

OFFICIAL STATEMENT

Relating to

\$16,500,000

Alameda-Contra Costa Transit District
Special Transit Service District No. 1

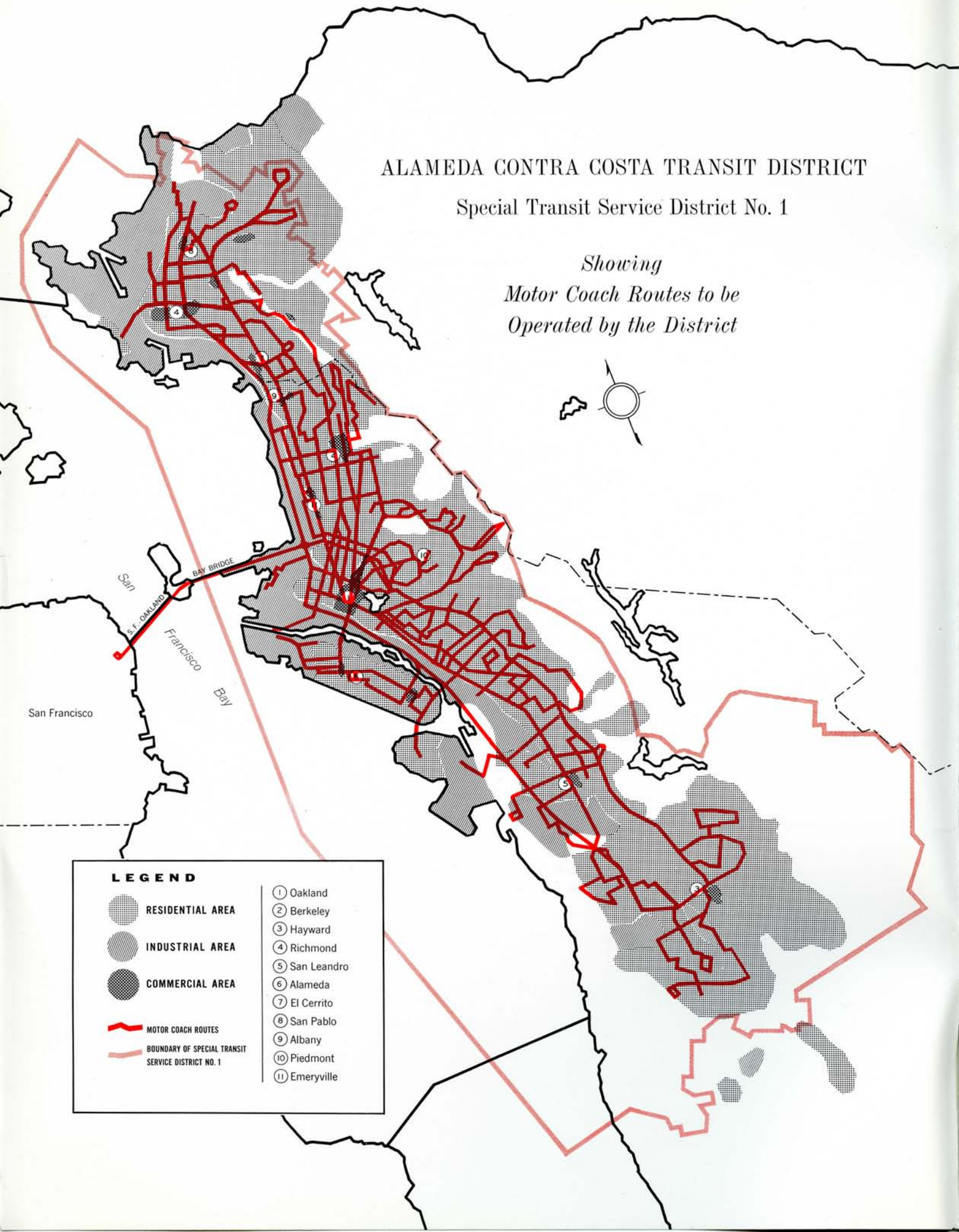
General Obligation Bonds

The date of this Official Statement is August 17, 1960

ALAMEDA CONTRA COSTA TRANSIT DISTRICT

Special Transit Service District No. 1

*Showing
Motor Coach Routes to be
Operated by the District*



LEGEND

RESIDENTIAL AREA

INDUSTRIAL AREA

COMMERCIAL AREA

MOTOR COACH ROUTES

BOUNDARY OF SPECIAL TRANSIT
SERVICE DISTRICT NO. 1

- ① Oakland
- ② Berkeley
- ③ Hayward
- ④ Richmond
- ⑤ San Leandro
- ⑥ Alameda
- ⑦ El Cerrito
- ⑧ San Pablo
- ⑨ Albany
- ⑩ Piedmont
- ⑪ Emeryville

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

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Consulting Engineers

ORRICK, DAHLQUIST, HERRINGTON & SUTCLIFFE, *San Francisco*
Bond Counsel

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THE FIRST NATIONAL CITY BANK OF NEW YORK, *New York*
HARRIS TRUST and SAVINGS BANK, *Chicago*
Paying Agents

BLYTH & CO., INC., *San Francisco*
Financing Consultants

TABLE OF CONTENTS

	Page
INTRODUCTORY	1
THE BONDS	2-3
Authority for Issuance.....	2
Description of Bonds.....	2
Redemption	2
Application of Bond Proceeds.....	2
Security of Bonds.....	2
Paying Agents	2
Registration	3
Legal Opinion	3
Tax Status	3
Legality for Investment in California.....	3
THE DISTRICT	4-13
General	4
Organization	6
Officers and Finances.....	7
Acquisition of Properties.....	8
Population Records and Forecasts.....	9
Traffic and Revenues.....	10
Revenue Projections, Debt Service and Taxing Power.....	11
Assessed Valuation and Bonded Debt.....	12-13
ECONOMIC BACKGROUND	14-19
Contra Costa County Cities.....	14
Alameda County Cities.....	14-16
Industry	16
Agriculture	17
Retail Sales	17
Banking and Finance.....	18
Transportation	18
San Francisco Bay Area Rapid Transit District.....	19
Appendix 1—SUMMARY FEASIBILITY REPORT.....	21-28
Appendix 2—ABSTRACT OF PURCHASE AGREEMENT.....	29-32

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

506 FIFTEENTH STREET • OAKLAND • CALIFORNIA

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to furnish information regarding the issuance and sale of \$16,500,000 general obligation bonds of Special Transit Service District No. 1 of Alameda-Contra Costa Transit District. It is presented for the information of all who may become holders of those bonds.

The material contained in this Official Statement was compiled for and at the direction of the Alameda-Contra Costa Transit District by Blyth & Co., Inc., in its capacity as financing consultant to the District. Attached to and made a part of the Official Statement is the summary feasibility report of Messrs. DeLeuw, Cather & Company, independent engineers retained by the District for studies and recommendations relating to the acquisition and operation of mass transit facilities. Other summaries of engineering and legal documents contained in the Official Statement do not purport to be complete or authoritative. Reference is made to the documents on file at the office of the District for full information.

This Official Statement is not to be construed as a contract with purchasers of the Bonds. All statements herein contained which involve estimates or matters of opinion, whether or not expressly so designated, are to be read as such and not as representations of fact. All legal matters incident to the authorization, issuance, and sale of the bonds are subject to approval of Messrs. Orrick, Dahlquist, Herrington & Sutcliffe, San Francisco, as Bond Counsel to the District.

The execution and delivery of this Official Statement has been authorized by the District.

August 17, 1960

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

By ROBERT K. BARBER
President of the Board of Directors

By JOHN R. WORTHINGTON
General Manager



View of East Bay cities and San Francisco-Oakland Bay Bridge from downtown San Francisco. Albany and Berkeley at upper left; Oakland, Emeryville and Piedmont upper center; Alameda to right of estuary, with Naval Air Station at front and residential sections to rear. San Leandro and San Lorenzo extend southward behind the estuary. To the right of center in the foreground are the exclusive bus ramps in San Francisco leading to the Transbay Transit Terminal.

© Photo by Clyde Sunderland

INTRODUCTORY

The Alameda-Contra Costa Transit District embraces the most densely populated parts of Alameda County and Contra Costa County. These areas lie directly east of San Francisco across San Francisco Bay. The District is almost co-extensive with Special Transit Service District No. 1, which includes eight incorporated cities in Alameda County, three adjoining cities in Contra Costa County, and a number of unincorporated suburban sections tributary to this metropolitan area. The Special Transit Service District, including a recent annexation, has an estimated population of 940,000 and covers approximately 240 square miles. Property within the District has a current estimated market value approximating \$6 billion.

Mass transportation has always been a vital factor in the economy of the East Bay cities. In earlier years this came about as a result of economic dependence upon San Francisco, to which city a large number of residents commuted daily to work. During recent decades, and particularly from the onset of World War II, the economic dependence of the East Bay upon San Francisco has been much reduced, though the total traffic between the two areas has continued to increase. The east shore of San Francisco Bay now has a well-established industrial belt extending from Richmond in the north to Hayward in the south, a distance of over forty miles. Many persons employed in this area reside in San Francisco. Commercial enterprises of the principal cities included in the metropolitan area now rival those of San Francisco and supply the daily needs of a somewhat larger underlying population. Thus, without appreciable reduction in the number of persons commuting to San Francisco, an increase has taken place in the number moving daily to and from places of employment within the East Bay.

The Key System, a private company now associated with National City Lines, has long provided mass transportation both within the area and between San Francisco and the East Bay. Efforts of the company to cope with the problems of growth and necessary modernization were hampered by heavy capital requirements and tax burdens, and have not kept pace with the needs of the area, resulting in a generally unsatisfactory transit situation. In 1956 the District was formed to provide for an orderly long-range solution, and in 1959 general obligation bonds in the amount of \$16,500,000 were approved by voters of Special Transit Service District No. 1 for acquisition of the private facilities and of additional, fully modern, equipment. Early in 1960, agreement was reached in negotiations between the company and the District, placing a price of \$7½ million on the facilities to be acquired.

The District will commence operation on October 1, 1960 with approximately the same service schedules as presently exist. Several new lines will be subsequently added. Proceeds of the present issue of bonds will be applied primarily to the purchase of the existing private facilities and acquisition of new buses to inaugurate an improved transit system as recommended by DeLeuw, Cather & Company, independent engineers. A program of systematic improvements over a period of several years has been drawn up by the engineers and adopted by the District subject to modification as required by actual growth patterns.

The bonds authorized are ultimately secured by unlimited ad valorem taxing power against an assessed valuation presently estimated at \$1,534 million. Maximum debt service in any year is equivalent to less than 10¢ per \$100 on this assessed valuation. It is believed that taxation will be unnecessary and that net revenues will fully support the bonds, and will in addition provide adequate funds for orderly and systematic replacement and augmentation of the facilities.

THE BONDS

Authority for Issuance

Bonds in the amount of \$16,500,000 were authorized by the voters of the Special Transit Service District No. 1 at an election held on October 20, 1959. The bonds will be issued pursuant to provisions of the Transit District Law (Part 1, Div. 10, California Public Utilities Code) enacted in 1955, as amended.

