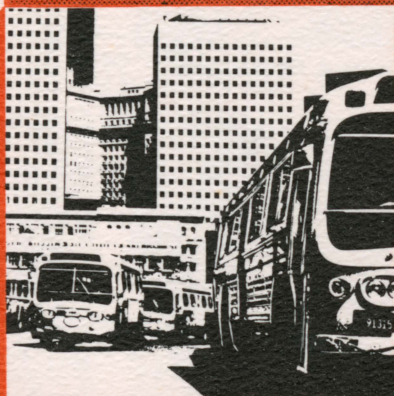
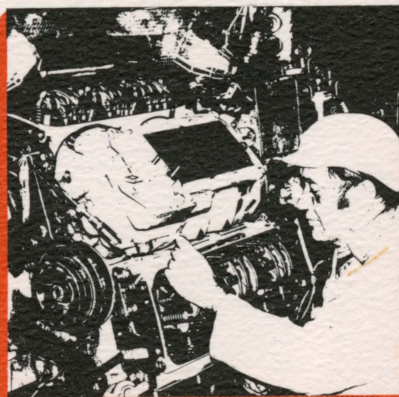


AC TRANSIT ANNUAL REPORT



1975/76

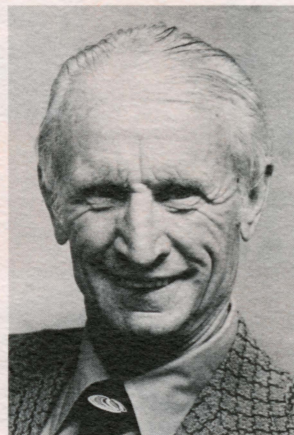
BOARD OF DIRECTORS



Kimi Fujii
President



John L. McDonnell
Vice President



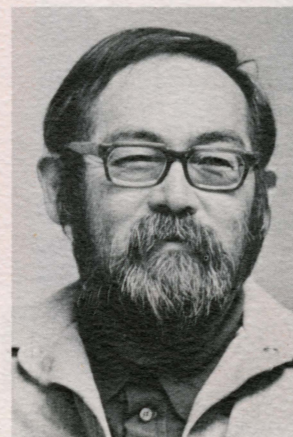
William E. Berk



William J. Bettencourt



Chester C. McGuire, Jr.



Roy Nakadegawa



Ray Rinehart



The opening of bus service in Concord was marked with a celebration at the BART/Concord station. The seven bus line system takes riders to neighborhood shopping areas and major office facilities, as well as to the train station.

It was a busy year for AC Transit, as service expanded into suburban areas and as planning crystalized into different system designs, new equipment needs and expanded passenger comforts.

Highlights included:

- Start of local bus service in Concord.
- Start of a local bus system in Pleasant Hill.
- Agreement with Moraga for service to connect that community to BART stations and shopping areas.
- Finalization of plans for improved commute service and off-peak Dial-A-Ride in Fremont and Newark.
- Award of contract for newly designed small bus.
- Opening of bids for articulated bus.
- Expansion of shelter program.

At the end of the fiscal year, AC Transit was operating more lines — 167 — over more miles — 98,889 scheduled each weekday — registering more yearly passenger trips — 58,220,157 — than at any time since the District went into operation on Oct. 1, 1960.

CONTRACT SERVICES . . .

The concept of individual communities contracting with AC Transit for bus service resulted in expansion into Concord and Pleasant Hill in Contra Costa County during the fiscal year. At the same time, planning was proceeding in other areas for similar local bus systems, indicative of the increasing realization the energy situation is getting worse and the need to provide public transit as an alternate choice to the private car is getting greater.

By working through AC Transit, Concord and Pleasant Hill

were able to take advantage of Federal funding and local sales tax monies to underwrite most of the costs of the initial small transit systems.

Concord got off to a start first, with a seven-line system opened on September 8. Six of these lines converge on BART/Concord, offering residents access to trains, as well as business and recreational facilities. A seventh line provides a connection from the Ygnacio Valley section to BART/Pleasant Hill during peak hours. Buses were operating six days a week and SunValley Shopping Center quickly proved a major attraction to midday shoppers.

The Concord system was welcomed with speeches by city fathers and coffee and pastries at the local bus stop at the BART/Concord station.

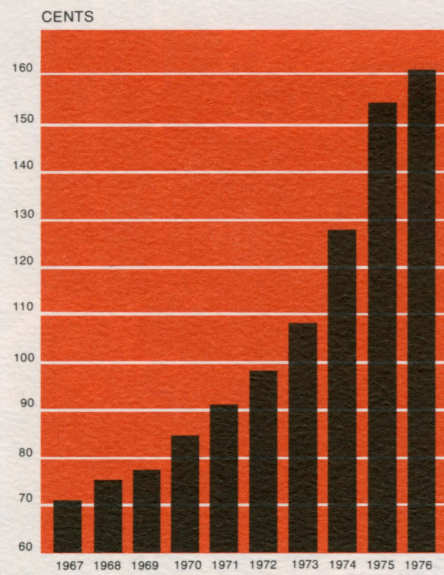
While Concord designed a conventional bus system expanding through business sections into various sections of the community, Pleasant Hill started on Dec. 8, with a two-loop system planned for individual needs.

The two-bus system changed according to time and destination, with coaches operating to BART/Pleasant Hill during commute hours, then following a different routing to meet requirements for schools and shopping. The design had the practical purpose of getting the maximum use from two buses, all Pleasant Hill felt it could finance at the beginning.

After trial operation, however, it was evident all service should connect Diablo Valley College and the BART station and routing was changed to a two-way pattern that went into effect on June 1, 1976, with no increase in man power or equipment.

