Office of the City Manager

CONSENT CALENDAR
June 25, 2013

To: Honorable Mayor and Members of the City Council

From: Christine Daniel, City Manager

Submitted by: Robert Hicks, Director, Finance Department

Subject: Appropriations Limit for FY 2014

RECOMMENDATION

Adopt a Resolution establishing the appropriations limit at $210,837,211 for FY 2014 pursuant to Article XIIIB of the Constitution of the State of California based on the calculations for the appropriations limit.

FISCAL IMPACTS OF RECOMMENDATION

The amount of appropriations subject to the limit are budgeted proceeds of taxes (e.g., all taxes levied; transfers from an enterprise fund to the extent those transfers exceed the cost of providing the services; discretionary state subventions; interest earned from the investment of proceeds of taxes, etc.), and the total of these budgeted revenues cannot exceed the total appropriations limit. The City's actual appropriations in each fiscal year have been significantly below the limit, as they will be for FY 2014. Thus, there are no present financial implications of establishing the limit.

CURRENT SITUATION AND ITS EFFECTS

Each year in June, concurrent with the adoption of the budget, Council must approve an appropriations limit for the following fiscal year pursuant to the State constitution. This resolution adopts the appropriations limit for FY 2014 at $210,837,211. The excess of the appropriations limit over appropriations is $55,314,090 for FY 2014 based on the proposed budget appropriations for FY 2014.

The Finance Department has compiled the data and made calculations to determine the FY 2014 appropriations limit. The documentation of determination, upon adoption and promulgation of the attached draft resolution, has been available for review by the public in the Office of the City Clerk. Exhibits A and B attached hereto, provide the required documentation. Exhibit A is a summary of the appropriations limit determination, the amount of appropriations subject to the limit, and the excess of the appropriations limit over appropriations. Exhibit B provides details of the appropriations limit calculations.

The Council action will set the FY 2014 appropriations subject to the limitations of Article XIIIB of the Constitution of the State of California, which may not exceed the

amounts calculated by the City's Finance Department. These calculations were filed with the City Clerk 15 days prior to June 25, 2013.

BACKGROUND

In November 1989, the voters of the State of California approved Proposition 4, commonly known as the (Paul) Gann Initiative, and added Article XIIIB of the State's Constitution. In June 1990, this Article was modified by the passing of Proposition 111. These propositions placed various limitations on the fiscal powers of state and local government.

Senate Bill 1352 requires that: 1) the governing body of each local jurisdiction shall establish by a legislative action its appropriations limit at a regularly scheduled meeting or noticed special meeting; and 2) 15 days prior to such meeting, give notice that documentation used to determine the appropriations limit shall be made available to the public.

The Council action will set the FY 2014 appropriations subject to the limitations of Article XIIIB of the Constitution of the State of California, which may not exceed the amounts calculated by the City's Finance Department. These calculations were filed with the City Clerk 15 days prior to June 25, 2013.

RATIONALE FOR RECOMMENDATION

This is a state law.

ALTERNATIVE ACTIONS CONSIDERED

None.

CONTACT PERSON

Robert Hicks, Director, Finance Department, 981-7301

Attachments:

1: Resolution

Exhibit A: GANN Appropriation Limit FY 2014

Exhibit B: Schedule to Calculate Appropriation Limitation FY 2014

RESOLUTION NO. ##,###-N.S.

ESTABLISHING AN APPROPRIATIONS LIMIT FOR FY 2014

WHEREAS, on November 6, 1979, the citizens of the State of California approved Proposition 4, which added Article XIII B to the Constitution of the State of California to place various limitations on the fiscal powers of State and local government; and

WHEREAS, on June 5, 1990, the citizens of the State of California approved Proposition 111 which provided new Proposition 111 adjustment formulas; and

WHEREAS, Senate Bill 1352, enacted by the Legislature of the State of California, provides for the implementation of Article XIII by defining various terms in this article; and

WHEREAS, pursuant to the requirements of Senate Bill 1352, the City Council, on June 11, 2013 adopted a Resolution which gave notice, as required by law, that the City Council would establish the City of Berkeley appropriations limit for FY 2014 by a Resolution of the City Council on June 25, 2013.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley, that the Council, pursuant to the requirements and criteria set forth in Senate Bill 1352, does hereby establish the appropriations limit at $210,837,211 for FY 2014 for the City of Berkeley as documented in Exhibits A and B attached hereto and incorporated herein by reference as though fully set forth.

Exhibits:

A: GANN Appropriation Limit FY 2014

B: Schedule to Calculate Appropriation Limitation FY 2014

EXHIBIT A

CITY OF BERKELEY
GANN APPROPRIATION LIMITATION FOR FY 2014
(Based on the FY 2014 Proposed Budget)

FY 2013 Gann Appropriation Limit of $ 166,099,257 (before Special Taxes Added), Adjusted for Growth Factor of 1.063912 (See Exhibit B)	**$**	**176,714,993**
ADD BACK:		
Library Relief Tax		15,870,770
Emergency Medical Services Special Tax		2,561,235
Park Maintenance, City Trees and Landscaping Special Tax		9,586,190
Emergency Services for Severely Disabled Tax		1,022,302
Disaster Fire Protection Tax		985,734
Fire Protection and Emergency Response and Preparedness		4,095,987
TOTAL Gann Appropriation Limitation	**$**	**210,837,211** (1)
Appropriations Subject to Gann Limitation	**$**	**155,523,121** (2)
EXCESS of Limitation Over Appropriation	**$**	**55,314,090**

Notes:
(1) The appropriation limit is the calculated dollar amount, which restricts the ability to receive and appropriate proceeds of taxes.

