

Alameda – Contra Cost Transit

Popular Annual Financial Report

Fiscal Year Ended June 30, 2018



*“To Provide Safe, Convenient, Courteous and
Reliable Transit Service. We’ll Get You There.”*



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Letter to the Community

December 2018

To our riders and general public:

We are pleased to present this financial report of the Alameda-Contra Costa Transit District for the fiscal year ended June 30, 2018. The following pages provide a summary of AC Transit's organizational structure, major initiatives, statistical data and financial condition. The report is aimed at satisfying the requirements of a Popular Annual Financial Report (PAFR) as defined by the Government Finance Association (GFOA).

The financial information presented here is summarized and does not substitute for the District's Comprehensive Annual Financial Report (CAFR). The CAFR details the District's financial position and operating activities for each fiscal year, in conformity with Generally Accepted Accounting Principles (GAAP). This PAFR, by its summary nature, is not intended to conform to GAAP and associated reporting standards set forth by applicable governing bodies. The District has received numerous awards for outstanding financial reporting from the GFOA for previous budget presentations and the CAFR.

We hope this report will give you a better understanding of the District and its financial condition. We welcome your comments and suggestions.

You may find other information regarding Alameda Contra-Costa Transit, including this PAFR, annual budget, and CAFR on the District's website actransit.org.

Sincerely,

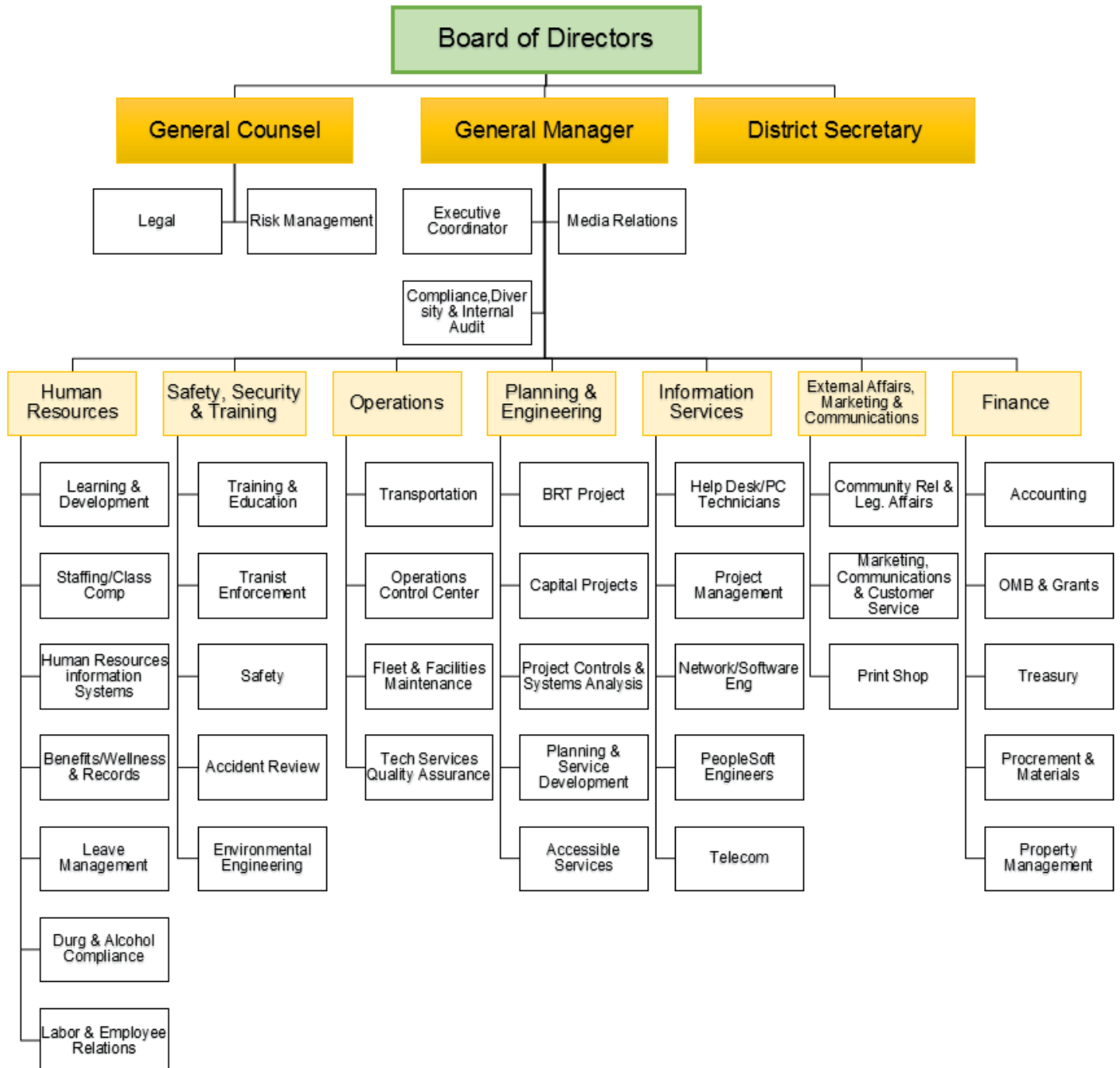
A handwritten signature in black ink, reading "Claudia L. Allen". The signature is fluid and cursive, with the first name "Claudia" being more prominent.

