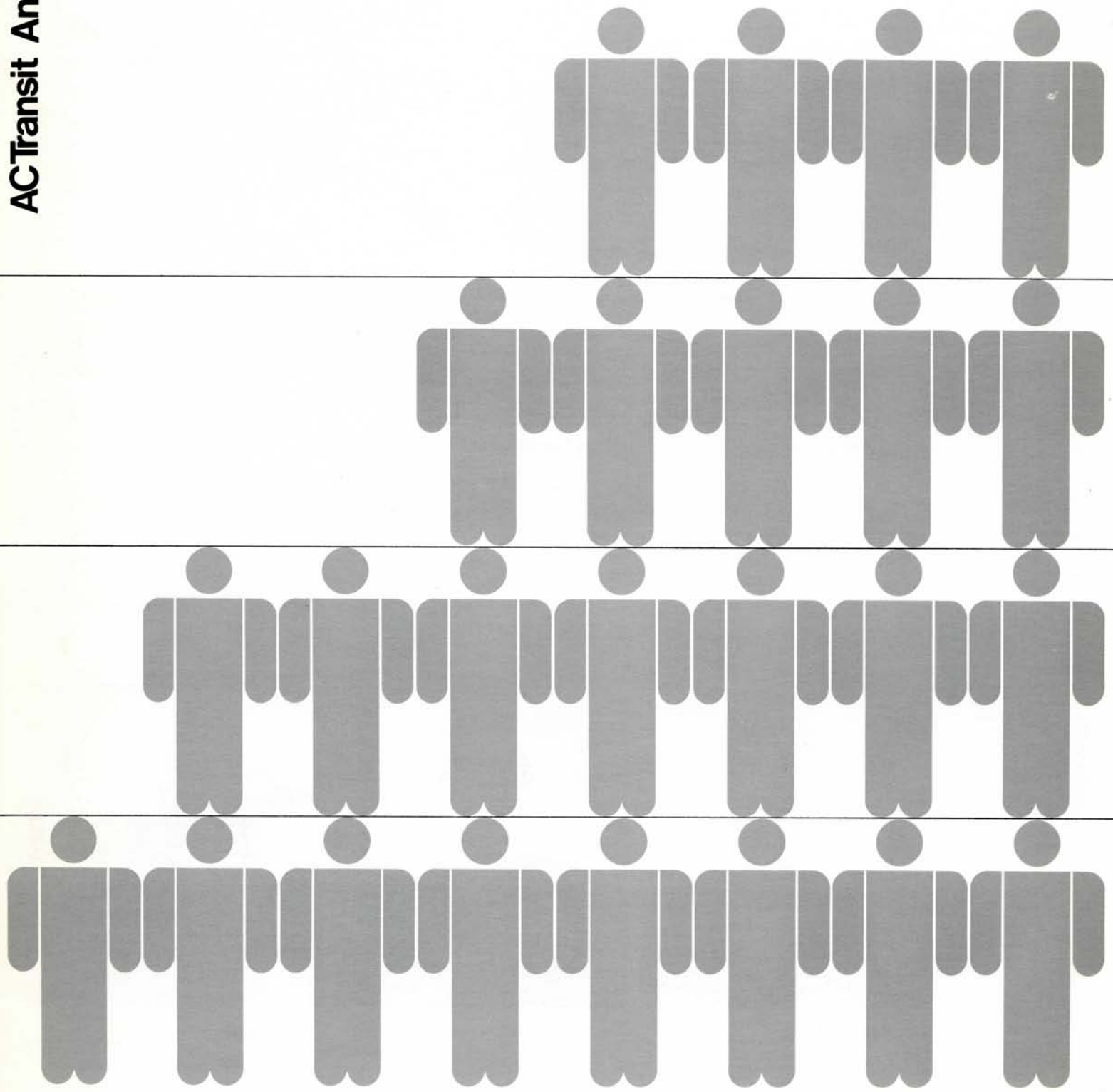
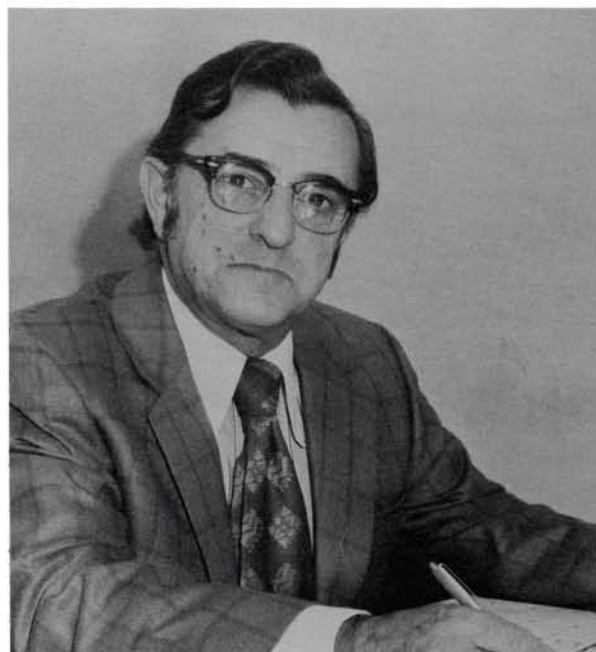


The Year Everything Went Up.



