

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

## ANNUAL REPORT

1965/1966





## BOARD OF DIRECTORS

*Left to Right:*

E. GUY WARREN  
ROBERT M. COPELAND  
JOHN L. McDONNELL, *Vice President*  
WILLIAM H. COBURN, JR., *President*  
WILLIAM J. BETTENCOURT  
WILLIAM J. BERK  
RAY H. RINEHART

## TO CITIZENS OF THE TRANSIT DISTRICT

The fiscal year just ended has been one of marked contrasts. Certainly it has been one of difficulties, calling for the making of reluctant decisions and the expenditure of tremendous effort to meet an inflationary rise in the cost of doing business.

It also has been a gratifying year. The rate of patronage growth, which had shown a declining trend, has swung upward again, indicating a continued and steady response on the part of residents to the efficiency of their transit system. People, who in the past never thought of riding the bus, have given it a trial and discovered it's a fast, easy and convenient way to travel. Increasingly, the money saved by hopping a bus has become more important to cost-conscious citizens — especially when that savings can be coupled with relaxation and the avoiding of parking and traffic problems.

The District has made outstanding progress, facing financial difficulties yet retaining its determination to offer the best transportation possible.

Not since the District went into business in October, 1960, has the Board of Directors been asked to make decisions on more far-reaching matters. The careful financial balance on which the District was established was toppled in September, 1965, when an arbitration board awarded workers an increase in wages and other benefits which boosted total labor costs by 6.5 per cent.

With this increase, operating revenue no longer could be expected to defray operational expenses, with property taxes supporting the payment of bond service and the purchase of new equipment.

Directors and the staff devoted every effort to trim the looming deficit which, for the first time, appeared blazingly red on AC Transit books. We considered all alternatives and after five months of consideration, voted last January 1 to raise transbay commute and East Bay children's fares.

With additional revenue from the fare increase and the upturn in patronage growth, financial return was better than the District expected — or even hoped for — during the latter part of the year. The deficit, initially estimated at \$983,000, was ultimately reduced to \$171,124.

The budget for the year ahead, adopted as this fiscal period came to a close, left no doubt, however, that a tax increase or a further fare hike — or both — must be considered to meet the inflationary advance of the dollar. Although we expect to carry more riders than ever, the estimated revenue will not be enough to cover mounting costs of labor and employee benefits, which account for 82 per cent of the operating budget.



Outstanding assistance from the Federal Government will continue to bolster our progress in operating what is credited as one of the most modern and serviceable transit networks in the nation.

Under provisions of the Urban Mass Transportation Act of 1964, which authorized \$375 million in transportation aid, more than \$1,250,000 has been earmarked for projects involving AC Transit. Grants are assisting the District in equipping the system's basic fleet of 300 buses with a two-way radio network and in conducting a study involving future coordination of AC Transit, Bay Area Rapid Transit and the San Francisco Municipal Railway. A grant of \$410,000 made this year enabled the District to order another 30 new buses to keep pace with its operational needs.

Along with continued progress in providing new equipment, more service — as well as faster transit — the District added achievements in new ideas during the year, among them a "stop-off and go-again" transfer plan and an experimental, articulated bus which can carry 77 passengers.

"Freeway Flier" commuter service has become one of our most successful operations. By making use of each new portion of the MacArthur Freeway as soon as it is opened to traffic, for instance, we have been able to halve the traveling time for Castro Valley and East San Leandro workers heading for downtown Oakland and San Francisco.

Although bus service for the working population remains an important goal, we have concentrated just as intently on other transit fields, including school services and sporting events. We are planning another innovation — a network of special bus service operating from various shopping areas — for the opening of the new Oakland-Alameda County Coliseum complex.

We pledge to continue to improve our service in accordance with today's needs of the traveling public, and at the same time make use of new ideas to attain our goal of attracting — and keeping — a thriving, traveling family of patrons.

We would like to acknowledge the support which has made our accomplishments possible and has given us a foundation on which to advance. This support has been constant on the part of passengers and of inestimable value on the part of employees, whose cooperation, courtesy and skill has contributed so greatly to District success.

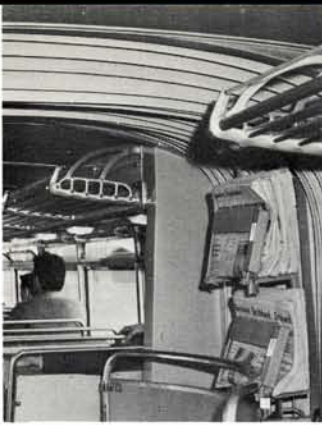
We also thank the many public bodies, including State and Federal representatives, who have aided the District in continuing planned transportation improvements. We could not have continued the public service to which we are dedicated without their help.

BOARD OF DIRECTORS

*William H. Coburn, Jr.*  
William H. Coburn, Jr.  
President

TRANSFERS AREN'T THIS BIG,  
BUT PRIVILEGES ARE EXPANDED UNDER  
"STOP-OFF AND GO-AGAIN" PLAN.





FIRST FREEWAY TRAIN  
OFFERS NEW CONVENIENCES,  
MORE RELAXED RIDING.



## REVIEW OF OPERATIONS

Like most business firms and individuals, AC Transit spent the past year trying to make "ends meet." But despite the battle of rising costs, the District did not lose sight of its purpose — good public transportation.

The Board of Directors continued to expand operations, inaugurating new lines, speeding up service, buying additional buses, offering more passenger conveniences, generally developing a better "product" to attract a greater number of riders.

Success, ultimately, is measured in satisfied passengers who find bus drivers efficient and courteous and bus transit a pleasant, effective means of getting to work or to other destinations.

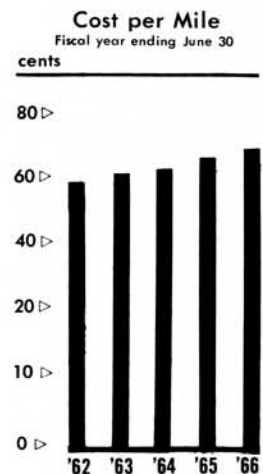
In this field, results have been outstanding.

More people rode district service than projected at the beginning of the year — and by the letters received in the general offices, they rode happily and in appreciation for a level of service they found unmatched in other cities.

