



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

ANNUAL REPORT
Year Ended June 30, 1961



ANNUAL REPORT OF



Year Ended June 30, 1961

BOARD OF DIRECTORS



WILLIAM J. BETTENCOURT, *President*



ROBERT M. COPELAND, *Vice President*



ROBERT K. BARBER



WILLIAM E. BERK



WILLIAM H. COBURN, JR.



PAUL E. DEADRICH, *Resigned May 3, 1961*



JOHN L. McDONNELL



E. GUY WARREN, *Appointed May 22, 1961*

ADMINISTRATIVE OFFICERS

JOHN R. WORTHINGTON
General Manager

ROBERT E. NISBET
Attorney

GEORGE M. TAYLOR
Secretary

JOHN F. LARSON
Treasurer-Controller

ALAN L. BINGHAM
Public Information Manager

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1106 Broadway • Oakland 7, California

TO THE CITIZENS OF THE TRANSIT DISTRICT

The members of the Board of Directors take considerable pride in reviewing major accomplishments of the last 12 months which saw the district evolve from an engineering concept into a vigorous, healthy operating entity.

It is with a great sense of fulfillment that we point to:

- A fleet of 613 motor coaches, including the acquisition of 237 new units, many air-conditioned for the comfort of passengers during the hot summer months.
- A total of 15,384,000 service miles, 1,700,000 of which are reflected in new service added during the year, including inauguration of the first East Bay network of intercity express service.
- Realistic salary increases and fringe benefits for district employees.

These achievements were accomplished with no increase in the tax rate, no increase in fares, and with no Federal subsidies, thus bringing to an abrupt halt a trend established by transit operators elsewhere in the nation while still enabling the Board to make good its pledge to the electorate. That pledge continues to be an objective of the Board as we plan for the immediate and distant future. It should be noted that of the \$9,144,049 total revenue for the year, only \$444,672 came from taxation at the low rate of 2.9 cents per \$100 of assessed valuation.

Directors of the district are gratified by the enthusiastic public response to the improved service the district is providing the metropolitan community on the eastern side of San Francisco Bay. But, as the district continues to improve, increase and accelerate service, still greater public response is anticipated and needed.

We considered the improvement of public transportation a challenge and a promise which we have in large measure met and fulfilled. We look forward to the coming year with eager anticipation toward the continuation of our efforts to develop one of the nation's finest local mass transit systems, intelligently and progressively operated.

BOARD OF DIRECTORS



William J. Bettencourt
President

A REVIEW OF THE YEAR BY THE GENERAL MANAGER

I am gratified to report that the first nine months of operation of the Alameda-Contra Costa Transit District seems to fully justify the confidence of the people of the District. In summary, these first nine months show these accomplishments:

- Reversing a national trend, AC Transit passenger revenue showed a healthy and promising increase.
- Major improvements recommended by outside engineers were accomplished in half the time allotted by the engineers.
- A total of 237 new buses of the 250 ordered were received and placed in service by the end of the fiscal year.
- The program of rehabilitating usable equipment taken over from the privately owned Key System Transit Lines was half completed.
- Service and improvements resulted in an annual mileage increase of 684,327 miles.
- Four express lines were inaugurated.
- A new two-year labor contract was successfully negotiated.
- Children's fares were reduced.
- Information services were overhauled and expanded.

PASSENGER REVENUES

Revenue increase in the first nine months of operation totaled \$8,632,127 against \$8,469,297 for the same period a year earlier when the system was privately owned. This is an increase of 1.92%. During the period, local revenue increased .83% while transbay operations showed a revenue increase of 3.82%. In all, passenger revenue amounted to 55.82 cents per mile operated.

Although constant, the increase in local passenger revenue has been smaller percentagewise than the increase in transbay traffic. From the beginning of AC Transit service on October 1, 1960, the operation of the 13 transbay lines has produced an increase reaching a high of 8.72% over January of the previous year.

