



Agenda Report

June 18, 2018

TO: Honorable Mayor and City Council

FROM: Director of Finance

SUBJECT: ADOPTION OF GANN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2019

RECOMMENDATION:

It is recommended that the City Council adopt a resolution that:

1. Finds that the recommended action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3); and
2. Selects the California per capita income and the population increase for the City of Pasadena as the indices to be used in calculating the appropriations limit for Fiscal Year 2019; and
3. Establishes the appropriations limit for Fiscal Year 2019 at \$299,147,643; and
4. Establishes appropriations subject to the limit for Fiscal Year 2019 at \$132,996,539.

BACKGROUND:

An annual appropriations limit of tax proceeds of the General Fund, established by the City Council through a resolution, is required as a result of the 1979 Proposition 4, Gann Initiative, Article XIIIB of the State Constitution, Section 7910 of the Government Code as implemented by Senate Bill 1352. This limit, referred to as the Gann Limit, limits the level of appropriations from tax sources that state and local governments are permitted to make in any given year. It also requires these agencies to return to taxpayers any tax revenues in excess of the limit.

On May 31, 2018, a notice was published in the *Pasadena Journal* announcing the City Council's consideration of this item and stating that the calculations made to arrive at the appropriations limit are available for review in the Department of Finance, City of Pasadena.

Per the League of California Cities Uniform Guidelines, the Fiscal Year (FY) 2019 appropriations limit was calculated by applying the population and inflation factors to the prior year limit. The City of Pasadena population change is .70 percent. Per the California State Department of Finance, the year-over-year change in personal income is 3.67 percent; the multiplication of these changes resulted in a 4.40 percent increase to the City's appropriation limit from \$286,551,718 for FY 2018 to \$299,147,643 for FY 2019.

The appropriations limit is applied only to expenditures funded through tax proceeds. The limit is further reduced by expenditures for debt service or capital; therefore, the appropriations subject to the limit in the City's FY 2019 budget is \$132,996,539.

The recommended budget subject to the Gann Limit is \$166,151,104 under the calculated maximum amount of appropriations.

Appropriations Limit for FY 2019	\$299,147,643
Appropriations Subject to the Limit	<u>132,996,539</u>
Amount Under the Limit	\$166,151,104

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through the review and adoption of the Gann Appropriations Limit for FY 2019.

FISCAL IMPACT:

There is no fiscal impact as a result of this action and there will be no indirect or support cost requirements.

Respectfully submitted,



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