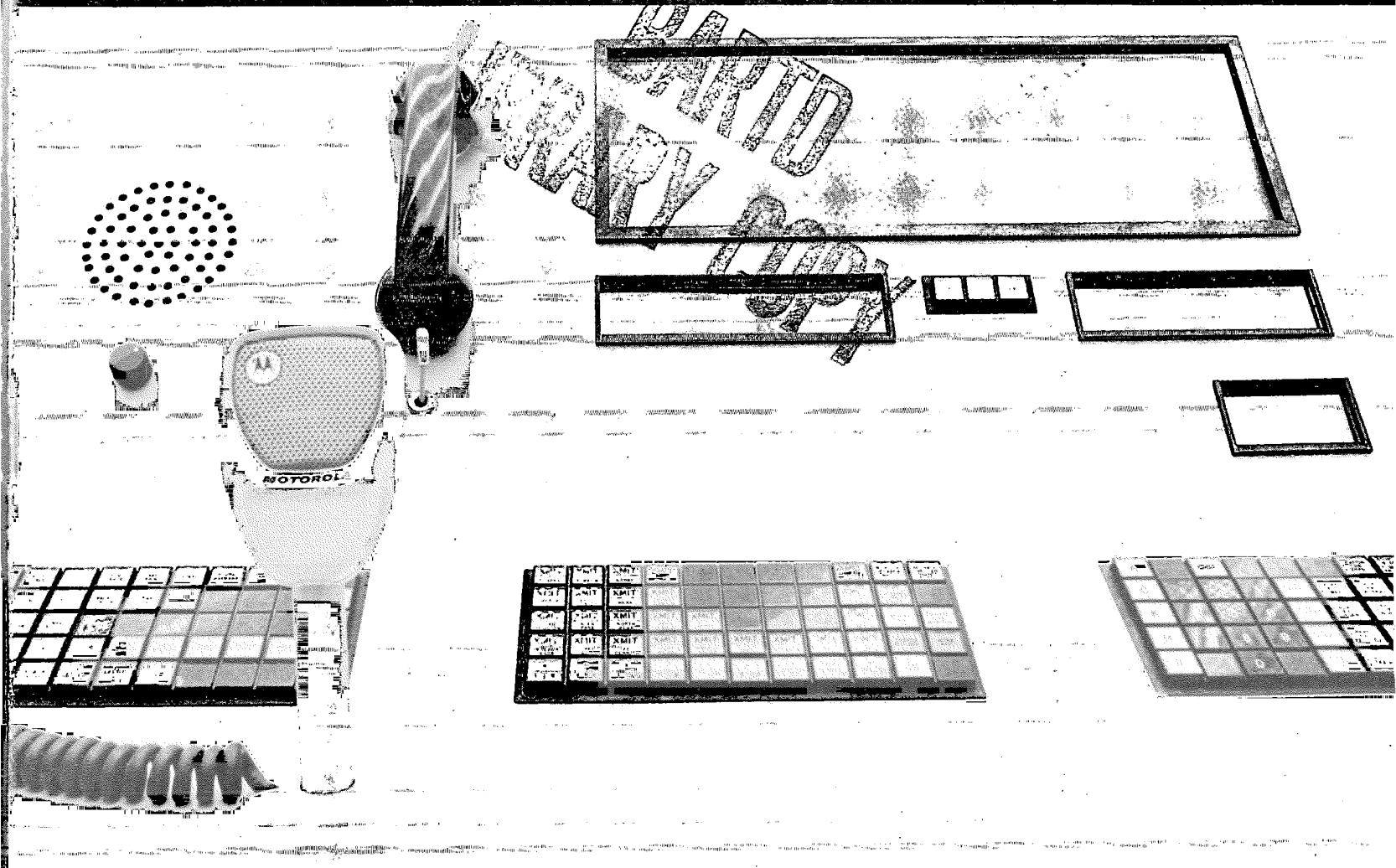
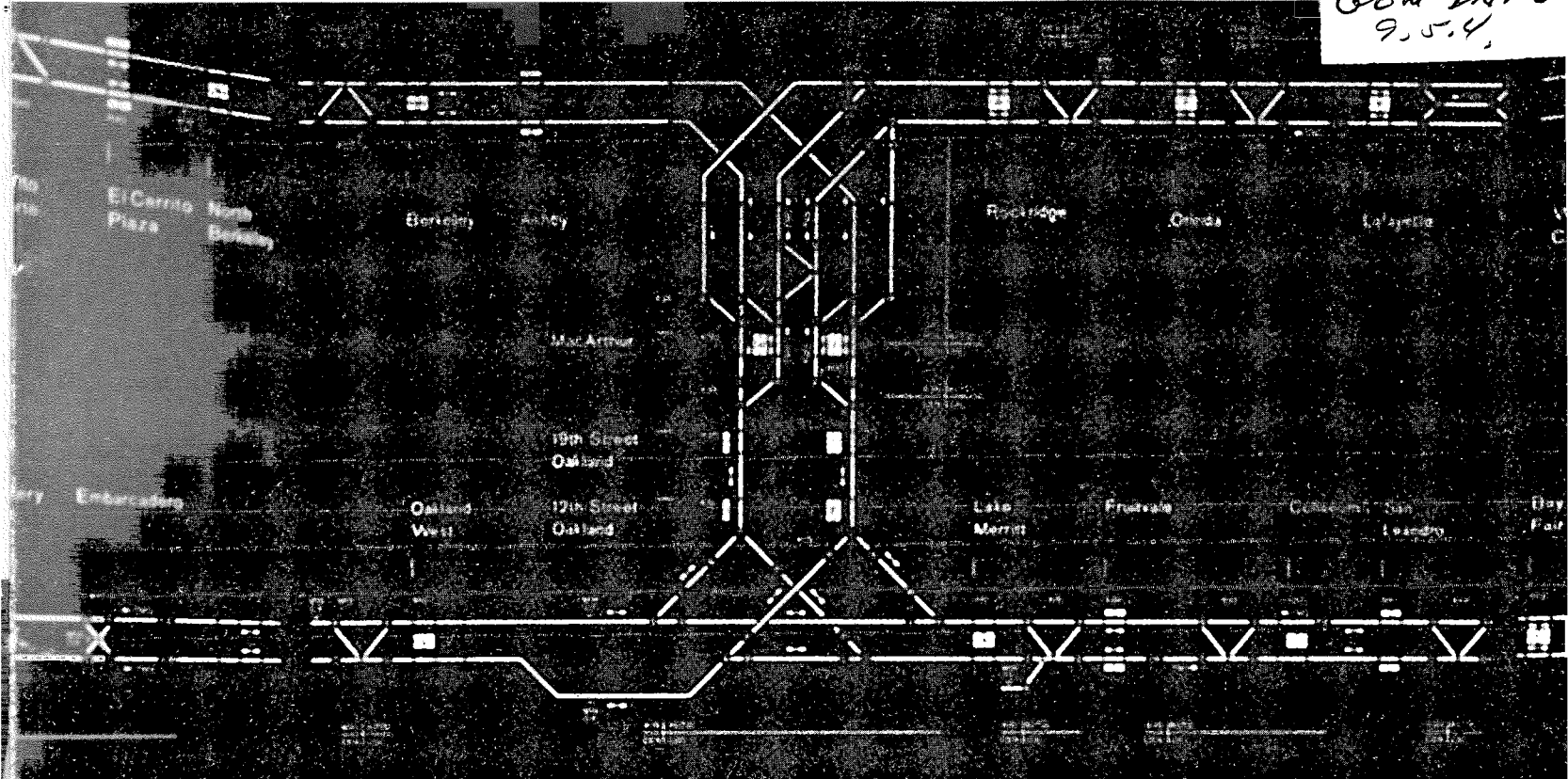
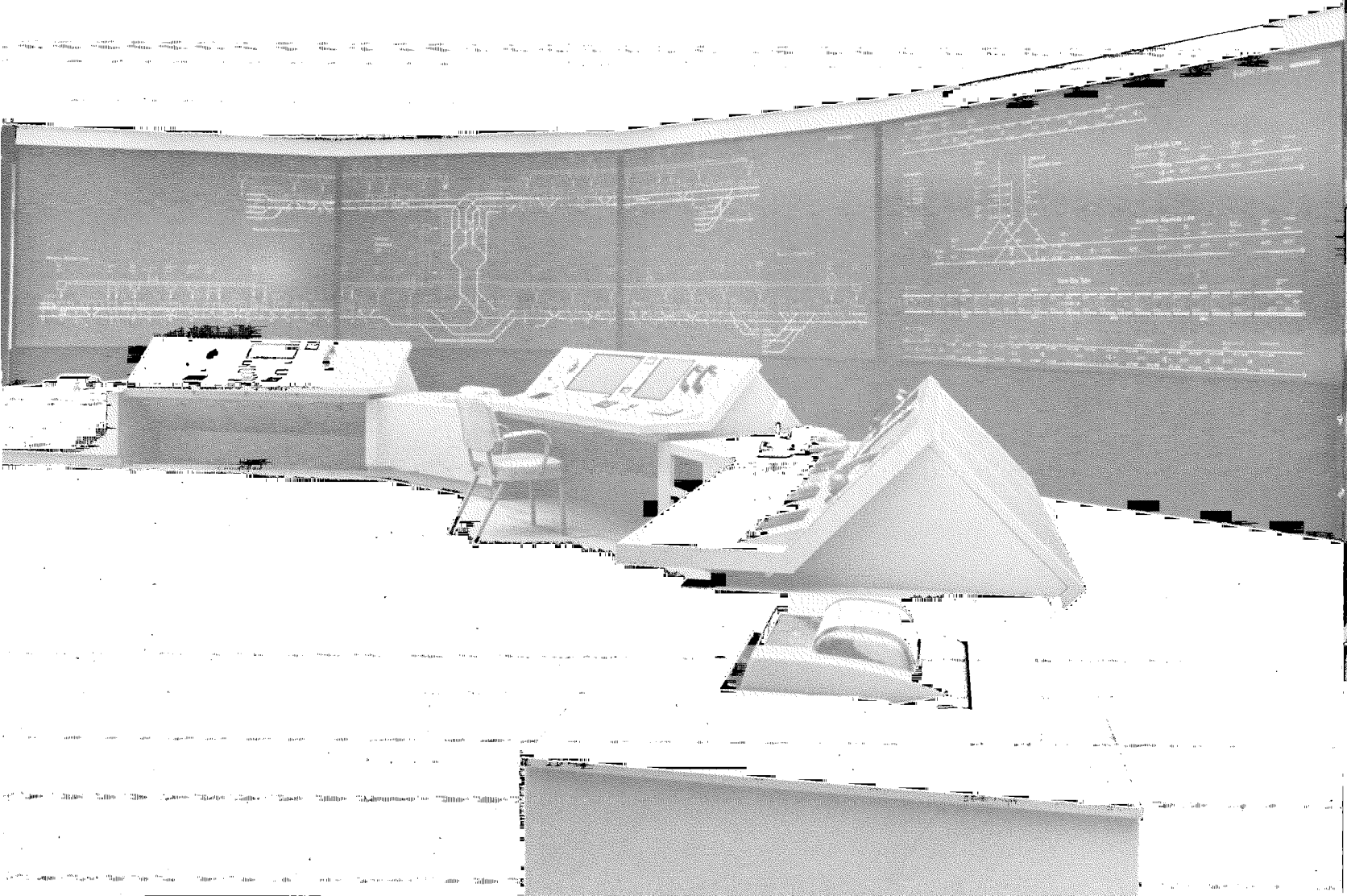


BARTS -
GEN INFO
9.5.4,



Fiscal year 1968-69 can be considered the Year of the Car at the San Francisco Bay Area Rapid Transit District. At the close of the fiscal period, Rohr Corporation was awarded a contract to provide the District with 250 rapid transit vehicles, whose operation will be monitored at BART's automatic train control center (lower photograph) in downtown Oakland...



**SAN FRANCISCO
BAY AREA
RAPID TRANSIT
DISTRICT**

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Director of Engineering and Construction
E. J. RAY
Director of Operations

**MESSAGE
FROM THE
PRESIDENT**

□ At this time of year it is natural to reflect upon the economic value of the Rapid Transit project—particularly when Bay Area residents are about to receive their annual property tax bills. Such thoughts also have been stimulated by recent publicity concerning the District's funding problem—and its subsequent solution.

Residents of the three counties can take comfort, therefore, in the growing evidence of the project's worth.

According to financial authorities, more than \$850 million in new office buildings have been completed or programmed for construction near the downtown subway stations of the transit system. Much of this new economic development is directly attributable to the BART project.

Assuming a uniform tax assessment, it can be calculated that these new buildings will produce property tax revenues in a single year of over \$21 million for local government—equivalent to 55 per cent of BART's current annual \$38 million tax cost. And the amount of this contribution will go higher in the future.

Even more exciting social benefits are certain to be produced by the BART system—in future mobility for students, jobholders and ghetto residents.

It is significant that BART's latest tax rate is almost exactly that which was projected for this year in 1962. The present outlook is that the peak tax rate in 1971-72 will be even lower than was originally projected.

A great deal of credit must be given members of the California Legislature, who prevented further costly delays in the project by approving a measure to solve the District's inflation-caused deficit problem. We are particularly grateful to members of the Bay Area delegation, including the bill's author, Senator Lewis Sherman, and Assemblyman John Foran. □



Arnold C. Anderson/President

REPORT OF THE GENERAL MANAGER

□ Fiscal 1968-69 was a year of great significance for the San Francisco Bay Area Rapid Transit project. Not only did the project reach its peak construction phase, but State financial assistance necessary for completion of the project was finally approved.

The BART project at year's end was approximately 60 per cent completed.

During the period, several notable milestones were achieved:

- The fifty-seventh and final section of the Trans-Bay Tube was lowered into place.
- A contract was awarded for production of the District's 250 transit cars.
- Actual rail-laying was begun on the Southern Alameda County transit line.
- Street restoration was begun following completion of major subway structures in downtown Oakland and Berkeley.
- Installation and programming of the automatic train control computers was started at BART's central headquarters in Oakland.
- Basic track structures on the entire 19-mile initial transit line in Southern Alameda County were completed.

Substantial progress was recorded in every phase of the transit program.

Attracting widest public attention was the achievement of a solution to BART's long standing fund deficiency problem. The California Legislature in April approved Senate Bill 2, sponsored by Senator Lewis Sherman, which provides the additional \$150 million required for completion of the system by authorizing a one-half cent sales tax increase in the District's three member counties. Strongly supported by Bay Area legislators and community leaders, the action climaxed a three-year effort to combat the deficit—caused by greater-than-anticipated cost inflation and earlier project delays.

Design and Construction: By the close of the fiscal year, design of the rapid transit system and its facilities was 93 per cent complete. Total expenditures on the \$1.3 billion project reached a new figure of almost \$800 million, and construction employment totaled 3,200 on the 52 major contracts then underway.

Construction work was in progress on 64 miles of the 75-mile network. Highlighting construction activity during the year was the placement of the fifty-seventh section of BART's 3.6-mile Trans-Bay Transit Tube. The all-important link was lowered into place on April 3, 1969, connecting completed portions of the tube on both sides of the bay.

Rail-laying was nearing completion on the entire Southern Alameda transit line, along with the installation of electrical power equipment and train control and communications facilities. Final architectural work, including installation of escalators, was underway at seven passenger stations between Hayward and north Oakland.

Only on the outer extremities of the BART transit lines were there first-stage construction contracts still to be awarded—in the communities of Concord, Richmond, Fremont, and Daly City.

Total effort expended on the BART project as of June 30, 1969, exceeded 22 million man-hours.

Real Estate Acquisition: More than 90 per cent of all right-of-way needed for the transit network had been acquired by the close of the fiscal year—or 3,339 of an anticipated total of 3,700 individual property parcels.

The District's specially-instituted relocation assistance program, which once required the service of seven full-time employees, was reduced to a part-time activity of one staff member—because nearly all affected residents and businesses along the transit route have been satisfactorily relocated.

Operations Planning: The award of a \$66.7 million transit vehicle production contract to the Rohr Corporation of San Diego made it at last possible to establish an accurate schedule for the start of train operations on the BART network. According to the plan, the first prototype cars can be placed in test operation on the Southern Alameda County transit line in the fall of 1970, and revenue passenger service can begin one year later. It is contemplated that other East Bay transit lines will open during succeeding months, and that San Francisco and Trans-Bay service will be inaugurated by mid-1972.

To insure the operational reliability of BART's transit car design, the District obtained a special \$5 million demonstration grant from the U.S. Department of Transportation to help purchase and test its initial ten prototype vehicles. The cars will be exhaustively evaluated during a prototype testing period—and if necessary, modified in design—before production is begun on the remainder of the 250-car order.

A nucleus operations staff of nearly 50 key employees—many of them with extensive experience on other U.S. transit systems—was engaged in full-scale planning activities. The schedule calls for expanding the group during the coming fiscal year to almost 160 supervisory and operations personnel in four main divisions: Transportation, Power and Way, Rolling Stock and Shops, and Electronics and Communication. The primary activities of these personnel during fiscal 1969-70 will be devoted to the testing and checking out of equipment and readying the system for initial operation of the prototype transit vehicles.

As the fiscal year closed, work was nearing completion on both the main vehicle repair shop at South Hayward and the maintenance-of-way facility in Oakland. Contracts have since been awarded for construction of two smaller maintenance and storage facilities at Richmond and Concord.

Safety and Insurance: Construction workers and contractors continued to maintain an outstanding safety record on the BART project. The accident ratio was approximately 25 per cent lower than the statewide average for heavy construction.

As a result, the District has so far received almost \$2 million in workman's compensation dividends from its insurance underwriters.

The BART Compressed Air Medical Center administered treatment to 130 subway tunnel workers who experienced minor but predictable cases of "bends" or decompression illness on San Francisco subway projects with no loss in work time. The medical center, maintained by the District's Transit Insurance Administrators, has so far given health examinations to more than 2,000 tunnel workers and supervisory personnel.

Personnel: Close liaison was maintained between the District's personnel department and the various construction contractors to insure creation of a growing number of minority job opportunities and to stimulate improvement in the contractor-sponsored affirmative action programs.

The District's own equal opportunity program was successful in improving the status of numerous minority employees, and in expanding the scope of the Youth Opportunity summer employment training program.

Finance: Another \$140 million in general obligation bonds were sold during the 1968-69 fiscal year—followed by a subsequent sale of \$72 million in August 1969. This completes the marketing of the District's entire \$792 million bond authorization approved by the voters in 1962. Proceeds from the two final general obligation bond sales will be used to redeem \$142 million in bond anticipation notes which were issued earlier in the fiscal year.

In addition to its \$5 million vehicle prototype demonstration grant, the District received a \$28 million capital grant from the U.S. Department of Transportation. Authorization was given by Federal officials to use the funds for the actual purchase of vehicles—thus augmenting \$52 million in earlier capital grants awarded for system construction.

BART earned approximately \$16.4 million during the fiscal period from interest on its temporarily reinvested bond proceeds, and \$137,000 from sales and rentals of its real estate.

Steps were underway at the close of the year to establish a centralized electronic data processing system that can help maintain control of the District's future operating costs.

Public Relations: The first public open house of BART facilities was held on June 8 at the unfinished Berkeley and San Leandro stations. More than 10,000 persons visited the two construction sites, as well as the full-scale design model of BART's transit car which was also on display. The BART mock-up car has now been viewed by nearly 750,000 persons, including residents of the Los Angeles area where it was on loan in late 1968.

BART/ A LOOK INTO THE FUTURE

□ **The great cities of the world continue to expand and extend their rail transportation systems.**

The classical cities of Europe are well-known for the transit they keep. London, Paris, Moscow, Berlin, Stockholm and Madrid are political as well as cultural capitals. Smaller capitals on the Continent—Vienna, Budapest and Lisbon—also enjoy rapid transit systems. Important “second cities” have built or are building underground rail transit as well: Russia’s beautiful Leningrad, Spain’s industrial Barcelona, Britain’s busy Glasgow, and rebuilt Rotterdam and Hamburg in Germany. Russia’s “third city,” its ancient capital, Kiev, in the Ukraine, has built and is planning more rapid transit.

Japan’s tremendous industrial and commercial growth has been marked by rapid transit expansion in its three largest cities. The Chinese, in their thrust for world prestige, are launching a subway project in Peking, their capital.

On the North American continent, Toronto’s leap forward—its emergence as a great city—was based upon underground rail transit.

Montreal created its new system within the decade; Mexico City, just now.

Washington, D. C., this year is attempting to build its rail transit network, a precedent set years or decades ago in the other major Eastern cities.

Today, the communities comprising the San Francisco Bay Area sit some 2,000 miles away from the nearest subway; yet they will join this favorite and favored list of subway cities in about two years.

What will it mean?

The years 1970-1980 will be the decisive, formative decade for Bay Area rapid transit. By 1980, personal travel habits and regional transport patterns of the Bay Area community will have been strikingly reshaped.

By 1980, BART will have had nine years of seasoned patronage—along with complex adjustments, “debugging” and growth factors that invariably go with something new and big. BART patrons will consciously and unconsciously bring BART into their daily formulas of life, work, shopping and leisure time. These changing habits and patterns will emerge with great force, and with or without regional land-use or regional transportation planning.

As BART schedules change personal habits, so too will personal choices on the part of hundreds of thousands of residents interact to change certain BART schedules. These choices, now unpredictable, will result in a new dimension in personal mobility—the sense

of security, if not self-realization, in being able to selectively move through and about the BART service area.

As future thousands sense the fact that they can shift jobs without changing homes, change homes without shifting jobs, enjoy professional services and shopping facilities on the same fast, BART-propelled visit, combine a sports event in one city with a downtown dinner in another, and otherwise watch new horizons open up, BART train schedules will change accordingly.

Extension and Expansion: The limits of personal mobility will depend upon where and when inexorable, powerful thrusts of a thriving Bay Area economy and a constantly growing population generate new housing, commercial and employment centers. Governmental action by BART or any other agency can modify, but now cannot reshape, these primary forces.

By 1980, the region's population surge will have further tightened demand for central city land. The median age of the population will rise, experts declare, and a greater percentage of the population will thereby be employable (and "BART-able"). Particularly heavy growth is expected in such employment sectors as the finance industry, corporate headquarters, government, and personal services, according to the recently published Bay Area Transportation Study Commission (BATS) report.

By 1980, local and regional authorities will have been busy implementing several of the countless local and regional "plans" urging that BART be extended. Development policies incorporated in the Association of Bay Area Governments proposals of 1966, this year's BATS conclusion that rapid transit should expand to 230 miles of track in nine counties, and the Bay Conservation and Development Commission's concern with conservation and open space exemplify today's regional need for more rail rapid transit tomorrow.

Two huge airports will be tied together by BART during the decade. In the process both will be tied to at least 34 regional BART stations, including a completed regional Embarcadero Station within the totally transformed lower Market Street sector of downtown San Francisco. One or more stations in San Mateo County will have been added with the San Francisco International Airport BART extension.

Bus feeder systems in outlying areas will have been planned. Some will be operating late in the decade.

Electronic Systems at Work: As still the only totally automatic rapid transit network in the world, BART will be a proving ground for systems technology. "Train protection and supervision" will remain

as a BART contribution to the world of rapid transit. Constant, automatic adjustment of trains en route among the many BART stops will result from signals flowing in and out of the BART headquarters building.

New BART trains, built by a systems corporation rather than a conventional car manufacturer, will interface with other modes of transportation—perhaps skycars at airports, industrial parks and college campuses, and mini-buses downtown. Suburban systems will likewise be undergoing change, responding to the need for economical, individualized travel modes serving low-density residential areas.

Addition in 1969 of rapid transit as a function of the Golden Gate Bridge District will have triggered mass transit programs for suburban areas along the northern transportation corridor in Marin and Sonoma counties.

Highway construction will have continued—but in a total transportation complex. The need for a new freeway between and parallel to the Nimitz and MacArthur Freeways in Oakland, predicted in the 1969 BATS report, will have been shown to be a questionable investment because of the decision to ultimately place a new BART line through this corridor—an alternative noted in the same transportation analysis.

A uniform, incremental fare structure and ticketing procedure will have been proposed in the early 'seventies (to tie the BART system and local transit systems together), and acted upon.

The BART User: Many kinds of patrons will use BART during the 1970-80 decade . . . the white collar commuter, the blue collar worker, the shopper, the air traveler, the sports fan . . . to name a few. But the most profoundly and happily affected will be those otherwise too young, too old, too handicapped or too poor to rely on the automobile for personal mobility.

Most BART users will be white-collared and will leave their homes in the weekday mornings destined for central business districts. It is their cars which will not overwhelm already scarce downtown parking facilities, not glut the arterial freeways. By 1980, a larger percentage of this breed of BART user will be living in apartments instead of single-family dwellings. The 1969 BATS study, in fact, identified certain BART station neighborhoods as likely sites for BART-induced apartment living.

Proportionately more middle-class commuters will travel to jobs in "satellite" commercial developments in the vicinity of BART stations in suburban or semi suburban settings. Single high-rise business structures, as well as clusters of them, will have arisen at various points along the BART line. The 1969 decision for

a high-rise structure at El Cerrito Del Norte station was an early and pivotal example.

Proportionately more white-collared commuters will be government employees, and San Francisco in the 'sixties had already become the Number Two employer of Federal workers in the nation. Major new government offices will have sprung up near the BART administration building in Oakland, which will also be the site for new high-rise residential and commercial activity.

Orderly developments between, as well as near, BART stations will also have begun. Public and private industrial planners will be relating new industries to mass transit access. They will tie directly to BART stations or to feeder routes fanning out from the stations. Many blue-collared city dwellers commuting to suburban work sites will board a bus or BART for a swift ride to connect with mini-buses which will transfer them to the major employment centers which are supporting a private mini-bus operation—rather than build costly parking lots and rely on congested freeways for their productivity.

In terms of dollars and cents, it will be the underemployed and unemployed who benefit most.

BART and the Poor: Just as bus feeders would be meshing outlying suburban areas to BART during the decade, so too will new inner-city bus routes emerge, created to provide home-to-BART and BART-to-home personal mobility for the unemployed and underemployed poor of the three BART counties.

More than a third of BART's stations will serve poverty areas. This proximity to BART facilities will facilitate joint routings with AC Transit and the Municipal Railway.

Habits of the occasional user will markedly change as well. If the occasional user is also a non-driver, the changes will be dramatic.

For the off-hour woman shopper, the wares of the region—and the wares of the world sold near certain BART stops in the region—become accessible by rail rapid transit.

The Bay Area will have been the first major metropolitan area to have dealt successfully with airport-downtown-home access. The air traveler at Oakland's or San Francisco's jammed international airport will be able to choose regional destinations . . . no longer forced to go by freeway to a staging area.

The worlds of sports, recreation and cultural activities will have been altered for all time by the advent of BART operations in 1971-72, with the need for the auto minimized and opportunities for satisfying leisure activity maximized. □

An increasing number of world transportation experts, public officials and other dignitaries were attracted to the BART project. District staff members have conducted approximately a dozen construction site tours each week for such official visitors, as well as local civic organizations, government leaders, and school groups.

The BART project received prominent attention in numerous publications, including featured articles in all three national news magazines.

Planning and Administration: Because of the District's growing involvement in all forms of regional planning, a new staff department for planning and research was created.

The District specifically is taking a lead in the study and planning of a possible transit connection between BART's Coliseum station and the Oakland International Airport. Together with five other agencies, it is seeking a Federal demonstration grant to finance the study, which possesses nationwide implications in this era of increased air travel. The additional agencies are the Alameda-Contra Costa Transit District, Oakland Port Authority, County of Alameda, City of Oakland and the Oakland Coliseum, Inc.

Similarly the BART Board of Directors authorized the preparation of an application for another Federal fund grant to finance a study of the future impact of the rapid transit system on adjacent private property and land use. Data from the study will be used to plan possible transit route extensions and community zoning recommendations.

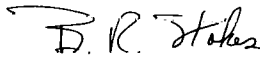
In a major reorganization move dictated by the District's increased volume of activities, the Board created a new staff legal department. Malcolm M. Barrett, who for many years served as Associate General Counsel while employed with the law firm of Pillsbury, Madison & Sutro, was named to the full-time position of District General Counsel.

District personnel received several honors during the fiscal year. The District's chief engineering officer, David G. Hammond, was selected as one of the top ten American "Public Works Men of the Year" for 1969. The award was bestowed jointly by the American Public Works Association and Kiwanis International. In

addition, the General Manager was appointed by the U.S. Secretary of Transportation to serve as a special consultant to the National Urban Transportation Advisory Council and was selected as one of 15 delegates to the Anglo-American Conference on Urban Transportation, sponsored by the Ditchley Foundation in England.

The District Board of Directors in December elected Arnold C. Anderson of Alameda County to be its new President for 1969. Succeeding Anderson as Vice-President was Director William M. Reedy of San Francisco.

This report is respectfully submitted to the Board of Directors pursuant to Section 28834 (e) of the California Public Utilities Code. □



B. R. STOKES/General Manager

BALANCE SHEET

JUNE 30, 1969

Assets

Current assets:	
Cash (including time deposits of \$211,350,075)	\$215,122,167
U.S. Treasury securities, at cost	27,615,600
Federal Agency securities, at cost	127,446,629
Miscellaneous receivables	3,293,141
Total current assets	<u>373,477,537</u>
Construction in progress—(Note F)	768,763,419
Contract guaranty and other deposits	2,206,254
Office furniture and fixtures, at cost	306,003
Debt Service Funds, net assets (including time deposits of \$18,615,000) (Note A)	19,568,061
	<u>\$1,164,321,274</u>

Liabilities, Reserve and Capitalization

Current liabilities:	
Bond Anticipation Notes (Note B)	\$142,000,000
Construction contracts	29,300,913
Other	361,523
Total current liabilities	<u>171,662,436</u>
Other liabilities:	
Withheld from contractors on progress payments	2,911,905
Payable to State of California (Note D)	40,456,080
Debt Service Funds (Note A)	19,568,061
Reserve for self-insurance (Note E)	2,202,101
Capitalization:	
Construction funds:	
General Obligation Bonds (\$812,500,000 authorized, \$220,000 maturing June 15, 1970) (Note A)	\$732,000,000
U.S. Government Grants (Note C)	52,224,159
State of California Grant (Note D)	94,397,520
City of San Francisco contribution	3,426,322
	<u>882,048,001</u>
Accumulated revenue	43,355,147
Total construction funds	<u>925,403,148</u>
General Fund accumulated net revenue	2,117,543
	<u>927,520,691</u>
	<u>\$1,164,321,274</u>

STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED NET REVENUE

FISCAL YEAR ENDED JUNE 30, 1969

General Fund

Revenue:	
Taxes	\$2,989,814
Interest	96,103
	<u>3,085,917</u>
Expenses:	
Personal services	3,219,276
Professional and specialized services	397,593
Rent, leased vehicles and office expense	424,003
Travel expense	66,952
Other	39,841
	<u>4,147,665</u>
Less charges to Construction in Progress	1,065,518
	<u>3,082,147</u>
Excess of revenue over expenses	3,770
Accumulated net revenue at beginning of year	2,113,773
Accumulated net revenue at end of year	<u>\$2,117,543</u>

Debt Service Funds

Revenue:	
Taxes	\$27,655,788
Interest	1,466,441
	<u>29,122,229</u>
Less matured interest	26,515,498
	<u>2,606,731</u>
Balance at beginning of year	16,961,330
Balance at end of year	<u>\$19,568,061</u>

STATEMENT OF CHANGES IN CONSTRUCTION FUNDS

FISCAL YEAR ENDED JUNE 30, 1969

Total construction funds, beginning of year	<u>\$707,923,594</u>
Additions during the year:	
General Obligation Bonds—Series J and K, sold in November 1968 and May 1969	140,000,000
U.S. Government grants received	21,296,332
State of California grants received (less \$14,392,140 estimated repayable to the State)	33,581,660
City of San Francisco contribution (principally land)	3,426,322
Accumulated revenue:	
Interest	\$17,786,634
Capitalization of prior years expenses (Note E)	<u>1,388,606</u>
	<u>19,175,240</u>
Total construction funds, end of year	<u>\$925,403,148</u>

(See notes to financial statements)

NOTES TO FINANCIAL STATEMENTS

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

June 30, 1969

NOTE A—GENERAL OBLIGATION BONDS:

In 1962 voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds of which \$720,000,000 were outstanding at June 30, 1969, with principal maturities from 1972 to 1999. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966 City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that City. Special Service District No. 1 Bonds amounting to \$12,000,000 were outstanding at June 30, 1969, with principal maturities from 1970 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal of \$220,000 Special Service District No. 1 Bonds matures on June 15, 1970 and interest of \$15,923,235 on General Obligation Bonds and \$278,283 on Special Service District No. 1 Bonds is payable on December 15, 1969. The composite interest rate on General Obligation Bonds currently outstanding is 4.02%.

NOTE B—BOND ANTICIPATION NOTES:

In October 1968, the District sold \$142,000,000 of Bond Anticipation Notes dated October 15, 1968, with principal and interest maturing September 15, 1969. The Notes were issued in anticipation of the sale of an equal amount of bonds of the District. Principal proceeds of the sale of Series K bonds, in the amount of \$70,000,000 received in May 1969, are set aside to retire an equal amount of Bond Anticipation Notes at maturity. On August 6, 1969, the District sold \$72,000,000 General Obligation Bonds, Series L, and principal proceeds were received on September 2, 1969. These proceeds are set aside for the retirement of the balance of the Bond Anticipation Notes. The September 15, 1969 interest requirement of Bond Anticipation Notes is \$4,126,283. The interest rate on notes presently outstanding is 3.17%.

NOTE C—U.S. GOVERNMENT GRANTS:

The U.S. Government provides financial assistance for research, beautification, certain construction projects and transit vehicle procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CAL-UTG-4) for added features in three Market Street stations, and a grant to the City of Berkeley (CAL-UTG-9) in connection with the construction of subway extensions within Berkeley. The following grant contracts were in force or approved as of June 30, 1969:

Project-purpose	Maximum grant	Funds received
Demonstration grants:		
CAL-MTD-2 (Transit Design)	\$ 6,219,333	\$ 6,081,886
CAL-MTD-4 (Fare Collection)	1,133,333	947,756
CAL-MTD-7 (Transit Hardware)	800,000	732,242
Calif. BD-1 (Beautification	447,953	301,140
CAL-MTD-14 (Prototype Vehicles) ..	5,000,000*	
	<u>13,600,619</u>	<u>8,063,024</u>
Capital grants—construction:		
CAL-UTG-6	13,100,000	11,620,800
CAL-UTG-11	13,200,000	11,817,635
CAL-UTG-15	26,000,000	16,928,000
CAL-UTG-19	28,000,000	
CAL-UTG-4	19,902,430	1,291,600
CAL-UTG-9	4,733,000	2,503,100
	<u>104,935,430</u>	<u>44,161,135</u>
	<u>\$118,536,049</u>	<u>\$52,224,159</u>

*Grant is limited to \$3,000,000 pending the legal availability of the additional funds in Federal fiscal year 1970 program appropriations.

NOTE D—STATE OF CALIFORNIA GRANT:

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Code Section 30778 the District must reimburse the State for costs applicable to the tube approaches in the amount of \$2,500,000 annually commencing December 31, 1971. At June 30, 1969, the District had received \$134,853,600 of which an estimated \$40,456,080 is repayable to the State of California.

NOTE E—CHANGES IN ACCOUNTING PRACTICE:

During the year the District changed its practice of accounting for construction funds expenses by charging professional and specialized services, bond issuance expense and certain other expenses directly to construction in progress, whereas in prior years such expenses had been charged against the revenue, principally interest, of the construction funds. In addition, all previous such expenses charged against construction funds revenues through June 30, 1969 were capitalized.

By resolution of the Board of Directors of the District, certain credits not committed for use in the planned construction of the rapid transit system have been set aside as a reserve for self-insurance. The aggregate amount of such credits received during the year, principally insurance premiums refunded, net proceeds from sales of real estate and rental income, was \$2,202,101. The District intends to increase the reserve through future allocations of such uncommitted credits to the extent available.

NOTE F—CONSTRUCTION IN PROGRESS:

During the year, construction in progress increased as follows:

Balance, June 30, 1968		\$556,497,184
Construction	\$199,594,073	
Real estate acquired	6,900,448	
Utility relocation	3,518,326	
General Fund expenses capitalized	1,065,518	
Other	437,079	
	<u>211,515,444</u>	
Less: Rental income and proceeds		
from sales of real estate	(136,912)	
Insurance premiums refunded	(500,903)	
	<u>(637,815)</u>	
Capitalization of expenses through		
June 30, 1968, previously charged		
against revenues of construction		
funds (Note E)	1,388,606	212,266,235
Balance, June 30, 1969		<u>\$768,763,419</u>

The July 1, 1969 estimate of project costs, based upon information then available, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,362,426,000 (including \$179,878,000 for the trans-bay tube and its approaches to be financed by the State of California, \$78,307,000 for transit vehicles to be financed by Federal grant funds, revenue bonds, and other District sources, and \$9,026,000 for Embarcadero Station shell to be financed by San Francisco sources). Presently, the ultimate cost of the system cannot be finally determined, as future economic conditions and possible changes in schedule to match fund availability may have a significant effect on the final cost of the system. It is contemplated that initial operation of the system will begin in 1971, and that it will be operational in 1972.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of the
San Francisco Bay Area Rapid Transit District

In our opinion, the accompanying balance sheet and the related statements of General Fund and Debt Service Funds revenue and expenses and changes in construction funds present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1969 and the results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change, which we approve, in accounting for construction funds expenses, as described in Note E. 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.

San Francisco
September 5, 1969

Ricci Waterhouse & Co.

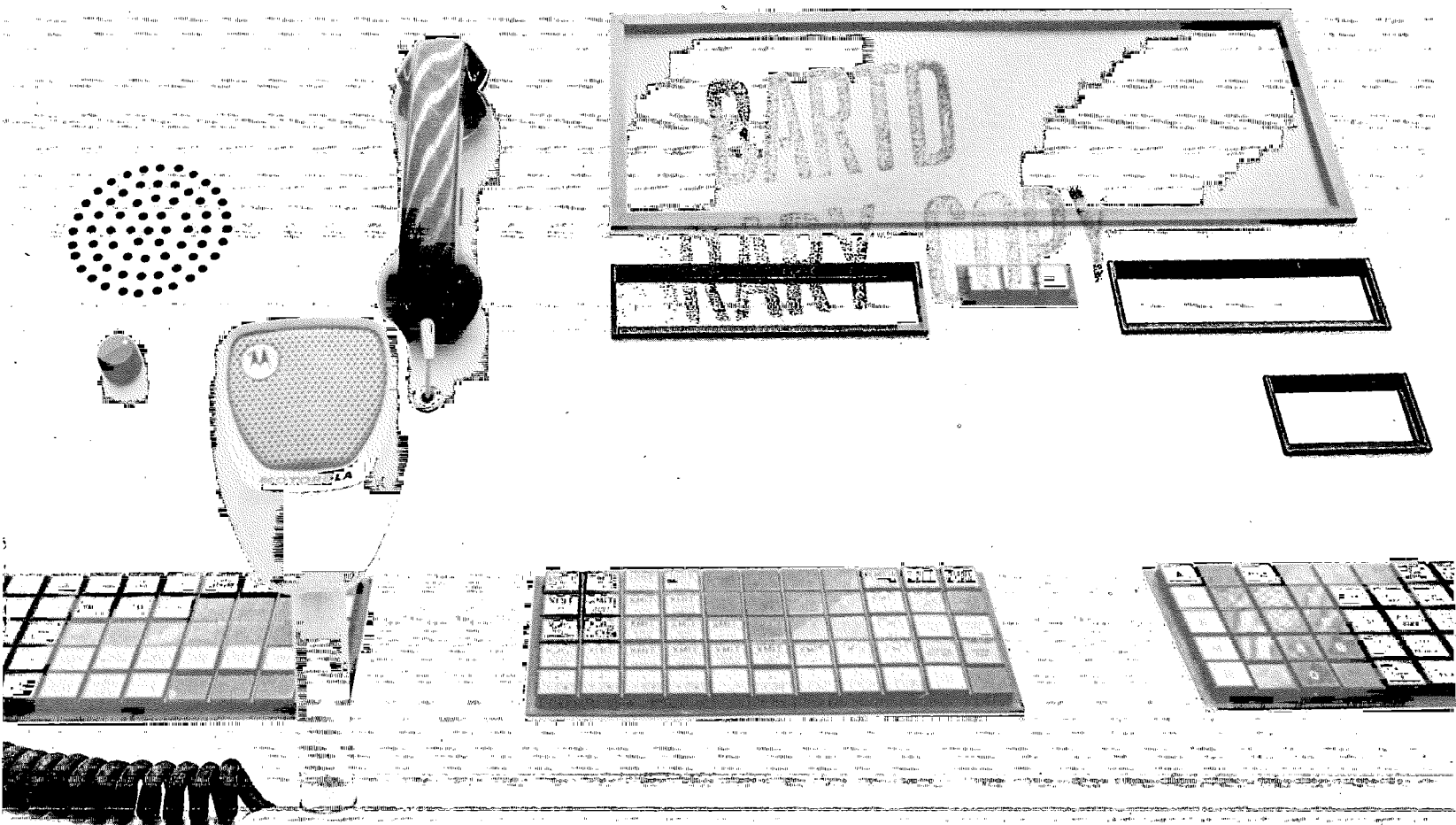
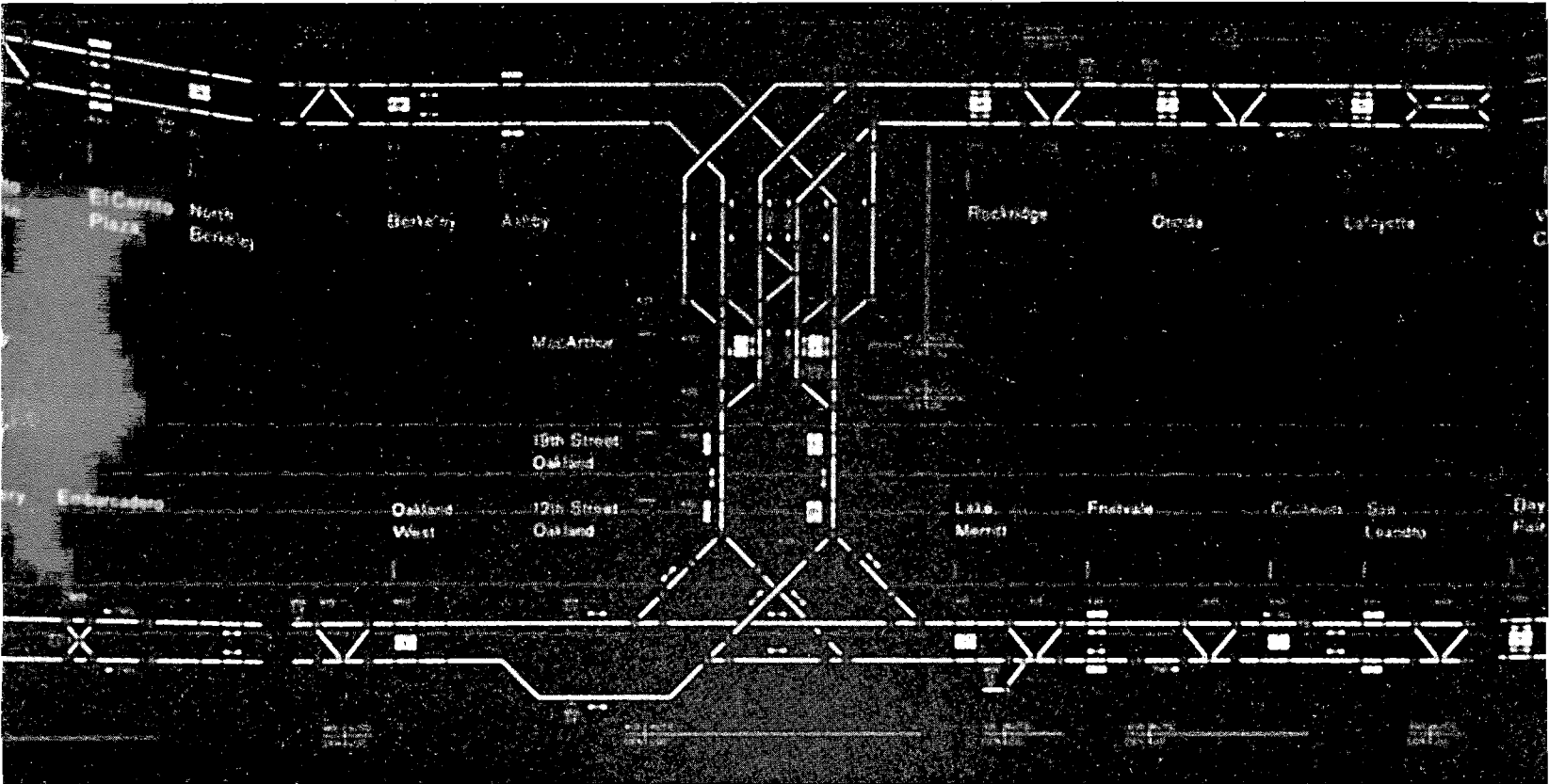
Carpeted floors, upholstered seats, wide picture windows and a self-adjusting air-comfort system are highlight design elements of BART's production vehicle. Each 70-foot-long car will seat 72 passengers. Governed by the automatic train control program, trains will be capable of top speeds of 80 miles per hour, and average 50 miles per hour, including station stops . . .



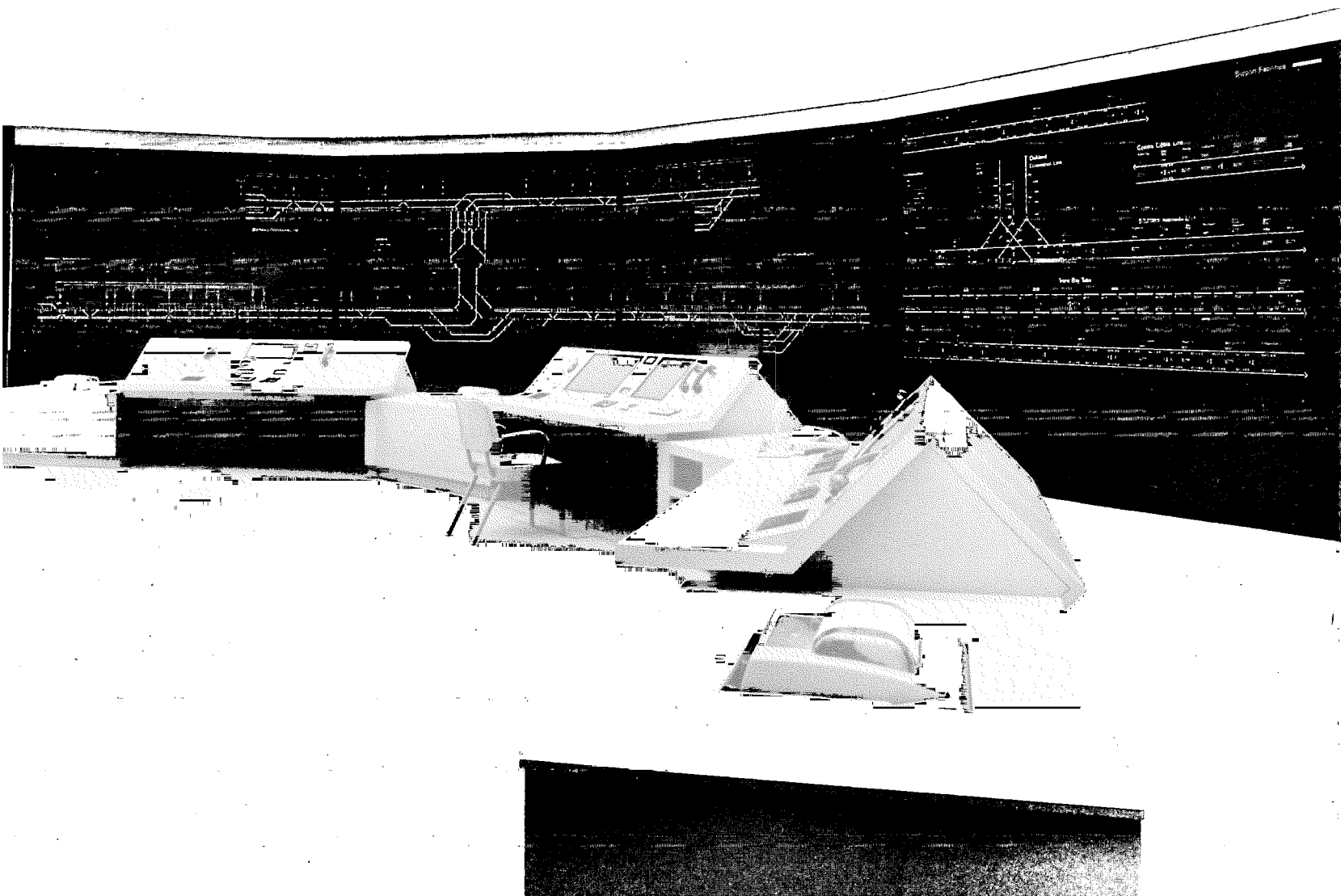
While train attendants aboard BART vehicles will have capability to override automatic train control commands, their main functions will be to monitor doors, call out upcoming stations over an on-board loudspeaker system, and perform other duties relating to the comfort of the passenger.



1968/1969 ANNUAL REPORT SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT



Fiscal year 1968-69 can be considered the Year of the Car at the San Francisco Bay Area Rapid Transit District. At the close of the fiscal period, Rohr Corporation was awarded a contract to provide the District with 250 rapid transit vehicles, whose operation will be monitored at BART's automatic train control center (lower photograph) in downtown Oakland...



**SAN FRANCISCO
BAY AREA
RAPID TRANSIT
DISTRICT**

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Director of Engineering and Construction

E. J. RAY
Director of Operations

**MESSAGE
FROM THE
PRESIDENT**

□ At this time of year it is natural to reflect upon the economic value of the Rapid Transit project—particularly when Bay Area residents are about to receive their annual property tax bills. Such thoughts also have been stimulated by recent publicity concerning the District's funding problem—and its subsequent solution.

Residents of the three counties can take comfort, therefore, in the growing evidence of the project's worth.

According to financial authorities, more than \$850 million in new office buildings have been completed or programmed for construction near the downtown subway stations of the transit system. Much of this new economic development is directly attributable to the BART project.

Assuming a uniform tax assessment, it can be calculated that these new buildings will produce property tax revenues in a single year of over \$21 million for local government—equivalent to 55 per cent of BART's current annual \$38 million tax cost. And the amount of this contribution will go higher in the future.

Even more exciting social benefits are certain to be produced by the BART system—in future mobility for students, jobholders and ghetto residents.

It is significant that BART's latest tax rate is almost exactly that which was projected for this year in 1962. The present outlook is that the peak tax rate in 1971-72 will be even lower than was originally projected.

A great deal of credit must be given members of the California Legislature, who prevented further costly delays in the project by approving a measure to solve the District's inflation-caused deficit problem. We are particularly grateful to members of the Bay Area delegation, including the bill's author, Senator Lewis Sherman, and Assemblyman John Foran. □



Arnold C. Anderson/President

REPORT OF THE GENERAL MANAGER

□ Fiscal 1968-69 was a year of great significance for the San Francisco Bay Area Rapid Transit project. Not only did the project reach its peak construction phase, but State financial assistance necessary for completion of the project was finally approved.

The BART project at year's end was approximately 60 per cent completed.

During the period, several notable milestones were achieved:

- The fifty-seventh and final section of the Trans-Bay Tube was lowered into place.
- A contract was awarded for production of the District's 250 transit cars.
- Actual rail-laying was begun on the Southern Alameda County transit line.
- Street restoration was begun following completion of major subway structures in downtown Oakland and Berkeley.
- Installation and programming of the automatic train control computers was started at BART's central headquarters in Oakland.
- Basic track structures on the entire 19-mile initial transit line in Southern Alameda County were completed.

Substantial progress was recorded in every phase of the transit program.

Attracting widest public attention was the achievement of a solution to BART's long-standing fund deficiency problem. The California Legislature in April approved Senate Bill 2, sponsored by Senator Lewis Sherman, which provides the additional \$150 million required for completion of the system by authorizing a one-half cent sales tax increase in the District's three member counties. Strongly supported by Bay Area legislators and community leaders, the action climaxed a three-year effort to combat the deficit—caused by greater-than-anticipated cost inflation and earlier project delays.

Design and Construction: By the close of the fiscal year, design of the rapid transit system and its facilities was 93 per cent complete. Total expenditures on the \$1.3 billion project reached a new figure of almost \$800 million, and construction employment totaled 3,200 on the 52 major contracts then underway.

Construction work was in progress on 64 miles of the 75-mile network. Highlighting construction activity during the year was the placement of the fifty-seventh section of BART's 3.6-mile Trans-Bay Transit Tube. The all-important link was lowered into place on April 3, 1969, connecting completed portions of the tube on both sides of the bay.

Rail-laying was nearing completion on the entire Southern Alameda transit line, along with the installation of electrical power equipment and train control and communications facilities. Final architectural work, including installation of escalators, was underway at seven passenger stations between Hayward and north Oakland.

Only on the outer extremities of the BART transit lines were there first-stage construction contracts still to be awarded—in the communities of Concord, Richmond, Fremont, and Daly City.

Total effort expended on the BART project as of June 30, 1969, exceeded 22 million man-hours.

Real Estate Acquisition: More than 90 per cent of all right-of-way needed for the transit network had been acquired by the close of the fiscal year—or 3,339 of an anticipated total of 3,700 individual property parcels.

The District's specially-instituted relocation assistance program, which once required the service of seven full-time employees, was reduced to a part-time activity of one staff member—because nearly all affected residents and businesses along the transit route have been satisfactorily relocated.

Operations Planning: The award of a \$66.7 million transit vehicle production contract to the Rohr Corporation of San Diego made it at last possible to establish an accurate schedule for the start of train operations on the BART network. According to the plan, the first prototype cars can be placed in test operation on the Southern Alameda County transit line in the fall of 1970, and revenue passenger service can begin one year later. It is contemplated that other East Bay transit lines will open during succeeding months, and that San Francisco and Trans-Bay service will be inaugurated by mid-1972.

To insure the operational reliability of BART's transit car design, the District obtained a special \$5 million demonstration grant from the U.S. Department of Transportation to help purchase and test its initial ten prototype vehicles. The cars will be exhaustively evaluated during a prototype testing period—and if necessary, modified in design—before production is begun on the remainder of the 250-car order.

A nucleus operations staff of nearly 50 key employees—many of them with extensive experience on other U.S. transit systems—was engaged in full-scale planning activities. The schedule calls for expanding the group during the coming fiscal year to almost 160 supervisory and operations personnel in four main divisions: Transportation, Power and Way, Rolling Stock and Shops, and Electronics and Communication. The primary activities of these personnel during fiscal 1969-70 will be devoted to the testing and checking out of equipment and readying the system for initial operation of the prototype transit vehicles.

As the fiscal year closed, work was nearing completion on both the main vehicle repair shop at South Hayward and the maintenance-of-way facility in Oakland. Contracts have since been awarded for construction of two smaller maintenance and storage facilities at Richmond and Concord.

Safety and Insurance: Construction workers and contractors continued to maintain an outstanding safety record on the BART project. The accident ratio was approximately 25 per cent lower than the statewide average for heavy construction.

As a result, the District has so far received almost \$2 million in workman's compensation dividends from its insurance underwriters.

The BART Compressed Air Medical Center administered treatment to 130 subway tunnel workers who experienced minor but predictable cases of "bends" or decompression illness on San Francisco subway projects with no loss in work time. The medical center, maintained by the District's Transit Insurance Administrators, has so far given health examinations to more than 2,000 tunnel workers and supervisory personnel.

Personnel: Close liaison was maintained between the District's personnel department and the various construction contractors to insure creation of a growing number of minority job opportunities and to stimulate improvement in the contractor-sponsored affirmative action programs.

The District's own equal opportunity program was successful in improving the status of numerous minority employees, and in expanding the scope of the Youth Opportunity summer employment training program.

Finance: Another \$140 million in general obligation bonds were sold during the 1968-69 fiscal year—followed by a subsequent sale of \$72 million in August 1969. This completes the marketing of the District's entire \$792 million bond authorization approved by the voters in 1962. Proceeds from the two final general obligation bond sales will be used to redeem \$142 million in bond anticipation notes which were issued earlier in the fiscal year.

In addition to its \$5 million vehicle prototype demonstration grant, the District received a \$28 million capital grant from the U.S. Department of Transportation. Authorization was given by Federal officials to use the funds for the actual purchase of vehicles—thus augmenting \$52 million in earlier capital grants awarded for system construction.

BART earned approximately \$16.4 million during the fiscal period from interest on its temporarily reinvested bond proceeds, and \$137,000 from sales and rentals of its real estate.

Steps were underway at the close of the year to establish a centralized electronic data processing system that can help maintain control of the District's future operating costs.

Public Relations: The first public open house of BART facilities was held on June 8 at the unfinished Berkeley and San Leandro stations. More than 10,000 persons visited the two construction sites, as well as the full-scale design model of BART's transit car which was also on display. The BART mock-up car has now been viewed by nearly 750,000 persons, including residents of the Los Angeles area where it was on loan in late 1968.

BART/ A LOOK INTO THE FUTURE

□ **The great cities of the world continue to expand and extend their rail transportation systems.**

The classical cities of Europe are well-known for the transit they keep. London, Paris, Moscow, Berlin, Stockholm and Madrid are political as well as cultural capitals. Smaller capitals on the Continent—Vienna, Budapest and Lisbon—also enjoy rapid transit systems. Important “second cities” have built or are building underground rail transit as well: Russia’s beautiful Leningrad, Spain’s industrial Barcelona, Britain’s busy Glasgow, and rebuilt Rotterdam and Hamburg in Germany. Russia’s “third city,” its ancient capital, Kiev, in the Ukraine, has built and is planning more rapid transit.

Japan’s tremendous industrial and commercial growth has been marked by rapid transit expansion in its three largest cities. The Chinese, in their thrust for world prestige, are launching a subway project in Peking, their capital.

On the North American continent, Toronto’s leap forward—its emergence as a great city—was based upon underground rail transit.

Montreal created its new system within the decade; Mexico City, just now.

Washington, D. C., this year is attempting to build its rail transit network, a precedent set years or decades ago in the other major Eastern cities.

Today, the communities comprising the San Francisco Bay Area sit some 2,000 miles away from the nearest subway; yet they will join this favorite and favored list of subway cities in about two years.

What will it mean?

The years 1970-1980 will be the decisive, formative decade for Bay Area rapid transit. By 1980, personal travel habits and regional transport patterns of the Bay Area community will have been strikingly reshaped.

By 1980, BART will have had nine years of seasoned patronage—along with complex adjustments, “debugging” and growth factors that invariably go with something new and big. BART patrons will consciously and unconsciously bring BART into their daily formulas of life, work, shopping and leisure time. These changing habits and patterns will emerge with great force, and with or without regional land-use or regional transportation planning.

As BART schedules change personal habits, so too will personal choices on the part of hundreds of thousands of residents interact to change certain BART schedules. These choices, now unpredictable, will result in a new dimension in personal mobility—the sense

of security, if not self-realization, in being able to selectively move through and about the BART service area.

As future thousands sense the fact that they can shift jobs without changing homes, change homes without shifting jobs, enjoy professional services and shopping facilities on the same fast, BART-propelled visit, combine a sports event in one city with a downtown dinner in another, and otherwise watch new horizons open up, BART train schedules will change accordingly.

Extension and Expansion: The limits of personal mobility will depend upon where and when inexorable, powerful thrusts of a thriving Bay Area economy and a constantly growing population generate new housing, commercial and employment centers. Governmental action by BART or any other agency can modify, but now cannot reshape, these primary forces.

By 1980, the region's population surge will have further tightened demand for central city land. The median age of the population will rise, experts declare, and a greater percentage of the population will thereby be employable (and "BART-able"). Particularly heavy growth is expected in such employment sectors as the finance industry, corporate headquarters, government, and personal services, according to the recently published Bay Area Transportation Study Commission (BATS) report.

By 1980, local and regional authorities will have been busy implementing several of the countless local and regional "plans" urging that BART be extended. Development policies incorporated in the Association of Bay Area Governments proposals of 1966, this year's BATS conclusion that rapid transit should expand to 230 miles of track in nine counties, and the Bay Conservation and Development Commission's concern with conservation and open space exemplify today's regional need for more rail rapid transit tomorrow.

Two huge airports will be tied together by BART during the decade. In the process both will be tied to at least 34 regional BART stations, including a completed regional Embarcadero Station within the totally transformed lower Market Street sector of downtown San Francisco. One or more stations in San Mateo County will have been added with the San Francisco International Airport BART extension.

Bus feeder systems in outlying areas will have been planned. Some will be operating late in the decade.

Electronic Systems at Work: As still the only totally automatic rapid transit network in the world, BART will be a proving ground for systems technology. "Train protection and supervision" will remain

as a BART contribution to the world of rapid transit. Constant, automatic adjustment of trains en route among the many BART stops will result from signals flowing in and out of the BART headquarters building.

New BART trains, built by a systems corporation rather than a conventional car manufacturer, will interface with other modes of transportation—perhaps skycars at airports, industrial parks and college campuses, and mini-buses downtown. Suburban systems will likewise be undergoing change, responding to the need for economical, individualized travel modes serving low-density residential areas.

Addition in 1969 of rapid transit as a function of the Golden Gate Bridge District will have triggered mass transit programs for suburban areas along the northern transportation corridor in Marin and Sonoma counties.

Highway construction will have continued—but in a total transportation complex. The need for a new freeway between and parallel to the Nimitz and MacArthur Freeways in Oakland, predicted in the 1969 BATS report, will have been shown to be a questionable investment because of the decision to ultimately place a new BART line through this corridor—an alternative noted in the same transportation analysis.

A uniform, incremental fare structure and ticketing procedure will have been proposed in the early 'seventies (to tie the BART system and local transit systems together), and acted upon.

The BART User: Many kinds of patrons will use BART during the 1970-80 decade . . . the white collar commuter, the blue collar worker, the shopper, the air traveler, the sports fan . . . to name a few. But the most profoundly and happily affected will be those otherwise too young, too old, too handicapped or too poor to rely on the automobile for personal mobility.

Most BART users will be white-collared and will leave their homes in the weekday mornings destined for central business districts. It is their cars which will not overwhelm already scarce downtown parking facilities, not glut the arterial freeways. By 1980, a larger percentage of this breed of BART user will be living in apartments instead of single-family dwellings. The 1969 BATS study, in fact, identified certain BART station neighborhoods as likely sites for BART-induced apartment living.

Proportionately more middle-class commuters will travel to jobs in "satellite" commercial developments in the vicinity of BART stations in suburban or semi-suburban settings. Single high-rise business structures, as well as clusters of them, will have arisen at various points along the BART line. The 1969 decision for

a high-rise structure at El Cerrito Del Norte station was an early and pivotal example.

Proportionately more white-collared commuters will be government employees, and San Francisco in the 'sixties had already become the Number Two employer of Federal workers in the nation. Major new government offices will have sprung up near the BART administration building in Oakland, which will also be the site for new high-rise residential and commercial activity.

Orderly developments between, as well as near, BART stations will also have begun. Public and private industrial planners will be relating new industries to mass transit access. They will tie directly to BART stations or to feeder routes fanning out from the stations. Many blue-collared city dwellers commuting to suburban work sites will board a bus or BART for a swift ride to connect with mini-buses which will transfer them to the major employment centers which are supporting a private mini-bus operation—rather than build costly parking lots and rely on congested freeways for their productivity.

In terms of dollars and cents, it will be the underemployed and unemployed who benefit most.

BART and the Poor: Just as bus feeders would be meshing outlying suburban areas to BART during the decade, so too will new inner-city bus routes emerge, created to provide home-to-BART and BART-to-home personal mobility for the unemployed and underemployed poor of the three BART counties.

More than a third of BART's stations will serve poverty areas. This proximity to BART facilities will facilitate joint routings with AC Transit and the Municipal Railway.

Habits of the occasional user will markedly change as well. If the occasional user is also a non-driver, the changes will be dramatic.

For the off-hour woman shopper, the wares of the region—and the wares of the world sold near certain BART stops in the region—become accessible by rail rapid transit.

The Bay Area will have been the first major metropolitan area to have dealt successfully with airport-downtown-home access. The air traveler at Oakland's or San Francisco's jammed international airport will be able to choose regional destinations . . . no longer forced to go by freeway to a staging area.

The worlds of sports, recreation and cultural activities will have been altered for all time by the advent of BART operations in 1971-72, with the need for the auto minimized and opportunities for satisfying leisure activity maximized. □

An increasing number of world transportation experts, public officials and other dignitaries were attracted to the BART project. District staff members have conducted approximately a dozen construction site tours each week for such official visitors, as well as local civic organizations, government leaders, and school groups.

The BART project received prominent attention in numerous publications, including featured articles in all three national news magazines.

Planning and Administration: Because of the District's growing involvement in all forms of regional planning, a new staff department for planning and research was created.

The District specifically is taking a lead in the study and planning of a possible transit connection between BART's Coliseum station and the Oakland International Airport. Together with five other agencies, it is seeking a Federal demonstration grant to finance the study, which possesses nationwide implications in this era of increased air travel. The additional agencies are the Alameda-Contra Costa Transit District, Oakland Port Authority, County of Alameda, City of Oakland and the Oakland Coliseum, Inc.

Similarly the BART Board of Directors authorized the preparation of an application for another Federal fund grant to finance a study of the future impact of the rapid transit system on adjacent private property and land use. Data from the study will be used to plan possible transit route extensions and community zoning recommendations.

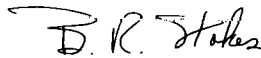
In a major reorganization move dictated by the District's increased volume of activities, the Board created a new staff legal department. Malcolm M. Barrett, who for many years served as Associate General Counsel while employed with the law firm of Pillsbury, Madison & Sutro, was named to the full-time position of District General Counsel.

District personnel received several honors during the fiscal year. The District's chief engineering officer, David G. Hammond, was selected as one of the top ten American "Public Works Men of the Year" for 1969. The award was bestowed jointly by the American Public Works Association and Kiwanis International. In

addition, the General Manager was appointed by the U.S. Secretary of Transportation to serve as a special consultant to the National Urban Transportation Advisory Council and was selected as one of 15 delegates to the Anglo-American Conference on Urban Transportation, sponsored by the Ditchley Foundation in England.

The District Board of Directors in December elected Arnold C. Anderson of Alameda County to be its new President for 1969. Succeeding Anderson as Vice-President was Director William M. Reedy of San Francisco.

This report is respectfully submitted to the Board of Directors pursuant to Section 28834 (e) of the California Public Utilities Code. □



B. R. STOKES/General Manager

BALANCE SHEET

JUNE 30, 1969

Assets

Current assets:	
Cash (including time deposits of \$211,350,075)	\$215,122,167
U. S. Treasury securities, at cost	27,615,600
Federal Agency securities, at cost	127,446,629
Miscellaneous receivables	3,293,141
Total current assets	<u>373,477,537</u>
Construction in progress—(Note F)	768,763,419
Contract guaranty and other deposits	2,206,254
Office furniture and fixtures, at cost	306,003
Debt Service Funds, net assets (including time deposits of \$18,615,000) (Note A)	19,568,061
	<u>\$1,164,321,274</u>

Liabilities, Reserve and Capitalization

Current liabilities:	
Bond Anticipation Notes (Note B)	\$142,000,000
Construction contracts	29,300,913
Other	361,523
Total current liabilities	<u>171,662,436</u>
Other liabilities:	
Withheld from contractors on progress payments	2,911,905
Payable to State of California (Note D)	40,456,080
Debt Service Funds (Note A)	19,568,061
Reserve for self-insurance (Note E)	2,202,101
Capitalization:	
Construction funds:	
General Obligation Bonds (\$812,500,000 authorized, \$220,000 maturing June 15, 1970) (Note A)	\$732,000,000
U.S. Government Grants (Note C)	52,224,159
State of California Grant (Note D)	94,397,520
City of San Francisco contribution	3,426,322
	<u>882,048,001</u>
Accumulated revenue	43,355,147
Total construction funds	<u>925,403,148</u>
General Fund accumulated net revenue	2,117,543
	<u>927,520,691</u>
	<u>\$1,164,321,274</u>

STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED NET REVENUE

FISCAL YEAR ENDED JUNE 30, 1969

General Fund

Revenue:	
Taxes	\$2,989,814
Interest	96,103
	<u>3,085,917</u>
Expenses:	
Personal services	3,219,276
Professional and specialized services	397,593
Rent, leased vehicles and office expense	424,003
Travel expense	66,952
Other	39,841
	<u>4,147,665</u>
Less charges to Construction in Progress	1,065,518
	<u>3,082,147</u>
Excess of revenue over expenses	3,770
Accumulated net revenue at beginning of year	2,113,773
Accumulated net revenue at end of year	<u>\$2,117,543</u>

Debt Service Funds

Revenue:	
Taxes	\$27,655,788
Interest	1,466,441
	<u>29,122,229</u>
Less matured interest	26,515,498
	<u>2,606,731</u>
Balance at beginning of year	16,961,330
Balance at end of year	<u>\$19,568,061</u>

STATEMENT OF CHANGES IN CONSTRUCTION FUNDS

FISCAL YEAR ENDED JUNE 30, 1969

Total construction funds, beginning of year	<u>\$707,923,594</u>
Additions during the year:	
General Obligation Bonds—Series J and K, sold in November 1968 and May 1969	140,000,000
U.S. Government grants received	21,296,332
State of California grants received (less \$14,392,140 estimated repayable to the State)	33,581,660
City of San Francisco contribution (principally land)	3,426,322
Accumulated revenue:	
Interest	\$17,786,634
Capitalization of prior years expenses (Note E)	<u>1,388,606</u>
	<u>19,175,240</u>
	<u>217,479,554</u>
Total construction funds, end of year	<u>\$925,403,118</u>

(See notes to financial statements)

NOTES TO FINANCIAL STATEMENTS

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

June 30, 1969

NOTE A—GENERAL OBLIGATION BONDS:

In 1962 voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds of which \$720,000,000 were outstanding at June 30, 1969, with principal maturities from 1972 to 1999. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966 City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that City. Special Service District No. 1 Bonds amounting to \$12,000,000 were outstanding at June 30, 1969, with principal maturities from 1970 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal of \$220,000 Special Service District No. 1 Bonds matures on June 15, 1970 and interest of \$15,923,235 on General Obligation Bonds and \$278,283 on Special Service District No. 1 Bonds is payable on December 15, 1969. The composite interest rate on General Obligation Bonds currently outstanding is 4.02%.

NOTE B—BOND ANTICIPATION NOTES:

In October 1968, the District sold \$142,000,000 of Bond Anticipation Notes dated October 15, 1968, with principal and interest maturing September 15, 1969. The Notes were issued in anticipation of the sale of an equal amount of bonds of the District. Principal proceeds of the sale of Series K bonds, in the amount of \$70,000,000 received in May 1969, are set aside to retire an equal amount of Bond Anticipation Notes at maturity. On August 6, 1969, the District sold \$72,000,000 General Obligation Bonds, Series L, and principal proceeds were received on September 2, 1969. These proceeds are set aside for the retirement of the balance of the Bond Anticipation Notes. The September 15, 1969 interest requirement of Bond Anticipation Notes is \$4,126,283. The interest rate on notes presently outstanding is 3.17%.

NOTE C—U. S. GOVERNMENT GRANTS:

The U.S. Government provides financial assistance for research, beautification, certain construction projects and transit vehicle procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CAL-UTG-4) for added features in three Market Street stations, and a grant to the City of Berkeley (CAL-UTG-9) in connection with the construction of subway extensions within Berkeley. The following grant contracts were in force or approved as of June 30, 1969:

Project-purpose	Maximum grant	Funds received
Demonstration grants:		
CAL-MTD-2 (Transit Design)	\$ 6,219,333	\$ 6,081,886
CAL-MTD-4 (Fare Collection)	1,133,333	947,756
CAL-MTD-7 (Transit Hardware)	800,000	732,242
Calif. BD-1 (Beautification)	447,953	301,140
CAL-MTD-14 (Prototype Vehicles) ..	5,000,000*	
	<u>13,600,619</u>	<u>8,063,024</u>
Capital grants—construction:		
CAL-UTG-6	13,100,000	11,620,800
CAL-UTG-11	13,200,000	11,817,635
CAL-UTG-15	26,000,000	16,928,000
CAL-UTG-19	28,000,000	
CAL-UTG-4	19,902,430	1,291,600
CAL-UTG-9	4,733,000	2,503,100
	<u>104,935,430</u>	<u>44,161,135</u>
	<u>\$118,536,049</u>	<u>\$52,224,159</u>

*Grant is limited to \$3,000,000 pending the legal availability of the additional funds in Federal fiscal year 1970 program appropriations.

NOTE D—STATE OF CALIFORNIA GRANT:

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Code Section 30778 the District must reimburse the State for costs applicable to the tube approaches in the amount of \$2,500,000 annually commencing December 31, 1971. At June 30, 1969, the District had received \$134,853,600 of which an estimated \$40,456,080 is repayable to the State of California.

NOTE E—CHANGES IN ACCOUNTING PRACTICE:

During the year the District changed its practice of accounting for construction funds expenses by charging professional and specialized services, bond issuance expense and certain other expenses directly to construction in progress, whereas in prior years such expenses had been charged against the revenue, principally interest, of the construction funds. In addition, all previous such expenses charged against construction funds revenues through June 30, 1969 were capitalized.

By resolution of the Board of Directors of the District, certain credits not committed for use in the planned construction of the rapid transit system have been set aside as a reserve for self-insurance. The aggregate amount of such credits received during the year, principally insurance premiums refunded, net proceeds from sales of real estate and rental income, was \$2,202,101. The District intends to increase the reserve through future allocations of such uncommitted credits to the extent available.

NOTE F—CONSTRUCTION IN PROGRESS:

During the year, construction in progress increased as follows:

Balance, June 30, 1968		\$556,497,184
Construction	\$199,594,073	
Real estate acquired	6,900,448	
Utility relocation	3,518,326	
General Fund expenses capitalized	1,065,518	
Other	437,079	
	<u>211,515,444</u>	
Less: Rental income and proceeds		
from sales of real estate	(136,912)	
Insurance premiums refunded	(500,903)	
	<u>(637,815)</u>	
Capitalization of expenses through		
June 30, 1968, previously charged		
against revenues of construction		
funds (Note E)	1,388,606	212,266,235
Balance, June 30, 1969		<u>\$768,763,419</u>

The July 1, 1969 estimate of project costs, based upon information then available, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,362,426,000 (including \$179,878,000 for the trans-bay tube and its approaches to be financed by the State of California, \$78,307,000 for transit vehicles to be financed by Federal grant funds, revenue bonds, and other District sources, and \$9,026,000 for Embarcadero Station shell to be financed by San Francisco sources). Presently, the ultimate cost of the system cannot be finally determined, as future economic conditions and possible changes in schedule to match fund availability may have a significant effect on the final cost of the system. It is contemplated that initial operation of the system will begin in 1971, and that it will be operational in 1972.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of the
San Francisco Bay Area Rapid Transit District

In our opinion, the accompanying balance sheet and the related statements of General Fund and Debt Service Funds revenue and expenses and changes in construction funds present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1969 and the results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change, which we approve, in accounting for construction funds expenses, as described in Note E. 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.

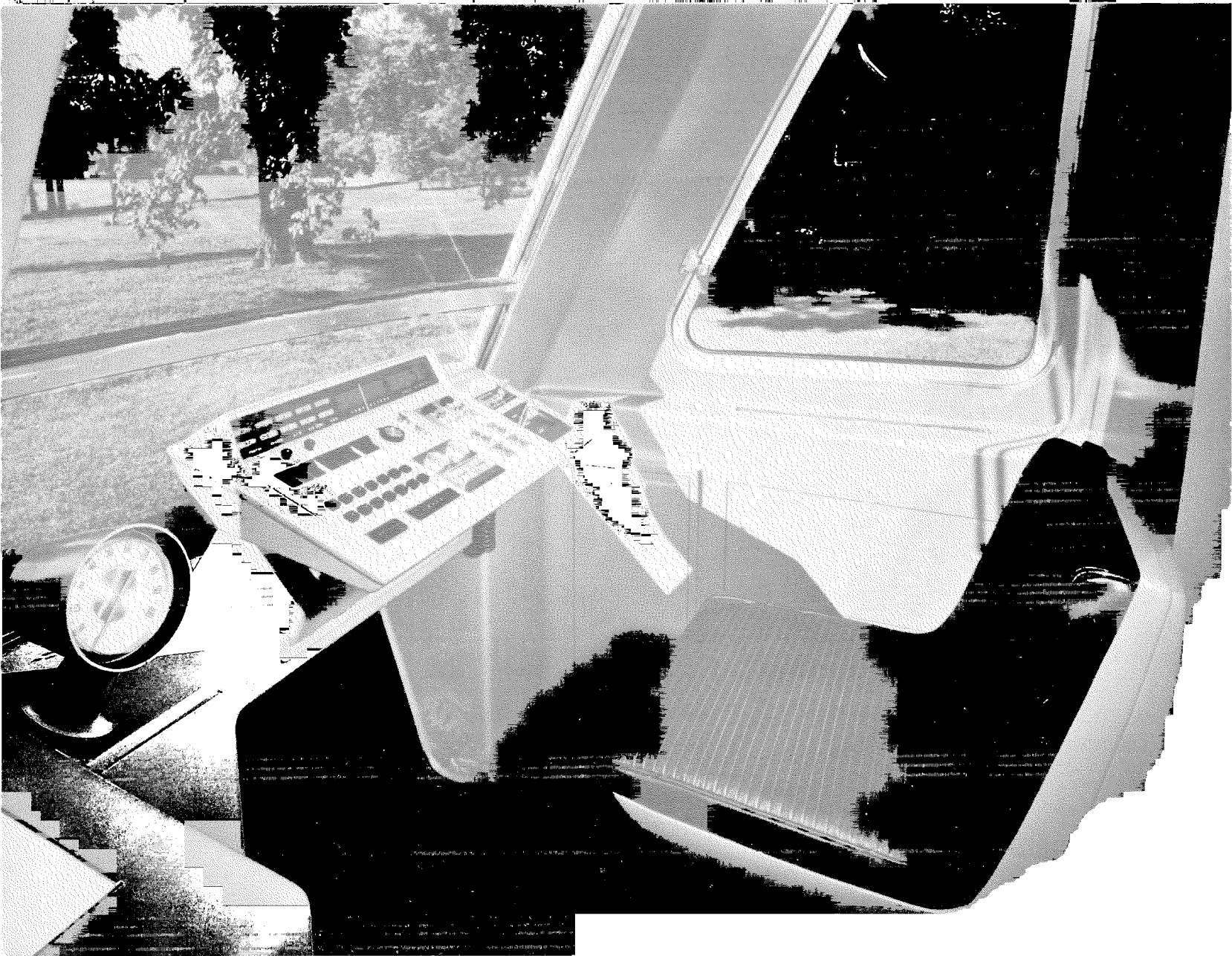
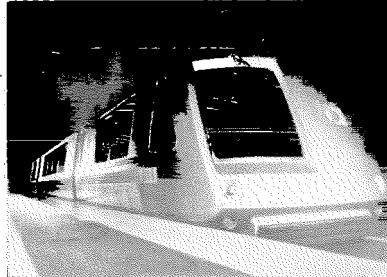
San Francisco
September 5, 1969

Eric Waterhouse

Carpeted floors, upholstered seats, wide picture windows and a self-adjusting air-comfort system are highlight design elements of BART's production vehicle. Each 70-foot-long car will seat 72 passengers. Governed by the automatic train control program, trains will be capable of top speeds of 80 miles per hour, and average 50 miles per hour, including station stops...



While train attendants aboard BART vehicles will have capability to override automatic train control commands, their main functions will be to monitor doors, call out upcoming stations over an on-board loudspeaker system, and perform other duties relating to the comfort of the passenger.

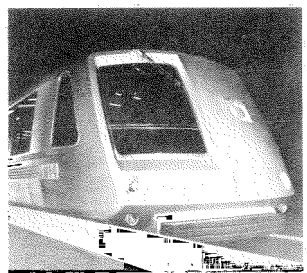


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1969-70
ANNUAL
REPORT

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT



Guiding the activities of the San Francisco Bay Area Rapid Transit District as it draws ever closer to revenue operations will be these members of the BART Board of Directors. Representing the three-county district are (left to right, seated) William M. Reedy, President, San Francisco; Stanley T. Grydyk, Vice-President, Contra Costa; William C. Blake, San Francisco; James P. Doherty, Contra Costa, and George M. Silliman, Alameda. Standing from left to right are Richard O. Clark, Alameda; Joseph S. Silva, Contra Costa; Nello J. Bianco, Contra Costa; Arnold C. Anderson, Alameda; H. R. Lange, Alameda, and Garland D. Graves, San Francisco. In the photograph at right is San Francisco Director William H. Chester (seated) and B. R. Stokes, BART General Manager.

(Biographical sketches of the directors appear on the inside back cover of this report.)



SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

DIRECTORS

Alameda County

ARNOLD C. ANDERSON
RICHARD O. CLARK
H. R. LANGE
GEORGE M. SILLIMAN

Contra Costa County

NELLO J. BIANCO
JAMES P. DOHERTY
STANLEY T. GRDYK
Vice-President
JOSEPH S. SILVA

City & County of San Francisco

WILLIAM C. BLAKE
WILLIAM H. CHESTER
GARLAND D. GRAVES
WILLIAM M. REEDY
President

STAFF

B. R. STOKES
General Manager

L. A. KIMBALL
Assistant General Manager,
Administration

DAVID G. HAMMOND
Assistant General Manager,
Operations and Engineering

RICHARD J. SHEPARD
Secretary

ROBERT W. NELSON
Controller

WILLIAM F. GOELZ
Treasurer

MALCOLM M. BARRETT
General Counsel

E. A. TILLMAN
Director of Engineering and Construction

E. J. RAY
Director of Operations

GEORGE L. McDONALD
Director of Public Relations

WM. E. BENEDICT
Director of General Services

T. L. CARLSON
Director of Real Estate

G. B. OLSEN
Director of Personnel

L. D. DAHMS
Director of Planning and Research



MESSAGE FROM THE PRESIDENT

I am pleased to report that the BART project is on the verge of initial operations, with our prototype cars to be mobile this Fall.

Even though we still have major construction ahead, particularly at the terminal stations, I want to commend both the contracting industry and organized labor for their work thus far. The many contractor firms awarded construction bids have, almost without exception, performed to a high level. Further, the labor force, which at times has reached 5000 persons employed in the field, also has performed to the highest level of its skills.

BART construction has taken place more than a hundred feet below the waters of the Bay, 75 feet under the busiest streets of our Bay Area community, and in other areas where ingenuity and dedication have been the order of the day.

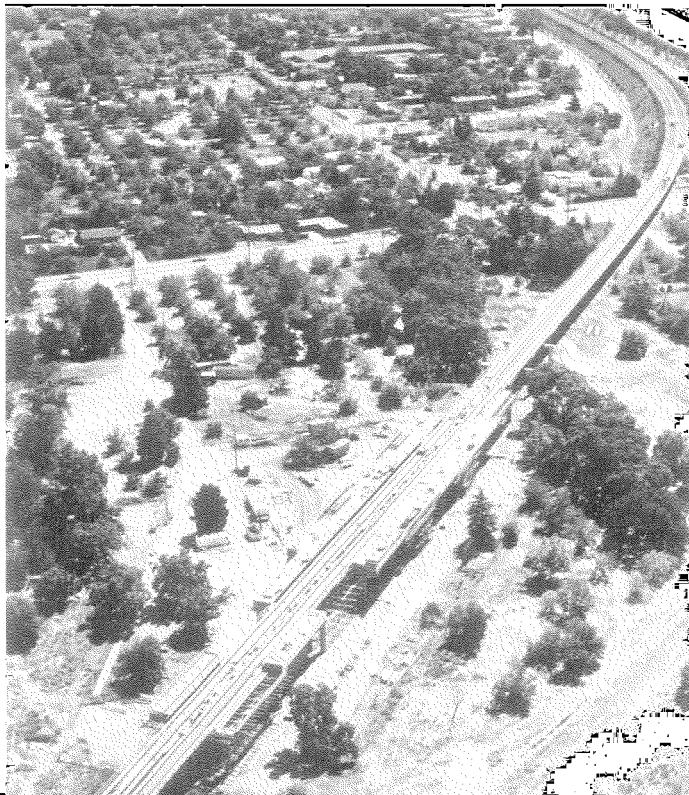
Now we are shifting to a new phase of the work. Now we are in the hands of less than a half-dozen major U.S. corporations which have been awarded our rolling stock, train control, fare collection and passenger sign contracts. These manufacturing and vendor firms, in their own way, face technological, procurement and coordination problems which I am sure equal the difficulty found in our earlier construction problems.

I am certain that these vendor firms will rise to equal the performance of the construction people, and deliver—in approximately one year—the superior operating system ordered by the people of our area.

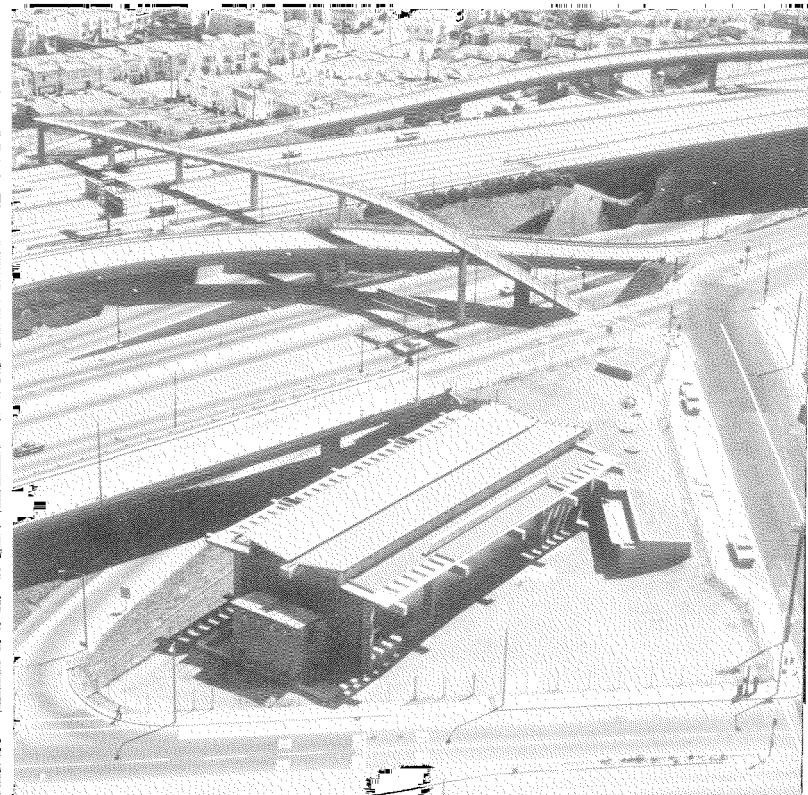


William M. Reedy
President

Now considered 35 per cent complete, the Pleasant Hill Station in Central Contra Costa County takes shape amidst a wooded area that will be essentially preserved as a parking lot for 1500 automobiles. Projected to be one of BART's busier facilities, the Pleasant Hill Station will be 30 rapid transit minutes from downtown San Francisco.



The Glen Park Station is located on a triangular plot bordered by Diamond and Bosworth Streets and Monterey Boulevard, and adjacent to the Southern Freeway at the intersection of San Jose Avenue in San Francisco. The structure, now in the early stages of the architectural finish contract, features the highest ceiling of all BART stations, tall columns, and walls sheathed in quarried slate.



The 1969-70 fiscal year represented a distinct turning point in the long-term program which will bring rapid transit service to the San Francisco Bay Area.

The mid-point of the fiscal year brought the passing of a decade.

For BART, the decade of the 1960s was a period in which basic approval of and financing for the project were obtained. Design was initiated and nearly completed, and the long construction cycle, at decade's end, was two-thirds over.

The decade of the 1970s will be quite different. Early in the period, the first prototype car will operate along the track. After the necessary testing period, passenger service will begin. Extensions of the system will come, as will sweeping community developments alongside and perhaps atop the rail and stations.

Rapid transit then will carry out its promise: it will be the strong backbone for a healthy Bay Area community.

During the fiscal year, BART began to put together all of the pieces which will soon make it operational.

All but a few short miles of the system were complete or under construction. Less than 10 per cent of detailed design remained.

Bay Area residents were suddenly aware of a new dimension to project progress: visible accomplishments in all three BART counties—but particularly along the initial line, where test operations would start this fall, and where initial passenger service would begin a year later.

In the critical first section between Hayward and North Oakland, track work was completed. Residents were warned of the hazards of the elec-

trified third rail. A laboratory car operated over the track. Both the Hayward Shop and the Oakland Maintenance Building were occupied. The BART headquarters structure was being built over the Lake Merritt Station.

In Contra Costa County, station and line construction continued. In San Francisco, some Municipal Railway rails were returned to their original location along Market Street. And in Oakland, Broadway once again became a major thoroughfare—with auto traffic passing above the twin stations waiting only their interior finish, and the trains themselves.

A significant part of BART progress came from outside the Bay Area, with initial procurement and fabrication of control, motor and fare collection equipment.

In Pittsburgh, Westinghouse had already produced 100 motors, and was subjecting them to traction testing. It also had outfitted two laboratory cars for dynamic testing of train control.

In San Jose, International Business Machines prepared for the custom fabrication of the prototype fare collection equipment, and had already programmed both the machines and the BART tickets for exhaustive tests with representative groups of people.

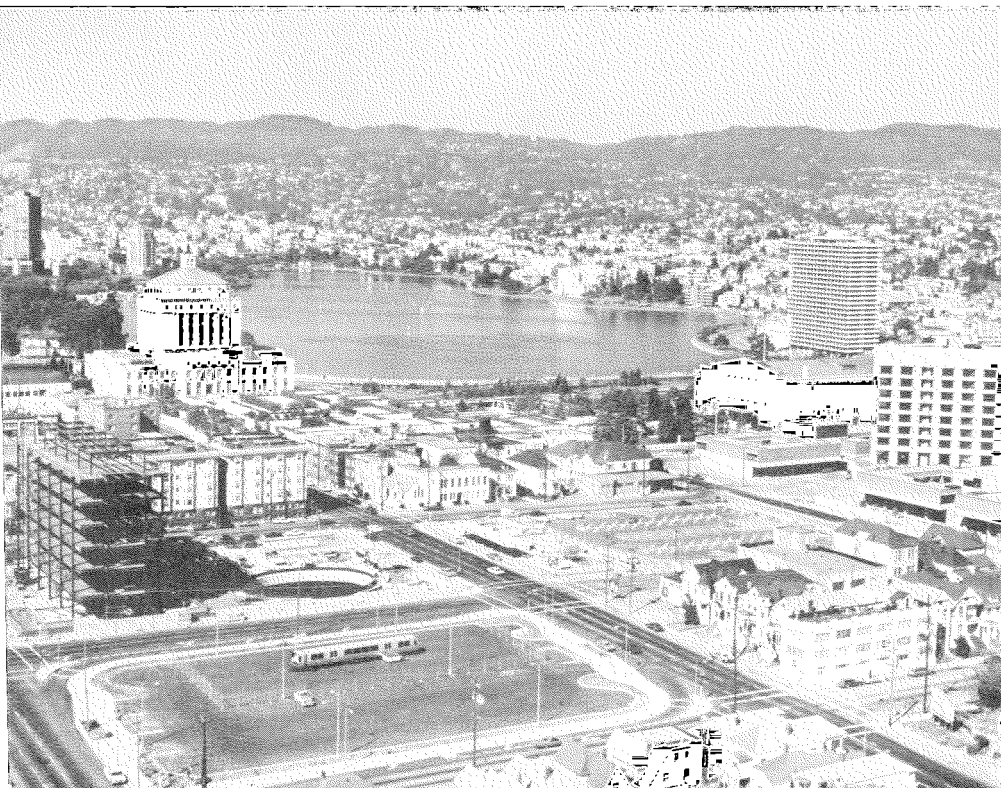
In San Diego, the Rohr Corporation geared up for production of the 250 BART vehicles, with delivery of the first prototype car scheduled for August.

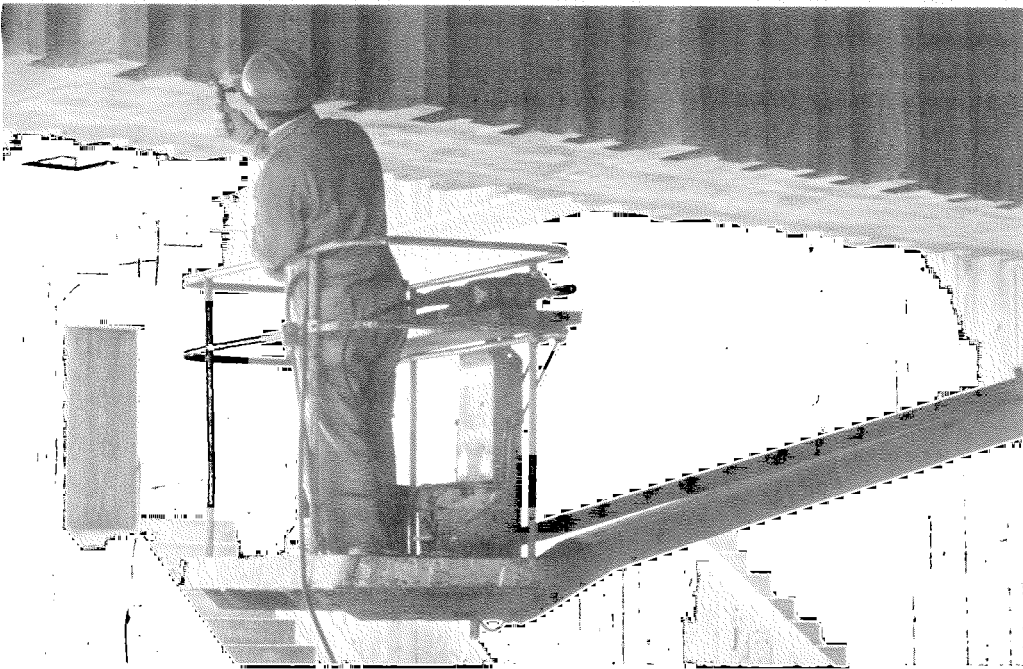
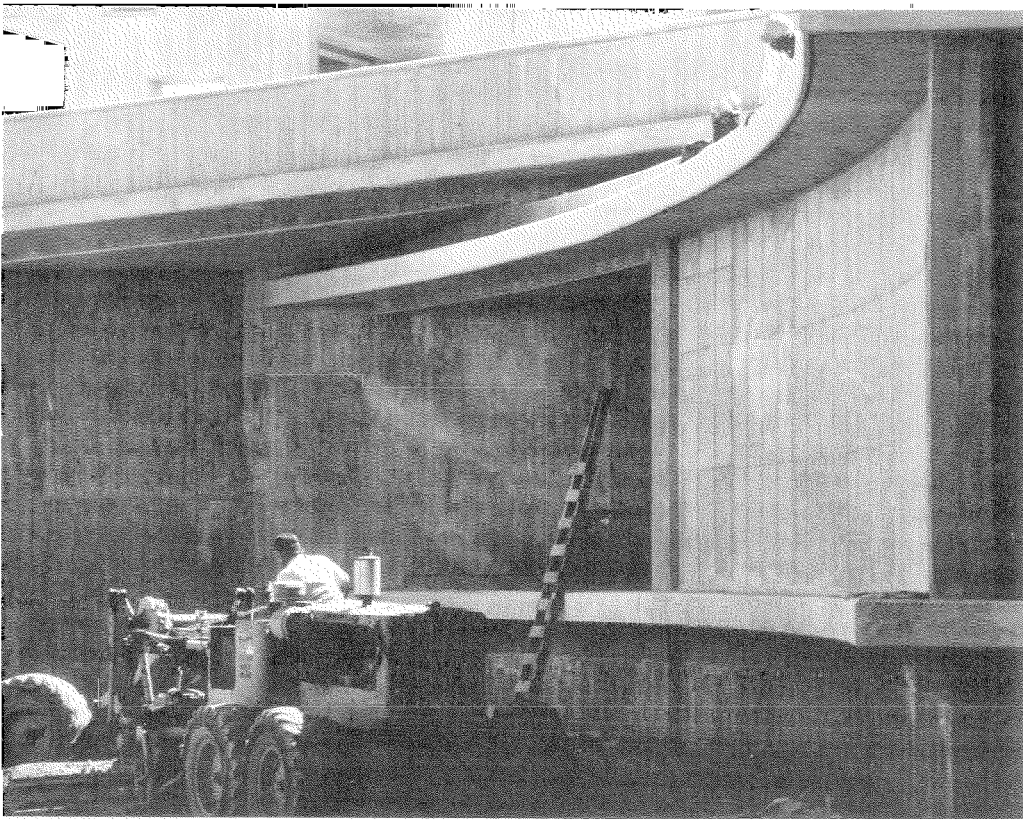
EMPHASIS UPON OPERATIONS

With the award of the basic car contract to Rohr—a California firm—a count-down schedule for the start of revenue service was adopted. And within the BART organization itself, operational planning became a priority activity.

The rolling laboratory car—in use at the end of the year—was equipped to check out vehicle propulsion, braking and train control systems, and the wayside automatic train control equipment. This system start-up phase—now underway along the "A" line (Fremont-North Oakland)—will shift in turn to the remaining three system line segments.

BART's automatic train control "nerve center," a subway station and the District administration building are combined here at the Lake Merritt complex. At left is the steel structure for BART headquarters, due to be completed in late summer, 1971. At the bottom of the photograph is the full scale mock-up of the rapid transit vehicle. Lake Merritt Station will serve a variety of patrons, including workers at the Alameda County court house and administration building (upper left), visitors to the new Oakland Museum (below the court house) and students attending the future Laney Junior College, now under construction (far right).





At San Francisco's Balboa Park Station, a motor grader (top) smooths the future plaza area, while inside at the train platform level a workman in a personnel lift puts the finishing touches to a textured concrete ceiling section. The total structure is now over 60 percent complete and construction is in the architectural finish stage. Completion date for the subway station is set for late summer, 1971.

When the West Bay section of the BART system begins revenue operations in late summer, 1972, the Balboa Park facility will be 10 minutes away from downtown San Francisco.

The main repair shop in Hayward already is staffed to handle maintenance, inspection and retrofit activities required in the prototype vehicle testing period—where 10 preproduction cars are to be put through their paces on the "A" line prior to full car production in San Diego.

Track maintenance also has begun, with the base of operations in the maintenance-of-way facility, adjacent to the main line south of Lake Merritt.

At Lake Merritt, the system's computerized train control system was energized during the year. Simulated train operation programs began in January, and are being monitored by the display boards and consoles in the central control room.

Internally, there was similar concentration upon those activities required to run the rapid transit system successfully:

- The number of employees grew from 256 to 351, with the first hourly paid employees joining the District in August, 1969.
- Full scale training programs were developed for all phases of operation and maintenance of the system.
- System security and safety programs were in the planning stages—with a single goal in mind: a safe ride for the passenger.
- A pilot program, covering a dozen BART stations, was adopted for customer services.
- Facilities for the handicapped were designed for all stations.
- Agreement was reached on implementing a carefully controlled advertising program, worked out in concert with individual station architects.
- BART's initial mapping requirements were being drawn up.

CONSTRUCTION CONTINUES

With all of the planning for the passenger, BART still managed the largest construction project in the area. Total expenditures on the \$1.3 billion transit project reached a new high of almost \$900,000,000. The number of construction personnel during the year averaged 2,500—a potent force in the industry, and a positive factor for the Bay Area in a sluggish national economy.

BART's construction excellence

also could be seen on a first-hand basis by Bay Area residents.

In October, 1969, 20,000 persons entered the two Trans-Bay Tube portals for a "Walk Under Water." In June, more than 11,000 entered a single subway station in the Mission District of San Francisco.

The project, already honored by receipt of a dozen major awards, was given two more during the year.

The tube itself—now undergoing electrical/mechanical work—won a design award given by the National Consulting Engineers Council.

The safety performance of the District's contractors and workmen was cited as a new standard for the industry. The lost-time injury rate of 29.13 per million man-hours was nearly 50 per cent below normal experience.

With this record, BART received the largest workmen's compensation dividend in the history of California construction: \$1,358,483.

FINANCING SET

In the financial realm, the District completed the marketing of the original \$792,000,000 in General Obligation Bonds authorized by the voters in 1962. The composite interest cost on all the issues is 4.14 per cent—just slightly more than the original estimate of 4 per cent.

In November, 1969, the District imposed a one-half of 1 per cent sales tax in the three member counties—a tax authorized by action of the California Legislature. The tax, effective in April, 1970, will provide \$150,000,000 of capital funds, and assure completion of the system. The initial sale of sales tax revenue bonds took place in January, with another sale to be completed in August.

Earnings on temporary investment of bond proceeds amounted to \$19.8 million during the year.

The District's financial position was given further strength with assurance from the U.S. Department of Transportation that additional Federal funds will be available to BART.

A commitment also was received from the U.S. Department of Housing and Urban Development for a series of urban beautification grants which will—assuming the necessary city/

BART maintenance contracts—assure a full landscaping program for the network.

FUTURE PLANNING

The District took positive steps to prepare for start-up operation, and also to accommodate already-mounting requests for extending the initial system:

It signed a contract for design of San Francisco's Embarcadero Station, the first station to be funded entirely by a local community.

It intensified the critical liaison with its two prime transit partners—the Alameda-Contra Costa Transit District in the East Bay and the San Francisco Municipal Railway.

It initiated and received funding for two airport extension studies—to the Oakland and San Francisco airports—and three bus studies geared to expand and improve public transportation within the two East Bay counties.

It implemented a new performance-salary review plan to stimulate high productivity and reward individual growth and incentive more effectively.

It increased the labor relations, legal and purchasing staffs to prepare for increased administrative workloads before and after start-up operations.

Development began on computerized data processing programs for system accounting and the wide range of day-by-day management information needed to optimize operations.

Screening began to select an advertising agency, and a research firm was retained to develop a marketing plan.

A program to develop income from BART-owned property was being drafted.

NEW DIRECTORS

At the policy level—the Board of Directors—four new Directors were appointed.

Nello J. Bianco, a Richmond businessman, was appointed by the Contra Costa Board of Supervisors to replace H. L. Cummings, an original BART director.

William C. Blake, a San Francisco businessman and long-term Supervisor, was appointed by the San Francisco Board of Supervisors to replace Adrien J. Falk, BART's eight-term president who resigned from the board in October.

William H. Chester, a San Francisco labor official, was appointed by the mayor of San Francisco to succeed Richard A. Bancroft.

Richard O. Clark, a former mayor of Albany and present councilman, was appointed by the Alameda County Mayors' Conference to replace Wallace J. S. Johnson.

Incumbent directors are President William M. Reedy and Garland D. Graves of San Francisco; Vice-President Stanley T. Grydyk, James P. Doherty and Joseph S. Silva of Contra Costa, and Arnold C. Anderson, George M. Silliman and H. R. Lange of Alameda County.

Anderson served as BART president for the first half of the fiscal period, with Reedy vice-president. Reedy was elected BART president in December, with Grydyk elected vice-president.

This report is respectfully submitted to the Board of Directors pursuant to Section 28834 (e) of the California Public Utilities Code.



B. R. Stokes
General Manager

BALANCE SHEET

JUNE 30, 1970

Assets

Current assets:	
Cash (including time deposits of \$76,125,000)	\$ 77,100,447
U.S. Treasury securities, at cost	36,240,118
Federal Agency securities, at cost	141,383,016
Miscellaneous receivables	6,962,218
Total current assets	<u>261,685,799</u>
Construction in progress (Note E)	898,700,568
Insurance and other deposits	1,103,487
Furniture, equipment and vehicles, at cost	437,174
Debt Service Funds, net assets (including time deposits of \$12,545,000) (Note A)	18,475,287
	<u>\$1,180,402,315</u>

Liabilities, Reserve and Capitalization

Current liabilities:	
Construction contracts and others	\$ 22,146,247
Payable to State of California (Note D)	2,040,000
Total current liabilities	<u>24,186,247</u>
Other liabilities:	
Withheld from contractors on progress payments	2,581,824
Payable to State of California (Note D)	39,110,538
Debt Service Funds (Note A)	18,475,287
Reserve for self-insurance	20,424,060
Capitalization:	
Construction funds:	
General Obligation Bonds (\$812,500,000 authorized) (Note A):	
Bonds outstanding	\$ 803,780,000
Bonds matured and retired	220,000
	<u>804,000,000</u>
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note B)	50,000,000
U.S. Government Grants (Note C)	68,825,579
State of California Grant (Note D)	98,656,762
City of San Francisco contribution	3,486,534
	<u>1,024,968,875</u>
Accumulated revenue	48,362,605
Total construction funds	<u>1,073,331,480</u>
General Fund accumulated net revenue	2,292,879
	<u>\$1,180,402,315</u>

STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED NET REVENUE

FISCAL YEAR ENDED JUNE 30, 1970

General Fund

Revenue:		
Taxes		\$ 3,336,169
Interest		111,725
		<u>3,447,894</u>
Expenses:		
Personal services		4,377,481
Rent, leased vehicles and office expense		485,454
Professional and specialized services		391,053
Travel expense		93,026
Other		56,077
		<u>5,403,091</u>
Less—Charges to Construction in Progress		<u>2,130,533</u>
		<u>3,272,558</u>
Excess of revenue over expenses		175,336
Accumulated net revenue at beginning of year		<u>2,117,543</u>
Accumulated net revenue at end of year		<u>\$ 2,292,879</u>

Debt Service Funds

Revenue:		
Property taxes		\$34,734,914 ✓
Transaction and use taxes, net of \$229,400 implementation expenses		1,340,600
Interest		1,897,583
		<u>37,973,097</u>
Less: Matured interest	\$38,845,871	
Matured principal	<u>220,000</u>	<u>39,065,871</u>
		(1,092,774)
Balance at beginning of year		<u>19,568,061</u>
Balance at end of year		<u>\$18,475,287</u>

STATEMENT OF CHANGES IN CONSTRUCTION FUNDS

FISCAL YEAR ENDED JUNE 30, 1970

Total construction funds at beginning of year		\$ 925,403,148
Additions during the year:		
General Obligation Bonds—Series L, sold in August 1969		72,000,000
Sales Tax Revenue Bonds—Series A, sold in January 1970		50,000,000
U.S. Government grants received		16,601,420
State of California grants received (less \$15,154,458 repayable to the State)		4,259,242
City of San Francisco contribution		60,212
Accumulated revenue:		
Interest and other	\$23,229,417	
Less—Amount transferred to reserve for self-insurance	<u>18,221,959</u>	<u>5,007,458</u>
		<u>147,928,332</u>
Total construction funds at end of year		<u>\$1,073,331,480</u>

(See notes to financial statements)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1970

NOTE A—GENERAL OBLIGATION BONDS:

In 1962 voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds, all of which were outstanding at June 30, 1970, with principal maturities from 1972 to 1999. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966 City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that City. Special Service District No. 1 Bonds amounting to \$11,780,000 were outstanding at June 30, 1970, with principal maturities from 1971 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal of \$230,000 Special Service District No. 1 Bonds matures on June 15, 1971, and interest of \$17,403,140 on General Obligation Bonds and \$272,232 on Special Service District No. 1 Bonds is payable on December 15, 1970. The composite interest rate on bonds currently outstanding is 4.14%.

NOTE B—SALES TAX REVENUE BONDS:

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000 of which \$50,000,000 Series A bonds dated January 1, 1970 were outstanding at June 30, 1970. On August 5, 1970, the District sold \$50,000,000 Series B bonds dated July 1, 1970 for delivery August 24, 1970, with principal maturities of both series from 1972 to 1980. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the Transactions and Use Tax authorized by the 1969 Legislature and from moneys received by the District from other sources, in lieu of Transactions and Use Tax proceeds, if legally made available. The bonds maturing on or after January 1, 1976 are redeemable prior to maturity at the option of the District on various dates at prices ranging from 104% to 100%. The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1 and principal annually on January 1. Interest of \$1,672,000 on the Series A bonds is payable on July 1, 1970. The composite interest rate on both series is 6.42%.

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period April 1 to June 30, 1970 will be approximately \$6,800,000, of which the trustee had received \$1,570,000 at June 30, 1970.

NOTE C—U. S. GOVERNMENT GRANTS:

The U.S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CAL-UTG-4) for added features in three Market Street stations, and a grant to the City of Berkeley (CAL-UTG-9) in connection with the construction of subway extensions within Berkeley. The following grant contracts were in force as of June 30, 1970:

<u>Project—purpose</u>	<u>Maximum grant</u>	<u>Funds received</u>
Demonstration grants:		
CAL-MTD-2 (Transit Design)	\$ 6,219,333	\$ 6,081,886
CAL-MTD-4 (Fare Collection)	1,133,333	947,756
CAL-MTD-7 (Transit Hardware)	800,000	732,242
CAL-MTD-14 (Prototype Vehicles)	5,000,000	2,016,000
CAL-BD-1 (Beautification)	447,953	301,140
	<u>13,600,619</u>	<u>10,079,024</u>
Capital grants—construction:		
CAL-UTG-6	13,100,000	11,620,800
CAL-UTG-11	13,200,000	13,127,150
CAL-UTG-15	26,000,000	23,349,305
CAL-UTG-19	28,000,000	5,098,000
CAL-UTG-4	19,902,430	1,291,600
CAL-UTG-9	4,733,000	4,259,700
	<u>104,935,430</u>	<u>58,746,555</u>
	<u>\$118,536,049</u>	<u>\$68,825,579</u>

NOTE D—STATE OF CALIFORNIA GRANT:

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June 30, 1970, the District had received \$154,267,300 of which \$55,610,538 is repayable to the State of California for the tube approaches. Reimbursement will be fulfilled by application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24 and by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978. The District has also agreed to pay an additional \$2,040,000 to the State on September 1, 1970 in connection with State Route No. 24 construction.

NOTE E—CONSTRUCTION IN PROGRESS:

During the year, construction in progress increased as follows:

Balance at June 30, 1969	\$768,763,419
Construction	\$122,756,355
Real estate acquired	1,622,344
Utility relocation	3,225,122
General Fund expenses capitalized	2,130,533
Other	548,984
	<u>130,283,338</u>
Less: Rental income and proceeds	
from sales of real estate	(300,056)
Insurance premiums refunded	(46,133)
	<u>(346,189)</u>
Balance at June 30, 1970	<u>\$898,700,568</u>

The July 1, 1970 estimate of project costs, based upon information then available, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,359,129,000 (including \$179,878,000 for the trans-bay tube to be financed by the State of California and \$78,357,000 for transit vehicles to be financed by federal grant funds and other District sources). Presently, the ultimate cost of the system cannot be finally determined, as future economic conditions and possible changes in schedule to match fund availability may have a significant effect on the final cost of the system. It is contemplated that initial operation of the system will begin in 1971, and that it will be fully operational in 1972.

**REPORT OF
INDEPENDENT ACCOUNTANTS**

To the Board of Directors of
San Francisco Bay Area Rapid Transit District

In our opinion, the accompanying balance sheet and the related statements of revenue, expenses and accumulated net revenue and changes in construction funds present fairly the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1970 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. 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.

San Francisco
August 14, 1970

Eric W. Waterman

BIOGRAPHICAL SKETCHES OF BART DIRECTORS

ARNOLD C. ANDERSON has served as a Director of BART since its creation in 1957, and was appointed to that position by the Board of Supervisors of Alameda County. He has served as President and Vice-President of the BART board.

A California State Inheritance Tax Appraiser and real estate appraiser in Castro Valley, Mr. Anderson has served as Director on the Eden Township Hospital Board and as Trustee of the Castro Valley School District.

NELLO J. BIANCO was appointed a Director of the Bay Area Rapid Transit District in September, 1969, by the Contra Costa County Board of Supervisors.

Mr. Bianco owns and operates a delicatessen and catering service in the City of Richmond. Active in civic and business affairs in that city, he currently is Chairman of the Personnel Board of the City of Richmond.

WILLIAM C. BLAKE, a 15-year member of the San Francisco Board of Supervisors, was appointed by that body to the BART Board of Directors in November, 1969.

President of a general ship repair firm in San Francisco, Mr. Blake also has served as a Director of the Bay Area Air Pollution Control District and of the Golden Gate Bridge, Highway, and Transportation District. He holds a captain's commission in the U.S. Naval Reserve.

WILLIAM H. CHESTER, Vice-President of the International Longshoremen's & Warehousemen's Union, was appointed to the BART Board of Directors in January, 1970, by the Mayor of San Francisco.

Northern California Regional Director of the ILWU since 1951, Mr. Chester also serves on the Board of Directors of the United Nations Association of San Francisco, San Francisco Ballet, the San Francisco Council of Churches, and the Northern California Committee on Africa.

RICHARD O. CLARK was appointed to the BART Board of Directors in March, 1970, by the Mayors' Conference of Alameda County.

An insurance executive, Mr. Clark is a former Mayor and currently a Councilman of the City of Albany.

He is a member of the Board of Directors of the Alameda County Economic Opportunity Agency and holds a seat on the Executive Committee of the Association of Bay Area Governments.

JAMES P. DOHERTY, former Mayor and Councilman of the City of El Cerrito, was named to the BART Board of Directors in September, 1965, by the Contra Costa County Mayors' Conference.

A lifelong resident of the Bay Area, Mr. Doherty is manager of a lumber company in El Cerrito.

Mr. Doherty served as President of the BART Board of Directors in 1968 and in 1967 served as Vice-President.

GARLAND D. GRAVES, former Vice-President and Treasurer of Transamerica Corporation, was appointed a BART Director in October, 1967, by the Mayor of San Francisco.

A native Oklahoman, Mr. Graves was a supervising accountant with the nationally known firm of Ernst & Ernst before joining Transamerica. He is a member of the American Institute of Certified Public Accountants, and the California Society of Certified Public Accountants.

STANLEY T. GRYDYK, Vice-President of BART, was named a rapid transit district director in October, 1967, by the Contra Costa Mayors' Conference.

Former Mayor and currently a Councilman of the City of Richmond, Mr. Grydyk maintains a law practice in Richmond and is General Counsel for the San Pablo Sanitary District. He is a former president of the Richmond Bar Association and three-term Democratic County Central Committeeman.

H. R. LANGE, former Vice-President and currently a Director of Cutter Laboratories in Berkeley, was appointed to the BART Board of Directors in September, 1967, by the Alameda County Board of Supervisors.

Long active in the business and civic life of the San Francisco Bay Area, Mr. Lange is a Trustee of Golden Gate College and a member of the Oakland Museum Association. A former Oakland City Councilman, he is past president of the United Bay Area Crusade and the Alameda County United Fund.

WILLIAM M. REEDY, currently President of the San Francisco Bay Area Rapid Transit District, was named a BART Director in October, 1964, by the San Francisco Board of Supervisors.

A lifelong resident of San Francisco, Reedy is Administrator of the San Francisco Electrical Industry Trust.

He is the former Business Manager-Financial Secretary of the International Brotherhood of Electrical Workers, Local Union No. 6, and currently is a Director of the San Francisco Municipal Railway Improvement Corporation.

GEORGE M. SILLIMAN has served as a Director of the Bay Area Rapid Transit District since its creation in 1957. Appointed to the district by the Alameda County Mayors' Conference, he served as BART Vice-President in 1962 and 1966.

Mr. Silliman, a Director and Officer of the Bank of Fremont, formerly was Mayor and Councilman of the City of Newark. Prior to BART's creation, he was instrumental in drafting legislation that led to formation of the district.

JOSEPH S. SILVA was named a BART Director in October, 1965, by the Contra Costa County Board of Supervisors.

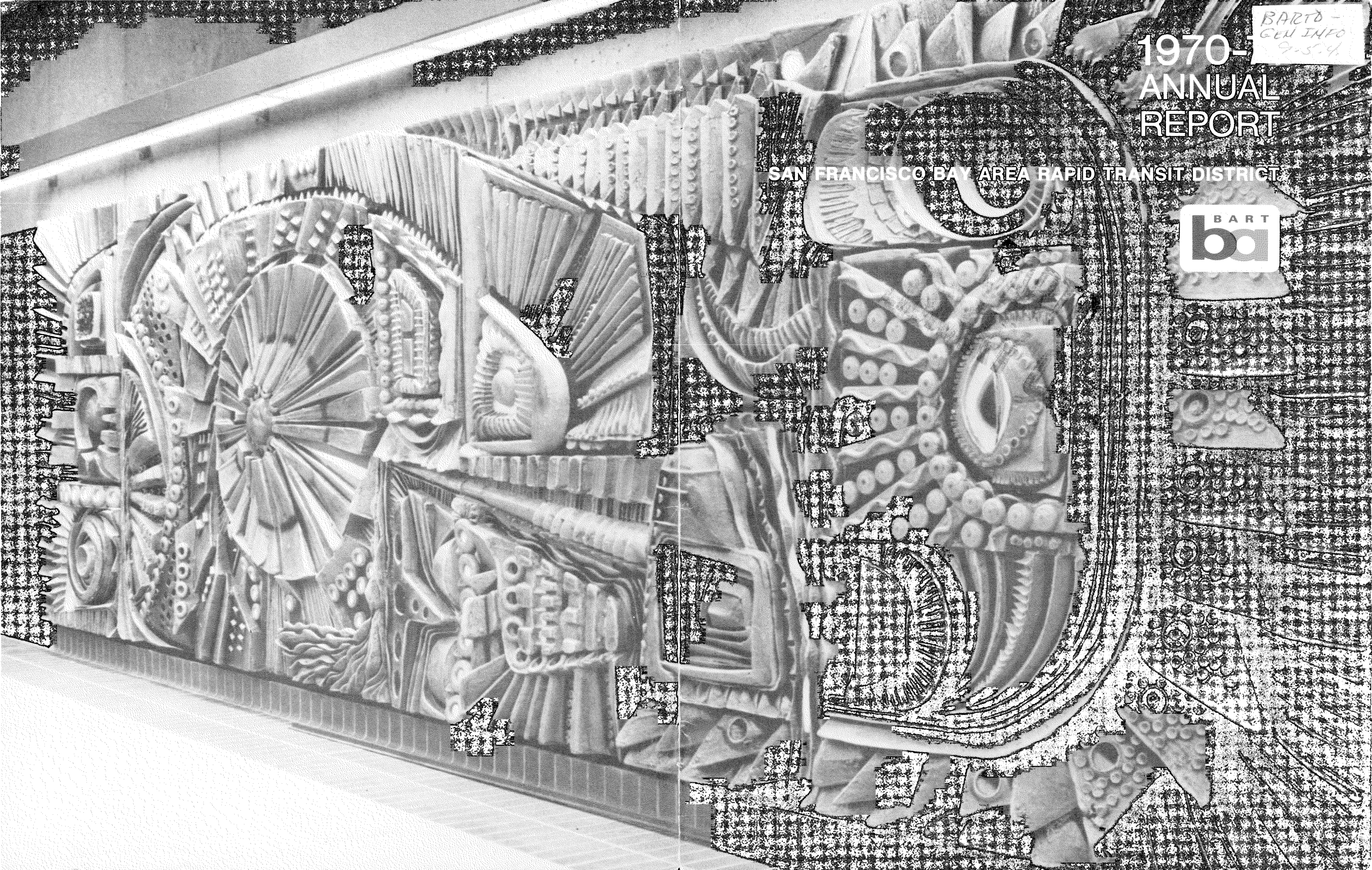
Mr. Silva, a former Mayor of the City of Brentwood, retired from the Contra Costa County Board of Supervisors in 1964 after 18 years of continuous public service to that county.

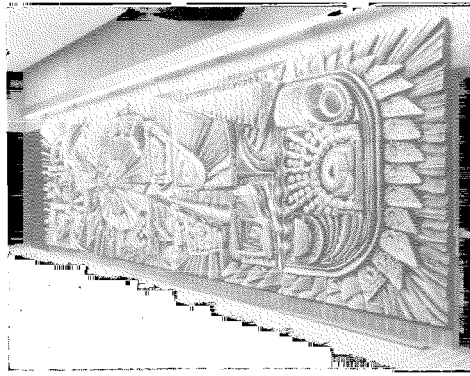
A rancher and former restaurateur, Mr. Silva held the office of Justice of the Peace of Brentwood before his election as a Supervisor.

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1970- ANNUAL REPORT

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

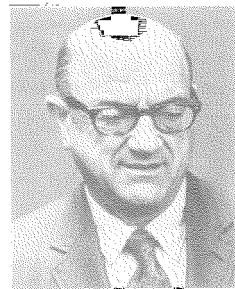




Cover:

This striking wall sculpture of fiberglass and natural materials imparts an Aztec accent to the Richmond Station. William Mitchell created this and other sculptures at Lako Merritt, and 16th and 24th Street Mission stations. Colorful works of art "to lift the human spirit" are going into 14 of the 34 BART stations, with more to be added eventually through BART's art donor program.

Board of Directors



Arnold C. Anderson



Richard O. Clark



H. R. Lange



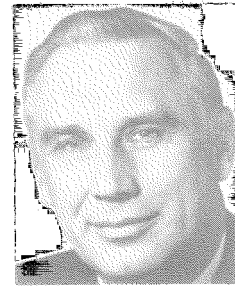
George M. Silliman



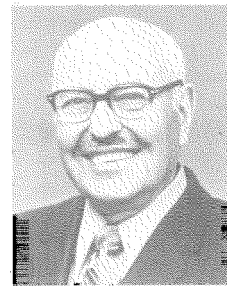
Nello J. Bianco



James P. Doherty



Stanley T. Grydyk



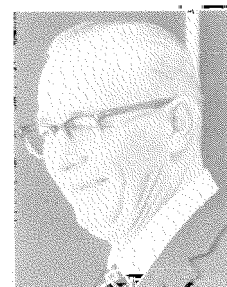
Joseph S. Silva



William C. Blake



William H. Chester



Garland D. Graves



William M. Reedy

San Francisco Bay Area Rapid Transit District

Established by the State of California. Authorized by the people of three counties to construct and operate a new high-speed rail rapid transit system under the direction of a representative Board of Directors.

Directors:

Alameda County — Arnold C. Anderson, Richard O. Clark, H. R. Lange, George M. Silliman, Vice President.

Contra Costa County — Nello J. Bianco, James P. Doherty, President; Stanley T. Grydyk, Joseph S. Silva.

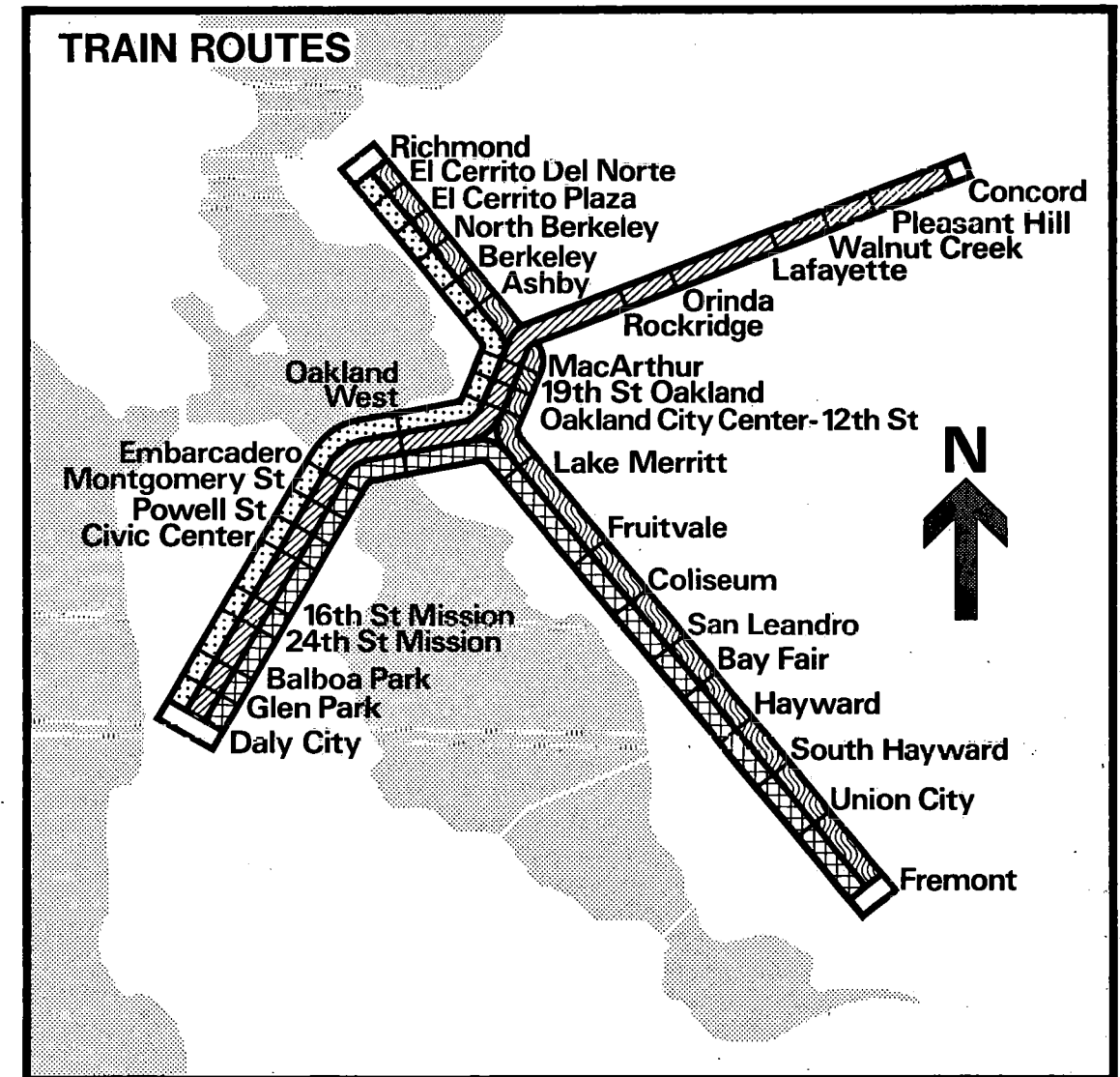
San Francisco City and County — William C. Blake, William H. Chester, Garland D. Graves, William M. Reedy.

Staff:

B. R. Stokes, General Manager; L. D. Dahms, Assistant General Manager— Planning and Public Service; D. G. Hammond, Assistant General Manager— Operations and Engineering; L. A. Kimball, Assistant General Manager— Administration; R. J. Shephard, Secretary; R. W. Nelson, Controller; W. F. Goelz, Treasurer; M. Barrett, General Counsel.

Department Heads:

C. K. Bernard, Research; W. E. Benedict, General Services; W. F. Hein, Planning; H. U. Knapp, Systems; W. D. Mersereau, Real Estate; G. B. Olsen, Personnel; E. J. Ray, Operations; E. A. Tillman, Engineering and Construction.



Routes

	Monday-Saturday	Nights and Sunday
Concord-Daly City	through service	
Richmond-Daly City	through service	transfer at MacArthur
Richmond-Fremont	through service	
Fremont-Daly City	through service	transfer at 12th St.-Oakland
Richmond-Concord	transfer at MacArthur	

This report is published by the San Francisco Bay Area Rapid Transit District
 Headquarters at: 814 Mission Street, San Francisco, California 94103, Telephone 415-986-1818

Effective December 16, 1971, District headquarters will move to:
 800 Madison Street, Oakland, California 94607
 Telephone: 415-465-4100

Notes to Financial Statements

JUNE 30, 1971

NOTE A — General Obligation Bonds:

In 1962 voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds, all of which were outstanding at June 30, 1971, with principal maturities from 1972 to 1999. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966 City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that City. Special Service District No. 1 Bonds amounting to \$11,550,000 were outstanding at June 30, 1971, with principal maturities from 1972 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semi-annually on June 15 and December 15 from Debt Service Funds. Principal of \$7,650,000 General Obligation Bonds and \$240,000 Special Service District No. 1 Bonds mature on June 15, 1972. Interest of \$17,403,140 on General Obligation Bonds and \$265,908 on Special Service District No. 1 Bonds is payable on December 15, 1971. The composite interest rate on bonds currently outstanding is 4.14%.

NOTE B — Sales Tax Revenue Bonds:

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000, all of which were outstanding at June 30, 1971, with principal maturities from 1972 to 1981. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the Transactions and Use Tax authorized by the 1969 Legislature and from moneys received by the District from other sources, in lieu of Transactions and Use Tax proceeds, if legally made available. The bonds maturing on or after January 1, 1976 are redeemable prior to maturity at the option of the District on various dates at prices ranging from 104% to 100%. The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1 and principal annually on January 1. Principal of \$8,500,000 matures on January 1, 1972 and interest of \$4,298,400 is payable on July 1, 1971 and on January 1, 1972. The composite interest rate on bonds currently outstanding is 5.61%.

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period April 1 to June 30, 1971 will be approximately \$6,300,000, of which the trustee had received \$1,500,000 at June 30, 1971.

NOTE C — U.S. Government grants:

The U.S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CAL-UTG-4) for added features in three Market Street Stations, and a grant to the City of Berkeley (CAL-UTG-9) in connection with the construction of subway extensions within Berkeley. The following grant contracts were in force as of June 30, 1971:

Project — purpose	Maximum grant	Funds received
Beautification grants:		
CALIF-BU 1	\$ 447,953	\$ 360,000
CALIF-B-160	323,000	
CALIF-B-163	521,000	
	<u>1,291,953</u>	<u>360,000</u>
Demonstration grants:		
CAL-MTD-2 (Transit design)	6,157,256	6,157,256*
CAL-MTD-4 (Fare collection)	1,133,333	947,756
CAL-MTD-7 (Transit hardware)	761,568	761,568*
CAL-MTD-14 (Prototype vehicles)	5,000,000	4,500,000
	<u>13,052,157</u>	<u>12,366,580</u>
Capital grants — construction:		
CAL-UTG-6	13,100,000	12,898,000
CAL-UTG-11	13,200,000	13,127,150
CAL-UTG-15	26,000,000	25,941,450
CAL-UTG-19	68,000,000	14,872,575
CAL-UTG-4	19,902,430	1,860,600
CAL-UTG-9	4,733,000	4,733,000
	<u>144,935,430</u>	<u>73,432,775</u>
	<u>\$159,279,540</u>	<u>\$ 86,159,355</u>

*Project completed.

NOTE D — State of California grant:

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June 30, 1971 the District had received \$163,752,700 of which \$55,610,538 is repayable to the State of California for the tube approaches. Reimbursement will be fulfilled by application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24 and by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978.

NOTE E — Reserve for self-insurance:

By resolution of the Board of Directors of the District, a reserve for self-insurance was created in fiscal year 1968-1969 which was modified in the current year to a maximum of \$15 million. Accordingly, the reserve balance at June 30, 1970 of \$20,424,060 was reduced to \$15 million by restoring \$2,094,919 to construction in progress and \$3,329,141 to accumulated revenue of the construction funds.

NOTE F — Construction in progress:

During the year, construction in progress increased as follows:

Balance at June 30, 1970		\$ 898,700,568
Construction	\$131,895,920	
Real estate acquired	2,306,187	
Utility relocation	2,710,617	
General Fund expenses capitalized	4,423,767	
Other	894,928	
	<u>142,231,419</u>	
Less: Rental income and proceeds from sales of real estate	(515,387)	
Insurance premiums refunded	(141,500)	
Amount transferred from reserve for self-insurance (Note E)	(2,094,919)	
	<u>(2,751,806)</u>	<u>139,479,613</u>
Balance at June 30, 1971		<u>\$1,038,180,181</u>

The July 1, 1971 estimate of project costs, based upon information then available, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,399,841,000 (including \$179,878,000 for the trans-bay tube to be financed by the State of California and \$79,528,000 for transit vehicles to be financed by federal grant funds and other District sources). Presently, the ultimate cost of the system cannot be finally determined, as future economic conditions and possible changes in schedule to match fund availability may have a significant effect on the final cost of the system. It is contemplated that initial operation of the system will begin early in 1972, and that it will be fully operational late in 1972.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of San Francisco Bay Area Rapid Transit District

In our opinion, the accompanying balance sheet and the related statements of revenue, expenses and accumulated net revenue and changes in construction funds present fairly the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1971, 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. 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.

San Francisco
August 13, 1971

Price Waterhouse

President's Message

During my first term as President in 1968, the problems we as District Directors faced were quite different from those we faced during the fiscal 70-71 period.

"Will BART be completed?" was a major question still unanswered at the close of fiscal 67-68. The reason, you may recall, was our requirement for \$144 million in additional construction funds, a requirement resulting from inflation, accumulated delays, and additions to the system required by the District taxpayers.

The Directors had resolved, in this crisis, that no part of the system would be put into operation until completion of the entire system was assured. In the spring of 1969, the State Legislature authorized the Board to levy a half-cent District sales tax to cover that fund requirement.

"When will BART operate?" became a leading question during the fiscal 70-71 period. Major BART contractors changed their schedules to meet problems as they arose, with major emphasis on equipment reliability. Target dates for revenue service start-up were revised on a "latest information" basis. At this writing, the prospects of opening one-third of the system by next spring, and the full East Bay-West Bay system by next fall, look increasingly good.

We will continue to apply constructive pressure to our contractors for revenue service at the earliest prudent date. I emphasize the word prudent, because we are mindful of several transit systems which put new equipment into revenue service prematurely. The result was rolling stock whose unreliable performance was a costly disappointment to patrons.

As impatient as we all are to see BART trains carrying commuters, the technical facts of life involved in implementing the nation's first all-new rapid transit technology cannot be set aside.

"Where will the basic BART system be extended to in the near future?" was another leading question addressed by the Directors during the fiscal period. At issue was the construction priority of future BART extensions, in the event local matching funds for federal aid can be obtained to fund the new projects.

On this point, the Directors re-stated their standing policy that no District funds are to be spent on extensions outside the District and again declared priority for extensions to Pittsburg-Antioch, Livermore - Pleasanton, and northwest San Francisco.

When BART service begins and where BART trains may go in the future are major concerns which remind us that the public is understandably anxious to see the realization of rapid transit in the Bay Area.

That we can now have these concerns should remind us of the tremendous progress... of the successful resolution of great problems along the way... necessary to bring us to this point in the BART project. And, having reached this point, I am more confident than ever that BART will prove itself one of the best investments ever made by the people of the Bay Area.

James P. Doherty
JAMES P. DOHERTY
President



Report of the General Manager

Fiscal 1970-71 was a year of diverse accomplishments by the District staff, with emphasis on closing system construction, the transition to operations, and expanding staff work in transit planning and other areas.

Most importantly, BART prototype test cars began rolling.

The following highlights will provide an accurate overview of District-wide activities during the reporting period.

Engineering & Construction The closing phase of system construction continued as a vital staff activity, with completed facilities and right-of-way substantially more evident than in any previous period.

CONSTRUCTION MILESTONES: Nine were fully complete, including architectural finish, and 10 stations more than 90% complete. Eleven stations were in or near architectural finish stage. Station site agreements were concluded at Richmond, Concord and Daly City, and construction on these line terminus stations was started. Architectural design of the Embarcadero Station shell was completed and construction is well underway. BART trains will operate through the Embarcadero Station without interruption while construction is completed. Parking lots, landscaping and specialty work were 22% completed, systemwide. All 75 miles of BART lines were under construction. Progress on systemwide work had reached 77% for trackwork, 69% for third-rail electrification, and 21% for automatic train control and communications.

OUTER MARKET STREETCAR LINE: One mile of subway construction on the segment of the San Francisco Municipal Railway line to be reconstructed by BART—as well as the Van Ness Muni Station—was begun from Civic Center Station to Duboce tunnel portal. Design of Church Street and Castro Street stations was also started.

CONTRACTS: A total of 124 construction contracts have been completed; 63 were underway, and 55 remained to be awarded. The latter cover remaining work on the Muni Outer Market line, as well as station parking lots, landscaping and specialty work. By period's end, construction and procurement contracts awarded on the project totaled more than \$905 million, with an 1800-man contractor work force systemwide.

OTHER MAJOR PROJECTS: The Hallidie Plaza entrance to Powell Street Station was undergoing design, and the BART Administration Building was being readied for occupancy by December, 1971. Agreement was

concluded with the City of San Francisco, establishing the BART scope of construction on the West Portal (Muni) Station and the Embarcadero Station at \$22.5 million.

Following agreement with the Port of San Francisco, the District awarded a \$2.5 million contract to construct an over-water platform adjacent to the San Francisco Ferry Building. Its purpose is to safeguard the transbay tube and ventilation structure from harbor navigation and other potential hazards.

The District's \$7.5 million landscaping program—partly funded by several of the largest federal beautification grants ever made—had progressed to a total of 19 contracts either completed or under construction. Fifteen landscaping contracts remained to be awarded. Landscaping in San Francisco began with a contract award for the line from Modoc Avenue to Colonial Way. Most system landscaping to be done by BART should be accomplished during fiscal 71-72, but late award of the Concord and Daly City Stations will see landscaping completed at these sites the following year.

Another extensive program provides for full system use of BART by handicapped persons. The program calls for elevators and many other special features of station design for BART patrons in wheelchairs. Provisions for the elevators—a key element in the program—have so far been made in all but three BART stations.

On January 27, "hole-through" of the 34th and final tunnel bore for BART trains was accomplished 70 feet below Market Street at the west end of Montgomery Street Station. The final hole-through (excluding Muni tunnels) climaxed six years of tunneling 20 track miles underground.

This extended effort concluded with an excellent safety record: a single fatality not related to tunnel-driving, and a decompression illness ratio of 0.14 per 100 decompressions. The District's Compressed Air Medical Facility was deactivated in June upon completion of compressed-air tunneling work. The facility examined 3,344 workers since 1967, who experienced 138 incidents of decompression illness out of 971,170-man decompressions.

Future extension planning required a marked increase in preliminary engineering planning studies. These included the Livermore-Pleasanton and Pittsburg-Antioch areas, with additional assistance to Oakland and San Francisco airport transit access projects.

Efficient phase-out of large construction



B. R. Stokes, General Manager



Passenger Concourse—Lake Merritt Station

Statement of Revenue, Expenses and Accumulated Net Revenue Fiscal Year Ended June 30, 1971

General Fund	
Revenue:	
Taxes	\$3,381,687
Interest and other	85,732
	3,467,419
Expenses:	
Personal services	6,304,171
Rent, leased vehicles and office expense	621,494
Professional and specialized services	877,987
Travel expense	135,336
Other	106,011
	8,044,999
Less — Charges to construction in progress	4,423,767
	3,621,232
Excess of expenses over revenue	(153,813)
Accumulated net revenue at beginning of year	2,292,879
Accumulated net revenue at end of year	\$2,139,066

Debt Service Funds			
	General Obligation Bonds	Sales Tax Revenue Bonds	Combined
Revenue:			
Property taxes	\$33,391,732		\$33,391,732
Transaction and use taxes received		\$24,880,207	24,880,207
Interest	1,129,120	498,693	1,627,813
	34,520,852	25,378,900	59,899,752
Less: Matured interest	35,350,771	4,117,089	39,467,860
Matured principal	230,000		230,000
Bond service expense		82,253	82,253
	35,580,771	4,199,342	39,780,113
	(1,059,919)	21,179,558	20,119,639
Balance at beginning of year	17,134,586	1,340,701	18,475,287
Balance at end of year	\$16,074,667	\$22,520,259	\$38,594,926

Statement of Changes in Construction Funds Fiscal Year Ended June 30, 1971

Total construction funds at beginning of year	\$1,073,331,480
Additions during the year:	
Sales Tax Revenue Bonds:	
Series B, sold in August 1970	50,000,000
Series C, sold in January 1971	50,000,000
U.S. Government grants received	17,333,776
State of California grants received	9,485,400
City of San Francisco contribution	43,224
Accumulated revenue:	
Interest and other	\$19,931,160
Add — Amount transferred from reserve for self-insurance (Note E)	3,329,141
	150,122,701
Total construction funds at the end of year	\$1,223,454,181

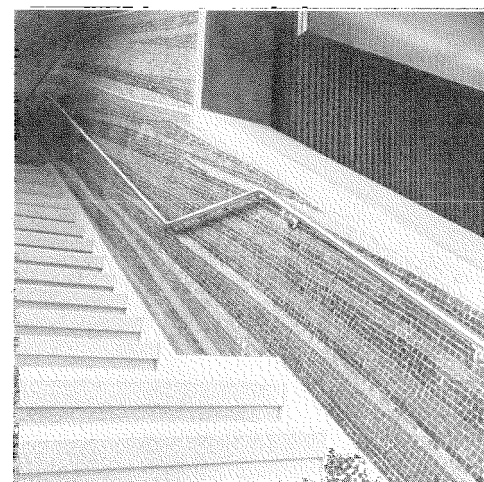
San Francisco Bay Area Rapid Transit District

Balance Sheet

June 30, 1971

Assets		
Current assets:		
Cash (including time deposits of \$154,000,000)	\$	155,106,373
U.S. Treasury securities, at cost		15,417,812
Federal Agency securities, at cost		87,039,467
Miscellaneous receivables		3,014,625
Total current assets		260,578,277
Construction in progress (Note F)		1,038,180,181
Insurance deposits and notes receivable		4,387,364
Furniture, equipment and vehicles, at cost		435,495
Debt Service Funds, net assets (including time deposits of \$23,731,900 and U.S. Treasury and Federal Agency securities of \$14,767,440) (Notes A and B)		38,594,926
		<u>\$1,342,176,243</u>
Liabilities, Reserve and Capitalization		
Current liabilities:		
Construction contracts and others	\$	21,747,987
Other liabilities:		
Withheld from contractors on progress payments		2,129,545
Payable to State of California (Note D)		39,110,538
Debt Service Funds (Notes A and B)		38,594,926
Reserve for self-insurance (Note E)		15,000,000
Capitalization:		
Construction funds:		
General Obligation Bonds (\$812,500,000 authorized) (Note A):		
Bonds outstanding	\$	803,550,000
Bonds matured and retired		450,000
		<u>804,000,000</u>
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note B)		150,000,000
U.S. Government Grants (Note C)		86,159,355
State of California Grant (Note D)		108,142,162
City of San Francisco contribution		3,529,758
		<u>1,151,831,275</u>
Accumulated revenue		71,622,906
Total construction funds		1,223,454,181
General Fund accumulated net revenue		2,139,066
		<u>1,225,593,247</u>
		<u>\$1,342,176,243</u>

See Notes to Financial Statements



Mosaic Stairway—El Cerrito Plaza Station



contracts, with stringent control of costs, work quality and work schedules, will continue to be a major staff concern until project completion.

Operations The District's transition from construction to an operating rapid transit system in all technical and manpower areas continued to receive maximum emphasis.

A major milestone was the August 28 delivery of the first BART prototype test car from the Rohr Corporation plant in Chula Vista, California. Nine cars were put into continuous night-and-day testing during the period.

This extensive program—the first in the transit industry—was established to prove out performance and reliability of the vehicles' all-new design prior to start-up of production revenue service cars.

Some major problems uncovered by the running tests were resolved. Others, particularly in the area of equipment reliability, remained at the end of the period. The test program is justifying itself many times over, both in prove-out and in refinements of the basic design.

The comprehensive master plan for system operations was completed in detail. Service frequency of trains will range from two to 20 minutes depending on train routes and changing levels of service during each 20-hour operations day. (A complete operations schedule will be found on the inside back cover of the Annual Report.)

Third rail energization was accomplished from the main District Trainyard in Hayward 12 miles north to the vicinity of Fruitvale Station on the Southern Alameda County Line. BART test cars initially ran on manual controls over this segment. However, June marked the first run of a vehicle on automatic train control between the Coliseum and Hayward stations. By the end of June, Westinghouse Corporation had activated automatic train control in four of the twelve stations scheduled to open initially for revenue service.

At Central Train Control in the Lake Merritt Station, Westinghouse personnel continued final checkout of the computer programs and communications required to put the computer supervision capability of the ATC into service. BART Central Control was activated on a 24-hour basis, with responsibility for monitoring and coordinating all rolling equipment on the main line, as well as systemwide activities in general.

An extensive safety campaign, including letters to parents and schools, was conducted prior to energizing a segment of the "A" line. This campaign will be extended as line energization is accomplished on other system segments.

The Hayward Trainyard and Shops were

completed and occupied for the car test program. The train yard was energized; and the industry's first computerized yard-switching system was completed by Philco-Ford Corporation and activated.

Also activated was the Oakland Shop, where expanding maintenance-of-way activities are based. Activities included rail and switch maintenance along the "A" line, subway grouting and caulking, sump pump maintenance, and general care of landscaping and drainage along the right-of-way. All conceivable operating emergencies were identified, and provided for in terms of procedures and equipment.

The District initiated contact with all on-line law enforcement agencies to coordinate security procedures for stations, parking lots, and the right-of-way.

Heavily emphasized was development of training programs for system transportation and maintenance personnel, who will be hired prior to revenue service. They will eventually comprise the major segment of the District work force.

Planning & Research These activities multiplied considerably in support of revenue operations and future transit service projects.

BART Directors last May were provided with a comprehensive study on BART fares in order that they could provide the fare system manufacturer, International Business Machines, with a tentative fare schedule by June. This major research effort involved four months of gathering and analyzing information on projected patronage and revenues, demographic data, and other financial and marketing factors.

The Directors selected the lower of the two fare plans recommended by the staff, with a minimum fare of 30 cents and a maximum of \$1.05. A comprehensive fare schedule which might include discounts for special groups such as senior citizens remains to be acted on by the Board.

The staff provided project supervision (minimizing cash obligations) for some five cooperative projects. They include studies involving transit extensions to San Francisco and Oakland airports, and bus transit feeder and local service in Alameda and Central Contra Costa County communities.

The Bay Area's growing transportation problems clearly indicate the need for a planned and orderly extension of rail transit beyond the basic system. Consequently, the District's planning role is expanding considerably within the network of local, state and federal agencies concerned with public transportation.

The Metropolitan Transportation Commission was established by the State in November 1970, to coordinate all transportation

projects in the Bay Area. The District entered into an agreement with this agency to undertake six highly significant projects.

They include route studies for three extensions within the District: to areas of Livermore - Pleasanton, Pittsburg - Antioch, and northwest San Francisco. The fourth project is a second-phase engineering study of two transit options between BART's Coliseum Station and the Oakland International Airport. The fifth and sixth projects aim at developing efficient scheduling between BART trains and feeder bus service to BART stations in all three District counties.

These six projects are funded for approximately \$2 million, with two-thirds federal aid. Indeed, they were a major factor in raising federal aid from one-half to two-thirds for Bay Area transit capital projects.

The staff completed supervision of the first-phase study for determining basic feasibility of transit access to the Oakland Airport. An agreement was reached with the California State Division of Highways to accommodate rapid transit rights-of-way within the median of planned highways. This insures right-of-way provisions for BART extensions within medians of proposed freeways to the Pittsburg-Antioch area and to the Livermore-Pleasanton area.

The District participated with San Mateo and San Francisco Counties in the San Francisco Airport Access Project, a federally-funded study for possible extension from the District's Daly City Station to the airport. The study will conclude late in 1971.

Accounting & Finance The management, deployment and conservation of District funds continues as a key area. Construction phase-out generated the highest volume of accounting and auditing of any report year, including completion of 22 contracts in excess of \$120 million. Disbursements exceeded \$182 million.

Some 94 separate formal audits were prepared for District purposes, with unusually heavy support in audits and financial analyses provided to outside agencies on District-related matters.

The staff assisted federal agencies in developing new financial provisions and uniform reporting procedures essential to future federal subsidies for transit, taking industry initiative in this regard.

Some 5,000 man hours were devoted to converting accounting and auditing requirements to the District's computerized Management Information System.

Plans were completed for systemwide collection of cash from station automatic fare machines. An East Bay facility was being planned to serve as the collection and counting center for up to 10 tons of coins

daily, plus currency.

Issuance of \$150 million of District's half-cent sales tax revenue bonds was completed during the period with \$50 million marketed in August, 1970, and \$50 million in January, 1971, marking the second and third issues.

Earnings on temporary investment of District general construction funds exceeded \$19 million for the period.

A confident financial forecast was submitted to the Directors in May, 1971, indicating that District funds are sufficient to complete systemwide construction and cover start-up costs prior to full system revenue operation.

A total project cost of \$1.4 billion was forecast in April, compared to the previous period's forecast of \$1.359 billion. A major factor in the increase will be rising construction costs to be incurred because of delays in scheduling remaining BART work on the San Francisco Municipal Railway's Outer Market streetcar line.

As it has each year, the District again received a substantial dividend from its workmen's compensation insurance carrier. Dividends to date total \$3.7 million.

During the period, the U.S. Department of Transportation increased an earlier grant of \$28 million to \$68 million — the major cost of the District's initial fleet order of 250 transit cars. A major grant of \$521,000 was made by the U.S. Department of Housing and Urban Development (HUD) for system landscaping. Earlier grants of \$339,500 and \$500,000, plus a fourth grant expected in fiscal 71-72, make HUD very much a partner in the District's \$7.5 million beautification program.

Administration An orderly, efficient transition to full revenue operation was the staff's primary administrative responsibility during the reporting period, with all related support activities receiving top priority in District resources.

Of particular significance was the establishment of the post of Assistant General Manager — Planning and Public Service in November. In this post is centered broad responsibility for planning future system extensions and for maintaining keen awareness of the public's needs and desires in rapid transit.

To fund a wide range of operation start-up activities, the most comprehensive financial analysis ever undertaken by the staff was accomplished in the preparation of the Administrative Budget submitted to the Directors for fiscal 71-72.

Principal payments on BART construction bonds commence on June 15, 1972, causing an increase in District property tax levies for fiscal 71-72 to fund the \$43 million debt



Mezzanine—Lake Merritt Station



Three-Car Train—Bay Fair Station

service budget. Increased rates per table below will decline in subsequent years.

PROPERTY TAX RATES

	1971-72			1970-71
	Admin. Expenses	Debt Service	Total Rate	Total Rate
Alameda	4.7¢	57.8¢	62.5¢	49.7¢
Contra Costa	5.0	60.7	65.7	52.7
San Francisco	5.3	65.1	70.4	56.5

NOTE: Tax rate is per \$100 assessed property value. Different tax rates reflect equalization of different assessment formulas among counties.

The District's comprehensive program for computer acquisition and processing of all types of data for business or administrative purposes was partially activated in March at the Lake Merritt facility.

Substantial progress was made on the District's computer programs for the acquisition and processing of all business-administrative data, collectively called the Management Information System. With the installation of an RCA computer at the Lake Merritt facility in March, the MIS was activated for payroll and inventory control. During fiscal 71-72, programming will be accomplished for fixed assets and daily operations accounting, labor distribution, manpower budgeting, and maintenance planning to complete full MIS activation.

Most of the contracts for the spare parts, supplies, and maintenance equipment required for revenue operations were awarded during the period, with storage space and investment in spares minimized by computerized inventory control.

A major activity has been preparing for the staff's move in late 1971 to the new District Administration Building, which is located atop the Lake Merritt Station and Control Center in downtown Oakland. The District Employment Office will be located in leased facilities in downtown Oakland.

The District's increasing number of agreements and joint ventures with other agencies, as well as its increasing range of contract negotiations and settlements, brought an increase in staff legal work during the report period.

Personnel & Industrial Relations The purpose of BART'S sophisticated technology is to provide a strongly competitive transit service with a relatively small but skilled and flexible work force. Developing such an operations work force continues as a vital staff responsibility.

Total District personnel increased from 350 to 527 during the period, of which 141 are hourly employees. The staff processed 5,000 applications, conducted 1,500 interviews, talked to 4,500 drop-in applicants, and answered 18,500 telephone inquiries.

Manpower pools of qualified applicants were developed so that actual hiring of several hundred employees into operations and maintenance areas can be adjusted to any scheduling changes for revenue operations.

Mr. Sam Kagel, one of the leading arbitration experts in the United States, was appointed by the state to help develop ground rules for collective bargaining among District employees.

The District's new job classification and salary administration program was extended from professional-supervisory personnel to include office-clerical employees during the period. Five years went into developing this new merit-incentive plan, which provides a base for truly progressive personnel policies.

A new employee benefits package was also approved, which should enable the District to compete strongly for top quality personnel.

In both hiring and development of manpower pools, the staff actively sought out qualified minority group applicants through contact with some 200 ethnic groups in the area. At the last monthly survey, minority representation was up to 26 per cent of the staff, and to 35 per cent of the contractor work force. Minority hiring programs were developed or monitored by the staff for 26 District contracts containing federal "affirmative action" provisions.

Real Estate By period's end, the District had completed acquisition proceedings and acquired title to more than 95 per cent of its 75-mile right-of-way.

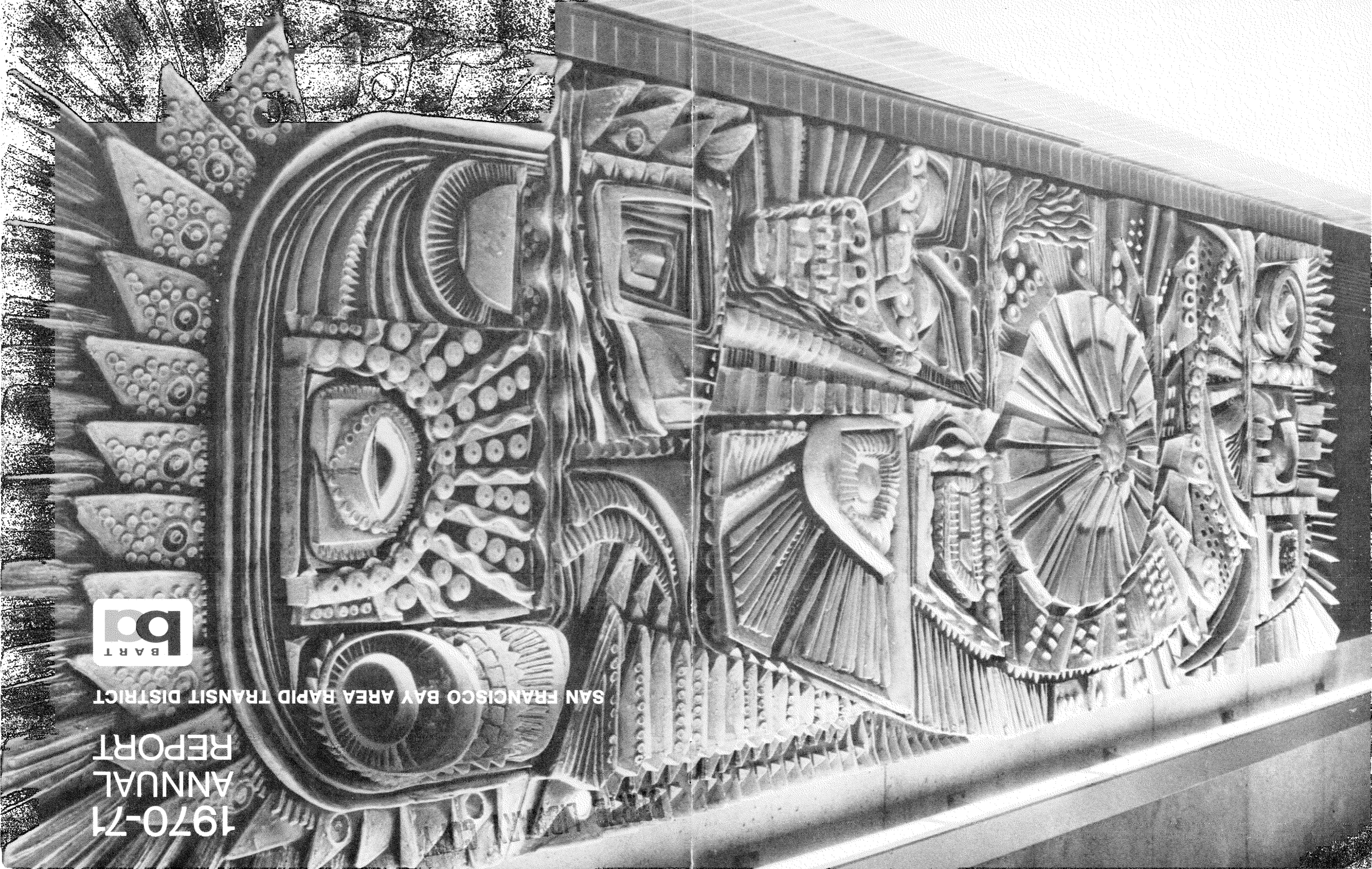
East Oakland to Hayward right-of-way was acquired from the Western Pacific Railroad, with segments in Oakland and Richmond from the Southern Pacific.

An acquisition is expected from the Santa Fe Railway between Berkeley and Richmond. All of these acquisitions point up efficient land use which results from the sharing of existing transportation corridors wherever possible throughout the system.

District conveyances and easements were made to other agencies to accommodate widened or relocated streets, and also for installation of needed new utilities across the right-of-way.

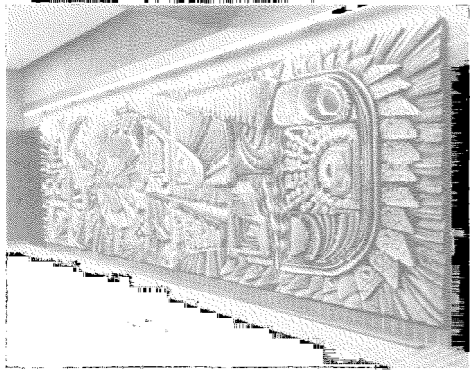
Land parcels surplus to District needs were either sold and returned to the tax rolls, or leased for income and possessory taxes. District income from sales and leases was \$300,000 for the period, with a cumulative recapture of \$400,000 on BART real estate holdings.

By the end of fiscal 71-72, the activity will have transitioned from a high of 60 staff members engaged in right-of-way acquisition to 15 staff members engaged in a broad range of property management activities. ●



SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

1970-71
ANNUAL
REPORT



Cover:

This striking wall sculpture of fiberglass and natural materials imparts an Aztec accent to the Richmond Station. William Mitchell created this and other sculptures at Lake Merritt, and 16th and 24th Street Mission stations. Colorful works of art "to lift the human spirit" are going into 14 of the 34 BART stations, with more to be added eventually through BART's art donor program.

Board of Directors



Arnold C. Anderson



Richard O. Clark



H. R. Lange



George M. Silliman



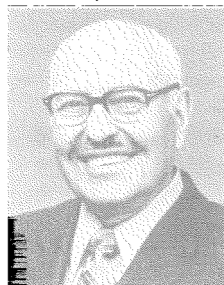
Nello J. Bianco



James P. Doherty



Stanley T. Grydyk



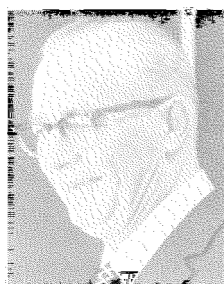
Joseph S. Silva



William C. Blake



William H. Chester



Garland D. Graves



William M. Reedy

San Francisco Bay Area Rapid Transit District

Established by the State of California. Authorized by the people of three counties to construct and operate a new high-speed rail rapid transit system under the direction of a representative Board of Directors.

Directors:

Alameda County — Arnold C. Anderson, Richard O. Clark, H. R. Lange, George M. Silliman, Vice President.

Contra Costa County — Nello J. Bianco, James P. Doherty, President; Stanley T. Grydyk, Joseph S. Silva.

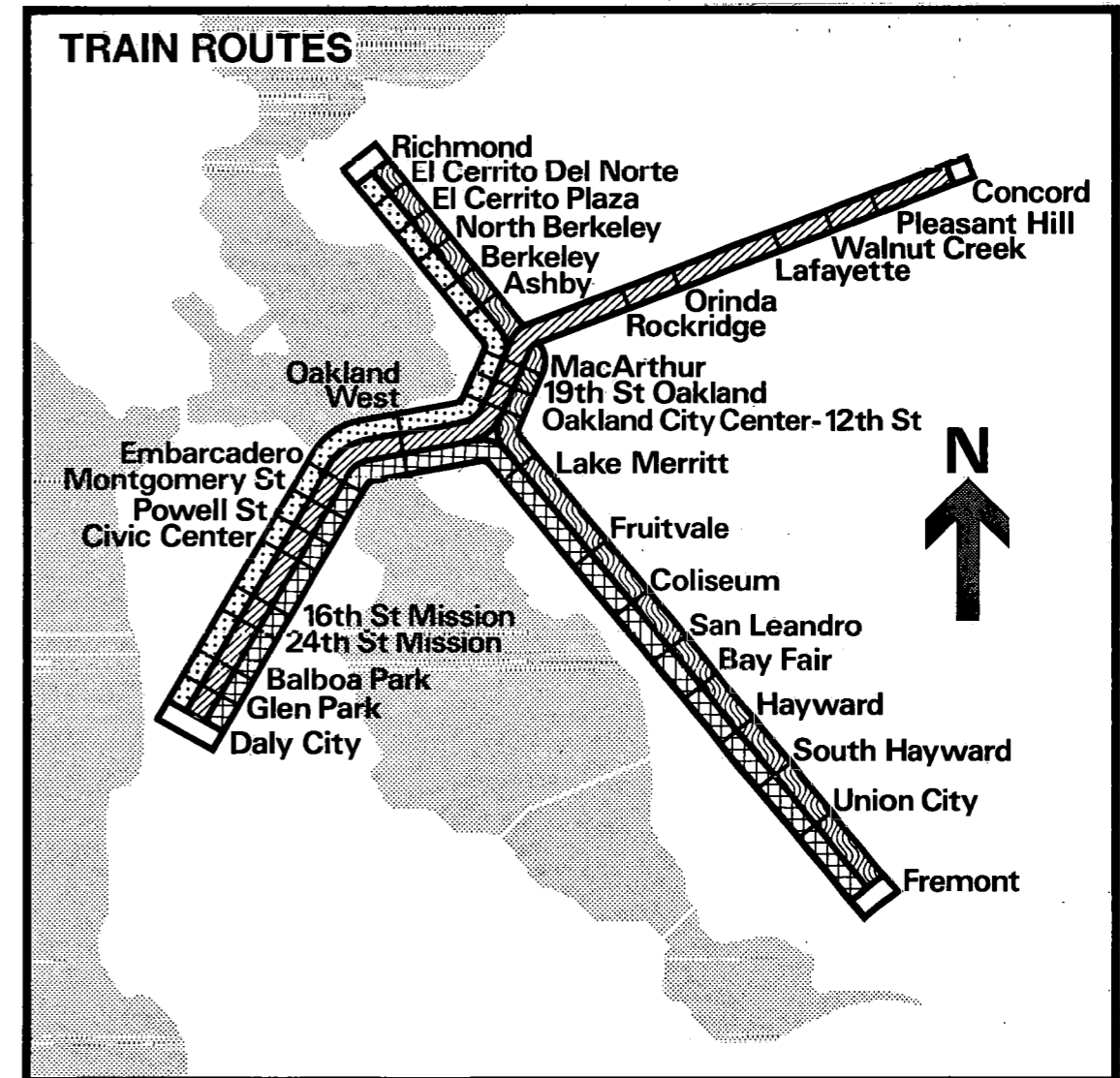
San Francisco City and County — William C. Blake, William H. Chester, Garland D. Graves, William M. Reedy.

Staff:

B. R. Stokes, General Manager; L. D. Dahms, Assistant General Manager— Planning and Public Service; D. G. Hammond, Assistant General Manager— Operations and Engineering; L. A. Kimball, Assistant General Manager— Administration; R. J. Shephard, Secretary; R. W. Nelson, Controller; W. F. Goelz, Treasurer; M. Barrett, General Counsel.

Department Heads:

C. K. Bernard, Research; W. E. Benedict, General Services; W. F. Hein, Planning; R. D. Knapp, Systems; W. D. Mersereau, Real Estate; G. B. Olsen, Personnel; E. J. Ray, Operations; E. A. Tillman, Engineering and Construction.



Routes

	Monday-Saturday	Nights and Sunday
Concord-Daly City	through service	
Richmond-Daly City	through service	transfer at MacArthur
Richmond-Fremont	through service	
Fremont-Daly City	through service	transfer at 12th St.-Oakland
Richmond-Concord	transfer at MacArthur	

This report is published by the San Francisco Bay Area Rapid Transit District
 Headquarters at: 814 Mission Street, San Francisco, California 94103, Telephone 415-986-1818

Effective December 16, 1971, District headquarters will move to:
 800 Madison Street, Oakland, California 94607
 Telephone: 415-465-4100

Notes to Financial Statements

JUNE 30, 1971

NOTE A — General Obligation Bonds:

In 1962 voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds, all of which were outstanding at June 30, 1971, with principal maturities from 1972 to 1999. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966 City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that City. Special Service District No. 1 Bonds amounting to \$11,550,000 were outstanding at June 30, 1971, with principal maturities from 1972 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semi-annually on June 15 and December 15 from Debt Service Funds. Principal of \$7,650,000 General Obligation Bonds and \$240,000 Special Service District No. 1 Bonds mature on June 15, 1972. Interest of \$17,403,140 on General Obligation Bonds and \$265,908 on Special Service District No. 1 Bonds is payable on December 15, 1971. The composite interest rate on bonds currently outstanding is 4.14%.

NOTE B — Sales Tax Revenue Bonds:

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000, all of which were outstanding at June 30, 1971, with principal maturities from 1972 to 1981. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the Transactions and Use Tax authorized by the 1969 Legislature and from moneys received by the District from other sources, in lieu of Transactions and Use Tax proceeds, if legally made available. The bonds maturing on or after January 1, 1976 are redeemable prior to maturity at the option of the District on various dates at prices ranging from 104% to 100%. The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1 and principal annually on January 1. Principal of \$8,500,000 matures on January 1, 1972 and interest of \$4,298,400 is payable on July 1, 1971 and on January 1, 1972. The composite interest rate on bonds currently outstanding is 5.61%.

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period April 1 to June 30, 1971 will be approximately \$6,300,000, of which the trustee had received \$1,500,000 at June 30, 1971.

NOTE C — U.S. Government grants:

The U.S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CAL-UTG-4) for added features in three Market Street Stations, and a grant to the City of Berkeley (CAL-UTG-9) in connection with the construction of subway extensions within Berkeley. The following grant contracts were in force as of June 30, 1971:

Project — purpose	Maximum grant	Funds received
Beautification grants:		
CALIF-BD-1	\$ 447,953	\$ 360,000
CALIF-B-160	323,000	
CALIF-B-163	521,000	
	<u>1,291,953</u>	<u>360,000</u>
Demonstration grants:		
CAL-MTD-2 (Transit design)	6,157,256	6,157,256*
CAL-MTD-4 (Fare collection)	1,133,333	947,756
CAL-MTD-7 (Transit hardware)	761,568	761,568*
CAL-MTD-14 (Prototype vehicles)	5,000,000	4,500,000
	<u>13,052,157</u>	<u>12,366,580</u>
Capital grants — construction:		
CAL-UTG-6	13,100,000	12,898,000
CAL-UTG-11	13,200,000	13,127,150
CAL-UTG-15	26,000,000	25,941,450
CAL-UTG-19	68,000,000	14,872,575
CAL-UTG-4	19,902,430	1,860,600
CAL-UTG-9	4,733,000	4,733,000
	<u>144,935,430</u>	<u>73,432,775</u>
	<u>\$159,279,540</u>	<u>\$ 86,159,355</u>

*Project completed.

NOTE D — State of California grant:

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June 30, 1971 the District had received \$163,752,700 of which \$55,610,538 is repayable to the State of California for the tube approaches. Reimbursement will be fulfilled by application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24 and by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978.

NOTE E — Reserve for self-insurance:

By resolution of the Board of Directors of the District, a reserve for self-insurance was created in fiscal year 1968-1969 which was modified in the current year to a maximum of \$15 million. Accordingly, the reserve balance at June 30, 1970 of \$20,424,060 was reduced to \$15 million by restoring \$2,094,919 to construction in progress and \$3,329,141 to accumulated revenue of the construction funds.

NOTE F — Construction in progress:

During the year, construction in progress increased as follows:

Balance at June 30, 1970		\$ 898,700,568
Construction	\$131,895,920	
Real estate acquired	2,306,187	
Utility relocation	2,710,617	
General Fund expenses capitalized	4,423,767	
Other	894,928	
	<u>142,231,419</u>	
Less: Rental income and proceeds from sales of real estate	(515,387)	
Insurance premiums refunded	(141,500)	
Amount transferred from reserve for self-insurance (Note E)	(2,094,919)	
	<u>(2,751,806)</u>	<u>139,479,613</u>
Balance at June 30, 1971		<u>\$1,038,180,181</u>

The July 1, 1971 estimate of project costs, based upon information then available, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,399,841,000 (including \$179,878,000 for the trans-bay tube to be financed by the State of California and \$79,528,000 for transit vehicles to be financed by federal grant funds and other District sources). Presently, the ultimate cost of the system cannot be finally determined, as future economic conditions and possible changes in schedule to match fund availability may have a significant effect on the final cost of the system. It is contemplated that initial operation of the system will begin early in 1972, and that it will be fully operational late in 1972.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
San Francisco Bay Area Rapid Transit District

In our opinion, the accompanying balance sheet and the related statements of revenue, expenses and accumulated net revenue and changes in construction funds present fairly the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1971 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. 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.

San Francisco
August 13, 1971

Price Waterhouse & Co.

President's Message

During my first term as President in 1968, the problems we as District Directors faced were quite different from those we faced during the fiscal 70-71 period.

"Will BART be completed?" was a major question still unanswered at the close of fiscal 67-68. The reason, you may recall, was our requirement for \$144 million in additional construction funds, a requirement resulting from inflation, accumulated delays, and additions to the system required by the District taxpayers.

The Directors had resolved, in this crisis, that no part of the system would be put into operation until completion of the entire system was assured. In the spring of 1969, the State Legislature authorized the Board to levy a half-cent District sales tax to cover that fund requirement.

"When will BART operate?" became a leading question during the fiscal 70-71 period. Major BART contractors changed their schedules to meet problems as they arose, with major emphasis on equipment reliability. Target dates for revenue service start-up were revised on a "latest information" basis. At this writing, the prospects of opening one-third of the system by next spring, and the full East Bay-West Bay system by next fall, look increasingly good.

We will continue to apply constructive pressure to our contractors for revenue service at the earliest prudent date. I emphasize the word prudent, because we are mindful of several transit systems which put new equipment into revenue service prematurely. The result was rolling stock whose unreliable performance was a costly disappointment to patrons.

As impatient as we all are to see BART trains carrying commuters, the technical facts of life involved in implementing the nation's first all-new rapid transit technology cannot be set aside.

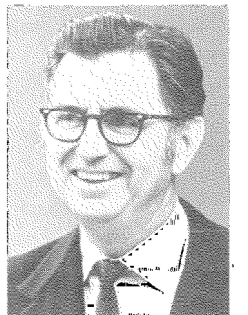
"Where will the basic BART system be extended to in the near future?" was another leading question addressed by the Directors during the fiscal period. At issue was the construction priority of future BART extensions, in the event local matching funds for federal aid can be obtained to fund the new projects.

On this point, the Directors re-stated their standing policy that no District funds are to be spent on extensions outside the District and again declared priority for extensions to Pittsburg-Antioch, Livermore - Pleasanton, and northwest San Francisco.

When BART service begins and where BART trains may go in the future are major concerns which remind us that the public is understandably anxious to see the realization of rapid transit in the Bay Area.

That we can now have these concerns should remind us of the tremendous progress . . . of the successful resolution of great problems along the way . . . necessary to bring us to this point in the BART project. And, having reached this point, I am more confident than ever that BART will prove itself one of the best investments ever made by the people of the Bay Area.

James P. Doherty
JAMES P. DOHERTY
President



Report of the General Manager

Fiscal 1970-71 was a year of diverse accomplishments by the District staff, with emphasis on closing system construction, the transition to operations, and expanding staff work in transit planning and other areas.

Most importantly, BART prototype test cars began rolling.

The following highlights will provide an accurate overview of District-wide activities during the reporting period.

Engineering & Construction The closing phase of system construction continued as a vital staff activity, with completed facilities and right-of-way substantially more evident than in any previous period.

CONSTRUCTION MILESTONES: Nine were fully complete, including architectural finish, and 10 stations more than 90% complete. Eleven stations were in or near architectural finish stage. Station site agreements were concluded at Richmond, Concord and Daly City, and construction on these line terminus stations was started. Architectural design of the Embarcadero Station shell was completed and construction is well underway. BART trains will operate through the Embarcadero Station without interruption while construction is completed. Parking lots, landscaping and specialty work were 22% completed, systemwide. All 75 miles of BART lines were under construction. Progress on systemwide work had reached 77% for trackwork, 69% for third-rail electrification, and 21% for automatic train control and communications.

OUTER MARKET STREETCAR LINE: One mile of subway construction on the segment of the San Francisco Municipal Railway line to be reconstructed by BART—as well as the Van Ness Muni Station—was begun from Civic Center Station to Duboce tunnel portal. Design of Church Street and Castro Street stations was also started.

CONTRACTS: A total of 124 construction contracts have been completed; 63 were underway, and 55 remained to be awarded. The latter cover remaining work on the Muni Outer Market line, as well as station parking lots, landscaping and specialty work. By period's end, construction and procurement contracts awarded on the project totaled more than \$905 million, with an 1800-man contractor work force systemwide.

OTHER MAJOR PROJECTS: The Hallidie Plaza entrance to Powell Street Station was undergoing design, and the BART Administration Building was being readied for occupancy by December, 1971. Agreement was

concluded with the City of San Francisco, establishing the BART scope of construction on the West Portal (Muni) Station and the Embarcadero Station at \$22.5 million.

Following agreement with the Port of San Francisco, the District awarded a \$2.5 million contract to construct an over-water platform adjacent to the San Francisco Ferry Building. Its purpose is to safeguard the transbay tube and ventilation structure from harbor navigation and other potential hazards.

The District's \$7.5 million landscaping program—partly funded by several of the largest federal beautification grants ever made—had progressed to a total of 19 contracts either completed or under construction. Fifteen landscaping contracts remained to be awarded. Landscaping in San Francisco began with a contract award for the line from Modoc Avenue to Colonial Way. Most system landscaping to be done by BART should be accomplished during fiscal 71-72, but late award of the Concord and Daly City Stations will see landscaping completed at these sites the following year.

Another extensive program provides for full system use of BART by handicapped persons. The program calls for elevators and many other special features of station design for BART patrons in wheelchairs. Provisions for the elevators—a key element in the program—have so far been made in all but three BART stations.

On January 27, "hole-through" of the 34th and final tunnel bore for BART trains was accomplished 70 feet below Market Street at the west end of Montgomery Street Station. The final hole-through (excluding Muni tunnels) climaxed six years of tunneling 20 track miles underground.

This extended effort concluded with an excellent safety record: a single fatality not related to tunnel-driving, and a decompression illness ratio of 0.14 per 100 decompressions. The District's Compressed Air Medical Facility was deactivated in June upon completion of compressed-air tunneling work. The facility examined 3,344 workers since 1967, who experienced 138 incidents of decompression illness out of 971,170-man decompressions.

Future extension planning required a marked increase in preliminary engineering planning studies. These included the Livermore-Pleasanton and Pittsburg-Antioch areas, with additional assistance to Oakland and San Francisco airport transit access projects.

Efficient phase-out of large construction



B. R. Stokes, General Manager



Passenger Concourse—Lake Merritt Station

Statement of Revenue, Expenses and Accumulated Net Revenue Fiscal Year Ended June 30, 1971

General Fund	
Revenue:	
Taxes	\$3,381,687
Interest and other	85,732
	<u>3,467,419</u>
Expenses:	
Personal services	6,304,171
Rent, leased vehicles and office expense	621,494
Professional and specialized services	877,987
Travel expense	135,336
Other	106,011
	<u>8,044,999</u>
Less — Charges to construction in progress	4,423,767
	<u>3,621,232</u>
Excess of expenses over revenue	(153,813)
Accumulated net revenue at beginning of year	2,292,879
Accumulated net revenue at end of year	<u>\$2,139,066</u>

Debt Service Funds			
	General Obligation Bonds	Sales Tax Revenue Bonds	Combined
Revenue:			
Property taxes	\$33,391,732		\$33,391,732
Transaction and use taxes received		\$24,880,207	24,880,207
Interest	1,129,120	498,693	1,627,813
	<u>34,520,852</u>	<u>25,378,900</u>	<u>59,899,752</u>
Less: Matured interest	35,350,771	4,117,089	39,467,860
Matured principal	230,000		230,000
Bond service expense		82,253	82,253
	<u>35,580,771</u>	<u>4,199,342</u>	<u>39,780,113</u>
	(1,059,919)	21,179,558	20,119,639
Balance at beginning of year	17,134,586	1,340,701	18,475,287
Balance at end of year	<u>\$16,074,667</u>	<u>\$22,520,259</u>	<u>\$38,594,926</u>

Statement of Changes in Construction Funds Fiscal Year Ended June 30, 1971

Total construction funds at beginning of year	\$1,073,331,480
Additions during the year:	
Sales Tax Revenue Bonds:	
Series B, sold in August 1970	50,000,000
Series C, sold in January 1971	50,000,000
U.S. Government grants received	17,333,776
State of California grants received	9,485,400
City of San Francisco contribution	43,224
Accumulated revenue:	
Interest and other	\$19,931,160
Add — Amount transferred from reserve for self-insurance (Note E)	3,329,141
	<u>150,122,701</u>
Total construction funds at the end of year	<u>\$1,223,454,181</u>

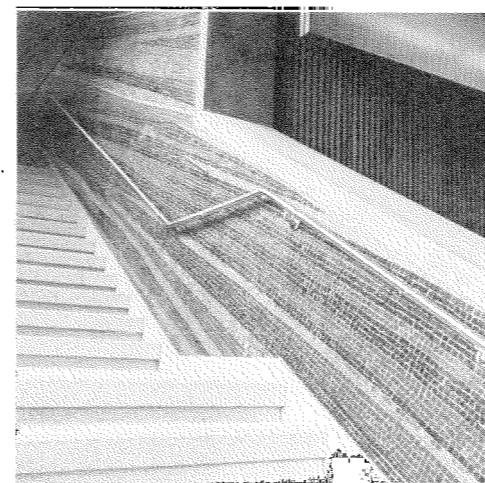
See Notes to Financial Statements

San Francisco Bay Area Rapid Transit District

Balance Sheet June 30, 1971

Assets	
Current assets:	
Cash (including time deposits of \$154,000,000)	\$ 155,106,373
U.S. Treasury securities, at cost	15,417,812
Federal Agency securities, at cost	87,039,467
Miscellaneous receivables	3,014,625
Total current assets	260,578,277
Construction in progress (Note F)	1,038,180,181
Insurance deposits and notes receivable	4,387,364
Furniture, equipment and vehicles, at cost	435,495
Debt Service Funds, net assets (including time deposits of \$23,731,900 and U.S. Treasury and Federal Agency securities of \$14,767,440) (Notes A and B)	38,594,926
Total Assets	\$1,342,176,243
Liabilities, Reserve and Capitalization	
Current liabilities:	
Construction contracts and others	\$ 21,747,987
Other liabilities:	
Withheld from contractors on progress payments	2,129,545
Payable to State of California (Note D)	39,110,538
Debt Service Funds (Notes A and B)	38,594,926
Reserve for self-insurance (Note E)	15,000,000
Capitalization:	
Construction funds:	
General Obligation Bonds (\$812,500,000 authorized) (Note A):	
Bonds outstanding	\$ 803,550,000
Bonds matured and retired	450,000
Total General Obligation Bonds	804,000,000
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note B)	150,000,000
U.S. Government Grants (Note C)	86,159,355
State of California Grant (Note D)	108,142,162
City of San Francisco contribution	3,529,758
Total Construction Funds	1,151,831,275
Accumulated revenue	71,622,906
Total construction funds	1,223,454,181
General Fund accumulated net revenue	2,139,066
Total Liabilities, Reserve and Capitalization	1,225,593,247
Total Liabilities, Reserve and Capitalization	\$1,342,176,243

See Notes to Financial Statements



Mosaic Stairway—El Cerrito Plaza Station



contracts, with stringent control of costs, work quality and work schedules, will continue to be a major staff concern until project completion.

Operations The District's transition from construction to an operating rapid transit system in all technical and manpower areas continued to receive maximum emphasis.

A major milestone was the August 28 delivery of the first BART prototype test car from the Rohr Corporation plant in Chula Vista, California. Nine cars were put into continuous night-and-day testing during the period.

This extensive program—the first in the transit industry—was established to prove out performance and reliability of the vehicles' all-new design prior to start-up of production revenue service cars.

Some major problems uncovered by the running tests were resolved. Others, particularly in the area of equipment reliability, remained at the end of the period. The test program is justifying itself many times over, both in prove-out and in refinements of the basic design.

The comprehensive master plan for system operations was completed in detail. Service frequency of trains will range from two to 20 minutes depending on train routes and changing levels of service during each 20-hour operations day. (A complete operations schedule will be found on the inside back cover of the Annual Report.)

Third rail energization was accomplished from the main District Trainyard in Hayward 12 miles north to the vicinity of Fruitvale Station on the Southern Alameda County Line. BART test cars initially ran on manual controls over this segment. However, June marked the first run of a vehicle on automatic train control between the Coliseum and Hayward stations. By the end of June, Westinghouse Corporation had activated automatic train control in four of the twelve stations scheduled to open initially for revenue service.

At Central Train Control in the Lake Merritt Station, Westinghouse personnel continued final checkout of the computer programs and communications required to put the computer supervision capability of the ATC into service. BART Central Control was activated on a 24-hour basis, with responsibility for monitoring and coordinating all rolling equipment on the main line, as well as systemwide activities in general.

An extensive safety campaign, including letters to parents and schools, was conducted prior to energizing a segment of the "A" line. This campaign will be extended as line energization is accomplished on other system segments.

The Hayward Trainyard and Shops were

completed and occupied for the car test program. The train yard was energized; and the industry's first computerized yard-switching system was completed by Philco-Ford Corporation and activated.

Also activated was the Oakland Shop, where expanding maintenance-of-way activities are based. Activities included rail and switch maintenance along the "A" line, subway grouting and caulking, sump pump maintenance, and general care of landscaping and drainage along the right-of-way. All conceivable operating emergencies were identified, and provided for in terms of procedures and equipment.

The District initiated contact with all on-line law enforcement agencies to coordinate security procedures for stations, parking lots, and the right-of-way.

Heavily emphasized was development of training programs for system transportation and maintenance personnel, who will be hired prior to revenue service. They will eventually comprise the major segment of the District work force.

Planning & Research These activities multiplied considerably in support of revenue operations and future transit service projects.

BART Directors last May were provided with a comprehensive study on BART fares in order that they could provide the fare system manufacturer, International Business Machines with a tentative fare schedule by June 1. This major research effort involved four months of gathering and analyzing information on projected patronage and revenues, demographic data, and other financial and marketing factors.

The Directors selected the lower of the two fare plans recommended by the staff, with a minimum fare of 30 cents and a maximum of \$1.05. A comprehensive fare schedule which might include discounts for special groups such as senior citizens remains to be acted on by the Board.

The staff provided project supervision (minimizing cash obligations) for some five cooperative projects. They include studies involving transit extensions to San Francisco and Oakland airports, and bus transit feeder and local service in Alameda and Central Contra Costa County communities.

The Bay Area's growing transportation problems clearly indicate the need for a planned and orderly extension of rail transit beyond the basic system. Consequently, the District's planning role is expanding considerably within the network of local, state and federal agencies concerned with public transportation.

The Metropolitan Transportation Commission was established by the State in November 1970, to coordinate all transportation

projects in the Bay Area. The District entered into an agreement with this agency to undertake six highly significant projects.

They include route studies for three extensions within the District: to areas of Livermore - Pleasanton, Pittsburg - Antioch, and northwest San Francisco. The fourth project is a second-phase engineering study of two transit options between BART's Coliseum Station and the Oakland International Airport. The fifth and sixth projects aim at developing efficient scheduling between BART trains and feeder bus service to BART stations in all three District counties.

These six projects are funded for approximately \$2 million, with two-thirds federal aid. Indeed, they were a major factor in raising federal aid from one-half to two-thirds for Bay Area transit capital projects.

The staff completed supervision of the first-phase study for determining basic feasibility of transit access to the Oakland Airport. An agreement was reached with the California State Division of Highways to accommodate rapid transit rights-of-way within the median of planned highways. This insures right-of-way provisions for BART extensions within medians of proposed freeways to the Pittsburg-Antioch area and to the Livermore-Pleasanton area.

The District participated with San Mateo and San Francisco Counties in the San Francisco Airport Access Project, a federally-funded study for possible extension from the District's Daly City Station to the airport. The study will conclude late in 1971.

Accounting & Finance The management, deployment and conservation of District funds continues as a key area. Construction phase-out generated the highest volume of accounting and auditing of any report year, including completion of 22 contracts in excess of \$120 million. Disbursements exceeded \$182 million.

Some 94 separate formal audits were prepared for District purposes, with unusually heavy support in audits and financial analyses provided to outside agencies on District-related matters.

The staff assisted federal agencies in developing new financial provisions and uniform reporting procedures essential to future federal subsidies for transit, taking industry initiative in this regard.

Some 5,000 man hours were devoted to converting accounting and auditing requirements to the District's computerized Management Information System.

Plans were completed for systemwide collection of cash from station automatic fare machines. An East Bay facility was being planned to serve as the collection and counting center for up to 10 tons of coins

daily, plus currency.

Issuance of \$150 million of District's half-cent sales tax revenue bonds was completed during the period with \$50 million marketed in August, 1970, and \$50 million in January, 1971, marking the second and third issues.

Earnings on temporary investment of District general construction funds exceeded \$19 million for the period.

A confident financial forecast was submitted to the Directors in May, 1971, indicating that District funds are sufficient to complete systemwide construction and cover start-up costs prior to full system revenue operation.

A total project cost of \$1.4 billion was forecast in April, compared to the previous period's forecast of \$1.359 billion. A major factor in the increase will be rising construction costs to be incurred because of delays in scheduling remaining BART work on the San Francisco Municipal Railway's Outer Market streetcar line.

As it has each year, the District again received a substantial dividend from its workmen's compensation insurance carrier. Dividends to date total \$3.7 million.

During the period, the U.S. Department of Transportation increased an earlier grant of \$28 million to \$68 million — the major cost of the District's initial fleet order of 250 transit cars. A major grant of \$521,000 was made by the U.S. Department of Housing and Urban Development (HUD) for system landscaping. Earlier grants of \$339,500 and \$500,000, plus a fourth grant expected in fiscal 71-72, make HUD very much a partner in the District's \$7.5 million beautification program.

Administration An orderly, efficient transition to full revenue operation was the staff's primary administrative responsibility during the reporting period, with all related support activities receiving top priority in District resources.

Of particular significance was the establishment of the post of Assistant General Manager — Planning and Public Service in November. In this post is centered broad responsibility for planning future system extensions and for maintaining keen awareness of the public's needs and desires in rapid transit.

To fund a wide range of operation start-up activities, the most comprehensive financial analysis ever undertaken by the staff was accomplished in the preparation of the Administrative Budget submitted to the Directors for fiscal 71-72.

Principal payments on BART construction bonds commence on June 15, 1972, causing an increase in District property tax levies for fiscal 71-72 to fund the \$43 million debt



Mezzanine—Lake Merritt Station



Three-Car Train—Bay Fair Station

service budget. Increased rates per table below will decline in subsequent years.

PROPERTY TAX RATES

	1971-72			1970-71
	Admin. Expenses	Debt Service	Total Rate	Total Rate
Alameda	4.7¢	57.8¢	62.5¢	49.7¢
Contra Costa	5.0	60.7	65.7	52.7
San Francisco	5.3	65.1	70.4	56.5

NOTE: Tax rate is per \$100 assessed property value. Different tax rates reflect equalization of different assessment formulas among counties.

The District's comprehensive program for computer acquisition and processing of all types of data for business or administrative purposes was partially activated in March at the Lake Merritt facility.

Substantial progress was made on the District's computer programs for the acquisition and processing of all business-administrative data, collectively called the Management Information System. With the installation of an RCA computer at the Lake Merritt facility in March, the MIS was activated for payroll and inventory control. During fiscal 71-72, programming will be accomplished for fixed assets and daily operations accounting, labor distribution, manpower budgeting, and maintenance planning to complete full MIS activation.

Most of the contracts for the spare parts, supplies, and maintenance equipment required for revenue operations were awarded during the period, with storage space and investment in spares minimized by computerized inventory control.

A major activity has been preparing for the staff's move in late 1971 to the new District Administration Building, which is located atop the Lake Merritt Station and Control Center in downtown Oakland. The District Employment Office will be located in leased facilities in downtown Oakland.

The District's increasing number of agreements and joint ventures with other agencies, as well as its increasing range of contract negotiations and settlements, brought an increase in staff legal work during the report period.

Personnel & Industrial Relations The purpose of BART'S sophisticated technology is to provide a strongly competitive transit service with a relatively small but skilled and flexible work force. Developing such an operations work force continues as a vital staff responsibility.

Total District personnel increased from 350 to 527 during the period, of which 141 are hourly employees. The staff processed 5,000 applications, conducted 1,500 interviews, talked to 4,500 drop-in applicants, and answered 18,500 telephone inquiries.

Manpower pools of qualified applicants were developed so that actual hiring of several hundred employees into operations and maintenance areas can be adjusted to any scheduling changes for revenue operations.

Mr. Sam Kagel, one of the leading arbitration experts in the United States, was appointed by the state to help develop ground rules for collective bargaining among District employees.

The District's new job classification and salary administration program was extended from professional-supervisory personnel to include office-clerical employees during the period. Five years went into developing this new merit-incentive plan, which provides a base for truly progressive personnel policies.

A new employee benefits package was also approved, which should enable the District to compete strongly for top quality personnel.

In both hiring and development of manpower pools, the staff actively sought out qualified minority group applicants through contact with some 200 ethnic groups in the area. At the last monthly survey, minority representation was up to 26 per cent of the staff, and to 35 per cent of the contractor work force. Minority hiring programs were developed or monitored by the staff for 26 District contracts containing federal "affirmative action" provisions.

Real Estate By period's end, the District had completed acquisition proceedings and acquired title to more than 95 per cent of its 75-mile right-of-way.

East Oakland to Hayward right-of-way was acquired from the Western Pacific Railroad, with segments in Oakland and Richmond from the Southern Pacific.

An acquisition is expected from the Santa Fe Railway between Berkeley and Richmond. All of these acquisitions point up efficient land use which results from the sharing of existing transportation corridors wherever possible throughout the system.

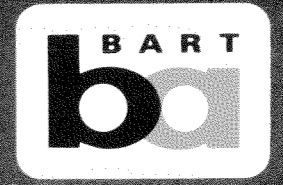
District conveyances and easements were made to other agencies to accommodate widened or relocated streets, and also for installation of needed new utilities across the right-of-way.

Land parcels surplus to District needs were either sold and returned to the tax rolls, or leased for income and possessory taxes. District income from sales and leases was \$300,000 for the period, with a cumulative recapture of \$400,000 on BART real estate holdings.

By the end of fiscal 71-72, the activity will have transitioned from a high of 60 staff members engaged in right-of-way acquisition to 15 staff members engaged in a broad range of property management activities. ●

*COVER: BART's beautiful new head-
quarters in downtown Oakland
awaited more than 300 employees
who moved from their former head-
quarters at 814 Mission St. in San
Francisco during December, 1971.
Fountain area is part of passenger
concourse for Lake Merritt Subway
Station. BART's large Train Control
Center lies behind entire wall of plas-
ter mural by artist William Mitchell.*

1971-72



ANNUAL
REPORT



**SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT**

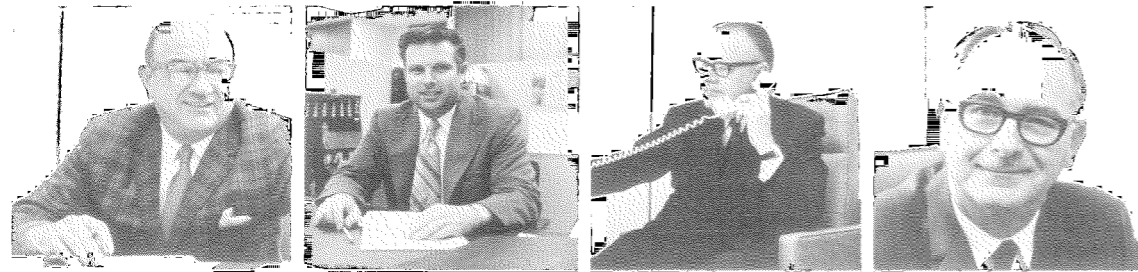
This Annual Report for the period July 1, 1971 to June 30, 1972 is published by the District pursuant to Article 28770 of the State of California Public Utilities Code. District Headquarters are located at 800 Madison Street, Oakland, California 94607. Telephone 415-465-4100.

San Francisco Bay Area Rapid Transit District

Established by the State of California in 1957. Authorized to finance, construct and operate a new high-speed rail rapid transit system under the direction of a representative Board of Directors from the counties of Alameda, Contra Costa and San Francisco.

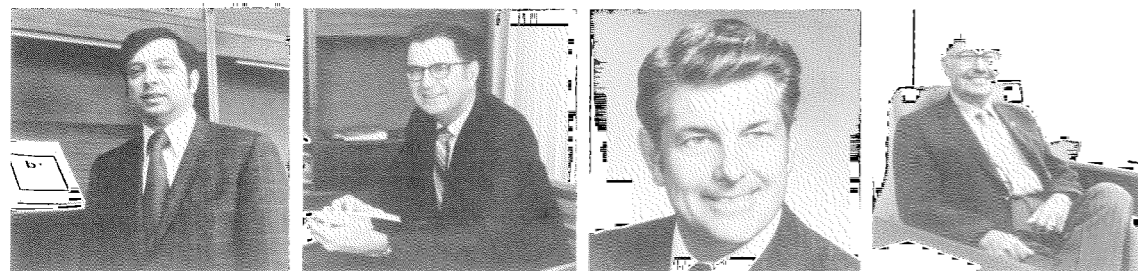
DIRECTORS

ALAMEDA COUNTY



ARNOLD C. ANDERSON RICHARD O. CLARK H. R. LANGE GEORGE M. SILLIMAN
President

CONTRA COSTA COUNTY



NELLO J. BIANCO JAMES P. DOHERTY DANIEL C. HELIX* JOSEPH S. SILVA

SAN FRANCISCO CITY AND COUNTY



WILLIAM C. BLAKE WILLIAM H. CHESTER
Vice President THOMAS F. HAYES** WILLIAM M. REEDY

*Director Helix succeeded Director Stanley T. Grydyk by appointment of Contra Costa County Mayors Conference October 28, 1971.

**Director Hayes succeeded Director Garland D. Graves by appointment of San Francisco Mayor Joseph Alioto February 29, 1972.

OFFICERS

- B. R. STOKES
General Manager
- L. D. DAHMS
Assistant General Manager-
Planning & Public Service
- D. G. HAMMOND
Assistant General Manager-
Operations & Engineering
- L. A. KIMBALL
Assistant General Manager-
Administration
- M. BARRETT
General Counsel
- W. F. GOELZ
Director of Finance
- R. J. SHEPHARD
Secretary

DEPARTMENT HEADS

- W. E. BENEDICT
General Services
- C. K. BERNARD
Research
- D. DELIRAMICH
Treasury
- W. F. HEIN
Planning
- L. J. HOAGLAND
Insurance & Safety
- D. H. KELSEY
Public Information
- R. D. KNAPP
Systems
- P. H. MATTSON
Passenger Services
- J. R. McCALLUM
Controllershship
- W. D. MERSEREAU
Real Estate
- G. B. OLSEN
Personnel
- E. J. RAY
Operations
- E. A. TILLMAN
Engineering & Construction

NOTE G — Construction in Progress:

During the year, the net change in construction in progress was as follows:

Balance at June 30, 1971	\$1,038,180,181	
Additions:		
Construction	\$ 96,252,405	
Real estate acquired	370,497	
Utility relocation	2,011,065	
Pre-full revenue operating expenses	8,582,430	
Other	178,204	
	<u>107,394,601</u>	
Less:		
Rental income and proceeds from sales of real estate	(428,586)	
Insurance premiums refunded	(33,171)	
Transfers to facilities, property and equipment	(2,882,839)	
Transfers to materials and supplies	(362,908)	
	<u>(3,707,504)</u>	103,687,097
Balance at June 30, 1972		<u>\$1,141,867,278</u>

An estimate of project costs, based upon information available at July 1, 1972, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,424,776,000 (including \$179,878,000 for the trans-bay tube to be financed by the State of California and \$79,860,000 for transit vehicles to be financed by Federal grant funds and other District sources). Presently, the final cost of the system cannot be determined, as future economic conditions, resolution of contract price differences, and possible changes in schedule to match fund availability may have a significant effect on the final cost of the system. Initial operation of the system will begin in 1972, and it is expected to be fully operational in 1973.

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors,
San Francisco Bay Area Rapid Transit District,
Oakland, California.

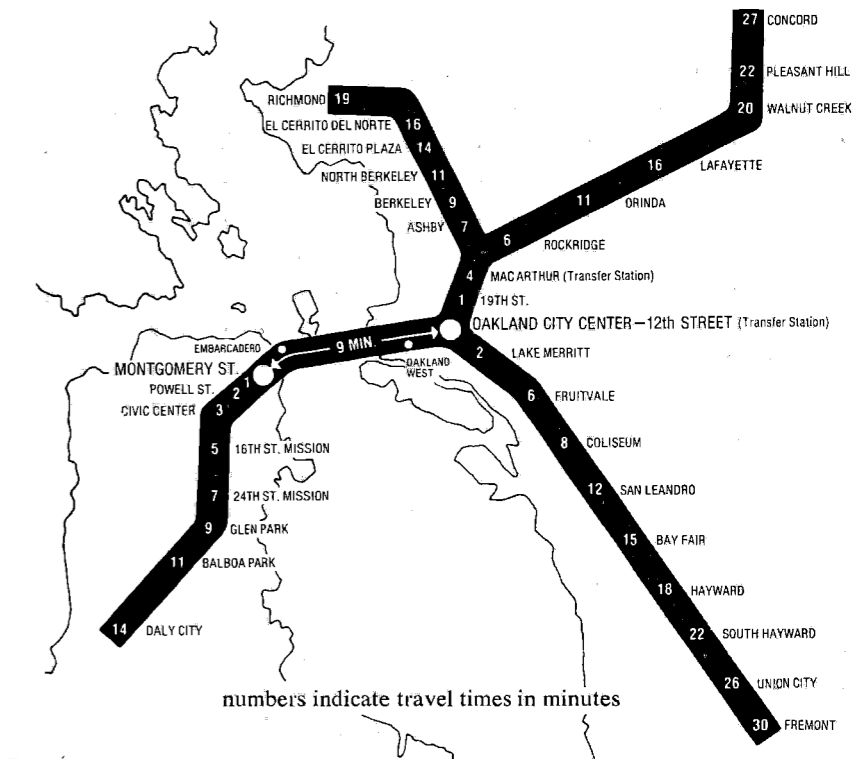
We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1972, and the related statements of revenue, expenses and accumulated net revenue and changes in construction funds for the year then ended. Our examination was made in accordance with generally accepted 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 aforementioned financial statements present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1972, and the results of its operations and the changes in construction funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The financial statements for the prior year were examined by other certified public accountants.

Touche Ross & Co.

San Francisco
August 31, 1972



Notes to Financial Statements

Year ended June 30, 1972

NOTE A — Summary of Significant Accounting Policies:

The San Francisco Bay Area Rapid Transit District is a political subdivision of the State of California created by the Legislature in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with the State of California and the United States Government.

The general fund receives an allocation of property tax revenues for purposes of providing for administrative expenses not involving construction in progress.

The cost of acquisition and construction of rapid transit facilities is recorded in construction in progress and represents amounts paid or owing to contractors including amounts provided by State and Federal grants for construction purposes. As facilities are completed, it is the intention of the District to transfer them to facilities, property and equipment accounts.

In accord with a predominant accounting method in the industry, the San Francisco Bay Area Rapid Transit District does not provide depreciation on facilities, property and equipment. Accounting policies for general obligation bonds (Note B), sales tax revenue bonds (Note C), government grants (Notes D and E), reserve for self-insurance (Note F) and construction in progress (Note G) are described in separate footnotes.

During the construction phase, the District has elected to present a statement of changes in construction funds instead of a statement of changes in financial position.

Certain reclassifications have been made in the 1971 financial statements to conform to the classifications in 1972.

NOTE B — General Obligation Bonds:

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds. Bonds amounting to \$784,350,000 were outstanding at June 30, 1972, with principal maturities from 1973 to 1999. Payment of both principal and interest is provided from the levy of District-wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that City. Special Service District No. 1 Bonds amounting to \$11,310,000 were outstanding at June 30, 1972, with principal maturities from 1973 to 1998. Payment of both principal and interest is provided from taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15, and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal amounts of \$9,100,000 in General Obligation Bonds and \$250,000 in Special Service District No. 1 Bonds mature on June 15, 1973. Annual maturities in succeeding years are in greater amounts. Interest of \$17,189,265 on General Obligation Bonds and of \$259,308 on Special Service District No. 1 Bonds is payable on December 15, 1972. The composite interest rate on bonds currently outstanding is 4.14%.

NOTE C — Sales Tax Revenue Bonds:

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000. Bonds amounting to \$141,500,000 were outstanding at June 30, 1972, with principal maturities from 1973 to 1981. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the Transactions and Use Tax authorized by the 1969 Legislature. The bonds maturing on or after January 1, 1976 are redeemable prior to maturity at the option of the District on various

dates at prices ranging from 104% to 100% of the principal amount. The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes collected are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1, and principal annually on January 1. Principal amounts of \$13,600,000 mature on January 1, 1973 (with greater annual amounts thereafter) and interest of \$4,000,900 is payable on July 1, 1972 and on January 1, 1973. The composite interest rate on bonds currently outstanding is 5.59%.

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period from April 1 to June 30, 1972 will be approximately \$6,800,000, of which the trustee had received and the District had recorded \$1,550,000 at June 30, 1972.

NOTE D — U. S. Government Grants:

The U. S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CAL-UTG-4) for construction of three Market Street Station mezzanines, two street plazas and street extensions, and a grant to the City of Berkeley (CAL-UTG-9) in connection with the construction of subway extensions within Berkeley. The following grants were in force as of June 30, 1972:

Project—Purpose	Maximum Grant	Funds Received
Beautification Grants:		
CALIF-BD-1	\$ 447,953	\$ 360,000
CALIF-B-160	323,000	239,000
CALIF-B-163	521,000	
OSD-CA-09-39-1074	89,065	
	<u>1,381,018</u>	<u>599,000</u>
Demonstration Grants:		
CAL-MTD-2 (Transit Design)	6,157,256	6,157,256*
CAL-MTD-4 (Fare Collection)	1,133,333	947,756
CAL-MTD-7 (Transit Hardware)	761,568	761,568*
CAL-MTD-14 (Prototype Vehicles)	5,000,000	4,500,000
	<u>13,052,157</u>	<u>12,366,580</u>
Capital Grants—Construction:		
CAL-UTG-6	13,100,000	12,867,862
CAL-UTG-11	13,103,910	13,103,910*
CAL-UTG-15	26,000,000	25,941,450
CAL-UTG-19	88,000,000	36,943,575
CAL-UTG-4	19,902,430	7,354,600
CAL-UTG-9	4,733,000	4,733,000
CAL-UTG-47	1,000,000	
	<u>165,839,340</u>	<u>100,944,397</u>
	<u>\$180,272,515</u>	<u>\$113,909,977</u>

*Project completed

NOTE E — State of California Grant:

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June 30, 1972, the District had received \$168,367,000 of which \$39,110,538 is repayable to the State of California for the tube approaches (after application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24) by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978.

NOTE F — Reserve for Self-Insurance:

By resolution of the Board of Directors of the District, the reserve for self-insurance is presently limited to a maximum of \$15 million to provide for uninsured general liability and workmen's compensation exposure at June 30, 1972.



GEORGE M. SILLIMAN

PRESIDENT'S MESSAGE

On the morning of June 8, 1972, Director Anderson and myself boarded a BART train northbound out of Fremont Station. Exactly 28 minutes later, we stepped off the train at the Lake Merritt Station in downtown Oakland where our beautiful new District Headquarters is located. Ten minutes later I called the regular semi-monthly meeting of the District Board of Directors to order in its new chambers. I informed my fellow Directors that, as of that morning, BART had commenced pre-revenue train operations. This meant that, for the first time, multiple BART trains had commenced circulation around the 12-station loop between Fremont and MacArthur Stations on regular revenue service schedule.

Thus, did Director Anderson and myself lay claim to being the first "commuters" to travel to work via BART.

Such events are of small moment, perhaps. But I freely admit to a certain boyish pride in them because they represent progress toward opening the system which I've been a part of since the District was established in 1957. Indeed, this same pride has been evident among a succession of tough-minded BART Directors over the past 15 years. No matter how divided the Board may find itself over specific issues, no man has ever served as a BART Director without developing a personal pride in the system and its promise for the future of the Bay Area.

I hope the General Manager's report of District activities carried forward during the 1971-72 fiscal year, as set forth in the following pages, will be closely read. It reflects solid accomplishment — not only in the ongoing tasks of activating a brand new transit system — but in newly-emerging areas of responsibility for the District.

For example, development of our interstation fares during the period involved not only extensive financial research and analysis, but soul-searching into broad social implications of fare discounts for certain groups. The Board's approval of a 75 percent discount for senior citizens and youths obviously represented a subsidy to these groups. It of course raised the question of what groups should be subsidized and who should pay the subsidy. In the interests of equity for BART's regular patrons, we will make every effort to subsidize fare discounts through

gasoline sales tax monies soon to become available for public transit, or other possible sources.

Another example of the District's involvement in broad social issues is the development of positive, progressive policies for minority group representation within the District staff. BART's success in raising the overall minority representation within the staff has earned the respect of minority groups. Yet, they remind us that work remains, not in terms of numbers, but in terms of training programs and other policies to qualify minority employees for higher level jobs.

The District's two major contractors have had setbacks during the period which delayed the target date for start-up of revenue service between Fremont and north Oakland. A nine-week strike and other delays at Rohr Industries delayed that firm's schedule of revenue car deliveries. Other strikes continue to disrupt BART construction schedules. Westinghouse Electric Corporation is encountering technical problems in preparing its automatic train control system for full revenue service.

In view of these problems, the District staff is to be doubly commended for its efforts in adhering to a tight schedule to commence revenue service to the public at the earliest feasible time, shortly after the end of the 1971-72 fiscal year. Much has been asked of the staff in the way of long working hours under difficult circumstances — and they have given as much as anyone could expect of them.

I wish also to commend my fellow directors for their complete dedication to problems of increasing scope and complexity during the period. Their desire to develop a genuine working relationship with AC Transit for feeder bus operations . . . their cooperative attitude toward the Metropolitan Transportation Commission . . . their involvement in various extension studies throughout the District . . . these are but a few examples of broadening responsibilities which BART Directors have shouldered in a wise and tempered manner.

GEORGE M. SILLIMAN
President

**REPORT OF THE
GENERAL MANAGER**

\$917 million in award value, with construction contracts presently underway employing over 850 men locally. Of 186 contracts completed in the project, 59 were accepted during the period. Contracts underway total 117, and 38 remaining to be awarded are primarily for work on the outer Market streetcar line, the Coliseum Walkway, and the Embarcadero Station.

Status of systemwide contracts:

Track*	100%
Electrification	91
Automatic train control	30
Parking lots, landscaping	54

*excludes Muni line.

Status of all civil structure contracts for each line:

A Line (S. Alameda County)	100%
K Line (Oakland Subway)	99.4
C Line (Concord)	99
R Line (Richmond)	99.5
B Line (Transbay Tube)	98
S Line (SF BART/Muni Subway)	82
S Line (outer Market Muni)	35
M Line (Mission-Daly City)	98

Other Projects: Design activities included supervision of Hallidie Plaza, Embarcadero Station, Coliseum Walkway and structures to increase station parking. A number of other smaller projects were carried forward, such as bicycle racks, BART/AC transfer machines and pathfinder signs. Of 15 such contracts authorized during the year, 12 have been awarded.

Federal grant projects totaling more than \$100 million were formulated during 1971/72 and Federal funding for \$61 million had been approved at year's end. A Federal grant of \$1 million was approved to implement the elevated walkway from the Coliseum Station to the Oakland Coliseum Complex. BART's success in obtaining these grants reflects District-wide teamwork in developing requirements and applications as part of BART's Federal involvement in urban mass transit.

OPERATIONS

Operations intensified pre-revenue activities and assumed an increased responsibility for system maintenance in the transition from construction to the operation of the system.

Vehicles: During the fall of 1971 the first extensive prototype car testing program in the history of the transit industry was concluded. This program, lasting 15 months, included more than 10 thousand hours of intensive testing to prove out every aspect of the car design. As a result, many improvements were incorporated in the revenue cars. Improved quality and overall performance of the new vehicles, which came through after settlement of the Rohr strike,

was evident.

Accumulated delays have set Rohr approximately one year behind schedule. The most serious delay in car production was caused by a work stoppage at Rohr's Chula Vista plant. The strike itself lasted nine weeks (November 29 through January 30); but it caused a much longer delay in car manufacturing, as many new workers had to be trained to replace those lost during the stoppage.

After resuming production, deliveries of revenue service cars accelerated. By the end of June, twenty cars had been delivered, and two per week were coming off the line. Thirteen of the twenty cars were provisionally ready for use in train circulation testing on the Southern Alameda County Line prior to revenue service.

Train Control System: Pre-revenue testing began on June 8. Westinghouse continued circulation tests and checkout of station and wayside equipment on the Southern Alameda line while assisting PBTB/BART personnel in training of operations personnel. A number of technical problems were identified and remedied during this period.

For example, under certain circumstances an electrical interference or "crosstalk" between track circuits took place between adjacent transmitters if positioned opposite each other. Electrical interference between on-board train control components was another troublesome problem. Rewiring and frequency conversion of all station, wayside and on-board equipment on the A-K line necessary to remedy the problems is scheduled for completion by Westinghouse in August. Multiple-train testing will then commence along the entire 12-station loop.

Programming corrections and hardware modifications at Central Control were being made to increase total system control capacity. Two additional computers were installed by Westinghouse to assure ample data processing capability in BART Central for full system operation.

At period's end the train control and communications contract was 30% complete.

Other Projects: IBM's manufacturing and installation contract for automatic fare collection equipment was 70% complete by June. All East Bay stations, except Concord, were fully equipped with machines and ready for revenue service.

With training from Rohr and Westinghouse, BART employees have been taking over repair, maintenance and operation of equipment — vehicles, wayside equipment, central control and programming. Train Attendants, Station Agents, Telephone Information and other employees received special training for contact with the public in addition to job training.

Statement of Revenue, Expenses and Accumulated Net Revenue

General Fund

	Fiscal Year Ended June 30	
	1972	1971
Revenue:		
Taxes	\$ 3,589,561	\$ 3,381,687
Interest and other	79,650	85,732
	<u>3,669,211</u>	<u>3,467,419</u>
Expenses:		
Personal services	9,269,871	6,304,171
Rent, leased vehicles and office expense	628,155	621,494
Professional and specialized services	1,183,004	877,987
Travel expense	167,569	135,336
Other	1,338,749	106,011
	<u>12,587,348</u>	<u>8,044,999</u>
Less charges to construction in progress and others	8,646,258	4,423,767
	<u>3,941,090</u>	<u>3,621,232</u>
Excess of expenses over revenues	(271,879)	(153,813)
Accumulated net revenue at beginning of year	2,139,066	2,292,879
Accumulated net revenue at end of year	<u>\$ 1,867,187</u>	<u>\$ 2,139,066</u>

Debt Service Funds

	General Obligation Bonds	Sales Tax Revenue Bonds	Fiscal Year Ended June 30	
			1972 Combined	1971 Combined
Revenue:				
Property taxes	\$43,931,781		\$43,931,781	\$33,391,732
Transaction and use taxes received		\$27,769,713	27,769,713	24,880,207
Interest	986,462	1,346,672	2,333,134	1,627,813
	<u>44,918,243</u>	<u>29,116,385</u>	<u>74,034,628</u>	<u>59,899,752</u>
Less:				
Matured interest	35,338,121	8,304,853	43,642,974	39,467,860
Matured principal	7,890,000	8,500,000	16,390,000	230,000
Bond service expense		29,986	29,986	82,253
	<u>43,228,121</u>	<u>16,834,839</u>	<u>60,062,960</u>	<u>39,780,113</u>
	1,690,122	12,281,546	13,971,668	20,119,639
Balance at beginning of year	16,074,667	22,520,259	38,594,926	18,475,287
Balance at end of year	<u>\$17,764,789</u>	<u>\$34,801,805</u>	<u>\$52,566,594</u>	<u>\$38,594,926</u>

Statement of Changes in Construction Funds

	Fiscal Year Ended June 30	
	1972	1971
Total construction funds at beginning of year	\$1,223,454,181	\$1,073,331,480
Additions during the year:		
Sales Tax Revenue Bonds:		
Series B, sold in August, 1970	—	50,000,000
Series C, sold in January, 1971	—	50,000,000
U.S. Government grants received	27,750,622	17,333,776
State of California grants received	4,614,300	9,485,400
City of San Francisco contribution (adjustment)	(101,736)	43,224
Accumulated revenue (primarily interest)	12,768,662	23,260,301
	<u>45,031,848</u>	<u>150,122,701</u>
Total construction funds at end of year	<u>\$1,268,486,029</u>	<u>\$1,223,454,181</u>

See Notes to Financial Statements



B. R. STOKES

ENGINEERING AND CONSTRUCTION

The construction work completed during this fiscal year proceeded smoothly and according to schedule. Cleanup of construction areas, allowing a return to normal traffic movement, makes major progress on the system particularly evident for the period.

Construction: The period closed with construction complete on major line and station structures along 70 of the 71.6 miles of BART trackway with remaining work expected to be complete by January, 1973. Of the 34 BART stations, 31 are complete, including architectural finish. Construction on the three remaining stations stood at 76% for Daly City, 91% for Concord, and 99.5% for Phase I (shell only) of the Embarcadero Station. Overall design of the BART project was more than 99 percent complete and construction was more than 80 percent complete at the end of the report period. Also, finish work for the San Francisco Municipal railway levels of the Civic Center, Powell and Montgomery Street stations continued.

Contracts: Construction and construction-related procurement contracts, including transit vehicles, now total in excess of

San Francisco Bay Area Rapid Transit District

Balance Sheet

	June 30	
	1972	1971
Assets		
Cash (including time deposits of \$109,200,000 and \$154,000,000)	\$ 109,468,936	\$ 155,106,373
U.S. Treasury securities— at cost (approximating market)	12,265,391	15,417,812
Federal Agency securities— at cost (approximating market)	46,651,410	87,039,467
Miscellaneous receivables	3,352,221	3,014,625
Deposits and notes receivable	24,377,459	4,387,364
Construction in progress (Note G)	1,141,867,278	1,038,180,181
Facilities, property and equipment— at cost	3,298,317	435,495
Material and supplies	406,411	—
Debt Service Funds, net assets (including time deposits of \$30,149,600 and U.S. Treasury and Federal Agency securities of \$21,585,700 in 1972 and \$23,731,900 and \$14,767,440 in 1971) (Notes B and C)	52,566,594	38,594,926
	<u>\$1,394,249,017</u>	<u>\$1,342,176,243</u>
Liabilities, Reserve and Capitalization		
Construction contracts and others	\$ 17,218,669	\$ 23,877,532
Payable to State of California (Note E)	39,110,538	39,110,538
Debt Service Funds (Notes B and C)	52,566,594	38,594,926
Reserve for self-insurance (Note F)	15,000,000	15,000,000
Capitalization:		
Construction funds:		
General Obligation Bonds (\$812,500,000 authorized) (Note B):		
Bonds outstanding	795,660,000	803,550,000
Bonds matured and retired	8,340,000	450,000
	<u>804,000,000</u>	<u>804,000,000</u>
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note C):		
Bonds outstanding	141,500,000	150,000,000
Bonds matured and retired	8,500,000	—
	<u>150,000,000</u>	<u>150,000,000</u>
U.S. Government Grants (Note D)	113,909,977	86,159,355
State of California Grant (Note E)	112,756,462	108,142,162
City of San Francisco contribution	3,428,022	3,529,758
	<u>1,184,094,461</u>	<u>1,151,831,275</u>
Accumulated revenue	84,391,568	71,622,906
	<u>1,268,486,029</u>	<u>1,223,454,181</u>
General Fund accumulated net revenue	1,867,187	2,139,066
	<u>1,270,353,216</u>	<u>1,225,593,247</u>
	<u>\$1,394,249,017</u>	<u>\$1,342,176,243</u>

The Security Division was authorized to implement a pre-revenue plan developed with the assistance of an outside consultant. An interim security plan for the first 90 days of revenue service was prepared for the Board of Directors and submission to local law enforcement agencies.

BART responsibility for system maintenance of vehicles, track, structures, tunnels, electrification and voice communications equipment increased as contract work was completed in these areas. By the end of the fiscal year, 60% of the maintenance force and 15% of the transportation personnel needed for full system service were hired.

PLANNING AND RESEARCH

Activity in this area continues to increase, with work aimed at planning future system extensions and increasing the efficiency of the existing system for patrons when revenue service commences.

Marketing: The comprehensive fares analysis—the complex process of presenting all competitive marketing and economic options regarding fares—was presented in a final report in December. In the proposed schedule, fares for all trips were calculated according to a standard formula incorporating distance travelled and scheduled speed as the two fundamental aspects of BART service. On December 20, as its last major action of the year, the Board of Directors adopted the official BART Interstation Fare Schedule and recommended developing an off-site ticket sales program. On January 10, 1972, the Board adopted a 75% discount from the regular fare for senior citizens over 65, and for youths through age 12.

The off-site ticket sales program was developed during the spring. Negotiations were carried on with the Bay Area banking industry to reach agreement for commercial banks to be the distribution channel for these sales.

Work increased in market research and marketing projects. Examples of such projects included a parking lot control system for Lake Merritt and Coliseum stations, and procedures for handling patron problems arising with the fare collection system.

Feeder Service: Interim agreements were reached with AC Transit to coordinate transit systems and feeder service, and negotiations were underway with San Francisco Municipal Railway.

Studies, in cooperation with local transit agencies, were completed to implement local feeder service in Central Contra Costa County and in Eastern and Southern Alameda County. BART also pledged itself to seek new state funding to provide express bus services from Concord to Pittsburg, Antioch, Brentwood and Martinez; from Bayfair to



Above: After December opening, new BART headquarters was a major attraction in Oakland. Below: Southbound train approaches Fruitvale Station on aerial line.





January open house drew 4500 District employees and their families to inspect BART headquarters and ride train from Lake Merritt Station.

BART President during 1971, James P. Doherty, accepts key to city from Oakland Mayor John H. Reading at dedication of District headquarters December 16.

Harold Willson (lower right), BART consultant for handicapped facilities, introduces Eric Staley, 1972 Easter Seal Society poster boy, to system. Eric, 7, is son of BART analyst Earl Staley.



Pleasanton and Livermore; and north from Richmond.

Extension Projects: The San Francisco Airport Access Project (SFAAP), in which BART participated with San Francisco City and County and San Mateo County, completed its final report during the fall. The report recommended that: (1) BART can and should be extended to serve the Airport and ultimately should be extended through San Mateo County; and (2) negotiations should proceed immediately between San Mateo, San Francisco and BART to develop an acceptable implementation agreement. By the fiscal year's end the sponsoring agencies had entered into implementation discussions.

Four corridor transit extension projects were underway, and the Oakland Airport Transit Access Project moved into its second phase of study during the year. Early in 1973 the specific method of transit access to the Oakland Airport will be decided upon.

The State in 1972 enacted the Mills-Alquist-Deddah Act (S. B. 325) which will make state gasoline sales tax monies available to transit. With the State Business and Transportation Agency and the Metropolitan Transportation Commission, BART began developing procedures for utilizing these continuous revenues, estimated at approximately \$19 million annually in the three BART counties.

In the next fiscal year Planning and Research will continue to coordinate these and other projects and contribute to BART's transition to the dynamics of providing, promoting and extending transit services as an essential element within the Bay Area.

FINANCE

Systemwide cash collection procedures were developed and tested. Activity also included beginning construction of the permanent cash building, design of three armored trucks, and recruiting and training of cash handling personnel.

Specifications were prepared for the fare collection data acquisition system. This system will automatically transmit to a central computer information about earned revenue, amounts of cash collected in the fare machines, and origin and destination of passengers.

The computerized Management Information System was implemented with multiple subsystems including Labor and Equipment Distribution, and Budget, among others. As the emphasis shifted from project completion to system maintenance and improvement, 11 different series of user manuals were produced and distributed.

Internal audits focused on contract closeouts, inventory control, fixed asset informa-

tion, and payroll/personnel system functions. Fare collection operations and computerized systems functions will demand increased audit activity in the 1972/73 fiscal year.

Total refunds under the property insurance program and dividends from Workmen's Compensation insurance to date exceed \$4.5 million.

During the period the District received additional grants from the U.S. Government for financial assistance to three projects: \$20 million to help complete the Embarcadero Station, \$1 million for the Coliseum Aerial Walkway and \$89,065 for beautification of areas in Oakland and Berkeley. Capital Grant Project CAL UTG 11 consisting of four construction contracts was completed during the year.

Earnings on temporary investment of District general construction funds exceeded \$12 million for the year.

Property tax rates fixed by the District passed their peak during the 1971/72 fiscal year as predicted (see table below) and will continue to decline until redemption of \$792 million in construction bonds is completed.

PROPERTY TAX RATES

	1972-73		1971-72	
	Admin. Expenses	Debt Service	Total Rate	Total Rate
Alameda	4.7	54.0	58.7	62.5
Contra Costa	5.0	56.4	61.4	65.7
San Francisco	5.3	59.8	65.1	70.4

NOTE: Tax rate is per \$100 assessed property value. Different tax rates reflect equalization of different assessment formulas among counties.

ADMINISTRATION

The scope of administrative activity continued to increase, as revenue operations approached. A major administration project during the year was equipping and furnishing the new administration building in the fall, followed by the move of employees from San Francisco to the new building. The move was carried out in stages during the month of December. The headquarters building, which stands above the Lake Merritt Subway Station and Train Control Center in downtown Oakland, was formally dedicated and opened on December 16.

The 1972/73 budget — the District's first full system operating budget — was cited by the Administration Committee in the spring as the most carefully developed budget ever to come before them. The budget was set at \$26.2 million with a \$20 million spending ceiling subject to change by the Board, depending on experience with initial revenue operations. The budget provides for a peak of 1558 employees, but this number is expected to decrease to 1515 after a year of full stabilized operations.

Manpower planning and long-range cash flow projections of revenues and operating

costs were developed for the next five years. The long-range budget goal is to ensure quality service, safety and maintenance, while enabling BART to support itself through the farebox, as the law requires.

LEGAL

Legal activity reflected the increased demand for advice on operational matters. Review of construction contracts decreased, but this was more than offset by a heavier volume of litigation resulting from increased contract settlements. Staff attorneys were, at the end of the reporting period, handling actual litigation of contract claims aggregating approximately \$1,386,500, in addition to a significant volume of stop notice and other cases.

PERSONNEL

The District was called on during the period to substantially enlarge its staff, maintain its proficiency, and also develop new lines of communication and programs for hiring the disadvantaged. Qualified applicants from members of minority groups were actively sought.

Total District personnel increased from 527 to 762 during the year, of which 313 were hourly employees. The staff processed 4,500 applications, conducted 1,600 interviews, answered 23,600 telephone inquiries, and talked to 5,600 drop-in applicants.

Minority representation among the staff is now up to 307. Of this group, 20% are in executive, supervisory and professional positions. On January 27 the San Francisco Human Rights Commission presented a commendation to the Board of Directors for its positive policy on fair employment practices.

Districtwide benefits were improved with the addition of employer paid dental coverage for dependents.

Hourly employees were incorporated into the Public Employees Retirement System during the year.

BART executive salaries were surveyed by a consultant firm selected by the Administration Committee of the Board in order to check their comparability with similar executive positions in other public and private organizations. As a result of the survey, BART ranges were adjusted to a competitive level. However, the General Manager informed the Board that he would not recommend individual salary increases in the executive group until after the start of revenue service. The staff was commended by the outside consultant for high professionalism in salary administration.

LABOR RELATIONS

Activities during the fiscal year were principally directed toward establishing the framework which will largely determine the District's future labor relations program. An

extensive series of hearings was held in 1971 before arbitrator Sam Kagel into two areas critical to District operations.

Thirteen hearings involved procedures for determining appropriate collective bargaining units among those District employees who may desire to be represented by organized labor. Seven hearings were held to determine how Section 13(c) of the Urban Mass Transportation Act would be applied to BART. This section, signed by BART on January 25, 1968, as a condition of Federal aid, guarantees employees of other Bay Area transportation lines job priority in transit jobs with BART.

On June 18, Mr. Kagel placed a four-week hiring freeze on BART while he polled employees of five other transportation lines ruled eligible under Section 13(c) for BART job preference. Employees from Peerless Stages, Greyhound Bus Lines, AC Transit, San Francisco Municipal Railway, and Southern Pacific Railway's commuter lines were given hiring preference in BART.

Mr. Kagel is expected to rule on labor unit representation during the 1972/73 fiscal year. The District staff is preparing for the elections and collective bargaining process expected to follow his ruling. Thus, the 1972/73 fiscal year will be a critical one in terms of labor's financial and operating impact on the District.

REAL ESTATE

Property acquisition completed during this period involved requirements for 33 parcels at a cost of \$380,000. Income obtained from property rentals, leases and sales amounted to \$494,000. Property requirements identified during the year affect 13 new parcels.

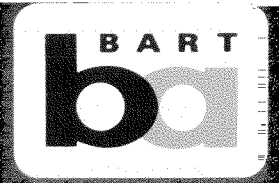
Significant progress was made in fulfilling contractual property commitments to utility agencies for facilities rearranged during BART construction. Conveyances of new and relocated street areas were processed involving the cities of Oakland, Berkeley and Hayward.

The functions of right of way surveying, mapping and certification were transferred from PBTB to BART. Progress continued on the preparation and filing of BART right of way record maps with County Recorders.

Work will continue during the coming year in the fields of property acquisition, condemnation, relocation, street and utility conveyances and street vacations for the 75-mile system. Right of way estimates will be provided for various system extension projects. The customer service program will be initiated — involving public telephones, storage lockers, vending machines, newspaper vending boxes, mail boxes, and bicycle lockers at BART stations. Finally, encouragement will continue to planners and developers concerned with property developments oriented toward the BART system.

COVER: BART's beautiful new headquarters in downtown Oakland awaited more than 300 employees who moved from their former headquarters at 814 Mission St. in San Francisco during December, 1971. Fountain area is part of passenger concourse for Lake Merritt Subway Station. BART's large Train Control Center lies behind entire wall of plaster mural by artist William Mitchell.

1971-72



ANNUAL REPORT



BART LIBRARY COPY

**SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT**

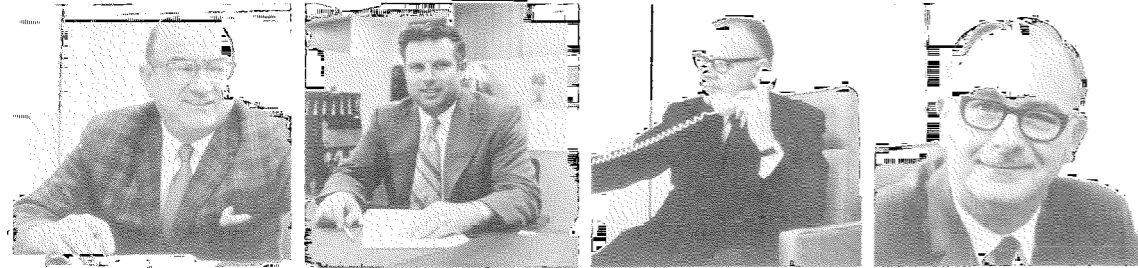
This Annual Report for the period July 1, 1971 to June 30, 1972 is published by the District pursuant to Article 28770 of the State of California Public Utilities Code. District Headquarters are located at 800 Madison Street, Oakland, California 94607. Telephone 415-465-4100.

San Francisco Bay Area Rapid Transit District

Established by the State of California in 1957. Authorized to finance, construct and operate a new high-speed rail rapid transit system under the direction of a representative Board of Directors from the counties of Alameda, Contra Costa and San Francisco.

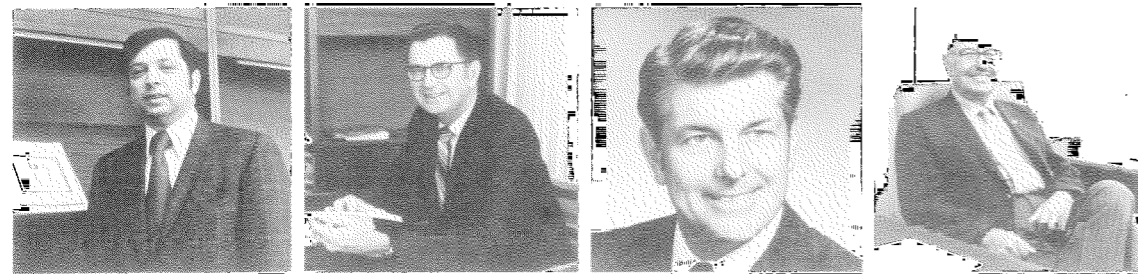
DIRECTORS

ALAMEDA COUNTY



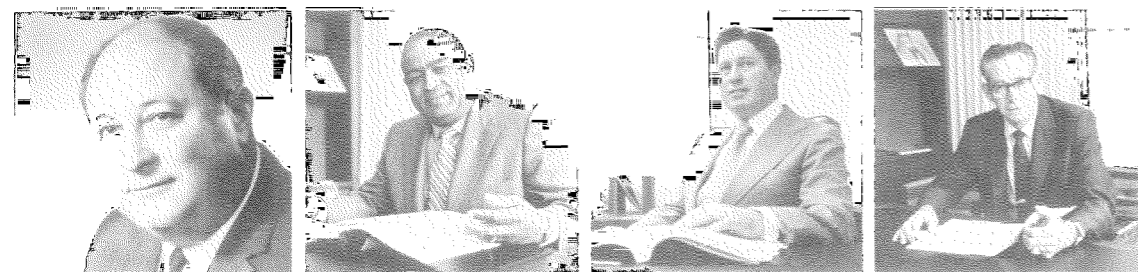
ARNOLD C. ANDERSON RICHARD O. CLARK H. R. LANGE **GEORGE M. SILLIMAN**
President

CONTRA COSTA COUNTY



NELLO J. BIANCO JAMES P. DOHERTY DANIEL C. HELIX* JOSEPH S. SILVA

SAN FRANCISCO CITY AND COUNTY



WILLIAM C. BLAKE **WILLIAM H. CHESTER**
Vice President THOMAS F. HAYES** WILLIAM M. REEDY

*Director Helix succeeded Director Stanley T. Grydyk by appointment of Contra Costa County Mayors Conference October 28, 1971.

**Director Hayes succeeded Director Garland D. Graves by appointment of San Francisco Mayor Joseph Alioto February 29, 1972.

OFFICERS

- B. R. STOKES**
General Manager
- L. D. DAHMS**
Assistant General Manager-
Planning & Public Service
- D. G. HAMMOND**
Assistant General Manager-
Operations & Engineering
- L. A. KIMBALL**
Assistant General Manager-
Administration
- M. BARRETT**
General Counsel
- W. F. GOELZ**
Director of Finance
- R. J. SHEPHARD**
Secretary

DEPARTMENT HEADS

- W. E. BENEDICT**
General Services
- C. K. BERNARD**
Research
- D. DELIRAMICH**
Treasury
- W. F. HIGIN**
Planning
- L. J. HOAGLAND**
Insurance & Safety
- D. H. KELSEY**
Public Information
- R. D. KNAPP**
Systems
- P. H. MATTSO**
Passenger Services
- J. R. McCALLUM**
Controllorship
- W. D. MERSEREAU**
Real Estate
- G. B. OLSEN**
Personnel
- E. J. RAY**
Operations
- E. A. TILLMAN**
Engineering & Construction

NOTE G — Construction in Progress:

During the year, the net change in construction in progress was as follows:

Balance at June 30, 1971		\$1,038,180,181
Additions:		
Construction	\$ 96,252,405	
Real estate acquired	370,497	
Utility relocation	2,011,065	
Pre-full revenue operating expenses	8,582,430	
Other	178,204	
	<u>107,394,601</u>	
Less:		
Rental income and proceeds from sales of real estate	(428,586)	
Insurance premiums refunded	(33,171)	
Transfers to facilities, property and equipment	(2,882,839)	
Transfers to materials and supplies	(362,908)	
	<u>(3,707,504)</u>	
Balance at June 30, 1972		<u>\$1,141,867,278</u>

An estimate of project costs, based upon information available at July 1, 1972, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,424,776,000 (including \$179,878,000 for the trans-bay tube to be financed by the State of California and \$79,860,000 for transit vehicles to be financed by Federal grant funds and other District sources). Presently, the final cost of the system cannot be determined, as future economic conditions, resolution of contract price differences, and possible changes in schedule to match fund availability may have a significant effect on the final cost of the system. Initial operation of the system will begin in 1972, and it is expected to be fully operational in 1973.

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors,
San Francisco Bay Area Rapid Transit District,
Oakland, California.

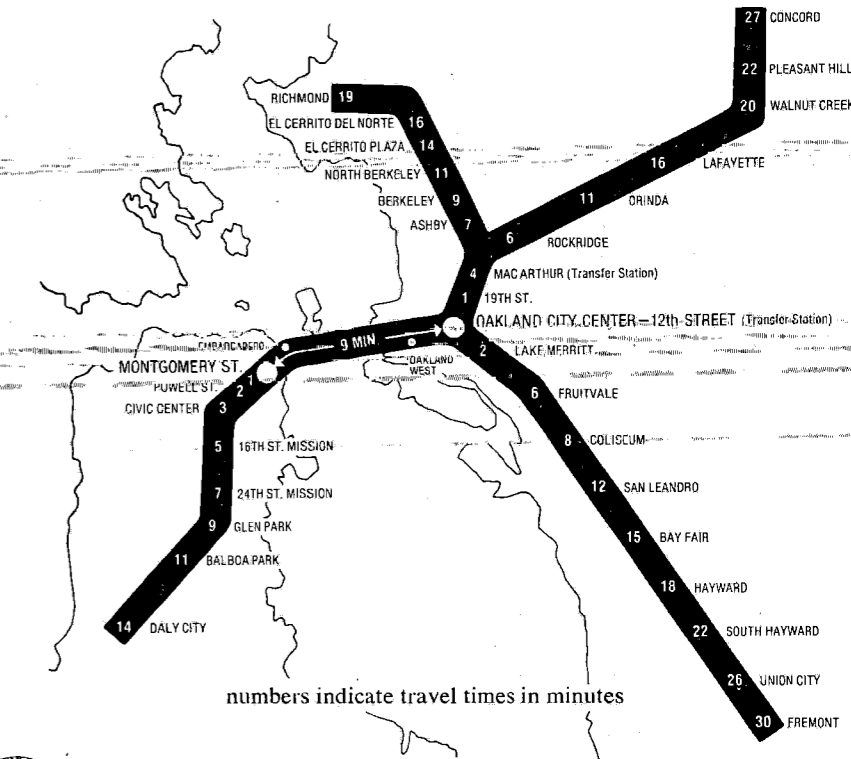
We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1972, and the related statements of revenue, expenses and accumulated net revenue and changes in construction funds for the year then ended. Our examination was made in accordance with generally accepted 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 aforementioned financial statements present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1972, and the results of its operations and the changes in construction funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The financial statements for the prior year were examined by other certified public accountants.

Touche Ross & Co.

San Francisco
August 31, 1972



Notes to Financial Statements

Year ended June 30, 1972

NOTE A — Summary of Significant Accounting Policies:

The San Francisco Bay Area Rapid Transit District is a political subdivision of the State of California created by the Legislature in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with the State of California and the United States Government.

The general fund receives an allocation of property tax revenues for purposes of providing for administrative expenses not involving construction in progress.

The cost of acquisition and construction of rapid transit facilities is recorded in construction in progress and represents amounts paid or owing to contractors including amounts provided by State and Federal grants for construction purposes. As facilities are completed, it is the intention of the District to transfer them to facilities, property and equipment accounts.

In accord with a predominant accounting method in the industry, the San Francisco Bay Area Rapid Transit District does not provide depreciation on facilities, property and equipment. Accounting policies for general obligation bonds (Note B), sales tax revenue bonds (Note C), government grants (Notes D and E), reserve for self-insurance (Note F), and construction in progress (Note G) are described in separate footnotes.

During the construction phase, the District has elected to present a statement of changes in construction funds instead of a statement of changes in financial position.

Certain reclassifications have been made in the 1971 financial statements to conform to the classifications in 1972.

NOTE B — General Obligation Bonds:

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds. Bonds amounting to \$784,350,000 were outstanding at June 30, 1972, with principal maturities from 1973 to 1999. Payment of both principal and interest is provided from the levy of District-wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that City. Special Service District No. 1 Bonds amounting to \$11,310,000 were outstanding at June 30, 1972, with principal maturities from 1973 to 1998. Payment of both principal and interest is provided from taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15, and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal amounts of \$9,100,000 in General Obligation Bonds and \$250,000 in Special Service District No. 1 Bonds mature on June 15, 1973. Annual maturities in succeeding years are in greater amounts. Interest of \$17,189,265 on General Obligation Bonds and of \$259,308 on Special Service District No. 1 Bonds is payable on December 15, 1972. The composite interest rate on bonds currently outstanding is 4.14%.

NOTE C — Sales Tax Revenue Bonds:

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000. Bonds amounting to \$141,500,000 were outstanding at June 30, 1972, with principal maturities from 1973 to 1981. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the Transactions and Use Tax authorized by the 1969 Legislature. The bonds maturing on or after January 1, 1976 are redeemable prior to maturity at the option of the District on various

dates at prices ranging from 104% to 100% of the principal amount. The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes collected are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1, and principal annually on January 1. Principal amounts of \$13,600,000 mature on January 1, 1973 (with greater annual amounts thereafter) and interest of \$4,000,900 is payable on July 1, 1972 and on January 1, 1973. The composite interest rate on bonds currently outstanding is 5.59%.

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period from April 1 to June 30, 1972 will be approximately \$6,800,000, of which the trustee had received and the District had recorded \$1,550,000 at June 30, 1972.

NOTE D — U. S. Government Grants:

The U. S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CAL-UTG-4) for construction of three Market Street Station mezzanines, two street plazas and street extensions, and a grant to the City of Berkeley (CAL-UTG-9) in connection with the construction of subway extensions within Berkeley. The following grants were in force as of June 30, 1972:

Project — Purpose	Maximum Grant	Funds Received
Beautification Grants:		
CALIF-BD-1	\$ 447,953	\$ 360,000
CALIF-B-160	323,000	239,000
CALIF-B-163	521,000	
OSD-CA-09-39-1074	89,065	
	<u>1,381,018</u>	<u>599,000</u>
Demonstration Grants:		
CAL-MTD-2 (Transit Design)	6,157,256	6,157,256*
CAL-MTD-4 (Fare Collection)	1,133,333	947,756
CAL-MTD-7 (Transit Hardware)	761,568	761,568*
CAL-MTD-14 (Prototype Vehicles)	5,000,000	4,500,000
	<u>13,052,157</u>	<u>12,366,580</u>
Capital Grants — Construction:		
CAL-UTG-6	13,100,000	12,867,862
CAL-UTG-11	13,103,910	13,103,910*
CAL-UTG-15	26,000,000	25,941,450
CAL-UTG-19	88,000,000	36,943,575
CAL-UTG-4	19,902,430	7,354,600
CAL-UTG-9	4,733,000	4,733,000
CAL-UTG-47	1,000,000	
	<u>165,839,340</u>	<u>100,944,397</u>
	<u>\$180,272,515</u>	<u>\$113,909,977</u>

*Project completed

NOTE E — State of California Grant:

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June 30, 1972, the District had received \$168,367,000 of which \$39,110,538 is repayable to the State of California for the tube approaches (after application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24) by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978.

NOTE F — Reserve for Self-Insurance:

By resolution of the Board of Directors of the District, the reserve for self-insurance is presently limited to a maximum of \$15 million to provide for uninsured general liability and workmen's compensation exposure at June 30, 1972.



GEORGE M. SILLIMAN

PRESIDENT'S MESSAGE

On the morning of June 8, 1972, Director Anderson and myself boarded a BART train northbound out of Fremont Station. Exactly 28 minutes later, we stepped off the train at the Lake Merritt Station in downtown Oakland where our beautiful new District Headquarters is located. Ten minutes later I called the regular semi-monthly meeting of the District Board of Directors to order in its new chambers. I informed my fellow Directors that, as of that morning, BART had commenced pre-revenue train operations. This meant that, for the first time, multiple BART trains had commenced circulation around the 12-station loop between Fremont and MacArthur Stations on regular revenue service schedule.

Thus, did Director Anderson and myself lay claim to being the first "commuters" to travel to work via BART.

Such events are of small moment, perhaps. But I freely admit to a certain boyish pride in them because they represent progress toward opening the system which I've been a part of since the District was established in 1957. Indeed, this same pride has been evident among a succession of tough-minded BART Directors over the past 15 years. No matter how divided the Board may find itself over specific issues, no man has ever served as a BART Director without developing a personal pride in the system and its promise for the future of the Bay Area.

I hope the General Manager's report of District activities carried forward during the 1971-72 fiscal year, as set forth in the following pages, will be closely read. It reflects solid accomplishment — not only in the ongoing tasks of activating a brand new transit system — but in newly-emerging areas of responsibility for the District.

For example, development of our inter-station fares during the period involved not only extensive financial research and analysis, but soul-searching into broad social implications of fare discounts for certain groups. The Board's approval of a 75 percent discount for senior citizens and youths obviously represented a subsidy to these groups. It of course raised the question of what groups should be subsidized and who should pay the subsidy. In the interests of equity for BART's regular patrons, we will make every effort to subsidize fare discounts through

gasoline sales tax monies soon to become available for public transit, or other possible sources.

Another example of the District's involvement in broad social issues is the development of positive, progressive policies for minority group representation within the District staff. BART's success in raising the overall minority representation within the staff has earned the respect of minority groups. Yet, they remind us that work remains, not in terms of numbers, but in terms of training programs and other policies to qualify minority employees for higher level jobs.

The District's two major contractors have had setbacks during the period which delayed the target date for start-up of revenue service between Fremont and north Oakland. A nine-week strike and other delays at Rohr Industries delayed that firm's schedule of revenue car deliveries. Other strikes continue to disrupt BART construction schedules. Westinghouse Electric Corporation is encountering technical problems in preparing its automatic train control system for full revenue service.

In view of these problems, the District staff is to be doubly commended for its efforts in adhering to a tight schedule to commence revenue service to the public at the earliest feasible time, shortly after the end of the 1971-72 fiscal year. Much has been asked of the staff in the way of long working hours under difficult circumstances — and they have given as much as anyone could expect of them.

I wish also to commend my fellow directors for their complete dedication to problems of increasing scope and complexity during the period. Their desire to develop a genuine working relationship with AC Transit for feeder bus operations . . . their cooperative attitude toward the Metropolitan Transportation Commission . . . their involvement in various extension studies throughout the District . . . these are but a few examples of broadening responsibilities which BART Directors have shouldered in a wise and tempered manner.

GEORGE M. SILLIMAN
President

**REPORT OF THE
GENERAL MANAGER**



B. R. STOKES

ENGINEERING AND CONSTRUCTION

The construction work completed during this fiscal year proceeded smoothly and according to schedule. Cleanup of construction areas, allowing a return to normal traffic movement, makes major progress on the system particularly evident for the period.

Construction: The period closed with construction complete on major line and station structures along 70 of the 71.6 miles of BART trackway with remaining work expected to be complete by January, 1973. Of the 34 BART stations, 31 are complete, including architectural finish. Construction on the three remaining stations stood at 76% for Daly City, 91% for Concord, and 99.5% for Phase I (shell only) of the Embarcadero Station. Overall design of the BART project was more than 99 percent complete and construction was more than 80 percent complete at the end of the report period. Also, finish work for the San Francisco Municipal railway levels of the Civic Center, Powell and Montgomery Street stations continued.

Contracts: Construction and construction-related procurement contracts, including transit vehicles, now total in excess of

\$917 million in award value, with construction contracts presently underway employing over 850 men locally. Of 186 contracts completed in the project, 59 were accepted during the period. Contracts underway total 117, and 38 remaining to be awarded are primarily for work on the outer Market streetcar line, the Coliseum Walkway, and the Embarcadero Station.

Status of systemwide contracts:

Track*	100%
Electrification	91
Automatic train control	30
Parking lots, landscaping	54

*excludes Muni line.

Status of all civil structure contracts for each line:

A Line (S. Alameda County)	100%
K Line (Oakland Subway)	99.4
C Line (Concord)	99
R Line (Richmond)	99.5
B Line (Transbay Tube)	98
S Line (SF BART/Muni Subway)	82
S Line (outer Market Muni)	35
M Line (Mission-Daly City)	98

Other Projects: Design activities included supervision of Hallidie Plaza, Embarcadero Station, Coliseum Walkway and structures to increase station parking. A number of other smaller projects were carried forward, such as bicycle racks, BART/AC transfer machines and pathfinder signs. Of 15 such contracts authorized during the year, 12 have been awarded.

Federal grant projects totaling more than \$100 million were formulated during 1971/72 and Federal funding for \$61 million had been approved at year's end. A Federal grant of \$1 million was approved to implement the elevated walkway from the Coliseum Station to the Oakland Coliseum Complex. BART's success in obtaining these grants reflects District-wide teamwork in developing requirements and applications as part of BART's Federal involvement in urban mass transit.

OPERATIONS

Operations intensified pre-revenue activities and assumed an increased responsibility for system maintenance in the transition from construction to the operation of the system.

Vehicles: During the fall of 1971 the first extensive prototype car testing program in the history of the transit industry was concluded. This program, lasting 15 months, included more than 10 thousand hours of intensive testing to prove out every aspect of the car design. As a result, many improvements were incorporated in the revenue cars. Improved quality and overall performance of the new vehicles, which came through after settlement of the Rohr strike,

was evident. Accumulated delays have set Rohr approximately one year behind schedule. The most serious delay in car production was caused by a work stoppage at Rohr's Chula Vista plant. The strike itself lasted nine weeks (November 29 through January 30); but it caused a much longer delay in car manufacturing, as many new workers had to be trained to replace those lost during the stoppage.

After resuming production, deliveries of revenue service cars accelerated. By the end of June, twenty cars had been delivered, and two per week were coming off the line. Thirteen of the twenty cars were provisionally ready for use in train circulation testing on the Southern Alameda County Line prior to revenue service.

Train Control System: Pre-revenue testing began on June 8. Westinghouse continued circulation tests and checkout of station and wayside equipment on the Southern Alameda line while assisting PBTB/BART personnel in training of operations personnel. A number of technical problems were identified and remedied during this period.

For example, under certain circumstances an electrical interference or "crosstalk" between track circuits took place between adjacent transmitters if positioned opposite each other. Electrical interference between on-board train control components was another troublesome problem. Rewiring and frequency conversion of all station, wayside and on-board equipment on the A-K line necessary to remedy the problems is scheduled for completion by Westinghouse in August. Multiple-train testing will then commence along the entire 12-station loop.

Programming corrections and hardware modifications at Central Control were being made to increase total system control capacity. Two additional computers were installed by Westinghouse to assure ample data processing capability in BART Central for full system operation.

At period's end the train control and communications contract was 30% complete.

Other Projects: IBM's manufacturing and installation contract for automatic fare collection equipment was 70% complete by June. All East Bay stations, except Concord, were fully equipped with machines and ready for revenue service.

With training from Rohr and Westinghouse, BART employees have been taking over repair, maintenance and operation of equipment — vehicles, wayside equipment, central control and programming. Train Attendants, Station Agents, Telephone Information and other employees received special training for contact with the public in addition to job training.

Statement of Revenue, Expenses and Accumulated Net Revenue

General Fund

	Fiscal Year Ended June 30	
	1972	1971
Revenue:		
Taxes	\$ 3,589,561	\$ 3,381,687
Interest and other	79,650	85,732
	<u>3,669,211</u>	<u>3,467,419</u>
Expenses:		
Personal services	9,269,871	6,304,171
Rent, leased vehicles and office expense	628,155	621,494
Professional and specialized services	1,183,004	877,987
Travel expense	167,569	135,336
Other	1,338,749	106,011
	<u>12,587,348</u>	<u>8,044,999</u>
Less charges to construction in progress and others	8,646,258	4,423,767
	<u>3,941,090</u>	<u>3,621,232</u>
Excess of expenses over revenues	(271,879)	(153,813)
Accumulated net revenue at beginning of year	2,139,066	2,292,879
Accumulated net revenue at end of year	<u>\$ 1,867,187</u>	<u>\$ 2,139,066</u>

Debt Service Funds

	General Obligation Bonds	Sales Tax Revenue Bonds	Fiscal Year Ended June 30	
			1972 Combined	1971 Combined
Revenue:				
Property taxes	\$43,931,781		\$43,931,781	\$33,391,732
Transaction and use taxes received		\$27,769,713	27,769,713	24,880,207
Interest	986,462	1,346,672	2,333,134	1,627,813
	<u>44,918,243</u>	<u>29,116,385</u>	<u>74,034,628</u>	<u>59,899,752</u>
Less:				
Matured interest	35,338,121	8,304,853	43,642,974	39,467,860
Matured principal	7,890,000	8,500,000	16,390,000	230,000
Bond service expense		29,986	29,986	82,253
	<u>43,228,121</u>	<u>16,834,839</u>	<u>60,062,960</u>	<u>39,780,113</u>
Balance at beginning of year	1,690,122	12,281,546	13,971,668	20,119,639
Balance at end of year	<u>\$17,764,789</u>	<u>\$34,801,805</u>	<u>\$52,566,594</u>	<u>\$38,594,926</u>

Statement of Changes in Construction Funds

	Fiscal Year Ended June 30	
	1972	1971
Total construction funds at beginning of year	\$1,223,454,181	\$1,073,331,480
Additions during the year:		
Sales Tax Revenue Bonds:		
Series B, sold in August, 1970	—	50,000,000
Series C, sold in January, 1971	—	50,000,000
U.S. Government grants received	27,750,622	17,333,776
State of California grants received	4,614,300	9,485,400
City of San Francisco contribution (adjustment)	(101,736)	43,224
Accumulated revenue (primarily interest)	12,768,662	23,260,301
	<u>45,031,848</u>	<u>150,122,701</u>
Total construction funds at end of year	<u>\$1,268,486,029</u>	<u>\$1,223,454,181</u>

See Notes to Financial Statements

San Francisco Bay Area Rapid Transit District

Balance Sheet

	June 30	
	1972	1971
Assets		
Cash (including time deposits of \$109,200,000 and \$154,000,000)	\$ 109,460,936	\$ 155,106,373
U.S. Treasury securities — at cost (approximating market)	12,265,391	15,417,812
Federal Agency securities — at cost (approximating market)	46,651,410	87,039,467
Miscellaneous receivables	3,352,221	3,014,625
Deposits and notes receivable	24,372,459	4,387,364
Construction in progress (Note G)	1,141,867,278	1,038,180,181
Facilities, property and equipment — at cost	3,298,317	435,495
Materials and supplies	406,411	—
Debt Service Funds, net assets (including time deposits of \$30,149,600 and U.S. Treasury and Federal Agency securities of \$21,585,700 in 1972 and \$23,731,900 and \$14,767,440 in 1971) (Notes B and C)	52,566,594	38,594,926
	<u>\$1,394,249,017</u>	<u>\$1,342,176,243</u>
Liabilities, Reserve and Capitalization		
Construction contracts and others	\$ 17,218,669	\$ 23,877,532
Payable to State of California (Note E)	39,110,538	39,110,538
Debt Service Funds (Notes B and C)	52,566,594	38,594,926
Reserve for self-insurance (Note F)	15,000,000	15,000,000
Capitalization:		
Construction funds:		
General Obligation Bonds (\$812,500,000 authorized) (Note B):		
Bonds outstanding	795,660,000	803,550,000
Bonds matured and retired	8,340,000	450,000
	<u>804,000,000</u>	<u>804,000,000</u>
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note C):		
Bonds outstanding	141,500,000	150,000,000
Bonds matured and retired	8,500,000	—
	<u>150,000,000</u>	<u>150,000,000</u>
U.S. Government Grants (Note D)	113,909,977	86,159,355
State of California Grant (Note E)	112,756,462	108,142,162
City of San Francisco contribution	3,428,022	3,529,758
	<u>1,184,094,461</u>	<u>1,151,831,275</u>
Accumulated revenue	84,391,568	71,622,906
	<u>1,268,486,029</u>	<u>1,223,454,181</u>
General Fund accumulated net revenue	1,867,187	2,139,066
	<u>1,270,353,216</u>	<u>1,225,593,247</u>
	<u>\$1,394,249,017</u>	<u>\$1,342,176,243</u>

The Security Division was authorized to implement a pre-revenue plan developed with the assistance of an outside consultant. An interim security plan for the first 90 days of revenue service was prepared for the Board of Directors and submission to local law enforcement agencies.

BART responsibility for system maintenance of vehicles, track, structures, tunnels, electrification and voice communications equipment increased as contract work was completed in these areas. By the end of the fiscal year, 60% of the maintenance force and 15% of the transportation personnel needed for full system service were hired.

PLANNING AND RESEARCH

Activity in this area continues to increase, with work aimed at planning future system extensions and increasing the efficiency of the existing system for patrons when revenue service commences.

Marketing: The comprehensive fares analysis—the complex process of presenting all competitive marketing and economic options regarding fares—was presented in a final report in December. In the proposed schedule, fares for all trips were calculated according to a standard formula incorporating distance travelled and scheduled speed as the two fundamental aspects of BART service. On December 20, as its last major action of the year, the Board of Directors adopted the official BART Interstation Fare Schedule and recommended developing an off-site ticket sales program. On January 10, 1972, the Board adopted a 75% discount from the regular fare for senior citizens over 65, and for youths through age 12.

The off-site ticket sales program was developed during the spring. Negotiations were carried on with the Bay Area banking industry to reach agreement for commercial banks to be the distribution channel for these sales.

Work increased in market research and marketing projects. Examples of such projects included a parking lot control system for Lake Merritt and Coliseum stations, and procedures for handling patron problems arising with the fare collection system.

Feeder Service: Interim agreements were reached with AC Transit to coordinate transit systems and feeder service, and negotiations were underway with San Francisco Municipal Railway.

Studies, in cooperation with local transit agencies, were completed to implement local feeder service in Central Contra Costa County and in Eastern and Southern Alameda County. BART also pledged itself to seek new state funding to provide express bus services from Concord to Pittsburg, Antioch, Brentwood and Martinez; from Bayfair to



Above: After December opening, new BART headquarters was a major attraction in Oakland.
Below: Southbound train approaches Fruitvale Station on aerial line.

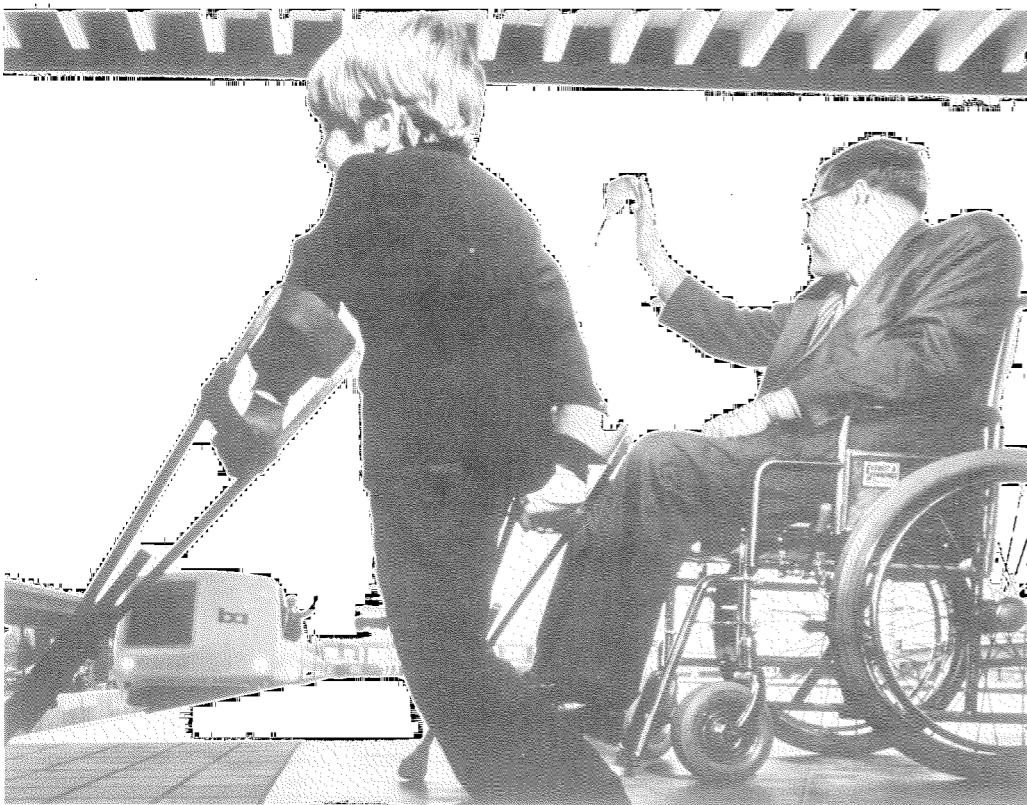




January open house drew 4500 District employees and their families to inspect BART headquarters and ride train from Lake Merritt Station.

BART President during 1971, James P. Doherty, accepts key to city from Oakland Mayor John H. Reading at dedication of District headquarters December 16.

Harold Willson (lower right), BART consultant for handicapped facilities, introduces Eric Staley, 1972 Easter Seal Society poster boy, to system. Eric, 7, is son of BART analyst Earl Staley.



Pleasanton and Livermore; and north from Richmond.

Extension Projects: The San Francisco Airport Access Project (SFAAP), in which BART participated with San Francisco City and County and San Mateo County, completed its final report during the fall. The report recommended that: (1) BART can and should be extended to serve the Airport and ultimately should be extended through San Mateo County; and (2) negotiations should proceed immediately between San Mateo, San Francisco and BART to develop an acceptable implementation agreement. By the fiscal year's end the sponsoring agencies had entered into implementation discussions.

Four corridor transit extension projects were underway, and the Oakland Airport Transit Access Project moved into its second phase of study during the year. Early in 1973 the specific method of transit access to the Oakland Airport will be decided upon.

The State in 1972 enacted the Mills-Alquist-Deddah Act (S. B. 325) which will make state gasoline sales tax monies available to transit. With the State Business and Transportation Agency and the Metropolitan Transportation Commission, BART began developing procedures for utilizing these continuous revenues, estimated at approximately \$19 million annually in the three BART counties.

In the next fiscal year Planning and Research will continue to coordinate these and other projects and contribute to BART's transition to the dynamics of providing, promoting and extending transit services as an essential element within the Bay Area.

FINANCE

Systemwide cash collection procedures were developed and tested. Activity also included beginning construction of the permanent cash building, design of three armored trucks, and recruiting and training of cash handling personnel.

Specifications were prepared for the fare collection data acquisition system. This system will automatically transmit to a central computer information about earned revenue, amounts of cash collected in the fare machines, and origin and destination of passengers.

The computerized Management Information System was implemented with multiple subsystems including Labor and Equipment Distribution, and Budget, among others. As the emphasis shifted from project completion to system maintenance and improvement, 11 different series of user manuals were produced and distributed.

Internal audits focused on contract closeouts, inventory control, fixed asset informa-

tion, and payroll/personnel system functions. Fare collection operations and computerized systems functions will demand increased audit activity in the 1972/73 fiscal year.

Total refunds under the property insurance program and dividends from Workmen's Compensation insurance to date exceed \$4.5 million.

During the period the District received additional grants from the U.S. Government for financial assistance to three projects: \$20 million to help complete the Embarcadero Station, \$1 million for the Coliseum Aerial Walkway and \$89,065 for beautification of areas in Oakland and Berkeley. Capital Grant Project CAL-UTG-11 consisting of four construction contracts was completed during the year.

Earnings on temporary investment of District general construction funds exceeded \$12 million for the year.

Property tax rates fixed by the District passed their peak during the 1971/72 fiscal year as predicted (see table below) and will continue to decline until redemption of \$792 million in construction bonds is completed.

PROPERTY TAX RATES

	1972-73		1971-72	
	Admin. Expenses	Debt Service	Total Rate	Total Rate
Alameda	4.7	54.0	58.7	62.5
Contra Costa	5.0	56.4	61.4	65.7
San Francisco	5.3	59.8	65.1	70.4

NOTE: Tax rate is per \$100 assessed property value. Different tax rates reflect equalization of different assessment formulas among counties.

ADMINISTRATION

The scope of administrative activity continued to increase, as revenue operations approached. A major administration project during the year was equipping and furnishing the new administration building in the fall, followed by the move of employees from San Francisco to the new building. The move was carried out in stages during the month of December. The headquarters building, which stands above the Lake Merritt Subway Station and Train Control Center in downtown Oakland, was formally dedicated and opened on December 16.

The 1972/73 budget — the District's first full system operating budget — was cited by the Administration Committee in the spring as the most carefully developed budget ever to come before them. The budget was set at \$26.2 million with a \$20 million spending ceiling subject to change by the Board, depending on experience with initial revenue operations. The budget provides for a peak of 1558 employees, but this number is expected to decrease to 1515 after a year of full stabilized operations.

Manpower planning and long-range cash flow projections of revenues and operating

costs were developed for the next five years. The long-range budget goal is to ensure quality service, safety and maintenance, while enabling BART to support itself through the farebox, as the law requires.

LEGAL

Legal activity reflected the increased demand for advice on operational matters. Review of construction contracts decreased, but this was more than offset by a heavier volume of litigation resulting from increased contract settlements. Staff attorneys were, at the end of the reporting period, handling actual litigation of contract claims aggregating approximately \$1,386,500, in addition to a significant volume of stop notice and other cases.

PERSONNEL

The District was called on during the period to substantially enlarge its staff, maintain its proficiency, and also develop new lines of communication and programs for hiring the disadvantaged. Qualified applicants from members of minority groups were actively sought.

Total District personnel increased from 527 to 762 during the year, of which 313 were hourly employees. The staff processed 4,500 applications, conducted 1,600 interviews, answered 23,600 telephone inquiries, and talked to 5,600 drop-in applicants.

Minority representation among the staff is now up to 307. Of this group, 20% are in executive, supervisory and professional positions. On January 27 the San Francisco Human Rights Commission presented a commendation to the Board of Directors for its positive policy on fair employment practices.

Districtwide benefits were improved with the addition of employer paid dental coverage for dependents.

Hourly employees were incorporated into the Public Employees Retirement System during the year.

BART executive salaries were surveyed by a consultant firm selected by the Administration Committee of the Board in order to check their comparability with similar executive positions in other public and private organizations. As a result of the survey, BART ranges were adjusted to a competitive level. However, the General Manager informed the Board that he would not recommend individual salary increases in the executive group until after the start of revenue service. The staff was commended by the outside consultant for high professionalism in salary administration.

LABOR RELATIONS

Activities during the fiscal year were principally directed toward establishing the framework which will largely determine the District's future labor relations program. An

extensive series of hearings was held in 1971 before arbitrator Sam Kagel into two areas critical to District operations.

Thirteen hearings involved procedures for determining appropriate bargaining units among those District employees who may desire to be represented by organized labor. Seven hearings were held to determine how Section 13(c) of the Urban Mass Transportation Act would be applied to BART. This section, signed by BART on January 25, 1968, as a condition of Federal aid, guarantees employees of other Bay Area transportation lines job priority in transit jobs with BART.

On June 18, Mr. Kagel placed a four-week hiring freeze on BART while he polled employees of five other transportation lines ruled eligible under Section 13(c) for BART job preference. Employees from Peerless Stages, Greyhound Bus Lines, AC Transit, San Francisco Municipal Railway, and Southern Pacific Railway's commuter lines were given hiring preference in BART.

Mr. Kagel is expected to rule on labor unit representation during the 1972/73 fiscal year. The District staff is preparing for the elections and collective bargaining process expected to follow his ruling. Thus, the 1972/73 fiscal year will be a critical one in terms of labor's financial and operating impact on the District.

REAL ESTATE

Property acquisition completed during this period involved requirements for 33 parcels at a cost of \$380,000. Income obtained from property rentals, leases and sales amounted to \$494,000. Property requirements identified during the year affect 13 new parcels.

Significant progress was made in fulfilling contractual property commitments to utility agencies for facilities rearranged during BART construction. Conveyances of new and relocated street areas were processed involving the cities of Oakland, Berkeley and Hayward.

The functions of right of way surveying, mapping and certification were transferred from PBTB to BART. Progress continued on the preparation and filing of BART right of way record maps with County Recorders.

Work will continue during the coming year in the fields of property acquisition, condemnation, relocation, street and utility conveyances and street vacations for the 75-mile system. Right of way estimates will be provided for various system extension projects. The customer service program will be initiated — involving public telephones, storage lockers, vending machines, newspaper vending boxes, mail boxes, and bicycle lockers at BART stations. Finally, encouragement will continue to planners and developers concerned with property developments oriented toward the BART system.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

INTER-OFFICE COMMUNICATION

To: All Department Heads
From: General Manager
Subject: 1972/73 Annual Report

Date: June 7, 1963

We are undertaking the 1972-73 Annual Report at this time. It is the most significant report in District history - - the year we began serving the public - - and we want it to be our best effort.

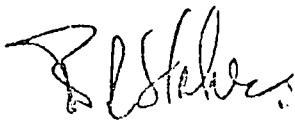
This year's general theme will emphasize how BART people prepared for and adapted to their new responsibilities of revenue service with departmental goals and changes, training programs, major projects, and so on, for the 72-73 fiscal year.

Please get your report in to me on schedule by June 25 as we want this report to be completed well ahead of the S&M Line opening work ahead of us. And please make your input concise and well-thought out to get across clearly the real significance of your department's activities.

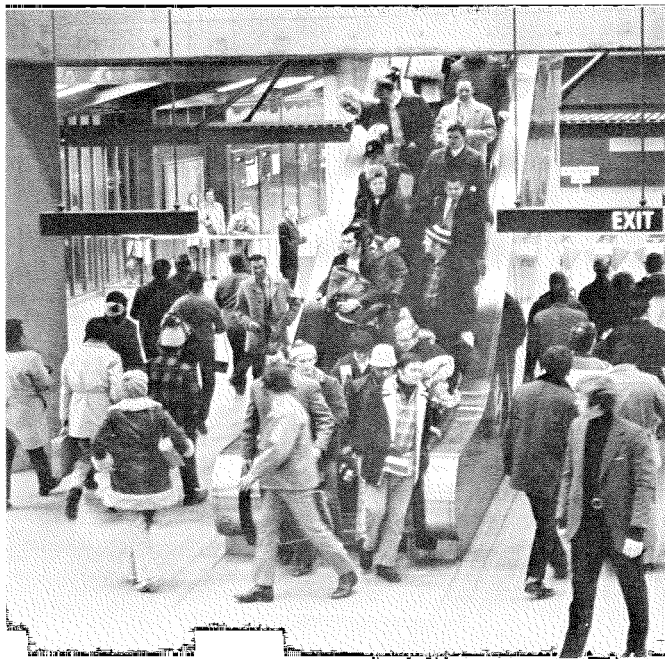
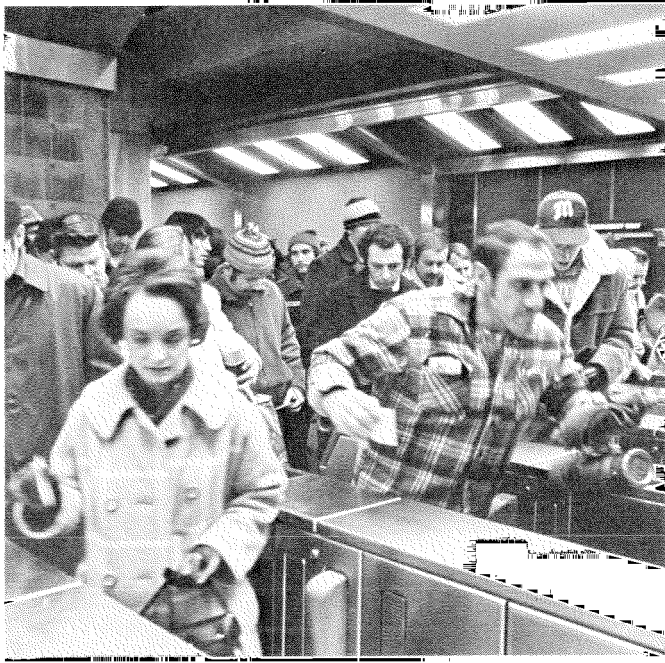
You might wish to include:

1. Major changes in your departmental missions in preparing for start-up of revenue service, or carrying on revenue service for the A-K, R and C lines.
2. Important problems solved, and those being worked on.
3. If possible, any specific examples that indicate unusual dedication and teamwork among your people, or exceptional achievements.
4. Major challenges or tasks facing your department during the coming fiscal year (very important).

We have taken more than our share of criticism in past months. I'm counting on you to make sure your people get credit in our own Annual Report for the important things accomplished during the period.



B. R. Stokes



Annual Report 1972|1973

San Francisco Bay Area Rapid Transit District

Established by the State of California in 1957. Authorized to finance, construct and operate a new high-speed rail rapid transit system under the direction of a representative Board of Directors from the counties of Alameda, Contra Costa and San Francisco.

Directors



ALAMEDA COUNTY

GEORGE M. SILLIMAN
H. R. LANGE
RICHARD O. CLARK
DEWITT C. WILSON*



CONTRA COSTA COUNTY

JAMES P. DOHERTY
JOSEPH S. SILVA
NELLO J. BIANCO
Vice-President
DANIEL C. HELIX



CITY & COUNTY OF SAN FRANCISCO

WILLIAM M. REEDY
WILLIAM H. CHESTER
President
THOMAS F. HAYES
QUENTIN L. KOPP**

OFFICERS

B. R. STOKES
General Manager
L. D. DAHMS
Assistant General Manager-
Planning & Public Service
L. A. KIMBALL
Assistant General Manager-
Administration
M. BARRETT
General Counsel
W. F. GOELZ
Director of Finance
R. J. SHEPHARD
Secretary

DEPARTMENT HEADS

W. E. BENEDICT
General Services
C. K. BERNARD
Research
D. DELIRAMICH
Treasury
W. F. HEIN
Planning
L. J. HOAGLAND
Insurance & Safety
P. O. ORMSBEE
Public Relations
R. D. KNAPP
Systems & Data Processing
C. O. KRAMER
Engineering Services
W. M. McDOWELL
Passenger Service
J. R. McCALLUM
Controllershship
W. D. MERSEREAU
Real Estate
G. B. OLSEN
Personnel
E. J. RAY
Operations
E. A. TILLMAN
Design & Construction

*Director Wilson succeeded Director Arnold C. Anderson by appointment of the Alameda County Supervisors April 17, 1973.

**Director Kopp succeeded Director William C. Blake by appointment of the San Francisco City and County Supervisors January 8, 1973.

President's Message

**"... human values
in management, and good
working relationships, have more bearing on
the quality of revenue service
in the long run ..."**

On September 11, 1972, a huge construction project was suddenly transformed into the nation's newest transit system. Empty new stations and trains came alive with people. It was a thrill I shall not soon forget.

Thousands of BART District residents and taxpayers poured into the system and quickly made themselves at home on that day, ending the era of building and testing the network, and beginning a new era of public transportation service.

This year's report from the General Manager has been expanded to cover the busiest period in the District's history, and with special emphasis on all matter pertaining to revenue service.

Pre-revenue preparations were seriously hampered by very late revenue car deliveries and last summer's state-imposed hiring freeze. Equipment reliability problems aggravated the shortage of revenue cars. Fleet testing and modification work required a sharply limited schedule of revenue service.

Despite these setbacks, the District staff successfully opened 56 miles of its 71-mile system, and 24 of its 34 stations. Patronage to date, exceeding all reasonable expectations, gives every indication of solid public acceptance of BART!

These achievements tell me a great deal about the caliber of our people: they perform superbly when the going gets tough.

The new responsibilities of revenue service ... equipment start-up problems ... the issues raised by approaching labor contract negotiations ... plus broader social issues being focused on BART ... all combined to make extraordinary demands on the District Directors and staff management during the report period.

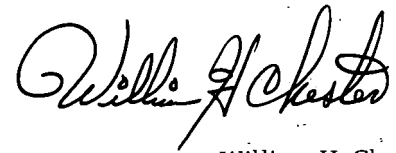
These demands will continue through the 1973-74 period as the District and its contractors work to bring the system into readiness for transbay operation. Staff management ably carried out realignment of activities and personnel during the period. This process will continue in the next period as a permanent operating structure evolves.

In addition to the concerns of the now fiscal year, the Directors and staff will doubtless have occasion to reassess decisions from past years,

made under circumstances no longer applicable. Management has, without question, demonstrated an ongoing ability to change, correct and improve — which is vital to every organization.

In addition to an entirely proper and constructive concern about BART from outside parties, a certain mindless criticism of the Directors and staff has become politically fashionable in some quarters. We must not let criticism we regard as unfair ... nor pride, nor conflicting viewpoints ... rob us of objectivity in the continued review of our internal affairs.

In this coming period, we Directors must not let our preoccupation with technical resources cause us to overlook the importance of our people resources: As demonstrated time and time again in the transit industry, human values in management, and good working relationships, have more bearing on the quality of revenue service in the long run than do relatively short-run technical problems.



William H. Chester
President



President Chester chats with Berkeley Mayor and Mrs. Warren Widener and other passengers during the January 29 opening of the Richmond Line.

Report of the General Manager

TRANSIT OPERATIONS



General Manager B. R. Stokes (right) briefs Dick Brown, chairman of the State Transportation Board and San Diego County Supervisor, on BART's new automatic fare collection equipment.

OPERATING STATISTICS

(September 11, 1972 through June 30, 1973)

Total Car Miles (revenue service only)	4,589,927
Total Passenger Trips (patronage)	4,591,241
Passenger Miles (estimated)	106,771,131
Ridership Ratio: (for June 1973)	
Peak	53%
Off-Peak	47%
Net Passenger Revenues (less value of fare discounts and AC-BART transfer expense)	\$2,103,621
Average Passenger Fare (includes discount fares at full value)	.5293 cents
Average Trip Length (based on average fare)	12.0 miles

The first 10 weeks of the fiscal year were spent in intense, around-the-clock pre-revenue activity to ready the system for the opening of the first 26 miles of the system between Fremont and north Oakland. On Monday, September 11, ceremonies were held simultaneously at the 12 opening stations for 2,000 guests; including local, state and federal officials. At 12 noon, the BART Train Control Center at Lake Merritt announced: "This system is now open for revenue service." Thousands of waiting patrons rushed through the fare gates to ride the first truly new rapid transit system built in the United States in more than a half-century.

Pre-Revenue Operations: Activities included complex and extended testing of transit cars and the automatic train control system between Fremont and MacArthur Stations. Revenue train operation was first simulated on the train control computer, using theoretical run times, which were later compared to actual run times and adjusted in the computer. Procedures for mainline operations, interfacing BART Central Train Control with mainline operations, yard movements, emergencies, and other purposes, were finalized and published.

Pre-revenue train circulation testing was seriously hampered by the continued shortage of revenue service cars, which in turn affected other related pre-revenue activities. (As of July 1, 13 cars were available for testing.) The shortage resulted from a slippage of delivery schedules by the car-builder, Rohr Industries, Inc., which had suffered a crippling nine-week strike.

An equally serious problem was a four-week hiring freeze from June 18 to July 15 imposed on the District by the State. The District was directed to interview 1,100 employees of five Bay Area transit lines to determine how many employees desired (and were qualified) to exercise job preference rights with BART guaranteed by federal legislation. To surmount this delay, an intensive effort was required between mid-July and early September to hire and train the station agents, train operators, maintenance and other personnel required for start-up of revenue service. In this short period, more than 55,000 training hours were administered to new personnel.

Revenue Operations: Service commenced on September 11 with only 24 A-cars and two B-cars available for service. The Transportation Department was able to regularly maintain eight to nine two-car trains on the Fremont-MacArthur loop at 10-15 minute headways. Remaining A-cars were used in back-up trains. Additional B-cars did not begin joining the fleet until well into October.

“The most important sign on the system hangs in the Train Control Center.

It says ‘PAMPER THE PASSENGER.’”

Transportation carried 100,000 people in the first 4½ days of revenue service, a remarkable accomplishment considering the shortage of cars and newness of the line operation organization. As the initial influx of sightseers or excursion riders passed, daily average ridership began to reflect more accurately the patronage of a new transit market with seasonal characteristics. Ridership levelled off to a 16,000 daily average in October, and then to 12,000 in January.

On January 29, 11 more system miles and six more stations were opened to Richmond. Equipment increased to 12 three- and four-car trains. Daily patronage immediately jumped from 12,000 to 27,000.

On May 21, 19 more system miles and six more stations were opened (from MacArthur Station) to Concord — BART’s most scenic line and its showcase of transit/freeway corridor planning. Average daily ridership rose from 28,000 to 36,000 in the line’s first week of operation, reaching a peak daily average of 37,000 in June.

Testing, checkout and modifications to the car fleet and control system for full system operation (on optimum headways) comprise a large and ongoing technical effort that must be accomplished on night shifts and on weekends, using system trackage and maintenance facilities. Hence, revenue service was limited to weekdays, 6 a.m. to 8 p.m., and will so continue until some date after full system operation commences.

Despite a limited service schedule, daily ridership rose to 95 percent of that forecasted for the three East Bay lines on a full schedule of 20 hours a day seven days a week. Significantly, commuter patronage rose 38 percent above the forecast for the East Bay lines. By June, 19,500 of the 37,000 daily trips were in the a.m. and p.m. commuter peaks — very close to the 50 percent peak to off-peak ratio forecast for the system.

Heaviest demands on the system’s limited capacity were made during three games of the 1972 World Series, when BART moved up to 8,000 passengers per hour with 18 cars. Peak one-day ridership was 40,000 on Washington’s Birthday (February 19). The system carried more than 4½ million passengers over 106 million miles with no fatalities or serious injuries.

Of BART’s initial fleet order of 150 A-cars and 100 B-cars, 148 A’s and 71 B’s were delivered by period’s end. Of these, 108 A’s and 59 B’s had been provisionally accepted for service. An order was placed with Rohr Industries for an additional 100 B-cars. Work on these cars will commence in early fall when the initial 250-car order is completed.

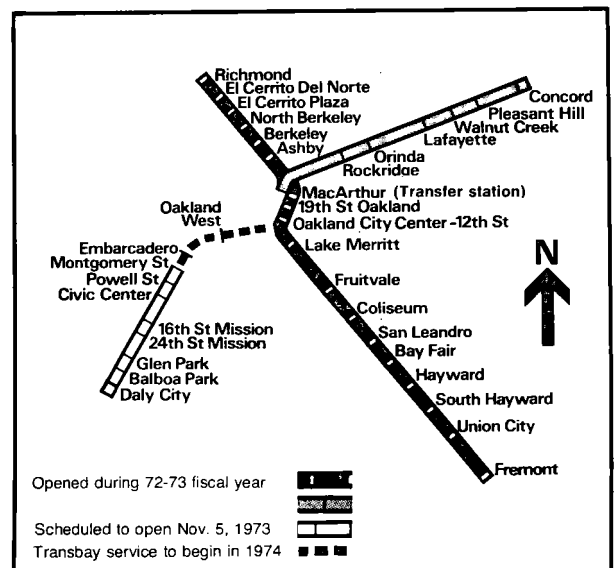
Train yards and maintenance shops at Richmond and Concord were activated to dispatch all revenue service trains on and off the mainline, and to perform scheduled (daily and periodic) maintenance on rolling stock. The main Hayward

Shop thus was able to concentrate on fleet heavy maintenance and component overhaul, as well as equipment testing and modification programs leading to start-up of full (transbay) system operation.

Seasoning of Transportation Department personnel in the operation of trains, Control Center, stations and train yards was evident in improved train operations and response to non-routine situations during the period.

The period ended with three of the system’s four lines, 56 of its 71 miles and 24 of its 34 stations in operation. Eighteen trains (four or five cars each) were regularly in revenue service. The District was working to open the remaining 15 miles of the system from downtown Oakland through the transbay tube and San Francisco to Daly City. A key requirement in the train control system for transbay operation (see page 6 for details) was yet to be met. And there was growing threat of a system shutdown by the District’s 1,100 union employees. Both factors would, in the next period, further delay the opening of the transbay service.

NOTE: subsequent to June 30, 1973, the system was shut down by a strike for the entire month of July. The map below indicates schedules for opening the remainder of the system, developed after the District resumed revenue operations on August 6, 1973.



System Maintenance: Approximately half the total district personnel are involved in a wide range of 24-hour support activities, from station and right-of-way housekeeping to highly complex maintenance of electronic equipment. Getting acquainted with contractor-installed equipment, and identifying and correcting design or installation deficiencies, characterized much of the period activity. Major effort went into development of test procedures and devices for rapid troubleshooting of transit vehicles, train controls, communications networks, line electrification circuits, emergency alarms and equipment, and other support areas. Fare collection equipment was maintained by the manufacturer, IBM.

A major problem area was unsatisfactory reliability of the vehicles in revenue service, which increased unscheduled maintenance performed at the shops to four times the forecasted workload. Vehicle downtime reached a monthly average of 30 percent of the fleet, with carborne train controls and braking and propulsion systems the major causes of downtime. By period's end, the Hayward Shop was monitoring approximately 85 car modifications requested from Westinghouse Electric Corporation, Rohr Industries, Inc., or their subcontractors. The modifications primarily involved changes or additions to cab controls and signals, door mechanisms, braking and propulsion systems, and ATC (automatic train control) circuitry.

Another major problem area involved wayside equipment malfunctions, which frequently caused the ATC system to falsely "detect" a non-existent train in a given track section or block. Accordingly, the fail-safe system stopped any revenue train that moved into the preceding block. The train operator then had to move his train through the "false occupancy" block on manual control at reduced speed, thereby disrupting running schedules. Replacement of faulty circuits in the wayside equipment was, by period's end, reducing the frequency of false occupancies. Other modifications, such as changes in station stopping circuits and car antenna, added up to a significant improvement in ATC reliability.

The system's elaborate new network of communications and heavy power distribution, extended with each line opening, required considerable work to achieve the required reliability. More than 25 separate communications systems were started up, including radio, telephone, public address systems, and digital communication links used in train control. Similar start-up work was accomplished on the system's third rail circuits and power feeds from PG&E sub-stations, plus a wide range of auxiliary generators and bat-

teries to keep vital parts of the system operable in case of general power failure.

The Inspection Division staff was enlarged to assure complete and uniform reporting of equipment malfunctions and unusual occurrences in train operations to appropriate maintenance, engineering, and contractor areas. Thirty-four inspectors closely monitored the Train Control Center and the Hayward Shop, key points in other system shops, and also Rohr's car-assembly line at Chula Vista, California.

Installation of automatic car wash facilities, similar to those at Hayward Yard, was begun at Richmond and Concord Yards.

The Track and Structures Division performed final alignment and cleaning of rails prior to each line opening. Extensive replacement of defective rail joint insulation, plus stainless steel surfacing of seldom-used crossovers and other trackage, was carried out to help improve ATC system reliability. Crews were trained to manually operate switches (in event of remote control problems) and a variety of mobile equipment used for system maintenance and emergencies. Extensive work was required to correct water leakage in subways and stations and other major and minor deficiencies in new structures. Janitorial crews were trained for each line prior to opening, and system mileposts and other right-of-way signage installed. The Building & Grounds Section moved from the Oakland Shop to rented quarters in the Butler Building at 11 Fourth Street, Oakland.

System Safety: With a period record of zero passenger fatalities and serious injuries, BART more than lived up to the excellent passenger safety record of the rail transit industry. Passenger accident claims, all non-serious, totalled 15 on trains and 58 in stations. Prevention of station accidents will be emphasized in the next fiscal year, with coordinated efforts between safety, police, line operations, and maintenance personnel.

On October 2 the system's only serious train accident occurred. Failure of a tiny crystal oscillator caused on-board control circuitry to transmit an erroneous speed command to the propulsion system of a two-car train approaching the Fremont Station terminus. Although under full braking, the train's overspeed condition resulted in one car leaving the tracks. It passed through a sand barrier, coming to rest on a dirt incline into the station parking lot. A few of the passengers were bruised, but none was seriously injured.

Although electronic engineers consider this type of component failure extremely remote, a program was immediately begun to equip all cars with redundant circuitry to prevent any similar problems in speed coding equipment. The nature of the accident subsequently focused attention on broader concepts of fail-safe design as utilized in BART's train control system and in vital safety control systems elsewhere.

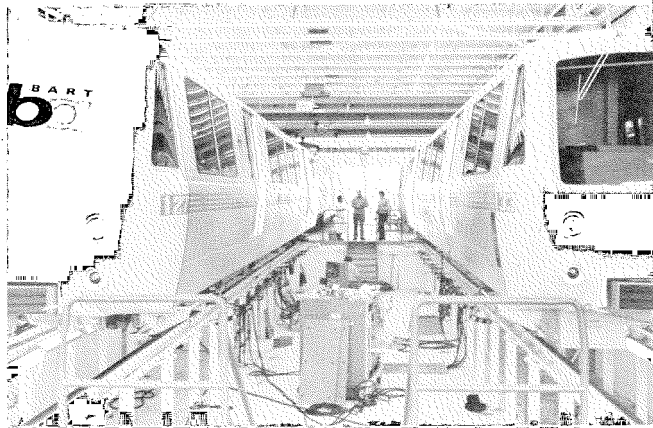
**“Our maintenance people
have met inevitable start-up problems squarely
and with great individual effort.”**

Police Services: District policy is aimed at developing a highly professional police organization able to carry out law enforcement on the system within the different social structures of the on-line communities. A major activity of the Police Services Department was the recruiting and training of officers for a low-key, nonmilitary approach to law enforcement. The department has recruited primarily from personnel of Bay Area community police departments, who already have basic experience and professional peace officers status. Officers recruited thus far average 32 years of age, with two years of college and seven years of police experience.

Police Services performs a broad range of activities, including system patrol (in automobiles or on trains), and investigation work. BART officers work closely with the community law enforcement agencies, and a number of wanted persons have been apprehended as a result.

Crimes on the system mainly involved automobile and bicycle thefts, with crimes against persons very minimal. Rock-throwing at trains and other juvenile vandalism continues as a persistent problem for which there is no simple solution. However, District personnel are working with schools and civic organizations in an attempt to improve the situation.

The department's major task in the coming period will be to prepare for the San Francisco line operation with its large ridership and station activity.



Hayward Shop crews (left and above) worked around the clock seven days a week to maintain and modify revenue cars, and check out new vehicles arriving from factory. Richmond and Concord Shops were activated during period. (Right) Supervisors Al Bullock and Bob Rainey monitor computerized routing of busy Hayward Yard traffic from control tower.



SYSTEM ENGINEERING

Bringing the new transit vehicles and train control system to performance and reliability levels required for full system (transbay) operation continued as a major challenge during the period. Extensive testing and design evaluation programs were carried on by the consortium of District engineers, consultants, and equipment suppliers.

