

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal

From: Kingsley Okereke

Dept: City Manager

Dept: Finance

Subject: ADOPTION OF FISCAL YEAR 2011-12 Date: June 28, 2011
APPROPRIATIONS LIMIT

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 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 City is utilizing these guidelines in the calculation process.

DISCUSSION

The Fiscal Year 2011-12 appropriations limit is \$109,568,200. The calculated and recommended budget appropriations subject to the Gann Limit is zero. The appropriations limit of \$109,568,200 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 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

Adoption of Fiscal Year 2011-12
Appropriations Limit
June 28, 2011
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RECOMMENDATION

It is recommended that the City Council adopt the Appropriations Limit Resolution setting the appropriations limit for Fiscal Year 2011-12 at \$109,568,200.



KINGSLEY OKEREKE
Finance Director

Attachments: Resolution
EXHIBIT "A"

Approved for Agenda Listing



Matthew Ferial
City Manager

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
ADOPTING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2011-12
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 2011-12 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 by the City Council for the City of Garden Grove that the appropriations limit for Fiscal Year 2011-12 pursuant to Section 7902 of the Government Code shall be \$109,568,200.

City of Garden Grove
Gann Limit (Budget)
FY 2011-2012

EXHIBIT "A"
IMPLEMENTATION OF ARTICLE XIII B (GANN LIMITATION)
DETERMINATION OF BASE YEAR (FY 78-79) AND THIRTY-THIRD
YEAR (BUDGET FY 11-12) APPROPRIATIONS SUBJECT TO LIMIT
(000's)

| REVENUES | BASE YEAR | | YEAR THIRTY-THREE | |
|--|---------------------|---|---------------------|---|
| | FY 78-79 REVENUE | FY 78-79 CLASSIFIED AS NON-PROCEEDS OF TAXES | FY 11-12 REVENUE | FY 11-12 CLASSIFIED AS NON-PROCEEDS OF TAXES |
| Taxes | 8,148.0 | 337.3 | 48,812.0 | 5,731.0 |
| Licenses & Permits | 1,160.2 | 1,160.2 | 4,927.0 | 4,927.0 |
| Fines, Forfeits, Penalties | 285.2 | 285.3 | 2,691.0 | 2,691.0 |
| Use of Property | 851.5 | 661.9 | 1,097.0 | 923.7 |
| Charges for Services | 5,074.0 | 5,074.0 | 38,135.7 | 38,135.7 |
| Subvented from Others | 4,572.2 | 1,284.3 | 20,174.0 | 7,097.0 |
| Grants from Others | 11,750.0 | 11,750.0 | 11,038.5 | 11,038.5 |
| Other Revenue | 120.8 | 113.1 | 3,836.7 | 3,836.7 |
| Total Revenues | 31,961.9 | 20,666.1 | 130,711.9 | 74,380.6 |
| 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>130,711.9</u> | <u>74,380.6</u> |

| APPROPRIATIONS | BASE YEAR | YEAR THIRTY-THREE |
|--|-----------------|-------------------|
| | FY 78-79 | FY 11-12 |
| Fire Protection | 3,565.9 | 19,937.0 |
| Police Protection | 5,819.7 | 44,858.8 |
| Traffic Safety | 1,678.3 | 2,411.7 |
| Public Right-of-Way | 4,081.8 | 21,008.1 |
| Water Supply | 3,931.2 | 30,748.4 |
| Drainage | 714.0 | 5,265.2 |
| Community Buildings | 803.2 | 5,229.8 |
| Community Services | 2,658.8 | 3,980.1 |
| Parks & Greenbelts | 1,014.6 | 2,420.3 |
| Community Neigh. & Development | 1,756.5 | 8,012.3 |
| Municipal Support Services | 6,017.0 | 6,885.9 |
| Capital Project Reappropriation | 8,426.4 | Included |
| Added Appropriations During Year | 1,946.1 | in above |
| City Contributions to Agency and Cable | 0 | 439.1 |
| Water in Other City Activities | 0 | 6.2 |
| Total Appropriations | <u>42,413.5</u> | <u>151,202.9</u> |
| Less Funds from Reserves | <u>0</u> | <u>0</u> |
| Net Appropriations | <u>42,413.5</u> | <u>151,202.9</u> |

