Parcel Tax Fiscal Oversight Committee
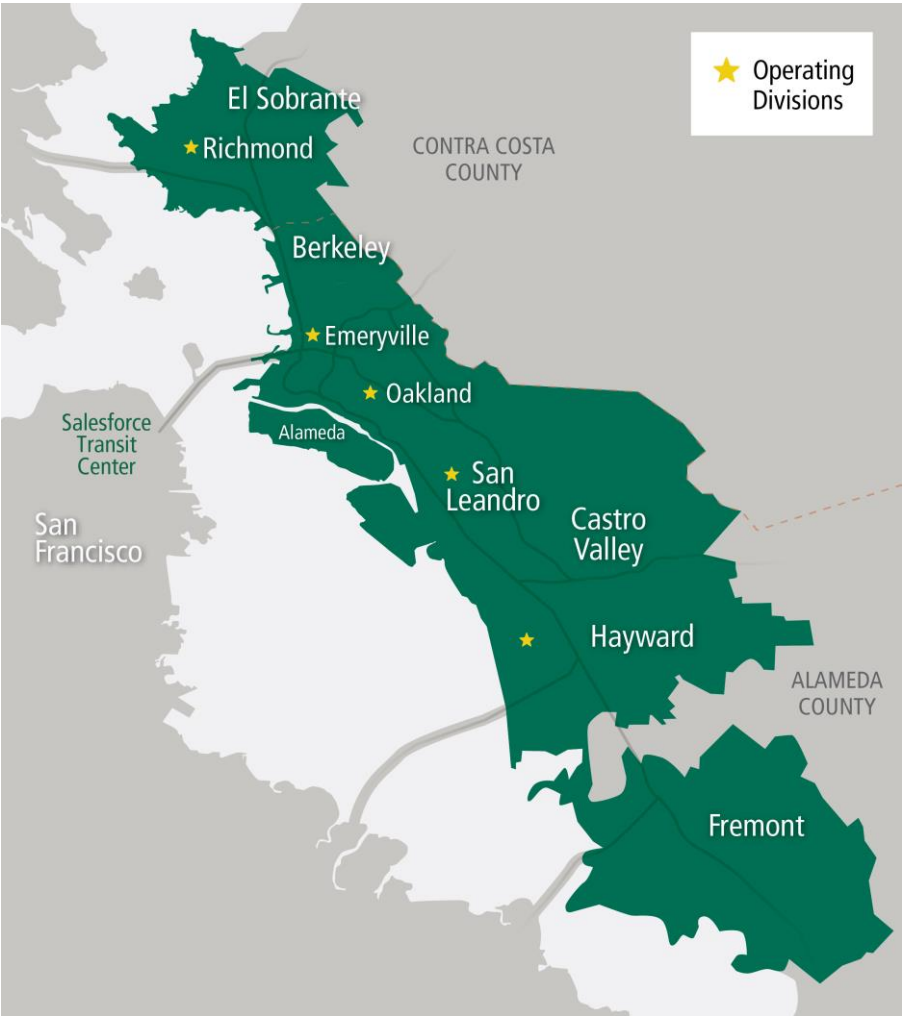
November 14, 2024

