



Santa Clara Valley Water District

File No.: 17-0398

Agenda Date: 6/27/2017

Item No.: 9.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Resolution Establishing Appropriations Limit for Fiscal Year 2017-18.

RECOMMENDATION:

- A. Select the cost-of-living factor to establish the District's Appropriations Limit; and
- B. Adopt a Resolution ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR 2017-18.

SUMMARY:

The Gann Spending-Limitation Initiative, Article XIII B of the California Constitution, was adopted as Proposition 4 in June 1979, and was subsequently modified by Proposition 111 in June 1990. Under this article of the State Constitution, the District is required to annually adopt a resolution setting a limitation on the annual appropriation of proceeds from taxes. The Gann Spending-Limitation Initiative provides for the limitation of state and local government appropriations. The Gann Initiative is a limitation on tax revenues, rather than a direct limitation on appropriations. Major provisions of the Gann Initiative and subsequent Proposition 111 modification include:

1. Appropriations subject to limitation may not exceed appropriations made in 1978-79.
2. Appropriations financed through service fees (to the degree that they do not exceed the cost of performing the service), grant programs, fines and forfeitures, and other specified "non-tax" sources are not subject to the appropriations limit.
3. For identifying "proceeds from taxes" under the Gann Initiative, state subventions that are unrestricted as to their use are considered to be tax sources.
4. Under the original Gann Initiative, all proceeds from taxes received in excess of the appropriations limit are required to be returned through refunds or revision in tax rates and fee schedules within the next two fiscal years - or voter approval to increase the appropriations limit is required.
5. Originally, the Gann Initiative required no formal review; however, Proposition 111 requires that the annual calculation be reviewed as part of the District's annual financial audit.

The Appropriations Limit may increase annually by a factor comprised of the percentage change in population on January 1, of the current year, for Santa Clara County in conjunction with either the percentage change in California per capita personal income or the percentage change in assessment roll due to local non-residential construction. As with prior fiscal years, staff recommends using the change in Santa Clara County per capita personal income as provided for by the Department of Finance.

For FY 2017-18 the percentage change over the prior year in population for Santa Clara County is 0.81% and the percentage change in the per capita personal income is 3.69%. The FY 2017-18 Appropriations Limit is \$146,848,288 as set forth in the attached Resolution along with the comparison to the FY 2017-18 proceeds of taxes to demonstrate that the district is expected to be within the FY 2017-18 Appropriations Limit by \$118,439,527.

FINANCIAL IMPACT:

There are no financial impacts.

CEQA:

The recommended action does not constitute a project because it does not have the potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Resolution

UNCLASSIFIED MANAGER:

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