



Police Department Conference Room, 201 Central Valley Hwy • Shafter, CA 93263

**AGENDA  
SPECIAL MEETING  
SHAFTER CITY COUNCIL  
TUESDAY, JUNE 23, 2020**

**CORONAVIRUS DISEASE (COVID-19) ADVISORY**

To protect our constituents, City officials and City staff, the City requests all members of the public to follow the California Department of Health Services' guidance and the County of Kern Public Health Officer Order for the Control of COVID-19 restricting group events and gatherings and maintaining social distancing. Additional information regarding COVID-19 is available on the City's website at [www.shafter.com](http://www.shafter.com).

Consistent with Executive Order N-29-20, in-person participation by the public will not be permitted and no physical location from which the public may observe the meeting will be available. **Remote public participation is allowed in the following ways, please see attached supplement for instructions.**

**TELECONFERENCE NOTICE**

Pursuant to Executive Order N-29-20 Issued by Governor Gavin Newsom on March 17, 2020 and, to the extent applicable, Government Code Section 54953(b), the June 23, 2020 City Council Meeting may include teleconference participation by the City Council Members and City staff. Consistent with Executive Order N-29-20, teleconference locations utilized by City Council Members shall not be accessible to the public and are not subject to special posting requirements.

**CALL TO ORDER:** 4:30 p.m.

**ROLL CALL:** Mayor Alvarado  
Mayor Pro Tem Lopez  
Council Member Garcia  
Council Member Givens  
Council Member Prout

**PLEDGE OF ALLEGIANCE:** Council Member Prout

**INVOCATION:** Council Member Givens

**APPROVAL OF AGENDA:**

**PUBLIC COMMENT:**

*This portion of the meeting is reserved for persons wanting to address the Council only on matters listed on this agenda. Speakers are limited to five minutes unless additional time is needed for translation. Please state your name and address for the record before making your presentation.*

**MANAGEMENT REPORTS:**

1. **2020-2021 APPROPRIATIONS LIMIT ADOPTION:** a request to adopt Resolution 2731, a Resolution of the City Council of the City of Shafter Adopting the 2020-21 Appropriations Limit. (City Manager Gonzalez) **ROLL CALL**
2. **2020-2021 BUDGET ADOPTION:** a request to adopt Resolution 2732, a Resolution of the City Council of the City of Shafter approving the 2020-21 Budget. (City Manager Gonzalez) **ROLL CALL**

**ADJOURNMENT:**

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Should anyone challenge any proposed action which is the subject of a public hearing listed on this agenda, that person may be limited to raising those issues addressed at the public hearing described in this notice, or in written correspondence delivered to the City Council at or prior to this public hearing. Pursuant to the Americans with Disabilities Act, if you need special assistance to participate in a City Council Meeting, please contact the City Clerk at (661) 746-5000 prior to the meeting or time when special services are needed to allow City staff in making reasonable arrangements to provide you with access to the meeting. Any public record, relating to an open session agenda item, that is distributed within 24 hours prior to the meeting is available for public inspection in the City Clerk's Office at Shafter City Hall, 336 Pacific Ave., Shafter, CA 93263. This is to certify that this Agenda notice was posted at City Hall and the Police Dept. by 4:30 p.m., June 19, 2020. Yazmina Pallares, S/S, City Clerk



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**AGENDA SUPPLEMENT  
SPECIAL MEETING  
SHAFTER CITY COUNCIL  
TUESDAY, JUNE 23, 2020**

**THE JUNE 23, 2020 MEETING WILL BE CONDUCTED PURSUANT TO THE  
PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDER N-25-20**

In order to minimize the spread of the COVID 19 virus, please do the following:

1. You are strongly encouraged to observe the City Council meetings live via YouTube <https://www.youtube.com/user/CityofShafter/>
2. If you wish to make a comment on a specific agenda item or public comment, please submit your comment via email by **12:00 P.M. on Monday, June 22, 2020** to the City Clerk at [CityClerk@shafter.com](mailto:CityClerk@shafter.com)
3. If you wish to make a written comment to the City Clerk, 336 Pacific Avenue, Shafter, CA 93263.
4. If you wish to make a comment during the live meeting, callers must first register with the City Clerk at 661-746-5012 before the meeting begins to receive instructions and the call-in number and code. Please call by 12:00pm on the day of the Council meeting to allow ample time for sign up. You will need to provide your name, phone number and the item number you wish to address.
5. All public comments are provided to the City Council and applicable Staff, for review and consideration by the Board prior to taking action on any matters listed on the agenda and are incorporated into the official record of the Council meeting.

