



Office of the City Manager

CONSENT CALENDAR

June 12, 2007

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Robert Hicks, Acting Director, Finance Department

Subject: Appropriations Limit for FY 2008

RECOMMENDATION

Adopt a Resolution providing notice that: 1) Council will adopt an appropriations limit for FY 2008 at its meeting of June 26, 2007; and 2) the amount of the limit and the background material used in its calculation will be available for public review by June 11, 2007.

FISCAL IMPACTS OF RECOMMENDATION

On June 26, 2007, the Council will set the FY 2008 appropriations limit. The amount of appropriations subject to the limit is the 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 2008. Thus, there are no present fiscal implications of establishing the limit.

CURRENT SITUATION AND ITS EFFECTS

Government Code Section 7910 requires that 1) the governing body of each local jurisdiction shall, by a legislative action, establish its appropriations limit at a regularly scheduled or special meeting and that documentation used in the determination of the appropriations limit shall be made available to the public fifteen days before that meeting. Government Code Section 7910 requires that the City adopt its appropriations limit prior to the beginning of each fiscal year.

This Resolution gives public notice of Council's intent to adopt an appropriations limit for Fiscal Year 2008 at its meeting of June 26, 2007, and that the documents used in calculating the limit will be available for public review by June 11, 2007 (Attachment 2). Proposition 4, approved by the electorate of the State of California via a special election held on November 6, 1979, added Article XIII B to the constitution of the state. It requires local governments to adopt yearly appropriation limits according to specified formulas, and allows for specified, yearly adjustments of the limit. Proposition 111, approved by the voters June 5, 1990, changed the Proposition 4 adjustment formulas. Government Code Sections 7900, et. seq, enacted by the Legislature of the

State of California, provided for the implementation of Article XIII B defining various terms used in this article and prescribing procedures to be used in implementing specific provisions of the Article.

BACKGROUND

The Finance Department of the City of Berkeley compiles the data and makes calculations incident to the determination of the XIII B appropriations limit. The amount of the FY 2008 appropriations limit and the documentation incident to the determination thereof will be available for review by the public in the Office of the City Clerk by June 11, 2007, at least fifteen days prior to the Council's scheduled adoption of the appropriation limit, as required by law.

RATIONALE FOR RECOMMENDATION

This is a state law.

ALTERNATIVE ACTIONS CONSIDERED

None.

CONTACT PERSON

Robert Hicks, Acting Director of Finance, Finance Department, 981-7339

Attachments:

1: Resolution

Exhibit A: GANN Appropriation Limitation for FY 2008

Exhibit B: Schedule to Calculate Appropriation Limitation for FY 2008

Exhibit C: Computation of Allowable Growth for FY 2008

RESOLUTION NO. ##-N.S.

PROVIDING NOTICE OF SCHEDULED ADOPTION OF APPROPRIATIONS LIMIT FOR FY 2008 PURSUANT TO ARTICLE XIII B OF THE CONSTITUTION OF THE STATE OF CALIFORNIA

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, Government Code Section 7900, et. seq. provides for the implementation of Article XIII by defining various terms in this article; and

WHEREAS, the governing body of each jurisdiction is required to establish its appropriations limit at a regularly scheduled meeting or noticed special meeting; and

WHEREAS, 15 days prior to such meeting, the documentation used in the determination of the appropriations limit shall be made available to the public.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley, does hereby give notice that it will, at its meeting of June 26, 2007, adopt a Resolution which establishes the appropriations limit for FY 2008 pursuant to Article XIII B of the Constitution of the State of California.

BE IT FURTHER RESOLVED that the documentation used in the determination of the appropriation limit for FY 2008 shall be made available for public review in the Office of the City Clerk of the City of Berkeley, 2180 Milvia Street, Berkeley, California, by June 11, 2006.

EXHIBIT A

**CITY OF BERKELEY
GANN APPROPRIATION LIMITATION FOR FY 2008
(Based on the FY 2008 Proposed Budget)**

FY 2008 Gann Appropriation Limit of \$ 125,365,810 (before Special Taxes Added), Adjusted for Growth Factor of 1.05537 (See Exhibit B) \$ **132,307,315**

ADD BACK:

Library Relief Tax	13,209,469
Emergency Medical Services Special Tax	2,184,452
Park Maintenance, City Trees and Landscaping Special Tax	8,214,445
Emergency Services for Severely Disabled Tax	805,333
Disaster Fire Protection Tax	998,742

TOTAL Gann Appropriation Limitation \$ **157,719,756** ⁽¹⁾

Appropriations Subject to Gann Limitation \$ **136,577,208** ⁽²⁾

EXCESS of Limitation Over Appropriation \$ **21,142,548**

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.

CITY OF BERKELEY
SCHEDULE TO CALCULATE APPROPRIATION LIMITATION FOR FY 2008
 (Based on the FY 2008 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	Maintenance City Trees and Landscaping Special Tax	Emergency Paratransit Tax	Disaster Fire Protection Tax	Tax				
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									61,174,591
1991	1.056300	58,270,356			6,600,000									64,870,356
1992	1.056800	61,580,113			6,752,000									68,332,113
1993	1.057900	65,145,601			6,850,000									71,995,601
1994	1.043100	67,953,377			7,202,000									75,155,377
1995	1.016900	69,101,789			7,202,000									76,303,789
1996	1.030200	71,188,663			7,570,000									78,758,663
1997	1.063200	75,687,786			7,570,000									83,257,786
1998	1.060800	80,289,604			7,570,000									87,859,604
1999	1.060400	85,139,096			7,927,500									93,066,596
2000	1.059900	90,238,928			8,373,875									98,612,803
2001	1.057500	95,427,666			8,936,938									104,364,604
2002	1.097300	104,712,778			9,478,469									114,191,247
2003	0.999740	104,685,553			9,997,653									114,683,206
2004	1.031489	107,981,996			11,654,000									119,635,996
2005	1.040236	112,326,760			11,603,755									123,930,515
2006	1.060000	119,066,366			12,214,113									131,280,479
2007	1.052907	125,365,810			12,580,535									137,946,345
2008	1.055370	132,307,315			13,209,469									145,516,784

EXHIBIT C

**CITY OF BERKELEY
COMPUTATION OF ALLOWABLE GROWTH FOR FY 2008
(Based on the FY 2008 Proposed Budget)**

California Per Capita Personal Income	= 4.42%
Per Capita Personal Income change converted to a ratio	= $\frac{4.42 + 100}{100}$ = 1.0442
<hr/>	
City of Berkeley Population Percentage	= 1.0107%
Population change converted to a ratio (1.0107 %+ 100%)	= 101.01% or 101.010700%
<hr/>	
Calculation of factor for FY 2008: (1.0442 x 1.0107)	= 0.010554