Similarly, while transit properties generally experienced a continuing decrease in patronage, AC Transit showed an increase in passengers. The test of good service, perhaps, came in January.

With operating expenses up 6.5 per cent over the previous year and a deficit of \$983,000 looming, the District was forced to boost transbay commuter fares by two cents a ride and to raise East Bay children's fares from 10 to 15 cents.

Riding, nevertheless, continued to gain and has gone on gaining in the months since. Passenger revenue for the full year totaled \$13,427,987, up 5.15 per cent over the year past. With revenue and riding surpassing the estimate for the last half of the fiscal period, the deficit was cut to \$171,124 and the District ended the year in a far healthier financial condition than expected.





THE FLEETS IN!  
CHARTER BUSES  
ON THE READY  
FOR NAVY AT ALAMEDA.

Aside from the battle of rising costs, the District has enjoyed an exciting and rewarding year, pioneering developments which have given passengers better service and almost startling privileges.

A new transfer plan, for instance, encourages riders to hop off a bus for a stop-over and board a later bus going in the same general direction on the same line or another line — a convenience lauded and envied by transit riders in other areas.

The public also was introduced to a new concept in traveling luxury, the experimental Freeway Train — an articulated or duo-bus which can carry 77 passengers comfortably and, to the District's advantage, in economic efficiency.

While the twin bus was making its appearance on transbay lines, the District proceeded with one of its most important commitments, the purchase of another 30 new Transit Liners. Hit by wage increases and other employee benefits that were beyond budget allocations, the District found itself with only enough reserve funds to cover half the order of buses needed to keep pace with operational requirements.

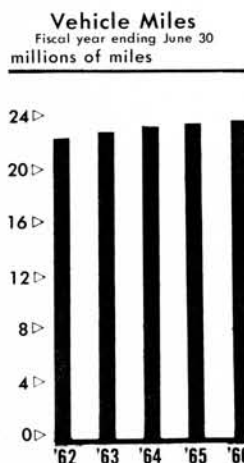
The government came to the rescue. A Federal grant from the Department of Housing and Urban Development will cover half of the purchase price of \$820,000, with the possibility of enlargement in the future to two-thirds of the cost. With this aid, the District was able to place its order in time to take advantage of an option to buy the 30 buses at the same price paid for a like number ordered last year.

With the new order, nearly \$11,300,000 will have been spent on new equipment since the District commenced operation in 1960.

Backed by a grant previously approved by the Government, the District was able to award a contract for installing two-way radios on 300 buses. The project will include a new base station on Round Top Mountain, another one on Grizzly Peak, removal of the present station from Round Top to Emeryville Division where it will be kept on stand-by-basis, and installation of a new console at Central Dispatch.

The extensive commuter use of AC Transit buses was confirmed in a comprehensive transportation study, made as an important phase of the Northern California Demonstration Project. The project, established in April, 1965 with the help of Federal funds and the support of AC Transit, Bay Area Rapid Transit District and San Francisco Public Utilities Commission, is to plan coordination of existing East Bay and San Francisco transportation services with rapid transit.

The study disclosed district buses are preferred by nearly half of the East Bay commuters traveling to and from San Francisco during peak hours. Most owned at least one car, indicating the capacity of fast and convenient transit to attract workers traveling a considerable distance, even though automobile transportation is available.



## REVENUE HIGHLIGHTS

Despite passenger growth and an enviable status as a progressive transit property, it was evident from the beginning of the fiscal period that revenue growth could not keep up with inflation and boosted expenses. The District did, however, conclude the year with a greater increase in passenger revenue and the number of riders carried than had been forecast at the year's outset.

Passenger and charter revenue totaled \$13,945,404, an increase of \$760,626 or 5.77 per cent over the previous fiscal year.

On East Bay Lines, passenger revenue tallied \$7,928,547, an increase of 3.91 per cent over the previous year. Transbay passenger revenue of \$5,499,440 was up 6.98 per cent.

The District carried 38,889,260 passengers on local lines, a decrease of 0.60 of per cent below the preceding fiscal year. Transbay travel continued to grow, with 13,193,897 passengers carried during the year, a hike of 9.52 per cent. Sales of commute books amounted to \$2,186,817, an increase of 3.46 per cent over the previous period.

With 514,691 charter passengers, the District's total number of riders reached 52,597,848, up 2.07 per cent as compared to the year before.

Intercity express lines continued to grow, with revenue from the seven lines totaling \$696,905, some \$75,418 or 12.14 per cent more than the amount collected in the previous fiscal period. Number of passengers using the lines reached 3,382,632.

The District operated 22,946,832 miles of scheduled service on East Bay and transbay lines, an increase of 1.29 per cent over last year's mileage of 22,655,432.

New daily revenue records were recorded on several occasions. A new high of \$51,636 was collected on local and transbay lines on April 1. And on January 14, a new high was reached on the East Bay express lines, with revenue of \$3,234. On the same day, transbay lines took in \$19,682.

Sales of Sunday and holiday fun passes showed steady growth, reaching a new single-day record of 1,727 passes sold on June 5. Sales were up during the normally slack summer period during both this year and last, indicating the value of the special pass in strengthening vacation time riding and revenue.

## SERVICE DEVELOPMENTS

Special concentration was given to expanding service, through extensions into new areas and in scheduling additional express operations.

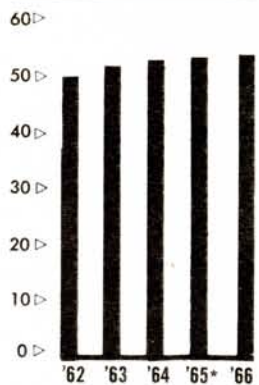
Numerous improvements were made, including the addition of 21 weekday peak-hour trips, most of them on transbay or intercity Easy Bay express lines. Benefiting from this boosted service were commuters in virtually every city, including Berkeley, Richmond, El Cerrito, Castro Valley, Oakland, Piedmont, San Leandro, Alameda, Hayward.

At the same time, the District continued its detailed analysis of each line, to determine how more efficient coverage could be provided. Minor adjustments were made to a dozen lines, with service adjusted to meet today's patronage needs, freeing equipment for better use in other areas.

