

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2021



"We deliver safe, reliable, sustainable transit service that responds to the needs of our customers and communities."

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Letter to the Community

May 2022

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, 2021. 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 Annual Comprehensive Financial Report (ACFR). The ACFR 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 ACFR.

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 ACFR on the District's website actransit.org.

Sincerely,



Chris Andrichak
Chief Financial Officer

Service Area

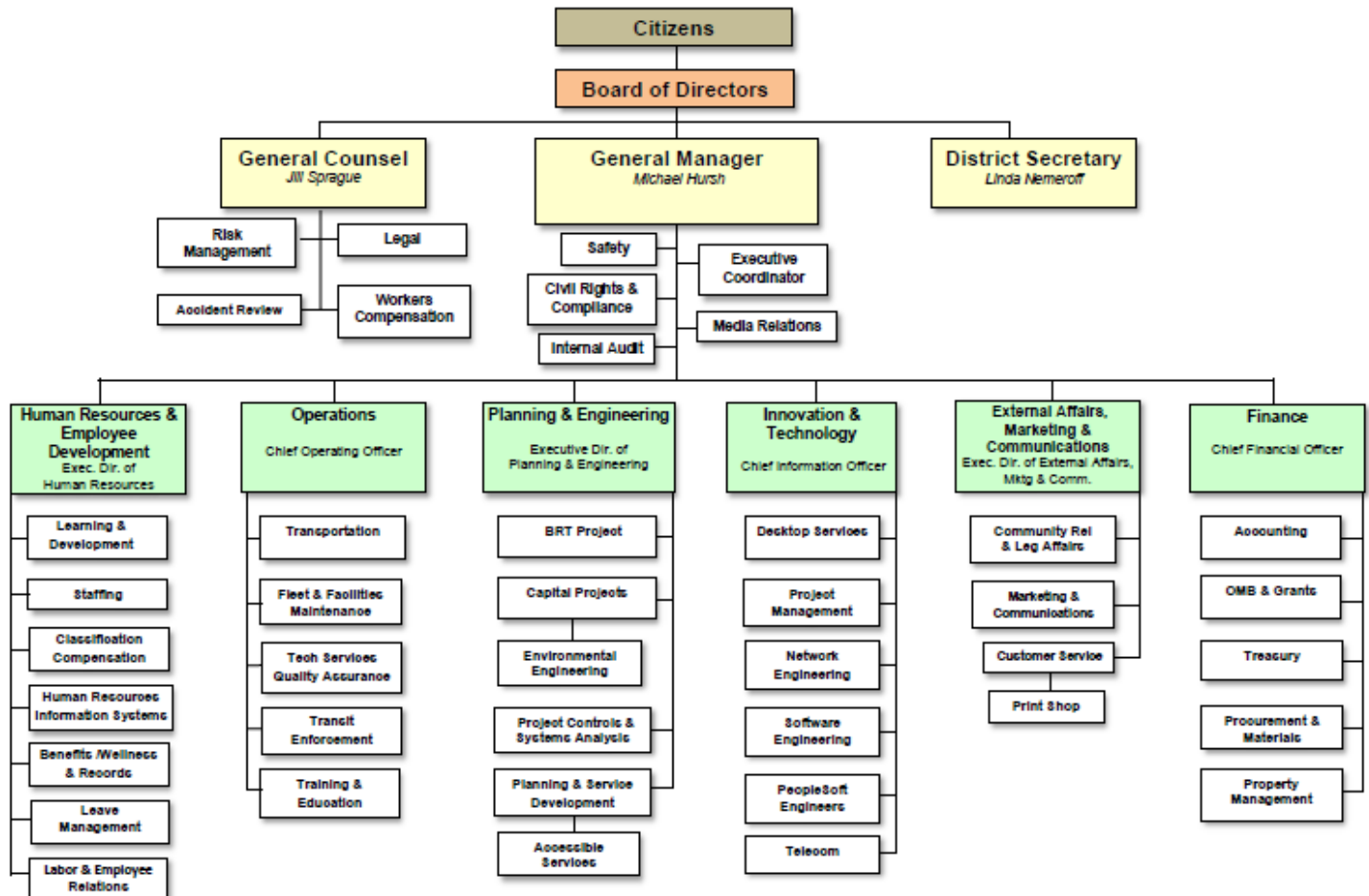


AC Transit Service Area Adjacent Communities Served

Organizational Chart



AC Transit District Organizational Chart



As of July 1, 2021

Board of Directors



**Elsa Ortiz, Ward 3
President**

Elsa Ortiz was elected in November 2006 and is serving her fourth 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. She also served as Chief of Staff and Special Assistant to former California State Treasurer Bill Lockyer during his tenures as State Senator and Attorney General. Ms. Ortiz 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 served on the Transbay Joint Powers Authority Board of Directors and currently serves on the Alameda County Transportation Commission. Ms. Ortiz was President of the AC Transit Board of Directors in 2011, 2012, 2017 and 2018, and during her tenure on the Board spearheaded the development and adoption of the District's Buy American Goods policy, advocated for fiscal reform, and works 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 service possible to riders.



**Joel B. Young, Director At-Large
Vice President**

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 re-elected to serve another term in 2014. 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.



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. 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 ElderCare'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 (Chris) Peeples was appointed by the AC Transit Board of Directors in November 1997 to fill one of the District's two At Large Board positions and was elected in 1998 and re-elected in 2000, 2004, 2008, 2012, 2016 and 2020. 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 and has spoken at, and moderated panels at, national and international hydrogen and zero emission bus programs. Director Peeples is a graduate of Crown College, University of California at Santa Cruz and Hastings College of the Law.



Jovanka Beckles, Ward 1 Director

