



Alameda-Contra Costa Transit District 1983 Annual Report



A NEW LOOK—AC Transit put some 200 Gillig 'New Look' and Neoplan 'Advance Design' buses into service this fiscal year, retiring equipment which has seen millions of miles in some two decades of service to East Bay bus riders. The District thus realized substantial improvement in the average age—as well as appearance—of the fleet serving the East Bay. Much of this new equipment operates on the two dozen mainline and feeder routes serving smart new additions to Oakland's central city area, including a new high-rise hotel and convention center.

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This fiscal period was marked by considerable progress in adapting up-to-date modes and means to meet long-standing challenges—from utilizing new sources for financing and new formulae for evaluating bus purchases, to readying a comprehensive series of electronic data systems to facilitate gathering and evaluation of crucial statistical information.

Early on, riders were realizing benefits from these efforts, aimed at increasing productivity of service provided to the public today and enhancing capabilities for providing even more cost-effective transit in the decades ahead.

PLANNING FOR TOMORROW

AC Transit expanded its long-range planning process to identify areas in which increased capabilities resulting from improved facilities and modernized management information systems can be best employed in the coming decades to achieve the District's goal: providing efficient, economical mass transportation.

By the year 2000, according to the forecasters, the District's service area will welcome tens of thousands of new residents and new workers. Alameda County expects 140,000 additional commuters and Contra Costa County looks forward to a projected 100,000 new workers who will crowd the area's transportation modes—including AC Transit buses.

To meet the needs of today's riders and these new patrons too, AC Transit's immediate and long-term plans call for continued restructuring and extension of existing bus service—the realigning of service and relocating of resources to recognize shifts in population centers and establishment of new job sites.

Accomplishments of note connected with these efforts occurred during this past Fiscal Year:

- ◆ Addition of computerized Run Cutting and Scheduling (RUCUS) and automated traffic information collection to the other productivity-enhancing management information systems on-line.
- ◆ Major realignment of suburban services in Fremont and Newark and sweeping improvements in local, express and transbay bus routes throughout the East Bay.
- ◆ Receipt of the first grant awarded in California from funds created by the new 1983 federal 5-cent-per-gallon fuel tax—yielding \$12 million for much-needed facilities improvements.

OPERATIONAL ADVANCES

A major 'new look' in the District's on-street image followed arrival of 200 new buses in FY 1983. In addition to 60 'Advance Design' Neoplan coaches, the District also accepted 142 'New Look' buses from Gillig Corp.—a manufacturer located within our service area. With these additions, the average age of buses in the fleet was reduced to less than seven years.

Significantly, a relatively new segment of AC Transit's ridership—handicapped persons—gained greater personal mobility through the new buses, all equipped with 'Kneelers' and wheelchair lifts. This gives the District a full complement of coaches with the necessary access features for assignment on all designated 'accessible' routes.

As the fiscal year ended, AC Transit still was awaiting final word from UMTA on award of a pending contract for the purchase of another 130 'New Look' buses. And the District continues to search the market for future acquisitions—assessing everything from high-capacity coaches to meet tomorrow's commuter demand, to smaller heavy duty buses for use in suburban areas.

NEW TOOLS—Automation began replacing pencils and paper in the Schedules Department as computerized scheduling systems were installed this year. The sophisticated system not only produces schedules of all District service, it also applies parameters from the labor agreement to 'cut' scheduled service efficiently into units of work performed by individual drivers. The system provides the means to readily manipulate the voluminous data required by daily operations, thereby permitting efficient refinement of service.





Hazel 1510
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Revamped Bus Routes

Prompted by the long-standing objective of seeking productivity improvements—and with an added sense of urgency resulting from continuing and increasing financial constraints—the District continued a program of careful analysis of all existing bus service, particularly in areas and on routes where ridership and farebox revenues were relatively low.

A sweeping set of adjustments restructured the bus routes operated in Fremont and Newark, greatly improving the entire transit network for many bus riders in the two cities. This was accomplished with only a modest increase in operating costs of this suburban service.

Improvements included elimination of some lightly-used bus trips, with resources diverted to beef-up commuter service. Also, a new cross-town bus route was implemented within the area, quickly proving to be an important addition to the network of service in southern Alameda County.

To achieve more direct and regular communication with riders, a new passenger newsletter—"Passenger Lines"—was introduced this year. The first issue was tailored to introduce to Fremont/Newark patrons the major realignment of service implemented in their area in June; subsequent issues for system-wide distribution are planned quarterly.

