

TO: Andrew P. Powers, City Manager
FROM: Jaime Boscarino, Finance Director
DATE: June 25, 2019
SUBJECT: Annual Gann Appropriations Limit

RECOMMENDATION:

Adopt resolution approving the Annual Gann Appropriations Limit calculation, setting City of Thousand Oaks' Gann Limit at \$181,730,725 for FY 2019-20, as per calculation.

FINANCIAL IMPACT:

No Additional Funding Requested. Minimal staff time to complete the Gann Appropriations Limit calculation, which is included in the Adopted FY 2018-19 General Fund Budget.

BACKGROUND:

In California, the Gann Spending Limitation Initiative (Proposition 4) was approved by voters in November 1979. This Proposition set Appropriations Limits for state and local governments in California and established procedures for determining those limits annually. Each government entity is required to set its Appropriations Limit every fiscal year using 1978-79 as the base year; then adjusting each subsequent year by using a combination of increase in population, plus increase in CPI or per capita personal income, whichever is less.

Proposition 4 and its implementing legislation Chapter 1205/80 of the California Constitution were modified by Proposition 111 and SB 88 (Chapter 60/90). Beginning with the FY 1990-91 Appropriations Limit, the annual adjustment factors changed. Annually, the government entity can select the greater of growth in the California Per Capita Income, or growth in assessed valuation due to non-residential construction within the City. For the population factor, the entity can select the greater of population growth within the City or County.

Annual Gann Appropriations Limit for FY 2019-20
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In compliance with Proposition 111, revised annual adjustment factors were applied to the base year 1986-87 limit and each year in between in order to calculate limits for FY 1998-99. In addition, the limit can be adjusted for assumed responsibility from one government entity to another. County charges for administration fees for property tax collection were added to the FY 1991-92 Appropriation Limit.

Beginning FY 1991-92, Proposition 111 allowed exclusion of qualified capital outlays and qualified debt service, when calculating appropriations subject to the Gann Limit. Each year, staff revisits the appropriations limit to ensure the City's calculations followed the rules in Proposition 111.

DISCUSSION/ANALYSIS:

The City established its Appropriations Limit for FY 1978-79 and for each subsequent fiscal year, except FY 1979-80, when one was not required. Staff is recommending the Appropriations Limit be set for FY 2019-20, as follows:

The Gann Appropriations Limit applicable to the City, pursuant to Article XIII B of the California State Constitution, shall be \$181,730,725, where actual appropriations subject to the limit equal \$77,484,522. The Gann Appropriations Limit consists of the prior year's limit, adjusted by a population factor and an inflationary factor. For the population factor, the City has the option of selecting the larger percentage change between either the City's or the County's percentage change in population, as provided by the State's Department of Finance. For the inflationary factor, the City has the option of selecting the larger percentage change between either the change in per capita personal income provided by the State or the net change in the assessed valuation due to non-residential new construction provided by the County. For FY 2019-20, the City used the County's population percentage change of -0.18 percent compared to the City's -0.56 percent and the change in per capita personal income of 3.85 percent compared to the 1.38 percent for the net change in the assessed valuation, for the calculation of the Gann Appropriations Limit.

A resolution (Attachment #1) to approve this action is included with this memorandum. Gann limitation calculations for all fiscal years since 1982-83 are included in Attachment #2.

COUNCIL GOAL COMPLIANCE:

Meets City Council Goal B:

- B. Operate City government in a fiscally and managerially responsible and prudent manner to ensure that the City of Thousand Oaks remains one of California's most desirable places to live, work, visit, recreate, and raise a family.

PREPARED BY: Brent S. Sakaida, Budget Officer

Attachments:

Attachment #1 – Gann Resolution

Attachment #2 – Gann Limitation by Fiscal Year

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF THOUSAND OAKS
ESTABLISHING THE APPROPRIATIONS
LIMIT FOR FISCAL YEAR 2019-2020

WHEREAS, the Gann Spending Limitation Initiative added Article XIII B to the Constitution of the State of California to establish and define annual appropriation limits on state and local government entities; and

WHEREAS, Government Code Section 7900, et seq. provides for the implementation of Article XIII B by defining various terms and prescribing procedures to be used in implementing specific provisions, including the establishment each year by the governing body of each local jurisdiction of its appropriation limit; and

WHEREAS, the required computation to determine the City of Thousand Oaks Appropriation Limit for FY 2019-2020 has been performed by the Finance Department and is on file with the Finance Department, and available for public review for fifteen days prior to the City Council meeting on this action; and

WHEREAS, a summary of this computation is provided in "Exhibit A," which is herein incorporated by reference and attached hereto.

NOW, THEREFORE, the City Council of the City of Thousand Oaks resolves as follows:

1. The City of Thousand Oaks Appropriation Limit for FY 2019-2020 is \$181,730,725.
2. This Appropriation Limit includes adjustments made pursuant to Section 3 of Article XIII B of the California Constitution and SB 1352, as of the date of this Resolution.