Description of Bonds

The Bonds will be dated September 1, 1960 and will comprise \$16,500,000 par value, general obligation bonds of Special Transit Service District No. 1 of Alameda-Contra Costa Transit District. Interest will be payable semi-annually, March 1 and September 1 each year. Bonds will be issued in denominations of \$1,000 in coupon form, numbered consecutively from 1 to 16,500, and will mature as set forth below:

Maturity Date	Amount	Maturity Date	Amount	Maturity Date	Amount	Maturity Date	Amount
Sept. 1, 1962	\$600,000	Sept. 1, 1967	\$725,000	Sept. 1, 1972	\$ 875,000	Sept. 1, 1977	\$1,050,000
Sept. 1, 1963	625,000	Sept. 1, 1968	750,000	Sept. 1, 1973	900,000	Sept. 1, 1978	1,100,000
Sept. 1, 1964	650,000	Sept. 1, 1969	775,000	Sept. 1, 1974	925,000	Sept. 1, 1979	1,150,000
Sept. 1, 1965	675,000	Sept. 1, 1970	800,000	Sept. 1, 1975	975,000	Sept. 1, 1980	1,400,000
Sept. 1, 1966	700,000	Sept. 1, 1971	825,000	Sept. 1, 1976	1,000,000		

Redemption

Bonds numbered 1 to 15,100, inclusive, maturing on and before September 1, 1979, are not redeemable prior to their respective maturity dates. At the option of the District, Bonds numbered 15,101 to 16,500, inclusive, maturing on September 1, 1980, are redeemable prior to their fixed maturity date, as a whole or in part, by lot, on any interest payment date on or after September 1, 1973, at the principal amount thereof and accrued interest thereon plus a premium of one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount for each year or fraction of a year remaining between the date fixed for redemption and September 1, 1980.

Application of Bond Proceeds

Proceeds of sale of the bonds, exclusive of accrued interest and premium, if any, will be applied substantially as follows:

Acquisition of all operating assets of Key System.....	\$ 7,500,000
Purchase of new buses over two-year period.....	7,682,000
Rehabilitation and dieselization of gasoline buses acquired from Key System	360,000
Acquisition of terminal facilities.....	200,000
Payment of one year's interest on bonds and miscellaneous capital expenditures	758,000
	<u>\$16,500,000</u>

Security of Bonds

The Board of Directors of Alameda-Contra Costa Transit District has power and is obligated (unless funds for the payment of said bonds are otherwise provided from revenues) to levy ad valorem taxes for the payment of said bonds and the interest thereon upon all property within Special Transit Service District No. 1 subject to taxation by Alameda-Contra Costa Transit District, without limitation of rate or amount.

Paying Agents

Both principal and interest are payable in lawful money of the United States of America at the office of the Treasurer of the District in the City of Oakland, County of Alameda, State of California,

or, at the option of the holder, at the office of any paying agent of the District in New York, New York, Chicago, Illinois, or San Francisco, California.

Registration

Bonds may be registered only as to both interest and principal. No provision exists for exchange of registered bonds for coupon bonds.

Legal Opinion

The legal opinion of Messrs. Orrick, Dahlquist, Herrington & Sutcliffe of San Francisco, California, approving the validity of the Bonds, will be furnished to the successful bidder without cost. A copy of the legal opinion will be printed on each Bond without charge to the successful bidder.

Tax Status

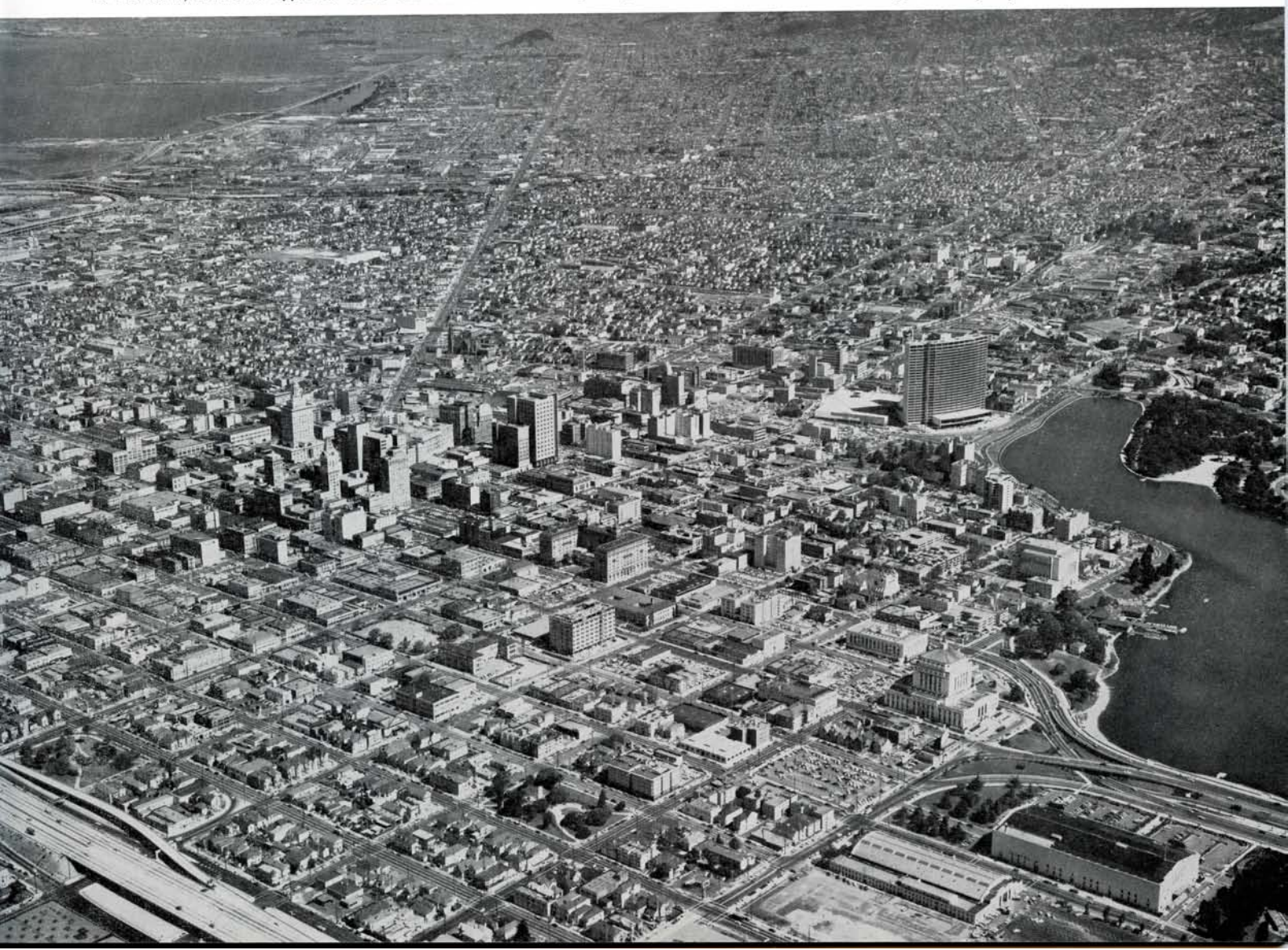
In the opinion of Bond Counsel, interest on the Bonds is exempt from present Federal income taxes and from California personal income taxes under present statutes, regulations and decisions, and the Bonds are exempt from all California taxes except inheritance, estate, gift and franchise taxes.

Legality for Investment in California

In the opinion of Bond Counsel, the Bonds when issued will be legal investments for savings banks, trust funds, and insurance companies in California, and legal for use by any state or national bank in California as security for the deposit of public funds.

Principal business section of Oakland, looking northward. In the right foreground are the Oakland Auditorium and Alameda County Courthouse; at right center, the 28-story Kaiser Center on the shore of Lake Merritt. Emeryville, Berkeley, and cities in Contra Costa County lie to the north, above the approach to the San Francisco-Oakland Bay Bridge.

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THE DISTRICT

General

Alameda County lies east of San Francisco, with which it is connected by the San Francisco-Oakland Bay Bridge. The western part of Contra Costa County, also lying along the bay shore, adjoins Alameda County to the north. Together, these two counties have a bay frontage with active industrial, shipping, commercial and residential establishments stretching some forty miles from Richmond to Hayward. Individual cities and activities are described more fully elsewhere in this Official Statement.

The hills and shore line of the East Bay (as the area is locally known) have long afforded attractive residential sites to many persons employed in San Francisco, due to the limited land area and heavy population density of that city. Commuters to San Francisco were carried by ferry boats prior to construction of the San Francisco-Oakland Bay Bridge, and by interurban trains on that bridge for about twenty years thereafter. The declining usage of those trains, due in part to rapid widening of the inhabited areas of the East Bay and to heavy labor costs of this relatively inflexible form of transbay travel, led in recent years to the substitution of buses for trains and the removal of tracks to permit additional traffic lanes for motor vehicles on the Bridge.

Meanwhile the constant growth of industry in the East Bay, which afforded larger and cheaper tracts of land than could be obtained in San Francisco, added to the problems of mass transportation between the residential and industrial areas of this growing region. The private company which served the East Bay cities was unable to keep pace with the expansion required, and as early as 1950 studies were commenced with a view to solving the transit problem.

In 1955 the California Legislature approved an act which permitted the creation of public transit districts in Alameda and Contra Costa Counties, and empowered them to acquire and improve existing systems. In November, 1956, formation of the Alameda-Contra Costa Transit District was overwhelmingly approved by the voters. Much of the territory originally included in the District, however, is not yet sufficiently developed, or is too remote from the existing service routes, to benefit greatly from the steps envisioned for the early years. As a result, the first bond issue put before the voters in 1958 failed

Northern section of Special Transit Service District No. 1, showing Albany, El Cerrito, Richmond, and San Pablo, with the Richmond-San Rafael Bridge in the left background. The large El Cerrito shopping center lies near the center, while Richmond port facilities and the Standard Oil Co. refinery and docks are seen at upper left.

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San Francisco as seen from the approximate center of the District, with Oakland in the central foreground and Alameda at the left. The Oakland port facilities and railroad freight terminals occupy the center.

© Photo by Clyde Sunderland

to receive the required two-thirds favorable vote. Results of this election indicated that the District should proceed with the acquisition and modernization of the existing lines in the more populous areas, excluding those less developed portions of Contra Costa County. Legislation was accordingly adopted in 1959 to permit the formation of special transit service districts having power to approve general obligation bonds by majority vote; and, also, to facilitate the withdrawal from the District of less developed portions of Contra Costa County.

In May, 1959, Special Transit Service District No. 1 was created, and in October of that year a bond issue of \$16,500,000 submitted to the voters of Special Transit Service District No. 1 was passed by a clear majority. Shortly thereafter a taxpayer's suit was brought to challenge the validity of the election and of the bonds. The Superior Court found in favor of the District, and this decision was unanimously sustained by the District Court of Appeal on July 15, 1960.

