



AC TRANSIT
annual report 1967-1968

John McDonnell

Now serving his second term as president of the Board, McDonnell is owner of nurseries in Oakland, Orinda and Walnut Creek. Active in community efforts, McDonnell is a member of the Governor's Task Force on Transportation. He has been a director since the District was created in 1956.



Board of Directors

William E. Berk

President of a west Contra Costa County plumbing contracting firm, Berk is active in housing, building and contracting associations, as well as in civic and social groups. He is a director of Columbus Founders Savings and Loan Association and the Richmond Chamber of Commerce. He was elected to the Board in 1960.



Robert M. Copeland

Colonel Copeland graduated as an engineer from Colorado College in 1913. In 1948 he retired from the Army Engineering Corps. He has been a director since 1956, and also is a director of Stege Sanitary District; a life member of American Society of Civil Engineers and of Society of American Military Engineers.



William J. Bettencourt

Director of public relations, Friden, Inc., Bettencourt currently is chairman of the City Beautification Sub-Committee, San Leandro Development Committee and is a past director of the San Leandro Chamber of Commerce. He has served on the Board since its founding in 1956 and represents the District on the Bay Area Transit Study Commission.



Ray H. Rinehart

A certified public accountant, Rinehart is past president, East Bay Chapter, Society of California Accountants and Oakland Serra Club. He is a member of National Panel of Arbitrators, American Arbitration Assn., and director, United Cerebral Palsy Assn. of Alameda County and St. Vincent's Day Home. He has been a Board member since 1963.



William H. Coburn, Jr.

An attorney, Coburn was elected to the AC Transit Board of Directors in 1958. Active in legal and civic affairs, Coburn is past president of Berkeley-Albany Bar Association and Berkeley Exchange Club and a former director of Berkeley Chamber of Commerce.



E. Guy Warren

Owner of Warren Transportation Co., Warren currently is a trustee of California State Colleges. Warren is past president of the California Trucking Association, Western Highway Institute, Hayward Chamber of Commerce and Hayward Rotary Club. He has served on the AC Transit Board since 1961.



THE COVER:—Oakland can take a bow for expanding business and industrial development and for its reputation as a place where people like to live the relaxed, friendly life. County seat of Alameda County, Oakland can boast of well-planned beauty and of the gem in its backyard, Lake Merritt, featured on the cover of this annual report. A serene beauty spot, the lake is surrounded by Lakeside Park, center of recreational activity.

AC TRANSIT *highlights*



Homeward-bound commuters contribute to growth in transbay riding.

The 1967-68 fiscal year was a year of achievement for AC Transit, in which the forward-looking policy of the Board of Directors and the vigorous application of management resulted in decided financial and riding growth.

Contrary to national experience, the District showed heartening gains in passenger revenue and in the number of people using District service. More people, particularly on East Bay lines, were switching to bus transportation, responding to the economic and convenient advantages of their publicly-owned system. The District, in turn, effectively continued efforts to anticipate passenger needs and meet community changes and requirements.



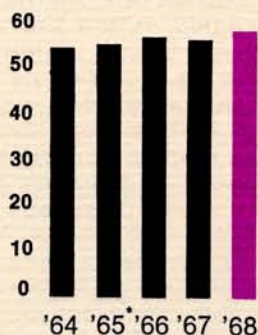
Crowds await arrival of Santa Claus aboard Candy Cane Express.

Highlights of the year included:

- Reversal of downward trend in riding on East Bay lines.
- Continued growth in transbay riding.
- Accumulation of income surplus to apply to new fiscal year, eliminating need to increase fares or taxes.
- Decision to eliminate monetary stock carried by bus drivers as a means of stopping bus hold-ups and assaults and inauguration in the 1968-69 year of a new, "Ready-Fare" plan of riding.
- Approval of Federal grant to help finance study into most promising means of reducing crimes on transit vehicles on transit properties across the nation.
- Release of engineering report of Northern California Transit Demonstration Project and formation of three-system Bay Area committee to help implement transit coordination.
- Launching of analysis of entire system, along with kindred study projects, to meet transit requirements, including coordination with future operations of Bay Area Rapid Transit District.

