



AC Transit

Annual

Report

1974/75

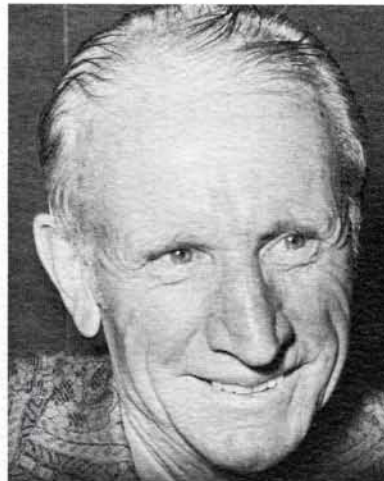
BOARD OF DIRECTORS



Kimi Fujii
President



John McDonnell
Vice President



William E. Berk



William J. Bettencourt



Chester C. McGuire, Jr.



Roy Nakadegawa



Ray Rinehart

IT WAS A BUSY YEAR . . .

Expansion into new areas provided AC Transit with its most demanding test of ability since the District went into operation on October 1, 1960.

By the end of the fiscal year, District buses were serving 21 cities and San Francisco, plus eight major unincorporated areas — which more than doubled the number of communities it was serving ten months before when operations started up again after a two-month strike.

Not only was growth rapid, it was different, providing employees with a multi-mix of transit.

As different types of service were developed, AC Transit's range of operation increased — from 175 square miles serving a population of 1,068,315 to 588 square miles, serving 1,392,986.

Buses with AC Transit colors became a familiar sight on freeways traversing Alameda and Contra Costa counties. Many communities without previous public transportation were introduced to their first bus system and responded to the new carfree concept.

THE BEGINNING

Since 1960, AC Transit has provided service in 11 East Bay cities and unincorporated areas, plus carrying a

payload of commuters across the Bay Bridge to San Francisco.

This pattern of service changed as bus lines were shifted to serve BART stations. When BART began operations under the Bay to San Francisco September 16, 1974, almost all bus lines were providing connector service to one or more BART stations and the route realignment phase of change — ten years in the making — essentially could be buttoned up.

AC Transit at year's end operated 125 lines serving 23 BART stations.

Continuing coordination with BART proved, however, to be just the beginning.

NEW PROJECTS

During the year, AC Transit also:

- Inaugurated interim local bus service on a contract basis in Fremont and Newark while residents voted to annex to the District. It was the first major annexation of new areas since the District entered into service.
- Began plans to implement a unique combined fixed route and zonal Dial-A-Ride system following a vote by

Aerial photo by Pacific Resources Inc. illustrates suburban areas of central Contra Costa County where new local bus service was being explored with AC Transit. At year's end, minimal transit systems were either approved or designed for Concord in foreground and Pleasant Hill in center.

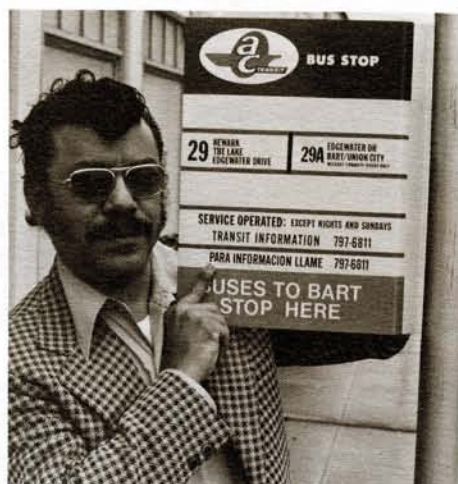




Inauguration of bus service in Newark brought out a decorated horse car, AC Transit Superintendent Nicholas P. Alevisos in historic uniform with historic badges and the Maid of Newark Glenda Hourmouzous.



It's a first for Fremont as information clerk Kathi Johnson helps Mayor Don Dillon and AC Transit Board President William J. Bettencourt cut ribbon inaugurating bus service in the southern Alameda County city.



Newark City Councilman Louis Cortez points to sentence which tells Spanish-speaking residents where to call for information on new Newark bus service. Information in Spanish was provided on all bus stop signs in the city.

PASSENGERS—FARES—MILEAGE

	1974-75*	1973-74	% Chg.
Passenger Trips			
East Bay	33,742,676	38,859,864	-13.2
Transbay	10,505,091	16,751,794	-37.3
Fremont/Newark** ...	404,727	—	—
Contract Service to BART***	347,147	—	—
Total	44,999,641	55,611,658	-19.1
Fare Box Revenue			
East Bay	\$ 6,751,595	\$ 8,078,023	-16.4
Transbay	5,576,119	8,271,671	-32.6
Fremont/Newark **...	78,496	—	—
Contract Service to BART **	123,080	—	—
Total	\$12,529,290	\$16,349,694	-23.4
Service Miles			
East Bay	14,262,438	16,655,485	-14.4
Transbay	8,134,288	10,442,237	-22.1
Fremont/Newark** ..	548,670	—	—
Contract Service to BART ***	981,803	—	—
Total	23,927,199	27,097	-11.7

* Reflects 61 day strike

** Fremont service inaugurated Nov. 12, 1974
Newark service inaugurated Dec. 16, 1974

*** Contract service to BART inaugurated Dec. 2, 1974

Fremont and Newark residents.

- Inaugurated express bus service in suburban areas of Contra Costa and Alameda counties under contract arrangements with BART.
- Began meetings with representatives from the same suburban cities for local bus service, to be provided on a contract basis.
- Inaugurated experimental Dial-A-Ride service in Richmond.

NEW CONCEPT OF SERVICE

The operation of bus service under contract — a concept which is opening the way to further expansion — began with an agreement between the City of Fremont and AC Transit for a local system to connect individual districts with BART stations in Fremont and Union City and provide residents with access to shopping centers and other facilities.

