



CITY OF MANHATTAN BEACH CITY HALL

1400 Highland Avenue, Manhattan Beach, CA 90266

WEBSITE: www.citymb.info • **PHONE:** (310) 802-5000

TO: Honorable Mayor and Members of the City Council

FROM: Steve Charelian, Finance Director

MEETING: City Council Regular Meeting, June 6, 2023

SUBJECT: Agenda Item No. 12 – Adoption of the Fiscal Year 2023-2024 Operating Budget and the Gann Appropriations

DATE: June 6, 2023

ERRATA SHEET

Attachment 2 – Resolution No. 23-0068 (Gann Appropriations Limit and Calculation) – Page 2 replaced with the enclosed page.

RESOLUTION NO. 23-0068

A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2023-2024

THE MANHATTAN BEACH CITY COUNCIL HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Council makes the following findings:

A. Government code Section 7910 requires the City Council to establish its appropriations limit pursuant to Article XIII B of the State Constitution; and

B. The appropriations limit to be applied to the “proceeds of taxes” as defined by Section 7910 of the Government Code for Fiscal Year 2023-2024 has been calculated to be \$99,327,390.

SECTION 2. The City Council elects to use as the annual adjustment factors in calculating the appropriations limit, the percentage change in California per capita income and the annual population for the City of Manhattan Beach.

SECTION 3. The City Council hereby establishes the appropriations limit for the City of Manhattan Beach for Fiscal Year 2023-2024 at \$99,327,390.

SECTION 4. This Resolution shall take effect immediately.

SECTION 5. The City Clerk shall certify to the adoption of this Resolution.

ADOPTED on June 6, 2023.

AYES:

NOES:

ABSENT:

ABSTAIN:

RICHARD MONTGOMERY
Mayor

ATTEST:

LIZA TAMURA
City Clerk

APPROPRIATIONS LIMIT CALCULATION

Article XIII B of the California State Constitution, commonly referred to as the Gann Initiative or Gann Appropriations Limit, was adopted by California voters in 1980 and placed limits on the amount of proceeds of taxes that State and local agencies can appropriate and spend each year.

The limit is different for every agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in fiscal year 1978-79, modified for changes in inflation and population. Inflationary adjustments are based on increases in the California per capita income or the increase in non-residential assessed valuation due to new construction. An adjustment is also made based on changes in Manhattan Beach's population or County population.

For fiscal year 2023-2024, the estimated tax proceeds appropriated by the Manhattan Beach City Council are under the Limit. The adjusted Appropriation Limit for fiscal year 2023-2024 is \$99,327,390. This amount is the maximum amount of tax proceeds the City is able to appropriate and spend in fiscal year 2023-2024. The appropriations subject to the Limit are \$68,431,268, leaving the City with an appropriations capacity of \$30,896,122.

Section 7910 of the State Government Code requires a governing body to annually adopt, by resolution, an Appropriations Limit for the upcoming fiscal year.

SPENDING LIMIT CALCULATION - FISCAL YEAR 2023-2024

Appropriations subject to limit

Fiscal Year 2023-2024 Revenues (all funds)	\$179,994,390
Less: Non tax proceeds	111,563,122
Plus: User fees in excess of costs	-
Total appropriations subject to limit	<u>\$68,431,268</u>

Appropriation limit

Fiscal year 2022-2023 adjusted appropriation limit	\$95,823,415
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A. Population adjustment (Based on change in City/County population)	0.992500
B. Change in per capita income	1.044400

Total Annual Adjustment = (A multiplied by B)

1.036567

Increase in appropriation limit	\$3,503,975
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Fiscal year 2023-2024 appropriation limit	<u>\$99,327,390</u>
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Appropriations subject to limit	<u>\$68,431,268</u>
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Remaining appropriation capacity	\$30,896,122
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Available capacity as a percent of appropriation limit

31.11%