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DATE: June 2, 2026
TO: Honorable Mayor and Members of the City Council
FROM: Travis Sanborn, Finance Director
THROUGH: Kyle Knopp, City Manager
SUBJECT: Resolution No. 1670-2026 Approving the Revised Gann Appropriations Limit for Fiscal Year 2026-27

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Adopt Resolution 1669-2026, approving the City of Rio Dell Gann Appropriation Limit for fiscal year (FY) 2026-27.

BACKGROUND AND DISCUSSION:

Voters approved Proposition 4, also commonly known as the Gann Initiative, in November of 1979 adding Article XIII B to the California Constitution. The Gann Initiative placed limits on the growth of expenditures for all public agencies. Division 9 of Title 1, Sections 7900-7914 of the Government Code were added to establish the process for calculating state and local agency appropriations limits and appropriations subject to limitation under Article XIII B of the California Constitution. These constitutional and statutory sections explain and define the appropriations limit and appropriations subject to limitation as they apply to state and local agencies and require that each entity of government formally adopt its appropriations limit each fiscal year. The calculations used to determine the City's appropriations limit and the resolution adopting the limit are attached.

The Gann Appropriations Limit for the City of Rio Dell is:

FY 2026-27 Gann Appropriations Limit:	\$ 1,828,775
<u>City of Rio Dell's Amount Subject to Limit:</u>	<u>\$ 1,415,550</u>
Amount Under Limit:	\$ 413,225

A jurisdiction may not exceed the appropriations limit unless there is a declared emergency and the funds are used for that purpose. By majority approval, the voters of a jurisdiction may increase the appropriations limit. The voter-approved override may not exceed four years.

ATTACHMENTS:

- Resolution 1669-2026 Approving Gann Limit
- City of Rio Dell FY 2026-27 Gann Limit Worksheet
- California Department of Finance Price Factor and Population Information

**Appropriations Subject to Limitation City of Rio Dell
FY 2026-27 Gann Limit Worksheet**

a)	FY 2025-26 Appropriations Limit (prior year)		1,746,363
	Calculation of FY 2026-27 Appropriations Limit		
	Annual Adjustment Factors:		
b)	Per Capita Personal Income	4.95%	
c)	City of Rio Dell Population Change OR	-1.01%	
d)	Humboldt County Population Change (whichever is greater)	-0.27%	
e)	Calculation: $(1 + .0495) \times (1 - .0027) =$		1.0471911
f)	FY 2026-27 Appropriations Limit (a x e)		1,828,775
g)	FY 2026-27 Estimated Tax Proceeds Subject to Appropriations Limit		
	Property Taxes	172,550	
	Property Tax In Lieu VLF	539,000	
	Sales & Use Taxes	455,000	
	Transient Occupancy Taxes	20,000	
	Transfer Taxes	7,500	
	Business License Taxes	10,000	
	Cannabis Tax	236,000	
	Total Tax Proceeds Subject To Limit (sum of g)		1,440,050
	FY 2026-27 Expenditures Exempt From Limit		
	General Fund Capital Projects	24,500	
h)	Total Expenditures Exempt From Limit		24,500
i)	FY 2026-27 Appropriations Subject To Limit (g - h)		1,415,550
j)	Under (Over) Limit (f - i)		413,225