

AC TRANSIT ANNUAL REPORT 1976/77



A Year of Major Passenger Growth.

BOARD OF DIRECTORS



John L. McDonnell
President



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Vice President



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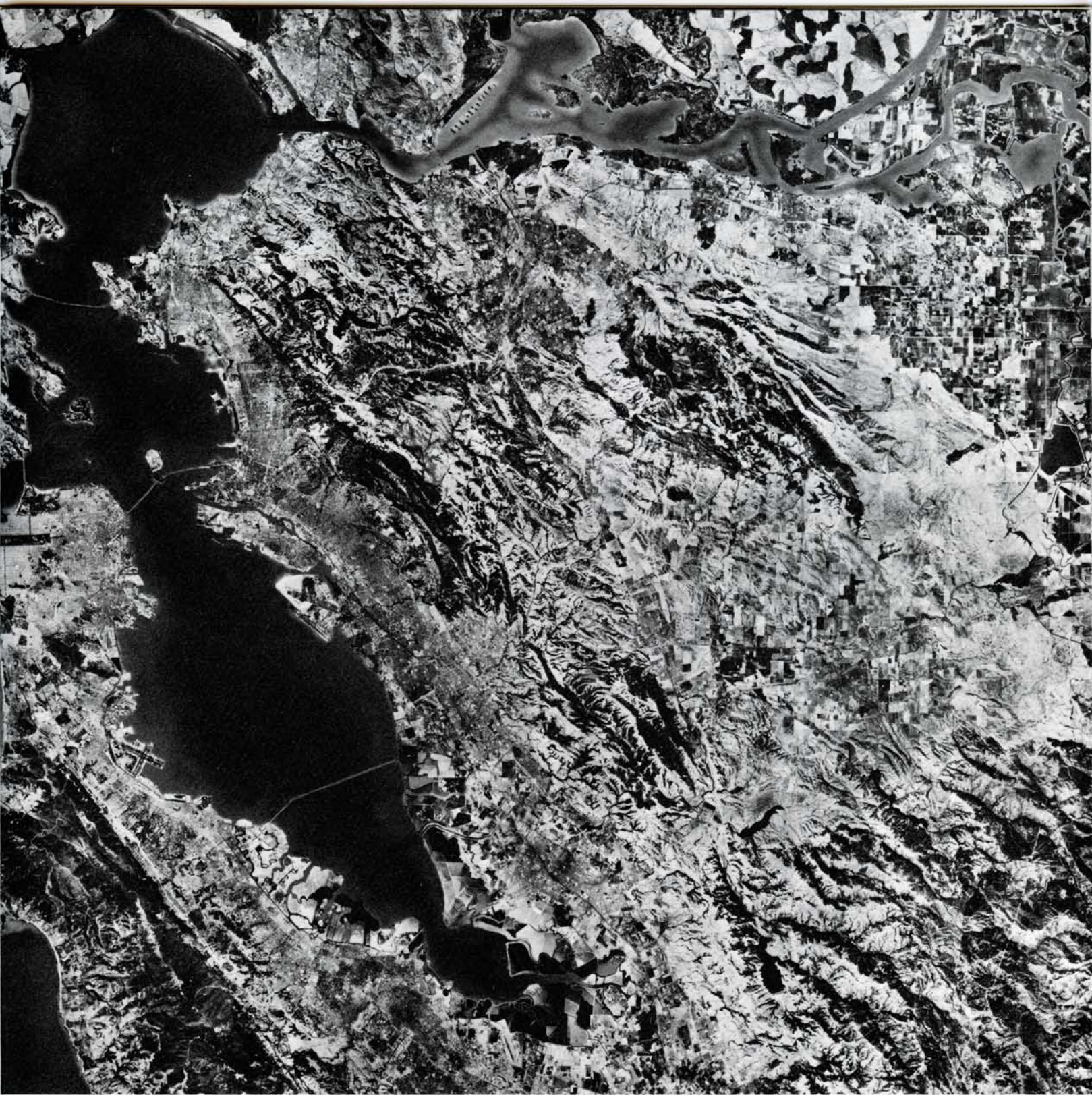
Paul B. Godkin



Jean A. Holmes



Ray Rinehart



Mosaic map from Pacific Aerial Surveys indicates extent of AC Transit service by end of fiscal year. From top left, buses operate through 13 cities along the East Bay shore to Fremont (lower, center, opposite Dumbarton Bridge). Transbay lines travel the San Francisco-Oakland Bay Bridge (left, center). And on the other side of the hills, buses under contract service suburban areas of Contra Costa and Alameda counties.

Record ridership marked fiscal year 1976-77 as AC Transit carried more passengers over more miles on more lines than at any time since going into operation Oct. 1, 1960. Expansion of bus service into suburban communities continued, adding to a year of substantial accomplishment. It also was a year of strained financial resources as escalating costs placed a high price on success.

Highlights included:

- Record ridership marked.
- New passenger safety record established.

- Start of local bus service in Moraga and a portion of Orinda.
- Start of local bus service in Eastern Contra Costa County.
- Implementation of improved commute service and off-peak Dial-A-Ride in Fremont and Newark.
- Delivery of new small buses completed.
- Advance design buses ordered.
- Articulated buses ordered.
- Survey of elderly and handicapped transit needs started.
- Coordination strengthened among regional operators.

PASSENGER TRAVEL

The growth in riding was constant during the year, with 61,012,125 passenger trips recorded for the fiscal period, an increase of 4.8 percent over the 58,220,157 who rode in 1975-76.

Passenger travel on transbay service reflected substantial growth, with a total of 11,050,432 passenger trips, an increase of 7 percent over the year before. East Bay urban ridership also showed constant increase, with 44,533,730 passenger trips, a 2.3 percent growth over a year ago.

Passenger growth was phenomenal in District 2 — Fremont and Newark — where ridership was up 32.4 percent, and in areas where service was being operated by AC Transit under contract.

The Concord system had an increase of 49.1 percent, and Pleasant Hill was up 137.4 percent. However, service in Pleasant Hill and Concord was not initiated until late 1975, and Moraga/Orinda operations began in Sept., 1976, making comparisons from fiscal 1976-77 to the previous year invalid for those communities.

Night patronage showed no gain even though BART was operating night service.

In the face of increasing operational costs, night service was analyzed and some curtailment made on lines carrying an average of three or less regular passengers per trip. A total decrease of 860 miles was made by early and late cancellations during the year.