The City of Shafter thanks you in advance for taking all precautions to prevent spreading the COVID 19 virus.



Police Department Conference Room, 201 Central Valley Hwy • Shafter, CA 93263

**NOTICE OF  
SPECIAL MEETING OF THE SHAFTER CITY COUNCIL**

NOTICE IS HEREBY GIVEN that a special meeting of the City Council of the City of Shafter will be held on Tuesday, June 23, 2020. The meeting will convene at 4:30 p.m., via teleconference. Said special meeting shall be for the following purpose:

**MANAGEMENT REPORTS:**

1. **2020-2021 APPROPRIATIONS LIMIT ADOPTION:** a request to adopt Resolution 2731, a Resolution of the City Council of the City of Shafter Adopting the 2020-21 Appropriations Limit. (City Manager Gonzalez) **ROLL CALL**
2. **2020-2021 BUDGET ADOPTION:** a request to adopt Resolution 2732, a Resolution of the City Council of the City of Shafter approving the 2020-21 Budget. (City Manager Gonzalez) **ROLL CALL**

Yazmina Pallares, City Clerk

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**Affidavit of Posting Special Meeting Notice**

This is to certify that this Special Meeting Notice was posted at City Hall and the Police Department by 4:30 p.m., June 19, 2020. Further information regarding this Agenda Notice is available at City Hall, 336 Pacific Ave., Shafter, CA.

Yazmina Pallares, S/S, City Clerk

Dated: June 19, 2020



# City of Shafter COUNCIL AGENDA REPORT

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Meeting Date: June 23, 2020

FROM: Gabriel Gonzalez, City Manager  
Prepared By: Bill Statler, Budget Advisor

SUBJECT: 2020-21 APPROPRIATIONS LIMIT

## **RECOMMENDATION**

Adopt a resolution establishing the City's 2020-21 Appropriations Limit.

## **DISCUSSION**

### **Overview**

Under the Gann Spending-Limitation Initiative (Article XIII B of the State Constitution) adopted as Proposition 4 in June 1979 (and subsequently modified by Proposition 111 in June 1990), the City is required to annually adopt a resolution setting an appropriations limit for the upcoming fiscal year. For 2020-21, the City's appropriations subject to limitation are about \$21.1 million, which is far less than the calculated limit of \$322.3 million.

### **Background and Key Concepts**

The Gann Spending-Limitation Initiative provides for the limitation of state and local government appropriations. As discussed in the following summary of the major provisions of the Gann Initiative and Proposition 111 modifications, the Gann Initiative is actually a limitation on tax revenues rather than a direct limitation on appropriations.

1. Appropriations subject to limitation may not exceed appropriations made in 1978-79 except as adjusted for increases in the cost of living, population and service responsibility transfers.
2. Appropriations financed through service fees (to the degree that they do not exceed the cost of performing the service), grant programs, fines and forfeitures, and other specified "non-tax" sources are not subject to the appropriations limit. Additionally, appropriations for long-term indebtedness incurred prior to 1978-79, debt service on qualified capital outlays beginning in 1990-91, qualified capital outlays in excess of \$100,000 and increased costs as a result of federally mandated programs, are also excluded from the limit. Essentially, with the exception of major capital-related expenditures, only appropriations funded through tax revenues are subject to limitation.
3. For the purpose of identifying "proceeds from taxes" under the Gann Initiative, state subventions that are unrestricted as to their use are considered to be tax sources. On the other hand, the use of subventions like gas tax and transportation development act funds is restricted by the State, and as such, is classified as non-tax sources.

## **2020-21 Appropriations Limit**

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4. Under the original Gann Initiative, all proceeds from taxes received in excess of the appropriations limit were required to be returned through refunds or revisions in tax rates and fee schedules within the next two fiscal years; or voter approval to increase the appropriations limit was required. Proposition 111 provides a one-year carryover feature to determine excess revenues under which refunds can be avoided if in the subsequent year the City is below the limit by the amount of the prior year excess. Any voter-approved increase to the appropriations limit cannot exceed four years.
5. Originally, the Gann Initiative was self-executing, requiring no formal review; however, Proposition 111 requires that the annual calculation be reviewed as part of the annual financial audit.
6. Major concepts in implementing the Gann Initiative as modified by Proposition 111 include: appropriations funded through tax sources are subject to the limit, not actual expenditures; and any excess of actual tax revenues over the appropriations limit, not actual expenditures or appropriations, are subject to refund.

