



# City of Emeryville

CALIFORNIA

## MEMORANDUM

**DATE:** June 3, 2025  
**TO:** LaTanya Bellow, City Manager  
**FROM:** Lilybell Nakamura, Acting Finance Director  
Brian Moura, Regional Government Services (Finance Consultant)  
**SUBJECT:** **Resolution Of The City Council Of The City Of Emeryville Adopting An Appropriations Limit For Fiscal Year 2025-26**

### RECOMMENDATION

Staff recommends that the City Council adopt the attached resolution to establish the Annual Appropriations Limit for the 2025-26 Fiscal Year in accordance with State Law.

### BACKGROUND

In 1979, Proposition 4, known as the Gann Initiative, was approved by the California voters. As a result, Article XIII (B) of the California Constitution (Government Code Section 7900-10) places a limit on appropriations from most government revenue sources, including tax proceeds, and requires that the governing body of a local jurisdiction annually establishes, by resolution, an appropriations (spending) limit for the following fiscal year. The determination of the appropriations limit is a legislative act and is adopted at a regularly scheduled City Council meeting, usually as part of the adoption of the annual City Budget.

Proposition 111, approved by California voters in 1990, further amended Article XIII (B) and updated the base year for calculating the appropriation limit to fiscal year 1986-87 beginning in fiscal year 1990-91.

Proposition 111 also revised that the annual adjustment factors used to calculate the Appropriations Limit to include:

- A change in population growth for City or County (whichever is higher); and
- A change in California Per Capita Personal Income

Given these adjustment factors, staff calculated the Fiscal Year 2025-26 Appropriations Limit (see attached Gann Calculations) using the County's population change and the change in California per capita personal income factors. The basis for selection of this methodology is because Alameda County's population change is higher than the City's population change. Based on these calculations, the City's appropriations limit for Fiscal Year 2025-26 is \$170,473,783.

### DISCUSSION

Establishing an appropriations limit is a state law requirement that all cities must adopt at the beginning of each fiscal year at a regularly scheduled City Council meeting.

The Gann Appropriations Limit for the 2025-26 fiscal year shows that the Appropriations Subject to the Limit are 30% of the limit amount as shown below and on Attachment A.

<b>FY 2025-26 APPROPRIATIONS LIMIT</b>	<b><u>\$ 170,473,783</u></b>
<b>FY 2025-26 Appropriations from Proceeds of Taxes All Funds</b>	<b><u>\$ 51,176,124</u></b>
Appropriations subject to Appropriations Limit as percentage	<b>30%</b>

The calculation and adoption of an Annual Appropriations Limit pursuant to Propositions 4 and 111 are done annually by the City Council. Here are the Appropriation Limit and Appropriations Subject to the Limit adopted by the City Council in recent years.

	<u>2025-26</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>
Appropriations Limit	<b>\$ 170,473,783</b>	\$ 159,680,499	\$ 146,833,723	\$ 139,116,776
Approp Subject to Limit	<b><u>\$ 51,176,124</u></b>	<u>\$ 53,708,398</u>	<u>\$ 50,904,191</u>	<u>\$ 44,675,210</u>
Approp as a % of Approp Limit	<b>30%</b>	34%	35%	32%

### ***Review by Budget Committees***

The Budget and Governance Committee reviewed and discussed the adoption of the Annual Gann Appropriations Limit for the 2025-26 fiscal year. The committee recommended that information on past Gann Limit calculations and findings be included in the report to the City Council on this matter and b) that the City Council review and adopt the Appropriations Limit for the 2025-26 fiscal year as recommended in this report.

The Budget Advisory Committee (BAC) meeting to consider the 2025-27 City Budget and related actions, scheduled for May 22, 2025, was cancelled due to the lack of a quorum of the committee members. That BAC meeting will be re-scheduled for a future date.

### **CONCLUSION**

Staff recommend that the City Council adopt the attached resolution to establish the Annual Appropriations Limit for the 2025-26 Fiscal Year in accordance with State Law.

**PREPARED BY:** Peggy Xu, Accounting Manager  
Whitney Crockett, Audit Partner, Maze & Associates

**APPROVED AND FORWARDED TO THE  
CITY COUNCIL OF THE CITY OF EMERYVILLE:**

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LaTanya Bellow, City Manager

## **ATTACHMENTS**

- Draft Resolution
  - Exhibit A – Fiscal Year 2025-26 Gann Appropriations Limit