Claudia L. Allen
Chief Financial Officer

Service Area



Organizational Chart



Board of Directors



Joe Wallace, Ward 1
President

Joe Wallace was first elected in November 2000 and is serving his fourth term representing Albany, El Cerrito, Richmond, San Pablo, El Sobrante, Kensington, North Richmond and a portion of Berkeley. He was instrumental in the creation of AC Transit's Line 376 service—California's first specifically-designed "welfare-to-work" bus route. His active involvement in community affairs includes service in leadership roles on the North Richmond Municipal Advisory Council, the AC Transit Rider Advisory Committee, the West Contra Costa Transportation Advisory Committee, and prior service as Assembly Member Loni Hancock's appointed delegate for the California Democratic Assembly.



Elsa Ortiz, Ward 3
Vice President

Elsa Ortiz was first elected in November 2006 and is serving her third term on the AC Transit Board of Directors, representing the City of Alameda and portions of Oakland and San Leandro. Until her retirement in December 2014, Ms. Ortiz worked as an attorney and policy consultant to former Presidents of the State Senate Don Perata and Darrell Steinberg on issues affecting Indian Nations, and previously was Chief of Staff and Special assistant to former California State Treasurer Bill Lockyer during his tenures as State Senator and Attorney General. She earned her Bachelor's Degree with honors and Teaching credentials from the University of California at Berkeley and her Juris Doctor from John F.

Kennedy College of Law. She has also served on the Transbay Joint Powers Authority Board of Directors and currently serves on the Alameda County Transportation Commission. During her tenure on the Board, Ms. Ortiz spearheaded the development and adoption of the District's Buy American Goods policy, advocated for fiscal reform and worked to make sure buses are a key element in the construction of a Bay Area transportation network for the 21st Century. She remains committed to providing the best services possible to riders.



Greg Harper, Ward 2 Director

Greg Harper is an Oakland attorney and a former Emeryville mayor. He was first elected in November 2000 and re-elected in 2004, 2008 and 2012 to represent Ward 2. A principal in his business law firm, Director Harper previously served for 12 years on the Emeryville City Council. He has also served on the Regional Planning Committee of the Association of Bay Area Governments, the Blue Ribbon Task Force for Water Transit in the Bay Area, the Bay Area Air Quality Management District, and the Alameda County Housing Authority. He has served as Chair of the Transbay Joint Powers Authority and as alternate commissioner on the Alameda County Congestion Management Agency. Director Harper earned Bachelor's

Degrees at the University of Illinois in Electrical Engineering and in Economics, and his law degree is from Hastings College of the Law.



Mark Williams, Ward 4 Director

Mark Williams was first elected in November 2010 and re-elected in 2014 and 2018 to represent Ward 4. Mr. Williams is a life-long user of public transit and is particularly interested in addressing global warming, reducing dependence on fossil fuels, supporting the local economy, and the AC Transit Board's "Buy America" policy. In his role as a Director, Mr. Williams formerly served on the Bus Rapid Transit Policy Steering Committee. He currently serves on the City of San Leandro Redevelopment Successor Agency Oversight Board, The American Public Transportation Association Transit Board Members Committee and the Transit Board Members Legislative Subcommittee.

Prior to his election to the AC Transit Board of Directors, Mark Williams was appointed to serve as a member of the AC Transit Accessibility Advisory Committee and served as Vice Chair of the Committee in 2010. Director Williams is the youngest official ever elected to the District's Board of Directors and is an active member of the National Young Elected Officials Network.



