

## Legislation Text

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**PREPARED BY:** JENNIFER LUONG

**DATE OF MEETING:** 06/05/17

**SUBJECT:**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO ESTABLISHING THE APPROPRIATION LIMIT FOR FISCAL YEAR 2017/18

**CITY MANAGER RECOMMENDATION**

Adopt Resolution

**COMPLIANCE STATEMENTS**

*Policy Area: Fiscal Sustainability; Policy Item: Increase Financial Transparency*

Fiscal Year 2017/18 GANN Appropriation Limit is an adopted policy item under the FY2015/17 City Council Priority Workplan, effective October 1, 2016.

**CEQA Compliance Statement**

This agenda item is not subject to CEQA.

**BACKGROUND**

Article 13 B of the California Constitution specifies that appropriations made by State and Local Governments may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment roll due to local nonresidential construction.

The State of California Department of Finance provided information showing San Pablo's population change in FY 2017/18 was .26%, Contra Costa County's population change was 1.13% and California's per capita personal income change was 3.69%. By choosing the County's population change a larger appropriation limit is calculated.

Converting the above factors (population increase of 1.13% and per capita personal income increase of 3.69%) results in the following:  $1.013 \times 1.0369 = 1.0486$ .

Multiplying the FY 2017/18 Appropriation Limit of \$41,744,341 (see Exhibit "A" attached to Resolution) by 1.0486 results in a FY 2017/2018 Appropriation Limit of \$41,744,341. This limit applies only to the expenditures funded by "proceeds of taxes", as defined by the Constitution, not to user or regulatory fees. Proceeds of taxes are revenues such as property taxes, sales taxes, utility user taxes, business license fees, state subventions such as motor vehicle in-lieu, mandated costs reimbursements, etc.

Budget, Fiscal & Legislative Standing Committee: The Budget, Fiscal & Legislative Standing Committee (Kinney/Valdez) reviewed the Appropriation Gann Limit Report for FY 2017/18 and recommended its approval by the City Council.

**FISCAL IMPACT**

The City's proposed expenditures funded by proceeds of taxes are within the appropriation limit, so there is no fiscal impact.