

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles
Dept: City Manager
Subject: ADOPTION OF A RESOLUTION
SETTING THE FISCAL YEAR 2017-18
APPROPRIATIONS LIMIT

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

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 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 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 2017-18 appropriations limit is \$142,674,339. The calculated and recommended budget appropriations subject to the Gann Limit is \$84,541,124. The appropriations under the limit of \$58,133,215 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 2017-18
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RECOMMENDATION

It is recommended that the City Council:

- Adopt the Appropriations Limit Resolution setting the appropriations limit for Fiscal Year 2017-18 at \$142,674,339.

KINGSLEY OKEREKE
Assistant City Manager/Finance Director

Attachments: Resolution
EXHIBIT "A"

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 2017-18
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 2017-18 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 2017-18 pursuant to Section 7902 of the Government Code shall be \$142,674,339.

**City of Garden Grove
Gann Limit (Budget)
FY 2017-2018
EXHIBIT "A"**

**IMPLEMENTATION OF ARTICLE XIII B (GANN LIMITATION)
DETERMINATION OF BASE YEAR (FY 78-79) AND THIRTY-NINTH
YEAR (BUDGET FY 17-18) APPROPRIATIONS SUBJECT TO LIMIT
(000's)**

REVENUES	BASE YEAR		YEAR THIRTY-NINE	
	FY 78-79 REVENUE	FY 78-79 CLASSIFIED AS NON-PROCEEDS OF TAXES	FY 17-18 REVENUE	FY 17-18 CLASSIFIED AS NON-PROCEEDS OF TAXES
Taxes	8,148.0	337.3	74,092.0	9,898.0
Licenses & Permits	1,160.2	1,160.2	6,796.8	6,796.8
Fines, Forfeits, Penalties	285.2	285.3	2,608.1	2,608.1
Use of Property	851.5	661.9	858.1	699.7
Charges for Services	5,074.0	5,074.0	37,892.5	37,892.5
Subvented from Others	4,572.2	1,284.3	24,255.3	7,610.3
Grants from Others	11,750.0	11,750.0	6,119.2	6,119.2
Other Revenue	120.8	113.1	2,382.0	2,382.0
Total Revenues	31,961.9	20,666.1	155,004.0	74,006.6
Unreserved Fund Bal.	4,544.0	2,649.1	0	0
Total Revenues Under Article XIII B	36,505.9	23,315.2	155,004.0	74,006.6

APPROPRIATIONS	BASE YEAR FY 78-79	YEAR THIRTY-NINE FY 17-18
Fire Protection	3,565.9	24,060.1
Police Protection	5,819.7	55,832.6
Traffic Safety	1,678.3	3,284.5
Public Right-of-Way	4,081.8	28,102.7
Water Supply	3,931.2	36,939.7
Drainage	714.0	1,462.6
Community Buildings	803.2	5,841.7
Community Services	2,658.8	4,526.2
Economic Development	N/A	1,188.6
Parks & Greenbelts	1,014.6	2,290.2
Community Neigh. & Development	1,756.5	7,968.1
Municipal Support Services	6,017.0	10,981.5
Capital Project Reappropriation	8,426.4	Included
Added Appropriations During Year	1,946.1	in above
City Contributions to Succ. Agency	0	1,513.5
Grant Contributions to Sewer/Refuse & Oth. City Act.	0	.0
Water Contributions to Oth. City Act.	0	.0
Total Appropriations	42,413.5	183,992.0
Less Funds from Reserves	0	0
Net Appropriations	42,413.5	183,992.0

City of Garden Grove
Gann Limit (Budget)
FY 2017-2018
SUMMARY OF FY 2017-2018 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 676.29%	<u>124,295.3</u>
FY 17-18 Appropriations Limit	\$142,674.3
FY 17-18 Appropriations Subject to Limit	<u>84,541.1</u>
Appropriations (Over) or Under Limit	<u>\$ 58,133.2</u>

Calculation:

Year	Begin Factor	PCI	Pop.Chng	=	End Factor
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 2017-2018
SUMMARY OF FY 2017-2018 APPROPRIATIONS LIMIT
AS PER ARTICLE XIII B
(000's)

Calculation:

Year	Begin Factor	PCI	Pop.Chng		End Factor
13-14	6.24141	1.0512	1.0078	=	6.61215
14-15	6.61215	0.9977	1.0093	=	6.65829
15-16	6.65829	1.0382	1.0108	=	6.98729
16-17	6.98729	1.0537	1.0099	=	7.43540
17-18	7.43540	1.0369	1.0069	=	7.76296

**City of Garden Grove
Gann Limit (Budget)
FY 2017-2018**

**SUMMARY OF FY 2017-2018 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%
For 15-16 CA PCI Change of 3.82% and County Population Growth of 1.08%
For 16-17 CA PCI Change of 5.37% and County Population Growth of 0.99%
For 17-18 CA PCI Change of 3.69% and County Population Growth of 0.69%

**City of Garden Grove
Gann Limit (Budget)
FY 2017-2018**

(000's)

ADJUSTMENTS TO REVENUES OR APPROPRIATIONS	BASE YEAR FY 78-79	YEAR THIRTY-NINE FY 17-18
Debt Appropriations		
Municipal Service Center	\$ 36.6	0
Retirement (unfunded liability)	<u>\$ 682.7</u>	<u>\$ 209,442.9</u>
Total Debt Appropriations	\$ 719.3	\$ 209,442.9

