BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Adopt Resolution Establishing the Appropriations Limit for the Fiscal Year 2011-2012 in Accordance with Proposition III and Article XIII (B)

RESOLUTION NO. 11-11662

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 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 Twelve Million, Nine Hundred Seventy Seven Thousand, One Hundred Seven Dollars ($112,977,107); 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 2011-2012 Appropriations Limit of the City of Pittsburg is established at $112,977,107 using the City's Population Change and the change in the California per Capita Personal Income factors; and

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 20th of June, 2011, by the following vote:

AYES: Evola, Johnson, Longmire, Parent, Casey

NOES: None

ABSTAINED: None

ABSENT: None

Will Casey, Mayor

ATTEST:

Alice E. Evenson, City Clerk

City of Pittsburg Fiscal year 2010-2011
Gann Appropriations Limit Calculations

	City Population Change		County Population Change
Population Change as of January 1, 2011	**1.00**	(1)	0.77 (1)

	Per Capita Change		Non-Residential New Construction
Cost of Living FY 2011-12	1.0251	(1)	**0.978** (2)

FY 11-12 Gann Limit Growth Factor 1 + Larger of County and City Population		1.01
1 + Larger of Per Capita Change and Non-residential New Construction	x	1.025
INCREASE in City's Appropriations Limit for FY 2011-12 -		**1.035351**
FY 2010 -11 Appropriations Limit		$ 109,119,619 (3)
Growth Factor	x	1.035351
FY 2011 -12 APPROPRIATIONS LIMIT		**$ 112,977,107**

NOTE:
(1) California Department of Finance Letter Dated May, 2011
(2) Contra Costa County Fund 04210, Prop. 111 C & I Fiscal Year 2008-2009
(3) Proposed FY2011-12 General Fund Budget

DEPARTMENT OF FINANCE
EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 2011

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, 2011, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2011-2012. 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 2011-2012 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. The Federal 2010 Census population counts for cities and counties have been certified to the State Controller's Office. 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, 2011**.

Please Note: The population estimates provided in this report incorporate 2010 Census numbers as benchmarks. Therefore, the population estimates for 2010 and 2011 published in this report for your jurisdiction may be noticeably different from the previous year estimates.

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

Enclosure II
Annual Percent Change in Population Minus Exclusions
January 1, 2010 to January 1, 2011 and Total Population, January 1, 2011

County City	Percent Change 2010-2011	--- Population Minus Exclusions --- 1-1-10	 1-1-11	Total Population 1-1-2011
Contra Costa				
Antioch	0.81	102,230	103,054	103,054
Brentwood	1.24	51,394	52,029	52,029
Clayton	0.45	10,893	10,942	10,942
Concord	0.48	121,759	122,344	122,676
Danville	0.51	42,002	42,215	42,215
El Cerrito	0.47	23,538	23,648	23,648
Hercules	0.42	24,051	24,153	24,153
Lafayette	0.64	23,872	24,025	24,025
Martinez	0.41	35,708	35,856	35,958
Moraga	0.41	16,010	16,076	16,076
Oakley	1.89	35,329	35,997	35,997
Orinda	0.45	17,633	17,712	17,712
Pinole	0.42	18,383	18,460	18,460
Pittsburg	1.00	63,096	63,730	63,730
Pleasant Hill	0.42	33,139	33,279	33,279
Richmond	0.54	103,661	104,220	104,220
San Pablo	-0.73	29,143	28,931	28,931
San Ramon	1.62	71,947	73,109	73,109
Walnut Creek	0.88	64,140	64,707	64,707
Unincorporated	0.92	159,668	161,143	161,143
County Total	0.77	1,047,596	1,055,630	1,056,064

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

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 2011-2012 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2011-2012	2.51

B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2011-2012 appropriation limit.

2011-2012:

Per Capita Cost of Living Change = 2.51 percent
Population Change = 0.77 percent

Per Capita Cost of Living converted to a ratio: $\frac{2.51 + 100}{100} = 1.0251$

Population converted to a ratio: $\frac{0.77 + 100}{100} = 1.0077$

Calculation of factor for FY 2011-2012:

$1.0251 \times 1.0077 = 1.0330$

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

DATE: 6/3/2011

TO: Mayor and Council Members

FROM: Marc S. Grisham, City Manager

SUBJECT: Adoption of a City Council Resolution Establishing the Appropriations Limit for the 2011-2012 Fiscal Year in Accordance with Proposition III and Article XIII (B)

MEETING DATE: 6/20/2011

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 2011-2012 Appropriations Limit is $112,977,107 and will exceed the estimated General Fund spending plan of $30.9 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 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 2011-2012 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 non-residential assessed valuation. The Appropriations subject to limitations for Fiscal Year 2011- 2012 is $112,977,107.

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 2011 –2012 is $30,863,160 against the calculated limit of $112,977,107.

Appropriations subject to the limit for fiscal year 2010-11 totaled $31,430,030 against the Adopted Limit of $109,119,619 for that same year.

ATTACHMENTS: Resolution
GANN Calculations

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