



# **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 14, 2017 at 8:30 a.m.**

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

JANET ABELSON, CHAIR  
ELOISE BODINE  
MARK CHEKAL-BAIN  
BEVERLY JOHNSON  
IGOR TREGUB  
MARIA VIRAMONTES  
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 14, 2017 at 8:30 a.m.</b>	<b>ACTION SUMMARY</b>
<p>The Alameda-Contra Costa Transit District Parcel Tax Fiscal Oversight Committee held a special meeting on Tuesday, November 14, 2017. Chair Abelson called the meeting to order at 8:44 a.m.</p>	
<p><b>1. ROLL CALL</b>  Members Present: Eloise Bodine, Mark Chekal-Bain (arrived at 8:50 a.m.), Beverly Johnson, Matt Williams, Igor Tregub, Janet Abelson</p> <p>Members Absent: Maria Viramontes</p> <p>District Board Liaison Present: None</p> <p>District Officers and Staff Present:  Michael A. Hursh, General Manager  Denise C. Standridge, General Counsel  Linda A. Nemeroff, District Secretary  Claudia Allen, Chief Financial Officer  Brad Schelle, Senior Manager, Crowe Horwath</p>	
<p><b>2. SELECTION OF CHAIRPERSON</b>  The Chair shall serve at the pleasure of the Committee and shall be selected from the majority of the Committee members present.</p> <p>MOTION: BODINE/JOHNSON to select Janet Abelson to serve as Chair of the Committee. The motion carried by the following vote:</p> <p>AYES:6: Bodine, Johnson, Chekal-Bain, Williams, Tregub, Abelson  ABSENT:1: Viramontes</p>	<p><b>APPROVED THE SELECTION OF JANET ABELSON AS CHAIR</b></p>
<p><b>3. PUBLIC COMMENT</b>  There was no public comment offered.</p>	
<p><b>4. CONSENT ITEMS:</b></p>	
<p><b>4A.</b> Consider approving the minutes of the District Parcel Tax Fiscal Oversight Committee meeting of December 13, 2016.</p> <p>MOTION: BODINE/JOHNSON to approve the minutes of December 13, 2016. The motion carried by the following vote:</p> <p>AYES:6: Bodine, Johnson, Chekal-Bain, Williams, Tregub, Abelson  ABSENT:1: Viramontes</p>	<p><b>APPROVED</b></p>

4B. Consider approving the minutes of the District Parcel Tax Fiscal Oversight Committee meeting of June 20, 2017.

**APPROVED**

MOTION: BODINE/JOHNSON to approve the minutes of June 20, 2017. The motion carried by the following vote:

AYES:5: Bodine, Johnson, Chekal-Bain, Williams, Abelson

ABSTAIN:1: Tregub

ABSENT:1: Viramontes

5. **DISCUSSION ITEMS:**

5A. Consider review of the following:

**ADOPTED  
RESOLUTION  
17-01**

- History of the District 1 - District 2 Allocation Methodology;
- Measure VV Agreed Upon Procedures, including the 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. 17-01 determining that the Measure VV funds collected during the 2016-17 Fiscal Year have been appropriated and expended in Special Transit Service District No. 1 for operation and maintenance activities (Report 17-01).

Chief Financial Officer Claudia Allen provided an in-depth overview of the District 1/District 2 Allocation Methodology and FY 2016-17 revenue and expense highlights.

Chair Abelson asked how paratransit expenses were allocated between Districts 1 and 2. Ms. Allen responded that paratransit expenses were allocated based on ridership and where the rides were generated. Brad Schelle of Crowe Horwath advised, more specifically, that expenses were allocated based on the percentage of ridership. General Manager Michael Hursh added that if paratransit were brought in-house, it would still be accounted for as a separate cost code, which was a requirement of federally funded programs.

Member Chekal-Bain requested that staff provide information at the next meeting on revenues and expenses relative to Union City, and how they were allocated to Districts 1 and 2.

Member Chekal-Bain further observed that 96% of passenger fares were from District 1 and 90% of all service miles and overall expenses were allocated to District 1. He further commented that expenses for

fringe benefits, including pension, was 122% of salary, which he believed was high.

Member Chekal-Bain asked for clarification of the District's contribution rate to the pension plan, noting that the report indicated that it was 33.16% while his calculation indicated it was 44%. Ms. Allen advised that the figure he was referring to in the report was specific to Amalgamated Transit Union workers only and did not reflect the entire workforce.