As a result of the legislation referred to above and a court action concerning the canvassing of the absentee votes of the original election creating the District, the greater part of Contra Costa County, including Richmond and San Pablo, was no longer in the District at the time of the October, 1959 bond election. In June, 1960, the more populous areas of Contra Costa County (Richmond, San Pablo, and an adjoining unincorporated area) overwhelmingly voted to annex back into the District, and by mutual action became a part of Special Transit Service District No. 1 on August 3, 1960, thereby assuming their share of all indebtedness of said special district, including the indebtedness authorized by the bond election of October, 1959, and likewise became responsible for a proportionate share of any future taxes the District may levy in Special Transit Service District No. 1.

Special Transit Service District No. 1, including the annexations voted in June, 1960, comprises virtually all the heavily populated region described above and extending from Richmond to Hayward. Its present population is estimated at 940,000; of this total, about 830,000 persons reside in Alameda County and 110,000 in Contra Costa County. Cities account for slightly over 806,000 of the total, and unincorporated areas for 134,000.

Organization

The District is governed by a board of seven directors, each being elected from one of five wards, and two at large. Special Transit Service District No. 1 has no separate administration or officers, being a taxing subdivision of the District which is responsible for the service of the bonds authorized. The Board of Directors has general powers of supervision and regulation of all facilities owned by the District including the fixing of rates and charges, the making and enforcing of rules, regulations, contracts, and schedules, and the provision of necessary personnel and professional services.

The General Manager is appointed by the Board and has the executive responsibility of carrying out its policies. The Board also appoints an Attorney and a Secretary. All other personnel are appointed by the General Manager and are subject ultimately to his jurisdiction.

The District has power to acquire, by purchase or condemnation, transit facilities within its boundaries and to operate and maintain them and fix rates without regulation by any other public agency. It cannot, however, control or interfere with transit facilities owned by any other public agency within the District except by consent of such other agency. At present there are no competing publicly-owned facilities within the District. The District has power to lease or contract for the operation of transit facilities by other public or private operators.

Surplus moneys in the District Treasury may be invested from time to time in District bonds, in full faith and credit obligations of the United States, in obligations issued pursuant to the Federal Home Loan Bank Act or the National Housing Act, and in such obligations of the State of California or its subdivisions as are legal as security for the deposit of public funds.

The District has power to levy ad valorem taxes against the property within its boundaries. Within Special Transit Service District No. 1, unlimited property taxes may be levied for all purposes, including service of bonded debt. The annual property tax levy outside the boundaries of any special transit service district, except for debt service payments, is limited to one cent per hundred dollars assessed val-

Southern section of the District looking northwest, with San Leandro in center, and Hayward Airport at left center. Metropolitan Oakland International Airport extends into San Francisco Bay to left of upper center. This is a rapidly developing residential and industrial location.

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A major intersection in downtown Oakland, converging point of principal bus routes serving surrounding cities, as seen from the Transit District offices.
Photo by Martin J. Cooney



A view of Oakland across Lake Merritt, showing the recently constructed Kaiser Center to the right, with 827,000 square feet of office space on 28 stories.
Photo courtesy Kaiser Center

uation. The levying of taxes for support of debt, if funds on hand are not sufficient for that purpose, is made mandatory under Section 25893 of Article 8 of the Law, which reads:

"The board shall, at the time of fixing the general tax levy and in the manner provided for the general tax levy, levy and collect annually until the district's bonds are paid, or until there is a sum in the treasury of the district set apart for that purpose to meet all sums coming due for principal and interest on the bonds as they become due a tax sufficient to pay the annual interest on the bonds and such part of the principal thereof as becomes due before the proceeds of a tax levied at the next general tax levy will be available. If the maturity of the indebtedness created by the issue of bonds begins more than one year after the date of the issuance thereof, the tax shall be levied and collected annually at the time and in the manner aforesaid, sufficient to pay the interest on the indebtedness as it falls due and to constitute a sinking fund for the payment of the principal on or before maturity."

Taxes for the District are collected on the same tax bill, in the same manner, and with the same penalties for delinquency as general county and school district taxes. The first installment is due each year on December 10, and the second installment on April 10, with a penalty of 6% plus monthly charges for delinquency on each installment. Tax collections within the area covered by Special Transit Service District No. 1 have been consistently excellent, as recorded in a later section of this Official Statement.

Officers and Finances

The General Manager of the District, appointed by the Board of Directors in July, 1958, is Mr. John R. Worthington, who has had some forty years experience in the transit field. Beginning in 1917 with the Southern Pacific Company, he became general superintendent of the bus and rail passenger operation of Pacific Electric Railway in Los Angeles, then the nation's largest private interurban system in operation. Following World War II, he was employed until 1954 by Key System Transit Lines as Executive Assistant to the President and Transportation Engineer, which he left to organize and manage the California Bus Association, representing 140 companies in California.

The chief financial officer of the District is Mr. John F. Larson, Controller and Treasurer. During the war Mr. Larson headed the accounting department of California Shipbuilding Corp., prior to which time he was associated with a Berkeley, California firm of certified public accountants. From 1953 to

his present appointment, he was treasurer and controller of Winslow Engineering and Manufacturing Co., a large industrial concern with headquarters in Oakland.

Up to the present time, the financial operations of the District have been limited to organizational and administrative expenses for which income has been derived solely from property taxation. A record of these transactions is set forth briefly below. Upon acquisition of the Key System properties, the accounting procedures of the private company will be modified and adapted to the requirements of large-scale municipal utility operations, to which end numerous studies have been conducted in recent months under the direction of Mr. Larson.

INCOME AND EXPENSE STATEMENT

Fiscal Years Ending June 30

	1958	1959	1960*	Activation Budget 1961 ^②
Proceeds from Taxation.....	\$142,885	\$219,912	\$375,669	\$438,000
Expenses:				
Salaries—Staff	25,198	63,796	84,575	107,500
Fees—Directors	4,260	3,260	5,420	6,000
Technical Services	33,778	48,310	53,208	75,000
Legal Services and Court Costs.....	2,147	26,863	42,250	72,500
Election Costs	—	33,892	120,000	10,000
Public Information	—	—	36,484	25,000
General Administrative	14,753 ^①	42,883 ^①	28,912	142,000 ^③
Total	\$ 80,136	\$219,004	\$370,849	\$438,000
Surplus	\$ 62,749	\$ 908	\$ 4,820	④

*Preliminary unaudited figures.

① Including Public Information Expenses.

② Based on providing necessary funds for pre-operation expenses and for funds required to commence operations.

③ Including advances for deposits and working funds on take-over date.

④ Balance at end of 1960-61 will depend upon operating revenues and expenses as well as tax proceeds and administrative expenses shown above. Also, District may change to calendar year to conform to present Key System Transit Lines accounting year.

The District will issue, after the close of each fiscal year, a financial statement which will be available to any holder of the bonds upon request.

Acquisition of Properties

The East Bay Region has long been provided with mass transportation by the Key System, an operating subsidiary of Railway Equipment & Realty Company, Ltd., which in turn has for several years been a part of National City Lines. Properties of the Key System include, in addition to a fleet of gasoline and diesel buses, several large parcels of land and a number of shops, garages, and storage facilities. Shortly after organization of the District, a petition was filed with the California Public Utilities Commission to determine the just compensation for certain operating properties considered necessary or useful to the carrying out of the District's plans. Early in 1960 the Commission staff submitted its findings that as of May 1958, \$6,704,823 would be a market or reproduction cost new less accrued depreciation value of the facilities so selected. This amount, however, did not include \$510,000 for material and supplies, small tools, etc., nor going concern value, severance damages, or other intangibles. In addition, the Key System contended that all of these values were grossly inadequate. In May 1960, agreement was reached between the Transit District and Key System on a negotiated price of \$7,500,000, which price included a fleet of 296 gasoline buses valued at \$508,000 not originally proposed to be purchased by the District. These additional buses will be utilized during the period in which new equipment is being purchased, and some of them will be dieselized for continuance in use thereafter.

The existing Key System properties which will be acquired comprise a complete plant as to operating equipment, offices, shops, storage yards and the like. Although a portion of the rolling stock is



A representative bus repair and maintenance facility to be acquired by the District through purchase of all existing Key System shops and garages, including equipment.



A modern diesel bus with seating capacity of 51 persons, of the type which will be purchased in quantity to supplement and supplant existing facilities during the first two years of operation by the District.

approaching obsolescence, it has been included in the purchase to assure adequate capacity during the period of initial operation while replacements are on order. A very brief summary of the principal properties is given below:

Land	27.8 acres at 4 principal sites
Buses	276 diesel buses dating 1947 to 1958 294 gasoline buses dating 1941 to 1947
Buildings	Main office building (leased), 19 garages and shop buildings, various stations and other structures
Other equipment	Stocks of office equipment, and of replacement parts, tools, and supplies for bus maintenance

An abstract of the Purchase Agreement reached in the above negotiations, prepared by Arthur C. Jenkins & Associates at the request of the District, is appended to this Official Statement.

October 1, 1960 has been set as the date of consummation of the Purchase Agreement. The principal liability which will be acquired by the District from the private company at that time consists in the obligation to carry out all provisions of the existing company pension and retirement plan for its employees, and to continue in effect a plan at least as beneficial thereafter. The existing plan is not based upon funding, but upon payments included as costs of operation and maintenance which have been recognized as proper elements in the setting of rates and charges for services. The District will continue the employment of all present employees of the company with the exception of three persons in executive capacities, for whom no pension or retirement obligations will be assumed.

Population Records and Forecasts

The East Bay Region, traditionally considered as tributary to San Francisco, is now well established as a sound and growing economic area in its own right. It possesses the western terminals of several transcontinental railroads which cannot reach San Francisco because of the water barrier. It is also the natural collection and distribution center for the agricultural produce of the rich central valleys of California which flows to the metropolitan population by truck and rail. Still more important in recent times has been the growth of industry along the east shore of San Francisco Bay, a logical site for reasons both of transportation facilities for raw products and finished materials and availability of land.

A heavy influx to the region was experienced during the war years, when shipbuilding was of paramount importance. Several of the East Bay cities have reported declines in population since 1950, either through the increase of industrialization with the consequent moving of former residential areas to neighboring unincorporated territory, or through the development of more attractive and modern communities further removed from the traditional centers. The principal net growth has taken place in sub-urban areas outside the incorporated cities, for which estimates in prior census years are not available. A summary of available historical data is presented below.

POPULATION OF ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

Incorporated Cities	1930	1940	1950	1960 (Preliminary)
Oakland	284,063	302,163	384,575	361,082
Berkeley	82,109	85,547	113,805	108,539
Hayward	5,530	6,736	14,272	72,396
Richmond	20,093	23,042	99,545	71,050
San Leandro	11,455	14,601	27,542	66,405
Alameda	35,033	36,356	64,430	53,606
El Cerrito	3,852	7,000	18,015	25,265
San Pablo	N.A.	N.A.	14,476	19,438
Albany	8,569	11,493	17,590	14,749
Piedmont	9,333	9,866	10,132	10,973
Emeryville	2,336	2,521	2,889	2,610
Subtotal	462,373*	499,325*	767,271	806,113
Unincorporated areas in Special Transit Service District No. 1.....				133,887
Total, Special Transit Service District No. 1.....				940,000
Other unincorporated territory.....				600
Total Alameda-Contra Costa Transit District.....				940,600

*Excluding San Pablo, not incorporated in these years.