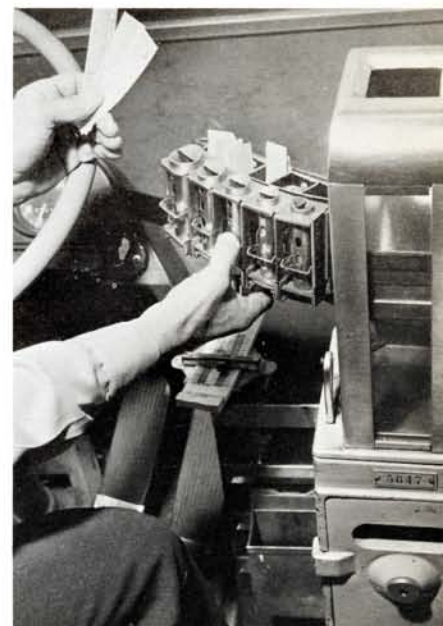
"Freeway Flier" commute service to the center of Oakland and across the bay to San Francisco became a welcomed actuality for Castro Valley and East San Leandro residents by extending peak hour schedules on Line 34 express and Transbay Line R over a new portion of the MacArthur Freeway.

The routing materially reduced travel time for riders. As an example, the freeway service cut 35 minutes from the schedules between Castro Valley and downtown Oakland, and resulted in a steady increase of patronage and the continuing addition of new schedules.

**Revenue  
Passengers**  
Fiscal year ending June 30  
millions of people

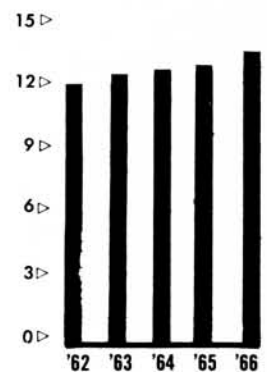


\*Passengers restated from previous Annual Report to give effect to passenger count procedure change effective with September, 1965 and subsequent months.



REVENUE KEEPS WHEELS TURNING.

**Passenger  
Revenue**  
Fiscal year ending June 30  
millions of dollars



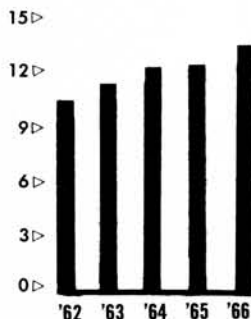


MACHINE SHOP INTRIGUES  
STUDENT VISITORS.

BIRTHDAY ON A BUS  
FOR YOUNG COMMUTER.



One-way Route Miles  
Fiscal year ending June 30  
hundreds of miles



Riding time similarly was shaved for San Pablo and El Sobrante commuters by rerouting half of the San Francisco commute service over a longer stretch of the Eastshore Freeway. New direct service also was inaugurated between San Francisco and East Richmond Heights.

New service to meet Alameda's growth included extending and rerouting Lines 63 and 64 to connect three main business and shopping areas with residential districts and new community developments. Peak hour transbay service in the South Shore also was extended into a new area, with inauguration of Line W-1.

Visitors were able to ride for the first time to the Mormon Temple and the Greek Orthodox Church on Sundays through rerouting of alternate trips on Line 15 to serve the Lincoln Ave.-Mountain Blvd. area.

San Leandro residents received the first direct service to the developing San Leandro Marina when Line 55 (Dutton Ave.) was extended to the waterfront development. East San Leandro service also was improved, with Line 40 providing basic service via Benedict Dr. to San Leandro Memorial Hospital on the east side of MacArthur Freeway and Line 80 providing service via Grand Ave. on the west side of the freeway.

Southern Alameda County improvements included inauguration of Saturday service on Line 91 between Castro Valley and downtown Hayward, and the first Saturday service between Fairway Park and downtown Hayward, through operation of a shuttle on Line 32. The latter service gave residents south of Orchard and Mission Sts. an opportunity to make use of Saturday connections with major trunk lines, as well as to shop in Hayward. Coaches, consolidating with Line 92 service to Southland Shopping Center also provided the first direct link between Fairway Park and Southland.

Midday transportation was inaugurated between San Lorenzo, Southland and Chabot College in Hayward with operation of Line 93A. At the same time, bus frequency was improved on the main portion of Line 93 between Fairmont Hospital, Bay Fair Shopping Center and San Lorenzo.

Bus service was extended to an additional residential area in the Calaroga Ave. district in Hayward through a new terminal loop for Lines 90 and 92.

Stepped-up military activities resulted in another extension — of Line 83A from Metropolitan Oakland International Airport to the Oakland Army Base, to provide a direct service between the two installations.

Service reductions were confined to minor time adjustments or to adjustments in bus frequency on four transbay lines and eight local lines, and were planned with such care it was possible to maintain a stable level of scheduled miles, even though extensive service extensions and improvements were made on a number of other lines.

To handle the District's passenger requirement during morning peak hours on a school day a maximum 577 buses were required. One-way route miles totaled 1,325.4, an increase of 81.4 miles as compared to a year ago.

In addition to regular service, special transit was provided for Golden Gate Fields racing meet, football games at University of California, Raider's games at Youell Field, the art festival at Jack London Square and for the light opera season at Woodminster Amphitheater.

Special school services continued to expand with normal growth, further increased by changes in school boundaries and an open enrollment policy for many schools.

During the year some 1,785,000 pocket timetables were distributed to the riding public.

# PASSENGERS — REVENUE — MILEAGE

|                           | 1965-66      | 1964-65      | %<br>CHANGE |
|---------------------------|--------------|--------------|-------------|
| <b>REVENUE PASSENGERS</b> |              |              |             |
| East Bay . .              | 38,889,260   | 39,123,862*  | - .60       |
| Transbay . .              | 13,193,897   | 12,046,962   | + 9.52      |
| <b>PASSENGER REVENUE</b>  |              |              |             |
| East Bay . .              | \$ 7,928,547 | \$ 7,630,234 | + 3.91      |
| Transbay . .              | 5,499,440    | 5,140,398    | + 6.98      |
| Charter . .               | 517,417      | 414,146      | +24.94      |
| <b>VEHICLE MILES</b>      |              |              |             |
| East Bay . .              | 15,022,836   | 15,112,781   | - .60       |
| Transbay . .              | 7,923,996    | 7,542,651    | + 5.06      |

\*Note: Passengers restated from previous annual report to give effect to passenger count procedure change effective with September, 1965 and subsequent months.

