

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

RESOLUTION NO. 06-10575

Adopt a Resolution establishing the Appropriations )  
Limit for the 2006-2007 Fiscal Year in Accordance )  
with the State of California Constitutional )  
Proposition IV, Article XIII (B) and Proposition III. )

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 statistics and the City's non-residential assessed valuation growth factors to compute the Appropriations Limit; and

*Whereas*, the Finance Division Manager – Accounting has made the calculations specified in said legislation and concludes that the appropriations subject to limitation is the sum of Eighty-four million, eight-hundred-sixty, three-hundred ninety-six dollars (\$84,860,396); and

*Whereas*, pursuant to said legislation, 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 the Fiscal Year 2006-2007 Appropriations Limit for the City of Pittsburg as \$84,860,396 using the county's population and the City's non-residential assessed valuation growth change factors.

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 19th of June, 2006, by the following vote:

AYES: Member Casey, Glynn, Johnson, Parent, and Mayor Kee


NOES: None

ABSTAINED: None

ABSENT: None

  
\_\_\_\_\_  
Michael B. Kee, Mayor

ATTEST:

  
\_\_\_\_\_  
Lillian J. Pride, City Clerk



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

**MEMO:** June 19, 2006

**TO:** Mayor and Council Members

**FROM:** Marc S. Grisham, City Manager

**RE: ADOPT A RESOLUTION ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE 2006-2007 FISCAL YEAR IN ACCORDANCE WITH THE STATE OF CALIFORNIA CONSTITUTIONAL PROPOSITION IV, ARTICLE XIII (B) AND PROPOSITION III.**

**EXECUTIVE SUMMARY**

In November 1979, the voters of California approved Proposition 4 (commonly known as the Gann Initiative) which resulted in Proposition IV, Article XIII (B) of the State Constitution, and the placement of limits on the amount of revenue which can be appropriated by all government entities in any fiscal year. This legislation mandates all governing bodies including the City of Pittsburg to annually establish an Appropriations Limit.

**FISCAL IMPACT**

There is no impact to the City of Pittsburg budget. The Fiscal Year 2006-2007 Appropriations Limit is \$84,860,396 which in itself exceeds the estimated General Fund spending plan of \$34.3 million.

**RECOMMENDATION**

Staff recommends that the City Council adopt this Resolution in compliance with State legislation to establish an Appropriations Limit of \$84,860,396 for Fiscal Year 2006-2007.

**BACKGROUND**

In 1979, Proposition 4 (commonly known as the Gann Initiative) was approved by the State of 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 each following fiscal year. The determination of the appropriations limit is considered to be a legislative act and should be adopted at a regular city council meeting.

Proposition III, approved by California voters in 1990, amended Article XIII (B) further, such that City Council action is necessary to implement an appropriation limit 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 either:

- 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).

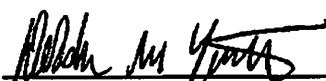
Pursuant to Proposition III amendments, staff has calculated the Fiscal Year 2006-2007 Appropriations Limit using County Population statistics and the City non-residential assessed valuation growth factors. Utilizing this calculation methodology the Appropriations Limit for Fiscal Year 2006-2007 calculates to \$84,860,396. The basis for the election of this methodology is that the County population statistic 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.

#### **STAFF ANALYSIS**

For comparative purposes the appropriations subject to the limit for Fiscal Year 2005-2006 total amended is \$38,791,100 against the "adopted" appropriations limit of \$76,381,995 for that same fiscal year.

The subject resolution is in compliance with the State of California mandate which requires all cities to adopt an Appropriations Limit at the beginning of each fiscal year. Respectively, the Appropriations Limit for Fiscal Year 2006-2007 is \$84,860,396.

  
\_\_\_\_\_  
Marc S. Grisham, City Manager

Report Prepared By:   
\_\_\_\_\_  
Deborah M. Yamamoto, Finance Division  
Manager-Accounting

Reviewed By:   
\_\_\_\_\_  
Marie Simons, Director of Finance

ATTACHMENTS: Resolution  
State of California, Department of Finance letter dated May 2006  
(Subject: Price and Population Information).



DEPARTMENT OF  
**FINANCE**

ARNOLD SCHWARZENEBGER, GOVERNOR

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

May 2006

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, 2006, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2006-07. 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 2006-07 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 the various population options available to special districts to assess population change in their district. Article XIII B, Section 9, of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. 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 2, 2006.**

**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.

Sincerely,

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 2006-2007 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2006-2007	3.96

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2006-2007 appropriation limit.