Jovanka Beckles was elected in November 2020 to serve on the AC Transit Board of Directors representing the Cities of Albany, El Cerrito, Richmond, San Pablo and a portion of Berkeley as well as the unincorporated areas of El Sobrante, Kensington and North Richmond. Ms. Beckles graduated cum laude in 1988 with a bachelor's degree in Psychology from Florida A&M University and earned a Master of Business Administration degree from the University of Phoenix. Over the course of her career, Ms. Beckles has worked as a counselor, youth educator, team builder and strategist, client advocate, crime prevention specialist, housing case manager for the homeless, and mental health specialist for 32 years and has been a small business owner in the City of Richmond. She also served her community as a two-term member of the Richmond City Council, was President of the Richmond Heights Neighborhood Council and retains membership in numerous organizations, including Concilio Latino and the League of United Latin American Citizens, Delta Sigma Theta Sorority, Inc., Black Women Organized for Political Action (BWOPA-Richmond), Women in Politics, East Bay DSA and the Richmond Progressive Alliance. With a long record of public service, Ms. Beckles is committed to working with riders and workers to build a universally accessible, emission free transit system that the public deserves.



Jean Walsh, Ward 2 Director

Jean Walsh was elected in 2020 to serve Ward 2. Previously she directed community outreach and government relations for bike and scooter share, expanding mobility options in the Bay Area and signing up more than 500 low income residents to discounted pricing programs. Prior to that, Ms. Walsh led communications and public outreach for the City of San Francisco's Department of the Environment and Public Utilities Commission, promoting environmental initiatives and critical infrastructure programs. Ms. Walsh holds a master's degree in Urban Planning from Massachusetts Institute of Technology and a bachelor's degree from the University of Colorado at Boulder. She served in the Peace Corps in Nicaragua and is fluent in Spanish. Ms. Walsh is active with the Transbay Coalition, East Bay Transit Riders Union, Bike East Bay, Walk Oakland Bike Oakland, and other grassroots advocacy groups working to improve Bay Area transportation. She is president of the Longfellow Community Association. Car-free since 2004, Ms. Walsh enjoys getting around on foot, bike, scooter, and public transit. She believes Bay Area residents deserve a seamless transportation network that is fast, frequent, affordable, pleasant, and easy to use.



