



COUNCIL AGENDA REPORT

DATE: MAY 20, 2019
TO: CITY COUNCIL
FROM: CHRIS GORSKY, ADMINISTRATIVE SERVICES DIRECTOR
SUBJECT: ADOPT RESOLUTION ESTABLISHING THE FY 2019/20 GANN
APPROPRIATIONS LIMIT FOR THE CITY OF SONORA

RECOMMENDATION:

Adopt resolution 05-20-2019-A establishing the Gann Appropriations Limit for FY 2019/20 (Attachment 1).

BACKGROUND:

On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Spending Limitation Initiative, establishing Article XIII B of the California State Constitution. This proposition, which became effective in FY 1980/81, mandated an appropriations (spending) limit on the amount of tax proceeds that the State and most local government jurisdictions may appropriate within a fiscal year. Charges for services, fees, grants, loans, donations and other non-tax proceeds are excluded. Exemptions are also made for voter-approved debt prior to January 1, 1979 and the cost of court-related or Federal government mandates.

The initiative was later modified by two propositions - Proposition 98 in 1988 and Proposition 111 in 1990. Proposition 98 established the return of tax revenues exceeding appropriation limit levels to the State or citizens through a process of refunds, rebates, or other means. Proposition 111 allowed more flexibility in the appropriation calculation factors.

DISCUSSION:

Attached for Council consideration is a resolution establishing an appropriations limit for FY 2019/20. The City may select either the percentage change in California per capita personal income or the percentage change in the local assessment role due to the addition of local non-resident new construction. This City has elected to use the change in California per capita income of 3.85%.

In addition, the City may elect to use either the Department of Finance's annual population percent change for the City or for the entire County. This year the County's percentage decrease of (0.15%) will be used rather than the City's negative (0.20%) percent decrease.

Local jurisdictions are allowed to choose whichever factors are most beneficial for them each year.

The Calculation of the FY 2019/20 Gann Appropriations Limit is as follows:

City of Sonora GANN Appropriations Limit Calculation FY 2019/20	
Prior Years Appropriations Limit	\$ 45,277,330
Adjustment Factors for Current Year:	
2019/20 Inflation*	1.0385
2019/20 Population Change*	0.9985
Total Adjustments	1.0369
2019/20 Appropriations Limit	\$ 46,948,063
* Provided by Demographic Research Unit, Department of Finance, State of California	

The appropriations limit is the total amount of tax money that can be appropriated by the City in FY 2019/20.

CONCLUSION:

It is recommended that the Council adopt the attached resolution establishing the FY 2019/20 Gann Appropriations Limit of approximately \$46,948,063.

Attachment:

1. Resolution establishing the Gann Appropriations Limit for FY 2019/20

RESOLUTION 05-20-2019-A

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONORA
ESTABLISHING THE FY 2019/20 APPROPRIATIONS LIMIT
FOR THE CITY OF SONORA

WHEREAS, Article XIII B of the California Constitution (Limitation of Government Appropriations) was passed by the California electorate on November 6, 1979, and became effective on July 1, 1980; and

WHEREAS, the California Department of Finance has determined the California Personal Income Index of 3.85%; which the City Council has elected to use instead of using the percentage change in the local assessment roll; and

WHEREAS, the City Council has elected to use the population change for the County of Tuolumne of negative (.15%) instead of the City's population percentage change of negative (.20) percent; now,

THEREFORE, BE IT RESOLVED, that the formula for determination of the Appropriations Limitation for Fiscal Year 2020 is hereby adopted as follows:

FY 2019/20 Calculation

<u>% Change in California per capita personal income</u>		<u>% Decrease in County Population</u>		<u>Appropriation Factor</u>		<u>2018/19 Appropriations Limit</u>		<u>2018/19 Appropriations Limit</u>
1.0385	X	0.9985	=	1.0369	X	\$ 45,277,330	=	<u>\$ 46,948,063</u>

ON A MOTION by Council member _____, seconded by Councilmember _____, the foregoing Resolution was duly passed and adopted by the City Council of Sonora, County of Tuolumne, State of California on the 20th day of May, 2019 with the following votes:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

APPROVED: _____

Jim Garaventa, Mayor of the City of Sonora

ATTEST: _____

Collette Such, City Clerk