



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
DATE: 5/8/2023		5/17/2023		BOARD INITIATED ITEM: Yes	
Originator/Prepared by: Katherine Alagar Dept: Operating Budgets DocuSigned by: <i>Katherine Alagar</i> 697EB8AE6F87469... Signature/Date: 5/15/2023		General Counsel DocuSigned by: <i>Jana Belan</i> F8FD7B3A73E74E8... 5/15/2023 []		Controller/Treasurer DocuSigned by: <i>Chris Gan</i> EE11C8CEEEA04FD... 5/15/2023 []	
				District Secretary []	
				BARC DocuSigned by: <i>Pamela Herhold</i> 3BB24D65B8724F5... 5/15/2023 []	

FY24 Proposition 4 Appropriations Limit

PURPOSE:

To approve the District's Fiscal Year 2024 Appropriations Limit, as required by State law pursuant to the Gann Initiative (Proposition 4, passed by the voters in 1979).

DISCUSSION:

The Gann Initiative (Proposition 4) provides for limits on appropriations by State and local government entities. California Government Code Section 7910 requires local jurisdictions to annually adopt an appropriations limit by resolution and establishes a 45-day statute of limitations for commencement of any judicial action to challenge the appropriations limit.

Section 7910 requires the Board of Directors to establish by resolution BART's annual appropriations limit "at a regularly scheduled meeting or noticed special meeting." Further, it requires that fifteen days prior to such meeting, documentation used in the determination of the appropriations limit shall be made available to the public. On May 10, 2023, the documentation was made available to the public.

Attachment 1 summarizes the FY24 appropriations limit calculation in accordance with the uniform Guidelines for Implementation of the Gann Initiative prepared by the League of California Cities and the information furnished by the State Department of Finance.

Attachment 2 is the calculation for the margin as it relates to the Proposition 4 limit. The margin is the difference between the appropriations limit and the expenditures subject to the limit. Based on the calculations, the District will be below the limit of \$732,000,583.



FISCAL IMPACT:

No fiscal impact. The FY24 appropriations limit is \$732,000,583. Operating and Capital expenditures subject to the appropriations limit total \$656,087,503. As such, the District is \$75,913,080 below the subject FY24 appropriations limit.

ALTERNATIVES: None

RECOMMENDATION: Approval of the following motion.

MOTION: That the Board adopt the attached resolution which sets the District's FY24 appropriations limit at \$732,000,583.

Attachment 1

Fiscal Year 2024 Appropriations Limit: Calculation

Based on the provisions in Article XIII B of the California Constitution as approved by the voters in November 1979, the appropriations limit for each succeeding year through 1987 is determined by the District's 1979 appropriations base times a cumulative composite factor. The base year was later revised to 1987. The cumulative composite factor consists of the product of:

- 1) The **lesser** of the relative year change in the all urban consumer price index (SF/Oakland/Hayward CPI-U) or the California per capita personal income percentage change over prior year, and
- 2) At the District's discretion, the relative year-to-year change in District wide population, or the population for the District's county that has the highest assessed valuation. Election of the **higher** of the two growth factors results in a higher appropriations limit.

The District's appropriations limit for Fiscal Year 2024 is calculated on the basis of the California per capita personal income change and Alameda County's population change as it has the highest assessed valuation of the three counties. Steps in the calculations are as follows:

Relevant data, percent change:

- California per capita personal income, 4.4400% (applies this year per option 1 above)
- Population Change, Alameda County, -0.9555% (applies this year per option 2 above)

<u>District Population</u>					
		<u>As of 1/1/22</u>	<u>As of 1/1/23</u>	<u>% Change</u>	
	Alameda	1,651,979	1,636,194	-0.9555%	
	Contra Costa	1,156,555	1,147,653	-0.7697%	
	<u>San Francisco</u>	842,754	831,703	<u>-1.3113%</u>	
	Total*	3,651,288	3,615,550	-0.9788%	
<u>FY23 Cumulative Adjustment Factor:</u>					
	Per Capita Personal Income delta	x	Population Factor	=	Current Adjustment Factor
	(1 + 4.44%)	x	(1 + (-0.9555%))	=	1.0344
	Current Adjustment Factor	x	<u>Prior Year Adjustment</u>	=	Cumulative Adjustment Factor
	1.0344	x	3.8974	=	4.0316
<u>FY23 Appropriations Limit:</u>					
	FY87 Appropriations Base	x	FY24 Cumulative Adj Factor	=	FY24 Appropriations Limit
	<u>\$181,568,000</u>	x	4.0316	=	<u>\$732,000,583</u>
<small>Note: San Mateo County and Santa Clara County are not to be included. Although San Mateo and Santa Clara are served by BART, the District is comprised only of SF, CC, and Alameda counties.</small>					
<small>*Note: Population growth factor to come from county with the highest assessed valuation (Alameda County) or the district-wide total - whichever is higher.</small>					