## NEW EQUIPMENT

Delivery of 30 new buses enabled the District to continue its five year tradition of adding new buses on the road as a practical Christmas greeting to residents — a greeting which this year totaled \$810,000 and was extended in time to put wheels under a record number of holiday shoppers.

With the last of the arrivals in service in December, the District's score of new coaches rose to 370, well over half of the fleet. Fifteen of the buses have a seating capacity of 45, while the other 15 have a capacity of 51.

Biggest improvement was noticed on small neighborhood lines, where obsolete buses were replaced by the latest equipment. The arrivals also enabled the District to schedule more later model buses in peak hour commute service.

But modern equipment — now the familiar and accepted "look" of AC Transit — had a rival by the middle of March, with the debut of a new type of bus which lifted riding into the sphere of glamour and luxury.

Departing from more conventional equipment design, AC Transit presented the Freeway Train, an experimental bus designed to carry 77 passengers in unprecedented convenience.

There was practical purpose behind development of the articulated bus, first model of its kind in the nation to be tested in local public transit.

The District's concept was a bus which would combine the luxury of train travel with the mobility and efficiency of the motor coach. By carrying more than the usual load of passengers on a single trip, it also could make better use of crowded roadway space.

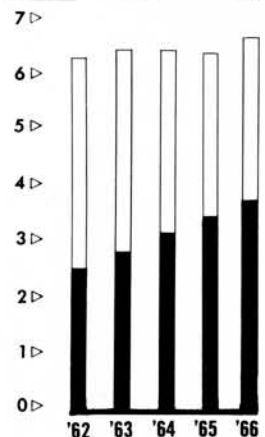
The project got underway after directors engaged the San Francisco engineering firm of DeLeuw Cather & Co., to develop the bus at a cost of approximately \$38,000. This arrangement enabled the District to obtain what is virtually two buses for less than the price of one and at the same time, to engage in an experimentation concerning more luxurious commuting.

The double unit was purchased from Continental Trailways. A new engine and a new transmission were set in a lightweight suspension type of frame to help reduce the weight factor. Other engineering changes were made, with maintenance crews at the Emeryville Division handling the important finishing touches with commendable efficiency.

The 60-foot bus has padded bucket seats, covered in brown and orange vinyl, and a rear observation lounge, finished in blending striped fabric and outfitted with two folding tables, handy for card playing or last-minute work projects.

The exterior was burnished to a glittering gold, while the front was given a "face lifting," adding to the streamlined, sleek look. A two-way radio system was installed, to keep the twin unit in constant contact with Central Dispatch. Also installed was a machine to provide taped music through an existing system of 28 speakers.

**Bus Fleet**  
Fiscal year ending June 30  
hundreds of units  
□ former Key System  
■ new Transit Liners





MAINTENANCE  
AROUND THE CLOCK.

COFFEE AND DOUGHNUTS  
ON THE AISLE FOR  
VETERAN COMMUTER.



Other innovations added to the glamorous concept include newspaper vendor racks for latest editions, overhead storage racks for hats, coats and packages, three-tiered lighting, and a mounted wall clock.

Topping public interest, perhaps, is the high-level viewing, offered through picture windows, which present a different look at old scenes for even the most veteran of riders. Of equal interest is how it "works."

The Freeway Train swivels in the middle, permitting short turns and efficient maneuverability, and offering a different experience for riders, particularly those in the rear section. They can watch the front bend around a corner, while for all visual purposes, they appear to be traveling straight ahead.

Refurbishing the double bus and getting it into transbay service between the East Bay and San Francisco may have highlighted activities in the maintenance department — as it did in all departments — but it did not overshadow other solid work assignments.

Maintenance crews continued to semi-overhaul the original 250 coaches purchased by the District in 1960-61, completing work on 122 buses during the fiscal period, bringing the total completed to 230. At the same time, painters were busy changing the rose metallic color around windshields on the older models to all white.

The department also completed the installation of two-way radio equipment on three buses, as a testing prelude to development of a fleet-wide bus radio communication system.

For the fourth year in a row, AC Transit received national recognition for excellency of equipment maintenance. In October, the District received the 1965 Fleet Owner Maintenance Efficiency Award for its high level of maintenance performance at a cost consistent with the type of service operated in the area.

Purchasing and stores has succeeded in holding the automotive parts inventory at \$200 per bus. With the addition of the 30 new coaches, the department aimed toward a goal of under \$200 in the new fiscal period. During the year, the District used 4,600,000 gallons of diesel fuel and issued 42,000,000 transfers.

The District's friendly relations with riders was illustrated at the beginning of the year when one passenger began his 51st year of commuting. He was given a personal send-off by Board President William H. Coburn, Jr., and presented with an album of historical photographs covering his era of transportation.

Newspaper coverage of the event turned up other long-time commuters, including a prominent banking official who began transbay commuting in 1902, a year before the start of the Key Route. District secretaries, acting as stewardesses, served coffee and doughnuts to surprised passengers on his bus to toast his span of traveling.

Transit information made the "best seller list" in May when the new Oakland telephone book was distributed to over 450,000 customers. A system map of District service and a description of individual lines are at the beginning of the yellow page section, putting information on what bus to take at finger-tip reach.

Business was booming at the PBX/Information Center, where the number of calls handled reached a new high of 1,950,000 for the year. A staff of 15 employees was required to handle the information service.

All employees who deal over the telephone with customers or potential customers received tips on "phone manners" in a film presentation made by Pacific Telephone. It combined entertaining acting with significant messages and pointed up the importance of courtesy, thoughtfulness and prompt identification.

The Customer Service Bureau at the general offices in downtown Oakland rivaled the information center at Emeryville Division as a busy place. An average of 1,300 lost articles were handled each month, with over 60 per cent returned.



"DIAL 377"  
AT LATHAM SQUARE  
FOR DIRECT LINE TO  
TRANSIT INFORMATION.

## INNOVATIONS

A new transfer system, put into effect in September, was numbered among the most valued improvements offered by the District since it went into business. Introduced as the "Stop-off and Go-again" plan, it encourages passengers to hop off a coach, shop a bit, do errands, then hop back on the same line or another line, by using their transfer.

The popular system continues the basic rule that passengers must ride in a general direction away from point of origin, but it allows riders to enjoy a stop over or "shop over," up to a reasonable time limit.

