



# **ALAMEDA-CONTRA COSTA TRANSIT DISTRICT PARCEL TAX FISCAL OVERSIGHT COMMITTEE**

## **MINUTES**

### **Special Meeting of the Parcel Tax Fiscal Oversight Committee**

AC Transit General Offices  
10<sup>th</sup> Floor Conference Room  
1600 Franklin Street  
Oakland, CA 94612

**Tuesday, November 13, 2018 at 8:30 a.m.**

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#### **MEMBERS OF THE OVERSIGHT COMMITTEE**

JANET ABELSON  
LIZ BRISSON  
BEVERLY JOHNSON  
MICHAEL GREGORY  
PATRICIA PETERSEN  
IGOR TREGUB  
MATT WILLIAMS

#### **DISTRICT OFFICERS**

MICHAEL A. HURSH, GENERAL MANAGER  
DENISE C. STANDRIDGE, GENERAL COUNSEL  
LINDA A. NEMEROFF, DISTRICT SECRETARY  
CLAUDIA ALLEN, CHIEF FINANCIAL OFFICER

<b>SPECIAL PARCEL TAX FISCAL OVERSIGHT COMMITTEE MEETING</b> <b>Tuesday, November 13, 2018 at 8:30 a.m.</b>	<b>ACTION SUMMARY</b>
<p><b>The Alameda-Contra Costa Transit District Parcel Tax Fiscal Oversight Committee held a special meeting on Tuesday, November 13, 2018. The meeting was called to order at 8:03 a.m.</b></p> <p><b>1. ROLL CALL</b></p> <p>Members Present: Janet Abelson, Liz Brisson, Beverly Johnson, Michael Gregory, Patricia Petersen, Igor Tregub, Matt Williams</p> <p>Members Absent: None</p> <p>District Board Liaison Present: None</p> <p>District Officers and Presenters:  Michael A. Hursh, General Manager  Denise C. Standridge, General Counsel  Linda A. Nemeroff, District Secretary  Claudia Allen, Chief Financial Officer  Scott Nickerson, Partner, Crowe LLC (External Auditor)</p> <p>Others in Attendance:  Jelena Harada, Assistant District Secretary  Jill Sprague, Assistant General Counsel  Ralph Martini, Controller  Robert del Rosario, Director of Service Development &amp; Planning  Diane Shaw, Director-elect for Ward 5</p> <p><b>2. SELECTION OF CHAIRPERSON</b></p> <p><b>The Chair shall serve at the pleasure of the Committee and shall be selected from the majority of the Committee members present.</b></p> <p>District Secretary Linda Nemeroff called for nominations for Chair. Member Tregub nominated Member Abelson, which was seconded by Member Gregory. No other nominations were offered.</p> <p><b>MOTION: TREGUB/GREGORY to select Member Abelson to serve as Chair of the Committee. The motion carried by the following vote:</b></p> <p><b>AYES:7: Tregub, Gregory, Brisson, Johnson, Petersen, Williams, Abelson</b></p> <p><b>3. PUBLIC COMMENT</b></p> <p>There was no public comment offered.</p>	<p><b>APPROVED THE SELECTION OF JANET ABELSON AS CHAIR</b></p>

**4. CONSENT ITEMS:**

- 4A. **Consider approving the minutes of the District Parcel Tax Fiscal Oversight Committee meeting of November 14, 2017.**

**APPROVED**

MOTION: WILLIAMS/JOHNSON to approve the minutes of November 14, 2017. The motion carried by the following vote:

AYES:4: Williams, Johnson, Gregory, Abelson

ABSTAIN:3: Tregub, Petersen, Brisson

**5. DISCUSSION ITEMS:**

- 5A. **Consider review of the following:**

**ADOPTED  
RESOLUTION  
18-01**

- **History of the District 1 - District 2 Allocation Methodology;**
- **Measure VV Agreed Upon Procedures, including:**
  - **Hours and Miles Comparison for District 1/District 2;**
- **AC Transit Audited Financial Statements (includes the D1/D2 Report and Supplemental Schedule); and**

**Consider review and approval of the Measure VV Financial Statement and the adoption of Resolution No. 18-01 determining that the Measure VV funds collected during the 2017-18 Fiscal Year have been appropriated and expended in Special Transit Service District No. 1 for operation and maintenance activities (Report 18-01).**

Chief Financial Officer Claudia Allen reported the receipt of \$29.6 million in parcel tax revenue in FY 2017-18, which covered operations and maintenance expenses in Special District 1. She further provided an in-depth overview of the District 1/District 2 Allocation Methodology, FY 2017-18 revenue and expense highlights, discussed the application of service miles and hours to each District, and the agreed-upon procedures applicable to the audit.