In the urban East Bay, schedules were adjusted carefully and routes were realigned, and extended in some cases, to yield more efficient employment of existing bus service. Improvements included implementation of a new direct route linking San Leandro and the Oakland Airport and direct service between BART/Coliseum station and new facilities in Oakland's fast-growing Airport Industrial Park. At year's end, the District realized a modest increase in scheduled weekday miles (from 105,803 in FY 1982 to 106,678 this year) with virtually no change in the requirement of peak hour coaches.

Tools for New Times

Hardly visible to the riders—but important in contributing to more efficient transit service—were new computerized RUCUS bus scheduling, 'EZ-Data' passenger counting systems, and an automated Maintenance and Material Management Information System installed this fiscal year.

Service planners, schedulers and other employees throughout the District became familiar with the initial products of these systems—such as drivers' 'paddles' (the operator's schedule and route description), and revised public timetables. RUCUS and EZ-Data were scheduled to be entirely implemented by late 1983, with MMMIS going on-line shortly thereafter.

Service planners also were busy generating guidelines to help public entities and private developers integrate public transportation into plans for tomorrow's new communities.

New informational handbooks published by AC Transit this year included: "Guide for Including Public Transit in Land Use Planning," a 'how to' booklet disseminated to local, regional and state policy-makers and city planning staffs; and the "AC Transit Facilities Standards Manual," a guidebook for city planners, detailing the roadways, turn-arounds, bus stops, and other physical facilities required by mass transit operations.

FACILITIES UPGRADE

While monies for operations remained restricted, hard-won funds from regional, state, and federal sources enabled the District to move ahead on the facilities improvement program—with the promise of significant short- and long-term benefits for the East Bay. Initial phases of this multi-million-dollar, multi-phase program generated the first of some 7,500 construction jobs expected to result from the District's upgrading activities in the two-county service area.

When completed in the mid-1980's, this project will encompass the following: revamping of all existing operating and support facilities; creation of a new Central Maintenance and Stores building in East Oakland; a new Operating Division (with an adjacent Training and Education Center) in Hayward; and new General Offices in downtown Oakland.

By mid-decade, AC Transit expects to be streamlined, updated, and efficiency-oriented—ready to meet the challenges of projected increases in demand for public transportation services.

**NO
SMOKING**



Central Maintenance

By the end of FY 1982-83, construction workers were building an East Oakland facility that will combine Central Maintenance, and Purchases and Stores Department's receiving and warehousing functions (relocated from current crowded space in the Emeryville Division). Central Maintenance is scheduled to be fully operational by mid-1984.

This \$21 million project will greatly enhance the District's effectiveness in carrying out heavy duty maintenance work, such as engine and transmission overhauls—leaving the operating divisions free to focus on routine preventive maintenance and regular vehicle check-ups. This facility also will house part of the District's data processing operation, providing back-up for computer services and related management information systems.

Operating Divisions

Projects on the architects' drawing boards this year included major revamping of Emeryville Division—the District's oldest operating facility, dating from the 1930's—Seminary (East Oakland) Division, and Richmond Division. These aged structures are being modernized (and in some cases replaced) to provide more efficient facilities for the servicing and operation of more than 700 buses. When completed in the mid-1980's, these improvement projects are expected to cost more than \$50 million.

Also planned: a new operational division in Hayward, scheduled to absorb the existing Newark Division and to ease currently crowded conditions at Seminary Division. When completed, this \$20 million project also will include a new Training and Education Center with facilities and staff for a wide-range of training activities—from orienting new bus drivers to teaching diesel maintenance to providing management development courses.

ACcessible TRANSIT—Operated on more than two dozen bus routes, accessibility equipment—including wheelchair lifts and bus "kneelers"—provide added mobility to a new group of bus riders: handicapped persons. On weekdays, lift-use has approached 100 requests a day—including significant numbers of commute-hour trips. One fifth of the requests come from riders who are not confined to wheelchairs, but still have special needs because they use walkers, crutches or other tools to overcome mobility impairment.





General Offices

To complete this massive, much-needed District-wide improvement program, Directors authorized acquisition of a site in downtown Oakland for the construction of new General Offices. Though not yet on the drawing boards, this facility is slated to be the center of the District's executive, administrative and staff-support functions, now housed in outmoded quarters within a downtown Oakland building more than half a century old.

Fares Go Up

In this fiscal year, fares were adjusted to help offset the growing deficits that continue to cloud AC Transit's financial future. On July 1st, the regular adult local fare went to 60¢—some 140 percent higher than in 1978, the year when 'Proposition 13' (California's Property Tax Initiative) won voters' approval and severely eroded the District's financial support. Adjustments also were made in all categories of fares—including rates for youth and for seniors and the handicapped.