Testing: Thorough testing of revenue vehicles, train controls, system communications, and other equipment preceded each of the three line openings. As equipment problems were identified and corrections implemented, pre-revenue testing went progressively smoother for each line opening.

Nevertheless, at period's end the District was still working to meet a key requirement of the California Public Utilities Commission calling for continuous detection of "dead" two-car trains (i.e., without third-rail power) throughout the system. Although the control system reliably detects powered trains in normal operations, the requirement is intended to assure safe train spacing under the most adverse circumstances of complete power failure.

To doubly assure safe spacing of trains on automatic control, the CPUC has required the District to monitor all train movements with station platform-to-station platform telephone communication since revenue service commenced. This requirement will continue until the "dead train"

detection is achieved. Until the requirement is lifted, however, the telephone back-up operation precludes the closer train spacing considered necessary for efficient transbay operation.

Design: Vehicle and train control reliability problems, plus the October 2 train accident at the Fremont Station, centered largely around electronics. As such, the period involved extensive evaluations of vehicle and train control design concepts, particularly with regard to fail-safe design of vital circuitry and components.

On November 9, State Legislative Analyst A. Alan Post issued a report to California legislators which contained 15 recommendations pertaining to system equipment and operating safety, and 16 recommendations pertaining to District contract administration, bidding, and procurement procedures.

As a follow up to the Post report, a three-man panel of experts was appointed by the State Senate Public Utilities and Corporations Committee to investigate the train control system. On February 5, the panel reported to the legislature that current BART operations were safe, and would continue to be safe for future transbay service with the addition of certain modifications and back-up systems.

Among the panel's 21 recommendations were additional redundant (duplicate) vital circuitry in cars and control equipment, added cab information for train operators, testing for "worst weather" braking, and continued testing of car wheel "scrubbers."

The District staff has since worked closely with the panel, and change orders have been issued for vehicle and train control modifications agreed upon. The "scrubbers" (metal rubbing blocks that keep car wheels clean) generally improved train detection by improving wheel-to-track contact. However, the test results still did not fulfill the CPUC's stringent "dead train" detection requirement, and other methods of improving detection were being investigated.

Of major importance was the consolidation of all system equipment engineering and contract administration into a new Engineering Services Department. A new Quality Control Department was also established to centralize reporting and analysis of equipment failures and other reliability problems for engineering and maintenance personnel.

At period's end, District engineers were developing plans for a wide-ranging safety study which would analyze the interaction of trains, employees, passengers, operating procedures, and other factors to determine the system's full public safety potential relative to operating and design limitations, and relative to other transit systems. The study is estimated to cost \$750,000, with two-thirds funding from the U.S. Urban Mass Transportation Administration.



(Then) U.S. Secretary of Transportation John Volpe (center) was escorted by Passenger Service Representative Karen Sandeen and 1972 District President George Silliman during his October 11 visit to dedicate the system.

“We have tried hard to provide quality surroundings for our patrons, and they seem to truly appreciate this quality.”

DESIGN & CONSTRUCTION

The Design and Construction Department (previously called the Engineering and Construction Department) assumed greater responsibility for management of project design and construction to permit the orderly phaseout of the District's engineering consultants (Parsons, Brinckerhoff-Tudor-Bechtel) in this function. Work by PB-T-B engineers on the project decreased approximately 45 percent from the 1971-72 period level. Department personnel directly managed construction for 14 contracts, and prepared 16 smaller improvement and procurement contracts, in addition to monitoring design and/or construction of 226 outside contracts.

Construction: Completion of the Concord and Daly City stations and related trackage, plus Phase I (shell only) of the Embarcadero Station, concluded all line and station construction required for operation of the full 71-mile train system. Phase II (interior construction) of the Embarcadero Station commenced in June, 1973. (Trains will run through the station without stopping until its completion in late 1975.)

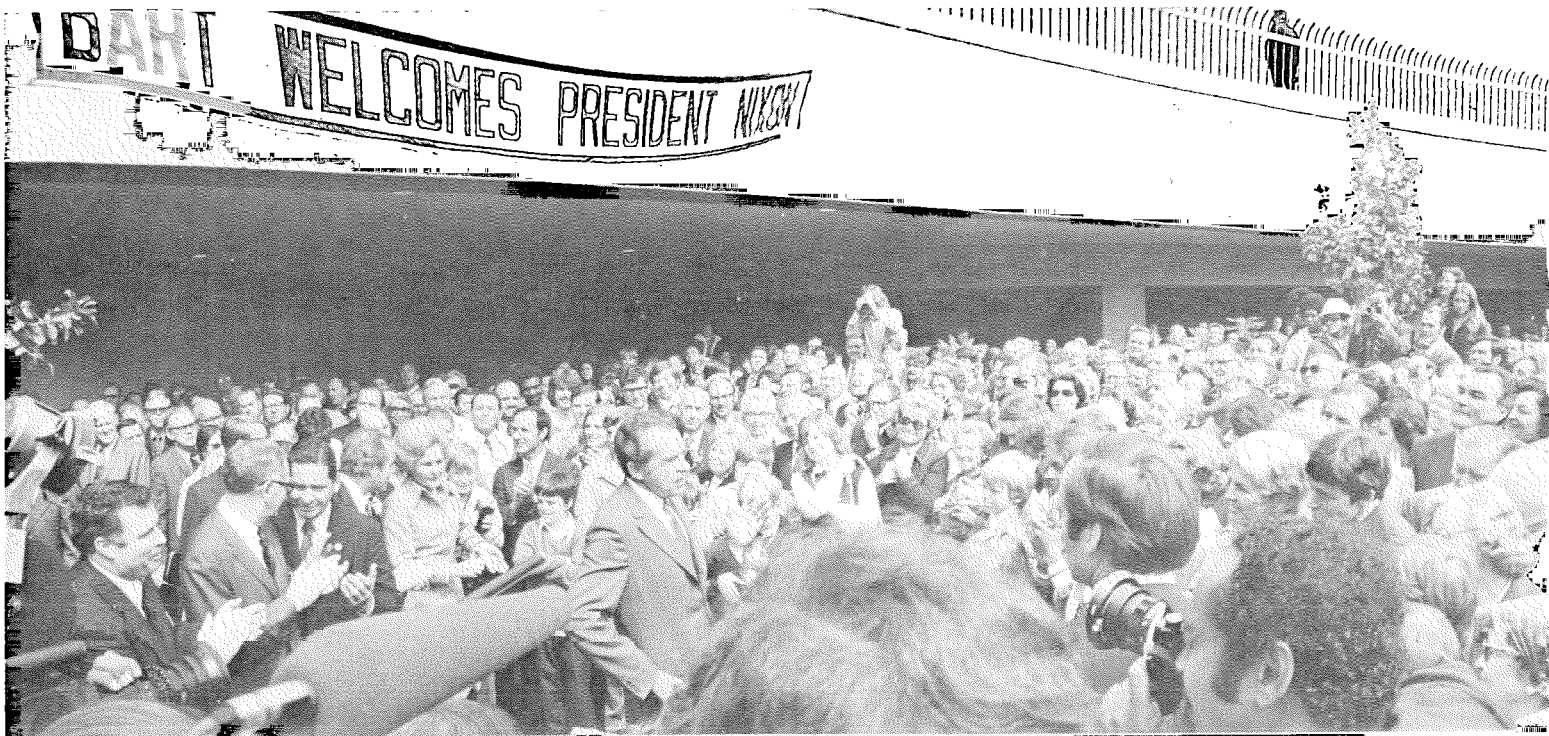
Major construction centered around the Outer Market line (for San Francisco Municipal Railway streetcars), which included work on the Van Ness Station and tunnels, the Church Street and Castro Street stations, and associated line work. Design of the West Portal Station was near completion.

Mezzanine extensions to Montgomery and Civic Center stations were completed, with the Powell Street Station extension 94 percent complete. Construction was well underway on the District's cash handling facility and a new warehouse (both near the Oakland Shop).

The period closed with overall project design more than 99 percent complete and construction 82 percent complete. The proximity of these figures to the previous period closing — 99 percent for design and 80 percent for construction — reflects a substantial amount of system improvements introduced into the project (see Special Projects below) for which new contracts are identified and scheduled. Overall value of the project was estimated at \$1.522 billion (including \$269 million in federal grants to date), with \$1.282 billion expended to date.

Contracts: Fifty-two contracts were completed, bringing total project contracts completed to 226 and valued at \$667 million. Work-in-progress was valued at \$325 million. Thirty-eight contracts totalling \$39 million remained to be awarded.

President Richard Nixon says “well done” to employees gathered at the Lake Merritt Station fountain plaza after riding the system on September 27.



PASSENGER SERVICE:

Special Projects: A \$2.5 million over-water platform adjacent to the Ferry Building in San Francisco was completed. Its purpose is to safeguard the tube and west ventilation structure from Port of San Francisco navigation and other potential hazards. Work on a \$2.5 million "concrete blanket" to protect the transbay tube from Port of Oakland navigation was started. Design work was completed on a \$1.5 million walkway between the Coliseum Station and the Oakland Sports Complex. Design was started on a two-mile test track (south of Hayward) for fleet modification and checkout, and on increased power distribution capacities throughout the system.

Most of these and other major construction projects in the period were approved for up to two-thirds federal funding. Grants totalling \$89 million were approved, including a two-thirds grant of \$27 million to increase the fleet from 250 to 350 cars. (An additional four-fifths grant for \$34 million to increase the fleet to 450 cars was pending approval.) Pending approval was 92 percent funding of a multi-level parking structure at the Daly City Station by the Federal Highway Administration, with eight percent funding by Daly City.

Status of systemwide contracts:

Trackwork - BART	100%
MUNI	45%
Electrification - BART	100%
MUNI	0
Train Control and Communications	73%

Status of civil structure contracts:

A Line (Fremont)	100%
C Line (Oakland Subway - Concord)	100%
R Line (Richmond)	100%
B Line (Transbay Tube)	100%
S Line (SF BART/Muni Subway)	92%
S Line (Outer Market Muni)	45%
M Line (Mission St. - Daly City)	99%

A major effort in public contact training and preparation of advertising, publicity, and passenger information materials preceded the September 11 start-up of revenue service. The Passenger Service Department instructed train operators, station agents, and other transportation personnel in courteous handling of patrons. Operators in the Telephone Information Center received similar sensitivity training, in addition to thorough orientation on train and feeder bus service. BART information operators were handling 1,000 calls daily in English, Chinese and Spanish. "All About BART" brochures, in the same languages, plus Braille, were located in handy station racks. Another brochure informed patrons about station elevators, special parking, and other system facilities for the handicapped.

Extensive station graphics were prepared to encourage maximum self-reliance among patrons in using the system. Large maps in each station depict train routes, local streets and bus routes, and points of interest along the system. These key graphics won awards for excellence in art design.

BART's advertising program in daily newspapers was coordinated with system graphics and literature to educate the public in using the system as well as promote the service. The \$200,000 budget was spent primarily on newspaper space and remains the same for the next fiscal year. After the full system is operating, advertising will be directed at promoting off-peak ridership.

A Passenger Service Corps, organized among 40 trained volunteers from various District offices, provided valuable assistance in handling crowds at line openings and special events.

A Passenger Relations Committee was formed to identify and coordinate solutions among all necessary departments for passenger-related problems and complaints. The committee sought improvements in such aspects of passenger service as train and station announcements, station signs, and automobile and bicycle parking accommodations.

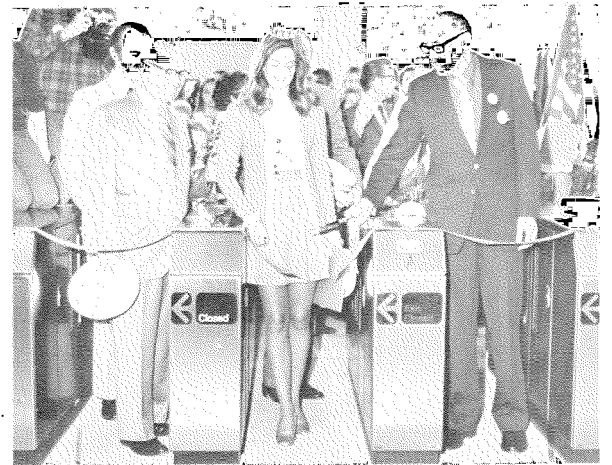
The train destination signs, working smoothly after a short break-in period, were fulfilling their promise as a valuable communications medium. Informative messages from all appropriate system departments are channeled onto the signs by Passenger Service. News bulletins and advertising messages have been improved to fit the sign format. Advertising revenue of \$510,000 for the period is used to amortize the cost of the computerized, systemwide signs.

Conscientious follow-up and a written response to all complaints and suggestions received from patrons is considered a key Passenger Service activity.

A signage improvement program, underway at period's end for 26 stations, is based on patron comments and station agent observations during the opening months of revenue service on each line.

“The pride and involvement of BART communities in the opening of their stations was a rewarding experience for all BART people.”

(Left) “A glorious day,” agreed San Francisco Mayor Joseph Alioto, (then) District Vice-President Chester, and Oakland Vice Mayor John Ogawa when they officially opened Lake Merritt Station for revenue service on September 11, 1972. (Below) Mrs. Gertrude Guild of Oakland made her imprint on BART history at Lake Merritt as the system’s first revenue passenger.



(Left) Richmond Station was the focal point of ceremonies opening the Richmond Line on January 29. (Above) Pleasant Hill Station was typical of the colorful community ceremonies opening the Concord Line on May 21. Director Joc Silva and “Miss Pleasant Hill” (Nancy Davis) wait for Mayor Ben Hartinger to cut the traditional ribbon.

“Patronage is generally bearing out our marketing forecasts, and indicates solid public acceptance of BART.”

PLANNING & RESEARCH

The Research Department provided considerable support to development of the 1973-74 operating budget and the five-year forecast of capital and operating fund requirements. The Planning Department carried on District liaison for a wide range of projects with the Bay Area Metropolitan Transportation Commission (MTC), and other local agencies and transit systems. In addition, both departments carried on their own planning or research projects during the period, which are summarized below.

Feeder Service: An Agreement with the Alameda-Contra Costa Transit District enabled patrons to transfer from BART to buses at no charge when revenue service commenced. Free transfer machines were installed at all East Bay stations served by AC Transit, which altered 87 bus routes for feeder service. The revenue loss for the free one-way bus ride for BART patrons is shared equally by BART and AC Transit. A tentative agreement was also reached with the San Francisco Municipal Railway for feeder service routing to BART stations, plus some type of transfer arrangement to be further defined.

The staff will continue working to improve AC-MUNI-BART transfer procedures and feeder service in the coming period. Work also began with other agencies to establish local and BART feeder bus service in central Contra Costa County, Berkeley, and the Fremont-Newark-Union City area.

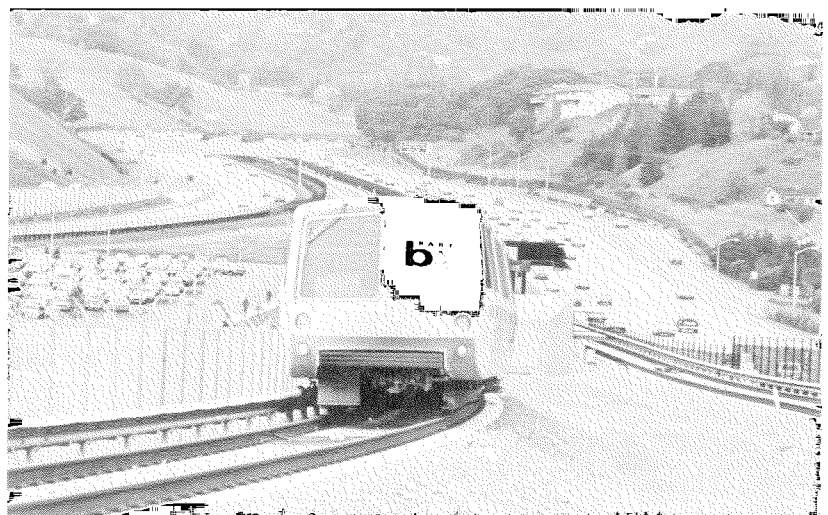
Pending approval was a federal grant application for two-thirds funding of four express bus lines into Contra Costa and Alameda county communities not yet served by BART trains. The \$2.5 million project is to be one-third funded by local sales tax revenues. To complement the train system's extensive facilities for the handicapped, BART's 32 buses will be the first in general service to accommodate wheelchair patrons.

Marketing: Management is firmly committed to a broad concept of marketing which makes service geared to consumer satisfaction a shared objective of all departments in the District. Completion of a well-disciplined marketing plan (1) established the consumer market framework within which BART operates; and (2) developed strategies for achieving measurable ridership objectives. Speed, convenience, reliability, and good employee-patron contact are identified as the important points to sell on BART service — with good feeder service to BART necessary in the eyes of the consumers.

To develop the baseline data needed for marketing decisions, monthly reports were begun on patronage, fares, parking lot use, and train operations. Also begun were the first of a series of studies on public attitudes, and awareness, passenger travel patterns, ages, occupations, and other pertinent social data. Vital marketing re-



(Left) Technicians Mark Schrooder, Victor Eng and Bob Draper (standing) monitor elaborate network of communications from BART "nerve center" at Lake Merritt. (Below) A two-car train glides silently down grade toward the Orinda Station, illustrating extensive testing that preceded opening of each line.



REAL ESTATE

search and active programs will be expanded during the next period with a federal grant obtained for this purpose.

A strong marketing program carried on with major Bay Area banks resulted in 177 bank outlets handling off-site sales of discount and high value tickets by period's end. Red discount tickets of \$10 value were made available for \$2.50 to patrons under 13 and over 65 years of age. Regular blue tickets, of \$10 and \$20 value only, also were made available to reduce waiting lines at station ticket vendors.

Blocks of discount tickets were made available directly from the District for groups of under-13 students. Tickets of 60 cents and \$1 value (sold for 15 cents and 25 cents) facilitate quantity sales to school districts for tours and field trips.

Extensions: A final report on the Oakland Airport transit project cited a separate "connector" system between Coliseum Station and the airport as more compatible to BART train operations than a direct extension. Evaluation of different routes and station locations continued for three proposed extensions to the Livermore-Pleasanton, Pittsburg-Antioch and Northwest San Francisco areas, and for the San Mateo County Transit Development Project with which BART is cooperating. The final report of the San Francisco Airport Access Project was printed; and negotiations were begun between San Mateo County, the City and County of San Francisco, and BART to implement an extension to the San Francisco airport.

Other Studies: A major project was begun to develop research data on regional transit travel patterns. "Real world" behavior affecting travel patterns will be simulated via computer models during the next period to further evaluate route options for the various extensions proposed.

A "BART/TRAILS Study" was prompted by two environmental groups (People for Open Space and San Francisco Planning and Urban Renewal Association) and funded by the U.S. Department of Transportation and the East Bay Regional Park District. Possible relationships between BART and bicyclists for both commuting and recreational purposes will be explored by the staff and a plan for routes issued during the next period.

BART was one of three transit agencies in the country selected for implementation of a federal "Station Area Development" plan. The Lake Merritt and Coliseum stations will be used to demonstrate how BART, other public agencies, and private investors can cooperate to improve transit station environments.

Acquisitions of land or land rights were completed during the period from 57 parcels at a total cost of \$3,260,000. The acquisitions represent the conclusion of property transactions for existing system right of way and facilities, including right of way acquired from The Atchison, Topeka & Santa Fe Railway between Berkeley and Richmond. Transactions involving approximately 150 additional parcels remain to be concluded throughout the system. New requirements from 16 parcels arose during the year for the Coliseum Walkway, Church Street and Castro Street Muni Stations, and other projects.

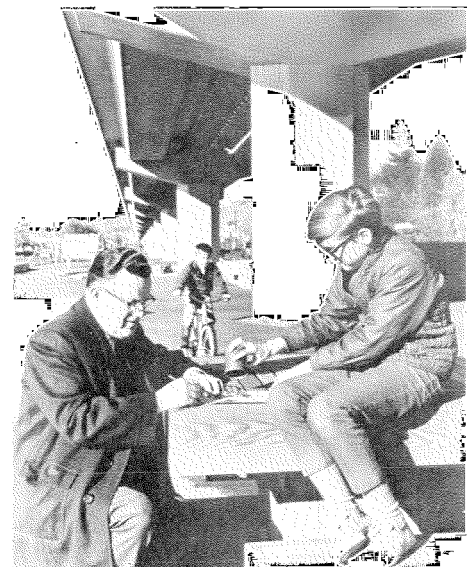
New federal and state laws have increased the amount of staff work involved with property acquisitions and the related relocation of people and businesses. These new laws have substantially increased the amount of time and manpower necessary to obtain property for District use.

Real estate income from property rentals, leases and sales exceeded \$600,000 during the year. More than \$5 million has been recaptured since 1964 from the District's real property holdings.

Customer service facilities - public telephones, newspaper vending racks, parcel storage lockers, mail boxes, bicycle lockers, and refreshment vending machines - were installed in BART stations prior to revenue service. Newsstands will be opened at downtown Oakland and San Francisco stations when San Francisco service begins.

Right of way estimates being provided for various extension projects under study will continue during the coming year, as will activities concerning property acquisition, condemnation, relocation, street and utility conveyances, special access to stations, customer services, land sales, leases, and property management.

Neighborhood residents - old and young alike - enjoy BART's beautiful linear park extending for 2.7 miles through Albany and El Cerrito under the aerial train way.



ADMINISTRATION

An ongoing analysis of cross-related departments and manpower skills resulted in major realignments within operations, maintenance, engineering and training areas during the period. The realignments increased centralization of related activities, particularly in technical support and documentation.

A major activity of the General Services Department was reassigning and acquiring new office space to support increased revenue service and other activities. Offices now located outside the headquarters building will be consolidated in the Oakland Commerce Building, 1540 San Pablo Avenue, near the Oakland City Center - 12th Street Station. Computerized inventory control was expanded from the Hayward Shop storeroom to all other District storerooms. Also established was a lost and found service for passengers, and a systemwide delivery service between BART facilities.

The various data processing programs comprising the Management Information System (activated in 1971) were modified for improved efficiency in all administrative data reporting areas.

Under a federal (UMTA) grant, the department began development of a Maintenance Planning System to optimize preventive maintenance schedules and cost controls. The system will be designed for general application in the transit industry.

The 1973-74 fiscal year Operating Budget was set at \$37.1 million, up \$10.8 million from the 1972-73 period. A revision of this budget is expected, however, as it is necessarily based on very tentative assumptions involving manpower levels, labor costs, other funding requirements, and scheduling of transbay service.

Labor costs will remain tentative until current negotiations of the District's first collective bargaining contracts are completed. The results of a current manpower study being conducted by an outside consultant, Arthur D. Little, Inc., could also effect budget changes.

A major administrative project, involving numerous departments, was development of a five-year financial forecast of requirements for capital and operating funds. Operating expenses and revenues were projected, and other possible sources of funding analyzed, to provide data required for long-range management decisions.

As the result of sharply increasing costs of operation, the project report forecasted major annual deficits ahead which fare increases cannot offset. Thus, the question of how to meet the system's full operating costs loomed in the next period.

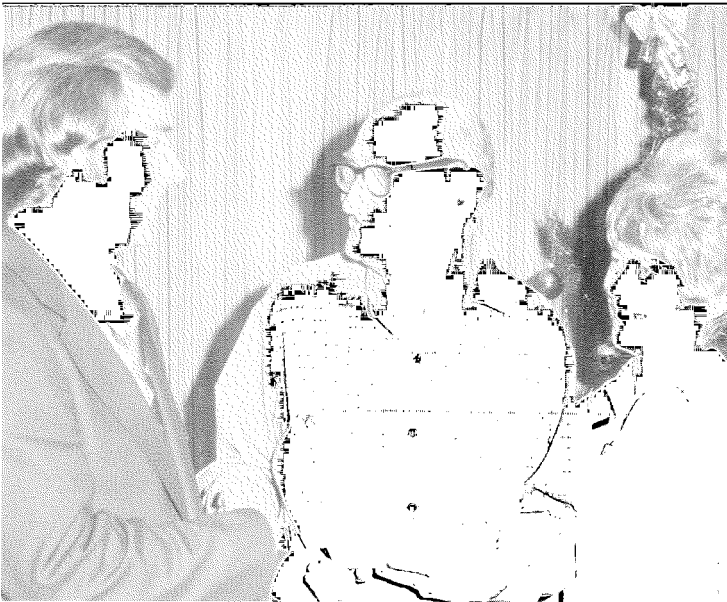
Property tax rates fixed by the District decreased for the 1973-74 fiscal year (see table below). They will continue to decline until full redemption of \$792 million in District construction bonds.

Property Tax Rates

	1973-74			1972-73
	Admin. Expenses	Debt Service	Total Rate	Total Rate
Alameda	4.7	48.9	53.6	58.7
Contra Costa	5.0	53.7	58.7	61.4
San Francisco	5.3	55.6	60.9	65.1

NOTE: Tax rate is per \$100 assessed property value. Different tax rates reflect equalization of different assessment formulas among counties.

The General Counsel's Office handled an increasing variety of legal work during the period; but emphasis remained on legal problems and litigation involved in the close-out of major construction and procurement contracts.



A Christmas gift of \$90 in train tickets from Richmond Shop employees enabled elderly and handicapped patients at Fremont's Parkmont Convalescent Hospital to take sightseeing trips on the system. Vehicle Inspector Richard Taylor (left) presents tickets to patient George Migo, 76, and nurse Nancy Davis.

"In our desire to be good professional managers, we cannot forget BART is an important forum for new social issues."

ACCOUNTING & FINANCE

The accounting and auditing workload of the Controllershship Department, which centered around construction and equipment contracts in previous periods, substantially expanded with the start-up of fare revenue service. Areas of expansion included revenues, an 80 percent increase in the payroll, off-site ticket sales, supplies procurement, and inventory build-up. Increased Federal grant disbursements also involved increased accounting work during the period.

Off-site cash sales of high value and discounted tickets amounted to \$213,187. Earned passenger revenues totaled \$2.1 million for the period. Two special encoding machines were on order which will expedite encoding of tickets with appropriate cash values for off-site sales.

Temporary investments of District general construction funds produced interest income of more than \$8 million. District bonds retired were:

General Obligation, \$9.1 million; Special Service District No. 1 (Berkeley), \$250,000; and Sales Tax Revenue Bonds, \$13.6 million.

Fare Collection: Treasury Department personnel set up procedures to collect revenues from fare machine cash boxes with District-owned armored trucks, transport them to a cash-handling facility for counting, and thence to local banks for daily deposits. Counting was carried out at the Lake Merritt headquarters building until activation of the new cash-handling facility near the Oakland Shop. Collection and counting crews were trained in strict procedures to assure maximum cash accountability and security. The procedures assure that no large amounts of cash accumulate in stations or the cash facility.

Opening transbay service to San Francisco will bring daily collections to an estimated six tons of coinage and 200,000 paper bills. Station change machines will use more than five tons of coinage daily. Additional cash-handling crews will be trained for this workload.

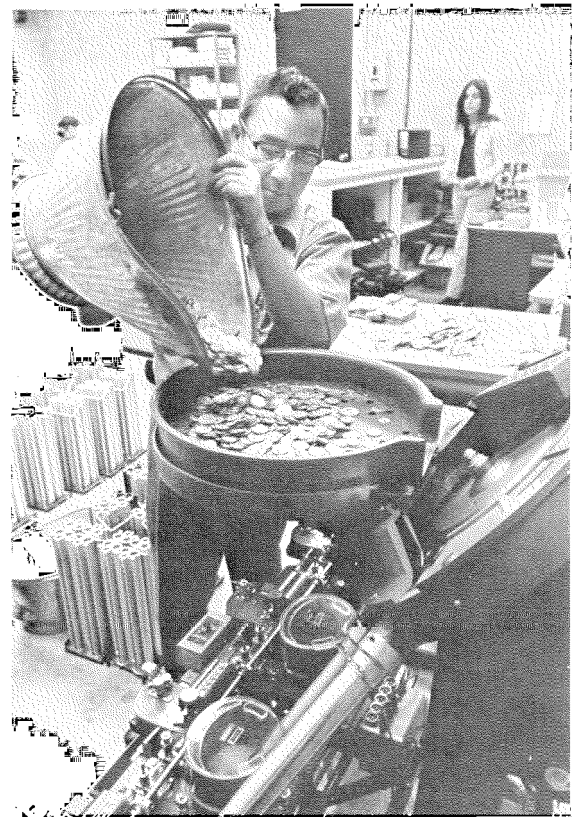
Equipment was ordered for a computerized system which will report cash amounts in all station fare equipment to a central computer at District headquarters at hourly intervals. The central computer will compare each day's report of total cash collected and counted at the cash facility. The system will also record entry and exit stations for every trip made on BART, providing a continuous systemwide "trip profile" for marketing and operations. Called the Data Acquisition System, it will be activated during the next period.

Insurance & Safety: Transition was begun from a fully insured (carrier) program to a substantially self-insured program. Significant savings in premiums are expected, and the District may eventually negotiate all District insurance directly. An

outside organization was retained to administer self-insured losses, and the District may eventually assume this function in anticipation of additional savings.

Payments on passenger accident claims amounted to \$5,000, with 74 claims reported. Payments on employee accident claims amounted to \$22,000, with 134 accidents and 22 lost time injuries reported. The District's single fatality occurred when a track foreman was struck by a revenue train while cranking switches near the Hayward Yard.

Safety personnel regularly inspected and reported on all District facilities. Relatively minor corrections in shop and station areas were required in anticipation of the District becoming subject to provisions of the federal Occupational Safety and Health Act.



Auditor Joe Maher runs coinage collected from station fare machines through counting equipment in District cash room. Computers will soon be used to monitor daily cash deposited in fare machines with daily cash room counts.

"Our business is not merely operating trains efficiently, but transporting people quickly, comfortably, and safely."

PERSONNEL

Passenger Service Representative Carol Hirose answers questions from handicapped youngsters during a tour of the system. The staff has conducted educational tours for thousands of school children since the system opened.



Total District personnel increased from 762 to 1,400 during the period, including 515 new hourly employees hired for support of revenue service.

Minority employees increased from 30 percent to 37 percent of the staff during the period, with those in managerial, professional or administrative jobs increasing from 20 percent to 25 percent of the group. Management accomplished its goal of bringing the minority ratio on the staff above that of the three BART counties. More women were promoted to supervisory positions than in any previous period, and the District appointed its first woman manager.

An advisory panel of officials from Oakland, Richmond and San Francisco minority communities was appointed to survey District policies in recruiting, training and promotion as they relate to ethnic minorities, women and the handicapped. The panel conducted public meetings within their respective communities to study attitudes toward BART, and reported their findings to the District Directors. The Personnel Department staff had begun to implement the recommendations by the period's end.

The competitive position of the District's merit review plan within transit and related industries was maintained with the assistance of an outside consultant. Employees were briefed on wage and salary policies and received a detailed analysis of District benefits for their personal records. Health insurance coverage was improved for all employees at no added cost.



One of the busiest stations in the East Bay is the Central Berkeley Station, serving the downtown area and the University of California campus. (Above) Service Supervisor Rocky Green adjusts television receivers used to monitor far corners of the large station. (Below) Treasury Supervisor Charles Gillam reports on cash collections from Station Agent Betty Maddox's control booth.

LABOR RELATIONS

A state arbitrator's decision imposed a hiring freeze on the District from June 18 to July 15, 1972, to identify qualified employees of five other local transit systems who desired to exercise "job preference" rights for BART jobs. The rights were established under provision 13 (c) of the U.S. Urban Mass Transportation Act of 1964. The District processed 1,100 applicants during the freeze, resulting in 150 "13 (c) hires."

In an election held on April 18, maintenance and clerical employees voted for representation by the United Public Employees Local 390. Transportation employees voted for representation by the Amalgamated Transit Union. Supervisory employees voted for no union representation. The election climaxed two years of state hearings to determine which District employees would be directed to vote on representation, and which among 22 interested unions would be on the ballot.

The District was directed by the state to negotiate one "umbrella" contract with the two unions, who represent a total of 1,100 clerical, maintenance and transportation employees. The purpose of the joint contract is to minimize the potential for system strikes and shutdowns. One additional contract remained to be signed with the BART Police Officers Association, an independent affiliation of Police Services Department personnel.

At period's end, a strike threatened to break off District contract negotiations with Local 390 and ATU. Employees in both unions had voted to walk out in protest over wage rates for the 13 (c) employees which were, in some cases, higher than those for non-13 (c) employees. (NOTE: The UMT Act and subsequent arbitration obliged the District to pay 13 (c) hires the same rates received on their prior jobs with other transit lines.)

When contract negotiations are completed in the coming period, Labor Relations personnel will brief management and employees on its provisions to assure fair and uniform interpretation by all parties. The opening of transbay service to San Francisco is expected to focus on another 13 (c) provision, which requires the District to either hire or compensate other transit line employees "adversely affected" by BART service. Lastly, union demands for a totally new 13 (c) agreement might be faced by the District.

Employees were kept informed of important management-labor developments by timely memos from the General Manager and by the employee newspaper.

PUBLIC & COMMUNITY RELATIONS

Extensive effort went into activities designed to foster community interest and pride in BART. During the several summer months preceding the September 11 start-up of revenue service, the staff worked long overtime hours to stage week-end previews for the public at 13 stations on the system. More than 100,000 Bay Area residents inspected the stations and trains on display. The staff was briefed to answer a wide range of questions about the system.

Maximum involvement of public officials, merchants, schools, and citizen organizations was sought in ceremonial openings of the Fremont, Richmond and Concord lines. District personnel arranged separate, colorful ceremonies for each opening station, according to each community's preferences.

System tours conducted for students, professional and foreign groups were at an all-time high during the period, as were speaking engagements filled by staff members to inform groups about BART.

"Third Rail Warning" letters for children and their parents were distributed by the thousands, prior to turning on third-rail power for each line. Cooperation from school districts, which mailed the letters to parents, was excellent. Newspapers cooperated fully in publicizing the warnings, and there were no third-rail accidents during the period.

A team of Public Relations and Police Services personnel was assigned to develop channels of direct contact with juveniles in an effort to reduce vandalism on the system.

Visits by President Richard Nixon on September 27 and (then) Secretary of Transportation John Volpe on October 11, were carried out with minimum interference to revenue service.

Servicing of press, radio and television media reached an all-time high with the opening of the Fremont Line, and continued with subsequent line openings.

A train dispatched onto the mainline March 12 caused a flurry of interest among the news media. In its cab was Margie Johnson, BART's first lady train operator. Other women have since followed as train operators, police officers, and in other challenging jobs.



San Francisco Bay Area Rapid Transit District

Balance Sheet

	June 30	
	1973	1972
Assets		
Cash (including time deposits of \$63,500,000 and \$109,200,000)	\$ 65,452,463	\$ 109,468,936
U.S. Treasury securities (Note A)	10,511,768	12,265,391
Federal Agency securities (Note A)	37,661,655	46,651,410
Miscellaneous receivables	2,457,391	3,352,221
Deposits and notes receivable	23,926,623	24,372,459
Construction in progress (Note I)	562,279,087	1,141,867,278
Facilities, property and equipment (Notes A and C)	718,452,015	3,298,317
Materials and supplies (Note A)	1,152,039	406,411
Debt Service Funds, net assets (including time deposits of \$44,606,500 and U.S. Treasury and Federal Agency securities of \$19,070,445 in 1973 and \$30,149,600 and \$21,585,700 in 1972) (Notes D and E)	65,176,148	52,566,594
	\$1,487,069,189	\$1,394,249,017
 Liabilities, Reserve and Capitalization		
Construction contracts and others	\$ 41,630,684	\$ 17,218,669
Unearned fare revenue	297,254	-0-
Payable to State of California (Note G)	39,110,538	39,110,538
Debt Service Funds (Notes D and E)	65,176,148	52,566,594
Reserve for self-insurance (Note H)	15,000,000	15,000,000
Capitalization:		
Construction funds:		
General Obligation Bonds (\$812,500,000 authorized) (Note D):		
Bonds outstanding	786,310,000	795,660,000
Bonds matured and retired	17,690,000	8,340,000
	804,000,000	804,000,000
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note E):		
Bonds outstanding	127,900,000	141,500,000
Bonds matured and retired	22,100,000	8,500,000
	150,000,000	150,000,000
U.S. Government Grants (Note F)	156,157,472	113,909,977
State of California Grant (Note G)	116,543,462	112,756,462
Contributions from others	4,661,226	3,428,022
	1,231,362,160	1,184,094,461
Accumulated revenues	93,391,285	84,391,568
	1,324,753,445	1,268,486,029
General Fund accumulated net revenues	1,101,120	1,867,187
	1,325,854,565	1,270,353,216
	\$1,487,069,189	\$1,394,249,017

See notes to financial statements.

**Statement of Revenues, Expenses
and Accumulated Net Revenues**

	Fiscal Year Ended June 30	
	1973	1972
General Fund		
Revenues:		
Operating revenues:		
Fares	\$ 2,434,466	
Less discounts, transfers, other deductions	330,845	
	2,103,621	
Other	120,394	
Financial assistance - Transportation Development Act of 1971	1,370,000	
	3,594,015	
Taxes	3,784,184	\$ 3,589,561
Interest and other	166,741	79,650
	7,544,940	3,669,211
Expenses:		
Personal services	16,912,390	9,269,871
Rent and office expense	1,154,657	628,155
Professional and specialized services	928,132	1,183,004
Travel expense	177,091	167,569
Other	3,369,259	1,338,749
	22,541,529	12,587,348
Less charges to construction in progress and other	14,230,522	8,646,258
	8,311,007	3,941,090
Excess of expenses over revenues	(766,067)	(271,879)
Accumulated net revenues at beginning of year	1,867,187	2,139,066
Accumulated net revenues at end of year	\$ 1,101,120	\$ 1,867,187

Debt Service Funds

	Fiscal Year Ended June 30, 1973			Fiscal Year Ended June 30, 1972
	General Obligation Bonds	Sales Tax Revenue Bonds	Combined	Combined
Revenues:				
Property taxes	\$44,153,452		\$44,153,452	\$43,931,781
Transaction and use taxes received	-0-	\$31,054,621	31,054,621	27,769,713
Interest	1,240,617	2,021,859	3,262,476	2,333,134
	45,394,069	33,076,480	78,470,549	74,034,628
Less:				
Matured interest	34,897,171	8,001,800	42,898,971	43,642,974
Matured principal	9,350,000	13,600,000	22,950,000	16,390,000
Bond service expense	-0-	12,024	12,024	29,986
	44,247,171	21,613,824	65,860,995	60,062,960
	1,146,898	11,462,656	12,609,554	13,971,668
Balance at beginning of year	17,764,789	34,801,805	52,566,594	38,594,926
Balance at end of year	\$18,911,687	\$46,264,461	\$65,176,148	\$52,566,594

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

Statement of Changes In Construction Funds

	Fiscal Year Ended June 30	
	1973	1972
Total construction funds at beginning of year	\$1,268,486,029	\$1,223,454,181
Addition during the year:		
U.S. Government grants received	42,247,495	27,750,622
State of California grants received	3,787,000	4,614,300
Contributions from others (adjustment)	1,233,204	(101,736)
Accumulated revenues (primarily interest)	8,999,717	12,768,662
	56,267,416	45,031,848
Total construction funds at end of year	\$1,324,753,445	\$1,268,486,029

Statement of Changes In Financial Position

	Fiscal Year Ended June 30	
	1973	1972
Financial Resources Were Used For:		
Excess of expenses over revenues	\$ 766,067	\$ 271,879
Additions to construction in progress and facilities, property and equipment	135,565,507	106,549,919
Bond interest	42,898,971	43,642,974
Bond principal	22,950,000	16,390,000
Increase in Debt Service Funds	12,609,554	13,971,668
Other	757,652	436,397
	\$215,547,751	\$181,262,837
Financial Resources Were Provided By:		
Property taxes	\$ 44,153,452	\$43,931,781
Transactions and use taxes	31,054,621	27,769,713
Grants from U.S. Government	42,247,495	27,750,622
Grants from State of California	3,787,000	4,614,300
Contributions from others (adjustment)	1,233,204	(101,736)
Interest on investments	12,262,193	15,101,796
Decrease (increase) in miscellaneous receivables and deposits and notes receivable	1,340,666	(20,322,691)
Increase (decrease) in construction contracts and other liabilities	24,709,269	(6,658,863)
Decrease in cash and securities	54,759,851	89,177,915
	\$215,547,751	\$181,262,837

See notes to financial statements.

Notes to Financial Statements

Year ended June 30, 1973

NOTE A - Summary of Significant Accounting Policies

The San Francisco Bay Area Rapid Transit District is a political subdivision of the State of California created by the Legislature in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with the State of California and the United States Government.

The General Fund receives an allocation of property tax revenues for purposes of providing for administrative expenses not involving construction in progress.

Securities are carried at cost which approximates market.

The cost of acquisition and construction of rapid transit facilities is recorded in construction in progress and represents amounts paid or owing to contractors including amounts provided by State and Federal grants for construction purposes. As facilities are completed and become operative, the District transfers them to facilities, property and equipment accounts.

During the continuing construction phase, the District has not provided depreciation on facilities, property and equipment.

Certain pre-full revenue operating expenses of the District, net of fare revenues, will be charged to construction in progress until such time as full revenue operations are attained, which is expected to be in 1974.

Materials and supplies are stated at average cost.

Accounting policies for general obligation bonds (Note D), sales tax revenue bonds (Note E), government grants (Notes F and G), reserve for self-insurance (Note H) and construction in progress (Note I) are described in separate footnotes.

NOTE B - Significant Events

In September of 1972, initial operation of the system was commenced on the Fremont-MacArthur line. The Richmond line was opened in January of 1973 followed by the opening of the Concord line in May of 1973. These three segments, all on the east side of San Francisco Bay, represent approximately 56 miles of the basic 71-mile system.

The District's rapid transit operations were shut down by a strike beginning July 1, 1973. Tentative agreements were concluded with the striking unions and revenue operations were resumed on August 6, 1973.

NOTE C - Facilities, Property and Equipment

Facilities, property and equipment are summarized as follows:

	June 30, 1973
Land	\$ 84,024,587
Improvements	419,299,633
System operation and control	51,526,259
Revenue equipment	57,407,429
Service equipment	5,564,549
General and administrative ..	98,064,824
Repairable property items	2,564,734
	<u>\$718,452,015</u>

NOTE D - General Obligation Bonds

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds. Bonds amounting to \$775,250,000 were outstanding at June 30, 1973, with principal maturities from 1974 to 1999. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that city. Special Service District No. 1 Bonds amounting to \$11,060,000 were outstanding at June 30, 1973, with principal maturities from 1974 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal amounts of \$10,600,000 of General Obligation Bonds and \$260,000 of Special Service District No. 1 Bonds mature on June 15, 1974. Annual maturities in succeeding years are in greater amounts. Interest of \$16,934,640 on General Obligation Bonds and \$252,433 on Special Service District No. 1 Bonds is payable on December 15, 1973. The composite interest rate on bonds currently outstanding is 4.14%.

NOTE E - Sales Tax Revenue Bonds

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000. Bonds amounting to \$127,900,000 were outstanding at June 30, 1973, with principal maturities from 1974 to 1981. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the Transactions and Use Tax authorized by the 1969 Legislature and of moneys received by the District from other sources, in lieu of Transactions and Use Tax proceeds, if legally made available. The bonds maturing on or after January 1, 1976, are redeemable prior to maturity at the option of the District on various dates at prices ranging from 104% to 100%. The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1 and principal annually on January 1. Principal of \$14,450,000 matures on January 1, 1974 (with greater annual amounts thereafter) and interest of \$3,560,900 is payable on July 1, 1973 and on January 1, 1974. The composite interest rate on bonds currently outstanding is 5.55%.

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period April 1 to June 30, 1973 will be approximately \$7,450,000, of which the trustee had received \$1,675,000 at June 30, 1973.

NOTE F - U.S. Government Grants

The U.S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle procurement. Additionally, the District is administering federal grants to the City and

San Francisco Bay Area Rapid Transit District

Notes to Financial Statements

(continued)

County of San Francisco (CA-03-0004) for construction of three Market Street Station mezzanines, two street plazas and street extensions, and a grant to the City of Berkeley (CA-03-0009) in connection with the construction of subway extensions within Berkeley. The following grants were in force as of June 30, 1973:

Project — Purpose	Maximum Grant	Funds Received
Beautification Grants:		
CALIF-BD-1	\$ 447,953	\$ 360,000
CALIF-B-160	323,000	239,000
CALIF-B-163	521,000	367,000
OS-CA-09-39-1074	838,565	-0-
	<u>2,130,518</u>	<u>966,000</u>
Demonstration Grants:		
CAL-MTD-2 (Transit Design)	6,157,256	6,157,256*
CA-06-0023 (Fare Collection)	1,133,333	947,756
CAL-MTD-7 (Transit Hardware)	761,568	761,568*
CA-06-0032 (Prototype Vehicles)	5,000,000	4,500,000
	<u>13,052,157</u>	<u>12,366,580</u>
Capital Grants — Construction:		
CA-03-0006	12,867,862	12,867,862*
CAL-UTG-11	13,103,910	13,103,910*
CA-03-0015	25,939,945	25,939,945*
CA-03-0019	88,000,000	62,182,575
CA-03-0047	1,000,000	38,000
CA-03-0052	38,136,666	8,938,000
CA-03-0058	1,700,000	-0-
CA-03-0059	27,198,666	500,000
CA-03-0069	21,681,333	-0-
	<u>229,628,382</u>	<u>123,570,292</u>
CA-03-0004 (San Francisco)	19,902,430	14,521,600
CA-03-0009 (Berkeley)	4,733,000	4,733,000*
	<u>254,263,812</u>	<u>142,824,892</u>
	<u>\$269,446,487</u>	<u>\$156,157,472</u>

*Project Completed.

NOTE G - State of California Grant

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June 30, 1973, the District had received \$172,154,000 of which \$55,610,538 is repayable to the State of California for the tube approaches. Reimbursement will be fulfilled by application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24 and by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978.

NOTE H - Reserve for Self-Insurance

By resolution of the Board of Directors of the District, the reserve for self-insurance is presently limited to a maximum of \$15 million to provide for uninsured general liability and property damage and workmen's compensation exposure at June 30, 1973.

NOTE I - Construction in Progress

During the year, construction in progress decreased as follows:		
Balance at July 1, 1972		\$1,141,867,278
Construction	\$118,829,635	
Real estate acquired	3,263,925	
Utility relocation	1,049,744	
Pre-full revenue operating expenses	13,482,330	
Other	584,882	
	<u>137,210,516</u>	
Less:		
Rental income and proceeds from sales of real estate ..	463,717	
Insurance premiums refunded	35,823	
Transfers to facilities, property and equipment	715,151,524	
Transfers to materials and supplies	732,730	
Other transfers	414,913	
	<u>716,798,707</u>	(579,588,191)
Balance at June 30, 1973		<u>\$ 562,279,087</u>

An estimate of project costs, based upon information available at July 1, 1973, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,522,000,000 (including \$180,000,000 for the transbay tube being financed by the State of California and \$118,000,000 for transit vehicles being financed by Federal grant funds and other District sources). Presently, the final cost of the system cannot be determined, as future economic conditions, resolution of pending contractors' claims and delay in start of full revenue operations may have a significant effect on the final cost of the system. Initial operation of the system began in September 1972, and it is expected that the system will be in full operation in 1974.

**Report of
Independent Accountants**

Board of Directors
San Francisco Bay Area Rapid Transit District
Oakland, California

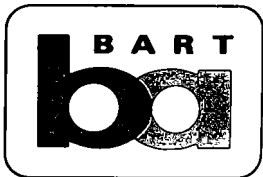
We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1973 and 1972, and the related statements of revenues, expenses and accumulated net revenues, changes in construction funds and changes in financial position for the years then ended. Our examination 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 aforementioned financial statements present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1973 and 1972, and the results of its operations and the changes in its construction funds and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Jarvis Row & Co.

Certified Public Accountants

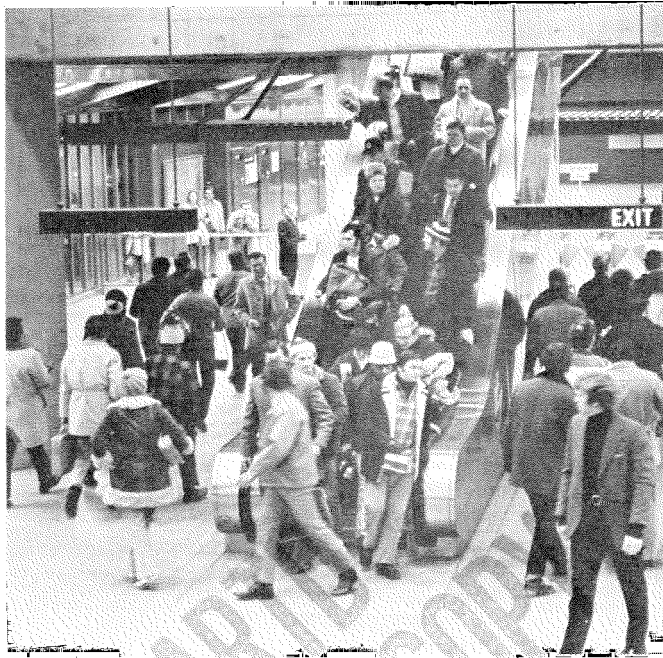
San Francisco
October 16, 1973



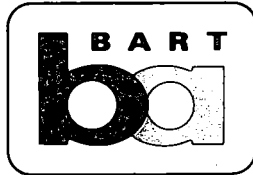
San Francisco Bay Area Rapid Transit District

This Annual Report for the period July 1, 1972 to June 30, 1973 is published by the District pursuant to Article 28770 of the State of California Public Utilities Code. District Headquarters are located at 800 Madison Street, Oakland, California 94607. Telephone 415-465-4100.





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Annual Report 1972|1973

San Francisco Bay Area Rapid Transit District

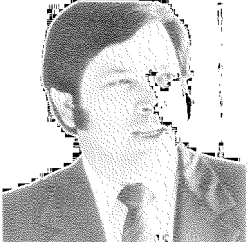
Established by the State of California in 1957. Authorized to finance, construct and operate a new high-speed rail rapid transit system under the direction of a representative Board of Directors from the counties of Alameda, Contra Costa and San Francisco.

Directors



ALAMEDA COUNTY

GEORGE M. SILLIMAN
H. R. LANGE
RICHARD O. CLARK
DEWITT C. WILSON*



CONTRA COSTA COUNTY

JAMES P. DOHERTY
JOSEPH S. SILVA
NELLO J. BIANCO
Vice-President
DANIEL C. HELIX



CITY & COUNTY OF SAN FRANCISCO

WILLIAM M. REEDY
WILLIAM H. CHESTER
President
THOMAS F. HAYES
QUENTIN L. KOPP**

OFFICERS

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General Manager
L. D. DAHMS
Assistant General Manager-
Planning & Public Service
L. A. KIMBALL
Assistant General Manager-
Administration
M. BARRETT
General Counsel
W. F. GOELZ
Director of Finance
R. J. SHEPHARD
Secretary

DEPARTMENT HEADS

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General Services
C. K. BERNARD
Research
D. DELIRAMICH
Treasury
W. F. HEIN
Planning
L. J. HOACLAND
Insurance & Safety
P. O. ORMSBEE
Public Relations
R. D. KNAPP
Systems & Data Processing
C. O. KRAMER
Engineering Services
W. M. McDOWELL
Passenger Service
J. R. McCALLUM
Controllershship
W. D. MERSEREAU
Real Estate
G. B. OLSEN
Personnel
E. J. RAY
Operations
E. A. TILLMAN
Design & Construction

*Director Wilson succeeded Director Arnold C. Anderson by appointment of the Alameda County Supervisors April 17, 1973.

**Director Kopp succeeded Director William C. Blake by appointment of the San Francisco City and County Supervisors January 8, 1973.

President's Message

**"... human values -
in management, and good
working relationships, have more bearing on
the quality of revenue service
in the long run ..."**

On September 11, 1972, a huge construction project was suddenly transformed into the nation's newest transit system. Empty new stations and trains came alive with people. It was a thrill I shall not soon forget.

Thousands of BART District residents and taxpayers poured into the system and quickly made themselves at home on that day, ending the era of building and testing the network, and beginning a new era of public transportation service.

This year's report from the General Manager has been expanded to cover the busiest period in the District's history, and with special emphasis on all matter pertaining to revenue service.

Pre-revenue preparations were seriously hampered by very late revenue car deliveries and last summer's state-imposed hiring freeze. Equipment reliability problems aggravated the shortage of revenue cars. Fleet testing and modification work required a sharply limited schedule of revenue service.

Despite these setbacks, the District staff successfully opened 56 miles of its 71-mile system, and 24 of its 34 stations. Patronage to date, exceeding all reasonable expectations, gives every indication of solid public acceptance of BART!

These achievements tell me a great deal about the caliber of our people: they perform superbly when the going gets tough.

The new responsibilities of revenue service ... equipment start-up problems ... the issues raised by approaching labor contract negotiations ... plus broader social issues being focused on BART ... all combined to make extraordinary demands on the District Directors and staff management during the report period.

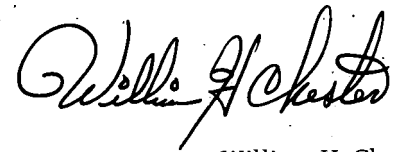
These demands will continue through the 1973-74 period as the District and its contractors work to bring the system into readiness for transbay operation. Staff management ably carried out realignment of activities and personnel during the period. This process will continue in the next period as a permanent operating structure evolves.

In addition to the concerns of the new fiscal year, the Directors and staff will doubtless have occasion to reassess decisions from past years,

made under circumstances no longer applicable. Management has, without question, demonstrated an ongoing ability to change, correct and improve — which is vital to every organization.

In addition to an entirely proper and constructive concern about BART from outside parties, a certain mindless criticism of the Directors and staff has become politically fashionable in some quarters. We must not let criticism we regard as unfair ... nor pride, nor conflicting viewpoints ... rob us of objectivity in the continued review of our internal affairs.

In this coming period, we Directors must not let our preoccupation with technical resources cause us to overlook the importance of our people resources. As demonstrated time and time again in the transit industry, human values in management, and good working relationships, have more bearing on the quality of revenue service in the long run than do relatively short-run technical problems.



William H. Chester -
President



President Chester chats with Berkeley Mayor and Mrs. Warren Widener and other passengers during the January 29 opening of the Richmond Line.

Report of the General Manager

TRANSIT OPERATIONS



General Manager B. R. Stokes (right) briefs Dick Brown, chairman of the State Transportation Board and San Diego County Supervisor, on BART's new automatic fare collection equipment.

OPERATING STATISTICS

(September 11, 1972 through June 30, 1973)

Total Car Miles (revenue service only)	4,589,927
Total Passenger Trips (patronage)	4,591,241
Passenger Miles (estimated)	106,771,131
Ridership Ratio: (for June 1973)	
Peak	53%
Off-Peak	47%
Net Passenger Revenues (less value of fare discounts and AC-BART transfer expense)	\$2,103,621
Average Passenger Fare (includes discount fares at full value)	.5293 cents
Average Trip Length (based on average fare)	12.0 miles

The first 10 weeks of the fiscal year were spent in intense, around-the-clock pre-revenue activity to ready the system for the opening of the first 26 miles of the system between Fremont and north Oakland. On Monday, September 11, ceremonies were held simultaneously at the 12 opening stations for 2,000 guests, including local, state and federal officials. At 12 noon, the BART Train Control Center at Lake Merritt announced: "This system is now open for revenue service." Thousands of waiting patrons rushed through the fare gates to ride the first truly new rapid transit system built in the United States in more than a half-century.

Pre-Revenue Operations: Activities included complex and extended testing of transit cars and the automatic train control system between Fremont and MacArthur Stations. Revenue train operation was first simulated on the train control computer, using theoretical run times, which were later compared to actual run times and adjusted in the computer. Procedures for mainline operations, interfacing BART Central Train Control with mainline operations, yard movements, emergencies, and other purposes, were finalized and published.

Pre-revenue train circulation testing was seriously hampered by the continued shortage of revenue service cars, which in turn affected other related pre-revenue activities. (As of July 1, 13 cars were available for testing.) The shortage resulted from a slippage of delivery schedules by the car-builder, Rohr Industries, Inc., which had suffered a crippling nine-week strike.

An equally serious problem was a four-week hiring freeze from June 18 to July 15 imposed on the District by the State. The District was directed to interview 1,100 employees of five Bay Area transit lines to determine how many employees desired (and were qualified) to exercise job preference rights with BART guaranteed by federal legislation. To surmount this delay, an intensive effort was required between mid-July and early September to hire and train the station agents, train operators, maintenance and other personnel required for start-up of revenue service. In this short period, more than 55,000 training hours were administered to new personnel.

Revenue Operations: Service commenced on September 11 with only 24 A-cars and two B-cars available for service. The Transportation Department was able to regularly maintain eight to nine two-car trains on the Fremont-MacArthur loop at 10-15 minute headways. Remaining A-cars were used in back-up trains. Additional B-cars did not begin joining the fleet until well into October.

"The most important sign on the system hangs in the Train Control Center.

It says 'PAMPER THE PASSENGER'."

Transportation carried 100,000 people in the first 4½ days of revenue service, a remarkable accomplishment considering the shortage of cars and newness of the line operation organization. As the initial influx of sightseers or excursion riders passed, daily average ridership began to reflect more accurately the patronage of a new transit market with seasonal characteristics. Ridership levelled off to a 16,000 daily average in October, and then to 12,000 in January.

On January 29, 11 more system miles and six more stations were opened to Richmond. Equipment increased to 12 three- and four-car trains. Daily patronage immediately jumped from 12,000 to 27,000.

On May 21, 19 more system miles and six more stations were opened (from MacArthur Station) to Concord — BART's most scenic line and its showcase of transit/freeway corridor planning. Average daily ridership rose from 28,000 to 36,000 in the line's first week of operation, reaching a peak daily average of 37,000 in June.

Testing, checkout and modifications to the car fleet and control system for full system operation (on optimum headways) comprise a large and ongoing technical effort that must be accomplished on night shifts and on weekends, using system trackage and maintenance facilities. Hence, revenue service was limited to weekdays, 6 a.m. to 8 p.m., and will so continue until some date after full system operation commences.

Despite a limited service schedule, daily ridership rose to 95 percent of that forecasted for the three East Bay lines on a full schedule of 20 hours a day seven days a week. Significantly, commuter patronage rose 38 percent above the forecast for the East Bay lines. By June, 19,500 of the 37,000 daily trips were in the a.m. and p.m. commuter peaks — very close to the 50 percent peak to off-peak ratio forecast for the system.

Heaviest demands on the system's limited capacity were made during three games of the 1972 World Series, when BART moved up to 8,000 passengers per hour with 18 cars. Peak one-day ridership was 40,000 on Washington's Birthday (February 19). The system carried more than 4½ million passengers over 106 million miles with no fatalities or serious injuries.

Of BART's initial fleet order of 150 A-cars and 100 B-cars, 148 A's and 71 B's were delivered by period's end. Of these, 108 A's and 59 B's had been provisionally accepted for service. An order was placed with Rohr Industries for an additional 100 B-cars. Work on these cars will commence in early fall when the initial 250-car order is completed.

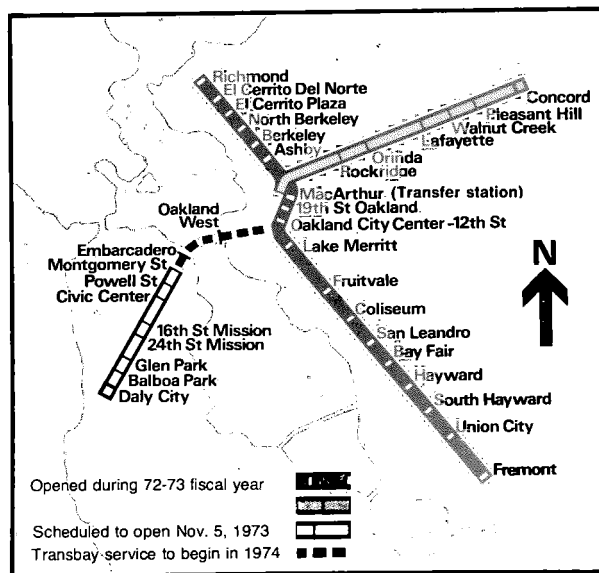
Train yards and maintenance shops at Richmond and Concord were activated to dispatch all revenue service trains on and off the mainline, and to perform scheduled (daily and periodic) maintenance on rolling stock. The main Hayward

Shop thus was able to concentrate on fleet heavy maintenance and component overhaul, as well as equipment testing and modification programs leading to start-up of full (transbay) system operation.

Seasoning of Transportation Department personnel in the operation of trains, Control Center, stations and train yards was evident in improved train operations and response to non-routine situations during the period.

The period ended with three of the system's four lines, 56 of its 71 miles and 24 of its 34 stations in operation. Eighteen trains (four or five cars each) were regularly in revenue service. The District was working to open the remaining 15 miles of the system from downtown Oakland through the transbay tube and San Francisco to Daly City. A key requirement in the train control system for transbay operation (see page 6 for details) was yet to be met. And there was growing threat of a system shutdown by the District's 1,100 union employees. Both factors would, in the next period, further delay the opening of the transbay service.

NOTE: subsequent to June 30, 1973, the system was shut down by a strike for the entire month of July. The map below indicates schedules for opening the remainder of the system, developed after the District resumed revenue operations on August 6, 1973.



System Maintenance: Approximately half the total district personnel are involved in a wide range of 24-hour support activities, from station and right-of-way housekeeping to highly complex maintenance of electronic equipment. Getting acquainted with contractor-installed equipment, and identifying and correcting design or installation deficiencies, characterized much of the period activity. Major effort went into development of test procedures and devices for rapid troubleshooting of transit vehicles, train controls, communications networks, line electrification circuits, emergency alarms and equipment, and other support areas. Fare collection equipment was maintained by the manufacturer, IBM.

A major problem area was unsatisfactory reliability of the vehicles in revenue service, which increased unscheduled maintenance performed at the shops to four times the forecasted workload. Vehicle downtime reached a monthly average of 30 percent of the fleet, with carborne train controls and braking and propulsion systems the major causes of downtime. By period's end, the Hayward Shop was monitoring approximately 85 car modifications requested from Westinghouse Electric Corporation, Rohr Industries, Inc., or their subcontractors. The modifications primarily involved changes or additions to cab controls and signals, door mechanisms, braking and propulsion systems, and ATC (automatic train control) circuitry.

Another major problem area involved wayside equipment malfunctions, which frequently caused the ATC system to falsely "detect" a non-existent train in a given track section or block. Accordingly, the fail-safe system stopped any revenue train that moved into the preceding block. The train operator then had to move his train through the "false occupancy" block on manual control at reduced speed, thereby disrupting running schedules. Replacement of faulty circuits in the wayside equipment was, by period's end, reducing the frequency of false occupancies. Other modifications, such as changes in station stopping circuits and car antenna, added up to a significant improvement in ATC reliability.

The system's elaborate new network of communications and heavy power distribution, extended with each line opening, required considerable work to achieve the required reliability. More than 25 separate communications systems were started up, including radio, telephone, public address systems, and digital communication links used in train control. Similar start-up work was accomplished on the system's third rail circuits and power feeds from PG&E sub-stations, plus a wide range of auxiliary generators and bat-

teries to keep vital parts of the system operable in case of general power failure.

The Inspection Division staff was enlarged to assure complete and uniform reporting of equipment malfunctions and unusual occurrences in train operations to appropriate maintenance, engineering, and contractor areas. Thirty-four inspectors closely monitored the Train Control Center and the Hayward Shop, key points in other system shops, and also Rohr's car-assembly line at Chula Vista, California.

Installation of automatic car wash facilities, similar to those at Hayward Yard, was begun at Richmond and Concord Yards.

The Track and Structures Division performed final alignment and cleaning of rails prior to each line opening. Extensive replacement of defective rail joint insulation, plus stainless steel surfacing of seldom-used crossovers and other trackage, was carried out to help improve ATC system reliability. Crews were trained to manually operate switches (in event of remote control problems) and a variety of mobile equipment used for system maintenance and emergencies. Extensive work was required to correct water leakage in subways and stations and other major and minor deficiencies in new structures. Janitorial crews were trained for each line prior to opening, and system mileposts and other right-of-way signage installed. The Building & Grounds Section moved from the Oakland Shop to rented quarters in the Butler Building at 11 Fourth Street, Oakland.

System Safety: With a period record of zero passenger fatalities and serious injuries, BART more than lived up to the excellent passenger safety record of the rail transit industry. Passenger accident claims, all non-serious, totalled 15 on trains and 58 in stations. Prevention of station accidents will be emphasized in the next fiscal year, with coordinated efforts between safety, police, line operations, and maintenance personnel.

On October 2 the system's only serious train accident occurred. Failure of a tiny crystal oscillator caused on-board control circuitry to transmit an erroneous speed command to the propulsion system of a two-car train approaching the Fremont Station terminus. Although under full braking, the train's overspeed condition resulted in one car leaving the tracks. It passed through a sand barrier, coming to rest on a dirt incline into the station parking lot. A few of the passengers were bruised, but none was seriously injured.

Although electronic engineers consider this type of component failure extremely remote, a program was immediately begun to equip all cars with redundant circuitry to prevent any similar problems in speed coding equipment. The nature of the accident subsequently focused attention on broader concepts of fail-safe design as utilized in BART's train control system and in vital safety control systems elsewhere.

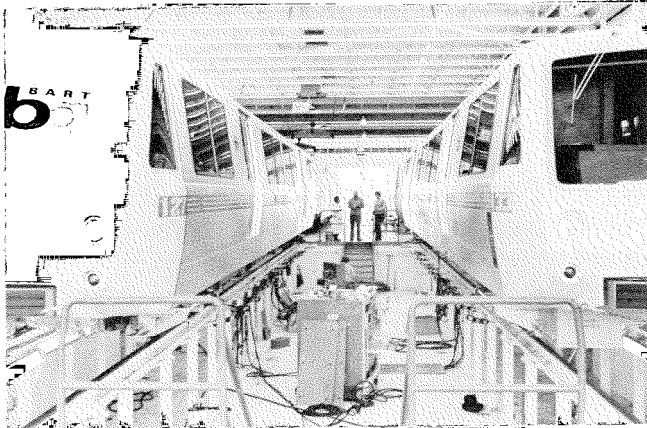
**“Our maintenance people
have met inevitable start-up problems squarely
and with great individual effort.”**

Police Services: District policy is aimed at developing a highly professional police organization able to carry out law enforcement on the system within the different social structures of the on-line communities. A major activity of the Police Services Department was the recruiting and training of officers for a low-key, nonmilitary approach to law enforcement. The department has recruited primarily from personnel of Bay Area community police departments, who already have basic experience and professional peace officers status. Officers recruited thus far average 32 years of age, with two years of college and seven years of police experience.

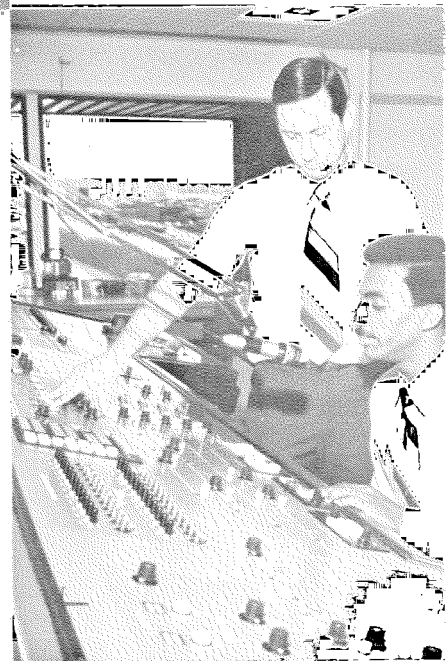
Police Services performs a broad range of activities, including system patrol (in automobiles or on trains), and investigation work. BART officers work closely with the community law enforcement agencies, and a number of wanted persons have been apprehended as a result.

Crimes on the system mainly involved automobile and bicycle thefts, with crimes against persons very minimal. Rock-throwing at trains and other juvenile vandalism continues as a persistent problem for which there is no simple solution. However, District personnel are working with schools and civic organizations in an attempt to improve the situation.

The department's major task in the coming period will be to prepare for the San Francisco line operation with its large ridership and station activity.



Hayward Shop crews (left and above) worked around the clock seven days a week to maintain and modify revenue cars, and check out new vehicles arriving from factory. Richmond and Concord Shops were activated during period. (Right) Supervisors Al Bullock and Bob Rainey monitor computerized routing of busy Hayward Yard traffic from control tower.



SYSTEM ENGINEERING

Bringing the new transit vehicles and train control system to performance and reliability levels required for full system (transbay) operation continued as a major challenge during the period. Extensive testing and design evaluation programs were carried on by the consortium of District engineers, consultants, and equipment suppliers.

Testing: Thorough testing of revenue vehicles, train controls, system communications, and other equipment preceded each of the three line openings. As equipment problems were identified and corrections implemented, pre-revenue testing went progressively smoother for each line opening.

Nevertheless, at period's end the District was still working to meet a key requirement of the California Public Utilities Commission calling for continuous detection of "dead" two-car trains (i.e., without third-rail power) throughout the system. Although the control system reliably detects powered trains in normal operations, the requirement is intended to assure safe train spacing under the most adverse circumstances of complete power failure.

To doubly assure safe spacing of trains on automatic control, the CPUC has required the District to monitor all train movements with station platform-to-station platform telephone communication since revenue service commenced. This requirement will continue until the "dead train"

detection is achieved. Until the requirement is lifted, however, the telephone back-up operation precludes the closer train spacing considered necessary for efficient transbay operation.

Design: Vehicle and train control reliability problems, plus the October 2 train accident at the Fremont Station, centered largely around electronics. As such, the period involved extensive evaluations of vehicle and train control design concepts, particularly with regard to fail-safe design of vital circuitry and components.

On November 9, State Legislative Analyst A. Alan Post issued a report to California legislators which contained 15 recommendations pertaining to system equipment and operating safety, and 16 recommendations pertaining to District contract administration, bidding, and procurement procedures.

As a follow up to the Post report, a three-man panel of experts was appointed by the State Senate Public Utilities and Corporations Committee to investigate the train control system. On February 5, the panel reported to the legislature that current BART operations were safe, and would continue to be safe for future transbay service with the addition of certain modifications and back-up systems.

Among the panel's 21 recommendations were additional redundant (duplicate) vital circuitry in cars and control equipment, added cab information for train operators, testing for "worst weather" braking, and continued testing of car wheel "scrubbers."

The District staff has since worked closely with the panel, and change orders have been issued for vehicle and train control modifications agreed upon. The "scrubbers" (metal rubbing blocks that keep car wheels clean) generally improved train detection by improving wheel-to-track contact. However, the test results still did not fulfill the CPUC's stringent "dead train" detection requirement, and other methods of improving detection were being investigated.

Of major importance was the consolidation of all system equipment engineering and contract administration into a new Engineering Services Department. A new Quality Control Department was also established to centralize reporting and analysis of equipment failures and other reliability problems for engineering and maintenance personnel.

At period's end, District engineers were developing plans for a wide-ranging safety study which would analyze the interaction of trains, employees, passengers, operating procedures, and other factors to determine the system's full public safety potential relative to operating and design limitations, and relative to other transit systems. The study is estimated to cost \$750,000, with two-thirds funding from the U.S. Urban Mass Transportation Administration.



(Then) U.S. Secretary of Transportation John Volpe (center) was escorted by Passenger Service Representative Karen Sandeen and 1972 District President George Silliman during his October 11 visit to dedicate the system.

"We have tried hard to provide quality surroundings for our patrons, and they seem to truly appreciate this quality."

DESIGN & CONSTRUCTION

The Design and Construction Department (previously called the Engineering and Construction Department) assumed greater responsibility for management of project design and construction to permit the orderly phaseout of the District's engineering consultants (Parsons, Brinckerhoff-Tudor-Bechtel) in this function. Work by PB-T-B engineers on the project decreased approximately 45 percent from the 1971-72 period level. Department personnel directly managed construction for 14 contracts, and prepared 16 smaller improvement and procurement contracts, in addition to monitoring design and/or construction of 226 outside contracts.

Construction: Completion of the Concord and Daly City stations and related trackage, plus Phase I (shell only) of the Embarcadero Station, concluded all line and station construction required for operation of the full 71-mile train system. Phase II (interior construction) of the Embarcadero Station commenced in June, 1973. (Trains will run through the station without stopping until its completion in late 1975.)

Major construction centered around the Outer Market line (for San Francisco Municipal Railway streetcars), which included work on the Van Ness Station and tunnels, the Church Street and Castro Street stations, and associated line work. Design of the West Portal Station was near completion.

Mezzanine extensions to Montgomery and Civic Center stations were completed, with the Powell Street Station extension 94 percent complete. Construction was well underway on the District's cash handling facility and a new warehouse (both near the Oakland Shop).

The period closed with overall project design more than 99 percent complete and construction 82 percent complete. The proximity of these figures to the previous period closing — 99 percent for design and 80 percent for construction — reflects a substantial amount of system improvements introduced into the project (see Special Projects below) for which new contracts are identified and scheduled. Overall value of the project was estimated at \$1.522 billion (including \$269 million in federal grants to date), with \$1.282 billion expended to date.

Contracts: Fifty-two contracts were completed, bringing total project contracts completed to 226 and valued at \$667 million. Work-in-progress was valued at \$325 million. Thirty-eight contracts totalling \$39 million remained to be awarded.

President Richard Nixon says "well done" to employees gathered at the Lake Merritt Station fountain plaza after riding the system on September 27.



PASSENGER SERVICE:

Special Projects: A \$2.5 million over-water platform adjacent to the Ferry Building in San Francisco was completed. Its purpose is to safeguard the tube and west ventilation structure from Port of San Francisco navigation and other potential hazards. Work on a \$2.5 million "concrete blanket" to protect the transbay tube from Port of Oakland navigation was started. Design work was completed on a \$1.5 million walkway between the Coliseum Station and the Oakland Sports Complex. Design was started on a two-mile test track (south of Hayward) for fleet modification and checkout, and on increased power distribution capacities throughout the system.

Most of these and other major construction projects in the period were approved for up to two-thirds federal funding. Grants totalling \$89 million were approved, including a two-thirds grant of \$27 million to increase the fleet from 250 to 350 cars. (An additional four-fifths grant for \$34 million to increase the fleet to 450 cars was pending approval.) Pending approval was 92 percent funding of a multi-level parking structure at the Daly City Station by the Federal Highway Administration, with eight percent funding by Daly City.

A major effort in public contact training and preparation of advertising, publicity, and passenger information materials preceded the September 11 start-up of revenue service. The Passenger Service Department instructed train operators, station agents, and other transportation personnel in courteous handling of patrons. Operators in the Telephone Information Center received similar sensitivity training, in addition to thorough orientation on train and feeder bus service. BART information operators were handling 1,000 calls daily in English, Chinese and Spanish. "All About BART" brochures, in the same languages, plus Braille, were located in handy station racks. Another brochure informed patrons about station elevators, special parking, and other system facilities for the handicapped.

Extensive station graphics were prepared to encourage maximum self-reliance among patrons in using the system. Large maps in each station depict train routes, local streets and bus routes, and points of interest along the system. These key graphics won awards for excellence in art design.

BART's advertising program in daily newspapers was coordinated with system graphics and literature to educate the public in using the system as well as promote the service. The \$200,000 budget was spent primarily on newspaper space and remains the same for the next fiscal year. After the full system is operating, advertising will be directed at promoting off-peak ridership.

A Passenger Service Corps, organized among 40 trained volunteers from various District offices, provided valuable assistance in handling crowds at line openings and special events.

A Passenger Relations Committee was formed to identify and coordinate solutions among all necessary departments for passenger-related problems and complaints. The committee sought improvements in such aspects of passenger service as train and station announcements, station signs, and automobile and bicycle parking accommodations.

The train destination signs, working smoothly after a short break-in period, were fulfilling their promise as a valuable communications medium. Informative messages from all appropriate system departments are channeled onto the signs by Passenger Service. News bulletins and advertising messages have been improved to fit the sign format. Advertising revenue of \$510,000 for the period is used to amortize the cost of the computerized, systemwide signs.

Conscientious follow-up and a written response to all complaints and suggestions received from patrons is considered a key Passenger Service activity.

A signage improvement program, underway at period's end for 26 stations, is based on patron comments and station agent observations during the opening months of revenue service on each line.

Status of systemwide contracts:	
Trackwork - BART	100%
MUNI	45%
Electrification - BART	100%
MUNI	0
Train Control and Communications	73%
Status of civil structure contracts:	
A Line (Fremont)	100%
C Line (Oakland Subway - Concord)	100%
R Line (Richmond)	100%
B Line (Transbay Tube)	100%
S Line (SF BART/Muni Subway)	92%
S Line (Outer Market Muni)	45%
M Line (Mission St. - Daly City)	99%

“The pride and involvement of BART communities in the opening of their stations was a rewarding experience for all BART people.”

(Left) “A glorious day,” agreed San Francisco Mayor Joseph Alioto, (then) District Vice-President Chester, and Oakland Vice Mayor John Ogawa when they officially opened Lake Merritt Station for revenue service on September 11, 1972. (Below) Mrs. Gertrude Guild of Oakland made her imprint on BART history at Lake Merritt as the system’s first revenue passenger.



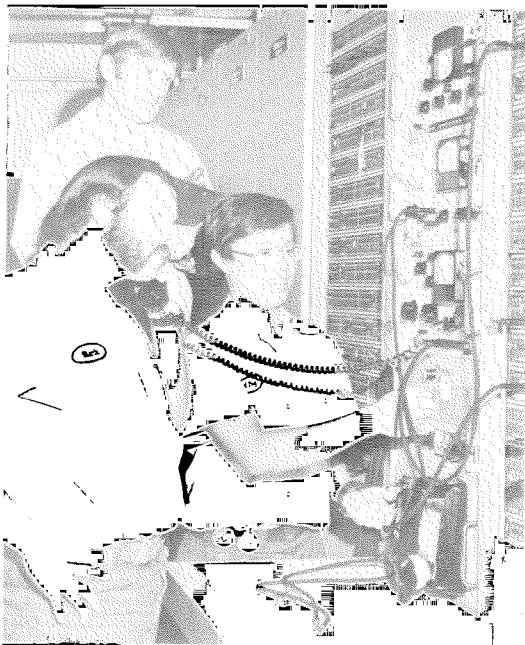
(Left) Richmond Station was the focal point of ceremonies opening the Richmond Line on January 29. (Above) Pleasant Hill Station was typical of the colorful community ceremonies opening the Concord Line on May 21. Director Joe Silva and “Miss Pleasant Hill” (Nancy Davis) wait for Mayor Ben Hartinger to cut the traditional ribbon.

“Patronage is generally bearing out our marketing forecasts, and indicates solid public acceptance of BART.”

PLANNING & RESEARCH

The Research Department provided considerable support to development of the 1973-74 operating budget and the five-year forecast of capital and operating fund requirements. The Planning Department carried on District liaison for a wide range of projects with the Bay Area Metropolitan Transportation Commission (MTC), and other local agencies and transit systems. In addition, both departments carried on their own planning or research projects during the period, which are summarized below.

Feeder Service: An Agreement with the Alameda-Contra Costa Transit District enabled patrons to transfer from BART to buses at no charge when revenue service commenced. Free transfer machines were installed at all East Bay stations served by AC Transit, which altered 87 bus routes for feeder service. The revenue loss for the free one-way bus ride for BART patrons is shared equally by BART and AC Transit. A tentative agreement was also reached with the San Francisco Municipal Railway for feeder service routing to BART stations, plus some type of transfer arrangement to be further defined.



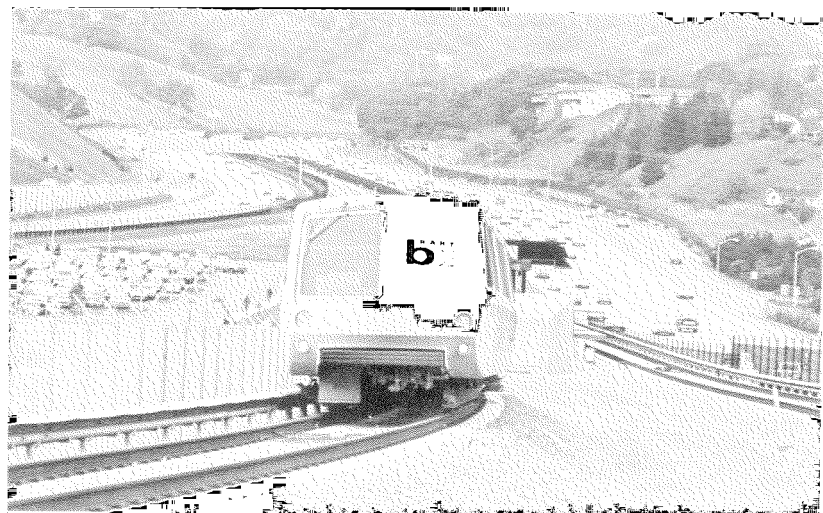
(Left) Technicians Mark Schroeder, Victor Eng and Bob Draper (standing) monitor elaborate network of communications from BART "nerve center" at Lake Merritt. (Below) A two-car train glides silently down grade toward the Orinda Station, illustrating extensive testing that preceded opening of each line.

The staff will continue working to improve AC-MUNI-BART transfer procedures and feeder service in the coming period. Work also began with other agencies to establish local and BART feeder bus service in central Contra Costa County, Berkeley, and the Fremont-Newark-Union City area.

Pending approval was a federal grant application for two-thirds funding of four express bus lines into Contra Costa and Alameda county communities not yet served by BART trains. The \$2.5 million project is to be one-third funded by local sales tax revenues. To complement the train system's extensive facilities for the handicapped, BART's 32 buses will be the first in general service to accommodate wheelchair patrons.

Marketing: Management is firmly committed to a broad concept of marketing which makes service geared to consumer satisfaction a shared objective of all departments in the District. Completion of a well-disciplined marketing plan (1) established the consumer market framework within which BART operates; and (2) developed strategies for achieving measurable ridership objectives. Speed, convenience, reliability, and good employee-patron contact are identified as the important points to sell on BART service — with good feeder service to BART necessary in the eyes of the consumers.

To develop the baseline data needed for marketing decisions, monthly reports were begun on patronage, fares, parking lot use, and train operations. Also begun were the first of a series of studies on public attitudes, and awareness, passenger travel patterns, ages, occupations, and other pertinent social data. Vital marketing re-



REAL ESTATE

search and active programs will be expanded during the next period with a federal grant obtained for this purpose.

A strong marketing program carried on with major Bay Area banks resulted in 177 bank outlets handling off-site sales of discount and high value tickets by period's end. Red discount tickets of \$10 value were made available for \$2.50 to patrons under 13 and over 65 years of age. Regular blue tickets, of \$10 and \$20 value only, also were made available to reduce waiting lines at station ticket vendors.

Blocks of discount tickets were made available directly from the District for groups of under-13 students. Tickets of 60 cents and \$1 value (sold for 15 cents and 25 cents) facilitate quantity sales to school districts for tours and field trips.

Extensions: A final report on the Oakland Airport transit project cited a separate "connector" system between Coliseum Station and the airport as more compatible to BART train operations than a direct extension. Evaluation of different routes and station locations continued for three proposed extensions to the Livermore-Pleasanton, Pittsburg-Antioch and Northwest San Francisco areas, and for the San Mateo County Transit Development Project with which BART is cooperating. The final report of the San Francisco Airport Access Project was printed; and negotiations were begun between San Mateo County, the City and County of San Francisco, and BART to implement an extension to the San Francisco airport.

Other Studies: A major project was begun to develop research data on regional transit travel patterns. "Real world" behavior affecting travel patterns will be simulated via computer models during the next period to further evaluate route options for the various extensions proposed.

A "BART/TRAILS Study" was prompted by two environmental groups (People for Open Space and San Francisco Planning and Urban Renewal Association) and funded by the U.S. Department of Transportation and the East Bay Regional Park District. Possible relationships between BART and bicyclists for both commuting and recreational purposes will be explored by the staff and a plan for routes issued during the next period.

BART was one of three transit agencies in the country selected for implementation of a federal "Station Area Development" plan. The Lake Merritt and Coliseum stations will be used to demonstrate how BART, other public agencies, and private investors can cooperate to improve transit station environments.

Acquisitions of land or land rights were completed during the period from 57 parcels at a total cost of \$3,260,000. The acquisitions represent the conclusion of property transactions for existing system right of way and facilities, including right of way acquired from The Atchison, Topeka & Santa Fe Railway between Berkeley and Richmond. Transactions involving approximately 150 additional parcels remain to be concluded throughout the system. New requirements from 16 parcels arose during the year for the Coliseum Walkway, Church Street and Castro Street Muni Stations, and other projects.

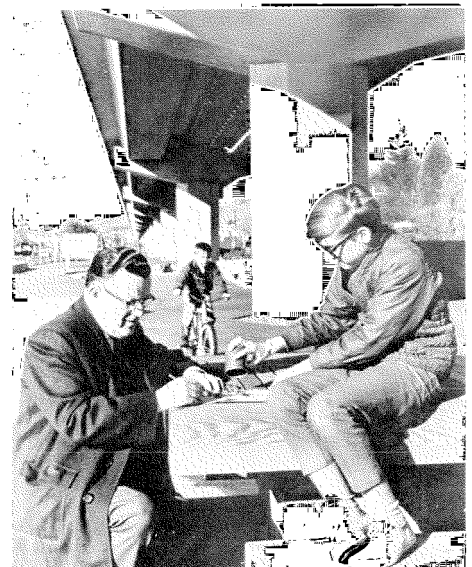
New federal and state laws have increased the amount of staff work involved with property acquisitions and the related relocation of people and businesses. These new laws have substantially increased the amount of time and manpower necessary to obtain property for District use.

Real estate income from property rentals, leases and sales exceeded \$600,000 during the year. More than \$5 million has been recaptured since 1964 from the District's real property holdings.

Customer service facilities - public telephones, newspaper vending racks, parcel storage lockers, mail boxes, bicycle lockers, and refreshment vending machines - were installed in BART stations prior to revenue service. Newsstands will be opened at downtown Oakland and San Francisco stations when San Francisco service begins.

Right of way estimates being provided for various extension projects under study will continue during the coming year, as will activities concerning property acquisition, condemnation, relocation, street and utility conveyances, special access to stations, customer services, land sales, leases, and property management.

Neighborhood residents - old and young alike - enjoy BART's beautiful linear park extending for 2.7 miles through Albany and El Cerrito under the aerial train way.



ADMINISTRATION

An ongoing analysis of cross-related departments and manpower skills resulted in major realignments within operations, maintenance, engineering and training areas during the period. The realignments increased centralization of related activities, particularly in technical support and documentation.

A major activity of the General Services Department was reassigning and acquiring new office space to support increased revenue service and other activities. Offices now located outside the headquarters building will be consolidated in the Oakland Commerce Building, 1540 San Pablo Avenue, near the Oakland City Center - 12th Street Station. Computerized inventory control was expanded from the Hayward Shop storeroom to all other District storerooms. Also established was a lost and found service for passengers, and a systemwide delivery service between BART facilities.

The various data processing programs comprising the Management Information System (activated in 1971) were modified for improved efficiency in all administrative data reporting areas.

Under a federal (UMTA) grant, the department began development of a Maintenance Planning System to optimize preventive maintenance schedules and cost controls. The system will be designed for general application in the transit industry.

The 1973-74 fiscal year Operating Budget was set at \$37.1 million, up \$10.8 million from the 1972-73 period. A revision of this budget is expected, however, as it is necessarily based on very tentative assumptions involving manpower levels, labor costs, other funding requirements, and scheduling of transbay service.

Labor costs will remain tentative until current negotiations of the District's first collective bargaining contracts are completed. The results of a current manpower study being conducted by an outside consultant, Arthur D. Little, Inc., could also effect budget changes.

A major administrative project, involving numerous departments, was development of a five-year financial forecast of requirements for capital and operating funds. Operating expenses and revenues were projected, and other possible sources of funding analyzed, to provide data required for long-range management decisions.

As the result of sharply increasing costs of operation, the project report forecasted major annual deficits ahead which fare increases cannot offset. Thus, the question of how to meet the system's full operating costs loomed in the next period.

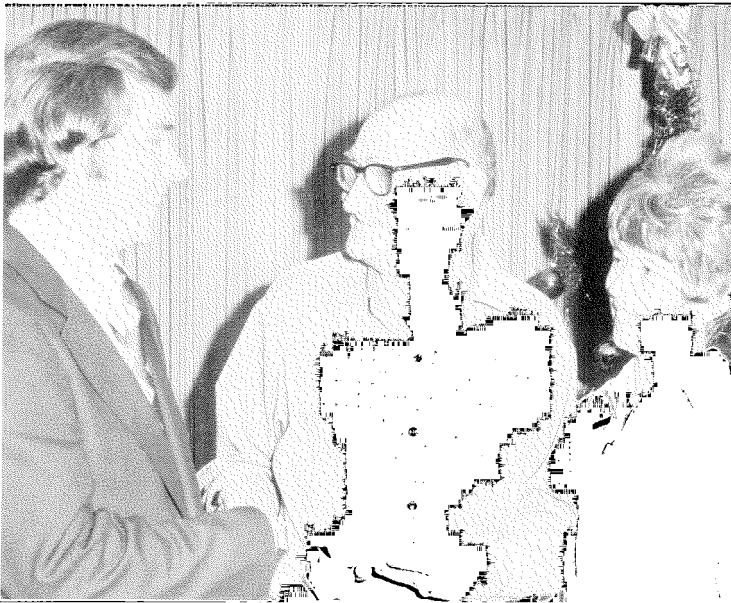
Property tax rates fixed by the District decreased for the 1973-74 fiscal year (see table below). They will continue to decline until full redemption of \$792 million in District construction bonds.

Property Tax Rates

	1973-74			1972-73
	Admin. Expenses	Debt Service	Total Rate	Total Rate
Alameda	4.7	48.9	53.6	58.7
Contra Costa	5.0	53.7	58.7	61.4
San Francisco	5.3	55.6	60.9	65.1

NOTE: Tax rate is per \$100 assessed property value. Different tax rates reflect equalization of different assessment formulas among counties.

The General Counsel's Office handled an increasing variety of legal work during the period; but emphasis remained on legal problems and litigation involved in the close-out of major construction and procurement contracts.



A Christmas gift of \$90 in train tickets from Richmond Shop employees enabled elderly and handicapped patients at Fremont's Parkmont Convalescent Hospital to take sightseeing trips on the system. Vehicle Inspector Richard Taylor (left) presents tickets to patient George Migo, 76, and nurse Nancy Davis.

"In our desire to be good professional managers, we cannot forget BART is an important forum for new social issues."

ACCOUNTING & FINANCE

The accounting and auditing workload of the Controllershship Department, which centered around construction and equipment contracts in previous periods, substantially expanded with the start-up of fare revenue service. Areas of expansion included revenues, an 80 percent increase in the payroll, off-site ticket sales, supplies procurement, and inventory build-up. Increased Federal grant disbursements also involved increased accounting work during the period.

Off-site cash sales of high value and discounted tickets amounted to \$213,187. Earned passenger revenues totaled \$2.1 million for the period. Two special encoding machines were on order which will expedite encoding of tickets with appropriate cash values for off-site sales.

Temporary investments of District general construction funds produced interest income of more than \$8 million. District bonds retired were:

General Obligation, \$9.1 million; Special Service District No. 1 (Berkeley), \$250,000; and Sales Tax Revenue Bonds, \$13.6 million.

Fare Collection: Treasury Department personnel set up procedures to collect revenues from fare machine cash boxes with District-owned armored trucks, transport them to a cash-handling facility for counting, and thence to local banks for daily deposits. Counting was carried out at the Lake Merritt headquarters building until activation of the new cash-handling facility near the Oakland Shop. Collection and counting crews were trained in strict procedures to assure maximum cash accountability and security. The procedures assure that no large amounts of cash accumulate in stations or the cash facility.

Opening transbay service to San Francisco will bring daily collections to an estimated six tons of coinage and 200,000 paper bills. Station change machines will use more than five tons of coinage daily. Additional cash-handling crews will be trained for this workload.

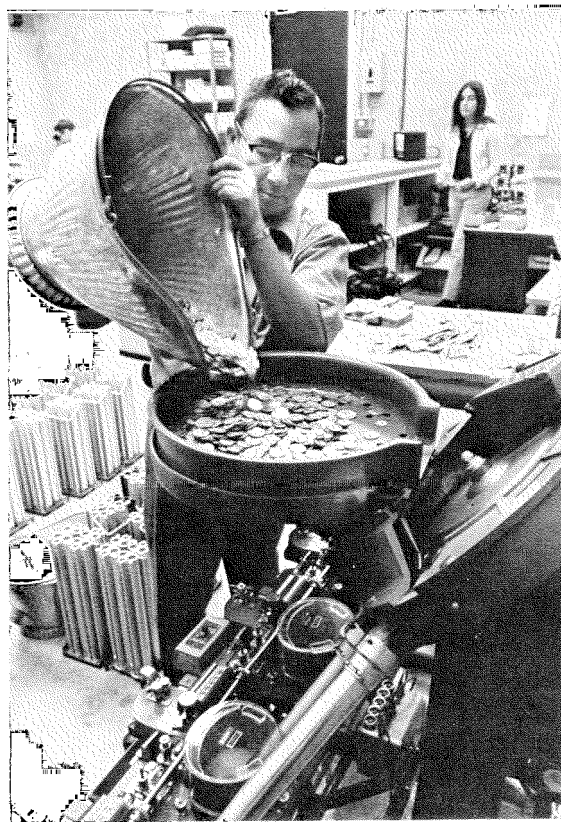
Equipment was ordered for a computerized system which will report cash amounts in all station fare equipment to a central computer at District headquarters at hourly intervals. The central computer will compare each day's report of total cash collected and counted at the cash facility. The system will also record entry and exit stations for every trip made on BART, providing a continuous systemwide "trip profile" for marketing and operations. Called the Data Acquisition System, it will be activated during the next period.

Insurance & Safety: Transition was begun from a fully insured (carrier) program to a substantially self-insured program. Significant savings in premiums are expected, and the District may eventually negotiate all District insurance directly. An

outside organization was retained to administer self-insured losses, and the District may eventually assume this function in anticipation of additional savings.

Payments on passenger accident claims amounted to \$5,000, with 74 claims reported. Payments on employee accident claims amounted to \$22,000, with 134 accidents and 22 lost time injuries reported. The District's single fatality occurred when a track foreman was struck by a revenue train while cranking switches near the Hayward Yard.

Safety personnel regularly inspected and reported on all District facilities. Relatively minor corrections in shop and station areas were required in anticipation of the District becoming subject to provisions of the federal Occupational Safety and Health Act.



Auditor Joe Maher runs coinage collected from station fare machines through counting equipment in District cash room. Computers will soon be used to monitor daily cash deposited in fare machines with daily cash room counts.

"Our business is not merely operating trains efficiently, but transporting people quickly, comfortably, and safely."

PERSONNEL

Passenger Service Representative Carol Hirose answers questions from handicapped youngsters during a tour of the system. The staff has conducted educational tours for thousands of school children since the system opened.

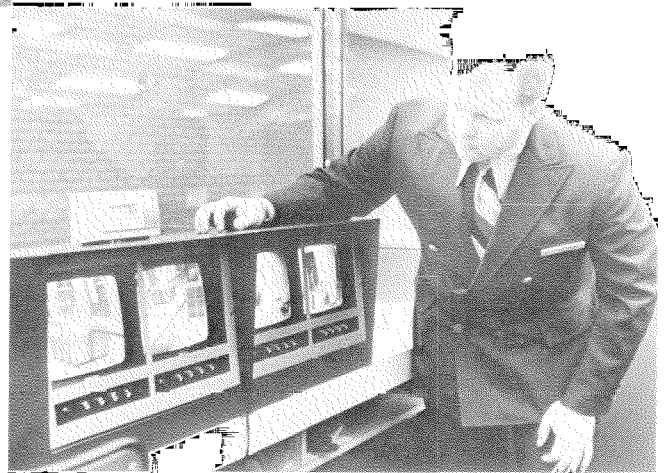


Total District personnel increased from 762 to 1,400 during the period, including 515 new hourly employees hired for support of revenue service.

Minority employees increased from 30 percent to 37 percent of the staff during the period, with those in managerial, professional or administrative jobs increasing from 20 percent to 25 percent of the group. Management accomplished its goal of bringing the minority ratio on the staff above that of the three BART counties. More women were promoted to supervisory positions than in any previous period, and the District appointed its first woman manager.

An advisory panel of officials from Oakland, Richmond and San Francisco minority communities was appointed to survey District policies in recruiting, training and promotion as they relate to ethnic minorities, women and the handicapped. The panel conducted public meetings within their respective communities to study attitudes toward BART, and reported their findings to the District Directors. The Personnel Department staff had begun to implement the recommendations by the period's end.

The competitive position of the District's merit review plan within transit and related industries was maintained with the assistance of an outside consultant. Employees were briefed on wage and salary policies and received a detailed analysis of District benefits for their personal records. Health insurance coverage was improved for all employees at no added cost.



One of the busiest stations in the East Bay is the Central Berkeley Station, serving the downtown area and the University of California campus. (Above) Service Supervisor Rocky Green adjusts television receivers used to monitor far corners of the large station. (Below) Treasury Supervisor Charles Gillam reports on cash collections from Station Agent Betty Maddox's control booth.

LABOR RELATIONS

A state arbitrator's decision imposed a hiring freeze on the District from June 18 to July 15, 1972, to identify qualified employees of five other local transit systems who desired to exercise "job preference" rights for BART jobs. The rights were established under provision 13 (c) of the U.S. Urban Mass Transportation Act of 1964. The District processed 1,100 applicants during the freeze, resulting in 150 "13 (c) hires."

In an election held on April 18, maintenance and clerical employees voted for representation by the United Public Employees Local 390. Transportation employees voted for representation by the Amalgamated Transit Union. Supervisory employees voted for no union representation. The election climaxed two years of state hearings to determine which District employees would be directed to vote on representation, and which among 22 interested unions would be on the ballot.

The District was directed by the state to negotiate one "umbrella" contract with the two unions, who represent a total of 1,100 clerical, maintenance and transportation employees. The purpose of the joint contract is to minimize the potential for system strikes and shutdowns. One additional contract remained to be signed with the BART Police Officers Association, an independent affiliation of Police Services Department personnel.

At period's end, a strike threatened to break off District contract negotiations with Local 390 and ATU. Employees in both unions had voted to walk out in protest over wage rates for the 13 (c) employees which were, in some cases, higher than those for non-13 (c) employees. (NOTE: The UMT Act and subsequent arbitration obliged the District to pay 13 (c) hires the same rates received on their prior jobs with other transit lines.)

When contract negotiations are completed in the coming period, Labor Relations personnel will brief management and employees on its provisions to assure fair and uniform interpretation by all parties. The opening of transbay service to San Francisco is expected to focus on another 13 (c) provision, which requires the District to either hire or compensate other transit line employees "adversely affected" by BART service. Lastly, union demands for a totally new 13 (c) agreement might be faced by the District.

Employees were kept informed of important management-labor developments by timely memos from the General Manager and by the employee newspaper.

PUBLIC & COMMUNITY RELATIONS

Extensive effort went into activities designed to foster community interest and pride in BART. During the several summer months preceding the September 11 start-up of revenue service, the staff worked long overtime hours to stage week-end previews for the public at 13 stations on the system. More than 100,000 Bay Area residents inspected the stations and trains on display. The staff was briefed to answer a wide range of questions about the system.

Maximum involvement of public officials, merchants, schools, and citizen organizations was sought in ceremonial openings of the Fremont, Richmond and Concord lines. District personnel arranged separate, colorful ceremonies for each opening station, according to each community's preferences.

System tours conducted for students, professional and foreign groups were at an all-time high during the period, as were speaking engagements filled by staff members to inform groups about BART.

"Third Rail Warning" letters for children and their parents were distributed by the thousands, prior to turning on third-rail power for each line. Cooperation from school districts, which mailed the letters to parents, was excellent. Newspapers cooperated fully in publicizing the warnings, and there were no third-rail accidents during the period.

A team of Public Relations and Police Services personnel was assigned to develop channels of direct contact with juveniles in an effort to reduce vandalism on the system.

Visits by President Richard Nixon on September 27 and (then) Secretary of Transportation John Volpe on October 11, were carried out with minimum interference to revenue service.

Servicing of press, radio and television media reached an all-time high with the opening of the Fremont Line, and continued with subsequent line openings.

A train dispatched onto the mainline March 12 caused a flurry of interest among the news media. In its cab was Margie Johnson, BART's first lady train operator. Other women have since followed as train operators, police officers, and in other challenging jobs.



San Francisco Bay Area Rapid Transit District

Balance Sheet

	June 30	
	1973	1972
Assets		
Cash (including time deposits of \$63,500,000 and \$109,200,000)	\$ 65,452,463	\$ 109,468,936
U.S. Treasury securities (Note A)	10,511,768	12,265,391
Federal Agency securities (Note A)	37,661,655	46,651,410
Miscellaneous receivables	2,457,391	3,352,221
Deposits and notes receivable	23,926,623	24,372,459
Construction in progress (Note I)	562,279,087	1,141,867,278
Facilities, property and equipment (Notes A and C)	718,452,015	3,298,317
Materials and supplies (Note A)	1,152,039	406,411
Debt Service Funds, net assets (including time deposits of \$44,606,500 and U.S. Treasury and Federal Agency securities of \$19,070,445 in 1973 and \$30,149,600 and \$21,585,700 in 1972) (Notes D and E)	65,176,148	52,566,594
	\$1,487,069,189	\$1,394,249,017
 Liabilities, Reserve and Capitalization		
Construction contracts and others	\$ 41,630,684	\$ 17,218,669
Unearned fare revenue	297,254	-0-
Payable to State of California (Note G)	39,110,538	39,110,538
Debt Service Funds (Notes D and E)	65,176,148	52,566,594
Reserve for self-insurance (Note H)	15,000,000	15,000,000
Capitalization:		
Construction funds:		
General Obligation Bonds (\$812,500,000 authorized) (Note D):		
Bonds outstanding	786,310,000	795,660,000
Bonds matured and retired	17,690,000	8,340,000
	804,000,000	804,000,000
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note E):		
Bonds outstanding	127,900,000	141,500,000
Bonds matured and retired	22,100,000	8,500,000
	150,000,000	150,000,000
U.S. Government Grants (Note F)	156,157,472	113,909,977
State of California Grant (Note G)	116,543,462	112,756,462
Contributions from others	4,661,226	3,428,022
	1,231,362,160	1,184,094,461
Accumulated revenues	93,391,285	84,391,568
	1,324,753,445	1,268,486,029
General Fund accumulated net revenues	1,101,120	1,867,187
	1,325,854,565	1,270,353,216
	\$1,487,069,189	\$1,394,249,017

See notes to financial statements.

Statement of Revenues, Expenses and Accumulated Net Revenues

General Fund	Fiscal Year Ended June 30	
	1973	1972
Revenues:		
Operating revenues:		
Fares	\$ 2,434,466	
Less discounts, transfers, other deductions	330,845	
	<u>2,103,621</u>	
Other	120,394	
Financial assistance - Transportation Development Act of 1971	1,370,000	
	3,594,015	
Taxes	3,784,184	\$ 3,589,561
Interest and other	166,741	79,650
	<u>7,544,940</u>	3,669,211
Expenses:		
Personal services	16,912,390	9,269,871
Rent and office expense	1,154,657	628,155
Professional and specialized services	928,132	1,183,004
Travel expense	177,091	167,569
Other	3,369,259	1,338,749
	<u>22,541,529</u>	12,587,348
Less charges to construction in progress and other	14,230,522	8,646,258
	<u>8,311,007</u>	3,941,090
Excess of expenses over revenues	(766,067)	(271,879)
Accumulated net revenues at beginning of year	1,867,187	2,139,066
Accumulated net revenues at end of year	<u>\$ 1,101,120</u>	<u>\$ 1,867,187</u>

Debt Service Funds

	Fiscal Year Ended June 30, 1973			Fiscal Year Ended June 30, 1972
	General Obligation Bonds	Sales Tax Revenue Bonds	Combined	Combined
Revenues:				
Property taxes	\$44,153,452		\$44,153,452	\$43,931,781
Transaction and use taxes received	-0-	\$31,054,621	31,054,621	27,769,713
Interest	1,240,617	2,021,859	3,262,476	2,333,134
	<u>45,394,069</u>	<u>33,076,480</u>	<u>78,470,549</u>	74,034,628
Less:				
Matured interest	34,897,171	8,001,800	42,898,971	43,642,974
Matured principal	9,350,000	13,600,000	22,950,000	16,390,000
Bond service expense	-0-	12,024	12,024	29,986
	<u>44,247,171</u>	<u>21,613,824</u>	<u>65,860,995</u>	60,062,960
	1,146,898	11,462,656	12,609,554	13,971,668
Balance at beginning of year	17,764,789	34,801,805	52,566,594	38,594,926
Balance at end of year	<u>\$18,911,687</u>	<u>\$46,264,461</u>	<u>\$65,176,148</u>	<u>\$52,566,594</u>

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

Statement of Changes In Construction Funds

	Fiscal Year Ended June 30	
	1973	1972
Total construction funds at beginning of year	\$1,268,486,029	\$1,223,454,181
Addition during the year:		
U.S. Government grants received	42,247,495	27,750,622
State of California grants received	3,787,000	4,614,300
Contributions from others (adjustment)	1,233,204	(101,736)
Accumulated revenues (primarily interest)	8,999,717	12,768,662
	56,267,416	45,031,848
Total construction funds at end of year	\$1,324,753,445	\$1,268,486,029

Statement of Changes In Financial Position

	Fiscal Year Ended June 30	
	1973	1972
Financial Resources Were Used For:		
Excess of expenses over revenues	\$ 766,067	\$ 271,879
Additions to construction in progress and facilities, property and equipment	135,565,507	106,549,919
Bond interest	42,898,971	43,642,974
Bond principal	22,950,000	16,390,000
Increase in Debt Service Funds	12,609,554	13,971,668
Other	757,652	436,397
	\$215,547,751	\$181,262,837
Financial Resources Were Provided By:		
Property taxes	\$ 44,153,452	\$43,931,781
Transactions and use taxes	31,054,621	27,769,713
Grants from U.S. Government	42,247,495	27,750,622
Grants from State of California	3,787,000	4,614,300
Contributions from others (adjustment)	1,233,204	(101,736)
Interest on investments	12,262,193	15,101,796
Decrease (increase) in miscellaneous receivables and deposits and notes receivable	1,340,666	(20,322,691)
Increase (decrease) in construction contracts and other liabilities	24,709,269	(6,658,863)
Decrease in cash and securities	54,759,851	89,177,915
	\$215,547,751	\$181,262,837

See notes to financial statements.

Notes to Financial Statements

Year ended June 30, 1973

NOTE A - Summary of Significant Accounting Policies

The San Francisco Bay Area Rapid Transit District is a political subdivision of the State of California created by the Legislature in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with the State of California and the United States Government.

The General Fund receives an allocation of property tax revenues for purposes of providing for administrative expenses not involving construction in progress.

Securities are carried at cost which approximates market.

The cost of acquisition and construction of rapid transit facilities is recorded in construction in progress and represents amounts paid or owing to contractors including amounts provided by State and Federal grants for construction purposes. As facilities are completed and become operative, the District transfers them to facilities, property and equipment accounts.

During the continuing construction phase, the District has not provided depreciation on facilities, property and equipment.

Certain pre-full revenue operating expenses of the District, net of fare revenues, will be charged to construction in progress until such time as full revenue operations are attained, which is expected to be in 1974.

Materials and supplies are stated at average cost.

Accounting policies for general obligation bonds (Note D), sales tax revenue bonds (Note E), government grants (Notes F and G), reserve for self-insurance (Note H) and construction in progress (Note I) are described in separate footnotes.

NOTE B - Significant Events

In September of 1972, initial operation of the system was commenced on the Fremont-MacArthur line. The Richmond line was opened in January of 1973 followed by the opening of the Concord line in May of 1973. These three segments, all on the east side of San Francisco Bay, represent approximately 56 miles of the basic 71-mile system.

The District's rapid transit operations were shut down by a strike beginning July 1, 1973. Tentative agreements were concluded with the striking unions and revenue operations were resumed on August 6, 1973.

NOTE C - Facilities, Property and Equipment

Facilities, property and equipment are summarized as follows:

	June 30, 1973
Land	\$ 84,024,587
Improvements	419,299,633
System operation and control	51,526,259
Revenue equipment	57,407,429
Service equipment	5,564,549
General and administrative ..	98,064,824
Repairable property items	2,564,734
	<u>\$718,452,015</u>

NOTE D - General Obligation Bonds

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds. Bonds amounting to \$775,250,000 were outstanding at June 30, 1973, with principal maturities from 1974 to 1999. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that city. Special Service District No. 1 Bonds amounting to \$11,060,000 were outstanding at June 30, 1973, with principal maturities from 1974 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal amounts of \$10,600,000 of General Obligation Bonds and \$260,000 of Special Service District No. 1 Bonds mature on June 15, 1974. Annual maturities in succeeding years are in greater amounts. Interest of \$16,934,640 on General Obligation Bonds and \$252,433 on Special Service District No. 1 Bonds is payable on December 15, 1973. The composite interest rate on bonds currently outstanding is 4.14%.

NOTE E - Sales Tax Revenue Bonds

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000. Bonds amounting to \$127,900,000 were outstanding at June 30, 1973, with principal maturities from 1974 to 1981. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the Transactions and Use Tax authorized by the 1969 Legislature and of moneys received by the District from other sources, in lieu of Transactions and Use Tax proceeds, if legally made available. The bonds maturing on or after January 1, 1976, are redeemable prior to maturity at the option of the District on various dates at prices ranging from 104% to 100%. The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1 and principal annually on January 1. Principal of \$14,450,000 matures on January 1, 1974 (with greater annual amounts thereafter) and interest of \$3,560,900 is payable on July 1, 1973 and on January 1, 1974. The composite interest rate on bonds currently outstanding is 5.55%.

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period April 1 to June 30, 1973 will be approximately \$7,450,000, of which the trustee had received \$1,675,000 at June 30, 1973.

NOTE F - U.S. Government Grants

The U.S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle procurement. Additionally, the District is administering federal grants to the City and

San Francisco Bay Area Rapid Transit District

Notes to Financial Statements

(continued)

County of San Francisco (CA-03-0004) for construction of three Market Street Station mezzanines, two street plazas and street extensions, and a grant to the City of Berkeley (CA-03-0009) in connection with the construction of subway extensions within Berkeley. The following grants were in force as of June 30, 1973:

Project — Purpose	Maximum Grant	Funds Received
Beautification Grants:		
CALIF-BD-1	\$ 447,953	\$ 360,000
CALIF-B-160	323,000	239,000
CALIF-B-163	521,000	367,000
OS-CA-09-39-1074	838,565	-0-
	<u>2,130,518</u>	<u>966,000</u>
Demonstration Grants:		
CAL-MTD-2 (Transit Design)	6,157,256	6,157,256*
CA-06-0023 (Fare Collection)	1,133,333	947,756
CAL-MTD-7 (Transit Hardware)	761,568	761,568*
CA-06-0032 (Prototype Vehicles)	5,000,000	4,500,000
	<u>13,052,157</u>	<u>12,366,580</u>
Capital Grants — Construction:		
CA-03-0006	12,867,862	12,867,862*
CAL-UTG-11	13,103,910	13,103,910*
CA-03-0015	25,939,945	25,939,945*
CA-03-0019	88,000,000	62,182,575
CA-03-0047	1,000,000	38,000
CA-03-0052	38,136,666	8,938,000
CA-03-0058	1,700,000	-0-
CA-03-0059	27,198,666	500,000
CA-03-0069	21,681,333	-0-
	<u>229,628,382</u>	<u>123,570,292</u>
CA-03-0004 (San Francisco)	19,902,430	14,521,600
CA-03-0009 (Berkeley)	4,733,000	4,733,000*
	<u>254,263,812</u>	<u>142,824,892</u>
	<u>\$269,446,487</u>	<u>\$156,157,472</u>

*Project Completed.

NOTE G - State of California Grant

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June 30, 1973, the District had received \$172,154,000 of which \$55,610,538 is repayable to the State of California for the tube approaches. Reimbursement will be fulfilled by application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24 and by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978.

NOTE H - Reserve for Self-Insurance

By resolution of the Board of Directors of the District, the reserve for self-insurance is presently limited to a maximum of \$15 million to provide for uninsured general liability and property damage and workmen's compensation exposure at June 30, 1973.

NOTE I - Construction in Progress

During the year, construction in progress decreased as follows:		
Balance at July 1, 1972		\$1,141,867,278
Construction	\$118,829,635	
Real estate acquired	3,263,925	
Utility relocation	1,049,744	
Pre-full revenue operating expenses	13,482,330	
Other	584,882	
	<u>137,210,516</u>	
Less:		
Rental income and proceeds from sales of real estate ..	463,717	
Insurance premiums refunded	35,823	
Transfers to facilities, property and equipment	715,151,524	
Transfers to materials and supplies	732,730	
Other transfers	414,913	
	<u>716,798,707</u>	<u>(579,588,191)</u>
Balance at June 30, 1973		<u>\$ 562,279,087</u>

An estimate of project costs, based upon information available at July 1, 1973, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,522,000,000 (including \$180,000,000 for the transbay tube being financed by the State of California and \$118,000,000 for transit vehicles being financed by Federal grant funds and other District sources). Presently, the final cost of the system cannot be determined, as future economic conditions, resolution of pending contractors' claims and delay in start of full revenue operations may have a significant effect on the final cost of the system. Initial operation of the system began in September 1972, and it is expected that the system will be in full operation in 1974.

**Report of
Independent Accountants**

Board of Directors
San Francisco Bay Area Rapid Transit District
Oakland, California

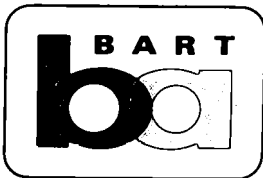
We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1973 and 1972, and the related statements of revenues, expenses and accumulated net revenues, changes in construction funds and changes in financial position for the years then ended. Our examination 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 aforementioned financial statements present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1973 and 1972, and the results of its operations and the changes in its construction funds and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Janche Row & Co.

Certified Public Accountants

San Francisco
October 16, 1973

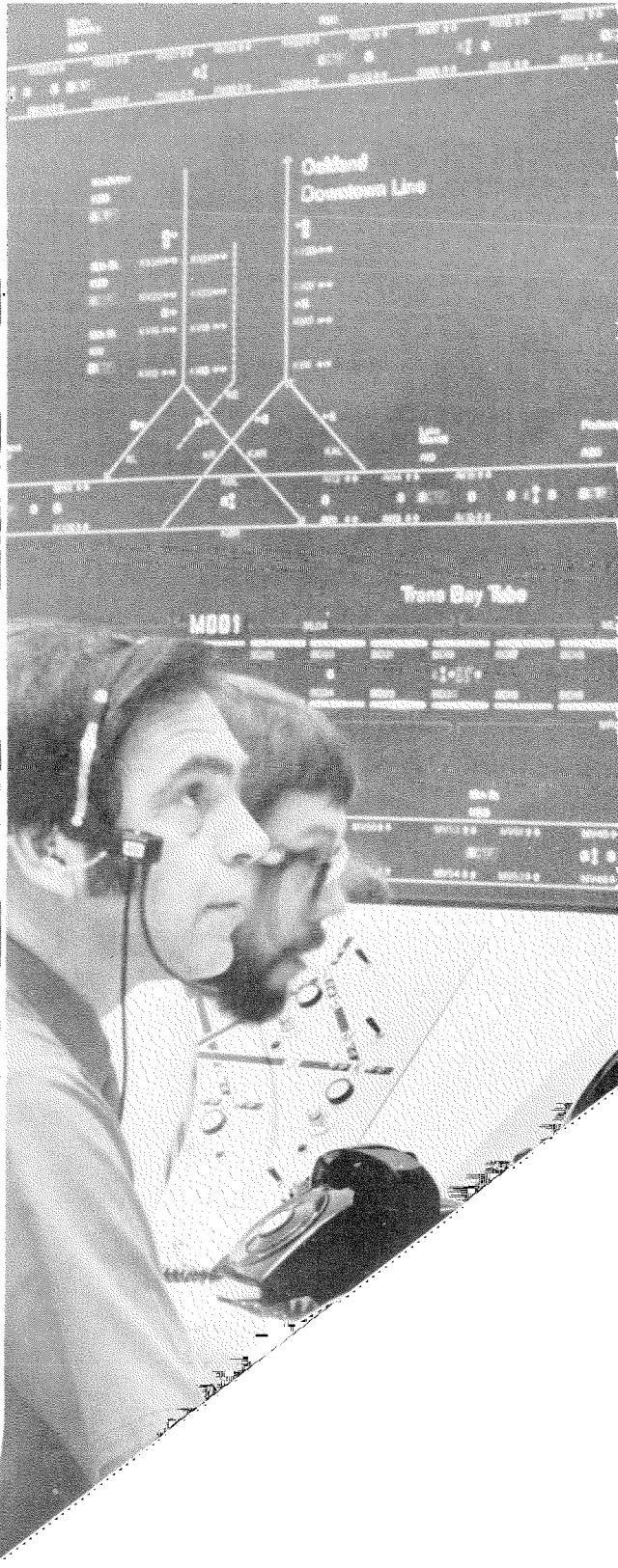
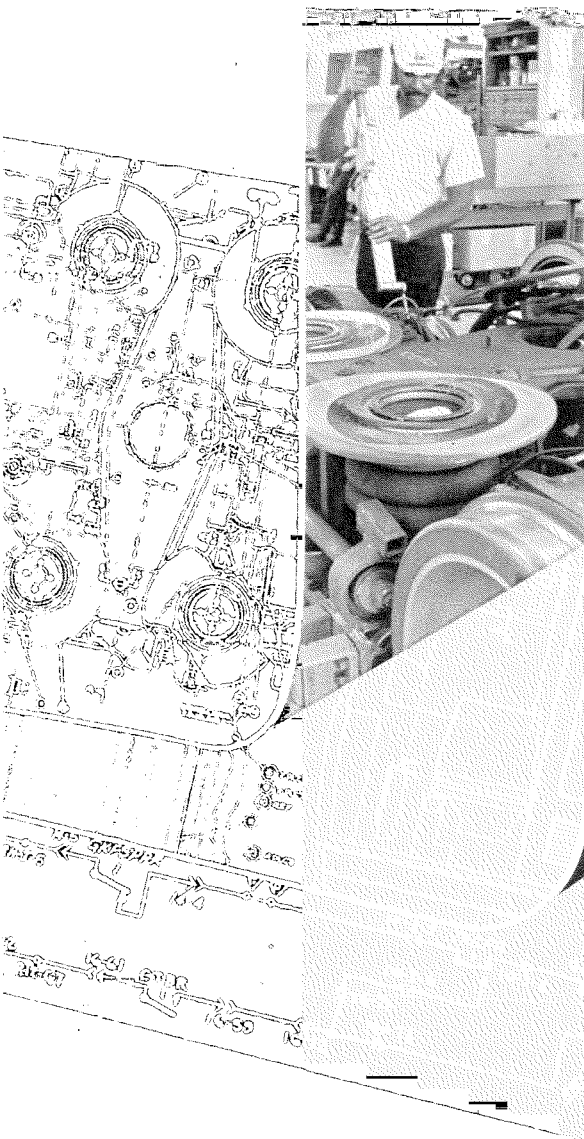
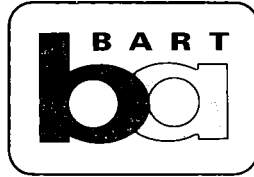


San Francisco Bay Area Rapid Transit District

This Annual Report for the period July 1, 1972 to June 30, 1973 is published by the District pursuant to Article 28770 of the State of California Public Utilities Code. District Headquarters are located at 800 Madison Street, Oakland, California 94607. Telephone 415-465-4100.



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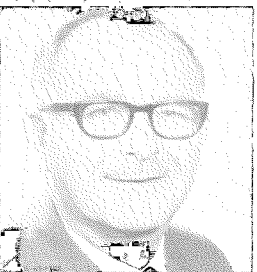
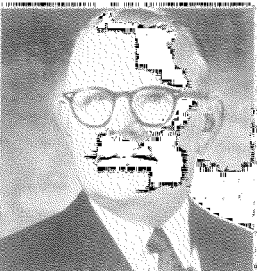


Directors

Officers

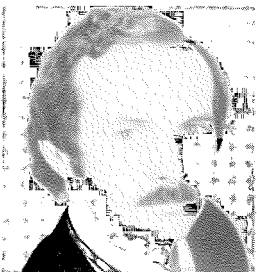
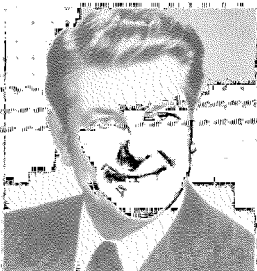
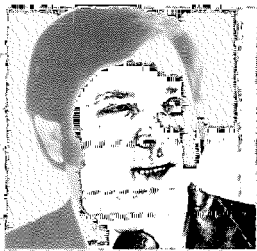
ALAMEDA COUNTY

RICHARD O. CLARK
H. R. LANGE
Vice-President
GEORGE M. SILLIMAN
DEWITT C. WILSON



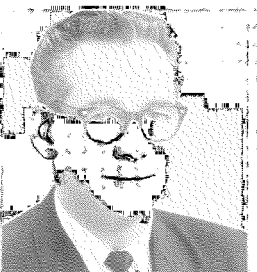
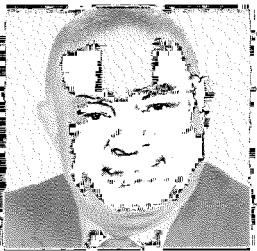
CONTRA COSTA COUNTY

NELLO J. BIANCO
President
DANIEL C. HELIX
JAMES D. HILL*
DANA MURDOCK**



CITY & COUNTY OF SAN FRANCISCO

WILLIAM H. CHESTER
THOMAS F. HAYES
QUENTIN L. KOPP
WILLIAM M. REEDY



B. R. STOKES
General Manager
L. D. DAHMS
Assistant General Manager-Operations
L. A. KIMBALL
Assistant General Manager-Administration
M. BARRETT
General Counsel
W. E. GOELZ
Director of Finance
R. J. SHEPHARD
Secretary

DEPARTMENT HEADS

C. K. BERNARD
Marketing & Research
M. K. BOWERS
Employee Relations
M. A. DENOWITZ
Quality Control
J. B. FENDEL
Construction
W. F. HEIN
Planning
E. GREGERMAN
Maintenance
R. M. LINDSEY
Police Services
W. J. RHINE
Engineering
A. E. WOLF
Transportation

*Director Hill succeeded Director Ralph H. Neal by appointment of the City Selection Committee of Contra Costa County February 13, 1974. Director Neal resigned as of February 13, 1974 after succeeding Director James P. Doherty by appointment of the City Selection Committee September 30, 1973.

** Director Murdock succeeded the late Director Joseph S. Silva by appointment of the Contra Costa County Board of Supervisors October 22, 1973.

San Francisco Bay Area Rapid Transit District: Established by the State of California in 1957. Authorized to finance, construct, and operate a new high-speed rail rapid transit system under the direction of a representative Board of Directors from the counties of Alameda, Contra Costa, and San Francisco.

President's Message



Challenge and change would best describe the tenor of the 1973/74 fiscal year for BART, and I take pride in milestones reached during that period which will have a marked effect upon the District for decades to come.

The 1973/74 report period, which saw a more than 200 percent increase in patronage, and service extended into San Francisco, reflects credit on the BART people who carried out the responsibilities of revenue service. This same period presented complex problems in operations, engineering, fleet maintenance, finance, administration, and contractor performance, imposing extraordinary demands on both the staff and the District Board of Directors.

Despite serious differences of opinion as to the cause and resolution of these problems, the Board was able to close ranks on major accomplishments during the fiscal year.

At the beginning of the period, the Directors were active in negotiations which resolved a month-long strike of 1,100 District employees and led to initial three-year contracts with our collective bargaining units.

Highest priority during the year was given to extensive engineering work during the period. A tight schedule must be met if we are to achieve the target date of September 16, 1974, for start-up of transbay service. In this effort, which is moving forward on schedule, the valuable contributions of the University of California's Lawrence Berkeley Laboratory should be acknowledged.

Decisive action by the Board in obtaining a temporary extension of BART half-cent sales tax revenues from the California Legislature as an operating subsidy narrowly averted a shut-down of the entire system. Although the sales tax is not favored by many, it was the only avenue permitted us during our period of utmost need. BART's

financial crisis reflected a hard economic fact of life facing all U.S. mass transit systems: some form of federal or state subsidy is essential to keep fares at a reasonable level for the people they were built to serve.

After prolonged deliberations, the Board acted to retain special trial counsel and prepare for litigation against the District's project engineering and contract management consultants and its suppliers of transit cars and automatic train control equipment. This suit was filed after the close of the report period.

The Board's adoption of routes and station locations for future BART extensions to the Pittsburg-Antioch and Livermore-Pleasanton areas was particularly gratifying to me. I would hope that these and other planned extensions within the District continue to receive priority attention until we can make them a reality. Also significant was the awarding of a construction contract for a two-mile test track at Hayward, which will expedite testing and modification work on the fleet.

The 1973/74 report period concluded on the day the Governor of California signed into law the legislation providing for the popular election of a nine-man Board. Thus, the current Board members are the last of a distinguished line appointed to office since 1957 by mayors and county supervisors.

I want particularly to salute my fellow appointed directors, whose term of office will end with the seating of the elective Board. They are men of distinction who did their duty as they saw it. I know the elected Directors, whoever they may be, will do the same. I wish them well.

Nello J. Bianco
Nello J. Bianco
President

The Cover: Engineering blueprints combine with views of the BART system—maintenance shop, operator's cab, Train Control Center—to depict a year of problems and progress amid the new U.S. era of rapid transit technology cradled in the Bay Area.

Management Overview



The fiscal year opened with a system-wide strike involving 1,100 employees of the United Public Employees Local 390 (clerical, maintenance personnel), and the Amalgamated Transit Union Local 1555 (transportation personnel). The July 1-31 strike developed around the issue of wage parity among employees of similar classifications.

(Note: The 13(c) provision of the U.S. Urban Mass Transportation Act of 1964, obliged the District to pay employees hired under the provision the same rates received on their prior jobs with other transit lines. In some cases these rates exceeded the regular District rates paid other employees.)

The strike ended with the negotiation of three-year contracts, seen as a stabilizing factor for the District. However, labor costs were projected to increase \$19.6 million over the life of the contracts, primarily because they provided for first-year wage increases of 9½-12% and second-year increases of 6-12%, plus cost-of-living increments and expanded fringe benefits.

Staffing The total District staff increased during the period from 1,400 to 1,696, reflecting the build-up of the transportation and maintenance workforce to support expanding local service in San Francisco and large-scale preparations for transbay service. Consequently, training programs for transportation and technical personnel were expanded.

Despite the net gain in the general workforce, considerable streamlining was accomplished at upper management levels, with department heads cut back from a peak of 19 to 10 by the period's end. With the help of outside consultant Arthur D. Little, Inc., an overall manning target of 2,119 was set, but with an actual 2,084 budgeted for the 1974-75 fiscal year.

1. Affirmative Action Officer Charlene Daigre conducts seminars on management objectives for minority employees. 2. Blind employee Harry Cordellos uses optical scanning device to "read" service data in Telephone Information Center.

Finances Of major importance was the ongoing development and refinement of capital and operating fund requirements as projected through the five-year period—fiscal 1973-74 to 1977-78. First presented to the District Board in April 1973 (in the context of the 73-74 budget), the five-year projection was revised in September 1973 to reflect such factors as the July 31 labor contract settlement, the upcoming local San Francisco service, and decreased revenue resulting from the delay of transbay service from September 1973 into 1974.

In January the Board, by formal resolution, advised the State Legislature and Governor, the Metropolitan Transportation Commission, and the U.S. Department of Transportation "of its findings and urgent needs relative to operating financial assistance." The Board asked for "early action... to permit BART to operate and improve its service at moderate fares."

In February the five-year financial report was further revised in light of new revenue and labor cost projections, as well as the costly impact of high, unscheduled maintenance on the car fleet and continuing inflation. The revised report signaled large annual unfunded operating deficits from a total of \$13 million in fiscal 1974-75 to \$28 million in fiscal 1977-78 (approximately 40 percent of that period's projected operating budget).

Meanwhile, the District was taking all possible measures to communicate the increasing seriousness of BART's financial problems to federal, state, and local officials. Detailed testimony was delivered before the State Assembly Committee on Transportation in October, and before the State Senate Public Utilities and Corporations Committee in February and April. Two major points were emphasized: (1) a tax subsidy was the only alternative to meet the widening cost-revenue gap without unacceptably high fares and lowered service levels; and (2) BART's rising deficits were similar to what the whole transit industry was experiencing.

In May the Director of Finance estimated the District would face an unfunded deficit condition by late November 1974. He warned the system might have to shut down in August or September to conserve remaining funds for caretaker expenses.

General Manager B. R. Stokes and other officials called for a temporary extension of the 1/2-cent sales tax (levied since 1970 in District counties to complete construction of the system, and expected to expire in 1975). The tax extension was seen as a temporary means of meeting the approaching unfunded condition until other possible sources of an operating subsidy could be studied by the State Legislature. On

April 2, Senator James Mills (D., San Diego) introduced a bill (SB1966) into the Senate which would extend the sales tax for two years and authorize its use as an operating subsidy. (NOTE: SB1966 was subsequently passed by the Legislature in September 1974.)

Operating Expenses/Revenues Actual operating expenses for fiscal 1973-74 were \$33.9 million, against an operating budget of \$37.4 million. Under-budget spending resulted from a slowdown in hiring and other savings related to deferral of transbay service into the next fiscal year. The budget was set at \$53.8 million for fiscal 1974-75, reflecting increased labor and maintenance costs, as well as expanded service costs. Passenger revenues rose to \$6 million; from \$2.1 million in fiscal 1972-73, with off-site cash sales (of high-value regular, and 75 percent discount, tickets) amounting to \$643,000. Passenger revenues—whose potential is significantly higher than this fiscal period figure—will increase with the advent of transbay service and extended operating hours.

Income from District property rentals, leases and sales was \$270,000. Revenues from system concessions—including newsstands, vending machines, parcel lockers and public telephones—totaled \$27,000. Revenues from display advertising in cars and stations totaled \$157,540. Other revenues were received from Transportation Development Act funds, interest on invested funds, and District tax receipts.

District Property Tax For funding of administrative expenses and debt service on BART construction bonds, rates were set by the Board as follows:

	1974-75		1973-74	
	Admin. Expenses	Debt Service	Total Rate	Total Rate
Alameda	5.0	49.0	54.0	53.6
Contra Costa	4.8	46.4	51.2	58.7
San Francisco	5.2	50.9	56.1	60.9

NOTE: Property tax rates is per \$100 assessed property value. Different tax rates reflect equalization of varying assessment ratios among counties.

Federal capital grants approved for BART included \$34 million to increase the fleet from 350 to 450 cars, and \$1.2 million for construction of a major new entrance to the Oakland City Center-12th Street Station. Local state sales tax receipts of \$6.1 million were allocated for the period to BART for capital improvements and operating expenses under the Transportation Development

Act. The Oakland Redevelopment Agency and the National Endowment for the Arts allocated a total of \$60,000 for artwork in the City Center Station.

Still pending approval were three federal grants: \$2.5 million for a Daly City Station parking structure; \$2.5 million to purchase 32 buses for five BART feeder lines into Contra Costa and Alameda Counties; and \$1.6 million to construct a parking lot for feeder bus patrons in the Dublin area.

Other Significant Areas A 37 percent ethnic minority representation on the staff, as reported for the last period, was maintained. (Note: 37 percent exceeds the minority population ratio within the District by five percent.) Programs for advancing more minority employees into supervisory positions received emphasis, and the Board appointed a full-time Affirmative Action Officer in October. The first of an ongoing series of seminars was held in May to inform key management personnel as to the District's responsibilities and affirmative action policies.

The period saw joint committees of management, union and Safety Office personnel formed to monitor safety practices in all maintenance areas. Employee accident claims totaled \$32,346 with 49 lost time injuries out of 204 accidents reported—a safety record that continued to be considerably better than the industry average.

A substantial dividend from the Workmen's Compensation Insurance carrier, of \$157,899, was received as a continuing benefit from the coordinated insurance program that was in effect during the construction period. Dividends for the system construction project now total \$4,661,995.

Crimes reported on the system by BART Police decreased from 250 per million passenger trips in the previous fiscal year to 149 in this report period. Despite the 60 percent decrease in reported crime relative to patronage, there was a substantial increase in the number of reported offenses. Major categories were petty theft, vandalism, fare evasion, auto burglary and auto theft (from station parking lots) in that order.

On June 30 Assembly Bill 3043, calling for popular election of a nine-man District Board of Directors on November 5, 1974, was signed into law by the Governor. Nine voting districts were established on the basis of equal population, community of interests, and geographical cohesiveness.

Also on June 30 the resignation of General Manager B. R. Stokes became effective. Acting General Manager Lawrence D. Dahms succeeded Mr. Stokes, pending the permanent appointment of a new General Manager by the incoming elected Board.

Operations & Services

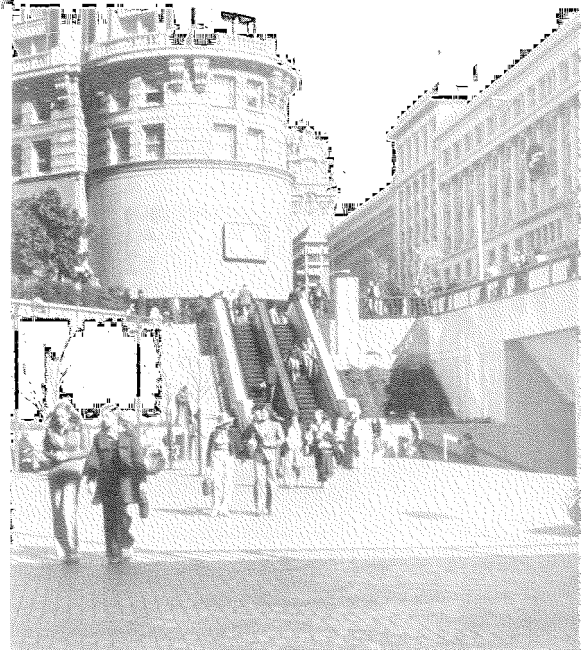


The previous fiscal year ended with BART operational in the East Bay Counties of Alameda and Contra Costa. Operations covered 56 miles of the 71-mile system and 24 of the 34 BART stations. Eighteen trains of three and four-car consists, were operating on 10-minute headways, 12 trains on the Richmond-Fremont lines, and six on the Concord-Oakland (MacArthur Station) line. The three train yards and maintenance and repair shops at Hayward, Richmond and Concord were activated.

Three views of the Powell Street Station's beautiful Hallie Plaza, which quickly became a hub of downtown activity when the San Francisco line opened November 5. At left, connecting Powell Street cable car provides striking contrast in old and new transportation within this city of contrasts.

OPERATING STATISTICS

August 6, 1973, through June 30, 1974)	
Total Car Miles (revenue service only)	10,758,626
Total Passenger Trips (patronage) . . .	13,960,680
Passenger Miles (estimated)	166,033,664
Ridership Ratio (for June 1974)	
Peak	58%
Off-Peak	42%
Net Passenger Revenues (less fare discounts & BART subsidy to AC riders)	6,055,969
Average Passenger Fare (with discount fares considered at full value)	47.7 cents
Average Trip Length (based on estimated passenger miles versus revenue)	11.9 miles



Revenue trains were operating in the automatic mode, with fail-safe separation electronically maintained by the automatic train control system. As an extra safety factor, through a manual supervisor-controlled block system, a minimum two-station separation was maintained between all trains by holding them at platforms, if necessary, to maintain the distance.

Revenue service continued on the limited 6 a.m. to 8 p.m. schedule, five days a week. Nevertheless, the average daily patronage of 36,655 for June 1973 was 95 percent of the forecast based on 20-hour, seven-day service. Peak-hour (commuter) patronage was 19,549, or 138 percent of forecast and close to 50 percent of total daily patronage.

The 1973-74 fiscal year began on the first day of a systemwide strike, which shut down virtually all District operations, except those in managerial, engineering, housekeeping, and security areas. The employees returned to work on August 1, and revenue service was resumed on August 6.

Patronage The five-week interruption in service saw August commuter patronage off 22 percent from the June level and total patronage off eight percent. The first quarter ended with a daily average ridership of 32,762, or 95 percent of forecast. (Note: forecast revised as of August to reflect limited service hours.)

Start-up of service on November 5 between Daly City and Montgomery Street Station in downtown San Francisco added eight system miles, eight stations and four trains to BART opera-

tions. Although the 7.5-mile transbay line remained closed for revenue service, empty trains from the Richmond Yard moved through the tube daily to support West Bay service.

Second quarter ridership averaged 56,240 daily, but November and December averages reflect the immediate impact of West Bay service with 68,013 and 69,796 respectively, and very close to forecast. Peak-hour patronage ranged from 15 to 26 percent over forecast for these months.

The San Francisco line was shut down March 11 to 15 due to picketing of striking municipal city workers. Despite this, the third fiscal quarter was up 28 percent over the previous quarter with 71,794 average daily patronage. A severe gasoline shortage, plus burgeoning West Bay service, were factors in this increase.

The fourth quarter ended with 68,802 daily trips, down 4.2 percent from the previous quarter and 95 percent of forecast. Total year's patronage was 13,960,680, or 98 percent of total system forecast, and 120 percent of peak-hour forecast.

Peak-hour ridership (6-8 a.m. and 4-6 p.m.) rose from 53 percent of total ridership in the previous fiscal year to 58 percent. Average passenger fare decreased from 53 cents to 47.7 cents, and average trip length from 12 miles to 11.9 miles, reflecting West Bay ridership.

Actual daily round trips averaged by trains during the fiscal year were within eight percent of the system's optimum performance target. Non-scheduled train removals increased from a first quarter average of 8.4 per day (out of 18 trains operating before West Bay service) to a four-quarter average of 10.4 trains per day (out of 22 trains operating). Train consists increased from three-four-and-five-cars to seven-car maximums on the San Francisco line and six-car maximums on the Concord line.

The highest one-day patronage was 110,104 on the day after Thanksgiving. Other holidays, including a second year of World Series and playoff games at the Oakland Coliseum, resulted in an excellent record of large crowd control on the system by transportation personnel.

System Safety The period passed with no accidents in mainline train operation. A total of \$15,283 was paid in passenger accident claims, 41 occurring on trains and 101 occurring in stations. Among system safety improvements

during the period were installation of non-skid stripping on station stairways and start-up of a program to equip all BART cars with overhead handrails by the end of the 1976/77 fiscal year.

One major accident occurred when, on January 30, the brakes failed on a heavily-loaded up escalator, causing it to slide backward and injure several passengers. All escalators on the system were immediately rechecked for braking factors under maximum load conditions.

Passenger Services A task force was established to identify and eliminate special problems encountered by elderly, blind, and other handicapped patrons in using the system. Other programs were developed to meet special needs of other patron groups, such as shoppers, tourists, and school children. An experimental program was developed with a limited number of bicycle enthusiasts to determine the feasibility of allowing bicycles on transit cars during off-peak hours. This program will be implemented during the next fiscal year.

Ongoing improvements were made in system facilities for patrons. Sign improvement work continued in stations and parking lots, certain platform courtesy telephones were relocated, newsstands were opened in the large downtown San Francisco and Oakland stations, and bicycle rack and locker facilities were improved at various stations.

Additional fare gates were installed at the Daly City station; and 22 stations are scheduled to receive additional fare equipment during the next period.

Patron use of station parking lots increased from 44 to 62 percent on a systemwide basis, with lots at Daly City, Fremont, and at several Concord line stations filled to capacity-plus. Preliminary approval was obtained for a multi-level parking structure at Daly City (92 percent financed by the Federal Highway Administration, eight percent by Daly City), and design work was started.

Encouraged by the temporary gasoline shortage in early 1974, a number of BART-bus shuttle services were started around the system, including the University of California's sizable "Humphrey Go-BART" operation. A considerable amount of staff work—aimed at expanding parking lots and improving feeder bus service on the Fremont and Concord lines—was carried on with other agencies and on-line communities.



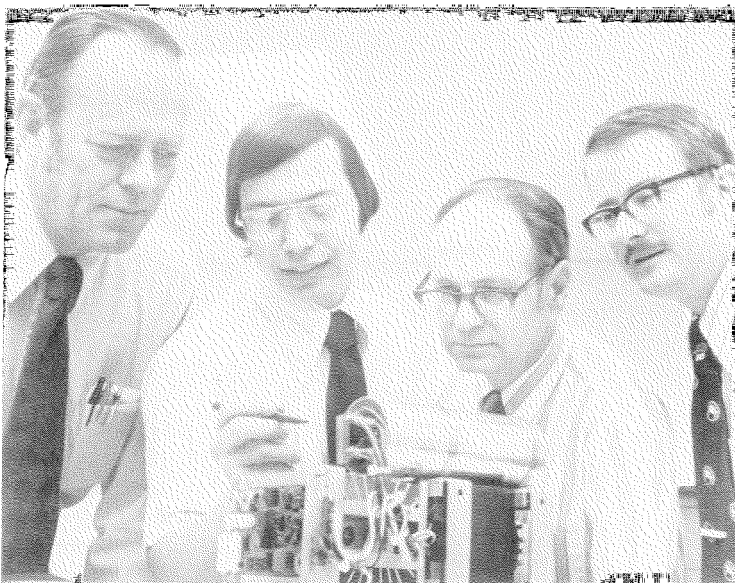
System Support



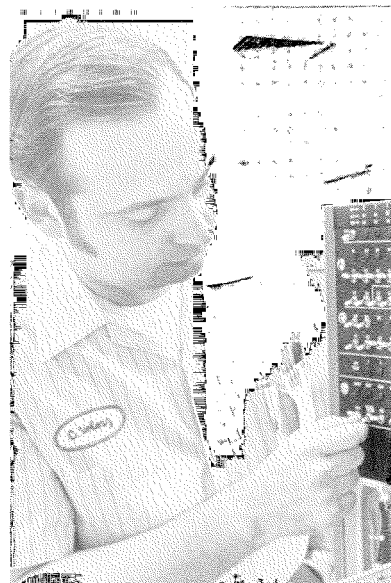
The period saw exceptionally heavy workloads in the engineering and maintenance areas—often on a seven-day, around-the-clock basis—involving the full spectrum of technical support within the staff and its large consortium of contractors.

The target date for commencing revenue service through the transbay tube and on the San Francisco-Daly City line was directly linked to implementation of recommendations contained in a report, issued February 5, 1973, by the State Senate Public Utilities and Corporations Committee. As developed by the

1. Track inspection is nightly routine for Foreman Ben Delgado. 2. Train control hardware is closely analyzed by Engineers (l. to r.) Frank Harshbarger, Jim Marlais, Bob Townley, and Ron Percy. 3 & 4. Technicians Charles Wolosz and Minna Green test car circuitry in the Hayward Shop.



2



3



4

Committee's special three-man panel of electronic experts, 21 recommendations were aimed at increasing system safety and operating reliability for the start-up of transbay service. When the report period opened, this implementation work was well underway and being monitored by a special BART task force. The work centered around improvements to vehicle braking and propulsion systems, cab controls, and door operation, plus train detection capability of the automatic train control system (ATC).

Preparing for Transbay Installation of wheel "scrubbers" or cleaners to fleet vehicles (to improve wheel-to-track contact) did not produce the hoped-for improvement in train detection reliability. Thus, the District had to set back its target for transbay service from September 1973 to the spring of 1974 (and subsequently to September 1974). At the request of San Francisco officials, however, work continued for 1973 opening of the San Francisco line without transbay service. Checkout and testing of the line was completed by mid-October, and the line opened smoothly on its November 5 target date.

Meanwhile, the decision was made to install an additional means of assuring safe train separation as a back-up to the primary ATC train detection system. A "software" (computer logic) system was selected, known as Sequential Occupancy Release (SOR). In December, a \$1.3 million change order was issued to the Westinghouse Corporation to begin immediate installation of the back-up system.

To facilitate start-up of transbay service prior to SOR activation, the staff began rapid implementation of an interim method of assuring extra train protection: use of the central train control computer to hold trains at stations, if necessary, in order that extra-generous separation distances be maintained between all trains at all times. Two-station train separation had been maintained, per CPUC requirement, since initial start of revenue service by means of station-to-station telephone communication.

By May 1974, computerized control of two-station separation was approved by the CPUC and used systemwide. By late June, a shorter one-station separation (necessary for efficient transbay operation) was approved for the Richmond-Fremont line. (The following month would see one-station train separation activated systemwide,

and CPUC approval for September start-up of transbay service on that basis.)

Assisting BART's technical staff in the transbay effort was the University of California's Lawrence Berkeley Laboratory.

Other Technical Work In February, modification work had commenced which would keep mainline switches under ATC system control should trains be operated in the manual mode.

In April, the first prototype installation for the SOR back-up detection system was successfully demonstrated at Oakland West Station, and installation began on the San Francisco line.

A security radio net was activated systemwide for Police Services at a cost of \$350,000; and significant savings were realized through arrangements for joint use of radio antennas with other organizations. Design and test work on third-rail power feed equipment was carried out to prepare for improvements to available traction power and grounding systems in the next fiscal period.

A comprehensive master plan was completed for coordination of local fire and police departments, and other agencies, in event of system fires, earthquakes, or other disasters. Elements of this master plan will be tested during the next period with simulation of disaster situations. Four 12-ton emergency vehicles were acquired to substantially increase the means of transporting fire fighters and equipment to any point on the system via highway or rail.

Maintenance Ongoing work during the period was directed at improvements to stations, right-of-way, and increasing the reliability of wayside train controls and revenue cars. Extensive modification work was accomplished on the train controls and revenue cars. Training programs were expanded to upgrade skills and phase 209 new personnel into a wide array of technical skills.

A major milestone was implementation in January of the Maintenance Planning System, a computer information network to optimize preventive maintenance and cost controls and monitor vehicle component reliability.

Although fleet maintenance continued to load the manpower and space available at the Hayward, Richmond, and Concord shops, progress was made in a number of problem areas with vehicle components. Modification work, plus parts shortages, however, significantly decreased car availability during

the period. A problem with lateral wheel-on-axle movement, which arose in May, also affected car availability until fixes were accomplished during the summer of 1974.

In June 1973, 52 percent of A-cars and 70 percent of B-cars were available for revenue service. In June 1974, average availability was 45 percent for A-cars and 65 percent for B-cars. The fleet totaled 144 A-cars and 147 B-cars at period's end.

Subways received extensive re-railcaking to eliminate water seepage, and Fremont line track was realigned. Trackage not under regular traffic at cross-overs and terminals was surfaced with stainless steel beading to improve train detection reliability. All third rail was ground for good collector shoe contact on the San Francisco line prior to its opening, as with previous lines. Significant work in the stations included installation of no-slip stripping on stairways.

Construction Status of the entire BART project at period's end was 227 construction contracts completed at a cost of \$714 million. Construction in progress was valued at \$59 million, including eight contracts valued at \$7.2 million awarded during the period. Overall value of the project was estimated at \$1.607 billion.

Status of remaining station construction: Embarcadero 50%; Civic Center (Entrance No. 3) 63%; Church Street (Muni only) 70%; Castro Street (Muni only) 66%. Design of the West Portal Station (Muni only) was 75% complete.

Major construction contracts centered around the Outer-Market line for Muni streetcars, whose trackwork is 75 percent complete. Besides completion of the stations, the major work item remaining was electrification of the Muni subway level (under Market Street) and the Outer Market line.

Special construction projects included the two-mile Hayward Test Track, 30% complete; and the Coliseum Station walkway (to Oakland Coliseum), 80% complete; and completed switch control towers at Daly City and MacArthur. Besides the West Portal Station, major design projects completed or underway, included the special 12th Street-Oakland City Center Station entrance, windscreens for all aerial stations, and bus stop shelters for all stations. Design work was also done on the Berkeley Maintenance Facility, additional yard storage tracks, and the Daly City parking lot structure.

FINANCIAL STATEMENTS

Balance Sheet

	June 30	
	1974	1973
Assets		
Cash (including time deposits of \$24,728,000 and \$63,500,000)	\$ 25,963,349	\$ 65,452,463
U. S. Treasury securities (Note A)	14,635,000	10,511,768
Federal Agency securities (Note A)	33,386,182	37,661,655
Miscellaneous receivables	2,252,533	2,457,391
Deposits and notes receivable	15,736,213	23,926,623
Construction in progress (Note I)	59,127,982	562,279,087
Facilities, property, and equipment (Notes A and C)	1,326,153,715	718,452,015
Accumulated depreciation and amortization (Notes A and C)	(22,026,578)	—0—
Materials and supplies (Note A)	1,880,154	1,152,039
Debt service funds, net assets (including time deposits of \$54,482,900 and U. S. Treasury and Federal Agency securities of \$13,290,686 in 1974 and \$44,606,500 and \$19,070,445 in 1973) (Notes D and E)	70,378,183	65,176,148
	<u>\$1,527,486,733</u>	<u>\$1,487,069,189</u>
Liabilities, Reserve and Capitalization		
Construction contracts and others	\$ 45,491,205	\$ 41,630,684
Unearned fare revenue	587,135	297,254
Payable to State of California (Note G)	39,110,538	39,110,538
Debt service funds (Notes D and E)	70,378,183	65,176,148
Reserve for self-insurance (Note H)	6,000,000	15,000,000
	<u>161,567,061</u>	<u>161,214,624</u>
Capitalization:		
General Obligation Bonds (\$812,500,000 authorized) (Note D):		
Bonds outstanding	\$775,450,000	786,310,000
Bonds matured and retired	28,550,000	17,690,000
	<u>804,000,000</u>	<u>804,000,000</u>
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note E):		
Bonds outstanding	101,350,000	127,900,000
Bonds matured and retired	48,650,000	22,100,000
	<u>150,000,000</u>	<u>150,000,000</u>
U. S. Government Grants (Note F)	197,641,477	156,157,472
State of California Grant (Note G)	116,902,462	116,543,462
Contributions from others	7,140,035	4,661,226
Depreciation and amortization of assets acquired with contributions by others (Note A)	(5,550,698)	—0—
	<u>316,133,276</u>	<u>277,362,160</u>
Accumulated net revenues before depreciation and amortization	112,262,276	94,492,405
Depreciation and amortization of assets acquired with own funds	(16,475,880)	—0—
	<u>95,786,396</u>	<u>94,492,405</u>
	<u>1,365,919,672</u>	<u>1,325,854,565</u>
	<u>\$1,527,486,733</u>	<u>\$1,487,069,189</u>

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

Statement of Operations

	Year Ended June 30	
	1974	1973
Revenues:		
Operating revenues:		
Fares	\$ 6,655,808	\$ 2,434,466
Less discounts, transfers, other deductions	<u>599,839</u>	<u>330,845</u>
	6,055,969	2,103,621
Financial assistance—Transportation Development Act of 1971	807,000	1,370,000
Other	<u>187,942</u>	<u>120,394</u>
	7,050,911	3,594,015
Taxes	4,051,726	3,784,184
Interest and other	<u>9,010,468</u>	<u>8,844,270</u>
	20,113,105	16,222,469
Expenses:		
Transportation	7,646,011	3,845,883
Maintenance and quality control	15,833,084	11,013,079
Police services	1,910,689	1,303,677
Construction and engineering	2,393,925	1,086,866
General and administrative	<u>6,119,005</u>	<u>5,363,545</u>
	33,902,714	22,613,050
FUNDED EXCESS OF EXPENSES OVER REVENUES	13,789,609	6,390,581
Unfunded costs:		
Depreciation and amortization of all assets	\$22,026,578	
Less depreciation and amortization of assets acquired with contributions by others (Note A)	<u>5,550,698</u>	—
NET OPERATING LOSS	<u>\$30,265,489</u>	<u>\$ 6,390,581</u>

Statement of Accumulated Net Revenues

Accumulated net revenues at beginning of year	\$94,492,405	\$86,258,755
Less net operating loss	<u>(30,265,489)</u>	<u>(6,390,581)</u>
	64,226,916	79,868,174
Add:		
Start-up costs and construction overhead capitalized (Note A)	22,401,581	14,302,043
Reduction in reserve for self-insurance	9,157,899	322,188
Accumulated net revenues at end of year	<u>\$95,786,396</u>	<u>\$94,492,405</u>

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

FINANCIAL STATEMENTS CONTINUED

Statement of Revenues, Expenses, and Fund Balances of Debt Service Funds

	Year Ended June 30, 1974			Year Ended June 30, 1973 Combined
	General Obligation Bonds	Sales Tax Revenue Bonds	Combined	
Revenues:				
Property taxes	\$43,794,213		\$43,794,213	\$44,153,452
Transactions and use taxes received	—	\$35,326,319	35,326,319	31,054,621
Interest	1,977,317	3,568,656	5,545,973	3,262,476
	<u>45,771,530</u>	<u>38,894,975</u>	<u>84,666,505</u>	<u>78,470,549</u>
Less:				
Matured interest	34,374,171	7,211,125	41,585,296	42,898,971
Matured or retired principal	10,860,000	26,550,000	37,410,000	22,950,000
Bond service expense	—	64,221	64,221	12,024
Bond premium	—	404,953	404,953	—
	<u>45,234,171</u>	<u>34,230,299</u>	<u>79,464,470</u>	<u>65,860,995</u>
	537,359	4,664,676	5,202,035	12,609,554
Balance at beginning of year	18,911,687	46,264,461	65,176,148	52,566,594
Balance at end of year	<u>\$19,449,046</u>	<u>\$50,929,137</u>	<u>\$70,378,183</u>	<u>\$65,176,148</u>

Statement of Changes in Financial Position

	Year Ended June 30	
	1974	1973
Financial Resources Were Used for:		
Operations:		
Net operating loss	\$ 30,265,489	\$ 6,390,581
Noncash expense—depreciation and amortization	(16,475,880)	—
FUNDS USED IN OPERATIONS	<u>13,789,609</u>	<u>6,390,581</u>
Additions to construction in progress and facilities, property and equipment	82,149,014	121,263,464
Bond interest	41,585,296	42,898,971
Bond principal	37,410,000	22,950,000
Increase on debt service funds	5,202,035	12,609,554
Bond premium	404,953	—
Other	792,336	757,652
	<u>\$181,333,243</u>	<u>\$206,870,222</u>
Financial Resources Were Provided by:		
Property taxes	\$ 43,794,213	\$ 44,153,452
Grants from U. S. Government	41,484,005	42,247,495
Decrease in cash and securities	39,641,355	54,759,851
Transactions and use taxes	35,326,319	31,054,621
Decrease in miscellaneous receivables and deposits and notes receivable	8,395,268	1,340,666
Interest on investments	5,703,872	3,584,664
Increase in construction contracts and other liabilities	4,150,402	24,709,269
Contributions from others	2,478,809	1,233,204
Grants from State of California	359,000	3,787,000
	<u>\$181,333,243</u>	<u>\$206,870,222</u>

See notes to financial statements.

NOTE A—Summary of Significant Accounting Policies

The San Francisco Bay Area Rapid Transit District is a political subdivision of the State of California created by the Legislature in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with the State of California and the United States Government.

The General Fund receives an allocation of property tax revenues for purposes of providing for general and administrative expenses not involving construction in progress.

Securities are carried at cost which approximates market.

The cost of acquisition and construction of rapid transit facilities is recorded in construction in progress and represents amounts paid or owing to contractors including amounts provided by State and Federal grants for construction purposes. As facilities are completed and become operative, the District transfers them to facilities, property and equipment accounts.

Depreciation on facilities, property and equipment is computed using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with the District's own funds is distinguished from the amount of depreciation of assets acquired with contributions by others, and the latter amount is shown on the balance sheet with the related contributions. This format follows the recommendations for public transportation systems in the Industry Audit Guide "Audits of State and Local Governmental Units" prepared by the Committee on Governmental Accounting and Auditing and issued by the AICPA in September 1973.

Materials and supplies are stated at average cost.

Accounting policies for general obligation bonds (Note D), sales tax revenue bonds (Note E), government grants (Notes F and G), reserve for self-insurance (Note H) and construction in progress (Note I) are described in separate footnotes.

Since 1966, the District consistently has capitalized, as part of pre-full revenue operating expenses, certain start-up costs.

The amount so capitalized for the year ended June 30, 1974 is \$15 million. The District intends to continue the capitalization of these costs until the California Public Utilities Commission approves the full train control system scheduled for completion in the second half of the year ended June 30, 1975. Accordingly, it is anticipated that additional start-up costs projected at \$13 million will be capitalized.

Certain reclassifications have been made in 1973 financial statements to conform to the classifications used in 1974.

NOTE B—Significant Events

The District's rapid transit operations were shut down by a month-long strike in July 1973. Three-year agreements were negotiated with the three organizations representing most of the District's employees.

The District resumed operations on August 6, 1973 between Richmond and Fremont and between Concord and the MacArthur transfer station in Oakland. San Francisco local service between Daly City and Montgomery Street began November 5, 1973. Through transbay service between Daly City and Concord and between Daly City and Fremont began September 16, 1974.

After the close of the fiscal year ended June 30, 1974, the State Legislature extended the one-half per cent Transactions and Use Tax until December 31, 1977, or until the District has received \$82.2 million over and above the amount required to pay principal and interest on the outstanding Sales Tax Revenue Bonds, whichever is sooner. The additional revenues are to be used for operational purposes including the liquidation of operating deficits. The District is authorized to issue negotiable bonds secured by such revenues in amounts not to exceed \$16 million in fiscal 1974/75 and \$8 million in fiscal 1975/76.

NOTE C—Facilities, Property and Equipment

Facilities, property and equipment (stated at cost), asset lives, and accumulated depreciation and amortization at June 30, 1974 are summarized below:

	Cost	Lives (Years)	Accumulated Depreciation and Amortization
Land	\$ 103,299,602		
Improvements	985,929,864	80	\$12,321,123
Systemwide operation and control	79,571,877	20	3,978,594
Revenue transit vehicles	74,035,403	30	2,465,379
Service and miscellaneous equipment	7,255,129	10	725,623
Pre-full revenue operating expenses	72,135,393	30	2,402,109
Repairable property items	3,926,447	30	130,750
	<u>\$1,326,153,715</u>		<u>\$22,026,578</u>

NOTE D—General Obligation Bonds

In 1962 voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds. Bonds amounting to \$764,650,000 were outstanding at June 30, 1974, with principal maturities from 1975 to 1999. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that city. Special Service District No. 1 Bonds amounting to \$10,800,000 were outstanding at June 30, 1974, with principal maturities from 1975 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal amounts of \$12,200,000 of General Obligation Bonds and \$270,000 of Special Service District No. 1 Bonds mature on June 15, 1975. Annual maturities in succeeding years are in greater amounts. Interest of \$16,637,765 on General Obligation Bonds and \$245,283 on Special Service District No. 1 Bonds is payable on December 15, 1974. The composite interest rate on bonds currently outstanding is 4.13%.

NOTE E—Sales Tax Revenue Bonds

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000. Bonds amounting to \$101,350,000 were outstanding at June 30, 1974 with principal maturities from 1975 to 1981. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the Transactions and Use Tax authorized by the 1969 Legislature and from moneys received by the District from other sources, in lieu of Transactions and Use Tax proceeds, if legally made available. The bonds maturing on or after January 1, 1976 are redeemable prior to maturity at the option of the District on various dates at prices ranging from 104% to 100% of the face amount. The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes are transmitted directly to the appointed trustee for the purpose of paying bond interest semi-annually on July 1 and January 1 and principal annually on January 1. Principal of \$15,300,000 matures on January 1, 1975 and interest of \$2,778,718 is payable on July 1, 1974. The composite interest rate on bonds currently outstanding is 5.54%. On July 1, 1974, bonds in the amount of \$8,840,000 were called prior to maturity.

San Francisco Bay Area Rapid Transit District

NOTES TO FINANCIAL STATEMENTS CONTINUED

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period April 1 to June 30, 1974 will be approximately \$7,800,000, of which the trustee had received \$1,950,000 at June 30, 1974.

NOTE F—U. S. Government Grants

The U. S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle and other procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CA-03-0004) for construction of three Market Street Station mezzanines, two street plazas and street extensions, and a grant to the City of Berkeley (CA-03-0009) in connection with the construction of subway extensions within Berkeley. The following grants were in force as of June 30, 1974:

Project—Purpose	Maximum Grant	Funds Received
Beautification Grants:		
CALIF-BD-1	\$ 447,953	\$ 360,000
CALIF-B-160	323,000	239,000
CALIF-B-163	521,000	367,000
OS-CA-09-39-1074	838,565	749,470
	<u>2,130,518</u>	<u>1,715,470</u>
Demonstration Grants:		
CAL-MTD-2 (Transit Design)	6,157,256	6,157,256*
CA-06-0023 (Fare Collection)	1,133,333	925,291
CAL-MTD-7 (Transit Hardware)	761,568	761,568*
CA-06-0032 (Prototype Vehicles)	5,000,000	4,500,000
	<u>13,052,157</u>	<u>12,344,115</u>
Capital Grants—Construction and Procurement:		
CA-03-0006	12,867,862	12,867,862*
CAL-UTG-11	13,103,910	13,103,910*
CA-03-0015	25,939,945	25,939,945*
CA-03-0019	88,000,000	73,446,575
CA-03-0047	1,000,000	454,000
CA-03-0052	38,136,666	20,444,000
CA-03-0058	1,700,000	1,388,000
CA-03-0059	61,845,066	12,224,000
CA-03-0069	21,681,333	2,908,000
CA-03-0083	1,172,000	—
	<u>265,446,782</u>	<u>162,776,292</u>
CA-03-0004 (San Francisco)	19,902,430	16,072,600
CA-03-0009 (Berkeley)	4,733,000	4,733,000*
	<u>290,082,212</u>	<u>183,581,892</u>
	<u>\$305,264,887</u>	<u>\$197,641,477</u>

*Project completed.

NOTE G—State of California Grant

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June 30, 1974, the District had received \$172,513,000 of which \$55,610,538 is repayable to the State of California for the tube approaches. Reimbursement will be fulfilled by application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24 and by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978.

NOTE H—Reserve for Self-Insurance

The reserve for self-insurance is presently limited, by resolution of the Board of Directors of the District, to a maximum of \$6 million (1973, \$15 million) to provide for uninsured general liability and property damage and workmen's compensation exposure at June 30, 1974.

NOTE I—Construction in Progress

During the years, construction in progress decreased as follows:

	Year Ended June 30	
	1974	1973
Balance at beginning of year	\$562,279,087	\$1,141,867,278
Add:		
Construction	82,120,740	118,829,635
Real estate acquired	606,616	3,263,925
Utility relocation	(46,732)	1,049,744
Pre-full revenue operating expenses	21,874,681	13,482,330
Other	837,125	584,882
	<u>105,392,430</u>	<u>137,210,516</u>
Less:		
Rental income and proceeds from sales of real estate	174,230	463,717
Insurance premiums refunded	21,562	35,823
Transfers to facilities, property and equipment	607,726,380	715,151,524
Transfers to materials and supplies	705,261	732,730
Other transfers	(83,898)	414,913
	<u>608,543,535</u>	<u>716,798,707</u>
	<u>503,151,105</u>	<u>579,588,191</u>
Balance at end of year	\$ 59,127,982	\$ 562,279,087

An analysis of project costs, based upon information available at June 30, 1974, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,606,691,000 (including \$179,878,000 for the trans-bay tube being financed by the State of California and \$160,919,000 for transit vehicles being financed by Federal grant funds and other District sources). Presently, the final cost of the system cannot be determined, as future economic conditions, resolution of pending contractors' claims (Note J) and delay in start of full revenue operations may have a significant effect on the final cost of the system. Initial operation of the system began in September 1972. All 71 miles of rapid transit line were in regular passenger service on September 16, 1974.

NOTE J—Litigation and Other Disputes with Contractors

The District has filed suit against its consulting engineer, PB-T-B, two of its primary contractors, Rohr and Westinghouse, a subcontractor, Bulova, and the primary contractors' respective sureties, seeking in damages \$86.8 million from PB-T-B, approximately \$41 million from Rohr, \$55 million from Westinghouse, \$4.5 million from Westinghouse and Bulova jointly, and in addition, \$50 million for loss of revenue from Rohr, Westinghouse, and PB-T-B. Special Trial Counsel is unable to comment on the District's ultimate recovery under this action. Some of the defendants may enter cross-claims against the District. The ultimate liability, if any, with respect to such cross-claims is unknown.

In addition, contractor claims amounting to approximately \$28 million have been submitted to the District. It is anticipated that additional such claims will be submitted in the future. Special Trial Counsel is unable to comment on the District's ultimate liability, if any, for those claims since they involve substantial factual and legal disputes which have not yet been fully analyzed.

A taxpayers' class action suit has also been filed against certain of the District's contractors, including PB-T-B, to recover public funds alleged to have been illegally expended. (The District, certain of its directors and its former general manager are also defendants.) However, since this action was commenced on behalf of taxpayers, Legal Counsel is of the opinion that any recovery, less attorneys' fees to plaintiff's counsel, should go to the District.

**Report of
Independent Accountants**

ONE MARITIME PLAZA
SAN FRANCISCO CALIFORNIA 94111

December 16, 1974

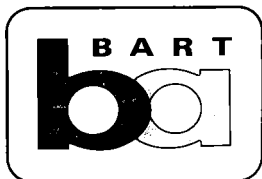
Board of Directors
San Francisco Bay Area Rapid Transit District
Oakland, California

We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1974 and 1973, and the related statements of operations, accumulated net revenues, revenues, expenses and fund balances of debt service funds, and changes in financial position for the years 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.

As explained in Note A, certain pre-full revenue operating costs amounting to \$15,000,000, which were incurred after achieving substantial revenue operations, were capitalized in the year ended June 30, 1974. Under generally accepted accounting principles, these costs should not be capitalized. As a result, facilities, property and equipment and accumulated net revenues at June 30, 1974 are overstated by this amount.

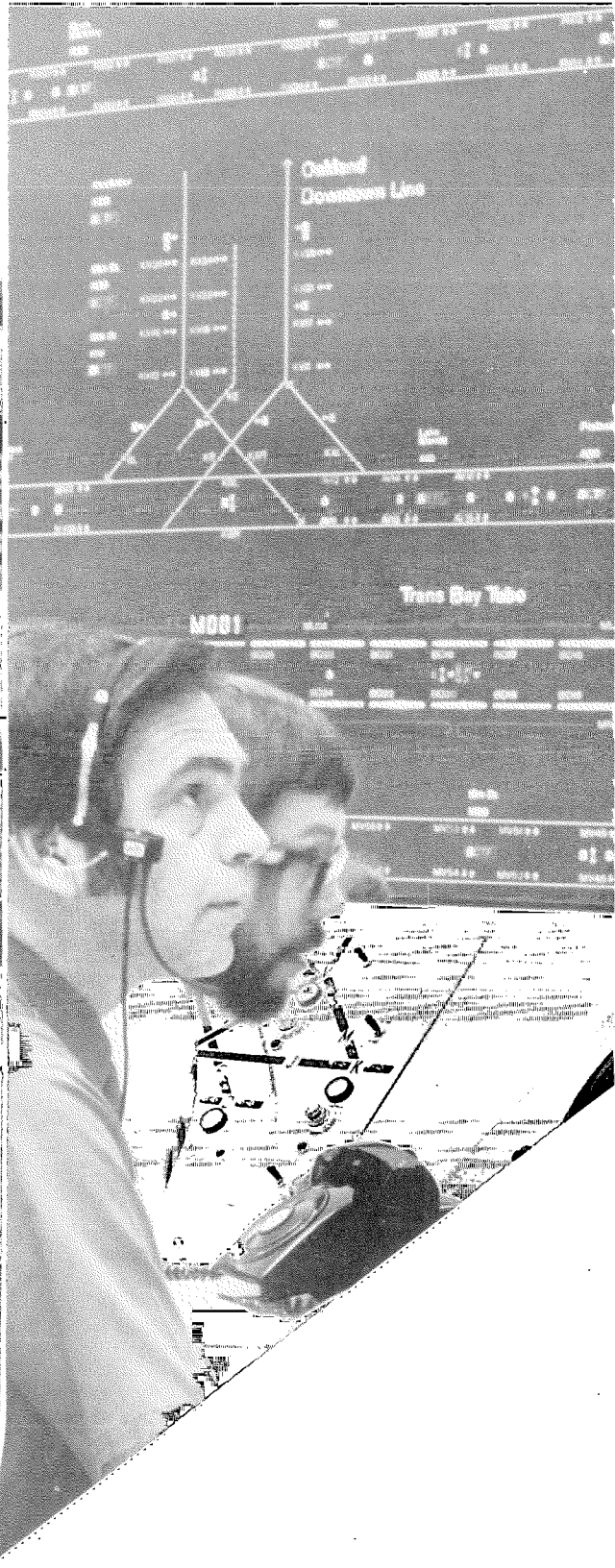
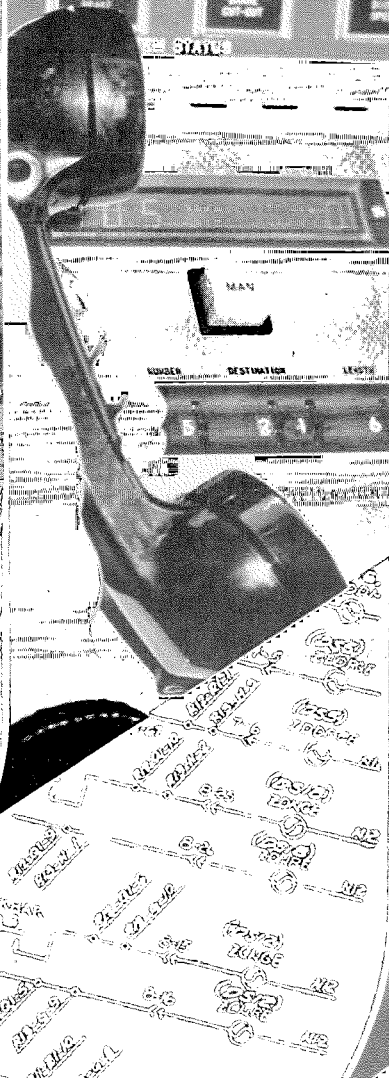
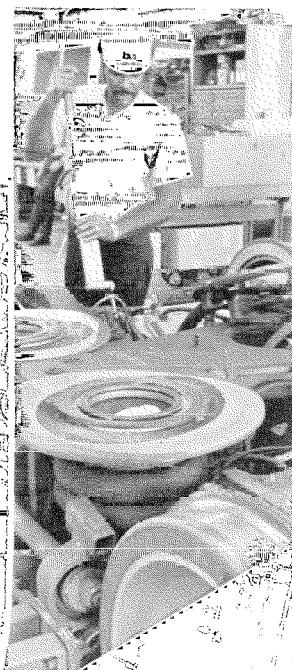
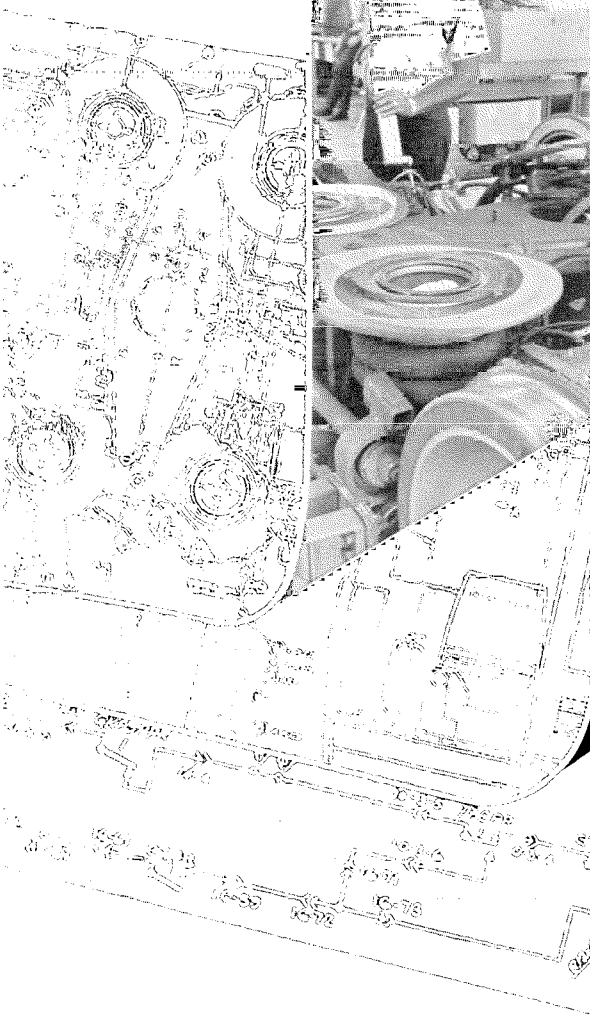
In our opinion, except as discussed above, the aforementioned financial statements present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1974 and 1973, and the results of its operations, revenues, expenses and fund balances of debt service funds, and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Jauch & Ross, Co.
Certified Public Accountants



San Francisco Bay Area Rapid Transit District

This Annual Report for the period July 1, 1973 to June 30, 1974 is published by the District pursuant to Article 28770 of the State of California Public Utilities Code. District Headquarters are located at 800 Madison Street, Oakland, California 94607. Telephone 415-465-4100.

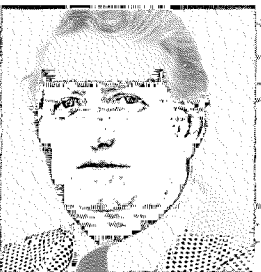
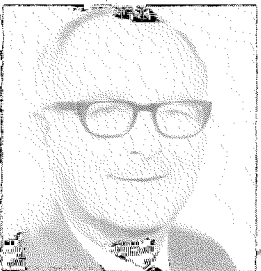


Directors

Officers

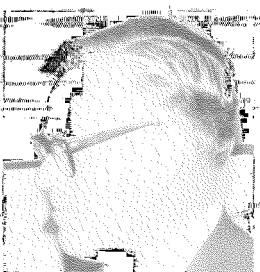
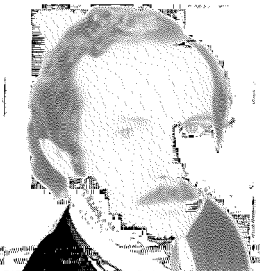
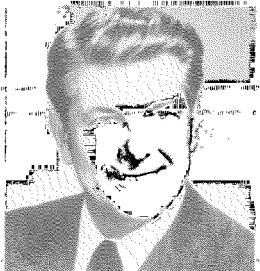
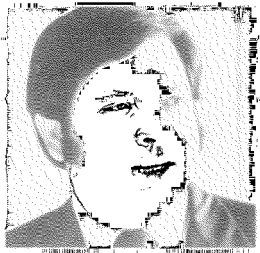
ALAMEDA COUNTY

RICHARD CLARK
H. R. LANGE
 Vice President
GEORGE M. SHILMAN
DEWITT C. WILSON



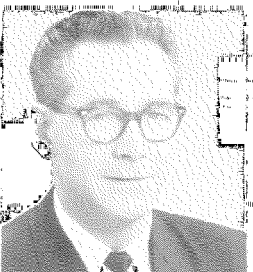
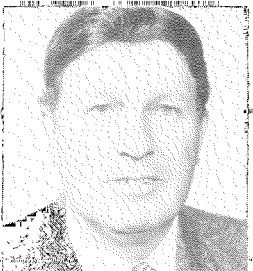
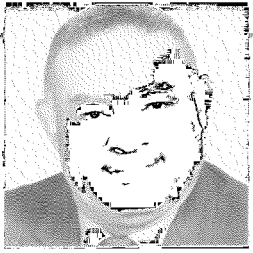
CONTRA-COSTA COUNTY

NELLO J. BIANCO
 President
DANIEL C. HELIX
JAMES D. HILL
DANA MURDOCK



CITY & COUNTY OF SAN FRANCISCO

WILLIAM H. CHESTER
THOMAS F. HAYES
QUENTIN L. KOPP
WILLIAM M. REEDY



B. R. STOKES
 General Manager
J. D. THOMAS
 Assistant General Manager-Operations
L. A. KIMBALL
 Assistant General Manager-Administration
M. R. BARRETT
 General Counsel
W. F. GOELZ
 Director of Finance
R. J. SHEPARD
 Secretary

DEPARTMENT HEADS

C. K. BERNARD
 Marketing & Research
M. K. BOWERS
 Employee Relations
M. A. DENOWITZ
 Quality Control
J. B. FENDEL
 Construction
W. F. HEIN
 Planning
E. GREGGERMAN
 Maintenance
R. M. LINDSEY
 Police Services
W. J. RHINE
 Engineering
A. E. WOLF
 Transportation

Director Hill succeeded Director Ralph H. Neal by appointment of the City Selection Committee of Contra Costa County February 13, 1974. Director Neal resigned as of February 13, 1974 after succeeding Director James P. Doherty by appointment of the City Selection Committee September 30, 1973.

Director Murdock succeeded the late Director Joseph S. Silva by appointment of the Contra Costa County Board of Supervisors October 22, 1973.

San Francisco Bay Area Rapid Transit District: Established by the State of California in 1957. Authorized to finance, construct, and operate a new high-speed rail rapid transit system under the direction of a representative Board of Directors from the counties of Alameda, Contra Costa, and San Francisco.

President's Message



Challenge and change would best describe the tenor of the 1973/74 fiscal year for BART, and I take pride in milestones reached during that period which will have a marked effect upon the District for decades to come.

The 1973/74 report period, which saw a more than 200 percent increase in patronage, and service extended into San Francisco, reflects credit on the BART people who carried out the responsibilities of revenue service. This same period presented complex problems in operations, engineering, fleet maintenance, finance, administration, and contractor performance, imposing extraordinary demands on both the staff and the District Board of Directors.

Despite serious differences of opinion as to the cause and resolution of these problems, the Board was able to close ranks on major accomplishments during the fiscal year.

At the beginning of the period, the Directors were active in negotiations which resolved a month-long strike of 1,100 District employees and led to initial three-year contracts with our collective bargaining units.

Highest priority during the year was given to extensive engineering work during the period. A tight schedule must be met if we are to achieve the target date of September 16, 1974, for start-up of transbay service. In this effort, which is moving forward on schedule, the valuable contributions of the University of California's Lawrence Berkeley Laboratory should be acknowledged.

Decisive action by the Board in obtaining a temporary extension of BART half-cent sales tax revenues from the California Legislature as an operating subsidy narrowly averted a shut-down of the entire system. Although the sales tax is not favored by many, it was the only avenue permitted us during our period of utmost need. BART's

financial crisis reflected a hard economic fact of life facing all U.S. mass transit systems: some form of federal or state subsidy is essential to keep fares at a reasonable level for the people they were built to serve.

After prolonged deliberations, the Board acted to retain special trial counsel and prepare for litigation against the District's project engineering and contract management consultants and its suppliers of transit cars and automatic train control equipment. This suit was filed after the close of the report period.

The Board's adoption of routes and station locations for future BART extensions to the Pittsburg-Antioch and Livermore-Pleasanton areas was particularly gratifying to me. I would hope that these and other planned extensions within the District continue to receive priority attention until we can make them a reality. Also significant was the awarding of a construction contract for a two-mile test track at Hayward, which will expedite testing and modification work on the fleet.

The 1973/74 report period concluded on the day the Governor of California signed into law the legislation providing for the popular election of a nine-man Board. Thus, the current Board members are the last of a distinguished line appointed to office since 1957 by mayors and county supervisors.

I want particularly to salute my fellow appointed directors, whose term of office will end with the seating of the elective Board. They are men of distinction who did their duty as they saw it. I know the elected Directors, whoever they may be, will do the same. I wish them well.

Nello J. Bianco
Nello J. Bianco
President

The Cover: Engineering blueprints combine with views of the BART system—maintenance shop, operator's cab, Train Control Center—to depict a year of problems and progress amid the new U.S. era of rapid transit technology cradled in the Bay Area.

Management Overview

The fiscal year opened with a system-wide strike involving 1,100 employees of the United Public Employees Local 390 (clerical, maintenance personnel), and the Amalgamated Transit Union Local 1555 (transportation personnel). The July 1-31 strike developed around the issue of wage parity among employees of similar classifications.

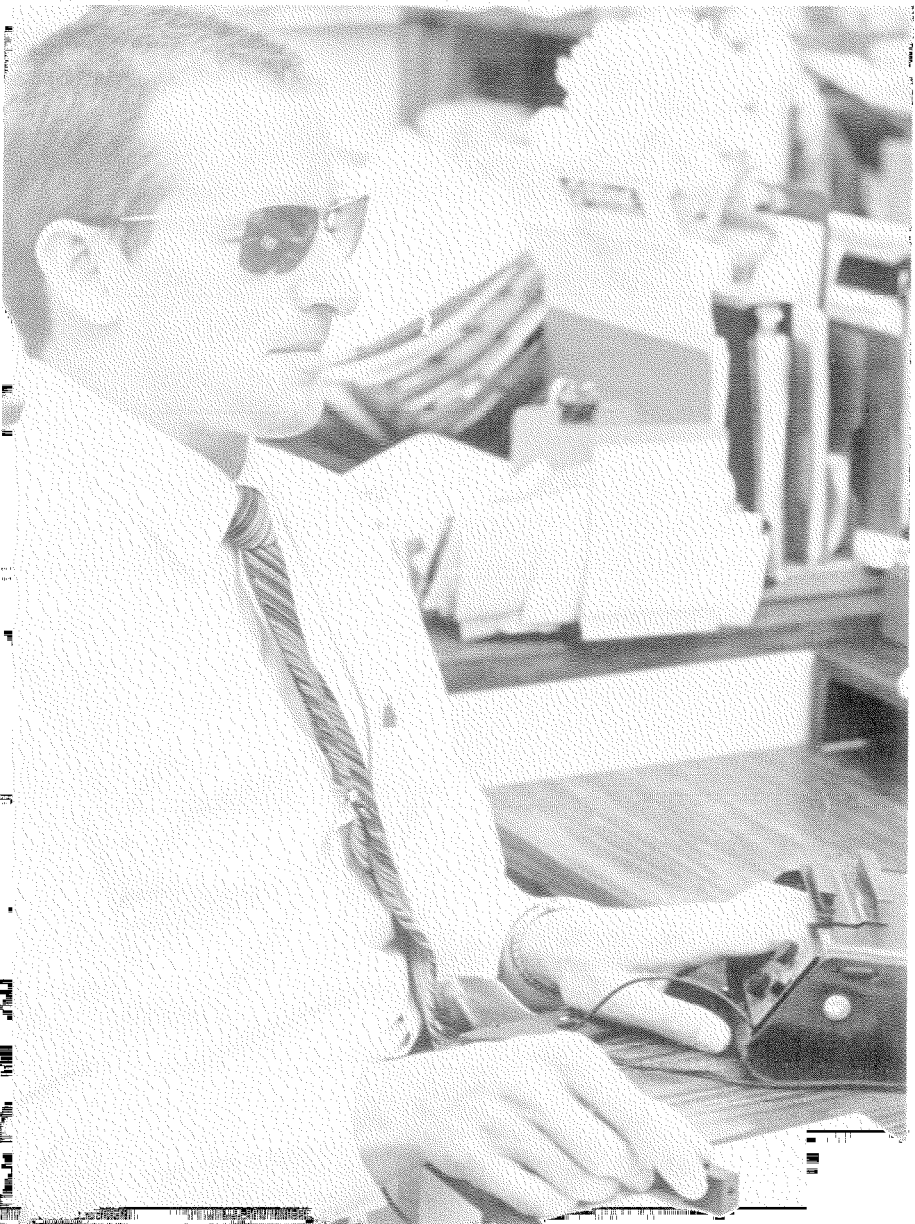
(Note: The 13(c) provision of the U.S. Urban Mass Transportation Act of 1964, obliged the District to pay employees hired under the provision the same rates received on their prior jobs with other transit lines. In some cases these rates exceeded the regular District rates paid other employees.)

The strike ended with the negotiation of three-year contracts, seen as a stabilizing factor for the District. However, labor costs were projected to increase \$19.6 million over the life of the contracts, primarily because they provided for first-year wage increases of 9½-12% and second-year increases of 6-12%, plus cost-of-living increments and expanded fringe benefits.

Staffing The total District staff increased during the period from 1,400 to 1,696, reflecting the build-up of the transportation and maintenance workforce to support expanding local service in San Francisco and large-scale preparations for transbay service. Consequently, training programs for transportation and technical personnel were expanded.

Despite the net gain in the general workforce, considerable streamlining was accomplished at upper management levels, with department heads cut back from a peak of 19 to 10 by the period's end. With the help of outside consultant Arthur D. Little, Inc., an overall manning target of 2,119 was set, but with an actual 2,084 budgeted for the 1974-75 fiscal year.

1. Affirmative Action Officer Charlene Daigre conducts seminars on management objectives for minority employees. 2. Blind employee Harry Cordellos uses optical scanning device to "read" service data in Telephone Information Center.



Finances Of major importance was the ongoing development and refinement of capital and operating fund requirements as projected through the five-year period—fiscal 1973-74 to 1977-78. First presented to the District Board in April 1973 (in the context of the 73-74 budget), the five-year projection was revised in September 1973 to reflect such factors as the July 31 labor contract settlement, the upcoming local San Francisco service, and decreased revenue resulting from the delay of transbay service from September 1973 into 1974.

In January the Board, by formal resolution, advised the State Legislature and Governor, the Metropolitan Transportation Commission, and the U.S. Department of Transportation "of its findings and urgent needs relative to operating financial assistance." The Board asked for "early action . . . to permit BART to operate and improve its service at moderate fares."

In February the five-year financial report was further revised in light of new revenue and labor cost projections, as well as the costly impact of high, unscheduled maintenance on the car fleet and continuing inflation. The revised report signaled large annual unfunded operating deficits from a total of \$13 million in fiscal 1974-75 to \$28 million in fiscal 1977-78 (approximately 40 percent of that period's projected operating budget).

Meanwhile, the District was taking all possible measures to communicate the increasing seriousness of BART's financial problems to federal, state, and local officials. Detailed testimony was delivered before the State Assembly Committee on Transportation in October, and before the State Senate Public Utilities and Corporations Committee in February and April. Two major points were emphasized: (1) a tax subsidy was the only alternative to meet the widening cost-revenue gap without unacceptably high fares and lowered service levels; and (2) BART's rising deficits were similar to what the whole transit industry was experiencing.

In May the Director of Finance estimated the District would face an unfunded deficit condition by late November 1974. He warned the system might have to shut down in August or September to conserve remaining funds for caretaker expenses.

General Manager B. R. Stokes and other officials called for a temporary extension of the ½-cent sales tax (levied since 1970 in District counties to complete construction of the system, and expected to expire in 1975). The tax extension was seen as a temporary means of meeting the approaching unfunded condition until other possible sources of an operating subsidy could be studied by the State Legislature. On

April 2, Senator James Mills (D., San Diego) introduced a bill (SB1966) into the Senate which would extend the sales tax for two years and authorize its use as an operating subsidy. (NOTE: SB1966 was subsequently passed by the Legislature in September 1974.)

Operating Expenses/Revenues Actual operating expenses for fiscal 1973-74 were \$33.9 million, against an operating budget of \$37.4 million. Under-budget spending resulted from a slowdown in hiring and other savings related to deferral of transbay service into the next fiscal year. The budget was set at \$53.8 million for fiscal 1974-75, reflecting increased labor and maintenance costs, as well as expanded service costs. Passenger revenues rose to \$6 million, from \$2.1 million in fiscal 1972-73, with off-site cash sales (of high-value regular, and 75 percent discount, tickets) amounting to \$643,000. Passenger revenues—whose potential is significantly higher than this fiscal period figure—will increase with the advent of transbay service and extended operating hours.

Income from District property rentals, leases and sales was \$270,000. Revenues from system concessions—including newsstands, vending machines, parcel lockers and public telephones—totalled \$27,000. Revenues from display advertising in cars and stations totalled \$157,540. Other revenues were received from Transportation Development Act funds, interest on invested funds, and District tax receipts.

District Property Tax For funding of administrative expenses and debt service on BART construction bonds, rates were set by the Board as follows:

	Admin. Expenses	1974-75 Debt Service	Total Rate	1973-74 Total Rate
Alameda	5.0	49.0	54.0	53.6
Contra Costa	4.8	46.4	51.2	58.7
San Francisco	5.2	50.9	56.1	60.9

NOTE: Property tax rates is per \$100 assessed property value. Different tax rates reflect equalization of varying assessment ratios among counties.

Federal capital grants approved for BART included \$34 million to increase the fleet from 350 to 450 cars, and \$1.2 million for construction of a major new entrance to the Oakland City Center-12th Street Station. Local state sales tax receipts of \$6.1 million were allocated for the period to BART for capital improvements and operating expenses under the Transportation Development

Act. The Oakland Redevelopment Agency and the National Endowment for the Arts allocated a total of \$60,000 for artwork in the City Center Station.

Still pending approval were three federal grants: \$2.5 million for a Daly City Station parking structure; \$2.5 million to purchase 32 buses for five BART feeder lines into Contra Costa and Alameda Counties; and \$1.6 million to construct a parking lot for feeder bus patrons in the Dublin area.

Other Significant Areas A 37 percent ethnic minority representation on the staff, as reported for the last period, was maintained. (Note: 37 percent exceeds the minority population ratio within the District by five percent.) Programs for advancing more minority employees into supervisory positions received emphasis, and the Board appointed a full-time Affirmative Action Officer in October. The first of an ongoing series of seminars was held in May to inform key management personnel as to the District's responsibilities and affirmative action policies.

The period saw joint committees of management, union and Safety Office personnel formed to monitor safety practices in all maintenance areas. Employee accident claims totaled \$32,346 with 49 lost time injuries out of 204 accidents reported—a safety record that continued to be considerably better than the industry average.

A substantial dividend from the Workmen's Compensation Insurance carrier, of \$157,899, was received as a continuing benefit from the coordinated insurance program that was in effect during the construction period. Dividends for the system construction project now total \$4,661,995.

Crimes reported on the system by BART Police decreased from 250 per million passenger trips in the previous fiscal year to 149 in this report period. Despite the 60 percent decrease in reported crime relative to patronage, there was a substantial increase in the number of reported offenses. Major categories were petty theft, vandalism, fare evasion, auto burglary and auto theft (from station parking lots) in that order.

On June 30 Assembly Bill 3043, calling for popular election of a nine-man District Board of Directors on November 5, 1974, was signed into law by the Governor. Nine voting districts were established on the basis of equal population, community of interests, and geographical cohesiveness.

Also on June 30 the resignation of General Manager B. R. Stokes became effective. Acting General Manager Lawrence D. Dahms succeeded Mr. Stokes, pending the permanent appointment of a new General Manager by the incoming elected Board.

Operations & Services

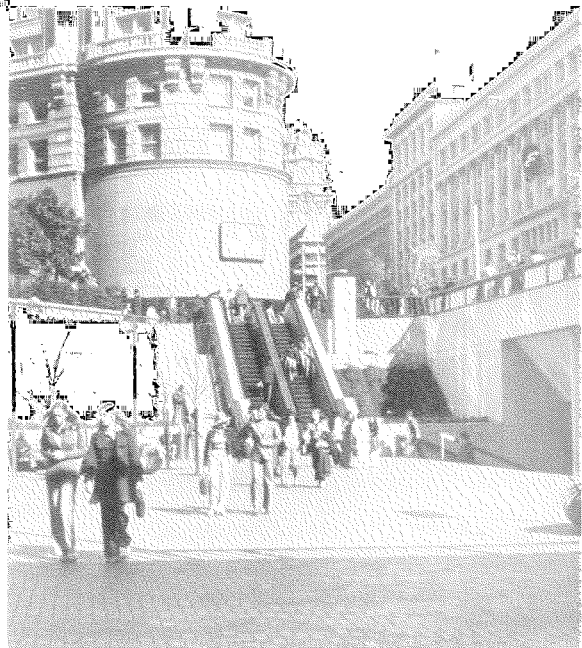


The previous fiscal year ended with BART operational in the East Bay Counties of Alameda and Contra Costa. Operations covered 56 miles of the 71-mile system and 24 of the 34 BART stations. Eighteen trains of three and four-car consists, were operating on 10-minute headways, 12 trains on the Richmond-Fremont lines, and six on the Concord-Oakland (MacArthur Station) line. The three train yards and maintenance and repair shops at Hayward, Richmond and Concord were activated.

Three views of the Powell Street Station's beautiful Hallie Plaza, which quickly became a hub of downtown activity when the San Francisco line opened November 5. At left, connecting Powell Street cable car provides striking contrast in old and new transportation within this city of contrasts.

OPERATING STATISTICS

August 6, 1973, through June 30, 1974)	
Total Car Miles (revenue service only)	10,758,626
Total Passenger Trips (patronage) . . .	13,960,680
Passenger Miles (estimated)	166,033,664
Ridership Ratio (for June 1974)	
Peak	58%
Off-Peak	42%
Net Passenger Revenues (less fare discounts & BART subsidy to AC riders)	6,055,969
Average Passenger Fare (with discount fares considered at full value)	47.7 cents
Average Trip Length (based on estimated passenger miles versus revenue)	11.9 miles



Revenue trains were operating in the automatic mode, with fail-safe separation electronically maintained by the automatic train control system. As an extra safety factor, through a manual supervisor-controlled block system, a minimum two-station separation was maintained between all trains by holding them at platforms, if necessary, to maintain the distance.

Revenue service continued on the limited 6 a.m. to 8 p.m. schedule, five days a week. Nevertheless, the average daily patronage of 36,655 for June 1973 was 95 percent of the forecast based on 20-hour, seven-day service. Peak-hour (commuter) patronage was 19,549, or 138 percent of forecast and close to 50 percent of total daily patronage.

The 1973-74 fiscal year began on the first day of a systemwide strike, which shut down virtually all District operations, except those in managerial, engineering, housekeeping, and security areas. The employees returned to work on August 1, and revenue service was resumed on August 6.

Patronage The five-week interruption in service saw August commuter patronage off 22 percent from the June level and total patronage off eight percent. The first quarter ended with a daily average ridership of 32,762, or 95 percent of forecast. (Note: forecast revised as of August to reflect limited service hours.)

Start-up of service on November 5 between Daly City and Montgomery Street Station in downtown San Francisco added eight system miles, eight stations and four trains to BART opera-

tions. Although the 7.5-mile transbay line remained closed for revenue service, empty trains from the Richmond Yard moved through the tube daily to support West Bay service.

Second quarter ridership averaged 56,240 daily, but November and December averages reflect the immediate impact of West Bay service with 68,013 and 69,796 respectively, and very close to forecast. Peak-hour patronage ranged from 15 to 26 percent over forecast for these months.

The San Francisco line was shut down March 11 to 15 due to picketing of striking municipal city workers. Despite this, the third fiscal quarter was up 28 percent over the previous quarter with 71,794 average daily patronage. A severe gasoline shortage, plus burgeoning West Bay service, were factors in this increase.

The fourth quarter ended with 68,802 daily trips, down 4.2 percent from the previous quarter and 95 percent of forecast. Total year's patronage was 13,960,680, or 98 percent of total system forecast, and 120 percent of peak-hour forecast.

Peak-hour ridership (6-8 a.m. and 4-6 p.m.) rose from 53 percent of total ridership in the previous fiscal year to 58 percent. Average passenger fare decreased from 53 cents to 47.7 cents, and average trip length from 12 miles to 11.9 miles, reflecting West Bay ridership.

Actual daily round trips averaged by trains during the fiscal year were within eight percent of the system's optimum performance target. Non-scheduled train removals increased from a first quarter average of 8.4 per day (out of 18 trains operating before West Bay service) to a four-quarter average of 10.4 trains per day (out of 22 trains operating). Train consists increased from three-four-and-five-cars to seven-car maximums on the San Francisco line and six-car maximums on the Concord line.

The highest one-day patronage was 110,104 on the day after Thanksgiving. Other holidays, including a second year of World Series and playoff games at the Oakland Coliseum, resulted in an excellent record of large crowd control on the system by transportation personnel.

System Safety The period passed with no accidents in mainline train operation. A total of \$15,283 was paid in passenger accident claims, 41 occurring on trains and 101 occurring in stations. Among system safety improvements

during the period were installation of non-skid stripping on station stairways and start-up of a program to equip all BART cars with overhead handrails by the end of the 1976/77 fiscal year.

One major accident occurred when, on January 30, the brakes failed on a heavily-loaded up escalator, causing it to slide backward and injure several passengers. All escalators on the system were immediately rechecked for braking factors under maximum load conditions.

Passenger Services A task force was established to identify and eliminate special problems encountered by elderly, blind, and other handicapped patrons in using the system. Other programs were developed to meet special needs of other patron groups, such as shoppers, tourists, and school children. An experimental program was developed with a limited number of bicycle enthusiasts to determine the feasibility of allowing bicycles on transit cars during off-peak hours. This program will be implemented during the next fiscal year.

Ongoing improvements were made in system facilities for patrons. Sign improvement work continued in stations and parking lots, certain platform courtesy telephones were relocated, newsstands were opened in the large downtown San Francisco and Oakland stations, and bicycle rack and locker facilities were improved at various stations.

Additional fare gates were installed at the Daly City station; and 22 stations are scheduled to receive additional fare equipment during the next period.

Patron use of station parking lots increased from 44 to 62 percent on a systemwide basis, with lots at Daly City, Fremont, and at several Concord line stations filled to capacity-plus. Preliminary approval was obtained for a multi-level parking structure at Daly City (92 percent financed by the Federal Highway Administration, eight percent by Daly City), and design work was started.

Encouraged by the temporary gasoline shortage in early 1974, a number of BART-bus shuttle services were started around the system, including the University of California's sizable "Humphrey Go-BART" operation. A considerable amount of staff work—aimed at expanding parking lots and improving feeder bus service on the Fremont and Concord lines—was carried on with other agencies and on-line communities.



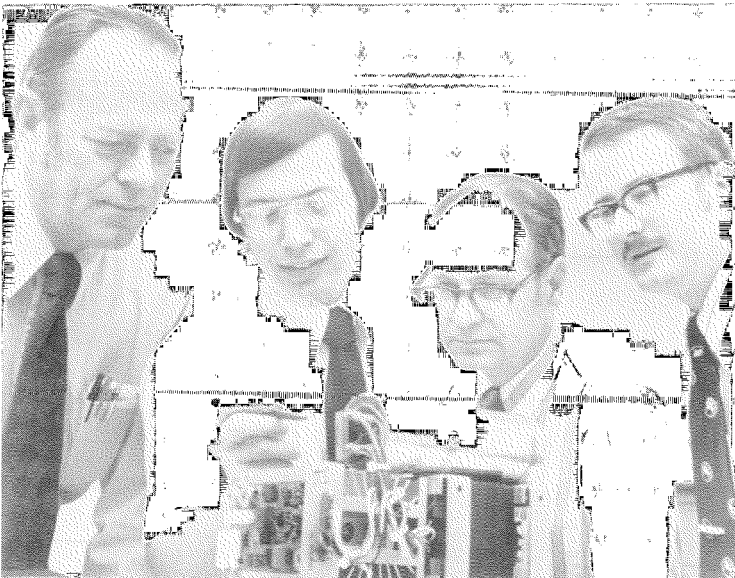
System Support



The period saw exceptionally heavy workloads in the engineering and maintenance areas—often on a seven-day, around-the-clock basis—involving the full spectrum of technical support within the staff and its large consortium of contractors.

The target date for commencing revenue service through the transbay tube and on the San Francisco-Daly City line was directly linked to implementation of recommendations contained in a report, issued February 5, 1973, by the State Senate Public Utilities and Corporations Committee. As developed by the

1. Track inspection is nightly routine for Foreman Ben Delgado. 2. Train control hardware is closely analyzed by Engineers (l. to r.) Frank Harshbarger, Jim Marlais, Bob Townley, and Ron Percey. 3 & 4. Technicians Charles Wolosz and Minna Green test car circuitry in the Hayward Shop.



2



3



4

Committee's special three-man panel of electronic experts, 21 recommendations were aimed at increasing system safety and operating reliability for the start-up of transbay service. When the report period opened, this implementation work was well underway and being monitored by a special BART task force. The work centered around improvements to vehicle braking and propulsion systems, cab controls, and door operation, plus train detection capability of the automatic train control system (ATC).

Preparing for Transbay Installation of wheel "scrubbers" or cleaners to fleet vehicles (to improve wheel-to-track contact) did not produce the hoped-for improvement in train detection reliability. Thus, the District had to set back its target for transbay service from September 1973 to the spring of 1974 (and subsequently to September 1974). At the request of San Francisco officials, however, work continued for 1973 opening of the San Francisco line without transbay service. Checkout and testing of the line was completed by mid-October, and the line opened smoothly on its November 5 target date.

Meanwhile, the decision was made to install an additional means of assuring safe train separation as a back-up to the primary ATC train detection system. A "software" (computer logic) system was selected, known as Sequential Occupancy Release (SOR). In December, a \$1.3 million change order was issued to the Westinghouse Corporation to begin immediate installation of the back-up system.

To facilitate start-up of transbay service prior to SOR activation, the staff began rapid implementation of an interim method of assuring extra train protection: use of the central train control computer to hold trains at stations, if necessary, in order that extra-generous separation distances be maintained between all trains at all times. Two-station train separation had been maintained, per CPUC requirement, since initial start of revenue service by means of station-to-station telephone communication.

By May 1974, computerized control of two-station separation was approved by the CPUC and used systemwide. By late June, a shorter one-station separation (necessary for efficient transbay operation) was approved for the Richmond-Fremont line. (The following month would see one-station train separation activated systemwide,

and CPUC approval for September start-up of transbay service on that basis.)

Assisting BART's technical staff in the transbay effort was the University of California's Lawrence Berkeley Laboratory.

Other Technical Work In February, modification work had commenced which would keep mainline switches under ATC system control should trains be operated in the manual mode.

In April, the first prototype installation for the SOR back-up detection system was successfully demonstrated at Oakland West Station, and installation began on the San Francisco line.

A security radio net was activated systemwide for Police Services at a cost of \$350,000; and significant savings were realized through arrangements for joint use of radio antennas with other organizations. Design and test work on third-rail power feed equipment was carried out to prepare for improvements to available traction power and grounding systems in the next fiscal period.

A comprehensive master plan was completed for coordination of local fire and police departments, and other agencies, in event of system fires, earthquakes, or other disasters. Elements of this master plan will be tested during the next period with simulation of disaster situations. Four 12-ton emergency vehicles were acquired to substantially increase the means of transporting fire fighters and equipment to any point on the system via highway or rail.

Maintenance Ongoing work during the period was directed at improvements to stations, right-of-way, and increasing the reliability of wayside train controls and revenue cars. Extensive modification work was accomplished on the train controls and revenue cars. Training programs were expanded to upgrade skills and phase 209 new personnel into a wide array of technical skills.

A major milestone was implementation in January of the Maintenance Planning System, a computer information network to optimize preventive maintenance and cost controls and monitor vehicle component reliability.

Although fleet maintenance continued to load the manpower and space available at the Hayward, Richmond, and Concord shops, progress was made in a number of problem areas with vehicle components. Modification work, plus parts shortages, however, significantly decreased car availability during

the period. A problem with lateral wheel-on-axle movement, which arose in May, also affected car availability until fixes were accomplished during the summer of 1974.

In June 1973, 52 percent of A-cars and 70 percent of B-cars were available for revenue service. In June 1974, average availability was 45 percent for A-cars and 65 percent for B-cars. The fleet totaled 144 A-cars and 147 B-cars at period's end.

Subways received extensive re-caulking to eliminate water seepage, and Fremont line track was realigned. Trackage not under regular traffic at cross-overs and terminals was surfaced with stainless steel beading to improve train detection reliability. All third rail was ground for good collector shoe contact on the San Francisco line prior to its opening, as with previous lines. Significant work in the stations included installation of no-slip stripping on stairways.

Construction Status of the entire BART project at period's end was 227 construction contracts completed at a cost of \$714 million. Construction in progress was valued at \$59 million, including eight contracts valued at \$7.2 million awarded during the period. Overall value of the project was estimated at \$1.607 billion.

Status of remaining station construction: Embarcadero 50%; Civic Center (Entrance No. 3) 63%; Church Street (Muni only) 70%; Castro Street (Muni only) 66%. Design of the West Portal Station (Muni only) was 75% complete.

Major construction contracts centered around the Outer-Market line for Muni streetcars, whose trackwork is 75 percent complete. Besides completion of the stations, the major work item remaining was electrification of the Muni subway level (under Market Street) and the Outer Market line.

Special construction projects included the two-mile Hayward Test Track, 30% complete; and the Coliseum Station walkway (to Oakland Coliseum), 80% complete; and completed switch control towers at Daly City and MacArthur. Besides the West Portal Station, major design projects completed or underway, included the special 12th Street-Oakland City Center Station entrance, windscreens for all aerial stations, and bus stop shelters for all stations. Design work was also done on the Berkeley Maintenance Facility, additional yard storage tracks, and the Daly City parking lot structure.

FINANCIAL STATEMENTS

Balance Sheet

	June 30	
	1974	1973
Assets		
Cash (including time deposits of \$24,728,000 and \$63,500,000)	\$ 25,963,349	\$ 65,452,463
U.S. Treasury securities (Note A)	14,635,000	10,511,768
Federal Agency securities (Note A)	33,386,182	37,661,655
Miscellaneous receivables	2,252,533	2,457,391
Deposits and notes receivable	15,736,213	23,926,623
Construction in progress (Note I)	59,127,982	562,279,087
Facilities, property, and equipment (Notes A and C)	1,326,153,715	718,452,015
Accumulated depreciation and amortization (Notes A and C)	(22,026,578)	—0—
Materials and supplies (Note A)	1,880,154	1,152,039
Debt service funds, net assets (including time deposits of \$54,482,900 and U.S. Treasury and Federal Agency securities of \$13,290,686 in 1974 and \$44,606,500 and \$19,070,445 in 1973) (Notes D and E)	70,378,183	65,176,148
	<u>\$1,527,486,733</u>	<u>\$1,487,069,189</u>
Liabilities, Reserve and Capitalization		
Construction contracts and others	\$ 45,491,205	\$ 41,630,684
Unearned fare revenue	587,135	297,254
Payable to State of California (Note G)	39,110,538	39,110,538
Debt service funds (Notes D and E)	70,378,183	65,176,148
Reserve for self-insurance (Note H)	6,000,000	15,000,000
	<u>161,567,061</u>	<u>161,214,624</u>
Capitalization:		
General Obligation Bonds (\$812,500,000 authorized) (Note D):		
Bonds outstanding	\$775,450,000	786,310,000
Bonds matured and retired	28,550,000	17,690,000
	<u>804,000,000</u>	<u>804,000,000</u>
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note E):		
Bonds outstanding	101,350,000	127,900,000
Bonds matured and retired	48,650,000	22,100,000
	<u>150,000,000</u>	<u>150,000,000</u>
U.S. Government Grants (Note F)	197,641,477	156,157,472
State of California Grant (Note G)	116,902,462	116,543,462
Contributions from others	7,140,035	4,661,226
Depreciation and amortization of assets acquired with contributions by others (Note A)	(5,550,698)	—0—
	<u>316,133,276</u>	<u>277,362,160</u>
Accumulated net revenues before depreciation and amortization	112,262,276	94,492,405
Depreciation and amortization of assets acquired with own funds	(16,475,880)	—0—
	<u>95,786,396</u>	<u>94,492,405</u>
	<u>\$1,365,919,672</u>	<u>\$1,325,854,565</u>
	<u>\$1,527,486,733</u>	<u>\$1,487,069,189</u>

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

Statement of Operations

	Year Ended June 30	
	1974	1973
Revenues:		
Operating revenues:		
Fares	\$ 6,655,808	\$ 2,434,466
Less discounts, transfers, other deductions	599,839	330,845
	6,055,969	2,103,621
Financial assistance--Transportation Development Act of 1971	807,000	1,370,000
Other	187,942	120,394
	7,050,911	3,594,015
Taxes	4,051,726	3,784,184
Interest and other	9,010,468	8,844,270
	20,113,105	16,222,469
Expenses:		
Transportation	7,646,011	3,845,883
Maintenance and quality control	15,833,084	11,013,079
Police services	1,910,689	1,303,677
Construction and engineering	2,393,925	1,086,866
General and administrative	6,119,005	5,363,545
	33,902,714	22,613,050
FUNDED EXCESS OF EXPENSES OVER REVENUES	13,789,609	6,390,581
Unfunded costs:		
Depreciation and amortization of all assets	\$22,026,578	
Less depreciation and amortization of assets acquired with contributions by others (Note A)	5,550,698	16,475,880
		-0-
NET OPERATING LOSS	\$30,265,489	\$ 6,390,581

Statement of Accumulated Net Revenues

Accumulated net revenues at beginning of year	\$94,492,405	\$86,258,755
Less net operating loss	(30,265,489)	(6,390,581)
	64,226,916	79,868,174
Add:		
Start-up costs and construction overhead capitalized (Note A)	22,401,581	14,302,043
Reduction in reserve for self-insurance	9,157,899	322,188
Accumulated net revenues at end of year	\$95,786,396	\$94,492,405

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

FINANCIAL STATEMENTS CONTINUED

Statement of Revenues, Expenses, and Fund Balances of Debt Service Funds

	Year Ended June 30, 1974			Year Ended June 30, 1973 Combined
	General Obligation Bonds	Sales Tax Revenue Bonds	Combined	
Revenues:				
Property taxes	\$43,794,213		\$43,794,213	\$44,153,452
Transactions and use taxes received	—0—	\$35,326,319	35,326,319	31,054,621
Interest	1,977,317	3,568,656	5,545,973	3,262,476
	<u>45,771,530</u>	<u>38,894,975</u>	<u>84,666,505</u>	<u>78,470,549</u>
Less:				
Matured interest	34,374,171	7,211,125	41,585,296	42,898,971
Matured or retired principal	10,860,000	26,550,000	37,410,000	22,950,000
Bond service expense	—0—	64,221	64,221	12,024
Bond premium	—0—	404,953	404,953	—0—
	<u>45,234,171</u>	<u>34,230,299</u>	<u>79,464,470</u>	<u>65,860,995</u>
	537,359	4,664,676	5,202,035	12,609,554
Balance at beginning of year	18,911,687	46,264,461	65,176,148	52,566,594
Balance at end of year	<u>\$19,449,046</u>	<u>\$50,929,137</u>	<u>\$70,378,183</u>	<u>\$65,176,148</u>

Statement of Changes in Financial Position

	Year Ended June 30	
	1974	1973
Financial Resources Were Used for:		
Operations:		
Net operating loss	\$ 30,265,489	\$ 6,390,581
Noncash expense—depreciation and amortization	(16,475,880)	—0—
FUNDS USED IN OPERATIONS	<u>13,789,609</u>	<u>6,390,581</u>
Additions to construction in progress and facilities, property and equipment	82,149,014	121,263,464
Bond interest	41,585,296	42,898,971
Bond principal	37,410,000	22,950,000
Increase on debt service funds	5,202,035	12,609,554
Bond premium	404,953	—0—
Other	792,336	757,652
	<u>\$181,333,243</u>	<u>\$206,870,222</u>
Financial Resources Were Provided by:		
Property taxes	\$ 43,794,213	\$ 44,153,452
Grants from U. S. Government	41,484,005	42,247,495
Decrease in cash and securities	39,641,355	54,759,851
Transactions and use taxes	35,326,319	31,054,621
Decrease in miscellaneous receivables and deposits and notes receivable	8,395,268	1,340,666
Interest on investments	5,703,872	3,584,664
Increase in construction contracts and other liabilities	4,150,402	24,709,269
Contributions from others	2,478,809	1,233,204
Grants from State of California	359,000	3,787,000
	<u>\$181,333,243</u>	<u>\$206,870,222</u>

See notes to financial statements.

NOTE A—Summary of Significant Accounting Policies

The San Francisco Bay Area Rapid Transit District is a political subdivision of the State of California created by the Legislature in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with the State of California and the United States Government.

The General Fund receives an allocation of property tax revenues for purposes of providing for general and administrative expenses not involving construction in progress.

Securities are carried at cost which approximates market.

The cost of acquisition and construction of rapid transit facilities is recorded in construction in progress and represents amounts paid or owing to contractors including amounts provided by State and Federal grants for construction purposes. As facilities are completed and become operative, the District transfers them to facilities, property and equipment accounts.

Depreciation on facilities, property and equipment is computed using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with the District's own funds is distinguished from the amount of depreciation of assets acquired with contributions by others, and the latter amount is shown on the balance sheet with the related contributions. This format follows the recommendations for public transportation systems in the Industry Audit Guide "Audits of State and Local Governmental Units" prepared by the Committee on Governmental Accounting and Auditing and issued by the AICPA in September 1973.

Materials and supplies are stated at average cost.

Accounting policies for general obligation bonds (Note D), sales tax revenue bonds (Note E), government grants (Notes F and G), reserve for self-insurance (Note H) and construction in progress (Note I) are described in separate footnotes.

Since 1966, the District consistently has capitalized, as part of pre-full revenue operating expenses, certain start-up costs.

The amount so capitalized for the year ended June 30, 1974 is \$15 million. The District intends to continue the capitalization of these costs until the California Public Utilities Commission approves the full train control system scheduled for completion in the second half of the year ended June 30, 1975. Accordingly, it is anticipated that additional start-up costs projected at \$13 million will be capitalized.

Certain reclassifications have been made in 1973 financial statements to conform to the classifications used in 1974.

NOTE B—Significant Events

The District's rapid transit operations were shut down by a month-long strike in July 1973. Three-year agreements were negotiated with the three organizations representing most of the District's employees.

The District resumed operations on August 6, 1973 between Richmond and Fremont and between Concord and the MacArthur transfer station in Oakland. San Francisco local service between Daly City and Montgomery Street began November 5, 1973. Through transbay service between Daly City and Concord and between Daly City and Fremont began September 16, 1974.

After the close of the fiscal year ended June 30, 1974, the State Legislature extended the one-half per cent Transactions and Use Tax until December 31, 1977, or until the District has received \$82.2 million over and above the amount required to pay principal and interest on the outstanding Sales Tax Revenue Bonds, whichever is sooner. The additional revenues are to be used for operational purposes including the liquidation of operating deficits. The District is authorized to issue negotiable bonds secured by such revenues in amounts not to exceed \$16 million in fiscal 1974/75 and \$8 million in fiscal 1975/76.

NOTE C—Facilities, Property and Equipment

Facilities, property and equipment (stated at cost), asset lives, and accumulated depreciation and amortization at June 30, 1974 are summarized below:

	Cost	Lives (Years)	Accumulated Depreciation and Amortization
Land	\$ 103,299,602		
Improvements	985,929,864	80	\$12,324,123
Systemwide operation and control	79,571,877	20	3,978,594
Revenue transit vehicles	74,035,403	30	2,465,379
Service and miscellaneous equipment	7,255,129	10	725,623
Pre-full revenue operating expenses	72,135,393	30	2,402,109
Repairable property items	3,926,447	30	130,750
	<u>\$1,326,153,715</u>		<u>\$22,026,578</u>

NOTE D—General Obligation Bonds

In 1962 voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds. Bonds amounting to \$764,650,000 were outstanding at June 30, 1974, with principal maturities from 1975 to 1999. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that city. Special Service District No. 1 Bonds amounting to \$10,800,000 were outstanding at June 30, 1974, with principal maturities from 1975 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal amounts of \$12,200,000 of General Obligation Bonds and \$270,000 of Special Service District No. 1 Bonds mature on June 15, 1975. Annual maturities in succeeding years are in greater amounts. Interest of \$16,637,765 on General Obligation Bonds and \$245,283 on Special Service District No. 1 Bonds is payable on December 15, 1974. The composite interest rate on bonds currently outstanding is 4.13%.

NOTE E—Sales Tax Revenue Bonds

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000. Bonds amounting to \$101,350,000 were outstanding at June 30, 1974 with principal maturities from 1975 to 1981. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the Transactions and Use Tax authorized by the 1969 Legislature and from moneys received by the District from other sources, in lieu of Transactions and Use Tax proceeds, if legally made available. The bonds maturing on or after January 1, 1976 are redeemable prior to maturity at the option of the District on various dates at prices ranging from 104% to 100% of the face amount. The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes are transmitted directly to the appointed trustee for the purpose of paying bond interest semi-annually on July 1 and January 1 and principal annually on January 1. Principal of \$15,300,000 matures on January 1, 1975 and interest of \$2,778,718 is payable on July 1, 1974. The composite interest rate on bonds currently outstanding is 5.54%. On July 1, 1974, bonds in the amount of \$8,840,000 were called prior to maturity.

San Francisco Bay Area Rapid Transit District

NOTES TO FINANCIAL STATEMENTS CONTINUED

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period April 1 to June 30, 1974 will be approximately \$7,800,000, of which the trustee had received \$1,950,000 at June 30, 1974.

NOTE F—U. S. Government Grants

The U. S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle and other procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CA-03-0004) for construction of three Market Street Station mezzanines, two street plazas and street extensions, and a grant to the City of Berkeley (CA-03-0009) in connection with the construction of subway extensions within Berkeley. The following grants were in force as of June 30, 1974:

Project—Purpose	Maximum Grant	Funds Received
Beautification Grants:		
CALIF-BD-1	\$ 447,953	\$ 360,000
CALIF-B-160	323,000	239,000
CALIF-B-163	521,000	367,000
OS-CA-09-39-1074	838,565	749,470
	<u>2,130,518</u>	<u>1,715,470</u>
Demonstration Grants:		
CAL-MTD-2 (Transit Design)	6,157,256	6,157,256*
CA-06-0023 (Fare Collection)	1,133,333	925,291
CAL-MTD-7 (Transit Hardware)	761,568	761,568*
CA-06-0032 (Prototype Vehicles)	5,000,000	4,500,000
	<u>13,052,157</u>	<u>12,344,115</u>
Capital Grants—Construction and Procurement:		
CA-03-0006	12,867,862	12,867,862*
CAL-UTG-11	13,103,910	13,103,910*
CA-03-0015	25,939,945	25,939,945*
CA-03-0019	88,000,000	73,446,575
CA-03-0047	1,000,000	454,000
CA-03-0052	38,136,666	20,444,000
CA-03-0058	1,700,000	1,388,000
CA-03-0059	61,845,066	12,224,000
CA-03-0069	21,681,333	2,908,000
CA-03-0083	1,172,000	—
	<u>265,446,782</u>	<u>162,776,292</u>
CA-03-0004 (San Francisco)	19,902,430	16,072,600
CA-03-0009 (Berkeley)	4,733,000	4,733,000*
	<u>290,082,212</u>	<u>183,581,892</u>
	<u>\$305,264,887</u>	<u>\$197,641,477</u>

*Project completed.

NOTE G—State of California Grant

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June 30, 1974, the District had received \$172,513,000 of which \$55,610,538 is repayable to the State of California for the tube approaches. Reimbursement will be fulfilled by application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24 and by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978.

NOTE H—Reserve for Self-Insurance

The reserve for self-insurance is presently limited, by resolution of the Board of Directors of the District, to a maximum of \$6 million (1973, \$15 million) to provide for uninsured general liability and property damage and workmen's compensation exposure at June 30, 1974.

NOTE I—Construction in Progress

During the years, construction in progress decreased as follows:

	Year Ended June 30	
	1974	1973
Balance at beginning of year	\$562,279,087	\$1,141,867,278
Add:		
Construction	82,120,740	118,829,635
Real estate acquired	606,616	3,263,925
Utility relocation	(46,732)	1,049,744
Pre-full revenue operating expenses	21,874,681	13,482,330
Other	837,125	584,882
	<u>105,392,430</u>	<u>137,210,516</u>
Less:		
Rental income and proceeds from sales of real estate	174,230	463,717
Insurance premiums refunded	21,562	35,823
Transfers to facilities, property and equipment	607,726,380	715,151,524
Transfers to materials and supplies	705,261	732,730
Other transfers	(83,898)	414,913
	<u>608,543,535</u>	<u>716,798,707</u>
	<u>503,151,105</u>	<u>579,588,191</u>
Balance at end of year	<u>\$ 59,127,982</u>	<u>\$ 562,279,087</u>

An analysis of project costs, based upon information available at June 30, 1974, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,606,691,000 (including \$179,878,000 for the trans-bay tube being financed by the State of California and \$160,919,000 for transit vehicles being financed by Federal grant funds and other District sources). Presently, the final cost of the system cannot be determined, as future economic conditions, resolution of pending contractors' claims (Note J) and delay in start of full revenue operations may have a significant effect on the final cost of the system. Initial operation of the system began in September 1972. All 71 miles of rapid transit line were in regular passenger service on September 16, 1974.

NOTE J—Litigation and Other Disputes with Contractors

The District has filed suit against its consulting engineer, PB-T-B, two of its primary contractors, Rohr and Westinghouse, a subcontractor, Bulova, and the primary contractors' respective sureties, seeking in damages \$86.8 million from PB-T-B, approximately \$41 million from Rohr, \$55 million from Westinghouse, \$4.5 million from Westinghouse and Bulova jointly, and in addition, \$50 million for loss of revenue from Rohr, Westinghouse, and PB-T-B. Special Trial Counsel is unable to comment on the District's ultimate recovery under this action. Some of the defendants may enter cross-claims against the District. The ultimate liability, if any, with respect to such cross-claims is unknown.

In addition, contractor claims amounting to approximately \$28 million have been submitted to the District. It is anticipated that additional such claims will be submitted in the future. Special Trial Counsel is unable to comment on the District's ultimate liability, if any, for these claims since they involve substantial factual and legal disputes which have not yet been fully analyzed.

A taxpayers' class action suit has also been filed against certain of the District's contractors, including PB-T-B, to recover public funds alleged to have been illegally expended. (The District, certain of its directors and its former general manager are also defendants.) However, since this action was commenced on behalf of taxpayers, Legal Counsel is of the opinion that any recovery, less attorneys' fees to plaintiff's counsel, should go to the District.

**Report of
Independent Accountants**

ONE MARITIME PLAZA
SAN FRANCISCO CALIFORNIA 94111

December 16, 1974

Board of Directors
San Francisco Bay Area Rapid Transit District
Oakland, California

We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1974 and 1973, and the related statements of operations, accumulated net revenues, revenues, expenses and fund balances of debt service funds, and changes in financial position for the years 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.

As explained in Note A, certain pre-full revenue operating costs amounting to \$15,000,000, which were incurred after achieving substantial revenue operations, were capitalized in the year ended June 30, 1974. Under generally accepted accounting principles, these costs should not be capitalized. As a result, facilities, property and equipment and accumulated net revenues at June 30, 1974 are overstated by this amount.

In our opinion, except as discussed above, the aforementioned financial statements present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1974 and 1973, and the results of its operations, revenues, expenses and fund balances of debt service funds, and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Jauché Ross & Co.
Certified Public Accountants



San Francisco Bay Area Rapid Transit District

This Annual Report for the period July 1, 1973 to June 30, 1974 is published by the District pursuant to Article 28770 of the State of California Public Utilities Code. District Headquarters are located at 800 Madison Street, Oakland, California 94607. Telephone 415-465-4100.

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San Francisco
Bay Area
Rapid Transit
District

**1974/75
ANNUAL
REPORT**



At its formation in 1957, the District was governed by a 16-member Board of Directors apportioned according to the populations of the five member counties: Alameda, Contra Costa, Marin, San Mateo, and San Francisco. San Mateo and Marin counties officially withdrew in April and May, 1962, respectively, reducing the Board to 11 members representing the three remaining counties. Legislation was enacted in 1965, entitling less populous Contra Costa County to a fourth director. Henceforth, four Directors from each county were seated on a 12-member Board. Six members were appointed by the Boards of Supervisors from their respective counties. Six members were appointed by mayoral committees of Alameda and Contra Costa counties, and by the Mayor of San Francisco City & County. Under Chapter 521 of the California Statutes of 1973, the appointed Board was succeeded by the District's first elective Board as of 12 o'clock noon, November 29, 1974.

APPOINTED BOARD OF DIRECTORS

ALAMEDA COUNTY

RICHARD O. CLARK
H.R. LANGE
Vice-President
GEORGE M. SILLIMAN
DeWITT C. WILSON

CONTRA COSTA COUNTY

NELLO J. BIANCO
President
DANIEL C. HELIX
JAMES D. HILL
DANA MURDOCK

CITY & COUNTY OF SAN FRANCISCO

WILLIAM H. CHESTER
THOMAS F. HAYES
QUENTIN L. KOPP
WILLIAM M. REEDY

OFFICERS

L. D. DAHMS
Acting General Manager
M. BARRETT
General Counsel
W. F. GOELZ
Director of Finance
R. J. SHEPHARD
Secretary

DEPARTMENT HEADS

C. K. BERNARD
Marketing & Research
M. K. BOWERS
Employee Relations
R. W. CARROLL
System Maintenance
M. A. DENOWITZ
Quality Control
J. B. FENDEL
Construction
W. F. HEIN
Planning
C. O. KRAMER
Safety
R. M. LINDSEY
Police Services
W. J. RHINE
Engineering
G. H. RINGENBERG
*Procurement & Capital
Program Management*
A. E. WOLF
Transportation

The Cover: Silver BART trains speed through twin bores of the 3.6-mile transbay tube. When the trains are past, stillness is virtually absolute in the steel and concrete structure lying 75 to 135 feet under the Bay. Excellent ventilation prevents heat build-up from trains, keeping tube temperatures between 65-67 degrees the year around.

San Francisco Bay Area Rapid Transit District: Established by the State of California in 1957. Authorized to finance, construct, and operate a new high-speed rail rapid transit system under the direction of a Board of Directors, whose members are elected for four-year terms by residents of nine election districts within the counties of Alameda, Contra Costa, and San Francisco.

PRESIDENT'S MESSAGE

The 1974-75 fiscal year was a landmark year for BART in many respects.

One reason, of course, is the start-up of transbay service on September 16. This long-awaited event not only had an immediate and vital impact on the Bay Area, it signaled BART's full transition from construction, through start-up stages, to a fully operational 71-mile system. As a member of the District Board since March, 1970, I had the privilege of working with a number of very able Directors, who were appointed by the Mayors or Supervisors of their home counties. It was entirely fitting that the start-up of transbay service was presided over by our former President, Nello Bianco, and other appointed Directors who made great personal contributions to the administration of the District over the year.

Also during the past year, we welcomed a new elected Board, which took office on December 2 after an overwhelming vote in the June primaries to make the BART Directors directly responsible to the people. Certainly, BART taxpayers can take encouragement in this Board's fiscal tough-mindedness. It insisted, for example, that available resources be used to improve existing service before taking on added costs of late night service. At the same time, it directed the staff to investigate all avenues of additional funds so late night service could begin as soon as possible.* To preserve the District's fiscal integrity in the months ahead, it severely reduced appropriations for the 1975-76 budget.

And certainly, BART patrons can take encouragement from the Board's determination to keep the District responsive to their needs and opinions. The Board has authorized each member to select up to 10 "BART Community Advisors" to help keep himself or herself well informed. In addition, a BART "con-

*NOTE: Later in 1975, the Metropolitan Transportation Commission approved \$1.6 million in federal and local (TDA) funds specifically for BART late night service. Special late night service for Christmas shoppers was to commence on November 28, and was to be made permanent as of January 1, 1976.

sumer panel" of 1,000 passengers has been organized for regular surveying of their opinions about the system. This is in addition to our annual systemwide "passenger profile" survey.

The start-up in March of Muni fare discounts for BART-Muni riders, somewhat similar to the BART-AC Transit plan, was aggressively pushed by the new Board. To keep the District a fair and "humanized" place to work, it closely monitors affirmative action policies. To keep the system "humanized" for patrons, the Board also continuously monitors improvements in station aesthetics and art decoration.

Particularly gratifying to me is the success of our "Bikes on BART" test program. Since January, we've issued almost 1,000 permits enabling patrons to carry regular bikes on board trains in off-peak hours. I was delighted to sign up for the first permit myself. Now, more than 100 passengers a week are transporting their bicycles on the system; and we are receiving requests on this innovative program from transit lines around the world. We've experienced no serious problems in the test program thus far, and I look forward to a permanent "Bikes on BART" policy when the test program ends in December.

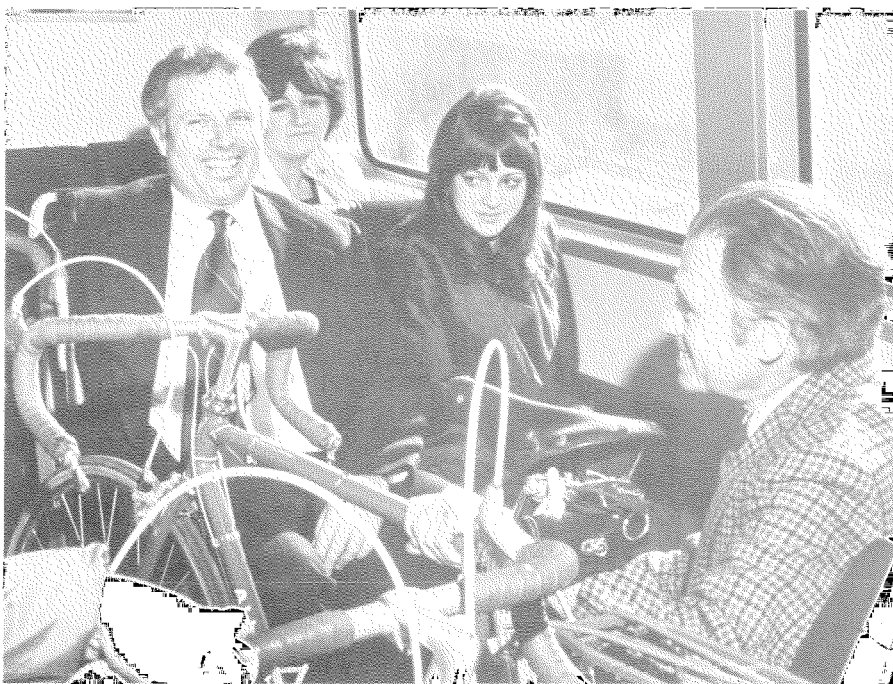
We can take particular encouragement in the Board's appointment of Frank C. Herrerger, formerly the Administrator of the U.S. Urban Mass Transportation Administration, as the new General Manager, which was announced in April and took effect as of July 1, 1975. The Directors spent a tremendous amount of their personal time attempting to seek out the best person for the post, and we are delighted that Mr. Herrerger chose to join us.

We are deeply indebted to the State Legislators who, by extending the half-cent sales tax, have kept the system from closing. Again, we acknowledge invaluable assistance from the California Public Utilities Commission, the Urban Mass Transportation Administration, the Metropolitan Transportation Commission, the other transit operators in the Bay Area, the University of California Lawrence Berkeley Laboratory, and many others who have helped us in this last year.

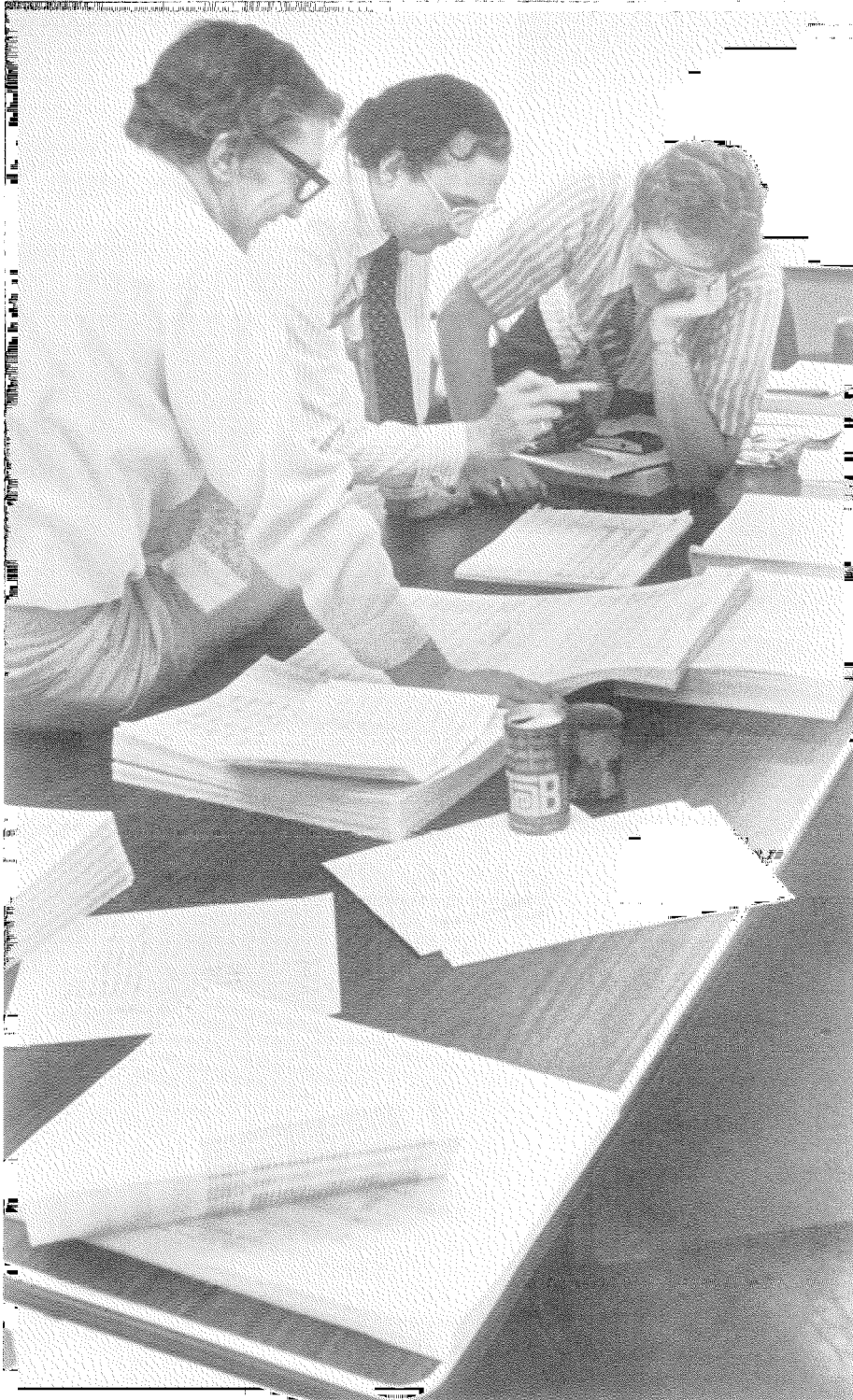
Lastly, I thank my fellow Directors for their spirit of cooperation and congratulate them on so ably representing the interests of their constituents.

Richard O. Clark

President Clark is host to group of Bay Area biking enthusiasts on opening day of "Bikes on BART" program.



Preparation of the District operating budget for submittal to the Directors each spring is a major management responsibility. Analyzing computer "cost center" printouts are (left to right): Systems & Data Processing Manager Roy Knapp, Marketing & Research Director Keith Bernard, and Senior Economic Analyst Ward Belding.



M ANAGEMENT OVERVIEW

Extension of the BART half-cent sales tax to help meet operating expenses, seating of the first elective Board of Directors, and appointment of a new general manager, were key events of the report period which had far-reaching impact on the District.

District officials had warned that the system would have to be shut down by October 1 if additional sources of operating funds were not obtained. In April, 1974, Senate Bill 1966 was introduced into the State Legislature, co-authored by Senator James Mills (D-San Diego) and Assemblyman Leo McCarthy (D-San Francisco). The Bill provided for extension of the BART half-cent sales tax for two years, until December, 1977, or until the District received \$82.2 million in tax revenues within that period, to help finance its operating costs. The passage of SB 1966, and with it the future of the District, remained uncertain throughout the summer of 1974. Nevertheless, BART pushed ahead hopefully with preparations for the start-up of transbay service.

On September 16, the first revenue trains began speeding passengers through the transbay tube with the final decision on a system shutdown only two weeks away. On September 26, the crisis was finally resolved when Governor Ronald Reagan signed SB 1966 into law. With additional sales tax revenues thus assured through 1977, the District immediately began preparations for issuance of short-term bonds against the assured revenues to obtain the critically-needed operating funds. On March 13, \$16 million of 5.15 percent bonds were issued, per the ceiling set by the new law for the 1974-75 period.

Meanwhile, Measure A, calling for a nine-member elected Board from nine new election districts (replacing the 12-member appointed Board), had passed in the June primaries by a decisive 3:1 average margin in the three BART counties. The November 5 general election saw 138 candidates running in the nine Board contests. Three incumbent Directors (Nello Bianco, Richard Clark, James Hill) were successful in their campaigns.

The last major action under the appointed Board was the November 18

filing of a law suit by the District, seeking over \$200 million in damages from defendants: Parsons, Brinckerhoff-Tudor-Bechtel, Westinghouse Electric Corporation, Rohr Industries, Inc., Bulova Watch Company, and their respective surety companies.

The new Board was sworn into office on December 2 by Alameda County Presiding Judge Spurgeon Avakian. Terms of office were four years. However, to create future staggered terms, it was determined by lot that Directors representing odd-numbered districts would initially serve two-year terms.

On January 21, a "management audit" of the District was presented to the State Senate Public Utilities, Transit and Energy Committee by its consultants, Cresap, McCormick and Paget Inc. Following a series of workshop sessions with the CMP staff, District management was able to report many of the recommendations accomplished or well underway.

A major CMP recommendation was to defer plans for late night service until the reliability of existing service could be improved, particularly through more effective preventive maintenance controls and programs. The new Board of Directors, in complete agreement with the recommendation, deferred late night service — which had been scheduled for spring — to make improvement in system reliability the highest priority objective.

Another CMP recommendation, calling for more flexible procurement procedures, subsequently resulted in the passage of Senate Bill 1151 (Alquist, D-San Jose) in September, 1975. Aimed at cutting expensive delays in procurement, the bill raised the required go-to-bid level from \$3,000 to \$10,000 and the General Manager's contract authority from \$10,000 to \$25,000. It also authorized direct procurement without bidding in emergency situations. Internally, the District procurement activity was reorganized to increase its effectiveness.

On April 25, the new Board held its first major press conference to announce the appointment of Frank C. Herring, Administrator of the U.S. Urban Mass Transportation Administration in Washington, D.C., as District General Manager, effective July 1. He succeeds B.R. Stokes, who resigned as of June 30, 1974, after serving in that post for 11 years. Acting General Manager for the interim period was Lawrence D. Dahms, previously Assistant General Manager - Operations.

Finance Actual funded operating expenses for fiscal 1974-75 were \$49.8 million against an operating budget of

\$52.5 million (amended by Board Action from \$53.8 million). Underspending essentially reflected a postponement of extended service hours. The advent of transbay service resulted in a 150 percent rise in passenger revenues over the previous period, with expected increases in average fares and length of trips (see Operating Statistics).

Major sources of income and expenses are shown in pie charts on page 13, and in the Statement of Operations on page 9. Lesser sources of income included revenues of \$282,800 from District property rentals, leases and sales. Revenues from system concessions — including newsstands, vending machines, parcel lockers and public telephones — totaled \$62,800. Other miscellaneous revenues were: system display advertising \$291,731, parking citations \$23,000, and parking fees \$10,000. A dividend of \$568,545 was received from the Workers' Compensation Insurance carrier — a continuing benefit from the District's construction insurance program which has returned \$5.2 million in dividends to date.

Traction power costs were \$2.3 million. Real estate costs were \$1.6 million, which included closeout of 42 special construction access areas, and acquisition of 23 land parcels, both for right-of-way purposes. Two of the major commercial parcels acquired were for construction of Civic Center Station Entrance #3.

A central issue in the Board's deliberations on the 1975-76 budget during May and June was the widening gap between operating costs and projected revenues — despite extended sales tax revenues from SB 1966. Sharing the Board's grave concern over the unfunded deficit projected into the next period was State Legislative Analyst A. Alan Post. In his June 16 report to the Legislature, Post called on the Board to use "all possible means" to lower the deficit, including deep budget and staff cutbacks, fare increases, and indefinite deferral of night service.

The Board subsequently approved a fiscal 1975-76 budget of \$65.6 million, a severely pared-down figure it considered the absolute minimum required to maintain existing (6 a.m. to 8 p.m. weekdays) service. Late night service, deferred earlier as previously mentioned, was indefinitely deferred in the 1975-76 period, until new funding could be obtained for that special purpose.

At the same time, the Board approved an across-the-board fare increase to be implemented in the next period. (As later specified by the Board, the increases averaged 21 percent. Maximum fares increased from \$1.25 to \$1.45. Minimum fares remained at 30 cents, except in

downtown San Francisco and Oakland, where they were reduced to 25 cents.)

Despite the austere level approved for the next period's budget, and despite higher revenues expected from the coming fare increases, it was clear that the central issue of permanent, stable funding for the District would dominate the 1975-76 fiscal year.

Final approval for federally funded grants and projects was received as follows: \$7.2 million to fund system start-up costs and hardware improvements; and \$3.6 million for design and construction of the Daly City Station parking structure. Tentative approval was received of a \$100,000 grant for system reliability studies by BART's engineering task force teams. AC Transit received a \$2.6 million grant toward the purchase of 36 buses and facilities for five feeder express bus lines it operates for BART between transit stations and outlying East Bay communities.

District Property Tax For funding of administrative expenses and debt service on BART construction bonds, rates (in cents) were set by the Board as follows:

	Admin. Expenses	1975-76 Debt Service	Total Rate	1974-75 Total Rate
Alameda	5.0	42.1	47.1	54.0
Contra Costa	4.7	40.0	44.7	51.2
San Francisco	5.3	44.6	49.9	56.1

NOTE: Property tax rates are per \$100 assessed property value. Different tax rates reflect equalization of varying assessment ratios among counties.

Staffing The total staff increased from 1,696 to 1,937 during the period, reflecting continued build-up of transportation and maintenance areas to support transbay service. Employee minority representation continued to exceed the District population minority ratio of 32%, increasing from 37% to 39.3%.

Of major significance was the Board's adoption in September of a broad new Affirmative Action Program setting forth, among other goals, timetables for increasing representation of minority employees and women employees across job classifications and job levels. An Equal Employment Opportunity Officer was appointed to administer expanding AA activities, along with the AA Officer appointed in the previous period. In October, the new program was approved by the Office of Federal Contract Compliance.

O PERATIONS & SERVICES

The first day of transbay service saw trains crowded with passengers who made their first trip beneath San Francisco Bay with reactions ranging from studied casualness to wide-eyed excitement.



The previous period closed with 64 of the system's 71.5 miles, and 32 of its 34 stations, operational. Twelve trains, generally of four-car consists, were operating between Richmond and Fremont; and six trains, of maximum six-car consists, were operating between Concord and Oakland's MacArthur Station. Four trains, of seven-car consists, were in temporary shuttle service between San Francisco's Montgomery Street Station and the Daly City Station, awaiting the opening of the 7.5-mile transbay tube line. Headways were 10 minutes systemwide. Revenue service continued on the limited schedule of 6 a.m. to 8 p.m. weekdays, in force since the system opened in September, 1972.

The transition from two-station train separation to one-station separation — considered essential to efficient transbay operation — was successfully demonstrated by July, 1974. The California Public Utilities Commission rapidly approved the District plans for transbay operations under computer-controlled one-station separation. The opening day of transbay service was set by the District Board for Monday, September 16. Thus, at long last . . . a crossing beneath the waters of San Francisco Bay was about to become a reality for the public!

The Monday opening of transbay service was preceded by colorful ceremonies on September 14 (Saturday) at the Lake Merritt, Oakland West, and Powell Street stations. Many local and state officials and civic leaders attended the dedication ceremonies, presided over by Oakland's Mayor John Reading and San Francisco's Mayor Joseph Alioto. Four trains shuttled between Montgomery and Coliseum stations from noon to 6 p.m. to introduce the public to its first transbay rides.

With the opening of regular transbay revenue service on September 16, system operations expanded from 22 to 30 trains, in consists up to nine cars. Ten trains operated on each of three routes: Fremont transbay to Daly City, Concord transbay to Daly City, and Richmond (East Bay only) to Fremont. The system's fourth route — Richmond transbay to San Francisco — was not

OPERATING STATISTICS

	FY 1974/75	FY 1973/74
July 1 — June 30, inclusive		
Total Car Miles (revenue service only)	21,465,055	10,758,626
Total Passenger Trips (patronage)	27,876,794	13,960,680
Passenger Miles (estimated)	434,648,927	166,033,664
Ridership Ratio (at period's end)		
Peak	59%	58%
Off-Peak	41%	42%
Net Passenger Revenues (less fare discounts and other adjustments)	\$15,694,768	\$ 6,055,969
Average Passenger Fare (with discount fares considered at full value)	60.3 cents	47.7 cents
Average Trip Length (based on estimated passenger miles which include an allowance for excursion rides)	15.6 miles	11.9 miles

activated. Richmond line patrons transferred to transbay trains at MacArthur Station.

The advent of transbay service immediately increased average daily patronage from 69,000 to 113,622 (58 percent), and peak-hour patronage from 40,433 to 62,536 (54 percent).

Second quarter patronage was up 57 percent over the first quarter, to 122,908 daily. The substantial increase was attributed to transbay service, three World Series games, and extended service hours (to 10 p.m.) for shoppers between November 29 and December 27. BART carried 11,000 fans to and from each World Series game (October 15, 16, 17), which was 23 percent of total game attendance. A record 163,408 for daily ridership was set the day after Thanksgiving (November 29), eclipsing the previous high of 110,104 set the prior year on the same day. Extending service until 10 p.m. during the Christmas shopping season resulted in daily increases of 3,600 to 4,200 trips after 6:30 p.m.

The third quarter saw a 5.7 percent decline in patronage from the second quarter to 116,587. Patronage dropped almost 12,000 from December to February, with 75 percent of the decrease in off-peak ridership. It is difficult to assess all possible factors involved in the off-peak decline. More certain, however, is the adverse impact of frequent service delays, and crowded trains resulting from continued shortages of B-cars, on peak-hour ridership.

Fourth quarter patronage saw a slight daily average increase to 118,895. As seen in the period's operating statistics, transbay service substantially increased the system average fare and average trip length. Surprisingly modest, however, was the estimated increase of daily transbay trips between October and June: 51,465 to 54,359. High month was December with a 126,540 average; low month was February with 114,348.

System Safety The period passed with no accidents in revenue operation. Minor incidents reported in stations and trains declined substantially. A total of \$92,199 was paid out on 164 patron accident claims: 114 in stations, 49 on trains, and one elsewhere. The ratio of reported accidents per million passengers carried decreased 34 percent from previous period, reflecting an intensive program to eliminate, or improve, problem areas causing minor accidents in trains and stations.

The Coliseum Walkway opened for the World Series games (October 15, 16, 17), but was shut down October 18 because of uncomfortable swaying. The

designer, Skidmore, Owings & Merrill, was directed to reinforce the walkway structure, and it is scheduled to re-open by early October, 1975.

On Sunday, January 19, at 10:15 p.m., a nine-car test train collided with a maintenance vehicle, which, due to driver error, was on the wrong mainline track near the Oakland Shop. Maintenance worker Arthur L. Briggs was killed instantly.

On Monday, January 27, at 3 p.m., an A-car was uncoupled from its consist at MacArthur Station. Improperly chocked, it rolled free down the mainline almost to Lake Merritt Station before coming to a stop. No equipment was damaged and no trains were endangered.

Both incidents, although caused by human error, touched off a thorough analysis of existing operating procedures by the District and the California Public Utilities Commission. A new Safety Department was established in February, whose broadened responsibilities included a safety-oriented review of all operating procedures. In April, three task force teams were established to explore and resolve safety-reliability problems in Central Train Control, wayside equipment, and the vehicles. The operating rules manual was completely revised and awaited printing in June.

The District's comprehensive procedures for fires or other major disasters were tested in a simulated train accident on May 31 at the South Hayward Station. The District was cited by a major newspaper as one of the few agencies prepared with such a disaster plan.

The ratio of reported crimes on the system decreased from 149 per million passenger trips in the previous period to 98 this period. Major categories continued to be auto burglary and theft, petty theft, vandalism, and fare evasion. Physical crimes against patrons continued to be rare. BART Police made 401 arrests and regularly apprehended fugitives wanted by other police departments.

Passenger Service Increasing parking problems at a number of stations became a high priority concern of the District. Final design was approved for the Daly City parking structure, which will double the original 800-car capacity of the parking lot. Construction is scheduled to begin in October, 1975, and end in July, 1977. Parking stalls at Hayward were increased by 165 and at Union City by 325. Plans were underway for adding 400 more stalls at South Hayward, 400 at Fremont, 300 at Lafayette, and lesser additions at Concord, Pleas-

ant Hill, Walnut Creek, Orinda and El Cerrito Del Norte.

Reliability of fare equipment continued to be satisfactory. An additional 74 IBM equipment units were installed to increase capacities at 23 stations. IBM then withdrew as equipment supplier. A contract was awarded to Western Data Products, Inc., a subsidiary of Cubic Corporation, for 180 units costing \$6.2 million. In the next period, 163 Cubic units will be installed in 34 stations, including the Embarcadero Station opening in 1976.

An experimental program to encourage car pooling by reserving stalls for pool cars was dropped at Orinda and Lafayette Stations after two months due to lack of interest by the patrons.

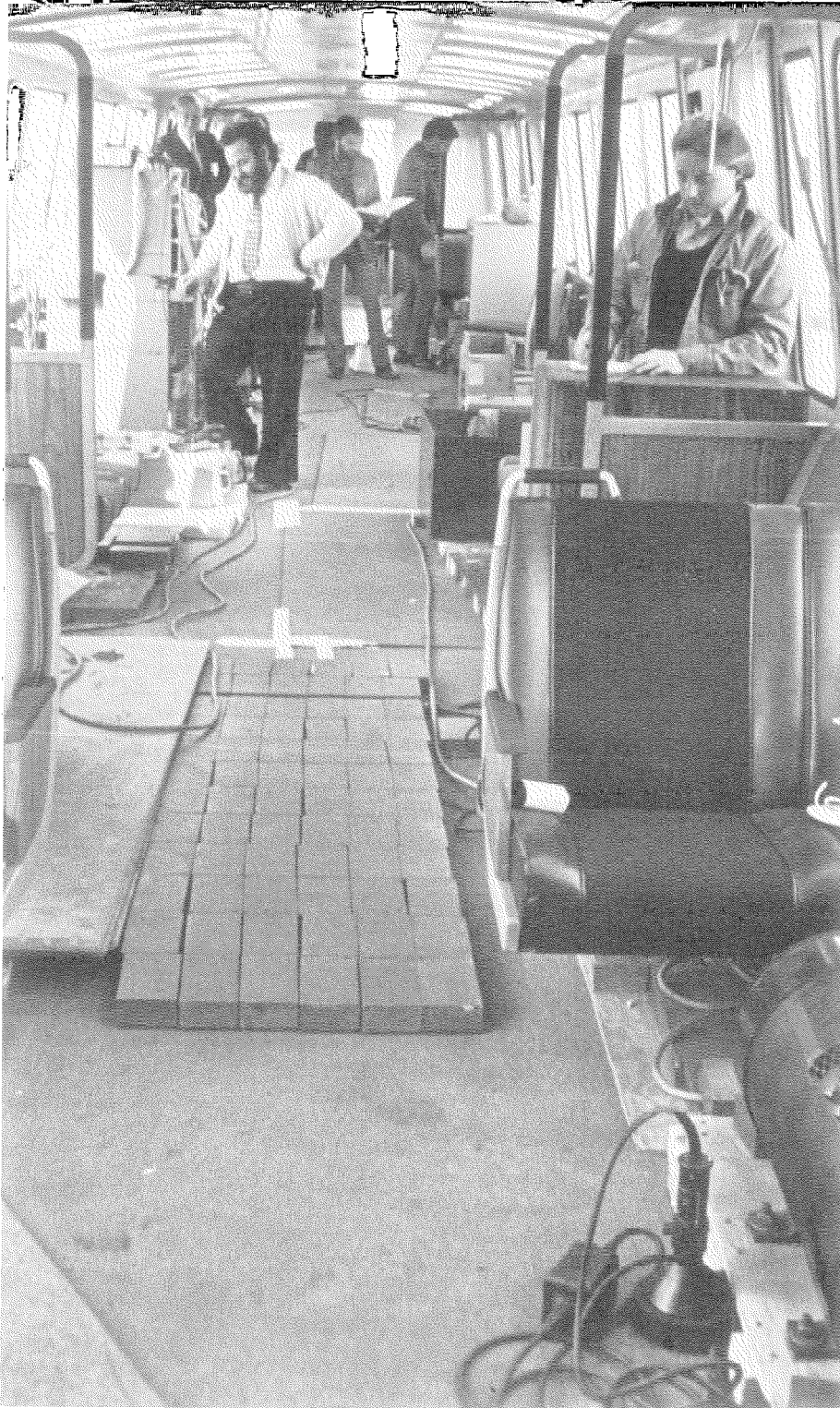
New fare policies were adopted on trial bases by the Board as follows: free rides for children under age five (effective January 24); excursion fares raised from 60 cents to \$1, and the 75 percent discount extended to high school students on chaperoned school tours (both effective February 10); the 75 percent discount extended to persons certified as handicapped, and the existing 75 percent discount for senior citizens raised to 90 percent (both effective July 1).

In January, "Bikes on BART" got underway — an 11-month experimental program to determine if bicycles could be feasibly transported on trains during off-peak hours. Permits were issued to almost 1,000 bicyclists in a closely controlled sign-up program. By June, an average of 110 patrons per week were transporting their bicycles on the system without problems, and the program was considered successful.

As of March 10, two-part Muni bus tickets were available from dispensing machines in BART's eight San Francisco line stations. For the price of one regular Muni fare (25 cents), BART patrons receive tickets for two rides either to or from BART stations.

On December 2, the District began running five express bus lines (contracted out to AC Transit as operator) from BART stations to the areas of Pinole, Dublin, San Ramon, Pleasanton, Livermore, Martinez, Pittsburg, Antioch, and Brentwood. A trial program, the combined daily ridership of the five routes rose from 1,700 in December to 2,400 in May. In June, BART Directors extended the trial program through November, 1975.

Task force teams of BART engineers and outside consultants put in long hours aboard test trains, analyzing complex problems, and working out solutions to improve fleet reliability.



S SYSTEM SUPPORT

Heavy activity continued in the engineering and maintenance areas, aimed at improving system reliability and efficiency, with emphasis on problems involving vehicle and train control components.

The summer months preceding the September 16 start-up of transbay service called for particularly close coordination between transportation and technical personnel to ready the organization for a swift expansion, both in train operations and support activities.

Car availability (i.e. ratio of cars available for revenue service out of total fleet) was the leading common problem shared by transportation, maintenance, and engineering personnel throughout the period. In June, 1974, average daily availability was 45 percent, or 131 out of 291 cars on hand. Availability rose to 150-160 cars during the summer.

Transbay service started at a 200-car level of availability, which continued until November. Availability then fell off to the 180-190 car range in the third quarter, hitting a low of 160 cars during February. From May forward, availability was generally up in the 220-240 range. In the ending month of June, 1975, availability averaged 219 out of the current 408 fleet total (54 percent).

Besides the ongoing shortage of spare parts, low reliability of major components and subsystems was another factor in the period's discouraging car availability levels. Test work and accident damage also kept some cars out of revenue service.

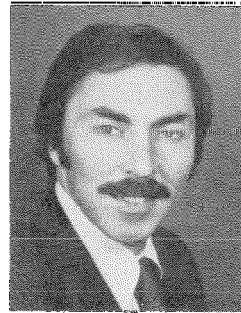
With the system in transbay service and 30 trains operating from October, 1974, to June, 1975, non-scheduled train removals for that period averaged 15 per day. The average rose from 12.7 in October to 17.6 for June. The average for the previous fiscal period was 10.4 trains per day out of 22 operating. (Note: non-scheduled removals can be for minor reasons, such as lost windshield wipers, as well as for major equipment malfunctions.)

Actual round trips completed by all trains (including replacement trains) for the period was 89 percent of the trips scheduled.

Technical Work In October, a special task force of engineers was established

continued on page 7

HARVEY W. GLASSER, M.D., District 4 — Chairperson of Engineering Committee and Vice Chairperson of Administration Committee in 1975. Bay Area resident since 1959. Founder and President of California Health Services, a hospital consulting and management firm in Alameda. Ardent conservationist and outdoorsman; member of Sierra Club,



Oceanic Society, and the Commonwealth Club. Board member of the Exploratorium, San Francisco. Former President and Board Chairman of the Wright Institute, Borkoloy. Born and raised in Chicago and nearby Glencoe. Attended University of Illinois and Sorbonne

in Paris. Graduated from University of Chicago School of Medicine in 1959. Served residencies in psychiatry at Stanford University Hospital, Palo Alto, and Mt. Zion Hospital, San Francisco. Also served for two years in U.S. Public Health Service hospitals at Staten Island, New York, and Lexington, Kentucky. Resides in Alameda with wife Cynthia and three children.

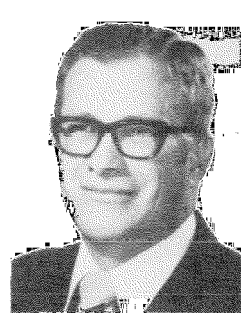
ROBERT S. ALLEN, District 5 — Engineering Cost Analyst for Southern Pacific's Western Division. Formerly Classification Analyst at University of California's Lawrence Livermore Laboratory; in engineering and operations with the Denver & Rio Grande Western Railroad; and Civilian Administrative Assistant with the Colorado National Guard. Chairman



of Board of Control for Livermore-Pleasanton BART rail extension. Member of American Railway Engineering Association (AREA) and its Committee on Systems Engineering. Elder and Priesthood Chorister, Livermore 2nd Ward, the Church of Jesus Christ of Latter-day

Saints (Mormon). Treasurer of American Taxpayers Union Local #115 and Alameda County Central Committee, American Independent Party. Active in Scouting. Born in Chicago. Attended Rensselaer Polytechnic Institute in Troy, New York; received Bachelor of Science degree in accounting from the University of Colorado at Boulder; graduate business studies, Brigham Young University, Provo, Utah. Livermore resident with his family since 1958.

JOHN W. GLENN, District 6 — Member of Administration and Special Ways and Means committees in 1975. Widely known as a transit specialist and articulate industry spokesman in the insurance adjuster field. Founder and President of John Glenn, Adjustors, whose claims business is mostly with transportation companies through offices in Oakland, San



Rafael, and Portland, Oregon. Other business interests include The Royal Nu-Foam Corporation in Oakland, a California almond orchard, the Glen Cove Marina, and an apartment complex and industrial park in Richland, Washington. Associated with Transit Casualty Company

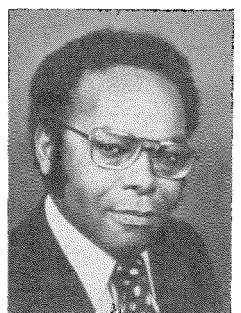
for 14 years, and was its northern California divisional claims manager prior to founding own firm in 1966. Born in Puxico, Missouri. Served in U.S. Maritime Service 1945-48. Bachelor of Science degree in marketing from Southeast Missouri State University in 1952; graduate business studies at University of Missouri and California State University at Hayward. Resides in Fremont with wife Betty and their three children.

MS. ELLA HILL HUTCH, District 7 — Chairperson of the Administration Committee, Vice Chairperson of the Public Information and Legislation Committee, and member of the Special Ways and Means Committee during 1975. Has served on the staff of a major trade union organization in San Francisco since 1953. A member of the Office and Professional



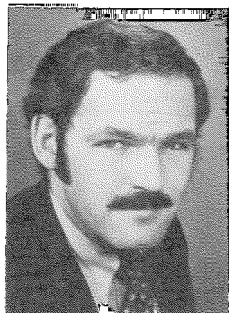
Employees International Union, Local 29, and active in a wide range of social and political causes and organizations. A member of the Democratic County Central Committee since 1966, and currently its Vice Chairperson of Issues and Resolutions. Also a member of the State Democratic Party's Central Committee and Affirmative Action Task Force. A Trustee of the Glide Foundation, and one of the founders of the Black Women Organized for Political Action. Born in Kissimmee, Florida. Studied in the areas of business and sociology at City College of San Francisco, and California State University at San Francisco. Resides in San Francisco.

ELMER B. COOPER, District 8 — Vice President of the elected board in 1975 and member of all standing committees. President of Cooper & Company, a San Francisco firm specializing in urban policy planning, education consulting, and investment management. Former positions: Staff Assistant to U.S. Congressman Charles S. Joelson and House Speaker John McCormick; Dean of Students, California State University at San Francisco 1968-69; Assistant Chancellor, Michigan State University, Michigan, 1970-72. Heads three national organizations in field of urban planning and education. Active in several U.S. senatorial cam-



paigns and California Coastline initiative in 1972. Affiliations include Common Cause, Sierra Club, California Tomorrow, Bay Area Urban League, Save-the-Redwoods League, Commonwealth Club, and California Academy of Sciences. Born in Paterson, New Jersey. Attended universities in Washington, D.C. and Ann Arbor, Mich. San Francisco resident.

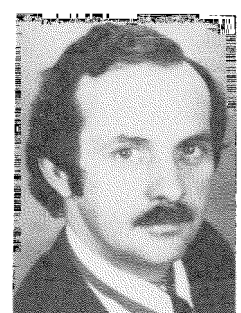
JOHN H. KIRKWOOD, District 9 — Vice Chairperson of the Special Ways and Means Committee and member of Engineering Committee in 1975. Formerly served as transit advisor to the San Francisco Planning & Urban Renewal Association (SPUR). Co-authored a long-range analysis of San Francisco's transportation needs, called "Building A New Muni." Played



an active role in the Sacramento-Stockton Bay Area Corridor Study, and the "BART Trails" study (bicycle and hiking pathways coordinated with BART). Affiliations include: Bay Area Electric Railway Association, the National Association of Railway Passengers, California

Tomorrow, Planning and Conservation League, and the World Affairs Council. Born in Palo Alto and raised in Saratoga, Sacramento and San Francisco areas. Graduated from Stanford University with a Bachelor of Arts degree. Resides in San Francisco.

JAMES D. HILL, District 1 — Appointed to the Board February 13, 1974, by the Contra Costa Mayors' Conference. Chairperson of Public Information & Legislation and Special Ways & Means committees, and Vice Chairperson of the Engineering Committee in 1975. Formerly held series of Walnut Creek posts: Mayor, 1973-74; Vice Mayor and Councilman,



1972-73; Chairman and Vice Chairman of Planning Commission, 1969-72. Attorney in private law practice in Bay Area since 1962. Member of Commonwealth Club and active in other professional and civic organizations, and has authored articles for legal journals in areas of

real estate, trusts and estate law. Formerly, Director of the Contra Costa Chapter of the American Cancer Society, in Cub Scouts, and Toastmasters International. Born in Muskogee, Oklahoma. Received Bachelor of Arts degree from University of Nevada, and Juris Doctor degree from the University of Denver. Resides in Walnut Creek where he has law practice.

NELLO J. BIANCO, District 2 — Appointed to the Board September 23, 1969, by Contra Costa Supervisors, and is now its senior member. President in 1974 of last appointed Board, Vice President in 1973. Member of Public Information & Legislation and Special Ways & Means committees, also alternate on Administration Committee, in 1975. Chairperson of



Board of Control which directed BART extension study in Pittsburg-Antioch area. A Richmond businessman, and formerly very active Councilman in that city. Initiated the District's association with the University of California Lawrence Berkeley Laboratory, which

has been a major factor in solving technical problems on the system. Currently is a Director of the American Public Transit Association, Richmond Boys' Club of America, and East Bay Chapter of the National Safety Council. Born in Weed, California, and attended Golden Gate College in San Francisco. Resides in Richmond with wife Betty and three children.

RICHARD O. CLARK, District 3 — Appointed to the Board on March 4, 1970, by the Mayor's Conference of Alameda County. First President of the elective Board in 1975, member of all standing committees. Currently serving four-year term as a member of the California Department of Transportation Advisory Committee. Formerly served on the Executive Committee



of the Association of Bay Area Governments; formerly served as Mayor, Vice Mayor, and Councilperson of the City of Albany. Other community affiliations include the March of Dimes, American Cancer Society, Parent-Teacher Association, and Chamber of Commerce. Business: real estate and economic development consultant, Oakland. Born in Kansas City, Missouri. Attended public schools in Oakland and Piedmont; graduated from St. Mary's College, Moraga, with Bachelor of Arts degree in history. Resident of Alameda County for 40 years. Lieutenant Colonel, U.S. Marine Corps Reserve, and commanding officer of a transport helicopter squadron.

ELECTED BOARD OF DIRECTORS

San Francisco Bay Area Rapid Transit District



The first elected Board of Directors in the history of the District succeeded the previous appointed Board as of 12 o'clock noon on November 29, 1974. The nine members of the Board were elected on November 5 directly by the people of the nine voting districts shown on centerspread map. Directors' terms expire on November 26, 1976 for odd-numbered districts, and on November 24, 1978 for even-numbered districts. After the 1976 elections, all Directors' terms will be four years.

to intensify investigation of vehicle reliability problems which had been keeping half the BART fleet out of revenue service. In April, this effort was expanded into three larger task forces with a total of 35 engineers, including eight specialists from Lawrence Berkeley Laboratory. Progress was reported by period's end in the general areas of (1) central control; (2) wayside train control and detection equipment; and (3) vehicle systems for propulsion, train controls, door controls, and braking. With short-range as well as long-range goals, the task forces expect to make measurable gains in system-vehicle reliability by the next period's end.

The Hayward Test Track was nearing completion by period's end, and was scheduled for activation by October, 1975. The new facility is expected to speed the problem-solving work of the task force teams, as well as modifications and day-to-day repair work on the fleet.

Improvements to the 1,000-volt D.C. traction power distribution system included increased sub-station capacities, and modifications to prevent previous failures of gap-breaker equipment. In December, discussions accelerated with the supplier, General Electric Company, regarding the cause and solution to several gap-breaker and related equipment failures which had occurred on the system.

Well underway by period's end was systemwide installation of an improved "diode array" grounding system, which will reduce stray current effects of traction power equipment on nearby metal structures.

The \$1.3 million SOR (Sequential Occupancy Release) system was tested

systemwide in April. Despite some minor reliability problems to be corrected, it was found to be satisfactory as an additional train protection (anti-collision) system. When satisfactorily demonstrated in conjunction with train stopping capabilities under adverse weather conditions, the SOR will allow headways shorter than the one-station separation constraint now in effect.

Maintenance Major effort was aimed at improving both administrative controls and technology in the complex area of fleet maintenance. A new, computerized method of maintaining (on a daily basis) "performance profiles" for each vehicle was activated. Preventive maintenance work was reorganized throughout the fleet for greater workload efficiencies. In January, a five-man team was assigned to improve parts planning, inventory and procurement procedures in an effort to reduce vehicle downtime caused by lack of critical parts.

Vehicle reliability problems centered around propulsion and braking systems, wheel-on-axle movement, door and cab controls, air conditioning compressors, and motor alternators. The heavy demands on car repair areas led to improved troubleshooting equipment and new efficiencies in shop and yard operation in order to handle larger workloads.

Wayside equipment malfunctions (causing false track occupancy signals in the train control system) were reduced by 40 percent through extensive engineering and maintenance work.

Additional work was done to improve the system's complex network of communications for trains, stations, maintenance, police, plus equipment and

surveillance alarm systems. All subway-tunnel train radio antennas were re-anchored.

Improvement work in stations included design of platform windscreens and trackway (under-train) sprinkler systems, and installation of bus shelters. Station lighting was improved, and reduced where feasible, to conserve energy. Escalators were subject to heavy vandalism and required extensive maintenance to keep them operable.

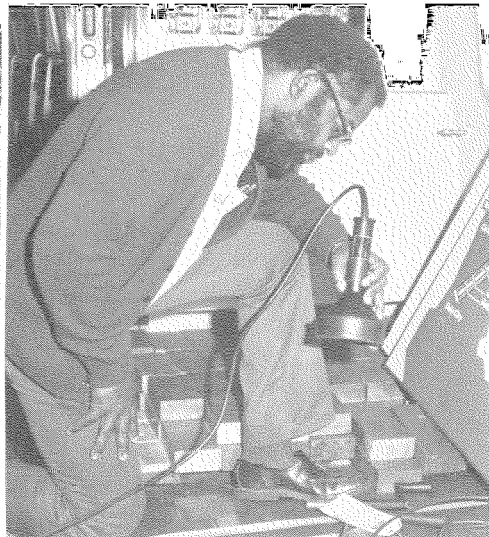
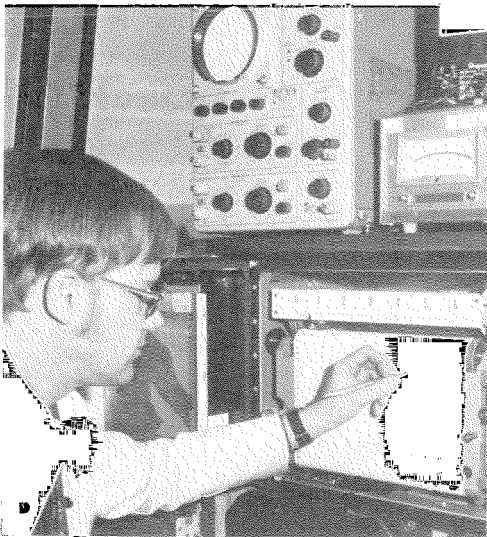
The West Portal (Muni) Station and Daly City parking structure designs were revised to effect further economies.

Construction Status of the entire BART project at period's end was 236 construction contracts completed at a cost of \$720 million. Construction-in-progress was valued at \$94.9 million, of which seven contracts valued at \$3.3 million were awarded during the period. Total value of all system facilities and equipment was estimated at \$1.621 billion.

Major projects completed were the Coliseum Walkway and the Civic Center Station Entrance #3.

Major construction work continued to center around the Outer Market subway BART is building for initial use by the San Francisco Municipal Railway (Muni). Status of major work in progress: Church Street (Muni) Station (96%), Castro Street (Muni) Station (92%), Embarcadero Station Completion (90%), and Hayward Test Track (94%). Muni Outer Market trackwork was completed. Electrification and signalization work was begun by Muni.

At District's new Hayward Test Track, the task force effort brings many kinds of engineers together to bear upon specific problems. Below: (left) Lead Mechanical Engineer Ray Crist checks recorder aboard test train; (center) Electronics Engineer Samuel Batiste checks another test installation; (right) Task Force Leader Tony Venturato discusses recorder readout with Transportation Supervisor B.J. Fraley.



F INANCIAL STATEMENTS

Balance Sheet

	June 30	
	1975	1974
Assets		
Cash (including time deposits of \$4,770,000 and \$24,728,000)	\$ 6,028,931	\$ 25,963,349
U.S. Treasury securities (Note A)	11,195,000	14,635,000
Federal Agency securities (Note A)	29,891,472	33,386,182
Other securities (Note A)	3,775,878	—0—
Deposits, notes and miscellaneous receivables	13,432,244	17,988,746
Construction in progress (Notes A and H)	14,430,952	59,127,982
Facilities, property and equipment (Notes A and B)	1,457,249,819	1,326,153,715
Accumulated depreciation and amortization (Notes A and B)	(48,038,470)	(22,026,578)
Materials and supplies, at average cost	4,558,183	1,880,154
Debt service funds, net assets (including time deposits of \$65,668,000 and U.S. Treasury and Federal Agency securities of \$6,598,765 in 1975 and \$54,482,900 and \$13,290,686 in 1974) (Notes C and D)	73,720,529	70,378,183
	<u>\$1,566,244,538</u>	<u>\$1,527,486,733</u>
Liabilities and Capitalization		
Construction contracts and other liabilities	\$ 32,667,460	\$ 45,491,205
Unearned fare revenue	797,242	587,135
Payable to State of California (Note F)	39,110,538	39,110,538
Sales Tax Revenue Bonds (\$24,000,000 authorized) (Note D)	16,000,000	—0—
Debt service funds (Notes C and D)	73,720,529	70,378,183
	<u>162,295,769</u>	<u>155,567,061</u>
Contingencies (Note I)		
Capitalization:		
Reserve for self-insurance (Note G)	6,000,000	6,000,000
General Obligation Bonds (\$812,500,000 authorized) (Note C):		
Bonds outstanding	\$762,980,000	775,450,000
Bonds matured and retired	<u>41,020,000</u>	<u>28,550,000</u>
	<u>804,000,000</u>	<u>804,000,000</u>
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note D):		
Bonds outstanding	69,395,000	101,350,000
Bonds matured and retired	<u>80,605,000</u>	<u>48,650,000</u>
	<u>150,000,000</u>	<u>150,000,000</u>
U.S. Government Grants (Note E)	254,047,780	197,641,477
State of California Grant (Note F)	116,902,462	116,902,462
Contributions from others	15,300,356	7,140,035
Depreciation and amortization of assets acquired with contributions by others (Note A)	<u>(13,008,072)</u>	<u>(5,550,698)</u>
	<u>373,242,526</u>	<u>316,133,276</u>
Accumulated net revenues before depreciation and amortization	105,736,641	112,262,276
Depreciation and amortization of assets acquired with own funds	<u>(35,030,398)</u>	<u>(16,475,880)</u>
	<u>70,706,243</u>	<u>95,786,396</u>
	<u>1,403,948,769</u>	<u>1,371,919,672</u>
	<u>\$1,566,244,538</u>	<u>\$1,527,486,733</u>

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

Statement of Operations

	Year Ended June 30	
	1975	1974
Revenues:		
Operating revenues:		
Fares	\$17,211,689	\$ 6,655,808
Less discounts, transfers and other deductions	(1,219,600)	(599,839)
	15,992,089	6,055,969
Financial assistance — Transportation Development Act of 1971	729,544	807,000
Other	461,789	187,942
	17,183,422	7,050,911
Taxes	4,410,322	4,051,726
Interest and other	5,840,296	9,010,468
	27,434,040	20,113,105
Expenses:		
Transportation	11,157,482	7,646,011
Maintenance and quality control	24,056,905	15,833,084
Police services	2,025,272	1,910,689
Construction and engineering	3,611,599	2,393,925
General and administrative	9,005,778	6,119,005
	49,857,036	33,902,714
	22,422,996	13,789,609
FUNDED EXCESS OF EXPENSES OVER REVENUES		
Unfunded costs:		
Depreciation and amortization of all assets	26,011,892	22,026,578
Less depreciation and amortization of assets acquired with contributions by others (Note A)	(7,457,374)	(5,550,698)
	18,554,518	16,475,880
NET OPERATING LOSS	\$40,977,514	\$30,265,489

Statement of Accumulated Net Revenues

Accumulated net revenues at beginning of year	\$95,786,396	\$94,492,405
Less net operating loss	(40,977,514)	(30,265,489)
	54,808,882	64,226,916
Add:		
Start-up costs and construction overhead capitalized (Note A)	15,897,361	22,401,581
Reduction in reserve for self-insurance	—0—	9,157,899
Accumulated net revenues at end of year	\$70,706,243	\$95,786,396

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

FINANCIAL STATEMENTS CONTINUED

Statement of Revenues, Expenses, and Fund Balances of Debt Service Funds

	Year Ended June 30, 1975			Year Ended June 30, 1974 Combined
	General Obligation Bonds	Sales Tax Revenue Bonds	Combined	
Revenues:				
Property taxes	\$44,216,251	\$ —0—	\$44,216,251	\$43,794,213
Transactions and use taxes received	—0—	35,828,843	35,828,843	35,326,319
Bond proceeds advanced	—0—	1,248,000	1,248,000	—0—
Interest	2,158,833	4,016,178	6,175,011	5,545,973
	<u>46,375,084</u>	<u>41,093,021</u>	<u>87,468,105</u>	<u>84,666,505</u>
Less:				
Matured interest	33,766,121	5,387,324	39,153,445	41,585,296
Matured or retired principal	12,470,000	31,955,000	44,425,000	37,410,000
Bond service expense	—0—	50,028	50,028	64,221
Bond premium	—0—	497,286	497,286	404,953
	<u>46,236,121</u>	<u>37,889,638</u>	<u>84,125,759</u>	<u>79,464,470</u>
	138,963	3,203,383	3,342,346	5,202,035
Balance at beginning of year	19,449,046	50,929,137	70,378,183	65,176,148
Balance at end of year	<u>\$19,588,009</u>	<u>\$54,132,520</u>	<u>\$73,720,529</u>	<u>\$70,378,183</u>

Statement of Changes in Financial Position

	Year Ended June 30	
	1975	1974
Financial Resources Were Used for:		
Operations:		
Net operating loss	\$ 40,977,514	\$ 30,265,489
Noncash expense — depreciation and amortization	(18,554,518)	(16,475,880)
FUNDS USED IN OPERATIONS	22,422,996	13,789,609
Additions to construction in progress and facilities, property and equipment	71,228,136	82,149,014
Bond principal	44,425,000	37,410,000
Bond interest	39,153,445	41,585,296
Decrease (increase) in construction contracts and other liabilities	12,823,745	(3,860,521)
Increase in debt service funds (net of \$1,248,000 bond proceeds advanced in 1975)	2,094,346	5,202,035
Bond premium	497,286	404,953
Other	1,791,527	502,455
	<u>\$194,436,481</u>	<u>\$177,182,841</u>
Financial Resources Were Provided by:		
Grants from U.S. Government	\$ 56,406,303	\$ 41,484,005
Property taxes	44,216,251	43,794,213
Transactions and use taxes	35,828,843	35,326,319
Decrease in cash and securities	23,093,250	39,641,355
Sales Tax Revenue Bonds issued	16,000,000	—0—
Contributions from others	8,160,321	2,478,809
Interest on investments	6,175,011	5,703,872
Decrease in deposits, notes and miscellaneous receivables	4,556,502	8,395,268
Grants from State of California	—0—	359,000
	<u>\$194,436,481</u>	<u>\$177,182,841</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 1975 and 1974

NOTE A — Summary of Significant Accounting Policies

The San Francisco Bay Area Rapid Transit District is a political subdivision of the State of California created by the Legislature in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with the State of California and the United States Government.

The District receives an allocation of property tax revenues for purposes of providing for general and administrative expenses not involving construction in progress.

Securities are carried at cost which approximates market.

The cost of acquisition and construction of rapid transit facilities is recorded in construction in progress and represents amounts paid or owing to contractors including amounts provided by State and Federal grants for construction purposes. As facilities are completed and become operative, the District transfers them to facilities, property and equipment accounts.

Depreciation on facilities, property and equipment is computed using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with the District's own funds is distinguished from the amount of depreciation of assets acquired with contributions by others, and the latter amount is shown on the balance sheet with the related contributions. This format follows the recommendations for public transportation systems in the Industry Audit Guide "Audits of State and Local Governmental Units" prepared by the Committee on Governmental Accounting and Auditing and issued by the AICPA in September 1973.

Accounting policies for General Obligation Bonds (Note C), Sales Tax Revenue Bonds (Note D), Government Grants (Notes E and F), reserve for self-insurance (Note G) and construction in progress (Note H) are described in separate footnotes.

Since 1966, the District consistently has capitalized, as part of pre-full revenue operating expenses, certain start-up costs. The amount so capitalized for the year ended June 30, 1975, is \$10 million (\$15 million in 1974).

Certain reclassifications have been made in the 1974 financial statements to conform to the classifications used in 1975.

NOTE B — Facilities, Property and Equipment

Facilities, property and equipment (stated at cost), asset lives, and accumulated depreciation and amortization at June 30, 1975 are summarized below:

	Cost	Lives (Years)	Accumulated Depreciation and Amortization
Land	\$ 105,372,869	Nondepreciable	
Improvements	1,023,807,659	80	\$25,198,775
Systemwide operation and control	83,958,497	20	8,232,844
Revenue transit vehicles	136,599,148	30	7,190,387
Service and miscellaneous equipment	8,279,442	3 to 20	1,430,239
Pre-full revenue operating expenses	94,174,492	30	5,705,389
Repairable property items	5,057,712	30	280,836
	<u>\$1,457,249,819</u>		<u>\$48,038,470</u>

NOTE C — General Obligation Bonds

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds. Bonds

amounting to \$752,450,000 were outstanding at June 30, 1975, with principal maturities from 1976 to 1999. Payment of both principal and interest is provided by the levy of Districtwide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that City. Special Service District No. 1 Bonds amounting to \$10,530,000 were outstanding at June 30, 1975, with principal maturities from 1976 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal of \$14,025,000 General Obligation Bonds and \$280,000 Special Service District No. 1 Bonds mature on June 15, 1976. Interest of \$16,295,765 on General Obligation Bonds and \$237,858 on Special Service District No. 1 Bonds is payable on December 15, 1975. The composite interest rate on bonds currently outstanding is 4.12%.

NOTE D — Sales Tax Revenue Bonds

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000. Bonds amounting to \$69,395,000 were outstanding at June 30, 1975, with principal maturities from 1976 to 1980. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the Transactions and Use Tax authorized by the 1969 Legislature and from moneys received by the District from other sources, in lieu of Transactions and Use Tax proceeds, if legally made available. The bonds maturing on or after January 1, 1976, are redeemable prior to maturity at the option of the District on various dates at prices ranging from 104% to 100%. The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1 and principal annually on January 1. Principal of \$13,665,000 matures on January 1, 1976, and interest of \$1,893,933 is payable on July 1, 1975. The composite interest rate on bonds currently outstanding is 6.49%. On July 1, 1975, bonds in the amount of \$19,495,000 were called prior to maturity.

The State Legislature extended the one-half per cent Transactions and Use Tax until December 31, 1977, or until the District has received \$82.2 million over and above the amount required to pay principal and interest on the earlier outstanding Sales Tax Revenue Bonds, whichever is sooner. The additional revenues are to be used for operational purposes including the liquidation of operating deficits. The District is authorized to issue negotiable bonds secured by such revenues in amounts not to exceed \$16 million in fiscal 1974/1975 and \$8 million in fiscal 1975/1976. Sales Tax Revenue Bonds of 1975 in the amount of \$16 million were outstanding at June 30, 1975, with principal maturities of \$8 million on January 1, 1977 and January 1, 1978. Interest of \$416,000 is payable on July 1, 1975. The composite interest rate on bonds currently outstanding is 5.15%.

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period April 1 to June 30, 1975, will be approximately \$8,700,000, of which none had been received by the trustee or recorded by the District at June 30, 1975.

NOTE E — U.S. Government Grants

The U.S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle and other procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CA-03-0004) for construction of three Market Street Station mezzanines, two street plazas and street extensions, and a grant to the City of Berkeley (CA-03-0009) in connection with the construction of subway extensions within Berkeley. The following grants were in force as of June 30, 1975:

San Francisco Bay Area Rapid Transit District

NOTES TO FINANCIAL STATEMENTS CONTINUED

Project — Purpose	Maximum Grant	Funds Received
Beautification Grants:		
CALIF-BD-1	\$ 447,953	\$ 360,000
CALIF-B-160	260,253	260,253*
CALIF-B-163	499,296	499,296*
OS-CA-09-39-1074	838,565	749,470
	<u>2,046,067</u>	<u>1,869,019</u>
Demonstration Grants:		
CA-06-0021 (Transit Design)	6,157,256	6,157,256*
CA-06-0023 (Fare Collection)	922,997	922,997*
CA-06-0026 (Transit Hardware)	761,568	761,568*
CA-06-0032 (Prototype Vehicles)	5,000,000	4,500,000
	<u>12,841,821</u>	<u>12,341,821</u>
Capital Grants — Construction and Procurement:		
CA-03-0006	12,867,862	12,867,862*
CA-03-0011	13,103,910	13,103,910*
CA-03-0015	25,939,945	25,939,945*
CA-03-0019	88,000,000	81,394,957
CA-03-0047	1,000,000	778,000
CA-03-0052	38,136,666	26,618,000
CA-03-0058	1,700,000	1,470,000
CA-03-0059	61,845,066	45,254,666
CA-03-0069	28,906,133	10,736,000
CA-03-0083	1,172,000	268,000
	<u>272,671,582</u>	<u>218,431,340</u>
CA-03-0004 (San Francisco)	19,902,430	16,672,600
CA-03-0009 (Berkeley)	4,733,000	4,733,000*
	<u>297,307,012</u>	<u>239,836,940</u>
	<u>\$312,194,900</u>	<u>\$254,047,780</u>

*Project completed.

NOTE F — State of California Grant

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June 30, 1975, the District had received \$172,513,000 of which \$55,610,538 is repayable to the State of California for the tube approaches. Reimbursement will be fulfilled by application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24 and by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978.

NOTE G — Reserve for Self-Insurance

The reserve for self-insurance is presently limited, by resolution of the Board of Directors of the District, to a maximum of \$6 million to provide for the uninsured portion of general liability and property damage and workmen's compensation exposure. Policies for excess risks are in effect with major insurance carriers.

NOTE H — Construction in Progress

During the years, construction in progress decreased as follows:

	Year Ended June 30	
	1975	1974
Balance at beginning of year	\$ 59,127,982	\$562,279,087
Add:		
Construction	67,403,872	82,120,740
Real estate acquired	499,926	606,616
Utility relocation	333,570	(46,732)
Pre-full revenue operating expenses	12,790,896	21,874,681
Other	6,860,323	837,125
Less:	87,888,587	105,392,430
Rental income and proceeds from sales of real estate	232,636	174,230
Transfers to facilities, property and equipment	130,226,035	607,726,380
Transfers to materials and supplies	2,030,860	705,261
Other transfers	96,086	(62,336)
	<u>132,585,617</u>	<u>608,543,535</u>
	<u>44,697,030</u>	<u>503,151,105</u>
Balance at end of year	\$ 14,430,952	\$ 59,127,982

An analysis of project costs, based upon information available at June 30, 1975, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,621,340,000 (including \$179,878,000 for the transbay tube being financed by the State of California and \$160,829,000 for transit vehicles being financed by Federal grant funds and other District sources). Presently, the final cost of the system cannot be determined, as future economic conditions, resolution of pending contractors' claims (Note I) and delay in start of full revenue operations may have a significant effect on the final cost of the system. Initial operation of the system began in September 1972. All 71 miles of rapid transit line were in regular passenger service on September 16, 1974.

NOTE I — Litigation and Other Disputes with Contractors

The District has filed suit against its consulting engineer, Parsons, Brinckerhoff-Tudor-Bechtel (PB-T-B), two of its primary contractors, Rohr and Westinghouse, a subcontractor, Bulova, and the primary contractors' respective sureties, seeking in damages approximately \$88 million from PB-T-B, \$41 million from Rohr, \$55 million from Westinghouse, \$4.5 million from Westinghouse, Bulova and PB-T-B, and in addition, \$50 million for loss of revenue from Rohr, Westinghouse, and PB-T-B. Special Trial Counsel is unable to comment on the District's ultimate recovery under this action. Some of the defendants may enter cross-claims against the District. The ultimate liability, if any, with respect to such cross-claims is unknown.

In addition, contractor claims amounting to approximately \$28 million have been submitted to the District. It is anticipated that additional such claims will be submitted in the future. Special Trial Counsel is unable to comment on the District's ultimate liability, if any, for these claims since they involve substantial factual and legal disputes which have not yet been fully analyzed.