### **Adjustment Factors**

The annual adjustment factors for changes in population and cost of living for the appropriations limit calculation must be selected by a recorded vote of the Council, and include the following:

1. **Population.** Based on data provided annually by the State Department of Finance, cities may annually choose either the growth in their city's or the county's population.

For this year's calculation, the City's population growth factor (which exceeded the County's factor) is the recommended adjustment factor.

2. **Cost of living.** Local governments may annually choose either the percentage change in California per capita personal income or the percentage change in their jurisdiction's assessed valuation that is attributable to non-residential new construction.

For this year's calculation - as in past years - the City's percentage change in assessed valuation attributable to non-residential new construction (which exceeded the increase in California per capita personal income) is the recommended adjustment factor.

### **Calculation Summary**

The City's appropriation limit for 2020-21 is \$322,310,313 calculated as follows:

## 2020-21 Appropriations Limit

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<b>Appropriations Limit Calculation</b>	
2019-20 Appropriations Limit	\$286,931,642
Adjustment Factors	
A. Cost of Living Options	
<b>1. Percentage change in assessed value in the preceding year due to new non-residential construction</b>	<b>8.88%</b>
2. Percentage change in California per capita income	3.73%
B. Population Options	
<b>1. Percentage change in City population</b>	<b>3.17%</b>
2. Percentage change in County population	1.27%
Compound Percentage Factor (multiplicative not additive)	12.33%
<b>2020-21 Appropriations Limit</b>	<b>\$322,310,313</b>

The options highlighted in bold print are the recommended adjustment factors in determining the City's appropriations limit for 2020-21.

### **FISCAL IMPACT**

There is no negative fiscal impact resulting from adoption of the City's 2020-21 appropriations limit.

### **ATTACHMENTS**

Resolution adopting the 2021-21 appropriations limit

**RESOLUTION NO. 2731**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHAFTER  
ADOPTING THE 2020-21 APPROPRIATIONS LIMIT**

**WHEREAS**, the voters approved the Gann Spending-Limitation Initiative on November 6, 1979 and Proposition 111 on June 5, 1990, which establish and define annual appropriation limits on state and local government agencies; and

**WHEREAS**, regulations require that the governing body of each local agency establish its appropriations limit and annual adjustment factors by resolution; and

**WHEREAS**, the required calculations to determine the City’s appropriations limit and estimated appropriations subject to limitation for 2020-21 have been performed are available for public review.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Shafter hereby adopts the City’s appropriations limit and annual adjustment factors for 2020-21 as follows:

Appropriations Limit: 2019-20	\$286,931,642
Cost of Living Factor: Percent change in assessed value in the preceding year due to new non-residential construction	8.88%
Population Factor: Percent change in City population growth	3.17%
Compound Percentage Factor (multiplicative not additive)	12.33%
Appropriations Limit: 2020-21	\$322,310,313

**PASSED, APPROVED AND ADOPTED this 23rd day of June, 2020.**

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Gilbert T. Alvarado, Mayor

ATTEST:

\_\_\_\_\_  
Yazmina Pallares, City Clerk





# Appropriations Limit

Council Briefing

June 23, 2020

# Two Distinct Concepts

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## ① Appropriations Limit

- Base established in 1978-79.
- Increases yearly based on changes in population and cost of living.
- Factors set by the State.

## ② Appropriations Subject to the Limit

- With a few required tweaks, this is “proceeds from taxes.”

# Key Concept

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- Limit on tax revenues rather than direct limitation on appropriations.
- In short, only appropriations funded through “proceeds from taxes” are subject to limitation; other funding sources are not.
  - Means only General Fund subject to limitation.
  - And only tax revenues: others like franchise fees and service charges excluded.

# Background

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- Gann Spending-Limitation Initiative (Article XIII B of the State Constitution) adopted by Proposition 4 in June 1979.
- Subsequently modified by Proposition 111 in June 1990.
- City required to annually adopt a resolution setting an appropriations limit for the upcoming fiscal year based on factors set by State.

