



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ANNUAL REPORT 1978-79

BOARD OF DIRECTORS



William E. Berk
President



Roy Nakadegawa
Vice President



William J. Bettencourt



Michael H. Fajans



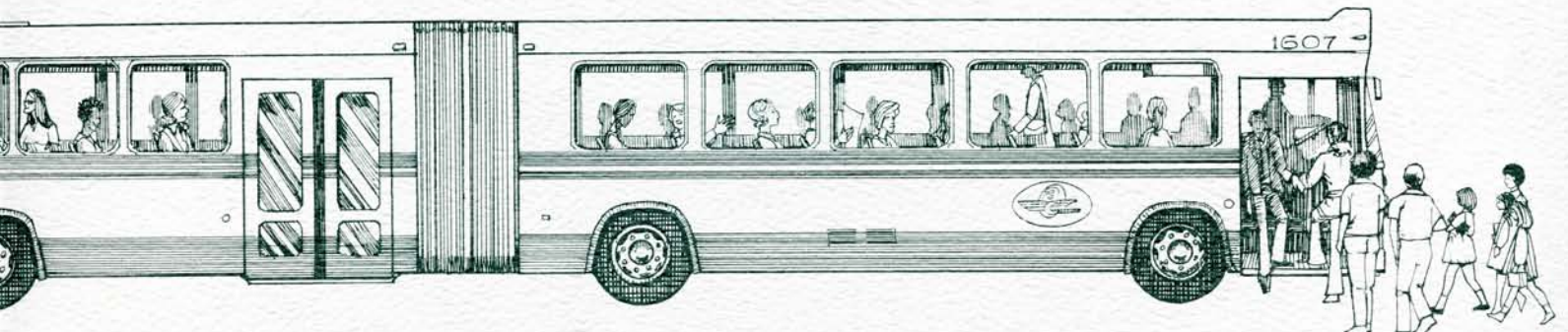
Jean A. Holmes



John L. McDonnell



Ray Rinehart



SUMMING UP

During Fiscal 1978-79, AC Transit accomplished a smooth transition in top leadership, laid a firm foundation for future operations, increased and modernized the bus fleet, expanded cooperative activities with other Bay Area properties in the areas of joint procurement and regional promotion of public transit patronage, and responded quickly and positively to external events which placed unusually heavy demands on both equipment and personnel. In addition, efforts to improve day-to-day operations yielded important breakthroughs — particularly the opening of an exclusive, buses-only access to the Bay Bridge to speed early-morning transbay commute service.

Key events of the year included:

- Appointment by the Board of Directors of Robert E. Nisbet as General Manager.
- Extension of service into western Contra Costa County.
- Achievement by District drivers of the highest monthly safety average in the System's history.
- Delivery of new 60-foot articulated coaches (ordered in 1975) and training of drivers in operating these new models, employed on heavily-patronized lines.
- Emergency institution of transbay shuttle service to handle thousands of extra passengers displaced by sudden shut-down of BART train service following a tunnel fire.
- Swearing-in of four incumbent Directors returned to office by voters and appointment of Director Michael H. Fajans to fill a Board vacancy.
- Endorsement of state guidelines assuring availability of diesel fuel for transit operations during any shortfall situations.
- Completion of AC Transit Five Year Plan - Fiscal Years 1980-1984 and its presentation at three public meetings.
- Completion of an on-board passenger profile survey based on information from 43,000 bus riders.
- Decision to purchase 175 "new look" buses with wheelchair lifts for anticipated delivery in mid-1980.

RIDERSHIP

A shortage of gasoline coupled with rising prices, and an interruption of BART transbay train service, prompted many residents of the District to rethink their workday travel habits during the latter part of this fiscal period. And many of them opted to take the bus.

Patronage on the transbay bus lines — operated between the Transbay Transit Terminal in San Francisco and dozens of East Bay neighborhoods — soared at record rates following a fire which put BART's transbay tube out of commission from mid-January to early-April.

In February, nearly 1.3 million people made the transbay trip by AC Transit bus — a 29 percent increase over ridership one year earlier. During this same period, AC Transit supervised an efficient "shuttle" to bridge the gap in train service, carrying additional tens of thousands between San Francisco and the East Bay.

