



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: JUNE 4, 2019**  
**FROM: FINANCE DEPARTMENT**      **WARDS: ALL**  
**SUBJECT: ANNUAL APPROPRIATIONS LIMIT OF \$346,486,086**

## **ISSUES:**

Provide the public with the opportunity to review the documentation used in the determination of the Fiscal Year 2019/20 Appropriations Limit of \$346,486,086 in accordance with California Government Code Section 7910 and schedule the adoption of a resolution to establish the Fiscal Year 2019/20 Appropriations Limit of \$346,486,086 for the June 18, 2019 City Council Meeting pursuant to Article XIII B of the California Constitution.

## **RECOMMENDATIONS:**

That the City Council:

1. Provide the public with the opportunity to review the documentation used in the determination of the Fiscal Year 2019/20 Appropriations Limit of \$346,486,086 in accordance with California Government Code Section 7910; and
2. Schedule the adoption of a resolution to establish the Fiscal Year 2019/20 Appropriations Limit of \$346,486,086 for the June 18, 2019 City Council Meeting pursuant to Article XIII B of the California Constitution.

## **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. California Government Code Section 7910 provides that the governing body of each jurisdiction shall annually establish its Appropriations Limit by resolution at a public meeting.

## **DISCUSSION:**

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 collect 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.

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 for the Fiscal Year 2019/20 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 \$346,486,086 for Fiscal Year 2019/20. Anticipated proceeds from taxes available for appropriations as estimated in the proposed amendment to the adopted Fiscal Year 2019/20 budget presented to City Council on May 21, 2019 are \$272,443,874 which is \$74,042,212 or 21% less than the proposed limit.

It is also necessary that all documentation used in determining the City of Riverside Fiscal Year 2019/20 Appropriations Limit calculation of \$346,486,086 be available in the Finance Department for review by the public 15 days prior to adoption of the resolution.

## **FISCAL IMPACT:**

There is no fiscal impact associated with this report.

Prepared by:	Nancy Garcia, Controller
Certified as to	
availability of funds:	Edward Enriquez, Chief Financial Officer / Treasurer
Approved by:	Carlie Myers, Deputy City Manager
Approved as to form:	Gary Geuss, City Attorney

### **Attachments:**

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