ATTACHMENT 2
FY24 PROPOSITION 4 APPROPRIATIONS LIMIT
Whole Dollars, as of 05/08/23

<u>LIMIT</u>	<u>FY24</u>	<u>NOTES & COMMENTS</u>
CPI-U	5.3024%	CPI-U for SF/OAK/Hayward 2/23 vs 2/22
Per Capita Personal Income change for FY23 - FY24	4.4400%	State Dept Of Finance Price & Population Information, 1/1/23 (report released 5/23).
District Population Growth	-0.9555%	Districtwide growth is based on Alameda Population Growth (highest valuation)
Annual Adjustment Factor	1.0344	[1+(CA Per Capita CPI)]*[1+(District population growth)]
Cumulative Adjustment Factor	4.0316	(Current year factor)*(prior year cumulative factor)
Appropriations Limit	\$732,000,583	(FY87 base appropriations) x (cumulative factor)
<u>APPROPRIATIONS</u>		
Operating Budget		
Operating Expenses	937,409,957	FY24 Post Prelim Operating Budget
Operating Allocations	86,035,526	FY24 Post Prelim Operating Budget
Capital Budget		
Funded	1,487,639,392	FY24 Post Prelim Capital Budget
Less Funded Pass Through	(370,501,165)	FY24 Post Prelim Capital Budget
Net Capital Expense	1,117,138,227	
Debt Service:		
Debt Service	60,131,289	FY24 Post Prelim Operating Budget
GO Seismic & RR Bonds	137,730,819	Per GO & RR Bond Series Debt schedules
Debt Service Subtotal	197,862,108	
Total Operating & Capital Appropriations	\$ 2,338,445,817	
<u>EXCLUSIONS</u>		
ADA Mandated Service Expense	18,795,000	FY24 Post Prelim Operating Budget
Net Operating Revenue:		
Net Passenger Revenue	224,950,190	FY24 Post Prelim Operating Budget
Other Operating Revenue	39,214,445	FY24 Post Prelim Operating Budget
Subtotal	264,164,635	
Federal Operating Funds (CRRSAA + ARP)	350,212,686	FY24 Post Prelim Operating Budget
Federal Capital Funds:		
Funded	249,577,296	FY24 Post Prelim Capital Budget
Debt Service (GO Seismic & RR Bonds)	137,730,819	Per above, GO & RR Bond Series Debt schedules
Capital Budget Funded from Measure AA GO Bond Proceeds	133,104	FY24 Post Prelim Capital Budget
Capital Budget Funded from Measure RR GO Bond Proceeds	558,063,552	FY24 Post Prelim Capital Budget
Capital Budget Funded from Sales Tax Revenue Bond Proceeds	3,421	FY24 Post Prelim Capital Budget
BART Capital Funds	103,677,801	FY24 Post Prelim Capital Budget
Total Exclusions	\$ 1,682,358,314	
<u>MARGIN</u>		
Appropriations Limit	732,000,583	Per above
Appropriations Subject to Limit	656,087,503	Appropriations less exclusions, per above
Margin	\$ 75,913,080	Appropriations less expenditures subject to limit
<u>RESIDENT POPULATION**</u>		
Alameda (highest assessed valuation in 2023)		
Population	1,636,194	State DOF Price & Population Information, 1/1/23 (report released 5/2023)
Percent Change	-0.9555%	
Contra Costa		
Population	1,147,653	State DOF Price & Population Information, 1/1/23 (report released 5/2023)
Percent Change	-0.7697%	
San Francisco		
Population	831,703	State DOF Price & Population Information, 1/1/23 (report released 5/2023)
Percent Change	-1.3113%	
District Total		
Population	3,615,550	Sum of population for BART counties
Percent Change	-0.9788%	Percent increase

**Population Estimate as of 1/1/23. Population estimate is "total population" and includes military and other temporary residents. Per State Department of Finance, prior year City and County population estimates may be revised.