As result of the union shutdown, however, start of interim bus service was postponed until voters could consider a November ballot measure calling for annexation.

Both Fremont and Newark voters approved annexation, becoming Special Transit Service District 2. A maximum tax rate of 33 cents per \$100 of assessed valuation was set by voters to fund a fixed route and Dial-A-Ride system. Because of the vote, Newark also decided to move forward with an interim fixed route bus system.

Fremont service was inaugurated November 12, with six lines in operation. The City of Newark service began December 16, with one line traveling through residential neighborhoods before continuing to BART/Fremont. A commute hour extension was operating to BART/Union City.

Surplus buses were being used until new equipment could be purchased.

Studies were continuing, meantime, on a fixed route/Dial-A-Ride combination that could be operated successfully under available funding. A major problem was development and acquisition of a reliable, maneuverable

small bus to provide efficient service in neighborhood streets. By year's end it appeared a small bus, incorporating features desired by AC Transit, had been produced. It was to be tested for Fremont and Newark service, as well as service in outlying areas.

Approval in late June of a \$14 million Federal grant shortly before end of fiscal year offset a major part of the District-wide capital improvement program including purchase of large and small buses, shelters and other items needed for service in District 1 and District 2.

BART CONTRACT SERVICE

Residents in Alameda and Contra Costa counties who live in areas away from BART received access to stations starting December 2, with inauguration of express bus extension service, provided by AC Transit under contract with the train system.

Again, surplus buses were put into service on the five express lines until new equipment and related items could be purchased under a Federal grant of \$3,265,000, approved during the year.

Bids for 36 deluxe suburban type buses for the BART extension service, opened in February, gave indication of how inflation has hit the industry. Low bidder was Flxible Co. with a bid of \$71,108 per bus. A similar coach two years before was priced at \$56,000. Delivery was expected to start in November, 1975.

TRANSIT SOLUTIONS

A series of meetings with representatives of cities receiving BART extension service — but no local bus service — was launched at the start of the new calendar year after AC Transit offered help in meeting local transportation needs.

Joint discussions involved inauguration of minimal bus service which could be financed mostly from Federal funds

and funds from State retail sales taxes currently being collected for transit purposes.

From talks came agreement with the City of Concord for a local bus system to be operated under contract with AC Transit. Seven basic routes were planned for the City, with service to start on September 8, 1975.

Talks also were continuing with other communities indicating interest in similar agreements.

DIAL-A-RIDE

While buses were operating in Fremont and Newark and in suburban areas outside of AC Transit boundaries, another type of experimentation was taking place in Richmond — Dial-A-Ride.

On September 16, 1974 — same date BART extended service to San Francisco from Fremont and Concord — AC Transit began operating the innovative system which picks up riders at their door and delivers them to their destination. A 4.9 square mile area of central Richmond was selected, on recommendation of consultants, as the initial service area.

The service offered the potential of convenient and secure public transportation and start-up was well publicized. Operations were efficient, as well-trained personnel acquired practice in the complicated task of "many-to-many" operations. Thirty-five foot long buses, cut down to 29 feet by AC Transit, proved as reliable as expected. But as the year progressed, it also became evident the service was expensive, far beyond costs estimated by consultants.

With the loss per passenger surpassing \$3.50 a ride and the year's operation projected at a loss of over \$1 million, steps were considered which might steer Dial-A-Ride into a more productive and practical course.

A public hearing, held before the fiscal year ended, showed no support to continue the service, while taxpayers were concerned at the cost of the experiment.

Bus arrives at BART/Concord, symbolizing agreement between City of Concord and the District to initiate bus service Sept. 8, 1975. Initially, surplus buses will be used in the Concord system.



A new car card, posted aboard 748 buses, takes a different approach to a long-standing problem — smoking on buses. Lighted "no smoking" signs also were being tried as a deterrent.



Billboards and buses carried a message illustrating helpful activities of AC Transit telephone information center. It was a prize winner in East Bay and national advertising contests.



The "Santa Claus Express", a special decorated bus, traveled through the area for the twelfth holiday season, extending greetings to the public and carrying Santa Claus (Nicholas P. Alevizos) on a traditional trip. Lisa Horton, left, and Connie Jacobson, get a hug from Santa during one of the stops where candy canes were dispensed.



BART logo appears for the first time on bus headsigns rolled by maintenance worker Terry French for coaches carrying suburban riders to train stations. AC Transit produced 1,224 new headsigns for the contract service.



The District center for issuance of Bay Region Transit Discount cards for handicapped and senior citizens opens with Robert L. Levine, transit planner with Metropolitan Transportation Commission, as first to apply for discount card.



Supervisor Walter Howe inspects installation of first bus stop pole in Livermore for AC Transit contract service to BART stations.

LEADERSHIP

Alameda and Contra Costa County voters returned three directors to office and elected a new one: John McDonnell was re-elected from Ward III; William J. Bettencourt, Ward IV; and Kimi Fujii, Ward V. Joining the Board as Director-at-Large was Chester C. McGuire, Jr.

At the beginning of the calendar year, Miss Fujii was elected President of the Board, first woman to hold that position. Mr. McDonnell was named Vice-President.

FOR THE PEOPLE

A long tradition ended when interzone fare charges on East Bay local lines were eliminated, effective on the first day of the 1975-76 fiscal year.

Directors agreed to eliminate zone charges on local bus lines after a survey showed 53 percent of interzonal local riders were making trips that average between five and six miles — virtually the same average trip length for passengers riding for the single zone fare of 25 cents.

