

INTER OFFICE MEMO

To: Administration & Finance Committee

Date: 07/06/2023

From: Amber Johnson, Chief Financial Officer

Reviewed by: WC.

SUBJECT: Adoption of Gann Appropriations Spending Limitation for FY 2023-2024

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 2022-23 spending limit = 2023-24 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
 $0.9964 \times 1.0444 = 1.0406$
2. Ratio of change x 2022-2023 spending limit = 2023-2024 spending limit:
 $1.0406 \times \$92,557,951 = \$96,319,521$

Based on the above calculations, **the Gann appropriations spending limit for FY 2023-2024 is \$96,319,521** (Attachment 1). The actual County Connection non-federal appropriations budget for FY 2023-2024 is \$50,300,889, which is \$46,018,632 below the spending limitation.

Financial Implications:

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:

The A&F Committee and staff recommend that the Board review and approve the calculation of the Gann appropriations spending limitation of \$96,319,521 for FY 2023-24.

Action Requested:

By State law, the County Connection Board of Directors must adopt an appropriations limitation. The A&F Committee and staff request that the Board adopt Resolution No. 2024-01 establishing an appropriations limitation for FY 2023-24.

Attachments:

Attachment 1: Computation of Gann Appropriations Spending Limit for FY 2024

Attachment 2: Resolution No. 2024-01

COMPUTATION OF GANN APPROPRIATIONS SPENDING LIMIT FOR FY 2024

| | | |
|--|----------------------|--------------------------------|
| Contra Costa County change in population* | -0.36 | |
| Converted to a ratio | | 0.9964 (1) |
| Percentage change in per capita personal income* | 4.44 | |
| Converted to a ratio | | 1.0444 (2) |
| Ratio of change: | | 1.0406 (1)*(2) = (3) |
| FY 2023 appropriations limit | | \$92,557,951 (4) |
| FY 2024 appropriations limit | | \$96,319,521 (3)*(4) = (5) |
| FY 2024 operating budget | \$49,677,889 | |
| Less expenses paid by federal funds | <u>(\$5,888,000)</u> | |
| | \$43,789,889 | |
| FY 2024 capital budget | \$6,511,000 | |
| Less expenses paid by federal funds | <u>\$0</u> | |
| | \$6,511,000 | |
| Operating and capital appropriation | | <u>\$50,300,889</u> |
| Under limit | | <u><u>\$46,018,632</u></u> |

* Source: California Department of Finance

RESOLUTION NO. 2024-01

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

ADOPT AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2023-24

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 \$96,319,521, which shall be applicable to fiscal year 2023-24 as set forth in the attached appropriations limit documentation.

Regularly passed and adopted this 20th day of July, 2023 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Amy Worth, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board