TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES

DATE: JUNE 17, 2002 CMR: 277:02

SUBJECT: ADOPTION OF FINAL APPROPRIATION LIMIT CALCULATION RESOLUTION FOR 2002-03

RECOMMENDATION
Staff recommends that Council adopt the attached resolution determining the Proposition 4 (Gann) Appropriations Limit calculation for fiscal year 2002-03.

DISCUSSION
Article XIIIB of the State Constitution (Proposition 4) limits the annual appropriations for the State and local governments. The Appropriations Limit (Limit) is adjusted annually on the basis of population and per capita income “change factors.” These factors are received from the State in May after the City's proposed budget has been submitted to Council. Attached is the final Appropriations Limit calculation, based on the change factors which have been received from the State.

The final calculated Appropriations Limit for fiscal year 2002-03 is $83.21 million. The appropriation subject to this limit for 2002-03 is estimated to be $65.96 million. When compared to the Adopted 2002-03 Budget, the City's fiscal year 2002-03 appropriation is $17.25 million under the Limit.

As required by State law, documentation used to compute the Limit has been made available to the public at least fifteen days prior to the Council meeting at which the Limit is being adopted, and notice was published of the availability of these materials.

RESOURCE IMPACT
The adoption of the 2002-03 Appropriations Limit has no effect on City resources because the proposed 2002-03 budget is below the Limit.

POLICY IMPLICATIONS
This recommendation is consistent with existing City policies.
ATTACHMENTS
Attachment A: Resolution determining the calculation of the Appropriations Limit for fiscal year 2002-03

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