

**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 2012-13 GGSD APPROPRIATIONS LIMIT	Date:	June 26, 2012

**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 2012-13.

**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 2012-13 appropriations limit for the Garden Grove Sanitary District is \$10,438,926. The recommended budget appropriations subject-to-limit is \$2,329,087. The difference of \$8,109,839 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.

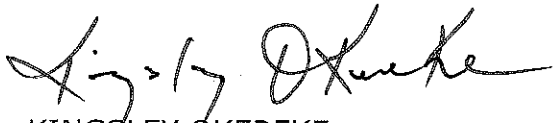
**FINANCIAL IMPACT**

Not applicable

Adoption of FY 2012-13  
GGSD Appropriations Limit  
June 26, 2012  
Page 2

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 2012-13 at \$10,438,926.



KINGSLEY OKEREKE  
Finance Director

Attachments: Resolution  
EXHIBIT "A"

Approved for Agenda Listing



Matthew Ferial  
General Manager

GARDEN GROVE SANITARY DISTRICT

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GARDEN  
GROVE SANITARY DISTRICT 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 that the appropriations limit for Fiscal Year 2012-13 in accordance with Exhibit "A" is \$10,438,926 excluding user fees.

## EXHIBIT "A"

### ARTICLE XIII-B CALCULATIONS

#### 2012-13 BUDGET

Per Capita Change = 3.77% (Personal Income)  
Population Change = 0.89%

$$\text{Per Capita converted to a ratio:} \quad \frac{3.77 + 100}{100} = 1.0377$$

$$\text{Population converted to a ratio:} \quad \frac{0.89 + 100}{100} = 1.0089$$

$$\text{Calculation of factor for FY 2012-13:} \quad 1.0377 \times 1.0089 = 1.04693$$

Conversion of the factor to a ratio eliminates minus numbers.

$$1.04693 \text{ converted to a \%} = 4.693\%$$

$$\$9,970,988 \times 4.693\% = \$467,938$$

$$\$467,938 + \$9,970,988 = \$10,438,926$$