

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Adopting a Resolution Establishing the)
Appropriations Limit for the Fiscal Year)
2007-2008 in Accordance With)
Proposition III and Article XIII (B))

RESOLUTION NO. 07-10821

The Pittsburg City Council DOES RESOLVE as follows:

- A. Whereas, Article XIII (B) of the California Constitution Proposition IV establishes expenditure limits for cities; and
- B. 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
- C. 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
- D. 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
- E. 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-one million, five-hundred-twenty-four thousand, two-hundred fifty-three dollars (\$101,524,253); and
- F. 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. Findings

- A. The recitals set forth are true and correct statements and hereby incorporated.
- B. The City Council does hereby authorized and approve that the Fiscal Year 2007-2008 Appropriations Limit of the City of Pittsburg is established at \$101,524,253 using the County's Population Change and the City's Non-residential assessed valuation growth change factors.

Section 2. Effective Date

This Resolution shall take effect immediately upon adoption.

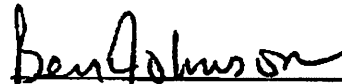
PASSED AND ADOPTED by the City Council of the City of Pittsburg at a regular meeting on the 18th of June, 2007, by the following vote:

AYES: Members Casey, Evola, Kee, Parent and Mayor Johnson

NOES: None

ABSTAINED: None

ABSENT: None


Ben Johnson, Mayor

ATTEST:


Alice E. Evenson, City Clerk



**Office of the City Manager
65 Civic Avenue
Pittsburg, CA 94565**

MEMO: June 18, 2007

TO: Mayor and Council Members

FROM: Marc S. Grisham, City Manager

RE: **ADOPT A RESOLUTION ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE 2007-2008 FISCAL YEAR IN ACCORDANCE WITH PROPOSITION III AND ARTICLE XIII (B) OF THE STATE CONSTITUTION.**

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 Fiscal Year 2007-2008 Appropriations Limit is \$101,524,253 and will exceed the estimated General Fund spending plan of \$35 million.

RECOMMENDATION

Staff recommends that the City Council adopt this Resolution because it is a State law requirement for the City Council to annually establish an 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 requiring 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) such that City Council action is necessary to implement the amendments effective for Fiscal Year 2007-2008 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 2007-2008 Appropriations Limit using the County Population Change and the City non-residential assessed valuation growth factors. The basis for the selection methodology is that the County population change is higher than the City's population growth and the City's non-residential assessed valuation growth change is higher than the California per capita income factor.

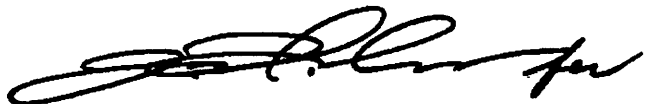
The Appropriations subject to limitations for Fiscal Year 2007-2008 is \$101,524,253.

STAFF ANALYSIS

This is a State of California mandate which requires all cities to adopt a Resolution at the beginning of each fiscal year.

The Appropriations subject to Limitation for Fiscal Year 2007-2008 is \$101,524,253.

Appropriations subject to the limit for Fiscal Year 2006-07 totaled \$35,159,658 against the Adopted Limit of \$84,860,396 for that year.



Marc S. Grisham, City Manager

Report Prepared By: 

Deborah M. Yamamoto, Finance Division Manager-
Accounting Services

Reviewed By: 

Marie Simons, Director of Finance

ATTACHMENTS: Resolution
Department of Finance Notification (4 Pages)
City of Pittsburg FY 2007-2008 Appropriations Limit (Calculations)



DEPARTMENT OF
FINANCE

ARNOLD SCHWARZENEBGER, GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 2007

Dear Fiscal Officer:

Subject: Price and Population Information

Appropriations Limit

RECEIVED
APR 30 2007
FINANCE DEPT.

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, 2007, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2007-08. 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 2007-08 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, as noted.

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, 2007.**

Please Note: City population estimates are controlled to independently calculated county population estimates. Due to county estimates revisions; prior year's city population estimates may have also been revised.

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

MICHAEL C. GENEST

Director

By:

VINCENT P. BROWN

Chief Deputy Director

Enclosure

- 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 2007-2008 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2007-2008	4.42

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2007-2008 appropriation limit.

