

File No. 260207

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date April 15, 2026

Board of Supervisors Meeting Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Notice of Award/Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- Exhibit A
- CON Memo to MYR and BOS 2/26/2026
- CON Presentation 4/15/2026
- _____
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Completed by: Brent Jalipa Date April 9, 2026

Completed by: Brent Jalipa Date _____

1 [Establishing Appropriations Limit (Gann Limit) - FY2025-2026 - Special Tax Districts and
2 Infrastructure and Revitalization Financing Districts]

3 **Resolution establishing the appropriations limit for Special Tax Districts and**
4 **Infrastructure Revitalization and Financing Districts for Fiscal Year (FY) 2025-2026**
5 **pursuant to California Constitution Article XIII B (Gann Limit), and determining other**
6 **matters in connection therewith, as defined herein.**

7
8 WHEREAS, Under State of California Constitution Article XIII B , the total annual
9 appropriations subject to limitation of a local government entity may not exceed the
10 appropriations limit of that entity for the prior year adjusted for the change in the cost of living
11 and the change in population (commonly referred to as the “Gann Limit”), except as otherwise
12 provided; and

13 WHEREAS, Article XIII B defines local government as any city, county, city and county,
14 school district, special district, authority, or other political subdivision of or within the State;
15 and

16 WHEREAS, The Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5
17 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California
18 Government Code, as amended (“Mello- Roos Act”) provides for the establishment of legally
19 constituted governmental entities known as community facilities districts for the sole purpose
20 of financing facilities and services from special taxes approved by qualified electors of such
21 district; and

22 WHEREAS, The Mello-Roos Act provides, among other things, for the establishment of
23 an appropriations limit for community facilities districts and, in connection with community
24 facilities districts involving annexation of parcels from a future annexation area into an
25

1 improvement area of the community facilities district, provides for proceedings for approval of
2 the establishment of the appropriations limit applicable only to improvement areas; and

3 WHEREAS, Chapter 43, Article X of the San Francisco Administrative Code, as
4 amended from time to time ("Code"), incorporates by reference the Mello-Roos Act including
5 those provisions related to establishing an appropriations limit, and the Board of Supervisors
6 is authorized to establish a special tax district for the sole purpose of financing facilities and
7 services from special taxes levied by voters of the special tax district; and

8 WHEREAS, This Board of Supervisors has conducted proceedings under and pursuant
9 to the Mello-Roos Act to form the following community facilities districts and related
10 improvement areas:

- 11 (a) City and County of San Francisco Community Facilities District No. 2014-1
12 (Transbay Transit Center); and
- 13 (b) City and County of San Francisco Community Facilities District No. 2016-1
14 (Treasure Island), Improvement Area No. 1 of the City and County of San
15 Francisco Community Facilities District No. 2016-1 (Treasure Island),
16 Improvement Area No. 2 of the City and County of San Francisco Community
17 Facilities District No. 2016-1 (Treasure Island), and Improvement Area No. 3 of
18 the City and County of San Francisco Community Facilities District No. 2016-1
19 (Treasure Island); and

20 WHEREAS, This Board of Supervisors has also conducted proceedings under and
21 pursuant to the Code to form the following special tax districts:

- 22 (a) City and County of San Francisco Special Tax District No. 2009-1 (San
23 Francisco Sustainable Financing), Improvement Area No. 1 of City and County
24 of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable
25

1 Financing), and Improvement Area No. 2 of City and County of San Francisco
2 Special Tax District No. 2009-1 (San Francisco Sustainable Financing);

3 (b) City and County of San Francisco Special Tax District No. 2019-1 (Pier 70
4 Condominiums);

5 (c) City and County of San Francisco Special Tax District No. 2019-2 (Pier 70
6 Leased Properties);

7 (d) City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock
8 Facilities and Services); and

9 (e) City and County of San Francisco Special Tax District No. 2022-1 (Power
10 Station) and Improvement Area No. 1 of the City and County of San Francisco
11 Special Tax District No. 2022-1 (Power Station); and

12 WHEREAS, All of the community facilities districts and special tax districts described
13 above (collectively, "Special Tax Districts") provide for the levy of special taxes and a list of
14 improvements and/or services eligible for funding with the special taxes, and an
15 appropriations limit for the Special Tax Districts and any improvement areas has been
16 established in accordance with the Mello-Roos Act; and

17 WHEREAS, Under Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California
18 Government Code, commencing with Section 53369 ("IRFD Law"), the Board of Supervisors
19 is authorized to establish legally constituted governmental entities known as infrastructure and
20 revitalization financing districts legally for the sole purpose of financing authorized facilities;
21 and

22 WHEREAS, The IRFD Law provides, among other things, for the establishment of an
23 appropriations limit for infrastructure and revitalization financing districts; and

1 WHEREAS, This Board of Supervisors has conducted proceedings under and pursuant
2 to the IRFD Law to form the following infrastructure and revitalization financing districts
3 (“IRFDs”; together with Special Tax Districts, “Districts”):

