

**MINUTES
SPECIAL MEETING OF THE
DISTRICT PARCEL TAX FISCAL OVERSIGHT COMMITTEE
Alameda-Contra Costa Transit District**

1600 Franklin Street
10th Floor Conference Room
Oakland, CA 94612

**Thursday, December 2, 2010
2:00 p.m.**

Committee Members:

Janet Abelson
Maria Viramontes
Henry Gardner
Carolyn DeRoo

Beverly Johnson
Richard Winnie
Eloise Bodine

Staff Members:

Lewis Clinton, Chief Financial Officer
Ken Scheidig, General Counsel

The District Parcel Tax Fiscal Oversight Committee held a special meeting on Thursday, December 2, 2010. The meeting was called to order at 2:30 p.m. by Committee Member Eloise Bodine.

1. Roll Call

Upon call of the roll, the following committee members responded with their names: Richard Winnie, Henry Gardner, Carolyn DeRoo, Eloise Bodine, and Janet Abelson - 5

Members Absent: Beverly Johnson, Maria Viramontes - 2

2. Public Comment

There was no public comment offered.

3. Selection of Chairperson

MOTION: GARDNER/WINNIE that Eloise Bodine continue serving as chair of the Committee (5-0-0-2).

Ayes: Gardner, Winnie, DeRoo, Bodine, Abelson – 5
Noes: None – 0
Abstain: None – 0
Absent: Johnson, Viramontes – 2

4. Review and approval of the minutes of the District Parcel Tax Oversight Committee meetings of December 1, 2009 and December 3, 2009.

Member Abelson requested that the minutes of December 1, 2009 be corrected to reflect her arrival to the meeting at 2:30 p.m.

MOTION: GARDNER/ABELSON to approve the minutes as amended (5-0-0-2).

Ayes: Gardner, Abelson, DeRoo, Bodine, Winnie – 5
Noes: None – 0
Abstain: None – 0
Absent: Johnson, Viramontes – 2

5. Expenditure of Measure VV Funds in Special Transit District No. 1:

Items Nos. 5A and 5B were considered concurrently.

A. Review and consideration of the AC Transit Schedule of Operations and Maintenance Expenses (including Measure VV Revenue) for the Year Ended June 30, 2010.

B. Consider the Adoption of Resolution No. 10-01 (CFO Memo No. 10-01)

Chief Financial Officer Lewis Clinton presented the staff report and addressed questions from the Committee.

MOTION: BODINE/GARDNER to receive the report and adopt **Resolution No. 10-01** determining that the Measure V V funds collected during FY 2009-10 have been appropriated and expended in Special Transit Service District No. 1 for operation and maintenance activities (5-0-0-2)

Ayes: Bodine, Gardner, Abelson, Winnie, DeRoo – 5

Noes: None – 0

Abstain: None – 0

Absent: Johnson, Viramontes – 2

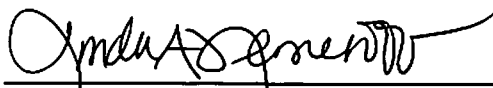
6. Committee/Staff Comments

There were no comments offered by committee members or staff.

7. Adjournment

There being no further business to come before the District Parcel Tax Fiscal Oversight Committee, the meeting adjourned at 3:05 p.m. The next meeting of the District Parcel Tax Fiscal Oversight Committee will be held in December 2011.

Respectfully submitted,



Linda A. Nemeroff, District Secretary
On behalf of Barbara Daniels

Meeting Date: December 6, 2011

SUBJECT: Consider Review and Approval of the Measure V V Financial Statement and the Adoption of Resolution No. 11-1 Determining that the Measure V V Funds Collected During the 2010-11 Fiscal Year have been Appropriated and Expended in Special Transit Service District No. 1 for Operation and Maintenance Activities

RECOMMENDED ACTION: Briefing Item Recommended Motion

Review and approve the Measure V V Financial Statement and Adopt Resolution No. 11-1

Budgetary/Fiscal Impact:

Audited financial statements for FY ending June 30, 2011, show Measure V V Tax Receipts of \$ 29.2 million to AC Transit, Special Transit Service District No. 1.

