

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. 09-11244  
2009-2010 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 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 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 California per capita change 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, three-hundred-eighty-eight, four-hundred-ninety-six Dollars (\$109,388,496); 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 2009-2010 Appropriations Limit of the City of Pittsburg is established at \$109,388,496 using the County's Population Change and the Per Capita Change 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 the meeting on the 15th of June, 2009, by the following vote:

**AYES:** Evola, Johnson, Kee, Parent

**NOES:** None

**ABSTAINED:** None

**ABSENT:** Member Casey

  
Nancy L. Parent, Mayor

**ATTEST:**

  
Alice E Evenson, City Clerk

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

	<u>City Population Change</u>	<u>County Population Change</u>
Population Change as of January 1, 2009	0.0066 (1)	0.0116 (1)
	<u>Per Capita Change</u>	<u>Non-Residential New Construction</u>
Cost of Living FY 2009-10	0.0062 (1)	(0.0586) (2)
FY 08-09 Gann Limit Growth Factor 1 + Larger of County and City Population		<u>1.0116</u>
1 + Larger of Per Capita Change and Non-residential New Construction		x <u>1.0062</u>
INCREASE in City's Appropriations Limit for FY 2008 - 09		<u><u>1.01787192</u></u>
FY 2008 -09 Appropriations Limit		\$ 107,467,839.16 (3)
Growth Factor		x 1.01787192
<b>FY 2009 -10 APPROPRIATIONS LIMIT</b>		<u><u>\$ 109,388,495.78</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 Resolution No. 08-11039, dated June 30, 2008

**City of Pittsburgh  
Appropriations Limit**

**Calculations on FY 2008-09 Budget Against  
Appropriations Limit**

<b>FY 2008 - 2009 Appropriations Limit</b>	<b>\$ 107,467,839.00</b>
<b>FY 2008 - 2009 Proposed Budget Subject to Limit</b>	<b><u>\$ 36,753,860.00 *</u></b>
<b>Difference</b>	<b><u>\$ 70,713,979.00</u></b>

**\* Actual Amended Appropriations Subject to Limit: \$ 36,753,860.00**

**Fund 110 General Fund**



May 2009

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, 2009, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2009-2010. 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 2009-2010 appropriations limit. Enclosure II provides city and unincorporated county population percentage changes, and Enclosure IIA provides county and incorporated areas 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](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, 2009.**

**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.

MICHAEL C. GENEST  
Director  
By:

ANA J. MATOSANTOS  
Chief Deputy Director

Enclosure

May 2009

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 2009-2010 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2009-2010	0.62

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2009-2010 appropriation limit.

**2009-2010:**

Per Capita Cost of Living Change = 0.62 percent  
Population Change = 1.11 percent

Per Capita Cost of Living converted to a ratio:  $\frac{0.62 + 100}{100} = 1.0062$

Population converted to a ratio:  $\frac{1.11 + 100}{100} = 1.0111$

Calculation of factor for FY 2009-2010:  $1.0062 \times 1.0111 = 1.0174$

**Enclosure II**  
**Annual Percent Change In Population Minus Exclusions**  
**January 1, 2008 to January 1, 2009 and Total Population, January 1, 2009**

County City	<u>Percent Change</u>	<u>— Population Minus Exclusions —</u>		<u>Total</u>
	2008-2009	1-1-08	1-1-09	1-1-2009
<b>Contra Costa</b>				
Antioch	0.96	99,994	100,957	100,957
Brentwood	2.62	50,584	51,908	51,908
Clayton	0.80	10,778	10,864	10,864
Concord	0.73	123,700	124,599	124,599
Danville	1.04	42,602	43,043	43,043
El Cerrito	0.57	23,308	23,440	23,440
Hercules	0.70	24,309	24,480	24,480
Lafayette	0.58	23,948	24,087	24,087
Martinez	0.63	36,020	36,246	36,348
Moraga	0.47	16,128	16,204	16,204
Oakley	3.85	33,189	34,488	34,488
Orinda	0.80	17,529	17,669	17,669
Pinole	0.64	19,260	19,383	19,383
Pittsburg	0.66	63,352	63,771	63,771
Pleasant Hill	0.57	33,357	33,547	33,547
Richmond	0.59	103,899	104,513	104,513
San Pablo	2.04	31,172	31,808	31,808
San Ramon	3.25	61,187	63,176	63,176
Walnut Creek	0.91	65,266	65,860	65,860
Unincorporated	1.04	188,560	170,310	170,310
<b>County Total</b>	<b>1.16</b>	<b>1,048,140</b>	<b>1,060,333</b>	<b>1,060,435</b>

