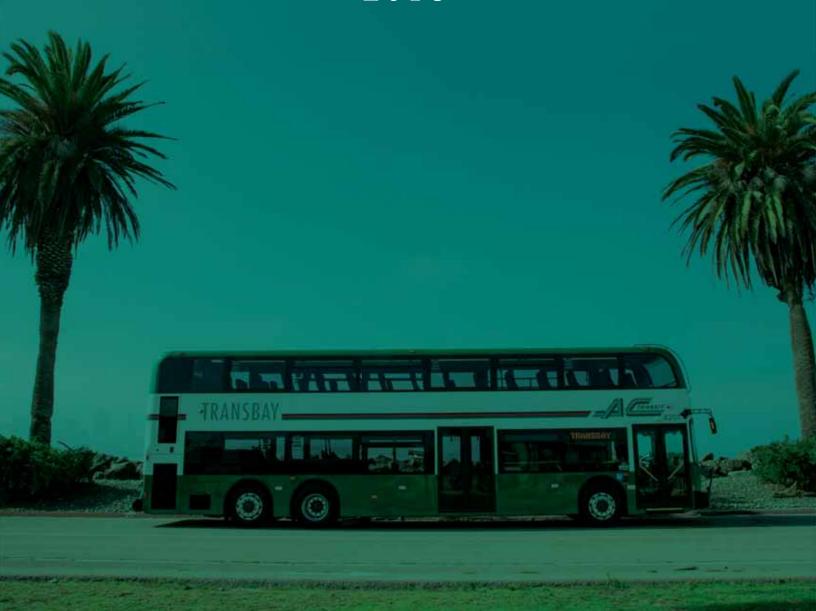


## Annual Report

2018



#### Letter from the Board President

At AC Transit, we are constantly striving to improve the service we deliver to our riders, which requires a considerable investment in capital and operating dollars. As such, we are always looking for ways to fund these improvements and find efficiencies that can be gained so we can utilize those dollars effectively.

Since a relatively small amount of our budget, approximately 12% of our operating revenue, comes from the farebox, we have to find supplemental funding to maintain the robust service that we deliver and our riders expect. Voters were extremely generous in that regard by overwhelmingly voting to support transit on two separate occasions. Last year, Bay Area voters passed Regional Measure 3 which will generate \$4.5 billion per year to relieve traffic congestion on Bay Area bridges and improve public transportation systems. Then in November, California voters protected \$5.4 billion a year for California transportation projects, including \$750 million for public transportation, by rejecting Proposition 6.

All of these efforts result in a healthy \$437 million annual budget that allows us to move roughly 170,000 people around the Bay Area each and every weekday. As someone who is transit dependent and uses public transit daily, I, along with my colleagues on the Board of Directors, are deeply committed to our mission to provide safe, reliable and sustainable transportation, and will always make our riders our top priority.

Sincerely,

Joe Wallace

Joe Wallace, Board President

### AC TRANSIT BOARD OF DIRECTORS



Board President Joe Wallace



Vice President Elsa Ortiz



Director Greg Harper



Director Mark Williams



Director Diane Shaw



Director H.E. Christian Peeples



### Letter from the General Manager

FY2017/2018 has been very good to AC Transit. While other transit agencies across the country have experienced declining ridership, some in the double digits, we have been able to retain and grow our ridership by maintaining a laser focus on making our service better for our riders.

One of our flagship projects is the East Bay Bus Rapid Transit that will breeze riders along a 9.5-mile stretch of San Leandro and Oakland in its own dedicated transit lane. We've upgraded our automatic vehicle location (AVL) system to a computer-aided dispatch (CAD/AVL) system by CleverCAD. This new system will make our rider's experience much more pleasant, as well as making our service much more reliable. To keep up with TNCs like Uber and Lyft, we rolled out our own on-demand service called FLEX, which now allows riders to hail a 24-ft cutaway within a 30-min window. We've also made some significant advancements in our fleet, unveiling double decker buses to our most popular transbay routes and while our nation's-largest hydrogen fuel cell fleet is humming along breaking records, we are building that fleet as well as mixing in battery electric buses.