4 (a) City and County of San Francisco Infrastructure and Revitalization Financing
5 District No. 1 (Treasure Island); and

6 (b) City and County of San Francisco Infrastructure and Revitalization Financing
7 District No. 2 (Hoedown Yard, Pier 70); and

8 WHEREAS, An appropriations limit for the IRFDs has been established in accordance
9 with the IRFD Law; and

10 WHEREAS, California Government Code, Section 7910, provides that each year the
11 governing body of each local government entity shall, at a regularly scheduled meeting or
12 noticed special meeting, establish by resolution its appropriations limit and make other
13 necessary determinations for the following fiscal year pursuant to Article XIII B of the
14 California Constitution; and

15 WHEREAS, Section 7910 (a) further provides that the documentation used in the
16 determination of the appropriations limit shall be available to the public fifteen days prior to the
17 meeting; and

18 WHEREAS, The Mello-Roos Act provides for adjustment of the appropriations limit for
19 changes in the per capita personal income in the State of California and changes in
20 population, as defined by subdivisions (b) and (c) of Section 7901 of the California
21 Government Code, except that the change in population may be estimated by the legislative
22 body of the community facilities district in the absence of an estimate by the Department of
23 Finance, and in accordance with California Constitution Section 1 of Article XIII B , and, for
24 purposes of adjusting for changes in population, the population of the community facilities
25 shall be deemed to be at least one person during each calendar year; and

1 WHEREAS, The IRFD Law provides for adjustment of the appropriations limit for
2 changes in the cost of living and changes in populations, as defined by subdivisions (b) and
3 (c) of Section 7901, except that the change in population may be estimated by the legislative
4 body in the absence of an estimate by the Department of Finance, and in accordance with
5 California Constitution Section 1 of Article XIII B , and, for purposes of adjusting for changes
6 in population, the population of the district shall be deemed to be at least one person during
7 each calendar year; and

8 WHEREAS, California Government Code, Section 7901(b), provides that a city or
9 special district may choose to use the change in population within its jurisdiction or within the
10 county in which it is located, and that each city and special district shall select its change in
11 population annually by a recorded vote of the governing body of the city or special district; and

12 WHEREAS, The calculation of the appropriation limit of each of the Special Tax
13 Districts and any improvement areas and each of the IRFDs for Fiscal Year 2025-26 is
14 described in the attachments to this resolution, and has been made available to the general
15 public for fifteen days prior to the date of adoption of this resolution; and

16 WHEREAS, Authorization of the annual appropriation limits is not a project under the
17 California Environmental Quality Act (“CEQA”) Guidelines, Section 15378 (b)(4), because it
18 establishes, for the Districts, funding levels which do not involve any commitment to any
19 specific projects which may result in a potentially significant physical impact on the
20 environment; and

21 WHEREAS, Pursuant to California Government Code, Section 7910, a judicial action or
22 proceeding to attack, review, set aside, void, or annul the action of the Board of Supervisors
23 to establish the appropriations limit for Fiscal Year (FY) 2025-2026 shall be commenced
24 within 45 days of the effective date of the resolution: now, therefore, be it

25 RESOLVED, That the foregoing recitals are all true and correct; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors, as the legislative body with
2 respect to the Special Tax Districts and the improvement areas, by a recorded vote, hereby
3 establishes the appropriations limit of the Special Tax Districts, including any improvement
4 areas, for FY2025-2026 as set forth in Exhibit A, on file with the Clerk of the Board of
5 Supervisors in File No. 260207, which is hereby declared to be a part of this Resolution as if
6 set forth fully herein, and hereby finds that the Board of Supervisors has complied with the
7 provisions of California Constitution Article XIII B and other applicable provisions of law; and,
8 be it

9 FURTHER RESOLVED, That the Board of Supervisors, as the legislative body with
10 respect to the IRFDs, by a recorded vote, hereby establishes the appropriations limit of the
11 IRFDs for FY2025-2026 as set forth in Exhibit A, and hereby finds that the Board of
12 Supervisors has complied with the provisions of California Constitution Article XIII B and other
13 applicable provisions of law; and, be it

14 FURTHER RESOLVED, That, pursuant to California Government Code, Section 7910,
15 a judicial action or proceeding to attack, review, set aside, void, or annul the action of the City
16 Council to establish the appropriations limit for FY2025-2026 shall be commenced within 45
17 days of the effective date of the resolution; and, be it

18 FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or
19 word of this resolution, or any application thereof to any person or circumstance, is held to be
20 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
21 shall not affect the validity of the remaining portions or applications of this resolution, this
22 Board of Supervisors hereby declaring that it would have passed this resolution and each and
23 every section, subsection, sentence, clause, phrase, and word not declared invalid or
24 unconstitutional without regard to whether any other portion of this resolution or application
25 thereof would be subsequently declared invalid or unconstitutional; and, be it

1 FURTHER RESOLVED, That this Resolution shall take effect upon its enactment.
2 Enactment occurs when the Mayor signs the resolution, the Mayor returns the resolution
3 unsigned or does not sign the resolution within ten days of receiving it, or the Board of
4 Supervisors overrides the Mayor's veto of the resolution; the provisions of any previous
5 resolutions in any way inconsistent with the provisions hereof in and for the issuance of the
6 Bonds as herein described are hereby repealed.