Diane Shaw, Ward 5 Director

Diane Shaw, a retired Information Technology Manager for the San Mateo County Transit District, was elected to the AC Transit Board of Directors in November 2018 to represent Ward 5—Fremont, Newark and portions of Hayward. Director Shaw is a life-long user of public transit, regularly riding the Dumbarton Express bus from Fremont/Newark to San Carlos. She is a member of the American Public Transportation Association and the Fremont Mobility Task Force. In her spare time, Ms. Shaw volunteers her time, energy and expertise to many organizations serving her local community, including the Fremont Elks Lodge #2121 and the Fremont Family Resource Center Corporation Board of Directors and Citizens Advisory Group among others. She is also active in Life Elder Care's Friendly Visitor Program which provides companionship to seniors through weekly visits, phone calls and outings. Ms. Shaw received her Bachelor of Science Degree in Business and Computer Science from Minnesota State University, Mankato and brings to her new role on the Board a wealth of knowledge in the transportation field and public service.



H.E. Christian Peeples, Director At-Large Director

H. E. Christian Peeples was appointed by the AC Transit Board of Directors in November 1997 to fill one of the District's two At-Large positions. He was elected in 1998 and is now serving his fifth term. Director Peeples, a longtime advocate for public transit, and AC Transit bus service in particular, has been actively involved in the AC Bus Riders Union, Alliance for AC Transit, Regional Alliance for Transit, Alliance for Sensible Transit, Coalition for A One Stop Terminal, and many other transit groups. He is also active in local community affairs, having served on the Oakland Ethics Commission and community and political bodies. In addition, he is active in the meetings of the Transportation Research Board (TRB), the branch of the National Academies involved in transportation research, and the American Public Transportation Association ("APTA"), transit's national association. He is a strong supporter of AC Transit's zero emission fuel cell bus program. Director Peeples is a graduate of Crown College, University of California at Santa Cruz and Hastings College of the Law.



Joel B. Young, Director At-Large Director

Joel Young, an East Bay attorney, was appointed by the AC Transit Board of Directors in February 2009 to fill one of the District's two At-Large positions. He was elected by the voters in 2010 and is now serving his third term. Prior to this leadership role, he worked on two local campaigns and practiced securities law. Director Young earned his Bachelors Degree from the University of California at Berkeley and his Juris Doctor from the U.C. Berkeley School of Law.

Facts and Figures

Organization

The Alameda-Contra Costa Transit District (AC Transit) is a special transit district under state law based in Oakland, California. Voters created AC Transit in 1956 and subsequently approved a \$16,500,000 bond issue in 1959, enabling the District to buy out the failing, privately owned Key System Transit Lines. AC Transit's service began operating in October 1960. The new district built up its bus fleet with 250 new "transit liner" buses, extended service into new neighborhoods, created an intercity express bus network, and increased Bay Bridge bus operations.

In the 60 years that AC Transit has been in operation, the District has increased its service area, expanded the types of services it offers, and become a leader in the use of zero-emissions hydrogen fuel cell buses.

AC Transit has a seven-member elected Board of Directors that sets policy and hires the General Manager and General Counsel. Five of the directors represent specific wards within the service area and two are elected at-large. The General Manager leads the executive team that implements Board policy.

There are 2,250 approved staff positions at seven facilities, of which 86 percent are within the Operations Department. Most employees are represented by one of three bargaining units: Amalgamated Transit Union (ATU); American Federation of State, County, and Municipal Employees (AFSCME); and International Brotherhood of Electrical Workers (IBEW).



Operations

The District is one of the largest bus-only systems in the nation, serving 13 cities and nine adjacent unincorporated areas in Alameda and Contra Costa counties. The local service area is 364 square miles and extends from San Pablo in the North to Fremont in the South, with Transbay services to San Francisco, San Mateo and Santa Clara counties. Approximately 1.5 million people live within the service area.

Through strong fiscal management and efficient operations, the District has been able to keep fares affordable and competitive. The District has not raised fares since 2011 and is expected to continue under the current fare structure through fiscal year 2017.

