



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: June 9, 2020

TO: Christine Daniel, City Manager

FROM: Susan Hsieh, Finance Director

SUBJECT: Resolution Of The City Council Of The City Of Emeryville Adopting The Appropriations Limit For The 2020-21 Fiscal Year At \$121,764,528

RECOMMENDATION

Staff recommends that the City Council approve a resolution adopting the Appropriations Limit for the 2020-21 Fiscal Year at \$121,764,528, in which the calculation of proceeds or taxes in the adopted budget does not exceed this limit in Fiscal Year 2020-21.

BACKGROUND

In November 1979, the voters of the State of California adopted Proposition 4, known as the Gann Initiative, which created Article XIII B of the State Constitution. The purpose of this Proposition was to limit the amount of tax-generated revenue that could be appropriated to the 1978-79 base year amount adjusted annually by changes in population and inflation. In June 1990, the voters approved Proposition 111, which changed the allowable adjustable factors to be used in calculating the limit and established an annual review process for Appropriation Limit calculations.

Prior to 1990-91, the inflation factor for calculating the Appropriation Limit was the lesser of U.S. CPI or California Per Capita Income, and the population factor was the annual growth in City population. Following 1990-91, the inflation factor was changed to a City option of either the increase in California Per Capita Income or the percentage change in the local tax roll from the preceding year due to the addition of local non-residential construction, and the population factor was changed to a City option of either City or County population growth. Proposition 111 allowed cities to go back and revise prior year calculations since 1986-87 using these new optional factors.

DISCUSSION

Under Article XIII B of the State Constitution, the City Council is annually required to adopt the Appropriations Limit by resolution at a public meeting. This adoption includes identification of the annual adjustment factors that have been selected for the applicable year.

Population Factor – There is an increase in City population from January 1, 2019 to January 1, 2020, and the increase is estimated by the State Department of Finance at 2.13%. The County population growth for the same period is estimated at 0.37%. Therefore, City population growth is the recommended population factor for fiscal year 2020-21.

Inflation Factor - With regard to inflation, as reported by the State Department of Finance, the growth in California Per Capita Income from the prior year is 3.73%. The Alameda County Assessor's Office has provided preliminary information indicating that the percentage change in the local tax roll due to non-residential construction is estimated at 0.002%. Therefore, it is recommended that the City of Emeryville establish the Appropriations Limit using the California Per Capita Income option.

Appropriations Limit for the 2020-21 Fiscal Year

Using the population and inflation factors described above, the City of Emeryville's Appropriations Limit for the 2020-21 Fiscal Year is \$121,764,528. The FY 2020-21 budget reflects appropriations from tax proceeds of \$30,474,900 which is 25.03% of the City's allowed limit. It is recommended that the City Council adopt the resolution establishing the Appropriations Limit for the 2020-21 fiscal year.

PREPARED BY: Susan Hsieh, Finance Director

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



Christine Daniel, City Manager

ATTACHMENTS

- Draft Resolution
Appendix A – Appropriations Limit Calculation FY 2020-21