Report of Independent Accountants

September 26, 1975

Board of Directors
San Francisco Bay Area Rapid Transit District
Oakland, California

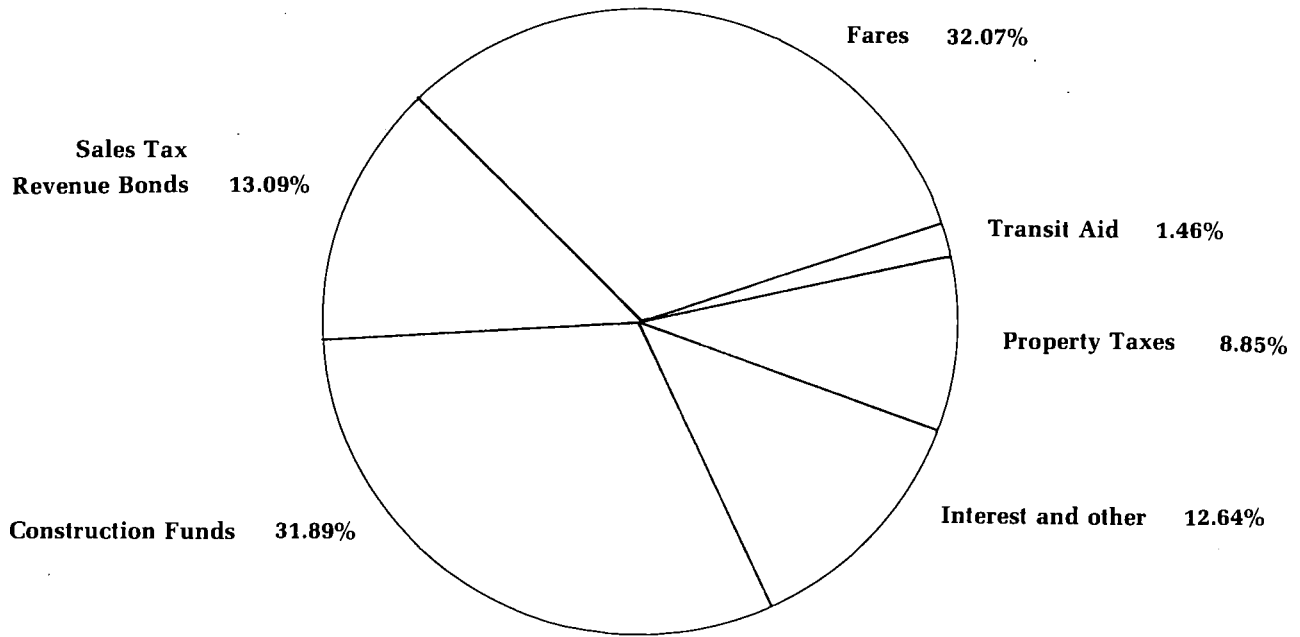
We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1975 and 1974, and the related statements of operations, accumulated net revenues, revenues, expenses and fund balances of debt service funds, and changes in financial position for the years then ended. 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.

As explained in Note A, certain pre-full revenue operating costs amounting to \$10,000,000 in 1975 and \$15,000,000 in 1974, which were incurred after achieving substantial revenue operations, were capitalized in the years ended June 30, 1975 and 1974. Under generally accepted accounting principles, these costs should not be capitalized. As a result, facilities, property and equipment and accumulated net revenues at June 30, 1975 and 1974 are overstated by these amounts.

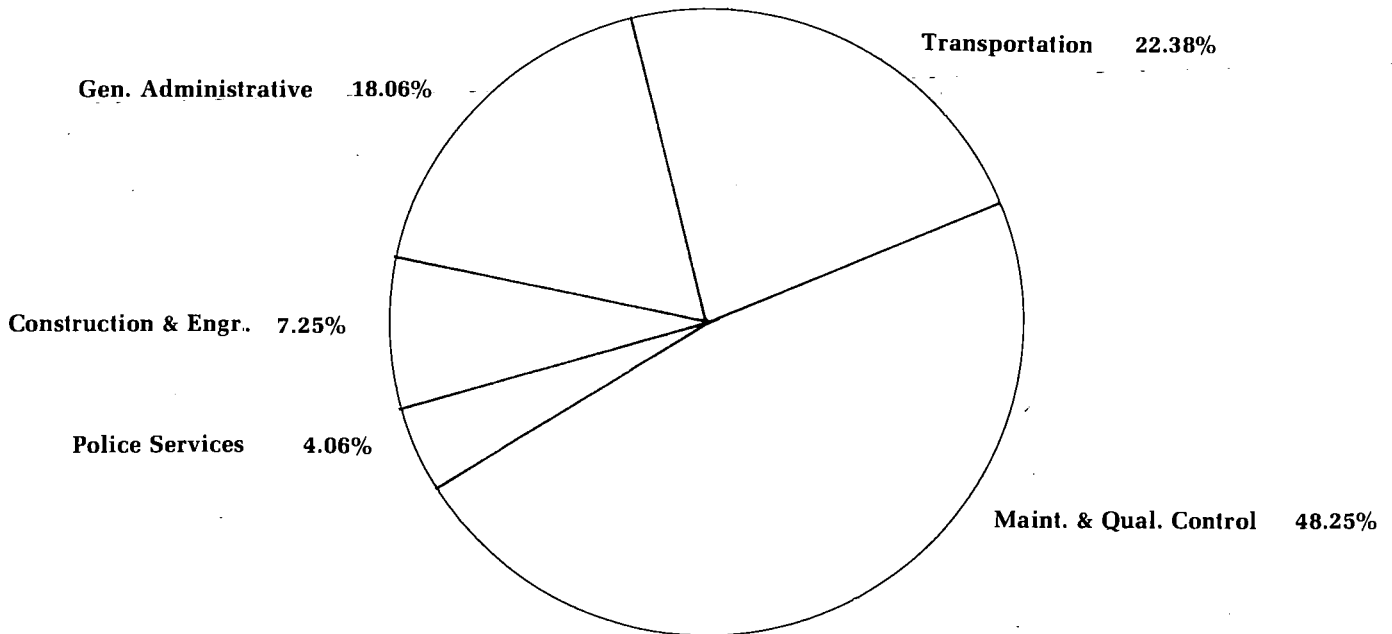
In our opinion, except for the effects of capitalizing the pre-full revenue operating costs as discussed in the preceding paragraph, the aforementioned financial statements present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1975 and 1974, and the results of its operations, revenues, expenses and fund balances of debt service funds, and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Joude Ross & Co.
Certified Public Accountants

WHERE OPERATING FUNDS CAME FROM:



HOW FUNDS WERE SPENT:





San Francisco Bay Area Rapid Transit District

This Annual Report for the period July 1, 1974 to June 30, 1975 is published by the District pursuant to Article 28770 of the State of California Public Utilities Code. District Headquarters are located at 800 Madison Street, Oakland, California 94607. Telephone 415-465-4100.



BAY AREA RAPID TRANSIT DISTRICT
800 Madison Street
Oakland, California 94607
Telephone 465-4100

ELMER B. COOPER
PRESIDENT

NELLO J. BIANCO
VICE PRESIDENT

FRANK C. HERRINGER
GENERAL MANAGER

DIRECTORS

JAMES D. HILL
1ST DISTRICT

NELLO J. BIANCO
2ND DISTRICT

RICHARD O. CLARK
3RD DISTRICT

HARVEY W. GLASSER, MD.
4TH DISTRICT

ROBERT S. ALLEN
5TH DISTRICT

JOHN GLENN
6TH DISTRICT

ELLA HILL HUTCH
7TH DISTRICT

ELMER B. COOPER
8TH DISTRICT

JOHN H. KIRKWOOD
9TH DISTRICT

March 30, 1976

Dear Fellow Employee:

Enclosed is your personal copy of the District's 1974/75 Annual Report. Its contents cover significant developments during the period, as well as report on our stewardship of public funds. I hope that this report will be both interesting and informative to you and your family.

For the first time, we are providing a map of the nine election districts represented by our Board of Directors. The map and biographical data on each Director are in the center pages of the report and should be a useful reference.

Our current fiscal year, as the previous 1974/75 period, is not without problems -- the most pressing being a permanent legislative solution to our financial needs. We are making significant progress on this, and other areas of past concern; and, with your support, I expect that we will continue to show steady improvement.

Sincerely,

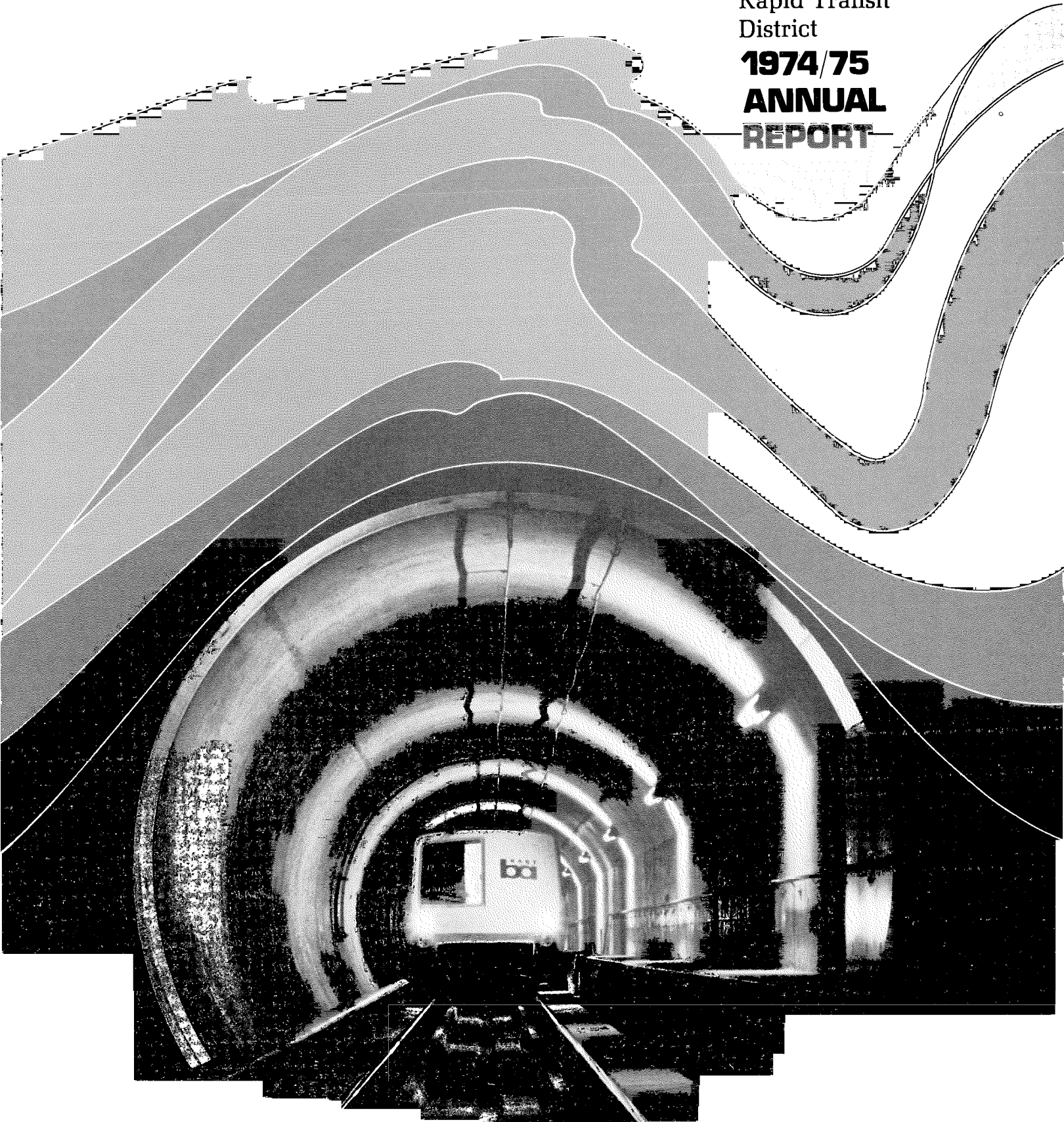
A handwritten signature in black ink, appearing to read "Frank C. Herringer", with a long horizontal flourish extending to the right.

Frank C. Herringer
General Manager

Enclosure

San Francisco
Bay Area
Rapid Transit
District

**1974/75
ANNUAL
REPORT**



At its formation in 1957, the District was governed by a 16-member Board of Directors apportioned according to the populations of the five member counties: Alameda, Contra Costa, Marin, San Mateo, and San Francisco. San Mateo and Marin counties officially withdrew in April and May, 1962, respectively, reducing the Board to 11 members representing the three remaining counties. Legislation was enacted in 1965, entitling less populous Contra Costa County to a fourth director. Henceforth, four Directors from each county were seated on a 12-member Board. Six members were appointed by the Boards of Supervisors from their respective counties. Six members were appointed by mayoral committees of Alameda and Contra Costa counties, and by the Mayor of San Francisco City & County. Under Chapter 521 of the California Statutes of 1973, the appointed Board was succeeded by the District's first elective Board as of 12 o'clock noon, November 29, 1974.

**APPOINTED BOARD
OF DIRECTORS**

ALAMEDA COUNTY

RICHARD O. CLARK
H.R. LANGE
Vice-President
GEORGE M. SILLIMAN
DeWITT C. WILSON

CONTRA COSTA COUNTY

NELLO J. BIANCO
President
DANIEL C. HELIX
JAMES D. HILL
DANA MURDOCK

**CITY & COUNTY
OF SAN FRANCISCO**

WILLIAM H. CHESTER
THOMAS F. HAYES
QUENTIN L. KOPP
WILLIAM M. REEDY

OFFICERS

L. D. DAHMS
Acting General Manager
M. BARRETT
General Counsel
W. F. GOELZ
Director of Finance
R. J. SHEPHARD
Secretary

DEPARTMENT HEADS

C. K. BERNARD
Marketing & Research
M. K. BOWERS
Employee Relations
R. W. CARROLL
System Maintenance
M. A. DENOWITZ
Quality Control
J. B. FENDEL
Construction
W. F. HEIN
Planning
C. O. KRAMER
Safety
R. M. LINDSEY
Police Services
W. J. RHINE
Engineering
G. H. RINGENBERG
*Procurement & Capital
Program Management*
A. E. WOLF
Transportation

The Cover: Silver BART trains speed through twin bores of the 3.6-mile transbay tube. When the trains are past, stillness is virtually absolute in the steel and concrete structure lying 75 to 135 feet under the Bay. Excellent ventilation prevents heat build-up from trains, keeping tube temperatures between 65-67 degrees the year around.

San Francisco Bay Area Rapid Transit District: Established by the State of California in 1957. Authorized to finance, construct, and operate a new high-speed rail rapid transit system under the direction of a Board of Directors, whose members are elected for four-year terms by residents of nine election districts within the counties of Alameda, Contra Costa, and San Francisco.

PRESIDENT'S MESSAGE

The 1974-75 fiscal year was a landmark year for BART in many respects.

One reason, of course, is the start-up of transbay service on September 16. This long-awaited event not only had an immediate and vital impact on the Bay Area, it signaled BART's full transition from construction, through start-up stages, to a fully operational 71-mile system. As a member of the District Board since March, 1970, I had the privilege of working with a number of very able Directors, who were appointed by the Mayors or Supervisors of their home counties. It was entirely fitting that the start-up of transbay service was presided over by our former President, Nello Bianco, and other appointed Directors who made great personal contributions to the administration of the District over the year.

Also during the past year, we welcomed a new elected Board, which took office on December 2 after an overwhelming vote in the June primaries to make the BART Directors directly responsible to the people. Certainly, BART taxpayers can take encouragement in this Board's fiscal tough-mindedness. It insisted, for example, that available resources be used to improve existing service before taking on added costs of late night service. At the same time, it directed the staff to investigate all avenues of additional funds so late night service could begin as soon as possible.* To preserve the District's fiscal integrity in the months ahead, it severely reduced appropriations for the 1975-76 budget.

And certainly, BART patrons can take encouragement from the Board's determination to keep the District responsive to their needs and opinions. The Board has authorized each member to select up to 10 "BART Community Advisors" to help keep himself or herself well informed. In addition, a BART "con-

*NOTE: Later in 1975, the Metropolitan Transportation Commission approved \$1.6 million in federal and local (TDA) funds specifically for BART late night service. Special late night service for Christmas shoppers was to commence on November 28, and was to be made permanent as of January 1, 1976.

sumer panel" of 1,000 passengers has been organized for regular surveying of their opinions about the system. This is in addition to our annual systemwide "passenger profile" survey.

The start-up in March of Muni fare discounts for BART-Muni riders, somewhat similar to the BART-AC Transit plan, was aggressively pushed by the new Board. To keep the District a fair and "humanized" place to work, it closely monitors affirmative action policies. To keep the system "humanized" for patrons, the Board also continuously monitors improvements in station aesthetics and art decoration.

Particularly gratifying to me is the success of our "Bikes on BART" test program. Since January, we've issued almost 1,000 permits enabling patrons to carry regular bikes on board trains in off-peak hours. I was delighted to sign up for the first permit myself. Now, more than 100 passengers a week are transporting their bicycles on the system; and we are receiving requests on this innovative program from transit lines around the world. We've experienced no serious problems in the test program thus far, and I look forward to a permanent "Bikes on BART" policy when the test program ends in December.

We can take particular encouragement in the Board's appointment of Frank C. Herringer, formerly the Administrator of the U.S. Urban Mass Transportation Administration, as the new General Manager, which was announced in April and took effect as of July 1, 1975. The Directors spent a tremendous amount of their personal time attempting to seek out the best person for the post, and we are delighted that Mr. Herringer chose to join us.

We are deeply indebted to the State Legislators who, by extending the half-cent sales tax, have kept the system from closing. Again, we acknowledge invaluable assistance from the California Public Utilities Commission, the Urban Mass Transportation Administration, the Metropolitan Transportation Commission, the other transit operators in the Bay Area, the University of California Lawrence Berkeley Laboratory, and many others who have helped us in this last year.

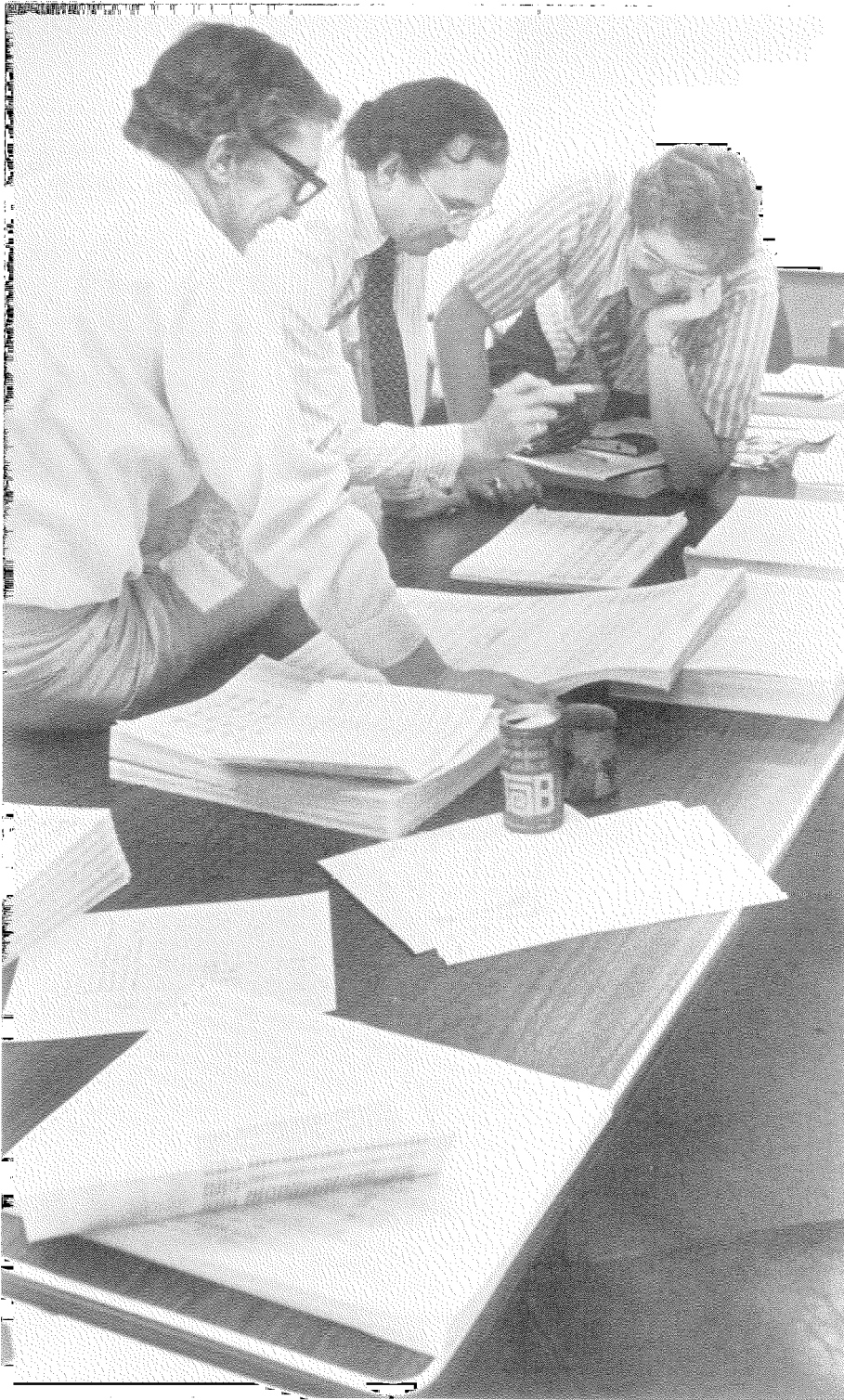
Lastly, I thank my fellow Directors for their spirit of cooperation and congratulate them on so ably representing the interests of their constituents.

Richard O. Clark

President Clark is host to group of Bay Area biking enthusiasts on opening day of "Bikes on BART" program.



Preparation of the District operating budget for submittal to the Directors each spring is a major management responsibility. Analyzing computer "cost center" printouts are (left to right): Systems & Data Processing Manager Roy Knapp, Marketing & Research Director Keith Bernard, and Senior Economic Analyst Ward Belding.



MANAGEMENT OVERVIEW

Extension of the BART half-cent sales tax to help meet operating expenses, seating of the first elective Board of Directors, and appointment of a new general manager, were key events of the report period which had far-reaching impact on the District.

District officials had warned that the system would have to be shut down by October 1 if additional sources of operating funds were not obtained. In April, 1974, Senate Bill 1966 was introduced into the State Legislature, co-authored by Senator James Mills (D-San Diego) and Assemblyman Leo McCarthy (D-San Francisco). The Bill provided for extension of the BART half-cent sales tax for two years, until December, 1977, or until the District received \$82.2 million in tax revenues within that period, to help finance its operating costs. The passage of SB 1966, and with it the future of the District, remained uncertain throughout the summer of 1974. Nevertheless, BART pushed ahead hopefully with preparations for the start-up of transbay service.

On September 16, the first revenue trains began speeding passengers through the transbay tube — with the final decision on a system shutdown only two weeks away. On September 26, the crisis was finally resolved when Governor Ronald Reagan signed SB 1966 into law. With additional sales tax revenues thus assured through 1977, the District immediately began preparations for issuance of short-term bonds against the assured revenues to obtain the critically-needed operating funds. On March 13, \$16 million of 5.15 percent bonds were issued, per the ceiling set by the new law for the 1974-75 period.

Meanwhile, Measure A, calling for a nine-member elected Board from nine new election districts (replacing the 12-member appointed Board), had passed in the June primaries by a decisive 3:1 average margin in the three BART counties. The November 5 general election saw 138 candidates running in the nine Board contests. Three incumbent Directors (Nello Bianco, Richard Clark, James Hill) were successful in their campaigns.

The last major action under the appointed Board was the November 18

filing of a law suit by the District, seeking over \$200 million in damages from defendants: Parsons, Brinckerhoff-Tudor-Bechtel, Westinghouse Electric Corporation, Rohr Industries, Inc., Bulova Watch Company, and their respective surety companies.

The new Board was sworn into office on December 2 by Alameda County Presiding Judge Spurgeon Avakian. Terms of office were four years. However, to create future staggered terms, it was determined by lot that Directors representing odd-numbered districts would initially serve two-year terms.

On January 21, a "management audit" of the District was presented to the State Senate Public Utilities, Transit and Energy Committee by its consultants, Cresap, McCormick and Paget Inc. Following a series of workshop sessions with the CMP staff, District management was able to report many of the recommendations accomplished or well underway.

A major CMP recommendation was to defer plans for late night service until the reliability of existing service could be improved, particularly through more effective preventive maintenance controls and programs. The new Board of Directors, in complete agreement with the recommendation, deferred late night service — which had been scheduled for spring — to make improvement in system reliability the highest priority objective.

Another CMP recommendation, calling for more flexible procurement procedures, subsequently resulted in the passage of Senate Bill 1151 (Alquist, D-San Jose) in September, 1975. Aimed at cutting expensive delays in procurement, the bill raised the required go-to-bid level from \$3,000 to \$10,000 and the General Manager's contract authority from \$10,000 to \$25,000. It also authorized direct procurement without bidding in emergency situations. Internally, the District procurement activity was reorganized to increase its effectiveness.

On April 25, the new Board held its first major press conference to announce the appointment of Frank C. Herringer, Administrator of the U.S. Urban Mass Transportation Administration in Washington, D.C., as District General Manager, effective July 1. He succeeds B.R. Stokes, who resigned as of June 30, 1974, after serving in that post for 11 years. Acting General Manager for the interim period was Lawrence D. Dahms, previously Assistant General Manager - Operations.

Finance Actual funded operating expenses for fiscal 1974-75 were \$49.8 million against an operating budget of

\$52.5 million (amended by Board Action from \$53.8 million). Underspensing essentially reflected a postponement of extended service hours. The advent of transbay service resulted in a 150 percent rise in passenger revenues over the previous period, with expected increases in average fares and length of trips (see Operating Statistics).

Major sources of income and expenses are shown in pie charts on page 13, and in the Statement of Operations on page 9. Lesser sources of income included revenues of \$282,800 from District property rentals, leases and sales. Revenues from system concessions — including newsstands, vending machines, parcel lockers and public telephones — totaled \$62,800. Other miscellaneous revenues were: system display advertising \$291,731, parking citations \$23,000, and parking fees \$10,000. A dividend of \$568,545 was received from the Workers' Compensation Insurance carrier — a continuing benefit from the District's construction insurance program which has returned \$5.2 million in dividends to date.

Traction power costs were \$2.3 million. Real estate costs were \$1.6 million, which included closeout of 42 special construction access areas, and acquisition of 23 land parcels, both for right-of-way purposes. Two of the major commercial parcels acquired were for construction of Civic Center Station Entrance #3.

A central issue in the Board's deliberations on the 1975-76 budget during May and June was the widening gap between operating costs and projected revenues — despite extended sales tax revenues from SB 1966. Sharing the Board's grave concern over the unfunded deficit projected into the next period was State Legislative Analyst A. Alan Post. In his June 16 report to the Legislature, Post called on the Board to use "all possible means" to lower the deficit, including deep budget and staff cutbacks, fare increases, and indefinite deferral of night service.

The Board subsequently approved a fiscal 1975-76 budget of \$65.6 million, a severely pared-down figure it considered the absolute minimum required to maintain existing (6 a.m. to 8 p.m. weekdays) service. Late night service, deferred earlier as previously mentioned, was indefinitely deferred in the 1975-76 period, until new funding could be obtained for that special purpose.

At the same time, the Board approved an across-the-board fare increase to be implemented in the next period. (As later specified by the Board, the increases averaged 21 percent. Maximum fares increased from \$1.25 to \$1.45. Minimum fares remained at 30 cents, except in

downtown San Francisco and Oakland, where they were reduced to 25 cents.)

Despite the austere level approved for the next period's budget, and despite higher revenues expected from the coming fare increases, it was clear that the central issue of permanent, stable funding for the District would dominate the 1975-76 fiscal year.

Final approval for federally funded grants and projects was received as follows: \$7.2 million to fund system start-up costs and hardware improvements; and \$3.6 million for design and construction of the Daly City Station parking structure. Tentative approval was received of a \$100,000 grant for system reliability studies by BART's engineering task force teams. AC Transit received a \$2.6 million grant toward the purchase of 36 buses and facilities for five feeder express bus lines it operates for BART between transit stations and outlying East Bay communities.

District Property Tax For funding of administrative expenses and debt service on BART construction bonds, rates (in cents) were set by the Board as follows:

	Admin. Expenses	1975-76 Debt Service	Total Rate	1974-75 Total Rate
Alameda	5.0	42.1	47.1	54.0
Contra Costa	4.7	40.0	44.7	51.2
San Francisco	5.3	44.6	49.9	56.1

NOTE: Property tax rates are per \$100 assessed property value. Different tax rates reflect equalization of varying assessment ratios among counties.

Staffing The total staff increased from 1,696 to 1,937 during the period, reflecting continued build-up of transportation and maintenance areas to support transbay service. Employee minority representation continued to exceed the District population minority ratio of 32%, increasing from 37% to 39.3%.

Of major significance was the Board's adoption in September of a broad new Affirmative Action Program setting forth, among other goals, timetables for increasing representation of minority employees and women employees across job classifications and job levels. An Equal Employment Opportunity Officer was appointed to administer expanding AA activities, along with the AA Officer appointed in the previous period. In October, the new program was approved by the Office of Federal Contract Compliance.

The first day of transbay service saw trains crowded with passengers who made their first trip beneath San Francisco Bay with reactions ranging from studied casualness to wide-eyed excitement.



OPERATIONS & SERVICES

The previous period closed with 64 of the system's 71.5 miles, and 32 of its 34 stations, operational. Twelve trains, generally of four-car consists, were operating between Richmond and Fremont; and six trains, of maximum six-car consists, were operating between Concord and Oakland's MacArthur Station. Four trains, of seven-car consists, were in temporary shuttle service between San Francisco's Montgomery Street Station and the Daly City Station, awaiting the opening of the 7.5-mile transbay tube line. Headways were 10 minutes systemwide. Revenue service continued on the limited schedule of 6 a.m. to 8 p.m. weekdays, in force since the system opened in September, 1972.

The transition from two-station train separation to one-station separation — considered essential to efficient transbay operation — was successfully demonstrated by July, 1974. The California Public Utilities Commission rapidly approved the District plans for transbay operations under computer-controlled one-station separation. The opening day of transbay service was set by the District Board for Monday, September 16. Thus, at long last ... a crossing beneath the waters of San Francisco Bay was about to become a reality for the public!

The Monday opening of transbay service was preceded by colorful ceremonies on September 14 (Saturday) at the Lake Merritt, Oakland West, and Powell Street stations. Many local and state officials and civic leaders attended the dedication ceremonies, presided over by Oakland's Mayor John Reading and San Francisco's Mayor Joseph Alioto. Four trains shuttled between Montgomery and Coliseum stations from noon to 6 p.m. to introduce the public to its first transbay rides.

With the opening of regular transbay revenue service on September 16, system operations expanded from 22 to 30 trains, in consists up to nine cars. Ten trains operated on each of three routes: Fremont transbay to Daly City, Concord transbay to Daly City, and Richmond (East Bay only) to Fremont. The system's fourth route — Richmond transbay to San Francisco — was not

OPERATING STATISTICS

	FY 1974/75	FY 1973/74
July 1 — June 30, inclusive		
Total Car Miles (revenue service only)	21,465,055	10,758,626
Total Passenger Trips (patronage)	27,876,794	13,960,680
Passenger Miles (estimated)	434,648,927	166,033,664
Ridership Ratio (at period's end)		
Peak	59%	58%
Off-Peak	41%	42%
Net Passenger Revenues (less fare discounts and other adjustments)	\$15,694,768	\$ 6,055,969
Average Passenger Fare (with discount fares considered at full value)	60.3 cents	47.7 cents
Average Trip Length (based on estimated passenger miles which include an allowance for excursion rides) . . .	15.6 miles	11.9 miles

activated. Richmond line patrons transferred to transbay trains at MacArthur Station.

The advent of transbay service immediately increased average daily patronage from 69,000 to 113,622 (58 percent), and peak-hour patronage from 40,433 to 62,536 (54 percent).

Second quarter patronage was up 57 percent over the first quarter, to 122,908 daily. The substantial increase was attributed to transbay service, three World Series games, and extended service hours (to 10 p.m.) for shoppers between November 29 and December 27. BART carried 11,000 fans to and from each World Series game (October 15, 16, 17), which was 23 percent of total game attendance. A record 163,408 for daily ridership was set the day after Thanksgiving (November 29), eclipsing the previous high of 110,104 set the prior year on the same day. Extending service until 10 p.m. during the Christmas shopping season resulted in daily increases of 3,600 to 4,200 trips after 6:30 p.m.

The third quarter saw a 5.7 percent decline in patronage from the second quarter to 116,587. Patronage dropped almost 12,000 from December to February, with 75 percent of the decrease in off-peak ridership. It is difficult to assess all possible factors involved in the off-peak decline. More certain, however, is the adverse impact of frequent service delays, and crowded trains resulting from continued shortages of B-cars, on peak-hour ridership.

Fourth quarter patronage saw a slight daily average increase to 118,895. As seen in the period's operating statistics, transbay service substantially increased the system average fare and average trip length. Surprisingly modest, however, was the estimated increase of daily transbay trips between October and June: 51,465 to 54,359. High month was December with a 126,540 average; low month was February with 114,348.

System Safety The period passed with no accidents in revenue operation. Minor incidents reported in stations and trains declined substantially. A total of \$92,199 was paid out on 164 patron accident claims: 114 in stations, 49 on trains, and one elsewhere. The ratio of reported accidents per million passengers carried decreased 34 percent from previous period, reflecting an intensive program to eliminate, or improve, problem areas causing minor accidents in trains and stations.

The Coliseum Walkway opened for the World Series games (October 15, 16, 17), but was shut down October 18 because of uncomfortable swaying. The

designer, Skidmore, Owings & Merrill, was directed to reinforce the walkway structure, and it is scheduled to re-open by early October, 1975.

On Sunday, January 19, at 10:15 p.m., a nine-car test train collided with a maintenance vehicle, which, due to driver error, was on the wrong mainline track near the Oakland Shop. Maintenance worker Arthur L. Briggs was killed instantly.

On Monday, January 27, at 3 p.m., an A-car was uncoupled from its consist at MacArthur Station. Improperly chocked, it rolled free down the mainline almost to Lake Merritt Station before coming to a stop. No equipment was damaged and no trains were endangered.

Both incidents, although caused by human error, touched off a thorough analysis of existing operating procedures by the District and the California Public Utilities Commission. A new Safety Department was established in February, whose broadened responsibilities included a safety-oriented review of all operating procedures. In April, three task force teams were established to explore and resolve safety-reliability problems in Central Train Control, wayside equipment, and the vehicles. The operating rules manual was completely revised and awaited printing in June.

The District's comprehensive procedures for fires or other major disasters were tested in a simulated train accident on May 31 at the South Hayward Station. The District was cited by a major newspaper as one of the few agencies prepared with such a disaster plan.

The ratio of reported crimes on the system decreased from 149 per million passenger trips in the previous period to 98 this period. Major categories continued to be auto burglary and theft, petty theft, vandalism, and fare evasion. Physical crimes against patrons continued to be rare. BART Police made 401 arrests and regularly apprehended fugitives wanted by other police departments.

Passenger Service Increasing parking problems at a number of stations became a high priority concern of the District. Final design was approved for the Daly City parking structure, which will double the original 800-car capacity of the parking lot. Construction is scheduled to begin in October, 1975, and end in July, 1977. Parking stalls at Hayward were increased by 165 and at Union City by 325. Plans were underway for adding 400 more stalls at South Hayward, 400 at Fremont, 300 at Lafayette, and lesser additions at Concord, Pleas-

ant Hill, Walnut Creek, Orinda and El Cerrito Del Norte.

Reliability of fare equipment continued to be satisfactory. An additional 74 IBM equipment units were installed to increase capacities at 23 stations. IBM then withdrew as equipment supplier. A contract was awarded to Western Data Products, Inc., a subsidiary of Cubic Corporation, for 180 units costing \$6.2 million. In the next period, 163 Cubic units will be installed in 34 stations, including the Embarcadero Station opening in 1976.

An experimental program to encourage car pooling by reserving stalls for pool cars was dropped at Orinda and Lafayette Stations after two months due to lack of interest by the patrons.

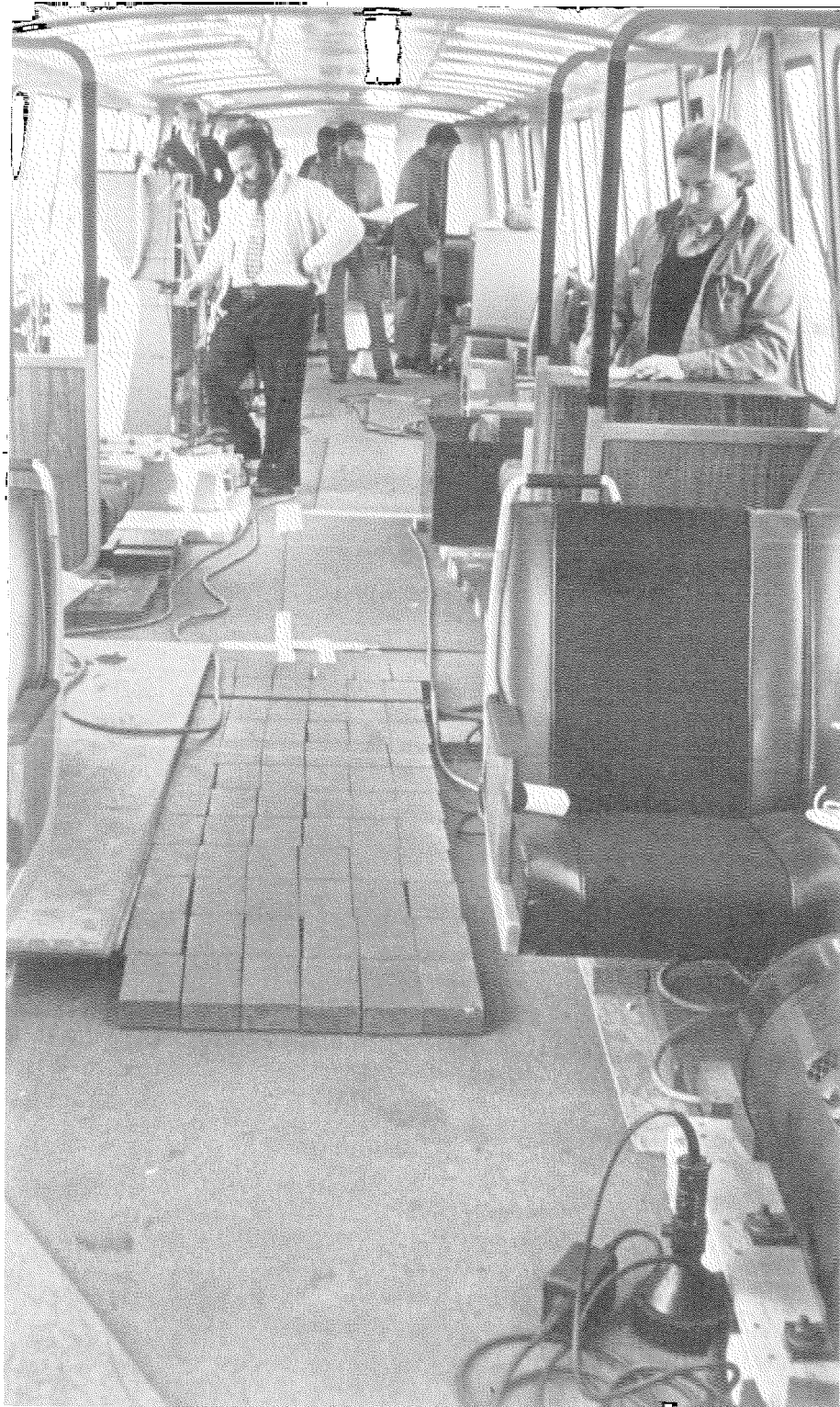
New fare policies were adopted on trial bases by the Board as follows: free rides for children under age five (effective January 24); excursion fares raised from 60 cents to \$1, and the 75 percent discount extended to high school students on chaperoned school tours (both effective February 10); the 75 percent discount extended to persons certified as handicapped, and the existing 75 percent discount for senior citizens raised to 90 percent (both effective July 1).

In January, "Bikes on BART" got underway — an 11-month experimental program to determine if bicycles could be feasibly transported on trains during off-peak hours. Permits were issued to almost 1,000 bicyclists in a closely controlled sign-up program. By June, an average of 110 patrons per week were transporting their bicycles on the system without problems, and the program was considered successful.

As of March 10, two-part Muni bus tickets were available from dispensing machines in BART's eight San Francisco line stations. For the price of one regular Muni fare (25 cents), BART patrons receive tickets for two rides either to or from BART stations.

On December 2, the District began running five express bus lines (contracted out to AC Transit as operator) from BART stations to the areas of Pinole, Dublin, San Ramon, Pleasanton, Livermore, Martinez, Pittsburg, Antioch, and Brentwood. A trial program, the combined daily ridership of the five routes rose from 1,700 in December to 2,400 in May. In June, BART Directors extended the trial program through November, 1975.

Task force teams of BART engineers and outside consultants put in long hours aboard test trains, analyzing complex problems, and working out solutions to improve fleet reliability.



S SYSTEM SUPPORT

Heavy activity continued in the engineering and maintenance areas, aimed at improving system reliability and efficiency, with emphasis on problems involving vehicle and train control components.

The summer months preceding the September 16 start-up of transbay service called for particularly close coordination between transportation and technical personnel to ready the organization for a swift expansion, both in train operations and support activities.

Car availability (i.e. ratio of cars available for revenue service out of total fleet) was the leading common problem shared by transportation, maintenance, and engineering personnel throughout the period. In June, 1974, average daily availability was 45 percent, or 131 out of 291 cars on hand. Availability rose to 150-160 cars during the summer.

Transbay service started at a 200-car level of availability, which continued until November. Availability then fell off to the 180-190 car range in the third quarter, hitting a low of 160 cars during February. From May forward, availability was generally up in the 220-240 range. In the ending month of June, 1975, availability averaged 219 out of the current 408 fleet total (54 percent).

Besides the ongoing shortage of spare parts, low reliability of major components and subsystems was another factor in the period's discouraging car availability levels. Test work and accident damage also kept some cars out of revenue service.

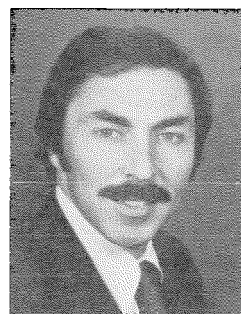
With the system in transbay service and 30 trains operating from October, 1974, to June, 1975, non-scheduled train removals for that period averaged 15 per day. The average rose from 12.7 in October to 17.6 for June. The average for the previous fiscal period was 10.4 trains per day out of 22 operating. (Note: non-scheduled removals can be for minor reasons, such as lost windshield wipers, as well as for major equipment malfunctions.)

Actual round trips completed by all trains (including replacement trains) for the period was 89 percent of the trips scheduled.

Technical Work In October, a special task force of engineers was established

continued on page 7

HARVEY W. GLASSER, M.D., District 4 — Chairperson of Engineering Committee and Vice Chairperson of Administration Committee in 1975. Bay Area resident since 1959. Founder and President of California Health Services, a hospital consulting and management firm in Alameda. Ardent conservationist and outdoorsman; member of Sierra Club,



Oceanic Society, and the Commonwealth Club. Board member of the Exploratorium, San Francisco. Former President and Board Chairman of the Wright Institute, Berkeley. Born and raised in Chicago and nearby Glencoe. Attended University of Illinois and Sorbonne

in Paris. Graduated from University of Chicago School of Medicine in 1959. Served residencies in psychiatry at Stanford University Hospital, Palo Alto, and Mt. Zion Hospital, San Francisco. Also served for two years in U.S. Public Health Service hospitals at Staten Island, New York, and Lexington, Kentucky. Resides in Alameda with wife Cynthia and three children.

ROBERT S. ALLEN, District 5 — Engineering Cost Analyst for Southern Pacific's Western Division. Formerly Classification Analyst at University of California's Lawrence Livermore Laboratory; in engineering and operations with the Denver & Rio Grande Western Railroad; and Civilian Administrative Assistant with the Colorado National Guard. Chairman



of Board of Control for Livermore-Pleasanton BART rail extension. Member of American Railway Engineering Association (AREA) and its Committee on Systems Engineering. Elder and Priesthood Chorister, Livermore 2nd Ward, the Church of Jesus Christ of Latter-day

Saints (Mormon). Treasurer of American Taxpayers Union Local #115 and Alameda County Central Committee, American Independent Party. Active in Scouting. Born in Chicago. Attended Rensselaer Polytechnic Institute in Troy, New York; received Bachelor of Science degree in accounting from the University of Colorado at Boulder; graduate business studies, Brigham Young University, Provo, Utah. Livermore resident with his family since 1958.

JOHN W. GLENN, District 6 — Member of Administration and Special Ways and Means committees in 1975. Widely known as a transit specialist and articulate industry spokesman in the insurance adjuster field. Founder and President of John Glenn, Adjustors, whose claims business is mostly with transportation companies through offices in Oakland, San



Rafael, and Portland, Oregon. Other business interests include The Royal Nu-Foam Corporation in Oakland, a California almond orchard, the Glen Cove Marina, and an apartment complex and industrial park in Richland, Washington. Associated with Transit Casualty Company

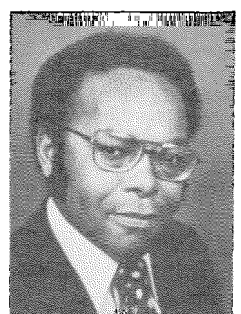
for 14 years, and was its northern California divisional claims manager prior to founding own firm in 1966. Born in Puxico, Missouri. Served in U.S. Maritime Service 1945-48. Bachelor of Science degree in marketing from Southeast Missouri State University in 1952; graduate business studies at University of Missouri and California State University at Hayward. Resides in Fremont with wife Betty and their three children.

MS. ELLA HILL HUTCH, District 7 — Chairperson of the Administration Committee, Vice Chairperson of the Public Information and Legislation Committee, and member of the Special Ways and Means Committee during 1975. Has served on the staff of a major trade union organization in San Francisco since 1953. A member of the Office and Professional



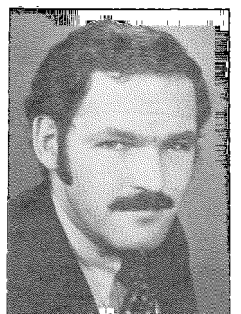
Employees International Union, Local 29, and active in a wide range of social and political causes and organizations. A member of the Democratic County Central Committee since 1966, and currently its Vice Chairperson of Issues and Resolutions. Also a member of the State Democratic Party's Central Committee and Affirmative Action Task Force. A Trustee of the Glide Foundation, and one of the founders of the Black Women Organized for Political Action. Born in Kissimmee, Florida. Studied in the areas of business and sociology at City College of San Francisco, and California State University at San Francisco. Resides in San Francisco.

ELMER B. COOPER, District 8 — Vice President of the elected board in 1975 and member of all standing committees. President of Cooper & Company, a San Francisco firm specializing in urban policy planning, education consulting, and investment management. Former positions: Staff Assistant to U.S. Congressman Charles S. Joelson and House Speaker John



McCormick; Dean of Students, California State University at San Francisco 1968-69; Assistant Chancellor, Michigan State University, Michigan, 1970-72. Heads three national organizations in field of urban planning and education. Active in several U.S. senatorial campaigns and California Coastline initiative in 1972. Affiliations include Common Cause, Sierra Club, California Tomorrow, Bay Area Urban League, Save-the-Redwoods League, Commonwealth Club, and California Academy of Sciences. Born in Paterson, New Jersey. Attended universities in Washington, D.C. and Ann Arbor, Mich. San Francisco resident.

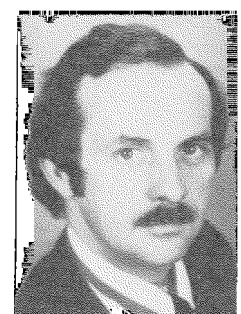
JOHN H. KIRKWOOD, District 9 — Vice Chairperson of the Special Ways and Means Committee and member of Engineering Committee in 1975. Formerly served as transit advisor to the San Francisco Planning & Urban Renewal Association (SPUR). Co-authored a long-range analysis of San Francisco's transportation needs, called "Building A New Muni." Played



an active role in the Sacramento-Stockton Bay Area Corridor Study, and the "BART Trails" study (bicycle and hiking pathways coordinated with BART). Affiliations include: Bay Area Electric Railway Association, the National Association of Railway Passengers, California

Tomorrow, Planning and Conservation League, and the World Affairs Council. Born in Palo Alto and raised in Saratoga, Sacramento and San Francisco areas. Graduated from Stanford University with a Bachelor of Arts degree. Resides in San Francisco.

JAMES D. HILL, District 1 — Appointed to the Board February 13, 1974, by the Contra Costa Mayors' Conference. Chairperson of Public Information & Legislation and Special Ways & Means committees, and Vice Chairperson of the Engineering Committee in 1975. Formerly held series of Walnut Creek posts: Mayor, 1973-74; Vice Mayor and Councilman,



1972-73; Chairman and Vice Chairman of Planning Commission, 1969-72. Attorney in private law practice in Bay Area since 1962. Member of Commonwealth Club and active in other professional and civic organizations, and has authored articles for legal journals in areas of

real estate, trusts and estate law. Formerly, Director of the Contra Costa Chapter of the American Cancer Society, in Cub Scouts, and Toastmasters International. Born in Muskogee, Oklahoma. Received Bachelor of Arts degree from University of Nevada, and Juris Doctor degree from the University of Denver. Resides in Walnut Creek where he has law practice.

NELLO J. BIANCO, District 2 — Appointed to the Board September 23, 1969, by Contra Costa Supervisors, and is now its senior member. President in 1974 of last appointed Board, Vice President in 1973. Member of Public Information & Legislation and Special Ways & Means committees, also alternate on Administration Committee, in 1975. Chairperson of



Board of Control which directed BART extension study in Pittsburg-Antioch area. A Richmond businessman, and formerly very active Councilman in that city. Initiated the District's association with the University of California Lawrence Berkeley Laboratory, which

has been a major factor in solving technical problems on the system. Currently is a Director of the American Public Transit Association, Richmond Boys' Club of America, and East Bay Chapter of the National Safety Council. Born in Weed, California, and attended Golden Gate College in San Francisco. Resides in Richmond with wife Betty and three children.

RICHARD O. CLARK, District 3 — Appointed to the Board on March 4, 1970, by the Mayor's Conference of Alameda County. First President of the elective Board in 1975, member of all standing committees. Currently serving four-year term as a member of the California Department of Transportation Advisory Committee. Formerly served on the Executive Committee



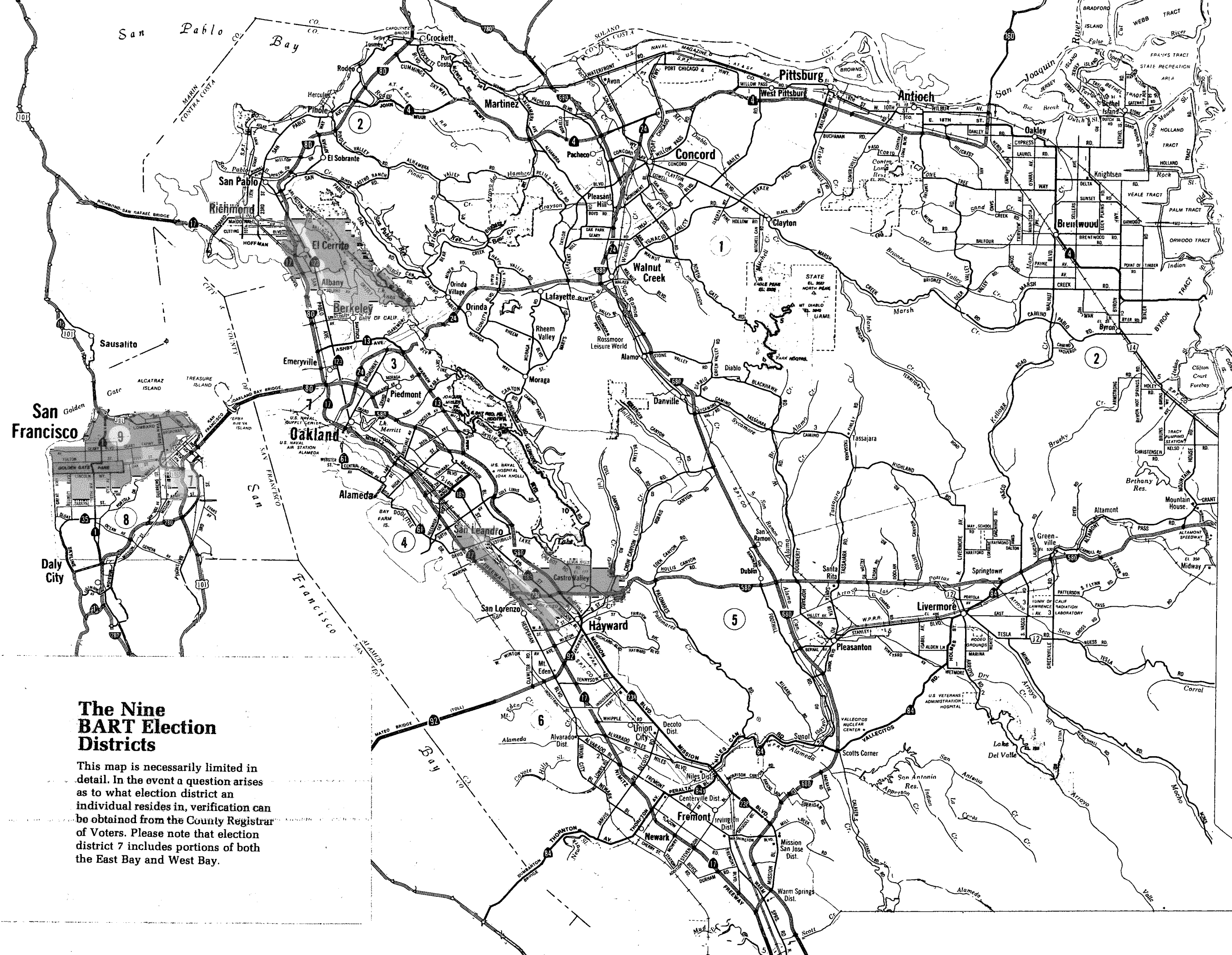
of the Association of Bay Area Governments; formerly served as Mayor, Vice Mayor, and Councilperson of the City of Albany. Other community affiliations include the March of Dimes, American Cancer Society, Parent-Teacher Association, and Chamber of Commerce. Business: real estate and economic development consultant, Oakland. Born in Kansas City, Missouri. Attended public schools in Oakland and Piedmont; graduated from St. Mary's College, Moraga, with Bachelor of Arts degree in history. Resident of Alameda County for 40 years. Lieutenant Colonel, U.S. Marine Corps Reserve, and commanding officer of a transport helicopter squadron.

ELECTED BOARD OF DIRECTORS

San Francisco Bay Area Rapid Transit District



The first elected Board of Directors in the history of the District succeeded the previous appointed Board as of 12 o'clock noon on November 29, 1974. The nine members of the Board were elected on November 5 directly by the people of the nine voting districts shown on centerspread map. Directors' terms expire on November 26, 1976 for odd-numbered districts, and on November 24, 1978 for even-numbered districts. After the 1976 elections, all Directors' terms will be four years.



The Nine BART Election Districts

This map is necessarily limited in detail. In the event a question arises as to what election district an individual resides in, verification can be obtained from the County Registrar of Voters. Please note that election district 7 includes portions of both the East Bay and West Bay.

FRANK C. HERRINGER, General Manager — Appointed by District Board to his post on April 24, 1975, to become effective July 1. At time of appointment, was Administrator of U.S. Urban Mass Transportation Administration, Washington, D.C., responsible for administering \$1.5 billion in federal monies annually for mass transit building, research, and development programs.



Recognized as major architect of the National Mass Transportation Assistance Act of 1974, which established an initial \$11.8 billion federal program to revitalize public transit nationwide. Cited by U.S. Secretary of Transportation for outstanding managerial achievements as UMPTA Administrator. Formerly on White House staff, responsible for selection of presidential appointees in numerous federal agencies. Prior to entering government service, was a Principal in the management consulting firm of Cresap, McCormick and Paget Inc. Honors graduate of Dartmouth College (mathematics and economics) and its Amos Tuck School of Business Administration (M.B.A.). Born in New York City, raised in Seaford, L.I. Resides in Lafayette with wife Nancy.

Basic map reproduced by permission of the copyright owner: California State Automobile Association.

to intensify investigation of vehicle reliability problems which had been keeping half the BART fleet out of revenue service. In April, this effort was expanded into three larger task forces with a total of 35 engineers, including eight specialists from Lawrence Berkeley Laboratory. Progress was reported by period's end in the general areas of (1) central control; (2) wayside train control and detection equipment; and (3) vehicle systems for propulsion, train controls, door controls, and braking. With short-range as well as long-range goals, the task forces expect to make measurable gains in system-vehicle reliability by the next period's end.

The Hayward Test Track was nearing completion by period's end, and was scheduled for activation by October, 1975. The new facility is expected to speed the problem-solving work of the task force teams, as well as modifications and day-to-day repair work on the fleet.

Improvements to the 1,000-volt D.C. traction power distribution system included increased sub-station capacities, and modifications to prevent previous failures of gap-breaker equipment. In December, discussions accelerated with the supplier, General Electric Company, regarding the cause and solution to several gap-breaker and related equipment failures which had occurred on the system.

Well underway by period's end was systemwide installation of an improved "diode array" grounding system, which will reduce stray current effects of traction power equipment on nearby metal structures.

The \$1.3 million SOR (Sequential Occupancy Release) system was tested

systemwide in April. Despite some minor reliability problems to be corrected, it was found to be satisfactory as an additional train protection (anti-collision) system. When satisfactorily demonstrated in conjunction with train stopping capabilities under adverse weather conditions, the SOR will allow headways shorter than the one-station separation constraint now in effect.

Maintenance Major effort was aimed at improving both administrative controls and technology in the complex area of fleet maintenance. A new, computerized method of maintaining (on a daily basis) "performance profiles" for each vehicle was activated. Preventive maintenance work was reorganized throughout the fleet for greater workload efficiencies. In January, a five-man team was assigned to improve parts planning, inventory and procurement procedures in an effort to reduce vehicle downtime caused by lack of critical parts.

Vehicle reliability problems centered around propulsion and braking systems, wheel-on-axle movement, door and cab controls, air conditioning compressors, and motor alternators. The heavy demands on car repair areas led to improved troubleshooting equipment and new efficiencies in shop and yard operation in order to handle larger workloads.

Wayside equipment malfunctions (causing false track occupancy signals in the train control system) were reduced by 40 percent through extensive engineering and maintenance work.

Additional work was done to improve the system's complex network of communications for trains, stations, maintenance, police, plus equipment and

surveillance alarm systems. All subway-tunnel train radio antennas were re-anchored.

Improvement work in stations included design of platform windscreens and trackway (under-train) sprinkler systems, and installation of bus shelters. Station lighting was improved, and reduced where feasible, to conserve energy. Escalators were subject to heavy vandalism and required extensive maintenance to keep them operable.

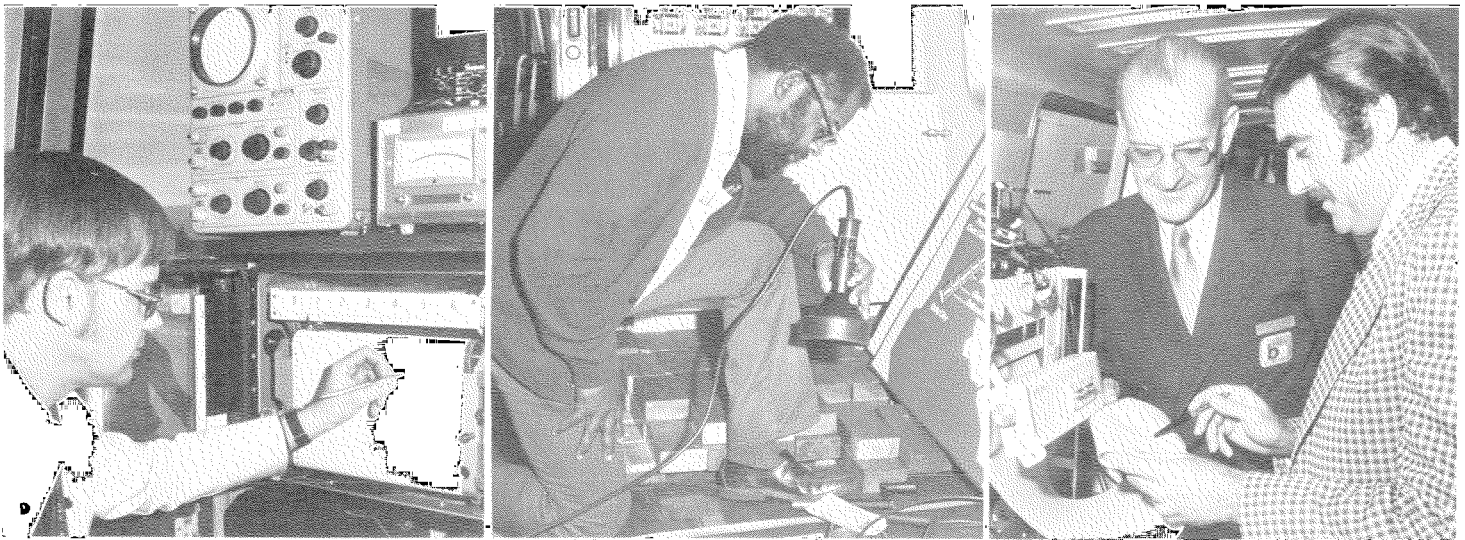
The West Portal (Muni) Station and Daly City parking structure designs were revised to effect further economies.

Construction Status of the entire BART project at period's end was 236 construction contracts completed at a cost of \$720 million. Construction-in-progress was valued at \$94.9 million, of which seven contracts valued at \$3.3 million were awarded during the period. Total value of all system facilities and equipment was estimated at \$1.621 billion.

Major projects completed were the Coliseum Walkway and the Civic Center Station Entrance #3.

Major construction work continued to center around the Outer Market subway BART is building for initial use by the San Francisco Municipal Railway (Muni). Status of major work in progress: Church Street (Muni) Station (96%), Castro Street (Muni) Station (92%), Embarcadero Station Completion (90%), and Hayward Test Track (94%). Muni Outer Market trackwork was completed. Electrification and signalization work was begun by Muni.

At District's new Hayward Test Track, the task force effort brings many kinds of engineers together to bear upon specific problems. Below: (left) Lead Mechanical Engineer Ray Crist checks recorder aboard test train; (center) Electronics Engineer Samuel Batiste checks another test installation; (right) Task Force Leader Tony Venturato discusses recorder readout with Transportation Supervisor B.J. Fraley.



FINANCIAL STATEMENTS

Balance Sheet

	June 30	
	1975	1974
Assets		
Cash (including time deposits of \$4,770,000 and \$24,728,000)	\$ 6,028,931	\$ 25,963,349
U.S. Treasury securities (Note A)	11,195,000	14,635,000
Federal Agency securities (Note A)	29,891,472	33,386,182
Other securities (Note A)	3,775,878	—0—
Deposits, notes and miscellaneous receivables	13,432,244	17,988,746
Construction in progress (Notes A and H)	14,430,952	59,127,982
Facilities, property and equipment (Notes A and B)	1,457,249,819	1,326,153,715
Accumulated depreciation and amortization (Notes A and B)	(48,038,470)	(22,026,578)
Materials and supplies, at average cost	4,558,183	1,880,154
Debt service funds, net assets (including time deposits of \$65,668,000 and U.S. Treasury and Federal Agency securities of \$6,598,765 in 1975 and \$54,482,900 and \$13,290,686 in 1974) (Notes C and D)	73,720,529	70,378,183
	\$1,566,244,538	\$1,527,486,733
Liabilities and Capitalization		
Construction contracts and other liabilities	\$ 32,667,460	\$ 45,491,205
Unearned fare revenue	797,242	587,135
Payable to State of California (Note F)	39,110,538	39,110,538
Sales Tax Revenue Bonds (\$24,000,000 authorized) (Note D)	16,000,000	—0—
Debt service funds (Notes C and D)	73,720,529	70,378,183
	162,295,769	155,567,061
Contingencies (Note I)		
Capitalization:		
Reserve for self-insurance (Note G)	6,000,000	6,000,000
General Obligation Bonds (\$812,500,000 authorized) (Note C):		
Bonds outstanding	\$762,980,000	775,450,000
Bonds matured and retired	41,020,000	28,550,000
	804,000,000	804,000,000
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note D):		
Bonds outstanding	69,395,000	101,350,000
Bonds matured and retired	80,605,000	48,650,000
	150,000,000	150,000,000
U.S. Government Grants (Note E)	254,047,780	197,641,477
State of California Grant (Note F)	116,902,462	116,902,462
Contributions from others	15,300,356	7,140,035
Depreciation and amortization of assets acquired with contributions by others (Note A)	(13,008,072)	(5,550,698)
	373,242,526	316,133,276
Accumulated net revenues before depreciation and amortization	105,736,641	112,262,276
Depreciation and amortization of assets acquired with own funds	(35,030,398)	(16,475,880)
	70,706,243	95,786,396
	1,403,948,769	1,371,919,672
	\$1,566,244,538	\$1,527,486,733

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

Statement of Operations

	Year Ended June 30	
	1975	1974
Revenues:		
Operating revenues:		
Fares	\$17,211,689	\$ 6,655,808
Less discounts, transfers and other deductions	(1,219,600)	(599,839)
	15,992,089	6,055,969
Financial assistance — Transportation Development Act of 1971	729,544	807,000
Other	461,789	187,942
	17,183,422	7,050,911
Taxes	4,410,322	4,051,726
Interest and other	5,840,296	9,010,468
	27,434,040	20,113,105
Expenses:		
Transportation	11,157,482	7,646,011
Maintenance and quality control	24,056,905	15,833,084
Police services	2,025,272	1,910,689
Construction and engineering	3,611,599	2,393,925
General and administrative	9,005,778	6,119,005
	49,857,036	33,902,714
FUNDED EXCESS OF EXPENSES OVER REVENUES	22,422,996	13,789,609
Unfunded costs:		
Depreciation and amortization of all assets	26,011,892	22,026,578
Less depreciation and amortization of assets acquired with contributions by others (Note A)	(7,457,374)	(5,550,698)
	18,554,518	16,475,880
NET OPERATING LOSS	\$40,977,514	\$30,265,489

Statement of Accumulated Net Revenues

Accumulated net revenues at beginning of year	\$95,786,396	\$94,492,405
Less net operating loss	(40,977,514)	(30,265,489)
	54,808,882	64,226,916
Add:		
Start-up costs and construction overhead capitalized (Note A)	15,897,361	22,401,581
Reduction in reserve for self-insurance	—0—	9,157,899
Accumulated net revenues at end of year	\$70,706,243	\$95,786,396

See notes to financial statements.

San Francisco Bay Area Rapid Transit District

FINANCIAL STATEMENTS CONTINUED

Statement of Revenues, Expenses, and Fund Balances of Debt Service Funds

	Year Ended June 30, 1975			Year Ended June 30, 1974 Combined
	General Obligation Bonds	Sales Tax Revenue Bonds	Combined	
Revenues:				
Property taxes	\$44,216,251	\$ —0—	\$44,216,251	\$43,794,213
Transactions and use taxes received	—0—	35,828,843	35,828,843	35,326,319
Bond proceeds advanced	—0—	1,248,000	1,248,000	—0—
Interest	2,158,833	4,016,178	6,175,011	5,545,973
	<u>46,375,084</u>	<u>41,093,021</u>	<u>87,468,105</u>	<u>84,666,505</u>
Less:				
Matured interest	33,766,121	5,387,324	39,153,445	41,585,296
Matured or retired principal	12,470,000	31,955,000	44,425,000	37,410,000
Bond service expense	—0—	50,028	50,028	64,221
Bond premium	—0—	497,286	497,286	404,953
	<u>46,236,121</u>	<u>37,889,638</u>	<u>84,125,759</u>	<u>79,464,470</u>
	<u>138,963</u>	<u>3,203,383</u>	<u>3,342,346</u>	<u>5,202,035</u>
Balance at beginning of year	19,449,046	50,929,137	70,378,183	65,176,148
Balance at end of year	<u>\$19,588,009</u>	<u>\$54,132,520</u>	<u>\$73,720,529</u>	<u>\$70,378,183</u>

Statement of Changes in Financial Position

	Year Ended June 30	
	1975	1974
Financial Resources Were Used for:		
Operations:		
Net operating loss	\$ 40,977,514	\$ 30,265,489
Noncash expense — depreciation and amortization	(18,554,518)	(16,475,880)
FUNDS USED IN OPERATIONS	<u>22,422,996</u>	<u>13,789,609</u>
Additions to construction in progress and facilities, property and equipment	71,228,136	82,149,014
Bond principal	44,425,000	37,410,000
Bond interest	39,153,445	41,585,296
Decrease (increase) in construction contracts and other liabilities	12,823,745	(3,860,521)
Increase in debt service funds (net of \$1,248,000 bond proceeds advanced in 1975)	2,094,346	5,202,035
Bond premium	497,286	404,953
Other	1,791,527	502,455
	<u>\$194,436,481</u>	<u>\$177,182,841</u>
Financial Resources Were Provided by:		
Grants from U.S. Government	\$ 56,406,303	\$ 41,484,005
Property taxes	44,216,251	43,794,213
Transactions and use taxes	35,828,843	35,326,319
Decrease in cash and securities	23,093,250	39,641,355
Sales Tax Revenue Bonds issued	16,000,000	—0—
Contributions from others	8,160,321	2,478,809
Interest on investments	6,175,011	5,703,872
Decrease in deposits, notes and miscellaneous receivables	4,556,502	8,395,268
Grants from State of California	—0—	359,000
	<u>\$194,436,481</u>	<u>\$177,182,841</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
Years ended June 30, 1975 and 1974

NOTE A — Summary of Significant Accounting Policies

The San Francisco Bay Area Rapid Transit District is a political subdivision of the State of California created by the Legislature in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with the State of California and the United States Government.

The District receives an allocation of property tax revenues for purposes of providing for general and administrative expenses not involving construction in progress.

Securities are carried at cost which approximates market.

The cost of acquisition and construction of rapid transit facilities is recorded in construction in progress and represents amounts paid or owing to contractors including amounts provided by State and Federal grants for construction purposes. As facilities are completed and become operative, the District transfers them to facilities, property and equipment accounts.

Depreciation on facilities, property and equipment is computed using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with the District's own funds is distinguished from the amount of depreciation of assets acquired with contributions by others, and the latter amount is shown on the balance sheet with the related contributions. This format follows the recommendations for public transportation systems in the Industry Audit Guide "Audits of State and Local Governmental Units" prepared by the Committee on Governmental Accounting and Auditing and issued by the AICPA in September 1973.

Accounting policies for General Obligation Bonds (Note C), Sales Tax Revenue Bonds (Note D), Government Grants (Notes E and F), reserve for self-insurance (Note G) and construction in progress (Note H) are described in separate footnotes.

Since 1966, the District consistently has capitalized, as part of pre-full revenue operating expenses, certain start-up costs. The amount so capitalized for the year ended June 30, 1975, is \$10 million (\$15 million in 1974).

Certain reclassifications have been made in the 1974 financial statements to conform to the classifications used in 1975.

NOTE B — Facilities, Property and Equipment

Facilities, property and equipment (stated at cost), asset lives, and accumulated depreciation and amortization at June 30, 1975 are summarized below:

	Cost	Lives (Years)	Accumulated Depreciation and Amortization
Land	\$ 105,372,869	Nondepreciable	
Improvements	1,023,807,659	80	\$25,198,775
Systemwide operation and control	83,958,497	20	8,232,844
Revenue transit vehicles	136,599,148	30	7,190,387
Service and miscellaneous equipment	8,279,442	3 to 20	1,430,239
Pre-full revenue operating expenses	94,174,492	30	5,705,389
Repairable property items	5,057,712	30	280,836
	<u>\$1,457,249,819</u>		<u>\$48,038,470</u>

NOTE C — General Obligation Bonds

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds. Bonds

amounting to \$752,450,000 were outstanding at June 30, 1975, with principal maturities from 1976 to 1999. Payment of both principal and interest is provided by the levy of Districtwide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that City. Special Service District No. 1 Bonds amounting to \$10,530,000 were outstanding at June 30, 1975, with principal maturities from 1976 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal of \$14,025,000 General Obligation Bonds and \$280,000 Special Service District No. 1 Bonds mature on June 15, 1976. Interest of \$16,295,765 on General Obligation Bonds and \$237,858 on Special Service District No. 1 Bonds is payable on December 15, 1975. The composite interest rate on bonds currently outstanding is 4.12%.

NOTE D — Sales Tax Revenue Bonds

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000. Bonds amounting to \$69,395,000 were outstanding at June 30, 1975, with principal maturities from 1976 to 1980. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the Transactions and Use Tax authorized by the 1969 Legislature and from moneys received by the District from other sources, in lieu of Transactions and Use Tax proceeds, if legally made available. The bonds maturing on or after January 1, 1976, are redeemable prior to maturity at the option of the District on various dates at prices ranging from 104% to 100%. The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1 and principal annually on January 1. Principal of \$13,665,000 matures on January 1, 1976, and interest of \$1,893,933 is payable on July 1, 1975. The composite interest rate on bonds currently outstanding is 6.49%. On July 1, 1975, bonds in the amount of \$19,495,000 were called prior to maturity.

The State Legislature extended the one-half per cent Transactions and Use Tax until December 31, 1977, or until the District has received \$82.2 million over and above the amount required to pay principal and interest on the earlier outstanding Sales Tax Revenue Bonds, whichever is sooner. The additional revenues are to be used for operational purposes including the liquidation of operating deficits. The District is authorized to issue negotiable bonds secured by such revenues in amounts not to exceed \$16 million in fiscal 1974/1975 and \$8 million in fiscal 1975/1976. Sales Tax Revenue Bonds of 1975 in the amount of \$16 million were outstanding at June 30, 1975, with principal maturities of \$8 million on January 1, 1977 and January 1, 1978. Interest of \$416,000 is payable on July 1, 1975. The composite interest rate on bonds currently outstanding is 5.15%.

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period April 1 to June 30, 1975, will be approximately \$8,700,000, of which none had been received by the trustee or recorded by the District at June 30, 1975.

NOTE E — U.S. Government Grants

The U.S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle and other procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CA 03 0004) for construction of three Market Street Station mezzanines, two street plazas and street extensions, and a grant to the City of Berkeley (CA-03-0009) in connection with the construction of subway extensions within Berkeley. The following grants were in force as of June 30, 1975:

San Francisco Bay Area Rapid Transit District

NOTES TO FINANCIAL STATEMENTS CONTINUED

Project — Purpose	Maximum Grant	Funds Received
Beautification Grants:		
CALIF-BD-1	\$ 447,953	\$ 360,000
CALIF-B-160	260,253	260,253*
CALIF-B-163	499,296	499,296*
OS-CA-09-39-1074	838,565	749,470
	2,046,067	1,869,019
Demonstration Grants:		
CA-06-0021 (Transit Design)	6,157,256	6,157,256*
CA-06-0023 (Fare Collection)	922,997	922,997*
CA-06-0026 (Transit Hardware)	761,568	761,568*
CA-06-0032 (Prototype Vehicles)	5,000,000	4,500,000
	12,841,821	12,341,821
Capital Grants — Construction and Procurement:		
CA-03-0006	12,867,862	12,867,862*
CA-03-0011	13,103,910	13,103,910*
CA-03-0015	25,939,945	25,939,945*
CA-03-0019	88,000,000	81,394,957
CA-03-0047	1,000,000	778,000
CA-03-0052	38,136,666	26,618,000
CA-03-0058	1,700,000	1,470,000
CA-03-0059	61,845,066	45,254,666
CA-03-0069	28,906,133	10,736,000
CA-03-0083	1,172,000	268,000
	272,671,582	218,431,340
CA-03-0004 (San Francisco)	19,902,430	16,672,600
CA-03-0009 (Berkeley)	4,733,000	4,733,000*
	297,307,012	239,836,940
	<u>\$312,194,900</u>	<u>\$254,047,780</u>

*Project completed.

NOTE F — State of California Grant

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June 30, 1975, the District had received \$172,513,000 of which \$55,610,530 is repayable to the State of California for the tube approaches. Reimbursement will be fulfilled by application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24 and by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978.

NOTE G — Reserve for Self-Insurance

The reserve for self-insurance is presently limited, by resolution of the Board of Directors of the District, to a maximum of \$6 million to provide for the uninsured portion of general liability and property damage and workmen's compensation exposure. Policies for excess risks are in effect with major insurance carriers.

NOTE H — Construction in Progress

During the years, construction in progress decreased as follows:

	Year Ended June 30	
	1975	1974
Balance at beginning of year	\$ 59,127,982	\$562,279,087
Add:		
Construction	67,403,872	82,120,740
Real estate acquired	499,926	606,616
Utility relocation	333,570	(46,732)
Pre-full revenue operating expenses	12,790,896	21,874,681
Other	6,860,323	837,125
Less:		
Rental income and proceeds from sales of real estate	232,636	174,230
Transfers to facilities, property and equipment	130,226,035	607,726,380
Transfers to materials and supplies	2,030,860	705,261
Other transfers	96,086	(62,336)
	<u>132,585,617</u>	<u>608,543,535</u>
	<u>44,697,030</u>	<u>503,151,105</u>
Balance at end of year	<u>\$ 14,430,952</u>	<u>\$ 59,127,982</u>

An analysis of project costs, based upon information available at June 30, 1975, was developed to determine the estimated cost of the rapid transit system at completion. This estimate amounts to \$1,621,340,000 (including \$179,878,000 for the transbay tube being financed by the State of California and \$160,829,000 for transit vehicles being financed by Federal grant funds and other District sources). Presently, the final cost of the system cannot be determined, as future economic conditions, resolution of pending contractors' claims (Note I) and delay in start of full revenue operations may have a significant effect on the final cost of the system. Initial operation of the system began in September 1972. All 71 miles of rapid transit line were in regular passenger service on September 16, 1974.

NOTE I — Litigation and Other Disputes with Contractors

The District has filed suit against its consulting engineer, Parsons, Brinckerhoff-Tudor-Bechtel (PB-T-B), two of its primary contractors, Rohr and Westinghouse, a subcontractor, Bulova, and the primary contractors' respective sureties, seeking in damages approximately \$88 million from PB-T-B, \$41 million from Rohr, \$55 million from Westinghouse, \$4.5 million from Westinghouse, Bulova and PB-T-B, and in addition, \$50 million for loss of revenue from Rohr, Westinghouse, and PB-T-B. Special Trial Counsel is unable to comment on the District's ultimate recovery under this action. Some of the defendants may enter cross-claims against the District. The ultimate liability, if any, with respect to such cross-claims is unknown.

In addition, contractor claims amounting to approximately \$28 million have been submitted to the District. It is anticipated that additional such claims will be submitted in the future. Special Trial Counsel is unable to comment on the District's ultimate liability, if any, for these claims since they involve substantial factual and legal disputes which have not yet been fully analyzed.

Report of Independent Accountants

September 26, 1975

Board of Directors
San Francisco Bay Area Rapid Transit District
Oakland, California

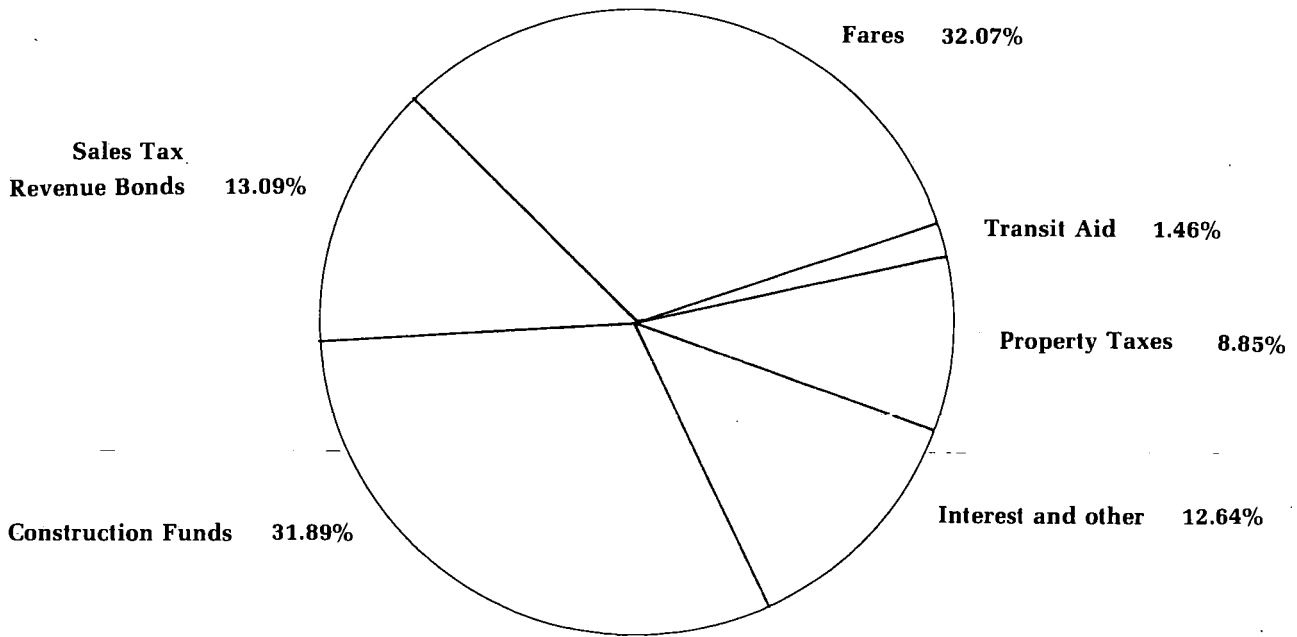
We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1975 and 1974, and the related statements of operations, accumulated net revenues, revenues, expenses and fund balances of debt service funds, and changes in financial position for the years then ended. 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.

As explained in Note A, certain pre-full revenue operating costs amounting to \$10,000,000 in 1975 and \$15,000,000 in 1974, which were incurred after achieving substantial revenue operations, were capitalized in the years ended June 30, 1975 and 1974. Under generally accepted accounting principles, these costs should not be capitalized. As a result, facilities, property and equipment and accumulated net revenues at June 30, 1975 and 1974 are overstated by these amounts.

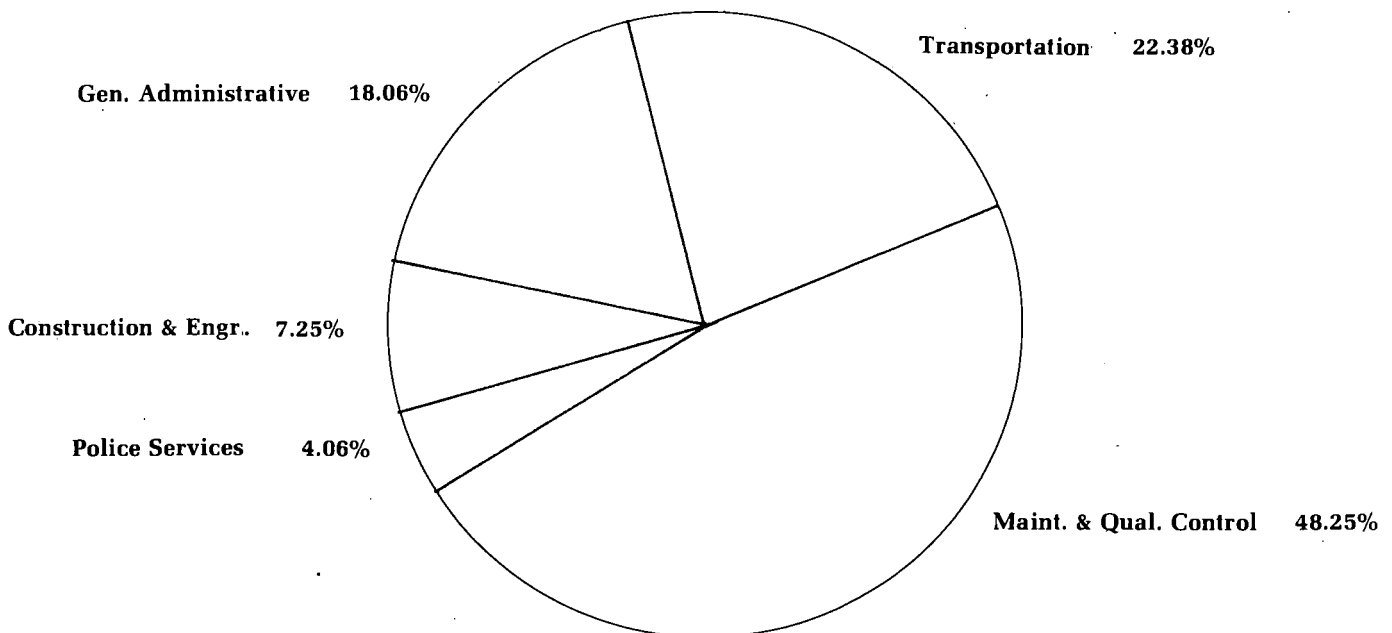
In our opinion, except for the effects of capitalizing the pre-full revenue operating costs as discussed in the preceding paragraph, the aforementioned financial statements present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1975 and 1974, and the results of its operations, revenues, expenses and fund balances of debt service funds, and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Jouelle Ross & Co.
Certified Public Accountants

WHERE OPERATING FUNDS CAME FROM:



HOW FUNDS WERE SPENT:





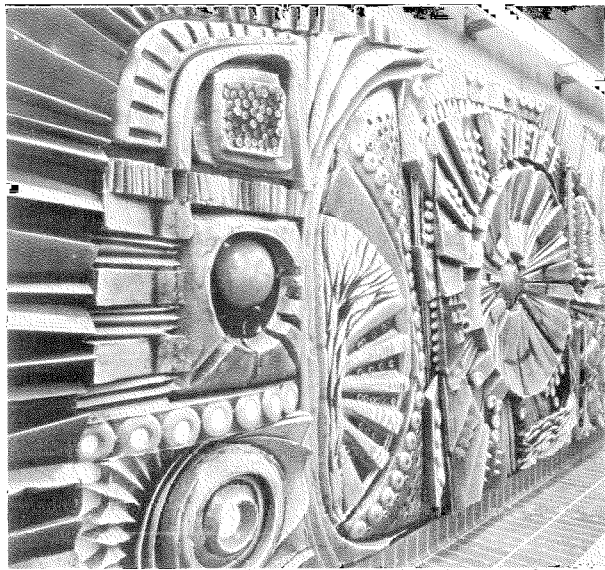
San Francisco Bay Area Rapid Transit District

This Annual Report for the period July 1, 1974 to June 30, 1975 is published by the District pursuant to Article 28770 of the State of California Public Utilities Code. District Headquarters are located at 800 Madison Street, Oakland, California 94607. Telephone 415-465-4100.



SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT

BART
1975-76
ANNUAL REPORT



OPERATING STATISTICS

(July 1, 1975 - June 30, 1976 inclusive)

	FY 1975/76	FY 1974/75
Total car miles (revenue service only)	22,446,355	21,465,055
Total passenger trips (patronage)	32,897,431	27,876,794
Passenger miles (estimated)	443,145,000	434,648,927
Ridership ratio (at period's end)		
Peak	47%	59%
Off-peak	53%	41%
Net passenger revenues (less fare discounts and other adjustments)	\$21,713,713	\$15,694,768
Average passenger fare (with discount fares considered at full value)	70.8 cents	60.3 cents
Average trip length (based on estimated passenger miles which include an allowance for excursion rides)	13.5 miles	15.6 miles

COVER — The rising sun splashes light against the San Francisco skyline as a BART train approaches Rockridge Station in Oakland. (Composite Photograph by Tom Tracy)



PRESIDENT'S MESSAGE

The 1975-76 fiscal year was a period marked by cooperation between the District Board of Directors and the staff, which made possible a constructive approach to the serious issues confronting the District's first elected Board and the new top management.

The Board demonstrated its willingness to make tough choices for the good of BART in several ways. For example, despite a strong reluctance to raise fares, my fellow Directors acted forthrightly to meet an immediate need for increased revenues by approving an average 21 percent increase in fares, effective November, 1975. In addition, the Board put in long hours of individual analysis and collective deliberation to develop and approve operating budgets. The 1975-76 budget was trimmed by 8 percent before its approval, and actual spending in the period was subsequently held to \$5,000,000 below the budget. The 1976-77 budget was trimmed by 9 percent before its approval.

In the area of affirmative action and equal opportunity, probably more solid progress has been made under this Board and management than in any previous period. A new, independent department was established to administer strong policies in these matters as they apply to the hiring, training and upgrading of all employees. Minorities and women have been added in senior executive positions at BART. In addition, minority subcontractors will have approximately \$1,000,000 of contract work from the prime contractor on the \$6,317,362 contract for construction of the West Portal Station — by far the largest such commitment ever obtained by the District.

I was pleased that a major legislative campaign, involving the efforts of key Legislators, and Board and staff members, was successfully concluded with the BART funding bill (AB3785) being signed into law by Governor Brown on September 22, 1976. The bill extends BART revenues from the half-cent sales tax through June, 1978 — revenues which we vitally need to continue operating.

Finally, during the fiscal period, the Board closely monitored progress of the District's lawsuit to recover damages for non-performance from major contractors, which we continue to pursue vigorously.

These achievements speak well for the first elected Board in District history, and they speak well for the elective process itself.

Elmer B. Cooper
November, 1976

GENERAL MANAGER'S MESSAGE

The past year at BART has been marked by considerable progress toward system improvement, and some frustration that the progress has not been more rapid.

Much of my time in this, my first year at BART, was spent in restructuring and staffing BART's top positions, because a competent, aggressive management team is a prerequisite to improvement in operations. I am proud of the talented individuals that we have in key management positions, and you will be introduced to some of them later in this report.

Another high priority was to stabilize BART's financial condition. Farebox revenues increased 38 percent (about \$6,000,000) over last year, due to an increase in ridership of approximately 10,000 per day and the November, 1975 fare increase. Our financial status was also improved by maximizing the utilization of the existing staff, which helped us to hold expenditures \$5,000,000 under budget. The increased revenues and the controlled expenses combined to erase what was expected at the beginning of the year to be a \$6,000,000 unfunded deficit. Moreover, the reasonable terms of the three-year labor contract signed shortly after the close of the fiscal period will help ensure continued financial stability.

Operationally, improvements were made, but problems persisted. By intensifying our emphasis on maintenance, we were able to increase the number of cars available for service by 12 percent for the report period, and it has continued to increase steadily since the close of the fiscal period. These additional cars have enabled us to lengthen trains and add extra trains, thus increasing the seats available during heavy use periods by over 25 percent.

However, despite the efforts of BART engineers and outside consultants, the failure rate of the system persisted at an unacceptable level. The unfortunate fact is that the equipment we have is inherently less reliable than it should be, and the system as a whole was not designed to cope with that degree of unreliability. We are devoting additional resources to the efforts to improve the situation, and I am hopeful that during the next fiscal period we will be able to see more definite signs of improvement.

Overall, while we are pleased with the progress that has been made, we are not satisfied. On behalf of all of us at BART, I pledge a continuing commitment to improving the quality of the service we offer, while maintaining an attitude of fiscal responsibility.

Frank C. Herringer
November, 1976

BOARD OF DIRECTORS



ROBERT S. ALLEN
District 5



Board tenure from November 29, 1974. Committees: 1975 — Alternate Member, Engineering; 1976 — Member Engineering and Special Ways & Means (SWMC). Resident of Livermore. Term expires November 28, 1980.

ELMER B. COOPER — PRESIDENT
District 8



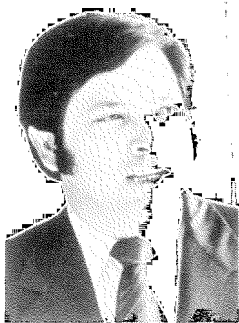
Board tenure from November 29, 1974. 1975 — Vice President of Board. 1976 — President of Board. Resident of San Francisco. Term expires November 24, 1978.

JAMES D. HILL
District 1



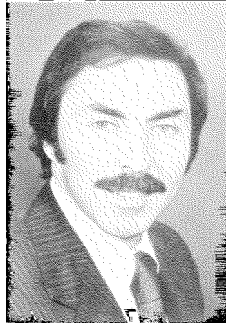
Board tenure from February 13, 1974. Committees: 1975 — Chairperson, PILC and SWMC, Vice Chairperson, Engineering; 1976 — Member, PILC and SWMC. Resident of Walnut Creek. Term expires November 26, 1976.

NELLO J. BIANCO — VICE PRESIDENT
District 2



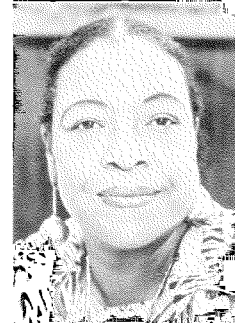
Board tenure from October 22, 1969. Committees: 1975 — Member, Public Information & Legislation (PILC) and SWMC, Alternate, Administration; 1976 — Vice President of Board. Resident of Richmond. Term expires November 24, 1978.

HARVEY W. GLASSER, M.D.
District 4



Board tenure from November 29, 1974. Committees: 1975 — Chairperson, Engineering, Vice Chairperson, Administration; 1976 — Chairperson, Engineering, Member, SWMC. Resident of Alameda. Term expires November 24, 1978.

ELLA HILL HUTCH
District 7



Board tenure from November 29, 1974. Committees: 1975 — Chairperson, Administration, Vice Chairperson, PILC, Member, SWMC; 1976 — Chairperson, Administration, Vice Chairperson, PILC. Resident of San Francisco. Term expires November 28, 1980.

RICHARD O. CLARK
District 3



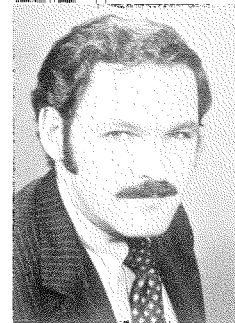
Board tenure from March 4, 1970. 1975 — President of Board. Committees: 1976 — Chairperson, PILC, Vice Chairperson, Administration. Resident of Oakland. Term expires November 26, 1976.

JOHN W. GLENN
District 6



Board tenure from November 29, 1974. Committees: 1975 — Member, Administration and SWMC; 1976 — Chairperson, SWMC, Member, Administration. Resident of Fremont. Term expires November 24, 1978.

JOHN H. KIRKWOOD
District 9



Board tenure from November 29, 1974. Committees: 1975 — Vice Chairperson, SWMC, Member, Engineering, Alternate, PILC; 1976 — Vice Chairperson, Engineering and SWMC. Resident of San Francisco. Term expires November 28, 1980.

Elected to office by District voters on November 5, 1974, with terms of office commencing on November 29, 1974.

TOP MANAGEMENT TEAM



Members of the staff team are introduced as they appear in the above photograph, left to right.

Director of Special Services Phillip O. Ormsbee, a staff member since 1966, was named head of his newly-created department in November, 1975. His staff is involved in facilities management, mailing, printing, and other services.

District Secretary Richard J. Shephard has served in that capacity since 1961. His office is responsible for coordination and preparation of agenda materials for Directors' meetings, administration of contracts and other business documents, and management of District central records.

Director of Employee Relations James E. Terry joined the District in February, 1976. Formerly General Manager of the St. Louis transit agency, he now heads a staff administering personnel and labor relations activities.

Director of Marketing and Communications Diane Duerr Levine came to the District in March, 1976, from her position as a Staff Vice President of Continental Airlines, Los Angeles. She heads a staff involved in marketing and public service activities.

General Manager Frank C. Herrerger joined the District in July, 1975. He previously headed the U.S. Urban Mass Transportation Administration, Washington, D.C., and was formerly a principal with an international management consulting firm headquartered in New York City.

Assistant General Manager - Operations Robert D. Gallaway joined the District in November, 1975. Previously the Executive Vice President for Operations, Texas International Airlines, Houston, he now heads all transportation, police, maintenance, and engineering functions of the District.

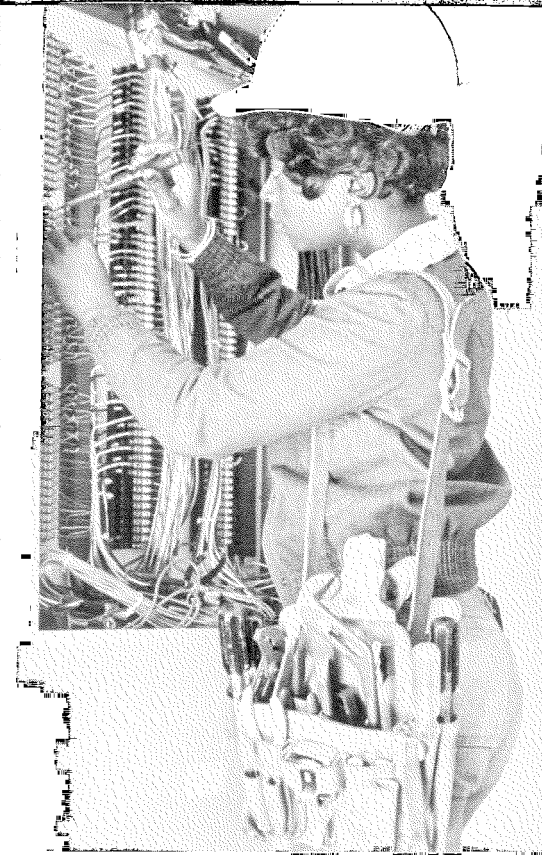
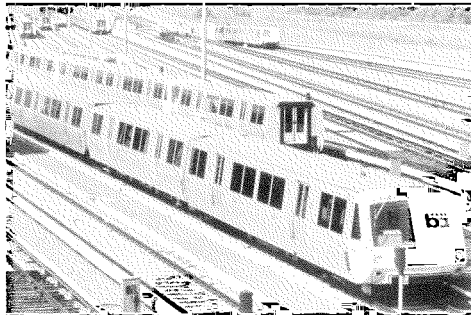
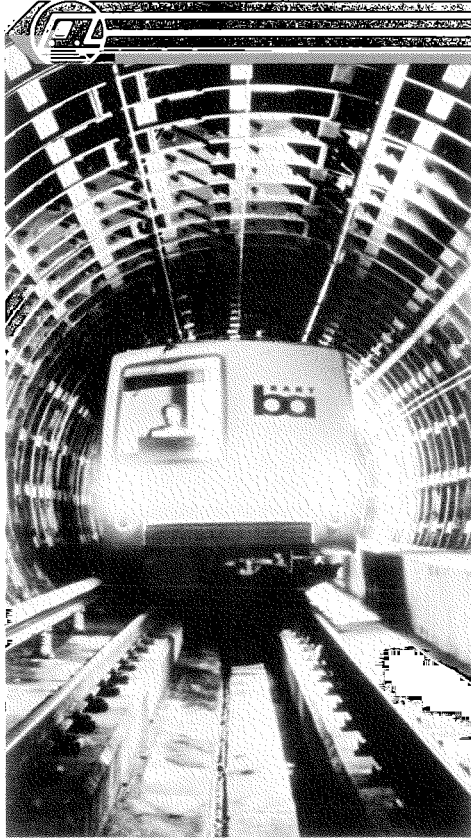
Director of Personnel and Community Development Ernest G. Howard joined the District in May, 1976. Prior to that time, he headed Social Dynamics, Inc., a management consulting firm in Berkeley. His newly-created department implements affirmative action, equal opportunity policies and employee training programs.

General Counsel Malcolm M. Barrett has served on the District's legal staff since 1969. His staff provides counsel in both general and specialized areas of law for a wide range of District activities.

Director of Planning, Budgeting and Research C. Keith Bernard has been a staff member since 1970. In his current assignment, he leads a staff responsible for long range planning and development of the annual budget, new funding programs, and other information to guide management decisions.

Director of Finance William F. Goelz (not shown in photograph) has been a staff member since 1966. He heads a staff responsible for a wide range of activities in accounting, auditing, treasury, fare collection, real estate management and insurance programs.

OVERVIEW



On November 3, 1975, an average 21% increase in interstation fares went into effect. Minimum fare remained 30 cents in suburban areas, but was lowered to 25 cents in downtown Oakland and San Francisco to attract new riders in high density areas. Highest trip fare (Fremont-Daly City) increased from \$1.25 to \$1.45. The fare increases resulted in a minimal 5% loss in patronage, which was offset by ridership gains in December, and through the end of the year.

The fare increase, the advent of permanent night service, and opening of the Embarcadero Station combined to produce strong gains in passenger revenues. November, 1975, through June, 1976, saw a 27% increase in fare box revenues over the same eight months in the previous fiscal year. Passenger revenues totaled \$21,700,000 for the fiscal year, an increase of \$6,000,000, or 38% over the previous year.

The fourth quarter (April through June, 1976) saw all marketing and passenger service activities reoriented and combined into a new department. A series of aggressive new sales programs was being developed, which was aimed at further increasing ridership and revenues in the 1976-77 fiscal year.

OPERATIONS

A number of improvements in system service and operating efficiency were realized during the fiscal year.

Despite increased service hours and patronage, total revenue car miles of 22,446,355 were held to a minimal 5% increase over the previous period. This low mileage factor, achieved with more efficient matching of train lengths to passenger demand during revenue hours, was an important plus factor in service reliability and economy.

Extra trains added to peak-hour service increased the number of cars and seats by up to 27% on the Concord line, effectively reducing platform crowding on the system's heaviest-traveled route.

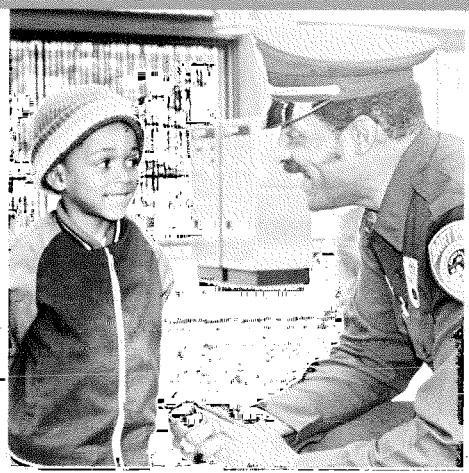
Improvements in the maintenance and engineering activities began to make themselves felt in reduced vehicle "downtime" (shop work) during the year. Between June, 1975, and June, 1976, the average daily number of revenue cars available for service rose from 219 to 245.

INTRODUCTION

The following report highlights developments of the 1975-76 fiscal year. Particular emphasis is given to actions taken to achieve improvements in ridership, operations and administration of BART.

RIDERSHIP

The fiscal year closed with average daily systemwide patronage at the 131,000 level for June, reflecting an 8.3% gain over the June, 1975, level of 121,000. Midday and night patronage together made a strong 38% gain, and by year's end, accounted for 53% of total daily patronage. Total patronage for the year was 18% ahead of the previous year.



Extra evening trains were scheduled around sports and recreation events at the Oakland Coliseum, now linked by a walkway to the Coliseum Station. Other extra trains were experimentally run in direct Richmond-Daly City service as new ways were sought of tailoring service more to passenger needs.

As in previous years, temporary night service commenced the day after Thanksgiving (November 28), extending service hours from 8 p.m. to midnight through the holiday season. For the first time, Saturday shoppers' service was also offered for the first three weeks in December.

As of January 1, 1976, revenue service hours were permanently extended from 8 p.m. to midnight, with the assistance of TDA funds allocated by the Metropolitan Transportation Commission. Night service became an important new ridership factor, accounting for almost 5% of total daily patronage by the year's end.

The opening of the Embarcadero Station on May 27 had an immediate impact on patronage, serving nearly 10,000 passengers daily in the first few weeks. Hailed by many as BART's finest architectural effort, the system's 34th station has attracted new riders to the system and reduced peak-hour congestion at the Montgomery Street Station.

Bus schedules between BART stations and outlying East Bay communities were improved and 36 new buses were put into service during the period. The buses are operated for the District by AC Transit over five express routes in Contra Costa and Alameda counties.

Service improvements were perceived by many BART patrons in a systemwide survey taken in May, 1976. Of those surveyed, 50% said service was improving, 20% perceived no change, 7% said it was worse, and 23% had no opinion. In another survey, it was found that the people who had the best opinion of BART were those who rode the system most often.

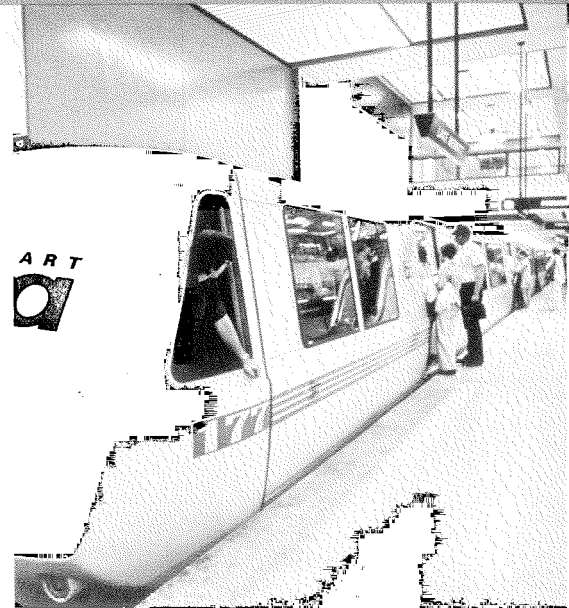
In the area of public safety, the system continued to compile an excellent record, completing almost four years of operation with no train passenger

fatalities. The rate of minor passenger accidents declined 19% on a per-million-passenger basis. The rate of reported misdemeanors and felonies declined on a similar basis. Passenger claims against the District totaled 117 as against 164 the previous year.

Despite the year's encouraging trends in operations and equipment utilization, much work on fleet reliability remained before progress could be made on other aspects of service.

Basic design problems in the vehicles continued to hamper system operations. A high rate of unscheduled train removals continued to be experienced during the fiscal year, higher in some months than in the previous year. The problems, longstanding since the system opened in 1972, required an immediate strengthening of the maintenance and engineering activities if needed progress was to be achieved.

Unscheduled train removals resulted primarily from the high failure rates of door control systems, propulsion, braking and air conditioning systems, and motor alternators. Hot weather failures of propulsion systems alone accounted for almost 50% of the train removals in May, 1976 — the high month of the report period with eight removals per 1,000 revenue car hours.



The District's first (three-year) collective bargaining contract ended on June 30, 1976. A threatened strike was narrowly avoided through intensive, round-the-clock negotiations extending into July. The District signed a new three-year contract with the Service Employees International Union, Local 390, and the Amalgamated Transportation Union, Division 1555, together representing 1,500 employees. The successful negotiations were cited as a model for other public agencies to follow in a year of major strikes in the Bay Area.

In April, May and June of 1976, the State Supreme Court issued opinions which ordered a change of venue in the District's multi-million dollar lawsuit against Parsons Brinckerhoff-Tudor-Bechtel, Westinghouse Electric Corporation, Rohr Industries, Inc., and others. The case has since been transferred from Alameda County to San Joaquin County (Stockton).

Some significant improvements in equipment reliability were achieved during the year. Vehicle downtime was reduced by instituting direct engineering support for all shop shifts. Prime engineering emphasis went to vehicle troubleshooting and maintainability. Increased attention was given to preventive maintenance. Activation of the Hayward Test Track in October, 1975, gave staff engineers an important new tool for expediting design changes and "fixes."

By the year's end, major fixes for propulsion, braking and air conditioning systems had been developed, plus five modifications to the door control system. However, it was obvious that much work remained for the 1976-77 fiscal year.

The staff, the California Public Utilities Commission, and the University of California's Lawrence Berkeley Laboratory worked closely together on development of an electronic device to assure mainline detection of all maintenance vehicles, and other safety-related aspects of the system.

ADMINISTRATION

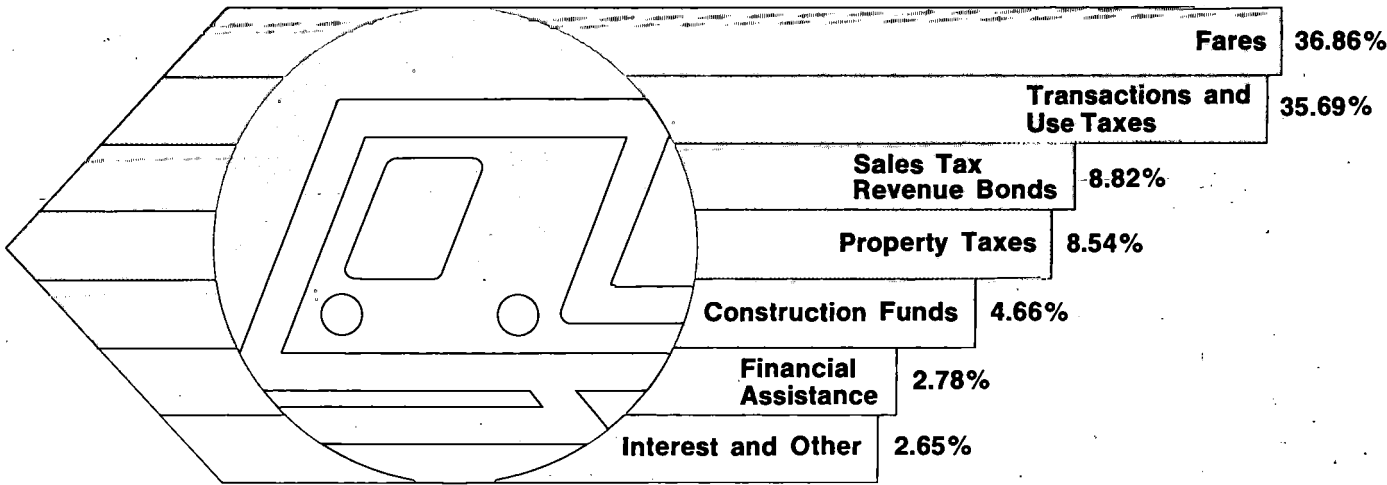
The General Manager announced a series of major departmental realignments, primarily aimed at reducing layers of supervision and allocating additional resources to critical areas.

The total staff increased from 1,877 to 1,978 during the period, reflecting new personnel for night service and the strengthened engineering and maintenance efforts. However, management was able to hold personnel levels in other work areas to 70 fewer employees than authorized.

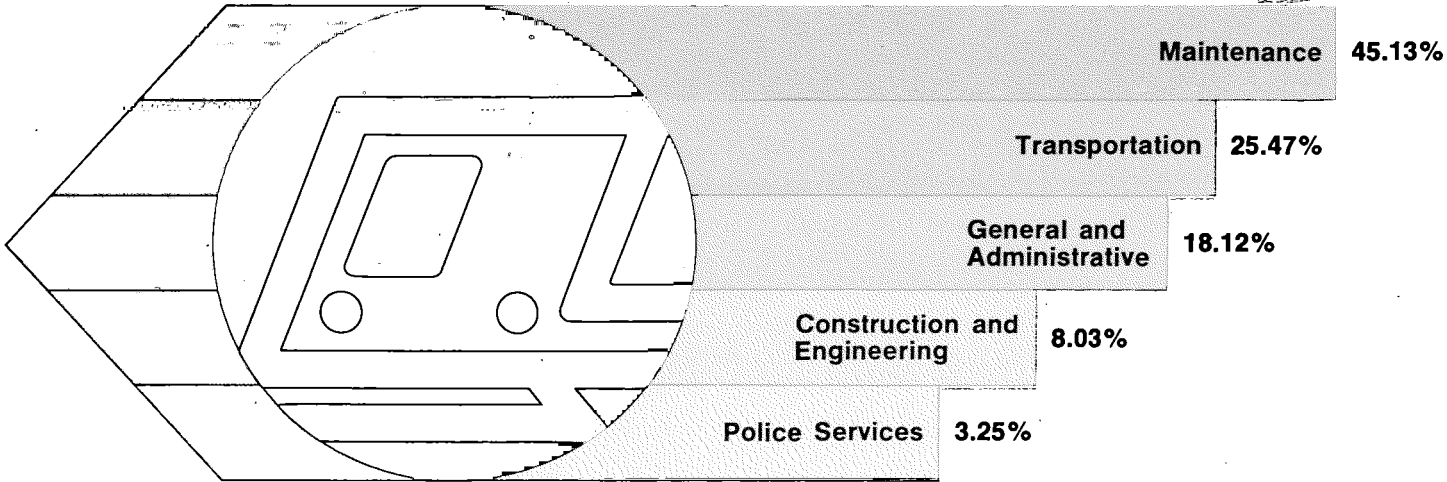
Total operating expenditures were \$5,000,000 below the authorized operating budget, reflecting substantial underspending on salaries and system operations for the period.



WHERE OPERATING FUNDS (\$58,897,969) COME FROM



HOW OPERATING FUNDS WERE SPENT



FINANCIAL STATEMENTS



BALANCE SHEET

	June 30	
	1976	1975
ASSETS		
Cash (including time deposits of \$3,780,000 and \$4,770,000)	\$ 4,684,541	\$ 6,028,931
U.S. Treasury, federal agency and other securities (Note A)	54,139,226	44,862,350
Deposits, notes and miscellaneous receivables	10,480,011	13,432,244
Construction in progress (Note A)	20,221,923	14,430,952
Facilities, property and equipment (Notes A and B)	1,477,458,405	1,457,249,819
Accumulated depreciation and amortization (Notes A and B)	(74,160,885)	(48,038,470)
Materials and supplies, at average cost	5,923,559	4,558,183
Debt service funds, net assets (including time deposits of \$14,518,000 and U.S. Treasury and Federal Agency securities of \$21,281,002 in 1976 and \$65,668,000 and \$6,598,765 in 1975) (Notes C and D)	37,605,146	73,720,529
	<u>1,536,351,926</u>	<u>1,566,244,538</u>
LIABILITIES AND CAPITALIZATION		
Construction contracts and other liabilities	\$ 21,590,556	\$ 32,667,460
Unearned fare revenue	1,594,918	797,242
Payable to State of California (Note F)	39,110,538	39,110,538
Sales Tax Revenue Bonds (\$24,000,000 authorized) (Note D)	24,000,000	16,000,000
Debt service funds (Notes C and D)	37,605,146	73,720,529
	<u>123,901,158</u>	<u>162,295,769</u>
Contingencies (Note H)		
Capitalization:		
Reserve for self-insurance (Note G)	6,000,000	6,000,000
General Obligation Bonds (\$812,500,000 authorized) (Note C):		
Bonds outstanding	\$748,675,000	762,980,000
Bonds matured and retired	<u>55,325,000</u>	<u>41,020,000</u>
	<u>804,000,000</u>	<u>804,000,000</u>
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note D):		
Bonds outstanding	12,575,000	69,395,000
Bonds matured and retired	<u>137,425,000</u>	<u>80,605,000</u>
	<u>150,000,000</u>	<u>150,000,000</u>
U.S. Government grants (Note E)	282,223,256	254,047,780
State of California grant (Note F)	116,902,462	116,902,462
Contributions from others	23,042,992	15,300,356
Depreciation and amortization of assets acquired with grants and contributions by others (Note A)	<u>(21,440,328)</u>	<u>(13,008,072)</u>
	<u>400,728,382</u>	<u>373,242,526</u>
Accumulated net revenues before depreciation and amortization	104,442,943	105,736,641
Depreciation and amortization of assets acquired with District funds	<u>(52,720,557)</u>	<u>(35,030,398)</u>
	<u>51,722,386</u>	<u>70,706,243</u>
	<u>1,412,450,768</u>	<u>1,403,948,769</u>
	<u>1,536,351,926</u>	<u>1,566,244,538</u>

See notes to financial statements.



STATEMENT OF OPERATIONS

	Year Ended June 30	
	1976	1975
Revenues:		
Operating revenues:		
Fares	\$23,594,577	\$17,211,689
Less discounts, transfers and other deductions	1,880,864	1,219,600
	<u>21,713,713</u>	<u>15,992,089</u>
Transactions and use taxes	21,020,914	- 0 -
Property taxes	5,029,312	4,410,322
Financial assistance — Transportation Development Act of 1971	1,634,697	729,544
Interest and other	1,558,931	812,496
	<u>50,957,567</u>	<u>21,944,451</u>
Construction funds interest and other	2,875,244	5,489,589
	<u>53,832,811</u>	<u>27,434,040</u>
Expenses:		
Transportation	15,000,484	12,214,553
Maintenance	26,578,460	24,056,905
Police services	1,915,739	2,025,272
Construction and engineering	4,728,933	3,611,599
General and administrative	10,674,353	7,948,707
	<u>58,897,969</u>	<u>49,857,036</u>
FUNDED EXCESS OF EXPENSES OVER REVENUES	5,065,158	22,422,996
Unfunded costs:		
Depreciation and amortization of all assets	26,122,415	26,011,892
Less depreciation and amortization of assets acquired with grants and contributions by others (Note A)	8,432,256	7,457,374
	<u>17,690,159</u>	<u>18,554,518</u>
NET OPERATING LOSS	<u>\$22,755,317</u>	<u>\$40,977,514</u>

STATEMENT OF ACCUMULATED NET REVENUES

Accumulated net revenues at beginning of year	\$70,706,243	\$95,786,396
Less net operating loss	22,755,317	40,977,514
	<u>47,950,926</u>	<u>54,808,882</u>
Add:		
Improvements, inventory accumulation and construction overhead capitalized	3,771,460	5,861,768
Startup costs capitalized (Note A)	- 0 -	10,035,593
Accumulated net revenues at end of year	<u>\$51,722,386</u>	<u>\$70,706,243</u>

See notes to financial statements.



**STATEMENT OF REVENUES, EXPENSES AND
FUND BALANCES OF DEBT SERVICE FUNDS**

	Year Ended June 30, 1976			Year Ended June 30, 1975 Combined
	General Obligation Bonds	Sales Tax Revenue Bonds	Combined	
Revenues:				
Property taxes	\$43,939,192	\$ - 0 -	\$ 43,939,192	\$44,216,251
Transactions and use taxes received for debt service requirements	- 0 -	24,992,249	24,992,249	35,828,843
Bond proceeds advanced	- 0 -	408,000	408,000	1,248,000
Interest	1,480,258	2,754,102	4,234,360	6,175,011
	<u>45,419,450</u>	<u>28,154,351</u>	<u>73,573,801</u>	<u>87,468,105</u>
Less:				
Matured interest	33,067,271	4,279,560	37,346,831	39,153,445
Matured or retired principal	14,305,000	56,820,000	71,125,000	44,425,000
Bond service expense	- 0 -	158,928	158,928	50,028
Bond premium	- 0 -	1,058,425	1,058,425	497,286
	<u>47,372,271</u>	<u>62,316,913</u>	<u>109,689,184</u>	<u>84,125,759</u>
	<u>(1,952,821)</u>	<u>(34,162,562)</u>	<u>(36,115,383)</u>	<u>3,342,346</u>
Balance at beginning of year	19,588,009	54,132,520	73,720,529	70,378,183
Balance at end of year	<u>\$17,635,188</u>	<u>\$19,969,958</u>	<u>\$ 37,605,146</u>	<u>\$73,720,529</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended June 30	
	1976	1975
FINANCIAL RESOURCES WERE USED FOR:		
Operations:		
Net operating loss	\$ 22,755,317	\$ 40,977,514
Noncash expense — depreciation and amortization	(17,690,159)	(18,554,518)
FUNDS USED IN OPERATIONS	5,065,158	22,422,996
Bond principal	71,125,000	44,425,000
Bond interest	37,346,831	39,153,445
Additions to construction in progress and facilities, property and equipment	23,110,212	71,228,136
Decrease in construction contracts and other liabilities	11,076,904	12,823,745
Increase (decrease) in cash and securities	7,932,486	(23,093,250)
Bond premium	1,058,425	497,286
	<u>\$156,715,016</u>	<u>\$167,457,358</u>
FINANCIAL RESOURCES WERE PROVIDED BY:		
Property taxes	\$ 43,939,192	\$ 44,216,251
Decrease (increase) in debt service funds (less bond proceeds advanced of \$408,000 in 1976 and \$1,248,000 in 1975)	36,523,383	(2,094,346)
Grants from U.S. Government	28,175,476	56,406,303
Transactions and use taxes for debt service requirements	24,992,249	35,828,843
Sales Tax Revenue Bonds issued	8,000,000	16,000,000
Contributions from others	7,742,636	8,160,321
Interest on investments	4,234,360	6,175,011
Decrease in deposits, notes and miscellaneous receivables	2,952,233	4,556,502
Other decrease (increase)	155,487	(1,791,527)
	<u>\$156,715,016</u>	<u>\$167,457,358</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS



NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 1976 and 1975

NOTE A — Summary of Significant Accounting Policies

The San Francisco Bay Area Rapid Transit District is a political subdivision of the State of California created by the Legislature in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with the State of California and the United States Government.

The District receives an allocation of property tax revenues for purposes of providing for general and administrative expenses not involving construction in progress, although such revenues may be used for construction purposes if needed.

Securities are carried at cost which approximates market.

The cost of acquisition and construction of rapid transit facilities is recorded in construction in progress and represents amounts paid or owing to contractors including amounts provided by state and federal grants for construction purposes. As facilities are completed and become operative, the District transfers them to facilities, property and equipment accounts.

Depreciation on facilities, property and equipment is computed using the

straight line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with the District's funds is distinguished from the amount of depreciation of assets acquired with grants and contributions by others, and the latter amount is shown on the balance sheet with the related contributions. This format follows the recommendations for public transportation systems in the Industry Audit Guide "Audits of State and Local Governmental Units" prepared by the Committee on Governmental Accounting and Auditing and issued by the AICPA in September 1973.

Accounting policies for General Obligation Bonds (Note C), Sales Tax Revenue Bonds (Note D), Government Grants (Notes E and F) and reserve for self-insurance (Note G) are described in separate footnotes.

From 1966 through fiscal 1975, the District consistently capitalized as part of pre-full revenue operating expenses, certain startup costs. The amount so capitalized for the year ended June 30, 1975 was \$10,000,000 (\$15,000,000 in 1974).

Certain reclassifications have been made in the 1975 financial statements to conform to the classifications used in 1976.

NOTE B — Facilities, Property and Equipment

Facilities, property and equipment, asset lives, and accumulated depreciation and amortization at June 30, 1976 and 1975, are summarized below:

	Lives (Years)	1976		1975	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	Nondepreciable	\$ 106,493,208		\$ 105,372,869	
Improvements	80	1,029,805,029	\$37,971,973	1,023,807,659	\$25,198,775
Systemwide operation and control	20	85,890,125	12,643,560	83,958,497	8,232,844
✓ Revenue transit vehicles	30	146,273,421	11,903,303	136,599,148	7,190,387
✓ Service and miscellaneous equipment	3 to 20	9,086,504	2,261,272	8,279,442	1,430,239
Pre-full revenue operating expenses	30	94,103,267	8,927,382	94,174,492	5,705,389
✓ Repairable property items	30	5,806,851	453,395	5,057,712	280,836
		<u>\$1,477,458,405</u>	<u>\$74,160,885</u>	<u>\$1,457,249,819</u>	<u>\$48,038,470</u>

Construction of the system is substantially complete. Initial operation of the system began in September 1972, and all 71 miles of rapid transit line were in regular passenger service on September 16, 1974.

NOTE C — General Obligation Bonds

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792,000,000 of General Obligation Bonds. Bonds amounting to \$738,425,000 were outstanding at June 30, 1976, with principal maturities from 1977 to 1999. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20,500,000 of General Obligation Bonds for construction of subway extensions within that City. Special Service District No. 1 Bonds, amounting to \$10,250,000, were outstanding at June 30, 1976, with principal

maturities from 1977 to 1998. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District.

Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from Debt Service Funds. Principal of \$15,650,000 General Obligation Bonds and \$290,000 Special Service District No. 1 Bonds matures on June 15, 1977. Interest of \$15,902,390 on General Obligation Bonds and \$230,158 on Special Service District No. 1 Bonds is payable on December 15, 1976. The composite interest rate on bonds currently outstanding is 4.11%.

NOTE D — Sales Tax Revenue Bonds

The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling \$150,000,000. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the one-half per cent Transactions and Use Tax authorized by the 1969 Legislature and by monies received by the District from other sources, in lieu of Transactions and Use Tax proceeds, if legally made available. The bonds maturing on or after January 1, 1976, are redeemable prior to maturity at the option of the District on various dates at prices ranging from 104% to 100%. Bonds amounting to \$12,575,000 were outstanding at June 30, 1976. The District's obligation, as of June 30, 1976 with respect to these bonds, which mature January 1, 1977, was completely discharged by deposit of federal securities

with the trustee. Interest of \$333,170 is payable on July 1, 1976. The composite interest rate on bonds outstanding is 5.38%.

In August 1974, the State Legislature extended the one-half per cent Transactions and Use Tax until December 31, 1977 or until the District has received \$82,000,000 over and above the amount required to pay principal and interest on the earlier outstanding Sales Tax Revenue Bonds, whichever is sooner. On September 22, 1976, the tax was further extended to June 30, 1978. The additional revenues are to be used for operational purposes, including the liquidation of operating deficits. The District was authorized to issue negotiable bonds secured by such revenues in amounts not to exceed \$16,000,000 in fiscal 1974/75, \$8,000,000 in fiscal 1975/76



and \$1,300,000 in fiscal 1976/77. Sales Tax Revenue Bonds in the amount of \$24,000,000 were outstanding at June 30, 1976, with principal maturities of \$8,000,000 on January 1, 1977, and \$16,000,000 on January 1, 1978. As of June 30, 1976, the District had deposited \$6,000,000 of federal securities with the trustee to meet future maturities of these bonds. Interest of \$620,000 is payable on July 1, 1976. The composite interest rate on the bonds outstanding is 5.12%.

The collection and administration of the tax, which became effective April 1, 1970, is performed exclusively by the State Board of Equalization and all taxes are transmitted directly to the appointed trustee for the pur-

pose of paying bond interest semiannually on July 1 and January 1, principal annually on January 1 and expenses of the trustee. Monies not required for these purposes are transmitted to the District. The total Transactions and Use Taxes received in fiscal 1975/76 was \$46,013,163, of which \$24,992,249 was retained by the trustee for the above purposes and \$21,020,914 was transmitted to the District.

The State Board of Equalization has estimated that the revenue from the Transactions and Use Tax for the period April 1 to June 30, 1976, will be approximately \$9,200,000. Of this amount, \$2,300,000 had been received by the trustee and recorded by the District as of June 30, 1976.

NOTE E — U.S. Government Grants

The U.S. Government, under grant contracts with the District, provides financial assistance for research, beautification, certain construction projects and transit vehicle and other procurement. Additionally, the District is administering federal grants to the City and County of San Francisco (CA-03-0004) for construction of three Market Street Station mezzanines, two street plazas and street extensions, and a grant to the City of Berkeley (CA-03-0009) in connection with the construction of subway extensions within Berkeley. The following grants were in force as of June 30, 1976:

Project — Purpose	Maximum Grant	Funds Received
Beautification Grants:		
CALIF-BD-1	\$ 427,098	\$ 427,098*
CALIF-B-160	260,253	260,253*
CALIF-B-163	499,296	499,296*
OS-CA-09-39-1074	774,805	774,805*
	<u>1,961,452</u>	<u>1,961,452</u>
Demonstration Grants:		
CA-06-0021 (Transit Design)	6,157,256	6,157,256*
CA-06-0023 (Fare Collection)	922,997	922,997*
CA-06-0026 (Transit Hardware)	761,568	761,568*
CA-06-0032 (Prototype Vehicles)	5,000,000	4,500,000
	<u>12,841,821</u>	<u>12,341,821</u>

Capital Grants — Construction and Procurement:

CA-03-0006	12,867,862	12,867,862*
CA-03-0011	13,103,910	13,103,910*
CA-03-0015	25,939,945	25,939,945*
CA-03-0019	88,000,000	88,000,000
CA-03-0047	1,000,000	878,000
CA-03-0052	38,136,666	29,918,000
CA-03-0058	1,700,000	1,470,000
CA-03-0059	61,845,066	53,358,666
CA-03-0069	28,906,133	17,536,000
CA-03-0083	1,172,000	912,000
	<u>272,671,582</u>	<u>243,984,383</u>
CA-03-0004 (San Francisco)	19,902,430	19,172,600
CA-03-0009 (Berkeley)	4,733,000	4,733,000*
	<u>297,307,012</u>	<u>267,889,983</u>
Other:		
A40-41-182 (Sculpture)	30,000	30,000
	<u>\$312,140,285</u>	<u>\$282,223,256</u>

* Project completed

NOTE F — State of California Grant

Pursuant to Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. Under Section 30778 of the Code, further modified by an agreement with the State Department of Public Works, the District will reimburse the State for costs of the tube approaches. At June

30, 1976, the District had received \$172,513,000 of which \$55,610,538 is repayable to the State of California for the tube approaches. Reimbursement will be fulfilled by application of a \$16,500,000 credit to the District arising from highway betterments constructed with District funds on State Route No. 24 and by payment of \$1,000,000 on December 31, 1977, and \$2,500,000 annually beginning December 31, 1978.

NOTE G — Reserve for Self-Insurance

The reserve for self-insurance is presently limited, by resolution of the Board of Directors of the District, to a maximum of \$6,000,000 to provide for the uninsured portion of general liability and property damage and workmen's compensation exposure. Policies for excess risks are placed with major insurance carriers. In the opinion of management of the District, excess risk insurance coverage for operating and property liability is not

adequate. The ability of the District to maintain an acceptable level of insurance coverage in this area has been hampered by the refusal of many insurance carriers to offer such insurance to members of the railway and transit industry. Efforts are continuing on the part of the District to obtain additional excess risk insurance for operating and property liability.

NOTE H — Litigation and Other Disputes with Contractors

The District has filed suit against its consulting engineer Parsons, Brinckerhoff-Tudor-Bechtel (PB-T-B), two of its primary contractors, Rohr and Westinghouse, a subcontractor, Bulova, and the primary contractors' respective sureties, seeking in damages approximately \$88,000,000 from PB-T-B, \$41,000,000 from Rohr, \$55,000,000 from Westinghouse, \$4,500,000 from Westinghouse, Bulova and PB-T-B, and in addition, \$50,000,000 for loss of revenue from Rohr, Westinghouse, and PB-T-B. Special Trial Counsel is unable to comment on the District's ultimate recovery under this

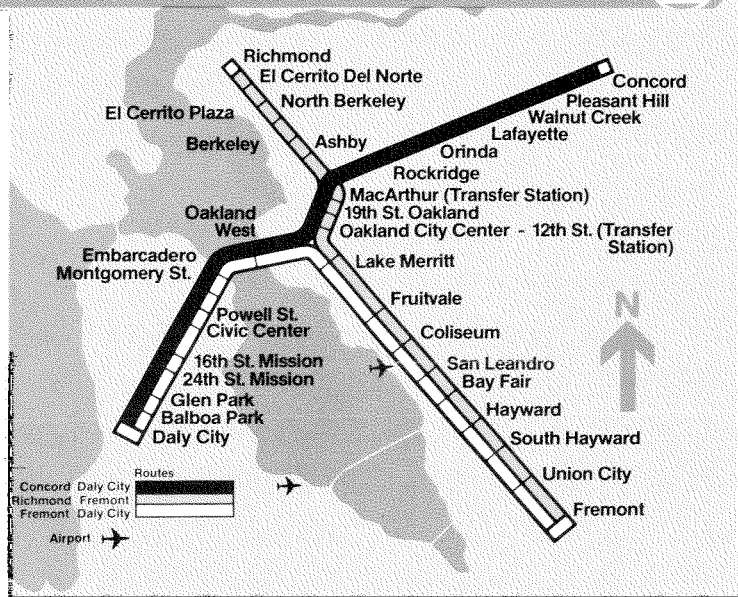
action. Some of the defendants may enter cross-claims against the District. The ultimate liability, if any, with respect to such cross-claims is unknown.

In addition, contractor claims amounting to approximately \$28,000,000 have been submitted to the District. It is anticipated that some additional claims will be submitted in the future. Special Trial Counsel is unable to comment on the District's ultimate liability, if any, for these claims since they involve substantial factual and legal disputes which have not yet been fully analyzed.

NOTE I — Public Employees Retirement System

The District contributes to the Public Employees Retirement System. The System is a contributory pension plan which provides retirement, disability and death benefits. Substantially all full-time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required District contributions are expensed cur-

rently. Pension expense was \$2,400,000 and \$2,050,000 in 1976 and 1975, respectively. The excess, if any, of the actuarially computed value of vested benefits over the total of the pension fund and balance sheet accruals less pension prepayments and deferred charges is not available.



September 10, 1976
(September 22, 1976 as to Note D)

Board of Directors
San Francisco Bay Area Rapid Transit District
Oakland, California

We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1976 and 1975, and the related statements of operations, accumulated net revenues, revenues, expenses and fund balances of debt service funds, and changes in financial position for the years 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.

As explained in Note A, certain pre-full revenue operating costs amounting to \$10,000,000, which were incurred after achieving substantial revenue operations, were capitalized in the year ended June 30, 1975. Under generally accepted accounting principles, these costs should not be capitalized.

In our opinion, except for the effects in 1975 of capitalizing the pre-full revenue operating costs as discussed in the preceding paragraph, the aforementioned financial statements present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1976 and 1975, and the results of its operations, the revenues, expenses and fund balances of its debt service funds, and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Anche Ross & Co.

Certified Public Accountants

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors whose members are elected for four-year terms by voters of nine election districts within the counties of Alameda, Contra Costa and San Francisco.

Administrative Headquarters—
800 Madison Street, Oakland, California, 94607.
(415) 465-4100.

DISTRICT OFFICERS

(Appointed by the Board of Directors)

Frank C. Herring	General Manager
Malcolm M. Barrett	General Counsel
William F. Goetz	Director of Finance
Richard J. Shephard	Secretary

This Annual Report is published by the District pursuant to Article 28770, Public Utilities Code of the State of California.



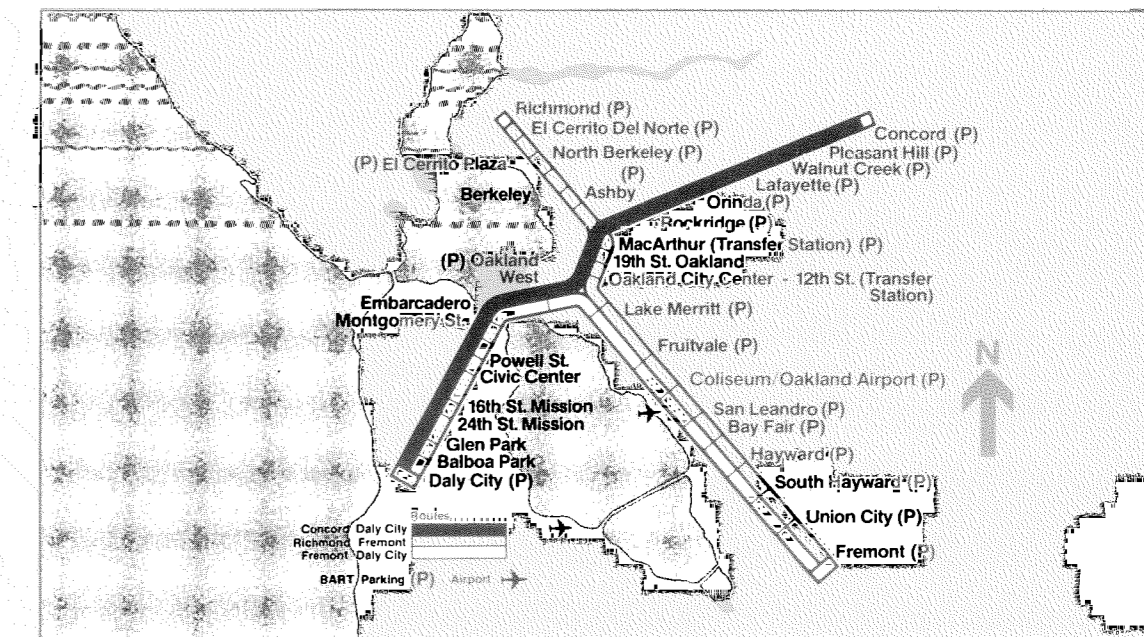
BART SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
800 Madison Street
Oakland, California 94607
(415) 465-4100.

The Cover: yesterday, today and tomorrow . . .

"If the Bay Area is to be preserved as a fine place to live and work, a regional rapid transit system is essential to prevent total dependence on automobiles and freeways." Thus was the underlying concept for BART defined in a final study released in 1956 by the San Francisco Bay Area Rapid Transit Commission.

Today, as depicted on the cover map, BART has, indeed, become a major element in regional public transportation . . . an aesthetically attractive, environmentally sound, and energy-efficient alternative to the automobile.

And tomorrow? BART is destined to play an even more vital role in the Bay Area's capacity to grow and prosper, while providing a meaningful alternative to environmental intrusions that accompany total dependence on the automobile.



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ADMINISTRATIVE HEADQUARTERS

800 Madison Street, Oakland, California, 94607
(415) 465-4100

Frank C. Herringer, General Manager
Robert D. Gallaway, Assistant General Manager

DEPARTMENT DIRECTORS

Malcolm M. Barrett General Counsel	Ernest G. Howard Affirmative Action & Training	Fred L. Peil Technical Services
C. Keith Bernard Planning, Budgeting & Research	Diano D. Levine Marketing & Communications	Gordon H. Ringenberg Program Management
Richard P. Demko Rolling Stock & Shops Maintenance	Vincent P. Mahon Power & Way Maintenance	Richard J. Shephard District Secretary
William B. Fleisher Field Services	Melvin H. Murphy Engineering	James E. Terry* Employee Relations
William F. Goelz Director of Finance	Phillip O. Ormsbee Special Services	Ralph S. Weule Safety
Krishna V. Hari System Development		

*Succeeded by Lawrence A. Williams, effective August 1, 1977.

This Annual Report is published by the District pursuant to Article 28770, Public Utilities Code of the State of California.

BART SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
800 Madison Street
Oakland, California 94607
(415) 465 4100

NOTE 5 — GENERAL OBLIGATION AND SALES TAX REVENUE BONDS (cont.)

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$15,477,000 on General Obligation Bonds and \$222,000 on Special Service District No. 1 Bonds is payable on December 15, 1977.

The 1969 Legislature of the State of California authorized the District to impose a 1/2% Transactions and Use Tax within the District and issue Sales Tax Revenue Bonds totaling \$150 million.

The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million. Payment of both principal and interest is provided by the 1/2% Transactions and Use Tax. Bond principal is payable annually on January 1 and interest is payable semiannually on July 1 and January 1 from debt service funds. Interest of \$404,000 is payable on July 1, 1977.

On September 30, 1977, the Governor signed legislation which will extend the Transactions and Use Tax indefinitely. Under the legislation, revenues from the tax imposed on or after January 1, 1978, and revenues from the tax imposed prior to January 1, 1978, but available after March 31, 1978, will, subject to certain restrictions, be allocated 75% to the District and 25% by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for improvements in the level of transit service.

NOTE 6 — U S GOVERNMENT GRANTS

The U S Government, under grant contracts with the District, provides financial assistance for capital projects. Additionally, the District is administering federal grants to the City and County of San Francisco for construction of Market Street station mezzanines, street plazas and street extensions, and a grant to the City of Berkeley in connection with the construction of subway extensions. Grants for capital projects are recorded as additions to net capital investment when received. A summary of federal grants in force at June 30, 1977 is as follows:

Type Of Grant	(In Thousands)	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	12,842	12,342
Capital	300,989	274,296
	<u>\$315,792</u>	<u>\$288,599</u>

NOTE 7 — LITIGATION AND DISPUTES WITH CONTRACTORS AND OTHERS

The District has filed suit against its consulting engineer, Parsons Brinckerhoff-Tudor-Bechtel (PB-T-B), two of its primary contractors, Rohr Industries, Inc. and Westinghouse Electric Corporation, a subcontractor, Bulova Watch Company and the primary contractors' respective sureties, seeking damages of approximately \$160 million from Westinghouse, Rohr and PB-T-B, and in addition, \$2 million from Westinghouse, PB-T-B and Bulova. Some of the defendants have indicated that they intend to enter cross-claims against the District.

On July 18, 1977, the District and the defendants (except Bulova) announced that they had reached a settlement in principle of this litigation. A written agreement setting forth detailed terms and conditions is being prepared and must be approved by all parties. In general, the settlement in principle provides for the payment to the District of \$15 million (\$1.3 million of which has already been received) and a release of claims by all parties.

In addition, Rohr has agreed to accept a payment of \$6.2 million from the District in settlement of a separate claim involving \$15 million in disputed billings under the Transit Vehicle Contract. The District will submit a requisition for approximately 80% of this payment to the Urban Mass Transportation Administration (UMTA). The overall settlement is contingent on UMTA approval of the District's requisition.

The District has capitalized \$4.4 million in costs related to the litigation. It is anticipated that net proceeds from the tentative settlement would be applied against project costs and would make funds available for capital improvements.

In addition, the District is involved in various lawsuits, claims, and disputes which, for the most part, are normal to the District's operation. In the opinion of management, the amount of costs that might be incurred, if any, would not materially affect the District's financial position or operations.

NOTE 8 — PUBLIC EMPLOYEES RETIREMENT SYSTEM

The District contributes to the Public Employees Retirement System. The System is a contributory pension plan providing retirement, disability and death benefits to employees of certain State and local governmental units. Substantially all full-time em-

ployees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$3,441,000 and \$2,400,000 in 1977 and 1976, respectively.

MESSAGE FROM THE PRESIDENT AND THE GENERAL MANAGER



This was a year in which BART made significant progress in a number of areas.

The Board of Directors welcomed several new members, and this Board, together with management, developed the first comprehensive set of goals and objectives for BART. These goals and objectives were the basis for a thorough analysis of BART's budget, which led to the adoption of a budget for the next fiscal year in which expenses will be fully covered. No fare increase is anticipated; and new weekend service, together with direct Richmond/Daly City service, is expected to commence.

Steps were taken to bring operating costs, of which over 70% are wages, salaries and fringe benefits, under better control. These efforts to increase productivity will be intensified in the months to come.

Substantial effort by the Board and management led to a settlement in principle, on terms quite favorable to BART, of the costly and time-consuming litigation against the designers and builders of the system. In addition, BART's long-term financial stability has been assured through the passage of Assembly Bill 1107, authored by State Assembly Speaker Leo T. McCarthy. It was signed into law on September 30, 1977.

During the year, an expected unfunded deficit was eliminated, equipment failures declined, car availability increased, and more passengers were carried. On January 26, 1977, we carried our 100 millionth passenger, and on October 28, 1977, one of our most interesting — Prince Charles.

While the past year was one of substantial improvement for BART, we still have a long way to go before providing the service the taxpayers of Alameda, Contra Costa and San Francisco deserve. We expect that next year will see the system substantially closer to that goal.

Barclay Simpson
President of the Board

Frank C. Herringer
General Manager

NOVEMBER 1977



Working sessions between President Simpson (right) and General Manager Herringer are a familiar sight on the 5th floor of the BART Administration Building.

PERFORMANCE HIGHLIGHTS



	FY 1976/77	FY 1975/76
RIDERSHIP		
Annual passenger trips	34,599,088	32,897,431
Average weekday trips	133,453	127,464
Average trip length	12.8 miles	12.6 miles
Annual passenger miles	444,401,162	414,507,631
System utilization factor (ratio of passenger miles to available seat miles)	.270	.256
End-of-period ratios		
Peak patronage	51%	NA
Off-peak patronage	49%	NA
BART's estimated share of peak period transbay trips — cars, trains and buses	26%	26%
Passengers with automobile available (as alternative to BART)	61%	61%
OPERATIONS		
Annual revenue car miles	22,862,970	22,446,355
Unscheduled train removals — average per revenue day	11.7	17.3 (1)
Transit car availability to revenue car fleet	76%	60% (2)
Passenger miles per equivalent gallon of gasoline	51	50
Passenger accidents per million passenger trips	19.71	21.31
Crimes reported per million passenger trips	122.4	91.58
FINANCIAL		
Net passenger revenues	\$ 24,692,000	\$ 21,714,000
Other operating revenues	1,466,000	1,507,000
Total operating revenues	26,158,000	23,221,000
Net operating expenses	66,814,000 (3)	55,126,000
Operating ratio (total operating revenues to net operating expenses)	39.15%	42.12%
Operating revenue per passenger mile	5.9¢	5.6¢
Operating cost per passenger mile	15.0¢	13.3¢
Average passenger fare	73.8¢	70.8¢

NOTES

General note: Data represent annual averages, unless otherwise noted. 1975/76 data adjusted where necessary from previously reported results to provide comparability with 1976/77 data.

- (1) FY 1975/76 data represents six months ending June 30, 1976.
- (2) FY 1975/76 data represents four months ending June 30, 1976.
- (3) Before cumulative effect, on years prior to June 30, 1977, of change in method of recording self-insured costs for liability and worker's compensation claims in the amount of \$1,033,000.

NOTE 2 — CHANGES IN METHODS OF ACCOUNTING (con't.)

Self-Insurance

The District insures itself for most worker's compensation, general liability and major property damage. During 1977 the District changed its method of recording the costs of self-insured claims and major property damage to when they are incurred instead of when they are paid.

The effect of this change was to increase the 1977 net loss by \$3,141,000 including \$2,982,000 of costs from prior years. The \$2,982,000 represents \$1,033,000 in worker's compensation and liability claims and \$1,949,000 in major transit vehicle property damage. The pro forma amounts shown opposite reflect retroactive application of the change as if the method had been in effect in both 1977 and 1976.

	(In Thousands)	
	1977	1976
Net loss reported	\$29,018	\$22,668
Cumulative effect of change in method of accounting applicable to:		
1976	(580)	580
Prior to 1976	(2,402)	—
	<u>(2,982)</u>	<u>580</u>
	<u>\$26,036</u>	<u>\$23,248</u>

NOTE 3 — FACILITIES, PROPERTY, AND EQUIPMENT

Facilities, property, and equipment, asset lives, and accumulated depreciation and amortization at June 30, 1977 and 1976 are summarized as follows:

	Lives (Years)	(In Thousands)			
		1977 Cost	1977 Accumulated Depreciation And Amortization	1976 Cost	1976 Accumulated Depreciation And Amortization
Land	—	\$ 106,544	\$ —	\$ 106,493	\$ —
Improvements	80	1,031,406	50,164	1,029,805	37,972
Systemwide operation and control	20	87,095	17,136	85,890	12,644
Revenue transit vehicles	30	144,075	16,481	146,274	11,903
Service and miscellaneous equipment	3 to 20	9,719	3,099	9,087	2,261
Capitalized construction and start-up costs	30	95,175	11,944	93,794	8,619
Repairable property items	30	6,726	653	5,807	453
		<u>\$1,480,740</u>	<u>\$99,477</u>	<u>\$1,477,150</u>	<u>\$73,852</u>

NOTE 4 — PAYABLE TO THE STATE OF CALIFORNIA

Under Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. These Code Sections provide that the District will reimburse the State for the costs of the tube approaches. At June 30, 1977, the District had

received \$172,513,000 of which \$55,611,000 was repayable to the State. Reimbursement of \$16,500,000 was fulfilled by application of a credit due the District arising from highway betterments constructed with District funds on State Route No. 24. On September 30, 1977, the Governor signed legislation which will cancel the District's obligation to pay such costs.

NOTE 5 — GENERAL OBLIGATION AND SALES TAX REVENUE BONDS

General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	(In Thousands)					
			Original Amount		1977		1976	
			Authorized	Issued	Due In 1 Year	Total	Due In 1 Year	Total
1962 District Bonds	4.09%	1999	\$792,000	\$792,000	\$17,450	\$722,775	\$15,650	\$738,425
1966 Special Service District Bonds	4.41%	1998	20,500	12,000	300	9,960	290	10,250
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$17,750</u>	<u>\$732,735</u>	<u>\$15,940</u>	<u>\$748,675</u>

Sales Tax Revenue Bonds

1969 Sales Tax Revenue Bonds	—	1977	\$150,000	\$150,000	\$ —	\$ —	\$12,575	\$ 12,575
1975 Sales Tax Revenue Bonds	5.44%	1978	\$ 24,000	\$ 24,000	\$16,000	\$ 16,000	\$ 8,000	\$ 24,000

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
June 30, 1977 and 1976

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING METHODS

Description of the District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

Securities are carried at cost which approximates market.

Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax, imposed by the District within the counties it serves, is collected and administered

by the State Board of Equalization. All tax proceeds are transmitted directly to a trustee and recorded as revenue in the debt service funds on receipt. The trustee retains funds necessary for debt service requirements and transmits the excess, if any, to the District. The District records funds not required for debt service and the proceeds of Sales Tax Revenue Bonds (issued for operational purposes) as financial assistance when received. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1977 to June 30, 1977 will be approximately \$10,200,000. Of this amount, \$2,550,000 had been received by the trustee and recorded by the District. Comparable figures for 1976 were \$9,200,000 and \$2,300,000 respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Self-Insurance

The District is largely self-insured for worker's compensation and general liability claims and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred. In addition, the District has designated \$6,000,000 of its capitalization as a reserve for self-insurance.

Reclassifications

Certain reclassifications have been made in the 1976 financial statements to conform to 1977 presentation.

NOTE 2 - CHANGES IN METHODS OF ACCOUNTING

Revenue Recognition

Interest Earned on Capital Sources

In 1977, the District has accounted for interest earned on capital sources as an increase in net capital investment whereas in prior years this interest had been recorded as revenue in the statement of operations. This method was adopted to recognize that interest from capital sources should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

Sales Tax Revenue Bond Proceeds

In 1975 and 1976, the District issued \$16,000,000 and

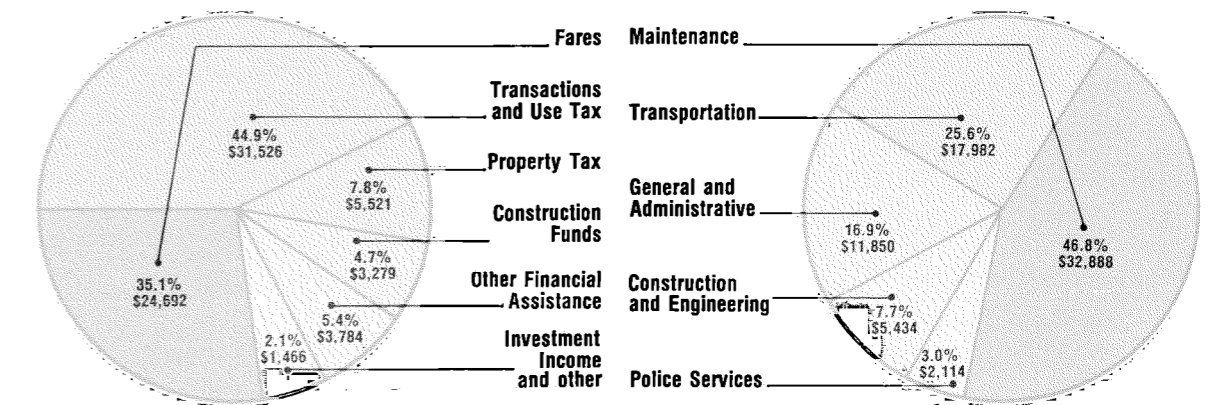
\$8,000,000, respectively, of Sales Tax Revenue Bonds to be used in support of operations. The proceeds of these bonds, net of interest advanced to the trustee, amounted to \$14,970,000 in 1975 and \$7,623,000 in 1976. To recognize the operational support provided, the financial statements for prior years have been restated to include the bond proceeds as revenue in the year received.

To give effect to these changes in methods of revenue recognition, prior year financial statements have been restated as follows:

			(In Thousands) 1976		Interest On Capital	Funds To Be Provided By Transactions And Use Tax
	Transactions And Use Tax	Net Loss Transferred To Accumulated Deficit	Accumulated Deficit Beginning Of Year	End Of Year		
Balance, as previously reported	\$21,021	\$22,755	\$ 70,706	\$ 51,722	\$ —	\$ —
Interest from capital sources	—	2,875	(116,892)	(119,767)	119,767	—
Proceeds from Sales Tax Revenue Bonds	7,623	(7,623)	14,970	22,593	—	22,593
Reclassification of improvements, inventory accumulation, and construction overhead capitalized	—	(3,771)	—	—	—	—
Reclassification of prepaid and accrued interest advanced to the trustee	—	—	—	—	—	1,407
Balance, as adjusted	<u>\$28,644</u>	<u>\$14,236</u>	<u>(\$ 31,216)</u>	<u>(\$ 45,452)</u>	<u>\$119,767</u>	<u>\$24,000</u>

1976-1977 OPERATING FUNDS OF \$70,268,000

Where Operating Funds Came From (In Thousands) How Operating Funds Were Spent (In Thousands)



PASSENGER SURVEY DATA *

Ages

BART * PASSENGERS	DISTRICT † POPULATION
57% 14-34	44% 14-34
43% 35 And Over	56% 35 And Over

Household Income

BART * PASSENGERS	DISTRICT † POPULATION
14% Under \$7M	15% Under \$7M
27% \$7-\$15M	27% \$7-\$15M
32% \$15-\$25M	36% \$15-\$25M
27% Above \$25M	22% Above \$25M

Education

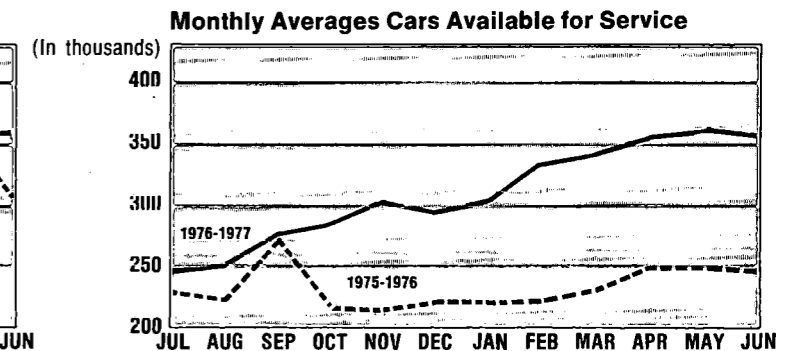
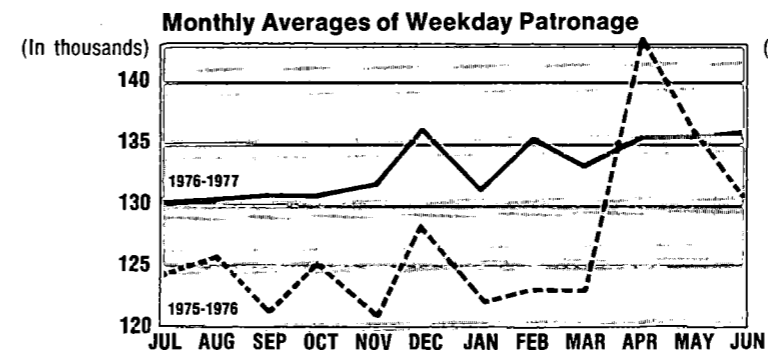
BART * PASSENGERS	DISTRICT † POPULATION
20% High School Graduate or under	68% High School Graduate or under
39% Some College	16% Some College
41% College Graduate or above	16% College Graduate or above

Ethnic Mix

BART * PASSENGERS	DISTRICT † POPULATION
78% White	80% White Caucasian Spanish American
5% Spanish American	13% Black
9% Black	7% Other
8% Other	

* Based on BART passenger survey data collected May 1977.
† Population age and ethnic data based on 1970 U.S. Census in BART counties.
‡ 1970 U.S. Census figures adjusted to 1975 level; see MTC BART Impact Report WP 35-3-77.

SYSTEM OPERATIONS



Special notes for patronage chart (1975-76 line only)
Regular late night service started January 1, 1976 • S.F. Muni Buses not in service March 31-May 7, 1976.
Embarcadero Station opened May 27, 1976 • Fare Increase November 3, 1975.

OVERVIEW



RIDERSHIP

BART's efforts to attract new ridership during the 1976/77 fiscal year met with some success. The fiscal year saw a steady growth in ridership from 131,466 daily average in June 1976, to 136,304 daily average in June 1977. Overall, this meant a total ridership gain over the previous period of 5.2%. BART had an estimated 26% share of the peak period transbay market. Fare revenues increased by 13.7% over the previous fiscal year.

Promotional efforts contributed to the increase in ridership during the period. The most successful holiday promotion drew a record 150,000 riders into the system on Labor Day 1976 — a more than 150% increase over previous Labor Day business. A key feature was a 25-cent fare, good for a ride anywhere on the system. Special holiday fares, plus other promotional devices, attracted many first-time riders to the system.

The promotions were principally aimed at building public awareness of service hours and destinations. Public opinion surveys taken during mid-1976 and mid-1977 show that the general level of awareness of service hours did increase substantially. For example, awareness that BART operates until midnight increased from 55% to 74% among frequent riders, and from 30% to 53% among the non-frequent riders during the period.

The major use of BART continues to be work trips and school trips, which together accounted for 82% of all riders in the 1977 survey. However, the same survey indicated that an increasing number of people are riding

U S Government Grants	State Of California Grant	Contributions From Others	Depreciation And Retirements Of Assets Acquired With Grants And Contributions By Others	As Adjusted (Note 2)		Net Capital Investment
				Accumulated Deficit	Interest On Capital	
\$254,048	\$116,902	\$15,300	(\$13,008)	(\$31,216)	\$116,892	\$580,543
—	—	—	—	(14,236)	—	(14,236)
28,175	—	7,743	—	—	—	35,918
—	—	—	(8,432)	—	—	(8,432)
—	—	—	—	—	2,875	2,875
—	—	—	—	—	—	71,125
<u>282,223</u>	<u>116,902</u>	<u>23,043</u>	<u>(21,440)</u>	<u>(45,452)</u>	<u>119,767</u>	<u>667,793</u>
—	—	—	—	(20,209)	—	(20,209)
6,376	—	6,344	—	—	—	12,720
—	—	—	(8,809)	—	—	(8,809)
—	—	—	—	—	2,298	2,298
—	—	—	—	—	—	28,515
<u>\$288,599</u>	<u>\$116,902</u>	<u>\$29,387</u>	<u>(\$30,249)</u>	<u>(\$65,661)</u>	<u>\$122,065</u>	<u>\$682,308</u>

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES

Years Ended June 30, 1977 and 1976 (In Thousands)

	General Obligation Bonds	1977		1976 Combined
		Sales Tax Revenue Bonds	Combined	
Revenues:				
Property tax	\$45,301	\$ —	\$ 45,301	\$ 43,939
Transactions and use tax received	—	47,368	47,368	46,013
Bond proceeds advanced	—	—	—	408
Interest	1,279	703	1,982	4,235
	<u>46,580</u>	<u>48,071</u>	<u>94,651</u>	<u>94,595</u>
Expenditures:				
Interest	32,266	1,906	34,172	37,347
Principal	15,940	20,575	36,515	71,125
Bond service expense	—	27	27	159
Bond premium	—	—	—	1,058
Funds transmitted to the District	—	31,526	31,526	21,021
	<u>48,206</u>	<u>54,034</u>	<u>102,240</u>	<u>130,710</u>
	<u>(1,626)</u>	<u>(5,963)</u>	<u>(7,589)</u>	<u>(36,115)</u>
Balance, beginning of year	17,635	19,970	37,605	73,720
Balance, end of year	<u>\$16,009</u>	<u>\$14,007</u>	<u>\$ 30,016</u>	<u>\$ 37,605</u>
Represented by:				
Cash (including time deposits: 1977, \$7,913; 1976, \$7,485)	\$ 8,317	\$ —	\$ 8,317	\$ 7,505
U S Treasury and other securities — at cost	6,321	—	6,321	8,792
Taxes and interest receivable	1,371	—	1,371	1,338
Assets with fiscal agent	—	14,007	14,007	19,970
	<u>\$16,009</u>	<u>\$14,007</u>	<u>\$ 30,016</u>	<u>\$ 37,605</u>

The accompanying notes are an integral part of the financial statements.



STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT Years Ended June 30, 1977 and 1976 (In Thousands)

	Property Tax	Transactions And Use Tax
Balance, July 1, 1975	\$41,020	\$ 80,605
Net loss for the year	—	—
Proceeds from grants and contributions	—	—
Depreciation of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Bond principal	14,305	56,820
Balance, June 30, 1976	<u>55,325</u>	<u>137,425</u>
Net loss for the year	—	—
Proceeds from grants and contributions	—	—
Depreciation and major property damage of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Bond principal	15,940	12,575
Balance, June 30, 1977	<u>\$71,265</u>	<u>\$150,000</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION Years Ended June 30, 1977 and 1976 (In Thousands)

	1977	1976 As Adjusted (Note 2)
CASH AND SECURITIES APPLIED TO:		
Operations:		
Net loss transferred to accumulated deficit	\$20,209	\$14,236
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	18,370	17,690
Cumulative effect of change in method of recording self-insured major property damage of assets acquired with own funds	981	—
CASH AND SECURITIES USED (PROVIDED) BY OPERATIONS	858	(3,454)
Additions to construction in progress	15,572	4,599
Additions to facilities, property, and equipment	6,125	20,209
Additions to materials and supplies	1,108	352
Increase (decrease) in deposits, notes, and miscellaneous receivables	540	(3,360)
Total cash and securities applied	24,203	18,346
CASH AND SECURITIES PROVIDED BY:		
Contributions from U S Government grants and others	12,720	35,918
Increase (decrease) in construction contracts payable and other liabilities	4,412	(13,313)
Increase in unearned passenger revenue	36	798
Interest on capital	2,298	2,875
Total cash and securities provided	19,466	26,278
(Decrease) increase in cash and securities	(\$ 4,737)	\$ 7,932

The accompanying notes are an integral part of the financial statements.

BART for reasons other than work and school trips. The number of riders reporting diversified usage of BART increased 24% from 1976 to 1977 — an encouraging trend in BART's efforts to increase its off-peak ridership market.

Also encouraging were substantial gains in late night (after 8 p.m.) ridership made during the period. This market saw a 9% increase in January through June 1977 over the similar months in 1976. Another gain in the late night market was an increase in the number of people traveling via BART to the Oakland Coliseum — a 100% increase at some events.

Ridership on BART's five express bus lines serving Alameda County and Contra Costa County also saw a monthly increase from 83,956 in June 1976 to 97,381 in June 1977. Meanwhile, service between BART stations and outlying communities in the two counties continued to improve during the period with refinements in bus schedules and routes.

In the third quarter of the fiscal period, the 100 millionth BART passenger entered the system at the Montgomery Street Station. By the end of the fiscal year the system had carried 115 million patrons over 1.5 billion passenger miles since it opened in 1972.



Daly City Station

This busy hub collects patrons from a block away or as far away as San Jose. Served by more public and private buses than anyplace on the system, it now boasts a new multi-level parking structure.

Train Operator Ken Ward makes friends with one more BART patron: he's U.S. Secretary of Transportation Brock Adams, who rode the system April 21, 1977.

OPERATIONS

Completion of major projects initiated in the previous period contributed to a year of progress in operating efficiencies and passenger service.

Extensive reorganization of maintenance and engineering functions was accompanied by a dramatic increase in transit car availability during the period. The average number of cars available for revenue service on a daily basis was 354 for June 1977 — a 44% increase over the 245-car average for June 1976.

Paralleling the increase in car availability was the completion of work on the electrification system which resulted in a 42% increase in available traction power systemwide.

In December 1976 the increased car availability and traction power enabled BART to begin operating full 10-car trains in regular peak-hour service on the Concord line. Train lengths were also increased on other lines as needed. Seating capacity was increased 14% on trains during midday service to meet a steadily growing off-peak market.

Saturday service was offered through the holiday season, as in previous years. For the first time, BART trains ran on New Year's Eve until 2:30 a.m. New Year's Day — a service which drew three times the normal number of late night riders. Another addition was service offered on Chinese New Year, Saturday, March 5.

Efficient tailoring of train lengths to demand throughout the revenue day continued to improve from the previous period. The system carried over 5% more passengers than the previous period, but with less than 2% increase in revenue car miles.



STATEMENT OF OPERATIONS Years Ended June 30, 1977 and 1976 (In Thousands)

	1977	1976 As Adjusted (Note 2)
Operating revenues:		
Fares	\$ 26,974	\$ 23,595
Less discounts and other deductions	2,282	1,881
	<u>24,692</u>	<u>21,714</u>
Other	520	534
Investment income	946	973
Total operating revenues	<u>26,158</u>	<u>23,221</u>
Operating expenses:		
Transportation	17,982	15,001
Maintenance	32,888	26,578
Police services	2,114	1,916
Construction and engineering	5,434	4,729
General and administrative	11,850	10,674
	<u>70,268</u>	<u>58,898</u>
Less capitalized costs	3,454	3,772
Net operating expenses	<u>66,814</u>	<u>55,126</u>
Operating loss before depreciation expense	<u>40,656</u>	<u>31,905</u>
Depreciation (unfunded):		
Of assets acquired with own funds	18,370	17,690
Of assets acquired with grants and contributions by others	7,841	8,432
Total depreciation	<u>26,211</u>	<u>26,122</u>
Operating loss	<u>66,867</u>	<u>58,027</u>
Financial assistance:		
Transactions and use tax	31,526	28,644
Property tax	5,521	5,029
Transportation Development Act of 1971	349	1,635
State	35	51
Federal	3,400	—
Total financial assistance	<u>40,831</u>	<u>35,359</u>
Loss before cumulative effect of change in accounting method	<u>26,036</u>	<u>22,668</u>
Cumulative effect, on years prior to June 30, 1977, of change in method of recording self-insured costs:		
Liability and worker's compensation claims	1,033	—
Major property damage:		
On assets acquired with own funds	\$981	—
On assets acquired with grants and contributions by others	968	—
Net loss	<u>29,018</u>	<u>22,668</u>
Depreciation and major property damage of assets acquired with grants and contributions by others	8,809	8,432
Net loss transferred to accumulated deficit	<u>\$ 20,209</u>	<u>\$ 14,236</u>
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$ 40,656	\$ 31,905
Add cumulative effect of change in method of recording self-insured costs of liability and worker's compensation claims	1,033	—
Deduct financial assistance	<u>40,831</u>	<u>35,359</u>
Funded excess of expenses over revenues (revenues over expenses)	<u>\$ 858</u>	<u>(\$ 3,454)</u>

The accompanying notes are an integral part of the financial statements.

FINANCIAL STATEMENTS



To the Board of Directors
San Francisco Bay Area Rapid Transit District.

We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1977 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds 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. The financial statements for the year ended June 30, 1976, before restatement, were examined by other auditors whose report dated September 10, 1976, expressed an unqualified opinion on those statements.

We reviewed the adjustments described in Note 2 that were applied to restate the 1976 financial statements. In our opinion, such adjustments are appropriate and have been properly applied to the 1976 financial statements.

In our opinion, the 1977 financial statements identified above present fairly the financial position of the San Francisco Bay Area Rapid Transit District as of June 30, 1977, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles consistently applied during the period except for the changes, with which we concur, in the methods of accounting for revenue recognition and self-insurance described in Note 2 to the financial statements.

San Francisco, California
September 30, 1977

Certified Public Accountants

Other significant aspects of service received attention during the period. In a major system access study BART planners emphasized the need for improving local bus service to BART stations, and expanding station parking over the next five years. Substantial improvements in patron parking during the period included a partial opening of the Daly City parking structure in November 1976, and 831 stalls added at five other stations.

Preparations for a new shuttle service between Coliseum Station and Oakland International Airport were completed with the Port of Oakland, and "Oakland Air-BART" began operating on July 1, 1977, at a fare of 50 cents. The new service was immediately in demand as was the "Humphry-Go-BART" shuttle which continued to operate between the Berkeley Station and the University of California campus.

Fleetwide installation of transit car handrails was completed by August 1976. Other service improvements included installation of additional fare collection equipment, platform windscreens and bus shelters systemwide. A new entrance, linking the 12th Street station directly to the City Center Plaza in downtown Oakland, was dedicated in ceremonies held October 15, 1976.

Trained communicators were added to Central Operations to ensure that news media and the public are provided with accurate and continuous system status information. A "hotline" to provide continuous system information to all employees was also established. A separate Station Operations division was formed to improve training and motivation among station agents and other personnel whose performance most directly relates to good patron service.

Central Operations was reorganized for improved coordination among transportation, maintenance and police personnel systemwide. Other operating improvements included two new spur tracks, activated near the BART Oakland Shop and Daly City Station, to help speed removal of malfunctioning trains from the mainline.

BALANCE SHEET June 30, 1977 and 1976 (In Thousands)

ASSETS

Cash (including time deposits: 1977, \$5,060; 1976, \$3,780)
U.S. Treasury, federal agency, and other securities — at cost
Deposits, notes, and miscellaneous receivables
Construction in progress
Facilities, property, and equipment at cost (less accumulated depreciation and amortization: 1977, \$99,477; 1976, \$73,852)
Materials and supplies — at average cost
Funds to be provided by transactions and use tax
Debt service funds, net assets

	1977	1976 As Adjusted (Note 2)
Cash (including time deposits: 1977, \$5,060; 1976, \$3,780)	\$ 7,406	\$ 4,685
U.S. Treasury, federal agency, and other securities — at cost	46,681	54,139
Deposits, notes, and miscellaneous receivables	9,364	8,824
Construction in progress	34,602	19,030
Facilities, property, and equipment at cost (less accumulated depreciation and amortization: 1977, \$99,477; 1976, \$73,852)	1,381,263	1,403,298
Materials and supplies — at average cost	6,018	4,910
Funds to be provided by transactions and use tax	16,000	24,000
Debt service funds, net assets	30,016	37,605
	<u>\$1,531,350</u>	<u>\$1,556,491</u>
LIABILITIES AND CAPITALIZATION		
Construction contracts and other liabilities	\$ 23,549	\$ 19,137
Unearned passenger revenue	1,631	1,595
Sales Tax Revenue Bonds	16,000	24,000
Debt service funds	30,016	37,605
	<u>71,196</u>	<u>82,337</u>
Capitalization:		
Reserve for self-insurance	6,000	6,000
Payable to State of California	39,111	39,111
General Obligation Bonds	732,735	748,675
Sales Tax Revenue Bonds	—	12,575
Net capital investment	682,308	667,793
	<u>1,460,154</u>	<u>1,474,154</u>
	<u>\$1,531,350</u>	<u>\$1,556,491</u>

The accompanying notes are an integral part of the financial statements.

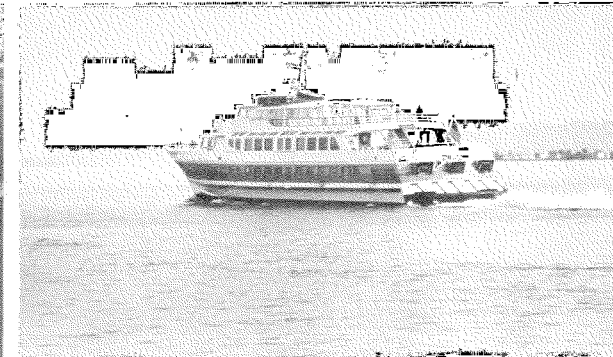


Embarcadero Station

After its colorful opening May 27, 1976, this beautiful station quickly became the long-awaited hub of San Francisco's large financial community. It also channels thousands of people daily to nearby cable cars, ferry boats, Fisherman's Wharf and many other attractions.



Station Agent Cynthia Tsang: expert at getting out-of-town visitors on the right track.



OPERATIONS (con't.)

Procedures to operate BART's three train yards, while keeping all cars de-energized at night and over weekends, were devised during the period. An estimated annual savings of 26 million kilowatt hours, valued at \$1 million, made this a most important energy-saving, as well as a cost reduction, measure.

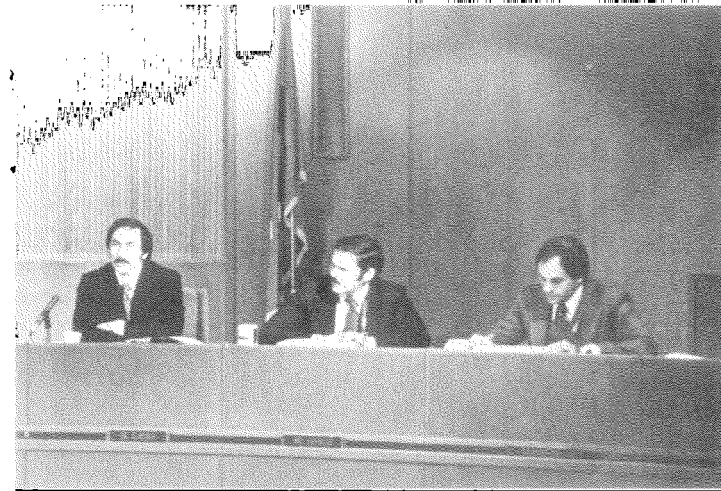
Major improvements in system reliability continued from the previous period. The most significant was a 43% decrease in unscheduled train removals between June 1976 and June 1977. Train removals for the period overall averaged 33% below the previous period. Wayside circuitry of the automatic train control system also saw substantially improved reliability with replacement of a vital "master clock" circuit card in wayside equipment. Installation of sun shields over the equipment is expected to further improve train control reliability.

A new computerized system for classifying and tabulating all types of equipment failures was activated, which improves analyses of failure rates at the subsystem level. Eventually, it will be able to provide precise analyses down to lower component levels.

An engineering research and development laboratory was established to investigate vehicle and wayside equipment problems, work previously carried out by various consulting firms. Within a short time, at minimal cost, the lab engineers had developed new troubleshooting equipment and several important modifications for the vehicles.

At period's end, BART outlined its major service objectives for the 1977-78 fiscal year, which were considered to be realistically tailored to BART's transportation market of the 1970's.

The objectives were: (1) start-up of Saturday service by November (to become a regular six-day schedule as of January 7); (2) start-up of direct Richmond/Daly City service by March 1978, with an increase of regular system trains from 30 to 42; and (3) start-up of full seven-day operation by June 1978.



The Board in Session

The nine members of the Board of Directors are elected directly by the citizens of nine special BART voting districts within Alameda County, Contra Costa County and the City and County of San Francisco. Directors' current four-year terms expire on November 24, 1978 for districts 2, 4, 6 and 8; and on November 28, 1980, for districts 1, 3, 5, 7 and 9.



JOHN GLENN

District 6
Board tenure from November 29, 1974; term expires 1978. Committees 1977: Chairperson, SSWRC; Vice-Chairperson, PILC; member, EOC and SWMC. Fremont resident. Oakland executive.

NELLO J. BIANCO

District 2
Board tenure from October 22, 1969; term expires 1978. Committees 1977: Chairperson, SWMC; member, PILC. Richmond resident and businessman.

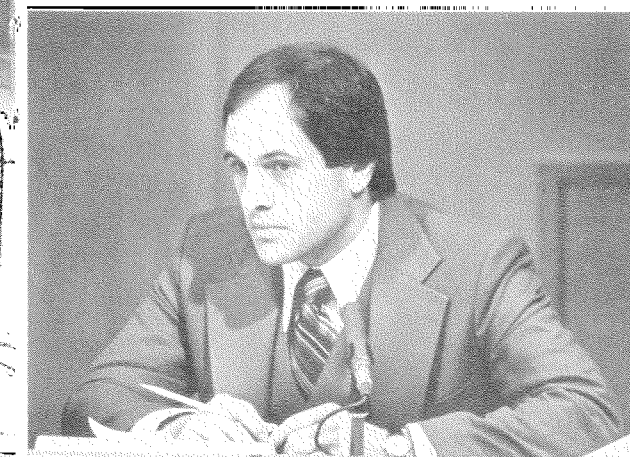


BARCLAY SIMPSON

President
District 1
Board tenure from November 26, 1976; term expires 1980. Committees 1977: member, SAAC; ex-officio member of all standing committees. Walnut Creek resident. San Leandro businessman. Elected November 2, 1976, succeeding Director James D. Hill.

ELLA HILL HUTCH

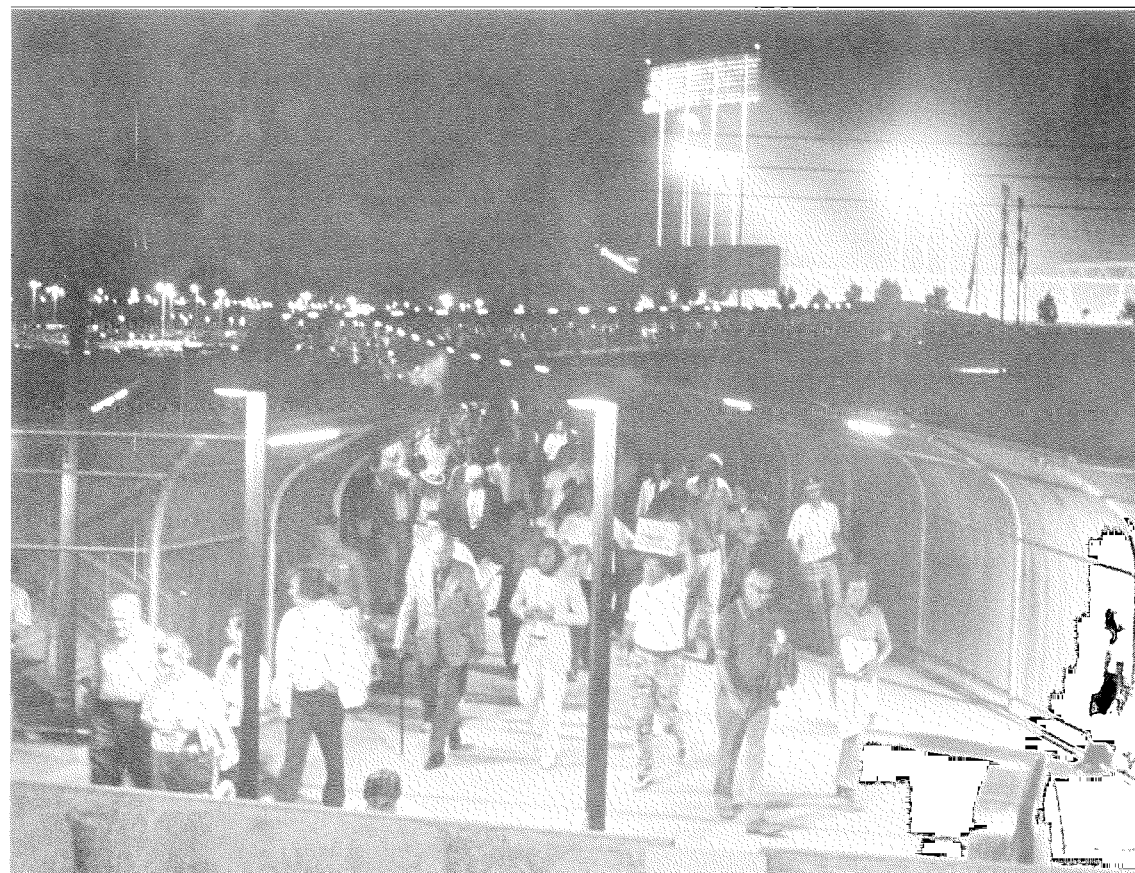
Vice President
District 7
Board tenure from November 29, 1974; term expires 1980. Committees 1977: Vice-Chairperson, SAAC; ex-officio member of all standing committees. San Francisco resident and labor organization staff member.



ARTHUR J. SHARTSIS

District 3
Board tenure from November 26, 1976; term expires 1980.*
Committees 1977: Chairperson, AC; Vice-Chairperson, SWMC; member, SSWRC. Oakland resident. San Francisco attorney.
*Elected November 2, 1976, succeeding Director Richard O. Clark.

A new, seven-minute shuttle service between the Coliseum Station and Oakland Airport is attracting more air travelers to BART.



DISTRICT BOARD OF DIRECTORS

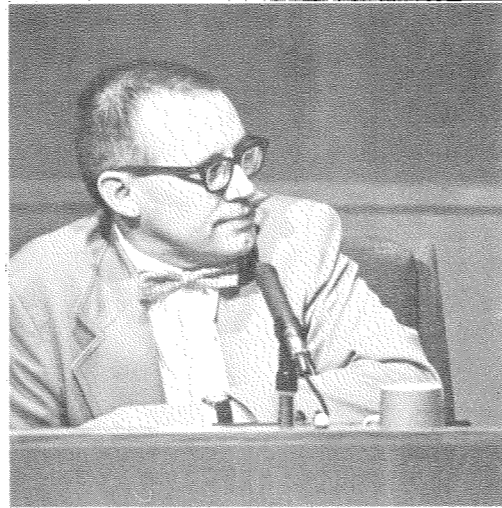


EUGENE GARFINKLE

District 8
Board tenure from March 10, 1977; term expires 1978.* Committees 1977: Vice-Chairperson, SSWRC; member, AC and SWMC. San Francisco resident and attorney.
*Appointed by Board to serve out remaining term of Director Elmer B. Cooper, who resigned, effective January 21, 1977.

ROBERT S. ALLEN

District 5
Board tenure from November 29, 1974; term expires 1980. Committees 1977: Vice-Chairperson, AC; Vice-Chairperson, EOC; member, SWMC and SSWRC. Livermore resident. Railroad cost analyst.

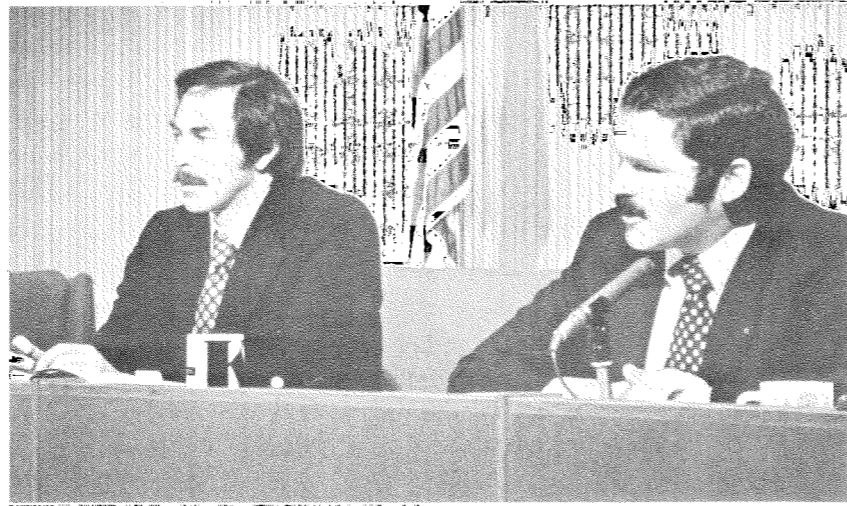


HARVEY W. GLASSER, M.D.

District 4
Board tenure from November 29, 1974; term expires 1978. Committees 1977: Chairperson, SAAC; Chairperson, PILC; member, SWMC. Alameda resident and physician-business consultant.

JOHN H. KIRKWOOD

District 9
Board tenure from November 29, 1974; term expires 1980. Committees 1977: Chairperson, EOC; member, SWMC and SSWRC. San Francisco resident. Transit adviser.



Key to committee abbreviations: AC = Administration Committee; EOC = Engineering & Operations Committee; PILC = Public Information & Legislation Committee; SAAC = Special Affirmative Action Committee; SSWRC = Special Salary & Wage Review Committee; SWMC = Special Ways & Means Committee.

ADMINISTRATION

Stable funding of operations moved a step closer when State Assembly Bill 3785 was signed into law on September 22, 1976, extending District revenues from the half-cent sales tax in the three BART counties until June 1978. This interim measure will be replaced by Assembly Bill 1107, which makes the sales tax a permanent regional transit subsidy as of January 1, 1978. Introduced on March 24, 1977, by Assembly Speaker Leo McCarthy, AB1107 passed the Assembly by a decisive 61-4 vote on June 21. (After the close of the fiscal period AB 1107 was passed by the Senate and was signed into law on September 30, 1977.)

The bill (as later amended) reduces BART's fixed share of the sales tax revenues from 100% to 75%; it also stipulates that at least 33% of BART's operating expenses must come from fares. The remaining 25% of the tax revenues are to be allocated among BART, the Alameda-Contra Costa Transit District and San Francisco "Muni" rail and bus lines. Allocations will be made by the Metropolitan Transportation Commission (MTC) for improvements in the level of transit service beyond that provided on or before January 1, 1978.

Other administrative developments during the year included extensive realignments of BART's organizational structure with major changes in maintenance, engineering, transportation and a number of technical and fiscal control functions. In May, the Board and General Manager retained a consulting firm to perform a comprehensive evaluation of BART's administrative organization structure.

Several new department heads were announced: Richard Demko, Director of Rolling Stock and Shops Maintenance; William Fleisher, Director of Field Services (formerly the Transportation Department); Melvin Murphy, Director of Engineering; and Lawrence Williams, Director of Employee Relations. The appointment of Mrs. Hedy Morant to the newly created post of District Budget Officer signaled increased emphasis on fiscal planning, reporting and controls.

A comprehensive review of all BART data processing and management information systems was started in April 1977, representing a first step toward updating and expanding current computer programs and developing new ones.

The period's most notable cost-efficiencies were achieved in the area of fleet maintenance. Improved preventive maintenance, decreased vehicle failure rates, and improved shop supervision all combined to reduce

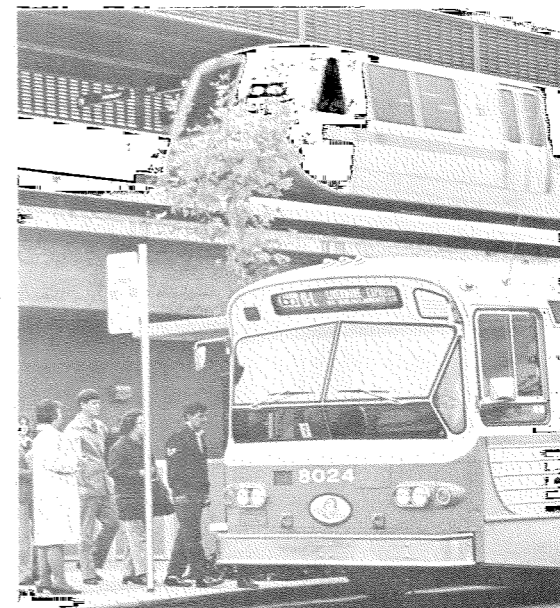


Coliseum/Oakland Airport Station

This busy station, with its direct walkway to the huge Oakland coliseum complex, is the reason growing numbers of sports fans are leaving their automobiles home and traveling there via BART.

Bay Fair Station

Each weekday BART express buses carry almost 5,000 passengers from outlying communities into Bay Fair, Hayward, Concord and El Cerrito Del Norte stations — and back again in the evening.



Communicators

New communications specialists were added to Central to keep news media and the public informed on BART service systemwide.

ADMINISTRATION (con't.)

average downtime per revenue car (for unscheduled repairs) 44% under the previous period. At the same time, costs in this labor-intensive area were \$1,250,000 below budget for the period.

Further cost-efficiencies were achieved by developing staff capabilities to perform work previously done by outside firms. Such work included repairs on complex vehicle components and also on station escalators systemwide. Engineering research and development work was brought in-house.

The net financial result for the period was a small surplus before taking into account a \$1,033,000 one-time accounting adjustment in expenses to reflect a change in method of recording self-insured costs of liability and workmen's compensation claims. The operating ratio for the year was approximately 39%, including the impact of approximately \$1.5 million in extraordinary power costs caused by the drought. These financial results were especially welcome in view of the \$3.5 million unfunded deficit anticipated at the beginning of the period.

On June 23 BART Directors approved a fully-funded budget for the 1977/78 period of \$77.3 million for normal operating expenses, plus \$5 million in additional funds to meet abnormal power costs expected because of the drought. The budget was developed from a zero base in response to specific goals and objectives adopted by the Board of Directors for the 1977-78 fiscal year, which included inauguration of weekend and direct Richmond/Daly City service.

BART was granted \$3.4 million in Federal funds for operating expenses under Section 5 of the Urban Mass Transportation Act, as amended. Approval of a \$3.7 million Federal capital grant was received, including initial funding to design, engineer and construct a bypass track in the Oakland subway. The additional track will be necessary for efficient track maintenance when the system goes to seven-day operation and will also provide a significant improvement in the flexibility of system operations.

BART continued to pursue affirmative action goals aggressively. At the end of the period, minorities represented 41.4% of the District's workforce, compared to 32.6% of the population in the counties of Alameda, Contra Costa and San Francisco. During the fiscal period, BART hired 44 women in "non-traditional" positions. In addition, the Board of Directors formed a special committee to review BART's Affirmative Action programs.

The District's major collective bargaining agreements, covering 1,550 BART employees, expired on June 30, 1976. After intensive negotiations, the District announced on July 2 a tentative new three-year agreement with the Service Employees International Union, Local 390, and the Amalgamated Transportation Union, Division 1555 (subsequently ratified by the District Board on July 7).

Approval of the District's first collective bargaining contract with the newly-formed BART Supervisory and Professional Association was announced on January 13, 1977, after a month of negotiations. The contract, covering 114 foremen, supervisors and engineers, runs through December 31, 1979.

The District's initial contract with 90 members of the BART Police Officers' Association (BPOA) expired on January 31, 1977. In May the BPOA membership voted to affiliate as Local 1008 of the Service Employees International Union. (After extended negotiations and a 14-day strike, an agreement was subsequently reached with the BPOA on September 7, 1977.)

The District carried on extensive discussions with defendants in connection with a multi-million dollar lawsuit against its engineering consultants (Parsons Brinckerhoff-Tudor-Bechtel), its major equipment suppliers (Westinghouse Electric Corporation and Rohr Industries, Inc.), and other firms.

A settlement in principle to the case pending in the San Joaquin County Superior Court (Stockton) was announced by all parties to the litigation on July 18, 1977.

Under terms of the proposed settlement, the defendants will pay the District \$15 million (including \$1.3 million already received) and will release claims against the District valued at \$13.7 million.

The District will also settle separate contract claims totalling approximately \$15 million by payment to Rohr of \$6.2 million, and will submit a request for reimbursement for approximately 80% of this payment from the Urban Mass Transportation Administration (UMTA) under the terms of an existing UMTA grant to BART. The overall settlement is contingent on UMTA approval of the BART request.

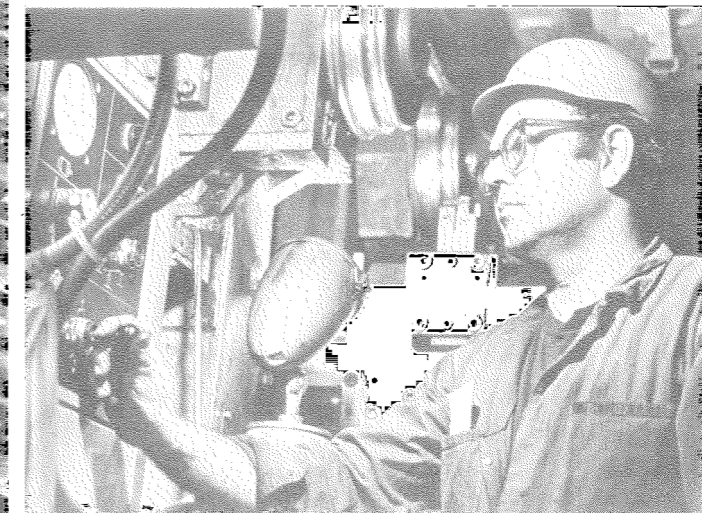
The defendants will also provide BART with access to documents describing the equipment of the system, will make available to BART patent licenses, and will consult with BART on technical matters.



By Dawn's Early Light . . .

Crisp, clean lines of BART cars are accentuated by the morning sun at Hayward Train Yard. A dramatic turnaround in maintenance and engineering problems during the period made over 100 additional cars available for revenue service.

Veteran car mechanic Bob Simmons, Hayward Shop, is one of many BART men and women responsible for the extraordinary accomplishments in maintenance.

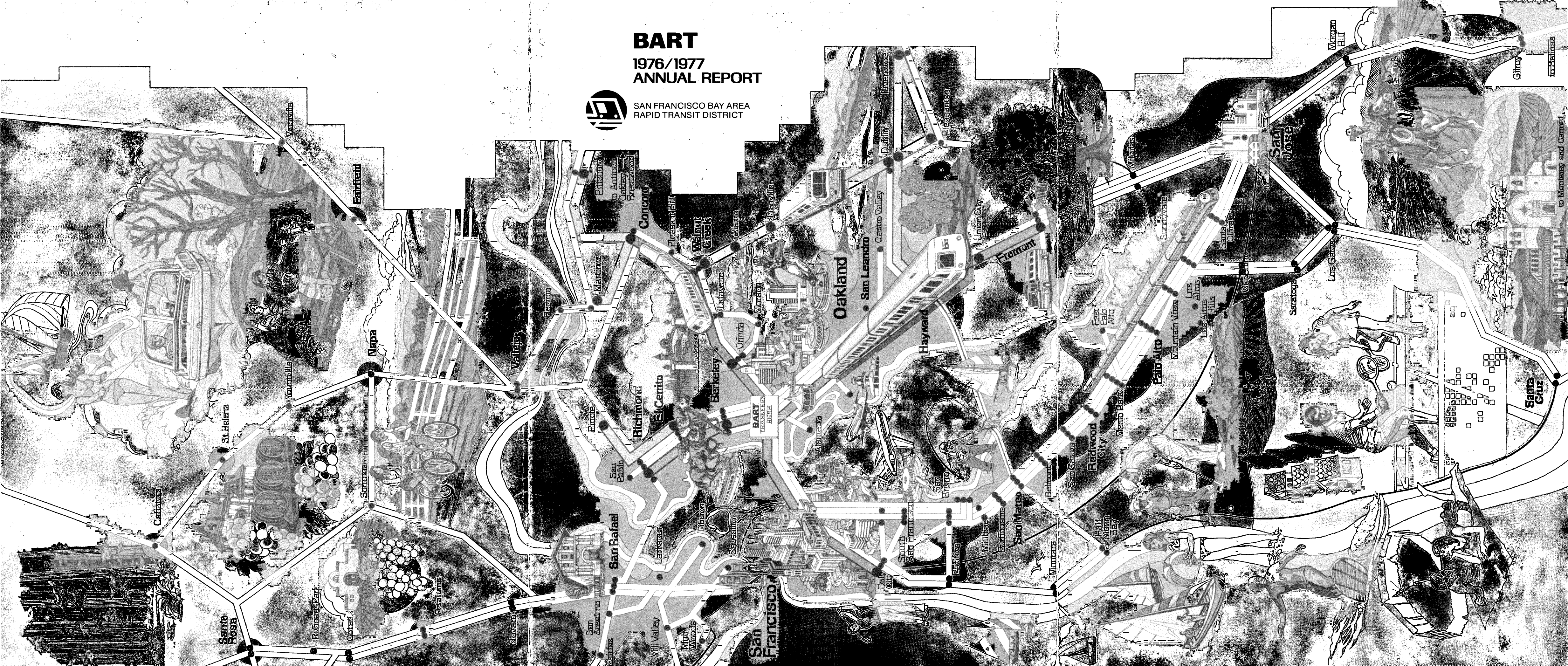


BART

1976/1977
ANNUAL REPORT



SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT

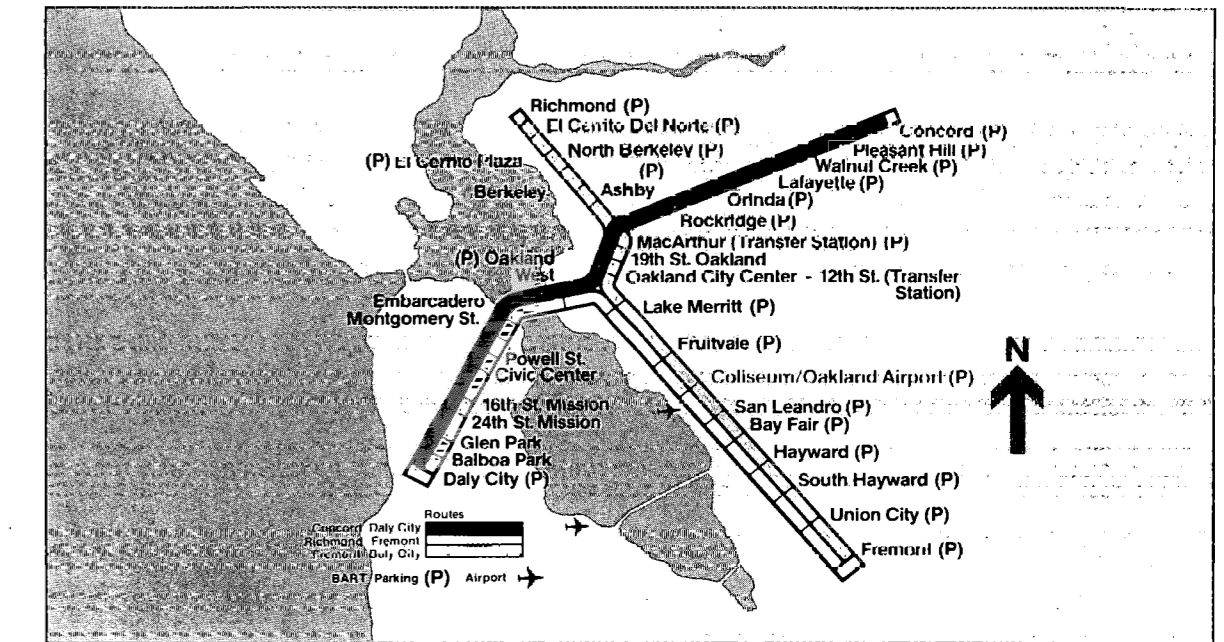
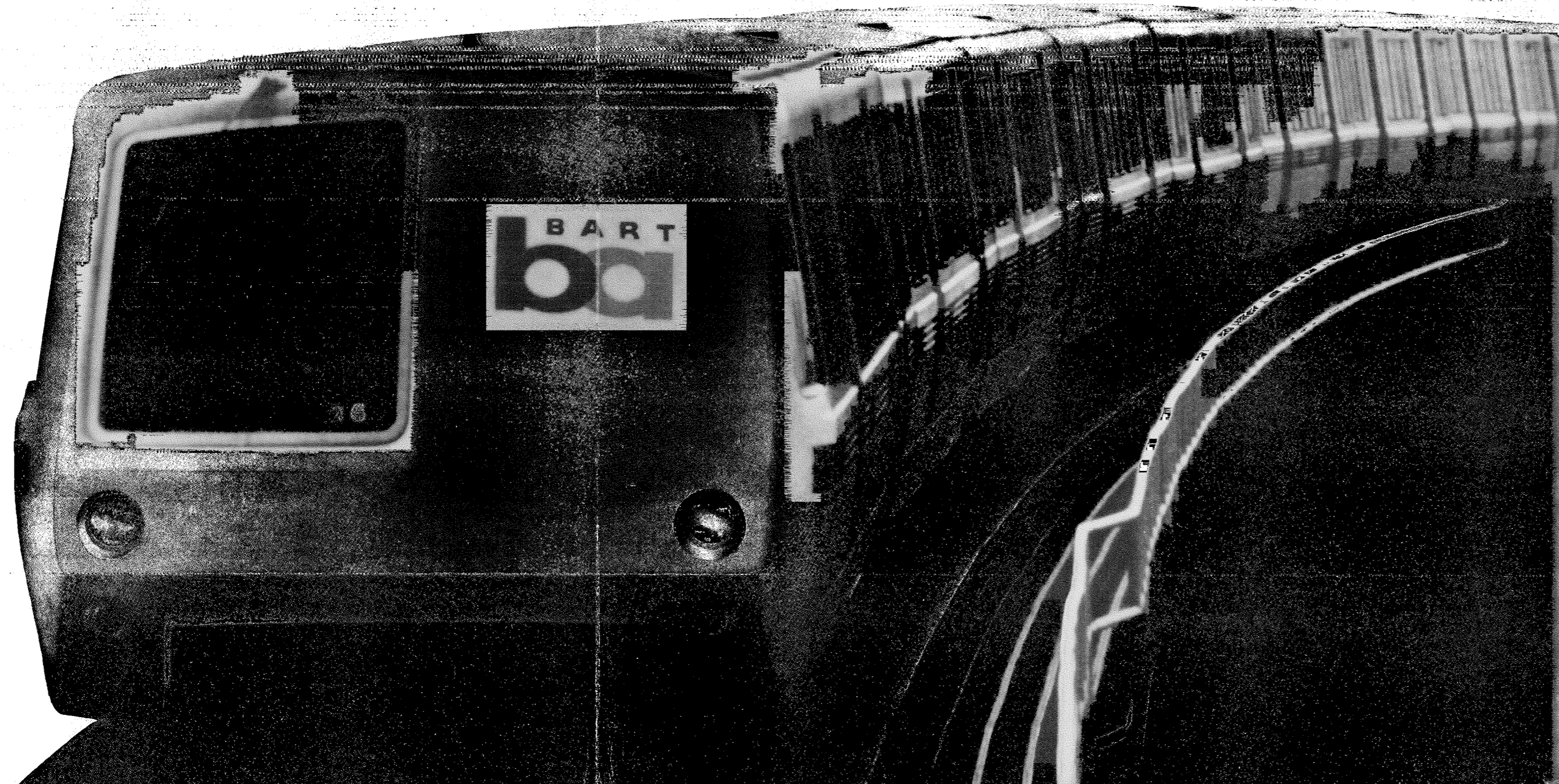


The Cover: yesterday, today and tomorrow . . .

"If the Bay Area is to be preserved as a fine place to live and work, a regional rapid transit system is essential to prevent total dependence on automobiles and freeways." Thus was the underlying concept for BART defined in a final study released in 1956 by the San Francisco Bay Area Rapid Transit Commission.

Today, as depicted on the cover map, BART has, indeed, become a major element in regional public transportation . . . an aesthetically attractive, environmentally sound, and energy-efficient alternative to the automobile.

And tomorrow? BART is destined to play an even more vital role in the Bay Area's capacity to grow and prosper, while providing a meaningful alternative to environmental intrusions that accompany total dependence on the automobile.



SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system. Governed by a Board of Directors whose members are elected for four-year terms by voters of nine election districts within the counties of Alameda, Contra Costa and San Francisco.

ADMINISTRATIVE HEADQUARTERS

800 Madison Street, Oakland, California, 94607
(415) 465-4100

Frank C. Herringer Robert D. Gallaway
General Manager Assistant General Manager

DEPARTMENT DIRECTORS

Malcolm M. Barrett General Counsel	Ernest G. Howard Affirmative Action & Training	Fred L. Peil Technical Services
C. Keith Bernard Planning, Budgeting & Research	Diane D. Levine Marketing & Communications	Gordon H. Ringenberg Program Management
Richard P. Demko Rolling Stock & Shops Maintenance	Vincent P. Mahon Power & Way Maintenance	Richard J. Shephard District Secretary
William B. Fleisher Field Services	Melvin H. Murphy Engineering	James E. Terry* Employee Relations
William F. Goetz Director of Finance	Phillip O. Ormsbee Special Services	Ralph S. Weule Safety
Krishna V. Hari System Development		

*Succeeded by Lawrence A. Williams, effective August 1, 1977.

This Annual Report is published by the District pursuant to Article 28770, Public Utilities Code of the State of California.

BART SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
800 Madison Street
Oakland, California 94607
(415) 465-4100

MESSAGE FROM THE PRESIDENT AND THE GENERAL MANAGER



This was a year in which BART made significant progress in a number of areas.

The Board of Directors welcomed several new members, and this Board, together with management, developed the first comprehensive set of goals and objectives for BART. These goals and objectives were the basis for a thorough analysis of BART's budget, which led to the adoption of a budget for the next fiscal year in which expenses will be fully covered. No fare increase is anticipated; and new weekend service, together with direct Richmond/Daly City service, is expected to commence.

Steps were taken to bring operating costs, of which over 70% are wages, salaries and fringe benefits, under better control. These efforts to increase productivity will be intensified in the months to come.

Substantial effort by the Board and management led to a settlement in principle, on terms quite favorable to BART, of the costly and time-consuming litigation against the designers and builders of the system. In addition, BART's long-term financial stability has been assured through the passage of Assembly Bill 1107, authored by State Assembly Speaker Leo T. McCarthy. It was signed into law on September 30, 1977.

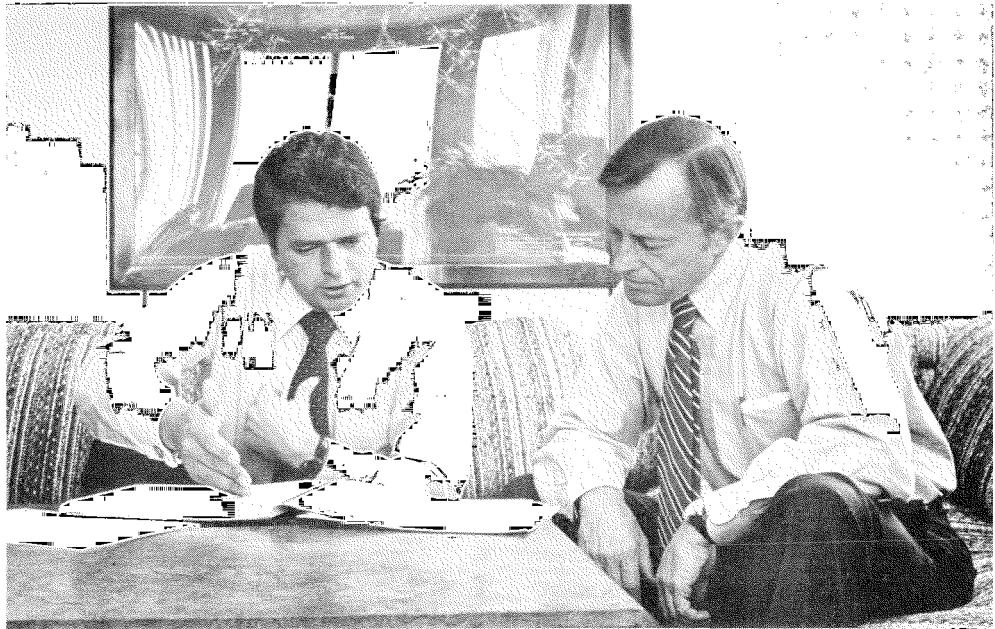
During the year, an expected unfunded deficit was eliminated, equipment failures declined, car availability increased, and more passengers were carried. On January 26, 1977, we carried our 100 millionth passenger, and on October 28, 1977, one of our most interesting — Prince Charles.

While the past year was one of substantial improvement for BART, we still have a long way to go before providing the service the taxpayers of Alameda, Contra Costa and San Francisco deserve. We expect that next year will see the system substantially closer to that goal.

Barclay Simpson
President of the Board

Frank C. Herring
General Manager

NOVEMBER 1977



Working sessions between President Simpson (right) and General Manager Herring are a familiar sight on the 5th floor of the BART Administration Building.

NOTE 5 — GENERAL OBLIGATION AND SALES TAX REVENUE BONDS (cont.)

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$15,477,000 on General Obligation Bonds and \$222,000 on Special Service District No. 1 Bonds is payable on December 15, 1977.

The 1969 Legislature of the State of California authorized the District to impose a ½% Transactions and Use Tax within the District and issue Sales Tax Revenue Bonds totaling \$150 million.

The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million. Payment of both principal and interest is provided by the ½% Transactions and Use Tax. Bond principal is payable annually on January 1 and interest is payable semiannually on July 1 and January 1 from debt service funds. Interest of \$404,000 is payable on July 1, 1977.

On September 30, 1977, the Governor signed legislation which will extend the Transactions and Use Tax indefinitely. Under the legislation, revenues from the tax imposed on or after January 1, 1978, and revenues from the tax imposed prior to January 1, 1978, but available after March 31, 1978, will, subject to certain restrictions, be allocated 75% to the District and 25% by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for improvements in the level of transit service.

NOTE 6 — U S GOVERNMENT GRANTS

The U S Government, under grant contracts with the District, provides financial assistance for capital projects. Additionally, the District is administering federal grants to the City and County of San Francisco for construction of Market Street station mezzanines, street plazas and street extensions, and a grant to the City of Berkeley in connection with the construction of subway extensions. Grants for capital projects are recorded as additions to net capital investment when received. A summary of federal grants in force at June 30, 1977 is as follows:

Type Of Grant	(In Thousands)	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	12,842	12,342
Capital	300,989	274,296
	<u>\$315,792</u>	<u>\$288,599</u>

NOTE 7 — LITIGATION AND DISPUTES WITH CONTRACTORS AND OTHERS

The District has filed suit against its consulting engineer, Parsons Brinckerhoff-Tudor-Bechtel (PB-T-B), two of its primary contractors, Rohr Industries, Inc. and Westinghouse Electric Corporation, a subcontractor, Bulova Watch Company and the primary contractors' respective sureties, seeking damages of approximately \$160 million from Westinghouse, Rohr and PB-T-B, and in addition, \$2 million from Westinghouse, PB-T-B and Bulova. Some of the defendants have indicated that they intend to enter cross-claims against the District.

On July 18, 1977, the District and the defendants (except Bulova) announced that they had reached a settlement in principle of this litigation. A written agreement setting forth detailed terms and conditions is being prepared and must be approved by all parties. In general, the settlement in principle provides for the payment to the District of \$15 million (\$1.3 million of which has already been received) and a release of claims by all parties.

In addition, Rohr has agreed to accept a payment of \$6.2 million from the District in settlement of a separate claim involving \$15 million in disputed billings under the Transit Vehicle Contract. The District will submit a requisition for approximately 80% of this payment to the Urban Mass Transportation Administration (UMTA). The overall settlement is contingent on UMTA approval of the District's requisition.

The District has capitalized \$4.4 million in costs related to the litigation. It is anticipated that net proceeds from the tentative settlement would be applied against project costs and would make funds available for capital improvements.

In addition, the District is involved in various lawsuits, claims, and disputes which, for the most part, are normal to the District's operation. In the opinion of management, the amount of costs that might be incurred, if any, would not materially affect the District's financial position or operations.

NOTE 8 — PUBLIC EMPLOYEES RETIREMENT SYSTEM

The District contributes to the Public Employees Retirement System. The System is a contributory pension plan providing retirement, disability and death benefits to employees of certain State and local governmental units. Substantially all full-time em-

ployees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$3,441,000 and \$2,400,000 in 1977 and 1976, respectively.

PERFORMANCE HIGHLIGHTS



	FY 1976/77	FY 1975/76
RIDERSHIP		
Annual passenger trips	34,599,088	32,897,431
Average weekday trips	133,453	127,464
Average trip length	12.8 miles	12.6 miles
Annual passenger miles	444,401,162	414,507,631
System utilization factor (ratio of passenger miles to available seat miles)	.270	.256
End-of-period ratios		
Peak patronage	51%	NA
Off-peak patronage	49%	NA
BART's estimated share of peak period transbay trips — cars, trains and buses	26%	26%
Passengers with automobile available (as alternative to BART)	61%	61%
OPERATIONS		
Annual revenue car miles	22,862,970	22,446,355
Unscheduled train removals — average per revenue day	11.7	17.3 (1)
Transit car availability to revenue car fleet	76%	60% (2)
Passenger miles per equivalent gallon of gasoline	51	50
Passenger accidents per million passenger trips	19.71	21.31
Crimes reported per million passenger trips	122.4	91.58
FINANCIAL		
Net passenger revenues	\$ 24,692,000	\$ 21,714,000
Other operating revenues	1,466,000	1,507,000
Total operating revenues	26,158,000	23,221,000
Net operating expenses	66,814,000 (3)	55,126,000
Operating ratio (total operating revenues to net operating expenses)	39.15%	42.12%
Operating revenue per passenger mile	5.9¢	5.6¢
Operating cost per passenger mile	15.0¢	13.3¢
Average passenger fare	73.8¢	70.8¢

NOTES

General note: Data represent annual averages, unless otherwise noted. 1975/76 data adjusted where necessary from previously reported results to provide comparability with 1976/77 data.

(1) FY 1975/76 data represents six months ending June 30, 1976.

(2) FY 1975/76 data represents four months ending June 30, 1976.

(3) Before cumulative effect, on years prior to June 30, 1977, of change in method of recording self-insured costs for liability and worker's compensation claims in the amount of \$1,033,000.

NOTE 2 — CHANGES IN METHODS OF ACCOUNTING (cont.)

Self-Insurance

The District insures itself for most worker's compensation, general liability and major property damage. During 1977 the District changed its method of recording the costs of self-insured claims and major property damage to when they are incurred instead of when they are paid.

The effect of this change was to increase the 1977 net loss by \$3,141,000 including \$2,982,000 of costs from prior years. The \$2,982,000 represents \$1,033,000 in worker's compensation and liability claims and \$1,949,000 in major transit vehicle property damage. The pro forma amounts shown opposite reflect retroactive application of the change as if the method had been in effect in both 1977 and 1976.

	(In Thousands)	
	1977	1976
Net loss reported	\$29,018	\$22,668
Cumulative effect of change in method of accounting applicable to:		
1976	(580)	580
Prior to 1976	(2,402)	—
	<u>(2,982)</u>	<u>580</u>
	<u>\$26,036</u>	<u>\$23,248</u>

NOTE 3 — FACILITIES, PROPERTY, AND EQUIPMENT

Facilities, property, and equipment, asset lives, and accumulated depreciation and amortization at June 30, 1977 and 1976 are summarized as follows:

	Lives (Years)	(In Thousands)			
		1977		1976	
		Cost	Accumulated Depreciation And Amortization	Cost	Accumulated Depreciation And Amortization
Land	—	\$ 106,544	\$ —	\$ 106,493	\$ —
Improvements	80	1,031,406	50,164	1,029,805	37,972
Systemwide operation and control	20	87,095	17,136	85,890	12,644
Revenue transit vehicles	30	144,075	16,481	146,274	11,903
Service and miscellaneous equipment	3 to 20	9,719	3,099	9,087	2,261
Capitalized construction and start-up costs	30	95,175	11,944	93,794	8,619
Repairable property items	30	6,726	653	5,807	453
		<u>\$1,480,740</u>	<u>\$99,477</u>	<u>\$1,477,150</u>	<u>\$73,852</u>

NOTE 4 — PAYABLE TO THE STATE OF CALIFORNIA

Under Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. These Code Sections provide that the District will reimburse the State for the costs of the tube approaches. At June 30, 1977, the District had

received \$172,513,000 of which \$55,611,000 was repayable to the State. Reimbursement of \$16,500,000 was fulfilled by application of a credit due the District arising from highway betterments constructed with District funds on State Route No. 24. On September 30, 1977, the Governor signed legislation which will cancel the District's obligation to pay such costs.

NOTE 5 — GENERAL OBLIGATION AND SALES TAX REVENUE BONDS

General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	(In Thousands)					
			1977		1976			
			Original Amount	Due In 1 Year	Total	Due In 1 Year	Total	
			Authorized	Issued				
1962 District Bonds	4.09%	1999	\$792,000	\$792,000	\$17,450	\$722,775	\$15,650	\$738,425
1966 Special Service District Bonds	4.41%	1998	20,500	12,000	300	9,960	290	10,250
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$17,750</u>	<u>\$732,735</u>	<u>\$15,940</u>	<u>\$748,675</u>

Sales Tax Revenue Bonds

1969 Sales Tax Revenue Bonds	—	1977	\$150,000	\$150,000	\$ —	\$ —	\$12,575	\$ 12,575
1975 Sales Tax Revenue Bonds	5.44%	1978	\$ 24,000	\$ 24,000	\$16,000	\$ 16,000	\$ 8,000	\$ 24,000

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
June 30, 1977 and 1976

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING METHODS

Description of the District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

Securities are carried at cost which approximates market.

Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax, imposed by the District within the counties it serves, is collected and administered

by the State Board of Equalization. All tax proceeds are transmitted directly to a trustee and recorded as revenue in the debt service funds on receipt. The trustee retains funds necessary for debt service requirements and transmits the excess, if any, to the District. The District records funds not required for debt service and the proceeds of Sales Tax Revenue Bonds (issued for operational purposes) as financial assistance when received. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1977 to June 30, 1977 will be approximately \$10,200,000. Of this amount, \$2,550,000 had been received by the trustee and recorded by the District. Comparable figures for 1976 were \$9,200,000 and \$2,300,000 respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Self-Insurance

The District is largely self-insured for worker's compensation and general liability claims and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred. In addition, the District has designated \$6,000,000 of its capitalization as a reserve for self-insurance.

Reclassifications

Certain reclassifications have been made in the 1976 financial statements to conform to 1977 presentation.

NOTE 2 - CHANGES IN METHODS OF ACCOUNTING

Revenue Recognition

Interest Earned on Capital Sources

In 1977, the District has accounted for interest earned on capital sources as an increase in net capital investment whereas in prior years this interest had been recorded as revenue in the statement of operations. This method was adopted to recognize that interest from capital sources should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

Sales Tax Revenue Bond Proceeds

In 1975 and 1976, the District issued \$16,000,000 and

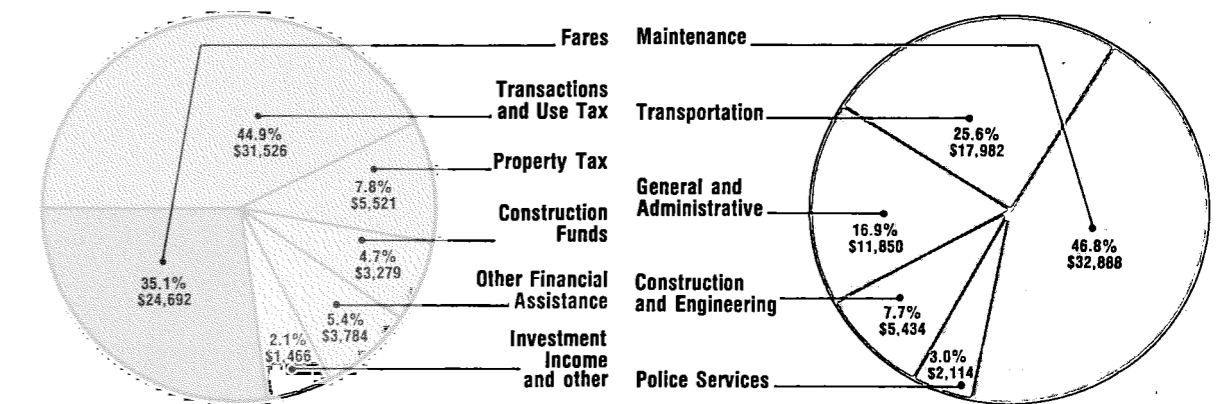
\$8,000,000, respectively, of Sales Tax Revenue Bonds to be used in support of operations. The proceeds of these bonds, net of interest advanced to the trustee, amounted to \$14,970,000 in 1975 and \$7,623,000 in 1976. To recognize the operational support provided, the financial statements for prior years have been restated to include the bond proceeds as revenue in the year received.

To give effect to these changes in methods of revenue recognition, prior year financial statements have been restated as follows:

	(In Thousands) 1976				Interest On Capital	Funds To Be Provided By Transactions And Use Tax
	Transactions And Use Tax	Net Loss Transferred To Accumulated Deficit	Accumulated Deficit Beginning Of Year	Accumulated Deficit End Of Year		
Balance, as previously reported	\$21,021	\$22,755	\$ 70,706	\$ 51,722	\$ —	\$ —
Interest from capital sources	—	2,875	(116,892)	(119,767)	119,767	—
Proceeds from Sales Tax Revenue Bonds	7,623	(7,623)	14,970	22,593	—	22,593
Reclassification of improvements, inventory accumulation, and construction overhead capitalized	—	(3,771)	—	—	—	—
Reclassification of prepaid and accrued interest advanced to the trustee	—	—	—	—	—	1,407
Balance, as adjusted	<u>\$28,644</u>	<u>\$14,236</u>	<u>(\$ 31,216)</u>	<u>(\$ 45,452)</u>	<u>\$119,767</u>	<u>\$24,000</u>

1976-1977 OPERATING FUNDS OF \$70,268,000

Where Operating Funds Came From (In Thousands) How Operating Funds Were Spent (In Thousands)



PASSENGER SURVEY DATA*

Ages

BART * PASSENGERS	DISTRICT † POPULATION
57% 14-34	44% 14-34
40% 35 And Over	56% 35 And Over

Household Income

BART * PASSENGERS	DISTRICT † POPULATION
14% Under \$7M	15% Under \$7M
27% \$7-\$15M	27% \$7-\$15M
32% \$15-\$25M	36% \$15-\$25M
21% Above \$25M	22% Above \$25M

Education

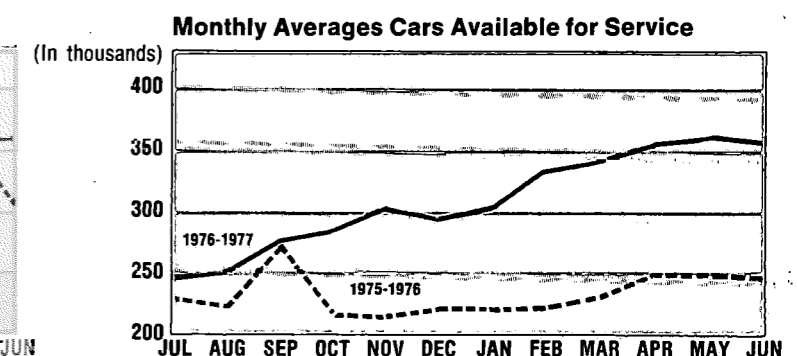
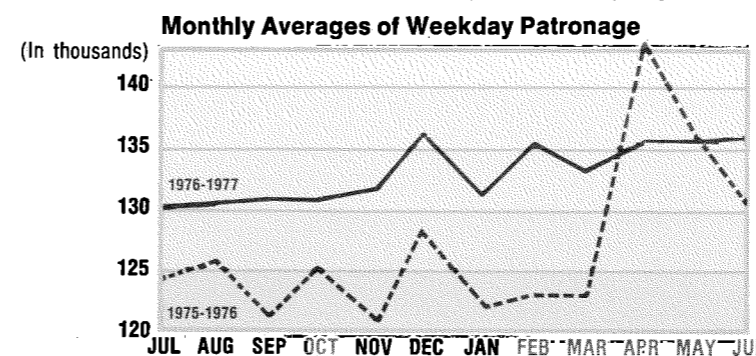
BART * PASSENGERS	DISTRICT † POPULATION
20% High School Graduate or under	68% High School Graduate or under
39% Some College	16% Some College
41% College Graduate or above	16% College Graduate or above

Ethnic Mix

BART * PASSENGERS	DISTRICT † POPULATION
78% White	80% White Caucasian Spanish American
5% Spanish American	9% Black
9% Black	13% Black
8% Other	7% Other

* Based on BART passenger survey data collected May 1977.
† Population age and ethnic data based on 1970 U.S. Census in BART counties.
‡ 1970 U.S. Census figures adjusted to 1975 level; see MTC BART Impact Report WP 35-3-77.

SYSTEM OPERATIONS



Special notes for patronage chart (1975-76 line only)
Regular late night service started January 1, 1976 • S.F. Muni Buses not in service March 31-May 7, 1976.
Embarcadero Station opened May 27, 1976 • Fare Increase November 3, 1975.

OVERVIEW



RIDERSHIP

BART's efforts to attract new ridership during the 1976/77 fiscal year met with some success. The fiscal year saw a steady growth in ridership from 131,466 daily average in June 1976, to 136,304 daily average in June 1977. Overall, this meant a total ridership gain over the previous period of 5.2%. BART had an estimated 26% share of the peak period transbay market. Fare revenues increased by 13.7% over the previous fiscal year.

Promotional efforts contributed to the increase in ridership during the period. The most successful holiday promotion drew a record 150,000 riders into the system on Labor Day 1976 — a more than 150% increase over previous Labor Day business. A key feature was a 25-cent fare, good for a ride anywhere on the system. Special holiday fares, plus other promotional devices, attracted many first-time riders to the system.

The promotions were principally aimed at building public awareness of service hours and destinations. Public opinion surveys taken during mid-1976 and mid-1977 show that the general level of awareness of service hours did increase substantially. For example, awareness that BART operates until midnight increased from 55% to 74% among frequent riders, and from 30% to 53% among the non-frequent riders during the period.

The major use of BART continues to be work trips and school trips, which together accounted for 82% of all riders in the 1977 survey. However, the same survey indicated that an increasing number of people are riding

U S Government Grants	State Of California Grant	Contributions From Others	Depreciation And Retirements Of Assets Acquired With Grants And Contributions By Others	As Adjusted (Note 2)		Net Capital Investment
				Accumulated Deficit	Interest On Capital	
\$254,048	\$116,902	\$15,300	(\$13,008)	(\$31,216)	\$116,892	\$580,543
—	—	—	—	(14,236)	—	(14,236)
28,175	—	7,743	—	—	—	35,918
—	—	—	(8,432)	—	—	(8,432)
—	—	—	—	—	2,875	2,875
—	—	—	—	—	—	71,125
<u>282,223</u>	<u>116,902</u>	<u>23,043</u>	<u>(21,440)</u>	<u>(45,452)</u>	<u>119,767</u>	<u>667,793</u>
—	—	—	—	(20,209)	—	(20,209)
6,376	—	6,344	—	—	—	12,720
—	—	—	(8,809)	—	—	(8,809)
—	—	—	—	—	2,298	2,298
—	—	—	—	—	—	28,515
<u>\$288,599</u>	<u>\$116,902</u>	<u>\$29,387</u>	<u>(\$30,249)</u>	<u>(\$65,661)</u>	<u>\$122,065</u>	<u>\$682,308</u>

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES

Years Ended June 30, 1977 and 1976 (In Thousands)

	General Obligation Bonds	1977 Sales Tax Revenue Bonds	Combined	1976 Combined
Revenues:				
Property tax	\$45,301	\$ —	\$ 45,301	\$ 43,939
Transactions and use tax received	—	47,368	47,368	46,013
Bond proceeds advanced	—	—	—	408
Interest	1,279	703	1,982	4,235
	<u>46,580</u>	<u>48,071</u>	<u>94,651</u>	<u>91,595</u>
Expenditures:				
Interest	32,266	1,906	34,172	37,347
Principal	15,940	20,575	36,515	71,125
Bond service expense	—	27	27	159
Bond premium	—	—	—	1,058
Funds transmitted to the District	—	31,526	31,526	21,021
	<u>48,206</u>	<u>54,034</u>	<u>102,240</u>	<u>130,710</u>
	<u>(1,626)</u>	<u>(5,963)</u>	<u>(7,589)</u>	<u>(36,115)</u>
Balance, beginning of year	17,635	19,970	37,605	73,720
Balance, end of year	<u>\$16,009</u>	<u>\$14,007</u>	<u>\$ 30,016</u>	<u>\$ 37,605</u>
Represented by:				
Cash (including time deposits: 1977, \$7,913; 1976, \$7,485)	\$ 8,317	\$ —	\$ 8,317	\$ 7,505
U S Treasury and other securities — at cost	6,321	—	6,321	8,792
Taxes and interest receivable	1,371	—	1,371	1,338
Assets with fiscal agent	—	14,007	14,007	19,970
	<u>\$16,009</u>	<u>\$14,007</u>	<u>\$ 30,016</u>	<u>\$ 37,605</u>

The accompanying notes are an integral part of the financial statements.



STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT Years Ended June 30, 1977 and 1976 (In Thousands)

	Property Tax	Transactions And Use Tax
Balance, July 1, 1975	\$41,020	\$ 80,605
Net loss for the year	—	—
Proceeds from grants and contributions	—	—
Depreciation of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Bond principal	14,305	56,820
Balance, June 30, 1976	<u>55,325</u>	<u>137,425</u>
Net loss for the year	—	—
Proceeds from grants and contributions	—	—
Depreciation and major property damage of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Bond principal	15,940	12,575
Balance, June 30, 1977	<u>\$71,265</u>	<u>\$150,000</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION Years Ended June 30, 1977 and 1976 (In Thousands)

	1977	1976 As Adjusted (Note 2)
CASH AND SECURITIES APPLIED TO:		
Operations:		
Net loss transferred to accumulated deficit	\$20,209	\$14,236
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	18,370	17,690
Cumulative effect of change in method of recording self-insured major property damage of assets acquired with own funds	981	—
CASH AND SECURITIES USED (PROVIDED) BY OPERATIONS	858	(3,454)
Additions to construction in progress	15,572	4,599
Additions to facilities, property, and equipment	6,125	20,209
Additions to materials and supplies	1,108	352
Increase (decrease) in deposits, notes, and miscellaneous receivables	540	(3,360)
Total cash and securities applied	24,203	18,346
CASH AND SECURITIES PROVIDED BY:		
Contributions from U S Government grants and others	12,720	35,918
Increase (decrease) in construction contracts payable and other liabilities	4,412	(13,313)
Increase in unearned passenger revenue	36	798
Interest on capital	2,298	2,875
Total cash and securities provided	19,466	26,278
(Decrease) increase in cash and securities	(\$ 4,737)	\$ 7,932

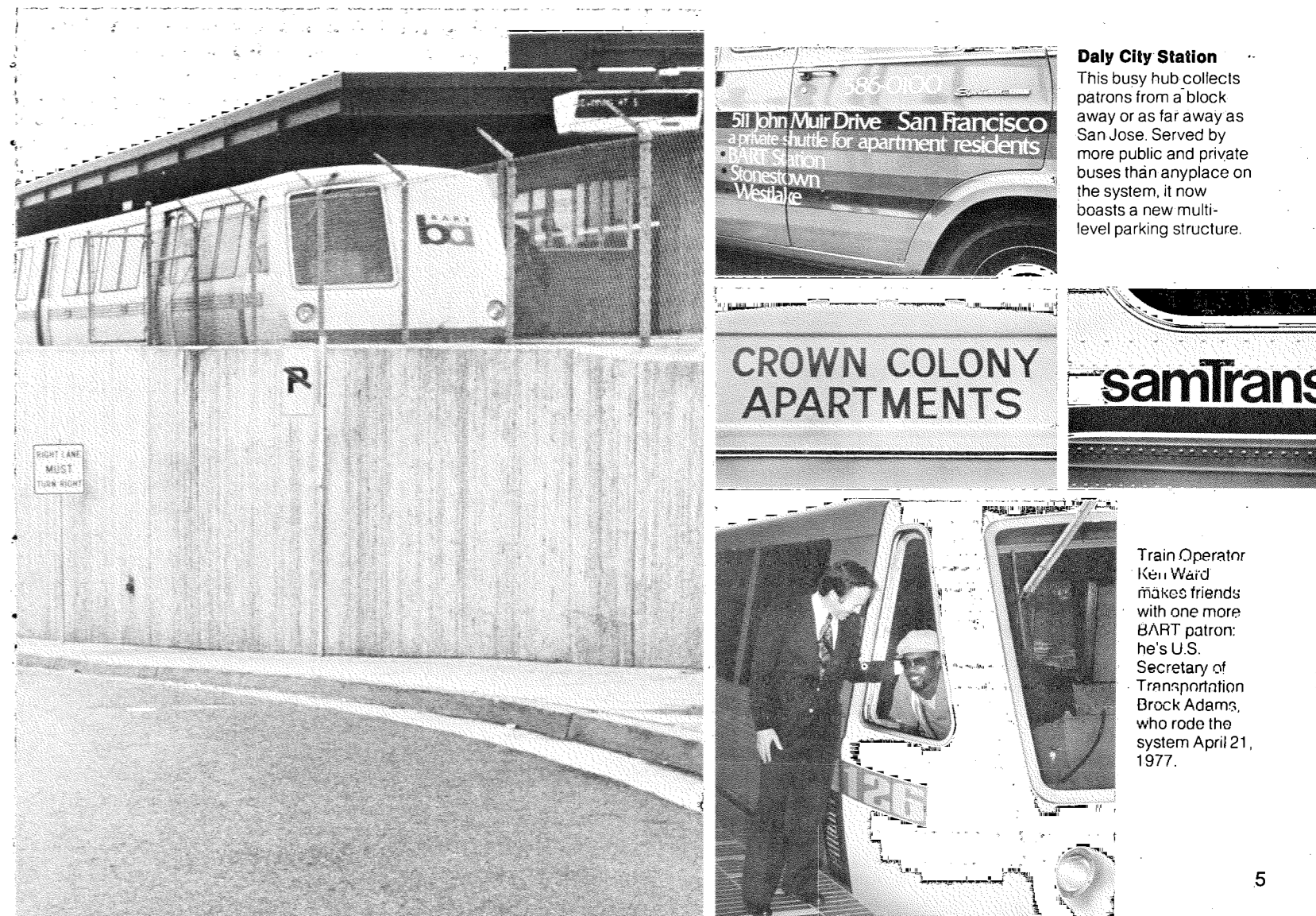
The accompanying notes are an integral part of the financial statements.

BART for reasons other than work and school trips. The number of riders reporting diversified usage of BART increased 24% from 1976 to 1977 — an encouraging trend in BART's efforts to increase its off-peak ridership market.

Also encouraging were substantial gains in late night (after 8 p.m.) ridership made during the period. This market saw a 9% increase in January through June 1977 over the similar months in 1976. Another gain in the late night market was an increase in the number of people traveling via BART to the Oakland Coliseum — a 100% increase at some events.

Ridership on BART's five express bus lines serving Alameda County and Contra Costa County also saw a monthly increase from 83,956 in June 1976 to 97,381 in June 1977. Meanwhile, service between BART stations and outlying communities in the two counties continued to improve during the period with refinements in bus schedules and routes.

In the third quarter of the fiscal period, the 100 millionth BART passenger entered the system at the Montgomery Street Station. By the end of the fiscal year the system had carried 115 million patrons over 1.5 billion passenger miles since it opened in 1972.



Daly City Station
This busy hub collects patrons from a block away or as far away as San Jose. Served by more public and private buses than anyplace on the system, it now boasts a new multi-level parking structure.

Train Operator Ken Ward makes friends with one more BART patron: he's U.S. Secretary of Transportation Brock Adams, who rode the system April 21, 1977.

OPERATIONS

Completion of major projects initiated in the previous period contributed to a year of progress in operating efficiencies and passenger service.

Extensive reorganization of maintenance and engineering functions was accompanied by a dramatic increase in transit car availability during the period. The average number of cars available for revenue service on a daily basis was 354 for June 1977 — a 44% increase over the 245-car average for June 1976.

Paralleling the increase in car availability was the completion of work on the electrification system which resulted in a 42% increase in available traction power systemwide.

In December 1976 the increased car availability and traction power enabled BART to begin operating full 10-car trains in regular peak-hour service on the Concord line. Train lengths were also increased on other lines as needed. Seating capacity was increased 14% on trains during midday service to meet a steadily growing off-peak market.

Saturday service was offered through the holiday season, as in previous years. For the first time, BART trains ran on New Year's Eve until 2:30 a.m. New Year's Day — a service which drew three times the normal number of late night riders. Another addition was service offered on Chinese New Year, Saturday, March 5.

Efficient tailoring of train lengths to demand throughout the revenue day continued to improve from the previous period. The system carried over 5% more passengers than the previous period, but with less than 2% increase in revenue car miles.



STATEMENT OF OPERATIONS Years Ended June 30, 1977 and 1976 (In Thousands)

	1977	1976 As Adjusted (Note 2)
Operating revenues:		
Fares	\$ 26,974	\$ 23,595
Less discounts and other deductions	2,282	1,881
	<u>24,692</u>	<u>21,714</u>
Other	520	534
Investment income	946	973
Total operating revenues	<u>26,158</u>	<u>23,221</u>
Operating expenses:		
Transportation	17,982	15,001
Maintenance	32,888	26,578
Police services	2,114	1,916
Construction and engineering	5,434	4,729
General and administrative	11,850	10,674
	<u>70,268</u>	<u>58,898</u>
Less capitalized costs	3,454	3,772
Net operating expenses	<u>66,814</u>	<u>55,126</u>
Operating loss before depreciation expense	<u>40,656</u>	<u>31,905</u>
Depreciation (unfunded):		
Of assets acquired with own funds	18,370	17,690
Of assets acquired with grants and contributions by others	7,841	8,432
Total depreciation	<u>26,211</u>	<u>26,122</u>
Operating loss	<u>66,867</u>	<u>58,027</u>
Financial assistance:		
Transactions and use tax	31,526	28,644
Property tax	5,521	5,029
Transportation Development Act of 1971	349	1,635
State	35	51
Federal	3,400	—
Total financial assistance	<u>40,831</u>	<u>35,359</u>
Loss before cumulative effect of change in accounting method	<u>26,036</u>	<u>22,668</u>
Cumulative effect, on years prior to June 30, 1977, of change in method of recording self-insured costs:		
Liability and worker's compensation claims	1,033	—
Major property damage:		
On assets acquired with own funds	\$981	—
On assets acquired with grants and contributions by others	968	—
Net loss	<u>29,018</u>	<u>22,668</u>
Depreciation and major property damage of assets acquired with grants and contributions by others	0,009	8,432
Net loss transferred to accumulated deficit	<u>\$ 20,209</u>	<u>\$ 14,236</u>
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$ 40,656	\$ 31,905
Add cumulative effect of change in method of recording self-insured costs of liability and worker's compensation claims	1,033	—
Deduct financial assistance	<u>40,831</u>	<u>35,359</u>
Funded excess of expenses over revenues (revenues over expenses)	<u>\$ 858</u>	<u>(\$ 3,454)</u>

The accompanying notes are an integral part of the financial statements.

FINANCIAL STATEMENTS



To the Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1977 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds 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. The financial statements for the year ended June 30, 1976, before restatement, were examined by other auditors whose report dated September 10, 1976, expressed an unqualified opinion on those statements.

We reviewed the adjustments described in Note 2 that were applied to restate the 1976 financial statements. In our opinion, such adjustments are appropriate and have been properly applied to the 1976 financial statements.

In our opinion, the 1977 financial statements identified above present fairly the financial position of the San Francisco Bay Area Rapid Transit District as of June 30, 1977, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles consistently applied during the period except for the changes, with which we concur, in the methods of accounting for revenue recognition and self-insurance described in Note 2 to the financial statements.

San Francisco, California
September 30, 1977

Certified Public Accountants

Other significant aspects of service received attention during the period. In a major system access study BART planners emphasized the need for improving local bus service to BART stations, and expanding station parking over the next five years. Substantial improvements in patron parking during the period included a partial opening of the Daly City parking structure in November 1976, and 831 stalls added at five other stations.

Preparations for a new shuttle service between Coliseum Station and Oakland International Airport were completed with the Port of Oakland, and "Oakland Air-BART" began operating on July 1, 1977, at a fare of 50 cents. The new service was immediately in demand as was the "Humphry-Go-BART" shuttle which continued to operate between the Berkeley Station and the University of California campus.

Fleetwide installation of transit car handrails was completed by August 1976. Other service improvements included installation of additional fare collection equipment, platform windscreens and bus shelters systemwide. A new entrance, linking the 12th Street station directly to the City Center Plaza in downtown Oakland, was dedicated in ceremonies held October 15, 1976.

Trained communicators were added to Central Operations to ensure that news media and the public are provided with accurate and continuous system status information. A "hotline" to provide continuous system information to all employees was also established. A separate Station Operations division was formed to improve training and motivation among station agents and other personnel whose performance most directly relates to good patron service.

Central Operations was reorganized for improved coordination among transportation, maintenance and police personnel systemwide. Other operating improvements included two new spur tracks, activated near the BART Oakland Shop and Daly City Station, to help speed removal of malfunctioning trains from the mainline.

BALANCE SHEET June 30, 1977 and 1976 (In Thousands)

	1977	1976 As Adjusted (Note 2)
ASSETS		
Cash (including time deposits: 1977, \$5,060; 1976, \$3,780)	\$ 7,406	\$ 4,685
U.S. Treasury, federal agency, and other securities — at cost	46,681	54,139
Deposits, notes, and miscellaneous receivables	9,364	8,824
Construction in progress	34,602	19,030
Facilities, property, and equipment at cost (less accumulated depreciation and amortization: 1977, \$99,477; 1976, \$73,852)	1,381,263	1,403,298
Materials and supplies — at average cost	6,018	4,910
Funds to be provided by transactions and use tax	16,000	24,000
Debt service funds, net assets	30,016	37,605
	<u>\$1,531,350</u>	<u>\$1,556,491</u>
LIABILITIES AND CAPITALIZATION		
Construction contracts and other liabilities	\$ 23,549	\$ 19,137
Unearned passenger revenue	1,631	1,595
Sales Tax Revenue Bonds	16,000	24,000
Debt service funds	30,016	37,605
	<u>71,196</u>	<u>82,337</u>
Capitalization:		
Reserve for self-insurance	6,000	6,000
Payable to State of California	39,111	39,111
General Obligation Bonds	732,735	748,675
Sales Tax Revenue Bonds	—	12,575
Net capital investment	682,308	667,793
	<u>1,460,154</u>	<u>1,474,154</u>
	<u>\$1,531,350</u>	<u>\$1,556,491</u>

The accompanying notes are an integral part of the financial statements.

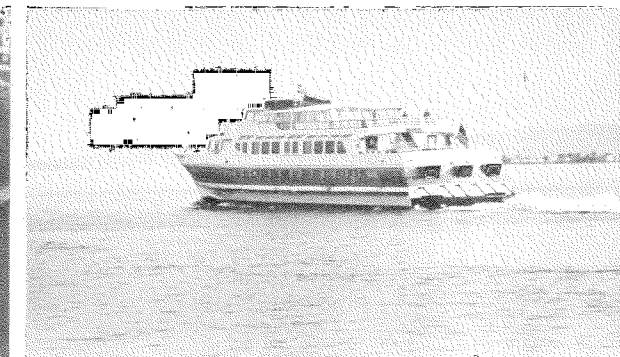


Embarcadero Station

After its colorful opening May 27, 1976, this beautiful station quickly became the long-awaited hub of San Francisco's large financial community. It also channels thousands of people daily to nearby cable cars, ferry boats, Fisherman's Wharf and many other attractions.



Station Agent Cynthia Tsang: expert at getting out-of-town visitors on the right track.



OPERATIONS (con't.)

Procedures to operate BART's three train yards, while keeping all cars de-energized at night and over weekends, were devised during the period. An estimated annual savings of 26 million kilowatt hours, valued at \$1 million, made this a most important energy-saving, as well as a cost reduction, measure.

Major improvements in system reliability continued from the previous period. The most significant was a 43% decrease in unscheduled train removals between June 1976 and June 1977. Train removals for the period overall averaged 33% below the previous period. Wayside circuitry of the automatic train control system also saw substantially improved reliability with replacement of a vital "master clock" circuit card in wayside equipment. Installation of sun shields over the equipment is expected to further improve train control reliability.

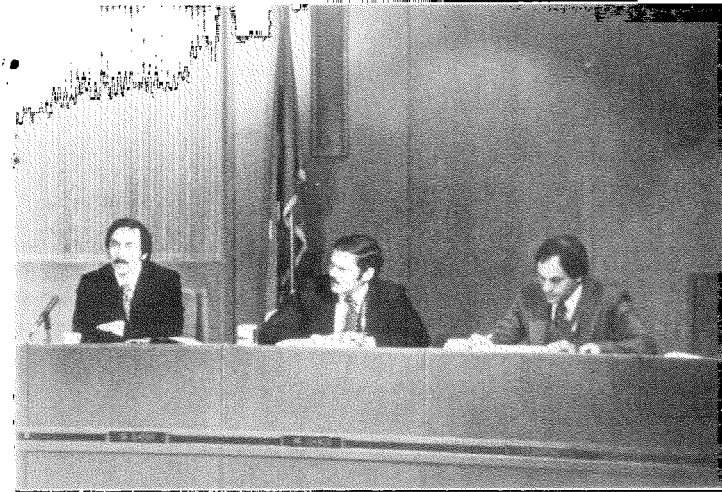
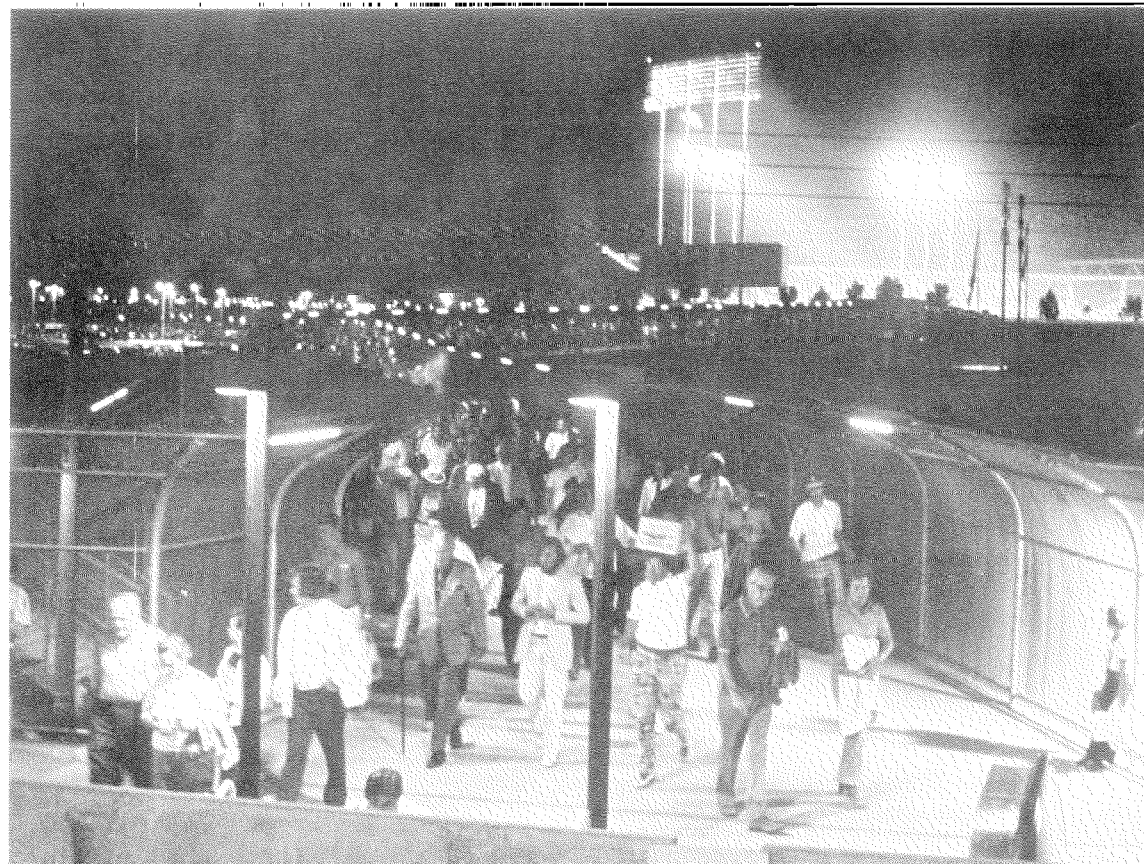
A new computerized system for classifying and tabulating all types of equipment failures was activated, which improves analyses of failure rates at the subsystem level. Eventually, it will be able to provide precise analyses down to lower component levels.

An engineering research and development laboratory was established to investigate vehicle and wayside equipment problems, work previously carried out by various consulting firms. Within a short time, at minimal cost, the lab engineers had developed new troubleshooting equipment and several important modifications for the vehicles.

At period's end, BART outlined its major service objectives for the 1977-78 fiscal year, which were considered to be realistically tailored to BART's transportation market of the 1970's.

The objectives were: (1) start-up of Saturday service by November (to become a regular six-day schedule as of January 7); (2) start-up of direct Richmond/Daly City service by March 1978, with an increase of regular system trains from 30 to 42; and (3) start-up of full seven-day operation by June 1978.

A new, seven-minute shuttle service between the Coliseum Station and Oakland Airport is attracting more air travelers to BART.



The Board in Session

The nine members of the Board of Directors are elected directly by the citizens of nine special BART voting districts within Alameda County, Contra Costa County and the City and County of San Francisco. Directors' current four-year terms expire on November 24, 1978 for districts 2, 4, 6 and 8; and on November 28, 1980, for districts 1, 3, 5, 7 and 9.



JOHN GLENN

District 6
Board tenure from November 29, 1974; term expires 1978. Committees 1977: Chairperson, SSWRC; Vice-Chairperson, PILC; member, EOC and SWMC. Fremont resident. Oakland executive.

NELLO J. BIANCO

District 2
Board tenure from October 22, 1969; term expires 1978. Committees 1977: Chairperson, SWMC; member, PILC. Richmond resident and businessman.

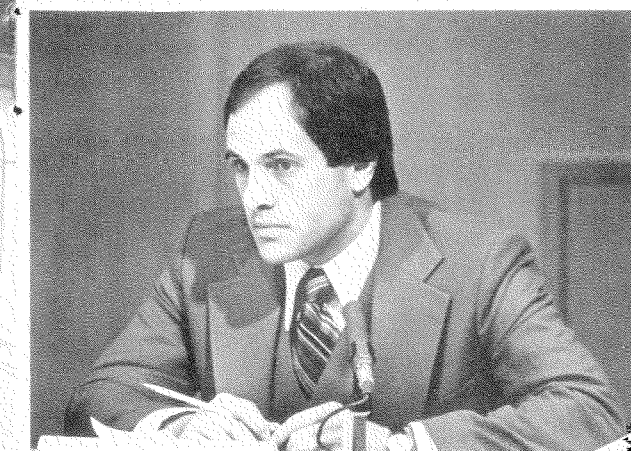


BARCLAY SIMPSON

President
District 1
Board tenure from November 26, 1976; term expires 1980. Committees 1977: member, SAAC; ex officio member of all standing committees. Walnut Creek resident. San Leandro businessman. Elected November 2, 1976, succeeding Director James D. Hill.

ELLA HILL HUTCH

Vice President
District 7
Board tenure from November 29, 1974; term expires 1980. Committees 1977: Vice-Chairperson, SAAC; ex-officio member of all standing committees. San Francisco resident and labor organization staff member.



ARTHUR J. SHARTSIS

District 3
Board tenure from November 26, 1976; term expires 1980.*
Committees 1977: Chairperson, AC; Vice-Chairperson, SWMC; member, SSWRC. Oakland resident. San Francisco attorney. *Elected November 2, 1976, succeeding Director Richard O. Clark.

DISTRICT BOARD OF DIRECTORS

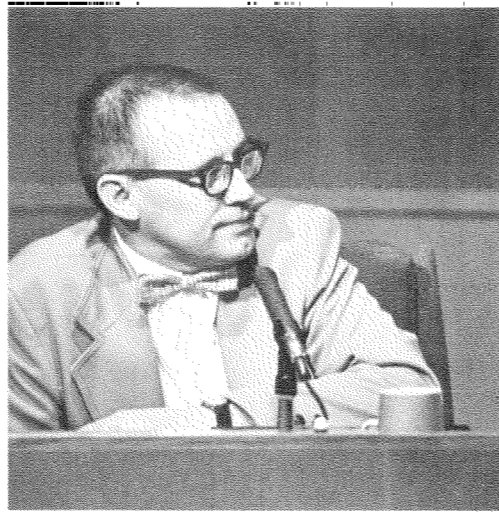


EUGENE GARFINKLE

District 8
Board tenure from March 10, 1977; term expires 1978.* Committees 1977: Vice-Chairperson, SSWRC; member, AC and SWMC. San Francisco resident and attorney.
* Appointed by Board to serve out remaining term of Director Elmer B. Cooper, who resigned, effective January 21, 1977.

ROBERT S. ALLEN

District 5
Board tenure from November 29, 1974; term expires 1980. Committees 1977: Vice-Chairperson, AC; Vice-Chairperson, EOC; member, SWMC and SSWRC. Livermore resident. Railroad cost analyst.

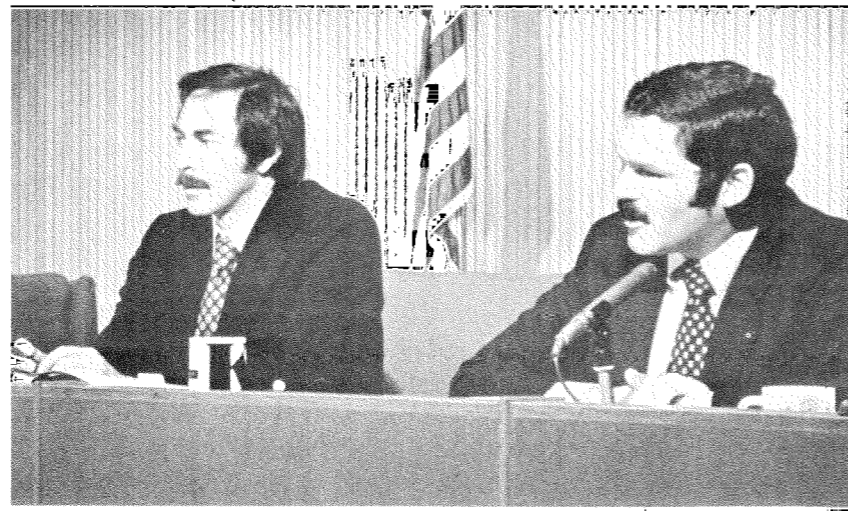


HARVEY W. GLASSER, M.D.

District 4
Board tenure from November 29, 1974; term expires 1978. Committees 1977: Chairperson, SAAC; Chairperson, PILC; member, SWMC. Alameda resident and physician-business consultant.

JOHN H. KIRKWOOD

District 9
Board tenure from November 29, 1974; term expires 1980. Committees 1977: Chairperson, EOC; member, SWMC and SSWRC. San Francisco resident. Transit adviser.



Key to committee abbreviations: AC = Administration Committee; EOC = Engineering & Operations Committee; PILC = Public Information & Legislation Committee; SAAC = Special Affirmative Action Committee; SSWRC = Special Salary & Wage Review Committee; SWMC = Special Ways & Means Committee.

ADMINISTRATION

Stable funding of operations moved a step closer when State Assembly Bill 3785 was signed into law on September 22, 1976, extending District revenues from the half-cent sales tax in the three BART counties until June 1978. This interim measure will be replaced by Assembly Bill 1107, which makes the sales tax a permanent regional transit subsidy as of January 1, 1978. Introduced on March 24, 1977, by Assembly Speaker Leo McCarthy, AB1107 passed the Assembly by a decisive 61-4 vote on June 21. (After the close of the fiscal period AB 1107 was passed by the Senate and was signed into law on September 30, 1977.)

The bill (as later amended) reduces BART's fixed share of the sales tax revenues from 100% to 75%; it also stipulates that at least 33% of BART's operating expenses must come from fares. The remaining 25% of the tax revenues are to be allocated among BART, the Alameda-Contra Costa Transit District and San Francisco "Muni" rail and bus lines. Allocations will be made by the Metropolitan Transportation Commission (MTC) for improvements in the level of transit service beyond that provided on or before January 1, 1978.

Other administrative developments during the year included extensive realignments of BART's organizational structure with major changes in maintenance, engineering, transportation and a number of technical and fiscal control functions. In May, the Board and General Manager retained a consulting firm to perform a comprehensive evaluation of BART's administrative organization structure.

Several new department heads were announced: Richard Demko, Director of Rolling Stock and Shops Maintenance; William Fleisher, Director of Field Services (formerly the Transportation Department); Melvin Murphy, Director of Engineering; and Lawrence Williams, Director of Employee Relations. The appointment of Mrs. Hedy Morant to the newly created post of District Budget Officer signaled increased emphasis on fiscal planning, reporting and controls.

A comprehensive review of all BART data processing and management information systems was started in April 1977, representing a first step toward updating and expanding current computer programs and developing new ones.

The period's most notable cost-efficiencies were achieved in the area of fleet maintenance. Improved preventive maintenance, decreased vehicle failure rates, and improved shop supervision all combined to reduce

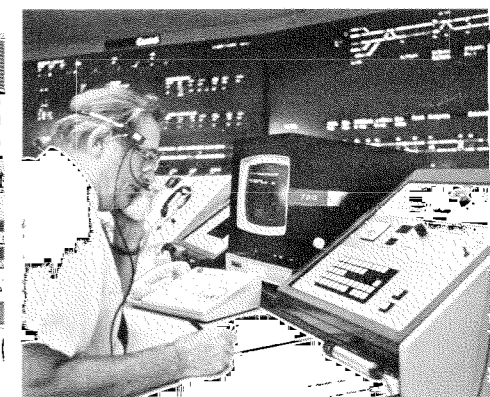


Coliseum/Oakland Airport Station

This busy station, with its direct walkway to the huge Oakland coliseum complex, is the reason growing numbers of sports fans are leaving their automobiles home and traveling there via BART.

Bay Fair Station

Each weekday BART express buses carry almost 5,000 passengers from outlying communities into Bay Fair, Hayward, Concord and El Cerrito Del Norte stations — and back again in the evening.



Communicators

New communications specialists were added to Central to keep news media and the public informed on BART service systemwide.

ADMINISTRATION (con't.)

average downtime per revenue car (for unscheduled repairs) 44% under the previous period. At the same time, costs in this labor-intensive area were \$1,250,000 below budget for the period.

Further cost-efficiencies were achieved by developing staff capabilities to perform work previously done by outside firms. Such work included repairs on complex vehicle components and also on station escalators systemwide. Engineering research and development work was brought in-house.

The net financial result for the period was a small surplus before taking into account a \$1,033,000 one-time accounting adjustment in expenses to reflect a change in method of recording self-insured costs of liability and workmen's compensation claims. The operating ratio for the year was approximately 39%, including the impact of approximately \$1.5 million in extraordinary power costs caused by the drought. These financial results were especially welcome in view of the \$3.5 million unfunded deficit anticipated at the beginning of the period.

On June 23 BART Directors approved a fully-funded budget for the 1977/78 period of \$77.3 million for normal operating expenses, plus \$5 million in additional funds to meet abnormal power costs expected because of the drought. The budget was developed from a zero base in response to specific goals and objectives adopted by the Board of Directors for the 1977-78 fiscal year, which included inauguration of weekend and direct Richmond/Daly City service.

BART was granted \$3.4 million in Federal funds for operating expenses under Section 5 of the Urban Mass Transportation Act, as amended. Approval of a \$3.7 million Federal capital grant was received, including initial funding to design, engineer and construct a bypass track in the Oakland subway. The additional track will be necessary for efficient track maintenance when the system goes to seven-day operation and will also provide a significant improvement in the flexibility of system operations.

BART continued to pursue affirmative action goals aggressively. At the end of the period, minorities represented 41.4% of the District's workforce, compared to 32.6% of the population in the counties of Alameda, Contra Costa and San Francisco. During the fiscal period, BART hired 44 women in "non-traditional" positions. In addition, the Board of Directors formed a special committee to review BART's Affirmative Action programs.

The District's major collective bargaining agreements, covering 1,550 BART employees, expired on June 30, 1976. After intensive negotiations, the District announced on July 2 a tentative new three-year agreement with the Service Employees International Union, Local 390, and the Amalgamated Transportation Union, Division 1555 (subsequently ratified by the District Board on July 7).

Approval of the District's first collective bargaining contract with the newly-formed BART Supervisory and Professional Association was announced on January 13, 1977, after a month of negotiations. The contract, covering 114 foremen, supervisors and engineers, runs through December 31, 1979.

The District's initial contract with 90 members of the BART Police Officers' Association (BPOA) expired on January 31, 1977. In May the BPOA membership voted to affiliate as Local 1008 of the Service Employees International Union. (After extended negotiations and a 14-day strike, an agreement was subsequently reached with the BPOA on September 7, 1977.)

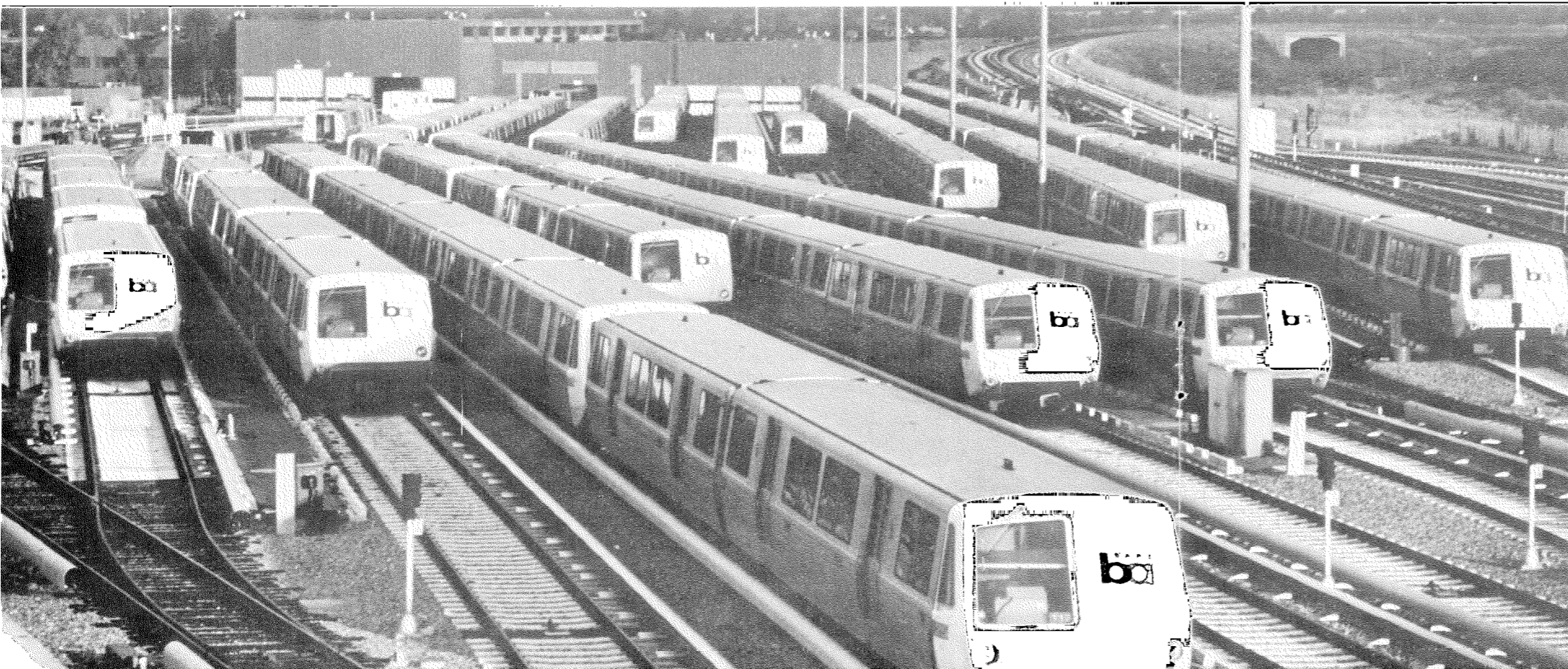
The District carried on extensive discussions with defendants in connection with a multi-million dollar lawsuit against its engineering consultants (Parsons Brinckerhoff-Tudor-Bechtel), its major equipment suppliers (Westinghouse Electric Corporation and Rohr Industries, Inc.), and other firms.

A settlement in principle to the case pending in the San Joaquin County Superior Court (Stockton) was announced by all parties to the litigation on July 18, 1977.

Under terms of the proposed settlement, the defendants will pay the District \$15 million (including \$1.3 million already received) and will release claims against the District valued at \$13.7 million.

The District will also settle separate contract claims totalling approximately \$15 million by payment to Rohr of \$6.2 million, and will submit a request for reimbursement for approximately 80% of this payment from the Urban Mass Transportation Administration (UMTA) under the terms of an existing UMTA grant to BART. The overall settlement is contingent on UMTA approval of the BART request.

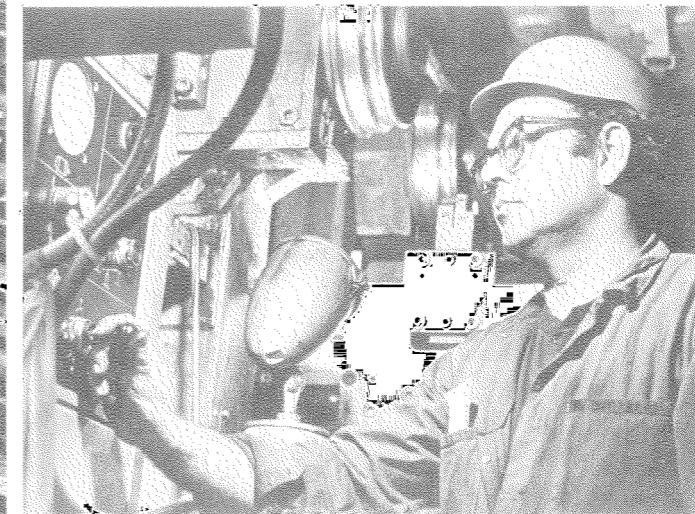
The defendants will also provide BART with access to documents describing the equipment of the system, will make available to BART patent licenses, and will consult with BART on technical matters.



By Dawn's Early Light . . .

Crisp, clean lines of BART cars are accentuated by the morning sun at Hayward Train Yard. A dramatic turnaround in maintenance and engineering problems during the period made over 100 additional cars available for revenue service.

Veteran car mechanic Bob Simmons, Hayward Shop, is one of many BART men and women responsible for the extraordinary accomplishments in maintenance.





BART

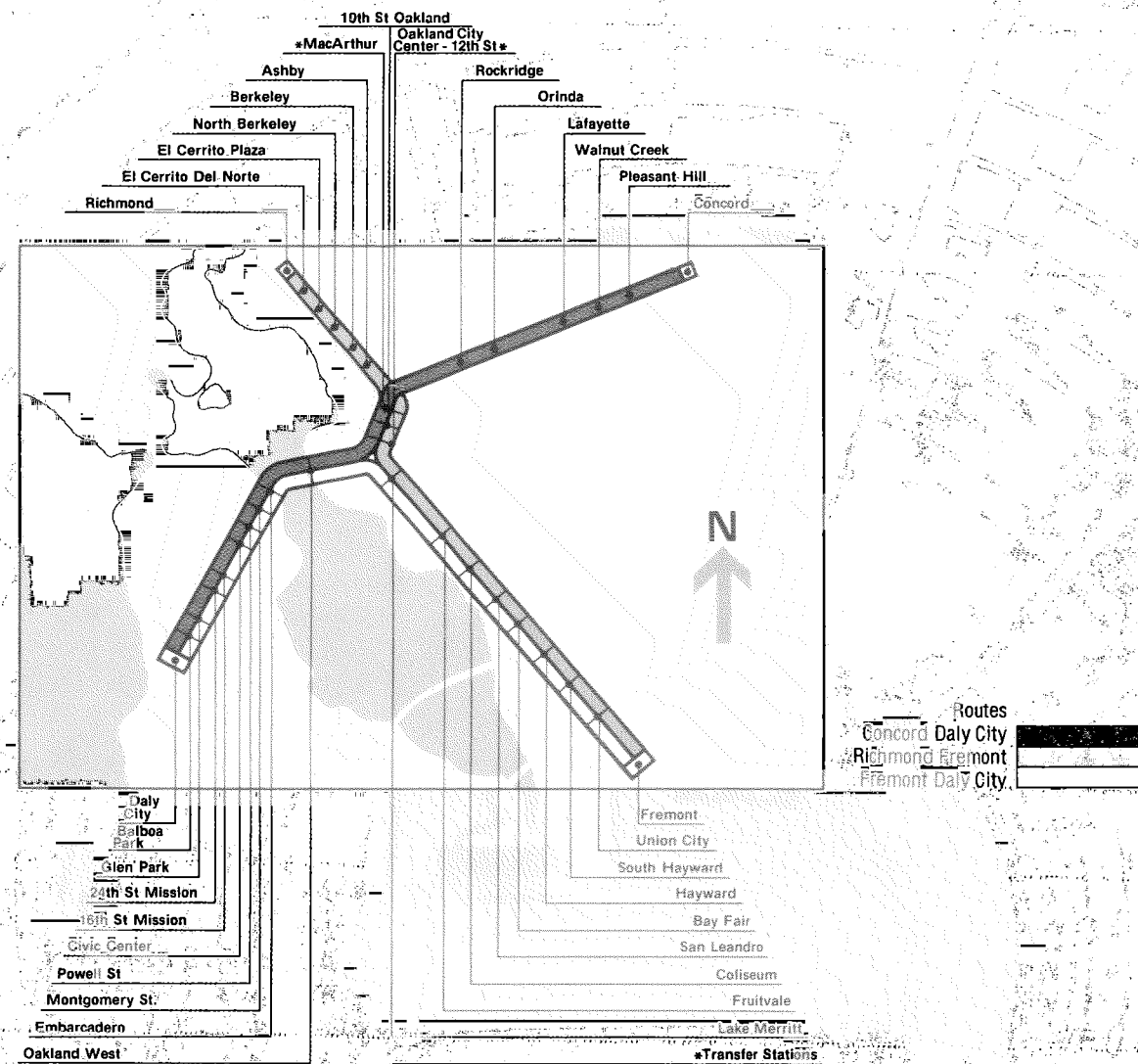
Annual Report
1977-1978



SAN FRANCISCO
BAY AREA
RAPID TRANSIT
DISTRICT

800 Madison Street
Oakland, California 94607
(415) 465-4100





SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

Established in 1957 by the California State Legislature.
Authorized to plan, finance and construct a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters of nine election districts within the counties of Alameda, Contra Costa and San Francisco.

ADMINISTRATIVE HEADQUARTERS

800 Madison Street, Oakland, California 94607 415-465-4100

Frank C. Herringer* General Manager Robert D. Gallaway Assistant General Manager

DEPARTMENT DIRECTORS

Malcolm M. Barrett* General Counsel	William F. Goelz* Finance	Phillip O. Ormsbee Special Services	Lawrence A. Williams Employee Relations
C. Keith Bernard Planning, Budgeting & Research	Krishna V. Hari System Development	Fred L. Peil Technical Services	Ralph S. Weule Safety
William B. Fleisher Field Services	Ernest G. Howard Affirmative Action & Training	Gordon H. Ringenberg Program Management	Note: Phillip O. Ormsbee was appointed District Secretary by the Board of Directors on September 14, 1978, following the death of Richard J. Shephard in July 1978.
Richard P. Demko Rolling Stock & Shops	Diane D. Levine Marketing & Communications	Richard J. Shephard* District Secretary	*Denotes statutory officers appointed by Board of Directors
	Vincent P. Mahon Power & Way Maintenance		
	Melvin H. Murphy Engineering		

This Annual Report is published by the District Pursuant to Section 28770, Public Utilities Code of the State of California.

COVER: It required 4.04 kilowatt hours of electricity to transport each of these passengers on BART trains during the 1977-78 fiscal year, 0.86 less per passenger than in the previous 12-month period.

message from the president & the general manager

This has been an exciting year for BART, witnessing a great deal of achievement and a clear demonstration of the District's ability to work effectively in difficult times.

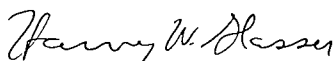
For the first time in its history, BART has a secure, permanent financial base. While the Jarvis/Gann Initiative has partially affected our revenues, the District has been able to reduce costs without cutting train service and in addition, has managed to inaugurate its long-planned Sunday service.

Much of this achievement has been due to improvement in the staff's ability to maintain rolling stock. BART's 10-car trains are made up from the 4th largest rail transit car fleet in the U.S. Many of our new workers seeing 350 cars a day on the road cannot remember the time when there were less than 200 cars available for service.

The cloud of major litigation hanging over BART has been dispelled. The settlement approved by our Board allowed badly needed funds to be made available for service and support facilities and provided that BART obtain access to badly needed data previously withheld from us by the lawsuit.

Most importantly, the BART Board has demonstrated its ability to work effectively as a team. Rising above its minor differences, our Board worked harmoniously to support state legislation which made permanent the BART 1/2 cent sales tax. The Board's clear vision and general unanimity has enabled us to provide the stability and strength through a series of delicate negotiations during the past year. It is with that same singlemindedness of purpose that the Board presently is conducting an international search for a general manager to replace Frank C. Herringer, who will be leaving us in December.

The focus of our efforts, however, is not on our past achievements but on our goals. The much awaited direct Richmond/Daly City service has been delayed pending approval by the California Public Utilities Commission of the BART SORS system. All other 1977/78 goals which were related to service improvements were met including permanent Sunday service as of July 2, 1978 (which happens to be my birthday). BART public relations, passenger information, and employee morale all need improvement. Our unique capacity to have one flawed train slow the entire system has given it a bad public image which is not fully deserved. In spite of its difficulties, BART is moving rapidly towards maturity and acceptance as a major regional transportation service. With tough, prudent management and an active, well-informed Board of Directors, BART looks forward confidently not to miracles but to consistent, solid achievement — and on-time trains!



Harvey W. Glasser, M.D.
President



Progress continued on many fronts during the 1977/78 fiscal year and I am happy to report that in the coming months we should achieve substantially higher levels of service.

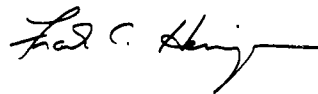
During the 1977/78 period, our financial performance was better than expected: BART generated over \$6 million more in revenues and tax assistance than it spent, a rare achievement in the public sector. In addition, the passage of Assembly Bill 1107 guarantees BART 75 percent of the half-cent sales tax levied in the three District counties. This ensures continued financial stability and means that in the future fare increases will only be necessary to keep up with the rate of inflation.

There was considerable progress in technical matters. The failure rate of trains continued to decline. The number of cars in a mechanically ready state increased dramatically, reaching an all-time high of 403 on May 24, 1978. This is a long way from the low level of less than 200 on August 13, 1975. The increased car availability helped us in two ways: it enabled the District to provide more cars during the morning and evening rush periods; and it allowed service to be expanded to Saturday and Sunday. This additional service means that the major investment the people of the Bay Area have made in the BART system is being better utilized.

Considerable effort has been directed at improving the automatic train control system. Extensive modifications enabling BART to run safely with trains at more frequent intervals and at normal speed in wet weather were completed in March and the California Public Utilities Commission began hearings into the matter in April. We are confident that the PUC, after reviewing the testimony, will allow BART to remove delay-causing operating restrictions that have severely limited the number of trains in service at one time. We expect a dramatic improvement in service to result.

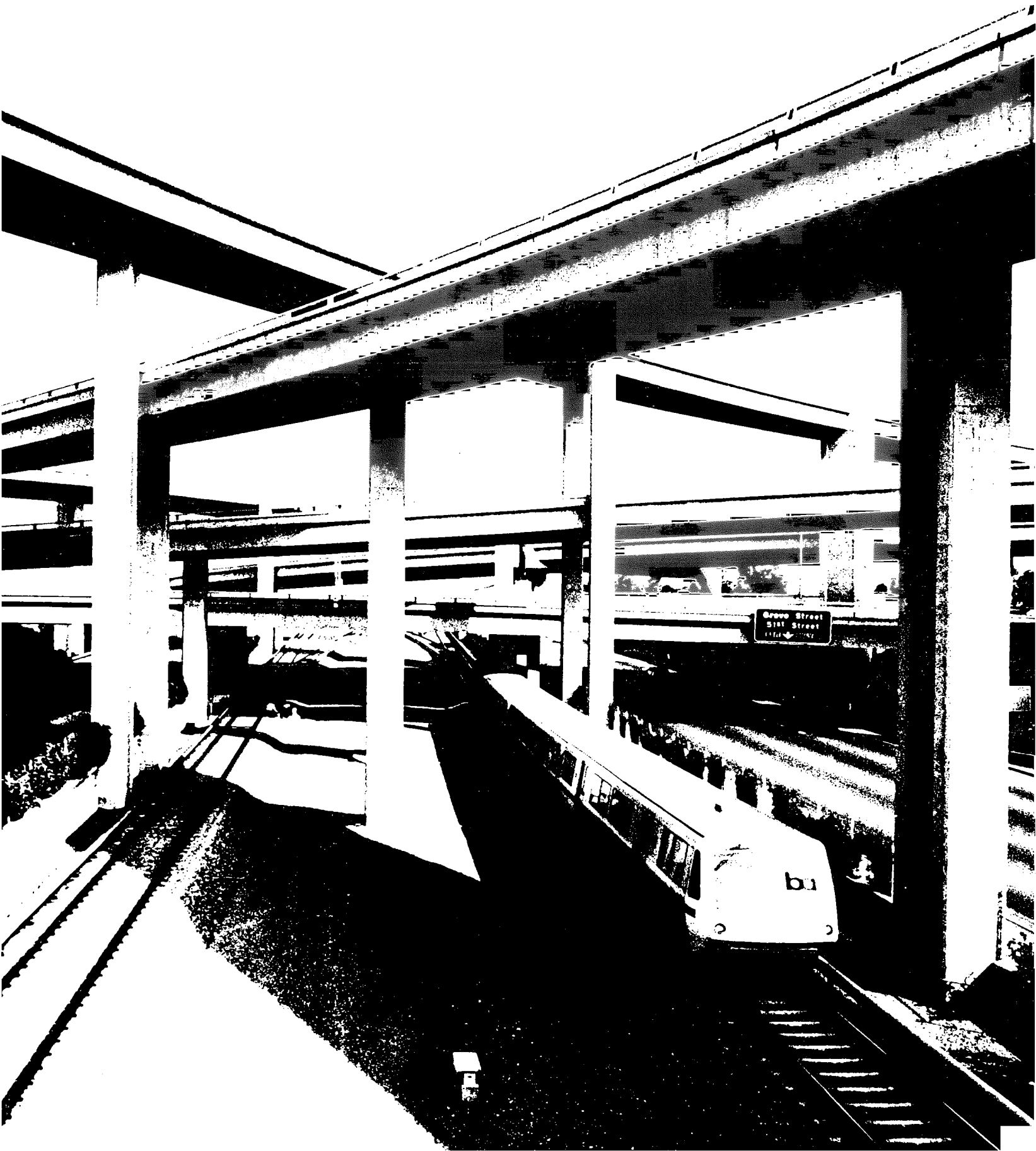
BART has operated for more than six years and has provided transbay service between the East Bay and San Francisco for four years. During this period there have been many problems. But also during this time, significant progress has been made. I believe the BART system is becoming an integral part of Bay Area transportation and is demonstrating its value to the public and its potential for the future.

At the close of the fiscal year I announced my intention to leave the District at the end of the calendar year, 1978. I have enjoyed my three years here as General Manager. They have been challenging. I am proud of the 2,000 men and women who make possible the daily BART operations as well as the longer run improvements in rapid transit service. It has been a pleasure and privilege to work with them. I am confident that they will continue to provide the people of the San Francisco Bay Area with an increasingly improved transit system.



Frank C. Herringer
General Manager





Green Street
Stat Street
→

61

overview

At the close of the fiscal year, BART was operating more trains and more rail cars than ever before. Ridership continued to grow. The ratio of operating revenues to operating expenses was improving, excluding the one-time and extraordinarily high electric rate due to the 1977 drought. BART was using less electricity to carry more passengers. Settlement of a lawsuit against the major designers and equipment suppliers of the system resulted in additional money for improvements. (The District successfully adjusted to the impact of the Jarvis/Gann property tax initiative.) Additional parking facilities at stations were completed, modifications were made to the automatic control system, and the District maintained an enviable safety record. While many problems remain, progress was made in solving technical difficulties and the District is now on a firm financial footing.

ridership & operations

BART ridership continued to grow and, at year's end, weekday patronage was in excess of 144,885 trips, almost two percent higher than anticipated in the 1977/78 budget.

Total patronage for the year was 38,655,206, a 12 percent increase over the 34,599,088 the year previous, and 2.3 percent higher than the forecast. Night ridership (after 8:00 p.m.) averaged 9,000 as the fiscal year ended, 22.1 percent higher than a year ago. Regular Saturday service, which was inaugurated on January 7, 1978, averaged 56,398 during the first six months of 1978. During the first month a 50-cent maximum fare was offered to acquaint riders with the new service.

On November 21, 1977, buses operated by the Alameda-Contra Costa Transit District (AC Transit) were idled by a 10-week strike that had an impact on BART, especially during the busy holiday season.

An estimated 12,000 bus ride trips were immediately diverted to rapid transit trains. On November 28, 1977, about 192,000 riders were carried on

BART. This was the highest revenue day in the history of the District.

Unfortunately, the overflow conditions occurred as BART engineers were changing automatic train control circuits. The technical work slowed some service, as did the heavy rains at the time, making the already overcrowded conditions worse. With every available car at work, the number of malfunctions per day increased temporarily — particularly during the last week of the AC Transit work stoppage.

On February 2, 1978, shortly after AC Transit buses were back in service, BART operated free all day and accommodated an estimated 250,000 riders — an all time record. Although BART did not collect an estimated \$100,000 in revenues that day, it appeared that the goodwill gained more than made up for the loss. Another gain from the free day was the introduction of the system to a large number of persons who previously had not ridden BART, but took advantage of the free day.

BART Express Buses, which were idled by the strike, also operated free for one month as an "apology" for the inconvenience. These Express Buses are operated for BART by AC Transit and patronage was adversely affected by the bus strike. A total of 989,026 trips were taken on the express routes in the 1977/78 fiscal year as compared to 1,141,230 the year previous.

The University of California at Berkeley continued to monitor traffic in the congested transbay corridor between Oakland and San Francisco, one of the busiest and most congested in the world. Latest figures show that BART carried 28 percent of the persons using the corridor in the commute direction during the morning peak period, as compared to 23 percent on buses and 49 percent by automobile.

A new record was set on May 24, 1978, when, for the first time, more than 400 train cars were available for revenue passenger operation. This compares to an average of 245 cars two years ago. With 403 cars available — 93 percent of the fleet of 432 operable cars — BART provided more service by increasing the length of trains to expand the passenger-carrying capacity of the system. In addition, having more cars ready for service made it easier to react to breakdowns and malfunc-

tions, reducing the impact to the rider on a typical day.

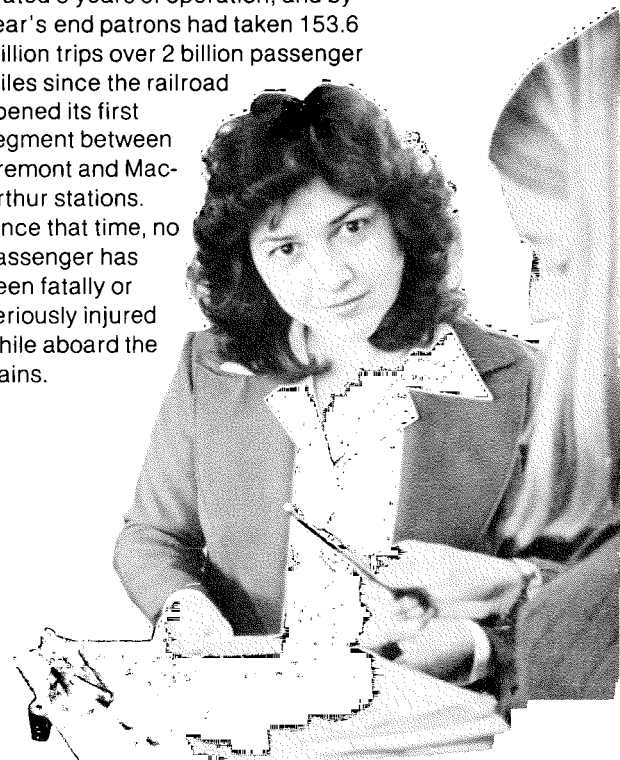
Two years before, more than 30 cars were sidetracked for lack of spare parts. During the past year, it was typical to have no more than five out of service awaiting parts.

As an example of increased capacity, in the summer of 1977, 40 cars were added to midday trains on the two East Bay routes to San Francisco and Daly City, because of an upsurge in offpeak patronage.

Goals set early in the year by the District to make train service more reliable were met. Fewer trains were removed from service before completing their runs. This meant fewer passengers had to get off a train and wait for a following one because of a malfunction. There were certainly too many periods when service was rated as being poor. However, the general trend was one of improvement as the year ended.

The first of two telephone devices that deaf persons can use to obtain scheduling and fare data was installed and another was being acquired. Additional parking was provided at Daly City where completion of a new garage at this overcrowded terminal added 832 spaces and raised the total there to 1,620. Work continued on expansion of the Fremont lot to 1,096 spaces by the addition of 361.

On September 11, 1977, BART celebrated 5 years of operation; and by year's end patrons had taken 153.6 million trips over 2 billion passenger miles since the railroad opened its first segment between Fremont and MacArthur stations. Since that time, no passenger has been fatally or seriously injured while aboard the trains.



Extensive marketing efforts were made to acquaint the public with service improvements. For the first time, television commercials were used, successfully creating a high public awareness of the new Saturday service.

BART also saw its potential market expanded with completion on October 28, 1977, of a new National Railroad Passenger Corporation (Amtrak) station adjacent to the BART station at Richmond. Built jointly by BART, Amtrak and the California Department of Transportation, the station provides easy access between rapid transit and long-distance trains. The depot is expected to assume greater importance when Amtrak and the State inaugurate "corridor" service between the East Bay and Sacramento, the State capital. At year's-end about 900 riders were boarding or alighting from Amtrak trains each month.

improvements

Although the basic railroad with all of its structures has been completed for several years, construction continued during the fiscal year on the streetcar subway BART was obligated by the 1962 bond election to complete for the Municipal Railway of San Francisco. A major item was the \$6.3 million streetcar station at West Portal in San Francisco scheduled to be completed in the 1978/79 fiscal year.

To provide more rail cars, BART shop forces successfully rebuilt a Type A, or car with a cab, previously damaged by fire, into a Type B car, without cab. This work was done at the Hayward Shop after studies showed BART employees could do the work more economically than outside firms. The quality of the work is considered excellent. There is considerable pride among shop employees about the project. A second car was being converted as the fiscal year ended. A total of 14 will be rebuilt, providing more cars for patrons. Studies have shown that present schedules require fewer cars with control cabs, but more mid-train cars without cabs.

Upgrading the 1,000 volt direct current power supply to the electric third rail was essentially completed during the

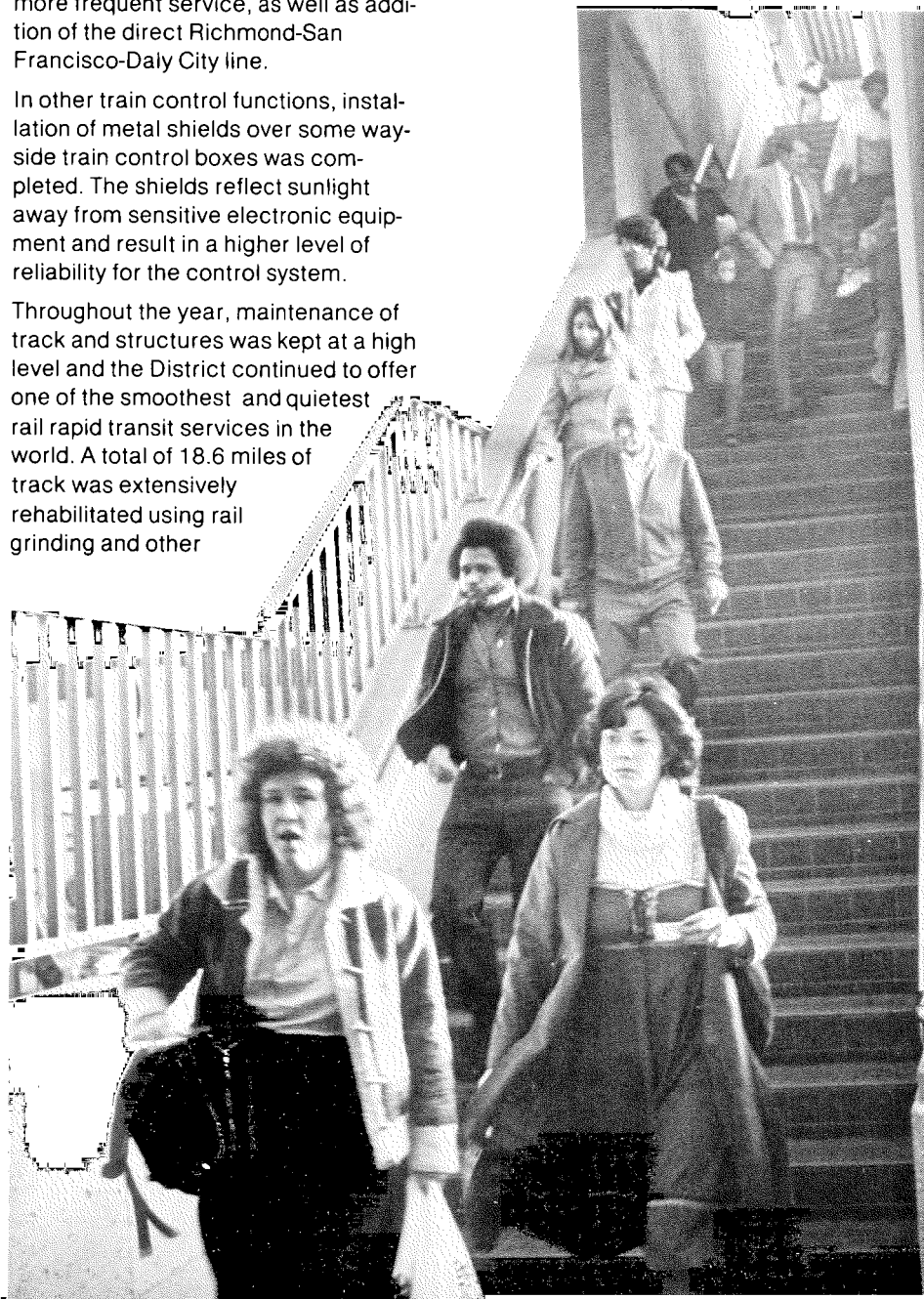
fiscal year. This will allow operation of 10-car trains at frequent intervals. The district also completed most of the "resignaling" to clear the way for close headway operation. This work involved changing the speed commands at various locations along the tracks, to allow longer braking distances between trains for a higher safety margin during wet weather when wheel-to-rail adhesion might decrease. The work was required as part of the California Public Utilities Commission's consideration of allowing BART to operate trains at more frequent intervals using the primary train control system installed some years ago, along with a back-up system. A decision is expected during the 1978/79 fiscal year and this will permit more frequent service, as well as addition of the direct Richmond-San Francisco-Daly City line.

