

# Agenda Report

June 12, 2023

**TO:** Honorable Mayor and City Council  
**FROM:** Department of Finance  
**SUBJECT:** **ADOPTION OF GANN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2024**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act (CEQA) Public Resources Code §21080(b)(9); Administrative Code, Title 14, Chapter 3, §15061(b)(3), the Commons Sense Exemption; and
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 (FY) 2024;
  - b. Establishes the appropriations limit for FY 2024 at \$382,922,471; and
  - c. Establishes appropriations subject to the limit for FY 2024 at \$198,746,944.

## **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 May 25, 2023, 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 at the Department of Finance upon request. Per the League of California Cities Uniform Guidelines, the FY 2024 appropriations limit was calculated by applying the population and inflation factors to the prior year limit. The City of Pasadena population change is -0.60 percent. Per the California State Department of Finance, the year-over-year change in personal income is 4.44 percent; the application of these changes results in a 3.81% percent increase to the City's appropriation limit from \$368,854,259 for FY 2023 to \$382,922,471 for FY 2024.

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 2024 budget is \$198,746,944. The recommended budget subject to the Gann Limit is \$184,175,527 under the calculated maximum amount of appropriations.

Appropriations Limit for FY 2024	\$382,922,471
Appropriations Subject to the Limit	<u>198,746,944</u>
Amount Under the Limit	\$184,175,527


**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 2024.

**FISCAL IMPACT:**

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

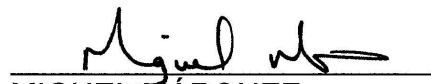
Respectfully submitted,

  
\_\_\_\_\_  
MATTHEW E. HAWKESWORTH  
Director of Finance  
Department of Finance

Prepared by:

  
\_\_\_\_\_  
for Flora Karmiryan  
Principal Administrative Analyst  
Department of Finance

Approved by:

  
\_\_\_\_\_  
MIGUEL MARQUEZ  
City Manager