

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Adopt Resolution Establishing the )  
Appropriations Limit for the Fiscal Year ) RESOLUTION NO. 18-13495  
2018-19 in Accordance with )  
Proposition III and Article XIII (B) )

The Pittsburg City Council DOES RESOLVE as follows:

WHEREAS, Article XIII (B) of the California Constitution Proposition 4 establishes expenditure limits for cities; and

WHEREAS, State-implementing legislation (Government Code Section 7910) requires the City of Pittsburg to annually adopt a resolution establishing its Appropriations Limit for the following fiscal year; and

WHEREAS, effective FY 1990-91 Proposition III has amended Article XIII (B) to allow a selection of annual adjustment factors (price and population) which must also be adopted at a regularly scheduled meeting; and

WHEREAS, the City selected the County's population change and the change in California per Capita Personal Income factors to compute the Appropriations Limit; and

WHEREAS, the Division Manager – Reporting has made the calculations specified in said Law and concludes that the appropriations subject to limitation is the sum of one hundred sixty-one million, one hundred seventy-four thousand, seven hundred forty-nine dollars (\$161,174,749); and

WHEREAS, pursuant to said law the calculations have been made available to the public for two (2) weeks prior to the date of the adoption of this resolution. A copy of the calculation is on file in the City of Pittsburg Finance Department.

NOW, THEREFORE, the City Council finds and determines as follows:

Section 1.

The recitals set forth are true and correct statements and hereby incorporated.

Section 2.

The City Council does hereby authorize and approve that the Fiscal Year 2018-19 Appropriations Limit of the City of Pittsburg is established at \$161,174,749 using the County's Population Change and the change in the California per Capita Personal Income factors; and

Section 3.

That this Resolution shall take effect immediately upon adoption.

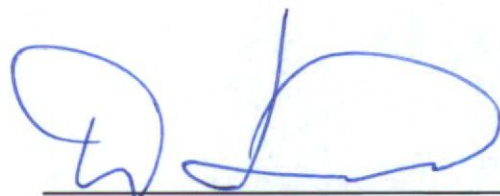
PASSED AND ADOPTED by the City Council of the City of Pittsburg at a regular meeting on the 18th of June, 2018, by the following vote:

AYES: Banales, Craft, Evola, Killings, Longmire

NOES: None

ABSTAINED: None

ABSENT: None



Dwaine "Pete" Longmire, Mayor

ATTEST:



Alice E. Evenson, City Clerk

City of Pittsburg Fiscal Year 2018-19  
Gann Appropriations Limit Calculations

	<u>City Population Change</u>	<u>County Population Change</u>	
Population Change as of January 1, 2018	1.0183 <sup>(1)</sup>	1.0088 <sup>(1)</sup>	
	<u>Per Capita Change</u>	<u>Consumer Price Index CPI of Contra Costa County</u>	
Cost of Living FY 2018-19	1.0367 <sup>(1)</sup>	1.034 <sup>(2)</sup>	
FY 18-19 Gann Limit Growth Factor 1 + Larger of County and City Population		<u>1.0183</u>	
1 + Larger of Per Capita Change and 12-Month Change in CPI for County		x <u>1.0367</u>	
<b>INCREASE in City's Appropriations Limit for FY 2018-19</b>		<u><u>1.055672</u></u>	
FY 2017-18 Appropriations Limit		\$ 152,675,025 <sup>(3)</sup>	
Growth Factor		x <u>1.055672</u>	
<b>FY 2018-19 APPROPRIATIONS LIMIT</b>		<u><u>\$ 161,174,749</u></u>	

**NOTE:**

(1) California Department of Finance Letter Dated May, 2018

(2) Bureau of Labor Statistics CPI, 2017 Avg Change - SF Area (includes Contra Costa County)

(3) FY2017-18 General Fund Appropriations Limit



May 2018

Dear Fiscal Officer:

**Subject: Price Factor and Population Information**

**Appropriations Limit**

California Revenue and Taxation Code section 2227 requires the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2018, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2018-19. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2018-19 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

**Population Percent Change for Special Districts**

Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

**Population Certification**

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2018.**

**Please Note:** The prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

MICHAEL COHEN  
Director  
By:

AMY M. COSTA  
Chief Deputy Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2018-19 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2018-19	3.67

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2018-19 appropriation limit.

**2018-19:**

Per Capita Cost of Living Change = 3.67 percent  
Population Change = 0.78 percent

Per Capita Cost of Living converted to a ratio:  $\frac{3.67 + 100}{100} = 1.0367$

Population converted to a ratio:  $\frac{0.78 + 100}{100} = 1.0078$

Calculation of factor for FY 2018-19:  $1.0367 \times 1.0078 = 1.0448$

Fiscal Year 2018-19

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2017 to January 1, 2018 and Total Population, January 1, 2018**

