

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM GARDEN GROVE SANITARY DISTRICT

To: Scott C. Stiles
Dept: General Manager
Subject: ADOPTION OF A RESOLUTION
SETTING THE FISCAL YEAR 2017-18
GARDEN GROVE SANITARY DISTRICT
APPROPRIATIONS LIMIT

From: Kingsley Okereke
Dept: Finance
Date: June 27, 2017

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 2017-18.

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 State Department of Finance provides guidelines from the legislation and Article XIII B for consistent statewide implementation (See Exhibit A). The District is utilizing these guidelines in the calculation process.

DISCUSSION

The Fiscal Year 2017-18 appropriations limit for the Garden Grove Sanitary District is \$12,983,581. The recommended budget appropriations subject-to-limit is \$2,538,400. The difference of \$10,445,181 is the "gap" from which additional appropriations can be made.

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

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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 2017-18 at \$12,983,581.



KINGSLEY OKEREKE
Assistant City Manager/Finance Director

Attachments: Resolution
EXHIBIT "A"

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 2017-18 in accordance with Exhibit "A" is \$12,983,581 excluding user fees.

EXHIBIT "A"

ARTICLE XIII-B CALCULATIONS

2017-18 BUDGET

Per Capita Change = 3.69% (Personal Income)
Population Change = .69%

Per Capita converted to a ratio: $\frac{3.69 + 100}{100} = 1.0369$

Population converted to a ratio: $\frac{.69 + 100}{100} = 1.0069$

Calculation of factor for FY 2017-18: $1.0369 \times 1.0069 = 1.044054$

Conversion of the factor to a ratio eliminates minus numbers.

1.044054 converted to a % = 4.4054%

$\$12,435,737 \times 4.4054\% = \$547,844$

$\$547,844 + \$12,435,737 = \$12,983,581$