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

DISTRICT YEAR	VRC	LAND VALUE	PSI VALUE	TOTAL VALUE	PCT	PCT	PCT
04210 2008	PSI INC NC	4,824,211	4,397,285	4,397,285			
SECURED		11,685,420	2,269,196	16,509,631			
UNSECURED		12,078,816	5,555,481	14,347,012			
O&I INCREASE		23,764,236	55,574,352	35,259,928			
04210 2008	SEC UNS	4,824,211	62,339,833	90,828,280			
04210 2008	SEC UNS	1,873,247,825	3,581,440,529	5,454,688,354			
TOTAL		13,559,162	4,688,654,510	782,213,672			
		1,886,806,987	4,350,095,039	6,236,902,026			
2007	SEC UNS	2,087,780,241	3,632,166,971	5,719,947,212			
2007	SEC UNS	2,078,663,180	4,601,176,380	6,679,839,560			
TOTAL		191,856,493	36,751,608	155,104,805			58.6%
NET INCREASE							
04211 2008	PSI NC	56,100	3,492,637	3,548,737		9.018-	
SECURED		56,100	3,492,637	3,548,737			
O&I INCREASE		56,100	3,492,637	3,548,737			
04211 2008	SEC UNS	1,340,570,041	1,971,791,189	3,312,361,230			
04211 2008	SEC UNS	1,340,746,786	4,967,933	3,347,714,719			
TOTAL		1,340,746,786	2,018,759,122	3,359,505,908			
2007	SEC UNS	1,408,935,110	2,012,683,278	3,421,618,388			
2007	SEC UNS	1,409,465,140	2,006,295,085	3,415,760,225			
TOTAL		68,530,030	39,535,963	108,065,993			3.3%
NET INCREASE							
04212 2008	PSI NC	5,692,412	3,411	3,411			
SECURED		5,692,412	3,411	3,411			
UNSECURED		5,692,412	3,029,422	3,029,422			
O&I INCREASE		5,692,412	3,032,833	3,032,833			
04212 2008	SEC UNS	884,432,100	1,081,570,890	1,966,002,990			
04212 2008	SEC UNS	2,303,487	52,549,990	54,853,477			
TOTAL		886,735,587	1,134,120,880	2,020,856,467			
2007	SEC UNS	882,591,837	1,067,854,738	1,950,446,575			
2007	SEC UNS	884,877,198	1,126,316,308	2,011,193,506			
TOTAL		1,858,389	13,910,487	15,768,876			17.6.5%
NET INCREASE							





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

**DATE:** 06/08/2009  
**TO:** Mayor and Council Members  
**FROM:** Marc S. Grisham, City Manager  
**SUBJECT:** Adoption of a City Council Resolution Establishing the Appropriations Limit for the 2009-2010 Fiscal Year in Accordance with Proposition III and Article XIII (B)  
**MEETING DATE:** 6/15/2009

**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 2009-2010 Appropriations Limit is \$109,388,496 and will exceed the estimated General Fund spending plan of \$31.3 Million.

**RECOMMENDATION**

Staff recommends that the City Council adopt this Resolution in compliance of 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 fiscal year 2005-2006 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 non-residential assessed valuation due to the new construction within the City (whichever is higher).

Pursuant to Proposition III amendments, staff has calculated the fiscal year 2009-2010 Appropriations Limit (see attached Gann Calculations) using the County Population change and the Per Capita Change growth factors. The basis for the selection methodology is that the County's Population Change is higher than the City's population growth and the California per capita income factor is higher than the City's non-residential assessed valuation growth change. The Appropriations subject to limitations for Fiscal Year 2009-2010 is \$109,388,496.

#### **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 2009 –2010 is \$109,388,496.

Appropriations subject to the limit for fiscal year 2008-09 totaled \$40,385,103 which includes policy reserve transfers of \$5,551,854 for a net expense total of \$34,833,249 against the Adopted Limit of \$107,467,839 for that same year.

ATTACHMENTS: Resolution  
Gann Calculations  
California Department of Finance Letter dated May, 2009

Report Prepared By: Deborah M. Yamamoto, Division Manager - Accounting  
Marie Simons, Director of Finance