The plan lops off stipulations which complicated transfer regulations and furthers the District's philosophy of providing service for the convenience of passengers.

The District also continued its program of providing the greatest possible comfort for its riders by erecting a new passenger shelter on Macdonald Ave., at San Pablo Ave., in Richmond.

The shelter provides welcomed weather protection for transbay and local passengers and adds to the list of other shelters in San Leandro, Washington Manor, Parchester Village, Castro Valley, downtown Oakland and Emeryville. It was christened with a surprise early morning treat of free coffee and doughnuts.

"Season's Greetings" sparkled on major East Bay and transbay lines during December, carried by a sky-blue bus transformed into Santa's sleigh. The bus continued a three-year tradition of expressing a happy holiday wish to all residents through an appropriately decorated coach.

Two women operators, dressed in Mrs. Santa Claus outfits, rode the bus on different lines and walked among shoppers in various business districts, to pass out over 6,000 candy canes and give information on the "Stop-off and Go-again" transfer plan and other traveling data.

Bus drivers had a chance to join in the holiday spirit by extending a personal Season's Greetings to passengers. Some 13,000 cards were made available to 1,050 drivers to hand out to patrons.

New residents in most of the cities served by AC Transit are being introduced to the transit service through distribution of free round-trip passes, for use on any of the East Bay lines. The "welcome aboard" passes along with a route map, tour booklet and other bus information, are distributed by various hospitality organizations.

The Sunday and holiday Fun Pass, which sells for 60 cents and permits unlimited riding on East Bay lines, grew steadily in popularity.

Some 81,208 passes were sold during the year, adding \$48,725 to revenue. Since the pass was introduced in July, 1962, as a means of boosting riding on Sundays and holidays, sales have reached \$276,679.

December was marked by selection of another winner of the "Golden Wheel Award for Distinguished Service." A panel of judges named Joseph I. Ostle, Seminary Division driver, for the honor, paying tribute to his humanitarian efforts in behalf of passengers and his contributions to the District's goal of improved customer friendliness.



CHRISTMAS BUS  
CARRIES DISTRICT'S GREETINGS

FREE LEAFLETS ENCOURAGE  
SPRINGTIME EXCURSION



FILM SHOWS OPERATORS KEY TO COURTEOUS SERVICE.



## SAFETY, TRAINING, EMPLOYMENT

Bus passengers are riding safer than ever, according to five years of District statistics. To maintain that trend and boost it higher, the District sent all of its drivers and supervisors back to the classroom for the fourth annual safety refresher course.

Approximately 980 operators, in small groups, were given a new look at the principles of defensive driving and basic situations which cause accidents. They also had a long look at practical figures, including costs of accidents. The course included a film presentation and a driving period to demonstrate points covered.

Introduction of the Freeway Train resulted in development of a set of operating instructions for all drivers. Supervisors and 192 drivers received a three-hour course of special instruction, and upon graduation, each received an "Award of Merit" card recognizing their proficiency in driving the duo-bus.

A color film "Salesman at the Wheel," proved to be a lively, as well as informative "hit." The film emphasized the importance of bus drivers as AC Transit salesmen — only representatives of the District to meet the customers face to face and, through their actions, win or lose patrons.

A program, featuring the film and a written courtesy quiz, was developed for use at all divisions for drivers and students.

As the emphasis continued on safety, the goal for miles operated per accident was raised from 12,450 to 12,600 miles. The mark was exceeded five times, with the best all-time record tallied by drivers at the Richmond Division in September — 18,601 miles per accident.

The District averaged 11,225 miles per accident during the year.

## CUSTOMER SERVICE

The District made use of all information channels to keep the public fully aware of transit services, including such developments as the Freeway Train and expanded transfer privileges.

Outstanding interest greeted the experimental articulated bus. Before it took over a regular run, the new bus was put on all-day exhibit in eight major East Bay cities and at the Transbay Transit Terminal in San Francisco, giving thousands of persons the opportunity to inspect the long, "double-jointed" unit. They were welcomed by a bus driver and a District "stewardess," who explained details and presented them with an illustrated folder, describing the Freeway Train. Complimentary coffee was served as an added touch of hospitality.

Civic and business leaders were invited to view the bus in home cities, giving the series of public appearances an "official" touch. A trial run preceded regular service, with newspaper, radio and television representatives making the trip to and from San Francisco as first passengers to record their impressions. Thousands of viewers subsequently saw the bus on television screens. Newspapers ran a number of articles and photographs.

On its well-publicized first schedule, twice as many passengers as usual waited at stops. The mammoth bus operated, in turn, on announced schedules in different cities, giving commuters in different areas a chance to try the new form of luxurious riding.

Another campaign acquainted patrons with advantages of the expanded transfer plan.

The "Stop-off and Go-again" transfer convenience — a "first" for the District — led to another innovation. "Take-one" hooks were installed on all coaches, to hold leaflets which explained how passengers could get off buses for a stop-over and board a later bus, at no additional cost to the rider or the District.

Buses also carried special cards explaining the advantages. Queen-sized panels on the outside of buses announced the plan. Notices were carried on four radio stations and a television station. The convenience was advertised in daily and weekly newspapers, and signs were posted at bus stops at major intersections. Photographs and newspaper stories, geared for each locality, also gave full publicity to the privilege.

The District's policy of keeping residents informed of its activities, including improvements or curtailments, had gratifying results when some fares were raised in January.

The need for boosting East Bay children's fares from 10 to 15 cents and for increasing transbay commuter fares by two cents a ride, was extensively explained. Detailed figures were reported to the public, showing the increase was necessary to offset a jump in operating costs and to help offset a looming deficit of well over \$900,000.

In response, riding increased rather than decreased, and the number of passengers carried showed a healthy gain — one of the few times in the history of public transit that adjustments have been made in fares without a corresponding decrease in riding.