A recent study of Alameda County for the purpose of planning highways and freeways gave regional estimates of population growth which, while they do not conform precisely to the boundaries of the District within Alameda County, afford a fair indication of the growth to be expected to 1980. This study, prepared in 1959 by Wilbur Smith & Associates, indicates that a section of Alameda County slightly larger than that presently within the District and having an estimated population of 841,600 in 1958 (compared with 830,000 presently estimated to be within the District in this county) is expected to have a population of 1,092,400 in 1980. Applying the same ratio of growth for the District as a whole, including the Contra Costa County portion which is very similar in population characteristics, indicates a 1980 population in excess of 1,200,000 for the District.

Traffic and Revenues

In 1959, the last completed year of operations, the Key System carried 38,513,018 local passengers and 8,051,841 transbay passengers. This represented a small increase over 1958, when 37,812,404 local and 7,972,292 transbay passengers were carried. However, a constant growth in use of private passenger cars for both local and transbay travel had resulted in a sharp and continued decline in public transportation over the last decade. This trend had been accentuated by the failure of the Key System to maintain adequate service and to provide fully modern equipment. Potential traffic under proper schedules and with attractive equipment is indicated by the fact that in 1949 the system carried 87,113,857 local and 20,609,738 transbay passengers. It is probable that much of the traffic which has been lost to private automobiles will not be regained, particularly in view of the vast increase in downtown parking facilities both in San Francisco and in the principal cities of the East Bay Region. On the other hand, the introduction of modern equipment, together with extended and improved service, may be expected to draw upon this substantial reservoir of potential passengers, as well as the expected growth in population described above.

The present fare structure is set forth in the Summary Feasibility Report of DeLeuw, Cather & Company appended to this Official Statement. Other than inauguration of a general 10¢ child's fare, no change in rates is contemplated at present. Gross revenues of the Key System for 1958 amounted to \$10,870,881 and for 1959 to \$11,472,600.

Revenue Projections, Debt Service and Taxing Power

DeLeuw, Cather & Company have prepared for the District a five-year projection of revenues and expenses under District operation of the transit facilities, allowing for moderate growth and taking into account the proposed addition of some new lines during that period. From these estimates, it appears that revenues will be sufficient to cover all operation and maintenance, service on the present bonds, and an orderly program of replacements, extensions, and improvements to the equipment. Under the assumption that net revenues will remain constant after the first five years' growth, approximately \$1,475,000 would be available each year after the fifth for capital expenditures after maintenance and operation and estimated debt service. Coverage of debt service on this basis, before capital outlays, would be 2.2 times in those years.

Extrapolating the engineers' projections to allow growth over a period of ten years, which appears reasonable to assume in view of all known circumstances affecting the area, the capital outlay budget could be increased to \$2,500,000 annually after the first decade of operation, in addition to which a surplus could be accumulated. Under these assumptions, debt service coverage would rise from 1.55 times in the second year to a peak of 3.10 times, declining to 2.58 times in the final year. The ensuing table presents the effect of the above assumptions. Revenues and expenditures (except debt service) for the first five years are as estimated by DeLeuw, Cather & Company and as shown in the Summary Feasibility Report appended hereto.

PROJECTED OPERATING REVENUES AND EXPENDITURES ASSUMING NO FURTHER GROWTH AFTER 1970

Twelve Months Ending Sept. 30	Gross Operating Revenues	Net Operating Revenues	Bond Interest and Redemption ^①	Balance Available for Replacements, Extensions, etc.	Bond Service Coverage
1961	\$11,969,000	\$1,642,000	\$ ②	\$ 412,000③	②
1962	12,425,000	1,891,000	1,218,500	672,500	1.55 times
1963	12,895,000	2,150,000	1,221,250	928,750	1.76
1964	13,379,000	2,419,000	1,222,813	1,196,187	1.98
1965	13,877,000	2,698,000	1,223,438	1,474,562	2.21
1966	14,293,000	2,890,000	1,223,125	1,666,875	2.36
1967	14,722,000	3,091,000	1,221,875	1,869,125	2.53
1968	15,164,000	3,300,000	1,219,688	2,080,312	2.71
1969	15,619,000	3,518,000	1,216,563	2,301,437	2.89
1970	16,088,000	3,745,000	1,212,500	2,532,500	3.09
1971	16,088,000	3,745,000	1,207,500	2,537,500	3.10
1972	16,088,000	3,745,000	1,226,563	2,518,437	3.05
1973	16,088,000	3,745,000	1,218,750	2,526,250	3.07
1974	16,088,000	3,745,000	1,210,000	2,535,000	3.10
1975	16,088,000	3,745,000	1,225,313	2,519,687	3.06
1976	16,088,000	3,745,000	1,213,750	2,531,250	3.09
1977	16,088,000	3,745,000	1,226,250	2,518,750	3.05
1978	16,088,000	3,745,000	1,236,875	2,508,125	3.03
1979	16,088,000	3,745,000	1,245,625	2,499,375	3.01
1980	16,088,000	3,745,000	1,452,500	2,292,500	2.58

① Assuming bond interest at 3¾%.

② Initial year's bond interest will be met from bond proceeds.

③ After setting aside \$1,230,000 for the ensuing year's bond service.

In the foregoing tabulation, no effect has been given to the proceeds of property taxation, which in the fiscal year 1960-61 is expected to yield approximately \$438,000. This tax, presently at the rate of 2.9¢ per \$100 assessed valuation, was inaugurated to pay organizational and administrative expenses

prior to operation. It is the intention of the District to continue this small tax unchanged, at least until such time as reliable operating and revenue patterns under District ownership have been developed which would justify its reduction or abandonment. Similarly, the foregoing estimates exclude prospective interest earnings on funds in hand.

The program of capital outlays for replacements and betterments will not require cash expenditures during the first two years of operation, during which period bond proceeds will be applied to the acquisition of new buses and the rehabilitation and dieselization of existing equipment. Thereafter, it is planned to renew or replace approximately 7% of the equipment in each year. A considerable element of flexibility in these expenditures is regarded as possible by the consulting engineers, if required by reductions in operating revenues or unanticipated rises in operating and maintenance expenses. No effect has been given in the above calculations to the utilization of funds from resale or salvage of retired buses, which will provide an additional but undetermined source of income in later years.

Interest during the first year will be met from bond proceeds. In compliance with provisions of the statute, which otherwise would require an initial tax levy for debt service, the District plans to set aside during the first year sufficient funds to meet debt service for the ensuing year, and this procedure will be followed in each year thereafter in which net operating revenues are adequate to meet annual debt service. At all times, bond service must be made up from proceeds of a mandatory tax levy if the bond fund balance is below the ensuing year's requirements at the time of fixing annual property tax rates.

Assessed Valuation and Bonded Debt

Although the Bonds are expected to be supported entirely from net revenues of the transit system, they are ultimately general obligations for which the property-tax base of an area exceeding San Francisco in size, population, and diversification of economic activity is fully responsible. The assessed valuations set by county assessors (plus public utility property, assessed by the State Board of Equalization) are employed for the levying of District taxes, which are collected on the same tax bills and subject to the same penalties for delinquency as general county, school, and most city taxes. The State Board of Equalization judges present assessed valuations to be 23.9% of actual market value in Alameda County, and 21.7% in Contra Costa County, except for operating properties of public utility companies, assessed at \$169,133,410 on a 50% basis. Application of these ratios indicates a total property value within the District of approximately \$6 billion, or \$6,383 per capita, based on preliminary 1960-61 valuations.

Following is a statement of assessed valuation, tax collections, and overlapping bonded debt of Special Transit Service District No. 1, as prepared by California Municipal Statistics, Inc.

Assessed Valuation of Taxable Property:

Fiscal Year	In Alameda County	In Contra Costa County	Total
1959-60†	\$1,231,609,000	\$232,133,110	\$1,463,742,110
1960-61‡	1,285,724,000	249,000,000	1,534,724,000

†Partly estimated with regard to subsequent annexations.

‡Preliminary figures.

Property Tax Collections, 1951-1959:

Fiscal Year	All Taxes Collectible by Counties*			Delinquent at end of Fiscal Year	% Delinquent
	Alameda County	Contra Costa County	Total Levied		
1950-1951	\$39,979,790.30	\$ 7,382,803.56	\$47,362,593.86	\$ 534,662.74	1.13%
1951-1952	42,260,428.72	7,272,413.60	49,532,842.32	514,766.98	1.04
1952-1953	46,909,332.40	8,283,566.72	55,192,899.12	528,372.10	0.96
1953-1954	52,070,145.13	9,156,441.56	61,226,586.69	629,994.06	1.03
1954-1955	55,277,795.18	11,238,148.37	66,515,943.55	705,714.51	1.06
1955-1956	61,073,679.26	11,617,257.82	72,690,937.08	739,363.23	1.02
1956-1957	61,238,747.36	14,451,008.92	75,689,756.28	940,097.91	1.24
1957-1958	71,402,289.76	15,029,315.06	86,431,604.82	1,098,807.24	1.27
1958-1959	79,167,321.87	15,915,863.20	95,083,185.07	1,071,149.16	1.13

*Based on taxes collectible by counties on property which in the aggregate is within 1/2 of 1% of the same property as that now contained in Special Transit Service District No. 1.

Direct and Overlapping Bonded Debt as of July 31, 1960:

Issuing Body	% of Debt Applicable to District	Gross Debt Applicable	Self-Supporting Debt ^(A)	Net Debt Applicable
Special Transit Service District No. 1.....	100.00	\$ 16,500,000 [‡]	\$16,500,000	—
East Bay Municipal Utility District.....	90.54	49,581,347 ^(B)	49,581,347	—
East Bay Municipal Utility District Special District No. 1.....	100.00	17,150,000	6,517,000	\$ 10,633,000
Contra Costa County.....	29.36	2,439,484	—	2,439,484
Alameda County Flood Control and Water Conserva- tion District—Zone 2.....	99.90	5,024,719	—	5,024,719
—Zone 3A.....	92.60	2,088,017	—	2,088,017
—Zones 4, 5, 9.....	Various	1,502,557	—	1,502,557
Reclamation District #2087.....	100.00	3,733,000	—	3,733,000
Ora Loma Sanitary District.....	100.00	3,277,820 ^(C)	—	3,277,820
Eden Township Hospital District.....	99.76	1,396,640	—	1,396,640
San Pablo Sanitary District.....	99.74	757,819 ^(C)	—	757,819
West Contra Costa County Hospital District.....	85.03	505,917	—	505,917
Castro Valley Sanitary District.....	100.00	690,000	—	690,000
Cherryland County Water District.....	100.00	350,000	—	350,000
Washington Manor Community Services District.....	100.00	240,000	—	240,000
Washington Township Hospital District.....	6.29	141,794	—	141,794
Other Special Districts.....	Various	5,396,147	1,075,972	4,320,175
Cities:				
Oakland.....	100.00	22,745,000	—	22,745,000
Hayward.....	100.00	4,224,000	1,800,522	2,423,478
Richmond.....	100.00	2,144,000	—	2,144,000
San Leandro.....	100.00	2,536,532 ^(C)	—	2,536,532
Alameda.....	100.00	1,756,597 ^(C)	—	1,756,597
El Cerrito.....	100.00	1,499,853 ^(C)	—	1,499,853
San Pablo.....	100.00	80,000	—	80,000
Albany.....	100.00	46,000	—	46,000
School Districts:				
Elementary Districts.....	Various	17,044,085	—	17,044,085
High School Districts.....	Various	15,394,662	—	15,394,662
Unified School Districts.....	Various	67,083,000	—	67,083,000
Total Direct and Overlapping Debt.....		\$245,328,990	\$75,474,841	\$169,854,149
% of 1959-60 Assessed Valuation.....		16.76%		11.61%
Debt per capita.....		\$ 261		\$ 180
1959-60 Assessed Valuation per capita.....		\$1,557		\$1,557

Notes:

[‡] To be sold September 7, 1960.

