



## EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Phil M. Poon</i> 15 MAY 2019		GENERAL MANAGER ACTION REQ'D:		
DATE: 5/8/2019		BOARD INITIATED ITEM: No		
Originator/Prepared by: David Covarrubias Dept: Budget  Signature/Date: <i>[Signature]</i> 5/10/19	General Counsel <i>[Signature]</i> 5/10/19 [ ]	Controller/Treasurer <i>[Signature]</i> 5/10/19 [ ]	District Secretary [ ]	BARC <i>[Signature]</i> 5/10/19 [ ]

### Proposition 4 Appropriations Limit

**PURPOSE:** To approve the District's Fiscal Year 2020 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 8, 2019, the documentation was made available to the public.

Attachment 1 summarizes the FY20 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 \$648,649,165.

**FISCAL IMPACT:** No fiscal impact. The FY20 appropriations limit is \$648,649,165. Operating and Capital expenditures subject to the appropriations limit total \$414,272,841. As

such, the District is \$234,376,324 below the subject FY20 appropriations limit.

**ALTERNATIVES:** None.

**RECOMMENDATION:** Approval of the following motion.

**MOTION:** That the Board adopt the attached resolution which sets the District's FY20 appropriations limit at \$648,649,165.

## Attachment 1

### **Fiscal Year 2020 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/SJ CPI-U) or the California per capita personal income, 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 2020 is calculated on the basis of the urban consumer price index (CPI-U SF/Oakland/SJ) and Alameda County's population gains as it has the highest assessed valuation of the three counties. Steps in the calculations are as follows:

Relevant data, percent change:

- CPI-U SF/Oakland/SJ, 3.5260% (applies this year per option 1 above)
- Population Change, Alameda County, 0.5481% (applies this year per option 2 above)

#### District Population

	<u>As of 1/1/18</u>	<u>As of 1/1/19</u>	<u>% Change</u>
Alameda*	1,660,202	1,669,301	0.5481%
Contra Costa	1,149,363	1,155,879	0.5669%
<u>San Francisco</u>	<u>883,963</u>	<u>883,869</u>	<u>-0.0106%</u>
<b>Total</b>	<b>3,693,528</b>	<b>3,709,049</b>	<b>0.4202%</b>

#### FY20 Cumulative Adjustment Factor:

CPI-U SF/Oakland/Hayward	x	Population Factor	=	Current Adjustment Factor
(1 + 3.526%)	x	(1 + 0.5481%)	=	1.0409
Current Adjustment Factor	x	Prior Year Adjustment	=	Cumulative Adjustment Factor
1.0409	x	3.4320	=	3.5725

#### FY20 Appropriations Limit:

FY87 Appropriations Base	x	FY20 Cumulative Adj Factor	=	FY20 Appropriations Limit
<u>\$181,568,000</u>	x	3.5725	=	<u>\$648,649,165</u>

*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.*

*\*Note: Population growth factor to come from county with the highest assessed valuation (Alameda County) or the district-wide total - whichever is higher.*

