



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

Tuesday, December 13, 2016 at 9:00 a.m.

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

SPECIAL PARCEL TAX FISCAL OVERSIGHT COMMITTEE MEETING

Janet Abelson, Chair

Tuesday, December 13, 2016 at 9:00 a.m.

**ACTION
SUMMARY**

The Alameda-Contra Costa Transit District Parcel Tax Fiscal Oversight Committee held a special meeting on Tuesday, November 15, 2016. Chair Abelson called the meeting to order at 9:05 a.m.

1. ROLL CALL

Members Present: Mark Chekal-Bain, Beverly Johnson, Igor Tregub (arrived at 9:09 a.m.), Matt Williams, Janet Abelson

Members Absent: Eloise Bodine, Maria Viramontes

District Board Liaison Present: Director Greg Harper
Also Present: District Board Vice President Elsa Ortiz

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
Ralph Martini, Controller

2. PUBLIC COMMENT

There was no public comment offered.

3. DISCUSSION ITEMS:

- 3A. Consider approving the minutes of the District Parcel Tax Fiscal Oversight Committee meeting of November 15, 2016.**

**APPROVED WITH
MODIFICATIONS**

Member Chekal-Bain noted that he had mentioned the Public Employees' Pension Reform Act (PEPRA) during comments about employee pension contributions and requested that it be added to the minutes. The District Secretary advised that she would listen to the recording of the meeting and incorporate the requested reference.

MOTION: WILLIAMS/JOHNSON to approve the minutes with a modification to include a reference to PEPRA as requested by member Chekal-Bain. The motion carried by the following vote:

AYES:4: Williams, Johnson, Chekal-Bain, Abelson

ABSENT:3: Bodine, Tregub, Viramontes

3B. **Discussion regarding changes in the process, the development of questions and/or additional information to ask of staff. (verbal)**

Changes in Process:

Chair Abelson opened the discussion by suggesting a change in process whereby two meetings would be held annually in order to better address questions from Committee members with dates for the meetings scheduled in advance. The first meeting would occur in late October/early November and the Committee would receive a thorough presentation of the audit and related documents. It would allow the Committee to thoroughly review the information and ask questions.

A second meeting would be held to allow staff to provide any necessary follow-up information and for the Committee to consider the resolution.

Committee members were supportive of this approach and there was consensus implement this change in process. Member Chekal-Bain requested that the Committee avoid meeting the week of the election every other year and on Halloween.

Questions and Requests for Additional Information From Staff:

General Manager Michael Hursh added that he was hoping the outcome of this meeting would be for the Committee to provide recommendations for additional information that would be included in the agenda packet later this year.

With regard to a recent process change implemented by the AC Transit Board of Directors that would prove that Special District 2 wasn't spending more than it should, members of the Committee requested a presentation on this change and any other insights the Board thinks the Committee should hear about.

General Counsel Denise Standridge reminded the Committee that it is independent from the AC Transit Board of Directors and exists for the purpose of parcel tax oversight, not general spending oversight.

Questions and requests for additional information are provided in **Exhibit A** and are incorporated into the minutes by reference.

Discussion ensued regarding a suggestion by Member Johnson that the Committee, through its chair or designated representative, provide clear instructions to the auditor that the Committee needs to be certain that District One is not subsidizing District Two with Measure VV funds. Member Chekal-Bain disagreed that the focus be solely on Measure VV funds, questioning whether District One gets less of the overall revenue pie because it has a parcel tax. He felt this was an important question that needed to be answered. Member Johnson agreed. Member Williams

agreed with the substance of the issue, but felt that any exploration by the Committee into service, whether it be a decision to provide paratransit service in San Francisco or providing a bus stop in front of a school in Union City, went beyond the scope of the Committee because it was up to the AC Transit Board of Directors to make those decisions.

General Manager Michael Hursh added that what the Committee really needs to look at is what revenues come to Special District Two in comparison to how much service is offered in Special District Two. Any imbalance would prompt the Committee to look further to see if there was more service being provided than revenue collected and how it was being paid for. He added that District One had so many sources of funds, it would be nearly impossible to determine if any of it were spilling over into District Two; therefore, it would be appropriate to instead look at it from the perspective of District Two.

MOTION: CHEKAL-BAIN/JOHNSON to direct the chair to communicate to the auditor certain data the Committee would like for future meetings. An additional committee member, selected by the chair, may also attend the meeting. The motion carried by the following vote:

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

ABSENT:2: Bodine, Viramontes

Member Johnson left the meeting at 9:47 a.m.

Member Chekal-Bain advised that he wanted to discuss the Committee's mission because the Board, in its adopting its parcel Tax Resolution, tasked the Committee with reviewing its use of the special account funds. He felt that since use of the funds included capital equipment, salaries, and benefits, it was appropriate to express concerns about how the money is being used. He also noted that he agreed with Director Harper in that the Board makes the decision about where it operates service; however, as a tax payer, he is concerned when tax monies are being spent in areas that don't pay taxes. While he felt it was appropriate to serve major transit hubs like Union City BART, it was concern to provide service to other bus stops and school service in Union City.

Member Chekal-Bain requested a report at the next meeting on how service miles and hours are calculated and how it is determined which Transit District pays for service that initiates in District One and terminates in District Two. He added that without information clarifying the issue, he could not confidently say that money was not being supplanted in District Two.