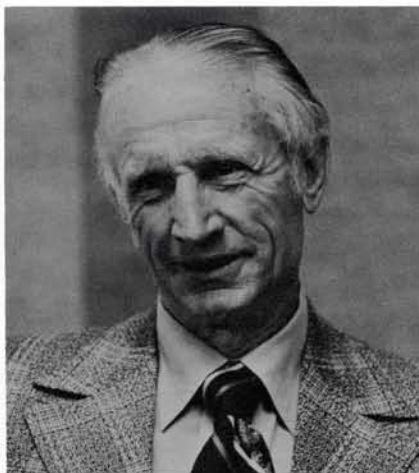
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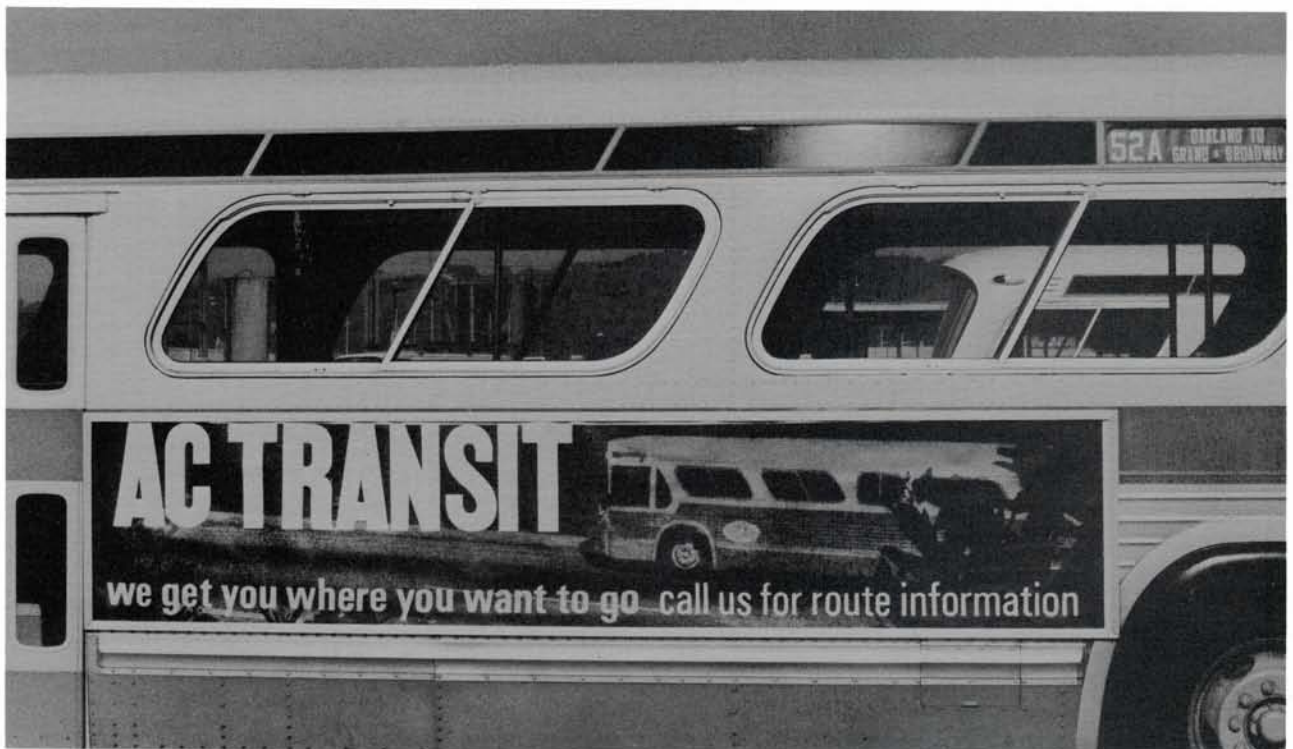
More people rode AC Transit buses during the year, boosting patronage figures to the highest point in District history.

More miles of service were provided. Buses scheduled for retirement were kept on the road to carry the additional riders using public transit. The work load increased, as planning moved into high gear on expansion into new areas.

It was a top year for safe driving, with the highest safe driving records ever achieved on the property.

In this year in which everything went up, costs also increased, swept along on an inflationary surge.

Yet it was an outstanding year for AC Transit, a real year of achievement.



This message, carried on AC Transit buses and outdoor billboards, helped assure thousands of new riders who turned to public transit during the year. The poster, with its theme: "We get you where you want to go," won first place in "Best in the West" competition sponsored by American Advertising Federation.

The Year's Record

Revenue passengers totaled 55,221,051, an increase of 8.9 percent over the previous fiscal year.

Passengers who rode East Bay lines totaled 38,546,969, up 7.3 percent compared to the 1972/73 period. Transbay riding totaled 16,674,082, up 12.8 percent over a year ago.

Revenue collected in fare boxes totaled \$16,575,903 up 10.0 percent over the year before. East Bay revenue came to \$8,291,426, an increase of 7.0 percent compared to the previous fiscal period. Transbay revenue was \$8,284,477, an increase of 13.2 percent compared to the previous fiscal period. Charter revenue came to \$686,070, an increase of 10.8 percent above the year before.

The District had total passenger and charter revenue of \$17,261,973 an increase of 10.0 percent compared to the previous fiscal period.

Total operating revenue, including bus advertising, was \$18,115,618, reflecting an increase of 9.7 percent over the 1972/73 figure.

Proceeds from the consolidated property tax rate of 31.1 cents per \$100 of assessed valuation came to \$9,855,999; an additional \$4,434,974 of local transportation funds was received, giving the property operating and non-operating income of \$32,406,591.

Total expenses, including depreciation and repayment of bonded debt came to \$35,519,126, leaving \$3,112,535 to come from uncommitted cash reserves.

AC Transit operated 27,612,921 miles of service, including charter, up 4.8 percent compared to year-ago mileage.

One-way route miles increased, with a total of 1572.8, compared to the year-ago total of 1488.2. System expenditures per mile rose to 128.63 cents from 108.24 cents for the year before, an increase of 18.8 percent.

The bus fleet count was 801, compared to 762 during the previous fiscal period. The number of employees at year end rose to 1758, and increase of 111 workers over a year ago.

Overview

A surge in riding and increased activity in different areas made 1973-74 a lively, pace-setting fiscal year for AC Transit.

Inflationary costs also made it a year of financial challenge.

Growth in riding was a heartening, month-by-month experience, as efforts to attract people from cars to buses proved successful. High prices of fuel and parking, topped off by a serious fuel shortage, put cars back into garages and new riders on buses.

The fuel crisis was credited with a patronage peak in March that reached record-breaking highs. But even after fuel began flowing again from service station pumps, people went on riding buses and AC Transit maintained a steady growth that lasted until the end of the fiscal year.

PASSENGERS—REVENUE—MILEAGE			
	1973-74	1972-73	% Chg.
Revenue Passengers			
East Bay ..	38,546,969	35,939,411	7.3
Transbay ..	16,674,082	14,783,062	12.8
Total	55,221,051	50,722,473	8.9
Passenger Revenue			
East Bay ..	\$ 8,291,426	\$ 7,748,505	7.0
Transbay ..	8,284,477	7,319,997	13.2
Charter	686,070	618,932	10.8
Total	\$17,261,973	\$15,687,434	10.0
Service Miles			
East Bay ..	16,655,485	16,063,400	3.7
Transbay ..	10,442,237	9,780,522	6.8
Total	27,097,722	25,843,922	4.9

Record Riding

New passenger records were set the week ending March 7 when transbay riding was up nearly 26 percent compared to the same week in 1973. East Bay riding was up over 20 percent and overall riding was up over 22 percent.

Two records were set during the same week in daily ridership.

The bus system carried 240,460 passengers on March 4 and topped previous daily revenue records on the same day when \$71,340 was collected. A new transbay peak was reached on March 5, when 73,082 passengers traveled between East Bay cities and San Francisco.

Operating expenses, plus payments on bond debt and interest, were \$35,519,126, an increase of \$6,998,119 or 24.5 percent over the previous year.

Funds to balance the expenditures included \$18,115,618 in operating revenue, \$9,855,999 in property tax proceeds, \$4,434,974 in revenue from the State retail sales tax and \$3,112,535 in uncommitted cash reserve.