2007-2008:

Per Capita Cost of Living Change = 4.42 percent
Population Change = 1.20 percent

Per Capita Cost of Living converted to a ratio: $\frac{4.42 + 100}{100} = 1.0442$

Population converted to a ratio: $\frac{1.20 + 100}{100} = 1.0120$

Calculation of factor for FY 2007-2008:

$$1.0442 \times 1.0120 = 1.0567$$

Enclosure II
Annual Percent Change in Population Minus Exclusions (*)
January 1, 2006 to January 1, 2007 and Total Population, January 1, 2007

County City	Percent Change	-- Population Minus Exclusions --		Total Population
	2006-2007	1-1-06	1-1-07	1-1-2007
Contra Costa				
Antioch	-0.01	100,163	100,150	100,150
Brentwood	6.36	45,974	48,907	48,907
Clayton	-0.55	10,841	10,781	10,781
Concord	-0.36	123,969	123,519	123,519
Danville	-0.28	42,719	42,601	42,601
El Cerrito	-0.41	23,288	23,184	23,184
Hercules	1.39	23,647	23,975	23,975
Lafayette	-0.21	24,003	23,953	23,953
Martinez	-0.35	36,306	36,179	36,179
Moraga	-0.36	16,223	16,165	16,165
Oakley	8.21	29,485	31,808	31,808
Orinda	-0.23	17,557	17,517	17,517
Pinole	-0.42	19,315	19,234	19,234
Pittsburg	0.82	62,492	63,004	63,004
Pleasant Hill	-0.26	33,203	33,117	33,117
Richmond	1.12	102,676	103,828	103,828
San Pablo	-0.04	30,877	30,865	30,865
San Ramon	2.71	56,505	58,035	58,035
Walnut Creek	-0.33	65,603	65,384	65,384
Unincorporated	2.50	165,785	169,927	169,927
County Total	1.13	1,030,732	1,042,341	1,042,341

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

DISTRICT YEAR	VRG	VALUE	PGT	VALUE	PGT	VALUE	PGT
04209	2006	PSI		1,027,247-		1,027,247-	
		INC		44,004,535		44,004,535	
		MC		27,537,791		27,537,791	

04209	2006	SEC		32,112,050		32,112,050	
		UNS		28,405,003		28,405,003	
		TOTAL		60,517,053		60,517,053	

04209	2006	SEC		6,490,080,620		6,490,080,620	
		UNS		173,562,593		173,562,593	
		TOTAL		6,663,643,213		6,663,643,213	

04210	2006	PSI		5,471,923		5,471,923	
		INC		134,690,529		134,690,529	
		TOTAL		140,162,452		140,162,452	

04210	2006	SEC		10,105,727		10,105,727	
		UNS		3,536,208,227		3,536,208,227	
		TOTAL		3,546,313,954		3,546,313,954	

04210	2006	SEC		4,263,489,014		4,263,489,014	
		UNS		1,749,692,235		1,749,692,235	
		TOTAL		6,013,181,249		6,013,181,249	

NET INCREASE				328,705,039	0.6 %	547,193,656	1.8 %

04211	2006	PSI		1,310-		1,310-	
		INC		19,430,667		19,430,667	
		TOTAL		19,431,977		19,431,977	

NET INCREASE				178,381,380	0.6 %	191,096,184	4.6 %

04211	2006	SEC		8,759,014		8,759,014	
		UNS		1,890,273,661		1,890,273,661	
		TOTAL		1,900,032,675		1,900,032,675	

NET INCREASE				369,427,564	5.3 %	567,896,849	18.3 %

City of Pittsburgh FY 2007-2008 Appropriations Limit

	<u>City Population Change</u>	<u>County Population Change</u>
Population Change as of January 1, 2007	0.0082 (1)	0.0113 (1)
	<u>Per Capita Change</u>	<u>Non-Residential New Construction</u>
Cost of Living FY 2006-07	0.0442 (1)	0.183 (2)
FY 2006-07 Gann Limit Growth Factor 1+ Larger of County and City Population		<u>1.0113</u>
1+ Larger of Per Capita Change and Non-residential New Construction		x <u>1.183</u>
INCREASE in City's Appropriations Limit for FY 2007 -08		<u><u>1.1963679</u></u>
FY 2006-07 Appropriations Limit		\$ 84,860,396.00 (3)
Growth Factor		x 1.1963679
FY 2007-08 APPROPRIATIONS LIMIT		<u><u>\$ 101,524,253.76</u></u>

NOTE:

(1) Enclosure CA Dept of Finance

(2) Enclosure Fund 04210, Prop. 111 C & I FY 2006-2007

(3) Approved by Council Resolution No. 06-10582, dated June 26, 2006