



CITY COUNCIL AGENDA REPORT

Meeting Date: June 6, 2024

From: Carolina Yuen, Finance Director

Subject: Adoption of Resolution Establishing Appropriation Limit for Fiscal Year 2024/25

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 2024/25.

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 measures 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. 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 2024/25 are the percentage change in the California Per Capita Personal Income, 3.62%, and the County's population growth/(reduction) (-.50%), totaling a combined growth rate of 3.10%. The City's resulting Appropriation Limit is \$27,465,552. The tax proceeds expected to be received, including for the Guadalupe Valley Municipal Improvement District, is \$20,048,493 or 73.0% 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 \$7,417,059 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 to 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

1. Resolution for FY2024/25 Appropriation Limit
2. Appropriation Limit Calculation for FY 2024/25

Carolina Yuen

Carolina Yuen, Finance Director

Clay Holstine

Clay Holstine, City Manager

RESOLUTION NO. 2024-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BRISBANE
ESTABLISHING THE APPROPRIATION LIMIT FOR THE FISCAL YEAR
2023/2024 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 2024/25 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 2024/25, increased by 3.62% and that the Non-Residential Construction growth factor was not available from the County Assessor.
2. That during Calendar Year 2023 the percentage increase in the County of San Mateo and the City of Brisbane population was -0.50% and -0.72% respectively.
3. That the higher percentage shown in 1 and 2 above be applied to determine the appropriation limit for Fiscal Year 2024/25.
4. That the 2024/25 appropriation limit for the City of Brisbane is calculated to be \$27,465,552.
5. The 2024/25 budget anticipates tax revenues of \$20,048,493, which is \$7,417,059 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 2024/25 over and above the appropriated limit of \$27,465,552 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 amount of refund is determined.

Terry O'Connell, Mayor

I hereby certify that the foregoing Resolution No. 2024-_____ was duly and regularly adopted at a meeting of the Brisbane City Council on June 6, 2024, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Ingrid Padilla, City Clerk

**CITY OF BRISBANE
COMPUTATION OF APPROPRIATION LIMIT
FOR FISCAL YEAR 2024/25**

	(1)	(2)	(3)
	% Change in CPCPI	% Change in Non-Residential Construction	The Greater % Change
1 % Change in CPCPI or Non-Residential Construction	3.62%	NA	3.62%
	% Change In County Population	% Change In City Population	The Higher Growth %
2 % Change in County or City Population	-0.50%	-0.72%	-0.50%

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

a	Prior year's Appropriation Limit	\$26,639,230
b	Multiply 1+Line 1 by 1+Line 2	103.10%
c	Multiply Line (a) by Line (b), and subtract Line (a)	\$826,322
d	Add Lines (a), and (c) and enter total here	\$27,465,552
e	APPROPRIATION LIMIT FOR 2024/25	\$27,465,552
	Estimated tax proceeds as budgeted for fiscal year 2024/25	\$20,048,493
	Estimated tax proceeds to Limit	73.00%
	Estimated Excess Limit Capacity	\$7,417,059