Moraga, meanwhile, was working with AC Transit on routes to serve that suburban area, connecting

System Expenditures Per Mile
Fiscal year ending June 30

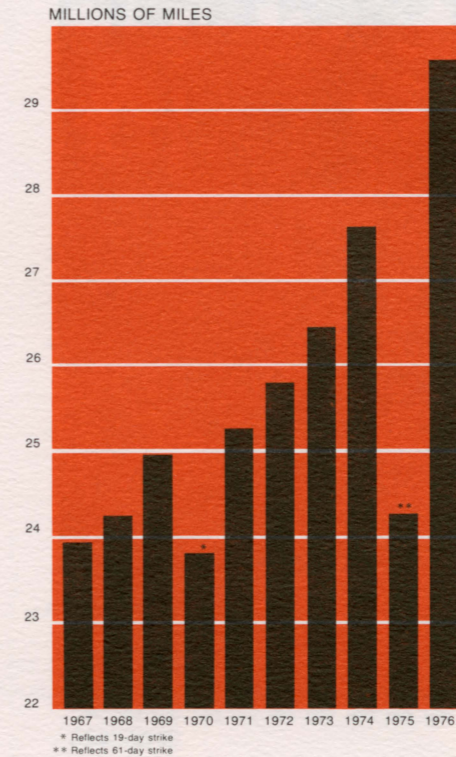


Oakland Raiders Phil Villapiano and Otis Sistrunk worked with students in an anti-vandalism program to encourage respect for equipment. They have been taking the AC Transit story to schools for four years.

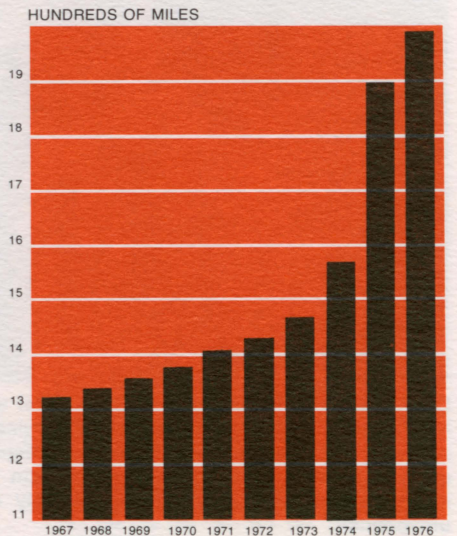


The first driver out of the Newark Division yard, Donald E. Figas, greets Herman M. Ramos, the first passenger to board a coach from the new division. The opening of the Newark facility marked the first time a new bus division yard has been established in the East Bay since 1947.

Vehicle Miles
Fiscal year ending June 30



One-Way Route Miles
Fiscal year ending June 30



PASSENGERS — FARES — MILEAGE

	1975-76	1974-75*	% Change
Passenger Trips			
East Bay	43,546,422	33,742,676	29.1
Transbay	12,475,887	10,505,091	18.8
Fremont/Newark** ..	887,318	404,727	119.2
Contract Services***			
BART	877,889	347,147	152.9
Concord	377,511	—	—
Pleasant Hill	55,130	—	—
Total	58,220,157	44,999,641	29.4
Fare Revenue			
East Bay	\$ 8,389,067	\$ 6,752,056	24.2
Transbay	6,472,917	5,575,658	16.1
Fremont/Newark** ..	167,170	78,496	113.0
Contract Services***			
BART	296,073	123,080	140.6
Concord	60,118	—	—
Pleasant Hill	8,223	—	—
Total	\$15,393,568	\$12,529,290	22.9
Service Miles			
East Bay	16,912,363	14,262,438	18.6
Transbay	9,323,481	8,134,288	14.6
Fremont/Newark** ..	866,445	548,670	57.9
Contract Services***			
BART	1,711,666	981,803	74.3
Concord	381,447	—	—
Pleasant Hill	66,074	—	—
Total	29,261,476	23,927,199	22.3

*Reflects 61-day strike
**Fremont service inaugurated Nov. 12, 1974
Newark service inaugurated Dec. 16, 1974
***Contract service to BART inaugurated Dec. 2, 1974
Concord contract service inaugurated Sept. 8, 1975
Pleasant Hill contract service inaugurated Dec. 8, 1975

neighborhoods and St. Mary's College with BART stations at Orinda and Lafayette.

FREMONT-NEWARK NEW SYSTEM DESIGN ...

Plans for a complex bus system in Fremont and Newark continued to be refined.

Public hearings were held in both cities in an attempt to deal with one of the knotty problems facing the District — Dial-A-Ride.

What concerned citizens, management and the Board of Directors was the dilemma of how to pay for a full Dial-A-Ride system with limited funding. Yet campaign workers and political spokesmen stressed during the public hearings and planning sessions they had promised some type of demand responsive service in getting out the vote to pass annexation to AC Transit with a maximum 33 cent tax rate per \$100 assessed valuation.

AC Transit planners believed, however, there was not enough money to operate Dial-A-Ride during commute hours. Consultants, engaged by the two cities to plan the original system, also agreed, after a second look, that it would take 58 percent more buses to operate in commute hours than originally projected.

What emerged from the meetings was a system design involving three distinct types of service.

The backbone of the service would be the existing seven fixed routes with minor service pattern changes.

During commute hours, the basic fixed routes would be augmented by 12 mini-fixed routes, reaching into virtually every neighborhood.

Dial-A-Ride service would operate weekdays during off-peak hours and on Saturdays and Sundays. To start with, two Dial-A-Ride zones approximately one square mile in area would be opened, with additional zones to be implemented on a six to eight week schedule depending on ridership and availability of equipment. Ultimately, the

system design calls for 21 zones in the two cities.

RICHMOND EXPERIMENT ...

As the Fremont-Newark system design was nearing completion, a year-long experiment with Dial-A-Ride in a 4.9 square mile area of Richmond was drawing to a close.

The Board of Directors concluded the Richmond project citing prohibitively high operational costs — more than \$3.50 per passenger carried.

The decision was reached following public hearings in the community at which expense of operation was discussed. Little opposition during the hearings was registered over the ending of the project.

The Richmond experiment, which ran from Sept. 16, 1974 to Sept. 5, 1975, provided valuable information in planning the Dial-A-Ride operation in Fremont and Newark.

BUSES ...

During the year the District sought new equipment and explored new bus technology.

Since 1970 the hunt had been on for a heavy duty small bus for neighborhood use. Such a coach was called for in the Fremont-Newark system design.

Wanted was a bus which could match the rest of the fleet with an operating expectancy of 15 years and which could provide passenger comfort without sacrificing performance reliability.

After seeking bids twice for a bus 25 feet long, the District awarded a contract to Minibus of Downey, Calif., for 23 newly designed, heavy duty small buses, at a price of \$49,088 each, plus delivery and taxes. The buses seat 25 passengers each. The contract, awarded May 28, specified delivery 180 days from date of award. An option was included to buy six small buses for Moraga and Pleasant Hill.

