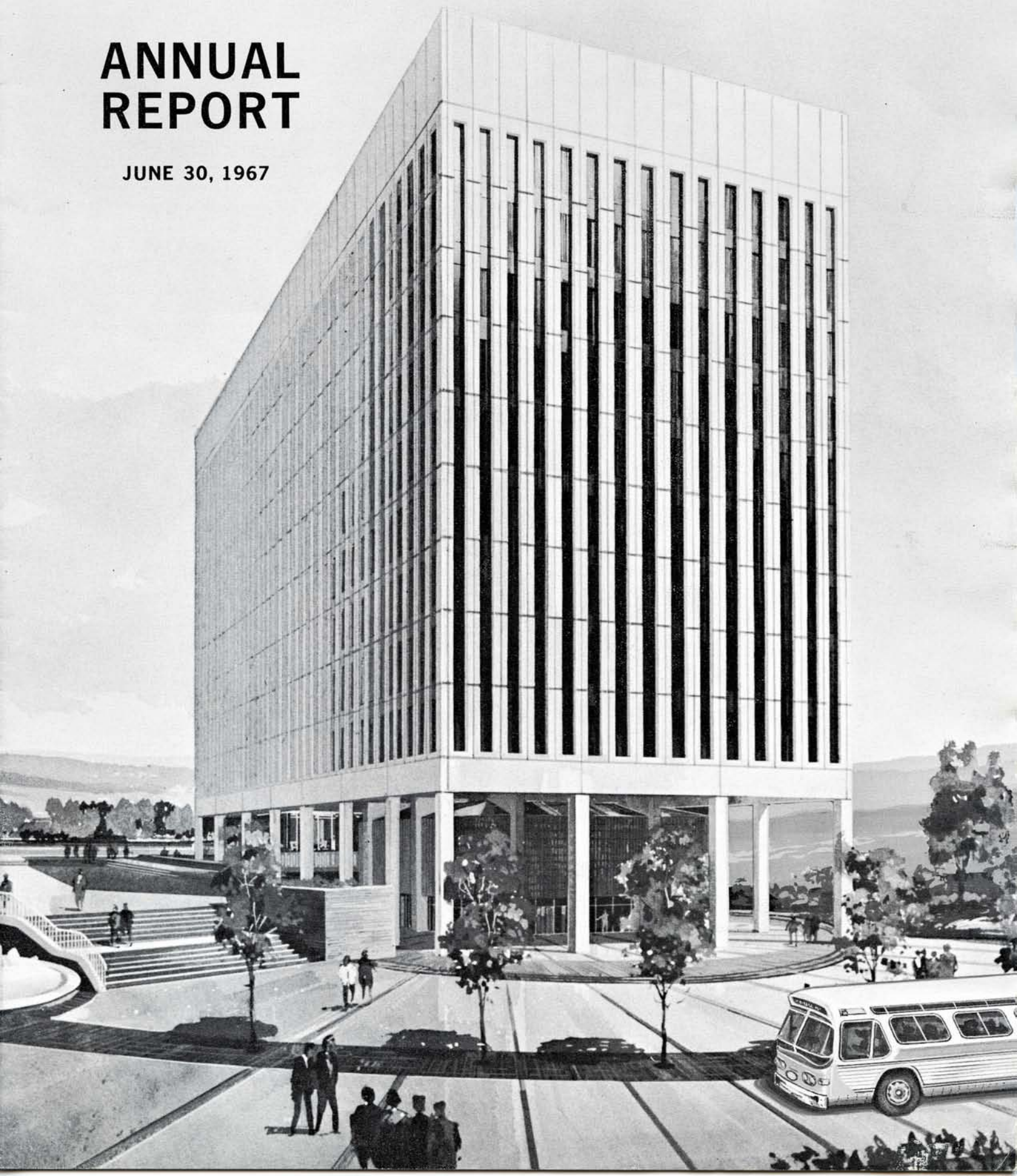


ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

ANNUAL REPORT

JUNE 30, 1967



BOARD OF DIRECTORS



JOHN McDONNELL
President of the Board

A director since the District was created in 1956, McDonnell is owner of nurseries in Oakland, Orinda, Walnut Creek. He is active as a Catholic layman and is past president of California Association of Nurserymen, North Oakland Kiwanis Club and Orinda Country Club and past director of Temescal Merchants Association. He is a member of the Governor's Task Force on Transportation.



WILLIAM E. BERK

Vice-president of the Board
Elected to the Board in 1960, Berk is president of Timmons and Berk, Inc., plumbing contracting firm. He is active in housing, building and contracting associations, as well as civic and social organizations. He is a director of Columbus Founders Savings and Loan Association and the Richmond Chamber of Commerce.