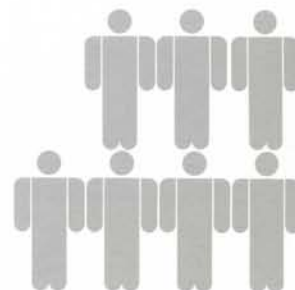
Capital grants of \$1,597,478 from the Urban Mass Transportation Administration assisted the District in purchasing 55 new buses, plus associated equipment.

At the end of the fiscal year, facing still higher operating costs, the Board took action on new tariffs.

Transbay cash fares were increased effective July 1 by five cents across the board. Fares on buses which operate to special events, such as buses which carry riders to the Oakland Coliseum for Raiders' games, were raised 25 cents, effective the same date.

The raise in transbay fares is expected to offset the deficit by \$1 million, while the increase in fares for special events is expected to increase revenue by \$63,000.

While riding growth was an exciting and satisfying experience, the money to help pay for resulting increases in service and skyrocketing costs clouded otherwise sunny skies.



Rising Costs

At the beginning of the 1973-74 fiscal year, the Board of Directors was able to hold the line on fares and taxes, anticipating the year's operating estimate would be balanced with Federal and State grants, plus the use of some uncommitted cash reserves.

Fares remained at a basic 25 cents for local adult travel and 55 cents cash or 50 cents commute for transbay trips—the same fare structure in effect since July 1, 1969.

Property taxes were set at a consolidated rate of 31.1 cents per \$100 of assessed valuation—the third straight year at the same rate.

Escalating costs and a labor arbitration award, just before the end of the year, changed the financial picture.

As an example of inflation, diesel fuel costs increased from 12.24 cents a gallon early in the fiscal year to 30.7 cents a gallon in June.

The arbitration award, concerning an interpretation of the labor agreement over the method of calculating cost of living pay, added over \$2 million to expenses for the year.

New Services, New Plans

In addition to the regular business of providing transportation to nearly 5 million passengers a month, the District was busy with a variety of projects involving new services or plans for new services. They included:

- Preparations for start of an experimental Dial-A-Ride operation in Richmond.
- Preparations for new midday fixed route service to be operated under contract in the City of Fremont, forerunner of expanded service slated for the Fall.
- Negotiations on an agreement whereby AC Transit, under contract, would operate express bus extensions from BART stations to suburban areas outside the AC Transit service district.
- Countdown on service changes and other projects connected with start of BART operations to San Francisco.
- Participation by AC Transit in studies in Contra Costa County and the tri-city area of Fremont-Union City-Newark on what is needed in those areas in the way of local transportation.

Dial-A-Ride

Of the new projects, Dial-A-Ride was the most innovative.

To obtain a small bus with the high degree of reliability, maneuverability and passenger comfort necessary for operation of personalized, door-to-door transportation, the maintenance department cut down a regular 35-foot bus seating 45 passengers to a small model, 29 feet long.

A cut was made crossways behind the front wheels, a six foot section was removed and the bus fitted back together again. The first small bus was designed to seat 16 passengers with an extra amount of seat width and leg room—so much extra, in fact, that 18 seats were designated for 12 remaining vehicles. Even the seats are special. The fabric-covered bucket-type seats are 21 inches wide, while lounge-type seats across the back are even wider—22 inches. The floor and ceiling were carpeted to reduce interior engine noise; acoustical material was added to the engine compartment.

A parcel rack was located near the door; the exterior paint scheme was modified to give the "little bus" an individualized appearance, and a musical tape was installed to announce the arrival of the bus at pick-up points.

Maintenance workers remove a six-foot section from standard size bus, one of 13 converted for use in Dial-A-Ride. The bus was cut from 35 feet long to 29 feet.



Fabric-covered bucket seats, carpeting on floor and ceiling, and a parcel rack at the door contribute to comfort and convenience aboard Dial-A-Ride bus.



A merry mood greeted the Dial-A-Ride bus when it was introduced to Richmond residents. Coffee and doughnuts served under a portable awning added to festivities.



The bus also has a spotlight to pick out house numbers and assist people in moving safely at night between the bus and their front door. Lighting over the bus entrance illuminates the loading and unloading area.

The bus has the same six cylinder power plant, automatic heating and ventilation and the complete air-ride suspension now furnished in larger buses. Mechanically it is in excellent condition.

Adaptation of 12 additional buses was facilitated by Federal grant funds of \$125,482.

As the fiscal year ended, drivers and controllers were in training for Dial-A-Ride service and boundaries were set to encompass a five square mile area of Central Richmond. Brochures, describing how the service works, were being distributed door-to-door by workers from the Richmond Model Cities program. Posters also were being taken to business establishments within the Dial-A-Ride area.

The experimental project involves some 44,000 residents in Richmond. It is estimated 460,000 passengers will be carried during the first full year of operation, with a net operating deficit of \$677,000. An estimated 700,000 passengers will be carried the second year. Experience gained in Richmond will help determine future transit operations.

Fremont Service

Negotiations with the City of Fremont culminated in an agreement to operate interim midday bus service in that community of nearly 125,000 people.



Jack Rutherford of the Maintenance Department shows headsign readied for installation for Fremont service.

The City of Fremont proposed service based on local funds provided by revenue sharing monies. The city's share of approximately \$150,000 will generate nearly \$500,000 in Metropolitan Transportation Commission funds. Federal funds are expected to be available later to purchase new equipment.

In the interim, the city unanimously approved contracting with AC Transit initially to operate midday service. Fares were set at 25 cents per person.



Fremont city traffic engineer Myron Harmon checks list of bus stop sign locations as George P. Spinella, center, and Lonnie L. Kelly right, prepare to make an installation.

Because of equipment demands within District boundaries (Fremont is outside the boundaries), AC Transit planned to use ten surplus coaches for initial service. Buses were scheduled to operate over six basic lines at 30 minute intervals midday Monday through Friday, and hourly on Saturday. When new buses arrive on the property in November, additional surplus equipment will be freed to extend hours of operation.

Brochures describing the new Fremont bus routes were mailed to approximately 25,000 area households by East Bay Disposal Company. City offices, stores and banks also were distributing the leaflets.



Ray Damele, left, manager, and Joseph Biasotti, president of East Bay Disposal Company, cooperate by enclosing leaflet on Fremont interim bus service in summer garbage collection bill.

AC Transit/BART Coordination

Continuing the policy of cooperation for maximum transportation effectiveness, AC Transit and BART directors agreed to work together to provide bus service from suburban areas to BART in Contra Costa and Alameda counties.

A joint agreement calls for the District, as an independent contractor, to own, operate and maintain 32 buses to be used in the service. BART will reimburse AC Transit for costs and will establish routes, levels of service, fare structure and marketing program with the advice and counsel of AC Transit.

Planning was proceeding on express bus routes from BART stations to Pinole, Martinez-Pittsburg-Antioch-Brentwood, Alamo-Danville and Dublin-Pleasanton-Livermore. All these areas are outside AC Transit's service district but within BART's operational boundaries.

