



CITY OF

NEWPORT BEACH

City Council Staff Report

June 8, 2021
Agenda Item No. 6

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Resolution No. 2021-49: Adoption of Fiscal Year 2021-22
Appropriations Limit

ABSTRACT:

As a governmental entity, the City of Newport Beach (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 2021-22, applicable tax proceeds are estimated at \$190,670,013. The City's Gann appropriation limit totals \$218,535,203. Therefore, the City is more than \$27,865,190 under the Gann limit.

RECOMMENDATION:

- a) Determine this 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 this action will not result in a physical change to the environment, directly or indirectly; and
- b) Adopt, Resolution No. 2021-49, *A Resolution of the City Council of the City of Newport Beach, California, Determining and Establishing an Appropriations Limit for Fiscal Year 2021-22 in Accordance with Article XIII B of the California Constitution and Government Code Section 7910*, in the amount of \$218,535,203.

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 City Council approval fulfills this requirement.

The calculation of the City's Appropriations Limit for Fiscal Year 2021-22 is:

FY2020-21 Appropriations Limit	\$208,442,683
Inflation Adjustment Factor ¹	5.73
Population Adjustment Factor ²	-0.84
FY2021-22 Appropriations Limit	\$218,535,203

¹ Based on California per capita income increases as provided by the California Department of Finance, May 2021.

² Based on Orange County population growth as provided by the California Department of Finance, May 2021.

The City of Newport Beach's estimated proceeds from taxes for Fiscal Year 2021-22 is \$190,670,013 or \$27,865,190 less than \$218,535,203 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 the City continues to maintain appropriations significantly below its Appropriations Limit.

FISCAL IMPACT:

There is no fiscal impact related to this item.

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).

ATTACHMENT:

Attachment A – Resolution No. 2021-49