All these improvements have allowed AC Transit to move people more effectively and efficiently, and with an annual ridership of 51,760,000, AC Transit is the backbone of the San Francisco East Bay. A 2018 study commissioned by the Metropolitan Transportation Commission (MTC) demonstrates that we provide a crucial service in keeping our community thriving. The study found that 64% of our weekday trips were either coming from or going to work or school. A third of our riders (33%) reported they had very low household incomes (less than \$25,000), 65% of riders earned less than \$50,000, and 42% of AC Transit riders are transit dependent. We are often times the only option for people to get to where they need to go.

AC Transit takes its role in keeping the East Bay moving very seriously. We will continue to improve and innovate so that we can lure more people out of their cars and onto public transit to keep our community healthy and do our part in tackling this climate crisis.

Sincerely,

Michael Hursh

General Manager, AC Transit

### 60% COMPLETE\*

### **BRT Closer to Reality**

AC Transit's East Bay Bus Rapid Transit (BRT) project is a \$216 million investment in the infrastructure and communities of Oakland and San Leandro. BRT makes buses run like trains through improvements to existing infrastructure, vehicles, and technology. BRT buses will run in a dedicated lane through 80% of its 9.5-mile length from downtown Oakland to the San Leandro BART Station. At its peak, buses will run every seven minutes as riders enjoy all-door level boarding, reduced street crossing distance, high-visibility crosswalks, and improved lighting. Better transit means a safer International Boulevard / East 14th Street for everyone!

BRT construction is nearly 60% complete and on target to begin service in late 2019. Throughout the project corridor, the 21 center-median and 12 curbside stations are beginning to rise. Those living, working, and doing business along the BRT corridor are already enjoying some of the BRT's many benefits, including new sidewalks, modern traffic signals, safer pedestrian crossings, LED street lighting, and upgraded, wheelchair-accessible curb ramps. Major sections of International Boulevard have been repaved from curb-to-curb with new blacktop built to last as long as 20 years.

Station canopies are being installed and the finishing touches – including original artwork, security cameras, seating, landscaping, and more – will be installed later this year. Ultimately, 285 new trees will adorn the BRT corridor from San Leandro to Oakland, enhancing the experience for our BRT riders and the surrounding communities!

We are excited to bring this world-class transit system to the people of the East Bay. Catch a ride on BRT in 2019!





### People Choose AC Transit, Ridership Holds Steady

As mobility options for riders continue to expand, the staff and leadership of AC Transit are committed to exploring and advancing technology to compete with the growing network of transportation network companies, ridesharing, scooters, and other shared mobility options. AC Go and Flex service are both great examples of the agency's ability to look toward the future and anticipate the needs of the communities in which we operate.

While public transit ridership continues to experience drops nationwide, our proactive efforts at AC Transit have helped stem our losses. AC Go, which launched in 2016, was a project that redesigned and streamlined our network allowing us to remain relatively stable through a time of nationwide drops in ridership. While comparable bus transit agencies saw a nationwide average decline of 4.5%, AC Transit service improvements and enhancements resulted in a relatively small decline, ending fiscal year 2018 with a minimal 1.3% year-over-year decrease in ridership. Rounding out the end of the calendar year, our investments have paid tremendous dividends, averaging a 5.5% monthly ridership growth, punctuated with October showing an eye-popping 9.7% growth.

AC Go's first two phases launched in 2016 and 2017, and post-implementation analysis shows that ridership on the lines improved by AC Go has grown dramatically compared to lines not changed by AC Go. Early stats on the final phase of AC Go which was launched in August of 2018 show promising results.



