

**City of Garden Grove**

**INTER-DEPARTMENT MEMORANDUM**

To: Matthew Fertal From: Kingsley Okereke  
Dept: City Manager Dept: Finance  
Subject: ADOPTION OF FISCAL YEAR 2009-10 APPROPRIATIONS LIMIT Date: June 9, 2009

**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 2009-10.

**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 League of California Cities has developed guidelines from the legislation and Article XIII B for consistent statewide implementation. The City is utilizing these guidelines in the calculation process.

**DISCUSSION**

The Fiscal Year 2009-10 appropriations limit is \$107,820,400 and the recommended budget appropriations subject-to-limit is \$5,717,500. The difference of \$102,102,900 is the "gap" 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 a local government 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.

**COMMUNITY VISION IMPLEMENTATION**

Not applicable

Adoption of Fiscal Year 2009-10  
Appropriations Limit  
June 9, 2009  
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RECOMMENDATION

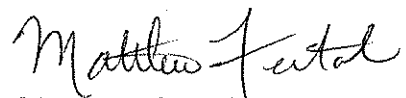
It is recommended that the City Council adopt the Appropriations Limit Resolution setting the appropriations limit for Fiscal Year 2009-10 at \$107,820,400.



KINGSLEY OKEREKE  
Finance Director

Attachments: Resolution  
EXHIBIT "A"

**Approved for Agenda Listing**



**Matthew Fertal**  
City Manager

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
ADOPTING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2009-10  
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; and

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

WHEREAS, Section 7902 of the Government Code provides the process which to calculate the appropriations limit for Fiscal Year 2009-10 and subsequent years pursuant to Article XIII B; and

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 2009-10 pursuant to Section 7902 of the Government Code shall be \$107,820,400.



City of Garden Grove  
Gann Limit (Budget)  
FY 2009-2010

**EXHIBIT "A"**  
**IMPLEMENTATION OF ARTICLE XIII B (GANN LIMITATION)**  
**DETERMINATION OF BASE YEAR (FY 78-79) AND THIRTY-FIRST**  
**YEAR (BUDGET FY 09-10) APPROPRIATIONS SUBJECT TO LIMIT**  
**(000's)**

REVENUES	BASE YEAR		YEAR THIRTY-ONE	
	FY 78-79 REVENUE	FY 78-79 CLASSIFIED AS NON-PROCEEDS OF TAXES	FY 09-10 REVENUE	FY 09-10 CLASSIFIED AS NON-PROCEEDS OF TAXES
Taxes	8,148.0	337.3	46,658.0	2,582.0
Licenses & Permits	1,160.2	1,160.2	4,774.1	4,774.1
Fines, Forfeits, Penalties	285.2	285.3	3,100.0	3,100.0
Use of Property	851.5	661.9	1,811.0	1,384.7
Charges for Services	5,074.0	5,074.0	38,216.9	38,216.9
Subvented from Others	4,572.2	1,284.3	19,143.6	7,790.6
Grants from Others	11,750.0	11,750.0	17,046.8	17,046.8
Other Revenue	120.8	113.1	1,714.0	1,714.0
<b>Total Revenues</b>	<b>31,961.9</b>	<b>20,666.1</b>	<b>132,464.4</b>	<b>76,609.1</b>
Unreserved Fund Balance	4,544.0	2,649.1	0	0
<b>Total Revenues</b> Under Article XIII B	<b>36,505.9</b>	<b>23,315.2</b>	<b>132,464.4</b>	<b>76,609.1</b>

APPROPRIATIONS	BASE YEAR FY 78-79	YEAR THIRTY-ONE FY 09-10
Fire Protection	3,565.9	19,226.8
Police Protection	5,819.7	43,005.6
Traffic Safety	1,678.3	2,850.5
Public Right-of-Way	4,081.8	27,896.8
Water Supply	3,931.2	30,195.4
Drainage	714.0	5,367.4
Community Buildings	803.2	6,502.2
Community Services	2,658.8	4,254.7
Parks & Greenbelts	1,014.6	1,317.7
Community Neigh. & Development	1,756.5	7,043.4
Municipal Support Services	6,017.0	6,945.9
Capital Project Reappropriation	8,426.4	Included
Added Appropriations During Year	1,946.1	in above
City Contributions to Agency and Cable, Grant in Sewer/Refuse	0	345.3
<b>Total Appropriations</b>	<b>42,413.5</b>	<b>154,951.7</b>
Less Funds from Reserves	0	0
<b>Net Appropriations</b>	<b>42,413.5</b>	<b>154,951.7</b>