City of Garden Grove
Gann Limit (Budget)
FY 2011-2012
SUMMARY OF FY 2011-2012 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 | 496.16% | <u>91,189.2</u> |
| FY 11-12 Appropriations Limit | | \$109,568.2 |
| FY 11-12 Appropriations Subject to Limit | | <u>0.0</u> |
| Appropriations (Over) or Under Limit | | <u>\$ 109,568.2</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 |

City of Garden Grove
Gann Limit (Budget)
FY 2011-2012
SUMMARY OF FY 2011-2012 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%

City of Garden Grove
Gann Limit (Budget)
FY 2011-2012
(000's)

| ADJUSTMENTS TO REVENUES OR APPROPRIATIONS | BASE YEAR FY 78-79 | YEAR THIRTY-THREE FY 11-12 |
|--|-----------------------|-------------------------------|
|--|-----------------------|-------------------------------|

Debt Appropriations

| | | |
|----------------------------------|-----------------|--------------------|
| Municipal Service Center | \$ 36.6 | 0 |
| Retirement (unfunded liability) | <u>\$ 682.7</u> | <u>\$ 71,639.9</u> |
| Total Debt Appropriations | \$ 719.3 | \$ 71,639.9 |

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-THREE FY 11-12 |
|------------------------|-----------------------|-------------------------------|
|------------------------|-----------------------|-------------------------------|

| | | |
|---|--------------------|---------------------|
| Net Appropriations | \$ 42,413.5 | \$ 151,202.9 |
| Less Approp. of Other Grant Fund Balances | 0 | (702.7) |
| Less Approp. of Water Fund Balances | 0 | (2,330.9) |
| Less Non-Proc. of Taxes Revenue | \$ (23,315.2) | (74,380.6) |
| Less City Infrastructure Depreciation (Not Funded) | 0 | (10,439.5) |
| Less Debt not Subject to Appropriation Limit | <u>\$ (719.3)</u> | <u>(71,639.9)</u> |
| Appropriations Subject to Limit | \$ 18,379.0 | \$ (8,290.7) |

City of Garden Grove
Gann Limit (Budget)
FY 2011-2012
ANALYSIS OF BUDGET REVENUES FOR GANN LIMIT

| | <u>Budgeted Revenues</u> | <u>Non-Proceeds of Taxes</u> | <u>Proceeds of Taxes</u> |
|--|------------------------------|----------------------------------|------------------------------|
| <u>Taxes</u> | | | |
| Property (Less Subventions) | 11,421,000 | 0 | 11,421,000 |
| Paramedic (Less Subventions) | 5,731,000 | 5,731,000 | 0 |
| Property Transfer | 360,000 | 0 | 360,000 |
| Transient Occupancy | 12,200,000 | 0 | 12,200,000 |
| Business Operations | 2,100,000 | 0 | 2,100,000 |
| Sales | 17,000,000 | 0 | 17,000,000 |
| Total Taxes | 48,812,000 | 5,731,000 | 43,081,000 |
| <u>Licenses and Permits</u> | | | |
| Development Fees | 1,450,000 | 1,450,000 | 0 |
| Police Towing Fees | 90,000 | 90,000 | 0 |
| Business License Fees | 175,000 | 175,000 | 0 |
| Franchise Payments | 2,200,000 | 2,200,000 | 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 | 171,000 | 171,000 | 0 |
| Art in Public Places | 50,000 | 50,000 | 0 |
| Alarm Fees | 55,000 | 55,000 | 0 |
| Fire Fees | 161,000 | 161,000 | 0 |
| City Guarantee Risk | 0 | 0 | 0 |
| Traffic Mitigation Fees | 250,000 | 250,000 | 0 |
| Development Impact Fees | 200,000 | 200,000 | 0 |
| Total Licenses and Permits | 4,927,000 | 4,927,000 | 0 |
| <u>Fines, Forfeits, Penalties</u> | | | |
| Traffic Fines | 1,600,000 | 1,600,000 | 0 |
| City Court Fines | 11,000 | 11,000 | 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 |
| Total Fines, Forfeits, Penalties | 2,691,000 | 2,691,000 | 0 |
| <u>Uses of Property</u> | | | |
| Interest on Investment | 402,000 | 228,738 | 173,262 |
| Rentals | 145,000 | 145,000 | 0 |
| Other Uses of Property | 0 | 0 | 0 |
| Golf Course | 550,000 | 550,000 | 0 |
| Main Library | 0 | 0 | 0 |
| Total Uses of Property | 1,097,000 | 923,738 | 173,262 |

