

SR 25-530, Att.5.



Parcel Tax Oversight Committee

11-14-2025



Agenda



- Overview of District
- Parcel Tax Measures and Their Purpose
- Structure and Scope of the Committee
- FY 2024-25 Highlights

AC Transit At-a-Glance



AC Transit serves 13 cities and 8 unincorporated areas in Alameda and Contra Costa Counties, with Transbay Service across 2 Bay Area bridges (Bay Bridge, Dumbarton Bridge)



AC Transit At-A-Glance (Sep 2025)

RIDERSHIP	SERVICE	CONNECTIONS
Weekday 148,000	Bus Lines 123	17 other transit systems
Weekend 85,000	Bus Stops ~4,800	27 BART stations
Annual 40,000,000	Service Miles (Annual) 17,992,000	6 Amtrak Stations
Paratransit 480,000 (Annual)	Service Area 364 sq miles	3 ferry terminals

Ridership



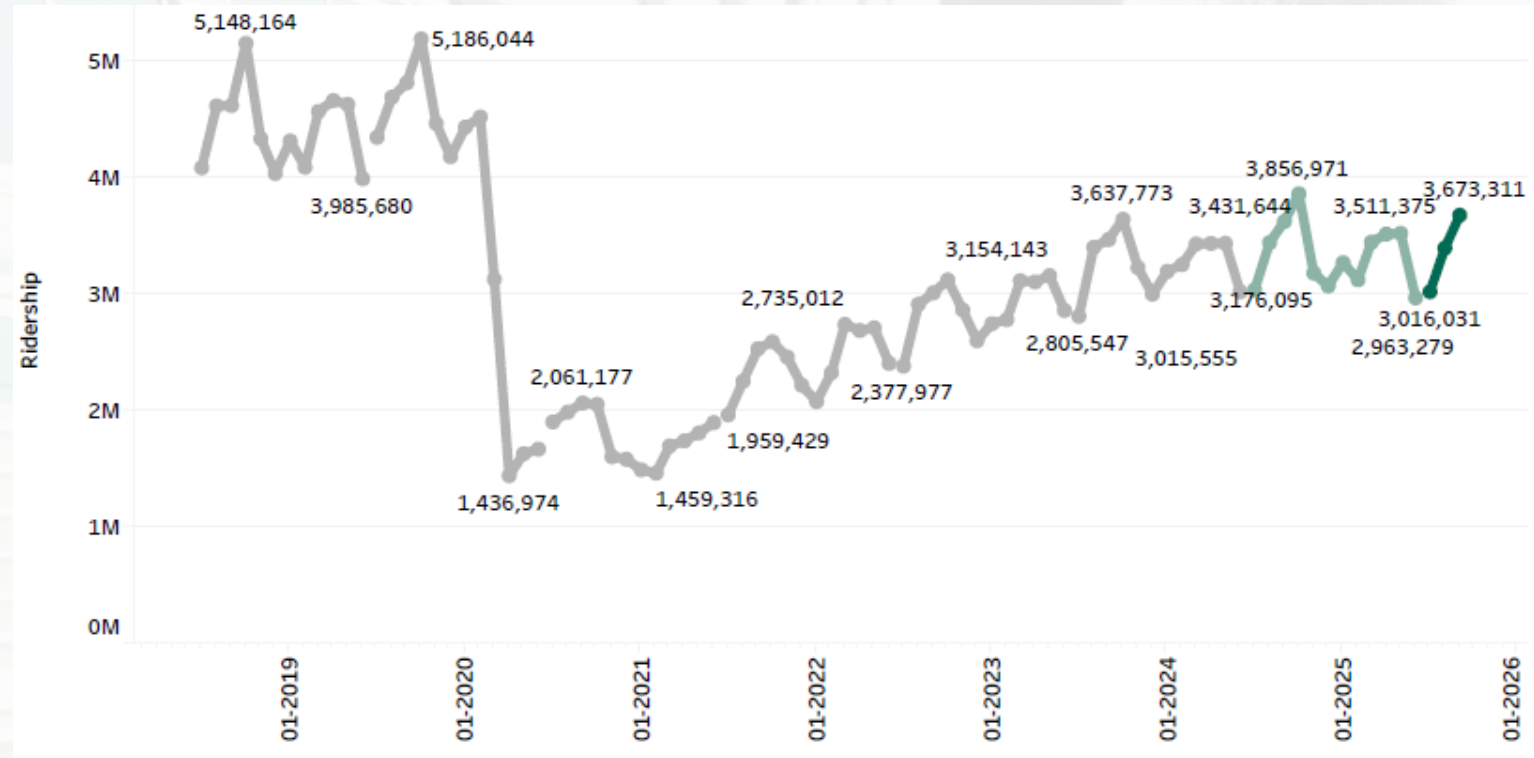
Apr 2020

- Overall 26%
- Transbay 4%

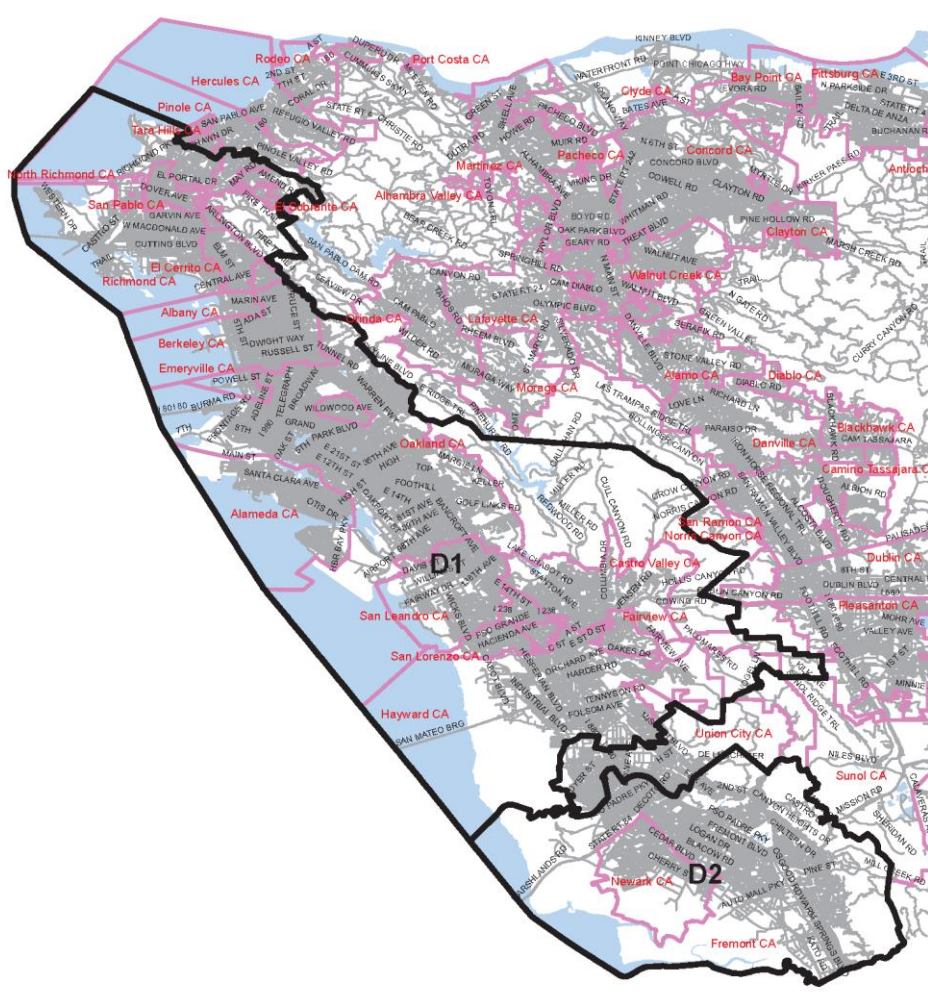
Sep 2025

- Overall 76%
- Transbay 22%

(compared to pre-pandemic)