Background/Discussion:

Measure AA is a 2002 Alameda County and Contra Costa County (Counties) voter approved ballot measure authorizing the Counties to levy and collect a \$24 per year parcel tax over 5 years for the purposes of preserving affordable local 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 voters in Special Transit District 1 approved Measure BB, in replacement of Measure AA, which authorizes the AC Transit District to levy a special tax in the amount of \$48 per year, per parcel for ten years, commencing July 1, 2005. The voters in Special Transit District 1 approved Measure V V, in replacement of Measure BB, which authorizes the AC Transit District to levy a special tax in the amount of \$96 per year, per parcel for ten years, commencing July 1, 2009. Proceeds from this special tax can only be used to fund the operations and maintenance of bus service within Special Tax Service District (STSD) No. 1.

Revenue Collection History for each Measure

	FY03/04	FY04/05	FY05/06	FY06/07	FY07/08	FY08/09	FY09/10	FY10/11
AA	\$7.0MM	\$6.9MM						
BB			\$13.8MM	\$13.9MM	\$14.1MM	\$15.1MM		
VV							\$28.8MM	\$29.2

Funds used for the operation and maintenance of bus services by AC Transit in Special Transit District No. 1 (District 1). Expenditures included all operation and maintenance activities for transportation purposes of the Agency including, but not limited to; equipment, supplies, fuel and lubricants, personnel, compensation, and payment for maintenance of facilities in District 1.

Measure Revenues as a Percentage of Total Revenues

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Measure VV							8.9%	8.9%
Measure BB			5%	4.7%	4.1%	4.5%		
Measure AA	3%	2.7%						

See Attachment 2, Measure VV Financial Statement Schedule of Operations and Maintenance Expenses by County and Special Transit Service District, year ended June 30, 2011. The revenue provided by Measure VV funds is essential to the sustainability of District operations.

At November 12, 2008 Board of Directors meeting. The Board approved adoption of Resolution no. 08-064 establishing the Alameda-Contra Costa Transit District Parcel Tax Oversight Committee, appointing its membership, repealing Resolution No. 2098, and amending Resolution Nos. 2067, 2135, 08-051 and 08-044 as appropriate (GM Memo No. 08-284).

In accordance with AC Transit Resolution No. 2067 and 2135 the District Parcel Tax Committee is requested to review the use of Measure VV funds as accounted for on the attached report and to provide a written report to the AC Transit Board of Directors at their Special Board meeting of December 14, 2011.

Resolution 11-01 is attached for your consideration

Prior Relevant Board Actions/Policies:

GM 10-270 Consider Receiving the Report from the District Parcel Tax Fiscal Oversight Committee on Fiscal Year 2010-11 Measure VV Tax Proceeds December 15, 2010

Attachments:

1. Measure VV Financial Statements (Schedule of Operations and Maintenance Expenses by County and Special Transit District, Year Ended June 30, 2010)
2. Resolution 11-01

Approved by: Mary V. King, Interim General Manager
Prepared by: Lewis G. Clinton, Jr., Chief Financial Officer
Date Prepared: November 28, 2011

Alameda Contra-Costa Transit District

**Measure VV Schedules with
Independent Accountant's Report**

Year Ended June 30, 2011

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by management 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 set forth in the accompanying schedules for the year ended June 30, 2011. The District's management is responsible for the accompanying schedules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described 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.
- b. We traced Measure VV funds received for the year ended June 30, 2011 to the District's general ledger and to the independent confirmations received from the County of Alameda and the County of Contra Costa.

*SCHEDULE OF SERVICE HOURS AND SERVICE MILES BY COUNTY AND SPECIAL
TRANSIT DISTRICT*

- a. We tested the schedule for clerical accuracy and noted no clerical errors.
- b. We compared service hours by Special Transit Service District (STSD) for the year ended June 30, 2011 to the worksheets prepared by the District and found them to be in agreement.
- c. We compared STSD No. 1 service hours for the year ended June 30, 2011 to the worksheets prepared by the District and noted agreement of service hours by county.

d. We recomputed the net changes in service hours during the year ended June 30, 2011 by county and STSD, and noted no errors.

