

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal From: Kingsley Okereke
Dept: City Manager Dept: Finance
Subject: ADOPTION OF A RESOLUTION Date: June 24, 2014
SETTING THE FISCAL YEAR 2014-15
APPROPRIATIONS LIMIT
(PUBLIC HEARING)

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 2014-15.

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 2014-15 appropriations limit is \$122,372,896. The calculated and recommended budget appropriations subject to the Gann Limit is zero. The appropriations limit of \$122,372,896 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 local governments 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 A RESOLUTION
SETTING THE FISCAL YEAR 2014-15
APPROPRIATIONS LIMIT

June 24, 2014

Page 2

RECOMMENDATION

It is recommended that the City Council:

- Adopt the Appropriations Limit Resolution setting the appropriations limit for Fiscal Year 2014-15 at \$122,372,896.



KINGSLEY OKEREKE
Finance Director

Attachments: Resolution
EXHIBIT "A"

Recommended for Approval



Matthew Fertal
City Manager

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
ADOPTING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2014-15
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 2014-15 and subsequent years pursuant to Article XIII B;

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 2014-15 pursuant to Section 7902 of the Government Code shall be \$122,372,896.

**City of Garden Grove
Gann Limit (Budget)
FY 2014-2015**

**EXHIBIT "A"
IMPLEMENTATION OF ARTICLE XIII B (GANN LIMITATION)
DETERMINATION OF BASE YEAR (FY 78-79) AND THIRTY-SIXTH
YEAR (BUDGET FY 14-15) APPROPRIATIONS SUBJECT TO LIMIT
(000's)**

REVENUES	BASE YEAR		YEAR THIRTY-SIX	
	FY 78-79 REVENUE	FY 78-79 CLASSIFIED AS NON-PROCEEDS OF TAXES	FY 14-15 REVENUE	FY 14-15 CLASSIFIED AS NON-PROCEEDS OF TAXES
Taxes	8,148.0	337.3	61,401.0	9,236.0
Licenses & Permits	1,160.2	1,160.2	6,435.0	6,435.0
Fines, Forfeits, Penalties	285.2	285.3	2,866.0	2,866.0
Use of Property	851.5	661.9	1,024.0	930.3
Charges for Services	5,074.0	5,074.0	40,674.8	40,674.8
Subvented from Others	4,572.2	1,284.3	21,248.0	6,875.0
Grants from Others	11,750.0	11,750.0	7,732.6	7,732.6
Other Revenue	120.8	113.1	1,473.0	1,473.0
Total Revenues	31,961.9	20,666.1	142,854.4	76,222.7
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>142,854.4</u>	<u>76,222.7</u>

APPROPRIATIONS	BASE YEAR		YEAR THIRTY-SIX	
	FY 78-79		FY 14-15	
Fire Protection	3,565.9		21,117.6	
Police Protection	5,819.7		49,519.3	
Traffic Safety	1,678.3		2,430.8	
Public Right-of-Way	4,081.8		22,552.7	
Water Supply	3,931.2		33,119.3	
Drainage	714.0		3,495.0	
Community Buildings	803.2		5,152.0	
Community Services	2,658.8		4,395.7	
Economic Development	N/A		214.0	
Parks & Greenbelts	1,014.6		4,632.1	
Community Neigh. & Development	1,756.5		7,916.5	
Municipal Support Services	6,017.0		8,746.8	
Capital Project Reappropriation	8,426.4		Included	
Added Appropriations During Year	1,946.1		in above	
City Contributions to Successor Agency and Cable	0		2,118.4	
Grant Contributions to Sewer/Refuse	0		49.3	
Total Appropriations	42,413.5		165,459.5	
Less Funds from Reserves	0		0	
Net Appropriations	<u>42,413.5</u>		<u>165,459.5</u>	

