



CITY COUNCIL AGENDA REPORT

Meeting Date: June 26, 2025

From: Carolina Yuen, Finance Director

Subject: Adoption of Resolution Establishing Appropriation Limit for Fiscal Year 2025/26

Community Goal/Result

Fiscally Prudent - Brisbane's fiscal vitality will reflect sound decisions which also speak to the values of the community

Purpose

To ensure the City's taxes are not too great a burden on the Community.

Recommendation

Adopt Resolution establishing the Appropriation Limit for Fiscal Year 2025/26.

Background

Proposition 4 was adopted by California voters in November 1979. This measure codified Article XIII B of the California Constitution, (Government Code 7901). This section specifies that governmental entities must calculate and adopt annually an appropriation limit beginning with fiscal year 1978-79. These limits are also referred to as "Gann Limits" in reference to one of the measure's co-authors. The fundamental purpose of the appropriation limit is to keep real per-person government spending under 1978-79 levels, adjusted for inflation, and to measure if the City has revenues that cannot be appropriated because of the limit – meaning the City has "excess revenues."

In June of 1990, California voters approved Proposition 111, which amended Government Code Section 7901 as it applies to the Appropriation Limit. According to Proposition 111, cities are permitted to adjust their appropriation limit annually by the following two factors:

1. Either the percentage change in the California per capita personal income for the preceding year or the percentage change in the growth of non-residential assessed valuation due to non-residential construction; and
2. The greater of either the percentage change in population of the City or the County.

Attached is the calculation of the appropriation limit as allowed by Proposition 111.

Discussion

The indexes used in calculating the appropriation limit for FY 2025/26 are the percentage change in the California Per Capita Personal Income, 6.44%, and the greater of either the County's or City's population growth/(reduction) (0.07% and -0.51%, respectively). The County's growth of 0.07% is higher and therefore combined with the California Per Capital Personal Income, totaling a combined growth rate of 1.07%. The City's resulting Appropriation Limit is \$29,254,798. The tax proceeds expected to be received, including for the Guadalupe Valley Municipal Improvement District, is \$24,979,475 or 85.4% of the limit. Therefore, the City is below the maximum allowable appropriation limit and in compliance with State Law.

Fiscal Impact

There is no financial impact associated with the adoption of this Resolution. The City expects to receive approximately \$4,275,323 less in taxes than is allowed under the appropriation limit. If tax proceeds received are determined to exceed the limit, such revenues in excess must be returned to the taxpayers of the City of Brisbane in accordance with the procedures directed by the City Council.

Measure of Success

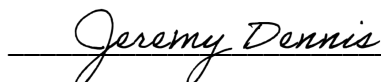
The City is able to meet the needs of the Community while abiding by the Appropriation (Gann) Limit.

Attachments

Resolution for FY2025/26 Appropriation Limit
Appropriation Limit Calculation for FY 2025/26



Carolina Yuen, Finance Director



Jeremy Dennis, City Manager

RESOLUTION NO. 2025-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BRISBANE
ESTABLISHING THE APPROPRIATION LIMIT FOR THE FISCAL YEAR
2025/2026 PURSUANT TO ARTICLE XIII B AS AMENDED OF THE
CALIFORNIA STATE CONSTITUTION**

WHEREAS, Proposition 4 was approved by the California voters on November 6, 1979, thereby adding Article XIII B of the California State Constitution; and

WHEREAS, on June 4, 1990, the California Voters amended Article XIII B and the California Constitution by approving Proposition 111 which became effective July 1, 1990; and

WHEREAS, it is the desire of the City Council of the City of Brisbane to establish the Appropriation Limit for the Fiscal Year 2025/26 pursuant to Article XIII B as amended of the California State Constitution; and

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Brisbane hereby finds and determines;

1. That the California Per Capita Income (CPCPI) to be utilized to calculate the Appropriations Limit for Fiscal Year 2025/26, increased by 6.44% and that the Non-Residential Construction growth factor was not available from the County Assessor.
2. That during Calendar Year 2024 the percentage increase in the County of San Mateo and decrease in the City of Brisbane population was 0.07% and - 0.51% respectively.
3. That the higher percentage shown in 1 and 2 above be applied to determine the appropriation limit for Fiscal Year 2025/26.
4. That the 2025/26 appropriation limit for the City of Brisbane is calculated to be \$29,254,798.
5. The 2025/26 budget anticipates tax revenues of \$24,979,475, which is \$4,275,323 less than the appropriation limit.

BE IT FURTHER RESOLVED THAT any revenues from proceeds of taxes and user fees in excess of costs received during the Fiscal Year 2025/26 over and above the appropriated limit of \$29,254,798 must be returned to the taxpayers of the City of Brisbane in accordance with the procedure to be adopted by the City Council of the City of Brisbane when such an amount of refund is determined.

Cliff Lentz, Mayor

I hereby certify that the foregoing Resolution No. 2025-_____ was duly and regularly adopted at a meeting of the Brisbane City Council on June 26, 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Ingrid Padilla, City Clerk

**CITY OF BRISBANE
COMPUTATION OF APPROPRIATION LIMIT
FOR FISCAL YEAR 2025/26**

	(1)	(2)	(3)
	% Change in CPCPI	% Change in Non-Residential Construction	The Greater % Change
1 % Change in CPCPI or Non-Residential Construction	6.44%	NA	6.44%
	% Change In County Population	% Change In City Population	The Higher Growth %
2 % Change in County or City Population	0.07%	-0.51%	0.07%

C A L C U L A T I O N S

a	Prior year's Appropriation Limit	\$27,465,552
b	Multiply 1+Line 1 by 1+Line 2	106.51%
c	Multiply Line (a) by Line (b), and subtract Line (a)	\$1,789,246
d	Add Lines (a), and (c) and enter total here	\$29,254,798
e	APPROPRIATION LIMIT FOR 2025/26	\$29,254,798

Estimated tax proceeds as budgeted for fiscal year 2025/26	\$24,979,475
Estimated tax proceeds to Limit	85.39%
Estimated Excess Limit Capacity	\$4,275,323