City of Garden Grove
Gann Limit (Budget)
FY 2011-2012
ANALYSIS OF BUDGET REVENUES FOR GANN LIMIT

| | Budgeted Revenues | Non-Proceeds of Taxes | Proceeds of Taxes |
|--|----------------------|--------------------------|----------------------|
| <u>Charges for Services:</u> | | | |
| Water Utility | 30,823,500 | 30,823,500 | 0 |
| Other Charges for Service | 28,000 | 28,000 | 0 |
| Deferred Municipal Support | 4,553,500 | 4,553,500 | 0 |
| Water Street Damages | 1,850,000 | 1,850,000 | 0 |
| Grant Overhead | 53,675 | 53,675 | 0 |
| Self-Supporting Rec. Fees | 700,000 | 700,000 | 0 |
| Public Safety Service Charges | 127,000 | 127,000 | 0 |
| MHP Fees | 0 | 0 | 0 |
| Total Charges for Services | 38,135,675 | 38,135,675 | 0 |
| <u>Subventions from Others:</u> | | | |
| Motor Vehicle in Lieu | 13,000,000 | 0 | 13,000,000 |
| H.O. Subvention | 77,000 | 0 | 77,000 |
| H.O. Subvention - Paramedic | 69,000 | 69,000 | 0 |
| Measure M | 2,228,000 | 2,228,000 | 0 |
| Gas Tax | 3,100,000 | 3,100,000 | 0 |
| Other State Subventions | 1,700,000 | 1,700,000 | 0 |
| Total Subventions From Others | 20,174,000 | 7,097,000 | 13,077,000 |
| <u>Grants From Others:</u> | | | |
| State Grants | 1,629,269 | 1,629,269 | 0 |
| Federal Grants | 9,409,275 | 9,409,275 | 0 |
| Total Grants From Others | 11,038,544 | 11,038,544 | 0 |
| <u>Other Revenue</u> | | | |
| Sale of Land, Material, Equipment | 28,000 | 28,000 | 0 |
| Other Revenue | 414,000 | 414,000 | 0 |
| Post Reimbursements | 80,000 | 80,000 | 0 |
| State Mandate Reimbursements | 85,000 | 85,000 | 0 |
| Agency Reimbursements | 1,944,697 | 1,944,697 | 0 |
| Abandoned Vehicles | 60,000 | 60,000 | 0 |
| General Reimbursements | 1,225,000 | 1,225,000 | 0 |
| Total Other Revenue | 3,836,697 | 3,836,697 | 0 |

City of Garden Grove
Gann Limit (Budget)
FY 2011-2012
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 | 105,000 | | |
| Mobile Home Parks | 341,905 | | |
| Special Assessments | 3,726,841 | | |
| Agency for Community Development | 31,759,908 | | |
| Housing | 31,346,191 | | |
| Inter-Department--Worker's Compensation | 4,299,880 | | |
| Inter-Department--Communications-Phone Reimb. | 608,173 | | |
| Inter-Department--Insurance-Risk Mgmt. | 1,914,626 | | |
| Inter-Department--Information Systems | 2,099,751 | | |
| Inter-Department--Vehicle Fund | 6,981,564 | | |
| Inter-Department--Warehouse | 264,017 | | |
| Sewer | 10,242,300 | | |
| Refuse | 3,129,500 | | |
| Other Income (Loans) | 0 | | |
| C.O.P. 2002 | 0 | | |
| | <hr/> | | |
| Total Exclusions | 96,819,656 | | |
| <u>Allocation Base:</u> | | | |
| Taxes | 48,812,000 | 5,731,000 | 43,081,000 |
| Licenses and Permits | 4,927,000 | 4,927,000 | 0 |
| Fines, Forfeits & Penalties | 2,691,000 | 2,691,000 | 0 |
| Uses of Property (Less Interest) | 695,000 | 695,000 | 0 |
| Charges for Services | 38,135,675 | 38,135,675 | 0 |
| Subventions from Others | 20,174,000 | 7,097,000 | 13,077,000 |
| Grants from Others | 11,038,544 | 11,038,544 | 0 |
| Other Revenue | 3,836,697 | 3,836,697 | 0 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 130,309,916 | 74,151,916 | 56,158,000 |
| Percent to Total | 100% | 56.90% | 43.10% |
| Interest Allocation | 402,000 | 228,738 | 173,262 |
| GRAND TOTAL | <u>130,711,916</u> | <u>74,380,654</u> | <u>56,331,262</u> |