



CITY OF

NEWPORT BEACH

City Council Staff Report

June 23, 2020
Agenda Item No. 4

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: Dan Matusiewicz, Finance Director - 949-644-3123,
dmatusiewicz@newportbeachca.gov

PREPARED BY: Shannon Espinoza, Budget Manager
PHONE: 949-644-3021

TITLE: Resolution No. 2020-60: Adoption of Fiscal Year 2020-21
Appropriations Limit

ABSTRACT:

As a governmental entity, the City is subject to the Gann Appropriations Limit Initiative, which determines the amount that the City can spend from its tax revenues. The limit is adjusted annually for changes in population combined with the change in California per capita personal income and must be adopted by Resolution. For Fiscal Year 2020-21, applicable tax proceeds are estimated at \$158,669,992. The City's Gann appropriation limit totals \$209,205,320. Therefore, the City is more than \$50,535,328 under the Gann Spending Limit.

RECOMMENDATION:

- a) Determine that the action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because it will not result in a physical change to the environment, directly or indirectly; and
- b) Adopt Resolution No. 2020-60, *A Resolution of the City Council of the City of Newport Beach, California, Determining and Establishing an Appropriations Limit for Fiscal Year 2020-21 in Accordance with Article XIII B of the California Constitution and Government Code Section 7910*, in the amount of \$ 209,205,320.

FUNDING REQUIREMENTS:

There is no fiscal impact related to this item.

DISCUSSION:

Article XIII B of the California Constitution specifies that appropriations of government entities may increase annually only by a limited amount, primarily to allow for population increases and inflation. Each local government is required to establish its appropriations limit by resolution each year at a regularly scheduled or noticed special meeting of the City Council. The attached resolution submitted for Council approval fulfills this requirement.

The calculation of the City's Appropriations Limit for Fiscal Year 2020-21 is:

FY 2019-20 Appropriations Limit	\$201,601,920
Inflation Adjustment Factor ¹	3.73
Population Adjustment Factor ²	0.04
FY 2019-20 Appropriations Limit	\$209,205,320

¹ Based on California per capita income increases as provided by the California Department of Finance, May 2020.

² Based on Orange County population growth as provided by the California Department of Finance, May 2020.

The City of Newport Beach estimated proceeds from taxes for Fiscal Year 2020-21 is \$158,669,992 or \$50,535,328 less than \$209,205,320 Appropriations Limit. Calculation of proceeds of taxes can exclude certain public fund uses, including categories of debt service, contribution to some types of revenues, and federal mandates. The exclusion calculation was not performed as we continue to maintain appropriations significantly below our Appropriations Limit.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item). The Notice of Public Meeting for this item was published in the *Daily Pilot* on June 13, 2020.

ATTACHMENT:

Attachment A – Resolution No. 2020-60