Evaluation also was underway near the close of the fiscal year on the sole responsive bid received for articulated buses, which priced each coach at \$171,163 before delivery. The quoted price was being studied by CALTRANS, which handled bid procedure for AC Transit and 10 other properties, jointly interested in buying 325 buses as a means of increasing productivity.

M.A.N. of West Germany offered the bid in conjunction with AM General. Additional funding also must be obtained before purchase can be made.

As the fiscal year ended, Directors authorized soliciting bids for 66 advanced design 40-foot city transit coaches, 12 of which would be put into service in Fremont and Newark. Specifications for the buses call for climate control and cantilevered seats for passenger comfort. Additionally, each 47-passenger bus would have a number of features anticipated to save \$13,637 per bus in maintenance and material costs over the 15-year life expectancy of each coach.

AC Transit is participating with five other properties in seeking a joint order, expected to total at least 418 of the modern design coaches.

PASSENGER TRAVEL ...

Passenger travel on transbay service remained stable with a slight increase in ridership at the turn of the year. East Bay patronage showed an increase in District 1 and District 2; passenger growth steadily increased on services operated under contract with BART and with Concord and Pleasant Hill, indicating more people than ever were riding the bus.

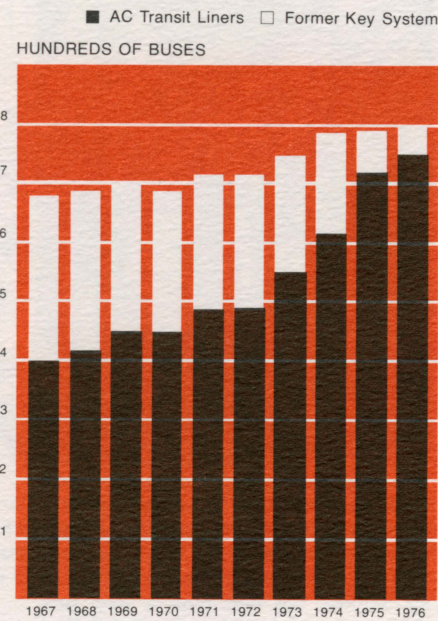
Use of BART/AC Transit transfers showed an increase from 2,220,674 in the 1974-75 fiscal year to 3,393,303 in the fiscal year ending June 30, 1976, up 1,172,629 or 52.8 percent. However, buses did not roll in July and August of 1974 because of a two-month strike.

Night patronage on buses showed no significant increase



Diablo Valley College students John Taylor and Elizabeth Martin study brochure explaining bus service to and from campus. Some 10,000 brochures were distributed at the college as part of an on-going program to distribute information on bus service to community colleges and universities.

Buses In Service
Fiscal year ending June 30



as result of corresponding night service on BART.

One-way street miles increased from 925.6 to 985.5, up 59.9 miles or 6.4 percent. One-way route miles increased from 1,886.9 to 1,985.5, an increase of 198.6 miles or 5.2 percent. Total weekday schedule miles increased from 98,713 miles to 98,889 miles, an increase of 176 miles.

A decrease of 1,400 miles in Richmond Dial-A-Ride in September, 1975, held down the mileage figure, but this was absorbed by inauguration of contract service in Concord and Pleasant Hill, plus increases in District 1 and District 2.

Continuing changes in service were made, to better meet passenger needs while making the best productive use of available equipment in suburban areas, as well as in East Bay cities and on transbay lines.

SURVEYS . . .

Senior citizen surveys taken in October, 1975, showed a riding increase of 3.0 percent on East Bay lines on weekdays over May, 1975. On Saturdays, East Bay ridership showed an increase of 4.8 percent among senior citizens. Sunday remained approximately the same.

TIMETABLES . . .

Printing of public timetables to aid riders increased from 2,702,000 in fiscal 1974-75 to 3,541,000, or 31.1 percent.

PASSENGER STOPS . . .

Passenger stop poles increased by 445 from 5,921 to 6,366 between fiscal 1974-75 and 1975-76.

LEADERSHIP . . .

As the 1976 calendar year opened, Director Kimi Fujii of

Hayward was elected to her second term as President of the Board of Directors.

Director John McDonnell of Oakland, a member of the Board since AC Transit was created by the voters in 1956, was elected to a second term as Vice President of the Board.

FACE LIFT . . .

Sixty-one coaches had a new face lift as the Maintenance Department completed refurbishing 100 series buses. Giving the "old friends" a new look took a year's time, but the buses are expected to operate at least another five years — at a savings to taxpayers. Cost of refurbishing the buses was approximately \$3,000 per bus. Originally in 1960, the buses had a price tag of \$34,420 each, including tax. To replace them with a comparable new coach would cost in excess of \$70,000 per bus.

The District in November, 1975, received the first of 36 new 45-passenger Flxible coaches scheduled for service being operated under contract with BART in suburban areas of Contra Costa and Alameda counties.

A total fleet of 801 coaches were in service at the close of the fiscal year. Of that number, 40 were former Key System buses and 760 were "new look" AC Transit coaches. One was the articulated "Freeway Train" XMC-77.

FARE ZONES ELIMINATED . . .

When the fiscal year opened on July 1, 1975, regular adult passengers on East Bay local lines began paying the same fare — 25 cents — as zone charges were eliminated. The long tradition of interzone fare charges ended after a survey showed a majority of interzonal local riders were making trips that averaged between five and six miles — virtually the same average trip length for passengers riding for the single zone fare of 25 cents.



Checking out future proposed routing into St. Mary's College, AC Transit bus makes loop past the chapel. Students of St. Mary's can expect free transportation in latest example of suburban transit planning.

SAFETY RECORDS . . .

AC Transit passengers rode safer than ever during the year.

Figures reflected an all-time safety record as operators recorded 14,639 safe driving miles per accident.

Passenger accident frequency reached a record low of 6.8 per 1,000,000 passengers carried.

Accident frequency also reached a record low of 5.15 per 100,000 miles.

At the same time the entire District was scoring records in safety, Newark Division was establishing an all-time monthly safe driving record of its own as it logged 95,790 miles per accident in November, 1975.

