

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Allan L. Roeder
From: Kingsley Okereke
Dept: Interim City Manager
Dept: Finance
Subject: ADOPTION OF A RESOLUTION
SETTING THE FISCAL YEAR 2015-16
APPROPRIATIONS LIMIT
Date: June 23, 2015

OBJECTIVE

The purpose of this memorandum is for City Council to review and adopt the attached Appropriations Limit Resolution setting the appropriations limit for Fiscal Year 2015-16.

BACKGROUND

In November 1979, the citizens of California passed Proposition 4 (Gann Initiative amending Article XIII B), which placed limitations on the finances of state and local governments. It also provided a method of calculating and adopting the limitations. The State Department of Finance provides guidelines from the legislation and Article XIII B for consistent statewide implementation (See Exhibit A). The City is utilizing these guidelines in the calculation process.

DISCUSSION

The Fiscal Year 2015-16 appropriations limit is \$128,419,587. The calculated and recommended budget appropriations subject to the Gann Limit is \$68,344,174. The appropriations under the limit of \$60,075,413 is the amount from which additional appropriations can be made. Generally, appropriations from the General Fund are subject to the annual limitation. However, due to the estimated growth in PCI (Per Capita Income) and future revenues available, it is not anticipated that the appropriations limit will significantly impact budget appropriations in the near future.

Section 7900 et seq. of the Government Code requires local governments to adopt a resolution setting the limitations at a regularly scheduled meeting or noticed special meeting. There is no requirement in the State Code for a public hearing prior to adoption of the resolution.

FINANCIAL IMPACT

Not applicable

ADOPTION OF A RESOLUTION
SETTING THE FISCAL YEAR 2015-16
APPROPRIATIONS LIMIT
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RECOMMENDATION


It is recommended that the City Council:

- Adopt the Appropriations Limit Resolution setting the appropriations limit for Fiscal Year 2015-16 at \$128,419,587.

KINGSLEY OKEREKE
Assistant City Manager/Finance Director

Attachments: Resolution
EXHIBIT "A"

Approved for Agenda listing


for
Allan L. Roeder
Interim City Manager

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
ADOPTING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2015-16
IMPLEMENTING ARTICLE XIII B OF THE STATE CONSTITUTION PURSUANT
TO SECTION 7900 ET SEQ. OF THE GOVERNMENT CODE

WHEREAS, the people of California on November 6, 1979 added Article XIII B to the State Constitution placing various limitations on the appropriations of state and local governments;

WHEREAS, the State Legislature adopted Chapters 1205 and 1342 of the 1980 statutes which implemented Article XIII B;

WHEREAS, Section 7902 of the Government Code provides the process which to calculate the appropriations limit for Fiscal Year 2015-16 and subsequent years pursuant to Article XIII B;

WHEREAS, Section 7910 of the Government Code requires cities to adopt a Resolution setting the annual appropriation limitation at a regularly scheduled meeting or a noticed special meeting;

NOW, THEREFORE, BE IT RESOLVED that the appropriations limit for Fiscal Year 2015-16 pursuant to Section 7902 of the Government Code shall be \$128,419,587.

**City of Garden Grove
Gann Limit (Budget)
FY 2015-2016**

**EXHIBIT "A"
IMPLEMENTATION OF ARTICLE XIII B (GANN LIMITATION)
DETERMINATION OF BASE YEAR (FY 78-79) AND THIRTY-SEVENTH
YEAR (BUDGET FY 15-16) APPROPRIATIONS SUBJECT TO LIMIT
(000's)**