Service miles totaled 29,919,046, an increase of 2.25 percent over year-ago figures of 29,261,476. During peak-hour operation, buses were operating on 194 lines.

One-way street miles increased from 985.5 to 1,071.9, an increase of 86.4 miles, or 8.8 percent. One-way route miles increased from 1,985.5 to 2,146.6, a jump of 8.1 percent, or 161.1 miles. Total weekday schedule miles increased from 98,889 to 102,592 miles, up 3.7 percent, or 3,703 miles.

Use of BART/AC Transit transfers increased from 3,393,303 in fiscal 1975-76 to 3,543,008 in the fiscal year ending June 30, 1977, up 149,705, or 4.4 percent, indicating a growth in passengers using both bus and train for travel trips.

EXPANDED SERVICE

With more communities realizing alternatives must be found to the private automobile, local officials were turning to AC Transit for assistance. The increasing realization of the worsening energy situation and the need to provide public transit spurred planning and implementation.

By working through the District, the Town of Moraga, initiated a two-line bus system on Sept. 13, 1976, that also served residents of the part of Orinda south of the freeway.

"The Country Coach," the name given to the bus service, was providing some 11,000 passenger trips per month by the end of the fiscal year, operating a highway route between the Town of Moraga, BART/Orinda, Orinda Village, St. Mary's College and BART/Lafayette.

Inauguration of the service was considered a community spectacular, with signs topping bus stop poles inviting residents to a week of free rides. Informational leaflets, along with a free ride invitation, were mailed to residents. Merchants put up posters in windows and nearly a thousand riders turned out to try the new buses.

In Eastern Contra Costa County, communities joined together to form the Eastern Contra Costa Transit Authority and contracted with AC Transit to provide service connecting Shore Acres, West Pittsburg, Pittsburg, Antioch, Oakley and Brentwood.

The clatter of a "dishpan band" helped to launch the "Tri Delta Transit" system on June 6, 1977. Senior citizens served refreshments; many of those who worked on formulation of the system turned out to try the service.

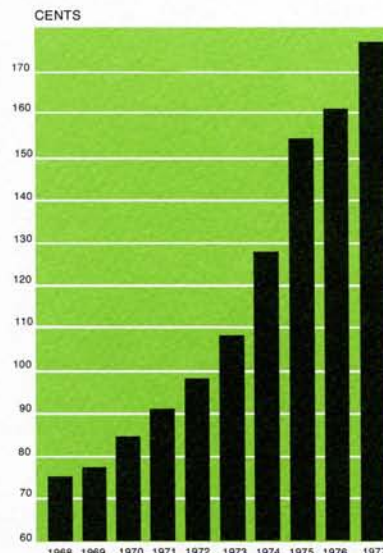
Five ribbon cuttings marked the celebration. A week of free rides introduced the service with 2,126 residents accepting the complimentary invitation.

Shoppers registered a favorable response to the opening of service to Richmond's Hilltop Mall on Sept. 2, 1976. Buses on three existing lines were extended to provide access to the new shopping center.

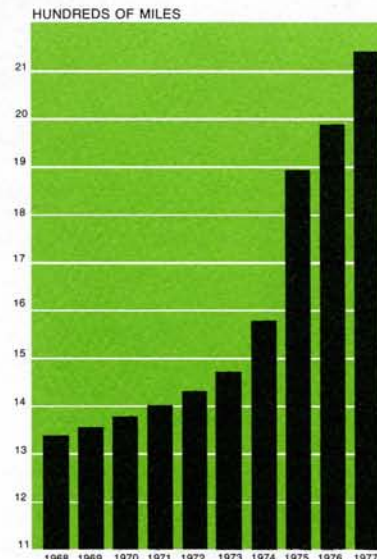


Senior citizens and handicapped riders received discount identification cards as AC Transit made visits to outlying communities while regularly providing registration in the District offices in downtown Oakland.

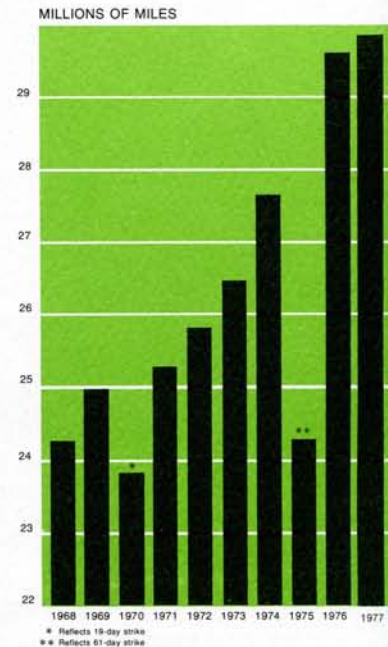
System Expenditures Per Mile
Fiscal year ending June 30



One-Way Route Miles
Fiscal year ending June 30



Vehicle Miles
Fiscal year ending June 30





"Tri Delta Transit" was launched with fanfare in East Contra Costa County. Antioch Senior Citizens' "Kitchen Band" set the tone at the first of five festive community celebrations on opening day. Three local lines were initiated, linking West Pittsburg, Pittsburg, Antioch, Oakley and Brentwood — the area's first local transit system.

PASSENGERS — FARES — MILEAGE

	1976-77	1975-76	% Change
Passenger Trips			
East Bay	44,533,730	43,546,422	2.3
Transbay	13,353,347	12,475,887	7.0
Fremont/Newark (1) ...	1,174,900	887,318	32.4
Contract Services:			
BART	1,140,769	877,889	29.9
Concord (2)	562,852	377,511	49.1
Pleasant Hill (3)	130,868	55,130	137.4
Moraga/Orinda (4) ..	110,172	—	—
Pittsburg/Antioch/ Brentwood (5)	5,487	—	—
Total	61,012,125	58,220,157	4.8
Fare Revenue			
East Bay	\$ 8,656,725	\$ 8,389,067	3.2
Transbay	6,915,629	6,472,917	6.8
Fremont/Newark (1) ...	218,945	167,170	31.0
Contract Services:			
BART	368,425	296,073	24.4
Concord (2)	93,835	60,118	56.1
Pleasant Hill (3)	18,157	8,223	120.8
Moraga/Orinda (4) ..	16,625	—	—
Pittsburg/Antioch/ Brentwood (5)	1,370	—	—
Total	\$16,289,711	\$15,393,568	5.8
Service Miles			
East Bay	16,926,856	16,912,363	.1
Transbay	9,290,486	9,323,481	-.4
Fremont/Newark (1) ...	1,239,903	866,445	43.1
Contract Services:			
BART	1,642,611	1,711,666	-4.0
Concord (2)	520,558	381,447	36.5
Pleasant Hill (3)	121,245	66,074	83.5
Moraga/Orinda (4) ..	149,096	—	—
Pittsburg/Antioch/ Brentwood (5)	28,291	—	—
Total	29,919,046	29,261,476	2.2

(1) Includes Dial-A-Ride and Mini Route service inaugurated Sept. 17, and Sept. 18, 1976 respectively.