For the remainder of the fiscal period, transbay ridership and patronage on many East Bay urban and suburban bus lines remained high — as the price of gasoline soared and its availability became spotty.

On newer bus services introduced in suburban communities in the 1970s, monthly increases ranged as high as 50 to 60 percent above passenger counts one year earlier.

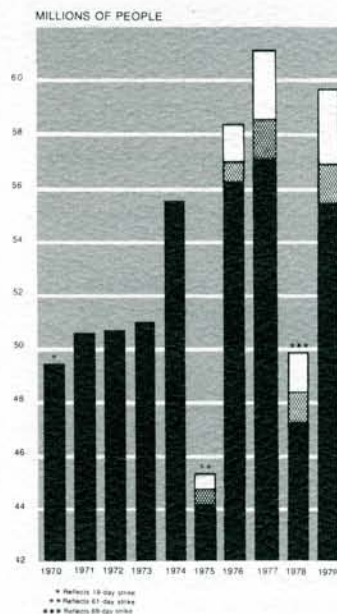
On BART Express bus extension service, operated by the District under contract, ridership was up by 68 percent for the fiscal period, compared to the previous year. Patronage was up by similar levels in Moraga/Orinda and in new service inaugurated in 1977 in Pittsburg, Antioch and Brentwood, in eastern Contra Costa County. In the urban East Bay, the increase averaged about 18 percent above Fiscal Year 1977-78 levels.

At year's end, Directors authorized the seeking of bids to provide about 175 new buses — an addition to the fleet expected to be delivered in mid-1980. Capital funds available for this purchase amount to \$22.3 million.

The number of one-way route miles increased from 2191 to 2210 miles at the end of this fiscal period.

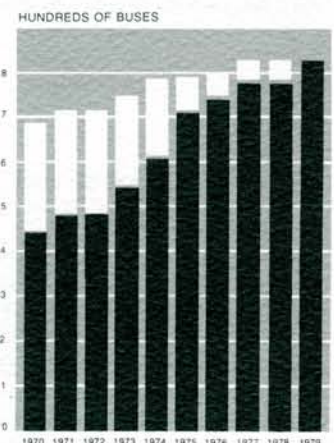
AC Transit operated a total of 201 peak-hour routes, about 75 percent of them adjusted to make transfer connections with train service at BART stations throughout the East Bay.

An additional 31 passenger shelters were installed during the year, bringing the total of convenient enclosures in place for bus riders to 243 shelters. And an additional 174 passenger stops were created, bringing the total number of bus stop signs maintained throughout the District to 7,350.



Passenger Trips
Fiscal year ending June 30

1979: District #1	55,253,148
District #2	1,323,544
Contract Services	1,791,660
Total	59,483,284



Buses In Service
Fiscal year ending June 30

■ AC Transit □ Former Key System

BETTER SERVICE

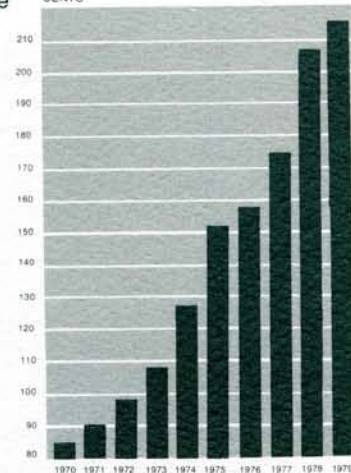
Several service improvements were implemented this year, including: employment of new 60-foot, 69-passenger articulated buses on heavily-patronized lines; up-dating of buses in the fixed-route fleet operated in suburban service in District 2 — Fremont and Newark; a reduction in headways on lines in Moraga and Orinda; and introduction of main-line service, coordinated with locally-operated feeder service in the Crockett-Rodeo area of western Contra Costa County.

Installation of new telephone equipment in the Information Center in mid-year increased the capacity of the system and greatly speeded handling of the public's transit inquiries. This improvement was in place when, due to the gasoline shortage of 1979 and BART's difficulties during this year, the Center was deluged with calls from thousands of commuters new to mass transit. During most of 1979, Information Center clerks were answering about 5,000 inquiries a day.

Additionally, the District printed and distributed 2,769,000 pocket timetables for the benefit of new and regular bus riders.