WILLIAM J. BETTENCOURT

Director of public relations, Friden, Inc. He has been a Board member since 1956, served as president in 1961-1962. He is past president San Leandro Development Committee, San Leandro Serra Club, and of the Citizens Advisory Board for St. Rose Hospital, and a director of San Leandro Chamber of Commerce.



WILLIAM H. COBURN, JR.

Active in efforts to secure better area transportation, Coburn was elected to the Board in 1958, served as president in 1965 and 1966. A Berkeley attorney, he is past president of Berkeley-Albany Bar Association and Berkeley Exchange Club and a former director of the Berkeley Chamber of Commerce.



COL. ROBERT M. COPELAND

A director since 1956 and president of the board in 1963-1964, he is an Army engineer, retired after 30 years of service. Director of Stege Sanitary District. He is a life member of American Society of Civil Engineers and of Society of American Military Engineers. Since 1948 he has served as director and president of Kensington Improvement Club.



RAY H. RINEHART

A certified public accountant, Rinehart holds many posts in the field, including past president, East Bay Chapter, Society of California Accountants. He is a member of National Panel of Arbitrators, American Arbitration Assn., past president, Oakland Serra Club; director, United Cerebral Palsy Assn. of Alameda County, St. Vincent's Day Home.



E. GUY WARREN

Owner of Warren Transportation Co., Warren is past president, California Trucking Assn., Western Highway Institute, Hayward Chamber of Commerce, and Hayward Rotary Club. He is a director of Oakland Chamber of Commerce. Active in educational development, he is a trustee of California State Colleges.

TO THE CITIZENS OF THE TRANSIT DISTRICT:

Like most private business, our publicly-owned Alameda-Contra Costa Transit District experienced a healthy increase in operating revenue but an even greater increase in operating costs during the fiscal year ended June 30.

The net results for the year showed income exceeded expenses and other requirements by \$66,200. The results were \$102,700 better than expected at the outset of the year. It had been estimated that the operation would include a \$36,500 net deficit.

Total expenses for the year including depreciation and repayment of the District's bonded debt were \$17,747,969. The operating revenue of \$14,727,836, plus \$3,086,380 in property tax proceeds, amounted to \$17,814,216.

Transbay Riding Up, Local Down

More people rode AC Transit buses across the Bay Bridge than ever before. Transbay passengers totaled 13,844,586, a gain of 4.9 percent over the previous fiscal year. The gain also represents a 44 percent increase in transbay riders since 1960, the year AC Transit took over operation from the privately owned Key System Transit lines.

However, the number of passengers carried on East Bay lines showed a decrease of 3.1 percent during the fiscal year. East Bay riders totaled 37,684,414 compared to 38,889,260 for the previous 12 month period. The drop in East Bay riders was attributed to two major factors: a long period of bad weather and the rapid transit subway construction in downtown Oakland and Berkeley. The loss of riders into the business areas was approximately 4 percent.

Combining both transbay and East Bay, passengers carried totaled 51,529,000, a decrease of 1.1 percent from the previous fiscal year.

Intercity express lines continue to grow, with revenue from the seven lines totaling \$720,495, some \$23,590 or 3.4 percent more than the amount collected in the previous fiscal year. Number of passengers using the lines reached 3,362,560.

Charter business also showed continued growth, with 651,370 charter passengers, a boost of 26.6 percent over last year.

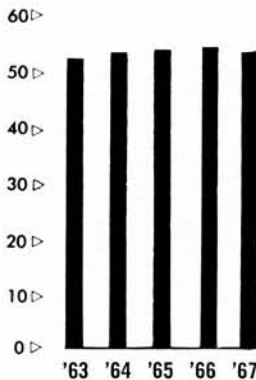
The District operated 23,199,903 miles of scheduled service on East Bay and transbay lines, an increase of 1.1 percent over last year's mileage of 22,946,832.

Several revenue records were broken during the year. The District had a bright "green" look on March 17, St. Patrick's Day, with a new high of \$21,989

Leo J. Cusick and Charles M. Haar of U.S. Department of Housing and Urban Development,
with AC Transit Director William H. Coburn, Jr.;
on occasion of delivery of first Transit Liners purchased with Federal help.

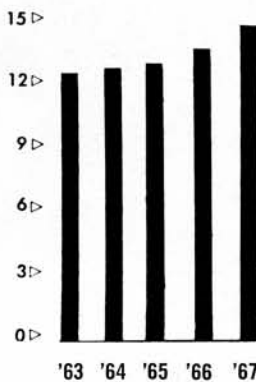


**Revenue
Passengers**
Fiscal year ending June 30
millions of people



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

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



collected on Bay Bridge lines. A new daily revenue record was hit on East Bay intercity express lines on December 12, when \$3349.56 was dropped in fare boxes—fifth time the record was broken during the year. A new daily Saturday revenue record was tallied on December 3 with \$29,465 collected.

