

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Adopt Resolution establishing the)
Appropriations Limit for the Fiscal)
Year 2010-2011 in Accordance with)
Proposition 111 and Article XIII (B))

RESOLUTION NO. 10-11452

The Pittsburg City Council DOES RESOLVE as follows:

WHEREAS Article XIII (B) of the California Constitution Proposition IV 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 111 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 City's population change and the City's Non-residential assessed valuation growth factors to compute the Appropriations Limit; and

WHEREAS the Division Manager – Accounting has made the calculations specified in said Law and concludes that the appropriations subject to limitation is the sum of One hundred-nine million, one-hundred-nineteen thousand, six-hundred-nineteen Dollars (\$109,119,619); 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; and

WHEREAS this Resolution shall take effect immediately upon adoption.

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 authorized and approve that the Fiscal Year 2010-11 Appropriations Limit of the City of Pittsburg is established at \$109,119,619 using the City's Population Change and the City's Non-residential assessed valuation change factors; and

PASSED AND ADOPTED by the City Council of the City of Pittsburg at a regular meeting on the 21st of June, 2010, by the following vote:

AYES: Casey, Johnson, Kee, Parent, Evola

NOES: None

ABSTAINED: None

ABSENT: None



Salvatore N. Evola, Mayor

ATTEST:



Alice E. Evenson, City Clerk



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

DATE: 05/28/2010
TO: Mayor and Council Members
FROM: Marc S. Grisham, City Manager
SUBJECT: Adoption of a City Council Resolution Establishing the Appropriations Limit for the 2011 Fiscal Year in Accordance with Proposition 111 and Article XIII (B)
MEETING DATE: 6/21/2010

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 2011 Appropriations Limit is \$109,119,619 and will exceed the estimated General Fund spending plan of \$31.4 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 111, approved by California voters in 1990, amended Article XIII (B) further, and Council action is necessary to implement the amendments effective for fiscal year 2006 and thereafter.

The amendments of Proposition 111 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 non-residential assessed valuation due to the new construction within the City (whichever is higher).

Pursuant to Proposition 111 amendments, staff has calculated the fiscal year 2011 Appropriations Limit (see attached Gann Calculations) using the City Population change and the City Change in the non-residential assessed valuation factors. The basis for the selection methodology is that the City's Population Change is higher than the County's population growth and the City Change in the non-residential assessed valuation factor is higher than the change in California Per Capita Personal Income. The Appropriations subject to limitations for Fiscal Year 2010-11 is \$109,119,619.

SUBCOMMITTEE FINDINGS

None

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 2011 is \$109,119,619.

Appropriations subject to the limit for fiscal year 2009-10 totaled \$31,326,943 against the Adopted Limit of \$109,388,496 for that same year.

ATTACHMENTS: Resolution
California Department of Finance Letter dated May, 2010
Gann Calculations

Report Prepared By: Deborah M. Yamamoto, Division Manager - Accounting
Reviewed By: Tina Olson, Director of Finance



May 2010

Dear Fiscal Officer:

Subject: Price and Population Information

Appropriations Limit

The California Revenue and Taxation Code, Section 2227, mandates the Department of Finance (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, 2010, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2010-2011. Enclosure I 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 2010-2011 appropriations limit. Enclosure II provides city and unincorporated county population percentage changes, and Enclosure IIA provides county's and incorporated area's summed population percentage changes. 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. Consult the Revenue and Taxation Code, Section 2228 for further information regarding the appropriation limit. You can access the Code from the following website: "<http://www.leginfo.ca.gov/calaw.html>" check box: "Revenue and Taxation Code" and enter 2228 for the search term to learn more about the various population change factors available to special districts to calculate their appropriations limit. Article XIII B, Section 9(C), of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. Consult the following website: "http://www.leginfo.ca.gov/const/article_13B" for additional information. 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 issue should be referred to their respective county for clarification, or to their legal representation, or to the law itself. No State agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. 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, 2010.

Please Note: 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.

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MAY - 3 2010

FINANCE DEPT.

May 2010

Enclosure I

- 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 2010-2011 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2010-2011	-2.54

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2010-2011 appropriation limit.