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8 Recommended:

9 Greg Wagner
10 Controller

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By: _____ /s/ _____

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GREG WAGNER
Controller

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<p>Items 2 & 3 Files 26-0205 & 26-0207</p>	<p>Department: Controller's Office (Controller)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolutions would establish: (1) the City’s FY 2025-26 appropriations limit at \$14,639,589,998, as calculated by the Controller (File 26-0205); and (2) the FY 2025-26 appropriations limits for Special Tax Districts and Infrastructure and Revitalization Financing Districts (File 26-0207). <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> The California Constitution places annual limits on the appropriations of tax proceeds made by the State, school districts, and local governments in California. The annual appropriations limit is based on the appropriations limit for the preceding fiscal year and is adjusted for: (1) the change in population, and (2) the change in the cost of living. For the Citywide appropriations limit, the cost-of living adjustment is defined as either: (a) the change in per capita personal income, or (b) the change in the local assessment roll due to the addition of non-residential new construction. In FY 2024-25, the growth in personal income was 6.44 percent and the roll growth from nonresidential new construction was 9.76 percent. The Controller’s Office may choose the higher adjustment and therefore is using the non-residential construction growth to calculate the appropriations limit. The appropriations limit does not apply to tax proceeds appropriated for: (a) debt service, (b) payroll taxes for Social Security and Medicare, and (c) qualified capital outlays. The City also sets appropriations limits for Special Tax Districts, Community Facilities Districts, and Infrastructure Revitalization Financing Districts. For these districts, the City must use the growth in per capita personal income for the cost-of-living factor. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> The City’s FY 2025-26 appropriations limit is \$14,639,589,998. The FY 2025-26 net tax proceeds of \$5,542,689,415 are \$9,096,900,583 less than the FY 2025-26 appropriations limit of \$14,639,589,998. The resolution in File 26-0207 also sets 12 appropriations limits for special districts, ranging from \$2,549,168 to \$4,896,613,917. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> For the Citywide appropriations limit, the Controller used the percentage change in the local assessment roll for the cost-of-living adjustment. Had the Controller used the change in per capita personal income, the appropriations limit would be \$14,247,057,105. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> Approve the proposed resolutions. 	

MANDATE STATEMENT

California Constitution Article XIII B states that each local government must set annual appropriations limit as calculated using the preceding year’s appropriations limit adjusted for: (1) the change in population and (2) the change in the cost of living.

BACKGROUND

Proposition 4, known as the Gann Initiative and approved by California voters in 1979, added Article XIII B to the California Constitution. Article XIII B (later amended by State Proposition 111, as approved by the voters in 1990) places annual limits on the appropriation of tax proceeds made by the State, school districts, and local governments in California. The annual appropriations limit is based on the limit for preceding fiscal year and adjusted for (1) the change in population and (2) the change in the cost of living.

Per Article XIII B Section 9 and California Government Code Section 7901, the appropriations limit does not apply to any tax proceeds appropriated for: (a) debt service, (b) federal mandates for Social Security and Medicare payroll taxes, (c) qualified capital outlays, and (d) other federal mandates.

According to the Controller’s Office, outside bond counsel recommended that the City should also set appropriations limits for Special Tax Districts and Community Facilities Districts, as authorized by the Mello-Roos Community Facilities Act of 1982, and Infrastructure and Revitalization Financing Districts (IRFDs), as authorized by the California Government Code.¹ Based on this recommendation, the resolution in File 26-0207 establishes the appropriations limits for these districts in FY 2025-26.

Population Growth Factor

California Government Code Section 7901(b) uses the prior calendar year’s population growth for the fiscal year for which the appropriations limit is determined. According to the California Department of Finance, between January 1, 2024 and January 1, 2025, the population growth in the nine-county Bay Area increased 0.60 percent.²

Cost of Living Factor

California Constitution Article XIII B Section 8(e)2 allows the local government to use one of the two following definitions to calculate the cost-of-living adjustment:

1. The percentage change in California per capita personal income from the preceding year, estimated to be 6.44 percent in FY 2024-25, or

¹ Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53369 (“IRFD Law”). The statutes governing Infrastructure Financing Districts (IFDs) and Enhanced Infrastructure Financing Districts (EIFDs) do not provide for an appropriations limit.

² Chapter 1222 of the California State Statutes of 1980 allows the City to use the greater of its percentage change in population from the preceding year or the percentage change in the nine-county Bay Area. The San Francisco population decreased by 0.39 percent between January 1, 2024 and January 1, 2025.

2. The percentage change for the local jurisdiction in the assessment roll from the preceding year due to non-residential new construction, estimated to be 9.76 percent in 2024.