Sales of Sunday and holiday fun passes continued to climb upward, reaching a high over the July 4 week-end in 1966, when 2906 passes were sold during the two-day holiday. A new single day record was made August 7, when 1750 passes were sold.

While our operating revenues continued to climb, operating expenses showed an even greater increase—7.5 percent. Most of this increase is attributed to higher labor costs—6.5 percent. Labor accounts for 82 percent of the operating expenses or 71.6 percent of total District expenditures.

Based on estimates at the beginning of the fiscal year, your directors faced a probable tax increase of 4.3¢ to cover increased operating expenses.

However, an upsurge in riding and a decrease in Bay Bridge tolls made it possible to keep the tax increase to 3.5¢.

Bridge Tolls Reduced

The California Toll Bridge Authority, after lengthy hearings, agreed to reduce toll charges from 75¢ to 50¢ on buses using the Bay Bridge. This was effective September 1, saving the District \$95,000 during the balance of the fiscal year.

Before leaving the subject of operating revenues and operating expenses, it should be stated that the Board of Directors of the District is fully mindful of its responsibility to the public. Strictly business-like methods are used throughout the operation to keep expenses at a minimum. However, good business practice must not be carried to the point where the public is not given the service it requires. For example, operating expenses could be greatly reduced by curtailing service or discontinuing operation of lightly patronized lines. But, it is the continuing policy of your Board of Directors to give the greatest possible service at the lowest possible fares and tax rate.

Fuel Tax Relief Campaign

Seeking ways to reduce expenses, the District joined with other transit operators throughout the State to sponsor legislation in Sacramento to exempt urban transit from payment of the state diesel fuel tax. The saving to the District could exceed \$300,000 a year. The legislation passed the Assembly overwhelmingly, and received considerable support in the Senate though a Senate vote was not taken. Another attempt will be made next year to secure passage of this legislation.



The "Freeway Train" checks in at the Coliseum complex.



New shelter at City Hall Plaza serves 2000 passengers a day.

Service Expansions

Conforming to the policy of providing service where required by the public, many improvements were made during the year. This has resulted in a general upgrading of service standards, providing more frequent headways on many lines with a corresponding reduction in peak hour standees.

Factors requiring service adjustments included the start of major construction projects by Bay Area Rapid Transit District in the downtown Berkeley and Oakland areas and along Grove Street and Shattuck Avenue; opening of the Oakland-Alameda County Coliseum Complex; the increasing necessity of providing special school service due to "open enrollment;" divided campuses at the junior high and high school level; standardization of school hours at a common take-up and break time, and other policy decisions by the various school districts.

BARTD construction necessitated numerous detours, principally the rerouting of 14 major trunk lines northbound via Franklin Street in the downtown Oakland area instead of the former route on Broadway.

Opening the Coliseum Complex, together with the expansion of the Port of Oakland Industrial Park and the discount stores in the Hegenberger Road area, called for an extension of the MacArthur Boulevard route, a major cross-town line, into this area. This provides a direct service connecting with all major East Bay trunk lines, as well as most of the transbay service.

Tailored Service for Special Events

For all major sporting events such as the Oakland Raiders professional football games, a pattern of special service to the Coliseum was developed. Express buses, operating from four major East Bay shopping centers, downtown Oakland and San Francisco, provide service direct to the Coliseum entrance tunnels.

Special service was provided to Golden Gate Fields for the racing season. This included fast "Pony Express" coaches operating from San Francisco to the track, as well as local buses.

Shuttle coaches also were operated for the Light Opera season at Woodminster Amphitheater. Direct, express service from San Francisco to the University of California stadium for football games was provided, as well as additional local buses to handle East Bay football fans.

School requirements have been accelerating in recent years to where service amounts to approximately 5,300 miles per school day, or almost 7 percent of total weekday mileage. To meet this growing need, school service was increased on five lines during the year.

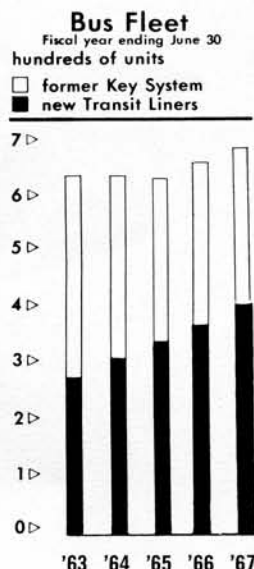
New service was inaugurated for Oakland's Sequoyah Rd. and Hansom Dr. areas. The first direct transit was provided from the Ashby Ave. district to the California School for the Deaf and the Blind. The consolidated line also provides new service from the Dwight Way district to the center of downtown Berkeley. The bus line on University Ave. was extended to serve the Berkeley



Operator of charter bus dons polar bear costume to drive Woman's Athletic Club group to "Holiday on Ice".



"How to get it out of there?"
AC Transit men know how to
unload a new Transit Liner
from a freight car.