Murphy McCalley, Ward 4 Director

Murphy McCalley was appointed to the AC Transit Board of Directors on April 15, 2022, to represent Ward 4. Mr. McCalley previously served as Vice Chair and Chair of the Alameda County Transportation Commission's Independent Watchdog Committee and serves on the Board of Directors of the Edge Foundation. He is also an active member of the Boys and Girls Clubs of Oakland Alumni Booster Club. In addition, Mr. McCalley founded and served as Chair of the California Transit Finance Corporation (CTFC), which was formed to assist transit agencies with financing capital projects, was Chair of the American Public Transportation Association's (APTA) Financial Management Committee, and is a recipient of the Urban Mass Transit Administration (now the Federal Transit Administration) Administrator's Award for Innovative Finance. Mr. McCalley holds a Bachelor of Science Degree in Public Administration from California State Polytechnic University, Pomona and a Master's Degree in Public Administration with an emphasis in budgeting and finance from California State University, Long Beach. With career roots in the transit industry, Mr. McCalley believes public transit is an essential ingredient to community vitality. His innovative approach to financial problem-solving has benefited transit riders across the nation. As an advisor to policymakers throughout his career, Mr. McCalley seeks to reimagine transit service in Ward 4; improve service for youth, seniors, and people with disabilities; and stabilize AC Transit's financial position to ensure future growth.

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 2,209 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.

Service

- 158 bus lines
- 5,400 bus stops
- 635 buses
- 18.9 Million revenue service miles
- Serving 23 BART stations

Ridership

- 44.5 Million trips annually
- 143,000 passengers each weekday

Rider Profile

- 42% do not own automobiles
- 42% of all trips are work-related
- 9% of all trips are school-related



Major Initiatives

Service Recovery

Due to the COVID-19 pandemic, the District's ridership and the ability to collect fares were significantly impacted as a result of shelter-in-place orders and bus capacity limits imposed in March 2020.

The District relied on \$114.2 million in federal aid from the Coronavirus Aid, Relief, and Economic Security Act (CARES), avoiding layoffs and maintaining a balanced budget at 75% of pre-COVID service levels for part of fiscal year 2021. Additional emergency funds from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act (\$55.5 million and \$116.1 million, respectively) provide one-time funding and support District plans to restore service to pre-COVID levels.

As the Bay Area gradually recovers from the economic downturn caused by COVID-19, restoring bus service to accommodate rider demand is the District's highest priority. The budget must support a plan to build up the active bus operator workforce. The labor budget includes costs for a gradual increase of 101 bus operators by March 2023 for a total bus operator position count of 1,380 up from the current authorized 1,279. The amount of service scheduled at any given signup depends on the amount of operators available for the District to attempt to achieve 100% service recovery by March 2023.

The District acknowledges that there will be some challenges including:

- Workforce and training constraints
- On-the-job public health concerns
- Economic inflation



Zero Emission Transition

Spanning the past two decades, AC Transit has built the most comprehensive zero-emissions bus (ZEB) Program in the United States that has generated over 5 million miles and eliminated over 12,800 metric tons of CO². The program's technology has expanded from a single hydrogen fuel-cell electric bus to a fleet of new generation hydrogen fuel cell and battery electric buses. Our ZEB infrastructure includes on-site hydrogen production and fueling, electric charging, on-site fleet maintenance, and workforce training.

As of December 2021 there are twenty-six (26) active ZEBs used in service, which include seven (7) 40-foot battery electric buses and nineteen (19) 40-foot fuel-cell electric buses. In addition, the District has one (1) 60-foot hydrogen fuel-cell electric demonstration bus.

AC Transit also participates in the California Low Carbon Fuel Standard (LCFS) market as a generator of credits based on green hydrogen production for bus use and through the deployment of ZEB's. As the District's ZEB fleet expands, our transit district will have a growing revenue source through the sale of LCFS credits that can be used to offset the fuel costs of the fleet.

