



Council Agenda Report

From: Ryan Cornell, Administrative Services Director

Subject: Approval of Fiscal Year 2023-24 Budget Amendments, General Fund Appropriations Limit (Gann Limit), and Master Pay Schedule

CEQA Determination: The City find that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.

Date: June 20, 2023

Facts

1. The City Council is required to adopt a comprehensive operating and capital expenditure budget in order to authorize the receipt of revenues and to authorize, guide and direct City activities no later than July 1, each year. The [Fiscal Year \(FY\) 2022-23 and 2023-24 Operating and Capital Budget](#) for all funds was approved by City Council on June 21, 2022.
2. As the City approaches the beginning of FY 2023-24, each department assessed their budget to see if any changes in appropriations were necessary for the upcoming fiscal year due to unanticipated items that have arisen since the adoption of the original budget. Additionally, some Council approved actions taken in FY 2022-23 also impacted budget appropriations for the upcoming year.
3. The FY 2023-24 Budget Update Report contains all projected revenues, appropriations and transfers, and shall be implemented by the City Manager per Council policies and direction.
4. The FY 2023-24 staffing authorization includes 296.44 full-time equivalent positions, an increase of 1.06 full-time equivalents from previously authorized.
5. Article XIII B of the State Constitution, added in November 1979 when voters approved Proposition 4, created a restriction on the amount of government revenue which may be appropriated in any fiscal year (commonly known as the "Gann Initiative"), and requires state and local governments to annually approve an appropriations limit.
6. The appropriations limit may be adjusted annually by a factor comprising the percentage change in population within the city or in the county, combined with either the change in California per capita personal income or the change in the local property tax roll due to the addition of new non-residential construction. The data required to complete the calculation is provided by the State of California, Department of Finance.
7. CalPERS requires governing bodies of local agency of local agencies that contract with CalPERS for retirement benefits to approve and adopt a publicly available pay schedule in accordance with public meeting laws. The pay schedule (Exhibit A of Attachment 3) must identify each position by title, the individual pay rate amount or range for the position, and the time base upon which the pay amounts are calculated, and must be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's website (pursuant to California Code of Regulations, Title 2, Section 570.5).

Options

1. Take no action;
2. Amend the FY 2023-24 Operating and Capital Improvement Budget, as originally adopted on June 21, 2022, in order to reflect changes in revenues and expenditures anticipated over the coming fiscal year; approve the appropriations limit of \$63,225,845 for FY 2023-24, as required by Proposition 4; and approve the Master Pay Schedule;
3. Amend or modify the above options.

Analysis and Conclusions

The purpose of this report is to update the FY 2023-24 budget appropriations based on updated information; this is not a full budget report but rather an update to the report approved by City Council in June 2022. This update includes both estimated revenues and appropriated expenses for the General, Landscape and Lighting District, and Enterprise Funds (Water, Sewer, and Airport). See Attachment No. 3 for further detail.

Fiscal Impact

The total appropriations for FY 2023-24 are \$173,050,200, an increase of approximately \$7,422,800 when compared to the originally adopted budget. There is no fiscal impact regarding the appropriations limit; the City's proceeds from taxes and expenditures continue to be below the allowable limit. The appropriations limit is \$63,225,845 while the total City appropriations subject to the limit is \$61,999,600, which is approximately 98% of the limit.

CEQA

The City find that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.

Recommendation

1. Approve Resolution 23-XXX(A), amending the Operating and Capital Improvement Budget, Authorized Position Listing and Revised Master Pay Schedule for fiscal year 2023-24, as presented, and direct the City Manager to implement the budget.
2. Approve Resolution 23-XXX(B), approving the appropriations limit of \$63,225,845 for fiscal year 2023-24.

Attachments

1. Draft Resolution 23-XXX(A)
2. Draft Resolution 23-XXX(B)
3. FY 2023-24 Budget Report Update