

Agenda Report

May 18, 2020

TO: Honorable Mayor and City Council

FROM: Director of Finance

SUBJECT: ADOPTION OF GANN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2021

RECOMMENDATION:

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

1. Finds that the recommended action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3); and
2. 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 2021; and
3. Establishes the appropriations limit for Fiscal Year 2021 at \$325,510,567; and
4. Establishes appropriations subject to the limit for Fiscal Year 2021 at \$171,497,741.

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. This limit, referred to as the Gann Limit, 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 to taxpayers any tax revenues in excess of the limit.

On April 30, 2020, a 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 Department of Finance's website.

Per the League of California Cities Uniform Guidelines, the Fiscal Year (FY) 2021 appropriations limit was calculated by applying the population and inflation factors to the prior year limit. The City of Pasadena population change is .11 percent. Per the California State Department of Finance, the year-over-year change in personal income is 3.73 percent; the multiplication of these changes resulted in a 3.84 percent increase to the City's appropriation limit from \$313,460,811 for FY 2020 to \$325,510,567 for FY 2021.

The appropriations limit is applied only to expenditures funded through tax proceeds. The limit is further reduced by expenditures for debt service or capital; therefore, the appropriations subject to the limit in the City's FY 2021 budget is \$171,497,741. The recommended budget subject to the Gann Limit is \$154,012,826 under the calculated maximum amount of appropriations.

Appropriations Limit for FY 2021	\$325,510,567
Appropriations Subject to the Limit	<u>171,497,741</u>
Amount Under the Limit	\$154,012,826


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 2021.

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,




MATTHEW E. HAWKESWORTH
Director of Finance
Department of Finance

Prepared by:



Michele Logan
Principal Administrative Analyst
Department of Finance

Approved by:



STEVE MERMELL
City Manager

Attachment: (1)

- 1) Resolution - Establish the Appropriations Limit for Fiscal Year 2021