



County of San Bernardino

Legislation Text

File #: 3680, Agenda Item #: 22

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

February 9, 2021

FROM

LEONARD X. HERNANDEZ, Chief Executive Officer, County Administrative Office

SUBJECT

Agreement to Transfer a Portion of Appropriation Limit

RECOMMENDATION(S)

Approve Agreement with the San Bernardino Mountains Community Hospital District with a perpetual term to decrease the County's State Constitutional Limit on Local Appropriations by \$2,000,000 and increase the District's limit by \$2,000,000 in recognition of services provided by the District to the residents of the community of Crestline.

(Presenter: Matthew Erickson, County Chief Financial Officer, 387-5423)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT

This item will not result in any cost to the County. The County's Constitutional Limit on Local Appropriations (Gann Limit) is a state imposed limitation on the maximum amount a local government can spend in a given year, which is calculated based on the government's total appropriation in 1978 and adjusted each year for population growth and cost-of living factors. As demonstrated in the table below, the County has an estimated \$23,853,966,718 for the 2020-21 Gann limit appropriation and estimated proceeds of taxes of \$898,361,502, giving the County a current margin of \$22,955,605,216 in available Gann limit should the County need it. As a result, a transfer of \$2.0 million will not have any impact on the County's spending ability.

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|---------------------------------------|------------------|
| Estimated County Gann Limit | \$23,853,966,718 |
| (-) Estimated Proceeds of Taxes | (\$898,361,502) |
| (-) Transfer to District | (\$2,000,000) |
| Remaining Estimated County Gann Limit | \$22,953,605,216 |

BACKGROUND INFORMATION

The California State Constitutional Limit on Local Appropriations, commonly known as the Gann Limit, was added in 1979 to the State Constitution and established an appropriation (i.e. budget) limit on the state and most local governments. The San Bernardino Mountains Community Hospital District (District) has a legal service area that covers the communities of Rimforest, Blue Jay, Skyforest, Cedar Glen, Lake Arrowhead,

Running Springs, Arrowbear, and portions of Twin Peaks. The District has approached the County with a request to transfer \$2.0 million of the County's Gann limit to the District in recognition of the hospital services it currently provides to County residents from the community of Crestline and Cedarpines Park (referred to herein as the Crestline community), which is inside the District's sphere of influence but outside of the District's service area. Recent District analysis shows that in 2020 approximately 26% of the District's total business was attributable to the Crestline community, based on Crestline community patient encounters as a percentage of total patient encounters.

The District has sufficient revenue sources to pay for these services; however, the established Gann limit appropriation currently inhibits the District from fully expending its resources. Historically, the District has sought and received temporary voter approval every four years to raise its limit, which results in additional costs to run an election. The District is seeking a more permanent solution to the limitation, as allowed under Article XIII B, section 3(a) of the State Constitution.

The transfer agreement recommended for approval would transfer \$2.0 million of the County's Gann Limit to the District on a permanent basis unless less than 20% of the District's patients are residents of the community of Crestline in a given year, at which point the District and County may negotiate a revision to the appropriation transfer.

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Robert Messinger, Principal Assistant County Counsel, 387-5455) on January 28, 2021; County Finance (Matthew Erickson, County Chief Financial Officer, 387-5423) on January 28, 2021.