



City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Administrative Services

Meeting Date: June 19, 2023

Report #:2304-1355

TITLE

Adoption of a Resolution Proposing the Appropriations Limit for Fiscal Year 2024

RECOMMENDATION

Staff recommends that Council adopt the attached Resolution determining the Appropriations Limit for Fiscal Year 2024 (Attachment A). The City's Fiscal Year 2024 appropriations are estimated to be \$53.86 million under the limit based on the Fiscal Year 2024 Budget, as recommended to the City Council for review and adoption on June 19, 2023.

BACKGROUND

California voters approved an initiative on November 6, 1979 that added Article XIII B to the State Constitution, as amended by Proposition 98 in 1988 and Proposition 111 in 1990. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government. The appropriation limit is based on actual appropriations during the 1978-1979 fiscal year, as increased each year using specified population and inflationary growth factors. The original legislation implementing the provisions of Article XIII B became effective January 1, 1981. In accordance with that legislation, the governing body of each government jurisdiction must, by resolution, establish its annual appropriation limit for the coming year (prior to July 1) at a regularly scheduled meeting or noticed special meeting. Based on Article XIII B, the City of Palo Alto can use the larger of two measurements of population growth, (county or city population growth) in the appropriations limit calculation. For Fiscal Year 2024, the City is using the 2022-2023 percent change in population growth of the County of Santa Clara in the calculation. The City typically uses the highest factor in order to provide maximum appropriation flexibility.

ANALYSIS

The appropriations limit is adjusted annually on the basis of population and per capita income changes provided annually by the California Department of Finance. This updated information is received from the California Department of Finance in May, after the City's proposed budget has been submitted to Council. Attached is the final appropriations limit calculation, based on the

updated information as well as allowable appropriation limit adjustment factors such as voter-approved debt and capital outlay expenditures. The appropriations limit for Fiscal Year 2024 is \$211.80 million for funds subject to the appropriation limits. The City's Fiscal Year 2024 budgeted appropriations are estimated to be \$53.86 million under the limit. As required by State law, documentation used to compute the appropriations limit has been made available to the public at least fifteen days prior to the Council meeting at which the appropriations limit is being adopted, and notice was published of the availability of these materials.

FISCAL/RESOURCE IMPACT

The adoption of the Fiscal Year 2024 Appropriations Limit has no impact on City resources.

STAKEHOLDER ENGAGEMENT

A public notice was provided on June 2, 2023 stating the availability of the calculation materials on the City's website, and that the Appropriations Limit is being adopted on June 19, 2023.

ENVIRONMENTAL REVIEW

Council action on this item is not a project as defined by CEQA because establishing the Fiscal Year 2024 appropriations limit is a government funding mechanism or fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. CEQA Guidelines section 15378(b)(4).

ATTACHMENTS

Attachment A: GANN Resolution FY 2024

Attachment B: GANN Notice FY 2024

APPROVED BY:

Kiely Nose, Assistant City Manager