AC Transit directors also authorized filing application with the Urban Mass Transportation Administration for a grant to cover the \$2.5 million projected costs of new buses and related capital expenses. (After review, the number of buses was changed to 36 and the grant application to \$3.6 million.)

Meanwhile, various District departments were moving along on plans for service changes and other projects connected with the start of BART operations to San Francisco. Anticipating a start of transbay train service, four bus routes were adjusted to serve BART/Oakland West station, Lines 12, 82, 83, 88.

Planning is predicated on Board policy that transbay bus lines will continue in operation until BART is running full reliable operation between both sides of the Bay. All routes will be maintained during initial months, with a gradual reduction of commuter buses as transit riders switch over to the rail system.

General Manager Alan L. Bingham said AC Transit is trying to put to best use the experience gained when BART opened its Fremont line and later extended operations to Richmond. Commuters en masse at that time protested the announced abandonment of express bus service.

"We think what we learned from those actions can better help us serve transbay patrons by gradually phasing out service rather than abandoning lines overnight," Bingham said.

AC Transit was participating in studies and meetings in Contra Costa County and in the tri-city area of Fremont-Union City and Newark on what is needed in the way of transportation. All are now outside District boundaries and are considering propositions for the November ballot to create a transit system, establishing their own tax rate. Both regions are considering a combination of fixed route service and Dial-A-Ride.

New Buses

Arrival of new equipment at the beginning of the fiscal year brought a new look in coaches. The 55 buses featured a new interior arrangement, with seats, except those over wheel housings, mounted on single pedestals—allowing stretch out room for passengers. The seats themselves were padded, bucket-type, upholstered in attractive material.

This 31-passenger Twin Coach was tested on 12 different East Bay lines in line with AC Transit's continued investigation into acquisition of small buses. Its size and expanded window space met with enthusiastic response from surveyed riders.



Engines in the buses have factory installed Environmental Improvement Packages (EIP), including a new fuel injector, and meet California's air pollution emission standards.

As riding continued to grow, the District took another look and telescoped a two-year equipment purchasing program into one year, instead of seeking 42 buses this year and 78 in 1975. Directors decided to seek 120 new buses immediately, bringing the total fleet to 933.

The contract was awarded to Flxible Company at \$42,372 bus delivered, plus taxes.

Riding Growth

To accommodate new riders, service was added to 14 transbay lines, providing 29 more morning trips and 34 additional afternoon trips. On East Bay lines, 11 morning and seven afternoon trips were added.

A new line W-2 was inaugurated to provide peak-hour service from West Alameda to San Francisco.

Senior citizens were prime beneficiaries of new "customerized" service operating from the Spanish Ranch, Eden Roc and Lum Lodge developments to a major shopping center in Hayward. Buses stopped to take residents to the center on preferred shopping days, waiting to return them when shopping was completed.

Widening and striping of the exclusive bus lane onto the Bay Bridge in March provides easier and safer access for buses leaving the Transbay Transit Terminal to return to the East Bay.

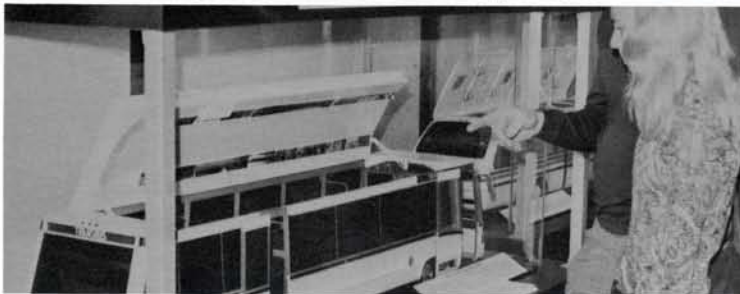


A resident of Hayward's Spanish Ranch Mobile Home Park welcomes driver Otis Lee at inauguration of special "customerized" service between Spanish Ranch and a major local shopping center. Similar service, of prime benefit to senior citizens, was established for Eden Roc and Lum Lodge developments.

Although traditionally service to industrial plants has not resulted in expected riding, the District expanded into this type of operation, again as the energy crisis brought home the advantages of public transportation.

Service was either added or extended on seven lines to route buses to industrial areas of Hayward, San Leandro, Hegenberger Road-Oakland Airport, along East 14th Street and San Leandro Blvd., Berkeley and Richmond.

A contract for 120 buses was awarded in March to Flxible Co. of Loudonville, Ohio. Each new coach, like the one shown here, seats 51 passengers. Delivery is expected in the Fall.



Bay Area residents viewed scale model designs for TRANSBUS—the bus of the future—during eight-day traveling exhibition. Prototype buses are being developed by three manufacturers under Federal grant.



An experimental schedule board at the Hayward BART station shows destinations, departure times, and key to boarding points. AC Transit has 18 lines serving the station.

Connector Service

Shuttle buses which were carrying commuters from BART/MacArthur station to San Francisco continued to haul capacity crowds. The shuttle service increased its passenger load during the year by more than 120 percent, patronage that will disappear with the opening of BART transbay when commuters from the Concord line will be able to ride the rails all the way.

In July, 1973, 31 trips were operated to and from San Francisco during commute hours on the MacArthur shuttle. In June, 1974, 65 trips were in service, carrying approximately 3,000 passengers a day.

Ridership also was growing on connector buses serving BART stations. Last fiscal year, in the five-month period between January and May, with all East Bay BART lines in operations, 565,856 BART/AC Transit transfers were turned in to bus drivers. For the same period in 1974, 863,880 transfers were collected.

With the anticipated BART opening to San Francisco in early Fall, the countdown continued on management level toward completion of activities for the final phase of coordination.

Service Changes

Four lines were adjusted to serve BART/Oakland West station preparatory to start of transbay service. Other service changes were made to provide better feeder service as the District continued its job of tailoring lines to meet the passenger needs.

In addition to new routes, re-routes, extensions and additional service, 12 routes had major travel time and frequency adjustments to provide for increasing ridership and changes in traffic conditions.

The maximum a.m. peak-hour equipment requirements increased by 35 coaches or 4.8 percent, making a total of 717 coaches in operation during the morning commute. Of the increase, 28 coaches were added to transbay service for a total of 334 and seven were added to East Bay service, for a total of 383.

The entire operating fleet, including spares, came to 801, compared to 762 during the previous fiscal period.

One-way street miles increased from 656.9 to 679.3, up 22.4 miles. One-way route miles rose from 1,488.2 to 1,572.8, up 84.6 miles. Total week-day schedule miles increased from 87,816 to 92,713, up 4,897 miles.

Distribution of pocket timetables jumped 19.8 percent, from 2,399,000 to 3,231,000. In addition, 90,000 pocket timetables were printed for City of Fremont use.



