



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
June 4, 2008**

TO: Mayor and City Council
FROM: Cathy Heater, Finance Manager
SUBJECT: Resolution Establishing the 2008-09 Fiscal Year Appropriations Limit
DATE: May 1, 2008

RECOMMENDATION:

Adopt the resolution establishing the City's Appropriations Limit for 2008-09 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) proceeds from licenses and user fees to the extent that such fees exceed costs 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 appropriations 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 (2007-08) by applying the Per Capita Personal Income change of 4.29% and the County population change of 1.36% to arrive at the 2008-09 Appropriations Limit of \$141,935,261.

Proceeds of taxes subject to the limit total \$16,934,067 or 11.93% of the calculated Appropriations Limit for 2008-09.

FISCAL IMPACT:

None.

ACTION:

Approve the resolution establishing the City's Appropriations Limit for 2008-2009 Fiscal Year.

Attachments: Resolution
Department of Finance

APPROVED BY:

Karen L. Mayors

Acting City Manager

APPROVED BY:

Lianne Marshall

Assistant City Manager
Administrative Services

RESOLUTION NO. -08

**RESOLUTION ADOPTING THE 2008-09 PROPOSITION 4
APPROPRIATIONS LIMITATION**

WHEREAS, there has been submitted to this meeting of the City Council of the City of Martinez a recommendation for the 2008-09 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 \$141,935,261 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 2008-09.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Martinez that 2008-09 Appropriations Limitation is set at the amount of \$141,935,261.

* * * * *

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 4th day, of June, 2008, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ



May 2008

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, 2008, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2008-09. 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 2008-09 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.

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: "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, 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. 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, 2008.**

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 C. GENEST
Director
By:

ANA J. MATOSANTOS
Chief Deputy Director

Enclosure

Page ■

May 2008

Enclosure I

- 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 2008-2009 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2008-2009	4.29

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2008-2009 appropriation limit.

2008-2009:

Per Capita Cost of Living Change = 4.29 percent
 Population Change = 1.31 percent

Per Capita Cost of Living converted to a ratio: $\frac{4.29 + 100}{100} = 1.0429$

Population converted to a ratio: $\frac{1.31 + 100}{100} = 1.0131$

Calculation of factor for FY 2008-2009: $1.0429 \times 1.0131 = 1.0566$

Enclosure II
Annual Percent Change in Population Minus Exclusions
January 1, 2007 to January 1, 2008 and Total Population, January 1, 2008

County City	Percent Change 2007-2008	-- Population Minus Exclusions --		Total Population
		1-1-07	1-1-08	1-1-2008
Contra Costa				
Antioch	0.68	99,684	100,361	100,361
Brentwood	3.98	48,677	50,614	50,614
Clayton	0.50	10,730	10,784	10,784
Concord	0.67	122,951	123,776	123,776
Danville	0.41	42,457	42,629	42,629
El Cerrito	1.01	23,086	23,320	23,320
Hercules	1.93	23,864	24,324	24,324
Lafayette	0.51	23,841	23,962	23,962
Martinez	0.35	35,916	36,042	36,144
Moraga	0.24	16,099	16,138	16,138
Oakley	4.58	31,755	33,210	33,210
Orinda	0.62	17,434	17,542	17,542
Pinole	0.26	19,143	19,193	19,193
Pittsburg	1.50	62,712	63,652	63,652
Pleasant Hill	1.25	32,964	33,377	33,377
Richmond	0.22	103,351	103,577	103,577
San Pablo	1.19	30,822	31,190	31,190
San Ramon	2.14	57,766	59,002	59,002
Walnut Creek	0.34	65,085	65,306	65,306
Unincorporated	2.62	169,141	173,573	173,573
County Total	1.36	1,037,478	1,051,572	1,051,674

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