For Special Tax Districts, Community Facilities Districts, and IRFDs, the cost-of-living adjustment is defined as the percentage change in California per capita personal income from the preceding year, estimated to be 6.44 percent in FY 2024-25.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution in **File 26-0205** would establish the City's FY 2025-26 appropriations limit at \$14,639,589,998, as calculated by the Controller.

The proposed resolution in **File 26-0207** would establish the FY 2025-26 appropriations limits for special districts as follows:

1. Community Facilities District No. 2014-1 (Transbay Transit Center), set at \$508,714,941,
2. Community Facilities District No. 2016-1 (Treasure Island):
 - a. Improvement Area No. 1, set at \$136,380,449,
 - b. Improvement Area No. 2, set at \$100,579,097,
 - c. Improvement Area No. 3, set at \$269,320,301,
3. Special Tax District No. 2009-1 (San Francisco Sustainable Financing)³:
 - a. Improvement Area No. 1, set at \$2,549,168,
 - b. Improvement Area No. 2, set at \$3,122,057,
4. Special Tax District No. 2019-1 (Pier 70 Condominiums), set at \$2,246,619,402,
5. Special Tax District No. 2019-2 (Pier 70 Leased Properties), set at \$2,437,190,322,
6. Special Tax District No. 2020-1 (Mission Rock Facilities and Services), set at \$4,896,613,917,
7. Special Tax District No. 2022-1 (Power Station), Improvement Area No. 1, set at \$1,050,954,614,
8. IRFD No. 1 (Treasure Island), set at \$290,944,958, and
9. IRFD No. 2 (Hoedown Yard, Pier 70), set at \$126,720,525.

The appropriations limits for FY 2025-26 are based on the amounts of the FY 2024-25 appropriations limits and adjusted to reflect increases or decreases in: (1) the population, and (2) cost of living (calculated using the increase in the local assessment roll due to the addition of non-residential new construction for the Citywide appropriations limit, and using the percentage change in California per capita personal income for the special district appropriations limits).

³ Special Tax District No. 2009-1 (San Francisco Sustainable Financing) was formed in 2010 to finance energy efficiency and renewable energy capital improvements to residential, commercial, industrial, or other property.

FISCAL IMPACT

Cost of Living Factor

Cost of living is determined by using either the change in California per capita personal income or the increase in the local assessment roll due to the addition of non-residential new construction. According to the Controller’s Office, the City may choose whichever percentage is higher for the Citywide appropriations limit. For the special district appropriations limits, the City must use the percentage change in California per capita personal income.

As mentioned above, in FY 2024-25, the growth in personal income was 6.44 percent and the roll growth due to non-residential new construction was 9.76 percent. Consequently, the Controller’s Office is using the non-residential construction growth for the cost-of-living factor to calculate the Citywide appropriations limit.

Appropriations Subject to Limit

As mentioned above, the appropriations limit does not apply to tax proceeds appropriated for: (a) debt service, (b) payroll taxes for Social Security and Medicare, and (c) qualified capital outlays. Consequently, the Controller excluded \$759,553,670 from the City’s total FY 2025-26 tax proceeds of \$6,302,243,085, as shown in Exhibit 1 below, resulting in net tax proceeds subject to the appropriations limit of \$5,542,689,415.

Exhibit 1: Tax Proceeds Subject to the Proposed Appropriations Limit

FY 2025-26 Total Tax Proceeds	\$6,302,243,085
Exclusions	
Debt Service	(512,054,781)
Federal Mandate for Social Security/Medicare	(120,716,222)
Qualified Capital Outlays	(126,782,667)
<i>Subtotal Exclusions</i>	<i>(\$759,553,670)</i>
FY 2025-26 Net Tax Proceeds Subject to Appropriations Limit	\$5,542,689,415

Source: Controller’s Office

Article XIII B lets voters approve an increase to the appropriations limit for up to four years. In FY 2025-26, the appropriations limit increased by the revenue generated through the Business Tax Overhaul (Proposition M, approved in November 2024), which included a provision to increase the appropriations limit.

As shown in Exhibit 2 below, the City’s appropriations limit, as calculated by the Controller, is \$14,639,589,998. The FY 2025-26 net tax proceeds of \$5,542,689,415 are \$9,096,900,583 less than the FY 2025-26 appropriations limit of \$14,639,589,998.

Exhibit 2: Proposed FY 2025-26 Citywide Appropriations Limit

Base FY 2024-25 Appropriations Limit	\$11,752,763,337
Adjustment Factors	
Increase in Population	0.60%
Roll Growth due to Non-Residential Construction	9.76%
<i>Subtotal</i>	<i>\$12,977,232,037</i>
Voter Approved Limit Changes	1,662,357,961
FY 2025-26 Appropriations Limit	\$14,639,589,998

Source: Controller's Office

Special Districts Appropriations Limits

The appropriations limits for special districts were calculated by multiplying the San Francisco population change factor (-0.39 percent) by the California per capita personal income growth factor (6.44 percent), consistent with guidance from the California Department of Finance. This results in a net increase of approximately 6.02 percent to the prior year appropriations limit. The proposed appropriations limits for each district are shown in Exhibit 3 below.⁴

⁴ According to the Controller's Office, the original expenditure limit amounts from the formation documents of the various special districts were used to determine the current expenditure limits based on the allowable increases each year since the various districts were formed.

