STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: Tabatha Miller, Assistant City Manager/Finance Director

PREPARER: Tabatha Miller, Assistant City Manager/Finance Director

DATE: June 17, 2026

TITLE: **Public Hearing to Consider Establishing the Fiscal Year (FY) 2026-2027 Appropriations Limit ("Gann Limit") by Adopting Resolution No. 256-73**

RECOMMENDATION:

It is recommended that the Council:
1) Open the Public Hearing regarding the establishment of the Fiscal Year (FY) 2026-2027 Appropriations Limit ("Gann Limit");
2) Receive a Staff Report;
3) Invite Public Comment;
4) Close the public hearing; and
5) Adopt Resolution No. 256-73 Establishing the FY 2026-2027 Appropriations Limit.

INTRODUCTION:

Each year, the governing body of the state and each local governmental agency must establish and is subject to an Appropriations Limit, also referred to as the "Gann Limit".

BACKGROUND:

The Appropriations Limit for any year is the Appropriations Limit from the previous year adjusted by inflation and population changes. Government Code §7910 requires that 15 days prior to adopting its annual Appropriations Limit, the documentation used to determine the Appropriations Limit is made available to the public. The documentation was available in the Finance Department for review on June 1st and is published as part of this agenda item as Attachment B.

Public notice of the public hearing was published in the Mad River Union on June 3, 2026, to ensure that interested members of the public were notified of the opportunity to review the Appropriations Limit documentation and to provide public comment. That same code section sets forth the requirements and time limit for contesting the adopted Appropriation Limit. A judicial action to attack, review, set aside, void or annul the action of the government must be commenced within 45 days of the resolution effective date.

DISCUSSION:

Not all City revenues are subject to the annual Appropriations Limit. Proceeds from taxes subject to the limitation include:

- All taxes levied by or for a public agency
- Any revenue received from regulatory licenses, user charges, and user fees only to the extent that the proceeds exceed the cost of providing the regulation, product or service
- State subventions for general purposes
- Any interest earned from the investment of tax proceeds

ENVIRONMENTAL REVIEW (CEQA):

The annual establishment of the City's appropriations (Gann) limit is exempt from CEQA because it is an administrative and fiscal action that does not authorize or fund any specific physical project and therefore is not a "project" under CEQA Guidelines section 15378.

BUDGET/FISCAL IMPACT:

There is no direct financial impact of establishing the Appropriations Limit or the total annual appropriations subject to the limit because the City’s budgets have been and will likely continue to be well below the annual Appropriations Limit.

RECOMMENDED COUNCIL ACTION:

1. Open the Public Hearing regarding the establishment of the FY 2026-27 Appropriations Limit (“Gann Limit”);
2. Receive a Staff Report;
3. Invite Public Comment;
4. Close the public hearing; and
5. Motion to adopt Resolution No. 256-73 Establishing the FY 2026-27 Appropriations Limit.

ATTACHMENTS:

A. Resolution No. 256-73 Establishing the FY 2026-27 Appropriations Limit.
B. FY 2026-27 Appropriations Limit Calculation and Documentation.