1. Service hours by STSD and by Alameda and Contra Costa counties agree to the District's OTS 370 report in total for the year ended June 30, 2011, but did not agree in regards to the STSD 1 and 2 allocations.

The District periodically conducts a detailed review of the miles and hours by bus route, between District 1 and District 2, to ensure that the allocations are up to date. The most current review was completed in September 2011, subsequent to the close of the fiscal year ended June 30, 2011. Changes to allocations to D2, noted during the course of this study involved routes 99 (25%), 399 (25%), 801 30%, and SB (70%). When the study was complete these updated allocations were applied retrospectively to the miles and hours data previously accumulated for fiscal year ended June 30, 2011. To get a sense of the effect of this change, using FY-09/10 hours, 9,714 hours would have moved from D1 to D2, which represents a .62% decrease in D1 hours and a 4.69% increase in D2 hours.

	<u>Service Hours Based on OTS 370 Report</u>		<u>Service Hours with Updated Route Allocations</u>		<u>OTS 370 vs Updated Route Allocations</u>		
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010 Delta Hrs.</u>	<u>%</u>	<u>2011 D Hrs.</u>
Contra Costa (D1)	236,067	208,783	236,067	208,783	-		-
Alameda (D1)	1,560,024	1,354,937	1,550,310	1,372,629	(9,714)	-0.62%	17,692
Broadway Shuttle (D1)	-	8,063	-	8,063	-	n/a	-
Total (D1)	1,796,091	1,571,783	1,786,377	1,589,475	(9,714)		17,692
Contract Service	21,961	22,625	21,961	22,625	-		-
Alameda (D2)	207,067	209,203	216,781	191,511	9,714	4.69%	(17,692)
Total (D2)	229,028	231,828	238,742	214,136	9,714	4.24%	(17,692)
Total District	2,025,119	1,803,611	2,025,119	1,803,611	-		-

2. We noted total service hours decreased 221,508 or 10.94% due to service reductions. The commencement of Broadway Shuttle services generated an additional 8,063 in service hours representing a .4% increase over prior year total service hours.
 - e. We compared service miles by STSD for the year ended June 30, 2011 to worksheets prepared by the District and found them to be in agreement.
 - f. We compared STSD No. 1 miles for the year ended June 30, 2011 to the worksheets prepared by the District and noted agreement of service miles by county.
 - g. We recomputed the net changes in service miles during the year ended June 30, 2011 by county and STSD, and noted no errors.

Findings:

1. Service miles and by Alameda and Contra Costa counties agreed to the District's OTS 370 report in total for the year ended June 30, 2011, but did not agree in regards to the STSD 1 and 2 allocations due to the route reallocation discussed in finding C.1.
2. We noted total service miles decreased 2,858,396 or 11.32% due to service reductions. The commencement of Broadway Shuttle services generated an additional 49,437, in service hours representing a .2% increase over prior year total service miles.

SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT

- a. We tested the schedule for mathematical accuracy and noted no mathematical errors.
- b. We compared total expenses to the District's unaudited Statement of Revenues, Expenses, and Changes in Fun Net Assets for the Transit Fun for the year ended June 30, 2011, and found them to be in agreement.
- c. We recomputed the total expenses before allocation by county and STSD, and noted no errors.
- 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 and found them to be in agreement.
- e. We recomputed the service hours and service miles allocation percentages and noted no errors.
- f. We traced expenses, allocated by county and STSD, to a worksheet prepared by the District and found them to be in agreement. We noted that the District computed the allocated expenses for Contra Costa County, STSD No. 1 as follows:

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

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

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

- g. We recomputed expenses allocated to Contra Costa County, STSD No. 1 using the above calculation and found the recomputed expenses to be in agreement with amounts calculated by the District after giving effect to rounding.

h. We compared the method used to allocate operations and maintenance expenses to Alameda STSD No. 2 to the District's stated allocation methodology and found them to be in agreement.