Zone charges still will be collected on intercity express lines, which offer premium service and are used for longer rides, and on transbay lines, where lengthy trips are involved.

NEW EQUIPMENT

Riders were making shorter trips, but they were making them in more style and comfort.

Delivery of 120 new Flxible buses gave passengers the most comfortable seating yet, three more inches of leg room and enough space for the taller generation to really stretch.

"Comfort" didn't refer to just the new Flxibles.

Sixty-one older buses in good mechanical condition were being refurbished for continued use. With the face-lifting, the buses should operate at least another five years, saving the taxpayers considerable money.

Ordered in 1960 at a price of \$34,420 each including

taxes, the buses will be fully depreciated in 1976. Cost of refurbishing is approximately \$2,700 per bus and includes remodeling seats, installation of standee windows above the regular windows to increase the feeling of openness and the use of carpeting on ceilings to cut down on interior noise.

BUSES THAT BEND

Bus riders had a chance to decide how they liked European-made articulated buses — the long kind that are hinged in the middle to bend around corners. Rider reaction was positive to the double buses after two European models traveled over District lines, including across the Bay Bridge to San Francisco.

Passenger surveys expressed approval of wider doors, larger window space for better viewing and smoothness of the rides. Bus drivers and maintenance personnel also were optimistic, pointing out the buses were just as easy to handle and repair as regular coaches.

Two manufacturers, Volvo of Sweden and Maschinenfabrik Augsburg-Nuernberg (MAN) from Munich, West Germany, indicated interest in bidding on specifications being developed for a "Superbus" consortium of transit properties involved in acquiring buses that can provide more seats for passengers while holding down expenses.

WORKING TOGETHER

A historic example of coordination among regional transit properties resulted in agreement that handicapped persons could use the same identification card to receive reduced fares on various transit systems.

Both the handicapped and senior citizens are entitled to a half fare discount during non-peak hours if new Federal operating subsidies are to be received by the transit systems. The half fare will include transbay travel, as well as that in the East Bay.

The amount of discount and hours of use varied from system to system, but a coordinated implementation plan

and certification process, using one Bay Region Transit Discount Card, was agreed upon.

July 1, 1975, was targeted as start-up date for use of the card, and AC Transit opened its identification center in June, mailing out forms to be signed and taking photographs of handicapped persons. The card also was to be issued to senior citizens, with a different color coding, to standardize reduced fare identification.

CONVENIENCES

There was good news for bus passengers as a long planned shelter program got underway, providing weather protection and benches for waiting riders throughout service areas.

Twenty-five shelters were erected initially, with another 35 on order for locations from Richmond to Hayward. Shelters also were planned for the Fremont-Newark district and for suburban areas served by buses operating to BART stations.

Instant traveling information was planned as part of the project. A large route map, plus riding information and bus departure times from each shelter, were being installed in display space on the side away from approaching buses.

WORK STOPPAGE

Although it was a year of change and progress, the fiscal period began on a somber note.

Some 1,288 drivers and 368 other union employees went out on strike July 1, after a previous two-year contract was terminated by Amalgamated Transit Union, Division 192. District drivers, at a wage rate of \$6.62 per hour, earned the highest hourly wage rate for bus drivers in the United States when they walked off the job.

A new three-year contract finally was agreed upon and drivers, mechanics and clerks went back to work on September 1.

Drivers returned to work at \$6.85 per hour, an immediate increase of 23 cents per hour, with another 22 cents per

hour provided on July 1, 1975 and an additional 20 cents per hour effective July 1, 1976. A cost of living clause again was included, providing for escalator increases. Improvements in fringe benefits were included in the package. Employees in other departments and non-union personnel received similar increases.

THE COSTS

Property taxes were raised by the Board of Directors August 30 to cover the escalating expenses of providing public transportation.

The new consolidated property tax rate of 53.6 cents per \$100 of assessed valuation was set by the Board as the only practical source of funds to help offset increased labor costs and other expenses involved in providing the level of bus service that would attract and keep additional riders.

The new rate was an increase of 22.5 cents over the rate of 31.1 cents per \$100 of assessed valuation in effect the previous three years. However, seven cents of the tax will be charged for one year only, to offset a one-time cost of living increase granted in an arbitration award.

A welcome boost to finances came in November when President Ford signed into law a new mass transit bill which for the first time provides Federal aid for operating expenses of transit systems.

Previously, Federal money was available for capital outlays such as buses, two-way radios or other hardware, but not for day-to-day operating costs.

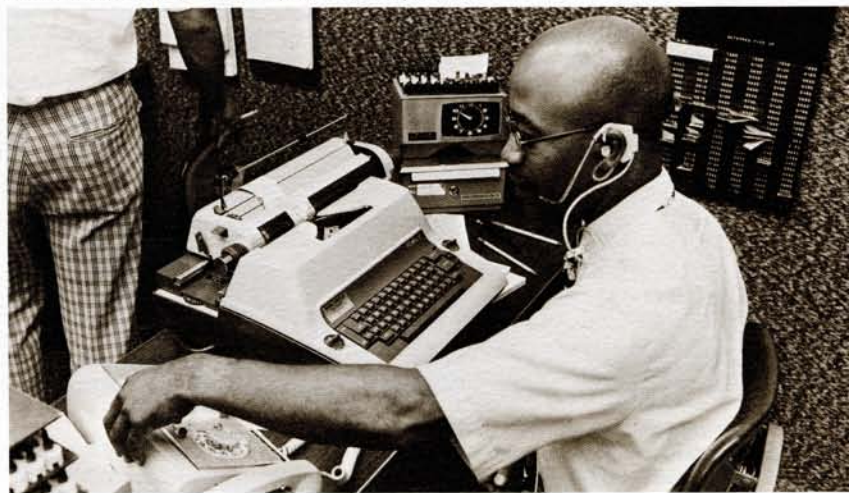
As result of the new bill, the District was allocated up to \$2,668,788 for the period 11-26-74 to 6-30-75. However, it is estimated the District was only eligible to receive \$977,338 for this period. The District has two succeeding fiscal years in which to claim the balance.