MAJOR IMPROVEMENTS

Many innovations were put into effect in less than a year, half the time originally scheduled by the firm of De Leuw, Cather, whose engineering report has served as a pilot for service betterments.

By the end of the fiscal year, the district had increased local mileage from 9,974,939 to 10,495,704, an increase of 5.22%; and transbay mileage from 4,725,003 to 4,888,565, an increase of 3.46%.

For the 36,408,281 riders carried in the nine months, there were equipment or service improvements on almost every line, extensions of service into residential areas, additional schedules and a step-up in service frequency.

FIRST CITY EXPRESS INAUGURATED

CHILDREN'S FARES EXTENDED

From the public point of view, the most startling improvement was in equipment as 237 of the 250 new buses ordered by the district were placed in service. The fleet included 112 air-conditioned buses, an innovation on the Pacific Coast that is proving to be a major contribution to passenger appeal and riding comfort.

The equipment rehabilitation program was more than half completed, with 151 buses, out of a scheduled 276, refurbished and repainted in district colors, accounting for an expenditure of \$94,560 out of a total estimated rehabilitation cost of \$208,105. Work also was underway on the dieselizing and repainting of 20 gasoline powered coaches and on the repainting of 30 additional coaches.

The modern appearance and comfort of the new equipment must be credited as the greatest single factor in making possible a much improved service. First, the new buses provided an immediate sense of satisfaction to the rider. Second, and equally important, the coaches provided our employees with tools of the trade in which they could take pride, and their reaction in meeting the problems of their daily assignments has been most gratifying. The over-all rise in all around morale of our operators has been outstanding, and this, in turn, has transmitted itself to our patrons.

The vital force of pleasant relations as between operators and passengers has never been so strongly evident in my experience, and the result in turn has been an increase of acceptance and use of public transit beyond any such experience here in many years.

The district inaugurated the first East Bay network of inter-city express service with four lines providing limited stops, direct bus travel between Berkeley, East Oakland, San Leandro, Hayward, San Lorenzo and downtown Oakland. The service totaling 54.5 one-way miles, links main population centers and puts workers and shoppers only a few minutes away from neighboring communities.

Outlying districts in Western Contra Costa County were given their first bus transportation, uniting hill residential areas to downtown Richmond and the El Cerrito shopping center. Other sections, such as El Sobrante, were given more frequent and faster service.

New transbay commuter service was extended into the South Shore residential development of Alameda. Commuter service was expanded on almost every transbay line. Montclair and Broadway Terrace got first direct bus service to downtown Oakland and Jack London Square. Improvements were made on a number of other local lines.

As one of its first public services, fares for school children through 12 years were extended to include Saturdays and Sundays, allowing these children to ride for 10 cents anywhere in the East Bay. Later, time limits were relaxed on all 10-cent school fares, so that students through the age of 17 could ride AC Transit buses at any time on school days for the reduced fare, with presentation of proper identification.

**IMPROVED
PUBLIC SERVICES**

Labor relations were stabilized for at least two years when a new contract was signed between representatives of the transit district and the Carmen's Union. The new contract, which went into effect December 1, 1960, granted bus drivers a 29-cent hourly wage increase over the 24-month period and provides for liberalized vacations, increased health and welfare contributions and other benefits.

Salary increases averaging 6% were granted three months later to supervisory and clerical employees.

Employee morale was further improved by new uniforms in keeping with the "new look" of the equipment. New badges were designed to go with trim oyster gray gabardine uniforms with a sleeve stripe of turquoise and persimmon adding district colors to the fitted, modified military-style jackets.

New bus tokens were ordered, first new design in transit tokens in this area in 14 years. The circular bronze token features the district emblem.

New destination signs, planned to give riders better information on where each bus is going, were installed on the new buses. The signs feature the primary street served by the bus, or, in some cases, the city destination. Additional street information and points of interest are posted in small letters. Side signs also carry route and destination for benefit of waiting passengers.

