



# FAIRFAX TOWN COUNCIL MEETING SUPPLEMENTAL STAFF REPORT

**MEETING DATE:** July 17, 2024  
**PREPARED FOR:** Mayor and Town Council  
**PREPARED BY:** Heather Abrams, Town Manager  
**SUBJECT:** Supplement to Agenda Item #12 Adoption of a Resolution Making Certain Findings and Determinations in Compliance with Section XIII B of the California Constitution (Gann Initiative) and Setting the Appropriation Limit for Fiscal Year 2024-25

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## **RECOMMENDATION**

Correct one number in the staff report and resolution respectively, as shown in the attached redline versions.

## **ATTACHMENT**

Redline Staff Report  
Redline Resolution



# FAIRFAX TOWN COUNCIL MEETING SUPPLEMENTAL STAFF REPORT

<b>MEETING DATE</b>	July 17, 2024
<b>PREPARED FOR</b>	Mayor and Town Council
<b>PREPARED BY</b>	Michael Vivrette, Finance Director
<b>SUBJECT</b>	Adoption of a Resolution Making Certain Findings and Determinations in Compliance with Section XIII B of the California Constitution (Gann Initiative) and Setting the Appropriation Limit for Fiscal Year 2024-25

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## RECOMMENDATION

Adopt the attached resolution determining the Proposition 4 (Gann) Appropriation Limit calculation for Fiscal Year 2024-25. The Town's Fiscal Year 2025 appropriations are estimated to be \$3,034 under the limit, based on the Fiscal Year 2024-25 Adopted Budget.

## DISCUSSION

In November 1979, the voters of the State of California approved Proposition 4, commonly known as the Gann Initiative. The proposition created Article XIII B of the State Constitution, placing limits on the amount of revenue that can be spent by all entities of government. Proposition 4 became effective for the 1980-81 fiscal year, but the formula for calculating the limits was based on the 1978-79 "base year" revenues. Appropriations backed by tax revenues collected by all funds within the Town are subject to measurement against the Town's calculated Gann Limit. Since the General Fund is the primary recipient of tax revenue, a rough estimate of the appropriations subject to that limit can be calculated by summing certain tax revenue that the General Fund receives. Please note that the "Proceeds of Taxes" are defined as general purpose taxes the Town receives such as sales and property taxes, but not special purpose taxes such as the special municipal service tax (Measure F). Franchise fees and charges for services are also not included in the "Proceeds of Taxes."

1. The Appropriation Limit calculation (see Exhibit A to the Resolution) starts with the appropriation limit from the prior year. This limit is updated with the "change factors" from population and CPI changes in the prior year as provided by the State Department of Finance (see Attachment B).
2. The result is compared to the current calculation of "Appropriations subject to limit" (Proceeds of taxes based on the budget for the new fiscal year). Note that in this calculation, the term "appropriations" refers to tax revenues to be received by the town. The Appropriation Limit needs to be higher than the "Appropriations subject to limit" or the Town might have to return revenues to the taxpayers or pass a measure approving a higher limit.

The Appropriation Limit for the Town in Fiscal Year 2024-25 is ~~\$7,978,027~~\$8,204,579. Based on the adopted budget for FY 2024-25, the Town is under its limit by \$3,034 (<.1%).

## FISCAL IMPACT

N/A

## ATTACHMENTS

- A. Resolution with Exhibit A&B. Calculation of Appropriation Limit
- B. California Department of Finance Memo (May 2024)

**RESOLUTION 24-\_\_**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX MAKING CERTAIN FINDINGS AND DETERMINATIONS IN COMPLIANCE WITH SECTION XIII B OF THE CALIFORNIA CONSTITUTION (GANN INITIATIVE) AND SETTING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2024-25**

**WHEREAS**, the Town Council discussed and reviewed the proposed budget for fiscal year 2024-25 at the budget workshop conducted on May 8, 2024, as well as at the public hearing on May 22, 2024, and at the Town Council meeting on May 29, 2024.

**NOW, THEREFORE, BE IT RESOLVED** by the Town Council of the Town of Fairfax, that in compliance with Section XIII B of the Constitution of California, the following is hereby found and determined:

1. The appropriation limit for the fiscal year 2023-24 was \$7,948,027.
2. During calendar year 2023 the population in Fairfax decreased by .38% and the per capita personal income in California increased by 3.62% resulting in an appropriations limit adjustment factor of 3.23%, as shown in the attached Exhibit A;
3. The appropriation limit for the Town of Fairfax for fiscal year 2024-25 is ~~\$8,204,579~~\$8,201,545, as shown in the attached Exhibit A;
4. The Town is under the appropriation limit for 2024-25 by \$3,034.

The foregoing Resolution was duly passed and adopted at a regular meeting of the Town Council of the Town of Fairfax, held in said Town on the 17<sup>th</sup> day of July 2024, by the following vote, to wit:

**AYES:**  
**NOES:**  
**ABSENT:**

ATTEST

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BARBARA COLER  
MAYOR

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CHRISTINE FOSTER  
DEPUTY TOWN CLERK