Another aid toward finances came when the California Toll Bridge Authority granted buses free daily passage across the Bay Bridge during commute hours, resulting in an estimated savings of \$16,000 a year. During other hours, buses pay 10 cents per round trip. It was the fifth reduction in tolls for buses since September 1, 1966.

Board shows boundaries of experimental Dial-A-Ride system inaugurated in central Richmond. Control room operator Sandra Gavello marks the spot where bus is to pick up rider.



Controller J. G. McClendon takes call from would-be rider who reports what time she wants the Dial-A-Ride bus at her door. The system offered the ultimate in convenience but proved expensive to operate.



Anne Vicary, who races motorcycles, is one of the maintenance women who like the job of fueling and cleaning buses. She wheels a bus up to the fuel island.



Large route map, departure times and other traveling information draw attention of passenger as shelters appear at busy transfer points. Similar shelters were going up throughout service area.



At the end of the fiscal year, all operating divisions had topped the safe driving goal two months in a row — but no division did better in June than Division 5 — the Dial-A-Ride division, with only one accident in 39,165 miles. Taking over the perpetual trophy are, from left, Dial-A-Ride Assistant Superintendent Billy Lyle, John Wesley and Ed Shephard.

Operator Raymond F. Bainter receives the District's Community Service Citation from General Manager Alan L. Bingham at a Board of Directors meeting. Bainter rescued a trapped driver from his flaming car on the San Francisco-Oakland Bay Bridge.



Originally, AC Transit paid \$1.50 per round trip for each bus that crossed the bridge.

A transbay fare increase, voted at the end of the last fiscal year, went into effect July 1, 1974. New fares from the central zone were 60 cents for adults; 25 cents for children. Other transbay fares were raised accordingly, as were charges for special service.

As expected, passenger travel on regular transbay service declined approximately 30.1 percent when BART inaugurated service to San Francisco and then leveled out for the remainder of the year.

Local patronage began showing an increase in people using the bus to ride to BART. With the addition of the Fremont/Newark and BART contract service, total midday patronage was remaining relatively constant. Weekend transbay patronage was showing an increasing trend.

As riding declined on transbay lines, continuous checks and analysis were made and equipment needs tailored to match changing ridership patterns. In all, 65 coaches were removed from transbay schedules. Fifty-five coaches were added to local East Bay service.

Maximum peak hour equipment requirements for District 1 and 2 and contract service to BART, including spares, totaled 795.

One-way street miles increased from 679.3 to 925.6, up 26.5 percent. One-way route miles increased from 1,572.8 to 1,886.9, up 14.1 percent. Total weekday schedule miles increased from 92,713 to 98,713, and increase of 6.5 percent.

More than 204 changes in service were made to better meet passenger needs. Changes included new lines, extension of lines, rerouting of lines, more frequent buses on existing lines and curtailment of lines where they paralleled the BART system.

SURVEYS

Senior citizen surveys taken in October, 1974 and May, 1975, indicated an increase in riding among senior citizens.

The October survey showed a riding increase of 3.3 percent on weekdays; 13.8 on Saturdays and 5.5 on Sundays. There was no change in weekday ridership in May. Saturday indicated a decrease of 10.4 percent and Sunday, an increase of 1.1 percent.

A youth survey taken in April in Fremont showed young people made up 35 percent of riding on weekdays and 66 percent of riding on Saturdays.

NEW LINES

Seven new lines were inaugurated to serve Fremont and Newark. Five new lines went into service to carry people to BART stations from Livermore, Pleasanton, Dublin, San Ramon, Danville, Alamo, Walnut Creek, Brentwood, Oakley, Antioch, Pittsburg, Concord, Martinez and Pinole.

Rescheduling was done in May for a new Division 6 to operate out of Fremont late in the year. Lines assigned to the division were those operating in southern Alameda County and Amador Valley.

Special bus service to East Bay Regional Parks was laid out for the summer of '75 in cooperation with the park district. Special buses were operating daily to Tilden and Roberts/Redwood and to Don Castro Park on weekends. Line 91 was extended on weekdays and Saturdays to Chabot Park. The Tilden bus again was outfitted to carry cyclists into the hilltop park.

Weekend "pedal hopper" service was continued on Line B-Grand Ave. to take cyclists and their wheels to and from San Francisco.

The popular summer Sunshine Fun Tours started off in June with a long list of reservations for 25 different trips.

Whatever it was in the sports world, AC Transit coaches were carrying the ball, taking fans to the World Series, to Golden Gate Fields for the races, to the Coliseum Complex and University of California stadium. Along with football and baseball, special service was provided for other sporting events; for a national road show, concerts and conventions.

MAINTENANCE

It was 13 years in a row for the Maintenance Department — again winning the Fleet Owner's magazine maintenance efficiency award.

While bus maintenance was winning plaudits in the national area, building maintenance was making friends on the home front with an ambitious program of remodeling. New quarters were in the making for Transportation, Charter, Purchases and Stores, PBX/Information and Central Dispatch.

At the same time maintenance workers were refurbishing 59 buses purchased in 1961; installing the first bus shelters; installing new bus stop poles and flags; rolling new headsigns for new service areas and readying for service the 120 new Flexible buses purchased to replace older equipment. Stops increased from 5,517 to 5,921, indicating expansion of service.