System Expenditures Per Mile
Fiscal year ending June 30

CENTS



SAFETY

The District's 1,400 bus drivers registered a total of more than 30 million miles on the road, and in the process each Division met the monthly safety "bogey" 44 out of the 48 possible occasions. This safety "bogey" is an average of 13,250 miles per chargeable accident. Newark Division exceeded that average by comfortable margins in 12 out of the 12 months. Richmond and Seminary Divisions bettered the mark 11 out of the 12 months; Emeryville Division exceeded the goal ten of the 12 months.

In the month of August, drivers achieved a system-wide average of 20,889 miles per chargeable accident — the highest monthly average in AC Transit history.

While frequency of passenger accidents did increase minimally during the fiscal period (from 5.15 to 5.4 mishaps per 1,000,000 riders), the frequency of traffic accidents per miles driven dropped more than five percent (5.08 compared to 5.38 accidents per 100,000 miles) from the statistics registered in the previous fiscal period.

And during FY 1978-79 two more names were added to the roster of 25-year Safe Driving Award winners — Bus Drivers Mike Rallis and Stephen Stathis — bringing the total number of drivers who have covered more than a million accident-free miles to 27. In all, a total of 964 safety awards were earned by drivers this year.

TRAFFIC ACCIDENTS
PER 100,000 MILES



PASSENGER ACCIDENTS PER
1,000,000 PASSENGERS CARRIED



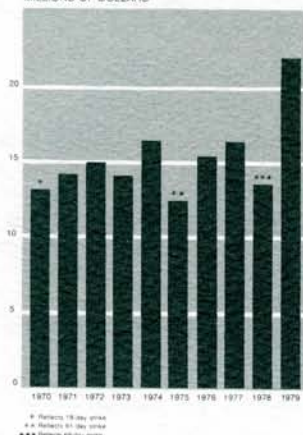
THOUSANDS OF MILES
OPERATED PER ACCIDENT



CLAIMS

Paid losses were \$680,128 for the year compared to \$425,017 in the prior year, an increase reflecting settlements that include cases from prior years. Recoveries for damage to equipment amounted to \$89,845 compared with \$75,675 last year. Paid losses under the District's self-insured Workers' Compensation program was \$1,023,860 compared to \$977,750 the previous fiscal period, with recovery up from \$39,336 (FY 1977-78) to \$66,179 this fiscal year.

MILLIONS OF DOLLARS



Fare Box Revenue

Fiscal year ending June 30

1979: District #1 \$20,249,617
 District #2 333,188
 Contract Services 767,599
 Total \$21,350,404

SPECIAL SERVICES

For the twelfth successful season, AC Transit operated the popular Summer Sunshine Fun Tours. This year, a total of 3,200 riders — 90 percent of them adults — enjoyed 83 days of tours to 34 different locations including historical sites, parks, wineries, festivals and other points of interest.

Service via special "Pony Express" buses to Golden Gate Fields in Albany provided 213,286 passenger trips for horse racing fans during the year's meets. At the fiscal period's end, special summer service was again provided to East Bay Regional Parks, including Chabot Park, Don Castro Park, Point Pinole Park in Contra Costa County, and Roberts Redwood Park in Oakland.

Additionally, supplemental special service was operated to Oakland-Alameda County Coliseum Complex to take sports fans to various events, and also to Concord Pavilion in central Contra Costa County for the convenience of concert-goers.

AFFIRMATIVE ACTION

AC Transit actively continued to pursue its policy of making Affirmative Action a primary consideration in all employment procedures and practices during the fiscal year. Additionally, a Minority Business Enterprise Representative was appointed to implement and monitor the District's MBE programs.

ADMINISTRATION

At the beginning of this fiscal year, the Board of Directors named Robert E. Nisbet as General Manager. Nisbet, who was serving as acting general manager at the time, was named the District's chief executive after a wide search for a successor to Alan L. Bingham, who died in January, 1978. Nisbet had served AC Transit as Attorney for the District from its inception in 1956 until his appointment as acting general manager.

Other administrative changes this year included: appointment of Lawrence A. Rosenberg, previously Administrative Projects Manager, to the post of Assistant General Manager for Administration; and appointment of Robert J. Shamoon, then Personnel Manager, to the post of Assistant General Manager for Operations.

BOARD OF DIRECTORS

This fiscal year, four Directors were returned to office by voters of the District, and one new member was appointed to fill a Board vacancy.

