



City Council Agenda Report

Meeting Date: June 17, 2024

TO: HONORABLE MAYOR & COUNCILMEMBERS

FROM: JIM SADRO, CITY MANAGER
By: Mel Shannon, Director of Finance

SUBJECT: APPROPRIATIONS LIMIT FOR FISCAL YEAR 2024-2025

SUMMARY RECOMMENDATION:

Approve and adopt a resolution establishing the Appropriation Limit for the Fiscal Year commencing July 1, 2024, and ending June 30, 2025, pursuant to Article XIII B of the Constitution of the State of California.

DISCUSSION:

In November 1979, the voters of the State of California approved Proposition 4, which created Article XIII B of the State Constitution. Article XIII B was further amended by Proposition 111, which was approved by the voters in June 1990. Article XIII B established a limit on the amount of tax proceeds that can be appropriated by all entities of government.

Pursuant to Article XIII B of the State Constitution, the appropriation limit is adjusted annually for inflation and population factors. The City's appropriation limit has changed by 3.40 percent compared to last fiscal year and was calculated by multiplying the 3.62 percent change in the statewide per capita personal income, by the -0.21 percent change in City's population since last year and applying the resulting growth factor against the prior fiscal year's appropriation limit. The growth factors were provided by the State Department of Finance.

Pursuant to Section 7910 of the Government Code of the State of California, the City Council is required to approve the Appropriation Limit by resolution. Section 7910 further requires that fifteen (15) days prior to the meeting that the resolution is adopted, documentation used in the determination of the appropriation limit and other necessary determinations shall be available to the public; as such, an initial draft of the attached report of Appropriation Limit Calculations was submitted to the City Clerk on May 30, 2024. Although not required to do so by law, the City published a notice indicating the filing and availability for review of this report.

Agenda Item No. ____

For Fiscal Year 2024-25, the appropriations limit has been calculated to be \$86,363,859 and the City's tax proceeds subject to the appropriations limit are \$47,373,827. The City of La Habra has a remaining appropriations capacity of \$38,990,032 or 45.15 percent of the appropriations limit.

FISCAL IMPACT / SOURCE OF FUNDING:

There is no fiscal impact associated with establishment of the Appropriations Limit and/or adoption of the recommended resolution.

GENERAL PLAN RELEVANCE/ CITY COUNCIL GOALS & OBJECTIVES:

The Appropriations Limit Report is consistent with the following area of the General Plan:

ED 9.1 – Balanced Fiscal Practices

It is also consistent with the City Council Goals & Objectives:

Goal 2, Objective A: Closely monitor revenues, expenditures, and fiscal trends to ensure the City's long-term fiscal stability.

RECOMMENDATION / REQUESTED ACTION:

APPROVE AND ADOPT **RESOLUTION NO. _____** ENTITLED: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA HABRA ESTABLISHING THE APPROPRIATION LIMIT IN ACCORDANCE WITH ARTICLE XIII B OF THE CONSTITUTION OF THE STATE OF CALIFORNIA FOR THE FISCAL YEAR COMMENCING JULY 1, 2024 AND ENDING JUNE 30, 2025, AND AMENDING RESOLUTION NO. 6117.

- ATTACHMENTS:**
1. Revenue Classification
 2. Comparison of Appropriations Subject to Limit and the Appropriations Limit
 3. Department of Finance Price & Population Notification
 4. Resolution establishing the Fiscal Year 2024-2025 Appropriation Limit pursuant to Article XIII B of the Constitution of the State of California.
 5. Legal Publication