(2) Concord contract service inaugurated Sept. 8, 1975

(3) Pleasant Hill contract service inaugurated Dec. 8, 1975

(4) Moraga/Orinda contract service inaugurated Sept. 13, 1976

(5) Pittsburg/Antioch/Brentwood contract service inaugurated June 6, 1977

Meanwhile, talks were underway with representatives from Western Contra Costa County communities not already served by AC Transit on routes to serve that suburban area.

FREMONT/NEWARK IMPROVEMENTS

In Alameda County, an expanded bus system was implemented Oct. 1, 1976 in Fremont and Newark, Special Transit Service District 2.

Twelve mini-fixed routes, designed to better serve commuters, were put into service, adding to the seven basic fixed routes already in operation. The mini-routes were designed to dip into neighborhoods during commute hours and pick up riders destined to BART/Fremont and BART/Union City stations.

At the same time, Dial-A-Ride service was phased in to provide doorstep bus transportation in off-peak hours on weekdays, including night time and on Saturday and Sunday. The Dial-A-Ride portion was phased in gradually with two zones of approximately one-square mile each scheduled for inauguration every six to eight weeks. Operations proceeded with exceptional smoothness and implementation was stepped up. Approximately 50 percent of the area was receiving doorstep service by the end of the fiscal year and total coverage was scheduled for late Nov., 1977, with the possibility of even earlier completion.

BUSES

Buses in three different sizes provided news during the year.

The first heavy duty small bus, built to AC Transit specifications, "topped out" at the Minibus plant in Downey, Calif., and by the end of the year, 29 had been delivered to the property. The 25-foot long coaches seat 25 passengers each and feature a wider door, air conditioning, carpeted floor and ceiling and fabric-covered bucket-type passenger seats. The buses, which cost \$49,088 each plus delivery and taxes, were put into service in Fremont/Newark, Moraga/Orinda and Pleasant Hill. Passenger evaluation was positive.

Advance design buses, which offer better viewing, more comfortable riding, temperature control and improved maintenance features, were ordered from General Motors Truck and Coach Division near the end of the fiscal year after months of delay.

The new buses, which represent the first major design change

since 1959, seat 47 passengers and are 40 feet in length. Bids for the 66 buses specified by AC Transit were \$91,500 per coach, plus delivery charges and taxes.

AC Transit joined with five other transit properties to acquire the coaches.

Award of the contract was held up, however, by a law suit filed by AM General in Federal District Court, alleging the specifications favored GMC, the only bidder. The court ruled against AM General and a contract for the new buses was awarded in April, 1977, with delivery anticipated in the spring of 1978.

Ten transit properties across the nation joined in awarding a contract for 234 articulated buses, with 30 scheduled for delivery to AC Transit.

Award of the contract to AM General, working with M.A.N. of West Germany, culminated years of effort to provide higher seating capacity and efficiency without increasing the number of buses on the street.

Buses ordered by AC Transit will be 60 feet long and will seat 69 passengers. The double buses are priced at \$174,286 each, excluding delivery charges and taxes.

FACE LIFT

To save taxpayer dollars, the District continued with a program of refurbishing older coaches. Scheduled for a "face lift" in the 1977-78 fiscal year were 56 buses delivered in 1961. The refurbishing is expected to extend the life of the 35-foot long buses by some five years.

BUS FLEET

At the close of the fiscal year, 826 buses were in service, an increase of 26 buses from the previous year.

SAFETY RECORDS

An all-time safety record was registered as drivers traveled 15,073 miles per accident as compared to 14,639 in 1975-76 — another record safe driving year.

Passenger accident frequency reached a record low of 6.48 accidents per 1,000,000 carried, a decrease of 4.7 percent below the previous year.

Accident frequency also reached a record low of five accidents per 100,000 miles, down 2.9 percent from fiscal 1975-76.

A review of statistics showed traffic accident frequency decreased by 6.19 percent when compared to five years ago, 21.88 percent compared to ten years ago, and an impressive 31.6 percent compared with fiscal 1960-61, the year AC Transit went into operation.

Seven more operators were honored during the year for 25 years of safe driving without a chargeable accident, bringing the total of those who have achieved this distinction to 23.

During the year the safety goal of 13,250 miles per accident was beaten 44 times, compared to 38 times the previous year. Newark Division and Seminary Division scored all 12 months, while Emeryville Division beat the goal 11 times and Richmond, nine times. Newark Division also established a new record of consecutive months in Mar., 1977, when drivers registered 18 straight months of beating the safe driving goal. The previous record of 17 consecutive months was held by Seminary Division, and was established Sept., 1975.

ELDERLY/HANDICAPPED

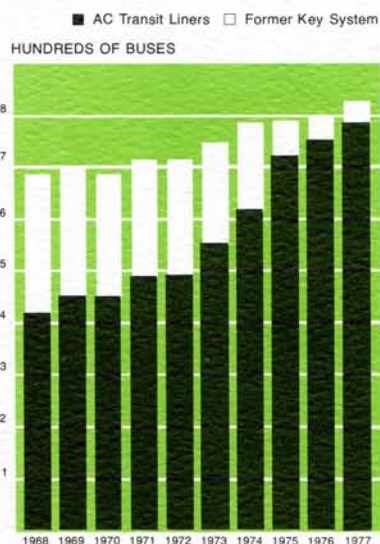
The first major assessment of the transportation problems of the elderly and handicapped was launched with resulting data to be used in evaluating how best to serve the needs of the transit handicapped.

The program had the goal of locating people in AC Transit's service area from San Pablo south to Fremont who had trouble using the bus or who could not use the bus at all. After needs are analyzed and costs and benefits determined, various solutions will be evaluated for possible implementation.