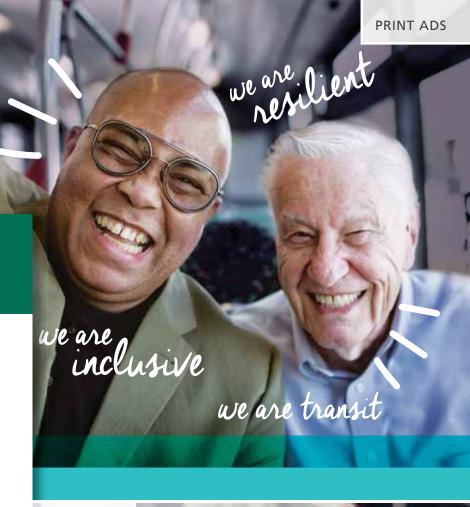


### **#WeRideACT**

While maintaining relatively steady ridership in the face of a national downtrend is a step in the right direction, ridership growth is the ultimate goal. As such, beginning in June 2018 and running through December 2018, AC Transit embarked on a positive image and awareness campaign with the goals of challenging traditional perceptions about riding the bus and boosting ridership through our "We Ride ACT" campaign.

The fully integrated marketing campaign included billboards, bus shelters, bus exterior ads, targeted digital ads, social media ads, television ads, radio spots, and field marketing events. Targeted toward three specific demographics: the working senior, the urban commuter and the millennial, the campaign featured real riders and aimed to allow potential riders envision themselves on the bus. Lauded for its innovative look, messaging, and engagement with our community, ridership improved more than five percent (5%) from the previous year during the time the campaign was in the market.

a community







# AC Transit on the Leading Edge

Innovation has always served us well at AC Transit. The multitude of mobility options cropping up as of late has demonstrated how important it is for us to look for an edge. Adoption of a brand new CAD/AVL system has provided a way for the agency to better manage our fleet and improve communication, while our new Flex service has allowed us to serve communities that may not lend themselves well to traditional fixed route bus service. Our willingness to explore new and unconventional opportunities has been one of the factors that have insulated the agency from the precipitous declines that other transit agencies have experienced.

### CAD/AVL

AC Transit has long-relied on its tried and true Orbital 2000 system. While Orbital has served us well, advancements in technology have opened up a wide array of additional capabilities. The new CleverCAD system that we have been busy integrating has now been fully installed in our active fleet and allows us to better manage district vehicles, improve the rider experience, and make our operator's jobs easier. The system's vehicle location and real time passenger information allow our Operations Control Center and our riders to get real-time arrival information for the fleet, pinging vehicle locations every 15 seconds instead of at our old system's two-minute intervals. The automated onboard announcements allow the system to make verbal broadcasts of upcoming stops, as well as regular safety reminders which has been extremely important for our new double decker fleet that requires riders stay seated on the top deck and off the stairs until the vehicle is at a complete stop. Fleet management has become a breeze with schedule adherence and headway information, detour and service disruption management, and automated vehicle monitoring for major vehicle faults. The new turn-by-turn directions have made learning new routes or running detours much simpler for operators. Altogether, the new functionality of the CleverCAD system will allow us to run our fleet much more effectively and efficiently.



### AC Transit On-Demand, Flex Service

AC Transit's Flex service allows passengers to book rides in advance to catch at the nearest bus stop, but won't stop for riders waiting curbside. Instead, the FLEX buses, which are smaller than the traditional 40-footers and seat 12 passengers, take a more direct route based on who is on board. Riders can hop on the buses at BART stations without a reservation.

The District's one-year Flex Service Pilot concluded in March 2018 and gained Board approval for the continuation of the service in Newark and Castro Valley, making it a permanent service for those communities.

During the pilot year there were 25,000 passenger trips taken on Flex, over 700 unique riders tried the service, and more than 70% of customers returned after taking their first trip. Flex ridership has remained steady in Newark and grown 20% in Castro Valley in 2018. With 94% of riders surveyed preferring Flex over restoring the fixed route, and 70% saying they would take AC Transit more if the service were expanded, AC Transit's Flex service has provided a **more adaptive and equitable service at the same cost to the agency**.

