



NEWPORT BEACH

City Council Staff Report

June 9, 2026
Agenda Item No.8

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Resolution No. 2026-38: Adoption of Fiscal Year 2026-27
Appropriations Limit

ABSTRACT:

As a governmental entity, the City of Newport Beach (City) is subject to the requirements of the Gann Appropriations Limit Initiative, which establishes a constitutional limit on the amount of tax revenue the City may appropriate each fiscal year. This limit is adjusted annually to account for changes in population and growth in California per capita personal income and must be adopted by resolution of the City Council.

For Fiscal Year 2025-26, the City's appropriations limit totals \$273,258,369. For FY 2026-27, appropriations from proceeds of taxes are estimated at \$263,498,452, while the City's appropriations limit is calculated at \$285,723,555. Accordingly, the City's estimated appropriations subject to the limit are \$22,225,103 below the Gann limit.

RECOMMENDATION:

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
- b) Adopt Resolution No. 2026-38, *A Resolution of the City Council of the City of Newport Beach, California, Determining and Establishing the Appropriations Limit for Fiscal Year 2026-27 in Accordance with Article XIII B of the California Constitution and Government Code Section 7910*, in the amount of \$285,723,555.

DISCUSSION:

Article XIII B of the California Constitution provides that appropriations of governmental entities may increase annually only by a limited amount, generally reflecting changes in population and inflation. Each local government is required to establish its appropriations limit annually by resolution at a regularly scheduled or duly noticed special meeting of the

City Council. Resolution No. 2026-38 (Attachment A), submitted for City Council consideration, satisfies this requirement.

The calculation of the City's Appropriations Limit for FY 2026-27 is as follows:

FY 2025-26 Appropriations Limit	\$273,258,369
Inflation Adjustment Factor ¹	4.95%
Population Adjustment Factor ²	-0.37%
FY 2026-27 Appropriations Limit	\$285,723,555

¹ Based on California per capita income increases as provided by the California Department of Finance, May 2026.

² Based on Orange County population growth as provided by the California Department of Finance, May 2026.

The City's estimated proceeds from taxes for FY 2026-27 are \$263,498,452, which is \$22,225,103 below the \$285,723,555 appropriations limit. In calculating appropriations subject to the limit, certain expenditures may be excluded, including specific categories of debt service, contributions to some types of revenues, and costs mandated by the federal government. An exclusion calculation was not performed, as the City's appropriations remain well below the established limit.

In accordance with California Government Code Section 7910, the documentation used to calculate the appropriations limit was made available for public review at least 15 days prior to the scheduled public hearing.

FISCAL IMPACT:

There is no fiscal impact related to this item.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENT:

Attachment A – Resolution No. 2026-38