

RESOLUTION 2026-###

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO AMENDING THE ANNUAL APPROPRIATIONS (GANN) LIMIT FOR FISCAL YEAR 2025-26 TO CORRECT THE POPULATION ADJUSTMENT FACTOR, AND SUPERSEDING RESOLUTION 2025-074

WHEREAS, Article XIII B of the California Constitution enacted with the passage of Proposition 4 in 1979, with modifications under Proposition 111, passed by the voters of California in June 1990, and implemented by California Government Code Sections 7900 et seq., specifies appropriations of governmental entities may increase by an amount not to exceed the change in population and the change in either the California per capita income or the change in non-residential assessed valuation due to new construction within the City;

WHEREAS, the Appropriation Limit is based on actual appropriations during the 1978-79 Fiscal Year, as increased each year using specified population and inflationary growth factors. The original legislation implementing the provisions of Article XIII B became effective January 1, 1981;

WHEREAS, Section 7910 of the California Government Code requires a governing body to annually adopt by resolution an Appropriations (Gann) Limit for the upcoming fiscal year, and provides that the determinations made pursuant to that section are legislative acts;

WHEREAS, on June 2, 2025, the City Council adopted Resolution 2025-074 establishing the FY 2025-26 Appropriations (Gann) Limit in the amount of \$68,692,874; and in April 2026 the City's independent auditors, Maze and Associates, identified an arithmetic error in that calculation, in that the population change was applied as 2.00% (a ratio of 1.0200) rather than the correct 0.20% (a ratio of 1.0020) reported in the California Department of Finance May 2025 Price & Population report;

WHEREAS, the error was confined to the population adjustment factor; the price factor of 8.32% (a ratio of 1.0832) for non-residential new construction and the prior-year limit of \$62,173,149 were correct; and when corrected, the combined adjustment factor is 1.085 and the FY 2025-26 Appropriations Limit is \$67,480,647, as reflected in the corrected Exhibit A;

WHEREAS, the overstatement of the limit did not result in a violation of Article XIII B or Government Code Section 7910, because the City's proceeds of taxes subject to the limit (\$18,203,122) remained well below both the originally adopted limit and the corrected limit, such that the City was, and remains, in compliance for FY 2025-26;

WHEREAS, documentation used in the determination of the corrected FY 2025-26 appropriations limit has been available to the public for at least fifteen (15) days before the City Council's determination in this matter, as required by Government Code Section 7910(a);

WHEREAS, according to the State of California Department of Finance, the change in the cost of living or per capita personal income during 2025-26 was 6.44%, the change in the City of San Pablo population was an increase of 0.20%, and there was no change in the Contra Costa County population. According to property tax records, the change in non-residential new construction in San Pablo was an increase of 8.32%. These specified factors are used to calculate the corrected appropriations limit of \$67,480,647 as reflected in Exhibit A for FY 2025-26. The calculation of the appropriation limit applies only to expenditures funded by "proceeds of taxes" as defined by the California Constitution, which includes revenues such as property taxes, sales taxes, utility user taxes, state subventions (e.g., motor vehicle in-lieu), mandated costs reimbursements, etc. Certain types of revenues such as user fees or regulatory fees are also excluded from the Appropriation Limit, as are other specific expenditure types, including some debt service costs, qualified capital outlay, contractual payments including revenues received under section 7.1 of the Municipal Services Agreement with the Lytton Band of Pomo Indians, and certain types of leases;

WHEREAS, the City's total FY 2025-26 budgeted revenues subject to the appropriations limit are \$18,203,122, which is well below the corrected limit of \$67,480,647, such that the City will not be impacted by the Gann Limit in the next fiscal year nor in the foreseeable future as evidenced by a five-year trend analysis;

WHEREAS, on June 10, 2026, the BFLSC (Mayor Pabon-Alvarado and Council Member Ponce) reviewed the FY 2025-26 Gann Limit Correction to be formally considered and approved by the City Council on June 15, 2026; and

WHEREAS, this Resolution corrects the FY 2025-26 Appropriations Limit and supersedes Resolution 2025-074 adopted June 2, 2025, and is presented for adoption at a duly noticed meeting of the City Council held in compliance with the Ralph M. Brown Act.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Pablo hereby elects to use the San Pablo percentage change in new non-residential construction factor of 8.32% and the City population change of 0.20% for calculating the appropriations limit, and establishes the corrected limit for Fiscal Year 2025-26 in the amount of \$67,480,647;

BE IT FURTHER RESOLVED that Resolution 2025-074 adopted June 2, 2025, is hereby superseded and replaced in its entirety by this Resolution;

BE IT FURTHER RESOLVED that, pursuant to Government Code Section 7910(b), any judicial action or proceeding to attack, review, set aside, void, or

annul this determination shall be commenced within forty-five (45) days of the effective date of this Resolution; and

BE IT FURTHER RESOLVED that the foregoing recitations are true and correct and are included herein by reference as findings.

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Adopted this 15th day of June, 2026, by the following votes:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:

ATTEST:

APPROVED:

Dorothy Gantt, City Clerk

Elizabeth Pabon-Alvarado, Mayor