Service

- 156 bus lines
- 5,400 bus stops
- 629 buses
- 22.7 Million Revenue service miles
- Serving 22 BART stations

Ridership

- 53.5 Million trips annually
- 172,655 passengers each weekday

Rider Profile

- 40% do not own automobiles
- 43% of all trips are work-related
- 22% of all trips are school-related



Major Initiatives

Service Reliability

At the core of making transit a viable option for customers to choose over other modes of travel is ensuring service is fast, frequent, and reliable. AC Transit staff is working with our counterparts at the local jurisdictions we serve to leverage funding to ensure our service is fast. Alameda County's Measure BB funded significant improvements to the frequency of AC Transit service through the AC Go program and ridership has begun to increase as a result. This year, however, reliability will be the focus of the Service Planning Department. Staff from Service Planning and Scheduling are working together to identify 25 percent of each operating division's local lines for runtime review and improvement for each of the four sign-ups in 2019. This means by the end of the year every one of the District's local routes will have been reviewed for reliability, schedule adherence, and proper recovery times. Should any opportunities for improvement be identified, staff will re-build runtimes using a combination of AVL data and in-field observations. In the March sign-up alone, 20 routes will have their runtimes adjusted to improve on-time performance.



East Bay Bus Rapid Transit

The East Bay Bus Rapid Transit project (BRT) is the District's largest capital project with a total budget of over \$216 million. BRT will bring a new level of high-quality transit to one of the East Bay's most diverse areas from downtown Oakland to San Leandro along International Boulevard and East 14th Street.

BRT employs a combination of new technologies and facilities to create a safer, faster, more reliable and more comfortable transit service and has led this technology to be called "light rail on wheels". Important elements of BRT include:

- Dedicated bus lanes – buses have a dedicated lane, greatly reducing delays from traffic and improving service reliability.
- Stations with level and multiple door boarding – BRT stations have raised platforms that match the bus floor, eliminating stairs, and customers can enter at any door for faster boarding.
- Off-board payment – No more waiting at the farebox. Customers will tag their Clipper card at the station or use cash to purchase a ticket before boarding.
- Signal priority – Speed and reliability will improve as new high-tech signals communicate with buses and traffic lights will be made aware of the bus position and extend green lights.

The BRT project includes improved accessibility features that meet or exceed ADA requirements, and well lighted new bus stations that will be safer and more comfortable. The project has already begun to bear fruit in the community as improved streets and sidewalks have taken shape as construction progresses.



Zero Emission Transition

The District adopted the Clean Corridors Plan in 2017, creating a bold vision for how AC Transit would prioritize deployment of zero-emissions buses. In keeping with the East Bay's role at the forefront of racial and social equity issues, the plan prioritized zero-emissions deployment on lines serving historically disadvantaged communities first to mitigate many of the environmental externalities imposed upon those communities over the years. In 2018, the Clean Corridors Plan was instrumental in helping to secure tens of millions of grant dollars for the procurement of 45 zero-emissions coaches for the Macarthur-Grand Corridor, which will become the District's first truly Clean Corridor. This coming year the District will begin the process of procuring those vehicles and look to leverage the Clean Corridors Plan to do so. The grant funds awarded in 2018 will also fund a study for how to navigate the higher electric needs at District operator facilities when transitioning toward a zero-emissions fleet.

District staff also oversaw the development of the Facilities Utilization Plan, which reviewed all current District facilities and recommended the best path toward adding new facilities, expanding or rehabilitating existing facilities, or selling properties that no longer make sense. It also included significant preparation for how a zero-emissions fleet will change how the operating facilities are designed and function. This plan is paired with the Zero-emissions Transition Study which is overseen by Operations and details costs, range considerations, and other factors associated with replacing existing diesel buses with battery-electric buses, hydrogen-fuel-cell buses, or a mixture of both.



Financial Performance

The majority of the District's revenues are derived from various forms of sales and property taxes. The next largest revenue source comes from passenger fares. Smaller sources of revenue include bridge tolls, contract services with the regional rail service (BART), federal and state assistance for paratransit service, advertising, investment and leases. The District also receives grant funding from local, state, and federal agencies for both operating and capital budget needs.