REVENUES	BASE YEAR		YEAR THIRTY-SEVEN	
	FY 78-79 REVENUE	FY 78-79 CLASSIFIED AS NON-PROCEEDS OF TAXES	FY 15-16 REVENUE	FY 15-16 CLASSIFIED AS NON-PROCEEDS OF TAXES
Taxes	8,148.0	337.3	64,613.0	9,581.0
Licenses & Permits	1,160.2	1,160.2	6,025.6	6,025.6
Fines, Forfeits, Penalties	285.2	285.3	2,887.9	2,887.9
Use of Property	851.5	661.9	1,049.6	951.0
Charges for Services	5,074.0	5,074.0	38,351.8	38,351.8
Subvented from Others	4,572.2	1,284.3	20,765.0	5,688.0
Grants from Others	11,750.0	11,750.0	6,855.3	6,855.3
Other Revenue	120.8	113.1	3,337.1	3,337.1
Total Revenues	31,961.9	20,666.1	143,885.3	73,677.7
Unreserved Fund Balance	4,544.0	2,649.1	0	0
Total Revenues Under Article XIII B	<u>36,505.9</u>	<u>23,315.2</u>	<u>143,885.3</u>	<u>73,677.7</u>

APPROPRIATIONS	BASE YEAR FY 78-79	YEAR THIRTY-SEVEN FY 15-16
Fire Protection	3,565.9	21,550.1
Police Protection	5,819.7	50,758.9
Traffic Safety	1,678.3	2,880.6
Public Right-of-Way	4,081.8	23,586.1
Water Supply	3,931.2	35,851.3
Drainage	714.0	1,525.0
Community Buildings	803.2	5,028.9
Community Services	2,658.8	4,302.8
Economic Development	N/A	972.5
Parks & Greenbelts	1,014.6	2,058.5
Community Neigh. & Development	1,756.5	8,281.1
Municipal Support Services	6,017.0	9,504.7
Capital Project Reappropriation	8,426.4	Included
Added Appropriations During Year	1,946.1	in above
City Contributions to Successor Agency	0	1,575.5
Grant Contributions to Sewer/Refuse	0	0
Total Appropriations	42,413.5	167,876.0
Less Funds from Reserves	0	0
Net Appropriations	<u>42,413.5</u>	<u>167,876.0</u>

City of Garden Grove
Gann Limit (Budget)
FY 2015-2016

**SUMMARY OF FY 2015-2016 APPROPRIATIONS LIMIT
AS PER ARTICLE XIII B
(000's)**

FY 78-79 Base Year Appropriations Subject to Limitation		\$18,379.0
Plus Allowed Growth of	598.73%	<u>110,040.6</u>
FY 15-16 Appropriations Limit		\$128,419.6
FY 15-16 Appropriations Subject to Limit		<u>68,344.2</u>
Appropriations (Over) or Under Limit		<u>\$ 60,075.4</u>

Calculation:

79-80	1.00000	1.1017	1.0075	=	1.10996
80-81	1.10996	1.1211	1.0180	=	1.26677
81-82	1.26678	1.0912	1.0251	=	1.41701
82-83	1.41700	1.0679	1.0049	=	1.52063
83-84	1.52063	1.0235	1.0118	=	1.57473
84-85	1.57473	1.0474	1.0102	=	1.66620
85-86	1.66620	1.0374	1.0062	=	1.73923
86-87	1.73923	1.0230	1.0150	=	1.80592
87-88	1.80592	1.0347	1.0199	=	1.90577
88-89	1.90577	1.0466	1.0198	=	2.03407
89-90	2.03407	1.0519	1.0185	=	2.17922
90-91	2.17922	1.0421	1.0201	=	2.31661
91-92	2.31661	1.0414	1.0230	=	2.46801
92-93	2.46801	0.9936	1.0247	=	2.51278
93-94	2.51278	1.0272	1.0215	=	2.63662
94-95	2.63662	1.0071	1.0164	=	2.69889
95-96	2.69889	1.0472	1.0172	=	2.87489
96-97	2.87489	1.0467	1.0105	=	3.04074
97-98	3.04074	1.0467	1.0107	=	3.21680
98-99	3.21680	1.0415	1.0169	=	3.40692
99-00	3.40692	1.0453	1.0177	=	3.62429
00-01	3.62429	1.0491	1.0156	=	3.86156
01-02	3.86156	1.0782	1.0202	=	4.24764
02-03	4.24764	0.9873	1.0206	=	4.28009
03-04	4.28009	1.0231	1.0165	=	4.45121
04-05	4.45121	1.0328	1.0142	=	4.66249
05-06	4.66249	1.0526	1.0113	=	4.96319
06-07	4.96319	1.0396	1.0083	=	5.20256
07-08	5.20256	1.0442	1.0084	=	5.47815
08-09	5.47815	1.0429	1.0102	=	5.77144
09-10	5.77144	1.0062	1.0102	=	5.86646
10-11	5.86646	0.9746	1.0101	=	5.77520
11-12	5.77520	1.0251	1.0070	=	5.96160
12-13	5.96160	1.0377	1.0089	=	6.24141