94% of riders surveyed

preferred flex over restoring the fixed route

said they would take
AC Transit more
if the service were
expanded.



## The Face of AC Transit:

The work that the employees of AC Transit do every day is not always highlighted, it does not show up in ridership or budget reports, nor does it always show up in key performance indicator matrices. AC Transit employees win national competitions, save lives while on the job, maintain safe driving records of 20, 25, and even 30 years, invest time to engage with the communities we serve year-round, and they are the future leaders of the transportation industry.





Kenneth Berry Anthony Clark Ricardo Perez Marcus Walker Claudia Waters



Anthony Cleveland Delvie Davis Denise Washington Michael Winston

### Operator Heroics: 20, 25, and 30 years of Safe Driving!

Driving a bus is no easy job, driving it safely for 20, 25, or 30 years is an achievement to be celebrated. At the March 14th, 2018 meeting of the AC Transit Board of Directors, President Ortiz was joined by General Manager Michael Hursh and Chief Operating Officer Salvador Llamas in recognizing bus operators for their distinguished service in providing 20, 25, and 30 years of safe driving for AC Transit and congratulated each of them for their outstanding efforts. Each operator received a Distinguished Service Award on behalf of the Board of Directors.



Arnold Co
Constance Coleman
Wilfredo Figueroa
Ignacio Gil
Denise Jackson
Terence Johnson
Kennard Plummer Sr.

#### **ROADEO**

AC Transit employees showcased their talent at the 2018 Roadeo competition. Hosted each year by the American Public Transportation Association (APTA) and held at the annual Bus & Paratransit Conference and International Bus Roadeo, the event brings together the best of the best from all over the Country. AC Transit placed 3rd in Overall Excellence (Best of the Best) honors in 2018.

AC Transit's 'Fantastic Four' vied against 87 Bus Operators, 43 Maintenance Teams, and another 41 combination teams from around North America.

Thirty-eight year veteran Bus Operator Jesse De la Cruz of our Hayward Division, navigated a 40-foot bus through a narrow entry gate, followed by a serpentine cone course that ended through yet another narrow gate. Other competitive tasks included reversing between obstacles to master a Right-hand Reverse Turn or stopping within just six inches of a fixed object in what judge's call a Judgment Stop.

Simultaneously, Journey Level Mechanics Miguel Lopez, Jose Oseguera-Garcia and Ricardo Vega, all from our East Oakland Division, became the mechanical equivalent of physicians in Tampa. In addition to a timed written exam, our Maintenance team was required to diagnose eight bus defects – using symptoms only – and uncover a planted security hazard in just eight minutes.



2018











### In the Community







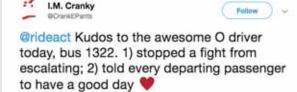








### WHAT ARE RIDERS SAYING ABOUT AC TRANSIT?



### 2018: Warriors Victory Parade & Pride Parade

National Championship celebrations and parades that celebrate diversity and inclusion are no mystery to us at AC Transit. While we have a great time during these celebrations, it's not just fun and games, but also require a great deal of effort to coordinate the delivery of safe service while navigating around the festivities. As with the 2016 NBA championship parade, once gain in 2018 AC Transit employees showcased their ability to continue providing quality service to our riders, even while navigating around the one million parade participants who swarmed downtown Oakland. In the process, select operators were recognized for their efforts by representing AC Transit in the parade.









### AC Transit Leads the Fight Against Climate Change

# Commitment to the Environment

As an industry-leader in addressing climate change, AC Transit constantly has an eye toward implementing clean zero emission technology, and in a way to maximize their impact.

