Agenda Item #13.12
For Council Meeting of: June 16, 2026

CITY OF SANTA ROSA
CITY COUNCIL

TO:	MAYOR AND CITY COUNCIL
FROM:	SCOTT WAGNER, CHIEF FINANCIAL OFFICER, FINANCE DEPARTMENT
SUBJECT:	APPROPRIATIONS LIMIT FISCAL YEAR 2026-27
AGENDA ACTION:	RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution: (1) adopt Article XIII B appropriations limit for the City of Santa Rosa at $375,054,000 for the Fiscal Year 2026-27; and (2) approve the inflation and population factors used in the calculation of the limit for Fiscal Year 2026-27. This item has no impact on fiscal year budget.

EXECUTIVE SUMMARY

The purpose of this item is to establish the Fiscal Year (FY) 2026-27 appropriation limit for the City of Santa Rosa, an annual requirement under the provisions of Article XIII B of the California Constitution.

GOAL

This item relates to Council Goal #1 - Achieve and Maintain Budgeting Excellence and Fiscal Stability by adopting the annual appropriations limit for the upcoming fiscal year.

BACKGROUND/PRIOR COUNCIL REVIEW

Article XIII B of the California Constitution and related implementing legislation place limits on the amount of tax revenues that state and local governments can appropriate annually and require that the governing body of each local jurisdiction establish its appropriation limit by resolution each year.

The appropriations limit does not apply to the entire City budget but only to the appropriation of "proceeds of taxes" in the City's "general government" type funds.

From FY 1980-81 to FY 1989-90, each year's appropriation limit was based on the previous year's limit, multiplied by the percentage change in population and the percentage change in the United States Consumer Price Index or the change in California per capita income, whichever was less.

Proposition 111, which was approved by the voters in June 1990, amended the factors used in the calculation of each year's appropriations limit. The factors to be used now are:

1. Price Factor - At the City's option, either the change in California per capita income or the increase in non-residential assessed valuation due to new construction.

2. Population Factor - At the City's option, either the annual change in the City or the County population.

The Finance Department recommends that the City use the greater calculation within each of the two factors.

Each year after the appropriation limit is adopted by the Council, the calculation is reviewed by the City’s auditor and an Agreed-Upon Procedures Report or Audit is completed that confirms the City’s calculations were accurate.

State law requires that documentation used in the determination of the appropriations limit be available to the public 15 days prior to the Council’s consideration of the matter. That documentation has been available to the public on the City’s website since June 1, 2026.

The City Council reviews and adopts an appropriations limit each year. The Appropriations Limit for FY 2026-27 has not been previously reviewed by the City Council.

ANALYSIS

Annually, the State of California, Department of Finance provides inflation and population factors to be used in the calculation of the appropriations limit.

The Finance Department recommends that the factors used in the calculation of the FY 2026-27 limit be as follows:

1. Price Factor (percentage change in California per capita personal income): 4.95%

2. Population Factor (percentage change in Santa Rosa population): 0.57%

Using these factors, the calculated appropriations limit for FY 2026-27 is $375,054,000 (FY 2025-26 limit multiplied by price and population factors converted to ratios). The appropriations subject to the limit are projected to total $212,517,000, which is approximately $162,537,000 less than the calculated appropriation limit. The City of Santa Rosa is not at risk of exceeding the limit.

FISCAL IMPACT

There is no fiscal impact from adopting the appropriation limit.

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines section 15378, the recommended action is not a “project” subject to the California Environmental Quality Act (CEQA) because it does not have the potential to result in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In the alternative, the action is exempt pursuant to CEQA Guidelines section 15061(b)(3), as it can be seen with certainty that there is no possibility that approval of the appropriations limit may have a significant effect on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A - Appropriations Limit Calculation and Appropriations Subject to Limitation, FY 2026-27

PRESENTERS

Scott Wagner, Chief Financial Officer