

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Adopt Resolution Establishing the)
Appropriations Limit for the Fiscal Year)
2008-2009 in Accordance with)
Proposition III and Article XIII (B))

RESOLUTION NO. 08-11039

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 Fiscal Year 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 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 seven million, four hundred sixty seven thousand, eight hundred thirty nine dollars (\$107,467,839); 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; and 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 2008-2009 Appropriations Limit of the City of Pittsburg is established at \$107,467,839 using the City's Population Change and the Per Capita Income 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 a special meeting on the 30th of June, 2008, by the following vote:

AYES: Member Evola, Johnson, Parent and Mayor Casey

NOES: None

ABSTAINED: None

ABSENT: Member Kee



Will Casey, Mayor

ATTEST:



Alice E. Evenson, City Clerk



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

DATE: 06/16/2008
TO: Mayor and Council Members
FROM: Marc S. Grisham, City Manager
SUBJECT: **Adoption of a City Council Resolution Establishing the Appropriations Limit for the 2008-2009 Fiscal Year in Accordance with Proposition III and Article XIII (B).**
MEETING DATE: 6/30/2008

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 Operating Budget. The Fiscal Year 2008-2009 Appropriations Limit is \$107,467,839 and will exceed the estimated General Fund spending plan of \$35.2 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), 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 2008-2009 Appropriations Limit (Attachment No.2) using the City Population change and the California per capita income factors. The basis for the selection methodology is that the City Population Change is higher than the County's population growth and the California per capita income factor is higher than the City's non-residential assessed valuation growth change (Attachment 1, Enclosure II).

The appropriations subject to limitations for Fiscal Year 2008- 2009 is \$107,467,839.

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 2008 –2009 is \$107,467,839.

Appropriations subject to the limit for fiscal year 2007-08 totaled \$34,368,364 against the Adopted Limit of \$101,524,254 for that same year.

ATTACHMENTS: Resolution
Attachment 1 -Gann Calculations
Attachment 2 -California Department of Finance Letter dated May, 2008

Report Prepared By: Deborah M. Yamamoto, Division Manager – Accounting

City of Pittsburg
 Gann Appropriations Limit Calculations
 Fiscal Year 2008-2009

Attachment No. 2

	<u>City Population Change</u>	<u>County Population Change</u>
Population Change as of January 1, 2008	0.015 (1)	0.0136 (1)
	<u>Per Capita Change</u>	<u>Non-Residential New Construction</u>
Cost of Living FY 2008-09	0.0429 (1)	(0.195) (2)
FY 07-08 Gann Limit Growth Factor 1 + Larger of County and City Population		<u>1.015</u>
1 + Larger of Per Capita Change and Non-residential New Construction	x	<u>1.0429</u>
INCREASE in City's Appropriations Limit for FY 2007 - 08		<u><u>1.0585435</u></u>
FY 2007 -08 Appropriations Limit		\$101,524,254.00 (3)
Growth Factor	x	1.0585435
FY 2008 -09 APPROPRIATIONS LIMIT		<u><u>\$107,467,839.16</u></u>

NOTE:

- (1) California Department of Finance Letter Dated May, 2008
- (2) Contra Costa County Fund 04210, Prop. 111 C & I Fiscal Year 2007-2008
- (3) Council Resolution No. 07-10832, dated June 18, 2007

City of Pittsburgh
Appropriations Limit

Calculations on FY 2008-09 Budget Against
Appropriations Limit

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

* Actual Amended Appropriations Subject to Limit: \$ 36,753,860.00
Fund 110 General Fund



May 2008

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, 2008, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2008-09. Enclosure I provide 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 2008-09 appropriations limit. Enclosure II provides city and unincorporated county population percentage changes, and Enclosure IIA provides county and incorporated areas 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: "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, 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, 2008.**

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

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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 2008-2009 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2008-2009	4.29

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2008-2009 appropriation limit.