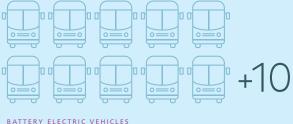
AC Transit currently operates thirteen hydrogen fuel cell buses, and in December 2017 the AC Transit's Board of Directors approved a Clean Corridors Plan, that prioritizes deployment of these clean vehicles to Disadvantaged Communities like Richmond, the San Pablo corridor, and West Oakland. These hydrogen fuel cell buses' only tailpipe emission is water and can travel 220 to 240 miles per tank. Our ZEB fleet has clocked over 2.8 million miles in its 12 years of service, and has well-surpassed our expectations, with one of the original fuel cell power plants logging over 30,000 hours of operation, and the other fuel cells averaging well above 20,000 hours. The capabilities of our hydrogen fuel cell buses, coupled with 100% clean power, demonstrates that they are a fantastic alternative to the traditional diesel bus.

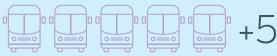
Since zero emission technologies are ever evolving, we are constantly integrating the latest technologies on the market. In 2017, AC Transit was selected to participate in the Fuel Cell Electric Bus Commercialization Consortium (FCEBCC), which is sponsored by an \$8.5 million grant from the California Air Resources Board (CARB), and will provide ten hydrogen fuel cell electric buses that will be delivered to AC Transit in early 2019. AC Transit will also receive five battery electric buses that were funded through the Federal Transit Administration's (FTA) Low or No Emissions Vehi-

Our fuel-cell fleet
has clocked over

2.8 million
miles
in its

12 years
of service





cle Deployment Program (LoNo). Additionally, AC Transit is investing in state-of-the-art charging and fueling infrastructure, more than doubling the hydrogen fueling capability of our Emeryville fuel station, and adding electric charging infrastructure to our facility on Seminary in East Oakland.

By the spring of 2019, AC Transit will have 10 new fuel cell buses and 5 battery electric buses from the same bus manufacture, operating on the same routes. This will be a true side-by-side comparison of zero emission bus technology and will allow the agency to determine how it will deploy its resources in the future to get the best ZEB bang for its buck. By mid-2019, AC Transit is scheduled to have 24 Zero Emission Buses in revenue service. Additionally, thanks to Senate Bill 1, we have secured funding to purchase an additional 45 zero emission buses.





### Clean Air Champion Award –

#### **EAST BAY CLEAN** CITIES COALITION

AC Transit had the distinction of being honored by the East Bay Clean Cities Coalition in 2018 for being a Clean Air Champion. The annual award recognizes superior achievement and sustained excellence in the alternative fuel and advanced technology clean air vehicle field. AC Transit was the only Bay Area transit agency to receive the prestigious award. The award recognized the agency for its leadership in Zero Emission Bay Area (ZEBA), which was a fuel cell bus demonstration commissioned by the U.S. Department of Energy (DOE) and DOE's National Renewable Energy Laboratory (NREL), and has since blossomed into a full-fledged alternative fuel program.

## +25% increase over the last 5 years

### **Transbay Service**

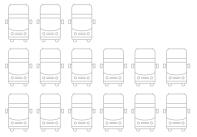
Transporting riders across the Bay is one of AC Transit's flagship services, which is why some of our Transbay routes are bursting at the seams. Even as transit ridership has slumped nationwide, our Transbay ridership has managed to grow 2.2% year-over-year in FY2018, which amounts to a lofty 25% increase over the course of the past 5 years. And although we pride ourselves on our service as a whole keeping the East Bay economy moving, a whopping 88% of our Transbay service consist of home-to-work or work-to-home trips. All of these factors combined make it eminently important to ensure that our Transbay service is operating at peak efficiency with plenty of capacity. We've embarked on a variety of measures to this end and are extremely proud of our achievements in this realm.

### Transbay Tomorrow

To improve our service and contribute to regional congestion relief, AC Transit launched Transbay Tomorrow, a comprehensive analysis of existing Transbay lines to determine the most effective way to structure service, align resources with demand, and restructure fares. The initial phase of Transbay Tomorrow was approved by the board in mid-2018. Public outreach was the foundation of the effort, with customers, residents, and stakeholders engaged in the planning process.