City of Garden Grove
Gann Limit (Budget)
FY 2015-2016

SUMMARY OF FY 2015-2016 APPROPRIATIONS LIMIT
AS PER ARTICLE XIII B
(000'0)

Calculation:

13-14	6.24141	1.0512	1.0078	= 6.61215
14-15	6.61215	0.9977	1.0093	= 6.65829
15-16	6.65829	1.0382	1.0108	= 6.98729

**City of Garden Grove
Gann Limit (Budget)
FY 2015-2016**

**SUMMARY OF FY 2015-2016 APPROPRIATIONS LIMIT
AS PER ARTICLE XIII B**

From State Department of Finance:

For 79-80 US CPI Change of 10.17% and City Population Growth of .75%
For 80-81 CA PCI Change of 12.11% and City Population Growth of 1.80%
For 81-82 CA PCI Change of 9.12% and City Population Growth of 2.51%
For 82-83 CA PCI Change of 6.79% and City Population Growth of .49%
For 83-84 CA PCI Change of 2.35% and City Population Growth of 1.18%
For 84-85 US CPI Change of 4.74% and City Population Growth of 1.02%
For 85-86 US CPI Change of 3.74% and City Population Growth of .62%
For 86-87 US CPI Change of 2.30% and City Population Growth of 1.50%
For 87-88 CA PCI Change of 3.47% and County Population Growth of 1.99%
For 88-89 CA PCI Change of 4.66% and County Population Growth of 1.98%
For 89-90 CA PCI Change of 5.19% and County Population Growth of 1.85%
For 90-91 CA PCI Change of 4.21% and County Population Growth of 2.01%
For 91-92 CA PCI Change of 4.14% and County Population Growth of 2.30%
For 92-93 CA PCI Change of (.64%) and County Population Growth of 2.47%
For 93-94 CA PCI Change of 2.72% and County Population Growth of 2.15%
For 94-95 CA PCI Change of .71% and County Population Growth of 1.64%
For 95-96 CA PCI Change of 4.72% and County Population Growth of 1.72%
For 96-97 CA PCI Change of 4.67% and County Population Growth of 1.05%
For 97-98 CA PCI Change of 4.67% and County Population Growth of 1.07%
For 98-99 CA PCI Change of 4.15% and County Population Growth of 1.69%
For 99-00 CA PCI Change of 4.53% and County Population Growth of 1.77%
For 00-01 CA PCI Change of 4.91% and County Population Growth of 1.56%
For 01-02 CA PCI Change of 7.82% and County Population Growth of 2.02%
For 02-03 CA PCI Change of (1.27%) and County Population Growth of 2.06%
For 03-04 CA PCI Change of 2.31% and County Population Growth of 1.65%
For 04-05 CA PCI Change of 3.28% and County Population Growth of 1.42%
For 05-06 CA PCI Change of 5.26% and County Population Growth of 1.13%
For 06-07 CA PCI Change of 3.96% and County Population Growth of 0.83%
For 07-08 CA PCI Change of 4.42% and County Population Growth of 0.84%
For 08-09 CA PCI Change of 4.29% and County Population Growth of 1.02%
For 09-10 CA PCI Change of .62% and County Population Growth of 1.02%
For 10-11 CA PCI Change of (2.54%) and County Population Growth of 1.01%
For 11-12 CA PCI Change of 2.51% and County Population Growth of 0.70%
For 12-13 CA PCI Change of 3.77% and County Population Growth of 0.89%
For 13-14 CA PCI Change of 5.12% and County Population Growth of 0.78%
For 14-15 CA PCI Change of (0.23%) and County Population Growth of 0.93%
For 15-16 CA PCI Change of 3.82% and County Population Growth of 1.08%

