

675 Wildwood Avenue  
Rio Dell, CA 95562  
(707) 764-3532  
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DATE: June 20, 2023

TO: Honorable Mayor and Members of the City Council

FROM: Travis Sanborn, Finance Director

THROUGH: Kyle Knopp, City Manager

SUBJECT: Resolution No. 1583-2023 Adopting the Gann Appropriations Limit for Fiscal Year 2023-24

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Adopt Resolution 1583-2023 establishing the City of Rio Dell Gann Appropriation Limit for fiscal year (FY) 2023-24.

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 2023-24 Gann Appropriations Limit:	\$ 1,604,686
<u>City of Rio Dell's Amount Subject to Limit:</u>	<u>1,372,625</u>
Amount Under Limit:	\$ 232,061

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

ATTACHMENTS:

- Resolution 1583-2023 Establishing Gann Limit
- City of Rio Dell FY 2023-24 Gann Limit Worksheet



**RESOLUTION NO. 1583-2023**  
**A RESOLUTION OF THE CITY COUNCIL OF**  
**THE CITY OF RIO DELL**  
**ESTABLISHING THE GANN APPROPRIATIONS LIMIT**  
**FOR FISCAL YEAR 2023-24**

**WHEREAS**, the voters of the State of California in November 1979 approved Proposition 4, commonly known as the Gann Initiative, which added Article XIII B to the California Constitution; and

**WHEREAS**, the provisions of that Article establish maximum appropriation limits, commonly called the “Gann Limits,” for public agencies, including California cities; and

**WHEREAS**, the City must establish a projected Gann Limit for the 2023-24 fiscal year in accordance with the provisions of Article XIII B and applicable statutory law;

**NOW, THEREFORE BE IT RESOLVED**, the City Council of the City of Rio Dell hereby adopts the Gann Appropriations limit of \$1,604,686 for fiscal year (FY) 2023-24 and declares that the applicable appropriations in the Budget for FY 2023-24 do not exceed the limit.

**I HEREBY CERTIFY** that the foregoing Resolution was duly introduced, passed, and adopted at a regular meeting of the City Council of the City of Rio Dell, held on the 20th day of June 2023 by the following vote:

Ayes:  
Noes:  
Abstain:  
Absent:

\_\_\_\_\_  
Debra Garnes, Mayor

ATTEST:

\_\_\_\_\_  
Karen Dunham, City Clerk

**Appropriations Subject to Limitation City of Rio Dell  
FY 2023-24 Gann Limit Worksheet**

a)	FY 2022-23 Appropriations Limit (prior year)		1,544,654
	Calculation of FY 2023-24 Appropriations Limit		
	Annual Adjustment Factors:		
b)	Per Capita Personal Income	4.44%	
c)	City of Rio Dell Population Change OR	-1.39%	
d)	Humboldt County Population Change (whichever is greater)	-0.53%	
e)	Calculation: $(1 + .0444) \times (1 - .0053) =$		1.0388647
f)	FY 2023-24 Appropriations Limit (a x e)		1,604,686
g)	FY 2023-24 Estimated Tax Proceeds Subject to Appropriations Limit		
	Property Taxes	150,375	
	Property Tax In Lieu VLF	456,250	
	Sales & Use Taxes	640,000	
	Transient Occupancy Taxes	20,000	
	Transfer Taxes	10,000	
	Business License Taxes	10,000	
	Cannabis Tax	186,000	
	Total Tax Proceeds Subject To Limit (sum of g)		1,472,625
	FY 2023-24 Expenditures Exempt From Limit		
	Capital Streets Project	100,000	
h)	Total Expenditures Exempt From Limit		100,000
i)	FY 2023-24 Appropriations Subject To Limit (g - h)		1,372,625
j)	Under (Over) Limit (f - i)		232,061



May 2023

Dear Fiscal Officer:

**Subject: Price Factor and Population Information**

**Appropriations Limit**

California Revenue and Taxation Code section 2227 requires the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2023, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2023-24. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2023-24 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

**Population Percent Change for Special Districts**

Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

**Population Certification**

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2023.**

**Please Note:** The prior year's city population estimates may be revised. The per capita personal income change is based on historical data.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

JOE SPEPHENSHAW  
Director  
By:

Erika Li  
Chief Deputy Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2023-24 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2023-24	4.44

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2023-24 appropriation limit.

**2023-24:**

Per Capita Cost of Living Change = 4.44 percent  
 Population Change = -0.35 percent

Per Capita Cost of Living converted to a ratio:  $\frac{4.44 + 100}{100} = 1.0444$

Population converted to a ratio:  $\frac{-0.35 + 100}{100} = 0.9965$

Calculation of factor for FY 2023-24:  $1.0444 \times 0.9965 = 1.0407$

Fiscal Year 2023-24

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2022 to January 1, 2023 and Total Population, January 1, 2023**

<b>County City</b>	<b><u>Percent Change</u></b>	<b><u>--- Population Minus Exclusions ---</u></b>		<b><u>Total Population</u></b>
	<b>2022-2023</b>	<b>1-1-22</b>	<b>1-1-23</b>	<b>1-1-2023</b>
Humboldt				
Arcata	4.05	17,960	18,688	18,688
Blue Lake	-1.46	1,163	1,146	1,146
Eureka	-2.18	26,552	25,972	26,139
Ferndale	-0.22	1,374	1,371	1,371
Fortuna	-0.67	12,339	12,256	12,256
Rio Dell	-1.39	3,307	3,261	3,261
Trinidad	-1.34	298	294	294
Unincorporated	-1.00	71,525	70,813	70,892
County Total	-0.53	134,518	133,801	134,047

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.