At the same time, the District implemented a greatly simplified transfer policy. The new transfer rules, accompanied by utilization of transfer-issuing machines, allows the rider to take a second bus in any direction, eliminating directional limitations. And the machine-stamped time limit for each transfer (printing effective date and expiration time) has greatly reduced rider misunderstandings in identifying and properly using valid transfers.

Safety and Claims

While registering more than 32 million miles in revenue service this year, the District's drivers earned a total of 1,059 individual safe driving awards—including 47 individual citations for 20 or more accident-free years at the wheels of buses.

The year's District-wide safety statistics also reflected an improvement: average miles between accidents increased again—up from 16,418 miles-per-mishap in FY 1982 to 16,600 this year.

AWARD WINNERS—*Preventive maintenance continued to be a key factor in keeping the fleet on the streets. The men and women of the Maintenance Department continued to garner recognition from others in the industry. Again in 1983, their efforts earned a Fleet Owners Maintenance Efficiency Award.*

Paid losses for personal injury and property damage claims increased slightly during the year, from \$1,142,814 in FY 1982 to \$1,158,616 in FY 1983, reflecting a six percent rise in the number of claims filed. But under the District's self-insured Workers' Compensation Program, a substantial 25 percent decrease was experienced despite an increase in medical costs: benefits paid totalled \$1,246,672 in FY 1983, compared to \$1,670,498 the year before.

Another immediate boon to riders was the progress in discouraging vandalism and anti-social behavior on the buses. Installation of more than 100 surveillance cameras was one of the tools applied to quell trouble-makers. The labors of 'Bay Area United Youth'—young people working with the District in a community-based, antivandalism/youth job campaign—yielded substantial results. And a close working relationship between AC Transit's security coordinator and local law enforcement agencies paid dividends. As a result, the District realized a 40 percent decrease in incidents occurring on coaches.

Administration

Directors selected Michael H. Fajans, an urban planner representing the District's Ward I, to serve as Board President in January 1983. Ray Rinehart, a Director-at-large and veteran of Board service, was selected Vice President. The Directors welcomed a new member to the Board: Linda I. Shepard, elected by voters to represent Ward V.





NEW RECORD—Bus Driver John D. Zorman hit a new plateau in the District's annals this year, becoming the first AC Transit operator to achieve a 32-year Safe Driving Award. His accomplishment represents some one million mishap-free miles behind the steering wheel; and it's estimated that Zorman has provided safe trips to nearly two million bus riders since starting his public transit career.

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CERTIFIED PUBLIC ACCOUNTANTS

AUDITORS' OPINION

The Board of Directors,
Alameda-Contra Costa Transit District:

We have examined the combined balance sheets of Alameda-Contra Costa Transit District as of June 30, 1983 and 1982 and the related combined statements of revenues and expenses, changes in 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.

In our opinion, such combined financial statements present fairly the combined financial position of Alameda-Contra Costa Transit District at June 30, 1983 and 1982 and the combined results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Adams, Grant, White & Co.

Deloitte Haskins & Sells

September 23, 1983

COMBINED BALANCE SHEETS

JUNE 30, 1983 AND 1982

ASSETS	NOTES	1983	1982
CURRENT ASSETS:			
Cash and investments		\$ 27,404,000	\$ 40,365,000
Accounts receivable and accrued revenues:	3,4		
Federal grants		10,111,000	1,468,000
Other, principally state and local assistance		4,456,000	3,191,000
Materials and supplies, at cost		1,524,000	1,406,000
Prepaid expenses		719,000	483,000
Total current assets		44,214,000	46,913,000
CASH AND INVESTMENTS APPROPRIATED FOR ACCRUED PENSION COSTS		54,894,000	45,838,000
PROPERTY, PLANT AND EQUIPMENT:			
Land	2	11,308,000	9,116,000
Buildings, structures and improvements		2,448,000	2,448,000
Revenue equipment		94,842,000	66,638,000
Shop, office and other equipment and service vehicles		5,639,000	4,789,000
Acquisitions in progress		10,694,000	1,915,000
Total property, plant and equipment		124,931,000	84,906,000
Accumulated depreciation		(30,787,000)	(31,015,000)
Property, plant and equipment—net		94,144,000	53,891,000
Total		\$193,252,000	\$146,642,000
LIABILITIES AND CAPITAL			
CURRENT LIABILITIES:			
Accounts payable		\$ 4,127,000	\$ 2,909,000
Salaries, wages and vacations		5,809,000	5,192,000
Other accrued liabilities	5	2,976,000	2,768,000
Advances under grants	2	4,904,000	10,544,000
Self-insurance reserves:	2		
Workers' compensation		2,479,000	2,576,000
Public liability and property damage		2,264,000	1,390,000
Total current liabilities		22,559,000	25,379,000
ACCRUED PENSION COSTS	2,7	54,894,000	45,838,000
CAPITAL:			
District equity	2,6,8	34,115,000	33,304,000
Contributed capital:			
Federal grants		59,887,000	29,883,000
State toll bridge funds		13,881,000	10,840,000
Local transportation funds		7,916,000	1,398,000
Total capital		115,799,000	75,425,000
Total		\$193,252,000	\$146,642,000

See notes to combined financial statements.

