



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

DATE: JUNE 7, 2016

FROM: FINANCE DEPARTMENT

WARDS: ALL

SUBJECT: ANNUAL APPROPRIATIONS LIMIT

ISSUE:

The issue for City Council consideration is to provide the public the opportunity to review the information used to develop the 2016/17 Appropriations Limit as required by Article XIII B of the California Constitution.

RECOMMENDATIONS:

That the City Council:

1. Provide the public, in accordance with Section 7910 of the Government Code, the opportunity to review the information used to develop the Appropriations Limit of \$307,155,212 for 2016/17; and,
2. Adopt a resolution at the June 28, 2016, City Council meeting establishing the City of Riverside's 2016/17 Appropriations Limit.

BACKGROUND:

Article XIII B of the California Constitution was added by the November 1979 passage of the Gann Initiative. For State and local governments, this legislation mandated that the total annual appropriations subject to the limitation, shall not exceed the prior year Appropriations Limit, adjusted for the change in cost of living and population, except as otherwise provided in that article. The Gann Initiative is implemented by Section 7900, *et. seq.*, of the California Government Code. Section 7910 provides that the governing body of each jurisdiction shall annually establish its Appropriations Limit by resolution.

The Appropriations Limit is calculated by determining appropriations financed by proceeds of taxes in the 1978/79 base year and adjusting the limit each subsequent year for changes in the cost of living and population. This Appropriation Limit is the maximum limit of proceeds from taxes the City may retain or spend each year. Appropriations financed by proceeds of taxes are limited to actual revenues collected if they are lower than the limit. The Appropriations Limit may be amended at any time during the fiscal year to reflect new data pertaining to adjustment factors.

The cost of living adjustment may be based upon the changes in the California per capita personal income or the percentage change in the local assessment roll from the preceding year due to the addition of local nonresidential new construction. The population adjustment may be based on the changes in the City population or population growth within the County. The annual adjustment factors used for the 2016/17 calculation uses the change in California per capita income and the change in the City's population.

Based on the current calculation, it is recommended that the City Council adopt a resolution to establish the City of Riverside's annual Appropriations Limit at \$307,155,212 for Fiscal Year 2016/17. Actual proceeds from taxes available for appropriations as estimated in the 2016/17 budget are \$204,531,437 which is \$102,623,776 or 33% less than the calculated limit.

It is also necessary that all documentation used in determining the City of Riverside 2016/17 Appropriations Limit calculation of \$307,155,212 be made available for viewing by the public in the Finance Department at least fifteen days prior to the adoption of the resolution.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Adam Raymond, Assistant Finance Director
Certified as to
availability of funds: Scott G. Miller, Interim Finance Director/Treasurer
Approved by: Marianna Marysheva-Martinez, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Appropriation Limit Calculation – Schedule A
2. Permitted Appropriation Growth Rate – Schedule B
3. Proposed Resolution