

**AGENDA
ITEM**

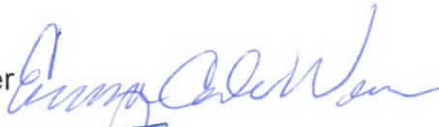
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AGENDA STAFF REPORT

DATE: June 22, 2023

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 2023-24 Pursuant To Article XIII B of the California Constitution

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Recommendation:

Adopt Resolution Establishing the Appropriations Limit for Fiscal Year 2023-24 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.

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Population Factor - Year End June 30, 2022, findings by the City's auditors addressed the incorrectly calculated appropriation limit amount of \$37,085,235, instead of \$37,723,607. The inflation factor was 1.0755, not 1.0573. (see Attachment "A").

For FY 2023-24, Calexico is using the population growth in the entire County and the increase in California Per Capita Income. The appropriation limit for Fiscal Year 2022-23 is set at \$37,723,607. The appropriation limit for Fiscal Year 2023-24 is set at \$39,441,874. The appropriations limits are calculated in Attachment "A".

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 2023-24 Pursuant To Article XIII B of the California Constitution.
2. Attachment "A" – Recalculation of Gann Limit.
3. Department of Finance – Price Factor and Population Information

Attachment "A"

Calexico, City of
 Reclamation – Gann Limit FY 2021-22 (Revised)
 June 30, 2023

Recalculation of Gann Limit:

	Amount	Source
A. Appropriations Limit from FY 2021-22	\$35,251.672	Prior Year
B. Adjustment Factors:		
1. Growth in County or County Population (Use Most beneficial factor)	.995	State Department of Finance
2. California per Capita Personal Income Growth	<u>1.0755</u>	State Department of Finance
3. Adjustment Factor	1.0701	B1*B2
C. Annual Adjustment Increase	2,471,935	A * (B3 – 1)
D. Appropriations Limit FY 2022-23	<u>\$ 37,723,607</u>	(A+C)

Calexico, City of
 Reclamation – Gann Limit FY 2023-24
 June 30, 2023

Recalculation of Gann Limit:

	Amount	Source
A. Appropriations Limit from FY 2022-23	\$37,723,607	Prior Year
B. Adjustment Factors:		
1. Growth in County or County Population (Use Most beneficial factor)	1.0011	State Department of Finance
2. California per Capita Personal Income Growth	<u>1.0444</u>	State Department of Finance
3. Adjustment Factor	1.0455	B1*B2
C. Annual Adjustment Increase	1,718,267	A * (B3 – 1)
D. Appropriations Limit FY 2023-24	<u>\$ 39,441,874</u>	(A+C)

RESOLUTION NO. 2023-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO
ESTABLISHING THE APPROPRIATIONS LIMIT FOR
FISCAL YEAR 2023-24 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 2022-23 (revised) and FY 2023-24; 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 2022-23 (revised) and Fiscal Year 2023-24 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 revised appropriations limit for Fiscal Year 2022-23 is hereby set at \$37,723,607; and that appropriations limit for Fiscal Year 2023-24 is hereby set at \$39,441,874. 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 22nd day of June 2023.

Raul Ureña, Mayor

ATTEST:

Gabriela Garcia, City Clerk

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

I, Gabriela T. Garcia, City Clerk of the City of Calexico do hereby certify that the foregoing Resolution No. 2023- _____ was duly adopted by the Calexico City Council at special meeting thereof held on the 22nd day of June 2023, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Gabriela T. Garcia, City Clerk

Attachment "A"

Calexico, City of
Recalculation - Gann Limit FY 2022-23 (Revised)
June 30, 2023

Recalculations of Gann Limit:

	Amount	Source
A. Appropriations Limit from FY 2021-2022	\$ 35,251,672	Prior Year
B. Adjustment Factors:		
1. Growth in County or County Population (Use most beneficial factor)	.995	State Department of Finance
2. California per Capita Personal Income Growth	1.0755	State Department of Finance
3. Adjustment Factor	1.0701	B1*B2
C. Annual Adjustment Increase	2,471,935	A * (B3 - 1)
D. Appropriations Limit FY 2022-23	<u>\$ 37,723,607</u>	(A+C)

Attachment "A"

Calexico, City of
Recalculation - Gann Limit FY 2023-24
June 30, 2023

Recalculations of Gann Limit:

	Amount	Source
A. Appropriations Limit from FY 2022-2023	\$ 37,723,607	Prior Year
B. Adjustment Factors:		
1. Growth in County or County Population (Use most beneficial factor)	1.0011	State Department of Finance
2. California per Capita Personal Income Growth	1.0444	State Department of Finance
3. Adjustment Factor	1.455	B1*B2
C. Annual Adjustment Increase	1,718,267	A * (B3 - 1)
D. Appropriations Limit FY 2023-24	<u>\$ 39,441,874</u>	(A+C)