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-NINE FY 17-18
Net Appropriations	\$ 42,413.5	\$ 183,992.0
Less Approp. of Other Grant Fund Balances	0	(633.1)
Less Approp. of Water Fund Balances	0	(8,707.1)
Less Non-Proceed of Taxes Revenue	\$ (23,315.2)	(74,006.6)
Less Debt not Subject to Appropriations Limit (City's required and actual contribution to retirement)	<u>\$ (719.3)</u>	<u>(16,104.1)</u>
Appropriations Subject to Limit	\$ 18,379.0	\$ 84,541.1

**City of Garden Grove
Gann Limit (Budget)
FY 2017-2018**

ANALYSIS OF BUDGET REVENUES FOR GANN LIMIT

<u>Taxes</u>	<u>Budgeted Revenues</u>	<u>Non-Proceeds of Taxes</u>	<u>Proceeds of Taxes</u>
Property (Less Subventions)	14,283,000	0	14,283,000
Paramedic (Less Subventions)	9,898,000	9,898,000	0
Property Transfer	480,000	0	480,000
Transient Occupancy	24,960,000	0	24,960,000
Business Operations	2,500,000	0	2,500,000
Sales	21,971,000	0	21,971,000
Total Taxes	74,092,000	9,898,000	64,194,000
 <u>Licenses and Permits</u>			
Development Fees	2,200,000	2,200,000	0
Police Towing Fees	108,059	108,059	0
Business License Fees	178,787	178,787	0
Franchise Payments	2,500,000	2,500,000	0
Park Fees	1,090,000	1,090,000	0
Drainage Fees	75,000	75,000	0
Other Licenses and Permits	104	104	0
Hazardous Materials Fees	2,176	2,176	0
Art in Public Places	50,000	50,000	0
Alarm Fees	60,618	60,618	0
Fire Fees	97,029	97,029	0
City Guarantee Risk	0	0	0
Traffic Mitigation Fees	90,000	90,000	0
Development Impact Fees	345,000	345,000	0
Total Licenses and Permits	6,796,773	6,796,773	0
 <u>Fines, Forfeits, Penalties</u>			
Traffic Fines	1,500,000	1,500,000	0
City Court Fines	3,087	3,087	0
Traffic Offender/Impound	55,000	55,000	0
Parking Citations	1,010,000	1,010,000	0
Forfeits and Seizures	40,000	40,000	0
Other Fines and Penalties	0	0	0
Total Fines, Forfeits, Penalties	2,608,087	2,608,087	0
 <u>Uses of Property</u>			
Interest on Investment	303,000	144,652	158,348
Rentals	205,112	205,112	0
Other Uses of Property	0	0	0
Golf Course	350,000	350,000	0
Main Library	0	0	0
Total Uses of Property	858,112	699,764	158,348

**City of Garden Grove
Gann Limit (Budget)
FY 2017-2018
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	31,479,800	31,479,800	0
Other Charges for Service	29,676	29,676	0
Deferred Municipal Support	3,383,000	3,383,000	0
Water Street Damages	2,050,000	2,050,000	0
Grant Overhead	41,637	41,637	0
Self-Supporting Rec. Fees	775,000	775,000	0
Public Safety Service Charges	133,343	133,343	0
MHP Fees	0	0	0
Total Charges for Services	37,892,456	37,892,456	0
<u>Subventions from Others:</u>			
Motor Vehicle Tax in Lieu	16,600,000	0	16,600,000
H.O. Subvention	45,000	0	45,000
H.O. Subvention - Paramedic	85,000	85,000	0
Measure M	2,500,000	2,500,000	0
Gas Tax	4,225,327	4,225,327	0
Other State Subventions	800,000	800,000	0
Total Subventions From Others	24,255,327	7,610,327	16,645,000
<u>Grants From Others:</u>			
County / State Grants	2,767,617	2,767,617	0
Federal Grants	3,351,560	3,351,560	0
Total Grants From Others	6,119,177	6,119,177	0
<u>Other Revenue</u>			
Sale of Land, Material, Equipment	13,601	13,601	0
Other Revenue	681,766	681,766	0
Post Reimbursements	0	0	0
State Mandate Reimbursements	98,684	98,684	0
Agency Reimbursements	138	138	0
Abandoned Vehicles	0	0	0
General Reimbursements	1,587,820	1,587,820	0
Total Other Revenue	2,382,009	2,382,009	0

**City of Garden Grove
Gann Limit (Budget)
FY 2017-2018
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	90,000		
Mobile Home Parks	0		
Special Assessments	5,366,140		
Agency for Community Development Housing	20,344,128		
Inter-Department--Worker's Compensation	31,761,996		
Inter-Department--Communications-Phone Reimb.	5,122,774		
Inter-Department--Insurance-Risk Mgmt.	650,873		
Inter-Department--Information Systems	1,656,699		
Inter-Department--Vehicle Fund	2,680,680		
Inter-Department--Employee Benefits	8,515,669		
Inter-Department--Warehouse	380,000		
Sewer	304,954		
Refuse	9,498,400		
Other Income (Loans)	2,815,914		
C.O.P. 2002	0		
	<u>0</u>		
Total Exclusions	89,188,227		
<u>Allocation Base:</u>			
Taxes	74,092,000	9,898,000	64,194,000
Licenses and Permits	6,796,773	6,796,773	0
Fines, Forfeits & Penalties	2,608,087	2,608,087	0
Uses of Property (Less Interest)	555,112	555,112	0
Charges for Services	37,892,456	37,892,456	0
Subventions from Others	24,255,327	7,610,327	16,645,000
Grants from Others	6,119,177	6,119,177	0
Other Revenue	2,382,009	2,382,009	0
Total Revenues	154,700,941	73,861,941	80,839,000
Percent to Total	100%	47.74%	52.26%
Interest Allocation	303,000	144,652	158,348
GRAND TOTAL	<u>155,003,941</u>	<u>74,006,593</u>	<u>80,997,348</u>