Fiscal Year 1967-1968 Alameda-Contra Costa Transit District

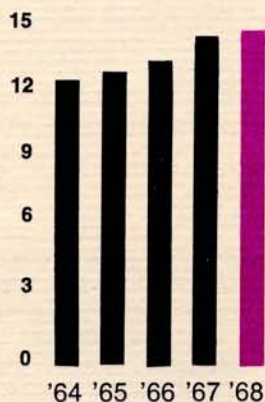
Revenue Passengers
Fiscal year ending June 30
millions of people



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

Increase in East Bay Riding

Passenger Revenue
Fiscal year ending June 30
millions of dollars



Crowded buses roll through downtown Oakland, symbolic of riding increase on East Bay lines.

From its inception in October, 1960, AC Transit has been determined to supply the level of transportation sought—and welcomed—by the public.

To accomplish this, in the face of constantly rising costs, it has been necessary to attract additional passengers and to find other sources of revenue. This the District has been able to do for the year past—and expectantly, will be able to do in the year ahead.

Operating revenue of \$15,181,817, plus \$3,969,684 in property tax proceeds, amounted to \$19,151,501. Total expenses for the year, including depreciation and repayment of the District's bonded debt, amounted to \$18,849,625.

As result, a \$301,876 surplus of income over expenses was recorded, enabling the District to end the year "in the black" for the second straight year.

At the same time, riding continued to grow. For a long period, the District has enjoyed an increase in transbay travel, to the point where buses now carry well over half the people who cross the Bay bridge during the top of the peak travel period.

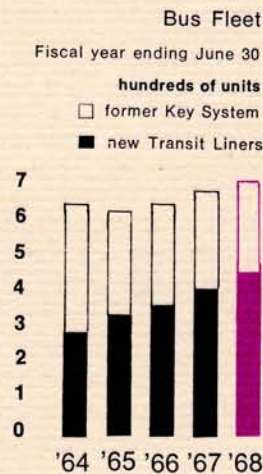
This same growth pattern became evident during the year with an increase in riding on East Bay lines. The three-year downward trend in local riding was stopped and reversed. East Bay lines had a patronage of 38,067,523, up one percent compared to the previous fiscal period. Revenue on East Bay routes totaled \$8,089,710, up 1.29 percent.

Two-thirds of the expense of operating District service is attributed to East Bay lines, which traditionally operate in the red. A change in this pattern is of significant financial importance to the District—and to every resident it serves.

While growth on local lines generally was promising, the increase in riding on intercity express lines particularly was gratifying. During the fiscal period, 3,447,728 passengers used East Bay express service, a boost of 2.53 percent compared to the year before.



Transbay Travel Up



Increase Transit Activity



New headsigns receive finishing touches before inaugural of Alameda-Oakland commuter express service.

Equipment Requirements



Buses stand ready at Transbay Transit Terminal to carry over half of people now using Bay Bridge in travel peak.

Of important aid in helping the District chalk up a "better than expected" financial picture was the steady increase in riding on transbay lines.

Transbay buses carried 14,304,958 passengers during the year, an increase of 3.33 percent over the passenger count of the previous 12 months. Transbay passenger revenue totaled \$6,059,209, up 4.15 percent.

In all, the District carried 52,372,481 passengers during the year, an increase of 1.64 percent. Riding nationally decreased 1.29 percent during the same period.

Keeping pace with the public's increasing use of limited-stop service, the District expanded its concept of transit which dips into neighborhoods and makes use of freeways to provide convenient, speedy transit of a type which competes favorably with automobiles.