ACQUISITIONS

Along with preparing bid documents and arranging for purchase and delivery of new buses and shelters, Purchases and Stores was involved in acquiring radio equipment for Dial-A-Ride, new uniform shirts and lightweight trousers for bus operators, pipe for new bus stop signs, fire extinguishers, bill/coin changers, new automobiles and trucks, transfers and identification checks.

Savings in diesel fuel costs were realized with purchase of surplus fuel from other than the normal supplier. Savings also were made in volume purchase of automatic transmission fluid and lubricants and oils.

Printing of timetables was down for the year, a total of 2,702,000 printed for District 1 and District 2. The count of 3,231,000 for the previous fiscal year was for District 1 only.

SAFETY AND TRAINING

Operating divisions topped the goal of 13,250 safe driving miles per accident 28 times. At the end of the fiscal

period, Seminary Division had beaten the goal for 14 straight months.

Richmond Dial-A-Ride, had only one accident in 39,165 miles driven during June — an all-time record — and won the perpetual safety trophy.

Service inaugurated in Fremont/Newark averaged 54,867 miles per accident over an eight month period. Service on the BART contract express routes averaged 65,453 miles per accident during seven full months of operation. The traffic accident frequency on this service was 1.53 and not one passenger accident was recorded.

Overall statistics were not comparable to the year before because of the two month work stoppage, but traffic accidents for a 10-month period totaled 1,295 compared to 1,457 in the 1973-74 fiscal year. Passenger accidents were 429, compared to 513 in the previous full year.

Traffic accident frequency per 100,000 miles was 5.32, up .95 percent over 1973-74; passenger accident frequency of 7.35 per 1,000,000 riders carried was up 1.1 percent over the previous fiscal period.

Efforts put forth by Safety and Training personnel were reflected in the award issued to the District by the American Public Transit Association — a Special Citation for Safety Improvement for the record compiled during the calendar year 1974.

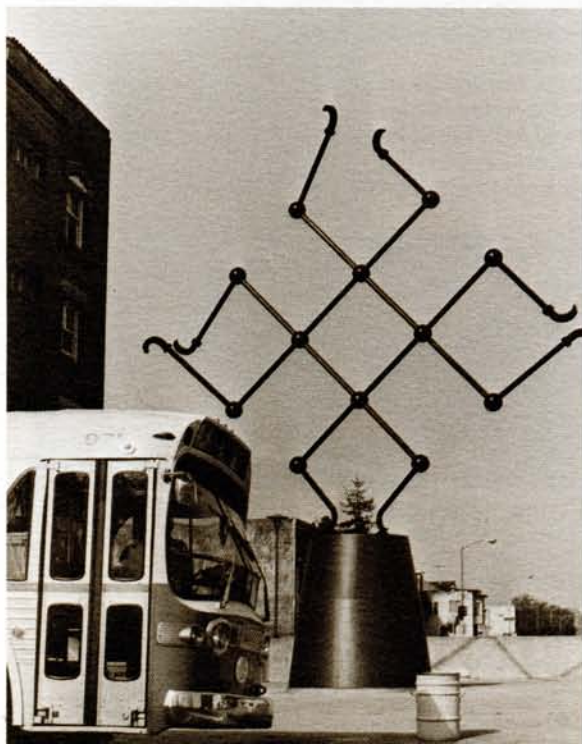
FINANCE

A four month study was completed on current and long range needs involved in updating electronic data processing equipment and increasing capacity of data processing section. Application is being made to the Urban Mass Transportation Administration for 80 percent Federal funding to help finance hardware and software necessary to implement the plan, which promises greatly improved efficiencies.

CLAIMS

Paid losses for the fiscal year were \$326,480 for personal injury and \$75,159 for property damage, a total of \$401,739 compared to \$371,509 the previous year. Cost of

Is it art? The public had a chance to ask the question during a sculpture tour arranged by the Oakland Museum and AC Transit. The bus carried viewers to an outdoor exhibit of sculpture while interpretive guides explained "what it is." This piece, "Anansi" looms over bus near start of tour.



Municipal Court Judge Robert Fairwell administers oath of office to four AC Transit directors at first meeting in January while three others, still in mid-term, watch. Installed for four year terms are, from left, William J. Bettencourt, Kimi Fujii, John McDonnell, Chester C. McGuire, Jr. Watching, back row, from left, are: Roy Nakadegawa, Ray Rinehart and William E. Berk.



Ninth year of Sunshine Summer Fun Tours draws record number of riders as one of 25 different trips gets ready to leave from Jack London Square. Tours make use of equipment and drivers in off-peak hours; give the public a chance to visit nearby attractions.





One of two European made articulated buses tested by AC Transit bends around a corner in Berkeley, as passengers enjoy the ride in a bus 54 feet long that seats 62 passengers. Surveys taken during testing showed positive rider reaction to the double buses. Specifications now are under preparation and the District may be going out to bid for the buses in the coming year.



Assembly of 120 new Flexible coaches proceeds under watchful eyes of Maintenance Manager Anthony R. Lucchesi, left, and Maintenance Superintendent Glenn A. Ashmore. Buses were first off new assembly line.

claims amounted to 2.98 percent of gross passenger revenue, compared to 2.4 percent in the '73-74 fiscal year.

Recoveries totaled \$44,144, an increase over the \$40,000 recovered the previous year.

Paid losses under the District's permissibly uninsured Workers Compensation program were \$238,894 compared to \$274,935 the prior year — the decrease due principally to the strike. Recoveries amounted to \$20,413, down from the \$21,119 in 1973-74.

PERSONNEL

Utmost efforts were involved in updating the District Affirmative Action Plan, expanding on the official policy of equal employment opportunity. New procedures for hiring and promotion were introduced.

