On June 17, 1955, the Governor of the State of California signed into law legislation permitting the people of Alameda and Contra Costa counties to establish a special district empowered to own and operate a publicly-controlled transit system. Citizens who resided within the proposed district boundaries, in turn, voted overwhelmingly to establish the Transit District in November, 1956.

The District is guided by a Board of Directors of seven members who contribute their energies and their experience in business and civic activities towards serving the public good. Directors are elected directly by the people of the District and serve for terms of four years.

Members of the Board elect their own president and vice president, and hold regular monthly public meetings to transact district business. The District is administered by the General Manager, responsible to the Board of Directors.

Future operations of the Transit District will serve approximately 940,000 persons, residing within eleven cities and several unincorporated communities along the eastern shore of San Francisco Bay.

Front Cover
Major developments in the comfort and luxury of motor coach travel over the past four decades are indicated by the photographs appearing on the front cover. One of the first buses operated in the East Bay is shown in the top photo unloading passengers at 41st St. and Piedmont Ave., Oakland, back in 1921. On exhibition near the Oakland Municipal Auditorium, in the lower photo, is one of the newly-designed, air-conditioned “Transit Liners” which will be placed into operation by the Transit District for the first time towards the end of 1960.
To the Citizens of the Transit District:

A year of major decisions affecting every resident of the East Bay metropolis has been completed by the Alameda-Contra Costa Transit District with a record of outstanding accomplishment towards the development of improved public transportation.

At the outset of the fiscal year July 1, 1959, the District had yet to finish designing a feasible transit program for submission to the voters. Before the year was over, your District was near-ready to commence actual transit operation.

Among the principal achievements of the past 12 months are the following:

• Completion of an economically feasible program for improved transit service.
• Presentation of the program to the voters and their approval of a $16,500,000 bond issue to acquire existing facilities and purchase new equipment.
• Completion of preparations for marketing the bonds.
• Presentation of material to the California Public Utilities Commission for their determination of the fair market value of existing facilities and equipment.
• Completion of negotiations with Key System Transit Lines and its affiliated company for acquisition of their facilities and equipment based upon the valuation proceedings before the Public Utilities Commission.
• Preparation of specifications for a fleet of “Transit-Liner” motor coaches of advanced design and improved comfort and efficiency, and receipt of bids for their construction by qualified coach manufacturers.
• Revision of the District’s boundaries to make it possible to serve all the people in the heavily populated areas of the East Bay metropolitan area.

By reason of its extensive and thorough preparations, the District expects to replace Key System and commence operation October 1.

Deserving particular recognition for his efforts in these achievements is the General Manager of the District, John R. Worthington. His experience in transit operations and his wise counsel on matters of policy contributed immeasurably to the remarkable progress made by the District during the past year.

Although the inauguration of a new publicly-owned transit system is a complex matter, the people have indicated their faith in the proposed system. We believe the District operation, indeed, will prove itself financially sound, will merit widespread use, and will contribute to healthy property values and a strong, vigorous economy.

Your Board of Directors shall strive to provide a public transportation system that will become of increasing benefit to the entire East Bay citizenry. Our pledge to carry out the program expeditiously, efficiently and without additional tax burden has not been taken lightly. We fully expect to translate our promises into performance, and shall do all possible to that end.

Robert K. Barber
President of the Board of Directors

August 12, 1960
The substantial progress achieved during the fiscal year towards activation of the Transit District was dependent upon first completing a practical plan for the economic development and betterment of East Bay public transportation.

Engaged to design an area-wide program of transit improvement was the internationally-recognized firm of transportation engineering consultants, De Leuw, Cather & Company.

Assistance also was requested of the nine municipal administrations within the District, together with officials of approximately 125 business, industrial, labor and neighborhood associations. They were invited to participate in preliminary transit planning as part of the District’s effort to build a transit program that would reflect, to the greatest extent possible, the needs and desires of individual community areas.

The finished transit master plan was approved by the Transit District Board of Directors on August 27, 1959, and served as the basis for a subsequent general obligation bond issue.

A Workable Transit Master Plan

The blueprint for a faster, more comfortable and attractive transit system proposes a fleet of ultra-modern motor coaches, operating over a system of fast express lines and more than 700 miles of local, neighborhood routes.

Principal features of the recommendations of the De Leuw, Cather organization are as follows:

1—Acquisition of a sufficient number of new city and suburban “Transit Liners”—one-half of them air-conditioned—during the first two years of operation to provide basic service on all of the main lines to be operated by the District.

