



City Council Agenda Item

City Council Meeting Date: June 17, 2024

TO: Dean Albro, City Manager

FROM: Christie Donnelly, Management Services Director
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SUBJECT: Adoption of Resolution No. 6756(25) Setting the Fiscal Year 2025-26 Gann Appropriation Limitation

Recommendation:

Staff recommends the City Council adopt Resolution No. 6756(25), setting the Fiscal Year (FY) 2025-26 Gann appropriation limit at \$63,406,802 (attached).

Background/Discussion:

On November 6, 1979, the voters of California passed Proposition 4, more commonly known as the Gann Initiative, requiring annual appropriation limits for each local government, beginning with FY 1980-81. The formula for calculating the limits was based on the FY 1978-79 "base year" revenues.

In order to deal with an increasing number of problems associated with the restrictions of Proposition 4, the voters approved Proposition 111 in June 1990. Proposition 111 provided for new adjustment formulas. Those new adjustments allow the City to increase the appropriation limit by:

The increase in California Per Capita Income or in Non-residential assessed valuation due to new construction, whichever is higher; and

City population growth or County population growth, whichever is higher.

The appropriation limit for the City is computed to be \$63,406,802 for FY 2025-26. The City's appropriations subject to limitation are \$34,193,766 or \$29,213,036 below the appropriation limit for FY 2025-26. Resolution No. 6756(25) contains the supporting documentation for the calculation of the FY 2025-26 appropriation limit.

Fiscal Impact:

If the calculation process had resulted in an amount that exceeded the City's appropriations subject to the limit, then the City would be prohibited from appropriating funds in excess of the limit. Since the calculation identifies a limit that is approximately \$29 million higher than actual appropriations, there is no fiscal impact related to future expenditure activity.

The process required to provide the data necessary for calculation of the limit, including the preparation of this staff report, does expend resources at the state, county or local levels. The calculation of the various tables necessary for this report involves production of various reports and analysis on the part of the Finance Department. The City is not eligible for reimbursement from the State for this unfunded mandate, as is the case with the preparation and holding council meetings, for instance.

Conclusion:

With the adoption of Resolution No. 6756(25), the City will be in compliance with the regulations as outlined in Proposition 4 (1979) and Proposition 111 (1990), by setting the appropriations limit for FY 2025-26 at \$63,406,802.

Respectfully submitted,

Christie Donnelly, Management Services Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

Attachment: Resolution No. 6756(25)