(2) The amounts of appropriations subject to the limitation are budgeted proceeds of taxes (e.g., all taxes levied; transfers from an enterprise fund to the extent those funds exceed the cost of providing the services; discretionary state subventions; interest earned from the investment of proceeds of taxes, etc.) and the total of these budgeted revenue cannot exceed the total appropriation limitations.

EXHIBIT B

CITY OF BERKELEY
SCHEDULE TO CALCULATE APPROPRIATION LIMITATION FOR FY 2014
(Based on the FY 2014 Proposed Budget)

Total City Appropriations (Per Final Amended Budget for FY 1978/79)		**$ 72,457,778**
Less: 1. Debt Service Appropriation	$ 457,186	
2. Inter-service Funds:		
Equipment Maintenance	1,436,890	
Warehouse	554,883	
3. Enterprise Funds:		
Off-Street Parking	414,609	
Marina Operations & Maintenance	1,623,144	
Sanitary Sewer Maintenance & Construction	1,260,012	
Refuse Collection	3,635,197	
4. Non-Proceeds of Taxes	33,147,004	
Appropriation Subject to Limitation		**42,528,925**
Base Year 1978/79		**$ 29,928,853**

Fiscal Year	Beginning Balances		Less: Transferred Cost		Add Back: Special Taxes						Subtotal Transferred Cost and Special Taxes	Appropriation Limit After Transferred Cost and Add Back of Special Taxes
	Growth Factor	Appropriation Limit Before Transferred Cost and Add Back of Special Taxes	Landscaping	Street Lighting	Library Relief Tax	Emergency Medical Services Special Tax	Park Maintenance City Trees and Landscaping Special Tax	Emergency Paratransit Tax	Disaster Fire Protection Tax	Fire Protection & Emergency Response & Preparedness		
Base Year		**$ 29,928,853**									-	$ 29,928,853
1980	1.097700	32,852,902									-	32,852,902
1981	1.121400	36,841,244									-	36,841,244
1982	1.083100	39,902,752	$ (949,298)	$ (522,600)							$ (1,471,898)	38,430,854
1983	1.070200	41,128,700									-	41,128,700
1984	1.029600	42,346,109									-	42,346,109
1985	1.047000	44,336,377									-	44,336,377
1986	1.045400	46,349,249									-	46,349,249
1987	1.025800	47,545,060									-	47,545,060
1988	1.047500	49,803,451									-	49,803,451
1989	1.054700	52,527,700									-	52,527,700
1990	1.050200	55,164,591			$ 6,010,000						6,010,000	61,174,591
1991	1.056300	58,270,356			6,600,000						6,600,000	64,870,356
1992	1.056800	61,580,113			6,752,000						6,752,000	68,332,113
1993	1.057900	65,145,601			6,850,000						6,850,000	71,995,601
1994	1.043100	67,953,377			7,202,000						7,202,000	75,155,377
1995	1.016900	69,101,789			7,202,000						7,202,000	76,303,789
1996	1.030200	71,188,663			7,570,000						7,570,000	78,758,663
1997	1.063200	75,687,786			7,570,000						7,570,000	83,257,786
1998	1.060800	80,289,604			7,570,000	$ 1,639,599	$ 5,500,000				14,709,599	94,999,203
1999	1.060400	85,139,096			7,927,500	1,651,547	5,790,163				15,369,210	100,508,306
2000	1.059900	90,238,928			8,373,875	1,701,093	5,850,400				15,925,368	106,164,296
2001	1.057500	95,427,666			8,936,938	1,812,014	6,025,912				16,774,864	112,202,530
2002	1.097300	104,712,778			9,478,469	1,927,257	7,211,984	$ 661,000			19,278,710	123,991,488
2003	0.999740	104,685,553			9,997,653	1,974,876	7,435,281	689,369	$ 1,000,000		21,097,179	125,782,732
2004	1.031489	107,981,996			11,654,000	2,034,352	7,609,028	690,475	970,000		22,957,855	130,939,851
2005	1.040236	112,326,760			11,603,755	2,000,000	7,594,920	702,727	950,639		22,852,041	135,178,801
2006	1.060000	119,066,366			12,214,113	2,040,000	7,755,780	754,105	969,652		23,733,650	142,800,016
2007	1.052907	125,365,810			12,580,535	2,120,827	7,975,189	771,244	969,652		24,417,447	149,783,257
2008	1.055370	132,307,315			13,209,469	2,184,452	8,214,445	805,333	998,742		25,412,441	157,719,756
2009	1.056666	139,804,642			13,520,414	2,274,380	8,502,545	839,882	969,652		26,106,873	165,911,515
2010	1.018780	142,430,173			13,655,619	2,297,124	8,587,570	889,152	969,652	5,400,000	31,799,117	174,229,290
2011	1.072060	152,693,690			13,904,789	2,332,903	8,754,869	894,401	969,652	3,600,000	30,456,614	183,150,304
2012	1.0381	158,511,319			14,425,555	2,461,803	9,237,474	944,155	969,652	3,788,761	31,827,400	190,338,719
2013	1.04787	166,099,254			15,028,438	2,484,633	9,309,080	967,511	985,734	3,879,323	32,654,719	198,753,973
2014	1.063912	176,714,993			15,870,770	2,561,235	9,586,190	1,022,302	985,734	4,095,987	34,122,218	210,837,211