^(A) Bonds supported from revenues other than taxes.

^(B) Excluding \$30,000,000 proposed to be sold August 24, 1960, also considered self-supporting debt.

^(C) Including special assessment bonds under the 1915 Act, which are contingent debt of the city or district.

ECONOMIC BACKGROUND

The cities served by the District differ widely in size and economic characteristics. They are briefly described below.

Contra Costa County Cities

San Pablo is a residential and industrial community extending northward from Richmond, with a population of 19,438. It lies in a relatively undeveloped area of modest homes and provides one of the main areas of the region in which plentiful land is still available.

Richmond, with a present population of 71,050, is primarily an industrial and residential city with water and rail transportation, located at the northern end of the District. During the war years Richmond experienced a phenomenal growth as a shipbuilding center, being the site of the Kaiser shipyards. Rising from a population of about 25,000 to more than 100,000 at the close of the war, Richmond has now leveled off at nearly three times its prewar population. The Standard Oil Co. of California has a principal refinery in Richmond, which is also the largest manufacturing plant in the East Bay covering 3,650 acres and representing an investment of over \$200,000,000. Since 1956 the city has been connected directly with Marin County and the agricultural areas to the north by the Richmond-San Rafael Bridge, and is a principal distribution point for produce and manufactured goods. Distribution centers of Safeway Stores, and United Grocers are located in Richmond, as are plants of American Radiator and Standard Sanitary Corporation, California Spray-Chemical Corp., Rheem Mfg. Co., and many other industries.

The city was named an All-American city in 1953 for its outstanding citizen action, community progress, industrial development, improved administrative practices and tax reduction.

El Cerrito is located in Contra Costa County immediately south of Richmond. The city is predominantly a middle and upper middle income residential community. Population is estimated at 25,265, which is more than three times that of 1940, and its assessed valuation has more than doubled in the past ten years.

Alameda County Cities

Albany is located at the northern end of Alameda County and is primarily a residential area with an estimated 1960 population of 14,749. The Golden Gate Fields race track is located on the Albany waterfront and nearby is the Western Regional Research Laboratory of the U. S. Department of Agriculture.

Berkeley is the second largest city in Alameda County and is best known as the home campus of the University of California. The University occupies a position of leadership in many fields of liberal arts and science and its radiation laboratory and cyclotron have been responsible for many of the greatest advances in nuclear research. Proposed construction of over \$77,000,000 has been budgeted by the University over the next five-year period. Other educational institutes located in Berkeley include the State Schools for the Blind and Deaf, and several divinity schools.

The Berkeley hills comprise a fine residential area with high per capita income. More than 300 manufacturers are also located in Berkeley, including Cutter Laboratories, Colgate Palmolive Company and Durkee Famous Foods. In addition, Berkeley is headquarters for credit, insurance and agricultural organizations, including the California Farm Bureau Federation, State Farm Insurance, California State Department of Public Health and the State headquarters of the U. S. Soil Conservation Service.

Emeryville, with a very small residential population, is one of the most intensively developed industrial cities in California. It is strategically located on the waterfront between Berkeley and Oakland at the east end of the Bay Bridge. Shell Development Company, Westinghouse, Pabco Division of Fibreboard Corporation, Air Reduction-Pacific Corporation and the Frigidaire Division of General Motors Corporation are some of the larger companies located within the city limits.

Piedmont is a very select residential city completely surrounded by Oakland. It has an estimated population of 10,639 with the highest per capita income in cities of the East Bay.

Oakland is the county seat of Alameda County, the largest city in the Alameda-Contra Costa Transit District and the fourth largest city in the state. Oakland contains about 42% of the District's assessed



The University of California campus and the commercial section of Berkeley viewed from the west. Two large State buildings recently constructed are seen in the left central section, immediately west of the Berkeley campus.

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valuation and 38% of the District population. It is the principal trading and distribution center for both Alameda and Contra Costa Counties, accounting for 52% of Alameda County's retail trade and 69% of its wholesale trade. As a major trading center, Oakland serves as the convergence point of several major state and nationwide highways and is a major terminal for railroads. The city-owned Port of Oakland provides deep water port facilities, large international airport facilities, plus a trucking terminus and industrial sites.

Oakland has experienced great industrial and commercial expansion since the end of the Second World War. Alameda County building and construction, which totaled \$71,000,000 in 1949, had more than doubled by 1959, reaching an all-time high of over \$164,000,000. Oakland alone accounted for about \$50,000,000 of this total. Recent construction in the business district includes the eighteen-story First Western Building, completed in 1958, and the \$47,000,000 28-story world headquarters of Kaiser Industries, completed in 1960. Future plans include construction of a \$13,000,000 United States automation mail center to serve as a major distribution and maintenance center for the Pacific Coast.

Nationally known organizations with headquarters in Oakland include the diversified Kaiser Industries, Safeway Stores, second largest food retailer in the United States, Pacific Intermountain Express, one of the nation's largest truckers, and Marchant Calculator Division of Smith-Corona-Marchant, Inc. Furthermore, over 112 national manufacturing and distribution firms have headquarters or branch plants in Oakland, as do several hundred local firms.

In 1957 Oakland was chosen by the National Municipal League as an All-American City for outstanding improvement in schools, urban renewal, off-street parking, airport development, health services, traffic safety, parks and recreation and police service.

Alameda is a manufacturing center with a deep water port as well as a residential city with an estimated 1960 population of 53,606. The city houses Army and Coast Guard bases as well as a U. S. Naval Air Station, which serves as a primary military maintenance, overhaul and supply point. The

Alameda Encinal Terminal is one of the East Bay's busiest shipping terminals, while Bethlehem Steel and Todd Shipyard Corporation also have shipbuilding and repair facilities in Alameda.

New areas for residential, commercial and industrial growth are being created by filling tidelands along the south shore of Alameda and on Bay Farm Island. The Utah Construction Company is in the process of developing a large tideland area which is ultimately expected to provide for some 7,000 residents on the south shore and 15,000 on Bay Farm Island in addition to providing employment for an approximate 6,000 persons.

San Leandro, which is located in the southern portion of the District, has been one of the areas of most rapid growth within the District. The city, with a population of 66,405, according to preliminary reports of the 1960 census, is six times its size of 1930. Annual retail sales are more than \$100,000,000 and more than \$130,000,000 has been spent in new industrial expansion over the past ten years. Assessed valuation has increased from \$27,700,000 in 1950 to more than \$120,000,000 in 1959, while the city tax rate has been reduced every year for the past eleven years.

Some of the larger manufacturing plants located in San Leandro include Friden, Inc., manufacturer of business machines; Caterpillar Tractor Company; Lucky Stores, Inc.; Western Electric Company and General Foods Corp.

Hayward, situated at the southernmost end of the District, is in an area of rapid population growth. A city of 14,272 in 1950, it now registers 72,396 according to the preliminary census figures of 1960. Although the community is largely residential, it houses over 65 manufacturing firms including Hunt Foods, Inc.; United Can & Glass; Continental Can Co.; Swift & Company; Herrick Iron Works; American Pipe & Construction Co.; and Westinghouse Electric Corp.

Hayward maintains its own municipal airport, which it acquired from the Federal Government. It is served by both the Southern Pacific and Western Pacific Railroads. In addition, Hayward is served by two freeways, three major bus lines, and approximately 35 trucking concerns.

Industry

The San Francisco-Oakland Metropolitan Area, which includes the counties of Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Solano, is presently reported to employ 983,200 workers in non-agricultural establishments. For the entire area, approximately 216,000 of these workers are engaged in wholesale and retail trade, 200,000 in manufacturing, 200,000 in governmental services, 131,000 in other service occupations, 104,000 in transportation and utility enterprises, 66,000 in construction trades, with a few in activities otherwise classified.

Approximately one-half the total manufacturing employment of this six-county metropolitan area is reported to be in Alameda and Contra Costa Counties. A recent tabulation shows 1,669 manufacturing plants employing 95,399 persons in the two counties, and it is reported that 81% of all industrial investments made within the six-county metropolitan area since 1950 have been located there. Among the principal manufacturing activities employing over 5,000 persons are the following:

Food and kindred products.....	17,966
Machinery (including electrical).....	11,009
Fabricated metal products.....	10,569
Primary metal products.....	8,556
Chemical and allied products.....	8,695
Transportation equipment	7,783
Paper and allied products.....	5,220

Nationally known firms with principal establishments in the District include Container Corp., Fibre-board Products, General Cable Co., Marchant Calculators, Westinghouse Electric, Crown Zellerbach, Caterpillar Tractor, Friden, Inc., Purex Corp., Yale & Towne, American Can Co., General Electric, General Metals, General Motors (Chevrolet), Owens-Illinois Glass, and Freuhauf Trailer. These firms have been selected from a list of over one hundred prominent manufacturers operating in the District, with a view merely to presenting a sample to indicate the diversified industrial activity of the region.

Agriculture

Although the East Bay is primarily commercial and industrial in economic background, the area also provides numerous facilities for the packaging, processing, and distributing of farm products from the surrounding countryside. The District includes the 72-acre headquarters for Safeway Stores' regional distribution center, the 40-acre United Grocers' distribution center, Gerbers (the largest baby food plant west of the Mississippi), and such well-known food processing companies as Felice & Perrelli Canning Company, the Borden Company, Carnation Company, Durkee Famous Foods, F. & M. Packing Company, Fruitvale Canning Company, and Hunt Foods, Inc. in addition to numerous others. The following chart illustrates the magnitude of the immediate agricultural hinterland for which the East Bay serves as a primary distribution center.