Work on the elderly and handicapped study progressed on these fronts:

- A self-identification survey, in which senior citizens and disabled people with bus riding problems were asked to phone AC Transit and ask for a special needs questionnaire. The returned questionnaires provided wide-spread information on needs.

Buses In Service
Fiscal year ending June 30



A ton of computer soared four floors above the streets of downtown Oakland. District offices received a new IBM 360/30 computer the hard way — removing window glass first — to better Data Processing capacity and programming flexibility.

A record number of passenger trips was recorded during the fiscal year as more people than ever took AC Transit buses. Statistics showed 4.8 percent more ridership in 1976-77 than in the previous fiscal year, totaling over 61 million passenger trips.

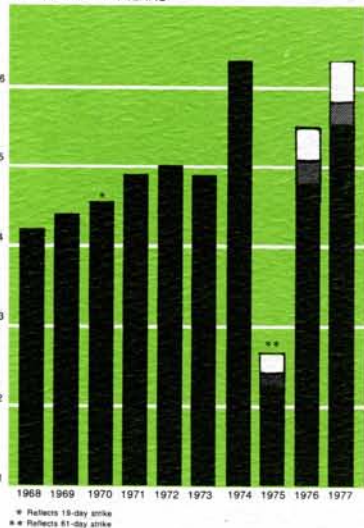


Fare Box Revenue

Fiscal year ending June 30

1977: District #1	\$15,572,354
District #2	218,945
Contract Services	498,412
Total	\$16,289,711

MILLIONS OF DOLLARS

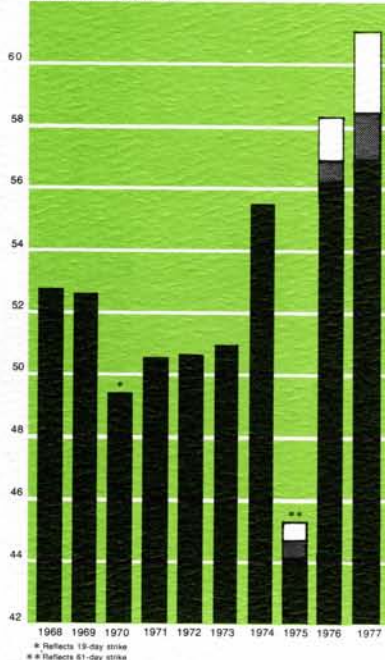


Passenger Trips

Fiscal year ending June 30

1977: District #1	57,887,077
District #2	1,174,900
Contract Services	1,950,148
Total	61,012,125

MILLIONS OF PEOPLE



- A direct telephone survey to homes in the service area to discover incident rate of seniors and handicapped people and to identify unmet transportation requirements.
 - Social service agencies were contacted to determine what currently was being provided in the way of transportation service. A technical support committee with experience in the field, participated, as did a citizens' advisory committee composed of those using and/or needing special transit facilities.
- The data gathering phase of the program was completed by the end of the fiscal period.

PRIORITY BUS STUDY

The Metropolitan Transportation Commission joined AC Transit in a Priority Bus Technique Study which began May 1, 1977.

The six-month study, designed to determine how to get bus riders where they want to go in less time, involves examining such possible techniques as exclusive bus lanes, traffic signal controls and parking restrictions.

LEADERSHIP CHANGES

Two new members of the AC Transit Board of Directors were appointed in June to fill vacancies.

Paul B. Godkin, of Oakland, replaced Director-at-Large Chester C. McGuire, Jr., of Berkeley, who was appointed Assistant Secretary for Fair Housing and Equal Opportunity in the Department of Housing and Urban Development, Washington, D.C. Kimiko "Kimi" Fujii, of Hayward, who had served as President of the Board and was the first woman to be a member of the Board, was replaced by Jean A. Holmes, of Fremont, representing Ward 5 in Southern Alameda County. Both appointees will fulfill unexpired terms running through 1978.

John McDonnell, of Oakland, was elected president of the Board of Directors at the first meeting in Jan., 1977, a post he previously held in 1967-68. Roy Nakadegawa, of Berkeley, was chosen vice president.

BUS ROADEO

The AC Transit Bus Rodeo was held at Golden Gate Fields in Albany in Aug., 1976, with 150 drivers submitting entry blanks. The competition, conducted during three weekends, tested drivers' safe driving abilities in various phases of bus operations.

First place winner, and representative of AC Transit in the American Public Transit Association National Rodeo, was Everett Cooper, Jr. Second place went to B. R. McCaslin, and third, to Ron R. Freund.

SPECIAL SERVICES

For the tenth year, AC Transit offered Summer Sunshine Fun Tours for residents and visitors. During the 1976 tour season, 5,564 passengers were carried to historical sites, festivals, wineries and other points of interest. A total of 160 bus trips were made to different locations during the 82-day season.

"Pony Express" coaches again served racetrack enthusiasts by taking passengers directly to Golden Gate Fields in Albany from San Francisco and Berkeley. The thoroughbred racing fans carried by AC Transit represented 16.5 percent of total track attendance.

Special service to East Bay Regional Parks was launched for the fourth summer in 1977, with coaches operating daily to Tilden and Roberts-Redwood Parks and to Don Castro Park on weekends. Line 91 was extended on weekdays and Saturdays to Lake Chabot Park. The Tilden Park bus again was outfitted with racks for bicycle riders who wanted to explore the hills.

"Pedal Hopper" buses continued to operate on Line B-Grand Ave., taking bicycles and riders to and from San Francisco on weekends and holidays.

Additionally, special service to sporting events at the Oakland-Alameda County Coliseum Complex provided fans with the opportunity to cheer for their favorite teams.

The "Candy Cane Express," a bus decorated to bring holiday best wishes to people throughout the service area, again operated dispensing candy canes, yuletide music and a Santa Claus to take messages on "What I Want for Christmas."

Two decorated bicentennial buses operated until the end of calendar 1976 in celebration of the nation's 200th birthday, with Richmond Division Superintendent Nicholas P. Alevizos riding on top of the bus at special events in an "Uncle Sam" role, shooting off toy cannons and waving the American flag. Alevizos also portrayed Santa on the holiday bus, as well as at the annual party given for commuters at the Transbay Transit Terminal two days before Christmas. Hundreds of commuters joined in caroling led by AC Transit personnel.

