



## CITY OF COMMERCE AGENDA REPORT

**TO:** Honorable City Council

**Item No.** \_\_\_\_\_

**FROM:** City Manager

**SUBJECT:** Resolution Approving and Adopting the Annual Appropriations Limit for Fiscal Year 2019-2020

**MEETING DATE:** June 18, 2019

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### **RECOMMENDATION:**

Approve and adopt the proposed Resolution selecting the California per capita personal income price factor of 3.85 and Commerce's population growth of -0.25 as the annual adjustment factors used in calculating the appropriation limit for the City of Commerce, and assign the number next in order.

### **BACKGROUND/ANALYSIS:**

Article XIII(B) of the California Constitution provides that an appropriation limit be established each year that creates a restriction on the amount of proceeds of taxes which can be appropriated in any fiscal year. The limit is based on actual appropriations during the 1978-79 fiscal year, and is increased each year using the growth in population and inflation.

Proposition 111 modified the selection process of the annual adjustment factors and now allows cities to choose either the growth in the California Per Capita Income or the growth in the non-residential assessed valuation due to new construction within the City as the inflation factor. The City can also choose between the population growth of the City of Commerce or Los Angeles County as the growth factor. Proposition 111 requires a recorded vote of the Council regarding which of the annual adjustment factors has been selected each year.

Based on the FY 2018-2019 appropriations limitation of \$182,865,638 and the adjustment factors discussed above, the projected appropriation limitation for FY 2019-2020 would be \$189,431,200.

### **ALTERNATIVES:**

1. Approve staff recommendation.
2. Choose the growth in the non-residential assessed valuation due to new construction within the City as the inflation factor.
3. Choose the population growth of Los Angeles County as the growth factor.

**FISCAL IMPACT:**

This activity may be carried out without additional impact on the current operating budget.

**RELATIONSHIP TO STRATEGIC GOALS:**

This report is applicable to the following 2016 Strategic Plan Fiscal Sustainability Guiding Principle 1: *Demonstrate fiscal responsibility through establishing financial policies, budgeting practices that meet the Financial Standards of Excellence requirements.*

Recommended by: Vilko Domic, Director of Finance

Approved as to Form: Noel Tapia, City Attorney

Respectfully submitted: Edgar P. Cisneros, City Manager

**ATTACHMENTS:**

1. Resolution
2. Calculation of Limitation

DS/staff reports, city council/Appropriations Limit/Appropriations Limit FY 2019-20 6-18-19 VD