To better accommodate increasing patronage, the telephone information bureau was overhauled and expanded to provide speedier and more complete service.

An imaginative new Latham Square bus waiting shelter in the heart of downtown Oakland was dedicated on February 14. Landscaping accents the shelter and its adjoining Latham Fountain, while the structure itself includes an aviary occupied by colorful birds, pastel tinted benches placed under recessed lights and electric heating elements; phone booths and special newspaper dispenser racks built into pillars, and a drinking fountain.

Although the growth in passenger revenue and expansion in service were considerably above the industry average, it was based upon established operating and engineering concepts. Thus, at year end we find ourselves in a sound operating and financial condition. From this base I look forward to a continuing growth in the year ahead, both in operating performance and passenger gains, sufficient to maintain a balanced financial condition, while at the same time providing the high level of transportation services necessary to this expanding region.


J. R. Worthington
General Manager

BALANCE SHEET**June 30, 1961***(Exhibit A)***ASSETS****CURRENT ASSETS:**

Cash—Note 1		\$ 1,668,607	
Accounts receivable		49,912	
Taxes receivable		6,300	
Investment in U.S. Treasury obligations at amortized cost (market value \$1,269,295)—Note 2		1,282,145	
Prepaid expense:			
Materials and supplies	\$ 167,525		
Insurance and other	83,651	251,176	
Total current assets			\$ 3,258,140

PROPERTY, PLANT AND EQUIPMENT:

Property and equipment acquired from
Key System Transit Lines and Bay
Area Public Service Corporation—
Note 3:

	<u>Cost</u>	<u>Accumulated Amortization or Depreciation</u>	
Land	\$ 2,332,400		
Buildings and other structures	1,473,242	\$ 33,417	
Motor coaches, parts and equipment	3,336,475	214,961	
Service cars, shop and miscellaneous equipment	324,372	17,143	
Office furniture and equipment	50,070	3,753	
Subtotals	\$ 7,516,559	\$ 269,274	

Other property and equipment:

New motor coaches	7,283,095	196,092	
Parts, service cars, shop and miscel- laneous equipment	37,987	877	
Office furniture and equipment	21,634	5,375	
Totals	\$14,859,275	\$ 471,618	14,387,657
Total Assets			<u>\$17,645,797</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 245,487	
Salaries and wages payable	133,271	
Payroll taxes collected and accrued	156,906	
Unredeemed tickets and tokens	80,511	
Other current liabilities	10,855	
Deferred income	53,466	
Total current liabilities		\$ 680,496

BONDED DEBT:

General obligation bonds—Note 4	16,500,000
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ACCUMULATED NET REVENUE—EXHIBIT B	465,301
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Total liabilities and accumulated net revenue	<u>\$17,645,797</u>
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TO THE BOARD OF DIRECTORS
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
SPECIAL TRANSIT SERVICE DISTRICT NO. 1

We have examined the balance sheet of the ALAMEDA-CONTRA COSTA TRANSIT DISTRICT, SPECIAL TRANSIT SERVICE DISTRICT NO. 1 as of June 30, 1961, and the related statement of revenue, expense and accumulated net revenue for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of revenue, expense and accumulated net revenue present fairly the financial position of the Alameda-Contra Costa Transit District, Special Transit Service District No. 1 at June 30, 1961, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Oakland, California
September 8, 1961

THOMPSON, DECHOW & REICH
Certified Public Accountants

**STATEMENT OF
REVENUE, EXPENSE
AND ACCUMULATED
NET REVENUE**

*For the Year Ended
June 30, 1961*

(Exhibit B)

REVENUE:

Passenger	\$ 8,586,700	
Charter	45,427	
Advertising	56,123	
Other operations	11,127	
Total operating revenue	<u>\$ 8,699,377</u>	
Proceeds from taxation	444,672	
Total revenue		\$ 9,144,049

EXPENSE:

