CITY OF ORLAND STAFF REPORT

MEETING DATE: August 18, 2026

TO:	Honorable Mayor and Council
FROM:	Justin Chaney, Interim City Manager Xenia Bradford, Regional Government Services Authority Consultant
SUBJECT:	Approving and Adopting the Annual Appropriations Limit for FY 2026-27

BACKGROUND:

Article XIII B of the California Constitution, added by Proposition 4 in 1979 and commonly referred to as the Gann Limit, requires each local agency that receives proceeds of taxes to adopt an annual appropriations limit. The limit is the prior year's limit adjusted by two factors elected by the legislative body: a change in the cost of living and a change in population. Appropriations funded from proceeds of taxes may not exceed the limit.

Revenue and Taxation Code section 2227 requires the California Department of Finance to transmit the price factor and population change data to local jurisdictions each year. Finance issued its letter to fiscal officers on May 1, 2026. Government Code section 7910 requires that the documentation used to determine the limit be available to the public at least 15 days prior to the meeting at which the limit is adopted.

ANALYSIS:

The City's FY 2025-26 appropriations limit of $20,070,698, adopted by Resolution No. 2025-15 on September 2, 2025, is the starting point for the FY 2026-27 calculation.

Election of factors. The City Council elects both adjustment factors by vote. Consistent with prior years, staff recommends electing the change in California per capita personal income as the price factor, reported by the Department of Finance at 4.95 percent for FY 2026-27, and the change in City population as the population factor, reported at -0.30 percent for the period January 1, 2025 to January 1, 2026.

Calculation. Applying a price ratio of 1.049500 and a population ratio of 0.996997 to the prior year limit produces a combined adjustment factor of 1.046348 and an FY 2026-27 appropriations limit of $21,000,941. The calculation is shown in Attachment 2.

Compliance. Appropriations subject to limitation in FY 2026-27 are $7,956,347, or 37.9 percent of the limit, leaving $13,044,594 of remaining capacity. The figure is drawn from the FY 2026-27 adopted budget for the General Fund, Measure A and Measure J and consists of property and sales taxes, the transient occupancy tax, business licenses, the real property transfer tax, state subventions, and the share of investment earnings attributable to invested tax proceeds. The City is not approaching its appropriations limit and no action under Article XIII B is required.

RECOMMENDATION:

Adopt Resolution No. 2026-XX, approving and adopting the annual appropriations limit for FY 2026-27 at $21,000,941, electing the change in California per capita personal income as the price factor and the change in City population as the population factor.

FISCAL IMPACT OF RECOMMENDATION:

None. Adoption of the appropriations limit does not appropriate funds and no reduction in appropriations is required.

ATTACHMENTS:

1. Resolution No. 2026-XX
2. Appropriations Limit Worksheet
3. Price Factor and Population Information (Attachment A and B)