

# Agenda Report

June 27, 2016

**TO:** Honorable Mayor and City Council  
**FROM:** Director of Finance  
**SUBJECT:** **ADOPTION OF GANN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2017**

## **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 Fiscal Year 2017; and
2. Establishes the appropriations limit for Fiscal Year 2017 at \$271,617,271; and
3. Establishes appropriations subject to the limit for Fiscal Year 2017 at \$118,506,407.

## **BACKGROUND:**

An annual appropriations limit established by the City Council through a 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 9, 2016, 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 City of Pasadena's Department of Finance.

The Fiscal Year (FY) 2017 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 0.89 percent. Per the California State Department of Finance, the year-over-year change in personal income was 5.37 percent; the net 6.26 percent change resulted in an increase to the City's appropriation limit from \$255,619,256 in FY 2016 to \$271,617,271 for FY 2017.

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 2017 budget are \$118,506,407.

Adoption of Gann Appropriations Limit For FY 2017

June 27, 2016

Page 2 of 2

The City's budget is \$153,110,864 under the calculated appropriations limit.

Appropriations Limit for FY 2017	\$271,617,271
Appropriations Subject to the Limit	<u>118,506,407</u>
Amount Under Limit	\$153,110,864


**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 2017.

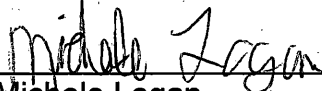
**FISCAL IMPACT:**

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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Finance Department

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