2—Establishment of five new express routes extending between Richmond in Contra Costa County and Decoto in Southern Alameda County. The 65 miles of new express lines would operate over freeways wherever possible.

3—Improvement of service frequency on approximately 170 miles of existing transit routes throughout the District.

4—Establishment of 55 miles of new local lines, primarily in the communities of Alameda, Berkeley, El Cerrito, El Sobrante, Hayward, Oakland, Richmond and San Lorenzo Village.

5—Acquisition of land and buildings used by Key System Transit Lines for maintenance and storage purposes in East Oakland, Emeryville and Richmond, together with 276 Diesel buses to augment peak hour service as well as 296 older gasoline buses for temporary use pending acquisition of the new motor coach fleet over a period of approximately two years.

Other major improvements include development of off-street passenger transit terminals in Berkeley, Oakland and possibly Hayward, Richmond and San Leandro; construction of passenger shelters at principal bus stops, and provision of all-day parking facilities for park-and-ride patrons at strategic points served by the express bus lines.

The program was designed by De Leuw, Cather to support itself from fare revenues, with future estimated income deemed sufficient to meet operating costs and provide funds for bond redemption and equipment renewal without additional property taxation.

Financing Transit Improvements

A $16,500,000 bond issue to purchase operating equipment and other facilities was submitted to the electorate at a special election October 20, 1959, and received a substantial majority vote of approval. Of the 111,766 ballots cast, 56.3 per cent favored the measure.
Balance Sheet – JUNE 30, 1960

ASSETS

CURRENT ASSETS:
Cash ........................................... $105,254
Taxes receivable ............................. 4,642
Prepaid expenses ............................ 673
Total current assets ....... $110,569

FIXED ASSETS:
Office furniture and fixtures ............. $14,567
Less accumulated depreciation ........... 2,283 12,284
Total assets ......................... $122,853

LIABILITIES AND SURPLUS

CURRENT LIABILITIES:
Accounts payable ......................... $19,819
Payroll taxes collected and accrued .... 2,194
Total current liabilities ... $22,013

RESERVES FOR UNEXPENDED BUDGET ITEMS:
Tax refunds .............................. $18,070
Election costs ............................ 5,898
Cost of valuation and condemnation proceedings .... 2,500 26,468

SURPLUS — Exhibit B ...................... 74,372
Total liabilities and surplus ... $122,853

To the Board of Directors,
Alameda-Contra Costa Transit District:

We have examined the balance sheet of the ALAMEDA-CONTRA COSTA TRANSIT DISTRICT as of June 30, 1960, and the related statement of revenues, expenses and surplus 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.

In our opinion, the accompanying balance sheet and statement of revenues, expenses and surplus present fairly the financial position of the Alameda-Contra Costa Transit District at June 30, 1960, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Oakland, California
August 25, 1960

Thompson, DeChow, Johanson & Reich
Certified Public Accountants
Statement of Revenues, Expenses and Surplus
For the Year Ended June 30, 1960 (Exhibit B)

Revenues:
Proceeds from taxation ................................... $415,676

Expenses:
Salaries ...................................... $ 84,575
Directors' fees and expense ...................................... 8,170
Technical service and planning .................................. 45,668
Public information, notices and advertising .................... 38,105
Legal expenses and witness fees .................................. 21,128
Election costs ........................................... 120,000
Tax refunds ............................................. 40,000
Valuation and condemnation proceedings ....................... 20,000
Auto and travel .......................................... 7,158
Rents ............................................... 7,007
Depreciation ........................................... 1,165
Office supplies and repairs .................................... 2,875
Telephone and telegraph ...................................... 3,141
Dues and subscriptions ....................................... 881
Accounting and auditing ....................................... 1,040
Payroll taxes ........................................... 1,449
Interest ................................................ 1,673
Insurance .............................................. 526
Other general expenses ..................................... 3,560
Total expenses ........................................... 408,121

Excess of Revenues Over Expenses ...................... $ 7,555

Surplus:
Balance, July 1, 1959 ...................................... 63,657
Add excess of prior year's encumbrances over payments made ............. 3,160
Balance, June 30, 1960 .................................... $ 74,372
Successful passage of the bond issue was attributed, in large part, to efforts of the Citizens’ Committee for Better East Bay Transit. This committee of public-minded citizens, which sponsored the measure and helped to explain the transit program to the voters, was guided by A. H. Moffitt, Jr., of Alameda as general chairman.