PBX/Information handled a record 13,212 telephone calls within a single 24-hour period on March 14 as worried riders called to ask whether buses would be in service during San Francisco city employees' strike. Expanded facilities and addition of new trunk lines enable information center to deal with ever-increasing number of calls.

Exclusive Lanes

Effectiveness of a special lane, which permits morning commute buses to zoom through the toll plaza area without stopping, was further increased at the end of the fiscal year with implementation of special metering system of lights 1,000 feet west of the collection gates. A steady green light gives priority to buses and car pools, while other traffic proceeds according to red or green lights. The system smooths the flow of traffic, metering cars onto the bridge one at a time, at a rate exactly equal to bridge capacity.

Special permit lanes also were set aside for westbound buses during the evening commute, effective July 1.

Quicker and easier access to the Bay Bridge from the Transbay Transit Terminal was achieved with the widening and restriping of the lower deck of the bridge on the west end. The exclusive bus lane onto the lower deck was extended 200 additional feet. Moving a guard rail to widen the lane and the restriping eliminated one merge and provided better sight distance for the bus operators.

Special Service

Like the Oakland A's, AC Transit came out a winner in carrying thousands of sports fans to and from the Coliseum for the American League play-offs and the World Series last October. BART provided service for the play-offs only, with buses performing shuttle service from the BART/Coliseum station to the stadium. District buses carried the whole load for the World Series.

Under a trial program, AC Transit inaugurated direct bus service to five East Bay Regional Parks to provide the public with access to recreational areas between Richmond and Hayward without depending on cars.

Initial service operated weekends only to Don Castro, Point Pinole, Tilden, Lake Chabot and Roberts/Redwood regional parks. Subsequently daily service was offered to the latter three.

The Tilden bus was outfitted with interior bike racks to carry cyclists into the hilltop park. AC Transit's regular "Pedal Hopper" bus continued to make weekend runs across the Bay Bridge, ferrying bicyclists and their wheels to and from San Francisco.



Experimental direct service from BART stations to five East Bay Regional Parks got underway in May. The Tilden Park bus was outfitted with ten racks, enabling two-wheel enthusiasts to explore bikeways high in the hills of Berkeley.

Senior Citizens

A survey taken in October 1973 showed senior citizen ridership holding fairly steady, with a three-day total of 25,696 as compared to 25,116 recorded for the same period in the previous fiscal year. The special 10-cent fare for senior citizens—people 65 and over—was continued.

The District agreed to participate in a demonstration project to provide free off-peak bus service to senior citizens over 60 in San Leandro, for a period of three months. Plans were underway for issuance of "Gold Card" passes to identify eligible riders, with the City of San Leandro to assume total cost of the experimental service.

Senior citizens were also the prime beneficiaries of AC Transit's Summer Fun Tours, which last year were extended for the first time on a limited basis into the Fall. A total of 5,355 riders enjoyed 25 different excursions in the summer, while 2,306 passengers took in the sights during 12 Fall tours.

People to People

Communicating with present and potential riders is an important part of maintaining a "people responsive" transit system.

The PBX/Information Center was averaging more than 4,500 calls per day, with many days peaking at 5,000 or more requests for information. Calls in the calendar year of 1973 increased by 11 percent over the previous year, with 1,319,041 requests for assistance in 1973.

The average time to handle calls tripled, indicating many questions are coming from new riders.

Phone calls jumped 600 a day after AC Transit initiated a new promotional and advertising campaign geared to the theme of "call and we'll tell you where to catch your bus, and at what time." Marketing efforts, which began in 1960, initially were aimed at conveying the "why" of bus riding. The switch to "how" to ride the bus began in the summer of 1973 and was reinforced by the fuel and energy crisis.

A traveling information booth carried the message directly to potential riders with person-to-person assistance provided by two AC Transit drivers. The drivers were specially trained at the PBX/Information center, then went out to industrial plants, government buildings, hospitals and other offices in a cooperative effort between the District and employers to bring tailor-made transit assistance directly to workers.

Printed transit guides, detailing both bus and BART train schedules, were produced for the University of California, Chabot College, the Oakland Museum and Alameda County offices.



Drivers Ronald Johnson and Billy Bishop provide transit information to employees of Singer Business Machines Co. in San Leandro. The traveling information booth visited industrial plants, government offices and other high traffic locations to answer transit questions on a person-to-person basis. The program was featured on national television.

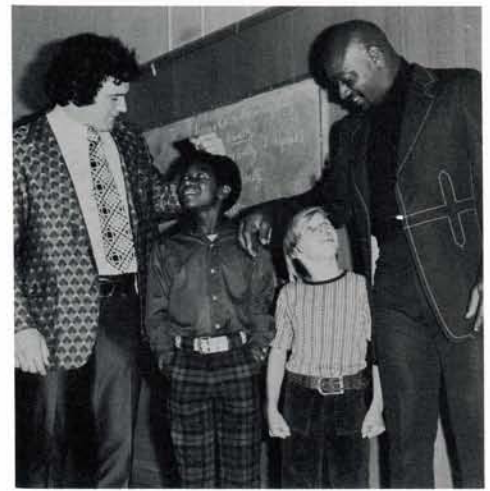
More than 80,000 "Welcome Aboard" leaflets were distributed directly by bus drivers, AC Transit's most important "people to people" communicators. The leaflets help operators answer questions on fares, zone changes and riding bargains, such as the stop-off and go-again transfer plan, the shop-around pass and the Sunday and holiday excursion pass.

Searching for new ways to reach off-peak service riders, two four-page inserts were published in an unusual medium, The Classified Flea Market. The inserts contained informal articles on places to go and things to do by bus. The Flea Market is distributed free at local grocery chains, liquor stores and various small retail outlets. Circulation is estimated at 190,000. The articles were being reprinted in an attractive brochure.



Searching for new ways to reach off-peak service riders, two four-page inserts were published in an unusual medium: The Classified Flea Market. Inserts contained informal articles on places to go and things to do by bus; articles were reprinted in a handy pocket-size brochure.

Two Oakland Raiders' football stars added verbal and visual punch to a new human relations program. Defensive tackle Otis Sistrunk and linebacker Phil Villapiano visited junior high schools throughout the East Bay, along with an AC Transit driver.



Oakland Raiders' stars Phil Villapiano, left and Otis Sistrunk visited East Bay junior high schools as part of a new human relations program sponsored by AC Transit. "Teamwork" was the theme, with emphasis on improving relations between bus drivers and students like these from Juan Crespi Junior High in El Sobrante.

The theme of their talks was "teamwork," with an emphasis on establishing a feeling of friendship and improving communications between drivers and students.

The program was designed to increase driver security, reduce vandalism and promote a better understanding of the bus system's role in the community—including the vital function of providing transportation for school children.