A review of statistics showed that traffic accident frequency decreased by 11.8 percent over the last five years, by 19.2 percent when compared to 10 years ago, and by a whopping 29.6 percent when compared with the 1960-61 fiscal year, the first year AC Transit went into operation.

Nine more drivers were honored during the year for achieving 25 years of safe driving without a chargeable accident.

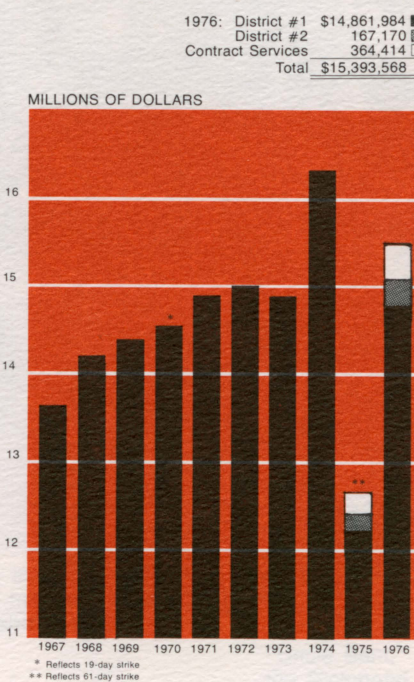
During the year the safety bogey of 13,250 miles per accident was beaten 38 times with Emeryville Division beating it 11 times, Newark Division 10 times, Seminary Division 9 times and Richmond Division 8 times.

REGIONAL DISCOUNT PROGRAM . . .

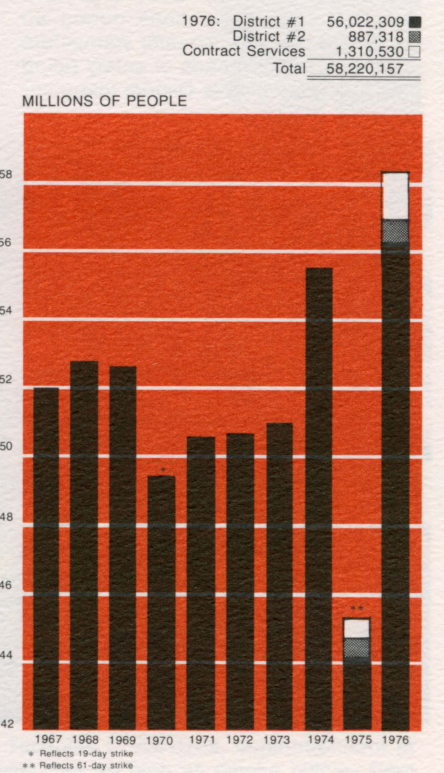
Nine public transit agencies in the San Francisco Bay Area were working together to make it as easy as possible for eligible handicapped people and senior citizens to enjoy a discount in riding on different transportation systems.

AC Transit certified approximately 2,300 handicapped persons and photographed and issued cards to some 11,300 senior citizens in the first fiscal year of the program.

Fare Box Revenue
Fiscal year ending June 30



Passenger Trips
Fiscal year ending June 30



A concerted effort to "take the mountain to Mohammed" was made as Personnel Department employees went on the road to various communities with a mobile card issuing center.

FOOTBALL PLAYERS APPEAR . . .

For the fourth year in a row, Oakland Raiders Phil Villapiano and Otis Sistrunk continued their travels to individual schools to give the AC Transit story.

The two "silver-and-black" stars presented programs in 31 schools to help reduce vandalism on buses and encourage respect for drivers and property.

The response by students to the two professional football players was enthusiastic and resulted in requests to have them return as AC Transit representatives.

SPECIAL SERVICES . . .

AC Transit's popular Summer Sunshine Fun Tours carried 6,260 riders to festivals, wineries, historical events and other points of interest. The 167 buses used traveled 21,781 miles, averaging 37 passengers per bus.

"Pony Express" service to Golden Gate Fields was hampered by six weeks of track workers being on strike. However, 147,000 horse racing fans were carried to the track during the season, representing 14.7 percent of total track attendance.

Special service to East Bay Regional Parks was launched for the third summer in 1976 with coaches operating daily to Tilden and Roberts-Redwood Parks and to Don Castro Park on weekends. Line 91 was extended on weekdays and Saturdays to Lake Chabot Park. The Tilden bus again was outfitted to carry cyclists into the hills.

Weekend "Pedal Hopper" buses continued to operate on Line B-Grand Ave. to take bicycling enthusiasts to and from San Francisco, and the usual special services for sporting

Deaf child from Concord's Westwood Elementary School uses sign language to pose questions during an on-board class to acquaint youngsters with the proper means of safely riding the bus. Watching is District instructor George Silva.



Contract bus service with individual communities like Pleasant Hill brought first public transit into suburban areas oriented to the automobile.

Driver Ernest L. Harper was awarded AC Transit's Community Service Citation for rescuing eight people from a San Leandro apartment fire. His assistance in evacuating tenants from the burning building earned him commendations from fire and police officials and the California State Attorney General's award for valor.



events at the Oakland-Alameda County Coliseum Complex and the University of California Memorial Stadium again provided fans with an opportunity to cheer for their favorite team.

An experimental subscription bus service to an industrial park in Hayward was initiated for a trial period. After three months, the pilot experiment was abandoned because of lack of patronage.

Although the project was discontinued, valuable experience and information were gained on the concept of subscription service to specific areas not currently served by public transit.

WEATHER PROTECTION . . .

The program to install shelters moved along, as the public responded enthusiastically to the convenience of weather protection. By the end of the fiscal year, 65 shelters were installed in the 11-city area from San Pablo and Richmond south to Hayward. Seventy more shelters are scheduled for the same East Bay cities.

An additional 75 shelters are destined for Fremont and Newark. Thirty shelters will be installed for service operated under contract with BART, 25 shelters are destined for Concord, four for Moraga/Orinda contract service and one for Pleasant Hill contract service.