COMBINED STATEMENTS OF REVENUES AND EXPENSES

FOR THE YEARS ENDED JUNE 30, 1983 AND 1982

	NOTES	1983	1982
REVENUES:			
Fares		\$32,313,000	\$27,589,000
Contract service		6,113,000	5,415,000
Other operating revenues		502,000	496,000
Property taxes for operations		13,440,000	14,999,000
Operating assistance:	4		
Local transportation funds		18,313,000	20,363,000
Local sales tax (AB 1107)		15,731,000	14,492,000
Federal		6,232,000	11,540,000
State Transit Assistance Fund		2,109,000	
Interest earned on appropriated District funds and working capital, less amounts allocated to accrued pension costs	2,6,7	3,219,000	4,937,000
Total		<u>97,972,000</u>	<u>99,831,000</u>
EXPENSES:			
Operators' wages		33,339,000	32,748,000
Other wages		17,471,000	16,662,000
Fringe benefits		24,695,000	25,208,000
Services		3,359,000	4,144,000
Fuel and oil		6,693,000	7,274,000
Other materials and supplies		6,025,000	6,288,000
Insurance		2,204,000	1,662,000
Leases and rentals		545,000	476,000
Other		2,672,000	2,293,000
Total		<u>97,003,000</u>	<u>96,755,000</u>
EXCESS OF REVENUES BEFORE DEPRECIATION	2,6,7	969,000	3,076,000
DEPRECIATION		5,397,000	4,116,000
EXCESS OF EXPENSES OVER REVENUES		<u>\$ (4,428,000)</u>	<u>\$ (1,040,000)</u>

See notes to combined financial statements.

COMBINED STATEMENTS OF CHANGES IN CAPITAL

FOR THE YEARS ENDED JUNE 30, 1983 AND 1982

	NOTES	CONTRIBUTED CAPITAL				TOTAL
		DISTRICT EQUITY	FEDERAL GRANTS	STATE TOLL BRIDGE FUNDS	LOCAL TRANS- PORTATION FUNDS	
BALANCE, JULY 1, 1981		\$30,989,000	\$30,041,000	\$ 6,425,000	\$2,497,000	\$ 69,952,000
Excess of expenses over revenues		(1,040,000)				(1,040,000)
Depreciation expense transferred from District equity		3,355,000	(2,607,000)	(537,000)	(211,000)	
Capital grant funds earned	3		2,449,000	4,952,000	263,000	7,664,000
Land transferred to CCCTA	1				(1,151,000)	(1,151,000)
BALANCE, JUNE 30, 1982		<u>33,304,000</u>	<u>29,883,000</u>	<u>10,840,000</u>	<u>1,398,000</u>	<u>75,425,000</u>
Excess of expenses over revenues		(4,428,000)				(4,428,000)
Depreciation expense transferred from District equity		5,239,000	(3,933,000)	(841,000)	(465,000)	
Capital grant funds earned	3		35,313,000	4,176,000	7,034,000	46,523,000
Revenue equipment transferred to CCCTA	1		(1,376,000)	(294,000)	(51,000)	(1,721,000)
BALANCE JUNE 30, 1983		<u><u>\$34,115,000</u></u>	<u><u>\$59,887,000</u></u>	<u><u>\$13,881,000</u></u>	<u><u>\$7,916,000</u></u>	<u><u>\$115,799,000</u></u>

See notes to combined financial statements.

