

choose to use the percentage rate of change in population within the City or county, whichever is higher.

ANALYSIS

The Appropriation Limit for prior fiscal years was predominantly based on the county population factor multiplied by the assessed valuation change factor. After the passage of Proposition 111, cities are able to use the higher of the population factors (City or county) and the higher of the California per capita personal income factor or the Non-residential property assessed valuation growth factor. This amended approach has been applied to fiscal years 1990-91 through 2010-11 to recalculate the ending limits. The revised calculations will continue to be applied in subsequent years.

For fiscal year 2013-14 staff is using the California per capita income growth factor (1.0512) multiplied by the county population factor (1.0121) since the county's population factor is higher than the City of San Leandro's population factor ($1.0512 \times 1.0121 = 1.0639$). Similarly, the State's per capita income growth factor is higher than the City's non-residential assessed valuation factor. The non-residential assessed valuation factor includes a significant property adjustment of \$263.5 million for Kaiser Hospital since the hospital is exempt from property taxes.

The calculated 2012-13 Appropriation Limit of \$161,166,358 multiplied by the adjustment factor of 1.0639 produces the 2013-14 Appropriation Limit of \$171,468,034. A Resolution is attached which authorizes the new Appropriation Limit for next fiscal year and includes Attachment 1 Calculation. The actual budget subject to the limitation excludes self-supporting funds, capital improvement funds, capital outlay grant funds and specific exclusions such as the Gas Tax Fund. The fiscal year 2013-14 appropriation subject to the Gann Limit is \$70,778,848 and is significantly below the Appropriation Limit by over \$100 million.

Current City Council Policy

The Council adopts the appropriation limit during the budget adoption process.

Fiscal Impact

None. Impacts the City only if the appropriation limit is exceeded by proposed fiscal year 2013-14 appropriation subject to limitation.

Attachments

- Attachment 1 - Gann Appropriation Limitation Calculation 2013-14

CONCLUSION

Staff recommends City Council approval of a resolution establishing the City's appropriation limit of \$171,468,034 for fiscal year 2013-14.

PREPARED BY: David Baum, Finance Director, Finance



City of San Leandro

Meeting Date: June 3, 2013

Resolution - Council

File Number: 13-277

Agenda Section: CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Chris Zapata
City Manager

BY: David Baum
Finance Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: ADOPT: Resolution Establishing the City's Appropriation Limit for Fiscal Year 2013-14 (adopts the appropriation limit pursuant to California Government Code Section 7910)

Following availability of the documentation used in the determination of the Appropriation Limit pursuant to Section 7910 of the Government Code, this Council has reviewed and considered the data contained in Attachment 1 attached hereto and incorporated herein by this reference.

NOW, THEREFORE, pursuant to Section 7910 of the Government Code and Article XIII B of the California Constitution, the City Council does hereby establish the Appropriation Limit for Fiscal Year 2013-14 at \$171,468,034 as more specifically set forth in Attachment 1.

ATTACHMENT 1

**CITY OF SAN LEANDRO
GANN APPROPRIATION LIMITATION CALCULATION
Fiscal Year 2013-14**

2012-13 Appropriation Limit	<i>a</i>	\$ 161,166,358
2013-14 Adjustment Factor	<i>b</i>	1.0639
2013-14 Appropriation Limit	$a \times b=c$	\$ 171,468,034
2013-14 Appropriations Subject to Limitation	<i>d</i>	\$ 70,778,848
Percentage of Appropriation Limit Used in 2013-14	d/c	41.28%