Heliport and Marina at the foot of University Ave. in Berkeley. A special service to the Sherwood Forest area in El Sobrante was inaugurated under a subsidy by a special service district authorized by the Contra Costa County Board of Supervisors.

This limited peak hour service is designed primarily for student needs at DeAnza High School and the Juan Crespi Junior High School.

A new passenger shelter, built in downtown Oakland at the City Hall Plaza on 14th St., between Broadway and Washington, continued the District's program of providing weather protection for its riders. It also served as an example of community participation, with the Downtown Property Owners Assn. and the transit district sharing costs of the shelter and the City of Oakland providing landscaping.

The virtually free bus riding provided for downtown Oakland shoppers was expanded when the District's "Shop-a-Round" Pass area was extended out Telegraph Ave. to 27th St.

To fulfill the transit needs of the people of the district, 595 buses were required on an average school day, 345 of these in East Bay service and 250 in transbay. Total weekday mileage increased from 75,360 to 77,355, better than 2½ percent.

New Buses Acquired

Tangible evidence of the Federal government's recognition of the vital necessity of efficient urban transit, 30 new buses were acquired during the year to add to our fleet of modern transit liners. The buses were purchased with the aid of a Federal Grant of \$408,600, half of the purchase price of \$817,200. The new buses bring to 401 the number of modern coaches in the AC Transit fleet.

Two-Way Radio System

Perhaps the most publicized development of the year, both locally and nationally, was the installation of a two-way radio network linking 300 buses of the basic fleet into Central Dispatch headquarters.

Advantages of the two-way radio link were immediately apparent. The incidence of holdups was reduced. When an elderly passenger suffered a heart



First call from a moving bus over the new radio system.



Central console linking the basic fleet to Central Dispatch.

seizure the operator radioed in to have the fire department and an ambulance called. In other cases drivers reported a broken gas main, several fires and mechanical difficulties. Unexpected emergencies in traffic can now be handled immediately. Drivers can be warned of an accident or a fire which would stop street traffic and ordered to detour around the obstruction.

The equipment was furnished by the Radio Corporation of America at a budget approved cost of \$269,000, of which the U.S. Housing and Home Finance Agency would contribute one half.

Directors Re-elected

Four incumbent directors of the District were re-elected by substantial majorities: William J. Bettencourt, Col. Robert M. Copeland, John McDonnell and E. Guy Warren. Directors Bettencourt, Copeland and McDonnell have served since the District was created by the voters in 1956. Director Warren was appointed in May, 1961.

In January, Director McDonnell was elected President of the Board of Directors and William E. Berk was named Vice President.

General Manager Hensel Retires

Kenneth F. Hensel, who served the District as General Manager for five years, retired as of June 30.

Under Hensel's administration, improvements have been implemented which have given the District top billing among the best transit systems in the country. Among the achievements was continuation of the growth in patronage which totals an overall 10 percent since the District began service in October of 1960.

Bingham Appointed

On August 2, after the close of the fiscal year Alan L. Bingham, 42, was named the new general manager. The appointment was made by the Board of Directors after several weeks of considering qualifications of more than 20 applicants from across the nation.

One of the handful of men who determined the organization and development of AC Transit, Bingham was chosen as best qualified to deal with complex community problems and to work effectively with political entities and with business, financial and civic interests.

Directors felt that Bingham especially was well qualified to meet present and future challenges, including implementing future coordination of District services with the rapid transit system and expansions of local and transbay operations.



Alan L. Bingham

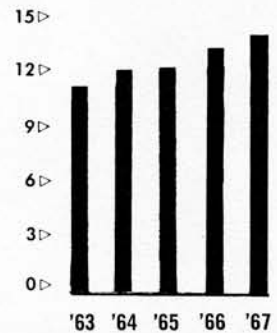
As public information and advertising manager, Bingham spearheaded passage of the \$16,500,000 bond issue which put the District in business. An active civic leader, he has a long record of creative and aggressive participation in developments important to the public welfare.

Public Information and Advertising

Since the District began operations as a publicly-owned system, an aggressive program of public information and advertising has been conducted. The Board of Directors has consistently held to the policy that a fine product cannot be sold properly unless the public is fully informed of its benefits and advantages.

For the second time in four years the District's advertising campaign was judged one of the "Best in the West" in the annual competition of the American Advertising Federation. Advertising campaigns of all types and for all variety of products were entered in the competition. Of all the campaigns

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



Kenneth F. Hensel



Santa's helpers at the Christmas Express. Santa rode the Express to greet children . . . and adults.

The "Freeway Train" in high style . . . background for a two-page fashion spread in the Oakland Tribune.



Blind teen-agers learn about buses and bus riding by getting the "feel" of a coach.



Tots from Piedmont learn about buses from inside out . . . also from underneath.