The number of employees at year's end rose to 1,839 — 81 more workers than the previous year.

The employment office, which had been at Seminary Division, was moved to expanded Personnel Department facilities in the downtown Oakland headquarters.

EXPANSION

Expansion, experimentation and transition occupied much of the year.

The District is having the opportunity to do a job and the experience to do it well.

Adequate funding has presented a serious problem. Now it appears, with new Federal sources, there should be sufficient resources for the next two years.

Problems concerning a small bus seemingly have been solved with development of a prototype, which will be tested.

In 1968, AC Transit determined the advantages of an articulated bus, and finally manufacturers have indicated an interest in bidding on the equipment.

Specifications now are under preparation and the District, with possibly eight other transit properties, will be

going out to bid for the double buses in the coming year.

Dial-A-Ride in an established urban area has been tried and found too costly.

Location of a new division site in Fremont/Newark has been settled.

An upgraded Affirmative Action program is being implemented.

Transportation studies are underway in Berkeley and Hayward. A household study in El Sobrante, to determine where people want to go and when, is about to start.

Local bus service is being planned for Concord. There is growing interest for similar service in other suburban areas.

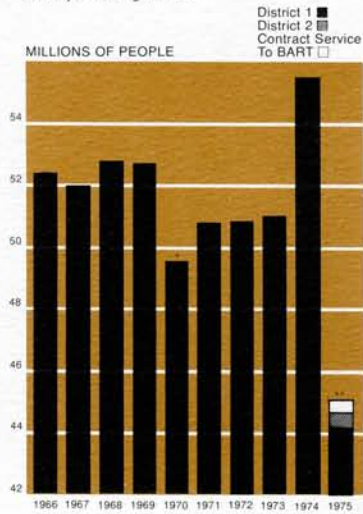
Coordination of service with BART was concluded as transbay lines were substantially tailored to fit a change in riding pattern.

The past several years have been busy — and each year seems to get busier. But it has been a good year. Workers at AC Transit have always taken a lot of pride in their jobs and in their bus system. It's evident more than ever this year that the pride is well earned.

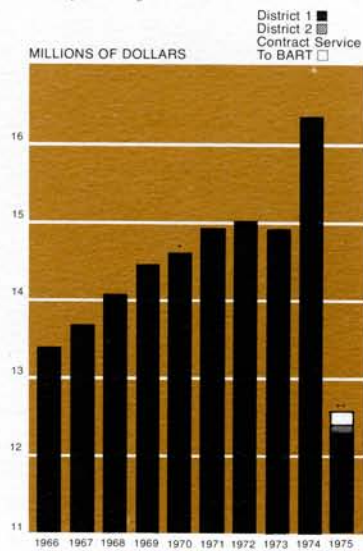


Pensioner ranks grow as veteran employees take retirement. Chapman F. "Chappie" Lion, assistant cashier with 32 years of service, waves a thanks and good-bye to fellow workers at one of many District retirement parties.

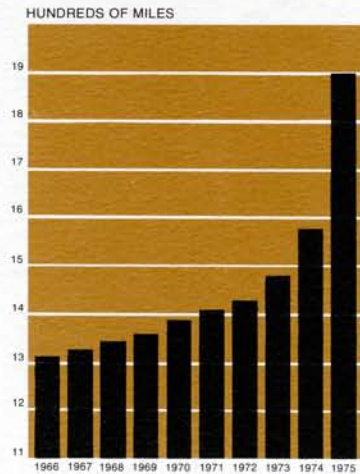
Passenger Trips
Fiscal year ending June 30



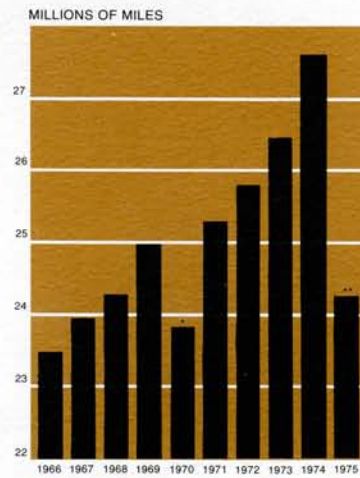
Fare Box Revenue
Fiscal year ending June 30



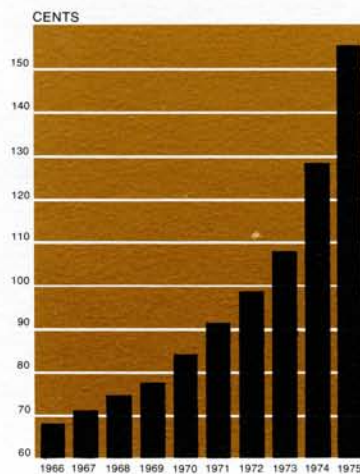
One-Way Route Miles
Fiscal year ending June 30



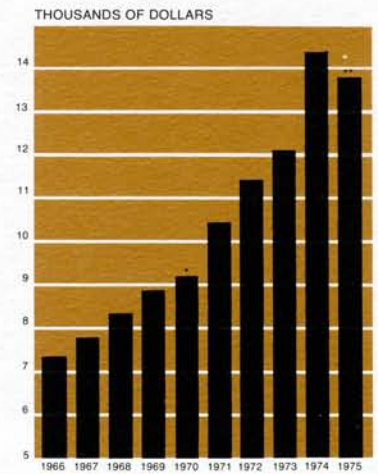
Vehicle Miles
Fiscal year ending June 30