Directors William J. Bettencourt, Jean Holmes, John McDonnell and Roy Nakadegawa were election winners. Michael H. Fajans assumed a vacant directorship.

Richmond businessman William E. Berk, a veteran member of the District's policy-making board, was elected Board president in 1979. Roy Nakadegawa of Berkeley continued to serve as vice president.

PASSENGERS—FARES—MILEAGE

Passenger Trips	1978-79	1977-78	% Change
East Bay	41,449,361	35,600,744	16.4
Transbay	13,803,787	11,074,156	24.6
Fremont/Newark	1,323,544	1,061,818	24.6
Contract Service: (1)			
BART Express	1,658,893	987,691	68.0
Concord	670,867	473,489	41.7
Pleasant Hill	153,445	107,486	42.8
Moraga/Orinda	210,220	126,415	66.3
Pittsburg/Antioch			
Brentwood	162,638	96,579	68.4
TOTAL	59,483,284	49,826,762	19.4
Fare Revenue			
East Bay	\$10,977,967	\$ 6,863,451	59.7
Transbay	9,271,650	5,835,998	58.9
Fremont/Newark	333,188	200,764	66.0
Contract Service: (1)			
BART Express	526,808	279,482	88.5
Concord	134,495	79,826	68.5
Pleasant Hill	20,741	15,327	35.3
Moraga/Orinda	44,586	20,413	118.4
Pittsburg/Antioch			
Brentwood	40,969	21,144	93.8
TOTAL	\$21,350,404	\$13,766,302	56.3
Service Miles			
East Bay	16,270,525	13,605,354	19.6
Transbay	8,964,748	7,514,216	19.3
Fremont/Newark	1,568,024	1,240,646	26.4
Contract Service: (1)			
BART Express	2,244,184	1,301,412	72.4
Concord	644,662	453,990	42.0
Pleasant Hill	119,425	98,143	21.7
Moraga/Orinda	256,884	164,219	56.4
Pittsburg/Antioch			
Brentwood	402,363	320,422	25.6
TOTAL	30,552,580	24,892,937	22.7

(1) Contract service to Pinole-Hercules-Rodeo-Crockett began Sept. 5, 1978. This service is extension of Line 78A; statistical data is included in East Bay.

PLANNING

In September, the District undertook a systemwide survey to develop a statistical profile of AC Transit riders. Approximately 43,000 bus riders participated in the survey on board buses in a total of 1,553 trips — representing about 10 percent of daily scheduled trips. Statistical information gathered in the six-week survey — comprising a 250-page computer print-out — will be used in planning future improvements. Survey results describe in statistical terms the kinds of trips passengers make, methods of fare payment and fare levels, and some socio-economic characteristics of riders on a bus-line-by-line basis.

In this fiscal year, the District continued development and refinement of a long-range Five Year Plan which projects a variety of adjustments to current operations and also some new services. While a number of variables — including funding uncertainties, ridership changes, and availability of manpower and equipment — will affect final decisions, the projections include: establishment of a downtown Oakland "shuttle" circulator service; a major increase in local service in central Contra Costa County; extension of bus service to connect between Hayward and Union City/Fremont; and

adjustments of some existing bus lines to reflect changes in patronage.

THE FUTURE

For the first time in two decades, the basic local adult bus fare in the urban East Bay and Fremont/Newark was changed — from 25 cents to 35. This step, along with adjustments in Intercity Express and Transbay bus fares, was taken at the beginning of this fiscal year to help offset financial problems resulting from rising costs and decreasing availability of sources of revenue.

The fiscal-year began just after California voters passed Proposition 13 — the Jarvis-Gann Property Tax Initiative — which dramatically changed AC Transit's financial prospects by eliminating local property tax support for transit operations.

Faced with a new and radically different financial reality, District Directors and regional and state officials moved quickly to ensure that transit service would continue through the entire fiscal year. But at year's end, financial prospects remained uncertain for the future of AC Transit.



AWARD-WINNING PERFORMANCE — Maintenance Manager Richard H. Bertz hangs the District's 17th consecutive Fleet Owner Maintenance Efficiency Award. This honor is earned annually by transit properties whose records of bus maintenance meet standards based on equipment longevity, total miles per year in use, and cost of repairs.