Instructor explains AC Transit skills to visitor at the Job Fair.

submitted, 10 were selected for special awards; AC Transit was one of those so honored by the profession. A similar award was won for the District's 1963-64 campaign.

School Students Training

Blind students in both Alameda and Contra Costa counties, a few at a time, were given instruction in bus riding through a program financed by the Department of Health, Education and Welfare. Blind teenagers learned how to get around by themselves, to stores and schools, by AC Transit bus. First phase of the instruction was to feel the bus. The youngsters investigated the outside, including the engine, then went through the inside. They located hand rails, the fare box, practiced how to get change, pay a fare, request a transfer. They learned how to get off, how to ask the help of the operator.

Youngsters aged 4 to 14, through arrangements with Piedmont Recreation Department, were introduced to AC Transit buses and what makes them run, by tours through the maintenance department. The children learned that the buses get 5 miles to the gallon of diesel fuel, have an oil change every 5,000 miles and are "drip dried" after washing. They found that a bus goes to the showers every other night. They were given a chance to see the underside of a bus from the service pits.

Timetables "Best Sellers"

Qualifying for the "best seller" list, 2,015,000 timetables were produced at a cost of \$17,333 for distribution to the public. Timetables are given out by request, and the quantity indicates the increase of interest of potential passengers. Last year, 1,785,000 timetables were distributed.

The District participated in the first annual East Bay Job Fair with a photo display of AC Transit workers on the job. The photographs illustrated the work handled by the District's employees and indicated the skills required to fill a job. Instructors manned the booth to answer questions.

Improved Bus Tested

An improved bus with faster acceleration, higher speeds and better braking, developed by General Motors, was subjected to tests on different network lines. The bus has an eight cylinder diesel engine and a dual range transmission, which provides maximum speed for freeway use and a low speed for hill climbing. Built into the engine is a retarder which automatically slows down speed when the foot is removed from the throttle, adding to the braking action.

After extensive tests it was determined to purchase the bus from the manufacturer.

Safety and Training

Accidence experience during the year showed an increase of 3.9 percent in traffic accidents but a reduction of 8.8 percent in passenger accidents, even though 406,400 more miles were operated than during the previous year. During nine months of the year one or more of the divisions exceeded their "safety bogey" of 12,750 miles per accident. The Seminary Division had the best rating for a single month with an accident ratio of 16,736 miles per accident.

Costs of bodily injury accidents reached \$197,120 and the cost of property damage \$40,852 totaling \$237,972, compared to \$191,665 for the previous year. Claims paid amounted to 1.64 percent of operating revenue, compared with 1.4 percent for the previous year. Collections for damage to District property, mainly buses, amounted to \$30,016.

The Fifth Annual Safety Refresher Course for drivers and supervisors was launched during January 1967. This course included an analysis of the types of accidents, with reference to cost and preventive measures to be used.

Special accident problems were dealt with, such as the handling of brakes on hills, hazards of operations near motorcycles and bicycles, and pedestrian and personal injury problems.

During the year, 140 persons were trained and qualified as drivers, 25 were employed and given driver training as service employees, 73 qualified drivers were given retraining in driving, and 74 drivers were given the reinstruction course.

Maintenance Activities

For the fifth consecutive year AC Transit was awarded the "Fleet Maintenance Efficiency Award".

In addition to the normal work load, the maintenance department this year installed all of the two-way radios in the basic coach fleet. Along with its heavy schedule of mechanical work, the maintenance crew also makes certain that both the interiors and exteriors of the buses are being kept in good condition and repainted as required.

Building maintenance craftsmen extended the roof of the fuel islands at Emeryville and Seminary divisions to give better protection from winter rain and bad weather, and expanded and remodeled the Emeryville maintenance offices.

New Labor Contract

A three year labor contract became effective June 1, giving workers a 60¢ hourly wage increase, a cost of living allowance and increased fringe benefits over the life of the contract.

Agreement on the contract came after a brief midnight walk-out, the first in District history, during which several buses scheduled to depart from divisional terminals were affected by the 45 minute stoppage.

After ratifying the agreement with the Amalgamated Transit Union the Board of Directors extended the same benefits to 96 non-union employees.

Cost of the wage boost over the three years of its life is estimated at \$4,720,000. Under the contract union drivers, maintenance workers and clerical help received a 20¢ an hour pay boost for each of three years. Drivers went from \$3.31 to \$3.51 an hour, an increase of more than 6 percent. Including allowances, collateral and penalties, paid leave provisions and such other employee benefits as pension and health and welfare contributions, the cost to the District approximates \$5.36 per platform hour. In addition to the regular wage increases, a cost of living adjustment will be effective with the first payroll after Jan. 1, 1969, consisting of 1 cent per hour for each half point of change in the U.S. Consumer Price Index for the year 1968.