With respect to revenues (slide #4 of the presentation), Member Brisson asked if revenues were allocated to Districts 1 and 2 based on the proportion of the route in each District or the amount of revenue collected at stops in each District. Director of Service Development and Planning Robert del Rosario believed it was based on farebox. Ms. Allen advised she would confirm this and report back to the Committee.

Member Brisson asked what was meant by the term “pro rata share of scheduled pay”. Ms. Allen advised that it was based on service hours and service miles and whatever that calculation yields is applied to

scheduled pay. Mr. del Rosario explained that hours and miles are calculated based on the routes in District 1 and the routes in District 2 as well as the routes that cross both districts, with 89% of the hours and miles being allocated to District 1 and 11% to District 2. This determines how expenses are allocated to each District. Member Petersen asked how unscheduled pay was handled. Mr. del Rosario advised that unscheduled pay was allocated using the same method.

Member Tregub asked how Transbay routes factor into miles and hours. Mr. del Rosario advised that a route that initiates in Special District 2 is expensed to District 2 even though it may pass through District 1 and vice versa.

Scott Nickerson with Crowe LLP advised that service hours and service miles were the most common allocation method used by transit agencies with a tax measure. He further advised that it was the auditor's role 1) to make sure the methodology was consistently applied, 2) to verify that calculations were mathematically correct, 3) to ensure that all underlying data used to support the calculations was available and done in a consistent manner, and 4) to validate that the allocation methodologies were applied using actual results. He further reported that the split between revenues and expenses was consistent with the methodology and that the allocation methodology had been appropriately applied, adding that there was nothing in the methodology he would deem unreasonable or impractical.

Member Gregory asked what was meant by the term "reasonable standard". Mr. Nickerson responded that a reasonable standard would be the use of data that is gathered nationally by the National Transit Database and that service hours and service miles were key factors used for almost any allocation.

Member Tregub asked what trends staff had noticed over the prior period. Mr. del Rosario advised that the District had reverted to relieving operators at the BART stations instead of along the route because there was a shortage of buses. He added that in the next year, staff would take a closer look at service in District 2 because ridership was down in the area.

Member Tregub asked if Flex service had any impact on the District 2 calculations. Mr. del Rosario advised that he was unsure of the impacts, noting that there were many variables with regard to productivity, ridership, and routes.

Chair Abelson asked if Flex service would expand in District 1. Mr. del Rosario advised that the biggest challenge in District 1 was that ridership might exceed capacity during certain parts of the day. In

addition, the roadway network in District 1 did not provide the same flexibility that it does in District 2. He added that a staff report on this topic would be presented to the Board in January on this topic.

Member Brisson inquired about the Schedule of Revenue and Expenses by Service Area (Page 3 of Attachment 3), specifically AB 2972 Home to School and contract services. Ms. Allen advised that AB2972 was funding that was previously provided to support service to the Oakland Unified School District. General Manager Michael Hursh advised that the bailout provided by the state for the service would be reflected in next year's financial statements. In addition, contract services, primarily, were services provided to BART during special construction projects.

MOTION: JOHNSON/WILLIAMS to review and approve the Measure VV Financial Statement and the adoption of Resolution No. 18-01 determining that the Measure VV funds collected during the 2017-18 Fiscal Year have been appropriated and expended in Special Transit Service District No. 1 for operation and maintenance activities. The motion carried by the following vote:

AYES:7: Johnson, Williams, Brisson, Gregory, Petersen, Tregub, Abelson

**6. COMMITTEE/STAFF COMMENTS**

There were no comments offered.

**7. ADJOURNMENT**

There being no further business to come before the Committee, the meeting adjourned at 8:45a.m.

Respectfully submitted,

A handwritten signature in blue ink, reading "Linda A. Nemeroff", is written over a horizontal line.

Linda A. Nemeroff  
District Secretary