

Agenda Report

June 22, 2015

TO: Honorable Mayor and City Council
FROM: Director of Finance
SUBJECT: ADOPTION OF GANN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2016

RECOMMENDATION:

It is recommended that the City Council:

1. 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 2016; and
 - b) Establishes the appropriations limit for Fiscal Year 2016 at \$255,619,256; and
 - c) Establishes appropriations subject to the limit for Fiscal Year 2016 at \$122,263,385.

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 7910 of the Government Code as implemented by Senate Bill 1352. On June 4, 2015, a legal 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 Finance Department.

The Fiscal Year (FY) 2016 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 0.40 percent. Per the California State Department of Finance, the year-over-year change in personal income was 3.82 percent, the net 4.22 percent change resulted in an increase to the City's appropriation limit from \$245,273,577 in FY 2015 to \$255,619,256 for FY 2016.

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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 2016 budget are \$122,263,385.

The City's budget is \$133,355,871 under the calculated appropriations limit.

Appropriations Limit for FY 2016	\$255,619,256
Appropriations Subject to the Limit	<u>122,263,385</u>
Amount Under Limit	\$133,355,871


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 2016.

FISCAL IMPACT:

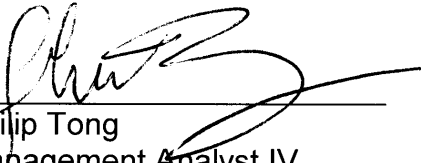
There is no fiscal impact as a result of this action and there will be no indirect or support cost requirements.

Respectfully submitted,



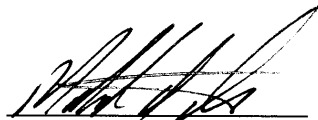
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