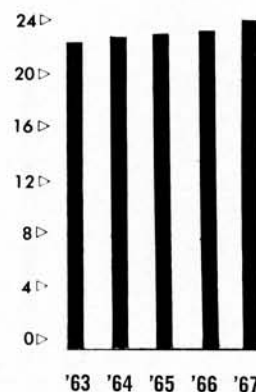
The new hourly wage for mechanic "A" is \$4.20.

With their raise, the bus drivers became among the highest paid operators in the Nation.

New Pension Plan

After months of complex studies and meetings with the local division of the Amalgamated Transit Union a new pension program was inaugurated. Under the plan the minimum age at which employees can retire and receive benefits was reduced to 55. An employee can also receive as much as 27 percent increase in benefits over previous provision of the plan, depending upon the years worked, salary earned and age at retirement, as compared with the former retirement program.

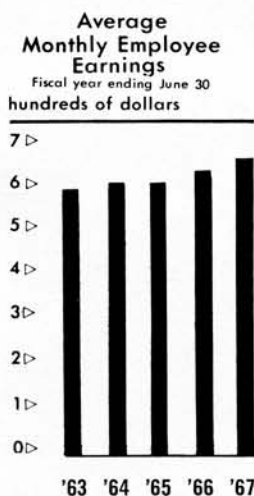
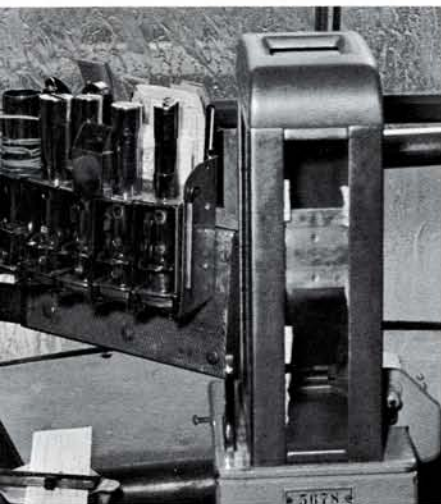
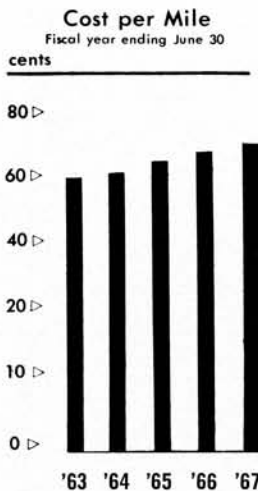
Vehicle Miles
Fiscal year ending June 30
millions of miles



Supervisor A.P. Valtakis receives Golden Wheel award from H.M. Davis, executive assistant to the general manager, for ability in handling youngsters.



First "Fair Share" United Crusade pin, actual and oversized, is presented to E.A. Williams by W.G. Skilling.



The agreement permits normal retirement at the age of 60 to workers of 20 or more years of consecutive service. Previously the age was 62. It permits earlier retirement, starting at age 55 to workers of the same seniority but with reduced benefits. For the first time a worker with 15 years of service is guaranteed a pension if he leaves the District after reaching 50. The payments, at a reduced amount, would not become available until he was 65. This new pension plan is the result of an arbitration award in 1965.

Union pensions have been costing the District approximately \$210,000 a year. New contributions will boost the annual cost to an estimated \$390,000.

The Road Ahead

We are now at a sensitive point in the progress of AC Transit. The area we serve continues to grow in population. However, the core areas—the central city sections—have not been attracting their proportions of the population increase. Transit service traditionally is planned to feed into core areas. Expansion of population in the periphery areas creates a demand for extensions of service, which usually are costly, particularly at the outset.

General costs of operation are constantly increasing. There is a limit to the amount of fares which can be charged. Many of our patrons are wholly dependent upon public transit and are living on fixed incomes. And there is a limit to the amount the property owner can absorb in taxes.

Another challenge facing your Board of Directors is the development of coordinated service with operators of the Bay Area Rapid Transit District. Just what effect this new system will have on our service and patronage remains to be determined.

Certainly there must be tightly-knit coordination between AC Transit and BARTD services.

The Northern California Transit Demonstration Project has been engaged for two years in an engineering study to determine how East Bay and San Francisco transit services can be coordinated with the new rapid transit operation. The project was financed by AC Transit, the City and County of San Francisco and the Bay Area Rapid Transit District with the assistance of the Federal government.

The engineering study is expected to develop numerous recommendations which will serve as a basis to guide the three agencies in proceeding toward the ultimate coordination of their services. The agencies have set up a contributing liaison committee to review and study the report in detail. From such analysis it will be possible to make recommendations to help resolve the many complications involved, such as the handling of passengers, fares to be charged, operation of feeder service to BARTD, dispensing of information, apportionment of fares, allocation of costs and many other problems.

