

Agenda Report

July 9, 2012

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Director of Finance

SUBJECT: ADOPTION OF GANN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2013

RECOMMENDATION:

It is recommended that the City Council:

1. Revise the appropriations limit for Fiscal Year 2012 from \$211,354,601 to \$222,285,311;
2. Adopt a resolution that:
 - a) 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 2013; and
 - b) Establishes the appropriations limit for Fiscal Year 2013 at \$231,420,123; and
 - c) Establishes appropriations subject to the limit for Fiscal Year 2013 at \$83,405,253.

BACKGROUND:

An annual appropriations limit established by City Council resolution is required as a result of the 1979 Proposition 4, Gann Initiative, Article XIII B of the State Constitution, Section 7900 of the Government Code as implemented by Senate Bill 1352. On June 21, 2012, 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 (FY) 2013 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 0.33 percent. Per the California State Department of Finance, the year-over-year change in personal income

was 3.77 percent, resulting in an increase to the City's appropriation limit from \$222.3 million in FY 2012 to \$231.4 million for FY 2013.

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 2013 budget are \$83.4 million.

The City's budget is \$148 million under the calculated appropriations limit.

Appropriations Limit for FY 2013	\$231,420,123
Appropriations Subject to the Limit	<u>83,405,253</u>
Amount Under Limit	\$148,014,870

REVISED APPROPRIATION LIMIT FOR FISCAL YEAR 2012:

On June 20, 2011 the City Council adopted the appropriations limit for FY 2012. An audit finding concluded that there was an error in the calculation. The beginning year value from the FY 2011 limit calculation was incorrectly input in the model used by staff to calculate the annual appropriations limit which resulted in an inaccurate ending balance for FY 2011 of \$211,354,601. The correct amount should be \$222,285,311. The corrected FY 2013 appropriations limit is reflected in the FY 2013 appropriations limit model.


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 appropriations limit for FY 2013.

FISCAL IMPACT:

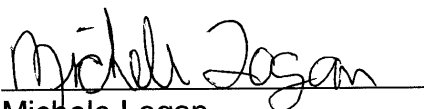
There is no fiscal impact as a result of this action and there will be no indirect or support cost requirements.

Respectfully submitted,



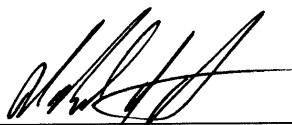
ANDREW GREEN
Director of Finance
Finance Department

Prepared by:



Michele Logan
Management Analyst IV
Finance Department

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 2013**

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 2013; and
- (2) the Appropriations Limit for Fiscal Year 2013 is established at \$231,420,123; and
- (3) the Appropriations Subject to the Limit for Fiscal Year 2013 are established at \$83,405,253.

Adopted at the regular meeting of the City Council on the 9th day of July, 2012 by the following vote:

AYES:

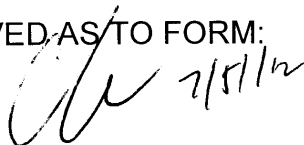
NOES:

ABSENT:

ABSTAIN:

Mark Jomsky, CMC
City Clerk

APPROVED AS TO FORM:



Nicholas G. Rodriguez
7/5/12

Nicholas G. Rodriguez
Chief Assistant City Attorney