

INTER OFFICE MEMO

To: Administration and Finance Committee

Date: May 31, 2017

From: Erick Cheung, Director of Finance

Reviewed by:

SUBJECT: Adoption of Gann Appropriations Spending Limitation for FY 2018

Summary of Issues:

Pursuant to California Constitution Article XIII (B) (Proposition 4), public entities are required to conform to budgetary guidelines set forth in the Gann Initiative. The purpose of Article XIII (B) is to constrain fiscal growth in government by limiting the proceeds of taxes that may be appropriated each year. Each year's limit may be adjusted for increase in cost of living (*California per capita income*) and population. For special districts, if the district is located entirely within one county, the *county's population* change factor is to be used. That is the case with County Connection. The limit may also be changed in the event of a transfer of fiscal responsibility.

The California Revenue and Taxation code, section 2227, mandates that the Department of Finance transmit an estimate of the percentage change in population to local governments and also the change in the cost of living, or price factor.

The formula for calculating the appropriations spending limit is:

1. Population percentage change x price increase/decrease factor=ratio of change
2. Ratio of change x 2016-17 spending limit = 2017-18 spending limit.

Based on the above formula, the spending limit for County Connection is:

1. Population percentage change x price increase/decrease factor=ratio of change
 $1.0113 \times 1.0369 = 1.0486$
2. Ratio of change x 2016-2017 spending limit =2017-2018 spending limit:
 $1.0486 \times \$68,286,009 = \$71,604,709$

Based on the above calculations, **the Gann appropriations spending limit for FY 2017-2018 is \$71,604,709** (Exhibit A). The actual County Connection non-federal appropriations budget for FY 2017-2018 is \$37,668,255, which is \$33,936,454 below the spending limitation.

Recommendation:

By State law, the County Connection Board of Directors must adopt an appropriations limitation. The staff requests that the Board of Directors approve the Gann appropriations spending limitation of \$71,604,709 for FY 2017-18.

COMPUTATION OF GANN APPROPRIATIONS SPENDING LIMIT FOR FY 2018

Contra Costa County change in population		1.13	
Converted to a ratio	1.0113		
Percentage change in per capita personal income		3.69	
Converted to a ratio	1.0369		
 <i>Source: California Department of Finance</i>			
Ratio of change:			
1.0113 x 1.0369 =		1.0486	(1)
FY 2017 appropriations limit		<u>\$68,286,009</u>	(2)
FY 2018 appropriations limit		\$71,604,709	(1)*(2)
FY 2018 operating budget	\$38,112,255		
Less expenses paid by federal monies	<u>-\$1,375,000</u>		
	\$36,737,255		
FY 2018 capital budget	\$931,000		
Less expenses paid by federal monies	<u>\$0</u>		
	\$931,000		
Operating and capital appropriation		<u>\$37,668,255</u>	
Under limit		<u><u>\$33,936,454</u></u>	

RESOLUTION NO. ____ - ____

BOARD OF DIRECTORS
CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATE OF CALIFORNIA

* * *

ADOPTS A CCCTA APPROPRIATIONS LIMIT FOR FISCAL YEAR 2017-18

WHEREAS, the County of Contra Costa and the Cities of Clayton, Concord, the Town of Danville, Lafayette, Martinez, the Town of Moraga, Orinda, Pleasant Hill, San Ramon and Walnut Creek (hereinafter "Member Jurisdictions") have formed the Central Contra Costa Transit Authority ("CCCTA"), a joint exercise of powers agency created under California Government Code Section 6500 *et seq.*, for the joint exercise of certain powers to provide coordinated and integrated public transportation services within the area of its Member Jurisdictions; and

WHEREAS, Government Code Section 7910 requires the CCCTA to adopt an appropriations limit for each fiscal year; and

WHEREAS, Government Code Section 7910 requires that, fifteen (15) days prior to adoption of the CCCTA appropriations limit, documentation used in determination of the limit shall be available to the public; and

WHEREAS, CCCTA staff has prepared the appropriations limit documentation (attached hereto and marked Exhibit A) which has been made available to the public for review more than fifteen (15) days prior to the date this resolution was scheduled for consideration by the Board;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the CCCTA Board of Directors that pursuant to Article XIII B of the California State Constitution and SB 1352 (1980 Stats.), the appropriations limit for the Central Contra Costa Transit Authority shall be \$71,604,709, which shall be applicable to fiscal year 2017-18 as set forth in the attached appropriations limit documentation.

Regularly passed and adopted this 15th day of June, 2017 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Laura Hoffmeister, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board



May 2017

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

The California Revenue and Taxation Code, section 2227, requires the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2017, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2017-18. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2017-18 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. The Revenue and Taxation Code, section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The Code and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2017.**

Please Note: Prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

MICHAEL COHEN
Director
By:

AMY M. COSTA
Chief Deputy Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2017-18 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2017-18	3.69

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2017-18 appropriation limit.

2017-18:

Per Capita Cost of Living Change = 3.69 percent
Population Change = 0.85 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.69 + 100}{100} = 1.0369$

Population converted to a ratio: $\frac{0.85 + 100}{100} = 1.0085$

Calculation of factor for FY 2017-18: $1.0369 \times 1.0085 = 1.0457$

Fiscal Year 2017-18

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2016 to January 1, 2017 and Total Population, January 1, 2017

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total Population</u>
	2016-2017	1-1-16	1-1-17	1-1-2017
Contra Costa				
Antioch	0.66	113,495	114,241	114,241
Brentwood	3.38	59,058	61,055	61,055
Clayton	0.20	11,262	11,284	11,284
Concord	0.07	128,280	128,370	128,370
Danville	0.16	43,287	43,355	43,355
El Cerrito	0.45	24,490	24,600	24,600
Hercules	3.08	24,909	25,675	25,675
Lafayette	0.63	25,041	25,199	25,199
Martinez	1.17	37,224	37,658	37,658
Moraga	0.57	16,581	16,676	16,676
Oakley	2.16	40,327	41,199	41,199
Orinda	0.51	18,838	18,935	18,935
Pinole	0.79	18,827	18,975	18,975
Pittsburg	2.47	68,133	69,818	69,818
Pleasant Hill	1.24	34,232	34,657	34,657
Richmond	0.81	110,886	111,785	111,785
San Pablo	0.26	30,972	31,053	31,053
San Ramon	2.31	78,729	80,550	80,550
Walnut Creek	0.90	70,340	70,974	70,974
Unincorporated	0.90	171,829	173,370	173,454
County Total	1.13	1,126,740	1,139,429	1,139,513

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.