# ① Appropriations Limit

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- Base set in 1978-79
- Two growth factors
  - Population
    - ❖ City's or county's population change.
  - Cost of living
    - ❖ % change in California per capita personal income.
    - ❖ % change in agency's valuation attributable to assessed valuation non-residential new construction.

# Appropriations Limit Calculation

2019-20 Appropriations Limit	\$286,931,642
Adjustment Factors	
A. Cost of Living Options	
1. <b>% change assessed value         due to new non-res construction</b>	<b>8.88%</b>
2. % change in California per capita income	3.73%
B. Population Options	
1. <b>% change in City population</b>	<b>3.17%</b>
2. % change in County population	1.27%
Compound % Factor	12.33%
<b>2020-21 Appropriations Limit</b>	<b>\$322,310,313</b>

# Appropriations Subject to Limit

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- The limit is \$322.3 million.
- But what are appropriations subject to the limit in 2020-21 Budget?

# Appropriations Subject to Limit

	<b>2020-21 Budget</b>
<b>Tax Proceeds Subject to the Appropriations Limit</b>	
Property Taxes	2,022,974
Sales and Use Taxes	15,561,400
Public Safety Augmentation	23,000
Business License Tax	40,000
Property tax in lieu VLF	2,572,500
State Motor Vehicle In Lieu	10,000
Subtotal	20,229,874
Interest Allocation	919,264
<b>Tax Proceeds Subject to Appropriations Limit</b>	<b>21,149,138</b>
Less: Qualified Capital Outlay (\$100,000 or more)*	
CIP Projects	-
Capital Outlay	-
<b>Total</b>	<b>-</b>
<b>Net Appropriations subject to the GANN limit:</b>	<b>\$21,149,138</b>



# Why is there such a big difference?

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- In 1978-79, there wasn't
  - The limit and appropriations subject to the limit were the same.
- But the growth factors have risen faster than tax revenues – and they compound ... over 42 years.
- Especially true for the City with increases in non-residential value.
  - 2020-21 good example: tax revenues are down but limit grows by 12.33%.

# Questions?

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# City of Shafter COUNCIL AGENDA REPORT

Meeting Date: June 23, 2020

FROM: Gabriel Gonzalez, City Manager  
Prepared By: Bill Statler, Budget Advisor

SUBJECT: 2020-21 BUDGET ADOPTION

## RECOMMENDATION

Adopt a resolution approving the 2020-21 Budget.

## DISCUSSION

As summarized below, the Council has held seven budget workshops leading to adoption of the 2020-21 Budget on June 23, 2020.

Date	Purpose
April 16	Strategic Planning Workshop
April 28	Strategic Budget Direction
May 12	Budget and Fiscal Policies; 2019-20 General Fund Budget Review
June 1	Preliminary Budget Issuance
June 2	Preliminary Budget Preview: Organization and Schedule
June 11	Preliminary Budget: Overview and General Fund
June 15	Preliminary Budget: Special and Enterprise Funds
June 23	Council Final Review and Budget Adoption

## Preliminary Budget Changes

The following summarizes changes from the Preliminary Budget:

**Restoration of Funding for Two Police Officer Positions.** While retaining authorized positions, the Preliminary Budget recommended funding three of eleven General Fund vacant regular full-time positions in 2020-21 (see sidebar chart): Administrative Services Director and two Police Officer positions, (leaving eight positions unfilled, including two other Police Officer positions).

At the June 11 budget workshop, the Council directed filling and funding all four vacant Police

### Regular Staff Vacancies

Position Title	Department	Vacancies
<b>General Fund</b>		
Administrative Services Director (1)	Administrative Services	1.0
Account Clerk	Administrative Services	1.0
Community Service Analyst	Planning	1.0
Laborer I	Public Works	1.0
Maintenance Worker	Public Works	1.0
Streets Foreman	Public Works	1.0
Police Lieutenant	Police	1.0
Police Officer (2)	Police	4.0
Total General Fund		11.0

## 2020-21 Budget Adoption

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Officer positions. The Council also directed staff look at funding the two added positions (which cost \$200,000) without drawing down on the unassigned fund balance. Two funding sources are recommended in doing so:

**Expenditure savings.** “Use or lose it” may be the norm in some organizations, However, for many cities, it is unlikely that all appropriations will be expended by fiscal year-end; and this is the case for the City as well. Accordingly, many cities use an “expenditure savings” estimate to account for these likely savings. This estimate is typically made based on past experience but applied conservatively. It is not assigned to any specific department but accounted for as a “contra account” with other sources and uses. This approach is recommended in helping fund the two added Police Officer positions. With proposed 2020-21 departmental operating costs of \$16,329,736, a 1% expenditure savings estimate reduces net costs by \$163,300.