In closing this report, the Board of Directors wishes to acknowledge the exceptionally high quality of the employees of AC Transit. In a service operation requiring contact with the public, the attitude of the people providing the service is most important. We are very fortunate in having a group of men and women who are courteous, helpful and pleasant. We are constantly receiving commendations from patrons. The Board of Directors wishes to thank every one of the employees of the District for their fine attitude toward their work.

JOHN McDONNELL
President
Board of Directors

MANAGEMENT

KENNETH F. HENSEL¹

General Manager

ALAN L. BINGHAM²

Public Information Manager

HOWARD D. BEEBE

Purchases and Stores Manager

MELVIN C. CHAPMAN

Claims Manager

E. SAM DAVIS

Director, Research and Planning

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

Transportation Engineer

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*

PASSENGERS — REVENUE — MILEAGE

	1966-67	1965-66	% CHANGE
REVENUE PASSENGERS			
East Bay	37,684,414	38,889,260*	- 3.10
Transbay	13,844,586	13,193,897	+ 4.93
PASSENGER REVENUE			
East Bay	\$ 7,986,736	\$ 7,928,547	+ .73
Transbay	5,818,032	5,499,440	+ 5.79
Charter	692,757	517,417	+33.89
VEHICLE MILES			
East Bay	14,958,291	15,022,836	- .43
Transbay	8,241,612	7,923,996	+ 4.01

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

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

YEAR ENDED JUNE 30, 1967

SOURCES

Proceeds from taxation	\$3,086,380
Proceeds from federal grants	513,530
Sale of fixed assets	283,605
Refund of workmen's compensation insurance premiums	50,387
	<u>\$3,933,902</u>

APPLICATIONS

Operating loss	\$1,860,726
Less depreciation and amortization	1,097,083
	<u>\$ 763,643</u>
Interest on bonded debt	438,571
Current installment due on bonded debt	725,000
Acquisition of fixed assets less \$500,000 previously earmarked for this purpose	547,659
	<u>\$2,474,873</u>
Increase in working capital	1,459,029
	<u>\$3,933,902</u>

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

BALANCE SHEETS

JUNE 30, 1967 AND 1966

ASSETS	1967	1966
PROPERTY, PLANT, AND EQUIPMENT		
— at cost (Note A):		
Property, plant, and equipment acquired October 1, 1960	\$ 6,786,973	\$ 7,504,907
Less accumulated amortization	1,772,874	1,898,388
	\$ 5,014,099	\$ 5,606,519
 OTHER EQUIPMENT:		
Motor coaches	\$11,760,702	\$10,955,326
Parts, service cars, shop and miscellaneous equipment	375,260	152,918
Office furniture and equipment	64,510	59,111
	\$12,200,472	\$11,167,355
Less accumulated depreciation	4,105,490	3,331,764
	\$ 8,094,982	\$ 7,835,591
 TOTAL PROPERTY, PLANT, AND EQUIPMENT	\$13,109,081	\$13,442,110
 CURRENT ASSETS		
Cash:		
On hand and in commercial accounts	\$ 876,957	\$ 756,565
Time deposits	3,662,073	1,599,142
	\$ 4,539,030	\$ 2,355,707
U.S. Treasury obligations—at amortized cost (approximates market)	10,193	48,547
Accounts receivable	326,428	157,158
Materials and supplies—at average cost	154,355	170,697
Prepaid expenses	116,673	37,621
 TOTAL CURRENT ASSETS	\$ 5,146,679	\$ 2,769,730
 OTHER ASSETS — time deposits earmarked for self-insurance (Note B), and equipment acquisition	\$ -0-	\$ 1,000,000
	\$18,255,760	\$17,211,840

LIABILITIES AND DISTRICT EQUITY

1967

1966

GENERAL OBLIGATION BONDS, due serially to

1980, various interest rates (1% to 6%),

less amount due within one year

\$12,525,000

\$13,250,000

CURRENT LIABILITIES

Accounts payable

\$ 490,152

\$ 271,582

Salaries and wages

214,944

298,267

Accrued payroll taxes and amounts withheld

from employees

143,053

111,760

Provision for pensions (Note C)

290,392

53,281

Accrued interest

142,796

156,796

Unredeemed tickets and tokens

91,590

88,321

Self-insurance reserve (Note B)

500,000

-0-

Amount due within one year on general

obligation bonds

725,000

700,000

TOTAL CURRENT LIABILITIES

\$ 2,597,927

\$ 1,680,007

DISTRICT EQUITY

3,132,833

2,281,833

\$18,255,760

\$17,211,840

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

YEARS ENDED JUNE 30, 1967, AND 1966.

