



City Council Memorandum

City of Arts & Innovation

.....

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 21, 2024

FROM: FINANCE DEPARTMENT WARDS: ALL

SUBJECT: FISCAL YEAR 2024/25 ANNUAL APPROPRIATIONS LIMIT

ISSUE:

Provide the public the opportunity to review the information used to develop the Fiscal Year 2024/25 Appropriations Limit as required by Article XIII B of the California Constitution.

RECOMMENDATION:

That the City Council provide the public, in accordance with Section 7910 of the Government Code, an opportunity to review the information used to develop the Appropriations Limit of \$432,254,162 for Fiscal Year 2024/25.

LEGISLATIVE HISTORY:

Article XIII B of the California Constitution was added by the November 1979 passage of the Gann Initiative. For the State and local governments, this legislation mandated that the total annual appropriations subject to the limitation shall not exceed the prior year's Appropriations Limit, adjusted for the change in the 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 Fiscal Year 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.

BACKGROUND:

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 non-residential 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 Fiscal Year (FY) 2024/25 calculation uses the change in California per capita income and the change in the City's population.

DISCUSSION:

Based on the current calculation, the City's FY 2024/25 Annual Appropriations Limit is \$432,254,162. Actual proceeds from taxes available for appropriations as estimated in the FY 2024/25 proposed budget are \$383,594,209, which is \$48,659,953 or 11.3% less than our limit.

The City is required to make all documentation used in determining the FY 2024/25 Appropriations Limit available for review by the public fifteen (15) days prior to adoption of the resolution. This documentation is available in the Finance Department for review.

On June 25, 2024, the City Council will be asked to adopt a resolution establishing the City of Riverside's FY 2024/25 Appropriations Limit at \$432,254,162.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 - High Performing Government** and **Goal 5.3: Enhance communication and collaboration with community members to improve transparency, build public trust and encourage shared decision making.**

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust:** The calculation of the Appropriations Limit is a transparent process as all documentation used in determining the FY 2024/25 Appropriations Limit is available for review by the public at least fifteen (15) days prior to adoption of the resolution. This documentation is available in the Finance Department for review.
2. **Equity:** This report is neutral toward this cross-cutting thread.
3. **Fiscal Responsibility:** Ensuring proceeds from taxes the City may collect or spend each year and appropriations financed by proceeds of taxes are limited to actual revenues collected if they are lower than the limit demonstrates the City's commitment to responsible management of the City's financial resources while providing quality public services.
4. **Innovation:** This report is neutral toward this cross-cutting thread.
5. **Sustainability and Resiliency:** This report is neutral toward this cross-cutting thread.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Angel Guo, Senior Management Analyst
Approved by: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/
City Treasurer
Approved as to form: Phaedra A. Norton, City Attorney

Attachment: Appropriations Limit Calculation