Exhibit 3: Proposed FY 2025-26 Special District Appropriations Limits

District	FY 2024-25 Appropriations Limit	FY 2025-26 Appropriations Limit (6.02% Increase)
Community Facilities District No. 2014-1 (Transbay Transit Center)	\$479,807,119	\$508,714,941
Community Facilities District No. 2016-1 (Treasure Island)		
Improvement Area No. 1	128,630,605	136,380,449
Improvement Area No. 2	94,863,671	100,579,097
Improvement Area No. 3	254,016,124	269,320,301
Special Tax District No. 2009-1 (San Francisco Sustainable Financing, for energy efficiency capital improvements)		
Improvement Area No. 1	2,404,311	2,549,168
Improvement Area No. 2	2,944,645	3,122,057
Special Tax District No. 2019-1 (Pier 70 Condominiums)	2,118,954,831	2,246,619,402
Special Tax District No. 2019-2 (Pier 70 Leased Properties)	2,298,696,523	2,437,190,322
Special Tax District No. 2020-1 (Mission Rock Facilities and Services)	4,618,362,909	4,896,613,917
Special Tax District No. 2022-1 (Power Station), Improvement Area No. 1	991,233,920	1,050,954,614
IRFD No. 1 (Treasure Island)	274,411,956	290,944,958
IRFD No. 2 (Hoedown Yard, Pier 70)	119,519,607	126,720,525

Source: Controller's Office

POLICY CONSIDERATION

As previously mentioned, the Controller has discretion to calculate the cost-of-living adjustment factor for the Citywide appropriations limit using one of two definitions:

1. The percentage change in California per capita personal income from the preceding year, estimated to be 6.44 percent in FY 2024-25, or
2. The percentage change for the local jurisdiction in the assessment roll from the preceding year due to non-residential new construction, estimated to be 9.76 percent in 2024.

Exhibit 4 below shows the FY 2025-26 appropriations limit using both definitions.

Exhibit 4: FY 2025-26 Citywide Appropriations Limit by Definition

	Definition 1: Per Capita Personal Income	Definition 2: Local Assessment Roll from Non- Residential New Construction
Base FY 2024-25 Appropriations Limit	\$11,752,763,337	\$11,752,763,337
Adjustment Factors		
Increase in Population	0.60%	0.60%
Increase in Per-Capita Personal Income	6.44%	-
Increase in Local Assessment Roll	-	9.76%
<i>Subtotal</i>	<i>\$12,584,699,144</i>	<i>\$12,977,232,037</i>
Voter Approved Limit Changes	1,662,357,961	1,662,357,961
FY 2025-26 Appropriations Limit	\$14,247,057,105	\$14,639,589,998

For the FY 2025-26 Citywide appropriations limit, the Controller elected to use the percentage change in the local assessment roll from the preceding year due to the addition of local non-residential new construction to calculate the cost-of-living adjustment, consequently calculating the appropriations limit at \$14,639,589,998, as shown in Exhibit 2 above. Had the Controller elected to use the percentage change in per-capita income from the preceding year, the appropriations limit, as shown in Exhibit 4 above, would have been calculated at \$14,247,057,105, which is \$392,532,893 less than the proposed appropriations limit of \$14,639,589,998.

RECOMMENDATION

Approve the proposed resolutions.

Exhibit A

APPROPRIATIONS LIMIT ADJUSTMENT FACTOR AND CALCULATIONS BY DISTRICT

	Appropriations Limit Change Factors for FY25-26 ⁽¹⁾				
	Appropriation Limit Calculation for FY24-25	Total County Population Change Factor	California Per Capita Personal Income Factor	Appropriations Limit Adjustment Factor	Appropriation Limit Calculation for FY25-26
STD No. 2009-1 (SF Sustainable Financing)⁽²⁾					
Improvement Area No. 1	\$2,404,311	-0.39%	6.44%	1.0602	\$2,549,168
Improvement Area No. 2	\$2,944,645	-0.39%	6.44%	1.0602	\$3,122,057
CFD No. 2014-1 (Transbay Transit Center)	\$479,807,119	-0.39%	6.44%	1.0602	\$508,714,941
CFD No. 2016-1 (Treasure Island)⁽²⁾					
Improvement Area No. 1	\$128,630,605	-0.39%	6.44%	1.0602	\$136,380,449
Improvement Area No. 2	\$94,863,671	-0.39%	6.44%	1.0602	\$100,579,097
Improvement Area No. 3	\$254,016,124	-0.39%	6.44%	1.0602	\$269,320,301
STD No. 2019-1 (Pier 70 Condominiums)	\$2,118,954,831	-0.39%	6.44%	1.0602	\$2,246,619,402
STD No. 2019-2 (Pier 70 Leased Properties)	\$2,298,696,523	-0.39%	6.44%	1.0602	\$2,437,190,322
STD No. 2020-1 (Mission Rock Facilities/Services)	\$4,618,362,909	-0.39%	6.44%	1.0602	\$4,896,613,917
STD No. 2022-1 (Power Station)	\$991,233,920	-0.39%	6.44%	1.0602	\$1,050,954,614
IRFD No.1 (Treasure Island)	\$274,411,956	-0.39%	6.44%	1.0602	\$290,944,958
IRFD No. 2 (Hoedown Yard, Pier 70)	\$119,519,607	-0.39%	6.44%	1.0602	\$126,720,525

