



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE: June 21, 2022
SUBJECT: Fiscal Year 2022-23 Approval of Gann Limit, City-Wide Budget and Five-Year Capital Improvement Plan for Fiscal Years 2023-2027

Background and Analysis:

Gann Limit

In November 1979, Proposition 4 (Gann Initiative) was adopted by the State of California. Proposition 4 created Article XIII B of the State Constitution placing limits on the amount of revenue which can be spent by all entities of government. Proposition 4 was modified by Proposition 111 in June 1990. Proposition 111 provided new adjustment formulas for the calculation of the annual appropriations limit.

The appropriations limit is based on actual appropriations during the 1978-79 fiscal year and is increased each year using the growth of population and inflation. Not all revenues are restricted by the appropriations limit, only those that are referred to as “proceeds of taxes.”

The limit is calculated by using the prior year’s limit and applying growth factors as appropriate. The growth factors are determined by 1) the change in population in either the City or the County, and 2) the change in per capita income or non-residential new construction.

These growth factors increased the appropriations limit from \$102,172,797 for FY 2021-22 to \$110,645,062 for FY 2022-23.

As identified in **Attachment D**, the revenues subject to the appropriation limit for FY 2022-23 total is \$43,767,752. The City is well below the Gann limit for the upcoming fiscal year.

Citywide Budget

The City Council met on November 15, 2021, to review and give input to City staff on the budget timeline, establish the mission, vision and values, and review survey results

and review assumptions. On April 27, 2022, City Council reviewed the first draft of the city-wide budget and established a date and time for a second meeting to discuss uses of unprogrammed funds. On May 19, 2022, City Council reviewed the recommendations for unprogrammed funds and had no other recommendations.

Budget Overview

The City has three major operating funds (General Fund, Wastewater Fund and Transit Fund). Revenues and expenditures for FY 2022-23 for these three funds are as follows.

Operating Fund	Revenues	Expenditures
General Fund	\$60,668,702	\$53,291,770
Wastewater	\$12,858,001	\$14,495,213
Transit	\$2,771,617	\$2,771,617

The Transit Fund budget was previously approved by the City Council on April 19, 2022. It is incorporated into the overall budget and is subject to approval by the Riverside County Transit Commission.

General Fund Highlights

- Revenues have increased from the FY 2021-22 budget by \$19.6 million or 47.73%.
- Expenses have increased from the FY 2021-22 budget by \$12 million or 29.08% before enhancements.
- 23½ new positions were added totaling \$3,486,259.
- Operating cost enhancements totaling \$1,354,334.
- Revenues exceed expenses by \$7,379,082 for City Council appropriation throughout FY 2022-23.

A summary for the General Fund revenues is included as **Attachment E**. A summary of General Fund expenses by department is included as **Attachment F**.

Wastewater Fund Highlights

- Revenues have increased from the FY2021-22 budget by \$522,501 or 4.24%.
- Expenses have increased from the FY2021-22 budget by \$196,734 or 1.6% before enhancements.
- Operating cost enhancements totaling \$219,899.
- Capital projects totaling \$1,400,000.

A summary for the Wastewater Fund is included as **Attachment G**.

All Funds

In addition to the major operating funds, there are many funds that are used to support operations and segregated funds that must be used for specific purposes. These other funds include development impact fees, community facilities district fees, grants funds and state/county pass through funds.

All Funds	Revenues	Expenditures
	\$148,982,027	\$143,750,557

A summary for All Funds is included as **Attachment H**.

The Citywide Proposed Budget Book can be viewed at www.beaumontca.gov/budget.

Capital Improvement Plan

Each year as part of the budgetary process, City Council adopts a five-year capital improvement plan (CIP) pursuant to California Government Code 65403. City Council reviewed the project requests for the FY 2022-23 budget at the April 27, 2022, budget workshop and additional projects were reviewed at the May 19, 2022, workshop.

Prior Year Capital Improvement Plan Project List

The Prior Year CIP project list is a culmination of prior CIP projects dating back to 2016, which are active and underway (**Attachment I**). The list indicates the status and funding source for each. Many of these projects are under design or construction.

Five-Year Capital Improvement Plan FY 2023-2027

The Five-Year CIP Plan is being presented for City Council's approval (**Attachment J**). The project list continues to provide a balance of projects City-wide, including street improvements, public safety, quality of life, facility maintenance and wastewater system improvements based on priorities of City Council. Projects are categorized by funding source, some of which are restricted funds that must be used to increase capacity of infrastructure and for a purpose consistent with the specified impact fee.

All FY 2022-23 capital projects have been included in the FY 2022-23 Citywide Budget.

Fiscal Impact:

This item sets City-wide budget for FY 2022-23 and provides expenditures authority for operations and capital improvements.

Recommended Action:

Hold a public hearing,

Waive the full reading and adopt by title only, "Resolution of the City Council of the City of Beaumont, Approving the Appropriation Limit for the 2022-23 Fiscal Year,"

Waive the full reading and adopt by title only, "Resolution of the City Council of the City of Beaumont, California, Adopting an operating Budget of Expenditures for the Period of July 1, 2022 to June 30, 2023," and

Waive the full reading and adopt by title only, "A Resolution of the City Council of the City of Beaumont Adopting a Five-Year Capital Improvement Plan for Fiscal Years 2022/2023-2026/2027 and Related Prior Year CIP Project List."

Attachments:

- A. Gann Resolution
- B. Budget Resolution
- C. CIP Resolution
- D. FY 2022-23 Gann Worksheet
- E. FY 2022-23 General Fund Revenues
- F. FY 2022-23 General Fund Expenditures by Department
- G. FY 2022-23 Wastewater Fund
- H. FY 2022-23 All Funds Summary
- I. Prior Year CIP Project List FY16-22
- J. Five Year Capital Improvement Plan FY 2023-2027