

Agenda Report

June 21, 2010

TO: Honorable Mayor and City Council

THROUGH: Finance Committee (June 21, 2010)

FROM: City Manager

SUBJECT: ADOPTION OF APPROPRIATIONS LIMIT FOR FY 2011

RECOMMENDATION:

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

1. 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 FY2011;
2. Establishes the Appropriations Limit for Fiscal Year 2011 at \$202,992,513; and
3. Establishes Appropriations Subject to the Limit for Fiscal Year 2011 at \$114,683,690.

BACKGROUND:

An annual Appropriations Limit established by City Council resolution is required as a result of the 1979 Proposition 4, Gann Initiative, Article XIIB of the State Constitution, Section 7900 of the Government Code as implemented by Senate Bill 1352. On June 4, 2010 a legal notice was published announcing the Council's consideration of this item and stating that the calculations made to arrive at the Appropriations Limit are available for review in the Finance Department.

The Fiscal Year 2011 appropriations limit was calculated, per the League of California Cities Uniform Guidelines, by applying the population and inflation factors to the prior year limit. The City of Pasadena population change is 1.29 percent. Per the California State Department of Finance the year-over-year change in personal income was a negative 2.54 percent. This results in a reduction to the City's appropriation limit from \$205.6 million in FY 2010 versus \$203.0 million for Fiscal Year 2011.

The appropriations limit is applied only to those expenses funded through tax proceeds. The limit is further reduced by any expenditures for debt service or capital. Therefore, the appropriations subject to the limit in the City's FY 2011 Budget are \$114.7 million.

The Appropriations Limit for the City of Pasadena is calculated to be \$203.0 million for Fiscal Year 2011. The appropriations subject to the limit are \$114.7 million. The City's Budget is \$88.3 million under the calculated appropriations limit.

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|---|--------------------|
| Appropriations Limit for Fiscal Year 2010 | \$202,992,513 |
| Appropriations Subject to the Limit | <u>114,683,690</u> |
| Amount under Limit | \$ 88,308,823 |

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 appropriation limit for Fiscal Year 2011.

FISCAL IMPACT:

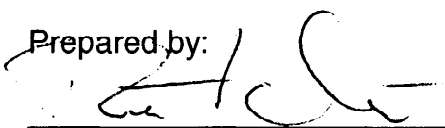
There is no fiscal impact associated with the above recommendations.

Respectfully submitted,



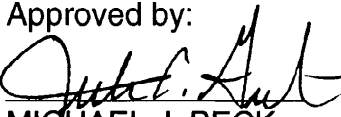
ANDREW GREEN
Director of Finance
Department of Finance

Prepared by:



Richard Davis
Budget Administrator
Department of Finance

Approved by:



MICHAEL J. BECK
City Manager

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA
ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2011**

WHEREAS, Article XIII B of the California Constitution and Section 7910 of the California Government Code require the governing body of each local jurisdiction to establish, by Resolution, an appropriations limit of the following fiscal year at a regularly scheduled meeting or noticed special meeting; and

WHEREAS, Government Code Section 7910 requires that, 15 days prior to such meeting, documentation used in determination of the appropriations limit shall be available to the public, and such information was made available in this manner;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena that:

- (1) the California Per Capita Income and the population increase for the City of Pasadena are selected as the indices to be used for calculating the Appropriations Limit for Fiscal Year 2011; and
- (2) the Appropriations Limit for Fiscal Year 2011 is established at \$202,992,513; and
- (3) the Appropriations Subject to the Limit for Fiscal Year 2011 are established at \$114,683,690.

Adopted at the regular meeting of the City Council on the 21st day of June, 2010 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved as to form:


Nicholas G. Rodriguez
Chief Assistant City Attorney