

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Adopt Resolution Establishing the)
Appropriations Limit for the Fiscal Year)
2020-21 in Accordance with California)
Constitution Article XIII (B))

RESOLUTION NO. 20-13798

The Pittsburg City Council FINDS AND DETERMINES 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 seventy-six million, seven hundred nine thousand, six hundred dollars (\$176,709,600); 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 DOES RESOLVE 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 2020-21 Appropriations Limit of the City of Pittsburg is established at \$176,709,600 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 special meeting on the 29th of June 2020, by the following vote:

AYES: Banales, Craft, Scales-Preston, White, Killings

NOES: None

ABSTAINED: None

ABSENT: None



Jelani Killings, Mayor

ATTEST:



Alice E. Evenson, City Clerk

City of Pittsburg Fiscal Year 2020-21
Gann Appropriations Limit Calculations

	City Population Change	County Population Change
Population Change as of January 1, 2020	1.0103 ⁽¹⁾	1.0026 ⁽¹⁾
	Per Capita Change	Consumer Price Index CPI of Contra Costa County
Cost of Living FY 2020-21	1.0373 ⁽¹⁾	1.035 ⁽²⁾
FY 20-21 Gann Limit Growth Factor 1 + Larger of County and City Population		1.0103
1 + Larger of Per Capita Change and 12-Month Change in CPI for County		x 1.0373
INCREASE in City's Appropriations Limit for FY 2020-21		1.047984
FY 2019-20 Appropriations Limit		\$ 168,618,605 ⁽³⁾
Growth Factor		x 1.047984
FY 2020-21 APPROPRIATIONS LIMIT		\$ 176,709,600

NOTE:

- (1) California Department of Finance Letter Dated May, 2020
- (2) Bureau of Labor Statistics CPI, 2019 Avg Change - SF Area (includes Contra Costa County)
- (3) FY2019-20 General Fund Appropriations Limit



May 2020

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, 2020, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2020-21. 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 2020-21 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.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, 2020.**

Please Note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data. Given the stay-at-home orders due to COVID-19, growth in the coming years may be substantially lower than recent trends.

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

/s/ Keely Martin Bosler

KEELY MARTIN BOSLER
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 2020-21 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2020-21	3.73

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2020-21 appropriation limit.

2020-21:

Per Capita Cost of Living Change = 3.73 percent
 Population Change = 0.22 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.73 + 100}{100} = 1.0373$

Population converted to a ratio: $\frac{0.22 + 100}{100} = 1.0022$

Calculation of factor for FY 2020-21: $1.0373 \times 1.0022 = 1.0396$

Fiscal Year 2020-21

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2019 to January 1, 2020 and Total Population, January 1, 2019

County City	Percent Change	--- Population Minus Exclusions ---		Total Population
	2019-2020	1-1-19	1-1-20	1-1-2020
Contra Costa				
Antioch	0.09	112,423	112,520	112,520
Brentwood	1.17	64,365	65,118	65,118
Clayton	-0.09	11,347	11,337	11,337
Concord	-0.22	130,435	130,143	130,143
Danville	-0.11	43,923	43,876	43,876
El Cerrito	0.41	24,852	24,953	24,953
Hercules	0.16	25,488	25,530	25,530
Lafayette	-0.16	25,644	25,604	25,604
Martinez	-0.85	37,424	37,106	37,106
Moraga	0.04	16,939	16,946	16,946
Oakley	1.15	41,979	42,461	42,461
Orinda	0.52	18,911	19,009	19,009
Pinole	-0.30	19,563	19,505	19,505
Pittsburg	1.03	73,565	74,321	74,321
Pleasant Hill	-0.06	34,286	34,267	34,267
Richmond	0.38	110,793	111,217	111,217
San Pablo	-0.22	31,481	31,413	31,413
San Ramon	1.24	82,100	83,118	83,118
Walnut Creek	-0.14	70,958	70,860	70,860
Unincorporated	0.06	174,061	174,173	174,257
County Total	0.26	1,150,537	1,153,477	1,153,561

*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 2020-21

Attachment C
Annual Percent Change in Population Minus Exclusions*
January 1, 2019 to January 1, 2020

County	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>	
	2019-20	1-1-19	1-1-20
Alameda			
Incorporated	0.44	1,512,751	1,519,431
County Total	0.37	1,661,577	1,667,800
Alpine			
Incorporated	0.00	0	0
County Total	-0.61	1,149	1,142
Amador			
Incorporated	0.49	12,452	12,513
County Total	-0.50	33,785	33,616
Butte			
Incorporated	-1.34	144,595	142,651
County Total	-5.07	221,521	210,291
Calaveras			
Incorporated	0.68	4,095	4,123
County Total	-0.07	44,984	44,951
Colusa			
Incorporated	-0.15	11,619	11,601
County Total	-0.40	21,990	21,902
Contra Costa			
Incorporated	0.29	976,476	979,304
County Total	0.26	1,150,537	1,153,477
Del Norte			
Incorporated	0.62	4,050	4,075
County Total	0.58	24,491	24,633
El Dorado			
Incorporated	1.10	33,140	33,505
County Total	1.70	189,915	193,143

*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 29, 2020

TO: Mayor and Council Members

FROM: Garrett Evans, City Manager

RE: Adopt Resolution Establishing the Appropriations Limit for the 2020-21 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 2020-21 Appropriations Limit is \$176,709,600 and will exceed the General Fund estimated spending plan of \$43,124,579.

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 2020-21 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 FY2020-21 is \$176,709,600.

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 2020-21 is \$43,124,579 against the calculated limit of \$176,709,600.

Appropriations subject to the limit for fiscal year 2019-20 totaled \$47,743,323 against the Adopted Limit of \$168,618,605 for that same year.

ATTACHMENTS:

Resolution
California Department of Finance Letter dated May 2020
Gann Calculations

Report Reviewed By: Laura Mendez, Finance Manager - Reporting

Brad Farmer, Director of Finance