

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**

**MEASURE VV AGREED UPON PROCEDURES**

June 30, 2019

DRAFT  
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

MEASURE VV AGREED UPON PROCEDURES  
June 30, 2019

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INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Management and the Board of Directors  
Alameda-Contra Costa Transit District  
Oakland, California

We have performed the procedures enumerated below, which were agreed to by management and the Board of Directors of the Alameda-Contra Costa Transit District (the District), solely to assist you in evaluating service hours, service miles, and the allocation of operations and maintenance expenses by county and Special Transit Service District (STSD) set forth in the accompanying schedules for the year ended June 30, 2019. The District's management is responsible for the accompanying schedules. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

**General**

- a) We read the Measure VV voter approved ballot measure noting that the ten-year parcel tax is levied for the purposes of providing essential transportation services, including the operation and maintenance of bus services within District 1.

*Step performed without exception.*

- b) We traced Measure VV funds received for the year ended June 30, 2019 to the District's general ledger and to the independent confirmations received from the County of Alameda and the County of Contra Costa.

*Step performed without exception.*

**Schedule of Service Hours and Service Miles By County and Special Transit Service District**

- a) We tested the schedule for clerical accuracy.

*Step performed without exception.*

- b) We compared service hours for the year ended June 30, 2019 to the worksheets prepared by the District.

*Step performed without exception.*

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(Continued)

- c) We compared STSD No. 1 service hours for the year ended June 30, 2019 to the worksheets prepared by the District.

*Step performed without exception.*

- d) We recomputed the net changes in service hours during the year ended June 30, 2019 by county and STSD.

*Step performed without exception. Additionally, we noted that the total service hours decreased by 17,377, or 0.81%.*

- e) We compared STSD No. 1 miles by county for the year ended June 30, 2019 to the worksheets prepared by the District.

*Step performed without exception.*

- f) We recomputed the net changes in service miles during the year ended June 30, 2019 by county and STSD, and noted no errors.

*Step performed without exception. Additionally, we noted that the total service miles increased by 244,751, or 1.04%.*

**Schedule of Operations and Maintenance Expenses Funded by Measure VV Taxed by County and Special Transit Service District**

- a) We tested the schedule for mathematical accuracy.

*Step performed without exception.*

- b) We compared total expenses to the District's unaudited Statement of Revenues, Expenses, and Changes in Fund Net Position for the Transit Fund for the year ended June 30, 2019.

*Step performed without exception.*

- c) We recomputed the total expenses before allocation by county and STSD.

*Step performed without exception.*

- d) We compared service hours and service miles by county and STSD to the Schedule of Service Hours and Service Miles by county and STSD.

*Step performed without exception.*

- e) We recomputed the service hours and service miles allocation percentages.

*Step performed without exception.*



- m) We noted that total District operations and maintenance expenses allocated to STSD No. 1 exceeded Measure VV funding of \$29,727,022 by \$421,453,998 for the year ended June 30, 2019.
- n) We recalculated the total revenues and capital contributions and expenses for STSD No. 2.

*Step performed without exception.*

- o) Calculate the cost coverage ratio for STSD No. 2 as defined by total operating revenues plus capital contributions for STSD No. 2 divided by total operating expenses for STSD No 2.

*Step performed without exception. We noted that total operating revenues plus capital contributions for STSD No. 2 totaled \$66,679,528 and total operating expenses totaled \$55,354,586 for a cost coverage ratio of 120.4%.*

## **Schedule of Maintenance Costs Funded By Measure VV Taxes By County and Special Transit Service District**

- a) We obtained the Schedule of Maintenance Costs Funded by Measure VV Taxes (Schedule) from the District.
- b) We agreed Total Modal Expenses reported on the Schedule for function code 041 Vehicle Maintenance and 042 Non-vehicle Maintenance to the District's National Transit Database Report, Operating Expenses (F-30) form.
- c) We recalculated the percentage used to allocate costs reported on the Schedule by using expense allocations reported in the Special Transit Service Districts No. 1 and No. 2 Schedule with Independent Accountant's Report.