COMBINED STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 1983 AND 1982

1983**1982****SOURCES OF WORKING CAPITAL:**

Operations:

Excess of expenses over revenues	\$ (4,428,000)	\$ (1,040,000)
Expenses not requiring working capital—depreciation	5,397,000	4,116,000
Working capital provided by operations	969,000	3,076,000
Increase in accrued pension costs	9,056,000	11,387,000
Capital grant funds earned	46,523,000	7,664,000
Transfer of land and revenue equipment to CCCTA	1,721,000	1,151,000
Total	58,269,000	23,278,000

APPLICATION OF WORKING CAPITAL:

Increase in cash and investments appropriated for accrued pension costs	9,056,000	11,387,000
Acquisition of property, plant and equipment	47,370,000	10,157,000
Transfer of land and revenue equipment to CCCTA	1,721,000	1,151,000
Total	58,147,000	22,695,000

INCREASE IN WORKING CAPITAL

\$ 122,000	\$ 583,000
-------------------	-------------------

INCREASE (DECREASE) IN COMPONENTS OF WORKING CAPITAL:

Current assets:

Cash and investments	\$(12,961,000)	\$22,067,000
Accounts receivable and accrued revenues	9,909,000	(12,117,000)
Materials and supplies	119,000	136,000
Prepaid expenses	235,000	16,000
Total	(2,698,000)	10,102,000

Current liabilities:

Accounts payable and accrued liabilities	2,043,000	1,272,000
Advances under grants	(5,640,000)	7,278,000
Self-insurance reserves	777,000	969,000
Total	(2,820,000)	9,519,000

INCREASE IN WORKING CAPITAL

\$ 122,000	\$ 583,000
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See notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Organization and Basis of Presentation

Alameda-Contra Costa Transit District (the District) is a political subdivision of the State of California established in 1956 and subject to transit district law as codified in the California Public Utilities Code.

The accompanying financial statements include the combined financial position, results of operations and changes in financial position of the District's 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 (BART) 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 operating assistance and, for BART express service, by direct reimbursement which is recorded as contract service revenue.

The District has entered into an agreement with the Central Contra Costa Transit Authority (CCCTA) whereby transit services in Central Contra Costa County which were previously provided by the District were assumed by CCCTA commencing June 6, 1982. As a part of this agreement, the District transferred to CCCTA certain land having a book value of approximately \$1,151,000 during 1982 and certain revenue equipment having a book value of \$1,721,000 during 1983.

2. Summary of Significant Accounting Policies

Investments are stated at amortized cost which approximates market value.

Property, plant and equipment is stated at cost and depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 35 years
Revenue equipment	15 years
Shop, office and other equipment and service vehicles	5 to 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 each occurrence. Claims in excess of these amounts are insured with commercial carriers. The District provides, in each period, reserves to cover the estimated costs of the self-insured portion of these claims.

Pensions—The District has two noncontributory pension plans, one covering all union employees and another providing similar benefits for nonunion employees. Provisions for pension accruals are based on percentages of gross payroll which provide for the normal cost of the plans plus amortization of prior service cost over a period of not more than forty years. Cash and investments equal to such provisions are appropriated annually by the Board of Directors to provide for the payment of benefits.

Contributed capital—The District periodically receives Federal grants from the Urban Mass Transportation Admin-

istration (UMTA) of the U.S. Department of Transportation, local transportation funds and state toll bridge revenues (see Note 3) for the acquisition of buses and other equipment and improvements. Capital grant funds earned, less depreciation of the related assets, are included in contributed capital. Advances received on capital grants are recorded as liabilities until the funds are expended for capital acquisitions.

3. Capital Grants

The District has seventeen grant contracts in process with UMTA which provide Federal funds for the acquisition of buses and other equipment and improvements. These grants are summarized at June 30, 1983 as follows:

Total approved costs	\$149,896,000
Total Federal grants	\$118,519,000
Less:	
Amounts received	(69,867,000)
Amounts receivable—net	(3,809,000)
Remaining amount available under Federal grants	\$ 44,843,000

The District is committed to purchase additional equipment at a cost of approximately \$40,616,000 in connection with these projects.

At June 30, 1983 buses and other equipment with a cost of \$94,077,000 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.

Under provisions of the California Streets and Highways Code, the District has received allocations of \$4,176,000 and \$4,952,000 for the years ended June 30, 1983 and 1982, respectively, to meet certain of its capital requirements. These funds are generated from net toll bridge revenues of the San Francisco Bay Bridges and are allocated based on claims approved by the Metropolitan Transportation Commission (MTC).

Local transportation funds received for capital grant projects pursuant to the Transportation Development Act of 1971 were \$1,502,000 and \$263,000 for the years ended June 30, 1983 and 1982, respectively. Local sales tax funds and property taxes received for capital purposes were \$4,938,000 and \$594,000, respectively, for the year ended June 30, 1983.