**ATTACHMENT 2**  
**FY20 PROPOSITION 4 APPROPRIATIONS LIMIT**  
Whole Dollars, as of 05/01/19

<u>LIMIT</u>		<u>NOTES &amp; COMMENTS</u>
CPI-U	3.5260%	CPI-U for SF/OAK/Hayward 2/19 vs 2/18
Per Capita Personal Income delta FY18>FY19	3.8500%	State DOF Price & Population Information, 1/1/19 (report released 5/1/19)
District Population Growth	0.5481%	Districtwide growth is based on Alameda Population Growth (highest valuation)
Annual Adjustment Factor	1.0409	[1+(CPI -U)]*[1+(District population growth)]
Cumulative Adjustment Factor	3.5725	(Current year factor)*(prior year cumulative factor)
<b>Appropriations Limit</b>	<b>\$648,649,165</b>	<b>(FY87 base appropriations) x (cumulative factor)</b>
<b><u>APPROPRIATIONS</u></b>		
<b>Operating Budget</b>		
Operating Expenses	799,285,534	FY20 Prelim Operating Budget
Operating Subtotal	799,285,534	
<b>Operating Allocations</b>		
Misc. Capital Allocations	25,296,553	FY20 Prelim Operating Budget
Other Capital Allocations	77,489,137	FY20 Prelim Operating Budget
Capital Allocation To Operating	(2,527,281)	FY20 Prelim Operating Budget
Operating Allocations Subtotal	100,258,409	
<b>Capital Budget</b>		
Funded	1,419,947,083	FY20 Proposed Capital Budget
Unfunded	-	FY20 Proposed Capital Budget
Subtotal	1,419,947,083	
Less Funded Pass Through	(127,007,007)	FY20 Proposed Capital Budget
Less Unfunded Pass Through	-	FY20 Proposed Capital Budget
Subtotal	(127,007,007)	
Net Capital Expense	1,292,940,077	
<b>Debt Service:</b>		
Debt Service	47,237,727	FY20 Prelim Operating Budget
GO Seismic & RR Bonds	64,930,200	Per GO & RR Bond Series Debt schedule
Debt Service Subtotal	112,167,927	
<b>Total Operating &amp; Capital Appropriations</b>	<b>2,304,651,947</b>	
<b><u>EXCLUSIONS</u></b>		
Allocation from Reserves	5,814,899	FY20 Prelim Operating Budget
ADA Mandated Service Expense	16,931,647	FY20 Prelim Operating Budget
<b>Net Operating Revenue:</b>		
Net Passenger Revenue	480,241,911	FY20 Prelim Operating Budget
Other Operating Revenue	64,953,350	FY20 Prelim Operating Budget
Subtotal	545,195,261	FY20 Prelim Operating Budget
Other Allocations (Access Fund)	-	FY20 Prelim Operating Budget
Federal Operating Funds	-	FY20 Prelim Operating Budget
<b>Federal Capital Funds:</b>		
Funded	228,892,237	FY20 Proposed Capital Budget
Unfunded	-	FY20 Proposed Capital Budget
Subtotal	228,892,237	
Debt Service (GO Seismic & RR Bonds)	64,930,200	Per above, GO Bond Series Debt schedule
Capital Budget Funded from GO Bond Proceeds	109,517,202	FY20 Proposed Capital Budget
Capital Budget Funded from Measure RR Bond Proceeds	645,708,384	FY20 Proposed Capital Budget
Capital Budget Funded from Sales Tax Revenue Bond Proceeds	196,734	FY20 Proposed Capital Budget
BART Capital Funds	273,192,542	FY20 Proposed Capital Budget
<b>Total Exclusions</b>	<b>\$1,890,379,106</b>	
<b><u>MARGIN</u></b>		
Appropriations Limit	648,649,165	Per above
Appropriations Subject to Limit	414,272,841	Appropriations less exclusions, per above
<b>Margin</b>	<b>\$234,376,324</b>	<b>Appropriations less expenditures subject to limit</b>
<b><u>RESIDENT POPULATION**</u></b>		
<b>Alameda</b>		
Population	1,669,301	State DOF Price & Population Information, 1/1/19 (report released 5/1/19)
Percent Change	0.5481%	
<b>Contra Costa</b>		
Population	1,155,879	State DOF Price & Population Information, 1/1/19 (report released 5/1/19)
Percent Change	0.5669%	
<b>San Francisco</b>		
Population	883,869	State DOF Price & Population Information, 1/1/19 (report released 5/1/19)
Percent Change	-0.0106%	
<b>District Total</b>		
Population	3,709,049	Sum of population for BART counties
Percent Change	0.4202%	Percent increase

\*\*Population Estimate as of 1/1/19. 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.

**BEFORE THE BOARD OF DIRECTORS OF THE SAN FRANCISCO  
BAY AREA RAPID TRANSIT DISTRICT**

In the Matter of the Establishment  
Of the Fiscal Year 2020  
Appropriations Limit

Resolution No. \_\_\_\_\_

WHEREAS, Article XIII B of the California Constitution limits the District's appropriations for Fiscal Year 1981, and subsequent years; and

WHEREAS, Government Code Section 7910 requires the District to establish, by resolution, its appropriations limit pursuant to Article XIII B; and

WHEREAS, documentation used in the determination of the Fiscal Year 2020 appropriations limit has been available to the public for at least fifteen days prior to the date of this resolution;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Francisco Bay Area Rapid Transit District that the District's appropriations limit for Fiscal Year 2020 shall be \$648,649,165.