INAUGURATION DAY PARADE — Crockett's high school band led the way as bus service came to western Contra Costa County in September. An AC transit bus was the second parade unit, introducing a new route which connects Crockett, Rodeo, Hercules and Pinole with the extensive network of existing East Bay bus service. With the addition of this new route — an extension of Line 78-El Cerrito-Richmond — the area served by the District expanded to about 620 square miles of Alameda and Contra Costa counties.



ROADEO WINNER — Driver William Gamlen, seen here taking the written quiz in this year's Bus Rodeo, edged out tough competition to take top honors in the District's annual driving test. Rodeo contestants are judged on their skills in accelerating, braking and turning a bus (in forward and reverse) through a 12-station course, while maneuvering the ten-ton vehicles to within fractions of an inch of course markers.



BIG BEND — New 60-foot articulated buses went into service on heavily-patronized lines during the year. District drivers spent much of the period learning to handle the M.A.N. (Maschinenfabrik Augsburg Nurnberg) buses, which bend in the middle to better negotiate highways and byways. The big buses seat 69 riders in comfortable, fabric-covered seats. The interiors are climate-controlled, with both heating and air conditioning to ensure riders' comfort year-round. Thirty of the new coaches are in service on local trunk lines and transbay routes throughout the urban East Bay.



BUS BYPASS — A new exclusive "buses-only" access to the San Francisco-Oakland Bay Bridge greatly speeded morning commute trips. The new access route was implemented by AC Transit and CALTRANS (state Department of Transportation) in January on an emergency basis after a fire interrupted BART transbay train service. Now permanent, this new arrangement routes most morning bus trips via city streets to an on-ramp feeding directly through the far right toll booth onto the span. Thus, San Francisco-bound buses avoid congested freeway approaches, thereby making transbay trips ten to twenty minutes shorter.

MANAGEMENT



Robert E. Nisbet
General Manager



Lawrence A. Rosenberg
Assistant General Manager
for Administration and
District Secretary



Robert J. Shamoon
Assistant General Manager
for Operations



Richard H. Bertz
Maintenance Manager



Gregory L. Ford
Administrative Projects
Manager



Ozro D. Gould
Claims Manager



J. Dale Goodman
Transportation Manager



John A. Krajcar
Purchases and Stores
Manager



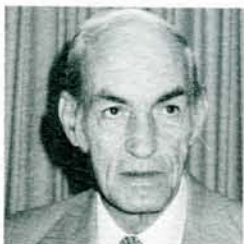
Lawrence S. Kurz
Treasurer-Controller



Donald S. Larson
Manager Research
and Planning



Billy S. Lyle
Personnel Manager



Stanley O. Pearce
Superintendent of Safety
and Training



Warren E. Robinson
Transportation Engineer



John W. Rose, Jr.
Affirmative Action
Coordinator

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMBINED BALANCE SHEET (NOTE A)

June 30, 1979

ASSETS

Current assets:

Cash:	
On hand and in commercial accounts	\$ 120,661
Time deposits	22,200,000
Short-term investments, at amortized cost (approximates market)	22,981,906
Receivables:	
Federal operating assistance (Note C)	2,270,339
Federal capital grants (Note D)	1,444,076
Property tax proceeds, charter service and other	1,703,292
Materials and supplies, at cost	761,308
Prepaid expenses	215,589
Total current assets	51,697,171
Property, plant and equipment, at cost (Note D):	
Land	2,239,600
Buildings, structures and improvements	1,579,537
Revenue equipment	35,428,954
Shop, office and other equipment and service vehicles	4,187,973
Acquisitions in progress	1,806,821
	45,242,885
Less accumulated depreciation	21,446,940
Total property, plant and equipment	23,795,945
	\$75,493,116

LIABILITIES AND CAPITAL

Current liabilities:

Accounts payable	\$ 2,083,839
Salaries, wages and vacations (Note A)	3,527,804
Accrued pension costs (Note A)	18,372,747
Other accrued liabilities	672,007
Advances under capital grants (Note A):	
State toll bridge funds	2,093,331
Local transportation funds	1,199,669
Self-insurance reserves (Note A):	
Public liability and property damage	570,000
Workers' compensation	1,460,000
Amount due within one year on general obligation bonds	1,150,000
Total current liabilities	31,129,397
General obligation bonds, due serially to 1980, interest at 1% and 3.25%, less amounts due within one year	1,400,000
Capital (Notes A, F and H):	
District equity	25,901,842
Contributed capital:	
Federal grants	14,675,552
Local transportation funds	878,569
State toll bridge funds	1,507,756
Total capital	42,963,719
	\$75,493,116

See accompanying notes

ALAMEDA-CONTRA COSTA TRANSIT
DISTRICT NOTES TO COMBINED
FINANCIAL STATEMENTS

June 30, 1979

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 has contracted to provide transit service.

