



MEETING DATE: 6/7/04

ITEM NO. 9

COUNCIL AGENDA REPORT

DATE: JUNE 7, 2004
TO: MAYOR AND TOWN COUNCIL
FROM: TOWN MANAGER [Signature]
SUBJECT: ADOPT RESOLUTION ESTABLISHING THE FISCAL YEAR 2004/05 GANN APPROPRIATION LIMIT FOR THE TOWN OF LOS GATOS

RECOMMENDATION:

Adopt resolution approving the Gann Appropriations Limit for FY 2004/05.

BACKGROUND:

Article XIII B of the California State Constitution was enacted by Proposition 4. The Gann Initiative of 1979, commonly referred to as the Gann Appropriations Limit, mandates a limit on the amount of proceeds of taxes that state and local governments can appropriate and spend each year.

DISCUSSION:

Each year's limit is based on the amount of tax proceeds that were authorized to be spent in fiscal year 1978-79 in each agency, modified for changes in inflation and population in each subsequent year.

Calculation of the 2004/05 Gann Appropriations Limit follows:

FY 2004/05 Calculation

Table with 5 columns: % Increase in County Population, Change in Per Capita Income, Appropriation Factor, FY 03/04 Appropriation Limit, FY 04/05 Appropriation Limit. Row 1: 1.0072 X 1.0328 1.04023616 X \$ 21,397,082 = \$ 22,258,018

PREPARED BY: STEPHEN CONWAY, FINANCE DIRECTOR

Reviewed by: [Signature] Assistant Town Manager [Signature] Town Attorney [Signature] Clerk [Signature] Finance
Community Development Revised: 5/27/04 11:33 am

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MAYOR AND TOWN COUNCIL  
SUBJECT: ADOPT RESOLUTION ESTABLISHING THE FY 2004/05 GANN APPROPRIATIONS LIMIT  
JUNE 7, 2004

This Appropriations limit is the total amount of tax money that can be appropriated by the Town. The proposed 2004/05 budget anticipates \$16,401,762 in taxes, which is \$5,856,256 less than the appropriation limit of \$22,258,018.

**CONCLUSION:**

It is recommended that the Council adopt the resolution approving the Gann Appropriations Limit of \$22,258,018.

**ENVIRONMENTAL ASSESSMENTS**

Is not a project defined under CEQA and no further action is required.

**Attachments:**

1. Resolution
2. Gann Appropriations Limit calculation

**RESOLUTION 2004-**

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS  
ESTABLISHING THE 2004/05 FISCAL YEAR APPROPRIATION LIMIT  
FOR THE TOWN OF LOS GATOS**

**WHEREAS**, the Town of Los Gatos has established its Base Year appropriation limit as \$5,849,120 (Five Million, Eight Hundred Forty-nine, One Hundred Twenty Dollars); and

**WHEREAS**, the cumulative appropriate changes to the Town's population, the Consumer Price Index, and per capita income statewide since the base year established the revised Proposition 111, 1996/97 Fiscal Year Appropriation Limit as \$14,714,173 (Fourteen Million, Seven Hundred Fourteen Thousand, One Hundred Seventy Three Dollars) as adjusted; and

**WHEREAS**, to the best of this Town's knowledge and belief, the State Department of Finance figures provided to this Town in response to Proposition 111 passed by the voters in June 1990, as audited, reflect the appropriate statistics relevant to the calculation of the 2004/05 Fiscal Year Appropriation Limit:

- County population adjustments for 2004/05, plus 1.0072 (One point zero, zero, seven, two percent)
- Town population adjustments for 2004/05, plus 1.0004 (One point zero, zero, zero, four percent)
- Per Capita Personal Income change for 2004/05, plus 1.0328 (One point three, two, eight percent).

**THEREFORE, BE IT RESOLVED**, based on the foregoing figures and the provisions of Article XIII B of the Constitution of the State of California, the following figure accurately represents the 2003/04 Fiscal Year Appropriation Limit for the Town of Los Gatos as: \$21,397,082 (Twenty One Million, Three Hundred Ninety Seven Thousand, Eighty Two Dollars).

**PASSED AND ADOPTED** at a regular meeting of the Town Council of the Town of Los Gatos, California,

held on the 2nd day of June, 2003 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS

LOS GATOS, CALIFORNIA

ATTEST:

CLERK OF THE TOWN OF LOS GATOS

LOS GATOS, CALIFORNIA

**APPROPRIATION LIMIT FACTORS**

<b>Year Ended June 30</b>	<b>Beginning Appropriation Limit</b>	<b>County Population Factor</b>	<b>Town Population Factor</b>	<b>Per Capita Income</b>	<b>Ending Appropriation Limit</b>	<b>% Limit Increase</b>
1995	11,896,630	1.016	1.0201	1.0071	12,221,916	2.73%
1996	12,221,916	1.017	1.0001	1.0472	13,016,370	6.50%
1997	13,016,370	1.0800	1.007	1.0467	14,714,173	13.04%
1998	14,714,173	1.0216	1.0201	1.0467	15,733,994	6.93%
1999	15,733,994	1.0212	1.0137	1.0415	16,734,358	6.36%
2000	16,734,358	1.0173	1.0071	1.0453	17,795,043	6.34%
2001	17,795,043	1.0163	1.0095	1.0491	18,973,081	6.62%
2002	18,973,081	1.0147	1.0107	1.0782	20,757,490	9.40%
2003	20,757,490	1.0125	1.0051	0.9873	20,750,044	-0.04%
2004	20,750,044	1.0079	1.0010	1.0231	21,397,082	3.12%
2005	21,397,082	1.0072	1.0004	1.0328	22,258,018	4.02%

**FY 2004/05 Calculation**

<b>% Increase in County Population</b>	<b>Change in Per Capita Income</b>	<b>FY 03/04 Appropriation Factor</b>	<b>FY 03/04 Appropriation Limit</b>	<b>FY 04/05 Appropriation Limit</b>
1.0072	X 1.0328	1.04023616	X \$ 21,397,082	= \$ 22,258,018

**Percentage of Appropriation**

<b>FY 04/05 Tax Revenues</b>	<b>FY 04/05 Appropriation Limit</b>	<b>Percentage of Limit</b>
16,401,762	/ \$ 22,258,018	= 74%

