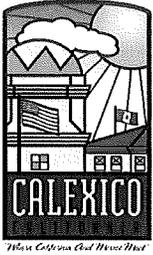


**AGENDA
ITEM
1**



AGENDA STAFF REPORT

DATE: June 24, 2019

TO: Mayor and City Council

APPROVED BY: David B. Dale, City Manager *MD for D.D.*

PREPARED BY: Karla Lobatos, Finance Director *KL*

SUBJECT: Resolution No. 2019 - _____ A Resolution of the City Council of Calexico, CA Approving and Establishing the Appropriations Limit for Fiscal Year 2019-20 Pursuant to Article XIII B of the California Constitution.

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Recommendation:

Adopt Resolution No. 2019 - _____, establishing the appropriations limit for Fiscal Year 2019-20 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 recalculated 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 2019-20, Calexico is using the population growth in the entire 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. However, it is noteworthy that the City of Calexico has significant spending room, or nearly double the taxation total with conservative factors being applied.

Coordinated With:

None.

Attachments:

1. Resolution of the City Council of the City of Calexico Establishing the Appropriations Limit for Fiscal Year 2019-20 Pursuant to Article XIII B of the California Constitution.
2. Attachment "A" – Recalculation of Gann Limit.

RESOLUTION NO. 2019-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO
ESTABLISHING THE APPROPRIATIONS LIMIT FOR
FISCAL YEAR 2019-20 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 2019-20; 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 2019-20 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 that the appropriations limit for the Fiscal Year 2019-20 is hereby set at \$32,388,596. The appropriations limit is calculated in Exhibit "A" included herein and made a part of this resolution through this reference.

PASSED, APPROVED AND ADOPTED this 24th day of June 2019.

Lewis Pacheco, Mayor

ATTEST:

Gabriela Garcia, City Clerk

Resolution No. 2019-_____

ATTACHMENT "A"

Recalculations of Gann Limit:

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit from FY 2018-2019	\$ 31,020,353	Prior Year
B. Adjustment Factors:		
1. Growth in County Population	1.0054	State Department of Finance
2. California per Capita Personal Income Growth	<u>1.0385</u>	State Department of Finance
3. Adjustment Factor	1.0441	B1*B2
C. Annual Adjustment Increase	1,368,243	A * (B3 - 1)
D. Appropriations Limit FY 2019-2020	\$ <u><u>32,388,596</u></u>	(A+C)