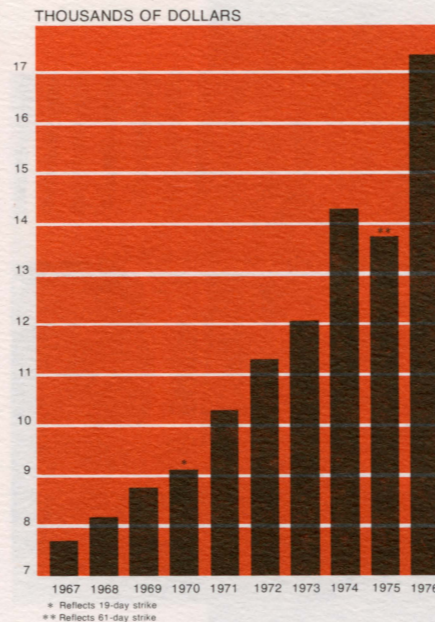
The City of Emeryville purchased two shelters and gave them to AC Transit. The Oakland Redevelopment Agency purchased one shelter for the bus system and F.P. Lathrop Company in the Watergate complex purchased two shelters.

EXCLUSIVE LANE . . .

Use of the exclusive lane through the toll plaza entrance to the San Francisco-Oakland Bay Bridge was expanded and tolls were removed during midday hours effective Jan. 2, as result of action taken by the California Toll Bridge Authority.

Average Annual Employee Earnings

Fiscal year ending June 30



Previously, buses were granted free passage and rolled through the toll gates on an exclusive lane between 6 a.m. and 9 a.m. and 3 p.m. and 6 p.m. Under the new expansion, buses can zip through the toll gates, traveling free between 6 a.m. and 6 p.m. on weekdays, excluding holidays. The additional free passage results in an annual projected savings of \$3,379.

INCREASED FUNDING SOUGHT . . .

To meet the growing demands to finance public transit, AC Transit aggressively sought increased funding from State and Federal sources.

The District views a situation in coming years in which the costs of operation are expected to increase, beyond the income received through the fare box, from the property tax, from State sales tax funds and from Federal capital and operating assistance.

Credited as one of the most efficiently-operated properties in the transit industry, AC Transit was looking at all operations, including nighttime and weekend services, for curtailments, which at best, would decrease future unfunded deficits. At the same time, practical figures were being gathered to encourage legislators to give priority to public transit as a logical solution to coming energy and congestion stagnation.

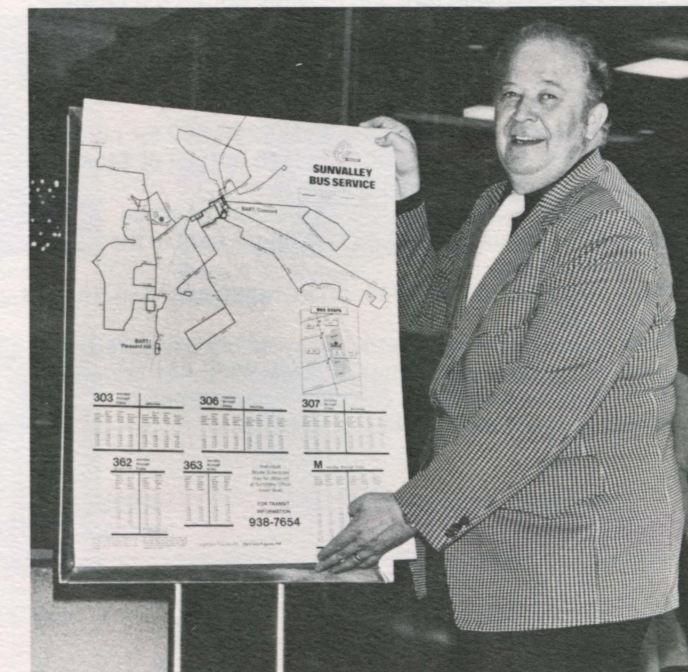
MAINTENANCE DEPARTMENT . . .

In addition to their other work, the Maintenance Department commemorated the nation's 200th birthday by designing and painting two specially decorated Bicentennial buses which were put into service on various lines in celebration of the historic event. They also appeared in community parades in cities throughout the District.

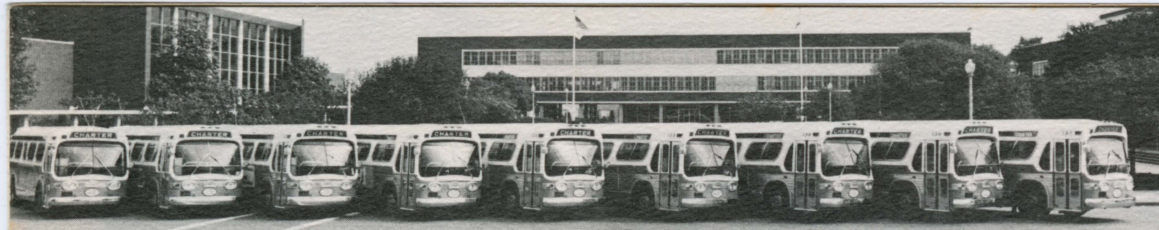
For the 14th straight year the Maintenance Department received the Fleet Owner Maintenance Efficiency Award reflecting the high achievement of their work.



"Uncle Sam," enacted by Nicholas P. Alevizos, superintendent of the Richmond Division, holds flag on high as smoke billows from cannon fire on top of AC Transit bicentennial-decorated coach. "Uncle Sam" and his cannons were a hit during a number of community parades during the year.



Special public information materials were prepared for new areas served by bus service like SunValley Shopping Center in the Concord-Pleasant Hill area. Shopping center manager William Burrous reflects the enthusiasm exhibited in greeting the new service.



Nine "new look" buses recorded more than one million miles of service for the District. The buses began operation in 1960 and 1961 and are still in top mechanical condition.



To mark the bicentennial, AC Transit Maintenance Department painted two buses white, striped with star-spangled blue and red, to operate on different lines during the year. The buses carried a legend saluting "USA '76".

Adding to the impressive maintenance performance was a new record established of 84,000 miles per mechanical failure.

Again this year, the Maintenance Department decorated a special "Santa Claus Express Bus" to spread good will and candy canes to youngsters and oldsters during the holiday season.

CLAIMS . . .

Paid losses for the fiscal year were \$296,509 for personal injury and \$97,582 for property damage, a total of \$404,309 compared to \$401,739 the previous year.

Cost of claims amounted to 2.51 percent of gross passenger revenue, compared to 2.98 percent in the 1974-75 fiscal year.