The District has contracted to provide transit service for the Bay Area Rapid Transit District and several cities and other areas in Contra Costa County. The allocated cost of providing such service, less related operating revenue is funded from local transportation funds, federal and state operating assistance and, for B.A.R.T.D. express service, by direct reimbursement which is recorded as contract service revenue.

Property, plant and equipment

Property, plant and equipment is depreciated on the straight-line method over the estimated useful lives of the assets which are as follows:

Buildings, structures and improvements	10-35 years
Revenue equipment	15 years
Shop, office and other equipment and service vehicles	5-20 years

Self-insurance reserves

The District is self-insured for public liability and property damage up to \$75,000 and workers' 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 noncontributory 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 determined annually by the Board of Directors. The District has adopted a contribution program which provides for normal cost of the plans plus amortization of prior service cost over a period of forty years. The total pension contribution for the year ended June 30, 1979 was \$5,583,000 plus an allocation of interest earned on District investments in the amount of \$1,446,000.

The excess of prior service cost of the plans over balance sheet pension accruals at January 1, 1979, the date of the most recent actuarial valuations, was approximately \$42,000,000 and the excess of the actuarially computed value of vested benefits over balance sheet pension accruals was approximately \$23,000,000.

The District is eligible to receive an annual apportionment of local transportation funds (Note B) only if it continues to implement a plan, approved by the Metropolitan Transportation Commission, which will fully fund the plans over a forty-year period.

Vacation pay

Effective July 1, 1978, the District adopted

the policy of accruing vacation pay as earned by its employees. Previously, vacation pay was charged to expense when paid. The new policy was adopted to more accurately reflect employment costs and liabilities. The effect of the change for the year ended June 30, 1979 was to increase expenses by \$419,000. The cumulative effect of the change on prior years (to June 30, 1978) has been included in the statement of revenues and expenses for the year ended June 30, 1979 in the amount of \$2,408,044.

Contributed capital

The District periodically receives federal grants from the Urban Mass Transportation Administration of the U.S. Department of Transportation and state toll bridge revenues and local transportation funds (Notes B, D and E) for the acquisition of buses and other equipment and improvements. Capital grant funds earned, less the related portion of depreciation on the assets, are credited to contributed capital. Advances received on capital grants are recorded as liabilities until the funds are expended for capital acquisitions.

Changes in contributed capital for the year ended June 30, 1979 are as follows:

	Federal grants	Local transportation funds	State toll bridge funds
Balances, June 30, 1978	\$ 9,974,882	\$946,532	\$ 163,954
1979 transactions:			
Capital grant funds earned	5,791,758	5,684	1,401,838
Depreciation charges included in expenses, transferred from District equity	(1,091,088)	(73,647)	(58,036)
Balances June 30, 1979	<u>\$14,675,552</u>	<u>\$878,569</u>	<u>\$1,507,756</u>

B. Local transportation funds

Pursuant to the Transportation Development Act of 1971, the District has received an apportionment of local transportation funds generated within Alameda and Contra Costa Counties to meet, in part, its operating and capital requirements. The funds are apportioned based on an annual claim filed by the District and approved by the Metropolitan Transportation Commission.

C. Federal operating assistance

The District was allocated a total of up to \$11,829,137 of federal operating assistance for the year ending June 30, 1979 pursuant to Section 5 of the Urban Mass Transportation Act of 1974, of which \$9,550,865 has been received and \$2,270,339 has been accrued as receivable at June 30, 1979. This 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

At June 30, 1979, buses and other equipment with a cost of \$26,514,000 had been purchased under federal grant contracts. Under the terms of the grants, proceeds from 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.