**City of Garden Grove**  
**Gann Limit (Budget)**  
**FY 2009-2010**  
**SUMMARY OF FY 2009-2010 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	486.65%	<u>89,441.4</u>
FY 09-10 Appropriations Limit		\$107,820.4
FY 09-10 Appropriations Subject to Limit		<u>(5,717.5)</u>
<b>Appropriations (Over) or Under Limit</b>		<b><u>\$ 102,102.9</u></b>

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

**City of Garden Grove**  
**Gann Limit (Budget)**  
**FY 2009-2010**  
**SUMMARY OF FY 2009-2010 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%

City of Garden Grove  
Gann Limit (Budget)  
FY 2009-2010  
(000's)

ADJUSTMENTS TO REVENUES OR APPROPRIATIONS	BASE YEAR FY 78-79	YEAR THIRTY-ONE FY 09-10
<b>Debt Appropriations</b>		
Municipal Service Center	\$ 36.6	0
Retirement (unfunded liability)	<u>\$ 682.7</u>	<u>\$ 59,499.0</u>
<b>Total Debt Appropriations</b>	<b>\$ 719.3</b>	<b>\$ 59,499.0</b>

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-ONE FY 09-10
<b>Net Appropriations</b>	<b>\$ 42,413.5</b>	<b>\$ 154,951.7</b>
Less Approp. of Other Grant Fund Balances	0	(297.9)
Less Approp. of Water Fund Balances	0	(611.5)
Less Non-Proc. of Taxes Revenue	\$ (23,315.2)	(76,609.1)
Less City Infrastructure Depreciation (Not Funded)	0	(12,216.7)
Less Debt not Subject to Appropriation Limit	<u>\$ (719.3)</u>	<u>(59,499.0)</u>
<b>Appropriations Subject to Limit</b>	<b>\$ 18,379.0</b>	<b>\$ 5,717.5</b>



**City of Garden Grove**  
**Gann Limit (Budget)**  
**FY 2009-2010**  
**ANALYSIS OF BUDGET REVENUES FOR GANN LIMIT**

	<u>Budgeted Revenues</u>	<u>Non-Proceeds of Taxes</u>	<u>Proceeds of Taxes</u>
<b><u>Taxes</u></b>			
Property (Less Subventions)	12,426,000	0	12,426,000
Paramedic (Less Subventions)	2,582,000	2,582,000	0
Property Transfer	350,000	0	350,000
Transient Occupancy	12,700,000	0	12,700,000
Business Operations	2,100,000	0	2,100,000
Sales	16,500,000	0	16,500,000
<b>Total Taxes</b>	<b>46,658,000</b>	<b>2,582,000</b>	<b>44,076,000</b>
<b><u>Licenses and Permits</u></b>			
Development Fees	1,002,000	1,002,000	0
Police Towing Fees	87,100	87,100	0
Business License Fees	195,000	195,000	0
Franchise Payments	2,500,000	2,500,000	0
Park Fees	50,000	50,000	0
Drainage Fees	75,000	75,000	0
Other Licenses and Permits	0	0	0
Hazardous Materials Fees	144,000	144,000	0
Art in Public Places	50,000	50,000	0
Alarm Fees	70,000	70,000	0
Fire Fees	181,000	181,000	0
City Guarantee Risk	70,000	70,000	0
Traffic Mitigation Fees	250,000	250,000	0
Development Impact Fees	100,000	100,000	0
<b>Total Licenses and Permits</b>	<b>4,774,100</b>	<b>4,774,100</b>	<b>0</b>
<b><u>Fines, Forfeits, Penalties</u></b>			
Traffic Fines	2,000,000	2,000,000	0
City Court Fines	20,000	20,000	0
Traffic Offender/Impound	50,000	50,000	0
Parking Citations	1,010,000	1,010,000	0
Forfeits and Seizures	20,000	20,000	0
Other Fines and Penalties	0	0	0
<b>Total Fines, Forfeits, Penalties</b>	<b>3,100,000</b>	<b>3,100,000</b>	<b>0</b>
<b><u>Uses of Property</u></b>			
Interest on Investment	1,011,000	584,661	426,339
Rentals	200,000	200,000	0
Other Uses of Property	0	0	0
Golf Course	600,000	600,000	0
Main Library	0	0	0
<b>Total Uses of Property</b>	<b>1,811,000</b>	<b>1,384,661</b>	<b>426,339</b>