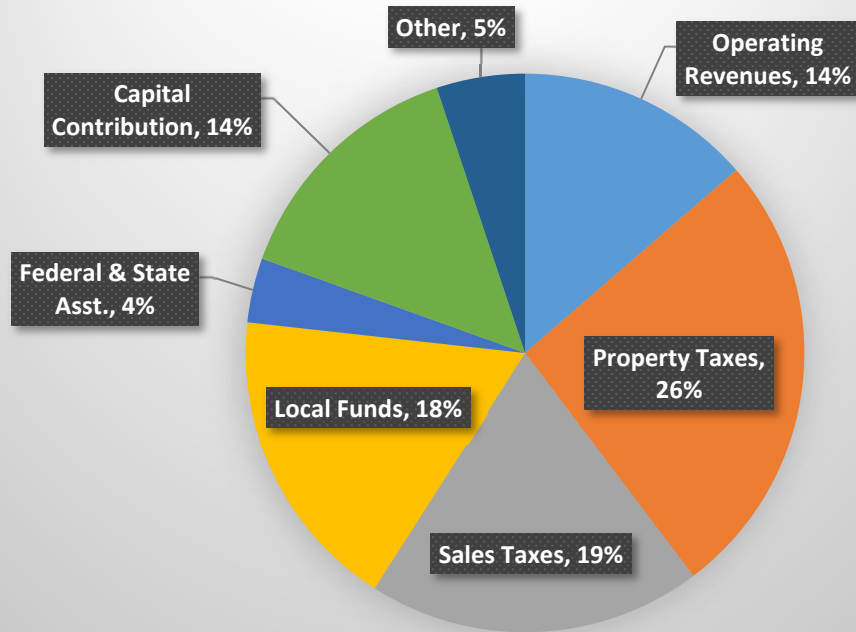
Most of the District's expenses at approximately 70% are related to labor, including fringe benefits. Other major expenses include fuel, materials, parts for the fleet and various professional services.

The District's performance during fiscal year 2018 resulted in a \$39.6 million increase in net position from operations. This increase was offset by \$166.8 million decrease in total balance (net position) resulting from the adoption of the Government Accounting Standards Board Statement 75, which records other post-employment benefits liability. This adjustment does not affect the District's fiscal fundamentals and it continues to have a net positive position in fiscal year 2018.

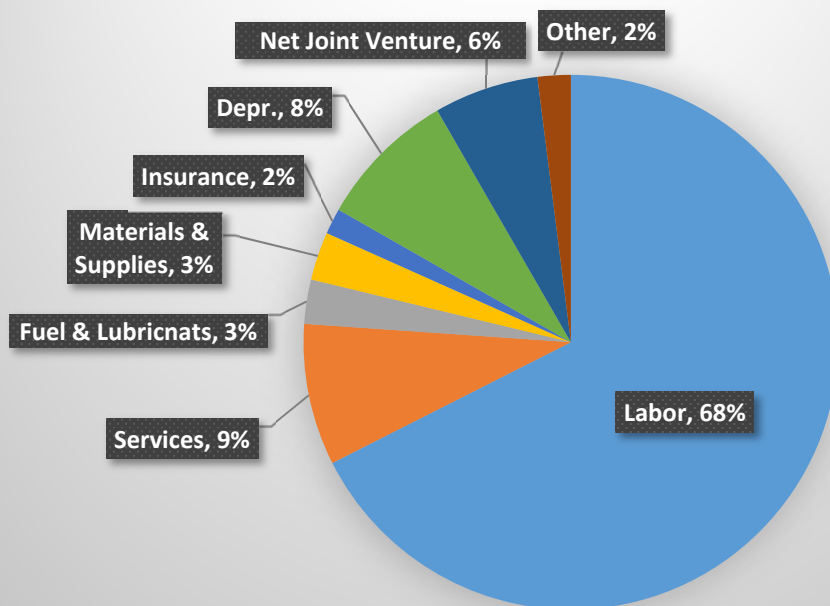
Net Position Trend (in Millions)			
	FY16*	FY17	FY18
Operating Revenues	\$471.0	\$450.6	\$517.0
Operating Expenses	(454.0)	(453.0)	(477.4)
Total Balance	17.0	(2.4)	39.6
GASB 75 Adjustment from Prior Periods	0.0	0.0	(166.8)