The District continues to explore funding opportunities that will expand the ZEB program. Most recently we secured purchasing support for an additional forty-one (41) ZEB's that includes the combination of twenty-one (21) 40-foot battery electric buses and twenty (20) 40-foot fuel-cell electric buses that will have the latest advancements in zero emission technology.



Strategic Plan

AC Transit first developed a strategic plan about twenty years ago. Over time, the strategic vision became too narrow. The District now faces new challenges not originally foreseen. The District's Board of Directors decided that a new strategic plan was needed to better reflect the District's current mission and objectives.

Six initiatives were developed to help tackle the complex problems faced by the District. These initiatives include:

1. Safe Working Environment
2. Financially Resilient
3. Sufficient Operations
4. High Performing Flexible Workforce
5. Strong Stakeholder, Policymaker and Public Communications
6. Environmental Sustainability

The overall approach of a new strategic plan is to focus bus transit resources on the services that the District can provide best, the services which will continue to be needed by transit-dependent people, and the services that help East Bay cities meet their land use and environmental goals now and in the future.

The Strategic plan is currently being updated to help the District better respond to challenges caused by the climate crisis, the struggle for racial justice, and the impacts of the COVID-19 pandemic.



Financial Performance

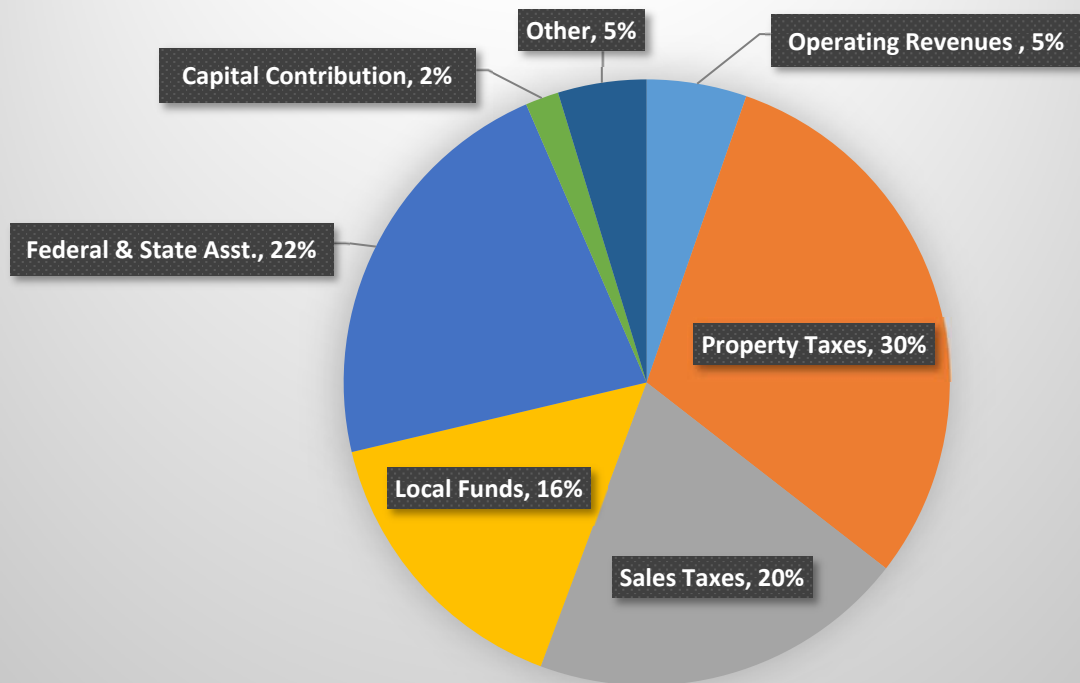
Most of the District's revenues are derived from various forms of sales and property taxes. The next largest revenue source comes from passenger fares. Smaller sources of revenue include bridge tolls, contract services with the regional rail service (BART), federal and state assistance for paratransit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

The District's largest expense is labor at approximately 70% of total budget. Labor expense includes salaries and wages along with proportional amounts of various fringe benefits, medical, and pension. Other major non-labor expenses include fuel, materials, parts for the fleet and various professional services.