**City of Garden Grove
Gann Limit (Budget)
FY 2015-2016**

(000's)

ADJUSTMENTS TO REVENUES OR APPROPRIATIONS	BASE YEAR FY 78-79	YEAR THIRTY-SEVEN FY 15-16
Debt Appropriations		
Municipal Service Center	\$ 36.6	0
Retirement (unfunded liability)	<u>\$ 682.7</u>	<u>\$ 198,640.1</u>
Total Debt Appropriations	\$ 719.3	\$ 198,640.1
User Fees and Charges		
Self-Supporting Expenditures Meet or Exceed Revenues from User Fees and Charges		
LIMITATION CALCULATION	BASE YEAR FY 78-79	YEAR THIRTY-SEVEN FY 15-16
Net Appropriations	\$ 42,413.5	\$ 167,876.0
Less Approp. of Other Grant Fund Balances	0	(308.0)
Less Approp. of Water Fund Balances	0	(11,092.0)
Less Non-Proc. of Taxes Revenue	\$ (23,315.2)	(73,677.7)
Less Debt not Subject to Appropriations Limit (City's required and actual contribution to retirement)	<u>\$ (719.3)</u>	<u>(14,454.1)</u>
Appropriations Subject to Limit	\$ 18,379.0	\$ 68,344.2

City of Garden Grove
Gann Limit (Budget)
FY 2015-2016
ANALYSIS OF BUDGET REVENUES FOR GANN LIMIT

<u>Taxes</u>	<u>Budgeted Revenues</u>	<u>Non-Proceeds of Taxes</u>	<u>Proceeds of Taxes</u>
Property (Less Subventions)	12,652,000	0	12,652,000
Paramedic (Less Subventions)	9,581,000	9,581,000	0
Property Transfer	480,000	0	480,000
Transient Occupancy	19,000,000	0	19,000,000
Business Operations	2,400,000	0	2,400,000
Sales	20,500,000	0	20,500,000
Total Taxes	64,613,000	9,581,000	55,032,000
 <u>Licenses and Permits</u>			
Development Fees	2,200,000	2,200,000	0
Police Towing Fees	95,343	95,343	0
Business License Fees	268,573	268,573	0
Franchise Payments	2,400,000	2,400,000	0
Park Fees	200,000	200,000	0
Drainage Fees	75,000	75,000	0
Other Licenses and Permits	419	419	0
Hazardous Materials Fees	238,611	238,611	0
Art in Public Places	40,000	40,000	0
Alarm Fees	107,523	107,523	0
Fire Fees	150,090	150,090	0
City Guarantee Risk	0	0	0
Traffic Mitigation Fees	50,000	50,000	0
Development Impact Fees	200,000	200,000	0
Total Licenses and Permits	6,025,559	6,025,559	0
 <u>Fines, Forfeits, Penalties</u>			
Traffic Fines	1,700,000	1,700,000	0
City Court Fines	7,867	7,867	0
Traffic Offender/Impound	80,000	80,000	0
Parking Citations	1,010,000	1,010,000	0
Forfeits and Seizures	90,000	90,000	0
Other Fines and Penalties	0	0	0
Total Fines, Forfeits, Penalties	2,887,867	2,887,867	0
 <u>Uses of Property</u>			
Interest on Investment	202,000	103,444	98,556
Rentals	313,773	313,773	0
Other Uses of Property	83,871	83,871	0
Golf Course	450,000	450,000	0
Main Library	0	0	0
Total Uses of Property	1,049,644	951,088	98,556