As part of a continuing program to aid blind people in their use of public transportation, AC Transit dispatched a bus and team of employees to Castro Valley to teach 50 blind youngsters what operating and riding a bus is all about. Here they learn how a bus feels.

Safety and Training

Fiscal 1973-74 was a record-setting year in the safe-driving category.

June 1974 marked the District-wide achievement of 19,259 safe miles per accident in one month, with the Emeryville Division alone totaling 25,574 safe miles. These are the highest one-month safety records ever achieved on the property.

Traffic accidents showed a reduction of 5.3 percent compared to the previous year, while passenger accidents dropped 1.16 percent. Traffic accidents per 100,000 miles traveled were 5.27, a decrease of 8.9 percent below the previous year's average of 5.79; passenger accident frequency per one million riders carried was 7.45, down 8.4 percent.



Charles R. Bosted, Jr. became the first driver to post 25 years of safe driving with AC Transit. Bosted credits defensive driving tactics for his success behind the wheel.

Another safety landmark was reached when driver Charles R. Bosted, Jr., became the first AC Transit operator to achieve 25 years of safe driving. Individual awards for 12 months of driving without an "at fault" accident were presented to 860 drivers.



For the 12th year in a row, AC Transit's Maintenance Department won the Fleet Owner Magazine Maintenance Efficiency Award, shown here by maintenance workers Bill Halstead, left, and William O'Sullivan.

Meetings were held with the Maintenance, Claims, Transportation and Safety Departments to develop a record-keeping system and inspection procedure as required by the California Occupational Safety and Health Act, effective July 1, 1974.

In addition to new driver training and refresher courses for veteran operators, the Training Department instructed 25 operators and 9 controllers for Dial-A-Ride operation. Approximately 200 operators received training on Fremont streets and routes in preparation for commencement of service.



Mail messenger Cleve Moore receives the Golden Wheel Award pin from General Manager Alan L. Bingham. Moore received AC Transit's highest award for 30 years of dedicated service.

As part of the application procedure to select new bus drivers, AC Transit began using a pre-employment "Self-Evaluating Program" Jan. 1. The program's sole purpose is to select trainees with the most potential for job success, and to be non-discriminatory. It has been validated by the Civil Rights Division of the Urban Mass Transportation Administration as required by law under Title VII of the Civil Rights Act of 1964, as amended.

Acquisitions

Along with writing specifications for buying 120 new buses, Purchases and Stores was involved in bids for 25 bus shelters, with an option for another 35.

Installation of the free-standing shelters in eight different cities was expected by Fall, in keeping with a program of improvements for passenger comfort.

A new bus washer also was purchased for the Richmond Division, giving all three divisions the wrap-around type of bus washer.

The four-year changeover from manual to computerized inventory was completed during the fiscal year. The final addition of fuel and oil control to the system was of obvious benefit in light of the energy crisis and the increase in fuel costs.



Equipment acquisitions during the past fiscal year included this bus washer installed at the Richmond Division. The machine houses nine-foot nylon brushes which can clean a bus exterior during a 63-second pass-through.



Maintenance

The Maintenance Department continued its reputation for top quality work, receiving the Fleet Owner Maintenance Efficiency Award for the 12th consecutive year.

The department made news in the transit industry by cutting down 13 GMC buses originally purchased in 1961. The buses, to be used for Dial-A-Ride, not only were reduced in size from 35 feet to 29 feet—the interiors also were completely refurbished.

Along with getting equipment ready for Dial-A-Ride, workers remodeled transportation facilities at the Richmond division to house the Dial-A-Ride control room and offices.

In coordination with expansion within the District, 88 additional passenger stop poles and signs were erected; another 286 poles and signs were installed within the City of Fremont.

The total number of passenger stops increased in the fiscal year from 5,143 to 5,517.

Claims

Paid losses for the fiscal year were \$308,750 for bodily injury and \$62,759 for property damage, a total of \$371,509, compared to the previous year's experience of \$242,859. Settlement of claims amounted to 2.4 percent of operating revenue, compared to 1.80 percent for the 1972-73 period.

Rising medical, hospital, repair and related costs contributed to this increase, but the largest factor was \$100,000 paid out in settlement of a 1971 accident claim.

Paid losses for Workmen's Compensation cases under the District's permissibly uninsured program totaled \$274,935, compared to \$170,290 for the prior year. The increase is attributed to rising medical costs and increased benefits for temporary and permanent disability. Additionally, AC Transit incurred its first fatal employee injury during the fiscal year.

Recoveries amounted to \$21,119, compared to \$6,934 in 1973-74.