**City of Garden Grove
Gann Limit (Budget)
FY 2014-2015**

**SUMMARY OF FY 2014-2015 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	565.83%	<u>103,993.9</u>
FY 14-15 Appropriations Limit		\$122,372.9
FY 14-15 Appropriations Subject to Limit		<u>0.0</u>
Appropriations (Over) or Under Limit		<u><u>\$ 122,372.9</u></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
12-13	5.96160	1.0377	1.0089	= 6.24141

**City of Garden Grove
Gann Limit (Budget)
FY 2014-2015**

**SUMMARY OF FY 2014-2015 APPROPRIATIONS LIMIT
AS PER ARTICLE XIII B
(000'0)**

Calculation:

13-14	6.24141	1.0512	1.0078	= 6.61215
14-15	6.61215	0.9977	1.0093	= 6.65829

**City of Garden Grove
Gann Limit (Budget)
FY 2014-2015**

**SUMMARY OF FY 2014-2015 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%
For 12-13 CA PCI Change of 3.77% and County Population Growth of 0.89%
For 13-14 CA PCI Change of 5.12% and County Population Growth of 0.78%
For 14-15 CA PCI Change of (0.23%) and County Population Growth of 0.93%

**City of Garden Grove
Gann Limit (Budget)
FY 2014-2015**

(000's)

ADJUSTMENTS TO REVENUES OR APPROPRIATIONS	BASE YEAR FY 78-79	YEAR THIRTY-SIX FY 14-15
Debt Appropriations		
Municipal Service Center	\$ 36.6	0
Retirement (unfunded liability)	<u>\$ 682.7</u>	<u>\$ 130,556.8</u>
Total Debt Appropriations	\$ 719.3	\$ 130,556.8

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-SIX FY 14-15
Net Appropriations	\$ 42,413.5	\$ 165,459.5
Less Approp. of Other Grant Fund Balances	0	(295.7)
Less Approp. of Water Fund Balances	0	(4,362.5)
Less Non-Proc. of Taxes Revenue	\$ (23,315.2)	(76,222.7)
Less City Infrastructure Depreciation (Not Funded)	0	(12,870.0)
Less Debt not Subject to Appropriation Limit	<u>\$ (719.3)</u>	<u>(130,556.8)</u>
Appropriations Subject to Limit	\$ 18,379.0	\$ (58,848.2)

City of Garden Grove
Gann Limit (Budget)
FY 2014-2015
ANALYSIS OF BUDGET REVENUES FOR GANN LIMIT

	Budgeted Revenues	Non-Proceeds of Taxes	Proceeds of Taxes
<u>Taxes</u>			
Property (Less Subventions)	12,415,000	0	12,415,000
Paramedic (Less Subventions)	9,236,000	9,236,000	0
Property Transfer	400,000	0	400,000
Transient Occupancy	16,500,000	0	16,500,000
Business Operations	2,300,000	0	2,300,000
Sales	20,550,000	0	20,550,000
Total Taxes	61,401,000	9,236,000	52,165,000
<u>Licenses and Permits</u>			
Development Fees	1,650,000	1,650,000	0
Police Towing Fees	94,000	94,000	0
Business License Fees	218,000	218,000	0
Franchise Payments	2,400,000	2,400,000	0
Park Fees	1,200,000	1,200,000	0
Drainage Fees	75,000	75,000	0
Other Licenses and Permits	0	0	0
Hazardous Materials Fees	218,000	218,000	0
Art in Public Places	40,000	40,000	0
Alarm Fees	80,000	80,000	0
Fire Fees	160,000	160,000	0
City Guarantee Risk	0	0	0
Traffic Mitigation Fees	100,000	100,000	0
Development Impact Fees	200,000	200,000	0
Total Licenses and Permits	6,435,000	6,435,000	0
<u>Fines, Forfeits, Penalties</u>			
Traffic Fines	1,750,000	1,750,000	0
City Court Fines	15,000	15,000	0
Traffic Offender/Impound	80,000	80,000	0
Parking Citations	850,000	850,000	0
Forfeits and Seizures	90,000	90,000	0
Other Fines and Penalties	81,000	81,000	0
Total Fines, Forfeits, Penalties	2,866,000	2,866,000	0
<u>Uses of Property</u>			
Interest on Investment	201,000	107,254	93,746
Rentals	298,000	298,000	0
Other Uses of Property	0	0	0
Golf Course	525,000	525,000	0
Main Library	0	0	0
Total Uses of Property	1,024,000	930,254	93,746