City of Garden Grove
Gann Limit (Budget)
FY 2015-2016
ANALYSIS OF BUDGET REVENUES FOR GANN LIMIT

	<u>Budgeted Revenues</u>	<u>Non-Proceeds of Taxes</u>	<u>Proceeds of Taxes</u>
<u>Charges for Services:</u>			
Water Utility	31,848,000	31,848,000	0
Other Charges for Service	22,801	22,801	0
Deferred Municipal Support	3,427,558	3,427,558	0
Water Street Damages	2,050,000	2,050,000	0
Grant Overhead	39,449	39,449	0
Self-Supporting Rec. Fees	775,000	775,000	0
Public Safety Service Charges	188,998	188,998	0
MHP Fees	0	0	0
Total Charges for Services	38,351,806	38,351,806	0
<u>Subventions from Others:</u>			
Motor Vehicle in Lieu	15,000,000	0	15,000,000
H.O. Subvention	77,000	0	77,000
H.O. Subvention - Paramedic	88,000	88,000	0
Measure M	2,100,000	2,100,000	0
Gas Tax	2,700,000	2,700,000	0
Other State Subventions	800,000	800,000	0
Total Subventions From Others	20,765,000	5,688,000	15,077,000
<u>Grants From Others:</u>			
State Grants	2,845,645	2,845,645	0
Federal Grants	4,009,624	4,009,624	0
Total Grants From Others	6,855,269	6,855,269	0
<u>Other Revenue</u>			
Sale of Land, Material, Equipment	2,022,712	2,022,712	0
Other Revenue	242,083	242,083	0
Post Reimbursements	0	0	0
State Mandate Reimbursements	277,803	277,803	0
Agency Reimbursements	0	0	0
Abandoned Vehicles	0	0	0
General Reimbursements	794,533	794,533	0
Total Other Revenue	3,337,131	3,337,131	0

City of Garden Grove
Gann Limit (Budget)
FY 2015-2016
ANALYSIS OF BUDGET REVENUES FOR GANN LIMIT

	<u>Budgeted Revenues</u>	<u>Non-Proceeds of Taxes</u>	<u>Proceeds of Taxes</u>
<u>Excluded:</u>			
Cable	75,000		
Mobile Home Parks	0		
Special Assessments	4,981,215		
Agency for Community Development	18,178,730		
Housing	31,659,258		
Inter-Department--Worker's Compensation	4,366,776		
Inter-Department--Communications-Phone Reimb.	651,264		
Inter-Department--Insurance-Risk Mgmt.	1,656,699		
Inter-Department--Information Systems	2,217,290		
Inter-Department--Vehicle Fund	7,986,050		
Inter-Department--Warehouse	275,391		
Sewer	9,500,000		
Refuse	3,276,000		
Other Income (Loans)	0		
C.O.P. 2002	0		
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Total Exclusions	84,823,673		
<u>Allocation Base:</u>			
Taxes	64,613,000	9,581,000	55,032,000
Licenses and Permits	6,025,559	6,025,559	0
Fines, Forfeits & Penalties	2,887,867	2,887,867	0
Uses of Property (Less Interest)	847,644	847,644	0
Charges for Services	38,351,806	38,351,806	0
Subventions from Others	20,765,000	5,688,000	15,077,000
Grants from Others	6,855,269	6,855,269	0
Other Revenue	3,337,131	3,337,131	0
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Total Revenues	143,683,276	73,574,276	70,109,000
Percent to Total	100%	51.21%	48.79%
Interest Allocation	202,000	103,444	98,556
GRAND TOTAL	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	143,885,276	73,677,720	70,207,556