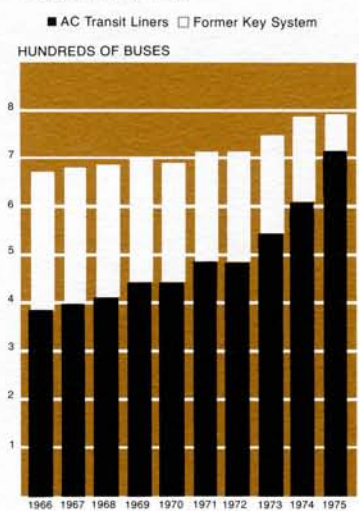
System Expenditures Per Mile
Fiscal year ending June 30



Average Annual Employee Earnings
Fiscal year ending June 30



Buses In Service
Fiscal year ending June 30



* Reflects 19 day strike

** Reflects 61 day strike

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

BALANCE SHEET

June 30, 1975 and 1974

ASSETS

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

Property, plant and equipment acquired October 1, 1960	\$ 5,884,306	\$ 6,205,787
Less accumulated depreciation	3,023,911	3,115,121
	2,860,395	3,090,666
Other property and equipment:		
Motor coaches	24,964,249	19,448,882
Shop, office and other equipment, service vehicles and building improvements	1,744,093	1,433,804
	26,708,342	20,882,686
	12,790,462	11,238,731
	13,917,880	9,643,955
Less accumulated depreciation	16,778,275	12,734,621

Total property, plant and equipment

Current assets:

Cash:		
On hand and in commercial accounts	405,811	82,403
Time deposits	5,375,000	4,125,000
	5,780,811	4,207,403
Short-term investments, at amortized cost (approximates market)	4,796,161	5,162,228
Receivables:		
Federal operating assistance (Note D)	977,338	—
Property tax proceeds, charter service and other	1,392,458	914,027
Materials and supplies, at average cost	406,689	306,241
Prepaid expenses	73,090	69,361
Total current assets	13,426,547	10,659,260
	\$30,204,822	\$23,393,881

LIABILITIES AND CAPITAL

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

\$ 5,700,000 \$ 6,675,000

Current liabilities:

Accounts payable	772,665	588,925
Salaries and wages	699,991	564,195
Accrued payroll taxes and amounts withheld from employees	274,818	356,796
Accrued pension costs (Note A)	3,112,391	2,135,821
Accrued interest on bonded debt	61,650	70,900
Unredeemed tickets and tokens	155,678	188,847
Self-insurance reserves:		
Public liability and property damage	451,000	400,000
Workmen's compensation	758,000	400,000
Amount due with one year on general obligation bonds	975,000	925,000
Total current liabilities	7,261,193	5,630,484

Capital (Note A):

District equity	9,910,135	7,147,317
Federal contributed capital	7,333,494	3,941,080
Total capital	17,243,629	11,088,397
	\$30,204,822	\$23,393,881

See accompanying notes.

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

June 30, 1975

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 (1975 - \$1,762,000 and 1974 - \$1,305,000) are based principally on percentages of gross payroll as reviewed annually by the Board of Directors.

The District's consulting actuary has presented a proposal, which the District has adopted for the years 1974 through 1976, under which contributions to the plans as a percentage of gross payroll are 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 cost over a period of forty years from that date.

The present funding practices postpone the funding of future pension liabilities beyond the period generally used by actuaries and result in annual provisions which are less than the minimum amounts as determined under generally accepted accounting principles. Based on the latest actuarial valuations, the 1975 provision for pensions is estimated to be \$1,600,000 less than the minimum provision for 1975 as determined under generally accepted accounting principles, including the effect of unfunded vested benefits. The 1974 provision was estimated to be \$1,200,000 less than the minimum provision for that year which did not include the effect of unfunded vested benefits inasmuch as these amounts were not determined by the actuary in previous reviews. Correspondingly, accrued pension costs at June 30, 1975 and 1974 are \$4,700,000 and \$3,100,000 less than the minimum amounts required.

The unfunded prior service cost of the plans at December 31, 1974, the date of the most recent actuarial valuations, was approximately \$33,800,000 and the actuarially computed value

of unfunded vested benefits was approximately \$22,300,000.

Effective July 1, 1976, the District will be eligible to receive an apportionment of local transportation funds (Note B) only if the pension plans are fully funded or if the District is implementing a plan, approved by the Metropolitan Transportation Commission, which will fully fund the plans within a forty-year period. The District is currently considering such modifications to the present long-term funding plan as may be necessary to comply with these requirements.

Federal contributed capital—The District periodically receives federal grants from the Urban Mass Transportation Administration of the U.S. Department of Transportation for the acquisition of motor coaches and other equipment and improvements. Federal grant funds received, 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, 1975 and 1974 are as follows:

	1975	1974
Balance at beginning of year	\$3,941,080	\$2,602,574
Federal grant funds received	3,832,381	1,597,478
Depreciation charges included in operating expenses, transferred from District equity	(439,967)	(258,972)
Balance at end of year	\$7,333,494	\$3,941,080

Reclassification of passenger revenue—Passenger revenue reported in 1974 has been reclassified as fares and contract service revenue for comparability with the financial statement presentation used in 1975.

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.

C. Federal capital grants

The District has two grant contracts in process with the Urban Mass Transportation 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 \$7,227,969 had been received at June 30, 1975.

During 1975, the District entered into two additional federal grant contracts which provide \$17,409,625, principally for the purchase of motor coaches during 1976. The related federal participation is 80 percent or \$13,927,700. In connection with these projects, the District has contracted to purchase 36 motor coaches at a cost of approximately \$2,755,000, of which 80 percent will be provided by federal funds and the remaining 20 percent by the Bay Area Rapid Transit District.

At June 30, 1975, motor coaches and other equipment with a cost of \$13,025,000 had been purchased under federal grant contracts. 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.

