

BUDGET AND FINANCE COMMITTEE REPORT relative to the 2016-17 Appropriation Limit.

Recommendations for Council action:

1. **ADOPT** the following factors to be used to calculate the appropriations limit for 2016-17:

Population Percent Change: City 1.27 %

California Per Capita Income Change: 5.37 %

2. **RESERVE** the right to re-calculate the appropriations limit for each year at such time as State legislation is enacted (or other information is available) to determine factors to be used to calculate the annual change in nonresidential new construction.

3. **ADOPT** \$5,101,447,580 as the appropriations limit for 2016-17.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there is no fiscal impact in adopting the recommendations in this report.

Community Impact Statement: None submitted.

SUMMARY

At a regular meeting held on October 31, 2016, the Budget and Finance Committee considered a CAO report dated October 18, 2016 relative to the calculation of the City's 2016-17 appropriation limit. The CAO reports that California Government Code Section 7910 requires that each the governing body of each local jurisdiction establish its appropriations limit for the following fiscal year pursuant to the State Constitution (Gann Initiative), which limits the amount of revenue which can be appropriated in any fiscal year.

Additionally, the Government Code requires that the public be provided the opportunity to review the documentation used to calculate the appropriations limit for at least 15 days before adoption of the limit. A public notice was published on Monday, November 14, 2016. The CAO report, attached to the Council file, contains the documentation used to determine the appropriations limit for 2016-17.

After consideration and having provided an opportunity for public comment, the Budget and Finance Committee recommended approval of the CAO recommendations. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	YES
MARTINEZ:	ABSENT
BLUMENFIELD:	YES
BONIN:	ABSENT

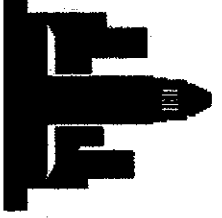
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City Gann Initiative Limit for FY 2016 - 2017

The CAO has provided its report on the Gann Initiative Limit for FY2016-2017 to the City Council and Neighborhood Councils prior to approval by City Council on November 30, 2016. The Gann Initiative limit is a cap on the amount of revenue the City may allocate funding to departments and services. The State Constitution requires the City to establish its limit each fiscal year. It's based on the population and per capita income factors provided by the State Department of Finance.

There are a few exceptions on the revenues subject to limitation, which include federal mandates such as payroll obligations, debt service on general obligation bonds, and capital expenditures. Based on these factors, the City's limit to allocate funding for 2016-17 is approximately \$5.1 billion. Of the total 2016-17 City revenue of \$8.8 billion, those that are defined as revenue derived from taxes, minus exclusions, is actually \$4.0 billion. Therefore we are in compliance with the Gann limit in that the City is approximately \$1.1 million below what the Gann limit was set for us.

By Jose | November 4th, 2016 | Blog, City Hall | 0 Comments

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