The information program of the Citizens Committee and the Transit District included more than 150 speaking appearances, wide distribution of pamphlets and brochures describing the transit program,

Preparing For Operation
Following adoption of the bond issue, the Transit District began immediate preparations for early activation.

Blyth & Company, nationally established financing consulting firm, was engaged to prepare the bond issue for sale upon conclusion of a suit challenging the legality of the bond measure. Validity of the bonds has been upheld by both the Alameda County Superior Court and the State District Court of Appeal.

Staff positions of treasurer-controller and transportation analyst were created to care for increasing details of planning and operation involved in the changeover from a limited staff to the force necessary for operating a transit property. Appointed treasurer-controller was John F. Larson, former chief financial officer for the world-wide Winslow Engineering and Manufacturing Company headquartered in Oakland. H. D. White, operations executive of airport transportation in San Francisco, was appointed transportation analyst.

Discussions were planned with city administrations towards establishing various new transit services and other improvements proposed in the District transit master plan. Suggestions from the public and representative organizations for improvements not specifically recommended by the engineers were welcomed for study.

Final specifications were prepared for the newly-designed city and suburban “Transit Liner” coaches to be acquired by the District.

Negotiations were commenced with Key System Transit Lines, looking toward acquisition of specific properties and toward developing an understanding as to the surrender of Key’s area-wide operations to the District.

In line with the District’s intention to purchase Key System Transit Lines, the Board of Directors declared its intention to offer employment to Key System personnel other than those corporate officers responsible for guiding company policy.

Purchase of Key System
An agreement to purchase Key System for $7,500,000 was reached by the General Manager of the Transit District with Glen L. Stanley, Key System president, following four months of negotiation, and
AGREEMENT SIGNED — Concluding four months of negotiation, a 63-page agreement as to the purchase of Key System Transit Lines by the District for a price of $7,500,000 was signed by John R. Worthington, district general manager, shown in above photo at left, and Glen L. Stanley, Key System president, and approved by the district Board of Directors.

approved May 25, 1960, by the Transit District Board of Directors.

The negotiated settlement eliminated a possible two-year delay in legal action had the District continued its condemnation proceeding against the private company before the California Public Utilities Commission.

The agreement itemizes the entire Key holdings to be obtained by the District, including maintenance terminals and storage yards, 570 motor coaches, service facilities and shop and garage equipment. Physical assets, according to agreement specifications, must be free of all liability such as outstanding taxes or any other indebtedness, including special assessments.

Pension rights of Key employees are protected by the agreement which has taken into consideration and made allowance for continuing existing pension benefits as specified in the Transit District Law.

The purchase price was based upon values of equipment and real estate as determined by engineers of the State Public Utilities Commission, independent real estate appraisers, two firms of engineering consultants engaged by the District, as well as the District managerial staff.

A recent study indicates the new coaches will meet anti-smog standards adopted by the California State Board of Health without requiring the use of exhaust control devices.

Bids to furnish up to 150 local transit coaches and 150 suburban coaches were submitted June 15, 1960, by two manufacturing companies, and at the close of the fiscal year were still under review by the District staff as to comparative values, availability and adherence to legal and technical requirements of the specifications.

Changes In District Boundaries

Boundaries of the Transit District underwent considerable revision during the year to more closely conform with those areas in which residents desired immediate transit improvements by a publicly-controlled district.

Excluded from the District August 12, 1959, were the Cities of Walnut Creek and Concord, and approximately 190 square miles of unincorporated area in Central Contra Costa County. The exclusion was requested by the City Councils of Walnut Creek and Concord and the Contra Costa County Board of Supervisors.

With passage of the bond issue, it became apparent in Western Contra Costa County that the area might lose its local transit service at such time as the District acquired and replaced the Key System operation. The Cities of Richmond and San Pablo, originally part of the District, had been removed in 1958 by court action.

New Equipment

The specifications for the District’s new “Transit Liners” provide for a “new-look” motor coach, sharply changed in appearance and comfort from the conventional design of the past two decades.

This streamlined equipment will contain large “picture windows,” new air-cushion suspension, wide seats, modern colors, low entrance step, new push-type doors, bright, fluorescent lights, and a newly-designed diesel engine of low noise level.

‘NEW-LOOK’ INTERIORS — Large “picture windows” and pleasing modern colors are among many of the improvements planned for the fleet of new “Transit Liners” soon to be operated by the District. Soft wide seats, bright fluorescent lighting and smooth air-cushion ride also will be standard features of the ultramodern coaches.
A Citizens Transit Committee, as a result, was appointed by civic officials of the area to consider various alternate methods of obtaining modern and efficient transit service, and concluded Western Contra Costa County should annex to the Transit District as the most economical solution.

