



## CITY COUNCIL AGENDA REPORT

**Meeting Date:** June 29, 2023

**From:** Carolina Yuen, Finance Director

**Subject:** Adoption of Resolution Establishing Appropriation Limit for Fiscal Year 2023/24

### **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 2023/24.

### **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 2023/24 are the percentage change in the California Per Capita Personal Income (4.44%) and the County's population growth/(reduction) (-.43%), totaling a combined growth rate of 3.99%. The City's resulting Appropriation Limit is \$26,639,230. The tax proceeds expected to be received, including for the Guadalupe Valley Municipal Improvement District, is \$19,296,867 or 72.44% 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 \$7,342,363 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

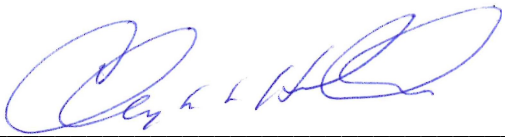
The City is able to meet the needs of the Community while abiding by the Appropriation (Gann) Limit.

## Attachments

Resolution for FY2023/24 Appropriation Limit  
Appropriation Limit Calculation for FY 2023/24

*Carolina Yuen*

Carolina Yuen, Finance Director



Clay Holstine, City Manager

**RESOLUTION NO. 2023-\_\_\_\_\_**

**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 2023/24 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;

6

1. That during the Fiscal Year 2023/24 the California Per Capita Income (CPCPI) increased by 4.44% and that the Non-Residential Construction growth factor was not available from the County Assessor.
2. That during Fiscal Year 2023/24 the percentage increase in the County of San Mateo and the City of Brisbane population was -0.43% 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 2023/24.
4. That the 2023/24 appropriation limit for the City of Brisbane is calculated to be \$26,639,230.
5. The 2023/24 budget anticipates tax revenues of \$19,296,867, which is \$7,342,363 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 2023/24 over and above the appropriated limit of \$26,639,230 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.

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Madison Davis, Mayor

I hereby certify that the foregoing Resolution No. 2023-\_\_\_\_\_ was duly and regularly adopted at a meeting of the Brisbane City Council on June 29, 2023 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Ingrid Padilla, City Clerk

**CITY OF BRISBANE  
COMPUTATION OF APPROPRIATION LIMIT  
FOR FISCAL YEAR 2023/24**

	( 1 )	( 2 )	( 3 )
	<b>% Change in CPCPI</b>	<b>% Change in Non-Residential Construction</b>	<b>The Greater % Change</b>
1 % Change in CPCPI or Non-Residential Construction	4.44%	NA	4.44%
	<b>% Change In County Population</b>	<b>% Change In City Population</b>	<b>The Higher Growth %</b>
2 % Change in County or City Population	-0.43%	-0.51%	-0.43%

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

a	Prior year's Appropriation Limit	\$25,616,884
b	Multiply 1+Line 1 by 1+Line 2	103.99%
c	Multiply Line (a) by Line (b), and subtract Line (a)	\$1,022,346
d	Add Lines (a), and (c) and enter total here	\$26,639,230
e	<b>APPROPRIATION LIMIT FOR 2023/24</b>	<b>\$26,639,230</b>

**Estimated tax proceeds as budgeted for fiscal year 2023/24** **\$19,296,867**

**Estimated tax proceeds to Limit** **72.44%**

**Estimated Excess Limit Capacity** **\$7,342,363**