REVENUE

Passenger	\$13,804,768	\$13,427,987
Charter	692,757	517,417
Advertising	92,100	73,574
Interest earned	125,520	93,259
Other operations	12,691	16,411
TOTAL OPERATING REVENUE	\$14,727,836	\$14,128,648

EXPENSE

Transportation	\$ 9,813,760	\$ 9,307,039
Maintenance	2,121,982	2,063,189
Depreciation and amortization	1,097,083	1,053,002
Operating taxes and licenses	768,444	666,156
Administrative and general	818,133	787,959
Welfare and pensions (Note C)	1,102,665	821,256
Insurance and safety	638,077	548,459
Public information and advertising	228,418	222,179
TOTAL EXPENSE	\$16,588,562	\$15,469,239

OPERATING LOSS

\$ (1,860,726) \$ (1,340,591)

NONOPERATING ITEMS

Proceeds from taxation	\$ 3,086,380	\$ 2,344,783
Less:		
Provision for current year's redemption		
of bond principal	(720,836)	(695,830)
Interest and fees on bonded debt	(438,571)	(479,486)

**NET PROCEEDS FROM TAXATION
AVAILABLE FOR OPERATIONS**

\$ 1,926,973 \$ 1,169,467

**INCREASE OR (DECREASE) IN EQUITY AFTER
PROVISION FOR BOND PRINCIPAL REDEMPTION**

\$ 66,247 \$ (171,124)

DISTRICT EQUITY

Balance at beginning of year	2,281,833	1,728,447
Add:		
Refunds of prior years' workmen's		
compensation insurance premiums	50,387	28,680
Restoration of provision for bond		
principal redemption deducted above	720,836	695,830
Proceeds from federal grants for capital		
equipment acquisitions (Note D)	513,530	-0-
	\$ 3,632,833	\$ 2,281,833
Deduct provision for self insurance		
reserve (Note B)	500,000	-0-
Balance at end of year	\$ 3,132,833	\$ 2,281,833

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 1967

NOTE A—Property, Plant, and Equipment

Property, plant, and equipment acquired on October 1, 1960 from Key System Transit Lines and its parent Bay Area Public Service Corporation is being amortized on a composite basis. Prior to 1967, when there was a disposition of these assets the net proceeds were credited to accumulated amortization with no corresponding reduction for the allocated cost of the assets disposed of. In 1967 the District adopted the policy of reducing the asset account for the allocated cost of assets disposed of. The result of this change was to reduce both the cost and accumulated amortization by approximately \$720,000 representing cumulative dispositions through June 30, 1967. This change had no effect on results of operations.

NOTE B—Self-Insurance Reserve The District is self-insured for personal injury and property damage claims up to \$50,000 for any one occurrence. Claims in excess of this amount are insured with commercial insurance carriers. Prior to 1967 the District made no provision for unsettled claims and charged claims directly to operations as settled. At June 30, 1966, time deposits of \$500,000 were earmarked to provide for unsettled claims. During 1967, the District charged district equity and recorded a current liability in the amount of \$500,000 to provide a reserve for unsettled claims.

NOTE C—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. Prior to 1966 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 of covered employees for current and future benefits.

To afford similar treatment, for nonunion employees, the District began in 1967, to provide for their future pension benefits. This resulted in an additional charge to operations in the amount of \$60,000.

The liability for provision for pensions will not necessarily provide, on an actuarial basis, for complete funding of future pension liabilities.

NOTE D—Federal Grants During the year ended June 30, 1967 the District received the proceeds from two federal grants for capital equipment acquisitions. Under the terms of the grants the District and Government participated equally in the projects. If the San Francisco Metropolitan Area adopts a regional mass transportation plan, the District will be eligible for additional Government participation amounting to \$169,500 if such plan is approved by the Government prior to July 27, 1968 and \$136,200 if approved after July 27, 1968 but before June 29, 1969.

TOUCHE, ROSS, BAILEY & SMART

1330 BROADWAY,
OAKLAND, CALIFORNIA 94612

August 4, 1967

Board of Directors
Alameda-Contra Costa Transit District,
Special Transit Service District No. 1,
Oakland, California

We have examined the accompanying balance sheet of Alameda-Contra Costa Transit District, Special Transit Service District No. 1 as of June 30, 1967, and the related statements of revenue, expense and district equity, and the statement of sources and applications of funds 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. The financial statements for the preceding year have been examined by other independent accountants.

In our opinion, the financial statements referred to above present fairly the financial position of Alameda-Contra Costa Transit District, Special Transit Service District No. 1 at June 30, 1967, and the results of its operations and sources and applications of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche, Ross, Bailey & Smart

Certified Public Accountants

■ THE COVER

The great new Hayward City Hall, now under construction. Rendering by the architects, Welton Beckett and Associates, shows the 11 story, \$4,000,000 structure scheduled for completion in February 1969 on the site of the old Hayward High School. The city will occupy bottom two and top five floors, rent the balance of the 150,000 square feet.



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

LATHAM SQUARE BUILDING OAKLAND, CALIFORNIA