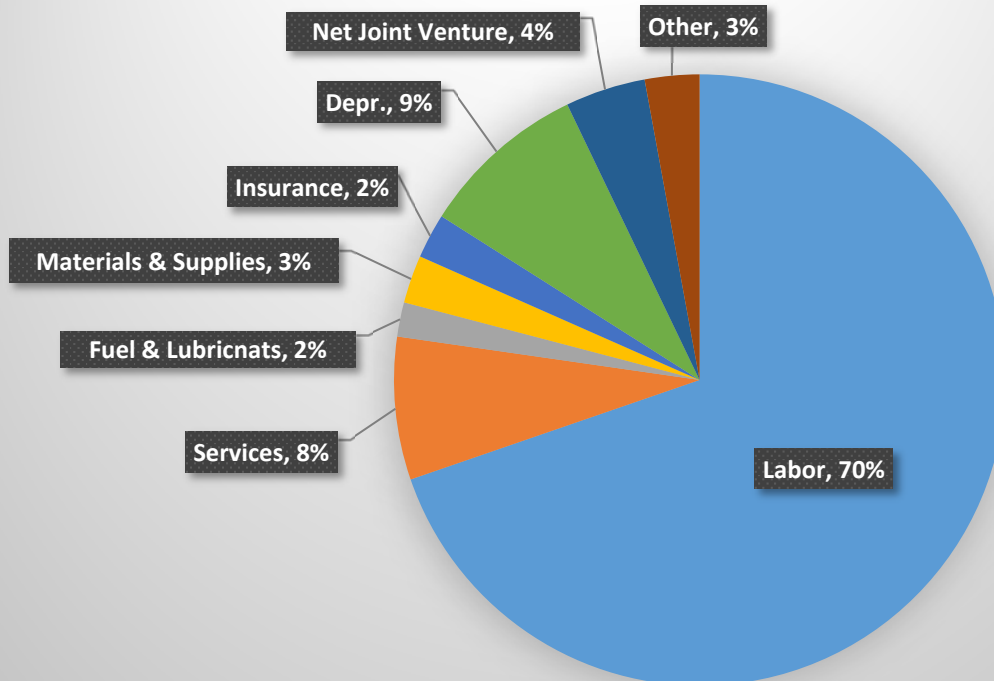
The District's performance during fiscal year 2021 resulted in a \$42.2 million increase in net position from operations. Total operating and non-operating revenues during the fiscal year ended June 30, 2021 were \$518.2 million and District Capital revenues of \$9.4 million totaling \$527.6 million, over total expenses of \$485.5 million.

Net Position Trend (in Millions)			
	FY 2018-19	FY 2019-20	FY 2020-21
Operating Revenues	\$504.0	\$538.7	\$527.6
Operating Expenses	(505.6)	(538.0)	(485.5)
Total Balance	(1.6)	0.7	42.2
GASB 75 Adjustment from Prior Periods	0.0	0.0	0.0
* The District's Fiscal Year is July 31 - June 30			

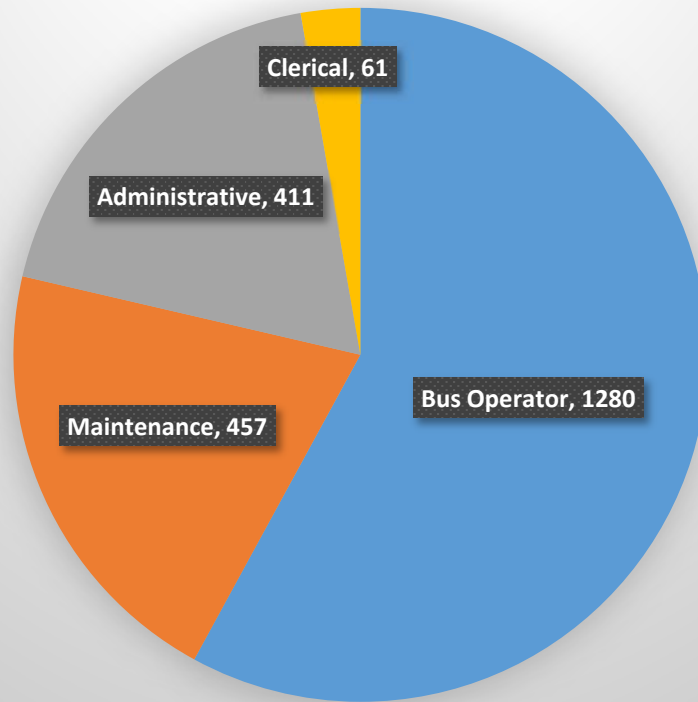
Total Revenues (\$527.6 million in FY 2021)