A commuter express, linking the east end of Alameda with downtown Oakland, proved so successful, patronage was doubled in four months. The line was expanded further when it was linked with the Berkeley Express, providing fast transit between the cities. The new express was one of a series of service expansions and improvements.

Improvements included extension of Line 51 to the fishing pier at Berkeley Marina; extension of Line 87 via 55th Ave. to MacArthur Blvd. to provide better connections for Maxwell Park residents and expansion of night service on Line 83 with a loop through Sobrante Park and Brookfield Village in East Oakland.

An experimental shuttle, inaugurated on a six-months trial basis for residents of Tassafaronga Village in East Oakland, failed to produce patronage and operations were curtailed in May.

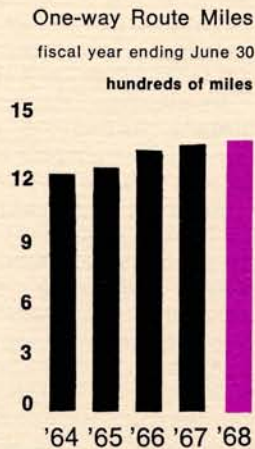
Other extensions and reroutings, better headways, improved transfer connections and the constant addition of more buses, especially on transbay lines, were contributing factors to increased business activity. With growth in service and patronage, came a matching need for additional equipment.

Morning peak hour equipment requirements on school days increased by 14 coaches, to a total of 609. Nine additional buses were assigned to Bay bridge runs, while five coaches were added to East Bay lines.

School service requirements continued to expand, reaching 7.2 percent of total week-day scheduled mileage. During the fiscal period, the District operated 23,687,976 miles of passenger service, an increase of 2.1 percent over the year before.

Keeping step with growth, the District expanded its fleet with purchase of 15 new buses, at a cost of \$470,811. The new arrivals brought to 417 the number of modern coaches in the fleet of 688 buses.

Costs of Doing Business



Computer clicks through payroll, as data processing department moves into electronic age.

Same fares and tax rate

Although the District experienced a healthy increase in riding and revenue, it had an even greater increase in costs of doing business.

Labor expenses continued to account for the major portion of District costs, amounting to 8.42 percent over the previous fiscal period. Expenses increased again on June 1, when 1479 employees took home fatter paychecks, with a boost equivalent to 20 cents an hour. Projections for the year ahead include a cost of living adjustment after January 1, 1969 and another 20 cent an hour wage increase on June 1, 1969.



Although estimates for the year ahead projected over-all increase in expenses of 4.8 percent, the District expected to keep the same fares and consolidated tax rate. Offsetting the hike in expenses, including a 7.9 percent boost in the cost of labor, are anticipated increases in operating revenues and assessed property valuations. Also included are savings to be realized from legislation which reduces diesel fuel taxes paid by private and publicly-owned urban transit systems from seven cents to one cent per gallon.

Aid from Legislation



Governor Ronald Reagan signs into law legislation reducing diesel fuel taxes paid by urban transit systems.



Signs are posted in buses to inform public that drivers no longer will carry money or tokens.