Special Transit Service Districts 1 & 2



- **Two Separate Taxing Areas**
- **District 2: Cities of Fremont & Newark**
 - Annexed in 1974
 - Agreements with the cities required an “Equitable Level of Service” consistent with the financial ability of the area to pay
 - Agreement between the Cities and AC Transit as to funding for the service; often referred to as the “agreed upon allocation methodology”
- **No Parcel Taxes Collected in District 2**
 - Lack of support

History of the Parcel Tax



- **Measure AA - Nov 2002:** voters approved \$24 per year parcel tax for 5 years
 - For the *operation and maintenance* of bus services in District 1
 - July 2003: Measure AA Oversight Committee established
- **Measure BB - Nov 2004:** voters approved \$48 per year parcel tax for 10 years
 - For the *operation and maintenance* of bus services in District 1
 - Sept 2005: Measure BB Oversight Committee established
- **Measure VV - Nov 2008:** voters approved \$96 per year parcel tax for 10 years
 - For the *operation and maintenance* of bus services in District 1
 - Nov 2008: Measure VV Oversight Committee established
- **Measure C1 – Nov 2016:** voters approved extending VV for 20 years to 2039

Statutory Requirements for Special Taxes



- California Government Code §50075.1
 - Requires any local special tax measure that is subject to voter approval that would provide for the imposition of a special tax by a local agency to provide for accountability measures. These measures include a requirement that the proceeds be applied to the specific purpose of the special tax

Specific Purpose of the District's Parcel Tax



- Fund the *operation and maintenance* of bus services in Special District 1
- *Operation and maintenance* refers to all activities necessary to provide bus service, including, but not limited to, equipment, supplies, fuel & lubricants, personnel, compensation, and payment for and maintenance of facilities in District 1

Parcel Tax Oversight Committee



Structure

- Seven members, appointed by the AC Transit Board of Directors
- Staggered three-year terms (some initial terms are four years)
- Must convene at least once a year
- Requires a quorum to meet, decisions require a majority of the membership

Purpose

- **Ensure that the parcel tax funds are spent for the *operation and maintenance* of bus services in Special District 1**
- The committee does not approve or disapprove of spending provided that funds were spent for operations and maintenance for bus services in Special District 1

Agreed Upon Allocation Methodology



- The Agreed Upon Allocation Methodology was jointly developed by representatives from SD1 and SD2
- The Allocation Methodology was formally approved by the District's Board of Directors and the Cities of Fremont and Newark
- In FY 2014-15 the District's Board voted to permit the allocation of AB1107 funds to Special District 2
- The SD1/SD2 and Measure VV/C1 Reports are produced on an annual basis and continue to utilize the adopted methodology

FY 2024-25 Highlights



- Parcel Tax receipts of \$30.1M were received in December 2024
 - Stable – growth roughly ¼% per year
- 5% of total District Operating Revenue

FY 2024-25 Highlights



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2
Operating Revenues	\$60,583	\$54,902	\$5,682
- Primarily Farebox - Allocated on the basis for each route as recorded by fare collection systems			
<i>(amounts in \$1,000s)</i>	Total	SD1	SD2
Subsidies	\$551,655	\$470,800	\$80,856
- Property Taxes, Sales Taxes, State and a small amount of Federal assistance - Property Taxes are allocated on the basis of actual revenue collected as reported to the District by Alameda and Contra Costa Counties			

Note: amounts in these and following tables may not total exactly due to rounding

FY 2024-25 Highlights



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2
Expenses	\$653,636	\$581,336	\$72,300

- Consistent with the transit industry, approximately 71% of expenses (excl. depreciation) are related to wages and fringe benefits, including pension
- These costs are allocated between SD1/SD2 using various factors such as pro-rata shares of scheduled pay, ridership, and service hours and miles in each district as detailed in following slides

FY 2024-25 Highlights - Revenues



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2	Methodology
Farebox	\$34,758	\$32,565	\$2,193	A
BART Transfers	-	-	-	B
Contract Services	11,667	10,033	1,634	C

(A) Farebox revenues are allocated on the basis of estimated revenues for each route operated by a District as recorded by the fareboxes. Revenues consist of cash collected plus estimated revenues related to passes and tickets used on the same route