4. Operating Assistance

Federal operating assistance funds are apportioned to the local urbanized area and are allocated to individual transit operators by MTC after approval by UMTA. The District was allocated \$6,232,000 and \$11,540,000 of Federal operating assistance for the years ended June 30, 1983 and 1982, respectively, pursuant to Sections 5 and 9 of the Urban Mass Transportation Act of 1974. The 1982 funds include \$1,800,000 of UMTA Section 5 operating funds to be applied against authorized expenditures incurred

in the prior fiscal year. Allocations received during 1983 are subject to final audit and approval by MTC and UMTA.

Pursuant to the Transportation Development Act of 1971, the District has received allocations of local transportation funds of \$18,313,000 and \$20,363,000 for the years ended June 30, 1983 and 1982, respectively, and an allocation of \$2,109,000 from the State Transit Assistance Fund for the year ended June 30, 1983. These funds are allocated based on annual claims filed by the District and approved by MTC.

Local sales tax funds are allocated based on annual claims filed by the District and approved by MTC. The District was allocated \$15,731,000 and \$14,492,000 of such funds for the years ended June 30, 1983 and 1982, respectively.

5. Note Payable

Other accrued liabilities at June 30, 1983 include a 10.5% note payable for \$1,000,000 which matures on June 29, 1984. The note is secured by certain revenue equipment with a cost of approximately \$18,955,000.

6. Appropriated District Funds

The Board of Directors has authorized the appropriation of portions of available funds for the replacement of facilities and equipment and other expenditures, as follows:

	1983		1982	
Amounts available for appropriation:				
Cash and investments	\$27,404,000		\$40,365,000	
Accounts receivable and accrued revenues	14,567,000		4,659,000	
Total	41,971,000		45,024,000	
Less current liabilities	22,559,000		25,379,000	
Net	\$19,412,000		\$19,645,000	

	Balance, June 30, 1982	Additions— Interest Earned	Reductions	Balance, June 30, 1983
Amounts appropriated:				
Restricted Fund	\$ 7,639,000	\$1,291,000	\$1,152,000	\$ 7,778,000
Facilities and Equipment Replacement Fund	902,000	173,000		1,075,000
Improvement Allowance Fund	825,000	158,000		983,000
Unemployment Compensation Fund	663,000			663,000
Building Fund	6,760,000	1,074,000	2,300,000	5,534,000
Working capital	2,856,000	523,000		3,379,000
Total	\$19,645,000	\$3,219,000	\$3,452,000	\$19,412,000

The appropriated funds are to be used for the following purposes:

Restricted Fund—to provide for unusual or otherwise necessary expenditures for repair, improvements to or replacement of essential elements of the District's facilities or for operating requirements.

Facilities and Equipment Replacement Fund—for the purpose of meeting the District's contractual and related responsibilities as a recipient of Federal, state and local capital grants.

Improvement Allowance Fund—to fund certain nonrecurring operating expenses or costs of preliminary engineering, environmental impact studies, preparation of capital grant applications, professional and technical service agreements and the procurement of equipment and material related to capital improvements which initially may not be reimbursable by Federal grants.

Unemployment Compensation Fund—to provide for potential unemployment liabilities which may result in the event of curtailment of services to or deannexation of District No. 2.

Building Fund—to assist in meeting the District's potential financial requirements associated with the purchase, construction or rehabilitation of a building to provide adequate permanent accommodations for the District's general offices consistent with the master Facilities Improvement Program.

7. Pensions

The provision for pension accrual for the year ended June 30, 1983 was \$6,482,000 (1982, \$7,741,000) plus an allocation of \$5,418,000 of interest earned on District investments (1982—\$6,190,000). Benefit payments for the year were \$2,844,000 (1982, \$2,538,000).

A comparison of accumulated plan benefits and cash and investments appropriated for accrued pension costs as of January 1, 1983 and 1981, the dates of the two most recent actuarial valuations, follows:

	January 1	
	1983	1981
Actuarial present value of accumulated plan benefits:		
Vested	\$54,637,000	\$48,872,000
Nonvested	5,555,000	3,095,000
Total	\$60,192,000	\$51,967,000
Cash and investments appropriated for accrued pension costs	\$51,499,000	\$29,186,000

The increase in the actuarial present value of accumulated plan benefits is primarily attributable to increases in employee compensation and years of service offset in part by a change in certain actuarial assumptions including an increase in the assumed rate of return on investments from 5½% to 8% and a decrease in the assumed retirement age from 65 to a range from 55 to 65.