An annexation measure was placed on the June 7, 1960, primary election ballot and approved by a substantial 68 per cent majority of voters. Areas annexing to the District, in addition to Richmond and San Pablo, were Parchester Village, Rollingwood, El Sobrante, North Richmond and East Richmond Heights.

Upon execution of a contractual agreement and consummation of necessary legal steps, the annexing areas will become a part of the operating zone of the District, subject to the same benefits and obligations as those areas already in the operations zone.

Transit Shelters
A long-range program to equip transit riders with comfortable, attractive waiting facilities was commenced with an appropriation of $2,500 to help finance a transit shelter of contemporary design in downtown Oakland.

The $33,000 project of the City of Oakland, with joint participation and contributions by business organizations, is to be built in Latham Square at the intersection of Telegraph Avenue and Broadway.

As operations of the District progress, other cities and merchants groups will be encouraged to join with the District in providing attractive and convenient shelters for their business and shopping areas.

Labor Matters
A new labor agreement affecting future operations of the Transit District was negotiated by Key System Transit Lines and the Carmen’s Union.

The contract settlement, providing for an average raise in hourly wages of 6.2 per cent, will extend to December 1, 1960, with provisions for reopening the contract within 20 days after the Transit District takes over operation of the Key System.

The management of the Transit District participated informally in the contract negotiations to assist in settling the disagreement, outlining policy as it will apply to employees of the District upon commencement of operations.

Of major interest to union negotiating representatives were the policies of management regarding arbitration, general wage parity with other transit systems, and the establishment of a new contract when the District becomes operative.

Although the Transit District Law does not provide for arbitration as compulsory, it was indicated the District will morally commit itself to arbitrate labor controversies and a resolution so stating this principle will be adopted by the Board of Directors early in the new fiscal year.

The concept of reasonable wage parity with major West Coast transit operations was agreed to by the management of the District as essential to building and maintaining high quality personnel, working with improved efficiency and morale.

Upon request of union representatives, the District management also agreed to discuss adjustments in the existing contract between Key System and the union, and endeavor to bring such discussions to a conclusion within 30 days after the District commences operation.

Financing District Operations
The fiscal budget of the District, adopted by the Board of Directors in the sum of $458,925, was sufficient to provide all necessary funds for planning, en-
MORE RIDERS—Similar to a nationwide trend during 1959, transit patronage in the East Bay increased for the first time since the end of World War II. Riders using Key System Transit Lines dropped steadily from 95,500,000 in 1949 to a low of 46,600,000 in 1958. Passengers carried last year, however, increased 900,000, to a new total of 47,500,000.

Consulting engineers of the Transit District have forecast that earnings of the District will be sufficient to support a publicly-owned system without additional taxation. In light of last year's experience of Key System, their cautious predictions of patronage and revenue growth, based on proposed transit improvements, become extremely conservative.

The Year Ahead

For the first time in nearly 15 years, transit companies across the Nation recorded an increase in riders during 1959. Here in the East Bay, Key System Transit Lines was no exception. Revenues collected by the private company during 1959 increased more than 6 per cent on local lines and 4 per cent on transbay service.

Consulting engineers of the Transit District have forecast that earnings of the District will be sufficient to support a publicly-owned system without additional taxation. In light of last year's experience of Key System, their cautious predictions of patronage and revenue growth, based on proposed transit improvements, become extremely conservative.

Upon replacing Key System, the Transit District expects to establish promptly its major transit improvements, inaugurating new express and neighborhood lines and increasing frequency on many existing routes. Most of these principal improvements should be in effect within six months after commencement of operation.

Delivery of new “Transit Liner” motor coaches is expected to begin within the first few weeks of operation, with final delivery of the complete order of approximately 250 new coaches to be concluded within 18 months. An additional 60 gasoline coaches will be completely refurbished, overhauled and modernized.

Contributing to the improved services planned by the District is the renovation of the Transbay Transit Terminal in San Francisco. A number of innovations and other remodeling projects are being carried out by the California State Toll Bridge Authority, transforming the terminal into one of the finest in the country from the standpoint of passenger comfort and convenience as well as rapid movement of motor coaches in and out of the facility.

Mindful of mounting traffic congestion and population growth, the Transit District looks forward to another full year of accomplishment in its efforts to make East Bay cities better places in which to work, to shop and to live, and to help assure the future prosperity promised for this area.

J. R. WORTHINGTON, General Manager.

July 26, 1960