SUPERBOWL CHAMPS

For the fifth year the District's "Project Linebacker" program, aimed at reducing vandalism, featured All-Pro Oakland Raiders Phil Villapiano and Otis Sistrunk. The two Raider veterans, along with representatives from the Personnel Department, visited 44 schools in efforts to encourage youngsters to respect District drivers and property.

Villapiano also headed an advertising campaign designed to sell advantages of AC Transit and to put more riders aboard public transit.

The message came from passengers themselves, who in a number of street interviews, reported why they were riding the bus. Comments were used for newspaper advertising, radio commercials and outdoor posters. The positive remarks, along with photographs of the persons interviewed, also were displayed in AC Transit offices so drivers and other personnel could read, at first hand, the "good things" said about the District service.

MAINTENANCE AWARD

For the 15th straight year the Maintenance Department received the Fleet Owner Maintenance Efficiency Award, reflecting the high achievement of their work.

PASSENGER SHELTERS

Protection from the weather was offered passengers as 82 bus shelters were installed during fiscal 1976-77, bringing the total number of shelters to 184.

The program to provide comfort from the elements found 40 shelters going up in the 11-city area from San Pablo to Hayward, nine shelters in Fremont-Newark, 16 shelters in Concord, two in Moraga/Orinda, one in Pleasant Hill and 14 for BART contract service in outlying areas of Alameda and Contra Costa counties.

Also, 25 shelters were planned for the new Tri Delta Transit service area in East Contra Costa County.

PASSENGER STOPS

Installation of 725 passenger stop poles during the year brought the total number of poles from 6,366 to 7,091.



Drivers had a chance to view AC Transit's suggestion to take an alternative to the private automobile as part of introduction of bus service in the Moraga/Orinda area.



Door-to-door distribution of materials introducing bus service in Fremont and Newark was made to familiarize residents with new schedules and routes.

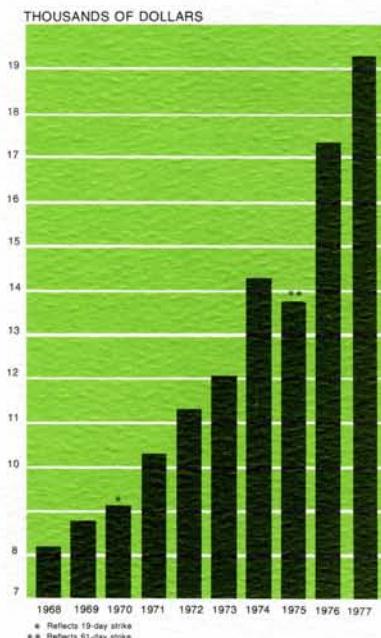


Role playing in conflict resolution situations via video tape television helped drivers in training classes. Constructive self-analysis and understanding of confrontation problems assisted in providing operators with knowledge of how to handle difficult situations.

Special services to events included direct buses to the Oakland-Alameda County Coliseum where the World Champion Oakland Raiders played.



Average Annual Employee Earnings
Fiscal year ending June 30



PUBLIC TIMETABLES

Printing of public timetables to aid riders increased from 3,541,000 to 4,137,000, an increase of 15.8 percent, still another indication of growth in use of District buses.

COMMUNICATION SYSTEM ORDERED

A new \$2,500,000 communication system enabling every bus in the fleet to be in constant contact with radio dispatchers was ordered from Motorola.

Eventually, the system will be able to report actual vehicle locations, count passengers, compile fare box and vehicle mileage statistics, and even check adherence to schedules. Installation and operation is expected by late 1978.

WATER SAVINGS EFFORT

As the California drought increased in severity, AC Transit took steps to reduce water usage by more than one-third.

Buses were washed two times per week instead of four, steam cleaning of engines was changed from every 8,000 miles to 12,000 and all water facilities were checked for leaks.

Before adjustments, water usage was 1,400,000 gallons per month. The new procedures reduced usage by 34.8 percent.

INNOVATIVE TRANSIT SEMINARS

AC Transit co-hosted two Bay Area Urban Transit Institutes (B.A.U.T.I.), which provided an opportunity for participants to study different transit modes and develop a broader understanding of public transportation.

First such institutes held on the west coast, the week-long meetings involved participation of four transit properties — Bay Area Rapid Transit District, Golden Gate Transit District, San Francisco Municipal Railway and AC Transit.

The success of the seminars offered in Nov. and May, resulted in scheduling additional programs for the coming fiscal year.

The new learning ventures were conducted with the cooperation of the California Department of Transportation and the Urban Mass Transportation Administration, Department of Transportation.

CLAIMS

Paid losses for the fiscal year were \$205,668 for personal injury and \$97,571 for property damage, a total of \$303,239 compared to \$404,309 the previous year. This substantial reduction in accident payment occurred even though passenger trips rose by nearly 5 percent.

Cost of claims amounted to 1.9 percent of gross passenger revenue compared to 2.51 percent in fiscal 1975-76.



First heavy duty small buses made their appearance in AC Transit operation as 29 little coaches were delivered during the year. The 25-seat coaches, which are 25-feet long, were put into service in Fremont/Newark, Moraga/Orinda and Pleasant Hill. Built to AC Transit specifications, the buses met with favorable passenger response.

Recoveries amounted to \$62,137, compared to \$49,344 the previous year.

Paid losses under the District's permissibly uninsured Workers' Compensation Program were \$524,136 compared to \$372,741, with recoveries amounting to \$34,753 compared to \$49,475 the previous year.

Increases in the Workers' Compensation Program were attributed to these factors: an increase in number of claims from 762 in 1975-76 to 930 in 1976-77; a 30 percent increase in the medical fee schedule; and an increase in weekly temporary total disability benefits from \$119 to \$154 on Jan. 1, 1977, as decreed by State law.

REGIONAL DISCOUNT CENTER

Working with eight other public transit agencies in the San Francisco Bay Area, AC Transit issued 6,107 Bay Area Regional Discount Cards for reduced fares for eligible handicapped persons and senior citizens.

In addition to those who visited AC Transit's Handicapped and Senior Citizens Discount Center in Oakland, people in outlying areas were provided with an opportunity for accreditation on 34 visits of a mobile "center" to various communities in the East Bay.

AFFIRMATIVE ACTION

It is the policy of the District that Affirmative Action shall be a primary consideration in all aspects of personnel policies and practices.

Based on AC Transit's affirmative action commitment, a total of 177 employees were hired during the fiscal year. Of that number, 55.9 percent were minorities and 63.3 percent were females.

