



AGENDA REPORT

CITY OF SAN CLEMENTE

CITY COUNCIL MEETING

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

Meeting Date: June 4, 2024

Agenda Item: 111

Submitted By: Finance and Administrative Services

Prepared By: Sandee Chiswick, Accounting Supervisor

Subject:

ESTABLISHING APPROPRIATIONS LIMIT (GANN) FOR FISCAL YEAR (FY) 2024-25

Fiscal Impact:

None.

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 2024-25, the City of San Clemente’s calculated appropriations limit is \$118,137,425. The amount that the City is budgeting from proceeds of taxes for FY 2024-25 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 2024-25 appropriations limit.

The calculation of San Clemente’s appropriation limit for FY 2024-25 Appropriations Limit is presented on the Exhibits attached to this report. For the FY 2024-25 calculation, the annual adjustment factor is based on population change for the County of Orange and the change in California per capita income. Using these in the calculation results in an overall increase in the appropriations limit of \$4,479,511 for a total of \$118,137,425. The budgeted proceeds of taxes total \$65,025,124, which represents 55% of the amount the City is entitled to appropriate for FY 2024-25.

Council Options:

- Adopt Resolution No. 24-85.
- Modify and Adopt Resolution No. 24-85.
- Continue the item and direct staff to provide additional information.

- Deny Resolution No. 24-85.

Environmental Review/Analysis:

Not a “project” pursuant to the California Environmental Quality Act.

Recommended Actions:

Staff Recommendation

Adopt Resolution No. 24-85 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. 24-85
2. Exhibit I – Appropriations Limit Computation for Fiscal Year 2024-25.

Notification:

None.

RESOLUTION NO. 24-85

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

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 \$118,137,425 for the Fiscal Year 2024-25 (the "Appropriations Limit"); and

WHEREAS, as required by Government Code section 7910(a), documentation used in the determination of the Appropriations Limit and other necessary determinations was available to the public at least fifteen (15) days prior to the June 4, 2024 council meeting when this Resolution was considered.

NOW, THEREFORE, the City Council of the City of San Clemente does hereby find, determine and 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 2024-25 Appropriations Limit in the amount of \$118,137,425 is hereby established for said Fiscal Year 2024-25.

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 _____, _____.

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. 24-85 was adopted at a regular meeting of the City Council of the City of San Clemente held on the _____ day of _____, _____, 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

**City of San Clemente
Article XIII B: Appropriations Limit Computation
For The Fiscal Year 2024-25**

1. Appropriations limit for FY 2023-24		\$ 113,657,914	(1)
2. Annual Adjustment Factor			
a. Per capita personal income change	3.62%		(2)
b. Population change	0.31%		(3)
(1.036 times 1.003)		1.03941222	
3. FY 2024-25 limit times annual adjustment factor		118,137,425	
4. Less FY 2023-24 excess user fees or other alterations		0	
5. Appropriations Limit for FY 2024-25		118,137,425	
6. FY 2024-25 proceeds from taxes		65,025,124	
7. Margin		\$ 53,112,301	

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 2024-25, the County change exceeds the City. The difference in City population of 62,297 at 1/2024 and population of 62,481 at 1/2023 divided by 62,481 = -0.29% and the County change is 0.31%.