



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: June 6, 2017

DEPARTMENT: FINANCE DEPARTMENT

FROM: MATT N. PRESSEY, FINANCE DIRECTOR

TITLE: APPROPRIATION LIMIT FOR FISCAL YEAR 2017-18

RECOMMENDED MOTION:

A motion to approve a Resolution establishing the Appropriations Limit for the City of Salinas for FY 2017-18 at \$232,697,658 pursuant to Article XIII B of the California Constitution, as amended by Proposition 111.

RECOMMENDATION:

It is recommended that the City Council approve a Resolution establishing the Appropriations Limit for the City of Salinas for FY 2017-18 at \$232,697,658 pursuant to Article XIII B of the California Constitution, as amended by Proposition 111.

EXECUTIVE SUMMARY:

The state requires by law that the governing body of the City approve a resolution adopting a limit to its annual appropriations. The City is well within that limit established by the California Constitution calculation procedure.

BACKGROUND:

Article XIII B of the California Constitution, which limits the annual appropriation of proceeds from taxes for governmental entities, was amended by the passage of Proposition 111. Proposition 111 provides through Senate Bill 88, the enabling legislation, several options for calculating the annual change in the appropriations limit. First, the City must select one of two methods to change the limit based on population increase. The options are: (1) the change in population in the City, or (2) the change in population for the entire County. Since the County's population has increased at a faster rate than the City's, we are using the County's population percentage increase as provided by the State Department of Finance. Second, the City must decide whether to use (1) the change in California's cost of living, or (2) the change in total assessed value due to non-residential construction within the City. Since the assessed value change is not available from the County, we are using the change in California cost of living as provided by the State Department of Finance.

For FY 2017-18, the appropriation limit factors recommended for use by the City are as follows:

County population percentage increase +1.00%

California cost of living factor +3.69%

In accordance with Proposition 111, these annual changes must be approved by a recorded vote of the City Council. The attached worksheet provides the detail calculations.

Guidelines for the implementation of Article XIII B were provided by the League of California Cities and have been used in calculating the annual appropriations limit. Additionally, data reflecting changes in population and cost of living has been provided by the State Department of Finance.

For the City of Salinas, the appropriations limit for FY 2017-18 has been calculated at \$232,697,658. The portion of the City's budget that is subject to the appropriation limit (the proceeds of taxes) totals \$123,895,405 and is well within the appropriations limit.

CEQA CONSIDERATION:

The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project.

STRATEGIC PLAN INITIATIVE:

Adopting an appropriation limit will accomplish the goal of an Effective, Sustainable Government in addition to comply with current state laws and governmental entities best practices.

FISCAL AND SUSTAINABILITY IMPACT:

The Appropriation Limit has no fiscal impact due to the large margin between the Limit and our Proceeds of Taxes. It shows that the City has plenty of room for growth.

ATTACHMENTS:

Attachment 1. Schedules 1-3