In other train control functions, installation of metal shields over some way-side train control boxes was completed. The shields reflect sunlight away from sensitive electronic equipment and result in a higher level of reliability for the control system.

Throughout the year, maintenance of track and structures was kept at a high level and the District continued to offer one of the smoothest and quietest rail rapid transit services in the world. A total of 18.6 miles of track was extensively rehabilitated using rail grinding and other

equipment during the fiscal year.

Preliminary engineering work continued on the so-called "KE track" through downtown Oakland. Subway tunnels were completed in the 1960's for this track between Fifth Street and 23rd Street in the Broadway subway. Only relatively minor work is required to modify the 19th Street and 12th Street-Oakland City Center subway stations to accommodate the third track. The track will permit trains to be stored in the congested center of the system and provide greater capacity in the Oakland Wye, one of the busiest railway junctions in North America. Engineering costs of the project have been approved for 80 percent funding by the federal Urban Mass Transportation Administration (UMTA).



Other projects completed include acquisition of \$281,706 worth of prestressed concrete ties for inventory and to replace wooden ties on a portion of the Diablo Test Track right-of-way built in the early 1960's and incorporated into the Concord line in 1972; installation of \$23,360 in earthquake sensing devices in train control relay rooms; \$395,744 in safety improvements, generally new ladders and handrails required by the Federal Government; a \$1.3 million material and rail handling yard at Hayward and \$112,984 in modifications to safety doors in tunnels, subways and the transbay tube.

At year-end, work in progress included \$231,890 in bus access improvements at San Leandro station and a \$1.7 million expansion of yard storage tracks.



administration

For the first time in its history, BART has a permanent source of funds to cover operating deficits. With the signing into law of Assembly Bill 1107 by Governor Edmund G. Brown, Jr., the half-cent sales tax previously levied by the District was made permanent. Under the new arrangement in the legislation drafted by Assembly Speaker Leo McCarthy, BART receives 75 percent of the revenues, with the remaining 25 percent to be allocated by the Metropolitan Transportation Commission to the Municipal Railway of San Francisco, the Alameda-Contra Costa Transit District and BART upon application.

Agreement was reached to settle litigation pending between the District and major designers and suppliers. The settlement, reached in principle in July, 1977, and since approved by the litigants, resulted in BART receiving a net value of \$28,700,000 from the defendants, \$15 million in cash, and the release of claims by the defendants, which the District lawyers had valued at \$13.7 million. In addition, a separate \$15 million claim against BART relating to the rail cars was settled for \$6.2 million. The settlement allowed BART to free up \$18 million

held in reserve for possible claims against the District and for potential outside attorney fees for future litigation. Added to the settlement, this gave BART \$33 million with which to improve the reliability and service levels of the trains and related hardware. In addition to the cash settlement, BART was granted access to vital information about the design of the system, including access to patent licenses.

Also during the year, efforts continued toward more efficient management. Working with both the Board and staff, Booz, Allen & Hamilton, an outside consultant firm, completed its survey of the management structure and recommended the District begin shifting toward an organization mainly involved with railway operations rather than a problem-solving structure. These recommendations were under consideration at year's end.

The District successfully met budgetary targets and in most cases results were better than projections. For example, revenues were \$84.9 million, \$377,000 higher than the budget forecasts and the surplus was \$4.6 million as compared to the estimate of \$90,000, after deducting \$2.1 million for capital improvements.

On July 8, 1977, most trains were idled as a result of a one-day work stoppage by train operators because of a disagreement over the number of persons

in Central Control. Service on that day was restricted to a shuttle that operated for several hours between Daly City and MacArthur stations.

The District issued 3,561 identification cards to the elderly and handicapped entitling them to reduced fares not only on BART, but on other transit systems in the region as well. More than 12,500 of these cards have been issued by the District. A total of 1,345 identification badges allowing a person to bring a bicycle aboard a train were issued during the year. More than 4,300 riders have BART bicycle permits.

The District's overall property tax rate was reduced by the Board of Directors during the fiscal year. In Alameda County, the 42.2 cents per \$100 assessed property valuation rate of 1976-77 went up slightly, to 43.1 cents due to assessment ratios. It dropped substantially in the other counties. The Contra Costa County rate was reduced from 47.8 cents to 42.8 cents and the City and County of San Francisco levy was reduced from 47.1 cents to 43.6 cents. Berkeley city residents pay an additional levy for subway mileage added after voters approved the 1962 construction package. That rate dropped from 17.8 cents in 1976-77 to 16.3 cents in 1977-78. Excluding the special Berkeley tax, the District-wide rate averaged 45.7 cents in 1976-77 and 43.13 cents in 1977-78.

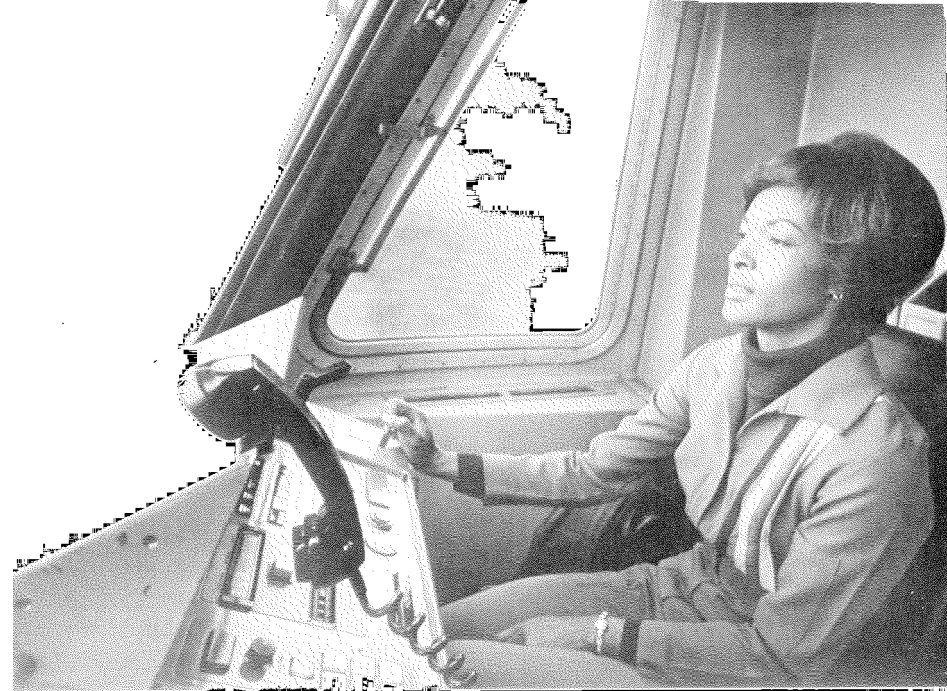
The District made significant gains toward achieving the goal of its affirmative action program. A total of 968 employees, representing 43.4 percent of the District's 2,231 workers were minorities, compared to 30.4 percent* of the population in the three counties BART serves. The number of female employees was 462 or 20.71 percent. Of the total number of persons hired during the fiscal year, 69.5 percent were minorities and women.

General Manager Frank C. Herrerger announced his resignation on June 29, 1978, effective December 31, 1978. The Board has begun an international search for a successor. Mr. Herrerger came to BART on July 1, 1975. He had been administrator of the Federal Urban Mass Transportation Administration.

*1970 Census data

the future

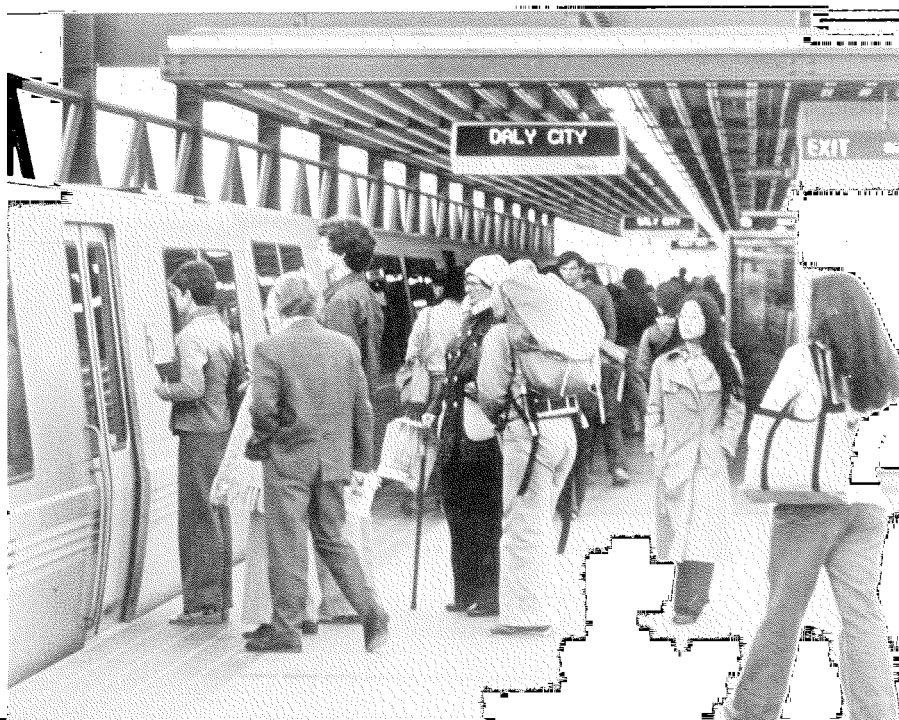
At the start of the 1978-79 fiscal year, the District was responding to financial restrictions imposed by the passage of the Jarvis/Gann property tax initiative. While this was resulting in some reductions in the numbers of employees, it did not require a reduction in train service. The District began its initial phase of a program to remotely staff some stations looking to ultimate



cost reductions. With all major work completed on the modifications to the automatic train control system, the District was demonstrating to the California Public Utilities Commission that the equipment does meet margins of safety necessary for more frequent service and addition of direct Richmond-San Francisco-Daly City service. The planned opening of the Municipal Railway of San Francisco streetcar subway under Market Street in mid-1979 is expected to funnel additional riders into the BART system.

The San Francisco Bay Area is unusual for being one of the few urbanized areas of the United States with a number of individual transit systems and agencies rather than a unified network under one management.

However, BART and the other agencies work closely together in many tasks and purposes with the nine-county Metropolitan Transportation Commission (MTC). BART has joined with the other transit agencies to form the Regional Transit Association to further coordinate its efforts. This promises an even better regional transit network in the future for the people of the nine San Francisco Bay Area Counties.



district board of directors



Barc Simpson

District 1
Term began November 26, 1976 as Board President in 1977; chairperson; Public Information and Legislation Committee; vice chairperson, Engineering and Operations Committee; member, Special Salary and Wage Review Committee; Walnut Creek resident, San Leandro businessman.



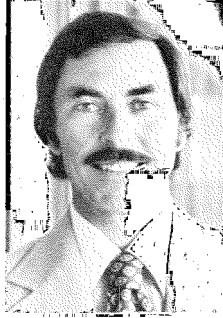
Nello J. Bianco
Vice President

District 2
Term began October 22, 1969, as appointee of Contra Costa County supervisors; was President in 1974 and Vice President twice before; elected November 5, 1974; as Vice President serves as ex-officio member of all committees; Richmond resident and businessman.



Arthur J. Shartsis

District 3
Term began November 26, 1976; chairperson, Special Salary and Wage Review Committee; member, Administration Committee; Oakland resident and San Francisco attorney.



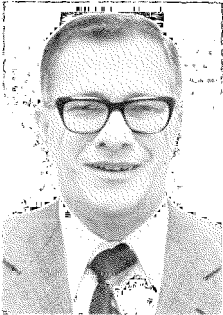
Harvey W. Glasser, M.D.
President

District 4
Term began November 29, 1974; ex-officio member of all board committees; Alameda resident and physician-business consultant.



Robert S. Allen

District 5
Term began November 29, 1974; vice chairperson Administration Committee, member, Special Salary and Wage Review Committee; railroad cost analyst; Livermore resident.



John Glenn

District 6
Term began November 29, 1974; chairperson Administration Committee; member, Public Information and Legislation Committee, Special Salary and Wage Review Committee; Fremont resident, Oakland executive.



Roslyn L. Baltimore

District 7
Term began February 21, 1978; vice chairperson, Public Information and Legislation Committee; member, Special Salary and Wage Review Committee; San Francisco resident and consultant; appointed by board to serve out remaining term of Ella Hill Hutch, who resigned on January 1, 1978, after being elected to the City and County of San Francisco Board of Supervisors.



Eugene Garfinkle

District 8
Term began March 10, 1977; vice chairperson, Special Salary and Wage Review Committee; member, Engineering and Operations Committee; San Francisco resident and attorney.



John H. Kirkwood

District 9
Term began November 29, 1974; chairperson, Engineering and Operations Committee; member, Special Salary and Wage Review Committee; San Francisco resident and businessman.

performance highlights

	FY 1977/78	FY 1976/77
RAIL RIDERSHIP		
Annual passenger trips	38,665,206	34,599,088
Average weekday trips	146,780	133,453
Average trip length	12.7 miles	12.8 miles
Annual passenger miles	492,901,000	444,401,162
System utilization factor (ratio of passenger miles to available seat miles)	.285	.270
End-of-period ratios		
Peak patronage	50%	51%
Off-peak patronage	50%	49%
BART's estimated share of peak period transbay trips — cars, trains and buses	28%	26%
Passengers with automobile available (as alternative to BART)	57%	61%
OPERATIONS		
Annual revenue car miles	24,046,898	22,862,970
Unscheduled train removals — average per revenue day	10.1	11.7
Transit car availability to revenue car fleet	87%	76%
Passenger miles per equivalent gallon of gasoline	59	51
Passenger accidents reported per million passenger trips	22.63	19.71
Crimes reported per million passenger trips	117.4	122.4
FINANCIAL		
Net passenger revenues	\$28,219,000	\$24,692,000
Other operating revenues	1,679,000	1,466,000
Total operating revenues	29,898,000	26,158,000
Net operating expenses	78,204,000(1)	66,814,000(2)
Operating ratio (total operating revenues to net operating expenses) (3)	38.23%	39.15%
Rail passenger revenue per passenger mile	5.7c	5.5c
Rail operating cost per passenger mile (4)	15.5c	14.6c
Average passenger fare	75.4c	74.0c

NOTES

General note: Data represent annual averages, unless otherwise noted.

(1) After inventory adjustment of \$1,300,000.

(2) Before cumulative effect, on years prior to June 30, 1977, of change in method of recording self-insured costs for liability and worker's compensation claims in the amount of \$1,033,000.

(3) FY 1976/77 and FY 1977/78 reflect inclusion of abnormal electric power expense due to drought; excluding such extraordinary expense, normal operating ratio was 40.42% in FY 1977/78, and 40.09% in FY 1976/77.

(4) Includes extraordinary power expense; excluding such expense, normal rail cost per passenger mile in FY 1977/78 was 14.6c, and in FY 1976/77 14.2c.

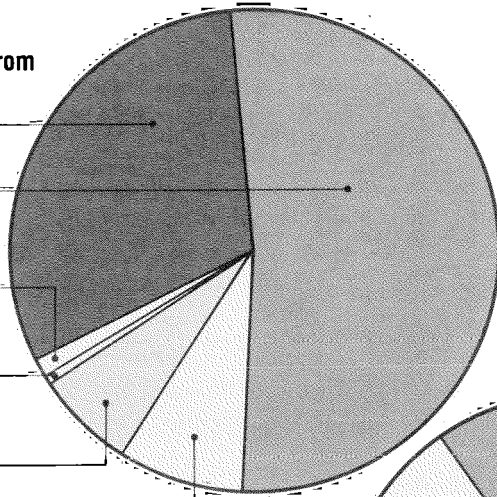
1977 - 1978 operating funds

\$90,357,000 (Including Capitalized Costs)

Where Funds Came From

(In Thousands)

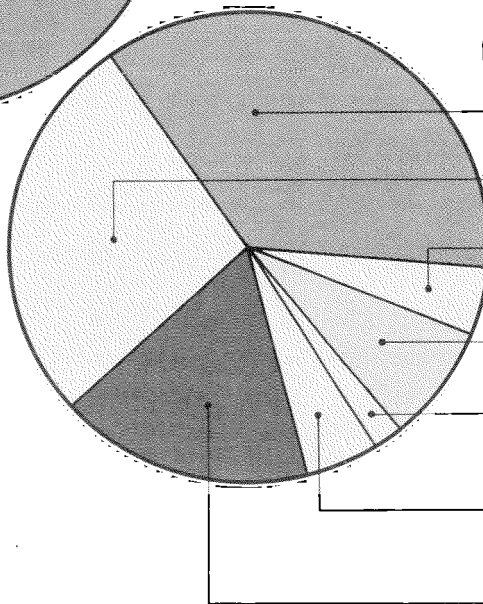
Fares	31.2% — \$28,219
Transactions & Use Tax	53.8% — \$48,621
Investment Income & Other Operating Revenue	1.9% — \$1,679
Regional Financial Assistance	0.1% — \$95
Construction Funds	6.0% — \$5,460
Property Tax	7.0% — \$6,283
TOTAL	100.0% — \$90,357



How Funds Were Applied

(In Thousands)

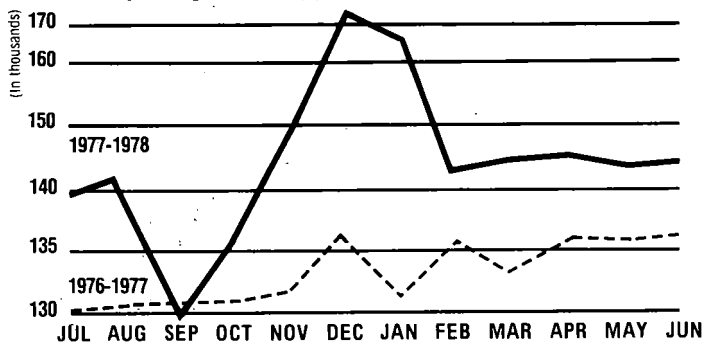
Maintenance	36.0% — \$32,555
Transportation	26.8% — \$24,192
Police Services	3.2% — \$2,910
Construction & Engineering	8.9% — \$8,023
Improvement Allowance *	2.3% — \$2,100
Increase in Working Capital *	5.1% — \$4,593
General & Administrative	17.7% — \$15,984
TOTAL	100.0% — \$90,357



*(Totals \$6,693 Funds provided by operations)

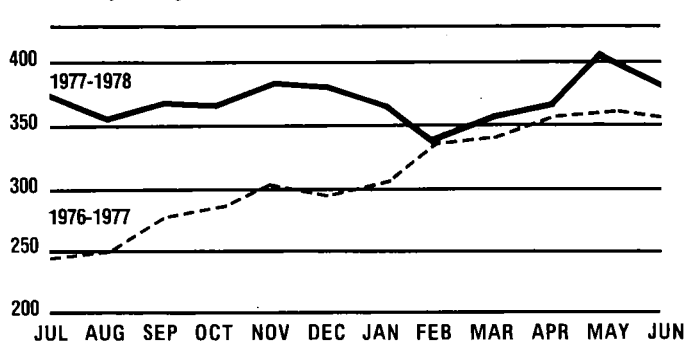
system operations

Monthly Averages of Weekday Patronage



Special notes for patronage chart (1977-1978 line only):
 SEP — BART Police strike; limited service provided
 DEC — AC Transit strike, in Dec.-Jan.

Monthly Averages Cars Available for Service

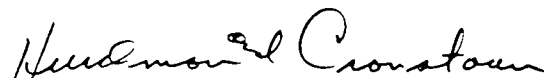


financial statements

To the Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheets of the San Francisco Bay Area Rapid Transit District as of June 30, 1978 and 1977 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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 financial statements identified above present fairly the financial position of the San Francisco Bay Area Rapid Transit District as of June 30, 1978 and 1977 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the period subsequent to the change made as of July 1, 1977, with which we concur, in the method of accounting for self-insurance described in Note 2 to the financial statements.



Certified Public Accountants

San Francisco, California
September 15, 1978

BALANCE SHEETS June 30, 1978 and 1977 (In Thousands)

	<u>1978</u>	<u>1977</u>
ASSETS		
Cash (including time deposits: 1978, \$1,970; 1977, \$5,060)	\$ 3,259	\$ 7,406
Securities — at cost	36,510	40,681
Securities representing reserves — at cost	35,906	6,000
Deposits, notes, and miscellaneous receivables	3,668	9,364
Construction in progress	34,778	34,602
Facilities, property, and equipment — at cost (less accumulated depreciation and amortization: 1978, \$123,892; 1977, \$99,477)	1,365,356	1,381,263
Materials and supplies — at average cost	7,821	6,018
Funds to be provided by transactions and use tax	—	16,000
Debt service funds, net assets	17,200	30,016
	<u>\$1,504,498</u>	<u>\$1,531,350</u>
LIABILITIES AND CAPITALIZATION		
Contract and other liabilities	\$ 15,667	\$ 23,549
Unearned passenger revenue	1,105	1,631
Sales Tax Revenue Bonds	—	16,000
Debt service funds	17,200	30,016
	<u>33,972</u>	<u>71,196</u>
Capitalization:		
Reserves	35,906	6,000
Payable to State of California	—	39,111
General Obligation Bonds	714,985	732,735
Net capital investment	719,635	682,308
	<u>1,470,526</u>	<u>1,460,154</u>
	<u>\$1,504,498</u>	<u>\$1,531,350</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF OPERATIONS Years Ended June 30, 1978 and 1977 (In Thousands)

	<u>1978</u>	<u>1977</u>
Operating revenues:		
Fares	\$30,666	\$26,974
Less discounts and other deductions	<u>2,447</u>	<u>2,282</u>
	28,219	24,692
Other	535	520
Investment income	<u>1,144</u>	<u>946</u>
Total operating revenues	<u>29,898</u>	<u>26,158</u>
Operating expenses:		
Transportation	24,192	17,982
Maintenance	32,555	32,888
Police services	2,910	2,114
Construction and engineering	8,023	5,434
General and administrative	<u>15,984</u>	<u>11,850</u>
	83,664	70,268
Less capitalized costs	<u>5,460</u>	<u>3,454</u>
Net operating expenses	<u>78,204</u>	<u>66,814</u>
Operating loss before depreciation expense	48,306	40,656
Depreciation (unfunded):		
Of assets acquired with own funds	12,191	18,370
Of assets acquired with grants and contributions by others	<u>12,508</u>	<u>7,841</u>
Total depreciation	<u>24,699</u>	<u>26,211</u>
Operating loss	73,005	66,867
Financial assistance:		
Transactions and use tax	48,621	31,526
Property tax	6,283	5,521
Transportation Development Act of 1971	83	349
State	12	35
Federal	—	3,400
Total financial assistance	<u>54,999</u>	<u>40,831</u>
Loss before cumulative effect of change in accounting method	<u>18,006</u>	<u>26,036</u>
Cumulative effect, on years prior to June 30, 1977, of change in method of recording self-insurance costs:		
Liability and worker's compensation claims	—	1,033
Major property damage:		
On assets acquired with own funds	—	981
On assets acquired with grants and contributions by others	<u>—</u>	<u>968</u>
Net loss	<u>18,006</u>	<u>29,018</u>
Depreciation and major property damage of assets acquired with grants and contributions by others	<u>12,508</u>	<u>8,809</u>
Net loss transferred to accumulated deficit	<u>\$ 5,498</u>	<u>\$20,209</u>
Reconciliation to net funded revenue:		
Operating loss before depreciation expense	\$48,306	\$40,656
Add cumulative effect of change in method of recording self-insured costs of liability and worker's compensation claims	—	1,033
Deduct financial assistance	<u>54,999</u>	<u>40,831</u>
Funded excess of revenues over expenses (expenses over revenues)	<u>\$ 6,693</u>	<u>(\$ 858)</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET CAPITAL INVESTMENT

Years Ended June 30, 1978 and 1977 (In Thousands)

	Property Tax	Transactions and Use Tax
Balance, July 1, 1976	\$55,325	\$137,425
Net loss for the year	—	—
Proceeds from grants and contributions	—	—
Depreciation and major property damage of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Bond principal	15,940	12,575
Balance, June 30, 1977	<u>71,265</u>	<u>150,000</u>
Net loss for the year	—	—
Proceeds from grants and contributions	—	—
Depreciation of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Bond principal	17,750	—
Establishment of basic system completion reserve	—	—
Establishment of system improvement reserve	—	—
Increase in reserve for self-insurance	—	—
Balance, June 30, 1978	<u>\$89,015</u>	<u>\$150,000</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1978 and 1977 (In Thousands)

	1978	1977
CASH AND SECURITIES PROVIDED BY:		
Operations:		
Net loss transferred to accumulated deficit	\$ 5,498	\$20,209
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	12,191	18,370
Cumulative effect of change in method of recording self-insured major property damage of assets acquired with own funds	—	981
CASH AND SECURITIES PROVIDED (USED) BY OPERATIONS	<u>6,693</u>	<u>(858)</u>
Contributions from U S Government grants and others	25,244	12,720
Decrease (increase) in deposits, notes, and miscellaneous receivables	5,696	(540)
Interest on capital	3,134	2,298
Total cash and securities provided	<u>40,767</u>	<u>13,620</u>
CASH AND SECURITIES APPLIED TO:		
Additions to construction in progress	176	15,572
Additions to facilities, property, and equipment	8,792	6,125
Additions to materials and supplies	1,803	1,108
Decrease (increase) in construction contracts payable and other liabilities	7,882	(4,412)
Decrease (increase) in unearned passenger revenue	526	(36)
Total cash and securities applied	<u>19,179</u>	<u>18,357</u>
Increase (decrease) in cash and securities	<u>\$21,588</u>	<u>(\$ 4,737)</u>

The accompanying notes are an integral part of the financial statements.

US Government Grants	State of California Grants	Contributions from Others	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
\$282,223	\$116,902	\$23,043	(\$21,440)	(\$39,452)	\$119,767	(\$ 6,000)	\$667,793
—	—	—	—	(20,209)	—	—	(20,209)
6,376	—	6,344	—	—	—	—	12,720
—	—	—	(8,809)	—	—	—	(8,809)
—	—	—	—	—	2,298	—	2,298
—	—	—	—	—	—	—	28,515
288,599	116,902	29,387	(30,249)	(59,661)	122,065	(6,000)	682,308
—	—	—	—	(5,498)	—	—	(5,498)
9,641	39,111	15,603	—	—	—	—	64,355
—	—	—	(12,508)	—	—	—	(12,508)
—	—	—	—	—	3,134	—	3,134
—	—	—	—	—	—	—	17,750
—	—	—	—	—	—	(13,000)	(13,000)
—	—	—	—	—	—	(13,906)	(13,906)
—	—	—	—	—	—	(3,000)	(3,000)
<u>\$298,240</u>	<u>\$156,013</u>	<u>\$44,990</u>	<u>(\$42,757)</u>	<u>(\$65,159)</u>	<u>\$125,199</u>	<u>(\$35,906)</u>	<u>\$719,635</u>

DEBT SERVICE FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND FUND BALANCES
Years Ended June 30, 1978 and 1977 (In Thousands)

	General Obligation Bonds	1978 Sales Tax Revenue Bonds	Combined	1977 Combined
Revenues:				
Property tax	\$48,741	\$ —	\$48,741	\$ 45,301
Transactions and use tax received	—	26,882	26,882	47,368
Interest	1,597	739	2,336	1,982
	<u>50,338</u>	<u>27,621</u>	<u>77,959</u>	<u>94,651</u>
Expenditures:				
Interest	31,397	808	32,205	34,172
Principal	17,750	16,000	33,750	36,515
Bond service expense	—	9	9	27
Funds transmitted to the District	—	24,811	24,811	31,526
	<u>49,147</u>	<u>41,628</u>	<u>90,775</u>	<u>102,240</u>
	1,191	(14,007)	(12,816)	(7,589)
Balance, beginning of year	16,009	14,007	30,016	37,605
Balance, end of year	<u>\$17,200</u>	<u>\$ -0-</u>	<u>\$17,200</u>	<u>\$ 30,016</u>
Represented by:				
Cash (including time deposits: 1978, \$14,750; 1977, \$7,913)	\$14,867	—	\$14,867	\$ 8,317
Securities — at cost	845	—	845	6,321
Taxes and interest receivable	1,488	—	1,488	1,371
Assets with fiscal agent	—	—	—	14,007
	<u>\$17,200</u>	<u>—</u>	<u>\$17,200</u>	<u>\$ 30,016</u>

The accompanying notes are an integral part of the financial statements.

notes to financial statements

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1978 and 1977

NOTE 1 — Summary of Significant Accounting Methods

Description of the District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

Securities are carried at cost which approximates market.

Facilities, Property, and Equipment

Facilities, property, and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax, imposed by the District within the counties it serves, is collected and administered by the State Board of Equalization. Prior to January 1, 1978, all tax proceeds were transmitted directly to a trustee and recorded as revenue in the debt service funds on receipt. The trustee retained funds necessary for debt service require-

ments and transmitted the excess, if any, to the District. On January 1, 1978, the final Sales Tax Revenue Bonds were retired and tax proceeds are now transmitted directly to the District. The District records funds not required for debt service and the proceeds of Sales Tax Revenue Bonds (issued for operational purposes) as financial assistance when received. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1978 to June 30, 1978 will be approximately \$8,625,000. Of this amount, \$2,156,000 had been received and recorded by the District. Comparable figures for 1977 were \$10,200,000 and \$2,550,000, respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

Self-Insurance

The District is largely self-insured for worker's compensation and general liability claims and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

Reclassifications

Certain reclassifications have been made in the 1977 financial statements to conform to 1978 presentation.

NOTE 2 — Change in Method of Accounting During 1977

Self-Insurance

The District insures itself for most worker's compensation, general liability, and major property damage. During 1977, the District changed its method of recording the costs of self-insured claims and major property damage to when they are incurred instead of when they are paid.

The effect of this change was to increase the 1977 net loss by \$3,141,000 including \$2,982,000 of costs from prior years. The \$2,982,000 represents \$1,033,000 in worker's compensation and liability claims and \$1,949,000 in major transit vehicle

property damage. The pro forma amounts shown below reflect retroactive application of the change as if the method had been in effect in years prior to 1977.

	(In Thousands)
	<u>1977</u>
Net loss as reported	\$29,018
Cumulative effect of change in method of accounting applicable to years prior to 1977	<u>(2,982)</u>
	<u>\$26,036</u>

NOTE 3 — Securities Representing Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	--- (In Thousands) ---	
	1978	1977
Basic System Completion	\$13,000	\$ —
System Improvement	13,906	—
Self-Insurance	9,000	6,000
	<u>\$35,906</u>	<u>\$6,000</u>

NOTE 4 — Facilities, Property, and Equipment

Facilities, property, and equipment, asset lives, and accumulated depreciation and amortization at June 30, 1978 and 1977 are summarized as follows:

	Lives (Years)	----- (In Thousands) -----			
		----- 1978 -----		----- 1977 -----	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 106,552	\$ —	\$ 106,544	\$ —
Improvements	80	1,042,561	63,361	1,031,406	50,164
System-wide operation and control	20	86,846	18,887	87,095	17,136
Revenue transit vehicles	30	149,200	21,493	144,075	16,481
Service and miscellaneous equipment	3 to 20	10,613	3,954	9,719	3,099
Capitalized construction and start-up costs	30	86,278	15,322	95,175	11,944
Repairable property items	30	7,198	875	6,726	653
		<u>\$1,489,248</u>	<u>\$123,892</u>	<u>\$1,480,740</u>	<u>\$99,477</u>

NOTE 5 — Payable to the State of California

Under Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. These Code Sections provide that the District will reimburse the State for the costs of the tube approaches. At June 30, 1978, the District had received \$172,513,000 of which \$55,611,000 was repayable to the State. Reimbursement of

\$16,500,000 was fulfilled by application of a credit due the District arising from highway betterments constructed with District funds on State Route No. 24. During 1978, the Governor signed legislation which cancels the District's obligation to pay such costs. This was recorded as an addition to State of California Grants on the statement of changes in net capital investment.

NOTE 6 — General Obligation and Sales Tax Revenue Bonds

	Composite Interest Rate	Year Last Series Matures	----- (In Thousands) -----					
			Original Amount		----- 1978 -----		----- 1977 -----	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
General Obligation Bonds								
1962 District Bonds	4.08%	1999	\$792,000	\$792,000	\$19,400	\$705,325	\$17,450	\$722,775
1966 Special Service District Bonds	4.40%	1998	20,500	12,000	310	9,660	300	9,960
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$19,710</u>	<u>\$714,985</u>	<u>\$17,750</u>	<u>\$732,735</u>
Sales Tax Revenue Bonds								
1969 Sales Tax Revenue Bonds		1977	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
1975 Sales Tax Revenue Bonds		1978	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$16,000</u>	<u>\$ 16,000</u>

(con't.)

Note 6 - General Obligation and Sales Tax Revenue Bonds (con't.)

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$15,009,000 on General Obligation Bonds and \$214,000 on Special Service District No. 1 Bonds is payable on December 15, 1978.

The 1969 Legislature of the State of California authorized the District to impose a ½% Transactions and Use Tax within the

District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million. Payment of all Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the Transactions and Use Tax indefinitely. Under the legislation, revenues from the tax imposed on or after January 1, 1978, and revenues from the tax imposed prior to January 1, 1978, but available after March 31, 1978, will, subject to certain restrictions, be allocated 75% to the District and 25% by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for improvements in the level of transit service.

NOTE 7 — U S Government Grants

The U S Government, under grant contracts with the District, provides financial assistance for capital projects. Additionally, the District is administering Federal grants to the City and County of San Francisco and to the City of Berkeley. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Federal grants in force at June 30, 1978 is as follows;

Type of Grant	---- (In Thousands) ----	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	12,842	12,842
Capital	304,928	283,437
	<u>\$319,731</u>	<u>\$298,240</u>

NOTE 8 — Litigation and Disputes with Contractors and Others

In November 1974, the District filed suit against its consulting engineer, Parsons Brinckerhoff-Tudor-Bechtel (PB-T-B), two of its primary contractors, Rohr Industries, Inc and Westinghouse Electric Corporation, a subcontractor, Bulova Watch Company, and the primary contractors' respective sureties, seeking damages of approximately \$160 million from Westinghouse, Rohr and PB-T-B, and in addition, \$2 million from Westinghouse, PB-T-B and Bulova.

During 1978, the District and the defendants signed an agreement settling this litigation. In general, the settlement provided for payment to the District of \$15 million (\$1.3 million of which had already been received) and a release of claims by all parties. In addition, Rohr agreed to accept a payment of \$6.2 million from the District in settlement of a separate claim involving \$15 million in disputed billings under the Transit Vehicle Contract. The District submitted a requisition for 80% of this payment to the Urban Mass Transportation Administra-

tion (UMTA). The overall settlement was contingent on UMTA approval of the District's requisition. This approval was granted. Payment of the monies involved in the settlement occurred in March 1978.

Proceeds from the settlement of \$13.7 million have been recorded as a reduction of property costs. These proceeds and the capitalized litigation expenses of \$4.9 million will be amortized over 30 years. The \$13.7 million settlement proceeds have been designated by the terms of the settlement and by action of the District's Board of Directors for improvements in capital equipment and construction.

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BART

Annual Report
1977-1978

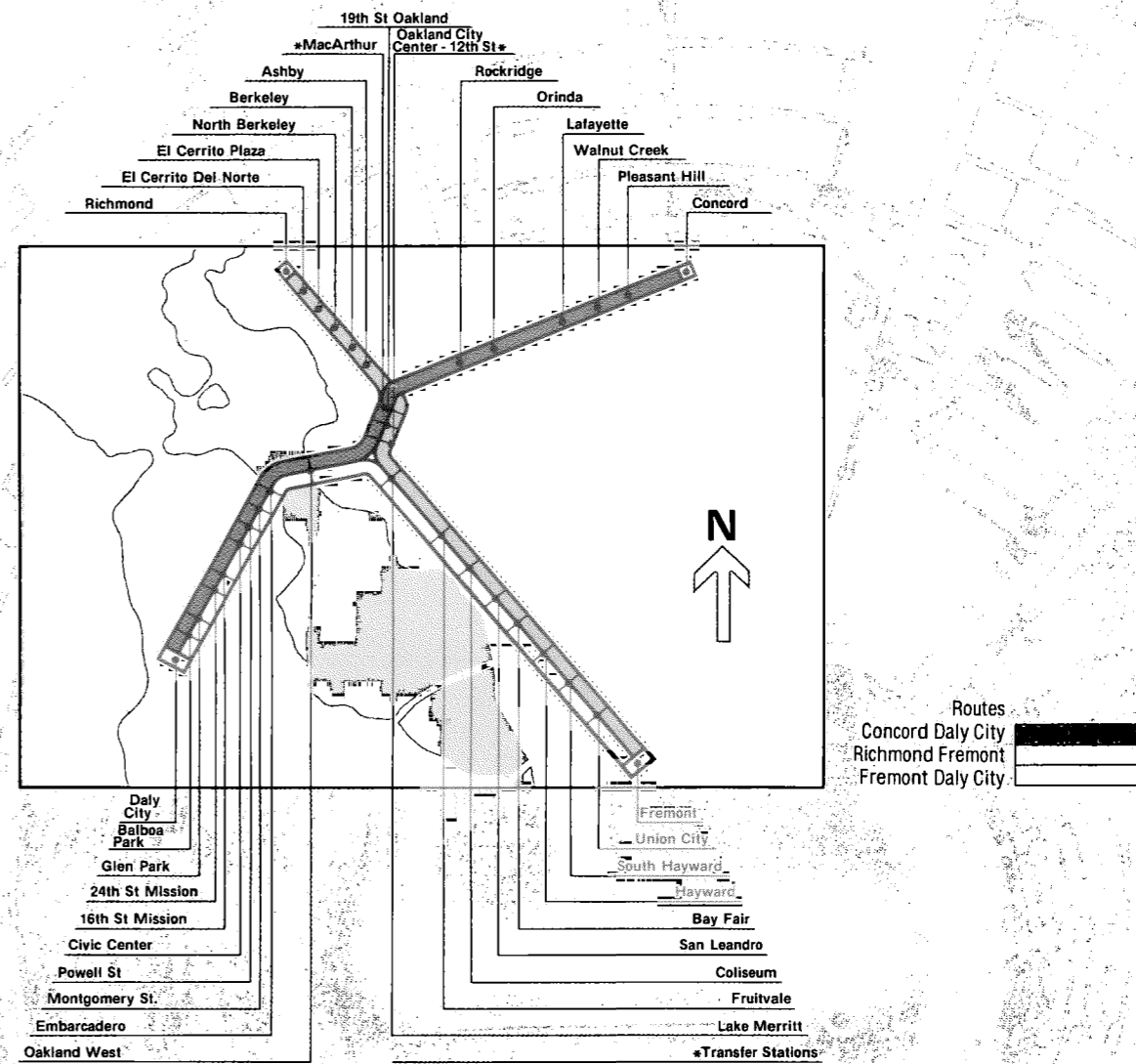
San Francisco Bay Area Rapid Transit



SAN FRANCISCO
BAY AREA
RAPID TRANSIT
DISTRICT

800 Madison Street
Oakland, California 94607
(415) 465-4100





SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

Established in 1957 by the California State Legislature.
Authorized to plan, finance and construct a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters of nine election districts within the counties of Alameda, Contra Costa and San Francisco.

ADMINISTRATIVE HEADQUARTERS

800 Madison Street, Oakland, California 94607 415-465-4100

Frank C. Herringer* General Manager Robert D. Gallaway Assistant General Manager

DEPARTMENT DIRECTORS

Malcolm M. Barrett* General Counsel	William F. Goelz* Finance	Phillip O. Ormsbee Special Services	Lawrence A. Williams Employee Relations
C. Keith Bernard Planning, Budgeting & Research	Krishna V. Hari System Development	Fred L. Peil Technical Services	Ralph S. Weule Safety
William B. Fleisher Field Services	Ernest G. Howard Affirmative Action & Training	Gordon H. Ringenberg Program Management	Note: Phillip O. Ormsbee was appointed District Secretary by the Board of Directors on September 14, 1978, following the death of Richard J. Shephard in July 1978.
Richard P. Demko Rolling Stock & Shops	Diane D. Levine Marketing & Communications	Richard J. Shephard* District Secretary	*Denotes statutory officers appointed by Board of Directors
	Vincent P. Mahon Power & Way Maintenance		
	Melvin H. Murphy Engineering		

This Annual Report is published by the District Pursuant to Section 28770, Public Utilities Code of the State of California.

COVER: It required 4.04 kilowatt hours of electricity to transport each of these passengers on BART trains during the 1977-78 fiscal year, 0.86 less per passenger than in the previous 12-month period.

message from the president & the general manager

This has been an exciting year for BART, witnessing a great deal of achievement and a clear demonstration of the District's ability to work effectively in difficult times.

For the first time in its history, BART has a secure, permanent financial base. While the Jarvis/Gann Initiative has partially affected our revenues, the District has been able to reduce costs without cutting train service and in addition, has managed to inaugurate its long-planned Sunday service.

Much of this achievement has been due to improvement in the staff's ability to maintain rolling stock. BART's 10-car trains are made up from the 4th largest rail transit car fleet in the U.S. Many of our new workers seeing 350 cars a day on the road cannot remember the time when there were less than 200 cars available for service.

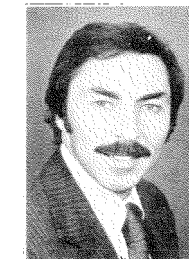
The cloud of major litigation hanging over BART has been dispelled. The settlement approved by our Board allowed badly needed funds to be made available for service and support facilities and provided that BART obtain access to badly needed data previously withheld from us by the lawsuit.

Most importantly, the BART Board has demonstrated its ability to work effectively as a team. Rising above its minor differences, our Board worked harmoniously to support state legislation which made permanent the BART 1/2 cent sales tax. The Board's clear vision and general unanimity has enabled us to provide the stability and strength through a series of delicate negotiations during the past year. It is with that same singlemindedness of purpose that the Board presently is conducting an international search for a general manager to replace Frank C. Herringer, who will be leaving us in December.

The focus of our efforts, however, is not on our past achievements but on our goals. The much awaited direct Richmond/Daly City service has been delayed pending approval by the California Public Utilities Commission of the BART SORS system. All other 1977/78 goals which were related to service improvements were met including permanent Sunday service as of July 2, 1978 (which happens to be my birthday). BART public relations, passenger information, and employee morale all need improvement. Our unique capacity to have one flawed train slow the entire system has given it a bad public image which is not fully deserved. In spite of its difficulties, BART is moving rapidly towards maturity and acceptance as a major regional transportation service. With tough, prudent management and an active, well-informed Board of Directors, BART looks forward confidently not to miracles but to consistent, solid achievement — and on-time trains!

Harvey W. Glasser

Harvey W. Glasser, M.D.
President



Progress continued on many fronts during the 1977/78 fiscal year and I am happy to report that in the coming months we should achieve substantially higher levels of service.

During the 1977/78 period, our financial performance was better than expected: BART generated over \$6 million more in revenues and tax assistance than it spent, a rare achievement in the public sector. In addition, the passage of Assembly Bill 1107 guarantees BART 75 percent of the half-cent sales tax levied in the three District counties. This ensures continued financial stability and means that in the future fare increases will only be necessary to keep up with the rate of inflation.

There was considerable progress in technical matters. The failure rate of trains continued to decline. The number of cars in a mechanically ready state increased dramatically, reaching an all-time high of 403 on May 24, 1978. This is a long way from the low level of less than 200 on August 13, 1975. The increased car availability helped us in two ways: it enabled the District to provide more cars during the morning and evening rush periods; and it allowed service to be expanded to Saturday and Sunday. This additional service means that the major investment the people of the Bay Area have made in the BART system is being better utilized.

Considerable effort has been directed at improving the automatic train control system. Extensive modifications enabling BART to run safely with trains at more frequent intervals and at normal speed in wet weather were completed in March and the California Public Utilities Commission began hearings into the matter in April. We are confident that the PUC, after reviewing the testimony, will allow BART to remove delay-causing operating restrictions that have severely limited the number of trains in service at one time. We expect a dramatic improvement in service to result.

BART has operated for more than six years and has provided transbay service between the East Bay and San Francisco for four years. During this period there have been many problems. But also during this time, significant progress has been made. I believe the BART system is becoming an integral part of Bay Area transportation and is demonstrating its value to the public and its potential for the future.

At the close of the fiscal year I announced my intention to leave the District at the end of the calendar year, 1978. I have enjoyed my three years here as General Manager. They have been challenging. I am proud of the 2,000 men and women who make possible the daily BART operations as well as the longer run improvements in rapid transit service. It has been a pleasure and privilege to work with them. I am confident that they will continue to provide the people of the San Francisco Bay Area with an increasingly improved transit system.

Frank C. Herringer

Frank C. Herringer
General Manager



Note 6 - General Obligation and Sales Tax Revenue Bonds (con't.)

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$15,009,000 on General Obligation Bonds and \$214,000 on Special Service District No. 1 Bonds is payable on December 15, 1978.

The 1969 Legislature of the State of California authorized the District to impose a 1/2% Transactions and Use Tax within the

District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million. Payment of all Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the Transactions and Use Tax indefinitely. Under the legislation, revenues from the tax imposed on or after January 1, 1978, and revenues from the tax imposed prior to January 1, 1978, but available after March 31, 1978, will, subject to certain restrictions, be allocated 75% to the District and 25% by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for improvements in the level of transit service.

NOTE 7 — U S Government Grants

The U S Government, under grant contracts with the District, provides financial assistance for capital projects. Additionally, the District is administering Federal grants to the City and County of San Francisco and to the City of Berkeley. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Federal grants in force at June 30, 1978 is as follows:

Type of Grant	---- (In Thousands) ----	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	12,842	12,842
Capital	304,928	283,437
	<u>\$319,731</u>	<u>\$298,240</u>

NOTE 8 — Litigation and Disputes with Contractors and Others

In November 1974, the District filed suit against its consulting engineer, Parsons Brinckerhoff-Tudor-Bechtel (PB-T-B), two of its primary contractors, Rohr Industries, Inc and Westinghouse Electric Corporation, a subcontractor, Bulova Watch Company, and the primary contractors' respective sureties, seeking damages of approximately \$160 million from Westinghouse, Rohr and PB-T-B, and in addition, \$2 million from Westinghouse, PB-T-B and Bulova.

During 1978, the District and the defendants signed an agreement settling this litigation. In general, the settlement provided for payment to the District of \$15 million (\$1.3 million of which had already been received) and a release of claims by all parties. In addition, Rohr agreed to accept a payment of \$6.2 million from the District in settlement of a separate claim involving \$15 million in disputed billings under the Transit Vehicle Contract. The District submitted a requisition for 80% of this payment to the Urban Mass Transportation Administra-

tion (UMTA). The overall settlement was contingent on UMTA approval of the District's requisition. This approval was granted. Payment of the monies involved in the settlement occurred in March 1978.

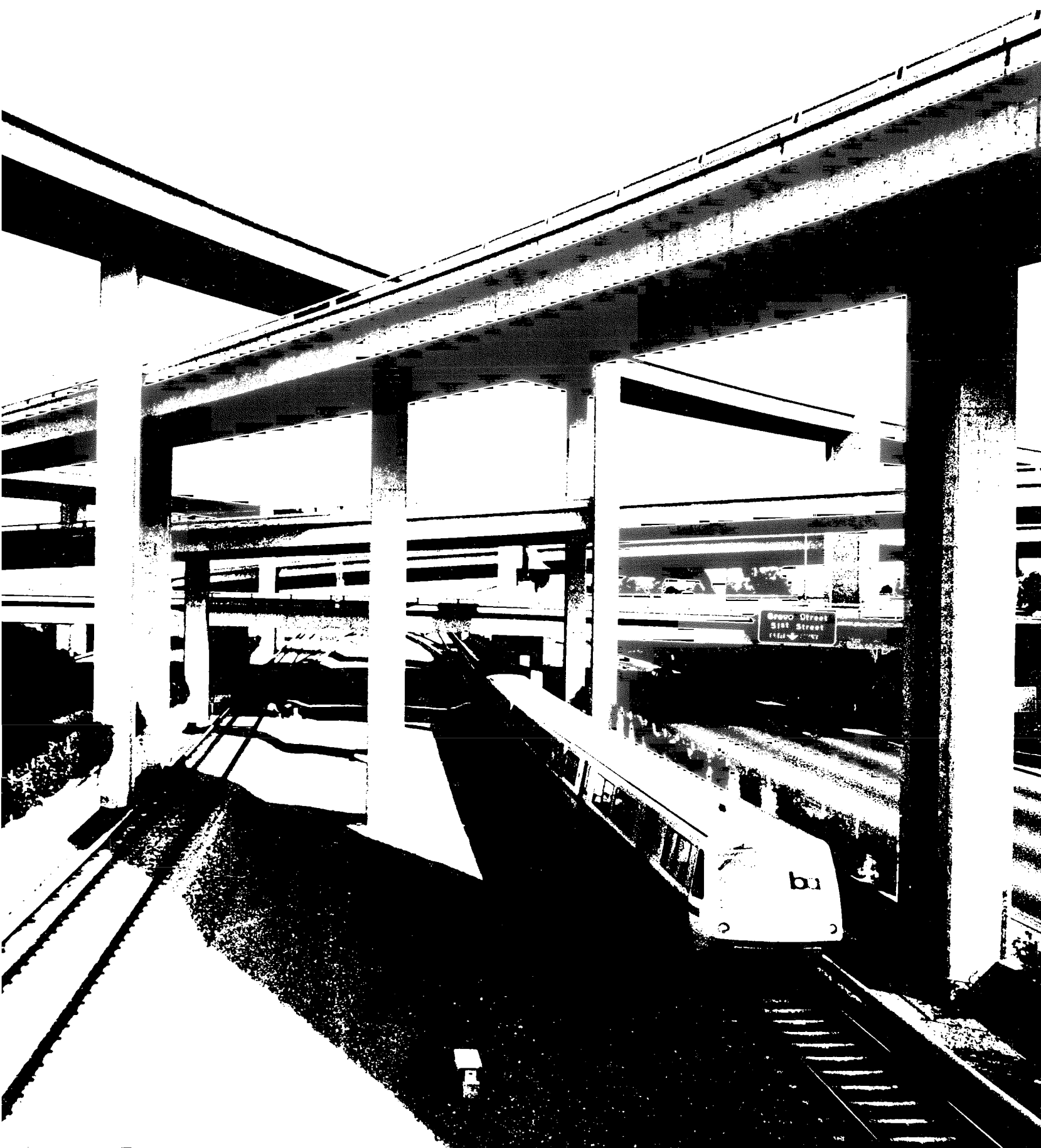
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The District contributes to the Public Employees Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain State and local governmental units. Substantially all full-

time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$4,119,000 and \$3,441,000 in 1978 and 1977, respectively.



NOTE 3 — Securities Representing Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	--- (In Thousands) ---	
	1978	1977
Basic System Completion	\$13,000	\$ —
System Improvement	13,906	—
Self-Insurance	9,000	6,000
	<u>\$35,906</u>	<u>\$6,000</u>

NOTE 4 — Facilities, Property, and Equipment

Facilities, property, and equipment, asset lives, and accumulated depreciation and amortization at June 30, 1978 and 1977 are summarized as follows:

	Lives (Years)	----- (In Thousands) -----			
		----- 1978 -----		----- 1977 -----	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 106,552	\$ —	\$ 106,544	\$ —
Improvements	80	1,042,561	63,361	1,031,406	50,164
System-wide operation and control	20	86,846	18,887	87,095	17,136
Revenue transit vehicles	30	149,200	21,493	144,075	16,481
Service and miscellaneous equipment	3 to 20	10,613	3,954	9,719	3,099
Capitalized construction and start-up costs	30	86,278	15,322	95,175	11,944
Repairable property items	30	7,198	875	6,726	653
		<u>\$1,489,248</u>	<u>\$123,892</u>	<u>\$1,480,740</u>	<u>\$99,477</u>

NOTE 5 — Payable to the State of California

Under Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. These Code Sections provide that the District will reimburse the State for the costs of the tube approaches. At June 30, 1978, the District had received \$172,513,000 of which \$55,611,000 was repayable to the State. Reimbursement of

\$16,500,000 was fulfilled by application of a credit due the District arising from highway betterments constructed with District funds on State Route No. 24. During 1978, the Governor signed legislation which cancels the District's obligation to pay such costs. This was recorded as an addition to State of California Grants on the statement of changes in net capital investment.

NOTE 6 — General Obligation and Sales Tax Revenue Bonds

	Composite Interest Rate	Year Last Series Matures	----- (In Thousands) -----					
			Original Amount		----- 1978 -----		----- 1977 -----	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
General Obligation Bonds								
1962 District Bonds	4.08%	1999	\$792,000	\$792,000	\$19,400	\$705,325	\$17,450	\$722,775
1966 Special Service District Bonds	4.40%	1998	20,500	12,000	310	9,660	300	9,960
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$19,710</u>	<u>\$714,985</u>	<u>\$17,750</u>	<u>\$732,735</u>
Sales Tax Revenue Bonds								
1969 Sales Tax Revenue Bonds		1977	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
1975 Sales Tax Revenue Bonds		1978	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$16,000</u>	<u>\$ 16,000</u>

(con't.)

notes to financial statements

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1978 and 1977

NOTE 1 — Summary of Significant Accounting Methods

Description of the District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

Securities are carried at cost which approximates market.

Facilities, Property, and Equipment

Facilities, property, and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax, imposed by the District within the counties it serves, is collected and administered by the State Board of Equalization. Prior to January 1, 1978, all tax proceeds were transmitted directly to a trustee and recorded as revenue in the debt service funds on receipt. The trustee retained funds necessary for debt service require-

ments and transmitted the excess, if any, to the District. On January 1, 1978, the final Sales Tax Revenue Bonds were retired and tax proceeds are now transmitted directly to the District. The District records funds not required for debt service and the proceeds of Sales Tax Revenue Bonds (issued for operational purposes) as financial assistance when received. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1978 to June 30, 1978 will be approximately \$8,625,000. Of this amount, \$2,156,000 had been received and recorded by the District. Comparable figures for 1977 were \$10,200,000 and \$2,550,000, respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

Self-Insurance

The District is largely self-insured for worker's compensation and general liability claims and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

Reclassifications

Certain reclassifications have been made in the 1977 financial statements to conform to 1978 presentation.

property damage. The pro forma amounts shown below reflect retroactive application of the change as if the method had been in effect in years prior to 1977.

	(In Thousands)
	<u>1977</u>
Net loss as reported	\$29,018
Cumulative effect of change in method of accounting applicable to years prior to 1977	(2,982)
	<u>\$26,036</u>

NOTE 2 — Change in Method of Accounting During 1977

Self-Insurance

The District insures itself for most worker's compensation, general liability, and major property damage. During 1977, the District changed its method of recording the costs of self-insured claims and major property damage to when they are incurred instead of when they are paid.

The effect of this change was to increase the 1977 net loss by \$3,141,000 including \$2,982,000 of costs from prior years. The \$2,982,000 represents \$1,033,000 in worker's compensation and liability claims and \$1,949,000 in major transit vehicle

overview

At the close of the fiscal year, BART was operating more trains and more rail cars than ever before. Ridership continued to grow. The ratio of operating revenues to operating expenses was improving, excluding the one-time and extraordinarily high electric rate due to the 1977 drought. BART was using less electricity to carry more passengers. Settlement of a lawsuit against the major designers and equipment suppliers of the system resulted in additional money for improvements. (The District successfully adjusted to the impact of the Jarvis/Gann property tax initiative.) Additional parking facilities at stations were completed, modifications were made to the automatic control system, and the District maintained an enviable safety record. While many problems remain, progress was made in solving technical difficulties and the District is now on a firm financial footing.

ridership & operations

BART ridership continued to grow and, at year's end, weekday patronage was in excess of 144,885 trips, almost two percent higher than anticipated in the 1977/78 budget.

Total patronage for the year was 38,655,206, a 12 percent increase over the 34,599,088 the year previous, and 2.3 percent higher than the forecast. Night ridership (after 8:00 p.m.) averaged 9,000 as the fiscal year ended, 22.1 percent higher than a year ago. Regular Saturday service, which was inaugurated on January 7, 1978, averaged 56,398 during the first six months of 1978. During the first month a 50-cent maximum fare was offered to acquaint riders with the new service.

On November 21, 1977, buses operated by the Alameda-Contra Costa Transit District (AC Transit) were idled by a 10-week strike that had an impact on BART, especially during the busy holiday season.

An estimated 12,000 bus ride trips were immediately diverted to rapid transit trains. On November 28, 1977, about 192,000 riders were carried on

BART. This was the highest revenue day in the history of the District.

Unfortunately, the overflow conditions occurred as BART engineers were changing automatic train control circuits. The technical work slowed some service, as did the heavy rains at the time, making the already overcrowded conditions worse. With every available car at work, the number of malfunctions per day increased temporarily — particularly during the last week of the AC Transit work stoppage.

On February 2, 1978, shortly after AC Transit buses were back in service, BART operated free all day and accommodated an estimated 250,000 riders — an all time record. Although BART did not collect an estimated \$100,000 in revenues that day, it appeared that the goodwill gained more than made up for the loss. Another gain from the free day was the introduction of the system to a large number of persons who previously had not ridden BART, but took advantage of the free day.

BART Express Buses, which were idled by the strike, also operated free for one month as an "apology" for the inconvenience. These Express Buses are operated for BART by AC Transit and patronage was adversely affected by the bus strike. A total of 989,026 trips were taken on the express routes in the 1977/78 fiscal year as compared to 1,141,230 the year previous.

The University of California at Berkeley continued to monitor traffic in the congested transbay corridor between Oakland and San Francisco, one of the busiest and most congested in the world. Latest figures show that BART carried 28 percent of the persons using the corridor in the commute direction during the morning peak period, as compared to 23 percent on buses and 49 percent by automobile.

A new record was set on May 24, 1978, when, for the first time, more than 400 train cars were available for revenue passenger operation. This compares to an average of 245 cars two years ago. With 403 cars available — 93 percent of the fleet of 432 operable cars — BART provided more service by increasing the length of trains to expand the passenger-carrying capacity of the system. In addition, having more cars ready for service made it easier to react to breakdowns and malfunc-

tions, reducing the impact to the rider on a typical day.

Two years before, more than 30 cars were sidetracked for lack of spare parts. During the past year, it was typical to have no more than five out of service awaiting parts.

As an example of increased capacity, in the summer of 1977, 40 cars were added to midday trains on the two East Bay routes to San Francisco and Daly City, because of an upsurge in offpeak patronage.

Goals set early in the year by the District to make train service more reliable were met. Fewer trains were removed from service before completing their runs. This meant fewer passengers had to get off a train and wait for a following one because of a malfunction. There were certainly too many periods when service was rated as being poor. However, the general trend was one of improvement as the year ended.

The first of two telephone devices that deaf persons can use to obtain scheduling and fare data was installed and another was being acquired. Additional parking was provided at Daly City where completion of a new garage at this overcrowded terminal added 832 spaces and raised the total there to 1,620. Work continued on expansion of the Fremont lot to 1,096 spaces by the addition of 361.

On September 11, 1977, BART celebrated 5 years of operation; and by year's end patrons had taken 153.6 million trips over 2 billion passenger miles since the railroad opened its first segment between Fremont and MacArthur stations. Since that time, no passenger has been fatally or seriously injured while aboard the trains.



Extensive marketing efforts were made to acquaint the public with service improvements. For the first time, television commercials were used, successfully creating a high public awareness of the new Saturday service.

BART also saw its potential market expanded with completion on October 28, 1977, of a new National Railroad Passenger Corporation (Amtrak) station adjacent to the BART station at Richmond. Built jointly by BART, Amtrak and the California Department of Transportation, the station provides easy access between rapid transit and long-distance trains. The depot is expected to assume greater importance when Amtrak and the State inaugurate "corridor" service between the East Bay and Sacramento, the State capital. At year's-end about 900 riders were boarding or alighting from Amtrak trains each month.

Improvements

Although the basic railroad with all of its structures has been completed for several years, construction continued during the fiscal year on the streetcar subway BART was obligated by the 1962 bond election to complete for the Municipal Railway of San Francisco. A major item was the \$6.3 million streetcar station at West Portal in San Francisco scheduled to be completed in the 1978/79 fiscal year.

To provide more rail cars, BART shop forces successfully rebuilt a Type A, or car with a cab, previously damaged by fire, into a Type B car, without cab. This work was done at the Hayward Shop after studies showed BART employees could do the work more economically than outside firms. The quality of the work is considered excellent. There is considerable pride among shop employees about the project. A second car was being converted as the fiscal year ended. A total of 14 will be rebuilt, providing more cars for patrons. Studies have shown that present schedules require fewer cars with control cabs, but more mid-train cars without cabs.

Upgrading the 1,000 volt direct current power supply to the electric third rail was essentially completed during the

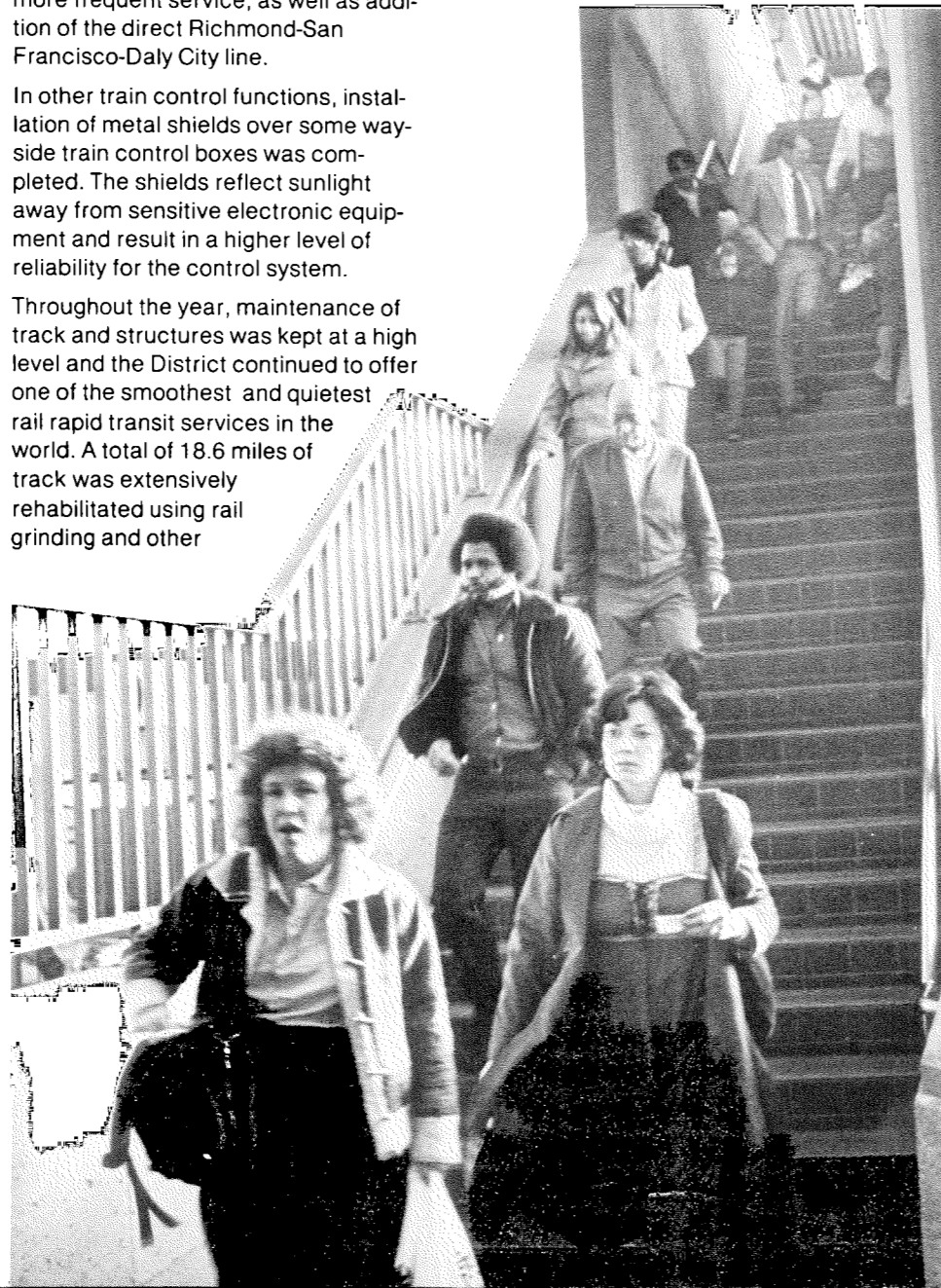
fiscal year. This will allow operation of 10-car trains at frequent intervals. The district also completed most of the "resignaling" to clear the way for close headway operation. This work involved changing the speed commands at various locations along the tracks, to allow longer braking distances between trains for a higher safety margin during wet weather when wheel-to-rail adhesion might decrease. The work was required as part of the California Public Utilities Commission's consideration of allowing BART to operate trains at more frequent intervals using the primary train control system installed some years ago, along with a back-up system. A decision is expected during the 1978/79 fiscal year and this will permit more frequent service, as well as addition of the direct Richmond-San Francisco-Daly City line.

In other train control functions, installation of metal shields over some way-side train control boxes was completed. The shields reflect sunlight away from sensitive electronic equipment and result in a higher level of reliability for the control system.

Throughout the year, maintenance of track and structures was kept at a high level and the District continued to offer one of the smoothest and quietest rail rapid transit services in the world. A total of 18.6 miles of track was extensively rehabilitated using rail grinding and other

equipment during the fiscal year.

Preliminary engineering work continued on the so-called "KE track" through downtown Oakland. Subway tunnels were completed in the 1960's for this track between Fifth Street and 23rd Street in the Broadway subway. Only relatively minor work is required to modify the 19th Street and 12th Street-Oakland City Center subway stations to accommodate the third track. The track will permit trains to be stored in the congested center of the system and provide greater capacity in the Oakland Wye, one of the busiest railway junctions in North America. Engineering costs of the project have been approved for 80 percent funding by the federal Urban Mass Transportation Administration (UMTA).



US Government Grants	State of California Grants	Contributions from Others	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
\$282,223	\$116,902	\$23,043	(\$21,440)	(\$39,452)	\$119,767	(\$ 6,000)	\$667,793
6,376	—	6,344	—	(20,209)	—	—	(20,209)
—	—	—	(8,809)	—	—	—	12,720
—	—	—	—	—	2,298	—	(8,809)
—	—	—	—	—	—	—	2,298
288,599	116,902	29,387	(30,249)	(59,661)	122,065	(6,000)	28,515
9,641	39,111	15,603	—	(5,498)	—	—	682,308
—	—	—	(12,508)	—	—	—	(5,498)
—	—	—	—	—	3,134	—	64,355
—	—	—	—	—	—	—	(12,508)
—	—	—	—	—	—	—	3,134
—	—	—	—	—	—	(13,000)	17,750
—	—	—	—	—	—	(13,906)	(13,000)
—	—	—	—	—	—	(3,000)	(13,906)
<u>\$298,240</u>	<u>\$156,013</u>	<u>\$44,990</u>	<u>(\$42,757)</u>	<u>(\$65,159)</u>	<u>\$125,199</u>	<u>(\$35,906)</u>	<u>\$719,635</u>

DEBT SERVICE FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND FUND BALANCES

Years Ended June 30, 1978 and 1977 (In Thousands)

	1978		1977
	General Obligation Bonds	Sales Tax Revenue Bonds	
		Combined	Combined
Revenues:			
Property tax	\$48,741	\$ —	\$ 45,301
Transactions and use tax received	—	26,882	47,368
Interest	1,597	739	1,982
	<u>50,338</u>	<u>27,621</u>	<u>94,651</u>
Expenditures:			
Interest	31,397	808	34,172
Principal	17,750	16,000	36,515
Bond service expense	—	9	27
Funds transmitted to the District	—	24,811	31,526
	<u>49,147</u>	<u>41,628</u>	<u>102,240</u>
Balance, beginning of year	1,191	(14,007)	(7,589)
	<u>16,009</u>	<u>14,007</u>	<u>37,605</u>
Balance, end of year	<u>\$17,200</u>	<u>\$ -0-</u>	<u>\$ 30,016</u>
Represented by:			
Cash (including time deposits: 1978, \$14,750; 1977, \$7,913)	\$14,867	\$14,867	\$ 8,317
Securities — at cost	845	845	6,321
Taxes and interest receivable	1,488	1,488	1,371
Assets with fiscal agent	—	—	14,007
	<u>\$17,200</u>	<u>\$17,200</u>	<u>\$ 30,016</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET CAPITAL INVESTMENT

Years Ended June 30, 1978 and 1977 (In Thousands)

	Property Tax	Transactions and Use Tax
Balance, July 1, 1976	\$55,325	\$137,425
Net loss for the year	—	—
Proceeds from grants and contributions	—	—
Depreciation and major property damage of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Bond principal	15,940	12,575
Balance, June 30, 1977	71,265	150,000
Net loss for the year	—	—
Proceeds from grants and contributions	—	—
Depreciation of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Bond principal	17,750	—
Establishment of basic system completion reserve	—	—
Establishment of system improvement reserve	—	—
Increase in reserve for self-insurance	—	—
Balance, June 30, 1978	<u>\$89,015</u>	<u>\$150,000</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1978 and 1977 (In Thousands)

	1978	1977
CASH AND SECURITIES PROVIDED BY:		
Operations:		
Net loss transferred to accumulated deficit	\$ 5,498	\$20,209
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	12,191	18,370
Cumulative effect of change in method of recording self-insured major property damage of assets acquired with own funds	—	981
CASH AND SECURITIES PROVIDED (USED) BY OPERATIONS	6,693	(858)
Contributions from U S Government grants and others	25,244	12,720
Decrease (increase) in deposits, notes, and miscellaneous receivables	5,696	(540)
Interest on capital	3,134	2,298
Total cash and securities provided	40,767	13,620
CASH AND SECURITIES APPLIED TO:		
Additions to construction in progress	176	15,572
Additions to facilities, property, and equipment	8,792	6,125
Additions to materials and supplies	1,803	1,108
Decrease (increase) in construction contracts payable and other liabilities	7,882	(4,412)
Decrease (increase) in unearned passenger revenue	526	(36)
Total cash and securities applied	19,179	18,357
Increase (decrease) in cash and securities	<u>\$21,588</u>	<u>(\$ 4,737)</u>

The accompanying notes are an integral part of the financial statements.

Other projects completed include acquisition of \$281,706 worth of prestressed concrete ties for inventory and to replace wooden ties on a portion of the Diablo Test Track right-of-way built in the early 1960's and incorporated into the Concord line in 1972; installation of \$23,360 in earthquake sensing devices in train control relay rooms; \$395,744 in safety improvements, generally new ladders and handrails required by the Federal Government; a \$1.3 million material and rail handling yard at Hayward and \$112,984 in modifications to safety doors in tunnels, subways and the transbay tube.

At year-end, work in progress included \$231,890 in bus access improvements at San Leandro station and a \$1.7 million expansion of yard storage tracks.

administration

For the first time in its history, BART has a permanent source of funds to cover operating deficits. With the signing into law of Assembly Bill 1107 by Governor Edmund G. Brown, Jr., the half-cent sales tax previously levied by the District was made permanent. Under the new arrangement in the legislation drafted by Assembly Speaker Leo McCarthy, BART receives 75 percent of the revenues, with the remaining 25 percent to be allocated by the Metropolitan Transportation Commission to the Municipal Railway of San Francisco, the Alameda-Contra Costa Transit District and BART upon application.

Agreement was reached to settle litigation pending between the District and major designers and suppliers. The settlement, reached in principle in July, 1977, and since approved by the litigants, resulted in BART receiving a net value of \$28,700,000 from the defendants, \$15 million in cash, and the release of claims by the defendants, which the District lawyers had valued at \$13.7 million. In addition, a separate \$15 million claim against BART relating to the rail cars was settled for \$6.2 million. The settlement allowed BART to free up \$18 million



held in reserve for possible claims against the District and for potential outside attorney fees for future litigation. Added to the settlement, this gave BART \$33 million with which to improve the reliability and service levels of the trains and related hardware. In addition to the cash settlement, BART was granted access to vital information about the design of the system, including access to patent licenses.

Also during the year, efforts continued toward more efficient management. Working with both the Board and staff, Booz, Allen & Hamilton, an outside consultant firm, completed its survey of the management structure and recommended the District begin shifting toward an organization mainly involved with railway operations rather than a problem-solving structure. These recommendations were under consideration at year's end.

The District successfully met budgetary targets and in most cases results were better than projections. For example, revenues were \$84.9 million, \$377,000 higher than the budget forecasts and the surplus was \$4.6 million as compared to the estimate of \$90,000, after deducting \$2.1 million for capital improvements.

On July 8, 1977, most trains were idled as a result of a one-day work stoppage by train operators because of a disagreement over the number of persons

in Central Control. Service on that day was restricted to a shuttle that operated for several hours between Daly City and MacArthur stations.

The District issued 3,561 identification cards to the elderly and handicapped, entitling them to reduced fares not only on BART, but on other transit systems in the region as well. More than 12,500 of these cards have been issued by the District. A total of 1,345 identification badges allowing a person to bring a bicycle aboard a train were issued during the year. More than 4,300 riders have BART bicycle permits.

The District's overall property tax rate was reduced by the Board of Directors during the fiscal year. In Alameda County, the 42.2 cents per \$100 assessed property valuation rate of 1976-77 went up slightly, to 43.1 cents due to assessment ratios. It dropped substantially in the other counties. The Contra Costa County rate was reduced from 47.8 cents to 42.8 cents and the City and County of San Francisco levy was reduced from 47.1 cents to 43.6 cents. Berkeley city residents pay an additional levy for subway mileage added after voters approved the 1962 construction package. That rate dropped from 17.8 cents in 1976-77 to 16.3 cents in 1977-78. Excluding the special Berkeley tax, the District-wide rate averaged 45.7 cents in 1976-77 and 43.13 cents in 1977-78.

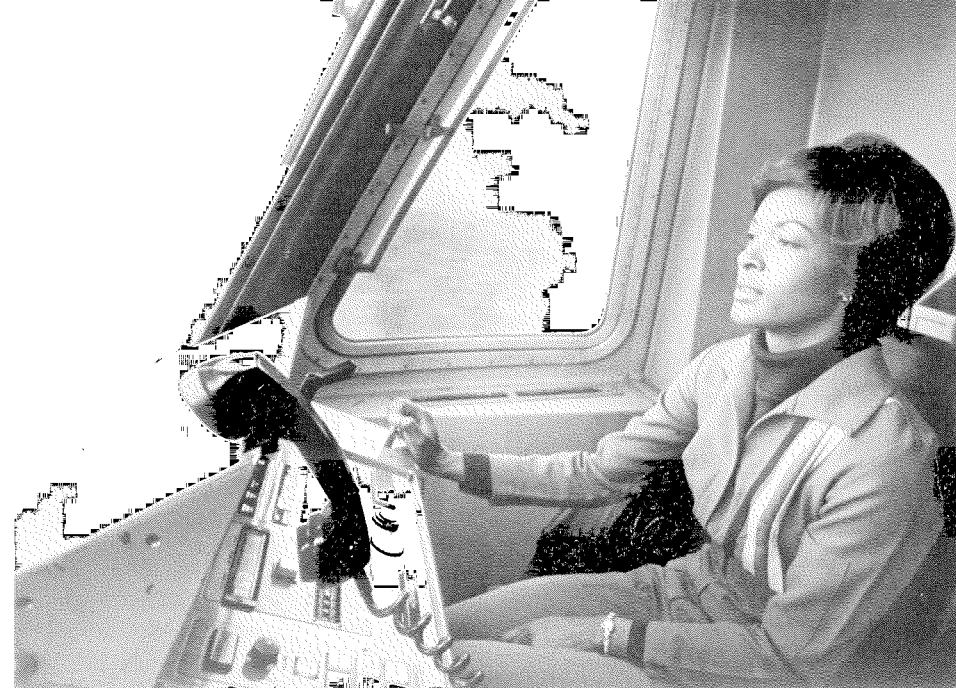
The District made significant gains toward achieving the goal of its affirmative action program. A total of 968 employees, representing 43.4 percent of the District's 2,231 workers were minorities, compared to 30.4 percent* of the population in the three counties BART serves. The number of female employees was 462 or 20.71 percent. Of the total number of persons hired during the fiscal year, 69.5 percent were minorities and women.

General Manager Frank C. Herringer announced his resignation on June 29, 1978, effective December 31, 1978. The Board has begun an international search for a successor. Mr. Herringer came to BART on July 1, 1975. He had been administrator of the Federal Urban Mass Transportation Administration.

*1970 Census data

the future

At the start of the 1978-79 fiscal year, the District was responding to financial restrictions imposed by the passage of the Jarvis/Gann property tax initiative. While this was resulting in some reductions in the numbers of employees, it did not require a reduction in train service. The District began its initial phase of a program to remotely staff some stations looking to ultimate



cost reductions. With all major work completed on the modifications to the automatic train control system, the District was demonstrating to the California Public Utilities Commission that the equipment does meet margins of safety necessary for more frequent service and addition of direct Richmond-San Francisco-Daly City service. The planned opening of the Municipal Railway of San Francisco streetcar subway under Market Street in mid-1979 is expected to funnel additional riders into the BART system.

The San Francisco Bay Area is unusual for being one of the few urbanized areas of the United States with a number of individual transit systems and agencies rather than a unified network under one management.

However, BART and the other agencies work closely together in many tasks and purposes with the nine-county Metropolitan Transportation Commission (MTC). BART has joined with the other transit agencies to form the Regional Transit Association to further coordinate its efforts. This promises an even better regional transit network in the future for the people of the nine San Francisco Bay Area Counties.



STATEMENTS OF OPERATIONS Years Ended June 30, 1978 and 1977 (In Thousands)

	1978	1977
Operating revenues:		
Fares	\$30,666	\$26,974
Less discounts and other deductions	2,447	2,282
	<u>28,219</u>	<u>24,692</u>
Other	535	520
Investment income	1,144	946
Total operating revenues	<u>29,898</u>	<u>26,158</u>
Operating expenses:		
Transportation	24,192	17,982
Maintenance	32,555	32,888
Police services	2,910	2,114
Construction and engineering	8,023	5,434
General and administrative	15,984	11,850
	<u>83,664</u>	<u>70,268</u>
Less capitalized costs	5,460	3,454
Net operating expenses	<u>78,204</u>	<u>66,814</u>
Operating loss before depreciation expense	48,306	40,656
Depreciation (unfunded):		
Of assets acquired with own funds	12,191	18,370
Of assets acquired with grants and contributions by others	12,508	7,841
Total depreciation	<u>24,699</u>	<u>26,211</u>
Operating loss	73,005	66,867
Financial assistance:		
Transactions and use tax	48,621	31,526
Property tax	6,283	5,521
Transportation Development Act of 1971	83	349
State	12	35
Federal	—	3,400
Total financial assistance	<u>54,999</u>	<u>40,831</u>
Loss before cumulative effect of change in accounting method	18,006	26,036
Cumulative effect, on years prior to June 30, 1977, of change in method of recording self-insurance costs:		
Liability and worker's compensation claims	—	1,033
Major property damage:		
On assets acquired with own funds	—	981
On assets acquired with grants and contributions by others	—	968
Net loss	<u>18,006</u>	<u>29,018</u>
Depreciation and major property damage of assets acquired with grants and contributions by others	12,508	8,809
Net loss transferred to accumulated deficit	<u>\$ 5,498</u>	<u>\$20,209</u>
Reconciliation to net funded revenue:		
Operating loss before depreciation expense	\$48,306	\$40,656
Add cumulative effect of change in method of recording self-insured costs of liability and worker's compensation claims	—	1,033
Deduct financial assistance	<u>54,999</u>	<u>40,831</u>
Funded excess of revenues over expenses (expenses over revenues)	<u>\$ 6,693</u>	<u>(\$ 858)</u>

The accompanying notes are an integral part of the financial statements.

financial statements

To the Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheets of the San Francisco Bay Area Rapid Transit District as of June 30, 1978 and 1977 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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 financial statements identified above present fairly the financial position of the San Francisco Bay Area Rapid Transit District as of June 30, 1978 and 1977 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the period subsequent to the change made as of July 1, 1977, with which we concur, in the method of accounting for self-insurance described in Note 2 to the financial statements.


Certified Public Accountants

San Francisco, California
September 15, 1978

BALANCE SHEETS June 30, 1978 and 1977 (In Thousands)

	1978	1977
ASSETS		
Cash (including time deposits: 1978, \$1,970; 1977, \$5,060)	\$ 3,259	\$ 7,406
Securities — at cost	36,510	40,681
Securities representing reserves — at cost	35,906	6,000
Deposits, notes, and miscellaneous receivables	3,668	9,364
Construction in progress	34,778	34,602
Facilities, property, and equipment — at cost (less accumulated depreciation and amortization: 1978, \$123,892; 1977, \$99,477)	1,365,356	1,381,263
Materials and supplies — at average cost	7,821	6,018
Funds to be provided by transactions and use tax	—	16,000
Debt service funds, net assets	17,200	30,016
	<u>\$1,504,498</u>	<u>\$1,531,350</u>
LIABILITIES AND CAPITALIZATION		
Contract and other liabilities	\$ 15,667	\$ 23,549
Unearned passenger revenue	1,105	1,631
Sales Tax Revenue Bonds	—	16,000
Debt service funds	17,200	30,016
	<u>33,972</u>	<u>71,196</u>
Capitalization:		
Reserves	35,906	6,000
Payable to State of California	—	39,111
General Obligation Bonds	714,985	732,735
Net capital investment	719,635	682,308
	<u>1,470,526</u>	<u>1,460,154</u>
	<u>\$1,504,498</u>	<u>\$1,531,350</u>

The accompanying notes are an integral part of the financial statements.

district board of directors



Barc Simpson

District 1
Term began November 26, 1976 as Board President in 1977; chairperson; Public Information and Legislation Committee; vice chairperson, Engineering and Operations Committee; member, Special Salary and Wage Review Committee; Walnut Creek resident, San Leandro businessman.



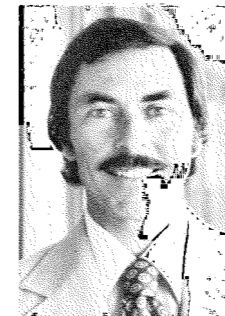
Nello J. Bianco
Vice President

District 2
Term began October 22, 1969, as appointee of Contra Costa County supervisors; was President in 1974 and Vice President twice before; elected November 5, 1974; as Vice President serves as ex-officio member of all committees; Richmond resident and businessman.



Arthur J. Shartsis

District 3
Term began November 26, 1976; chairperson, Special Salary and Wage Review Committee; member, Administration Committee; Oakland resident and San Francisco attorney.



Harvey W. Glasser, M.D.
President

District 4
Term began November 29, 1974; ex-officio member of all board committees; Alameda resident and physician-business consultant.



Robert S. Allen

District 5
Term began November 29, 1974; vice chairperson Administration Committee; member, Special Salary and Wage Review Committee; railroad cost analyst; Livermore resident.



John Glenn

District 6
Term began November 29, 1974; chairperson Administration Committee; member, Public Information and Legislation Committee, Special Salary and Wage Review Committee; Fremont resident, Oakland executive.



Roslyn L. Baltimore

District 7
Term began February 21, 1978; vice chairperson, Public Information and Legislation Committee; member, Special Salary and Wage Review Committee; San Francisco resident and consultant; appointed by board to serve out remaining term of Ella Hill-Hutch, who resigned on January 1, 1978, after being elected to the City and County of San Francisco Board of Supervisors.



Eugene Garfinkle

District 8
Term began March 10, 1977; vice chairperson, Special Salary and Wage Review Committee; member, Engineering and Operations Committee; San Francisco resident and attorney.



John H. Kirkwood

District 9
Term began November 29, 1974; chairperson, Engineering and Operations Committee; member, Special Salary and Wage Review Committee; San Francisco resident and businessman.

performance highlights

	FY 1977/78	FY 1976/77
RAIL RIDERSHIP		
Annual passenger trips	38,665,206	34,599,088
Average weekday trips	146,780	133,453
Average trip length	12.7 miles	12.8 miles
Annual passenger miles	492,901,000	444,401,162
System utilization factor (ratio of passenger miles to available seat miles)	.285	.270
End-of-period ratios		
Peak patronage	50%	51%
Off-peak patronage	50%	49%
BART's estimated share of peak period transbay trips — cars, trains and buses	28%	26%
Passengers with automobile available (as alternative to BART)	57%	61%
OPERATIONS		
Annual revenue car miles	24,046,898	22,862,970
Unscheduled train removals — average per revenue day	10.1	11.7
Transit car availability to revenue car fleet	87%	76%
Passenger miles per equivalent gallon of gasoline	59	51
Passenger accidents reported per million passenger trips	22.63	19.71
Crimes reported per million passenger trips	117.4	122.4
FINANCIAL		
Net passenger revenues	\$28,219,000	\$24,692,000
Other operating revenues	1,679,000	1,466,000
Total operating revenues	29,898,000	26,158,000
Net operating expenses	78,204,000(1)	66,814,000(2)
Operating ratio (total operating revenues to net operating expenses) (3)	38.23%	39.15%
Rail passenger revenue per passenger mile	5.7c	5.5c
Rail operating cost per passenger mile (4)	15.5c	14.6c
Average passenger fare	75.4c	74.0c

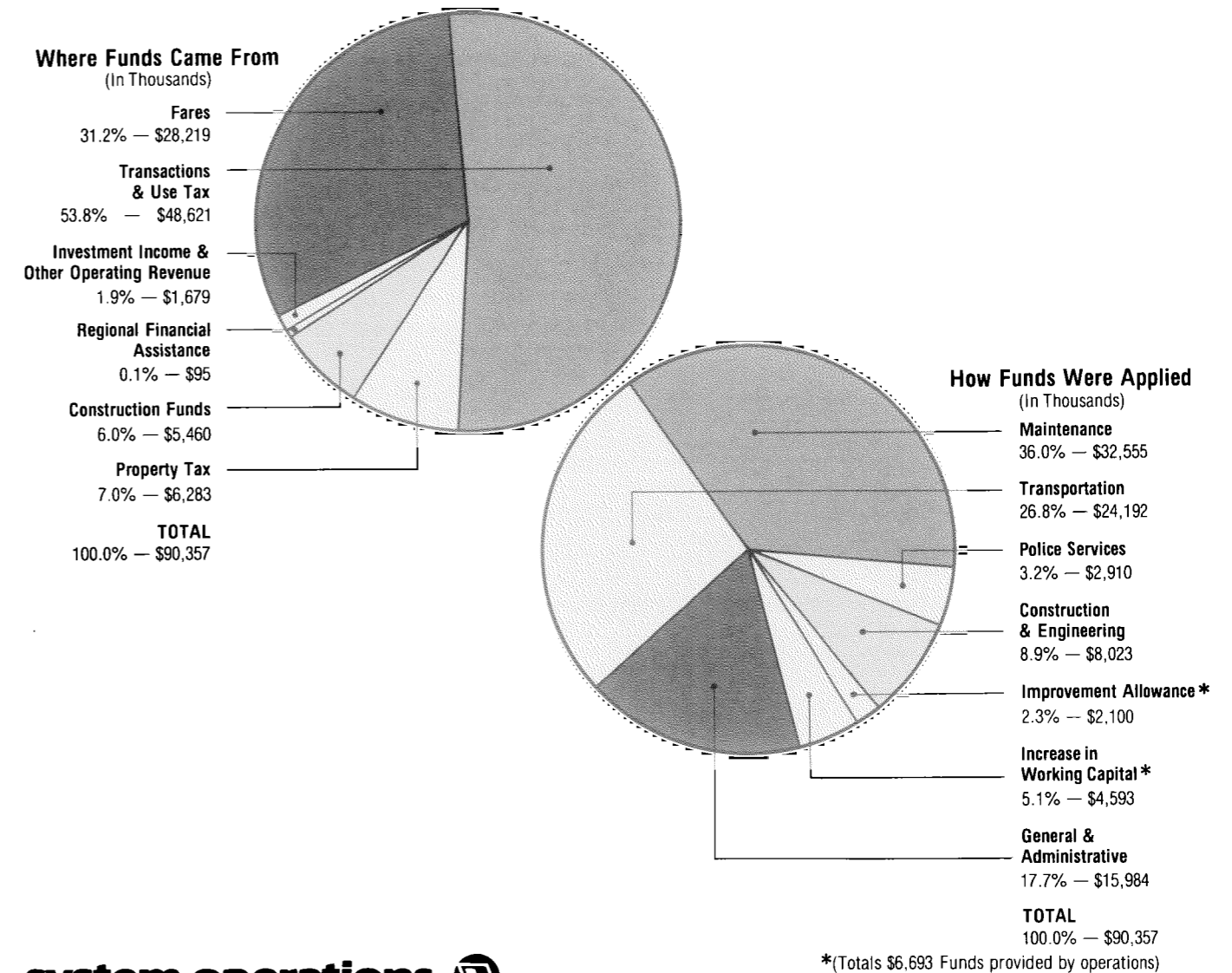
NOTES

General note: Data represent annual averages, unless otherwise noted.

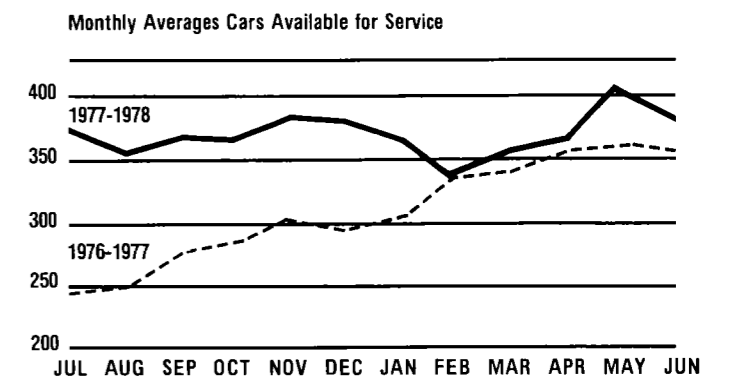
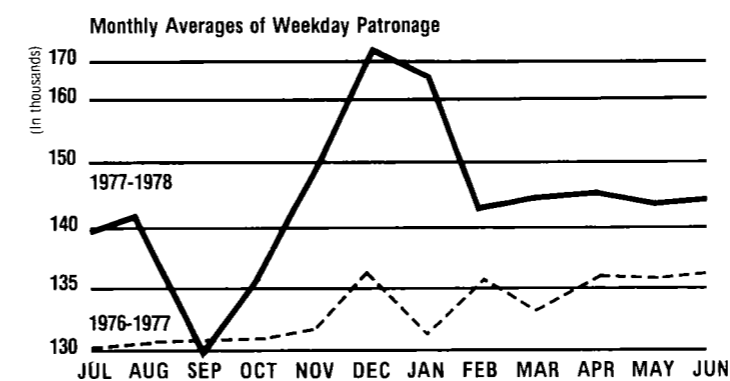
- (1) After inventory adjustment of \$1,300,000.
- (2) Before cumulative effect, on years prior to June 30, 1977, of change in method of recording self-insured costs for liability and worker's compensation claims in the amount of \$1,033,000.
- (3) FY 1976/77 and FY 1977/78 reflect inclusion of abnormal electric power expense due to drought; excluding such extraordinary expense, normal operating ratio was 40.42% in FY 1977/78, and 40.09% in FY 1976/77.
- (4) Includes extraordinary power expense; excluding such expense, normal rail cost per passenger mile in FY 1977/78 was 14.6c, and in FY 1976/77 14.2c.

1977 - 1978 operating funds

\$90,357,000 (Including Capitalized Costs)



system operations

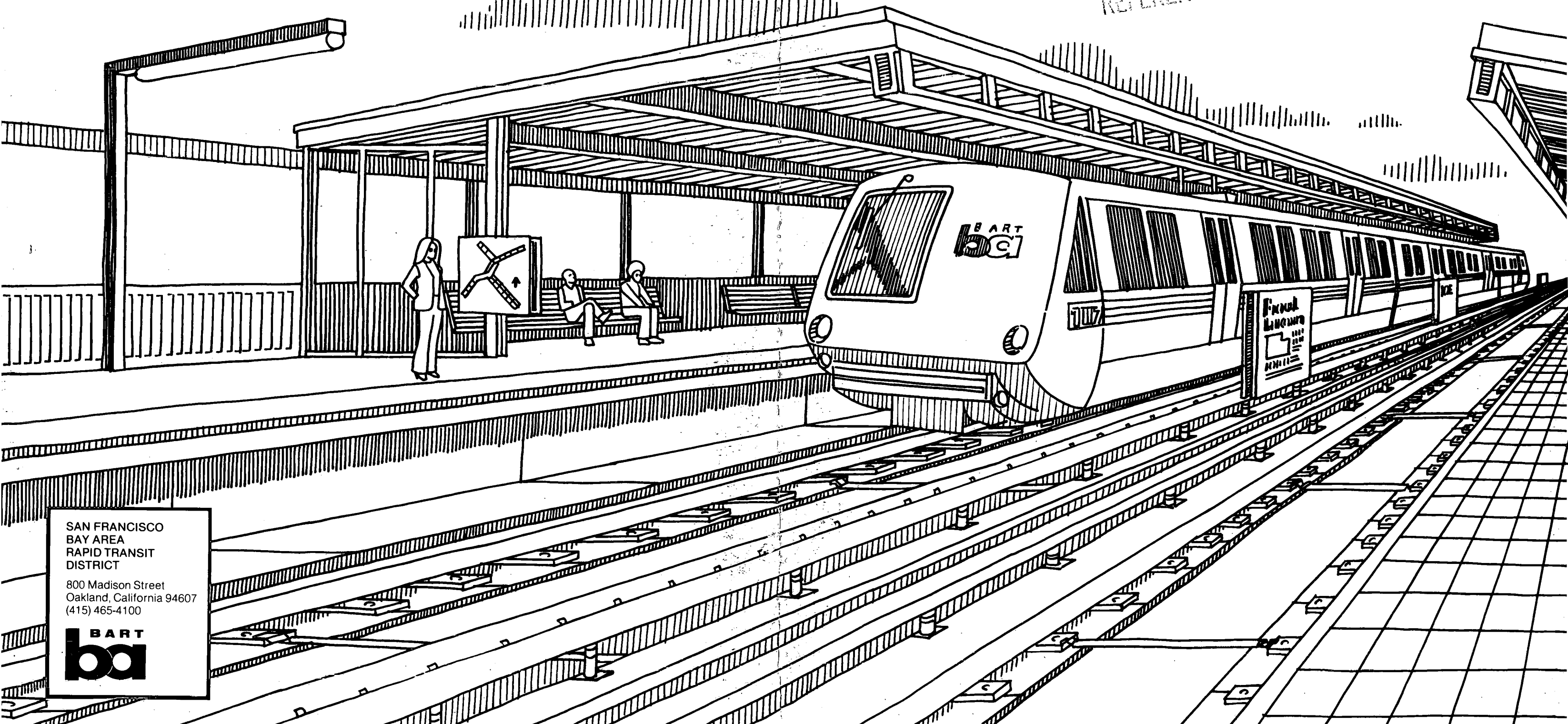


Special notes for patronage chart (1977-1978 line only):
 SEP — BART Police strike; limited service provided
 DEC — AC Transit strike, in Dec.-Jan.



BART 1978 1979 ANNUAL REPORT

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SAN FRANCISCO
BAY AREA
RAPID TRANSIT
DISTRICT

800 Madison Street
Oakland, California 94607
(415) 465-4100



message from the president

BART's 1978/79 fiscal year was an extremely eventful and challenging one for the young transit system. Despite operating budget constraints imposed by Proposition 13, we began the period on a very positive note by introducing Sunday service and increasing Saturday service hours. The District's long-standing goal to maximize the overall availability of the system to the public was the guiding factor in this decision.

For the first time since the opening of revenue service in 1972, the system exceeded a half-billion passenger miles in a 12-month period. Sunday service helped achieve this, of course, but so did system improvements in on-time performance, reduction of unscheduled train removals and the newly-acquired ability to run trains at regular speeds during wet weather.

The Board of Directors also began the process of selecting a new general manager to replace Frank C. Herring, whose resignation was to become effective December 31, 1978. After a nationwide search, the field was narrowed to seven top candidates in transit management. On December 19, all of us on the Board were extremely pleased to unanimously appoint Keith Bernard to this important post. The fact that Keith, a district employee since 1970, had come from within the organization and had a well-demonstrated executive ability as a key department head made him a superb choice.

This was also the year the BART team proved it could respond well to a major crisis, marshal its collective talents and work in a unified way to solve serious problems. The fire on a train in the transbay tube on January 17 was just such a crisis.

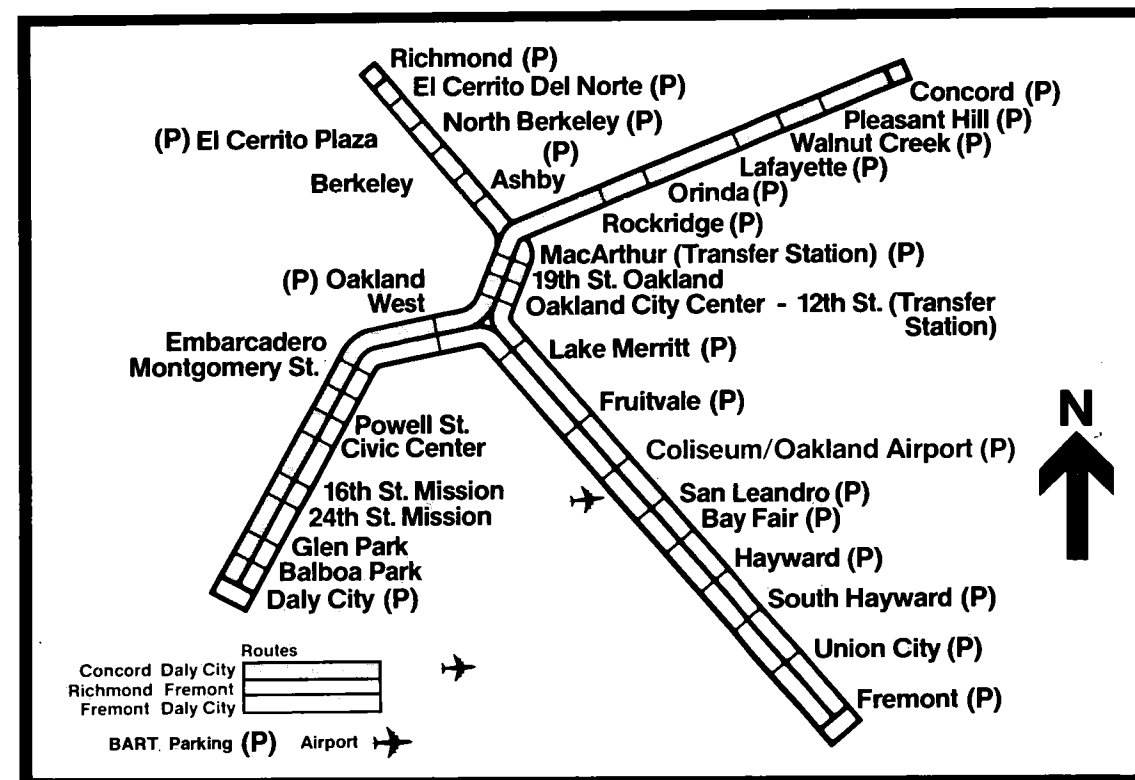
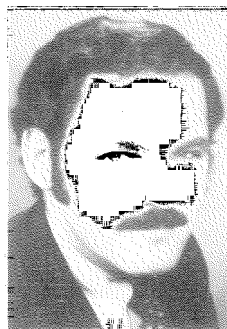
More than any single event in BART's history, the fire raised the level of awareness and determination to improve emergency preparedness throughout every facet of the system. Many long days (and nights) were spent in the development of improved procedures, new safety features along the track and fire prevention measures for equipment. This effort continues with great emphasis and holds the prospect of BART becoming an industry leader in the development of rail transit fire safety.

At year's end the Board demonstrated its unanimity and determination in trying to achieve balanced labor contracts which were fair to employees, taxpayers and the riding public.

In all, this was an eventful year in which BART's value to the public increased as energy costs and shortages affected us all. BART's prime goals for the future are to continue to improve the reliability and safety of the system and to expand service to meet the challenges which the 1980's will bring.

John H. Kirkwood

John H. Kirkwood
President



SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters of nine election districts within the counties of Alameda, Contra Costa and San Francisco.

BOARD APPOINTED OFFICERS

C. Keith Bernard General Manager	William F. Goelz Finance
Malcolm M. Barrett General Counsel	Phillip O. Ormsbee District Secretary

DEPARTMENT HEADS REPORTING TO GENERAL MANAGER

Richard P. Demko Maintenance & Engineering	John Mack (Acting) Affirmative Action & Training
William B. Fleisher Field Services	Ralph S. Weule Safety
Howard L. Goode Planning & Analysis	Lawrence A. Williams Employee Relations
Michael C. Healy Public Affairs	

NOTE 6 — U S Government Grants

Capital

The U S Government, under grant contracts with the District, provides financial assistance for capital projects. Additionally, the District is administering Federal grants to the City and County of San Francisco and to the City of Berkeley. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Federal grants in force at June 30, 1979 is as follows:

Type Of Grant	----(In Thousands)----	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	12,842	12,842
Capital	320,984	293,631
	<u>\$335,787</u>	<u>\$308,434</u>

NOTE 7 — Litigation and Disputes with Contractors and Others

In November 1974, the District filed suit against its consulting engineer, Parsons Brinckerhoff-Tudor-Bechtel (PB-T-B), two of its primary contractors, Rohr Industries, Inc and Westinghouse Electric Corporation, a subcontractor, Bulova Watch Company and the primary contractors' respective sureties, seeking damages of approximately \$160 million from Westinghouse, Rohr and PB-T-B, and in addition, \$2 million from Westinghouse, PB-T-B and Bulova.

During 1978, the District and the defendants signed an agreement settling this litigation. In general, the settlement provided for payment to the District of \$15 million (\$1.3 million of which had already been received) and a release of claims by all parties. In addition, Rohr agreed to accept a payment of \$6.2 million from the District in settlement of a separate claim involving \$15 million in disputed billings under the Transit Vehicle Contract. The District submitted a requisition for 80% of this payment to the Urban Mass Transportation Administration (UMTA). The overall

NOTE 8 — Public Employees Retirement System

The District contributes to the Public Employees Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain State and local governmental units. Substantially all full-time

Operating

The District's application for a 1978/79 Federal operating assistance grant of \$2,743,000 under Section 5 of the Urban Mass Transportation Act was approved by the Metropolitan Transportation Commission and is awaiting final action by the United States Department of Transportation. The grant is reflected in the statement of operations as financial assistance and in the balance sheet as a receivable at June 30, 1979.

settlement was contingent on UMTA approval of the District's requisition. This approval was granted. Payment of the monies involved in the settlement occurred in March 1978.

Proceeds from the settlement of \$13.7 million has been recorded as a reduction of property costs. These proceeds and the capitalized litigation expenses of \$4.9 million will be amortized over 30 years. The \$13.7 million settlement proceeds have been designated by the terms of the settlement and by action of the District's Board of Directors for improvements in capital equipment and construction.

In addition, the District is involved in various lawsuits, claims, and disputes, which for the most part, are normal to the District's operations. In the opinion of the management, the amount of costs that might be incurred, if any, would not materially affect the District's financial position or operations.

employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$5,016,000 and \$4,119,000 in 1979 and 1978, respectively.

district board of directors



Barc Simpson

District 1
Term began November 26, 1976. Board President 1977; chairperson, Engineering and Operations Committee; member, Administration Committee; member, Special Salary and Wage Review Committee; Orinda resident, San Leandro businessman.



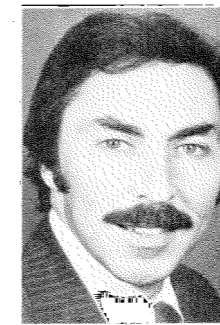
Nello J. Bianco

District 2
Term began October 22, 1969, as appointee of Contra Costa County supervisors; served as President in 1974; two terms as Vice President; chairperson, Public Information and Legislation Committee; member, Special Salary and Wage Review Committee; Richmond resident and businessman.



Arthur J. Shartsis

District 3
Term began November 26, 1976; chairperson, Special Salary and Wage Review Committee; member, Engineering and Operations Committee; Oakland resident, San Francisco attorney.



Harvey W. Glasser, M.D.

District 4
Term began November 29, 1974; served as President in 1978; BART representative to the Executive Committee of the APTA Board of Directors; vice chairperson, Public Information and Legislation Committee; member, Special Salary and Wage Review Committee; Alameda resident and physician-business consultant.



Robert S. Allen

District 5
Term began November 29, 1974; vice chairperson, Engineering and Operations Committee; member, Special Salary and Wage Review Committee; railroad cost analyst; Livermore resident.



John Glenn
Vice President

District 6
Term began November 29, 1974; as Vice President serves as ex-officio member of all committees; Fremont resident, Oakland executive.



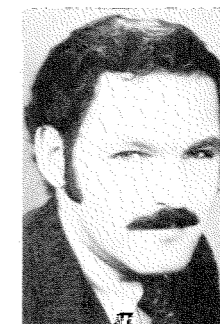
Wilfred T. Ussery

District 7
Term began December 6, 1978; vice chairperson, Administration Committee; member, Public Information and Legislation Committee; member, Special Salary and Wage Review Committee; San Francisco resident, Director of Development, San Francisco Housing Authority.



Eugene Garfinkle

District 8
Term began March 10, 1977; chairperson, Administration Committee; vice chairperson, Special Salary and Wage Review Committee; San Francisco resident, and attorney.



John H. Kirkwood
President

District 9
Term began November 29, 1974; as President serves as ex-officio member of all committees; San Francisco resident and businessman.

overview

Despite the budget-cutting mandate of Proposition 13, the District fulfilled its goal of providing seven-day service beginning on the first Sunday of the fiscal year. Also during this eventful reporting period, BART saw the appointment of a new general manager, a substantial ridership increase over the previous year, a disastrous train fire in the transbay tube and the commencement of negotiations for new contracts with its major labor unions.

The year marked the emergence of a new maturity for the District—a coming of age, enabling BART to improve its technical reliability and performance, better manage its fiscal responsibilities and set objectives which will insure safe, dependable, economical transportation for an energy-conscious public.

ridership & operations

The Seventh Day. On July 2, 1978, Sunday service was initiated from 9:00 a.m. to midnight. On the previous day, Saturday service was increased three hours, beginning at 6:00 a.m. (9:00 a.m. before), resulting in an incremental increase of about 6,500 riders for Saturdays.

Sunday operation proved even more impressive as patronage averaged about 33,000 for the first five Sundays—18 percent more than analysts had forecast. This helped push the total annual passenger trips to 41,191,566, or 6.5 percent over the previous year's record high of 38,655,206. This increase would have been substantially higher but a fire in the transbay tube forced its closing for approximately two and one-half months.

The Fire. At 6 p.m. on Wednesday, January 17, 1979, a fire occurred on Train 117 bound from the Oakland West Station for San Francisco, which destroyed six transit cars and damaged several others. While all passengers were safely evacuated, an Oakland firefighter did lose his life during the course of the incident. The fire and the overall response raised several questions concerning the transbay tube facilities and BART's emergency response plan. As a result, a major program was launched to improve system fire safety and revise the overall emergency response plan. Also, as a result of the accident, the California Public Utilities Commission (CPUC) ordered a temporary moratorium on revenue service through BART's transbay tube.

Reopening the tube for revenue operation was the first priority, but what lay ahead was an equal challenge: A major program to examine and, where possible, increase the safety of the entire transit system. The accident provided a focus for safety efforts and gave sure and immediate emphasis to self-scrutiny at every level of the District.

The Board of Directors strongly backed staff efforts at this critical time and actively pursued hard questions about general safety as well as those aspects specifically associated with the tube accident.

The Board also adopted a long-range fire safety and emergency preparedness program which could ultimately result in BART leading the way for the entire transit industry in the area of new fire safety materials, and improved training and procedures for handling emergencies. (FOR AN EXAMPLE OF THE TEAMWORK INVOLVED IN REOPENING THE TRANSBAY TUBE, SEE BOX ON PAGE 7.)

Riders Return. Following the reopening of the transbay tube, BART ridership returned to 98 percent of the pre-closing daily average by the end of April.

The following month, May, set a record for all other months of operation since the system opened in 1972. Ridership for May peaked at 175,000 and averaged 166,500 per day. This was better than 4.2 million for the month with major gains occurring during the midday and late-evening hours. The increase in travel during those periods was 86.4 percent while peak period ridership gained 14.6 percent. In order to accommodate the off-peak patronage surge, additional cars were put into service during the midday and evening hours.

Express Buses. On October 2, 1978, BART Express Bus "D" Line service was expanded from Dublin to the Sun Valley Shopping Center and Diablo Valley College. Midday hourly service was increased to 30 minutes in order to provide BART patrons from Livermore to Dublin better access to shopping areas and schools.

The "M" Line connection to the "D" at Sun Valley Shopping Center allowed local residents greater accessibility between Martinez, Alamo, Danville and other Central Costa County areas. The "Q" Line from Pinole to El Cerrito was also re-routed slightly and the level of service increased to 45-minute intervals during the day with hourly service at night. Saturday service on this route was increased to 45-minute frequencies.

During 1978/79, a total of 1,660,299 trips were taken on BART Express Buses. This compared with 989,026 the previous year when service was interrupted for 68 days due to an AC Transit strike.

NOTE 3 — Facilities, Property, and Equipment

Facilities, property, and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1979 and 1978 are summarized as follows:

	Lives (Years)	(In Thousands)			
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
		1979	1978	1979	1978
Land	—	\$ 106,592	\$ —	\$ 106,552	\$ —
Improvements	80	1,041,416	76,184	1,042,561	63,361
System-wide operation and control	20	95,324	23,674	86,846	18,887
Revenue transit vehicles	30	147,548	26,487	149,200	21,493
Service and miscellaneous equipment	3 to 20	11,896	4,593	10,613	3,954
Capitalized construction and start-up costs	30	86,278	18,624	86,278	15,322
Repairable property items	30	7,439	1,108	7,198	875
		<u>\$1,496,493</u>	<u>\$150,670</u>	<u>\$1,489,248</u>	<u>\$123,892</u>

NOTE 4 — Payable to the State of California

Under Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. These Code Sections provide that the District will reimburse the State for the costs of the tube approaches. At June 30, 1978, the District had received \$172,513,000 of which \$55,611,000 was

repayable to the State. Reimbursement of \$16,500,000 was fulfilled by application of a credit due the District arising from highway betterments constructed with District funds on State Route No. 24. During 1978, the Governor signed legislation which cancels the District's obligation to pay such costs. This was recorded as an addition to State of California Grants on the statement of changes in net capital investment.

NOTE 5 — General Obligation and Sales Tax Revenue Bonds

	Composite Interest Rate	Year Last Series Matures	(In Thousands)					
			Original Amount Authorized Issued		-----1979----- Due in 1 Year Total		-----1978----- Due in 1 Year Total	
General Obligation Bonds								
1962 District bonds	4.07%	1999	\$792,000	\$792,000	\$21,375	\$685,925	\$19,400	\$705,325
1966 Special Service District Bonds	4.38%	1998	20,500	12,000	330	9,350	310	9,660
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$21,705</u>	<u>\$695,275</u>	<u>\$19,710</u>	<u>\$714,985</u>
Sales Tax Revenue Bonds								
1969 Sales Tax Revenue Bonds		1977	\$150,000	\$150,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-
1975 Sales Tax Revenue Bonds		1978	\$ 24,000	\$ 24,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$14,497,000 on General Obligation Bonds and \$205,000 on Special Service District No 1 Bonds is payable on December 15, 1979.

The 1969 Legislature of the State of California authorized the District to impose a 1/2% Transactions and Use Tax within the

District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million. Payment of all Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the Transactions and Use Tax indefinitely. Under the legislation, revenues from the tax imposed on or after January 1, 1978, and revenues from the tax imposed prior to January 1, 1978, but available after March 31, 1978, will, subject to certain restrictions, be allocated 75% to the District and 25% by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for improvements in the level of transit service.



NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1979 and 1978

NOTE 1 — Summary of Significant Accounting Methods

Description of the District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

Securities are carried at cost which approximates market.

Facilities, Property, and Equipment

Facilities, property, and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax, imposed by the District within the counties it serves, is collected and administered by the State Board of Equalization. Prior to January 1, 1978, all tax proceeds were transmitted directly to a trustee and recorded as revenue in the debt service funds on receipt. The trustee retained

funds necessary for debt service requirements and transmitted the excess, if any, to the District. On January 1, 1978, the final Sales Tax Revenue Bonds were retired and tax proceeds are now transmitted directly to the District. The District records funds not required for debt service and the proceeds of Sales Tax Revenue Bonds (issued for operational purposes) as financial assistance when received. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1979 to June 30, 1979 will be approximately \$9,300,000. Of this amount, \$2,906,000 had been received and recorded by the District. Comparable figures for 1978 were \$8,625,000 and \$2,156,000, respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligations Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

Self-Insurance

The District is largely self-insured for worker's compensation and general liability claims and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

NOTE 2 — Securities Representing Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	-- (In Thousands) --	
	1979	1978
Basic System Completion	\$13,000	\$13,000
System Improvement	15,156	13,906
Self-Insurance	9,000	9,000
	<u>\$37,156</u>	<u>\$35,906</u>

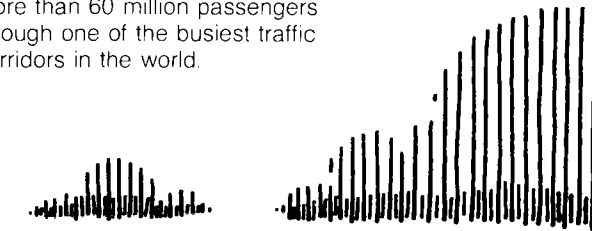
Bartpool. As the increase in riders continued during the year, BART's parking lots overflowed. To encourage conservation and carpooling to BART, the District began a test to improve parking lot usage at the Concord station.

Working in conjunction with the California Department of Transportation (CALTRANS), which computer-matched riders in the same neighborhood or district, BART issued permits to carpoolers for controlled close-in preferential parking. This test to increase efficiency of the 1,074 parking stalls at Concord Station is being monitored closely with a view to expanding the concept at other over-demanded parking lots.

Remotely Staffed Stations. In an effort to provide the highest level of service at the lowest possible price, the Field Services Department had developed and tested the feasibility of replacing agents at several low-volume stations with a sophisticated electronic surveillance system monitored from BART Central Control. A similar program had proven highly successful at the Port Authority Trans Hudson Corporation subway system in New York and saved millions of dollars. With eight stations actually under the RSS program by the fall of 1978 as part of the initial demonstration, a thorough evaluation by the staff was undertaken. The staff analysis led to a decision in May 1979 that the program could not provide an adequate level of service without extensive and costly modifications of the automatic fare collection equipment, and the program was dropped.

Six Years Old. On Monday, September 11, 1978, BART observed its sixth anniversary of revenue service. The trains had first opened their doors for revenue service in 1972 and in the intervening years the transit system carried more than 160 million riders over two billion passenger miles without any serious injuries to passengers.

The east bay lines had amassed 58 million trips with 42 million on the San Francisco line. Since the 3.6-mile trans-bay tube opened for service (September 16, 1974), BART has carried more than 60 million passengers through one of the busiest traffic corridors in the world.



Five BART Express Bus routes, which connect several BART stations in Contra Costa and Alameda Counties with outlying areas, saw significant service improvements during the reporting period and ridership increased substantially.



reliability & improvements

The improvement most obvious to patrons during the reporting period was BART's ability to operate trains at normal speeds during winter weather. Prior to December 4, 1978, trains were deliberately slowed to ensure safe stopping when tracks were wet. Completion of a systemwide "re-signaling" program to stretch out the braking distance for trains eliminated the need for this procedure.

RIP Program. In January 1979 a Reliability Improvement Program (RIP) was instituted to focus on those specific engineering problems which most often affected service to BART passengers. Statistical studies revealed 13 items whose reliability was directly related to level of service. Objectives were established for improvements and an 18-month program got underway. A delay, caused in part by the tube fire, pushed completion of the program into 1981 but the end of the reporting period saw success in achieving acceptable failure rates in brake control electronics, loose derail bars and motor-alternator control

In 1979, the car failure rate was reduced 10 percent over 1978 and further reductions are part of the 1979/80 objectives. The fleet incident rate dropped 21 percent and hardware failure was reduced 53 percent. These improvements signified the District's growing ability to achieve technical improvement and have paved the way for expanded service under the long-awaited close headways program.

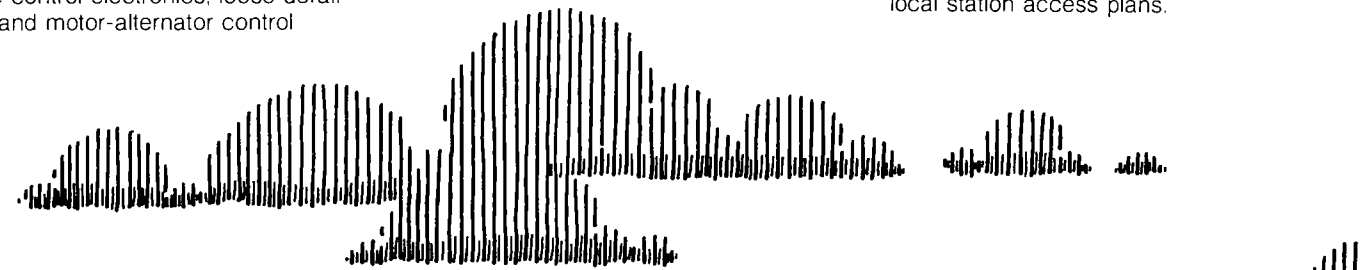
Four Route Service. Direct service between Richmond and Daly City can be added under "close headways" without adversely affecting service on other lines. Approval by the CPUC is expected in 1980.

In addition, Directors have called for development of a turnback track project in Daly City to further improve service and save an estimated \$1.5 million annually through provision of train storage in the West Bay. Currently BART must return all of its extra rush hour transbay trains back to Concord and Hayward and then back to San Francisco for the evening rush.

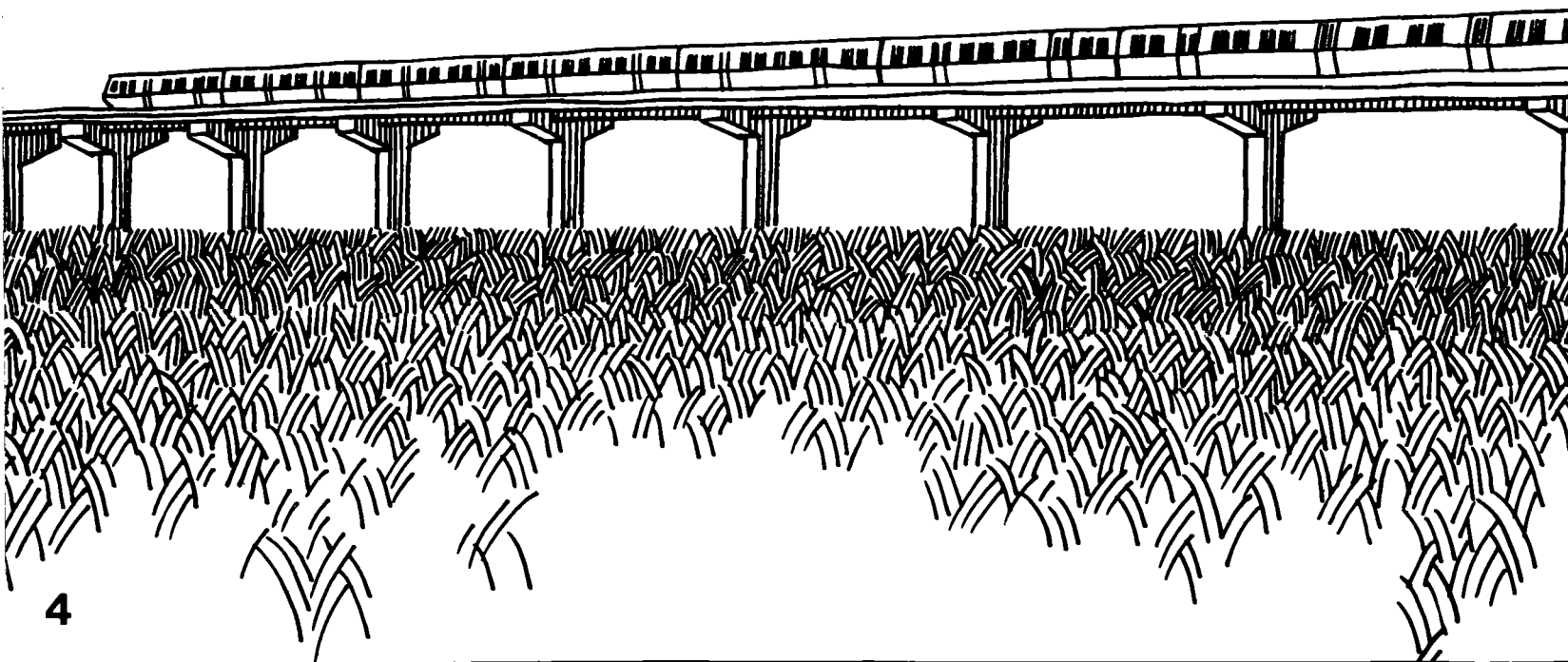
Car Rebuilding. Increased service and patronage will mean increased demand on the car fleet. Under a program begun last year, 14 Type A railcars (with cab) are being converted to Type B cars (without cab). This work, underway at the Hayward Shops by District employees, has proved to be extremely economical since the cost of converting A cars is about 7 percent of the estimated cost of a new B car.

System Access. Parking lot expansion continued with the addition of over 300 spaces at the Fremont Station, bringing the total to over 1,000. On the same day the new spaces opened, ground was broken for construction of a new east entrance to this busy station and work was nearly half-completed by the end of the reporting period.

On December 14, 1978, the Board adopted the first phase of a program to improve access to six stations: Glen Park, Hayward, Lafayette, Walnut Creek, Pleasant Hill and Concord. Improvements will include increasing parking facilities where possible and better bus access. In each case, close alliance is maintained with each community in the development of specific, local station access plans.



Trains up to ten cars long were put into service on a regular basis during peak travel periods as ridership climbed. Trains this length (750 feet) nearly equal the height of the Bank of America World Headquarters in San Francisco (779 feet).



US Government Grants	State of California Grants	Contributions From Others	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
\$288,599	\$116,902	\$29,387	(\$30,249)	(\$59,661)	\$122,065	(\$ 6,000)	\$682,308
—	—	—	—	(5,498)	—	—	(5,498)
9,641	39,111	15,603	—	—	—	—	64,355
—	—	—	(12,508)	—	—	—	(12,508)
—	—	—	—	—	3,134	—	3,134
—	—	—	—	—	—	—	17,750
—	—	—	—	—	—	(13,000)	(13,000)
—	—	—	—	—	—	(13,906)	(13,906)
—	—	—	—	—	—	(3,000)	(3,000)
298,240	156,013	44,990	(42,757)	(65,159)	125,199	(35,906)	719,635
—	—	—	—	(15,087)	—	—	(15,087)
—	—	2,300	—	—	—	—	2,300
10,194	—	1,691	—	—	—	—	11,885
—	—	—	(9,925)	—	—	—	(9,925)
—	—	—	—	—	4,277	—	4,277
—	—	—	—	—	—	(1,250)	(1,250)
—	—	—	—	—	—	—	19,710
\$308,434	\$156,013	\$48,981	(\$52,682)	(\$80,246)	\$129,476	(\$37,156)	\$731,545

DEBT SERVICE FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND FUND BALANCES Years Ended June 30, 1979 and 1978 (In Thousands)

	1979 General Obligation Bonds	General Obligation Bonds	-----1978----- Sales Tax Revenue Bonds	Combined
Revenues:				
Property tax	\$48,285	\$48,741	\$ —	\$48,741
Transactions and use tax received	—	—	26,882	26,882
Interest	2,490	1,597	739	2,336
	50,775	50,338	27,621	77,959
Expenditures:				
Interest	30,446	31,397	808	32,205
Principal	19,710	17,750	16,000	33,750
Bond service expense	—	—	9	9
Funds transmitted to the District	—	—	24,811	24,811
	50,156	49,147	41,628	90,775
	619	1,191	(14,007)	(12,816)
Balance, beginning of year	17,200	16,009	14,007	30,016
Balance, end of year	\$17,819	\$17,200	\$ -0-	\$17,200
Represented by:				
Cash (including time deposits: 1979, \$16,340; 1978, \$14,750)	\$16,363	\$14,867	—	\$14,867
Securities — at cost	310	845	—	845
Taxes and interest receivable	1,146	1,488	—	1,488
	\$17,819	\$17,200	—	\$17,200

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN NET CAPITAL INVESTMENT

Years Ended June 30, 1979 and 1978 (In Thousands)

	Property Tax	Transactions and Use Tax
Balance, July 1, 1977	\$ 71,265	\$150,000
Net loss for the year	—	—
Proceeds from grants and contributions	—	—
Depreciation of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Bond principal	17,750	—
Establishment of basic system completion reserve	—	—
Establishment of system improvement reserve	—	—
Increase in reserve for self-insurance	—	—
Balance, June 30, 1978	89,015	150,000
Net loss for the year	—	—
Improvement allowance funding	—	—
Proceeds from grants and contributions	—	—
Depreciation of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Increase in system improvement reserve	—	—
Bond principal	19,710	—
Balance, June 30, 1979	<u>\$108,725</u>	<u>\$150,000</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION Years Ended June 30, 1979 and 1978 (In Thousands)

	1979	1978
CASH AND SECURITIES PROVIDED BY:		
Operations:		
Net loss transferred to accumulated deficit	\$15,087	\$ 5,498
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	18,209	12,191
Net book value of damaged revenue transit vehicles	1,808	—
CASH AND SECURITIES PROVIDED BY OPERATIONS	4,930	6,693
Contributions from U S Government grants and others	11,885	25,244
Improvement allowance funding	2,300	—
Increase (decrease) in contracts and other liabilities	1,665	(7,882)
Increase (decrease) in unearned passenger revenue	5	(526)
Interest on capital	4,277	3,134
Total cash and securities provided	25,062	26,663
CASH AND SECURITIES APPLIED TO:		
Additions to construction in progress	3,653	176
Additions to facilities, property, and equipment	10,409	8,792
Additions to materials and supplies	2,221	1,803
Increase (decrease) in deposits, notes, and other receivables	6,982	(5,696)
Total cash and securities applied	23,265	5,075
Increase in cash and securities	\$ 1,797	\$21,588

The accompanying notes are an integral part of these financial statements.

safety

On March 22, 1979, the Board of Directors endorsed a comprehensive Emergency Preparedness and Fire Safety Program. The objectives of this program are to minimize the occurrence of fires and other emergency incidents and to maximize the effectiveness of BART and other agency personnel in dealing with such incidents when they do occur. Both short and long-range improvements will be implemented.

The January 17 fire resulted in a complete reexamination of the District's railcars, particularly with a view toward increasing their fire safety. Prominent among the many items under investigation was the potential hazard posed by flammable seats.

Prior to the fire, BART had received a grant from the Urban Mass Transit Administration (UMTA) setting aside \$2.5 million for replacement of seat cushions on all transit vehicles. After rejecting the recommended early versions of neoprene as offering little significant improvement over polyurethane, BART launched an extensive test program in conjunction with an outside consultant, McDonnell-Douglas. Over 400 materials were looked at during the research.

Investigation and testing continues into materials and methods which will improve the fire resistance of rolling stock. This includes special emphasis on fire-retardant coatings for floors, sidewalls and ceilings. Many operators are watching the District's progress and will share in the knowledge and techniques achieved through this on-going program.

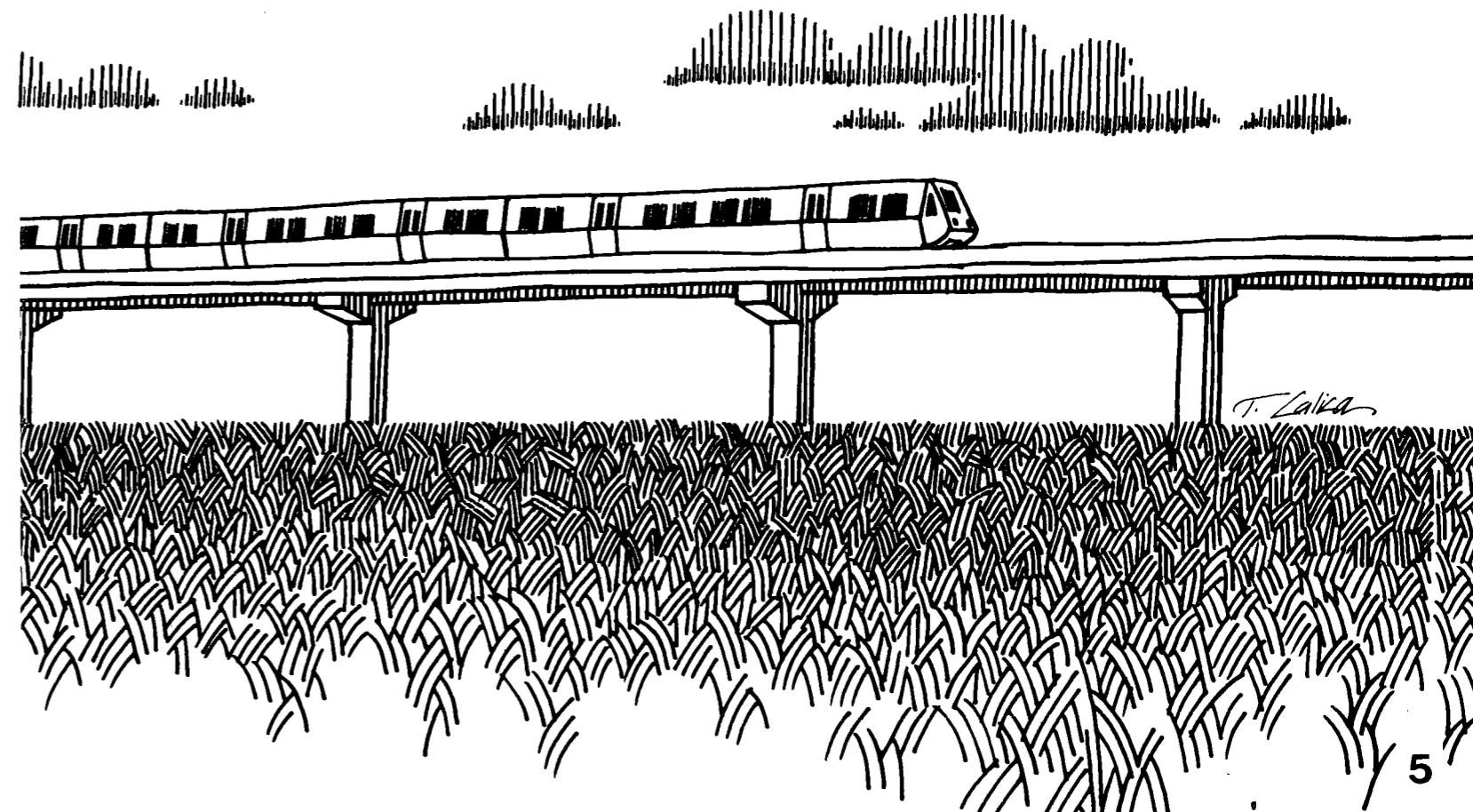
The District also implemented a public safety information program which included an industry "first" — the posting of every railcar with placards containing specific emergency instruction for passengers. The placards also contain take-along, trilingual emergency procedures printed in English, Spanish and Chinese.

administration

Four months after taking office, General Manager Keith Bernard reorganized BART's top managerial staff. The changes completed the District's transition from a major construction project to an operating system and resulted partly from a study began in 1977 by consultants, Booze, Allen & Hamilton, Inc. After internal study, further consolidations in the number and levels of upper-echelon managers were made which resulted in a projected savings of more than \$200,000 annually.

Budget. The District's financial objective was a fully-funded budget through June 1979 with more than 35 percent contribution of non-tax revenues to operating expenses — and no fare increase. This goal was achieved as passenger and other operating revenues ran ahead of forecast for the first half of 1978/79. However, with the closing of the transbay tube in January, passenger revenues fell sharply. Normal operating costs remained at pre-fire levels and the District incurred substantial extraordinary costs as a result of the fire, cleanup, shuttle bus service and PUC hearing preparation. Most of these costs were reimbursed from a supplemental claim to the Metropolitan Transit Commission (MTC) for regional funds.

The FY 1978/79 budget reflected Proposition 13 cutbacks of \$7 million and 150 employee positions. The budget also assumed a \$7.9 million allocation in sales tax funds to be administered through MTC. Following a review of Prop 13's impact on regional transit operators (including SF Muni and AC Transit), the MTC released \$6.7 million to BART as well as \$2.7 million in Section 5 funds. This assured the District of a fully-funded 1978/79 operating budget. Action on some \$4 million in capital claims was pending at fiscal year's end.



Property Tax Rates. Under Proposition 13 impact, the Board of Directors set a uniform tax rate of 35.6 cents per \$100 assessed property valuation for debt service of the District's General Obligation Bonds. This rate compared with the previous year's figures of 43.1 cents for Alameda County, 42.8 cents in Contra Costa and 43.6 cents in San Francisco.

In accordance with the guidelines of the tax initiative, the Directors could not set an additional 5-cent tax rate for administrative purposes as in years past. In lieu of this tax, which had been expected to yield about \$6.7 million for operating expenses, BART received a share of the maximum \$4 per \$100 assessed property valuation each county levies — about 30 percent of what the former 5-cent administrative tax would have provided.

The Board also established a slightly lower tax rate of 16.1 cents for Berkeley city residents over its previous year's 16.3 cents. This rate is for bonds authorized by Berkeley voters for underground construction not included in the original District plans.

Advertising Franchise. After a lengthy selection process involving three companies, BART signed a contract with Transit Ads Incorporated (TAI) to act as agent for display billboard space in stations and on trains.

The contract guarantees BART a minimum of \$1.85 million in advertising revenues over the next five years. California-based TAI indicated it expects to surpass the guarantee with sales in excess of \$5 million during that period, BART receiving 51 percent of the revenue.

Labor Negotiations. Contracts between BART and its two major labor unions, Amalgamated Transit Union, Division 1555, and United Public Employees, Local 390, expired on June 30, 1979. Negotiations began on March 16 and more than 40 bargaining sessions were held during the next three and one-half months.

One of the primary issues concerned BART's contention that cost-of-living raises should be adjusted to bring District pay scales more in line with prevailing local wage rates. By the end of the fiscal year no agreement had been reached and the District agreed to extend the expired contract on a day-to-day basis while talks continued.

the future

The District's principal near term operating objective is to provide four-route service beginning in 1980 with a service level of 17 trains (increased from 10) at minimum 3.5 minute train intervals in the transbay corridor during peak periods.

At the current level of service, ridership is forecast to increase about six percent in the coming year and any effect of a possible fare increase is likely to be offset by the threat of gas shortages or higher gas prices.

Equipment reliability improvement programs will continue as will efforts to increase system access, especially for elderly and handicapped persons. BART, of course, will work for continued improvement in the area of Emergency Preparedness and Life Safety.

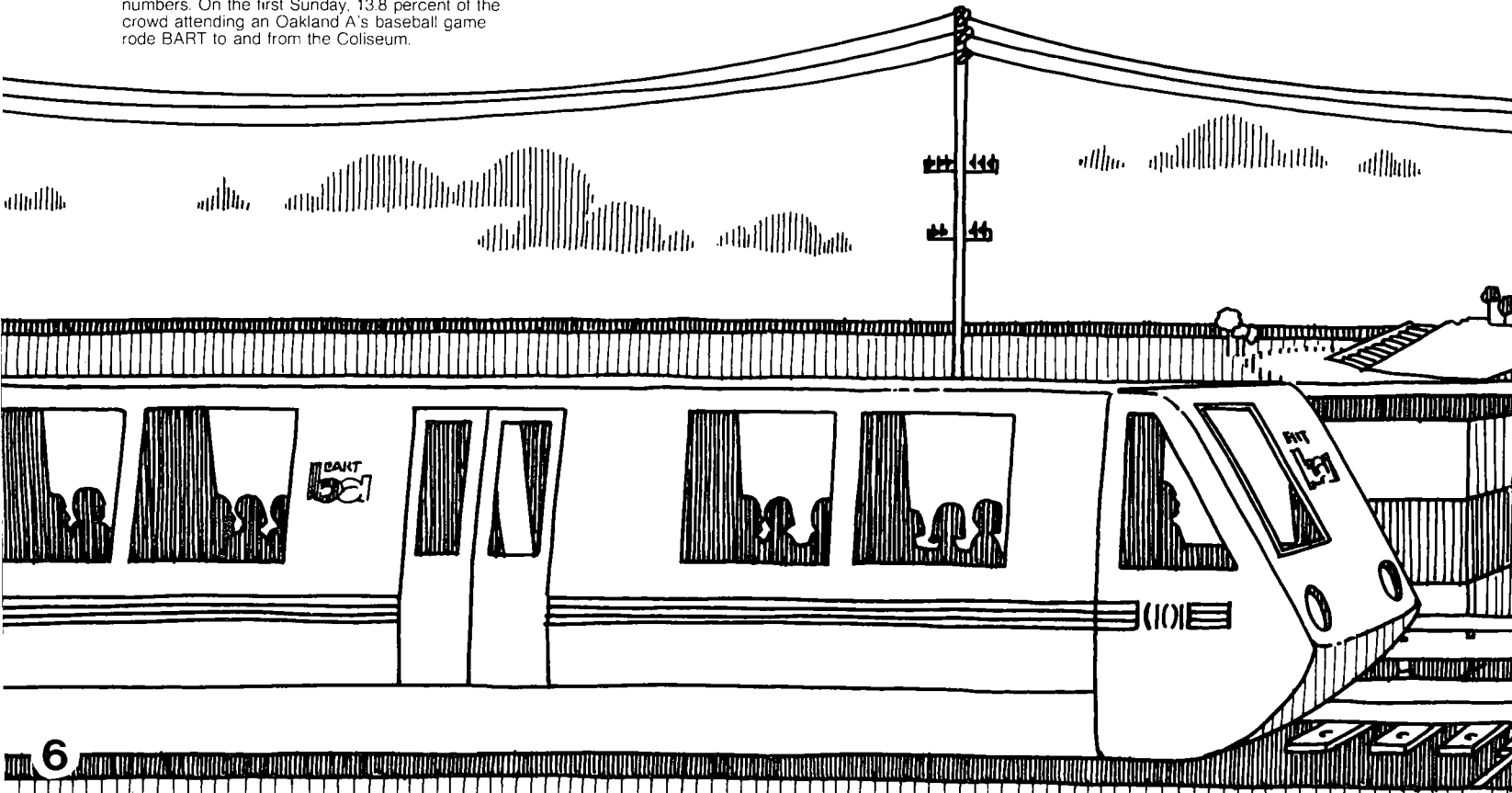
In the last part of the 20th Century, BART will continue to operate one of the largest regional rail systems on the American landscape. As the District approaches the new decade and looks beyond, growing energy shortages and rising fuel costs underscore the need for BART to continue improving and expanding service in order to help achieve the most effective regional transportation network possible for the San Francisco Bay Area.

STATEMENTS OF OPERATIONS Years Ended June 30, 1979 and 1978 (In Thousands)

	1979	1978
Operating revenues:		
Fares	\$31,344	\$30,666
Less discounts and other deductions	2,617	2,447
	28,727	28,219
Other	647	535
Investment income	2,130	1,144
Total operating revenues	31,504	29,898
Operating expenses:		
Transportation	27,345	24,192
Maintenance	34,779	32,555
Police services	3,684	2,910
Construction and engineering	8,002	8,023
General and administrative	12,911	15,984
Tube fire costs	3,536	—
	90,257	83,664
Less capitalized costs	3,709	5,460
Net operating expenses	86,548	78,204
Insurance proceeds from damage of revenue transit vehicles	5,000	—
Less net book value of damaged revenue transit vehicles	1,808	—
	3,192	—
Operating loss before depreciation expense	51,852	48,306
Depreciation (unfunded):		
Of assets acquired with own funds	18,209	12,191
Of assets acquired with grants and contributions by others	9,925	12,508
Total depreciation	28,134	24,699
Operating loss	79,986	73,005
Financial assistance:		
Transactions and use tax	44,040	48,621
Sales tax allocated	6,700	—
Property tax	2,299	6,283
State	951	12
Transportation Development Act of 1971	541	83
Federal	2,743	—
Funds allocated to improvement allowance	(2,300)	—
Total financial assistance	54,974	54,999
Net loss	25,012	18,006
Depreciation of assets acquired with grants and contributions by others	9,925	12,508
Net loss transferred to accumulated deficit	\$15,087	\$ 5,498
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$51,852	\$48,306
Add net insurance proceeds restricted for revenue transit vehicle replacement	3,192	—
Deduct financial assistance	54,974	54,999
Funded excess of expenses over revenues (revenues over expenses)	\$ 70	(\$ 6,693)



Sunday service and sports fans were two reasons weekend travel on BART reached record numbers. On the first Sunday, 13.8 percent of the crowd attending an Oakland A's baseball game rode BART to and from the Coliseum.



FINANCIAL STATEMENTS

To the Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheets of the San Francisco Bay Area Rapid Transit District as of June 30, 1979 and 1978 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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 financial statements identified above present fairly the financial position of the San Francisco Bay Area Rapid Transit District as of June 30, 1979 and 1978 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Maier Hudman & Cronstam

Certified Public Accountants

San Francisco, California
September 28, 1979

BALANCE SHEETS June 30, 1979 and 1978 (In Thousands)

	1979	1978
ASSETS		
Cash (including time deposits: 1979, \$-0-; 1978, \$1,970)	\$ 1,825	\$ 3,259
Securities — at cost	38,491	36,510
Securities representing reserves — at cost	37,156	35,906
Deposits, notes, and other receivables	10,650	3,668
Construction in progress	38,431	34,778
Facilities, property, and equipment — at cost (less accumulated depreciation and amortization: 1979, \$150,670; 1978, \$123,892)	1,345,823	1,365,356
Materials and supplies — at average cost	10,042	7,821
Debt service funds, net assets	17,819	17,200
	<u>\$1,500,237</u>	<u>\$1,504,498</u>
LIABILITIES AND CAPITALIZATION		
Contracts and other liabilities	\$ 17,332	\$ 15,667
Unearned passenger revenue	1,110	1,105
Debt service funds	17,819	17,200
	<u>36,261</u>	<u>33,972</u>
Capitalization:		
Reserves	37,156	35,906
General Obligation Bonds	695,275	714,985
Net capital investment	731,545	719,635
	<u>1,463,976</u>	<u>1,470,526</u>
	<u>\$1,500,237</u>	<u>\$1,504,498</u>

The accompanying notes are an integral part of these financial statements.

the fire—a challenge

In the early morning of January 18, crews began the five-hour task of removing the blackened shell of Train 117 from the tube. What followed was unmeasurable hours of intensive planning, thorough coordination and difficult labor, but the effort proved the BART team had the ability to manage a crisis.

And crisis it was. Some 40 passengers and employees hospitalized and one Oakland fireman lost his life. BART was faced with many difficult decisions and actions before transbay service could resume.

CPUC had shut down the tube until six conditions could be met. In the end, some 80 items had to be dealt with before transbay revenue trains could return to service. These included requirements set by the District itself and recommendations made by a special Board of Inquiry appointed by the General Manager. This independent body, consisting of local fire department representatives and national transit/safety specialists, was assisted by BART Director of Safety Ralph Weule.

General Manager Keith Bernard, who had assumed office just seven days before the fire, set up the TRANSBAY

SERVICE TASK FORCE, comprised of representatives from Safety, Field Services, Maintenance and Engineering, Legal, Management Services, Employee Relations and Public Affairs.

Safety coordinated BART's efforts with all the outside agencies, including fire departments, safety agencies and consultants.

Field Services developed a revised overall emergency response plan and prepared individuals to ride transbay test trains as Emergency Procedure Advisors. Central Control revised its emergency procedures.

Maintenance and Engineering, in addition to clean-up, painted gallery emergency doors and arrows to the doors, removed door locks, checked the trackway and alignment of the third rail and repaired the concrete damaged from the heat of the fire. **Power and Way** began modifying hi-rail emergency vehicles and training its people in the use of all equipment on the vehicles. Many smoke tests and evacuation drills were conducted.

Management Services worked with Kaiser Engineers to determine the fastest, most efficient evacuation procedures under various conditions.

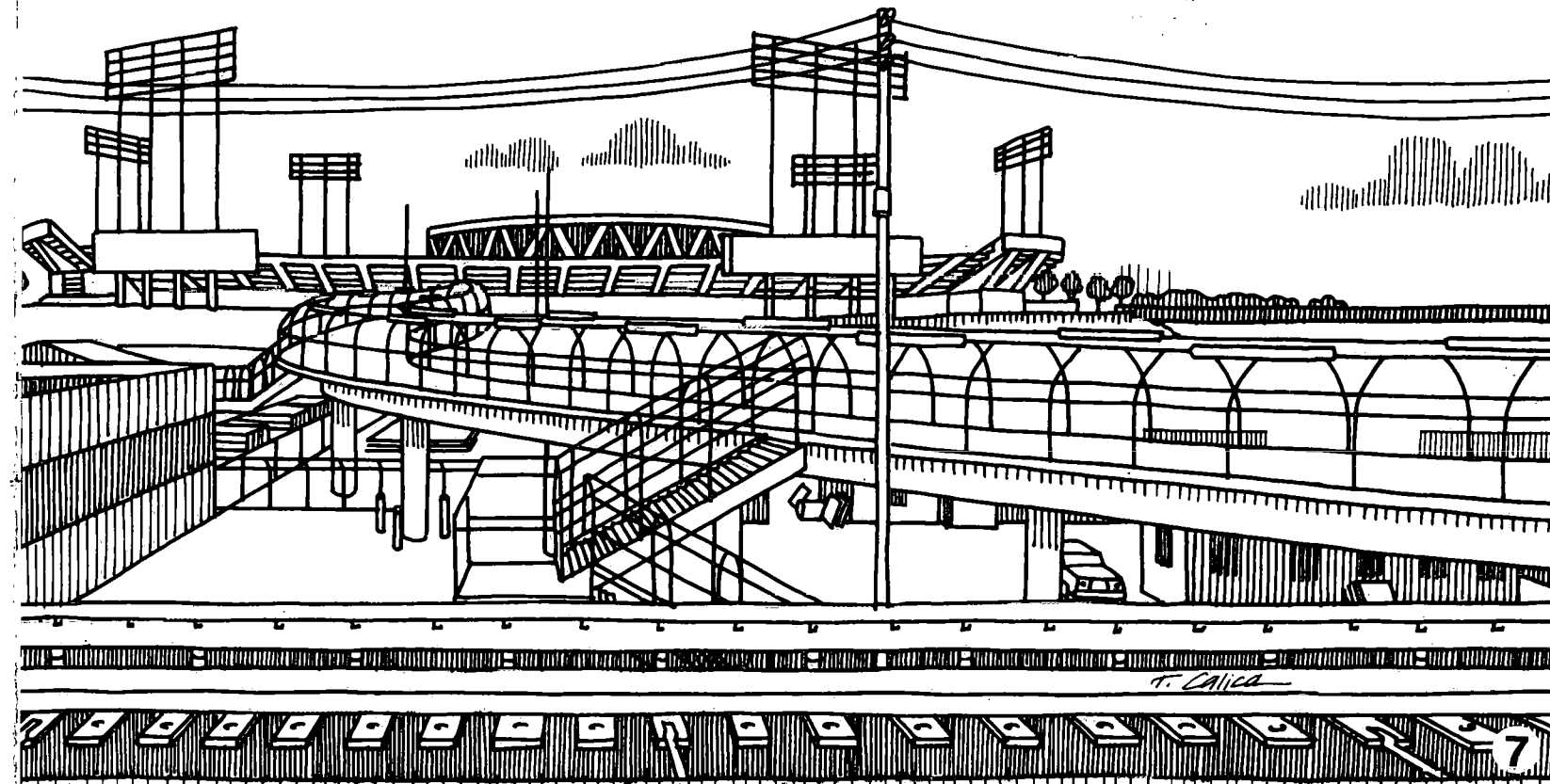
Employee Relations worked with the unions in implementing a new series of safety training programs.

Public Affairs provided news media with day-to-day progress reports and began an intensive public Safety Education Program.

Legal staff spent exhaustive hours preparing BART's testimony before the CPUC.

General Manager Bernard summarized the all-out effort: "It was a difficult time, but one that proved BART people all along the line could work together under stress to quickly achieve successful results."

On April 2, 1979, the District completed presentation of evidence and testimony to the CPUC, emphasizing that meeting the points of the original closure order on January 19 was only the beginning of BART's commitment to reassess the overall spectrum of system safety and continue a program of substantial improvements to all parts of the system. The CPUC lifted its order closing the transbay tube on April 4 and service resumed on April 5, 1979.



performance highlights

RAIL RIDERSHIP

Annual Passenger trips
Average weekday trips, excluding tube closure
Average trip length
Annual passenger miles
System utilization factor (ratio of passenger miles to available seat miles)
End-of-period ratios
Peak patronage
Off-peak patronage
BART's estimated share of peak period transbay trips—cars, trains and buses
Passengers with automobile available (as alternative to BART)

	FY 1978/79	FY 1977/78
Annual Passenger trips	41,191,566(1)	38,665,206
Average weekday trips, excluding tube closure	151,712	146,780
Average trip length	12.1 miles(1)	12.7 miles
Annual passenger miles	500,221,000	492,901,000
System utilization factor (ratio of passenger miles to available seat miles)	.259	.285
End-of-period ratios		
Peak patronage	49%	50%
Off-peak patronage	51%	50%
BART's estimated share of peak period transbay trips—cars, trains and buses	26%(2)	28%
Passengers with automobile available (as alternative to BART)	57%	57%

OPERATIONS

Annual revenue car miles
Unscheduled train removals—average per revenue day
Transit car availability to revenue car fleet
Passenger miles per equivalent gallon of gasoline
Passenger accidents reported per million passenger trips
Crimes reported per million passenger trips

Annual revenue car miles	26,806,000	24,046,898
Unscheduled train removals—average per revenue day	9.0	10.1
Transit car availability to revenue car fleet	82%	87%
Passenger miles per equivalent gallon of gasoline	56(1)	59
Passenger accidents reported per million passenger trips	23.08	22.63
Crimes reported per million passenger trips	155.7(3)	117.4

FINANCIAL

Net passenger revenues
Other operating revenues
Total operating revenues
Net operating expenses
Operating ratio (total operating revenues to net operating expenses)
Rail passenger revenue per passenger mile
Rail operating cost per passenger mile
Average passenger fare

Net passenger revenues	\$28,727,000(1)	\$28,219,000
Other operating revenues	2,777,000	1,679,000
Total operating revenues	31,504,000	28,898,000
Net operating expenses	86,548,000(7)	78,204,000(4)
Operating ratio (total operating revenues to net operating expenses)	36.40%(7)	38.23%(5)
Rail passenger revenue per passenger mile	5.6¢(1)	5.7¢
Rail operating cost per passenger mile	16.6¢(7)	15.5¢(6)
Average passenger fare	72.3¢(1)	75.4¢

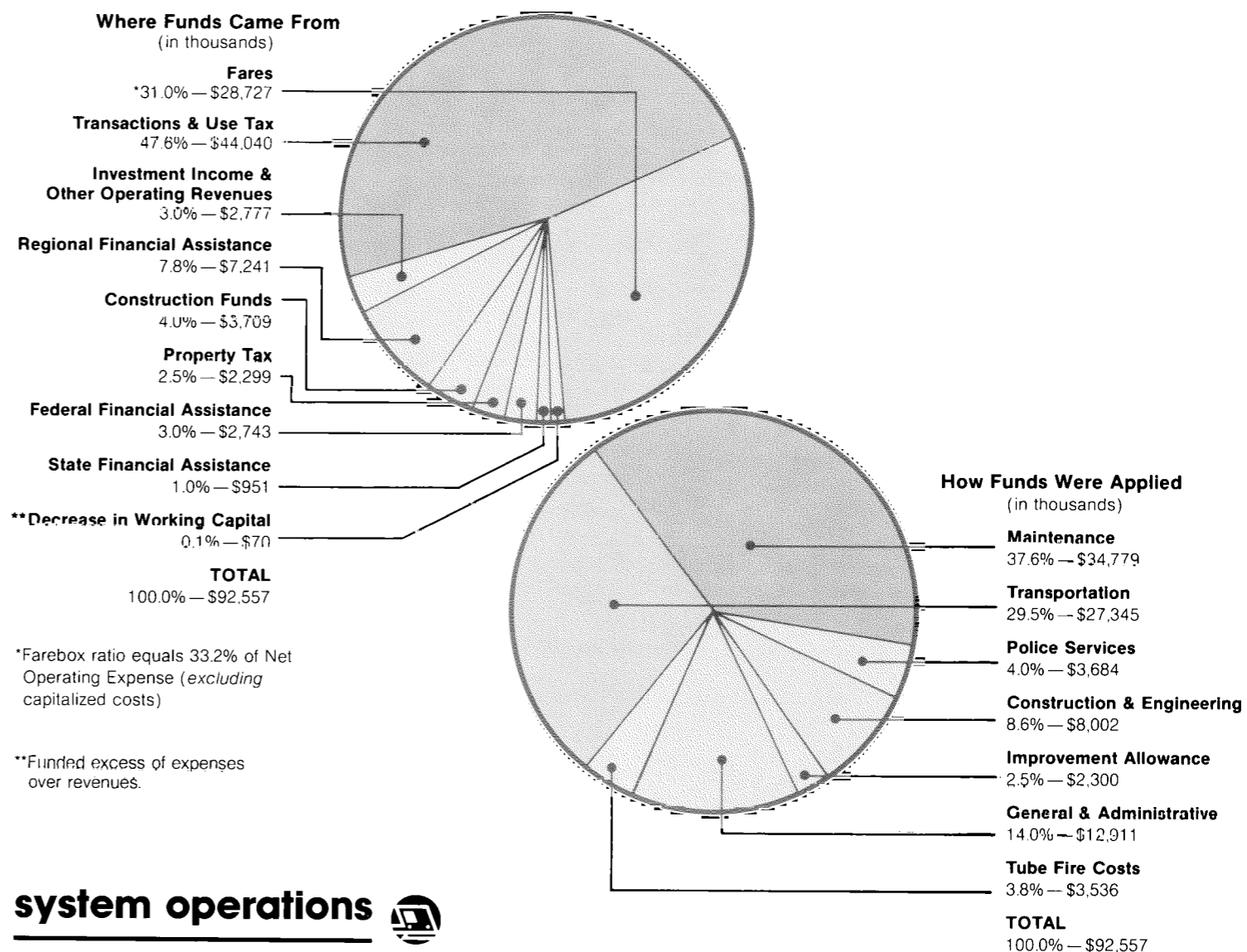
NOTES:

General note: Data represent annual averages unless otherwise noted.

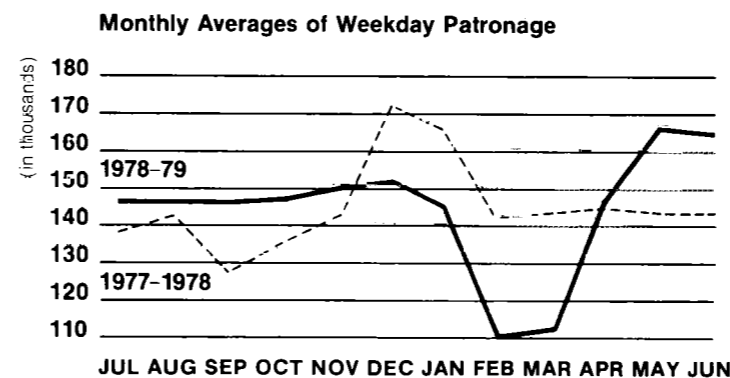
- (1) Reflects transbay tube closing, January 19, April 4, inclusive.
- (2) Reflects October 1978 Survey data; April 1979 Survey not applicable because BART was transitioning to normal service. Previous year reflects average of October 1977 and April 1978.
- (3) Reflects increased efforts to reduce fare evasion.
- (4) After inventory adjustment of \$1,300,000.
- (5) FY 1977/78 reflects inclusion of abnormal power expense due to drought; excluding such expense, normal operating ratio was 40.42%.
- (6) FY 1977/78 includes extraordinary power expense; excluding such expense, normal rail cost per passenger mile was 14.6¢.
- (7) Reflects abnormal tube fire expense.

1978-79 operating funds

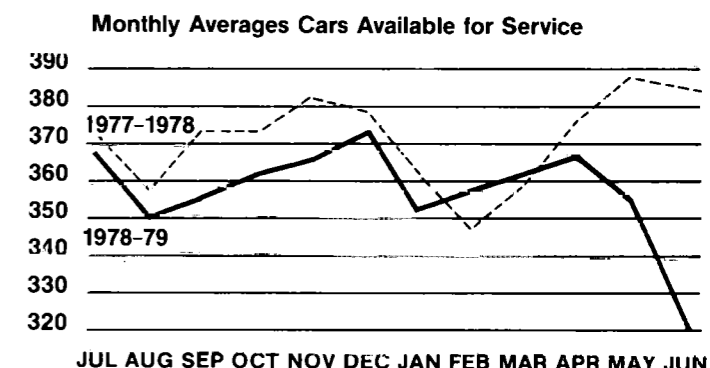
\$92,557,000 (Including Capitalized costs)



system operations



Special notes for patronage chart
 1978/79 line:
 Jan 19-Apr 4 — Transbay tube closure
 1977/78 line:
 Sept — BART Police strike; limited service provided
 Dec — AC Transit strike, Dec-Jan



Special notes for cars available chart
 1978-1979 line:
 Jan — Partially due to tube fire
 June — Partially due to labor dispute



BART
1979-1980
Annual Report

President's Message



I am pleased to report that by the end of the Fiscal Year 1979/80 BART had seen several long-term goals come to fruition, while at the same time identifying and planning for the many challenges ahead.

One of the major accomplishments we saw during the year was the go-ahead from the California Public Utilities Commission (CPUC) to begin the long-awaited close headways program. This was particularly gratifying to me as it paved the way for the start of direct service between Richmond, El Cerrito, Albany, and San Francisco-Daly City. After many frustrating years, the people of Richmond and other points along the line south through Berkeley would no longer have to suffer the requirement that they transfer to go to the west bay. But I consider close headways only the beginning in terms of bringing the system closer to its full potential.

The system is still unique in that it may from time to time be at the mercy of one malfunctioning car in a train. Two major modifications due to be completed and installed by mid-1981 are expected to reduce this problem considerably and thus further improve reliability. Other reliability improvements to the fare collection system, train control system, and the braking, propulsion and electrical systems on the transit vehicles are now underway.

Also, during the past year BART moved ahead in several areas to upgrade fire and safety protection on the trains and the system in general. A comprehensive research and development program resulted in the selection of the most suitable fire-resistant material to replace BART's transit car seats. The new seat program was carefully reviewed and approved by the board, and ultimately by the CPUC. Actual seat replacement begins in June.

In other areas, we reached a new contractual agreement with the District's two major unions which ended a lengthy and often painful labor dispute. This was followed by the successful negotiation of other labor contracts, including one with supervisors and two with BART police.

Reluctantly, BART's first fare increase since 1975 was instituted at the end of the fiscal period after we had managed to defer it for six months. The fare increase was necessary to help offset a 40 percent inflation factor since 1975 and to maintain BART's eligibility for State operating assistance.

There were many challenges needing tough decisions this past fiscal year and much of what was achieved must be attributed directly to my fellow directors who, as a board, were strongly united when it counted.

Looking ahead to the new decade, BART has embarked on several programs to meet the demands of the future while continuing to improve the current system. Some of

these programs include the design and development of a new transit vehicle to be known as the "C" car, the installation of a new integrated control system, a new turnback facility at Daly City, improved system access, and continued planning for extensions to areas which are paying for BART but not getting direct rail service.

The promises of BART, as originally conceived, may not yet have been realized. However, we are much closer to this realization than we have been for many years.

I am confident BART patrons will see continued improvements in the years ahead. Each of the actions taken by BART during FY 1979/80 had different and varying effects on the service provided our patrons.

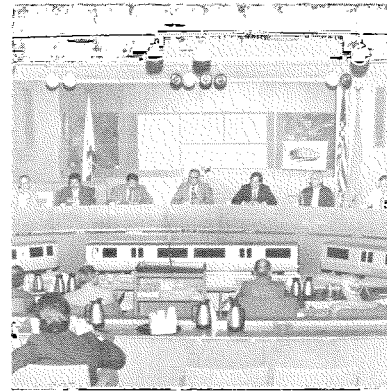
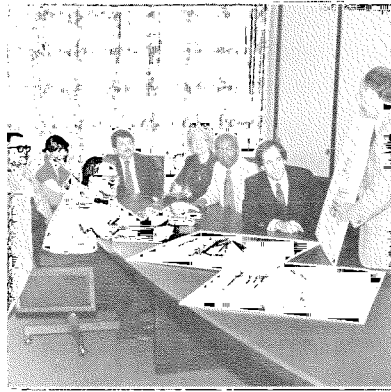
BART's patrons have not lost faith in the system, and their support is reflected in the ridership which continues to grow.

On behalf of the BART Board of Directors, I pledge continued diligence in our efforts to bring about additional service improvements and extensions of service.

Nello Bianco, President.

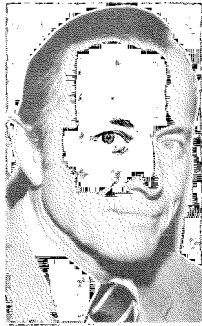
"BART is ... A Dedicated Board of Directors."

Left: The Administration Committee makes recommendations on all financial matters including an annual review of financial statement, insurance, personnel, employee relations, supply, rules of the Board of Directors, general policy and real estate. Pictured here (l/r) are Director Allen, Chairperson, Director Glenn, Kay Springer, Mgr., Passenger Service, BART President Bianco, Christine Apple, Asst. Secretary, Director Ussery and Planning Director Howard I. Goode (standing).



Center: BART's Engineering and Operations Committee makes recommendations regarding engineering and constructions, transportation planning and operations, equipment and communication.

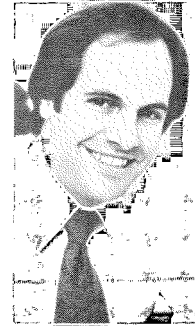
Right: Recommendations are initiated by the Public Information and Legislation Committee on public information, advertising, marketing and legislation. Pictured here are (l/r) Mike Healy, Public Affairs Director, Director Pryor*, Director Ussery, Chairperson, Barbara Neustadter, Supervisor, Planning Section (standing), Director Simpson, Director Glenn, Director Allen and Phil Ormsbee, District Secretary.



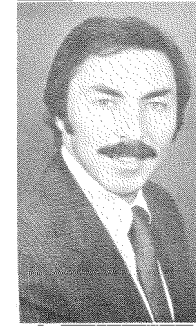
**Barclay Simpson
District 1**
Member, Public Information and Legislation Committee. Term began November, 1976. Board President, 1977. Orinda resident, San Leandro businessman.



**Nello Bianco
District 2**
President, serves as ex-officio member of all committees. Term began October, 1969. Board President, 1974. Richmond resident and businessman.



**Arthur J. Shartsis
District 3**
Vice Chairperson, Administration Committee. Member, Engineering and Operations Committee. Term began November, 1976. Oakland resident, San Francisco Attorney.



**Harvey W. Glasser, M.D.*
District 4**
Vice Chairperson, Public Information and Legislation Committee. Term began November, 1974. Board President, 1978. Alameda resident and physician-business consultant.



**Robert S. Allen
District 5**
Chairperson, Administration Committee. Term began November, 1974. Livermore resident and railroad cost analyst.



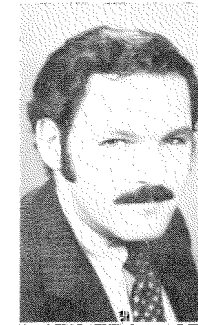
**John Glenn
District 6**
Chairperson, Engineering and Operations Committee. Term began November, 1974. Fremont resident and Oakland business executive.



**Wilfred Ussery
District 7**
Chairperson, Public Information and Legislation Committee. Vice Chairperson, Administration Committee. Term began December, 1978. San Francisco resident and Director of Program Development, San Francisco Housing Authority.



**Eugene Garfinkle
District 8**
Vice President and ex-officio member of all Committees. Term began March, 1977. San Francisco resident and attorney.



**John H. Kirkwood
District 9**
Vice Chairperson, Engineering and Operations Committee. BART representative to the Executive Committee of the American Public Transit Association (APTA) Board of Directors. Term began November, 1974, San Francisco resident and businessman.

* Margaret K. Pryor, pictured in top right photo, became a BART Director on September 5, 1980, when she was sworn in to replace Dr. Harvey W. Glasser who had resigned from BART effective August 1, 1980. Subsequently, Director Pryor was elected on November 4, 1980 to serve the balance of Dr. Glasser's term, which will end on November 26, 1982.

"BART is ... Looking Ahead."

Goals and Objectives Are Contained in 5 Year Plan

At the end of the fiscal year, BART presented its short-range, five-year transit plan. The primary goal of the BART five-year plan is to implement essential projects needed to meet the demands of the coming decade, while continuing to improve the system for current riders.

By increasing capacity, performance, reliability and safety, BART can effectively utilize the major investment which has been made by the people of the Bay area.

Operations

BART has established a set of goals and objectives as part of the short-range, five-year plan in its efforts to continue to improve present operation as well as provide for the patrons of the future.

Aside from the continuation of its outstanding passenger safety record, BART will strive to increase ridership and improve the present system's reliability and performance. BART will work toward an eventual goal of two-minute headways and expand service as soon as technically and financially feasible.

BART expects to operate and to adequately fund and implement the necessary capital improvements and replacements to the system within available funds without incurring an unfunded deficit. Maximizing the contribution to operating costs from sources other than tax revenues is a primary objective of BART.

In the area of employment policies, BART hopes ultimately to achieve parity representation of minorities and women in all job classifications



as well as contracting with minority business enterprises. BART also plans to achieve fair and equitable labor agreements with minimum impact on fares and maximum enhancement to the District's capability to provide efficient service.

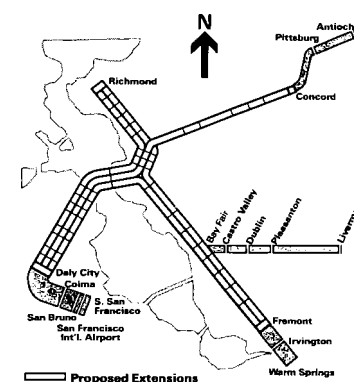
Capital Improvements

BART will require a total expenditure of \$403 million over the next five years to meet capital improvement goals as contained in its adopted Five-Year Plan. Some \$228 million is needed for high-priority projects, while \$175 million is necessary to maintain the present system by repairing and modifying vehicles and tracks, and replacing obsolete equipment.

The high-priority projects constitute only a 14 percent increase over the capital costs of the present system, but will return a 105 percent increase in potential capacity. The major projects in this program are:

- Completion of the "KE" track, an additional subway track through the Oakland downtown area. This is the first new increment of BART mainline track since the system began operating in 1972.

- Wayside Automatic Train Control (ATC) refinements, which will allow the operation of up to two additional trains in the Transbay corridor within the next two years.
- Daly City Station Turnback, which will provide economical train storage and allow for the operation of the system at closer headways.
- Integrated Control System (ICS), a major computer system modification, which will increase and improve the current capacity of the system as well as to accommodate future line extensions.
- Remove Vent Separation restrictions by improvements to fire safety, which will permit trains to travel closer to one another in parts of the system where there are long distances between adjacent ventilation fans.
- Wayside Automatic Train Control (ATC) modifications, which will provide for improved capacity through additionally reduced headways.
- Acquisition of the new transit vehicle, which is designed and engineered to realize the system's potential capacity and to meet future ridership demands.



BART's New "C" Car Keystone to the Future

Although new vehicles are not expected to be rolling for another four years, specifications should be ready in January 1981 for the procurement of a new "C" car.

Designed to combine the elements of both the current "A" (lead) and "B" (middle) train cars, the "C" car will be able to serve either as a lead, middle or end car on a train. Trains could then be split into two consists without having to add lead cars. The "C" cars will not have a sloped front as the "A" cars do. Instead, they will be designed to be compatible with the existing fleet of BART cars.

Modifications of the operator's compartment and passageway door are the major design changes on the "C" car. Passenger seating will be only slightly reduced.

There will also be a redesigning of the traction motor that powers the car. The new motor will be larger and will increase reliability.

A grant is being sought from the Urban Mass Transit Administration to cover 80% of the "C" car costs. Each of the 90 new "C" cars is expected to cost approximately \$1 million.

With addition of the new "C" cars, BART's fleet will be expanded by some 20%. Due to the flexibility of the "C" cars, BART will experience substantial time and energy savings. Being able to use "C" cars in either the lead, middle or end car positions on the train will allow for maximum service efficiency.

Extension Plan, a 20 Year Guide to BART's Future

A policy to guide the extension of BART over the next 20 years was adopted by the Board late in the fiscal year. Extension of the Concord line to Pittsburg and Antioch, the Fremont line to Warm Springs, the Daly City line to the San Francisco Airport and the creation of the Livermore line from Bayfair Station are under consideration as the basic program for expansion of the BART rail system by the end of the 20th Century.

The extension of these lines will be accomplished in four phases. In each phase, a segment will be constructed essentially on each line including at least one new station. Several segments are identified to form each of the four phases of the program, covering the 20 year span of the project.

Based on 1980 dollars, this extension program will cost an estimated \$1.7 billion, for which federal funding will be sought for a majority of the cost. State and local financing will be required for local matching funds. BART is devoting considerable effort to working with local communities in the development of the proposed line extension, requiring public review and comment as the planning process continues.

"BART is...A Sound Investment of Public Money."



BART Patrons Maintain Faith in the System

Despite the work stoppage from September through November 1979, with the initial closing of the system and then limited rail service, BART's total patronage for Fiscal Year 1979-80 was 34,483,335.

This figure represents a decrease of 16.3% from 41,191,566 for FY 1978/79. This is, however, less than the 25% loss that could have been expected due to a three-month disruption in service.

That the loss was less than expected is a testimony to the regular BART patron who came back to the system in near-normal numbers (150,000 trips per day) within two months after the work stoppage ended. By fiscal year end, average daily patronage had increased to 164,558, nearly equaling the record levels achieved in May and June of 1979 at the height of the gasoline shortage.

Since BART began revenue service in September, 1972, its trains have traveled 3,001,642,000 passenger miles and carried 229,264,341 patrons.

Fare Increase Mandated by Increased Operating Costs

Faced with increasing operating costs, most notably for electrical energy as well as inflation in general (over 40% since the last fare increase in 1975) and due to the limited availability of other financial assistance, BART's Board of Directors recognized the need to raise fares at the end of the year.

After considering a number of alternative fare structures presented by BART staff, as well as suggestions by Board members, and two public hearings on the matter, the Board selected a fare schedule which is expected to meet the District's budget requirements for the next two to three years. The new fare, which would result in a 37% increase on the average, went into effect June 30, 1980. Under the new fare schedule, fares range from 50 cents to \$1.75 with an average trip fare of \$1.03. The increase brings BART in line with MUNI and AC Transit minimum fares of 50 cents for a one-way local trip.

BART Budget in FY 1979/80 Was Fully Funded

The District's financial objective was a fully-funded operating budget with a 35% contribution from non-tax revenues, which assumed the probability of a fare increase during the year. A fully funded budget was achieved with a 38.6% operating ratio, not including the work stoppage period, without having to increase fares.

New Contracts Signed With Major Unions

On December 3, 1979, BART returned to regular schedules following nearly five months of labor negotiations with its two major unions, Amalgamated Transit Union-Division 1555 and United Public Employees Union, Local 390. The dispute resulted in regular passenger service being halted on August 31, 1979.

In order to alleviate congestion on the highways, due to cessation of service, BART began operating limited interim bus and train service from several BART stations.

A proposal that contract differences be submitted to arbitration was rejected after much discussion. This would have, in effect, permitted an outside party, having no accountability to the taxpayers, residents, or patrons in the Bay Area Rapid Transit District counties, to make a decision which could affect the system's budget and fares for many years to come.

On November 22, 1979, the unions and BART management reached a settlement of differences after many long and tedious hours of negotiations. The contract is retroactive to July 1, 1979, and will remain in effect until June 30, 1982.

BART's Property Tax Rates Reduced in Fiscal Year

BART's Board of Directors set a uniform tax rate of 31.6¢ per \$100 assessed property valuation for debt service of the District's General Obligation Bonds. This rate compares with the previous year's rate of 35.6¢.

In lieu of the 5¢ administrative tax levies in years prior to the Proposition 13 tax initiative, BART received a share of the \$4 per \$100 assessed property valuation levied in each county. This equates to a rate of about 1.8¢.

The Board also established a reduced tax rate of 15.5¢ for Berkeley residents from its previous year's 16.1¢. This rate is for principal and interest on bonds authorized by Berkeley voters for underground construction not included in the original District plan.

“BART is . . . Setting the Standards For the Transit Industry.”



Sam Alikian, Electrician.

Emergency Response and Fire Safety Progress Achieved

The Emergency Preparedness and Life Safety Program is an ongoing effort to identify potential problem areas and to improve upon the fire protection and life safety aspects of the transit system. During Fiscal Year 1979/80 significant progress was made in BART's safety program. Improvement to the communication equipment and the installation of a dedicated fire department communications facility in the Transbay Tube was completed. An updated and more precise emergency and contingency fire safety plan for the Berkeley Hills Tunnel was also completed.

Consultant work began on the development of a program to investigate the adequacy of BART's emergency facilities available on the wayside as well as on the cars and the relationship to the system's fire-fighting capability. This will result in enhanced emergency response capability and further improved fire protection for BART's patrons, employees, and equipment.



Kathy Roth, Safety Engineer.

Replacement of Seats in Transit Vehicles Initiated

At the close of the fiscal year, BART was well underway in the replacement of 32,000 seats in BART transit cars. When the California Public Utilities Commission (CPUC) ordered the elimination of polyurethane from BART seat assemblies in April, 1979, top priority was given to the project by the District.

Since there was no industry standard and little information on potentially acceptable materials, BART launched a time-consuming research and development program to fully evaluate all feasible seat alternatives.

Over 400 materials which had the potential of reducing flammability, toxic gas emission and smoke generation were screened using the McDonnell-Douglas data bank in Southern California. Testing of these materials was done at the University of California at Berkeley as well as McDonnell-Douglas. BART also looked at the alternatives of wire mesh, fiberglass, and stainless steel for replacing existing seats.

The alternative which best met BART's overall safety, cost and schedule criteria was a low-smoke neoprene cushion with upholstery consisting of 90 percent wool and 10 percent nylon cover. Overall, the research and testing program took approximately five months. These tests proved the material highly successful in preventing the spread of fire within the car and in reducing smoke generation.

The total project, including installation, was estimated to cost \$4.2 million. The Federal Urban Mass Transportation Administration provided 80 percent of the funding, with 20 percent coming from the local Transportation Development Act funds and BART reserves. Scheduled completion of the project is October, 1980.

Vehicle Fire Hardening Test Program Underway

Further reducing the vulnerability of the BART transit vehicle to fire, and thereby enhancing passenger safety, is the primary goal of the Vehicle Fire Hardening Program.

There are two aspects to the program. The first is to reduce the fire threat through modifications and protection of potential fire sources. The second is to selectively replace highly flammable materials.

The program is being accomplished by evaluating the BART vehicle against criteria developed from BART's fire experience and a number of potential fire scenarios that may be expected in the system.

BART is taking the necessary action to develop a set of vehicle modifications which will significantly reduce the potential of fires by increasing the resistance to ignition, minimizing the opportunity for flame spread, and decreasing potential emission of smoke and gases.

The related material testing program will have relevancy to the entire transit industry and is expected to be partially funded by an Urban Mass Transit grant. Other funding will be from state transportation funds and BART funds. It is also expected that some of the vehicle design modification will set new standards for interior vehicle materials in the transit industry. Results of this program will determine the future direction of BART vehicle safety modifications.

"BART is ... Expanding Service to Meet Ridership Demand."



Sally Floyd, one of BART's Computer Specialists.

Close Headways Approval Received from CPUC

After more than two years of extensive hearings, BART was granted permission by the California Public Utilities Commission (CPUC), on June 3, 1980, to begin its long-awaited Close Headways operation. For the first time, since the system opened in September 1972, BART will be operated much as it was originally intended. Under Close Headways, more trains will be able to operate on the system than constraints under the Computer Automated Block System (CABS) allowed. CABS required one station separation of trains.

Throughout the hearing process, which began in April 1978, BART assured the CPUC that the system's most troublesome safety problem, assurance of safe distances between trains for close headway operations under all conceivable conditions, had been overcome



Manuel DaBranca, Transit Vehicle Mechanic, Manuel Aquilina, Shop Supervisor and Joe Arellano, Transit Vehicle Inspector at Hayward Shops.

through the completion of a major reengineering program.

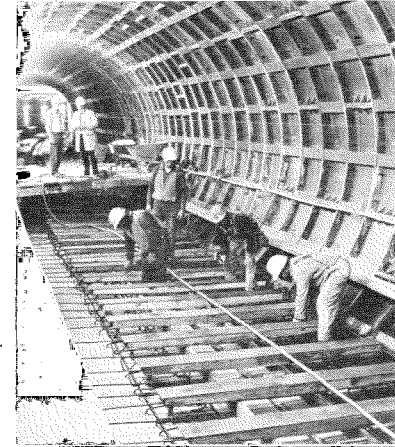
Part of the work involved development, installation and testing of the Sequential Occupancy Release System (SORS), a mini-computer system designed to supplement the present primary train protection system. Its function is to provide redundancy in assuring continuous detection of trains. A second effort involved the rewiring of the wayside automatic train control system to alter the standard speed commands issued to trains, thus imposing longer, safer train braking distances. The work began in 1973 and was carried out by BART engineers and their consultants under continuous review of the CPUC technical staff.

Close Headways has been heralded as a major turning point in BART service enabling the addition of a fourth route, direct no-transfer service between Richmond and Daly City. However, BART management cautioned the public to expect transition problems since operation under Close Headways would constitute an entirely new way of operating the system. Under Close Headways additional trains would also be put into service on the Concord and Fremont/San

Francisco lines during the morning and evening commute hours. The operation of additional trains results in the reduction of scheduled waiting time between trains along the Richmond line from 14 minutes to 7½ minutes, and from about 7 minutes to about 4 minutes on the Oakland and San Francisco/Daly City line.

Reliability Improvement Program Achievements

As the report period ends, BART's \$8 million Reliability Improvement Program (RIP) enters its second year and is beginning to show measurable results. Modification of equipment and procedures in thirteen specific project areas, originally defined in 1979 as those which would produce the greatest impact on reducing unscheduled train removals which in certain instances require that passengers be disembarked, make up the RIP activities. Improvements to service achieved under RIP fall into two categories: (1) replacement or modification of components which are designed to reduce the primary frequency of equipment failures; and (2) replacement or modification of equipment such that the impact of failures is



minimized and the trains remain in normal service. To measure accomplishments, reliability improvement goals established for each of the project areas are regularly monitored.

Although only about 50 percent complete, RIP projects which have attained or surpassed their goal are: replacement of elements in a series of solid state on/off switches, which form a vital part of the train's propulsion system; relocating a trouble-prone circuit breaker from the underside of the car to a control panel inside the car; modification of the circuitry of the motor-alternators, which is part of the car's auxiliary power system; and replacement of an electrical circuitry board governing the train's braking system. Other projects are progressing within the established RIP time schedules.

Two major RIP modifications, tested during the fiscal year, will result in significant improvements to the reliability of BART service by reducing the number of malfunctioning trains which must now be operated at a much reduced speed in order to remove them from service. These projects are the Manual Cab Signal-

ing (MCS) system, which permits a train operator to control the train manually with all of the programmed safety measures still operative when there is failure in the onboard train automatic control system; and the "Car Cutout" program which permits a train to remain in service despite a malfunction in the braking system on one or more of the cars which make up a train. When the modifications for both these programs are completed, the installations tested, and BART personnel trained in the operation of the new systems, the number of train removals from service will be manifestly reduced.

System Flexibility to be Enhanced by KE Track

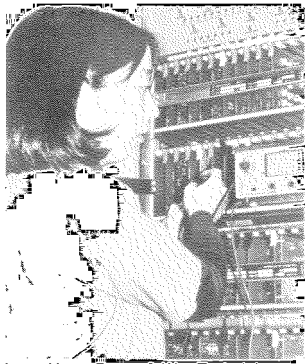
Construction of a 12,300-foot addition of mainline trackage, a portion of which will run in a third tunnel through downtown Oakland, is underway and scheduled for completion December 1983. This will be the first addition to BART's mainline trackage since the system began carrying passengers in 1972.

Known as the KE track, the addition will significantly increase BART's system flexibility and its reliability by facilitating train removals from the main Oakland line and will reduce service disruption in the case of wayside equipment breakdown.

The new extension includes supporting electrification, communications and train controls, 16 turnouts, an 1800-foot spur and a 776-foot siding. Included in the three phases of the project, estimated to eventually cost about \$26 million is work to be finished at the 12th and 19th Street BART Stations to provide cross platform access to the new track.

The first of the three phases of construction is scheduled for completion in May 1981.

"BART is... More Than Trains, Tracks and Computers."



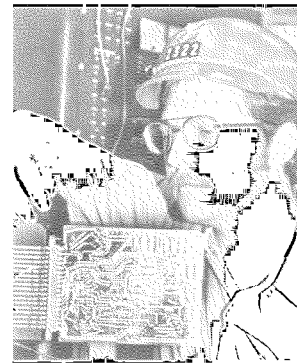
Irene Yano, Power & Way Technician, maintains an element of BART's Automatic Control system.



Dick Wenzel, planning and analysis department, works on plans to extend the BART System.



Seated at the controls of a BART Train is Train Operator Jayne James.



At the Concord Yard, Bob Rosen, Electronic Technician, inspects an element of a train's propulsion system.



John Ortega is one of a crew of seven BART painters who work constantly to keep BART Stations sparkling.



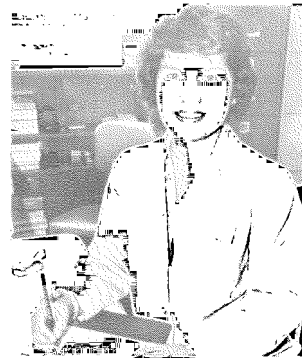
Rod Embry, Oakland Shops Maintenance Worker, performs routine preventative maintenance.



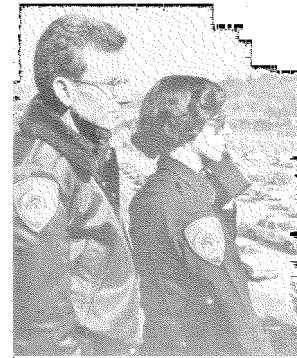
Bill Richards, Richmond Yard Tower Supervisor, maintains constant vigil over BART train movements in the yard.



Groundspersons Charley Madsen (l) and Joe Pile (r) help keep BART's parking areas well groomed.



Victoria Palmer is the Transportation Clerk at the Concord Yard.



Checking on Orinda Station are two of BART Police officers, David Byron (l) and Dona Wilson (r).



At the Richmond Shops, Donald Birkhimer, Transit Vehicle Electronics Technician, performs maintenance.



Dorothy Henderson, Process Monitor, works with BART's data collection systems.



Kathi Souza, Emergency Vehicle Operator at Embarcadero Station, inspects heavy equipment.



Two of the voices in BART's telephone information center belong to Vera Lott (l) and Harry Cordellos (r).



At the Oakland Shops, Freeman Hemphill, Auto Mechanic (l), and Barry Empie, Foreman (r).



Marvin Door, Maintenance Worker at the Oakland Shops, tends BART's special railgrinder car.



John Esparza, Union City Station Agent, explains the BART ticket.



At the 12th Street Station, Robert Omori is one of the many janitors who keep the BART Stations clean.

"BART is... Getting Better."



Safe Holiday on BART Attracts Many BART Patrons

In recent years BART has continued to expand its holiday service by offering reduced fares and extended hours of service. This year, BART, for the first time, offered around-the-clock service on New Year's Eve. In addition to reducing fares and extending its operating hours, BART served thousands of cups of coffee and doughnuts to patrons at many of its stations on Christmas Eve and New Year's Eve, as part of its "Safe Holiday" program.

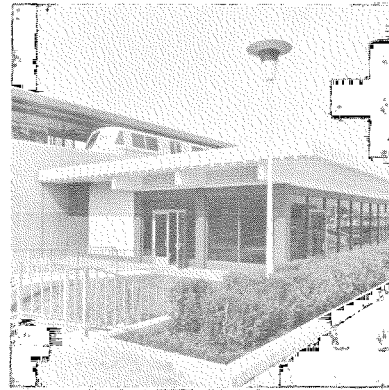
Director Wil Ussery of San Francisco originally suggested the "Safe Holiday" program, which was sponsored by BART, in cooperation with Safeway Stores and representatives of East Oakland Concerned Citizens; Project Intercept; Oakland-Alameda County Volunteer Bureau; West Oakland Health Center; Mt. Diablo Chapter of the American Red Cross; San Francisco Volunteer Bureau; and Oakland Citizens' Committee for Urban Renewal (OC-CUR).



BART Express Bus Patronage Increased by One-Third

Patronage on the BART Express Buses continued to grow during Fiscal Year 1979/80. Some 2,223,353 trips were taken, which is more than a one-third increase over the patronage for the previous fiscal year. No significant changes in service patterns were required to accommodate this increased ridership.

BART Express Buses are the connecting link with the outlying communities in the East Bay serving five BART stations (Walnut Creek, Hayward, Bay Fair, Concord and El Cerrito Del Norte). Approximately 50% of the express bus riders transfer to BART trains at these stations, while the others, including many school children, utilize the express buses for trips between suburban areas.



Fremont Station Now Major Transit Transfer Point

The new eastern entrance at the Fremont BART Station was opened on April 7, 1980, culminating a two-year expansion project at the end-of-the-line station in Southern Alameda County. This entrance and bus driveway will better facilitate traffic flow to and from the station, as well as improve BART and bus connection and patron access. Fremont Station serves as a transportation crossroads where connection can be made with AC Transit and Santa Clara County Transit, which will use the new bus driveway at the eastern entrance. Santa Clara County Transit instituted a new express service between the Fremont Station and the Southern Pacific Depot in San Jose, stopping at the San Jose Civic Center and in Milpitas. BART patrons will be able to transfer free of charge to this express service, using the BART/AC Transit transfers available inside the station. BART and AC Transit patrons can also transfer free to Santa Clara County Transit express service.

Total cost of the project was \$1 million, which includes the construction of a new 300-space parking lot,



completed in October 1978, a glass-enclosed waiting area and additional fare vending equipment. Better than 80% of the project was funded through the use of Federal Aid Urban (FAU) grants, as well as additional funding from the California Department of Transportation, and State Transportation Funds.

BART Conducts Seventh Passenger Profile Survey

The seventh annual survey of BART patrons was conducted aboard trains and on station platforms in May 1980. For the first time the survey, aimed at acquiring demographic and origin and destination information, asked about flexible work time scheduling.

The survey was conducted by the Department of Public Affairs in conjunction with the Department of Planning and Analysis. Of the 20,000 questionnaires distributed, 12,300 were returned and proved useable. This is the highest response and use rate ever achieved for such a BART survey.

Results will be available during the second quarter of the next fiscal year. The data will assist in developing new marketing strategies, the planning of feeder line bus service, as well as designing improvements for physical access to BART stations.

BART Pays Rewards for Information About Vandalism

BART has a standing reward of up to \$1,000 for any information leading to the arrest and conviction of person(s) involved in tampering or vandalism of District property.

This year, BART for the first time rewarded three citizens and one employee for their efforts in preventing potentially serious situations involving passenger safety and damage to BART property. These rewards were presented to the individuals on January 17 for preventing the burning of a BART car while it was in operation and alerting BART officials of the situation.

Less than four months later, on May 15, BART rewarded another citizen who alerted BART officials concerning the piling up of rocks and gravel alongside and on the track.

PERFORMANCE HIGHLIGHTS

	FY 1979/80	FY 1978/79
Rail Ridership		
Annual passenger trips	34,482,335	41,191,566 ⁽¹⁾
Average weekday trips	148,682 ⁽²⁾	151,712 ⁽³⁾
Average trip length	12.8 miles	12.1 miles ⁽¹⁾
Annual passenger miles	443,085,000	500,221,000
System utilization factor (ratio of passenger miles to available seat miles)	.307	.259
End-of-period ratios		
Peak patronage	49%	49%
Off-peak patronage	51%	51%
BART's estimated share of peak period transbay trips—cars, trains & buses	26.5% ⁽⁴⁾	26.9% ⁽⁴⁾
Passengers with automobile available (as alternative to BART)	60%	57%
Operations		
Annual revenue car miles	20,046,000	26,806,000
Unscheduled train removals—average per revenue day	8.1	9.0
Transit car availability to revenue car fleet	76%	82%
Passenger miles per equivalent gal. of gas	60	56 ⁽¹⁾
Passenger accidents reported per million passenger trips	20.76	23.08
Patron-related crimes reported per million passenger trips	18.18	13.50
Financial		
Net passenger revenues	\$25,942,000	\$28,727,000 ⁽¹⁾
Other operating revenues	3,818,000	2,777,000
Total operating revenues	29,760,000	31,504,000
Net operating expenses	88,457,000	86,548,000 ⁽⁵⁾
Farebox ratio (net passenger revenues to net operating expenses)	34.35% ⁽²⁾	33.19% ⁽⁵⁾
Operating ratio (total operating revenues to net operating expenses)	38.59% ⁽²⁾	36.40% ⁽⁵⁾
Net rail passenger revenue per passenger miles	5.7¢	5.6¢ ⁽¹⁾
Rail operating cost per passenger mile	15.5¢ ⁽²⁾	16.6¢ ⁽⁵⁾
Net average passenger fare	73.3¢	68.5¢ ⁽¹⁾

Notes

- General note: Data represent annual averages unless otherwise noted.
- (1) Reflects transbay tube closing, January 19, April 4, inclusive.
 - (2) Excludes work stoppage period September 1—November 25, 1979.
 - (3) Excluding tube closure.
 - (4) Reflects April 1980 and October 1978 survey data respectively.
 - (5) Reflects abnormal tube fire expense.

1979 OPERATING FUNDS—\$96,671,000 (including Capitalized Costs)

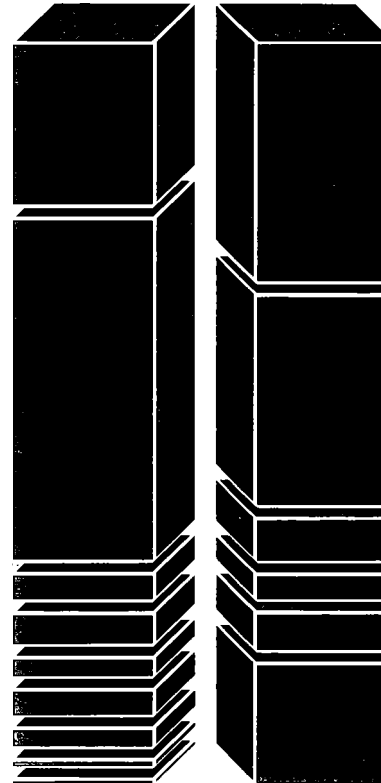
Where Funds Came From (in thousands)

Total:	100.0%	\$96,671
Fares:	26.8%	\$25,942
Transactions & Use Tax:	55.2%	53,336
Investment Income & Other Operating Revenues:	3.9%	3,818
Regional Financial Assistance:	4.7%	4,560
Construction Funds:	2.7%	2,614
Property Tax:	3.8%	3,670
Federal Financial Assistance:	2.6%	2,500
State Financial Assistance:	0.2%	160
*Decrease in Working Capital:	0.1%	71

*Funded excess of expenses over revenues

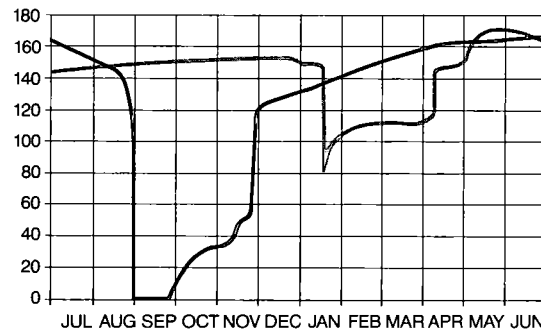
How Funds Were Applied (in thousands)

Total:	100.0%	\$96,671
Maintenance:	35.6%	\$34,412
Transportation:	31.6%	30,578
Police Services:	6.6%	6,388
Construction & Engineering:	3.7%	3,546
Capital Allocations:	5.8%	5,600
General & Administrative:	16.7%	16,147



SYSTEM OPERATIONS

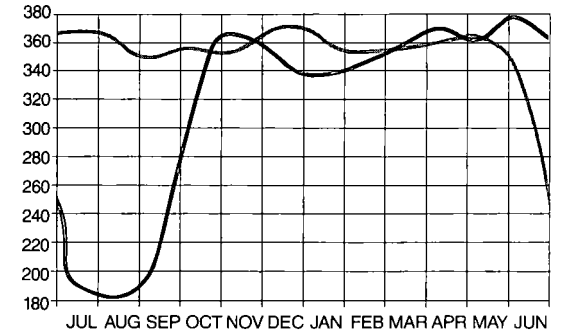
Monthly Averages of Weekday Patronage (000)



Special Notes for Patronage Chart

FY1978/79 Line —————
 JAN 19-APR 4 — Transbay tube closure
 FY1979/80 Line —————
 JUL-AUG — Reflects impact of labor dispute
 SEP-NOV — Work stoppage (limited service during OCT & NOV.)

Monthly Averages — Cars Available for Service at 8:00 am



Special Notes for Cars Available Chart

FY1978/79 Line —————
 JAN — Partially due to tube fire
 JUN — Partially due to labor dispute
 FY1979/80 Line —————
 JUL-AUG — Due to labor dispute

"BART is... The Convenient Rapid Transit System."

Shuttles and New Parking Lots Improve Access to BART

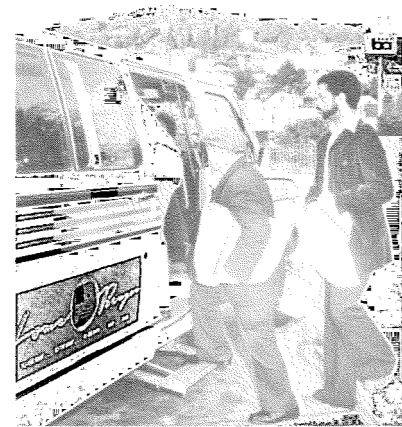
Improving public access to and from the BART system has emerged as one of the challenges which must be addressed as ridership continues to grow. Basic to BART's adopted Access Plan is the consideration that each of the BART stations present unique problems which must be resolved individually rather than attempting to institute a systemwide solution.

Since responsibility for such improvements is fragmented between BART and local community authorities, BART has assumed a leadership role in coordinating access improvements to the stations on the system.

As the fiscal year drew to a close, six of the projects contained in Phase I of the Access Plan were completed.

At the Glen Park BART Station, a six-month demonstration project was implemented to test the viability of a commuter shuttle service in the Miraloma Park neighborhood of San Francisco. The new shuttle service, The Loma Ranger, a name selected through a contest held for the system's riders, operates two 14-passenger vans.

A second Glen Park Station access project, to develop a 75-space parking lot on BART property near the station, was funded. This parking lot will have the dual purpose of providing midday parking as well as a "kiss/ride" loading area during the commute period. The target date for completion of the Glen Park project will be early 1982.



Construction of a gravel-covered, 75-space parking lot at the Pleasant Hill BART Station was started. This interim parking lot is scheduled for opening early in the next fiscal year.

Two additional gravel-covered parking lots were opened at the Concord BART Station, which brings to 1600 the number of parking spaces designed to relieve some of the street parking congestion at this station. This project was developed in cooperation with the City of Concord and the Pacific Gas & Electric Company, owners of the property where the interim parking lots were constructed.

Also at the Concord Station, a change in the BARTpool permit system was instituted in order to further relieve station parking congestion. Under the new program, permits will be issued only to those carpools carrying a minimum of three persons, rather than two, as was the original plan. Those individuals holding the two-or-more-persons permits are allowed to continue using their assigned reserved space. The BARTpool program is another element of the overall BART effort to alleviate



Jerry Arriba receives his BART Bike Permit from Starla Bahem, Passenger Service.

parking congestion at station parking lots by making access to the system as convenient for as many BART patrons as possible.

Included in the Access Plan is the improvement of facilities for feeder bus lines and paratransit services. The Plan also calls for coordinating with local traffic authorities to reduce automobile traffic congestion at the stations on routes to and from the stations. In addition, bicycle lanes, pedestrian routes and handicapped rider facilities are scheduled for improvements.

Elimination of access constraints throughout the system is a vital part of BART's continuous effort to make the system easier to use for all members of the community.

Bikes on BART Permit Plan Proves to be Successful

At this time, BART is the only major mass transit system in the nine Bay Area counties that has extended the privilege of bringing a bicycle on its system. BART hopes to continue to serve the interests of the bicycling community.

A tremendous surge in requests for bicycle permits occurred this past fiscal year, apparently a result of the rapidly rising cost of energy. Up to now, the majority of persons requesting bike permits tended to be students, weekend riders and persons with non-traditional work hours. As commuters abandoned their cars in quest of healthier, more economical and energy-saving means of transportation, new demands were placed on BART to extend and expand its "Bikes on BART" program.

During the first four years of the program bicycle permits were issued two days a week at an approximate

average of 100 per month. By the end of the FY 1979/80 over 7,500 permits had been issued, 1,700 of which were issued in the last year. On February 2, 1980, BART began opening its bike permit office on the first Saturday of each month to make obtaining a bicycle permit more convenient for persons finding it difficult to obtain a permit during the weekday hours. In addition, BART began an experimental program in April, 1980, to determine the feasibility of allowing bicycles on the system during commute periods in the reverse commute direction on some of its lines.

Hikers and Runners Use BART in First Leg of Event

Last April BART carried the largest single group for a single event since opening in 1972. A few enthusiasts planned a transcontinental hike called HikaNation beginning in San Francisco, and 25,000 people decided to accompany them on the first leg of the trip across the Oakland Bay Bridge.

Special 10-car trains were used to transport the hikers from Oakland West Station to Embarcadero Station in San Francisco where the HikaNation began.

In December 1979, about 1,000 runners entered in the Oakland Marathon and ended their race at BART's Coliseum Station, where they boarded the train to take them back to the starting line near the City Center/12th Street Station in downtown Oakland.

BART Employees Receive \$11,025 for Suggestions

During the past fiscal year, \$11,025 was awarded for 23 suggestions, including those which had tangible as well as intangible benefits for the District. These suggestions resulted in annual savings to the District of \$110,025.

Each year, under its Employee Suggestion Program, BART awards employees who have made suggestions resulting in savings and benefits to the District.

In March, \$5,836—the highest amount ever to be awarded an employee for a single suggestion—was given to Gilbert Paiva for his suggestion of a method of repairing transit vehicle A/C compressor castings. Substantial savings to the District have resulted from Mr. Paiva's suggestion.

In addition to awards given under the Employee Suggestion Program, BART presented service awards to 307 employees over the past year. Of these awards, one was given for 20 years of employment with the District; six were given for 15 years of employment; 63 were given to employees who had ten years of employment; and the remaining 237 were given to employees who had five years of employment with the District.

From time to time, commendations are given in recognition of special efforts or actions undertaken by BART employees. On August 15, 1979, BART Train Operator William Koenig received a commendation for his actions in handling a fire which occurred on his train June 24, 1979. On January 6, 1980, Train Operator Ed Bally was awarded \$333 for his part in the capture of an arsonist who attempted to start a fire on his train.

"BART is... the People That Make the System Work."



Transit Vehicle Mechanic Gilbert Paiva (l) receives an award from Keith Bernard, BART General Manager.

Commendations were also given to BART police officers Laura Bacigalupe, Robert Villa and Helen Lopez for their efforts in apprehending suspects under unusual circumstances.

Labor/Management Council Provides Dialog Base

In an effort to provide an ongoing, productive approach for union-management dialog on overall BART matters, the Union Presidents' Council was established this past year.

The Union Presidents' Council provides a forum for discussion of non-contract and non-grievance matters between BART and its employee labor organizations. This council, which is unique in the public transit industry, met several times

during the fiscal year. Among other matters, the discussions covered BART's planning for expansion of service, the District's Emergency Preparedness and Life Safety Program, and capital projects for the short and long-range term were reviewed and discussed. These meetings resulted in a better understanding on the part of both management and labor of what is required for the successful operation of BART.

The Council is composed of BART's General Manager; the Director of Employee Relations; Presidents of the United Public Employees Union, Local 390; Amalgamated Transit Union—Division 1555; BART Police Management Association; BART Police Officer Association; and the BART Supervisory and Professional Association.

BART Employees Receive Comprehensive Training

BART's Training Division is divided into three sections: Maintenance Training, Operations Training, and General Training.

A primary function of the Training Division is to conduct certification training and testing of certain employees as mandated by the California Public Utilities Commission.

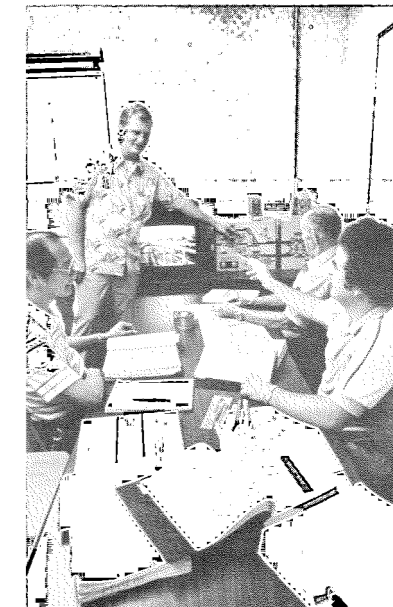
During the past fiscal year, the Training Division has recertified 216 train operators, 170 station attendants, and 50 tower operators. It initiated a new certification program which trained 460 maintenance personnel, and provided employee orientation, communications, CPR, first-aid, defensive driving supervision and passenger relations training to some 500 BART District employees.

Progress Achieved in BART's Affirmative Action Program

BART continued to improve upon its policy and practice of assuring equal employment opportunity and taking affirmative action to maintain a workforce representative of its service area, as well as to facilitate minority business enterprise (MBE) participation in District activities.

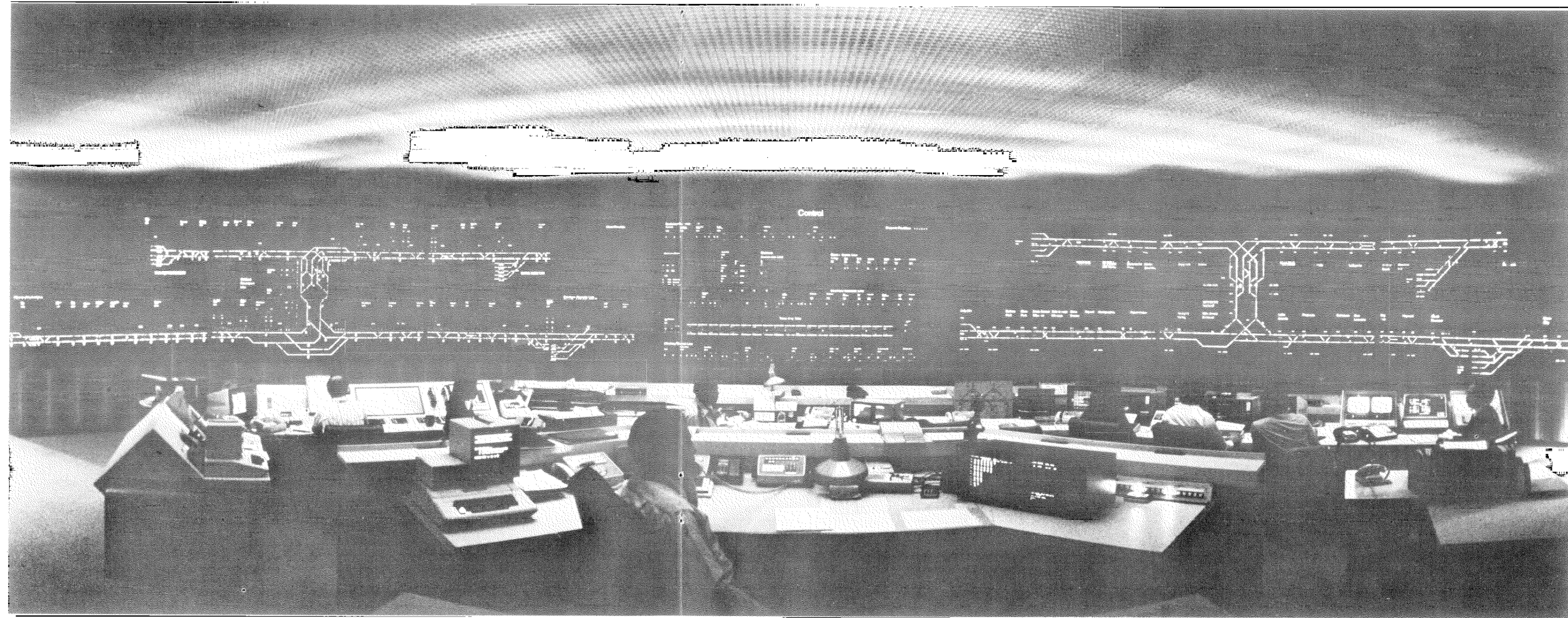
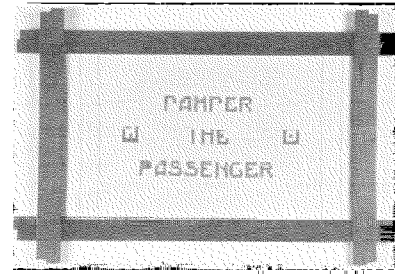
To facilitate greater employee participation in the affirmative action efforts of the District, an Affirmative Action Council was established in June, 1980.

This past year's goal for minority business enterprise participation was set at 10%. The District was successful in achieving a 16% level of minority business enterprise participation.



In training are (seated l/r) Ed Herrera, Harvey Price, and John Berlin. Steve Abel, BART Instructor, is standing.

BART's Central Control... Nerve Center of the System.



From BART's Central Control, the nerve center of the BART system, a highly trained crew of specialists monitor and direct the movement of trains on all parts of the system. Pictured on the left is a display of the condition of the system's power supply and in the center, at the top, is a visual display indicating the operating condition of maintenance facilities, vents and fan controls. At the bottom of this panel is a display indicating the location of trains in the Transbay Tube. On the left, this display shows the location of trains throughout the system, with indicators which show whether the doors on a train in a station are open or closed. Seated at consoles directly in front of the display panels are the BART specialists whose responsibility it is to maintain constant vigil over the operation of the system, being alert to any condition which may have an adverse impact on the service. BART Central maintains radio communication with all trains as well as the maintenance crew on the system and provides a direct link to BART Police Services Dispatch Center which is located directly off Central Control. From his position on a raised platform and shown at the bottom of the picture, BART's Central Supervisor is charged with the responsibility for the safe and efficient operation of the entire BART system. Underlying all functions of BART Central Control is the motto... "Pamper the Passenger"... which hangs in the control room. This motto epitomizes the prime concern of all BART employees as they work for the safety, comfort and convenience of BART passengers.

FINANCIAL STATEMENTS

San Francisco, California
October 17, 1980

The Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1980 and 1979 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1980 and 1979 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Main Hurdman & Cranstoun
Certified Public Accountants

BALANCE SHEET June 30, 1980 and 1979 (In Thousands)

	1980	1979
ASSETS		
Cash (including time deposits: 1980, \$15,080; 1979, \$-0-)	\$ 17,012	\$ 1,825
Securities	36,225	38,491
Securities representing reserves	43,743	37,156
Deposits, notes, and other receivables	6,450	10,650
Construction in progress	47,636	38,431
Facilities, property, and equipment—at cost (less accumulated depreciation and amortization: 1980, \$175,998; 1979, \$150,670)	1,321,028	1,345,823
Materials and supplies—at average cost	10,241	10,042
Debt service funds, net assets	15,207	17,819
	<u>\$1,497,542</u>	<u>\$1,500,237</u>
LIABILITIES AND CAPITALIZATION		
Contracts and other liabilities	\$ 20,790	\$ 17,332
Unearned passenger revenue	733	1,110
Debt service funds	15,207	17,819
	<u>36,730</u>	<u>36,261</u>
Capitalization:		
Reserves	43,743	37,156
General Obligation Bonds	673,570	695,275
Net capital investment	743,499	731,545
	<u>1,460,812</u>	<u>1,463,976</u>
	<u>\$1,497,542</u>	<u>\$1,500,237</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS Years Ended June 30, 1980 and 1979 (In Thousands)

	1980	1979
Operating revenues:		
Fares	\$28,218	\$31,344
Less discounts and other deductions	2,276	2,617
	<u>25,942</u>	<u>28,727</u>
Other	626	647
Investment income	3,192	2,130
	<u>29,760</u>	<u>31,504</u>
Total operating revenues		
Operating expenses:		
Transportation	30,578	27,345
Maintenance	34,412	34,779
Police services	6,388	3,684
Construction and engineering	3,546	8,002
General and administrative	16,147	12,911
Tube fire costs	—	3,536
	<u>91,071</u>	<u>90,257</u>
Less capitalized costs	2,614	3,709
	<u>88,457</u>	<u>86,548</u>
Net operating expenses		
Insurance proceeds from damage of revenue transit vehicles	—	5,000
Less net book value of damaged revenue transit vehicles	—	1,808
	<u>—</u>	<u>3,192</u>
Operating loss before depreciation expense	58,697	51,852
Depreciation (unfunded):		
Of assets acquired with own funds	16,083	18,209
Of assets acquired with grants and contributions by others	9,838	9,925
	<u>25,921</u>	<u>28,134</u>
Total depreciation		
Operating loss	84,618	79,986
Financial assistance:		
Transactions and use tax	53,336	44,040
Sales tax allocated	3,500	6,700
Property tax	3,670	2,299
State	160	951
Transportation Development Act of 1971	1,060	541
Federal	2,500	2,743
Capital allocations	(5,600)	(2,300)
	<u>58,626</u>	<u>54,974</u>
Total financial assistance		
Net loss	25,992	25,012
Depreciation of assets acquired with grants and contributions by others	9,838	9,925
	<u>\$16,154</u>	<u>\$15,087</u>
Net loss transferred to accumulated deficit		
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$58,697	\$51,852
Add net insurance proceeds restricted for revenue transit vehicle replacement	—	3,192
Deduct financial assistance	58,626	54,974
	<u>\$ 71</u>	<u>\$ 70</u>
Funded excess of expenses over revenues		

STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT

Years Ended June 30, 1980 and 1979 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
Balance, July 1, 1978	\$ 89,015	\$ 150,000	\$ 499,243	(\$ 42,757)	(\$ 65,159)	\$ 125,199	(\$ 35,906)	\$ 719,635
Net loss for the year	—	—	—	—	(15,087)	—	—	(15,087)
Improvement allowance funding	—	—	2,300	—	—	—	—	2,300
Proceeds from grants and contributions	—	—	11,885	—	—	—	—	11,885
Depreciation of assets acquired with grants and contributions by others	—	—	—	(9,925)	—	—	—	(9,925)
Interest on capital	—	—	—	—	—	4,277	—	4,277
Increase in system improvement reserve	—	—	—	—	—	—	(1,250)	(1,250)
Bond principal	19,710	—	—	—	—	—	—	19,710
Balance, June 30, 1979	108,725	150,000	513,428	(52,682)	(80,246)	129,476	(37,156)	731,545
Net loss for the year	—	—	—	—	(16,154)	—	—	(16,154)
Proceeds from grants and contributions	—	—	17,607	—	—	—	—	17,607
Depreciation of assets acquired with grants and contributions by others	—	—	—	(9,838)	—	—	—	(9,838)
Interest on capital	—	—	—	—	—	5,221	—	5,221
Establishment of vehicle replacement reserve	—	—	—	—	—	—	(5,000)	(5,000)
Decrease in system completion reserve	—	—	—	—	—	—	2	2
Increase in system improvement reserve	—	—	—	—	—	—	(1,589)	(1,589)
Bond principal	21,705	—	—	—	—	—	—	21,705
Balance, June 30, 1980	<u>\$ 130,430</u>	<u>\$ 150,000</u>	<u>\$ 531,035</u>	<u>(\$ 62,520)</u>	<u>(\$ 96,400)</u>	<u>\$ 134,697</u>	<u>(\$ 43,743)</u>	<u>\$ 743,499</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1980 and 1979 (In Thousands)

	1980	1979
Cash and securities (used) provided by:		
Operations:		
Net loss transferred to accumulated deficit	(\$ 16,154)	(\$ 15,087)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	16,083	18,209
Net book value of damaged revenue transit vehicles	—	1,808
Cash and securities (used) provided by operations	(71)	4,930
Contributions from U.S. Government grants and others	17,607	11,885
Improvement allowance funding	—	2,300
Increase in contracts and other liabilities	3,458	1,665
Decrease (increase) in deposits, notes, and other receivables	4,200	(6,982)
Interest on capital	5,221	4,277
Total cash and securities provided	<u>30,415</u>	<u>18,075</u>
Cash and securities applied to:		
Additions to construction in progress	9,205	3,653
Additions to facilities, property, and equipment	1,126	10,409
Additions to materials and supplies	199	2,221
Decrease (increase) in unearned passenger revenue	377	(5)
Total cash and securities applied	<u>10,907</u>	<u>16,278</u>
Increase in cash and securities	<u>\$ 19,508</u>	<u>\$ 1,797</u>

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES

Years Ended June 30, 1980 and 1979 (In Thousands)

	General Obligation Bonds	
	1980	1979
Revenues:		
Property tax	\$ 45,332	\$ 48,285
Interest	3,167	2,490
	<u>48,499</u>	<u>50,775</u>
Expenditures:		
Interest	29,406	30,446
Principal	21,705	19,710
	<u>51,111</u>	<u>50,156</u>
Balance, beginning of year	(2,612)	619
	<u>17,819</u>	<u>17,200</u>
Balance, end of year	<u>\$ 15,207</u>	<u>\$ 17,819</u>
Represented by:		
Cash (including time deposits: 1980, \$3,240; 1979, \$16,340)	\$ 3,475	\$ 16,363
Securities	10,700	310
Taxes and interest receivable	1,032	1,146
	<u>\$ 15,207</u>	<u>\$ 17,819</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1—Summary of Significant Accounting Policies

Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

Securities are carried at cost which approximates market.

Facilities, Property, and Equipment

Facilities, property, and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission. The District records these amounts as financial assistance when received. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1980 to June 30, 1980 will be approximately \$10,875,000. Of this amount, \$2,719,000 had been received and recorded by the District. Comparable figures for 1979 were \$9,300,000 and \$2,906,000 respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

2—Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	------(In Thousands)-----	
	1980	1979
Basic System Completion	\$12,998	\$13,000
System Improvement	16,745	15,156
Self-Insurance	9,000	9,000
Vehicle Replacement	5,000	—
	<u>\$43,743</u>	<u>\$37,156</u>

The Board of Directors has also established the following reserves:

1. An imprest cash reserve of \$568,000 to be used solely in the District's automatic fare collection equipment.
2. An operating balance/working capital reserve consisting of the unencumbered balance in the General Operating Fund in an amount not to exceed \$10 million.

3. A general construction fund reserve in the amount of the uncommitted and not otherwise reserved balance including interest thereon in the General Construction Fund, such reserve to be dedicated to the construction and/or acquisition of basic system projects.
4. A capital allocation reserve consisting of all unexpended Metropolitan Transportation Commission capital allocations.

3—Facilities, Property, and Equipment

Facilities, property, and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1980 and 1979 are summarized as follows:

	Lives (Years)	------(In Thousands)-----			
		-----1980-----		-----1979-----	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 114,294	\$ —	\$ 106,592	\$ —
Improvements	80	1,035,058	87,714	1,041,416	76,184
System-wide operation and control	20	95,346	28,251	95,324	23,674
Revenue transit vehicles	30	145,580	31,259	147,548	26,487
Service and miscellaneous equipment	3 to 20	13,093	5,471	11,896	4,593
Capitalized construction and start-up costs	30	86,278	21,958	86,278	18,624
Repairable property items	30	7,377	1,345	7,439	1,108
		<u>\$1,497,026</u>	<u>\$175,998</u>	<u>\$1,496,493</u>	<u>\$150,670</u>

4 — General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	------(In Thousands)-----					
			Original Amount		-----1980-----		-----1979-----	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	4.05%	1999	\$792,000	\$792,000	\$23,300	\$664,550	\$21,375	\$685,925
1966 Special Service District Bonds	4.36%	1998	20,500	12,000	340	9,020	330	9,350
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$23,640</u>	<u>\$673,570</u>	<u>\$21,705</u>	<u>\$695,275</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both

principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$13,933,000 on General Obligation Bonds and \$196,000 on Special Service District No. 1 Bonds is payable on December 15, 1980.

BART'S DEPARTMENTAL CHARTERS

5—U.S. Government Grants

Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1980 is as follows:

Type Of Grant	--- (In Thousands) ---	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,095	12,842
Capital	332,973	298,106
	<u>\$348,029</u>	<u>\$312,909</u>

Operating

The District's 1979/80 Federal operating assistance grant of \$2,500,000 under Section 5 of the Urban Mass Transportation Act was approved by the United States Department of Transportation. The grant is reflected in the statement of operations as financial assistance and in the balance sheet as a receivable at June 30, 1980.

6 Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

7—Public Employees Retirement System

The District contributes to the Public Employees Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain State and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$4,819,000 and \$5,016,000 in 1980 and 1979, respectively.

Office of District Secretary

Representing the District in many types of external contact, as well as coordinating board of Directors activities, are the responsibilities of this office.

General Counsel

The law, and its application to BART's various functions, is the subject of the District Counsel's activities.

Department of Public Affairs

Under the guidance of the Public Affairs Department are marketing, public information and passenger services responsibilities.

Department of Finance

All financial matters, including accounting, treasury, insurance and audit functions, are administered by the Finance Department.

Department of Planning & Analysis

The Planning and Analysis Department is responsible for planning and research, capital program development, inter-agency liaison and management services.

Department of Safety

Emergency preparedness and life safety programs, operations safety audit and industrial safety are responsibilities of the District's Safety Department.

Department of Affirmative Action

The Department of Affirmative Action provides for development and monitoring of the District's affirmative action plan and the minority business enterprise program.

Department of Employee Relations

Included in the area of responsibility of the Employee Relations Department are employee relations, labor relations and management, supervisor and technical training.

Department of Field Services

Station and train operations, police services and related support services are supervised by the Field Services Department.

Department of Materials Management & Procurement

The Materials Management and Procurement Department is responsible for all purchasing, inventory control, materials provisioning, contract management, storekeeping and implementing the District's minority business enterprise program.

Department of Maintenance & Engineering

The Maintenance and Engineering Department is responsible for a variety of activities, including rolling stock maintenance; power and way maintenance; communication maintenance and component repair; maintenance scheduling and inspection; engineering, design construction, and special engineering projects.

Department of Budget

Preparation and control of the District's budget and monitoring of fiscal performance and staffing levels under the budget, plus control of the capital programs, are among the responsibilities of the Budget Department.

Department of Information Systems

The development, operation and maintenance of the District's information processing systems are the responsibility of the Information Systems Department.

Department of Administrative Services

Under the Administrative Services Department come the operation of BART's Library, the maintenance of the Central Files, all office services including the mail. BART's telephone information center, the motor pool and BART's real estate program are also the responsibility of this Department.

BART SYSTEM MAP

SAN FRANCISCO BAY RAPID TRANSIT DISTRICT
 800 Madison Street—Oakland, CA 94607
 (415) 465-4100

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the Counties of Alameda, Contra Costa and San Francisco.

BOARD APPOINTED OFFICERS

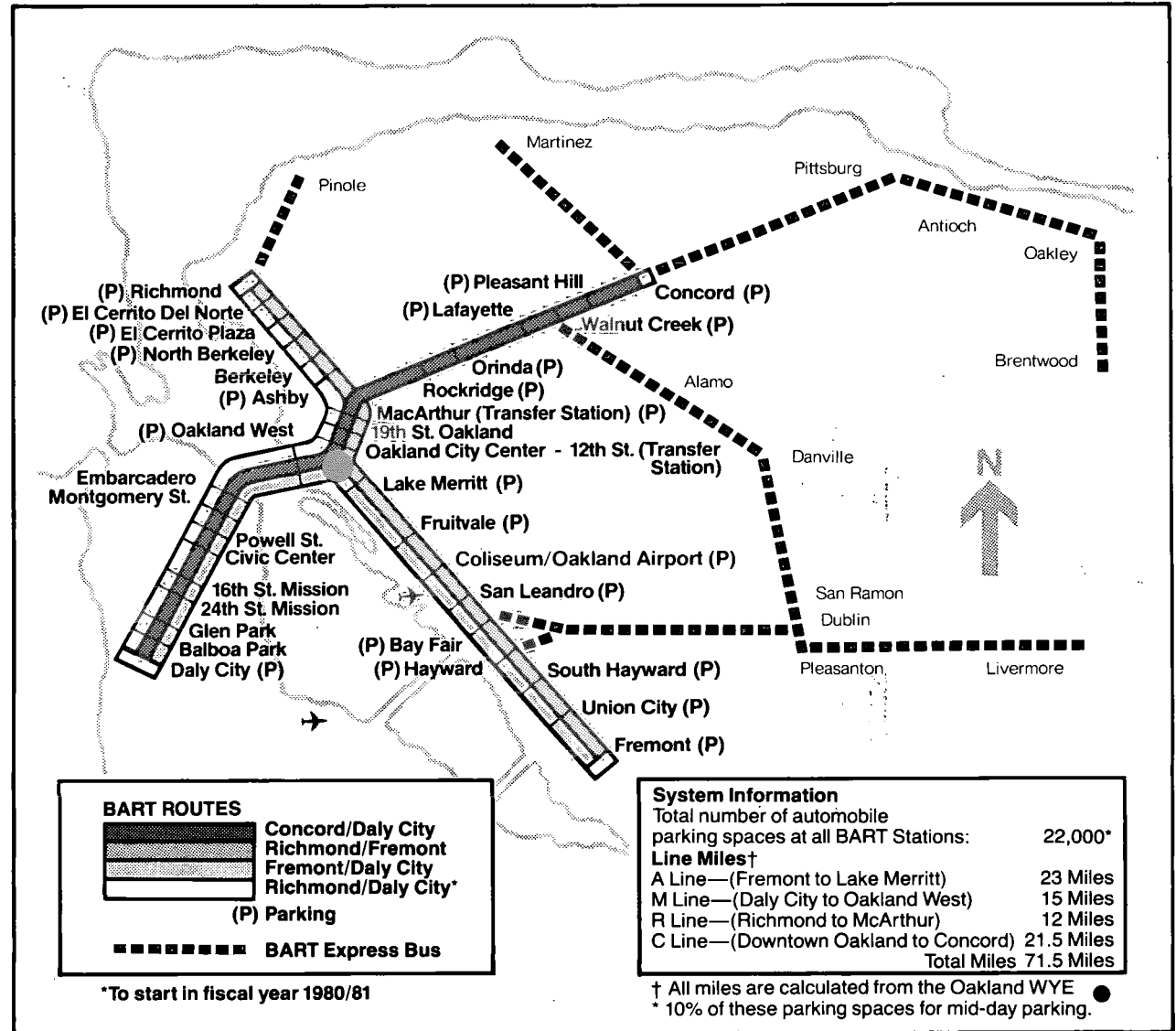
C.K. Bernard	William F. Goelz
General Manager	Finance
Malcolm M. Barrett	Phillip O. Ormsbee
General Counsel	District Secretary

DEPARTMENT HEADS REPORTING TO THE GENERAL MANAGER

Richard P. Demko	Hedy Morant
Maintenance & Engineering	Budget
William B. Fleisher	Thomas R. Sheehan
Field Services	Information Systems
Howard L. Goode	William Thomas
Planning & Analysis	Material Management & Procurement
Michael C. Healy	Ralph S. Weule
Public Affairs	Safety
Ernest G. Howard	Lawrence A. Williams
Administrative Services	Employee Relations
John Mack	Affirmative Action

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*To start in fiscal year 1980/81



BAY AREA RAPID TRANSIT DISTRICT
800 Madison Street
Oakland, California 94607
Telephone (415) 465-4100



BART
1979-1980
Annual Report

President's Message



I am pleased to report that by the end of the Fiscal Year 1979/80 BART had seen several long-term goals come to fruition, while at the same time identifying and planning for the many challenges ahead.

One of the major accomplishments we saw during the year was the go-ahead from the California Public Utilities Commission (CPUC) to begin the long-awaited close headways program. This was particularly gratifying to me as it paved the way for the start of direct service between Richmond, El Cerrito, Albany, and San Francisco-Daly City. After many frustrating years, the people of Richmond and other points along the line south through Berkeley would no longer have to suffer the requirement that they transfer to go to the west bay. But I consider close headways only the beginning in terms of bringing the system closer to its full potential.

The system is still unique in that it may from time to time be at the mercy of one malfunctioning car in a train. Two major modifications due to be completed and installed by mid-1981 are expected to reduce this problem considerably and thus further improve reliability. Other reliability improvements to the fare collection system, train control system, and the braking, propulsion and electrical systems on the transit vehicles are now underway.

Also, during the past year BART moved ahead in several areas to upgrade fire and safety protection on the trains and the system in general. A comprehensive research and development program resulted in the selection of the most suitable fire-resistant material to replace BART's transit car seats. The new seat program was carefully reviewed and approved by the board, and ultimately by the CPUC. Actual seat replacement begins in June.

In other areas, we reached a new contractual agreement with the District's two major unions which ended a lengthy and often painful labor dispute. This was followed by the successful negotiation of other labor contracts, including one with supervisors and two with BART police.

Reluctantly, BART's first fare increase since 1975 was instituted at the end of the fiscal period after we had managed to defer it for six months. The fare increase was necessary to help offset a 40 percent inflation factor since 1975 and to maintain BART's eligibility for State operating assistance.

There were many challenges needing tough decisions this past fiscal year and much of what was achieved must be attributed directly to my fellow directors who, as a board, were strongly united when it counted.

Looking ahead to the new decade, BART has embarked on several programs to meet the demands of the future while continuing to improve the current system. Some of

these programs include the design and development of a new transit vehicle to be known as the "C" car, the installation of a new integrated control system, a new turnback facility at Daly City, improved system access, and continued planning for extensions to areas which are paying for BART but not getting direct rail service.

The promises of BART, as originally conceived, may not yet have been realized. However, we are much closer to this realization than we have been for many years.

I am confident BART patrons will see continued improvements in the years ahead. Each of the actions taken by BART during FY 1979/80 had different and varying effects on the service provided our patrons.

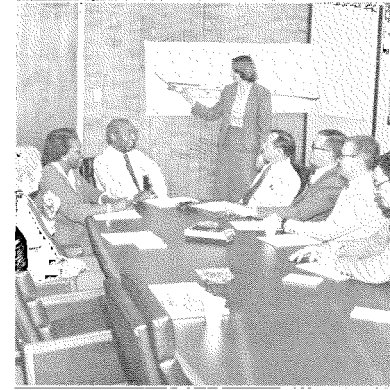
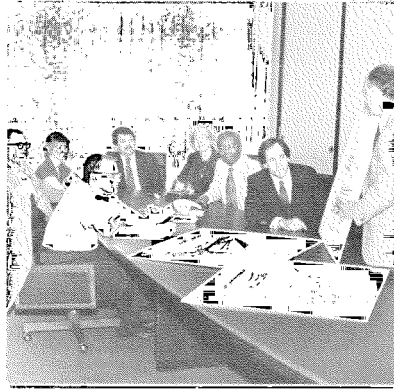
BART's patrons have not lost faith in the system, and their support is reflected in the ridership which continues to grow.

On behalf of the BART Board of Directors, I pledge continued diligence in our efforts to bring about additional service improvements and extensions of service.

Nello Bianco, President.

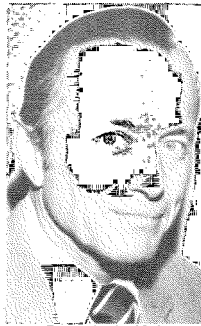
"BART is ... A Dedicated Board of Directors."

Left: The Administration Committee makes recommendations on all financial matters including an annual review of financial statement, insurance, personnel, employee relations, supply, rules of the Board of Directors, general policy and real estate. Pictured here (l/r) are Director Allen, Chairperson, Director Glenn, Kay Springer, Mgr., Passenger Service, BART President Bianco, Christine Apple, Asst. Secretary, Director Ussery and Planning Director Howard I. Goode (standing).



Center: BART's Engineering and Operations Committee makes recommendations regarding engineering and constructions, transportation planning and operations, equipment and communication.

Right: Recommendations are initiated by the Public Information and Legislation Committee on public information, advertising, marketing and legislation. Pictured here are (l/r) Mike Healy, Public Affairs Director, Director Pryor*, Director Ussery, Chairperson, Barbara Neustadter, Supervisor, Planning Section (standing), Director Simpson, Director Glenn, Director Allen and Phil Ormsbee, District Secretary.



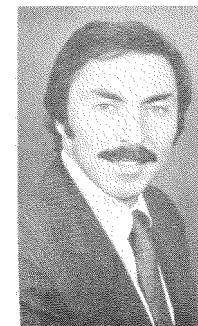
**Barclay Simpson
District 1**
Member, Public Information and Legislation Committee. Term began November, 1976. Board President, 1977. Orinda resident, San Leandro businessman.



**Nello Bianco
District 2**
President, serves as ex-officio member of all committees. Term began October, 1969. Board President, 1974. Richmond resident and businessman.



**Arthur J. Shartsis
District 3**
Vice Chairperson, Administration Committee. Member, Engineering and Operations Committee. Term began November, 1976. Oakland resident, San Francisco Attorney.



**Harvey W. Glasser, M.D.*
District 4**
Vice Chairperson, Public Information and Legislation Committee. Term began November, 1974. Board President, 1978. Alameda resident and physician-business consultant.



**Robert S. Allen
District 5**
Chairperson, Administration Committee. Term began November, 1974. Livermore resident and railroad cost analyst.



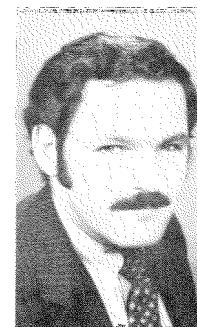
**John Glenn
District 6**
Chairperson, Engineering and Operations Committee. Term began November, 1974. Fremont resident and Oakland business executive.



**Wilfred Ussery
District 7**
Chairperson, Public Information and Legislation Committee. Vice Chairperson, Administration Committee. Term began December, 1978. San Francisco resident and Director of Program Development, San Francisco Housing Authority.



**Eugene Garfinkle
District 8**
Vice President and ex-officio member of all Committees. Term began March, 1977. San Francisco resident and attorney.



**John H. Kirkwood
District 9**
Vice Chairperson, Engineering and Operations Committee. BART representative to the Executive Committee of the American Public Transit Association (APTA) Board of Directors. Term began November, 1974. San Francisco resident and businessman.

* Margaret K. Pryor, pictured in top right photo, became a BART Director on September 5, 1980, when she was sworn in to replace Dr. Harvey W. Glasser who had resigned from BART effective August 1, 1980. Subsequently, Director Pryor was elected on November 4, 1980 to serve the balance of Dr. Glasser's term, which will end on November 26, 1982.

"BART is . . . Looking Ahead."

Goals and Objectives Are Contained in 5 Year Plan

At the end of the fiscal year, BART presented its short-range, five-year transit plan. The primary goal of the BART five-year plan is to implement essential projects needed to meet the demands of the coming decade, while continuing to improve the system for current riders.

By increasing capacity, performance, reliability and safety, BART can effectively utilize the major investment which has been made by the people of the Bay area.

Operations

BART has established a set of goals and objectives as part of the short-range, five-year plan in its efforts to continue to improve present operation as well as provide for the patrons of the future.

Aside from the continuation of its outstanding passenger safety record, BART will strive to increase ridership and improve the present system's reliability and performance. BART will work toward an eventual goal of two-minute headways and expand service as soon as technically and financially feasible.

BART expects to operate and to adequately fund and implement the necessary capital improvements and replacements to the system within available funds without incurring an unfunded deficit. Maximizing the contribution to operating costs from sources other than tax revenues is a primary objective of BART.

In the area of employment policies, BART hopes ultimately to achieve parity representation of minorities and women in all job classifications



as well as contracting with minority business enterprises. BART also plans to achieve fair and equitable labor agreements with minimum impact on fares and maximum enhancement to the District's capability to provide efficient service.

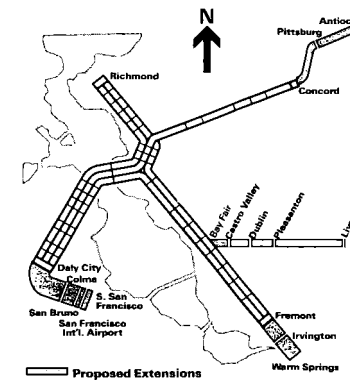
Capital Improvements

BART will require a total expenditure of \$403 million over the next five years to meet capital improvement goals as contained in its adopted Five-Year Plan. Some \$228 million is needed for high-priority projects, while \$175 million is necessary to maintain the present system by repairing and modifying vehicles and tracks, and replacing obsolete equipment.

The high-priority projects constitute only a 14 percent increase over the capital costs of the present system, but will return a 105 percent increase in potential capacity. The major projects in this program are:

- Completion of the "KE" track, an additional subway track through the Oakland downtown area. This is the first new increment of BART mainline track since the system began operating in 1972.

- Wayside Automatic Train Control (ATC) refinements, which will allow the operation of up to two additional trains in the Transbay corridor within the next two years.
- Daly City Station Turnback, which will provide economical train storage and allow for the operation of the system at closer headways.
- Integrated Control System (ICS), a major computer system modification, which will increase and improve the current capacity of the system as well as to accommodate future line extensions.
- Remove Vent Separation restrictions by improvements to fire safety, which will permit trains to travel closer to one another in parts of the system where there are long distances between adjacent ventilation fans.
- Wayside Automatic Train Control (ATC) modifications, which will provide for improved capacity through additionally reduced headways.
- Acquisition of the new transit vehicle, which is designed and engineered to realize the system's potential capacity and to meet future ridership demands.



BART's New "C" Car Keystone to the Future

Although new vehicles are not expected to be rolling for another four years, specifications should be ready in January 1981 for the procurement of a new "C" car.

Designed to combine the elements of both the current "A" (lead) and "B" (middle) train cars, the "C" car will be able to serve either as a lead, middle or end car on a train. Trains could then be split into two consists without having to add lead cars. The "C" cars will not have a sloped front as the "A" cars do. Instead, they will be designed to be compatible with the existing fleet of BART cars.

Modifications of the operator's compartment and passageway door are the major design changes on the "C" car. Passenger seating will be only slightly reduced.

There will also be a redesigning of the traction motor that powers the car. The new motor will be larger and will increase reliability.

A grant is being sought from the Urban Mass Transit Administration to cover 80% of the "C" car costs. Each of the 90 new "C" cars is expected to cost approximately \$1 million.

With addition of the new "C" cars, BART's fleet will be expanded by some 20%. Due to the flexibility of the "C" cars, BART will experience substantial time and energy savings. Being able to use "C" cars in either the lead, middle or end car positions on the train will allow for maximum service efficiency.

Extension Plan, a 20 Year Guide to BART's Future

A policy to guide the extension of BART over the next 20 years was adopted by the Board late in the fiscal year. Extension of the Concord line to Pittsburg and Antioch, the Fremont line to Warm Springs, the Daly City line to the San Francisco Airport and the creation of the Livermore line from Bayfair Station are under consideration as the basic program for expansion of the BART rail system by the end of the 20th Century.

The extension of these lines will be accomplished in four phases. In each phase, a segment will be constructed essentially on each line including at least one new station. Several segments are identified to form each of the four phases of the program, covering the 20 year span of the project.

Based on 1980 dollars, this extension program will cost an estimated \$1.7 billion, for which federal funding will be sought for a majority of the cost. State and local financing will be required for local matching funds.

BART is devoting considerable effort to working with local communities in the development of the proposed line extension, requiring public review and comment as the planning process continues.

"BART is... A Sound Investment of Public Money."



BART Patrons Maintain Faith in the System

Despite the work stoppage from September through November 1979, with the initial closing of the system and then limited rail service, BART's total patronage for Fiscal Year 1979-80 was 34,483,335.

This figure represents a decrease of 16.3% from 41,191,566 for FY 1978/79. This is, however, less than the 25% loss that could have been expected due to a three-month disruption in service.

That the loss was less than expected is a testimony to the regular BART patron who came back to the system in near-normal numbers (150,000 trips per day) within two months after the work stoppage ended. By fiscal year end, average daily patronage had increased to 164,558, nearly equaling the record levels achieved in May and June of 1979 at the height of the gasoline shortage.

Since BART began revenue service in September, 1972, its trains have traveled 3,001,642,000 passenger miles and carried 229,264,341 patrons.

Fare Increase Mandated by Increased Operating Costs

Faced with increasing operating costs, most notably for electrical energy as well as inflation in general (over 40% since the last fare increase in 1975) and due to the limited availability of other financial assistance, BART's Board of Directors recognized the need to raise fares at the end of the year.

After considering a number of alternative fare structures presented by BART staff, as well as suggestions by Board members, and two public hearings on the matter, the Board selected a fare schedule which is expected to meet the District's budget requirements for the next two to three years. The new fare, which would result in a 37% increase on the average, went into effect June 30, 1980. Under the new fare schedule, fares range from 50 cents to \$1.75 with an average trip fare of \$1.03. The increase brings BART in line with MUNI and AC Transit minimum fares of 50 cents for a one-way local trip.

BART Budget in FY 1979/80 Was Fully Funded

The District's financial objective was a fully-funded operating budget with a 35% contribution from non-tax revenues, which assumed the probability of a fare increase during the year. A fully funded budget was achieved with a 38.6% operating ratio, not including the work stoppage period, without having to increase fares.

New Contracts Signed With Major Unions

On December 3, 1979, BART returned to regular schedules following nearly five months of labor negotiations with its two major unions, Amalgamated Transit Union-Division 1555 and United Public Employees Union, Local 390. The dispute resulted in regular passenger service being halted on August 31, 1979.

In order to alleviate congestion on the highways, due to cessation of service, BART began operating limited interim bus and train service from several BART stations.

A proposal that contract differences be submitted to arbitration was rejected after much discussion. This would have, in effect, permitted an outside party, having no accountability to the taxpayers, residents, or patrons in the Bay Area Rapid Transit District counties, to make a decision which could affect the system's budget and fares for many years to come.

On November 22, 1979, the unions and BART management reached a settlement of differences after many long and tedious hours of negotiations. The contract is retroactive to July 1, 1979, and will remain in effect until June 30, 1982.

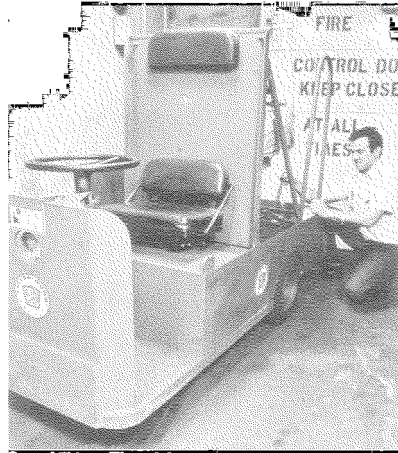
BART's Property Tax Rates Reduced in Fiscal Year

BART's Board of Directors set a uniform tax rate of 31.6¢ per \$100 assessed property valuation for debt service of the District's General Obligation Bonds. This rate compares with the previous year's rate of 35.6¢.

In lieu of the 5¢ administrative tax levies in years prior to the Proposition 13 tax initiative, BART received a share of the \$4 per \$100 assessed property valuation levied in each county. This equates to a rate of about 1.8¢.

The Board also established a reduced tax rate of 15.5¢ for Berkeley residents from its previous year's 16.1¢. This rate is for principal and interest on bonds authorized by Berkeley voters for underground construction not included in the original District plan.

“BART is . . . Setting the Standards For the Transit Industry.”

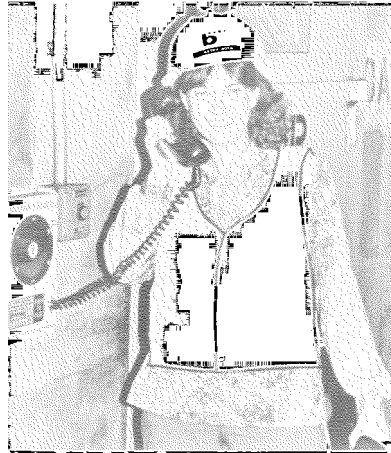


Sam Alikian, Electrician.

Emergency Response and Fire Safety Progress Achieved

The Emergency Preparedness and Life Safety Program is an ongoing effort to identify potential problem areas and to improve upon the fire protection and life safety aspects of the transit system. During Fiscal Year 1979/80 significant progress was made in BART's safety program. Improvement to the communication equipment and the installation of a dedicated fire department communications facility in the Transbay Tube was completed. An updated and more precise emergency and contingency fire safety plan for the Berkeley Hills Tunnel was also completed.

Consultant work began on the development of a program to investigate the adequacy of BART's emergency facilities available on the wayside as well as on the cars and the relationship to the system's fire-fighting capability. This will result in enhanced emergency response capability and further improved fire protection for BART's patrons, employees, and equipment.



Kathy Roth, Safety Engineer.

Replacement of Seats in Transit Vehicles Initiated

At the close of the fiscal year, BART was well underway in the replacement of 32,000 seats in BART transit cars. When the California Public Utilities Commission (CPUC) ordered the elimination of polyurethane from BART seat assemblies in April, 1979, top priority was given to the project by the District.

Since there was no industry standard and little information on potentially acceptable materials, BART launched a time-consuming research and development program to fully evaluate all feasible seat alternatives.

Over 400 materials which had the potential of reducing flammability, toxic gas emission and smoke generation were screened using the McDonnell-Douglas data bank in Southern California. Testing of these materials was done at the University of California at Berkeley as well as McDonnell-Douglas. BART also looked at the alternatives of wire mesh, fiberglass, and stainless steel for replacing existing seats.

The alternative which best met BART's overall safety, cost and schedule criteria was a low-smoke neoprene cushion with upholstery consisting of 90 percent wool and 10 percent nylon cover. Overall, the research and testing program took approximately five months. These tests proved the material highly successful in preventing the spread of fire within the car and in reducing smoke generation.

The total project, including installation, was estimated to cost \$4.2 million. The Federal Urban Mass Transportation Administration provided 80 percent of the funding, with 20 percent coming from the local Transportation Development Act funds and BART reserves. Scheduled completion of the project is October, 1980.

Vehicle Fire Hardening Test Program Underway

Further reducing the vulnerability of the BART transit vehicle to fire, and thereby enhancing passenger safety, is the primary goal of the Vehicle Fire Hardening Program.

There are two aspects to the program. The first is to reduce the fire threat through modifications and protection of potential fire sources. The second is to selectively replace highly flammable materials.

The program is being accomplished by evaluating the BART vehicle against criteria developed from BART's fire experience and a number of potential fire scenarios that may be expected in the system.

BART is taking the necessary action to develop a set of vehicle modifications which will significantly reduce the potential of fires by increasing the resistance to ignition, minimizing the opportunity for flame spread, and decreasing potential emission of smoke and gases.

The related material testing program will have relevancy to the entire transit industry and is expected to be partially funded by an Urban Mass Transit grant. Other funding will be from state transportation funds and BART funds. It is also expected that some of the vehicle design modification will set new standards for interior vehicle materials in the transit industry. Results of this program will determine the future direction of BART vehicle safety modifications.

"BART is ... Expanding Service to Meet Ridership Demand."



Sally Floyd, one of BART's Computer Specialists.

Close Headways Approval Received from CPUC

After more than two years of extensive hearings, BART was granted permission by the California Public Utilities Commission (CPUC), on June 3, 1980, to begin its long-awaited Close Headways operation. For the first time, since the system opened in September 1972, BART will be operated much as it was originally intended. Under Close Headways, more trains will be able to operate on the system than constraints under the Computer Automated Block System (CABS) allowed. CABS required one station separation of trains.

Throughout the hearing process, which began in April 1978, BART assured the CPUC that the system's most troublesome safety problem, assurance of safe distances between trains for close headway operations under all conceivable conditions, had been overcome



Manuel DaBranca, Transit Vehicle Mechanic, Manuel Aquilina, Shop Supervisor and Joe Arellano, Transit Vehicle Inspector at Hayward Shops.

through the completion of a major reengineering program. Part of the work involved development, installation and testing of the Sequential Occupancy Release System (SORS), a mini-computer system designed to supplement the present primary train protection system. Its function is to provide redundancy in assuring continuous detection of trains. A second effort involved the rewiring of the wayside automatic train control system to alter the standard speed commands issued to trains, thus imposing longer, safer train braking distances. The work began in 1973 and was carried out by BART engineers and their consultants under continuous review of the CPUC technical staff.

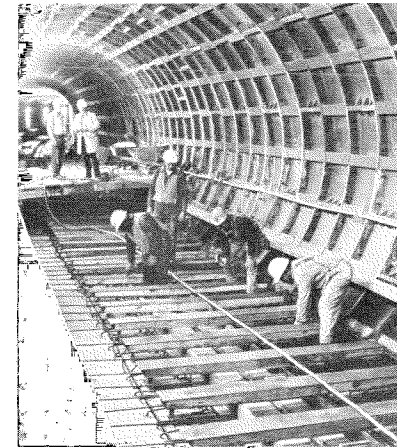
Close Headways has been heralded as a major turning point in BART service enabling the addition of a fourth route, direct no-transfer service between Richmond and Daly City. However, BART management cautioned the public to expect transition problems since operation under Close Headways would constitute an entirely new way of operating the system. Under Close Headways additional trains would also be put into service on the Concord and Fremont/San

Francisco lines during the morning and evening commute hours. The operation of additional trains results in the reduction of scheduled waiting time between trains along the Richmond line from 14 minutes to 7½ minutes, and from about 7 minutes to about 4 minutes on the Oakland and San Francisco/Daly City line.

Reliability Improvement Program Achievements

As the report period ends, BART's \$8 million Reliability Improvement Program (RIP) enters its second year and is beginning to show measurable results. Modification of equipment and procedures in thirteen specific project areas, originally defined in 1979 as those which would produce the greatest impact on reducing unscheduled train removals which in certain instances require that passengers be disembarked, make up the RIP activities.

Improvements to service achieved under RIP fall into two categories: (1) replacement or modification of components which are designed to reduce the primary frequency of equipment failures; and (2) replacement or modification of equipment such that the impact of failures is



minimized and the trains remain in normal service. To measure accomplishments, reliability improvement goals established for each of the project areas are regularly monitored.

Although only about 50 percent complete, RIP projects which have attained or surpassed their goal are: replacement of elements in a series of solid state on/off switches, which form a vital part of the train's propulsion system; relocating a trouble-prone circuit breaker from the underside of the car to a control panel inside the car; modification of the circuitry of the motor-alternators, which is part of the car's auxiliary power system; and replacement of an electrical circuitry board governing the train's braking system. Other projects are progressing within the established RIP time schedules.

Two major RIP modifications, tested during the fiscal year, will result in significant improvements to the reliability of BART service by reducing the number of malfunctioning trains which must now be operated at a much reduced speed in order to remove them from service. These projects are the Manual Cab Signal-

ling (MCS) system, which permits a train operator to control the train manually with all of the programmed safety measures still operative when there is failure in the onboard train automatic control system; and the "Car Cutout" program which permits a train to remain in service despite a malfunction in the braking system on one or more of the cars which make up a train. When the modifications for both these programs are completed, the installations tested, and BART personnel trained in the operation of the new systems, the number of train removals from service will be manifestly reduced.

System Flexibility to be Enhanced by KE Track

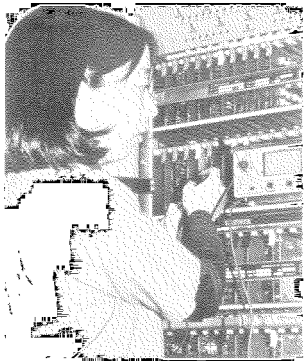
Construction of a 12,300-foot addition of mainline trackage, a portion of which will run in a third tunnel through downtown Oakland, is underway and scheduled for completion December 1983. This will be the first addition to BART's mainline trackage since the system began carrying passengers in 1972.

Known as the KE track, the addition will significantly increase BART's system flexibility and its reliability by facilitating train removals from the main Oakland line and will reduce service disruption in the case of wayside equipment breakdown.

The new extension includes supporting electrification, communications and train controls, 16 turnouts, an 1800-foot spur and a 776-foot siding. Included in the three phases of the project, estimated to eventually cost about \$26 million is work to be finished at the 12th and 19th Street BART Stations to provide cross platform access to the new track.

The first of the three phases of construction is scheduled for completion in May 1981.

"BART is... More Than Trains, Tracks and Computers."



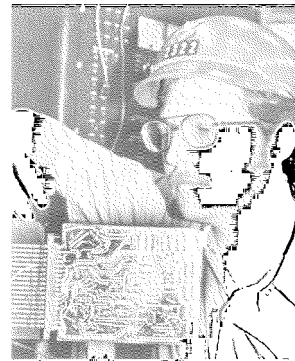
Irene Yano, Power & Way Technician, maintains an element of BART's Automatic Control system.



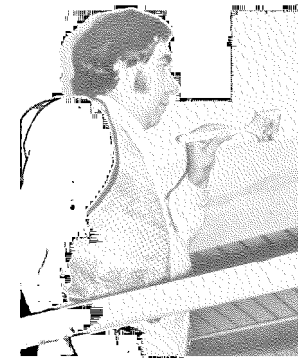
Dick Wenzel, planning and analysis department, works on plans to extend the BART System.



Seated at the controls of a BART Train is Train Operator Jayne James.



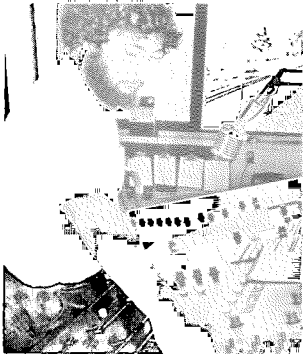
At the Concord Yard, Bob Rosen, Electronic Technician, inspects an element of a train's propulsion system.



John Ortega is one of a crew of seven BART painters who work constantly to keep BART Stations sparkling.



Rod Embry, Oakland Shops Maintenance Worker, performs routine preventative maintenance.



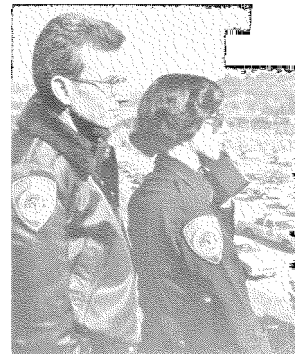
Bill Richards, Richmond Yard Tower Supervisor, maintains constant vigil over BART train movements in the yard.



Groundspersons Charley Madsen (l) and Joe Pile (r) help keep BART's parkway areas well groomed.



Victoria Palmer is the Transportation Clerk at the Concord Yard.



Checking on Orinda Station are two of BART Police officers, David Byron (l) and Dona Wilson (r).



At the Richmond Shops, Donald Birkhimer, Transit Vehicle Electronics Technician, performs maintenance.



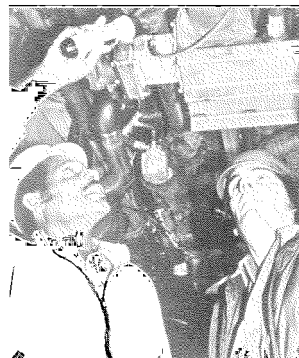
Dorothy Henderson, Process Monitor, works with BART's data collection systems.



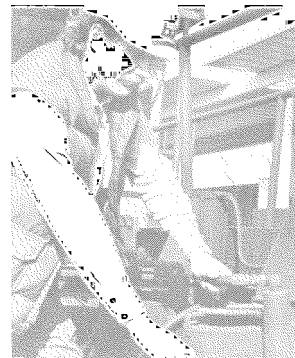
Kathi Souza, Emergency Vehicle Operator at Embarcadero Station, inspects heavy equipment.



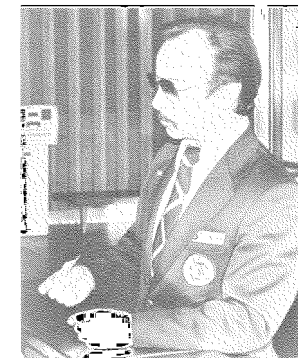
Two of the voices in BART's telephone information center belong to Vera Lott (l) and Harry Cordellos (r).



At the Oakland Shops, Freeman Hemphill, Auto Mechanic (l), and Barry Empie, Foreman (r).



Marvin Door, Maintenance Worker at the Oakland Shops, tends BART's special railgrinder car.



John Esparza, Union City Station Agent, explains the BART ticket.



At the 12th Street Station, Robert Omori is one of the many janitors who keep the BART Stations clean.

"BART is... The Convenient Rapid Transit System."

Shuttles and New Parking Lots Improve Access to BART

Improving public access to and from the BART system has emerged as one of the challenges which must be addressed as ridership continues to grow. Basic to BART's adopted Access Plan is the consideration that each of the BART stations present unique problems which must be resolved individually rather than attempting to institute a systemwide solution.

Since responsibility for such improvements is fragmented between BART and local community authorities, BART has assumed a leadership role in coordinating access improvements to the stations on the system.

As the fiscal year drew to a close, six of the projects contained in Phase I of the Access Plan were completed.

At the Glen Park BART Station, a six-month demonstration project was implemented to test the viability of a commuter shuttle service in the Miraloma Park neighborhood of San Francisco. The new shuttle service, The Loma Ranger, a name selected through a contest held for the system's riders, operates two 14-passenger vans.

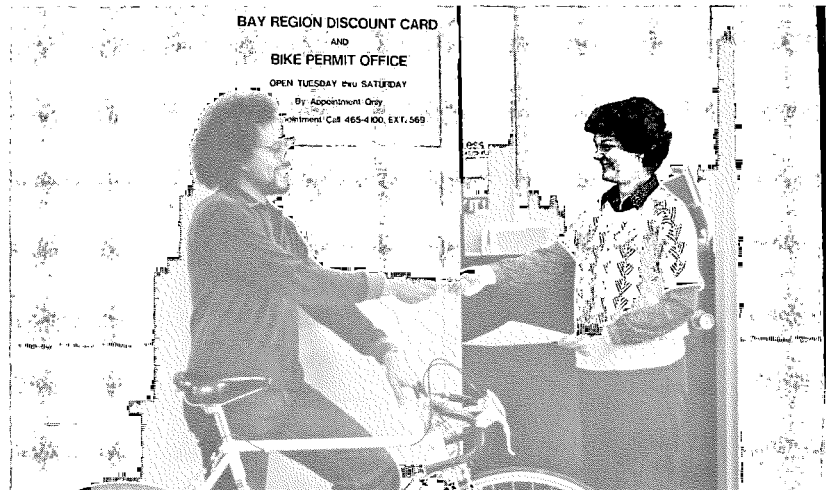
A second Glen Park Station access project, to develop a 75-space parking lot on BART property near the station, was funded. This parking lot will have the dual purpose of providing midday parking as well as a "kiss/ride" loading area during the commute period. The target date for completion of the Glen Park project will be early 1982.



Construction of a gravel-covered, 75-space parking lot at the Pleasant Hill BART Station was started. This interim parking lot is scheduled for opening early in the next fiscal year.

Two additional gravel-covered parking lots were opened at the Concord BART Station, which brings to 1600 the number of parking spaces designed to relieve some of the street parking congestion at this station. This project was developed in cooperation with the City of Concord and the Pacific Gas & Electric Company, owners of the property where the interim parking lots were constructed.

Also at the Concord Station, a change in the BARTpool permit system was instituted in order to further relieve station parking congestion. Under the new program, permits will be issued only to those carpools carrying a minimum of three persons, rather than two, as was the original plan. Those individuals holding the two-or-more-persons permits are allowed to continue using their assigned reserved space. The BARTpool program is another element of the overall BART effort to alleviate



Jerry Arriba receives his BART Bike Permit from Starla Bahem, Passenger Service.

parking congestion at station parking lots by making access to the system as convenient for as many BART patrons as possible.

Included in the Access Plan is the improvement of facilities for feeder bus lines and paratransit services. The Plan also calls for coordinating with local traffic authorities to reduce automobile traffic congestion at the stations on routes to and from the stations. In addition, bicycle lanes, pedestrian routes and handicapped rider facilities are scheduled for improvements.

Elimination of access constraints throughout the system is a vital part of BART's continuous effort to make the system easier to use for all members of the community.

Bikes on BART Permit Plan Proves to be Successful

At this time, BART is the only major mass transit system in the nine Bay Area counties that has extended the privilege of bringing a bicycle on its system. BART hopes to continue to serve the interests of the bicycling community.

A tremendous surge in requests for bicycle permits occurred this past fiscal year, apparently a result of the rapidly rising cost of energy. Up to now, the majority of persons requesting bike permits tended to be students, weekend riders and persons with non-traditional work hours. As commuters abandoned their cars in quest of healthier, more economical and energy-saving means of transportation, new demands were placed on BART to extend and expand its "Bikes on BART" program.

During the first four years of the program bicycle permits were issued two days a week at an approximate

average of 100 per month. By the end of the FY 1979/80 over 7,500 permits had been issued, 1,700 of which were issued in the last year. On February 2, 1980, BART began opening its bike permit office on the first Saturday of each month to make obtaining a bicycle permit more convenient for persons finding it difficult to obtain a permit during the weekday hours. In addition, BART began an experimental program in April, 1980, to determine the feasibility of allowing bicycles on the system during commute periods in the reverse commute direction on some of its lines.

Hikers and Runners Use BART in First Leg of Event

Last April BART carried the largest single group for a single event since opening in 1972. A few enthusiasts planned a transcontinental hike called HikaNation beginning in San Francisco, and 25,000 people decided to accompany them on the first leg of the trip across the Oakland Bay Bridge.

Special 10-car trains were used to transport the hikers from Oakland West Station to Embarcadero Station in San Francisco where the HikaNation began.

In December 1979, about 1,000 runners entered in the Oakland Marathon and ended their race at BART's Coliseum Station, where they boarded the train to take them back to the starting line near the City Center/12th Street Station in downtown Oakland.

BART Employees Receive \$11,025 for Suggestions

During the past fiscal year, \$11,025 was awarded for 23 suggestions, including those which had tangible as well as intangible benefits for the District. These suggestions resulted in annual savings to the District of \$110,025.

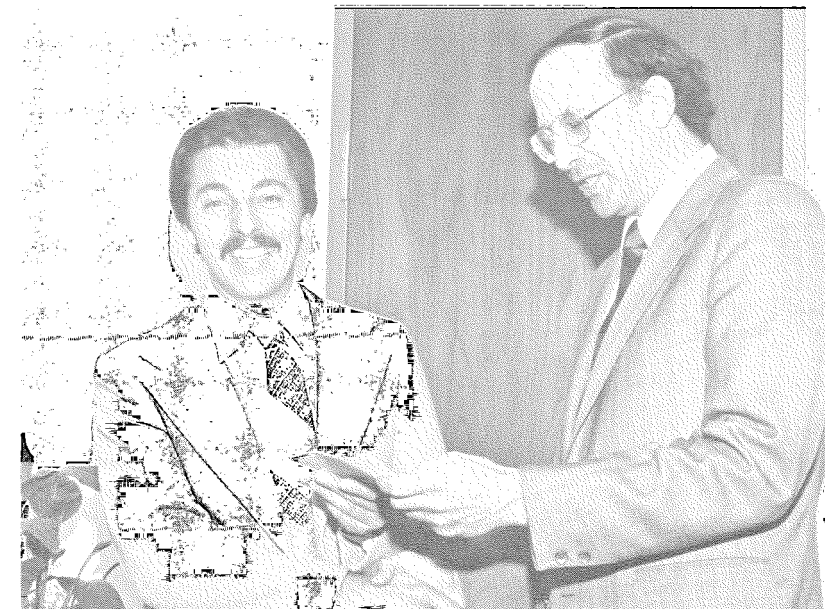
Each year, under its Employee Suggestion Program, BART awards employees who have made suggestions resulting in savings and benefits to the District.

In March, \$5,836—the highest amount ever to be awarded an employee for a single suggestion—was given to Gilbert Paiva for his suggestion of a method of repairing transit vehicle A/C compressor castings. Substantial savings to the District have resulted from Mr. Paiva's suggestion.

In addition to awards given under the Employee Suggestion Program, BART presented service awards to 307 employees over the past year. Of these awards, one was given for 20 years of employment with the District; six were given for 15 years of employment; 63 were given to employees who had ten years of employment; and the remaining 237 were given to employees who had five years of employment with the District.

From time to time, commendations are given in recognition of special efforts or actions undertaken by BART employees. On August 15, 1979, BART Train Operator William Koenig received a commendation for his actions in handling a fire which occurred on his train June 24, 1979. On January 6, 1980, Train Operator Ed Bally was awarded \$333 for his part in the capture of an arsonist who attempted to start a fire on his train.

"BART is... the People That Make the System Work."



Transit Vehicle Mechanic Gilbert Paiva (l) receives an award from Keith Bernard, BART General Manager.

Commendations were also given to BART police officers Laura Bacigalupi, Robert Villa and Helen Lopez for their efforts in apprehending suspects under unusual circumstances.

Labor/Management Council Provides Dialog Base

In an effort to provide an ongoing, productive approach for union-management dialog on overall BART matters, the Union Presidents' Council was established this past year.

The Union Presidents' Council provides a forum for discussion of non-contract and non-grievance matters between BART and its employee labor organizations. This council, which is unique in the public transit industry, met several times

during the fiscal year. Among other matters, the discussions covered BART's planning for expansion of service, the District's Emergency Preparedness and Life Safety Program, and capital projects for the short and long-range term were reviewed and discussed. These meetings resulted in a better understanding on the part of both management and labor of what is required for the successful operation of BART.

The Council is composed of BART's General Manager; the Director of Employee Relations; Presidents of the United Public Employees Union, Local 390; Amalgamated Transit Union—Division 1555; BART Police Management Association; BART Police Officer Association; and the BART Supervisory and Professional Association.

BART Employees Receive Comprehensive Training

BART's Training Division is divided into three sections: Maintenance Training, Operations Training, and General Training.

A primary function of the Training Division is to conduct certification training and testing of certain employees as mandated by the California Public Utilities Commission.

During the past fiscal year, the Training Division has recertified 216 train operators, 170 station attendants, and 50 tower operators. It initiated a new certification program which trained 460 maintenance personnel, and provided employee orientation, communications, CPR, first-aid, defensive driving supervision and passenger relations training to some 500 BART District employees.

Progress Achieved in BART's Affirmative Action Program

BART continued to improve upon its policy and practice of assuring equal employment opportunity and taking affirmative action to maintain a workforce representative of its service area, as well as to facilitate minority business enterprise (MBE) participation in District activities.

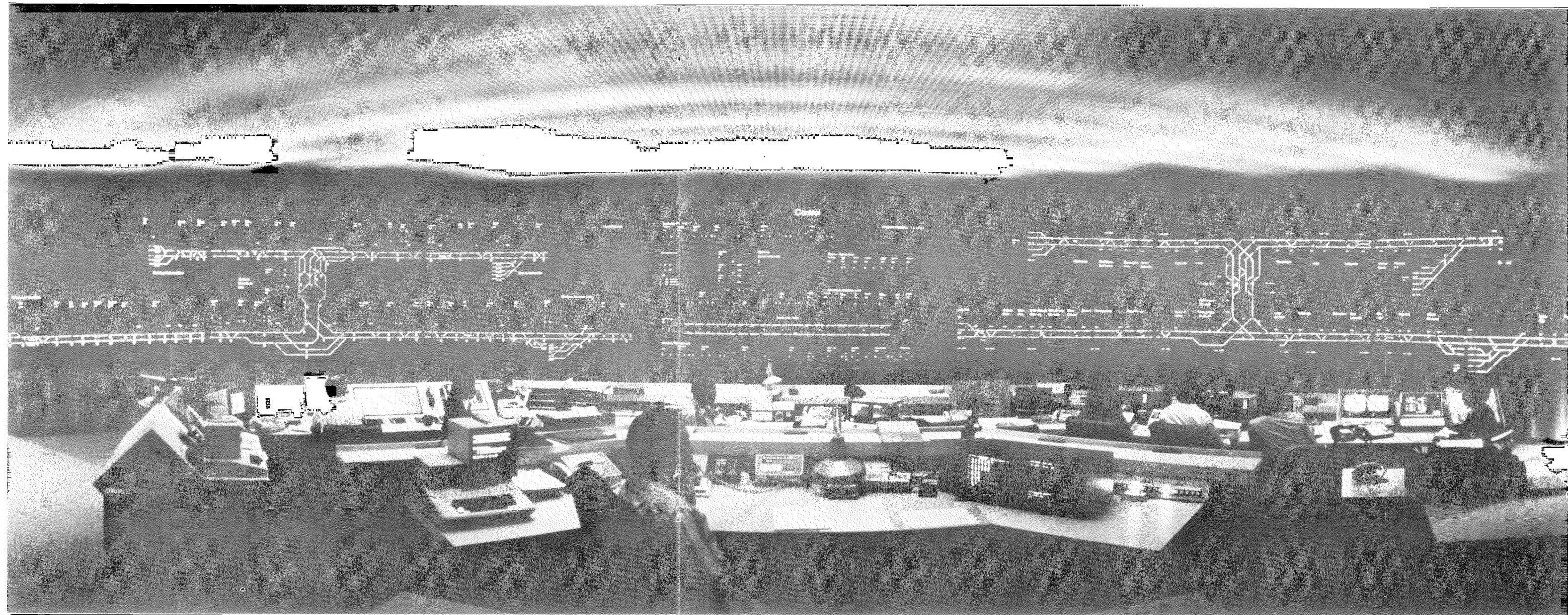
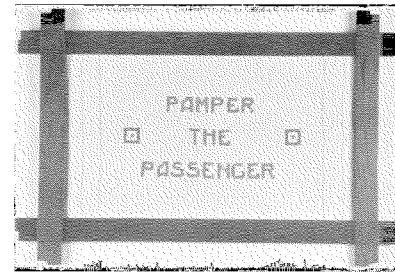
To facilitate greater employee participation in the affirmative action efforts of the District, an Affirmative Action Council was established in June, 1980.

This past year's goal for minority business enterprise participation was set at 10%. The District was successful in achieving a 16% level of minority business enterprise participation.



In training are (seated l/r) Ed Herrera, Harvey Price, and John Berlin. Steve Abel, BART Instructor, is standing.

BART's Central Control... Nerve Center of the System.



From BART's Central Control, the nerve center of the BART system, a highly trained crew of specialists monitor and direct the movement of trains on all parts of the system.

Pictured on the left is a display of the condition of the system's power supply and in the center, at the top, is a visual display indicating the operating condition of maintenance facilities, vents and fan controls.

At the bottom of this panel is a display indicating the location of trains in the Transbay Tube. On the left, this display shows the location of trains throughout the system, with indicators which show whether the doors on a train in a station are open or closed. Seated at consoles directly in front of the display panels are the BART specialists whose responsibility it is to maintain constant vigil over the operation of the system, being alert to any condition which may have an adverse impact on the service.

BART Central maintains radio communication with all trains as well as the maintenance crew on the system and provides a direct link to BART Police Services Dispatch Center which is located directly off Central Control.

From his position on a raised platform and shown at the bottom of the picture, BART's Central Supervisor is charged with the responsibility for the safe and efficient operation of the entire BART system.

Underlying all functions of BART Central Control is the motto... "Pamper the Passenger"... which hangs in the control room. This motto epitomizes the prime concern of all BART employees as they work for the safety, comfort and convenience of BART passengers.

"BART is... Getting Better."



Safe Holiday on BART Attracts Many BART Patrons

In recent years BART has continued to expand its holiday service by offering reduced fares and extended hours of service. This year, BART, for the first time, offered around-the-clock service on New Year's Eve. In addition to reducing fares and extending its operating hours, BART served thousands of cups of coffee and doughnuts to patrons at many of its stations on Christmas Eve and New Year's Eve, as part of its "Safe Holiday" program.

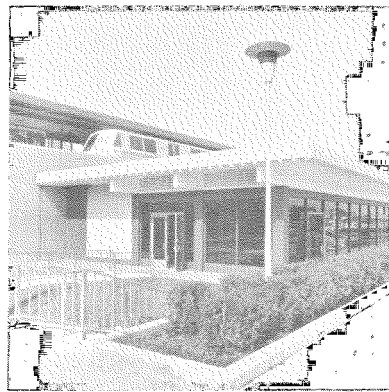
Director Wil Ussery of San Francisco originally suggested the "Safe Holiday" program, which was sponsored by BART, in cooperation with Safeway Stores and representatives of East Oakland Concerned Citizens; Project Intercept; Oakland-Alameda County Volunteer Bureau; West Oakland Health Center; Mt. Diablo Chapter of the American Red Cross; San Francisco Volunteer Bureau; and Oakland Citizens' Committee for Urban Renewal (OC-CUR).



BART Express Bus Patronage Increased by One-Third

Patronage on the BART Express Buses continued to grow during Fiscal Year 1979/80. Some 2,223,353 trips were taken, which is more than a one-third increase over the patronage for the previous fiscal year. No significant changes in service patterns were required to accommodate this increased ridership.

BART Express Buses are the connecting link with the outlying communities in the East Bay serving five BART stations (Walnut Creek, Hayward, Bay Fair, Concord and El Cerrito Del Norte). Approximately 50% of the express bus riders transfer to BART trains at these stations, while the others, including many school children, utilize the express buses for trips between suburban areas.



Fremont Station Now Major Transit Transfer Point

The new eastern entrance at the Fremont BART Station was opened on April 7, 1980, culminating a two-year expansion project at the end-of-the-line station in Southern Alameda County. This entrance and bus driveway will better facilitate traffic flow to and from the station, as well as improve BART and bus connection and patron access. Fremont Station serves as a transportation crossroads where connection can be made with AC Transit and Santa Clara County Transit, which will use the new bus driveway at the eastern entrance. Santa Clara County Transit instituted a new express service between the Fremont Station and the Southern Pacific Depot in San Jose, stopping at the San Jose Civic Center and in Milpitas. BART patrons will be able to transfer free of charge to this express service, using the BART/AC Transit transfers available inside the station. BART and AC Transit patrons can also transfer free to Santa Clara County Transit express service.

Total cost of the project was \$1 million, which includes the construction of a new 300-space parking lot,



completed in October 1978, a glass-enclosed waiting area and additional fare vending equipment. Better than 80% of the project was funded through the use of Federal Aid Urban (FAU) grants, as well as additional funding from the California Department of Transportation, and State Transportation Funds.

BART Conducts Seventh Passenger Profile Survey

The seventh annual survey of BART patrons was conducted aboard trains and on station platforms in May 1980. For the first time the survey, aimed at acquiring demographic and origin and destination information, asked about flexible work time scheduling.

The survey was conducted by the Department of Public Affairs in conjunction with the Department of Planning and Analysis. Of the 20,000 questionnaires distributed, 12,300 were returned and proved useable. This is the highest response and use rate ever achieved for such a BART survey.

Results will be available during the second quarter of the next fiscal year. The data will assist in developing new marketing strategies, the planning of feeder line bus service, as well as designing improvements for physical access to BART stations.

BART Pays Rewards for Information About Vandalism

BART has a standing reward of up to \$1,000 for any information leading to the arrest and conviction of person(s) involved in tampering or vandalism of District property.

This year, BART for the first time rewarded three citizens and one employee for their efforts in preventing potentially serious situations involving passenger safety and damage to BART property. These rewards were presented to the individuals on January 17 for preventing the burning of a BART car while it was in operation and alerting BART officials of the situation.

Less than four months later, on May 15, BART rewarded another citizen who alerted BART officials concerning the piling up of rocks and gravel alongside and on the track.

PERFORMANCE HIGHLIGHTS

Rail Ridership	FY 1979/80	FY 1978/79
Annual passenger trips	34,482,335	41,191,566 ⁽¹⁾
Average weekday trips	148,682⁽²⁾	151,712 ⁽³⁾
Average trip length	12.8 miles	12.1 miles ⁽¹⁾
Annual passenger miles	443,085,000	500,221,000
System utilization factor (ratio of passenger miles to available seat miles)	.307	.259
End-of-period ratios		
Peak patronage	49%	49%
Off-peak patronage	51%	51%
BART's estimated share of peak period transbay trips—cars, trains & buses	26.5%⁽⁴⁾	26.9% ⁽⁴⁾
Passengers with automobile available (as alternative to BART)	60%	57%
Operations		
Annual revenue car miles	20,046,000	26,806,000
Unscheduled train removals—average per revenue day	8.1	9.0
Transit car availability to revenue car fleet	76%	82%
Passenger miles per equivalent gal. of gas	60	56 ⁽¹⁾
Passenger accidents reported per million passenger trips	20.76	23.08
Patron-related crimes reported per million passenger trips	18.18	13.50
Financial		
Net passenger revenues	\$25,942,000	\$28,727,000 ⁽¹⁾
Other operating revenues	3,818,000	2,777,000
Total operating revenues	29,760,000	31,504,000
Net operating expenses	88,457,000	86,548,000 ⁽⁵⁾
Farebox ratio (net passenger revenues to net operating expenses)	34.35%⁽²⁾	33.19% ⁽⁵⁾
Operating ratio (total operating revenues to net operating expenses)	38.59%⁽²⁾	36.40% ⁽⁵⁾
Net rail passenger revenue per passenger miles	5.7¢	5.6¢ ⁽¹⁾
Rail operating cost per passenger mile	15.5¢⁽²⁾	16.6¢ ⁽⁵⁾
Net average passenger fare	73.3¢	68.5¢ ⁽¹⁾

Notes

- General note: Data represent annual averages unless otherwise noted.
- (1) Reflects transbay tube closing, January 19, April 4, inclusive.
 - (2) Excludes work stoppage period September 1—November 25, 1979.
 - (3) Excluding tube closure.
 - (4) Reflects April 1980 and October 1978 survey data respectively.
 - (5) Reflects abnormal tube fire expense.

1979 OPERATING FUNDS—\$96,671,000 (including Capitalized Costs)

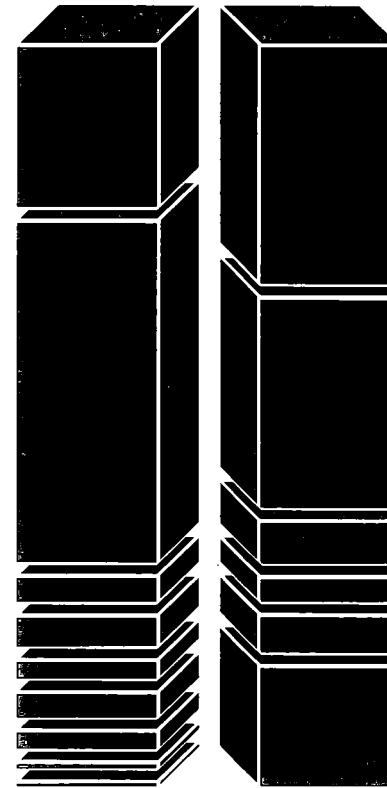
Where Funds Came From (in thousands)

Total:	100.0%	\$96,671
Fares:	26.8%	\$25,942
Transactions & Use Tax:	55.2%	53,336
Investment Income & Other Operating Revenues:	3.9%	3,818
Regional Financial Assistance:	4.7%	4,560
Construction Funds:	2.7%	2,614
Property Tax:	3.8%	3,670
Federal Financial Assistance:	2.6%	2,500
State Financial Assistance:	0.2%	160
*Decrease in Working Capital:	0.1%	71

*Funded excess of expenses over revenues

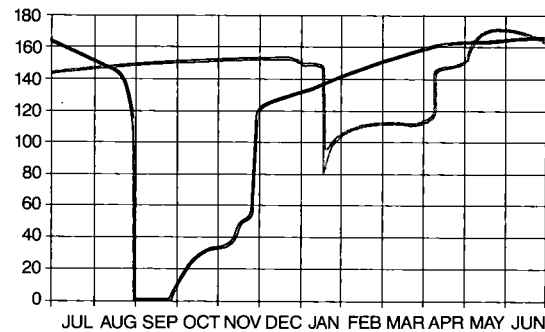
How Funds Were Applied (in thousands)

Total:	100.0%	\$96,671
Maintenance:	35.6%	\$34,412
Transportation:	31.6%	30,578
Police Services:	6.6%	6,388
Construction & Engineering:	3.7%	3,546
Capital Allocations:	5.8%	5,600
General & Administrative:	16.7%	16,147



SYSTEM OPERATIONS

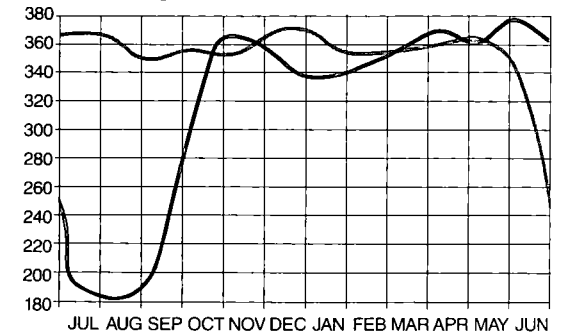
Monthly Averages of Weekday Patronage (000)



Special Notes for Patronage Chart

FY1978/79 Line —
 JAN 19-APR 4 — Transbay tube closure
 FY1979/80 Line —
 JUL-AUG — Reflects impact of labor dispute
 SEP-NOV — Work stoppage (limited service during OCT & NOV.)

Monthly Averages — Cars Available for Service at 8:00 am



Special Notes for Cars Available Chart

FY1978/79 Line —
 JAN — Partially due to tube fire
 JUN — Partially due to labor dispute
 FY1979/80 Line —
 JUL-AUG — Due to labor dispute

FINANCIAL STATEMENTS

San Francisco, California
October 17, 1980

The Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1980 and 1979 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1980 and 1979 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Main Hurdman & Cranstoun
Certified Public Accountants

BALANCE SHEET June 30, 1980 and 1979 (In Thousands)

	1980	1979
ASSETS		
Cash (including time deposits: 1980, \$15,080; 1979, \$-0-)	\$ 17,012	\$ 1,825
Securities	36,225	38,491
Securities representing reserves	43,743	37,156
Deposits, notes, and other receivables	6,450	10,650
Construction in progress	47,636	38,431
Facilities, property, and equipment—at cost (less accumulated depreciation and amortization: 1980, \$175,998; 1979, \$150,670)	1,321,028	1,345,823
Materials and supplies—at average cost	10,241	10,042
Debt service funds, net assets	15,207	17,819
	<u>\$1,497,542</u>	<u>\$1,500,237</u>
LIABILITIES AND CAPITALIZATION		
Contracts and other liabilities	\$ 20,790	\$ 17,332
Unearned passenger revenue	733	1,110
Debt service funds	15,207	17,819
	<u>36,730</u>	<u>36,261</u>
Capitalization:		
Reserves	43,743	37,156
General Obligation Bonds	673,570	695,275
Net capital investment	743,499	731,545
	<u>1,460,812</u>	<u>1,463,976</u>
	<u>\$1,497,542</u>	<u>\$1,500,237</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS Years Ended June 30, 1980 and 1979 (In Thousands)

	1980	1979
Operating revenues:		
Fares	\$28,218	\$31,344
Less discounts and other deductions	2,276	2,617
	<u>25,942</u>	<u>28,727</u>
Other	626	647
Investment income	3,192	2,130
	<u>29,760</u>	<u>31,504</u>
Total operating revenues		
Operating expenses:		
Transportation	30,578	27,345
Maintenance	34,412	34,779
Police services	6,388	3,684
Construction and engineering	3,546	8,002
General and administrative	16,147	12,911
Tube fire costs	—	3,536
	<u>91,071</u>	<u>90,257</u>
Less capitalized costs	2,614	3,709
Net operating expenses	88,457	86,548
Insurance proceeds from damage of revenue transit vehicles	—	5,000
Less net book value of damaged revenue transit vehicles	—	1,808
	<u>—</u>	<u>3,192</u>
Operating loss before depreciation expense	58,697	51,852
Depreciation (unfunded):		
Of assets acquired with own funds	16,083	18,209
Of assets acquired with grants and contributions by others	9,838	9,925
Total depreciation	<u>25,921</u>	<u>28,134</u>
Operating loss	84,618	79,986
Financial assistance:		
Transactions and use tax	53,336	44,040
Sales tax allocated	3,500	6,700
Property tax	3,670	2,299
State	160	951
Transportation Development Act of 1971	1,060	541
Federal	2,500	2,743
Capital allocations	(5,600)	(2,300)
Total financial assistance	<u>58,626</u>	<u>54,974</u>
Net loss	25,992	25,012
Depreciation of assets acquired with grants and contributions by others	9,838	9,925
Net loss transferred to accumulated deficit	<u>\$16,154</u>	<u>\$15,087</u>
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$58,697	\$51,852
Add net insurance proceeds restricted for revenue transit vehicle replacement	—	3,192
Deduct financial assistance	58,626	54,974
Funded excess of expenses over revenues	<u>\$ 71</u>	<u>\$ 70</u>

STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT
Years Ended June 30, 1980 and 1979 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
Balance, July 1, 1978	\$ 89,015	\$150,000	\$499,243	(\$42,757)	(\$65,159)	\$125,199	(\$35,906)	\$719,635
Net loss for the year	—	—	—	—	(15,087)	—	—	(15,087)
Improvement allowance funding	—	—	2,300	—	—	—	—	2,300
Proceeds from grants and contributions	—	—	11,885	—	—	—	—	11,885
Depreciation of assets acquired with grants and contributions by others	—	—	—	(9,925)	—	—	—	(9,925)
Interest on capital	—	—	—	—	—	4,277	—	4,277
Increase in system improvement reserve	—	—	—	—	—	—	(1,250)	(1,250)
Bond principal	19,710	—	—	—	—	—	—	19,710
Balance, June 30, 1979	108,725	150,000	513,428	(52,682)	(80,246)	129,476	(37,156)	731,545
Net loss for the year	—	—	—	—	(16,154)	—	—	(16,154)
Proceeds from grants and contributions	—	—	17,607	—	—	—	—	17,607
Depreciation of assets acquired with grants and contributions by others	—	—	—	(9,838)	—	—	—	(9,838)
Interest on capital	—	—	—	—	—	5,221	—	5,221
Establishment of vehicle replacement reserve	—	—	—	—	—	—	(5,000)	(5,000)
Decrease in system completion reserve	—	—	—	—	—	—	2	2
Increase in system improvement reserve	—	—	—	—	—	—	(1,589)	(1,589)
Bond principal	21,705	—	—	—	—	—	—	21,705
Balance, June 30, 1980	<u>\$130,430</u>	<u>\$150,000</u>	<u>\$531,035</u>	<u>(\$62,520)</u>	<u>(\$96,400)</u>	<u>\$134,697</u>	<u>(\$43,743)</u>	<u>\$743,499</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended June 30, 1980 and 1979 (In Thousands)

	1980	1979
Cash and securities (used) provided by:		
Operations:		
Net loss transferred to accumulated deficit	(\$16,154)	(\$15,087)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	16,083	18,209
Net book value of damaged revenue transit vehicles	—	1,808
Cash and securities (used) provided by operations	(71)	4,930
Contributions from U.S. Government grants and others	17,607	11,885
Improvement allowance funding	—	2,300
Increase in contracts and other liabilities	3,458	1,665
Decrease (increase) in deposits, notes, and other receivables	4,200	(6,982)
Interest on capital	5,221	4,277
Total cash and securities provided	<u>30,415</u>	<u>18,075</u>
Cash and securities applied to:		
Additions to construction in progress	9,205	3,653
Additions to facilities, property, and equipment	1,126	10,409
Additions to materials and supplies	199	2,221
Decrease (increase) in unearned passenger revenue	377	(5)
Total cash and securities applied	<u>10,907</u>	<u>16,278</u>
Increase in cash and securities	<u>\$19,508</u>	<u>\$ 1,797</u>

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES
Years Ended June 30, 1980 and 1979 (In Thousands)

	General Obligation Bonds	
	1980	1979
Revenues:		
Property tax	\$45,332	\$48,285
Interest	3,167	2,490
	<u>48,499</u>	<u>50,775</u>
Expenditures:		
Interest	29,406	30,446
Principal	21,705	19,710
	<u>51,111</u>	<u>50,156</u>
	(2,612)	619
Balance, beginning of year	<u>17,819</u>	<u>17,200</u>
Balance, end of year	<u>\$15,207</u>	<u>\$17,819</u>
Represented by:		
Cash (including time deposits: 1980, \$3,240; 1979, \$16,340)	\$ 3,475	\$16,363
Securities	10,700	310
Taxes and interest receivable	1,032	1,146
	<u>\$15,207</u>	<u>\$17,819</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1—Summary of Significant Accounting Policies

Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

Securities are carried at cost which approximates market.

Facilities, Property, and Equipment

Facilities, property, and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission. The District records these amounts as financial assistance when received. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1980 to June 30, 1980 will be approximately \$10,875,000. Of this amount, \$2,719,000 had been received and recorded by the District. Comparable figures for 1979 were \$9,300,000 and \$2,906,000 respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

2—Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	------(In Thousands)-----	
	1980	1979
Basic System Completion	\$12,998	\$13,000
System Improvement	16,745	15,156
Self-Insurance	9,000	9,000
Vehicle Replacement	5,000	—
	<u>\$43,743</u>	<u>\$37,156</u>

The Board of Directors has also established the following reserves:

1. An imprest cash reserve of \$568,000 to be used solely in the District's automatic fare collection equipment.
2. An operating balance/working capital reserve consisting of the unencumbered balance in the General Operating Fund in an amount not to exceed \$10 million.

