

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 11/12/2020

Staff Report No. 20-249c

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: FY 2020-21 Appropriations Limit Correction Adoption

ACTION ITEM

RECOMMENDED ACTION(S):

Consider the adoption of Resolution No. 20-055 establishing the corrected Appropriations Limit for Fiscal Year 2020-21 at \$550,464,750 and repealing Resolution No. 20-037.

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 are no budgetary fiscal impacts associated with this report. The corrected amount in this resolution is reduced by less than 0.1% from the prior and incorrect amount.

BACKGROUND/RATIONALE:

On October 14th, the Board of Directors adopted Resolution No. 20-052 giving notice of the scheduled adoption of a corrected Appropriations Limit for FY 2020-21. 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 October 16th. The documents are on file with the District Secretary's Office.

Article XIII B of the California Constitution places limitations on the annual appropriations of the State and each local government. In 1979, California voters approved Proposition 4 (Article XIII B of the California State Constitution). Informally known as the "Gann Initiative", Article XIII B provides limits to the amount of tax proceeds state and local governments can spend each year. The base year was set at FY 1978-79. In 1980, the State Legislature added Section 9710 of the Government Code stating that the governing body of each local jurisdiction must establish, by resolution, an appropriations limit for the following year.

The limit for any fiscal year is equal to the previous year's limit, adjusted for population changes and a cost of living factor. The California Department of Finance publishes each May the statistical information needed to calculate the appropriations limit. This includes (a) the California per Capita Personal Income Index which

calculate the appropriations limit. This includes (a) the California per Capita Personal Income Index which provides the cost-of-living factor and (b) the change in population from the previous year by county and cities and unincorporated areas within each county which provides the population factor. The special districts that are required by law to calculate their appropriations limit must present the calculation as part of their annual audit.

For the District, the FY 2020-21 Appropriations Limit allowable growth factor was positively influenced by the 3.73 percent annual growth rate in the California Per Capita Personal Income Index and 0.37% annual growth rate in the Population Factor. The calculation of the appropriations limit is included as Exhibit A to Resolution 20-055 (Attachment 1).

Staff is requesting the adoption of a corrected appropriations limit due to a small error in the original limit calculation for FY 2019-20. The limit calculation is cumulative over all fiscal years, so the error in FY 2019-20 affected the calculation for FY 2020-21. The corrected appropriation limit for FY 2020-21 is \$550,464,750, which is reduced by \$710,277 from the prior (incorrect) amount. This is a less than 0.1% change, and does not have any practical effect on the District.

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 20-249b Appropriation Limit Correction Notice

ATTACHMENTS:

1. Resolution 20-055 (with Exhibits)

Prepared by:

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Approved/Reviewed by:

Claudia L. Allen, Chief Financial Officer

Chris Andrichak, Acting Deputy Chief Financial Officer

Jill A. Sprague, General Counsel