2010-2011:

- Per Capita Cost of Living Change = -2.54 percent
- Population Change = 1.03 percent

Per Capita Cost of Living converted to a ratio: $\frac{-2.54 + 100}{100} = .9746$

Population converted to a ratio: $\frac{1.03 + 100}{100} = 1.0103$

Calculation of factor for FY 2010-2011: $.9746 \times 1.0103 = .9846$

Enclosure II
Annual Percent Change in Population Minus Exclusions
January 1, 2009 to January 1, 2010 and Total Population, January 1, 2010

County City	<u>Percent Change</u>	<u>— Population Minus Exclusions —</u>		<u>Total</u>
	2009-2010	1-1-09	1-1-10	1-1-2010
Contra Costa				
Antioch	1.28	101,041	102,330	102,330
Brentwood	1.04	51,960	52,492	52,492
Clayton	0.82	10,873	10,962	10,962
Concord	0.93	124,703	125,884	125,884
Danville	1.15	43,080	43,574	43,574
El Cerrito	0.87	23,461	23,666	23,666
Hercules	0.79	24,469	24,693	24,693
Lafayette	0.98	24,108	24,342	24,342
Martinez	0.79	36,276	36,561	36,563
Moraga	0.72	16,216	16,332	16,332
Oakley	3.32	34,500	35,646	35,646
Orinda	1.01	17,687	17,886	17,886
Pinole	0.80	19,400	19,555	19,555
Pittsburg	1.79	63,827	64,967	64,967
Pleasant Hill	0.80	33,576	33,944	33,944
Richmond	0.98	104,602	105,630	105,630
San Pablo	0.93	31,834	32,131	32,131
San Ramon	2.58	63,230	64,860	64,860
Walnut Creek	1.01	65,915	66,584	66,584
Unincorporated	0.36	170,447	171,054	171,054
County Total	1.11	1,061,223	1,072,953	1,073,055

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

0420	2009	PSI INC	VALUE	PCT	VALUE	PCT	VALUE	PCT
0420	2009	PSI INC	114,000		1,147,600	4,657	1,261,600	
					230,630		4,657	
04201	2009	SEC UNS	713,264,633		991,107,176		1,704,371,802	
04201	2009	UNB	714,833,878		18,019,547		14,388,786	
		TOTAL			1,004,126,717		1,718,960,595	
04202	2009	PSI INC			35,402		35,402	
					50,455,223		50,455,223	
		NET INCREASE			8,046,384		72,674,984	
04202	2009	SEC UNS	4,923,117,398		7,406,298,080		12,329,715,478	
04202	2009	UNB	4,923,117,398		249,722,901		280,780,334	
		TOTAL			7,926,350,981		12,909,866,032	
		NET INCREASE			401,885,973	16.1%	1,053,986,829	8.9%
04203	2009	PSI INC			114,769		114,769	
		NET INCREASE			12,713,755		110,822,453	
04203	2009	SEC UNS	10,793,915		4,057,226,983		6,060,695,829	
04203	2009	UNB	2,003,468,846		142,637,962		193,707,853	
		TOTAL			2,855,866,915		7,201,083,220	
		NET INCREASE			595,025,401	1.8%	1,286,233,798	8.6%

City of Pittsburg Fiscal year 2009-2010
Gann Appropriations Limit Calculations

	<u>City Population Change</u>		<u>County Population Change</u>
	1.79 (1)		
Population Change as of January 1, 2010			1.11 (1)
	<u>Per Capita Change</u>		<u>Non-Residential New Construction</u>
	0.9746 (1)		
Cost of Living FY 2010-11			0.980 (2)
FY 10-11 Gann Limit Growth Factor			
1 + Larger of County and City Population			<u>1.0179</u>
1 + Larger of Per Capita Change and Non-residential New Construction		x	<u>0.980</u>
INCREASE in City's Appropriations Limit for FY 2009-11			<u><u>0.997542</u></u>
FY 2009 -10 Appropriations Limit			<u>██████████ (3)</u>
		x	
Growth Factor			0.997542
FY 2010 -111 APPROPRIATIONS LIMIT			<u><u>\$ 109,119,619</u></u>

NOTE:

- (1) California Department of Finance Letter Dated May, 2009
- (2) Contra Costa County Fund 04210, Prop. 111 C & I Fiscal Year 2008-2009
- (3) Council Resoluton no. 09-11244, dated June 15,2009