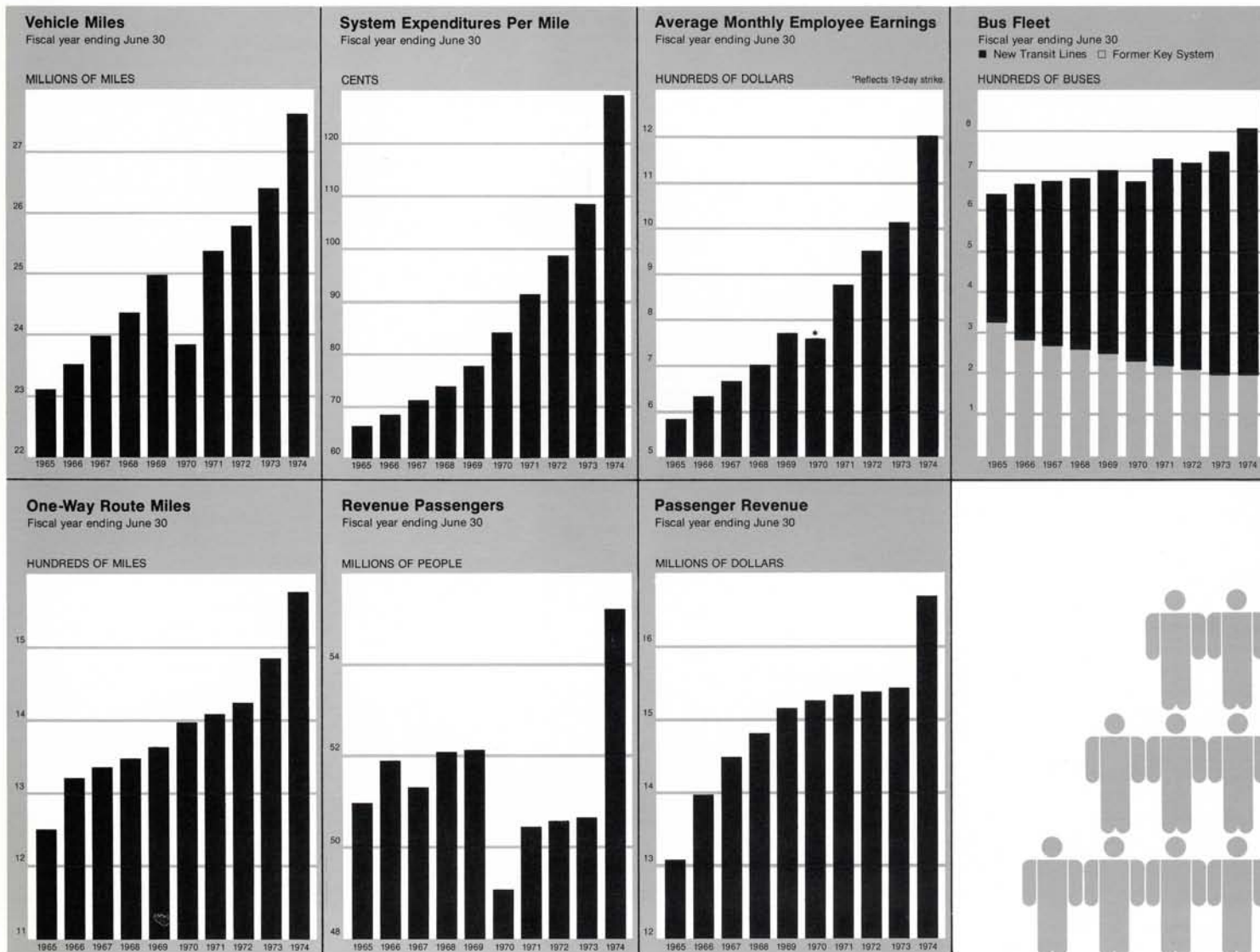
A Good Year

This year stands out as one of accomplishment.

Our people have worked hard, achieving their tasks with the expertise of professionals.

Riding growth was promising and exciting. Years of effort to provide the kind of transportation that would attract and keep passengers seemed to be paying off more than ever.

The future demands we do even more. We will be involved in new modes of travel and in expanding into new areas. There is no doubt, in considering past years, our workers have the ability to anticipate change, plan for it and shape it for the benefit of all.



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

BALANCE SHEET

June 30, 1974 and 1973

ASSETS

Property, plant and equipment, at cost (Note C):

Property, plant and equipment acquired October 1, 1960	\$ 6,205,787	\$ 6,295,489
Less accumulated depreciation	3,115,121	2,940,244
	3,090,666	3,355,245
Other property and equipment:		
Motor coaches	19,448,882	17,291,086
Shop, office and other equipment, service vehicles and building improvements	1,443,804	1,157,131
	20,882,686	18,448,217
Less accumulated depreciation	11,238,731	9,963,584
	9,643,955	8,484,633
Total property, plant and equipment	12,734,621	11,839,878

Current assets:

Cash:		
On hand and in commercial accounts	82,403	649,800
Time deposits	4,125,000	8,100,000
	4,207,403	8,749,800
U.S. Government securities, at amortized cost (approximates market)	5,162,228	2,677,836
Accounts receivable	914,027	590,512
Materials and supplies, at cost	306,241	235,074
Prepaid expenses	69,361	69,977
Total current assets	10,659,260	12,323,199
	\$23,393,881	\$24,163,077

LIABILITIES AND CAPITAL

General obligation bonds: Due serially to
1980 at various interest rates (1% to 3.25%),
less amounts due within one year

\$ 6,675,000 \$ 7,600,000

Current liabilities:

Accounts payable	588,925	552,269
Salaries and wages	564,195	394,861
Accrued payroll taxes and amounts withheld from employees	356,796	194,450
Accrued pension costs (Note A)	2,135,821	1,508,333
Accrued interest on bonded debt	70,900	79,900
Unredeemed tickets and tokens	188,847	176,864
Self-insurance reserves:		
Public liability and property damage	400,000	500,000
Workmen's compensation	400,000	233,000
Amount due within one year on long-term debt	925,000	1,240,779
Total current liabilities	5,630,484	4,880,456

Capital (Note A):

District equity	7,147,317	9,080,047
Federal contributed capital	3,941,080	2,602,574
Total capital	11,088,397	11,682,621
	\$23,393,881	\$24,163,077

See accompanying notes.

**ALAMEDA-CONTRA COSTA
TRANSIT DISTRICT
SPECIAL TRANSIT SERVICE
DISTRICT NO. 1
NOTES TO
FINANCIAL STATEMENTS**

June 30, 1974

A. Summary of accounting policies

Property, plant and equipment

Property, plant and equipment, acquired October 1, 1960 from Key System Transit Lines and its parent, Bay Area Public Service Corporation, is being amortized on a composite basis over assigned lives which range from ten to thirty-five years.

Other property is depreciated on the straight-line method over the estimated useful lives of the assets which are as follows:

Motor Coaches	15 years
Shop, office and other equipment	5 to 20 years
Building improvements	27 and 30 years

Self-insurance reserves—The District is self-insured for public liability and property damage and workmen's compensation claims up to \$50,000 for any one occurrence. Claims in excess of these amounts are insured with commercial carriers and the State Compensation Insurance Fund. It is the District's policy to provide, in each period, reserves to cover the estimated charges for the self-insured portion of these claims.

Pensions—The District has a pension plan covering all union employees and provides similar retirement benefits for non-union employees. In accordance with the terms of the current agreement with the Amalgamated Transit Union, annual contributions (provisions in the financial statements) by the District to the union plan are to be made at the discretion of the District, except that they shall not be less than \$552,000. The pension provisions for 1974 (\$1,305,000) and 1973 (\$797,000) were based principally on percentages of gross payroll as reviewed annually by the Board of Directors.

These funding practices do not provide for complete funding of future pension liabilities. Based on the latest actuarial valuations, the 1974 provision for pensions is estimated to be \$1,200,000 less than the minimum provision for 1974 as determined under generally accepted accounting principles. The 1973 provision was estimated to be \$1,300,000 less than the minimum provision for that year. Correspondingly, accrued pension costs at June 30, 1974 and 1973 are \$3,100,000 and \$1,900,000 less than the minimum amounts required.

The unfunded prior service cost of the plans at December 31, 1973, the date of the most recent actuarial valuations, was approximately \$25,500,000. The actuarially computed value of vested benefits is not determined under the actuarial cost method used. Increased pension benefits included in the September, 1974 agreement with the Amalgamated Transit Union have not been reflected in the actuarial determinations.