2008-2009:

Per Capita Cost of Living Change = 4.29 percent
Population Change = 1.31 percent

Per Capita Cost of Living converted to a ratio: $\frac{4.29 + 100}{100} = 1.0429$

Population converted to a ratio: $\frac{1.31 + 100}{100} = 1.0131$

Calculation of factor for FY 2008-2009: $1.0429 \times 1.0131 = 1.0566$

Enclosure II
Annual Percent Change in Population Minus Exclusions
January 1, 2007 to January 1, 2008 and Total Population, January 1, 2008

County City	Percent Change 2007-2008	-- Population Minus Exclusions --		Total Population
		1-1-07	1-1-08	1-1-2008
Contra Costa				
Antioch	0.68	89,684	100,361	100,361
Brentwood	3.98	48,677	50,614	50,614
Clayton	0.50	10,730	10,784	10,784
Concord	0.67	122,951	123,776	123,776
Danville	0.41	42,457	42,629	42,629
El Cerrito	1.01	23,086	23,320	23,320
Hercules	1.93	23,864	24,324	24,324
Lafayette	0.51	23,841	23,962	23,962
Martinez	0.35	35,916	36,042	36,144
Moraga	0.24	16,099	16,138	16,138
Oakley	4.58	31,755	33,210	33,210
Orinda	0.62	17,434	17,542	17,542
Pinole	0.26	19,143	19,193	19,193
Pittsburg	1.50	62,712	63,652	63,652
Pleasant Hill	1.25	32,964	33,377	33,377
Richmond	0.22	103,351	103,577	103,577
San Pablo	1.19	30,822	31,190	31,190
San Ramon	2.14	57,766	59,002	59,002
Walnut Creek	0.34	65,085	65,306	65,306
Unincorporated	2.62	169,141	173,573	173,573
County Total	1.36	1,037,478	1,051,572	1,051,674

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

DISTRICT	YEAR	VRC	LAND VALUE	PCT	IMPR VALUE	PCT	PSI VALUE	PCT	TOTAL VALUE	PCT
04209	2007	PSI					1,893,954-		1,893,954-	
		INC	12,761,203		34,976,181		2,600		47,739,984	
		NC	610,554		6,738,201				7,348,755	
SECURED			13,371,757		41,714,382				51,194,789	
UNSECURED							6,116,626		6,116,626	
GR% INCREASE			13,371,757		41,714,382		6,116,626		59,301,411	
04209	2007	SEC	3,838,280,686		7,107,724,398				10,946,005,084	
04209	2007	UNS	6,937,914		171,964,608				178,902,522	
TOTAL			3,845,218,600		7,279,689,006				11,124,907,606	
	2006	SEC	3,388,980,154		6,490,080,620				9,879,060,774	
	2006	UNS	7,307,156		175,963,693				183,270,849	
TOTAL			3,396,287,310		6,666,044,313				10,062,331,623	
NET INCREASE			448,931,290	3.0 %	613,644,693	6.6 %			1,068,578,982	5.6 %

04210	2007	PSI					98,969,056-		98,969,056-	
		INC	2,122,390		4,568,960				6,691,350	
		NC	1,018,718		18,516,007		762,898		19,297,613	
SECURED			2,047,780		4,432,159				6,480,939	
UNSECURED			10,883,239		281,379,380				292,262,619	
TOTAL			2,078,663,480		4,313,843,197				6,392,906,831	
	2006	SEC	1,740,692,935		3,536,208,227				5,276,901,162	
	2006	UNS	7,944,767		727,580,787				735,525,554	
TOTAL			1,748,637,702		4,263,789,014				6,012,426,716	
NET INCREASE			330,025,778	0.9 %	49,554,337	42.6 %			379,580,115	19.5 %

04211	2007	PSI					7,651-		7,651-	
		INC	708,058		8,860,232				9,568,290	
		NC	19,446		4,492,780				4,512,226	
SECURED			727,501		9,353,019		7,651-		10,072,869	
UNSECURED							10,164,691		10,164,691	
GR% INCREASE			727,501		9,353,019		10,164,691		20,237,560	
04211	2007	SEC	1,408,935,140		2,012,623,378				3,421,558,518	
04211	2007	UNS	580,000		48,631,807				49,211,807	
TOTAL			1,409,465,140		2,058,295,085				3,470,770,325	
	2006	SEC	1,292,918,083		1,890,273,661				3,183,191,744	
	2006	UNS	1,019,077		41,867,644				42,886,721	
TOTAL			1,293,937,160		1,932,141,305				3,226,078,465	
NET INCREASE			115,527,980	0.6 %	125,353,780	7.4 %			244,691,760	8.4 %