



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
May 15, 2013**

TO: Mayor and City Council
FROM: Cathy Spinella, Finance Manager
SUBJECT: Establishing the 2013-14 Fiscal Year Appropriations Limit
DATE: May 2, 2013

RECOMMENDATION:

Adopt the resolution establishing the City’s Appropriations Limit for 2013-14 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 (2012-13) by applying the California Per Capita Personal Income change of 5.12% and Contra Costa County population change of 0.77%, as reported by the Department of Finance, to arrive at the 2013-14 Appropriations limit of \$162,998,456.

Proceeds of taxes subject to the limit total \$15,352,151 or 9.42% of the calculated Appropriations Limit for Fiscal Year 2013-14.

FISCAL IMPACT:

None.

ACTION:

Approve the resolution establishing the City's Appropriations Limit for 2013-2014 fiscal year.

Attachments: Resolution
Department of Finance – Price & Population Information
Calculations for Fiscal Year 2013-14 Gann Limit

APPROVED BY:



City Manager

RESOLUTION NO. -13

**RESOLUTION ADOPTING THE FISCAL YEAR 2013-14
PROPOSITION 4 APPROPRIATIONS LIMITATION**

WHEREAS, there has been submitted to this meeting of the City Council of the City of Martinez the Fiscal Year 2013-14 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 \$162,998,456 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 2013-14.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Martinez that Fiscal Year 2013-14 Appropriations Limitation is set at the amount of \$162,998,456.

* * * * *

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 15th day of May, 2013, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ



May 2013

Dear Fiscal Officer:

Subject: Price and Population Information

Appropriations Limit

The California Revenue and Taxation Code, section 2227, mandates the Department of 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, 2013, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2013-14. 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 2013-14 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, 2013.**

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.

ANA J. MATOSANTOS
Director
By:

MICHAEL COHEN
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 2013-14 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2013-14	5.12

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2013-14 appropriation limit.

2013-14:

Per Capita Cost of Living Change = 5.12 percent
 Population Change = 0.79 percent

Per Capita Cost of Living converted to a ratio: $\frac{5.12 + 100}{100} = 1.0512$

Population converted to a ratio: $\frac{0.79 + 100}{100} = 1.0079$

Calculation of factor for FY 2013-14: $1.0512 \times 1.0079 = 1.0595$

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2012 to January 1, 2013 and Total Population, January 1, 2013

County City	<u>Percent Change</u>	<u>Population Minus Exclusions</u>		<u>Total Population</u>
	2012-2013	1-1-12	1-1-13	1-1-2013
Contra Costa				
Antioch	1.12	103,950	105,117	105,117
Brentwood	1.22	52,635	53,278	53,278
Clayton	0.77	11,008	11,093	11,093
Concord	0.45	122,991	123,544	123,812
Danville	0.52	42,498	42,720	42,720
El Cerrito	0.46	23,801	23,910	23,910
Hercules	0.43	24,299	24,403	24,403
Lafayette	0.52	24,186	24,312	24,312
Martinez	0.87	36,161	36,475	36,578
Moraga	0.43	16,168	16,238	16,238
Oakley	1.86	36,573	37,252	37,252
Orinda	0.48	17,839	17,925	17,925
Pinole	0.45	18,581	18,664	18,664
Pittsburg	0.86	64,779	65,339	65,339
Pleasant Hill	0.47	33,477	33,633	33,633
Richmond	0.53	105,004	105,562	105,562
San Pablo	0.44	29,137	29,266	29,266
San Ramon	1.87	74,753	76,154	76,154
Walnut Creek	0.58	65,306	65,684	65,684
Unincorporated	0.47	162,915	163,678	163,762
County Total	0.77	1,066,061	1,074,247	1,074,702

*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 Martinez 2013-14 Segregation of General Fund Revenues	Proceeds of Taxes	Non-Proceeds of Taxes
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Property Taxes	\$ 6,445,000	
Sales & Use Tax	3,375,000	
Sales Tax In-Lieu	1,075,000	
Sales Tax - Public Safety	375,000	
Documentary Transfer Tax	135,000	
Transient Occupancy Tax	310,000	
Business Licenses	615,000	
Franchise Fees		1,480,000
Vehicle In-Lieu Tax	-	
VLF Property Tax Swap	2,500,000	
Off Highway	-	
Homeowners Property Tax Relief	70,000	
POST Reimbursement		30,000
Grants		1,300
State Mandated Services		-
Water System In-Lieu Tax	423,763	
Federal Stimulus		-
Building Permits		450,000
Microfilm Fee		6,000
Code Citations		5,000
Business Permit Fees-PD		1,500
Mechanical Permits		175,000
Public Works Inspection Fees		105,000
Construction & Demolition		5,000
Police Services		18,000
Park Maintenance fee		30,000
Court Fines		35,000
Traffic Safety Fund		45,000
Parking Citations		200,000
Tow Releases		25,000
Abandon Vehicle		40,000
Planning Fees		50,000
Engineering plan Check Fees		100,000
Plan Check Fees		12,000
Senior Center Rental		5,000
Rental		28,500
Park Reservation Fees		25,000
Field Usage		25,000
Recreation Fees		45,000
Recreation Class Fees		15,000
Sports		25,000
Swim Pool Admission		130,000
Net Tournament Revenues		12,500
Concessions		8,000
Respite Day Care Fees		11,597
Day Care Fees		115,000
Friend of the Library		13,000
Billboard Revenue		125,000
Interest on loans		-
Donations		5,000
Damage & Recoveries		10,000
Miscellaneous		15,000
Refunds & Rebates		-
Workers Compensation Rebates	0	87,500
Transfers In		54,000
Sub total	\$ 15,323,763	\$ 3,568,897
	81.11%	18.89%
Investment Income	28,388	6,612
Total	\$ 15,352,151	\$ 3,575,509

2013-14 Gann Limit
% of Subject Taxes to Gann Limit

162,998,456
9.42%

APPROPRIATIONS LIMIT CALCULATION

Per Capita Cost of Living Change	5.12
State Population Change	0.79
County Population Change	0.77

Per Capita Converted to Ratio	$\frac{5.12+100}{100}$	=	1.0512
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State Population Converted to Ratio	$\frac{0.79+100}{100}$	=	1.0079
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County Population Converted to Ratio	$\frac{0.77+100}{100}$	=	1.0077
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Calculation of factor for FY 2013-14	1.0512	X	1.0077	=	1.0593
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Prop Limit: 2012-13	153,873,743
	X 1.0593

Prop Limit: 2013-14	162,998,456
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