REGIONAL TRANSIT ASSOCIATION

Six major bay area public transit operators joined together in early 1977 to improve regional transit coordination and operating efficiency.

The new organization, named Regional Transit Association of the Bay Area includes AC Transit, BART, Golden Gate Transit, SamTrans, San Francisco Muni and Santa Clara County Transportation Agency. Executives of the six systems meet monthly to give direction to six joint working committees established in the areas of service and fares, procurement, public information, management systems, maintenance and personnel, training and affirmative action. Alan L. Bingham, general manager of AC Transit, was named first chairman of the group.

SEARCH FOR FUNDING

The need to find additional funding for public transit resulted in a continued pursuit of sources, particularly at the State and Federal level.

Future projection indicated costs of operations would increase as more and more people ride public transit, with present income from fare box, the property tax, State sales tax and Federal capital and operating assistance failing to cover all of the expenses of providing efficient public transportation.

Riding projections based on an annual three percent growth factor estimate AC Transit will be carrying over 80,000,000 passengers by 1986, an increase of some 30 percent over current figures.

Credited as an efficiently operated property, which in less than three years has grown from a service area of 175 square miles to approximately 588 square miles, the District views the coming years as a time when bus systems will be firmly established throughout Alameda and Contra Costa counties, offering residents the alternate of public transit when fuel problems and parking costs are expected to garage many an automobile.

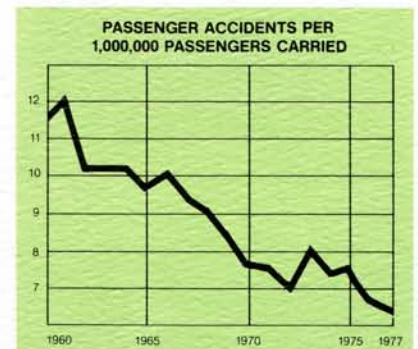
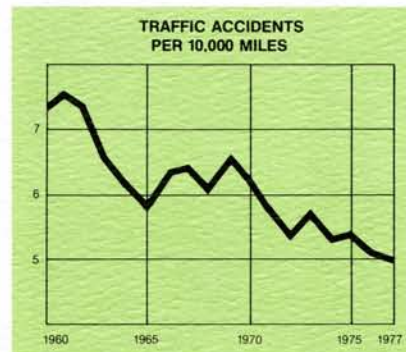
At the same time, costs must be curtailed, revenue increased and new sources of funding found if public transit is to continue serving the needs of residents.

Without losing its sense of history, AC Transit is looking into the future to provide the best possible public transit available.

The transit of the future includes practical, economical bus service throughout the area and completion of the switch from private car to bus and train — a trend which already has begun and is expected to continue.



DIAL-A-RIDE Control Room personnel underwent six weeks of special training to successfully implement start of door-to-door service in Fremont and Newark.



MANAGEMENT



Virginia Dennison
Marketing Manager



J. Dale Goodman
Transportation Manager



Alan L. Bingham
General Manager



Ozro D. Gould
Claims Manager



John A. Krajcar
Purchases and Stores
Manager



Lawrence S. Kurz
Treasurer-Controller



Donald S. Larson
Manager Research
and Planning



Anthony R. Lucchesi
Maintenance Manager



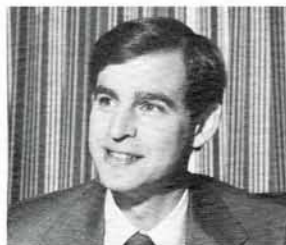
Robert E. Nisbet
Attorney



Stanley O. Pearce
Supervisor of Safety
and Training



Warren E. Robinson
Transportation Engineer



Lawrence A. Rosenberg
District Secretary and
Administrative Projects
Manager



Robert J. Shamoon
Personnel Manager

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMBINED BALANCE SHEET (NOTE A)
June 30, 1977 and 1976**

	1977	1976
ASSETS		
Property, plant and equipment, at cost (Note D):		
Property, plant and equipment acquired October 1, 1960	\$ 5,393,650	\$ 5,621,882
Less accumulated depreciation	2,617,532	2,805,336
	2,776,118	2,816,546
Other property and equipment:		
Revenue equipment	29,333,050	27,749,886
Shop, office and other equipment, service vehicles and building improvements	2,832,106	2,264,148
	32,165,156	30,014,034
Less accumulated depreciation	16,067,856	14,468,393
	16,097,300	15,545,641
Total property, plant and equipment	18,873,418	18,362,187
Current assets:		
Cash:		
On hand and in commercial accounts	879,667	1,142,367
Time deposits	5,715,625	6,117,362
	6,595,292	7,259,729
Short-term investments, at amortized cost (approximates market)	5,713,406	4,499,992
Receivables:		
Federal operating assistance (Note C)	4,759,360	6,868,357
Local transportation funds	4,388,708	197,548
Property tax proceeds, charter service and other	2,080,859	1,147,041
Materials and supplies, at cost	572,589	479,249
Prepaid expenses	81,471	73,753
Total current assets	24,191,685	20,525,669
	<u>\$43,065,103</u>	<u>\$38,887,856</u>
LIABILITIES AND CAPITAL		
General obligation bonds, due serially to 1980 at various interest rates (1% to 3.25%), less amounts due within one year	\$ 3,650,000	\$ 4,700,000
Current liabilities:		
Accounts payable	1,061,615	891,490
Salaries and wages	1,068,732	869,338
Accrued payroll taxes and amounts withheld from employees	375,622	330,112
Accrued pension costs (Note A)	8,413,288	5,013,544
Accrued interest on bonded debt	40,417	51,250
Unredeemed tickets and tokens	150,477	153,531
Self-insurance reserves (Note A):		
Public liability and property damage	679,000	529,000
Workmen's compensation	900,000	669,000
Amount due within one year on general obligation bonds	1,050,000	1,000,000
Total current liabilities	13,739,151	9,507,265
Capital (Notes A and F):		
District equity	14,628,469	14,805,690
Contributed capital:		
Federal grants	10,047,006	9,201,630
Local transportation funds	1,000,477	673,271
Total capital	25,675,952	24,680,591
	<u>\$43,065,103</u>	<u>\$38,887,856</u>

See accompanying notes.