County City	Percent Change 2017-2018	-- Population Minus Exclusions --		Total Population
		1-1-17	1-1-18	1-1-2018
<b>Contra Costa</b>				
Antioch	0.70	112,280	113,061	113,061
Brentwood	2.70	61,383	63,042	63,042
Clayton	0.78	11,342	11,431	11,431
Concord	0.68	128,282	129,159	129,159
Danville	0.79	44,048	44,396	44,396
El Cerrito	1.07	24,874	24,939	24,939
Hercules	0.50	26,185	26,317	26,317
Lafayette	0.94	25,416	25,655	25,655
Martinez	0.70	37,831	38,097	38,097
Moraga	0.74	16,866	16,991	16,991
Oakley	1.52	41,116	41,742	41,742
Orinda	0.98	19,012	19,199	19,199
Pinole	0.71	19,101	19,236	19,236
Pittsburg	1.83	71,342	72,647	72,647
Pleasant Hill	0.35	34,944	35,068	35,068
Richmond	0.77	110,114	110,967	110,967
San Pablo	0.67	31,383	31,593	31,593
San Ramon	1.58	81,354	82,643	82,643
Walnut Creek	0.15	70,558	70,667	70,667
Unincorporated	0.25	171,998	172,429	172,513
<b>County Total</b>	<b>0.88</b>	<b>1,139,229</b>	<b>1,149,279</b>	<b>1,149,363</b>

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2018-19

**Attachment C**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2017 to January 1, 2018**

County	Percent Change	-- Population Minus Exclusions --	
	2017-18	1-1-17	1-1-18
<b>Alameda</b>			
Incorporated	0.90	1,494,650	1,508,173
County Total	0.84	1,643,199	1,656,996
<b>Alpine</b>			
Incorporated	0.00	0	0
County Total	-0.17	1,156	1,154
<b>Amador</b>			
Incorporated	2.10	12,125	12,380
County Total	-0.84	34,301	34,013
<b>Butte</b>			
Incorporated	0.99	144,477	145,914
County Total	0.54	226,403	227,621
<b>Calaveras</b>			
Incorporated	0.32	4,108	4,121
County Total	-0.04	45,088	45,070
<b>Colusa</b>			
Incorporated	0.72	11,622	11,706
County Total	0.22	22,050	22,098
<b>Contra Costa</b>			
Incorporated	0.99	967,231	976,850
County Total	0.88	1,139,229	1,149,279
<b>Del Norte</b>			
Incorporated	11.43	3,606	4,018
County Total	0.66	24,410	24,571
<b>El Dorado</b>			
Incorporated	2.84	31,636	32,534
County Total	1.17	186,122	188,298

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



**OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR  
65 Civic Avenue  
Pittsburg, CA 94565**

**DATE:** 5/30/2018  
**TO:** Mayor and Council Members  
**FROM:** Joe Sbranti, City Manager  
**SUBJECT:** Adopt Resolution Establishing the Appropriations Limit for the 2018-19 Fiscal Year in Accordance with Proposition III and Article XIII (B)  
**MEETING DATE:** 6/18/2018

**EXECUTIVE SUMMARY**

In November 1979, the voters of California approved Proposition 4, commonly known as the Gann Initiative. This proposition created Article XIII (B) of the State Constitution placing limits on the amount of revenue which can be appropriated by all government entities in any fiscal year. The legislation mandates all governing bodies including the City of Pittsburg to annually establish the Appropriations Limit.

**FISCAL IMPACT**

There is no impact to the City of Pittsburg budget. The FY 2018-19 Appropriations Limit is \$161,174,749 and will exceed the General Fund estimated spending plan of \$44.6 Million.

**RECOMMENDATION**

Staff recommends that the City Council adopt this Resolution in compliance with the State of California legislative requirement for the City Council to annually establish the Appropriations Limit.

**BACKGROUND**

In 1979, Proposition 4, known as the Gann Initiative was approved by the California voters. As a result, Article XIII (B) of the State Statute (Government Code Section 7900-10) was enacted and it requires that each year thereafter, the governing body of each local jurisdiction shall by resolution, establish its Appropriations (spending) limit for the following fiscal year. The determination of the appropriations limit is considered to be a legislative act and should be adopted at a regular council meeting.



Proposition III, approved by California voters in 1990, amended Article XIII (B) further, and Council action is necessary to implement the amendments effective for FY 2005-06 and thereafter.

The amendments of Proposition III specify that the annual adjustment factors in calculating the Appropriations Limit will be increased by:

- The change in population growth for City OR County (whichever is higher)
- The change in California Per Capita Personal Income  
OR

The growth in the average change in the County Consumer Price Index (whichever is higher).

Pursuant to Proposition III amendments, staff has calculated the FY 2018-19 Appropriations Limit (see attached Gann Calculations) using the City Population change and the change in California per Capita Personal Income factors. The basis for the selection methodology is that the City's Population Change is higher than the County's population growth and the change in the California Per Capita Personal Income factor is higher than the Change in the Contra Costa County Consumer Price Index. The City's Appropriations limit for FY2018-19 is \$161,174,749.

### **SUBCOMMITTEE FINDINGS**

N/A

### **STAFF ANALYSIS**

Establishing the Appropriations Limit is a State of California mandate which requires all cities to adopt a respective Resolution at the beginning of each fiscal year.

The Appropriations subject to Limitation for Fiscal Year 2018-19 is \$44.6 Million against the calculated limit of \$161.2 Million.

Appropriations subject to the limit for fiscal year 2017-18 totaled \$40.5 Million against the Adopted Limit of \$152.7 Million for that same year.

ATTACHMENTS: Resolution  
California Department of Finance Letter dated May, 2018  
Gann Calculations

Report Prepared By: Laura Mendez, Finance Reporting Manager