



# AGENDA REPORT

## CITY OF SAN CLEMENTE

### City Council Meeting

910 Calle Negocio  
2nd Floor  
San Clemente, California  
www.san-clemente.org

**Meeting Date:** 6/6/2023

**Agenda Item:** 7J

**Department:** Finance and Administrative Services  
**Prepared By** Jacob Rahn, Financial Services Officer

**Subject:**  
**ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR (FY) 2023-24**

**Summary:**

The California Constitution limits the amount an individual city can budget (appropriate) from tax revenue proceeds each year. This limit, called an “appropriations limit”, is calculated by each City annually and must be established via a formal resolution of the City’s governing body. For FY 2023-24 the City of San Clemente’s calculated appropriations limit is \$113,657,914. The amount the City is budgeting from proceeds of taxes for FY 2023-24 is well below that limit.

**Background:**

Article XIII B of the California Constitution specifies that cities annually establish an appropriations limit by formal resolution of the City’s governing body. Article XIII B further specifies this limit may increase annually by a factor comprised of the changes in population for the City or the County (whichever is higher), combined with either the change in California per capita personal income or the change in the local assessment roll due to nonresidential construction. The State Department of Finance transmits an estimate of the percentage change in population to local governments annually, per California Revenue and Taxation Code Section 2227. This information is used to establish the FY 2023-24 appropriations limit.

The calculation of San Clemente’s appropriation limit for FY 2023-24 Appropriations Limit is presented on the Exhibits attached to this report. For the FY 2023-24 calculation, the annual adjustment factor is based on population change for the City of San Clemente and the change in California per capita income. Using these in the calculation results in an overall increase in the appropriations limit of \$4,493,466 for a total of \$113,657,914. The budgeted proceeds of taxes total \$61,698,135, which represents 54% of the amount the City is entitled to appropriate for FY 2023-24.

**Council Options:**

- Adoption Resolution No. 23-40 approving the Appropriations Limit.
- Continue the item with direction to staff to provide additional information.
- Deny Resolution No. 23-40 and the Appropriations Limit.

**Fiscal Impact:**

None.

***Environmental Review/Analysis:***

Not applicable.

***Recommended Actions:***

Staff Recommendation

1. Adopt Resolution No. 23-40 entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, ESTABLISHING AN APPROPRIATIONS LIMIT PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION.

***Attachment:***

1. Resolution No. 23-40
2. Exhibit I - Appropriations Limit Computation for Fiscal Year 2023-24

***Notification:***

None

RESOLUTION NO. 23-40

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, ESTABLISHING AN APPROPRIATIONS LIMIT (GANN LIMIT) 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 limitation of each government entity, including this City, shall not exceed the appropriations limit of such government entity for the prior year adjusted for changes in the local assessment roll for non-residential construction or personal income and population, except as otherwise provided in said Article XIII B and implementing State Statutes; and

WHEREAS, pursuant to Article XIII B of the California Constitution, and Section 7900 et seq. of the California Government Code, the City is required to establish its annual appropriations limit; and

WHEREAS, the City of San Clemente has calculated and determined that the appropriations limit be established in the amount of \$113,657,914 for the Fiscal Year 2023-24 (the "Appropriations Limit"); and

WHEREAS, required by Government Code section 7910(a), documentation used in the determination of the Appropriations Limit and other necessary determinations were available to the public at least fifteen (15) days prior to the June 6, 2023 council meeting when this Resolution was considered.

NOW, THEREFORE, the City Council of the City of San Clemente does hereby resolve as follows:

Section 1. That the foregoing recitals are true and correct and incorporated herein.

Section 2. That the City Council of the City of San Clemente, California finds that the Fiscal Year 2023-24 Appropriations Limit in the amount of \$113,657,914 is hereby established for said Fiscal Year 2023-24.

Section 3. That all supporting documentation used in the determination of the Appropriations Limit shall be made available at the City Finance offices during normal business hours for the personal inspection of the public.

Section 4. That the City Clerk shall certify to the passage and adoption of this

resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED this \_\_\_\_\_ day of June, 2023.

ATTEST:

\_\_\_\_\_  
City Clerk of the City of  
San Clemente, California

\_\_\_\_\_  
Mayor of the City of San  
Clemente, California

STATE OF CALIFORNIA    )  
COUNTY OF ORANGE    ) §  
CITY OF SAN CLEMENTE    )

I, Laura Campagnolo, City Clerk of the City of San Clemente, California, do hereby certify that Resolution No. 23-40 was adopted at a regular meeting of the City Council of the City of San Clemente held on the \_\_\_\_\_ day of June, 2023, by the following vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Clemente, California, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
CITY CLERK of the City of  
San Clemente, California

Approved as to form:

\_\_\_\_\_  
Elizabeth A. Mitchell, City Attorney

## Exhibit I

**City of San Clemente**  
**Article XIII B: Appropriations Limit Computation**  
**For The Fiscal Year 2023-24**

1. Appropriations limit for FY 2022-23		\$ 109,164,448	(1)
2. Annual Adjustment Factor			
a. Per capita personal income change	4.44%		(2)
b. Population change	-0.31%		(3)
(1.044 times 0.997)		1.04116236	
3. FY 2023-24 limit times annual adjustment factor		113,657,914	
4. Less FY 2022-23 excess user fees or other alterations		0	
5. Appropriations Limit for FY 2023-24		113,657,914	
6. FY 2023-24 proceeds from taxes		61,698,135	
7. Margin		\$ 51,959,779	

**Notes:**

- (1) Established by Resolution 22-25
- (2) Source is the State Department of Finance
- (3) The higher of the City population change or the total County population change is used for this factor. For FY 2023-24, the City change exceeds the County. The difference in City population of 63,237 at 1/2023 and population of 63,431 at 1/2022 divided by 63,431 = -0.31%