**ALAMEDA-CONTRA COSTA
TRANSIT DISTRICT
NOTES TO COMBINED
FINANCIAL STATEMENTS**

June 30, 1977

**A. Summary of accounting policies
Basis of presentation**

The accompanying financial statements include the combined financial position, results of operations and changes in financial position of Alameda-Contra Costa Transit District, Special Transit Service Districts No. 1 and No. 2 and other areas in which the District provides transit service.

In November, 1974, the electorate of the cities of Fremont and Newark approved annexation to the District and the establishment of Special Transit Service District No. 2, effective July 1, 1975. The District had previously provided transit service in Special Transit Service District No. 1 which includes portions of Alameda and Contra Costa Counties. From November, 1974 through June, 1975, the District operated contract transit service for the cities of Fremont and Newark. Operating revenues, property taxes, local transportation funds and federal operating assistance applicable to each special transit service district are separately accounted for and used to provide for the cost of transit service in that service district.

The District has also contracted to provide transit service for the Bay Area Rapid Transit District and several other local cities. The allocated cost of providing such service, less related operating revenue, local transportation funds and federal operating assistance, are reimbursed by each entity and recorded as contract service revenue.

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:

Revenue equipment (buses)	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 up to \$75,000 and workmen's compensation claims up to \$100,000 for any one occurrence. Claims in excess of these amounts are insured with commercial carriers. 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 nonunion employees. The pension contributions (provisions in the financial statements) are based on percentages of gross payroll as reviewed annually by the Board of Directors. Effective July 1, 1976, the District adopted a contribution program which

will provide for normal cost of the plans and amortize unfunded prior service cost over a period of forty years in accordance with generally accepted accounting principles. The pension contributions for the years ended June 30, 1977 and 1976 were \$4,146,000 and \$2,684,000, respectively.

Funding practices in effect in 1976 and prior years postponed the funding of future pension liabilities beyond the period generally used by actuaries and resulted in provisions which were less than the minimum amounts as determined under generally accepted accounting principles. The provision for pensions for 1976 was estimated to be \$1,000,000 less than the minimum provision as determined under generally accepted accounting principles.

The unfunded prior service cost of the plans at December 31, 1976, the date of the most recent actuarial valuations, was approximately \$38,500,000 and the actuarially computed value of unfunded vested benefits was approximately \$20,700,000.

For 1977 and subsequent years, the District is eligible to receive an apportionment of local transportation funds (Note B) only if the District continues to implement a plan, approved by the Metropolitan Transportation Commission, which will fully fund the plans within a forty-year period.

Contributed capital

The District periodically receives federal grants from the Urban Mass Transportation Administration of the U.S. Department of Transportation and local transportation funds (Note B) for the acquisition of buses and other equipment and improvements. Capital grant funds received, less the related portion of depreciation on the assets, is credited to contributed capital. Changes in contributed capital for the years ended June 30, 1977 and 1976 are as follows:

	Federal grants	Local transportation funds
Balance, July 1, 1975	\$ 7,333,494	\$ —
1976 transactions:		
Capital grant funds received	2,519,845	696,487
Depreciation charges included in operating expenses, transferred from District equity	(651,709)	(23,216)
Balance, June 30, 1976	9,201,630	673,271
1977 transactions:		
Capital grant funds received	1,635,601	386,522
Depreciation charges included in operating expenses, transferred from District equity	(790,225)	(59,316)
Balance, June 30, 1977	<u>\$10,047,006</u>	<u>\$1,000,477</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT COMBINED STATEMENT OF REVENUE, EXPENSE AND CAPITAL (NOTE A)

Years ended June 30, 1977 and 1976

	1977	1976
Operating revenue:		
Fares	\$16,289,711	\$15,393,568
Contract service (Note A)	1,978,106	1,973,894
Charter	653,098	654,589
Advertising	304,138	248,081
Interest	230,271	317,935
Other operations	119,973	78,147
	<u>19,575,297</u>	<u>18,666,214</u>
Operating expense:		
Transportation	31,305,955	28,216,695
Maintenance	5,522,957	4,962,250
Depreciation and amortization (Note A)	1,647,955	1,721,955
Operating taxes and licenses	1,781,482	1,599,460
Administrative and general	3,172,426	2,772,371
Welfare and pensions (Note A)	7,261,406	5,323,393
Insurance and safety	1,991,324	1,385,893
Public information and advertising	459,285	418,208
	<u>53,142,790</u>	<u>46,400,225</u>
Operating loss	<u>33,567,493</u>	<u>27,734,011</u>
Nonoperating items:		
Proceeds from property taxes	20,768,616	19,379,916
Local transportation funds (Note B)	7,143,241	6,846,768
Federal operating assistance (Note C)	4,759,360	5,891,019
Less:		
Provision for current year's redemption of bond principal	(1,041,666)	(995,830)
Interest and fees on bonded debt	(130,486)	(163,062)
Net proceeds available for operations	<u>31,499,065</u>	<u>30,958,811</u>
Increase (decrease) in equity after provision for bond principal redemption	<u>(2,068,428)</u>	<u>3,224,800</u>
Capital:		
Balance at beginning of year	24,680,591	17,243,629
Restoration of provision for bond principal redemption deducted above	1,041,666	995,830
Federal grant funds for capital acquisitions (Note D)	1,635,601	2,519,845
Local transportation funds for capital acquisitions (Note B)	386,522	696,487
Balance at end of year	<u>\$25,675,952</u>	<u>\$24,680,591</u>

See accompanying notes.

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 operating assistance

The District was allocated a total of up to \$4,759,360 of federal operating assistance for the year ending June 30, 1977 pursuant to Section 5 of the Urban Mass Transportation Act of 1964, as amended by the Mass Transportation Assistance Act of 1974. This amount which has been accrued as the estimated reimbursement for eligible operating expenses during the year, is subject to final audit by the Metropolitan Transportation Commission and the Urban Mass Transportation Administration.

Federal operating assistance 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.

D. Federal capital grants

The District has four grant contracts in process with the Urban Mass Transportation Administration which provide federal funds for the acquisition of buses and other equipment and improvements through 1977. Budgeted capital additions applicable to the grant projects are \$32,378,117. The related federal participation is \$24,179,518 of which \$11,383,414 had been earned at June 30, 1977. At June 30, 1977, in connection with these projects, the District has committed to purchase equipment at a cost of approximately \$15,000,000.

At June 30, 1977, buses and other equipment with a cost of \$18,253,000 had been purchased under federal grant contracts. Under the terms of the grants, proceeds from

Continued Page 14

equipment sold during its useful life in proportion to the related federal capital grant funds, are refundable to the federal government unless reinvested in like equipment.