Member Chekal-Bain continued to be concerned about the financial health of the District because more money was being spent on benefits than salaries. Mr. Hursh acknowledged the concerns, but pointed out that the District was paying more toward the pension plan's unfunded liability as a result of the 2008 financial crisis. He added that changes to GASB the following year would require the District to report its Other Post-Employment Benefits obligation. Staff was also exploring ways to reduce health care costs and implement the Public Employees' Pension Reform Act (PEPRA), while trying to remain competitive in the job market. He further pointed out that because AC Transit had no reciprocity with other public pension systems, it was difficult to hire people from other transit agencies.

Member Tregub requested that the Committee learn more about the lack of reciprocity with other public pension plans. General Counsel Denise Standridge advised that the topic was outside the scope of the Committee. She did say, however, that staff had attempted to attain reciprocity with PERS, but it was impossible because all AC Transit employees would become Tier 2 PEPRA members. Mr. Hursh advised that a legislative fix was necessary, but not feasible at this time due to the political climate.

Member Tregub asked if staff had a comparison of the District 1/District 2 split for the prior two fiscal years, to which he was directed to the information available behind Tab 4 of the Supplemental Information binder.

Discussion ensued regarding ridership in District 2. Mr. Hursh advised that ridership was down, in part, due to a university that lost its accreditation in the area. Member Johnson asked if it was practical to increase service in District 2 when ridership had decreased. Mr. Hursh reported that staff had developed a cost-neutral plan that would increase ridership to the new Warm Springs BART station as well as an expansion of the Flex service network. He added that there was not ample support in District 2 to generate revenue through a parcel tax.

Member Chekal-Bain asked why AC Transit was placing more resources in District 2 than it was in District 1 percentage-wise. Mr. del Rosario responded that there was a return to source obligation to District 2 that had to be met.

Mr. Schelle gave an overview of the agreed upon procedures, including the new cost coverage procedure. With regard to the District 1/District 2 report, Mr. Schelle reported that the allocation methodology had been appropriately applied. He added that there was nothing in the methodology he would deem unreasonable or impractical.

Member Williams asked if the agreed upon procedures adopted by the AC Transit Board were available and why the financial documents were not dated and did not have the name of the accounting firm on them. Mr. Schelle advised that the procedures were outlined in the documentation provided and that Crowe Horwath did not put its name on the documents until final reports were issued.

Ms. Allen pointed out to the Committee that per its request, the Schedule of Revenues and Expenses by Service Area had been revised to show the percentages for each revenue, subsidy and expense category.

With regard to the aforementioned report, member Chekal-Bain felt it would be useful to add a column for Union City and asked the General Counsel if this was something that could be suggested to the AC Transit Board of Directors. He added that AC Transit picks up and drops off people in Union City who don't pay taxes for the service. Ms. Allen advised that it would be problematic to try to factor Union City into the financial reports because the District did not segregate financial information along those lines. Mr. Hursh reported that AC Transit was having informal discussions with Union City officials about joining the District and requested that the Committee hold off on the request for a year to see what happens. Mr. del Rosario added that a report had been provided to the AC Transit Board several months ago on this topic (a copy of the report was sent to the Committee after the meeting).

MOTION: CHEKAL-BAIN/TREGUB to review and approve the Measure VV Financial Statement and the adoption of **Resolution No. 17-01** determining that the Measure VV funds collected during the 2016-17 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:5: Chekal-Bain, Tregub, Bodine, Johnson, Abelson

ABSTAIN:1: Williams  
ABSENT:1: Viramontes

**6. COMMITTEE/STAFF COMMENTS**

Member Bodine announced that after 10 years, she was resigning as a member of the Committee and this would be her last meeting. She thanked the other members of the Committee and the staff for their work over the years, saying that she enjoyed her time on the Committee and learned a lot about transportation. She also noted that there was another member of the Committee that hardly attended meetings and that it would be good to adopt a policy to vacate the position if a member misses more than three meetings.

Member Tregub made a motion to adopt a resolution to thank member Bodine for her many years of service on the Committee. The other members of the Committee concurred with that sentiment.

Member Chekal-Bain wanted to make clear his request to receive a break-down of revenue and expenses for service provided to Union City and asked that the request be shared with the Board of Directors. Member Tregub felt the request was reasonable as long as it did not create an exorbitant amount of work for staff. Member Johnson suggested that it might be more appropriate to ask the Board to adopt a resolution prohibiting funds from being used in Union City. District Secretary Linda Nemeroff and Ms. Standridge pointed out that the resolution placing the measure on the ballot already addressed this issue. While there appeared to be some support by the Committee to submit the request to the Board, no formal action taken.

**7. ADJOURNMENT**

There being no further business to come before the Committee, the meeting adjourned at 9:56 a.m.

Respectfully submitted,



Linda A. Nemeroff  
District Secretary