

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 7/26/2023

Staff Report No. 23-326a

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager/Chief Executive Officer
SUBJECT: FY 2023-24 Appropriations Limit

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider the adoption of Resolution No. 23-032 establishing the Appropriations Limit for Fiscal Year 2023-24 at \$650,986,304.

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 28, 2023, the Board of Directors adopted Resolution No. 23-028 giving notice of the scheduled adoption of an Appropriations Limit for FY 2023-24. The notice and supporting documentation were made available to the public at least 15 days prior to the adoption of the Appropriations Limit and were posted on the District's website and in the General Office lobby on June 29th. 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 (See Attachment 2). 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.

The Appropriations Limit Calculation

For the District, the FY 2023-24 Appropriations Limit allowable growth factor was positively influenced by the 4.44 percent annual growth rate in the California Per Capita Personal Income Index and combined -0.36 percent annual growth rate in the Population Factor. Staff notes that the Population Factor is -0.36 percent for Alameda County and -0.47 percent for Contra Costa County. This means that Alameda County and Contra Costa lost population over calendar year 2022. The calculation uses the higher of the two factors. The calculation of the appropriations limit is included as Exhibit A and B to Resolution 23-029.

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:

Appropriations Limit Notice

ATTACHMENTS:

1. Resolution No. 23-032 with related Exhibits

Prepared by:

Mary Archer, Budget Manager

Approved/Reviewed by:

Richard Oslund, Director of Management & Budget

Chris Andrichak, Chief Financial Officer

Jill A. Sprague, General Counsel/Chief Legal Officer