**2006-2007:**

Per Capita Cost of Living Change = 3.96 percent  
 Population Change = 1.21 percent

Per Capita Cost of Living converted to a ratio:  $\frac{3.96 + 100}{100} = 1.0396$

Population converted to a ratio:  $\frac{1.21 + 100}{100} = 1.0121$

Calculation of factor for FY 2006-2007:  $1.0396 \times 1.0121 = 1.0522$

Enclosure II  
 Annual Percent Change in Population Minus Exclusions (\*)  
 January 1, 2005 to January 1, 2006 and Total Population, January 1, 2006

County City	Percent Change 2005-2006	-- Population Minus Exclusions --		Total Population
		1-1-05	1-1-06	1-1-2006
<b>CONTRA COSTA</b>				
ANTIOCH	0.03	100,913	100,945	100,945
BRENTWOOD	9.13	40,322	44,004	44,004
CLAYTON	-0.39	10,867	10,924	10,924
CONCORD	-0.27	124,613	124,277	124,438
DANVILLE	-0.38	43,216	43,052	43,052
EL CERRITO	0.41	23,375	23,471	23,471
HERCULES	2.16	23,330	23,834	23,834
LAFAYETTE	-0.38	24,284	24,191	24,191
MARTINEZ	-0.51	36,770	36,582	36,582
MORAGA	-0.48	16,417	16,338	16,338
OAKLEY	3.00	28,228	29,074	29,074
ORINDA	-0.44	17,771	17,693	17,693
ORINDA	-0.44	19,579	19,465	19,465
PINOLE	-0.58	62,521	62,979	62,979
PITTSBURG	0.73			
PLEASANT HILL	-0.39	33,584	33,462	33,462
PLEASANT HILL	0.57	102,677	103,468	103,468
RICHMOND	-0.27	31,302	31,216	31,216
SAN PABLO	4.28	50,958	53,137	53,137
SAN RAMON	-0.46	66,415	66,111	66,111
WALNUT CREEK	2.14	161,542	164,995	164,995
UNINCORPORATED				
COUNTY TOTAL	1.00	1,018,994	1,029,218	1,029,377

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

5/20/06 198,252-18,919

DISTRICT YEAR	PSI INC	VALUE	PCT	VALUE	PCT	VALUE	PCT
04209 2005	PSI INC	5,132,977		1,890,338		1,890,338	
	INC	1,666,805					
	TOTAL	6,799,782					
04209 2005	SEC	2,768,577,312				8,695,293,382	
	UNS	8,217,225				8,717,490,081	
	TOTAL	2,776,794,537					
04210 2005	PSI INC	152,111		746,918		746,918	
	INC	105,432					
	TOTAL	257,543					
04210 2005	SEC	1,402,840,523				4,717,497,891	
	UNS	1,116,532,663				5,133,333,761	
	TOTAL	2,519,373,186					
NET INCREASE		206,583,005	0.3%	307,217,484	1.6%	513,800,490	10.0%
04211 2005	PSI INC	766,468		188,088		188,088	
	INC						
	TOTAL	766,468					
04211 2005	SEC	1,114,198,965				2,627,959,984	
	UNS	119,505,785				2,847,465,769	
	TOTAL	1,233,704,750					
NET INCREASE		163,775,337	0.5%	252,511,994	5.0%	416,287,331	3.3%



**City of Pittsburg FY 2006-2007 Appropriations Limit**

	<u>City Population Change</u>	<u>County Population Change</u>
Population Change as of January 1, 2006	0.0073 (1)	0.01 (1)
	<u>Per Capita Change</u>	<u>Non-Residential New Construction</u>
Cost of Living FY 2005-06	0.0396 (1)	0.1 (2)
FY 05-06 Garn Limit Growth Factor 1 + Larger of County and City Population		<u>1.01</u>
1 + Larger of Per Capita Change and Non-residential New Construction		x <u>1.1</u>
<b>INCREASE in City's Appropriations Limit for FY 2006 - 07</b>		<u><u>1.111</u></u>
FY 2005 -06 Appropriations Limit		\$ 76,381,995.00 (3)
Growth Factor		x 1.111
<b>FY 2006 -07 APPROPRIATIONS LIMIT</b>		<u><u>\$ 84,860,396.45</u></u>

**NOTE:**

- (1) Enclosure CA Dept of Finance
- (2) Enclosure Fund 04210, Prop. 111 C & I FY 2005-2006
- (3) Approved by Council Resolution No. 05-10315, dated June 20, 2005

**City of Pittsburg  
Appropriations Limit**

**Calculations on FY 2005-06 Budget Against  
Appropriations Limit**

<b>FY 2005 - 2006 Appropriations Limit</b>	<b>\$ 76,381,995.00</b>
<b>FY 2005 - 2006 Actual Amended Budget Subject to Limit</b>	<b><u>\$ 38,791,100.00</u> *</b>
<b>Difference</b>	<b><u><u>\$ 37,590,895.00</u></u></b>

**\* Actual Amended Appropriations Subject to Limit:      \$ 38,791,100.00**

**Fund 110 General Fund**