Recoveries totaled \$49,344, an increase over \$44,144 the previous year.

Paid losses under the District permissibly uninsured Workers' Compensation program were \$372,741 compared to \$238,894 the prior year. Recoveries amounted to \$49,457, up from the \$20,413 in 1974-75.

PERSONNEL DEPARTMENT . . .

The Personnel Department headed up open recruitment for bus driver trainees in order to have an updated existing applicant pool and to establish an eligibility list from which to draw for a period of one year.

The program was in line with the District's upgraded affirmative action program. During the recruitment, 13,000 application packages were distributed.

THE YEAR IN REVIEW . . .

Tough goals were set during 1975-76. Increasingly demanding challenges presented themselves as employees rose to meet them.

Building blocks of the future continued to be constructed as everyone worked toward the goal of providing a better public transit system, both for today and for the future.

MANAGEMENT



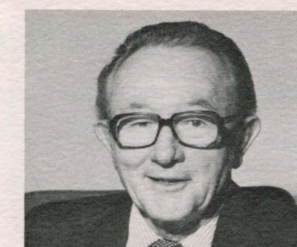
Alan L. Bingham
General Manager



Virginia Dennison
Public Information Manager



J. Dale Goodman
Transportation Manager



Ozro D. Gould
Claims Manager



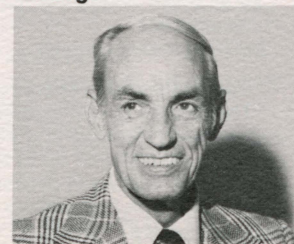
John A. Krajar
Purchases and Stores
Manager



Anthony R. Lucchesi
Maintenance Manager



Robert E. Nisbet
Attorney



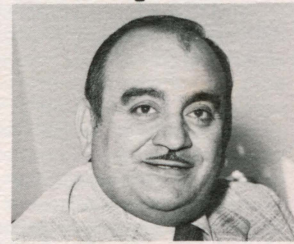
Stanley O. Pearce
Superintendent of Safety
and Training



Warren E. Robinson
Transportation Engineer

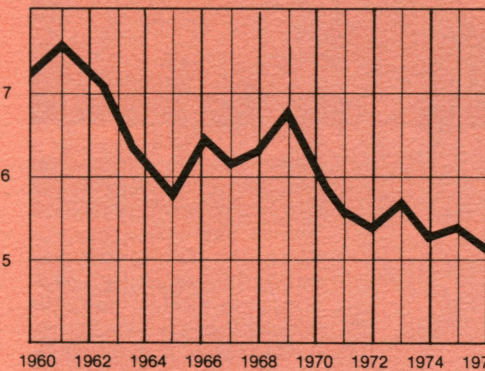


Lawrence A. Rosenberg
District Secretary and
Administrative Projects
Manager

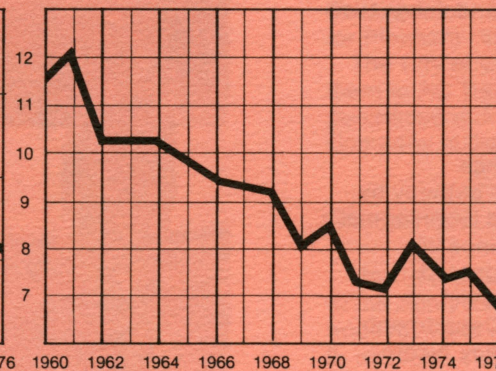


Robert J. Shamon
Personnel Manager

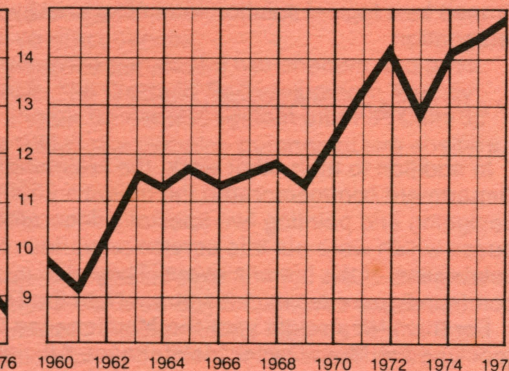
**TRAFFIC ACCIDENTS
PER 100,000 MILES**



**PASSENGER ACCIDENTS PER
1,000,000 PASSENGERS CARRIED**



**THOUSANDS OF MILES
OPERATED PER ACCIDENT**



AC Transit passengers rode safer than ever during the fiscal year, as new records were registered.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

COMBINED BALANCE SHEET (NOTE A)

June 30, 1976 and 1975

	1976	1975
ASSETS		
Property, plant and equipment, at cost (Note D):		
Property, plant and equipment acquired October 1, 1960	\$ 5,621,882	\$ 5,884,306
Less accumulated depreciation	2,805,336	3,023,911
	<u>2,816,546</u>	<u>2,860,395</u>
Other property and equipment:		
Revenue equipment	27,749,886	24,964,249
Shop, office and other equipment, service vehicles and building improvements	2,264,148	1,744,093
	<u>30,014,034</u>	<u>26,708,342</u>
Less accumulated depreciation	14,468,393	12,790,462
	<u>15,545,641</u>	<u>13,917,880</u>
Total property, plant and equipment	<u>18,362,187</u>	<u>16,778,275</u>
Current assets:		
Cash:		
On hand and in commercial accounts	1,142,367	405,811
Time deposits	6,117,362	5,375,000
	<u>7,259,729</u>	<u>5,780,811</u>
Short-term investments, at amortized cost (approximates market)	4,499,992	4,796,161
Receivables:		
Federal operating assistance (Note C)	6,868,357	977,338
Property tax proceeds, charter service and other	1,344,589	1,392,458
Materials and supplies, at cost	479,249	406,689
Prepaid expenses	73,753	73,090
	<u>20,525,669</u>	<u>13,426,547</u>
Total current assets	<u>\$38,887,856</u>	<u>\$30,204,822</u>
LIABILITIES AND CAPITAL		
General obligation bonds, due serially to 1980 at various interest rates (1% to 3.25%), less amounts due within one year		
	\$ 4,700,000	\$ 5,700,000
Current liabilities:		
Accounts payable	891,490	772,665
Salaries and wages	869,338	699,991
Accrued payroll taxes and amounts withheld from employees	330,112	274,818
Accrued pension costs (Note A)	5,013,544	3,112,391
Accrued interest on bonded debt	51,250	61,650
Unredeemed tickets and tokens	153,531	155,678
Self-insurance reserves (Note A):		
Public liability and property damage	529,000	451,000
Workmen's compensation	669,000	758,000
Amount due within one year on general obligation bonds	1,000,000	975,000
	<u>9,507,265</u>	<u>7,261,193</u>
Total current liabilities	<u>9,507,265</u>	<u>7,261,193</u>
Capital (Notes A and F):		
District equity	15,478,961	9,910,135
Federal contributed capital	9,201,630	7,333,494
	<u>24,680,591</u>	<u>17,243,629</u>
Total capital	<u>\$38,887,856</u>	<u>\$30,204,822</u>

