

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Adopt Resolution Establishing the )  
Appropriations Limit for the Fiscal Year )  
2014-2015 in Accordance with )  
Proposition III and Article XIII (B) )

RESOLUTION NO. 14-12142

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 City's population change and the change in California per Capita Personal Income 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-twenty-seven million, six-hundred-ninety-eight thousand, one-hundred-forty-five Dollars (\$127,698,145); 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 authorized and approve that the Fiscal Year 2014-15 Appropriations Limit of the City of Pittsburg is established at \$127,698,145 using the City'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.

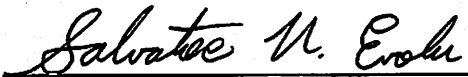
PASSED AND ADOPTED by the City Council of the City of Pittsburg at a regular meeting on the 16th of June, 2014, by the following vote:

AYES: Casey, Johnson, Longmire, Parent, Evola

NOES: None

ABSTAINED: None

ABSENT: None

  
\_\_\_\_\_  
Salvatore N. Evola, Mayor

ATTEST:

  
\_\_\_\_\_  
Alice E. Evenson, City Clerk



May 2014

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, 2014, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2014-15. 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 2014-15 appropriations limit. Attachment B provides city and unincorporated county population percentage change. Attachment C provides 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. Consult the Revenue and Taxation Code section 2228 for further information regarding the appropriations limit. Article XIII B, section 9(C), of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. The Code and the California Constitution can be accessed at the following website: <http://leginfo.legislature.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 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, 2014.**

**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 COHEN  
Director  
By:

KEELY M. BOSLER  
Chief Deputy 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 2014-15 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2014-15	-0.23

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2014-15 appropriation limit.

**2014-15:**

Per Capita Cost of Living Change = -0.23 percent  
 Population Change = 0.95 percent

Per Capita Cost of Living converted to a ratio:  $\frac{-0.23 + 100}{100} = 0.9977$

Population converted to a ratio:  $\frac{0.95 + 100}{100} = 1.0095$

Calculation of factor for FY 2014-15:  $0.9977 \times 1.0095 = 1.0072$

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2013 to January 1, 2014 and Total Population, January 1, 2014**

County City	<u>Percent Change</u>	<u>Population Minus Exclusions</u>		<u>Total Population</u>
	2013-2014	1-1-13	1-1-14	1-1-2014
<b>Contra Costa</b>				
Antioch	1.12	105,272	106,455	106,455
Brentwood	2.60	53,356	54,741	54,741
Clayton	0.82	11,109	11,200	11,200
Concord	0.54	123,725	124,388	124,656
Danville	0.85	42,783	43,146	43,146
El Cerrito	0.59	23,945	24,087	24,087
Hercules	0.55	24,438	24,572	24,572
Lafayette	1.28	24,347	24,659	24,659
Martinez	0.58	36,526	36,739	36,842
Moraga	0.54	16,260	16,348	16,348
Oakley	2.06	37,308	38,075	38,075
Orinda	0.77	17,951	18,089	18,089
Pinole	0.55	18,692	18,794	18,794
Pittsburg	1.43	65,435	66,368	66,368
Pleasant Hill	0.56	33,682	33,872	33,872
Richmond	0.40	105,715	106,138	106,138
San Pablo	0.53	29,309	29,465	29,465
San Ramon	1.10	76,429	77,270	77,270
Walnut Creek	0.61	65,780	66,183	66,183
Unincorporated	1.25	163,912	165,964	166,048
<b>County Total</b>	<b>0.98</b>	<b>1,075,974</b>	<b>1,086,553</b>	<b>1,087,008</b>

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

City of Pittsburg Fiscal year 2014-2015  
Gann Appropriations Limit Calculations

	<u>City Population Change</u>	<u>County Population Change</u>
Population Change as of January 1, 2014	1.43 (1)	0.98 (1)
	<u>Per Capita Change</u>	<u>Consumer Price Index CPI of Contra Costa County</u>
Cost of Living FY 2014-15	0.9977 (1)	0.020 (2)
FY 14-15 Gann Limit Growth Factor 1 + Larger of County and City Population		<u>1.0143</u>
1 + Larger of Per Capita Change and 12-Month Change in CPI for County		x <u>0.9977</u>
INCREASE in City's Appropriations Limit for FY 2014-15 -		<u><u>1.011967</u></u>
FY 2013-14 Appropriations Limit		\$ 126,188,039 (3)
Growth Factor		x 1.011967
<b>FY 2014-15 APPROPRIATIONS LIMIT</b>		<u><u>\$ 127,698,145</u></u>

NOTE:

- (1) California Department of Finance Letter Dated May, 2014
- (2) Contra Costa County Consumer Price Index Average
- (3) FY2013-14 General Fund Appropriations Limit



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

**DATE:** 5/28/2014  
**TO:** Mayor and Council Members  
**FROM:** Joe Sbranti, City Manager  
**SUBJECT:** Adopt Resolution Establishing the Appropriations Limit for the 2014-2015 Fiscal Year in Accordance with Proposition III and Article XIII (B)  
**MEETING DATE:** 6/16/2014

**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 2014-15 Appropriations Limit is \$127,698,145 and will exceed the estimated General Fund spending plan of \$36.9 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 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 2014-15 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 Appropriations subject to limitations for FY2014-15 is \$127,698,145.

#### **SUBCOMMITTEE FINDINGS**

N/A

#### **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 2014 –2015 is \$36,890,048 against the calculated limit of \$127,698,145.

Appropriations subject to the limit for fiscal year 2013-14 totaled \$34,522,100 against the Adopted Limit of \$126,188,069 for that same year.

ATTACHMENTS: Resolution  
California Department of Finance Letter dated May, 2014  
Gann Calculations

Report Prepared By: Diane Agar, Division Manager – Accounting  
Reviewed by: Tina Olson, Director of Finance and Administration