

19. Resolution Establishing the Appropriations Limit of the City of Santa Ana For FY 2025-26

Department(s):

Recommended Action: Adopt a resolution establishing the appropriations limit of the City of Santa Ana for Fiscal Year 2025-26, as required by state law.

RESOLUTION NO. 2025-XXX entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA ESTABLISHING THE APPROPRIATION LIMIT OF THE CITY OF SANTA ANA FOR FISCAL YEAR 2025-2026



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
June 17, 2025

TOPIC: Adopt a Resolution Establishing the Appropriations Limit for 2025-26

AGENDA TITLE

Resolution Establishing the Appropriations Limit of the City of Santa Ana For FY 2025-26

RECOMMENDED ACTION

Adopt a resolution establishing the appropriations limit of the City of Santa Ana for Fiscal Year 2025-26, as required by state law.

RESOLUTION NO. 2025-XXX entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA ESTABLISHING THE APPROPRIATION LIMIT OF THE CITY OF SANTA ANA FOR FISCAL YEAR 2025-2026

GOVERNMENT CODE §84308 APPLIES: No

DISCUSSION

The State of California Constitution imposes a limit ("the Gann Limit") on tax proceeds to be appropriated for expenditures by a local government in any given fiscal year and requires the cities establish this limit by resolution. Adoption of the subject resolution is necessary for compliance with the California constitution for the fiscal year ending June 30, 2026.

Furthermore, Section 13-90 of the Santa Ana Municipal Code requires the creation of a Reserve Fund for Excess Proceeds of Taxes (Reserve Fund), as a separate accounting of taxes received in a fiscal year prior to the period of expenditure. The City appropriates the expenditure of tax revenue in the same fiscal year of receipt, and therefore creation of the Reserve Fund is not necessary for the fiscal year 2025-26. In fiscal year 2023-24, the Proceeds of Taxes were \$322,141,522 and the actual General Fund expenditures were \$394,675,261.

Using the formula provided by the state, staff calculated the spending limitation from "Proceeds of Taxes" as \$1,522,518,198 (Exhibit 1) for fiscal year 2025-26, which is the FY24-25 limit increased by 6.66%. The funds constrained by the appropriations limit include the General Fund, the Capital Outlay Fund, and Special Revenue Funds.

Exhibit 1 identifies the factors used to determine the allowable inflationary increase from the prior year. Exhibit 2 categorizes FY 2025-26 anticipated revenues from “Proceeds of Taxes” and “Non-Proceeds of Taxes”. Exhibit 3 computes the FY 2025-26 appropriations subject to this limitation, and identifies the difference between the limit and the budgeted appropriation. As demonstrated in Exhibit 3, the City’s anticipated fiscal year 2025-26 appropriations subject to limitation is \$321,251,348, which is \$1,201,266,850 less than the allowable Gann Limit.

ENVIRONMENTAL IMPACT

There is no environmental impact associated with this action.

FISCAL IMPACT

There is no fiscal impact associated with this action.

EXHIBIT(S)

1. Computation of Appropriation Limit
2. Schedule to Categorize Anticipated Revenues
3. Appropriation Subject to Limitation
4. Resolution

Submitted By: Alex Trinidad, Acting Executive Director, Finance and Management
Services Agency

Approved By: Alvaro Nuñez, City Manager

EXHIBIT 1
COMPUTATION OF APPROPRIATION LIMIT
FOR FISCAL YEAR ENDING JUNE 30, 2026

Fiscal Year 2024-25 Appropriations Limit	\$	1,427,985,554
California Per Capita Personal Income:		6.440% *
Converted into a Factor		1.0644
Population Growth:		0.17% *
Converted into a Factor:		1.0017
Calculation of factor for fiscal year 2024-25 (1.0362 x 1.00310):		1.0662
Fiscal Year 2025-26 Appropriations Limit	\$	1,522,518,198

* Source: State of California, Department of Finance, Price and Population Information - FY 2025-26

EXHIBIT 2
SCHEDULE TO CATEGORIZE ANTICIPATED REVENUES
FOR FISCAL YEAR ENDING JUNE 30, 2026

REVENUE	PROCEEDS OF TAXES	NON-PROCEEDS OF TAXES	TOTALS
TAXES:			
Property Tax	\$ 110,300,910	\$ -	\$ 110,300,910
Sales Tax	146,662,070	-	146,662,070
Hotel Visitors' Tax	9,500,000	-	9,500,000
Business Tax	17,500,000	-	17,500,000
Documentary Stamp Tax	1,200,000	-	1,200,000
Utility Users' Tax	29,250,000	-	29,250,000
Medical Marijuana/Cannabis Tax	12,651,460	-	12,651,460
Total Taxes	<u>327,064,440</u>	<u>-</u>	<u>327,064,440</u>
FROM STATE:			
State Motor Vehicle License	400,000	-	400,000
Homeowner Prop Tax Subvention	180,000	-	180,000
State Gas Tax	-	16,930,360	16,930,360
SB90 Reimbursements	-	150,000	150,000
State Grants	-	3,646,580	3,646,580
Standards Training for Corrections Reimbursement	-	55,760	55,760
Total State	<u>580,000</u>	<u>20,782,700</u>	<u>21,362,700</u>
OTHER GOVERNMENT:			
Community Development (CDBG)	-	4,776,100	4,776,100
Urban Area Security Initiative Grant	-	537,910	537,910
Social Services Agency Grant	-	-	-
Housing (Section 8)	-	71,279,220	71,279,220
Workforce Investment Act	-	2,298,100	2,298,100
Measure M, Street Grants	-	14,628,320	14,628,320
Civic Center and Park	-	3,776,860	3,776,860
Program Income	-	1,082,670	1,082,670
Other Federal Grants	-	5,226,380	5,226,380
Total Other Government	<u>-</u>	<u>103,605,560</u>	<u>103,605,560</u>