**FY16 = Fiscal Year 2015-2016 (July 2015 – June 2016)*

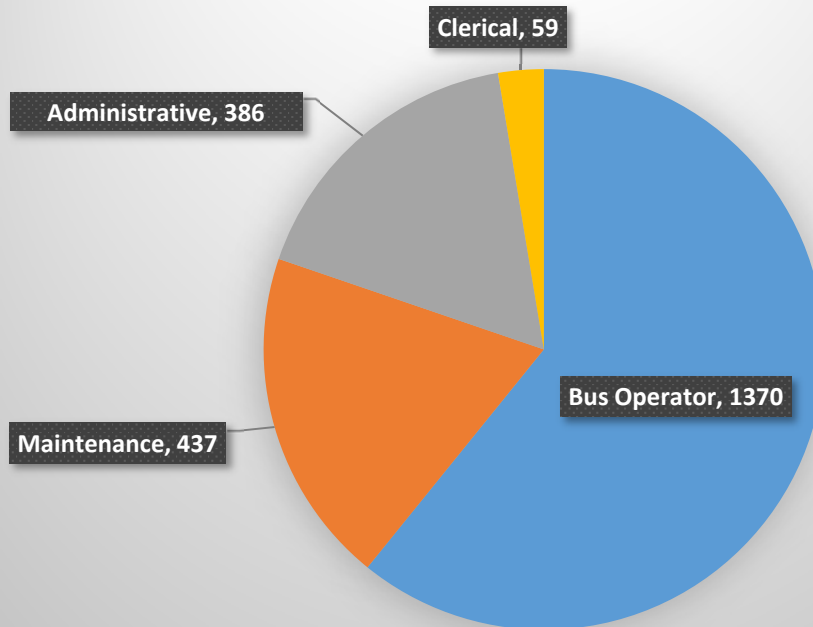
Total Revenues (\$517.0 million in FY 2018)



Total Expenses (\$477.4 million in FY 2018)



FY 2018 Total Authorized Positions



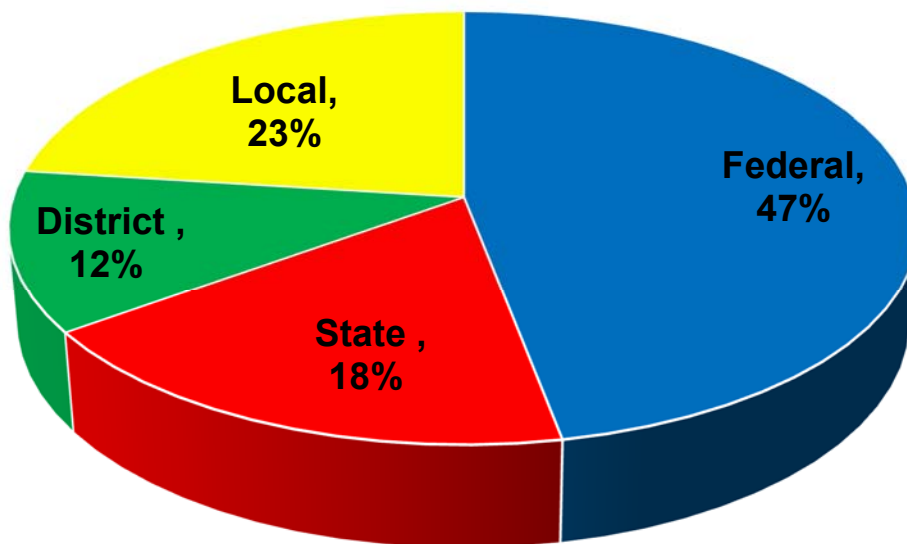
Capital Investment

Public transportation is a capital-intensive business. The District's total multi-year capital budget is approximately \$560 million, with new projects approved each year in the range of \$40-\$60 million. The East Bay Bus Rapid Transit project is currently the largest part of the capital budget at \$180 million.

The four main categories of investment are: (1) Fleet Replacement and Expansion, (2) Facilities, (3) Technology and (4) Corridors. Fleet Replacement and Expansion are the District's top priority to ensure efficient and effective service to our riders. Facilities investments consist of rehabilitation and upgrades to the District's building and service infrastructure. Technology investments focuses on the various computer and network systems used to manage all the District's operations. Corridor investments help to improve the efficiency and reliability of bus operations throughout the District's service area.

The chart below illustrates the funding sources of the capital budget at the end of fiscal year 2018.

Capital Funding



Contact Information

AC Transit website	actransit.org
Trip-Planning Assistance	call 511 (and say, "AC Transit")
Telephone Device for the Deaf	Dial 711 (through the California Relay Service)
Customer Feedback	actransit.org/feedback or Call 511 (and say, "AC Transit")
Staff & Department Directory	(510) 891-4777
General Offices Address	1600 Franklin Street Oakland, CA 94612



Alameda-Contra Costa Transit District
1600 Franklin Street
Oakland, CA 94612
actransit.org

Finance Department • December 2018