Agenda

- Overview of District

- Parcel Tax Measures and Their Purpose

- Structure and Scope of the Committee

- FY 2023-24 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)
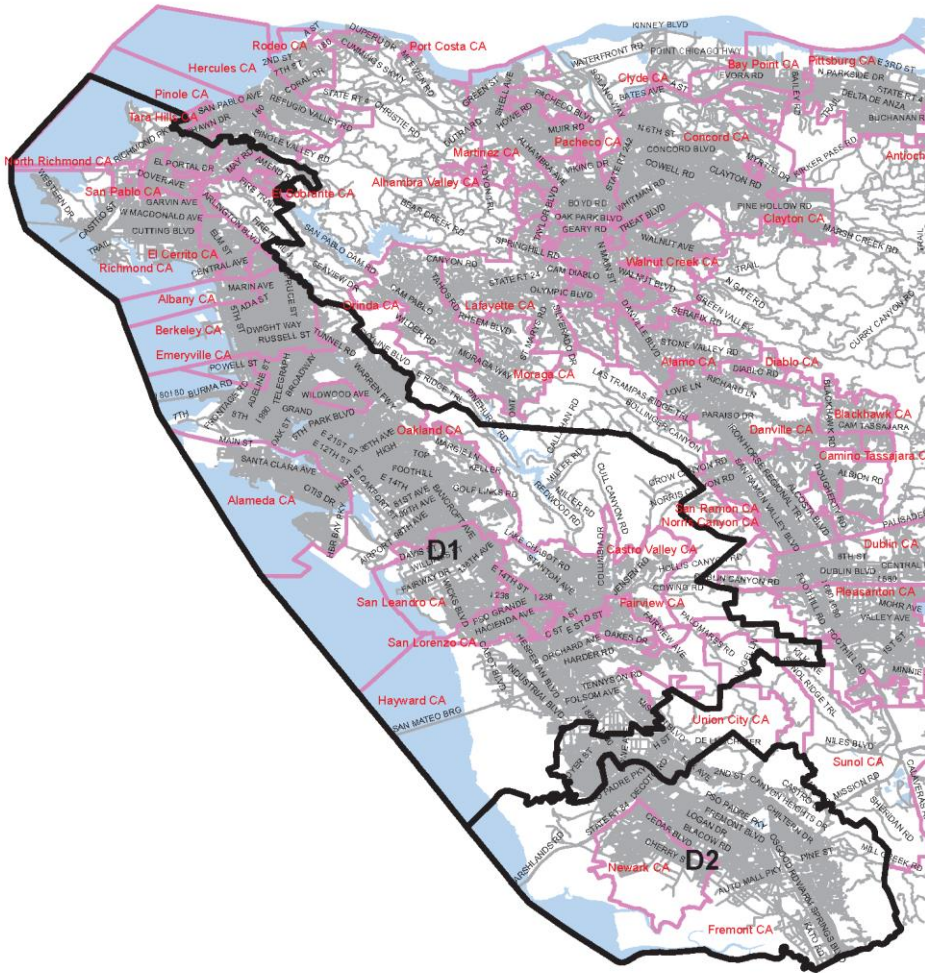

★ Operating Divisions

AC Transit At-A-Glance (Aug 2024)

RIDERSHIP

Weekday	133,000
Weekend	80,000
Annual	33,931,000
Paratransit *(annual)*	419,000

SERVICE

Bus Lines	132
Bus Stops	~5,400
Annual Service Miles	16.7 million
Service Area	364 sq miles

CONNECTIONS

16	Other bus systems
25	BART stations
6	Amtrak stations
3	Ferry terminals

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 2036

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 Fiscal 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 conduct business, 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 2023-24 Highlights

- Parcel Tax receipts of $30.0M were received in December 2023

  - Stable – growth roughly ¼% per year

- 5% of total District Operating Revenue

FY 2023-24 Highlights

(amounts in $1,000s)	Total	SD1	SD2
Operating Revenues	$62,624	$56,534	$6,090

- Primarily Farebox
- Allocated on the basis for each route as recorded by GFI fare system

(amounts in $1,000s)	Total	SD1	SD2
Subsidies	$546,693	$465,569	$81,124

- Property Taxes, Sales Taxes, State and some 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 2023-24 Highlights

(amounts in $1,000s)	Total	SD1	SD2
Expenses	$568,705	$503,798	$64,907

- Consistent with the transit industry, approximately 70% of expenses (excl. depreciation) are related to wages and fringe benefits, including pensions

- 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 2023-24 Highlights - Revenues

