



## CC Regular Meeting AGENDA ITEM REPORT

**Meeting:** June 3, 2025  
**Title:** Establishment of Fiscal Year 2025-2026 Article XIII B Appropriation Limit for the City of Covina  
**Presented by:** Theresa Franke, Interim Finance Director  
Jenny Xu, Accountant  
**Recommendation:** Adopt Resolution CC 2025-51 establishing the Fiscal Year 2025-2026 Article XIII B Appropriation Limit for the City of Covina.

### EXECUTIVE SUMMARY / BACKGROUND:

As a means to limit the growth of government spending, the Gann Initiative, or appropriation limit calculation, was approved by California voters in 1979; this resulted in Article XIII B of the California Constitution which requires that each level of government establish annual appropriation limits based upon a specific formula. The appropriation limit calculations were modified in June 1990 as a result of the passage of Proposition 111. The imposed limitations require that calculations utilize anticipated tax proceeds as well as growth factors in population and inflation; these factors are provided by the California Department of Finance.

### DISCUSSION:

The City of Covina's appropriation limit for Fiscal Year 2025-2026 is \$142,313,213. The proceeds from taxes are \$46,109,706 and are below the appropriation limit. There is no excess of taxes over the appropriation limit as defined by Article XIII B.

Any challenge to the 2025-2026 appropriation limit calculation must be done within forty-five days of the adopted resolution effective date.

### FISCAL IMPACT:

This action will set the appropriation limit to \$142,313,213.

### CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

None.

Respectfully submitted,

Theresa Franke  
Interim Director of Finance