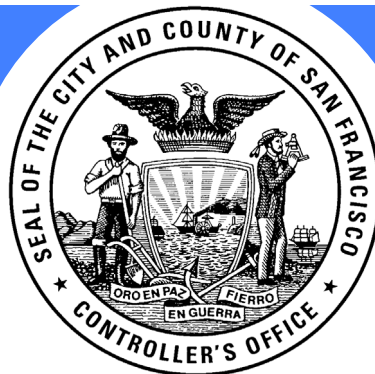
1. The total County Population Change Factor and California Per Capital Personal Income Factor per the California State Department of Finance. The Appropriations Limit Adjustment Factor is determined by multiplying the Population Change Factor by the Income Factor.

Sources: California Department of Finance

2. Improvement areas may be established as properties annex into the CFD from the future annexation area for the CFD, and an appropriations limit applicable to such improvement area will be established in connection with such annexation.

FY 2025-26 City and County of San Francisco Appropriations Limit

Budget and Finance Committee
April 15, 2026



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller
Budget and Analysis Division

Background

California Propositions 4 (1979) and 98 (1988) amended the California Constitution to create the “Gann Limit,” a limit on appropriations from tax proceeds.

- The Gann Limit for the current fiscal year starts with the appropriations subject to limitation in the base year (1986-87) and inflates that amount each year by the percentage increases in population and cost of living.
- Certain appropriations are *not* subject to the Gann Limit, including qualified capital outlays, voter-approved debt, and federal mandates.
- If a government exceeds the Gann Limit on average over two consecutive fiscal years, it is required to return the excess to taxpayers, usually by reducing taxes.

Factors in the Annual Limit Increase

- The Gann Limit is increased each year by population growth and a cost-of-living factor, which is either the growth in California per capita personal income, or the percentage increase in the assessment rolls in the City due to new construction.
- In 2025, population growth in the City was -0.39% and 0.60% in the 9 Bay Area Counties. The City can choose whichever population growth is greater.
- The growth in California per capita personal income was 6.44% and the percentage increase in the assessment rolls due to new construction was 9.76%. The City can choose the greater of these two factors.
- The total percentage increase in the Gann Limit for this year is 10.42%

Temporary, Voter-Approved Increases

- With voter approval, the Gann Limit can be increased for up to four years.
- Proposition M (2024) increased the Gann Limit by the total amount collected from the City's business taxes.
- The Limit this fiscal year is increased by \$1,662,357,961.

Fiscal Year 2025-26 Appropriations Limit

- FY 2024-25 Base Limit: \$11,752,763,337
- 2025 Bay Area Population Increase: 0.60%
- 2025 Increase in Cost of Living: 9.76%
- Temporary Voter Approved Increase: \$1,662,357,961
- FY 2025-26 Limit: \$14,639,589,998

Appropriations Subject to Limit

FY 2025-26 Estimated Total Tax Proceeds:	\$ 6,302,243,085
Less Appropriations Excluded from the Limit:	
Voter-Approved Debt:	-\$ 512,054,781
Qualified Capital Outlay:	-\$ 126,782,667
Federal Mandates (FICA / ADA Compliance) :	<u>-\$ 120,716,222</u>
<i>Net Tax Proceeds:</i>	<i>\$ 5,542,689,415</i>
<hr/>	
FY 2025-26 Appropriations Limit:	\$ 14,639,589,998
Net Tax Proceeds:	<u>-\$ 5,542,689,998</u>
Amount Below Limit:	\$ 9,096,900,583



FY25-26 Gann Limit: Special Tax Districts & Infrastructure and Revitalization Financing Districts



Controller's Office
of Public Finance

Budget & Finance Committee

April 15, 2026

Factors in the Annual Limit Increase for Development Districts

- Community Facilities Districts (“CFDs”), Special Tax Districts (“STDs”), and Infrastructure and Revitalization Financing Districts (“IRFDs”), (together “Development Districts”), are legally constituted government entities with appropriations limits established for each Development District
- The Gann Limit starts with the appropriations limits established at the formation of each Development District (or annexation of each Improvement Area) and is escalated each year by population growth and a cost-of living factor:
 - Between January 1, 2024 and January 1, 2025, San Francisco’s population decreased by 0.39% (*per CA Department of Finance*)
 - Cost of living is determined using the change in California per capita personal income. The change in per capita income for FY25-26 is 6.44% (*per CA Department of Finance*)
 - The total adjustment factor for FY25-26 is 6.02%

