,689	x	1.080800	=	615,379,083
1983-84	615,379,083	x	1.040300	=	640,178,860
1984-85	640,178,860	x	1.061900	=	679,805,931
1985-86	679,805,931	x	1.055300	=	717,399,199
1986-87	717,399,199	x	1.058500	=	759,367,052
1987-88	759,367,052	x	1.047430	=	795,383,831
1988-89	795,383,831	x	1.062090	=	844,769,213
1989-90	844,769,213	x	1.068520	=	902,652,799
1990-91	902,652,799	x	1.060650	=	957,398,691
1991-92	957,398,691	x	1.060350	=	1,015,177,702
1992-93	1,015,177,702	x	1.010590	=	1,025,928,434
1993-94	1,025,928,434	x	1.044560	=	1,071,643,477
1994-95	1,071,643,477	x	1.018782	=	1,091,771,470
1995-96	1,091,771,470	x	1.061651	=	1,159,080,666
1996-97	1,159,080,666	x	1.051410	=	1,218,669,177
1997-98	1,218,669,177	x	1.076426	=	1,311,807,188
1998-99	1,311,807,188	x	1.062538	=	1,393,845,379
1999-2000	1,393,845,379	x	1.060248	=	1,477,821,483
2000-01	1,477,821,483	x	1.062319	=	1,569,917,337
2001-02	1,569,917,337	x	1.093726	=	1,717,059,535
2002-03	1,717,059,535	x	1.020090	=	1,751,554,849
2003-04	1,751,554,849	x	1.031899	=	1,807,427,102
2004-05	1,807,427,102	x	1.041062	=	1,881,644,397
2005-06	1,881,644,397	x	1.061968	=	1,998,246,400
2006-07	1,998,246,400	x	1.048541	=	2,095,242,399
2007-08	2,095,242,399	x	1.056313	=	2,213,231,198
2008-09	2,213,231,198	x	1.058648	=	2,343,032,316
2009-10	2,343,032,316	x	1.022929	=	2,396,755,118
2010-11	2,396,755,118	x	1.018682	=	2,441,531,489
2011-12	2,441,531,489	x	1.035043	=	2,527,091,225
2012-13	2,527,091,225	x	1.042577	=	2,634,687,668
2013-14	2,634,687,668	x	1.062553	=	2,799,495,180

Assessor Recorder  
 FY 2013-2014 Gann Limit  
 August 15, 2013  
 (Unaudited)

Basis of Levy (with SBE Roll)  
 Less: Roll Increase Due to  
 Non-residential New construction  
 In-Progress Assessment

Adjusted Basis of Levy

	2012-13	2011-12	FY12-13 vs FY 11-12 Change
	173,136,510,972	159,303,239,998	13,833,270,974
\$	(122,433,694)		
\$	(1,317,007,571)		
	171,697,069,707	159,303,239,998	13,833,270,974

Source: MIS Report

**Non-Residential New Construction Growth Factor**  
 Non Residential New Construction  
 divided by prior year Basis of Levy

**Reference Section**

**CA Constitution Article XIII B Section 8, e-2**

(e) (1) "Change in the cost of living" for the State, a school district, or a community college district means the percentage change in California per capita personal income from the preceding year.

(2) "Change in the cost of living" for an entity of local government, other than a school district or a community college district, shall be either (A) the percentage change in California per capita personal income from the preceding year, or (B) the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction. Each entity of local government shall select its change in the cost of living pursuant to this paragraph annually by a recorded vote of the entity's governing body.



Ben Rosenfield  
Controller  
Monique Zmuda  
Deputy Controller

November 8, 2013

Angela Calvillo  
Clerk of the Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

RE: Legislation to Establish the Appropriation Limit for Fiscal Year 2013-14,  
Pursuant to California Constitution Article XIII B.

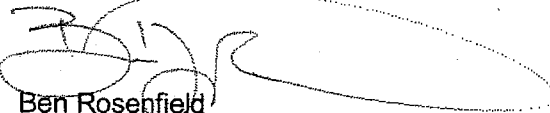
Dear Ms. Calvillo:

Enclosed is the above referenced resolution to set the City and County's appropriation limit for fiscal year 2013-14, as required by Government Code Section 7910. The necessary supporting documentation prepared by the Controller's Office is also enclosed.

This information must be posted and available for public inspection for fifteen days prior to a public hearing. Our working papers are available upon request at Controller's Office, Room 316.

Please contact Michele Allersma at (415) 554-4792 if you have any further questions regarding this matter.

Sincerely,

  
Ben Rosenfield  
Controller

Enclosures    1) California Spending Limit Resolution  
                  2) Transmittal to Mayor and Board of Supervisors  
                  3) Supporting Documents - Exhibits