8. Litigation

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

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CERTIFIED PUBLIC ACCOUNTANTS

AUDITORS' OPINION

The Board of Directors
Alameda-Contra Cost Transit District:

We have examined the accompanying schedule of revenues and expenses by special transit service district and contract service area of Alameda-Contra Costa Transit District for the year ended June 30, 1983. 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 described in Note 1, the accompanying schedule was prepared in accordance with the terms of a contract dated October 9, 1974 between the District and the Bay Area Rapid Transit District (BART) as amended by the Contract Service Pricing Method described in the Performance Audit Report of the District dated June 30, 1980 and a letter agreement dated July 14, 1983 between the District and BART (the Contract). The accompanying schedule excludes certain interest income that is not considered in the determination of contract revenue and expense.

In our opinion, the schedule of revenues and expenses referred to above presents fairly the revenues and expenses by special transit service district and contract service area of Alameda-Contra Costa Transit District for the year ended June 30, 1983, in accordance with the terms of the Contract consistently applied.

Adams, Grant, White & Co.

Deloitte Haskins & Sells

September 23, 1983

SCHEDULE OF REVENUES AND EXPENSES
BY SPECIAL TRANSIT SERVICE DISTRICT AND CONTRACT SERVICE AREA
 FOR THE YEAR ENDED JUNE 30, 1983

	SPECIAL TRANSIT SERVICE DISTRICT	
	DISTRICT NO. 1	DISTRICT NO. 2
REVENUES:		
Fares	\$30,436,000	\$ 582,000
Contract service		
Property taxes for operations	11,941,000	1,499,000
Operating assistance:		
Local sales tax (TDA)	14,591,000	2,904,000
Local sales tax (AB 1107)	15,731,000	
State Transit Assistance Fund	2,109,000	
Federal:		
Section 5 grants	5,000,000	594,000
Section 9 grants	69,000	
Other operating revenue:		
Advertising	329,000	29,000
Charter	11,000	
Other transit fares	36,000	
Other	50,000	
Interest earned on unrestricted funds	446,000	77,000
Total	<u>80,749,000</u>	<u>5,685,000</u>
EXPENSES:		
Operator wages	28,384,000	2,092,000
Other wages	14,542,000	1,222,000
Fringe benefits	20,863,000	1,611,000
Services	2,794,000	235,000
Fuel and oil	5,555,000	468,000
Other materials and supplies	5,006,000	421,000
Insurance	1,830,000	154,000
Leases and rentals	454,000	38,000
Other	2,155,000	337,000
Total	<u>81,583,000</u>	<u>6,578,000</u>
EXCESS OF EXPENSES OVER REVENUES BEFORE DEPRECIATION	834,000	893,000
DEPRECIATION	4,480,000	377,000
EXCESS OF EXPENSES OVER REVENUES	<u>\$ 5,314,000</u>	<u>\$1,270,000</u>
STATISTICAL DATA:		
Hours	1,821,000	143,000
Miles	25,518,000	2,304,000
Farebox recovery ratio	38.7	8.8
Operating revenue ratio	39.7	10.5

See notes to schedule of revenues and expenses by special transit service district and contract service area.

..... CONTRACT SERVICE AREA			
BART	EASTERN CONTRA COSTA COUNTY	WESTERN CONTRA COSTA COUNTY	COMBINED
\$1,160,000	\$ 103,000	\$ 32,000	\$32,313,000
6,113,000			6,113,000
			13,440,000
	607,000	211,000	18,313,000
			15,731,000
			2,109,000
	429,000	140,000	6,163,000
			69,000
40,000	5,000	2,000	405,000
			11,000
			36,000
			50,000
			523,000
<u>7,313,000</u>	<u>1,144,000</u>	<u>385,000</u>	<u>95,276,000</u>
2,337,000	395,000	131,000	33,339,000
1,429,000	207,000	71,000	17,471,000
1,830,000	293,000	98,000	24,695,000
275,000	41,000	14,000	3,359,000
561,000	81,000	28,000	6,693,000
500,000	73,000	25,000	6,025,000
185,000	26,000	9,000	2,204,000
45,000	6,000	2,000	545,000
151,000	22,000	7,000	2,672,000
<u>7,313,000</u>	<u>1,144,000</u>	<u>385,000</u>	<u>97,003,000</u>
			1,727,000
<u>453,000</u>	<u>65,000</u>	<u>22,000</u>	<u>5,397,000</u>
<u>\$ 453,000</u>	<u>\$ 65,000</u>	<u>\$ 22,000</u>	<u>\$ 7,124,000</u>
148,000	26,000	8,000	2,146,000
3,101,000	380,000	136,000	31,439,000
15.9	9.0	8.4	34.5
100.0	9.5	8.9	41.8

NOTES TO SCHEDULE OF REVENUES AND EXPENSES BY SPECIAL TRANSIT SERVICE DISTRICT AND CONTRACT SERVICE AREA

1. Organization and Basis of Presentation

Alameda-Contra Costa Transit District (the District) is a political subdivision of the State of California established in 1956 and subject to transit district law as codified in the California Public Utilities Code.