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

1.	Total expenses before Allocation by county and STSD	-	Expenses allocated to Contra Costa County STSD No. 1	=	Expenses allocated to Alameda County
2.	Expenses allocated to Alameda County	-	Expenses allocated to Alameda County STSD No. 2	=	Expenses allocated to Alameda County STSD No. 1

j. We recomputed the total allocation of operations and maintenance expenses to Alameda County and Contra Costa County STSD No. 1, and found the recomputed expenses to be in agreement with amounts calculated by the District.

k. 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.

l. We recomputed the total allocation of operations and maintenance expenses to Alameda County and Contra Costa County STSD No. 1, and found the recomputed expenses to be in agreement with amounts calculated by the District.

m. We verified that the Measure VV proceeds revived by the District did not exceed the operations and maintenance expenses allocated to STSD No. 1.

n. We noted that total District operations and maintenance expenses allocated to STSD No. 1 exceeded Measure VV funding of \$29,284,124 by \$270,877,955 for the year ended June 30, 2011.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accompanying schedule. Accordingly, we do not express such an opinion. 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 the District's Board of Directors and management and the Measure VV oversight committee and is not intended to be and should not be used by anyone other than those specified parties.

September 30, 2011

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
Schedule of Service Hours and Service Miles
by County and Special Transit Service District
Year Ended June 30, 2011

	<u>For the Year Ended June 30, 2010</u>	<u>Net Increase/ (Decrease)</u>	<u>For the Year Ended June 30, 2011</u>
SERVICE HOURS			
Contra Costa - STSD No. 1	<u>236,067</u>	<u>(27,284)</u>	<u>208,783</u>
Alameda - STSD No. 1	1,560,024	(179,332)	1,380,692
Alameda - STSD No. 2	<u>229,028</u>	<u>(14,892)</u>	<u>214,136</u>
Total Alameda service hours	<u>1,789,052</u>	<u>(194,224)</u>	<u>1,594,828</u>
Total STSD No. 1 service hours	<u>1,796,091</u>	<u>(206,616)</u>	<u>1,589,475</u>
SERVICE MILES			
Contra Costa - STSD No. 1	<u>3,196,565</u>	<u>(397,635)</u>	<u>2,798,930</u>
Alameda - STSD No. 1	19,105,841	(2,851,837)	16,254,004
Alameda - STSD No. 2	<u>2,939,637</u>	<u>391,076</u>	<u>3,330,713</u>
Total Alameda service miles	<u>22,045,478</u>	<u>(2,460,761)</u>	<u>19,584,717</u>
Total STSD No. 1 service miles	<u>22,302,406</u>	<u>(3,249,472)</u>	<u>19,052,934</u>

Alameda Contra-Costa Transit
Schedule of Operations and Maintenance Expenses
by County and Special Transit Service District
For the year ended June 30, 2011

Description	Total Expenses Before Allocation		Contra Costa		Alameda County		Total	
	By County	and STSD	County STSD #1	STSD #1	STSD #2	STSD #1	STSD #1	STSD #1
Expenses	\$		\$	\$	\$	\$	\$	\$
Operator wages	59,432,436		7,232,653	44,752,898	7,446,885		52,199,783	51,985,551
Other wages	49,482,286		5,963,498	36,899,853	6,618,935		43,518,788	42,863,351
Fringe benefits	76,916,246		9,319,687	57,666,671	9,929,888		67,596,559	66,986,358
Pension expenses	37,861,291		4,587,527	28,385,871	4,887,893		33,273,764	32,973,398
Services	20,261,203		2,441,837	15,109,155	2,710,211		17,819,366	17,550,992
Fuel and lubricants	15,877,970		1,913,579	11,840,497	2,123,894		13,964,391	13,754,076
Office/printing supplies	671,485		80,926	500,739	89,820		590,559	581,665
Bus parts/maintenance supplie	11,019,759		1,328,078	8,217,639	1,474,042		9,691,681	9,545,717
Utilities	2,905,097		350,116	2,166,385	388,596		2,554,981	2,516,501
Insurance	3,858,046		464,963	2,877,017	516,066		3,393,083	3,341,980
Other expenses	7,307,548		880,690	5,449,374	977,484		6,426,858	6,330,064
ADA paratransit joint venture	21,848,375		2,737,544	16,938,879	2,171,952		19,110,831	19,676,423
Interest expense	1,983,317		240,467	1,487,915	254,935		1,742,850	1,728,382
Depreciation	35,011,993		4,219,570	26,109,094	4,683,329		30,792,423	30,328,664
Total Expenses	\$ 344,437,052		41,761,135	258,401,987	44,273,930		302,675,917	300,163,122
Measure VV revenues			5,042,789	24,241,335	-		24,241,335	29,284,124
Net deficit			\$ (36,718,346)	\$ (234,160,652)	\$ (44,273,930)		\$ (278,434,582)	\$ (\$270,878,998)
Service Hours Allocation Percentage	1,803,612		208,783	1,380,692				1,589,475
			13.14%	86.86%				
Service Miles Allocation Percentage	22,383,647		2,798,930	16,254,004				19,052,934
			14.69%	85.31%				
Average			13.91%	86.09%				