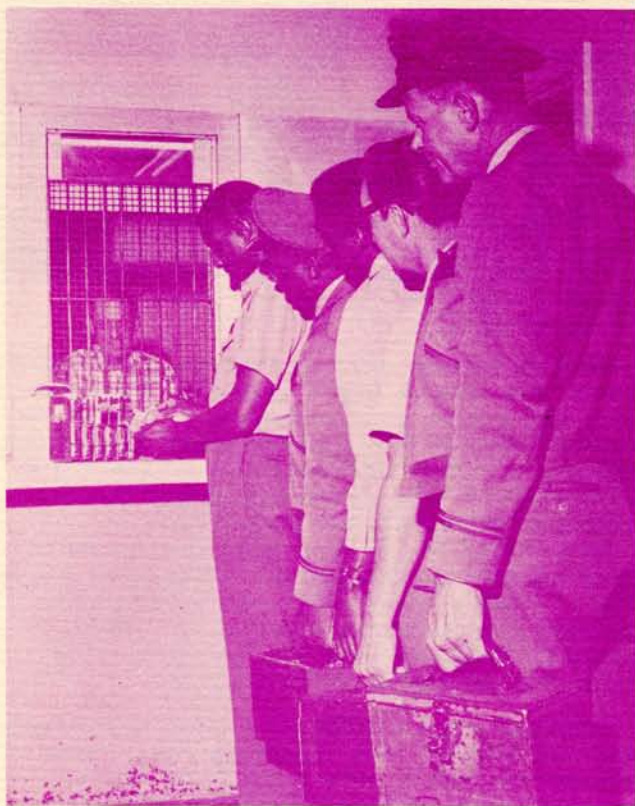
Elimination of Robberies

At the close of the year, the District took decisive action to protect safety of employees and passengers. By eliminating money, tickets and tokens carried by drivers, the District removed temptation which has led to bus crimes.

Under the "Ready Fare" plan, passengers were asked to have exact fares ready. If change was necessary, drivers would issue refund coupons. Business and financial firms were cooperating by selling tokens. All phases of the plan were being widely publicized and wholehearted support was evident from the public and business and financial firms.

Two new ticket books were developed to make riding easier. An East Bay ticket book, based on token rates, was designed for local riders. Also designed were youth fare tickets.

Crime Study Launched



Drivers start new fiscal year by turning in stock, driving without money for first time in transit history.

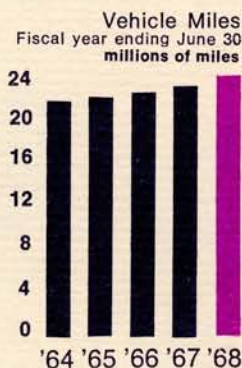
Launched at the same time was a study to develop most promising means of reducing crimes on transit vehicles. It was given the "go ahead" with approval of the District's application for a demonstration grant of \$206,000, two-thirds of total costs. The national headquarters of Amalgamated Transit Union, as co-sponsors, is contributing \$30,000, while four participating transit properties, along with AC Transit, will make contribution in direct services.

The study, of benefit to the entire transit industry, will include development of data on bus crimes and consideration of procedures and devices to deter robberies and other acts of violence.



Work gets underway on bus crime study as management meets with research engineer and criminologist.

Transit Today and Tomorrow



The present—and future—of public transit became a matter of cooperative work following release in December of final engineering report of the Northern California Transit Demonstration Project. The report, partially financed by the U. S. Government, climaxed a 30-month study into ways AC Transit, the S. F. Municipal Railway and the Bay Area Rapid Transit District could be coordinated in a network of bus and rail service.

Information developed was being used by the agencies to determine what changes will be required to achieve coordinated service. A joint committee, established by the systems, was evaluating recommendations and working toward ultimate implementation.

Analysis of System



Fleet of modern buses reaches count of 417 as first of 15 new coaches rolls from freight train.

New Revenue Source

Safe Rides for Passengers

Development of additional duo-buses looms in future as result of successful experimentation with Freeway Train.

At the same time, District management moved into initial work stages of reshaping AC Transit's network into a system geared to neighborhood needs, including carrying people to rapid transit stations and providing direct service for those who best can be served, transbay and locally, exclusively by buses.

Successful experimentation with the Freeway Train, a duo-bus which can carry more passengers in greater luxury at less cost per passenger than regular buses, led the District to pursue acquisition of additional articulated coaches. Bus manufacturers in the United States and Europe were studying development of a double unit which would meet local and State requirements.



Service expansions include extension of Line 51M "a cast away" from Berkeley fishing pier.

Seeking new sources of revenue, in off-peak hours, the District began operating a summer-long sightseeing tour, providing a "trip of discovery" through four East Bay cities. The project was a joint effort with the Oakland Chamber of Commerce to present the east side of San Francisco Bay as exciting and imaginative.