The District has eight grant contracts in process with the Urban Mass Transportation Administration which provide federal funds for the acquisition of buses and other equipment and improvements. Budgeted capital additions applicable to the grant projects are \$51,609,192. The related federal participation is \$39,564,378 of which \$17,976,570 had been earned at June 30, 1979. At June 30, 1979, the District has committed to purchase equipment at a cost of approximately \$4,600,000 in connection with these projects.

E. State toll bridge funds

Under the provisions of the California Streets and Highways Code, the District has received an allocation of state transportation funds generated from toll bridge net revenues of the San Francisco Bay Bridges to meet certain of its capital requirements. The funds are apportioned based on claims approved by the Metropolitan Transportation Commission.

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

Year ended June 30, 1979

Revenues:

Fare box	\$21,350,404
Contract service	3,299,325
Other operating revenues	782,241
Property taxes for operations	7,572,537
Local transportation funds for operations (Note B)	18,834,826
Federal operating assistance (Note C)	11,821,204
State operating assistance	2,963,175
Interest, less amounts allocated to accrued pension costs (Note A)	1,672,896
	<u>68,296,608</u>

Expenses:

Operators wages	25,306,670
Other wages	9,607,506
Fringe benefits	16,891,402
Services	1,269,738
Fuel and oil	3,212,562
Other materials and supplies	2,801,705
Insurance	1,012,692
Leases and rentals	482,730
Other expenses	638,512
Interest and fees on bonded debt	60,687
	<u>61,284,204</u>

Excess of revenues over expenses before depreciation and cumulative effect of change in accounting principle
Depreciation

7,012,404
1,876,499

Excess of revenues over expenses before cumulative effect of change in accounting principle

5,135,905

Cumulative effect on prior years (to June 30, 1978) of change in method of accounting for vacation expense (Note A)

2,408,044

Excess of revenues over expenses

2,727,861

Capital (Notes A, F and H):

Balance at beginning of year	31,894,911
Property taxes applied to redemption of bond principal	1,141,667

Capital grant funds for acquisition of assets:

Federal grants (Note D)	5,791,758
State toll bridge funds (Note E)	1,401,838
Local transportation funds (Note B)	5,684

Balance at end of year

\$42,963,719

See accompanying notes.

F. District reserves

During the year ended June 30, 1979, the Board of Directors authorized the appropriation of portions of available funds for the replacement of facilities and equipment and other future expenditures. The amounts available and appropriated at June 30, 1979 are presented below.

Available funds:

Cash	\$22,320,661
Short-term investments	22,981,906
Receivables	5,417,707
	<u>50,720,274</u>
Less current liabilities	31,129,397
	<u>\$19,590,877</u>

Appropriated as follows:

Restricted Fund	\$ 6,500,000
Facilities and Equipment	
Replacement Fund	3,100,000
Working capital	9,990,877
	<u>\$19,590,877</u>

The Restricted Fund is to be used to meet unusual or otherwise necessary expenditures

for repair, improvements to or replacement of essential elements of the District's facilities or for operating requirements. The Facilities and Equipment Replacement Fund was established for the purpose of meeting the District's contractual and related responsibilities as a recipient of federal, state and regional capital grants.

G. Litigation

In September, 1979, the District received a preliminary adverse ruling in a class action lawsuit before a U. S. District Court which alleged discrimination in certain of its hiring, training and promotional practices between 1972 and 1976. The ruling could result in payment by the District of back pay differentials and plaintiffs' legal fees, the amounts of which are not stated or presently determinable. The District has not determined whether it will contest or appeal the decision. It is not possible at this time to estimate the ultimate outcome of this litigation. However, the District has restricted reserves (Note F) to cover such contingencies. No provision for any liability that may result has been made in the financial statements.

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.

H. 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, 1979 are summarized below. Combined depreciation on all District revenue equipment and maintenance facilities is allocated to the respective Transit Service Districts and contract service areas based on mileage. Indirect operating expenses are allocated based on direct costs. The operating loss applicable to the B.A.R.T.D. Contract Service (\$186,684) is equivalent to the depreciation charge on buses used in providing that service.