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

STATEMENT OF REVENUE, EXPENSE AND CAPITAL

Years ended June 30, 1975 and 1974

Revenue:

	1975	1974
Fares (Note A)	\$12,529,290	\$16,349,694
Contract service	1,251,874	226,209
Charter	567,307	686,070
Advertising	180,982	184,373
Interest	507,073	618,291
Other operations	161,591	50,981
	<u>15,198,117</u>	<u>18,115,618</u>

Expense:

	1975	1974
Transportation	22,135,097	21,367,405
Maintenance	3,866,490	3,851,314
Depreciation and amortization (Note A)	1,759,024	1,599,801
Operating taxes and licenses	1,371,089	1,280,971
Administrative and general	2,120,264	1,674,371
Welfare and pensions (Note A)	3,761,871	3,069,009
Insurance and safety	1,555,694	1,203,417
Public information and advertising	368,622	331,976
	<u>36,938,151</u>	<u>34,378,264</u>

Operating loss

21,740,034 16,262,646

Non-operating items:

	1975	1974
Proceeds from property taxes	17,062,765	9,855,999
Local transportation funds (Note B)	6,216,702	4,434,974
Federal operating assistance (Note D)	977,338	—
Less:		
Provision for current year's redemption of bond principal	(966,667)	(920,833)
Interest and fees on bonded debt	(193,920)	(220,029)

Net proceeds available for operations

23,096,218 13,150,111

Increase (decrease) in equity after provision for bond principal redemption

1,356,184 (3,112,535)

Capital:

	1975	1974
Balance at beginning of year	11,088,397	11,682,621
Restoration of provision for bond principal redemption deducted above	966,667	920,833
Federal grant funds for capital acquisitions (Note C)	3,832,381	1,597,478
Balance at end of year	<u>\$17,243,629</u>	<u>\$11,088,397</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years ended June 30, 1975 and 1974

Sources of working capital:

	1975	1974
Proceeds from property taxes	\$17,062,765	\$ 9,855,999
Local transportation funds	6,216,702	4,434,974
Federal capital grant funds	3,832,381	1,597,478
Federal operating assistance	977,338	—
Sale of equipment	23,498	14,151
	<u>28,112,684</u>	<u>15,902,602</u>

Applications of working capital:

	1975	1974
Operating loss	21,740,034	16,262,646
Less depreciation and amortization	1,759,024	1,599,801
	<u>19,981,010</u>	<u>14,662,845</u>
Interest on bonded debt	193,920	220,029
Current installments due on bonded debt	975,000	925,000
Acquisition of property, plant and equipment	5,826,176	2,508,695
	<u>26,976,106</u>	<u>18,316,569</u>

Increase (decrease) in working capital

\$ 1,136,578 \$(2,413,967)

Summary of changes in working capital:

	1975	1974
Cash	\$ 1,573,408	\$(4,542,397)
Short-term investments	(366,067)	2,484,392
Receivables	1,455,769	323,515
Other current assets	104,177	70,551
Accounts payable and accrued liabilities	(195,139)	(371,319)
Accrued pension costs	(976,570)	(627,488)
Self-insurance reserves	(409,000)	(67,000)
Amount due within one year on long-term debt	(50,000)	315,779
Increase (decrease) in working capital	<u>\$ 1,136,578</u>	<u>\$(2,413,967)</u>

See accompanying notes.

D. Federal operating assistance

The District was allocated up to \$2,668,788 of federal operating assistance for the period November 26, 1974 through June 30, 1975 pursuant to Section 5 of the Urban Mass Transportation Act of 1964, as amended by the Mass Transportation Assistance Act of 1974. The estimated reimbursement for eligible operating expenses during the period (\$977,338) has been accrued and is subject to final review and audit by the Metropolitan Transportation Commission and the Urban Mass Transportation Administration.

The federal funds are apportioned to the local urbanized area and are distributed to individual transit operators by the Metropolitan Transportation Commission after approval by the Urban Mass Transportation Administration.

E. Litigation

The District is the defendant in an action brought by individual plaintiffs on behalf of certain union employees which involves the application of the California Labor Code to the District's union agreement in effect prior to September, 1974. The matter was resolved in favor of the District in the trial court and is presently on appeal. This litigation is one without legal precedent and therefore it is difficult to forecast the probable outcome or financial impact on the District, but it is the opinion of special counsel in this matter that the District will prevail.

The District is involved in various other claims and litigation arising in the ordinary course of business. None of these is expected to have a significant effect on its operations or financial condition.

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, 1975 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, 1975 and the related pension provision for the year then ended are respectively \$4,700,000 and \$1,600,000 less than the minimum amounts required under generally accepted accounting principles. The pension accrual and provision for 1974 were respectively \$3,100,000 and \$1,200,000 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, 1975 and 1974 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

September 4, 1975

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



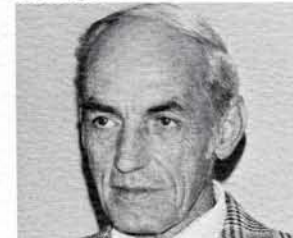
John A. Krajcar
Purchases and Stores
Manager



Anthony R. Lucchesi
Maintenance Manager



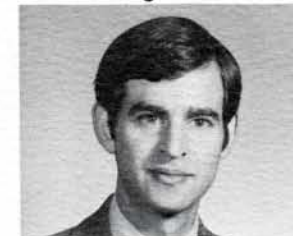
Robert E. Nisbet
Attorney



Stanley O. Pearce
Superintendent of Safety
and Training



Warren E. Robinson
Transportation Engineer



Lawrence A. Rosenberg
District Secretary and
Administrative Projects
Manager



Lowell D. Weight
Treasurer-Controller



AC Transit

508 16th Street
Oakland, California 94612