



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
DATE: 5/12/2022		5/18/2022		BOARD INITIATED ITEM: No	
Originator/Prepared by: Alan Chew Dept: Operating Budgets		General Counsel		Controller/Treasurer	
DocuSigned by: <i>Alan Chew</i> 5FB8472AA133421...		DocuSigned by: <i>Jana Belan</i> F8FD7B3A73E74E8...		DocuSigned by: <i>Chris Gan</i> EE11C8CEEEA04FD...	
Signature/Date: 5/17/2022		5/17/2022 []		5/17/2022 []	
				District Secretary	
				BARC	
				DocuSigned by: <i>Pamela Herhold</i> 3BB24D65B8724F5...	
				5/17/2022 []	

FY23 Proposition 4 Appropriations Limit

PURPOSE:

To approve the District's Fiscal Year 2023 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 11, 2022, the documentation was made available to the public.

Attachment 1 summarizes the FY23 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 \$707,637,546.

FISCAL IMPACT:

No fiscal impact. The FY23 appropriations limit is \$707,637,546. Operating and Capital expenditures subject to the appropriations limit total \$482,891,916. As such, the District is \$224,745,630 below the subject FY23 appropriations limit.

ALTERNATIVES:

None.

RECOMMENDATION:

Approval of the following motion.

MOTION:

That the Board adopt the attached resolution which sets the District's FY23 appropriations limit at \$707,637,546.

Attachment 1**Fiscal Year 2023 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, 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 2023 is calculated on the basis of the urban consumer price index (CPI-U SF/Oakland/Hayward) 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/Hayward, 5.1934% (applies this year per option 1 above)
- Population Change, Alameda County, -0.2784% (applies this year per option 2 above)

District Population

	<u>As of 1/1/21</u>	<u>As of 1/1/22</u>	<u>% Change</u>
Alameda	1,656,591	1,651,979	-0.2784%
Contra Costa	1,153,854	1,156,555	0.2341%
<u>San Francisco</u>	<u>875,010</u>	<u>842,754</u>	<u>-3.6864%</u>
Total*	3,685,455	3,651,288	-0.9271%

FY23 Cumulative Adjustment Factor:

CPI-U SF/Oakland/Hayward	x	Population Factor	=	Current Adjustment Factor
(1 + 5.1934%)	x	(1 + (-0.2784%))	=	1.0490
Current Adjustment Factor	x	Prior Year Adjustment	=	Cumulative Adjustment Factor
1.0490	x	3.7153	=	3.8974

FY23 Appropriations Limit:

FY87 Appropriations Base	x	FY23 Cumulative Adj Factor	=	FY23 Appropriations Limit
<u>\$181,568,000</u>	x	3.8974	=	<u>\$707,637,546</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.*

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

In the Matter of the Establishment
Of the Fiscal Year 2023
Appropriations Limit

Resolution No. 5517

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 2023 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 2023 shall be \$707,637,546.

Adopted: May 26, 2022

ATTACHMENT 2
FY23 PROPOSITION 4 APPROPRIATIONS LIMIT

Whole Dollars, as of 05/11/22

<u>LIMIT</u>		<u>NOTES & COMMENTS</u>
CPI-U	5.1934%	CPI-U for SF/OAK/Hayward 2/22 vs 2/21
Per Capita Personal Income delta FY22>FY23	7.5500%	State Dept Of Finance Price & Population Information, 1/1/21 (report released 5/22). See Column G for website
District Population Growth	-0.2784%	Districtwide growth is based on Alameda Population Growth (highest valuation)
Annual Adjustment Factor	1.0490	[1+(CA Per Capita CPI)]*[1+(District population growth)]
Cumulative Adjustment Factor	3.8974	(Current year factor)*(prior year cumulative factor)
Appropriations Limit	\$707,637,546	(FY87 base appropriations) x (cumulative factor)
APPROPRIATIONS		
Operating Budget		
Operating Expenses	859,989,394	FY23 Post Prelim Operating Budget
Operating Subtotal	859,989,394	
Operating Allocations		
Misc. Capital Allocations	85,647,744	FY23 Post Prelim Operating Budget
Other Capital Allocations	11,850,000	FY23 Post Prelim Operating Budget
Operating Allocations Subtotal	97,497,744	
Capital Budget		
Funded	1,436,731,105	FY23 Post Prelim Operating Budget
Less Funded Pass Through	(497,594,653)	FY23 Post Prelim Operating Budget
Net Capital Expense	939,136,452	
Debt Service:		
Debt Service	\$59,919,129	FY23 Post Prelim Operating Budget
GO Seismic & RR Bonds	136,442,275	Per GO & RR Bond Series Debt schedules
Debt Service Subtotal	196,361,404	
Total Operating & Capital Appropriations	\$ 2,092,984,994	
EXCLUSIONS		
ADA Mandated Service Expense	16,701,033	FY23 Post Prelim Operating Budget
Net Operating Revenue:		
Net Passenger Revenue	222,613,374	FY23 Post Prelim Operating Budget
Other Operating Revenue	32,552,641	FY23 Post Prelim Operating Budget
Subtotal	255,166,015	
Federal Operating Funds (CRRSAA + ARP)	313,595,161	FY23 Post Prelim Operating Budget
Federal Capital Funds:		
Funded	258,186,874	FY23 Post Prelim Operating Budget
Subtotal	258,186,874	
Debt Service (GO Seismic & RR Bonds)	136,442,275	Per above, GO Bond Series Debt schedule
Capital Budget Funded from Measure AA GO Bond Proceeds	21,072,933	FY23 Post Prelim Operating Budget
Capital Budget Funded from Measure RR GO Bond Proceeds	541,691,979	FY23 Post Prelim Operating Budget
Capital Budget Funded from Sales Tax Revenue Bond Proceeds	963,293	FY23 Post Prelim Operating Budget
BART Capital Funds	66,273,515	FY23 Post Prelim Operating Budget
Total Exclusions	\$ 1,610,093,078	
MARGIN		
Appropriations Limit	\$707,637,546	Per above
Appropriations Subject to Limit	482,891,916	Appropriations less exclusions, per above
Margin	\$ 224,745,630	Appropriations less expenditures subject to limit
RESIDENT POPULATION**		
Alameda (<i>highest assessed valuation in 2022</i>)		
Population	1,651,979	State DOF Price & Population Information, 1/1/22 (report released 5/2022)
Percent Change	-0.2784%	
Contra Costa		
Population	1,156,555	State DOF Price & Population Information, 1/1/22 (report released 5/2022)
Percent Change	0.2341%	
San Francisco		
Population	842,754	State DOF Price & Population Information, 1/1/22 (report released 5/2022)
Percent Change	-3.6864%	
District Total		
Population	3,651,288	Sum of population for BART counties
Percent Change	-0.9271%	Percent increase

**Population Estimate as of 1/1/22. 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.