

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 7/23/2025

Staff Report No. 25-337a

TO: AC Transit Board of Directors
FROM: Salvador Llamas, General Manager/Chief Executive Officer
SUBJECT: FY 2025-26 Appropriations Limit Adoption

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider the adoption of Resolution No. 25-028 establishing the Appropriations Limit for Fiscal Year 2025-26 at \$721,083,199.

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Financial Efficiency and Revenue Maximization

Establishing the District's Appropriations Limit is necessary for compliance with state law.

BUDGETARY/FISCAL IMPACT:

There is no budgetary or fiscal impact from this report.

BACKGROUND/RATIONALE:

On June 25th, the Board of Directors adopted Resolution No. 25-027 giving notice of the scheduled adoption of an Appropriations Limit for FY 2025-26. The notice and supporting documentation must be available to the public at least 15 days prior to the adoption of an Appropriations Limit and were posted on the District's website and in the General Office lobby on June 26th. The documents are on file with the District Secretary's Office.

The District is required to make the Appropriations Limit for Fiscal Year 2025-26, along with supporting documentation, available to the public. This requirement stems from Article XIII B of the California Constitution, which sets annual spending limits for the State and local governments. Approved by voters in 1979 as Proposition 4 - commonly referred to as the "Gann Initiative" - Article XIII B restricts the amount of tax revenue that state and local entities can expend each year, using Fiscal Year 1978-79 as the baseline. In 1980, the State Legislature reinforced this requirement by enacting Section 7910 of the Government Code, which mandates that each local governing body must adopt a resolution establishing the appropriations limit for the

upcoming fiscal year.

The appropriations limit for any given fiscal year is based on the prior year's limit, adjusted for changes in population and a cost-of-living factor. Each May, the California Department of Finance publishes the data necessary for this calculation (see Exhibits A & B to Resolution No. 25-028). This includes: (a) the California Per Capita Personal Income Index, which determines the cost-of-living adjustment, and (b) population change figures by county, cities, and unincorporated areas, which provide the population adjustment. Special districts required by law to calculate their appropriations limit must include this calculation in their annual audit.

The Appropriations Limit Calculation

For the District, the FY 2025-26 Appropriations Limit allowable growth factor was positively influenced by the 6.44 percent annual growth rate in the California Per Capita Personal Income Index and combined 0.31 percent annual growth rate in the Population Factor. The rates for both factors were the result of continued growth in the State and Bay Area economy. The calculation of the appropriations limit is included as Exhibits A & B.

Staff recommends the adoption of Resolution No. 25-028 as presented.

ADVANTAGES/DISADVANTAGES:

There is no disadvantage to the establishment of an appropriations limit. State law requires it.

ALTERNATIVES ANALYSIS:

There are no alternatives to the establishment of an appropriations limit. State law requires it.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 25-337 Appropriations Limit Notice

ATTACHMENTS:

1. Resolution No. 25-028 - FY26 Appropriation Limit A
2. Exhibit A & B Population and CPI Calc FY26

Prepared by:

Mary Archer, Budget Manager

Approved/Reviewed by:

Richard Oslund, Director of Management & Budget

Chris Andrichak, Chief Financial Officer

Aimee L. Steele, General Counsel/Chief Legal Officer

Linda A. Nemeroff, Board Administrative Officer/District Secretary