

AGENDA
ITEM

10




CALEXICO *California*

WHERE CALIFORNIA AND MEXICO MEET

AGENDA
ITEM
10

DATE: June 5, 2024

TO: Mayor and City Council

APPROVED BY: Esperanza Colio Warren, City Manager 

PREPARED BY: Sandra L. Fonseca, Interim Finance Director 

SUBJECT: Adopt a Resolution of the City Council of the City of Calexico
Establishing the Appropriations Limit for Fiscal Year 2024-25
Pursuant to Article XIII B of the California Constitution

=====

Recommendation:

Adopt Resolution Establishing the Appropriations Limit for Fiscal Year 2024-25 Pursuant to Article XIII B of the California Constitution.

Background:

In November of 1979 the voters of California passed Proposition 4 that specified government appropriations may increase annually by a factor comprised of the change in population combined with either the Consumer Price Index (CPI) or the change in per capita income as determined by the state Department of Finance. This measure was intended to provide citizens with more control over government spending and taxation.

Discussion & Analysis:

The adoption of the Gann Appropriations Limit is an annual requirement established by voter approval of the above-mentioned Proposition 4. The proposition was named after the author and was established to create a limit on the amount of tax revenue that can be appropriated by government jurisdictions. This limit is also popularly known as the Gann Limit.

Each year, the limit is calculated by multiplying the previous year's limit by adjustment factors for population growth and inflation.

Proposition 111, passed in June 1990, giving cities the option of using their own growth or the growth of the entire county in which the city was located as the population adjustment factor. Cities were also given the option of using the increase in California Per Capita Income or the increase in the assessed valuation of non-residential property in the city as the inflation adjustment factor. Cities have the option each year of which factor to use.

For FY 2024-25, Calexico is using the population growth of the Imperial County and the increase in California Per Capita Income. The Resolution and the calculation of the limit (Exhibit "A") are presented on the following pages.

Fiscal Impact:

There is no immediate fiscal impact that accompanies this report.

Coordinated With:

None.

Attachments:

1. Resolution of the City Council of the City of Calexico Establishing the Appropriations Limit for Fiscal Year 2024-25 Pursuant to Article XIII B of the California Constitution.
2. Attachment A - Calculation of Gann Limit.
3. Attachment B - Department of Finance – Price Factor and Population Information.

ATTACHMENT #1

RESOLUTION NO. 2024-

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO
ESTABLISHING THE APPROPRIATIONS LIMIT FOR
FISCAL YEAR 2024-25 PURSUANT TO ARTICLE XIII B OF THE
CALIFORNIA CONSTITUTION**

WHEREAS, Article XIII B of the California Constitution provides that the total annual appropriations subject to limitations of each governmental entity of government for the prior year adjust for changes in the cost of living or personal income and population, except as otherwise provided in Article XIII B in implementing State statutes; and,

WHEREAS, pursuant to said Article XIII B of said California Constitution, and section 7900 et seq. of the California Code, the City is required to set its appropriation limit for each fiscal year; and,

WHEREAS, the Finance Director of the City of Calexico has interpreted the technical provisions of Proposition 4 computations, performed a review and calculated the City's appropriations limit for FY 2024-25; and,

WHEREAS, based on such calculations the Acting Finance Director has determined the appropriations limit and, pursuant to Section 7910 of the California Government Code has made available to the public the documentation used in the determination of the appropriation limit;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Calexico, that the annual adjustment factors used to calculate the appropriations limit for Fiscal Year 2024-25 shall be California per capita personal income and the entire County's population growth; and

IT IS ALSO RESOLVED by the City Council of the City of Calexico the appropriations limit for Fiscal Year 2024-25 is hereby set at \$41,666,628. The appropriations limits are calculated in Exhibit "A" included herein and made a part of this resolution through this reference.

PASSED, APPROVED AND ADOPTED this 5th day of June 2024.

Camilo Garcia, Mayor

ATTEST:

Veronica Alvarado, City Clerk

State of California)
City of Calexico)
County of Imperial)

I, Veronica Alvarado, City Clerk of the City of Calexico do hereby certify that the foregoing Resolution No. 2024- was duly adopted by the Calexico City Council at special meeting thereof held on the 5th day of June 2024, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Veronica Alvarado, City Clerk

ATTACHMENT #2

City of Calexico
Calculation - Gann Limit FY 2024-25
June 30, 2024

Calculations of Gann Limit:

	Amount	Source
A. Appropriations Limit from FY 2023-24	\$ 39,441,874	Prior Year
B. Adjustment Factors:		
1. Growth in County or City Population (Use most beneficial factor)	1.0195	State Department of Finance
2. California per Capita Personal Income Growth	1.0362	State Department of Finance
3. Adjustment Factor	1.0564	B1*B2
C. Annual Adjustment Increase	2,224,754	A * (B3 - 1)
D. Appropriations Limit FY 2024-25	<u>\$ 41,666,628</u>	(A+C)

ATTACHMENT #3



Attachment B

Gavin Newsom ■ Governor

1021 O Street, Suite 3110 ■ Sacramento CA 95814 ■ www.dof.ca.gov

April 30, 2024

Dear Fiscal Officer:

Price Factor and Population Information

Appropriations Limit

California Revenue and Taxation Code section 2227 requires the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2024, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2024-25. Attachment A provides the change in California's per capita personal income and an example for utilizing the factors to calculate the 2024-25 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. [California Revenue and Taxation Code section 2228](#) provides additional information regarding the appropriations limit. [Article XIII B, section 9\(C\) of the California Constitution](#) exempts certain special districts from the appropriations limit calculation mandate. Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2024.** Please note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

/s Richard Gillihan

RICHARD GILLIHAN
Chief Operating Officer

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2024-25 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2024-25	3.62

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2024-25 appropriation limit.

2024-25:

Per Capita Cost of Living Change = 3.62 percent
Population Change = 0.17 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.62 + 100}{100} = 1.0362$

Population converted to a ratio: $\frac{0.17 + 100}{100} = 1.0017$

Calculation of factor for FY 2024-25: $1.0362 \times 1.0017 = 1.0379$

Fiscal Year 2024-25

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2023 to January 1, 2024 and Total Population, January 1, 2024

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total Population</u>
	23-24	1-1-23	1-1-24	1-1-24
Imperial				
Brawley	2.58	27,633	28,345	28,345
Calexico	1.70	38,606	39,262	39,262
Calipatria	4.60	6,063	6,342	6,342
El Centro	1.37	44,305	44,911	44,952
Holtville	1.27	5,513	5,583	5,583
Imperial	2.59	21,583	22,141	22,141
Westmorland	2.86	1,993	2,050	2,050
Unincorporated	1.65	30,586	31,091	34,206
County Total	1.95	176,282	179,725	182,881

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.