



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Michael</i> 6/17/2020		GENERAL MANAGER ACTION REQ'D:		
DATE: 5/28/2020		BOARD INITIATED ITEM: No		
Originator/Prepared by: David Covarrubias Dept: AGM - Performance & Budget CSS for DC Signature/Date: 6/16/20	General Counsel <i>[Signature]</i> 6/16/20 []	Controller/Treasurer <i>[Signature]</i> 6/16/2020 []	District Secretary []	BARC <i>[Signature]</i> 6/16/20 []

FY21 Proposition 4 Appropriations Limit

PURPOSE: To approve the District's Fiscal Year 2021 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 June 10, 2020, the documentation was made available to the public.

Attachment 1 summarizes the FY21 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 \$669,868,280.

FISCAL IMPACT: No fiscal impact. The FY21 appropriations limit is \$669,868,280. Operating and Capital expenditures subject to the appropriations limit total \$552,265,521. As such, the District is \$117,602,759 below the subject FY21 appropriations limit.

ALTERNATIVES: None

RECOMMENDATION: Approval of the following motion.

MOTION: That the Board adopt the attached resolution which sets the District's FY21 appropriations limit at \$669,868,280.

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

In the Matter of the Establishment
Of the Fiscal Year 2021
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 2021 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 2021 shall be \$669,868,280.

Attachment 1

Fiscal Year 2021 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 2021 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, 2.9060% (applies this year per option 1 above)
- Population Change, Alameda County, 0.0918% (applies this year per option 2 above)

District Population

	<u>As of 1/1/19</u>	<u>As of 1/1/20</u>	<u>% Change</u>
Alameda	1,669,301	1,670,834	0.0918%
Contra Costa	1,155,879	1,153,561	-0.2005%
San Francisco	883,869	897,806	1.5768%
Total*	3,709,049	3,722,201	0.3546%

FY21 Cumulative Adjustment Factor:

CPI-U SF/Oakland/Hayward	x	Population Factor	=	Current Adjustment Factor
(1 + 2.9060%)	x	(1 + .3546%)	=	1.0327
Current Adjustment Factor	x	Prior Year Adjustment	=	Cumulative Adjustment Factor
1.0327	x	3.5725	=	3.6894

FY21 Appropriations Limit:

FY87 Appropriations Base	x	FY21 Cumulative Adj Factor	=	FY21 Appropriations Limit
<u>\$181,568,000</u>	x	3.6894	=	<u>\$669,868,280</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
FY21 PROPOSITION 4 APPROPRIATIONS LIMIT

Whole Dollars, as of 05/01/20

LIMIT		NOTES & COMMENTS
CPI-U	2.9060%	CPI-U for SF/OAK/Hayward 2/20 vs 2/19
Per Capita Personal Income delta FY19>FY20	3.7300%	State DOF Price & Population Information, 1/1/20 (report released 5/1/20)
District Population Growth	0.3546%	Districtwide growth is based on Alameda Population Growth (highest valuation)
Annual Adjustment Factor	1.0327	[1+(CPI -U)]*[1+(District population growth)]
Cumulative Adjustment Factor	3.6894	(Current year factor)*(prior year cumulative factor)
Appropriations Limit	\$669,868,280	(FY87 base appropriations) x (cumulative factor)
APPROPRIATIONS		
Operating Budget		
Operating Expenses	850,853,163	FY21 Prelim Operating Budget
Operating Subtotal	850,853,163	
Operating Allocations		
Misc. Capital Allocations	1,592,674	FY21 Prelim Operating Budget
Other Capital Allocations	15,000,000	FY21 Prelim Operating Budget
Reverse Allocation To Operating	(40,000,000)	FY21 Prelim Operating Budget
Operating Allocations Subtotal	(23,407,326)	
Capital Budget		
Funded	1,506,672,143	FY21 Proposed Capital Budget
Unfunded	-	FY21 Proposed Capital Budget
Subtotal	1,506,672,143	
Less Funded Pass Through	(472,818,768)	FY21 Proposed Capital Budget
Less Unfunded Pass Through	-	FY21 Proposed Capital Budget
Subtotal	(472,818,768)	
Net Capital Expense	1,033,853,375	
Debt Service:		
Debt Service	47,407,197	FY21 Prelim Operating Budget
GO Seismic & RR Bonds	90,164,144	Per GO & RR Bond Series Debt schedule
Debt Service Subtotal	137,571,341	
Total Operating & Capital Appropriations	\$1,998,870,553	
EXCLUSIONS		
Allocation from Reserves	-	FY21 Prelim Operating Budget
ADA Mandated Service Expense	16,148,606	FY21 Prelim Operating Budget
Net Operating Revenue:		
Net Passenger Revenue	150,973,648	FY21 Prelim Operating Budget
Other Operating Revenue	34,124,566	FY21 Prelim Operating Budget
Subtotal	185,098,214	FY21 Prelim Operating Budget
Federal Operating Funds	271,000,000	FY21 Prelim Operating Budget
Federal Capital Funds:		
Funded	191,293,630	FY21 Proposed Capital Budget
Unfunded	-	FY21 Proposed Capital Budget
Subtotal	191,293,630	
Debt Service (GO Seismic & RR Bonds)	90,164,144	Per above, GO Bond Series Debt schedule
Capital Budget Funded from GO Bond Proceeds	38,951,436	FY21 Proposed Capital Budget
Capital Budget Funded from Measure RR Bond Proceeds	599,949,260	FY21 Proposed Capital Budget
Capital Budget Funded from Sales Tax Revenue Bond Proceeds	53,790,457	FY21 Proposed Capital Budget
BART Capital Funds	209,285	FY21 Proposed Capital Budget
Total Exclusions	\$1,446,605,032	
MARGIN		
Appropriations Limit	669,868,280	Per above
Appropriations Subject to Limit	552,265,521	Appropriations less exclusions, per above
Margin	\$117,602,759	Appropriations less expenditures subject to limit
RESIDENT POPULATION**		
Alameda		
Population	1,670,834	State DOF Price & Population Information, 1/1/20 (report released 5/1/20)
Percent Change	0.0918%	
Contra Costa		
Population	1,153,561	State DOF Price & Population Information, 1/1/20 (report released 5/1/20)
Percent Change	-0.2005%	
San Francisco		
Population	897,806	State DOF Price & Population Information, 1/1/20 (report released 5/1/20)
Percent Change	1.5768%	
District Total		
Population	3,722,201	Sum of population for BART counties
Percent Change	0.3546%	Percent increase

**Population Estimate as of 1/1/20. 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.