Some components of phase one have been implemented in 2018, including some expansion of service, improving bus stop spacing, enhancing Transbay ridership, and routing changes for improved productivity. The remaining phase one recommendations will be implemented as resources become available. In addition, staff will begin the planning process for phase two in 2019, which would significantly expand Transbay service for new and existing markets through use of Regional Measure 3 funds.





5,000 riders per day

+15
new doubledecker busses

78 passenger seats each

increase carrying capacity by nearly

40%

### Double Decker Buses — The Best Seat On The Bridge

AC Transit continues its commitment to improve Transbay service with the introduction of a new fleet type to AC Transit—Double Decker buses. These gleaming new green and white buses will increase capacity to 78 passengers per coach with amenities such as Wi-Fi, footrests, reclining seats on the upper deck and three-position bike racks, while offering sweeping panoramic views of the Bay. The District successfully procured **15 double-decker vehicles** for use on the most crowded Transbay lines in the northern section of the AC Transit service area. This includes lines FS, J, L and LA, which carry nearly 2,800 passengers each and every weekday. In addition to accepting the vehicles from the manufacturer, Alexander Dennis, staff had to make other preparations to start operating the buses, including operator and mechanic training, as well as the daunting task of preparing local streets for these taller vehicles. When all is said and done, these iconic vehicles will increase carrying capacity by nearly 40% to 78 passenger seats and these four lines will have the capacity to carry just shy of 5,000 riders per day. This dramatic expansion will go a long way to relieve over-crowding and whisk more people across the Bay via public transit.

### Salesforce Transit Center

On August 12, 2018, AC Transit began operations in the Salesforce Transit Center (STC) as the primary tenant of the new facility. With Transbay service and demand rapidly increasing, the STC provides the necessary space for expansion of operations, as well as the comfortable, state-of-the-art amenities for AC Transit bus riders. While the Temporary Transbay Terminal met existing operational needs, the STC provides double the amount of bus bays, an enclosed facility and transit priority to the Bay Bridge that improves the efficiency of Transbay service. The STC also includes the Bus Storage Facility, which reduces greenhouse gases with midday bus storage, allows for afternoon staging, and improves service reliability for the PM commute. Once the STC reopens for operations in 2019, AC Transit will be able to provide expanded service through other initiatives to increase Transbay ridership such as Transbay Tomorrow, Bay Bridge Forward and the introduction of Double Decker buses.





# Transit Funding Wins at the Ballot Box

#### RM3

Once again, California and, in particular, Bay area voters gave a nod to public transit at the ballot box in 2018, not once but twice. The June 2018 passage of Regional Measure 3 (RM3) provides the Bay Area with \$4.5 billion per year to relieve traffic congestion on Bay Area bridges and improve public transit through a set of 35 capital projects and a 16% operations funding program for Transbay buses, ferries, and the Transbay Terminal. The June 5th victory means significant service improvements for AC Transit including:

#### \$100 million

for "Rapid Bus Improvements," providing transformative projects to address congestion relief.

### \$20 million

in operating funds for "Regional Express Bus" to support Transbay service operations.

#### \$140 million

will be distributed for "Core Capacity Transit Improvements," which includes new buses, a new bus facility, and other priority improvements required to expand Transbay service.

#### \$25 million

will be distributed for "Interstate 80 Transit Improvements," including expanding bus service in the I-80 corridor in Contra Costa County through the purchase of new Transbay buses, expansion of bus facilities, and improvements of the San Pablo Avenue Corridor.





### Senate Bill 1 and Proposition 6

The landmark legislation known as Senate Bill 1 which was signed into law by Governor Brown in 2017 and **generates \$5.4 billion a year in funding for transportation projects** throughout California, including \$750 million for public transit, faced a significant but ultimately unsuccessful challenge in the form of Proposition 6 on the November ballot.

