

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

MEASURE VV AGREED UPON PROCEDURES

June 30, 2020

DRAFT
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

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June 30, 2020

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	1
SCHEDULE OF SERVICE HOURS AND SERVICE MILES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT	5
SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES FUNDED BY MEASURE VV TAXES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT	6
SCHEDULE OF MAINTENANCE COSTS FUNDED BY MEASURE VV TAXES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT	7
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	8

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, 2020. 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, 2020 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, 2020 to the worksheets prepared by the District.

Step performed without exception.

(Continued)

- c) We compared STSD No. 1 service hours for the year ended June 30, 2020 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, 2020 by county and STSD.

Step performed without exception. Additionally, we noted that the total service hours decreased by 171,002, or 8.02%.

- e) We compared STSD No. 1 miles by county for the year ended June 30, 2020 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, 2020 by county and STSD, and noted no errors.

Step performed without exception. Additionally, we noted that the total service miles decreased by 3,741,309, or 15.70%.

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, 2020.

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.

- f) We traced expenses, allocated by county and STSD, to a worksheet prepared by the District. We noted that the District computed the allocated expenses for Contra Costa County, STSD No. 1 as follows:

$$\begin{array}{l} \text{Total Expenses before allocation} \\ \text{By County and STSD} \end{array} \times \frac{\text{Service Hours allocation \% (a)} + \text{Service Miles allocation \% (b)}}{2}$$

$$(a) \text{ Service Hours allocation \%} = \frac{\text{Contra Costa County STSD 1 Service Hours}}{\text{Total STSD 1 Service Hours}}$$

$$(b) \text{ Service Miles Allocation \%} = \frac{\text{Contra Costa County STSD 1 Service Miles}}{\text{Total STSD 1 Service Miles}}$$

- g) We recomputed expenses allocated to Contra Costa County, STSD No. 1 using the above calculation and compared to the amounts calculated by the District.

Step performed without exception.

- h) We compared the method used to allocate operations and maintenance expenses to Alameda STSD No. 2 to the District's stated allocation methodology.

Step performed without exception.

- i) We noted that the District computed the allocated expenses for Alameda County STSD No. 1 as follows:

$$\begin{array}{l} \text{Total expenses before allocation} \\ \text{by county and STSD} \end{array} - \begin{array}{l} \text{Expenses allocated} \\ \text{to Contra Costa County} \\ \text{STSD No. 1} \end{array} = \begin{array}{l} \text{Expenses allocated} \\ \text{to Alameda County} \end{array}$$

$$\begin{array}{l} \text{Expenses allocated to} \\ \text{Alameda County} \end{array} - \begin{array}{l} \text{Expenses allocated} \\ \text{to Alameda County} \\ \text{STSD No. 2} \end{array} = \begin{array}{l} \text{Expenses allocated} \\ \text{to Alameda County} \\ \text{STSD No. 1} \end{array}$$

- j) We noted that the District allocated total operations and maintenance expenses to STSD No. 1 by adding the sum of expenses allocated to Contra Costa County STSD No. 1 plus expenses allocated to Alameda County STSD No. 1.

Step performed without exception.

- k) We recomputed the total allocation of operations and maintenance expenses to Alameda County and Contra Costa County STSD No. 1.

Step performed without exception.

- l) We verified that the Measure VV proceeds received by the District did not exceed the operations and maintenance expenses allocated to STSD No. 1.

Step performed without exception.

- m) We noted that total District operations and maintenance expenses allocated to STSD No. 1 exceeded Measure VV funding of \$29,615,295 by \$450,646,536 for the year ended June 30, 2020.
- 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 \$68,124,594 and total operating expenses totaled \$57,819,545 for a cost coverage ratio of 117.8%.

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
_____, 2020

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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, 2020

