



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
May 21, 2014**

TO: Mayor and City Council
FROM: Cathy Spinella, Finance Manager
SUBJECT: Establishing the 2014-15 Fiscal Year Appropriations Limit
DATE: May 13, 2014

RECOMMENDATION:

Adopt the resolution establishing the City’s Appropriations Limit for 2014-15 fiscal year.

BACKGROUND:

Proposition 4, commonly known as the Gann Initiative, was approved by the California electorate in November, 1979. Fundamentally, the purpose of the constitutional provisions and the implementing legislation is to restrict the growth of tax-funded programs and services by limiting the appropriations of proceeds of taxes to the 1978-79 base year limit, adjusted annually for changes in the population and inflation. Proceeds of taxes in excess of the limit, with a few exceptions, must be returned to the taxpayers within two years by refund or reduction in tax rates unless an extension of the limit is approved by majority popular vote.

Proceeds of taxes include (1) all tax revenues, (2) licenses and user fees to the extent that such fees exceed the cost of providing services, (3) interest earnings from investment of tax revenues and (4) discretionary state subventions. All other revenues, i.e. federal funds, enterprise fund revenues, and user fees which do not exceed the cost of providing services are excluded from the limit.

The voters approved Proposition 111 in June, 1990. This proposition allows for new adjustment formulas for the required appropriation limit that are more responsive to local growth issues. The proposition also now requires an annual review of the limit calculations, i.e. reviewed by an independent auditor in conjunction with the annual financial audit.

Staff has adjusted the current year’s limit (2013-14) by applying the California Per Capita Personal Income change of -0.23% and Contra Costa County population change of 0.98%, as reported by the Department of Finance, to arrive at the 2014-15 Appropriations limit of \$164,220,944.

Proceeds of taxes subject to the limit total \$15,601,330 or 9.50% of the calculated Appropriations Limit for Fiscal Year 2014-15.

FISCAL IMPACT:

None.

ACTION:

Approve the resolution establishing the City's Appropriations Limit for 2014-2015 fiscal year.

Attachments:

Resolution

Calculations for Fiscal Year 2014-15 Gann Limit

Department of Finance – Price & Population Information

APPROVED BY: 
Interim City Manager

RESOLUTION NO. -14

**ADOPTING THE FISCAL YEAR 2014-15 PROPOSITION 4
APPROPRIATIONS LIMITATION**

WHEREAS, there has been submitted to this meeting of the City Council of the City of Martinez the Fiscal Year 2014-15 Appropriations Limitation pursuant to Government Code Section 7910, et.seq.; and

WHEREAS, the computations necessary to determine said limit have also been submitted along with the recommended amount of \$164,220,944 utilizing the county population growth and the growth in personal income as the adjustment factors; and

WHEREAS, proceeds of taxes subject to the limit do not exceed the calculated Appropriations Limit for Fiscal Year 2014-15.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Martinez that Fiscal Year 2014-15 Appropriations Limitation is set at the amount of \$164,220,944.

* * * * *

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 21st day of May, 2014, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ

Per Capita Cost of Living
Change -0.23
State Population Change 0.95
County Population Change 0.98

Per Capita Converted to Ratio $\frac{-0.23+100}{100} = 0.9977$

State Population Converted to Ratio $\frac{0.95+100}{100} = 1.0095$

County Population Converted to Ratio $\frac{0.98+100}{100} = 1.0098$

**Calculation of factor for
FY 2014-15** $0.9977 \times 1.0098 = 1.0075$

Prop Limit: 2013-14 162,998,456
X 1.0075

Prop Limit: 2014-15 164,220,944



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

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

County City	Percent Change 2013-2014	Population Minus Exclusions		Total Population
		1-1-13	1-1-14	1-1-2014
Contra Costa				
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
County Total	0.98	1,075,974	1,086,553	1,087,008

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