The accompanying schedule is prepared in accordance with the terms of a contract dated October 9, 1974 between the District and the Bay Area Rapid Transit District (BART) as amended by the Contract Service Pricing Method described in the Performance Audit Report of the District dated June 30, 1980 and a letter agreement dated July 14, 1983 between the District and BART (the Contract).

The schedule includes the revenues and expenses of the District's Special Transit Service Districts No. 1 and No. 2 and other areas in which the District has contracted to provide transit service. Interest earned on restricted funds is not considered in the determination of contract revenue and expense and, accordingly, has been excluded from the accompanying schedule.

2. Summary of Significant Accounting Policies

Allocation of Revenues and Expenses—In accordance with the terms of the Contract, operator wages and fringe benefit costs are based on actual costs incurred. Other expenses are allocated based on vehicle mileage and hours. The following costs are not allocated to the Contract Service Areas and have been charged to Special Transit Service Districts No. 1 and No. 2 as follows:

	District No. 1	District No. 2
Interest	100%	
Charter Office	100	
Purchased Transportation		
Services for elderly and handicapped patrons		100%
Board of Directors	80	20
General Manager	80	20
Meetings and Memberships	80	20
Transbay Terminal	100	

Marketing expenses are allocated to all Contract Service Areas except BART.

Fare revenue is allocated based on vehicle mileage and hours and passenger test counts. Advertising revenue is allocated based on vehicle miles. The allocated cost of providing transit service, less related operating revenue, is funded from local transportation funds, state and Federal operating assistance and, for BART express service, by direct reimbursement which is recorded as contract service revenue.

Statistical Data—Hours and miles represent the standard operating time and distance for each route multiplied by the number of times each route is traveled in the production of revenue. Included is a standard allowance for vehicles traveling to and from the beginning and end of each route.

Farebox recovery ratio is the sum of fares, BART transfers, and other transit fares divided by total expenses before depreciation. Operating revenue ratio is the sum of fares, contract service, BART transfers, other operating revenue and interest earned on unrestricted funds divided by total expenses before depreciation.

Depreciation is computed using the straight-line method over the following estimated useful lives:

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 each occurrence. Claims in excess of these amounts are insured with commercial carriers. The District provides, in each period, reserves to cover the estimated costs of the self-insured portion of these claims.

Pensions—The District has two noncontributory pension plans, one covering all union employees and another providing similar benefits for nonunion employees. Provisions for pension accruals are based on percentages of gross payroll which provide for the normal cost of the plans plus amortization of prior service cost over a period of not more than forty years. Cash and investments equal to such provisions are appropriated annually by the Board of Directors to provide for the payment of benefits. The provision for pension accrual for the year ended June 30, 1983 was \$6,482,000.

3. Operating Assistance

Federal operating assistance funds are apportioned to the local urbanized area and are allocated to individual transit operators by the Metropolitan Transportation Commission (MTC) after approval by the Urban Mass Transportation Administration (UMTA). The District was allocated \$6,232,000 of Federal operating assistance for the year ended June 30, 1983 pursuant to Sections 5 and 9 of the Urban Mass Transportation Act of 1974. Allocations received during 1983 are subject to final audit and approval by MTC and UMTA.

Pursuant to the Transportation Development Act of 1971, the District has received allocations of local transportation funds of \$18,313,000 and \$2,109,000 from the State Transit Assistance Fund for the year ended June 30, 1983. These funds are allocated based on annual claims filed by the District and approved by MTC.

Local sales tax funds are allocated based on annual claims filed by the District and approved by MTC. The District was allocated \$15,731,000 of such funds for the year ended June 30, 1983.

4. Litigation

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



Michael H. Fajans
President

DIRECTORS AND MANAGEMENT

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Vice President



Roy Nakadegawa



William Berk



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John McDonnell



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Robert E. Nisbet
General Manager



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Manager for Administration
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Manager for Finance



Robert J. Shamoon
Assistant General
Manager for
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Glenn R. Andrade
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Stores Manager



Richard A. Fratus
Controller



Mike Mills
Marketing Manager



Loren A. Ball
Transportation
Manager



Ozro D. Gould
Risk Manager



Warren E. Robinson
Transportation
Engineer



Donald S. Larson
Research and
Planning Manager



John W. Rose, Jr.
Affirmative Action
Coordinator



Gregory L. Ford
Administrative
Projects Manager



Jim Lowe
Information
Systems Director