Maintenance of equipment, shops, garages, buildings and grounds	\$ 1,235,810	
Transportation	4,821,921	
San Francisco terminal and other station expense	41,262	
Traffic solicitation and special service	60,174	
Public information and advertising	106,092	
Insurance and safety	618,545	
Welfare and pensions	269,859	
Administrative and general	440,478	
Operating taxes and licenses	363,377	
Operating rents	40,061	
Total expense		\$ 7,997,579
Net operating revenue before depreciation and amortization		\$ 1,146,470

DEPRECIATION AND AMORTIZATION	432,524
Net operating revenue	<u>\$ 713,946</u>

INTEREST AND OTHER INCOME—NET	123,584
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EXCESS OF REVENUE OVER EXPENSE	\$ 837,530
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ACCUMULATED NET REVENUE:

Balance, July 1, 1960	74,372	
Add net adjustment to prior years' operations	40,067	
Subtotal	<u>\$ 951,969</u>	
Less items paid from bond proceeds:		
Acquisition costs	\$ 174,974	
Bond interest—Note 4	311,694	486,668
Balance, June 30, 1961		<u><u>\$ 465,301</u></u>

**NOTES TO
FINANCIAL
STATEMENTS**

1—Cash at June 30, 1961 consisted of:

Undeposited receipts	\$ 61,753
Change and petty cash funds	78,170
Time deposits	1,321,694
Commercial bank accounts	206,990
Total	<u>\$ 1,668,607</u>

2—Investments in U.S. Treasury obligations include the following:

	<i>Par Value</i>	<i>Total Investment</i>	<i>Market Value</i>
4 $\frac{7}{8}$ %, 11-15-64	\$ 300,000	\$ 313,794	\$ 313,266
3 $\frac{7}{8}$ %, 5-15-68	320,000	324,345	322,150
4 %, 10- 1-69	320,000	330,533	326,000
2 $\frac{1}{2}$ %, 3-15-70	330,000	303,163	297,551
4 $\frac{1}{4}$ %, 1975 to 1985	10,000	10,310	10,328
Totals	<u>\$ 1,280,000</u>	<u>\$ 1,282,145</u>	<u>\$ 1,269,295</u>

Interest earned on these securities amounted to \$36,284 while interest earned on the time deposits referred to in Note 1 amounted to \$94,139.

3—On October 1, 1960, the District purchased the physical operating assets of the Key System Transit Lines and its parent company, Bay Area Public Service Corporation. The purchase price was arrived at by negotiation between the two parties after complete valuation proceedings by the Public Utilities Commission of the State of California. Allocation of the purchase price was based on an engineering report rendered by Arthur C. Jenkins & Associates of San Francisco, California under date of January 10, 1961.

The assets acquired by this purchase as well as all assets subsequently acquired are being charged against operations according to amortization and depreciation schedules prepared for the District by the same firm of consulting engineers. When certain property acquired in the initial acquisition was sold subsequently, proceeds from the sale were added to the accumulated amortization account, thereby not disturbing current amortization charges but reducing amounts to be written off at the end of the amortization period.

4—The District voters authorized a general obligation bond issue of \$16,500,000 at an election held on October 20, 1959. The full amount of these bonds was sold by public bid on September 29, 1960, for 100.00196 of face value, at a net interest cost to the District of 3.19932%. The bonds mature serially in amounts ranging from \$600,000 on September 1, 1962 to \$1,400,000 on September 1, 1980. Interest on these bonds ranges from 1% for the longest series up to 6% for the shortest series. The terms of the bond indenture provide that the first year's interest be paid from bond proceeds rather than from current revenues.

5—The District is defendant in a suit filed by Peerless Stages and of a claim by the County of Contra Costa for certain election costs. In the opinion of counsel the contingent liability of these claims is small, if any, and in no case will they be such that they cannot be met from anticipated revenue. Accidents and claims of a similar nature are covered by the insurance carried by the District.