Newcomers to the area were introduced to their bus network through a "Personalized Travel Plan." Transit information, mailed to callers, detailed appropriate bus service. A "Welcome Aboard" brochure was distributed by major industries and real estate firms.

Although more people were riding than ever—and the District was operating more miles—passengers had a safer ride. Total operating accidents were down 1.9 percent. The number of traffic accidents per 100,000 miles was reduced 3.4 percent, while passenger accidents per 1,000,000 riders was reduced 4.7 percent. The average number of safely driven miles between accidents increased from 11,400 miles to 11,845, up 3.9 percent.



Accident Costs Down

Costs of accidents totaled \$185,428 for bodily injury and \$41,538 for property damage, a total of \$226,966, compared to \$237,972 for the prior year. Claims paid amounted to 1.52 percent of operating revenue, a reduction from the 1.64 percent of the 1966-67 fiscal year.

As the new fiscal year began, the data processing department moved into the advanced world of electronic information processing with delivery and installation of an IBM computer. The computer, to replace unit record equipment, also will have prime time available for other activities.

To hold the line on a tax or fare increase and still continue with service improvements necessary for community growth, the District was working persistently to develop additional sources of revenue.

System Expenditures per Mile

fiscal year ending June 30

cents



Stores department workers collect award for over two years of work without any lost time due to injury.

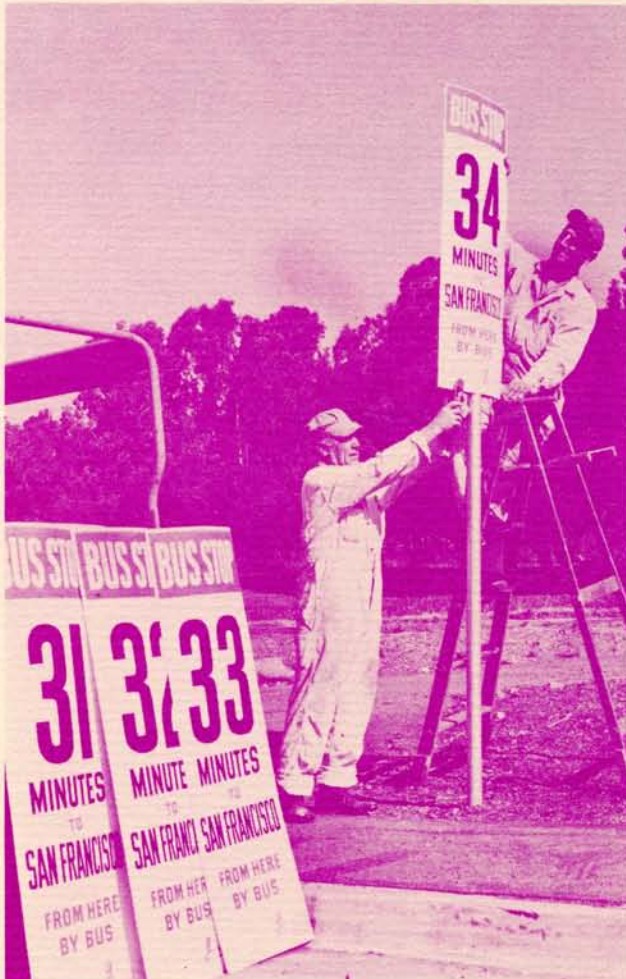


Everything is "rosy" at Richmond Division as drivers collect treat for topping safety goal.

Government Assistance Sought



Eye-catching bus stop signs are posted to help sell transit riding to passing motorists.



Pending before the Government was application for a \$558,500 grant to assist in purchase of 30 new buses and to finish equipping the entire fleet with two-way radios.

The District also has applied for deferred grants totaling \$170,600, remaining from grants made in 1966 for purchase of buses and installation of the two-way radio network.

The grants, initially for half of actual costs, included possibility of enlargement to two-thirds of costs if regional planning was completed in three years.

