



Agenda Report

June 19, 2017

TO: Honorable Mayor and City Council
FROM: Director of Finance
SUBJECT: **ADOPTION OF GANN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2018**

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 2018; and
2. Establishes the appropriations limit for Fiscal Year 2018 at \$286,551,718; and
3. Establishes appropriations subject to the limit for Fiscal Year 2018 at \$133,435,169.

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 XIII B of the State Constitution, Section 7910 of the Government Code as implemented by Senate Bill 1352. Basically this limit, referred to as the Gann, 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 any tax revenues in excess of the limit back to taxpayers.

On June 1, 2017, 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) 2018 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 1.68 percent. Per the California State Department of Finance, the year-over-year change in personal income is 3.69 percent; the multiplication of these changes resulted in a 5.43 percent increase to the City's appropriation limit from \$271,788,205 in FY 2017 to \$286,551,718 for FY 2018.

The appropriations limit is applied only to those expenditures funded through tax proceeds. The limit is further reduced by any expenditure for debt service or capital; therefore, the appropriations subject to the limit in the City's FY 2018 budget are \$133,435,169.

The City's budget is \$153,116,549 under the calculated appropriations limit.

Appropriations Limit for FY 2018	\$286,551,718
Appropriations Subject to the Limit	<u>133,435,169</u>
Amount Under the Limit	\$153,116,549

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 2018.

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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