FY2025-26 Appropriations Limit for Development Districts

District	FY2024-25 Appropriations Limit	FY2025-26 Appropriations Limit (6.02% Adjustment)
Special Tax District No. 2009-1 (San Francisco Sustainable Financing) Improvement Area No. 1	\$2,404,311	\$2,549,168
Improvement Area No. 2	\$2,944,645	\$3,122,057
Community Facilities District No. 2014-1 (Transbay Transit Center)	\$479,807,119	\$508,714,941
Community Facilities District No. 2016-1 (Treasure Island) Improvement Area No. 1	\$128,630,605	\$136,380,449
Improvement Area No. 2	\$94,863,671	\$100,579,097
Improvement Area No. 3	\$254,016,124	\$269,320,301
Special Tax District No. 2019-1 (Pier 70 Condominiums)	\$2,118,954,831	\$2,246,619,402
Special Tax District No. 2019-2 (Pier 70 Leased Properties)	\$2,298,696,523	\$2,437,190,322
Special Tax District No. 2020-1 (Mission Rock Facilities and Services)	\$4,618,362,909	\$4,896,613,917
Special Tax District No. 2022-1 (Power Station), Improvement Area No. 1	\$991,233,920	\$1,050,954,614
IRFD No. 1 (Treasure Island)	\$274,411,956	\$290,944,958
IRFD No. 2 (Hoedown Yard, Pier 70)	\$119,519,607	\$126,720,525

Appendix



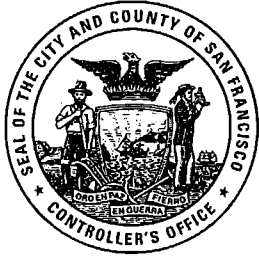
Appropriations Limits for CFDs, STDs, and IRFDs

	Appropriations Limit Change Factors for FY25-26 ⁽¹⁾				Appropriation Limit Calculation for FY25-26
	Appropriation Limit for FY24-25	Total County Population Change Factor	California Per Capita Personal Income Factor	Appropriations Limit Adjustment Factor	
STD No. 2009-1 (SF Sustainable Financing)⁽²⁾					
Improvement Area No. 1	\$2,404,311	-0.39%	6.44%	1.0602	\$2,549,168
Improvement Area No. 2	\$2,944,645	-0.39%	6.44%	1.0602	\$3,122,057
CFD No. 2014-1 (Transbay Transit Center)	\$479,807,119	-0.39%	6.44%	1.0602	\$508,714,941
CFD No. 2016-1 (Treasure Island)⁽²⁾					
Improvement Area No. 1	\$128,630,605	-0.39%	6.44%	1.0602	\$136,380,449
Improvement Area No. 2	\$94,863,671	-0.39%	6.44%	1.0602	\$100,579,097
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STD No. 2019-1 (Pier 70 Condominiums)	\$2,118,954,831	-0.39%	6.44%	1.0602	\$2,246,619,402
STD No. 2019-2 (Pier 70 Leased Properties)	\$2,298,696,523	-0.39%	6.44%	1.0602	\$2,437,190,322
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IRFD No. 2 (Hoedown Yard, Pier 70)	\$119,519,607	-0.39%	6.44%	1.0602	\$126,720,525

1. The total County Population Change Factor and California Per Capital Personal Income Factor per the California State Department of Finance. The Appropriations Limit Adjustment Factor is determined by multiplying the Population Change Factor by the Income Factor.

Source: California Department of Finance

2. Improvement areas may be established as properties annex into the CFD from the future annexation area for the CFD, and an appropriations limit applicable to such improvement area will be established in connection with such annexation.



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
ChiaYu Ma
Deputy Controller

MEMORANDUM

TO: Mayor Daniel Lurie and Honorable Board of Supervisors

DATE: February 26, 2026

SUBJECT: **Resolution Establishing the California Constitution Appropriations Limit (Gann Limit) for Fiscal Year 2025-26 for Special Tax Districts and Infrastructure Revitalization and Financing Districts**

Recommended Actions

We respectfully request that the Board of Supervisors ("Board"), in its capacity as the legislative body of the Community Facilities Districts ("CFDs"), Special Tax Districts ("STDs"), and Infrastructure and Revitalization Financing Districts ("IRFDs") (together, the "Districts") as further described below, consider for review and approval a resolution ("Resolution") establishing the appropriations limit for fiscal year 2025-26 pursuant to California Constitution, Article XIII B for Special Tax Districts and Infrastructure and Revitalization Financing Districts, and determining other matters in connection therewith.

Background

Article XIII B of the State Constitution provides that the total annual appropriations subject to limitation of a local government entity may not exceed the appropriations limit of that entity for the prior year adjusted for the change in the cost of living and the change in population (commonly referred to as the "Gann Limit"). In effect, the Gann Limit establishes the amount of money a public agency may legally spend in a fiscal year, as adjusted for population growth and inflation. Certain expenditures are not subject to the appropriations limit, including debt service on voter-approved bonds.