*Step performed without exception.*

- d) We agreed Measure VV Taxes to the Special Transit Service Districts No. 1 and No. 2 Schedule with Independent Accountant's Report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the Board of Directors of the District and the Measure VV parcel tax oversight committee and is not intended to be, and should not be, used by anyone other than the specified parties.

San Francisco, California

<>, 2019

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
SCHEDULE OF SERVICE HOURS AND SERVICE MILES  
BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT  
June 30, 2019

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	For the Year Ended <u>June 30, 2018</u>	Net Increase/ (Decrease)	For the Year Ended <u>June 30, 2019</u>
<b>SERVICE HOURS</b>			
Contra Costa - STSD No. 1	239,671	4,724	244,395
Alameda - STSD No. 1	1,709,467	(17,831)	1,691,636
Alameda - STSD No. 2	<u>199,753</u>	<u>(4,270)</u>	<u>195,483</u>
Total Alameda service hours	1,909,220	(22,101)	1,887,119
Total STSD No. 1 service hours	<u>1,949,138</u>	<u>(13,107)</u>	<u>1,936,031</u>
Total service hours	<u><u>2,148,891</u></u>	<u><u>(17,377)</u></u>	<u><u>2,131,514</u></u>
<b>SERVICE MILES</b>			
Contra Costa - STSD No. 1	2,809,984	168,825	2,978,809
Alameda - STSD No. 1	17,927,120	96,685	18,023,805
Alameda - STSD No. 2	<u>2,853,172</u>	<u>(20,759)</u>	<u>2,832,413</u>
Total Alameda service miles	20,780,292	75,926	20,856,218
Total STSD No. 1 service miles	<u>20,737,104</u>	<u>265,510</u>	<u>21,002,614</u>
Total service miles	<u><u>23,590,276</u></u>	<u><u>244,751</u></u>	<u><u>23,835,027</u></u>

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See accompanying notes to the schedule.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES FUNDED BY  
MEASURE VV TAXES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT  
June 30, 2019

	Before Allocation By County	Contra Costa County STSD #1	Alameda County			Total STSD #1
			STSD #1	STSD #2	Total	
Expenses						
Operator wages	\$ 90,074,487	\$ 10,855,978	\$ 70,139,001	\$ 9,079,508	\$ 79,218,509	\$ 80,994,979
Other wages	68,912,761	8,264,210	53,393,940	7,254,611	60,648,551	61,658,150
Fringe benefits	105,033,269	12,632,096	81,614,256	10,786,917	92,401,173	94,246,352
Pension expenses	70,104,369	8,431,282	54,473,368	7,199,719	61,673,087	62,904,650
Services	49,966,406	5,992,110	38,714,213	5,260,083	43,974,296	44,706,323
Fuel and lubricants	14,499,463	1,738,816	11,234,254	1,526,393	12,760,647	12,973,070
Office/printing supplies	640,685	76,833	496,406	67,446	563,862	573,239
Bus parts/maintenance supplies	13,036,874	1,563,418	10,101,033	1,372,423	11,473,456	11,664,451
Utilities	3,503,364	420,133	2,714,424	368,807	3,083,231	3,134,557
Insurance	11,063,922	1,326,816	8,572,381	1,164,725	9,737,106	9,899,197
Other expenses	3,298,064	395,513	2,555,356	347,195	2,902,551	2,950,869
ADA paratransit joint venture	32,430,441	3,503,114	22,633,147	6,294,180	28,927,327	26,136,261
Interest expense	896,593	107,040	691,572	97,981	789,553	798,612
Depreciation	<u>43,074,908</u>	<u>5,165,663</u>	<u>33,374,647</u>	<u>4,534,598</u>	<u>37,909,245</u>	<u>38,540,310</u>
Total expenses	<u>\$ 506,535,606</u>	<u>\$ 60,473,022</u>	<u>\$ 390,707,998</u>	<u>\$ 55,354,586</u>	<u>\$ 446,062,584</u>	<u>\$ 451,181,020</u>
Measure VV revenues		<u>4,824,543</u>	<u>24,902,479</u>	<u>-</u>	<u>24,902,479</u>	<u>29,727,022</u>
Net deficit		<u>\$ (55,648,479)</u>	<u>\$ (365,805,519)</u>	<u>\$ (55,354,586)</u>	<u>\$ (421,160,105)</u>	<u>\$ (421,453,998)</u>
Service Hours Allocation Percentage	100.00%	11.47%	79.36%	9.17%		90.83%
Service Miles Allocation Percentage	100.00%	12.50%	75.62%	11.88%		88.12%
Average	100.00%	11.98%	77.49%	10.53%		89.47%