AGRICULTURAL PRODUCTION FOR 1959

Commodity	Alameda County	Contra Costa County	Total Alameda and Contra Costa Counties	Four Tributary Counties	Total Direct and Indirect Agricultural Production
Fruit and Nuts.....	\$ 2,344,250	\$ 7,461,642	\$ 9,805,892	\$125,482,670	\$135,288,562
Field Crops	2,706,176	2,781,975	5,488,151	79,221,446	84,709,597
Livestock and Poultry.....	5,868,929	3,643,595	9,512,524	129,371,118	144,559,351
Livestock and Poultry Products.....	4,334,309	1,341,400	5,675,709		
Nursery and Seeds.....	8,145,995	2,248,334	10,394,329	18,867,106	29,261,435
Truck Crops	10,447,949	5,252,854	15,700,803	77,933,503	93,634,306
Miscellaneous	16,632	6,000	22,632	204,719	227,351
Total	\$33,864,240	\$22,735,800	\$56,600,040	\$431,080,562	\$487,680,602

Most of the agricultural produce from Alameda and Contra Costa Counties is received and processed in the East Bay. A sizable, but undetermined, portion of the produce from the four tributary counties of Santa Clara, San Joaquin, Solano, and Stanislaus is also consumed or processed in the East Bay, or distributed to other regions from terminals and warehouses there.

Retail Sales

The following tabulation, reproduced by permission of Sales Management, Inc., indicates the volume of retail sales, by type, reported in the two counties for 1958. Retail sales in Richmond, El Cerrito, and San Pablo alone totaled over \$52 million during that year, or approximately 40% of the Contra Costa County total. More than 85% of the retail sales reported in Alameda County took place inside the District boundaries. These statistics give an indication of the activity within the District, though no separate figures for that area are available.

1959 RETAIL SALES

	Alameda County	Contra Costa County	Total
Food	\$ 283,831,000	\$127,075,000	\$ 410,906,000
Eating and Drinking Places.....	105,092,000	28,004,000	133,096,000
General Merchandise	193,352,000	38,497,000	231,849,000
Apparel	79,015,000	19,951,000	98,966,000
Furniture—Household Appliances	75,393,000	23,870,000	99,263,000
Automotive	221,410,000	75,639,000	297,049,000
Gas Stations	85,486,000	37,875,000	123,361,000
Lumber—Building Hardware	48,734,000	25,031,000	73,765,000
Drugs	48,054,000	14,845,000	62,899,000
Other	104,585,000	33,289,000	137,874,000
Total	\$1,244,952,000	\$424,076,000	\$1,669,028,000

Banking and Finance

Five major banks have offices located throughout the District. Two local independent banks have headquarters in Oakland while numerous local savings and loan associations have offices scattered

throughout the East Bay. In addition, two federal banks, the Federal Intermediate Credit Bank of Berkeley and the Federal Land Bank of Berkeley also have offices in the East Bay. A table of the financial growth in the two counties is presented below. Most of the deposits shown fall within the District, but no segregation is available for that area.

BANK DEPOSITS, 1952-58 (in thousands of dollars)

	Alameda County		Contra Costa County		Total Demand Deposits	Grand Total Deposits
	Demand Deposits	Total Deposits	Demand Deposits	Total Deposits		
June 30, 1952.....	\$381,103	\$1,001,226	\$64,570	\$185,331	\$445,673	\$1,186,557
June 30, 1954.....	377,625	1,073,109	70,158	210,937	447,783	1,284,046
June 30, 1956.....	435,634	1,199,030	84,650	240,584	520,284	1,439,614
June 23, 1958.....	459,051	1,332,677	84,312	278,906	543,363	1,611,583

Source: Board of Governors of the Federal Reserve System.

Transportation

Extensive harbor and airport facilities are under the jurisdiction of the Port of Oakland Authority, a municipal agency that also provides truck terminals and industrial sites. These, together with three transcontinental railroads and an extensive highway network, make Oakland an important transportation center. Oakland provides Pacific Coast terminals for the transcontinental railroads of Southern Pacific, Santa Fe and Western Pacific. These railroads connect directly with marine terminals located at three major ports of Alameda, Oakland and Richmond, all located on the mainland side of the Bay where more than 50 steamship companies and agents serve the area.

Oakland is located on transcontinental U. S. Highways 40 and 50 and is connected with San Francisco by means of the San Francisco-Oakland Bay Bridge. The bridge serves to carry local traffic between the two communities in addition to the transcontinental traffic of U. S. Highways 40 and 50, and in 1959 had an average daily traffic of 104,000 vehicles. U. S. 40 (Eastshore Freeway) connects the

The Oakland port facilities, with a portion of Alameda Naval Air Station appearing in lower right. Lake Merritt and the principal business section of Oakland are at upper right, beyond rail and dock facilities along the Alameda estuary.

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bridge with the Nimitz Freeway, which provides Oakland access to the port harbor and airport facilities. The Eastshore Freeway then connects San Jose, Oakland, and Sacramento by means of a direct four-lane expressway. The new Carquinez Bridge, over which this route travels, was constructed parallel to the original structure connecting Contra Costa and Solano Counties and opened in November of 1958.

The Metropolitan Oakland International Airport is located only six miles from downtown Oakland and is served by five certified passenger airlines, two certified freight carriers and several smaller airlines providing more than 100 scheduled flights daily. In addition, the airport provides substantial aircraft maintenance and overhauling facilities and leases facilities to over 100 different firms. A \$17 million expansion program is under way to add new runways, terminal buildings, control towers, and other needed facilities. This will make Metropolitan Oakland International Airport the first all new airport in the United States to be designed specifically for jet transports.

San Francisco Bay Area Rapid Transit District

As a result of studies made under the auspices of the San Francisco Bay Area Rapid Transit Commission, an advisory commission established in 1951, it was widely recognized that the entire San Francisco Bay Area needed an integrated rapid transit system to promote its proper growth and development. On September 11, 1957, the California State Legislature created the San Francisco Bay Area Rapid Transit District under Chapter 1056, Statutes of 1957, giving it the responsibility of developing a modern system of regional mass transportation for the San Francisco Bay Area. The Board of Directors has 16 members, as follows: four each from Alameda County and San Francisco County; three each from Contra Costa County and San Mateo County; and two from Marin County. The District now includes only these five central Bay Area counties, but provision has been made for the eventual annexation of the remaining Bay Area counties of Sonoma, Napa, Solano, and Santa Clara.

A Bay Area transit system was designed for this body by the engineering consulting firms of Parsons, Brinkerhoff, Quade & Douglas of New York (formerly Parsons, Brinkerhoff, Hall & McDonald); Tudor Engineering Company of San Francisco; and Bechtel Corporation of San Francisco. It would consist of a high-speed transit network connecting the principal cities and economic centers, but with little or no local service. Responsibility for efficient transit service within individual communities or particular areas would remain the function of local jurisdictions.

The proposed system of the Bay Area Transit District, as recommended by the consulting engineers, would have a total length of 98 miles, which includes 18.5 miles of subway and tunnels, 43.9 miles of aerial line and 34.4 miles of surface routing. This proposal, if adopted, would make possible a rapid transit network to tie together the five counties mentioned above. A vital link in the system would be a transbay tube estimated to cost \$127,191,000, for which funds would be made available by the State under certain conditions.

In its report to the Alameda-Contra Costa Transit District, DeLeuw, Cather & Company has recommended, as a result of its studies, the use of buses for all of its services including the transbay lines operating out of San Francisco into many of the East Bay cities. This recommendation is based on first, the economy of bus operation and its ideal adaptability to the service, and, secondly, the inadvisability of becoming involved in capital expenditures for fixed facilities such as rail operations until final determination of planning and operation by the Bay Area Transit District.

The immediate problem in the operation across San Francisco Bay is to maintain and improve the existing services. If, at some future date, the rapid transit system contemplated by the Bay Area Rapid Transit District becomes a reality, the bus service as recommended by DeLeuw, Cather & Company will continue to operate in both a feeder and supplementary capacity. A rapid transit service, if constructed, would not be completed in less than six or seven years, probably longer, and will be of such nature as to require intermediate and supplementary service because of the long distances (some two miles) between stations.

The Bay Area rapid transit system as presently designed is estimated to cost \$925,899,000, exclusive of the proposed transbay tube for which other financing has been contingently offered by the State legislature.

The first part of the paper discusses the importance of the study of the history of the United States. It is argued that a knowledge of the past is essential for a full understanding of the present. The author then goes on to discuss the various factors that have shaped the development of the United States, including the role of the government, the influence of the economy, and the impact of the culture. The paper concludes by suggesting that a study of the history of the United States is not only a valuable academic exercise, but also a necessary one for anyone who wishes to understand the world in which we live.

The second part of the paper is a detailed analysis of the role of the government in the development of the United States. It begins by discussing the early years of the nation, when the government was still in its infancy. It then goes on to discuss the various ways in which the government has shaped the development of the country, from the establishment of the federal system to the creation of the welfare state. The author argues that the government has played a central role in the development of the United States, and that its actions have had a profound impact on the lives of all Americans.

The third part of the paper discusses the influence of the economy on the development of the United States. It begins by discussing the early years of the nation, when the economy was still in its infancy. It then goes on to discuss the various ways in which the economy has shaped the development of the country, from the establishment of the federal system to the creation of the welfare state. The author argues that the economy has played a central role in the development of the United States, and that its actions have had a profound impact on the lives of all Americans.

The fourth part of the paper discusses the impact of the culture on the development of the United States. It begins by discussing the early years of the nation, when the culture was still in its infancy. It then goes on to discuss the various ways in which the culture has shaped the development of the country, from the establishment of the federal system to the creation of the welfare state. The author argues that the culture has played a central role in the development of the United States, and that its actions have had a profound impact on the lives of all Americans.

Appendix I

SUMMARY FEASIBILITY REPORT

of

DeLeuw, Cather & Company

to

Alameda—Contra Costa Transit District

Dated August 10, 1960

DE LEUW, CATHER & COMPANY

ENGINEERS

1256 MARKET STREET
SAN FRANCISCO 2, CALIF.
UNDERHILL 1-1302

August 10, 1960

BOARD OF DIRECTORS

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

506 Fifteenth Street

Oakland 12, California

Gentlemen:

We are pleased to present this summary of our feasibility reports on transit operation in the District, including revised estimates of the financial results of operation, taking into consideration the experience of the Key System Transit Lines, as shown in their 1959 annual report, and including service to the portion of Contra Costa County annexed to the District in June 1960.

Very truly yours,

DE LEUW, CATHER & COMPANY

CHARLES E. DE LEUW

INTRODUCTION

The citizens of Alameda County and Contra Costa County established the Alameda-Contra Costa Transit District in November 1956, and elected their first Board of Directors.

DeLeuw, Cather & Company was engaged to prepare a report on a plan of public transit for the District. The report, submitted in August 1958, reviewed the growth of the area and development of public transportation therein; estimated the transit needs of the area; presented a plan for an initial transportation system and an estimate of the operating and financial results; and indicated the pattern of long-range transportation developments in the area.

A \$16,900,000 bond issue to finance the proposed transit plan was narrowly defeated in the general election of November 1958. The results indicated that the majority of the residents in Alameda County desired an improved transit service operated by a public body.

Legislative action, which became effective in April 1959, authorized the issuance of general obligation bonds upon approval of a majority of voters in a special operating zone as set up by the District within the District boundaries.