The Mello-Roos Community Facilities Act of 1982 ("Mello-Roos Act") and Chapter 43, Article X of the San Francisco Administrative Code (which incorporates the Mello-Roos Act, with some revisions), provide for the establishment of legally constituted governmental entities known as CFDs and STDs, respectively, for the sole purpose of financing facilities and services from special taxes approved by qualified electors of the CFD or STD. The Mello-Roos Act provides, among other things, for the establishment of an appropriations limit for CFDs. The Board has formed the following CFDs and STDs with annual appropriations limits:

2 | California Constitution Appropriations Limit (Gann Limit) for Fiscal Year 2025-26 – Special Tax Districts and Infrastructure Revitalization and Financing Districts

- STD No. 2009-1 (San Francisco Sustainable Financing), Improvement Area No. 1 and Improvement Area No. 2
- CFD No. 2014-1 (Transbay Transit Center)
- CFD No. 2016-1 (Treasure Island) - Improvement Area No. 1, Improvement Area No. 2, and Improvement Area No. 3
- STD No. 2019-1 (Pier 70 Condominiums),
- STD No. 2019-2 (Pier 70 Leased Properties)
- STD No. 2020-1 (Mission Rock Facilities and Services)
- STD No. 2022-1 (Power Station) - Improvement Area No. 1

Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53369 (“IRFD Law”) provides for the establishment of legally constituted governmental entities known as IRFDs for the sole purpose of financing authorized facilities. IRFD Law provides, among other things, for the establishment of an appropriations limit for IRFDs. The Board has formed the following IRFDs with annual appropriations limits:

- IRFD No. 1 (Treasure Island)
- IRFD No. 2 (Hoedown Yard, Pier 70)

Annual Appropriations Limit Adjustments

The Mello-Roos Act and IRFD Law provide for adjustment of the appropriations limit based upon two factors: population growth and the cost of living (i.e. inflation) as determined by California Government Code. Population growth is determined using the change in San Francisco City and County (the “City”) population. According to the California Department of Finance, between January 1, 2024, and January 1, 2025, the City’s population decreased by 0.39%. Cost of living is determined by using the change in California per capita personal income. According to the California Department of Finance, the change in per capita income to be applied for fiscal year 2025-26 is 6.44%. The appropriations limit adjustment factor for fiscal year 2025-26 and subsequent appropriation limit calculation by each district is provided in Exhibit A and as an attachment to the Resolution.

Your consideration of this matter is greatly appreciated.

Sincerely,



Greg Wagner, Controller

cc: Angela Calvillo, Clerk of the Board of Supervisors
Nicolas Menard, Budget & Legislative Analyst
Kenneth Roux, Deputy City Attorney

Exhibit A

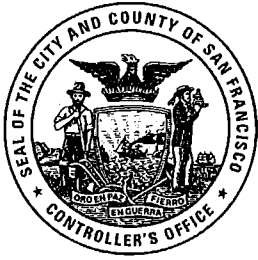
APPROPRIATIONS LIMIT ADJUSTMENT FACTOR AND CALCULATIONS BY DISTRICT

	Appropriation Limit Calculation for FY24-25	Appropriations Limit Change Factors for FY25-26 ⁽¹⁾			Appropriation Limit Calculation for FY25-26
		Total County Population Change Factor	California Per Capita Personal Income Factor	Appropriations Limit Adjustment Factor	
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OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
ChiaYu Ma
Deputy Controller

MEMORANDUM

TO: Angela Calvillo, Clerk of the Board of Supervisors

DATE: February 26, 2026

SUBJECT: **Legislation to Establish the Appropriations Limit for Fiscal year 2025-26 for Special Tax Districts and Infrastructure Revitalization and Financing Districts, Pursuant to California Constitution Article XIII B**

Dear Ms. Calvillo:

Enclosed is the above referenced resolution to set the appropriations limit for Fiscal Year 2025-26 pursuant to California Constitution, Article XIII B for Special Tax Districts and Infrastructure Revitalization and Financing Districts, as required by Government Code Section 7910. The necessary supporting documentation prepared by the Controller's Office is also enclosed.

This information must be posted and available for public inspection for fifteen days prior to a public hearing. Our working papers are available upon request at the Controller's Office, Room 316.

Please contact Anna Van Degna at (415) 554-5956 (anna.vandegna@sfgov.org), Grant Carson at (628) 652-9638 (grant.carson@sfgov.org), or Gabriella Shiferaw (gabriella.shiferaw@sfgov.org) if you have any further questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Wagner".

Greg Wagner
Controller

Enclosures

- 1) Resolution Establishing the California Constitution Appropriations Limit (Gann Limit) for Fiscal Year 2025-26 –Special Tax Districts and Infrastructure and Revitalization Financing Districts
- 2) Transmittal to Mayor and Board of Supervisors with Exhibit A