



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT PARCEL TAX FISCAL OVERSIGHT COMMITTEE

MINUTES

Special Meeting of the Parcel Tax Fiscal Oversight Committee

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

Thursday, June 4, 2015 at 1:00 p.m.

MEMBERS OF THE OVERSIGHT COMMITTEE

JANET ABELSON
ELOISE BODINE
MARK CHEKAL-BAIN
BEVERLY JOHNSON
IGOR TREGUB
MARIA VIRAMONTES
MATT WILLIAMS

DISTRICT OFFICERS

KATHLEEN KELLY, INTERIM GENERAL MANAGER
DENISE C. STANDRIDGE, GENERAL COUNSEL
LINDA A. NEMEROFF, DISTRICT SECRETARY
JAMES PACHAN, INTERIM CHIEF FINANCIAL OFFICER

SPECIAL PARCEL TAX FISCAL OVERSIGHT COMMITTEE MEETING Thursday, June 4, 2015 at 1:00 p.m.	ACTION SUMMARY
<p>The Alameda-Contra Costa Transit District Parcel Tax Fiscal Oversight Committee held a special meeting on Thursday, June 4, 2015. The meeting was called to order 1:10 p.m. with Chair Abelson presiding.</p>	
<p>1. ROLL CALL</p>	
<p>Members Present: Eloise Bodine, Mark Chekal-Bain, Beverly Johnson, Igor Tregub, Maria Viramontes (arrived at 1:11 p.m.), Matt Williams, Janet Abelson</p>	
<p>Members Absent: None</p>	
<p>District Officers and Staff Present: Kathleen Kelly, Interim General Manager Denise Standridge, General Counsel Linda Nemeroff, District Secretary James Pachan, Interim Chief Financial Officer Ralph Martini, Controller</p>	
<p>2. PUBLIC COMMENT There was no public comment offered.</p>	
<p>3. Consider approving Parcel Tax Fiscal Oversight Committee minutes of December 2, 2014.</p>	<p>APPROVED</p>
<p>MOTION: TREGUB/WILLIAMS to approve the Parcel Tax Fiscal Oversight Committee minutes of December 2, 2014. The motion carried by the following vote:</p>	
<p>AYES:6: Tregub, Williams, Bodine, Chekal-Bain, Johnson, Abelson ABSENT:1: Viramontes</p>	
<p>Later in the meeting, member Viramontes requested an amendment to the minutes to remove the word "high" when referring to the cost of fringe benefits, noting that it placed too much emphasis on her comments. Members of the Committee were amenable to the change and the District Secretary advised that the word would be removed from page 3 of the minutes in the two places it was used.</p>	
<p>4. DISCUSSION ITEMS:</p>	
<p>4A. Discussion regarding the allocation and distribution of tax revenues by the County of Alameda. (verbal)</p>	<p>NO ACTION</p>

[The following documents were distributed at the meeting and are incorporated into the file by reference: 1) PowerPoint presentation on the Allocation and Distribution of Property Tax and Parcel Tax Revenues, 2) Demystifying the California Property Tax Apportionment System, and 3) the Alameda County Audit Report dated April 2014.]

Carol Orth, Division Chief with the Alameda County Auditor-Controller's Office, gave a presentation on property tax allocation and distribution. Farand Kah, Deputy County Counsel, was also present. Ms. Orth addressed questions from the committee regarding the following:

- Tax Rate Areas and how they are broken down between Special District One and Special District Two;
- The AB 8 process and calculation formula; and
- Dissolution of redevelopment agencies, enforceable obligations; and receipt of residual funds by the District.

Member Chekal-Bain stated that he was satisfied with the information provided by the County on the allocation and distribution of property tax. He asked if the amount of property tax received by AC Transit for District One and District Two was spent on service in those areas. Interim General Manager Kathleen Kelly confirmed that revenues received for each area were spent in each area and the information was captured in the financial documents provided to the Committee (Schedule of Revenues and Expenses By Service Area). Interim Chief Financial Officer Jim Pachan added that all other revenues received by AC Transit are allocated to District One and District Two based on allocation factors.

Later in the meeting, member Chekal-Bain requested that staff obtain figures from the Alameda County Assessor on how much in unsecured (business equipment, fixtures, boats, airplanes) property tax revenue is apportioned to District 1 and District 2 and where this information is reported in the financial documents. Mr. Martini advised that for reporting purposes, there is only one number reported in the financial statements for property tax, but staff could get the actual figures and report those at the December meeting.

Members of the Committee thanked Ms. Orth for the informative presentation.

No action was taken.

4B. Discussion of District 1 versus District 2 revenue and expense resource allocation report (version control issue – verbal).

NO ACTION

[A corrected Schedule of Revenues and Expenses By Service Area for the Year Ended June 30, 2014, was distributed during the meeting at the Committee's request.]

Interim Chief Financial Officer James Pachan explained that the *Schedule of Revenues and Expenses By Service Area for the Year Ended June 30, 2014* (distributed at the December meeting) was an earlier version of the document from the auditor that contained an error which overstated operator wages by \$2 million. This error also skewed the percentage of revenues to expenses for District One and District Two. While the oversight was inadvertent, Mr. Pachan assured the Committee that staff would ensure that the information provided to the committee in the future is accurate.

Member Chekal-Bain requested that the Committee receive the correct schedule. He added that it was the Committee's job to provide oversight and it was very concerning that this type of error had occurred. He admonished staff, noting that it cannot happen again.

Member Viramontes commented that she appreciated and accepted staff's explanation. She also inquired about the issue of travel time and asked staff to explain. Director of Service Development and Planning Robert del Rosario explained that travel time involves a cost associated with an operator's travel back to the operating division from their relief point.

No action was taken.

4C. **Discussion regarding the applicability of *Capistrano Taxpayers Association v. City of San Juan Capistrano*. (verbal)**

NO ACTION

General Counsel Denise Standridge advised that the case required that fees not exceed the proportional cost of service. She added that Measure VV was a special tax (not a fee) and, therefore, the case was not applicable to AC Transit.

Member Chekal-Bain clarified that the case involved water rates and the court had ruled that some customers could not be charged higher water rates than others within the same service area.

No action was taken.

5. **COMMITTEE/STAFF COMMENTS**

Members of the Committee thanked staff for holding the meeting and taking the issues raised seriously. Interim General Manager Kathleen Kelly thanked the Committee members for their efforts and for being a part of this important committee.

6. **ADJOURNMENT**

There being no further business to come before the Committee, the meeting adjourned at 2:37 p.m. The next meeting of the District Parcel Tax Fiscal Oversight Committee is scheduled for December 2015.

Respectfully submitted,



Linda A. Nemeroff
District Secretary