The District also has asked the California State Toll Bridge Authority to consider reduction of the 50 cent charge paid by buses crossing the Bay Bridge as another means of meeting expense of operation—and continuing quality of transportation needed to lure travelers from private cars to avoid traffic strangulation.



Decals, marking where tokens can be purchased, go up in store windows as the District switches to a "Ready Fare" plan to protect safety of drivers and passengers.

Expanded summer sightseeing tour gives visitors a bus-eyed view of historic Mills College campus.



Management

Alan L. Bingham
General Manager

Harold M. Davis
Assistant General Manager for Personnel

George M. Taylor
Assistant General Manager for Administration
and District Secretary

H. Donald White
Assistant General Manager for Operations

Howard D. Beebe
Purchases and Stores Manager

E. Sam Davis
Research and Planning Manager

Ozro D. Gould
Claims Manager

John F. Larson
Treasurer-Controller

Anthony R. Lucchesi
Maintenance Manager

Robert E. Nisbet
Attorney

Dennis J. O'Connor
Public Information Manager

Donald J. Potter
Transportation Manager

Warren E. Robinson
Transportation Engineer

Gordon G. Wadsworth
Safety Engineer

PASSENGERS—REVENUE—MILEAGE

	1967-68	1966-67	% Change
Revenue Passengers			
East Bay	38,067,523	37,684,414	+ 1.02
Transbay	14,304,958	13,844,586	+ 3.33
Passenger Revenue			
East Bay	\$8,089,710	\$7,986,736	+ 1.29
Transbay	6,059,209	5,818,032	+ 4.15
Charter	711,658	692,757	+ 2.73
Vehicle Miles			
East Bay	15,153,272	14,958,291	+ 1.30
Transbay	8,534,704	8,241,612	+ 3.56

Statement of Sources and Application of Funds Year Ending June 30, 1968

SOURCES:	
Proceeds from taxation	\$3,969,684
Sale of fixed assets	4,681
Refund of workmen's compensation insurance premiums	127,263
	<u>\$4,101,628</u>
APPLICATIONS:	
Operating loss	\$2,527,549
Less depreciation and amortization	1,115,108
	<u>\$1,412,441</u>
Interest on bonded debt	394,425
Current installment due on bonded debt	750,000
Acquisition of fixed assets	626,760
Refund of Federal Grant	1,755
	<u>\$3,185,381</u>
Increase in working capital	916,247
	<u>\$4,101,628</u>

See notes to financial statements.

Alameda-Contra Costa Transit District
Special Transit Service District No. 1

Balance Sheets

June 30, 1968 and 1967

Assets

Property, Plant, and Equipment—at cost
(Note A):

Property, plant, and equipment acquired October 1, 1960
Less accumulated amortization

1968
JUNE 30

1967
JUNE 30

\$ 6,773,904	\$ 6,786,973
2,053,038	1,772,874
<u>\$ 4,720,866</u>	<u>\$ 5,014,099</u>

Other equipment:

Motor coaches
Parts, service cars, shop, and miscellaneous equipment
Office furniture and equipment

\$12,194,835	\$11,760,702
523,728	375,260
71,470	64,510

Less accumulated depreciation

\$12,790,033	\$12,200,472
4,894,847	4,105,490
<u>\$ 7,895,186</u>	<u>\$ 8,094,982</u>

Total Property, Plant, and Equipment

<u>\$12,616,052</u>	<u>\$13,109,081</u>
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Current Assets:

Cash:

On hand and in commercial accounts
Time deposits

\$ 461,799	\$ 876,957
5,435,347	3,662,073
<u>\$ 5,897,146</u>	<u>\$ 4,539,030</u>

U. S. Treasury obligations—at amortized cost
(approximates market)

Accounts receivable
Materials and supplies—at average cost
Prepaid expenses

55,948	10,193
409,468	326,428
173,684	154,355
98,397	116,673

Total Current Assets

<u>\$ 6,634,643</u>	<u>\$ 5,146,679</u>
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<u>\$19,250,695</u>	<u>\$18,255,760</u>
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See notes to financial statements.