City of Garden Grove
Gann Limit (Budget)
FY 2014-2015
ANALYSIS OF BUDGET REVENUES FOR GANN LIMIT

	<u>Budgeted Revenues</u>	<u>Non-Proceeds of Taxes</u>	<u>Proceeds of Taxes</u>
<u>Charges for Services:</u>			
Water Utility	34,831,900	34,831,900	0
Other Charges for Service	18,000	18,000	0
Deferred Municipal Support	2,787,700	2,787,700	0
Water Street Damages	2,050,000	2,050,000	0
Grant Overhead	52,242	52,242	0
Self-Supporting Rec. Fees	775,000	775,000	0
Public Safety Service Charges	160,000	160,000	0
MHP Fees	0	0	0
Total Charges for Services	<u>40,674,842</u>	<u>40,674,842</u>	<u>0</u>
<u>Subventions from Others:</u>			
Motor Vehicle in Lieu	14,300,000	0	14,300,000
H.O. Subvention	73,000	0	73,000
H.O. Subvention - Paramedic	75,000	75,000	0
Measure M	2,400,000	2,400,000	0
Gas Tax	2,600,000	2,600,000	0
Other State Subventions	1,800,000	1,800,000	0
Total Subventions From Others	<u>21,248,000</u>	<u>6,875,000</u>	<u>14,373,000</u>
<u>Grants From Others:</u>			
State Grants	2,895,062	2,895,062	0
Federal Grants	4,837,512	4,837,512	0
Total Grants From Others	<u>7,732,574</u>	<u>7,732,574</u>	<u>0</u>
<u>Other Revenue</u>			
Sale of Land, Material, Equipment	18,000	18,000	0
Other Revenue	403,000	403,000	0
Post Reimbursements	0	0	0
State Mandate Reimbursements	1,000	1,000	0
Agency Reimbursements	0	0	0
Abandoned Vehicles	0	0	0
General Reimbursements	1,051,000	1,051,000	0
Total Other Revenue	<u>1,473,000</u>	<u>1,473,000</u>	<u>0</u>

City of Garden Grove
Gann Limit (Budget)
FY 2014-2015
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	98,000		
Mobile Home Parks	0		
Special Assessments	4,969,957		
Agency for Community Development	27,105,043		
Housing	31,985,885		
Inter-Department--Worker's Compensation	4,187,174		
Inter-Department--Communications-Phone Reimb.	640,413		
Inter-Department--Insurance-Risk Mgmt.	1,656,699		
Inter-Department--Information Systems	2,132,326		
Inter-Department--Vehicle Fund	7,814,042		
Inter-Department--Warehouse	263,561		
Sewer	11,152,000		
Refuse	3,276,000		
Other Income (Loans)	0		
C.O.P. 2002	0		
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Total Exclusions	95,281,100		
<u>Allocation Base:</u>			
Taxes	61,401,000	9,236,000	52,165,000
Licenses and Permits	6,435,000	6,435,000	0
Fines, Forfeits & Penalties	2,866,000	2,866,000	0
Uses of Property (Less Interest)	823,000	823,000	0
Charges for Services	40,674,842	40,674,842	0
Subventions from Others	21,248,000	6,875,000	14,373,000
Grants from Others	7,732,574	7,732,574	0
Other Revenue	1,473,000	1,473,000	0
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Total Revenues	142,653,416	76,115,416	66,538,000
 Percent to Total	 100%	 53.36%	 46.64%
 Interest Allocation	 201,000	 107,254	 93,746
 GRAND TOTAL	 <u>142,854,416</u>	 <u>76,222,670</u>	 <u>66,631,746</u>