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

**STATEMENT OF REVENUE,
EXPENSE AND CAPITAL**

Years ended June 30, 1974 and 1973

	1974	1973
Revenue:		
Passenger	\$16,575,903	\$15,068,502
Charter	686,070	618,932
Advertising	184,373	227,952
Interest earned	618,291	399,752
Other operations	50,981	195,926
	<u>18,115,618</u>	<u>16,511,064</u>
Expense:		
Transportation	21,367,405	16,878,442
Maintenance	3,851,314	3,255,149
Depreciation and amortization (Note A)	1,599,801	1,456,366
Operating taxes and licenses	1,280,971	941,936
Administrative and general	1,674,371	1,327,520
Welfare and pensions (Note A)	3,069,009	2,204,330
Insurance and safety	1,203,417	1,015,730
Public information and advertising	331,976	300,632
	<u>34,378,264</u>	<u>27,380,105</u>
Operating loss	<u>16,262,646</u>	<u>10,869,041</u>
Non-operating items:		
Proceeds from taxation	9,855,999	9,315,497
Local transportation funds (Note B)	4,434,974	3,417,185
Less:		
Provisions for current year's redemption of bond principal	(920,833)	(895,833)
Interest and fees on bonded debt	(220,029)	(245,069)
Net proceeds from taxation available for operations	<u>13,150,111</u>	<u>11,591,780</u>
Increase (decrease) in equity after provision for bond principal redemption	<u>(3,112,535)</u>	<u>722,739</u>
Capital:		
Balance at beginning of year	11,682,621	8,364,919
Restoration of provision for bond principal redemption deducted above	920,833	895,833
Federal grant funds for capital acquisitions (Note C)	1,597,478	1,699,130
Balance at end of year	<u>\$11,088,397</u>	<u>\$11,682,621</u>

**STATEMENT OF CHANGES
IN FINANCIAL POSITION**

Years ended June 30, 1974 and 1973

	1974	1973
Sources of working capital:		
Proceeds from taxation	\$ 9,855,999	\$ 9,315,497
Local transportation funds	4,434,974	3,417,185
Federal grant funds	1,597,478	1,699,130
Sale of equipment	14,151	28,215
	<u>15,902,602</u>	<u>14,460,027</u>
Applications of working capital:		
Operating loss	16,262,646	10,869,041
Less depreciation and amortization	1,599,801	1,456,366
	<u>14,662,845</u>	<u>9,412,675</u>
Interest on bonded debt	220,029	245,069
Current installments due on bonded debt	925,000	900,000
Current installments on lease-purchase agreement	—	340,779
Acquisition of property, plant and equipment	2,508,695	2,577,788
	<u>18,316,569</u>	<u>13,476,311</u>
Increase (decrease) in working capital	<u>\$(2,413,967)</u>	<u>\$ 983,716</u>
Summary of changes in working capital:		
Cash	\$(4,542,397)	\$ (646,169)
U.S. Government securities	2,484,392	2,286,222
Accounts receivable	323,515	66,175
Other current assets	70,551	4,030
Accounts payable and accrued liabilities	(371,319)	(271,605)
Accrued pension costs	(627,488)	(196,938)
Self-insurance reserves	(67,000)	(233,000)
Amount due within one year on long-term debt	315,779	(24,999)
Increase (decrease) in working capital	<u>\$(2,413,967)</u>	<u>\$ 983,716</u>

See accompanying notes.

The District's consulting actuary has presented a proposal under which annual contributions to the plans as a percentage of gross payroll would be increased ratably over a five-year period. This program would result, in 1979, in a contribution rate which would provide for normal cost of the plans and amortize unfunded prior service over a period of forty years from that date. The Board of Directors has approved contributions under this program for the years ended June 30, 1974 and 1975.

Federal contributed capital—The District periodically receives federal grants from the Urban Mass Transit Administration of the U.S. Department of Transportation for the acquisition of motor coaches and other equipment and improvements. Federal grant funds earned, less the related portion of depreciation on the assets, is credited annually to federal contributed capital. Changes in federal contributed capital for the years ended June 30, 1974 and 1973 are as follows:

	1974	1973
Balance at beginning of year	\$2,602,574	\$1,052,528
Federal grant funds earned	1,597,478	1,699,130
Depreciation charges included in operating expenses, transferred from District equity	<u>(258,972)</u>	<u>(149,084)</u>
Balance at end of year	<u>\$3,941,080</u>	<u>\$2,602,574</u>

B. Local transportation funds

Pursuant to the Transportation Development Act of 1971, the District has received an apportionment of local transportation funds generated within Alameda and Contra Costa Counties to meet, in part, its operating and capital requirements. The funds are apportioned based on an annual claim filed by the District and approved by the Metropolitan Transportation Commission. Local transportation funds are used for operating expenses, principal and interest on bonded debt and the acquisition of property, plant and equipment.

C. Federal grants

The District currently has two grants in process from the Urban Mass Transit Administration which provide federal funds for the acquisition of motor coaches and other equipment and improvements over a five-year period through 1977. Budgeted capital additions applicable to the grant projects are \$12,922,312. The related federal participation is two-thirds, or \$8,614,874, of which \$3,395,588 had been earned at June 30, 1974. In connection with the grant projects, the District has contracted to purchase 120 new motor coaches at a cost of approximately \$5,443,000, of which two-thirds will be provided by federal funds.

At June 30, 1974, motor coaches and other equipment with a cost of \$7,277,000 had been purchased under federal grants. Under the terms of the grants, two-thirds of the proceeds from equipment sold during its useful life is refundable to the federal government unless reinvested in like equipment.

ARTHUR YOUNG & COMPANY

1330 BROADWAY
OAKLAND, CALIFORNIA 94612

The Board of Directors
Alameda-Contra Costa Transit District
Special Transit Service District No. 1

We have examined the accompanying balance sheet of Alameda-Contra Costa Transit District, Special Transit Service District No. 1 at June 30, 1974 and the related statements of revenue, expense and capital, and changes in financial position 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 have previously made a similar examination for the prior year.

As explained in Note A, accrued pension costs at June 30, 1974 and the related pension provision for the year then ended are respectively \$3,100,000 and \$1,200,000 less than the minimum amounts required under generally accepted accounting principles. The pension accrual and provision for 1973 were respectively \$1,900,000 and \$1,300,000 less than the minimum amounts required.

In our opinion, except as stated in the preceding paragraph, the statements mentioned above present fairly the financial position of Alameda-Contra Costa Transit District, Special Transit Service District No. 1 at June 30, 1974 and 1973 and the results of operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company

Arthur Young & Company

Oakland, California
December 13, 1974



A "Save Gas" poster, developed and distributed by AC Transit, encouraged East Bay residents to use public transportation to get to work. The message was posted by business firms, retail stores and city and county offices during the energy crisis.

Management



Alan L. Bingham
General Manager



Harold M. Davis
Assistant General Manager
for Personnel



Virginia Dennison
Public Information Manager



J. Dale Goodman
Transportation Manager



Ozro D. Gould
Claims Manager



John A. Krajcar
Purchases and Stores Manager



Anthony R. Lucchesi
Maintenance Manager



Robert E. Nisbet
Attorney



Warren E. Robinson
Transportation Engineer



Lawrence A. Rosenberg
District Secretary and
Administrative Projects Manager



Gordon G. Wadsworth
Safety Engineer



Lowell D. Weight
Treasurer-Controller





AC Transit

508 16th Street
Oakland, California 94612