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 decided in favor of the District in the trial court. However, the trial court's decision was reversed by the appellate court in 1976 and the matter has been remanded to the trial court for the determination of damages. This litigation is without legal precedent and, therefore, it is difficult to forecast the probable financial impact on the District. However, the amounts of damages, if any, are not expected to have a material effect on the District's financial condition.

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.

F. Special transit service districts and contract service areas

Revenue, expense and capital for Special Transit Service Districts No. 1 and No. 2 and contract service areas for the year ended June 30, 1977 are summarized below. The operating loss applicable to the B.A.R.T.D. Contract Service (\$185,088) is equivalent to the depreciation charge on buses used in providing that service. B.A.R.T.D. is not charged for such depreciation since the buses were acquired with federal capital grant funds and local transportation funds received from B.A.R.T.D.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION (NOTE A)

Years ended June 30, 1977 and 1976

	1977	1976
Sources of working capital:		
Proceeds from property taxes	\$20,768,616	\$19,379,916
Local transportation funds	7,143,241	6,846,768
Federal operating assistance	4,759,360	5,891,019
Federal capital grant funds	1,635,601	2,519,845
Local transportation funds for capital acquisitions	386,522	696,487
	<u>34,693,340</u>	<u>35,334,035</u>
Applications of working capital:		
Operating loss	33,567,493	27,734,011
Less:		
Depreciation and amortization	1,647,955	1,721,955
Disposition of equipment	28,390	—
	<u>31,891,148</u>	<u>26,012,056</u>
Interest on bonded debt	130,486	163,062
Current installments due on bonded debt	1,050,000	1,000,000
Acquisition of property, plant and equipment	2,187,576	3,305,867
	<u>35,259,210</u>	<u>30,480,985</u>
Increase (decrease) in working capital	<u>\$ (565,870)</u>	<u>\$ 4,853,050</u>
Summary of changes in working capital:		
Cash	\$ (664,437)	\$ 1,478,918
Short-term investments	1,213,415	(296,169)
Receivables:		
Federal operating assistance	(2,108,997)	5,891,019
Local transportation funds	4,191,160	111,580
Other	933,818	(159,449)
Other current assets	101,057	73,223
Accounts payable and accrued liabilities	(401,142)	(330,919)
Accrued pension costs	(3,399,744)	(1,901,153)
Self-insurance reserves	(381,000)	11,000
Amount due within one year on long-term debt	(50,000)	(25,000)
Increase (decrease) in working capital	<u>\$ (565,870)</u>	<u>\$ 4,853,050</u>

See accompanying notes.

(Note F Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT NOTES TO COMBINED FINANCIAL STATEMENTS June 30, 1977

	Special transit service districts			Contract service areas				
	Combined	District No. 1	District No. 2	B.A.R.T.D. Express	City of Concord	City of Pleasant Hill	Town of Moraga	Eastern Contra Costa County
Operating revenue:								
Fares, charter and other	\$17,597,191	\$16,771,917	\$ 302,136	\$ 384,940	\$ 99,066	\$ 19,373	\$ 18,115	\$ 1,644
Contract service	1,978,106	57,392	—	1,740,367	105,479	25,705	49,163	—
	<u>19,575,297</u>	<u>16,829,309</u>	<u>302,136</u>	<u>2,125,307</u>	<u>204,545</u>	<u>45,078</u>	<u>67,278</u>	<u>1,644</u>
Operating expense (allocated), including start-up costs and depreciation	<u>53,142,790</u>	<u>46,625,017</u>	<u>2,695,344</u>	<u>2,310,395</u>	<u>865,847</u>	<u>281,681</u>	<u>272,470</u>	<u>92,036</u>
Operating loss	<u>33,567,493</u>	<u>29,795,708</u>	<u>2,393,208</u>	<u>185,088</u>	<u>661,302</u>	<u>236,603</u>	<u>205,192</u>	<u>90,392</u>
Nonoperating items:								
Proceeds from property taxes	20,768,616	18,816,168	1,952,448	—	—	—	—	—
Local transportation funds	7,143,241	5,540,149	708,282	—	472,607	175,722	156,089	90,392
Federal operating assistance	4,759,360	4,090,372	370,309	—	188,695	60,881	49,103	—
Provisions for principal redemption, interest and fees on bonded debt	(1,172,152)	(1,172,152)	—	—	—	—	—	—
	<u>31,499,065</u>	<u>27,274,537</u>	<u>3,031,039</u>	<u>—</u>	<u>661,302</u>	<u>236,603</u>	<u>205,192</u>	<u>90,392</u>
Increase (decrease) in equity after provision for bond principal redemption	<u>(2,068,428)</u>	<u>(2,521,171)</u>	<u>637,831</u>	<u>(185,088)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Capital:								
Balance at beginning of year	24,680,591	20,259,504	1,644,172	2,733,527	18,721	12,132	12,535	—
Restoration of provision for bond principal redemption deducted above	1,041,666	1,041,666	—	—	—	—	—	—
Federal grant funds for capital acquisitions	1,635,601	260,369	971,700	108,444	—	94,196	200,892	—
Local transportation funds for capital acquisitions	386,522	—	242,925	—	58,483	23,549	50,223	11,342
Balance at end of year	<u>\$25,675,952</u>	<u>\$19,040,368</u>	<u>\$3,496,628</u>	<u>\$2,656,883</u>	<u>\$77,204</u>	<u>\$129,877</u>	<u>\$263,650</u>	<u>\$11,342</u>

ARTHUR YOUNG & COMPANY

1330 BROADWAY
OAKLAND, CALIFORNIA 94612

The Board of Directors
Alameda-Contra Costa Transit District

We have examined the accompanying combined balance sheets of Alameda-Contra Costa Transit District at June 30, 1977 and 1976 and the related combined statements of revenue, expense and capital and changes in financial position for the years then ended. Our examinations were 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.

As explained in Note A, the provision for pension costs for the year ended June 30, 1976 is \$1,000,000 less than the minimum amount required under generally accepted accounting principles.

In our opinion, except for the effect on the 1976 financial statements of the matter described in the preceding paragraph, the statements mentioned above present fairly the combined financial position of Alameda-Contra Costa Transit District at June 30, 1977 and 1976 and the combined 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 20, 1977



AC Transit

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