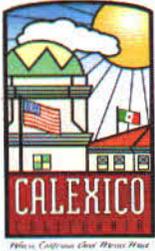


**AGENDA
ITEM**

14



AGENDA STAFF REPORT

DATE: June 3, 2020

TO: Mayor and City Council

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

PREPARED BY: Karla Lobatos, Finance Director *Kp*

SUBJECT: Resolution No. 2020 - _____ A Resolution of the City of Calexico City Council Approving and Establishing the Appropriations Limit for Fiscal Year 2020-21 Pursuant to Article XIII B of the California Constitution.

=====

Recommendation:

Adopt Resolution No. 2020 - _____, establishing the appropriations limit for Fiscal Year 2020-21 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 2020-21, 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 2020-21 Pursuant to Article XIII B of the California Constitution.
2. Attachment "A" – Recalculation of Gann Limit.

RESOLUTION NO. 2020-_____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO
APPROVING THE BUDGET FOR
FISCAL YEAR JULY 1, 2020 TO JUNE 30, 2021**

WHEREAS, the City of Calexico is a general law city that operates under the council-manager form of government; and

WHEREAS, the City Council of the City of Calexico annually adopts a budget that estimates revenues and authorizes expenditures, subject to the City's existing purchasing policies and procedures, employment policies and other adopted city policies;

NOW, THEREFORE, be it resolved, determined, and ordered by the City Council of the City of Calexico:

Section 1. The fiscal year 2020-21 Budget, attached hereto as Exhibit 1, shall be the budget for the City of Calexico for the fiscal year 2020-21.

Section 2. The City Manager, or his duly appointed representative, has the authority to expend appropriated amounts subject to policies and procedures adopted by the City Council. Budget appropriations shall be controlled at the department level within the General Fund, at the fund level for other funds, and at the capital project level within the capital improvement program. The City Manager is authorized to transfer appropriations between accounts within a General Fund Department, and within other individual funds, to meet the operating needs of the City.

Section 3. A General Fund reserve policy was established with the 2018-19 budget and remains in place for the 2020-21 budget. It is the City Council's policy to adopt annual General Fund budgets with an operating surplus of a minimum of \$250,000 per year. It is the intent of this policy to build on this reserve each year until a target of \$1 million has been achieved. This reserve will provide contingency funds in the event of economic or other disruption in City operations.

Section 4. A Water and Wastewater Operating Reserve policy is established with the 2020-21 budget. It is the City Council's policy that both the Water and the Wastewater Enterprise Funds will maintain a \$3 million operating reserve. Water and Wastewater revenues that exceed the amounts needed to maintain this operating reserve will be transferred to the respective Water and Wastewater Capital Funds for investment in their long-term capital improvement programs.

Section 5. A position of Engineering Technician will be added to Water, Wastewater and Capital Improvement Program to support all projects of the City of Calexico.

PASSED, ADOPTED and APPROVED this 3 day of June, 2020, by the City Council of the City of Calexico.

Bill Hodge, Mayor

ATTEST:

Gabriela Garcia, City Clerk

State of California)

Count of Imperial)

City of Calexico)

I, Gabriela T. Garcia, Deputy City Clerk of the City of Calexico do hereby certify the above Resolution No. 2020-_____ was approved at a special City Council meeting held on the 3rd day of June 2020, by the following vote to-wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Gabriela T. Garcia, City Clerk

Calexico, City of
Recalculation - Gann Limit FY21
June 30, 2020

Recalculations of Gann Limit:

	<u>Amount</u>	<u>Source</u>
A. Appropriations Limit from FY 2019-2020	\$ 32,388,596	Prior Year
B. Adjustment Factors:		
1. Growth in County or County Population (Use most beneficial factor)	1.0005	State Department of Finance
2. California per Capita Personal Income Growth	1.0373	State Department of Finance
3. Adjustment Factor	<u>1.0378</u>	B1*B2
C. Annual Adjustment Increase	1,224,893	A * (B3 - 1)
D. Appropriations Limit FY 2020-2021	<u>\$ 33,613,489</u>	(A+C)
City Calculation	<u>33,613,489</u>	