	For the Year Ended <u>June 30, 2019</u>	Net Increase/ (Decrease)	For the Year Ended <u>June 30, 2020</u>
SERVICE HOURS			
Contra Costa - STSD No. 1	244,395	28,136	272,531
Alameda - STSD No. 1	1,691,636	(180,284)	1,511,352
Alameda - STSD No. 2	<u>195,483</u>	<u>(18,854)</u>	<u>176,629</u>
Total Alameda service hours	1,887,119	(199,138)	1,687,981
Total STSD No. 1 service hours	<u>1,936,031</u>	<u>(152,148)</u>	<u>1,783,883</u>
Total service hours	<u><u>2,131,514</u></u>	<u><u>(171,002)</u></u>	<u><u>1,960,512</u></u>
SERVICE MILES			
Contra Costa - STSD No. 1	2,978,809	(544,362)	2,434,447
Alameda - STSD No. 1	18,023,805	(2,686,027)	15,337,778
Alameda - STSD No. 2	<u>2,832,413</u>	<u>(510,920)</u>	<u>2,321,493</u>
Total Alameda service miles	20,856,218	(3,196,947)	17,659,271
Total STSD No. 1 service miles	<u>21,002,614</u>	<u>(3,230,389)</u>	<u>17,772,225</u>
Total service miles	<u><u>23,835,027</u></u>	<u><u>(3,741,309)</u></u>	<u><u>20,093,718</u></u>

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, 2020

	Before Allocation By County	Contra Costa County STSD #1	Alameda County			Total STSD #1
			STSD #1	STSD #2	Total	
Expenses						
Operator wages	\$ 89,804,208	\$ 11,730,343	\$ 69,237,131	\$ 8,836,734	\$ 78,073,865	\$ 80,967,474
Other wages	74,538,089	9,688,441	57,185,013	7,664,635	64,849,648	66,873,454
Fringe benefits	124,823,652	16,268,461	96,022,896	12,532,295	108,555,191	112,291,357
Pension expenses	63,774,319	8,311,806	49,059,571	6,402,942	55,462,513	57,371,377
Services	61,454,181	7,987,798	47,147,146	6,319,237	53,466,383	55,134,944
Fuel and lubricants	11,896,821	1,546,346	9,127,143	1,223,332	10,350,475	10,673,489
Office/printing supplies	714,542	92,876	548,191	73,475	621,666	641,067
Bus parts/maintenance supplies	14,647,370	1,903,861	11,237,343	1,506,166	12,743,509	13,141,204
Utilities	3,863,426	502,167	2,963,989	397,270	3,361,259	3,466,156
Insurance	8,026,653	1,043,302	6,157,983	825,368	6,983,351	7,201,285
Other expenses	8,207,223	1,066,773	6,296,514	843,936	7,140,450	7,363,287
ADA paratransit joint venture	31,248,826	3,577,626	21,116,568	6,554,632	27,671,200	24,694,194
Interest expense	822,230	106,322	627,555	88,353	715,908	733,877
Depreciation	<u>44,259,836</u>	<u>5,752,881</u>	<u>33,955,785</u>	<u>4,551,170</u>	<u>38,506,955</u>	<u>39,708,666</u>
Total expenses	<u>\$ 538,081,376</u>	\$ 69,579,003	\$ 410,682,828	\$ 57,819,545	\$ 468,502,373	\$ 480,261,831
Measure VV revenues		<u>5,093,495</u>	<u>24,521,800</u>	<u>-</u>	<u>24,521,800</u>	<u>29,615,295</u>
Net deficit		<u>\$ (64,485,508)</u>	<u>\$ (386,161,028)</u>	<u>\$ (57,819,545)</u>	<u>\$ (443,980,573)</u>	<u>\$ (450,646,536)</u>
Service Hours	1,960,512	272,531	1,511,352	176,629		1,783,883
Allocation Percentage	100%	13.90%	77.09%	9.01%		90.99%
Service Miles	20,093,718	2,434,447	15,337,778	2,321,493		17,772,225
Allocation Percentage	100%	12.12%	76.33%	11.55%		88.45%
Average	100%	13.01%	76.71%	10.28%		89.72%

See accompanying notes to the schedule.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
SCHEDULE OF MAINTENANCE COSTS FUNDED BY MEASURE VV TAXES
BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT
June 30, 2020

<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	\$ 58,287,383	89.26%	\$ 7,013,293	10.74%	\$ 65,300,676
042 Non-vehicle maintenance	<u>11,967,591</u>	89.26%	<u>1,439,972</u>	10.74%	<u>13,407,563</u>
Total maintenance costs	<u>70,254,974</u>		<u>8,453,265</u>		<u>78,708,239</u>
Measure VV taxes	<u>29,615,295</u>	100%	<u>-</u>	0.00%	<u>29,615,295</u>
Net costs funded by other resources	<u>\$ 40,639,679</u>		<u>\$ 8,453,265</u>		<u>\$ 49,092,944</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, 2020

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, 2020. 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, 2020.

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.