3. A general construction fund reserve in the amount of the uncommitted and not otherwise reserved balance including interest thereon in the General Construction Fund, such reserve to be dedicated to the construction and/or acquisition of basic system projects.
4. A capital allocation reserve consisting of all unexpended Metropolitan Transportation Commission capital allocations.

3—Facilities, Property, and Equipment

Facilities, property, and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1980 and 1979 are summarized as follows:

	------(In Thousands)-----				
	-----1980-----		-----1979-----		
	Lives (Years)	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 114,294	\$ —	\$ 106,592	\$ —
Improvements	80	1,035,058	87,714	1,041,416	76,184
System-wide operation and control	20	95,346	28,251	95,324	23,674
Revenue transit vehicles	30	145,580	31,259	147,548	26,487
Service and miscellaneous equipment	3 to 20	13,093	5,471	11,896	4,593
Capitalized construction and start-up costs	30	86,278	21,958	86,278	18,624
Repairable property items	30	7,377	1,345	7,439	1,108
		<u>\$1,497,026</u>	<u>\$175,998</u>	<u>\$1,496,493</u>	<u>\$150,670</u>

4 — General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	------(In Thousands)-----					
			Original Amount		-----1980-----		-----1979-----	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	4.05%	1999	\$792,000	\$792,000	\$23,300	\$664,550	\$21,375	\$685,925
1966 Special Service District Bonds	4.36%	1998	20,500	12,000	340	9,020	330	9,350
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$23,640</u>	<u>\$673,570</u>	<u>\$21,705</u>	<u>\$695,275</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both

principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$13,933,000 on General Obligation Bonds and \$196,000 on Special Service District No. 1 Bonds is payable on December 15, 1980.

BART'S DEPARTMENTAL CHARTERS

5—U.S. Government Grants

Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1980 is as follows:

Type Of Grant	--- (In Thousands) ---	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,095	12,842
Capital	332,973	298,106
	<u>\$348,029</u>	<u>\$312,909</u>

Operating

The District's 1979/80 Federal operating assistance grant of \$2,500,000 under Section 5 of the Urban Mass Transportation Act was approved by the United States Department of Transportation. The grant is reflected in the statement of operations as financial assistance and in the balance sheet as a receivable at June 30, 1980.

6—Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

7—Public Employees Retirement System

The District contributes to the Public Employees Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain State and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$4,819,000 and \$5,016,000 in 1980 and 1979, respectively.

Office of District Secretary

Representing the District in many types of external contact, as well as coordinating board of Directors activities, are the responsibilities of this office.

General Counsel

The law, and its application to BART's various functions, is the subject of the District Counsel's activities.

Department of Public Affairs

Under the guidance of the Public Affairs Department are marketing, public information and passenger services responsibilities.

Department of Finance

All financial matters, including accounting, treasury, insurance and audit functions, are administered by the Finance Department.

Department of Planning & Analysis

The Planning and Analysis Department is responsible for planning and research, capital program development, inter-agency liaison and management services.

Department of Safety

Emergency preparedness and life safety programs, operations safety audit and industrial safety are responsibilities of the District's Safety Department.

Department of Affirmative Action

The Department of Affirmative Action provides for development and monitoring of the District's affirmative action plan and the minority business enterprise program.

Department of Employee Relations

Included in the area of responsibility of the Employee Relations Department are employee relations, labor relations and management, supervisor and technical training.

Department of Field Services

Station and train operations, police services and related support services are supervised by the Field Services Department.

Department of Materials Management & Procurement

The Materials Management and Procurement Department is responsible for all purchasing, inventory control, materials provisioning, contract management, storekeeping and implementing the District's minority business enterprise program.

Department of Maintenance & Engineering

The Maintenance and Engineering Department is responsible for a variety of activities, including rolling stock maintenance; power and way maintenance; communication maintenance and component repair; maintenance scheduling and inspection; engineering, design construction, and special engineering projects.

Department of Budget

Preparation and control of the District's budget and monitoring of fiscal performance and staffing levels under the budget, plus control of the capital programs, are among the responsibilities of the Budget Department.

Department of Information Systems

The development, operation and maintenance of the District's information processing systems are the responsibility of the Information Systems Department.

Department of Administrative Services

Under the Administrative Services Department come the operation of BART's Library, the maintenance of the Central Files, all office services including the mail. BART's telephone information center, the motor pool and BART's real estate program are also the responsibility of this Department.

BART SYSTEM MAP

SAN FRANCISCO BAY RAPID TRANSIT DISTRICT
 800 Madison Street—Oakland, CA 94607
 (415) 465-4100

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the Counties of Alameda, Contra Costa and San Francisco.

BOARD APPOINTED OFFICERS

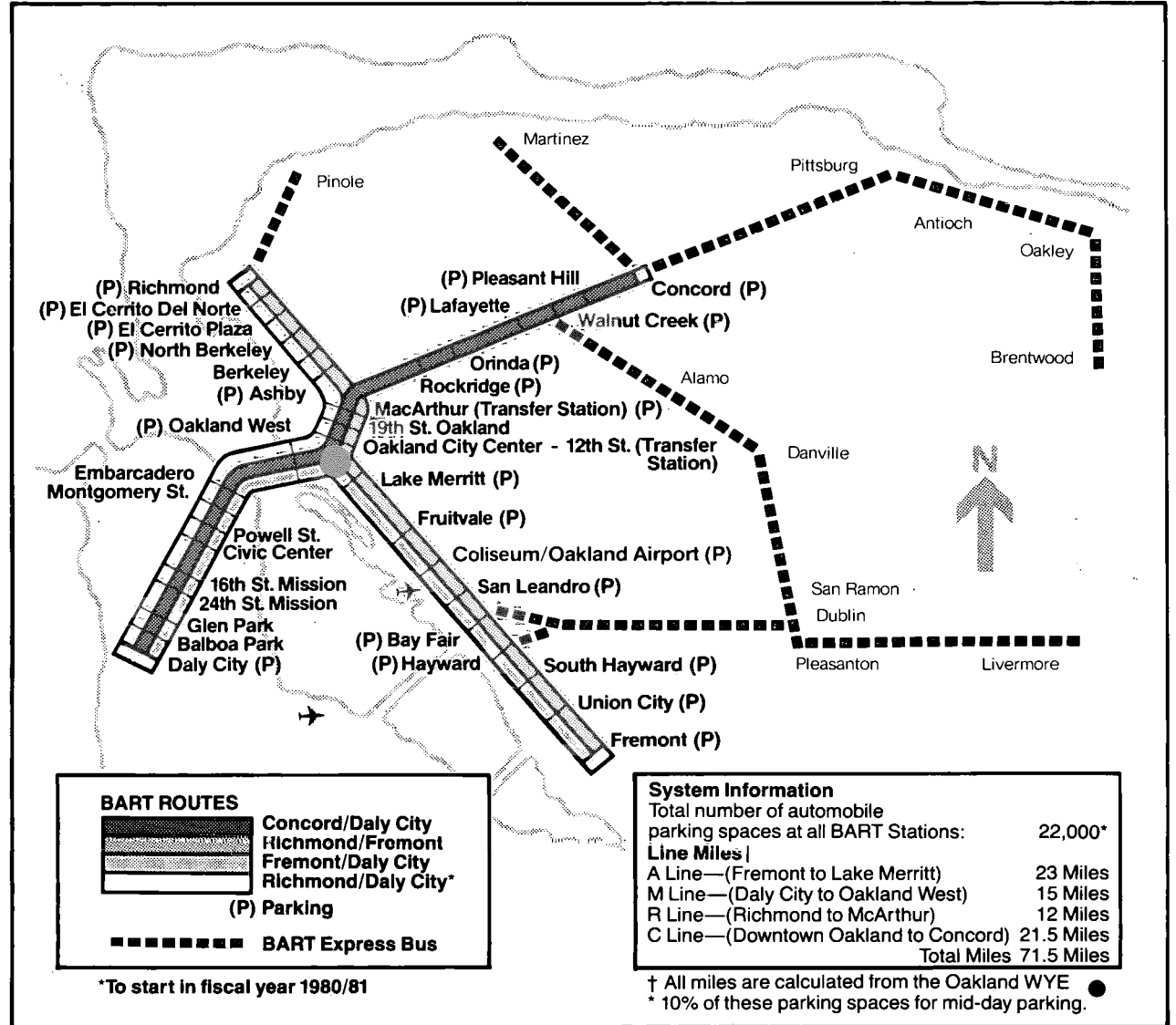
C.K. Bernard General Manager	William F. Goelz Finance
Malcolm M. Barrett General Counsel	Phillip O. Ormsbee District Secretary

DEPARTMENT HEADS REPORTING TO THE GENERAL MANAGER

Richard P. Demko Maintenance & Engineering	Hedy Morant Budget
William B. Fleisher Field Services	Thomas R. Sheehan Information Systems
Howard L. Goode Planning & Analysis	William Thomas Material Management & Procurement
Michael C. Healy Public Affairs	Ralph S. Weule Safety
Ernest G. Howard Administrative Services	Lawrence A. Williams Employee Relations
John Mack Affirmative Action	

The Annual Report is published by the District Pursuant to Section 28770, Public Utilities Code of the State of California.

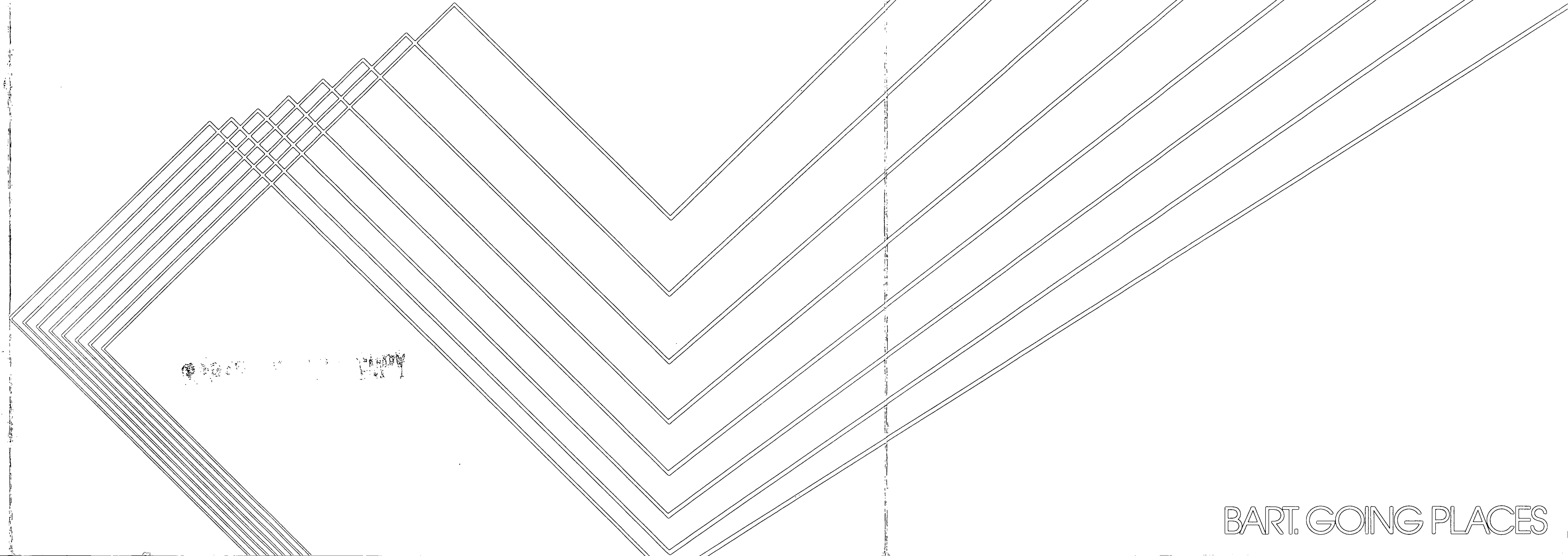
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800 Madison Street
Oakland, California 94607
Telephone (415) 465-4100

BART 1980-81 ANNUAL REPORT



BAY AREA RAPID TRANSIT DISTRICT
800 Madison Street
Oakland, California 94607
Telephone (415) 465-4100

BART. GOING PLACES



Margaret K. Pryor
District 4
Vice Chairperson, Public Information & Legislation Committee. Member, Administration Committee. Director since September 1980. Oakland resident. Community development specialist, OCCUR, Oakland.

John H. Kirkwood
District 9
Vice Chairperson, Administration Committee. Director since November 1974. Board President, 1979. San Francisco resident and businessman.

Eugene Garinkle
District 8
Chairperson, Administration Committee. Director since March 1977. San Francisco resident and attorney.

Nello Bianco
District 2
Chairperson, Engineering & Operations Committee. BART representative to the Executive Committee of the American Public Transit Association (APTA) Board of Directors. Director since October 1969. Board President, 1980 and 1974. Richmond resident and businessman.

John Glenn
District 6
President. Serves as ex-officio member of all Committees. Director since 1974. Fremont resident. Oakland business executive.

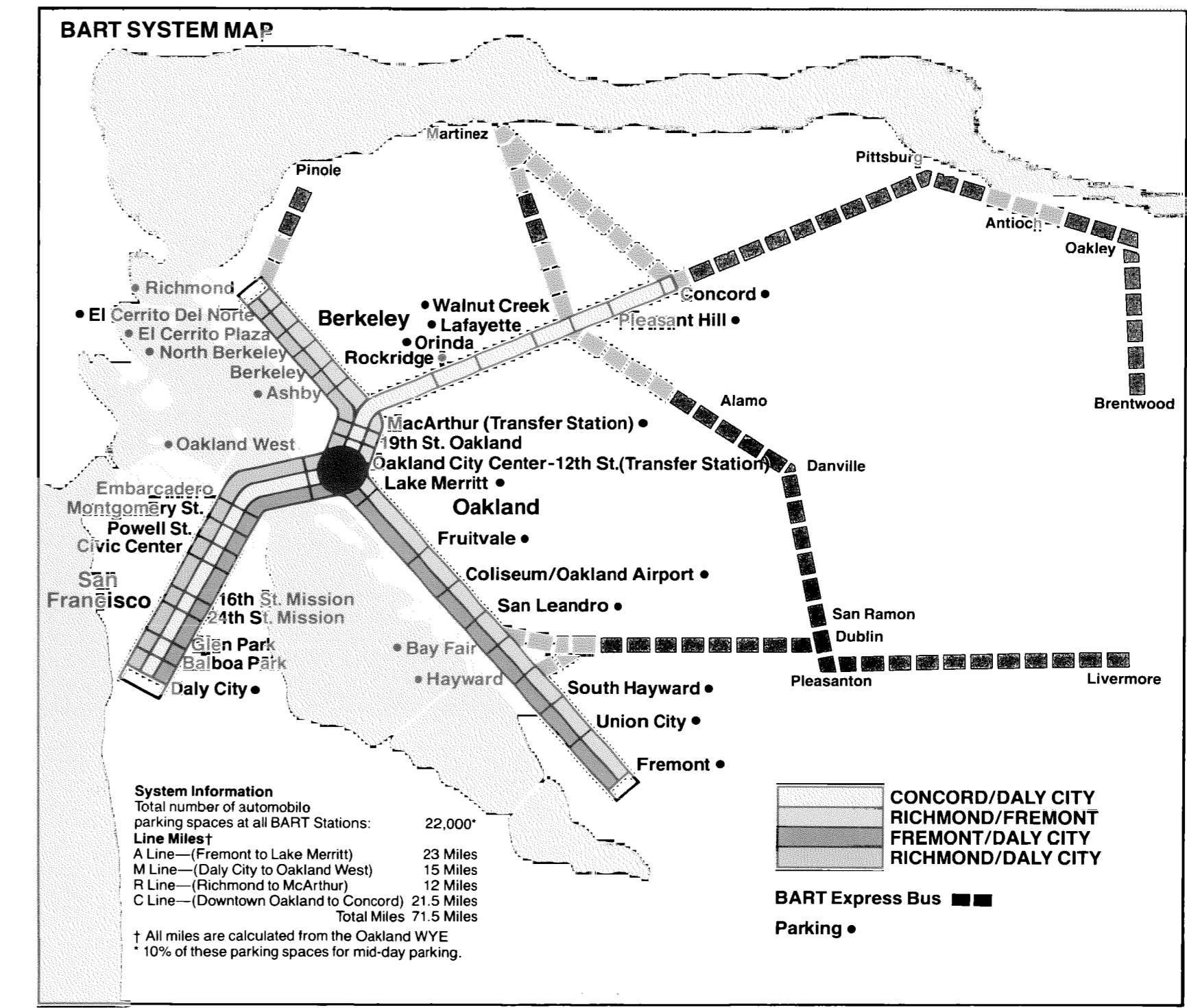
Robert S. Allen
District 5
Vice President. Served as ex-officio member of all Committees. Director since 1974. Livermore resident and railroad cost analyst.

Barclay Simpson
District 1
Vice Chairperson, Engineering & Operations Committee. Director since November 1976. Board President, 1977. Orinda resident. San Leandro businessman.

Wilfred Ussery
District 7
Chairperson, Public Information & Legislation Committee. Member, Engineering & Operations Committee. Director since December 1978. San Francisco resident and Director of Program Development, San Francisco Housing Authority.

Arthur J. Shartsis
District 3
Member, Public Information & Legislation Committee. Director since November 1976. Oakland resident. San Francisco attorney.

*John Glenn, President
Board of Directors
San Francisco
Bay Area
Rapid Transit
District*



As a means to better identify the BART express buses, a fresh coat of blue and silver paint, including the BART logo, was applied.



PRESIDENT'S MESSAGE

I am pleased to report that during the Fiscal Year 1980/81 BART has grown into full maturity, when for the first time since the system was opened it began operating over all four routes, as originally designed.

BART today is carrying more patrons than ever before and, according to recent nationwide studies, it has been determined that BART, when judged against comparable rapid transit systems, has achieved the best system component reliability record in the United States.

Public acceptance of BART is at an all-time high. Despite a fare increase on June 30, 1980, patronage increased to a record average of 174,000 weekday riders by June, 1981. On May 1, 1981, more people rode BART than on any day in its history when the system carried 192,122 patrons.

The Close Headways project, phased in at the beginning of June, 1980, enabled BART to operate 42 trains on the system at any one given time. Train frequencies are now as little as four minutes.

With the ability to operate a greater number of trains on the system, BART on July 7, 1980, inaugurated its long awaited direct service between Richmond and San Francisco/Daly City. Moreover, peak hour transbay service has been increased by 60 percent from 10 to 16 trains. And because more cars are now available, thanks to improved reliability, most trains on the heavily used Concord and Fremont lines are 10 cars long during rush hour.

Improved reliability and a ruling in April, 1981, by the California Public Utilities Commission that BART could implement the "Cutout Car" system, has been a very important factor in setting the new records for the performance of the system. The "Cutout Car" system permits the train operator to disengage the faulty brakes on a car in a multi-car train, thus permitting the car to roll free, allowing the train to complete its run. Previously, this problem necessitated taking the train out of service.

By the end of this fiscal year, 99 percent of all scheduled runs were regularly being completed and 94 percent of all trains, on the average, ran on time, BART's best performance record in history.

BART's safety has been enhanced during the past fiscal year as well. New low-smoke, fire-resistant neoprene seat cushions have been installed throughout the car fleet replacing the old polyurethane cushions. Improved fire safety contingency plans have been reviewed and drills have been conducted with the Bay Area fire departments to prepare BART staff and the professional firefighters for any fire problems on the system. The BART Emergency Plan has been prepared and will be distributed during 1982.

We are looking forward to completing the Manual Cab Signalling (MCS) modifications that will enable BART trains to run safely at near normal speed under manual control and eliminate a major cause of system slowdowns.

In addition, work on the first phase of the "K-E" track through the subway area of downtown Oakland stations at 12th Street and 19th Street was nearing completion. Early in 1982, when this

third trackway is electrified and the way-side automatic train control system is operational, BART will be able to remove faulty trains with much less impact on service through this congested Oakland area. When the "K-E" track is completed in 1984, it will be the first new mainline track added to the system since it was originally constructed.

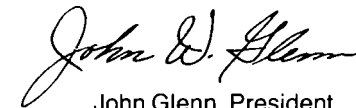
Not only will the completed "K-E" track enhance BART's flexibility, it will also be used as a train storage area, reducing the number of long "deadhead" trips which are now necessary when preparing for daily operations.

As a Fremont resident, I am particularly pleased that BART's Board of Directors voted to include an extension of the Fremont line to Warm Springs in the first phase of the system's four-phase extension program. The Warm Springs extension plan includes a subway beneath Fremont's Central Park and new stations to be built at Irvington and Mission Boulevard. Other phases of the extension program—which could be completed by the year 2000—include extending the Concord line to Antioch, and construction of a line from Bay Fair Station in San Leandro to Livermore. If appropriate local funding is forthcoming, then extending the Daly City line to the San Francisco International Airport could be accomplished.

Finally, we have completed the design of the new C-Car which will enable BART to meet increased capacity demands in the 1980's. This new car will also be capable of being used as either a control car or a mid-train car and we are looking forward to requesting bids for 90 of these new vehicles for delivery beginning in 1985, as soon as sufficient funding is available.

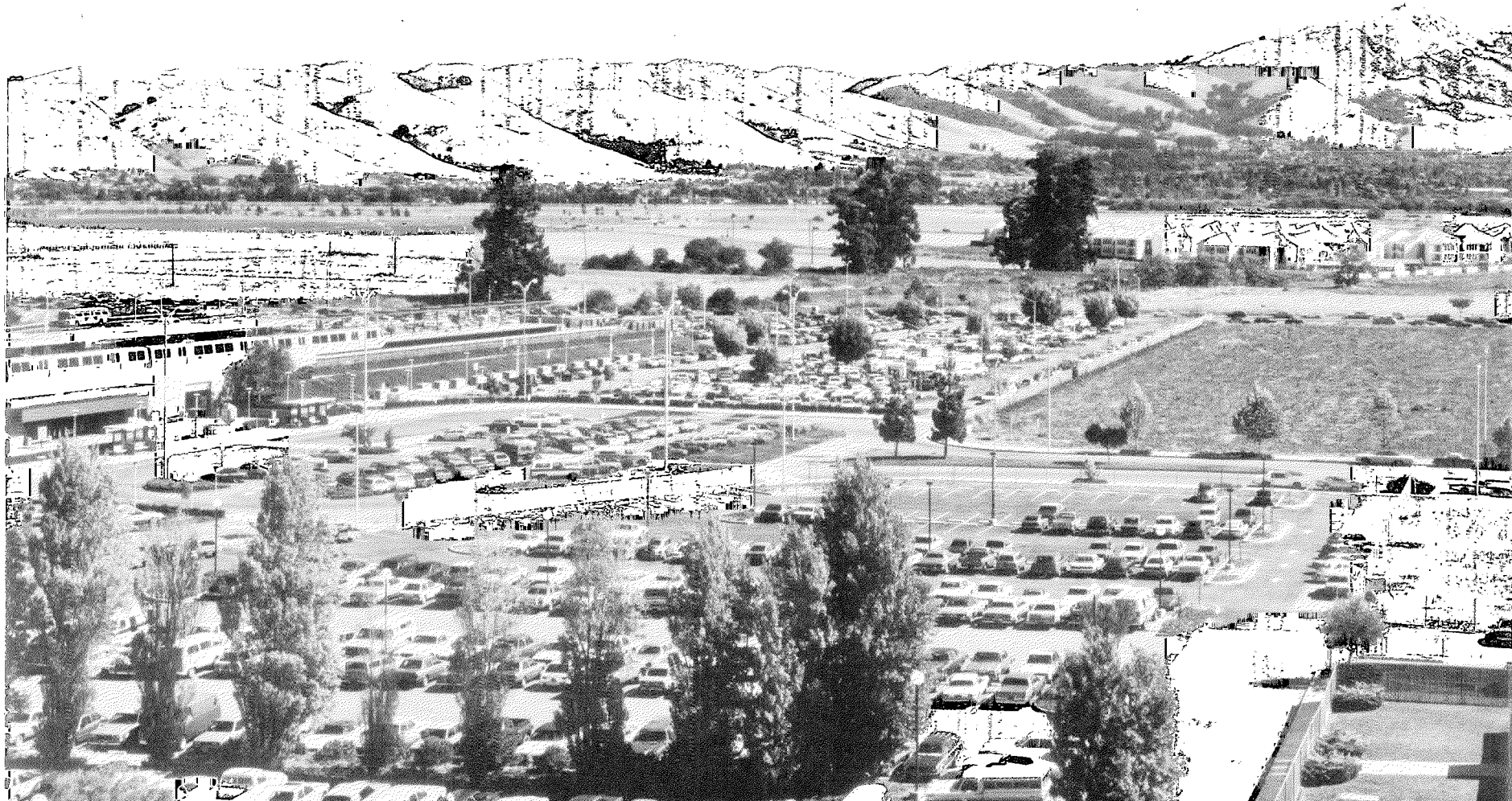
The fiscal year covered by this report has been one of challenges and major accomplishments. I note with pride the outstanding service and hard work performed by BART's employees.

I am proud to have served with eight other Directors whose dedication to BART has resulted in the achievements of Fiscal Year 1980/81.



John Glenn, President

As a result of improved service reliability and escalating cost of personal transportation, BART saw ridership reach an unprecedented 46,879,319 by the end of the report period. Then, in an effort to sketch a rider profile, BART conducted a passenger survey which revealed almost three-quarters of the riders used the system for work-related activities.



BART. GOING PLACES WITH PEOPLE

Passenger Survey

In May, 1980, BART distributed passenger questionnaires in an effort to develop a rider profile and obtain information that will ultimately lead to improved rider service, comfort and system access.

Based on the 12,301 responses, marking a substantial 61.5 percent return, BART analysts found that off-peak period ridership had increased from 50 percent of a typical day's usage to 52 percent, with a comparable reduction in peak riding.

The relative reduction in peak period ridership may be attributed to the fact that 29 percent of the early morning commuters took advantage of working flextime hours. An additional 9 percent of those surveyed indicated they also could use flextime if they asked for prior approval from their supervisors.

In addition, the survey showed 13 percent of the riders carpooled to BART stations before 7 a.m., while another 7 percent carpooled during the morning peak after 7 a.m. BART has been encouraging carpooling as a part of its access program.

The survey also showed the overall minority ridership at about 33 percent or an increase of 7.4 percent over the previous survey conducted in 1978.

Other findings showed 74.4 percent of all BART riders used the system to get to work or for work-related duties, with the remaining 25.6 percent using it for other activities such as going to school, shopping, touring, entertainment, recreation, and personal appointments.

Interestingly enough, 60 percent of those surveyed used BART although they had a car available. Among the most common reasons given by new riders for use of the system was its convenience and low cost.

Patronage

During the past year, BART carried more people than ever before. If peak patronage growth trends continue at the current rate, the peak capacity of BART's

fleet will soon be insufficient unless new rolling stock is added during the 80's.

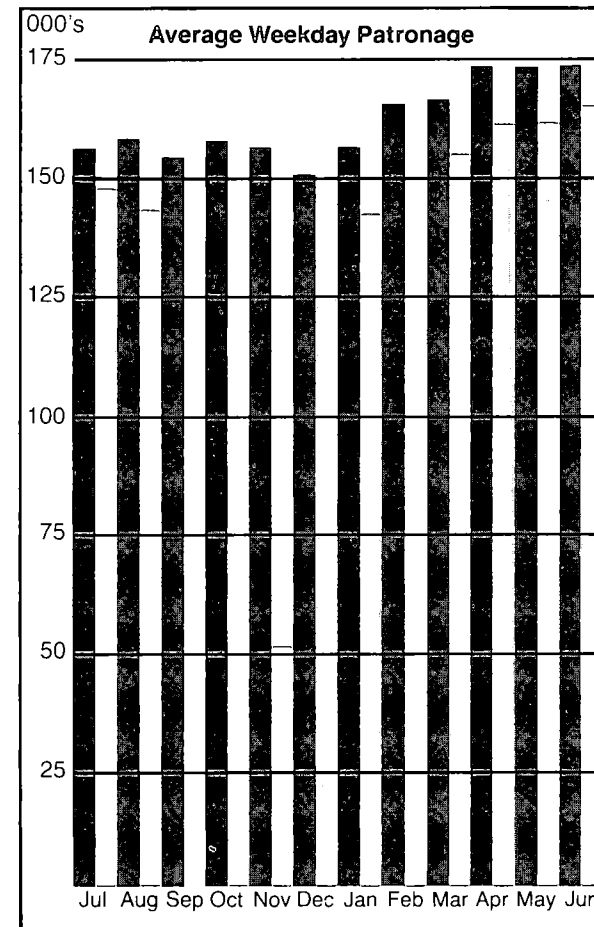
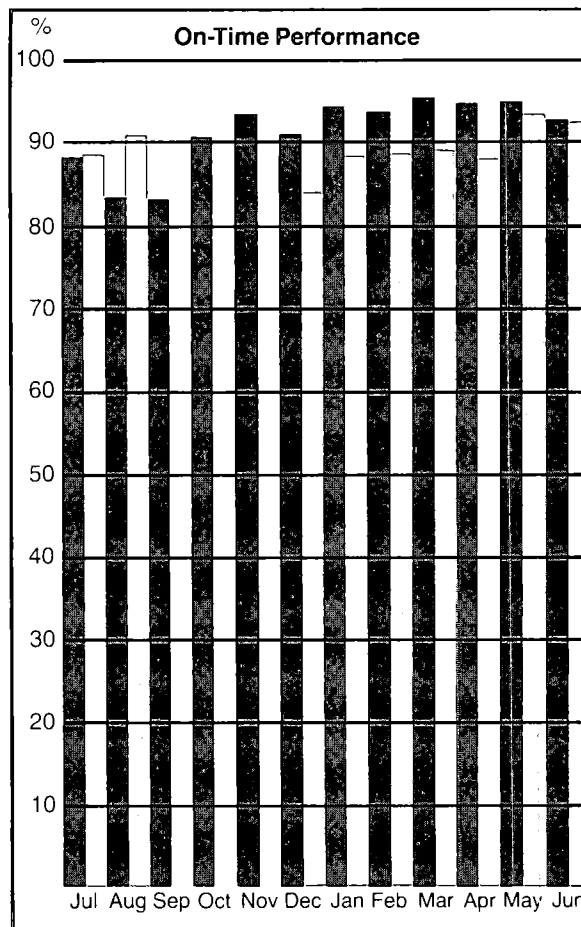
While a fare increase was imposed at the beginning of the 1980/81 fiscal year, the impact on BART ridership was less than expected. Although fares increased an average of 35 percent, patronage dipped a mere five percent during the first quarter of the fiscal year instead of the forecast eight percent and rebounded to record highs by the end of the fiscal year.

The inauguration of the Close Headways program and the start of the direct Richmond/Daly City service shortly after the fare increase helped offset any appreciable passenger loss. As a result of service delays experienced during the first three months of the Close Headways program, patronage growth remained relatively flat. Moreover, last year's sluggish holiday shopping season did not change the picture. By the end of 1980, BART patronage was averaging 150,000 per weekday.

As a direct result of the beginning of the Richmond/Daly City direct service, transbay ridership between San Francisco and East Bay stations increased 25 percent and travel between stations on the Richmond line and San Francisco increased 95 percent.

BART's increasing reliability, together with minor adjustments to the Close Headways schedules, the start of the direct Richmond/Daly City service, the federal deregulation of the price of gasoline and the subsequent rise in the cost of personal transportation, helped spark a major ridership increase that saw BART reach a record of over 174,000 average weekday patronage during April and sustained this average during the fiscal year's last quarter.

BART saw its highest patronage yet during this fiscal year with the final figure reaching 46,879,319. On May 1, 1981, BART carried a record 192,122 riders, due in part to attendance at the Oakland A's/New York Yankees baseball game at the Oakland Coliseum.



NOTE: Peak period train schedule revised October 1980.

34.9% fare increase starting June 30, 1980 and addition of direct Richmond/Daly City service.

Work stoppage September-November 1979; limited service provided during October & November.

■ FY 1980-81
□ FY 1979-80

With the new reliability improvements program already 60% underway, BART surpassed on-time performance record and had the lowest vehicle component failure rate in the nation.

Other projects included finishing the new C-Car specifications and the near completion of the first phase of the K-E track, a new subway track beneath downtown Oakland.



BART. GOING PLACES WITH IMPROVEMENTS

Performance

In order to give BART patrons the most reliable transit service possible, on January 1, 1979, the district embarked on a multi-faceted Reliability Improvement Program (RIP). During the past fiscal year, RIP was funded in major part by a \$5.1 million federal grant.

As part of this program to increase performance, the California Public Utilities Commission ruled in April, 1981, that the District could implement a new operating procedure by which a car, in a multi-car train experiencing a friction brake problem, would be allowed to "free-wheel." All other systems on the "free-wheeling" car would still be fully operative and, based on extensive tests, the braking power of the rest of the train is more than sufficient to stop the train within established safety limits.

This "Cutout Car System," as it is called, permits the train to run at full speed rather than half speed, as was required in the past, when a car on a multicar train develops a problem with its braking system.

Before the implementation of the Cutout Car System, the incidents of trains running at half speed due to friction brake failure had been occurring about five times each seven working days. The new system has virtually eliminated these incidents.

During FY1980/81, 60 percent of other RIP elements were completed, which have contributed to a marked improvement in BART's service reliability. These included reliability improvements to the train propulsion motors, upgrading of the automatic train control equipment and modifications which permit trains with minor faults to stay in normal service.

RIP showed impressive results with the system reaching a record high of 94 percent of all trains arriving within five minutes of their scheduled run times last spring. This increased reliability enabled BART to issue its first Saturday

daytime schedule in January, 1981, for four-route service.

Moreover, according to a federally sponsored study, BART achieved the lowest vehicle component failure rate among the nation's heavy rail transit operations.

New Tracks

The first phase of BART's K-E track, a new subway track beneath downtown Oakland, neared completion by the end of the fiscal year along with the completion of new passenger platforms for the K-E track at the 12th Street/Oakland City Center and 19th Street Stations.

Toward the end of the fiscal year, design got underway for the above-ground, phase two portion of the track between the Washington Street portal and MacArthur Station. The total K-E track project cost is expected to be approximately \$23 million.

When completed in early 1984, the K-E track—the first new section of BART mainline trackway built since the system began operating—will improve service through the heavily congested Oakland corridor, in addition to providing an extra trackway for the removal of malfunctioning trains and as a bypass around stalled traffic. The new track will serve as mainline storage for the long commute trains, in preparation for daily revenue service, thereby reducing the cost of deadheading these trains to and from BART train yards.

At the Daly City end of the system, BART's planners have developed alternatives for a proposed turnback track and storage yard which would ultimately provide increased train frequency.

Ultimately, with the Daly City turnback and storage yards in operation, the District expects to save at least \$700,000 a year in electricity costs by not having to deadhead long trains to East Bay yards after the evening commute hours or from the East Bay to Daly City before the morning commute service begins.

Budget/Property Tax Rate

At the end of 1979/80 fiscal year, the BART Board adopted a \$105 million operating budget for the 1980/81 fiscal year. This was an increase of 10.8 percent over the previous year, due primarily to inflation and anticipated increase in electrical power cost of \$5.8 million. An additional amount of \$2.5 million was set aside as a general system improvement allowance.

In order to meet rising costs and a regionally imposed farebox recovery formula, and to remain eligible for state subsidy assistance, the BART Board adopted an average fare increase amounting to 35 percent. The new fare level was expected to generate annually about \$42.4 million. In addition, \$3.1 million in operating revenues was realized from advertising, concessions, rentals, parking fees, fines and interest.

The remainder of the adopted budget funding sources included an estimated \$56.5 million from the half-cent sales tax levied in the three BART counties for regional transit; \$3.1 million from a combination of state (Proposition 13 relief), UMTA-Section 5 and Transportation Development Act funds; and slightly over \$2.7 million from property tax.

During August, 1980, the Board adopted a single tax rate of 32.3 cents per \$100 assessed property valuation for the 1980/81 fiscal year levied on Alameda, Contra Costa and San Francisco County property owners. This represented an increase of slightly more than one-half cent over the previous fiscal year's rate of 31.6 cents. The property tax rate in Berkeley, to service construction bonds approved by the voters for the construction of the subway through the city, was lowered by about one-half cent to 14.8 cents.

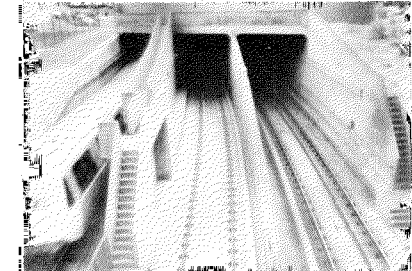
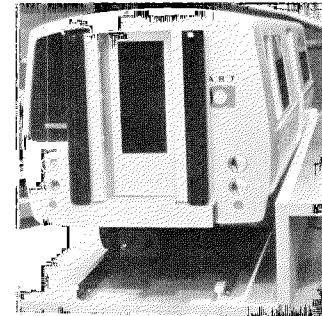
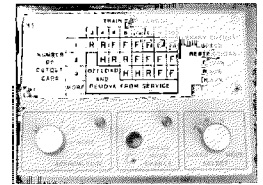
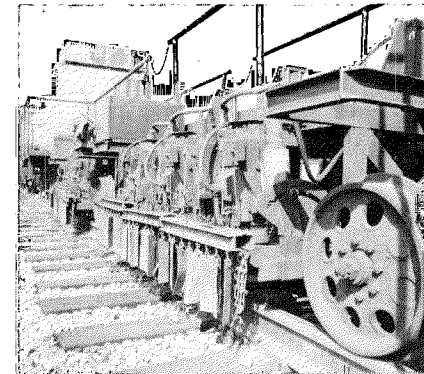
C-Cars are Coming

With an eye to meeting future passenger capacity demands, the BART staff completed detailed specifications for the construction of 90 new C-Cars, capable

of operating either at the end of a BART train or in the middle. Federal assistance is being sought to defray 80 percent of the estimated total cost of \$118 million (in 1981 dollars) for the C-Car.

The C-Car will give BART greater capacity and improved flexibility, since the length of trains can be adjusted on the main line, without going into a yard, in order to meet changing passenger demands during the day. In addition, the C-Car's design is based on BART's transit experience and a "keep it simple" approach which will enhance the system's overall reliability.

Early in 1982, BART will be advertising for bids for the construction of prototypes of this new rolling stock. As soon as approval is received from the federal government, BART will proceed with the program to acquire the new cars which are expected to be in service by 1985.



As a part of the overall program to provide better service, BART moved ahead by adopting an extension plan which included the linking of Fremont's Irvington and Warm Springs districts to the system. Also added were new shuttles, more express and direct service buses, and access facilities and station parking lots were upgraded.



BART. GOING PLACES WITH SERVICE

Extensions

In late 1980 and early 1981, BART worked with the City of Fremont to develop station locations and track alignment that would meet both the city's and the BART system's needs when tracks are extended south to Fremont's Irvington and Warm Springs districts by 1987. This work is part of the first phase of BART's system expansion plan which also includes a track extension to a station in North Concord at State Route 4.

In February, 1981, the BART Board of Directors voted to route the southern Fremont extension through a subway beneath Fremont's Central Park and build stations in Irvington and at Mission Boulevard near the General Motors assembly plant in Warm Springs.

The Warm Springs extension is expected to cost \$274 million in 1981 dollars, including \$24 million in 1981 dollars to pay for the additional cost of building the Central Park subway instead of an aerial structure as was originally planned. Some 3200 riders are expected to use the Warm Springs extension each day. To begin implementing its decision, the Board of Directors voted to seek funds to buy land for the Warm Springs extension as well as other planned extensions to eastern Contra Costa County and later to Livermore.

In Contra Costa County, BART is planning to add track from Concord north to State Route 4 and then east along the freeway to Pittsburg and Antioch with stations slated for North Concord, West Pittsburg, Pittsburg and Antioch.

In addition, BART's plans call for building new track from Bay Fair Station along Interstate 580 with new stations at Castro Valley, Dublin, Pleasanton and Livermore during Phases II, III and IV of the four-phase extension plan.

BART Express Bus Service

BART's express bus service between its Concord Station and Eastern Contra Costa County expanded in January when "P" line buses began running at 30-minute intervals instead of every

60 minutes. Also during the past fiscal year, bus access at Concord was made easier with the opening of the new Concord Station busway.

Beginning in April, 1981, AC Transit, operators of the express bus service on behalf of BART, began painting the express buses blue and silver and added the BART logo to the front and sides. This change in identification was made so that express bus patrons would be aware that the express bus network was part of and funded by the BART system.

These efforts have paid off in increased ridership. During 1980/81, 2,536,245 patrons rode the express buses between BART stations and their home communities.

Improved Access Program

For greater passenger convenience, a number of BART access facilities and station parking lots were improved.

At the Hayward station, a permanent surface was constructed creating 300 parking spaces including a pedestrian underpass connecting it to the west parking lot, and at the Union City station a gravel lot was converted, making 300 permanent parking spaces. In addition to the parking lot work, interim parking spaces were also established. The Concord station added 530 new parking spaces from nearby leased lots, and the Pleasant Hill Station opened 175.

As a way to enhance System performance, two new shuttles were initiated—the Loma Ranger and the Concord SST, "Super Shuttle Transit."

The Loma Ranger shuttle began as a six-month demonstration project on June 3, 1980, to reduce parking congestion during the peak period commute from the Miraloma Park area of San Francisco to the Glen Park Station, and was so successful its service was extended.

The other new shuttle, the free Concord SST, began service on January 5, 1981, between the Concord BART Station and Bailey Road, when a new parking ordi-

nance became effective, limiting non-residential, street parking hours. This shuttle was also a complete success, carrying over 300 passengers per week-day by the end of the fiscal year, exceeding the forecast by about 25 percent.

Another program, a unique use of carpooling called BARTPOOL, began operation in March, 1981, at the Fremont, Daly City and Lafayette stations to reduce commuter costs and relieve vehicle overcrowding encountered at many BART station parking lots. BARTPOOL also expanded its service at the Concord Station, which had been operating successfully since 1978.

BARTPOOL offers preferential parking spaces for vehicles carrying three or more persons who must make their round trip on BART. These BARTPOOL vehicles are registered, issued permits and routinely inspected by BART Police to ensure authorized use of the designated parking spaces.

As a result of the program, more than 900 BARTPOOL vehicles carrying over 2,800 BART riders were regularly using the allotted spaces at the four participating stations by the end of the fiscal year.

Train Controls

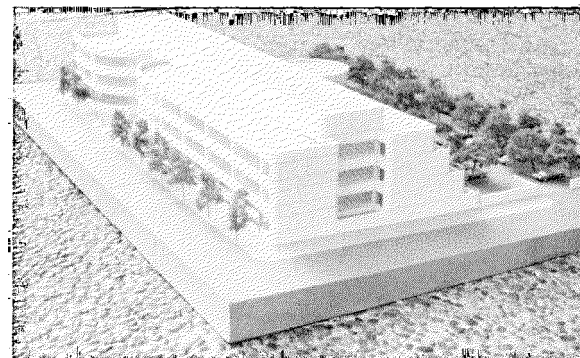
BART is moving forward with its Integrated Control System (ICS) Project designed to allow the system to run as many as 75 trains, instead of the current maximum of 49 trains. The design of this complex project includes new central control computers, and will accommodate additional computers at a later date, should the need develop.

Provisions have been made to house an expanded central control in the basement of the new regional administrative facility office building, to be located adjacent to the present District headquarters, which will be occupied in early 1985. In addition to providing much needed office space for District staff members, the new building is planned to house the Metropolitan Transportation Commission and the Association of Bay Area Governments.

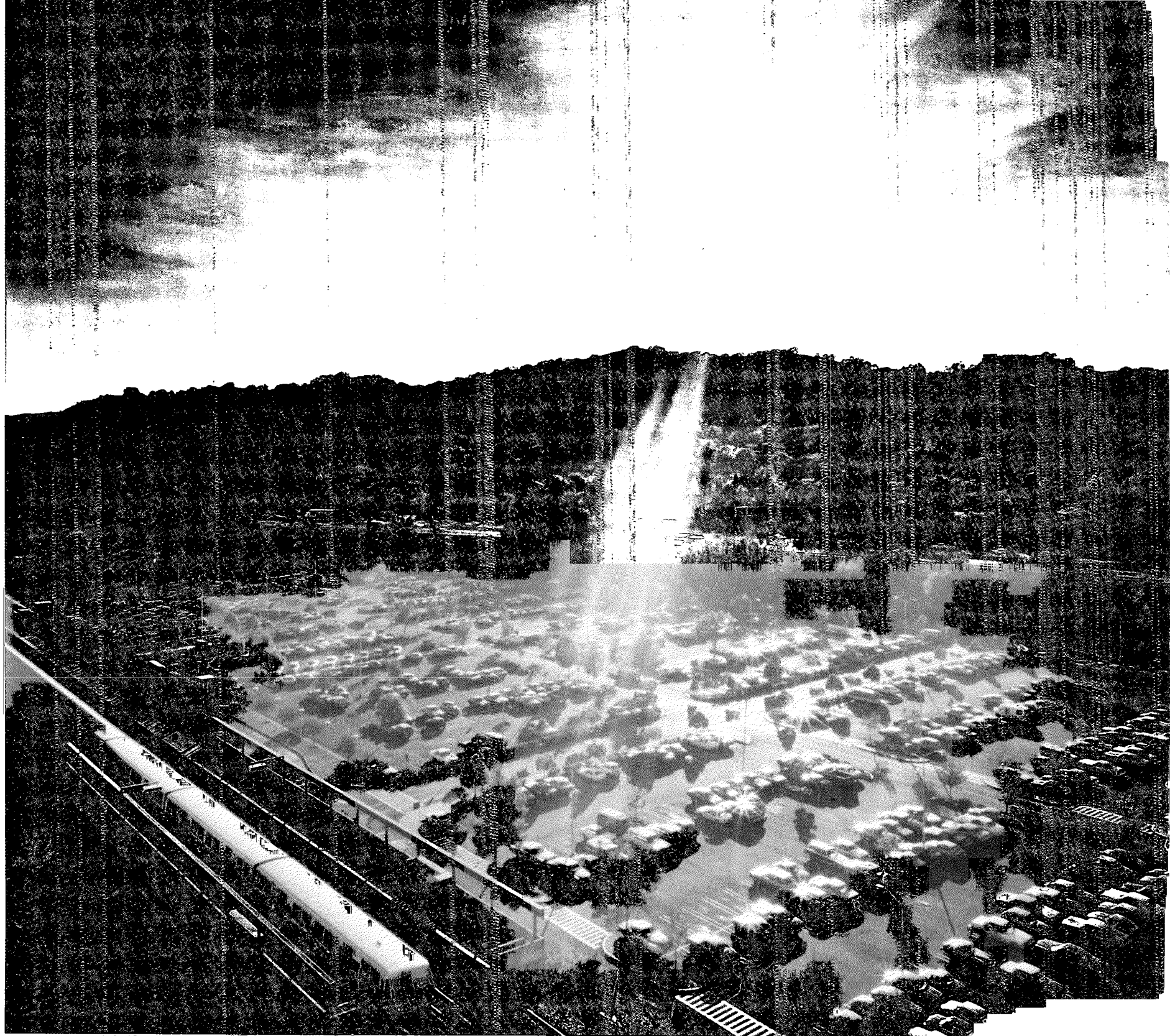
Daly City/Richmond Direct

When direct transbay service between San Francisco/Daly City and Richmond was inaugurated on July 7, 1980, patrons on the Richmond line could travel to San Francisco without changing trains. The introduction of the new service was an immediate success as patronage on that segment leaped 95 percent on week-days. The new service was extended to Saturdays on October 25, 1980.

This new service, coupled with the introduction of the Close Headways program, finally allowed the system to function the way it was designed to be run, and laid a foundation for greatly improved service overall during the past fiscal year. Moreover, use of the Richmond BART Station's connection with the adjacent Richmond AMTRAK railroad platform was enhanced by the new service as well.



BART's commitment to safety can best be seen in the exhaustive testing and work needed to develop and install projects such as the seat replacement and transit car fire hardening programs. In addition, a new anti-vandalism campaign was launched. The discount fares were offered during the major holidays to encourage a safe ride on BART.



BART. GOING PLACES WITH SAFETY

New Seats

As a major step in increasing fire safety aboard BART cars, the transit district completed replacing all 32,000 polyurethane seat cushions with new low-smoke, fire-resistant neoprene cushions. The replacement program began in June, 1980, after an exhaustive testing program from which wool covered, low-smoke neoprene cushions emerged as the best all-around material. The program was completed in November, 1980, for a total cost of \$4.4 million.

Fire Hardening

Perhaps less visible, but just as important as the seat replacement program, is BART's transit car fire hardening program that received the support of the Metropolitan Transportation Commission last April when MTC forwarded an \$18.5 million grant request for state and federal funds, as well as UMTA funds.

These funds will be used to pay for the replacement of the cars' interior walls and ceiling panels with new fire resistant fiberglass material. In addition, the cars' floors are to be protected with a special coating sprayed over about half the underside of the car.

Fire resistant materials installed in a BART car were subjected to an extensive series of fire tests at a McDonnell-Douglas laboratory in December, 1980. In what is believed to be the first full-scale fire test of a rapid transit car ever performed in the United States, a full size BART car outfitted with the new materials was placed in a steel tube designed to simulate a subway tunnel or the Transbay Tube and was subjected to numerous fire sources. The test results indicated that new materials selected by BART will meet BART's fire hardening objective.

To further increase the effectiveness of BART's fire safety programs, the transit district's operating staff conducted many fire and evacuation drills in both the Transbay Tube and the Berkeley Hills Tunnel with members of fire departments serving BART.

The success of BART's safety program is due in large part to the close cooperation which has been developed between BART Police, BART's Safety Department and local Fire and Police Departments.

Close Headways

In June, 1980, after two years of public hearings, BART received permission from the California Public Utilities Commission (CPUC) to begin "Close Headways" service. This allowed BART trains to run closer together by increasing the number of trains operating on the system from 33 to 43. This increase allowed the District to introduce direct Richmond/Daly City service on July 7, 1980. The CPUC allowed BART to begin the use of its Sequential Occupancy Release System (SORS), a mini-computer system which ensures train spacing as a back-up to the primary train control system. This change eliminated the spacing of one station between trains, permitting more trains to be operated.

Because the Close Headways program was an entirely new way of operating the system, several months were required to smooth out service. The problems were most frequently encountered in the downtown Oakland area where all four of the BART lines converge. Adjustments to the new train schedule were necessary to maintain programmed train spacing and to overcome delays caused by the removal of malfunctioning trains in this congested area.

In October, 1980, the number of trains operating during the commute hours was reduced from 43 to 42, with an increase in train length in order to maintain the system capacity. As a result, BART's "on-time" performance objective of 85 percent was exceeded, and by the end of the fiscal year, 94 percent of BART trains operating on the system were arriving at stations within five minutes of their scheduled run time.

WeTiP

To reduce the vandalism, graffiti and other crimes that cost over \$250,000

per year in damages to District property, BART joined an anonymous witness program called "WeTiP" in April, 1981. WeTiP is a statewide program to encourage people who have witnessed, or have knowledge of, crimes of violence or property damage to report these incidents—without fear of reprisal.

Rewards up to \$500 may be given, based on the gravity of the crime and how instrumental the information was to the arrest and conviction of an offender. Founded in Southern California, WeTiP has proven to be a highly successful program in combating crimes of violence and property damage by providing a means for public involvement, while at the same time ensuring the anonymity of those who provide law enforcement agencies with useful information which leads to arrests and convictions of those breaking the law.

Additionally, BART is proud to have joined with AC Transit, the Oakland Unified School District and the City of Oakland in a program to motivate the students to take an active role in reducing illegal acts costing thousands in taxpayer dollars.

Safe Holidays

This year, BART's "Safe Holidays" program was extended to include Memorial Day and July 4, as well as Christmas and New Year's Eve as in previous years. Joining with the District in its efforts to encourage drivers to leave the risky road and travel safely on BART were many local community service groups and several of the Bay Area's leading radio stations.

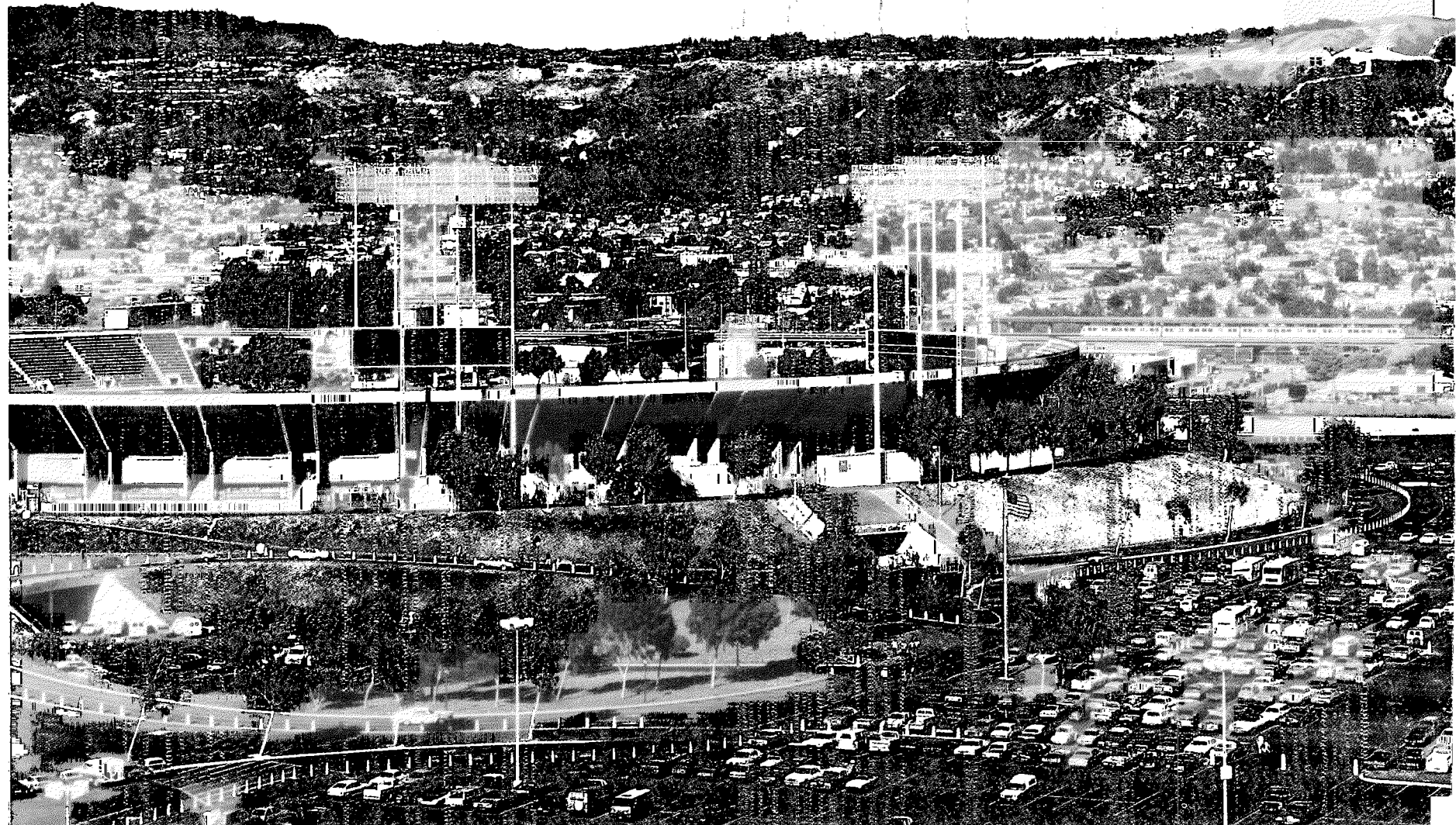
Representatives of the local agencies, who met BART patrons at stations around the system with light refreshments, were very encouraged with the reception they received and the cooperation and support they received from BART Police and other employees. Service on the Concord/Daly City and the Richmond/Fremont lines operated around the clock on New Year's Eve to make sure revelers safely reached home.

In order to encourage new riders to try BART and to promote holiday safety, fares were discounted an average of 26 percent on Thanksgiving Day, Christmas Day and New Year's Day and on weekends throughout December, 1980.



Traveling to a sports event or going to a parade? BART is ready to take you there. As a part of the growing number of programs, bikes were allowed at certain times on some routes and a special task force was activated to stop illegal use of discount tickets.

It all adds up to keeping BART an inexpensive, pleasant way to get you where you want to go.



BART. GOING PLACES WITH NEW PROGRAMS

Fare Evasion

During this fiscal year, it was determined that BART was losing an estimated \$1 million annually in full fare revenues through the misuse of the green and red discount tickets. To combat this problem, in May, 1981, both uniformed and plain clothes BART Police were assigned to a special task force to issue citations to those abusing this special BART privilege. These citations could result in a fine of up to \$50, plus court costs.

BART's Finance Department, armed with BART's Passenger Survey and historical discount ticket usage data, estimated that 40 percent of discounted revenues could be recouped if this fraudulent use of red and green discount tickets can be stopped. According to these surveys and past records, BART believes discount tickets should represent six to seven percent of total fares collected. However, when the sale of the tickets exceeded ten percent of the total, the intensified police surveillance program was initiated.

These tickets, which are discounted at the point of sale by 90 percent of face value, are for use only by senior citizens, 65 years and over, children 12 and under, and the handicapped.

BART Uniforms

BART's uniformed personnel had something to crow about this past year. The familiar brown, beige, blue and rust-colored garb received national recognition by winning the 1980 *National Career Apparel Award* presented by the National Association of Uniform Manufacturers.

Mexican Holidays

BART marked the celebration of two important Mexican holidays by hosting a colorful mariachi band together with the exciting Ballet Folklorico dance group from Richmond on Cinco de Mayo, May 5, and on September 16, the Mexican Independence Day.

In keeping with the festive spirit of Cinco de Mayo, many of BART's station agents and line personnel dressed in traditional Mexican garb and, as an added treat, BART patrons were served free coffee and Mexican pastries, courtesy of the Amalgamated Transit Union Local 1555.

Special Trains

Special train service, in addition to the Special A's Trains directly to the Coliseum from Concord and Daly City, was provided for many community events for which large crowds were anticipated. Longer trains were placed in service to accommodate those attending theatrical, musical and athletic events at the Oakland Coliseum and the Concord Pavilion.

For those planning to attend the St. Patrick's Day Parades in San Francisco and Oakland and for the Chinese New Year Celebration in San Francisco, BART ran longer trains and extended the commute hour service in some instances.

When the Oakland Raiders returned winners of Super Bowl XV, BART ran longer trains so that fans could welcome their heroes home in a victory parade.

Bikes on BART

To satisfy the demand for more bike permits, the *Bikes on BART* program expanded service on July 16, 1980, from two days a week to a Tuesday through Saturday office schedule, on an appointment only basis.

To further expedite and administer permit distribution, BART began making permits available by mail on October 1, 1980.

Requests for applications can be made by phone or forms can be picked up and returned to BART's Office of Passenger Service.

A's Promotion

BART's ridership during the 1981 Oakland A's baseball season at the Coli-

seum nearly doubled from last year's period. BART carried a whopping 20 percent of the total A's attendance or an average 5,000 to 6,000 per game.

BART had initially run longer trains, but more and more fans discovered how convenient it is to travel to the Coliseum by BART, where the stadium is only a short walk across an aerial bridgeway from the station.

In May, BART added extra service, when it began operating the "Special A's Trains," which provided direct service to the Coliseum from both the Concord Station and the Daly City Station. When this special direct service operated on Sunday, it eliminated the need for making a transfer at the downtown Oakland stations, when only two lines, Richmond/Fremont and Concord/Daly City, are in operation.

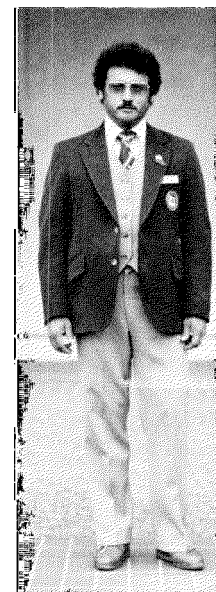
The baseball strike, which began in June, 1981, forced BART to cancel the special direct trains.

Everyone had a great time during the April 30 personal appearance of five Oakland A's players, including A's catcher Tim Hosley (L), and 3-year old fan Chevante Edwards (R). Players signed autographs and handed out "Billyball" souvenirs at selected BART stations in Oakland and San Francisco.

Are you breaking the law?

You are if you're using discount tickets and you're not entitled to them. Remember, unless you're 65 and older, 5-12 years old, or handicapped with a Bay Region Transit Discount card, your BART ticket must be blue. Fraudulent use of discount tickets will cost taxpayers a million dollars this year. So BART's going to crack down.

WARNING: Unauthorized use of BART red and green discount tickets is subject to citation and fine up to \$50.00 as determined by the Court. BART Station Agent Office, BART Station, Oakland, CA 94612.



PERFORMANCE HIGHLIGHTS

	FY 1980/81	FY 1979/80
Rail Ridership		
Annual passenger trips	46,879,319	34,482,335
Average weekday trips	161,965	148,682 ⁽²⁾
Average trip length	13.4 miles	12.8 miles
Annual passenger miles	626,662,000	443,085,000
System utilization factor (ratio of passenger miles to available seat miles)	0.314	0.307
End-of-period ratios:		
Peak patronage	49%	49%
Off-peak patronage	51%	51%
BART's estimated share of peak period transbay trips—cars, trains & buses	30.2⁽¹⁾	26.5 ⁽³⁾
Passengers with automobile available (as alternative to BART)	60%	60%
Operations		
Annual revenue car miles	27,707,000	20,046,000
Unscheduled train removals—average per revenue day	7.8	10.6
Transit car availability to revenue car fleet	83.3%	76%
Passenger miles per equivalent gal. of gas	69	60
Passenger accidents reported per million passenger trips	18.43	20.76
Patron-related crimes reported per million passenger trips	18.45	18.18
Financial		
Net passenger revenues	\$46,207,000	\$25,942,000
Other operating revenues	6,615,000	3,818,000
Total operating revenues	52,822,000	29,760,000
Net operating expenses	103,256,000	88,457,000
Farebox ratio (net passenger revenues to net operating expenses)	45.27%	34.35% ⁽²⁾
Operating ratio (total operating revenues to net operating expenses)	51.75%	38.59% ⁽²⁾
Net rail passenger revenue per passenger mile	7.2¢	5.7¢
Rail operating cost per passenger mile	15.5¢	15.5¢ ⁽²⁾
Net average passenger fare	96.4¢	73.3¢

Notes

General note: Data represent annual averages unless otherwise noted.

(1) Average of October 1980 and April 1981 survey data.

(2) Excludes work stoppage period September 1-November 25, 1979.

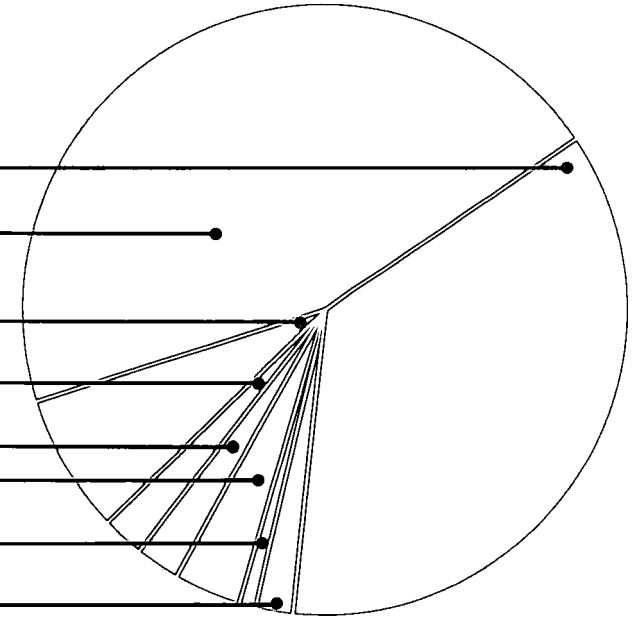
(3) Reflects April 1980 survey data.

1980-81 OPERATING FUNDS—\$118,246,000 (including Capitalized Costs)

Where Funds Came From (in thousands)

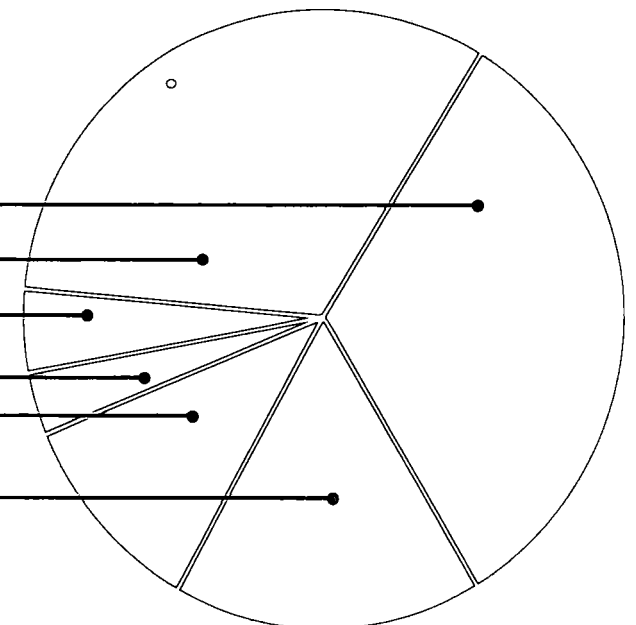
Total:	100.0%	\$118,246
Fares:	39.1%	46,207
Transactions & Use Tax:	47.7%	56,426
Investment Income & Other Operating Revenues:	5.6%	6,615
Regional Financial Assistance:	1.5%	1,732
Construction Funds:	2.1%	2,490
Property Tax:	3.4%	4,064
State Financial Assistance:	0.1%	94
*Decrease in Working Capital:	0.5%	618
Federal Financial Assistance:	0.0%	0

*Funded excess of expenses over revenues



How Funds Were Applied (in thousands)

Total:	100.0%	\$118,246
Maintenance:	34.2%	40,443
Transportation:	31.3%	36,985
Police Services:	4.2%	5,017
Construction & Engineering:	3.4%	3,986
Capital Allocations:	10.6%	12,500
General & Administrative:	16.3%	19,315



FINANCIAL STATEMENTS

San Francisco, California
September 17, 1981

The Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1981 and 1980 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1981 and 1980 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Main Hurdman
Certified Public Accountants

BALANCE SHEET June 30, 1981 and 1980 (In Thousands)

	1981	1980
ASSETS		
Cash (including time deposits: 1981, \$-0-; 1980, \$15,080)	\$ 1,429	\$ 17,012
Securities	68,761	36,225
Securities representing reserves	45,389	43,743
Deposits, notes, and other receivables	5,578	6,450
Construction in progress	39,544	47,636
Facilities, property, and equipment—at cost (less accumulated depreciation and amortization: 1981, \$203,191; 1980, \$175,998)	1,310,839	1,321,028
Materials and supplies—at average cost	10,598	10,241
Debt service funds, net assets	15,347	15,207
	<u>\$1,497,485</u>	<u>\$1,497,542</u>
LIABILITIES AND CAPITALIZATION		
Contracts and other liabilities	\$ 22,976	\$ 20,790
Unearned passenger revenue	1,074	733
Debt service funds	15,347	15,207
	<u>39,397</u>	<u>36,730</u>
Capitalization:		
Reserves	45,389	43,743
General Obligation Bonds	649,930	673,570
Net capital investment	762,769	743,499
	<u>1,458,088</u>	<u>1,460,812</u>
	<u>\$1,497,485</u>	<u>\$1,497,542</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS Years Ended June 30, 1981 and 1980 (In Thousands)

	1981	1980
Operating revenues:		
Fares	\$ 51,055	\$ 28,218
Less discounts and other deductions	4,848	2,276
	<u>46,207</u>	<u>25,942</u>
Other	870	626
Investment income	5,745	3,192
Total operating revenues	<u>52,822</u>	<u>29,760</u>
Operating expenses:		
Transportation	36,985	30,578
Maintenance	40,443	34,412
Police services	5,017	6,388
Construction and engineering	3,986	3,546
General and administrative	19,315	16,147
	<u>105,746</u>	<u>91,071</u>
Less capitalized costs	2,490	2,614
Net operating expenses	<u>103,256</u>	<u>88,457</u>
Operating loss before depreciation expense	<u>50,434</u>	<u>58,697</u>
Depreciation (unfunded):		
Of assets acquired with own funds	16,623	16,083
Of assets acquired with grants and contributions by others	11,370	9,838
Total depreciation	<u>27,993</u>	<u>25,921</u>
Operating loss	<u>78,427</u>	<u>84,618</u>
Financial assistance:		
Transactions and use tax	56,426	53,336
Sales tax allocated	—	3,500
Property tax	4,064	3,670
State	94	160
Transportation Development Act of 1971	1,732	1,060
Federal	—	2,500
Capital allocations	(12,500)	(5,600)
Total financial assistance	<u>49,816</u>	<u>58,626</u>
Net loss	<u>28,611</u>	<u>25,992</u>
Depreciation of assets acquired with grants and contributions by others	<u>11,370</u>	<u>9,838</u>
Net loss transferred to accumulated deficit	<u>\$17,241</u>	<u>\$16,154</u>
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$50,434	\$58,697
Deduct financial assistance	49,816	58,626
Funded excess of expenses over revenues	<u>\$ 618</u>	<u>\$ 71</u>

STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT

Years Ended June 30, 1981 and 1980 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
Balance, July 1, 1979	\$108,725	\$150,000	\$513,428	(\$52,682)	(\$80,246)	\$129,476	(\$37,156)	\$731,545
Net loss for the year	—	—	—	—	(16,154)	—	—	(16,154)
Proceeds from grants and contributions	—	—	17,607	—	—	—	—	17,607
Depreciation of assets acquired with grants and contributions by others	—	—	—	(9,838)	—	—	—	(9,838)
Interest on capital	—	—	—	—	—	5,221	—	5,221
Establishment of vehicle replacement reserve	—	—	—	—	—	—	(5,000)	(5,000)
Decrease in system completion reserve	—	—	—	—	—	—	2	2
Increase in system improvement reserve	—	—	—	—	—	—	(1,589)	(1,589)
Bond principal	21,705	—	—	—	—	—	—	21,705
Balance, June 30, 1980	130,430	150,000	531,035	(62,520)	(96,400)	134,697	(43,743)	743,499
Net loss for the year	—	—	—	—	(17,241)	—	—	(17,241)
Proceeds from grants and contributions	—	—	30,700	—	—	—	—	30,700
Other agency's portion of shared grant	—	—	(11,565)	—	—	—	—	(11,565)
Depreciation of assets acquired with grants and contributions by others	—	—	—	(11,370)	—	—	—	(11,370)
Interest on capital	—	—	—	—	—	6,752	—	6,752
Decrease in system completion reserve	—	—	—	—	—	—	292	292
Increase in system improvement reserve	—	—	—	—	—	—	(1,938)	(1,938)
Bond principal	23,640	—	—	—	—	—	—	23,640
Balance, June 30, 1981	\$154,070	\$150,000	\$550,170	(\$73,890)	(\$113,641)	\$141,449	(\$45,389)	\$762,769

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1981 and 1980 (In Thousands)

	1981	1980
Cash and securities (used) provided by:		
Operations:		
Net loss transferred to accumulated deficit	(\$17,241)	(\$16,154)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	16,623	16,083
Cash and securities used by operations	(618)	(71)
Contributions from U.S. Government grants and others	30,700	17,607
Increase in contracts and other liabilities	2,186	3,458
Increase (decrease) in unearned passenger revenue	341	(377)
Decrease in deposits, notes, and other receivables	872	4,200
Interest on capital	6,752	5,221
Total cash and securities provided	40,233	30,038
Cash and securities applied to:		
Additions to construction in progress	3,473	9,205
Additions to facilities, property, and equipment	17,804	1,126
Additions to materials and supplies	357	199
Total cash and securities applied	21,634	10,530
Increase in cash and securities	\$18,599	\$19,508

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES

Years Ended June 30, 1981 and 1980 (In Thousands)

	General Obligation Bonds	
	1981	1980
Revenues:		
Property tax	\$48,882	\$45,332
Interest	3,156	3,167
	52,038	48,499
Expenditures:		
Interest	28,258	29,406
Principal	23,640	21,705
	51,898	51,111
	140	(2,612)
Balance, beginning of year	15,207	17,819
	\$15,347	\$15,207
Balance, end of year		
Represented by:		
Cash (including time deposits: 1981, \$4,684; 1980, \$3,240)	\$ 4,740	\$ 3,475
Securities	9,155	10,700
Taxes and interest receivable	1,452	1,032
	\$15,347	\$15,207

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1—Summary of Significant Accounting Policies

Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

Securities are carried at cost which approximates market.

Facilities, Property, and Equipment

Facilities, property, and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission. The District records these amounts as financial assistance when received. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1981 to June 30, 1981 will be approximately \$12,000,000. Of this amount, \$3,000,000 had been received and recorded by the District. Comparable figures for 1980 were \$10,875,000 and \$2,719,000, respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

2—Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	------(In Thousands)-----	
	1981	1980
Basic System Completion	\$12,706	\$12,998
System Improvement	18,683	16,745
Self-Insurance	9,000	9,000
Vehicle Replacement	5,000	5,000
	<u>\$45,389</u>	<u>\$43,743</u>

The Board of Directors has also established the following reserves:

1. An imprest cash reserve of \$568,000 to be used solely in the District's automatic fare collection equipment.
2. An operating balance/working capital reserve consisting of the unencumbered balance in the General Operating Fund in an amount not to exceed \$10 million.

3. A general construction fund reserve in the amount of the uncommitted and not otherwise reserved balance including interest thereon in the General Construction Fund, such reserve to be dedicated to the construction and/or acquisition of basic system projects.
4. A capital allocation reserve consisting of all unexpended Metropolitan Transportation Commission capital allocations.

3—Facilities, Property, and Equipment

Facilities, property, and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1981 and 1980 are summarized as follows:

	Lives (Years)	------(In Thousands)-----			
		-----1981-----		-----1980-----	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 109,610	\$ —	\$ 114,294	\$ —
Improvements	80	1,041,617	100,593	1,035,058	87,714
System-wide operation and control	20	102,717	33,450	95,346	28,251
Revenue transit vehicles	30	152,500	36,247	145,580	31,259
Service and miscellaneous equipment	3 to 20	14,499	6,191	13,093	5,471
Capitalized construction and start-up costs	30	85,655	25,159	86,278	21,958
Repairable property items	30	7,432	1,551	7,377	1,345
		<u>\$1,514,030</u>	<u>\$203,191</u>	<u>\$1,497,026</u>	<u>\$175,998</u>

4—General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	------(In Thousands)-----					
			Original Amount		-----1981-----		-----1980-----	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	4.05%	1999	\$792,000	\$792,000	\$25,000	\$641,250	\$23,300	\$664,550
1966 Special Service District Bonds	4.36%	1998	20,500	12,000	360	8,680	340	9,020
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$25,360</u>	<u>\$649,930</u>	<u>\$23,640</u>	<u>\$673,570</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both

principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$13,336,000 on General Obligation Bonds and \$189,000 on Special Service District No. 1 Bonds is payable on December 15, 1981.

5—U.S. Government Grants

Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1981, is as follows:

Type Of Grant	--- (In Thousands) ---	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,360	13,317
Capital	343,589	303,155
	<u>\$358,910</u>	<u>\$318,433</u>

Operating

The District's 1979/80 Federal operating assistance grant of \$2,500,000 under Section 5 of the Urban Mass Transportation Act was approved by the United States Department of Transportation. The grant is reflected in the statement of operations as financial assistance and in the balance sheet as a receivable at June 30, 1980. No Federal operating assistance grant has been approved for the year ended June 30, 1981.

6—Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes which, for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

7—Public Employees Retirement System

The District contributes to the Public Employees Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain State and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$5,855,000 and \$4,819,000 in 1981 and 1980, respectively.

8—Grants and Contributions

Under a joint exercise of power agreement, the District was responsible for the administration and execution of a federally funded project to construct assets shared with another agency. During the year the administration of the constructed assets passed to the other agency on completion of the project. The reduction in grants received by the District of \$11,535,000 in respect of this is reflected in the statement of changes in net capital investment for the year ended June 30, 1981.

San Francisco Bay Area Rapid Transit District

800 Madison Street—Oakland, CA 94607 (415) 465-4100

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the Counties of Alameda, Contra Costa and San Francisco.

Board Appointed Officers

C.K. Bernard, *General Manager*

Malcolm M. Barrett, *General Counsel*

William F. Goelz, *Controller/Treasurer*

Phillip O. Ormsbee, *District Secretary*

Department Heads Reporting to the General Manager

Richard P. Demko, *Executive Manager, Maintenance & Engineering*

William B. Fleisher, *Chief Transportation Officer*

Howard L. Goode, *Planning & Analysis*

Michael C. Healy, *Public Affairs*

Ernest G. Howard, *Administrative Services*

John Mack, *Affirmative Action*

Hedy Morant, *Budget & Capital Program Control*

Thomas R. Sheehan, *Information Systems*

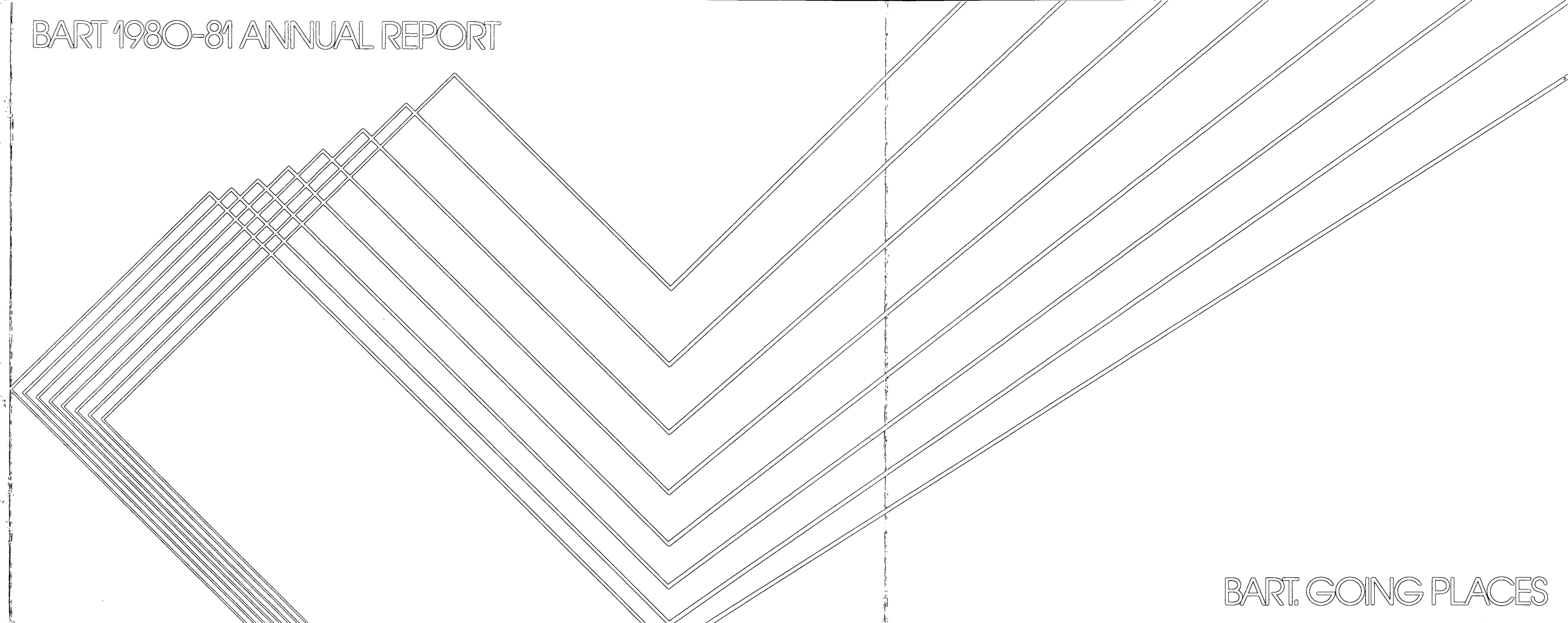
William Thomas, *Material Management & Procurement*

Ralph S. Weule, *Safety*

Lawrence A. Williams, *Employee Relations*

The Annual Report is published by the District Pursuant to Section 28770, Public Utilities Code of the State of California.

BART 1980-81 ANNUAL REPORT



BAY AREA RAPID TRANSIT DISTRICT
800 Madison Street
Oakland, California 94607
Telephone (415) 465-4100

BART. GOING PLACES



Margaret K. Pryor
District 4
Vice Chairperson, Public Information & Legislation Committee. Member, Administration Committee. Director since September 1980. Oakland resident. Community development specialist, OCCUR, Oakland.

John H. Kirkwood
District 9
Vice Chairperson, Administration Committee. Director since November 1974. Board President, 1979. San Francisco resident and businessman.

Eugene Garfinkle
District 8
Chairperson, Administration Committee. Director since March 1977. San Francisco resident and attorney.

Nello Bianco
District 2
Chairperson, Engineering & Operations Committee. BART representative to the Executive Committee of the American Public Transit Association (APTA) Board of Directors. Director since October 1969. Board President, 1980 and 1974. Richmond resident and businessman.

John Glenn
District 6
President. Serves as ex-officio member of all Committees. Director since 1974. Fremont resident. Oakland business executive.

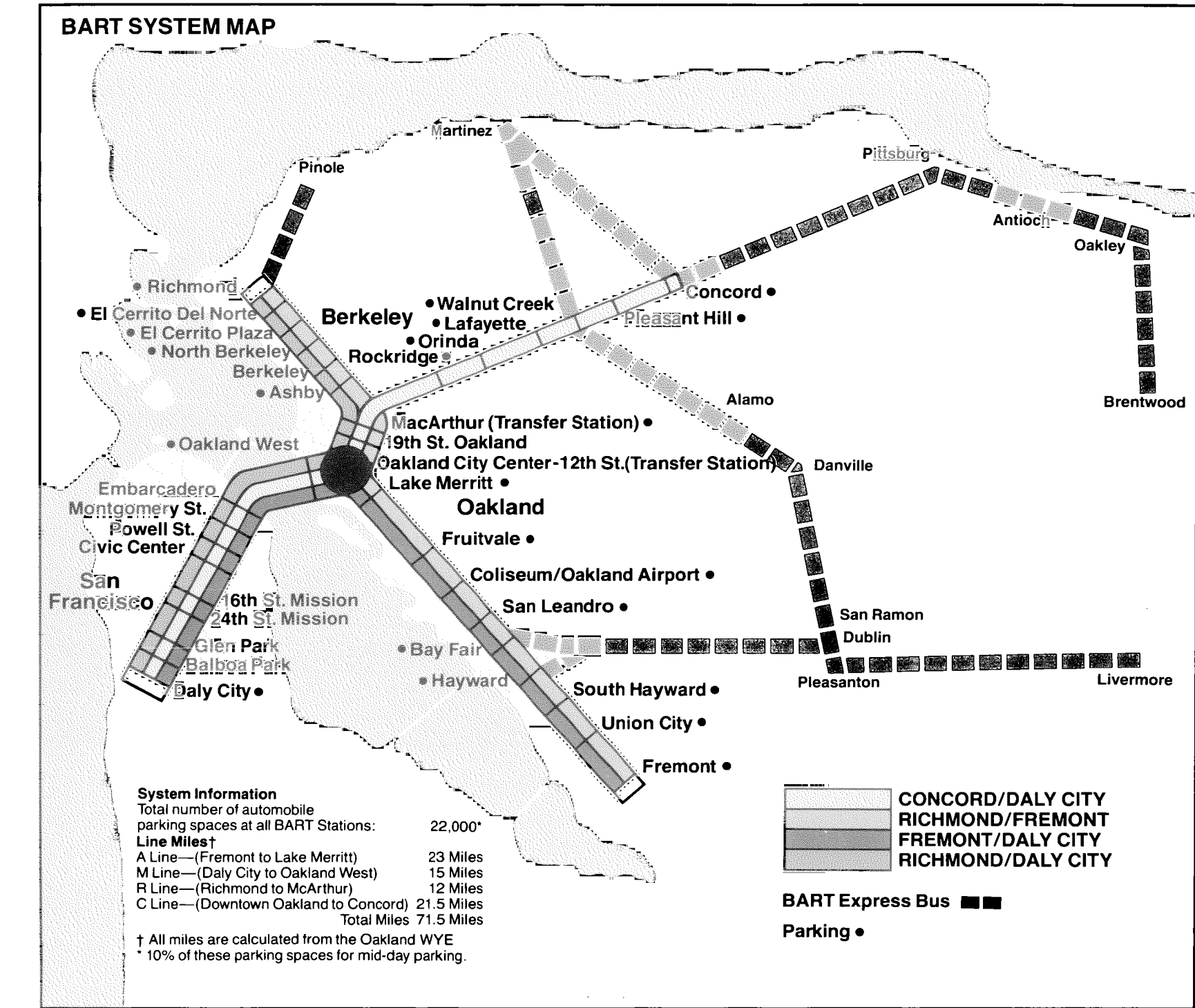
Robert S. Allen
District 5
Vice President. Served as ex-officio member of all Committees. Director since 1974. Livermore resident and railroad cost analyst.

Barclay Simpson
District 1
Vice Chairperson, Engineering & Operations Committee. Director since November 1976. Board President, 1977. Orinda resident. San Leandro businessman.

Wilfred Ussery
District 7
Chairperson, Public Information & Legislation Committee. Member, Engineering & Operations Committee. Director since December 1978. San Francisco resident and Director of Program Development, San Francisco Housing Authority.

Arthur J. Shartsis
District 3
Member, Public Information & Legislation Committee. Director since November 1976. Oakland resident. San Francisco attorney.

*John Glenn, President
Board of Directors
San Francisco
Bay Area
Rapid Transit
District*



As a means to better identify the BART express buses, a fresh coat of blue and silver paint, including the BART logo, was applied.



PRESIDENT'S MESSAGE

I am pleased to report that during the Fiscal Year 1980/81 BART has grown into full maturity, when for the first time since the system was opened it began operating over all four routes, as originally designed.

BART today is carrying more patrons than ever before and, according to recent nationwide studies, it has been determined that BART, when judged against comparable rapid transit systems, has achieved the best system component reliability record in the United States.

Public acceptance of BART is at an all-time high. Despite a fare increase on June 30, 1980, patronage increased to a record average of 174,000 weekday riders by June, 1981. On May 1, 1981, more people rode BART than on any day in its history when the system carried 192,122 patrons.

The Close Headways project, phased in at the beginning of June, 1980, enabled BART to operate 42 trains on the system at any one given time. Train frequencies are now as little as four minutes.

With the ability to operate a greater number of trains on the system, BART on July 7, 1980, inaugurated its long awaited direct service between Richmond and San Francisco/Daly City. Moreover, peak hour transbay service has been increased by 60 percent from 10 to 16 trains. And because more cars are now available, thanks to improved reliability, most trains on the heavily used Concord and Fremont lines are 10 cars long during rush hour.

Improved reliability and a ruling in April, 1981, by the California Public Utilities Commission that BART could implement the "Cutout Car" system, has been a very important factor in setting the new records for the performance of the system. The "Cutout Car" system permits the train operator to disengage the faulty brakes on a car in a multi-car train, thus permitting the car to roll free, allowing the train to complete its run. Previously, this problem necessitated taking the train out of service.

By the end of this fiscal year, 99 percent of all scheduled runs were regularly being completed and 94 percent of all trains, on the average, ran on time, BART's best performance record in history.

BART's safety has been enhanced during the past fiscal year as well. New low-smoke, fire-resistant neoprene seat cushions have been installed throughout the car fleet replacing the old polyurethane cushions. Improved fire safety contingency plans have been reviewed and drills have been conducted with the Bay Area fire departments to prepare BART staff and the professional firefighters for any fire problems on the system. The BART Emergency Plan has been prepared and will be distributed during 1982.

We are looking forward to completing the Manual Cab Signalling (MCS) modifications that will enable BART trains to run safely at near normal speed under manual control and eliminate a major cause of system slowdowns.

In addition, work on the first phase of the "K-E" track through the subway area of downtown Oakland stations at 12th Street and 19th Street was nearing completion. Early in 1982, when this

third trackway is electrified and the way-side automatic train control system is operational, BART will be able to remove faulty trains with much less impact on service through this congested Oakland area. When the "K-E" track is completed in 1984, it will be the first new mainline track added to the system since it was originally constructed.

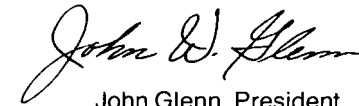
Not only will the completed "K-E" track enhance BART's flexibility, it will also be used as a train storage area, reducing the number of long "deadhead" trips which are now necessary when preparing for daily operations.

As a Fremont resident, I am particularly pleased that BART's Board of Directors voted to include an extension of the Fremont line to Warm Springs in the first phase of the system's four-phase extension program. The Warm Springs extension plan includes a subway beneath Fremont's Central Park and new stations to be built at Irvington and Mission Boulevard. Other phases of the extension program—which could be completed by the year 2000—include extending the Concord line to Antioch, and construction of a line from Bay Fair Station in San Leandro to Livermore. If appropriate local funding is forthcoming, then extending the Daly City line to the San Francisco International Airport could be accomplished.

Finally, we have completed the design of the new C-Car which will enable BART to meet increased capacity demands in the 1980's. This new car will also be capable of being used as either a control car or a mid-train car and we are looking forward to requesting bids for 90 of these new vehicles for delivery beginning in 1985, as soon as sufficient funding is available.

The fiscal year covered by this report has been one of challenges and major accomplishments. I note with pride the outstanding service and hard work performed by BART's employees.

I am proud to have served with eight other Directors whose dedication to BART has resulted in the achievements of Fiscal Year 1980/81.



John Glenn, President

As a result of improved service reliability and escalating cost of personal transportation, BART saw ridership reach an unprecedented 46,879,319 by the end of the report period. Then, in an effort to sketch a rider profile, BART conducted a passenger survey which revealed almost three-quarters of the riders used the system for work-related activities.



BART. GOING PLACES WITH PEOPLE

Passenger Survey

In May, 1980, BART distributed passenger questionnaires in an effort to develop a rider profile and obtain information that will ultimately lead to improved rider service, comfort and system access.

Based on the 12,301 responses, marking a substantial 61.5 percent return, BART analysts found that off-peak period ridership had increased from 50 percent of a typical day's usage to 52 percent, with a comparable reduction in peak riding.

The relative reduction in peak period ridership may be attributed to the fact that 29 percent of the early morning commuters took advantage of working flextime hours. An additional 9 percent of those surveyed indicated they also could use flextime if they asked for prior approval from their supervisors.

In addition, the survey showed 13 percent of the riders carpooled to BART stations before 7 a.m., while another 7 percent carpooled during the morning peak after 7 a.m. BART has been encouraging carpooling as a part of its access program.

The survey also showed the overall minority ridership at about 33 percent or an increase of 7.4 percent over the previous survey conducted in 1978.

Other findings showed 74.4 percent of all BART riders used the system to get to work or for work-related duties, with the remaining 25.6 percent using it for other activities such as going to school, shopping, touring, entertainment, recreation, and personal appointments.

Interestingly enough, 60 percent of those surveyed used BART although they had a car available. Among the most common reasons given by new riders for use of the system was its convenience and low cost.

Patronage

During the past year, BART carried more people than ever before. If peak patronage growth trends continue at the current rate, the peak capacity of BART's

fleet will soon be insufficient unless new rolling stock is added during the 80's.

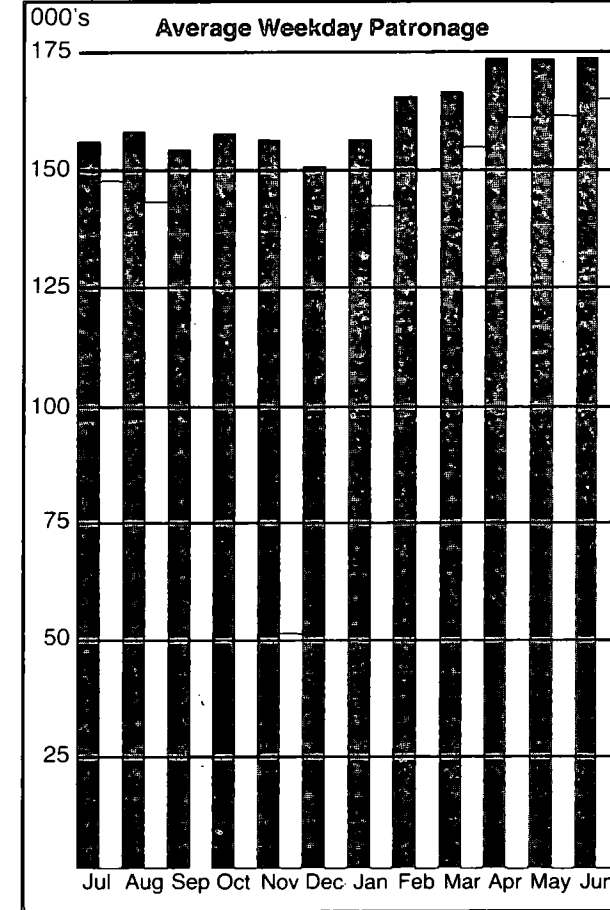
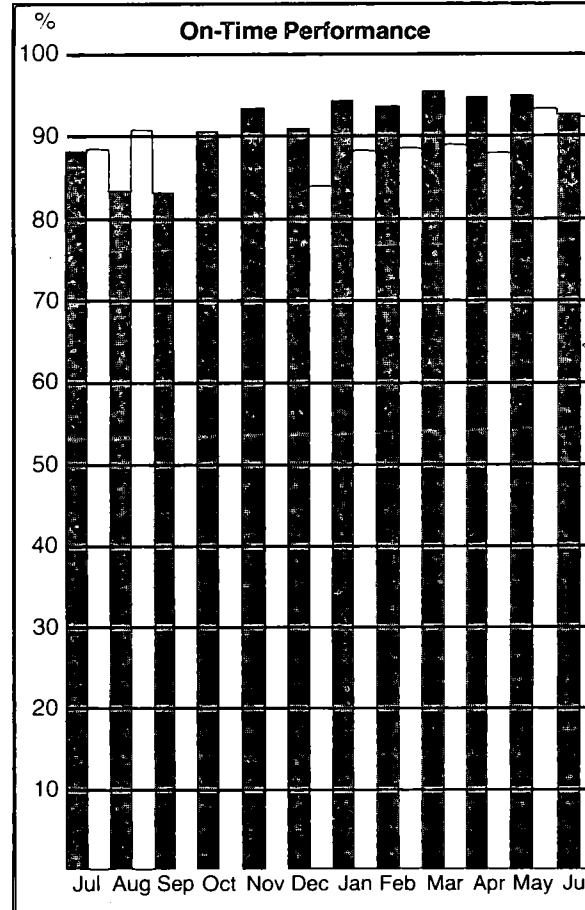
While a fare increase was imposed at the beginning of the 1980/81 fiscal year, the impact on BART ridership was less than expected. Although fares increased an average of 35 percent, patronage dipped a mere five percent during the first quarter of the fiscal year instead of the forecast eight percent and rebounded to record highs by the end of the fiscal year.

The inauguration of the Close Headways program and the start of the direct Richmond/Daly City service shortly after the fare increase helped offset any appreciable passenger loss. As a result of service delays experienced during the first three months of the Close Headways program, patronage growth remained relatively flat. Moreover, last year's sluggish holiday shopping season did not change the picture. By the end of 1980, BART patronage was averaging 150,000 per weekday.

As a direct result of the beginning of the Richmond/Daly City direct service, transbay ridership between San Francisco and East Bay stations increased 25 percent and travel between stations on the Richmond line and San Francisco increased 95 percent.

BART's increasing reliability, together with minor adjustments to the Close Headways schedules, the start of the direct Richmond/Daly City service, the federal deregulation of the price of gasoline and the subsequent rise in the cost of personal transportation, helped spark a major ridership increase that saw BART reach a record of over 174,000 average weekday patronage during April and sustained this average during the fiscal year's last quarter.

BART saw its highest patronage yet during this fiscal year with the final figure reaching 46,879,319. On May 1, 1981, BART carried a record 192,122 riders, due in part to attendance at the Oakland A's/New York Yankees baseball game at the Oakland Coliseum.



NOTE: Peak period train schedule revised October 1980.

34.9% fare increase starting June 30, 1980 and addition of direct Richmond/Daly City service. Work stoppage September-November 1979; limited service provided during October & November.

■ FY 1980-81
□ FY 1979-80

With the new reliability improvements program already 60% underway, BART surpassed on-time performance record and had the lowest vehicle component failure rate in the nation.

Other projects included finishing the new C-Car specifications and the near completion of the first phase of the K-E track, a new subway track beneath downtown Oakland.



BART. GOING PLACES WITH IMPROVEMENTS

Performance

In order to give BART patrons the most reliable transit service possible, on January 1, 1979, the district embarked on a multi-faceted Reliability Improvement Program (RIP). During the past fiscal year, RIP was funded in major part by a \$5.1 million federal grant.

As part of this program to increase performance, the California Public Utilities Commission ruled in April, 1981, that the District could implement a new operating procedure by which a car, in a multi-car train experiencing a friction brake problem, would be allowed to "free-wheel." All other systems on the "free-wheeling" car would still be fully operative and, based on extensive tests, the braking power of the rest of the train is more than sufficient to stop the train within established safety limits.

This "Cutout Car System," as it is called, permits the train to run at full speed rather than half speed, as was required in the past, when a car on a multicar train develops a problem with its braking system.

Before the implementation of the Cutout Car System, the incidents of trains running at half speed due to friction brake failure had been occurring about five times each seven working days. The new system has virtually eliminated these incidents.

During FY1980/81, 60 percent of other RIP elements were completed, which have contributed to a marked improvement in BART's service reliability. These included reliability improvements to the train propulsion motors, upgrading of the automatic train control equipment and modifications which permit trains with minor faults to stay in normal service.

RIP showed impressive results with the system reaching a record high of 94 percent of all trains arriving within five minutes of their scheduled run times last spring. This increased reliability enabled BART to issue its first Saturday

daytime schedule in January, 1981, for four-route service.

Moreover, according to a federally sponsored study, BART achieved the lowest vehicle component failure rate among the nation's heavy rail transit operations.

New Tracks

The first phase of BART's K-E track, a new subway track beneath downtown Oakland, neared completion by the end of the fiscal year along with the completion of new passenger platforms for the K-E track at the 12th Street/Oakland City Center and 19th Street Stations.

Toward the end of the fiscal year, design got underway for the above-ground, phase two portion of the track between the Washington Street portal and MacArthur Station. The total K-E track project cost is expected to be approximately \$23 million.

When completed in early 1984, the K-E track—the first new section of BART mainline trackway built since the system began operating—will improve service through the heavily congested Oakland corridor, in addition to providing an extra trackway for the removal of malfunctioning trains and as a bypass around stalled traffic. The new track will serve as mainline storage for the long commute trains, in preparation for daily revenue service, thereby reducing the cost of deadheading these trains to and from BART train yards.

At the Daly City end of the system, BART's planners have developed alternatives for a proposed turnback track and storage yard which would ultimately provide increased train frequency.

Ultimately, with the Daly City turnback and storage yards in operation, the District expects to save at least \$700,000 a year in electricity costs by not having to deadhead long trains to East Bay yards after the evening commute hours or from the East Bay to Daly City before the morning commute service begins.

Budget/Property Tax Rate

At the end of 1979/80 fiscal year, the BART Board adopted a \$105 million operating budget for the 1980/81 fiscal year. This was an increase of 10.8 percent over the previous year, due primarily to inflation and anticipated increase in electrical power cost of \$5.8 million. An additional amount of \$2.5 million was set aside as a general system improvement allowance.

In order to meet rising costs and a regionally imposed farebox recovery formula, and to remain eligible for state subsidy assistance, the BART Board adopted an average fare increase amounting to 35 percent. The new fare level was expected to generate annually about \$42.4 million. In addition, \$3.1 million in operating revenues was realized from advertising, concessions, rentals, parking fees, fines and interest. The remainder of the adopted budget funding sources included an estimated \$56.5 million from the half-cent sales tax levied in the three BART counties for regional transit; \$3.1 million from a combination of state (Proposition 13 relief), UMTA-Section 5 and Transportation Development Act funds; and slightly over \$2.7 million from property tax.

During August, 1980, the Board adopted a single tax rate of 32.3 cents per \$100 assessed property valuation for the 1980/81 fiscal year levied on Alameda, Contra Costa and San Francisco County property owners. This represented an increase of slightly more than one-half cent over the previous fiscal year's rate of 31.6 cents. The property tax rate in Berkeley, to service construction bonds approved by the voters for the construction of the subway through the city, was lowered by about one-half cent to 14.8 cents.

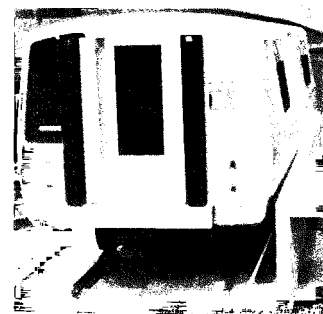
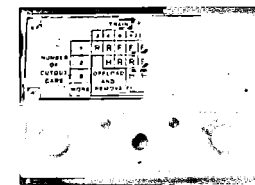
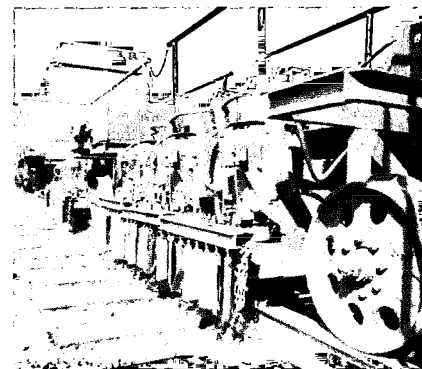
C-Cars are Coming

With an eye to meeting future passenger capacity demands, the BART staff completed detailed specifications for the construction of 90 new C-Cars, capable

of operating either at the end of a BART train or in the middle. Federal assistance is being sought to defray 80 percent of the estimated total cost of \$118 million (in 1981 dollars) for the C-Car.

The C-Car will give BART greater capacity and improved flexibility, since the length of trains can be adjusted on the main line, without going into a yard, in order to meet changing passenger demands during the day. In addition, the C-Car's design is based on BART's transit experience and a "keep it simple" approach which will enhance the system's overall reliability.

Early in 1982, BART will be advertising for bids for the construction of prototypes of this new rolling stock. As soon as approval is received from the federal government, BART will proceed with the program to acquire the new cars which are expected to be in service by 1985.



As a part of the overall program to provide better service, BART moved ahead by adopting an extension plan which included the linking of Fremont's Irvington and Warm Springs districts to the system. Also added were new shuttles, more express and direct service buses, and access facilities and station parking lots were upgraded.



BART. GOING PLACES WITH SERVICE

Extensions

In late 1980 and early 1981, BART worked with the City of Fremont to develop station locations and track alignment that would meet both the city's and the BART system's needs when tracks are extended south to Fremont's Irvington and Warm Springs districts by 1987. This work is part of the first phase of BART's system expansion plan which also includes a track extension to a station in North Concord at State Route 4. In February, 1981, the BART Board of Directors voted to route the southern Fremont extension through a subway beneath Fremont's Central Park and build stations in Irvington and at Mission Boulevard near the General Motors assembly plant in Warm Springs.

The Warm Springs extension is expected to cost \$274 million in 1981 dollars, including \$24 million in 1981 dollars to pay for the additional cost of building the Central Park subway instead of an aerial structure as was originally planned. Some 3200 riders are expected to use the Warm Springs extension each day. To begin implementing its decision, the Board of Directors voted to seek funds to buy land for the Warm Springs extension as well as other planned extensions to eastern Contra Costa County and later to Livermore.

In Contra Costa County, BART is planning to add track from Concord north to State Route 4 and then east along the freeway to Pittsburg and Antioch with stations slated for North Concord, West Pittsburg, Pittsburg and Antioch.

In addition, BART's plans call for building new track from Bay Fair Station along Interstate 580 with new stations at Castro Valley, Dublin, Pleasanton and Livermore during Phases II, III and IV of the four-phase extension plan.

BART Express Bus Service

BART's express bus service between its Concord Station and Eastern Contra Costa County expanded in January when "P" line buses began running at 30-minute intervals instead of every

60 minutes. Also during the past fiscal year, bus access at Concord was made easier with the opening of the new Concord Station busway.

Beginning in April, 1981, AC Transit, operators of the express bus service on behalf of BART, began painting the express buses blue and silver and added the BART logo to the front and sides. This change in identification was made so that express bus patrons would be aware that the express bus network was part of and funded by the BART system.

These efforts have paid off in increased ridership. During 1980/81, 2,536,245 patrons rode the express buses between BART stations and their home communities.

Improved Access Program

For greater passenger convenience, a number of BART access facilities and station parking lots were improved.

At the Hayward station, a permanent surface was constructed creating 300 parking spaces including a pedestrian underpass connecting it to the west parking lot, and at the Union City station a gravel lot was converted, making 300 permanent parking spaces. In addition to the parking lot work, interim parking spaces were also established. The Concord station added 530 new parking spaces from nearby leased lots, and the Pleasant Hill Station opened 175.

As a way to enhance System performance, two new shuttles were initiated—the Loma Ranger and the Concord SST, "Super Shuttle Transit"

The Loma Hanger shuttle began as a six-month demonstration project on June 3, 1980, to reduce parking congestion during the peak period commute from the Miraloma Park area of San Francisco to the Glen Park Station, and was so successful its service was extended.

The other new shuttle, the free Concord SST, began service on January 5, 1981, between the Concord BART Station and Bailey Road, when a new parking ordi-

nance became effective, limiting non-residential, street parking hours. This shuttle was also a complete success, carrying over 300 passengers per week-day by the end of the fiscal year, exceeding the forecast by about 25 percent.

Another program, a unique use of car-pooling called BARTPOOL, began operation in March, 1981, at the Fremont, Daly City and Lafayette stations to reduce commuter costs and relieve vehicle overcrowding encountered at many BART station parking lots. BARTPOOL also expanded its service at the Concord Station, which had been operating successfully since 1978.

BARTPOOL offers preferential parking spaces for vehicles carrying three or more persons who must make their round trip on BART. These BARTPOOL vehicles are registered, issued permits and routinely inspected by BART Police to ensure authorized use of the designated parking spaces.

As a result of the program, more than 900 BARTPOOL vehicles carrying over 2,800 BART riders were regularly using the allotted spaces at the four participating stations by the end of the fiscal year.

Train Controls

BART is moving forward with its Integrated Control System (ICS) Project designed to allow the system to run as many as 75 trains, instead of the current maximum of 49 trains. The design of this complex project includes new central control computers, and will accommodate additional computers at a later date, should the need develop.

Provisions have been made to house an expanded central control in the basement of the new regional administrative facility office building, to be located adjacent to the present District headquarters, which will be occupied in early 1985. In addition to providing much needed office space for District staff members, the new building is planned to house the Metropolitan Transportation Commission and the Association of Bay Area Governments.

Daly City/Richmond Direct

When direct transbay service between San Francisco/Daly City and Richmond was inaugurated on July 7, 1980, patrons on the Richmond line could travel to San Francisco without changing trains. The introduction of the new service was an immediate success as patronage on that segment leaped 95 percent on week-days. The new service was extended to Saturdays on October 25, 1980.

This new service, coupled with the introduction of the Close Headways program, finally allowed the system to function the way it was designed to be run, and laid a foundation for greatly improved service overall during the past fiscal year. Moreover, use of the Richmond BART Station's connection with the adjacent Richmond AMTRAK railroad platform was enhanced by the new service as well.



BART's commitment to safety can best be seen in the exhaustive testing and work needed to develop and install projects such as the seat replacement and transit car fire hardening programs. In addition, a new anti-vandalism campaign was launched. The discount fares were offered during the major holidays to encourage a safe ride on BART.



BART. GOING PLACES WITH SAFETY

New Seats

As a major step in increasing fire safety aboard BART cars, the transit district completed replacing all 32,000 polyurethane seat cushions with new low-smoke, fire-resistant neoprene cushions. The replacement program began in June, 1980, after an exhaustive testing program from which wool covered, low-smoke neoprene cushions emerged as the best all-around material. The program was completed in November, 1980, for a total cost of \$4.4 million.

Fire Hardening

Perhaps less visible, but just as important as the seat replacement program, is BART's transit car fire hardening program that received the support of the Metropolitan Transportation Commission last April when MTC forwarded an \$18.5 million grant request for state and federal funds, as well as UMTA funds.

These funds will be used to pay for the replacement of the cars' interior walls and ceiling panels with new fire resistant fiberglass material. In addition, the cars' floors are to be protected with a special coating sprayed over about half the underside of the car.

Fire resistant materials installed in a BART car were subjected to an extensive series of fire tests at a McDonnell-Douglas laboratory in December, 1980. In what is believed to be the first full-scale fire test of a rapid transit car ever performed in the United States, a full size BART car outfitted with the new materials was placed in a steel tube designed to simulate a subway tunnel or the Transbay Tube and was subjected to numerous fire sources. The test results indicated that new materials selected by BART will meet BART's fire hardening objective.

To further increase the effectiveness of BART's fire safety programs, the transit district's operating staff conducted many fire and evacuation drills in both the Transbay Tube and the Berkeley Hills Tunnel with members of fire departments serving BART.

The success of BART's safety program is due in large part to the close cooperation which has been developed between BART Police, BART's Safety Department and local Fire and Police Departments.

Close Headways

In June, 1980, after two years of public hearings, BART received permission from the California Public Utilities Commission (CPUC) to begin "Close Headways" service. This allowed BART trains to run closer together by increasing the number of trains operating on the system from 33 to 43. This increase allowed the District to introduce direct Richmond/Daly City service on July 7, 1980. The CPUC allowed BART to begin the use of its Sequential Occupancy Release System (SORS), a mini-computer system which ensures train spacing as a back-up to the primary train control system. This change eliminated the spacing of one station between trains, permitting more trains to be operated.

Because the Close Headways program was an entirely new way of operating the system, several months were required to smooth out service. The problems were most frequently encountered in the downtown Oakland area where all four of the BART lines converge. Adjustments to the new train schedule were necessary to maintain programmed train spacing and to overcome delays caused by the removal of malfunctioning trains in this congested area.

In October, 1980, the number of trains operating during the commute hours was reduced from 43 to 42, with an increase in train length in order to maintain the system capacity. As a result, BART's "on-time" performance objective of 85 percent was exceeded, and by the end of the fiscal year, 94 percent of BART trains operating on the system were arriving at stations within five minutes of their scheduled run time.

WeTiP

To reduce the vandalism, graffiti and other crimes that cost over \$250,000

per year in damages to District property, BART joined an anonymous witness program called "WeTiP" in April, 1981. WeTiP is a statewide program to encourage people who have witnessed, or have knowledge of, crimes of violence or property damage to report these incidents—without fear of reprisal.

Rewards up to \$500 may be given, based on the gravity of the crime and how instrumental the information was to the arrest and conviction of an offender.

Founded in Southern California, WeTiP has proven to be a highly successful program in combating crimes of violence and property damage by providing a means for public involvement, while at the same time ensuring the anonymity of those who provide law enforcement agencies with useful information which leads to arrests and convictions of those breaking the law.

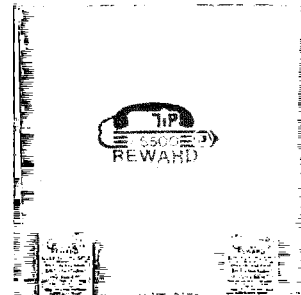
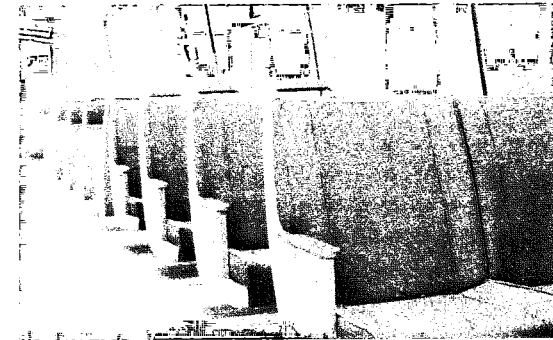
Additionally, BART is proud to have joined with AC Transit, the Oakland Unified School District and the City of Oakland in a program to motivate the students to take an active role in reducing illegal acts costing thousands in taxpayer dollars.

Safe Holidays

This year, BART's "Safe Holidays" program was extended to include Memorial Day and July 4, as well as Christmas and New Year's Eve as in previous years. Joining with the District in its efforts to encourage drivers to leave the risky road and travel safely on BART were many local community service groups and several of the Bay Area's leading radio stations.

Representatives of the local agencies, who met BART patrons at stations around the system with light refreshments, were very encouraged with the reception they received and the cooperation and support they received from BART Police and other employees. Service on the Concord/Daly City and the Richmond/Fremont lines operated around the clock on New Year's Eve to make sure revelers safely reached home.

In order to encourage new riders to try BART and to promote holiday safety, fares were discounted an average of 26 percent on Thanksgiving Day, Christmas Day and New Year's Day and on weekends throughout December, 1980.



Traveling to a sports event or going to a parade? BART is ready to take you there. As a part of the growing number of programs, bikes were allowed at certain times on some routes and a special task force was activated to stop illegal use of discount tickets.

It all adds up to keeping BART an inexpensive, pleasant way to get you where you want to go.



BART. GOING PLACES WITH NEW PROGRAMS

Fare Evasion

During this fiscal year, it was determined that BART was losing an estimated \$1 million annually in full fare revenues through the misuse of the green and red discount tickets. To combat this problem, in May, 1981, both uniformed and plain clothes BART Police were assigned to a special task force to issue citations to those abusing this special BART privilege. These citations could result in a fine of up to \$50, plus court costs.

BART's Finance Department, armed with BART's Passenger Survey and historical discount ticket usage data, estimated that 40 percent of discounted revenues could be recouped if this fraudulent use of red and green discount tickets can be stopped. According to these surveys and past records, BART believes discount tickets should represent six to seven percent of total fares collected. However, when the sale of the tickets exceeded ten percent of the total, the intensified police surveillance program was initiated.

These tickets, which are discounted at the point of sale by 90 percent of face value, are for use only by senior citizens, 65 years and over, children 12 and under, and the handicapped.

BART Uniforms

BART's uniformed personnel had something to crow about this past year. The familiar brown, beige, blue and rust-colored garb received national recognition by winning the 1980 *National Career Apparel Award* presented by the National Association of Uniform Manufacturers.

Mexican Holidays

BART marked the celebration of two important Mexican holidays by hosting a colorful mariachi band together with the exciting Ballet Folklorico dance group from Richmond on Cinco de Mayo, May 5, and on September 16, the Mexican Independence Day.

In keeping with the festive spirit of Cinco de Mayo, many of BART's station agents and line personnel dressed in traditional Mexican garb and, as an added treat, BART patrons were served free coffee and Mexican pastries, courtesy of the Amalgamated Transit Union Local 1555.

Special Trains

Special train service, in addition to the Special A's Trains directly to the Coliseum from Concord and Daly City, was provided for many community events for which large crowds were anticipated. Longer trains were placed in service to accommodate those attending theatrical, musical and athletic events at the Oakland Coliseum and the Concord Pavilion.

For those planning to attend the St. Patrick's Day Parades in San Francisco and Oakland and for the Chinese New Year Celebration in San Francisco, BART ran longer trains and extended the commute hour service in some instances.

When the Oakland Raiders returned winners of Super Bowl XV, BART ran longer trains so that fans could welcome their heroes home in a victory parade.

Bikes on BART

To satisfy the demand for more bike permits, the *Bikes on BART* program expanded service on July 16, 1980, from two days a week to a Tuesday through Saturday office schedule, on an appointment only basis.

To further expedite and administer permit distribution, BART began making permits available by mail on October 1, 1980.

Requests for applications can be made by phone or forms can be picked up and returned to BART's Office of Passenger Service.

A's Promotion

BART's ridership during the 1981 Oakland A's baseball season at the Coli-

seum nearly doubled from last year's period. BART carried a whopping 20 percent of the total A's attendance or an average 5,000 to 6,000 per game.

BART had initially run longer trains, but more and more fans discovered how convenient it is to travel to the Coliseum by BART, where the stadium is only a short walk across an aerial bridge from the station.

In May, BART added extra service, when it began operating the "Special A's Trains," which provided direct service to the Coliseum from both the Concord Station and the Daly City Station. When this special direct service operated on Sunday, it eliminated the need for making a transfer at the downtown Oakland stations, when only two lines, Richmond/Fremont and Concord/Daly City, are in operation.

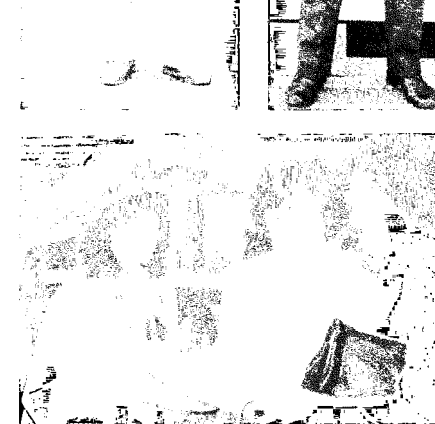
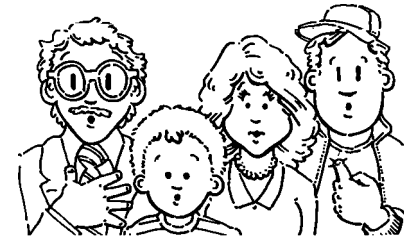
The baseball strike, which began in June, 1981, forced BART to cancel the special direct trains.

Everyone had a great time during the April 30 personal appearance of five Oakland A's players, including A's catcher Tim Hosley (L), and 3-year old fan Chevante Edwards (R). Players signed autographs and handed out "Billyball" souvenirs at selected BART stations in Oakland and San Francisco.

Are you breaking the law?

You are if you're using discount tickets and you're not entitled to them. Remember, unless you're 65 and older, 6-12 years old, or handicapped with a Bay Region Transit Discount card, your BART ticket must be blue. Fraudulent use of discount tickets will cost taxpayers a million dollars this year. So BART's going to crack down.

WARNING: Unauthorized use of BART red and green discount tickets is subject to citation and fine up to \$50.00 as determined by the Court.
BART's Violation of Service Policies - BART-80-0000-001



PERFORMANCE HIGHLIGHTS

Rail Ridership	FY 1980/81	FY 1979/80
Annual passenger trips	46,879,319	34,482,335
Average weekday trips	161,965	148,682 ⁽²⁾
Average trip length	13.4 miles	12.8 miles
Annual passenger miles	626,662,000	443,085,000
System utilization factor (ratio of passenger miles to available seat miles)	0.314	0.307
End-of-period ratios:		
Peak patronage	49%	49%
Off-peak patronage	51%	51%
BART's estimated share of peak period transbay trips—cars, trains & buses	30.2 ⁽¹⁾	26.5 ⁽³⁾
Passengers with automobile available (as alternative to BART)	60%	60%
Operations		
Annual revenue car miles	27,707,000	20,046,000
Unscheduled train removals—average per revenue day	7.8	10.6
Transit car availability to revenue car fleet	83.3%	76%
Passenger miles per equivalent gal. of gas	69	60
Passenger accidents reported per million passenger trips	18.43	20.76
Patron-related crimes reported per million passenger trips	18.45	18.18
Financial		
Net passenger revenues	\$46,207,000	\$25,942,000
Other operating revenues	6,615,000	3,818,000
Total operating revenues	52,822,000	29,760,000
Net operating expenses	103,256,000	88,457,000
Farebox ratio (net passenger revenues to net operating expenses)	45.27%	34.35% ⁽²⁾
Operating ratio (total operating revenues to net operating expenses)	51.75%	38.59% ⁽²⁾
Net rail passenger revenue per passenger mile	7.2¢	5.7¢
Rail operating cost per passenger mile	15.5¢	15.5¢ ⁽²⁾
Net average passenger fare	96.4¢	73.3¢

Notes

General note: Data represent annual averages unless otherwise noted.
 (1) Average of October 1980 and April 1981 survey data.
 (2) Excludes work stoppage period September 1-November 25, 1979.
 (3) Reflects April 1980 survey data.

1980-81 OPERATING FUNDS—\$118,246,000 (including Capitalized Costs)

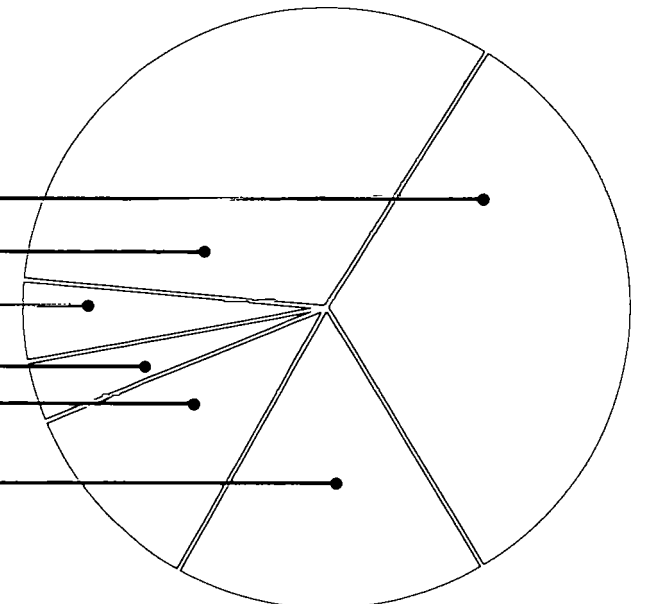
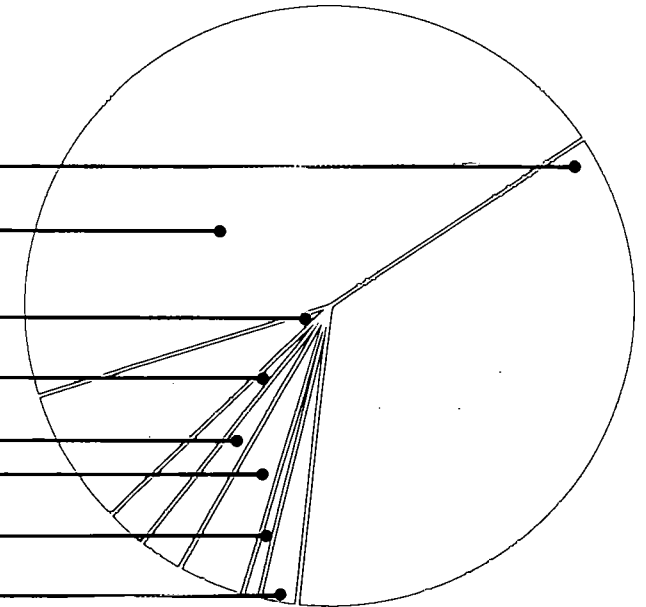
Where Funds Came From (in thousands)

Category	Percentage	Amount
Total:	100.0%	\$118,246
Fares:	39.1%	46,207
Transactions & Use Tax:	47.7%	56,426
Investment Income & Other Operating Revenues:	5.6%	6,615
Regional Financial Assistance:	1.5%	1,732
Construction Funds:	2.1%	2,490
Property Tax:	3.4%	4,064
State Financial Assistance:	0.1%	94
*Decrease in Working Capital:	0.5%	618
Federal Financial Assistance:	0.0%	0

*Funded excess of expenses over revenues

How Funds Were Applied (in thousands)

Category	Percentage	Amount
Total:	100.0%	\$118,246
Maintenance:	34.2%	40,443
Transportation:	31.3%	36,985
Police Services:	4.2%	5,017
Construction & Engineering:	3.4%	3,986
Capital Allocations:	10.6%	12,500
General & Administrative:	16.3%	19,315



FINANCIAL STATEMENTS

San Francisco, California
September 17, 1981

The Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1981 and 1980 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1981 and 1980 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Main Hurdman
Certified Public Accountants

BALANCE SHEET June 30, 1981 and 1980 (In Thousands)

	1981	1980
ASSETS		
Cash (including time deposits: 1981, \$-0-; 1980, \$15,080)	\$ 1,429	\$ 17,012
Securities	68,761	36,225
Securities representing reserves	45,389	43,743
Deposits, notes, and other receivables	5,578	6,450
Construction in progress	39,544	47,636
Facilities, property, and equipment—at cost (less accumulated depreciation and amortization: 1981, \$203,191; 1980, \$175,998)	1,310,839	1,321,028
Materials and supplies—at average cost	10,598	10,241
Debt service funds, net assets	15,347	15,207
	<u>\$1,497,485</u>	<u>\$1,497,542</u>
LIABILITIES AND CAPITALIZATION		
Contracts and other liabilities	\$ 22,976	\$ 20,790
Unearned passenger revenue	1,074	733
Debt service funds	15,347	15,207
	39,397	36,730
Capitalization:		
Reserves	45,389	43,743
General Obligation Bonds	649,930	673,570
Net capital investment	762,769	743,499
	<u>1,458,088</u>	<u>1,460,812</u>
	<u>\$1,497,485</u>	<u>\$1,497,542</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS Years Ended June 30, 1981 and 1980 (In Thousands)

	1981	1980
Operating revenues:		
Fares	\$ 51,055	\$ 28,218
Less discounts and other deductions	4,848	2,276
	46,207	25,942
Other	870	626
Investment income	5,745	3,192
Total operating revenues	52,822	29,760
Operating expenses:		
Transportation	36,985	30,578
Maintenance	40,443	34,412
Police services	5,017	6,388
Construction and engineering	3,986	3,516
General and administrative	19,315	16,147
	105,746	91,071
Less capitalized costs	2,490	2,614
Net operating expenses	103,256	88,457
Operating loss before depreciation expense	50,434	58,697
Depreciation (unfunded):		
Of assets acquired with own funds	16,623	16,083
Of assets acquired with grants and contributions by others	11,370	9,838
Total depreciation	27,993	25,921
Operating loss	78,427	84,618
Financial assistance:		
Transactions and use tax	56,426	53,336
Sales tax allocated	—	3,500
Property tax	4,064	3,670
State	94	160
Transportation Development Act of 1971	1,732	1,060
Federal	—	2,500
Capital allocations	(12,500)	(5,600)
Total financial assistance	49,816	58,626
Net loss	28,611	25,992
Depreciation of assets acquired with grants and contributions by others	11,370	9,838
Net loss transferred to accumulated deficit	\$17,241	\$16,154
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$50,434	\$58,697
Deduct financial assistance	49,816	58,626
Funded excess of expenses over revenues	\$ 618	\$ 71

STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT

Years Ended June 30, 1981 and 1980 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
Balance, July 1, 1979	\$108,725	\$150,000	\$513,428	(\$52,682)	(\$80,246)	\$129,476	(\$37,156)	\$731,545
Net loss for the year	—	—	—	—	(16,154)	—	—	(16,154)
Proceeds from grants and contributions	—	—	17,607	—	—	—	—	17,607
Depreciation of assets acquired with grants and contributions by others	—	—	—	(9,838)	—	—	—	(9,838)
Interest on capital	—	—	—	—	—	5,221	—	5,221
Establishment of vehicle replacement reserve	—	—	—	—	—	—	(5,000)	(5,000)
Decrease in system completion reserve	—	—	—	—	—	—	2	2
Increase in system improvement reserve	—	—	—	—	—	—	(1,589)	(1,589)
Bond principal	21,705	—	—	—	—	—	—	21,705
Balance, June 30, 1980	130,430	150,000	531,035	(62,520)	(96,400)	134,697	(43,743)	743,499
Net loss for the year	—	—	—	—	(17,241)	—	—	(17,241)
Proceeds from grants and contributions	—	—	30,700	—	—	—	—	30,700
Other agency's portion of shared grant	—	—	(11,565)	—	—	—	—	(11,565)
Depreciation of assets acquired with grants and contributions by others	—	—	—	(11,370)	—	—	—	(11,370)
Interest on capital	—	—	—	—	—	6,752	—	6,752
Decrease in system completion reserve	—	—	—	—	—	—	292	292
Increase in system improvement reserve	—	—	—	—	—	—	(1,938)	(1,938)
Bond principal	23,640	—	—	—	—	—	—	23,640
Balance, June 30, 1981	<u>\$154,070</u>	<u>\$150,000</u>	<u>\$550,170</u>	<u>(\$73,890)</u>	<u>(\$113,641)</u>	<u>\$141,449</u>	<u>(\$45,389)</u>	<u>\$762,769</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1981 and 1980 (In Thousands)

	1981	1980
Cash and securities (used) provided by:		
Operations:		
Net loss transferred to accumulated deficit	(\$17,241)	(\$16,154)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	16,623	16,083
Cash and securities used by operations	(618)	(71)
Contributions from U.S. Government grants and others	30,700	17,607
Increase in contracts and other liabilities	2,186	3,458
Increase (decrease) in unearned passenger revenue	341	(377)
Decrease in deposits, notes, and other receivables	872	4,200
Interest on capital	6,752	5,221
Total cash and securities provided	40,233	30,038
Cash and securities applied to:		
Additions to construction in progress	3,473	9,205
Additions to facilities, property, and equipment	17,804	1,126
Additions to materials and supplies	357	199
Total cash and securities applied	21,634	10,530
Increase in cash and securities	<u>\$18,599</u>	<u>\$19,508</u>

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES

Years Ended June 30, 1981 and 1980 (In Thousands)

	General Obligation Bonds 1981	1980
Revenues:		
Property tax	\$48,882	\$45,332
Interest	3,156	3,167
	52,038	48,499
Expenditures:		
Interest	28,258	29,406
Principal	23,640	21,705
	51,898	51,111
Balance, beginning of year	140	(2,612)
	15,207	17,819
Balance, end of year	<u>\$15,347</u>	<u>\$15,207</u>
Represented by:		
Cash (including time deposits: 1981, \$4,684; 1980, \$3,240)	\$ 4,740	\$ 3,475
Securities	9,155	10,700
Taxes and interest receivable	1,452	1,032
	<u>\$15,347</u>	<u>\$15,207</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1—Summary of Significant Accounting Policies

Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

Securities are carried at cost which approximates market.

Facilities, Property, and Equipment

Facilities, property, and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission. The District records these amounts as financial assistance when received. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1981 to June 30, 1981 will be approximately \$12,000,000. Of this amount, \$3,000,000 had been received and recorded by the District. Comparable figures for 1980 were \$10,875,000 and \$2,719,000, respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

2—Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	------(In Thousands)-----	
	1981	1980
Basic System Completion	\$12,706	\$12,998
System Improvement	18,683	16,745
Self-Insurance	9,000	9,000
Vehicle Replacement	5,000	5,000
	<u>\$45,389</u>	<u>\$43,743</u>

The Board of Directors has also established the following reserves:

1. An imprest cash reserve of \$568,000 to be used solely in the District's automatic fare collection equipment.
2. An operating balance/working capital reserve consisting of the unencumbered balance in the General Operating Fund in an amount not to exceed \$10 million.

3. A general construction fund reserve in the amount of the uncommitted and not otherwise reserved balance including interest thereon in the General Construction Fund, such reserve to be dedicated to the construction and/or acquisition of basic system projects.
4. A capital allocation reserve consisting of all unexpended Metropolitan Transportation Commission capital allocations.

3—Facilities, Property, and Equipment

Facilities, property, and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1981 and 1980 are summarized as follows:

	Lives (Years)	------(In Thousands)-----			
		-----1981-----		-----1980-----	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 109,610	\$ —	\$ 114,294	\$ —
Improvements	80	1,041,617	100,593	1,035,058	87,714
System-wide operation and control	20	102,717	33,450	95,346	28,251
Revenue transit vehicles	30	152,500	36,247	145,580	31,259
Service and miscellaneous equipment	3 to 20	14,499	6,191	13,093	5,471
Capitalized construction and start-up costs	30	85,655	25,159	86,278	21,958
Repairable property items	30	7,432	1,551	7,377	1,345
		<u>\$1,514,030</u>	<u>\$203,191</u>	<u>\$1,497,026</u>	<u>\$175,998</u>

4 — General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	------(In Thousands)-----					
			-----1981-----		-----1980-----			
			Original Amount Authorized	Original Amount Issued	Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	4.05%	1999	\$792,000	\$792,000	\$25,000	\$641,250	\$23,300	\$664,550
1966 Special Service District Bonds	4.36%	1998	20,500	12,000	360	8,680	340	9,020
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$25,360</u>	<u>\$649,930</u>	<u>\$23,640</u>	<u>\$673,570</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both

principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$13,336,000 on General Obligation Bonds and \$189,000 on Special Service District No. 1 Bonds is payable on December 15, 1981.

5—U.S. Government Grants

Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1981, is as follows:

Type Of Grant	--- (In Thousands) ---	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,360	13,317
Capital	343,589	303,155
	<u>\$358,910</u>	<u>\$318,433</u>

Operating

The District's 1979/80 Federal operating assistance grant of \$2,500,000 under Section 5 of the Urban Mass Transportation Act was approved by the United States Department of Transportation. The grant is reflected in the statement of operations as financial assistance and in the balance sheet as a receivable at June 30, 1980. No Federal operating assistance grant has been approved for the year ended June 30, 1981.

6—Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes which, for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

7—Public Employees Retirement System

The District contributes to the Public Employees Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain State and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$5,856,000 and \$4,819,000 in 1981 and 1980, respectively.

8—Grants and Contributions

Under a joint exercise of power agreement, the District was responsible for the administration and execution of a federally funded project to construct assets shared with another agency. During the year the administration of the constructed assets passed to the other agency on completion of the project. The reduction in grants received by the District of \$11,565,000 in respect of this is reflected in the statement of changes in net capital investment for the year ended June 30, 1981.

San Francisco Bay Area Rapid Transit District

800 Madison Street—Oakland, CA 94607 (415) 465-4100

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the Counties of Alameda, Contra Costa and San Francisco.

Board Appointed Officers

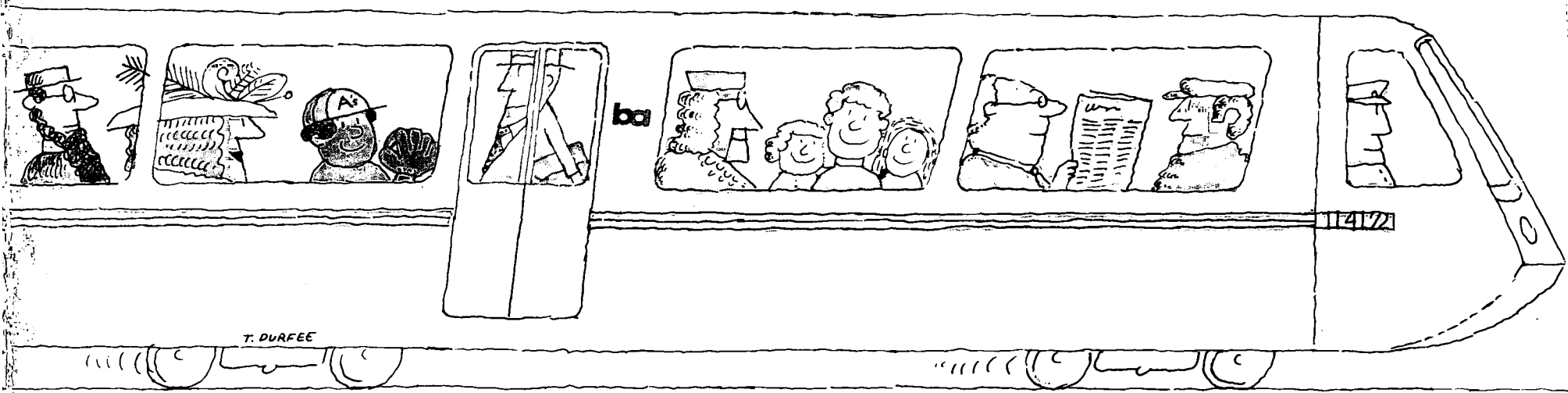
C.K. Bernard, *General Manager*
Malcolm M. Barrett, *General Counsel*
William F. Goelz, *Controller/Treasurer*
Phillip O. Ormsbee, *District Secretary*

Department Heads Reporting to the General Manager

Richard P. Dermko, *Executive Manager, Maintenance & Engineering*
William B. Fleisher, *Chief Transportation Officer*
Howard L. Goode, *Planning & Analysis*
Michael C. Healy, *Public Affairs*
Ernest G. Howard, *Administrative Services*
John Mack, *Affirmative Action*
Hedy Morant, *Budget & Capital Program Control*
Thomas R. Sheehan, *Information Systems*
William Thomas, *Material Management & Procurement*
Ralph S. Weule, *Safety*
Lawrence A. Williams, *Employee Relations*

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T. DURFEE

11412



Barclay Simpson

District 1

Vice chairperson, Administration Committee. BART liaison with the Metropolitan Transportation Commission. Member, Pleasant Hill Station Impact Study. Director since 1976. Board president, 1977. Lafayette resident. San Leandro businessman.



Nello Bianco

District 2

Chairperson, Engineering & Operations Committee. Member, El Cerrito Station Impact Study. BART liaison, Light Rail Feasibility Study for Eastern Contra Costa County. Director since October 1969. Board president, 1975 and 1980. Board vice president, 1973, 1976 and 1978. Richmond resident and businessman.



Arthur J. Shartsis

District 3

Vice President. Serves as ex-officio member of all board committees. Director since 1976. Oakland resident. San Francisco attorney.



Margaret K. Pryor

District 4

Vice chairperson, Public Information & Legislation Committee. Member, Engineering & Operations Committee. BART liaison with Alameda Contra Costa Transit District. Member, Oakland Downtown Circulation Study. Director since September 1980. Administrator, OCCUR, Oakland, CA. Oakland resident.



Eugene Garfinkle

District 8

President. Serves as ex-officio member of all board committees. Director since March 1977. Board vice president, 1980. San Francisco resident and attorney.



Robert S. Allen

District 5

Vice chairperson, Engineering & Operations Committee. Member, Public Information & Legislation Committee. BART liaison with Alameda Contra Costa Transit District. Director since 1974. Board vice president, 1981. Livermore resident. Railroad cost analyst.



John Glenn

District 6

Chairperson, Administration Committee. BART representative to the Executive Committee, American Public Transit Association (APTA). Director since 1978. Board president, 1981. Board vice president, 1979. Fremont resident. Oakland business executive.



Wilfred T. Ussery

District 7

Vice Chairperson, Administration Committee. BART liaison with San Francisco Municipal Railway. Director since December 1978. San Francisco resident. Director of Program Development, San Francisco Housing Authority.



John H. Kirkwood

District 9

Chairperson, Public Information & Legislation Committee. BART liaison with San Francisco Municipal Railway. Director since 1974. Board president, 1979. San Francisco resident and businessman.

BART has come of age. As we celebrate our tenth year of passenger service, we can be proud of our system and its development into an important and reliable part of the Bay Area's transportation network.

It took courage, foresight and dedication to build BART in the years when sleek, high-speed trains whisking people through underwater tubes were the stuff of science fiction novels, not real life. It has taken continued dedicated efforts to make our system become a working reality.

Today, we carry about 36 percent of the transbay commuters, and we keep an estimated 46,000 cars off the freeways and out of congested downtown areas. We have a healthy and stable financial picture, and equitable wages and labor agreements. We have one of the safest transit systems in the world: As of June 30, 1982, BART had carried 328 million patrons 4.3 billion miles without a single passenger fatality. During the 1981/82 fiscal year more patrons rode BART than ever before and the percentage of on-time train arrivals was higher than ever before.

However, with our successful development has come the need for an expanded BART system. Trains are overcrowded during commute hours, and there is virtually no more equipment to put into service.

A survey showed that if all the current commuters who could feasibly use BART to get to

work were to do so, ridership would be three times as high as it is now. Additionally, office space in downtown San Francisco and Oakland is expected to grow by 26 percent in the next few years, thus further increasing the demand for passenger capacity. When the economy recovers, commercial growth and a large increase in home construction is forecast for the suburban areas now served by BART.

During the 1981/82 fiscal year, we aggressively moved ahead with vital improvement programs to see that BART will keep pace with the area's growth. When completed over the next five years, these programs will increase passenger capacity by about 85 percent for a fraction of the system's original cost — an excellent investment in the future of the San Francisco Bay Area.

We will buy 150 cars with a new and more efficient design. Revenue bonds will pay a portion of the cost of these cars. The remaining cost will be funded with grants from federal, state and local sources. Construction of a third track through downtown Oakland is under way, and we are planning to buy a new Integrated Control System, which will allow us to handle up to 75 trains in the near term and 115 trains in the future. The present computer limit is 50 trains; however, we now operate 43 trains during peak hour periods of service because of other constraints.

Another major element of our capital improvement plan is the construction of the Daly City turnback track. This is a critical component of our program to increase capacity. And, we are beginning negotiations for rights of way for extensions from the Concord BART Station to Pittsburg and Antioch; from the Fremont BART Station to the Warm Springs district of Fremont; and from the Bay Fair BART Station to Pleasanton and Livermore.

To turn these capital improvement plans into reality, we will need help and we will be seeking financial assistance from the federal government.

I am proud to have had the opportunity to serve as board president during this year, and I would like to thank all of those who have helped over the years to make the original dream of BART become a reality. I would like to compliment my fellow board members for their careful stewardship during the past fiscal year, as BART completed the fulfillment of one dream and turned to the task of fulfilling a new dream.

But most of all, I would like to thank the employees of the system — without whose day-to-day efforts BART could not have attained its place among the finest transit systems in the world today.



EUGENE GARFINKLE
*President, Board of Directors
 San Francisco Bay Area
 Rapid Transit District*

Listen to people around the Bay Area talk. You'll notice that in recent years residents of San Francisco and the East Bay have added a new verb to their vocabularies: BART. More and more frequently, you'll hear people saying, "I BARTed to work today," or "I BARTed to the city last night." BART has entered the language in the Bay Area as a verb—and we think that's a good measure of its success.

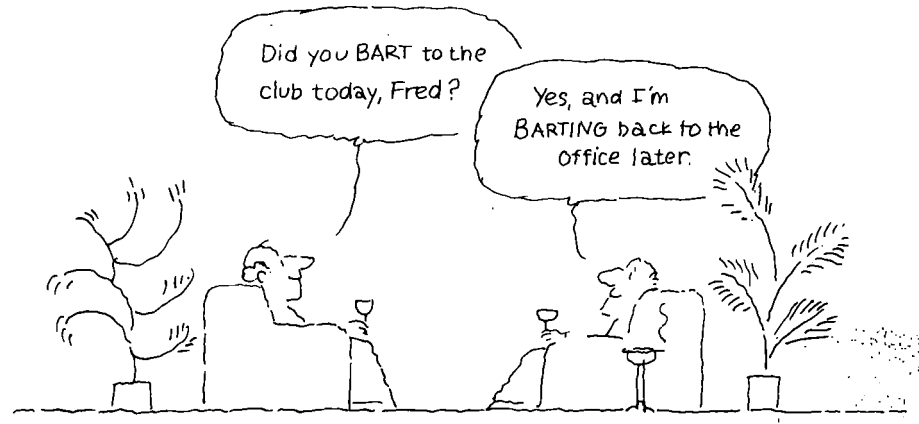
There were other good measures of BART's success during the 1981/82 fiscal year. This system carried more patrons than ever before. The percentage of on-time arrivals was higher than ever, and fewer cars were out of service for repair on any given day. Safety records were better than ever, too.

Ridership and reliability

The total number of passenger trips exceeded forecasts every single month last year for a yearly total of 53,290,643. That total is an average of 9.7 percent above the yearly forecast.

Trains arrived within five minutes of schedule 93.3 percent of the time, up from 91.1 percent the year before, and 98.6 percent of the scheduled train runs were completed, up from 97.4 percent the previous year.

Thanks to continued improvements in the car maintenance program, based on sound maintenance and engineering philosophy and which was put into effect in 1976, fewer cars were out of service for repair on an average day than ever before. At the end of the year, there was an average of 112 A-Cars (lead cars) available for service at 4 a.m., well above the target number of 102. The



average number of B-Cars (mid-train cars) available at 8 a.m. was 271, passing the goal of 266. These 373 cars meant that BART had available for service, on the average, about 85.6 percent of its total fleet, compared to an average of 85 percent among U.S. rail transit operations.

Extra Service in Emergencies

With more cars available for service, BART was better able to respond to emergencies which cause commuters to turn to public transportation.

In January, when many highways and streets were impassable because of heavy rains and mud slides, BART put extra cars into service to accommodate additional patrons on the Richmond line.

In April, after the explosion and fire that forced the closing of one of the three bores of the Caldecott tunnel for three days, BART put two additional trains on the Concord line during peak commute periods. The second highest ridership on a single day occurred on April 6, when BART carried 212,946 patrons.

Special Trains for Special Events

Throughout the year, BART offered extra service for special events. When the victorious Forty-Niners football team returned from the Super Bowl, BART put on extra trains for the crowds that welcomed them at a parade through San Francisco. The result was the highest ridership on a single day — 213,745 patrons on January 25, 1982.

As attendance at the Oakland A's home baseball games increased, so did patronage on BART's "Billy Ball Specials." These trains provided direct service to the Oakland Coliseum from Concord and San Francisco line BART stations, making it unnecessary to transfer in downtown

Oakland. This special service and other promotional efforts with the A's helped BART to carry 17 percent of the Coliseum gate during the last three months of the fiscal year.

Eight special trains carried approximately 3,500 patrons to the Bay-to-Breakers foot race in San Francisco on May 16. Seven stations opened at 6 a.m., three hours earlier than the normal Sunday opening time of 9 a.m., to provide service for the event. This was the first time BART had provided special service for this event.

Perhaps one of the most unusual special trains was the one provided for the International Clown, Mime, Puppetry and Dance Ministry, whose 200 members wanted to go from Berkeley to San Francisco as a group for a performance. BART was able to add what was dubbed "The Clown Special" to the Sunday schedule without disrupting regular service.

Other promotional events focused on accommodating travel to Cinco de Mayo celebrations



held in Oakland and San Francisco and the Breakers tennis matches at the Oakland Coliseum. The Alameda County Fair operated a special shuttle bus connecting with the regular BART Express Bus in downtown Pleasanton.

Discounts Attract Riders

BART also offered patrons special admission discounts to selected events, and discounts for travel on holidays and weekends between Thanksgiving and New Year's. For the month of February, BART offered a special 20 percent discount for weekday travel between 10 a.m. and 3 p.m., resulting in an estimated 4,400 extra trips each day the fare was in effect.

As a result of these efforts, weekday travel during off-peak hours averaged 91,090 trips per day in the 1981/82 fiscal year, 15.2 percent above forecast.

Other Promotions

BART undertook several other promotional efforts during the 1981/82 fiscal year as part of its ongoing effort to keep and attract patrons.

Using the theme, "Fun goes farther on BART," BART published a special travel guide, listing recreation possibilities, ranging from museums to sports centers to restaurants, which can be reached by BART. T-shirts with the message, "Fun goes Farther on BART," also went on sale. In addition, BART began publishing a monthly newsletter, "BART Times," for patrons.

A special traveling exhibit entitled, "BART. Going Places," opened at the Embarcadero BART Station last year and has since been on display at Fremont, Lafayette, and Lake Merritt BART stations, and at the Kaiser Center in Oakland. The exhibit includes a video display with two short films. One film tells how the system was constructed, and the other gives a behind-the-scenes look at today's operation. By the time the exhibit completes its tour around the system and the Bay Area over a 15-month period, it is expected that as many as 250,000 persons will have seen it.

BART employees had a special event of their own in May 1982 — a contest to calculate the number of "Billy Balls" that will fit into a BART B-Car. The answer, 335,488, was calculated by the Institute of Transportation Studies at the University of California at Berkeley. The contest winner, Rick Mikla, a vehicle maintenance engineer at the Hayward shops, calculated the number at 334,411, and received the chance to toss out the first ball on BART night at the Oakland A's-Cleveland Indians game on May 6.

Safety

During the 1981/1982 fiscal year, BART continued to be one of the safest ways to travel. The passenger accident rate declined to 17.96 from 18.43 per million passenger trips the previous year. None of the accidents resulted in serious injury. Employee safety awareness and training programs helped reduce the number of lost-time injuries by 10.6 percent this year. Actual lost-time incidents numbered 203, down from 227 the previous year. The number of days of work that were lost due to accidents was 3,226, compared to 3,661 the previous year.

In April BART awarded a \$17.8 million contract for a two-and-a-half year program to make cars more fire resistant by replacing interior ceiling and wall liners, providing protective coating for vehicle floor panels, and adding metal panels between the floors and the heat-generating equipment mounted under the cars. During the 1982/83 fiscal year, this work will require the removal from service of five A-Cars and 11 B-Cars at a time. The contract is part of an extensive fire safety program, which was begun in 1979. The first phase, completed in 1980, involved replacing all 34,000 polyurethane seat cushions with new wool-covered, low-smoke neoprene cushions.

BART's new C-Cars will come equipped with all of these fire safety features.

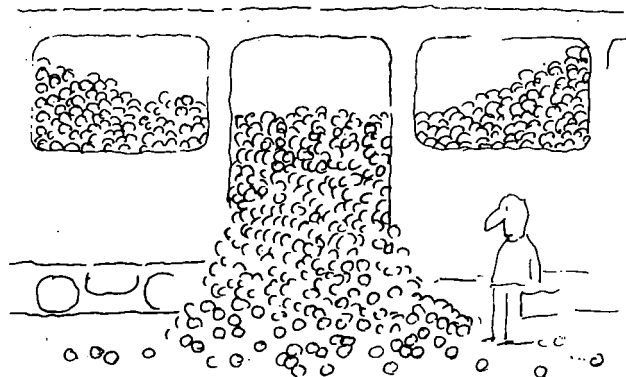
Improving Station Access

As part of its effort to make BART more attractive to patrons, BART enlarged parking lots, expanded its carpool program, and worked to improve bus service to stations.

During the past year, parking lots were enlarged or restriped to create a total of approximately 1,574 more parking spaces at BART stations at Orinda, Lafayette, Walnut Creek, Pleasant Hill, Concord, Union City and Fremont.

Also expanded was the BARTpool program, which was begun in September 1981, to offer close-in preferential parking places for cars used by three or more patrons. By June, there were 2,500 patrons taking advantage of the BARTpool program.

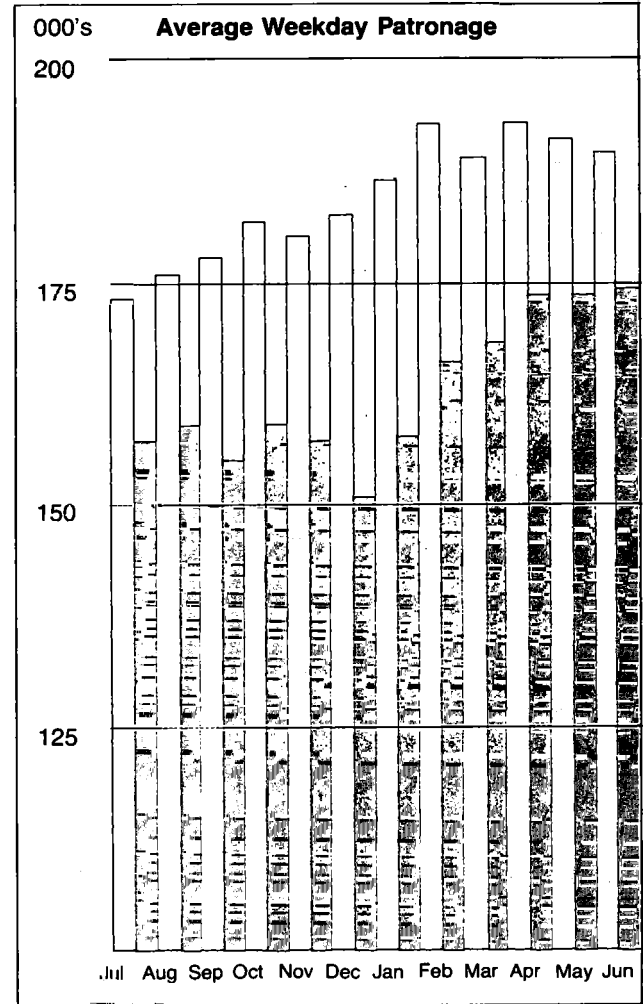
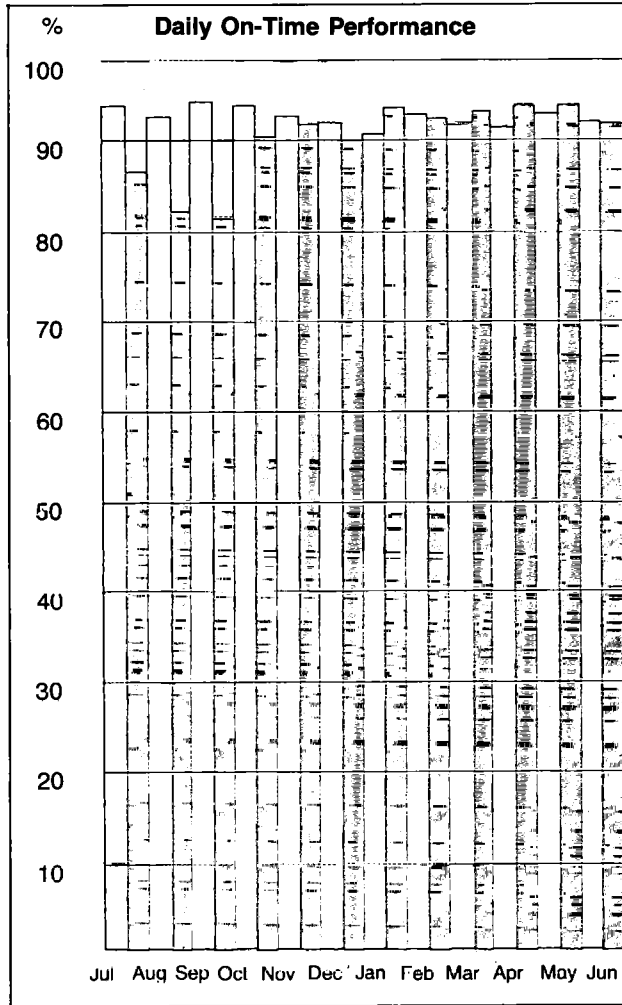
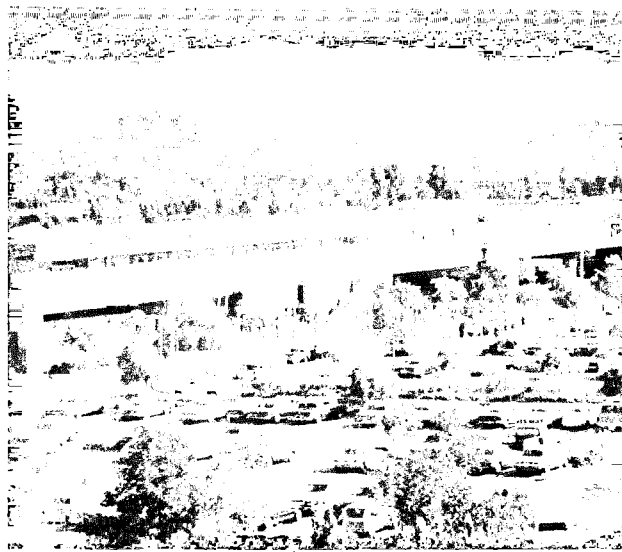
Local bus service was improved to the Richmond, El Cerrito and Pleasant Hill BART stations. San Francisco MUNI lines feeding BART were restructured, with lines added to serve the Daly City BART



Station and most San Francisco BART stations. Negotiations between BART and the San Francisco Public Utilities Commission regarding a joint BART/MUNI pass continued, and initial prototype testing of modified fare gates to be used in San Francisco BART stations was completed. BART also participated in a state-funded study of a combined AC Transit/BART/MUNI pass. Neither the negotiations regarding the BART/MUNI pass nor the study concerning the AC Transit/BART/MUNI pass had been concluded at the close of the fiscal year.

Contract Negotiations

Service continued without interruption while BART and its two major unions successfully completed negotiations for a new, three year labor contract. The contract, which was signed at 5 a.m. on Sunday morning, June 27, 1982, covered some 1,700 members of BART's work force.



Notes: Fares reduced 20% between 10 a.m. and 3 p.m. weekdays in February 1982.
 Peak period train schedule revised October 1980.
 34.9% fare increase starting June 30, 1980 and addition of direct Richmond/Daly City service.

Legend:
 [White bar] FY 1981-82
 [Hatched bar] FY 1980-81

During the 1981/82 fiscal year, BART made substantial progress on a \$500 million capital improvement program for which it is seeking state and federal funds.

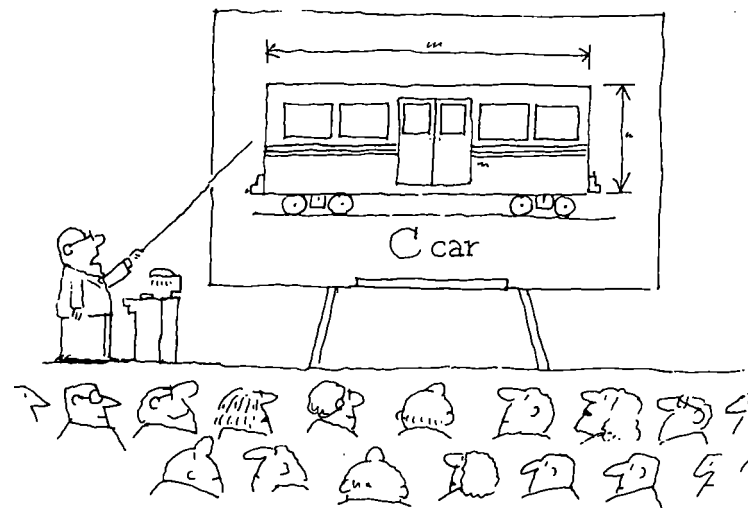
The District received a federal grant to help build four prototypes of a new and improved transit car, to be known as the C-Car, advertised for bids on from 60 to 150 of the new cars, and began the implementation of a plan to sell revenue bonds to pay for a portion of the cost.

Track work was completed on the first phase of the K-E track, which will serve as a "spare" track through downtown Oakland. Meanwhile, environmental studies were continued on a Daly City turnback track and storage yard. In addition, the District continued to work on plans to purchase a new Integrated Control System and modifications and improvements to the system's wayside automatic train control system. These new systems will allow BART to take advantage of computer and automation technology which has been developed since BART began operation.

The completion of all five of these and other projects will increase BART's capacity by 85 percent, and ensure that BART will continue to meet the growing demand in the years ahead.

Purchase of C-Cars Approved

In October 1981 BART received a \$6.7 million federal grant toward the building and testing of



four prototype C-Cars. During the 1981/82 fiscal year, the District advertised for bids for the procurement of 60 to 150 new C-Cars. The C-Car proposal called for the manufacture and extensive testing of four prototypes of the new cars. Awarding of the C-Car contract will take place in the 1982/83 fiscal year.

The BART Board of Directors proposes, in the next fiscal year, to sell \$65 million worth of revenue bonds to pay a portion of the cost of 150 new rail transit vehicles and related automatic train control equipment. In addition to the bond proceeds, BART expects to use additional federal, state and local government grants, interest earnings, and its own capital improvement reserves to pay for the new C-Cars.

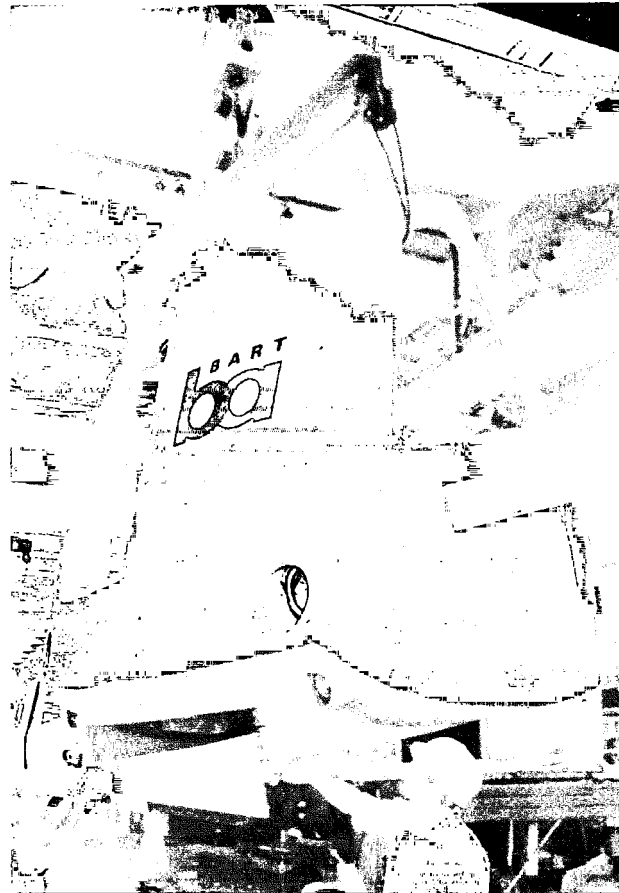
The C-Cars, designed by BART engineers working with consultants, will be similar in appearance to the present cars, but will not have the sloped front of the A-Cars. The new cars will have automatic train control systems, and can serve as either a lead car or as a mid-train car, giving BART greater flexibility by allowing one long train to be broken into two shorter trains without returning to a yard. The C-Cars will seat 68 passengers, four less than the present A-Cars.

Car Conversion Program

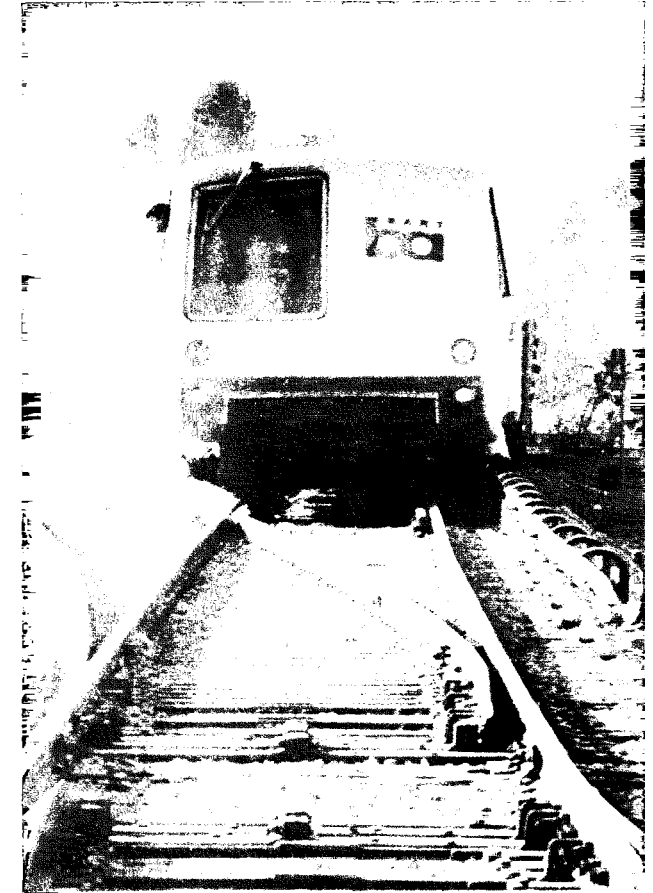
As part of a program to convert 35 A-Cars to B-Cars, started in 1978 and aimed at obtaining a better fleet mix of A-Cars and B-Cars, BART converted 12 A-Cars to B-Cars during the 1981/82 fiscal year. The final two car conversions in the program were in progress when the fiscal year closed. Even with the conversion program, all currently available capacity is fully utilized.

Progress on the K-E Track

A major milestone in the construction of the K-E track took place on Oct. 31, 1981, when the first of eight massive switches, each of which weighs 35 tons and is 128 feet long, was moved into place. The K-E track, a third trackway in Oakland between the MacArthur and the Oakland West



BART stations, will increase flexibility and reliability by making it easier to remove malfunctioning trains from the main Oakland line, thus reducing service disruptions. It also can be used for overnight storage of trains. Scheduled for completion in 1985, the K-E track will be the first addition to BART's mainline trackage since the system began carrying passengers in 1972.

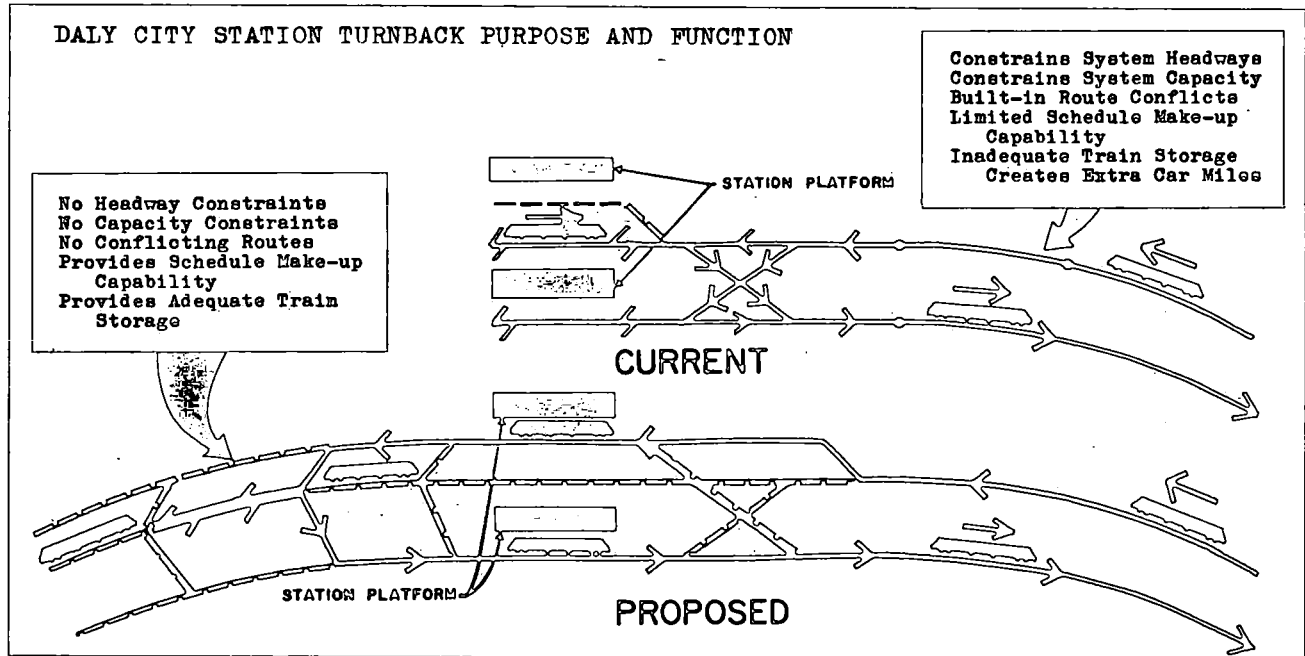


Daly City Turnback Track

Environmental studies were under way on a Daly City turnback track. Completion of the facility will permit trains to turn around faster, thus allowing trains to operate at closer intervals. It also will be used as a storage facility, and is expected to save BART at least \$700,000 a year in electricity costs because long, empty trains will not have to return to East Bay yards following the morning commute or in the evening. Environmental studies are scheduled to be completed in January 1983.

New Computer

The District moved ahead with plans to buy a new Integrated Control System to expand the capacity of BART's 13-year-old computer, which can handle a maximum of 50 trains at a time. The District plans to acquire a system that can handle up to 75 trains, at a time, with the capability of being expanded to handle up to 115 trains at a time.



BART's financial picture, like its service, was better than ever during the 1981/82 fiscal year. In addition to funding the \$120.4 million budget adopted at the beginning of the year, the District was able to allocate \$5.5 million to the vehicle acquisition program and still end the year with an excess of revenues of \$1,500,000 after operating expenses.

Net passenger revenue was \$52.7 million or 12.6 percent above budget. When combined with other operating revenue (primarily interest income and income from advertising space in trains and stations), total District operating revenue was \$59.1 million, or 14.2 percent above projections.

Total operating expenses were 2.1 percent under budget. Although the express bus program cost 25.8 percent above estimates, this additional cost was offset by reductions in utility bills. During the latter half of the year, heavy winter rains resulted in increased availability of lower-cost hydroelectric power, and the California Public Utilities Commission ordered rate reductions. Electric power expenses for BART closed out the year 12.7 percent under budget.

Improved Farebox Ratio

The farebox ratio was 45.2 percent, virtually the same as last year's 45.3 percent. This was well above the 40 percent objective set by BART directors, as well as the 33 percent ratio required

in order to maintain eligibility for certain state funds. The operating ratio — passenger fares and other operating revenues over operating expense — was 50.7 percent, slightly below the 51.8 percent ratio of the preceding year.

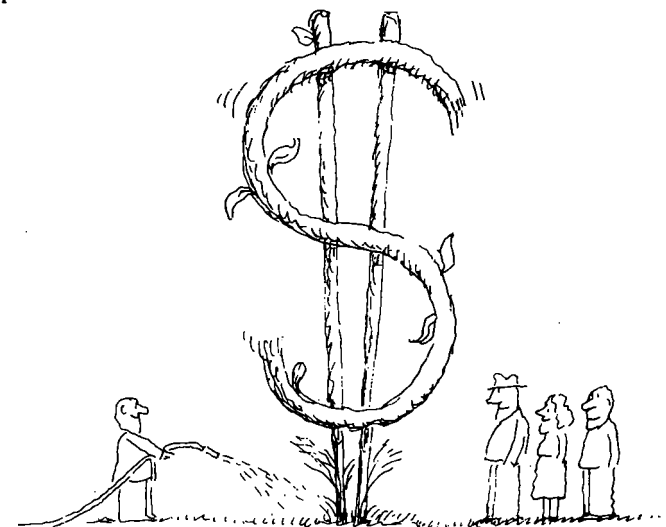
The rail cost per passenger-mile decreased slightly, dropping to 15.4 cents for the 1981/82 fiscal year from 15.5 cents the year before.

Other Revenue

In addition to operating revenues, BART received \$61 million in sales tax revenue, \$2.5 million in Transportation Development Act of 1971 (TDA) funds, and \$4.8 million in property tax as its share of the one percent maximum property tax as limited by Prop. 13.

The Board of Directors was able to reduce the property tax BART levies for repayment of the general obligation bonds authorized by voters for construction of the system. Directors set a tax rate of 6.97 cents per one hundred dollars of assessed value, anticipating revenues of \$46.9 million from property owners in Alameda, Contra Costa and San Francisco counties.

In the City of Berkeley, where voters approved creation of a special service district to finance subway construction through their city, the Board of Directors also set a property tax rate of 3.21 cents per hundred dollars of assessed value, which will raise an estimated revenue of \$671,000.



Regional Administration Facility ready in 1983.



BART Is Already Looking Toward the Future—and to the expansion that will allow residents of an even wider geographic area to make BART a part of their daily life and vocabulary.

Extensions Under Consideration

During this fiscal year, the BART Board of Directors took the following actions to move ahead with the district's 20-Year Extension Program which is to be accomplished concurrently along each route, on an incremental basis:

- In July 1981, this year, Directors adopted a preferred extension alignment and station sites for the Pittsburg/Antioch corridor. Also, during this fiscal year, BART began negotiating with the U.S. Navy for utilization of land for the proposed site of the North Concord/Martinez BART Station, which would be the first station along the 15.4 mile BART extension to Pittsburg and Antioch.
- In December 1981, applications totaling \$16.3 million for work on two of the extensions were submitted for funding through the state fixed guideways program. When approved, the funds will be used for preliminary engineering work on the extensions from the Fremont BART Station to the Warm Springs district (\$6.9 million), and to North Concord (\$5.4 million).
- In March 1982, BART and the Alameda County Planning Department issued a joint report identifying sites for a proposed Castro Valley BART Station, along the extension route from the Bay Fair BART Station to Pleasanton and Livermore. To accommodate this extension, Caltrans is leaving room for BART tracks in the median strip of the new Highway 580, which is pre-

sently under construction between Castro Valley and Dublin.

- In June 1982, BART directors authorized \$45,000 for consultants to update the 1976 Livermore/Pleasanton BART Extension Study, and an additional \$45,000 for consultants to study a BART extension within the Interstate 80 corridor between Richmond and Crockett. Although the Crockett extension was not included in the current extension program, area residents have requested that BART explore the possibility of extending service to their communities.

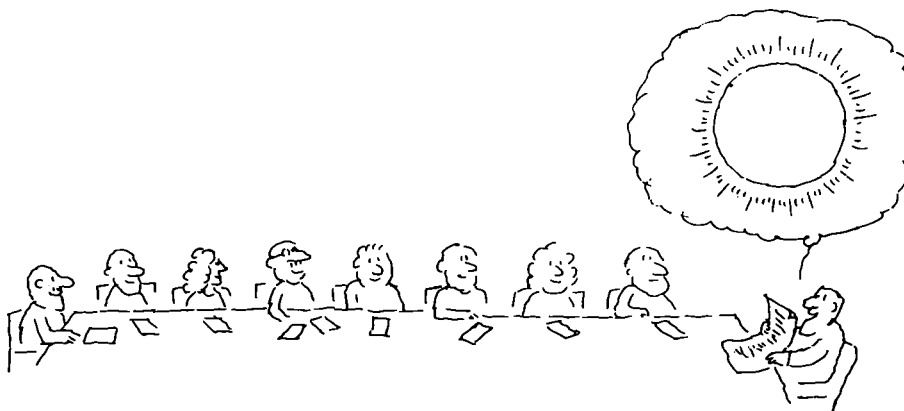
Other Plans for the Future

BART has been alert to ways to make better use of its current property. In March, ground was broken for the \$12 million Regional Administration Facility on BART property adjacent to the current headquarters at Eighth and Madison streets in Oakland. The building, which BART will share in a "condominium" arrangement with the Metropolitan Transportation Commission and the Association of Bay Area Governments, is to be completed in 1983. It will be the first governmental agency "condominium" arrangement in the area.

BART also has begun a program of working with local cities and agencies to explore the possibility of leasing property at and around its stations, including air rights, to private developers. Directors this year selected Keyser Marsten & Associates to begin the program by studying development opportunities at BART stations.

From Dream to Reality

In its decade of service, BART has proved that what was once a dream can become reality. The once unknown acronym of BART is now an integral part of our Bay Area language.



PERFORMANCE HIGHLIGHTS

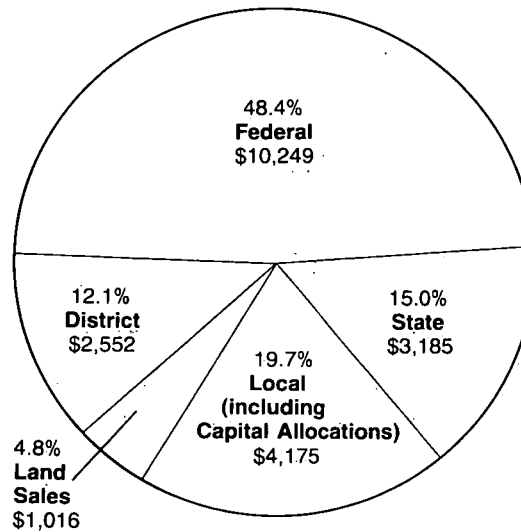
	FY 1981/82	FY 1980/81
Rail Ridership		
Annual passenger trips	53,290,643	46,879,319
Average weekday trips	184,062	161,965
Average trip length	13.5 miles	13.4 miles
Annual passenger miles	717,998,000	626,662,000
System utilization ratio (passenger miles to available seat miles)	35.0%	31.4%
End-of-period ratios:		
Peak patronage	50%	49%
Offpeak patronage	50%	51%
BART's estimated share of peak period transbay trips—cars, trains & buses	35.5%	30.2% ¹
Passengers with automobile available (as alternative to BART)	57%	60%
Operations		
Annual revenue car miles	28,505,000	27,707,000
Unscheduled train removals—average per revenue day	5.3	7.8
Transit car availability to revenue car fleet	88.3%	83.3%
Passenger miles per equivalent gallon of gasoline	77	69
Passenger accidents reported per million passenger trips	17.96	18.43
Patron-related crimes reported per million passenger trips	15.14	18.45
Financial		
Net passenger revenues	\$ 52,677,000	\$ 46,207,000
Other operating revenues	6,432,000	6,615,000
Total operating revenues	59,109,000	52,822,000
Net operating expenses	117,820,000	103,256,000
Farebox ratio (net passenger revenues to net operating expenses)	45.16%	45.27%
Operating ratio (total operating revenues to net operating expenses)	50.67%	51.75%
Net rail passenger revenue per passenger mile	7.3 ^c	7.2 ^c
Rail operating cost per passenger mile	15.4 ^c	15.5 ^c
Net average passenger fare	98.8 ^c	96.4 ^c

Notes

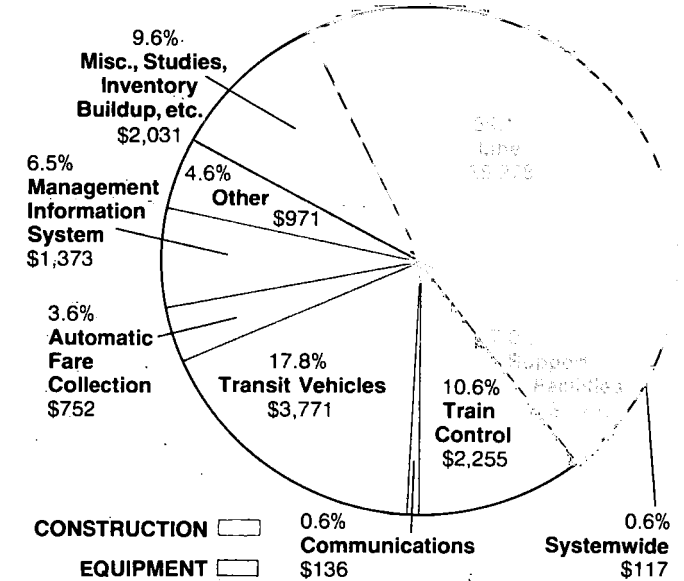
General note: Data represent annual averages unless otherwise noted.
¹Average of October 1980 and April 1981 survey data.

1981-82 CAPITAL FUNDS — \$21,177,000

Where Funds Came From (in thousands)

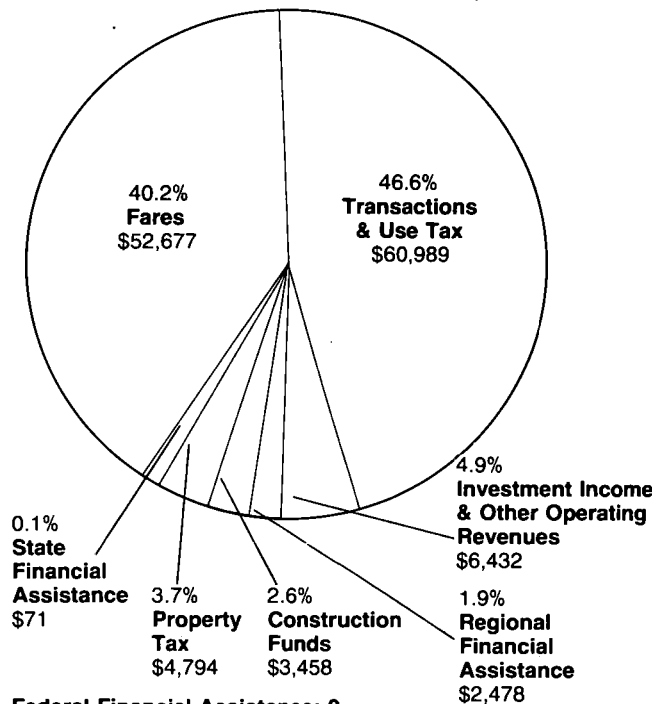


How Funds Were Applied (in thousands)

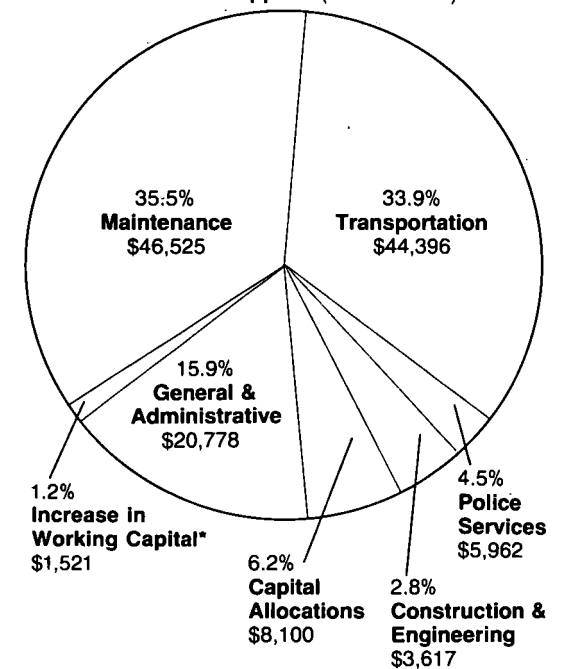


1981-82 OPERATING FUNDS — \$130,899,000 (including Capitalized Costs)

Where Funds Came From (in thousands)



How Funds Were Applied (in thousands)



*Funded excess of revenues over expenses

The Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1982 and 1981 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1982 and 1981 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Adams, Grant, White & Co.
Certified Public Accountants

Main Hurdman
Certified Public Accountants

September 3, 1982 (except as to Note 9 which is as of September 17, 1982)

BALANCE SHEET June 30, 1982 and 1981 (In Thousands)

	1982	1981
ASSETS		
Cash	\$ 1,176	\$ 1,429
Securities	77,742	68,761
Securities representing reserves	47,017	45,389
Deposits, notes and other receivables	9,149	5,578
Construction in progress	42,082	39,544
Facilities, property and equipment—at cost (less accumulated depreciation and amortization: 1982, \$228,952; 1981, \$203,191)	1,301,865	1,310,839
Materials and supplies—at average cost	11,923	10,598
Debt service funds, net assets	14,739	15,347
	<u>\$1,505,693</u>	<u>\$1,497,485</u>
LIABILITIES AND CAPITALIZATION		
Contracts and other liabilities	\$ 28,542	\$ 22,976
Unearned passenger revenue	1,250	1,074
Debt service funds	14,739	15,347
	<u>44,531</u>	<u>39,397</u>
Capitalization:		
Reserves	47,017	45,389
General Obligation Bonds	624,570	649,930
Net capital investment	789,575	762,769
	<u>1,461,162</u>	<u>1,458,088</u>
	<u>\$1,505,693</u>	<u>\$1,497,485</u>

STATEMENT OF OPERATIONS Years Ended June 30, 1982 and 1981 (In Thousands)

	1982	1981
Operating revenues:		
Fares	\$ 57,547	\$ 51,055
Less discounts and other deductions	4,870	4,848
	<u>52,677</u>	<u>46,207</u>
Other	936	870
Investment income	5,496	5,745
	<u>59,109</u>	<u>52,822</u>
Total operating revenues		
Operating expenses:		
Transportation	44,396	36,985
Maintenance	46,525	40,443
Police services	5,962	5,017
Construction and engineering	3,617	3,986
General and administrative	20,778	19,315
	<u>121,278</u>	<u>105,746</u>
Less capitalized costs	3,458	2,490
	<u>117,820</u>	<u>103,256</u>
Net operating expenses		
Operating loss before depreciation expense	58,711	50,434
Depreciation (unfunded):		
Of assets acquired with own funds	14,100	16,623
Of assets acquired with grants and contributions by others	12,326	11,370
	<u>26,426</u>	<u>27,993</u>
Total depreciation		
Operating loss	85,137	78,427
Financial assistance:		
Transactions and use tax	60,989	56,426
Property tax	4,794	4,064
State	71	94
Transportation Development Act of 1971	2,478	1,732
Capital allocations	(8,100)	(12,500)
	<u>60,232</u>	<u>49,816</u>
Total financial assistance		
Net loss	24,905	28,611
Depreciation of assets acquired with grants and contributions by others	12,326	11,370
	<u>\$ 12,579</u>	<u>\$ 17,241</u>
Net loss transferred to accumulated deficit		
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$ 58,711	\$ 50,434
Deduct financial assistance	60,232	49,816
	<u>\$ 1,521</u>	<u>(\$ 618)</u>
Funded excess of revenues over expenses (expenses over revenues)		

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT Years Ended June 30, 1982 and 1981 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
Balance, June 30, 1980	\$130,430	\$150,000	\$531,035	(\$ 62,520)	(\$ 96,400)	\$134,697	(\$ 43,743)	\$743,499
Net loss for the year	—	—	—	—	(17,241)	—	—	(17,241)
Proceeds from grants and contributions	—	—	30,700	—	—	—	—	30,700
Other agency's portion of shared grant	—	—	(11,565)	—	—	—	—	(11,565)
Depreciation of assets acquired with grants and contributions by others	—	—	—	(11,370)	—	—	—	(11,370)
Interest on capital	—	—	—	—	—	6,752	—	6,752
Decrease in system completion reserve	—	—	—	—	—	—	292	292
Increase in system improvement reserve	—	—	—	—	—	—	(1,938)	(1,938)
Bond principal	23,640	—	—	—	—	—	—	23,640
Balance, June 30, 1981	154,070	150,000	550,170	(73,890)	(113,641)	141,449	(45,389)	762,769
Net loss for the year	—	—	—	—	(12,579)	—	—	(12,579)
Proceeds from grants and contributions	—	—	17,915	—	—	—	—	17,915
Depreciation of assets acquired with grants and contributions by others	—	—	—	(12,326)	—	—	—	(12,326)
Interest on capital	—	—	—	—	—	10,064	—	10,064
Decrease in system completion reserve	—	—	—	—	—	—	125	125
Increase in system improvement reserve	—	—	—	—	—	—	(1,753)	(1,753)
Bond principal	25,360	—	—	—	—	—	—	25,360
Balance, June 30, 1982	<u>\$179,430</u>	<u>\$150,000</u>	<u>\$568,085</u>	<u>(\$86,216)</u>	<u>(\$126,220)</u>	<u>\$151,513</u>	<u>(\$47,017)</u>	<u>\$789,575</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1982 and 1981 (In Thousands)

	1982	1981
Cash and securities provided (used) by:		
Operations:		
Net loss transferred to accumulated deficit	(\$12,579)	(\$17,241)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	14,100	16,623
Cash and securities provided (used) by operations	1,521	(618)
Contributions from U.S. Government grants and others	17,915	30,700
Increase in contracts and other liabilities	5,566	2,186
Increase in unearned passenger revenue	176	341
Interest on capital	10,064	6,752
Total cash and securities provided	35,242	39,361
Cash and securities applied to:		
Increase (decrease) in deposits, notes and other receivables	3,571	(872)
Additions to construction in progress	2,538	3,473
Additions to facilities, property and equipment	17,452	17,804
Additions to materials and supplies	1,325	357
Total cash and securities applied	24,886	20,762
Increase in cash and securities	<u>\$ 10,356</u>	<u>\$18,599</u>

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
FUND BALANCES Years Ended June 30, 1982 and 1981 (In Thousands)

	General Obligation Bonds	
	1982	1981
Revenues:		
Property tax	\$48,686	\$48,882
Interest	3,116	3,156
	51,802	52,038
Expenditures:		
Interest	27,050	28,258
Principal	25,360	23,640
	52,410	51,898
	(608)	140
Balance, beginning of year	15,347	15,207
Balance, end of year	<u>\$14,739</u>	<u>\$15,347</u>
Represented by:		
Cash (including time deposits: 1982, \$2,972; 1981, \$4,684)	\$ 2,989	\$ 4,740
Securities	10,049	9,155
Taxes and interest receivable	1,701	1,452
	<u>\$14,739</u>	<u>\$15,347</u>

The accompanying notes are an integral part of these financial statements.

1—Summary of Significant Accounting Policies

Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

It is the District's policy to hold investments until their maturity and, accordingly, securities are carried at cost. At June 30, 1982 and 1981, cost exceeded market value by \$6,505,000 and \$5,398,000, respectively. The face value of securities exceeded cost at June 30, 1982 and 1981.

Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission. The District records these amounts as financial assistance when received. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1982 to June 30, 1982 will be approximately \$13,125,000. Of this amount, \$3,281,250 had been received and recorded by the District. Comparable figures for 1981 were \$12,000,000 and \$3,000,000, respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

In accordance with this policy, management allocated to net capital investment \$2,500,000 of interest revenue earned on assets held in the general fund but which related to capital projects.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

Capital Allocations

The Board of Directors allocates a portion of unrestricted financial assistance and general fund revenues to net capital investment for capital projects.

2—Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	------(In Thousands)-----	
	1982	1981
Basic System Completion	\$12,581	\$12,706
System Improvement	20,436	18,683
Self-Insurance	9,000	9,000
Vehicle Replacement	5,000	5,000
	<u>\$47,017</u>	<u>\$45,389</u>

3—Facilities, Property and Equipment

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1982 and 1981 are summarized as follows:

	------(In Thousands)-----				
	-----1982-----		-----1981-----		
	Lives (Years)	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 109,698	\$ —	\$ 109,610	\$ —
Improvements	80	1,034,269	112,247	1,041,617	100,593
System-wide operation and control	20	108,827	38,790	102,717	33,450
Revenue transit vehicles	30	154,659	41,402	152,500	36,247
Service and miscellaneous equipment	3 to 20	16,450	7,238	14,499	6,191
Capitalized construction and start-up costs	30	99,433	27,493	85,655	25,159
Repairable property items	30	7,481	1,782	7,432	1,551
		<u>\$1,530,817</u>	<u>\$228,952</u>	<u>\$1,514,030</u>	<u>\$203,191</u>

4—General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	------(In Thousands)-----					
			Original Authorized	Amount Issued	-----1982-----		-----1981-----	
					Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	4.01%	1999	\$792,000	\$792,000	\$26,750	\$616,250	\$25,000	\$641,250
1966 Special Service District Bonds	4.37%	1998	20,500	12,000	370	8,320	360	8,680
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$27,120</u>	<u>\$624,570</u>	<u>\$25,360</u>	<u>\$649,930</u>

In 1962, voters of the member countries of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$12,719,000 on General Obligation Bonds and \$182,000 on Special Service District No. 1 Bonds is payable on December 15, 1982.

The following is a schedule of principal repayments required under General Obligation Bonds as of June 30, 1982 (in thousands):

Year Ending June 30	1962 District Serial Bonds	1966 Special Service District Bonds	Total
1983	\$ 26,750	\$ 370	\$ 27,120
1984	28,575	390	28,965
1985	30,350	410	30,760
1986	32,400	420	32,820
1987	34,225	440	34,665
Later Years	463,950	6,290	470,240
	<u>\$616,250</u>	<u>\$8,320</u>	<u>\$624,570</u>

5—U.S. Government Grants

Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1982 is as follows:

Type of Grant	----- (In Thousands) -----	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,360	13,317
Capital	377,799	311,583
	<u>\$393,120</u>	<u>\$326,861</u>

6—Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

7—Public Employees' Retirement System

The District contributes to the Public Employees' Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain State and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$6,036,000 and \$5,856,000 in 1982 and 1981, respectively.

8—Grants and Contributions

Under a joint exercise of power agreement, the District was responsible for the administration and execution of a federally funded project to construct assets shared with another agency. During the year ended June 30, 1981, the administration of the constructed assets passed to the other agency on completion of the project. A reduction in grants received by the District of \$11,565,000 in respect of this is reflected in the statement of changes in net capital investment for the year ended June 30, 1981.

9—Subsequent Events

In September 1982, the District sold \$65 million in revenue bonds with an effective interest rate of approximately 10.2% to assist in the purchase of new rail transit vehicles and related automatic train control equipment. The District expects to purchase additional rail transit vehicles, which are designed to improve the system's performance, capacity and reliability.

San Francisco Bay Area Rapid Transit District

800 Madison Street — Oakland, CA 94607 (415) 465-4100

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the Counties of Alameda, Contra Costa and San Francisco.

Board Appointed Officers

C. K. Bernard, *General Manager*
 Malcolm M. Barrett, *General Counsel*
 William F. Goetz, *Controller/Treasurer*
 Phillip O. Ormsbee, *District Secretary*

Department Heads Reporting to the General Manager

Richard P. Demko, *Executive Manager, Maintenance & Engineering*
 William B. Fleisher, *Chief Transportation Officer*
 Howard L. Goode, *Planning & Analysis*
 Michael C. Healy, *Public Affairs*
 Ernest G. Howard, *Administrative Services*
 John Mack, *Affirmative Action*
 Hedy Morant, *Budget & Capital Program Control*
 Thomas R. Sheehan, *Information Systems*
 William Thomas, *Material Management & Procurement*
 Ralph S. Weule, *Safety*
 Larry A. Williams, *Employee Relations*

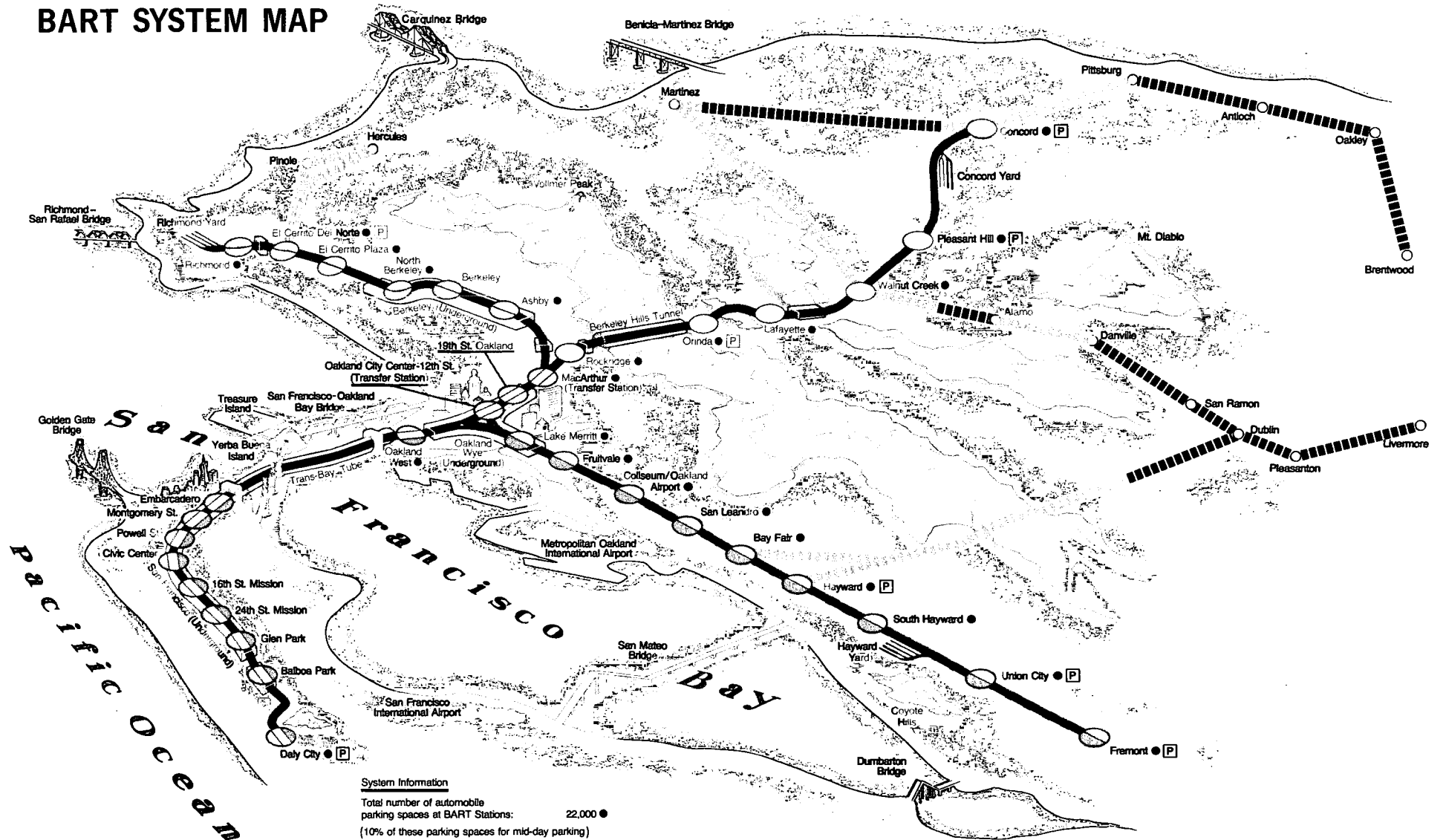
The Annual Report is published by the District Pursuant to Section 28770, Public Utilities Code of the State of California.

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Photography: California Photo Service, Emeryville, California

Gordon Kloess, Half Moon Bay, California

BART SYSTEM MAP



System Information



Total number of automobile parking spaces at BART Stations: 22,000 ●
 (10% of these parking spaces for mid-day parking)

Line Miles†

A Line—(Fremont to Lake Merritt)	23 Miles
M Line—(Daly City to Oakland West)	15 Miles
R Line—(Richmond to MacArthur)	12 Miles
C Line—(Downtown Oakland to Concord)	21.5 Miles
Total Miles	71.5 Miles

†All miles are calculated from the Oakland WYE

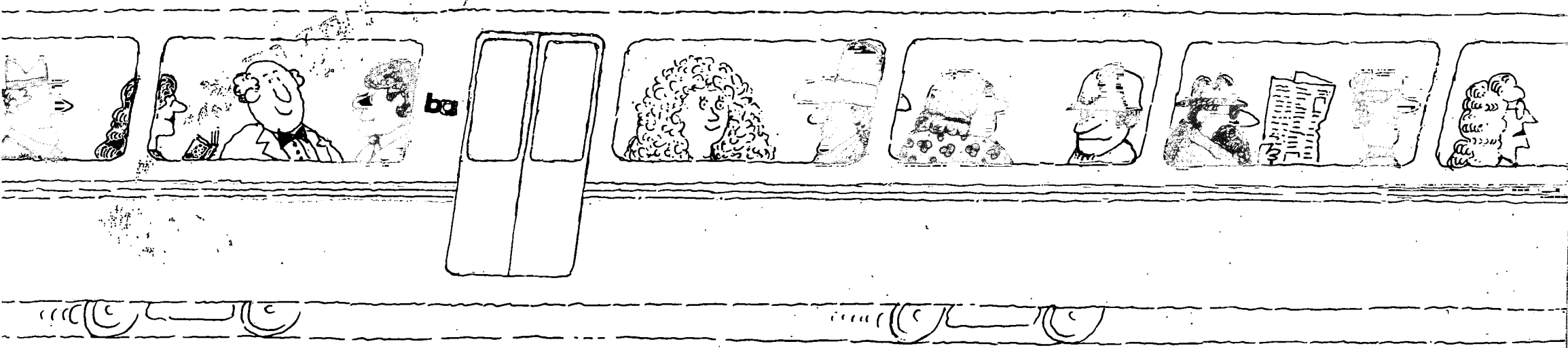
	CONCORD/DALY CITY
	RICHMOND/DALY CITY
	RICHMOND/FREMONT
	FREMONT/DALY CITY

-  BART Express Bus
- Parking
-  Preferential Carpool Parking





BAY AREA RAPID TRANSIT DISTRICT
800 Madison Street
Oakland, California 94607
(415) 465-4100





SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

Headquarters in Oakland, California
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BOARD OF DIRECTORS - Fiscal Year 1983

PRESIDENT

Robert S. Allen, Livermore, District #5

VICE-PRESIDENT

John H. Kirkwood, San Francisco, District #9

District #1 - Barclay Simpson, Lafayette

District #2 - Nello Blanco, El Sobrante

District #3 - Arthur J. Shartels, Oakland

District #4 - Margaret K. Pryor, Oakland

District #6 - John Glenn, Fremont

District #7 - Wilfred T. Ussery, San Francisco

District #8 - Eugene Gartinkle, San Francisco

BOARD-APPOINTED OFFICERS

C.K. Bernard, *General Manager*

Malcolm M. Barrett, *General Counsel*

William F. Goetz, *Controller/Treasurer*

Phillip O. Ormsbee, *District Secretary*

DEPARTMENT HEADS REPORTING TO THE GENERAL MANAGER

Richard P. Demko, *Executive Manager,*

Maintenance & Engineering

William B. Fleisher, *Chief Transportation Officer*

Howard L. Goode, *Planning & Analysis*

Michael C. Healy, *Public Affairs*

Ernest G. Howard, *Administrative Services*

John Mack, *Affirmative Action*

Hedy Morant, *Budget & Capital Program Control*

Thomas R. Sheehan, *Information Systems*

William Thomas, *Material Management & Procurement*

Ralph S. Weule, *Safety*

Larry A. Williams, *Employee Relations*

The Annual Report is published by the District Pursuant to Section 28770, Public Utilities Code of the State of California.

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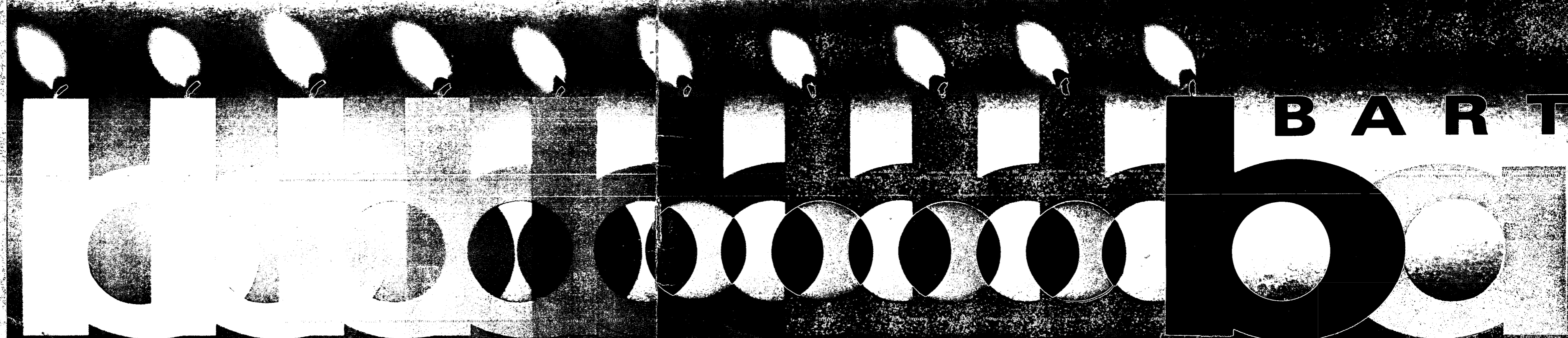
Special Insert - Map & design: Carto Graphics, San Francisco

Photography: California Photo Service, Emeryville, California

Gordon Kloess, Half Moon Bay, California

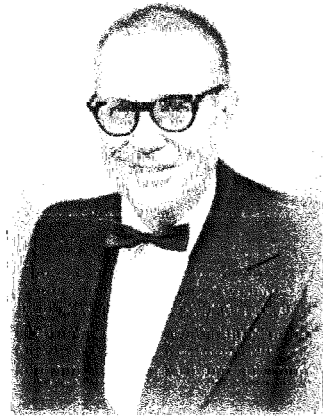
T E N Y E A R S O F S E R V I C E

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ANNUAL REPORT 1982/83 FISCAL YEAR

PRESIDENT'S MESSAGE



BART began its second decade of operations this fiscal year — a proven, high-speed, high-capacity, high-performance transit system. After a decade of paying its dues for pioneering, BART has transformed a vision into reality.

When BART opened September 11, 1972, nine two-car trains on 120 daily runs carried about 15,000 passenger trips per day on the 28 mile segment linking Fremont, MacArthur, and ten intermediate stations. Two years later (September 9, 1974) came transbay service, with about 120,000 daily trips on the entire 71.5-mile system.

As this fiscal year drew to a close, 43 BART trains on 479 daily runs carried about 186,000 trips each weekday. In the ten-plus-year period, patrons made 382 million trips on BART for a total of 5 billion passenger miles — with not a single passenger fatality. God willing, we aim to keep that record for the next ten years and beyond!

Reliability

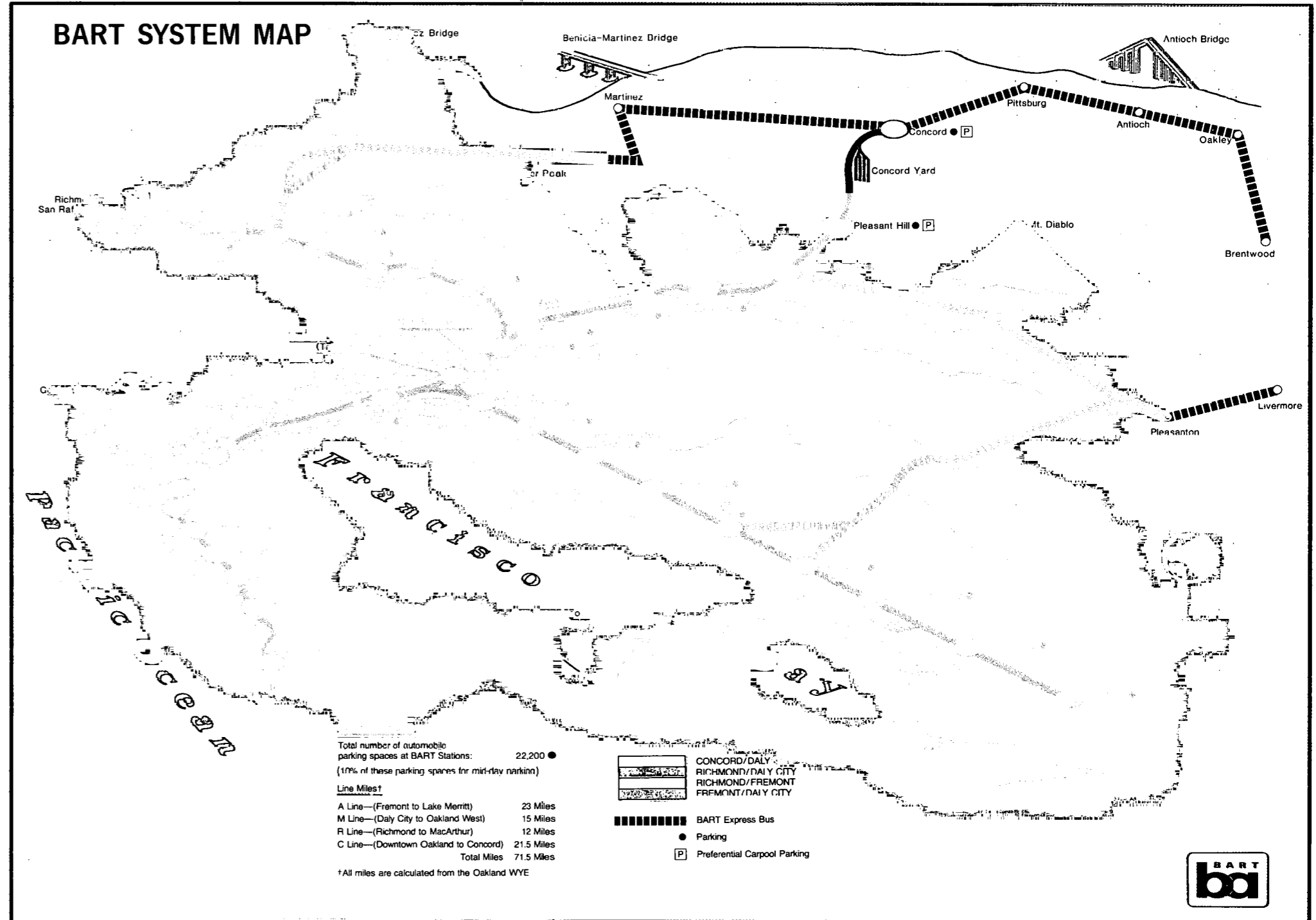
The reliability of the BART system is reflected in the fact that 99.2 percent of scheduled train dispatches were completed and 94.5 percent of the trains ran on time. This high level of reliability allowed BART for the first time to publish weekday timetables. For several years BART has published evening and weekend timetables; the median on-time performance for these times of operation during the year was 98 percent.

Patronage

BART continued to set patronage records. Despite a sluggish economy, an 18 percent fare increase, and lower gasoline prices, we carried more trips this fiscal year than in any prior year. Several new programs have enhanced ridership this year. One example is a joint monthly BART-MUNI pass good for unlimited travel on either BART or MUNI within San Francisco. (Plans are also under way for a joint BART/AC/MUNI pass.) For the first time patrons get a five percent bonus for buying high-value tickets — a \$21 ticket for \$20.

Capacity

During peak commute hours many trains are severely crowded. BART has undertaken a series of capital projects to provide relief. We have 150 new cars on order. A third track is under construction in the critical line through downtown Oakland. The planned Daly City tail track will let us almost double the frequency of turning trains back; remove malfunctioning trains much faster; and eliminate operating bottlenecks. A storage yard at Daly City will cut down on costly moves to and from yards in the East Bay and also enhance the reliability of operations. Fire-hardening of cars — besides enhancing patron safety — will allow more trains at a time to run through the Transbay Tube. We are replacing 15-year-old central train control computers that can handle only 49 trains with a state of the art Integrated Control System that will be able to accommodate over 100 trains. This entire program should come together by 1988.



Parking

BART'S park-and-ride has been a resounding success. We provide 22,184 off-street parking spaces — almost one space for every four BART round trips. Except for a 25-cent daily fee at Lake Merritt, all BART parking is free. Because many BART parking lots tend to overflow onto city streets, we are taking steps to encourage car pools, buses, mopeds and bikes, etc. Increasing the density and quality of land use near stations would put more patrons within walking distance of BART. Extensions — particularly to freeway-oriented stations — will reduce both the pressure on parking lots and traffic congestion. Until the rail extensions are built, BART Express Bus stations with parking are planned at future rail station sites, with frequent bus service to rail stations.

BART is also considering parking structures which would allow for surface development, a better utilization of available land at many stations. We would also expect substantial parking to be incorporated into the developments we are seeking in and around BART stations.

Extensions

BART'S extension policy provides increments both within the district and — subject to an acceptable cost-sharing arrangement — to outside points. Several corridor studies are now under way. We are buying land for future station sites and critical line segments through a recently established program. The Express Bus program is being re-oriented to serve park/ride express bus stations at sites of future rail stations.

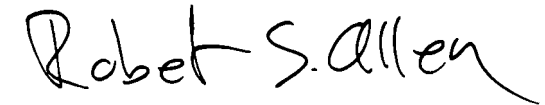
Station Area Development

Our Board seeks to achieve the highest and best use of land near BART stations; we would use the incremental benefits for system improvements including parking. Escalating land values at BART stations will not let surface parking remain the dominant feature of stations in the decades ahead. BART's station area planning and development program includes working with various communities on development plans; architectural competitions for graduate students; and aggressively seeking out developers for joint use of BART and other properties near stations.

The Bottom Line

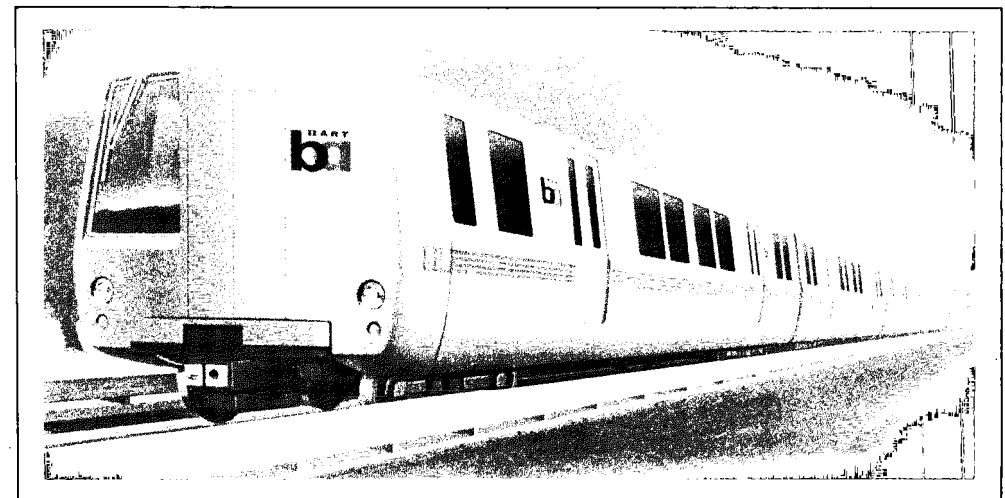
BART's farebox ratio of 49.1 percent and operating ratio of 53.6 percent each set a new high. A one-half percent sales tax, of which BART receives three fourths, funds most of the operating deficit. BART's rail cost per passenger mile, 16.2 cents, compares with 15.5 cents (23.1 cents in 1983 dollars) five years ago.

As we enter BART's second decade, I thank my fellow directors, BART staff and employees, BART patrons, and citizens of the three BART counties for the support they have given BART in the sometimes troubled past. I think we have turned the corner. May the next decade prove even more the vision of those who made BART possible.



Robert S. Allen

President, Board of Directors,
San Francisco Bay Area
Rapid Transit District, 1983



BART's new C-Car in service by FY1985/86

**PART I
SERVICE
CHEERS TO A
RECORD YEAR!**

As BART celebrated its 10th anniversary, it continued to new and higher patronage records. By the end of the 1982/83 fiscal year, the highest weekday average was reached and during these 12 months more trips were made on BART than in any previous year.

The system improved its "on-time" record, and effective maintenance resulted in fewer cars being out of service for repair on any given day than ever before. The result was that BART published a weekday schedule for the first time in April 1983, making the system even more convenient for the growing number of patrons.

Statistical Details

During the report period, BART reached 99.5 percent of its "on-time" daily performance objectives, but surpassed its peak-period performance objective with a 100.2 percent level of operation.

Responding to the continuing improvements in BART's service reliability, more people rode BART and travelled more passenger miles than in any previous year, with 53,699,387 passenger trips, and these patrons travelled 725,077,000 passenger miles.

The highest average weekday ridership in a given month was reached during June 1983, with a total weekday average of 192,467 trips. One of the contributing factors to the high level of patronage was the availability

of the new BART/MUNI monthly pass.

The average percent of BART's fleet which was available for revenue service at 8 a.m. during the period of this report was 89.1 percent. This very high level of car availability not only exceeded the system's goals and objectives for the 1982/83 fiscal year, but was 4.1 percentage points higher than the transit industry's international average goal of 85 percent of fleet availability.

Another indicator of BART's equipment reliability is that, based on four key vehicle reliability measures (propulsion, friction brakes, doors and auxiliary electrical systems) only 2.3 BART cars required maintenance every 10,000 miles of service. This compares extremely well with the

transit industry's national average of 3.8 vehicles. Further utilization of BART cars exceeded the transit industry's national average by 50 percent, as BART cars travelled 75,000 miles before required preventative maintenance as compared to the industry's average of 50,000 miles.

As a result of maintaining this high level of service reliability, BART published a weekday train schedule for the first time on April 6, 1983. The four-page timetable, with an easy-to-read format, includes schedules for all trains traveling in both directions on all four lines.

BART

WEEKDAY TRAIN SCHEDULES

Dear Passenger,
We are pleased to present our first printed time-tables for all weekday trains.
The tables are broken down according to the various train routes. We recommend that you arrive on the train platform at least one minute earlier than the published train departure time.
BART trains run Monday through Saturday from 6:00 a.m. to midnight and on Sunday from 9:00 a.m. to midnight.
Prior to 7:00 p.m. Monday through Saturday, trains run direct between Daly City/

Concord; Daly City/Fremont, Richmond/Fremont, and Richmond/Daly City.
After 7:00 p.m. and all day Sunday, trains run only between Daly City/Concord and Fremont/Richmond. All train-to-train transfers should be made at the 12th Street-City Center station evenings and Sundays.
All fare gates close at midnight. For possible entry prior to 6 a.m. weekdays and after midnight, contact station agent or use white courtesy telephone.

Effective April 1983



► Richmond/San Francisco-Daly City

	RICH	DEL N	PLAZA	N BRK	BRK	ASHBY	MACAR	19 ST	12 ST	OAK W	EMBAR	MONTG	POWEL	CIVIC	16 ST	24 ST	GLNPK	BALPK	DALY
AM																			
5:11	5:16	5:19	5:23	5:20	5:28	5:32	5:36	5:41	5:42	5:49	5:51	5:53	5:54	5:57	5:59	6:02	6:06	6:09	6:10
THEN EVERY FIFTEEN MINUTES UNTIL ...																			
7:41	7:45	7:49	7:53	7:56	7:59	8:02	8:06	8:07	8:12	8:19	8:21	8:23	8:24	8:27	8:29	8:32	8:35	8:38	8:40
7:54	7:58	8:02	8:05	8:08	8:11	8:15	8:18	8:20	8:24	8:32	8:34	8:35	8:37	8:39	8:42	8:45	8:48	8:52	8:52
8:09	8:13	8:17	8:20	8:23	8:26	8:30	8:33	8:35	8:39	8:47	8:48	8:50	8:52	8:54	8:57	9:00	9:03	9:07	9:07
8:24	8:28	8:32	8:35	8:38	8:41	8:45	8:48	8:50	8:54	9:02	9:03	9:05	9:07	9:09	9:12	9:15	9:18	9:22	9:22
8:39	8:43	8:47	8:50	8:53	8:56	9:00	9:03	9:05	9:09	9:17	9:18	9:20	9:22	9:24	9:27	9:30	9:33	9:37	9:37
8:55	8:59	9:03	9:06	9:09	9:12	9:15	9:19	9:20	9:24	9:32	9:33	9:35	9:37	9:39	9:42	9:45	9:48	9:52	9:52
THEN EVERY FIFTEEN MINUTES UNTIL ...																			
1:55	1:59	2:03	2:06	2:09	2:12	2:15	2:19	2:20	2:24	2:32	2:33	2:35	2:37	2:39	2:42	2:45	2:48	2:52	2:52
2:10	2:14	2:17	2:21	2:24	2:27	2:30	2:34	2:38	2:40	2:47	2:48	2:51	2:53	2:55	2:58	3:01	3:04	3:08	3:08
2:24	2:28	2:31	2:35	2:38	2:41	2:44	2:48	2:50	2:54	3:01	3:02	3:05	3:08	3:09	3:11	3:15	3:18	3:22	3:22
THEN EVERY FIFTEEN MINUTES UNTIL ...																			
4:09	4:13	4:16	4:20	4:23	4:26	4:29	4:33	4:36	4:39	4:46	4:48	4:50	4:51	4:54	4:56	5:00	5:03	5:07	5:07
4:21	4:25	4:29	4:32	4:35	4:38	4:42	4:45	4:47	4:51	4:59	5:00	5:02	5:04	5:06	5:09	5:12	5:15	5:20	5:20
THEN EVERY FIFTEEN MINUTES UNTIL ...																			
5:51	5:55	5:59	6:02	6:05	6:08	6:12	6:15	6:17	6:21	6:29	6:30	6:32	6:34	6:36	6:39	6:42	6:45	6:50	6:50

EVENING SERVICE: RIDE THE FREMONT TRAIN TO 12TH STREET OAKLAND AND TRANSFER AT THE SAME PLATFORM TO A SF DALY CITY TRAIN
8:12 8:16 8:19 8:23 8:26 8:28 8:32 8:43 8:47 8:55 8:56 8:58 7:02 7:04 7:08 7:10 7:15
THEN EVERY TWENTY MINUTES UNTIL ...
11:52 11:56 11:58 12:02 12:06 12:08 12:12 12:16 12:23 12:27 12:35 12:36 12:38 12:40 12:42 12:44 12:48 12:50 12:55
AM
12:12 12:16 12:19 12:23 12:26 12:28 12:48 12:51 12:57 1:01 1:08 1:10 1:11 1:13 1:15 1:18 1:21 1:24 1:28
SEE RICHMOND/FREMONT SCHEDULE FOR ALTERNATE DEPARTURE TIMES FROM RICHMOND TO DOWNTOWN OAKLAND

Anniversary Celebration

There were more than enough reasons to celebrate when BART marked its 10th anniversary of service, which began September 11, 1972. The theme of the birthday party held on Monday, September 13, was "Ten Years! Cheers!" The festivities culminated in the cutting of a 92-pound cake shaped like a BART train formed into the Number 10, with stage and screen star Donald O'Connor and television star Fred LaCrosse on board to help make the first cut in the cake. The theme chosen from more than 150 entries submitted by BART employees was suggested by BART Station Agent Donna Loughran.

As immediate-past BART Board President Eugene Garfinkle presented prizes to the winners of various BART birthday contests at the ceremonies at the Lake Merritt BART Station, he noted that "BART has now become the standard against which many of the rail systems around the world are measured today."

Special Service

As part of its marketing effort, BART again offered special trains to major events. There were the Oakland "A's Specials," providing train service to the Oakland Coliseum from Daly City and Concord for A's home games. During the 1982 baseball season, BART carried about 15 percent of the total paid attendance at A's home games, which translates into 500,000 trips.

The "Invaders Special" also carried patrons directly to the Coliseum, with

special trains leaving from Concord and Daly City. BART carried 28,000 patrons, or 11 percent of the gate, to Invaders' games.

Other special trains took patrons to "Day on the Green Concerts" at the Oakland-Alameda County Coliseum. BART carried 17 percent of the gate, translating into about 58,000 passenger trips, to these events.

In January 1982, the "Tishman Special," a chartered three-car BART train, carried approximately 150 dignitaries to ceremonies marking the beginning of the Tishman Office Center, which will be within walking distance of the Walnut Creek BART Station. "The Tishman Special" departed the Montgomery BART Station and made only one stop, at the 19th Street BART Station in downtown Oakland, as it proceeded to the Walnut Creek BART Station. Following the ceremonies, the train was then dispatched for its return trip. While BART trains have been chartered for other events, this was the first "roundtrip" charter and proved once again that BART is a convenient and cost-effective way to carry large groups to special events.

For the second year in a row, BART offered early morning service to one of the Bay Area's more unusual events: the Bay to Breakers Race through San Francisco. Eight special trains, two each leaving from the Concord, El Cerrito Del Norte, South Hayward and Daly City BART Stations beginning at 6:15 a.m. (compared to the normal Sunday starting time of 9 a.m.), carried 6,700 patrons on the morning of the May 15th race, compared to 3,500 last year.



"Ten Years — Cheers!" was the theme of BART's Tenth Anniversary Party. BART Directors are shown with motion picture, television and stage star Donald O'Connor (center) as they cut the 92-pound 10th Anniversary train cake molded to form the number "10." Directors shown here (left to right) are Margaret K. Pryor, Eugene Garfinkle, Robert S. Allen, John Glenn, Nello Bianco, O'Connor, Will Ussery and Arthur Shartsis. Quentin Kopp, a former BART Director, is in the background.

Promotions: From "Big Bird" to Ice Sculpture

As part of its marketing program, BART offered patrons a chance to participate in random drawings for tickets to the Ice Capades and the Golden Bay Earthquakes soccer team. Cheerleaders from the Oakland Invaders greeted BART patrons at Embarcadero and Montgomery Street BART Stations in May, while Big Bird, Snoopy and a clown passed out candy to BART riders in an early celebration of Halloween on October 29.

In August 1982, when the Twelfth International Sculpture Conference was held in Oakland, BART provided a site for Texas sculptor Bert Long to create a work from 20,000 pounds of red, yellow and blue ice. He worked from 3:30 p.m. until 6:30 a.m. the following morning before displaying his creation around the fountain on the Concourse Level of the Lake Merritt BART Station.

BART's traveling exhibit, "BART. Going Places," continued making the rounds of various BART stations. Introduced in September 1981, the exhibit features large graphics and photos giving information about the history and construction of the system, as well as data on present operations and plans for the future.

In December 1982, ground-breaking ceremonies were held at the Hayward BART Station parking lot, for construction of a carbarn to house the last horse-drawn streetcar to operate in Alameda County. Built in 1901, the antique streetcar will be on permanent display at the Hayward BART Station.

In an effort to promote safe holiday travel, BART continued its three-year-old program of offering free coffee and doughnuts on Christmas Eve and New Year's Eve at various BART Stations. Bugs Bunny of Marriott's Great America theme park also toured the system during the holidays, adding his own special cheer.

In May 1983, BART celebrated Cinco de Mayo with exhibitions, refreshments, Latin music and dances at various stations. Festivities at the Lake Merritt BART Station included an appearance by the Oakland Ballet Folklorico, Grupo Infantil (a children's troupe), and a mariachi band.

In recognition of National Police Week, held from May 9 to May 13, BART police staffed an exhibit at five stations, with a slide show and a taped narrative describing police activities and responsibilities.

In June 1983, at the Oakland Convention Center dedication ceremonies, nearly 100,000 persons saw the BART exhibit and information booth.

Discount Fares

Special fares attracted many BART patrons during the 1982/83 fiscal year.

To kick off the holiday shopping season, BART reduced fares by 15 percent on the day after Thanksgiving. Systemwide ridership was 30.2 percent below the November weekday average for that day. However, at the Powell Street BART Station, serving San Francisco's principal retail shopping area, patronage was 70 percent above average.

In February 1983, BART increased the face value of the discount tickets

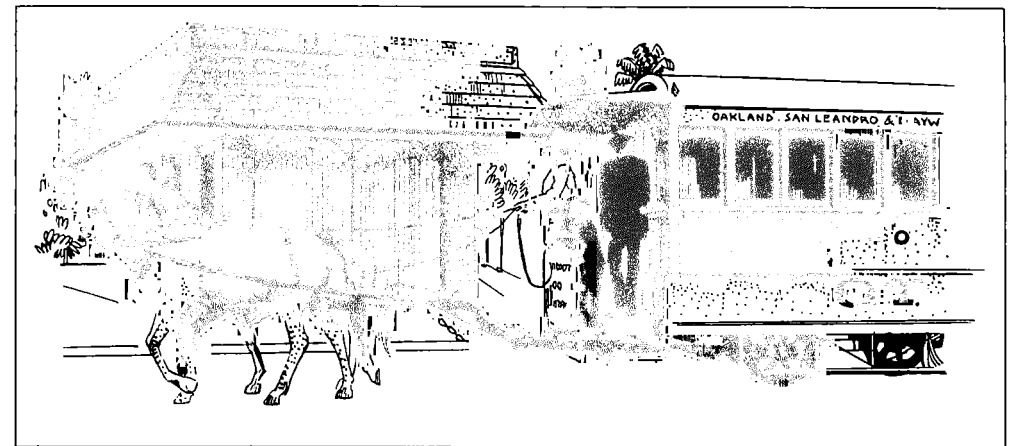
available for seniors, youths and disabled persons from \$6.00 to \$12.00, so that patrons would not have to purchase tickets so frequently. An estimated 8,000 persons use these tickets, which sell for \$1.20, offering a 90 percent discount.

All BART patrons were given a five percent bonus on the high-value, full-fare tickets sold only at banks, savings and loan offices and BART Passenger Services offices. These tickets, which have a face value of \$21.00, can be purchased for \$20.00.

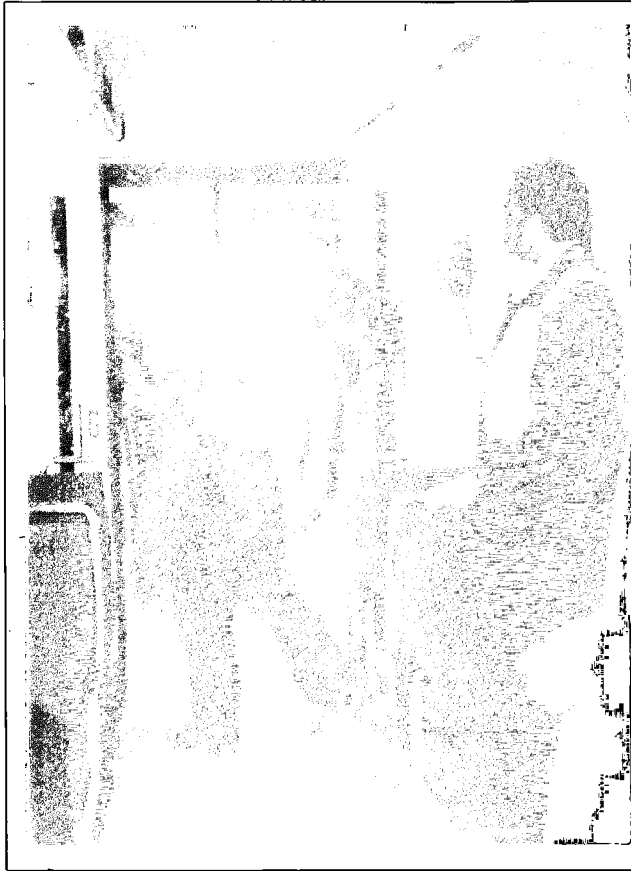
In April 1983, BART and the San Francisco Municipal Railway (MUNI) issued the first joint monthly pass

good for unlimited travel on either system within San Francisco. Average weekday use the first month was approximately 11,700 trips, increasing 22 percent to 14,300 by June 1983. Approximately 50 to 55 percent of these patrons are believed to be new BART riders, who accounted for a three percent increase in average weekday ridership and a record month in June.

BART now is working with the San Francisco Municipal Railway and Alameda-Contra Costa Transit District to develop a similar, joint BART/MUNI/AC pass which would serve an even larger number of riders.



This is now the permanent home of the last horsedrawn street car to operate in Alameda County.



On May 22, 1983, BART conducted a major emergency procedures drill designed to test its Emergency Plan, to evaluate a more centrally located casualty collection site and to provide an additional resource for a concurrent medical drill conducted by the Alameda County Emergency Medical Services and Oakland medical facilities. More than 200 volunteers participated as evacuees and over 30 individuals were made-up to depict injured persons. The Oakland and San Francisco Fire Departments were the only two departments directly involved with the drill in the Transbay Tube. However, there were many transit and fire department officials, both local and from other parts of the nation, as observers at this drill. Involved with the movement of persons from the MacArthur BART Station collection site to local hospitals were two chapters of the American Red Cross, triage teams from the Oak Knoll U.S. Naval Hospital in Oakland and a local ambulance service.

Safety

BART continued its outstanding safety record, with the number of patron accidents decreasing from 18 incidents per million passenger trips last year to 16 incidents per million passenger trips during the 1982/83 fiscal year.

As of June 1983, BART had carried 382,133,690 passengers without a single passenger fatality since the system began revenue service.

Employee lost-time injuries numbered 216, up 6.4 percent from the figure of 204 the previous year.

Patron-related crime increased to 19 incidents per million passenger trips, compared to 15.1 the previous year. This was, however, much lower than the crime rate in surrounding communities. The largest increases were for incidents of disorderly conduct, purse-snatching and arson.

Work continued on a \$19.4 million, two-and-a-half-year program to make cars more fire-resistant by replacing interior ceiling and wall liners, replacing the floor panels and adding insulating panels between the floors and the heat-generating equipment

mounted under the cars. The new C-Cars will meet the same standards of fire safety.

BART held 16 fire drills and familiarization tours, including a major fire drill in the Transbay Tube in May 1983 involving more than 200 volunteer "passengers," as part of its continuing effort to work with local fire departments and other emergency service agencies to improve emergency procedures. Participating in BART emergency procedures drills during this fiscal year were 463 fire department representatives.

Fiber Optic Cable

A new use for the Transbay Tube began on August 3, 1982 when Pacific Telephone & Telegraph Company installed a fiber optic cable in the gallery of the Transbay Tube. The cable can transmit more than four and a half times the number of calls carried by the copper trunk cables located at the bottom of the Bay.

In the 1982/83 fiscal year, BART received \$70,273.87 in revenue for allowing PT&T to use the tube, part of BART's continuing effort to cooperate with other organizations.

PART II CAPITAL IMPROVEMENTS

Completion of BART's capital improvement program is integral to BART's plans to increase capacity by 85 percent.

During the 1982/83 fiscal year, BART continued to make progress on its \$519.3 million five-year capital improvement program. The program includes the purchase of 150 new vehicles, improvements in the central control system, construction of a third track through downtown Oakland, fire safety improvements, modifications of the train controls along the trackway, and the construction of the Daly City Facility, which includes a turnback track and storage yard.

Contract for C-Cars

On October 7, 1982 BART Directors approved a \$279 million, five-year project, including a major contract to SOFERVAL (Société Ferroviaire du Valenciennois) to build up to 150 new C-Cars needed to meet increased passenger demands. These cars were designed by BART engineers and can be used as either lead cars or mid-train cars, increasing operational flexibility. With the new cars, one train can be changed into two shorter trains, or vice versa, without returning to one of the East Bay yards. Delivery of four production prototypes is expected during the 1984/85 fiscal year.

New Train Control Units

Also on October 7, the Board of Directors approved a \$2.8 million contract with Westinghouse Electric Corporation to develop and test five prototype vehicle train control units in conjunction with the planned \$25.5 million upgrading of BART's computerized central control system. When completed, the new system will be able to handle in excess of 75 trains on the system at one time, compared to the current limit of 49.

K-E Track Progress

Work continued on the K-E Track through downtown Oakland, a 1.5-mile connection through a third tunnel from Washington Street to 23rd Street and the first addition of main line track since BART's original construction.

Construction of overpasses above 27th Street, 29th Street and 30th Street

in Oakland was completed, and the contract was awarded for the final phase of construction. Work began in March 1983 on the final phase, which includes installing running rail, power equipment and the wayside control system from the Oakland West BART Station to the MacArthur BART Station.

When completed in 1985, the new track will provide another route through the congested Oakland "Y" area, where all three lines converge. It also can be used for train storage.

Daly City Facility

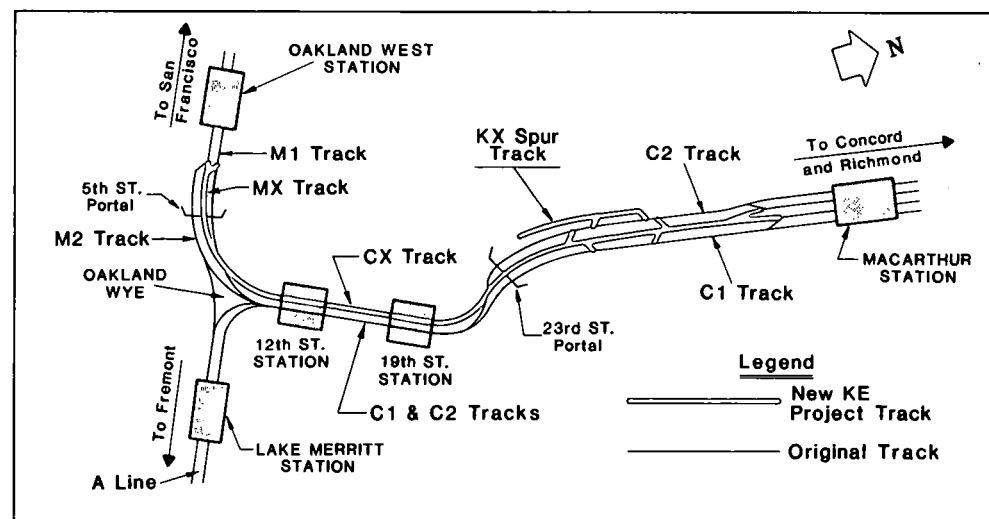
Environmental studies and preliminary engineering studies were completed for the Daly City Facility, consisting of a turnback track and storage yard, and the City Council of Daly

City approved a general plan amendment permitting construction of the project.

The \$150 million project will reduce the turnaround time at the Daly City terminal, thereby allowing trains to run at closer intervals. The facility also will reduce operating expenses because empty trains will no longer have to return to East Bay yards for storage after going out of service.

Car Conversion Program

During July 1982, BART completed its program of converting 35 A-Cars to B-Cars. Started in 1978 and aimed at obtaining a better fleet mix, the conversion program allows BART to utilize its equipment more efficiently.



K-E PROJECT

BART Station Access

As part of its continuing program to improve access to the rail system, BART completed plans for a new bus route in northern Contra Costa County, and instituted programs which are designed to provide additional parking spaces at several stations and improve access to the system for handicapped and senior patrons.



Harold Willson, of Danville, CA, demonstrates operation of the special wheelchair lift on BART Express Buses.

The project to equip BART Express Buses with special wheelchair lifts and a "kneeling" capability for easier boarding was completed in March 1983. Additional curb cuts at 11 stations, for improved wheelchair access, were completed in October 1982.

BART completed plans and received funding from the Metropolitan Transportation Commission (MTC) to oper-

ate a new bus route, "The Martinez Link," between the El Cerrito Del Norte Station and the Contra Costa County Offices in Richmond and Martinez. This service is to begin July 5, 1983.

BART discontinued managing the Greyhound Bus commuter service between Concord and San Francisco on September 30, 1982 due to a decline in ridership and a shortage of available funds.

The 36-bus BART express fleet operated for BART by AC Transit provides a connecting link between most outlying East Bay communities and BART stations.

During the 1982/83 fiscal year, BART Express Bus patronage reached 2,977,000 trips. This translates into a monthly average of 248,000 trips. According to the BART Express Bus Plan, 1981/82-1985/86, over 800,000 persons using the Express Bus system transferred to BART as part of their trip.

Overhead lighting was installed at the Lafayette BART Station "overflow" parking lot in November 1982.

In Fremont, a canopy was installed between the east entrance and the heavily patronized bus loading area in November 1982.

A parking lot survey, completed in March 1983, shows that most lots are filled by 9 a.m., and indicates the need for continued efforts to provide additional parking.

In order to address this need for additional parking spaces, during the period of this report BART received commitments from MTC of over \$26 million over the next five years to fund projects designed to increase the system's parking capacity.

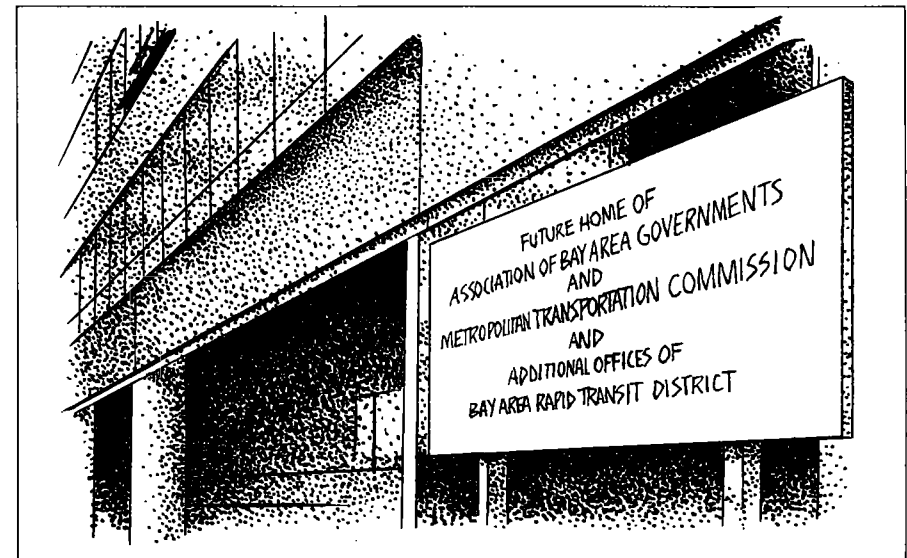
Among the projects planned and started during the 1982/83 fiscal year were:

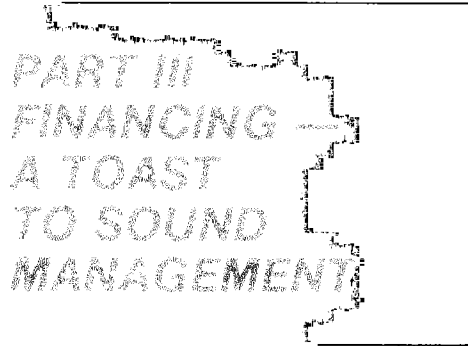
- A \$1.3 million grant for acquisition of land to be used for the Antioch BART Station at Bailey Road, which will include the creation of a 400-space "park-and-ride" lot for BART Express Bus patrons. This facility will be used until the land is needed for a station on the proposed rail extension into that city.
- A 425-space parking lot on Mesa Street near the Concord BART Station, for which a \$989,000 grant was committed.
- Design of a 1,200-space parking structure to be built at the Walnut Creek BART Station.
- A grant of \$886,000 for additional parking at the South Hayward BART Station.

- A \$1.6 million grant for a project which will redesign BART stations' parking system.
- Paving the Mowry Avenue parking lot at the Fremont BART Station which will provide 800 additional permanent parking spaces.

Regional Administration Facility

Work continued on the \$15 million Regional Administration Facility on BART property adjacent to the current headquarters at Eighth and Madison Streets in Oakland. The building, which BART will share in a "condominium" arrangement with the Metropolitan Transportation Commission and the Association of Bay Area Governments, is to be completed in early 1984 and will be the first governmental agency "condominium" arrangement in the area.





As BART completed its first decade of service, its financial profile was stronger than ever before in its history. So substantial was this base that the private sector bond market supported the issuance of \$65 million in revenue bonds, proceeds from which will pay a part of the cost of the new C-cars. During the 1982/83 fiscal year, BART dedicated over \$10.7 million from revenues to fund capital projects. This is real and very positive testimony to BART's efficient management, cogent fiscal policies and improved operating procedures.

BART continued to receive an unusually high percentage of operating expenses from fares, with a farebox recovery ratio of 49.1 percent, well above the objective of 40 percent and the previous year's figure of 45.2 percent. Few public transit systems in the nation have a higher farebox recovery ratio.

The operating ratio — the ratio of passenger fares and other operating revenues to operating expenses — was 53.6 percent, compared to last year's ratio of 50.7 percent.

Rail cost per passenger mile was 16.2 cents, slightly above the 15.4 cents for the previous year, which translates into an increase of about five percent. However, this was an overall decrease in real terms when inflation is taken into account.

Net passenger revenue in the 1982/83 fiscal year was \$61 million, as compared to \$52.7 million for the previous year.

Total operating revenue (including interest income and income from advertising in trains and stations) was \$66.6 million for the 1982/83 fiscal year, or 13 percent higher than for the previous year.

An unfunded shortfall of \$3.2 million, noted when the budget was adopted, was made up by increased fares plus stringent controls on expenses. The annual power expense was 18.8 percent below budgeted amount, which resulted in a savings of \$3.4 million. This was due to heavy winter rains, which resulted in an abundant supply of relatively inexpensive hydroelectric power. Lower than anticipated fuel oil prices also contributed.

BART fares were increased by an average of 18.4 percent on September 8, 1982 to make up the budget shortfall and provide funds for capital improvements projects required to serve the increasing number of patrons. The new policy did not affect the 90 percent discount for senior citizens, the handicapped and children between five and twelve years old. (Children four and under ride BART free.)

Bond Sale Approved

On August 19, 1982 the Board approved the sale of \$65 million in sales tax revenue bonds for the purchase of the new and more efficient C-Cars. In addition, BART has received \$6.7 million in federal assistance through the Urban Mass Transportation Administration. This is a major tribute to the financial health and operating success of BART. Other grant applications are pending for the cars, which will cost an estimated \$279 million.

Other Revenue

In addition to these funds, BART received \$62.8 million in revenues derived from 75 percent of the one-half cent transit sales tax in the three BART counties, \$5.4 million in state Transportation Development Act (TDA) funds and State Transit Assistance (STA), and \$5.1 million in property tax as its share of the one percent maximum property tax.

The Board of Directors reduced the property tax BART levies for repayment of the general obligation bonds authorized by voters, in 1962, for construction of the system. Directors set a tax rate of 6.28 cents per one hun-

dred dollars of assessed value anticipating revenues of \$47.3 million from property owners in the three BART counties — Alameda, Contra Costa and San Francisco.

In the city of Berkeley, where voters, in 1966, approved creation of a special service district to finance subway construction through their city, the Board of Directors set a property tax rate of 2.92 cents per hundred dollars of assessed value, which raised an estimated \$665,000.

It was more than half a century ago that the dream of an underwater tube, through which passengers would be whisked across San Francisco Bay, was first proposed by General George W. Goethals, the same man who was in charge of constructing the Panama Canal.

Goethals proposed almost precisely the route followed by BART today, but after an initial flurry of excitement, his idea was all but forgotten.

In 1947 public interest in the suggestion was revived. A Joint Army-Navy Board Report suggested construction of a transbay tube to alleviate demand on the San Francisco-Oakland Bay Bridge, which already was becoming congested about ten years after it was built.

The idea came closer to a reality in 1957 when the State Legislature created the San Francisco Bay Area Rapid Transit District and authorized it to build and operate a rail system. In 1962, following several years of planning and engineering, the proposal for a high-speed, rapid-transit system that would take advantage of Amer-

ica's space-age technology, went on the ballot. Residents of Alameda, Contra Costa and San Francisco Counties voted in favor of a property tax to finance construction of a 75-mile project. 71.5 miles of BART track linking the three counties, and 3.5 miles of track to be used by a new San Francisco MUNI system.

Two years later, in 1964, President Lyndon B. Johnson presided over the groundbreaking ceremony in Concord, and construction was under way.

It took eight years to construct the BART system which consisted of 19 miles of subway and tunnels, 23 miles of aerial structures, 26 miles of surface track, and the almost 3.5 miles of transbay tube, which at the time was considered to be the world's longest underwater tube used for vehicular traffic.

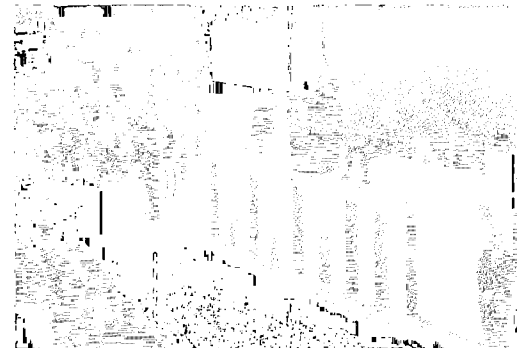
When the first leg of the system was opened, on September 11, 1972, its twelve stations and eight 2-car trains were mobbed. By the end of the first day, nearly 12,000 patrons had ridden the trains linking the Fremont and MacArthur BART Stations.

The following January, service began to Richmond. The Concord line opened in May 1973, and the San Francisco line opened the following November.

Finally, testing of service through the tube was completed, and on September 16, 1974, BART began transbay service, linking the entire system. Trains operated every 12 to 15 minutes from 6 a. m. to 8 p. m., Monday through Friday, between Concord and Daly City, and Richmond and Fremont.

BART was revolutionary, taking a quantum leap by applying newly developed space technology to a transit system that would provide a reliable, convenient and safe means of travel for Bay Area residents.

More than 25,000 persons attended BART's June 19, 1964 groundbreaking ceremonies where President Lyndon B. Johnson, Governor Edmund G. "Pat" Brown and BART Board of Directors President Adrien J. Falk heralded a new beginning in public transit.



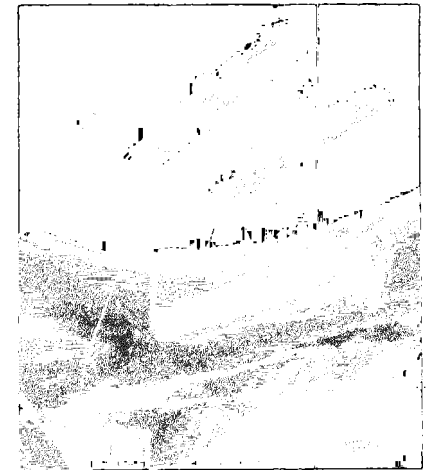
The night trains come and go at the Rockridge BART Station. The lights of the Port of Oakland and San Francisco shine in the twilight.

But while BART may have been a gigantic step forward in technology, it was not without its problems. Unlike the older transit systems which evolved slowly, BART was built in less than a decade. There were problems with the train control equipment, as well as problems caused by the fact that the system soon attracted more patrons than it could accommodate easily, particularly during the peak travel period.

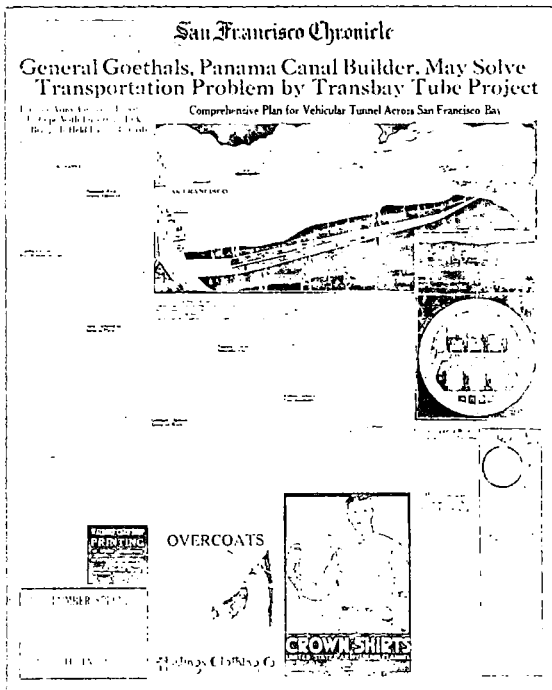
Slowly, but surely, the problems were solved and service reliability improved. San Francisco wanted yet another station - Embarcadero BART Station which opened in May 1976, to serve the rapidly developing area at the foot of Market Street.

Service hours were extended from 8 p. m. to midnight in January 1976. Weekend service began in 1978. By the summer of 1980, BART was able to open a line providing direct service between Richmond and San Francisco. It now became possible to operate trains every 3.75 minutes between Oakland and Daly City.

In 1976, BART redefined its maintenance and engineering philosophy by instituting a continuous



An artist's conception of sections of the Transbay Tube being laid into the trench on the bottom of San Francisco Bay.



The General Goethals "trans-bay tube" is given first exposure in the San Francisco Chronicle October 17, 1920.

BOARD OF DIRECTORS

San Francisco Bay Area Rapid Transit District (BART) – June 30, 1983



Elected BART Director, 1976 re-elected, 1980. Board President, 1977, 1983, Chairperson, Administration Committee and BART Liaison, Metropolitan Transportation Commission. Represents BART on the Walnut Creek and Pleasant Hill BART Stations Advisory Committees, encouraging development near these stations through zoning to generate additional BART ridership and added revenues. Chairman of the Board, Simpson Company in San Leandro. Owner, Barclay Simpson Art Gallery, Lafayette. Member, Robert G. Sproul Associates of U.C. Attended U.C. Berkeley and Stanford University. WWII Navy aircraft carrier pilot. Resides in Orinda with wife Sharon and three children.

NELLO BIANCO – District 2



Senior BART Director since 1969. Elected in 1974, 1978 and 1982. Board President, 1975 and 1980, Vice-president, 1973, 1976 and 1978. First Director to call for litigation against system's original suppliers and developers. In 1971 instituted studies of BART rail extensions to Pittsburg/Antioch, Livermore/ Pleasanton and San Francisco's Northwest Corridor. BART Liaison, Eastern Contra Costa Transit Authority. 1977, Member, California State Transportation Advisory Committee. 1974, First Board Member, APTA*. El Sobrante businessman and community leader. Former Richmond City Councilman and Member Richmond Personnel Board and other Richmond improvement commissions and civic groups.

ARTHUR J. SHARTSIS – District 3



A San Francisco attorney first elected in 1976, re-elected in 1980, 1982, Vice-president, BART Board of Directors, 1983. Chairperson, Public Affairs, Access and Legislation Committee. Member of BART's liaison committee with Alameda-Contra Costa Transit District. A partner in law firm of Shartsis, Friese & Ginsburg, specializing in general corporate practice. Graduate of U.C. Berkeley and U.C. Law School. Studied political science at Oxford University in England. Wife, Mary Jo, is an attorney in the same firm, specializing in antitrust law. Resides in Oakland with two children.

MARGARET K. PRYOR – District 4



Appointed BART Director, September, 1980. Elected 1980 and 1982. 1983, Chairperson, BART Liaison to AC Transit. Represents BART on Oakland's Downtown Circulation and the Coliseum Area Industrial Advisory Committees. Vice-president, Governing Board Committee and Regional Representative, APTA*. Regional Representative, Council of Minority Transit Officials. Active with NWPC, NAACP, National Association of Neighborhoods, Black Women Organized for Political Action, and National Black Caucus of Local Elected Officials. Past Vice-president, International Longshoremen and Warehousemen Union of Federated Women. Administrator, OCCUR. Graduate, Arizona State University. Resides in Oakland.

ROBERT S. ALLEN – District 5



First elected as BART Director in 1974. Re-elected in 1976 and 1980. 1983, Board President. Employed with Southern Pacific since 1965. Member American Railway Engineering Association. Graduate of University of Colorado, studied at University of Colorado of Law and Brigham Young University in Provo, Utah. Resides in Livermore with wife, Thelma Mae, and son, Ronald. Active in Church of Jesus Christ of Latter-Day Saints (Mormon).

JOHN GLENN – District 6



First elected to the Board in 1974 and re-elected in 1978 and 1982. Has served as Chairperson of all standing committees. Board Vice-president, 1979 and President, 1981. Member, Board of Directors, APTA*. Founder and President, John Glenn Adjusters and Administrators. Past President, East Bay Adjusters Association and California Association of Independent Insurance Adjusters. Member, Board of Regents, Holy Family College, Fremont, CA. Graduated from Southeast Missouri State University. Resides in Fremont, with wife Betty and three children.



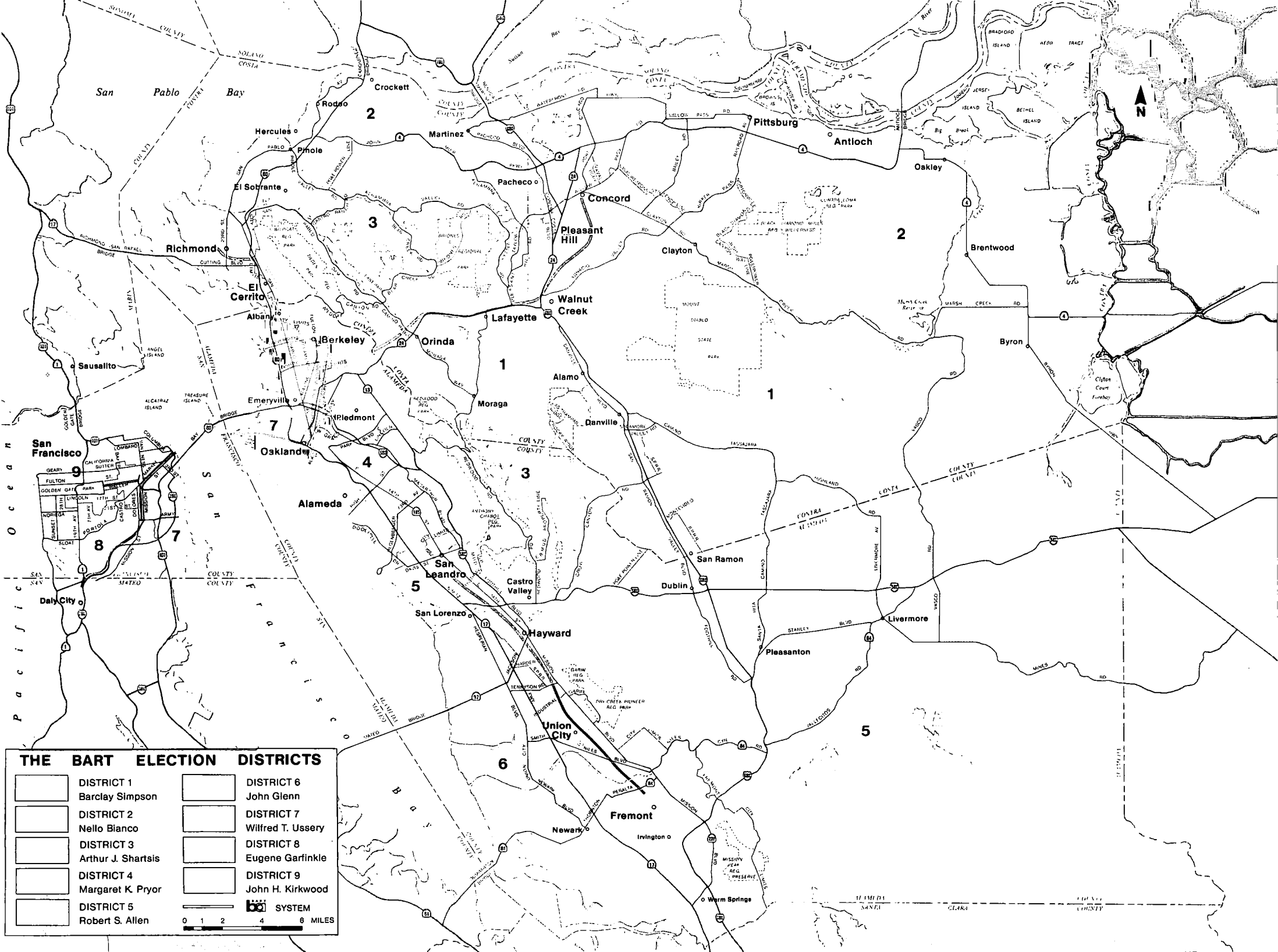
San Francisco urban planner, first elected as BART Director in 1978 and re-elected in 1980. Member, BART Liaison, San Francisco MUNI. Director of Program Development for San Francisco Housing Authority. National Chairman, Congress of Racial Equality, 1967 to 1969. Member, San Francisco Black Agenda Council and the San Francisco Black Leadership Forum. Co-founder, principal organizer, former treasurer, and current director of Bay Area Black United Fund. Attended San Francisco City College and U.C. Berkeley. Resides in San Francisco with wife, Maxine.



A San Francisco attorney appointed to Board in 1977 and elected in 1978 and 1982. Board President in 1981 and Vice-president in 1979. BART representative to the Executive Committee of APTA* Board of Directors. Partner in law firm of Dreher, Garfinkle & Watson, San Francisco. Graduated from U.C. Berkeley and U.C. Law School. Received M.B.A. from Golden Gate College. Resides in San Francisco.



Elected BART Director, 1974. Re-elected, 1976 and 1980. 1983, Vice-president. Member of BART Liaison Committee to San Francisco MUNI. Unanimously elected President of the Board in 1979. Served on boards of the Sacramento-Stockton-Bay Area Corridor Study, the Northwest San Francisco Corridor Study and the "BART Trails" Study. Board member of SPUR and Vice-president, National Association of Railway Passengers. Member, Bay Area Electric Railway Association, California Tomorrow, the Planning Conservation League and World Affairs Council. Graduate Stanford University. Married and resides in San Francisco.



THE BART ELECTION DISTRICTS

	DISTRICT 1 Barclay Simpson		DISTRICT 6 John Glenn
	DISTRICT 2 Nello Bianco		DISTRICT 7 Wilfred T. Ussery
	DISTRICT 3 Arthur J. Shartsis		DISTRICT 8 Eugene Garfinkle
	DISTRICT 4 Margaret K. Pryor		DISTRICT 9 John H. Kirkwood
	DISTRICT 5 Robert S. Allen		SYSTEM

0 1 2 4 6 MILES

preventative maintenance non-deferral program, resulting in increased car reliability and availability. New equipment was purchased and other equipment was modified so that entire trains no longer had to be taken out of service because of minor problems on a single car.

By the close of the 1982/83 fiscal year, BART's first decade of service, patrons averaged 192,467 trips each weekday, with 52 percent occurring during the peak travel periods. Saturday ridership averaged 70,907 and Sunday ridership averaged 43,398.

Since 1975, average daily ridership has increased by about 60 percent. Today the makeup of BART riders appears to mirror the general makeup of the three BART counties' population. A ridership survey in May 1982, also showed that the more patrons use BART, the more they like it.

Looking ahead, BART statisticians predict that the system will serve 265,700 patrons on an average weekday by June 1988. Trains will run every 2.25 minutes, compared to the current 3.75 minutes.

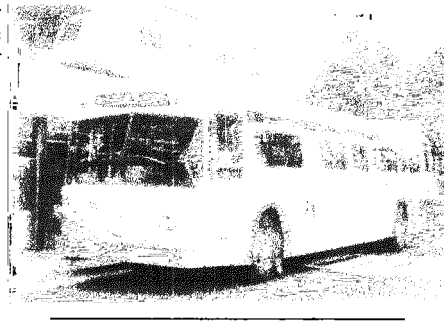
In preparation for meeting increased demand, several major capital improvement projects are under way. They include a vital turnback track and storage yard in Daly City; 150 cars of a new and more efficient design (which will be added to the present fleet); a new integrated central control system; and an improved control system to be installed alongside the track, as well as on individual cars. Also, a third track through downtown Oakland is under construction at the point where all four BART routes converge.

Performance objectives are defined in BART's Short-Range Transit Plan, 1983-88. The objective for the 1983/84 fiscal year will be to complete 99 percent of all dispatches, (an objective achieved this past year with a 99.2 percent record), to have a 95 percent on-time per-

Ridership on BART has grown from 12,000 patrons on the first day of revenue service, September 11, 1972 to almost 200,000 riders by September, 1983. Conservative estimates project that BART patronage will reach over 300,000 daily ridership by the 1990's.



BART Express Buses, operating on 12 routes in four major corridors, provide service into the outlying areas of Alameda and Contra Costa Counties and carry over 800,000 patrons to and from four BART stations.

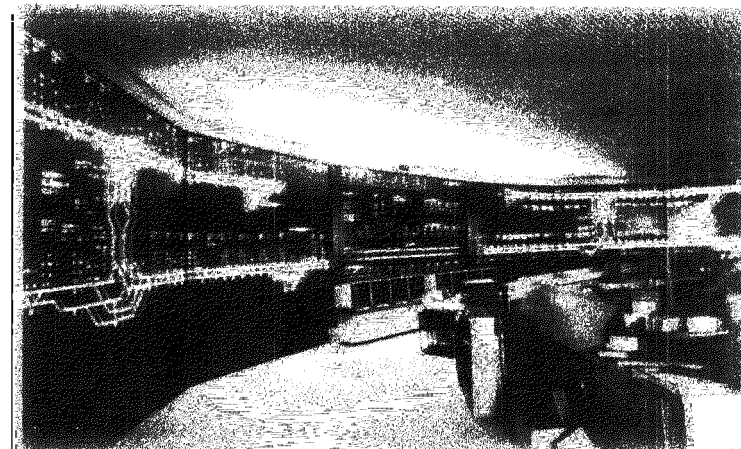


formance record, (compared to this year's record of 94.5 percent) and delays of no more than seven minutes for 94 percent of the trains during peak-period service, compared to this year's figure of 92.7 percent.

Fire safety improvements on the original equipment are to be completed by mid-1985, enabling BART to meet State Public Utilities Commission safety requirements for running more trains underground at one time.

Service extensions are in various stages of planning, with focus on extending the system to Pittsburg and Antioch, the Warm Springs District of Fremont, Pleasanton and Livermore, a San Francisco extension, to be identified by San Francisco, and to Hercules in the Interstate 80 corridor of Contra Costa County. Extensions to the San Francisco Airport and from Fremont south to San Jose may be contemplated if satisfactory financial arrangements can be worked out with counties that are not a part of the current district.

The objective for the next decade will be to maintain and improve a BART system that has set a standard for the industry, while bringing BART service to an even larger number of citizens.



BART Central Control is the nerve center of the system. From here computers automatically schedule and identify all trains operating anywhere on the system.

HOW DIRECTORS ARE ELECTED

When the San Francisco Bay Area Rapid Transit District (BART) was created by the California State Legislature in 1957, the 16-member BART Board of Directors was appointed to represent the original five BART counties. The number of BART Directors was subsequently reduced to 12, with the withdrawal of San Mateo and Marin Counties. The three remaining counties - Alameda, Contra Costa and San Francisco - were each represented by four Directors - two appointed by each county's Board of Supervisors and two appointed by the mayors of each county.

In June of 1974, the voters of the BART District determined that the BART Board of Directors should be an elected board. Immediately following the General Election in November, 1974, the first nine elected Directors took office

with each representing between 251,028 and 288,237 persons based on the 1970-Census.

In 1980, the boundaries of the BART Directors were redrawn based on the 1980 Census, as shown in the map, which means each Director represents between 257,028 and 286,447 persons.

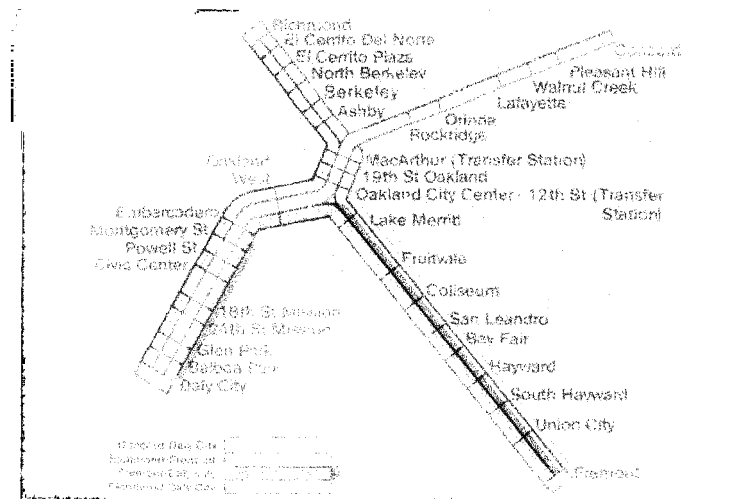
The Directors are elected for a four-year term. At the General Election of 1984, Directors representing Districts #1, #3, #5, #7 and #9 will stand for election and at the General Election of 1986, Directors representing Districts #2, #4, #6 and #8 will be up for election.

The President and Vice-President of the BART Board of Directors are elected to their office by their colleagues to serve one calendar year. They serve as *ex-officio* members of the standing committees which make recommendations on matters coming before them for action by the full BART Board and are composed of three regular members and an alternate. The chairman and the members of each committee are also appointed by the President. During the calendar year of 1983, these standing committees are: the Administration Committee, the Engineering and Operations Committee, and the Public Affairs, Access and Legislation Committee. The President of the Board may, with the concurrence of the Board establish other standing committees as may be needed.

BAY AREA RAPID TRANSIT DISTRICT
Headquarters in Downtown Oakland



800 Madison Street
Oakland, CA 94607
(415) 465-4100



SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT (BART)

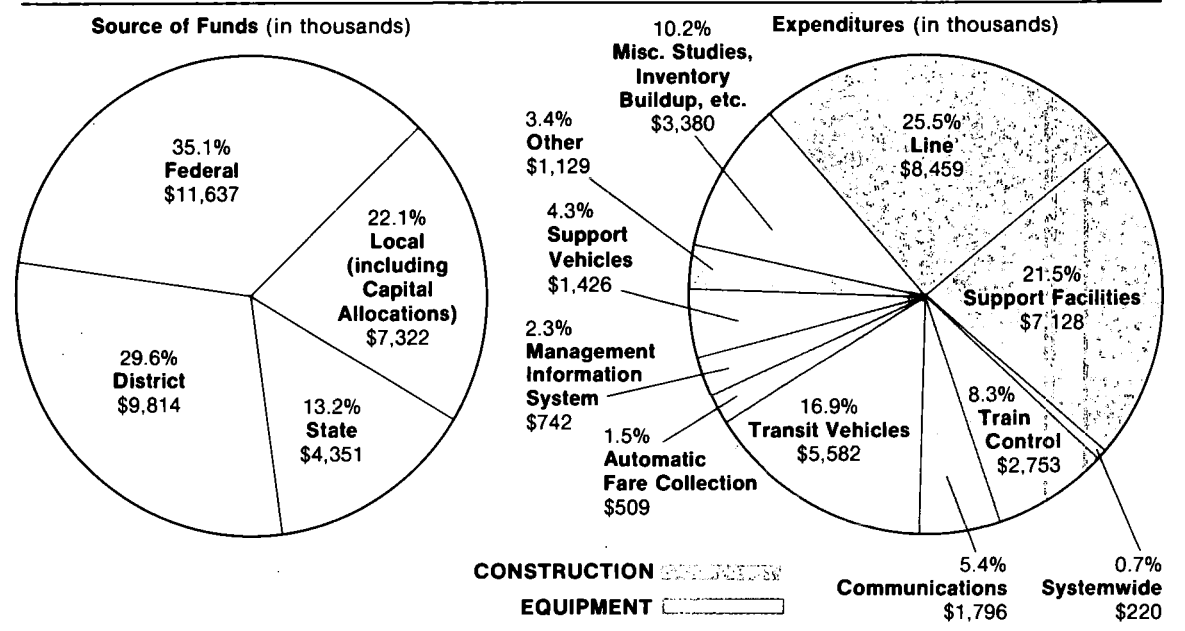
PERFORMANCE HIGHLIGHTS

	FY 1982/83	FY 1981/82
Rail Ridership		
Annual passenger trips	53,699,387	53,290,643
Average weekday trips	186,293	184,062
Average trip length	13.5 miles	13.5 miles
Annual passenger miles	725,077,000	717,998,000
System utilization ratio (passenger miles to available seat miles)	34.5%	35.0%
End-of-period ratios:		
Peak patronage	54%	50%
Offpeak patronage	46%	50%
BART's estimated share of peak period transbay trips—cars, trains & buses	35.5% (a)	35.5%
Passengers with automobile available (as alternative to BART)	57% (a)	57%
Operations		
Annual revenue car miles	29,177,000	28,505,000
Unscheduled train removals—average per revenue day	4.5	5.3
Transit car availability to revenue car fleet (b)	89.1%	86.0%
Passenger miles per equivalent gallon of gasoline	81	77
Passenger accidents reported per million passenger trips	16.02	17.96
Patron-related crimes reported per million passenger trips	18.99	15.14
Financial		
Net passenger revenues	\$ 60,965,000	\$ 52,677,000
Other operating revenues	5,618,000	6,432,000
Total operating revenues	66,583,000	59,109,000
Net operating expenses	125,281,000	117,820,000
Farebox ratio (net passenger revenues to net operating expenses)	49.07%	45.16%
Operating ratio (total operating revenues to net operating expenses)	53.59%	50.67%
Net rail passenger revenue per passenger mile	8.4¢	7.3¢
Rail operating cost per passenger mile	16.2¢	15.4¢
Net average rail passenger fare	\$1.11	\$0.97

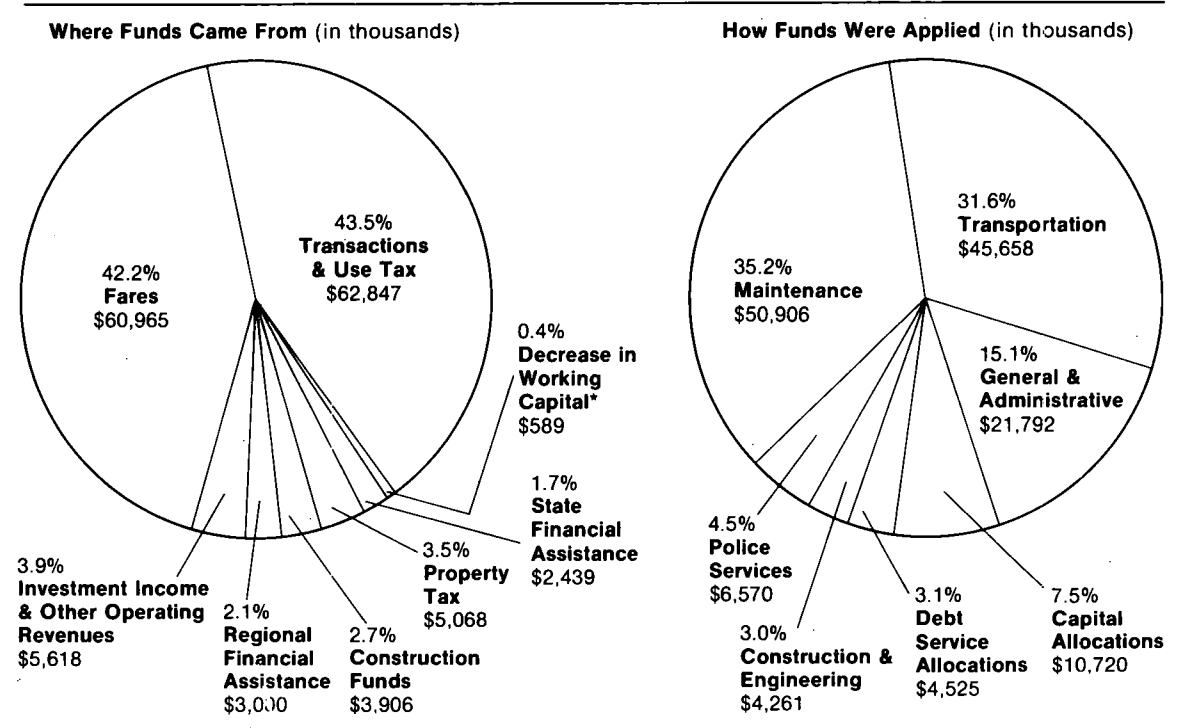
Notes

General note: Data represent annual averages unless otherwise noted.
 (a) Updated figures not available.
 (b) At 8 a.m. each day.

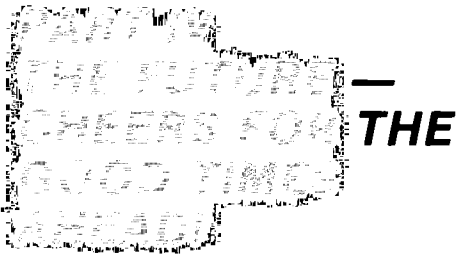
1982-83 CAPITAL FUNDS — \$33,124,000



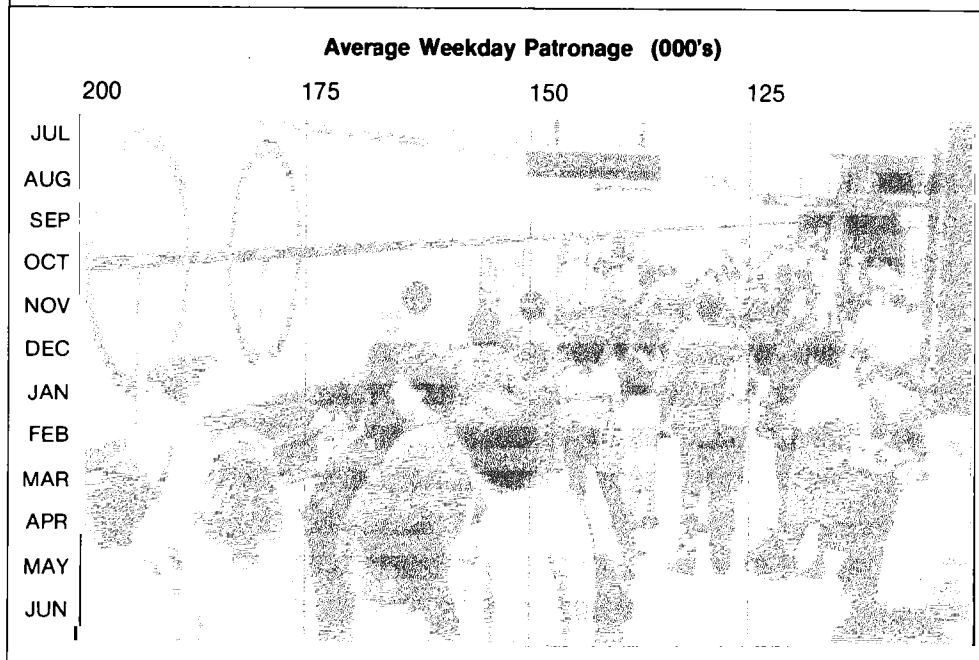
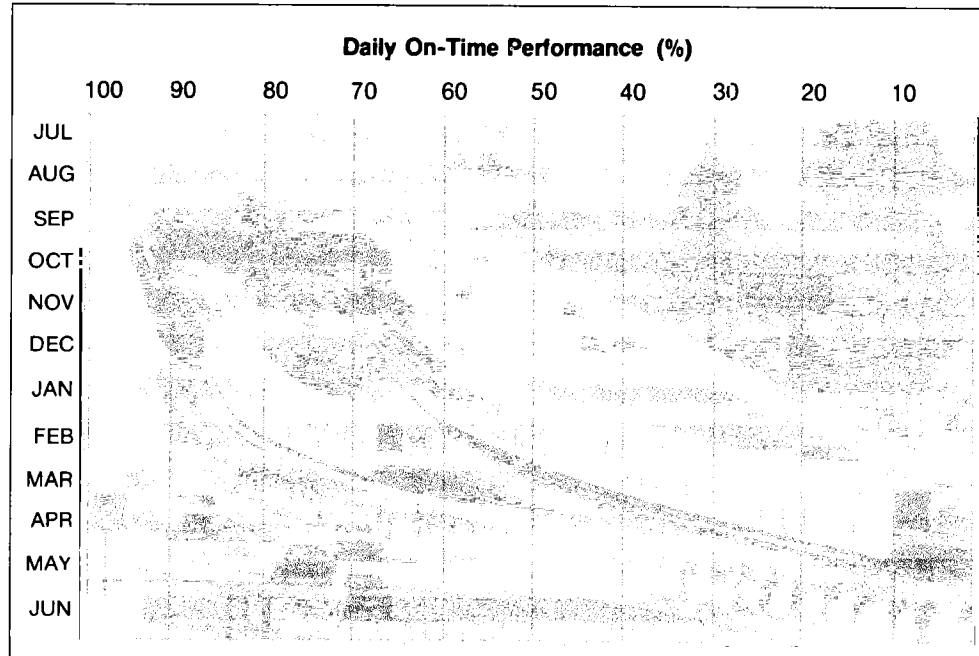
1982-83 OPERATING FUNDS — \$144,432,000 (including Capitalized Costs)



*Funded excess of expenses over revenues
 Federal Financial Assistance: 0



At the conclusion of the 1982/83 fiscal year, BART's Office of Research predicted that the system would serve an average of 265,700 patrons each weekday by June 1988, and plans continued for extension of BART service.



FY 1982-83
 FY 1987-82

Progress on Extensions

The Board of Directors has advanced approximately \$7 million from BART's Capital Allocations to acquire parcels of land for future extensions alignments.

Negotiations continued for acquisition of land for future stations for the Warm Springs, Livermore/Pleasanton and Pittsburgh/Antioch extensions. Some of the land required for the proposed West Pittsburg, Antioch and Castro Valley BART Stations was acquired.

The Livermore/Pleasanton Extension Update Analysis was distributed for review and comment in early June 1983.

Negotiations are under way with the U.S. Department of the Navy for the utilization of land required for the North Concord/Martinez Station site.

Station Area Development

Work continues on the establishment of a policy which will guide the joint development of areas surrounding BART stations and other BART properties. A part of this effort is a comparative analysis of joint development opportunities throughout the system.

A plan for the Pleasant Hill BART Station was adopted, a development study of the El Cerrito Plaza BART Station area was completed, and recommendations were formulated for a first-phase development program at the Walnut Creek BART Station.

The Board of Directors in March 1983 granted a private developer a six-months' option for a proposed office

project over the Lake Merritt BART Station. During the period of this report, discussions were held with the City of Oakland about this unsolicited joint development project and other such opportunities at or near BART stations located in that city.

Architectural Student Station Design Competition

In the fall of 1981, the Board of Directors approved the first architectural student station design competition, which was conducted during the 1981/82 winter and spring school terms. The competition focused on possible future development at three BART stations: Coliseum, Oakland West and Walnut Creek. Six schools participated and the competition was limited to fifth-year and graduate students. These schools assigned the competition as a design problem in regularly scheduled design classes.

The participating schools were: University of California at Berkeley; University of Oregon at Eugene, Oregon; California Polytechnic University, San Luis Obispo, California; California Polytechnic University, Pomona, California; Southern California Institute of Architecture, Santa Monica, California; and New School of Architecture, Chula Vista, California.

The grand prize went to an entry for the Walnut Creek BART Station, submitted by a four-student design team from the Southern California Institute of Architecture for the development of a mixed-use project that combined office space, supporting retail and housing space, and included a design for underground parking, surface parking and a pedes-

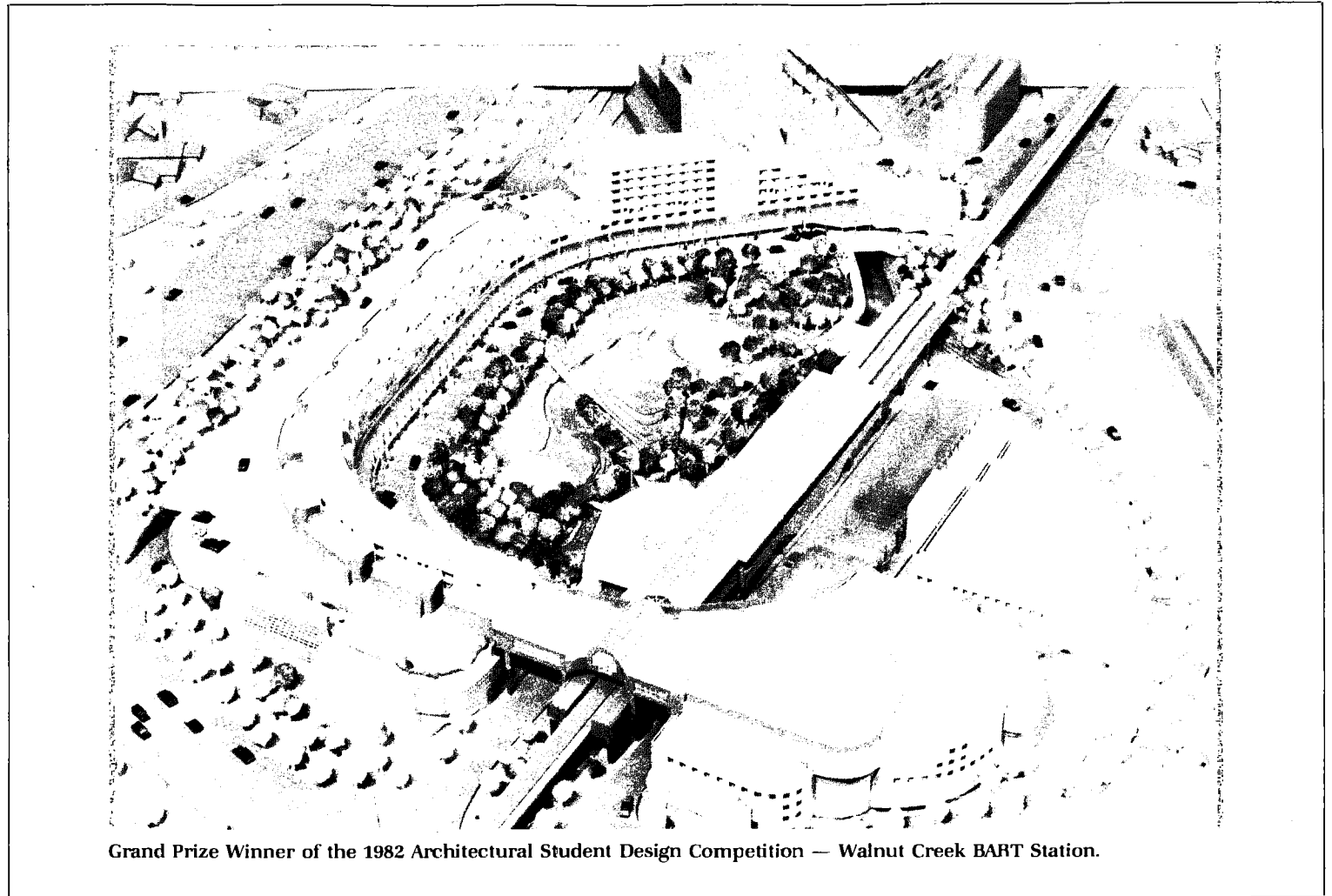
trian mall. The model of this concept was placed on display at various locations in Walnut Creek and received wide-spread public and professional acclaim.

Prizes totaling \$16,000 were distributed at the July 15, 1982 meeting of the BART Board of Directors. Director Wilfred T. Ussery, of San Francisco, who first proposed the student competi-

tion, noted that, "The purpose of this competition is to stimulate thinking about the possibilities offered by air rights development over BART-owned property. I am pleased to see that the participants used their creative but prudent imaginations."

A Standard for Today — and the Future

As the 1982/83 fiscal year came to an end, the statistics showed that, in a decade of service, BART had become a standard for the industry. The objective for the future will be to make sure that there is as much cause for cheers in BART's second decade as there was in the first.



Grand Prize Winner of the 1982 Architectural Student Design Competition — Walnut Creek BART Station.

Financial Statements

The Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1983 and 1982 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1983 and 1982 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Adams, Grant, White & Co.
Certified Public Accountants

Main Hurdman
Certified Public Accountants

September 2, 1983

BALANCE SHEET June 30, 1983 and 1982 (In Thousands)

	1983	1982
ASSETS		
Cash (including time deposits: 1983, \$15,500; 1982, \$-0-)	\$ 17,273	\$ 1,176
Securities	132,259	77,742
Securities representing reserves	45,502	47,017
Deposits, notes and other receivables	22,610	9,149
Construction in progress	53,288	42,082
Facilities, property and equipment— at cost (less accumulated depreciation and amortization: 1983, \$257,350; 1982, \$228,952)	1,296,115	1,301,865
Materials and supplies—at average cost	12,701	11,923
Debt service funds, net assets	21,859	14,739
	<u>\$1,601,607</u>	<u>\$1,505,693</u>
LIABILITIES AND CAPITALIZATION		
Contracts and other liabilities	\$ 35,966	\$ 28,542
Unearned passenger revenue	1,382	1,250
Debt service funds	21,859	14,739
	59,207	44,531
Capitalization:		
Reserves	45,502	47,017
General Obligation Bonds	597,450	624,570
Sales Tax Revenue Bonds	65,000	-
Net capital investment	834,448	789,575
	1,542,400	1,461,162
	<u>\$1,601,607</u>	<u>\$1,505,693</u>

STATEMENT OF OPERATIONS Years Ended June 30, 1983 and 1982 (In Thousands)

	1983	1982
Operating revenues:		
Fares	\$ 67,491	\$ 57,547
Less discounts and other deductions	6,526	4,870
	60,965	52,677
Other	1,058	936
Investment income	4,560	5,496
Total operating revenues	66,583	59,109
Operating expenses:		
Transportation	45,658	44,396
Maintenance	50,906	46,525
Police services	6,570	5,962
Construction and engineering	4,261	3,617
General and administrative	21,792	20,778
	129,187	121,278
Less capitalized costs	3,906	3,458
Net operating expenses	125,281	117,820
Operating loss before depreciation expense	58,698	58,711
Depreciation (unfunded):		
Of assets acquired with own funds	16,870	14,100
Of assets acquired with grants and contributions by others	12,204	12,326
Total depreciation	29,074	26,426
Operating loss	87,772	85,137
Financial assistance:		
Transactions and use tax	62,847	60,989
Property tax	5,068	4,794
State	2,439	71
Transportation Development Act of 1971	3,000	2,478
Debt service allocations	(4,525)	-
Capital allocations	(10,720)	(8,100)
Total financial assistance	58,109	60,232
Net loss	29,663	24,905
Depreciation of assets acquired with grants and contributions by others	12,204	12,326
Net loss transferred to accumulated deficit	\$ 17,459	\$ 12,579
Reconciliation to net funded deficit:		
Operation loss before depreciation expense	\$ 58,698	\$ 58,711
Deduct financial assistance	58,109	60,232
Funded excess of expenses over revenues (revenues over expenses)	\$ 589	\$ (1,521)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT Years Ended June 30, 1983 and 1982 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
Balance, July 1, 1981	\$154,070	\$150,000	\$550,170	\$(73,890)	\$(113,641)	\$141,449	\$(45,389)	\$762,769
Net loss for the year	—	—	—	—	(12,579)	—	—	(12,579)
Proceeds from grants and contributions	—	—	17,915	—	—	—	—	17,915
Depreciation of assets acquired with grants and contributions by others	—	—	—	(12,326)	—	—	—	(12,326)
Interest on capital	—	—	—	—	—	10,064	—	10,064
Decrease in system completion reserve	—	—	—	—	—	—	125	125
Increase in system improvement reserve	—	—	—	—	—	—	(1,753)	(1,753)
Bond principal	25,360	—	—	—	—	—	—	25,360
Balance, June 30, 1982	179,430	150,000	568,085	(86,216)	(126,220)	151,513	(47,017)	789,575
Net loss for the year	—	—	—	—	(17,459)	—	—	(17,459)
Proceeds from grants and contributions	—	—	31,214	—	—	—	—	31,214
Depreciation of assets acquired with grants and contributions by others	—	—	—	(12,204)	—	—	—	(12,204)
Interest on capital	—	—	—	—	—	14,687	—	14,687
Establishment of operating reserve	—	—	—	—	—	—	(7,500)	(7,500)
Decrease in vehicle replacement reserve	—	—	—	—	—	—	5,000	5,000
Decrease in system completion reserve	—	—	—	—	—	—	291	291
Decrease in system improvement reserve	—	—	—	—	—	—	3,724	3,724
Bond principal	27,120	—	—	—	—	—	—	27,120
Balance, June 30, 1983	<u>\$206,550</u>	<u>\$150,000</u>	<u>\$599,299</u>	<u>\$(98,420)</u>	<u>\$(143,679)</u>	<u>\$166,200</u>	<u>\$(45,502)</u>	<u>\$834,448</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS — CONT'D

1—Summary of Significant Accounting Policies

Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

It is the District's policy to hold investments until their maturity and, accordingly, securities are carried at cost. At June 30, 1983 and 1982, cost exceeded market value by \$1,610,000 and \$6,505,000, respectively. The face value of securities exceed cost at June 30, 1983 and 1982.

Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1983 and 1982 (In Thousands)

	1983	1982
Cash and securities (used) provided by:		
Operations:		
Net loss transferred to accumulated deficit	\$(17,459)	\$(12,579)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	16,870	14,100
Cash and securities (used) provided by operations	(589)	1,521
Issuance of Sales Tax Revenue Bonds	65,000	—
Contributions from U.S. Government grants and others	31,214	17,915
Increase in contracts and other liabilities	7,424	5,566
Increase in unearned passenger revenue	132	176
Interest on capital	14,687	10,064
Total cash and securities provided	117,868	35,242
Cash and securities applied to:		
Increase in deposits, notes and other receivables	13,461	3,571
Additions to construction in progress	11,206	2,538
Additions to facilities, property and equipment	23,324	17,452
Additions to materials and supplies	778	1,325
Total cash and securities applied	48,769	24,886
Increase in cash and securities	\$ 69,099	\$ 10,356

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND

FUND BALANCES Years Ended June 30, 1983 and 1982 (In Thousands)

	Year Ended June 30, 1983			Year Ended June 30, 1982
	General Obligation Bonds	Sales Tax Revenue Bonds	Combined		General Obligation Bonds
Revenues:				
Property Tax	\$48,004	\$ —	\$48,004	\$48,686
Bond proceeds	—	6,308	6,308	—
Accrued interest from bond sale	—	210	210	—
Allocations from District revenues	—	4,525	4,525	—
Interest	2,198	505	2,703	3,116
	50,202	11,548	61,750	51,802
Expenditures:				
Interest	25,802	1,577	27,379	27,050
Principal	27,120	—	27,120	25,360
Bond service expense	—	3	3	—
Interest transmitted to District	—	128	128	—
	52,922	1,708	54,630	52,410
	(2,720)	9,840	7,120	(608)
Balance, beginning of year	14,739	—	14,739	15,347
Balance, end of year	\$12,019	\$ 9,840	\$21,859	\$14,739
Represented by:				
Cash (including times deposits: 1983, \$200; 1982, \$2,972)	\$ 228	\$ —	\$ 228	\$ 2,989
Securities	10,109	—	10,109	10,049
Taxes and interest receivable	1,682	—	1,682	1,701
Assets with fiscal agent	—	9,840	9,840	—
	\$12,019	\$ 9,840	\$21,859	\$14,739

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS — CONT'D

1—Summary of Significant Accounting Policies cont'd

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District's appointed trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as debt service allocations upon receipt of the net amount. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1983 to June 30, 1983 will be approximately \$13,365,000. Of this amount, \$4,009,500 had been received and recorded by the District. Comparable figures for 1982 were \$13,125,000 and \$3,281,250, respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations. In accordance with this policy, management allocated to net capital investment \$8,741,000 of interest revenue earned on assets held in the General Operating Fund but which related to capital projects.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

Capital Allocations

The Board of Directors allocates a portion of unrestricted financial assistance and general fund revenues to net capital investment for capital projects.

NOTES TO FINANCIAL STATEMENTS — CONT'D

2—Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	—(In Thousands)—	
	1983	1982
Basic System Completion	\$12,290	\$12,581
System Improvement	16,712	20,436
Self-Insurance	9,000	9,000
Vehicle Replacement	—	5,000
Operating	7,500	—
	<u>\$45,502</u>	<u>\$47,017</u>

3—Facilities, Property and Equipment

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1983 and 1982 are summarized as follows:

	Lives (Years)	—(Thousands)—			
		1983		1982	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 108,263	\$ —	\$ 109,698	\$ —
Improvements	80	1,050,753	125,171	1,034,269	112,247
System-wide operation and control	20	112,761	44,390	108,827	38,790
Revenue transit vehicles	30	155,963	46,596	154,659	41,402
Service and miscellaneous equipment	3 to 20	18,792	8,543	16,450	7,238
Capitalized construction and start-up costs	30	99,437	30,647	99,433	27,493
Repairable property items	30	7,496	2,003	7,481	1,782
		<u>\$1,553,465</u>	<u>\$257,350</u>	<u>\$1,530,817</u>	<u>\$228,952</u>

4—General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	—(In Thousands)—					
			Original Amount		1983		1982	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	3.98%	1999	\$792,000	\$792,000	\$28,575	\$589,500	\$26,750	\$616,250
1966 Special Service District Bonds	4.37%	1998	20,500	12,000	390	7,950	370	8,320
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$28,965</u>	<u>\$597,450</u>	<u>\$27,120</u>	<u>\$624,570</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$12,070,000 on General Obligation Bonds and \$174,000 on Special Service District No. 1 Bonds is payable on December 15, 1983.

The following is a schedule of principal repayments required under General Obligation Bonds as of June 30, 1983 (in thousands):

Year Ending June 30	1962 District Serial Bonds	1966 Special Service District Bonds	Total
1984	\$ 28,575	\$ 390	\$ 28,965
1985	30,350	410	30,760
1986	32,400	420	32,820
1987	34,225	440	34,665
1988	36,250	460	36,710
Later Years	427,700	5,830	433,530
	<u>\$589,500</u>	<u>\$7,950</u>	<u>\$597,450</u>

NOTES TO FINANCIAL STATEMENTS — CONT'D

5—Sales Tax Revenue Bonds

	Year Last Series Matures	(In Thousands)					
		Original Amount		1983		1982	
		Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1969 Sales Tax Revenue Bonds	1977	\$150,000	\$150,000	\$ -	\$ -	\$ -	\$ -
1982 Sales Tax Revenue Bonds	2008	65,000	65,000	-	65,000	-	-
		<u>\$215,000</u>	<u>\$215,000</u>	<u>\$ -0-</u>	<u>\$65,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The 1969 Legislature of the State of California authorized the District to impose a 1/2% transactions and use tax within the District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million to be used for operations. Payment of these Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is allocated to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission.

In October 1982, the District issued revenue bonds totaling \$65 million to pay a portion of the cost of acquisition of 150 rail transit vehicles and related automatic train control equipment for use in the District's existing rapid transit system. The 1982 Bonds are special obligations of the District payable from and secured by a pledge of revenues, including certain sales tax revenues, all passenger fares and certain property tax revenues. The bonds maturing on or after July 1, 1992 are redeemable prior to maturity at the option of the District on various dates at prices ranging from 103% to 100%. The bonds maturing July 1, 2008 are also subject to redemption to satisfy sinking account installments on or after July 1, 2002 at 100%.

Taxes collected by the State Board of Equalization are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1, principal annually on July 1 and expenses of the trustee. Monies not required for these purposes are transmitted to the District. Interest of \$3,154,000 is payable on July 1, 1983. Taxes received by the trustee during the current fiscal year were \$47,141,000 of which \$4,525,000 was retained by the trustee for the above purposes and \$42,616,000 was transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as debt service allocations upon receipt of the net amount.

The following is a schedule of principal repayments required under Sales Tax Revenue Bonds as of June 30, 1983 (in thousands):

Year Ending June 30	1982 Sales Tax Revenue Bonds
1984	\$ -
1985	490
1986	545
1987	610
1988	685
Later Years	62,670
	<u>\$65,000</u>

6—U.S. Government Grants

Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1983 is as follows:

Type of Grant	(In Thousands)	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,360	13,317
Capital	399,000	317,891
	<u>\$414,321</u>	<u>\$333,169</u>

7—Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

8—Public Employees' Retirement System

The District contributes to the Public Employees' Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain state and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$6,111,000 and \$6,036,000 in 1983 and 1982, respectively.

9—Deferred Compensation Plan

The District has deposited funds with a custodian pursuant to the District's deferred compensation plan. These deposits together with earnings had a market value of \$7,300,000 as of June 30, 1983. This amount is reflected on the balance sheet in deposits, notes and other receivable and in contracts and other liabilities.

10—Subsequent Events

In July 1983, the District sold \$16 million in subordinated sales tax anticipation notes to satisfy obligations payable from the General Operating Fund of the District. The issuance of these temporary notes is in anticipation of the receipt of taxes, revenue and other moneys to be received by the General Operating Fund of the District during or allocable to fiscal year 1983/1984.



SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

Headquarters in Oakland, California
800 Madison Street — Oakland, CA 94607 (415) 465-4100

Established in 1957 by the California State Legislature.
Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the Counties of Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS — Fiscal Year 1983

PRESIDENT

Robert S. Allen, Livermore, District #5

VICE-PRESIDENT

John H. Kirkwood, San Francisco, District #9

District #1 - Barclay Simpson, Lafayette

District #2 - Nello Bianco, El Sobrante

District #3 - Arthur J. Shartsis, Oakland

District #4 - Margaret K. Pryor, Oakland

District #6 - John Glenn, Fremont

District #7 - Wilfred T. Usery, San Francisco

District #8 - Eugene Garfinkle, San Francisco

BOARD-APPOINTED OFFICERS

C.K. Bernard, *General Manager*
Malcolm M. Barrett, *General Counsel*
William F. Goetz, *Controller/Treasurer*
Phillip O. Ormsbee, *District Secretary*

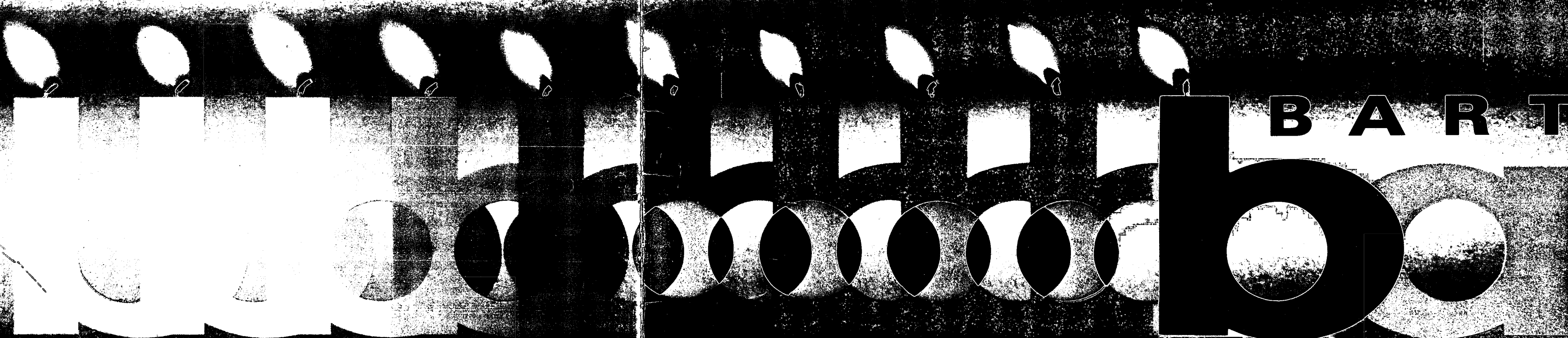
DEPARTMENT HEADS REPORTING TO THE GENERAL MANAGER

Richard P. Demko, *Executive Manager*
Maintenance & Engineering
William B. Fleisher, *Chief Transportation Officer*
Howard L. Goode, *Planning & Analysis*
Michael C. Healy, *Public Affairs*
Ernest G. Howard, *Administrative Services*
John Mack, *Affirmative Action*
Hedy Morant, *Budget & Capital Program Control*
Thomas R. Sheehan, *Information Systems*
William Thomas, *Material Management & Procurement*
Ralph S. Weule, *Safety*
Larry A. Williams, *Employee Relations*

The Annual Report is published by the District Pursuant to Section 28770, Public Utilities Code of the State of California.

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Gordon Kloess, Half Moon Bay, California

T E N Y E A R S O F S E R V I C E



PRESIDENT'S MESSAGE



BART began its second decade of operations this fiscal year — a proven, high-speed, high-capacity, high-performance transit system. After a decade of paying its dues for pioneering, BART has transformed a vision into reality.

When BART opened September 11, 1972, nine two-car trains on 120 daily runs carried about 15,000 passenger trips per day on the 28-mile segment linking Fremont, MacArthur, and ten intermediate stations. Two years later (September 9, 1974) came transbay service, with about 120,000 daily trips on the entire 71.5-mile system.

As this fiscal year drew to a close, 43 BART trains on 479 daily runs carried about 186,000 trips each weekday. In the ten-plus-year period, patrons made 382 million trips on BART for a total of 5 billion passenger miles — with not a single passenger fatality. God willing, we aim to keep that record for the next ten years and beyond!

Reliability

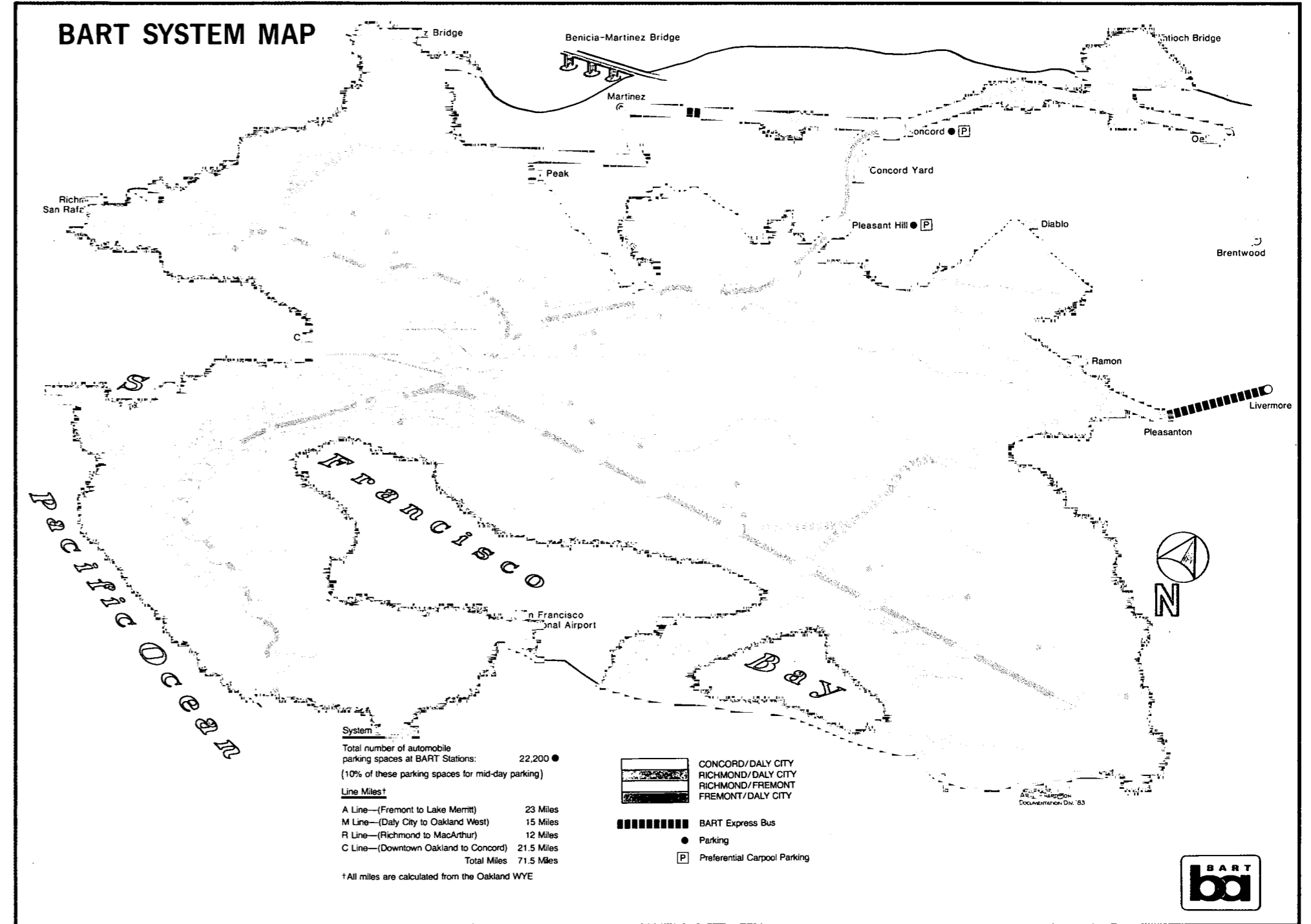
The reliability of the BART system is reflected in the fact that 99.2 percent of scheduled train dispatches were completed and 94.5 percent of the trains ran on time. This high level of reliability allowed BART for the first time to publish weekday timetables. For several years BART has published evening and weekend timetables; the median on-time performance for these times of operation during the year was 98 percent.

Patronage

BART continued to set patronage records. Despite a sluggish economy, an 18 percent fare increase, and lower gasoline prices, we carried more trips this fiscal year than in any prior year. Several new programs have enhanced ridership this year. One example is a joint monthly BART-MUNI pass good for unlimited travel on either BART or MUNI within San Francisco. (Plans are also under way for a joint BART/AC/MUNI pass.) For the first time patrons get a five percent bonus for buying high-value tickets — a \$21 ticket for \$20.

Capacity

During peak commute hours many trains are severely crowded. BART has undertaken a series of capital projects to provide relief. We have 150 new cars on order. A third track is under construction in the critical line through downtown Oakland. The planned Daly City tail track will let us almost double the frequency of turning trains back; remove malfunctioning trains much faster; and eliminate operating bottlenecks. A storage yard at Daly City will cut down on costly moves to and from yards in the East Bay and also enhance the reliability of operations. Fire-hardening of cars — besides enhancing patron safety — will allow more trains at a time to run through the Transbay Tube. We are replacing 15-year-old central train control computers that can handle only 49 trains with a state-of-the-art Integrated Control System that will be able to accommodate over 100 trains. This entire program should come together by 1988.



Parking

BART'S park-and-ride has been a resounding success. We provide 22,184 off-street parking spaces — almost one space for every four BART round trips. Except for a 25-cent daily fee at Lake Merritt, all BART parking is free. Because many BART parking lots tend to overflow onto city streets, we are taking steps to encourage car pools, buses, mopeds and bikes, etc. Increasing the density and quality of land use near stations would put more patrons within walking distance of BART. Extensions — particularly to freeway-oriented stations — will reduce both the pressure on parking lots and traffic congestion. Until the rail extensions are built, BART Express Bus stations with parking are planned at future rail station sites, with frequent bus service to rail stations.

BART is also considering parking structures which would allow for surface development, a better utilization of available land at many stations. We would also expect substantial parking to be incorporated into the developments we are seeking in and around BART stations.

Extensions

BART'S extension policy provides increments both within the district and — subject to an acceptable cost-sharing arrangement — to outside points. Several corridor studies are now under way. We are buying land for future station sites and critical line segments through a recently established program. The Express Bus program is being re-oriented to serve park/ride express bus stations at sites of future rail stations.

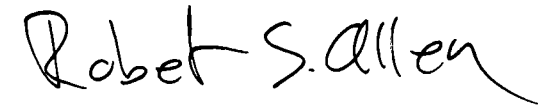
Station Area Development

Our Board seeks to achieve the highest and best use of land near BART stations; we would use the incremental benefits for system improvements including parking. Escalating land values at BART stations will not let surface parking remain the dominant feature of stations in the decades ahead. BART's station area planning and development program includes working with various communities on development plans; architectural competitions for graduate students; and aggressively seeking out developers for joint use of BART and other properties near stations.

The Bottom Line

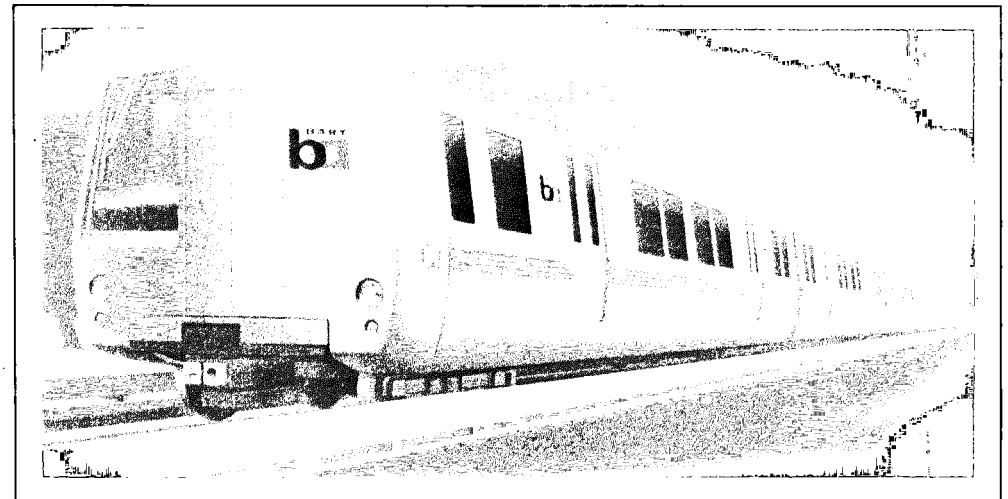
BART's farebox ratio of 49.1 percent and operating ratio of 53.6 percent each set a new high. A one-half percent sales tax, of which BART receives three fourths, funds most of the operating deficit. BART's rail cost per passenger mile, 16.2 cents, compares with 15.5 cents (23.1 cents in 1983 dollars) five years ago.

As we enter BART's second decade, I thank my fellow directors, BART staff and employees, BART patrons, and citizens of the three BART counties for the support they have given BART in the sometimes troubled past. I think we have turned the corner. May the next decade prove even more the vision of those who made BART possible.



Robert S. Allen

President, Board of Directors,
San Francisco Bay Area
Rapid Transit District, 1983



BART's new C-Car in service by FY1985/86

**PART I
SERVICE —
CHEERS TO A
RECORD YEAR!**

As BART celebrated its 10th anniversary, it continued to new and higher patronage records. By the end of the 1982/83 fiscal year, the highest weekday average was reached and during these 12 months more trips were made on BART than in any previous year.

The system improved its "on-time" record, and effective maintenance resulted in fewer cars being out of service for repair on any given day than ever before. The result was that BART published a weekday schedule for the first time in April 1983, making the system even more convenient for the growing number of patrons.

Statistical Details

During the report period, BART reached 99.5 percent of its "on-time" daily performance objectives, but surpassed its peak-period performance objective with a 100.2 percent level of operation.

Responding to the continuing improvements in BART's service reliability, more people rode BART and travelled more passenger miles than in any previous year, with 53,699,387 passenger trips, and these patrons travelled 725,077,000 passenger miles.

The highest average weekday ridership in a given month was reached during June 1983, with a total weekday average of 192,467 trips. One of the contributing factors to the high level of patronage was the availability

of the new BART/MUNI monthly pass.

The average percent of BART's fleet which was available for revenue service at 8 a.m. during the period of this report was 89.1 percent. This very high level of car availability not only exceeded the system's goals and objectives for the 1982/83 fiscal year, but was 4.1 percentage points higher than the transit industry's international average goal of 85 percent of fleet availability.

Another indicator of BART's equipment reliability is that, based on four key vehicle reliability measures (propulsion, friction brakes, doors and auxiliary electrical systems) only 2.3 BART cars required maintenance every 10,000 miles of service. This compares extremely well with the

transit industry's national average of 3.8 vehicles. Further utilization of BART cars exceeded the transit industry's national average by 50 percent, as BART cars travelled 75,000 miles before required preventative maintenance as compared to the industry's average of 50,000 miles.

As a result of maintaining this high level of service reliability, BART published a weekday train schedule for the first time on April 6, 1983. The four-page timetable, with an easy-to-read format, includes schedules for all trains traveling in both directions on all four lines.

BART WEEKDAY TRAIN SCHEDULES

Dear Passenger,
We are pleased to present our first printed time-tables for all weekday trains.
The tables are broken down according to the various train routes. We recommend that you arrive on the train platform at least one minute earlier than the published train departure time.
BART trains run Monday through Saturday from 6:00 a.m. to midnight and on Sunday from 9:00 a.m. to midnight.
Prior to 7:00 p.m. Monday through Saturday, trains run direct between Daly City/Concord; Daly City/Fremont, Richmond/Fremont, and Richmond/Daly City.
After 7:00 p.m. and all day Sunday, trains run only between Daly City/Concord and Fremont/Richmond. All train-to-train transfers should be made at the 12th Street-City Center station evenings and Sundays.
All fare gates close at midnight. For possible entry prior to 6 a.m. weekdays and after midnight, contact station agent or use white courtesy telephone.

Effective April 1983

Richmond/San Francisco-Daly City

	RICH	DEL N	PLAZA	N BRK	BRK	ASHBY	MAGAR	19 ST	12 ST	OAK W	EMBAR	MONTG	POWEL	CIVIC	16 ST	24 ST	GLNPK	BALPK	DALY
AM																			
5:11	5:09	5:07	5:10	5:13	5:16	5:20	5:21	5:25	5:33	5:34	5:36	5:38	5:40	5:43	5:46	5:49	5:53	5:53	5:53
5:16	5:16	5:19	5:22	5:26	5:32	5:38	5:37	5:42	5:49	5:51	5:53	5:54	5:57	5:59	6:02	6:05	6:10	6:10	6:10
THEN EVERY FIFTEEN MINUTES UNTIL ...																			
7:41	7:46	7:49	7:50	7:56	7:59	8:02	8:08	8:12	8:18	8:21	8:23	8:25	8:27	8:29	8:32	8:35	8:40	8:40	8:40
7:54	7:58	8:02	8:05	8:08	8:11	8:15	8:18	8:20	8:21	8:22	8:23	8:25	8:27	8:29	8:32	8:35	8:40	8:40	8:40
8:09	8:13	8:17	8:20	8:23	8:26	8:30	8:33	8:35	8:39	8:47	8:48	8:50	8:52	8:54	8:57	9:00	9:03	9:07	9:07
8:24	8:28	8:32	8:35	8:38	8:41	8:45	8:48	8:50	8:54	9:02	9:03	9:05	9:07	9:09	9:12	9:15	9:18	9:22	9:22
8:39	8:43	8:47	8:50	8:53	8:56	9:00	9:03	9:05	9:08	9:17	9:18	9:20	9:22	9:24	9:27	9:30	9:33	9:37	9:37
8:58	8:59	9:03	9:06	9:09	9:12	9:15	9:19	9:20	9:24	9:32	9:33	9:35	9:37	9:39	9:42	9:45	9:48	9:52	9:52
THEN EVERY FIFTEEN MINUTES UNTIL ...																			
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2:10	2:14	2:17	2:21	2:24	2:27	2:30	2:34	2:36	2:40	2:47	2:49	2:51	2:53	2:55	2:58	3:01	3:04	3:08	3:08
2:24	2:28	2:31	2:35	2:38	2:41	2:44	2:48	2:50	2:54	3:01	3:03	3:05	3:08	3:09	3:11	3:15	3:18	3:22	3:22
THEN EVERY FIFTEEN MINUTES UNTIL ...																			
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4:24	4:28	4:31	4:35	4:38	4:42	4:45	4:47	4:51	4:59	5:00	5:02	5:04	5:06	5:09	5:12	5:15	5:18	5:20	5:20
4:39	4:43	4:46	4:50	4:53	4:56	4:59	5:03	5:05	5:08	5:17	5:18	5:20	5:22	5:24	5:27	5:30	5:33	5:37	5:37
4:54	4:58	5:01	5:05	5:08	5:12	5:15	5:19	5:20	5:24	5:32	5:33	5:35	5:37	5:39	5:42	5:45	5:48	5:52	5:52
THEN EVERY FIFTEEN MINUTES UNTIL ...																			
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PM																			
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6:27	6:31	6:34	6:38	6:41	6:44	6:47	6:51	6:58	6:59	7:07	7:08	7:10	7:12	7:14	7:16	7:20	7:22	7:27	7:27
6:42	6:46	6:49	6:53	6:56	6:59	7:02	7:06	7:13	7:14	7:22	7:23	7:25	7:27	7:29	7:31	7:35	7:37	7:42	7:42
6:57	7:01	7:04	7:08	7:11	7:14	7:17	7:21	7:28	7:29	7:37	7:38	7:40	7:42	7:44	7:46	7:50	7:52	7:57	7:57
7:12	7:16	7:19	7:23	7:26	7:29	7:32	7:36	7:43	7:44	7:52	7:53	7:55	7:57	7:59	8:01	8:05	8:07	8:12	8:12
7:27	7:31	7:34	7:38	7:41	7:44	7:47	7:51	7:58	7:59	8:07	8:08	8:10	8:12	8:14	8:16	8:20	8:22	8:27	8:27
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8:12	8:16	8:19	8:23	8:26	8:29	8:32	8:36	8:43	8:44	8:52	8:53	8:55	8:57	8:59	9:01	9:05	9:07	9:12	9:12
8:27	8:31	8:34	8:38	8:41	8:44	8:47	8:51	8:58	8:59	9:07	9:08	9:10	9:12	9:14	9:16	9:20	9:22	9:27	9:27
8:42	8:46	8:49	8:53	8:56	8:59	9:02	9:06	9:13	9:14	9:22	9:23	9:25	9:27	9:29	9:31	9:35	9:37	9:42	9:42
8:57	9:01	9:04	9:08	9:11	9:14	9:17	9:21	9:28	9:29	9:37	9:38	9:40	9:42	9:44	9:46	9:50	9:52	9:57	9:57
9:12	9:16	9:19	9:23	9:26	9:29	9:32	9:36	9:43	9:44	9:52	9:53	9:55	9:57	9:59	10:01	10:05	10:07	10:12	10:12
9:27	9:31	9:34	9:38	9:41	9:44	9:47	9:51	9:58	9:59	10:07	10:08	10:10	10:12	10:14	10:16	10:20	10:22	10:27	10:27
9:42	9:46	9:49	9:53	9:56	9:59	10:02	10:06	10:13	10:14	10:22	10:23	10:25	10:27	10:29	10:31	10:35	10:37	10:42	10:42
9:57	10:01	10:04	10:08	10:11	10:14	10:17	10:21	10:28	10:29	10:37	10:38	10:40	10:42	10:44	10:46	10:50	10:52	10:57	10:57
10:12	10:16	10:19	10:23	10:26	10:29	10:32	10:36	10:43	10:44	10:52	10:53	10:55	10:57	10:59	11:01	11:05	11:07	11:12	11:12
10:27	10:31	10:34	10:38	10:41	10:44	10:47	10:51	10:58	10:59	11:07	11:08	11:10	11:12	11:14	11:16	11:20	11:22	11:27	11:27
10:42	10:46	10:49	10:53	10:56	10:59	11:02	11:06	11:13	11:14	11:22	11:23	11:25	11:27	11:29	11:31	11:35	11:37	11:42	11:42
10:57	11:01	11:04	11:08	11:11	11:14	11:17	11:21	11:28	11:29	11:37	11:38	11:40	11:42	11:44	11:46	11:50	11:52	11:57	11:57
11:12	11:16	11:19	11:23	11:26	11:29	11:32	11:36	11:43	11:44	11:52	11:53	11:55	11:57	11:59	12:01	12:05	12:07	12:12	12:12
11:27	11:31	11:34	11:38	11:41	11:44	11:47	11:51	11:58	11:59	12:07	12:08	12:10	12:12	12:14	12:16	12:20	12:22	12:27	12:27
11:42	11:46	11:49	11:53	11:56	11:59	12:02	12:06	12:13	12:14	12:22	12:23	12:25	12:27	12:29	12:31	12:35	12:37	12:42	12:42
11:57	12:01	12:04	12:08	12:11	12:14	12:17	12:21	12:28	12:29	12:37	12:38	12:40	12:42	12:44	12:46	12:50	12:52	12:57	12:57
12:12	12:16	12:19	12:23	12:26	12:29	12:32	12:36	12:43	12:44	12:52	12:53	12:55	12:57	12:59	13:01	13:05	13:07	13:12	13:12

SEE RICHMOND/FREMONT SCHEDULE FOR ALTERNATE DEPARTURE TIMES FROM RICHMOND TO DOWNTOWN OAKLAND

Anniversary Celebration

There were more than enough reasons to celebrate when BART marked its 10th anniversary of service, which began September 11, 1972. The theme of the birthday party held on Monday, September 13, was "Ten Years! Cheers!" The festivities culminated in the cutting of a 92-pound cake shaped like a BART train formed into the Number 10, with stage and screen star Donald O'Connor and television star Fred LaCosse on board to help make the first cut in the cake. The theme chosen from more than 150 entries submitted by BART employees was suggested by BART Station Agent Donna Loughran.

As immediate-past BART Board President Eugene Garfinkle presented prizes to the winners of various BART birthday contests at the ceremonies at the Lake Merritt BART Station, he noted that "BART has now become the standard against which many of the rail systems around the world are measured today."

Special Service

As part of its marketing effort, BART again offered special trains to major events. There were the Oakland "A's Specials," providing train service to the Oakland Coliseum from Daly City and Concord for A's home games. During the 1982 baseball season, BART carried about 15 percent of the total paid attendance at A's home games, which translates into 500,000 trips.

The "Invaders Special" also carried patrons directly to the Coliseum, with

special trains leaving from Concord and Daly City. BART carried 28,000 patrons, or 11 percent of the gate, to Invaders' games.

Other special trains took patrons to "Day on the Green Concerts" at the Oakland-Alameda County Coliseum. BART carried 17 percent of the gate, translating into about 58,000 passenger trips, to these events.

In January 1982, the "Tishman Special," a chartered three-car BART train, carried approximately 150 dignitaries to ceremonies marking the beginning of the Tishman Office Center, which will be within walking distance of the Walnut Creek BART Station. "The Tishman Special" departed the Montgomery BART Station and made only one stop, at the 19th Street BART Station in downtown Oakland, as it proceeded to the Walnut Creek BART Station. Following the ceremonies, the train was then dispatched for its return trip. While BART trains have been chartered for other events, this was the first "roundtrip" charter and proved once again that BART is a convenient and cost-effective way to carry large groups to special events.

For the second year in a row, BART offered early morning service to one of the Bay Area's more unusual events: the Bay to Breakers Race through San Francisco. Eight special trains, two each leaving from the Concord, El Cerrito Del Norte, South Hayward and Daly City BART Stations beginning at 6:15 a.m. (compared to the normal Sunday starting time of 9 a.m.), carried 6,700 patrons on the morning of the May 15th race, compared to 3,500 last year.



"Ten Years — Cheers!" was the theme of BART's Tenth Anniversary Party. BART Directors are shown with motion picture, television and stage star Donald O'Connor (center) as they cut the 92-pound 10th Anniversary train cake molded to form the number "10." Directors shown here (left to right) are Margaret K. Pryor, Eugene Garfinkle, Robert S. Allen, John Glenn, Nello Bianco, O'Connor, Will Ussery and Arthur Shartsis. Quentin Kopp, a former BART Director, is in the background.

Promotions: From "Big Bird" to Ice Sculpture

As part of its marketing program, BART offered patrons a chance to participate in random drawings for tickets to the Ice Capades and the Golden Bay Earthquakes soccer team. Cheerleaders from the Oakland Invaders greeted BART patrons at Embarcadero and Montgomery Street BART Stations in May, while Big Bird, Snoopy and a clown passed out candy to BART riders in an early celebration of Halloween on October 29.

In August 1982, when the Twelfth International Sculpture Conference was held in Oakland, BART provided a site for Texas sculptor Bert Long to create a work from 20,000 pounds of red, yellow and blue ice. He worked from 3:30 p.m. until 6:30 a.m. the following morning before displaying his creation around the fountain on the Concourse Level of the Lake Merritt BART Station.

BART's traveling exhibit, "BART. Going Places," continued making the rounds of various BART stations. Introduced in September 1981, the exhibit features large graphics and photos giving information about the history and construction of the system, as well as data on present operations and plans for the future.

In December 1982, ground-breaking ceremonies were held at the Hayward BART Station parking lot, for construction of a carbarn to house the last horse-drawn streetcar to operate in Alameda County. Built in 1901, the antique streetcar will be on permanent display at the Hayward BART Station.

In an effort to promote safe holiday travel, BART continued its three-year-old program of offering free coffee and doughnuts on Christmas Eve and New Year's Eve at various BART Stations. Bugs Bunny of Marriott's Great America theme park also toured the system during the holidays, adding his own special cheer.

In May 1983, BART celebrated Cinco de Mayo with exhibitions, refreshments, Latin music and dances at various stations. Festivities at the Lake Merritt BART Station included an appearance by the Oakland Ballet Folklórico, Grupo Infantil (a children's troupe), and a mariachi band.

In recognition of National Police Week, held from May 9 to May 13, BART police staffed an exhibit at five stations, with a slide show and a taped narrative describing police activities and responsibilities.

In June 1983, at the Oakland Convention Center dedication ceremonies, nearly 100,000 persons saw the BART exhibit and information booth.

Discount Fares

Special fares attracted many BART patrons during the 1982/83 fiscal year.

To kick off the holiday shopping season, BART reduced fares by 15 percent on the day after Thanksgiving. Systemwide ridership was 30.2 percent below the November weekday average for that day. However, at the Powell Street BART Station, serving San Francisco's principal retail shopping area, patronage was 70 percent above average.

In February 1983, BART increased the face value of the discount tickets

available for seniors, youths and disabled persons from \$6.00 to \$12.00, so that patrons would not have to purchase tickets so frequently. An estimated 8,000 persons use these tickets, which sell for \$1.20, offering a 90 percent discount.

All BART patrons were given a five percent bonus on the high-value, full-fare tickets sold only at banks, savings and loan offices and BART Passenger Services offices. These tickets, which have a face value of \$21.00, can be purchased for \$20.00.

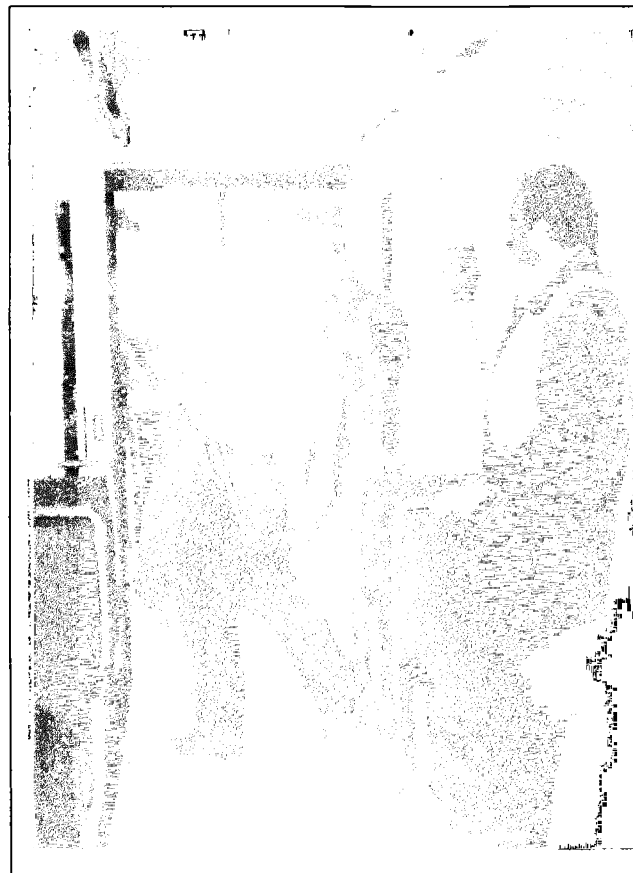
In April 1983, BART and the San Francisco Municipal Railway (MUNI) issued the first joint monthly pass

good for unlimited travel on either system within San Francisco. Average weekday use the first month was approximately 11,700 trips, increasing 22 percent to 14,300 by June 1983. Approximately 50 to 55 percent of these patrons are believed to be new BART riders, who accounted for a three percent increase in average weekday ridership and a record month in June.

BART now is working with the San Francisco Municipal Railway and Alameda-Contra Costa Transit District to develop a similar, joint BART/MUNI/AC pass which would serve an even larger number of riders.



This is now the permanent home of the last horsedrawn street car to operate in Alameda County.



On May 22, 1983, BART conducted a major emergency procedures drill designed to test its Emergency Plan, to evaluate a more centrally located casualty collection site and to provide an additional resource for a concurrent medical drill conducted by the Alameda County Emergency Medical Services and Oakland medical facilities. More than 200 volunteers participated as evacuees and over 30 individuals were made-up to depict injured persons. The Oakland and San Francisco Fire Departments were the only two departments directly involved with the drill in the Transbay Tube. However, there were many transit and fire department officials, both local and from other parts of the nation, as observers at this drill. Involved with the movement of persons from the MacArthur BART Station collection site to local hospitals were two chapters of the American Red Cross, triage teams from the Oak Knoll U.S. Naval Hospital in Oakland and a local ambulance service.

Safety

BART continued its outstanding safety record, with the number of patron accidents decreasing from 18 incidents per million passenger trips last year to 16 incidents per million passenger trips during the 1982/83 fiscal year.

As of June 1983, BART had carried 382,133,696 passengers without a single passenger fatality since the system began revenue service.

Employee lost-time injuries numbered 216, up 6.4 percent from the figure of 204 the previous year.

Patron-related crime increased to 19 incidents per million passenger trips, compared to 15.1 the previous year. This was, however, much lower than the crime rate in surrounding communities. The largest increases were for incidents of disorderly conduct, purse-snatching and arson.

Work continued on a \$19.4 million, two-and-a-half-year program to make cars more fire-resistant by replacing interior ceiling and wall liners, replacing the floor panels and adding insulating panels between the floors and the heat-generating equipment

mounted under the cars. The new C-Cars will meet the same standards of fire safety.

BART held 16 fire drills and familiarization tours, including a major fire drill in the Transbay Tube in May 1983 involving more than 200 volunteer "passengers," as part of its continuing effort to work with local fire departments and other emergency service agencies to improve emergency procedures. Participating in BART emergency procedures drills during this fiscal year were 463 fire department representatives.

Fiber Optic Cable

A new use for the Transbay Tube began on August 3, 1982 when Pacific Telephone & Telegraph Company installed a fiber optic cable in the gallery of the Transbay Tube. The cable can transmit more than four and a half times the number of calls carried by the copper trunk cables located at the bottom of the Bay.

In the 1982/83 fiscal year, BART received \$70,273.87 in revenue for allowing PT&T to use the tube, part of BART's continuing effort to co-operate with other organizations.

PART II CAPITAL IMPROVEMENTS

Completion of BART's capital improvement program is integral to BART's plans to increase capacity by 85 percent.

During the 1982/83 fiscal year, BART continued to make progress on its \$519.3 million five-year capital improvement program. The program includes the purchase of 150 new vehicles, improvements in the central control system, construction of a third track through downtown Oakland, fire safety improvements, modifications of the train controls along the trackway, and the construction of the Daly City Facility, which includes a turnback track and storage yard.

Contract for C-Cars

On October 7, 1982 BART Directors approved a \$279 million, five-year project, including a major contract to SOFERVAL (Société Ferroviaire du Valenciennois) to build up to 150 new C-Cars needed to meet increased passenger demands. These cars were designed by BART engineers and can be used as either lead cars or mid-train cars, increasing operational flexibility. With the new cars, one train can be change into two shorter trains, or vice versa, without returning to one of the East Bay yards. Delivery of four production prototypes is expected during the 1984/85 fiscal year.

New Train Control Units

Also on October 7, the Board of Directors approved a \$2.8 million contract with Westinghouse Electric Corporation to develop and test five prototype vehicle train control units in conjunction with the planned \$25.5 million upgrading of BART's computerized central control system. When completed, the new system will be able to handle in excess of 75 trains on the system at one time, compared to the current limit of 49.

K-E Track Progress

Work continued on the K-E Track through downtown Oakland, a 1.5-mile connection through a third tunnel from Washington Street to 23rd Street and the first addition of main line track since BART's original construction.

Construction of overpasses above 27th Street, 29th Street and 30th Street

in Oakland was completed, and the contract was awarded for the final phase of construction. Work began in March 1983 on the final phase, which includes installing running rail, power equipment and the wayside control system from the Oakland West BART Station to the MacArthur BART Station.

When completed in 1985, the new track will provide another route through the congested Oakland "Y" area, where all three lines converge. It also can be used for train storage.

Daly City Facility

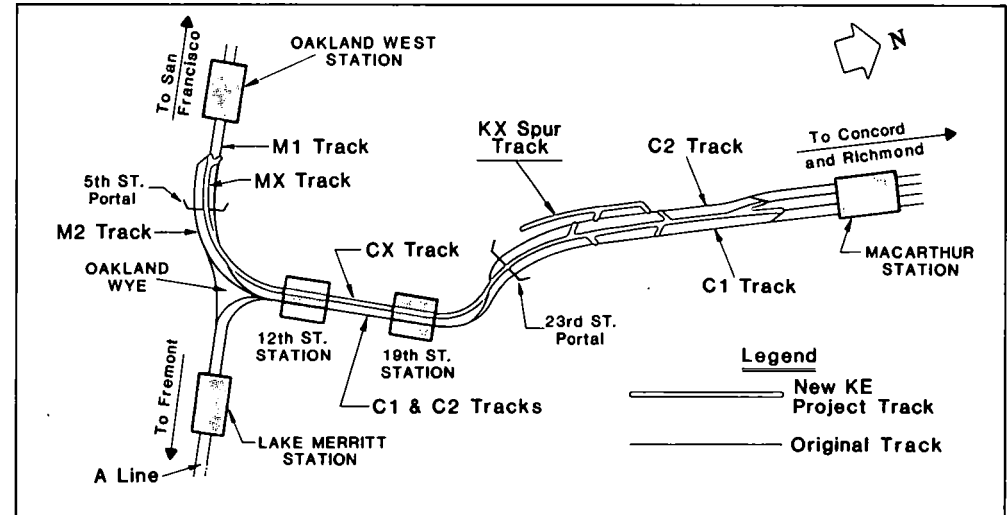
Environmental studies and preliminary engineering studies were completed for the Daly City Facility, consisting of a turnback track and storage yard, and the City Council of Daly

City approved a general plan amendment permitting construction of the project.

The \$150 million project will reduce the turnaround time at the Daly City terminal, thereby allowing trains to run at closer intervals. The facility also will reduce operating expenses because empty trains will no longer have to return to East Bay yards for storage after going out of service.

Car Conversion Program

During July 1982, BART completed its program of converting 35 A-Cars to B-Cars. Started in 1978 and aimed at obtaining a better fleet mix, the conversion program allows BART to utilize its equipment more efficiently.



K-E PROJECT

BART Station Access

As part of its continuing program to improve access to the rail system, BART completed plans for a new bus route in northern Contra Costa County, and instituted programs which are designed to provide additional parking spaces at several stations and improve access to the system for handicapped and senior patrons.



Harold Willson, of Danville, CA, demonstrates operation of the special wheelchair lift on BART Express Buses.

The project to equip BART Express Buses with special wheelchair lifts and a "kneeling" capability for easier boarding was completed in March 1983. Additional curb cuts at 11 stations, for improved wheelchair access, were completed in October 1982.

BART completed plans and received funding from the Metropolitan Transportation Commission (MTC) to oper-

ate a new bus route, "The Martinez Link," between the El Cerrito Del Norte Station and the Contra Costa County Offices in Richmond and Martinez. This service is to begin July 5, 1983.

BART discontinued managing the Greyhound Bus commuter service between Concord and San Francisco on September 30, 1982 due to a decline in ridership and a shortage of available funds.

The 36-bus BART express fleet operated for BART by AC Transit provides a connecting link between most outlying East Bay communities and BART stations.

During the 1982/83 fiscal year, BART Express Bus patronage reached 2,977,000 trips. This translates into a monthly average of 248,000 trips. According to the BART Express Bus Plan, 1981/82-1985/86, over 800,000 persons using the Express Bus system transferred to BART as part of their trip.

Overhead lighting was installed at the Lafayette BART Station "overflow" parking lot in November 1982.

In Fremont, a canopy was installed between the east entrance and the heavily patronized bus loading area in November 1982.

A parking lot survey, completed in March 1983, shows that most lots are filled by 9 a.m., and indicates the need for continued efforts to provide additional parking.

In order to address this need for additional parking spaces, during the period of this report BART received commitments from MTC of over \$26 million over the next five years to fund projects designed to increase the system's parking capacity.

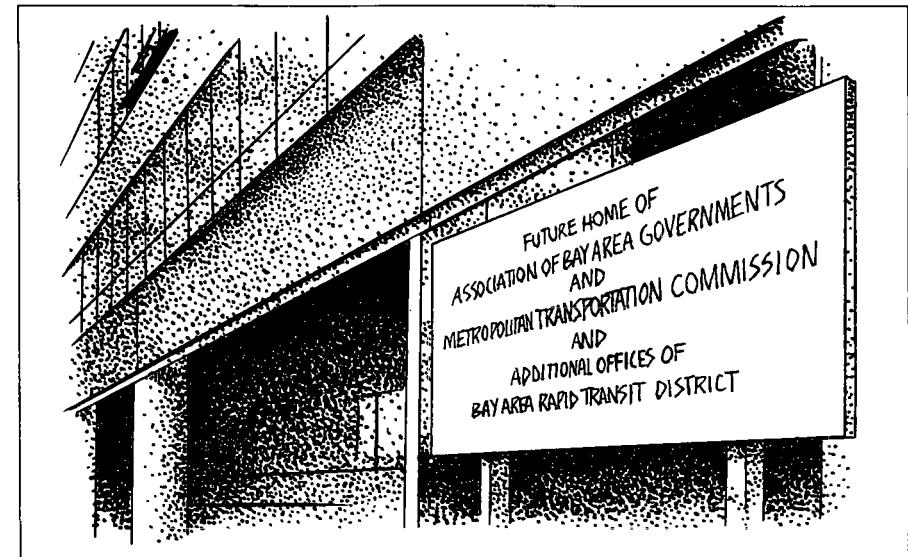
Among the projects planned and started during the 1982/83 fiscal year were:

- A \$1.3 million grant for acquisition of land to be used for the Antioch BART Station at Bailey Road, which will include the creation of a 400-space "park-and-ride" lot for BART Express Bus patrons. This facility will be used until the land is needed for a station on the proposed rail extension into that city.
- A 425-space parking lot on Mesa Street near the Concord BART Station, for which a \$989,000 grant was committed.
- Design of a 1,200-space parking structure to be built at the Walnut Creek BART Station.
- A grant of \$886,000 for additional parking at the South Hayward BART Station.

- A \$1.6 million grant for a project which will redesign BART stations' parking system.
- Paving the Mowry Avenue parking lot at the Fremont BART Station which will provide 800 additional permanent parking spaces.

Regional Administration Facility

Work continued on the \$15 million Regional Administration Facility on BART property adjacent to the current headquarters at Eighth and Madison Streets in Oakland. The building, which BART will share in a "condominium" arrangement with the Metropolitan Transportation Commission and the Association of Bay Area Governments, is to be completed in early 1984 and will be the first governmental agency "condominium" arrangement in the area.



PART III FINANCING — A TOAST TO SOUND MANAGEMENT

As BART completed its first decade of service, its financial profile was stronger than ever before in its history. So substantial was this base that the private sector bond market supported the issuance of \$65 million in revenue bonds, proceeds from which will pay a part of the cost of the new C-cars. During the 1982/83 fiscal year, BART dedicated over \$10.7 million from revenues to fund capital projects. This is real and very positive testimony to BART's efficient management, cogent fiscal policies and improved operating procedures.

BART continued to receive an unusually high percentage of operating expenses from fares, with a farebox recovery ratio of 49.1 percent, well above the objective of 40 percent and the previous year's figure of 45.2 percent. Few public transit systems in the nation have a higher farebox recovery ratio.

The operating ratio — the ratio of passenger fares and other operating revenues to operating expenses — was 53.6 percent, compared to last year's ratio of 50.7 percent.

Rail cost per passenger mile was 16.2 cents, slightly above the 15.4 cents for the previous year, which translates into an increase of about five percent. However, this was an overall decrease in real terms when inflation is taken into account.

Net passenger revenue in the 1982/83 fiscal year was \$61 million, as compared to \$52.7 million for the previous year.

Total operating revenue (including interest income and income from advertising in trains and stations) was \$66.6 million for the 1982/83 fiscal year, or 13 percent higher than for the previous year.

An unfunded shortfall of \$3.2 million, noted when the budget was adopted, was made up by increased fares plus stringent controls on expenses. The annual power expense was 18.8 percent below budgeted amount, which resulted in a savings of \$3.4 million. This was due to heavy winter rains, which resulted in an abundant supply of relatively inexpensive hydroelectric power. Lower than anticipated fuel oil prices also contributed.

BART fares were increased by an average of 18.4 percent on September 8, 1982 to make up the budget shortfall and provide funds for capital improvements projects required to serve the increasing number of patrons. The new policy did not affect the 90 percent discount for senior citizens, the handicapped and children between five and twelve years old. (Children four and under ride BART free.)

Bond Sale Approved

On August 19, 1982 the Board approved the sale of \$65 million in sales tax revenue bonds for the purchase of the new and more efficient C-Cars. In addition, BART has received \$6.7 million in federal assistance through the Urban Mass Transportation Administration. This is a major tribute to the financial health and operating success of BART. Other grant applications are pending for the cars, which will cost an estimated \$279 million.

Other Revenue

In addition to these funds, BART received \$62.8 million in revenues derived from 75 percent of the one-half cent transit sales tax in the three BART counties, \$5.4 million in state Transportation Development Act (TDA) funds and State Transit Assistance (STA), and \$5.1 million in property tax as its share of the one percent maximum property tax.

The Board of Directors reduced the property tax BART levies for repayment of the general obligation bonds authorized by voters, in 1962, for construction of the system. Directors set a tax rate of 6.28 cents per one hun-

dred dollars of assessed value anticipating revenues of \$47.3 million from property owners in the three BART counties — Alameda, Contra Costa and San Francisco.

In the city of Berkeley, where voters, in 1966, approved creation of a special service district to finance subway construction through their city, the Board of Directors set a property tax rate of 2.92 cents per hundred dollars of assessed value, which raised an estimated \$665,000.

It was more than half a century ago that the dream of an underwater tube, through which passengers would be whisked across San Francisco Bay, was first proposed by General George W. Goethals, the same man who was in charge of constructing the Panama Canal.

Goethals proposed almost precisely the route followed by BART today, but after an initial flurry of excitement, his idea was all but forgotten.

In 1947 public interest in the suggestion was revived. A Joint Army-Navy Board Report suggested construction of a transbay tube to alleviate demand on the San Francisco-Oakland Bay Bridge, which already was becoming congested about ten years after it was built.

The idea came closer to a reality in 1957 when the State Legislature created the San Francisco Bay Area Rapid Transit District and authorized it to build and operate a rail system. In 1962, following several years of planning and engineering, the proposal for a high-speed, rapid-transit system that would take advantage of Amer-

ica's space-age technology, went on the ballot. Residents of Alameda, Contra Costa and San Francisco Counties voted in favor of a property tax to finance construction of a 75-mile project. 71.5 miles of BART track linking the three counties, and 3.5 miles of track to be used by a new San Francisco MUNI system.

Two years later, in 1964, President Lyndon B. Johnson presided over the groundbreaking ceremony in Concord, and construction was under way.

It took eight years to construct the BART system which consisted of 19 miles of subway and tunnels, 23 miles of aerial structures, 26 miles of surface track, and the almost 3.5 miles of transbay tube, which at the time was considered to be the world's longest underwater tube used for vehicular traffic.

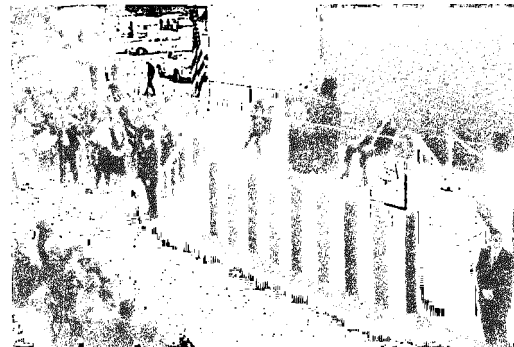
When the first leg of the system was opened, on September 11, 1972, its twelve stations and eight 2-car trains were mobbed. By the end of the first day, nearly 12,000 patrons had ridden the trains linking the Fremont and MacArthur BART Stations.

The following January, service began to Richmond. The Concord line opened in May 1973, and the San Francisco line opened the following November.

Finally, testing of service through the tube was completed, and on September 16, 1974, BART began transbay service, linking the entire system. Trains operated every 12 to 15 minutes from 6 a.m. to 8 p.m., Monday through Friday, between Concord and Daly City, and Richmond and Fremont.

BART was revolutionary, taking a quantum leap by applying newly developed space technology to a transit system that would provide a reliable, convenient and safe means of travel for Bay Area residents.

More than 25,000 persons attended BART's June 19, 1964 groundbreaking ceremonies where President Lyndon B. Johnson, Governor Edmund G. "Pat" Brown and BART Board of Directors President Adrien J. Falk heralded a new beginning in public transit.



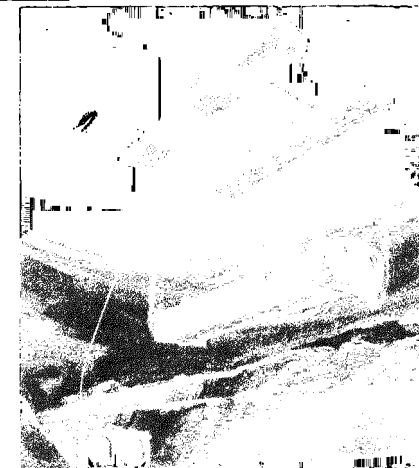
The night trains come and go at the Rockridge BART Station. The lights of the Port of Oakland and San Francisco shine in the twilight.

But while BART may have been a gigantic step forward in technology, it was not without its problems. Unlike the older transit systems which evolved slowly, BART was built in less than a decade. There were problems with the train control equipment, as well as problems caused by the fact that the system soon attracted more patrons than it could accommodate easily, particularly during the peak travel period.

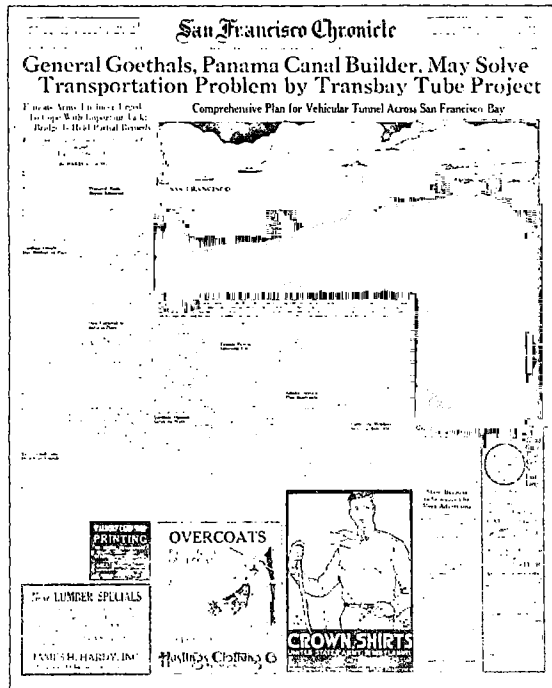
Slowly, but surely, the problems were solved and service reliability improved. San Francisco wanted yet another station - Embarcadero BART Station which opened in May 1976, to serve the rapidly developing area at the foot of Market Street.

Service hours were extended from 8 p.m. to midnight in January 1976. Weekend service began in 1978. By the summer of 1980, BART was able to open a line providing direct service between Richmond and San Francisco. It now became possible to operate trains every 3.75 minutes between Oakland and Daly City.

In 1976, BART redefined its maintenance and engineering philosophy by instituting a continuous



An artist's conception of sections of the Transbay Tube being laid into the trench on the bottom of San Francisco Bay.



The General Goethals "trans-bay tube" is given first exposure in the San Francisco Chronicle October 17, 1920.

BOARD OF DIRECTORS

San Francisco Bay Area Rapid Transit District (BART) – June 30, 1983



Elected BART Director, 1976 re-elected, 1980. Board President, 1977, 1983, Chairperson, Administration Committee and BART Liaison, Metropolitan Transportation Commission. Represents BART on the Walnut Creek and Pleasant Hill BART Stations Advisory Committees, encouraging development near these stations through zoning to generate additional BART ridership and added revenues. Chairman of the Board, Simpson Company in San Leandro. Owner, Barclay Simpson Art Gallery, Lafayette. Member, Robert G. Sproul Associates of U.C. Attended U.C. Berkeley and Stanford University. WWII Navy aircraft carrier pilot. Resides in Orinda with wife Sharon and three children.



Appointed BART Director, September, 1980. Elected 1980 and 1982, 1983, Chairperson, BART Liaison to AC Transit. Represents BART on Oakland's Downtown Circulation and the Coliseum Area Industrial Advisory Committees. Vice-president, Governing Board Committee and Regional Representative, APTA*. Regional Representative, Council of Minority Transit Officials. Active with NWPC, NAACP, National Association of Neighborhoods, Black Women Organized for Political Action, and National Black Caucus of Local Elected Officials. Past Vice-president, International Longshoremen and Warehousemen Union of Federated Women. Administrator, OCCUR. Graduate, Arizona State University. Resides in Oakland.



San Francisco urban planner, first elected as BART Director in 1978 and re-elected in 1980. Member, BART Liaison, San Francisco MUNI. Director of Program Development for San Francisco Housing Authority, National Chairman, Congress of Racial Equality, 1967 to 1969. Member, San Francisco Black Agenda Council and the San Francisco Black Leadership Forum. Co-founder, principal organizer, former treasurer, and current director of Bay Area Black United Fund. Attended San Francisco City College and U.C. Berkeley. Resides in San Francisco with wife, Maxine.



Senior BART Director since 1969. Elected in 1974, 1978 and 1982. Board President, 1975 and 1980, Vice-president, 1973, 1976 and 1978. First Director to call for litigation against system's original suppliers and developers. In 1971 instituted studies of BART rail extensions to Pittsburg/Antioch, Livermore/Pleasanton and San Francisco's Northwest Corridor. BART Liaison, Eastern Contra Costa Transit Authority, 1977. Member, California State Transportation Advisory Committee, 1974, First Board Member, APTA*. El Sobrante businessman and community leader. Former Richmond City Councilman and Member Richmond Personnel Board and other Richmond improvement commissions and civic groups.



ROBERT S. ALLEN – District 5

First elected as BART Director in 1974. Re-elected in 1976 and 1980, 1983, Board President. Employed with Southern Pacific since 1965. Member American Railway Engineering Association. Graduate of University of Colorado, studied at University of Colorado of Law and Brigham Young University in Provo, Utah. Resides in Livermore with wife, Thelma Mae, and son, Ronald. Active in Church of Jesus Christ of Latter-Day Saints (Mormon).



EUGENE GARFINKLE – District 8

A San Francisco attorney appointed to Board in 1977 and elected in 1978 and 1982. Board President in 1981 and Vice-president in 1979. BART representative to the Executive Committee of APTA* Board of Directors. Partner in law firm of Dreher, Garfinkle & Watson, San Francisco. Graduated from U.C. Berkeley and U.C. Law School. Received M.B.A. from Golden Gate College. Resides in San Francisco.



A San Francisco attorney first elected in 1976, re-elected in 1980, 1982. Vice-president, BART Board of Directors, 1983, Chairperson, Public Affairs, Access and Legislation Committee. Member of BART's liaison committee with Alameda-Contra Costa Transit District. A partner in law firm of Shartsis, Friese & Ginsburg, specializing in general corporate practice. Graduate of U.C. Berkeley and U.C. Law School. Studied political science at Oxford University in England. Wife, Mary Jo, is an attorney in the same firm, specializing in antitrust law. Resides in Oakland with two children.



JOHN GLENN – District 6

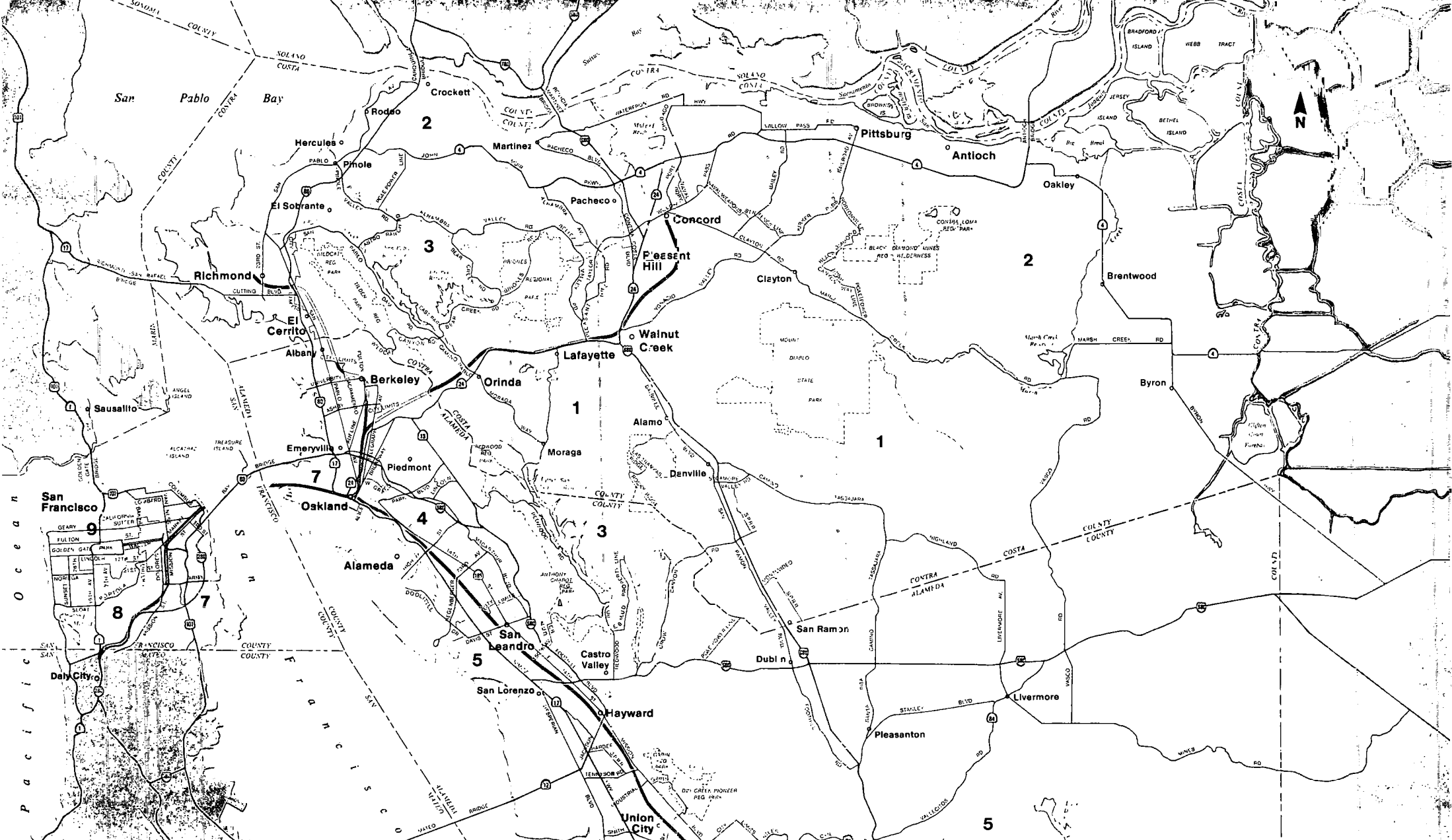
First elected to the Board in 1974 and re-elected in 1978 and 1982. Has served as Chairperson of all standing committees. Board Vice-president, 1979 and President, 1981. Member, Board of Directors, APTA*. Founder and President, John Glenn Adjusters and Administrators. Past President, East Bay Adjusters Association and California Association of Independent Insurance Adjusters. Member, Board of Regents, Holy Family College, Fremont, CA. Graduated from Southeast Missouri State University. Resides in Fremont, with wife Betty and three children.



JOHN H. GREENWOOD – District 9

Elected BART Director, 1974. Re-elected, 1976 and 1980, 1983. Vice-president. Member of BART Liaison Committee to San Francisco MUNI. Unanimously elected President of the Board in 1979. Served on boards of the Sacramento-Stockton-Bay Area Corridor Study, the Northwest San Francisco Corridor Study and the "BART Trails" Study. Board member of SPUR and Vice-president, National Association of Railway Passengers. Member, Bay Area Electric Railway Association, California Tomorrow, the Planning Conservation League and World Affairs Council. Graduate Stanford University. Married and resides in San Francisco.

* American Public Transit Association



THE BART ELECTION DISTRICTS

	DISTRICT 1 Ba'clay Simpson		DISTRICT 6 John Glenn
	DISTRICT 2 Ne'lo Blanco		DISTRICT 7 Willfred T. Ussery
	DISTRICT 3 Arthur J. Shertsis		DISTRICT 8 Eugene Garfinkle
	DISTRICT 4 Margaret K. Pryor		DISTRICT 9 John H. Kirkwood
	DISTRICT 5 Robert S. Allen		SYSTEM

0 1 2 4 8 MILES

preventative maintenance non-deferral program, resulting in increased car reliability and availability. New equipment was purchased and other equipment was modified so that entire trains no longer had to be taken out of service because of minor problems on a single car.

By the close of the 1982/83 fiscal year, BART's first decade of service, patrons averaged 192,467 trips each weekday, with 52 percent occurring during the peak travel periods. Saturday ridership averaged 70,907 and Sunday ridership averaged 43,398.

Since 1975, average daily ridership has increased by about 60 percent. Today the makeup of BART riders appears to mirror the general makeup of the three BART counties' population. A ridership survey in May 1982, also showed that the more patrons use BART, the more they like it.

Looking ahead, BART statisticians predict that the system will serve 265,700 patrons on an average weekday by June 1988. Trains will run every 2.25 minutes, compared to the current 3.75 minutes.

In preparation for meeting increased demand, several major capital improvement projects are under-way. They include a vital turnback track and storage yard in Daly City; 150 cars of a new and more efficient design (which will be added to the present fleet); a new integrated central control system; and an improved control system to be installed alongside the track, as well as on individual cars. Also, a third track through downtown Oakland is under construction at the point where all four BART routes converge.

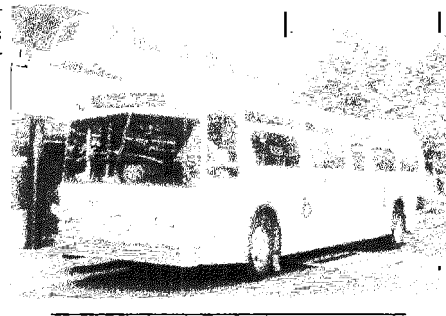
Performance objectives are defined in BART's Short-Range Transit Plan, 1983-88. The objective for the 1983/84 fiscal year will be to complete 99 percent of all dispatches, (an objective achieved this past year with a 99.2 percent record), to have a 95 percent on-time per-

Ridership on BART has grown from 12,000 patrons on the first day of revenue service, September 11, 1972 to almost 200,000 riders by September, 1983.

Conservative estimates project that BART patronage will reach over 300,000 daily ridership by the 1990's.



BART Express Buses, operating on 12 routes in four major corridors, provide service into the outlying areas of Alameda and Contra Costa Counties and carry over 800,000 patrons to and from four BART stations.

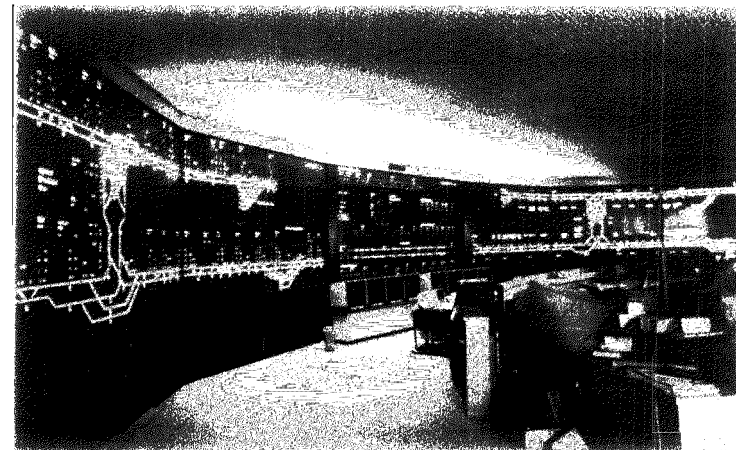


formance record, (compared to this year's record of 94.5 percent) and delays of no more than seven minutes for 94 percent of the trains during peak-period service, compared to this year's figure of 92.7 percent.

Fire safety improvements on the original equipment are to be completed by mid-1985, enabling BART to meet State Public Utilities Commission safety requirements for running more trains underground at one time.

Service extensions are in various stages of planning, with focus on extending the system to Pittsburg and Antioch, the Warm Springs District of Fremont, Pleasanton and Livermore, a San Francisco extension, to be identified by San Francisco, and to Hercules in the Interstate 80 corridor of Contra Costa County. Extensions to the San Francisco Airport and from Fremont south to San Jose may be contemplated if satisfactory financial arrangements can be worked out with counties that are not a part of the current district.

The objective for the next decade will be to maintain and improve a BART system that has set a standard for the industry, while bringing BART service to an even larger number of citizens.



BART Central Control is the nerve center of the system. From here computers automatically schedule and identify all trains operating anywhere on the system.

HOW DIRECTORS ARE ELECTED

When the San Francisco Bay Area Rapid Transit District (BART) was created by the California State Legislature in 1957, the 16-member BART Board of Directors was appointed to represent the original five BART counties. The number of BART Directors was subsequently reduced to 12, with the withdrawal of San Mateo and Marin Counties. The three remaining counties - Alameda, Contra Costa and San Francisco - were each represented by four Directors - two appointed by each county's Board of Supervisors and two appointed by the mayors of each county.

In June of 1974, the voters of the BART District determined that the BART Board of Directors should be an elected board. Immediately following the General Election in November, 1974, the first nine elected Directors took office

with each representing between 251,028 and 288,237 persons based on the 1970 Census.

In 1980, the boundaries of the BART Directors were redrawn based on the 1980 Census, as shown in the map, which means each Director represents between 257,028 and 286,447 persons.

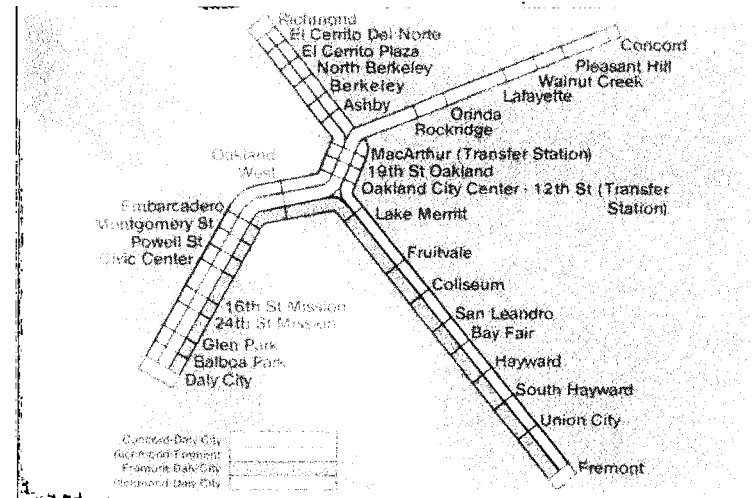
The Directors are elected for a four-year term. At the General Election of 1984, Directors representing Districts #1, #3, #5, #7 and #9 will stand for election and at the General Election of 1986, Directors representing Districts #2, #4, #6 and #8 will be up for election.

The President and Vice-President of the BART Board of Directors are elected to their office by their colleagues to serve one calendar year. They serve as *ex-officio* members of the standing committees which make recommendations on matters coming before them for action by the full BART Board and are composed of three regular members and an alternate. The chairman and the members of each committee are also appointed by the President. During the calendar year of 1983, these standing committees are: the Administration Committee, the Engineering and Operations Committee, and the Public Affairs, Access and Legislation Committee. The President of the Board may, with the concurrence of the Board establish other standing committees as may be needed.

BAY AREA RAPID TRANSIT DISTRICT Headquarters in Downtown Oakland



800 Madison Street
Oakland, CA 94607
(415) 465-4100



SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT (BART)

PERFORMANCE HIGHLIGHTS

	FY 1982/83	FY 1981/82
Rail Ridership		
Annual passenger trips	53,699,387	53,290,643
Average weekday trips	186,293	184,062
Average trip length	13.5 miles	13.5 miles
Annual passenger miles	725,077,000	717,998,000
System utilization ratio (passenger miles to available seat miles)	34.5%	35.0%
End-of-period ratios:		
Peak patronage	54%	50%
Offpeak patronage	46%	50%
BART's estimated share of peak period transbay trips—cars, trains & buses	35.5% (a)	35.5%
Passengers with automobile available (as alternative to BART)	57% (a)	57%
Operations		
Annual revenue car miles	29,177,000	28,505,000
Unscheduled train removals—average per revenue day	4.5	5.3
Transit car availability to revenue car fleet (b)	89.1%	86.0%
Passenger miles per equivalent gallon of gasoline	81	77
Passenger accidents reported per million passenger trips	16.02	17.96
Patron-related crimes reported per million passenger trips	18.99	15.14
Financial		
Net passenger revenues	\$ 60,965,000	\$ 52,677,000
Other operating revenues	5,618,000	6,432,000
Total operating revenues	66,583,000	59,109,000
Net operating expenses	125,281,000	117,820,000
Farebox ratio (net passenger revenues to net operating expenses)	49.07%	45.16%
Operating ratio (total operating revenues to net operating expenses)	53.59%	50.67%
Net rail passenger revenue per passenger mile	8.4¢	7.3¢
Rail operating cost per passenger mile	16.2¢	15.4¢
Net average rail passenger fare	\$1.11	\$0.97

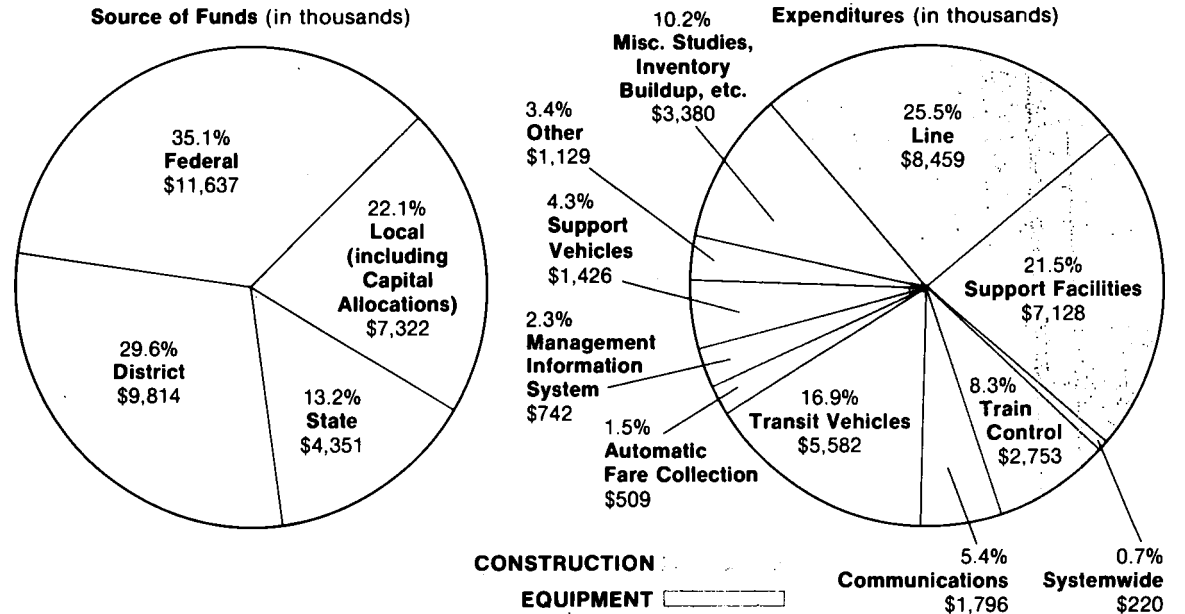
Notes

General note: Data represent annual averages unless otherwise noted.

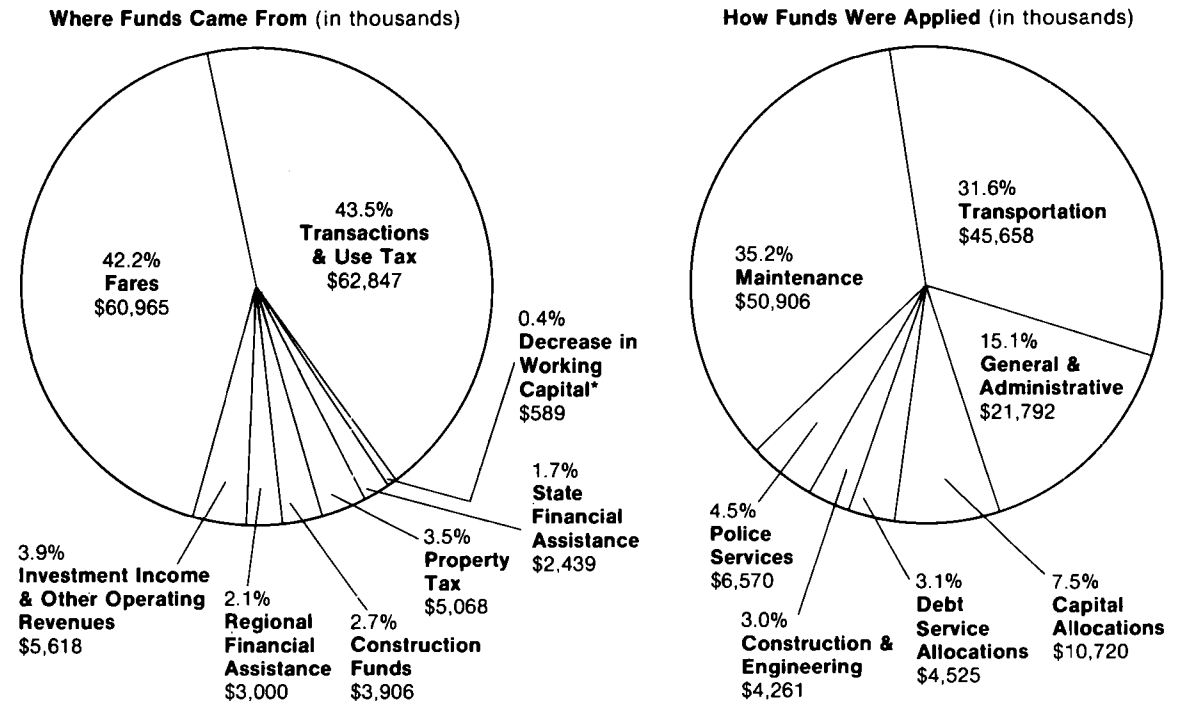
(a) Updated figures not available.

(c) At 8 a.m. each day.

1982-83 CAPITAL FUNDS — \$33,124,000



1982-83 OPERATING FUNDS — \$144,432,000 (including Capitalized Costs)



*Funded excess of expenses over revenues

Federal Financial Assistance: 0

Financial Statements

The Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1983 and 1982 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1983 and 1982 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Adams, Grant, White & Co.
Certified Public Accountants

Main Hurdman
Certified Public Accountants

September 2, 1983

BALANCE SHEET June 30, 1983 and 1982 (In Thousands)

	1983	1982
ASSETS		
Cash (including time deposits: 1983, \$15,500; 1982, \$-0-)	\$ 17,273	\$ 1,176
Securities	132,259	77,742
Securities representing reserves	45,502	47,017
Deposits, notes and other receivables	22,610	9,149
Construction in progress	53,288	42,082
Facilities, property and equipment— at cost (less accumulated depreciation and amortization: 1983, \$257,350; 1982, \$228,952)	1,296,115	1,301,865
Materials and supplies—at average cost	12,701	11,923
Debt service funds, net assets	21,859	14,739
	<u>\$1,601,607</u>	<u>\$1,505,693</u>
LIABILITIES AND CAPITALIZATION		
Contracts and other liabilities	\$ 35,966	\$ 28,542
Unearned passenger revenue	1,382	1,250
Debt service funds	21,859	14,739
	59,207	44,531
Capitalization:		
Reserves	45,502	47,017
General Obligation Bonds	597,450	624,570
Sales Tax Revenue Bonds	65,000	-
Net capital investment	834,448	789,575
	<u>1,542,400</u>	<u>1,461,162</u>
	<u>\$1,601,607</u>	<u>\$1,505,693</u>

STATEMENT OF OPERATIONS Years Ended June 30, 1983 and 1982 (In Thousands)

	1983	1982
Operating revenues:		
Fares	\$ 67,491	\$ 57,547
Less discounts and other deductions	6,526	4,870
	60,965	52,677
Other	1,058	936
Investment income	4,560	5,496
Total operating revenues	66,583	59,109
Operating expenses:		
Transportation	45,658	44,396
Maintenance	50,906	46,525
Police services	6,570	5,962
Construction and engineering	4,261	3,617
General and administrative	21,792	20,778
	129,187	121,278
Less capitalized costs	3,906	3,458
Net operating expenses	125,281	117,820
Operating loss before depreciation expense	58,698	58,711
Depreciation (unfunded):		
Of assets acquired with own funds	16,870	14,100
Of assets acquired with grants and contributions by others	12,204	12,326
Total depreciation	29,074	26,426
Operating loss	87,772	85,137
Financial assistance:		
Transactions and use tax	62,847	60,989
Property tax	5,068	4,794
State	2,439	71
Transportation Development Act of 1971	3,000	2,478
Debt service allocations	(4,525)	-
Capital allocations	(10,720)	(8,100)
Total financial assistance	58,109	60,232
Net loss	29,663	24,905
Depreciation of assets acquired with grants and contributions by others	12,204	12,326
Net loss transferred to accumulated deficit	\$ 17,459	\$ 12,579
Reconciliation to net funded deficit:		
Operation loss before depreciation expense	\$ 58,698	\$ 58,711
Deduct financial assistance	58,109	60,232
Funded excess of expenses over revenues (revenues over expenses)	\$ 589	\$ (1,521)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT Years Ended June 30, 1983 and 1982 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
Balance, July 1, 1981	\$154,070	\$150,000	\$550,170	\$(73,890)	\$(113,641)	\$141,449	\$(45,389)	\$762,769
Net loss for the year	—	—	—	—	(12,579)	—	—	(12,579)
Proceeds from grants and contributions	—	—	17,915	—	—	—	—	17,915
Depreciation of assets acquired with grants and contributions by others	—	—	—	(12,326)	—	—	—	(12,326)
Interest on capital	—	—	—	—	—	10,064	—	10,064
Decrease in system completion reserve	—	—	—	—	—	—	125	125
Increase in system improvement reserve	—	—	—	—	—	—	(1,753)	(1,753)
Bond principal	25,360	—	—	—	—	—	—	25,360
Balance, June 30, 1982	179,430	150,000	568,085	(86,216)	(126,220)	151,513	(47,017)	789,575
Net loss for the year	—	—	—	—	(17,459)	—	—	(17,459)
Proceeds from grants and contributions	—	—	31,214	—	—	—	—	31,214
Depreciation of assets acquired with grants and contributions by others	—	—	—	(12,204)	—	—	—	(12,204)
Interest on capital	—	—	—	—	—	14,687	—	14,687
Establishment of operating reserve	—	—	—	—	—	—	(7,500)	(7,500)
Decrease in vehicle replacement reserve	—	—	—	—	—	—	5,000	5,000
Decrease in system completion reserve	—	—	—	—	—	—	291	291
Decrease in system improvement reserve	—	—	—	—	—	—	3,724	3,724
Bond principal	27,120	—	—	—	—	—	—	27,120
Balance, June 30, 1983	<u>\$206,550</u>	<u>\$150,000</u>	<u>\$599,299</u>	<u>\$(98,420)</u>	<u>\$(143,679)</u>	<u>\$166,200</u>	<u>\$(45,502)</u>	<u>\$834,448</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS — CONT'D

1—Summary of Significant Accounting Policies

Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

It is the District's policy to hold investments until their maturity and, accordingly, securities are carried at cost. At June 30, 1983 and 1982, cost exceeded market value by \$1,610,000 and \$6,505,000, respectively. The face value of securities exceed cost at June 30, 1983 and 1982.

Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended June 30, 1983 and 1982 (In Thousands)

	1983	1982
Cash and securities (used) provided by:		
Operations:		
Net loss transferred to accumulated deficit	\$(17,459)	\$(12,579)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	16,870	14,100
Cash and securities (used) provided by operations	(589)	1,521
Issuance of Sales Tax Revenue Bonds	65,000	—
Contributions from U.S. Government grants and others	31,214	17,915
Increase in contracts and other liabilities	7,424	5,566
Increase in unearned passenger revenue	132	176
Interest on capital	14,687	10,064
Total cash and securities provided	117,868	35,242
Cash and securities applied to:		
Increase in deposits, notes and other receivables	13,461	3,571
Additions to construction in progress	11,206	2,538
Additions to facilities, property and equipment	23,324	17,452
Additions to materials and supplies	778	1,325
Total cash and securities applied	48,769	24,886
Increase in cash and securities	\$ 69,099	\$ 10,356

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES Years Ended June 30, 1983 and 1982 (In Thousands)

	Year Ended June 30, 1983			Year Ended June 30, 1982
	General Obligation Bonds	Sales Tax Revenue Bonds	Combined	
Revenues:				
Property Tax	\$48,004	\$ —	\$48,004	\$48,686
Bond proceeds	—	6,308	6,308	—
Accrued interest from bond sale	—	210	210	—
Allocations from District revenues	—	4,525	4,525	—
Interest	2,198	505	2,703	3,116
	50,202	11,548	61,750	51,802
Expenditures:				
Interest	25,802	1,577	27,379	27,050
Principal	27,120	—	27,120	25,360
Bond service expense	—	3	3	—
Interest transmitted to District	—	128	128	—
	52,922	1,708	54,630	52,410
	(2,720)	9,840	7,120	(608)
Balance, beginning of year	14,739	—	14,739	15,347
Balance, end of year	\$12,019	\$ 9,840	\$21,859	\$14,739
Represented by:				
Cash (including times deposits: 1983, \$200; 1982, \$2,972)	\$ 228	\$ —	\$ 228	\$ 2,989
Securities	10,109	—	10,109	10,049
Taxes and interest receivable	1,682	—	1,682	1,701
Assets with fiscal agent	—	9,840	9,840	—
	\$12,019	\$ 9,840	\$21,859	\$14,739

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS — CONT'D
1—Summary of Significant Accounting Policies cont'd

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District's appointed trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as debt service allocations upon receipt of the net amount. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1983 to June 30, 1983 will be approximately \$13,365,000. Of this amount, \$4,009,500 had been received and recorded by the District. Comparable figures for 1982 were \$13,125,000 and \$3,281,250, respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations. In accordance with this policy, management allocated to net capital investment \$8,741,000 of interest revenue earned on assets held in the General Operating Fund but which related to capital projects.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

Capital Allocations

The Board of Directors allocates a portion of unrestricted financial assistance and general fund revenues to net capital investment for capital projects.

NOTES TO FINANCIAL STATEMENTS — CONT'D

2—Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	——(In Thousands)——	
	1983	1982
Basic System Completion	\$12,290	\$12,581
System Improvement	16,712	20,436
Self-Insurance	9,000	9,000
Vehicle Replacement	—	5,000
Operating	7,500	—
	<u>\$45,502</u>	<u>\$47,017</u>

3—Facilities, Property and Equipment

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1983 and 1982 are summarized as follows:

	Lives (Years)	—————(Thousands)—————			
		—————1983—————		—————1982—————	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 108,263	\$ —	\$ 109,698	\$ —
Improvements	80	1,050,753	125,171	1,034,269	112,247
System-wide operation and control	20	112,761	44,390	108,827	38,790
Revenue transit vehicles	30	155,963	46,596	154,659	41,402
Service and miscellaneous equipment	3 to 20	18,792	8,543	16,450	7,238
Capitalized construction and start-up costs	30	99,437	30,647	99,433	27,493
Repairable property items	30	7,496	2,003	7,481	1,782
		<u>\$1,553,465</u>	<u>\$257,350</u>	<u>\$1,530,817</u>	<u>\$228,952</u>

4—General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	—————(In Thousands)—————					
			Original Amount		—————1983—————		—————1982—————	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	3.98%	1999	\$792,000	\$792,000	\$28,575	\$589,500	\$26,750	\$616,250
1966 Special Service District Bonds	4.37%	1998	20,500	12,000	390	7,950	370	8,320
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$28,965</u>	<u>\$597,450</u>	<u>\$27,120</u>	<u>\$624,570</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$12,070,000 on General Obligation Bonds and \$174,000 on Special Service District No. 1 Bonds is payable on December 15, 1983.

The following is a schedule of principal repayments required under General Obligation Bonds as of June 30, 1983 (in thousands):

Year Ending June 30	1962 District Serial Bonds	1966 Special Service District Bonds	Total
1984	\$ 28,575	\$ 390	\$ 28,965
1985	30,350	410	30,760
1986	32,400	420	32,820
1987	34,225	440	34,665
1988	36,250	460	36,710
Later Years	427,700	5,830	433,530
	<u>\$589,500</u>	<u>\$7,950</u>	<u>\$597,450</u>

NOTES TO FINANCIAL STATEMENTS — CONT'D

5—Sales Tax Revenue Bonds

	Year Last Series Matures	(In Thousands)					
		Original Amount		1983		1982	
		Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1969 Sales Tax Revenue Bonds	1977	\$150,000	\$150,000	\$ -	\$ -	\$ -	\$ -
1982 Sales Tax Revenue Bonds	2008	65,000	65,000	-	65,000	-	-
		<u>\$215,000</u>	<u>\$215,000</u>	<u>\$ -0-</u>	<u>\$65,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The 1969 Legislature of the State of California authorized the District to impose a 1/2% transactions and use tax within the District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million to be used for operations. Payment of these Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is allocated to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission.

In October 1982, the District issued revenue bonds totaling \$65 million to pay a portion of the cost of acquisition of 150 rail transit vehicles and related automatic train control equipment for use in the District's existing rapid transit system. The 1982 Bonds are special obligations of the District payable from and secured by a pledge of revenues, including certain sales tax revenues, all passenger fares and certain property tax revenues. The bonds maturing on or after July 1, 1992 are redeemable prior to maturity at the option of the District on various dates at prices ranging from 103% to 100%. The bonds maturing July 1, 2008 are also subject to redemption to satisfy sinking account installments on or after July 1, 2002 at 100%.

Taxes collected by the State Board of Equalization are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1, principal annually on July 1 and expenses of the trustee. Monies not required for these purposes are transmitted to the District. Interest of \$3,154,000 is payable on July 1, 1983. Taxes received by the trustee during the current fiscal year were \$47,141,000 of which \$4,525,000 was retained by the trustee for the above purposes and \$42,616,000 was transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as debt service allocations upon receipt of the net amount.

The following is a schedule of principal repayments required under Sales Tax Revenue Bonds as of June 30, 1983 (in thousands):

Year Ending June 30	1982 Sales Tax Revenue Bonds
1984	\$ -
1985	490
1986	545
1987	610
1988	685
Later Years	62,670
	<u>\$65,000</u>

6—U.S. Government Grants

Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1983 is as follows:

Type of Grant	(In Thousands)	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,360	13,317
Capital	399,000	317,891
	<u>\$414,321</u>	<u>\$333,169</u>

7—Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

8—Public Employees' Retirement System

The District contributes to the Public Employees' Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain state and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$6,111,000 and \$6,036,000 in 1983 and 1982, respectively.

9—Deferred Compensation Plan

The District has deposited funds with a custodian pursuant to the District's deferred compensation plan. These deposits together with earnings had a market value of \$7,300,000 as of June 30, 1983. This amount is reflected on the balance sheet in deposits, notes and other receivable and in contracts and other liabilities.

10—Subsequent Events

In July 1983, the District sold \$16 million in subordinated sales tax anticipation notes to satisfy obligations payable from the General Operating Fund of the District. The issuance of these temporary notes is in anticipation of the receipt of taxes, revenue and other moneys to be received by the General Operating Fund of the District during or allocable to fiscal year 1983/1984.

BART

Annual Report

1983-1984



Building for the Future

Board of Directors

BARCLAY SIMPSON — District 1

Elected to the BART Board of Directors in 1976. Re-elected, 1980. Engineering and Operations Committee, 1984. BART Liaison with Central Contra Costa Transit Authority. Represents BART on the Walnut Creek and Pleasant Hill BART Stations Advisory Committees, encouraging private development at these stations to provide funds in order to build more parking. Chairman of the Board, Simpson Company in San Leandro. Owner, Barclay Simpson Art Gallery, Lafayette. Member, Robert G. Spruiell Associates of U.C. Berkeley, graduate of U.C. Berkeley and the Stanford Business School Executive Program. WWII Navy aircraft carrier pilot. Resides in Orinda with wife, Sharon and three children.



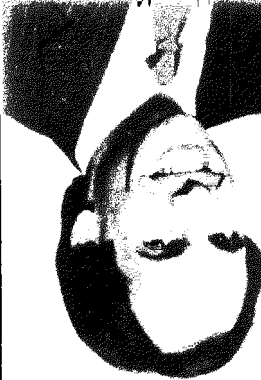
NELLO BIANCO — District 2

Vice President BART Board of Directors, 1984. Senior BART Director since 1969. Elected in 1974, 1978 and 1982. BART Board President, 1975 and 1980; Vice-President, 1973, 1976 and 1978. 1984. Member, BART Liaison with the Central Contra Costa Transit Authority, 1984. BART Liaison with the Eastern Contra Costa Transit Authority. First Director to call for litigation against system's original suppliers and developers. In 1971, instituted studies of BART rail extensions to Pittsburg/Airport, Livermore/Pleasanton and San Francisco's Northwest Corridor. Authored BART Board Extension Policy which was adopted by the Metropolitan Transportation Commission, this is the most important project since construction of the existing rail system. 1974. First Board member, APTA. Elected Sobrante businessman and community leader. Former Richmond City Councilman and member of the Richmond Personnel Board and other Richmond improvement commissions and civic groups. In 1984, served as ex-officio member of all BART Board standing committees. * American Public Transit Association



ARTHUR J. SHARTSIS — District 3

President BART Board of Directors, 1984. A San Francisco attorney, first elected in 1976 and re-elected in 1980. Vice-President BART Board, 1982. A partner in the San Francisco law firm of Shartsis, Friese & Ginsberg, specializing in complex litigation. Wife, Mary Jo, is a partner in the same law firm with the same specialization. Graduate of U.C. Berkeley and U.C. Boalt Law School. Studied political science at Oxford University in England. Resides in Oakland with ex-children, Alexander and Matthew. In 1984, served as member of all BART Board standing committees.



MARGARET K. PRYOR — District 4

Appointed to the BART Board of Directors, September 1980. Elected BART Director 1980 and 1982, 1984. Chairperson, Administration Committee, 1984, member, BART Liaison with the Alameda Contra Costa Transit District, 1984. BART Liaison with the Metropolitan Transportation Commission AB842 Transit Finance Study. Represents BART on Oakland's Downtown Circulation and the Coliseum Area Industrial Advisory committees. BART representative, Oakland and Chamber of Commerce Transportation Committee Vice-President, APFA's Governing Board Committee, and Regional Representative, Council of Metropolitan Transit Officials (COMTO). Active with NWPC, NAACP, National Association of Neighborhoods, Black Women Organized Political Action, and National Black Caucus of Local Elected Officials. Past Vice-President, International Longshoremen and Warehousemen Union of Federated Women. Administrator Graduate, Arizona State University. Resides in Oakland.



ROBERT S. ALLEN — District 5

First elected 1974; re-elected 1976 and 1980. President, BART Board of Directors, 1983, 1984. BART Representative to the Executive Committee of the APFA Board of Directors. member of Administration Committee, BART Liaison with Alameda-Contra Costa Transit District, and member of Fremont/South Bay Corridor Study policy board. Employed by Southern Pacific since 1965 in engineering and operations. Member, American Railway Engineering Association; active on Committee 32 (Systems Engineering). BS (Business) University of Colorado at Boulder; graduate work there and at Brigham Young University in Provo, Utah. Active LDS. Resides in Livermore with wife, Thelma, and son, Ronald.



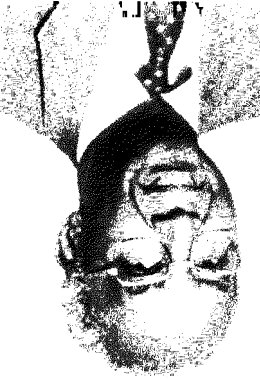
JOHN GLENN — District 6

First elected to the BART Board of Directors in 1974. Re-elected in 1978 and 1982. BART Board President, 1982 and Vice-President, 1979. Has served as Chairperson of all BART Board standing committees, 1984. Vice-chairperson, Administrative Committee, 1984. BART representative and Vice-chairperson, Fremont/South Bay Corridor Study. Founder and President, John Glenn and Administrators. Past President, East Bay Adjusters Association and California Association of Independent Insurance Adjusters. Member, Board of Regents, Holy Family College, Fremont, CA. Member, Board of Directors, Civic Bank of Commerce, Oakland and Walnut Creek. Graduated from Southeast Missouri State University. Resides in Fremont with wife, Betty, and three children.



WILFRED T. USSERY — District 7

San Francisco urban planner, first elected to the BART Board of Directors in 1978 and re-elected in 1980. 1984. Vice Chairperson, Public Affairs, Access and Legislation Committee, 1984. Chairperson, BART Liaison with Alameda-Contra Costa Transit District, 1984. Member, Engineering and Operations Committee, 1984. BART Liaison with the San Francisco Municipal Railway. Director of Program Development for San Francisco Housing Authority. Assistant Consultant Manager for the 1984 Democratic National Convention in San Francisco. Member of Mayor Feinstein's "Save the Giants" committee. Member, San Francisco Black Agenda Council and the San Francisco Black Leadership Forum. Co-Founder, principal organizer, former treasurer, and current director of Bay Area Black United Fund. National Chairman of Congress of Racial Equality, 1967 to 1969. Attended San Francisco City College and U.C. Berkeley. Resides in San Francisco with wife, Maxine.



EUGENE GARFINKLE — District 8

A San Francisco attorney appointed to the BART Board of Directors and elected in 1978 and 1982. BART Board President in 1981 and Vice-President in 1979. 1984. Vice Chairperson, Engineering and Operations Committee, 1984. Chairperson, BART Liaison with the San Francisco Municipal Railway, 1984. Alternate, BART Liaison with the Metropolitan Transportation Commission. Partner in law firm of Dreier, Garfinkle & Watson, San Francisco. Graduated from U.C. Berkeley and U.C. Law School. Received M.B.A. from Golden Gate College. Resides in San Francisco.



JOHN H. KIRKWOOD — District 9

Elected to the BART Board of Directors, 1974. Re-elected, 1976 and 1980. Unanimously elected President of the Board in 1979. BART Vice-President, 1983, 1984. Chairperson, Public Affairs, Access and Legislation Committee, 1984. member of BART Liaison with the San Francisco Municipal Railway. Served on boards of the Sacramento-Stockton-Bay Area Corridor Study, the Northwest San Francisco Corridor Study and the "BART Trails" Study. Board member of San Francisco Planning and Urban Renewal Association (SPUR) and Vice-President, National Association of Railway Passengers. Member, Bay Area Electric Railway Association, California To-morrow, the Planning Conservation League and World Affairs Council. Graduate Stanford University. Married and resides in San Francisco.



President's Message

Building for the Future

This year marks an important turning point for the Bay Area Rapid Transit District. During FY 1983/84, we began a subtle but significant change in the role and function of the District. In order to understand the significance of this shift in focus, it is valuable to pause for a brief review of BART's history.

BART's first decade — from the mid-1960's to the mid-1970's — was the period of its creation and initial operation. During the second decade, BART evolved from a newly-created public works project into a mature public service operation. A brief comparison of BART service in 1976 and BART service today provides a dramatic demonstration of the maturity of the system.

In 1976, BART carried an approximate daily average of 131,000 passengers. We operated slightly more than half of our transit cars each day. There was weekend service only on the Saturdays of holiday weekends and there was no full night service. There was no direct service from Richmond to San Francisco.

As of the end of FY 1983/84, BART averaged over 206,000 passengers each weekday with approximately 90 percent of our rolling stock in service. Trains run on weekends and nights, as well as directly between Richmond and San Francisco. Weekly patronage has increased approximately 80 percent, and patronage is running more than a year ahead of projections.

When I joined BART in 1976, as that second decade began, BART was all too frequently the source of frustration and disappointment for the riding public. Today, we can confidently claim to be one of the premier transit

agencies in the United States. The maturing of the organization has been reflected in the development of a first-class management team at BART, an excellent work force of dedicated employees, and growing stability in our labor relations.

We are now entering BART's third stage of development. Building for the future upon our base of reliable and established operations, this third stage will be marked by service enhancements, increases in capacity, development of the areas around our stations and an enlarged role in regional transit.

As we do this, it is important that BART, like other transit agencies in the Bay Area, make every effort to improve the overall level of transit service in the region. Our collective ability to provide inner-city residents with access to burgeoning new job markets in the East Bay and at the southern end of the Bay Area ultimately may be determined by our ability to provide adequate public transportation throughout the region.

In our efforts to enhance our service, we are presently involved in a plan to expand capacity which includes elements such as the purchase of 150 new transit cars, the building of a turnback and yard facility at Daly City, replacement of train operations monitoring computers in the control center, modification of train operating computers at the wayside, and the construction of additional parking spaces. When these programs are completed, we will have expanded our peak period capacity by 85 percent.

Looking to the future, the BART Board of Directors in FY 1983/84 established a far-reaching program to extend our rails in four

directions to serve the people of our region better. The Metropolitan Transportation Commission has since approved the plan, and we are now looking to the federal government, as well as exploring other sources, for capital to carry out the extension program.

Long before other cities sought massive federal aid in building new transit systems, this region committed its own dollars and taxes to build for the future. As a result, we in the Bay Area believe that, on the national ledger sheet of transit accounting, we have built up an enormous special credit by paying our own way more than most other regions in the country. We believe that our special credit should be honored by federal officials when our transit plans and requests are balanced against the plans and requests of other regions of the country.

Our obligation to undertake both capacity increases and system extensions is clear. Transit use in the Bay Area, unlike in many other major regional centers in the United States, is increasing both in absolute numbers of riders and as a percentage share of the travel market. The Bay Area, in fact, ranks third behind New York City and Chicago in terms of the percentages of work trips taken on public transit.

As we move into our third stage of growth, we must avoid becoming complacent about our day-to-day role of serving the public. We must reinforce our sensitivity to our passengers' needs, and not take our patrons for granted.

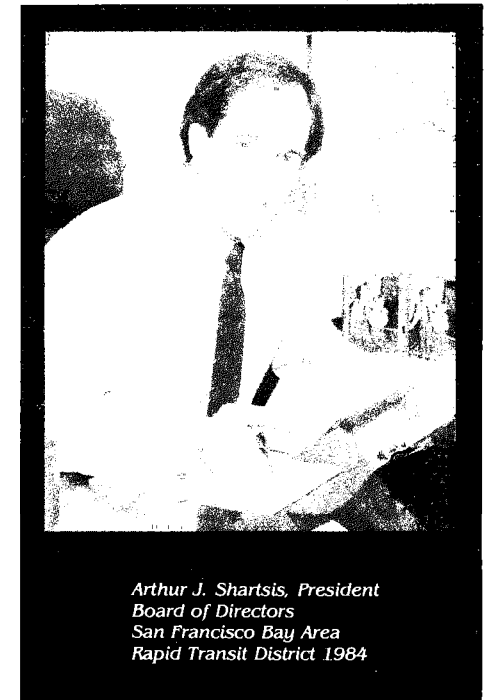
In expanding its role and operations, BART must adhere to its key objective, which is providing safe and reliable transportation to

as many persons as possible at the lowest possible cost. No step forward and no new project should ever be allowed to reduce the quality of our present performance.

This is our plan and our challenge for the future.

I am confident that BART can meet it.

Arthur J. Shartsis



Arthur J. Shartsis, President
Board of Directors
San Francisco Bay Area
Rapid Transit District 1984

Service

A Foundation for the Future

As FY 1983/84 came to a close, BART once again saw several new records set. The year ended with the highest fiscal year ridership since the system opened, with 58.3 million patrons traveling on BART, an 8.5 percent increase over the previous fiscal year.

A record also was set for the highest ridership in a single day on Tuesday, April 3, 1984, when 221,800 trips were recorded. Contributing to the record were 8,000 patrons who rode BART that evening for the opening day of the 1984 Oakland A's baseball season, as well as a Warriors basketball game being played in the Coliseum Arena at the same time.

Records also were broken for the highest monthly weekday average and the highest number of trips in a single month.

The Statistics

The statistics show the increasing public acceptance of BART as a reliable part of the region's transportation system. Records were once again broken for almost every measurement of service.

The highest ridership on a single day came on Tuesday, April 3,

1984, when 221,800 trips were taken on BART. The trend continued into FY 1983/84 with an increase of 8.5 percent over the previous fiscal year.

Trains were 95 percent on time, the highest level of service BART has ever delivered.

BART provided shuttle bus service to the Alameda County Fair in Pleasanton.

In cooperation with AC Transit, shuttle bus service was provided from BART stations in downtown Oakland to the "Festival at the Lake," Alameda County's "Urban Fair," in June 1984. A competition involving guessing BART ridership during the "Festival at the Lake" offered patrons an opportunity to win invitations to a private picnic and seats in a private box at an A's game; transportation was provided to the winners in a special BART car.

Throughout the year, BART developed special promotions to attract riders during off-peak hours, as well as to assist residents of the three counties with special needs.

Earlier in the fiscal year, a separate competition offered BART patrons an opportunity to win free season tickets to the Oakland Opera.

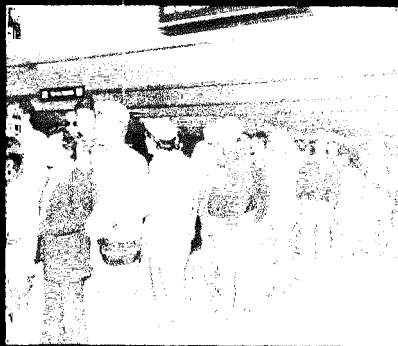
At appropriate times of the year, voter registration forms and IRS literature were distributed in BART stations.



Sunday "Shoppers Specials" trains were introduced for the November/December holiday season, along with a major Christmas promotion and tie-in with the Dickens Fair in downtown Oakland. Also, longer trains were operated for the Easter and Memorial Day weekends.



Cinco de Mayo festivities included entertainment at several stations and presentation of a special tribute to the Honorable Ambassador Licenciado Marcelo Vargas Campos, consul general of Mexico in San Francisco, in ceremonies at the Lake Merritt BART station.



BART once again opened three hours ahead of its Sunday schedule, at 6 a.m., for the "Bay to Breakers" foot race in San Francisco on May 20, 1984. More than 16,000 passengers rode 14 special trains to the event. The addition of four trains and the opening of two more stations than the previous year resulted in a 16 percent increase in ridership on the special trains.



Marriott characters visited BART on Christmas and New Year's holidays, when BART stations offered free coffee and doughnuts as part of the Fifth Annual Safe Holidays celebration. More than 12,000 doughnuts and about 16,000 cups of coffee were served during the celebration, co-sponsored by nine local community service organizations and several local radio stations.

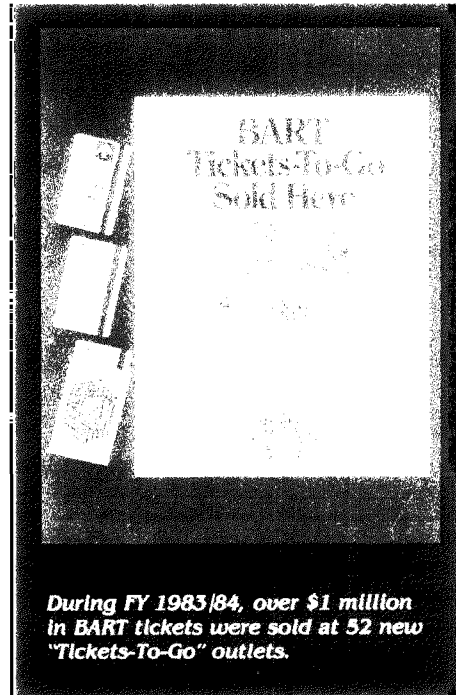


Assisting BART Police with the "Ident-A-Kid" program were characters from Marriott's Great America Theme Park in Santa Clara during November 1983 and again in June 1984. The fingerprinting program for children was a free community service by BART.

The program gave parents a record of their child's fingerprints for identification purposes in situations involving a lost or runaway child or a child who might become a victim of crime. The records are not kept by police departments, but are the sole property of the parents. More than 1,500 children were fingerprinted during the program.



The highest monthly weekday average ridership occurred in March 1984, with an average of 206,345. The highest total number of trips in a single month also came in March, with a total of 5,149,677. Part of the increase in patronage in FY 1983/84 is due to the growing use of the BART/MUNI fast pass, introduced in April 1983.



During FY 1983/84, over \$1 million in BART tickets were sold at 52 new "Tickets-To-Go" outlets.

Under the "Tickets-To-Go" program, introduced in September 1983, high-value tickets for the first time were made available at retail outlets and through high employment centers. These new outlets sell \$20 tickets, worth \$21 in BART rides, as well as discount tickets for senior citizens, children and handicapped people. Also, several senior citizen centers signed on in order to make BART discount tickets more accessible to their memberships.

By the close of the fiscal year, patrons had purchased well over \$1 million worth of BART tickets at 52 new "Tickets-To-Go" outlets.

Patron and employee safety are of paramount concern to the District.

Total incidents of patron accidents amounted to 996 during FY 1983/84. Of these accidents, 207 (20.8 percent) were related to train operations. The remaining 789 accidents (79.2 percent) were non-train-related, occurring within stations. The District's patron accident rate for FY 1983/84 is 17.1 incidents per million passenger trips. Since revenue service began in September 1972, BART has carried 440.4 million patrons 5.8 billion passenger miles without a single fatality.

An important measure of employee safety is the amount of work-time lost as a result of industrial injuries expressed as a percentage of hours worked. During FY 1983/84, BART's employee lost-time rate was at a favorably low 0.38 percent.

In matters relating to patron security, BART's 130 sworn officers filed 1,341 reports of crimes against patrons during FY 1983/84. When compared to system usage, this results in a rate of 23.0 patron-related crimes per million passenger trips.

The District continued its ongoing program of emergency preparedness. Emergency procedures drills and training exercises were conducted with fire departments along the system, and a multiple casualty emergency procedures drill was conducted with volunteers from the Daly City Fire Department. San Mateo County Emergency Medical Care volunteers played the role of "victims."

Capital Improvements

Creating the Structure for the Future

At the beginning of FY 1983/84, BART directors took a major step toward planning for the future in adopting the short-range, five-year transit plan, a \$524.5 million blueprint for the steps that will increase capacity by 85 percent by the end of the 1980s.

Included in the plan are the purchase of new cars, a new Integrated Control System (ICS), completion of a third track through downtown Oakland, construction of a turnback track and storage yard in Daly City, fire safety improvements to cars, and modifications of the automatic train controls along the trackway.

C-Cars

Work continued in France at the ALSTHOM ATLANTIQUE plant on prototypes of the newly designed C-Cars, 150 of which were ordered by BART in October 1982. The cars can be used as a lead car or in the middle of a train, increasing flexibility as one train can be changed into two shorter trains, or vice versa, without returning to a yard.

Four prototype C-Cars are to be delivered during FY 1984/85, with extensive testing scheduled prior to acceptance. These cars will include all of the fire safety improvements presently being made to the current fleet.

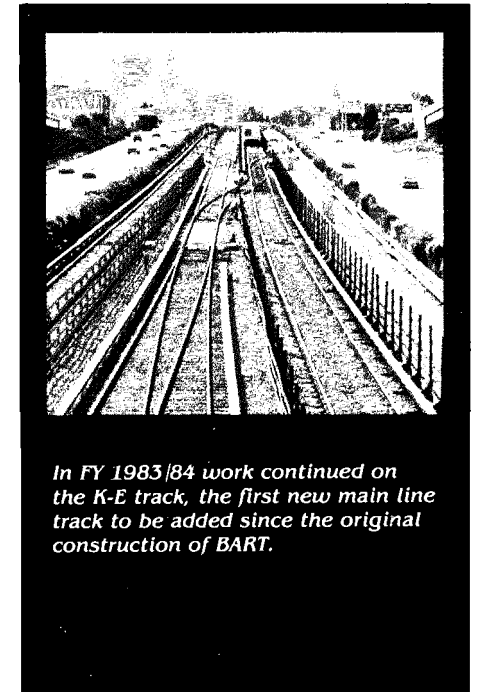
BART expects to obtain federal funds for approximately 47 percent of the total estimated cost of \$279 million.



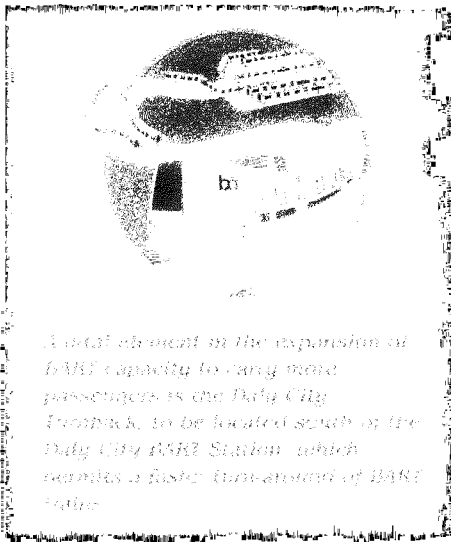
Prototypes of BART's new "C-Cars" are now being built by Alsthom Atlantique in its Raismes plant located in the northern industrial section of France.

New Train Control Computer Systems

During FY 1983/84, work progressed on the new Integrated Control System (ICS) to replace the present central control computers. The new system, which supervises main line train movements, is designed to accommodate the operation of 75 trains on the system at one time. This is more than a 50 percent increase over the capacity of the present system and will



In FY 1983/84 work continued on the K-E track, the first new main line track to be added since the original construction of BART.



A vital element in the expansion of BART's capacity to carry more passengers is the Daly City Turnback, to be located south of the Daly City BART Station, which permits a faster turnaround of BART trains.

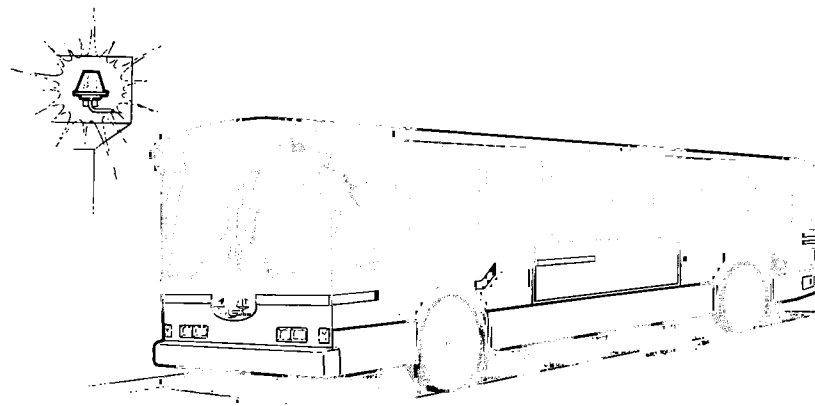
have an add-on capacity, allowing for systemwide operation of 115 trains at one time. This feature will accommodate future extensions of the rail system.

Completion of the first phase of ICS is scheduled for January, 1987, and is estimated to cost approximately \$25.5 million.

Development of an improved on-board automatic train control system was begun by Westinghouse Electric Corporation during FY 1983/84, with the prototype system due for delivery in time for testing with the prototype C-Cars.

K-E Track

Work continued on the final phase of the K-E track, installation of running rail, power equipment and the wayside control system from the Oakland West BART station to the MacArthur BART station. When completed in 1985, the 1.5 mile connection, which goes through a third tunnel from Washington Street to 23rd Street, will be the first addition of main line track since BART's original construction.



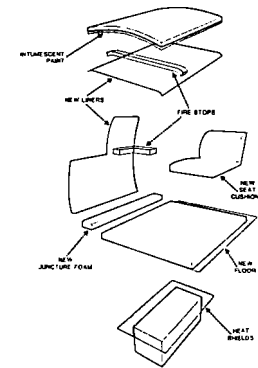
The special beacon light located at five of BART's east bay stations signals the drivers of BART Express Buses that a train is entering the station.

The K-E track will provide an additional route through the congested Oakland WYE and also can be used for train storage.

Total cost of this project is \$24 million, with approximately 80 percent coming from federal funds.

Daly City Turnback and Storage Yard

Engineering studies were completed for the Daly City Turnback



The objective of BART's \$21 million "fire-hardening" program is to make BART cars among the most fire safe in the world.

and Storage Yard, with construction scheduled to begin during FY 1984/85. The project will allow trains to reverse direction from the Daly City terminal at more frequent intervals, as well as provide critical train storage to support West Bay operations.

Federal funds are anticipated for approximately 74 percent of the \$150 million project. The turnback is scheduled for completion by late 1987 and the yard is to be completed during the spring of 1988.

Fire Safety Improvements

BART put on public display a "fire-hardened" transit car on November 29, 1983, the first of the 439-car fleet undergoing extensive retrofitting to reduce the possibility of fire on board or under a BART car. By the end of FY 1983/84 work on 20 cars had been completed.

The \$21 million program, with 28 percent of the cost coming from federal funds, involves retrofitting each car with a heat-resistant liner and replacing the polyurethane floor with a balsa and metal floor. BART has replaced seat cushions with a low smoke neoprene material, which has already proven its ability to resist fires in scattered arson attempts.

Wayside Train Controls

At the close of FY 1983/84 the System Performance Study produced initial insights into the types of modifications to the wayside automated train control (ATC) which will be required to achieve a 2.25-minute headway. These modifications will be an integral part of BART's capacity expansion.

Improving Station Access

BART took a number of steps to make it easier for patrons to reach stations, including improving bus lanes and adding parking spaces.

A busway canopy was installed at the Daly City BART station.

Bus lanes and station access roads were improved at the Bay Fair, Concord, El Cerrito Del Norte, Fremont, Fruitvale, Hayward, Richmond, San Leandro, and Union City BART stations.

For the convenience of patrons who make connections between BART and AC Transit buses each day, special beacon lights were installed at five BART East Bay stations to indicate to passengers that a train is arriving at the station platform, as well as to signal bus drivers to wait for passengers who are leaving the train. The lights are controlled by a microprocessor, triggered as the trains approach the station.

A new midday parking lot opened at the Glen Park BART station in San Francisco, and work began on plans to complete 1,190 additional parking spaces by the end of FY 1984/85.

MetroCenter Opens

In March, some 150 BART employees moved into the recently completed MetroCenter, the \$12.6 million, four-story governmental condominium located across the street from the Lake Merritt Administration Building.

BART occupies 42,133 square feet of the building, which it shares with the Metropolitan Transportation Commission and the Association of Bay Area Governments. All of BART engineering personnel are now located next to the main administrative facility.

A new central telephone system also was installed in March, eliminating the need for all outside calls to go through the central switchboard.



Located across the street from BART's Administration Building, in downtown Oakland, the MetroCenter is the first governmental condominium in the area and houses the staffs of the Association of Bay Area Governments, the Metropolitan Transportation Commission, and a portion of the BART staff.

Finance

Funding the Present and the Future

BART ended the year on a sound financial basis. Total operating expense was 6.1 percent below budget and total revenue was 1.7 percent above budget, although net passenger revenue was 0.8 percent under budget.

Total operating expenditures for FY 1983/84 were \$134.0 million, compared to a budgeted amount of \$142.8 million adopted in June 1983.

Operating Revenue

Net passenger revenue in FY 1983/84 was \$65.5 million, com-

pared to \$61.0 million for the previous fiscal year. Total operating

revenue (including interest income and income from advertising in trains and stations) was \$72.6 million for FY 1983/84, or 9.0 percent higher than the previous fiscal year.

The District's farebox ratio remained above the 40 percent objective at 48.9 percent, about the same as last year's 49.1 percent.

The operating ratio, the ratio of passenger fares and other operating revenues to operating expenses, was 54.1 percent, up from

last year's operating ratio of 53.6 percent.

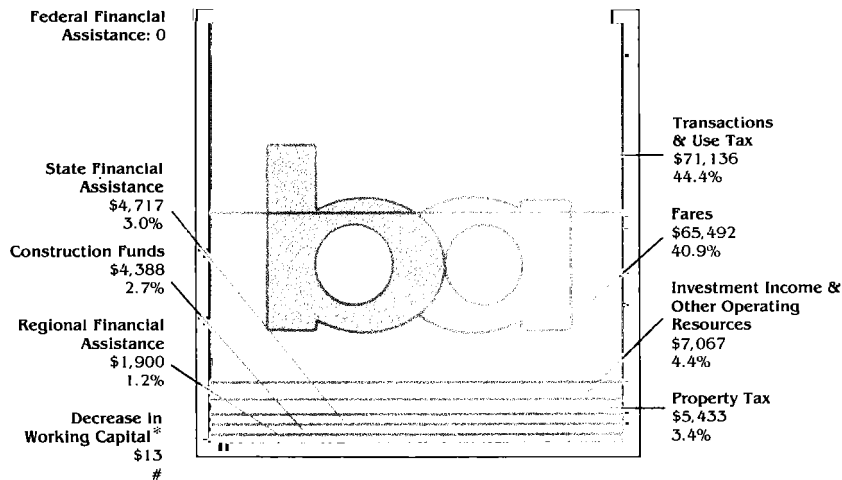
Rail cost per passenger mile was 16.6 cents, well below the budgeted level of 18.1 cents. This compares favorably to the previous year's rail cost per passenger mile of 16.2 cents, an increase of only 2.5 percent.

Other Resources

In addition to these funds, BART received \$71.1 million in revenues
(Continued on page 10)

1983/84 Operating Funds – \$160,146,000 (Including Capitalized Costs)

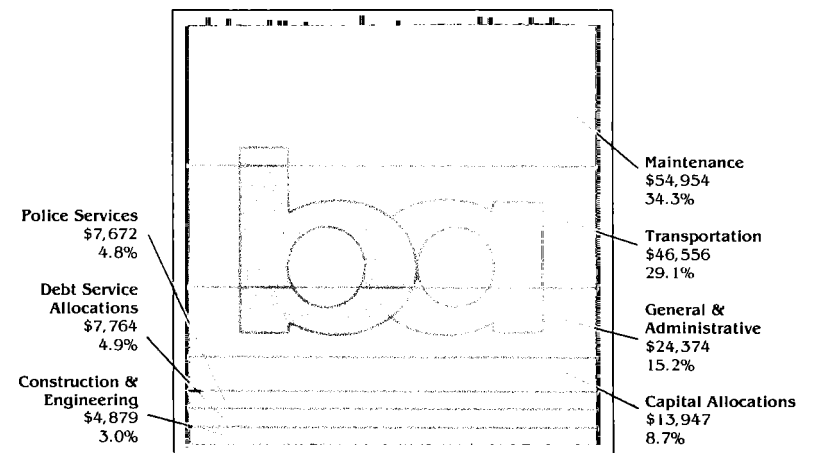
Where Funds Came From (in thousands)



*Funded excess of expenses over revenues.

#Less than 0.01 percent.

How Funds Were Applied (in thousands)



PERFORMANCE HIGHLIGHTS

	FY 1983/84	FY 1982/83
Rail Ridership		
Annual passenger trips	58,277,463	53,699,387
Average weekday trips	202,536	186,293
Average trip length	13.1 miles	13.5 miles
Annual passenger miles	761,799,000	725,077,000
System utilization ratio (passenger miles to available seat miles)	35.4%	34.5%
End-of-period ratios:		
Peak patronage	51.9%	54%
Offpeak patronage	48.1%	46%
BART's estimated share of peak period transbay trips – cars, trains & buses	36.8%	35.5%
Passengers with automobile available (as alternative to BART)	57%(a)	57%
Operations		
Annual revenue car miles	29,852,000	29,177,000
Unscheduled train removals – average per revenue day	2.2	4.5
Transit car availability to revenue car fleet (b)	89.6%	89.1%
Passenger miles per equivalent gallon of gasoline	84.8	81.0

	FY 1983/84	FY 1982/83
Passenger accidents reported per million passenger trips	17.09	16.24(c)
Patron-related crimes reported per million passenger trips	23.01	18.99
Financial		
Net passenger revenues	\$ 65,492,000	60,965,000
Other operating revenues	7,067,000	5,618,000
Total operating revenues	72,559,000	66,583,000
Net operating expenses	134,047,000	125,281,000
Farebox ratio (net passenger revenues to net operating expenses)	48.85%	49.07%
Operating ratio (total operating revenues to net operating expenses)	54.12%	53.59%
Net rail passenger revenue per passenger mile	8.4¢	8.2¢(c)
Rail operating cost per passenger mile	16.6¢	16.2¢
Net average rail passenger fare (d)	\$1.10	\$1.11

Notes

General note: Data represent annual averages unless otherwise noted.

(a) Updated figures not available

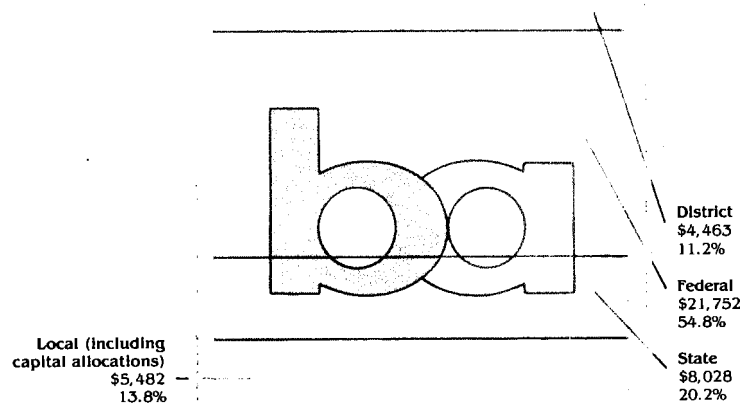
(b) At 8 a.m. each day

(c) Revised

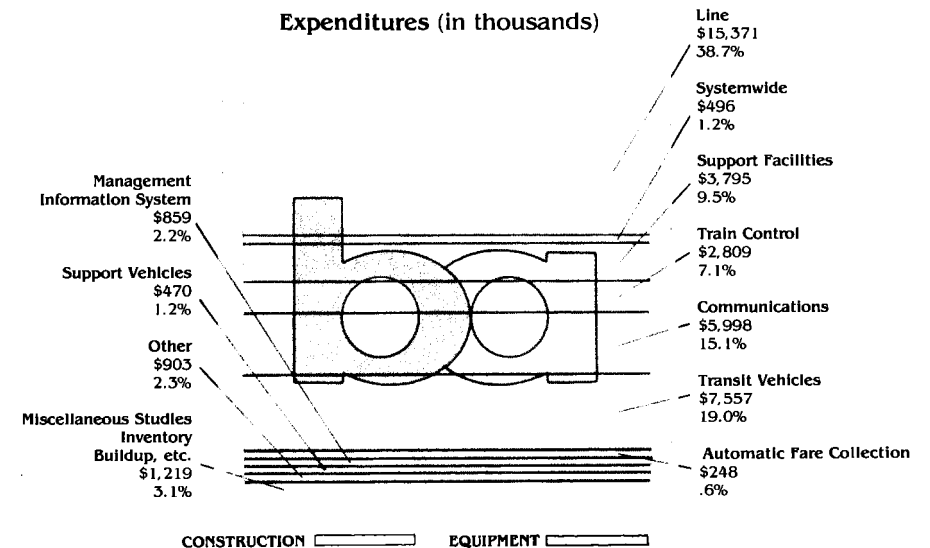
(d) Includes BART/MUNI Fast Pass beginning April 1983

1983/84 Capital Funds \$39,725,000

Source of Funds (in thousands)



Expenditures (in thousands)



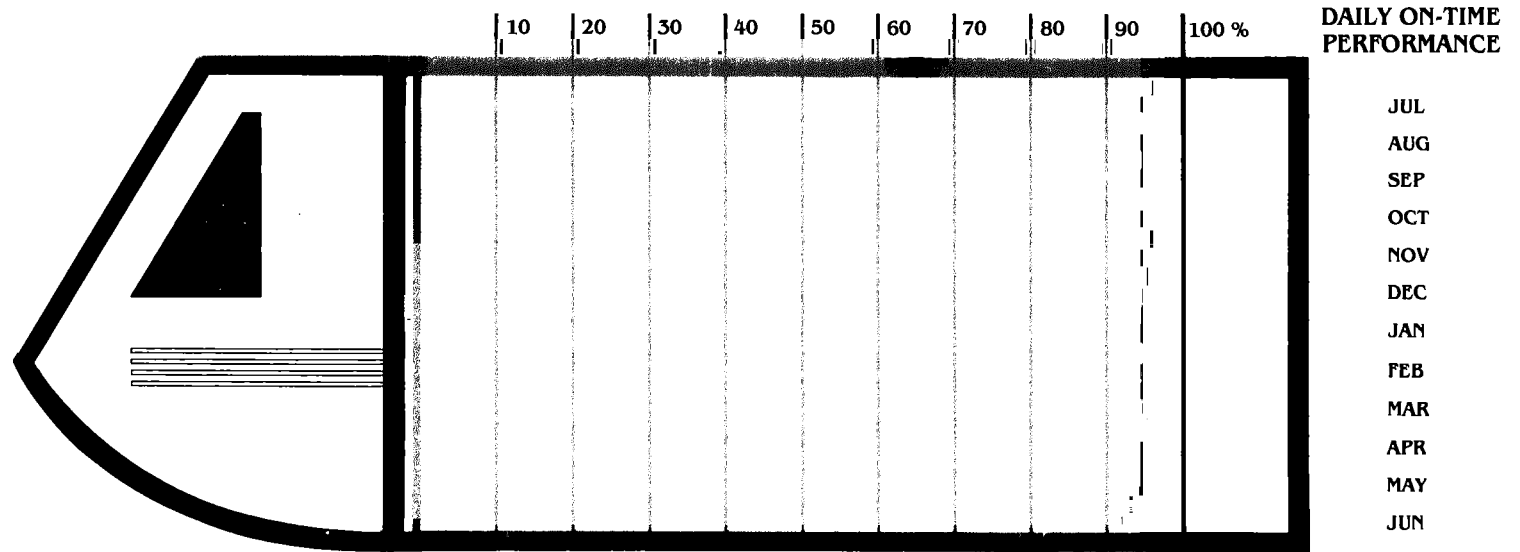
Other Revenues – continued

from 75 percent of the one-half cent transit sales tax in the three BART counties, \$6.6 million in State Transportation Development Act (TDA) funds and State Transit Assistance (STA), and \$5.4 million in property tax as its share of the one percent maximum property tax available to all local governments.

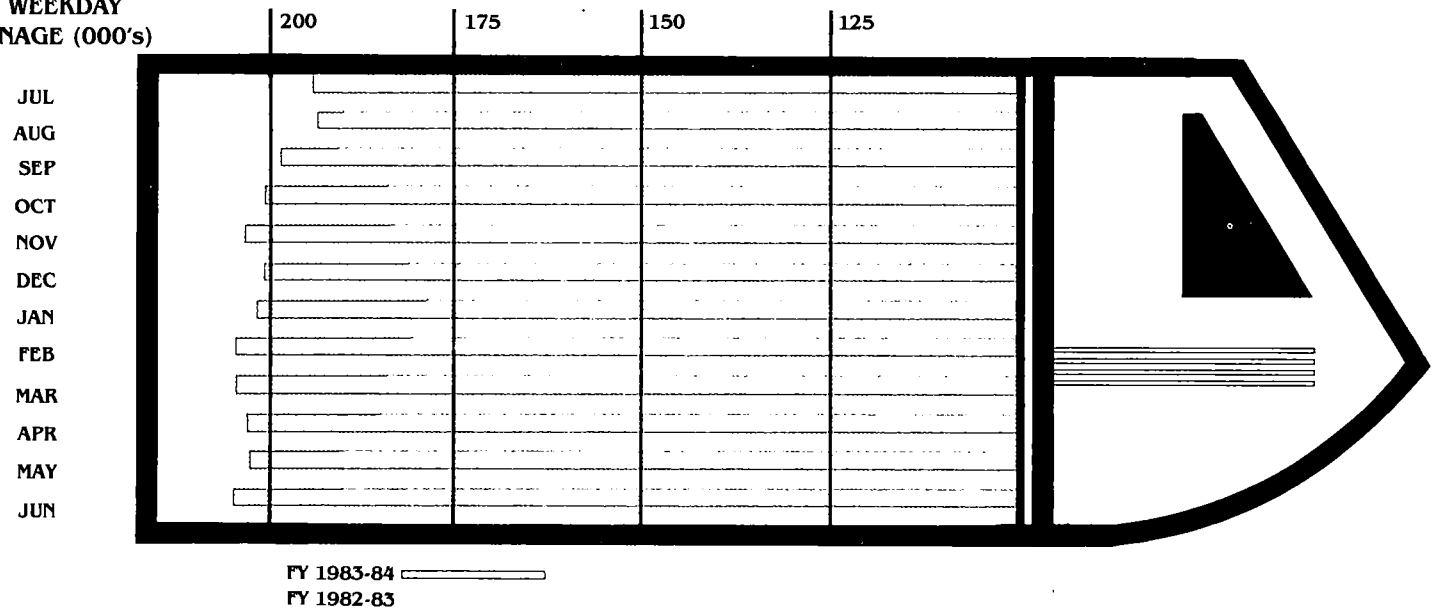
Directors once again were able to reduce the property tax BART levies for repayment of the general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 6.17 cents per one hundred dollars of assessed value, down from 6.28 cents the previous fiscal year. The property tax generated revenues of \$50.7 million from property owners in Alameda, Contra Costa and San Francisco Counties, the three counties making up the district.

In the city of Berkeley, where voters approved a special service district in 1966 to finance subway construction through their city, the Board of Directors set a property tax rate of 2.94 cents per hundred dollars of assessed valuation, which raised revenues of \$702,000.

During FY 1983/84, BART awarded a total of \$7.55 million in goods and services contracts to Disadvantaged Business Enterprises (DBE) and Women Business Enterprises (WBE). This represents 29.2 percent of the total of \$25.54 million let for such contracts. This was 14.9 percent above last fiscal year and 9.2 percent above the District's DBE/WBE goal of 20 percent.



AVG WEEKDAY PATRONAGE (000's)



Financial Statements

The Board of Directors

San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1984 and 1983 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1984 and 1983 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Adams, Grant, White & Co.
Certified Public Accountants
August 31, 1984

Main Hurdman
Certified Public Accountants

BALANCE SHEET

June 30, 1984 and 1983 (In Thousands)

	1984	1983
ASSETS		
Cash (including time deposits: 1984, \$10,807; 1983, \$15,500)	\$ 12,438	\$ 17,273
Securities	169,548	132,259
Securities representing reserves	34,684	45,502
Deposits, notes and other receivables	45,503	22,610
Construction in progress	67,191	53,288
Facilities, property and equipment — at cost (less accumulated depreciation and amortization: 1984, \$286,959; 1983, \$257,350)	1,292,378	1,296,115
Materials and supplies — at average cost	13,134	12,701
Debt service funds, net assets	38,619	21,859
	<u>\$1,673,495</u>	<u>\$1,601,607</u>
LIABILITIES AND CAPITALIZATION		
Notes payable	\$ 16,000	\$ —
Payroll and other liabilities	44,938	35,966
Unearned passenger revenue	1,432	1,382
Debt service funds	38,619	21,859
	<u>100,989</u>	<u>59,207</u>
Capitalization:		
Reserves	34,684	45,502
General Obligation Bonds	568,485	597,450
Sales Tax Revenue Bonds	65,000	65,000
Net Capital Investment	904,337	834,448
	<u>1,572,506</u>	<u>1,542,400</u>
	<u>\$1,673,495</u>	<u>\$1,601,607</u>

STATEMENT OF OPERATIONS

Years Ended June 30, 1984 and 1983 (In Thousands)

	1984	1983
Operating revenues:		
Fares	\$ 72,125	\$ 67,491
Less discounts and other deductions	6,633	6,526
	<u>65,492</u>	<u>60,965</u>
Other	1,350	1,058
Investment income	5,717	4,560
Total operating revenues	<u>72,559</u>	<u>66,583</u>
Operating expenses:		
Transportation	46,556	45,658
Maintenance	54,954	50,906
Police services	7,672	6,570
Construction and engineering	4,879	4,261
General and administrative	24,374	21,792
	<u>138,435</u>	<u>129,187</u>
Less capitalized costs	4,388	3,906
Net operating expenses	<u>134,047</u>	<u>125,281</u>
Operating loss before depreciation expense	61,488	58,698
Depreciation (unfunded):		
Of assets acquired with own funds	16,819	16,870
Of assets acquired with grants and contributions by others	13,359	12,204
Total depreciation	<u>30,178</u>	<u>29,074</u>
Operating loss	<u>91,666</u>	<u>87,772</u>
Financial assistance:		
Transactions and use tax	71,136	62,847
Property tax	5,433	5,068
State	4,717	2,439
Transportation Development Act of 1971	1,900	3,000
Debt service allocations	(7,764)	(4,525)
Capital allocations	(13,947)	(10,720)
Total financial assistance	<u>61,475</u>	<u>58,109</u>
Net loss	<u>30,191</u>	<u>29,663</u>
Depreciation of assets acquired with grants and contributions by others	13,359	12,204
Net loss transferred to accumulated deficit	<u>\$ 16,832</u>	<u>\$ 17,459</u>
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$ 61,488	\$ 58,698
Deduct financial assistance	61,475	58,109
Funded excess of expenses over revenues	<u>\$ 13</u>	<u>\$ 589</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT
Years Ended June 30, 1984 and 1983 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
Balance, July 1, 1982	\$179,430	\$150,000	\$568,085	\$ (86,216)	\$(126,220)	\$151,513	\$(47,017)	\$789,575
Net loss for the year	—	—	—	—	(17,459)	—	—	(17,459)
Proceeds from grants and contributions	—	—	31,214	—	—	—	—	31,214
Depreciation of assets acquired with grants and contributions by others	—	—	—	(12,204)	—	—	—	(12,204)
Interest on capital	—	—	—	—	—	14,687	—	14,687
Establishment of operating reserve	—	—	—	—	—	—	(7,500)	(7,500)
Decrease in vehicle replacement reserve	—	—	—	—	—	—	5,000	5,000
Decrease in system completion reserve	—	—	—	—	—	—	291	291
Decrease in system improvement reserve	—	—	—	—	—	—	3,724	3,724
Bond principal	27,120	—	—	—	—	—	—	27,120
Balance, June 30, 1983	206,550	150,000	599,299	(98,420)	(143,679)	166,200	(45,502)	834,448
Net loss for the year	—	—	—	—	(16,832)	—	—	(16,832)
Proceeds from grants and contributions	—	—	43,640	—	—	—	—	43,640
Depreciation of assets acquired with grants and contributions by others	—	—	—	(13,359)	—	—	—	(13,359)
Interest on capital	—	—	—	—	—	16,657	—	16,657
Establishment of construction fund reserve	—	—	—	—	—	—	(2,133)	(2,133)
Increase in construction fund reserve	—	—	—	—	—	—	(117)	(117)
Decrease in system completion reserve	—	—	—	—	—	—	3	3
Decrease in system improvement reserve	—	—	—	—	—	—	8,565	8,565
Decrease in operating reserve	—	—	—	—	—	—	4,500	4,500
Bond principal	28,965	—	—	—	—	—	—	28,965
Balance, June 30, 1984	<u>\$235,515</u>	<u>\$150,000</u>	<u>\$642,939</u>	<u>\$(111,779)</u>	<u>\$(160,511)</u>	<u>\$182,857</u>	<u>\$(34,684)</u>	<u>\$904,337</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
1—Summary of Significant Accounting Policies

Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

It is the District's policy to hold investments until their maturity and, accordingly, securities are carried at cost. At June 30, 1984 and 1983, cost exceeded market value by \$7,067,000 and \$1,610,000, respectively. The face value of securities exceeded cost at June 30, 1984 and 1983.

Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended June 30, 1984 and 1983 (In Thousands)

	1984	1983
Cash and securities (used) provided by:		
Operations:		
Net loss transferred to accumulated deficit	\$(16,832)	\$(17,459)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	16,819	16,870
Cash and securities (used) by operations	(13)	(589)
Issuance of Sales Tax Anticipation Notes	16,000	—
Issuance of Sales Tax Revenue Bonds	—	65,000
Contributions from U.S. Government grants and others	43,640	31,214
Increase in payroll and other liabilities	8,972	7,424
Increase in unearned passenger revenue	50	132
Interest on capital	16,657	14,687
Total cash and securities provided	<u>85,306</u>	<u>117,868</u>
Cash and securities applied to:		
Increase in deposits, notes and other receivables	22,893	13,461
Additions to construction in progress	13,903	11,206
Additions to facilities, property and equipment	26,441	23,324
Additions to materials and supplies	433	778
Total cash and securities applied	<u>63,670</u>	<u>48,769</u>
Increase in cash and securities	<u>\$ 21,636</u>	<u>\$ 69,099</u>

The accompanying notes are an integral part of these financial statements.

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES
Years Ended June 30, 1984 and 1983 (In Thousands)

	-----Year Ended June 30, 1984-----			Year Ended June 30, 1983
	General Obligation Bonds	Sales Tax Revenue Bonds	Sales Tax Anticipation Notes	Combined
Revenues:				Combined
Property tax	\$50,899	\$ —	\$ —	\$50,899
District deposits for principal payment	—	—	16,000	16,000
Bond proceeds	—	—	—	6,308
Accrued interest from bond sale	—	—	—	210
Allocations from District revenues	—	6,785	979	7,764
Interest	2,087	509	138	2,734
Total Revenues	<u>52,986</u>	<u>7,294</u>	<u>17,117</u>	<u>77,397</u>
Expenditures:				
Interest	24,488	6,308	—	30,796
Principal	28,965	—	—	28,965
Bond service expense	—	6	—	6
Interest transmitted to District	—	870	—	870
Total Expenditures	<u>53,453</u>	<u>7,184</u>	<u>—</u>	<u>60,637</u>
Balance, beginning of year	(467)	110	17,117	16,760
Balance, end of year	<u>12,019</u>	<u>9,840</u>	<u>—</u>	<u>21,859</u>
Total Balance	<u>\$11,552</u>	<u>\$9,950</u>	<u>\$17,117</u>	<u>\$38,619</u>
Represented by:				
Cash (including time deposits: 1984, None; 1983, \$200)	\$ 23	\$ —	\$ —	\$ 23
Securities	9,903	—	—	9,903
Taxes and interest receivable	1,626	—	—	1,626
Assets with fiscal agent	—	9,950	17,117	27,067
Total Represented by	<u>\$11,552</u>	<u>\$9,950</u>	<u>\$17,117</u>	<u>\$38,619</u>

NOTES TO FINANCIAL STATEMENTS—CONT'D

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District's appointed trustee for the purpose of paying bond and note interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as special deposits and debt service allocations upon receipt of the net amount. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1984 to June 30, 1984 will be approximately \$15,525,000. Of this amount, \$4,657,500 had been received and recorded by the District. Comparable figures for 1983 were \$13,365,000 and \$4,009,500, respectively.

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

In accordance with this policy, management allocated to net capital investment \$11,766,000 of interest revenue earned on assets held in the General Operating Fund but which related to capital projects.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

Capital Allocations

The Board of Directors allocates a portion of unrestricted financial assistance and general fund revenues to net capital investment for capital projects.

NOTES TO FINANCIAL STATEMENTS—CONT'D

2—Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	------(In Thousands) -----	
	1984	1983
Basic System Completion	\$12,287	\$12,290
System Improvement	8,147	16,712
Construction:	2,250	—
Self-Insurance	9,000	9,000
Operating	3,000	7,500
	<u>\$34,684</u>	<u>\$45,502</u>

3—Facilities, Property and Equipment

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1984 and 1983 are summarized as follows:

	Lives (Years)	------(In Thousands) -----			
		-----1984-----		-----1983-----	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 113,134	\$ —	\$ 108,263	\$ —
Improvements	80	1,062,480	138,559	1,050,753	125,171
System-wide operation and control	20	114,353	49,939	112,761	44,390
Revenue transit vehicles	30	157,663	51,845	155,963	46,596
Service and miscellaneous equipment	3 to 20	20,775	10,114	18,792	8,543
Capitalized construction and start-up costs	30	103,557	34,288	99,437	30,647
Repairable property items	30	7,375	2,214	7,496	2,003
		<u>\$1,579,337</u>	<u>\$286,959</u>	<u>\$1,553,465</u>	<u>\$257,350</u>

4—General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	------(In Thousands) -----					
			Original Amount		-----1984-----		-----1983-----	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	3.97%	1999	\$792,000	\$792,000	\$30,350	\$560,925	\$28,575	\$589,500
1966 Special Service District Bonds	4.37%	1998	20,500	12,000	410	7,560	390	7,950
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$30,760</u>	<u>\$568,485</u>	<u>\$28,965</u>	<u>\$597,450</u>

4—General Obligation Bonds—cont'd

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$11,401,000 on General Obligation Bonds and \$166,000 on Special Service District No. 1 Bonds is payable on December 15, 1984.

The following is a schedule of principal repayments required under General Obligation Bonds as of June 30, 1984 (in thousands):

Year Ending June 30	1962 District Serial Bonds	1966 Special Service District Bonds	Total
1985	\$ 30,350	\$ 410	\$ 30,760
1986	32,400	420	32,820
1987	34,225	440	34,665
1988	36,250	460	36,710
1989	38,400	480	38,880
Later Years	389,300	5,350	394,650
	<u>\$560,925</u>	<u>\$7,560</u>	<u>\$568,485</u>

NOTES TO FINANCIAL STATEMENTS—CONT'D

5—Sales Tax Revenue Bonds

	Year Last Series Matures	------(In Thousands) -----					
		Original Amount		-----1984-----		-----1983-----	
		Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1969 Sales Tax Revenue Bonds	1977	\$150,000	\$150,000	\$ —	\$ —	\$ —	\$ —
1982 Sales Tax Revenue Bonds	2008	65,000	65,000	490	65,000	—	65,000
		<u>\$215,000</u>	<u>\$215,000</u>	<u>\$490</u>	<u>\$65,000</u>	<u>\$ -0-</u>	<u>\$65,000</u>

The 1969 Legislature of the State of California authorized the District to impose a ½% transactions and use tax within the District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million to be used for operations. Payment of these Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is allocated to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission.

In October 1982, the District issued revenue bonds totaling \$65 million to pay a portion of the cost of acquisition of 150 rail transit vehicles and related automatic train control equipment for use in the District's existing rapid transit system. The 1982 Bonds are special obligations of the District payable from and secured by a pledge of revenues, including certain sales tax revenues, all passenger fares and certain property tax revenues. Bond coupon rates range from 7% to 10% depending upon the various maturity dates. The bonds maturing on or after July 1, 1992 are redeemable prior to maturity at the option of the District on various dates at prices ranging from 103% to 100%. The bonds maturing July 1, 2008 are also subject to redemption to satisfy sinking account installments on or after July 1, 2002 at 100%.

Taxes collected by the State Board of Equalization are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1, principal annually on July 1 and expenses of the trustee. Monies not required for these purposes are transmitted to the District. Interest of \$3,154,000 is payable on July 1, 1984. Additionally, the trustee retains amounts needed for the payment of principal and interest on \$16 million Sales Tax Anticipation Notes maturing in July 1984 (see Note 6). Taxes received by the trustee during the current fiscal year were \$71,136,000 of which \$23,764,000 was retained by the trustee for the above purposes and \$47,372,000 was transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as special deposits and debt service allocations upon receipt of the net amount.

The following is a schedule of principal repayments required under Sales Tax Revenue Bonds as of June 30, 1984 (in thousands):

Year Ending June 30	1982 Sales Tax Revenue Bonds
1985	\$ 490
1986	545
1987	610
1988	685
1989	765
Later years	61,905
	<u>\$65,000</u>

6—Sales Tax Anticipation Notes

In July 1983, the District issued \$16 million in subordinated Sales Tax Anticipation Notes to provide interim financing to defray operating expenses payable from the General Operating Fund of the District. These notes are payable from taxes, revenue, and other moneys received by the General Operating Fund for fiscal year 1983/1984. Interest of \$979,000 is payable in July 1984, when the notes mature.

7—U.S. Government Grants

Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1984 is as follows:

Type of Grant	------(In Thousands) -----	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,360	13,331
Capital	439,637	340,170
	<u>\$454,958</u>	<u>\$355,462</u>

8—Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

9—Public Employees' Retirement System

The District contributes to the Public Employees' Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain state and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$7,505,000 and \$6,111,000 in 1984 and 1983, respectively.

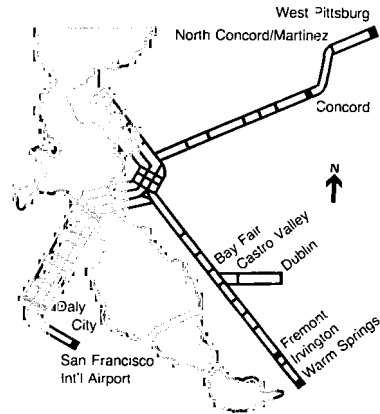
10—Deferred Compensation Plan

The District has deposited funds with a custodian pursuant to the District's deferred compensation plan. These deposits together with earnings had a market value of \$11,070,000 as of June 30, 1984. This amount is reflected on the balance sheet in deposits, notes and other receivables and in payroll and other liabilities.

11—Subsequent Events

In July 1984, the District sold \$19,860,000 in subordinated Sales Tax Anticipation Notes to defray operating expenses payable from the General Operating Fund of the District. In addition, the District sold \$10,900,000 in Grant Anticipation Notes to provide short-term financing for certain capital expenditures. The issuance of these temporary notes is in anticipation of the receipt of taxes, grants, revenue, and other moneys to be received by the General Operating Fund of the District during or allocable to fiscal year 1984/1985.

Looking to the Future



Phase I Extensions — Adopted February, 1984

Extension of Services and Capacity

Acquisition of station sites for extension is in progress with the initial effort focusing on the complete acquisition of parcels in Phase I of the BART Extension Policy. Interim usage of these sites will be coordinated with the District's planned improvements to its Express Bus program to provide freeway-oriented, park/ride lots for the Express Bus operations.

Properties acquired for extension of the 71-mile basic system include two parcels in Castro Valley for the Livermore-Pleasanton extension, one parcel in Pittsburg for

the West Pittsburg station, three parcels in Antioch for the Antioch station and one parcel in Fremont for the Irvington station.

Phase I of the BART Extension Policy extends the system to North Concord/West Pittsburg, Irvington/Warm Springs, Castro Valley/Dublin and Daly City to San Francisco Airport in accordance with a policy commitment to an extension for San Francisco.

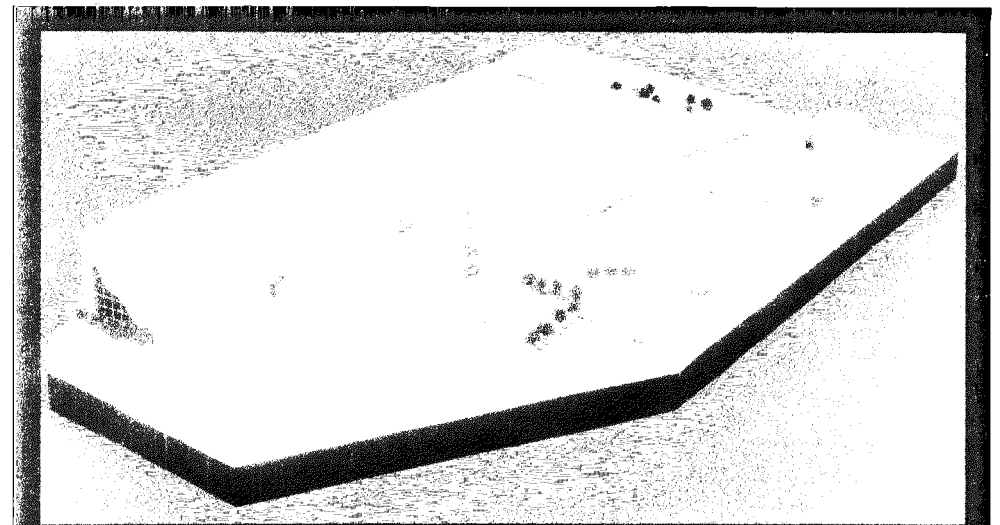
Station Area Development

BART made substantial progress during the past fiscal year toward its goal of encouraging appropriate development at BART stations. At Pleasant Hill, Contra Costa County approved a specific plan for the BART station area, which makes possible substantial commercial development on portions of BART land. At Walnut Creek, the City Council and the BART Board of Directors endorsed a preliminary development plan for the station site. Active joint planning efforts also were initiated in Richmond, El Cerrito and Concord.

Conclusion

With the close of the year, BART pointed with pride to its increasing role as a stable, reliable part of the region's public transit system. The

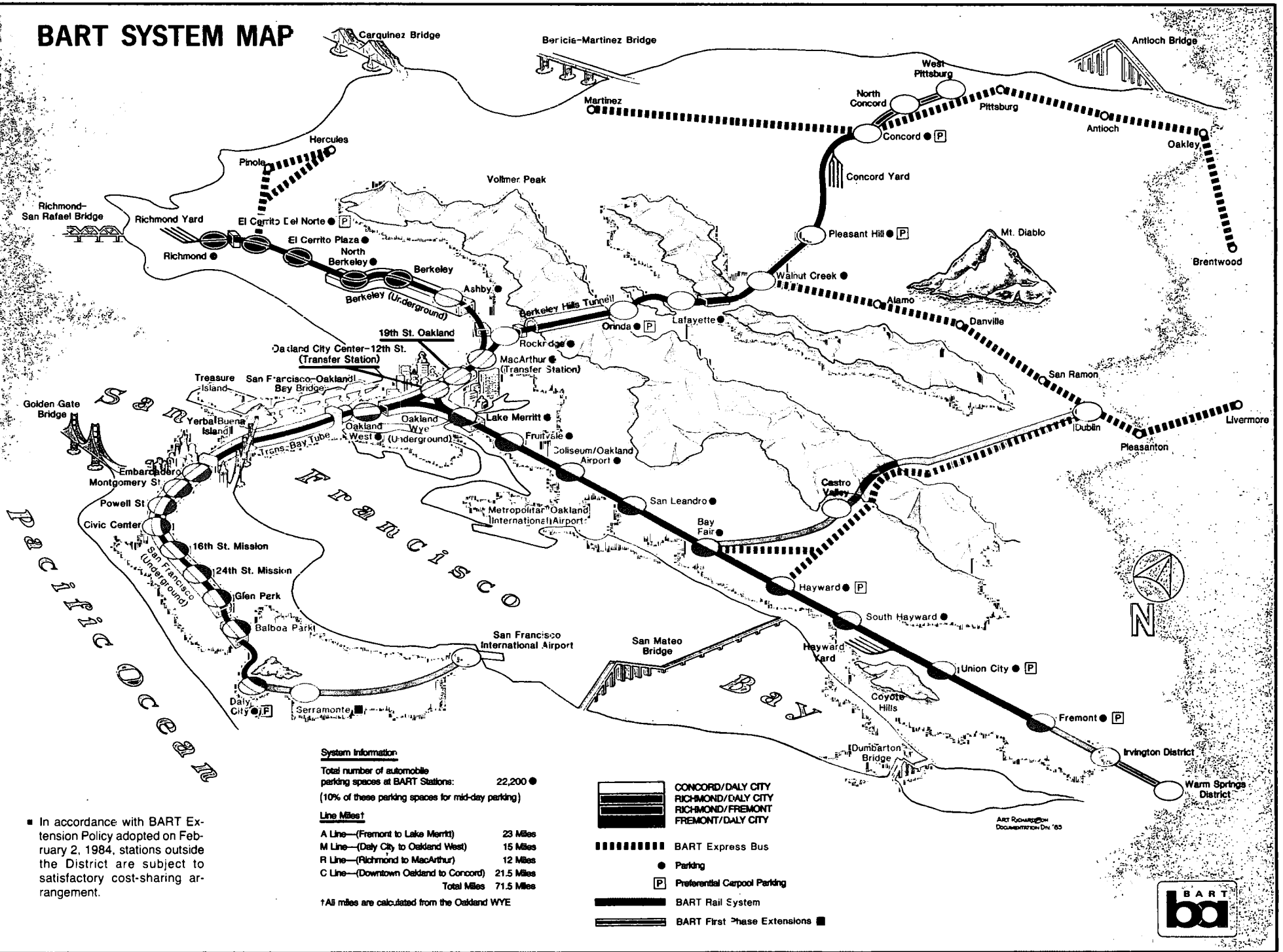
challenge for the future, for which preparations are well under way, is to keep pace with the growth of the San Francisco Bay Area.



BART selected winners in its second Station Area Student Design Competition for architectural design students, who were asked to design models for future development at the Fremont, Pleasant Hill, Richmond and San Francisco Civic Center BART stations.

The grand prize went to Wanda Nazaretian of the Oregon School of Design in Portland, who designed a "computer mart" around the Fremont BART station.

BART SYSTEM MAP



System Information






Total number of automobile parking spaces at BART Stations: 22,200 ●
 (10% of these parking spaces for mid-day parking)

Line Miles†

A Line—(Fremont to Lake Merritt)	23 Miles
M Line—(Daly City to Oakland West)	15 Miles
R Line—(Richmond to MacArthur)	12 Miles
C Line—(Downtown Oakland to Concord)	21.5 Miles
Total Miles	71.5 Miles

†All miles are calculated from the Oakland WYE

■ In accordance with BART Extension Policy adopted on February 2, 1984, stations outside the District are subject to satisfactory cost-sharing arrangement.

-  BART Express Bus
-  Parking
-  Preferential Carpool Parking
-  BART Rail System
-  BART First Phase Extensions ■



BART Planning Department
 Document No. 03



**SAN FRANCISCO BAY AREA RAPID
TRANSIT DISTRICT (BART)**

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (415) 464-6000

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the counties of Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS – Fiscal Year 1984

PRESIDENT

Arthur J. Shartsis, Oakland

VICE PRESIDENT

Nello Bianco, El Sobrante

MEMBERS OF THE BOARD

District #1 – Barclay Simpson, Lafayette

District #2 – Nello Bianco, El Sobrante

District #3 – Arthur J. Shartsis, Oakland

District #4 – Margaret K. Pryor, Oakland

District #5 – Robert S. Allen, Livermore

District #6 – John Glenn, Fremont

District #7 – Wilfred T. Ussery, San Francisco

District #8 – Eugene Garfinkle, San Francisco

District #9 – John H. Kirkwood, San Francisco

BOARD-APPOINTED OFFICERS

C. K. Bernard, *General Manager*

Malcolm M. Barrett, *General Counsel*

William F. Goetz, *Controller/Treasurer*

Phillip O. Ormsbee, *District Secretary*

DEPARTMENT HEADS REPORTING TO THE GENERAL MANAGER

Richard P. Demko, *Executive Manager, Maintenance & Engineering*

William B. Fleisher, *Chief Transportation Officer*

Howard L. Goode, *Planning & Analysis*

Michael C. Healy, *Public Affairs*

Ernest G. Howard, *Administrative Services*

John Mack, *Affirmative Action*

Hedy Morant, *Budget & Capital Program Control*

Thomas R. Sheehan, *Information Systems*

William Thomas, *Material Management & Procurement*

Ralph S. Weule, *Safety*

Larry A. Williams, *Employee Relations*

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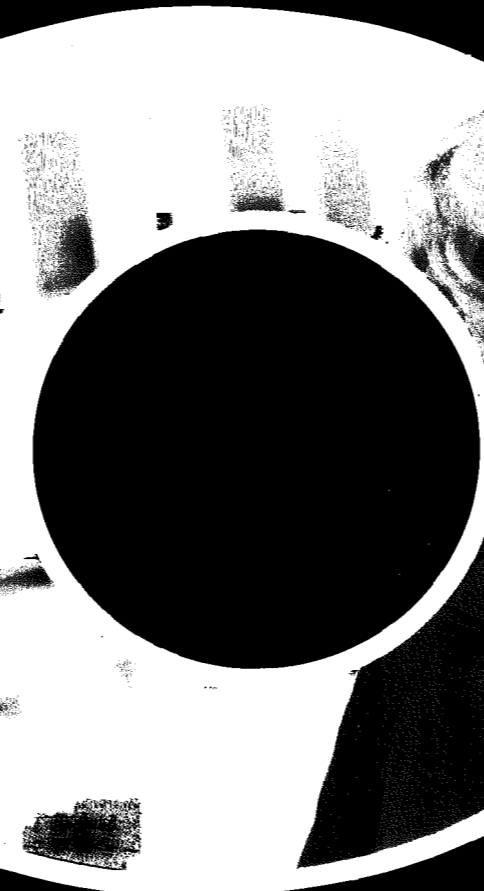
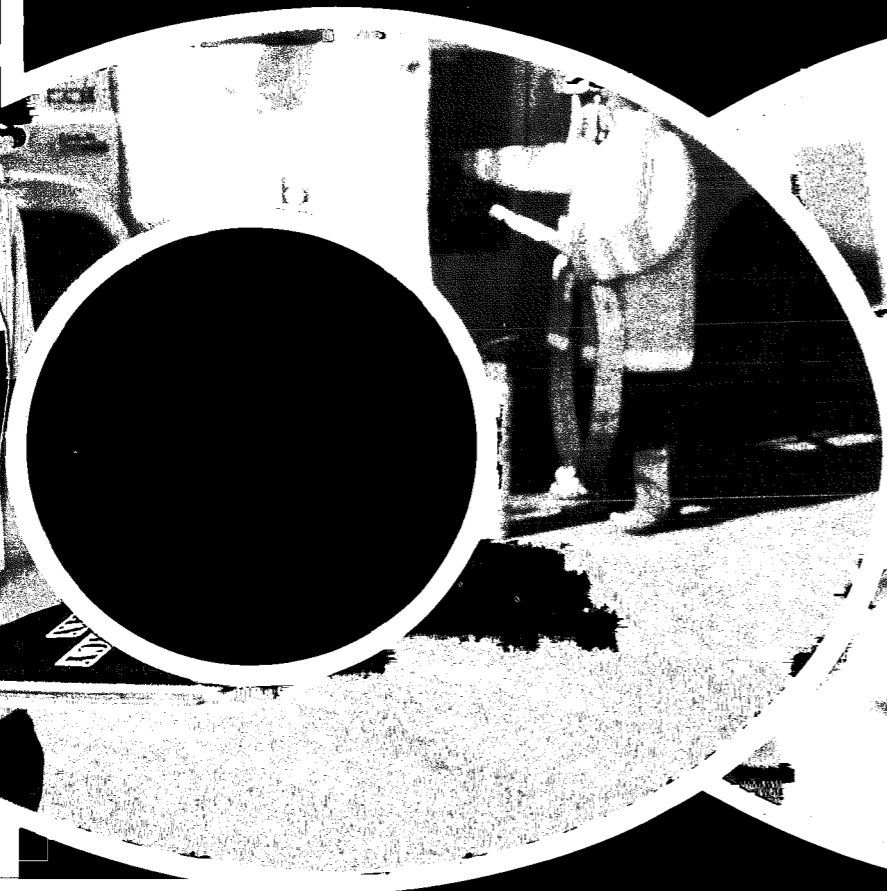
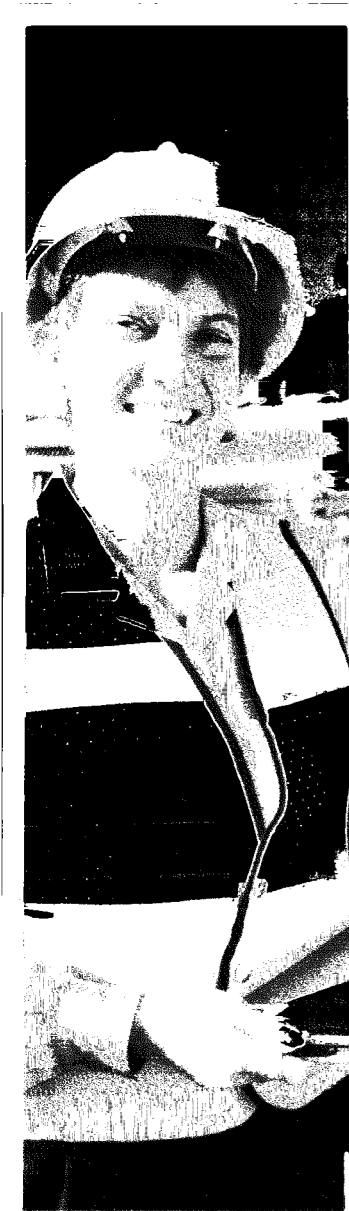
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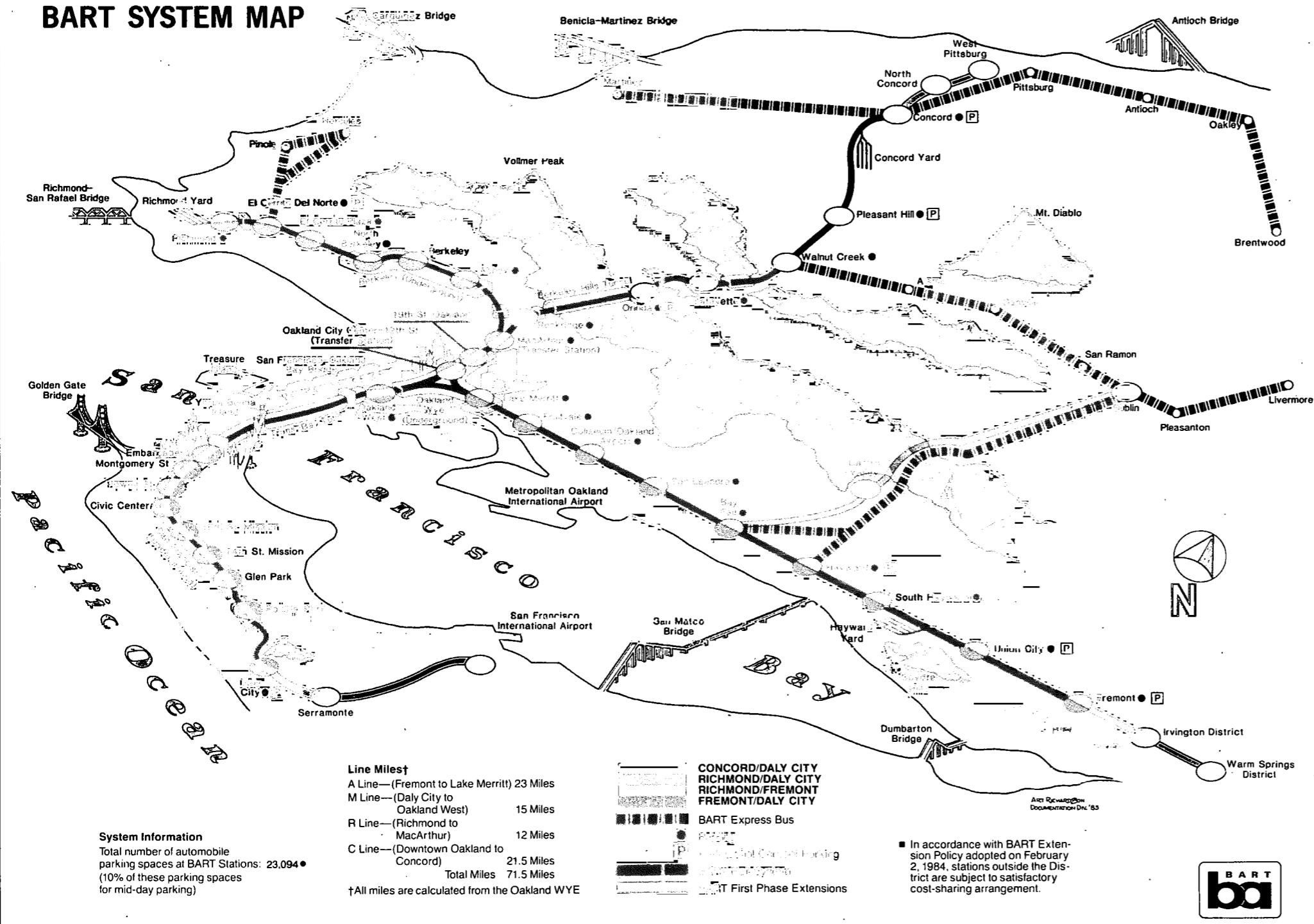
System Map: Arthur Richardson, BART Documentation



Bay Area Rapid Transit Annual Report 1984-85



BART SYSTEM MAP



Board of Directors

The members of BART's Board of Directors are representative of the diversity of the Bay Area's population, in terms of background, education, community involvement, and professional and business achievement. They bring to the Board the experience and expertise of running a business, cost analysis, urban planning, finance, community development, engineering, the law, insurance, and city government. They take an active role in a wide variety of community organizations and represent BART's interests on governmental committees throughout the Bay Area.

Barclay Simpson District 1

A member of the Board since 1976 and Board President in 1977. Chairman of the Board, Simpson Company, San Leandro; and owner, Barclay Simpson Art Gallery, Lafayette. Lives in Orinda.



Nello Bianco District 2

A member of the Board since 1969 and Board President in 1975 and 1980. Businessman. Former Richmond City Councilman. Lives in El Sobrante.



Arthur J. Shartsis District 3

A member of the Board since 1976 and Board President in 1984. A San Francisco attorney. Lives in Oakland.



Margaret K. Pryor
District 4

A member of the Board since 1980 and Chairperson in 1984 of the Administration Committee. Community Development Specialist. Active in national and local transportation and civil rights groups. Lives in Oakland.

Robert S. Allen
District 5

A member of the Board since 1974 and Board President in 1983. Railroad engineering and operations. Lives in Livermore.

John Glenn
District 6

A member of the Board since 1974. Board Vice-president, 1985. Board President, 1982. Chairman, Policy Committee, Fremont-South Bay Corridor Study. Founder and President, John Glenn Adjusters and Administrators. Lives in Fremont.

Wilfred T. Ussery
District 7

A member of the Board since 1978 and Board President in 1985. An urban planner. Active in Bay Area civic organizations. Past National Chairman, Congress of Racial Equality, 1967 to 1969. Lives in San Francisco.

Eugene Garfinkle
District 8

A member of the Board since 1977 and Board President in 1981. A San Francisco attorney. Lives in San Francisco.

John H. Kirkwood
District 9

A member of the Board since 1974 and Board President in 1979. He is a Director of the San Francisco Planning and Urban Renewal Association and Vice President of the National Association of Railway Passengers. Lives in San Francisco.



Message from the President

People sometimes ask me, "What does BART's Board of Directors actually do?" First of all, of course, my colleagues and I shape the Board policies that guide the day-to-day operations of BART's system and we oversee the spending of each and every dime of BART's money. That's part of our job, and it's a very important aspect of our responsibilities as stewards of the public's investment in BART's track and trains and staff.

Our stewardship also includes molding BART's policy structure so that it is responsive to the future and the vital role that BART can and should play in the Bay Area, against a background of population expansion and economic growth. The Board must seize those opportunities created by technological advances in areas which enjoy a symbiotic relationship to rapid rail such as urban development, fiber optics, and viable options for energy independence, including wind farms and other projects for cogeneration of electricity. My colleagues and I must set goals and help develop plans so that BART will not only meet the needs of its growing number of passengers but also provide leadership in community development in its broadest sense.

To fully understand the idea of community development, you only have to think of the importance of rivers and seaports, railroad routes and junctions, highway and freeway systems to see how different modes of transit also function as urban form-givers. From earliest times, means of transport have been the key factor in determining the location of cities and communities and the development of entire regions. With BART's ability to provide transportation throughout the Bay region and link people and communities, BART also functions

in this historic development context. BART is not simply a "people mover." Like other urban rapid rail systems, BART is giving shape and form to various aspects of the San Francisco Bay Region it serves.

BART's Joint Development Program provides the best example of how we, as a Board, have responded to the fact that we are not merely in the business of moving people from one point to another. The emergence of BART station areas as the prime development sites in the Bay Area has made BART a major factor in the shaping of economic growth and urban development throughout the region. Joint Development provides an opportunity for private developers and governmental agencies to make the most beneficial use of the immense locational advantages and related appreciation in value which accrue to land in the vicinity of BART's stations.

Our guidelines for Joint Development call for developing a general plan and environmental impact report for each station area in cooperation with local governments, sensitivity to market forces, utilization of the skills and know-how of private developers and enhancement of the potential for a return on the billion-dollar investment to build BART made by residents of the BART District whom we represent as Directors.

Another example of BART interest which goes beyond functioning simply as a "people mover" is our recent effort to make additional use of our rights-of-way throughout the Bay Area. Historically, there has been a linkage between railroad systems and communications networks, from early telegraph lines in rail rights-of-way to today's fiber optics cable installations in rail and mass transit rights-of-way.



BART, too, has a similar telecommunications capability which can become a major new income generator for BART due to its unique placement in the Bay region.

With the assistance of BART's professional staff, my colleagues and I are investigating the possibility of installing such fiber optics lines throughout our 71.5 miles of right-of-way. Hopefully, it will become a regional component of the national fiber optics network now being installed by America's telecommunication and rail industries. Further, each extension of BART will only enhance and expand this potential to develop an important interface with the emerging fiber optics-based information industry.

This emerging relationship between rapid rail systems and fiber optics will provide BART an important role in the information industry-driven trend towards decentralization, which will have as one of its principal features the substitution of communication for transportation—message flows for person flows—which

for many persons in the Bay Area will reduce the relative cost of transportation. This phenomenon, a product of the integration of the infrastructure of BART and the emerging bay region's fiber optics-based telecommunications and information industry, will become increasingly a major factor in diminishing the importance of the central place. This significant and unique region-forming capability, when coupled with joint development and achievement of energy independence, fundamentally projects BART into becoming an even more important agent for change for the San Francisco Bay Area.

Our ability to explore and develop such opportunities is predicated upon the measurable world-class success we now experience in our day-to-day operations which makes BART the premier rapid rail system in America. Our prime business is transit, and we will continue to have as our top priority the maintenance of an excellent on-time performance and car availability record, an airline's quality preventive maintenance program, one of the best farebox returns in the nation, and a good relationship with our organized labor forces.

Thus our role as stewards of this regional public enterprise compels us to balance as carefully as we can our objective for urban development and technological innovation in relation to BART's primary mission as a transit operator. It is an exciting challenge. I think we do it well.

Wilfred J. Ussery

**Wilfred T. Ussery, President
Board of Directors
San Francisco Bay Area
Rapid Transit District, 1985**

*"Safe and reliable transportation
at the lowest possible cost"*

Plans and People Help BART Reach Its Goals

BART is currently implementing its Short-Range Transit Plan to almost double the system's carrying capacity to serve growing population and employment centers. Upon completion, the \$519.7 million project will enable BART to operate 68 trains at one time.

The plan was prepared by BART's professional staff and approved by the District's Board of Directors. It is carried out by the men and women who constitute BART's work force.



BART Police Officer Mike Davis takes the fingerprints of the many children who participated in the Ident-A-Kid program.

Ident-a-Kid

During National Police Week in May, BART police provided to parents a free set of their children's fingerprints for identification purposes. The service was provided at special booths set up at five BART stations.



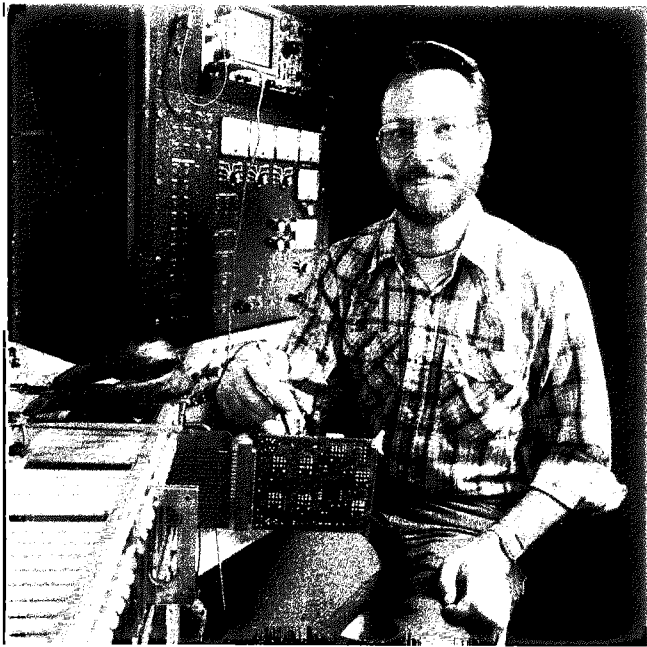
Mike Sargent, station agent, who with his more than 190 colleagues are in the first line of service to BART patrons.

BART Police

Few passengers realize that BART's police force, which is composed of 133 "sworn personnel" and 30 civilian employees, is a fully accredited law enforcement agency. BART police cooperate with 16 different police jurisdictions in four counties and with nine district attorney offices handling BART cases. BART police, for example, are working with police officers from Berkeley to prevent threats, thefts, assaults and annoying behavior to BART passengers. BART police walk a beat jointly with Berkeley police in and about the Berkeley BART Station. The prime objective of the cooperative effort is to reduce criminal activity and create a safer environment in the downtown Berkeley area surrounding the Berkeley BART Station. Incidents of pickpocketing alone at the Berkeley Station were reduced considerably as a result of this joint effort.

Most crimes against BART passengers take place in BART's parking lots, not on its trains or in its 34 stations.

BART's passenger-related crime rate for the year was 23.4 incidents per million trips, based on 1,442 passenger-related crimes, of which 808 were for disorderly conduct and 634 were for all other categories.



Carl Smith, an electronic technician (ET) at the Concord Yard.

Tracking Patronage

During BART's 1984-1985 operating year, 60,798,419 passenger trips were made on the system, a record number surpassing by 4.3 per cent the previous high of 58,277,463 set in 1983-1984. BART weekday patronage averaged 211,612 trips during the year, an increase of 4.5 per cent. Approximately one-half of those trips, 105,441, took place during the four peak travel hours in the morning and afternoon. Transbay trips constituted just about half of all weekday BART travel. This high patronage demand during the peak periods, along with fluctuating travel patterns at other times, requires careful planning by BART of its use of personnel and equipment.

Keeping track of BART patronage through the transmission of faregate information to a central computer enables BART to schedule trains to best serve passenger needs. Special late night trains, for example, were provided during the five days of the Democratic National Convention, when weekday ridership averaged 226,989, a BART record.

Joint Development

The planning phase for Joint Development projects at BART's Walnut Creek and Pleasant Hill stations was virtually completed during the year. Office buildings containing retail shops, a restaurant and a parking garage are planned for the Pleasant Hill Station site.

Initial planning was carried out during the year for developments around the Richmond, Daly City and Concord Stations. BART's Joint Development program, which was approved by the Board of Directors in 1984, encourages private developers to utilize BART-owned property at station sites. Benefits include additional jobs for local communities and a boost in revenues to BART from increased ridership and developer leases.



Katharine P. Ogden, Joint Development Coordinator, holds the plot plan for joint development at the Pleasant Hill BART station.

Ride With Pride

Thousands of elementary school children in Alameda, Contra Costa, and San Francisco counties are learning how to ride BART safely and how to keep its cars and stations clean through the BART Police "Ride with Pride" program. BART police officers visit classrooms and show a special film about BART. As a result of this effort, incidents of vandalism and malicious mischief have continued to decline.

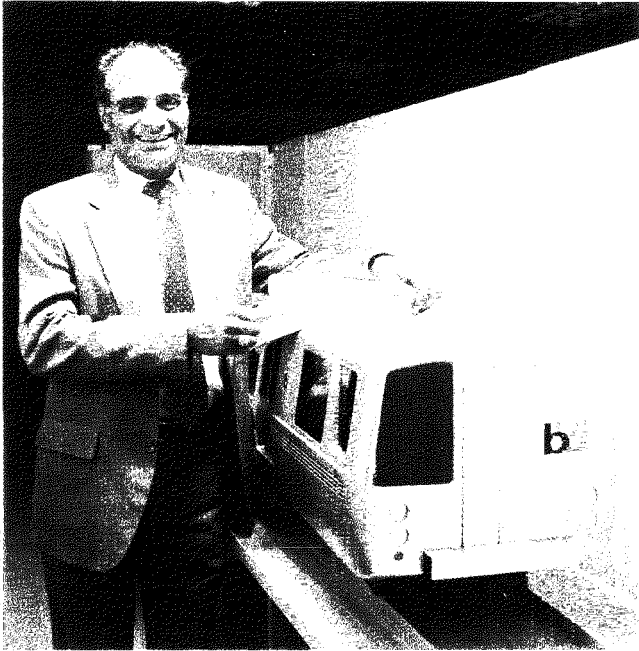
Daly City Turnback and Storage Yard

Work on the Daly City Turnback and Storage Yard, one of BART's key service-improvement projects, continued on schedule during the year. When completed in 1988 at a cost of \$150 million, the Daly City facilities will allow trains to reverse direction and return to service faster than is now possible. The goal is to increase BART's peak-period capacity by 85 per cent.

The project consists of three tracks, each approximately 1.5 miles long, extending south from the present Daly City BART Station, and a storage yard with a capacity to store 168 BART transit vehicles. Trains from Concord, Fremont and Richmond will be able to turn back and return to service in two minutes and thirty seconds, compared with the current turnback time of three minutes and 45 seconds.



Robert W. Mix, Project Manager of the Daly City Turnback and Storage Yard, completion of which is expected late in 1988.



Kris Hari, Manager, Special Projects, is shown with the 1/8 scale model of the new C-Car, which is expected to be in service by 1988.

C-Cars

Another component of BART's efforts to increase passenger capacity is the newly designed C-Car, envisioned by BART engineers for use at the front of the train as a lead or trailing car or in the middle of the train, allowing more flexible use of BART's entire fleet of cars. Each of the new aluminum cars will be equipped with an operator's compartment and an automatic train control system.

BART, following a competitive bid which confirmed that there were no American manufacturers of aluminum transit cars, ordered 150 of the new cars in October, 1982 from Alstom Atlantique, one of the world's leading manufacturers of railroad equipment. The entire cost of the C-Car program, including the automatic control systems, is estimated to be \$279.4 million and is scheduled for completion in 1988.

At present, BART is able to make available from its present 440 car fleet each day 103 A-Cars (head of trains) and 259 B-Cars (middle of trains).

K-E Track

BART's 1.5 mile K-E Track project, the first new mainline section of track to be added to the system since BART's original construction, continued during the year. The project, budgeted at \$25.4 million, provides a third track through a tunnel from Washington Street to 23rd Street in downtown Oakland, allowing disabled trains to be taken out of service without disturbing the movements of other trains. The new track also provides additional train storage capacity and an alternative service route in the area where three of BART's four routes converge. The K-E Track project includes the completion of the passenger crossover platforms at the 12th Street and 19th Street stations, construction of street overpasses between MacArthur Station and the Oakland subway portal, and all wayside train control and electrification.

Vehicle Fire Hardening

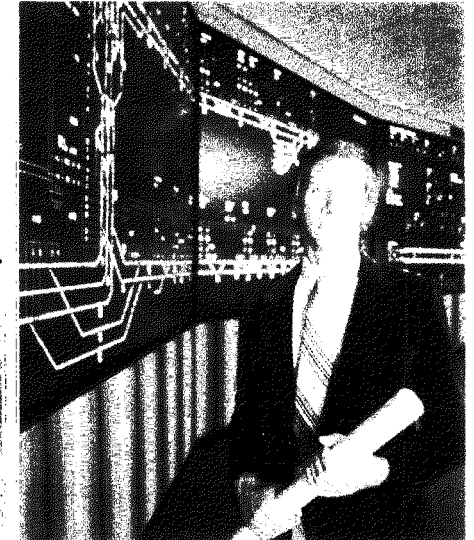
Increased passenger safety is the aim of BART's Vehicle Fire Hardening project, which is expected to be completed in 1986, at a cost of \$20.7 million. The Fire Hardening project follows the 1982 replacement of all seats in the current BART fleet with a low-smoke neoprene cushion covered with a 90 per cent wool-10 per cent nylon material. The Fire Hardening project includes the installation of fire-stops in the walls and ceilings, the laying of new floors (proven by tests to resist fire for 30 minutes), and the reinforcement with special fire-safe and fire-retardant materials of other parts under the cars where heat and fire might be generated. By the end of this annual report period, the fire safety modifications had been carried out on one-half of BART's 440-car fleet.



Bill Chapin, supervising engineer, has guided the development of BART's simulator program.



Rolf Saybe, Quality Assurance, insures that BART receives the product called for in the Fire Hardening contract.



Colin McDonald, resident engineer, supervises the K-E Track project.

Wayside Train Control and System Performance Modification

BART applied to the Federal Urban Mass Transportation Administration (UMTA) for funds to pay for 75 percent of the cost, estimated at nearly \$20 million, for modifications to the train control system that would allow trains to operate at closer intervals. This project

includes the reconfiguration of train-detection circuits, resignalling portions of certain lines, installing station-approach markers, changing central control operational procedures and determining ways of reducing or masking short delay-causing occurrences.



maintaining the appearance of BART grounds, buildings and stations.

Improved Station Access

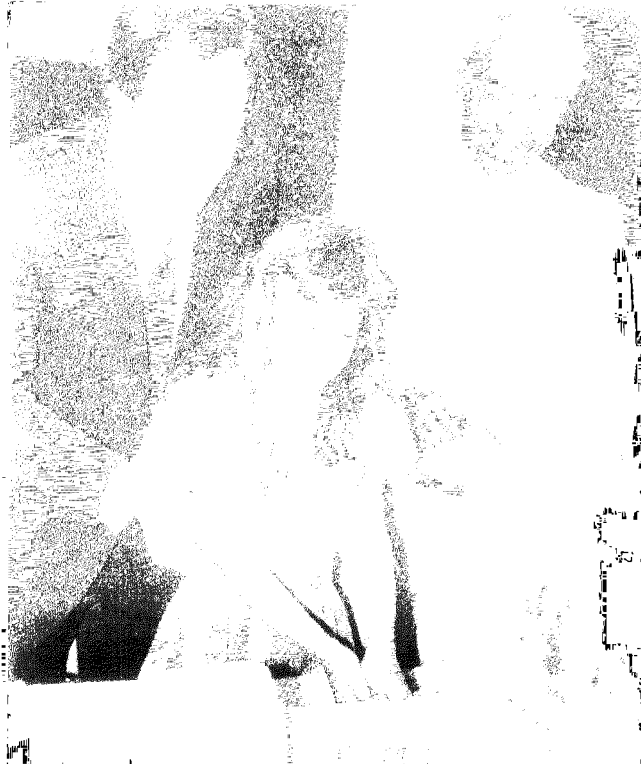
Thanks to a unique \$11.2 million cooperative program initiated in September, 1984, by officials of BART and the Alameda-Contra Costa Transit District, BART provided for the continuation of lifeline night time service on 11 local bus routes connecting directly to BART stations. The night service had been scheduled for elimination by AC Transit due to budget constraints.

The agreement also calls for the issuing of new transfers that provide a discount for connecting offpeak AC service. The new transfers can also be used by BART passengers leaving a station and connecting on buses operated by the Union City Transit District and the Santa Clara County Transportation Agency.

BART provided 608 additional parking spaces at ten stations during the year, bringing to 23,094 the number of parking spaces at 24 BART stations. The additional spaces were made possible by restriping the parking lot at the MacArthur Station and eliminating selected "red" zones at nine other stations. Scheduled for completion by the end of 1985 are 1,190 additional spaces at four East Bay stations.

Service Enhancement

To provide additional convenience for its passengers, BART improved and expanded its program of links with Easy Bay transit agency schedules. BART's project of car cleaning and restoration continued on schedule. Continuity of service to its passengers was assured by the signing of a new wage and benefit agreement by BART and its two major unions.



Rachel Abelson, born on the day in 1974 when the Transbay Tube was opened, is shown cutting the special 10th Anniversary cake, at ceremonies held in San Francisco. Arthur Shartsis (L), the 1984 president of the BART Board of Directors, lends a helping hand, and Wilfred T. Ussery (R), the 1985 BART President, approves what he is watching.

Transbay Tube's Tenth Year

BART's underwater Transbay Tube, the key link in providing San Francisco-East Bay service, was ten years old on September 16, 1984. Approximately 200 million passengers had traveled on BART trains through the 3.6-mile tube during its first decade of service.



Steven Robinson, vehicle inspector, monitors BART's Clean Car Project at the Concord Yard.

Refurbished Cars

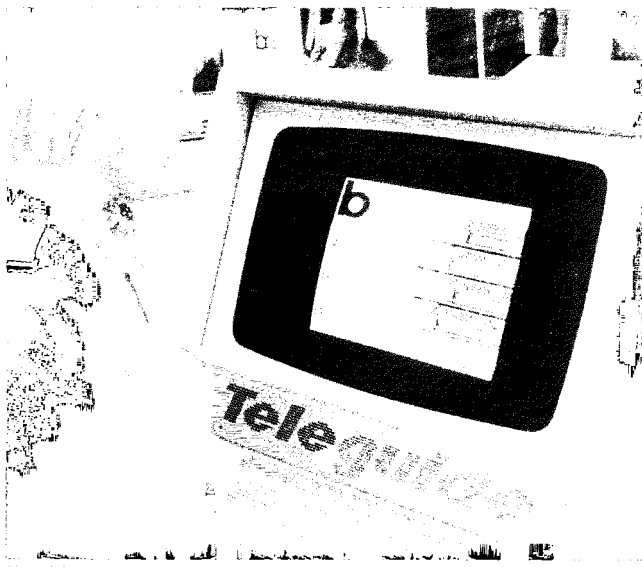
More than one-fourth of BART's 440 cars have been through a cleaning and exterior restoration program. The cars are cleaned with a substance that removes all road grime and tar from the aluminum exteriors.

ATU-UPE Contract

Agreement was reached at the close of the fiscal year on a new three-year contract between BART and the major unions that represent 1,779 BART employees. The new contract, which calls for additional benefits and for wage increases of four per cent a year for each of the three years, was negotiated by representatives from BART, the Amalgamated Transit Union (Division 1555), and United Public Employees (Local 790). The negotiators held 41 formal sessions beginning in April.



Nina Aragon, transit information center supervisor, and her "crew" during the year handle more than 85,000 requests for information about BART and other transit systems connecting with BART.



Use of the "Tele-Guide" system installed at BART stations far exceeded expectations.

Tele-Guide

Ready for installation at the end of BART's fiscal year were eight Tele-Guides to provide passengers at the Powell and Montgomery stations in San Francisco with information on restaurants, shops, tourist attractions, sporting and cultural events, and even the correct time and a weather forecast. The Tele-Guides are also scheduled for installation at the Civic Center, Embarcadero, MacArthur, 12th Street, Coliseum, Fremont, and Daly City stations.

Special Service for Special Events

BART added extra trains and provided additional services during the year to coincide with special events to meet the needs of its passengers.



Robert Hoffman, BART Station Agent, directs shoppers to the Holiday Shoppers Special train during the 1984 holiday season.

Holiday Shopper's Specials

BART beefed up its regular Sunday service on the five Sundays between Thanksgiving and Christmas with eight "Shopper's Specials" on the Richmond and Fremont lines. The eight trains averaged 2,602 trips on each of the Sundays and were timed to coincide with the morning opening and evening closing of retail stores. Sunday ridership was consistently above forecast for this period.



Over 1,900 patrons used BART to reach the start of the "1985 Bay to Breakers" race in San Francisco.

Bay-to-Breakers

BART opened 11 stations three hours early on Sunday, May 19, so that Bay Area runners could get to the starting line of the 74th annual Bay-to-Breakers race in San Francisco in time for the starting gun. BART dispatched 16 trains to provide 19,000 passenger trips.



Boy Scouts and fourteen other local service organizations served more than 19,000 cups of coffee and 17,000 doughnuts during the 1984 Safe Holidays program.

Safe Holidays

Free coffee and doughnuts were served to thousands of celebrating BART patrons at 12 BART stations on December 21 and New Year's Eve during BART's Sixth Annual Safe Holidays program.



Sara J. Williams, BART's ticket sales coordinator, is shown before the opening in Pleasanton where a Senior Citizens Center "Tickets To Go" outlet is located.

Tickets-to-Go

BART tickets were made available for sale throughout the Bay Area at Ticket-to-Go outlets, which sell \$21 worth of blue tickets for \$20. Red and green tickets (available to handicapped persons with valid transit discount cards or to persons 5 to 12 years old or over 65) are sold for \$1.20 but provide \$12 in BART rides.

Democratic National Convention

Special late-night trains between the Embarcadero and Rockridge stations were operated by BART during the Democratic National Convention in San Francisco in July. Conventioneers staying in Berkeley and Oakland hotels were able to board a train at the Embarcadero Station at 1 a.m., 40 minutes later than the last regularly scheduled train departs.

Special Needs

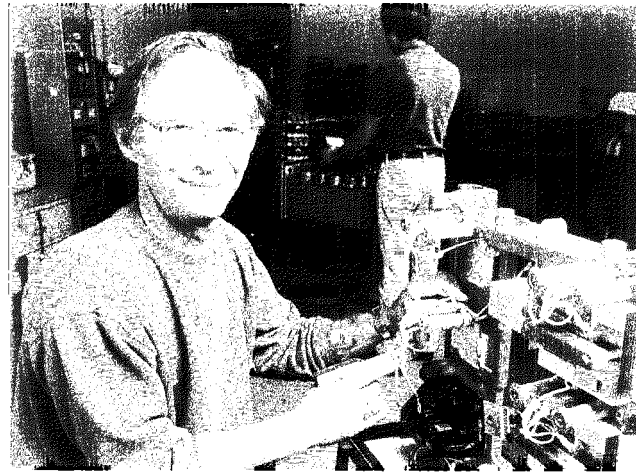
BART is alert to the special needs of its passengers, its employees, and the members of the communities it serves. It is concerned about the safety of everyone who rides on its trains. Platform edge detectors and modified elevators aided passengers. BART continued its Affirmative Action program and provided summer jobs for disadvantaged youths.

Elevators

Elevators at the Berkeley and El Cerrito del Norte stations are being fitted with self-operating controls to provide for easier operation by elderly and handicapped passengers.



Lilibeth Velasco, employment benefits clerk in BART's Employment Office, provides information to applicants about BART job opportunities.



John Shepherd is one of BART's highly specialized transit vehicle electronic technicians working in Component Repair at the Hayward Yard.



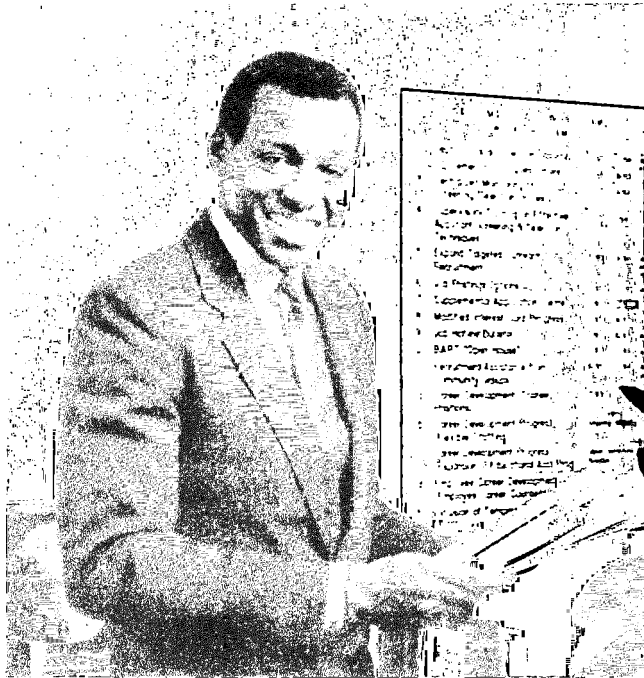
Alice Marie Wheeler, communications electronic technician, works at maintaining the reliability of BART's ticket vending machines.



Jerry Donalds, resident engineer, supervised the installation of a test platform edge detection system.

Platform Edge Detection

As an assistance to passengers, BART installed edge detection systems on the platforms at the Berkeley, Montgomery and Rockridge stations. A different system was installed on a portion of the platforms at the Lake Merritt Station. The first three installations involved grooves cut into the platforms and the installation of strips with hemispherical domes to provide an array to warn passengers that they are near the edge of the platform. The detection system cost \$335,000 and is being evaluated in terms of passenger safety, durability and maintenance for possible application at other BART stations.



John Mack, Department Manager Affirmative Action directs an effective program.

Affirmative Action

Opportunity is the keystone of BART's Affirmative Action Program. Updated in 1983, the program includes training for job advancement. A total of 75 BART employees applied for training as mechanics and electronic technicians as part of BART's "Upward Mobility Training Program." The program covered both basic and BART-specific mechanical and electronic training. Out of the eleven BART employees selected for the training, four were women.

Forty BART employees, including 24 women, were selected to participate outside of work in an eight-month supervisory and management skills training program sponsored by the Regional Transit Association.

BART employed 1,728 men and 526 women at the close of the year, including 1,112 members of minority groups. During the year, BART awarded \$17.2 million in contracts to businesses owned by minorities or women, more than 25 per cent of BART's total contract value of \$68.1 million.

Summer Jobs for Young People

For the second consecutive year, BART provided on-the-job training for a large number of disadvantaged youth from throughout the three-county Bart area. The program purpose is to help them develop good work habits and to give them an opportunity to see first-hand a variety of occupations. A total of 35 young men and women worked for BART during the summer and gained experience in administrative offices, communications, shop facilities, and other maintenance divisions.



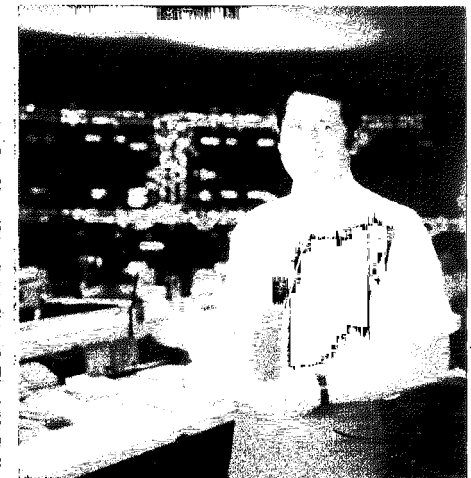
Cmas Jacobs (L), one of the participants in the 1984 Summer Youth Program, receives guidance from John McConnell (R), who supervises BART's mail room as well as supply and reproduction.



Sheri-Cenise Patton, legal secretary, one of the many secretarial and clerical staff which provides a major contribution to BART's achievements.



Larry A. Loos, supervisor of maintenance training, is headquartered in the Hayward Training facility.



Cecil Howell, one of BART's Central Control supervisors, whose job it is to keep the system functioning and BART trains on schedule.



Don Mack, swing shift foreworker at the Oakland Shops, where most of BART's non-rail equipment is serviced and maintained.

Safety

More than 700 safety representatives from local Bay Area fire departments and other emergency-service providers attended BART procedures and safety sessions during the year. The sessions covered emergency procedure training, smoke-movement drills, and a demonstration of the undercar deluge system.

From the first day of passenger service in 1972, BART has carried more than 500 million people 6.6 billion miles without a single passenger fatality. The District's passenger accident rate for the year was 16.5 accidents per million trips, based on 1,006 accidents, most of which were minor and occurred in stations.

Performance Highlights

Increased ridership during the fiscal year 1984–1985, which boosted fare revenue by \$2 million, plus dependable sources of supplementary funds and strict budgetary controls on spending enabled BART to close the year in a favorable financial position.

BART funded approximately one-half of its total operating expenses, which amounted to \$147.1 million for FY 84–85, from passenger fares. Net passenger revenue for FY 84–85 amounted to \$67.5 million, compared to \$65.5 million for FY 83–84. Total operating revenue, including \$6.8 million in interest income and advertising in trains and stations, was \$74.3 million for FY 84–85, compared with \$72.6

million for the previous fiscal year.

BART's farebox ratio, which shows what portion of operating expenses is provided by passenger fares, was 45.8 per cent for FY 84–85, down three points from the previous year, but well above the District's objective of 40 per cent.

The operating ratio, which shows what portion of operating expenses is paid for by passenger fares and other operating revenues, was 50.5 per cent for FY 84–85, less than the previous year's 54 per cent, but consistent with the District's objective to fund approximately one-half of its net operating expenses from operating revenues.

Net rail passenger revenue per passenger mile for FY83–84 and FY84–85 remained the same at 8.4 cents. Rail cost per passenger mile for FY 84–85 was 17.3 cents, compared with 16.6 cents for the previous year, an increase of only 4.2 per cent and below the budgeted level of 17.8 cents. The net average rail passenger fare was \$1.11 for FY 84–85, compared with \$1.10 for FY 83–84.

BART passengers logged a total of 60.8 million trips during FY 84–85, compared with 58.3 million for the previous year, and rode an average of 13 miles for each trip during FY 84–85, compared with 13.1 miles the year before.

(cont'd on page 16)

PERFORMANCE HIGHLIGHTS

	FY 1984/85	FY 1983/84		FY 1984/85	FY 1983/84
Rail Ridership					
Annual passenger trips	60,798,419	58,277,463	Passenger accidents reported per million passenger trips	16.55	17.09
Average weekday trips	211,612	202,536	Patron-related crimes reported per million passenger trips	23.39	23.01
Average trip length	13.0 miles	13.1 miles			
Annual passenger miles	789,290,663	761,799,000	Financial		
Patron trip on-time performance (%)	92.5%	93.6%	Net passenger revenues	\$ 67,468,000	\$ 65,492,000
System utilization ratio (passenger miles to available seat miles)	35.8%	35.4%	Other operating revenues	6,848,000	7,067,000
End-of-period ratios:			Total operating revenues	74,316,000	72,559,000
Peak patronage	49.8%	51.9%	Net operating expenses	147,144,000	134,047,000
Offpeak patronage	50.2%	48.1%	Farebox ratio (net passenger revenues to net operating expenses)	45.85%	48.85%
BART's estimated share of peak period transbay trips—cars, trains & buses	37.0%	36.8%	Operating ratio (total operating revenues to net operating expenses)	50.50%	54.12%
Passengers with automobile available (as alternative to BART)	57.0%	57.0%(a)	Net rail passenger revenue per passenger mile	8.4¢	8.4¢
			Rail operating cost per passenger mile	17.3¢	16.6¢
			Net average rail passenger fare (c)	\$1.11	\$1.10
Operations					
Annual revenue car miles	30,634,569	29,852,000	Notes		
Unscheduled train removals—average per revenue day	4.9	5.0	General note: Data represent annual averages unless otherwise noted.		
Transit car availability to revenue car fleet (b)	89.3%	89.6%	(a) Updated figures not available		
Passenger miles per equivalent gallon of gasoline	84.2	84.8	(b) At 8 a.m. each day		
			(c) Includes BART/MUNI Fast Pass		

Financial Statements

The Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1985 and 1984 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1985 and 1984 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Adams, Grant, Werner & Co.
Certified Public Accountants
September 6, 1985

KMG Main Hurdman
Certified Public Accountants
San Francisco, California

BALANCE SHEET

June 30, 1985 and 1984 (In Thousands)

	1985	1984
ASSETS		
Cash (including time deposits— 1985, \$24,800; 1984, \$10,807)	\$ 26,349	\$ 12,438
Securities	172,693	169,548
Securities representing reserves	32,939	34,684
Deposits, notes and other receivables	59,997	45,503
Construction in progress	87,960	67,191
Facilities, property and equipment—at cost (less accumulated depreciation and amortization— 1985, \$316,929; 1984, \$286,959)	1,298,582	1,292,378
Materials and supplies—at average cost	13,065	13,134
Debt service funds, net assets	18,236	16,311
	<u>\$1,709,821</u>	<u>\$1,651,187</u>
LIABILITIES AND CAPITALIZATION		
Notes payable	\$ 26,450	\$ 16,000
Payroll and other liabilities	52,135	44,938
Unearned passenger revenue	1,384	1,432
Debt service funds	18,236	16,311
	<u>98,205</u>	<u>78,681</u>
Capitalization:		
Reserves	32,939	34,684
General Obligation Bonds	537,725	568,485
Sales Tax Revenue Bonds	64,510	65,000
Net capital investment	976,442	904,337
	<u>1,611,616</u>	<u>1,572,506</u>
	<u>\$1,709,821</u>	<u>\$1,651,187</u>

STATEMENT OF OPERATIONS

Years Ended June 30, 1985 and 1984 (In Thousands)

	1985	1984
Operating revenues:		
Fares	\$ 74,108	\$ 72,125
Less discounts and other deductions	6,640	6,633
	<u>67,468</u>	<u>65,492</u>
Other	1,395	1,350
Investment income	5,453	5,717
	<u>74,316</u>	<u>72,559</u>
Total operating revenues		
Operating expenses:		
Transportation	53,923	46,556
Maintenance	58,041	54,954
Police services	8,025	7,672
Construction and engineering	4,985	4,879
General and administrative	27,177	24,374
	<u>152,151</u>	<u>138,435</u>
Less capitalized costs	5,007	4,388
	<u>147,144</u>	<u>134,047</u>
Net operating expenses		
Operating loss before depreciation expense		
	72,828	61,488
Depreciation (unfunded):		
Of assets acquired with own funds	17,026	16,819
Of assets acquired with grants and contributions by others	13,340	13,359
	<u>30,366</u>	<u>30,178</u>
Total depreciation		
Operating loss		
	103,194	91,666
Financial assistance:		
Transactions and use tax	81,055	71,136
Property tax	5,733	5,433
State	3,646	4,717
Transportation Development Act of 1971	500	1,900
Debt service allocations	(8,221)	(7,764)
Capital allocations	(10,301)	(13,947)
	<u>72,412</u>	<u>51,475</u>
Total financial assistance		
Net loss		
	30,782	30,191
Depreciation of assets acquired with grants and contributions by others		
	13,340	13,359
Net loss transferred to accumulated deficit		
	<u>\$ 17,442</u>	<u>\$ 16,832</u>
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$ 72,828	\$ 61,488
Deduct financial assistance	72,412	61,475
	<u>\$ 416</u>	<u>\$ 13</u>
Funded excess of expenses over revenues		

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT

Years Ended June 30, 1985 and 1984 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
Balance, July 1, 1983	\$206,550	\$150,000	\$599,299	\$(98,420)	\$(143,679)	\$166,200	\$(45,502)	\$834,448
Net loss for the year	—	—	—	—	(16,832)	—	—	(16,832)
Proceeds from grants and contributions	—	—	43,640	—	—	—	—	43,640
Depreciation of assets acquired with grants and contributions by others	—	—	—	(13,359)	—	—	—	(13,359)
Interest on capital	—	—	—	—	—	16,657	—	16,657
Establishment of construction fund reserve	—	—	—	—	—	—	(2,133)	(2,133)
Increase in construction fund reserve	—	—	—	—	—	—	(117)	(117)
Decrease in system completion reserve	—	—	—	—	—	—	3	3
Decrease in system improvement reserve	—	—	—	—	—	—	8,565	8,565
Decrease in operating reserve	—	—	—	—	—	—	4,500	4,500
Bond principal	28,965	—	—	—	—	—	—	28,965
Balance, June 30, 1984	235,515	150,000	642,939	(111,779)	(160,511)	182,857	(34,684)	904,337
Net loss for the year	—	—	—	—	(17,442)	—	—	(17,442)
Proceeds from grants and contributions	—	—	45,955	—	—	—	—	45,955
Depreciation of assets acquired with grants and contributions by others	—	—	—	(13,340)	—	—	—	(13,340)
Interest on capital	—	—	—	—	—	23,937	—	23,937
Increase in operating reserve	—	—	—	—	—	—	(400)	(400)
Increase in construction fund reserve	—	—	—	—	—	—	(350)	(350)
Decrease in system completion reserve	—	—	—	—	—	—	1,409	1,409
Decrease in system improvement reserve	—	—	—	—	—	—	1,086	1,086
Bond principal	30,760	490	—	—	—	—	—	31,250
Balance, June 30, 1985	<u>\$266,275</u>	<u>\$150,490</u>	<u>\$688,894</u>	<u>\$(125,119)</u>	<u>\$(177,953)</u>	<u>\$206,794</u>	<u>\$(32,939)</u>	<u>\$976,442</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

I — Summary of Significant Accounting Policies

Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

As a matter of policy, the District holds investments until their maturity and, accordingly, securities are carried at cost. At June 30, 1985, market value exceeded cost by \$9,331,000. At June 30, 1984, cost exceeded market value by \$7,067,000. The face value of securities exceeded cost at June 30, 1985 and 1984.

Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the

estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1985 and 1984 (In Thousands)

	1985	1984
Cash and securities (used) provided by:		
Operations:		
Net loss transferred to accumulated deficit:	\$(17,442)	\$(16,832)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	17,026	16,819
Cash and securities (used) by operations	(416)	(13)
Decrease in materials and supplies	69	
Issuance of Sales Tax Anticipation Notes	19,860	16,000
Issuance of Grant Anticipation Notes	10,900	
Contributions from U.S. Government grants and others	45,955	43,640
Increase in payroll and other liabilities	7,197	8,972
Increase in unearned passenger revenue	—	50
Interest on capital	23,937	16,657
Total cash and securities provided	<u>107,502</u>	<u>85,306</u>
Cash and securities applied to:		
Increase in deposits, notes and other receivables	14,494	22,893
Additions to construction in progress	20,769	13,903
Additions to facilities, property and equipment	36,570	26,441
Additions to materials and supplies	—	433
Matured Sales Tax Anticipation Notes	16,000	
Matured Grant Anticipation Notes	4,310	
Decrease in unearned passenger revenue	48	
Total cash and securities applied	<u>92,191</u>	<u>63,670</u>
Increase in cash and securities	<u>\$ 15,311</u>	<u>\$ 21,636</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS—CONT'D

additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District's appointed trustee for the purpose of paying bond and note interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The

District records the total taxes received as transactions and use tax and the amount retained by the trustee as special deposits and debt service allocations upon receipt of the net amount. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1985 to June 30, 1985 will be approximately \$18,169,000. Of this amount, \$5,451,000 had been received and recorded by the District. Comparable figures for 1984 were \$15,525,000 and \$4,657,500, respectively

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES

Years Ended June 30, 1985 and 1984 (In Thousands)

	Year Ended June 30, 1985					Year Ended June 30, 1984
	General Obligation Bonds	Sales Tax Revenue Bonds	Sales Tax Anticipation Notes	Grant Anticipation Notes	Combined	Combined
Revenues:						
Property tax	\$53,837	\$ —	\$ —	\$ —	\$53,837	\$50,899
District deposits for principal payment	—	—	19,860	7,595	27,455	16,000
District deposit to Debt Service Reserve Account	—	473	—	—	473	—
Allocations from District revenues	—	6,825	1,396	—	8,221	7,764
Interest	1,241	798	1,292	154	3,485	2,734
Interest transferred from District	—	—	—	493	493	—
Total Revenues	<u>55,078</u>	<u>8,096</u>	<u>22,548</u>	<u>8,242</u>	<u>93,964</u>	<u>77,397</u>
Expenditures:						
Interest	23,133	6,291	979	493	30,896	30,796
Principal	30,760	490	16,000	4,310	51,560	28,965
Bond service expense	—	7	—	—	7	6
Interest transmitted to District	—	640	1,162	157	1,959	870
Total Expenditures	<u>53,893</u>	<u>7,428</u>	<u>18,141</u>	<u>4,960</u>	<u>84,422</u>	<u>60,637</u>
Balance, beginning of year	1,185	668	4,407	3,282	9,542	16,760
Balance, end of year	<u>11,552</u>	<u>9,950</u>	<u>17,117</u>	<u>—</u>	<u>38,619</u>	<u>21,859</u>
Total Expenditures	<u>\$12,737</u>	<u>\$10,618</u>	<u>\$21,524</u>	<u>\$ 3,282</u>	<u>\$48,161</u>	<u>\$38,619</u>
Represented by:						
Cash	\$ 12	\$ —	\$ —	\$ —	\$ 12	\$ 23
Securities	11,061	—	—	—	11,061	9,903
Taxes and interest receivable	1,664	—	—	—	1,664	1,626
Assets with fiscal agent	—	10,618	21,524	3,282	35,424	27,067
Total Represented by	<u>\$12,737</u>	<u>\$10,618</u>	<u>\$21,524</u>	<u>\$ 3,282</u>	<u>\$48,161</u>	<u>\$38,619</u>

NOTES TO FINANCIAL STATEMENTS—CONT'D

1 — Summary of Significant Accounting Policies (Cont'd)

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

In accordance with this policy, management allocated to net capital investment \$17,260,000 of interest revenue earned on assets held in the General Operating Fund but which related to capital projects.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

Capital Allocations

The Board of Directors allocates a portion of unrestricted financial assistance and general fund revenues to net capital investment for capital projects.

Reclassifications

Certain reclassifications, not affecting the statement of operations, have been made to prior year balances to conform to the current year's presentation.

2 — Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	----- (In Thousands) -----	
	1985	1984
Basic System Completion	\$10,878	\$12,287
System Improvement	7,061	8,147
Construction	2,600	2,250
Self-Insurance	9,000	9,000
Operating	3,400	3,000
	<u>\$32,939</u>	<u>\$34,684</u>

3—Facilities, Property and Equipment

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1985 and 1984 are summarized as follows:

	Lives (Years)	----- (In Thousands) -----			
		1985		1984	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 122,209	\$ —	\$ 113,134	\$ —
Improvements	80	1,082,053	152,259	1,062,480	138,559
System-wide operation and control	20	118,835	55,735	114,353	49,939
Revenue transit vehicles	30	159,408	57,120	157,663	51,845
Service and miscellaneous equipment	3 to 20	21,976	11,858	20,775	10,114
Capitalized construction and start-up costs	30	103,557	37,519	103,557	34,288
Repairable property items	30	7,473	2,438	7,375	2,214
		<u>\$1,615,511</u>	<u>\$316,929</u>	<u>\$1,579,337</u>	<u>\$286,959</u>

4—General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	----- (In Thousands) -----					
			Original Amount		1985		1984	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	3.96%	1999	\$792,000	\$792,000	\$32,400	\$530,575	\$30,350	\$560,925
1966 Special Service District Bonds	4.37%	1998	20,500	12,000	420	7,150	410	7,560
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$32,820</u>	<u>\$537,725</u>	<u>\$30,760</u>	<u>\$568,485</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$10,720,000 on General Obligation Bonds and \$157,000 on Special Service District No. 1 Bonds is payable on December 15, 1985.

The following is a schedule of principal repayments required under General Obligation Bonds as of June 30, 1985 (in thousands):

Year Ending June 30	1962 District Bonds	1966 Special Service District Bonds	Total
1986	\$ 32,400	\$ 420	\$ 32,820
1987	34,225	440	34,665
1988	36,250	460	36,710
1989	38,400	480	38,880
1990	40,200	500	40,700
Later years	349,100	4,850	353,950
	<u>\$530,575</u>	<u>\$7,150</u>	<u>\$537,725</u>

NOTES TO FINANCIAL STATEMENTS—CONT'D

5—Sales Tax Revenue Bonds

	Year Last Series Matures	(In Thousands)					
		Original Amount		1985		1984	
		Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1969 Sales Tax Revenue Bonds	1977	\$150,000	\$150,000	\$—	\$—	\$—	\$—
1982 Sales Tax Revenue Bonds	2008	65,000	65,000	545	64,510	490	65,000
		<u>\$215,000</u>	<u>\$215,000</u>	<u>\$ 545</u>	<u>\$64,510</u>	<u>\$ 490</u>	<u>\$65,000</u>

The 1969 Legislature of the State of California authorized the District to impose a one-half percent transactions and use tax within the District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million to be used for operations. Payment of these Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is allocated to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission.

In October 1982, the District issued revenue bonds totaling \$65 million to pay a portion of the cost of acquisition of 150 rail transit vehicles and related automatic train control equipment for use in the District's existing rapid transit system. The 1982 Bonds are special obligations of the District payable from and secured by a pledge of revenues, including certain sales tax revenues, all passenger fares and certain property tax revenues. Bond coupon rates range from 7% to 10% depending upon the various maturity dates. The bonds maturing on or after July 1, 1992 are redeemable prior to maturity at the option of the District on various dates at prices ranging from 103% to 100%. The bonds maturing July 1, 2008 are also subject to redemption to satisfy sinking account installments on or after July 1, 2002 at 100%.

Taxes collected by the State Board of Equalization are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1, principal annually on July 1 and expenses of the trustee. Monies not required for these purposes are transmitted to the District. Interest of \$3,137,000 is payable on July 1, 1985. Additionally, the trustee retains amounts needed for the payment of principal and interest on \$19,860,000 Sales Tax Anticipation Notes maturing on July 1, 1985 (see Note 6). Taxes

received by the trustee during the current fiscal year were \$81,055,000 of which \$28,554,000 was retained by the trustee for the above purposes and \$52,501,000 was transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as special deposits and debt service allocations upon receipt of the net amount.

The following is a schedule of principal repayments required under Sales Tax Revenue Bonds as of June 30, 1985 (in thousands):—(at right).

Year Ending June 30	1982 Sales Tax Revenue Bonds
1986	\$ 545
1987	610
1988	685
1989	765
1990	860
Later years	61,045
	<u>\$64,510</u>

6—Sales Tax Anticipation Notes

The District's 1983/84 subordinated Sales Tax Anticipation Notes amounting to \$16,000,000 matured on July 11, 1984 and were paid along with interest of \$979,000.

In July 1984, the District issued \$19,860,000 in subordinated Sales Tax Anticipation Notes to provide interim financing to defray operating expenses payable from the General Operating Fund of the District, in anticipation of the receipt of taxes, revenue and other monies to be received during or allocable to fiscal year 1984–85. These notes matured and were paid, along with interest of \$1,396,000, on July 1, 1985.

7—Grant Anticipation Notes

In July 1984, the District sold \$10,900,000 in Grant Anticipation Notes to provide interim financing for certain expenditures prior to the receipt of certain anticipated revenues. The notes, which mature on various dates from May 1, 1985 through January 2, 1987, bear interest payable semiannually on January 1 and July 1 and at maturity (or only at maturity for notes maturing within one year). Interest is computed on a 30-day month, 360-day year basis, at rates ranging from 7.00% to 8.15% per annum. Notes in the amount of \$4,310,000 have matured leaving \$6,590,000 outstanding at June 30, 1985.

8—U.S. Government Grants

Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1985 is as follows:

Type of Grant	--- (In Thousands) ---	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,355	13,335
Capital	492,576	369,319
	<u>\$507,892</u>	<u>\$384,615</u>

9—Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

10—Public Employees' Retirement System

The District contributes to the Public Employees' Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain state and local government units. Substantially all full-time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$8,032,000 and \$7,505,000 in 1985 and 1984, respectively.

11—Deferred Compensation Plan

The District has deposited funds with a custodian pursuant to the District's deferred compensation plan. These deposits together with earnings had a market value of \$16,866,000 as of June 30, 1985. This amount is reflected on the balance sheet in deposits, notes and other receivables and in payroll and other liabilities.

12—Debt Service Funds, Net Assets

The Debt Service Funds' end-of-year balances include deposits made by the District for principal payments on notes and for the debt service reserve pertaining to Sales Tax Revenue Bonds. These amounts also appear on the balance sheet as deposits, notes and receivables. The Debt Service Funds, net assets on the balance sheet have, therefore, been decreased by the amount of \$29,925,000 at June 30, 1985 and \$22,308,000 at June 30, 1984.

13—Subsequent Events

In July 1985, the District sold \$21,775,000 in subordinated Sales Tax Anticipation Notes to defray operating expenses payable from the General Operating Fund of the District.

Performance Highlights

(cont'd from page 10)

In addition to funds derived from passenger fares, interest income and advertising, BART received \$81 million in revenues from 75 per cent of the one-half cent transit sales tax in the three BART counties, \$4.1 million in State Transportation Development Act (TDA) funds and State Transit Assistance (STA) and \$5.7 million in property tax as its share of the one per cent maximum property tax available to all local governments.

Directors once again were able to reduce the property tax BART levies for repayment of the general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 5.72 cents per one hundred dollars of assessed value, down from 6.17 cents the previous fiscal year. The property tax generated revenues of \$51.9 million from property owners in Alameda, Contra Costa and San Francisco Counties, the three counties making up the district.

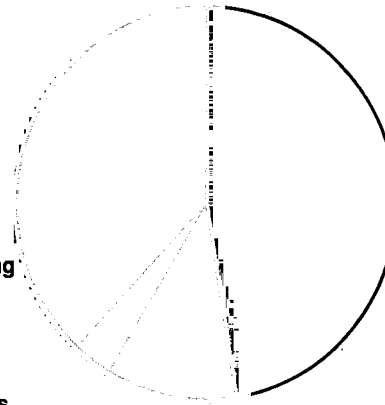
In the city of Berkeley, where voters approved a special service district in 1966 to finance subway construction through their city, the Board of Directors set a property tax rate of 2.86 cents per hundred dollars of assessed valuation, which raised revenues of \$730,000.

As a measure of the District's financial stability, the Board of Directors allocated \$10.3 million during FY 84-85 from unrestricted financial assistance and revenues for necessary capital projects, bringing to \$73.7 million the total of funds allocated for capital projects during the past five years.

1984/85 Operating Funds - \$170,673,000

Where Funds Came From (In Thousands)

<input type="checkbox"/> Transaction & Use Sales Tax	\$81,055	47.49%
<input type="checkbox"/> Fares	\$67,468	39.53%
<input type="checkbox"/> Property Tax	\$5,733	3.36%
<input type="checkbox"/> Other	\$16,417	9.62%
• Investment Income and Other Operating Revenues	\$6,848	4.01%
• State Financial Assistance	\$3,646	2.14%
• Construction Funds	\$5,007	2.94%
• Regional Financial Assistance	\$500	0.29%
• Decrease in Working Capital*	\$416	0.24%

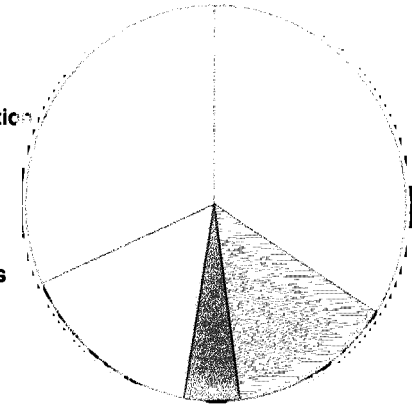


*Funded excess of expenses over revenues

TOTAL
\$170,673 100.00%

How Funds Were Applied (In Thousands)

<input type="checkbox"/> Maintenance	\$58,041	34.01%
<input type="checkbox"/> Transportation	\$53,923	31.59%
■ General Administrative	\$27,177	15.92%
■ Police Services	\$8,025	4.70%
■ Other	\$23,507	13.78%
• Capital Allocations	\$10,301	6.04%
• Debt Service Allocations	\$8,221	4.82%
• Construction & Engineering	\$4,985	2.92%

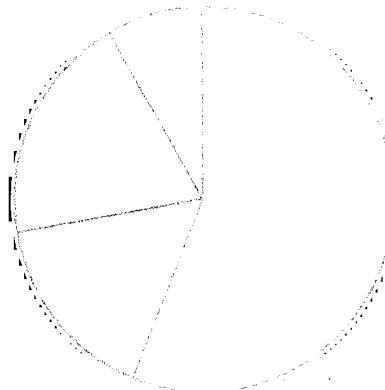


TOTAL
\$170,673 100.00%

1984/85 Capital Funds - \$56,058,000

Source of Funds (In Thousands)

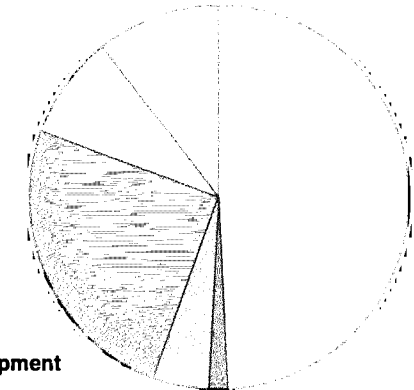
<input type="checkbox"/> District	\$4,675	8.34%
<input type="checkbox"/> Federal	\$31,418	56.04%
■ State	\$10,890	19.43%
■ Local (including capital allocations)	\$9,075	16.19%



TOTAL
\$56,058 100.00%

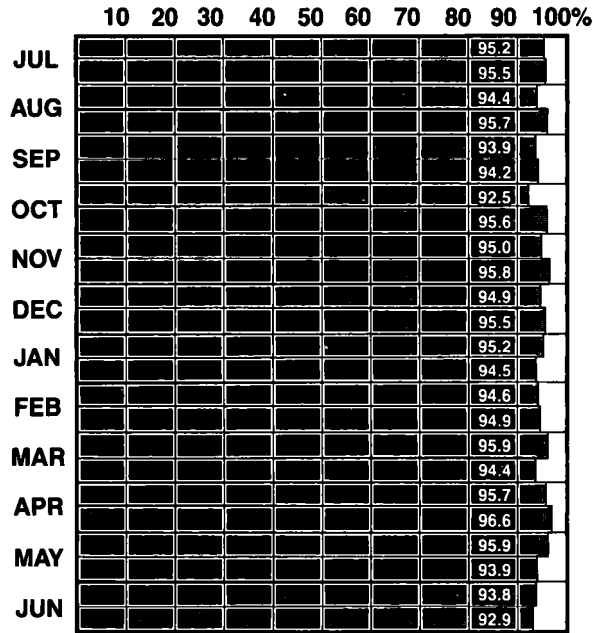
Expenditures (In Thousands)

<input type="checkbox"/> Construction	\$27,525	49.10%
• Line	\$24,435	43.59%
• Systemwide	\$2,860	5.10%
• Support Facilities	\$230	0.41%
<input type="checkbox"/> Train Control	\$5,996	10.70%
<input type="checkbox"/> Communications	\$4,935	8.80%
■ Transit Vehicles	\$13,972	24.92%
■ Miscellaneous Equipment	\$2,717	4.85%
• Automatic Fare Collection	\$824	1.47%
• Management Information Systems	\$928	1.66%
• Support Vehicles	\$292	0.52%
• Other Equipment	\$673	1.20%
■ Studies and Other	\$913	1.63%

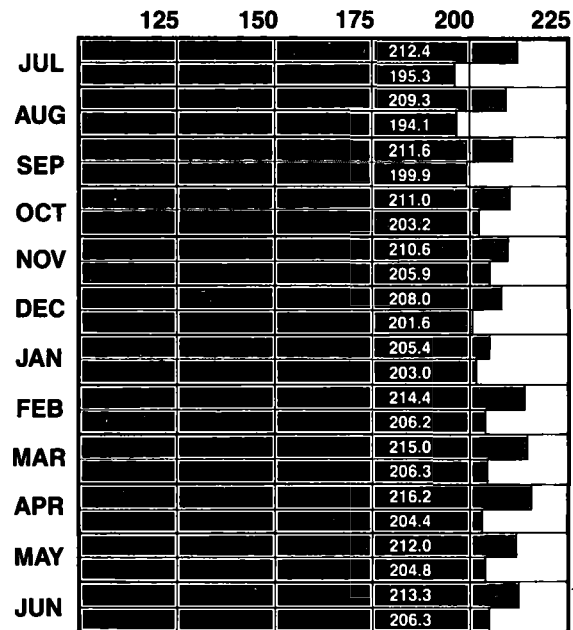


TOTAL
\$56,058 100.00%

DAILY ON-TIME PERFORMANCE



AVERAGE WEEKDAY PATRONAGE (000's)



■ FY 1984-85 ■ FY 1983-84

Customers First the Second Time Around

Message from the General Manager

When BART first opened 26 miles of track for passenger operations on September 11, 1972, its system of automatic controls, stations, tracks, tunnels and gleaming aluminum cars was hailed as an engineering wonder.

Two sobering years later, when the 3.6-mile Transbay Tube was opened, BART linked the east and west sides of San Francisco Bay with the potential for high capacity travel in this congested corridor. But, despite its potential, the system couldn't deliver its promised performance. It was plagued with problems and pressures that had not been foreseen. Technology, rather than customers, had come first.

Today, as BART begins its 14th year of operation, most of the performance problems have been overcome and original ridership projections have been met. The potential for high capacity will finally be achieved over the next four years. Peak period trains and cars will be substantially increased through delivery of 150 new cars; construction of the Daly City turn-back track and storage yard; completion of the additional track through downtown Oakland, and installation of overall control system modifications, including replacement of the present central train control computers.

Most of these key projects are, understandably, scheduled to reach their completion phase at approximately the same time. When they are operational, it will be like starting up the system for a second time. Will BART and its riders be more successful the "second time around"?

This time, BART is acutely aware of the potential problems and an explicit approach to avoiding them has been developed. First,



through rigorous systems engineering and simulation analysis, we are able to identify potential system integration problems and figure out ways to solve them well beforehand. Second, we're taking the time necessary to solve problems encountered in manufacture and construction when they occur. BART's new cars, for example, which are in the prototype testing state, are not being accepted, let alone put into service, until they absolutely meet the high requirements set for them three years ago.

We look forward to delivering a new and better BART to the riders and taxpayers this second time around. With all the new components in place and thoroughly tested, BART will be able to provide increased peak capacity where and when it's needed, and at the same time, enhance system performance. The objective, this second time, is to make sure customer satisfaction is served first by the technology.

Keith Bernard
General Manager, BART



San Francisco Bay Area Rapid Transit District (BART)

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (415) 464-6000

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the counties of Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS – Fiscal Year 1985

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VICE PRESIDENT

John Glenn, Fremont

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District #2 – **Nello Bianco**, El Sobrante

District #3 – **Arthur J. Shartsis**, Oakland

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District #5 – **Robert S. Allen**, Livermore

District #6 – **John Glenn**, Fremont

District #7 – **Wilfred T. Ussery**, San Francisco

District #8 – **Eugene Garfinkle**, San Francisco

District #9 – **John H. Kirkwood**, San Francisco

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John Mack, Affirmative Action

Hedy Morant, Budget & Capital Program Control

Thomas R. Sheehan, Information Systems

William Thomas, Material Management & Procurement

Ralph S. Weule, Safety

Larry A. Williams, Employee Relations

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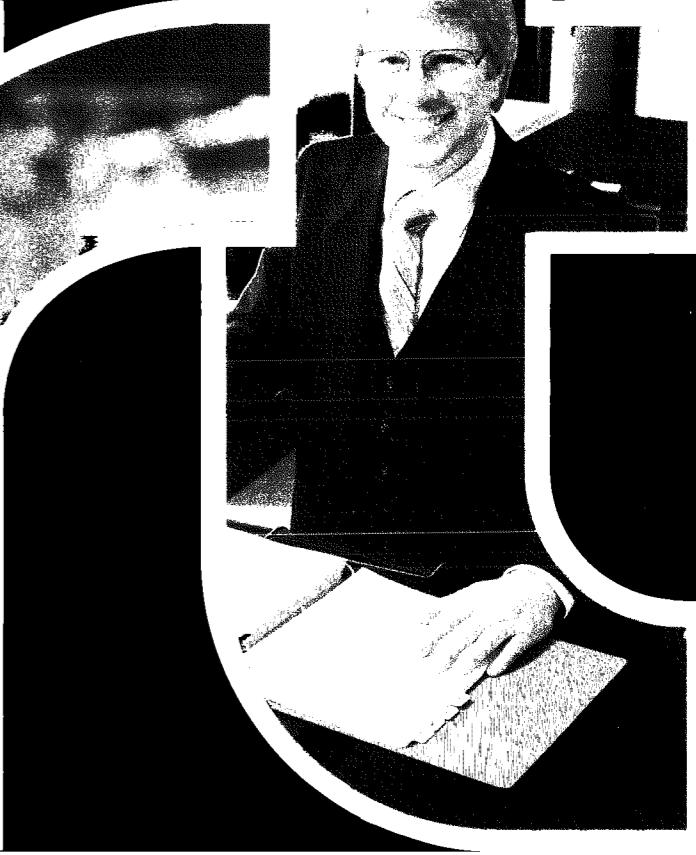
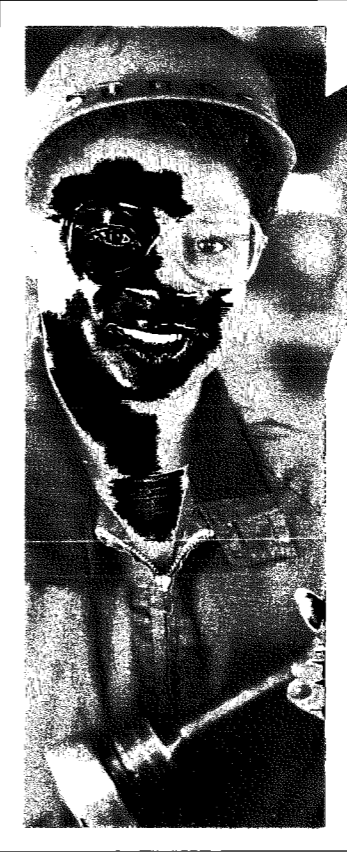
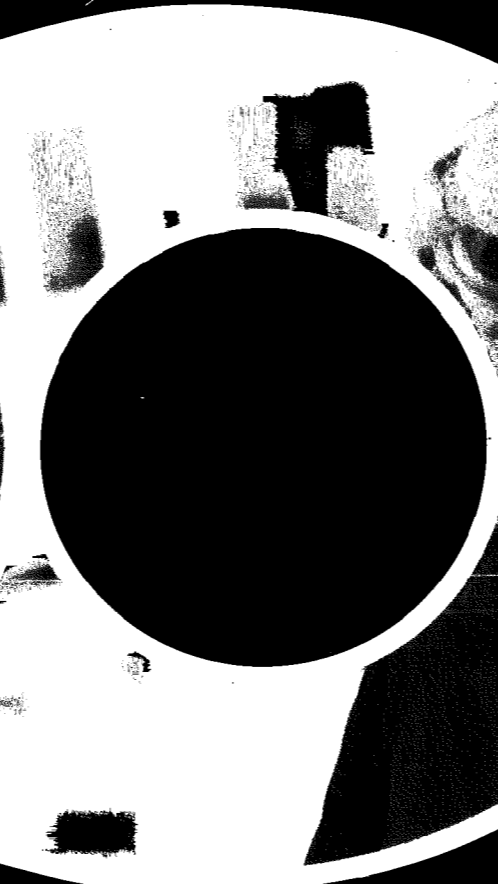
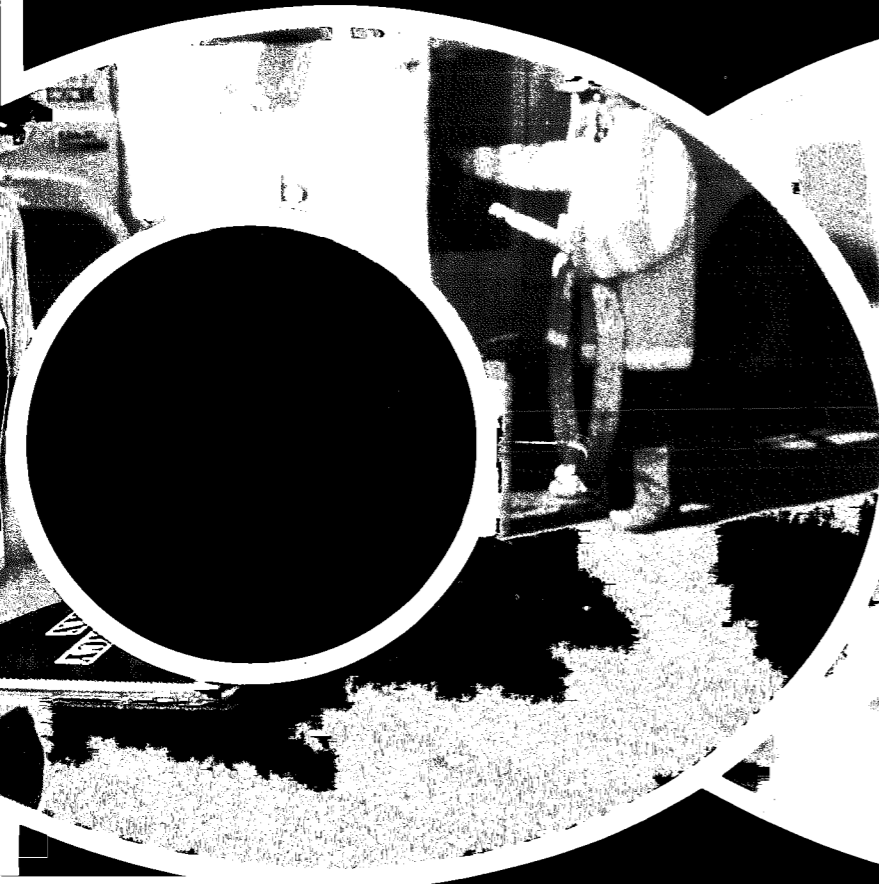
B Kathryn Roth, Safety Engineer, is shown standing before one of BART's emergency vehicles, which are located at various BART stations.

A Wanda Posey, one of BART's train operators, works out of the Hayward Yard.

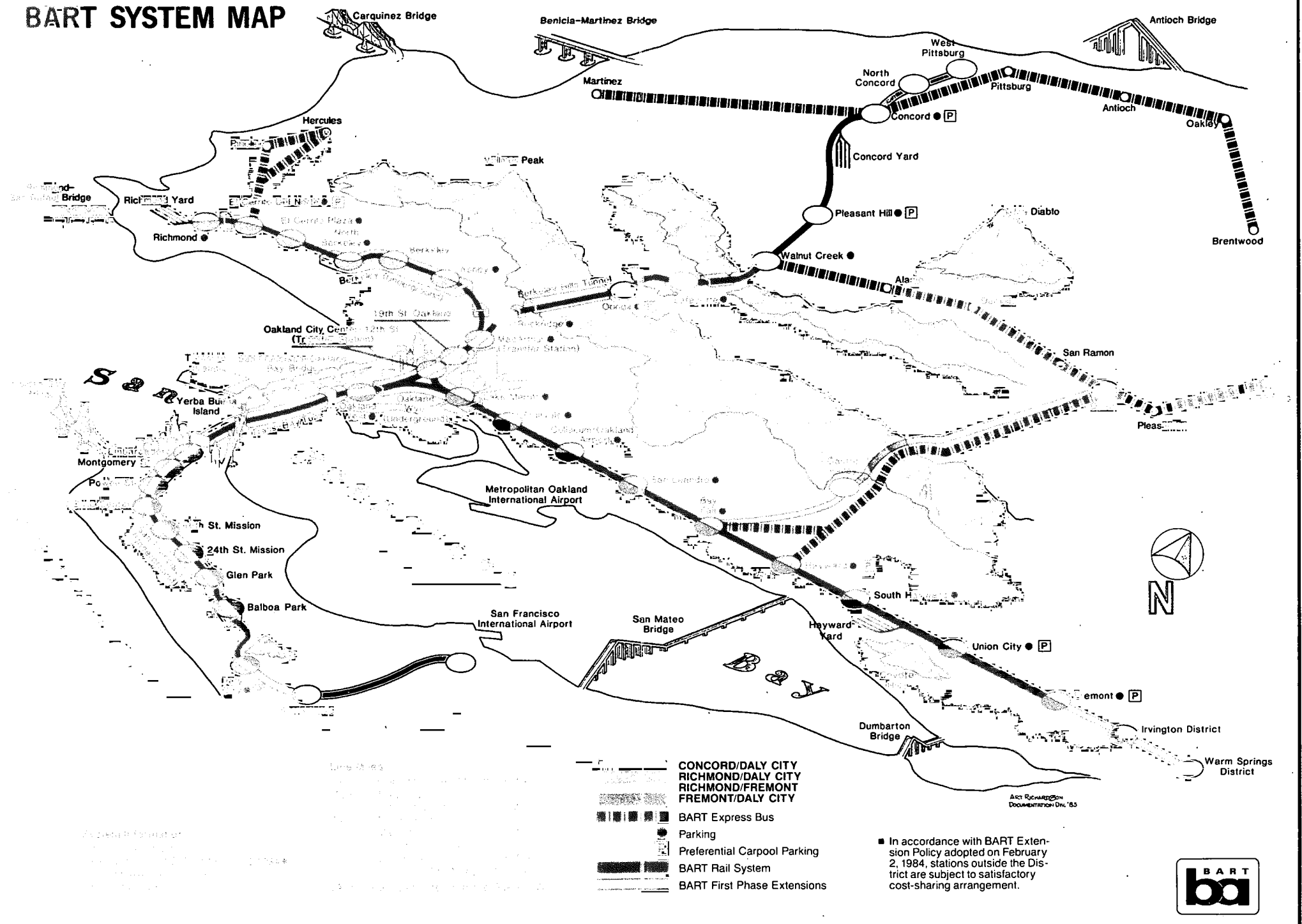
R Diese Evans, transit vehicle mechanic (TVM), works at the Richmond Yard.

T Arthur Clarke, chief analyst of the Integrated Control System (ICS), is shown with some of the new Central Control computer units which are expected to be "on-line" by the end of 1987.

Bay Area Rapid Transit Annual Report 1984-85



BART SYSTEM MAP



Board of Directors

The members of BART's Board of Directors are representative of the diversity of the Bay Area's population, in terms of background, education, community involvement, and professional and business achievement. They bring to the Board the experience and expertise of running a business, cost analysis, urban planning, finance, community development, engineering, the law, insurance, and city government. They take an active role in a wide variety of community organizations and represent BART's interests on governmental committees throughout the Bay Area.

Barclay Simpson District 1

A member of the Board since 1976 and Board President in 1977. Chairman of the Board, Simpson Company, San Leandro, and owner, Barclay Simpson Art Gallery, Lafayette. Lives in Orinda.



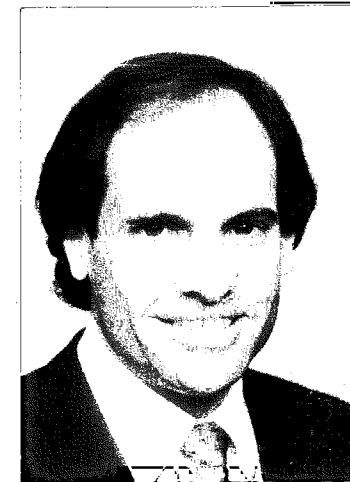
Nello Bianco District 2

A member of the Board since 1969 and Board President in 1975 and 1980. Businessman. Former Richmond City Councilman. Lives in El Sobrante.



Arthur J. Shartsis District 3

A member of the Board since 1976 and Board President in 1984. A San Francisco attorney. Lives in Oakland.



Margaret K. Pryor
District 4

A member of the Board since 1980 and Chairperson in 1984 of the Administration Committee. Community Development Specialist. Active in national and local transportation and civil rights groups. Lives in Oakland.

Robert S. Allen
District 5

A member of the Board since 1974 and Board President in 1983. Railroad engineering and operations. Lives in Livermore.

John Glenn
District 6

A member of the Board since 1974. Board Vice-president, 1985. Board President, 1982. Chairman Policy Committee, Fremont-South Bay Corridor Study. Founder and President, John Glenn Adjutors and Administrators. Lives in Fremont.

Wilfred T. Ussery
District 7

A member of the Board since 1978 and Board President in 1985. An urban planner. Active in Bay Area civic organizations. Past National Chairman, Congress of Racial Equality, 1967 to 1969. Lives in San Francisco.

Eugene Garfinkle
District 8

A member of the Board since 1977 and Board President in 1981. A San Francisco attorney. Lives in San Francisco.

John H. Kirkwood
District 9

A member of the Board since 1974 and Board President in 1979. He is a Director of the San Francisco Planning and Urban Renewal Association and Vice President of the National Association of Railway Passengers. Lives in San Francisco.



Message from the President

People sometimes ask me, "What does BART's Board of Directors actually do?" First of all, of course, my colleagues and I shape the Board policies that guide the day-to-day operations of BART's system and we oversee the spending of each and every dime of BART's money. That's part of our job, and it's a very important aspect of our responsibilities as stewards of the public's investment in BART's track and trains and staff.

Our stewardship also includes molding BART's policy structure so that it is responsive to the future and the vital role that BART can and should play in the Bay Area, against a background of population expansion and economic growth. The Board must seize those opportunities created by technological advances in areas which enjoy a symbiotic relationship to rapid rail such as urban development, fiber optics, and viable options for energy independence, including wind farms and other projects for cogeneration of electricity. My colleagues and I must set goals and help develop plans so that BART will not only meet the needs of its growing number of passengers but also provide leadership in community development in its broadest sense.

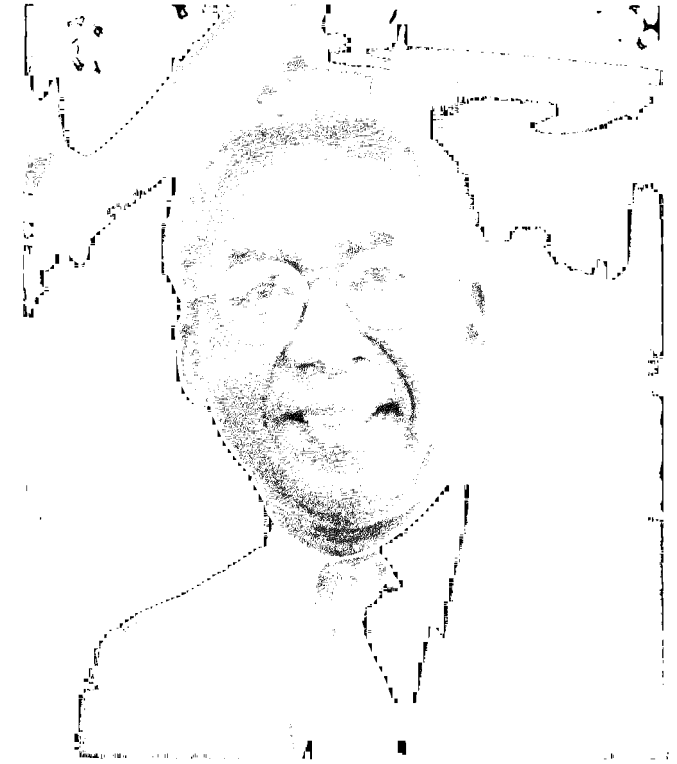
To fully understand the idea of community development, you only have to think of the importance of rivers and seaports, railroad routes and junctions, highway and freeway systems to see how different modes of transit also function as urban form-givers. From earliest times, means of transport have been the key factor in determining the location of cities and communities and the development of entire regions. With BART's ability to provide transportation throughout the Bay region and link people and communities, BART also functions

in this historic development context. BART is not simply a "people mover." Like other urban rapid rail systems, BART is giving shape and form to various aspects of the San Francisco Bay Region it serves.

BART's Joint Development Program provides the best example of how we, as a Board, have responded to the fact that we are not merely in the business of moving people from one point to another. The emergence of BART station areas as the prime development sites in the Bay Area has made BART a major factor in the shaping of economic growth and urban development throughout the region. Joint Development provides an opportunity for private developers and governmental agencies to make the most beneficial use of the immense locational advantages and related appreciation in value which accrue to land in the vicinity of BART's stations.

Our guidelines for Joint Development call for developing a general plan and environmental impact report for each station area in cooperation with local governments, sensitivity to market forces, utilization of the skills and know-how of private developers and enhancement of the potential for a return on the billion-dollar investment to build BART made by residents of the BART District whom we represent as Directors.

Another example of BART interest which goes beyond functioning simply as a "people mover" is our recent effort to make additional use of our rights-of-way throughout the Bay Area. Historically, there has been a linkage between railroad systems and communications networks, from early telegraph lines in rail rights-of-way to today's fiber optics cable installations in rail and mass transit rights-of-way.



BART, too, has a similar telecommunications capability which can become a major new income generator for BART due to its unique placement in the Bay region.

With the assistance of BART's professional staff, my colleagues and I are investigating the possibility of installing such fiber optics lines throughout our 71.5 miles of right-of-way. Hopefully, it will become a regional component of the national fiber optics network now being installed by America's telecommunication and rail industries. Further, each extension of BART will only enhance and expand this potential to develop an important interface with the emerging fiber optics-based information industry.

This emerging relationship between rapid rail systems and fiber optics will provide BART an important role in the information industry-driven trend towards decentralization, which will have as one of its principal features the substitution of communication for transportation—message flows for person flows—which

for many persons in the Bay Area will reduce the relative cost of transportation. This phenomenon, a product of the integration of the infrastructure of BART and the emerging bay region's fiber optics-based telecommunications and information industry, will become increasingly a major factor in diminishing the importance of the central place. This significant and unique region-forming capability, when coupled with joint development and achievement of energy independence, fundamentally projects BART into becoming an even more important agent for change for the San Francisco Bay Area.

Our ability to explore and develop such opportunities is predicated upon the measurable world-class success we now experience in our day-to-day operations which makes BART the premier rapid rail system in America. Our prime business is transit, and we will continue to have as our top priority the maintenance of an excellent on-time performance and car availability record, an airline's quality preventive maintenance program, one of the best farebox returns in the nation, and a good relationship with our organized labor forces.

Thus our role as stewards of this regional public enterprise compels us to balance as carefully as we can our objective for urban development and technological innovation in relation to BART's primary mission as a transit operator. It is an exciting challenge. I think we do it well.

Wilfred J. Ussery

**Wilfred T. Ussery, President
Board of Directors
San Francisco Bay Area
Rapid Transit District, 1985**

*"Safe and reliable transportation
at the lowest possible cost"*

Plans and People Help BART Reach Its Goals

BART is currently implementing its Short-Range Transit Plan to almost double the system's carrying capacity to serve growing population and employment centers. Upon completion, the \$519.7 million project will enable BART to operate 68 trains at one time.

The plan was prepared by BART's professional staff and approved by the District's Board of Directors. It is carried out by the men and women who constitute BART's work force.



BART Police Officer Mike Davis takes the fingerprints of the many children who participated in the Ident-A-Kid program.

Ident-a-Kid

During National Police Week in May, BART police provided to parents a free set of their children's fingerprints for identification purposes. The service was provided at special booths set up at five BART stations.



Mike Sargent, station agent, who with his more than 190 colleagues are in the first line of service to BART patrons.

BART Police

Few passengers realize that BART's police force, which is composed of 133 "sworn personnel" and 30 civilian employees, is a fully accredited law enforcement agency. BART police cooperate with 16 different police jurisdictions in four counties and with nine district attorney offices handling BART cases. BART police, for example, are working with police officers from Berkeley to prevent threats, thefts, assaults and annoying behavior to BART passengers. BART police walk a beat jointly with Berkeley police in and about the Berkeley BART Station. The prime objective of the cooperative effort is to reduce criminal activity and create a safer environment in the downtown Berkeley area surrounding the Berkeley BART Station. Incidents of pickpocketing alone at the Berkeley Station were reduced considerably as a result of this joint effort.

Most crimes against BART passengers take place in BART's parking lots, not on its trains or in its 34 stations.

BART's passenger-related crime rate for the year was 23.4 incidents per million trips, based on 1,442 passenger-related crimes, of which 808 were for disorderly conduct and 634 were for all other categories.



Carl Smith, an electric technician (ET) at the Concord Yard.

Tracking Patronage

During BART's 1984-1985 operating year, 60,798,419 passenger trips were made on the system, a record number surpassing by 4.3 per cent the previous high of 58,277,463 set in 1983-1984. BART weekday patronage averaged 211,612 trips during the year, an increase of 4.5 per cent. Approximately one-half of those trips, 105,441, took place during the four peak travel hours in the morning and afternoon. Transbay trips constituted just about half of all weekday BART travel. This high patronage demand during the peak periods, along with fluctuating travel patterns at other times, requires careful planning by BART of its use of personnel and equipment.

Keeping track of BART patronage through the transmission of faregate information to a central computer enables BART to schedule trains to best serve passenger needs. Special late night trains, for example, were provided during the five days of the Democratic National Convention, when weekday ridership averaged 226,989, a BART record.

Joint Development

The planning phase for Joint Development projects at BART's Walnut Creek and Pleasant Hill stations was virtually completed during the year. Office buildings containing retail shops, a restaurant and a parking garage are planned for the Pleasant Hill Station site.

Initial planning was carried out during the year for developments around the Richmond, Daly City and Concord Stations. BART's Joint Development program, which was approved by the Board of Directors in 1984, encourages private developers to utilize BART-owned property at station sites. Benefits include additional jobs for local communities and a boost in revenues to BART from increased ridership and developer leases.



Katharine P. Ogden, Joint Development Coordinator, holds the plot plan for joint development at the Pleasant Hill BART station.

Ride With Pride

Thousands of elementary school children in Alameda, Contra Costa, and San Francisco counties are learning how to ride BART safely and how to keep its cars and stations clean through the BART Police "Ride with Pride" program. BART police officers visit classrooms and show a special film about BART. As a result of this effort, incidents of vandalism and malicious mischief have continued to decline.

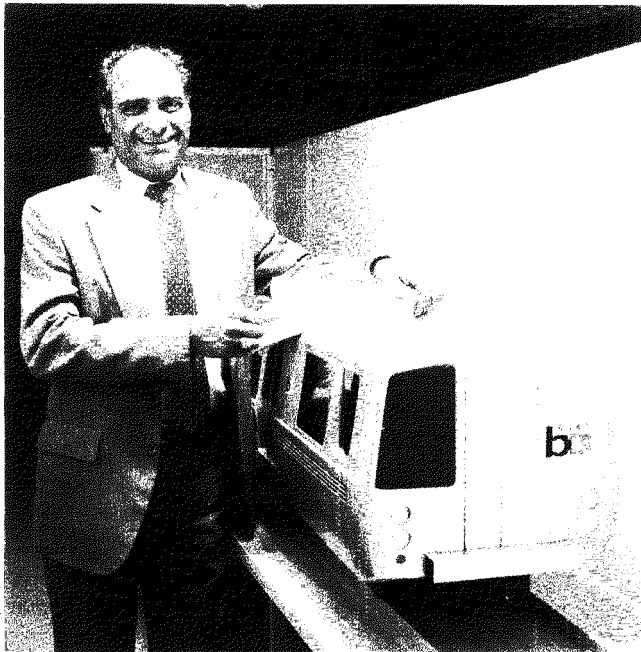
Daly City Turnback and Storage Yard

Work on the Daly City Turnback and Storage Yard, one of BART's key service-improvement projects, continued on schedule during the year. When completed in 1988 at a cost of \$150 million, the Daly City facilities will allow trains to reverse direction and return to service faster than is now possible. The goal is to increase BART's peak-period capacity by 85 per cent.

The project consists of three tracks, each approximately 1.5 miles long, extending south from the present Daly City BART Station, and a storage yard with a capacity to store 168 BART transit vehicles. Trains from Concord, Fremont and Richmond will be able to turn back and return to service in two minutes and thirty seconds, compared with the current turnback time of three minutes and 45 seconds.



Robert W. Mix, Project Manager of the Daly City Turnback and Storage Yard, completion of which is expected late in 1988.



Kris Hari, Manager, Special Projects, is shown with the 1/8 scale model of the new C-Car, which is expected to be in service by 1988.

C-Cars

Another component of BART's efforts to increase passenger capacity is the newly designed C-Car, envisioned by BART engineers for use at the front of the train as a lead or trailing car or in the middle of the train, allowing more flexible use of BART's entire fleet of cars. Each of the new aluminum cars will be equipped with an operator's compartment and an automatic train control system.

BART, following a competitive bid which confirmed that there were no American manufacturers of aluminum transit cars, ordered 150 of the new cars in October, 1982 from Aisthem Atlantique, one of the world's leading manufacturers of railroad equipment. The entire cost of the C-Car program, including the automatic control systems, is estimated to be \$279.4 million and is scheduled for completion in 1988.

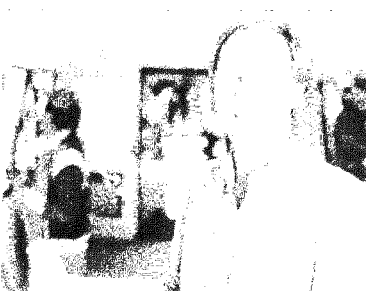
At present, BART is able to make available from its present 440 car fleet each day 103 A-Cars (head of trains) and 259 B-Cars (middle of trains).

K-E Track

BART's 1.5 mile K-E Track project, the first new mainline section of track to be added to the system since BART's original construction, continued during the year. The project, budgeted at \$25.4 million, provides a third track through a tunnel from Washington Street to 23rd Street in downtown Oakland, allowing disabled trains to be taken out of service without disturbing the movements of other trains. The new track also provides additional train storage capacity and an alternative service route in the area where three of BART's four routes converge. The K-E Track project includes the completion of the passenger crossover platforms at the 12th Street and 19th Street stations, construction of street overpasses between MacArthur Station and the Oakland subway portal, and all wayside train control and electrification.



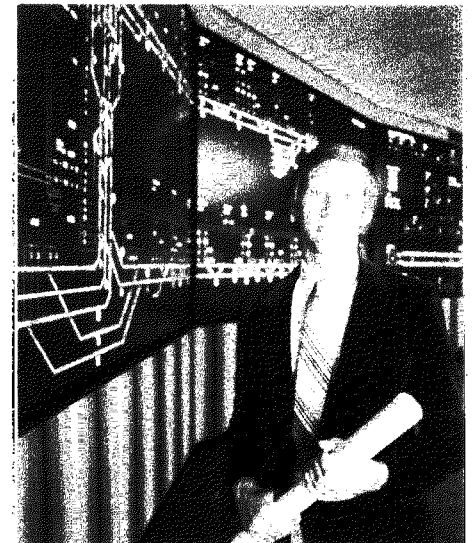
Bill Chapin, supervising engineer, has guided the development of BART's simulator program.



Rolf Saybe, Quality Assurance, insures that BART receives the product called for in the Fire Hardening contract.

Vehicle Fire Hardening

Increased passenger safety is the aim of BART's Vehicle Fire Hardening project, which is expected to be completed in 1986, at a cost of \$20.7 million. The Fire Hardening project follows the 1982 replacement of all seats in the current BART fleet with a low-smoke neoprene cushion covered with a 90 per cent wool-10 per cent nylon material. The Fire Hardening project includes the installation of fire-stops in the walls and ceilings, the laying of new floors (proven by tests to resist fire for 30 minutes), and the reinforcement with special fire-safe and fire-retardant materials of other parts under the cars where heat and fire might be generated. By the end of this annual report period, the fire safety modifications had been carried out on one-half of BART's 440-car fleet.



Colin McDonald, resident engineer, supervises the K-E Track project.

Wayside Train Control and System Performance Modification

BART applied to the Federal Urban Mass Transportation Administration (UMTA) for funds to pay for 75 percent of the cost, estimated at nearly \$20 million, for modifications to the train control system that would allow trains to operate at closer intervals. This project

includes the reconfiguration of train-detection circuits, resignalling portions of certain lines, installing station-approach markers, changing central control operational procedures and determining ways of reducing or masking short delay-causing occurrences.



Gary K. [Name partially obscured], grounds worker, is a member of the BART teams that work to maintain the appearance of BART grounds, buildings and stations.

Improved Station Access

Thanks to a unique \$11.2 million cooperative program initiated in September, 1984, by officials of BART and the Alameda-Contra Costa Transit District, BART provided for the continuation of lifeline night time service on 11 local bus routes connecting directly to BART stations. The night service had been scheduled for elimination by AC Transit due to budget constraints.

The agreement also calls for the issuing of new transfers that provide a discount for connecting offpeak AC service. The new transfers can also be used by BART passengers leaving a station and connecting on buses operated by the Union City Transit District and the Santa Clara County Transportation Agency.

BART provided 608 additional parking spaces at ten stations during the year, bringing to 23,094 the number of parking spaces at 24 BART stations. The additional spaces were made possible by restriping the parking lot at the MacArthur Station and eliminating selected "red" zones at nine other stations. Scheduled for completion by the end of 1985 are 1,190 additional spaces at four East Bay stations.

Service Enhancement

To provide additional convenience for its passengers, BART improved and expanded its program of links with Easy Bay transit agency schedules. BART's project of car cleaning and restoration continued on schedule. Continuity of service to its passengers was assured by the signing of a new wage and benefit agreement by BART and its two major unions.



Rachel Abelson, born on the day in 1974 when the Transbay Tube was opened, is shown cutting the special 10th Anniversary cake, at ceremonies held in San Francisco. Arthur Shartsis (L), the 1984 president of the BART Board of Directors, lends a helping hand, and Wilfred T. Ussery (R), the 1985 BART President, approves what he is watching.

Transbay Tube's Tenth Year

BART's underwater Transbay Tube, the key link in providing San Francisco-East Bay service, was ten years old on September 16, 1984. Approximately 200 million passengers had traveled on BART trains through the 3.6-mile tube during its first decade of service.



Steven Robinson, vehicle inspector, monitors BART vehicle condition at the Concord Yard.

Refurbished Cars

More than one-fourth of BART's 440 cars have been through a cleaning and exterior restoration program. The cars are cleaned with a substance that removes all road grime and tar from the aluminum exteriors.

ATU-UPE Contract

Agreement was reached at the close of the fiscal year on a new three-year contract between BART and the major unions that represent 1,779 BART employees. The new contract, which calls for additional benefits and for wage increases of four per cent a year for each of the three years, was negotiated by representatives from BART, the Amalgamated Transit Union (Division 1555), and United Public Employees (Local 790). The negotiators held 41 formal sessions beginning in April.



Nina Aragon, transit information center supervisor, and her "crew" during the year handle more than 35,000 requests for information about BART and other transit systems connecting with BART.



Use of the "Tele-Guide" system, installed at BART stations far exceeded expectations.

Tele-Guide

Ready for installation at the end of BART's fiscal year were eight Tele-Guides to provide passengers at the Powell and Montgomery stations in San Francisco with information on restaurants, shops, tourist attractions, sporting and cultural events, and even the correct time and a weather forecast. The Tele-Guides are also scheduled for installation at the Civic Center, Embarcadero, MacArthur, 12th Street, Coliseum, Fremont, and Daly City stations.

Special Service for Special Events

BART added extra trains and provided additional services during the year to coincide with special events to meet the needs of its passengers.



Robert Hollman, BART Station Agent, directs shoppers to the Holiday Shoppers' Special train during the 1984 holiday season.

Holiday Shopper's Specials

BART beefed up its regular Sunday service on the five Sundays between Thanksgiving and Christmas with eight "Shopper's Specials" on the Richmond and Fremont lines. The eight trains averaged 2,602 trips on each of the Sundays and were timed to coincide with the morning opening and evening closing of retail stores. Sunday ridership was consistently above forecast for this period.



Over 1,900 patrons used BART to reach the start of the "1985 Bay to Breakers" race in San Francisco.

Bay-to-Breakers

BART opened 11 stations three hours early on Sunday, May 19, so that Bay Area runners could get to the starting line of the 74th annual Bay-to-Breakers race in San Francisco in time for the starting gun. BART dispatched 16 trains to provide 19,000 passenger trips.



Boy Scouts and fourteen other local service organizations served more than 19,000 cups of coffee and 17,000 doughnuts during the 1984 Safe Holidays program.

Safe Holidays

Free coffee and doughnuts were served to thousands of celebrating BART patrons at 12 BART stations on December 21 and New Year's Eve during BART's Sixth Annual Safe Holidays program.



Starla Bahem, BART's Tickets-To-Go coordinator, is shown before the Veterans Building in Pleasanton where a Senior Citizens Center "Tickets To Go" outlet is located.

Tickets-to-Go

BART tickets were made available for sale throughout the Bay Area at Ticket-to-Go outlets, which sell \$21 worth of blue tickets for \$20. Red and green tickets (available to handicapped persons with valid transit discount cards or to persons 5 to 12 years old or over 65) are sold for \$1.20 but provide \$12 in BART rides.

Democratic National Convention

Special late-night trains between the Embarcadero and Rockridge stations were operated by BART during the Democratic National Convention in San Francisco in July. Conventioneers staying in Berkeley and Oakland hotels were able to board a train at the Embarcadero Station at 1 a.m., 40 minutes later than the last regularly scheduled train departs.

Special Needs

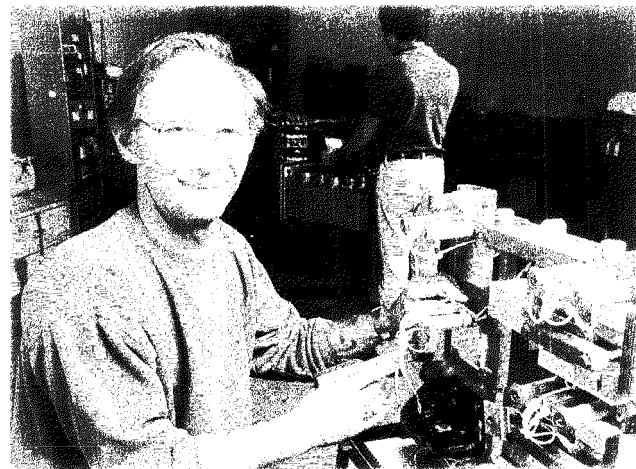
BART is alert to the special needs of its passengers, its employees, and the members of the communities it serves. It is concerned about the safety of everyone who rides on its trains. Platform edge detectors and modified elevators aided passengers. BART continued its Affirmative Action program and provided summer jobs for disadvantaged youths.

Elevators

Elevators at the Berkeley and El Cerrito del Norte stations are being fitted with self-operating controls to provide for easier operation by elderly and handicapped passengers.



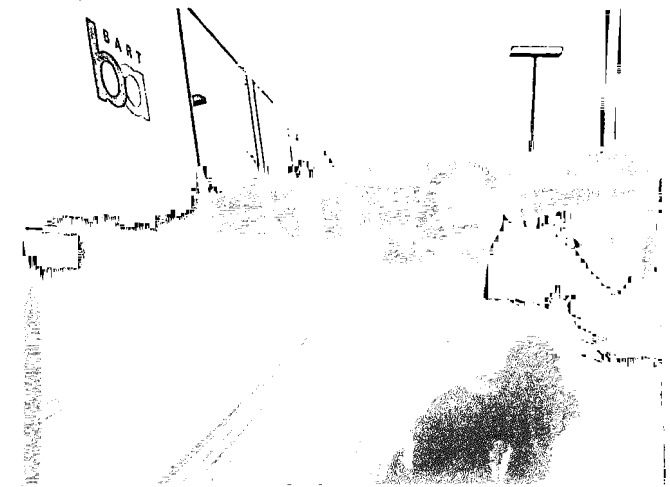
Lilbeth Velasco, employment benefits clerk in BART's Employment Office, provides information to applicants about BART job opportunities.



John Shepherd is one of BART's highly specialized transit vehicle electronic technicians working in Component Repair at the Hayward Yard.



Alice Marie Wheeler, communications electronic technician, works at maintaining the reliability of BART's ticket vending machines.



Jarry Donalds, resident engineer, supervised the installation of a test platform edge detection system.

Platform Edge Detection

As an assistance to passengers, BART installed edge detection systems on the platforms at the Berkeley, Montgomery and Rockridge stations. A different system was installed on a portion of the platforms at the Lake Merritt Station. The first three installations involved grooves cut into the platforms and the installation of strips with hemispherical domes to provide an array to warn passengers that they are near the edge of the platform. The detection system cost \$335,000 and is being evaluated in terms of passenger safety, durability and maintenance for possible application at other BART stations.

Summer Jobs for Young People

For the second consecutive year, BART provided on-the-job training for a large number of disadvantaged youth from throughout the three-county Bart area. The program purpose is to help them develop good work habits and to give them an opportunity to see first-hand a variety of occupations. A total of 85 young men and women worked for BART during the summer and gained experience in administrative offices, communications, shop facilities, and other maintenance divisions.



Omas Jacobs (L), one of the participants in the 1984 Summer Youth Program, receives guidance from John McConnell (R), who supervises BART's mail room as well as supply and reproduction.



John Mack, Department Manager, Affirmative Action, directs an effective program.

Affirmative Action

Oppportunity is the keystone of BART's Affirmative Action Program. Updated in 1983, the program includes training for job advancement. A total of 75 BART employees applied for training as mechanics and electronic technicians as part of BART's "Upward Mobility Training Program." The program covered both basic and BART-specific mechanical and electronic training. Out of the eleven BART employees selected for the training, four were women.

Forty BART employees, including 24 women, were selected to participate outside of work in an eight-month supervisory and management skills training program sponsored by the Regional Transit Association.

BART employed 1,728 men and 526 women at the close of the year, including 1,112 members of minority groups. During the year, BART awarded \$17.2 million in contracts to businesses owned by minorities or women, more than 25 per cent of BART's total contract value of \$68.1 million.



Sheri-Denise Patton, legal secretary, one of the many secretarial and clerical staff which provides a major contribution to BART's achievements.



Larry A. Loos, supervisor of maintenance training, is headquartered in the Hayward Training facility.



Cecil Howell, one of BART's Central Control supervisors, whose job it is to keep the system functioning and BART trains on schedule.



Don Meek, swing shift foreworker at the Oakland Shops, where most of BART's non-rail equipment is serviced and maintained.

Safety

More than 700 representatives from local Bay Area fire departments and other emergency-service providers attended BART procedures and safety sessions during the year. The sessions covered emergency procedure training, smoke-movement drills, and a demonstration of the undercar deluge system.

From the first day of passenger service in 1972, BART has carried more than 500 million people 6.6 billion miles without a single passenger fatality. The District's passenger accident rate for the year was 16.5 accidents per million trips, based on 1,006 accidents, most of which were minor and occurred in stations.

Performance Highlights

Increased ridership during the fiscal year 1984–1985, which boosted fare revenue by \$2 million, plus dependable sources of supplementary funds and strict budgetary controls on spending enabled BART to close the year in a favorable financial position.

BART funded approximately one-half of its total operating expenses, which amounted to \$147.1 million for FY 84–85, from passenger fares. Net passenger revenue for FY 84–85 amounted to \$67.5 million, compared to \$65.5 million for FY 83–84. Total operating revenue, including \$6.8 million in interest income and advertising in trains and stations, was \$74.3 million for FY 84–85, compared with \$72.6

million for the previous fiscal year.

BART's farebox ratio, which shows what portion of operating expenses is provided by passenger fares, was 45.8 per cent for FY 84–85, down three points from the previous year, but well above the District's objective of 40 per cent.

The operating ratio, which shows what portion of operating expenses is paid for by passenger fares and other operating revenues, was 50.5 per cent for FY 84–85, less than the previous year's 54 per cent, but consistent with the District's objective to fund approximately one-half of its net operating expenses from operating revenues.

Net rail passenger revenue per passenger mile for FY83–84 and FY84–85 remained the same at 8.4 cents. Rail cost per passenger mile for FY 84–85 was 17.3 cents, compared with 16.6 cents for the previous year, an increase of only 4.2 per cent and below the budgeted level of 17.8 cents. The net average rail passenger fare was \$1.11 for FY 84–85, compared with \$1.10 for FY 83–84.

BART passengers logged a total of 60.8 million trips during FY 84–85, compared with 58.3 million for the previous year, and rode an average of 13 miles for each trip during FY 84–85, compared with 13.1 miles the year before.

(cont'd on page 16)

PERFORMANCE HIGHLIGHTS

	FY 1984/85	FY 1983/84		FY 1984/85	FY 1983/84
Rail Ridership			Passenger accidents reported per million passenger trips	16.55	17.09
Annual passenger trips	60,798,419	58,277,463	Patron-related crimes reported per million passenger trips	23.39	23.01
Average weekday trips	211,612	202,536	Financial		
Average trip length	13.0 miles	13.1 miles	Net passenger revenues	\$ 67,468,000	\$ 65,492,000
Annual passenger miles	789,290,663	761,799,000	Other operating revenues	6,848,000	7,067,000
Patron trip on-time performance (%)	92.5%	93.6%	Total operating revenues	74,316,000	72,559,000
System utilization ratio (passenger miles to available seat miles)	35.8%	35.4%	Net operating expenses	147,144,000	134,047,000
End-of-period ratios:			Farebox ratio (net passenger revenues to net operating expenses)	45.85%	48.85%
Peak patronage	49.8%	51.9%	Operating ratio (total operating revenues to net operating expenses)	50.50%	54.12%
Offpeak patronage	50.2%	48.1%	Net rail passenger revenue per passenger mile	8.4¢	8.4¢
BART's estimated share of peak period transbay trips—cars, trains & buses	37.0%	36.8%	Rail operating cost per passenger mile	17.3¢	16.6¢
Passengers with automobile available (as alternative to BART)	57.0%	57.0%(a)	Net average rail passenger fare (c)	\$1.11	\$1.10
Operations			Notes		
Annual revenue car miles	30,634,569	29,852,000	General note: Data represent annual averages unless otherwise noted.		
Unscheduled train removals—average per revenue day	4.9	5.0	(a) Updated figures not available		
Transit car availability to revenue car fleet (b)	89.3%	89.6%	(b) At 8 a.m. each day		
Passenger miles per equivalent gallon of gasoline	84.2	84.8	(c) Includes BART/MUNI Fast Pass		

Financial Statements

The Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1985 and 1984 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1985 and 1984 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Adams, Grant, Werner & Co.
Certified Public Accountants
September 6, 1985

KMG Main Hurdman
Certified Public Accountants
San Francisco, California

BALANCE SHEET

June 30, 1985 and 1984 (In Thousands)

	1985	1984
ASSETS		
Cash (including time deposits— 1985, \$24,800; 1984, \$10,807)	\$ 26,349	\$ 12,438
Securities	172,693	169,548
Securities representing reserves	32,939	34,684
Deposits, notes and other receivables	59,997	45,503
Construction in progress	87,960	67,191
Facilities, property and equipment—at cost (less accumulated depreciation and amortization— 1985, \$316,929; 1984, \$286,959)	1,298,582	1,292,378
Materials and supplies—at average cost	13,065	13,134
Debt service funds, net assets	18,236	16,311
	<u>\$1,709,821</u>	<u>\$1,651,187</u>
LIABILITIES AND CAPITALIZATION		
Notes payable	\$ 26,450	\$ 16,000
Payroll and other liabilities	52,135	44,938
Unearned passenger revenue	1,384	1,432
Debt service funds	18,236	16,311
	<u>98,205</u>	<u>78,681</u>
Capitalization:		
Reserves	32,939	34,684
General Obligation Bonds	537,725	568,485
Sales Tax Revenue Bonds	64,510	65,000
Net capital investment	976,442	904,337
	<u>1,611,616</u>	<u>1,572,506</u>
	<u>\$1,709,821</u>	<u>\$1,651,187</u>

STATEMENT OF OPERATIONS

Years Ended June 30, 1985 and 1984 (In Thousands)

	1985	1984
Operating revenues:		
Fares	\$ 74,108	\$ 72,125
Less discounts and other deductions	6,640	6,633
	<u>67,468</u>	<u>65,492</u>
Other	1,395	1,350
Investment income	5,453	5,717
	<u>74,316</u>	<u>72,559</u>
Operating expenses:		
Transportation	53,923	46,556
Maintenance	58,041	54,954
Police services	8,025	7,672
Construction and engineering	4,985	4,879
General and administrative	27,177	24,374
	<u>152,151</u>	<u>138,435</u>
Less capitalized costs	5,007	4,388
	<u>147,144</u>	<u>134,047</u>
Operating loss before depreciation expense	72,828	61,488
Depreciation (unfunded):		
Of assets acquired with own funds	17,026	16,819
Of assets acquired with grants and contributions by others	13,340	13,359
	<u>30,366</u>	<u>30,178</u>
Total depreciation	30,366	30,178
Operating loss	103,194	91,666
Financial assistance:		
Transactions and use tax	81,055	71,136
Property tax	5,733	5,433
State	3,646	4,717
Transportation Development Act of 1971	500	1,900
Debt service allocations	(8,221)	(7,764)
Capital allocations	(10,301)	(13,947)
	<u>72,412</u>	<u>61,475</u>
Total financial assistance	72,412	61,475
Net loss	30,782	30,191
Depreciation of assets acquired with grants and contributions by others		
	<u>13,340</u>	<u>13,359</u>
Net loss transferred to accumulated deficit	<u>\$ 17,442</u>	<u>\$ 16,832</u>
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$ 72,828	\$ 61,488
Deduct financial assistance	72,412	61,475
	<u>\$ 416</u>	<u>\$ 13</u>
Funded excess of expenses over revenues	\$ 416	\$ 13

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT

Years Ended June 30, 1985 and 1984 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
Balance, July 1, 1983	\$206,550	\$150,000	\$599,299	\$(98,420)	\$(143,679)	\$166,200	\$(45,502)	\$834,448
Net loss for the year	—	—	—	—	(16,832)	—	—	(16,832)
Proceeds from grants and contributions	—	—	43,640	—	—	—	—	43,640
Depreciation of assets acquired with grants and contributions by others	—	—	—	(13,359)	—	—	—	(13,359)
Interest on capital	—	—	—	—	—	16,657	—	16,657
Establishment of construction fund reserve	—	—	—	—	—	—	(2,133)	(2,133)
Increase in construction fund reserve	—	—	—	—	—	—	(117)	(117)
Decrease in system completion reserve	—	—	—	—	—	—	3	3
Decrease in system improvement reserve	—	—	—	—	—	—	8,565	8,565
Decrease in operating reserve	—	—	—	—	—	—	4,500	4,500
Bond principal	28,965	—	—	—	—	—	—	28,965
Balance, June 30, 1984	235,515	150,000	642,939	(111,779)	(160,511)	182,857	(34,684)	904,337
Net loss for the year	—	—	—	—	(17,442)	—	—	(17,442)
Proceeds from grants and contributions	—	—	45,955	—	—	—	—	45,955
Depreciation of assets acquired with grants and contributions by others	—	—	—	(13,340)	—	—	—	(13,340)
Interest on capital	—	—	—	—	—	23,937	—	23,937
Increase in operating reserve	—	—	—	—	—	—	(400)	(400)
Increase in construction fund reserve	—	—	—	—	—	—	(350)	(350)
Decrease in system completion reserve	—	—	—	—	—	—	1,409	1,409
Decrease in system improvement reserve	—	—	—	—	—	—	1,086	1,086
Bond principal	30,760	490	—	—	—	—	—	31,250
Balance, June 30, 1985	<u>\$266,275</u>	<u>\$150,490</u>	<u>\$688,894</u>	<u>\$(125,119)</u>	<u>\$(177,953)</u>	<u>\$206,794</u>	<u>\$(32,939)</u>	<u>\$976,442</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

I — Summary of Significant Accounting Policies

Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

As a matter of policy, the District holds investments until their maturity and, accordingly, securities are carried at cost. At June 30, 1985, market value exceeded cost by \$9,331,000. At June 30, 1984, cost exceeded market value by \$7,067,000. The face value of securities exceeded cost at June 30, 1985 and 1984.

Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the

estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1985 and 1984 (In Thousands)

	1985	1984
Cash and securities (used) provided by:		
Operations:		
Net loss transferred to accumulated deficit	\$(17,442)	\$(16,832)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	17,026	16,819
Cash and securities (used) by operations	(416)	(13)
Decrease in materials and supplies	69	—
Issuance of Sales Tax Anticipation Notes	19,860	16,000
Issuance of Grant Anticipation Notes	10,900	—
Contributions from U.S. Government grants and others	45,955	43,640
Increase in payroll and other liabilities	7,197	8,972
Increase in unearned passenger revenue	—	50
Interest on capital	23,937	16,657
Total cash and securities provided	<u>107,502</u>	<u>85,306</u>
Cash and securities applied to:		
Increase in deposits, notes and other receivables	14,494	22,893
Additions to construction in progress	20,769	13,903
Additions to facilities, property and equipment	36,570	26,441
Additions to materials and supplies	—	433
Matured Sales Tax Anticipation Notes	16,000	—
Matured Grant Anticipation Notes	4,310	—
Decrease in unearned passenger revenue	48	—
Total cash and securities applied	<u>92,191</u>	<u>63,670</u>
Increase in cash and securities	<u>\$ 15,311</u>	<u>\$ 21,636</u>

The accompanying notes are an integral part of these financial statements.

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES

Years Ended June 30, 1985 and 1984 (In Thousands)

	Year Ended June 30, 1985				Year Ended June 30, 1984	
	General Obligation Bonds	Sales Tax Revenue Bonds	Sales Tax Anticipation Notes	Grant Anticipation Notes	Combined	Combined
Revenues:						
Property tax	\$53,837	\$ —	\$ —	\$ —	\$53,837	\$50,899
District deposits for principal payment	—	—	19,860	7,595	27,455	16,000
District deposit to Debt Service Reserve Account	—	473	—	—	473	—
Allocations from District revenues	—	6,825	1,396	—	8,221	7,764
Interest	1,241	798	1,292	154	3,485	2,734
Interest transferred from District	—	—	—	493	493	—
	<u>55,078</u>	<u>8,096</u>	<u>22,548</u>	<u>8,242</u>	<u>93,964</u>	<u>77,397</u>
Expenditures:						
Interest	23,133	6,291	979	493	30,896	30,796
Principal	30,760	490	16,000	4,310	51,560	28,965
Bond service expense	—	7	—	—	7	6
Interest transmitted to District	—	640	1,162	157	1,959	870
	<u>53,893</u>	<u>7,428</u>	<u>18,141</u>	<u>4,960</u>	<u>84,422</u>	<u>60,637</u>
	<u>1,185</u>	<u>668</u>	<u>4,407</u>	<u>3,282</u>	<u>9,542</u>	<u>16,760</u>
Balance, beginning of year	<u>11,552</u>	<u>9,950</u>	<u>17,117</u>	<u>—</u>	<u>38,619</u>	<u>21,859</u>
Balance, end of year	<u>\$12,737</u>	<u>\$10,618</u>	<u>\$21,524</u>	<u>\$ 3,282</u>	<u>\$48,161</u>	<u>\$38,619</u>
Represented by:						
Cash	\$ 12	\$ —	\$ —	\$ —	\$ 12	\$ 23
Securities	11,061	—	—	—	11,061	9,903
Taxes and interest receivable	1,664	—	—	—	1,664	1,626
Assets with fiscal agent	—	10,618	21,524	3,282	35,424	27,067
	<u>\$12,737</u>	<u>\$10,618</u>	<u>\$21,524</u>	<u>\$ 3,282</u>	<u>\$48,161</u>	<u>\$38,619</u>

NOTES TO FINANCIAL STATEMENTS—CONT'D

additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District's appointed trustee for the purpose of paying bond and note interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The

District records the total taxes received as transactions and use tax and the amount retained by the trustee as special deposits and debt service allocations upon receipt of the net amount. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1985 to June 30, 1985 will be approximately \$18,169,000. Of this amount, \$5,451,000 had been received and recorded by the District. Comparable figures for 1984 were \$15,525,000 and \$4,657,500, respectively

Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

NOTES TO FINANCIAL STATEMENTS—CONT'D

1 — Summary of Significant Accounting Policies (Cont'd)

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

In accordance with this policy, management allocated to net capital investment \$17,260,000 of interest revenue earned on assets held in the General Operating Fund but which related to capital projects.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

Capital Allocations

The Board of Directors allocates a portion of unrestricted financial assistance and general fund revenues to net capital investment for capital projects.