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	City of Moraga	Eastern Contra Costa County	Western Contra Costa County
Revenues:									
Fares, charter and other	\$22,132,645	\$20,977,504	\$ 349,354	\$ 549,633	\$ 141,142	\$ 21,972	\$ 47,235	\$ 45,118	\$ 687
Contract service	3,299,325	—	—	3,299,325	—	—	—	—	—
Property taxes for operations	7,572,537	6,842,197	730,340	—	—	—	—	—	—
Local transportation funds	18,834,826	15,282,271	1,310,612	—	1,085,485	199,914	464,697	334,831	157,016
Federal operating assistance	11,821,204	10,215,148	1,267,079	—	—	—	—	338,977	—
State operating assistance	2,963,175	2,813,080	150,095	—	—	—	—	—	—
Interest	1,672,896	1,433,462	239,434	—	—	—	—	—	—
	68,296,608	57,563,662	4,046,914	3,848,958	1,226,627	221,886	511,932	718,926	157,703
Expenses (allocated) including depreciation	63,160,703	52,831,723	3,697,691	3,901,321	1,178,925	212,712	494,558	691,848	151,925
Excess of revenues over expenses before cumulative effect of change in accounting principle	5,135,905	4,731,939	349,223	(52,363)	47,702	9,174	17,374	27,078	5,778
Cumulative effect on prior years of change in method of accounting for vacation expense	2,408,044	2,023,400	143,217	134,321	47,702	9,174	17,374	27,078	5,778
Excess of revenues over expenses (expenses over revenues)	2,727,861	2,708,539	206,006	(186,684)	—	—	—	—	—
Capital:									
Balance at beginning of year	31,894,911	24,317,598	4,607,690	2,470,443	78,281	129,285	262,465	29,149	—
Property taxes applied to Redemption of bond principal	1,141,667	1,141,667	—	—	—	—	—	—	—
Capital grant funds for acquisition of assets:									
Federal grant funds	5,791,758	5,816,090	(24,332)	—	—	—	—	—	—
State toll bridge funds	1,401,838	1,401,500	338	—	—	—	—	—	—
Local transportation funds	5,684	3,420	—	—	217	—	—	—	2,047
Balance at end of year	\$42,963,719	\$35,388,814	\$4,789,702	\$2,283,759	\$ 78,498	\$129,285	\$262,465	\$ 29,149	\$ 2,047

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

Year ended June 30, 1979

Sources of working capital:

Operations:

Excess of revenues over expenses before depreciation and cumulative effect of change in accounting principle	\$ 7,012,404
Cumulative effect on prior years of change in method of accounting for vacation expense	(2,408,044)

Total from operations

Property taxes applied to redemption of bond principal	1,141,667
Capital grant funds for acquisition of assets	7,199,280
	12,945,307

Application of working capital:

Current installments due on bonded debt	1,150,000
Acquisition of property, plant and equipment	7,303,071
	8,453,071

Increase in working capital

\$4,492,236

Changes in the components of working capital:

Current assets:

Cash	\$ 6,462,956
Short-term investments	6,613,368
Receivables	(4,884,224)
Materials and supplies	200,605
Prepaid expenses	112,076
	8,504,781

Current liabilities:

Accounts payable and accrued liabilities	3,328,896
Accrued pension costs	5,295,821
Advances under grants	(4,736,172)
Self-insurance reserves	74,000
Amount due within one year on general obligation bonds	50,000
	4,012,545

Increase in working capital

\$4,492,236

See accompanying notes.

ARTHUR YOUNG & COMPANY

1330 BROADWAY
OAKLAND, CALIFORNIA 94612

The Board of Directors
Alameda-Contra Costa Transit District

We have examined the accompanying combined balance sheet of Alameda-Contra Costa Transit District at June 30, 1979 and the related combined statements of revenues, expenses 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.

As discussed in Note G to the financial statements, the District has received a preliminary adverse ruling in a class action lawsuit. The District has not determined whether it will appeal or contest the decision and it is not possible to estimate at this time the ultimate outcome of this litigation. No provision for any liability that may result has been made in the financial statements.

In our opinion, except for the effects of such adjustments if any, as might have been required had the outcome of the litigation referred to in the preceding paragraph been known, the statements mentioned above present fairly the combined financial position of Alameda-Contra Costa Transit District at June 30, 1979 and the combined results of operations and changes in financial position for the year then ended, in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the method of accounting for vacation expense as described in Note A to the financial statements, have been applied on a basis consistent with that of the preceding year.

Arthur Young & Company

October 5, 1979



Alameda-Contra Costa Transit District

508 16th Street
Oakland, California 94612