

City of Garden Grove

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

To:	Matthew Fertal	From:	Kingsley Okereke
Dept:	General Manager	Dept:	Finance
Subject:	ADOPTION OF FY 2011-12 GGSD APPROPRIATIONS LIMIT	Date:	June 28, 2011

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 2011-12.

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 2011-12 appropriations limit for the Garden Grove Sanitary District is \$9,970,988. The recommended budget appropriations subject-to-limit is \$2,249,505. The difference of \$7,721,483 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.

FINANCIAL IMPACT

Not applicable

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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 2011-12 at \$9,970,988.



KINGSLEY OKEREKE
Finance Director

Attachments: Resolution
EXHIBIT "A"

Approved for Agenda Listing



Matthew Fertal
General Manager

GARDEN GROVE SANITARY DISTRICT

RESOLUTION NO.

A RESOLUTION OF THE GARDEN GROVE SANITARY DISTRICT BOARD
ESTABLISHING THE AMOUNT OF INCREASE IN APPROPRIATIONS 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; and

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.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Garden Grove Sanitary District Board that the appropriations limit for Fiscal Year 2011-12 in accordance with Exhibit "A" is \$9,970,988, excluding user fees.

EXHIBIT "A"

ARTICLE XIII-B CALCULATIONS

2011-12 BUDGET

Per Capita Change = 2.51% (Personal Income)

Population Change = 0.70%

Per Capita converted to a ratio: $\frac{2.51 + 100}{100} = 1.0251$

Population converted to a ratio: $\frac{0.70 + 100}{100} = 1.0070$

Calculation of factor for FY 2011-12: $1.0251 \times 1.0070 = 1.03227$

Conversion of the factor to a ratio eliminates minus numbers.

1.03227 converted to a % = 3.227%

$\$9,659,283 \times 3.227\% = \$311,705$

$\$311,705 + \$9,659,283 = \$9,970,988$