

District Parcel Tax Fiscal Oversight Committee Frequently Asked Questions

Q: What is a Parcel Tax?

A: A parcel tax is a form of real estate tax that, unlike most real estate taxes or a land value tax, is not directly based on property value. It is typically a flat amount that does not vary based on the size or characteristics of the parcel. AC Transit's parcel taxes are levied by the voters and require a two-thirds vote.

Q: How do we know what expenses are actually incurred in Special Transit Service District No. 1, which is where the ballot measure was approved, and what is done internally to document and show those expenses before the revenue is applied?

A: The District has indirect allocation rates for all aspects of the operation that can be allocated at any given time when we are trying to be reimbursed or when we are trying to assign costs to support business activities. The indirect cost allocation methodology is approved by the Federal Transportation Administration every three years.

Q: Are the same indirect cost rates that are applied to Special District No. 1 applied to Special District No. 2?

A: Yes

Q: Why does Special District No. 1 secure more federal preventive maintenance funding than Special District No. 2?

A: The federal preventive maintenance money received by the District is based on the entire operation. The District does an additional analysis and allocates federal dollars based on the service miles and the service hours in transit district. There is also an agreed upon allocation methodology between AC Transit and Special Transit District No. 2 (Fremont/Newark), which also speaks to how the two districts share expenses and revenues. The finances of Special Transit District No. 2 are audited annually to ensure that the allocation methodology has been applied appropriately based on the service hours and miles, and that the corresponding expenses and revenues have also been applied in accordance with the allocation methodology.

Q: What is the assurance that the Measure VV revenue is staying in Special Transit District No. 1 and not leaking into District No. 2?

A: There is an annexation agreement between AC Transit and Special Transit Service District 2 that sets forth AC Transit's commitment to provide service in Special District No. 2 and an agreed upon methodology that determines how shared revenues will be allocated. Expenses are based on service hours and miles and while some of the revenues allocated to Special District No. 2 are return to source others have been agreed to based on an allocation methodology the District is committed to following.

Q: Are any Measure VV funds expended on executive severance packages.

A: No

Q: How are service levels (hours of service) determined?

A: There is a fixed cost associated with the operation of the District which is derived by the current service footprint in place. The Board of Directors authorizes the total annual platform hours for the District's service in each fiscal year. The budget process starts with a certain fixed level of expenses and notwithstanding additional operational efficiencies, staff has to find a way to cover it.

Q: How are property taxes distributed?

A: Property taxes are return to source.

Q: Why are there differences in the increases or decreases of service hours and service miles between the different Special Service Districts?

A: Service adjustments are developed based upon Service Hours for both Special District No. 1 and No. 2. The changes in service miles can be based upon a variety of factors, including the following:

- The addition of operator running time (service hours) into existing schedules to improve on-time performance without the addition of any new trips.
- The addition of service hours to existing schedules for off-peak buses resulted in an increase in service hours along with a decrease in deadhead miles from buses returning to divisions.
- The additional deadheading of buses to and from a division to avoid high travel time costs for operators.
- Any additions or reductions in deadhead miles due to route assignments to divisions, which become more pronounced if a division is activated or deactivated.