3. This Appropriation Limit is subject to amendments, deletions, and additions, which may be provided pursuant to Article XIII B of the California Constitution and legislation in implementation thereof. This limitation may be amended from time to time to reflect new or changed information as such is encountered.

PASSED AND ADOPTED this 25th of June, 2019.

Robert McCoy, Mayor
City of Thousand Oaks, California

ATTEST:

Cynthia M. Rodriguez, City Clerk

APPROVED AS TO FORM:
Office of City Attorney

Tracy Friedl, Deputy City Attorney

APPROVED AS TO ADMINISTRATION:

Andrew P. Powers, City Manager

EXHIBIT A

CITY OF THOUSAND OAKS
GANN APPROPRIATIONS LIMIT

CALCULATION OF FY 2019-2020 LIMIT:

Appropriations limit for fiscal year ended June 30, 2019: \$ 175,308,982

Adjustment factors for setting the 2019-2020 appropriations limit:

| <u>Per Capita Personal Income</u> | <u>County Population Factor</u> | <u>Combined Factor</u> | |
|-----------------------------------|---------------------------------|------------------------|------------|
| 1.038500 | 0.998200 | 1.036631 | x 1.036631 |

Per Auditor, we will round to the nearest 6th place.

Adjustment for Capita Personal Income and Population \$ 6,421,743

Other Adjustments \$ -

Total Adjustments \$ 6,421,743

Appropriations limit for Fiscal Year ended June 30, 2020: \$ 181,730,725

| <u>Fiscal Year Limitation</u> | <u>Gann Limitation</u> | <u>Appropriation Subject to</u> |
|-------------------------------|------------------------|-------------------------------------|
| 1982-1983 | \$ 26,676,196 | \$ 15,731,080 |
| 1983-1984 | \$ 27,883,943 | \$ 17,886,230 |
| 1984-1985 | \$ 29,771,185 | \$ 21,045,860 |
| 1985-1986 | \$ 31,144,058 | \$ 21,324,340 |
| 1986-1987 | \$ 32,800,252 | \$ 21,613,926 |
| 1987-1988 | \$ 34,442,910 | \$ 19,975,391 |
| 1988-1989 | \$ 36,712,907 | \$ 29,159,701 |
| 1989-1990 | \$ 39,554,844 | \$ 32,077,180 |
| 1990-1991 | \$ 41,867,259 | \$ 31,676,329 |
| 1991-1992 | \$ 45,465,992 | \$ 25,113,056 |
| 1992-1993 | \$ 45,920,397 | \$ 26,210,270 |
| 1993-1994 | \$ 48,112,821 | \$ 27,555,533 |
| 1994-1995 | \$ 48,997,111 | \$ 27,785,176 |
| 1995-1996 | \$ 52,412,935 | \$ 28,417,734 |
| 1996-1997 | \$ 55,469,572 | \$ 27,017,387 |
| 1997-1998 | \$ 58,640,601 | \$ 28,030,942 |
| 1998-1999 | \$ 62,271,240 | \$ 29,828,468 |
| 1999-2000 | \$ 66,003,417 | \$ 35,928,346 |
| 2000-2001 | \$ 70,836,801 | \$ 35,757,212 |
| 2001-2002 | \$ 77,796,837 | \$ 41,137,929 |
| 2002-2003 | \$ 78,736,719 | \$ 43,294,257 |
| 2003-2004 | \$ 82,311,648 | \$ 48,464,561 |
| 2004-2005 | \$ 86,482,132 | \$ 51,352,920 |
| 2005-2006 | \$ 92,005,140 | \$ 57,712,131 |
| 2006-2007 | \$ 96,432,887 | \$ 56,840,880 |
| 2007-2008 | \$ 101,712,202 | \$ 63,218,463 |
| 2008-2009 | \$ 109,487,490 | \$ 65,856,918 |
| 2009-2010 | \$ 128,335,761 | \$ 62,145,824 |
| 2010-2011 | \$ 126,789,572 | \$ 62,169,707 |
| 2011-2012 | \$ 131,050,716 | \$ 60,697,451 |
| 2012-2013 | \$ 136,820,879 | \$ 62,680,910 |
| 2013-2014 | \$ 144,876,071 | \$ 60,984,655 |
| 2014-2015 | \$ 145,684,769 | \$ 67,487,972 |
| 2015-2016 | \$ 152,248,159 | \$ 66,663,445 |
| 2016-2017 | \$ 161,546,868 | \$ 69,853,431 |
| 2017-2018 | \$ 168,194,683 | \$ 73,431,776 |
| 2018-2019 | \$ 175,308,982 | \$ 75,310,001 |
| 2019-2020 | \$ 181,730,725 | \$ 77,484,522 |