See accompanying notes to the schedules

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

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 by County and Special Transit Service District

Year Ended June 30, 2011

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, 2015. 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 \$28.8 million in Measure VV taxes during the year ended June 30, 2011.

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.

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.

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.

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DISTRICT PARCEL TAX FISCAL OVERSIGHT COMMITTEE

RESOLUTION NO. 11-01

A RESOLUTION DETERMINING THAT THE MEASURE VV FUNDS COLLECTED DURING THE 2010-2011 FISCAL YEAR HAVE BEEN APPROPRIATED AND EXPENDED IN SPECIAL TRANSIT SERVICE DISTRICT NO. 1 FOR OPERATION AND MAINTENANCE ACTIVITIES

WHEREAS, on November 5, 2002 the voters in Special Transit Service District No. 1 (District 1) approved Measure AA which imposed a \$24 dollar per parcel per year tax on properties in District 1, for five years, for the operation and maintenance of AC Transit's activities in District 1; and

WHEREAS, AC Transit Resolution No. 2098 created the Measure AA Oversight Committee for the purpose of determining that the monies collected under Measure AA were spent in District 1 for the operation and maintenance of AC Transit's services in District 1, as those terms are defined in AC Transit Resolution No. 2067; and

WHEREAS, on November 2, 2004 the voters in District 1 approved Measure BB, increasing the amount of the parcel tax to \$48.00 per parcel per year for ten years commencing on July 1, 2005; and

WHEREAS, as a consequence of the passage of Measure BB (with an increased time period and amount) Resolution No. 05-031 was adopted repealing Resolution No. 2098 and establishing the Measure AA/BB Oversight Committee, appointed its membership and amended Resolution No. 2067 and 2135 modifying the reporting period from September 30th to December 31st of each year; and

WHEREAS, on November 4, 2008 the voters in District 1 approved Measure VV, increasing the amount of the parcel tax to \$96.00 per parcel per year for ten years, commencing on July 1, 2009; and

WHEREAS, a special meeting of the District Parcel Tax Fiscal Oversight Committee (the Committee) was held on December 6, 2011 during which the Committee reviewed information provided by Alameda Contra Costa Transit District's Chief Financial Officer contained in CFO Memo No. 11-01;

NOW, THEREFORE, the District Parcel Tax Oversight Committee does resolve as follows:

SECTION 1. Determines that the monies collected pursuant to Measure VV during the 2010-2011 fiscal year were appropriated and expended for the operation and maintenance of AC Transit services in District 1.

SECTION 2. Authorizes the transmittal of a copy of this resolution to the AC Transit Board of Directors .

SECTION 3. This resolution shall become effective upon its passage by four affirmative votes of the Committee members.

RESOLUTION NO. 11-01 WAS PASSED AND ADOPTED this 6th day of December 2011.

District Parcel Tax Fiscal Oversight Committee Chair

Attest:

Linda A. Nemeroff, District Secretary

I, Linda A. Nemeroff, District Secretary for the Alameda-Contra Costa Transit District, do hereby certify that the foregoing Resolution was passed and adopted at a Special Meeting of the District Parcel Tax Fiscal Oversight Committee held on the 6th day of December, 2011 by the following roll call vote:

- Ayes:
- Noes:
- Absent:
- Abstain:

Linda A. Nemeroff, District Secretary

Approved as to Form:

Carol Babington, Interim General Counsel