Public Comment:

- Greg Harper, AC Transit Board of Directors commented that it was important to look at District Two and what it is entitled to in order to protect (service and resources) in District One. He added that all the

allocation formulas that exist for District Two came out of discussions with officials in District Two in 2000, because that area had complained that it wasn't receiving its fair share of service. An independent auditor was hired to make a determination and culminated in a formula that the Board agreed to with the Cities of Fremont and Newark. He cautioned the Committee not to upset that agreement. He went on further to say that the Committee was independent and it had independent auditors who should be talking to the Committees about its concerns. All questions should be directed to the auditor. With regard to District Two, he added that the committee needed to understand the methodology, the allocations, and check the accuracy of service metrics. He also pointed out that any service decisions are the responsibility of the Board and any decisions affecting District Two needed to be paid for with District Two money. He asked that the Committee not get bogged down with changing AC Transit's operations. He also felt that the Oversight Committee should be in agreement with what happens to any surpluses in District Two after the service is paid for.

- Elsa Ortiz, AC Transit Board of Directors, felt the issue of ensuring that parcel tax money is spent in District One was very important. She added that as the face of the Measure C1 (formally Measure VV) campaign she had communicated over and over that there was an oversight committee that would make sure the money would be spent in District One. She concerns raised by Director Harper that money may bleed into District Two, noting that it was difficult to explain who pays for service that originates in District One and end ups in District Two. She also raised concerns with the issue of Union City and how those services are paid for, including school service. She added that issues of pension and things like it were not in the Committee's jurisdiction. She also wanted to know how Measure BB funds were being allocated to each Transit Service District to support service expansion.

4. COMMITTEE/STAFF COMMENTS

There were no comments offered.

5. ADJOURNMENT

There being no further business to come before the Committee, the meeting adjourned at 10:09 a.m.

Respectfully submitted,



Linda A. Nemeroff
District Secretary

EXHIBIT A
AC TRANSIT PARCEL TAX FISCAL OVERSIGHT COMMITTEE
DECEMBER 13, 2016

Part I: Change in Process		
Member(s)	Suggestions/Requests/Questions	Status
Abelson	<p>Suggested a change in process to hold two meetings annually after the audit is prepared, with meeting dates scheduled in advance. The first meeting would occur in late October/early November and the Committee would receive a thorough presentation of the audit and related documents. It would allow the Committee to thoroughly review the information and ask questions.</p> <p>A second meeting would be held to allow staff to provide any necessary follow-up information and for the Committee to consider the resolution.</p>	Consensus to move forward with this change in process.
Part II: Questions and Requests for Additional Information		
Member(s)	Suggestions/Requests/Question(s)	Status
Williams	Requested that the Committee receive a presentation on what the Board of Directors thinks the Committee should be hearing about.	
Johnson	Added that she would like to have the Board's insights and/or an explanation of how money is allocated between Special Districts One and Two and the history behind it.	
Chekal-Bain	1) Suggested that management and staff, who are new to the process of working with the oversight committee, study and familiarize themselves with the history of the Committee's discussions over the last few years. He felt that a check list would be a simple way of tracking issues that staff and the committee agree on or have been otherwise resolved.	

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| | <ol style="list-style-type: none">2) Requested a discussion of the Committee's mission (role and responsibilities). The discussion should effort to clarify whether the committee has oversight of only Measure VV parcel tax revenues or all District revenues:3) Requested information on service provided in Union City, how it is paid for, and whether or not the cost of the service is paid by Special District One or Special District Two. The purpose is to make sure District One is not subsidizing people who are not willing pay for service (in the case of Union City) or more service (in the case of District Two).4) Requested that the accountants develop a better accounting methodology be used to capture or prove to the Committee, beyond a doubt, that District One is not subsidizing District Two.5) Requested a review of service miles and service hours in both Special District One and Special District Two and receive a fact-based analysis of any results that may appear inconsistent with prior year's data. Anomalies need to be explained. (See Member Tregub's question #3) In addition, how it is determined which Transit District pays for service that initiates in District One and terminates in District Two.6) Requested information on UC Berkeley Student Pass Revenue.7) Requested information on the amount of home-to-school funding District One and District Two receive for supplemental school service. | |
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EXHIBIT A
AC TRANSIT PARCEL TAX FISCAL OVERSIGHT COMMITTEE
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Johnson	Suggested that the Committee, through its chair or designated representative, provide clear instructions to the auditor that the committee needs to be certain that District One is not subsidizing District Two with Measure VV funds.	MOTION: CHEKAL-BAIN/JOHNSON to direct the chair to communicate to the auditor certain data the committee would like for future meetings. An additional committee member, selected by the chair, may also attend the meeting. Passed unanimously 5-0
Chekal-Bain	Argued against limiting the suggestion above to Measure VV funds. Two issues: 1) Overall, does the revenue generated in District One stay in District One to support service in this area; and 2) What is the allocation method used by Alameda County to ensure the property tax revenue raised in District One stays in District One and the property tax revenue raised in District Two stays in District Two. The following example was given: People in the Bay Area pay bridge tolls, unlike people in Southern California. The question is whether the Bay Area receives less Caltrans money per capita because of bridge toll revenue. The question is: Does District One gets less of the revenue pie because it has a parcel tax?	
Williams	Agreed that Special District Two should get its fair share of revenues, but felt that exploration into the services provided went beyond the scope of the Committee because it was up to the Board of Directors to decide whether or not they want to provide paratransit service to San Francisco or stop in front of a school in Union City.	

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Tregub	<ol style="list-style-type: none">1) Requested that staff provide the total District revenue by Special Transit Service District (pie chart) for each of the last five fiscal years. [Note: for the sake of comparison, it may be better to receive this information in a spreadsheet format rather than a pie chart.]2) Requested information that would be explain the nexus/relationship between AC Transit and the service provided by other transit agencies and services with regard to AC Transit funds and Measure BB funds.3) Requested information that would explain the historical context of service miles and service hours and any incongruity or deviations caused by layovers, deadhead expense, changes in protocol, rest breaks, etc. (see Member Chekal-Bain's question #5 above)	
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