## MAJOR EXPENSES AND REQUIREMENTS

|                                     | 1965-66      |          | 1964-65      |          |
|-------------------------------------|--------------|----------|--------------|----------|
|                                     | Amount       | Per Cent | Amount       | Per Cent |
| Salaries, Wages and Fringe Benefits | \$11,214,734 | 67.39    | \$10,271,082 | 66.27    |
| Bonded Principal and Interest       | 1,172,968    | 7.05     | 1,188,221    | 7.67     |
| Taxes and Tolls                     | 1,012,077    | 6.08     | 984,965      | 6.36     |
| Provision for Equipment Renewal     | 1,053,002    | 6.33     | 989,226      | 6.38     |
| Claims                              | 264,493      | 1.59     | 276,870      | 1.79     |
| Fuel and Oil                        | 476,524      | 2.86     | 466,972      | 3.01     |
| Materials and Supplies              | 536,000      | 3.22     | 515,747      | 3.33     |
| Tires and Tubes                     | 219,811      | 1.32     | 193,871      | 1.25     |
| Insurance                           | 168,398      | 1.01     | 150,212      | .97      |
| Public Information and Advertising  | 200,760      | 1.21     | 124,250      | .80      |
| Miscellaneous                       | 323,440      | 1.94     | 336,519      | 2.17     |

## WAGES

Unable to reach agreement on a new contract with the Carmen's Union, the District began the new fiscal year with the matter under arbitration. In September, the arbitration board awarded over 1200 workers a 10 per cent pay increase over a two-year period, plus improved health and pension coverage. The cost to the District was estimated at \$2,100,000 for the life of the contract.

Similar benefits later were passed on to other employees, adding \$115,000 to annual District expense.

Labor expenses account for 82 per cent of the operating budget.

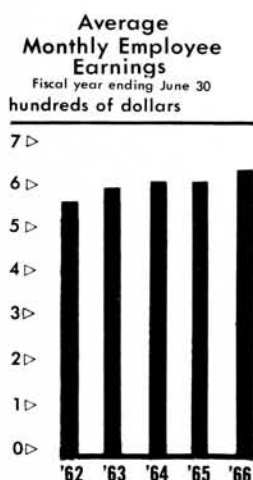
As a result of the arbitration award, bus drivers received a 15-cent hourly wage hike retroactive to June 1, 1965 and another 15-cent hour increase on June 1, 1966. For Class A mechanics, the boost came to 43 cents an hour. The District's contribution to a health insurance program reached \$18 per employee on June 1, and annual costs of the pension plan were more than doubled.

In wages, salaries, employee benefits, and payroll taxes and insurance, the cost to the District for the year was \$11,692,909.

## CLAIMS

Accidents showed a decrease of 12.6 per cent for the year, according to Claims Department statistics. Records showed 2,829 accidents and occurrences during the year, as compared to 3,237 accidents in the previous fiscal period.

Costs of bodily injury accidents totaled \$152,362 and costs of property damage were \$36,428, totaling \$191,665. Claims paid amounted to 1.4 per cent of operating revenue. Collections for damage to District property, mainly buses, amounted to \$28,929.



## ADMINISTRATION

KENNETH F. HENSEL  
*General Manager*

HOWARD D. BEEBE  
*Purchases and Stores Manager*

ALAN L. BINGHAM  
*Public Information Manager*

MELVIN C. CHAPMAN  
*Claims Manager*

HAROLD M. DAVIS  
*Executive Assistant to the  
General Manager*

JOHN F. LARSON  
*Treasurer-Controller*

ROBERT E. NISBET  
*Attorney*

DONALD J. POTTER  
*Transportation Manager*

WARREN E. ROBINSON  
*Superintendent of Schedules*

GEORGE M. TAYLOR  
*District Secretary*

EVERETT A. TOWERS  
*General Superintendent,  
Maintenance*

GORDON G. WADSWORTH  
*Safety Engineer*

H. D. WHITE  
*Operations Assistant to the  
General Manager*

## ANALYSIS OF CHANGES IN WORKING CAPITAL

FROM INCEPTION TO JUNE 30, 1966

### SOURCES OF WORKING CAPITAL:

|                                                          |              |                     |
|----------------------------------------------------------|--------------|---------------------|
| Proceeds from taxation . . . . .                         |              | \$ 8,716,663        |
| Proceeds from sale of general obligation bonds . . . . . | \$16,500,000 |                     |
| Less related costs . . . . .                             | 864,678      | 15,635,322          |
|                                                          |              | <u>\$24,351,985</u> |

### APPLICATION OF WORKING CAPITAL:

|                                                                                                                         |              |                     |
|-------------------------------------------------------------------------------------------------------------------------|--------------|---------------------|
| Acquisition of fixed assets, net of retirements . . . . .                                                               | \$18,685,659 |                     |
| Excess of expenses over revenue (before deducting<br>depreciation and amortization charges of<br>\$5,243,549) . . . . . | 326,603      |                     |
| Repayment of bonds . . . . .                                                                                            | 2,550,000    |                     |
| Earmarked for specific purposes — Notes 3 and 4 . . . . .                                                               | 1,000,000    | 22,562,262          |
| WORKING CAPITAL, JUNE 30, 1966 . . . . .                                                                                |              | <u>\$ 1,789,723</u> |

### Represented by:

|                                    |                     |
|------------------------------------|---------------------|
| Current assets . . . . .           | \$ 2,769,730        |
| Less current liabilities . . . . . | 980,007             |
|                                    | <u>\$ 1,789,723</u> |