For AC Transit, the defeat of Proposition 6 by California voters translates into steady funding for operations (\$12.3 million per year), capital projects (\$3.6 million per year) and \$15 million to purchase 45 zero emission buses.

With an official position from the AC Transit Board of Directors in opposition to Proposition 6, the agency embarked on an extensive campaign to educated voters on the impacts of these funding cuts. In all, AC Transit staff participated in nearly 100 separate events to educate community members, community-based organizations, and the business community. California voters soundly rejected Proposition 6 by a margin of 56.7% in opposition to 43.3% in favor while Bay Area voters rejected Proposition 6 by a margin of 70% in opposition to 30% in favor.



\$12.3 million

per year assures steady funding for operations



\$3.6 million

per year for capital projects



\$15 million

to purchase 45 zero emission buses



### FY 2018 Financials

The financial management practices at AC Transit ensure the financial health of the District which allows us to provide the critical service that our community and the local economy depends on.

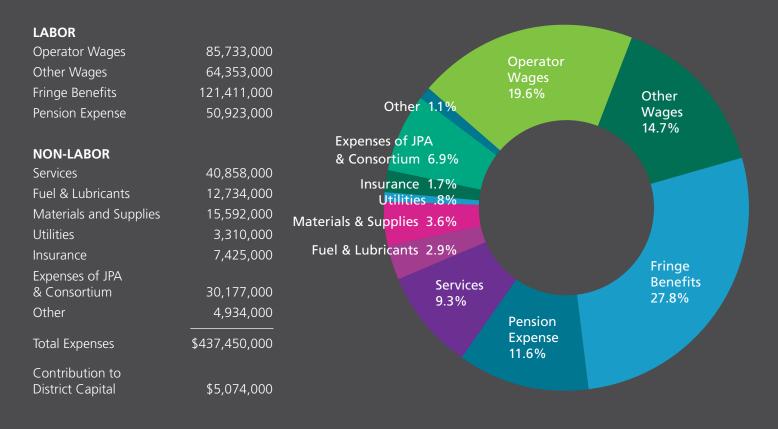
AC Transit is funded by a variety of sources. We achieve a 18.6% farebox recovery ratio for fixed route bus service, with farebox revenue from all modes (including paratransit) comprising 12.4% of total revenues. Most other funds come from federal, state, regional and local sources. Our Fiscal Year 2017-2018 operating budget was over \$437 million.

For a copy of the AC Transit Audited Financial Statement for Fiscal Year ending June 30, 2018 along with the Single Audit, visit our website at actransit.org/about-us/facts-and-figures.



### **FY 2017-18 EXPENSES & DISTRICT CAPITAL**

\$442,524,000



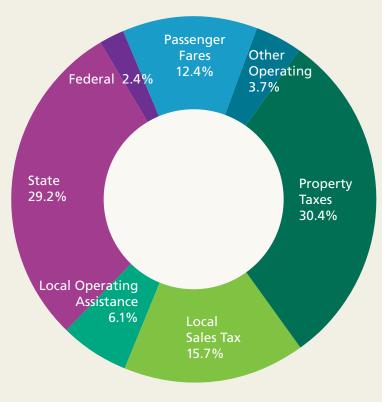
### **FY 2017-18 REVENUES** \$442,524,000

#### **REVENUES**

Passenger Fares	\$54,722,000
Other Operating Revenue	\$16,414,000

#### **SUBSIDIES**

Property Taxes	\$134,694,000
Local Sales Tax	\$69,695,000
Local Operating Assistance	\$26,958,000
State	\$129,417,000
Federal	\$10,624,000
Total Revenue & Subsidies	\$442,524,000



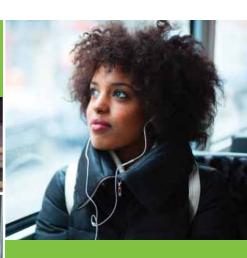
#### **AC Transit Provides Critical Services**