See accompanying notes to the schedule.



DRAFT  
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
SCHEDULE OF MAINTENANCE COSTS FUNDED BY MEASURE VV TAXES  
BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT  
June 30, 2019

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<u>Maintenance Costs and Funding</u>	<u>STSD #1</u>		<u>STSD #2</u>		<u>Total</u>
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	
Total model expenses					
041 Vehicle maintenance	\$ 58,163,312	89.07%	\$ 7,137,364	10.93%	\$ 65,300,676
042 Non-vehicle maintenance	<u>11,942,116</u>	89.07%	<u>1,465,447</u>	10.93%	<u>13,407,563</u>
Total maintenance costs	<u>70,105,428</u>		<u>8,602,811</u>		<u>78,708,239</u>
Measure VV taxes	<u>29,727,022</u>	100.00%	<u>-</u>	0.00%	<u>29,727,022</u>
Net costs funded by other resources	<u>\$ 40,378,406</u>		<u>\$ 8,602,811</u>		<u>\$ 48,981,217</u>

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
PROCEDURES PERFORMED AND CONCLUSIONS  
NOTES TO THE SCHEDULE OF SERVICE HOURS AND  
SERVICE MILES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT AND  
THE SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES FUNDED BY  
MEASURE VV TAXES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT  
Year ended June 30, 2019

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**NOTE 1 – GENERAL**

On November 30, 2004, the voters approved Measure BB, which superseded the Measure AA parcel tax authorizing Alameda and Contra Costa Counties (the Counties) to levy and collect a parcel tax for the purposes of "preserving affordable local public transportation services that allow seniors and people with disabilities to remain independent, take students to and from school, help East Bay residents commute to work and reduce traffic and air pollution by reducing the number of cars on the road." The tax became effective on July 1, 2005 and was to terminate on June 30, 2016. However, on November 4, 2008, the voters approved Measure VV, which supersedes the Measure BB parcel tax. Measure VV became effective July 1, 2009 and increased the annual parcel tax to \$96 per parcel. Measure VV is effective through June 30, 2019. Proceeds from this special tax can only be used to fund the operation and maintenance of bus service within Special Transit Service District (STSD) No. 1. The District received approximately \$29.7 million in Measure VV taxes during the year ended June 30, 2019.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SCHEDULE PRESENTATION**

These schedules are prepared under the guidelines of the agreement between the Contra Costa Transportation Authority and the Alameda-Contra Costa Transit District that essentially allocates expenses between STSD No. 1 and STSD No. 2. Consequently, they do not present the financial position, changes in financial position, or cash flows of the Alameda-Contra Costa Transit District.

**NOTE 3 - BASIS OF ACCOUNTING**

The Schedule of Operations and Maintenance Expenses by County and Special Transit Service District has been prepared in accordance with the accrual basis of accounting.

**NOTE 4 - BASIS OF EXPENSE ALLOCATION**

The expenses on the Schedule of Operations and Maintenance Expenses by County and Special Transit Service District are prorated to the Counties and the Special Transit Service Districts. It is based on an equal weighing of the relationship of hours and miles of service between the Counties and the Special Transit Service Districts within the Counties.