See accompanying notes.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 1976

A. Summary of accounting policies Basis of presentation

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

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

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

Property, plant and equipment

Property, plant and equipment, acquired October 1, 1960 from Key System Transit Lines and its parent, Bay Area Public Service Corporation, is being amortized on a composite basis over assigned lives which range from ten to thirty-five years.

Other property is depreciated on the straight-line method over the estimated useful lives of the assets which are as follows:

Revenue equipment (buses)	15 years
Shop, office and other equipment	5 to 20 years
Building improvements	27 and 30 years

Self-insurance reserves

The District is self-insured for public liability and property damage and workmen's compensation claims up to \$75,000 for any one occurrence. Claims in excess of these amounts are insured with commercial carriers. It is the District's policy to provide, in each period, reserves to cover the estimated charges for the self-insured portion of these claims.

Pensions

The District has a pension plan covering all union employees and provides similar retirement benefits for nonunion employees. In accordance with the terms of the current agreement with the Amalgamated Transit Union, annual contributions (provisions in the financial statements) by the District to the union plan are to be made at the discretion of the District, except that they shall not be less than \$552,000. The pension provisions (1976 - \$2,684,000 and 1975 - \$1,762,000) are based principally on percentages of gross payroll as reviewed annually by the Board of Directors.

Effective July 1, 1976, the District has adopted a contribution program which will provide for normal cost of the plans and

amortize unfunded prior service cost over a period of forty years in accordance with generally accepted accounting principles. Under this program, the pension provision for 1977 is expected to be approximately \$4,300,000.

Funding practices in effect in 1976 and prior years postponed the funding of future pension liabilities beyond the period generally used by actuaries and resulted in provisions which were less than the minimum amounts as determined under generally accepted accounting principles. Based on the latest actuarial valuations, the provisions for pensions for 1976 and 1975 are estimated to be respectively \$1,000,000 and \$1,600,000 less than the minimum provision as determined under generally accepted accounting principles.

The unfunded prior service cost of the plans at December 31, 1975, the date of the most recent actuarial valuations, was approximately \$34,500,000 and the actuarially computed value of unfunded vested benefits was approximately \$22,700,000.

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

Federal contributed capital

The District periodically receives federal grants from the Urban Mass Transportation Administration of the U.S. Department of Transportation for the acquisition of buses and other equipment and improvements. Federal grant funds received, less the related portion of depreciation on the assets, is credited to federal contributed capital. Changes in federal contributed capital for the years ended June 30, 1976 and 1975 are as follows:

	1976	1975
Balance at beginning of year	\$7,333,494	\$3,941,080
Federal grant funds received	2,519,845	3,832,381
Depreciation charges included in operating expenses, transferred from District equity	(651,709)	(439,967)
Balance at end of year	<u>\$9,201,630</u>	<u>\$7,333,494</u>

B. Local transportation funds

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

Local transportation funds for capital acquisitions in 1976 (\$696,487) represent principally amounts received from the Bay Area Rapid Transit District (B.A.R.T.D.) for the local share of the cost of buses to be used in providing contract service. The remaining cost of the buses was provided by federal capital grant funds.

C. Federal operating assistance

The District was allocated a total of up to \$6,934,566 of federal operating assistance for the periods ending June 30, 1976 and 1975 pursuant to Section 5 of the Urban Mass Transportation Act of 1964, as amended by the Mass Transportation Assistance Act of 1974. The estimated reimbursement for eligible

operating expenses during the periods (1976 - \$5,891,019 and 1975 - \$977,338) have been accrued and are subject to final audit by the Metropolitan Transportation Commission and the Urban Mass Transportation Administration.

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

D. Federal capital grants

The District has four grant contracts in process with the Urban Mass Transportation Administration which provide federal funds for the acquisition of buses and other equipment and improvements through 1977. Budgeted capital additions applicable to the grant projects are \$30,331,937. The related federal participation is \$22,542,574 of which \$9,747,814 had been received at June 30, 1976. At June 30, 1976, in connection with these projects, the District has committed to purchase equipment at a cost of approximately \$1,596,000.

At June 30, 1976, buses and other equipment with a cost of \$16,207,000 had been purchased under federal grant contracts. Under the terms of the grants, proceeds from

Continued on Page 14

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

COMBINED STATEMENT OF REVENUE, EXPENSE AND CAPITAL (NOTE A)

Years ended June 30, 1976 and 1975

	1976	1975
Operating revenue:		
Fares	\$15,393,568	\$12,529,290
Contract service (Note A)	1,973,894	1,251,874
Charter	654,589	567,307
Advertising	248,081	180,982
Interest	317,935	507,073
Other operations	78,147	161,591
	<u>18,666,214</u>	<u>15,198,117</u>
Operating expense:		
Transportation	28,216,695	22,135,097
Maintenance	4,962,250	3,866,490
Depreciation and amortization (Note A)	1,721,955	1,759,024
Operating taxes and licenses	1,599,460	1,371,089
Administrative and general	2,772,371	2,120,264
Welfare and pensions (Note A)	5,323,393	3,761,871
Insurance and safety	1,385,893	1,555,694
Public information and advertising	418,208	368,622
	<u>46,400,225</u>	<u>36,938,151</u>
Operating loss	<u>27,734,011</u>	<u>21,740,034</u>
Nonoperating items:		
Proceeds from property taxes	19,379,916	17,062,765
Local transportation funds (Note B)	6,846,768	6,216,702
Federal operating assistance (Note C)	5,891,019	977,338
Less:		
Provision for current year's redemption of bond principal	(995,830)	(966,667)
Interest and fees on bonded debt	(163,062)	(193,920)
	<u>30,958,811</u>	<u>23,096,218</u>
Net proceeds available for operations	<u>30,958,811</u>	<u>23,096,218</u>
Increase in equity after provision for bond principal redemption	<u>3,224,800</u>	<u>1,356,184</u>
Capital:		
Balance at beginning of year	17,243,629	11,088,397
Restoration of provision for bond principal redemption deducted above	995,830	966,667
Federal grant funds for capital acquisitions (Note D)	2,519,845	3,832,381
Local transportation funds for capital acquisitions (Note B)	696,487	—
	<u>\$24,680,591</u>	<u>\$17,243,629</u>

See accompanying notes.

