

To: Board of Directors

Date: June 17, 2021

From: Erick Cheung, Chief Finance Officer

SUBJECT: Adoption of Gann Appropriations Spending Limitation for FY 2021-2022

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. The Department of Finance also transmits 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 2020-21 spending limit = 2021-22 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
 $1.0035 \times 1.0573 = 1.0610$
2. Ratio of change x 2019-2020 spending limit =2020-2021 spending limit:
 $1.0610 \times \$81,446,458 = \$86,414,692$

Based on the above calculations, **the Gann appropriations spending limit for FY 2021-2022 is \$86,414,692** (Exhibit A). The actual County Connection non-federal appropriations budget for FY 2021-2022 is \$36,926,100, which is \$49,488,592 below the spending limitation.

Recommendation:

By State law, the County Connection Board of Directors must adopt an appropriations limitation. The staff and the A&F Committee recommend approval of Resolution 2021-025 to set the Gann appropriations spending limitation of \$86,414,692 for FY 2021-22 to the Board.

COMPUTATION OF GANN APPROPRIATIONS SPENDING LIMIT FOR FY 2022

| | | | |
|---|--------|---------------------|----------------------------|
| Contra Costa County change in population | | | 0.35 |
| Converted to a ratio | 1.0035 | | |
| Percentage change in per capita personal income | | | 5.73 |
| Converted to a ratio | 1.0573 | | |
| <i>Source: California Department of Finance</i> | | | |
| Ratio of change: | | | |
| | 1.0035 | x | 1.0573 = |
| | | | 1.0610 (1) |
| FY 2021 appropriations limit | | | <u>\$81,446,458</u> (2) |
| FY 2022 appropriations limit | | | \$86,414,692 (1)*(2) |
| FY 2022 operating budget | | \$45,291,690 | |
| Less expenses paid by federal monies | | <u>-\$8,815,590</u> | |
| | | \$36,476,100 | |
| FY 2022 capital budget | | \$1,439,000 | |
| Less expenses paid by federal monies | | <u>-\$989,000</u> | |
| | | \$450,000 | |
| Operating and capital appropriation | | | <u>\$36,926,100</u> |
| Under limit | | | <u><u>\$49,488,592</u></u> |



May 2021

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

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, 2021, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2021-22. 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 2021-22 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. California 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 section 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. California 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, 2021.**

Please Note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data. Given the stay-at-home orders due to COVID-19, growth in the coming years may be substantially lower than recent trends.

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

KEELY MARTIN BOSLER
Director
By:

Erika Li
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 2021-22 appropriation limit is:

Per Capita Personal Income

| Fiscal Year (FY) | Percentage change over prior year |
|---------------------|--------------------------------------|
| 2021-22 | 5.73 |

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2021-22 appropriation limit.

2021-22:

Per Capita Cost of Living Change = 5.73 percent
 Population Change = -0.46 percent

Per Capita Cost of Living converted to a ratio: $\frac{5.73 + 100}{100} = 1.0573$

Population converted to a ratio: $\frac{-0.46 + 100}{100} = 0.9954$

Calculation of factor for FY 2021-22: $1.0573 \times 0.9954 = 1.0524$

Fiscal Year 2021-22

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2020 to January 1, 2021 and Total Population, January 1, 2020

| County City | <u>Percent Change</u> | <u>--- Population Minus Exclusions ---</u> | | <u>Total Population</u> |
|------------------------|------------------------------|---|---------------|------------------------------------|
| | 2020-2021 | 1-1-20 | 1-1-21 | 1-1-2021 |
| Contra Costa | | | | |
| Antioch | 0.55 | 112,236 | 112,848 | 112,848 |
| Brentwood | 1.28 | 65,263 | 66,097 | 66,097 |
| Clayton | -0.19 | 11,290 | 11,268 | 11,268 |
| Concord | -0.14 | 129,453 | 129,273 | 129,273 |
| Danville | 0.15 | 43,840 | 43,906 | 43,906 |
| El Cerrito | 0.04 | 24,835 | 24,846 | 24,846 |
| Hercules | 1.45 | 25,494 | 25,864 | 25,864 |
| Lafayette | 0.15 | 25,321 | 25,358 | 25,358 |
| Martinez | -0.32 | 36,946 | 36,827 | 36,827 |
| Moraga | 0.38 | 16,756 | 16,820 | 16,820 |
| Oakley | 1.48 | 42,268 | 42,895 | 42,895 |
| Orinda | 0.50 | 18,984 | 19,078 | 19,078 |
| Pinole | -0.11 | 19,390 | 19,369 | 19,369 |
| Pittsburg | 0.00 | 74,501 | 74,498 | 74,498 |
| Pleasant Hill | 0.02 | 34,127 | 34,133 | 34,133 |
| Richmond | -0.14 | 110,288 | 110,130 | 110,130 |
| San Pablo | -0.12 | 31,078 | 31,041 | 31,041 |
| San Ramon | 0.58 | 83,376 | 83,863 | 83,863 |
| Walnut Creek | 1.03 | 70,592 | 71,317 | 71,317 |
| Unincorporated | 0.35 | 173,731 | 174,339 | 174,423 |
| County Total | 0.35 | 1,149,769 | 1,153,770 | 1,153,854 |

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

RESOLUTION NO. 2021-025

**BOARD OF DIRECTORS
CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATE OF CALIFORNIA**

* * *

ADOPT AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2021-22

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;

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

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, and other necessary determinations, shall be available to the public;

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 \$86,414,692, which shall be applicable to fiscal year 2021-22 as set forth in the attached appropriations limit documentation.

Regularly passed and adopted this 17th day of June, 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Keith Haydon, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board