



# COUNCIL REPORT

**DATE:** June 25, 2024  
**CATEGORY:** Consent  
**DEPT.:** Finance and Administrative Services  
**TITLE:** **Annual Appropriations Limit for Fiscal Year 2024-25**

## **RECOMMENDATION**

Adopt a Resolution of the City Council of the City of Mountain View Establishing the Fiscal Year 2024-25 Appropriations Limit, to be read in title only, further reading waived (Attachment 1 to the Council report).

## **BACKGROUND**

In 1979, the voters of the State of California passed Proposition 4, the Gann Spending Limit Initiative. The initiative establishes and defines annual appropriation limits for state and local government entities and requires that the City adopt an appropriations limit annually. This calculation is intended to limit the annual growth in tax revenues used to fund governmental expenditures in California. Article XIII B was changed with the passage of Proposition 111 on the June 1990 ballot. These changes permit greater flexibility with regard to annually calculating increases in the appropriations limit (Gann Limit or Limit) by allowing additional growth factors to be used. The initiative provides for annual adjustments for changes in population (for the City or County, whichever is greater), and either the statewide percentage change in per-capita personal income or percentage change in assessed valuation attributable to growth in nonresidential new construction. The factors permitting the maximum allowable increase in the appropriations limit are chosen for the calculation each fiscal year.

Pursuant to California Government Code Section 7910(a), the governing body of each local jurisdiction must establish the appropriations limit by resolution at a regularly scheduled or noticed special meeting and the documentation used to determine the appropriations limit must be made available to the public at least 15 days prior to the meeting. The documentation used to determine Mountain View's Fiscal Year 2024-25 appropriations limit was posted on the City's website on May 30, 2024. The calculation is also available in the Fiscal Year 2024-25 Recommended Budget document. Both are available at [www.mountainview.gov/budget](http://www.mountainview.gov/budget).

## **ANALYSIS**

The Fiscal Year 2023-24 Adopted Limit is \$356,727,282. The recommended Limit for Fiscal Year 2024-25 is \$378,697,009. The increase from Fiscal Year 2023-24 is primarily due to the percentage change of 3.62% in statewide per-capita income over prior year. The resolution displays the calculation utilized to arrive at this amount.

The recommended appropriations subject to the limitation for Fiscal Year 2024-25 are \$138,771,739, which is well below the calculated recommended legal Limit above.

## **FISCAL IMPACT**

There is no fiscal impact associated with adopting the recommended appropriations limit, and the appropriation of the proceeds of taxes is well under the recommended limit.

## **ALTERNATIVES**

1. Establish the Fiscal Year 2024-25 appropriations limit using other allowable adjustment factors.
2. Establish the Fiscal Year 2024-25 appropriations limit with no increase from Fiscal Year 2023-24.

**PUBLIC NOTICING**—Agenda posting and copy on website.

Prepared by:

Ann Trinh  
Senior Financial Analyst

Grace Zheng  
Assistant Finance and Administrative  
Services Director

Approved by:

Derek Rampone  
Finance and Administrative  
Services Director

Arn Andrews  
Assistant City Manager

AT-GZ/1/CAM  
574-06-25-24CR  
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- Attachments:
1. Resolution Establishing the Fiscal Year 2024-25 Appropriations Limit
  2. Appropriation Limit Calculation