

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Adopt Resolution Establishing the)
Appropriations Limit for the Fiscal Year)
2017-18 in Accordance with)
Proposition III and Article XIII (B))

RESOLUTION NO. 17-13332

The Pittsburg City Council DOES RESOLVE as follows:

WHEREAS, Article XIII (B) of the California Constitution Proposition 4 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 County'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 fifty two million, six hundred eight seven thousand, twenty five dollars (\$152,687,025); 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 authorize and approve that the Fiscal Year 2017-18 Appropriations Limit of the City of Pittsburg is established at \$152,687,025 using the County'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 19th of June, 2017, by the following vote:

AYES: Banales, Evola, Killings, Longmire, Craft

NOES: None

ABSTAINED: None

ABSENT: None



Marilyn Craft, Mayor

ATTEST:



Alice E. Evenson, City Clerk



May 2017

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

The California Revenue and Taxation Code, section 2227, requires 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, 2017, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2017-18. 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 2017-18 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the 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. The Revenue and Taxation Code, section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California 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 requirement should be directed to their county, district legal counsel, or 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, 2017.**

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:

AMY M. COSTA
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 2017-18 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2017-18	3.69

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2017-18 appropriation limit.

2017-18:

Per Capita Cost of Living Change = 3.69 percent
 Population Change = 0.85 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.69 + 100}{100} = 1.0369$

Population converted to a ratio: $\frac{0.85 + 100}{100} = 1.0085$

Calculation of factor for FY 2017-18: $1.0369 \times 1.0085 = 1.0457$

Fiscal Year 2017-18

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2016 to January 1, 2017 and Total Population, January 1, 2017

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total</u>
	2016-2017	1-1-16	1-1-17	1-1-2017
Contra Costa				
Antioch	0.66	113,495	114,241	114,241
Brentwood	3.38	59,058	61,055	61,055
Clayton	0.20	11,262	11,284	11,284
Concord	0.07	128,280	128,370	128,370
Danville	0.16	43,287	43,355	43,355
El Cerrito	0.45	24,490	24,600	24,600
Hercules	3.08	24,909	25,675	25,675
Lafayette	0.63	25,041	25,199	25,199
Martinez	1.17	37,224	37,658	37,658
Moraga	0.57	16,581	16,676	16,676
Oakley	2.16	40,327	41,199	41,199
Orinda	0.51	18,838	18,935	18,935
Pinole	0.79	18,827	18,975	18,975
Pittsburg	2.47	68,133	69,818	69,818
Pleasant Hill	1.24	34,232	34,657	34,657
Richmond	0.81	110,886	111,785	111,785
San Pablo	0.26	30,972	31,053	31,053
San Ramon	2.31	78,729	80,550	80,550
Walnut Creek	0.90	70,340	70,974	70,974
Unincorporated	0.90	171,829	173,370	173,454
County Total	1.13	1,126,740	1,139,429	1,139,513

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

Fiscal Year 2017-18

Attachment C
Annual Percent Change in Population Minus Exclusions*
January 1, 2016 to January 1, 2017

County	<u>Percent Change</u>	<u>-- Population Minus Exclusions --</u>	
	2016-17	1-1-16	1-1-17
Alameda			
Incorporated	1.03	1,476,184	1,491,355
County Total	0.99	1,626,047	1,642,173
Alpine			
Incorporated	0.00	0	0
County Total	-0.78	1,160	1,151
Amador			
Incorporated	6.10	12,110	12,849
County Total	2.10	34,056	34,771
Butte			
Incorporated	0.99	144,433	145,870
County Total	0.76	224,703	226,404
Calaveras			
Incorporated	-0.72	4,049	4,020
County Total	-0.17	45,160	45,082
Colusa			
Incorporated	0.31	11,735	11,771
County Total	0.36	21,965	22,043
Contra Costa			
Incorporated	1.17	954,911	966,059
County Total	1.13	1,126,740	1,139,429
Del Norte			
Incorporated	-5.27	4,480	4,244
County Total	0.48	24,783	24,901
El Dorado			
Incorporated	0.03	31,757	31,767
County Total	0.37	184,274	184,965

*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 2017-18
Gann Appropriations Limit Calculations

	<u>City Population Change</u>	<u>County Population Change</u>
Population Change as of January 1, 2017	1.0247 ⁽¹⁾	1.0113 ⁽¹⁾
	<u>Per Capita Change</u>	<u>Consumer Price Index CPI of Contra Costa County</u>
Cost of Living FY 2017-18	1.0369 ⁽¹⁾	1.030 ⁽²⁾
FY 17-18 Gann Limit Growth Factor 1 + Larger of County and City Population		<u>1.0247</u>
1 + Larger of Per Capita Change and 12-Month Change in CPI for County		x <u>1.0369</u>
INCREASE in City's Appropriations Limit for FY 2017-18 -		<u><u>1.062511</u></u>
FY 2016-17 Appropriations Limit		\$ 143,703,948 ⁽³⁾
Growth Factor		x <u>1.062511</u>
FY 2017-18 APPROPRIATIONS LIMIT		<u><u>\$ 152,687,025</u></u>

NOTE:

- (1) California Department of Finance Letter Dated May, 2017
- (2) Bureau of Labor Statistics CPI, 2016 Avg Change - SF Area (includes Contra Costa County)
- (3) FY2016-17 General Fund Appropriations Limit



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

DATE: 5/31/2017

TO: Mayor and Council Members

FROM: Joe Sbranti, City Manager

SUBJECT: Adopt Resolution Establishing the Appropriations Limit for the 2017-18 Fiscal Year in Accordance with Proposition III and Article XIII (B)

MEETING DATE: 6/19/2017

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 2017-18 Appropriations Limit is \$152,687,025 and will exceed the General Fund estimated spending plan of \$40.5 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) 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 2017-18 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 City's Appropriations limit for FY2017-18 is \$152,687,025.

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 2017-18 is \$40.5 Million against the calculated limit of \$152.7 Million.

Appropriations subject to the limit for fiscal year 2016-17 totaled \$41.3 Million against the Adopted Limit of \$143.7 Million for that same year.

ATTACHMENTS: Resolution
California Department of Finance Letter dated May, 2017
Gann Calculations

Report Prepared By: Diane Agar, Finance Division Manager
Brad Farmer, Director of Finance