City of Garden Grove  
Gann Limit (Budget)  
FY 2009-2010  
ANALYSIS OF BUDGET REVENUES FOR GANN LIMIT

	<u>Budgeted Revenues</u>	<u>Non-Proceeds of Taxes</u>	<u>Proceeds of Taxes</u>
<b><u>Charges for Services:</u></b>			
Water Utility	29,402,100	29,402,100	0
Other Charges for Service	39,900	39,900	0
Deferred Municipal Support	5,005,000	5,005,000	0
Water Street Damages	2,700,000	2,700,000	0
Grant Overhead	67,938	67,938	0
Self-Supporting Rec. Fees	670,000	670,000	0
Public Safety Service Charges	332,000	332,000	0
MHP Fees	0	0	0
<b>Total Charges for Services</b>	38,216,938	38,216,938	0
<b><u>Subventions from Others:</u></b>			
Motor Vehicle in Lieu	11,300,000	0	11,300,000
H.O. Subvention	53,000	0	53,000
H.O. Subvention - Paramedic	18,000	18,000	0
Measure M	1,500,000	1,500,000	0
Gas Tax	3,000,000	3,000,000	0
Other State Subventions	3,272,549	3,272,549	0
<b>Total Subventions From Others</b>	19,143,549	7,790,549	11,353,000
<b><u>Grants From Others:</u></b>			
State Grants	5,290,451	5,290,451	0
Federal Grants	11,756,359	11,756,359	0
<b>Total Grants From Others</b>	17,046,810	17,046,810	0
<b><u>Other Revenue</u></b>			
Sale of Land, Material, Equipment	100,000	100,000	0
Other Revenue	168,000	168,000	0
Post Reimbursements	47,000	47,000	0
State Mandate Reimbursements	3,000	3,000	0
Agency Reimbursements	240,000	240,000	0
Abandoned Vehicles	100,000	100,000	0
General Reimbursements	1,056,000	1,056,000	0
<b>Total Other Revenue</b>	1,714,000	1,714,000	0

City of Garden Grove  
Gann Limit (Budget)  
FY 2009-2010  
ANALYSIS OF BUDGET REVENUES FOR GANN LIMIT

	<u>Budgeted Revenues</u>	<u>Non-Proceeds of Taxes</u>	<u>Proceeds of Taxes</u>
<b><u>Excluded:</u></b>			
Cable	115,302		
Mobile Home Parks	2,797,466		
Special Assessments	2,051,397		
Agency for Community Development	29,200,000		
Housing	25,910,144		
Inter-Department--Worker's Compensation	5,356,779		
Inter-Department--Communications-Phone Reim	595,326		
Inter-Department--Insurance-Risk Mgmt.	1,941,637		
Inter-Department--Information Systems	1,929,028		
Inter-Department--Vehicle Fund	6,292,240		
Inter-Department--Warehouse	244,500		
Sewer	28,003,000		
Refuse	8,302,000		
Other Income (Loans)	0		
C.O.P. 2002	0		
	<hr/>		
<b>Total Exclusions</b>	112,738,819		
 <b><u>Allocation Base:</u></b>			
Taxes	46,658,000	2,582,000	44,076,000
Licenses and Permits	4,774,100	4,774,100	0
Fines, Forfeits & Penalties	3,100,000	3,100,000	0
Uses of Property (Less Interest)	800,000	800,000	0
Charges for Services	38,216,938	38,216,938	0
Subventions from Others	19,143,549	7,790,549	11,353,000
Grants from Others	17,046,810	17,046,810	0
Other Revenue	1,714,000	1,714,000	0
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<b>Total Revenues</b>	131,453,397	76,024,397	55,429,000
 <b>Percent to Total</b>	 100%	 57.83%	 42.17%
 <b>Interest Allocation</b>	 1,011,000	 584,661	 426,339
 <b>GRAND TOTAL</b>	 <u>132,464,397</u>	 <u>76,609,058</u>	 <u>55,855,339</u>