# Youth, Seniors, Students and Riders with Disabilities

We at AC Transit value all of our riders, but we take special pride in serving our youth, seniors, and riders with disabilities, many of which rely heavily on public transit to conduct their day-to-day tasks. While many of our riders have other options for getting around, many of our youth, seniors, and riders with disabilities exclusively utilize public transportation to access the world around them, and we take that responsibility seriously. In our 2017 on-board transit survey, 7% of our riders self-identified as over the age of 65, while 4% riders paid a disabled fare and 9% of weekday riders paid a youth fare. Additionally, 27% of our riders are full or part time students using our buses to get to and from school. This may seem like a small number, but collectively these categories compose a significant number of our riders and we are honored to provide a critical service to these individuals' lives.



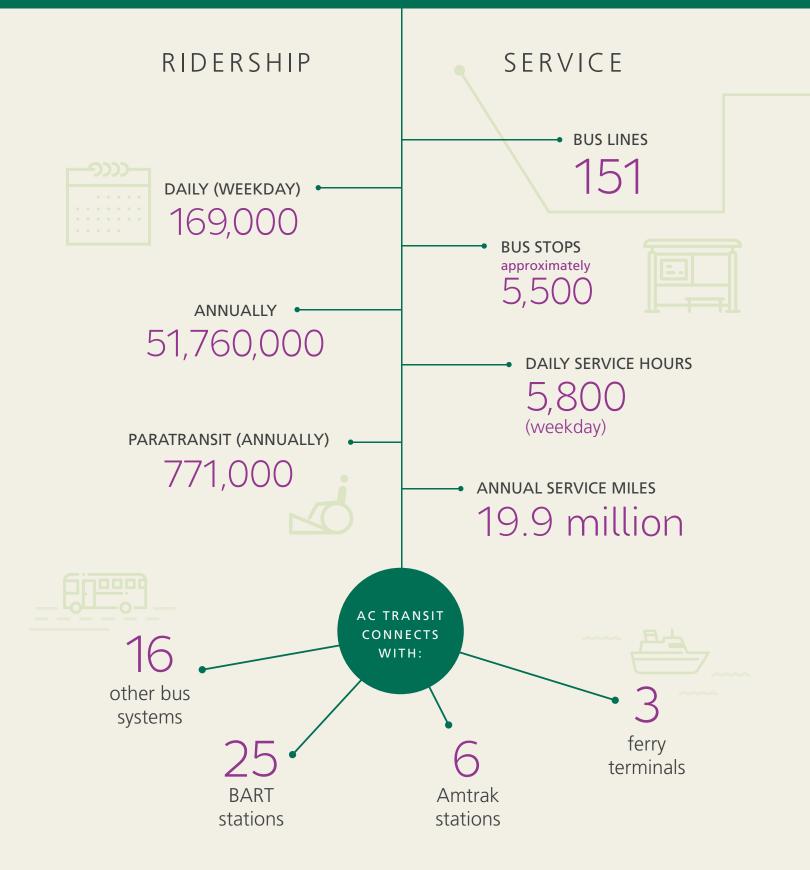




FULL- OR PART-TIME STUDENTS USING OUR BUSES TO GET TO AND/OR FROM SCHOOL

27%

### AC Transit by the Numbers\*



\*FY2017-2018 ANNUAL REPORT | 2018 23



The Alameda-Contra Costa Transit District is the largest bus-only public transit system in California, serving 13 cities and adjacent unincorporated areas in Alameda and Contra Costa counties. AC Transit has been serving the East Bay since 1960, taking over from the Key System and its predecessors, which carried passengers via buses, horse-drawn rail, electric streetcars, and ferries over the previous 100 years. AC Transit's mission is to connect our communities with safe, reliable, sustainable service...we'll get you there.

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

To download a copy of this annual report, visit actransit.org/annualreport For more information, contact externalaffairs@actransit.org







