

REPORT

To the Honorable Mayor and City Council
From the City Manager

June 16, 2008

SUBJECT

Annual Appropriations Limit for FY 2008/09

RECOMMENDATION

Adopt a resolution establishing the appropriations limit for FY 2008/09.

BACKGROUND

In 1979 the voters of the State of California passed Proposition 4, the Gann spending limit initiative. The initiative establishes and defines annual appropriation limits for state and local government entities and requires that the City adopt an appropriations limit annually. Moreover, the initiative provides for annual adjustments for changes in population (for the City or County, whichever is greater) and either the statewide percentage change in per capita personal income or percentage change in assessed valuation attributable to growth in non-residential new construction.

The recommended appropriations limit for FY 2008/09 is \$306,426,663 while the limit for FY 2007/08 was \$288,449,808. The estimated proceeds of taxes for FY 2008/09 are only \$60,486,432, well below the \$306,426,663 legal limit.

The attachment displays the calculations utilized to arrive at this amount.

ALTERNATIVES

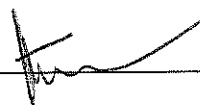
There are no practical alternatives as Article XIII B of the State Constitution requires that the state and all local entities adopt an appropriations limit annually.

FISCAL IMPACT

There is no fiscal impact associated with adopting the recommended appropriations limit as the appropriation of the proceeds of taxes is well under the recommended limit.



Brian J. Ponty
Director of Finance and Financial Planning



Peter Ingram
City Manager

ATTACHMENTS

1. Resolution
2. Proposition 4 Appropriation Limitations FY 2008/09

RELATED DOCUMENTS IN CITY CLERK'S OFFICE

None

RESOLUTION NO. _____

**RESOLUTION ESTABLISHING APPROPRIATIONS LIMIT
FOR FISCAL YEAR 2008/09**

WHEREAS, Article XIII B of the Constitution of the State of California places various limitations on the City's powers of appropriation; and

WHEREAS, Division 9 (commencing with Section 7900) of the Government Code implements said Article XIII B and requires that each local jurisdiction shall, by resolution, establish its appropriations limit for the following year.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF REDWOOD CITY AS FOLLOWS:

This Council does hereby establish as the appropriations limit for Fiscal Year 2008/09, the amount of \$306,426,663, calculated in accordance with the provisions of Division 9 (commencing with Section 7900) of the California Government Code.

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**PROPOSITION 4
 APPROPRIATION LIMITATIONS
 FISCAL YEAR 2008/09**

Appropriation Limit FY 2007/08 \$288,449,808

Percentage growth in assessed valuation
 which is attributable to non-residential
 new construction 4.90%

Percentage increase in
 population growth 1.27%

1.049 * 1.0127 = 1.062322298

Appropriation Limit FY 2008/09 \$306,426,663