

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 6/25/2025

Staff Report No. 25-337

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

BRIEFING ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider the adoption of Resolution No. 25-027 providing notice of the scheduled adoption of an Appropriations Limit for Fiscal Year 2025-26.

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:

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. 25-027). 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.

BACKGROUND/RATIONALE:

There is no budgetary or fiscal impact from this report.

ADVANTAGES/DISADVANTAGES:

There is no disadvantage to the establishment of an appropriations limit as it is required by State law.

ALTERNATIVES ANALYSIS:

Due to statutory requirements, there are no alternatives to the course of action outlined in this report.

PRIOR RELEVANT BOARD ACTION/POLICIES:

None.

ATTACHMENTS:

1. Resolution No. 25-027 with Related Exhibits

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