

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Adopt Resolution Establishing the)
Appropriations Limit for the Fiscal Year)
2019-20 in Accordance with California)
Constitution Article XIII (B))

RESOLUTION NO. 19-13646

The Pittsburg City Council DOES RESOLVE as follows:

WHEREAS, Article XIII(B) of the California Constitution, which was added by Proposition 4, establishing 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-eight million, six hundred eighteen thousand, six hundred five dollars (\$168,618,605); 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 2019-20 Appropriations Limit of the City of Pittsburg is established at \$168,618,605 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.

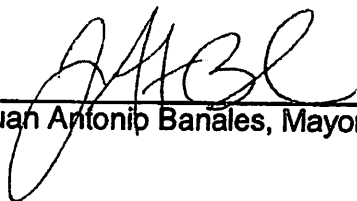
PASSED AND ADOPTED by the City Council of the City of Pittsburg at a regular meeting on the 17th day of June 2019, by the following vote:

AYES: Craft, Killings, White, Banales

NOES: None

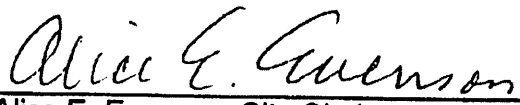
ABSTAINED: None

ABSENT: Scales-Preston



Juan Antonio Banales, Mayor

ATTEST:



Alice E. Evenson, City Clerk

City of Pittsburg Fiscal Year 2019-20
Gann Appropriations Limit Calculations

	<u>City Population Change</u>	<u>County Population Change</u>
Population Change as of January 1, 2019	1.0074 ⁽¹⁾	1.007 ⁽¹⁾
	<u>Per Capita Change</u>	<u>Consumer Price Index CPI of Contra Costa County</u>
Cost of Living FY 2019-20	1.0385 ⁽¹⁾	1.036 ⁽²⁾
FY 19-20 Gann Limit Growth Factor 1 + Larger of County and City Population		<u>1.0074</u>
1 + Larger of Per Capita Change and 12-Month Change in CPI for County		x <u>1.0385</u>
INCREASE in City's Appropriations Limit for FY 2019-20		<u>1.046185</u>
FY 2018-19 Appropriations Limit		\$ 161,174,749 ⁽³⁾
Growth Factor		x <u>1.046185</u>
FY 2019-20 APPROPRIATIONS LIMIT		<u>\$ 168,618,605</u>

NOTE:

(1) California Department of Finance Letter Dated May, 2019

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

(3) FY2018-19 General Fund Appropriations Limit



May 2019

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, 2019, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2019-20. 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 2019-20 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, 2019.

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.

KEELY BOSLER

Director

By:

Vivek Viswanathan
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 2019-20 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2019-20	3.85

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2019-20 appropriation limit.

2019-20:

Per Capita Cost of Living Change = 3.85 percent
 Population Change = 0.47 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.85 + 100}{100} = 1.0385$

Population converted to a ratio: $\frac{0.47 + 100}{100} = 1.0047$

Calculation of factor for FY 2019-20: $1.0385 \times 1.0047 = 1.0434$

Fiscal Year 2019-20

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2018 to January 1, 2019 and Total Population, January 1, 2019

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total</u>
	2018-2019	1-1-18	1-1-19	1-1-2019
Contra Costa				
Antioch	0.56	113,266	113,901	113,901
Brentwood	2.45	62,140	63,662	63,662
Clayton	0.19	11,631	11,653	11,653
Concord	0.31	129,493	129,889	129,889
Danville	0.37	45,103	45,270	45,270
El Cerrito	1.06	25,192	25,459	25,459
Hercules	1.00	25,964	26,224	26,224
Lafayette	0.96	26,077	26,327	26,327
Martinez	0.22	38,406	38,490	38,490
Moraga	0.31	16,886	16,939	16,939
Oakley	1.98	40,949	41,759	41,759
Orinda	0.74	19,331	19,475	19,475
Pinole	0.21	19,458	19,498	19,498
Pittsburg	0.74	72,006	72,541	72,541
Pleasant Hill	0.25	34,969	35,055	35,055
Richmond	0.28	110,128	110,436	110,436
San Pablo	0.25	31,737	31,817	31,817
San Ramon	0.94	83,179	83,957	83,957
Walnut Creek	0.90	69,498	70,121	70,121
Unincorporated	0.55	172,382	173,322	173,406
County Total	0.70	1,147,795	1,155,795	1,155,879

*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 2019-20

Attachment C
Annual Percent Change in Population Minus Exclusions*
January 1, 2018 to January 1, 2019

County	Percent Change	--- Population Minus Exclusions ---	
	2018-19	1-1-18	1-1-19
Alameda			
Incorporated	0.81	1,504,492	1,516,635
County Total	0.75	1,653,678	1,666,095
Alpine			
Incorporated	0.00	0	0
County Total	0.09	1,161	1,162
Amador			
Incorporated	1.40	12,384	12,557
County Total	1.24	33,839	34,259
Butte			
Incorporated	1.08	146,190	147,764
County Total	-0.63	227,896	226,466
Calaveras			
Incorporated	0.37	3,826	3,840
County Total	-0.10	45,060	45,016
Colusa			
Incorporated	0.53	11,720	11,782
County Total	0.24	22,063	22,117
Contra Costa			
Incorporated	0.72	975,413	982,473
County Total	0.70	1,147,795	1,155,795
Del Norte			
Incorporated	0.56	4,249	4,273
County Total	0.91	24,542	24,765
El Dorado			
Incorporated	1.33	33,275	33,717
County Total	1.19	189,491	191,745

*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
65 Civic Avenue
Pittsburg, CA 94565**

MEMO: June 17, 2019

TO: Mayor and Council Members

FROM: Garrett Evans, City Manager

RE: Adopt Resolution Establishing the Appropriations Limit for the 2019-20 Fiscal Year in Accordance with Proposition III and Article XIII (B)

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 2019-20 Appropriations Limit is \$168,618,605 and will exceed the General Fund estimated spending plan of \$47,743,323.

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 2019-20 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 FY2019-20 is \$168,618,605.

SUBCOMMITTEE FINDINGS

This item not presented to a subcommittee.

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 2019-20 is \$47,743,323 against the calculated limit of \$168,618,605

Appropriations subject to the limit for fiscal year 2018-19 totaled \$44,647,834 against the Adopted Limit of \$161,174,749 for that same year.

ATTACHMENTS:

Resolution
California Department of Finance Letter dated May 2019
Gann Calculations

Report Reviewed By: Laura Mendez, Finance Manager - Reporting

Brad Farmer, Director of Finance