Exhibit 2
Continued

<u>REVENUE</u>	<u>PROCEEDS OF TAXES</u>	<u>NON-PROCEEDS OF TAXES</u>	<u>TOTALS</u>
LOCALLY RAISED:			
Licenses and Permits	-	6,147,280	6,147,280
Franchise Fees	-	13,600,000	13,600,000
Fines and Forfeitures	-	5,599,300	5,599,300
Charges for Services	-	32,098,540	32,098,540
From Use of Property	-	12,527,640	12,527,640
Others	-	210,000	210,000
Others - Inter-Agency	-	1,678,600	1,678,600
Total Locally Raised	-	71,861,360	71,861,360
OTHER MISCELLANEOUS:			
Donation	-	219,050	219,050
Expense Reimbursements	-	2,041,900	2,041,900
Indirect Cost Recovery	-	11,375,920	11,375,920
Interfund Transfers	-	22,405,380	22,405,380
Opioid Settlements	-	1,403,450	1,403,450
Total Other Miscellaneous	-	37,445,700	37,445,700
FROM USE OF MONEY:			
Earnings on Investment	2,010,320	1,524,620	3,534,940
TOTAL REVENUES	\$ 329,654,760	\$ 235,219,940	\$ 564,874,700

EXHIBIT 3

EXHIBIT 3
APPROPRIATION SUBJECT TO LIMITATION
FOR FISCAL YEAR ENDING JUNE 30, 2026

Proceeds of taxes	\$	329,654,760
Less: Exclusions		<u>(8,403,412)</u>
Appropriation subject to limitation	\$	321,251,348
Current year limit		1,522,518,198
Over(under) limit	\$	<u><u>(1,201,266,850)</u></u>

RESOLUTION NO. 2025-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SANTA ANA ESTABLISHING THE APPROPRIATION LIMIT
OF THE CITY OF SANTA ANA FOR FISCAL YEAR
2025-2026

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA ANA AS
FOLLOWS:

Section 1. The City Council of the City of Santa Ana hereby finds, determines
and declares as follows:

- A. Article XIIIB of the Constitution of the State of California, adopted by the voters of the State of California in 1979, imposes upon State and local government the obligation to limit each fiscal year's appropriations to those established in fiscal year 1978-79 as adjusted for by inflation and population, together with other specified changes required or permitted.
- B. In June of 1990, the voters of the State of California approved Proposition 111, which amended Article XIIIB to establish the limit originally calculated for fiscal year 1986-87 as a new adjustment base, and to change the definition of the cost of living to be either the percentage change in California per capita personal income from the preceding year or the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local non-residential new construction.
- C. Proposition 111 further modified Article XIIIB requirements by making certain capital outlay, debt service, emergency and court ordered expenditures not subject to the limit, and by allowing expenditures in excess of one year's limit to be offset by under expenditures in an immediately following year.
- D. The City of Santa Ana has opted to use as the inflation adjustment factor the percentage change in the California per capita personal income from the preceding year.
- E. The City of Santa Ana has opted to use as the population adjustment factor the County's percentage change in population from the preceding year.
- F. Section 7910 of the Government Code of the State of California requires the governing body of each local jurisdiction each year to, by resolution, establish its appropriations limit and make other necessary determinations for the following fiscal year pursuant to Article XIIIB of the California

Constitution at a regularly scheduled meeting or noticed special meeting. Fifteen days prior to the meeting, documentation used in the determination of the appropriations limit and other necessary determinations shall be available to the public.

- G. This matter came before the City Council at its regularly scheduled meeting of June 17, 2025.
- H. The Executive Director of the Finance and Management Services Agency of the City of Santa Ana has determined the City's appropriation limit for fiscal year 2025-2026 in accordance with said provisions of the Constitution and laws of the State of California, and the documentation used in the determination has been available to the public since not later than June 2, 2025, in the office of the Executive Director of the Finance and Management Services Agency.


Section 2. Based upon the above referenced facts, and all facts specified in the accompanying Request for Council Action and its attachments, and each of them, the appropriation limit of the City of Santa Ana for fiscal year 2025-2026 is hereby found and determined to be \$1,522,518,198.

Section 3. This Resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall attest to and certify the vote adopting this Resolution.

ADOPTED this _____ day of _____, 2025.

Valerie Amezcua
Mayor

APPROVED AS TO FORM:
Sonia R. Carvalho
City Attorney

By: 

Andrea Garcia-Miller
Assistant City Attorney

AYES: Councilmembers _____

NOES: Councilmembers _____

ABSTAIN: Councilmembers _____

NOT PRESENT: Councilmembers _____

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, Jennifer Hall, City Clerk, do hereby attest to and certify the attached Resolution No. 2025-_____ to be the original resolution adopted by the City Council of the City of Santa Ana on June 17, 2025.

Date: _____

City Clerk
City of Santa Ana