

To: Andrew P. Powers, City Manager
From: John F. Adams, Finance Director
Date: June 27, 2017
Subject: Annual Gann Appropriations Limit

RECOMMENDATION:

Adopt Resolution approving the Annual Gann Appropriations Limit calculation, setting City of Thousand Oaks' Gann Limit at \$168,194,683 for FY 2017-18, 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 2016-17 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 each fiscal year with 1978-79 as the base year; then adjust 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 were modified by Proposition 111 and SB 88 (Chapter 60/90). Beginning with the fiscal year 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 2017-18
June 27, 2017
Page 2

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. Staff revisited the appropriations limit to ensure our calculations followed the rules in Proposition 111. Gann limitation calculations for all fiscal years since 1982-83 are included in Attachment #2.

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 2017-18, as follows:

The Gann Appropriations Limit applicable to the City, pursuant to Article XIII B of the California State Constitution, shall be \$168,194,683 where actual appropriations subject to the limit equal \$73,431,776. The Gann Appropriations Limit consists of the prior years' 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 2017-18, the City used the County's population percentage change of 0.41 percent and the change in per capita personal income of 3.69 percent for the Gann Appropriations Limit calculation.

A Resolution (Attachment #1) to accommodate this action is included with this memorandum.

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 2017-2018

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 2017-2018 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 2017-2018 is \$168,194,683.
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

Claudia Bill-de la Peña, Mayor
City of Thousand Oaks, California

ATTEST:

Cynthia M. Rodriguez, City Clerk

APPROVED AS TO FORM:
Office of City Attorney

David S. Womack, Assistant City Attorney

APPROVED AS TO ADMINISTRATION:

Andrew P. Powers, City Manager

EXHIBIT A

**CITY OF THOUSAND OAKS
GANN APPROPRIATIONS LIMIT**

CALCULATION OF FY 2017-2018 LIMIT:

Appropriations limit for fiscal year ended June 30, 2017: \$ 161,546,868

Adjustment factors for setting the 2017-2018 appropriations limit:

<u>Per Capita Personal Income</u>	<u>County Population Factor</u>	<u>Combined Factor</u>		
<u>1.036900</u>	<u>1.004100</u>	<u>1.041151</u>	x	<u>1.041151</u>
Per Auditor, we will round to the nearest 6th place.				
Adjustment for Capita Personal Income and Population			\$	6,647,815
Other Adjustments			\$	<u>-</u>
Total Adjustments			\$	<u>6,647,815</u>
Appropriations limit for Fiscal Year ended June 30, 2018:			\$	<u>168,194,683</u>

<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