(B) BART Transfer revenue was last received in FY 22-23

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. The pro-rata allocation percentage is

calculated using the following formula: $\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$

FY 2024-25 Highlights - Revenues



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2	Methodology
Advertising	\$1,668	\$1,488	\$180	C
Interest Income	9,753	8,374	1,379	D
Other	2,737	2,441	296	C

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. Each District's allocation percentage is calculated using the following formula:
$$\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$$

(D) Interest income is allocated to each District based on its pro-rata share of total revenue and subsidies, excluding interest income

FY 2024-25 Highlights - Revenues



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2	Methodology
Property tax	\$163,488	\$130,958	\$32,531	E
Parcel tax - Measure VV/C1	30,054	30,054	-	F

(E) Property taxes are allocated to each District on the basis of actual revenue as reported to the District by Alameda and Contra Costa Counties

(F) Line item is associated solely with a single District

FY 2024-25 Highlights - Revenues



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2	Methodology
Local sales tax – Measure BB	\$86,145	\$76,834	\$9,311	C
Local sales tax – Measure J	7,384	7,384	-	F

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. Each District's allocation percentage is calculated using the following formula:
$$\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$$

(F) Line item is associated solely with a single District

Note: Measure B expired in 2022 and Measure BB now accounts for the entire 1c sales tax

FY 2024-25 Highlights - Revenues



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2	Methodology
State - AB1107	\$53,096	\$46,899	\$6,196	H
State - Home-to-School	500	500	-	F
State - TDA	90,574	74,032	16,542	C
State - STA	50,423	43,113	7,309	I

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$$\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$$

(F) Line item is associated solely with a single District

(H) Allocation is based upon a percentage approved by the District's Board of Directors (11.67% to SD2)

(I) STA is allocated to each District based on its pro-rata share of "qualifying revenues", defined by the District as: property taxes, Meas VV, Meas BB, Meas J, farebox, contract service revenue, and Dumbarton Express reimbursements

FY 2024-25 Highlights - Revenues



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2	Methodology
Local operating assistance	\$24,315	\$20,285	\$4,029	C
Federal operating assistance	45,677	40,740	4,937	C
Federal operating ADA	0	0	0	J

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$$\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$$

(J) ADA Paratransit subsidies are expenses that are allocated to each District based on its pro-rata share of ridership as reported to the District by its paratransit contractor

FY 2024-25 Highlights - Expenses



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2	Methodology
Operator wages	\$96,032	\$86,064	\$9,968	K
Other wages	89,475	79,804	9,671	C
Fringe benefits	152,062	135,959	16,103	L
Pension expenses	75,463	67,472	7,992	L

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$$\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$$

(K) Actual operator pay is allocated to each District based on its pro-rata share of scheduled operator pay as recorded by the District's operator timekeeping system

(L) Fringe benefits and pension expenses are allocated using the sum of each District's pro-rata share of operator and other wages divided by the sum of total wages.

FY 2024-25 Highlights - Expenses



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2	Methodology
Services	\$48,419	\$43,186	\$5,233	C
Fuel & Lubricants	15,129	13,494	1,635	C
Office & printing supplies	692	75	617	C
Bus parts & maint. supplies	19,168	17,096	2,072	C
Utilities	6,095	5,436	659	C

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$$\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$$

FY 2024-25 Highlights - Expenses



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2	Methodology
Insurance	\$32,368	\$28,869	\$3,498	C
Other expenses	11,748	10,479	1,270	C
Purchased transportation	46,669	39,066	7,603	J

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(J) ADA Paratransit subsidies are expenses that are allocated to each District based on its pro-rata share of ridership as reported to the District by its paratransit contractor

FY 2024-25 Highlights - Expenses



<i>(amounts in \$1,000s)</i>	Total	SD1	SD2	Methodology
Interest expense	\$790	\$702	\$87	M
Depreciation	59,526	53,093	6,434	C
Capital contributions (all)	42,501	41,979	523	C

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$$\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$$

(M) Interest expense is allocated to each District based on its pro-rata share of total expenses, excluding interest expense

Questions?

