

**CITY MANAGER'S REPORT
JUNE 11, 2018 CITY COUNCIL REGULAR MEETING****ITEM: GANN APPROPRIATION LIMIT FOR FISCAL YEAR
2018/19****RECOMMENDATION: Adopt Resolution Determining the Total Annual
Appropriations Subject to Limitation, for Fiscal Year
2018/19**

SUMMARY:

California voters adopted the GANN Initiative (also known as GANN Limit) in 1979. The purpose of the GANN Initiative is to limit tax revenues which can be appropriated in any fiscal year. The GANN Limit is calculated by increasing the base year tax revenues by the Population Growth factor and one of the following: 1. Changes in Assessed Values attributed to Non-Residential Growth or 2. Changes in the Per Capita Personal Income factor whichever is greater and readily available. To comply with Article XIII.B of the State Constitution and Government Code 7900 and as part of the budget process, the City adopts the GANN Limit.

After reviewing the GANN Limit's growth factors, staff recommends using the Per Capita Personal Income factor to set the appropriation limit at \$140,774,084 (Attachment "B") for Fiscal Year 2018/19. The Fiscal Year 2018/19 budget remains in compliance within the appropriation limit.

BACKGROUND:

The GANN Limit originated with Proposition 4 and was passed by California voters in November 1979 (also known as the Gann Initiative). The purpose of the GANN Limit is to limit tax growth.

Section 7910 of the Government Code of the State of California requires that the governing bodies of each local jurisdiction establish its appropriation limit for the following fiscal year pursuant to Article XIII B of the State Constitution (GANN Initiative). The GANN Initiative limits the amount of revenue which can be appropriated in any fiscal year. However, not all revenues are restricted, only those referred to as "proceeds of taxes". The limit is adjusted annually for population growth, inflation/per capita income or changes to non-residential new construction, and other factors. Certain appropriations are exempt from the GANN Limit, such as voter-approved debt, court orders, and federal mandates.

The GANN Limit is calculated by increasing the base year tax revenues annually by a population growth factor and by one of the following:

1. The increase in Assessed Value attributed to Non-Residential Growth; or
2. The increase or decrease in California Per Capita Personal Income

Staff has prepared the FY 2018/19 GANN Appropriation Limit calculation (shown in Attachment "B" of the Proposed Resolution). The increase in per capita personal income of 3.67% provided by the Department of Finance was chosen as the supplemental factor to compute the GANN Limit since the Assessed Value for Non-Residential Growth factor is not yet available from the County estimates.

The GANN Appropriation Limit for FY 2018/19 is \$140,774,084 as calculated in Attachment "B" of the proposed resolution.

REASON FOR RECOMMENDATION:

The City is required by State law to annually adopt the GANN Limit.

COUNCIL GOALS ADVANCED BY THIS AGENDA ITEM:

Feeling of Safety: by complying with fiscal requirements.

FISCAL IMPACT:

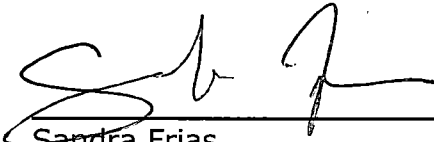
The City's FY 2018/19 appropriations funded by tax revenues are within the required GANN Limit.

ATTACHMENTS:

- A. Resolution Determining the Total Annual Appropriation Subject to Limitation, for Fiscal Year 2018/19
- B. Proposition 4 Appropriation GANN Limit Calculations for Fiscal Year 2018/19

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JUNE 11, 2018 CITY COUNCIL REGULAR MEETING
GANN LIMIT FISCAL YEAR 2018/19**

APPROVALS:



Sandra Frias
Budget Manager

5/31/18

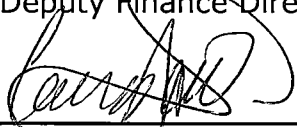
Date



Vanessa Portillo
Deputy Finance Director

5-31-2018

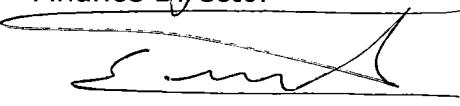
Date



Cari James
Finance Director

6/4/18

Date



Salvador Navarrete
City Attorney

6-4-18

Date



Stephen J Salvatore
City Manager

6-5-18

Date

RESOLUTION NO. 18-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP
DETERMINING THE TOTAL ANNUAL APPROPRIATION SUBJECT TO
LIMITATION, FOR FISCAL YEAR 2018/19**

WHEREAS, the City of Lathrop has prepared and submitted to the City Council a budget for the fiscal year commencing July 1, 2018;and

WHEREAS, the City Council should determine its final annual appropriations that are subject to limitation pursuant to Article XIII.B of the State Constitution; and

WHEREAS, said total annual appropriations subject to limitation of the City of Lathrop has been computed by the Director of Finance in accordance with the provisions in Article XIII.B and Government Code 7900, et seq; and

WHEREAS, the increase in per capita personal income of 3.67% was used rather than the assessed value attributed to non-residential growth; and

WHEREAS, the City of Lathrop has complied with all of the provisions of Article XIII.B and Government Code 7902 in determining the Gann Limit which has been calculated for fiscal year 2018/19 to be \$140,774,084 (see Attachment "B");

NOW, THEREFORE, BE IT RESOLVED that the City Council does hereby approve the Gann Limit for 2018/19 as set forth in Attachment "B".

The foregoing resolution was passed and adopted this 11th day of June 2018, by the following vote of the City Council, to wit:

AYES:

NOES:

ABSENT:

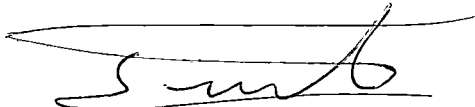
ABSTAIN:

Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

Teresa Vargas, City Clerk



Salvador Navarrete, City Attorney

CITY OF LATHROP
PROPOSITION 4 APPROPRIATION GANN LIMIT CALCULATIONS

1998-99 GANN LIMIT	17,745,134
1999-00 GANN LIMIT	22,910,743
2000-01 GANN LIMIT	30,292,149
2001-02 GANN LIMIT	34,068,671
2002-03 GANN LIMIT	41,338,925
2003-04 GANN LIMIT	46,340,935
2004-05 GANN LIMIT	49,037,977
2005-06 GANN LIMIT	51,774,296
2006-07 GANN LIMIT	61,109,202
2007-08 GANN LIMIT	71,980,529
2008-09 GANN LIMIT	80,085,537
2009-10 GANN LIMIT	82,111,701
2010-11 GANN LIMIT	81,627,242
2011-12 GANN LIMIT	87,006,477
2012-13 GANN LIMIT	91,800,534
2013-14 GANN LIMIT	98,612,134
2014-15 GANN LIMIT	101,077,437
2015-16 GANN LIMIT	108,061,888
2016-17 GANN LIMIT	121,072,539
2017-18 GANN LIMIT	130,843,093
2018-19 GANN LIMIT	140,774,084

2018-19 FINAL CALCULATION

The City will use the percentage change in per capita income to
calculate the Final Gann Limit.

ADJUST FOR CHANGE IN POPULATION

Based on California Department of Finance Information

.. Increase 3.78%

Adjust for Change in California Per Capita Income

Per Capita Income Change: 3.67%

Adjust by the Above Factors:

Population 1.0378 x Per Capita 1.0367 = 1.0759

\$130,843,093 x 1.0759= \$140,774,084

If you have any questions, contact Cari James in the Finance Department.