Reclassifications

Certain reclassifications, not affecting the statement of operations, have been made to prior year balances to conform to the current year's presentation.

2 — Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	----- (In Thousands) -----	
	1985	1984
Basic System Completion	\$10,878	\$12,287
System Improvement	7,061	8,147
Construction	2,600	2,250
Self-Insurance	9,000	9,000
Operating	3,400	3,000
	<u>\$32,939</u>	<u>\$34,684</u>

3—Facilities, Property and Equipment

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1985 and 1984 are summarized as follows:

	----- (In Thousands) -----				
	1985		1984		
	Lives (Years)	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 122,209	\$ —	\$ 113,134	\$ —
Improvements	80	1,082,053	152,259	1,062,480	138,559
System-wide operation and control	20	118,835	55,735	114,353	49,939
Revenue transit vehicles	30	159,408	57,120	157,663	51,845
Service and miscellaneous equipment	3 to 20	21,976	11,858	20,775	10,114
Capitalized construction and start-up costs	30	103,557	37,519	103,557	34,288
Repairable property items	30	7,473	2,438	7,375	2,214
		<u>\$1,615,511</u>	<u>\$316,929</u>	<u>\$1,579,337</u>	<u>\$286,959</u>

4—General Obligation Bonds

	Composite Interest Rate	Year Last Series Matures	----- (In Thousands) -----					
			Original Amount		1985		1984	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	3.96%	1999	\$792,000	\$792,000	\$32,400	\$530,575	\$30,350	\$560,925
1966 Special Service District Bonds	4.37%	1998	20,500	12,000	420	7,150	410	7,560
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$32,820</u>	<u>\$537,725</u>	<u>\$30,760</u>	<u>\$568,485</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$10,720,000 on General Obligation Bonds and \$157,000 on Special Service District No. 1 Bonds is payable on December 15, 1985.

The following is a schedule of principal repayments required under General Obligation Bonds as of June 30, 1985 (in thousands):

Year Ending June 30	1962 District Bonds	1966 Special Service District Bonds	Total
1986	\$ 32,400	\$ 420	\$ 32,820
1987	34,225	440	34,665
1988	36,250	460	36,710
1989	38,400	480	38,880
1990	40,200	500	40,700
Later years	349,100	4,850	353,950
	<u>\$530,575</u>	<u>\$7,150</u>	<u>\$537,725</u>

NOTES TO FINANCIAL STATEMENTS—CONT'D

5—Sales Tax Revenue Bonds

	Year Last Series Matures	(In Thousands)					
		Original Amount		1985		1984	
		Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1969 Sales Tax Revenue Bonds	1977	\$150,000	\$150,000	\$ —	\$ —	\$ —	\$ —
1982 Sales Tax Revenue Bonds	2008	65,000	65,000	545	64,510	490	65,000
		<u>\$215,000</u>	<u>\$215,000</u>	<u>\$ 545</u>	<u>\$64,510</u>	<u>\$ 490</u>	<u>\$65,000</u>

The 1969 Legislature of the State of California authorized the District to impose a one-half percent transactions and use tax within the District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million to be used for operations. Payment of these Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is allocated to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission.

In October 1982, the District issued revenue bonds totaling \$65 million to pay a portion of the cost of acquisition of 150 rail transit vehicles and related automatic train control equipment for use in the District's existing rapid transit system. The 1982 Bonds are special obligations of the District payable from and secured by a pledge of revenues, including certain sales tax revenues, all passenger fares and certain property tax revenues. Bond coupon rates range from 7% to 10% depending upon the various maturity dates. The bonds maturing on or after July 1, 1992 are redeemable prior to maturity at the option of the District on various dates at prices ranging from 103% to 100%. The bonds maturing July 1, 2008 are also subject to redemption to satisfy sinking account installments on or after July 1, 2002 at 100%.

Taxes collected by the State Board of Equalization are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1, principal annually on July 1 and expenses of the trustee. Monies not required for these purposes are transmitted to the District. Interest of \$3,137,000 is payable on July 1, 1985. Additionally, the trustee retains amounts needed for the payment of principal and interest on \$19,860,000 Sales Tax Anticipation Notes maturing on July 1, 1985 (see Note 6). Taxes

received by the trustee during the current fiscal year were \$81,055,000 of which \$28,554,000 was retained by the trustee for the above purposes and \$52,501,000 was transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as special deposits and debt service allocations upon receipt of the net amount.

The following is a schedule of principal repayments required under Sales Tax Revenue Bonds as of June 30, 1985 (in thousands):—(at right).

Year Ending June 30	1982 Sales Tax Revenue Bonds
1986	\$ 545
1987	610
1988	685
1989	765
1990	860
Later years	61,045
	<u>\$64,510</u>

6—Sales Tax Anticipation Notes

The District's 1983/84 subordinated Sales Tax Anticipation Notes amounting to \$16,000,000 matured on July 11, 1984 and were paid along with interest of \$979,000.

In July 1984, the District issued \$19,860,000 in subordinated Sales Tax Anticipation Notes to provide interim financing to defray operating expenses payable from the General Operating Fund of the District, in anticipation of the receipt of taxes, revenue and other monies to be received during or allocable to fiscal year 1984-85. These notes matured and were paid, along with interest of \$1,396,000, on July 1, 1985.

7—Grant Anticipation Notes

In July 1984, the District sold \$10,900,000 in Grant Anticipation Notes to provide interim financing for certain expenditures prior to the receipt of certain anticipated revenues. The notes, which mature on various dates from May 1, 1985 through January 2, 1987, bear interest payable semiannually on January 1 and July 1 and at maturity (or only at maturity for notes maturing within one year). Interest is computed on a 30-day month, 360-day year basis, at rates ranging from 7.00% to 8.15% per annum. Notes in the amount of \$4,310,000 have matured leaving \$6,590,000 outstanding at June 30, 1985.

8—U.S. Government Grants

Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1985 is as follows:

Type of Grant	--- (In Thousands) ---	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,355	13,335
Capital	492,576	369,319
	<u>\$507,892</u>	<u>\$384,615</u>

9—Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

10—Public Employees' Retirement System

The District contributes to the Public Employees' Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain state and local government units. Substantially all full-time employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$8,032,000 and \$7,505,000 in 1985 and 1984, respectively.

11—Deferred Compensation Plan

The District has deposited funds with a custodian pursuant to the District's deferred compensation plan. These deposits together with earnings had a market value of \$16,866,000 as of June 30, 1985. This amount is reflected on the balance sheet in deposits, notes and other receivables and in payroll and other liabilities.

12—Debt Service Funds, Net Assets

The Debt Service Funds' end-of-year balances include deposits made by the District for principal payments on notes and for the debt service reserve pertaining to Sales Tax Revenue Bonds. These amounts also appear on the balance sheet as deposits, notes and receivables. The Debt Service Funds, net assets on the balance sheet have, therefore, been decreased by the amount of \$29,925,000 at June 30, 1985 and \$22,308,000 at June 30, 1984.

13—Subsequent Events

In July 1985, the District sold \$21,775,000 in subordinated Sales Tax Anticipation Notes to defray operating expenses payable from the General Operating Fund of the District.

Performance Highlights

(cont'd from page 10)

In addition to funds derived from passenger fares, interest income and advertising, BART received \$81 million in revenues from 75 per cent of the one-half cent transit sales tax in the three BART counties, \$4.1 million in State Transportation Development Act (TDA) funds and State Transit Assistance (STA) and \$5.7 million in property tax as its share of the one per cent maximum property tax available to all local governments.

Directors once again were able to reduce the property tax BART levies for repayment of the general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 5.72 cents per one hundred dollars of assessed value, down from 6.17 cents the previous fiscal year. The property tax generated revenues of \$51.9 million from property owners in Alameda, Contra Costa and San Francisco Counties, the three counties making up the district.

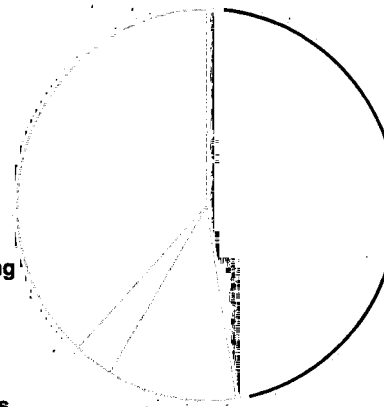
In the city of Berkeley, where voters approved a special service district in 1966 to finance subway construction through their city, the Board of Directors set a property tax rate of 2.86 cents per hundred dollars of assessed valuation, which raised revenues of \$730,000.

As a measure of the District's financial stability, the Board of Directors allocated \$10.3 million during FY 84-85 from unrestricted financial assistance and revenues for necessary capital projects, bringing to \$73.7 million the total of funds allocated for capital projects during the past five years.

1984/85 Operating Funds – \$170,673,000

Where Funds Came From (In Thousands)

- Transaction & Use Sales Tax
\$81,055 47.49%
- Fares
\$67,468 39.53%
- Property Tax
\$5,733 3.36%
- Other
\$16,417 9.62%
 - Investment Income and Other Operating Revenues
\$6,848 4.01%
 - State Financial Assistance
\$3,646 2.14%
 - Construction Funds
\$5,007 2.94%
 - Regional Financial Assistance
\$500 0.29%
 - Decrease in Working Capital*
\$416 0.24%

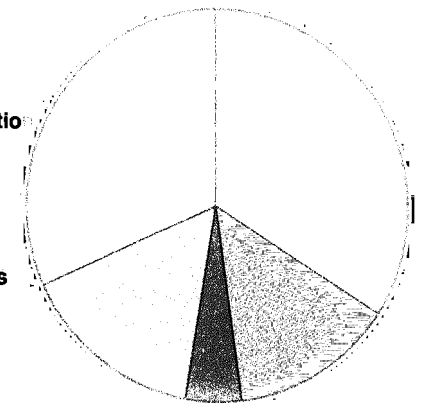


*Funded excess of expenses over revenues

TOTAL
\$170,673 100.00%

How Funds Were Applied (In Thousands)

- Maintenance
\$58,041 34.01%
- Transportation
\$53,923 31.59%
- General Administration
\$27,177 15.92%
- Police Services
\$8,025 4.70%
- Other
\$23,507 13.78%
 - Capital Allocations
\$10,301 6.04%
 - Debt Service Allocations
\$8,221 4.82%
 - Construction & Engineering
\$4,985 2.92%

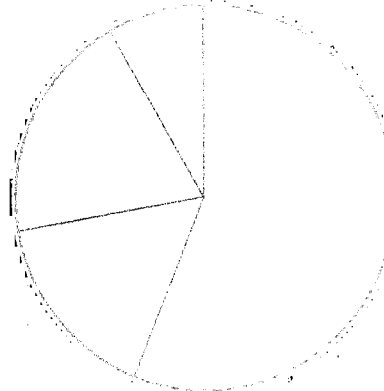


TOTAL
\$170,673 100.00%

1984/85 Capital Funds – \$56,058,000

Source of Funds (In Thousands)

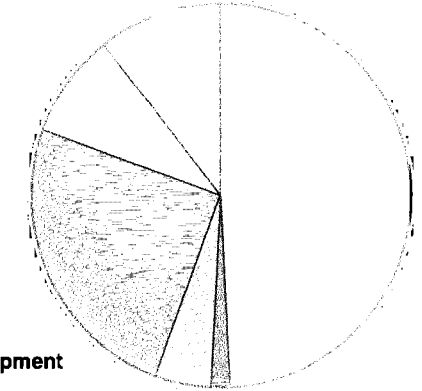
- District
\$4,675 8.34%
- Federal
\$31,418 56.04%
- State
\$10,890 19.43%
- Local (including capital allocations)
\$9,075 16.19%



TOTAL
\$56,058 100.00%

Expenditures (In Thousands)

- Construction
\$27,525 49.10%
 - Line
\$24,435 43.59%
 - Systemwide
\$2,860 5.10%
 - Support Facilities
\$230 0.41%
- Train Control
\$5,996 10.70%
- Communications
\$4,935 8.80%
- Transit Vehicles
\$13,972 24.92%
- Miscellaneous Equipment
\$2,717 4.85%
 - Automatic Fare Collection
\$824 1.47%
 - Management Information Systems
\$928 1.66%
 - Support Vehicles
\$292 0.52%
 - Other Equipment
\$673 1.20%
- Studies and Other
\$913 1.63%



TOTAL
\$56,058 100.00%

DAILY ON-TIME PERFORMANCE

	10	20	30	40	50	60	70	80	90	100%
JUL									95.2	
									95.5	
AUG									94.4	
									95.7	
SEP									93.9	
									94.2	
OCT									92.5	
									95.6	
NOV									95.0	
									95.8	
DEC									94.9	
									95.5	
JAN									95.2	
									94.5	
FEB									94.6	
									94.9	
MAR									95.9	
									94.4	
APR									95.7	
									96.6	
MAY									95.9	
									93.9	
JUN									93.8	
									92.9	

AVERAGE WEEKDAY PATRONAGE (000's)

	125	150	175	200	225
JUL				212.4	
				195.3	
AUG				209.3	
				194.1	
SEP				211.6	
				199.9	
OCT				211.0	
				203.2	
NOV				210.6	
				205.9	
DEC				208.0	
				201.6	
JAN				205.4	
				203.0	
FEB				214.4	
				206.2	
MAR				215.0	
				206.3	
APR				216.2	
				204.4	
MAY				212.0	
				204.8	
JUN				213.3	
				206.3	

■ FY 1984-85

■ FY 1983-84

Customers First the Second Time Around

Message from the General Manager

When BART first opened 26 miles of track for passenger operations on September 11, 1972, its system of automatic controls, stations, tracks, tunnels and gleaming aluminum cars was hailed as an engineering wonder.

Two sobering years later, when the 3.6-mile Transbay Tube was opened, BART linked the east and west sides of San Francisco Bay with the potential for high capacity travel in this congested corridor. But, despite its potential, the system couldn't deliver its promised performance. It was plagued with problems and pressures that had not been foreseen. Technology, rather than customers, had come first.

Today, as BART begins its 14th year of operation, most of the performance problems have been overcome and original ridership projections have been met. The potential for high capacity will finally be achieved over the next four years. Peak period trains and cars will be substantially increased through delivery of 150 new cars; construction of the Daly City turn-back track and storage yard; completion of the additional track through downtown Oakland, and installation of overall control system modifications, including replacement of the present central train control computers.

Most of these key projects are, understandably, scheduled to reach their completion phase at approximately the same time. When they are operational, it will be like starting up the system for a second time. Will BART and its riders be more successful the "second time around"?

This time, BART is acutely aware of the potential problems and an explicit approach to avoiding them has been developed. First,



through rigorous systems engineering and simulation analysis, we are able to identify potential system integration problems and figure out ways to solve them well beforehand. Second, we're taking the time necessary to solve problems encountered in manufacture and construction when they occur. BART's new cars, for example, which are in the prototype testing state, are not being accepted, let alone put into service, until they absolutely meet the high requirements set for them three years ago.

We look forward to delivering a new and better BART to the riders and taxpayers this second time around. With all the new components in place and thoroughly tested, BART will be able to provide increased peak capacity where and when it's needed, and at the same time, enhance system performance. The objective, this second time, is to make sure customer satisfaction is served first by the technology.

Keith Bernard
General Manager, BART



San Francisco Bay Area Rapid Transit District (BART)

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (415) 464-6000

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the counties of Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS – Fiscal Year 1985

PRESIDENT

Wilfred T. Ussery, San Francisco

VICE PRESIDENT

John Glenn, Fremont

MEMBERS OF THE BOARD

District #1 – **Barclay Simpson**, Lafayette

District #2 – **Nello Bianco**, El Sobrante

District #3 – **Arthur J. Shartsis**, Oakland

District #4 – **Margaret K. Pryor**, Oakland

District #5 – **Robert S. Allen**, Livermore

District #6 – **John Glenn**, Fremont

District #7 – **Wilfred T. Ussery**, San Francisco

District #8 – **Eugene Garfinkle**, San Francisco

District #9 – **John H. Kirkwood**, San Francisco

BOARD-APPOINTED OFFICERS

C. K. Bernard, General Manager

Malcolm M. Barrett, General Counsel

William F. Goelz, Controller/Treasurer

Phillip O. Ormsbee, District Secretary

DEPARTMENT HEADS REPORTING TO THE GENERAL MANAGER

Richard P. Demko, Executive Manager, Maintenance & Engineering

William B. Fleisher, Chief Transportation Officer

Howard L. Goode, Planning & Analysis

Michael C. Healy, Public Affairs

Ernest G. Howard, Administrative Services

John Mack, Affirmative Action

Hedy Morant, Budget & Capital Program Control

Thomas R. Sheehan, Information Systems

William Thomas, Material Management & Procurement

Ralph S. Weule, Safety

Larry A. Williams, Employee Relations

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California Photo Service, Emeryville

Gordon Kloess, Half Moon Bay

System Map: Arthur Richardson, BART Documentation

B Kathryn Roth, Safety Engineer, is shown standing before one of BART's emergency vehicles, which are located at various BART stations.

A Wanda Posey, one of BART's train operators, works out of the Hayward Yard.

R Diese Evans, transit vehicle mechanic (TVM), works at the Richmond Yard.

T Arthur Clarke, chief analyst of the Integrated Control System (ICS), is shown with some of the new Central Control computer units which are expected to be "on-line" by the end of 1987.

Bay Area Rapid Transit District Annual Report 1985-86



Board of Directors



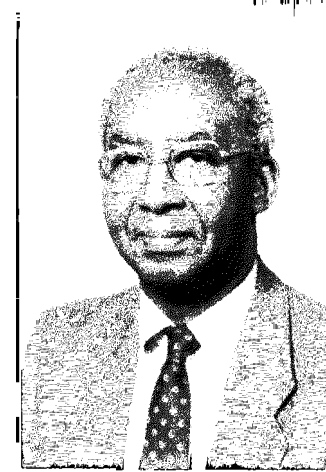
Barclay Simpson
District 1

A member of the Board since 1976 and Board President in 1977. Chairman of the Board, Simpson Company, San Leandro, and owner, Barclay Simpson Art Gallery, Lafayette. Lives in Orinda.



Margaret K. Pryor
District 4

A member of the Board since 1980. Urban Affairs Consultant. Active in national and local transportation. Chairperson. APTA, Minority Affairs Committee. Lives in Oakland.



Wilfred T. Ussery
District 7

A member of the Board since 1978 and Board President in 1985. Chairperson, Public Affairs Access and Legislation Committee, 1986 and 1980. An urban planner. Active in Bay Area civic organizations. Past National Chairperson, Congress of Racial Equality, 1967 to 1969. Lives in San Francisco.



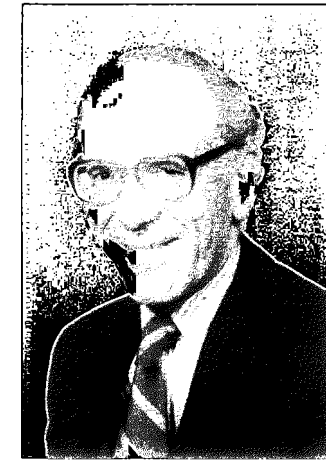
Nello Bianco
District 2

Board President 1986, 1980 and 1975, and a member of the Board since 1969. Businessman. Former Richmond City Councilman. Lives in El Sobrante.



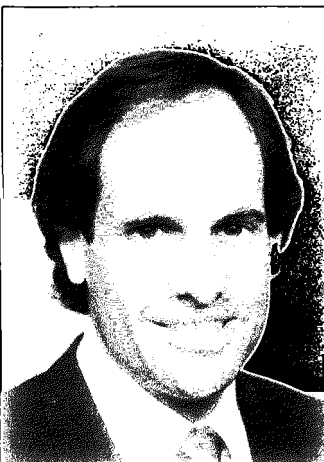
Robert S. Allen
District 5

A member of the Board since 1974. President, 1983. Chairperson, Administration Committee, 1986. Employed 27 years in engineering and operations for three major railroads. Livermore resident since 1958.



Eugene Garfinkle
District 8

A member of the Board since 1977. Board Vice President in 1986 and Board President in 1982. A San Francisco attorney. Lives in San Francisco.



Arthur J. Shartsis
District 3

A member of the Board since 1976 and Board President in 1984. A San Francisco attorney. Lives in Oakland.



John Glenn
District 6

A member of the Board since 1974. Chairperson, Engineering and Operations Committee, 1986. Board President, 1982. Chairperson, Policy Committee, Fremont-South Bay Corridor Study, 1986. Founder and President, John Glenn Adjusters and Administrators. Organizer and Director of Civic Bank of Commerce. Lives in Fremont.



John H. Kirkwood
District 9

A member of the Board since 1974 and Board President in 1979. Chairperson, Engineering and Operations Committee, 1977 and 1978. Chairperson, Public Affairs, Access and Legislation Committee, 1981 and 1983. Advisory Board member, San Francisco Planning and Urban Renewal (SPUR) Association. Lives in San Francisco.

Message from the President

My continuous service since 1969 on BART's Board of Directors, longer than any one else's, gives me a unique perspective. I'm able to look back to the very beginnings of BART and remember the problems and unforeseen difficulties we encountered in getting the system going. But I'm also able to look ahead to the future and to the role that BART will increasingly play in regional transportation.

Yes, we had our problems in the beginning, believe me, but a lot of them were due to the fact that we were trying to put together a unique rapid rail system, with more modern equipment and systems than had been attempted anywhere. It took a lot of work and dedication and persistence and, yes, faith to get BART going, but we stuck to it and gradually solved the problems.

Today BART is regarded as a leader in the field of public transit, a model for other systems, and we're just on the brink of providing the best service we've ever been able to offer.

Take a look at the existing system and at the projects aimed at increasing BART's capacity. The new K-E third line through Oakland is completed. We're already seeing the effects and benefits. Our Daly City project is right on schedule and we've almost finished with the testing of

the C-Car prototypes. The new car-borne Automatic Train Control system, which is the most advanced system of its kind, will dramatically reduce service disruption when installed on all of



EART's cars.

Financially, too, we're in strong shape. When interest rates dropped, we refinanced a portion of the bonds we had issued in 1982 to pay for the C-Cars, and

the A-1 rating the new bonds received tells you something about how the financial markets view us. Our decision to refinance was certainly prudent. My colleagues and I, after very careful study, voted an increase in fares to keep the system financially solvent at a time when federal and state funding for transit is on the decline. I regard that also as a prudent decision.

I have always favored the extension of BART's system. Three years ago the Board adopted my proposed extension policy and now we're in the first stages of reaching out to Antioch, Pittsburg, southern and eastern Alameda County — and now that it's possible to see it in the future — to Santa Clara and San Mateo counties.

For the future, I see BART as the spine of a truly regional transportation system. There is solid evidence all around us of cooperation and support. The dawn is breaking on a time of expanding service, mutual coordination by separate transportation agencies and increasing awareness by people of the advantages of up-to-date, safe and fast public transit.

That's a perspective of which I am truly proud!

A large, stylized handwritten signature in cursive that reads "Nello Bianco".

Nello Bianco, President
Board of Directors
San Francisco Bay Area
Rapid Transit District, 1986



KE Track

The opening for passenger service in March of a third mainline track through downtown Oakland provided BART with the capability for smoother peak-hour service, more efficient car storage and, during service disruptions, better order and movement of trains.

The 1.5-mile KE track, beginning east of the Oakland West Station and extending in a tunnel from Washington Street to 23rd Street, connects three of BART's four routes at one of the system's busiest convergent points. During construction of the KE track, all trains moving through the area were operated manually, at slower speeds than is possible under automatic control. The opening of the new track, which cost \$25.4 million to construct, resulted in a return to full-speed automatic train operations between the MacArthur and 19th Street stations, reducing train delays and providing an improvement in on-time service for passengers.

The new track includes sidings in Oakland which allow trains to be stored during off-peak hours. Before the completion of the KE project, cars in use during the morning commute service were routed to East Bay storage yards during the day and then returned from the yards to peak passenger service in the afternoon. Operating savings of about \$350,000 a year are expected to result from the new KE project's storage capability.

C-CARS

Rigorous testing of four prototype C-Cars was begun during the year, paving the way for the first delivery of production models in the spring of 1987.

The cars are a key element of BART's \$519.7 million capital improvement program to increase passenger capacity at peak hours. BART ordered 150

C-Cars in 1982 from a subsidiary of Alsthom-Atlantique, based in France and considered a leading manufacturer of railroad equipment. More than 60 percent of the components of the cars, however, will be supplied by American manufacturers.

The cars will not only provide additional passenger capacity, but additional flexibility in scheduling. They can be used as a lead car, a trailing car or a mid-car in a train.

The total cost of the C-Cars was originally estimated at \$279.4 million, but revised estimates now,



based on management efficiencies and less than anticipated inflation, put the total costs at \$241.5 million, a savings of \$37.5 million. BART's share of the revised total is approximately \$89 million. Federal and state funds and local bridge tolls will provide the balance.

Vehicle Fire Hardening

Almost completed at the end of BART's operating year was a \$20.7 million project to sharply reduce the flammability of all the system's 440 passenger cars.

By June 30, 1986, 408 cars had been completely refurbished with new wall and ceiling liners, new floors and additional fire protection improvements, such as the installation of fire stops in the ceilings and walls. Special fire-retardant and insulation materials were placed between the car floor and undercar equipment, such as the electrical brake grids, to eliminate any danger from possible overheating.

To be certain of the fire resistance and effectiveness of the materials used in the Fire Hardening project, BART engaged in a unique test and evaluation program to verify the performance of the materials under actual fire conditions. The results of these tests led to the development of the specifications for the vehicle fire-hardening project and assisted the federal government in developing fire performance guidelines for transit vehicle design.

Extensions

Steps were taken to extend BART service to additional communities in Alameda and Contra Costa counties and to areas outside the current three-county District in San Mateo and Santa Clara counties.

BART continued to acquire land for planned future stations and worked during the year with local, regional, state and federal officials on efforts to extend BART's rail lines.

Following the overwhelming approval by San Mateo County voters on November 5, 1985, of a one-station BART extension into their county, BART began discussions with county officials for coordinated planning of a Colma Station.



Daly City Turnback

The Daly City Turnback and Yard project, a key component in BART's efforts to expand its passenger-carrying capacity, reached the two-thirds completion mark by the end of the operational year.

The Turnback consists of three tracks extending south for 1.5 miles from the Daly City Station. The tracks will allow train controllers to turn trains back to East Bay stations faster than is now possible. BART's objective is to provide trains during peak hours at a frequency of 2.25 minutes, compared to the current maximum frequency of 3.75 minutes.

The Turnback capability, when the project is completed in 1988, will be a factor in allowing BART to eventually operate in excess of 57 trains at one time on the system, compared with the current limit of 49 trains.

The storage yard at Daly City, with a capacity of 165 cars, will eliminate the need to return empty cars to East Bay storage yards after the morning and evening commute hours. BART estimates a saving of \$1.4 million a year through the elimination of the empty or virtually empty return runs. A maintenance shop will also be built in the storage yard, providing additional savings and flexibility as the cars will no longer have to be brought back to the East Bay shops for repair.

The entire Turnback and Yard project, estimated to cost \$150 million, is scheduled for completion during the first quarter of 1988.

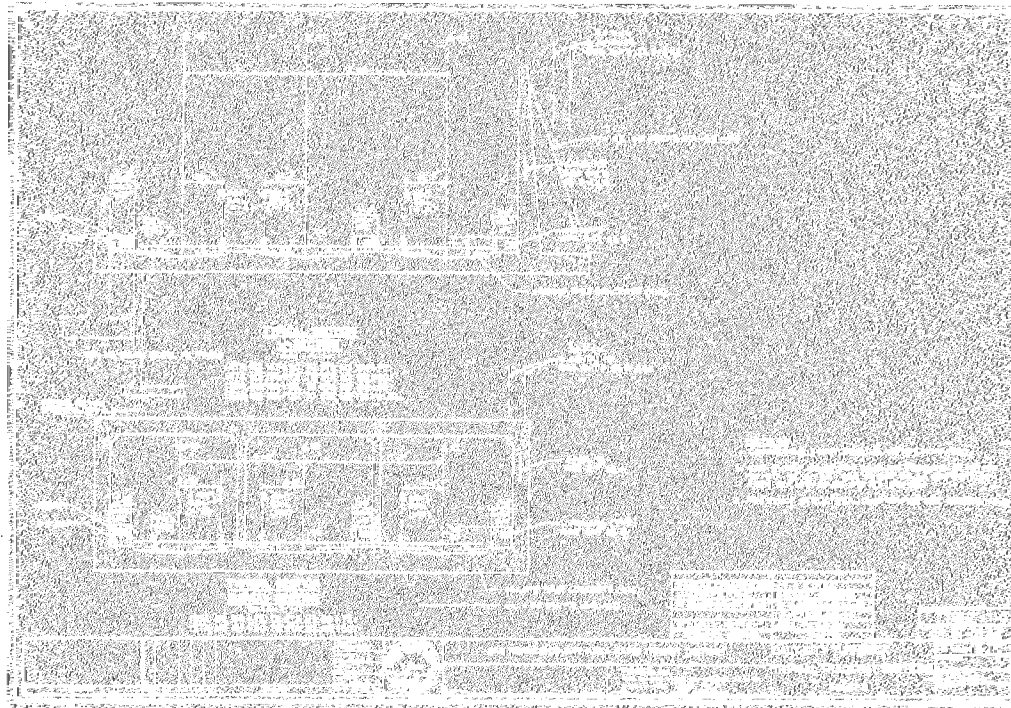
Safety Record

BART's enviable record for passenger safety continued during the year. Since September, 1972, when BART's first paying passenger stepped aboard a train, the system has carried more than 560 million people 7.4 billion passenger miles without a single passenger fatality.

That record reflects the strong priority given to passenger safety by BART, beginning with the Board of Directors and extending through all levels of personnel. An on-going safety audit program is maintained to insure continued compliance with all BART safety procedures and guidelines.

Coop-Emergency Programs

BART continued to conduct emergency and safety procedures programs during the year, providing



training for BART personnel and nearly 650 firefighters and emergency medical personnel from 13 localities throughout the system.

The object of the program is to assure prompt and coordinated action, well planned and tested in advance, to handle emergencies. The programs include familiarization tours of BART vehicles, stations and underground facilities, smoke-movement drills and simulated derailments and fires.

Platform Edge Warning

After extensive testing at four stations of various tactile warning tiles, BART engineers selected a brightly colored tile material for installation throughout the system.

Tested at the Lake Merritt Station in Oakland, the selected tile is designed to alert passengers, particularly those who are blind or vision-impaired, that they are near the edge of the platform. The project is scheduled for completion in October, 1987.

RADCOM

The upgrading of BART's radio communications systems, RADCOM, was completed during the year at a cost of \$3.7 million. The project included additional radio facilities, entailing a separate frequency for BART storage and maintenance yards and a dedicated channel for fire department use in all subway areas. The project also included the purchase of additional portable radios or upgrading existing portable radios for the San Francisco, Oakland, Berkeley, and Orinda fire departments.

Promotional

Promotional efforts and special train scheduling were continued throughout the year to encourage the use of BART to attend parades, holiday celebrations, commemorative festivities, sporting events, fairs and concerts. Also, a major off-peak marketing effort which began in May, 1985 was continued through December, 1985. The campaign, called "BART Goes Shopping Too!" was targeted for shoppers.

New weekday ridership records were set on September 18 and 19 in conjunction with two concerts at the Oakland Coliseum. Ridership was 238,866 the first day of the concert, topped by 240,292 trips the second day. About one-fourth of the 100,000 people attending the concerts used BART for transportation.



Financial Statements

The Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1986 and 1985, and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1986 and 1985, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Adam, Grant, Wernert & Co.

September 5, 1986

KMG, Main Handelman

San Francisco, California

BALANCE SHEET

June 30, 1986 and 1985 (In Thousands)

	1986	1985
ASSETS		
Cash (including time deposits — 1986, \$24,528; 1985, \$24,800)	\$ 26,016	\$ 26,349
Securities	278,437	172,693
Securities representing reserves	32,223	32,939
Deposits, notes and other receivables	93,051	59,997
Construction in progress	119,390	87,960
Facilities, property and equipment — at cost (less accumulated depreciation and amortization — 1986, \$350,550; 1985, \$316,929)	1,301,209	1,298,582
Materials and supplies — at average cost	14,279	13,065
Debt service funds, net assets	25,510	18,236
	\$1,890,115	\$1,709,821
LIABILITIES AND CAPITALIZATION		
Notes payable	\$ 67,655	\$ 26,450
Payroll and other liabilities	61,917	52,135
Unearned passenger revenue	1,577	1,384
Debt service funds	25,510	18,236
	156,659	98,205
Capitalization:		
Reserves	32,223	32,939
General Obligation Bonds	504,905	537,725
Sales Tax Revenue Bonds	145,000	64,510
Net capital investment	1,051,328	976,442
	1,733,456	1,611,616
	\$1,890,115	\$1,709,821

STATEMENT OF OPERATIONS

Years Ended June 30, 1986 and 1985 (In Thousands)

	1986	1985
Operating revenues:		
Fares	\$ 80,898	\$ 74,108
Less discounts and other deductions	7,846	6,640
	73,052	67,468
Other	4,022	1,395
Investment income	4,997	5,453
	82,071	74,316
Operating expenses:		
Transportation	60,658	53,923
Maintenance	63,170	58,041
Police services	8,601	8,025
Construction and engineering	5,597	4,985
General and administrative	29,497	27,177
	167,523	152,151
Less capitalized costs	6,629	5,007
	160,894	147,144
Net operating expenses		
Operating loss before depreciation expense	78,823	72,828
Depreciation (unfunded):		
Of assets acquired with own funds	17,940	17,026
Of assets acquired with grants and contributions by others	16,411	13,340
	34,351	30,366
Total depreciation		
Operating loss	113,174	103,194
Financial assistance:		
Transactions and use tax	84,231	81,055
Property tax	6,757	5,733
State	1,826	3,646
Transportation Development Act of 1971	564	500
Debt service allocations	(11,566)	(8,221)
Capital allocations	(3,000)	(10,301)
	78,812	72,412
Total financial assistance		
Net loss	34,362	30,782
Depreciation of assets acquired with grants and contributions by others	16,411	13,340
	\$ 17,951	\$ 17,442
Net loss transferred to accumulated deficit		
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$ 78,823	\$ 72,828
Deduct financial assistance	78,812	72,412
	\$ 11	\$ 416
Funded excess of expenses over revenues		

The accompanying notes are an integral part of these financial statements.

Integrated Control System

The implementation of BART's new Integrated Control System (ICS), designed to boost from 49 to at least 57 the number of trains in operation at one time, continued during the year.

The ICS, which eventually will replace BART's current train control computers, is budgeted at \$31.8 million, 80 percent of which will be funded by the Urban Mass Transportation Administration. The project is scheduled for completion in October, 1987.

New computers for the ICS are already in place and work is also under way on software design and production, testing and integration of the current and new control systems.

Joint Development

BART moved forward on several joint development projects, including a plan for a hotel and office facilities at the Pleasant Hill Station. The Pleasant Hill project, which has been under consideration for four years, is expected to be a source of revenue to BART, as well as a generator of jobs and taxes to local governments.

Additional projects, now in various stages of development, are planned in Concord, Daly City and Oakland.

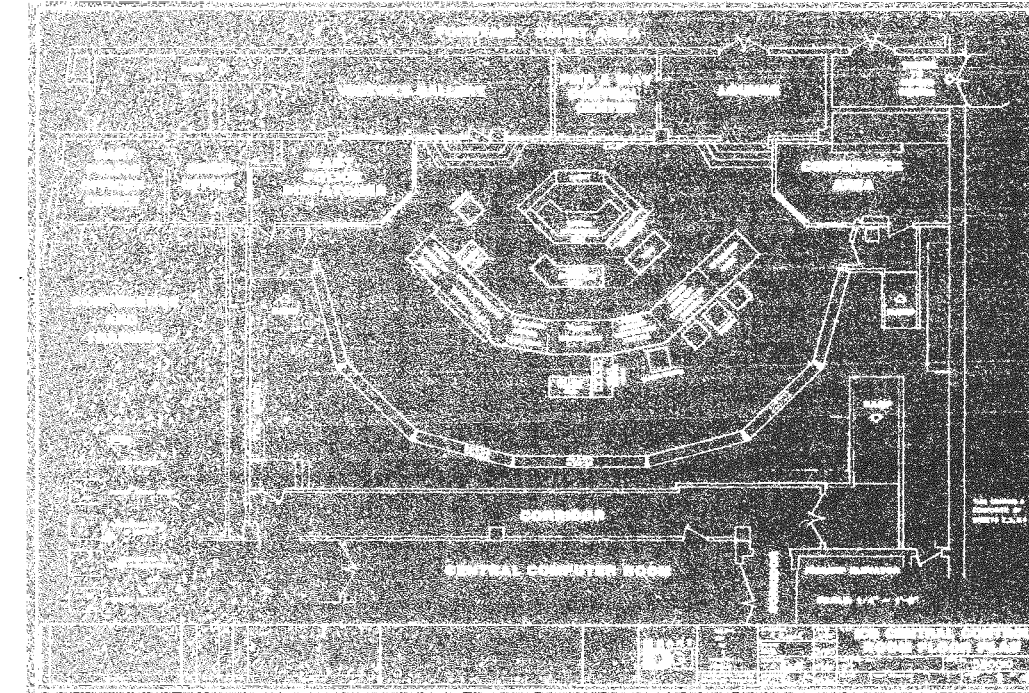
Access

To make it easier and more convenient for people to reach BART stations and use the trains, BART added 1,635 parking spaces at six locations and was nearing completion of another 443 spaces at the end of the fiscal year.

In May, following a 5-year lease agreement with the U.S. Navy, construction began on the North Concord/Martinez park and ride project, which is scheduled for completion by the end of 1986 and will provide 538 spaces.

BART also improved its express bus service by

realigning routes onto freeways, extending the routes to the new park and ride facilities and providing more frequent service. An agreement was reached with the Alameda-Contra Costa Transit District, under which BART paid \$5.5 million to AC Transit to underwrite the costs of feeder service bus routes to BART stations. BART's efforts to modify station elevators continued, providing more convenient access for handicapped passengers. The project includes the installation of card readers, intercoms, closed circuit television, new call buttons and the lowering of control panels.



sengers on crowded platforms in downtown San Francisco stations.

BART police officers, who have full peace officer's authority and responsibility, patrol the system on foot to cover the stations and trains and in patrol cars to cover the parking lots and other District property.

Considering the number of passengers using the system, BART has an enviably low crime rate and efforts will continue to keep it at this level

Financial

The general decline of interest rates offered an opportunity during the year for BART to refinance a portion of the \$65 million in revenue bonds originally issued in 1982 to help pay for 150 C-Cars. The refinancing is projected to generate an additional \$75 million, earmarked for capital projects.

After extensive analysis and evaluation of alternatives, BART's Board of Directors approved a system-wide fare increase averaging 30 percent, which went into effect on January 1, 1986. The increase resulted in minimum and maximum one-way fares of 80 cents and \$3.00. The additional funds generated by this increase will be used to cover operating deficits and provide additional money for debt service and capital projects, including expanded parking.

BART also concluded an agreement with the Urban Mass Transportation Administration for full funding of the Daly City Turnback and Yard project.

BART Police

Professionalism and vigilance are the watchwords for BART's police force, which is charged with the protection of passengers and property on all trains, at 34 stations, in parking lots and other District property.

During the year, for example, BART plainclothes officers worked with their counterparts from the San Francisco Police Department to apprehend professional pickpockets who were preying on unsuspecting pas-

STATEMENT OF CHANGES IN NET CAPITAL INVESTMENT

Years Ended June 30, 1986 and 1985 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Capitalization of Interest	Reserves	Net Capital Investment
Balance, July 1, 1984	\$235,515	\$150,000	\$642,939	(\$111,779)	(\$160,511)	\$182,857	\$—	(\$34,684)	\$ 904,337
Net loss for the year	—	—	—	—	(17,442)	—	—	—	(17,442)
Proceeds from grants and contributions	—	—	45,955	—	—	—	—	—	45,955
Depreciation of assets acquired with grants and contributions by others	—	—	—	(13,340)	—	—	—	—	(13,340)
Interest on capital	—	—	—	—	—	23,937	—	—	23,937
Increase in operating reserve	—	—	—	—	—	—	—	(400)	(400)
Increase in construction fund reserve	—	—	—	—	—	—	—	(350)	(350)
Decrease in system completion reserve	—	—	—	—	—	—	—	1,409	1,409
Decrease in system improvement reserve	—	—	—	—	—	—	—	1,086	1,086
Bond principal	30,760	490	—	—	—	—	—	—	31,250
Balance, June 30, 1985	266,275	150,490	688,894	(125,119)	(177,953)	206,794	—	(32,939)	976,442
Net loss for the year	—	—	—	—	(17,951)	—	—	—	(17,951)
Proceeds from grants and contributions	—	—	63,038	—	—	—	—	—	63,038
Depreciation of assets acquired with grants and contributions by others	—	—	—	(16,411)	—	—	—	—	(16,411)
Interest on capital	—	—	—	—	—	25,393	—	—	25,393
Cost of 1982 Sales Tax Revenue Bonds defeasance	—	—	—	—	(1,748)	(2,846)	—	—	(4,594)
Capitalization of interest	—	—	—	—	—	—	(8,670)	—	(8,670)
Increase in operating reserve	—	—	—	—	—	—	—	(100)	(100)
Increase in construction fund reserve	—	—	—	—	—	—	—	(331)	(331)
Decrease in system completion reserve	—	—	—	—	—	—	—	457	457
Decrease in system improvement reserve	—	—	—	—	—	—	—	690	690
Bond principal	32,820	545	—	—	—	—	—	—	33,365
Balance, June 30, 1986	<u>\$299,095</u>	<u>\$151,035</u>	<u>\$751,932</u>	<u>(\$141,530)</u>	<u>(\$197,652)</u>	<u>\$229,341</u>	<u>(\$8,670)</u>	<u>(\$32,223)</u>	<u>\$1,051,328</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
1 — Summary of Significant Accounting Policies
Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

As a matter of policy, the District holds investments until their maturity and, accordingly, securities are carried at cost. At June 30, 1986, market value exceeded cost by \$12,646,000. At

June 30, 1985, market value exceeded cost by \$9,331,000. The face value of securities exceeded cost at June 30, 1986 and 1985.

Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State

governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District's appointed trustee for the purpose of paying bond and note interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as special deposits and debt

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1986 and 1985 (In Thousands)

	1986	1985
Cash and securities (used) provided by:		
Operations:		
Net loss transferred to accumulated deficit	(\$ 17,951)	(\$ 17,442)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	17,940	17,026
Cash and securities (used) by operations	(11)	(416)
Decrease in materials and supplies	—	69
Issuance of Sales Tax Revenue Bonds	145,000	—
Issuance of Sales Tax Anticipation Notes	21,775	19,860
Issuance of Grant Anticipation Notes	45,025	10,900
Contributions from U.S. Government grants and others	63,038	45,955
Increase in payroll and other liabilities	9,782	7,197
Increase in unearned passenger revenue	193	—
Interest on capital	25,393	23,937
Total cash and securities provided	310,195	107,502
Cash and securities applied to:		
Increase in deposits, notes and other receivables	33,054	14,494
Increase in construction in progress	31,430	20,769
Additions to facilities, property and equipment	36,978	36,570
Additions to materials and supplies	1,214	—
Defeased Sales Tax Revenue Bonds	63,965	—
Matured Sales Tax Anticipation Notes	19,860	16,000
Matured Grant Anticipation Notes	5,735	4,310
Decrease in unearned passenger revenue	—	48
Cost of 1982 sales tax revenue bond defeasance	4,594	—
Capitalization of interest	8,670	—
Total cash and securities applied	205,500	92,191
Increase in cash and securities	\$104,695	\$ 15,311

NOTES TO FINANCIAL STATEMENTS (Cont'd)

1 — Summary of Significant Accounting Policies (Cont'd)

service allocations upon receipt of the net amount. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1986 to June 30, 1986 will be approximately \$19,305,000. Of this amount, \$5,791,500 had been received and recorded by the District. Comparable figures for 1985 were \$18,169,000 and \$5,451,000 respectively.

Property Tax Revenues

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES

Years Ended June 30, 1986 and 1985 (In Thousands)

	Year Ended June 30, 1986				Year Ended June 30, 1985	
	General Obligation Bonds	Sales Tax Revenue Bonds	Sales Tax Anticipation Notes	Grant Anticipation Notes	Combined	Combined
Revenues:						
Property tax	\$55,022	\$ —	\$ —	\$ —	\$ 55,022	\$53,837
Bond proceeds	—	75,920	—	—	75,920	—
Accrued interest from bond sale	—	873	—	—	873	—
District deposits for principal payments	—	—	21,775	17,097	38,872	27,455
District deposit to Debt Service Reserve Account	—	—	—	—	—	473
Allocations from District revenues	—	10,387	1,179	—	11,566	8,221
Interest	2,089	1,212	477	1,017	4,795	3,485
Interest transferred from District	—	—	—	1,365	1,365	493
	57,111	88,392	23,431	19,479	188,413	93,964
Expenditures:						
Assets transferred to Trustee for 1982 Sales Tax Revenue Bonds defeasance	—	66,626	—	—	66,626	—
Interest	21,754	6,254	1,396	1,365	30,769	30,896
Principal	32,820	545	19,860	5,735	58,960	51,560
Service expense	—	28	6	—	34	7
Interest transmitted to District	—	1,269	809	262	2,340	1,959
	54,574	74,722	22,071	7,362	158,729	84,422
	2,537	13,670	1,360	12,117	29,684	9,542
Balance, beginning of year	12,737	10,618	21,524	3,282	48,161	38,619
Balance, end of year	\$15,274	\$24,288	\$22,884	\$15,399	\$77,845	\$48,161
Represented by:						
Cash (including time deposits — 1986, \$1,499; 1985, \$-0-)	\$ 2,141	\$ —	\$ —	\$ —	\$ 2,141	\$ 12
Securities	11,330	—	—	—	11,330	11,061
Taxes and interest receivable	1,803	—	—	—	1,803	1,664
Assets with fiscal agent	—	24,288	22,884	15,399	62,571	35,424
	\$15,274	\$24,288	\$22,884	\$15,399	\$ 77,845	\$48,161

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS (Cont'd)

1 — Summary of Significant Accounting Policies (Cont'd)

receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

In accordance with this policy, management allocated to net capital investment \$15,941,000 of interest revenue earned on assets held in the General Operating Fund but which related to capital projects.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

Capital Allocations

The Board of Directors allocates a portion of unrestricted financial assistance and general fund revenues to net capital investment for capital projects.

Capitalization of Interest

The District capitalizes certain interest revenue and expenditures related to tax free borrowings in accordance with Financial Accounting Standards 62. The net effect for the fiscal year ending June 30, 1986 of these capitalizations is to decrease construction in progress by \$8,670,000 representing excess interest revenue from applicable borrowings over interest expenditures.

Debt Service

The District accounts for the debt service funds on the cash basis whereby expenditures are not recognized until resources are allocated and cash is spent. Hence, interest expense is not recognized until the payment is made.

2 — Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	— — (in thousands) — —	
	1986	1985
Basic System Completion	\$10,421	\$10,878
System Improvement	6,371	7,061
Construction	2,931	2,600
Self-Insurance	9,000	9,000
Operating	3,500	3,400
	<u>\$32,223</u>	<u>\$32,939</u>

3 — Facilities, Property and Equipment

(In Thousands)

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1986 and 1985 are summarized as follows:

	Lives (Years)	1986		1985	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 135,325	\$ —	\$ 122,209	\$ —
Improvements	80	1,088,998	165,854	1,082,053	152,259
System-wide operation and control	20	125,581	61,823	118,835	55,735
Revenue transit vehicles	30	164,598	65,241	159,408	57,120
Service and miscellaneous equipment	3 to 20	24,357	14,079	21,976	11,858
Capitalized construction and start-up costs	30	105,217	40,874	103,557	37,519
Repairable property items	30	7,683	2,679	7,473	2,438
		<u>\$1,651,759</u>	<u>\$350,550</u>	<u>\$1,615,511</u>	<u>\$316,929</u>

4 — General Obligation Bonds

(In Thousands)

	Composite Interest Rate	Year Last Series Matures	Original Amount		1986		1985	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
			1962 District Bonds	3.93%	1999	\$792,000	\$792,000	\$34,225	$498,175	$32,400	$530,575
1966 Special Service District Bonds	4.38%	1998	20,500	12,000	440	6,730	420	7,150
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$34,665</u>	<u>\$504,905</u>	<u>\$32,820</u>	<u>\$537,725</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$9,996,000 on General Obligation Bonds and \$148,000 on Special Service District No. 1 Bonds is payable on December 15, 1986.

The following is a schedule of principal repayments required under General Obligation Bonds as of June 30, 1986 (in thousands):

Year Ending June 30	1962 District Bonds	1966 Special Service District Bonds	Total
1987	\$ 34,225	\$ 440	\$ 34,665
1988	36,250	460	36,710
1989	38,400	480	38,880
1990	40,200	500	40,700
1991	33,700	520	34,220
Later years	315,400	4,330	319,730
	<u>\$498,175</u>	<u>\$6,730</u>	<u>\$504,905</u>

5 — Sales Tax Revenue Bonds

(In Thousands)

	Year Last Series Matures	Original Amount		1986			1985	
		Authorized	Issued	Defeased	Due in 1 Year	Total	Due in 1 Year	Total
		1969 Sales Tax Revenue Bonds	1977	\$150,000	\$150,000	\$ —	\$ —	\$ —
1982 Sales Tax Revenue Bonds	2008	65,000	65,000	63,965	\$ —	\$ —	545	64,510
1985 Sales Tax Revenue Bonds	2011	145,000	145,000	—	—	145,000	—	—
		<u>\$360,000</u>	<u>\$360,000</u>	<u>\$63,965</u>	<u>\$ —</u>	<u>\$145,000</u>	<u>\$545</u>	<u>\$64,510</u>

NOTES TO FINANCIAL STATEMENTS (Cont'd)

5 — Sales Tax Revenue Bonds (Cont'd)

The 1969 Legislature of the State of California authorized the District to impose a one-half percent transactions and use tax within the District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million to be used for operations. Payment of these Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is allocated to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission.

In October 1982, the District issued revenue bonds totaling \$65 million to pay a portion of the cost of acquisition of 150 rail transit vehicles and related automatic train control equipment for use in the District's existing rapid transit system. The 1982 Bonds were special obligations of the District payable from and secured by a pledge of revenues, including certain sales tax revenues, all passenger fares and certain property tax revenues. Bond coupon rates ranged from 7% to 10% depending upon the various maturity dates.

In November 1985, the District issued revenue bonds totaling \$145,000,000 to refund and defease \$63,965,000 outstanding principal amount of the bonds issued in 1982, and to finance certain system improvements. The system improvements currently planned or underway include acquisition of 150 rail transit vehicles and associated capacity increase projects, new parking facility construction and improvements to existing lots, land and right-of-way acquisitions, enhancements to train performance systems, and system route extension studies.

The District recognized \$4,594,000 as a cost of defeasance in the statement of changes in net capital investment representing the difference between the book value of the bonds net of unamortized discount less the amount transferred to the trustee.

The 1985 Bonds are special obligations of the District secured by a pledge of the sales tax revenues and are payable from revenues, including all sales tax revenues, all passenger fares, certain property tax revenues, and certain interest, grants, and other income. Bond interest rates range from 6.40% to 9.00% depending upon the various maturity dates. The bonds maturing on or after July 1, 1996 are redeemable prior to maturity at the option of the District beginning July 1, 1995 on various dates at prices ranging from 103% to 100%. The bonds matur-

ing July 1, 2004 and July 1, 2011 are also subject to redemption prior to maturity on or after July 1, 1998 and July 1, 2005, respectively, at 100%.

Taxes collected by the State Board of Equalization are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1, principal annually on July 1 and expenses of the trustee. Monies not required for these purposes are transmitted to the District. Additionally, the trustee retains amounts needed for the payment of principal and interest on \$21,775,000 Sales Tax Anticipation Notes maturing on August 1, 1986 (see Note 6). Taxes received by the trustee during the current fiscal year were \$84,231,000 of which \$33,341,000 was retained by the trustee for the above purposes and \$50,890,000 was transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as special deposits and debt service allocations upon receipt of the net amount.

Year Ending June 30	1985 Sales Tax Revenue Bonds
1987	\$ —
1988	—
1989	—
1990	1,885
1991	2,070
Later years	141,045
	<u>\$145,000</u>

6 — Sales Tax Anticipation Notes

The District issued subordinated Sales Tax Anticipation Notes amounting to \$19,860,000 in July 1984. These notes matured on July 1, 1985 and were paid along with interest of \$1,396,000.

In July 1985, the District issued \$21,775,000 in subordinated Sales Tax Anticipation Notes to provide interim financing to defray operating expenses payable from the General Operating Fund of the District, in anticipation of the receipt of taxes, revenue and other monies to be received during or allocable to fiscal year 1985-86. The notes mature on August 1, 1986 with interest of \$1,179,000.

7 — Grant Anticipation Notes

In July 1984, the District sold \$10,900,000 in Grant Anticipation Notes to provide interim financing for certain expenditures prior to the receipt of certain anticipated revenues. The notes, which mature on various dates from May 1, 1985 through January 2, 1987, bear interest at rates ranging from 7.00% to 8.15%. Notes in the amount of \$10,045,000 have matured leaving \$855,000 outstanding at June 30, 1986.

7 — Grant Anticipation Notes (Cont'd)

In November, 1985, the District sold an additional \$45,025,000 in Grant Anticipation Notes. These notes mature on January 31, 1988, March 1, 1988, and May 1, 1988, and bear an interest rate of 6.50%.

8 — U.S. Government Grants — Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1986 is as follows:

Type of Grant	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,355	13,335
Capital	575,137	410,763
	<u>\$590,453</u>	<u>\$426,059</u>

9 — Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

10 — Public Employees' Retirement System

The District contributes to the Public Employees' Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain state and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the system are determined actuarially and required contributions are expensed currently. Pension expense was \$8,513,000 and \$8,032,000 in 1986 and 1985, respectively.

11 — Deferred Compensation Plan

The District has deposited funds with a custodian pursuant to the District's deferred compensation plan. These deposits together with earnings had a market value of \$24,098,000 as of June 30, 1986. This amount is reflected on the balance sheet in deposits, notes and other receivables and in payroll and other liabilities.

12 — Debt Service Funds, Net Assets

The Debt Service Funds' end-of-year balances include deposits made by the District for principal payments on notes and for the debt service reserve pertaining to Sales Tax Revenue Bonds. These amounts also appear on the balance sheet as deposits, notes and other receivables. The Debt Service Funds, net assets on the balance sheet have, therefore, been decreased by the amount of \$52,335,000 at June 30, 1986 and \$29,925,000 at June 30, 1985.

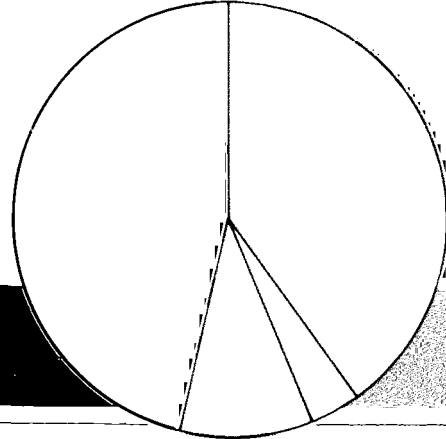
13 — Subsequent Events

In July 1986, the District sold \$18,950,000 in subordinated Sales Tax Anticipation Notes to defray operating expenses payable from the General Operating Fund of the District.

Where Funds Came From (In Thousands)

- Transaction & Use Sales Tax \$84,231 46.26%
- Fares \$73,052 40.12%
- Property Tax \$6,757 3.71%
- Other \$18,049 9.91%
- Investment Income and Other Operating Revenues \$9,019 4.95%
- State Financial Assistance \$1,826 1.00%
- Construction Funds \$6,629 3.64%
- Regional Financial Assistance \$564 0.31%
- Decrease in Working Capital* \$11 0.01%

TOTAL
\$182,089 100.00%



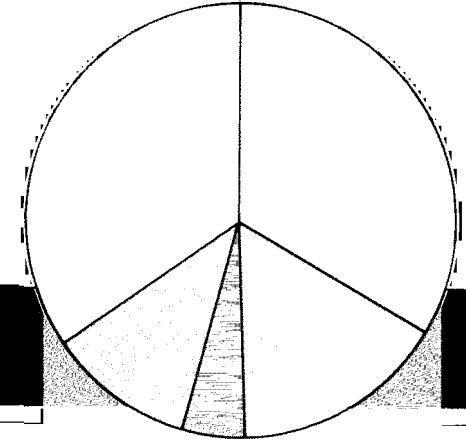
*Funded excess of expenses over revenues

OPERATING FUNDS
1985-86

How Funds Were Applied (In Thousands)

- Maintenance \$63,170 34.69%
- Transportation \$60,658 33.31%
- General Administration \$29,497 16.20%
- Police Services \$8,601 4.73%
- Other \$20,163 11.07%
- Capital Allocations \$3,000 1.65%
- Debt Service Allocations \$11,566 6.35%
- Construction & Engineering \$5,597 3.07%

TOTAL
\$182,089 100.00%

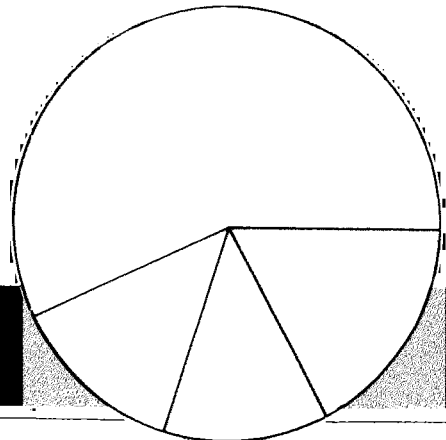


\$182,089,000

Source of Funds (In Thousands)

- District \$10,707 13.21%
- Federal \$46,107 56.88%
- State \$13,885 17.13%
- Local (including capital allocations) \$10,364 12.78%

TOTAL
\$81,063 100.00%

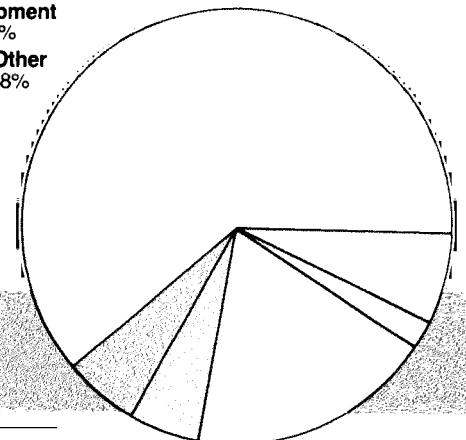


CAPITAL FUNDS
1985-86

Expenditures (In Thousands)

- Construction \$49,888 61.54%
 - Line \$48,690 60.06%
 - Systemwide \$898 1.11%
 - Support Facilities \$300 0.37%
- Train Control \$5,484 6.77%
- Communications \$1,719 2.12%
- Transit Vehicles \$15,052 18.57%
- Miscellaneous Equipment \$4,317 5.32%
- Automatic Fare Collection \$1,592 1.96%
- Management Information Systems \$945 1.17%
- Support Vehicles \$1,014 1.25%
- Other Equipment \$766 0.94%
- Studies and Other \$4,603 5.68%

TOTAL
\$81,063 100.00%



\$81,063,000

Message from the General Manager

Those of us charged with the responsibility for BART's operation must always keep in mind a vital question. That question is, "Are we providing the services that people want?"

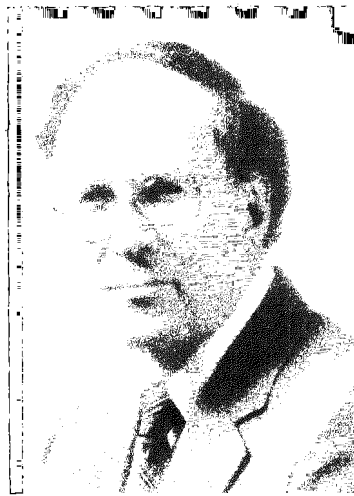
We know that many passengers use BART in the morning and afternoon on weekdays to get to and from work. We know that an increasing number of people also use BART to attend a variety of sporting, holiday and cultural events. We know the trains have been too crowded in recent years to properly serve this growing demand.

BART's capacity expansion program, now about half-way along, will eventually enable us to meet the demands of the peak-travel periods with roughly twice the passenger capacity we have today. However, benefits will begin to appear from this program with the addition of two peak-hour trains this fall. Parking capacity has also been expanded this year and will be expanded further next year. That's part of what BART riders want.

We also know, however, that patterns of ridership change. Transbay travel may be temporarily flattening out, reverse commute trips in the region are growing and peak-hour travel patterns may be changing. We cannot ignore the fact that, beginning in October, 1985, ridership on BART stopped growing, nor has it grown since the fare increase in January.

It's obviously important for us to understand the changes that are taking place in job locations, populations, community growth and transportation preferences so that we can adjust and provide

The challenge to all of us at BART is to keep working on the many things that we know the riders want. We must concentrate on providing the best current service we can, while at the same time building



FY 1984 - 85
FY 1985 - 86

		DAILY ON-TIME PERFORMANCE									
		10	20	30	40	50	60	70	80	90	100%
JUL											
AUG											
SEP											
OCT											
NOV											
DEC											
JAN											
FEB											
MAR											
APR											
MAY											
JUN											

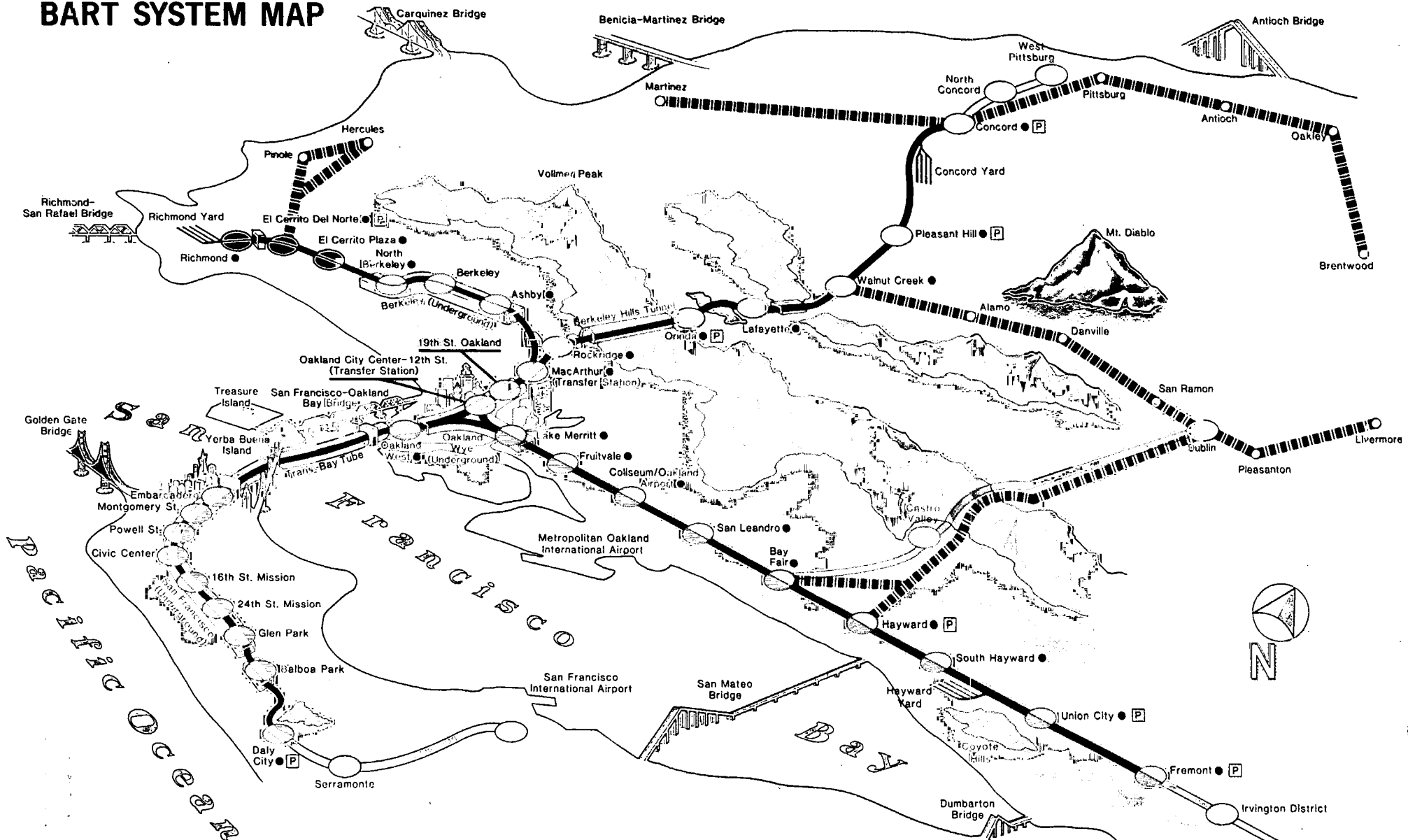
		AVERAGE WEEKDAY PATRONAGE (000's)				
		125	150	175	200	225
JUL						
AUG						
SEP						
OCT						
NOV						
DEC						
JAN						
FEB						
MAR						
APR						
MAY						
JUN						

services to meet the changing needs of existing and potential new passengers. It's also important for us to continually strive to provide on-time service, reliable equipment, clean trains and stations, friendly helpful employees, and all the other things, big or small, which we know that riders want.

wisely for the future. We at BART are committed to doing just that.

Keith Bernard
General Manager, BART

BART SYSTEM MAP









Line Miles†

A Line—(Fremont to Lake Merritt)	23 Miles
M Line—(Daly City to Oakland West)	15 Miles
R Line—(Richmond to MacArthur)	12 Miles
C Line—(Downtown Oakland to Concord)	21.5 Miles
Total Miles	71.5 Miles

†All miles are calculated from the Oakland WYE

System Information
 Total number of automobile parking spaces at BART Stations: 24,335 •
 (10% of these parking spaces for mid-day parking)

-  CONCORD/DALY CITY
RICHMOND/DALY CITY
RICHMOND/FREMONT
FREMONT/DALY CITY
-  BART Express Bus
-  Parking
-  Preferential Carpool Parking
-  BART Rail System
-  BART First Phase Extensions

■ In accordance with BART Extension Policy adopted on February 2, 1984, stations outside the District are subject to satisfactory cost-sharing arrangement.



ART REVISION DOCUMENTATION DIV. '83



**San Francisco Bay Area
Rapid Transit District (BART)**

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604 - 2688 (415) 464-6000

Established in 1957 by the California State Legislature.
Authorized to plan, finance, construct, and operate a rapid
transit system.

Governed by a Board of Directors elected for four-year terms
by voters in nine election districts within the counties of
Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS — Fiscal Year 1985/1986

PRESIDENT

Nello Bianco, El Sobrante

VICE PRESIDENT

Eugene Garfinkle, San Francisco

MEMBERS OF THE BOARD

- District # 1 — Barclay Simpson, Orinda
- District # 2 — Nello Bianco, El Sobrante
- District # 3 — Arthur J. Shartsis, Oakland
- District # 4 — Margaret K. Pryor, Oakland
- District # 5 — Robert S. Allen, Livermore
- District # 6 — John Glenn, Fremont
- District # 7 — Wilfred T. Ussery, San Francisco
- District # 8 — Eugene Garfinkle, San Francisco
- District # 9 — John H. Kirkwood, San Francisco

BOARD-APPOINTED OFFICERS

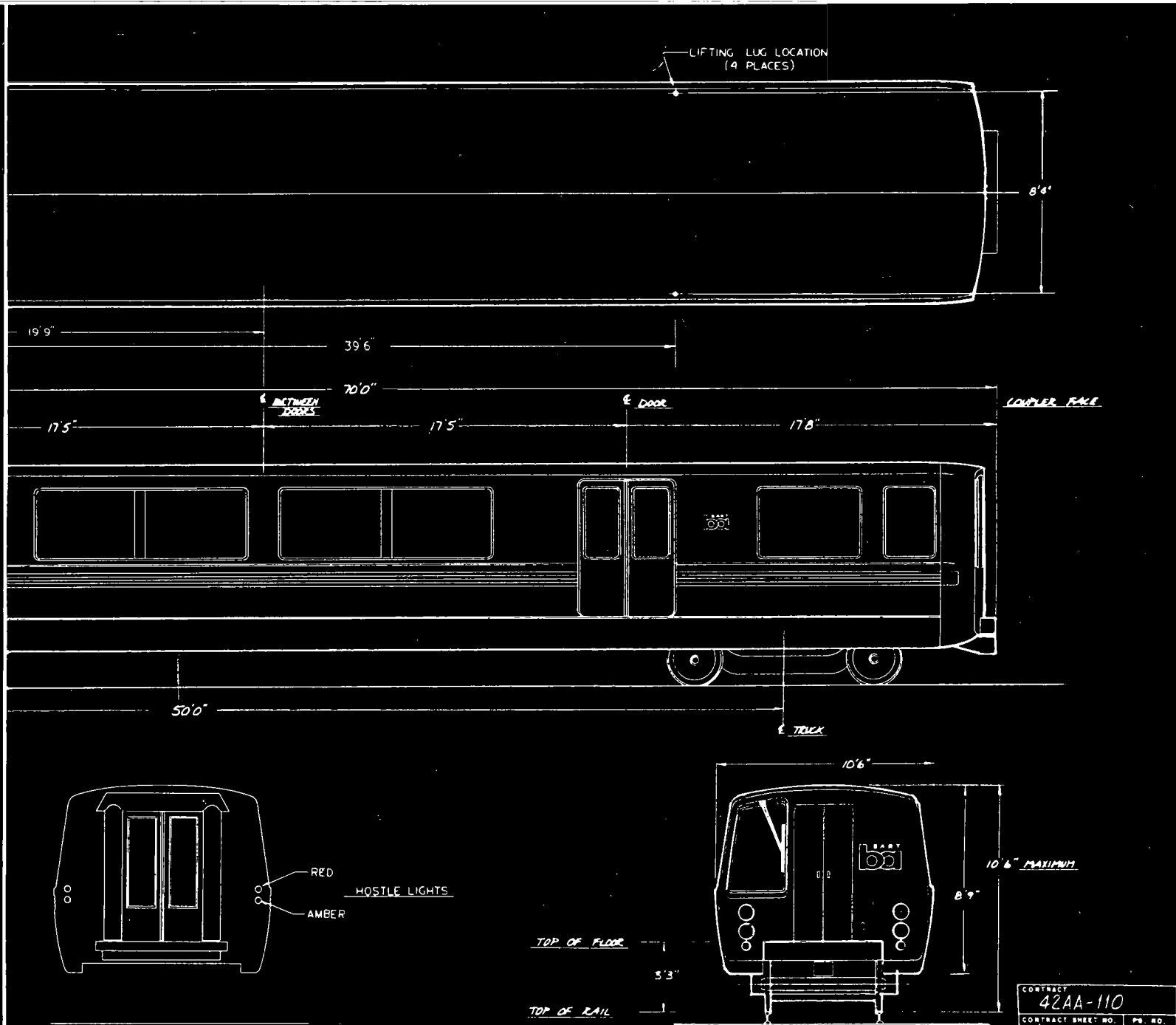
- C. K. Bernard, General Manager
- Malcolm M. Barrett, General Counsel
- William F. Goetz, Controller/Treasurer
- Phillip O. Ormsbee, District Secretary

**DEPARTMENT MANAGERS REPORTING
TO THE GENERAL MANAGER**

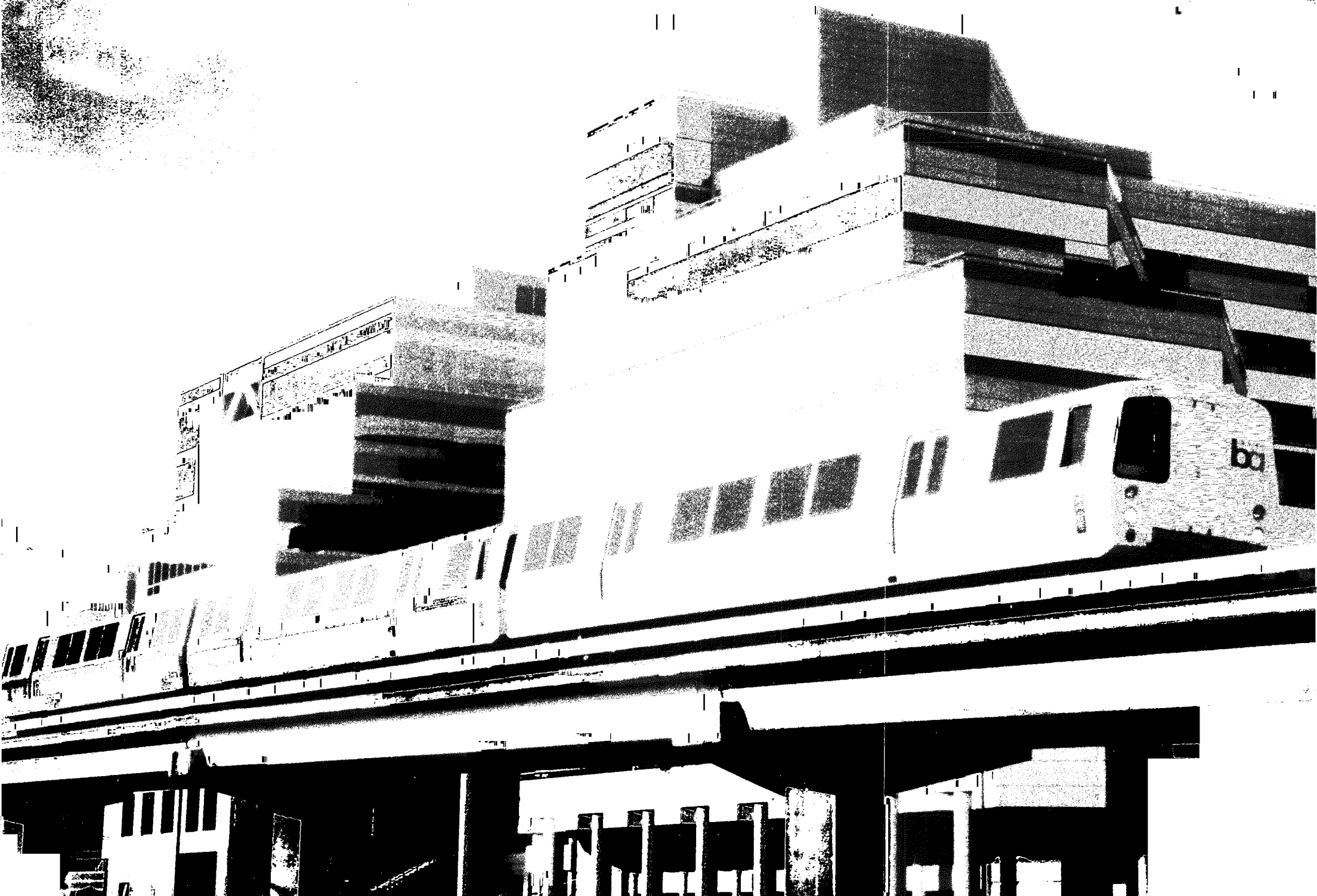
- Richard P. Demko, Executive Manager, Maintenance & Engineering
- William B. Fleisher, Chief Transportation Officer
- Howard L. Goode, Planning & Analysis
- Michael C. Healy, Public Affairs
- Ernest G. Howard, Administrative Services
- John Mack, Affirmative Action
- Hedy Morant, Budget & Capital Program Control
- Thomas R. Sheehan, Information Systems
- William Thomas, Material Management & Procurement
- Ralph S. Weide, Safety
- Larry A. Williams, Employee Relations

The Annual Report is published by the District pursuant to
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Photography: Gordon Kloess, Half Moon Bay
System Map: Arthur Richardson, BART
Documentation



	DECIMAL .001 ± .01 ± .1 ± FRACTION ± ANGULAR ±	DESIGNED CHECKED DRAWN DATE 1/18/80	TITLE BART "C" CAR - GENERAL ARRANGEMENT EXTERIOR VIEWS	SIZE D	REF No. 102317	DWG No. 102317	REV. 0
	TOLERANCES UNLESS OTHERWISE SPECIFIED	APPROVED DATE 3/19/80	SCALE 3/8" = 1'0"	BART STOCK No. SHEET OF			



Board of Directors



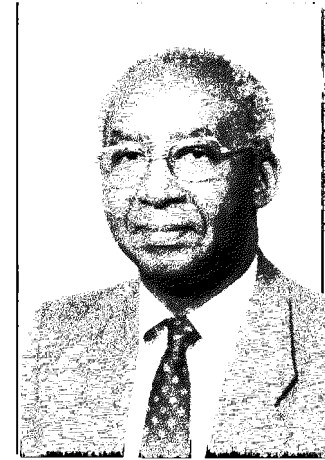
Barclay Simpson
District 1

A member of the Board since 1976 and Board President in 1977. Chairman of the Board, Simpson Company, San Leandro, and owner, Barclay Simpson Art Gallery, Lafayette. Lives in Orinda.



Margaret K. Pryor
District 4

A member of the Board since 1980. Urban Affairs Consultant. Active in national and local transportation. Chairperson, APTA, Minority Affairs Committee. Lives in Oakland.



Wilfred T. Ussery
District 7

A member of the Board since 1978 and Board President in 1985. Chairperson, Public Affairs Access and Legislation Committee, 1986 and 1980. An urban planner. Active in Bay Area civic organizations. Past National Chairperson, Congress of Racial Equality, 1967 to 1969. Lives in San Francisco.



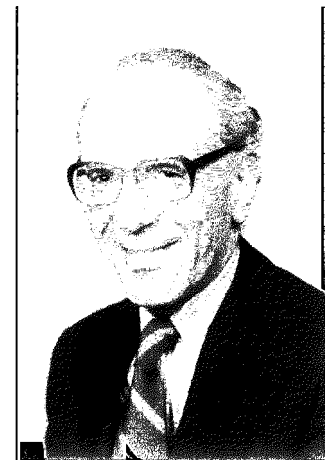
Nello Bianco
District 2

Board President 1986, 1980 and 1975, and a member of the Board since 1969. Businessman. Former Richmond City Councilman. Lives in El Sobrante.



Robert S. Allen
District 5

A member of the Board since 1974. President, 1983. Chairperson, Administration Committee, 1986. Employed 27 years in engineering and operations for three major railroads. Livermore resident since 1958.



Eugene Garfinkle
District 8

A member of the Board since 1977, Board Vice President in 1986 and Board President in 1982. A San Francisco attorney. Lives in San Francisco.



Arthur J. Shartsis
District 3

A member of the Board since 1976 and Board President in 1984. A San Francisco attorney. Lives in Oakland.



John Glenn
District 6

A member of the Board since 1974. Chairperson, Engineering and Operations Committee, 1986. Board President, 1982. Chairperson, Policy Committee, Fremont-South Bay Corridor Study, 1986. Founder and President, John Glenn Adjusters and Administrators. Organizer and Director of Civic Bank of Commerce. Lives in Fremont.



John H. Kirkwood
District 9

A member of the Board since 1974 and Board President in 1979. Chairperson, Engineering and Operations Committee, 1977 and 1978. Chairperson, Public Affairs, Access and Legislation Committee, 1981 and 1983. Advisory Board member, San Francisco Planning and Urban Renewal (SPUR) Association. Lives in San Francisco.

Message from the President

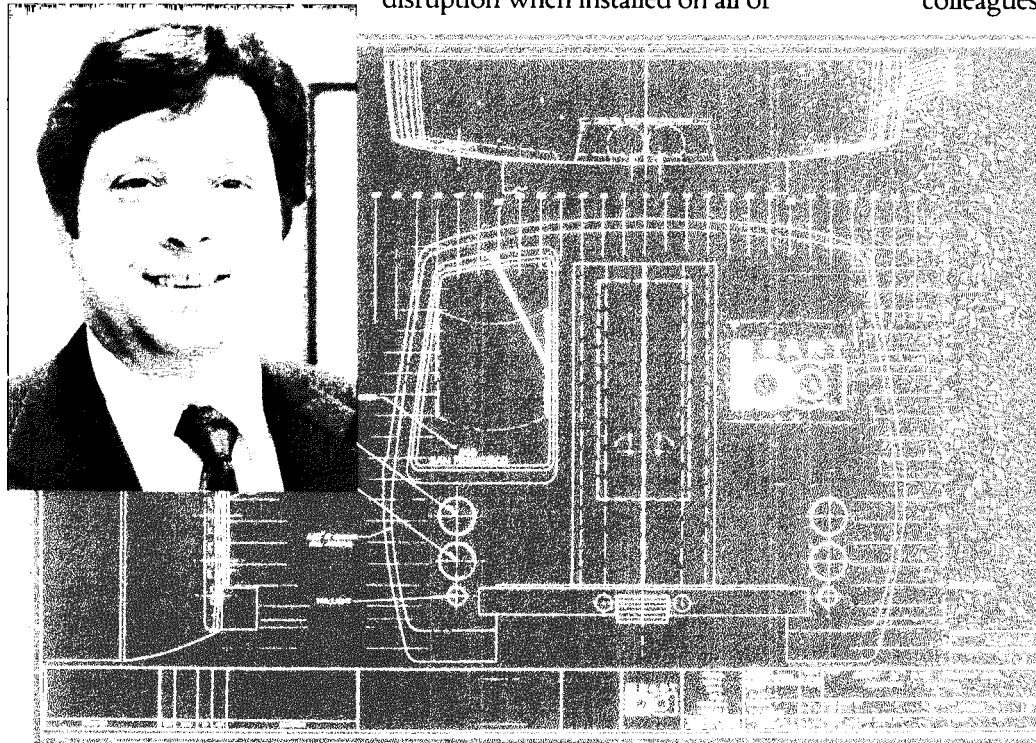
My continuous service since 1969 on BART's Board of Directors, longer than any one else's, gives me a unique perspective. I'm able to look back to the very beginnings of BART and remember the problems and unforeseen difficulties we encountered in getting the system going. But I'm also able to look ahead to the future and to the role that BART will increasingly play in regional transportation.

Yes, we had our problems in the beginning, believe me, but a lot of them were due to the fact that we were trying to put together a unique rapid rail system, with more modern equipment and systems than had been attempted anywhere. It took a lot of work and dedication and persistence and, yes, faith to get BART going, but we stuck to it and gradually solved the problems.

Today BART is regarded as a leader in the field of public transit, a model for other systems, and we're just on the brink of providing the best service we've ever been able to offer.

Take a look at the existing system and at the projects aimed at increasing BART's capacity. The new K-E third line through Oakland is completed. We're already seeing the effects and benefits. Our Daly City project is right on schedule and we've almost finished with the testing of

the C-Car prototypes. The new car-borne Automatic Train Control system, which is the most advanced system of its kind, will dramatically reduce service disruption when installed on all of



BART's cars.

Financially, too, we're in strong shape. When interest rates dropped, we refinanced a portion of the bonds we had issued in 1982 to pay for the C-Cars, and

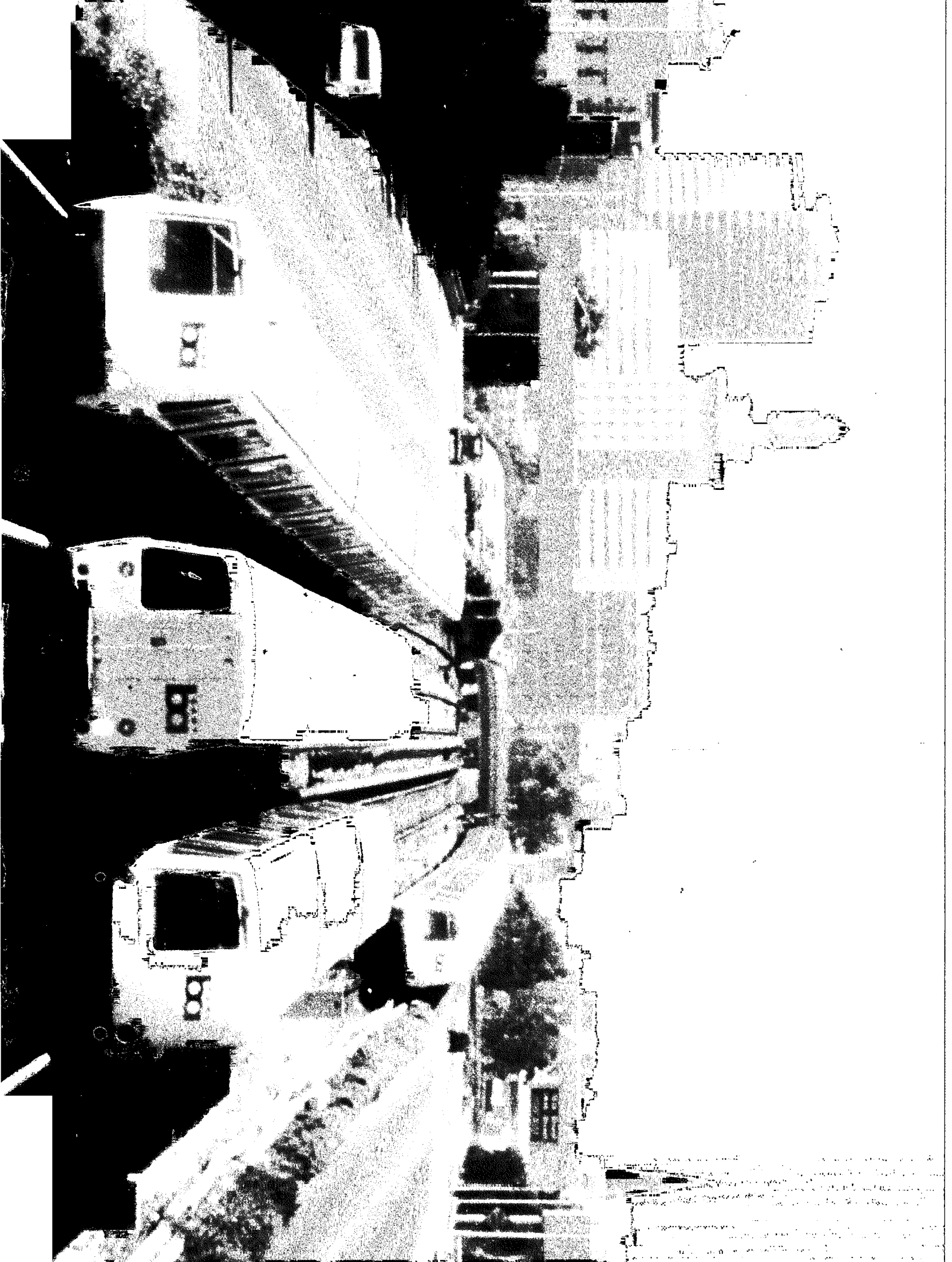
the A-1 rating the new bonds received tells you something about how the financial markets view us. Our decision to refinance was certainly prudent. My colleagues and I, after very careful study, voted an increase in fares to keep the system financially solvent at a time when federal and state funding for transit is on the decline. I regard that also as a prudent decision.

I have always favored the extension of BART's system. Three years ago the Board adopted my proposed extension policy and now we're in the first stages of reaching out to Antioch, Pittsburg, southern and eastern Alameda County — and now that it's possible to see it in the future — to Santa Clara and San Mateo counties.

For the future, I see BART as the spine of a truly regional transportation system. There is solid evidence all around us of cooperation and support. The dawn is breaking on a time of expanding service, mutual coordination by separate transportation agencies and increasing awareness by people of the advantages of up-to-date, safe and fast public transit.

That's a perspective of which I am truly proud!

Nello Bianco, President
Board of Directors
San Francisco Bay Area
Rapid Transit District, 1986



KE Track

The opening for passenger service in March of a third mainline track through downtown Oakland provided BART with the capability for smoother peak-hour service, more efficient car storage and, during service disruptions, better order and movement of trains.

The 1.5-mile KE track, beginning east of the Oakland West Station and extending in a tunnel from Washington Street to 23rd Street, connects three of BART's four routes at one of the system's busiest convergent points. During construction of the KE track, all trains moving through the area were operated manually, at slower speeds than is possible under automatic control. The opening of the new track, which cost \$25.4 million to construct, resulted in a return to full-speed automatic train operations between the MacArthur and 19th Street stations, reducing train delays and providing an improvement in on-time service for passengers.

The new track includes sidings in Oakland which allow trains to be stored during off-peak hours. Before the completion of the KE project, cars in use during the morning commute service were routed to East Bay storage yards during the day and then returned from the yards to peak passenger service in the afternoon. Operating savings of about \$350,000 a year are expected to result from the new KE project's storage capability.

C-CARS

Rigorous testing of four prototype C-Cars was begun during the year, paving the way for the first delivery of production models in the spring of 1987.

The cars are a key element of BART's \$519.7 million capital improvement program to increase passenger capacity at peak hours. BART ordered 150

C-Cars in 1982 from a subsidiary of Alsthom-Atlantique, based in France and considered a leading manufacturer of railroad equipment. More than 60 percent of the components of the cars, however, will be supplied by American manufacturers.

The cars will not only provide additional passenger capacity, but additional flexibility in scheduling. They can be used as a lead car, a trailing car or a mid-car in a train.

The total cost of the C-Cars was originally estimated at \$279.4 million, but revised estimates now,

By June 30, 1986, 408 cars had been completely refurbished with new wall and ceiling liners, new floors and additional fire protection improvements, such as the installation of fire stops in the ceilings and walls. Special fire-retardant and insulation materials were placed between the car floor and undercar equipment, such as the electrical brake grids, to eliminate any danger from possible overheating.

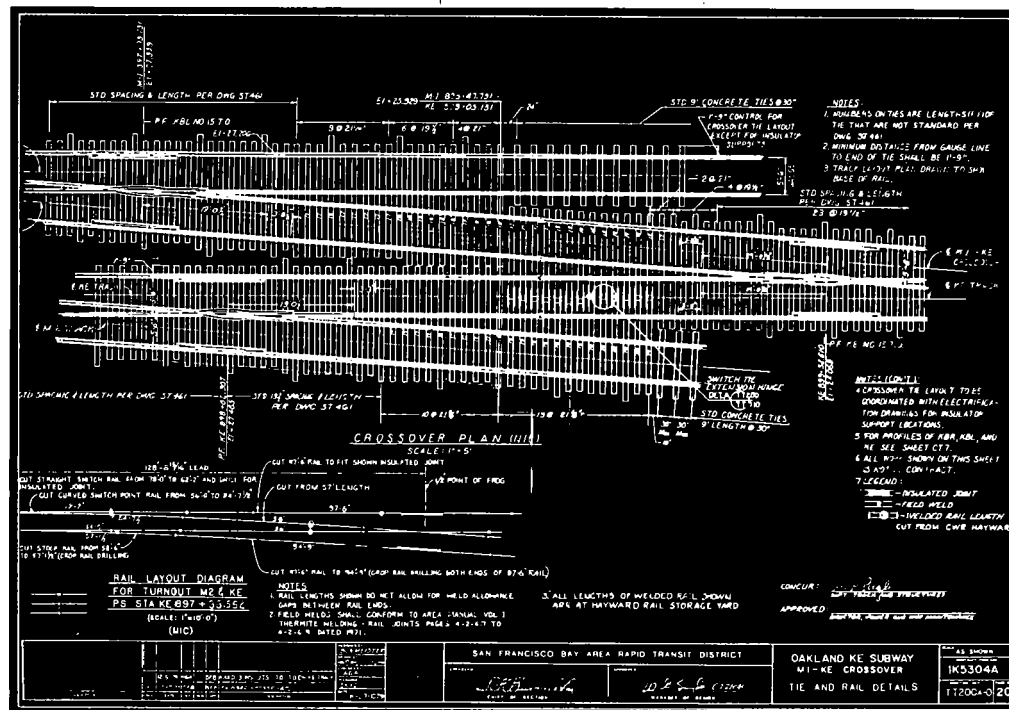
To be certain of the fire resistance and effectiveness of the materials used in the Fire Hardening project, BART engaged in a unique test and evaluation program to verify the performance of the materials under actual fire conditions. The results of these tests led to the development of the specifications for the vehicle fire-hardening project and assisted the federal government in developing fire performance guidelines for transit vehicle design.

Extensions

Steps were taken to extend BART service to additional communities in Alameda and Contra Costa counties and to areas outside the current three-county District in San Mateo and Santa Clara counties.

BART continued to acquire land for planned future stations and worked during the year with local, regional, state and federal officials on efforts to extend BART's rail lines.

Following the overwhelming approval by San Mateo County voters on November 5, 1985, of a one-station BART extension into their county, BART began discussions with county officials for coordinated planning of a Colma Station.



based on management efficiencies and less than anticipated inflation, put the total costs at \$241.5 million, a savings of \$37.5 million. BART's share of the revised total is approximately \$89 million. Federal and state funds and local bridge tolls will provide the balance.

Vehicle Fire Hardening

Almost completed at the end of BART's operating year was a \$20.7 million project to sharply reduce the flammability of all the system's 440 passenger cars.



Daly City Turnback

The Daly City Turnback and Yard project, a key component in BART's efforts to expand its passenger-carrying capacity, reached the two-thirds completion mark by the end of the operational year.

The Turnback consists of three tracks extending south for 1.5 miles from the Daly City Station. The tracks will allow train controllers to turn trains back to East Bay stations faster than is now possible. BART's objective is to provide trains during peak hours at a frequency of 2.25 minutes, compared to the current maximum frequency of 3.75 minutes.

The Turnback capability, when the project is completed in 1988, will be a factor in allowing BART to eventually operate in excess of 57 trains at one time on the system, compared with the current limit of 49 trains.

The storage yard at Daly City, with a capacity of 165 cars, will eliminate the need to return empty cars to East Bay storage yards after the morning and evening commute hours. BART estimates a saving of \$1.4 million a year through the elimination of the empty or virtually empty return runs. A maintenance shop will also be built in the storage yard, providing additional savings and flexibility as the cars will no longer have to be brought back to the East Bay shops for repair.

The entire Turnback and Yard project, estimated to cost \$150 million, is scheduled for completion during the first quarter of 1988.

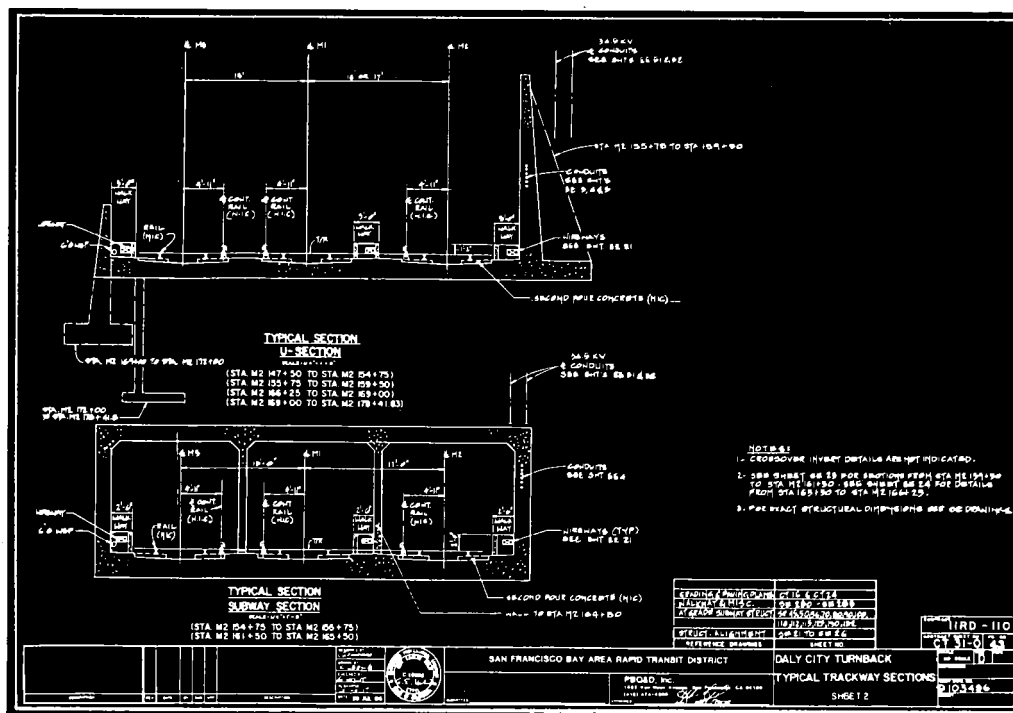
Safety Record

BART's enviable record for passenger safety continued during the year. Since September, 1972, when BART's first paying passenger stepped aboard a train, the system has carried more than 560 million people 7.4 billion passenger miles without a single passenger fatality.

That record reflects the strong priority given to passenger safety by BART, beginning with the Board of Directors and extending through all levels of personnel. An on-going safety audit program is maintained to insure continued compliance with all BART safety procedures and guidelines.

Coop-Emergency Programs

BART continued to conduct emergency and safety procedures programs during the year, providing



training for BART personnel and nearly 650 firefighters and emergency medical personnel from 13 localities throughout the system.

The object of the program is to assure prompt and coordinated action, well planned and tested in advance, to handle emergencies. The programs include familiarization tours of BART vehicles, stations and underground facilities, smoke-movement drills and simulated derailments and fires.

Platform Edge Warning

After extensive testing at four stations of various tactile warning tiles, BART engineers selected a brightly colored tile material for installation throughout the system.

Tested at the Lake Merritt Station in Oakland, the selected tile is designed to alert passengers, particularly those who are blind or vision-impaired, that they are near the edge of the platform. The project is scheduled for completion in October, 1987.

RADCOM

The upgrading of BART's radio communications systems, RADCOM, was completed during the year at a cost of \$3.7 million. The project included additional radio facilities, entailing a separate frequency for BART storage and maintenance yards and a dedicated channel for fire department use in all subway areas. The project also included the purchase of additional portable radios or upgrading existing portable radios for the San Francisco, Oakland, Berkeley, and Orinda fire departments.

Promotional

Promotional efforts and special train scheduling were continued throughout the year to encourage the use of BART to attend parades, holiday celebrations,

commemorative festivities, sporting events, fairs and concerts. Also, a major off-peak marketing effort which began in May, 1985 was continued through December, 1985. The campaign, called "BART Goes Shopping Too!" was targeted for shoppers.

New weekday ridership records were set on September 18 and 19 in conjunction with two concerts at the Oakland Coliseum. Ridership was 238,866 the first day of the concert, topped by 240,292 trips the second day. About one-fourth of the 100,000 people attending the concerts used BART for transportation.



Financial Statements

The Board of Directors
San Francisco Bay Area Rapid Transit District

We have examined the balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1986 and 1985, and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were 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, such financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District as of June 30, 1986 and 1985, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Adams, Grant, Wernert & Co.

KMG, Main Henderson

September 5, 1986

San Francisco, California

BALANCE SHEET

June 30, 1986 and 1985 (In Thousands)

	1986	1985
ASSETS		
Cash (including time deposits — 1986, \$24,528; 1985, \$24,800)	\$ 26,016	\$ 26,349
Securities	278,437	172,693
Securities representing reserves	32,223	32,939
Deposits, notes and other receivables	93,051	59,997
Construction in progress	119,390	87,960
Facilities, property and equipment — at cost (less accumulated depreciation and amortization — 1986, \$350,550; 1985, \$316,929)	1,301,209	1,298,582
Materials and supplies — at average cost	14,279	13,065
Debt service funds, net assets	25,510	18,236
	<u>\$1,890,115</u>	<u>\$1,709,821</u>
LIABILITIES AND CAPITALIZATION		
Notes payable	\$ 67,655	\$ 26,450
Payroll and other liabilities	61,917	52,135
Unearned passenger revenue	1,577	1,384
Debt service funds	25,510	18,236
	<u>156,659</u>	<u>98,205</u>
Capitalization:		
Reserves	32,223	32,939
General Obligation Bonds	504,905	537,725
Sales Tax Revenue Bonds	145,000	64,510
Net capital investment	1,051,328	976,442
	<u>1,733,456</u>	<u>1,611,616</u>
	<u>\$1,890,115</u>	<u>\$1,709,821</u>

STATEMENT OF OPERATIONS

Years Ended June 30, 1986 and 1985 (In Thousands)

	1986	1985
Operating revenues:		
Fares	\$ 80,898	\$ 71,108
Less discounts and other deductions	7,846	6,640
	<u>73,052</u>	<u>67,460</u>
Other	4,022	1,395
Investment income	4,997	5,453
Total operating revenues	<u>82,071</u>	<u>74,316</u>
Operating expenses:		
Transportation	60,658	53,923
Maintenance	63,170	58,041
Police services	8,601	8,025
Construction and engineering	5,597	4,985
General and administrative	29,497	27,177
	<u>167,523</u>	<u>152,151</u>
Less capitalized costs	6,629	5,007
Net operating expenses	<u>160,894</u>	<u>147,144</u>
Operating loss before depreciation expense	<u>78,823</u>	<u>72,828</u>
Depreciation (unfunded):		
Of assets acquired with own funds	17,940	17,026
Of assets acquired with grants and contributions by others	16,411	13,340
Total depreciation	<u>34,351</u>	<u>30,366</u>
Operating loss	<u>113,174</u>	<u>103,194</u>
Financial assistance:		
Transactions and use tax	84,231	81,055
Property tax	6,757	5,733
State	1,826	3,646
Transportation Development Act of 1971	564	500
Debt service allocations	(11,566)	(8,221)
Capital allocations	(3,000)	(10,301)
Total financial assistance	<u>78,812</u>	<u>72,412</u>
Net loss	<u>34,362</u>	<u>30,782</u>
Depreciation of assets acquired with grants and contributions by others	<u>16,411</u>	<u>13,340</u>
Net loss transferred to accumulated deficit	<u>\$ 17,951</u>	<u>\$ 17,442</u>
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$ 78,823	\$ 72,828
Deduct financial assistance	<u>78,812</u>	<u>72,412</u>
Funded excess of expenses over revenues	<u>\$ 11</u>	<u>\$ 416</u>

The accompanying notes are an integral part of these financial statements.

Integrated Control System

The implementation of BART's new Integrated Control System (ICS), designed to boost from 49 to at least 57 the number of trains in operation at one time, continued during the year.

The ICS, which eventually will replace BART's current train control computers, is budgeted at \$31.8 million, 80 percent of which will be funded by the Urban Mass Transportation Administration. The project is scheduled for completion in October, 1987.

New computers for the ICS are already in place and work is also under way on software design and production, testing and integration of the current and new control systems.

Joint Development

BART moved forward on several joint development projects, including a plan for a hotel and office facilities at the Pleasant Hill Station. The Pleasant Hill project, which has been under consideration for four years, is expected to be a source of revenue to BART, as well as a generator of jobs and taxes to local governments.

Additional projects, now in various stages of development, are planned in Concord, Daly City and Oakland.

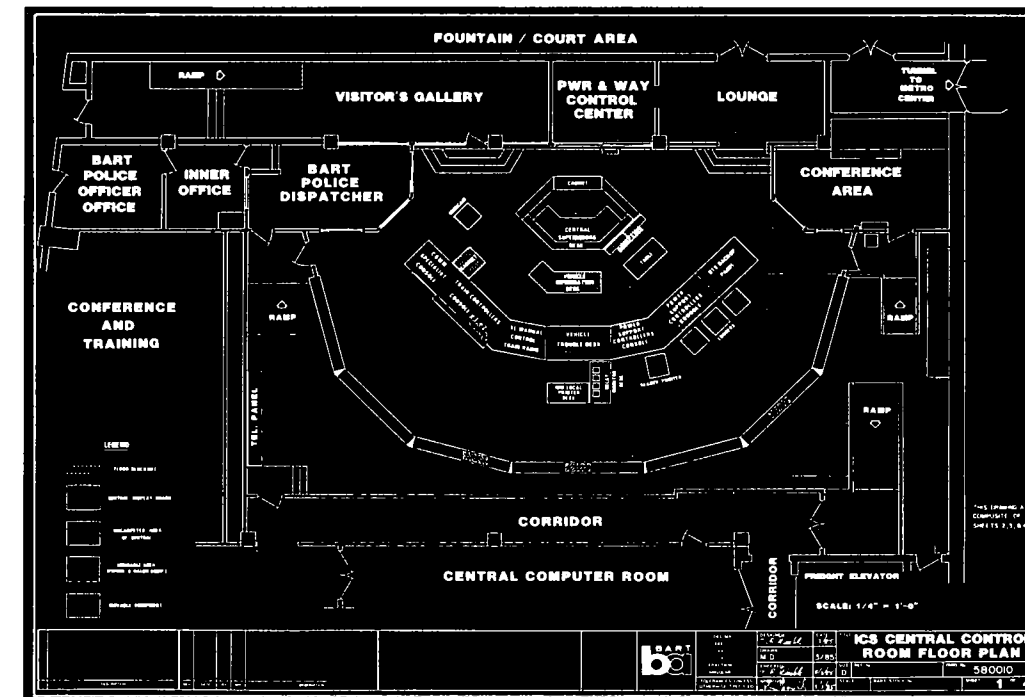
Access

To make it easier and more convenient for people to reach BART stations and use the trains, BART added 1,635 parking spaces at six locations and was nearing completion of another 443 spaces at the end of the fiscal year.

In May, following a 5-year lease agreement with the U.S. Navy, construction began on the North Concord/Martinez park and ride project, which is scheduled for completion by the end of 1986 and will provide 538 spaces.

BART also improved its express bus service by

realigning routes onto freeways, extending the routes to the new park-and-ride facilities and providing more frequent service. An agreement was reached with the Alameda-Contra Costa Transit District, under which BART paid \$5.5 million to AC Transit to underwrite the costs of feeder service bus routes to BART stations. BART's efforts to modify station elevators continued, providing more convenient access for handicapped passengers. The project includes the installation of card readers, intercoms, closed circuit television, new call buttons and the lowering of control panels.



BART Police

Professionalism and vigilance are the watchwords for BART's police force, which is charged with the protection of passengers and property on all trains, at 34 stations, in parking lots and other District property.

During the year, for example, BART plainclothes officers worked with their counterparts from the San Francisco Police Department to apprehend professional pickpockets who were preying on unsuspecting pas-

sengers on crowded platforms in downtown San Francisco stations.

BART police officers, who have full peace officer's authority and responsibility, patrol the system on foot to cover the stations and trains and in patrol cars to cover the parking lots and other District property.

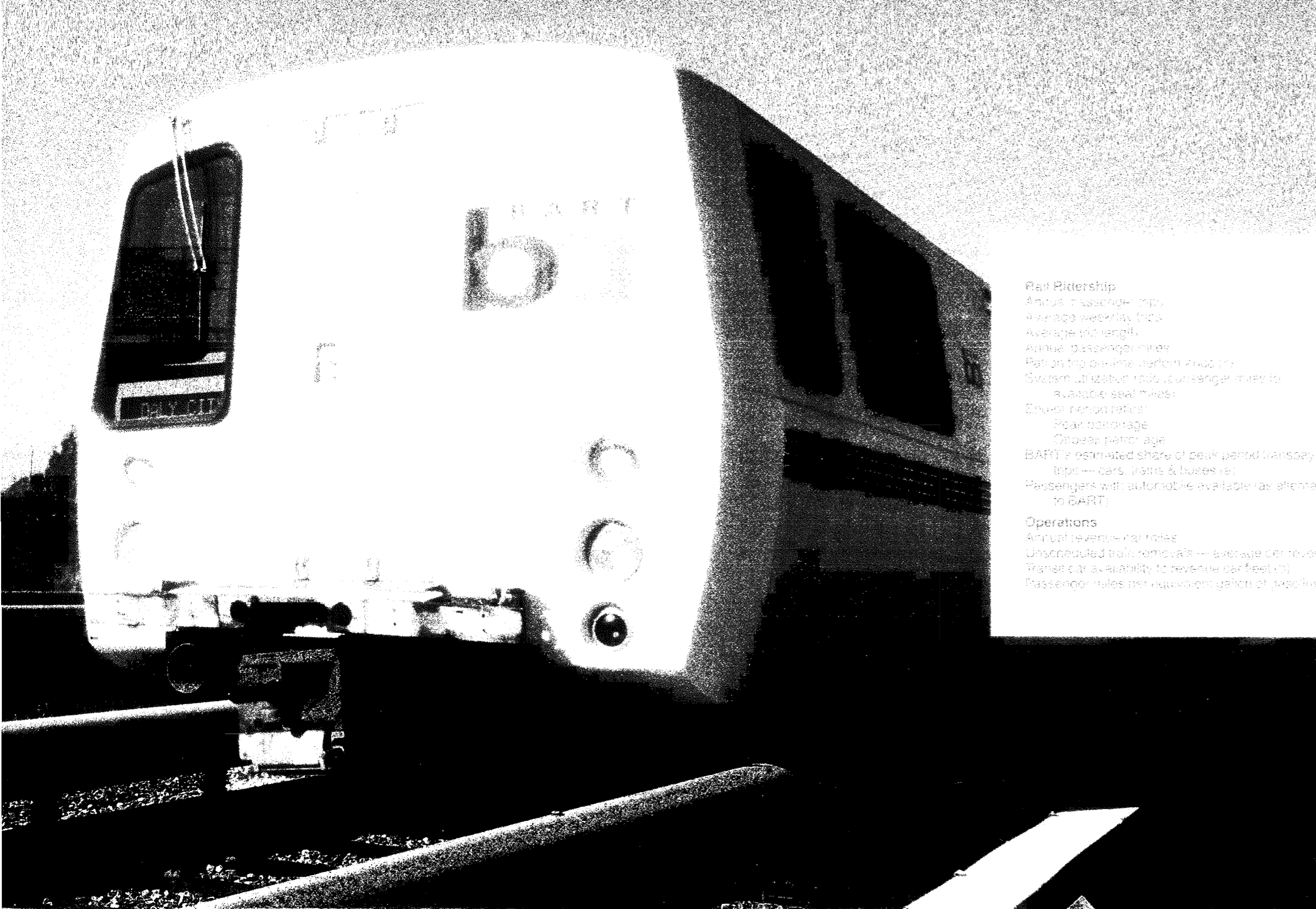
Considering the number of passengers using the system, BART has an enviably low crime rate and efforts will continue to keep it at this level.

Financial

The general decline of interest rates offered an opportunity during the year for BART to refinance a portion of the \$65 million in revenue bonds originally issued in 1982 to help pay for 150 C-Cars. The refinancing is projected to generate an additional \$75 million, earmarked for capital projects.

After extensive analysis and evaluation of alternatives, BART's Board of Directors approved a system-wide fare increase averaging 30 percent, which went into effect on January 1, 1986. The increase resulted in minimum and maximum one-way fares of 80 cents and \$3.00. The additional funds generated by this increase will be used to cover operating deficits and provide additional money for debt service and capital projects, including expanded parking.

BART also concluded an agreement with the Urban Mass Transportation Administration for full funding of the Daly City Turnback and Yard project.



Performance Highlights

Annual BART patronage declined by almost two million passengers from the prior year during the fiscal year 1985-1986, but revenue increased by \$5.5 million, due to the 30 percent fare increase effective January 1, 1986.

and stations, and other income, was \$82 million for FY 85-86, compared with \$74.3 million for the previous fiscal year.

BART's farebox ratio, reflecting the period of six months before the fare increase, was only 45.4 percent

expenses from operating revenues.

Net rail passenger revenue per passenger mile for FY 85-86 was 9.6 cents, up from the previous year's 8.4 cents. Rail operating cost per passenger mile for FY 85-86 was 19.6 cents, compared with 17.3 cents for FY 84-85, 4.3 percent above the budgeted level of 18.8 cents.

BART passengers logged a total of 58.9 million trips during FY 85-86, compared with 60.8 million for the previous year, and rode an average of 12.8 miles for each trip during FY 85-86, compared with 13 miles the year before.

In addition to funds derived from passenger fares, interest income and advertising, BART received \$84.2 million in revenues from 75 percent of the one-half cent transit sales tax in the three BART counties, \$2.4 million in State Transportation Development Act (TDA) funds and State Transit Assistance (STA) and \$6.8 million in property tax as its share of the one percent maximum property tax available to all local governments.

Directors were once again able to reduce the property tax BART levies for repayment of the general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 5.08 cents per one hundred dollars of assessed value, down from 5.72 cents the previous fiscal year. The property tax generated revenues of \$51.5 million from property owners in Alameda, Contra Costa and San Francisco counties, the three counties making up the District.

Rail Ridership
 Annual passenger trips
 Average week/day trips
 Average trip length
 Annual passenger miles
 Ratio trip on time (per cent)
 System utilization ratio (passenger miles to available seat miles)
 Empty period ratio
 Peak patronage
 Overall patronage
 BART's estimated share of peak period transbay trips — cars, trains & buses (a)
 Passengers with automobile available (as alternative to BART)
 Operations
 Annual revenue per mile
 Unscheduled train removals — average per week/day
 Transit car availability to revenue car fleet (b)
 Passenger miles per equivalent gallon of gasoline

	FY 1985/86	FY 1984/85
Annual passenger trips	58,894,468	60,798,419
Average week/day trips	204,244	211,612
Average trip length	12.8 miles	13.0 miles
Annual passenger miles	751,848,613	789,290,663
Ratio trip on time (per cent)	89.1%	92.5%
System utilization ratio (passenger miles to available seat miles)	34.2%	35.8%
Empty period ratio	49.2%	49.8%
Peak patronage	50.8%	50.2%
BART's estimated share of peak period transbay trips — cars, trains & buses (a)	37.8%	37.0%
Passengers with automobile available (as alternative to BART)	65.0%	57.0%
Operations		
Annual revenue per mile	30,489,648	30,634,569
Unscheduled train removals — average per week/day	5.2	4.9
Transit car availability to revenue car fleet (b)	89.1%	89.3%
Passenger miles per equivalent gallon of gasoline	79.2	84.2

	FY 1985/86	FY 1984/85
Passenger accidents reported per million passenger trips	16.62	16.55
Patron-related crimes reported per million passenger trips	26.35	23.39
Financial		
Net passenger revenues	\$ 73,052,000	\$ 67,468,000
Other operating revenues	9,019,000	6,848,000
Total operating revenues	82,071,000	74,316,000
Net operating expenses	160,894,000	147,144,000
Farebox ratio (net passenger revenues to net operating expenses)	45.40%	45.85%
Operating ratio (total operating revenues to net operating expenses)	51.01%	50.50%
Net rail passenger revenue per passenger mile	9.6¢	8.4¢
Rail operating cost per passenger mile	19.6¢	17.3¢
Net average rail passenger fare (c)	\$1.22	\$1.09
Notes		
General note: Data represent annual averages unless otherwise noted.		
(a) Based on MTC Transbay survey data for October 1985 and April 1986 (7-9 a.m., 4-6 p.m.).		
(b) At 8 a.m. each day		
(c) Includes BART/MUNI Fast Pass		

BART funded 51 percent of its total operating expenses, which amounted to \$160.9 million for FY 85-86, from passenger fares and other operating revenue. Net passenger revenue for FY 85-86 amounted to \$73 million, compared to \$67.5 million for FY 84-85. Total operating revenue, including \$9 million in interest income, advertising in trains

for FY 85-86, below the previous year's percentage of 45.8. The ratio is expected to increase for FY 86-87 with the higher fares in effect for a full year.

The operating ratio, at 51 percent for FY 85-86, was slightly higher than the previous year's 50.5 percent. A continuing objective of the District is to fund approximately one-half of its net operating

CHANGES IN NET CAPITAL INVESTMENT
Years Ended June 30, 1986 and 1985 (In Thousands)

	Property Tax	Transactions and Use Tax	Grants and Contributions	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Capitalization of Interest	Reserves	Net Capital Investment
Balance, July 1, 1984	\$235,515	\$150,000	\$642,939	(\$111,779)	(\$160,511)	\$182,857	\$—	(\$34,684)	\$ 904,337
Net loss for the year	—	—	—	—	(17,442)	—	—	—	(17,442)
Proceeds from grants and contributions	—	—	45,955	—	—	—	—	—	45,955
Depreciation of assets acquired with grants and contributions by others	—	—	—	(13,340)	—	—	—	—	(13,340)
Interest on capital	—	—	—	—	—	23,937	—	—	23,937
Increase in operating reserve	—	—	—	—	—	—	—	(400)	(400)
Increase in construction fund reserve	—	—	—	—	—	—	—	(350)	(350)
Decrease in system completion reserve	—	—	—	—	—	—	—	1,409	1,409
Decrease in system improvement reserve	—	—	—	—	—	—	—	1,086	1,086
Bond principal	30,760	490	—	—	—	—	—	—	31,250
Balance, June 30, 1985	266,275	150,490	688,894	(125,119)	(177,953)	206,794	—	(32,939)	976,442
Net loss for the year	—	—	—	—	(17,951)	—	—	—	(17,951)
Proceeds from grants and contributions	—	—	63,038	—	—	—	—	—	63,038
Depreciation of assets acquired with grants and contributions by others	—	—	—	(16,411)	—	—	—	—	(16,411)
Interest on capital	—	—	—	—	—	25,393	—	—	25,393
Cost of 1982 Sales Tax Revenue Bonds defeasance	—	—	—	—	(1,748)	(2,846)	—	—	(4,594)
Capitalization of interest	—	—	—	—	—	—	(8,670)	—	(8,670)
Increase in operating reserve	—	—	—	—	—	—	—	(100)	(100)
Increase in construction fund reserve	—	—	—	—	—	—	—	(331)	(331)
Decrease in system completion reserve	—	—	—	—	—	—	—	457	457
Decrease in system improvement reserve	—	—	—	—	—	—	—	690	690
Bond principal	32,820	545	—	—	—	—	—	—	33,365
Balance, June 30, 1986	<u>\$299,095</u>	<u>\$151,035</u>	<u>\$751,932</u>	<u>(\$141,530)</u>	<u>(\$197,652)</u>	<u>\$229,341</u>	<u>(\$8,670)</u>	<u>(\$32,223)</u>	<u>\$1,051,328</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1 — Summary of Significant Accounting Policies

Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

Securities

As a matter of policy, the District holds investments until their maturity and, accordingly, securities are carried at cost. At June 30, 1986, market value exceeded cost by \$12,646,000. At

June 30, 1985, market value exceeded cost by \$9,331,000. The face value of securities exceeded cost at June 30, 1986 and 1985.

Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

Federal and State Grants

The District receives amounts from both Federal and State

governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

Sales Tax Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District's appointed trustee for the purpose of paying bond and note interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as special deposits and debt

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1986 and 1985 (In Thousands)

	1986	1985
Cash and securities (used) provided by:		
Operations:		
Net loss transferred to accumulated deficit	(\$ 17,951)	(\$ 17,442)
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	17,940	17,026
Cash and securities (used) by operations	(11)	(416)
Decrease in materials and supplies	—	69
Issuance of Sales Tax Revenue Bonds	145,000	—
Issuance of Sales Tax Anticipation Notes	21,775	19,860
Issuance of Grant Anticipation Notes	45,025	10,900
Contributions from U.S. Government grants and others	63,038	45,955
Increase in payroll and other liabilities	9,782	7,197
Increase in unearned passenger revenue	193	—
Interest on capital	25,393	23,937
Total cash and securities provided	<u>310,195</u>	<u>107,502</u>
Cash and securities applied to:		
Increase in deposits, notes and other receivables	33,054	14,494
Increase in construction in progress	31,430	20,769
Additions to facilities, property and equipment	36,978	36,570
Additions to materials and supplies	1,214	—
Defeased Sales Tax Revenue Bonds	63,965	—
Matured Sales Tax Anticipation Notes	19,860	16,000
Matured Grant Anticipation Notes	5,735	4,310
Decrease in unearned passenger revenue	—	48
Cost of 1982 sales tax revenue bond defeasance	4,594	—
Capitalization of interest	8,670	—
Total cash and securities applied	<u>205,500</u>	<u>92,191</u>
Increase in cash and securities	<u>\$104,695</u>	<u>\$ 15,311</u>

NOTES TO FINANCIAL STATEMENTS (Cont'd)
1 — Summary of Significant Accounting Policies (Cont'd)

service allocations upon receipt of the net amount. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1986 to June 30, 1986 will be approximately \$19,305,000. Of this amount, \$5,791,500 had been received and recorded by the District. Comparable figures for 1985 were \$18,169,000 and \$5,451,000 respectively.

Property Tax Revenues

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds and records these revenues in the debt service funds. It also

DEBT SERVICE FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES

Years Ended June 30, 1986 and 1985 (In Thousands)

	Year Ended June 30, 1986					Year Ended June 30, 1985
	General Obligation Bonds	Sales Tax Revenue Bonds	Sales Tax Anticipation Notes	Grant Anticipation Notes	Combined	Combined
Revenues:						
Property tax	\$55,022	\$ —	\$ —	\$ —	\$ 55,022	\$53,837
Bond proceeds	—	75,920	—	—	75,920	—
Accrued interest from bond sale	—	873	—	—	873	—
District deposits for principal payments	—	—	21,775	17,097	38,872	27,455
District deposit to Debt Service Reserve Account	—	—	—	—	—	473
Allocations from District revenues	—	10,387	1,179	—	11,566	8,221
Interest	2,089	1,212	477	1,017	4,795	3,485
Interest transferred from District	—	—	—	1,365	1,365	493
Total Revenues	<u>57,111</u>	<u>88,392</u>	<u>23,431</u>	<u>19,479</u>	<u>188,413</u>	<u>93,964</u>
Expenditures:						
Assets transferred to Trustee for 1982 Sales Tax Revenue Bonds defeasance	—	66,626	—	—	66,626	—
Interest	21,754	6,254	1,396	1,365	30,769	30,896
Principal	32,820	545	19,860	5,735	58,960	51,560
Service expense	—	28	6	—	34	7
Interest transmitted to District	—	1,269	809	262	2,340	1,959
Total Expenditures	<u>54,574</u>	<u>74,722</u>	<u>22,071</u>	<u>7,362</u>	<u>158,729</u>	<u>84,422</u>
Balance, beginning of year	2,537	13,670	1,360	12,117	29,684	9,542
Balance, end of year	<u>12,737</u>	<u>10,618</u>	<u>21,524</u>	<u>3,282</u>	<u>48,161</u>	<u>38,619</u>
Balance, beginning of year	<u>\$15,274</u>	<u>\$24,288</u>	<u>\$22,884</u>	<u>\$15,399</u>	<u>\$77,845</u>	<u>\$48,161</u>
Represented by:						
Cash (including time deposits — 1986, \$1,499; 1985, \$-0-)	\$ 2,141	\$ —	\$ —	\$ —	\$ 2,141	\$ 12
Securities	11,330	—	—	—	11,330	11,061
Taxes and interest receivable	1,803	—	—	—	1,803	1,664
Assets with fiscal agent	—	24,288	22,884	15,399	62,571	35,424
Total Represented by	<u>\$15,274</u>	<u>\$24,288</u>	<u>\$22,884</u>	<u>\$15,399</u>	<u>\$ 77,845</u>	<u>\$48,161</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS (Cont'd)

1 — Summary of Significant Accounting Policies (Cont'd)

receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

In accordance with this policy, management allocated to net capital investment \$15,941,000 of interest revenue earned on assets held in the General Operating Fund but which related to capital projects.

Self-Insurance

The District is largely self-insured for worker's compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

Capital Allocations

The Board of Directors allocates a portion of unrestricted financial assistance and general fund revenues to net capital investment for capital projects.

Capitalization of Interest

The District capitalizes certain interest revenue and expenditures related to tax free borrowings in accordance with Financial Accounting Standards 62. The net effect for the fiscal year ending June 30, 1986 of these capitalizations is to decrease construction in progress by \$8,670,000 representing excess interest revenue from applicable borrowings over interest expenditures.

Debt Service

The District accounts for the debt service funds on the cash basis whereby expenditures are not recognized until resources are allocated and cash is spent. Hence, interest expense is not recognized until the payment is made.

2 — Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	— — (in thousands) — —	
	1986	1985
Basic System Completion	\$10,421	\$10,878
System Improvement	6,371	7,061
Construction	2,931	2,600
Self-Insurance	9,000	9,000
Operating	3,500	3,400
	<u>\$32,223</u>	<u>\$32,939</u>

3 — Facilities, Property and Equipment

(In Thousands)

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1986 and 1985 are summarized as follows:

	Lives (Years)	1986		1985	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 135,325	\$ —	\$ 122,209	\$ —
Improvements	80	1,088,998	165,854	1,082,053	152,259
System-wide operation and control	20	125,581	61,823	118,835	55,735
Revenue transit vehicles	30	164,598	65,241	159,408	57,120
Service and miscellaneous equipment	3 to 20	24,357	14,079	21,976	11,858
Capitalized construction and start-up costs	30	105,217	40,874	103,557	37,519
Repairable property items	30	7,683	2,679	7,473	2,438
		<u>\$1,651,759</u>	<u>\$350,550</u>	<u>\$1,615,511</u>	<u>\$316,929</u>

4 — General Obligation Bonds

(In Thousands)

	Composite Interest Rate	Year Last Series Matures	Original Amount		1986		1985	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
			1962 District Bonds	3.93%	1999	\$792,000	\$792,000	\$34,225	$498,175	$32,400	$530,575
1966 Special Service District Bonds	4.38%	1998	20,500	12,000	440	6,730	420	7,150
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$34,665</u>	<u>\$504,905</u>	<u>\$32,820</u>	<u>\$537,725</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$9,996,000 on General Obligation Bonds and \$148,000 on Special Service District No. 1 Bonds is payable on December 15, 1986.

The following is a schedule of principal repayments required under General Obligation Bonds as of June 30, 1986 (in thousands):

Year Ending June 30	1962 District Bonds	1966 Special Service District Bonds	Total
1987	\$ 34,225	\$ 440	\$ 34,665
1988	36,250	460	36,710
1989	38,400	480	38,880
1990	40,200	500	40,700
1991	33,700	520	34,220
Later years	315,400	4,330	319,730
	<u>\$498,175</u>	<u>\$6,730</u>	<u>\$504,905</u>

5 — Sales Tax Revenue Bonds

(In Thousands)

	Year Last Series Matures	Original Amount		1986			1985	
		Authorized	Issued	Defeased	Due in 1 Year	Total	Due in 1 Year	Total
		1969 Sales Tax Revenue Bonds	1977	\$150,000	\$150,000	\$ —	\$ —	\$ —
1982 Sales Tax Revenue Bonds	2008	65,000	65,000	63,965	\$ —	\$ —	545	64,510
1985 Sales Tax Revenue Bonds	2011	145,000	145,000	—	—	145,000	—	—
		<u>\$360,000</u>	<u>\$360,000</u>	<u>\$63,965</u>	<u>\$ —</u>	<u>\$145,000</u>	<u>\$545</u>	<u>\$64,510</u>

NOTES TO FINANCIAL STATEMENTS (Cont'd)

5 — Sales Tax Revenue Bonds (Cont'd)

The 1969 Legislature of the State of California authorized the District to impose a one-half percent transactions and use tax within the District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million to be used for operations. Payment of these Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is allocated to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission.

In October 1982, the District issued revenue bonds totaling \$65 million to pay a portion of the cost of acquisition of 150 rail transit vehicles and related automatic train control equipment for use in the District's existing rapid transit system. The 1982 Bonds were special obligations of the District payable from and secured by a pledge of revenues, including certain sales tax revenues, all passenger fares and certain property tax revenues. Bond coupon rates ranged from 7% to 10% depending upon the various maturity dates.

In November 1985, the District issued revenue bonds totaling \$145,000,000 to refund and defease \$63,965,000 outstanding principal amount of the bonds issued in 1982, and to finance certain system improvements. The system improvements currently planned or underway include acquisition of 150 rail transit vehicles and associated capacity increase projects, new parking facility construction and improvements to existing lots, land and right-of-way acquisitions, enhancements to train performance systems, and system route extension studies.

The District recognized \$4,594,000 as a cost of defeasance in the statement of changes in net capital investment representing the difference between the book value of the bonds net of unamortized discount less the amount transferred to the trustee.

The 1985 Bonds are special obligations of the District secured by a pledge of the sales tax revenues and are payable from revenues, including all sales tax revenues, all passenger fares, certain property tax revenues, and certain interest, grants, and other income. Bond interest rates range from 6.40% to 9.00% depending upon the various maturity dates. The bonds maturing on or after July 1, 1996 are redeemable prior to maturity at the option of the District beginning July 1, 1995 on various dates at prices ranging from 103% to 100%. The bonds matur-

ing July 1, 2004 and July 1, 2011 are also subject to redemption prior to maturity on or after July 1, 1998 and July 1, 2005, respectively, at 100%.

Taxes collected by the State Board of Equalization are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1, principal annually on July 1 and expenses of the trustee. Monies not required for these purposes are transmitted to the District. Additionally, the trustee retains amounts needed for the payment of principal and interest on \$21,775,000 Sales Tax Anticipation Notes maturing on August 1, 1986 (see Note 6). Taxes received by the trustee during the current fiscal year were \$84,231,000 of which \$33,341,000 was retained by the trustee for the above purposes and \$50,890,000 was transmitted to the District. The District records the total taxes received as transactions and use tax and the amount retained by the trustee as special deposits and debt service allocations upon receipt of the net amount.

Interest of \$8,379,000 on the 1985 Bonds is payable on July 1, 1986. The first principal payment of \$1,885,000 is due July 1, 1989.

The following is a schedule of principal repayments required under Sales Tax Revenue Bonds as of June 30, 1986 (in thousands):— (at right).

Year Ending June 30	1985 Sales Tax Revenue Bonds
1987	\$ —
1988	—
1989	—
1990	1,885
1991	2,070
Later years	141,045
	<u>\$145,000</u>

6 — Sales Tax Anticipation Notes

The District issued subordinated Sales Tax Anticipation Notes amounting to \$19,860,000 in July 1984. These notes matured on July 1, 1985 and were paid along with interest of \$1,396,000.

In July 1985, the District issued \$21,775,000 in subordinated Sales Tax Anticipation Notes to provide interim financing to defray operating expenses payable from the General Operating Fund of the District, in anticipation of the receipt of taxes, revenue and other monies to be received during or allocable to fiscal year 1985–86. The notes mature on August 1, 1986 with interest of \$1,179,000.

7 — Grant Anticipation Notes

In July 1984, the District sold \$10,900,000 in Grant Anticipation Notes to provide interim financing for certain expenditures prior to the receipt of certain anticipated revenues. The notes, which mature on various dates from May 1, 1985 through January 2, 1987, bear interest at rates ranging from 7.00% to 8.15%. Notes in the amount of \$10,045,000 have matured leaving \$855,000 outstanding at June 30, 1986.

7 — Grant Anticipation Notes (Cont'd)

In November, 1985, the District sold an additional \$45,025,000 in Grant Anticipation Notes. These notes mature on January 31, 1988, March 1, 1988, and May 1, 1988, and bear an interest rate of 6.50%.

8 — U.S. Government Grants — Capital

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1986 is as follows:

Type of Grant	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	13,355	13,335
Capital	575,137	410,763
	<u>\$590,453</u>	<u>\$426,059</u>

9 — Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

10 — Public Employees' Retirement System

The District contributes to the Public Employees' Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain state and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the system are determined actuarially and required contributions are expensed currently. Pension expense was \$8,513,000 and \$8,032,000 in 1986 and 1985, respectively.

11 — Deferred Compensation Plan

The District has deposited funds with a custodian pursuant to the District's deferred compensation plan. These deposits together with earnings had a market value of \$24,098,000 as of June 30, 1986. This amount is reflected on the balance sheet in deposits, notes and other receivables and in payroll and other liabilities.

12 — Debt Service Funds, Net Assets

The Debt Service Funds' end-of-year balances include deposits made by the District for principal payments on notes and for the debt service reserve pertaining to Sales Tax Revenue Bonds. These amounts also appear on the balance sheet as deposits, notes and other receivables. The Debt Service Funds, net assets on the balance sheet have, therefore, been decreased by the amount of \$52,335,000 at June 30, 1986 and \$29,925,000 at June 30, 1985.

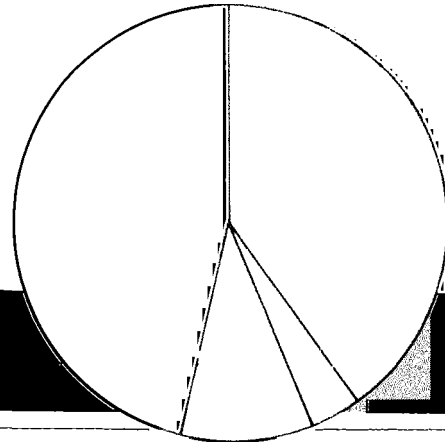
13 — Subsequent Events

In July 1986, the District sold \$18,950,000 in subordinated Sales Tax Anticipation Notes to defray operating expenses payable from the General Operating Fund of the District.

Where Funds Came From (In Thousands)

- **Transaction & Use Sales Tax**
\$84,231 46.26%
- **Fares**
\$73,052 40.12%
- **Property Tax**
\$6,757 3.71%
- **Other**
\$18,049 9.91%
- **Investment Income and Other Operating Revenues**
\$9,019 4.95%
- **State Financial Assistance**
\$1,826 1.00%
- **Construction Funds**
\$6,629 3.64%
- **Regional Financial Assistance**
\$564 0.31%
- **Decrease in Working Capital***
\$11 0.01%

TOTAL
\$182,089 100.00%

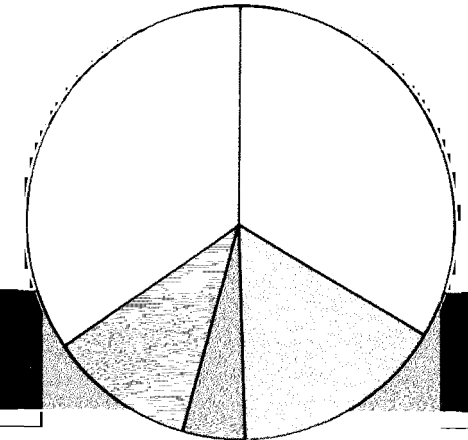


*Funded excess of expenses over revenues

How Funds Were Applied (In Thousands)

- **Maintenance**
\$63,170 34.69%
- ◐ **Transportation**
\$60,658 33.31%
- **General Administration**
\$29,497 16.20%
- **Police Services**
\$8,601 4.73%
- **Other**
\$20,163 11.07%
- **Capital Allocations**
\$3,000 1.65%
- **Debt Service Allocations**
\$11,566 6.35%
- **Construction & Engineering**
\$5,597 3.07%

TOTAL
\$182,089 100.00%



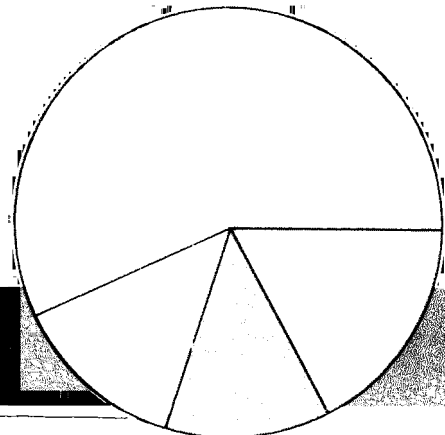
OPERATING FUNDS
1985-86

\$182,089,000

Source of Funds (In Thousands)

- **District**
\$10,707 13.21%
- **Federal**
\$46,107 56.88%
- **State**
\$13,885 17.13%
- **Local (including capital allocations)**
\$10,364 12.78%

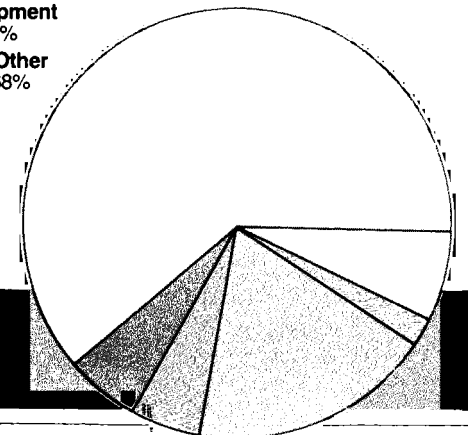
TOTAL
\$81,063 100.00%



Expenditures (In Thousands)

- **Construction**
\$49,888 61.54%
- **Line**
\$48,690 60.06%
- **Systemwide**
\$898 1.11%
- **Support Facilities**
\$300 0.37%
- **Train Control**
\$5,484 6.77%
- **Communications**
\$1,719 2.12%
- **Transit Vehicles**
\$15,052 18.57%
- **Miscellaneous Equipment**
\$4,317 5.32%
- **Automatic Fare Collection**
\$1,592 1.96%
- **Management Information Systems**
\$945 1.17%
- **Support Vehicles**
\$1,014 1.25%
- **Other Equipment**
\$766 0.94%
- **Studies and Other**
\$4,603 5.68%

TOTAL
\$81,063 100.00%



CAPITAL FUNDS
1985-86

\$81,063,000

Message from the General Manager

Those of us charged with the responsibility for BART's operation must always keep in mind a vital question. That question is, "Are we providing the services that people want?"

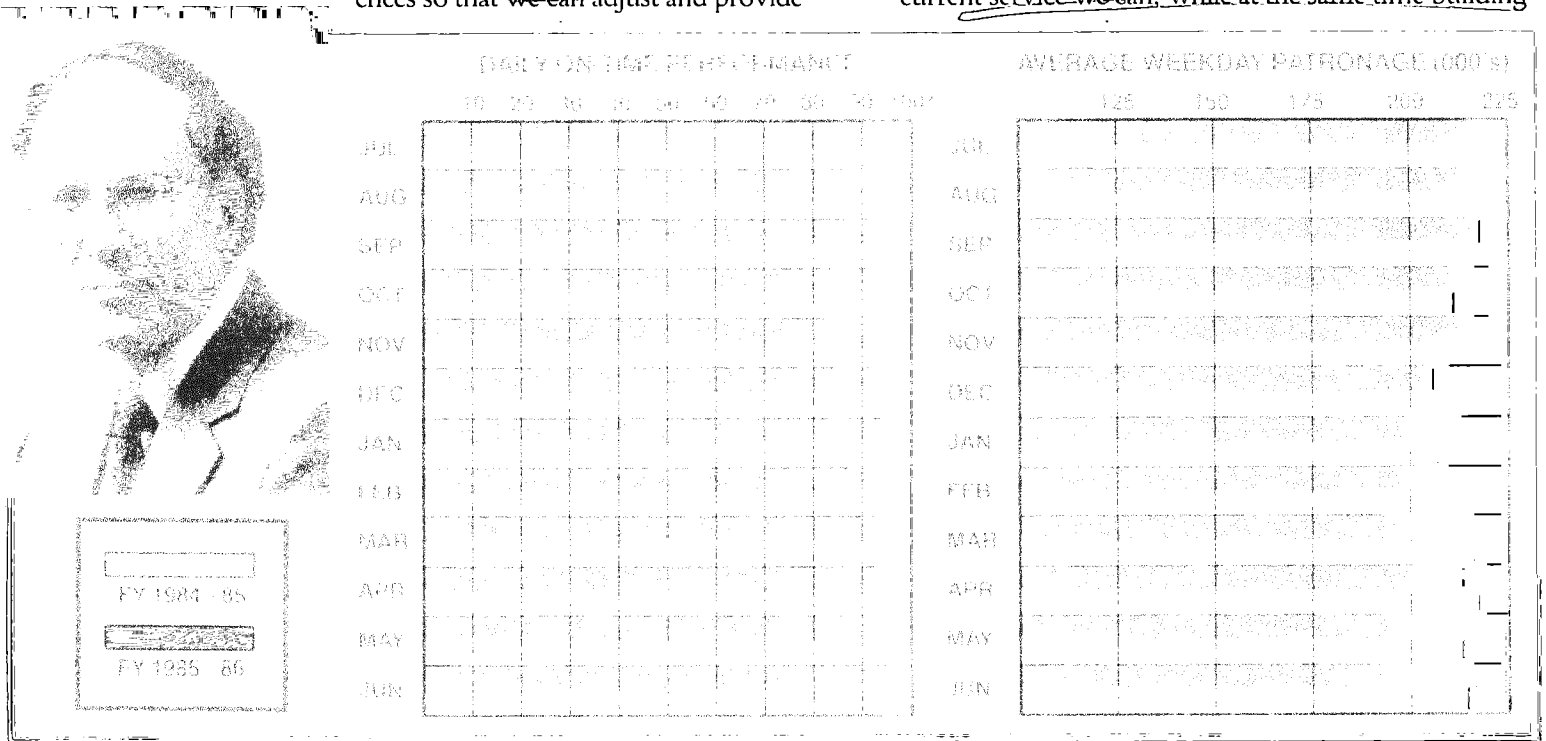
We know that many passengers use BART in the morning and afternoon on weekdays to get to and from work. We know that an increasing number of people also use BART to attend a variety of sporting, holiday and cultural events. We know the trains have been too crowded in recent years to properly serve this growing demand.

BART's capacity expansion program, now about half-way along, will eventually enable us to meet the demands of the peak travel periods with roughly twice the passenger capacity we have today. However, benefits will begin to appear from this program with the addition of two peak-hour trains this fall. Parking capacity has also been expanded this year and will be expanded further next year. That's part of what BART riders want.

We also know, however, that patterns of ridership change. Transbay travel may be temporarily flattening out, reverse commute trips in the region are growing and peak-hour travel patterns may be changing. We cannot ignore the fact that, beginning in October, 1985, ridership on BART stopped growing, nor has it grown since the fare increase in January.

It's obviously important for us to understand the changes that are taking place in job locations, populations, community growth and transportation preferences so that we can adjust and provide

The challenge to all of us at BART is to keep working on the many things that we know the riders want. We must concentrate on providing the best current service we can, while at the same time building

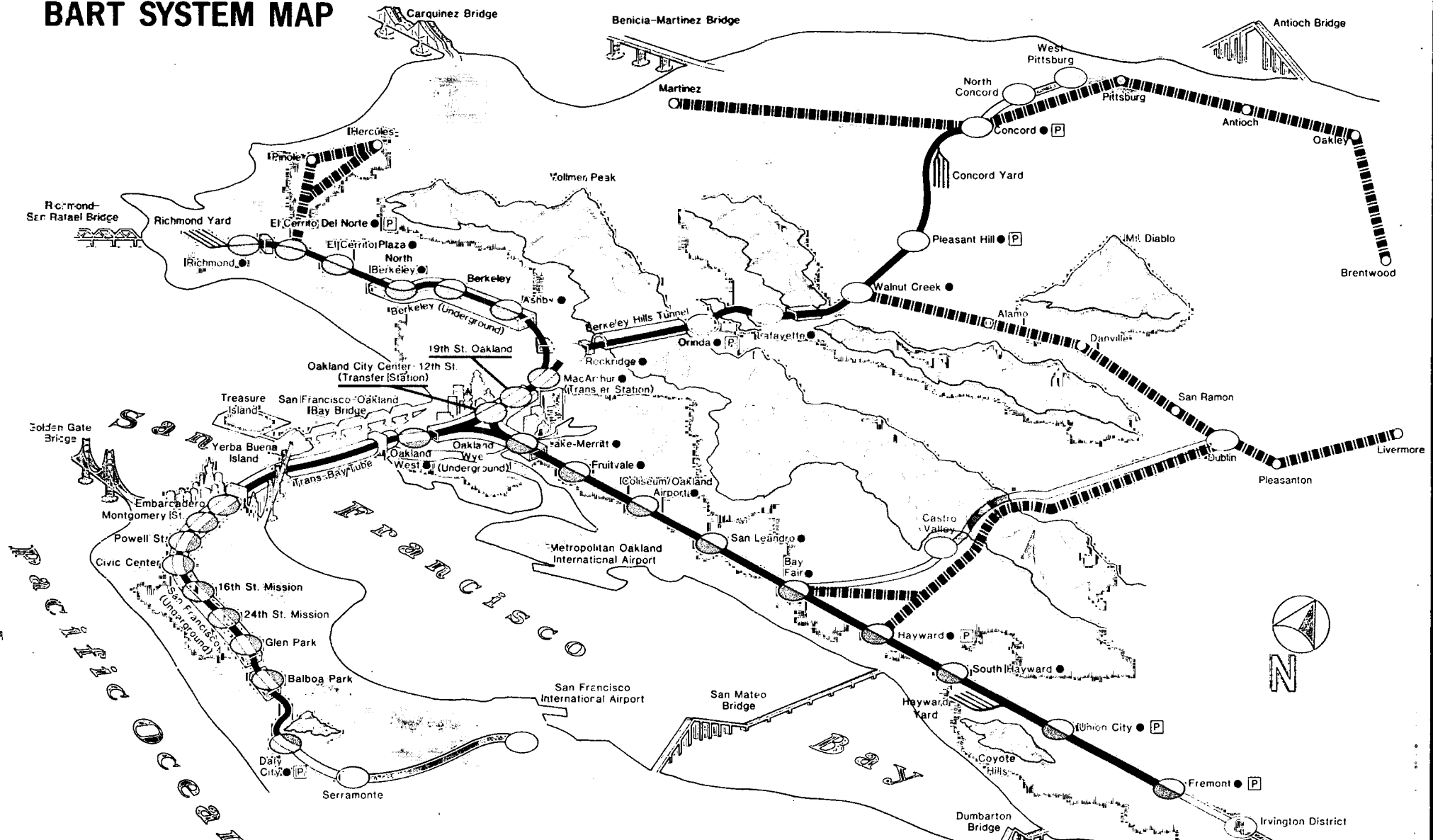


services to meet the changing needs of existing and potential new passengers. It's also important for us to continually strive to provide on-time service, reliable equipment, clean trains and stations, friendly helpful employees, and all the other things, big or small, which we know that riders want.

wisely for the future. We at BART are committed to doing just that.

Keith Bernard
General Manager, BART







BART SYSTEM MAP



Line Miles†

A Line—(Fremont to Lake Merritt)	23 Miles
M Line—(Daly City to Oakland West)	15 Miles
R Line—(Richmond to MacArthur)	12 Miles
C Line—(Downtown Oakland to Concord)	21.5 Miles
Total Miles	71.5 Miles

†All miles are calculated from the Oakland WYE

-  CONCORD/DALY CITY
RICHMOND/DALY CITY
RICHMOND/FREMONT
FREMONT/DALY CITY
-  BART Express Bus
-  Parking
-  Preferential Carpool Parking
-  BART Rail System
-  BART First Phase Extensions

System Information
 Total number of automobile parking spaces at BART Stations, 24,335 • (10% of these parking spaces for mid-day parking)

■ In accordance with BART Extension Policy adopted on February 2, 1984, stations outside the District are subject to satisfactory cost-sharing arrangement.



ACT 06-1989
 DATE 06-1989 (REV. 83)



**San Francisco Bay Area
Rapid Transit District (BART)**

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604 - 2688 (415) 464-6000

Established in 1957 by the California State Legislature.
Authorized to plan, finance, construct, and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the counties of Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS — Fiscal Year 1985/1986

PRESIDENT
Nello Bianco, El Sobrante

VICE PRESIDENT
Eugene Garfinkle, San Francisco

MEMBERS OF THE BOARD

- District #1 — **Barclay Simpson**, Orinda
- District #2 — **Nello Bianco**, El Sobrante
- District #3 — **Arthur J. Shartsis**, Oakland
- District #4 — **Margaret K. Pryor**, Oakland
- District #5 — **Robert S. Allen**, Livermore
- District #6 — **John Glenn**, Fremont
- District #7 — **Wilfred T. Ussery**, San Francisco
- District #8 — **Eugene Garfinkle**, San Francisco
- District #9 — **John H. Kirkwood**, San Francisco

BOARD-APPOINTED OFFICERS

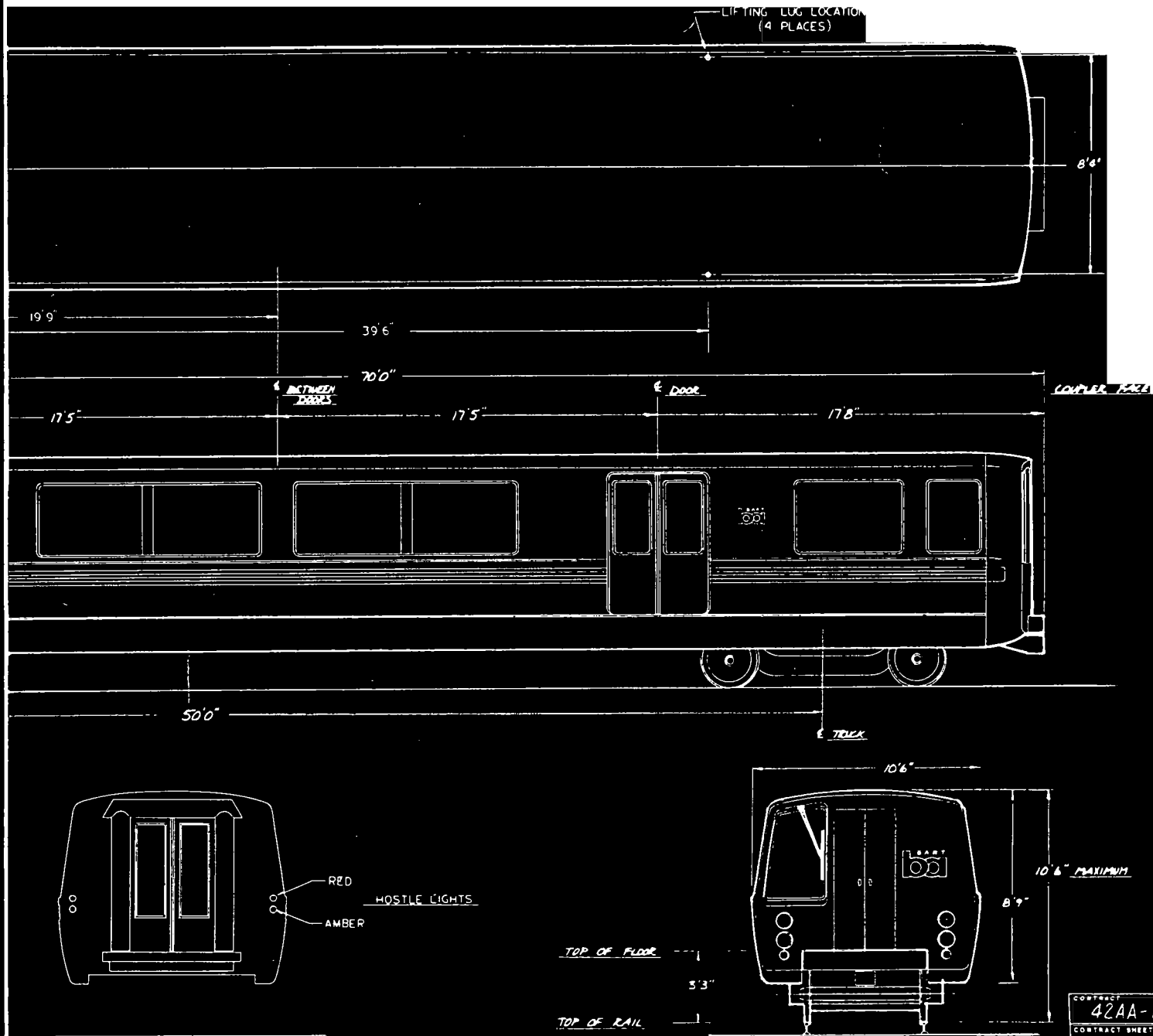
- C. K. Bernard**, General Manager
- Malcolm M. Barrett**, General Counsel
- William F. Goetz**, Controller/Treasurer
- Phillip O. Ormsbee**, District Secretary

DEPARTMENT MANAGERS REPORTING TO THE GENERAL MANAGER

- Richard P. Demko**, Executive Manager, Maintenance & Engineering
- William B. Fleisher**, Chief Transportation Officer
- Howard L. Goode**, Planning & Analysis
- Michael C. Healy**, Public Affairs
- Ernest G. Howard**, Administrative Services
- John Mack**, Affirmative Action
- Hedy Morant**, Budget & Capital Program Control
- Thomas R. Sheehan**, Information Systems
- William Thomas**, Material Management & Procurement
- Ralph S. Weule**, Safety
- Larry A. Williams**, Employee Relations

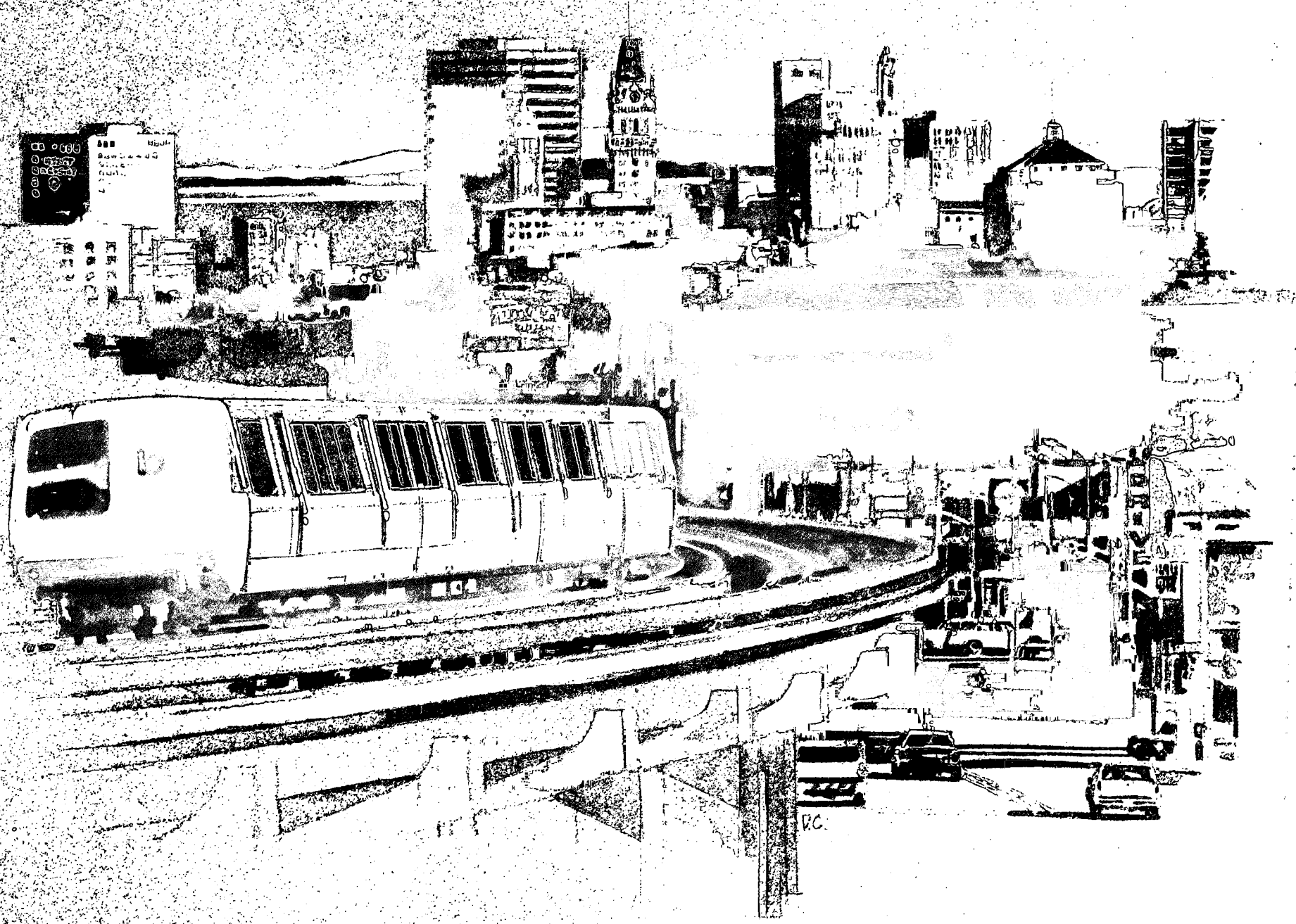
The Annual Report is published by the District pursuant to Section 28770, Public Utilities Code of the State of California.

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Photography: **Gordon Kloess**, Half Moon Bay
System Map: **Arthur Richardson**, BART
Documentation



CONTRACT
42AA-110
CONTRACT SHEET NO. **4**
PG. NO. **4**

	DECIMAL	DESIGNED	DATE	TITLE	DWG. No. 102317	REV. 0
	XXX =	BY SW/ET/ER PERAR	11/80	BART "C" CAR - GENERAL ARRANGEMENT		
	XX =	2. HALL C DESIGN		EXTERIOR VIEWS		
	X =	DRAWN				
	FRACTION =	CHECKED		SCALE		
	ANGULAR =	2/2/81		D		
		APPROVED		SCALE		
		11/81		3/8" = 10'	BART STOCK No.	SHEET OF
TOLERANCES UNLESS OTHERWISE SPECIFIED						



Board of Directors



Barclay Simpson
District 1

Board Vice President, 1987. Board President, 1977. A member of the Board since 1977. Chairperson, BART Liaison with the Central Contra Costa Transit Authority, 1987. Member, BART Liaison with SamTrans. Chairman of the Board, Simpson Company, San Leandro. Owner of the Barclay Simpson Art Gallery, Lafayette. Lives in Orinda.



Nello Bianco
District 2

Board President 1986, 1980 and 1975. A member of the Board since 1969. BART Representative to the American Public Transit Association Board of Directors, 1987. BART Liaison with Eastern Contra Costa Authority and also with the West Contra Costa Transit Authority, 1987. Businessman. Former Richmond City Councilman. Lives in El Sobrante.



Arthur J. Shartsis
District 3

Board President, 1984. A member of the Board since 1976. Chairperson, Administration Committee 1987. Vice Chairperson, Engineer and Operations Committee, 1987. A San Francisco attorney. Lives in Oakland.



Margaret K. Pryor
District 4

Board President, 1987. A member of the Board since 1980. Chairperson, BART Liaison with the Alameda-Contra Costa Transit District, 1987. Chairperson, Livermore/Amador Valley Transit Authority Policy Advisory Committee 1987. Chairperson, APTA Minority Affairs Committee, 1987. Lives in Oakland.



Robert S. Allen
District 5

Board President, 1983. A member of the Board since 1974. Member, BART Liaison with SamTrans, 1987. Employed 27 years in engineering and operations for three major railroads. Lives in Livermore.



John Glenn
District 6

Board President, 1980. A member of the Board since 1974. Chairperson, Policy Committee, Fremont-South Bay Corridor Study, 1987. Founder and President, John Glenn Adjusters and Administrators. Organizer and Director, Civic Bank of Commerce. Lives in Fremont.



Wilfred T. Ussery
District 7

Board President, 1985. A member of the Board since 1978. Vice Chairperson, Administration Committee, 1987. An urban planner. Active in Bay Area civic organizations. Past National Chairperson, Congress of Racial Equality, 1967 to 1969. Lives in San Francisco.



Arlo Hale Smith
District 8

A member of the Board since 1986. Chairperson, Public Affairs, Access and Legislation Committee, 1987. Member, BART Liaison with SamTrans, 1987. A San Francisco attorney. Lives in San Francisco.



John H. Kirkwood
District 9

Board President, 1979. A member of the Board since 1974. Chairperson, Engineering and Operations Committee, 1987. Chairperson, BART Liaison with San Francisco Municipal Railway, 1987. Member, BART Liaison with SamTrans, 1987. Advisory Board member, San Francisco Planning and Urban Renewal (SPUR) Association. Lives in San Francisco.

Message from the President

When I assumed the presidency of the BART Board of Directors in 1987, I said that it would be a year of challenges which would have to be met aggressively if we were to turn our ridership curve upward, remain competitive for the dwindling transit tax dollar, and expand the capacity of our system to meet new travel demands. It was a challenging year, with certain triumphs recorded and other milestones passed with more modest success. On balance, it was a productive year for the District, and made clear certain paths BART must travel if it is to remain one of the premier mass transit systems in the country.

I made as one of my pledges a "back to basics" approach to BART's transit policy direction, and I am pleased to report that gains were made in fulfilling that pledge. BART's basic charge is to move people in a swift, safe and efficient manner. The everyday, mechanical function of the system has to be supported by an out-reaching to the communities we serve to gain the support needed at all political levels to assure acceptance and approval of our programs. I believe we achieved this during 1987. I joined with management in creating ongoing dialogues with local and national officials to win approval of the final elements of our capital funding program, a \$500 million capacity expansion which registered significant progress during my presidency.

We were all encouraged by ridership figures which approached the 200,000-per-day levels we had experienced prior to the fare increase of 1986. The AC/BART PLUS pass, a joint ticketing arrangement, proved successful, as did continuation of the BART/MUNI Fast Pass with the San Francisco Municipal Railway. Further, the District has become more sensitive to our impact on the

community, which extends beyond our stations, tracks and other facilities. This is reflected in our joint development planning around station sites where we require maximum community input. All BART development must have positive visual and economic impact on the communities and neighborhoods we serve, and not have a negative, diminishing effect.

Our networking with other transit agencies met with mixed results, but I am proud of the progress made during the year on the San Leandro-to-Dublin rail extension, particularly in the selection of BART as the mode for that system extension. We continued to devote great energy to other system expansion proposals, both within and outside BART's three-county borders.

I am particularly proud of the strides BART made in improving access for the disabled community, from sensitive edging in our stations to a resolution urging national transit recognition of the need for total accessibility for the handicapped. I have paid particular attention to the needs of the disabled since first becoming a BART Director, and continued that dedication during my presidency.

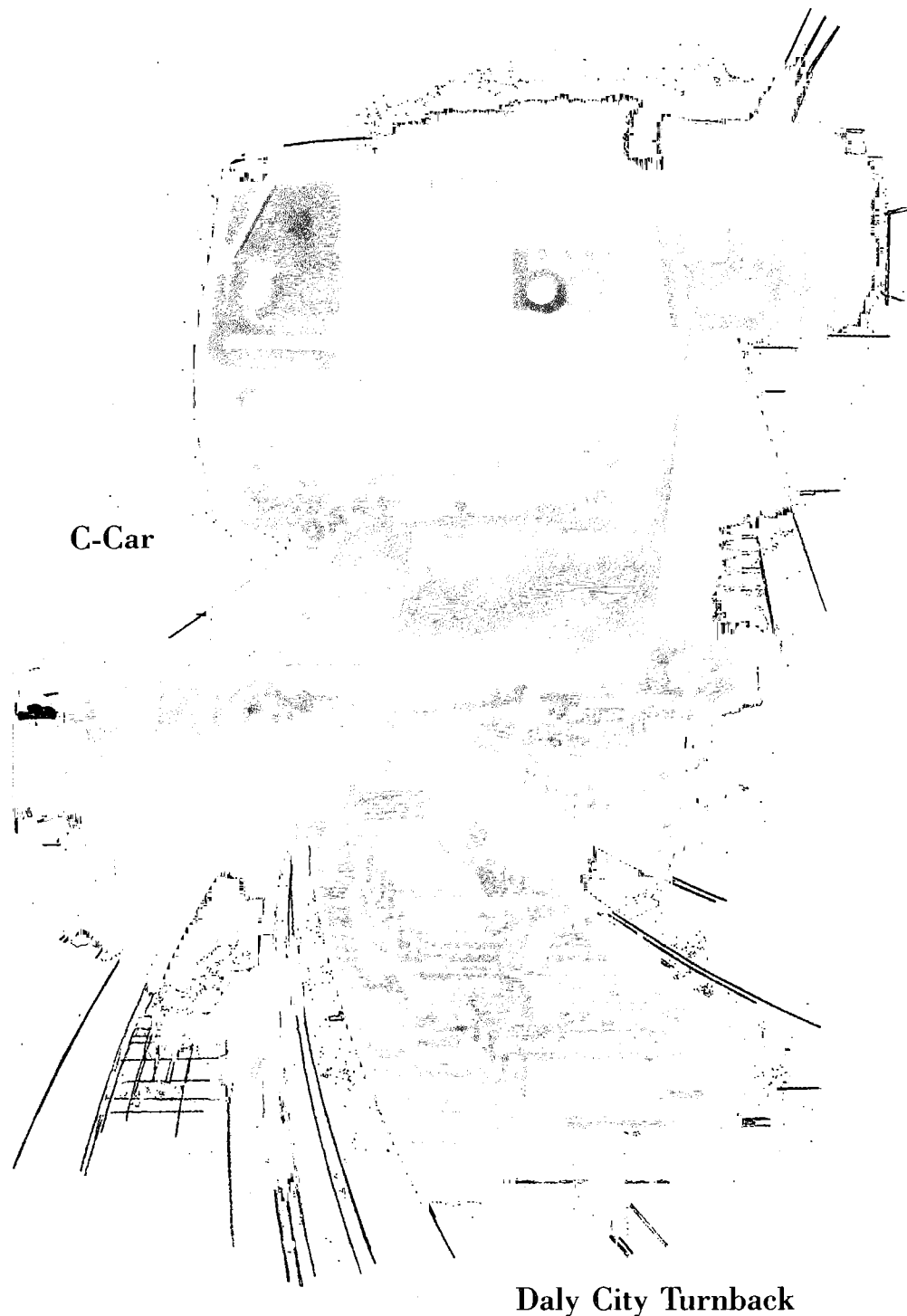
I am pleased with the progress the District made in employment and contracting opportunities for women and minorities. I am gratified that we continued the training of women in non-traditional jobs.

In summation the year 1987 can be viewed as one of definite progress. I believe it was a year in which we as a policy-making body sharpened our focus on the very reason for our existence — the swift, efficient and safe movement of people from Point A to Point B.



Margaret K. Pryor, President
Board of Directors
San Francisco Bay Area
Rapid Transit District, 1987

A large, stylized handwritten signature in black ink, appearing to read 'M. Pryor'. The signature is fluid and cursive, with a long horizontal line extending to the right.



C-Cars

A key part of BART's long-range program to increase its passenger-carrying capacity is the acquisition of 150 new cars.

Designated the C-Car, the new car shell is being manufactured in France by SOFERVAL, a subsidiary of Alsthom-Atlantique. Final assembly of the cars takes place in Union City, not far from BART's main yard in Hayward.

At the close of the fiscal year on June 30, 1987, the first production cars were scheduled by SOFERVAL to be delivered to BART in November and December.

The prototype test program, production baseline design reviews and first article configuration identification were completed during the final quarter of the fiscal year.

Testing of the prototypes was rigorous, in conformance with the strict requirements of the contract with SOFERVAL. BART has insisted throughout the manufacturing process that the C-Cars must adhere to its contract specifications. SOFERVAL's delivery schedule was approximately two years behind at the close of the fiscal year.

The new cars, besides adding passenger capacity, will provide increased flexibility in the make-up of the trains and allow savings in energy costs for overall fleet operations.

The new cars can be used as a lead car on a train, in the middle or at the end of a train, providing BART with increased flexibility in making and breaking trains at stations, rather than in the yards. The District's present A-cars, which cannot be inserted in the middle of a train, seriously reduce BART's ability to break up longer trains into shorter ones for off-peak service and then to re-assemble them to meet peak-service demand.

Total cost of the new C-Cars, including a new on-board automatic train control system, is estimated at \$228.3 million, approximately \$50 million less than the original bid price.

Daly City Turnback and Yard

Construction of the Daly City Turnback and Yard continued smoothly during the year and was \$8 million under original estimates.

When completed, the project will provide BART with train storage and maintenance capabilities on the west side of San Francisco Bay. Trains will not have to be returned daily to East Bay facilities for maintenance. With its new track configuration, the Turnback will allow trains to be reversed to return to East Bay destinations at more frequent intervals.

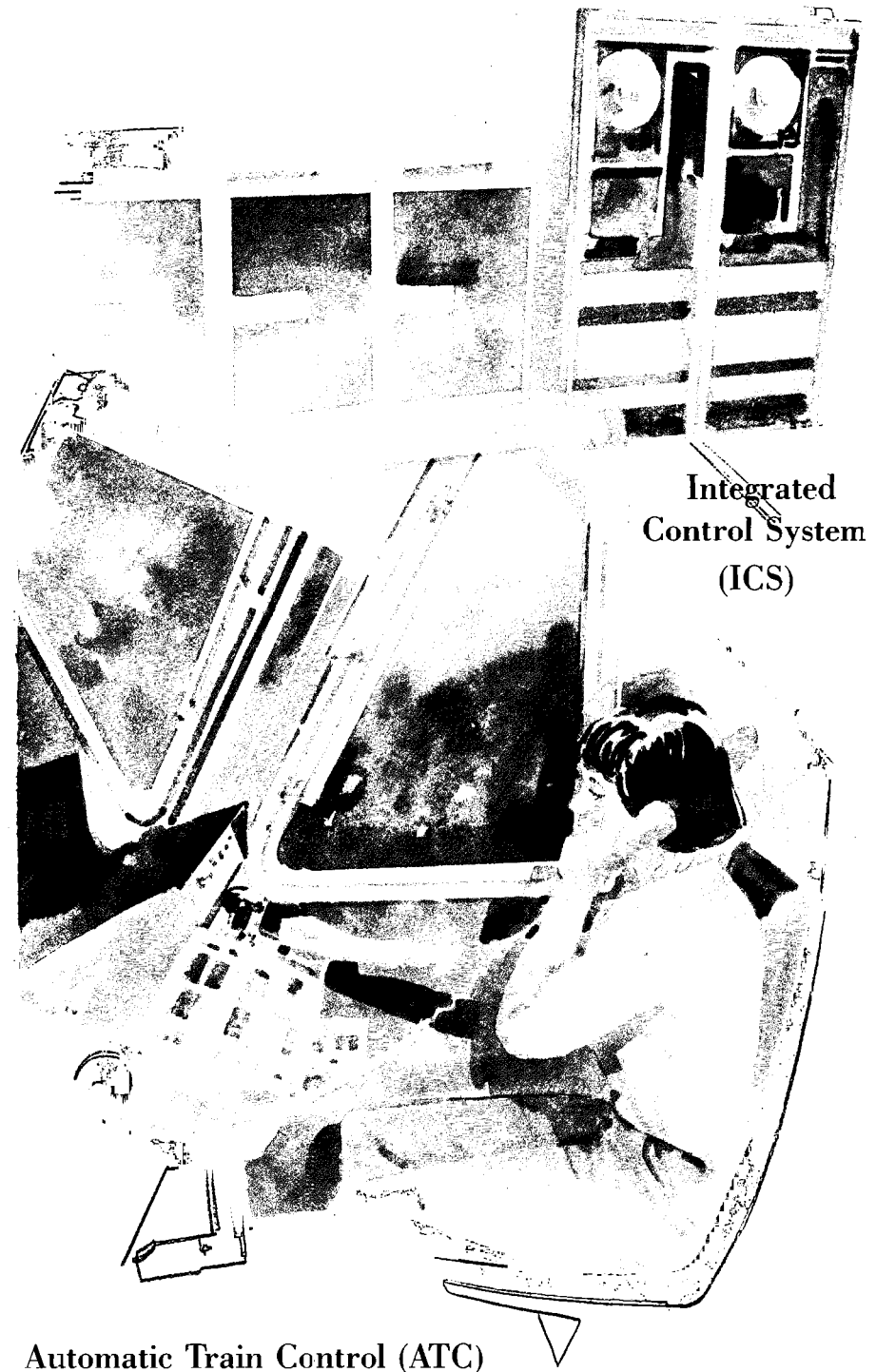
In May, special 780-foot-long rails for the Turnback project were moved from BART's Hayward yard and laid on the Turnback during the night, to avoid any interruption of regular passenger service.

The Turnback was scheduled for completion in July, 1988, with the Yard's completion scheduled for March, 1989. Total cost of the project is estimated at \$141.3 million.

Wayside Control

BART's Wayside Train Control modification project continued on schedule. The modifications include changes to the command controls located along the tracks throughout the system and in stations. The modifications will enable closer train spacing and a more even flow of trains throughout the system, thus increasing BART's capacity to carry passengers.

Estimated to cost \$14.9 million, the new system is scheduled for completion by July, 1989. Part of the cost will be covered by a grant of \$8 million from the Urban Mass Transportation Administration.



Automatic Train Control (ATC)

System Access

Access to BART — the ability to conveniently reach its stations and trains — improved markedly during the year.

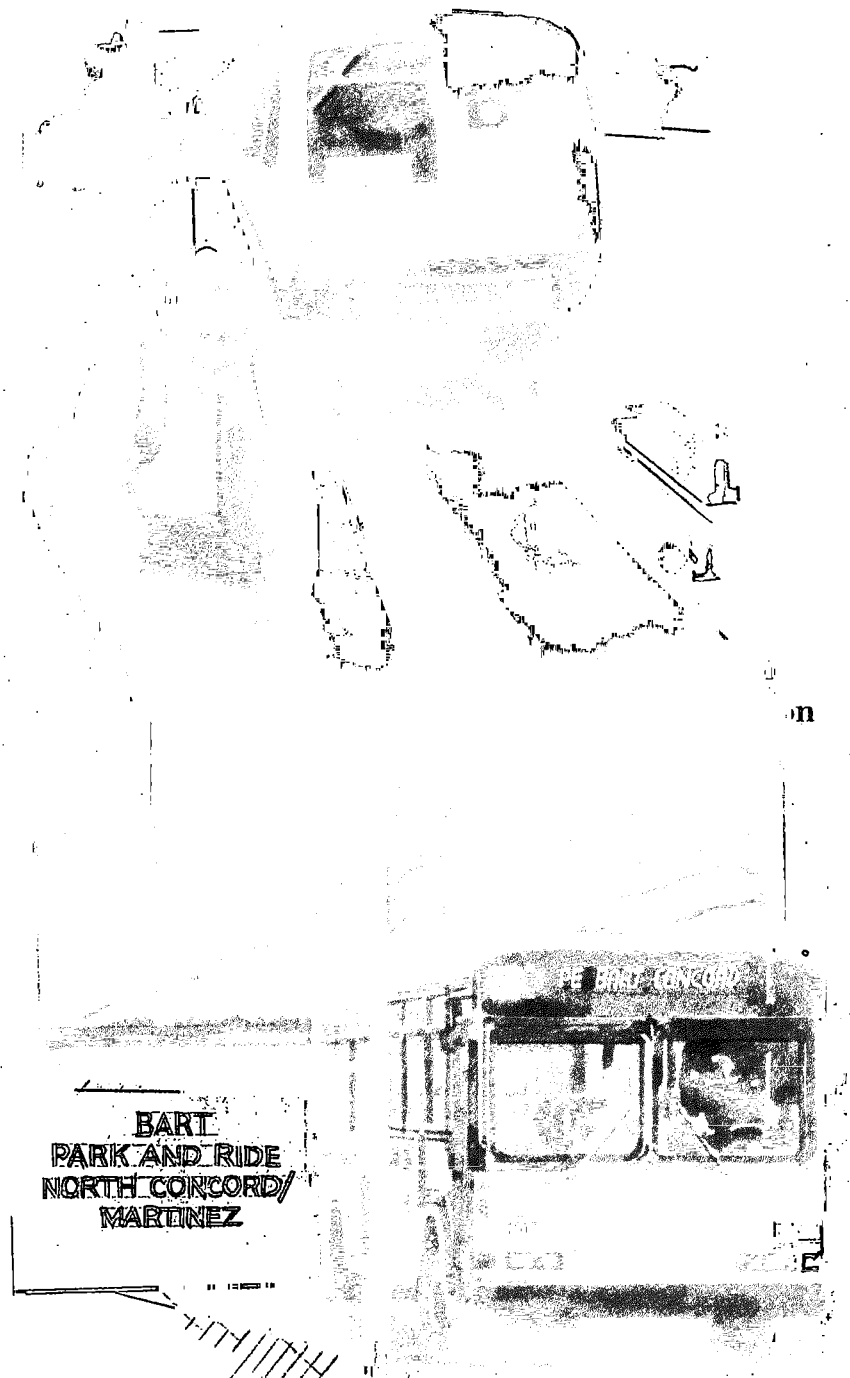
A comprehensive program is under way to increase the parking capacity at BART stations by 50 percent over the next five years. The number of new parking spaces made available this past year amounted to 1,532, bringing to 25,526 the total parking spaces at BART stations.

Nearing completion at the close of the fiscal year were parking expansions at the Fremont Station, 391 spaces; the Fruitvale Station, 238; and the San Leandro Station, 160. Plans were also completed for expansions at Lafayette, 293 spaces, and Orinda, 250.

In addition, the 213-space West Pittsburg Park/Ride facility was opened in July, 1986, with direct connection to the Concord Station by BART express bus. In March, 1987, the North Concord Park/Ride lot was opened. It provides 530 parking spaces and is served by express bus routes, linking communities in eastern Contra Costa County with the Concord Station.

A joint AC/BART PLUS ticket became available early in 1987, providing a discount to riders using both systems. The number of off-site BART ticket sales outlets was increased to 217 by June 30, 1987, including retailers, employers, schools, financial institutions and community groups.

Within the stations themselves, modifications to elevators continued, providing improved access to handicapped patrons. Work began on a system-wide installation of brightly colored textured tile on platform edges, following extensive evaluation of several methods to improve the detection of the platform edge by vision-impaired patrons.



BART Express Buses

Affirmative Action

BART's efforts to hire and promote minority, women and handicapped employees continued during the year.

Those efforts included identifying and analyzing job vacancies, recruitment, information programs about job availabilities, contact with community, educational, governmental, professional and business organizations and training.

The long-range objective of BART's Affirmative Action program, which was adopted by the Board of Directors in 1983, is to achieve a representative work force that reflects the availability for hire of women and minorities in the Bay Area.

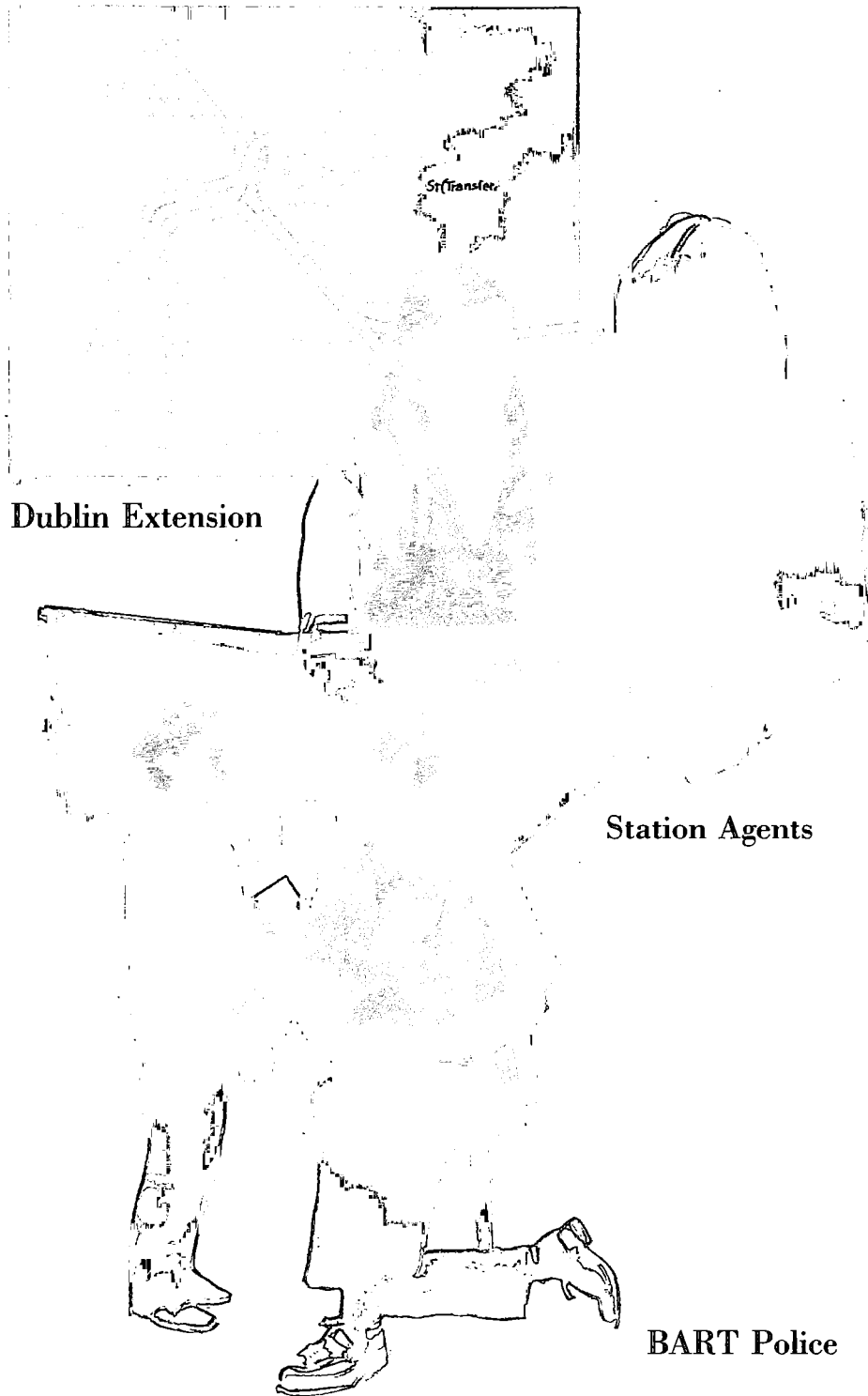
It is the District's policy that minority business enterprises (MBE), including disadvantaged and women-owned businesses, be afforded the maximum practical opportunity to participate in performance of all District contracts and agreements.

Out of the District's total procurement, the MBE participation achieved was over 25 percent, which exceeded the objective of 21 percent for the year. This was accomplished through extensive outreach effort and active sponsoring of trade fairs.



Multiple System Tickets

Patronage



Fire Hardening

BART's \$20.7 million Vehicle Fire Hardening project, which included all of BART's passenger cars, was completed in August, 1987. BART's cars rank among the most fire-safe transit vehicles in the nation.

The project included the replacement of walls and ceilings, the installation of fire-stops in the walls and ceilings, the laying of new floors and the reinforcement with special fire-safe and fire-retardant materials of other parts under the cars where heat and fire might be generated.

Special Services

BART provided special service during the year for holiday shopping, musical and sporting events at the Oakland Coliseum, the Bay-to-Breakers run and the observance of the 50th anniversary of the opening of the Golden Gate Bridge in 1937.

The shopping specials provided extra trains on four Sundays preceding Christmas for shoppers bound for downtown Oakland and San Francisco.

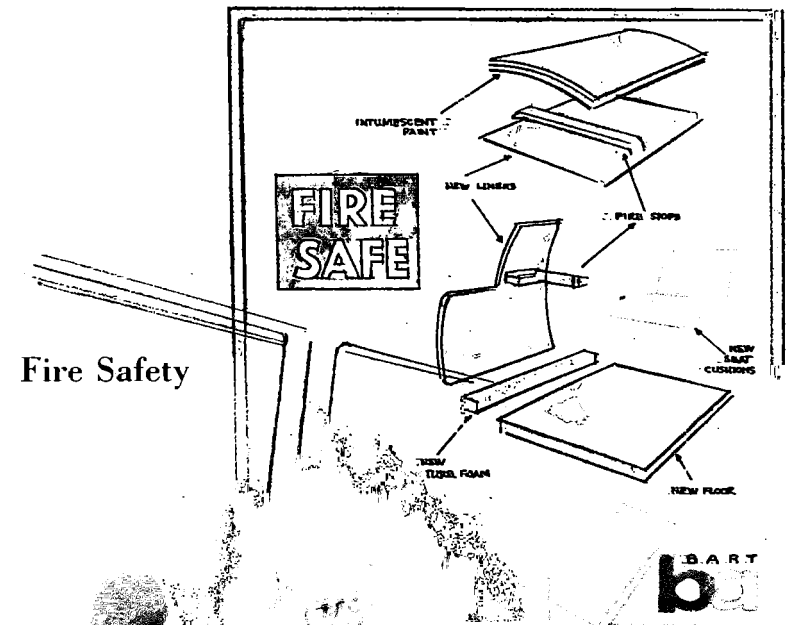
BART dispatched trains from the East Bay into San Francisco beginning at 3 a.m. for the observance of the Golden Gate Bridge's 50th anniversary.

On-Time Performance

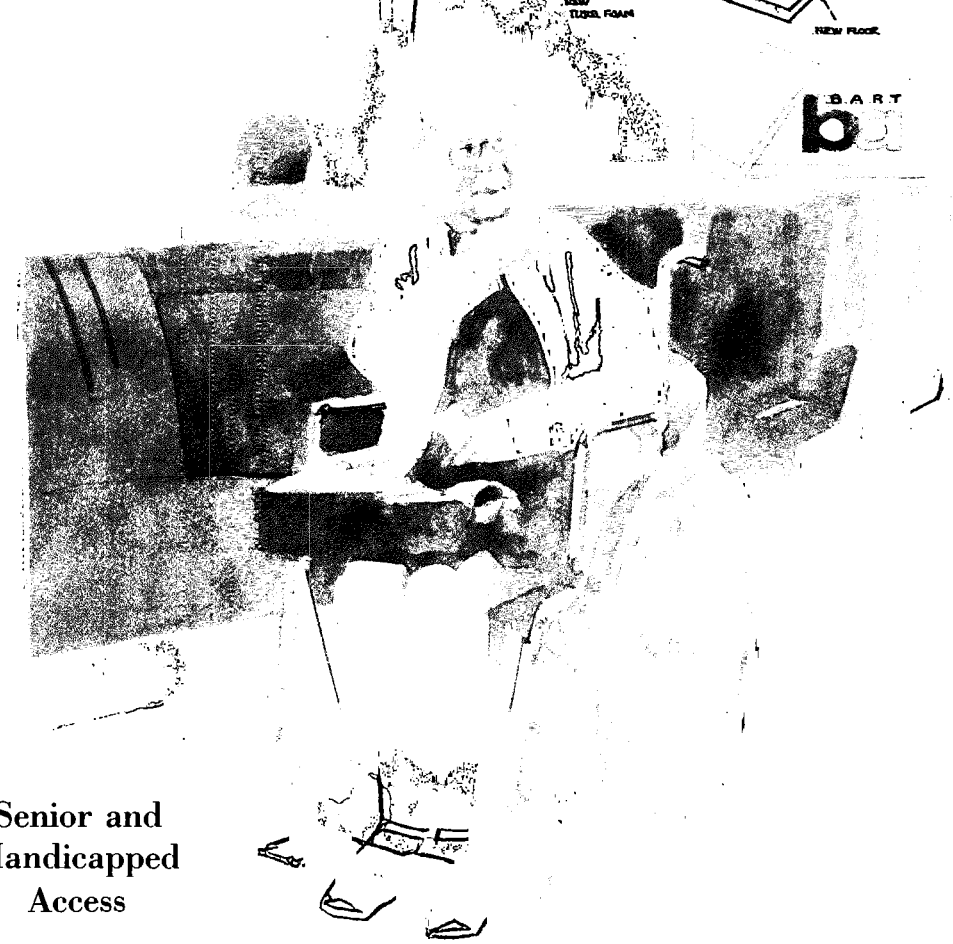
BART's record of performance in getting passengers to their destination on time improved markedly during the year. On-time performance by BART had fallen below District objectives during the previous year, primarily because of the construction of the K-E Track in downtown Oakland.

In November, 1986, following the completion of the Fire Hardening project, which withdrew cars from service for necessary safety modifications, BART added two trains to its peak-time Concord-Daly City and Fremont-Daly City schedules. The trains were added without any disruption of service or lessened on-time reliability, reflecting BART's overall plan to gradually boost its passenger-carrying capacity without disrupting current operations.

These two trains brought to 45 the total of trains available for peak-hour service on weekdays. Average car availability at 4 a.m. on weekdays during the fiscal year was 387.



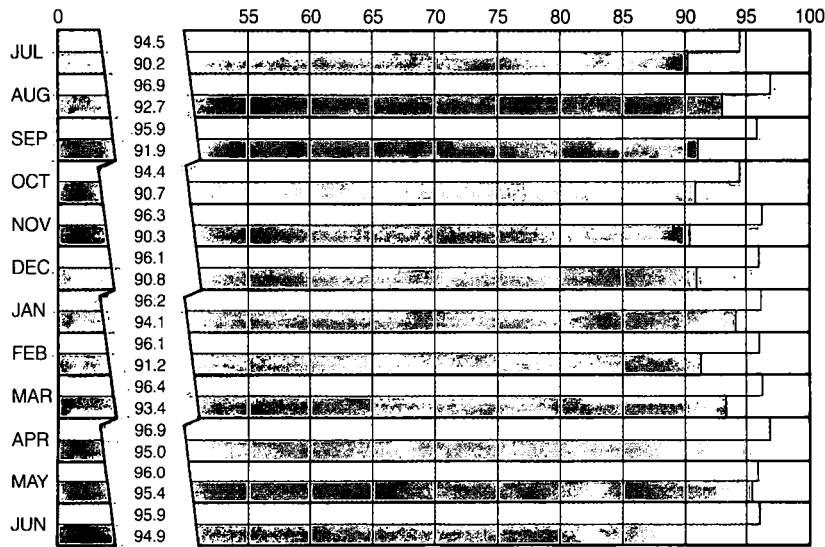
Fire Safety



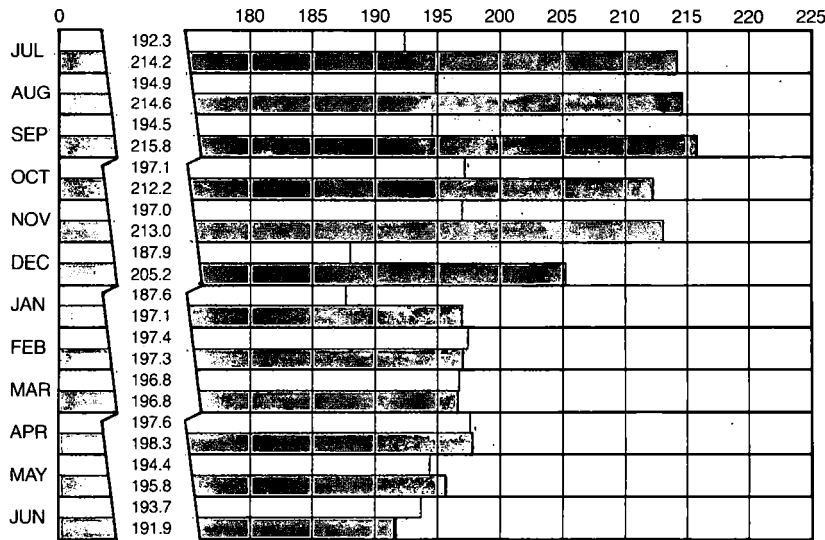
Senior and Handicapped Access

Performance Highlights

Daily On-Time Performance



Average Weekday Patronage (000's)



FY 1986/1987 FY 1985/1986

During the fiscal year 1986–1987, BART patronage declined by 2.6 million passengers from the prior year, although passenger revenues increased by \$4.6 million. Total operating revenues reached an all-time high of \$84.6 million.

BART funded 52.2 percent of its total operating expenses, which amounted to \$162.2 million (excluding depreciation) for FY 86–87, from passenger fares and other operating revenue. This is up from 51.0 percent during the prior fiscal year. A long-standing District objective is to fund approximately one-half of its net rail operating expenses from operating revenues.

Net passenger revenue for FY 86–87 amounted to \$77.7 million, compared to \$73.1 million for FY 85–86. Total operating revenue, including almost \$7 million in interest income, advertising in trains and stations, and other income, was \$84.6 million for FY 86–87, compared with \$82.1 million for the previous fiscal year.

BART's farebox ratio, which relates net passenger revenues to net operating expenses, was 47.9 percent for FY 86–87, an increase over the figure of 45.4 percent for FY 85–86.

Net rail passenger revenue per passenger mile for FY 86–87 was 11.1 cents, up from the previous

year's 9.6 cents. Rail operating costs per passenger mile for FY 86–87 was 21.1 cents, compared with 19.6 cents for FY 85–86.

Annual passenger trips during FY 86–87 totaled 56.2 million, compared with 58.9 million for the previous year, with an average of 12.4 miles for each trip during FY 86–87, compared with 12.8 miles the year before.

In addition to funds derived from passenger fares, interest income and advertising, BART received \$87.1 million in revenues from 75 percent of the one-half cent transit sales tax in the three BART counties, \$1.0 million in state and local funds and \$7.4 million in property tax available for operations. Of the \$87.1 million derived from the sales tax, \$13.5 million was allocated to debt service and \$73.6 million was made available for operations.

Directors reduced the property tax rate on the levy for repayment of the general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 4.21 cents per \$100 of assessed value, down from 5.08 cents for the previous fiscal year. The property tax generated revenues of \$47.8 million from property owners in Alameda, Contra Costa and San Francisco counties, the three counties making up the District.

ADAMS, GRANT, WERNER & Co.

505 - 141st STREET SUITE 950
OAKLAND, CALIFORNIA 94612

KPMG Peat Marwick

Peat Marwick Main & Co.
Three Embarcadero Center
San Francisco CA 94111

Certified Public Accountants

The Board of Directors
San Francisco Bay Area
Rapid Transit District

We have examined the balance sheets of San Francisco Bay Area Rapid Transit District as of June 30, 1987 and 1986, and the related statements of operations, capital and changes in financial position for the years then ended. Our examinations were 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 aforementioned financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1987 and 1986, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles, consistently applied during the period subsequent to the change, with which we concur, made as of July 1, 1985 as described in note 2 to the financial statements.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Reconciliation of Funded Operating Expenses in Excess of Revenues is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examinations of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Adams, Grant, Werner & Co. *Peat Marwick Main & Co.*

September 2, 1987

	FY 1986/87	FY 1985/86
Rail Ridership		
Annual passenger trips	56,240,997	58,894,468
Average weekday trips	194,226	204,244
Average trip length	12.4 miles	12.8 miles
Annual passenger miles	695,944,275	751,848,613
Patron trip on-time performance (%)	94.4%	89.1%
System utilization ratio (passenger miles to available seat miles)	31.9%	34.2%
End-of-period ratios:		
Peak patronage	49.1%	49.2%
Offpeak patronage	50.9%	50.8%
BART's estimated share of peak period transbay trips — cars, trains & buses (a)	37.0%	37.8%
Operations		
Annual revenue car miles	30,266,578	30,489,648
Unscheduled train removals — average per revenue day	4.2	5.2
Transit car availability to revenue car fleet (b)	91.1%	89.1%
Passenger miles per equivalent gallon of gasoline	75.3	79.2
Passenger accidents reported per million passenger trips	16.09	16.62
Patron-related crimes reported per million passenger trips	33.20	26.35
Financial		
Net passenger revenues	\$ 77,654,000	\$ 73,052,000
Other operating revenues	6,970,000	9,019,000
Total operating revenues	84,624,000	82,071,000
Net operating expenses (excluding depreciation)	162,202,000	160,894,000
Farebox ratio (net passenger revenues to net operating expenses)	47.87%	45.40%
Operating ratio (total operating revenues to net operating expenses)	52.17%	51.01%
Net rail passenger revenue per passenger mile	11.1¢	9.6¢
Rail operating cost per passenger mile	21.1¢	19.6¢
Net average rail passenger fare (c)	\$1.37	\$1.22

Notes

General note: Data represent annual averages unless otherwise noted.

(a) Based on MTC Transbay survey data for October 1986 and April 1987 (7–9 a.m., 4–6 p.m.).

(b) At 8 a.m. each day

(c) Includes BART/MUNI Fast Pass

Financial Statements

BALANCE SHEETS

June 30, 1987 and 1986 (In Thousands)

	1987	1986 (As restated— see note 2)
ASSETS		
Cash (including time deposits — 1987, \$19,340; 1986, \$26,027)	\$ 22,124	28,158
Securities	331,483	329,578
Deposits, notes and other receivables	102,408	96,769
Construction in progress	182,035	119,390
Facilities, property and equipment — at cost (less accumulated depreciation and amortization — 1987, \$381,106; 1986, \$350,550)	1,317,309	1,301,209
Materials and supplies — at average cost	14,680	14,279
	<u>\$1,970,039</u>	<u>1,889,383</u>
LIABILITIES AND CAPITAL		
Notes payable	63,975	67,655
Payroll and other liabilities	80,915	61,917
Unearned passenger revenue	1,584	1,577
General Obligation Bonds	470,240	504,905
Sales Tax Revenue Bonds	145,000	145,000
	<u>761,714</u>	<u>781,054</u>
Capital:		
Reserves	27,580	32,223
Grants and contributions, net	672,416	610,402
Accumulated net revenues	508,329	465,704
	<u>1,208,325</u>	<u>1,108,329</u>
	<u>\$1,970,039</u>	<u>1,889,383</u>

See accompanying notes to financial statements.

STATEMENTS OF OPERATIONS

Years Ended June 30, 1987 and 1986 (In Thousands)

	1987				1986
	Operating fund	Construction funds	Debt service funds	Combined total	(As restated— see note 2)
Operating revenues:					
Fares	\$ 87,866	—	—	87,866	80,898
Less discounts and other deductions	10,212	—	—	10,212	7,846
	<u>77,654</u>	<u>—</u>	<u>—</u>	<u>77,654</u>	<u>73,052</u>
Other (including investment income)	6,970	—	—	6,970	9,019
Total operating revenues	<u>84,624</u>	<u>—</u>	<u>—</u>	<u>84,624</u>	<u>82,071</u>
Operating expenses:					
Transportation	61,912	—	—	61,912	60,658
Maintenance	63,977	—	—	63,977	63,170
Police services	8,905	—	—	8,905	8,601
Construction and engineering	5,997	—	—	5,997	5,597
General and administrative	28,746	—	—	28,746	29,497
Depreciation	31,800	—	—	31,800	34,351
	<u>201,337</u>	<u>—</u>	<u>—</u>	<u>201,337</u>	<u>201,874</u>
Less capitalized costs	7,335	—	—	7,335	6,629
Net operating expenses	<u>194,002</u>	<u>—</u>	<u>—</u>	<u>194,002</u>	<u>195,245</u>
Operating loss	<u>(109,378)</u>	<u>—</u>	<u>—</u>	<u>(109,378)</u>	<u>(113,174)</u>
Other revenues (expenses):					
Transactions and use tax:	73,617	—	13,474	87,091	84,231
Property tax	7,412	—	51,102	58,514	61,779
State financial assistance	479	—	—	479	1,826
Local financial assistance	548	—	—	548	564
Other investment income	—	24,462	5,254	29,716	20,543
Accrued interest from bond sale	—	—	—	—	873
Interest expense	—	—	(39,127)	(39,127)	(30,769)
Service expense	—	—	(18)	(18)	(34)
Cost of 1982 Sales Tax Revenue Bonds defeasance	—	—	—	—	(4,594)
Total other revenues	<u>82,056</u>	<u>24,462</u>	<u>30,685</u>	<u>137,203</u>	<u>134,419</u>
Net revenues (expenses)	<u>(27,322)</u>	<u>24,462</u>	<u>30,685</u>	<u>27,825</u>	<u>21,245</u>
Depreciation of assets acquired with grants and contributions by others	<u>14,662</u>	<u>—</u>	<u>—</u>	<u>14,662</u>	<u>16,411</u>
Amount transferred to accumulated net revenues	<u>\$ (12,660)</u>	<u>24,462</u>	<u>30,685</u>	<u>42,487</u>	<u>37,656</u>

STATEMENTS OF CAPITAL

Years Ended June 30, 1987 and 1986 (In Thousands)

	Reserves	Grants and contributions	Accumulated net revenues	Total
Balances at June 30, 1985, as previously reported	\$ 32,939	563,775	412,667	1,009,381
Adjustment to include debt service funds previously not included in operations (note 2)	—	—	17,665	17,665
Balances at June 30, 1985, as restated	32,939	563,775	430,332	1,027,046
Amount transferred to accumulated net revenues, as restated	—	—	37,656	37,656
Other additions (deductions):				
Capital designations	—	3,000	(3,000)	—
Decrease in reserves	(716)	—	716	—
Grants and contributions	—	60,038	—	60,038
Depreciation and retirements of assets acquired with grants and contributions	—	(16,411)	—	(16,411)
Balances at June 30, 1986, as restated	32,223	610,402	465,704	1,108,329
Amount transferred to accumulated net revenues	—	—	42,487	42,487
Other additions (deductions):				
Capital designations	—	4,505	(4,505)	—
Decrease in reserves	(4,643)	—	4,643	—
Grants and contributions	—	72,171	—	72,171
Depreciation and retirements of assets acquired with grants and contributions	—	(14,662)	—	(14,662)
Balances at June 30, 1987	<u>\$ 27,530</u>	<u>672,416</u>	<u>508,329</u>	<u>1,208,325</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1987 and 1986 (In Thousands)

	1987	1986 (As restated— see note 2)
Cash and securities provided by:		
Operations:		
Net amount transferred to accumulated net revenues	\$ 42,487	37,656
Add expenses not requiring cash:		
Depreciation of assets acquired with own funds	17,138	17,940
Cash and securities provided by operations	59,625	55,596
Issuance of Sales Tax Revenue Bonds	—	145,000
Issuance of Sales Tax Anticipation Notes	18,950	21,775
Issuance of Grant Anticipation Notes	—	45,025
Contributions from U.S. Government grants and others	72,171	60,038
Increase in payroll and other liabilities	18,998	9,782
Increase in unearned passenger revenue	7	193
Total cash and securities provided	<u>169,751</u>	<u>337,409</u>
Cash and securities applied to:		
Increase in deposits, notes and other receivables	5,639	34,015
Increase in construction in progress	62,645	31,430
Additions to facilities, property and equipment	47,900	36,978
Additions to materials and supplies	401	1,214
Matured Sales Tax Revenue Bonds	—	545
Defeased Sales Tax Revenue Bonds	—	63,965
Matured General Obligation Bonds	34,665	32,820
Matured Sales Tax Anticipation Notes	21,775	19,860
Matured Grant Anticipation Notes	855	5,735
Net effect of restatement of debt service funds	—	571
Total cash and securities applied	<u>173,880</u>	<u>227,133</u>
Increase (decrease) in cash and securities	<u>\$ (4,129)</u>	<u>110,276</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS June 30, 1987 and 1986

1. Summary of Significant Accounting Policies

a. Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

b. Securities

As a matter of policy, the District holds investments until their maturity and, accordingly, securities are carried at amortized cost.

c. Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is charged to capital with the related grants and contributions.

d. Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to capital when received. Grants for operating expenditures are included as financial assistance in the statement of operations.

e. Transactions and Use Tax (Sales Tax) Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District's appointed trustee for the purpose of paying bond and note interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The District records the total taxes received as revenue. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1987 to June 30, 1987 will be approximately \$19,538,000. Of this amount, \$5,861,000 had been received and recorded by the District. Comparable figures for 1986 were \$19,305,000 and \$5,791,500, respectively.

f. Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records both amounts as property tax revenue.

g. Self-Insurance

The District is largely self-insured for workers' compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

h. Capital Designations

The Board of Directors designates a portion of accumulated net revenues for capital projects.

i. Capitalization of Interest

The District capitalizes certain interest revenue and expenditures related to tax-free borrowings in accordance with Statement of Financial Accounting Standards 62. The net effect of this capitalization is to decrease construction in progress by \$1,136,000 in 1987 and \$8,670,000 in 1986, representing excess interest revenue from applicable borrowings over interest expenditures.

2. Change of Accounting Method

The accounting method of the District has been changed effective July 1, 1985 in accordance with generally accepted accounting principles applicable to the method of accounting for proprietary funds. In this method, the measurement focus is based upon determination of net revenues, financial position, and changes in financial position in a manner similar to a private business enterprise.

3. Cash

State of California statutes require that all depositories holding public funds collateralize deposits in one or more of three classes of security pools held by an agent of the depository. Most of the District's deposits are in the pool where the market value of the collateral in the pool is required to be at least 110% of deposits and conforms with the statutes as administered by the State of California Superintendent of Banks.

The carrying amount and bank balance of the cash at June 30, 1987 is as follows (in thousands):

	Carrying amount	Bank balance
Cash on hand	\$ 1,019	—
Insured (FDIC/FSLIC)	769	796
Collateralized with securities pledged by financial institutions	20,336	20,247
Total	\$ 22,124	21,043

4. Securities

State of California statutes and District policy authorize the District's Treasurer to invest in U.S. Treasury bills, notes and bonds, Federal agency bonds, notes, and discount notes,

Bankers' Acceptances, repurchase and reverse repurchase agreements and negotiable certificates of deposit. All of the District's investments comply with the above policy and statutes.

The District's investment securities are categorized below by type to give an indication of the level of credit risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes investments for which the securities are held by the counterparty's trust department in the District's name. Category 3 includes investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

At June 30, 1987 the amortized cost, market value and category of credit risk of the District's investment securities are as follows (in thousands):

	Category			Amortized cost	Market value
	1	2	3		
U.S. Treasury Notes	\$ 38,665	—	—	38,665	39,210
Federal Agency Obligations	221,667	53,096	—	274,763	275,593
Repurchase Agreements	18,055	—	—	18,055	18,055
Total	\$ 278,387	53,096	—	331,483	332,858

5. Reserves

Included in Securities on the Balance Sheet is \$27,580,000 and \$32,223,000 in 1987 and 1986, respectively, representing designation by the Board of Directors of a portion of the District's accumulated net revenues as reserves for the following purposes:

	1987	1986
	(in thousands)	
Basic System Completion	\$10,467	10,421
System Improvement	2,735	6,371
Construction	1,878	2,931
Self-Insurance	9,000	9,000
Operating	3,500	3,500
	<u>\$27,580</u>	<u>32,223</u>

6. Facilities, Property and Equipment (in Thousands)

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1987 and 1986 are summarized as follows:

	Lives (Years)	1987		1986	
		Cost	Accumulated depreciation and amortization	Cost	Accumulated depreciation and amortization
Land	—	\$ 161,865	—	135,325	—
Improvements	80	1,101,692	179,607	1,088,998	165,854
System-wide operation and control	20	131,472	68,264	125,581	61,823
Revenue transit vehicles	30	165,327	70,730	164,598	65,241
Service and miscellaneous equipment	3 to 20	25,414	15,656	24,357	14,079
Capitalized construction and start-up costs	30	105,067	43,965	105,217	40,874
Repairable property items	30	7,578	2,884	7,683	2,679
		<u>\$1,698,415</u>	<u>381,106</u>	<u>1,651,759</u>	<u>350,550</u>

7. General Obligation Bonds (in Thousands)

	Composite Interest Rate	Year Last Series Matures	Original Amount		1987		1986	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	3.90%	1999	\$792,000	792,000	36,250	463,950	34,225	498,175
1966 Special Service District Bonds	4.38%	1998	20,500	12,000	460	6,290	440	6,730
			<u>\$812,500</u>	<u>804,000</u>	<u>36,710</u>	<u>470,240</u>	<u>34,665</u>	<u>504,905</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15. Interest of \$9,243,000 and \$9,996,000 on General Obligation Bonds and \$138,000 and \$148,000 on Special Service District No. 1 Bonds is payable on December 15, 1987 and 1986, respectively.

The following is a schedule of principal repayments required under General Obligation Bonds as of June 30, 1987 (in thousands):

Year Ending June 30	1962 District Bonds	1966 Special Service District Bonds	Total
1988	\$ 36,250	460	36,710
1989	38,400	480	38,880
1990	40,200	500	40,700
1991	33,700	520	34,220
1992	34,975	540	35,515
Later years	280,425	3,790	284,215
	<u>\$463,950</u>	<u>6,290</u>	<u>470,240</u>

8. Sales Tax Revenue Bonds (in Thousands)

	Year Last Series Matures	Original Amount			1987		1986	
		Authorized	Issued	Defeased	Due in 1 Year	Total	Due in 1 Year	Total
1969 Sales Tax Revenue Bonds	1977	\$150,000	150,000	—	—	—	—	
1982 Sales Tax Revenue Bonds	2008	65,000	65,000	63,965	—	—	—	
1985 Sales Tax Revenue Bonds	2011	145,000	145,000	—	—	145,000	145,000	
		<u>\$360,000</u>	<u>360,000</u>	<u>63,965</u>	<u>—</u>	<u>145,000</u>	<u>145,000</u>	

8. Sales Tax Revenue Bonds (cont'd)

The 1969 Legislature of the State of California authorized the District to impose a one-half percent transactions and use tax within the District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million to be used for operations. Payment of these Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is allocated to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission.

In October 1982, the District issued revenue bonds totaling \$65 million to pay a portion of the cost of acquisition of 150 rail transit vehicles and related automatic train control equipment for use in the District's existing rapid transit system. The 1982 Bonds were special obligations of the District payable from and secured by a pledge of revenues, including certain sales tax revenues, all passenger fares and certain property tax revenues. Bond coupon rates ranged from 7% to 10% depending upon the various maturity dates.

In November 1985, the District issued revenue bonds totaling \$145,000,000 to refund and defease \$63,965,000 outstanding principal amount of the bonds issued in 1982, and to finance certain system improvements. The System improvements currently planned or underway include acquisition of 150 rail transit vehicles and associated capacity increase projects, new parking facility construction and improvements to existing lots, land and right-of-way acquisitions, enhancements to train performance systems, and system route extension studies.

The District recognized \$4,594,000 as a cost of defeasance in the statement of operations during the year ended June 30, 1986, representing the difference between the book value of the bonds net of unamortized discount less the amount transferred to the trustee.

The 1985 Bonds are special obligations of the District secured by a pledge of the sales tax revenues and are payable from revenues, including all sales tax revenues, all passenger fares, certain property tax revenues, and certain interest, grants, and other income. Bond interest rates range from 6.40% to 9.00% depending upon the various maturity dates. The bonds maturing on or after July 1, 1996 are redeemable prior to maturity at the option of the District beginning July 1, 1995 on various dates at prices ranging from 103% to 100%. The bonds maturing July 1, 2004 and July 1, 2011 are also subject to redemption prior to maturity on or after July 1, 1998 and July 1, 2005, respectively, at 100%.

Taxes collected by the State Board of Equalization are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1, principal annually on July 1 and expenses of the trustee. Monies not required for these purposes are transmitted to the District. Additionally, the trustee retains amounts needed for the payment of principal and interest on \$18,950,000 Sales Tax Anticipation Notes maturing on July 14, 1987 (see note 9). Taxes received by the trustee during the year ended June 30, 1987 were \$87,091,000 of which \$32,424,000 was retained by the trustee for the above purposes and \$54,667,000 was transmitted to the District. The District records the total taxes received by the Trustee as transactions and use tax revenue.

Interest of \$6,284,000 on the 1985 bonds is payable on July 1, 1987. The first principal payment of \$1,885,000 is due July 1, 1989.

The following is a schedule of principal repayments required under Sales Tax Revenue Bonds as of June 30, 1987 (in thousands):

Year Ending June 30	1985 Sales Tax Revenue Bonds
1988	\$ —
1989	—
1990	1,885
1991	2,070
1992	2,270
Later years	138,775
	<u>\$145,000</u>

9. Sales Tax Anticipation Notes

The District issued subordinated Sales Tax Anticipation Notes amounting to \$21,775,000 in July 1985. These notes matured on August 1, 1986 and were paid along with interest of \$1,179,000.

In July 1986, the District issued \$18,950,000 in subordinated Sales Tax Anticipation Notes to provide interim financing to defray operating expenses payable from the Operating Fund of the District, in anticipation of the receipt of taxes, income, revenue and other monies to be received during or allocable to fiscal year ended June 30, 1987. The notes matured on July 14, 1987 with interest of \$888,000.

10. Grant Anticipation Notes

In July 1984, the District sold \$10,900,000 in Grant Anticipation Notes to provide interim financing for certain expenditures prior to the receipt of certain anticipated revenues. These notes matured on various dates from May 1, 1985 through January 2, 1987, bearing interest at rates ranging from 7.00% to 8.15%. The outstanding balance of the notes at June 30, 1986 was \$855,000.

In November 1985, the District sold an additional \$45,025,000 in Grant Anticipation Notes. These notes mature on January 31, 1988, March 1, 1988, and May 1, 1988, and bear an interest rate of 6.50%.

11. U.S. Government Grants (in Thousands)

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1987 is as follows:

Type of Grant	Maximum Grant	Funds Received
Beautification	\$ 1,961	1,961
Demonstration	13,355	13,355
Capital	618,344	471,205
	<u>\$633,660</u>	<u>486,521</u>

12. Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

13. Public Employees' Retirement System

The District contributes to the Public Employees' Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain state and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the system are determined actuarially and required contributions are expensed currently. Pension expense was \$6,716,000 and \$8,513,000 in 1987 and 1986, respectively.

14. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all officers and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

Under the terms of the plan, participants have the right to direct that their plan accounts be invested in one or more available investment funds selected by the investment committee under the Plan. The value of such accounts will fluctuate depending on the investment performance of the investment funds selected by the participant. It is the opinion of management that the District has no liability under the terms of the plan for any amounts other than the participants' account balances.

The District has deposited funds with a custodian pursuant to the District's deferred compensation plan. These deposits together with earnings had a market value of \$31,527,000 and \$24,098,000 as of June 30, 1987 and 1986, respectively. This amount is reflected on the balance sheet in deposits, notes and other receivables and in payroll and other liabilities.

SUPPLEMENTARY INFORMATION

San Francisco Bay Area Rapid Transit District Reconciliation of Funded Operating Expenses in Excess of Revenues Years ended June 30, 1987 and 1986 (in thousands)

The following is a reconciliation of funded operating expenses in excess of revenues after capital designations and before depreciation and cost of bond defeasance related to depreciation of assets acquired with own funds:

	1987	1986
Amounts transferred to accumulated net revenues from the operating fund	\$ (12,660)	(16,699)
Capital designations	(4,505)	(3,000)
Depreciation of assets acquired with the District's own funds	17,138	17,940
Cost of 1982 Sales Tax Revenue Bonds defeasance related to depreciation of assets acquired with own funds	—	1,748
Funded operating expenses in excess of revenues after capital designations and before depreciation	<u>\$ (27)</u>	<u>(11)</u>

Operating Funds 1986/87

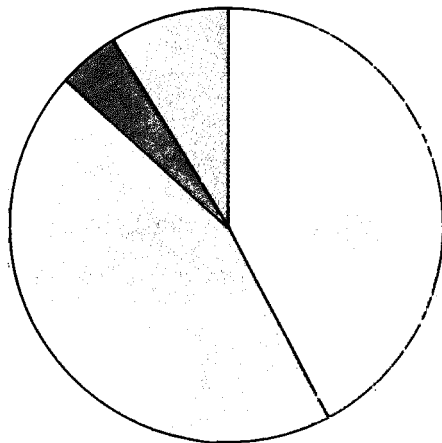
\$174,042,000

Where Funds Came From (In Thousands)

- Transaction & Use Sales Tax \$73,617 42.30%
- Fares \$77,654 44.62%
- Property Tax \$7,412 4.26%
- Other \$15,359 8.82%
 - Investment Income and Other Operating Revenues \$6,970 4.00%
 - State Financial Assistance \$479 0.28%
 - Construction Funds \$7,335 4.21%
 - Regional Financial Assistance \$548 0.31%
 - Decrease in Working Capital* \$27 0.02%

*Funded excess of expenses over revenues

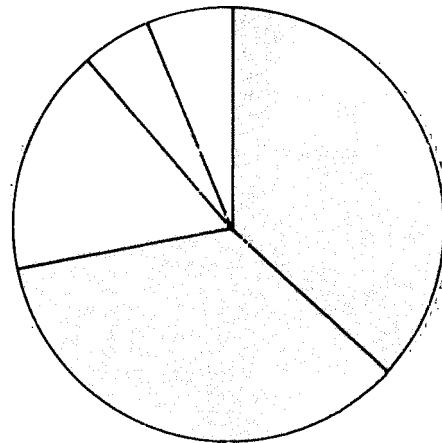
TOTAL
\$174,042 100.00%



How Funds Were Applied (In Thousands)

- Maintenance \$63,977 36.76%
- Transportation \$61,912 35.57%
- General Administration \$28,746 16.52%
- Police Services \$8,905 5.12%
- Other \$10,502 6.03%
 - Capital Designations \$4,505 2.59%
 - Construction & Engineering \$5,997 3.44%

TOTAL
\$174,042 100.00%



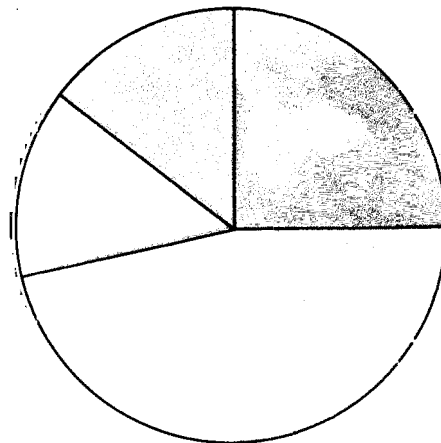
Capital Funds 1986/87

\$112,154,000

Source of Funds (In Thousands)

- District \$27,832 24.82%
- Federal \$51,901 46.28%
- State \$15,490 13.81%
- Local (including capital designations) \$16,931 15.09%

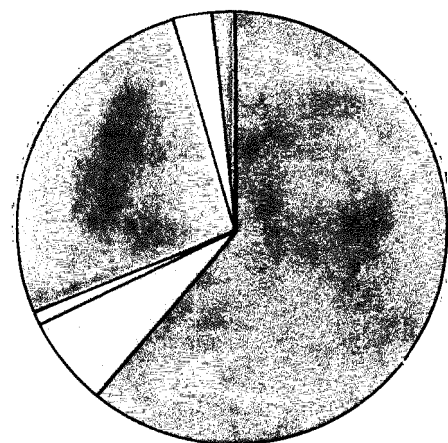
TOTAL
\$112,154 100.00%

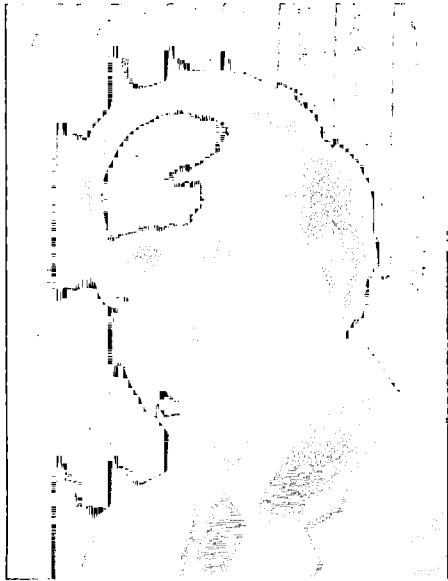


Expenditures (In Thousands)

- Construction \$68,636 61.19%
 - Line \$63,024 56.19%
 - Systemwide \$5,247 4.68%
 - Support Facilities \$365 0.32%
- Train Control \$7,733 6.89%
- Communications \$1,087 0.97%
- Transit Vehicles \$29,608 26.40%
- Miscellaneous Equipment \$3,196 2.86%
 - Automatic Fare Collection \$1,208 1.08%
 - Management Information Systems \$568 0.51%
 - Support Vehicles \$560 0.50%
 - Other Equipment \$860 0.77%
- Studies and Other \$1,894 1.69%

TOTAL
\$112,154 100.00%





Keith Bernard
General Manager, BART

Message from the General Manager

Service improvement was a major objective during this fiscal year. A look at the record of on-time performance during this period shows that BART has made significant gains, compared to the previous period. Beginning in the summer of 1986 we were able to return more cars to full service with the completion of the fire hardening project. This allowed the scheduling of two additional trains to peak hour service. Parking was also expanded at several stations as part of the ongoing program to im-

prove access to the system. I would like to commend all BART employees for their part in these achievements.

BART's improved service coincides with growing support for extension of the system. This year voters in Alameda County approved a sales tax measure for a number of transportation projects, including \$170 million for a rail line from Bay Fair Station to Dublin. The cost for this extension, based on 1987 planning studies, is estimated at \$232 million. The proposed link to Dublin and Pleasanton from the Bay Fair Station represents an important step in the realization of BART's objective to extend the system within the three BART counties.

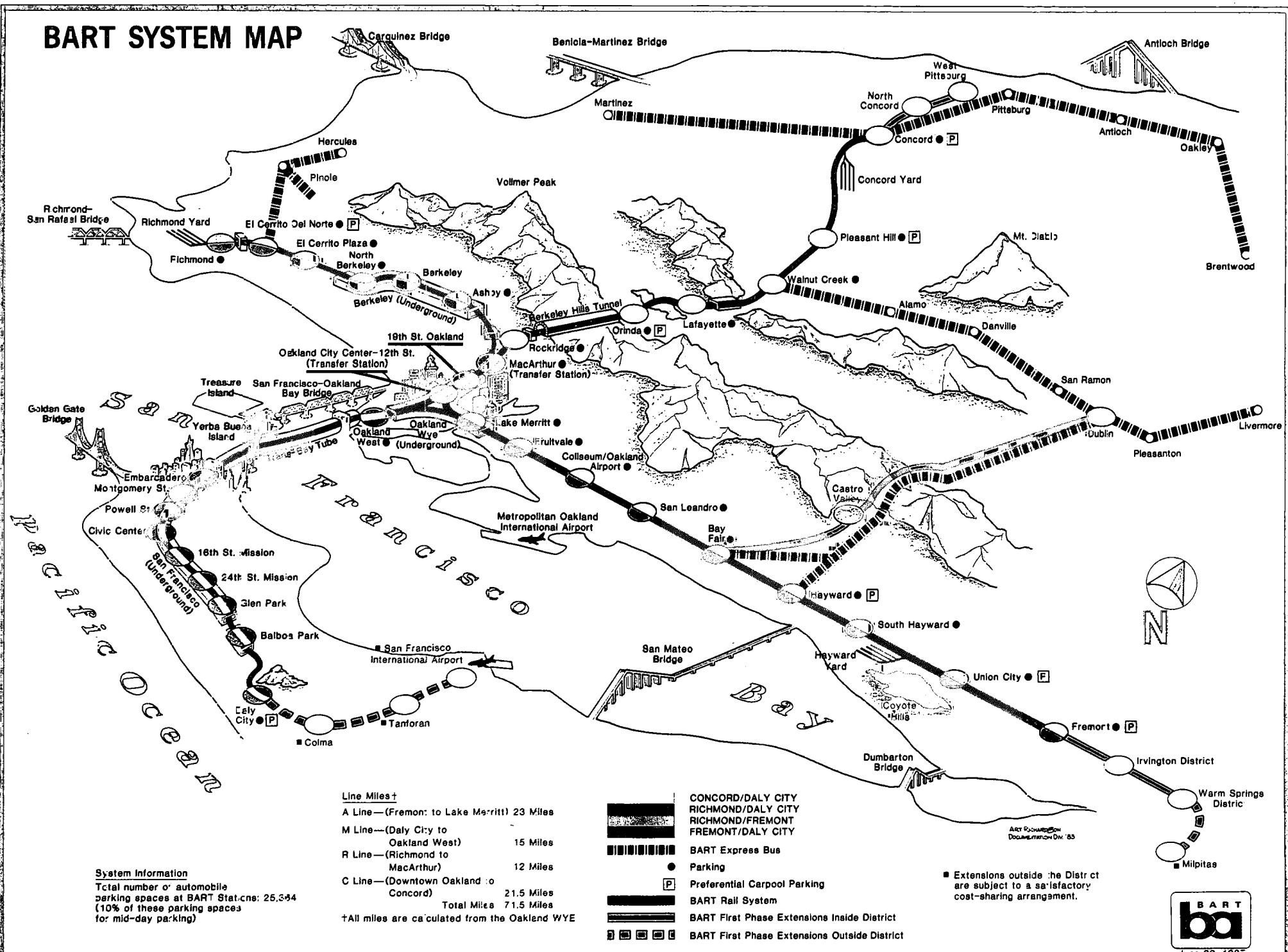
The process of realizing extensions such as Bay Fair to Dublin involved many steps. In the past year BART has continued the acquisition of additional sites for possible extension stations and commenced the formal alternatives analysis studies required by the federal government in order to apply for federal funding. Of equal importance has been the designation of \$70 million in BART reserves to add to the sources of local matching funds for extensions.

Citizens from outside the BART counties have also expressed interest, through the ballot box, in benefiting from BART extensions. As freeways throughout the Bay Area become more and more congested, the challenge to fund and build extensions becomes more compelling. It is a challenge of building regional political consensus as well as securing federal and state funding to match BART's efforts to develop a pool of local funding.

Looking ahead, we must be more aware than ever that BART has to compete for its patronage. Reliability and availability are the cornerstones of BART's competitive position. The importance of completing the capacity expansion program for the existing system cannot be over-emphasized in this regard. Capacity will be increased in small increments over the next three years as the new C-cars are introduced, the Daly City Turnback and Yard is commissioned, and the Wayside Train Control modifications are completed.

With additional capacity in place we will be able to better serve existing riders and attract new riders. However, aggressive marketing of BART's service will be paramount in the coming year. This means that everyone at BART has to continually think in terms of what customers want. Providing safe on-time service, reliable equipment, a clean system and friendly, helpful employees will continue to be among the most important objectives at BART.








BART SYSTEM MAP



System Information
 Total number of automobile parking spaces at BART Stations: 25,354 (10% of these parking spaces for mid-day parking)

Line Miles †	
A Line—(Fremont to Lake Merritt)	23 Miles
M Line—(Daly City to Oakland West)	15 Miles
R Line—(Richmond to MacArthur)	12 Miles
C Line—(Downtown Oakland to Concord)	21.5 Miles
	Total Miles 71.5 Miles

†All miles are calculated from the Oakland WYE

-  CONCORD/DALY CITY
RICHMOND/DALY CITY
RICHMOND/FREMONT
FREMONT/DALY CITY
-  BART Express Bus
-  Parking
-  Preferential Carpool Parking
-  BART Rail System
-  BART First Phase Extensions Inside District
-  BART First Phase Extensions Outside District

■ Extensions outside the District are subject to a satisfactory cost-sharing arrangement.





San Francisco Bay Area Rapid Transit District (BART)

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (415) 464-6000

Established in 1957 by the California State Legislature,
Authorized to plan, finance, construct, and operate a rapid
transit system.

Governed by a Board of Directors elected for four-year terms
by voters in nine election districts within the counties of
Alameda, Contra Costa and San Francisco.

Board of Directors — Fiscal Year 1987

President

Margaret K. Pryor, Oakland

Vice President

Barclay Simpson, Orinda

Members of the Board

District #1 — Barclay Simpson, Orinda

District #2 — Nello Bianco, El Sobrante

District #3 — Arthur J. Sharris, Oakland

District #4 — Margaret K. Pryor, Oakland

District #5 — Robert S. Allen, Livermore

District #6 — John Glenn, Fremont

District #7 — Wilfred T. Ussery, San Francisco

District #8 — Arlo Hale Smith, San Francisco

District #9 — John H. Kirkwood, San Francisco

Board-Appointed Officers

C. K. Bernard, General Manager

Malcolm M. Barrett, General Counsel (retired)

Sherwood Wakeman, General Counsel

William F. Goetz, Controller/Treasurer

Phillip O. Ormsbee, District Secretary

Department Managers Reporting

to the General Manager

Richard P. Demko, Executive Manager, Maintenance &

Engineering

William B. Fleisher, Chief Transportation Officer

Howard L. Goode, Planning, Budget & Analysis

Michael C. Healy, Public Affairs

Ernest C. Howard, Administrative Services

John Mack, Alternative Action

Thomas R. Sheehan, Information Systems

William Thomas, Material Management & Procurement

Ralph S. Wente, Safety

Larry A. Williams, Employee Relations

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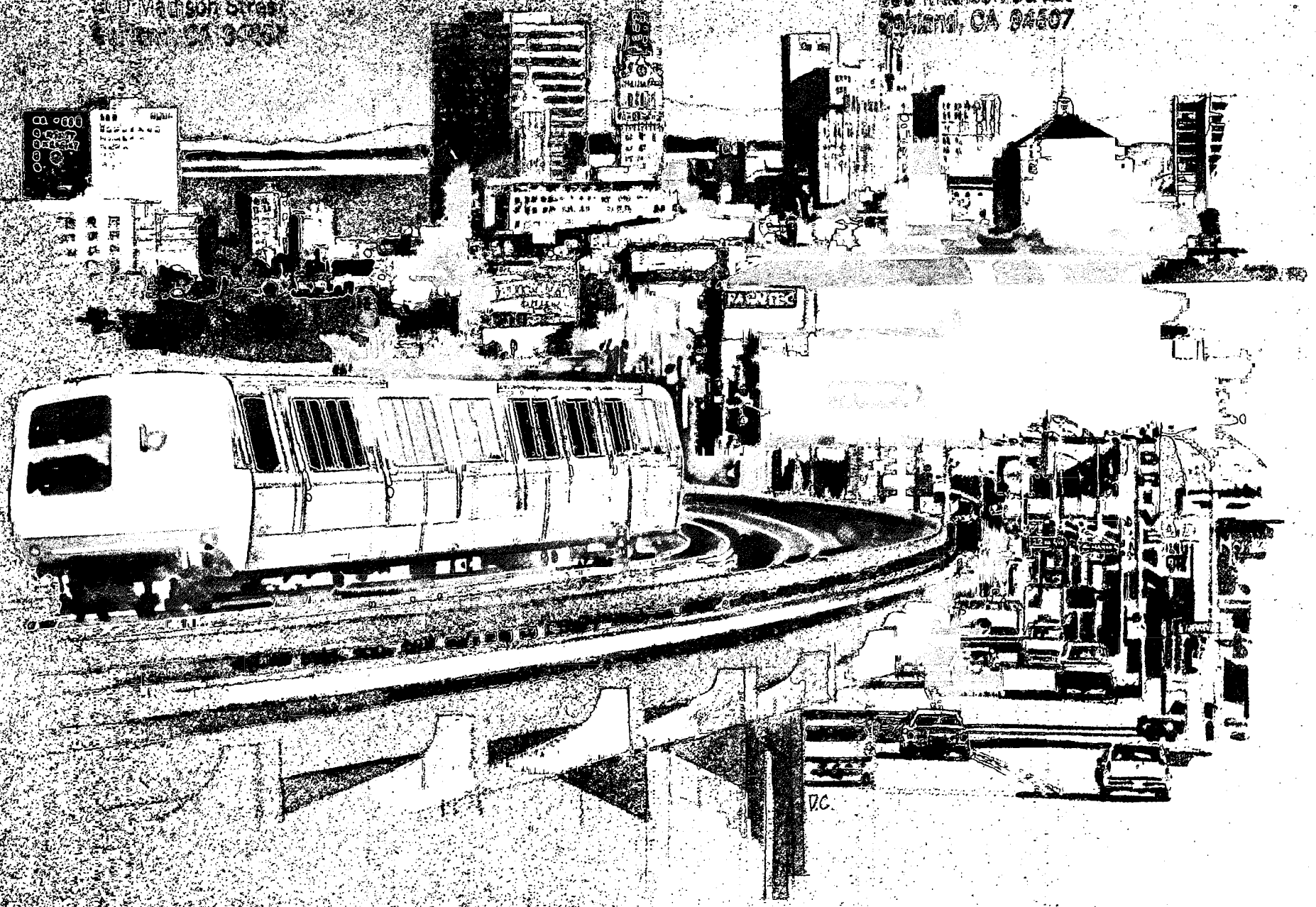
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Writer: Dudley Creed, San Francisco

Editor: Sy Moubert, BART Public Information Office

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7C

Board of Directors



Barclay Simpson

District 1

Board Vice President, 1987. Board President, 1977. A member of the Board since 1977. Chairperson, BART Liaison with the Central Contra Costa Transit Authority, 1987. Member, BART Liaison with SamTrans. Chairman of the Board, Simpson Company, San Leandro. Owner of the Barclay Simpson Art Gallery, Lafayette. Lives in Orinda.



Nello Bianco

District 2

Board President 1986, 1980 and 1975. A member of the Board since 1969. BART Representative to the American Public Transit Association Board of Directors, 1987. BART Liaison with Eastern Contra Costa Authority and also with the West Contra Costa Transit Authority, 1987. Businessman. Former Richmond City Councilman. Lives in El Sobrante.



Arthur J. Shartsis

District 3

Board President, 1984. A member of the Board since 1976. Chairperson, Administration Committee 1987. Vice Chairperson, Engineer and Operations Committee, 1987. A San Francisco attorney. Lives in Oakland.



Margaret K. Pryor

District 4

Board President, 1987. A member of the Board since 1980. Chairperson, BART Liaison with the Alameda-Contra Costa Transit District, 1987. Chairperson, Livermore/Amador Valley Transit Authority Policy Advisory Committee 1987. Chairperson, APTA Minority Affairs Committee, 1987. Lives in Oakland.



Robert S. Allen

District 5

Board President, 1983. A member of the Board since 1974. Member, BART Liaison with SamTrans, 1987. Employed 27 years in engineering and operations for three major railroads. Lives in Livermore.



John Glenn

District 6

Board President, 1980. A member of the Board since 1974. Chairperson, Policy Committee, Fremont-South Bay Corridor Study, 1987. Founder and President, John Glenn Adjusters and Administrators. Organizer and Director, Civic Bank of Commerce. Lives in Fremont.



Wilfred T. Ussery

District 7

Board President, 1985. A member of the Board since 1978. Vice Chairperson, Administration Committee, 1987. An urban planner. Active in Bay Area civic organizations. Past National Chairperson, Congress of Racial Equality, 1967 to 1969. Lives in San Francisco.



Arlo Hale Smith

District 8

A member of the Board since 1986. Chairperson, Public Affairs, Access and Legislation Committee, 1987. Member, BART Liaison with SamTrans, 1987. A San Francisco attorney. Lives in San Francisco.



John H. Kirkwood

District 9

Board President, 1979. A member of the Board since 1974. Chairperson, Engineering and Operations Committee, 1987. Chairperson, BART Liaison with San Francisco Municipal Railway, 1987. Member, BART Liaison with SamTrans, 1987. Advisory Board member, San Francisco Planning and Urban Renewal (SPUR) Association. Lives in San Francisco.

Message from the President

When I assumed the presidency of the BART Board of Directors in 1987, I said that it would be a year of challenges which would have to be met aggressively if we were to turn our ridership curve upward, remain competitive for the dwindling transit tax dollar, and expand the capacity of our system to meet new travel demands. It was a challenging year, with certain triumphs recorded and other milestones passed with more modest success. On balance, it was a productive year for the District, and made clear certain paths BART must travel if it is to remain one of the premier mass transit systems in the country.

I made as one of my pledges a "back to basics" approach to BART's transit policy direction, and I am pleased to report that gains were made in fulfilling that pledge. BART's basic charge is to move people in a swift, safe and efficient manner. The everyday, mechanical function of the system has to be supported by an out-reaching to the communities we serve to gain the support needed at all political levels to assure acceptance and approval of our programs. I believe we achieved this during 1987. I joined with management in creating ongoing dialogues with local and national officials to win approval of the final elements of our capital funding program, a \$500 million capacity expansion which registered significant progress during my presidency.

We were all encouraged by ridership figures which approached the 200,000-per-day levels we had experienced prior to the fare increase of 1986. The AC/BART PLUS pass, a joint ticketing arrangement, proved successful, as did continuation of the BART/MUNI Fast Pass with the San Francisco Municipal Railway. Further, the District has become more sensitive to our impact on the

community, which extends beyond our stations, tracks and other facilities. This is reflected in our joint development planning around station sites where we require maximum community input. All BART development must have positive visual and economic impact on the communities and neighborhoods we serve, and not have a negative, diminishing effect.

Our networking with other transit agencies met with mixed results, but I am proud of the progress made during the year on the San Leandro-to-Dublin rail extension, particularly in the selection of BART as the mode for that system extension. We continued to devote great energy to other system expansion proposals, both within and outside BART's three-county borders.

I am particularly proud of the strides BART made in improving access for the disabled community, from sensitive edging in our stations to a resolution urging national transit recognition of the need for total accessibility for the handicapped. I have paid particular attention to the needs of the disabled since first becoming a BART Director, and continued that dedication during my presidency.

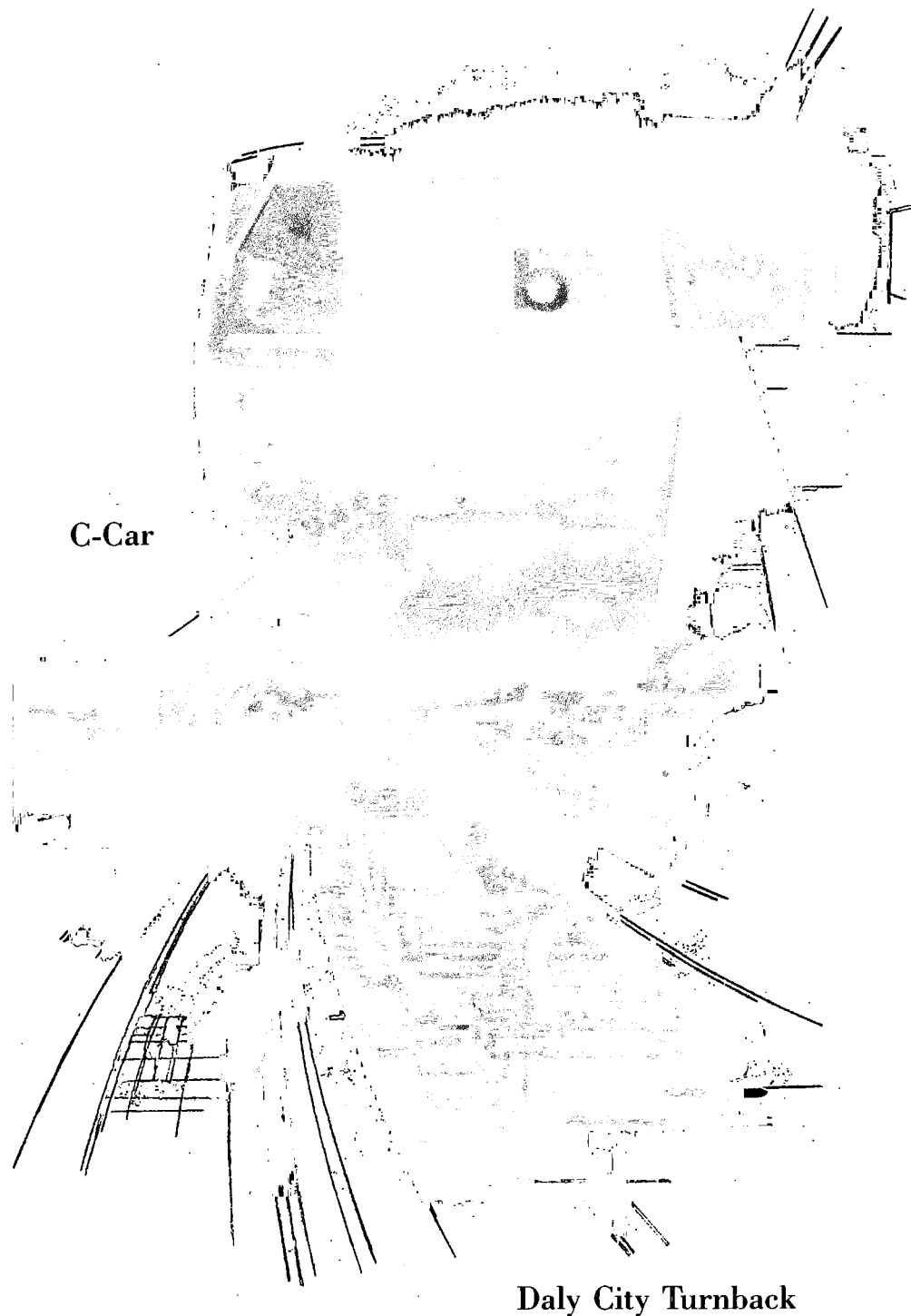
I am pleased with the progress the District made in employment and contracting opportunities for women and minorities. I am gratified that we continued the training of women in non-traditional jobs.

In summation the year 1987 can be viewed as one of definite progress. I believe it was a year in which we as a policy-making body sharpened our focus on the very reason for our existence — the swift, efficient and safe movement of people from Point A to Point B.



Margaret K. Pryor, President
Board of Directors
San Francisco Bay Area
Rapid Transit District, 1987

A large, stylized handwritten signature in black ink, appearing to read 'M. Pryor'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.



C-Cars

A key part of BART's long-range program to increase its passenger-carrying capacity is the acquisition of 150 new cars.

Designated the C-Car, the new car shell is being manufactured in France by SOFERVAL, a subsidiary of Alsthom-Atlantique. Final assembly of the cars takes place in Union City, not far from BART's main yard in Hayward.

At the close of the fiscal year on June 30, 1987, the first production cars were scheduled by SOFERVAL to be delivered to BART in November and December.

The prototype test program, production baseline design reviews and first article configuration identification were completed during the final quarter of the fiscal year.

Testing of the prototypes was rigorous, in conformance with the strict requirements of the contract with SOFERVAL. BART has insisted throughout the manufacturing process that the C-Cars must adhere to its contract specifications. SOFERVAL's delivery schedule was approximately two years behind at the close of the fiscal year.

The new cars, besides adding passenger capacity, will provide increased flexibility in the make-up of the trains and allow savings in energy costs for overall fleet operations.

The new cars can be used as a lead car on a train, in the middle or at the end of a train, providing BART with increased flexibility in making and breaking trains at stations, rather than in the yards. The District's present A-cars, which cannot be inserted in the middle of a train, seriously reduce BART's ability to break up longer trains into shorter ones for off-peak service and then to re-assemble them to meet peak-service demand.

Total cost of the new C-Cars, including a new on-board automatic train control system, is estimated at \$228.3 million, approximately \$50 million less than the original bid price.

Daly City Turnback and Yard

Construction of the Daly City Turnback and Yard continued smoothly during the year and was \$8 million under original estimates.

When completed, the project will provide BART with train storage and maintenance capabilities on the west side of San Francisco Bay. Trains will not have to be returned daily to East Bay facilities for maintenance. With its new track configuration, the Turnback will allow trains to be reversed to return to East Bay destinations at more frequent intervals.

In May, special 780-foot-long rails for the Turnback project were moved from BART's Hayward yard and laid on the Turnback during the night, to avoid any interruption of regular passenger service.

The Turnback was scheduled for completion in July, 1988, with the Yard's completion scheduled for March, 1989. Total cost of the project is estimated at \$141.3 million.

Wayside Control

BART's Wayside Train Control modification project continued on schedule. The modifications include changes to the command controls located along the tracks throughout the system and in stations. The modifications will enable closer train spacing and a more even flow of trains throughout the system, thus increasing BART's capacity to carry passengers.

Estimated to cost \$14.9 million, the new system is scheduled for completion by July, 1989. Part of the cost will be covered by a grant of \$8 million from the Urban Mass Transportation Administration.



Automatic Train Control (ATC)

System Access

Access to BART — the ability to conveniently reach its stations and trains — improved markedly during the year.

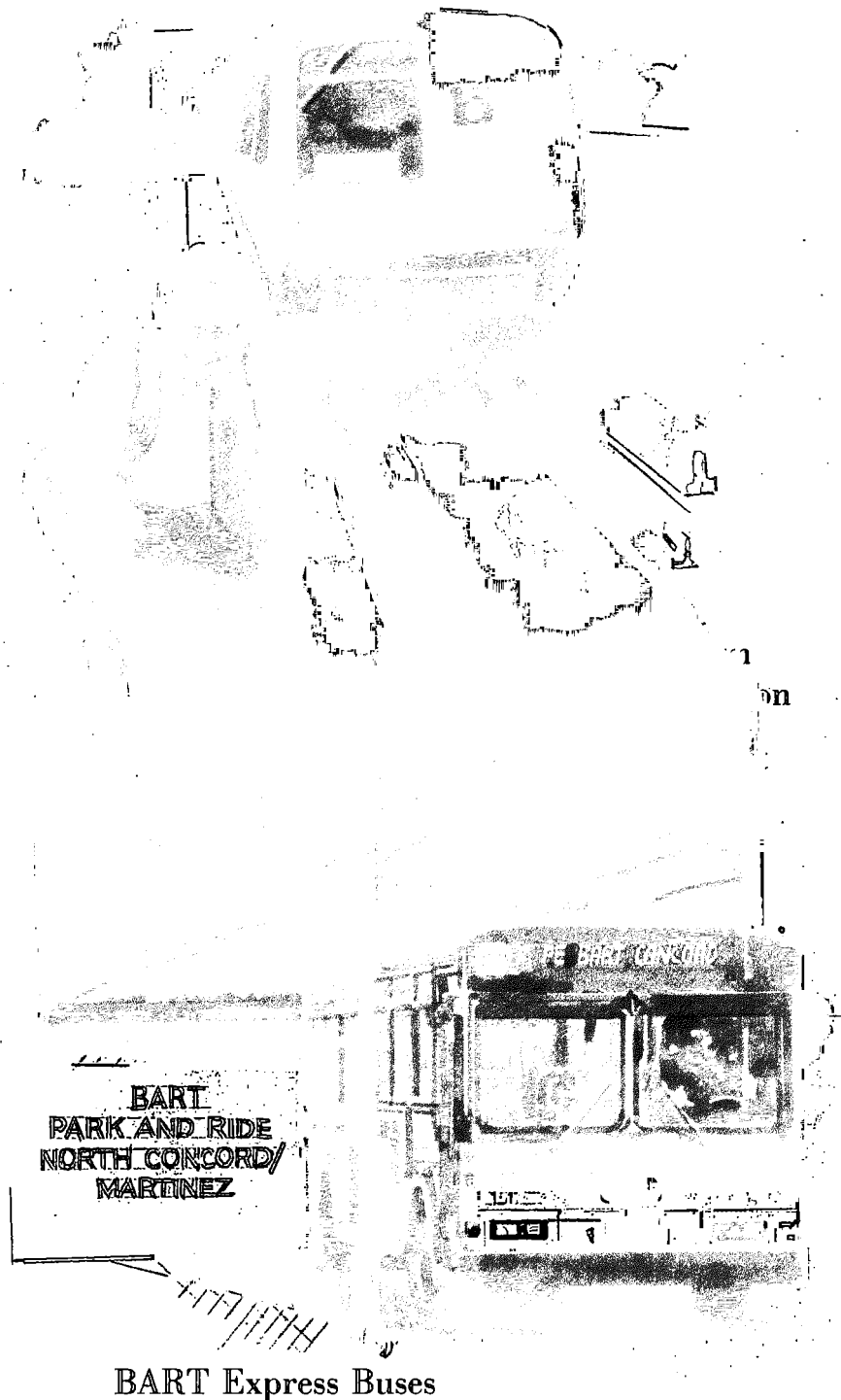
A comprehensive program is under way to increase the parking capacity at BART stations by 50 percent over the next five years. The number of new parking spaces made available this past year amounted to 1,532, bringing to 25,526 the total parking spaces at BART stations.

Nearing completion at the close of the fiscal year were parking expansions at the Fremont Station, 391 spaces; the Fruitvale Station, 238; and the San Leandro Station, 160. Plans were also completed for expansions at Lafayette, 293 spaces, and Orinda, 250.

In addition, the 213-space West Pittsburg Park/Ride facility was opened in July, 1986, with direct connection to the Concord Station by BART express bus. In March, 1987, the North Concord Park/Ride lot was opened. It provides 530 parking spaces and is served by express bus routes, linking communities in eastern Contra Costa County with the Concord Station.

A joint AC/BART PLUS ticket became available early in 1987, providing a discount to riders using both systems. The number of off-site BART ticket sales outlets was increased to 217 by June 30, 1987, including retailers, employers, schools, financial institutions and community groups.

Within the stations themselves, modifications to elevators continued, providing improved access to handicapped patrons. Work began on a system-wide installation of brightly colored textured tile on platform edges, following extensive evaluation of several methods to improve the detection of the platform edge by vision-impaired patrons.



BART Express Buses

Affirmative Action

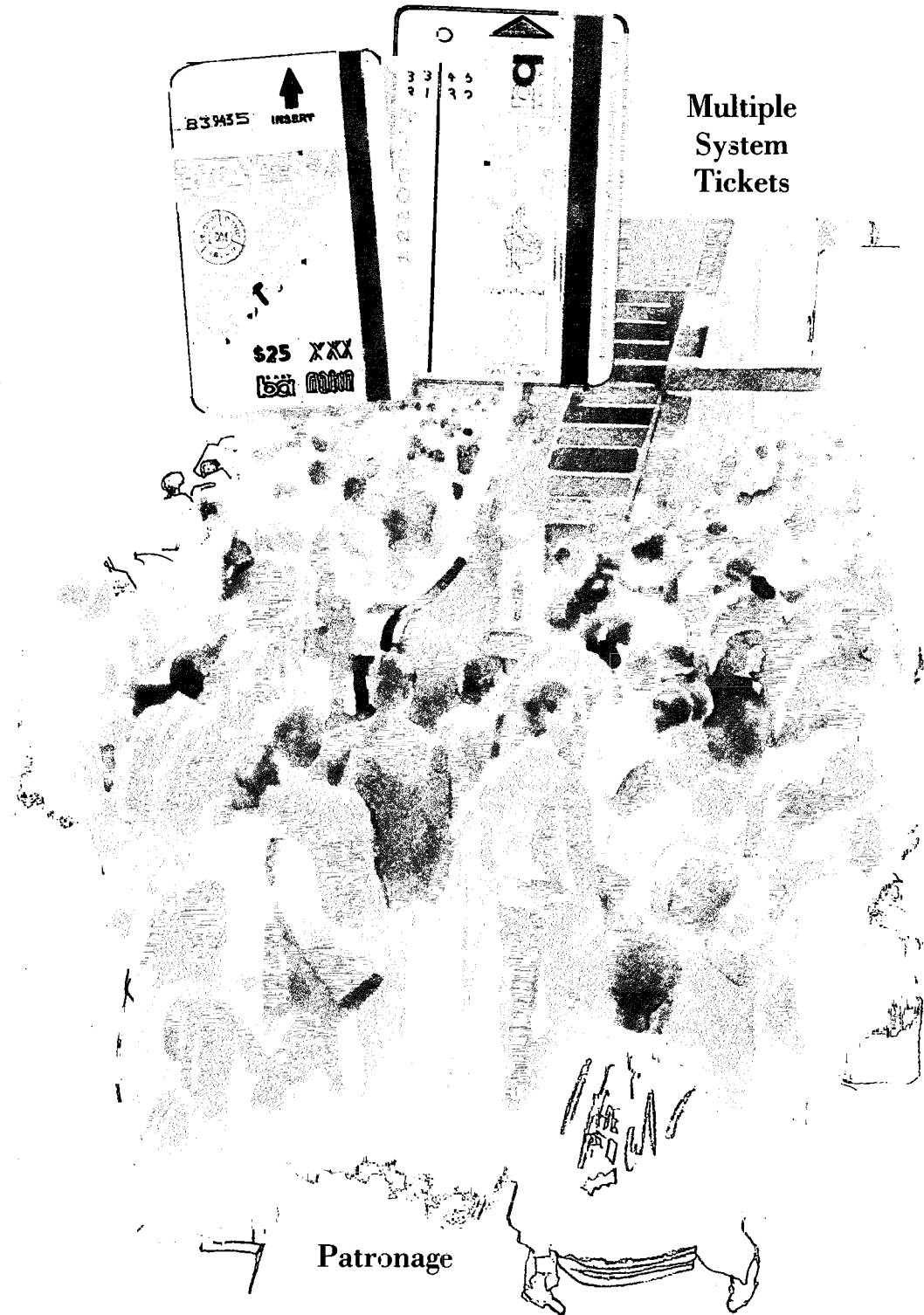
BART's efforts to hire and promote minority, women and handicapped employees continued during the year.

Those efforts included identifying and analyzing job vacancies, recruitment, information programs about job availabilities, contact with community, educational, governmental, professional and business organizations and training.

The long-range objective of BART's Affirmative Action program, which was adopted by the Board of Directors in 1983, is to achieve a representative work force that reflects the availability for hire of women and minorities in the Bay Area.

It is the District's policy that minority business enterprises (MBE), including disadvantaged and women-owned businesses, be afforded the maximum practical opportunity to participate in performance of all District contracts and agreements.

Out of the District's total procurement, the MBE participation achieved was over 25 percent, which exceeded the objective of 21 percent for the year. This was accomplished through extensive outreach effort and active sponsoring of trade fairs.



Fire Hardening

BART's \$20.7 million Vehicle Fire Hardening project, which included all of BART's passenger cars, was completed in August, 1987. BART's cars rank among the most fire-safe transit vehicles in the nation.

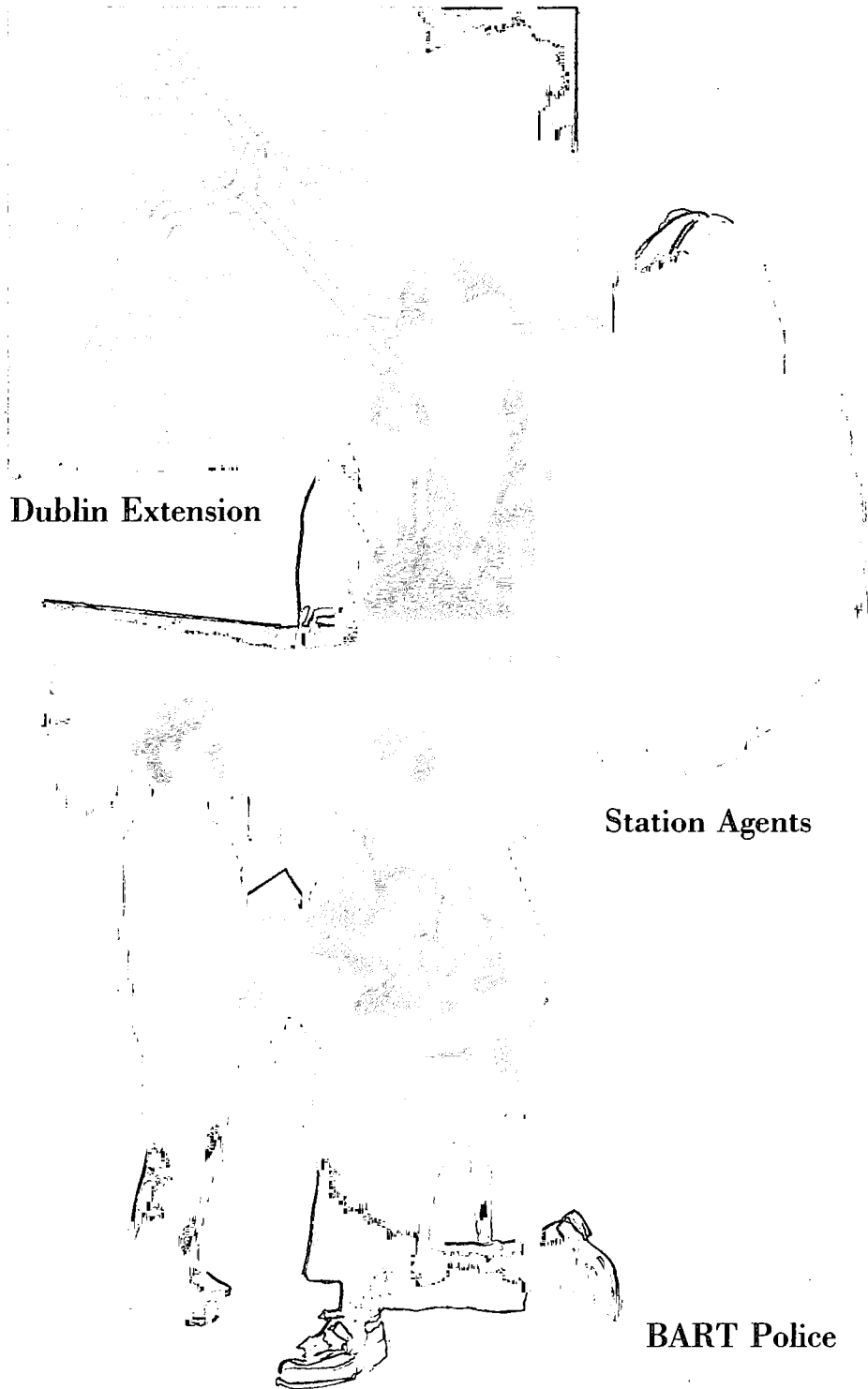
The project included the replacement of walls and ceilings, the installation of fire-stops in the walls and ceilings, the laying of new floors and the reinforcement with special fire-safe and fire-retardant materials of other parts under the cars where heat and fire might be generated.

Special Services

BART provided special service during the year for holiday shopping, musical and sporting events at the Oakland Coliseum, the Bay-to-Breakers run and the observance of the 50th anniversary of the opening of the Golden Gate Bridge in 1937.

The shopping specials provided extra trains on four Sundays preceding Christmas for shoppers bound for downtown Oakland and San Francisco.

BART dispatched trains from the East Bay into San Francisco beginning at 3 a.m. for the observance of the Golden Gate Bridge's 50th anniversary.



Dublin Extension

Station Agents

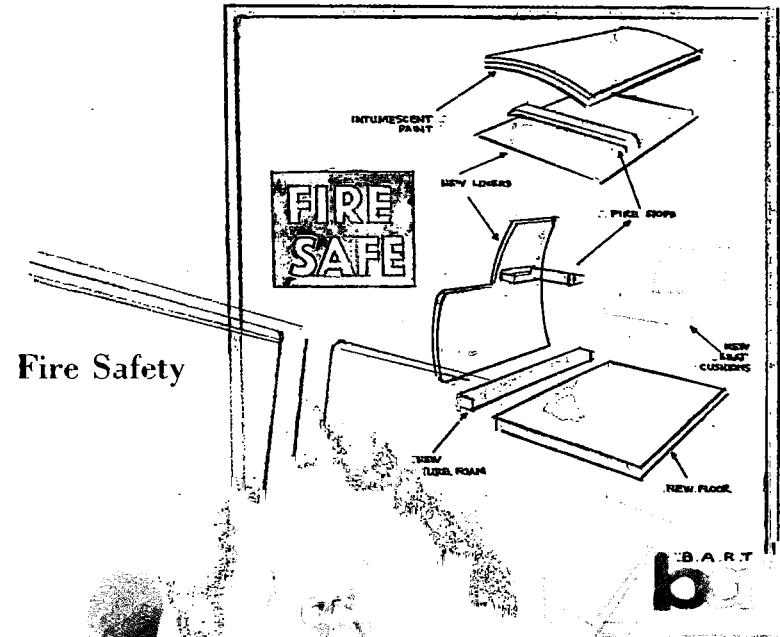
BART Police

On-Time Performance

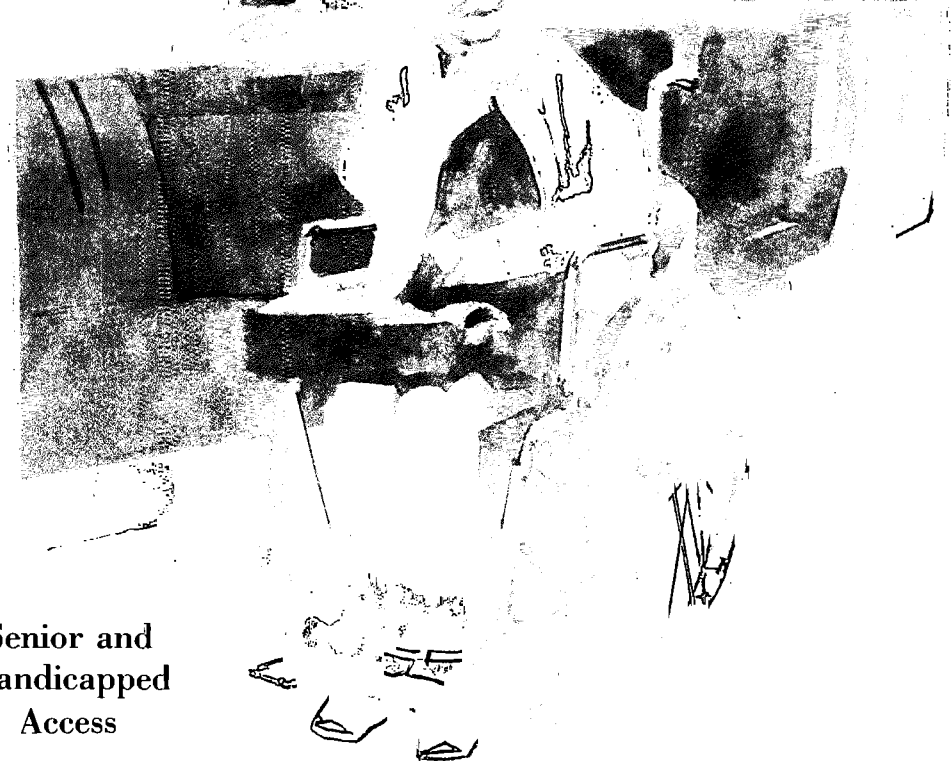
BART's record of performance in getting passengers to their destination on time improved markedly during the year. On-time performance by BART had fallen below District objectives during the previous year, primarily because of the construction of the K-E Track in downtown Oakland.

In November, 1986, following the completion of the Fire Hardening project, which withdrew cars from service for necessary safety modifications, BART added two trains to its peak-time Concord-Daly City and Fremont-Daly City schedules. The trains were added without any disruption of service or lessened on-time reliability, reflecting BART's overall plan to gradually boost its passenger-carrying capacity without disrupting current operations.

These two trains brought to 45 the total of trains available for peak-hour service on weekdays. Average car availability at 4 a.m. on weekdays during the fiscal year was 387.



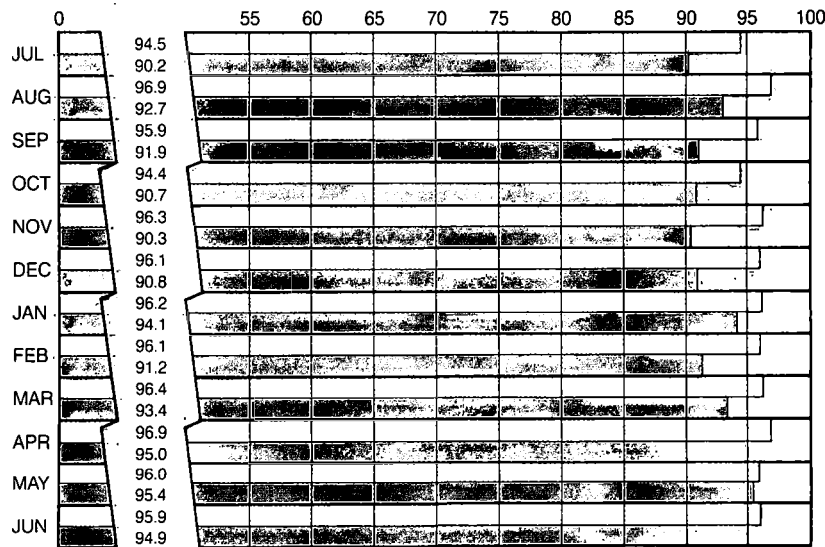
Fire Safety



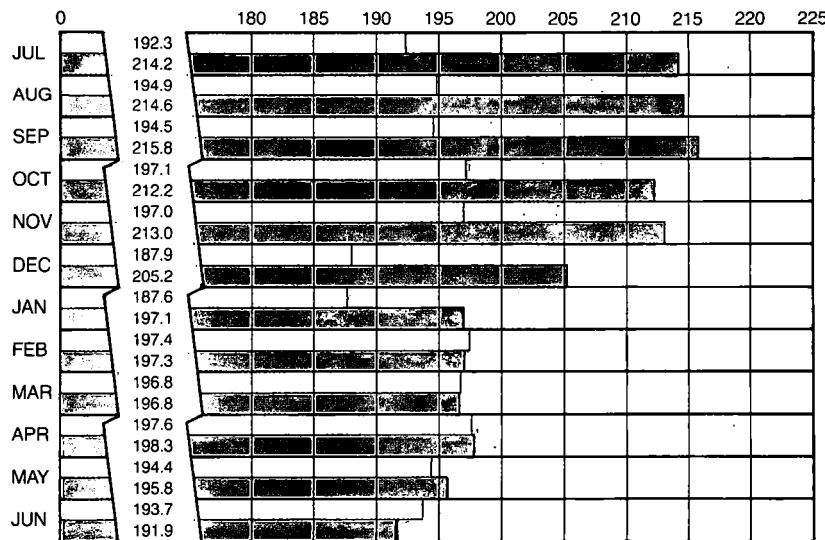
Senior and
Handicapped
Access

Performance Highlights

Daily On-Time Performance



Average Weekday Patronage (000's)



FY 1986/1987 FY 1985/1986

During the fiscal year 1986–1987, BART patronage declined by 2.6 million passengers from the prior year, although passenger revenues increased by \$4.6 million. Total operating revenues reached an all-time high of \$84.6 million.

BART funded 52.2 percent of its total operating expenses, which amounted to \$162.2 million (excluding depreciation) for FY 86–87, from passenger fares and other operating revenue. This is up from 51.0 percent during the prior fiscal year. A long-standing District objective is to fund approximately one-half of its net rail operating expenses from operating revenues.

Net passenger revenue for FY 86–87 amounted to \$77.7 million, compared to \$73.1 million for FY 85–86. Total operating revenue, including almost \$7 million in interest income, advertising in trains and stations, and other income, was \$84.6 million for FY 86–87, compared with \$82.1 million for the previous fiscal year.

BART's farebox ratio, which relates net passenger revenues to net operating expenses, was 47.9 percent for FY 86–87, an increase over the figure of 45.4 percent for FY 85–86.

Net rail passenger revenue per passenger mile for FY 86–87 was 11.1 cents, up from the previous

year's 9.6 cents. Rail operating costs per passenger mile for FY 86–87 was 21.1 cents, compared with 19.6 cents for FY 85–86.

Annual passenger trips during FY 86–87 totaled 56.2 million, compared with 58.9 million for the previous year, with an average of 12.4 miles for each trip during FY 86–87, compared with 12.8 miles the year before.

In addition to funds derived from passenger fares, interest income and advertising, BART received \$87.1 million in revenues from 75 percent of the one-half cent transit sales tax in the three BART counties, \$1.0 million in state and local funds and \$7.4 million in property tax available for operations. Of the \$87.1 million derived from the sales tax, \$13.5 million was allocated to debt service and \$73.6 million was made available for operations.

Directors reduced the property tax rate on the levy for repayment of the general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 4.21 cents per \$100 of assessed value, down from 5.08 cents for the previous fiscal year. The property tax generated revenues of \$47.8 million from property owners in Alameda, Contra Costa and San Francisco counties, the three counties making up the District.

ADAMS, GRANT, WERNER & Co.

05 - 14TH STREET, SUITE 850
OAKLAND CALIFORNIA 94612

KPMG Peat Marwick

Peat Marwick Main & Co
Three Embarcadero Center
San Francisco CA 94111

Certified Public Accountants

The Board of Directors
San Francisco Bay Area
Rapid Transit District

We have examined the balance sheets of San Francisco Bay Area Rapid Transit District as of June 30, 1987 and 1986, and the related statements of operations, capital and changes in financial position for the years then ended. Our examinations were 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 aforementioned financial statements present fairly the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1987 and 1986, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles, consistently applied during the period subsequent to the change, with which we concur, made as of July 1, 1985 as described in note 2 to the financial statements.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Reconciliation of Funded Operating Expenses in Excess of Revenues is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examinations of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Adams, Grant, Werner & Co. *Peat Marwick Main & Co.*

September 2, 1987

	FY 1986/87	FY 1985/86
Rail Ridership		
Annual passenger trips	56,240,997	56,894,468
Average weekday trips	194,226	204,244
Average trip length	12.4 miles	12.8 miles
Annual passenger miles	695,944,275	751,848,613
Patron trip on-time performance (%)	94.4%	89.1%
System utilization ratio (passenger miles to available seat miles)	31.9%	34.2%
End-of-period ratios:		
Peak patronage	49.1%	49.2%
Offpeak patronage	50.9%	50.8%
BART's estimated share of peak period transbay trips — cars, trains & buses (a)	37.0%	37.8%
Operations		
Annual revenue car miles	30,266,578	30,489,648
Unscheduled train removals — average per revenue day	4.2	5.2
Transit car availability to revenue car fleet (b)	91.1%	89.1%
Passenger miles per equivalent gallon of gasoline	75.3	79.2
Passenger accidents reported per million passenger trips	16.09	16.62
Patron-related crimes reported per million passenger trips	33.20	26.35
Financial		
Net passenger revenues	\$ 77,654,000	\$ 73,052,000
Other operating revenues	6,970,000	9,019,000
Total operating revenues	84,624,000	82,071,000
Net operating expenses (excluding depreciation)	162,202,000	160,894,000
Farebox ratio (net passenger revenues to net operating expenses)	47.87%	45.40%
Operating ratio (total operating revenues to net operating expenses)	52.17%	51.01%
Net rail passenger revenue per passenger mile	11.1¢	9.6¢
Rail operating cost per passenger mile	21.1¢	19.6¢
Net average rail passenger fare (c)	\$1.37	\$1.22

Notes

General note: Data represent annual averages unless otherwise noted.

(a) Based on MTC Transbay survey data for October 1986 and April 1987 (7–9 a.m., 4–6 p.m.).

(b) At 8 a.m. each day

(c) Includes **BART/MUNI** Fast Pass

Financial Statements

BALANCE SHEETS

June 30, 1987 and 1986 (In Thousands)

	1987	1986 (As restated— see note 2)
ASSETS		
Cash (including time deposits — 1987, \$19,340; 1986, \$26,027)	\$ 22,124	28,158
Securities	331,483	329,578
Deposits, notes and other receivables	102,408	96,769
Construction in progress	182,035	119,390
Facilities, property and equipment — at cost (less accumulated depreciation and amortization — 1987, \$381,106; 1986, \$350,550)	1,317,309	1,301,209
Materials and supplies — at average cost	14,680	14,279
	<u>\$1,970,039</u>	<u>1,889,383</u>
LIABILITIES AND CAPITAL		
Notes payable	63,975	67,655
Payroll and other liabilities	80,915	61,917
Unearned passenger revenue	1,584	1,577
General Obligation Bonds	470,240	504,905
Sales Tax Revenue Bonds	145,000	145,000
	<u>761,714</u>	<u>781,054</u>
Capital:		
Reserves	27,580	32,223
Grants and contributions, net	672,416	610,402
Accumulated net revenues	508,329	465,704
	<u>1,208,325</u>	<u>1,108,329</u>
	<u>\$1,970,039</u>	<u>1,889,383</u>

See accompanying notes to financial statements.

STATEMENTS OF OPERATIONS

Years Ended June 30, 1987 and 1986 (In Thousands)

	1987			1986	
	Operating fund	Construction funds	Debt service funds	Combined total	(As restated— see note 2)
Operating revenues:					
Fares	\$ 87,866	—	—	87,866	80,898
Less discounts and other deductions	10,212	—	—	10,212	7,846
	<u>77,654</u>	<u>—</u>	<u>—</u>	<u>77,654</u>	<u>73,052</u>
Other (including investment income)	6,970	—	—	6,970	9,019
Total operating revenues	<u>84,624</u>	<u>—</u>	<u>—</u>	<u>84,624</u>	<u>82,071</u>
Operating expenses:					
Transportation	61,912	—	—	61,912	60,658
Maintenance	63,977	—	—	63,977	63,170
Police services	8,905	—	—	8,905	8,601
Construction and engineering	5,997	—	—	5,997	5,597
General and administrative	28,746	—	—	28,746	29,497
Depreciation	31,800	—	—	31,800	34,351
	<u>201,337</u>	<u>—</u>	<u>—</u>	<u>201,337</u>	<u>201,874</u>
Less capitalized costs	7,335	—	—	7,335	6,629
Net operating expenses	<u>194,002</u>	<u>—</u>	<u>—</u>	<u>194,002</u>	<u>195,245</u>
Operating loss	<u>(109,378)</u>	<u>—</u>	<u>—</u>	<u>(109,378)</u>	<u>(113,174)</u>
Other revenues (expenses):					
Transactions and use tax:	73,617	—	13,474	87,091	84,231
Property tax	7,412	—	51,102	58,514	61,779
State financial assistance	479	—	—	479	1,826
Local financial assistance	548	—	—	548	564
Other investment income	—	24,462	5,254	29,716	20,543
Accrued interest from bond sale	—	—	—	—	873
Interest expense	—	—	(39,127)	(39,127)	(30,769)
Service expense	—	—	(18)	(18)	(34)
Cost of 1982 Sales Tax Revenue Bonds defeasance	—	—	—	—	(4,594)
Total other revenues	<u>82,056</u>	<u>24,462</u>	<u>30,685</u>	<u>137,203</u>	<u>134,419</u>
Net revenues (expenses)	<u>(27,322)</u>	<u>24,462</u>	<u>30,685</u>	<u>27,825</u>	<u>21,245</u>
Depreciation of assets acquired with grants and contributions by others	14,662	—	—	14,662	16,411
Amount transferred to accumulated net revenues	\$ (12,660)	24,462	30,685	42,487	37,656

STATEMENTS OF CAPITAL

Years Ended June 30, 1987 and 1986 (In Thousands)

	<u>Reserves</u>	<u>Grants and contributions</u>	<u>Accumulated net revenues</u>	<u>Total</u>
Balances at June 30, 1985, as previously reported	\$ 32,939	563,775	412,667	1,009,381
Adjustment to include debt service funds previously not included in operations (note 2)	—	—	17,665	17,665
Balances at June 30, 1985, as restated	32,939	563,775	430,332	1,027,046
Amount transferred to accumulated net revenues, as restated	—	—	37,656	37,656
Other additions (deductions):				
Capital designations	—	3,000	(3,000)	—
Decrease in reserves	(716)	—	716	—
Grants and contributions	—	60,038	—	60,038
Depreciation and retirements of assets acquired with grants and contributions	—	(16,411)	—	(16,411)
Balances at June 30, 1986, as restated	32,223	610,402	465,704	1,108,329
Amount transferred to accumulated net revenues	—	—	42,487	42,487
Other additions (deductions):				
Capital designations	—	4,505	(4,505)	—
Decrease in reserves	(4,643)	—	4,643	—
Grants and contributions	—	72,171	—	72,171
Depreciation and retirements of assets acquired with grants and contributions	—	(14,662)	—	(14,662)
Balances at June 30, 1987	<u>\$ 27,580</u>	<u>672,416</u>	<u>508,329</u>	<u>1,208,325</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1987 and 1986 (In Thousands)

	<u>1987</u>	<u>1986</u> (As restated— see note 2)
Cash and securities provided by:		
Operations:		
Net amount transferred to accumulated net revenues	\$ 42,487	37,656
Add expenses not requiring cash:		
Depreciation of assets acquired with own funds	17,138	17,940
Cash and securities provided by operations	59,625	55,596
Issuance of Sales Tax Revenue Bonds	—	145,000
Issuance of Sales Tax Anticipation Notes	18,950	21,775
Issuance of Grant Anticipation Notes	—	45,025
Contributions from U.S. Government grants and others	72,171	60,038
Increase in payroll and other liabilities	18,998	9,782
Increase in unearned passenger revenue	7	193
Total cash and securities provided	<u>169,751</u>	<u>337,409</u>
Cash and securities applied to:		
Increase in deposits, notes and other receivables	5,639	34,015
Increase in construction in progress	62,645	31,430
Additions to facilities, property and equipment	47,900	36,978
Additions to materials and supplies	401	1,214
Matured Sales Tax Revenue Bonds	—	545
Defeased Sales Tax Revenue Bonds	—	63,965
Matured General Obligation Bonds	34,665	32,820
Matured Sales Tax Anticipation Notes	21,775	19,860
Matured Grant Anticipation Notes	855	5,735
Net effect of restatement of debt service funds	—	571
Total cash and securities applied	<u>173,880</u>	<u>227,133</u>
Increase (decrease) in cash and securities	<u>\$ (4,129)</u>	<u>110,276</u>

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

a. Description of District

The San Francisco Bay Area Rapid Transit District is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended. The District does not have stockholders or equity holders and is not subject to income tax. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with Federal and State agencies.

b. Securities

As a matter of policy, the District holds investments until their maturity and, accordingly, securities are carried at amortized cost.

c. Facilities, Property and Equipment

Facilities, property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is charged to capital with the related grants and contributions.

d. Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to capital when received. Grants for operating expenditures are included as financial assistance in the statement of operations.

e. Transactions and Use Tax (Sales Tax) Revenue

The one-half percent transactions and use tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is transmitted directly to the District's appointed trustee for the purpose of paying bond and note interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The District records the total taxes received as revenue. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1987 to June 30, 1987 will be approximately \$19,538,000. Of this amount, \$5,861,000 had been received and recorded by the District. Comparable figures for 1986 were \$19,305,000 and \$5,791,500, respectively.

f. Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligation Bonds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records both amounts as property tax revenue.

g. Self-Insurance

The District is largely self-insured for workers' compensation, general liability claims, and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

h. Capital Designations

The Board of Directors designates a portion of accumulated net revenues for capital projects.

i. Capitalization of Interest

The District capitalizes certain interest revenue and expenditures related to tax-free borrowings in accordance with Statement of Financial Accounting Standards 62. The net effect of this capitalization is to decrease construction in progress by \$1,136,000 in 1987 and \$8,670,000 in 1986, representing excess interest revenue from applicable borrowings over interest expenditures.

2. Change of Accounting Method

The accounting method of the District has been changed effective July 1, 1985 in accordance with generally accepted accounting principles applicable to the method of accounting for proprietary funds. In this method, the measurement focus is based upon determination of net revenues, financial position, and changes in financial position in a manner similar to a private business enterprise.

3. Cash

State of California statutes require that all depositories holding public funds collateralize deposits in one or more of three classes of security pools held by an agent of the depository. Most of the District's deposits are in the pool where the market value of the collateral in the pool is required to be at least 110% of deposits and conforms with the statutes as administered by the State of California Superintendent of Banks.

The carrying amount and bank balance of the cash at June 30, 1987 is as follows (in thousands):

	Carrying amount	Bank balance
Cash on hand	\$ 1,019	—
Insured (FDIC/FSLIC)	769	796
Collateralized with securities pledged by financial institutions	20,336	20,247
Total	\$ 22,124	21,043

4. Securities

State of California statutes and District policy authorize the District's Treasurer to invest in U.S. Treasury bills, notes and bonds, Federal agency bonds, notes, and discount notes,

Bankers' Acceptances, repurchase and reverse repurchase agreements and negotiable certificates of deposit. All of the District's investments comply with the above policy and statutes.

The District's investment securities are categorized below by type to give an indication of the level of credit risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes investments for which the securities are held by the counterparty's trust department in the District's name. Category 3 includes investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

At June 30, 1987 the amortized cost, market value and category of credit risk of the District's investment securities are as follows (in thousands):

	Category			Amortized cost	Market value
	1	2	3		
U.S. Treasury Notes	\$ 38,665	—	—	38,665	39,210
Federal Agency Obligations	221,667	53,096	—	274,763	275,593
Repurchase Agreements	18,055	—	—	18,055	18,055
Total	\$ 278,387	53,096	—	331,483	332,858

5. Reserves

Included in Securities on the Balance Sheet is \$27,580,000 and \$32,223,000 in 1987 and 1986, respectively, representing designation by the Board of Directors of a portion of the District's accumulated net revenues as reserves for the following purposes:

	1987	1986
	(in thousands)	
Basic System Completion	\$10,467	10,421
System Improvement	2,735	6,371
Construction	1,878	2,931
Self-Insurance	9,000	9,000
Operating	3,500	3,500
Total	\$27,580	32,223

6. Facilities, Property and Equipment (in Thousands)

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1987 and 1986 are summarized as follows:

	Lives (Years)	1987		1986	
		Cost	Accumulated depreciation and amortization	Cost	Accumulated depreciation and amortization
Land	—	\$ 161,865	—	135,325	—
Improvements	80	1,101,692	179,607	1,088,998	165,854
System-wide operation and control	20	131,472	68,264	125,581	61,823
Revenue transit vehicles	30	165,327	70,730	164,598	65,241
Service and miscellaneous equipment	3 to 20	25,414	15,656	24,357	14,079
Capitalized construction and start-up costs	30	105,067	43,965	105,217	40,874
Repairable property items	30	7,578	2,884	7,683	2,679
		<u>\$1,698,415</u>	<u>381,106</u>	<u>1,651,759</u>	<u>350,550</u>

7. General Obligation Bonds (in Thousands)

	Composite Interest Rate	Year Last Series Matures	Original Amount		1987		1986	
			Authorized	Issued	Due in 1 Year	Total	Due in 1 Year	Total
1962 District Bonds	3.90%	1999	\$792,000	792,000	36,250	463,950	34,225	438,175
1966 Special Service District Bonds	4.38%	1998	20,500	12,000	460	6,290	440	6,730
			<u>\$812,500</u>	<u>804,000</u>	<u>36,710</u>	<u>470,240</u>	<u>34,665</u>	<u>504,905</u>

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District-wide property taxes. During 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15. Interest of \$9,243,000 and \$9,996,000 on General Obligation Bonds and \$138,000 and \$148,000 on Special Service District No. 1 Bonds is payable on December 15, 1987 and 1986, respectively.

The following is a schedule of principal repayments required under General Obligation Bonds as of June 30, 1987 (in thousands):

Year Ending June 30	1962 District Bonds	1966 Special Service District Bonds	Total
1988	\$ 36,250	460	36,710
1989	38,400	480	38,880
1990	40,200	500	40,700
1991	33,700	520	34,220
1992	34,975	540	35,515
Later years	280,425	3,790	284,215
	<u>\$463,950</u>	<u>6,290</u>	<u>470,240</u>

8. Sales Tax Revenue Bonds (in Thousands)

	Year Last Series Matures	Original Amount			1987		1986	
		Authorized	Issued	Defeased	Due in 1 Year	Total	Due in 1 Year	Total
1969 Sales Tax Revenue Bonds	1977	\$150,000	150,000	—	—	—	—	—
1982 Sales Tax Revenue Bonds	2008	65,000	65,000	63,965	—	—	—	—
1985 Sales Tax Revenue Bonds	2011	145,000	145,000	—	—	145,000	—	145,000
		<u>\$360,000</u>	<u>360,000</u>	<u>63,965</u>	<u>—</u>	<u>145,000</u>	<u>—</u>	<u>145,000</u>

8. Sales Tax Revenue Bonds (cont'd)

The 1969 Legislature of the State of California authorized the District to impose a one-half percent transactions and use tax within the District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million to be used for operations. Payment of these Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of the amounts available for distribution, 75% is allocated to the District and 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by the Commission.

In October 1982, the District issued revenue bonds totaling \$65 million to pay a portion of the cost of acquisition of 150 rail transit vehicles and related automatic train control equipment for use in the District's existing rapid transit system. The 1982 Bonds were special obligations of the District payable from and secured by a pledge of revenues, including certain sales tax revenues, all passenger fares and certain property tax revenues. Bond coupon rates ranged from 7% to 10% depending upon the various maturity dates.

In November 1985, the District issued revenue bonds totaling \$145,000,000 to refund and defease \$63,965,000 outstanding principal amount of the bonds issued in 1982, and to finance certain system improvements. The System improvements currently planned or underway include acquisition of 150 rail transit vehicles and associated capacity increase projects, new parking facility construction and improvements to existing lots, land and right-of-way acquisitions, enhancements to train performance systems, and system route extension studies.

The District recognized \$4,594,000 as a cost of defeasance in the statement of operations during the year ended June 30, 1986, representing the difference between the book value of the bonds net of unamortized discount less the amount transferred to the trustee.

The 1985 Bonds are special obligations of the District secured by a pledge of the sales tax revenues and are payable from revenues, including all sales tax revenues, all passenger fares, certain property tax revenues, and certain interest, grants, and other income. Bond interest rates range from 6.40% to 9.00% depending upon the various maturity dates. The bonds maturing on or after July 1, 1996 are redeemable prior to maturity at the option of the District beginning July 1, 1995 on various dates at prices ranging from 103% to 100%. The bonds maturing July 1, 2004 and July 1, 2011 are also subject to redemption prior to maturity on or after July 1, 1998 and July 1, 2005, respectively, at 100%.

Taxes collected by the State Board of Equalization are transmitted directly to the appointed trustee for the purpose of paying bond interest semiannually on July 1 and January 1, principal annually on July 1 and expenses of the trustee. Monies not required for these purposes are transmitted to the District. Additionally, the trustee retains amounts needed for the payment of principal and interest on \$18,950,000 Sales Tax Anticipation Notes maturing on July 14, 1987 (see note 9). Taxes received by the trustee during the year ended June 30, 1987 were \$87,091,000 of which \$32,424,000 was retained by the trustee for the above purposes and \$54,667,000 was transmitted to the District. The District records the total taxes received by the Trustee as transactions and use tax revenue.

Interest of \$6,284,000 on the 1985 bonds is payable on July 1, 1987. The first principal payment of \$1,885,000 is due July 1, 1989.

The following is a schedule of principal repayments required under Sales Tax Revenue Bonds as of June 30, 1987 (in thousands):

Year Ending June 30	1985 Sales Tax Revenue Bonds
1988	\$ —
1989	—
1990	1,885
1991	2,070
1992	2,270
Later years	138,775
	<u>\$145,000</u>

9. Sales Tax Anticipation Notes

The District issued subordinated Sales Tax Anticipation Notes amounting to \$21,775,000 in July 1985. These notes matured on August 1, 1986 and were paid along with interest of \$1,179,000.

In July 1986, the District issued \$18,950,000 in subordinated Sales Tax Anticipation Notes to provide interim financing to defray operating expenses payable from the Operating Fund of the District, in anticipation of the receipt of taxes, income, revenue and other monies to be received during or allocable to fiscal year ended June 30, 1987. The notes matured on July 14, 1987 with interest of \$888,000.

10. Grant Anticipation Notes

In July 1984, the District sold \$10,900,000 in Grant Anticipation Notes to provide interim financing for certain expenditures prior to the receipt of certain anticipated revenues. These notes matured on various dates from May 1, 1985 through January 2, 1987, bearing interest at rates ranging from 7.00% to 8.15%. The outstanding balance of the notes at June 30, 1986 was \$855,000.

In November 1985, the District sold an additional \$45,025,000 in Grant Anticipation Notes. These notes mature on January 31, 1988, March 1, 1988, and May 1, 1988, and bear an interest rate of 6.50%.

11. U.S. Government Grants (in Thousands)

The U.S. Government, under grant contracts with the District, provides financial assistance for capital projects. A summary of Urban Mass Transportation Administration Grants in force at June 30, 1987 is as follows:

Type of Grant	Maximum Grant	Funds Received
Beautification	\$ 1,961	1,961
Demonstration	13,355	13,355
Capital	618,344	471,205
	<u>\$633,660</u>	<u>486,521</u>

12. Litigation and Disputes with Contractors and Others

The District is involved in various lawsuits, claims and disputes, which for the most part, are normal to the District's operations. In the opinion of management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

13. Public Employees' Retirement System

The District contributes to the Public Employees' Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain state and local governmental units. Substantially all full-time employees of the District are covered by the System. Pension costs of the system are determined actuarially and required contributions are expensed currently. Pension expense was \$6,716,000 and \$8,513,000 in 1987 and 1986, respectively.

14. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all officers and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

Under the terms of the plan, participants have the right to direct that their plan accounts be invested in one or more available investment funds selected by the investment committee under the Plan. The value of such accounts will fluctuate depending on the investment performance of the investment funds selected by the participant. It is the opinion of management that the District has no liability under the terms of the plan for any amounts other than the participants' account balances.

The District has deposited funds with a custodian pursuant to the District's deferred compensation plan. These deposits together with earnings had a market value of \$31,527,000 and \$24,098,000 as of June 30, 1987 and 1986, respectively. This amount is reflected on the balance sheet in deposits, notes and other receivables and in payroll and other liabilities.