(amounts in $1,000s)	Total	SD1	SD2	Methodology
Farebox	$34,332	$32,359	$1,974	A
BART Transfers	-	-	-	B
Contract Services	12,100	10,168	1,932	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: $\frac{((District\ svc.\ Hours\ /\ Total\ svc.\ Hours) + (District\ svc.\ Miles\ /\ Total\ svc.\ Miles))}{2}$

FY 2023-24 Highlights - Revenues

(amounts in $1,000s)	Total	SD1	SD2	Methodology
Advertising	$1,644	$1,463	$181	C
Interest Income	12,176	10,434	1,743	D
Other	2,371	2,110	261	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: $\frac{((District\ svc.\ Hours\ /\ Total\ svc.\ Hours) + (District\ svc.\ Miles\ /\ Total\ svc.\ Miles))}{2}$

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

FY 2023-24 Highlights - Revenues

(amounts in $1,000s)	Total	SD1	SD2	Methodology
Property tax	$159,302	$127,575	$31,727	E
Parcel tax - Measure VV/C1	29,982	29,982	-	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 2023-24 Highlights - Revenues

(amounts in $1,000s)	Total	SD1	SD2	Methodology
Local sales tax – Measure BB	$84,755	75,434	9,321	C
Local sales tax – Measure J	7,681	7,681	-	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: $\dfrac{((District\ svc.\ Hours\ /\ Total\ svc.\ Hours) + (District\ svc.\ Miles\ /\ Total\ svc.\ Miles))}{2}$

(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 2023-24 Highlights - Revenues

(amounts in $1,000s)	Total	SD1	SD2	Methodology
State - AB1107	$53,411	$47,178	$6,233	H
State - Home-to-School	500	500	-	F
State - TDA	97,933	79,899	18,035	C
State - STA	56,515	48,330	8,185	I

(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:

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

(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 revenues are allocated to each District based on its pro-rata share of "qualifying revenues", which are defined by the District as: property taxes, Measure VV, Measure BB, Measure J, farebox, contract service revenue, and Dumbarton Express reimbursement revenues

FY 2023-24 Highlights - Revenues

(amounts in $1,000s)	Total	SD1	SD2	Methodology
Local operating assistance	$18,260	$14,825	$3,435	C
Federal operating assistance	31,524	28,057	3,467	C
Federal operating ADA	6,831	6,110	721	J

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

(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 2023-24 Highlights - Expenses

(amounts in $1,000s)	Total	SD1	SD2	Methodology
Operator wages	$90,165	$80,553	$9,612	K
Other wages	85,197	75,827	9,370	C
Fringe benefits	117,794	105,049	12,745	L
Pension expenses	49,866	44,471	5,396	L

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

(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 2023-24 Highlights - Expenses

(amounts in $1,000s)	Total	SD1	SD2	Methodology
Services	$44,124	$39,271	$4,853	C
Fuel & Lubricants	17,656	15,715	1,942	C
Office & printing supplies	1,073	955	118	C
Bus parts & maint. supplies	17,933	15,961	1,972	C
Utilities	5,403	4,809	594	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: $\dfrac{((District\ svc.\ Hours\ /\ Total\ svc.\ Hours) + (District\ svc.\ Miles\ /\ Total\ svc.\ Miles))}{2}$

FY 2023-24 Highlights - Expenses

(amounts in $1,000s)	Total	SD1	SD2	Methodology
Insurance	$23,995	$21,356	$2,639	C
Other expenses	12,506	11,131	1,375	C
Purchased transportation	41,962	34,385	7,577	J

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

(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 2023-24 Highlights - Expenses

(amounts in $1,000s)	Total	SD1	SD2	Methodology
Interest expense	$818	$724	$93	M
Depreciation	60,213	53,591	6,622	C
Capital contributions (all)	20,806	20,754	52	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: $\dfrac{((District\ svc.\ Hours\ /\ Total\ svc.\ Hours) + (District\ svc.\ Miles\ /\ Total\ svc.\ Miles))}{2}$

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

Questions?