

City of Garden Grove

**INTER-DEPARTMENT MEMORANDUM
GARDEN GROVE SANITARY DISTRICT**

To: Matthew Fertal
Dept: General Manager
Subject: ADOPTION OF FY 2010-11 GGSD
APPROPRIATIONS LIMIT

From: Kingsley Okereke
Dept: Finance
Date: June 22, 2010

OBJECTIVE

The purpose of this memorandum is for the District Board to review and adopt the attached Appropriations Limit Resolution for the Garden Grove Sanitary District setting the appropriations limit for Fiscal Year 2010-11.

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 District is utilizing these guidelines in the calculation process.

DISCUSSION

The Fiscal Year 2010-11 appropriations limit for the Garden Grove Sanitary District is \$9,659,283. The recommended budget appropriations subject-to-limit is \$2,260,692. The difference of \$7,398,591 is the "gap" from which additional appropriations can be made.

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

Approved for Agenda Listing

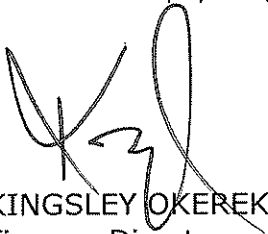


**Matthew Fertal
General Manager**

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RECOMMENDATION

It is recommended that the District Board adopt the Appropriations Limit Resolution for the Garden Grove Sanitary District setting the appropriations limit for Fiscal Year 2010-11 at \$9,659,283.

A handwritten signature in black ink, appearing to read 'Kingsley Okereke', written over a horizontal line.

KINGSLEY OKEREKE
Finance Director

Attachments: Resolution
EXHIBIT "A"

GARDEN GROVE SANITARY DISTRICT

RESOLUTION NO.

A RESOLUTION OF THE GARDEN GROVE SANITARY DISTRICT
ESTABLISHING THE AMOUNT OF INCREASE IN APPROPRIATIONS FOR FISCAL YEAR
2010-11 IN ACCORDANCE WITH ARTICLE XIII B OF THE CALIFORNIA
CONSTITUTION AS AMENDED BY PROPOSITION 111

WHEREAS, Chapter 1205 statutes of 1980 became effective January 1, 1981;

WHEREAS, Article XIII B of the California Constitution was amended by Proposition 111 to change the price and population factors that may be used by local jurisdictions in setting their appropriations limit;

WHEREAS, the amendments specify that the appropriations limit may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment roll due to local non-residential construction; and

NOW, THEREFORE, BE IT HEREBY RESOLVED that the appropriations limit for Fiscal Year 2010-11 in accordance with Exhibit "A" is \$9,659,283 excluding user fees.

EXHIBIT "A"

ARTICLE XIII-B CALCULATIONS

2010-11 BUDGET

Per Capita Change = -2.54% (Personal Income)
Population Change = 1.01%

Per Capita converted to a ratio: $\frac{-2.54 + 100}{100} = 0.9746$

Population converted to a ratio: $\frac{1.01 + 100}{100} = 1.0101$

Calculation of factor for FY 2010-11: $0.9746 \times 1.0101 = 0.98444$

Conversion of the factor to a ratio eliminates minus numbers.

0.98444 converted to a % = -1.556%

$\$9,811,957 \times -1.556\% = \$-152,674$

$\$-152,674 + \$9,811,957 = \$9,659,283$