Liabilities and District Equity

General Obligation Bonds, due serially to 1980,
various interest rates (1% to 6%), less amount
due within one year

Current Liabilities:

Accounts payable
Salaries and wages
Accrued payroll taxes and amounts withheld
from employees
Provision for pensions (Note C)
Accrued interest
Unredeemed tickets and tokens
Self-insurance reserve
Lease purchase agreement
Amount due within one year on general
obligation bonds

Total Current Liabilities

District Equity

1968
JUNE 30

1967
JUNE 30

\$11,775,000

\$12,525,000

\$ 263,978
270,508

\$ 490,152
214,944

168,164

143,053

497,808

290,392

128,296

142,796

133,483

91,590

500,000

500,000

457,407

—0—

750,000

725,000

\$ 3,169,644

\$ 2,597,927

4,306,051

3,132,833

\$19,250,695

\$18,255,760

See notes to Financial Statement.

Alameda-Contra Costa Transit District
Special Transit Service District No. 1

Statement of Revenue Expense and District Equity

	1968	1967
Revenue:		
Passenger	\$ 14,148,919	\$ 13,804,768
Charter	711,658	692,757
Advertising	116,664	92,100
Interest earned	188,942	125,520
Other operations	15,634	12,691
Total Operating Revenue	\$ 15,181,817	\$ 14,727,836
Expense:		
Transportation	\$ 10,614,804	\$ 9,813,760
Maintenance	2,302,425	2,121,982
Depreciation and amortization	1,115,108	1,097,083
Operating taxes and licenses	793,828	768,444
Administrative and general	850,178	818,133
Welfare and pensions (Note C)	1,153,997	1,102,665
Insurance and safety	638,627	638,077
Public information and advertising	240,399	228,418
Total Expense	\$ 17,709,366	\$ 16,588,562
Operating Loss	\$ (2,527,549)	\$ (1,860,726)
Nonoperating Items:		
Proceeds from taxation	\$ 3,969,684	\$ 3,086,380
Less:		
Provision for current year's redemption of bond principal	(745,834)	(720,836)
Interest and fees on bonded debt	(394,425)	(438,571)
Net Proceeds from Taxation Available for Operations	\$ 2,829,425	\$ 1,926,973
Increase in Equity After Provision for Bond Principal Redemption	\$ 301,876	66,247
District Equity:		
Balance at beginning of year	\$ 3,132,833	\$ 2,281,833
Add:		
Refunds of prior years' workmen's compensation insurance premiums	127,263	50,387
Restoration of provision for bond principal redemption deducted above	745,834	720,836
Proceeds from federal grants for capital equipment acquisitions (Note D)	(1,755)	513,530
Deduct provision for self-insurance reserve (Note B)	\$ 4,306,051	\$ 3,632,833
	—0—	500,000
Balance at end of year	\$ 4,306,051	\$ 3,132,833

See notes to financial statements.

Notes to Financial Statements

year ending June 30, 1968

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. Other property is being depreciated on the straight line basis.

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.

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 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 non-union employees, the District began in 1967 to provide for their future pension benefits.

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 Government participation was 50%. However, the grants provided for Government participation of 66% or an additional \$170,600 if in the San Francisco Bay Area a transit development program is completed, and comprehensive and transportation planning meet requirements under the Urban Mass Transportation Act of 1964. A petition by the District for the additional grant has been filed with the Government and is pending.

TOUCHE, ROSS, BAILEY & SMART

1330 BROADWAY
OAKLAND, CALIFORNIA 94612

August 8, 1968

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, 1968, 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.

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, 1968, 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



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
508-16th Street, LATHAM SQUARE BUILDING, OAKLAND, CALIFORNIA