Total Expenses (\$485.5 million in FY 2021)



FY 2021 Total Authorized Positions

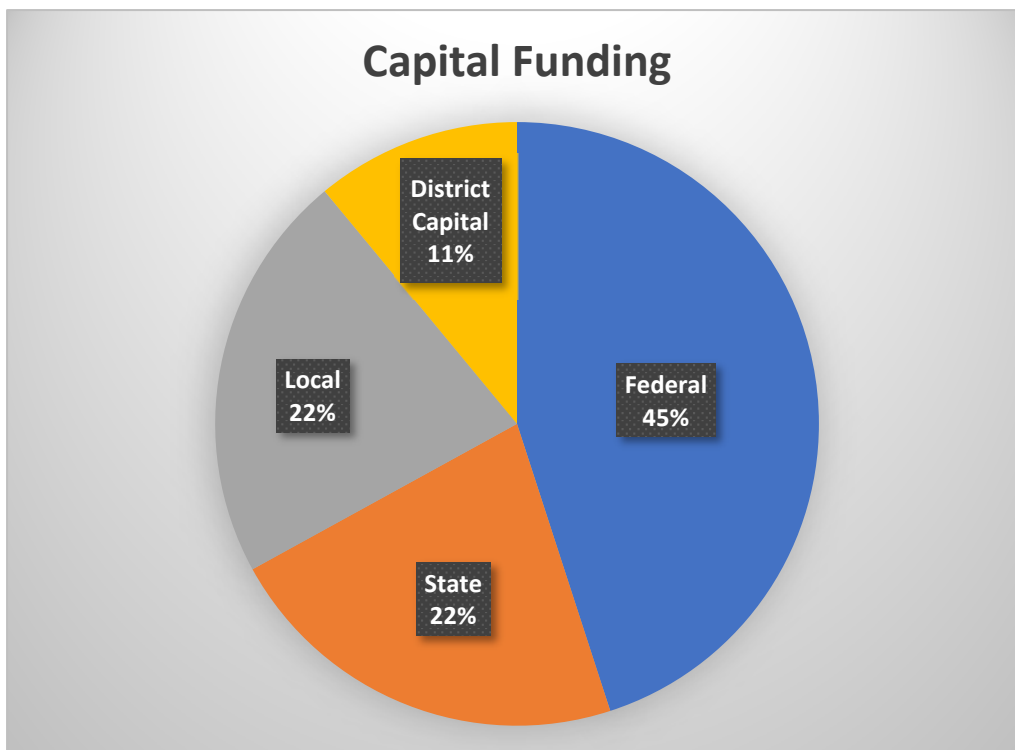


Capital Investment

Public transportation is a capital-intensive business. The District's total multi-year capital budget is approximately \$465 million, with new projects approved each year in the range of \$40-\$60 Million.

The five main categories of investment are: (1) Fleet Replacement and Expansion, (2) Facilities, (3) Information Technology, (4) Corridors and (5) Safety/Environmental/Other. 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. Information 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. Safety/Environmental/Other investments relate to compliance with regulatory mandates and addresses employee safety issues to proactively manage risk.

The chart below illustrates the funding sources of the capital budget at the end of fiscal year 2021.



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