**Police line items.** In providing the balance of \$36,700 needed to fund the \$200,000 cost of these two positions, the following Police line items are recommended for reduction from the Preliminary Budget :

Overtime	\$10,000
Department supplies	7,600
Software licensing	10,000
Professional services	10,000

**Other Budget Changes.** As discussed at the June 15 budget workshop, the 2021-21 Budget will include the following minor corrections:

- Staffing costs in the Water and Wastewater Funds.
- Revisions in several Capital Improvement Plan projects.
- Reduction of \$30,000 in the Information Technology Internal Service Fund (and related reductions in ISF allocations to other funds).

### Next Steps

With Council adoption of the 2020-21 Budget, we will prepare and distribute a final version reflecting the changes from the Preliminary Budget. Along with printed distribution, the Budget will also be published on the City’s web site.

## ATTACHMENT

Resolution Approving the 2020-21 Budget

**RESOLUTION NO. 2732**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHAFTER  
APPROVING THE 2020-21 BUDGET**

**WHEREAS**, the City Manager has submitted the 2020-21 Preliminary Budget to the City Council for its review and consideration in accordance with the strategic goals, direction and policies established by the City Council; and

**WHEREAS**, the 2020-21 Budget is based upon extensive Council review and discussion after eight budget workshops and hearings.

**NOW, THEREFORE, BE IT RESOLVED BY CITY COUNCIL OF THE CITY OF SHAFTER** that the 2020-21 Budget is hereby approved and that the operating, debt service and capital improvement plan appropriations for the fiscal year beginning July 1, 2020 and ending June 30, 2020 are hereby adopted as presented in the Preliminary Budget, with modifications as approved by the City Council at budget workshops on June 11 and June 15, 2020.

**PASSED, APPROVED AND ADOPTED this 23<sup>rd</sup> day of June, 2020.**

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Gilbert T. Alvarado, Mayor

**ATTEST:**

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Yazmina Pallares, City Clerk



# 2020-21 Budget Adoption

Council Briefing

June 23, 2020

# Seven Workshops to Adoption

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April 16	Strategic Planning Workshop
April 28	Strategic Budget Direction
May 12	Budget and Fiscal Policies; 2019-20 General Fund Budget Review
June 1	Preliminary Budget Issuance
June 2	Preliminary Budget Preview: Organization and Schedule
June 11	Preliminary Budget: Overview and General Fund
June 15	Preliminary Budget: Special and Enterprise Funds
June 23	Council Final Review and Budget Adoption

# Preliminary Budget Changes

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- Restoration of funding for two Police Officer positions
- Other Budget changes



## Regular Staff Vacancies

Position Title	Department	Vacancies
<b>General Fund</b>		
Administrative Services Director (1)	Administrative Services	1.0
Account Clerk	Administrative Services	1.0
Community Service Analyst	Planning	1.0
Laborer I	Public Works	1.0
Maintenance Worker	Public Works	1.0
Streets Foreman	Public Works	1.0
Police Lieutenant	Police	1.0
Police Officer (2)	Police	4.0
<b>Total General Fund</b>		<b>11.0</b>

Initial Recommendation: Fill Administrative Services Director and two Police Officer positions.

# Council Direction

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- Fill all four Police Officer positions
- Look for ways of doing this that don't use unassigned fund balance

# Recommended Funding Sources

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- Estimated expenditure savings
  - At conservative 1%      **\$163,300**
- Police line items
  - Overtime      \$10,000
  - Dept supplies      \$7,600
  - Software licensing:      \$10,000
  - Professional services      \$10,000
  - **Total**      **\$36,700**

# Other Budget Changes

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- Staffing costs in Water and Wastewater Funds.
- Revisions in several CIP projects
  - No impact in General or enterprise funds
- Reduction of \$30,000 in the Information Technology ISF (and related reductions in ISF allocations to other funds).

# Ending Fund Balance: Policy vs Budget

	Ratio	
	Policy	2020-21
General Fund*	50%	70.3%
Water Fund	25%	74.6%
Wastewater Fund	25%	150.6%
Refuse Fund	25%	10.9%

\* Operating costs and revenue sharing pass-throughs

# Questions?

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