*See accompanying notes*

BALANCE SHEET

ASSETS

|                                                                                                 | <u>1966</u>      |                     | <u>1965</u>      |                     |
|-------------------------------------------------------------------------------------------------|------------------|---------------------|------------------|---------------------|
| PROPERTY, PLANT AND EQUIPMENT—AT COST:                                                          |                  |                     |                  |                     |
| Property and equipment                                                                          |                  |                     |                  |                     |
| acquired October 1, 1960—Note 1 . . . . .                                                       | \$ 7,504,907     |                     | \$ 7,507,575     |                     |
| Less accumulated amortization . . . . .                                                         | <u>1,898,388</u> | \$ 5,606,519        | <u>1,586,755</u> | \$ 5,920,820        |
| Other property and equipment:                                                                   |                  |                     |                  |                     |
| Motor coaches . . . . .                                                                         | \$10,955,326     |                     | \$10,125,948     |                     |
| Parts, service cars, shop and<br>miscellaneous equipment . . . . .                              | 152,918          |                     | 150,596          |                     |
| Office furniture and equipment . . . . .                                                        | <u>59,111</u>    |                     | <u>50,961</u>    |                     |
|                                                                                                 | \$11,167,355     |                     | \$10,327,505     |                     |
| Less accumulated depreciation . . . . .                                                         | <u>3,331,764</u> | <u>7,835,591</u>    | <u>2,603,792</u> | <u>7,723,713</u>    |
| Total property, plant and<br>equipment—net—Note 6 . . . . .                                     |                  | <u>\$13,442,110</u> |                  | <u>\$13,644,533</u> |
| CURRENT ASSETS:                                                                                 |                  |                     |                  |                     |
| Cash:                                                                                           |                  |                     |                  |                     |
| On hand and in commercial accounts . . . . .                                                    | \$ 756,565       |                     | \$ 559,927       |                     |
| Time deposits . . . . .                                                                         | <u>1,599,142</u> | \$ 2,355,707        | <u>1,322,693</u> | \$ 1,882,620        |
| Accounts and accruals receivable . . . . .                                                      |                  | 157,158             |                  | 215,483             |
| Investment in U.S. Treasury obligations, at<br>amortized cost which approximates market value . |                  | 48,547              |                  | 109,552             |
| Prepaid expense:                                                                                |                  |                     |                  |                     |
| Materials and supplies . . . . .                                                                | \$ 170,697       |                     | \$ 188,296       |                     |
| Insurance and other . . . . .                                                                   | <u>37,621</u>    | <u>208,318</u>      | <u>61,799</u>    | <u>250,095</u>      |
| Total current assets . . . . .                                                                  |                  | <u>\$ 2,769,730</u> |                  | <u>\$ 2,457,750</u> |
| OTHER ASSETS:                                                                                   |                  |                     |                  |                     |
| Cash—time deposits—earmarked—Notes 3, 4 and 8                                                   |                  | <u>\$ 1,000,000</u> |                  | <u>\$ 1,310,000</u> |
|                                                                                                 |                  | <u>\$17,211,840</u> |                  | <u>\$17,412,283</u> |

See accompanying notes

JUNE 30, 1966 AND 1965

LIABILITIES AND DISTRICT EQUITY

|                                                        | <u>1966</u> |                     | <u>1965</u> |                     |
|--------------------------------------------------------|-------------|---------------------|-------------|---------------------|
| GENERAL OBLIGATION BONDS—NOTE 2:                       |             |                     |             |                     |
| Maturing within one year . . . . .                     | \$          | 700,000             | \$          | 675,000             |
| Maturing after one year . . . . .                      |             | <u>13,250,000</u>   |             | <u>13,950,000</u>   |
|                                                        |             | \$13,950,000        |             | \$14,625,000        |
| CURRENT LIABILITIES:                                   |             |                     |             |                     |
| Accounts payable . . . . .                             | \$          | 255,581             | \$          | 318,249             |
| Salaries and wages payable . . . . .                   |             | 298,267             |             | 282,797             |
| Payroll taxes collected and accrued. . . . .           |             | 111,760             |             | 186,692             |
| Provision for pensions—Note 5. . . . .                 |             | 53,281              |             | —                   |
| Accrued interest on general obligation bonds . . . . . |             | 156,796             |             | 170,296             |
| Provision for unredeemed tickets and tokens . . . . .  |             | 88,321              |             | 85,882              |
| Other current liabilities . . . . .                    |             | <u>16,001</u>       |             | <u>14,920</u>       |
| Total current liabilities—Note 4 . . . . .             |             | \$ 980,007          |             | \$ 1,058,836        |
| DISTRICT EQUITY                                        |             | <u>\$ 2,281,833</u> |             | <u>\$ 1,728,447</u> |
|                                                        |             | <u>\$17,211,840</u> |             | <u>\$17,412,283</u> |

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
SPECIAL TRANSIT SERVICE DISTRICT NO. 1

**STATEMENT OF REVENUE, EXPENSE AND DISTRICT EQUITY**

FOR THE YEARS ENDED JUNE 30, 1966 AND 1965

|                                                                                                     | 1966                          | 1965                        |
|-----------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|
| <b>REVENUE:</b>                                                                                     |                               |                             |
| Passenger . . . . .                                                                                 | \$ 13,427,987                 | \$ 12,770,632               |
| Charter . . . . .                                                                                   | 517,417                       | 414,146                     |
| Advertising . . . . .                                                                               | 73,574                        | 83,301                      |
| Interest earned . . . . .                                                                           | 93,259                        | 76,463                      |
| Other operations . . . . .                                                                          | 16,411                        | 21,585                      |
| Total operating revenue . . . . .                                                                   | <u>\$ 14,128,648</u>          | <u>\$ 13,366,127</u>        |
| <b>EXPENSE:</b>                                                                                     |                               |                             |
| Transportation . . . . .                                                                            | \$ 9,307,039                  | \$ 8,616,350                |
| Maintenance . . . . .                                                                               | 2,063,189                     | 1,984,133                   |
| Depreciation and amortization . . . . .                                                             | 1,053,002                     | 989,226                     |
| Operating taxes and licenses . . . . .                                                              | 666,156                       | 647,340                     |
| Administrative and general . . . . .                                                                | 787,959                       | 753,127                     |
| Welfare and pensions . . . . .                                                                      | 821,256                       | 626,280                     |
| Insurance and safety . . . . .                                                                      | 548,459                       | 549,698                     |
| Public information and advertising . . . . .                                                        | 222,179                       | 143,570                     |
| Total expense . . . . .                                                                             | <u>\$ 15,469,239</u>          | <u>\$ 14,309,724</u>        |
| <b>OPERATING LOSS . . . . .</b>                                                                     | <u><b>\$ ( 1,340,591)</b></u> | <u><b>\$ ( 943,597)</b></u> |
| <b>NONOPERATING ITEMS:</b>                                                                          |                               |                             |
| Proceeds from taxation . . . . .                                                                    | \$ 2,344,783                  | \$ 2,234,140                |
| Less:                                                                                               |                               |                             |
| Provision for current year's redemption<br>of bond principal—Note 8 . . . . .                       | ( 695,830)                    | ( 670,833)                  |
| Interest and fees on bonded debt . . . . .                                                          | ( 479,486)                    | ( 519,824)                  |
| Net proceeds from taxation<br>available for operations . . . . .                                    | <u>\$ 1,169,467</u>           | <u>\$ 1,043,483</u>         |
| <b>INCREASE OR (DECREASE) IN EQUITY AFTER<br/>PROVISION FOR BOND PRINCIPAL REDEMPTION . . . . .</b> | <u><b>\$ ( 171,124)</b></u>   | <u><b>\$ 99,886</b></u>     |
| <b>DISTRICT EQUITY:</b>                                                                             |                               |                             |
| Balance, beginning of year . . . . .                                                                | 1,728,447                     | 876,301                     |
| Add:                                                                                                |                               |                             |
| Refunds of prior years' workmen's<br>compensation insurance premiums . . . . .                      | 28,680                        | 81,427                      |
| Restoration of provision for bond<br>principal redemption deducted above . . . . .                  | 695,830                       | 670,833                     |
| Balance, end of year . . . . .                                                                      | <u><u>\$ 2,281,833</u></u>    | <u><u>\$ 1,728,447</u></u>  |

