

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

0590-00098-4791

Date: October 7, 2014

To: The Council

From: Miguel A. Santana, City Administrative Officer



Subject: **2014-15 APPROPRIATION LIMIT (C.F. 14-0600)**

Section 7910 of the Government Code of the State of California requires that the governing body of each local jurisdiction establish its appropriations limit for the following fiscal year pursuant to Article XIII B of the State Constitution (Gann Initiative). The Gann Initiative limits the amount of revenue which can be appropriated in any fiscal year. However, not all revenues are restricted, only those referred to as "proceeds of taxes." The limit is adjusted annually for population growth, inflation or per capita income and other factors. Certain appropriations are exempt from the Gann limit, such as voter-approved debt, court orders, and federal mandates. Fifteen days prior to such determination the documentation used to calculate the appropriations limit shall be made available to the public.

Transmitted herewith is documentation used to determine the appropriations limit for 2014-15. Paragraph 13 of the 2014-15 Budget Resolution directs this Office to present a report setting forth the calculations necessary to establish the City's appropriations limit. These calculations shall reflect the final decisions of the Mayor and Council on the 2014-15 Budget.

The calculated appropriations limit for 2014-15 is \$4,555,372,559 (see Attachment 1), or \$858,214,476 more than the estimated \$3,697,158,083 appropriations subject to limit in the 2014-15 Budget (see Attachment 2). The calculation of the appropriations limit will be reviewed as part of the City's annual financial audit for 2014-15.

It should be noted that calculations of the limit do not include the use of a factor for the change in nonresidential new construction. Additional information and/or clarifying legislation are necessary before factors can be developed.

Documentation of the base year and subsequent years appropriations limit calculations is included as Attachment 3 to this report.

3014001-1 LW 3:33

## Recommendations

1. Provide the public, in accordance with Section 7910 of the Government Code, the opportunity to review the attached documentation for at least 15 days before adopting an appropriations limit for 2014-15. To facilitate this effort, the attached documentation will be sent to all certified neighborhood councils.
2. Adopt the following factors to be used to calculate the appropriations limit for 2014-15:

Population: City	1.00%
California Per Capita Income	-0.23%
3. Reserve the right to re-calculate the appropriations limit for each year at such time as State legislation is enacted (or other information is available) to determine factors to be used to calculate the annual change in nonresidential new construction.
4. Adopt \$4,555,372,559 as the appropriations limit for 2014-15.

## Fiscal Impact Statement

There is no fiscal impact in adopting this report.

*MAS:JWW:AMY:01150023c*

## Attachments