

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 2015-16 staff is using the County Population Growth factor of 1.30% multiplied by the Non-Residential Assessed Valuation factor 7.49% since the county's population factor is higher than the City of San Leandro's population factor ($1.013 \times 1.0749 = 1.0889$). Similarly, the City's non-residential assessed valuation factor is higher than the State's per capita income growth factor. The non-residential assessed valuation factor includes a significant property "new construction" of \$42 million for Chill Build LLC, and a property adjustment exclusion of \$714,000 for Kaiser Foundation Hospitals since the hospital is exempt from property taxes.

The calculated 2014-15 Appropriation Limit of \$175,666,900 multiplied by the adjustment factor of 1.0889 produces the 2015-16 Appropriation Limit of \$191,284,931. A Resolution is attached which authorizes the new Appropriation Limit for next fiscal year and includes the 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 2015-16 appropriation subject to the Gann Limit is \$90,508,228 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 the proposed fiscal year 2015-16 appropriation subject to limitation.

ATTACHMENT

- Attachment 1 - Gann Appropriation Limitation Calculation 2015-16

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ATTACHMENT 1

**CITY OF SAN LEANDRO
GANN APPROPRIATION LIMITATION CALCULATION
Fiscal Year 2015-16**

2014-15 Appropriation Limit	<i>a</i>	\$	175,666,900
2015-16 Adjustment Factor	<i>b</i>		<u>1.0889</u>
2015-16 Appropriation Limit	<i>a x b=c</i>	\$	191,284,931
2015-16 Appropriations Subject to Limitation	<i>d</i>	\$	90,508,228
Percentage of Appropriation Limit Used in 2015-16	<i>d/c</i>		47.32%