See accompanying notes

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 1966 AND 1965**

**NOTE 1 — PROPERTY, PLANT AND EQUIPMENT:** 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 cost column in the schedule below allocates the purchase price in accordance with an engineering report rendered by Arthur C. Jenkins & Associates of San Francisco, California under date of January 10, 1961:

|                                                           | Cost               | Accumulated<br>Amortization |
|-----------------------------------------------------------|--------------------|-----------------------------|
| Land . . . . .                                            | \$2,320,748        | \$ —                        |
| Buildings and other structures . . .                      | 1,473,242          | 256,197                     |
| Motor coaches, parts and equipment                        | 3,336,475          | 1,479,377                   |
| Service cars, shop and<br>miscellaneous equipment . . . . | 324,372            | 133,085                     |
| Office furniture and equipment . . .                      | 50,070             | 29,729                      |
| <b>Totals . . . . .</b>                                   | <b>\$7,504,907</b> | <b>\$1,898,388</b>          |

Depreciation on assets other than land acquired by this purchase, as well as all assets subsequently acquired, is being charged against operations according to amortization and depreciation schedules prepared for the District by the same firm of consulting engineers. When certain equipment acquired in the initial acquisition is sold or salvaged, proceeds are 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. These proceeds totalled \$115,789 to June 30, 1966.

**NOTE 2 — BOND ISSUE:** The District voters authorized a general obligation bond issue of \$16,500,000 at an election held on October 20, 1959. Of the total \$2,550,000 have been redeemed. The remainder mature serially in amounts ranging from \$700,000 on September 1, 1966 to \$1,400,000 on September 1, 1980. Interest on these bonds ranged from 1% for the longest series to 6% for the shortest series.

**NOTE 3 — SELF-INSURANCE:** On January 1, 1962 the District began to self-insure all liability claims for personal injury and property damage up to a maximum of \$50,000 for any one occurrence. Claims in excess of this amount are

insured with commercial insurance carriers. As of January 1, 1963 the District discontinued making a book provision for unsettled claims and began to charge claim settlements directly to operations. At June 30, 1966 time deposits of \$500,000 were earmarked to cover claims outstanding as of that date.

**NOTE 4 — PURCHASE COMMITMENTS:** The District has contracted to purchase 30 new buses and to have two-way radio systems installed in all of its buses. The total cost is to be approximately \$1,000,000, of which one-half is being provided by the federal government under grants from the Department of Housing and Urban Development. Funds have been earmarked by the District for its share.

**NOTE 5 — PENSIONS:** When the District acquired the physical operating assets of the Key System Transit Lines it also assumed the liability for current and future pensions. In previous years payments were charged to operations in the year made and no provision was made for future pension liabilities. In accordance with the terms of a labor agreement with the Amalgamated Transit Union dated September 8, 1965, the District is contributing 5% of compensation by covered employees for all hours worked beginning March 1, 1966 for present and future benefits. Negotiations are currently being carried on regarding the nature of the pension plan and its administration.

**NOTE 6 — PROPERTY APPRAISAL:** Buildings and contents owned by the District with a depreciated book value at June 30, 1966 of \$1,410,834 were appraised on April 22, 1966 at \$1,877,459, depreciated value by an independent appraiser. This appraisal has not been reflected on the books of the District.

**NOTE 7 — ELECTION COSTS:** The District is cross-complainant in an action to recover \$53,809 of election costs for 1962 and 1964, withheld by the County of Alameda from the District's share of 1965/66 property taxes.

**NOTE 8 — RECLASSIFICATIONS OF PRIOR YEAR'S DATA:** The provision for redemption of bond principal and the earmarked time deposits have been revised to conform the 1965 statements to the treatment of these items in the current year.

LYBRAND, ROSS BROS. & MONTGOMERY  
CERTIFIED PUBLIC ACCOUNTANTS  
1330 BROADWAY  
OAKLAND, CALIFORNIA 94612

August 15, 1966

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, 1966, and the related statement of revenue, expense and district equity 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. We previously examined and reported upon the financial statements of the District for the year ended June 30, 1965.

In our opinion, the accompanying balance sheet and statement of revenue, expense and district equity present fairly the financial position of the Alameda-Contra Costa Transit District, Special Transit Service District No. 1, at June 30, 1966 and 1965, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

We have made a similar examination of the accompanying analysis of changes in working capital which, in our opinion, when considered in relation to the basic financial statements, presents fairly the sources and application of working capital from the inception of the District to June 30, 1966.

LYBRAND, ROSS BROS. & MONTGOMERY



## ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

Latham Square Building • Oakland

**THE COVER** — Emeryville, home of AC Transit's principal operating division, offers unique benefits to its industrial residents — a low tax rate, total lack of bonded indebtedness and a central location in the heart of the East Bay. Fifth community in alphabetical order to be featured in AC Transit annual reports, Emeryville is an oasis of industrial development, with a population made up of workers and a climate made up of growth, business, and prosperity. There's an appropriate link between the city and its status as home base for the District's major shops and bus fleet. It was named after Joseph S. Emery, operator of the first horse car line to run from First and Broadway in Oakland to San Pablo and Park Aves. Emery also was an organizer of the California and Nevada Railroad — forefather of the Key System and of today's transit network — a transportation minded giant of his day. Transportation remains vital to the industrial acres where he once had his home. It is the heart line of major industries, a vital necessity for the workers who, around the clock, keep the wheels turning.