The Board of Directors established the boundaries of Special Transit Service District No. 1 in May, 1959. The service district boundaries included Kensington and El Cerrito in Contra Costa County and the portion of Alameda County from Albany southward to the southern limits of Hayward, except for a small unsettled area near the Upper San Leandro Reservoir.

We were authorized to review our August 1958 report and to indicate such modifications as were required to provide for public operation of improved transit service within and to Special Transit Service District No. 1. Our report of August 1959 presented a physical and operating plan together with estimates of capital outlay and annual financial results during the initial period of public operation.

After establishment of the special service district, all portions of Contra Costa County outside the special district withdrew from the Alameda-Contra Costa Transit District with consent of the District Board of Directors. In June 1960 the cities of Richmond and San Pablo and the unincorporated territories of El Sobrante, Rollingwood, East Richmond Heights, North Richmond, and Parchester Village voted to annex to the Transit District. This report includes the annexation of this area to the Special Transit Service District, which was completed August 3, 1960, and our estimates of revenue and expense take into consideration the enlarged service district.

THE EAST BAY AREA

The intensive urbanization of Alameda and Contra Costa Counties began about the time of the San Francisco earthquake and fire of 1906. The two counties now include approximately one-half of the total population of the metropolitan Bay Area; whereas in 1900 they made up only one-fourth. Thirteen cities—eight in Alameda County and five in Contra Costa County—together with a number of contiguous populous unincorporated developments, comprise the urbanized area along the east shore of San Francisco Bay. Together, they constitute a community with a population larger than that of San Francisco. The less intensively developed areas are separated from the urbanized area by a series of park lands and hills. Some of the largest industrial plants of the Bay region: power plants, oil refineries, chemical industries, paper mills, and steel plants are located in the eastern portion of Contra Costa County. The economic potential of this portion of the area appears to be almost unlimited. The more developed areas of the District also include extensive industrial establishments, as well as important military installations, harbor facilities, railroad termini, and business and commercial centers.

Population figures bear witness to the importance of the East Bay. The following tabulation shows the U. S. Census population data of the two counties from 1900 to 1950, official preliminary totals for 1960, and the projected growth to 1990 based upon preliminary estimates made by the U. S. Department of Commerce.

Year	Alameda County	Contra Costa County	Total
1900	130,197	18,046	148,243
1910	246,131	31,674	277,805
1920	344,177	53,889	398,066
1930	474,883	78,608	533,491
1940	513,011	100,450	613,461
1950	740,315	298,984	1,039,299
1960	886,661	402,303	1,288,964
1970	1,047,000	459,000	1,506,000
1980	1,343,000	640,000	1,983,000
1990	1,674,000	940,000	2,614,000

Public Transit in the Area

The East Bay Area is served principally by the Key System Transit Lines. Local bus operation extends from the cities of Richmond, San Pablo and El Cerrito in Contra Costa County on the north, through all of the cities along the east shore in Alameda County including Albany, Berkeley, Oakland, Emeryville, Piedmont, Alameda, San Leandro, San Lorenzo (unincorporated) and Hayward. The Key System also provides the area with transbay bus service to San Francisco.

The East Bay Area is divided into four zones for purposes of fare collection. The present one-way fares between zones are shown, in cents, below:

	1st Zone (Central)		2nd Zone (North)		2nd Zone (South)		3rd Zone (South)	
	Token Fare	Cash Fare	Token Fare	Cash Fare	Token Fare	Cash Fare	Token Fare	Cash Fare
1st Zone (Central).....	20	25	30	35	30	35	35	40
2nd Zone (North).....	30	35	20	25	35	40	48	53
2nd Zone (South).....	30	35	35	40	20	25	30	35
3rd Zone (South).....	35	40	48	53	30	35	20	25

School children's fare between all zones is 10 cents.

Key System transbay fare to San Francisco from the first zone is 43 cents for users of commute books and 50 cents for the casual rider. From the second zone the corresponding fares are 50.5 cents and 60 cents; and from the third zone, 58 cents and 70 cents. A round-trip fare of \$1.25 is available for the casual rider from the third zone. Children's fare from the first zone is 20 cents, and from the second and third zones, 25 cents.

RECOMMENDED PROGRAM

The main consideration in the development of a plan for public operation of transit in the East Bay was the need for additional and improved service estimated to best meet the needs of the public and to generate patronage comparable to that enjoyed in highly developed operations in other centers.

Express Bus Lines

New express bus service, so clearly indicated for the long, narrow strip between Richmond and Hayward, which contains the bulk of the East Bay's residential, commercial and industrial activities, would be provided by five high-speed express bus routes. These lines would operate on the freeways and on selected major thoroughfares, between points of high potential in the Richmond-Berkeley area and the San Leandro-Hayward area through the Oakland business district.

Local Service

Several extensions of service with minor adjustments of routes are planned in the central service area, and improvement in frequency on many routes is contemplated. Long-needed new service will be provided by the inauguration of several new local bus routes in the Hayward area, Bay Farm Island, El Cerrito, Richmond, and Montclair.

Bus Equipment

The recommended program provides for the purchase, at the outset, of 251 new, modern diesel buses to provide the all-day base operations as well as a portion of the added rush hour service. The new buses will be of two types—the conventional transit type for local service, with two doors for speedy loading and unloading, seating arrangement of the conventional type, and aisles having the liberal width required to meet heavy loading requirements; and the interurban type buses with single doors, high-back and wide seats all facing forward, reading lights, and other modern conveniences. All new buses purchased for assignment to interurban and express lines will be air-conditioned.

The purchase agreement with Key System provides that the District will acquire 294 used gasoline buses and 276 used diesel buses. Initially, all of the gasoline buses will be used in regular service. All but 60 of these buses will be retired within a period of one year when the 251 new diesel buses are received.

The program provides for the rehabilitation and conversion to diesel operation of the 60 41-passenger series 2500, Mack C-41-GT gasoline buses immediately. These buses, when rehabilitated, will be similar in style and serviceability to new buses of the same size that may be presently purchased. These buses, when rebuilt, will be used for base service on lighter lines and for supplementary service on other lines during peak periods. These units, which will be rebuilt at an average cost of \$6,000, should have a useful life of some 10 years.

The diesel buses acquired from the Key System, which have been well maintained, range in age from 2 to 13 years. These buses will be used to supplement peak period service and will be programmed for replacement within a few years as explained later in this report. The utilization of used buses for peak service, representing one or two trips per day, conforms to sound operating policies in effect on transit operations throughout the country.

Facilities

All three of the Key System bus terminals are so located and equipped as to provide for the efficient operation of most of the local, express, and transbay bus lines, and their acquisition is recommended together with all of the shop equipment. Also recommended for the efficient operation of proposed expanded services is the acquisition of a small tract in Hayward for construction of a new bus maintenance and storage terminal.

Capital Outlay

We recommended that the program be financed through the issuance of general obligation bonds in the amount of \$16,500,000.

In May 1960 the District and Key System entered into a purchase agreement which provides for the acquisition by the District of all operating assets owned by the Key System and its affiliated companies for the sum of \$7,500,000. These include gasoline and diesel coaches and land, buildings, equipment, supplies and contractual rights. It is our opinion that the properties to be acquired are useful and necessary for the operation of the system, and that the purchase price is reasonable.

Allocation of funds to be derived from the sale of bonds, approved by the voters, is recommended as follows:

Purchase of 251 new buses.....	\$ 7,682,000
Acquisition of all operating assets of Key System.....	7,500,000
Rehabilitation and installation of diesel engines in 60 gasoline buses.....	360,000
Additional maintenance or storage terminal.....	200,000
Payment of one year's interest on bonds and miscellaneous capital expenditures.....	758,000
Total	<u>\$16,500,000</u>

Estimates of Revenue

Our estimates of revenues are based on the most recent experience of the Key System Transit Lines and on the present fare schedule, with the exception of the local fare for all children under 12 years of age, which will be reduced to ten cents throughout the system, regardless of zones. Additional revenue from the proposed new local and express lines at the outset is estimated conservatively at 25 cents per bus mile. It is estimated that the average revenue of these new lines will reach the average level of existing lines within a period of 5 years. Operating revenues during the initial year of operation as thus estimated total \$11,969,000. These estimates do not include any tax revenues presently collected to finance administrative and organizational expenses. The growth of population, the additional mileage, the improved convenience resulting from reduced travel times and a modernized bus fleet, and the increase in seat-mileage, will produce, in our opinion, an increase of three per cent per annum in revenue traffic during the initial five years of operation. This compares with 1.8 per cent increase in revenue passengers experienced by Key System Lines during 1959 over the previous year.

The declining trend in passengers and revenues on transit facilities throughout the country has been reversed in many cities during the past year. For instance, passengers carried by the San Francisco Municipal Railway have increased from 140,314,000 in 1958 to 141,609,000 in 1959, an increase of 0.9%. The Chicago Transit Authority reports 546,015,000 in 1959 vs. 533,294,000 in 1958, an increase of 2.4%. Similarly, there was an increase in the number of passengers carried by the New York Transit Authority and the Sacramento Transit Authority of 0.8% and 2.2% respectively, between 1959 and 1958.

Estimates of Expense

Estimates of annual operating expenses are based on an analysis of the actual 1959 experience of the Key System Transit Lines, and include a recent wage adjustment, as well as a reasonable allowance for continuation of the inflationary trends experienced during the past two decades. We have eliminated the principal items of expense which would be non-recurring under public ownership, aggregating in excess of some \$1,200,000 in 1959. State fuel taxes and employee benefit taxes which will have to be paid by the District were included. The following table shows the annual expenses during the initial year of operation for all of the services within the District and for the transbay services as recommended—a total of approximately 21,200,000 bus miles:

Equipment Maintenance and Garage.....	\$ 1,634,000
Transportation	6,386,000
Station	61,000
Traffic Solicitation and Advertising.....	34,000
Insurance and Safety.....	828,000
Administrative and General.....	882,000
Taxes	502,000
Total Operating Expenses.....	<u>\$10,327,000</u>
Bond service for ensuing year to be set aside from net revenues.....	1,230,000
Total Expenses and Charges.....	<u>\$11,557,000</u>

To provide for such service increases as may be induced by an anticipated rise in patronage we have estimated that operating expenses will increase by two per cent per annum during the initial five years of operation.

Projected Operating Results

The foregoing summary of estimates of annual operating revenues and expenses was utilized in estimating operating income. Fixed charges on a maximum 20-year, \$16,500,000 bond issue, consisting of interest and amortization at $3\frac{3}{4}$ per cent, on a level debt service basis over a period of 19 years, commencing in the second year have been deducted to arrive at the estimated net income shown.

The estimated annual results during the initial five years of operation are summarized as follows:

	(All figures in \$1,000's)				
	1st Year	2nd Year	3rd Year	4th Year	5th Year
Operating Revenues	11,969	12,425	12,895	13,379	13,877
Operating Expenses	11,557*	10,534	10,745	10,960	11,179
Operating Income	412	1,891	2,150	2,419	2,698
Debt service on \$16,500,000, $3\frac{3}{4}$ % bonds, 19 years amortization on a level payment basis.....	—	1,230	1,230	1,230	1,230
Income available for equipment renewal, additions and betterments	412	661	920	1,189	1,468

*Includes \$1,230,000 to be set aside for bond service prior to fixing of property tax for ensuing year.