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

E. Litigation

The District is the defendant in an action brought by individual plaintiffs on behalf of certain union employees which involves the application of the California Labor Code to the District's union agreement in effect prior to September, 1974. The matter was decided in favor of the District in the trial court. However, the trial court's decision was reversed by the appellate court in 1976 and the matter has been remanded to the trial court for the determination of damages. This litigation is one without legal precedent and therefore it is difficult to forecast the probable financial impact on the District, but the amount of damages, if any, are not expected to have material effect on the District's financial condition.

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

F. Special transit service districts and contract service areas

Revenue, expense and capital for Special Transit Service Districts No. 1 and No. 2 and contract service areas for the year ended June 30, 1976 are summarized below. The operating loss applicable to the B.A.R.T.D. Contract Service (\$70,900) is equivalent to the depreciation charge on buses used in providing that service. B.A.R.T.D. is not charged for such depreciation since the buses were acquired with federal capital grant funds and monies received from B.A.R.T.D.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION (NOTE A)

Years ended June 30, 1976 and 1975

	1976	1975
Sources of working capital:		
Proceeds from property taxes	\$19,379,916	\$17,062,765
Local transportation funds	6,846,768	6,216,702
Federal operating assistance	5,891,019	977,338
Federal capital grant funds	2,519,845	3,832,381
Local funds for capital acquisitions	696,487	—
Sale of equipment	—	23,498
	<u>35,334,035</u>	<u>28,112,684</u>
Applications of working capital:		
Operating loss	27,734,011	21,740,034
Less depreciation and amortization	1,721,955	1,759,024
	<u>26,012,056</u>	<u>19,981,010</u>
Interest on bonded debt	163,062	193,920
Current installments due on bonded debt	1,000,000	975,000
Acquisition of property, plant and equipment	3,305,867	5,826,176
	<u>30,480,985</u>	<u>26,976,106</u>
Increase in working capital	<u>\$ 4,853,050</u>	<u>\$ 1,136,578</u>
Summary of changes in working capital:		
Cash	\$ 1,478,918	\$ 1,573,408
Short-term investments	(296,169)	(366,067)
Receivables:		
Federal operating assistance	5,891,019	977,338
Other	(47,869)	478,431
Other current assets	73,223	104,177
Accounts payable and accrued liabilities	(330,919)	(195,139)
Accrued pension costs	(1,901,153)	(976,570)
Self-insurance reserves	11,000	(409,000)
Amount due within one year on long-term debt	(25,000)	(50,000)
Increase in working capital	<u>\$ 4,853,050</u>	<u>\$ 1,136,578</u>

See accompanying notes.

ARTHUR YOUNG & COMPANY

1330 BROADWAY
OAKLAND, CALIFORNIA 94612

The Board of Directors
Alameda-Contra Costa Transit District

We have examined the accompanying combined balance sheet of Alameda-Contra Costa Transit District at June 30, 1976 and the related combined statements of revenue, expense and capital and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously made a similar examination for the prior year.

As explained in Note A, the provisions for pension costs for the years ended June 30, 1976 and 1975 are respectively \$1,000,000 and \$1,600,000 less than the minimum amounts required under generally accepted accounting principles.

In our opinion, except as stated in the preceding paragraph, the statements mentioned above present fairly the combined financial position of Alameda-Contra Costa Transit District at June 30, 1976 and 1975 and the combined results of operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company

January 5, 1977

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 1976**

	Special transit service districts		Contract service areas			
	District No. 1	District No. 2	B.A.R.T.D. Express	City of Concord	City of Pleasant Hill	City of Moraga
Operating revenue:						
Fares, charter and other	\$16,135,432	\$ 174,414	\$ 310,387	\$ 63,318	\$ 8,769	\$ —
Contract service	63,851	—	1,850,854	50,166	9,023	—
	<u>16,199,283</u>	<u>174,414</u>	<u>2,161,241</u>	<u>113,484</u>	<u>17,792</u>	<u>—</u>
Operating expense (allocated), including start-up costs and depreciation	41,936,978	1,342,209	2,232,141	692,335	192,510	4,052
Operating loss	25,737,695	1,167,795	70,900	578,851	174,718	4,052
Nonoperating items:						
Proceeds from property taxes	17,810,244	1,569,672	—	—	—	—
Local transportation funds	5,414,275	931,950	—	371,420	125,071	4,052
Federal operating assistance	5,323,596	310,345	—	207,431	49,647	—
Provisions for principal redemption, interest and fees on bonded debt	(1,158,892)	—	—	—	—	—
	<u>27,389,223</u>	<u>2,811,967</u>	<u>—</u>	<u>578,851</u>	<u>174,718</u>	<u>4,052</u>
Increase (decrease) in equity after provision for bond principal redemption	1,651,528	1,644,172	(70,900)	—	—	—
Capital:						
Balance at beginning of year	17,243,629	—	—	—	—	—
Restoration of provision for bond principal redemption deducted above	995,830	—	—	—	—	—
Federal grant funds for capital acquisitions	368,517	—	2,151,328	—	—	—
Local transportation funds for capital acquisitions	—	—	653,099	18,721	12,132	12,535
Balance at end of year	<u>\$20,259,504</u>	<u>\$1,644,172</u>	<u>\$2,733,527</u>	<u>\$18,721</u>	<u>\$12,132</u>	<u>\$12,535</u>

**AC
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