

INTER OFFICE MEMO

To: Board of Directors

Date: 06/09/2022

From: Amber Johnson, Chief Financial Officer

Reviewed by: WC.

SUBJECT: Adoption of Gann Appropriations Spending Limitation for FY 2022-2023

Background:

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.

Gann Limit Calculation:

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 2021-22 spending limit = 2022-23 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
 $0.9959 \times 1.0755 = 1.0711$
2. Ratio of change x 2021-2022 spending limit = 2022-2023 spending limit:
 $1.0711 \times \$86,414,692 = \$92,557,951$

Based on the above calculations, **the Gann appropriations spending limit for FY 2022-2023 is \$92,557,951** (Attachment 1). The actual County Connection non-federal appropriations budget for FY 2022-2023 is \$47,047,863, which is \$45,510,088 below the spending limitation.

Financial Implications: (always use this title)

There is no direct financial implication as a result of the calculation of the Gann limit, since the limit far exceeds the appropriations budget.

Recommendation:

By State law, the County Connection Board of Directors must adopt an appropriations limitation. The Administration and Finance Committee and staff recommend Board approval of Resolution number 2022-039 to set the Gann appropriations spending limitation of \$92,557,951 for FY 2022-23.

Attachments:

Attachment 1: Computation of Gann Appropriations Spending Limit for FY 2023

Attachment 2: Resolution No. 2022-039

Attachment 1

COMPUTATION OF GANN APPROPRIATIONS SPENDING LIMIT FOR FY 2023

Contra Costa County change in population*	-0.41		
Converted to a ratio		0.9959	(1)
Percentage change in per capita personal income*	7.55		
Converted to a ratio		1.0755	(2)
Ratio of change:		1.0711	(1)*(2) = (3)
FY 2022 appropriations limit		\$86,414,692	(4)
FY 2023 appropriations limit		\$92,557,951	(3)*(4) = (5)
FY 2023 operating budget	\$47,315,493		
Less expenses paid by federal funds	<u>(\$7,675,630)</u>		
	\$39,639,863		
FY 2023 capital budget	\$28,366,000		
Less expenses paid by federal funds	<u>(\$20,958,000)</u>		
	\$7,408,000		
Operating and capital appropriation		<u>\$47,047,863</u>	
Under limit		<u><u>\$45,510,088</u></u>	

* Source: California Department of Finance

RESOLUTION NO. 2022-039

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

ADOPT AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2022-23

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 \$92,557,951, which shall be applicable to fiscal year 2022-23 as set forth in the attached appropriations limit documentation.

Regularly passed and adopted this 16th day of June, 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Dave Hudson, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board