We estimate that payments into the renewal fund when compounded at $3\frac{3}{4}$ % per annum, will provide the sums required for the replacement or renewal of all physical property owned and operated by the District at the expiration of the useful life of each component, assuming a weighted average life of 15 years for new diesel buses, 40 years for all buildings and structures, and 20 years for shop and office equipment.

Renewal funds and their earnings would be adequate for replacement of all of the used diesel and rehabilitated gasoline buses over a period of 8 years commencing with the third year of operation, at the rate of 42 buses per annum. Funds would be available in the renewal account to permit the continued retirement and replacement of equipment as required during subsequent years.

SUMMARY OF CONCLUSIONS

Based on present levels of prices, wages, and fares, our studies show that the proposed transit system will be self-supporting, and that the financing of all capital requirements can be accomplished without any increase in the present modest tax. It is also our belief that increasing patronage will generate additional revenue, sufficient to maintain the sound financial base of the transit system for an appreciable time with the present fare structure.

Increases in revenue over our estimates would permit the accumulation of additional reserve funds for such improvements as terminal parking facilities, passenger shelters, and central transportation depots.

Future increases in operating expenses, of course, could reduce the net income from that estimated above. It would be presumptuous to attempt to guarantee that the present fare structure can be maintained for all time. Should inflationary trends experienced during the postwar period continue indefinitely, it is obvious that all of the estimated net income might disappear and the District would then be faced with a policy decision as between moderate tax levies, increases in fares, or cutbacks in service.

Marked improvements in convenience will result from the purchase of 251 new, modern diesel buses which will incorporate all of the improvements which have been developed in the past year or two. Substantially all of the off-peak service will be rendered by the new buses, so that the used buses will be operated primarily only during the rush hours. The recommended use of annual net income for the

creation of a renewal reserve fund will permit the replacement of all of these used units within a few years.

The increased flexibility of operation and the provision of entirely new local service in populous outlying areas within the District will be important improvements in transit operations. Thousands of people in the outlying areas of the District will, for the first time, have access to dependable local public transportation. Substantial reductions in travel time will be realized through the operation of the express bus lines.

The more advantageous financial position of a public agency as compared to private ownership provides substantial aid in achieving those improvements. The new operation will be entirely free from federal and a number of other taxes and expenses.

Appendix 2

ABSTRACT OF PURCHASE AGREEMENT

Signed May 25, 1960

Between Alameda-Contra Costa Transit District,
and Key System Transit Lines and
Bay Area Public Service Corporation

Abstract prepared by
ARTHUR C. JENKINS & ASSOCIATES
Consulting Engineers

ABSTRACT OF PURCHASE AGREEMENT

I. Assets to be Transferred

A. Physical assets existing as of June 30, 1960, used in performance of passenger transit service, other than franchises, as identified in certain exhibits attached to the agreement, including:

1. Operating right and routes as certificated by the California Public Utilities Commission for performance of local and interurban bus service between points in the Counties of Alameda, Contra Costa and San Francisco.
2. Land, structures and improvements at three operating and bus maintenance divisions, comprised of: administrative service and repair buildings with lighting, plumbing, communication, heating and ventilation facilities; bus storage and service yards with concrete and asphalt paving, drainage facilities, fencing, lighting, bumper bars and pavement markings; yard plumbing facilities; underground bus fuel storage tanks, fuel dispensing pumps, fuel recording devices and pump shelter structures; air compression facilities; steam cleaning equipment; automatic bus washers; bus painting booths; bus service, repair and lubrication pits with dispensing facilities for electric power, compressed air and lubricants, and exhaust disposal system; and other miscellaneous items.
3. Small parcel of land with improvements devoted to passenger station and waiting use.
4. Five hundred and seventy passenger buses, 17 passenger automobiles, 25 service trucks, and fare collection boxes and equipment.
5. Shop and garage equipment, machines and tools, including: compressors, electric motors, lathes, grinders, testing equipment, gauges, hoists and drill presses; special tools and jigs; battery, metal working, tire and electrical equipment; benches, racks, bins and lockers; bus washing machines; and other miscellaneous items.
6. Materials and supplies and spare parts, including: new, used and rebuilt parts, assemblies and supplies for repair, maintenance and servicing of buses and automotive vehicles; printed stationery, ticket stock, transfers, identification checks, accounting forms; metallic fare tokens; and bus fuel and lubricants.
7. Office furniture, fixtures and equipment, at the general offices, three operational divisions and bridge terminal, including: desks, chairs, tables, file cabinets, safes, typewriters, calculating machines, adding machines, copy machines, bookcases, electric fans, air conditioners, floor coverings, and other miscellaneous furnishings, fixtures and office devices.
8. Mobile and stationary radio and telephone communications equipment, bus stop signs and benches and other miscellaneous items not elsewhere identified.
9. Plus additions and betterments to physical assets as described above, that shall be acquired or incurred between June 30, 1960, and date of closing.
10. Less those physical assets that shall have become nonoperative, retired from service, or disposed of during the period between June 30, 1960, and date of closing.

B. Contracts, leases and agreements other than franchises by which the Company shall be bound at date of closing, with minor exceptions, subject to specific provisions of the agreement.

II. Assets Not to be Transferred

A. Cash, cash items, working funds, special deposits, receivables, accounts receivable, interest receivable and dividends receivable.

B. All prepaid items, including but not limited to prepaid taxes, rent, insurance premiums, special assessments, bond premiums, licenses, wages, salaries, contributions to retirement income plan, other prepaid expenses, credits on contracts, and all sums deposited by Company to secure the payment or performance of liabilities or obligations of the Company, with provision for proration at date of closing.

C. All obligations, bonds or securities of any government; franchises; and improvements not included in Exhibits A or F of the agreement.

III. Purchase Price

A. In consideration for transfer of assets described above, an agreed purchase price in lump sum amount of \$7,500,000 shall be paid by the District to the Company to cover acquisition of physical properties and intangible assets as they exist on June 30, 1960, subject to adjustments described below.

B. In addition to the agreed purchase price, the District will pay to the Company an amount or amounts equal to:

1. Actual cost to Company for additions and betterments to physical properties, as may be necessary to continuation of transit service prior to date of acquisition, subject to specified limitations.
2. Excess of Materials & Supplies account as of date of closing, over amount shown by that account on June 30, 1960.
3. Net sales and use taxes paid or payable by Company on sale of assets contained in the Materials & Supplies account.

C. There shall be deducted from the agreed purchase price, an amount or amounts equal to:

1. The value of properties retired during the period from June 30, 1960, to date of closing.
2. Excess of Materials & Supplies account as of June 30, 1960, over amount shown by that account on date of closing.
3. Amount of deferred maintenance, if any, on buses between June 30, 1960, and date of closing, as measured by formula specified in the agreement.
4. Balance of Unredeemed Tickets & Tokens account as of date of closing.
5. Refund or credit, if any, accruing to Company on sales and use tax paid by Company at time of purchase, on Materials & Supplies, in the event that District shall pay direct sales and use tax to State of California to cover sales of assets by Company to District as provided by this agreement.

IV. Treatment of Liabilities

On or before date of closing, Company will pay or make provision for payment of all of its indebtedness and obligations constituting a lien upon assets to be purchased by District, and suitably provide for obligations incurred by reason of current transit operations in accordance with provisions of the agreement.

V. Adjustment of Purchase Price

The net amount of increases and decreases in the purchase price shall be determined by a qualified firm of certified public accountants and by a registered consulting engineer, both to be selected by mutual agreement of Company and District, and the determination of net adjustments as found by said accountants and engineer shall be binding and conclusive.

VI. Service and Franchises

On and after date of closing, Company agrees not to operate transit facilities under certificates and franchises it may retain, and shall not transfer any of such certificates or franchises, except upon written approval or request of the District.

VII. Conditions Precedent and Termination

Conditions precedent to effectiveness of this agreement are: approval of Company shareholders; approval of California Public Utilities Commission and sale of general obligation bonds by the District.

This agreement may be terminated if purchase has not been consummated by December 31, 1960, upon 30 days written notice, but said termination shall be subject to reinstatement or deferment.

VIII. Employment and Pension Plan

A. In accord with provisions of the Transit District Law, the District agrees to employ all employees of the Company (with exception of three specified executive employees), and to continue such employment to the extent such positions are required and employees render satisfactory performance.

B. It will be the policy of the District to continue contractual relationships with labor organizations, and to accept assignments of labor contracts from the Company to the District to the extent they are assignable.

C. The agreed purchase price was reached after considering and taking into account and allowance being made for the outstanding obligations and liabilities of the Company by reason of the Company's employee pension plan, and District shall assume the obligation of all rights, privileges and benefits of employees on the same or bettered pension plan provisions.

IX. Closing and Disputes

A. Final closing of title with respect to assets to be transferred, and payment of purchase price, shall be made on date of closing at Company's office, 1106 Broadway, Oakland, California.

B. There shall be no adjournment of date of closing due to dispute between parties, which shall not basically affect the obligations of the Company to convey or of the District to purchase the assets as contemplated, but closing of title and delivery of purchase price shall be completed subject to subsequent settlement of dispute.

C. Disputes as defined in the agreement shall be determined by arbitration, and the award of a majority shall be final and conclusive.

1. The first part of the paper discusses the importance of the study of the history of the United States. It is argued that a knowledge of the past is essential for a full understanding of the present and for the development of a sound policy for the future. The author then proceeds to a detailed examination of the various factors which have shaped the history of the United States, including the influence of the European settlers, the role of the American Indians, and the impact of the American Revolution.

2. The second part of the paper is devoted to a study of the economic development of the United States. It is shown that the growth of the American economy has been the result of a number of factors, including the discovery of gold and silver, the expansion of the frontier, and the development of the manufacturing industry. The author also discusses the role of the government in the economic development of the United States, and the impact of the various economic policies which have been adopted over the years.

3. The third part of the paper is a study of the political development of the United States. It is shown that the growth of the American political system has been the result of a number of factors, including the influence of the European political system, the role of the American people, and the impact of the American Revolution. The author also discusses the role of the government in the political development of the United States, and the impact of the various political policies which have been adopted over the years.

4. The fourth part of the paper is a study of the social development of the United States. It is shown that the growth of the American social system has been the result of a number of factors, including the influence of the European social system, the role of the American people, and the impact of the American Revolution. The author also discusses the role of the government in the social development of the United States, and the impact of the various social policies which have been adopted over the years.

5. The fifth part of the paper is a study of the foreign relations of the United States. It is shown that the growth of the American foreign policy has been the result of a number of factors, including the influence of the European foreign policy, the role of the American people, and the impact of the American Revolution. The author also discusses the role of the government in the foreign relations of the United States, and the impact of the various foreign policies which have been adopted over the years.