SUPPLEMENTARY INFORMATION

San Francisco Bay Area Rapid Transit District Reconciliation of Funded Operating Expenses in Excess of Revenues Years ended June 30, 1987 and 1986 (in thousands)

The following is a reconciliation of funded operating expenses in excess of revenues after capital designations and before depreciation and cost of bond defeasance related to depreciation of assets acquired with own funds:

	1987	1986
Amounts transferred to accumulated net revenues from the operating fund	\$ (12,660)	(16,699)
Capital designations	(4,505)	(3,000)
Depreciation of assets acquired with the District's own funds	17,138	17,940
Cost of 1982 Sales Tax Revenue Bonds defeasance related to depreciation of assets acquired with own funds	—	1,748
Funded operating expenses in excess of revenues after capital designations and before depreciation	<u>\$ (27)</u>	<u>(11)</u>

Operating Funds 1986/87

\$174,042,000

Capital Funds 1986/87

\$112,154,000

Where Funds Came From (In Thousands)

- Transaction & Use Sales Tax \$73,617 42.30%
- Fares \$77,654 44.62%
- Property Tax \$7,412 4.26%
- Other \$15,359 8.82%
 - Investment Income and Other Operating Revenues \$6,970 4.00%
 - State Financial Assistance \$479 0.28%
 - Construction Funds \$7,335 4.21%
 - Regional Financial Assistance \$548 0.31%
 - Decrease in Working Capital* \$27 0.02%

*Funded excess of expenses over revenues

How Funds Were Applied (In Thousands)

- Maintenance \$63,977 36.76%
- Transportation \$61,912 35.57%
- General Administration \$28,746 16.52%
- Police Services \$8,905 5.12%
- Other \$10,502 6.03%
 - Capital Designations \$4,505 2.59%
 - Construction & Engineering \$5,997 3.44%

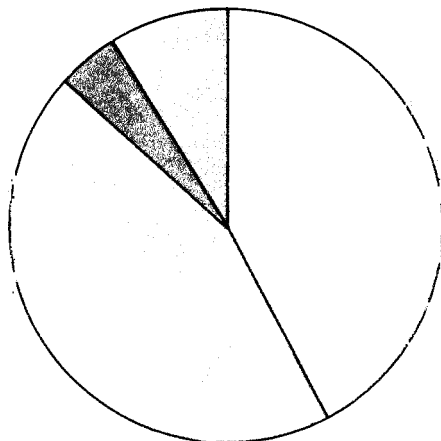
Source of Funds (In Thousands)

- District \$27,832 24.32%
- Federal \$51,901 46.28%
- State \$15,490 13.31%
- Local (including capital designations) \$16,931 15.09%

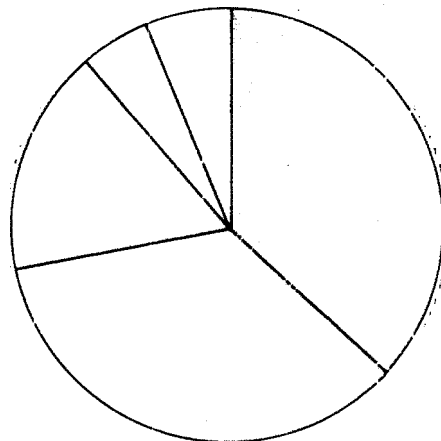
Expenditures (In Thousands)

- Construction \$68,636 61.19%
 - Line \$63,024 56.19%
 - Systemwide \$5,247 4.68%
 - Support Facilities \$365 0.32%
- Train Control \$7,733 6.89%
- Communications \$1,087 0.97%
- Transit Vehicles \$29,608 26.40%
- Miscellaneous Equipment \$3,196 2.86%
 - Automatic Fare Collection \$1,208 1.08%
 - Management Information Systems \$568 0.51%
 - Support Vehicles \$560 0.50%
 - Other Equipment \$860 0.77%
- Studies and Other \$1,894 1.69%

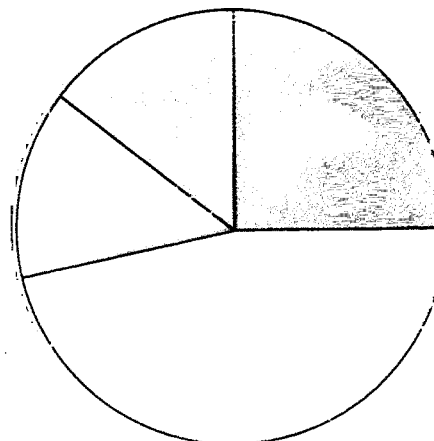
TOTAL
\$174,042 100.00%



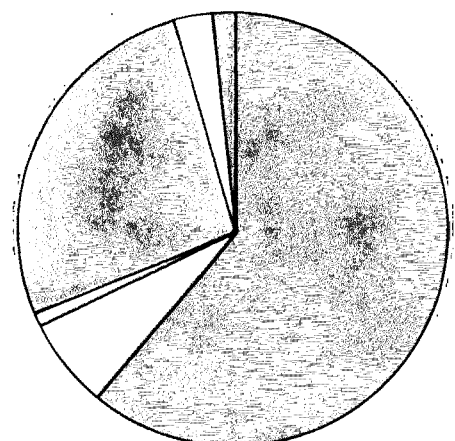
TOTAL
\$174,042 100.00%

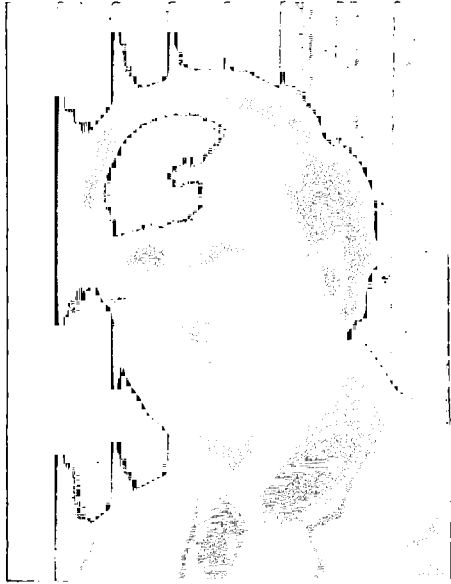


TOTAL
\$112,154 100.00%



TOTAL
\$112,154 100.00%





Keith Bernard
General Manager, BART

Message from the General Manager

Service improvement was a major objective during this fiscal year. A look at the record of on-time performance during this period shows that BART has made significant gains, compared to the previous period. Beginning in the summer of 1986 we were able to return more cars to full service with the completion of the fire hardening project. This allowed the scheduling of two additional trains to peak hour service. Parking was also expanded at several stations as part of the ongoing program to im-

prove access to the system. I would like to commend all BART employees for their part in these achievements.

BART's improved service coincides with growing support for extension of the system. This year voters in Alameda County approved a sales tax measure for a number of transportation projects, including \$170 million for a rail line from Bay Fair Station to Dublin. The cost for this extension, based on 1987 planning studies, is estimated at \$232 million. The proposed link to Dublin and Pleasanton from the Bay Fair Station represents an important step in the realization of BART's objective to extend the system within the three BART counties.

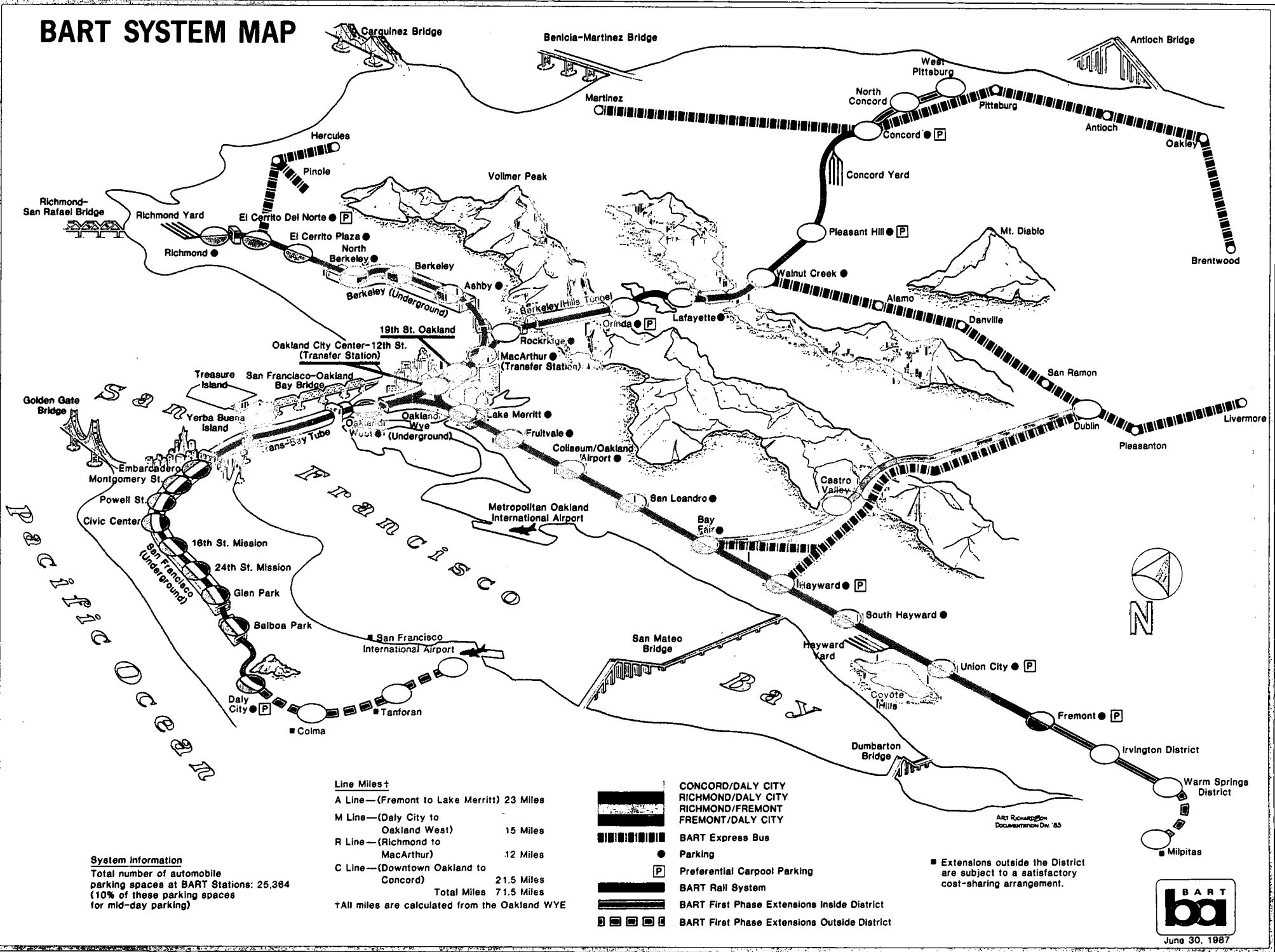
The process of realizing extensions such as Bay Fair to Dublin involved many steps. In the past year BART has continued the acquisition of additional sites for possible extension stations and commenced the formal alternatives analysis studies required by the federal government in order to apply for federal funding. Of equal importance has been the designation of \$70 million in BART reserves to add to the sources of local matching funds for extensions.

Citizens from outside the BART counties have also expressed interest, through the ballot box, in benefitting from BART extensions. As freeways throughout the Bay Area become more and more congested, the challenge to fund and build extensions becomes more compelling. It is a challenge of building regional political consensus as well as securing federal and state funding to match BART's efforts to develop a pool of local funding.

Looking ahead, we must be more aware than ever that BART has to compete for its patronage. Reliability and availability are the cornerstones of BART's competitive position. The importance of completing the capacity expansion program for the existing system cannot be over-emphasized in this regard. Capacity will be increased in small increments over the next three years as the new C-cars are introduced, the Daly City Turnback and Yard is commissioned, and the Wayside Train Control modifications are completed.

With additional capacity in place we will be able to better serve existing riders and attract new riders. However, aggressive marketing of BART's service will be paramount in the coming year. This means that everyone at BART has to continually think in terms of what customers want. Providing safe on-time service, reliable equipment, a clean system and friendly, helpful employees will continue to be among the most important objectives at BART.

BART SYSTEM MAP



Line Miles†

A Line—(Fremont to Lake Merritt)	23 Miles
M Line—(Daly City to Oakland West)	15 Miles
R Line—(Richmond to MacArthur)	12 Miles
C Line—(Downtown Oakland to Concord)	21.5 Miles
Total Miles	71.5 Miles

†All miles are calculated from the Oakland WYE

System Information
 Total number of automobile parking spaces at BART Stations: 25,364 (10% of these parking spaces for mid-day parking)

- CONCORD/DALY CITY
- RICHMOND/DALY CITY
- RICHMOND/FREMONT
- FREMONT/DALY CITY
- BART Express Bus
- Parking
- Preferential Carpool Parking
- BART Rail System
- BART First Phase Extensions Inside District
- BART First Phase Extensions Outside District
- Extensions outside the District are subject to a satisfactory cost-sharing arrangement.



June 30, 1987



San Francisco Bay Area Rapid Transit District (BART)

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (415) 464-6000

Established in 1957 by the California State Legislature,
Authorized to plan, finance, construct and operate a rapid
transit system.

Governed by a Board of Directors elected for four-year terms
by voters in nine election districts within the counties of
Alameda, Contra Costa and San Francisco.

Board of Directors — Fiscal Year 1987

President

Margaret K. Pryor, Oakland

Vice President

Barclay Simpson, Orinda

Members of the Board

District #1 — Barclay Simpson, Orinda

District #2 — Nello Bianco, El Sobrante

District #3 — Arthur J. Shartsis, Oakland

District #4 — Margaret K. Pryor, Oakland

District #5 — Robert S. Allen, Livermore

District #6 — John Glenn, Fremont

District #7 — Wilfred T. Ussery, San Francisco

District #8 — Arlo Hale Smith, San Francisco

District #9 — John H. Kirkwood, San Francisco

Board Appointed Officers

G. K. Bernard, General Manager

Malcolm M. Barrett, General Counsel (retired)

Sherwood Wakeman, General Counsel

William F. Goetz, Controller/Treasurer

Phillip O. Ormsbee, District Secretary

Department Managers Reporting to the General Manager

Richard P. Demiko, Executive Manager, Maintenance &
Engineering

William B. Fleisher, Chief Transportation Officer

Howard L. Coode, Planning, Budget & Analysis

Michael C. Healy, Public Affairs

Ernest G. Howard, Administrative Services

John Mack, Alternative Action

Thomas R. Sheehan, Information Systems

William Thomas, Material Management & Procurement

Ralph S. Weule, Safety

Larry A. Williams, Employee Relations

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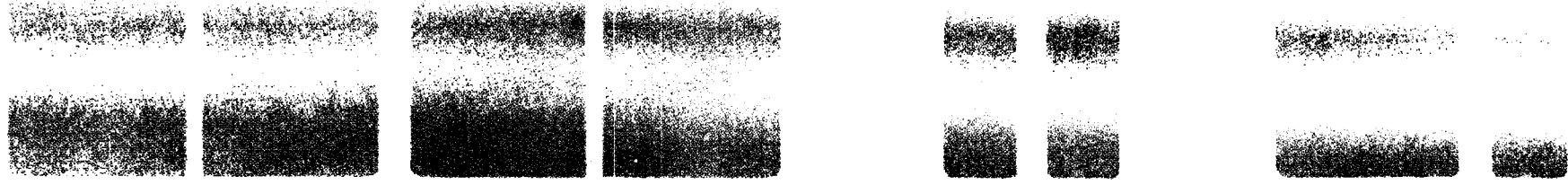
Portrait Photography: John Benson, San Francisco

System Manager: Arthur Richardson, BART, Documentation

Writer: Dudley Greed, San Francisco

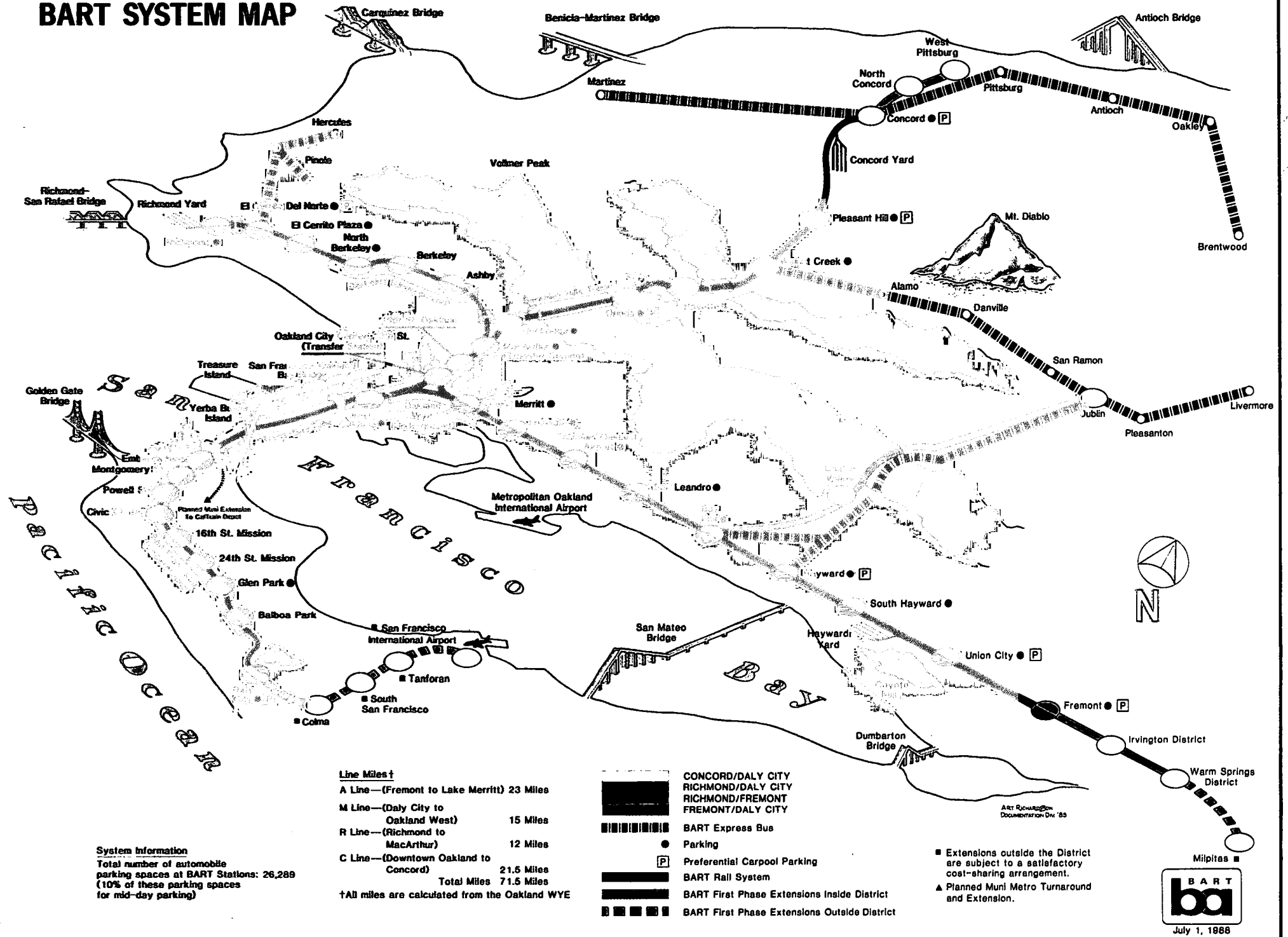
Editor: Sylvia Moulter, BART Public Information Office

Bay Area Rapid Transit District Annual Report
1987-1988



1987-1988

BART SYSTEM MAP


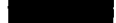










Line Miles †

A Line—(Fremont to Lake Merritt)	23 Miles
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R Line—(Richmond to MacArthur)	12 Miles
C Line—(Downtown Oakland to Concord)	21.5 Miles
Total Miles	71.5 Miles

†All miles are calculated from the Oakland WYE

System Information
 Total number of automobile parking spaces at BART Stations: 26,289
 (10% of these parking spaces for mid-day parking)

-  CONCORD/DALY CITY
-  RICHMOND/DALY CITY
-  RICHMOND/FREMONT
-  FREMONT/DALY CITY
-  BART Express Bus
-  Parking
-  Preferential Carpool Parking
-  BART Rail System
-  BART First Phase Extensions Inside District
-  BART First Phase Extensions Outside District

■ Extensions outside the District are subject to a satisfactory cost-sharing arrangement.
 ▲ Planned Muni Metro Turnaround and Extension.



ART ROWLANDSON
 DOCUMENTATION DIV. '85

A Year of Significant Milestones

The fiscal year 1987/88 can truly be considered a year of significant turning points for BART in its role to provide better and expanded service to Bay Area residents and visitors.

One of the most significant milestones was the consensus reached on a regional basis regarding BART's planned extensions and how those extensions are to be funded.

Another important step was an agreement between BART and San Mateo County officials that resolved long-standing and thorny problems involving priorities of construction and financing.

Regional Agreement

In March, the Metropolitan Transportation Commission (MTC), which coordinates the setting of priorities and oversees the distribution of federal and state funding grants for Bay Area public transportation projects, adopted a long-range program of transit improvements that includes BART extensions in Alameda, Contra Costa and San Mateo counties.

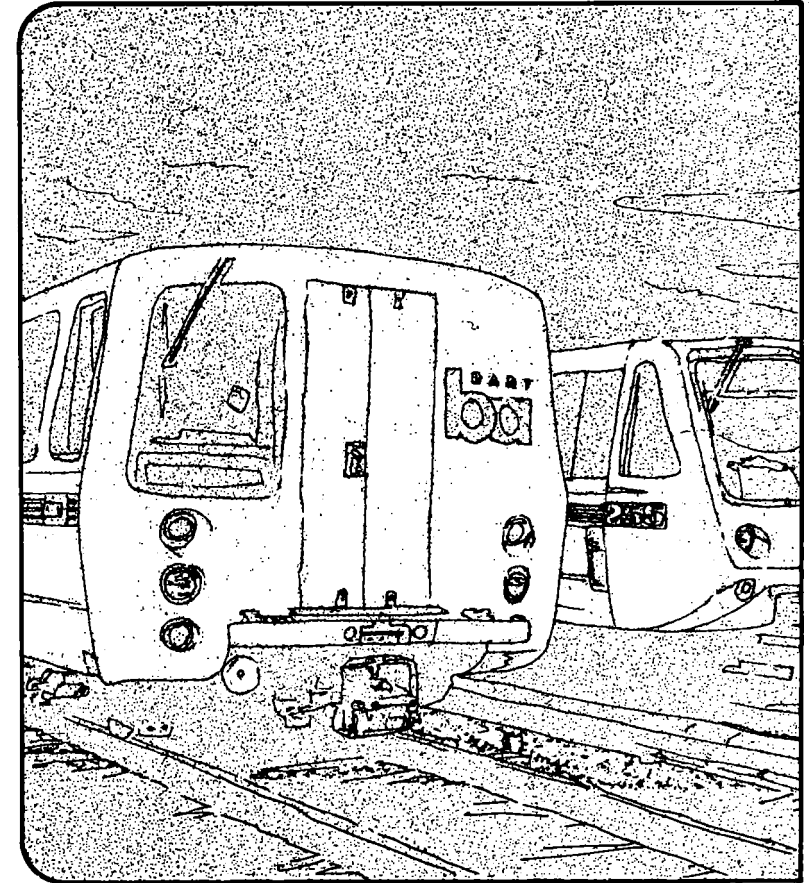
The emphasis of the MTC program is on rail transit, instead of on highways. Roughly three-fourths of the dollars needed to complete the long-range program is earmarked for BART projects. The importance of the program is compared by transit officials to the decisions of the early 1930's to fund and build the Golden Gate and Oakland-San Francisco Bay bridges.

BART and SamTrans

Early in June, BART's Board of Directors approved an agreement in principle with the San Mateo County Transit District (SamTrans) that will result, not only in an 8.7-mile extension into San Mateo County from the Daly City Station, but will provide funds for BART extensions to West Pittsburg in Contra Costa County and to Dublin and the Warm Springs area in Alameda County.

The San Mateo County extension will cost an estimated \$590 million, with stations in Colma, South San Francisco, Tanforan and at a site near the San Francisco International Airport.

A key provision of the BART/SamTrans agreement calls for SamTrans to make a capital contribution to BART of \$200 million. An affirmative vote in San Mateo County early in June assured the



funds needed to carry out all provisions of the agreement. Voters approved, by a majority of 62 per cent, an increase in the county's sales tax from 6.5 percent to 7 percent for the next 20 years. The increase will generate an estimated \$804 million to fund transportation improvements. Roughly half of the funds will pay for rail projects.

Alameda County

Late in 1987, the Livermore-Amador Valley Transit Authority and BART agreed that a rail extension from BART's Bay Fair Station through Castro Valley to Dublin would be a BART rapid rail extension, not a light-rail alternative that was also under consideration.

Alameda County voters had already approved in 1986 a sales tax increase to fund a substantial portion of the costs of the rail extension and two stations.

On the last day of the fiscal year, BART Directors approved contract negotiations for preliminary engineering design and environmental analysis for the Bay Fair-Dublin/Pleasanton extension. The BART Board also approved participation with the North Pleasanton Improvement District to coordinate plans for the extension with other work planned for the I-580 freeway. The schedule for the extension calls for BART trains to run between Bay Fair and Dublin/Pleasanton by 1995.

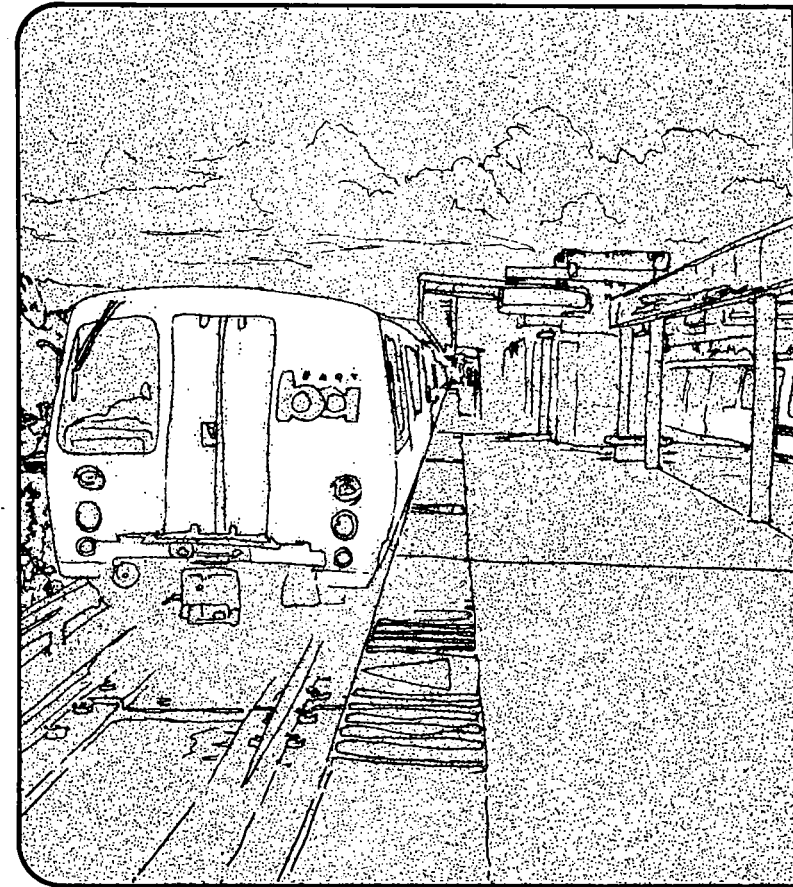
New C-Cars in Service

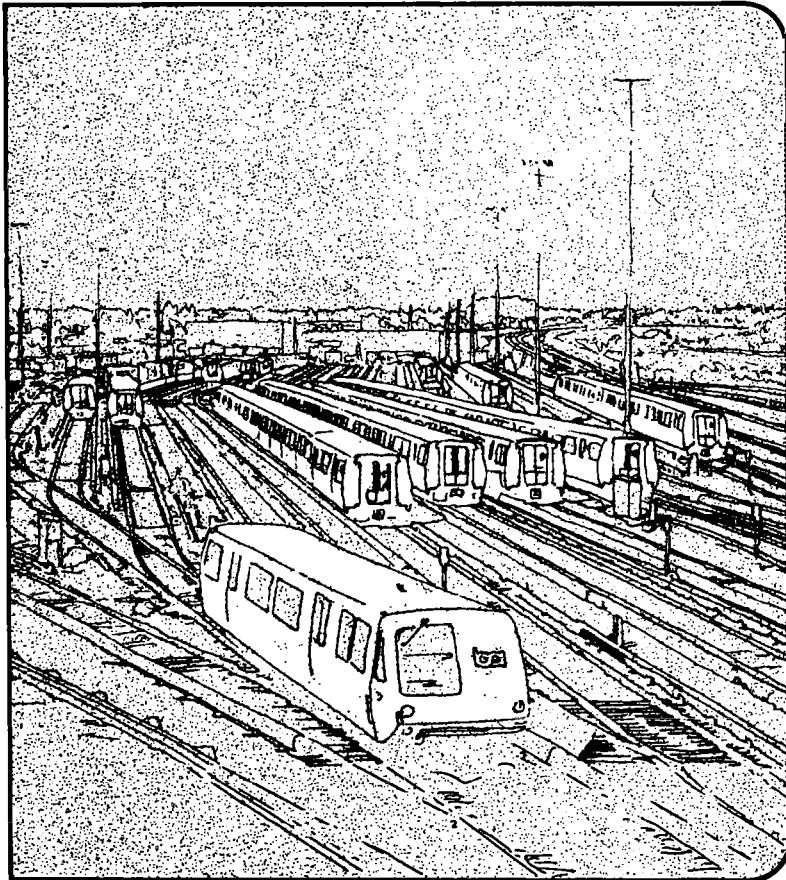
On March 28, after years of planning, designing, manufacturing and testing, the first of 150 C-Cars went into revenue service on a regular run from Fremont to Daly City.

The inaugural run marked a decisive step in BART's progress toward increased capacity and frequency of service.

Three months later, at the close of BART's fiscal year, 29 production cars had been delivered by the manufacturer, 26 had been accepted by the District and the other three were still undergoing acceptance tests. The cars accepted by the District had accumulated roughly 6,000 hours of service by June 30.

The new cars, which will cost BART \$228.3 million (about \$52 million less than the original contract amount), provide operational benefits in addition to expanded passenger capacity and





increased train frequency. Since they can be used as lead cars or inserted into the middle of a train, they provide more efficiency and flexibility in making or breaking trains during the day to meet peak and off-peak requirements.

Although delivery of the 150th car was scheduled for late 1989, the manufacturer is experiencing problems in meeting its schedule with BART, partly due to labor disputes at its plant in France, where the shells of the cars are manufactured. At the close of the fiscal year, BART had withheld from payments to the manufacturer approximately \$5.8 million in liquidated damages.

Passenger Access, Safety, Comfort and Convenience

At The Stations

As C-Cars were accepted for service, BART was able to increase the number of cars available to passengers during peak hours. Patron on-time performance averaged 94.5 percent. (BART train on-time performance has consistently been above 90 percent since October, 1980.)

Escalators at all BART stations are being overhauled and improved to reduce out-of-service periods. Completion of this project, now about 80 percent along, is scheduled for August, 1989.

BART elevators are also being refurbished to make it more convenient for handicapped patrons to enter and leave BART stations. Handicapped patrons also benefit from the yellow and black platform edge detection tiles. This project was completed early in December, 1987.

Staffing and scheduling changes during the year provided improved station agent and transportation supervisor availability and virtually eliminated incidents of late openings at BART's 34 stations.

BART is also about halfway through a program to overhaul and modify all of its automatic fare collection equipment.

To and From The Stations

BART added 1,446 new parking spaces in FY 1987/88, bringing the total of parking spaces available at 24 stations to 26,289.

The District also encouraged patrons to leave their cars at home and take public transportation to and from BART stations, through a trial program with the Central Contra Costa Transit Authority of free 72-hour transfers in Pleasant Hill and Concord, a doubled-frequency of bus service during peak hours at Concord, Hayward, Pleasanton and Walnut Creek and increased BART express bus service.

On The Mainline

New replacement rail was laid at several points on BART's mainline. The District took delivery of a new rail-laying crane and purchased a computer-controlled ballast tamper, which is designed to keep all mainline track at its proper level and alignment. The District also put into use a self-propelled track mapper that checks the frequencies emitted by the Wayside Control system and expedites the pinpointing of any train control problems.

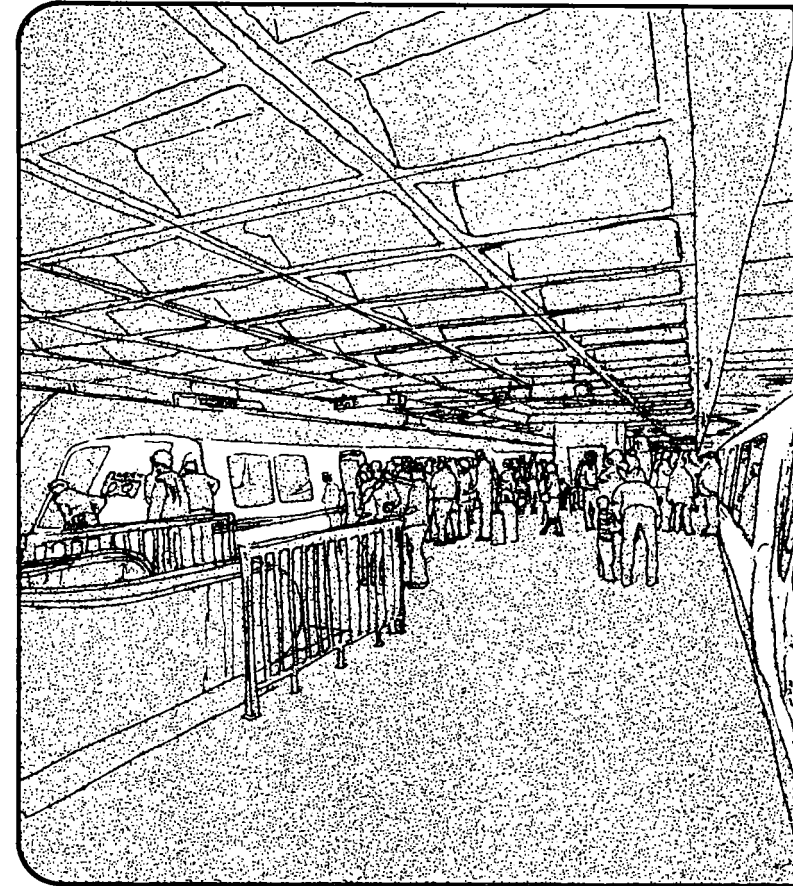
Passenger Protection and Safety

A change in BART Police procedures resulted in faster response time to calls for service from station agents. Many BART Police Officers now report for duty directly to a BART station at the beginning of their shifts, rather than report first to BART Police Headquarters at the Lake Merritt Station.

BART Police also instituted solo beats on trains and at stations to increase the visibility of uniformed officers. The department also intensified its surveillance of BART parking lots. Crimes involving BART patrons and their property take place primarily in parking lots.

Special Services

BART continued to operate additional trains for special occasions. Bay Area residents and visitors utilized this service for Christmas shopping in downtown Oakland and San Francisco, to attend



events at the Oakland Coliseum or to take part in the Bay-to-Breakers race. On November 14, with major events taking place in both San Francisco and Oakland, BART patrons generated a record high for a Saturday of 121,669 trips.

Related Capacity Expansion Projects

Daly City Turnback, Yard and Maintenance Facility

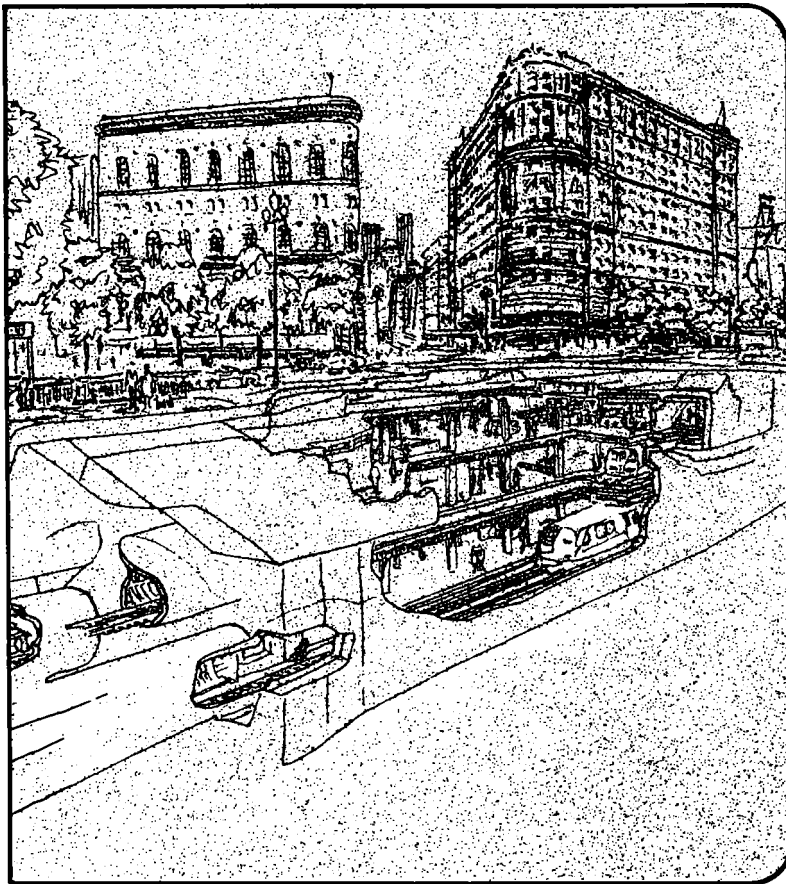
A major component of BART's program to increase passenger capacity, particularly during commute hours, is the construction of a turnback in Daly City, with a storage yard and maintenance facility.

Track for the turnback was completed during the fiscal year, as well as the third rail for traction power. Installation of the train control equipment for the turnback was under way by June 30.

Also completed was the transportation building for the yard, which will include the tower and the train control facilities. Foundations and pits for the shop were finished and work was started on the shop building.

The turnback, yard and shop in Daly City, when fully operational in 1989, will provide BART with turnaround, storage, repair and maintenance facilities on each leg of the system. Comparable facilities already exist at Concord, Hayward and Richmond. The Daly City facilities will enable BART to realize savings in time, electrical use and car wear and tear. Most important, it will provide greater flexibility and efficiency in providing appropriately sized trains in response to fluctuating passenger demand throughout the day. During the morning commute roughly 80 percent of BART's train traffic is routed to downtown San Francisco and on to the end of the line at Daly City. Until the Daly City project is completed, trains reaching the end of the line must be returned to the East Bay for storage and maintenance.

The Daly City project was originally planned at an estimated cost of \$150 million for the turnback



and yard. Cost savings during construction reduced that figure to \$141.3 million and enabled the shop to be included in the project at a cost of \$8.5 million.

Electrical Capacity

Another project aimed at the operation of more trains on BART's mainline tracks and in its yards is the increase in the system's electrical capacity on certain key segments.

New substation equipment, scheduled for installation by the summer of 1990, will provide additional electrical capacity to run more trains on the Concord line. Work was completed during the year to increase the feeder electrical capacity at the Concord, Hayward and Richmond yards. The capacity of the electrified third rail was increased between Orinda and Lafayette.

Wayside Control Modifications

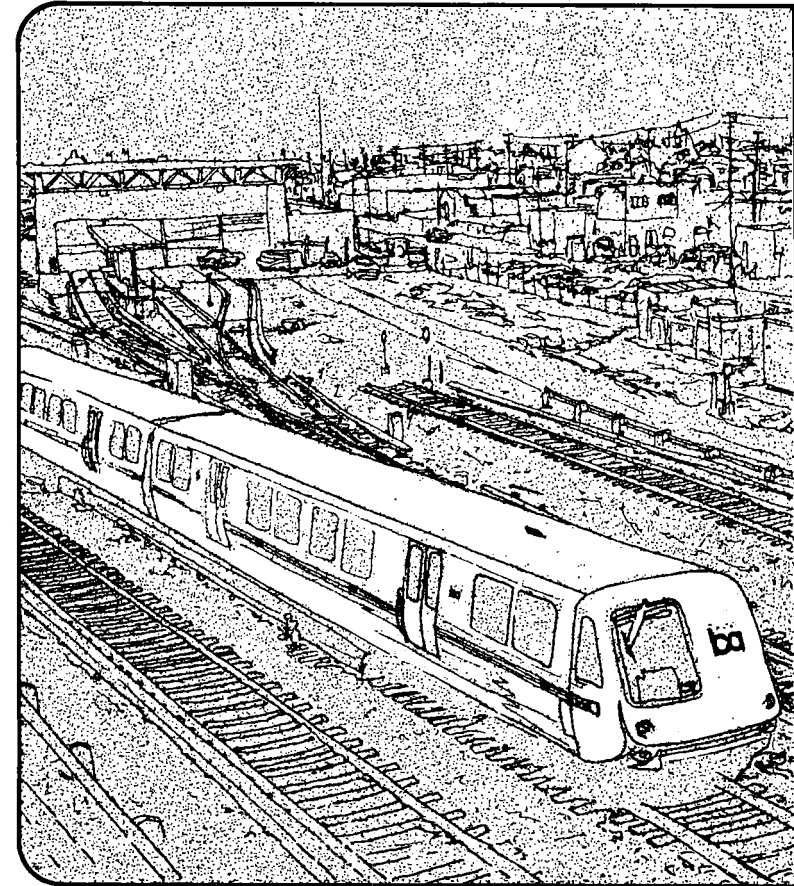
Portions of BART's Wayside Control System are being modified to allow trains to run at more frequent intervals to and from San Francisco.

BART's track is segmented into train protection zones or "blocks" and only one train can occupy a block at any one time. BART's original block size limits the "headway," the time between trains, to an interval of 3.75 minutes. Part of the Wayside program is to shorten the blocks to lengths of approximately 360 feet so that when the full benefits of the capacity expansion program are realized, trains can run at intervals of 2.25 minutes in San Francisco and Oakland during peak load times. These modifications, which involve special electronic engineering, are scheduled for completion by early 1990.

ICS

BART's Integrated Control System, the District's computerized train control supervision system, is scheduled for implementation by November, 1989. It is intended to replace obsolete computers and to allow more than the current maximum of 55 trains to run on the system at one time.

The computer system will eventually be linked to a display board at BART's operational control room at the Lake Merritt headquarters.



Performance Highlights

BART patronage increased by more than 1.35 million passenger trips during the 1987/88 fiscal year, with annual passenger trips reaching 57,595,481, compared with 56,240,997 for the prior year. The District's estimated share of peak period transbay traffic, including cars, buses and trains, was 38.8 percent, according to surveys taken during the year by the Metropolitan Transportation Commission.

Net passenger revenues reached \$78,475,000 for FY 87/88, an increase of \$821,000 over the FY 86/87 figure of \$77,654,000. Total operating revenues, including more than \$5.6 million in interest income, advertising in trains and stations and other income, was \$84,123,000, a decline of \$501,000 from the previous fiscal year.

BART funded 50.14 percent of its net operating expenses, which amounted to \$167,775,000 (excluding depreciation) for FY 87/88, from passenger fares and other operating revenues. This operating ratio was a decrease of 2.03 percentage points from the prior fiscal year. The District's objective is to fund no less than one-half of its net rail operating expenses from operating revenues.

BART's farebox ratio, which relates net passenger revenues to net operating expenses, was 46.77 percent for FY 87/88, a decrease of 1.1 percentage points from the figure for FY 86/87.

Net rail passenger revenue per passenger mile for FY 87/88 was 10.8 cents, a decrease from the previous year's 11.1 cents. Rail operating costs per passenger mile for FY 87/88 was 21.0 cents, slightly below the previous year's figure of 21.1 cents.

Weekday passenger trips averaged 198,259 for FY 87/88, compared with 194,226 for the previous year. During four months of the fiscal year, average weekday patronage exceeded 200,000, including a high of 200,985 passenger trips in June. Annual passenger miles reached 722,583,063 for FY 87/88, an increase of 26.6 million over the previous year, with an average of 12.5 miles for each trip during FY 87/88, compared with 12.4 miles the year before.

In addition to funds derived from passenger fares, interest income and advertising, BART received \$92.2 million in revenues from 75 percent of the one-half cent transit sales tax in the three BART counties, \$425,000 in state and local funds and \$8.2 million in property tax available for operations.

Of the \$92.2 million derived from the sales tax, \$12.6 million was allocated to debt service and \$79.6 million was made available for operations.

BART Directors again reduced the property tax rate on the levy for repayment of the principal and interest of \$792 million in general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 3.9 cents per \$100 assessed value, down from 4.21 cents for the previous fiscal year. The property tax generated revenues of \$48.0 million from property owners in Alameda, Contra Costa and San Francisco counties, the three counties making up the District.

	<u>FY 1987/88</u>	<u>FY 1986/87</u>
Rail Ridership		
Annual passenger trips	57,595,481	56,240,997
Average weekday trips	198,259	194,226
Average trip length	12.5 miles	12.4 miles
Annual passenger miles	722,583,063	695,944,275
Patron trip on-time performance (c)	94.5%	94.4%
System utilization ratio (passenger miles to available seat miles)	32.0%	31.9%
End-of-period ratios:		
Peak patronage	49.4%	49.1%
Offpeak patronage	50.6%	50.9%
BART's estimated share of peak period transbay trips - cars, trains & buses (a)	38.8%	37.0%
Operations		
Annual revenue car miles	31,393,094	30,236,578
Unscheduled train removals - average per revenue day	4.5	4.2
Transit car availability to revenue car fleet (b)	88.8%	91.1%
Passenger miles per equivalent gallon of gasoline	79.0	75.3
Passenger accidents reported per million passenger trips	13.94	16.09
Patron-related crimes reported per million passenger trips	34.17	33.20
Financial		
Net passenger revenues	\$ 78,475,000	\$ 77,654,000
Other operating revenues	5,648,000	6,970,000
Total operating revenues	84,123,000	84,624,000
Net operating expenses (excluding depreciation)	167,775,000	162,202,000
Farebox ratio (net passenger revenues to net operating expenses)	46.77%	47.87%
Operating ratio (total operating revenues to net operating expenses)	50.14%	52.17%
Net rail passenger revenue per passenger mile	10.8¢	11.1¢
Rail operating cost per passenger mile	21.0¢	21.1¢
Net average rail passenger fare (c)	\$ 1.35	\$ 1.37

Notes

- General note: Data represent annual averages unless otherwise noted.
 (a) Based on MTC Transbay survey data for October 1987 and April 1988 (7-9 a.m., 4-6 p.m.).
 (b) At 8 a.m. each day
 (c) Includes **BART/MUNI** Fast Pass

Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors of San Francisco Bay Area Rapid Transit District:

We have audited the accompanying balance sheet of San Francisco Bay Area Rapid Transit District as of June 30, 1988 and the related statements of operations, capital and changes in financial position for the year then ended. These financial statements and the supplemental schedule discussed below are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The District's financial statements as of June 30, 1987 and for the year then ended (before the restatement and reclassifications discussed in Note 2) were audited by other auditors whose report, dated September 2, 1987, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such 1988 financial statements present fairly, in all material respects, the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1988 and the results of its operations and the changes in its financial position for the year then ended in conformity with generally accepted accounting principles.

We also reviewed the capital subaccount reclassifications and adjustments and other balance sheet reclassifications described in Note 2 to the financial statements that were applied to restate and reclassify the 1987 financial statements. In our opinion, such reclassifications and adjustments are appropriate and have been properly applied to the 1987 financial statements.

Our audit was made for the purpose of forming an opinion on the basic 1988 financial statements taken as a whole. The supplemental schedule, reconciliation of funded operating expenses in excess of revenues, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplemental schedule for 1988 has been subjected to the auditing procedures applied in our audit of the basic 1988 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 1988 financial statements taken as a whole. The 1987 supplemental schedule was examined by other auditors whose report, dated September 2, 1987, expressed an unqualified opinion on such 1987 supplemental schedule when considered in relation to the 1987 financial statements taken as a whole.

Deloitte Haskins + Sells *Adams, Grant, Werner & Co.*
 Deloitte Haskins + Sells Adams, Grant, Werner & Co.
 Oakland, California
 September 9, 1988

BALANCE SHEETS

June 30, 1988 and 1987 (In thousands)

ASSETS	1988	1987	LIABILITIES AND CAPITAL	1988	1987
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and investments (Note 3)	\$ 220,717	\$ 149,504	Notes payable (Note 6)		\$ 63,975
Deposits (Note 3)	23,795	60,584	Current portion of long-term debt (Note 5)	\$ 38,880	36,710
Notes and other receivables	9,139	10,297	Payroll and other liabilities	54,601	44,238
Materials and supplies - at average cost	15,076	14,680	Self-insurance liabilities	6,313	5,150
Total current assets	<u>268,727</u>	<u>235,065</u>	Unearned passenger revenue	1,620	1,584
INVESTMENTS (Note 3)	<u>78,721</u>	<u>176,523</u>	Total current liabilities	<u>101,414</u>	<u>151,657</u>
DEFERRED COMPENSATION PLAN INVESTMENTS (Notes 3 and 10)	<u>37,494</u>	<u>31,527</u>	DEFERRED COMPENSATION (Note 10)	<u>37,494</u>	<u>31,527</u>
INVESTMENTS RESTRICTED FOR BOARD DESIGNATED PURPOSES (Note 3)	<u>25,771</u>	<u>27,580</u>	LONG-TERM DEBT (Note 5)	<u>539,650</u>	<u>578,530</u>
FACILITIES, PROPERTY AND EQUIPMENT - At cost, less accumulated depreciation (Note 4)	<u>1,580,433</u>	<u>1,494,512</u>	CAPITAL:		
TOTAL ASSETS	<u>\$1,991,146</u>	<u>\$1,965,207</u>	Grants and contributions, net	680,072	611,127
			Accumulated net revenues	632,516	592,366
			Total capital	<u>1,312,588</u>	<u>1,203,493</u>
			TOTAL LIABILITIES AND CAPITAL	<u>\$1,991,146</u>	<u>\$1,965,207</u>

See notes to financial statements

STATEMENTS OF OPERATIONS

For the Years Ended June 30, 1988 and 1987 (In thousands)

	1988				1987			
	OPERATIONS	CONSTRUCTION (Note 2)	DEBT SERVICE	COMBINED TOTAL	OPERATIONS	CONSTRUCTION (Note 2)	DEBT SERVICE	COMBINED TOTAL
OPERATING REVENUES:								
Fares	\$ 78,475			\$ 78,475	\$ 77,654			\$ 77,654
Other (including investment income)	5,648			5,648	6,970			6,970
Total operating revenues	<u>84,123</u>			<u>84,123</u>	<u>84,624</u>			<u>84,624</u>
OPERATING EXPENSES:								
Transportation	61,462			61,462	61,912			61,912
Maintenance	68,107			68,107	63,977			63,977
Police services	9,540			9,540	8,905			8,905
Construction and engineering	6,268			6,268	5,997			5,997
General and administrative	31,270			31,270	28,746			28,746
Depreciation	35,202			35,202	31,800			31,800
Total operating expenses	<u>211,849</u>			<u>211,849</u>	<u>201,337</u>			<u>201,337</u>
Less capitalized costs	(8,872)			(8,872)	(7,335)			(7,335)
Net operating expenses	<u>202,977</u>			<u>202,977</u>	<u>194,002</u>			<u>194,002</u>
OPERATING LOSS	<u>(118,854)</u>			<u>(118,854)</u>	<u>(109,378)</u>			<u>(109,378)</u>
OTHER REVENUES (EXPENSES):								
Transactions and use tax	79,649		\$ 12,594	92,243	73,617		\$ 13,474	87,091
Property tax	8,226		50,867	59,093	7,412		51,102	58,514
State financial assistance	77			77	479			479
Local financial assistance	348			348	548			548
Other investment income		\$ 21,317	4,984	26,301		\$ 24,462	5,254	29,716
Interest expense			(35,146)	(35,146)			(39,127)	(39,127)
Other - net			(26)	(26)			(18)	(18)
Total other revenues	<u>88,300</u>	<u>21,317</u>	<u>33,273</u>	<u>142,890</u>	<u>82,056</u>	<u>24,462</u>	<u>30,685</u>	<u>137,203</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>\$ (30,554)</u>	<u>\$ 21,317</u>	<u>\$ 33,273</u>	<u>\$ 24,036</u>	<u>\$ (27,322)</u>	<u>\$ 24,462</u>	<u>\$ 30,685</u>	<u>\$ 27,825</u>

See notes to financial statements

STATEMENTS OF CAPITAL

For the Years Ended June 30, 1988 and 1987 (In thousands)

	GRANTS AND CONTRIBUTIONS	ACCUMULATED NET REVENUES	TOTAL
BALANCES, JUNE 30, 1986 (As restated, Note 2)	\$ 553,618	\$ 549,879	\$ 1,103,497
EXCESS OF REVENUES OVER EXPENSES		27,825	27,825
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	72,171		72,171
Depreciation and retirements of assets acquired with grants and contributions	(14,662)	14,662	
BALANCES, JUNE 30, 1987	611,127	592,366	1,203,493
EXCESS OF REVENUES OVER EXPENSES		24,036	24,036
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	85,059		85,059
Depreciation and retirements of assets acquired with grants and contributions	(16,114)	16,114	
BALANCES, JUNE 30, 1988	<u>\$680,072</u>	<u>\$632,516</u>	<u>\$1,312,588</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the Years Ended June 30, 1988 and 1987 (In thousands)

	1988	1987
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 24,036	\$ 27,825
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	35,202	31,800
Net effect of changes in:		
Deferred compensation plan liabilities	5,967	8,273
Notes and other receivables	1,158	647
Materials and supplies	(396)	(401)
Payroll and other liabilities	4,759	2,705
Self-insurance liabilities	1,163	618
Unearned passenger revenue	36	7
Net cash provided by operating activities	<u>71,925</u>	<u>71,474</u>
INVESTMENT ACTIVITIES:		
Expenditures for facilities, property and equipment	(117,183)	(106,185)
Proceeds from sale of investments	186,326	245,367
Purchase of investments	(186,326)	(245,367)
Total cash used by investment activities	<u>(117,183)</u>	<u>(106,185)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of notes payable	—	18,950
Repayments of notes payable	(63,975)	(22,630)
Repayments of long-term debt	(36,710)	(34,665)
Capital grant contributions received	85,059	72,171
Total cash provided (used) by financing activities	<u>(15,626)</u>	<u>33,826</u>
CASH AND INVESTMENTS (Note 3):		
Net decrease for year	(60,884)	(885)
Beginning of year	442,676	443,561
End of year	<u>\$ 381,792</u>	<u>\$ 442,676</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Reporting Entity - San Francisco Bay Area Rapid Transit District (District) is a public agency created by the legislature of the State of California (State) in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended, and subject to transit district law as codified in the California Public Utilities Code. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with federal, state and local agencies.

For financial reporting purposes, the District's financial statements include all financial activities that are controlled by or dependent upon actions taken by the District's Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments are stated at cost or amortized cost, except for investments of the deferred compensation plan which are stated at current (market) value. As a matter of policy, the District holds investments until their maturity.

Deposits, consisting of cash and investments, are held by trustee banks in accordance with the District's various bond indentures and for general debt service requirements. Deposits are stated at cost.

Facilities, Property and Equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others.

The District capitalizes certain interest revenue and expenditures related to tax-free borrowings. The net effect of such interest capitalization was to decrease expenditures for facilities, property and equipment by \$913,000 and \$1,136,000 during the years ended June 30, 1988 and 1987, respectively, for excess interest revenue from applicable borrowings over interest expenses.

Self-Insurance Liabilities - The District is largely self-insured for workers' compensation claims, general liability claims, and major property damage. The District accrues the estimated costs of the self-insured portion of claims.

Capital - During the year ended June 30, 1988, the District determined that certain capital subaccount balances as of June 30, 1986 should be reclassified and adjusted. As a result, 1986 capital subaccounts have been reclassified and adjusted from those previously reported, as follows (in thousands):

	Reserves	Grants and Contributions	Accumulated Net Revenues	Total
Balances, June 30, 1986 (as previously reported)	\$ 32,223	\$ 610,402	\$ 465,704	\$ 1,108,329
Reclassify prior capital designations recorded as grants and contributions (net of related accumulated depreciation) to accumulated net revenues		(56,784)	56,784	
Adjust for capitalized insurance			(4,832)	(4,832)
Reclassify reserves	(32,223)		32,223	—
Balances, June 30, 1986 (as restated)	—	\$ 553,618	\$ 549,879	\$ 1,103,497

Contributed Capital - The District periodically receives grants from: the Urban Mass Transportation Administration (UMTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit related equipment and improvements. Capital grant funds earned, less amortization equal to annual and accumulated depreciation of the related assets, are included in contributed capital.

Statements of Operations have been expanded to present the financial activities of the general operations of the transit system, revenues restricted by the Board of Directors for construction activity, and revenues restricted by the District's various bond indentures for debt service (including interest expense) on outstanding long-term debt.

Unearned Passenger Revenue/Fares is an estimate of passenger tickets purchased which have not yet been completely used.

Transactions and Use Tax (Sales Tax) Revenue - A one-half percent transactions and use tax is collected within District boundaries and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid directly by the State Board of Equalization to the District's trustee for the

purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services. The District records the total transactions and use taxes earned (including amounts paid to the trustee) as revenue.

Property Taxes, Collection and Maximum Rates - The State of California (State) Constitution article XIII A provides that the general purpose maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100 percent of market value as defined by article XIII A and may be adjusted by no more than two percent per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent tax levy among the counties, cities, school districts and other districts, such as the District.

The District receives property tax revenues to meet the debt service requirements of its General Obligation Bonds. The District also receives an allocation of property tax revenues for transit operations.

San Francisco, Alameda and Contra Costa Counties assess properties, bill for, collect, and distribute property taxes. Property taxes are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

Financial assistance grants are accrued as revenue in the period to which the grant applies.

Pension costs are expensed as incurred. Such costs equal the actuarially determined annual contribution amount. See Note 9.

Statements of Changes in Financial Position - The basis of presentation has been changed in 1988 to highlight the District's cash flows and the 1987 amounts have been reclassified to conform to the 1988 presentation.

Reclassifications - Certain reclassifications have been made to the District's 1987 financial statements to conform with the 1988 presentation, including presentation of the balance sheet on a classified basis.

6. NOTES PAYABLE

In July 1986, the District issued \$18,950,000 in subordinated Sales Tax Anticipation Notes to provide interim financing to defray operating expenses of the District in anticipation of the receipt of taxes, income, revenue and other monies to be received during or allocable to the year ended June 30, 1987. The notes matured and were repaid in July 1987, including interest of \$888,000.

In November 1985, the District issued \$45,025,000 in Grant Anticipation Notes. These notes matured and were repaid during the year ended June 30, 1988.

7. FEDERAL CAPITAL GRANTS

The U.S. Department of Transportation provides financial assistance to the district for capital projects. Grants which were active during the year ended June 30, 1988 are summarized as follows (in thousands):

Total approved project costs	<u>\$496,157</u>
Total approved federal funds	\$386,415
Less amounts received	<u>(275,160)</u>
Remaining amount available under federal grants	<u>\$111,255</u>

8. STATE AND LOCAL FINANCIAL ASSISTANCE

The District receives local operating and capital assistance from Transportation Development Act Funds (TDA). For the year ended June 30, 1988 TDA assistance was \$387,000 (1987, \$713,000), of which \$39,000 (1987, \$165,000) was used for capital purposes and \$348,000 (1987, \$548,000) was operating assistance. These funds are received from the counties of Alameda and Contra Costa to meet, in part, the District's operating and capital requirements based on annual claims filed by the District and approved by the Metropolitan Transportation Commission (MTC).

The District receives state operating and capital assistance from State Transit Assistance Funds (STA). For the year ended June 30, 1988, STA assistance was \$250,000 (1987, \$632,000), of which \$93,000 (1987, \$73,000) was used for capital purposes, \$77,000 (1987, \$479,000) was operating assistance and \$80,000 (1987, \$80,000) was used for flow-through projects. These funds are allocated by MTC based on the ratio of the District's transit operation revenue and local support to the revenue and local support of all state transit agencies.

9. EMPLOYEES RETIREMENT PLAN

Plan Description - All permanent employees are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System. The Fund is an agent multiple-employer defined benefit retirement

plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by state statute and District ordinance.

The District contributed to the Fund .015% and 14.10% of payroll for public safety personnel and 0% and 8.24% for miscellaneous covered employees for the years ended June 30, 1988 and 1987, respectively. The District's 1988 contribution rates were reduced due to a surplus of the District's portion of the Fund's net assets over the District's pension benefit obligation caused by a change in actuarial valuation method and an actual rate of return on investment assets that exceeded the assumed rate. The District's covered payroll for employees participating in the Fund for the years ended June 30, 1988 and 1987 was \$83,178,000 and \$79,940,000, respectively. The District's 1988 and 1987 payroll for all employees was \$91,325,000 and \$86,301,000, respectively.

Funding Status and Progress - Actuarial data as of June 30, 1988, including the District's pension benefit obligation discussed below, has not yet been prepared by the Fund's actuaries in accordance with Governmental Accounting Standards Board Statement No. 5, "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers" (GASB No. 5). According to the Fund's actuaries, such data will be available in late calendar 1988.

These disclosures are based on actuarial data prepared in accordance with requirements in effect prior to GASB No. 5, and District Management believes such actuarial data provides a fair representation of the District's funding status and progress.

The "pension benefit obligation" is a standardized disclosure measure that results from applying actuarial assumptions to calculate the present value of estimated pension benefits payable in the future, based on the effects of projected salary increases, step rate benefits, and employees' estimated total service prorated on the basis of service to date. The measure is intended to help users assess the funding status of the District's portion of the Fund to which contributions are made on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used.

The pension benefit obligation shown below was computed as part of an actuarial valuation performed as of June 30, 1987. The significant actuarial assumptions used in the 1987 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.5%, annual payroll increases of 5.75%, and no postretirement benefit increases.

The funding status applicable to the District's two employee groups at June 30, 1987 follows (in thousands):

	<u>Public Safety</u>	<u>Miscellaneous</u>	<u>Total</u>
Pension benefit obligation	\$ 11,260	\$ 160,310	\$ 171,570
Net assets available for benefits, at market	<u>15,663</u>	<u>193,877</u>	<u>209,540</u>
Surplus net assets over pension benefit obligation	<u>\$ 4,403</u>	<u>\$ 33,567</u>	<u>\$ 37,970</u>

Actuarially Determined Contributions Required and Contributions Made - The funding policy of the Fund provides for actuarially determined periodic contributions by the District at rates such that sufficient assets will be available to pay benefits when due. The District's contribution to the Fund for the years ended June 30, 1988 and 1987 were made in accordance with the actuarially determined requirements computed as of June 30, 1987 and 1986, respectively. The District's pension expense and funded contribution for the years ended June 30, 1988 and 1987 were \$1,000 and \$6,875,000, respectively. The reduction in the 1988 pension contribution was due to the surplus asset position in the District's portion of the Fund caused by a change in actuarial valuation method and an actual rate of return on investment assets that exceeded the assumed rate. The surplus asset position is being offset against the current year's normal cost contribution. The actuarially determined normal cost contribution rate before reduction for the surplus asset amortization was 17.075% (1987, 17.284%) for safety employees and 8.257% (1987, 7.201%) for miscellaneous employees. As a result of collective bargaining agreements, any savings in pension expenditure due to a reduction in contribution rate is to be redistributed towards an alternative benefit for covered employees.

The District's normal cost contribution rate is determined using the entry-age normal funding method. The Fund would use the same method to amortize any unfunded liability.

Significant actuarial assumptions used in the June 30, 1986 valuation to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

10. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all officers and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, or certain other covered events.

As required by IRC Section 457, all amounts of compensation deferred under the deferred compensation plan and all income attributable to those amounts, remain the property of the District (until paid or made available to the participants), subject only to the claims of the District's general creditors. Participants' rights under the deferred compensation plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant. The plan administrator has invested the deferred amounts in numerous participant-directed, uninsured investments.

District Management believes that the District has no liability under the terms of the plan for any amounts other than the participants' account balances.

11. MONEY PURCHASE PENSION PLAN

All District employees, except sworn police officers, participate in the Money Purchase Pension Plan which is a supplemental retirement program. In January 1981, the District's employees elected to withdraw from the Federal Social Security System (FICA) and established the Money Purchase Pension Plan. The District contributes an amount equal to 6.65% of covered employee's annual compensation (up to \$29,700 after deducting the first \$133 paid during each month) up to a maximum annual contribution of \$1,868. Additionally, the District contributes to each employee's account approximately 1.63% of covered payroll for the savings realized when the District de-pooled its Public Employees Retirement Fund (Fund) account. This amount was formerly paid to the employee's Fund account. Each employee's account is available for distribution upon such employee's termination.

The District's total expense and funded contribution for this plan for the years ended June 30, 1988 and 1987 were \$5,210,000 and \$5,106,000, respectively. Money Purchase Pension Plan assets at June 30, 1988 and 1987 were \$45,766,000 and \$39,529,000, respectively.

12. LITIGATION

The District is involved in various lawsuits, claims and disputes, which for the most part are normal to the District's operations. In the opinion of District Management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

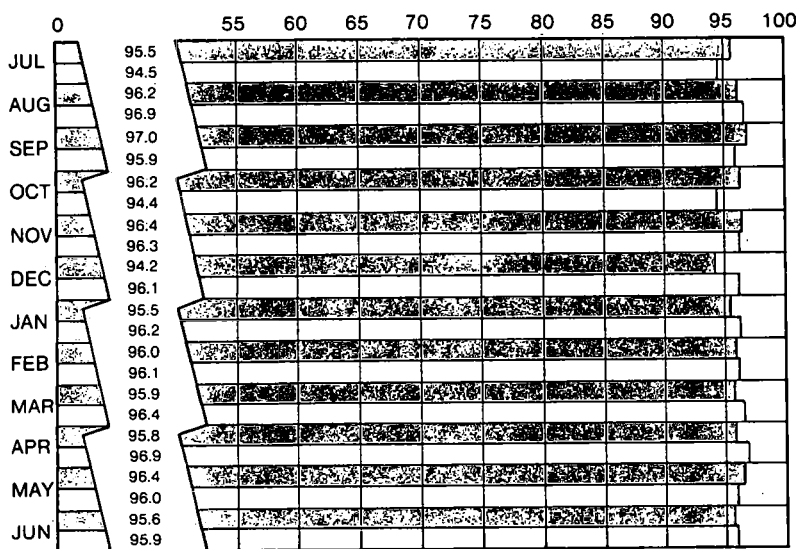
Supplemental Schedule of Reconciliation of Funded Operating Expenses in Excess of Revenues for the Years Ended June 30, 1988 and 1987 (In thousands)

The following is a reconciliation of funded operating expenses in excess of revenues after capital designations and before depreciation:

	1988	1987
EXCESS OF EXPENSES OVER REVENUES:		
Operations	\$(30,554)	\$(27,322)
CAPITAL DESIGNATIONS	(4,708)	(4,505)
DEPRECIATION	35,202	31,800
FUNDED OPERATING EXPENSES IN EXCESS OF REVENUES AFTER CAPITAL DESIGNATIONS AND BEFORE DEPRECIATION	<u>\$ (60)</u>	<u>\$ (27)</u>

Capital designations are made by the District annually for capital purposes which represent the excess of revenue over expenses before depreciation generated by operations.

Daily On-Time Performance



Message from the General Manager

There is no doubt that the 1987/88 fiscal year represented a pivotal point in BART's continuing evolution. The level of public support in the Bay Area for regional rapid transit, including the willingness to pay for expansions and extensions, has never been higher.

This broad level of public support is reflected in the consensus on regional rail extension reached in March, under the auspices of the Metropolitan Transportation Commission (MTC). This was further reflected by the ensuing agreement in principle approved in June by BART and the San Mateo County Transit District.

The regional extension resolution puts heavy emphasis on extending the BART system in the three BART counties, as well as to the vicinity of the San Francisco Airport. Under the BART Board's Phase I Extension Policy, BART would expand from its current 71.5 miles to 104.6 miles of track and from 34 to 44 stations.

The agreement with SamTrans calls for 75% federal funding for the BART extension to the vicinity of the San Francisco International Airport with SamTrans paying the local share, as well as operating costs. SamTrans made an equity contribution of \$200 million to BART, which will be used to help fund extensions in the East Bay.

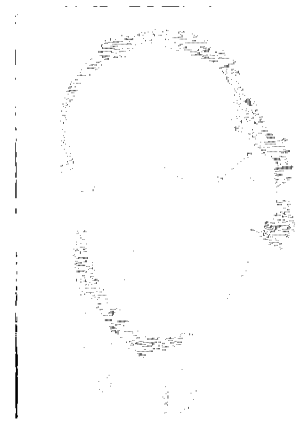
These two historic agreements signify the prominent position accorded to BART by the public and represent the resolution of long-standing differences of opinion regarding BART extension priorities and how they should be funded.

Also, during the period of this Annual Report, there was significant growth in ridership, following nearly eighteen months of level patronage. An aggressive marketing effort, coupled with increased parking capacity and consistently high marks for on time performance, contributed to this new growth cycle.

Ridership growth and the reality of extensions both underscore BART's progress during the year on the \$500 million program to expand passenger capacity on the present system. The completion of this program, with its many interlocking components, is now well in view. For example C-Cars are finally arriving and will soon be running in a test mode on the new Daly City turnback facility.

The components of this program, when integrated, will provide BART with greater operating efficiency, as well as increased passenger capacity. BART will be able to proceed with the extensions knowing that the basic system will support the increased passenger demands which they will bring.

We also made progress in solving the looming operating deficits facing BART and the other major transit operators. For example, the cost of the express bus program, under a new contract that goes into effect



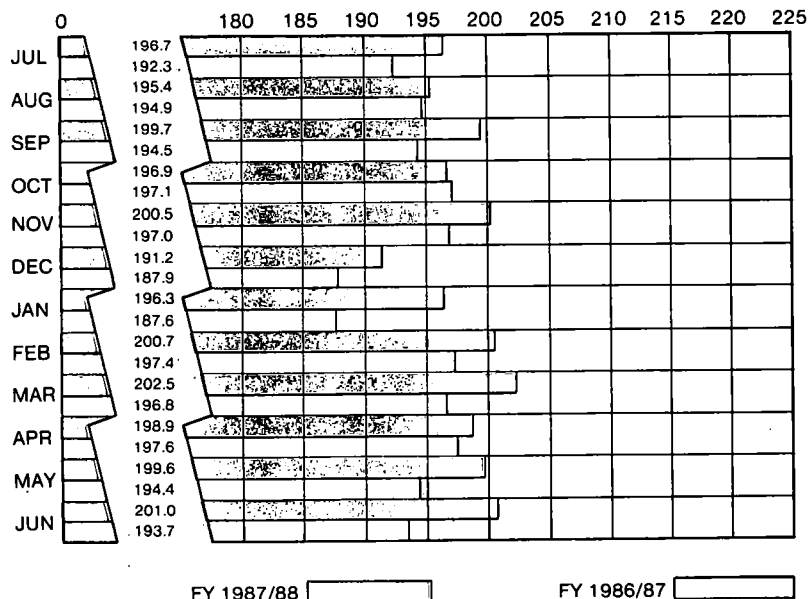
Keith Bernard
General Manager, BART

in January, 1989, is expected to decrease by \$1.4 million annually. Traction and station electrical power costs, also under a new contract now in effect, have been decreased by \$1.5 million annually. Labor negotiations were in progress at year end which, along with overall belt tightening, were expected to bring BART's future budgets into balance.

Accomplishments are generally gained by overcoming difficult problems along the way. We have had our share of both problems and accomplishments during the past year. We have maintained our resolve to insist on services and equipment that meet contractual standards of quality and performance even though at times this meant delays to previously established schedules. We have insisted on receiving fair value from suppliers and contractors and have taken the necessary time to get things right.

We should note the signposts of this past year and steer BART's course accordingly. First, there is broad public support for extending BART throughout the Bay Area. Second, improved performance and innovative marketing have led to a new cycle of ridership growth. Third, the capacity expansion program, which is nearing completion, is critical to increasing ridership and to the success of the extensions. In summary, if we maintain faith in this course, BART will increasingly become the dominant factor in the region's transportation picture.

Average Weekday Patronage (000's)

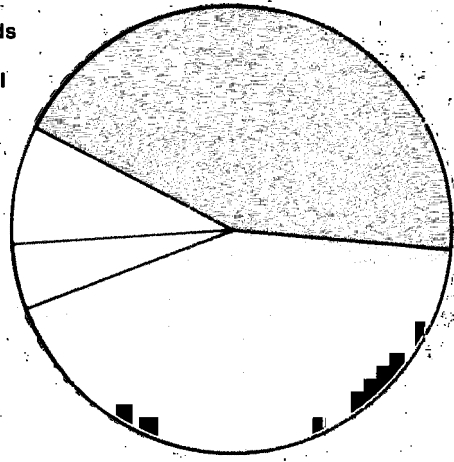


FY 1987/88

FY 1986/87

Where Funds Came From (In Thousands)

- **Transaction & Use Sales Tax**
\$79,649 43.92%
- **Fares**
\$78,475 43.27%
- **Property Tax**
\$8,226 4.54%
- **Other**
\$15,005 8.27%
- **Investment Income and Other Operating Revenues**
\$5,648 3.12%
- **State Financial Assistance**
\$77 0.04%
- **Construction Funds**
\$8,872 4.89%
- **Regional Financial Assistance**
\$348 0.19%
- **Decrease in Working Capital***
\$60 0.03%

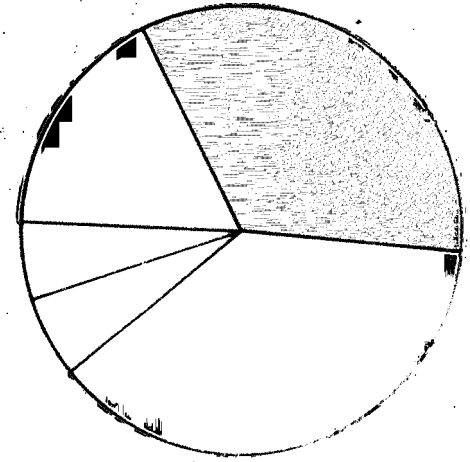


TOTAL
\$181,355 100.00%

**OPERATING FUNDS
1987/1988**

How Funds Were Applied (In Thousands)

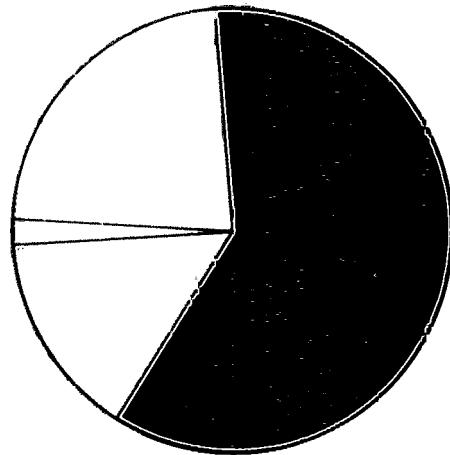
- **Maintenance**
\$68,107 37.56%
- **Transportation**
\$61,462 33.89%
- **General Administration**
\$31,270 17.24%
- **Police Services**
\$9,540 5.26%
- **Other**
\$10,976 6.05%
- **Capital Designations**
\$4,708 2.59%
- **Construction & Engineering**
\$6,268 3.46%



TOTAL
\$181,355 100.00%

Source of Funds (In Thousands)

- **District**
\$27,404 22.66%
- **Federal**
\$72,536 60.00%
- **State**
\$18,591 15.38%
- **Local**
\$2,370 1.96%

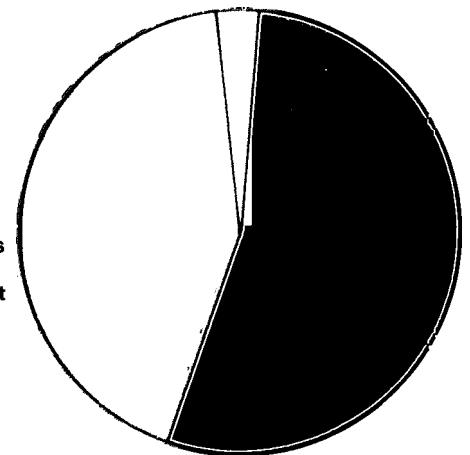


TOTAL
\$120,901 100.00%

**CAPITAL FUNDS
1987/1988**

Expenditures (In Thousands)

- **Construction**
 - **Line**
\$46,838 38.74%
 - **Systemwide**
\$4,751 3.93%
 - **Support Facilities**
\$368 0.30%
- **Equipment**
 - **Train Control**
\$9,764 8.08%
 - **Communications**
\$177 0.15%
 - **Transit Vehicles**
\$53,841 44.53%
- **Studies & Other**
\$2,896 2.40%
- **Automatic Fare Collection**
\$736 0.51%
- **Management Information Systems**
\$450 0.37%
- **Support Vehicles**
\$163 0.13%
- **Other Equipment**
\$917 0.76%



TOTAL
\$120,901 100.00%



San Francisco Bay Area Rapid Transit District (BART)

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (415) 464-6000

Established in 1957 by the California State Legislature.
Authorized to plan, finance, construct, and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters in nine election districts within the counties of Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS — Fiscal Year 1988

PRESIDENT

John Glenn, Fremont

VICE PRESIDENT

Wilfred T. Uweary, San Francisco

Members of the Board

- District #1 - **Sandra Simpson**, Orinda
- District #2 - **Natalie Blanton**, El Sobrante
- District #3 - **Howard Stappert**, El Cerrito
- District #4 - **Shirley J. Brown**, Oakland
- District #5 - **Robert S. Hill**, Alameda
- District #6 - **William J. ...**, ...
- District #7 - **William J. ...**, San Francisco
- District #8 - **A. ...**, ...
- District #9 - **John H. Kirkwood**, San Francisco

Board-Appointed Officers

- C.K. Bernard**, General Manager
- Sherwood Wakeman**, General Counsel
- William F. Goetz**, Controller/Treasurer
- Phillip O. Ormshaw**, District Secretary

Department Managers Reporting to the General Manager

- Richard P. Banko**, Executive Manager, Maintenance & Engineering
- William B. Fletcher**, Chief Transportation Officer
- Howard L. Goode**, Planning, Budget & Analysis
- Michael C. Hasty**, Public Affairs
- Ernest G. Howard**, Administrative Services
- John Mack**, Affirmative Action
- Thomas R. Sheehan**, Information Systems
- William Thomas**, Material Management & Procurement
- Reps S. Watts**, Safety
- Larry A. Williams**, Employee Relations

The Annual Report is published by the District pursuant to Section 26176, Public Utilities Code of the State of California.

Design, Illustration & Typography: Universal Graphics, San Leandro
Printing: ...
Photography: ...
System Manager: ...
Writer: Du...
Editor: ...

BART LIBRARY COPY

All about BART
1989

Service Improvements
and Extensions

1989



INSERT
THIS
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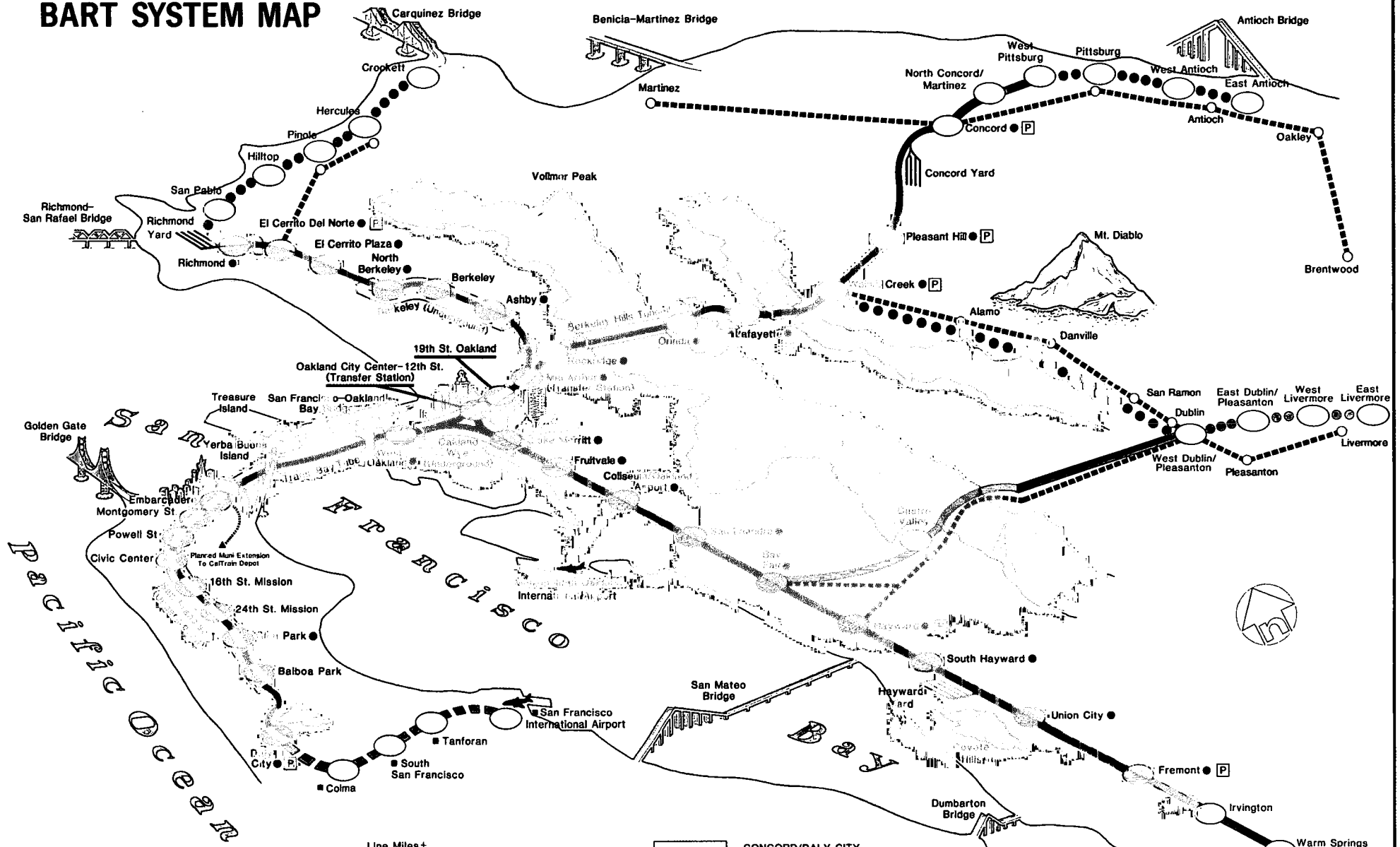


SEE
OTHER
SIDE

SEE
OTHER
SIDE

BAY AREA RAPID TRANSIT DISTRICT ANNUAL REPORT 1988/1989

BART SYSTEM MAP



System Information
 Total number of automobile parking spaces at BART Stations: 26,422
 (10% of these parking spaces for mid-day parking)

Line Miles†	
A Line—(Fremont to Lake Merritt)	23 Miles
M Line—(Daly City to Oakland West)	15 Miles
R Line—(Richmond to MacArthur)	12 Miles
C Line—(Downtown Oakland to Concord)	21.5 Miles
	Total Miles 71.5 Miles

†All miles are calculated from the Oakland WYE

	CONCORD/DALY CITY RICHMOND/DALY CITY RICHMOND/FREMONT FREMONT/DALY CITY
	BART Express Bus
	Parking
	Preferential Carpool Parking
	BART Rail System
	BART First Phase Extensions Inside District
	BART First Phase Extensions Outside District
	BART Second & Third Phase Extensions Inside District
	Extensions outside the District are subject to a satisfactory cost-sharing arrangement.
	Planned Muni Metro Turnaround and Extension.

ART Richardson
 Documentation Div. '83



March 1, 1989



KEEPING OUR EYE ON THE RIDER

As the leading player on the Bay Area's public transportation scene, BART continued during fiscal 1989 to provide safe, reliable and convenient train service for commuters, shoppers, sightseers and people attending special events.

BART also continued to plan and prepare for extending its present 71.5 mile system to communities not presently served by rapid rail transit and to expand its capacity for carrying passengers on the existing system.

INCREASING OUR CAPACITY AND FREQUENCY

Fleet of Cars

As of June 30, 1989, BART had accepted 90 of the 150 new C-Cars designed to boost passenger capacity and increase operating efficiency. More than a year previously, on March 28, 1988, the first of the C-Cars in revenue service made an inaugural run from Fremont to Daly City.

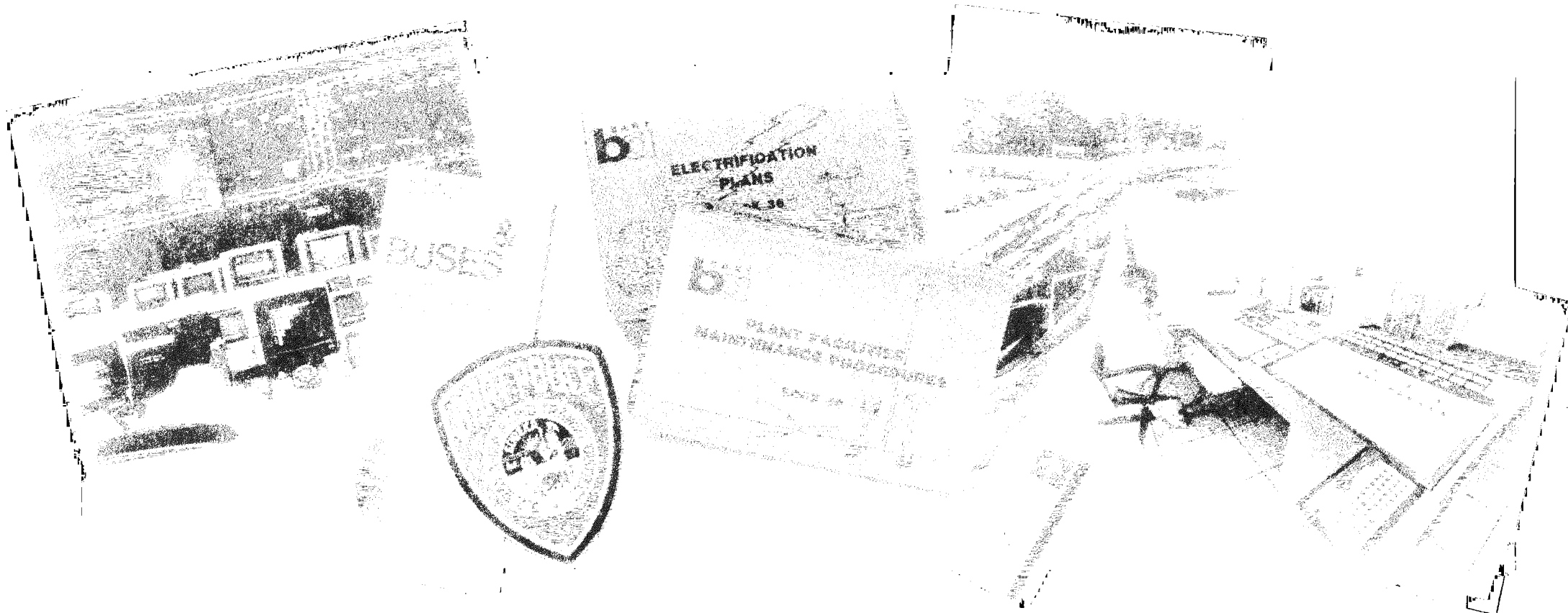
The new cars had accumulated approximately 80,000 hours of revenue service as of June 30, 1989, but the number of the new cars available for revenue service (62 percent

in the April-June quarter) fell below District expectations.

BART identified deficiencies in the components of the new cars and communicated with the manufacturer and sub-contractors to correct them.

Integrated Control System

BART's new integrated control system (ICS) is designed to replace the District's existing train control computers and permit the operation of 75 trains instead of the present capacity of 55 trains.



The seven-stage project, when it is fully in place in 1991, will allow BART to monitor and supervise train scheduling, route selection and the setting of train performance levels.

During fiscal 1989, work on the interlocking and train tracking software was completed and work continued on prototypes to control failover (the process of a backup computer taking over from a failed primary computer) and recovery, train dispatching and scheduling, train management and the integration of the new control system.

Daly City Projects

Nearing completion at the end of the fiscal year on June 30, 1989 were BART's Daly City Turnback, Yard and Shop projects, the largest construction program undertaken since the completion of the original system.

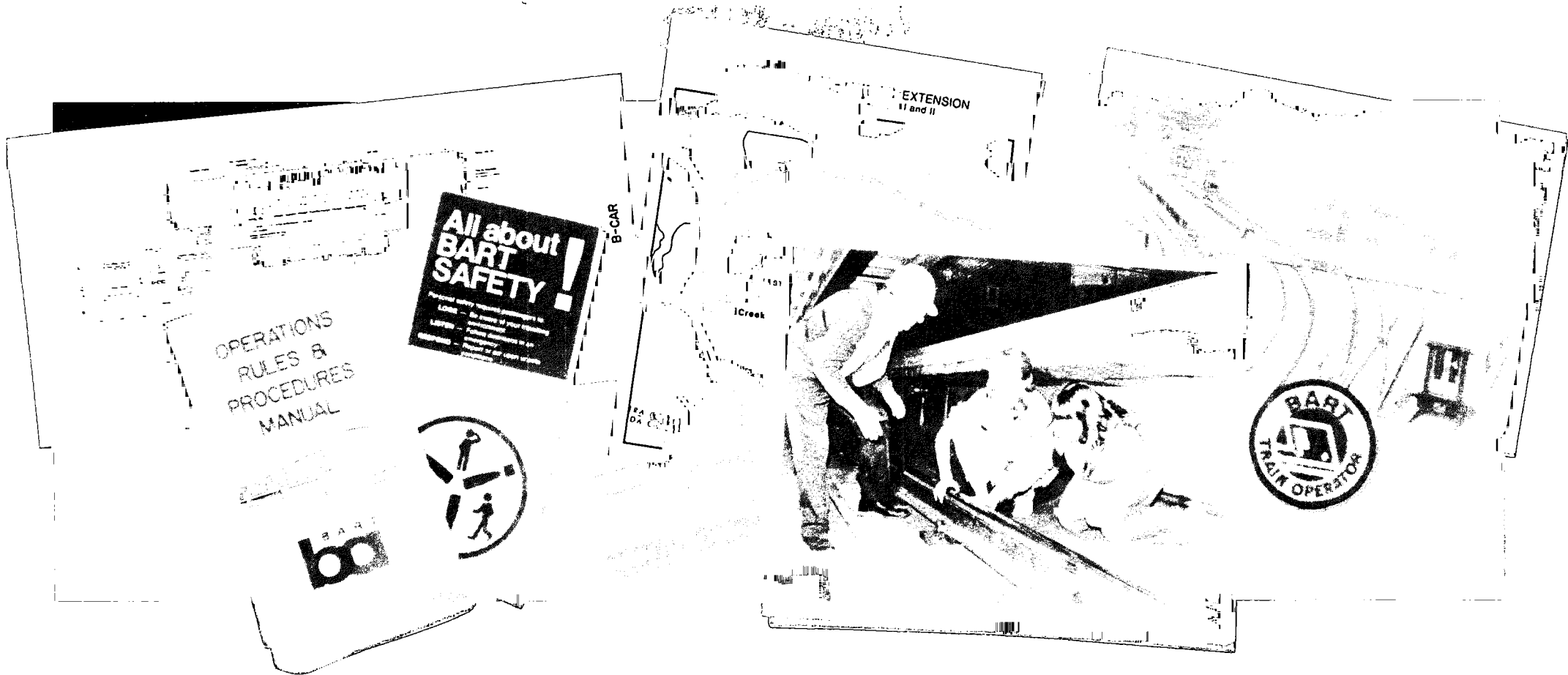
At a completion cost of approximately \$150 million, the Turnback, Yard and Shop will permit a faster "turnback" of south-bound trains reaching the Daly City Station. They will also provide storage and maintenance capacity for the increased fleet of cars and reduce dead-head miles. Decreasing the turnback time increases the allowable frequency of service.

As the fourth quarter of the fiscal year drew to a close, the Yard track and contact rail installation was virtually complete and the Yard traction power installation was roughly three-fourths complete.

At the same time, communications equipment and Yard control conduit and cables were being installed and the train control equipment was being tested.

Electrical Capacity Increase

In June, 1989, just prior to the end of the fiscal year, BART awarded a contract for the installation of equipment designed to boost third rail power capacity and distribu-



tion. The project, expected to cost nearly \$8 million, is designed to allow the operation of more trains on BART's mainline tracks and in its yards.

New On-Board Control

BART's vehicle Automatic Train Control (ATC) system, designed to sharply reduce service disruptions due to equipment failure in BART's original control system, was retrofitted to 131 A-Cars by the close of the fiscal year. (The new C-Cars are already equipped with the new system.)

Software and hardware modifications to improve the new ATC even further were

under evaluation at the close of the year, for application to BART's C-Cars.

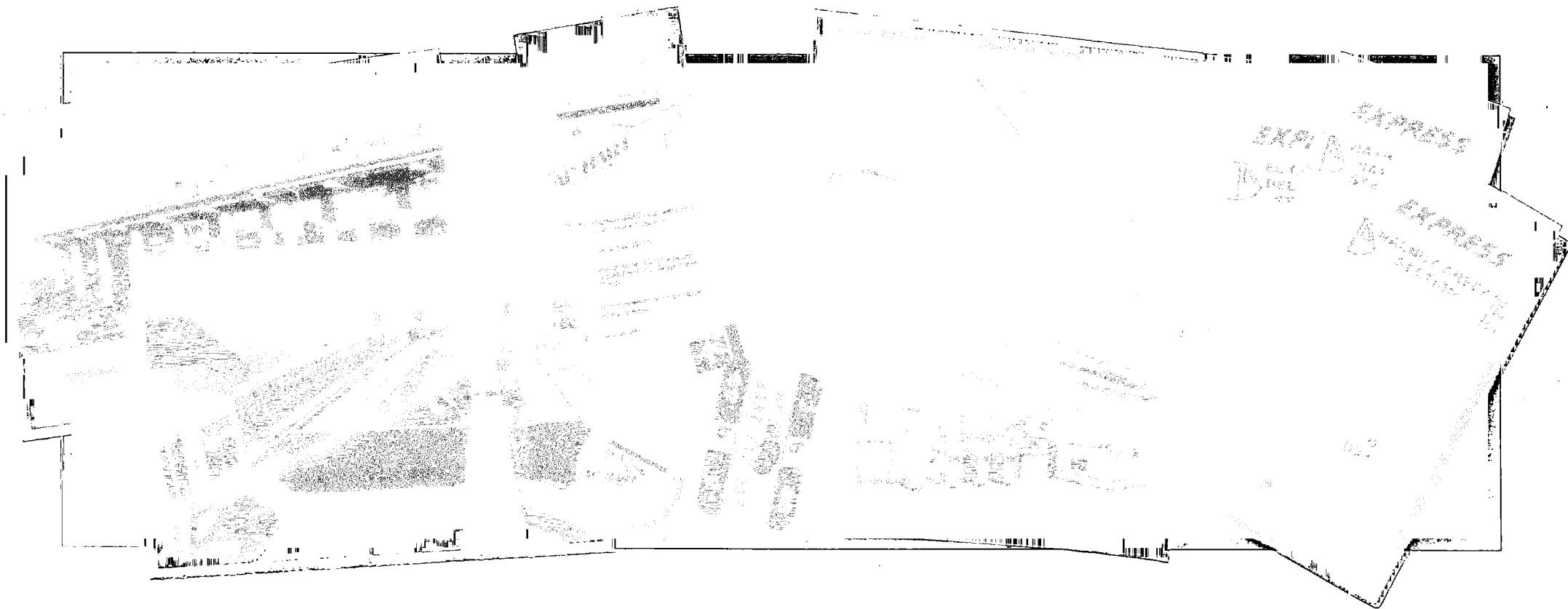
The primary benefit of the new system is the improvement in service reliability but it will also provide a smoother ride for passengers and will result in savings in energy consumption.

Wayside Train Control Modifications

A \$15 million program to reconfigure and modify track circuits, station approach markers, signals and software aimed at allowing trains to run at more frequent intervals to

and from San Francisco and the East Bay progressed on schedule during the fiscal year.

Due to the original design of BART's trackway, only one train can occupy a track "block" at any one time and the original block size limits the time intervals between trains to 3.75 minutes. The wayside project includes shortening the blocks so that the trains can run at intervals of 2.25 minutes. The project is scheduled to be completed in 1991.



INCREASING OUR REACH

BART entered the 1989 fiscal year shortly after the adoption of a rail-funding program by the Metropolitan Transportation Commission (MTC). The MTC program included BART extensions in Alameda, Contra Costa and San Mateo counties. The adoption of the MTC program, reflecting a regional consensus, is considered to be a pivotal step in securing state funding commitments and in persuading voters to support additional sales-tax funding.

In October, 1988, for example, the California Transportation Commission (CTC)

committed \$200 million, plus escalation for inflation up to an additional \$48 million, to help fund BART Phase 1 extensions from Concord to West Pittsburg, with a station at North Concord/Martinez; from Fremont to Warm Springs, with a station at Irvington; from BART's Bayfair Station to the Dublin/Pleasanton area, with a stop at Castro Valley; and from the Daly City Station to San Francisco International Airport, with stops at Colma, South San Francisco and San Bruno.

The CTC action, which will require state funding legislation, will be released to BART in increments as the extensions are built.

In August, 1988, escrow closed on the purchase of a 53.9-acre parcel of land in West Livermore as a future site for a BART station as part of the second phase of the District's extension program. Construction would also not begin until the completion of an environmental impact report.

In April, 1989, BART's Board of Directors approved an \$18 million contract for preliminary engineering and general engineering for extensions to Pittsburg, Warm Springs and Coima. Preliminary engineering for the extension to Dublin was already in progress under a separate consultant contract.



BART APPROVES THREE-YEAR UNION CONTRACTS

BART's Board of Directors approved in September, 1988, three-year collective bargaining agreements between the District and the Amalgamated Transit Workers Union and the United Public Employees Union.

The new contracts have cost increases amounting to \$22.5 million more than the previous contracts. Work rule changes and other negotiated items, however, are expected to bring the net costs of the contracts to \$14.8 million.

EXTRA SERVICES FOR SPECIAL EVENTS

BART stepped up its efforts during the fiscal year to encourage Bay Area residents and visitors to ride BART to special events.

Beginning with the July 4 weekend, BART inaugurated a special family fare discount program that allowed three passengers to ride for the price of only one full-fare ticket. The special fare was in effect on weekends through Labor Day.

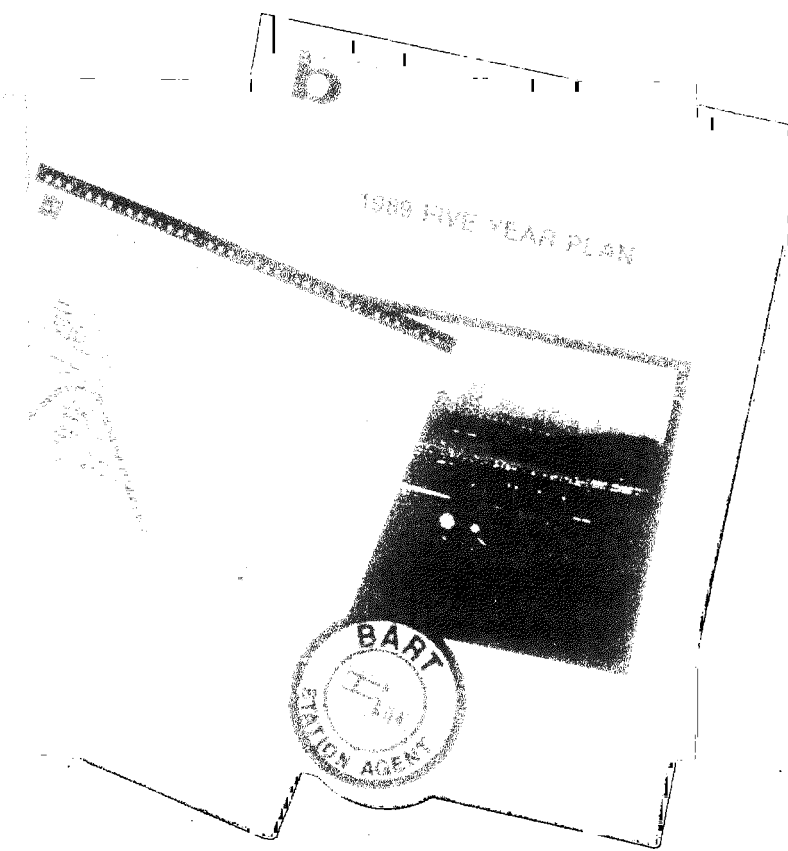
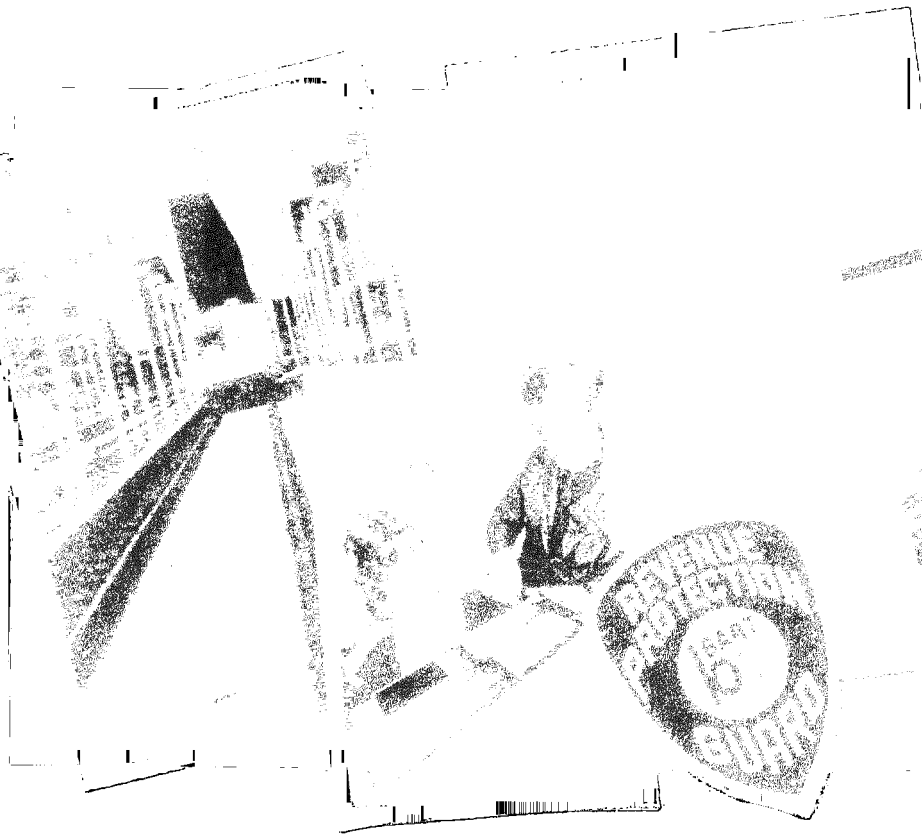
In September, BART kept open its Coliseum Station until 1 a.m. and had twelve 10-car trains standing by to provide service



for fans attending the Amnesty International concert at the Alameda County/Oakland Coliseum.

A month later, BART provided additional trains, plus direct service from San Francisco and Concord on a Sunday for the American League play-off games. Additional trains were also in service when the victorious A's met the Los Angeles Dodgers in the World Series and direct service was available from Concord. Roughly one-third of the fans who saw the third, fourth and fifth games of the World Series at the Coliseum took BART.

Additional service was also provided for the UC Berkeley/Stanford football game, the



BART "Shopper Specials" over the Christmas holiday season, early morning New Year's day revelers, the "Welcome Home" to the San Francisco 49ers for their Super Bowl victory, the Bay to Breakers run and other special events.

DISADVANTAGED BUSINESS ENTERPRISES

BART continued its efforts to make sure that at least 21 percent of the dollar amount of its contracts for goods and services was awarded to companies owned by minorities and women.

Several such companies, referred to as Disadvantaged Business Enterprises (DBE), were awarded BART contracts during fiscal year 1989.

Particularly noteworthy was the selection of two DBE companies as part of a joint venture construction contract-management team to administer and oversee BART's \$1.6 billion extension program. The two companies will be involved in supervising contracts for the preliminary engineering and construction of 33 miles of track, 10 stations and a maintenance yard.

Breaking new ground was a BART contract awarded to a group of DBE com-

panies as a part of a joint venture senior underwriter and co-manager teams to assist the district in the refunding of approximately \$135 million in sales tax revenue bonds. This contract marked a significant milestone.

Minority and women-owned companies have had limited success in the financial services area.

PERFORMANCE HIGHLIGHTS

	FY 1988/89	FY 1987/88
Rail Ridership		
Annual passenger trips	60,457,004	57,595,481
Average weekday trips	207,231	198,259
Average trip length	12.5 miles	12.5 miles
Annual passenger miles	757,225,230	722,583,063
Patron trip on-time performance (%)	95.3%	94.5%
System utilization ratio (passenger miles to available seat miles)	31.7%	32.0%
End-of-period ratios:		
Peak patronage	48.9%	49.4%
Offpeak patronage	51.1%	50.6%
BART's estimated share of peak period transbay trips — cars, trains & buses (a)	39.2%	38.8%
Operations		
Annual revenue car miles	33,195,099	31,393,094
Unscheduled train removals — average per revenue day	2.9	4.5
Transit car availability to revenue car fleet (b)	81.7%	88.8%
Passenger miles per equivalent gallon of gasoline	84.4	79.0

	FY 1988/89	FY 1987/88
Passenger accidents reported per million passenger trips	12.64	13.94
Patron-related crimes reported per million passenger trips	32.92	34.17
Financial		
Net passenger revenues	\$ 83,192,000	\$ 78,475,000
Other operating revenues	6,421,000	5,648,000
Total operating revenues	\$ 89,613,000	\$ 84,123,000
Net operating expenses (excluding depreciation)	\$ 172,216,000	\$ 167,775,000
Farebox ratio (net passenger revenues to net operating expenses)	48.3%	46.8%
Operating ratio (total operating revenues to net operating expenses)	52.0%	50.1%
Net rail passenger revenue per passenger mile	11.0¢	10.8¢
Rail operating cost per passenger mile	20.8¢	21.0¢
Net average rail passenger fare (c)	\$ 1.38	\$ 1.35
Notes		
General note: Data represents annual averages unless otherwise noted.		
(a) Based on MTC Transbay survey data for October 1988 and April 1989 (7-9 a.m., 4-6 p.m.)		
(b) At 8 a.m. each day		
(c) Includes BART/MUNI Fast Pass		

BART patronage increased by more than 2.8 million passenger trips during the 1989 fiscal year, with annual passenger trips reaching 60,457,004, compared with 57,595,481 for the prior year.

The District's estimated share of peak period transbay traffic, including cars, buses and trains, was 39.2 percent, up from 38.8 percent the previous year, based on surveys conducted by the Metropolitan Transportation Commission.

Net passenger revenues reached \$83,192,000 for fiscal 1989, an increase of \$4,717,000 over the fiscal 1988 figure of \$78,475,000. Total operating revenues (including \$6.4 million in interest income, advertising in trains and stations and other income) was \$89,613,000, an increase of over \$5 million from the previous fiscal year.

BART funded 52.0 percent of its net operating expenses, which amounted to \$172,216,000 (excluding depreciation) for fiscal 1989, from passenger fares and other operating revenues. This operating ratio was an increase of 1.9 per-

centage points from the prior fiscal year. The District's objective is to fund no less than one-half of its net operating expenses from operating revenues.

BART's farebox ratio, which relates net passenger revenues to net operating expenses, was 48.3 percent for fiscal 1989, an increase of 1.5 percentage points from the figure for fiscal 1988.

Net rail passenger revenue per passenger mile for fiscal 1989 was 11.0 cents, an increase from the previous year's 10.8 cents. Rail operating costs per passenger mile for fiscal 1989 was 20.8 cents, favorable compared to the previous year's figure of 21 cents.

Weekday passenger trips averaged 207,231 for fiscal 1989, compared with 198,259 for the previous year. Annual passenger miles reached 757,225,230 for fiscal 1989, an increase of 34,642,167 over the previous year, with an average of 12.5 miles for each trip during fiscal 1989, the same average figure reached the previous year.

In addition to funds derived from passenger

fares, interest income and advertising, BART received \$100.6 million in revenues from 75 percent of the one-half cent transit sales tax in the three BART counties, \$732,000 in state and local funds and \$9.1 million in property tax available for operations.

Of the \$100.6 million derived from the sales tax, \$14.5 million was allocated to debt service and \$86.1 million was made available for operations.

BART Directors again reduced the property tax rate on the levy for repayment of the principal and interest of \$792 million in general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 3.72 cents per \$100 assessed value, down 3.9 cents for the previous fiscal year. The property tax generated revenues of \$50.3 million from property owners in Alameda, Contra Costa and San Francisco counties, the three counties making up the District.

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors of San Francisco
Bay Area Rapid Transit District:

We have audited the accompanying balance sheets of San Francisco Bay Area Rapid Transit District as of June 30, 1989 and 1988 and the related statements of operations, capital and changes in financial position for the years then ended. These financial statements and the supplemental schedule discussed below are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1989 and 1988 and the results of its operations and the changes in its financial position for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule, reconciliation of excess operating revenues over (under) expenses, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte Haskins + Sells *Adams, Grant, Werner & Co.*

Deloitte Haskins + Sells
Oakland, California

Adams, Grant, Werner & Co.
September 8, 1989

BALANCE SHEETS

JUNE 30, 1989 AND 1988 (In thousands)

ASSETS	1989	1988	LIABILITIES AND CAPITAL	1989	1988
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and investments (Note 3)	\$ 304,544	\$ 220,717	Current portion of long-term debt (Note 5)	\$ 42,585	\$ 38,880
Deposits (Note 3)	24,332	23,795	Payroll and other liabilities	64,824	54,601
Notes and other receivables	16,483	9,139	Self-insurance liabilities	7,669	6,313
Materials and supplies — at average cost	14,623	15,076	Unearned passenger revenue	1,832	1,620
Total current assets	<u>359,982</u>	<u>268,727</u>	Total current liabilities	<u>116,910</u>	<u>101,414</u>
INVESTMENTS (Note 3)	—	78,721	DEFERRED COMPENSATION (Note 9)	47,855	37,494
DEFERRED COMPENSATION PLAN INVESTMENTS (Notes 3 and 9)	47,855	37,494	LONG-TERM DEBT (Note 5)	497,065	539,650
INVESTMENTS RESTRICTED FOR BOARD DESIGNATED PURPOSES (Note 3)	25,270	25,771	CAPITAL:		
FACILITIES, PROPERTY AND EQUIPMENT — At cost, less accumulated depreciation (Note 4)	1,670,319	1,580,433	Grants and contributions, net	746,535	680,072
TOTAL ASSETS	<u>\$2,103,426</u>	<u>\$1,991,146</u>	Accumulated net revenues	695,061	632,516
			Total capital	<u>1,441,596</u>	<u>1,312,588</u>
			TOTAL LIABILITIES AND CAPITAL	<u>\$2,103,426</u>	<u>\$1,991,146</u>

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED JUNE 30, 1989 AND 1988 (In thousands)

	1989				1988			
	OPERATIONS	CONSTRUCTION (Note 2)	DEBT SERVICE	COMBINED TOTAL	OPERATIONS	CONSTRUCTION (Note 2)	DEBT SERVICE	COMBINED TOTAL
OPERATING REVENUES:								
Fares	\$ 83,192			\$ 83,192	\$ 78,475			\$ 78,475
Other (including investment income)	6,421			6,421	5,648			5,648
Total operating revenues	<u>89,613</u>			<u>89,613</u>	<u>84,123</u>			<u>84,123</u>
OPERATING EXPENSES:								
Transportation	61,656			61,656	61,462			61,462
Maintenance	71,598			71,598	68,107			68,107
Police services	9,801			9,801	9,540			9,540
Construction and engineering	6,722			6,722	6,268			6,268
General and administrative	31,772			31,772	31,270			31,270
Depreciation	37,767			37,767	35,202			35,202
Total operating expenses	<u>219,316</u>			<u>219,316</u>	<u>211,849</u>			<u>211,849</u>
Less capitalized costs	(9,333)			(9,333)	(8,872)			(8,872)
Net operating expenses	<u>209,983</u>			<u>209,983</u>	<u>202,977</u>			<u>202,977</u>
OPERATING LOSS	<u>(120,370)</u>			<u>(120,370)</u>	<u>(118,854)</u>			<u>(118,854)</u>
OTHER REVENUES (EXPENSES):								
Transactions and use tax	86,120		\$ 14,494	100,614	79,649		\$ 12,594	92,243
Property tax	9,083		54,995	64,078	8,226		50,867	59,093
State financial assistance	362			362	77			77
Local financial assistance	370			370	348			348
Sale of tax benefits		\$ 3,077		3,077				
Other investment income		22,471	2,380	24,851		\$ 21,317	4,984	26,301
Interest expense			(25,683)	(25,683)			(35,146)	(35,146)
Other — net			(41)	(41)			(26)	(26)
Total other revenues	<u>95,935</u>	<u>25,548</u>	<u>46,145</u>	<u>167,628</u>	<u>88,300</u>	<u>21,317</u>	<u>33,273</u>	<u>142,890</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>\$ (24,435)</u>	<u>\$ 25,548</u>	<u>\$ 46,145</u>	<u>\$ 47,258</u>	<u>\$ (30,554)</u>	<u>\$ 21,317</u>	<u>\$ 33,273</u>	<u>\$ 24,036</u>

See notes to financial statements.

STATEMENTS OF CAPITAL

FOR THE YEARS ENDED JUNE 30, 1989 AND 1988 (In thousands)

	GRANTS AND CONTRIBUTIONS	ACCUMULATED NET REVENUES	TOTAL
BALANCES, JUNE 30, 1987	\$611,127	\$592,366	\$1,203,493
EXCESS OF REVENUES OVER EXPENSES		24,036	24,036
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	85,059		85,059
Depreciation and retirements of assets acquired with grants and contributions	(16,114)	16,114	
BALANCES, JUNE 30, 1988	680,072	632,516	1,312,588
EXCESS OF REVENUES OVER EXPENSES		47,258	47,258
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	81,750		81,750
Depreciation and retirements of assets acquired with grants and contributions	(15,287)	15,287	
BALANCES, JUNE 30, 1989	<u>\$746,535</u>	<u>\$695,061</u>	<u>\$1,441,596</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 1989 AND 1988 (In thousands)

	1989	1988
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 47,258	\$ 24,036
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	37,767	35,202
Capitalized interest (income) expense	(4,052)	913
Net effect of changes in:		
Deferred compensation plan liabilities	10,361	5,967
Notes and other receivables	(1,092)	1,158
Materials and supplies	453	(396)
Payroll and other liabilities	4,108	4,759
Self-insurance liabilities	1,356	1,163
Unearned passenger revenue	212	36
Net cash provided by operating activities	<u>96,371</u>	<u>72,838</u>
INVESTMENT ACTIVITIES:		
Expenditures for facilities, property and equipment	(116,393)	(118,096)
Proceeds from sale of investments	308,335	186,326
Purchase of investments	(308,335)	(186,326)
Total cash used by investment activities	<u>(116,393)</u>	<u>(118,096)</u>
FINANCING ACTIVITIES:		
Repayments of notes payable	—	(63,975)
Repayments of long-term debt	(38,880)	(36,710)
Capital grant contributions received	75,498	85,059
Total cash provided (used) by financing activities	<u>36,618</u>	<u>(15,626)</u>
CASH AND INVESTMENTS (Note 3):		
Net increase (decrease) for year	16,596	(60,884)
Beginning of year	381,792	442,676
End of year	<u>\$398,388</u>	<u>\$381,792</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Reporting Entity - San Francisco Bay Area Rapid Transit District (District) is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended, and subject to transit district law as codified in the California Public Utilities Code. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with federal, state and local agencies.

For financial reporting purposes, the District's financial statements include all financial activities that are controlled by or dependent upon actions taken by the District's Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments are stated at cost or amortized cost, except for investments of the deferred compensation plan which are stated at current (market) value. As a matter of policy, the District holds investments until their maturity.

Deposits, consisting of cash and investments, are held by trustee banks in accordance with the District's various bond indentures and for general debt service requirements. Deposits are stated at cost.

Facilities, Property and Equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others.

The District capitalizes certain interest revenue and expenditures related to tax-free borrowings. The net effect of such interest capitalization was to increase expenditures for facilities, property and equipment by \$4,052,000 during the year ended June 30, 1989 for excess interest expenses over interest revenue from applicable borrowing and to decrease expenditures for facilities, property and equipment by \$913,000 during the year ended June 30, 1988 for excess interest revenue over interest expenses from applicable borrowings.

Self-insurance Liabilities - The District is largely self-insured for workers' compensation claims, general liability claims, and major property damage. The District accrues the estimated costs of the self-insured portion of claims.

Unearned Passenger Revenue is an estimate of passenger tickets purchased which have not yet been completely used.

Contributed Capital - The District periodically receives grants from the Urban Mass Transportation Administration (UMTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit related equipment and improvements. Capital grant funds earned, less amortization equal to annual and accumulated depreciation of the related assets, are included in contributed capital.

Statements of Operations have been expanded to present the financial activities of the general operations of the transit system, revenues restricted by the Board of Directors for construction activity, and revenues restricted by the District's various bond indentures for debt service (including interest expense) on outstanding long-term debt.

Transactions and Use Tax (Sales Tax) Revenue - A ½% transactions and use tax is collected within District boundaries and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid directly by the State Board of Equalization to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the Metropolitan Transportation Commission (MTC) to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services. The District records the total transactions and use taxes earned (including amounts paid to the trustee) as revenue.

Property Taxes, Collection and Maximum Rates - The State of California Constitution Article XIII A provides that the general purpose maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts, such as the District.

The District receives property tax revenues to meet the debt service requirements of its General Obligation Bonds. The District also receives an allocation of property tax revenues for transit operations.

San Francisco, Alameda and Contra Costa Counties assess properties, bill for, collect, and distribute property taxes. Property taxes are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

Financial Assistance Grants are accrued as revenue in the period to which the grant applies.

Sale of Tax Benefits - The District has entered into agreements to sell tax benefits for certain District-owned transit equipment contracted for purchase prior to August 1986. The transactions have been structured in the form of leases for tax purposes. The District recognizes tax benefit sales proceeds in the period of sale of tax benefits.

Pension Costs are expensed as incurred. Such costs equal the actuarially determined annual contribution amount. See Note 8.

3. CASH AND INVESTMENTS

The District maintains a cash and investment pool that includes cash and investments available for general use and restricted for Board designated purposes. Cash and investments of the District's deferred compensation plan (see Note 9) are held separately by the plan's administrator.

Deposits - At June 30, 1989 (and 1988), the District's cash on hand was \$968,000 (1988, \$899,000), and the carrying amount of the District's time and demand deposits was \$1,189,000 (1988, \$6,405,000) with the corresponding bank balance of \$4,867,000 (1988, \$12,120,000). Of the bank balance \$499,000 (1988, \$375,000) was insured by federal depository insurance or collateralized by securities held by the District's agent in the District's name, and \$4,368,000 (1988, \$11,745,000) was collateralized 110% as required by Section 53652 of the California Government Code by the pledging financial institutions. However, such collateral is not in the District's name.

Investments - State of California statutes and District policy authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, bankers' acceptances, repurchase and reverse repurchase agreements, and the State Treasurer's investment pool. The District did not enter into any reverse repurchase agreements during 1989 or 1988.

The District's investments are categorized below to give an indication of the credit risk assumed by the District at June 30, 1989. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's name.

	(In Thousands)						
	1989			1988			
	Category 1	Category 2	Category 3	Carrying Amount	Market Value	Carrying Amount	Market Value
U.S. Treasury notes	\$ 12,955			\$ 12,955	\$ 12,959	\$ 45,731	\$ 45,566
Federal agency obligations	268,755	\$34,739		303,494	303,849	258,307	258,514
Repurchase agreements	23,703	8,224		31,927	31,927	32,375	32,375
Total	\$305,413	\$42,963	—	348,376	348,735	336,413	336,455
Cash on hand				968	968	899	899
Time and demand deposits				1,189	1,189	6,405	6,405
Mutual funds:							
Fidelity Money Market						581	581
Deferred compensation plan investments				47,855	47,855	37,494	37,494
Total				\$398,388	\$398,747	\$381,792	\$381,834
Reported as:							
Cash and investments				\$304,544		\$220,717	
Payroll and other liabilities (representing cash overdraft)				(3,613)		(4,706)	
Deposits				24,332		23,795	
Investments				—		78,721	
Deferred compensation plan investments				47,855		37,494	
Investments restricted for Board designated purposes				25,270		25,771	
Total				\$398,388		\$381,792	

Cash and investments restricted for Board of Directors' designated purposes are summarized as follows (in thousands):

	1989	1988
Basic system completion	\$ 9,602	\$10,413
System improvement	3,068	2,858
Self-insurance	9,000	9,000
Operating	3,600	3,500
Total	\$25,270	\$25,771

4. FACILITIES, PROPERTY AND EQUIPMENT

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1989 and 1988 are summarized as follows (in thousands):

	Lives (Years)	1989		1988	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land		\$ 184,048		\$ 179,244	
Improvements	80	1,168,682	\$208,521	1,118,988	\$194,336
System-wide operation and control	20	180,741	83,300	142,686	75,448
Revenue transit vehicles	30	305,348	86,898	211,048	77,371
Service and miscellaneous equipment	3-20	22,744	3,411	21,362	11,978
Capitalized construction and start-up costs	30	100,943	50,975	100,331	47,452
Repairable property items	30	10,141	3,409	8,544	3,104
Construction-in-progress		144,186	—	207,919	—
Total		\$2,116,833	\$446,514	\$1,990,122	\$409,689

The District has entered into contracts for the construction of various facilities and equipment totaling approximately \$242 million at June 30, 1989.

In June 1988, the District entered into Principles of Agreement (Agreement) with the San Mateo County Transit District (SamTrans) pertaining to extending the transit system to the vicinity of San Francisco International Airport (Airport). Under the terms of the Agreement, SamTrans will pay the District a \$200 million capital contribution, to be used for East Bay expansion and to be paid in installments (adjusted for inflation) upon reaching certain Airport extension milestones and, in addition, SamTrans will be responsible for funding 25% of the cost of extending the transit system to the Airport. District management's most current estimate, performed in 1987, of the cost of such Airport extension is approximately \$600 million. This project is contingent upon the District receiving adequate commitments for federal funding, and also upon expansion of the transit system in the East Bay.

5. LONG-TERM DEBT

Long-term debt at June 30, 1989 and 1988 is summarized as follows (in thousands):

	1989	1988
1962 General Obligation Bonds	\$389,300	\$427,700
1966 Special Service District Bonds	5,350	5,830
Total General Obligation Bonds	394,650	433,530
1985 Sales Tax Revenue Bonds	145,000	145,000
Total long-term debt	539,650	578,530
Current portion	(42,585)	(38,880)
Net long-term portion	\$497,065	\$539,650

1962 General Obligation Bonds - In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District-wide property taxes. Bond interest rates range from 1.5% to 6.0%.

1966 Special Service District Bonds - In 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds, of which \$12 million were issued, for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within Special Service District No. 1. Bond interest rates range from 4.0% to 5.5%.

1985 Sales Tax Revenue Bonds - The 1969 Legislature of the State of California authorized the District to impose a ½% transactions and use tax within District boundaries and issue Sales Tax Revenue Bonds. On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the MTC to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by MTC.

In November 1985, the District issued sales tax revenue bonds (1985 bonds), totaling \$145,000,000, to refund and defease \$63,965,000 outstanding principal amount of sales tax revenue bonds issued in 1982, and to finance certain system improvements.

The 1985 bonds are special obligations of the District secured by a pledge of the sales tax revenues and are payable from revenues, including all sales tax revenues, all passenger fares, certain property tax revenues, and certain interest, grants, and other income. Bond interest rates range from 6.40% to 9.00%. Bonds maturing on or after July 1, 1996 (\$127,250,000) are redeemable prior to maturity at the option of the District beginning July 1, 1995 on various dates at prices ranging from 103% to 100%, including bonds maturing July 1, 2004 (\$41,005,000) and July 1, 2011 (\$78,660,000) which are subject to redemption prior to maturity on or after July 1, 1998 and July 1, 2005, respectively, at 100%.

The following is a schedule of long-term debt principal repayments required as of June 30, 1989 (in thousands):

	1962 G.O. Bonds	1966 Special Service District Bonds	1985 Sales Tax Revenue Bonds	Total
Year ending				
June 30:				
1990	\$ 40,200	\$ 500	\$ 1,885	\$ 42,585
1991	33,700	520	2,070	36,290
1992	34,975	540	2,270	37,785
1993	36,275	570	2,495	39,340
1994	37,525	590	2,735	40,850
Thereafter	206,625	2,630	133,545	342,800
Total	\$389,300	\$5,350	\$145,000	\$539,650

6. FEDERAL CAPITAL GRANTS

The U.S. Department of Transportation provides financial assistance to the District for capital projects. Grants which were active during the year ended June 30, 1989 are summarized as follows (in thousands):

Total approved project costs	<u>\$511,317</u>
Total approved federal funds	\$397,419
Less amounts received	<u>(317,026)</u>
Remaining amount available under federal grants	<u>\$ 80,393</u>

7. STATE AND LOCAL FINANCIAL ASSISTANCE

The District receives local operating and capital assistance from Transportation Development Act Funds (TDA). For the year ended June 30, 1989 TDA assistance was \$375,000 (1988, \$387,000), of which \$5,000 (1988, \$39,000) was used for capital purposes and \$370,000 (1988, \$348,000) was operating assistance. These funds are received from the counties of Alameda and Contra Costa to meet, in part, the District's operating and capital requirements based on annual claims filed by the District and approved by the MTC.

The District receives state operating and capital assistance from State Transit Assistance Funds (STA). For the year ended June 30, 1989, STA assistance was \$501,000 (1988, \$250,000), of which \$139,000 (1988, \$93,000) was used for capital purposes, \$362,000 (1988, \$77,000) was used for operating assistance and none (1988, \$80,000) was used for flow-through projects. These funds are allocated by MTC based on the ratio of the District's transit operation revenue and local support to the revenue and local support of all state transit agencies.

8. EMPLOYEES RETIREMENT PLAN

Plan Description - All permanent employees are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System. The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by state statute and District ordinance.

The District was not required to make a contribution to the Fund for public safety personnel or for miscellaneous covered employees for the years ended June 30, 1989 and 1988 due to a surplus of the District's portion of the Fund's net assets over the District's pension benefit obligation caused by a change in 1988 in the actuarial valuation method and an actual rate of return on investment assets that exceeded the assumed rate. The District's covered payroll for employees participating in the Fund for the years ended June 30, 1989 and 1988 was \$85,746,000 and \$83,178,000, respectively. The District's 1989 and 1988 payroll for all employees was \$95,187,000 and \$91,325,000, respectively. The District, due to a Collective Bargaining Agreement, also has a legal obligation to contribute an additional 9% for public safety personnel and 7% for miscellaneous covered employees. Employees have no obligation to contribute to the Fund.

Funding Status and Progress - The "pension benefit obligation" is determined for each participating employer by the Fund's actuary and is a standardized disclosure measure that results from applying actuarial assumptions to estimate the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the District's portion of the Fund to which contributions are made on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used.

The pension benefit obligation shown below was computed as part of an actuarial valuation performed as of June 30, 1988, the latest available for the Fund. The significant actuarial assumptions used in the 1988 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.5%, annual payroll increases of 5.5% attributable to inflation and 1.5% attributable to merit or seniority, and no postretirement benefit increases.

The funding status applicable to the District's employee group at June 30, 1988 (the latest available for the Fund) follows (in thousands):

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 73,272
Current employees:	
Accumulated employee contributions and allocated investment earnings	72,820
Employer-financed, vested	23,866
Employer-financed, nonvested	<u>1,395</u>
Total pension benefit obligation	171,353
Net assets available for benefits, at cost (total current (market) value, \$242,362)	<u>214,290</u>
Net assets in excess of pension benefit obligation	<u>\$ 42,937</u>

Actuarially Determined Contributions Required and Contributions Made - The funding policy of the Fund provides for actuarially determined periodic contributions by the District at rates such that sufficient assets will be available to pay benefits when due. The District was not required to make a contribution to the Fund for the years ended June 30, 1989 and 1988 in accordance with the actuarially determined requirements computed as of June 30, 1988 and 1987, respectively. The District's surplus asset position is being offset against the current year's normal cost contribution. The actuarially determined normal cost contribution rate before reduction for the surplus asset amortization was 15.342% (1988, 17.075%) for public safety employees and 8.201% (1988, 8.257%) for miscellaneous employees. As a result of collective bargaining agreements, any savings in pension expenditure due to a reduction in contribution rate is to be redistributed towards an alternative benefit for covered employees.

The District's normal cost contribution rate is determined using the entry-age normal funding method, a projected benefit cost method. The Fund would use the same method to amortize any unfunded liability.

Significant actuarial assumptions used in the June 30, 1988 valuation to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

Historical Trend Information - Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

For the District's portion of the Fund, trend information for the years ended June 30, 1988 and 1987, follows (dollars in thousands):

	<u>1988</u>	<u>1987</u>
Net assets available for benefits, at cost	\$214,290	\$189,801
Pension benefit obligation	\$171,353	\$151,795
Net assets available for benefits as a percentage of pension benefit obligation	125%	125%
Assets in excess of pension benefit obligation	\$ 42,937	\$ 38,006
Annual covered payroll	\$ 83,178	\$ 79,940
Assets in excess of pension benefit obligation as a percentage of annual covered payroll	51.6%	47.5%
Contributions made in accordance with actuarially determined requirements as a percentage of annual covered payroll	0%	0%

Trend information for 1989 is not yet available.

9. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all officers and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, or certain other covered events.

As required by IRC Section 457, all amounts of compensation deferred under the deferred compensation plan and all income attributable to those amounts, remain the property of the District (until paid or made available to the participants), subject only to the claims of the District's general creditors. Participants' rights under the deferred compensation plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant. The plan administrator has invested the deferred amounts in numerous participant-directed, uninsured investments.

District Management believes that the District has no liability under the terms of the plan for any amounts other than the participants' account balances.

10. MONEY PURCHASE PENSION PLAN

All District employees, except sworn police officers, participate in the Money Purchase Pension Plan which is a supplemental retirement program. In January 1981, the District's employees elected to withdraw from the Federal Social Security System (FICA) and established the Money Purchase Pension Plan. The District contributes an amount equal to 6.65% of covered employee's annual compensation (up to \$29,700 after deducting the first \$133 paid during each month) up to a maximum annual contribution of \$1,868. Additionally, the District contributes to each employee's account approximately 1.63% of covered payroll for the savings realized when the District de-pooled its Public Employees Retirement Fund (Fund) account. This amount was formerly paid to the employee's Fund account. Each employee's account is available for distribution upon such employee's termination.

The District's total expense and funded contribution for this plan for the years ended June 30, 1989 and 1988 was \$5,587,000 and \$5,210,000, respectively. Money Purchase Pension Plan assets at June 30, 1989 and 1988 (excluded from the accompanying financial statements) were \$54,489,000 and \$45,766,000, respectively.

11. LITIGATION

The District is involved in various lawsuits, claims and disputes, which for the most part are normal to the District's operations. In the opinion of District Management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

SUPPLEMENTAL SCHEDULE OF RECONCILIATION OF EXCESS OPERATING REVENUES OVER (UNDER) EXPENSES FOR THE YEARS ENDED JUNE 30, 1989 AND 1988 (In thousands)

The following is a reconciliation of excess operating revenues over (under) expenses after capital designations and before depreciation:

	1989	1988
EXCESS OF EXPENSES OVER REVENUES:		
Operations	\$(24,435)	\$(30,554)
CAPITAL DESIGNATIONS	(11,817)	(4,708)
DEPRECIATION	37,767	35,202
EXCESS OF OPERATING REVENUES OVER (UNDER) EXPENSES AFTER CAPITAL DESIGNATIONS AND BEFORE DEPRECIATION	\$ 1,515	\$ (60)

Capital designations are made by the District annually for capital purposes which represent the excess of revenue over expenses before depreciation generated by operations.

MESSAGE FROM THE GENERAL MANAGER

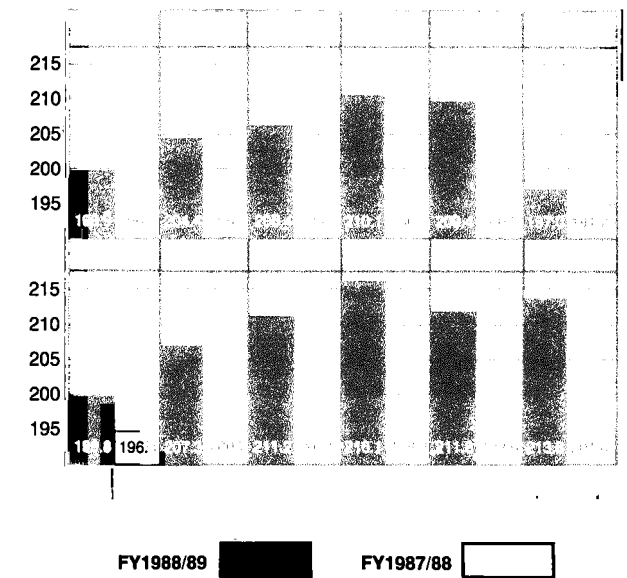
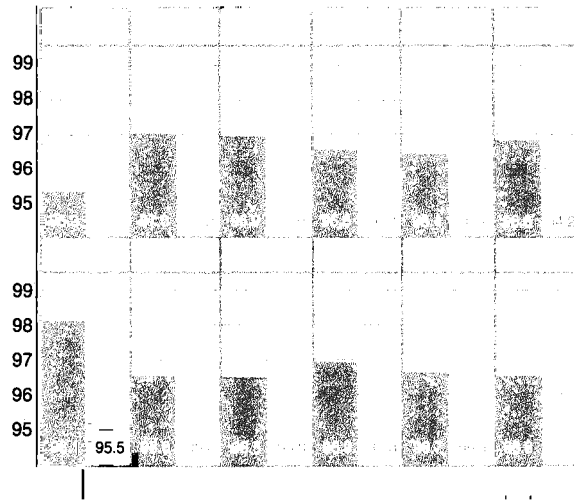


Four days before the end of the 1989 fiscal year, I assumed my position as General Manager of BART.

I was new to BART, but BART wasn't new to me. Through the years, I had followed BART's development closely and regarded the District as being in the forefront of up-to-date mass rail transit operations.

I gave a great deal of thought to BART just before I accepted the position of General Manager. It seemed to me that three words summed up BART's situation as the District moved to expand its passenger capacity and extend its service to additional communities. Those three words are heritage, maturity and challenge.

BART's heritage arises from the boldness and uniqueness of its concept and design and from the unrelenting energy and drive, against powerful opposition, that were given to its development and construction. Building BART, to most of those people who were responsible for its construction, was virtually a crusade, a matter of faith.



The size of the system, cost, technical innovations, engineering difficulties and, last but not least, its potential for service were unprecedented.

When I walked into BART in June, 1989, I was well aware of BART's heritage and I sensed that the District was at a crossroads. In a way, BART was like a mature individual with a brilliant career as a young person but with even more promise ahead. BART had conquered a host of early shakedown problems. It was well run, widely respected and had its face to the future.

BART's responsibility to the future defines the challenge of today. BART now has nearly in place all of the elements of its program to expand capacity on the present 71.5 mile system: new passenger cars, additional electrical capacity, more storage and track facilities and better train control. At the same time, we are moving ahead with our extension program.

These projects must move ahead with the same dynamic energy that propelled the construction of the system in the 1960s and 1970s.

We can't miss a beat. We must continue to plan well, operate well and deliver well on our promise to expand and extend our service. But at the same time we set our sights to the future and a 50 percent expansion of the system, we must be ever mindful that our existing facilities have aged well but they have aged. We must embark on an aggressive rebuilding, renovation and rehabilitation of both fixed and operating assets. The promise of the future can only be built on the foundation of performance of the present system.

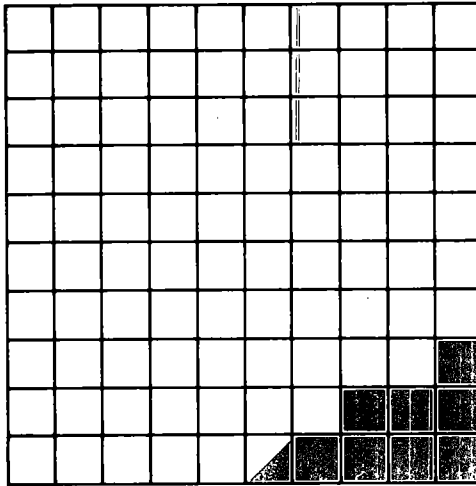
All of this isn't going to be easy. In fact, it's going to take a lot of hard work, but it's certainly a challenge that BART can meet. BART's heritage provides all of us at BART with an inspiration. We now have the opportunity to build on that heritage and continue to hold our position as the model for rail commuter systems throughout the world.

Frank J. Wilson
General Manager, BART

OPERATING FUNDS 1988/1989

Where Funds Came From (In Thousands)

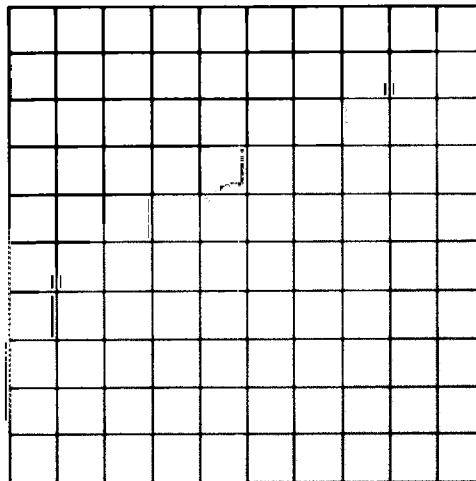
- Transaction & Use Sales Tax
\$86,120 44.19%
- Fares
\$83,192 42.69%
- Property Tax
\$9,083 4.66%
- Other
\$16,486 8.46%
 - Investment Income and Other Operating Revenues
\$6,421 3.29%
 - State Financial Assistance
\$362 0.19%
 - Construction Funds
\$9,333 4.79%
 - Regional Financial Assistance
\$370 0.19%



TOTAL
\$194,881 100.00%

How Funds Were Applied (In Thousands)

- Maintenance
\$71,593 36.74%
- Transportation
\$61,656 31.64%
- General Administration
\$31,772 16.30%
- Police Services
\$9,801 5.03%
- Other
\$20,054 10.29%
 - Capital Designations
\$11,317 6.06%
 - Construction & Engineering
\$6,722 3.45%
 - Increase in Working Capital*
\$1,515 0.78%



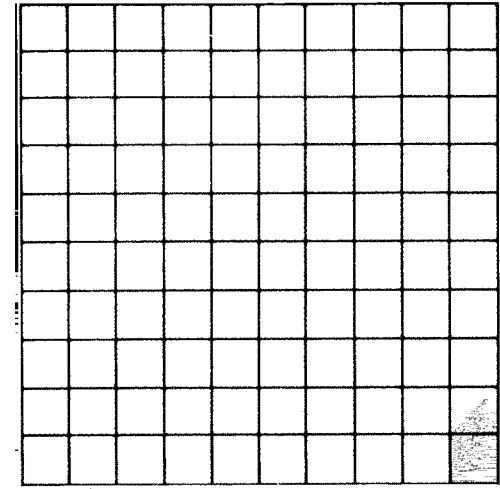
TOTAL
\$194,881 100.00%

*Funded excess of revenues over expenses

CAPITAL FUNDS 1988/1989

Source of Funds (In Thousands)

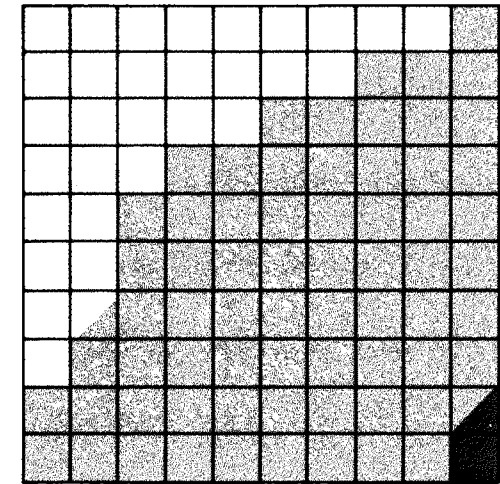
- District
\$41,583 37.08%
- Federal
\$54,042 48.20%
- State
\$14,825 13.22%
- Local
\$1,685 1.50%



TOTAL
\$112,135 100.00%

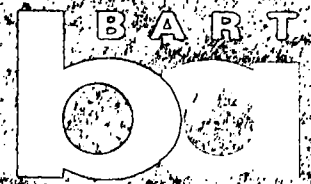
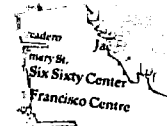
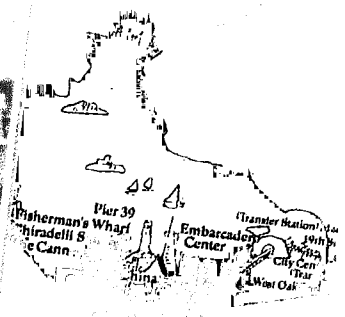
Expenditures (In Thousands)

- Construction:
 - Line
\$32,116 28.64%
 - Systemwide
\$2,039 1.82%
 - Support Facilities
\$157 0.14%
- Equipment:
 - Train Control
\$8,128 7.25%
 - Communications
\$2,885 2.57%
 - Transit Vehicles
\$62,635 55.87%
 - Automatic Fare Collection
\$297 0.26%
 - Management Information Systems
\$562 0.50%
 - Support Vehicles
\$58 0.05%
 - Other Equipment
\$1,518 1.35%
- Studies and Other
\$1,740 1.55%



TOTAL
\$112,135 100.00%

Find out
more
about
BART
ON BART



**San Francisco Bay Area
Rapid Transit District (BART)**

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688,
Oakland, CA 94604-2688 (415) 464-6000

Established in 1957 by the California State Legislature,
Authorized to plan, finance, construct and operate a rapid
transit system.

Governed by a Board of Directors elected for four-year terms
by voters in nine election districts within the counties of
Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS - Fiscal Year 1989

PRESIDENT
Arlo Hale Smith, San Francisco

VICE PRESIDENT
Nello Bianco, El Sobrante

Members of the Board

- District #1 - Joe Fitzpatrick, Orinda
- District #2 - Nello Bianco, El Sobrante
- District #3 - Sue Hone, Berkeley
- District #4 - Margaret K. Pryor, Oakland
- District #5 - Erlene DeMarcus, Pleasanton
- District #6 - John Glenn, Fremont
- District #7 - Wilfred T. Ussery, San Francisco
- District #8 - Arlo Hale Smith, San Francisco
- District #9 - Michael Bernick, San Francisco

Board-Appointed Officers

- Frank J. Wilson, General Manager
- Sherwood Wakeman, General Counsel
- Alvan Teragawachi, Controller/Treasurer
- Phillip O. Ormsbee, District Secretary

**Department Managers Reporting
to the General Manager**

- George Mackin, (Acting) Executive Manager
Maintenance & Engineering
- William B. Fleisher, Chief Transportation Officer
- Howard L. Goode, Planning, Budget & Analysis
- Michael C. Healy, Public Affairs
- Ernest G. Howard, Administrative Services
- John Mack, Affirmative Action
- Thomas R. Sheehan, Information Systems
- William Thomas, Material Management & Procurement
- Ralph S. Weule, Safety
- Larry A. Williams, Employee Relations

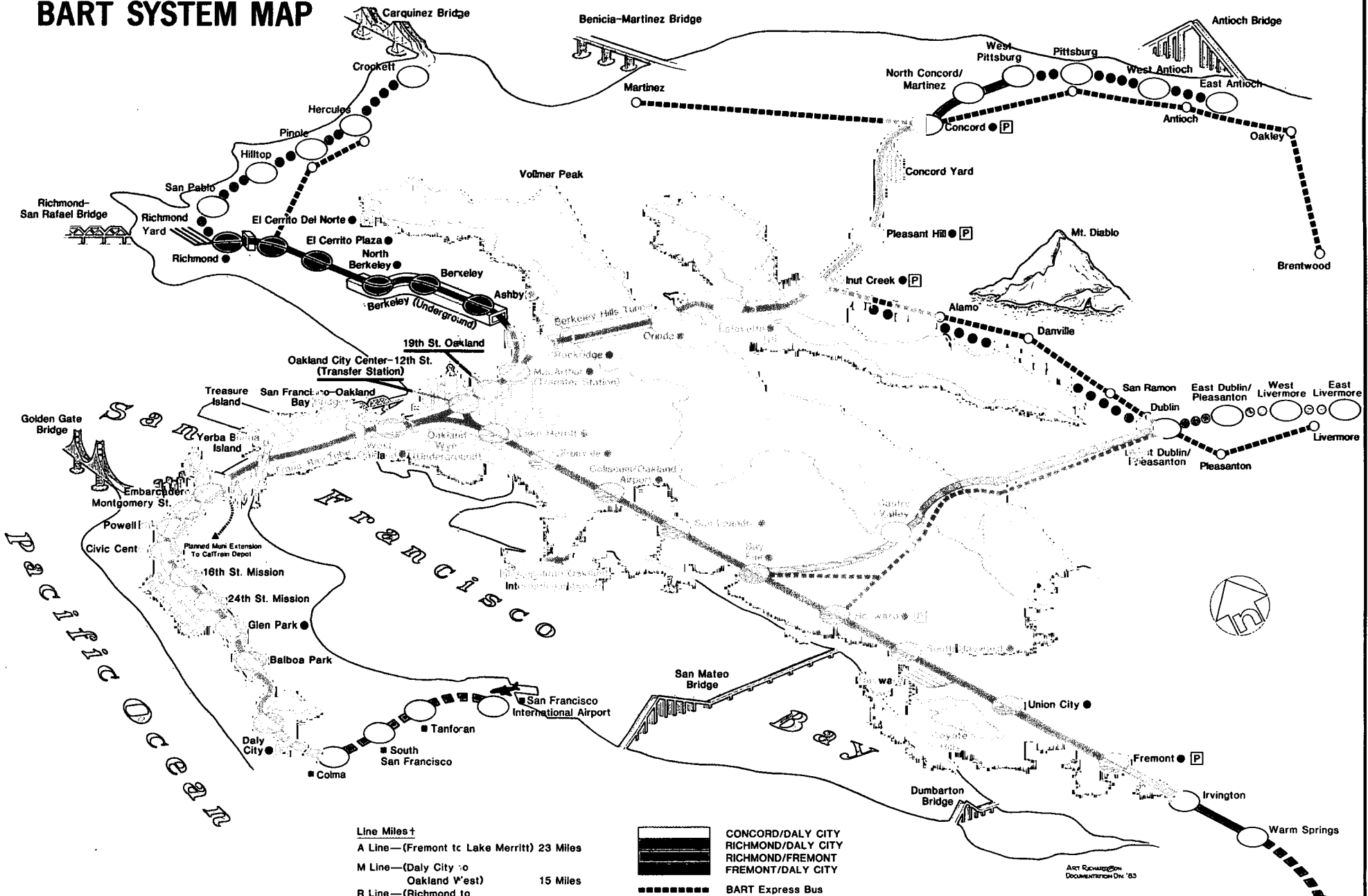
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- Writer: Dudley Creed, San Francisco
- Editor: Sy Moubert, BART Public Information Office



BAY AREA RAPID TRANSIT DISTRICT ANNUAL REPORT 1988/1989

BART SYSTEM MAP



Line	Line Miles †
A Line—(Fremont to Lake Merritt)	23 Miles
M Line—(Daly City to Oakland West)	15 Miles
R Line—(Richmond to MacArthur)	12 Miles
C Line—(Downtown Oakland to Concord)	21.5 Miles
Total Miles	71.5 Miles

†All miles are calculated from the Oakland WYE

System Information
 Total number of automobile parking spaces at BART Stations: 26,422 (10% of these parking spaces for mid-day parking)

	CONCORD/DALY CITY
	RICHMOND/DALY CITY
	RICHMOND/FREMONT
	FREMONT/DALY CITY
	BART Express Bus
	Parking
	Preferential Carpool Parking
	BART Rail System
	BART First Phase Extensions Inside District
	BART First Phase Extensions Outside District
	BART Second & Third Phase Extensions Inside District

■ Extensions outside the District are subject to a satisfactory cost-sharing arrangement.
 ▲ Planned Muni Metro Turnaround and Extension.



March 1, 1989



KEEPING OUR EYE ON THE RIDER

As the leading player on the Bay Area's public transportation scene, BART continued during fiscal 1989 to provide safe, reliable and convenient train service for commuters, shoppers, sightseers and people attending special events.

BART also continued to plan and prepare for extending its present 71.5 mile system to communities not presently served by rapid rail transit and to expand its capacity for carrying passengers on the existing system.

INCREASING OUR CAPACITY AND FREQUENCY

Fleet of Cars

As of June 30, 1989, BART had accepted 90 of the 150 new C-Cars designed to boost passenger capacity and increase operating efficiency. More than a year previously, on March 28, 1988, the first of the C-Cars in revenue service made an inaugural run from Fremont to Daly City.

The new cars had accumulated approximately 80,000 hours of revenue service as of June 30, 1989, but the number of the new cars available for revenue service (62 percent

in the April-June quarter) fell below District expectations.

BART identified deficiencies in the components of the new cars and communicated with the manufacturer and sub-contractors to correct them.

Integrated Control System

BART's new integrated control system (ICS) is designed to replace the District's existing train control computers and permit the operation of 75 trains instead of the present capacity of 55 trains.



The seven-stage project, when it is fully in place in 1991, will allow BART to monitor and supervise train scheduling, route selection and the setting of train performance levels.

During fiscal 1989, work on the interlocking and train tracking software was completed and work continued on prototypes to control failover (the process of a backup computer taking over from a failed primary computer) and recovery, train dispatching and scheduling, train management and the integration of the new control system.

Daly City Projects

Nearing completion at the end of the fiscal year on June 30, 1989 were BART's Daly City Turnback, Yard and Shop projects, the largest construction program undertaken since the completion of the original system.

At a completion cost of approximately \$150 million, the Turnback, Yard and Shop will permit a faster "turnback" of south-bound trains reaching the Daly City Station. They will also provide storage and maintenance capacity for the increased fleet of cars and reduce dead-head miles. Decreasing the turnback time increases the allowable frequency of service.

As the fourth quarter of the fiscal year drew to a close, the Yard track and contact rail installation was virtually complete and the Yard traction power installation was roughly three-fourths complete.

At the same time, communications equipment and Yard control conduit and cables were being installed and the train control equipment was being tested.

Electrical Capacity Increase

In June, 1989, just prior to the end of the fiscal year, BART awarded a contract for the installation of equipment designed to boost third rail power capacity and distribu-



tion. The project, expected to cost nearly \$8 million, is designed to allow the operation of more trains on BART's mainline tracks and in its yards.

New On-Board Control

BART's vehicle Automatic Train Control (ATC) system, designed to sharply reduce service disruptions due to equipment failure in BART's original control system, was retrofitted to 131 A-Cars by the close of the fiscal year. (The new C-Cars are already equipped with the new system.)

Software and hardware modifications to improve the new ATC even further were

under evaluation at the close of the year, for application to BART's C-Cars.

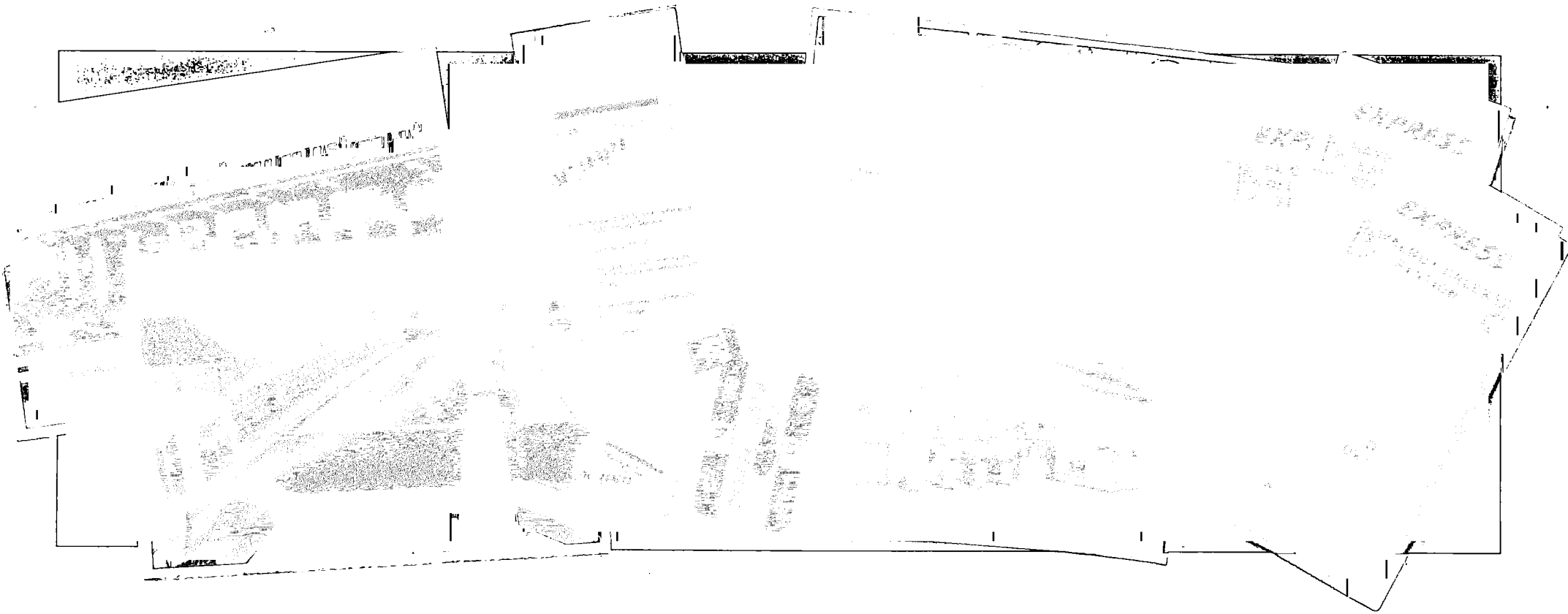
The primary benefit of the new system is the improvement in service reliability but it will also provide a smoother ride for passengers and will result in savings in energy consumption.

Wayside Train Control Modifications

A \$15 million program to reconfigure and modify track circuits, station approach markers, signals and software aimed at allowing trains to run at more frequent intervals to

and from San Francisco and the East Bay progressed on schedule during the fiscal year.

Due to the original design of BART's trackway, only one train can occupy a track "block" at any one time and the original block size limits the time intervals between trains to 3.75 minutes. The wayside project includes shortening the blocks so that the trains can run at intervals of 2.25 minutes. The project is scheduled to be completed in 1991.



INCREASING OUR REACH

BART entered the 1989 fiscal year shortly after the adoption of a rail-funding program by the Metropolitan Transportation Commission (MTC). The MTC program included BART extensions in Alameda, Contra Costa and San Mateo counties. The adoption of the MTC program, reflecting a regional consensus, is considered to be a pivotal step in securing state funding commitments and in persuading voters to support additional sales-tax funding.

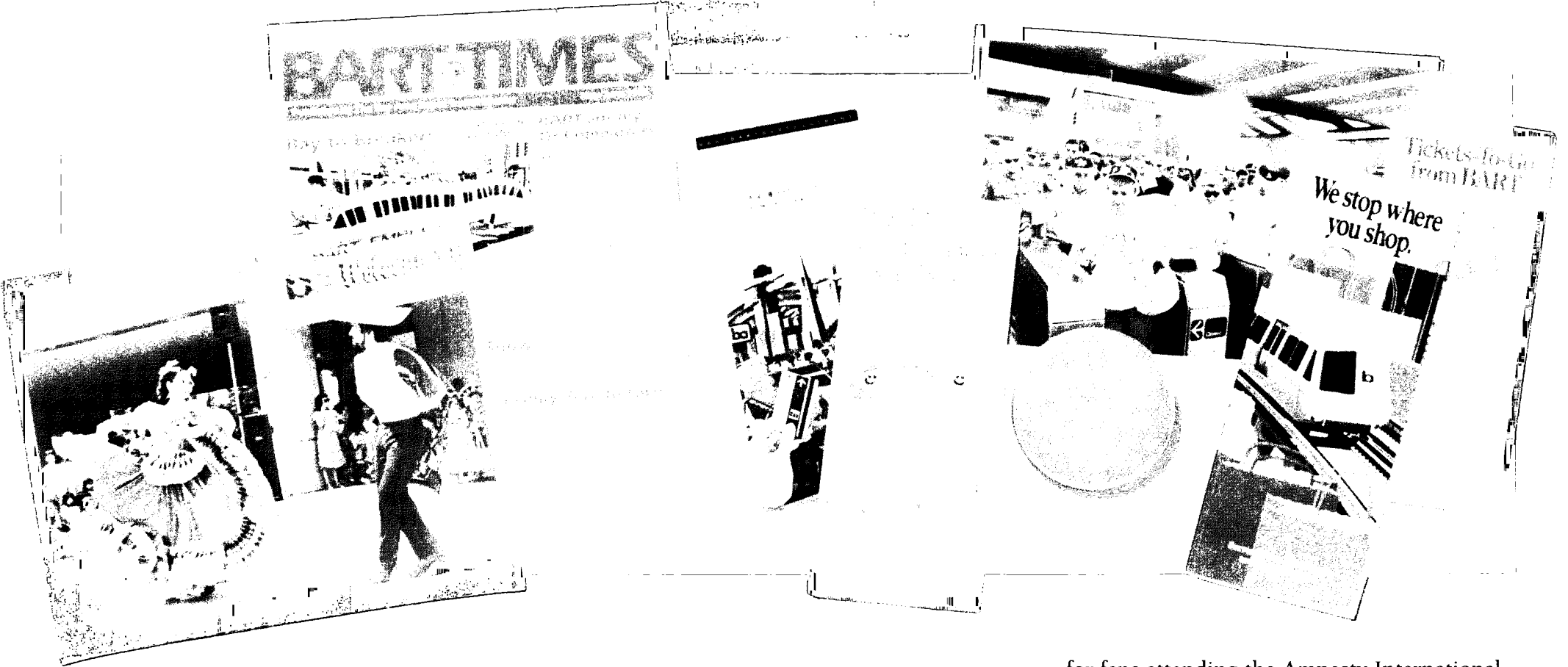
In October, 1988, for example, the California Transportation Commission (CTC)

committed \$200 million, plus escalation for inflation up to an additional \$48 million, to help fund BART Phase 1 extensions from Concord to West Pittsburg, with a station at North Concord/Martinez; from Fremont to Warm Springs, with a station at Irvington; from BART's Bayfair Station to the Dublin/Pleasanton area, with a stop at Castro Valley; and from the Daly City Station to San Francisco International Airport, with stops at Colma, South San Francisco and San Bruno.

The CTC action, which will require state funding legislation, will be released to BART in increments as the extensions are built.

In August, 1988, escrow closed on the purchase of a 53.9-acre parcel of land in West Livermore as a future site for a BART station as part of the second phase of the District's extension program. Construction would also not begin until the completion of an environmental impact report.

In April, 1989, BART's Board of Directors approved an \$18 million contract for preliminary engineering and general engineering for extensions to Pittsburg, Warm Springs and Colma. Preliminary engineering for the extension to Dublin was already in progress under a separate consultant contract.



BART APPROVES THREE-YEAR UNION CONTRACTS

BART's Board of Directors approved in September, 1988, three-year collective bargaining agreements between the District and the Amalgamated Transit Workers Union and the United Public Employees Union.

The new contracts have cost increases amounting to \$22.5 million more than the previous contracts. Work rule changes and other negotiated items, however, are expected to bring the net costs of the contracts to \$14.8 million.

EXTRA SERVICES FOR SPECIAL EVENTS

BART stepped up its efforts during the fiscal year to encourage Bay Area residents and visitors to ride BART to special events.

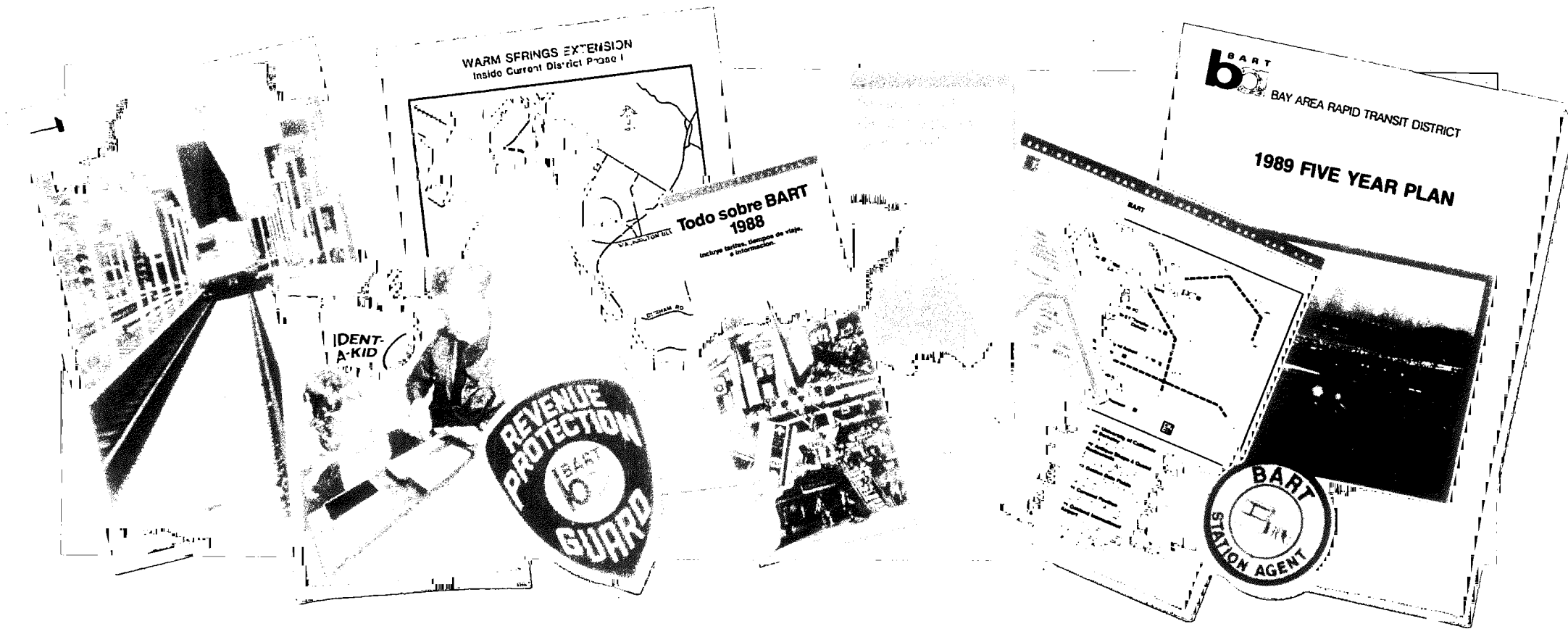
Beginning with the July 4 weekend, BART inaugurated a special family fare discount program that allowed three passengers to ride for the price of only one full-fare ticket. The special fare was in effect on weekends through Labor Day.

In September, BART kept open its Coliseum Station until 1 a.m. and had twelve 10-car trains standing by to provide service

for fans attending the Amnesty International concert at the Alameda County/Oakland Coliseum.

A month later, BART provided additional trains, plus direct service from San Francisco and Concord on a Sunday for the American League play-off games. Additional trains were also in service when the victorious A's met the Los Angeles Dodgers in the World Series and direct service was available from Concord. Roughly one-third of the fans who saw the third, fourth and fifth games of the World Series at the Coliseum took BART.

Additional service was also provided for the UC Berkeley/Stanford football game, the



BART "Shopper Specials" over the Christmas holiday season, early morning New Year's day revelers, the "Welcome Home" to the San Francisco 49ers for their Super Bowl victory, the Bay to Breakers run and other special events.

DISADVANTAGED BUSINESS ENTERPRISES

BART continued its efforts to make sure that at least 21 percent of the dollar amount of its contracts for goods and services was awarded to companies owned by minorities and women.

Several such companies, referred to as Disadvantaged Business Enterprises (DBE), were awarded BART contracts during fiscal year 1989.

Particularly noteworthy was the selection of two DBE companies as part of a joint venture construction contract-management team to administer and oversee BART's \$1.6 billion extension program. The two companies will be involved in supervising contracts for the preliminary engineering and construction of 33 miles of track, 10 stations and a maintenance yard.

Breaking new ground was a BART contract awarded to a group of DBE com-

panies as a part of a joint venture senior underwriter and co-manager teams to assist the district in the refunding of approximately \$135 million in sales tax revenue bonds. This contract marked a significant milestone.

Minority and women-owned companies have had limited success in the financial services area.

PERFORMANCE HIGHLIGHTS

	FY 1988/89	FY 1987/88
Rail Ridership		
Annual passenger trips	60,457,004	57,595,481
Average weekday trips	207,231	198,259
Average trip length	12.5 miles	12.5 miles
Annual passenger miles	757,225,230	722,583,063
Patron trip on-time performance (%)	95.3%	94.5%
System utilization ratio (passenger miles to available seat miles)	31.7%	32.0%
End-of-period ratios:		
Peak patronage	48.9%	49.4%
Offpeak patronage	51.1%	50.6%
BART's estimated share of peak period transbay trips — cars, trains & buses (a)	39.2%	38.8%
Operations		
Annual revenue car miles	33,195,099	31,393,094
Unscheduled train removals — average per revenue day	2.9	4.5
Transit car availability to revenue car fleet (b)	81.7%	88.8%
Passenger miles per equivalent gallon of gasoline	84.4	79.0

	FY 1988/89	FY 1987/88
Passenger accidents reported per million passenger trips	12.64	13.94
Patron-related crimes reported per million passenger trips	32.92	34.17
Financial		
Net passenger revenues	\$ 83,192,000	\$ 78,475,000
Other operating revenues	6,421,000	5,648,000
Total operating revenues	\$ 89,613,000	\$ 84,123,000
Net operating expenses (excluding depreciation)	\$ 172,216,000	\$ 167,775,000
Farebox ratio (net passenger revenues to net operating expenses)	48.3%	46.8%
Operating ratio (total operating revenues to net operating expenses)	52.0%	50.1%
Net rail passenger revenue per passenger mile	11.0¢	10.8¢
Rail operating cost per passenger mile	20.8¢	21.0¢
Net average rail passenger fare (c)	\$ 1.38	\$ 1.35
Notes		
General note: Data represents annual averages unless otherwise noted.		
(a) Based on MTC Transbay survey data for October 1988 and April 1989 (7-9 a.m., 4-6 p.m.)		
(b) At 8 a.m. each day		
(c) Includes BART/MUNI Fast Pass		

BART patronage increased by more than 2.8 million passenger trips during the 1989 fiscal year, with annual passenger trips reaching 60,457,004, compared with 57,595,481 for the prior year.

The District's estimated share of peak period transbay traffic, including cars, buses and trains, was 39.2 percent, up from 38.8 percent the previous year, based on surveys conducted by the Metropolitan Transportation Commission.

Net passenger revenues reached \$83,192,000 for fiscal 1989, an increase of \$4,717,000 over the fiscal 1988 figure of \$78,475,000. Total operating revenues (including \$6.4 million in interest income, advertising in trains and stations and other income) was \$89,613,000, an increase of over \$5 million from the previous fiscal year.

BART funded 52.0 percent of its net operating expenses, which amounted to \$172,216,000 (excluding depreciation) for fiscal 1989, from passenger fares and other operating revenues. This operating ratio was an increase of 1.9 per-

centage points from the prior fiscal year. The District's objective is to fund no less than one-half of its net operating expenses from operating revenues.

BART's farebox ratio, which relates net passenger revenues to net operating expenses, was 48.3 percent for fiscal 1989, an increase of 1.5 percentage points from the figure for fiscal 1988.

Net rail passenger revenue per passenger mile for fiscal 1989 was 11.0 cents, an increase from the previous year's 10.8 cents. Rail operating costs per passenger mile for fiscal 1989 was 20.8 cents, favorable compared to the previous year's figure of 21 cents.

Weekday passenger trips averaged 207,231 for fiscal 1989, compared with 198,259 for the previous year. Annual passenger miles reached 757,225,230 for fiscal 1989, an increase of 34,642,167 over the previous year, with an average of 12.5 miles for each trip during fiscal 1989, the same average figure reached the previous year.

In addition to funds derived from passenger

fares, interest income and advertising, BART received \$100.6 million in revenues from 75 percent of the one-half cent transit sales tax in the three BART counties, \$732,000 in state and local funds and \$9.1 million in property tax available for operations.

Of the \$100.6 million derived from the sales tax, \$14.5 million was allocated to debt service and \$86.1 million was made available for operations.

BART Directors again reduced the property tax rate on the levy for repayment of the principal and interest of \$792 million in general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 3.72 cents per \$100 assessed value, down 3.9 cents for the previous fiscal year. The property tax generated revenues of \$50.3 million from property owners in Alameda, Contra Costa and San Francisco counties, the three counties making up the District.

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors of San Francisco
Bay Area Rapid Transit District:

We have audited the accompanying balance sheets of San Francisco Bay Area Rapid Transit District as of June 30, 1989 and 1988 and the related statements of operations, capital and changes in financial position for the years then ended. These financial statements and the supplemental schedule discussed below are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1989 and 1988 and the results of its operations and the changes in its financial position for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule, reconciliation of excess operating revenues over (under) expenses, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte Haskins + Sells *Adams, Grant, Werner & Co.*

Deloitte Haskins + Sells
Oakland, California

Adams, Grant, Werner & Co.
September 8, 1989

BALANCE SHEETS

JUNE 30, 1989 AND 1988 (In thousands)

ASSETS	1989	1988	LIABILITIES AND CAPITAL	1989	1988
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and investments (Note 3)	\$ 304,544	\$ 220,717	Current portion of long-term debt (Note 5)	\$ 42,585	\$ 38,880
Deposits (Note 3)	24,332	23,795	Payroll and other liabilities	64,824	54,601
Notes and other receivables	16,483	9,139	Self-insurance liabilities	7,669	6,313
Materials and supplies — at average cost	14,623	15,076	Unearned passenger revenue	1,832	1,620
Total current assets	359,982	268,727	Total current liabilities	116,910	101,414
INVESTMENTS (Note 3)	—	78,721	DEFERRED COMPENSATION (Note 9)	47,855	37,494
DEFERRED COMPENSATION PLAN INVESTMENTS (Notes 3 and 9)	47,855	37,494	LONG-TERM DEBT (Note 5)	497,065	539,650
INVESTMENTS RESTRICTED FOR BOARD DESIGNATED PURPOSES (Note 3)	25,270	25,771	CAPITAL:		
FACILITIES, PROPERTY AND EQUIPMENT — At cost, less accumulated depreciation (Note 4)	1,670,319	1,580,433	Grants and contributions, net	746,535	680,072
TOTAL ASSETS	\$2,103,426	\$1,991,146	Accumulated net revenues	695,061	632,516
			Total capital	1,441,596	1,312,588
			TOTAL LIABILITIES AND CAPITAL	\$2,103,426	\$1,991,146

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED JUNE 30, 1989 AND 1988 (In thousands)

	1989				1988			
	OPERATIONS	CONSTRUCTION (Note 2)	DEBT SERVICE	COMBINED TOTAL	OPERATIONS	CONSTRUCTION (Note 2)	DEBT SERVICE	COMBINED TOTAL
OPERATING REVENUES:								
Fares	\$ 83,192			\$ 83,192	\$ 78,475			\$ 78,475
Other: (including investment income)	6,421			6,421	5,648			5,648
Total operating revenues	<u>89,613</u>			<u>89,613</u>	<u>84,123</u>			<u>84,123</u>
OPERATING EXPENSES:								
Transportation	61,656			61,656	61,462			61,462
Maintenance	71,598			71,598	68,107			68,107
Police services	9,801			9,801	9,540			9,540
Construction and engineering	6,722			6,722	6,268			6,268
General and administrative	31,772			31,772	31,270			31,270
Depreciation	37,767			37,767	35,202			35,202
Total operating expenses	219,316			219,316	211,849			211,849
Less capitalized costs	(9,333)			(9,333)	(8,872)			(8,872)
Net operating expenses	<u>209,983</u>			<u>209,983</u>	<u>202,977</u>			<u>202,977</u>
OPERATING LOSS	<u>(120,370)</u>			<u>(120,370)</u>	<u>(118,854)</u>			<u>(118,854)</u>
OTHER REVENUES (EXPENSES):								
Transactions and use tax	86,120		\$ 14,494	100,614	79,649		\$ 12,594	92,243
Property tax	9,083		54,995	64,078	8,226		50,867	59,093
State financial assistance	362			362	77			77
Local financial assistance	370			370	348			348
Sale of tax benefits		\$ 3,077		3,077				
Other investment income		22,471	2,380	24,851		\$ 21,317	4,984	26,301
Interest expense			(25,683)	(25,683)			(35,146)	(35,146)
Other: — net			(41)	(41)			(26)	(26)
Total other revenues	<u>95,935</u>	<u>25,548</u>	<u>46,145</u>	<u>167,628</u>	<u>88,300</u>	<u>21,317</u>	<u>33,273</u>	<u>142,890</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>\$ (24,435)</u>	<u>\$ 25,548</u>	<u>\$ 46,145</u>	<u>\$ 47,258</u>	<u>\$ (30,554)</u>	<u>\$ 21,317</u>	<u>\$ 33,273</u>	<u>\$ 24,036</u>

See notes to financial statements.

STATEMENTS OF CAPITAL

FOR THE YEARS ENDED JUNE 30, 1989 AND 1988 (In thousands)

	GRANTS AND CONTRIBUTIONS	ACCUMULATED NET REVENUES	TOTAL
BALANCES, JUNE 30, 1987	\$611,127	\$592,366	\$1,203,493
EXCESS OF REVENUES OVER EXPENSES		24,036	24,036
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	85,059		85,059
Depreciation and retirements of assets acquired with grants and contributions	(16,114)	16,114	
BALANCES, JUNE 30, 1988	680,072	632,516	1,312,588
EXCESS OF REVENUES OVER EXPENSES		47,258	47,258
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	81,750		81,750
Depreciation and retirements of assets acquired with grants and contributions	(15,287)	15,287	
BALANCES, JUNE 30, 1989	<u>\$746,535</u>	<u>\$695,061</u>	<u>\$1,441,596</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 1989 AND 1988 (In thousands)

	1989	1988
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 47,258	\$ 24,036
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	37,767	35,202
Capitalized interest (income) expense	(4,052)	913
Net effect of changes in:		
Deferred compensation plan liabilities	10,361	5,967
Notes and other receivables	(1,092)	1,158
Materials and supplies	453	(396)
Payroll and other liabilities	4,108	4,759
Self-insurance liabilities	1,356	1,163
Unearned passenger revenue	212	36
Net cash provided by operating activities	<u>96,371</u>	<u>72,838</u>
INVESTMENT ACTIVITIES:		
Expenditures for facilities, property and equipment	(116,393)	(118,096)
Proceeds from sale of investments	308,335	186,326
Purchase of investments	(308,335)	(186,326)
Total cash used by investment activities	<u>(116,393)</u>	<u>(118,096)</u>
FINANCING ACTIVITIES:		
Repayments of notes payable	—	(63,975)
Repayments of long-term debt	(38,880)	(36,710)
Capital grant contributions received	75,498	85,059
Total cash provided (used) by financing activities	<u>36,618</u>	<u>(15,626)</u>
CASH AND INVESTMENTS (Note 3):		
Net increase (decrease) for year	16,596	(60,884)
Beginning of year	381,792	442,676
End of year	<u>\$398,388</u>	<u>\$381,792</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Reporting Entity - San Francisco Bay Area Rapid Transit District (District) is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended, and subject to transit district law as codified in the California Public Utilities Code. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with federal, state and local agencies.

For financial reporting purposes, the District's financial statements include all financial activities that are controlled by or dependent upon actions taken by the District's Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments are stated at cost or amortized cost, except for investments of the deferred compensation plan which are stated at current (market) value. As a matter of policy, the District holds investments until their maturity.

Deposits, consisting of cash and investments, are held by trustee banks in accordance with the District's various bond indentures and for general debt service requirements. Deposits are stated at cost.

Facilities, Property and Equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others.

The District capitalizes certain interest revenue and expenditures related to tax-free borrowings. The net effect of such interest capitalization was to increase expenditures for facilities, property and equipment by \$4,052,000 during the year ended June 30, 1989 for excess interest expenses over interest revenue from applicable borrowing and to decrease expenditures for facilities, property and equipment by \$913,000 during the year ended June 30, 1988 for excess interest revenue over interest expenses from applicable borrowings.

Self-insurance Liabilities - The District is largely self-insured for workers' compensation claims, general liability claims, and major property damage. The District accrues the estimated costs of the self-insured portion of claims.

Unearned Passenger Revenue is an estimate of passenger tickets purchased which have not yet been completely used.

Contributed Capital - The District periodically receives grants from the Urban Mass Transportation Administration (UMTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit related equipment and improvements. Capital grant funds earned, less amortization equal to annual and accumulated depreciation of the related assets, are included in contributed capital.

Statements of Operations have been expanded to present the financial activities of the general operations of the transit system, revenues restricted by the Board of Directors for construction activity, and revenues restricted by the District's various bond indentures for debt service (including interest expense) on outstanding long-term debt.

Transactions and Use Tax (Sales Tax) Revenue - A ½% transactions and use tax is collected within District boundaries and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid directly by the State Board of Equalization to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the Metropolitan Transportation Commission (MTC) to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services. The District records the total transactions and use taxes earned (including amounts paid to the trustee) as revenue.

Property Taxes, Collection and Maximum Rates - The State of California Constitution Article XIII A provides that the general purpose maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts, such as the District.

The District receives property tax revenues to meet the debt service requirements of its General Obligation Bonds. The District also receives an allocation of property tax revenues for transit operations.

San Francisco, Alameda and Contra Costa Counties assess properties, bill for, collect, and distribute property taxes. Property taxes are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

Financial Assistance Grants are accrued as revenue in the period to which the grant applies.

Sale of Tax Benefits - The District has entered into agreements to sell tax benefits for certain District-owned transit equipment contracted for purchase prior to August 1986. The transactions have been structured in the form of leases for tax purposes. The District recognizes tax benefit sales proceeds in the period of sale of tax benefits.

Pension Costs are expensed as incurred. Such costs equal the actuarially determined annual contribution amount. See Note 8.

3. CASH AND INVESTMENTS

The District maintains a cash and investment pool that includes cash and investments available for general use and restricted for Board designated purposes. Cash and investments of the District's deferred compensation plan (see Note 9) are held separately by the plan's administrator.

Deposits - At June 30, 1989 (and 1988), the District's cash on hand was \$968,000 (1988, \$899,000), and the carrying amount of the District's time and demand deposits was \$1,189,000 (1988, \$6,405,000) with the corresponding bank balance of \$4,867,000 (1988, \$12,120,000). Of the bank balance \$499,000 (1988, \$375,000) was insured by federal depository insurance or collateralized by securities held by the District's agent in the District's name, and \$4,368,000 (1988, \$11,745,000) was collateralized 110% as required by Section 53652 of the California Government Code by the pledging financial institutions. However, such collateral is not in the District's name.

Investments - State of California statutes and District policy authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, bankers' acceptances, repurchase and reverse repurchase agreements, and the State Treasurer's investment pool. The District did not enter into any reverse repurchase agreements during 1989 or 1988.

The District's investments are categorized below to give an indication of the credit risk assumed by the District at June 30, 1989. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's name.

	(In Thousands)						
	1989			1988			
	Category 1	Category 2	Category 3	Carrying Amount	Market Value	Carrying Amount	Market Value
U.S. Treasury notes	\$ 12,955			\$ 12,955	\$ 12,959	\$ 45,731	\$ 45,566
Federal agency obligations	268,755	\$34,739		303,494	303,849	258,307	258,514
Repurchase agreements	23,703	8,224		31,927	31,927	32,375	32,375
Total	\$305,413	\$42,963	—	348,376	348,735	336,413	336,455
Cash on hand				968	968	899	899
Time and demand deposits				1,189	1,189	6,405	6,405
Mutual funds:							
Fidelity Money Market						581	581
Deferred compensation plan investments				47,855	47,855	37,494	37,494
Total				\$398,388	\$398,747	\$381,792	\$381,834
Reported as:							
Cash and investments				\$304,544		\$220,717	
Payroll and other liabilities (representing cash overdraft)				(3,613)		(4,706)	
Deposits				24,332		23,795	
Investments				—		78,721	
Deferred compensation plan investments				47,855		37,494	
Investments restricted for Board designated purposes				25,270		25,771	
Total				\$398,388		\$381,792	

Cash and investments restricted for Board of Directors' designated purposes are summarized as follows (in thousands):

	1989	1988
Basic system completion	\$ 9,602	\$10,413
System improvement	3,068	2,858
Self-insurance	9,000	9,000
Operating	3,600	3,500
Total	\$25,270	\$25,771

4. FACILITIES, PROPERTY AND EQUIPMENT

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1989 and 1988 are summarized as follows (in thousands):

	Lives (Years)	1989		1988	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land		\$ 184,048		\$ 179,244	
Improvements	80	1,168,682	\$208,521	1,118,988	\$194,336
System-wide operation and control	20	180,741	83,300	142,686	75,448
Revenue transit vehicles	30	305,348	86,898	211,048	77,371
Service and miscellaneous equipment	3-20	22,744	13,411	21,362	11,978
Capitalized construction and start-up costs	30	100,943	50,975	100,331	47,452
Repairable property items	30	10,141	3,409	8,544	3,104
Construction-in-progress		144,186	—	207,919	—
Total		\$2,116,833	\$446,514	\$1,990,122	\$409,689

The District has entered into contracts for the construction of various facilities and equipment totaling approximately \$242 million at June 30, 1989.

In June 1988, the District entered into Principles of Agreement (Agreement) with the San Mateo County Transit District (SamTrans) pertaining to extending the transit system to the vicinity of San Francisco International Airport (Airport). Under the terms of the Agreement, SamTrans will pay the District a \$200 million capital contribution, to be used for East Bay expansion and to be paid in installments (adjusted for inflation) upon reaching certain Airport extension milestones and, in addition, SamTrans will be responsible for funding 25% of the cost of extending the transit system to the Airport. District management's most current estimate, performed in 1987, of the cost of such Airport extension is approximately \$600 million. This project is contingent upon the District receiving adequate commitments for federal funding, and also upon expansion of the transit system in the East Bay.

5. LONG-TERM DEBT

Long-term debt at June 30, 1989 and 1988 is summarized as follows (in thousands):

	1989	1988
1962 General Obligation Bonds	\$389,300	\$427,700
1966 Special Service District Bonds	5,350	5,830
Total General Obligation Bonds	394,650	433,530
1985 Sales Tax Revenue Bonds	145,000	145,000
Total long-term debt	539,650	578,530
Current portion	(42,585)	(38,880)
Net long-term portion	\$497,065	\$539,650

1962 General Obligation Bonds - In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District-wide property taxes. Bond interest rates range from 1.5% to 6.0%.

1966 Special Service District Bonds - In 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds, of which \$12 million were issued, for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within Special Service District No. 1. Bond interest rates range from 4.0% to 5.5%.

1985 Sales Tax Revenue Bonds - The 1969 Legislature of the State of California authorized the District to impose a ½% transactions and use tax within District boundaries and issue Sales Tax Revenue Bonds. On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the MTC to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by MTC.

In November 1985, the District issued sales tax revenue bonds (1985 bonds), totaling \$145,000,000, to refund and defease \$63,965,000 outstanding principal amount of sales tax revenue bonds issued in 1982, and to finance certain system improvements.

The 1985 bonds are special obligations of the District secured by a pledge of the sales tax revenues and are payable from revenues, including all sales tax revenues, all passenger fares, certain property tax revenues, and certain interest, grants, and other income. Bond interest rates range from 6.40% to 9.00%. Bonds maturing on or after July 1, 1996 (\$127,250,000) are redeemable prior to maturity at the option of the District beginning July 1, 1995 on various dates at prices ranging from 103% to 100%, including bonds maturing July 1, 2004 (\$41,005,000) and July 1, 2011 (\$78,660,000) which are subject to redemption prior to maturity on or after July 1, 1998 and July 1, 2005, respectively, at 100%.

The following is a schedule of long-term debt principal repayments required as of June 30, 1989 (in thousands):

	1962 G.O. Bonds	1966 Special Service District Bonds	1985 Sales Tax Revenue Bonds	Total
Year ending				
June 30:				
1990	\$ 40,200	\$ 500	\$ 1,885	\$ 42,585
1991	33,700	520	2,070	36,290
1992	34,975	540	2,270	37,785
1993	36,275	570	2,495	39,340
1994	37,525	590	2,735	40,850
Thereafter	206,625	2,630	133,545	342,800
Total	\$389,300	\$5,350	\$145,000	\$539,650

6. FEDERAL CAPITAL GRANTS

The U.S. Department of Transportation provides financial assistance to the District for capital projects. Grants which were active during the year ended June 30, 1989 are summarized as follows (in thousands):

Total approved project costs	<u>\$511,317</u>
Total approved federal funds	\$397,419
Less amounts received	<u>(317,026)</u>
Remaining amount available under federal grants	<u>\$ 80,393</u>

7. STATE AND LOCAL FINANCIAL ASSISTANCE

The District receives local operating and capital assistance from Transportation Development Act Funds (TDA). For the year ended June 30, 1989 TDA assistance was \$375,000 (1988, \$387,000), of which \$5,000 (1988, \$39,000) was used for capital purposes and \$370,000 (1988, \$348,000) was operating assistance. These funds are received from the counties of Alameda and Contra Costa to meet, in part, the District's operating and capital requirements based on annual claims filed by the District and approved by the MTC.

The District receives state operating and capital assistance from State Transit Assistance Funds (STA). For the year ended June 30, 1989, STA assistance was \$501,000 (1988, \$250,000), of which \$139,000 (1988, \$93,000) was used for capital purposes, \$362,000 (1988, \$77,000) was used for operating assistance and none (1988, \$80,000) was used for flow-through projects. These funds are allocated by MTC based on the ratio of the District's transit operation revenue and local support to the revenue and local support of all state transit agencies.

8. EMPLOYEES RETIREMENT PLAN

Plan Description - All permanent employees are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System. The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by state statute and District ordinance.

The District was not required to make a contribution to the Fund for public safety personnel or for miscellaneous covered employees for the years ended June 30, 1989 and 1988 due to a surplus of the District's portion of the Fund's net assets over the District's pension benefit obligation caused by a change in 1988 in the actuarial valua-

tion method and an actual rate of return on investment assets that exceeded the assumed rate. The District's covered payroll for employees participating in the Fund for the years ended June 30, 1989 and 1988 was \$85,746,000 and \$83,178,000, respectively. The District's 1989 and 1988 payroll for all employees was \$95,187,000 and \$91,325,000, respectively. The District, due to a Collective Bargaining Agreement, also has a legal obligation to contribute an additional 9% for public safety personnel and 7% for miscellaneous covered employees. Employees have no obligation to contribute to the Fund.

Funding Status and Progress - The "pension benefit obligation" is determined for each participating employer by the Fund's actuary and is a standardized disclosure measure that results from applying actuarial assumptions to estimate the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the District's portion of the Fund to which contributions are made on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used.

The pension benefit obligation shown below was computed as part of an actuarial valuation performed as of June 30, 1988, the latest available for the Fund. The significant actuarial assumptions used in the 1988 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.5%, annual payroll increases of 5.5% attributable to inflation and 1.5% attributable to merit or seniority, and no postretirement benefit increases.

The funding status applicable to the District's employee group at June 30, 1988 (the latest available for the Fund) follows (in thousands):

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 73,272
Current employees:	
Accumulated employee contributions and allocated investment earnings	72,820
Employer-financed, vested	23,866
Employer-financed, nonvested	<u>1,395</u>
Total pension benefit obligation	171,353
Net assets available for benefits, at cost (total current (market) value, \$242,362)	<u>214,290</u>
Net assets in excess of pension benefit obligation	<u>\$ 42,937</u>

Actuarially Determined Contributions Required and Contributions Made - The funding policy of the Fund provides for actuarially determined periodic contributions by the District at rates such that sufficient assets will be available to pay benefits when due. The District was not required to make a contribution to the Fund for the years ended June 30, 1989 and 1988 in accordance with the actuarially determined requirements computed as of June 30, 1988 and 1987, respectively. The District's surplus asset position is being offset against the current year's normal cost contribution. The actuarially determined normal cost contribution rate before reduction for the surplus asset amortization was 15.342% (1988, 17.075%) for public safety employees and 8.201% (1988, 8.257%) for miscellaneous employees. As a result of collective bargaining agreements, any savings in pension expenditure due to a reduction in contribution rate is to be redistributed towards an alternative benefit for covered employees.

The District's normal cost contribution rate is determined using the entry-age normal funding method, a projected benefit cost method. The Fund would use the same method to amortize any unfunded liability.

Significant actuarial assumptions used in the June 30, 1988 valuation to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

Historical Trend Information - Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

For the District's portion of the Fund, trend information for the years ended June 30, 1988 and 1987, follows (dollars in thousands):

	1988	1987
Net assets available for benefits, at cost	\$214,290	\$189,801
Pension benefit obligation	\$171,353	\$151,795
Net assets available for benefits as a percentage of pension benefit obligation	125%	125%
Assets in excess of pension benefit obligation	\$ 42,937	\$ 38,006
Annual covered payroll	\$ 83,178	\$ 79,940
Assets in excess of pension benefit obligation as a percentage of annual covered payroll	51.6%	47.5%
Contributions made in accordance with actuarially determined requirements as a percentage of annual covered payroll	0%	0%

Trend information for 1989 is not yet available.

9. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all officers and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, or certain other covered events.

As required by IRC Section 457, all amounts of compensation deferred under the deferred compensation plan and all income attributable to those amounts, remain the property of the District (until paid or made available to the participants), subject only to the claims of the District's general creditors. Participants' rights under the deferred compensation plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant. The plan administrator has invested the deferred amounts in numerous participant-directed, uninsured investments.

District Management believes that the District has no liability under the terms of the plan for any amounts other than the participants' account balances.

10. MONEY PURCHASE PENSION PLAN

All District employees, except sworn police officers, participate in the Money Purchase Pension Plan which is a supplemental retirement program. In January 1981, the District's employees elected to withdraw from the Federal Social Security System (FICA) and established the Money Purchase Pension Plan. The District contributes an amount equal to 6.65% of covered employee's annual compensation (up to \$29,700 after deducting the first \$133 paid during each month) up to a maximum annual contribution of \$1,868. Additionally, the District contributes to each employee's account approximately 1.63% of covered payroll for the savings realized when the District de-pooled its Public Employees Retirement Fund (Fund) account. This amount was formerly paid to the employee's Fund account. Each employee's account is available for distribution upon such employee's termination.

The District's total expense and funded contribution for this plan for the years ended June 30, 1989 and 1988 was \$5,587,000 and \$5,210,000, respectively. Money Purchase Pension Plan assets at June 30, 1989 and 1988 (excluded from the accompanying financial statements) were \$54,489,000 and \$45,766,000, respectively.

11. LITIGATION

The District is involved in various lawsuits, claims and disputes, which for the most part are normal to the District's operations. In the opinion of District Management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

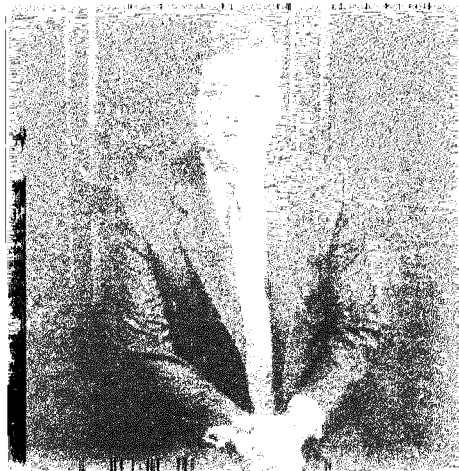
SUPPLEMENTAL SCHEDULE OF RECONCILIATION OF EXCESS OPERATING REVENUES OVER (UNDER) EXPENSES FOR THE YEARS ENDED JUNE 30, 1989 AND 1988 (In thousands)

The following is a reconciliation of excess operating revenues over (under) expenses after capital designations and before depreciation:

	1989	1988
EXCESS OF EXPENSES OVER REVENUES:		
Operations	\$(24,435)	\$(30,554)
CAPITAL DESIGNATIONS	(11,817)	(4,708)
DEPRECIATION	37,767	35,202
EXCESS OF OPERATING REVENUES OVER (UNDER) EXPENSES AFTER CAPITAL DESIGNATIONS AND BEFORE DEPRECIATION	<u>\$ 1,515</u>	<u>\$ (60)</u>

Capital designations are made by the District annually for capital purposes which represent the excess of revenue over expenses before depreciation generated by operations.

MESSAGE FROM THE GENERAL MANAGER

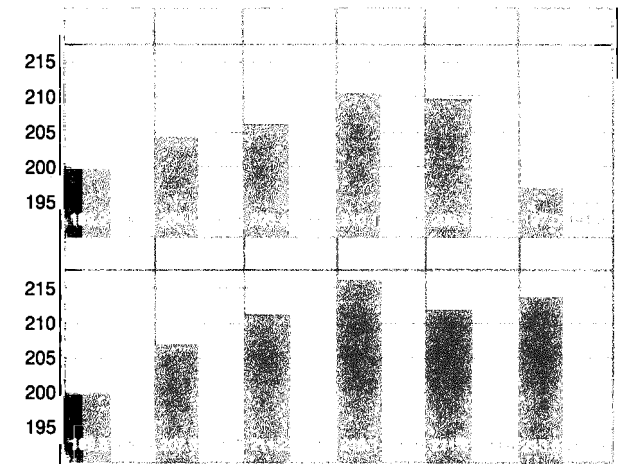
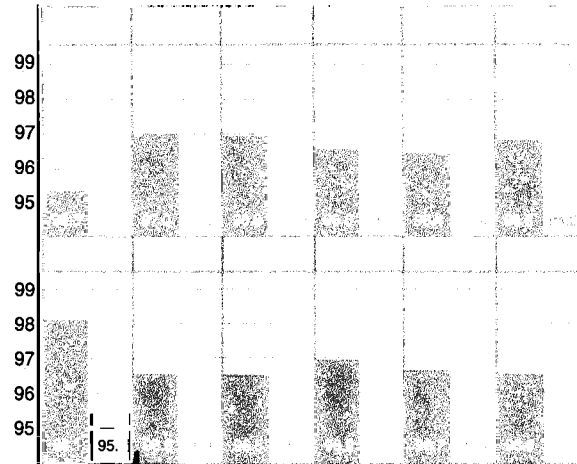


Four days before the end of the 1989 fiscal year, I assumed my position as General Manager of BART.

I was new to BART, but BART wasn't new to me. Through the years, I had followed BART's development closely and regarded the District as being in the forefront of up-to-date mass rail transit operations.

I gave a great deal of thought to BART just before I accepted the position of General Manager. It seemed to me that three words summed up BART's situation as the District moved to expand its passenger capacity and extend its service to additional communities. These three words are heritage, maturity and challenge.

BART's heritage arises from the boldness and uniqueness of its concept and design and from the unrelenting energy and drive, against powerful opposition, that were given to its development and construction. Building BART, to most of those people who were responsible for its construction, was virtually a crusade, a matter of faith.



FY1988/89

FY1987/88

The size of the system, cost, technical innovations, engineering difficulties and, last but not least, its potential for service were unprecedented.

When I walked into BART in June, 1989, I was well aware of BART's heritage and I sensed that the District was at a crossroads. In a way, BART was like a mature individual with a brilliant career as a young person but with even more promise ahead. BART had conquered a host of early shakedown problems. It was well run, widely respected and had its face to the future.

BART's responsibility to the future defines the challenge of today. BART now has nearly in place all of the elements of its program to expand capacity on the present 71.5 mile system: new passenger cars, additional electrical capacity, more storage and track facilities and better train control. At the same time, we are moving ahead with our extension program.

These projects must move ahead with the same dynamic energy that propelled the construction of the system in the 1960s and 1970s.

We can't miss a beat. We must continue to plan well, operate well and deliver well on our promise to expand and extend our service. But at the same time we set our sights to the future and a 50 percent expansion of the system, we must be ever mindful that our existing facilities have aged well but they have aged. We must embark on an aggressive rebuilding, renovation and rehabilitation of both fixed and operating assets. The promise of the future can only be built on the foundation of performance of the present system.

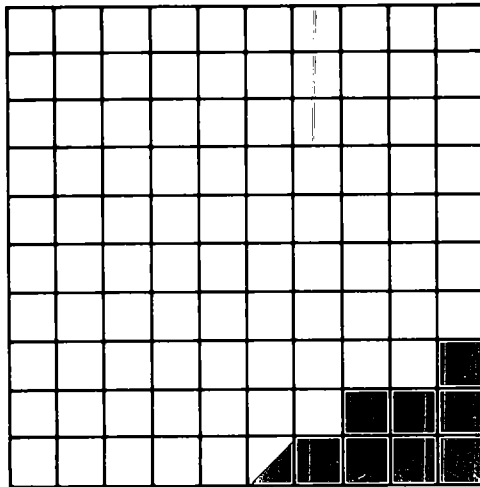
All of this isn't going to be easy. In fact, it's going to take a lot of hard work, but it's certainly a challenge that BART can meet. BART's heritage provides all of us at BART with an inspiration. We now have the opportunity to build on that heritage and continue to hold our position as the model for rail commuter systems throughout the world.

Frank J. Wilson
General Manager, BART

OPERATING FUNDS 1988/1989

Where Funds Came From (In Thousands)

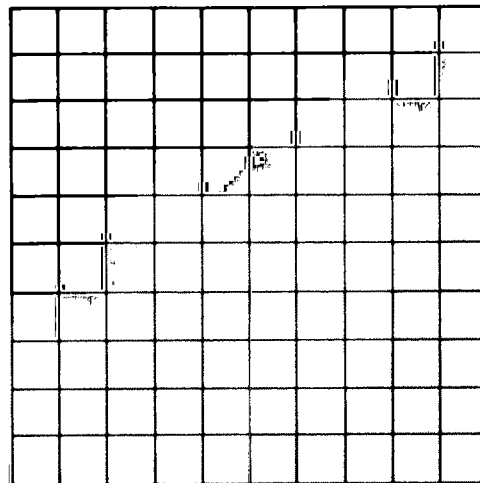
- Transaction & Use Sales Tax
\$86,120 44.19%
- Fares
\$83,192 42.69%
- Property Tax
\$9,083 4.66%
- Other
\$16,486 8.46%
 - Investment Income and Other Operating Revenues
\$6,421 3.29%
 - State Financial Assistance
\$362 0.19%
 - Construction Funds
\$9,333 4.79%
 - Regional Financial Assistance
\$370 0.19%



TOTAL
\$194,881 100.00%

How Funds Were Applied (In Thousands)

- Maintenance
\$71,598 36.74%
- Transportation
\$61,656 31.64%
- General Administration
\$31,772 16.30%
- Police Services
\$9,801 5.03%
- Other
\$20,054 10.29%
 - Capital Designations
\$11,817 6.06%
 - Construction & Engineering
\$6,722 3.45%
 - Increase in Working Capital*
\$1,515 0.78%



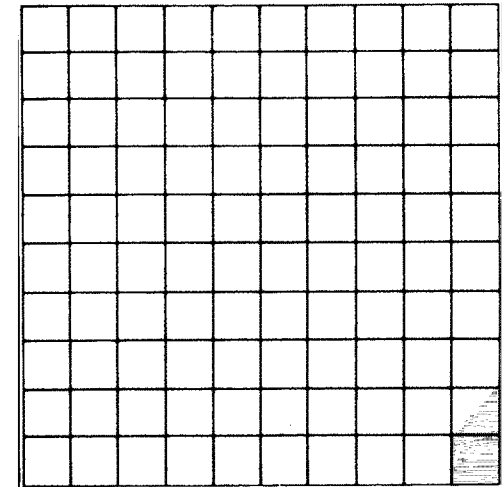
TOTAL
\$194,881 100.00%

*Funded excess of revenues over expenses

CAPITAL FUNDS 1988/1989

Source of Funds (In Thousands)

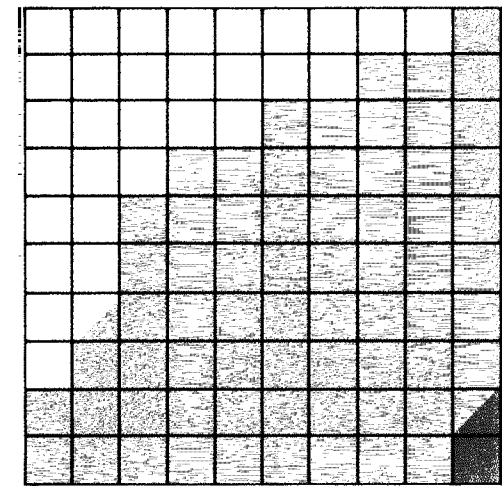
- District
\$41,583 37.08%
- Federal
\$54,042 48.20%
- State
\$14,825 13.22%
- Local
\$1,635 1.50%



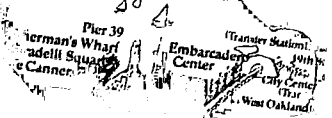
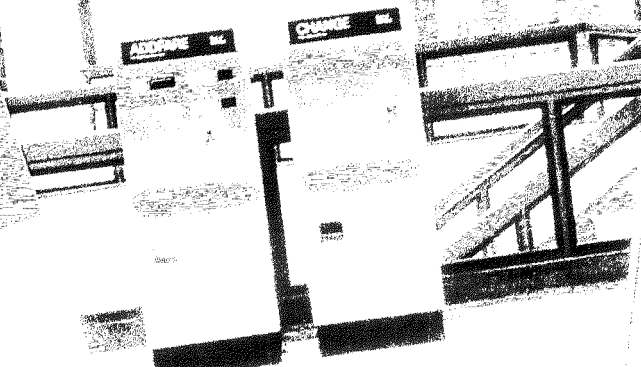
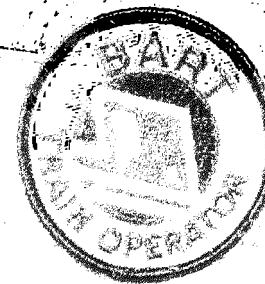
TOTAL
\$112,135 100.00%

Expenditures (In Thousands)

- Construction:
 - Line
\$32,116 28.64%
 - Systemwide
\$2,039 1.82%
 - Support Facilities
\$157 0.14%
- Equipment:
 - Train Control
\$8,128 7.25%
 - Communications
\$2,885 2.57%
 - Transit Vehicles
\$62,635 55.87%
 - Automatic Fare Collection
\$297 0.26%
 - Management Information Systems
\$562 0.50%
 - Support Vehicles
\$58 0.05%
 - Other Equipment
\$1,518 1.35%
- Studies and Other
\$1,740 1.55%



TOTAL
\$112,135 100.00%



**San Francisco Bay Area
Rapid Transit District (BART)**

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688,
Oakland, CA 94604-2688 (415) 464-6000

Established in 1957 by the California State Legislature.
Authorized to plan, finance, construct and operate a rapid
transit system.

Governed by a Board of Directors elected for four-year terms
by voters in nine election districts within the counties of
Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS - Fiscal Year 1989

PRESIDENT:
Arlo Hale Smith, San Francisco
VICE PRESIDENT:
Nello Bianco, El Sobrante

Members of the Board

- District #1 - Joe Fitzpatrick, Orinda
- District #2 - Nello Bianco, El Sobrante
- District #3 - Sue Hone, Berkeley
- District #4 - Margaret K. Pryor, Oakland
- District #5 - Erlene DeMarcus, Pleasanton
- District #6 - John Glenn, Fremont
- District #7 - Wilfred T. Ussery, San Francisco
- District #8 - Arlo Hale Smith, San Francisco
- District #9 - Michael Bernick, San Francisco

Board-Appointed Officers

- Frank J. Wilson, General Manager
- Sherwood Wakeman, General Counsel
- Alvan Teragawachi, Controller/Treasurer
- Phillip O. Ormsbee, District Secretary

**Department Managers Reporting
to the General Manager**

- George Mackin, Acting Executive Manager
Maintenance & Engineering
- William B. Fleisher, Chief Transportation Officer
- Howard L. Goode, Planning, Budget & Analysis
- Michael C. Healy, Public Affairs
- Ernest G. Howard, Administrative Services
- John Mack, Affirmative Action
- Thomas R. Sheehan, Information Systems
- William Thomas, Material Management & Procurement
- Ralph S. Weule, Safety
- Larry A. Williams, Employee Relations

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System Map: Arthur Richardson, BART Documentation
Writer: Dudley Creed, San Francisco
Editor: Sy Moubert, BART Public Information Office

BART

TRANSIT DISTRICT ANNUAL REPORT 1990

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Oakland, CA 94604-2688 (415) 464-6000

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BOARD OF DIRECTORS — Fiscal Year 1990

PRESIDENT
Nello Bianco, El Sobrante

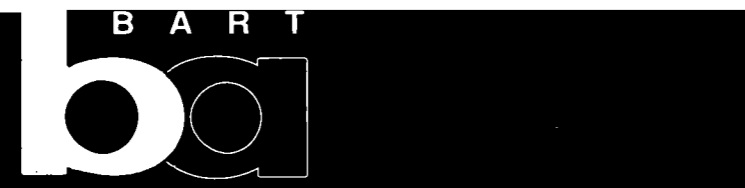
VICE PRESIDENT
Erlene DeMarcus, Pleasanton

Members of the Board

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- District #2 — Nello Bianco, El Sobrante
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- Sherwood Wakeman, General Counsel
- Alvan Teragawachi, Controller/Treasurer
- William O. O'Connell, District Secretary



Executive Managers Reporting to the General Manager

- John J. Haley, Jr., Deputy General Manager
- Larry A. Williams, Executive Manager,
Human Relations & Support Services
- Irene C. Borcover, Acting Executive Manager,
District Relations & Support Services
- Ralph S. Weule, Executive Manager,
Safety & Investigations
- James T. Gallagher, Assistant General Manager,
Operations
- Thomas E. Margro, Assistant General Manager,
Development

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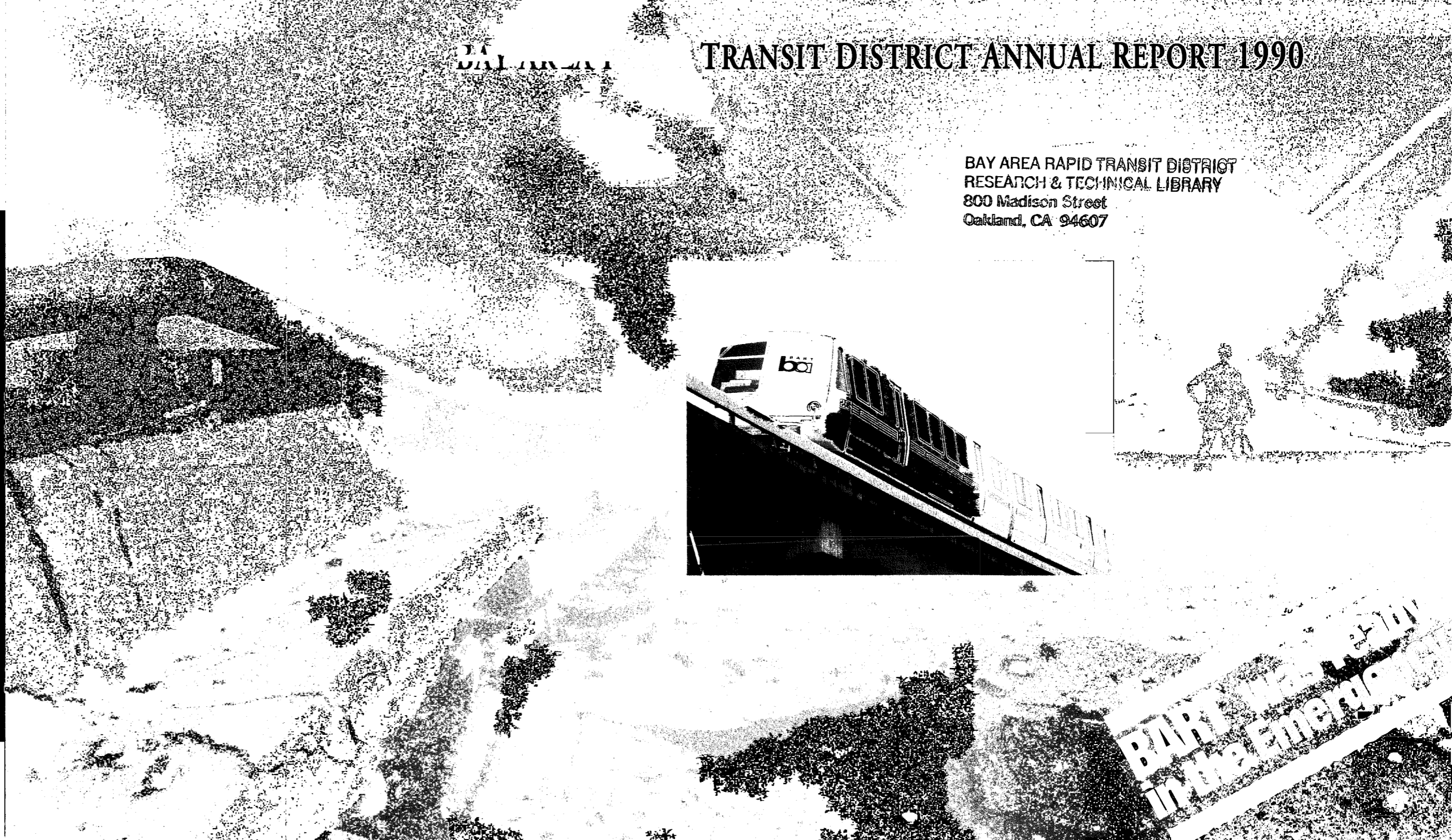
Photography: John Benson, Pleasanton;
Gordon Kloess, Half Moon Bay;
Fisher Photo, Emeryville;
Michael Macor, Oakland Tribune;
Kent Porter, Santa Rosa Press Democrat

Illustrator: Susan Strong, San Mateo

System Map: Arthur Richardson, BART Documentation

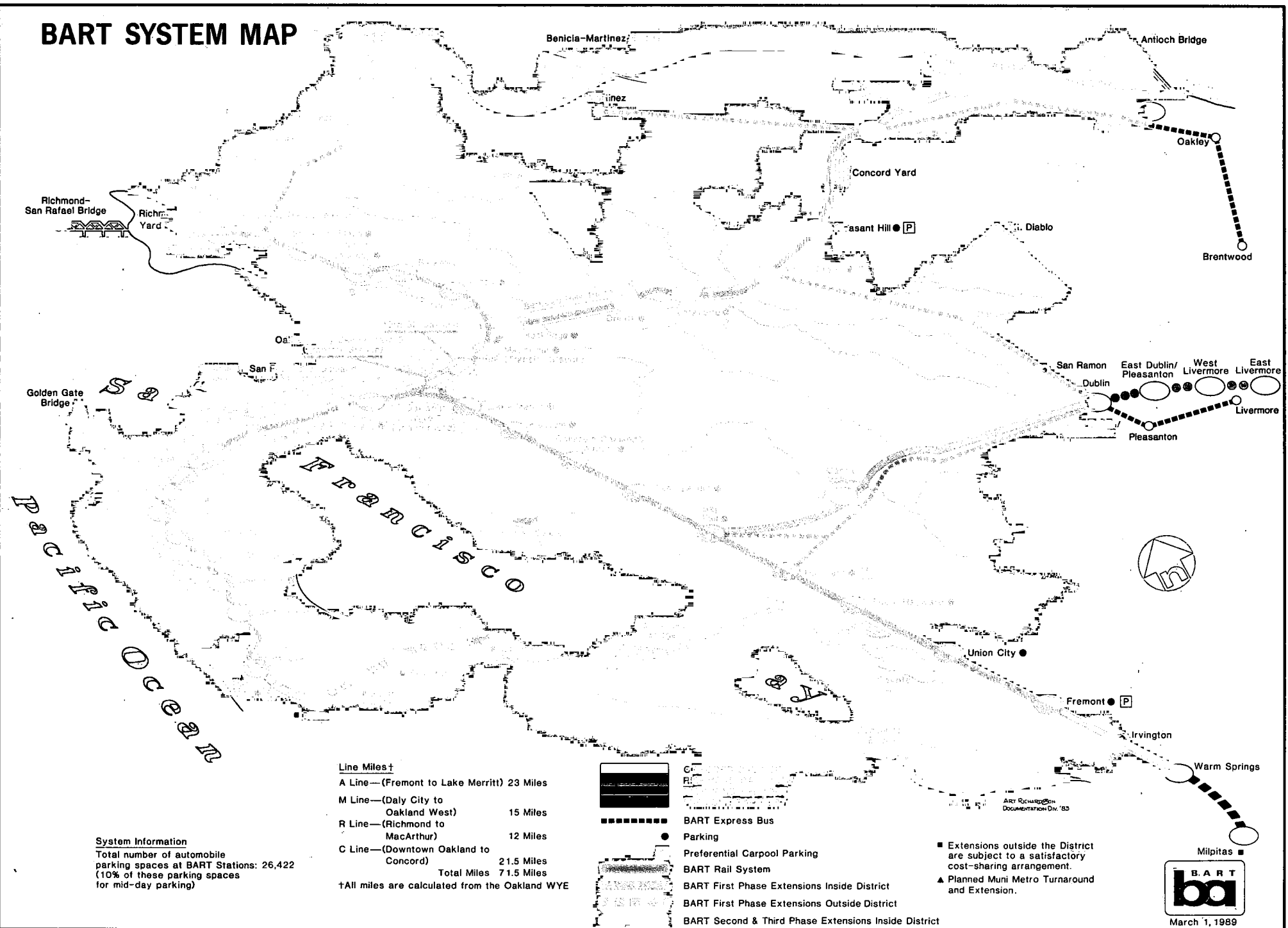
Writer: Dudley Creed, San Francisco

Editor: Sy Moulber, BART Public Information Office

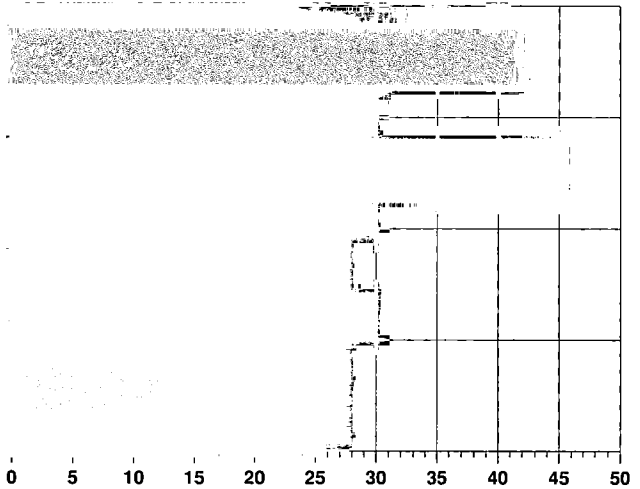


BART is the way
in the emergency

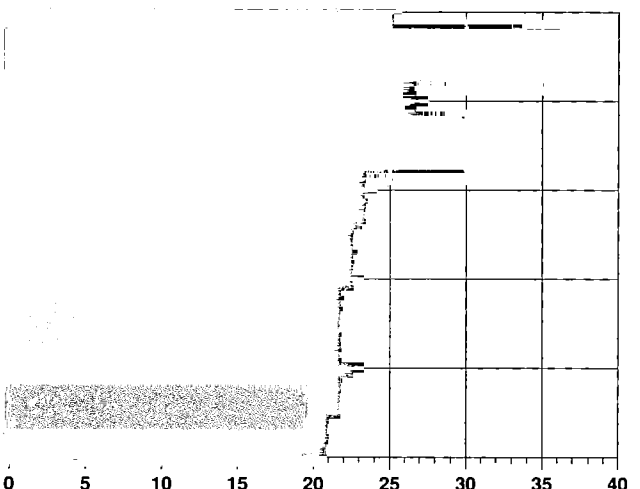
BART SYSTEM MAP



OPERATING FUNDS 1989/1990



TOTAL \$217,008 100.00%



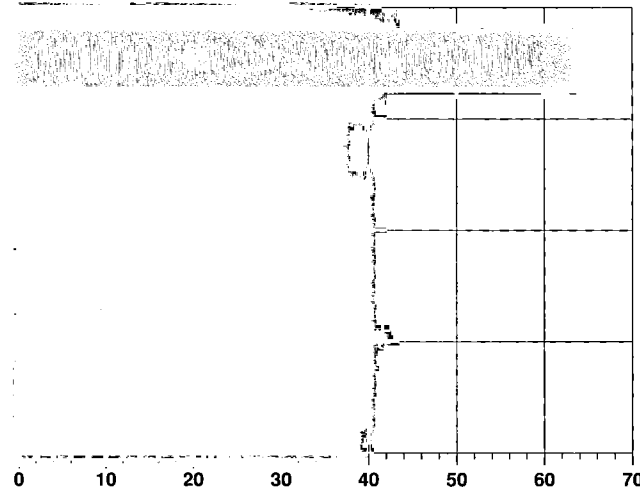
TOTAL \$217,008 100.00%

HOW FUNDS WERE APPLIED (In Thousands)

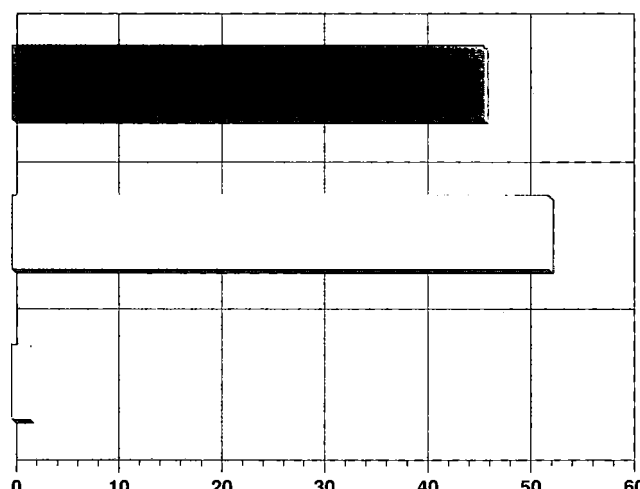
- Maintenance: \$79,186 (36.49%)
- Transportation: \$65,033 (29.97%)
- General Administration: \$40,075 (18.47%)
- Police Services: \$11,011 (5.07%)
- Other: \$21,703 (10.00%)
- Capital Designations: \$15,381 (7.09%)
- Construction & Engineering: \$6,322 (2.91%)

* Funded excess of expenses over revenues

CAPITAL FUNDS 1989/1990



TOTAL \$129,278 100.00%



TOTAL \$129,278 100.00%

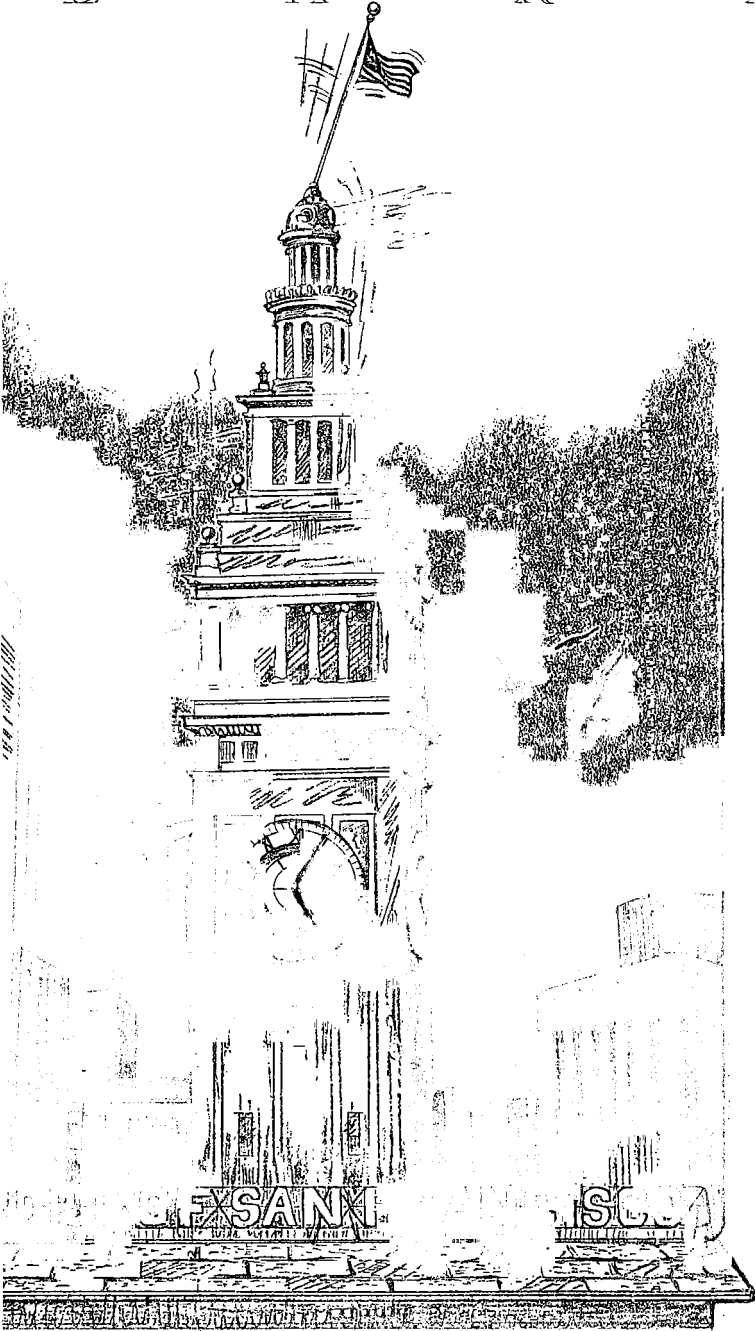
SOURCE OF FUNDS (In Thousands)

- District: \$82,343 (63.70%)
- Federal: \$26,841 (20.76%)
- State: \$19,230 (14.87%)
- Local: \$864 (.67%)

EXPENDITURES (In Thousands)

- Construction:
 - Line: \$50,075 (38.73%)
 - Systemwide: \$4,121 (3.19%)
 - Support Facilities: \$5,145 (3.98%)
- Equipment:
 - Train Control: \$2,861 (2.21%)
 - Communications: \$436 (.34%)
 - Transit Vehicles: \$60,202 (46.57%)
 - Automatic Fare Collection: \$450 (.35%)
 - Management Information: \$1,142 (.88%)
 - Support Vehicles: \$645 (.50%)
 - Other Equipment: \$1,811 (1.40%)
- Studies and Other: \$2,390 (1.85%)

E A R T H Q U A K E



At four minutes after five o'clock on the afternoon of Tuesday, October 17, 1989, an earthquake rolled along the San Andreas Fault in Northern California.

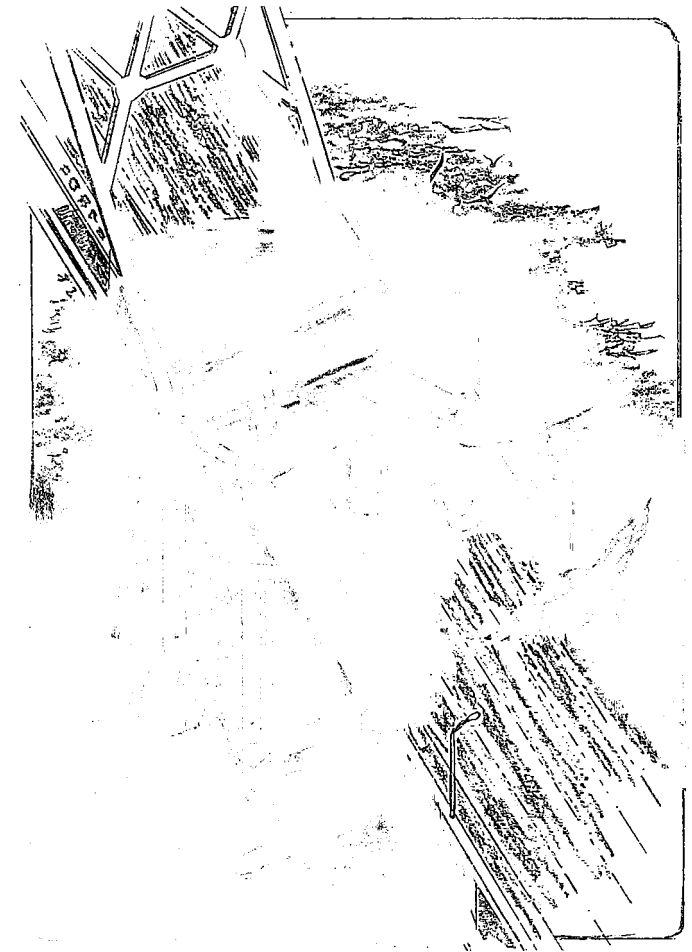
It was centered near Santa Cruz, south of the San Francisco Bay Area, but it caused death and destruction for more than 200 miles and disrupted the usual daily pattern of life for millions of people.

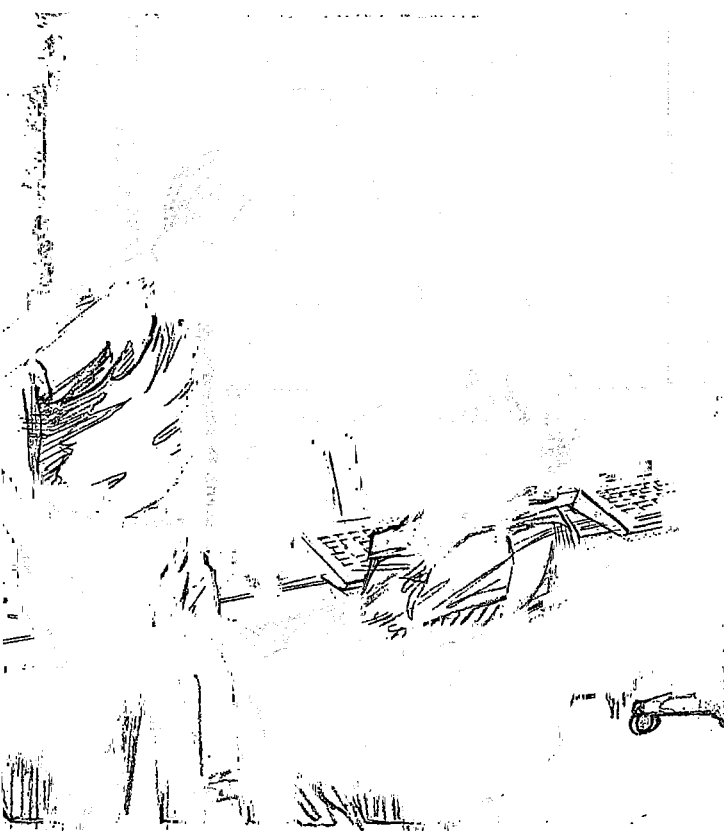
The quake was measured at 7.1 on the Richter Scale, the strongest tremor to hit Northern California since 1906, when a quake estimated at 8.0 struck along the same fault, and combined with fire, destroyed a large portion of San Francisco and caused widespread damage north and south of the city.

The 1989 earthquake, and its immediate aftershocks, collapsed and weakened buildings, homes and freeways. It caused a portion of the upper westbound level of the Oakland-San Francisco Bay Bridge to tear loose from its pinnings and collapse on to the lower level.

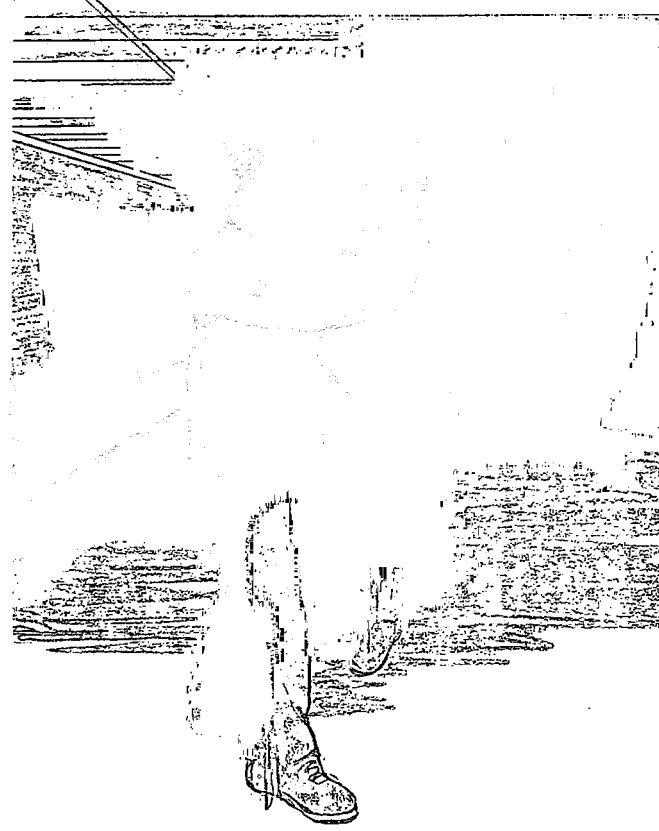
The 1989 quake struck at the peak commute hour. Thousands of people were in the process of heading home for the day. Some were already in their cars, on buses, or on BART trains, while others were getting ready to leave their offices. At Candlestick Park in southeast San Francisco more than 40,000 people were waiting for the first pitch of Game Three of the World Series between the San Francisco Giants and the Oakland Athletics.

At BART headquarters in Oakland, most employees had just left the building a moment or two before the earthquake struck, but many BART departmental managers and senior officials were still in their offices. When the rumbling and rolling stopped, and after they determined that those around them were not hurt, their first thought was to reach BART's Central Control, the nerve center of the





District's 71.5-mile system of track, trains and stations, and to find out if the system was still running, what damage had been sustained throughout the system, and what they could do to help. Although copies of BART's long-established Emergency Plan were available for consultation it seemed in those first few minutes after the rumbling and rolling stopped, the printed BART plan was almost superfluous. People seemed to have it in their head without glancing at it as they went about the business of determining what had happened and figuring out what to do about it.



The first order of business was to determine if any BART passengers or employees had been killed or injured as a result of the earthquake and to make contact with all trains on the line and with all stations.

Radio communication with a few train operators out on the line was weak and sporadic, but telephone communication was intact throughout the system. All train operators were ordered to proceed to the nearest station, if possible, and to direct their passengers to leave the train and the station.

Two trains were in the 3.6-mile Transbay Tube, linking San Francisco and Oakland, when the earthquake struck, one headed west, the other east. The eastbound train, with ten cars and more than 1,000 commuters, was approaching the east end of the Tube. Although the train operator felt a "dip" at the moment of the quake, he did not realize an earthquake had taken place. The train proceeded to the West Oakland Station, where passengers disembarked.

barked. This same train was used less than three hours later by BART officials to proceed westward into the Tube to check for damage and reach the Embarcadero Station in San Francisco.

The westbound train, which was near the middle of the Tube when the earthquake struck, proceeded in "road manual" slowly to the Embarcadero Station. There, in complete darkness, except for the flashlights of BART train and station personnel, passengers left the train and the station.

Traction power to the tracks and some auxiliary station lighting in San Francisco was cut off by damage to a sub-station that supplied electricity to BART's West Bay facilities. Traction and station lighting power was gradually restored during the night on the west side of the Bay. Most of San Francisco itself was without electrical power during the first several hours after the earthquake, adding a measure of confusion, anxiety and discomfort, but full power was gradually restored to most parts of the city during the late-night and early-morning hours.

Meanwhile, from BART headquarters in Oakland, teams of BART engineers and officials fanned out to check the system. Reports of widespread destruction reached Central Control, but they proved to be completely unfounded as BART officials inspected each mile of track and every station and structure. Some of the preliminary inspection was carried out by helicopter.

As the evening progressed, it became obvious to officials at Central Control that the earthquake had not caused any injuries or deaths to BART passengers or personnel and that the system was intact. A lack of electricity throughout the San Francisco portion of the system remained a problem until early Wednesday morning.

BART employees worked throughout the night to make sure that the system was undamaged, to help restore power to the West Bay and to return to regular passenger service as soon as possible. Passenger trains resumed service in the East Bay, at least on a limited-schedule basis, within four hours of the quake.

In at least one instance, at the Daly City Station, BART passengers were not directed to leave BART cars and the station. BART-bound baseball fans, who reached the Daly City Station by bus following the cancellation of the World Series game, were allowed to wait in the station or in the cars that had been positioned at Daly City to carry them home after the game. The cars were lighted and heated.

If the Bay Bridge had not been damaged, the story of BART and

the 1989 earthquake would more or less have ended on October 18, as regular weekday service was restored throughout the system.

That closure, however, drastic, sudden and unexpected, created a new set of circumstances and propelled BART into a new phase of the story of the earthquake of 1989. The new phase had far-reaching consequences, not only for BART, but for the entire public transportation picture in the Bay Area.

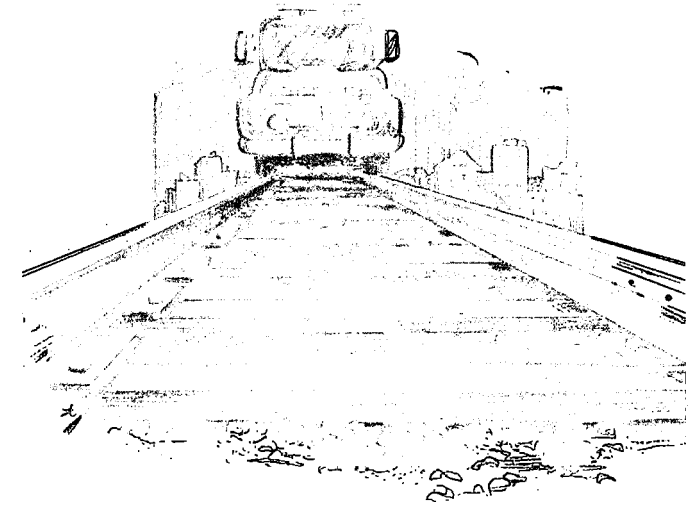
On an average weekday before the earthquake, approximately 343,000 "people trips" were made across the Bay Bridge in both directions, including occupants of cars, trucks and buses. BART's average weekday transbay patronage was approximately 102,000.

With the Bay Bridge closed, how were the commuters who customarily used the bridge going to get to and from work? The bridge commuters represented the majority of transbay commuters.

As soon as BART officials confirmed that the Bay Bridge was damaged and could not carry its usual load of commuter traffic, they began to make plans to take up the slack. How many bridge commuters would switch to BART?

Nobody could say for sure, but BART officials decided that BART had to be ready to carry as many passengers as the BART system could sustain. It was a matter of "pulling out all the stops." BART would have to be ready for whatever passenger load developed and to sustain that readiness for as long as the bridge was out.

Fortunately for BART, the full weekday commuter demand did not develop until Monday, October 23,



nearly a week after the earthquake. Many people simply stayed at home during the first few days after the quake and did not attempt to resume "business as usual" until the following Monday.

By that time, BART was ready for them. Even though it was impossible for BART to calculate exactly how many new passengers could be expected to ride BART trains, it was certainly obvious that there would be thousands of them.

BART officials had to ask themselves: How many additional passenger cars would be needed in weekday service? Can additional trains be scheduled? Will it be possible to keep the cars maintained at the customary level of safety and efficiency? Can the existing ticket facilities at stations accommodate thousands of new passengers? How many additional personnel would be required? How can the demand for additional parking spaces be met? How can the public best be informed about additional service, parking locations and connections with other transit agencies?

These questions are a mere sample of the ones that BART officials had to ask and answer in the first three days following the quake. The resources of the entire District, its people and equipment, were mobilized.

At the end of Monday, October 23, it was evident that BART was going to be busy. The day's passenger total was 290,060, compared with a pre-quake typical figure of 218,256, and the



Transbay Tube total was 180,775, compared to a typical weekday total of 102,152. And that was just the beginning. By the end of the week, on Friday, October 27, the day's passenger total was 329,276, with 207,170 through the Transbay Tube. The total passenger count for five weekdays from October 23 through October 27 was 1,580,325, nearly a million of them through the Tube. On October 23, BART inaugurated 24-hour service and continued it through November 30.

Patronage on the weekends also increased. On Saturday, October 28, the number of passengers totaled 159,129, compared to a pre-quake average of 92,610; the next day patronage totaled 97,749, compared with an average Sunday figure of 52,075.



Between Monday, October 30 and Friday, November 3, weekday patronage totaled 1,703,000, including 352,696 on November 3. During the first 15 weekdays beginning on October 23, daily patronage averaged 330,812. Within a week transbay patronage was running more than 200,000 every weekday.

The highest weekday total was reached on Thursday, November 16, with 357,135 passenger trips. The previous day, the highest Transbay figure was reached with 229,480. By November 16, the daily average weekday passenger trips reached 347,008.

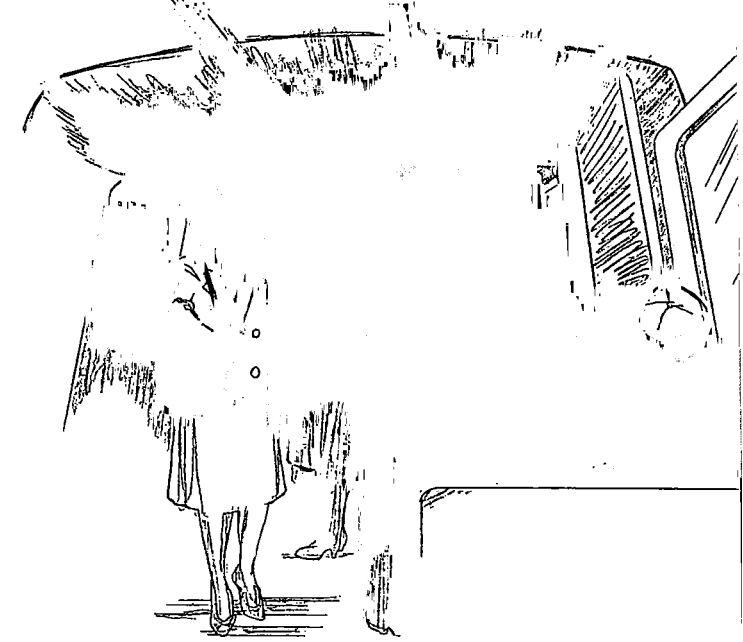
Not only did the number of passengers far exceed the amount that BART had carried before the earthquake, but it exceeded the maximum amount of passengers that BART planners had envisaged 25 years earlier.

BART had demonstrated that the system could handle unprecedented passenger demand day after day and that BART's people could cope with this demand.

Project Open Hand, a San Francisco based organization that provides meals for people in need, used BART to get meals to recipients in the East Bay following the closure of the Bay Bridge. The organization turned out 7,000 meals a day for earthquake victims.

What would happen on November 20, the first Monday after the Bay Bridge was reopened, and in the following days? How many commuters would stick with BART?

The effort shows. Weekday patronage is up to an average of more than a quarter-million riders per day, compared to about 218,000 a day in the weeks before the quake. Roughly 20 percent of the new riders who switched to BART last year because the



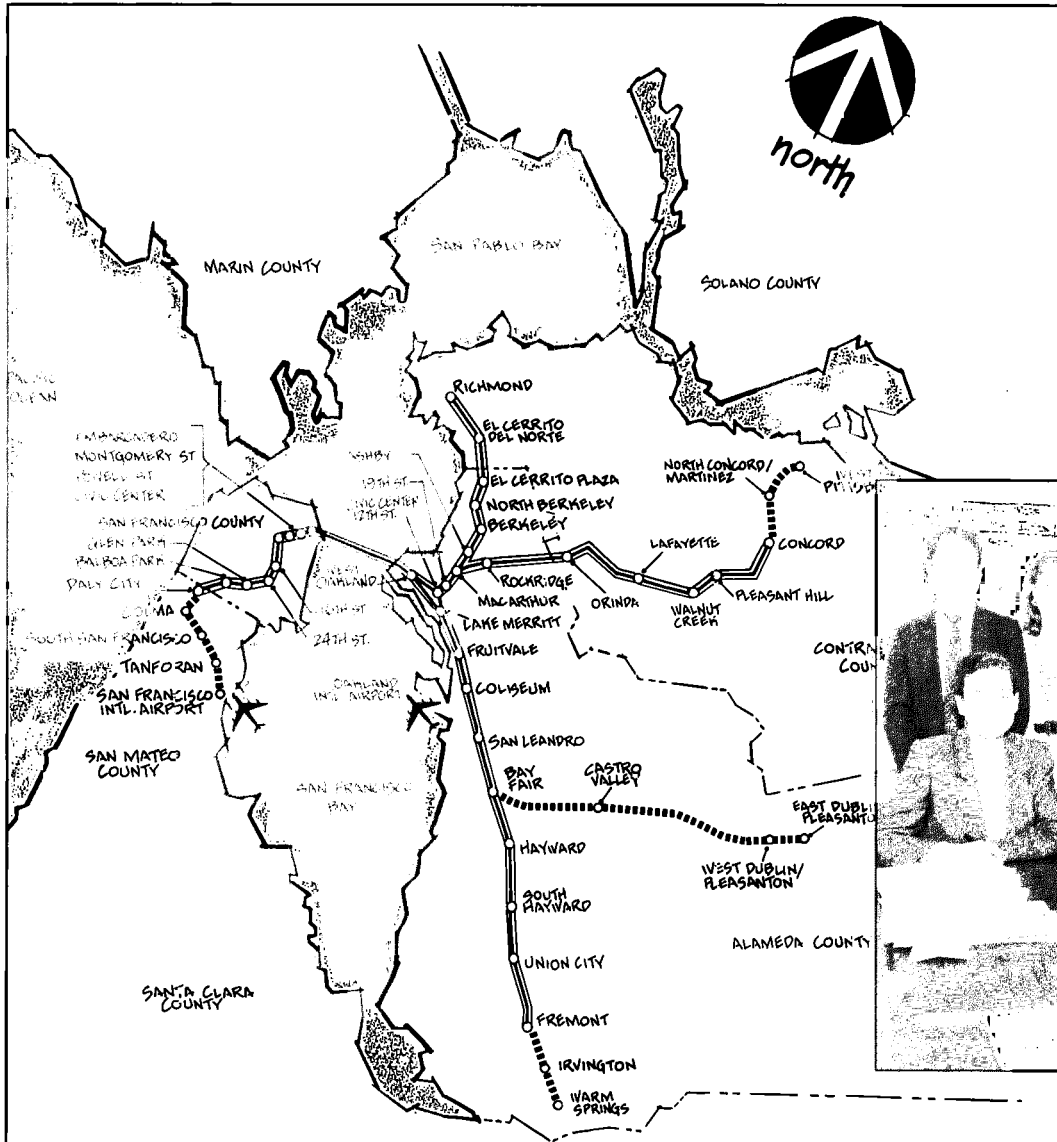
Bay Bridge was closed have stuck with BART.

The number of passengers who chose to continue to ride BART, however, is only one measure of the impact and important consequences of the role that BART played immediately following the earthquake. Thousands of Bay Area residents, including many public officials, came to have a new or heightened awareness of BART's capabilities and the role that BART does play, can play and could play in the region's transportation scene. This awareness was highlighted by local and national media plaudits and by Congressional recognition.

This awareness certainly was a factor in the widespread public support in June 1990, for additional taxes to ensure the financing of adequately equipping BART extensions.

Another consequence of the role that BART played following the closure of the Bay Bridge was the increased cooperation and coordination among BART and other transit agencies within BART's service area. By re-routing and re-scheduling bus service, other transit agencies, especially in the East Bay, provided an unprecedented level of coordinated transit service for their passengers.

E X T E N S I O N S



Shown here is the team of dedicated BART Planners who made major advances with the proposed BART extensions of rail service: (seated L/R) Andrea Gordon, Extension Planner; Marianne Payne, Manager of Extension Planning; Karita Zimmerman, Extension Planner; Theresa Dunn, Extension Planner. (standing



L/R) Alan Lee, Extension Planner; Marcy Heidi, Senior Secretary; Leo Rachal, Extension Planner and Molly Murphy, Community Relations Representative.

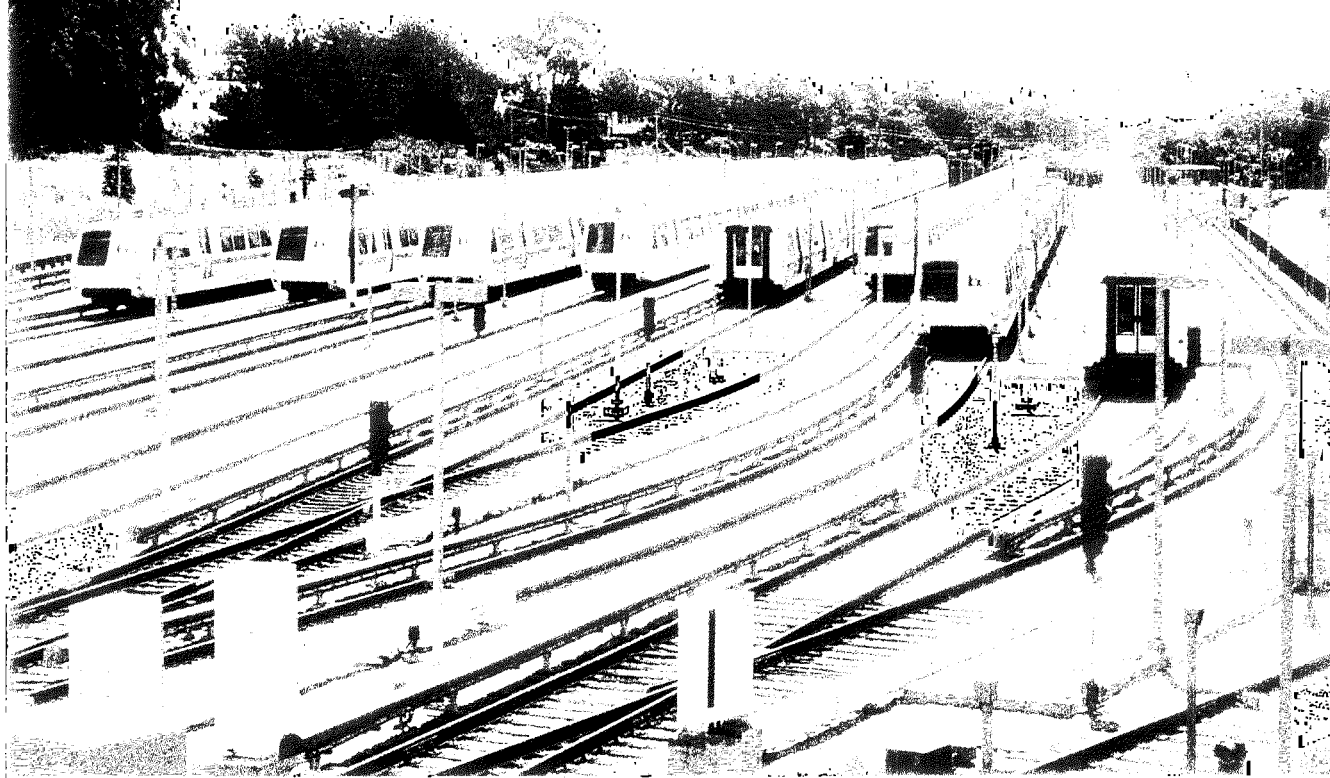
LEGEND
 —●— BART RAIL SYSTEM/STATIONS
 - - - ■ - - - BART FIRST PHASE EXTENSIONS/STATIONS
 * THIRD STATION PRIVATELY FINANCED

The District continued to make progress on its four Phase I extensions in Alameda, Contra Costa and San Mateo counties. When all of these extensions are completed by the turn of the century, they will add 33 miles and ten stations to the BART system.

Particularly significant was the final agreement between BART and the San Mateo Transit District (SamTrans), signed on March 1, 1990, which calls for BART to receive \$200 million from SamTrans and for BART to build an extension from Daly City to the San Francisco International Airport. An initial payment of \$10 million was made to BART on the day the final agreement was signed.

An additional \$90 million will be paid by SamTrans to BART when construction begins on the Colma portion of the extension in 1991. Another \$90 million will be paid to BART when construction begins on the extension from Colma to the airport, scheduled for 1994. The final \$10 million will be paid to BART when the project is completed. These payments totaling \$200 million will be used by BART to finance the extensions in Alameda and Contra Costa counties. The agreement also calls for SamTrans to pay 25 percent of the construction costs of the Colma Station and the line to the airport with the remaining cost expected to be made up from state and federal funding sources.

The final Environmental Impact Report (EIR) for the Colma link was nearing completion at the end of the fiscal year for submission to the Boards of Directors of BART and SamTrans. Preliminary engineering, which had been held up pending the final agreement,



went forward after March 1 and was approximately 15 percent complete at the end of June. Construction on the Colma portion of this extension is scheduled to begin by the middle of 1991 and to be completed by the end of 1995.

By the end of the 1990 fiscal year, BART had completed and received public comment on the final EIR for the Dublin/Pleasanton extension. Preliminary engineering was completed in March and final design began in April. Construction on the Dublin/Pleasanton extension is scheduled to begin by the fall of 1991 and to be completed by the fall of 1995.

A public meeting on the Warm Springs extension was held in October, 1989, prior to the preparation of a draft EIR on the project. In May the draft EIR was completed and circulated for public comment. A public hearing on that draft report was held in June. Meanwhile, preliminary engineering on the Warm Springs project was completed and final design engineering was underway at the close of the fiscal year.

Construction on the Warm Springs extension is scheduled to

begin by the fall of 1993 and to be completed by the spring of 1998.

The Metropolitan Transportation Commission, the Santa Clara County Transit District and BART began the preparation of an alignment study for a possible future extension of BART from the Warm Springs district of Fremont to Milpitas, San Jose and Santa Clara. This detailed study should result in the selection of a preferred alternative for future project development.

Preliminary engineering for the Concord to North Concord phase of the Pittsburg/Antioch extension was nearing completion at the end of June. Final design is scheduled to begin by October 1990. Preliminary design work for the North Concord to West Pittsburg phase of this extension was delayed as a result of additional environmental impact studies being carried out by Contra Costa County for the Bailey Road Interchange and the Willow Pass Road lowering projects. However, portions of final design work for this phase of the extension will be completed to the maximum extent possible.

Ballot Measures

Voters throughout California approved three ballot measures on June 5 that will benefit BART over the next ten years. The measures specifically direct funds to BART extension projects.

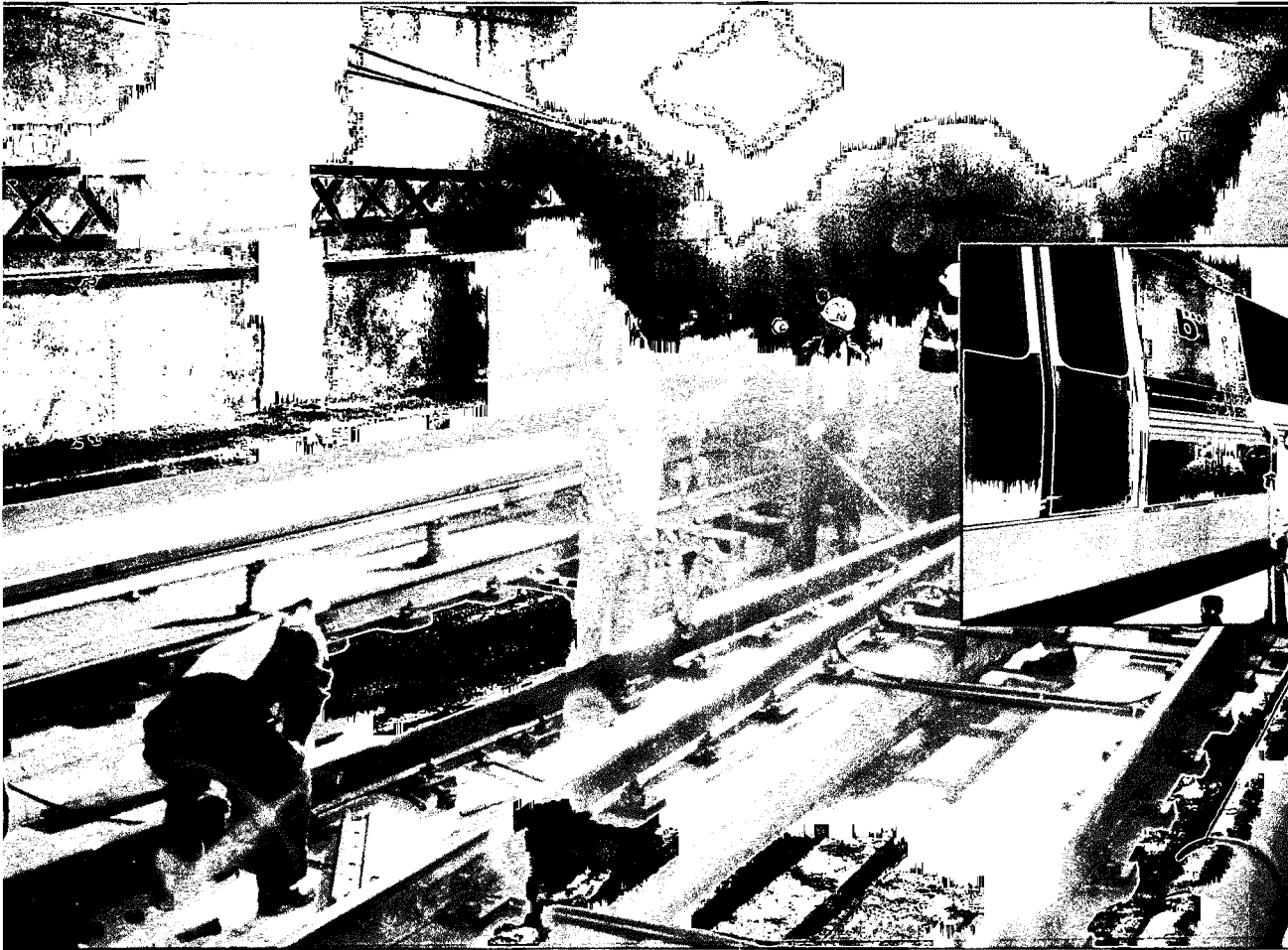
Proposition 111 enacted a statewide "traffic congestion relief program" and updated government spending limits to help meet the needs of the state's growing population.

The money under the provisions of Proposition 111 will come from increased truck weight fees and a five-cent per gallon increase in the gasoline tax (effective August 1, 1990) and an additional one-cent gas tax increase on January 1 of each of the following four years. A portion of the funds generated by Proposition 111 will be available for BART projects, but that amount is yet to be determined.

Proposition 108 authorized the state to sell \$1 billion in general obligation bonds to construct passenger rail facilities, including urban rail, commuter rail and intercity rail.

Proposition 116 authorized a \$1.99 billion bond issue for rail projects throughout the state. Of the total, approximately \$108 million could be earmarked for BART under Proposition 116, but the allocation of funds under both Propositions 108 and 116 are subject to approval by the transit authorities in Alameda, Contra Costa and San Mateo counties, in accordance with the regional plan of the Metropolitan Transportation Commission (MTC).

S Y S T E M R E H A B I L I T A T I O N



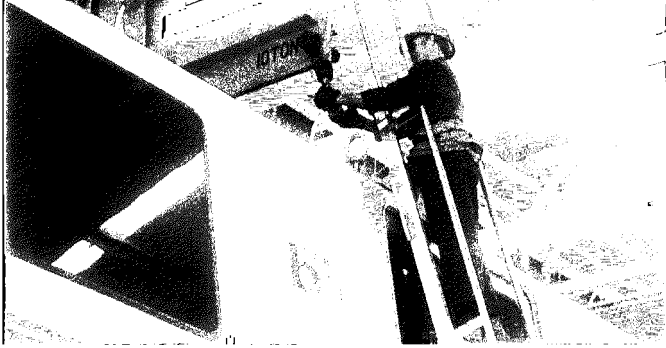
Following a thorough review during the year of all BART facilities and equipment, BART formulated a ten-year rehabilitation program to refurbish the entire system.

The program will cost an estimated \$500 million and is aimed at restoring and rehabilitating all major systems and components of the Districts "A" and "B" passenger cars, as well as all station facilities, track and maintenance structures and equipment. In short, the program will virtually restore BART's system to its original condition of 20 years ago.

The rehabilitation program is a natural outgrowth of a broad review of the District's facilities undertaken early in the fiscal year 1990. The new rehabilitation program consolidated several individual refurbishing projects then underway into a broader more comprehensive program to embrace the entire District and all of its facilities and equipment.

Rehabilitating the District's 439 A and B cars will cost an estimated \$319 million and will entail the replacement or refurbishing of brakes, undercar wiring, air conditioning, side doors, seats, carpets, seals and mounts, coupler assemblies, foam panels and electrical components, roofs and A-car cabs and roofs.

BART's shops in Richmond, Concord, Oakland and Hayward will be overhauled and upgraded. Roofs will be replaced; turntables, train-washers, lathes and cranes will be rehabilitated, and interiors and exteriors will be repainted. Cost of the shop and yard work is estimated to be \$32.5 million.

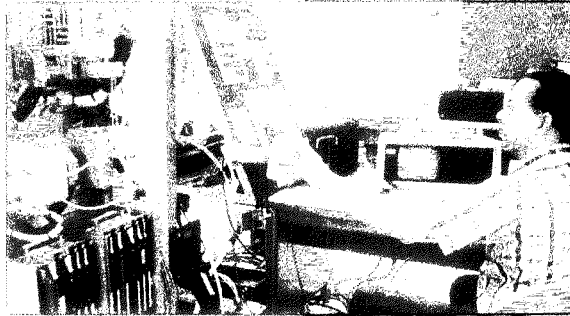


Other projects include the improvements of train, yard, maintenance and police radio communication systems; replacement of train destination signs; refurbishing and replacing fare collection machines; replacement of train control elements for train dispatching; replacement of track fixtures and various rails; and refurbishing power and mechanical facilities, including escalators and air conditioning equipment.

Delays, noise on the trains and the need for more labor-intensive repairs to keep the cars available for passenger service can all be traced to the gradually aging equipment. The doors on a typical car, for example, open and shut about 500 times a day. Those doors have opened and shut nearly three million times since the car was originally put into service. About 30 percent of all train delays on BART are due to door malfunctions.

The average BART car, logging about 54,000 miles a year in passenger service, has traveled almost one million miles since it was placed in service.

BART expects to pay for the \$500 million rehabilitation program from a variety of sources, including capital outlays by BART itself and from state, regional and federal entities.



PERFORMANCE HIGHLIGHTS

	FY 1990	FY 1989
Rail Ridership		
Annual passenger trips	70,549,547	60,457,004
Average weekday trips	241,525	207,231
Average trip length	12.6 miles	12.5 miles
Annual passenger miles	891,228,943	757,225,230
Patron trip on-time performance (%)	94.5%	95.3%
System utilization ratio (passenger miles to available seat miles)	30.7%	31.7%
End-of-period ratios:		
Peak patronage	47.6%	48.9%
Offpeak patronage	52.4%	51.1%
BART's estimated share of peak period transbay trips—cars, trains & buses (a)	50.0%	39.2%
Operations		
Annual revenue car miles	40,327,962	33,195,099
Unscheduled train removals—average per revenue day	2.2	2.9
Transit car availability to revenue car fleet (b)	82.5%	81.7%
Passenger accidents reported per million passenger trips	13.56	12.64
Patron-related crimes reported per million passenger trips	41.18	32.92
Financial		
Net passenger revenues	\$ 99,528,000	\$ 83,192,000
Other operating revenues	\$ 7,120,000	\$ 6,421,000
Total operating revenues	\$106,648,000	\$ 89,613,000
Net operating expenses (excluding depreciation)	\$192,983,000	\$172,216,000
Farebox ratio (net passenger revenues to net operating expenses)	51.6%	48.3%
Operating ratio (total operating revenues to net operating expenses)	55.3%	52.0%
Net rail passenger revenue per passenger mile	11.1¢	11.0¢
Rail operating cost per passenger mile	20.0¢	20.8¢
Net average rail passenger fare (c)	\$1.40	\$1.38

NOTES General note: Data represents annual averages unless otherwise noted.
 (a) Based on MTC Post-Earthquake Commute Survey (March 1990)
 (b) At 8 a.m. each day (c) Includes BART/MUNI Fast Pass

BART patronage for the fiscal year 1990 totaled 70,549,547, an increase of 10,092,543 over fiscal year 1989 and the highest patronage figure in the District's history. The record total reflects, of course, the unprecedented use of BART following the closure of the Oakland-San Francisco Bay Bridge on October 17, 1989.

The District estimated share of peak period transbay traffic during FY1990, including cars, buses and trains, reached 50 percent, based on surveys taken during the year by the Metropolitan Transportation Commission. BART's estimated share of transbay commute traffic was 39.2 percent for FY1989. The 1990 figure reflects the fact that, during the month that the Bay Bridge was out of service, average weekday commute patronage on BART regularly exceeded 350,000.

Net passenger revenues reached \$99,528,000 for FY1990, an increase of \$16,336,000 over the FY1989 figure of \$83,192,000. Total operating revenues, including more than \$7,120,000 in interest income, advertising in trains and stations and other income, were \$106,648,000, an increase of \$17,035,000 from the previous fiscal year.

BART funded 51.6 percent of its net operating expenses which amounted to \$192,983,000 (excluding depreciation) for FY1990 from net passenger revenues. This farebox ratio amounted to 48.3 percent the previous year.

BART's operating ratio, which relates total operating revenues to net operating expenses amounted to 55.3 percent for FY1990, compared with 52 percent for the previous year. The District's objective is to fund no less than one-half of its net rail operating expenses from operating revenues.

Net rail passenger revenue per passenger mile for FY1990 was 11.1 cents, compared to 11 cents for the previous year. Rail operating

costs per passenger mile for FY1990 was 20 cents, compared with 20.8 cents for the previous year.

Weekday passenger trips averaged 241,525 for FY1990, compared with 207,231 for FY1989. On November 16, 1989, passenger trips throughout the system reached a record peak of 357,135. Average weekday ridership for the fourth quarter of FY1990 was 244,268 trips, 14.2 percent above the same quarter for FY1989. Total trips on BART for the fourth quarter of FY1990 amounted to 18,081,579, 15.2 percent above the same quarter the year before. These quarterly figures indicate a marked "permanent" increase in BART ridership during the year, notwithstanding the extraordinary increase in patronage that took place temporarily following the closure of the Bay Bridge.

Annual passenger miles reached 891,228,943 for FY1990, an increase of 134,003,713 over the previous year.

In addition to funds derived from passenger fares, interest income and advertising, BART received \$106.1 million in revenue from 75 percent of the one half cent transit sales tax in the three BART counties, \$.4 million in local funds and \$9.8 million in property tax available for operations.

Of the \$106.1 million derived from the sales tax, \$14.6 million was allocated to debt service and \$91.5 million was made available for operations.

BART Directors again reduced the property tax rate on the levy for repayment of the principal and interest of \$792 million in general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 3.19 cents per \$100 assessed value, down from 3.72 cents for the previous fiscal year. The property tax generated revenues of \$48.1 million from property owners in Alameda, Contra Costa and San Francisco counties, the three counties making up the District.

F I N A N C I A L S T A T E M E N T S

INDEPENDENT AUDITORS' REPORT The Board of Directors of San Francisco Bay Area Rapid Transit District:

We have audited the accompanying balance sheets of San Francisco Bay Area Rapid Transit District (the District) as of June 30, 1990 and 1989, and the related statements of operations, capital and changes in financial position for the years then ended. These financial statements and the supplemental schedule discussed below are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An

audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1990 and 1989, and the results of its operations and the changes in its financial position for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of reconciliation of excess operating revenues over (under) expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte + Touche *Grant & Smith*
 Deloitte & Touche Grant & Smith
 Oakland, California September 7, 1990

BALANCE SHEETS,

JUNE 30, 1990 AND 1989 (In thousands)

ASSETS	1990	1989	LIABILITIES AND CAPITAL	1990	1989
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and investments (Note 3)	\$ 274,035	\$ 304,544	Current portion of long-term debt (Note 5)	\$ 36,290	\$ 42,585
Deposits held by trustee (Note 3)	24,551	24,332	Payroll and other liabilities	51,912	64,824
Notes and other receivables	23,925	16,483	Self-insurance liabilities	10,946	7,669
Materials and supplies - at average cost	15,884	14,623	Unearned passenger revenue	2,070	1,832
Total Current assets	338,395	359,982	Total current liabilities	101,218	116,910
DEFERRED COMPENSATION PLAN INVESTMENTS (Notes 3 and 9)	55,558	47,855	DEFERRED COMPENSATION (Note 9)	55,558	47,855
INVESTMENTS RESTRICTED FOR BOARD DESIGNATED PURPOSES (Note 3)	20,586	25,270	LONG-TERM DEBT (Note 5)	460,775	497,065
FACILITIES, PROPERTY AND EQUIPMENT - At cost, less accumulated depreciation (Note 4)	1,741,570	1,670,319	CAPITAL:		
TOTAL ASSETS	\$2,156,109	\$2,103,426	Grants and contributions, net	775,555	746,535
			Accumulated net revenues	763,003	695,061
			Total Capital	1,538,558	1,441,596
			TOTAL LIABILITIES AND CAPITAL	\$2,156,109	\$2,103,426

See notes to financial statements.

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED JUNE 30, 1990 AND 1989 (In thousands)

	1990			1989				
	<u>OPERATIONS</u>	<u>CONSTRUCTION</u> (Note 2)	<u>DEBT SERVICE</u>	<u>COMBINED TOTAL</u>	<u>OPERATIONS</u>	<u>CONSTRUCTION</u> (Note 2)	<u>DEBT SERVICE</u>	<u>COMBINED TOTAL</u>
OPERATING REVENUES:								
Fares	\$ 99,528			\$ 99,528	\$ 83,192			\$ 83,192
Other (including investment income)	7,120			7,120	6,421			6,421
Total operating revenues	<u>106,648</u>			<u>106,648</u>	<u>89,613</u>			<u>89,613</u>
OPERATING EXPENSES:								
Transportation	65,033			65,033	61,656			61,656
Maintenance	79,186			79,186	71,598			71,598
Police services	11,011			11,011	9,801			9,801
Construction and engineering	6,322			6,322	6,722			6,722
General and administrative	40,075			40,075	31,772			31,772
Depreciation	44,634			44,634	37,767			37,767
Total operating expenses	<u>246,261</u>			<u>246,261</u>	<u>219,316</u>			<u>219,316</u>
Less capitalized costs	(8,644)			(8,644)	(9,333)			(9,333)
Net operating expenses	<u>237,617</u>			<u>237,617</u>	<u>209,983</u>			<u>209,983</u>
OPERATING LOSS	<u>(130,969)</u>			<u>(130,969)</u>	<u>(120,370)</u>			<u>(120,370)</u>
OTHER REVENUES (EXPENSES):								
Transactions and use tax	91,512		\$14,552	106,064	86,120		\$14,494	100,614
Property tax	9,782		51,671	61,453	9,083		54,995	64,078
State financial assistance					362			362
Local financial assistance	413			413	370			370
Sale of tax benefits		\$14,244		14,244		\$ 3,077		3,077
Other investment income		20,176	2,144	22,320		22,471	2,380	24,851
Interest expense			(27,926)	(27,926)			(25,683)	(25,683)
Other - net			(34)	(34)			(41)	(41)
Total other revenues	<u>101,707</u>	<u>34,420</u>	<u>40,407</u>	<u>176,534</u>	<u>95,935</u>	<u>25,548</u>	<u>46,145</u>	<u>167,628</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>\$ (29,262)</u>	<u>\$34,420</u>	<u>\$40,407</u>	<u>\$ 45,565</u>	<u>\$ (24,435)</u>	<u>\$25,548</u>	<u>\$46,145</u>	<u>\$ 47,258</u>

See notes to financial statements.

STATEMENTS OF CAPITAL

FOR THE YEARS ENDED JUNE 30, 1990 AND 1989 (In thousands)

	GRANTS AND CONTRIBUTIONS	ACCUMULATED NET REVENUES	TOTAL
BALANCES, JUNE 30, 1988	\$680,072	\$632,516	\$1,312,588
EXCESS OF REVENUES OVER EXPENSES		47,258	47,258
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	81,750		81,750
Depreciation and retirements of assets acquired with grants and contributions	(15,287)	15,287	
BALANCES, JUNE 30, 1989	746,535	695,061	1,441,596
EXCESS OF REVENUES OVER EXPENSES		45,565	45,565
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	51,397		51,397
Depreciation and retirements of assets acquired with grants and contributions	(22,377)	22,377	
BALANCES, JUNE 30, 1990	<u>\$775,555</u>	<u>\$763,003</u>	<u>\$1,538,558</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 1990 AND 1989 (In thousands)

	1990	1989
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 45,565	\$ 47,258
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	44,634	37,767
Capitalized interest income (expense)	2,040	(4,052)
Net effect of changes in:		
Deferred compensation plan liabilities	7,703	10,361
Notes and other receivables	(1,388)	(1,092)
Materials and supplies	(1,261)	453
Payroll and other liabilities	(4,845)	4,108
Self-insurance liabilities	3,277	1,356
Unearned passenger revenue	238	212
Net cash provided by operating activities	<u>95,963</u>	<u>96,371</u>
INVESTMENT ACTIVITIES:		
Expenditures for facilities, property and equipment	(126,924)	(116,393)
Proceeds from sale of investments	432,152	308,335
Purchase of investments	(432,152)	(308,335)
Total cash used by investment activities	<u>(126,924)</u>	<u>(116,393)</u>
FINANCING ACTIVITIES:		
Repayments of long-term debt	(42,585)	(38,880)
Capital grant contributions received	45,343	75,498
Total cash provided by financing activities	<u>2,758</u>	<u>36,618</u>
CASH AND INVESTMENTS (Note 3):		
Net increase (decrease) for year	(28,203)	16,596
Beginning of year	398,388	381,792
End of year	<u>\$370,185</u>	<u>\$398,388</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Reporting Entity - San Francisco Bay Area Rapid Transit District (the District) is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended, and subject to transit district law as codified in the California Public Utilities Code. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with federal, state and local agencies.

For financial reporting purposes, the District's financial statements include all financial activities that are controlled by or dependent upon actions taken by the District's Board of Directors.

Basis of Accounting - The accrual basis of accounting is used by the District. Under this method revenues are recorded when earned and expenses are recorded when the related liability is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments are stated at cost or amortized cost, except for investments of the deferred compensation plan which are stated at current (market) value. As a matter of policy, the District holds investments until their maturity.

Deposits held by trustee, consisting of cash and investments, are held by trustee banks in accordance with the District's various bond indentures and for general debt service requirements. Deposits are stated at cost.

Facilities, property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others.

The District capitalizes certain interest revenue and expenditures related to tax-free borrowings. The net effect of such interest capitalization was to decrease expenditures for facilities, property and equipment by \$2,040,000 during the year ended June 30, 1990 for excess interest revenue over interest expenses from applicable borrowings and to increase expenditures for facilities, property and equipment by \$4,052,000 during the year ended June 30, 1989 for excess interest expenses over interest revenue from applicable borrowings.

Self-insurance Liabilities - The District is largely self-insured for workers' compensation claims, general liability claims, and major property damage. The District accrues the estimated costs of the self-insured portion of claims.

Unearned passenger revenue is an estimate of passenger tickets purchased which have not yet been completely used.

Grants and Contributions - The District periodically receives grants from the Urban Mass Transportation Administration (UMTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit related equipment and improvements. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, are included in grants and contributions.

Statements of operations include the financial activities of the general operations of the transit system, revenues restricted by the Board of Directors for construction activity, and revenues restricted by the District's various bond indentures for debt service (including interest expense) on outstanding long-term debt.

Transactions and Use Tax (Sales Tax) Revenue - A 1/2% transactions and use tax is collected within District boundaries and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid directly by the State Board of Equalization to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the Metropolitan Transportation Commission (MTC) to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services. The District records the total transactions and use taxes earned (including amounts paid to the trustee) as revenue.

Property Taxes, Collection and Maximum Rates - The State of California Constitution Article XIII A provides that the general purpose maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts, such as the District.

The District receives property tax revenues to meet the debt service requirements of its General Obligation Bonds. The District also receives an allocation of property tax revenues for transit operations.

San Francisco, Alameda and Contra Costa Counties assess properties, bill for, collect, and distribute property taxes. Property taxes are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

Financial assistance grants are accrued as revenue in the period to which the grant applies.

Sale of Tax Benefits - The District has entered into agreements to sell tax benefits for certain District-owned transit equipment contracted for purchase prior to August 1986. The transactions have been structured in the form of leases for tax purposes. The District recognizes tax benefit sales proceeds in the period of sale of tax benefits.

Pension costs are expensed as incurred. Such costs equal the actuarially determined annual contribution amount. See Note 8.

3. CASH AND INVESTMENTS

The District maintains a cash and investment pool that includes cash and investments available for general use and restricted for board designated purposes. Cash and investments of the District's deferred compensation plan (see Note 9) are held separately by the plan's administrator.

Deposits - At June 30, 1990 (and 1989), the District's cash on hand was \$2,082,000 (1989, \$968,000), and the carrying amount of the District's time and demand deposits was \$2,661,000 (1989, \$1,189,000) with the corresponding bank balance of \$9,826,000 (1989, \$4,867,000). Of the bank balance \$408,000 (1989, \$499,000) was insured by federal depository insurance or collateralized by securities held by the District's agent in the District's name, and \$9,418,000 (1989, \$4,368,000) was collateralized 110% as required by Section 53652 of the California Government Code by the pledging financial institutions. However, such collateral is not in the District's name.

Investments - State of California statutes and District policy authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, bankers' acceptances, repurchase and reverse repurchase agreements, and the State Treasurer's investment pool. The District did not enter into any reverse repurchase agreements during 1990 or 1989.

The District's investments are categorized below to give an indication of the credit risk assumed by the District at June 30, 1990. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name.

	(In Thousands)						
	1990			1989			
	Category 1	2	3	Carrying Amount	Market Value	Carrying Amount	Market Value
U.S. Treasury notes	\$ 25,155			\$ 25,155	\$ 25,219	\$ 12,955	\$ 12,959
Federal agency obligations	241,324	\$15,921		257,245	257,185	303,494	303,849
Repurchase agreements	17,802	9,682		27,484	27,484	31,927	31,927
Total	\$284,281	\$25,603	—	309,884	309,888	348,376	348,735
Cash on hand				2,082	2,082	968	968
Time and demand deposits				2,661	2,661	1,189	1,189
Mutual funds - deferred compensation plan investments				55,558	55,558	47,855	47,855
Total				\$370,185	\$370,189	\$398,388	\$398,747
Reported as:							
Cash and investments				\$274,035		\$304,544	
Payroll and other liabilities (representing cash overdraft)				(4,545)		(3,613)	
Deposits held by trustee				24,551		24,332	
Deferred compensation plan investments				55,558		47,855	
Investments restricted for Board designated purposes				20,586		25,270	
Total				\$370,185		\$398,388	

Investments restricted for Board of Directors' designated purposes are summarized as follows (in thousands):

	1990	1989
Basic system completion	\$ 4,070	\$ 9,602
System improvement	3,316	3,068
Self-insurance	9,000	9,000
Operating	4,200	3,600
Total	\$20,586	\$25,270

4. FACILITIES, PROPERTY AND EQUIPMENT

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1990 and 1989 are summarized as follows (in thousands):

	Lives (Years)	1990		1989	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land		\$ 203,466		\$ 184,048	
Improvements	80	1,191,500	\$223,488	1,168,682	\$208,521
System-wide operation and control	20	188,296	92,729	180,741	83,300
Revenue transit vehicles	30	375,563	100,440	305,348	86,898
Service and miscellaneous equipment	3-20	26,179	15,497	22,744	13,411
Capitalized construction and start-up costs	30	100,705	54,320	100,943	50,975
Repairable property items	30	12,087	3,379	10,141	3,409
Construction-in-progress		133,627		144,186	
Total		\$2,231,423	\$489,853	\$2,116,833	\$446,514

The District has entered into contracts for the construction of various facilities and equipment totaling approximately \$200 million at June 30, 1990.

In June 1988, the District entered into Principles of Agreement (Agreement) with the San Mateo County Transit District (SamTrans) pertaining to extending the transit system to the vicinity of San Francisco International Airport (Airport). Under the terms of the Agreement, SamTrans will pay the District a \$200 million capital contribution, to be used for East Bay expansion and to be paid in installments (adjusted for inflation) upon reaching certain Airport extension milestones and, in addition, SamTrans will be responsible for funding 25% of the cost of extending the transit system to the Airport. District management's most current estimate, updated in 1990, of the cost of such Airport extension is approximately \$877 million. This project is contingent upon the District receiving adequate commitments for federal funding, and also upon expansion of the transit system in the East Bay.

5. LONG-TERM DEBT

Long-term debt at June 30, 1990 and 1989 is summarized as follows (in thousands):

	1990	1989
1962 General Obligation Bonds	\$349,100	\$389,300
1966 Special Service District Bonds	4,850	5,350
Total General Obligation Bonds	<u>353,950</u>	<u>394,650</u>
1985 Sales Tax Revenue Bonds	143,115	145,000
Total long-term debt	<u>497,065</u>	<u>539,650</u>
Current portion	(36,290)	(42,585)
Net long-term portion	<u>\$460,775</u>	<u>\$497,065</u>

1962 General Obligation Bonds - In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District-wide property taxes. Bond interest rates range from 1.5% to 6.0%.

1966 Special Service District Bonds - In 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds, of which \$12 million were issued, for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within Special Service District No. 1. Bond interest rates range from 4.0% to 5.5%.

1985 Sales Tax Revenue Bonds - The 1969 Legislature of the State of California authorized the District to impose a 1/2% transactions and use tax within District boundaries and issue Sales Tax Revenue Bonds. On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the district. The remaining 25% is allocated by the MTC to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by MTC.

In November 1985, the District issued sales tax revenue bonds (1985 bonds), totaling \$145,000,000, to refund and defease \$63,965,000 outstanding principal amount of sales tax revenue bonds issued in 1982, and to finance certain system improvements.

The 1985 bonds are special obligations of the District secured by a pledge of the sales tax revenues and are payable from revenues, including all sales tax revenues, all passenger fares, certain property tax revenues, and certain

interest, grants, and other income. Bond interest rates range from 6.40% to 9.00%. Bonds maturing on or after July 1, 1996 (\$127,250,000) are redeemable prior to maturity at the option of the District beginning July 1, 1995 on various dates at prices ranging from 103% to 100%, including bonds maturing July 1, 2004 (\$41,005,000) and July 1, 2011 (\$78,660,000) which are subject to redemption prior to maturity on or after July 1, 1998 and July 1, 2005, respectively, at 100%.

The following is a schedule of long-term debt principal repayments required as of June 30, 1990 (in thousands):

Year ending June 30:	1962 G.O. Bonds	1966 Special Service District Bonds	1985 Sales Tax Revenue Bonds	Total
1991	\$ 33,700	\$ 520	\$ 2,070	\$ 36,290
1992	34,975	540	2,270	37,785
1993	36,275	570	2,435	39,340
1994	37,525	590	2,735	40,850
1995	39,050	620	3,000	42,670
Thereafter	<u>167,575</u>	<u>2,010</u>	<u>130,545</u>	<u>300,130</u>
Total	<u>\$349,100</u>	<u>\$4,850</u>	<u>\$143,115</u>	<u>\$497,065</u>

1990 Sales Tax Revenue Refunding Bonds - In July 1990 the District issued sales tax revenue refunding bonds totaling \$158,473,000 with an average interest rate of 6.6% to advance refund \$141,045,000 of 1985 Sales Tax Revenue Bonds outstanding. The net proceeds of \$154,039,000, after payment of discount, underwriting fees, and insurance, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with a trustee to provide for all future debt service payments on the 1985 bonds. As a result, these bonds will be considered to be defeased and the liability for the bonds will be removed from the balance sheet during fiscal year 1991.

The advance refunding will result in the recognition of an accounting loss of \$15,961,000 during fiscal 1991. However, the advance refunding will reduce the District's aggregate debt service requirements by \$10,669,000 over the next 21 years and will result in an economic gain (difference between the present values of the old and new debt service payments) of approximately \$9,600,000.

6. FEDERAL GRANTS

The U.S. Department of Transportation provides financial assistance to the District for capital projects and planning and training. Grants which were active during the year ended June 30, 1990 are summarized as follows (in thousands):

Total approved project costs	<u>\$451,837</u>
Total approved federal funds	\$353,478
Less cumulative amounts received	(288,962)
Remaining amount available under federal grants	<u>\$ 64,516</u>

7. LOCAL AND STATE FINANCIAL ASSISTANCE

The District receives local operating and capital assistance from Transportation Development Act Funds (TDA). For the year ended June 30, 1990 TDA assistance was \$413,000 (1989, \$375,000), of which none (1989, \$5,000) was used for capital purposes and \$413,000 (1989, \$370,000) was used for operating assistance. These funds are received from the counties of Alameda and Contra Costa to meet, in part, the District's operating and capital requirements based on annual claims filed by the District and approved by the MTC.

The District receives state operating and capital assistance from State Transit Assistance Funds (STA). For the year ended June 30, 1990, STA assistance was \$183,000 (1989, \$501,000), of which \$164,000 (1989, \$139,000) was used for capital purposes, none (1989, \$362,000) was used for operating assistance and \$19,000 (1989, none) was used for flow-through projects. These funds are allocated by MTC based on the ratio of the District's transit operation revenue and local support to the revenue and local support of all state transit agencies.

8. EMPLOYEES RETIREMENT PLAN

Plan Description - All permanent employees are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System. The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by state statute and District ordinance.

The District was not required to make a contribution to the Fund for public safety personnel or for miscellaneous covered employees for the years ended June 30, 1990 and 1989 due to a surplus of the District's portion of the Fund's net assets over the District's pension benefit obligation caused by a change in 1988 in the actuarial valuation method and an actual rate of return on

investment assets that exceeded the assumed rate. The District's covered payroll for employees participating in the Fund for the years ended June 30, 1990 and 1989 was \$95,372,000 and \$85,746,000, respectively. The District's 1990 and 1989 payroll for all employees was \$109,991,000 and \$95,187,000, respectively. The District, due to a Collective Bargaining Agreement, also has a legal obligation to contribute an additional 9% for public safety personnel and 7% for miscellaneous covered employees. Employees have no obligation to contribute to the Fund.

Funding Status and Progress - The "pension benefit obligation" is determined for each participating employer by the Fund's actuary and is a standardized disclosure measure that results from applying actuarial assumptions to estimate the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the District's portion of the Fund to which contributions are made on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used.

The pension benefit obligation shown below was computed as part of an actuarial valuation performed as of June 30, 1989, the latest available for the Fund. The significant actuarial assumptions used in the 1989 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.5%, annual payroll increases of 5.5% attributable to inflation and 1.5% attributable to merit or seniority, and no postretirement benefit increases.

The funding status applicable to the District's employee group at June 30, 1989 (the latest available for the Fund) follows (in thousands):

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 80,733
Current employees:	
Accumulated employee contributions and allocated investment earnings	82,326
Employer-financed, vested	28,972
Employer-financed, nonvested	<u>1,534</u>
Total pension benefit obligation	193,565
Net assets available for benefits, at cost (total market value, \$287,822)	<u>245,582</u>
Net assets in excess of pension benefit obligation	<u>\$ 52,017</u>

Actuarially Determined Contributions Required and Contributions Made

The funding policy of the Fund provides for actuarially determined periodic contributions by the District at rates such that sufficient assets will be available to pay benefits when due. The District was not required to make a contribution to the Fund for the years ended June 30, 1990 and 1989 in accordance with the actuarially determined requirements computed as of June 30, 1989 and 1988, respectively. The District's surplus asset position is being offset against the current year's normal cost contribution. The actuarially determined normal cost contribution rate before reduction for the surplus asset amortization was 15.345% (1989, 15.342%) for public safety employees and 8.069% (1989, 8.201%) for miscellaneous employees.

The District's normal cost contribution rate is determined using the entry-age normal actuarial cost method, a projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued. The Fund would use the same method to amortize any unfunded liability.

Significant actuarial assumptions used in the June 30, 1989 valuation to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

Historical Trend Information - Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information is not yet available.

For the District's portion of the Fund, trend information for the years ended June 30, 1989, 1988, and 1987, follows (dollars in thousands):

	1989	1988	1987
Net assets available for benefits, at cost	\$245,582	\$214,290	\$189,801
Pension benefit obligation	\$193,565	\$171,353	\$151,795
Net assets available for benefits as a percentage of pension benefit obligation	127%	125%	125%
Assets in excess of pension benefit obligation	\$ 52,017	\$ 42,937	\$ 38,006
Annual covered payroll	\$ 85,746	\$ 83,178	\$ 79,940
Assets in excess of pension benefit obligation as a percentage of annual covered payroll	60.7%	51.6%	47.5%
Contributions made in accordance with actuarially determined requirements as a percentage of annual covered payroll	0%	0%	0%

Trend information for 1990 is not yet available.

9. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all officers and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, or certain other covered events.

As required by IRC Section 457, all amounts of compensation deferred under the deferred compensation plan and all income attributable to those amounts, remain the property of the District (until paid or made available to the participants), subject only to the claims of the District's general creditors. Participants rights under the deferred compensation plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant. The plan administrator has invested the deferred amounts in numerous participant-directed, uninsured investments.

District Management believes that the District has no liability under the terms of the plan for any amounts other than the participants' account balances.

10. MONEY PURCHASE PENSION PLAN

All District employees, except sworn police officers, participate in the Money Purchase Pension Plan which is a supplemental retirement program. In January 1981, the District's employees elected to withdraw from the Federal Social Security System (FICA) and established the Money Purchase Pension Plan. The District contributes an amount equal to 6.65% of covered employee's annual compensation (up to \$29,700 after deducting the first \$133 paid during each month) up to a maximum annual contribution of \$1,868. Additionally, the District contributes to each employee's account approximately 1.63% of covered payroll for the savings realized when the District de-pooled its Public Employees Retirement Fund (Fund) account. This amount was formerly paid to the employee's Fund account. Each employee's account is available for distribution upon such employee's termination.

The District's total expense and funded contribution for this plan for the years ended June 30, 1990 and 1989 was \$5,927,000 and \$5,587,000, respectively. Money Purchase Pension Plan assets at June 30, 1990 and 1989 (excluded from the accompanying financial statements) were \$76,878,000 and \$54,489,000, respectively.

11. LITIGATION AND DISPUTES WITH CONTRACTORS

In June 1990 the District received a claim from the manufacturer of the most recently acquired rail transit vehicles which the manufacturer values at \$128 million. The District is currently negotiating a settlement with the manufacturer and management believes that the ultimate resolution of this claim will

not have a material adverse impact on the financial position or results of operations of the District.

In addition, the District is involved in various other lawsuits, claims and disputes, which for the most part are normal to the District's operations. In the opinion of District Management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

SUPPLEMENTAL SCHEDULE OF RECONCILIATION OF EXCESS OPERATING REVENUES OVER (UNDER) EXPENSES FOR THE YEARS ENDED JUNE 30, 1990 AND 1989

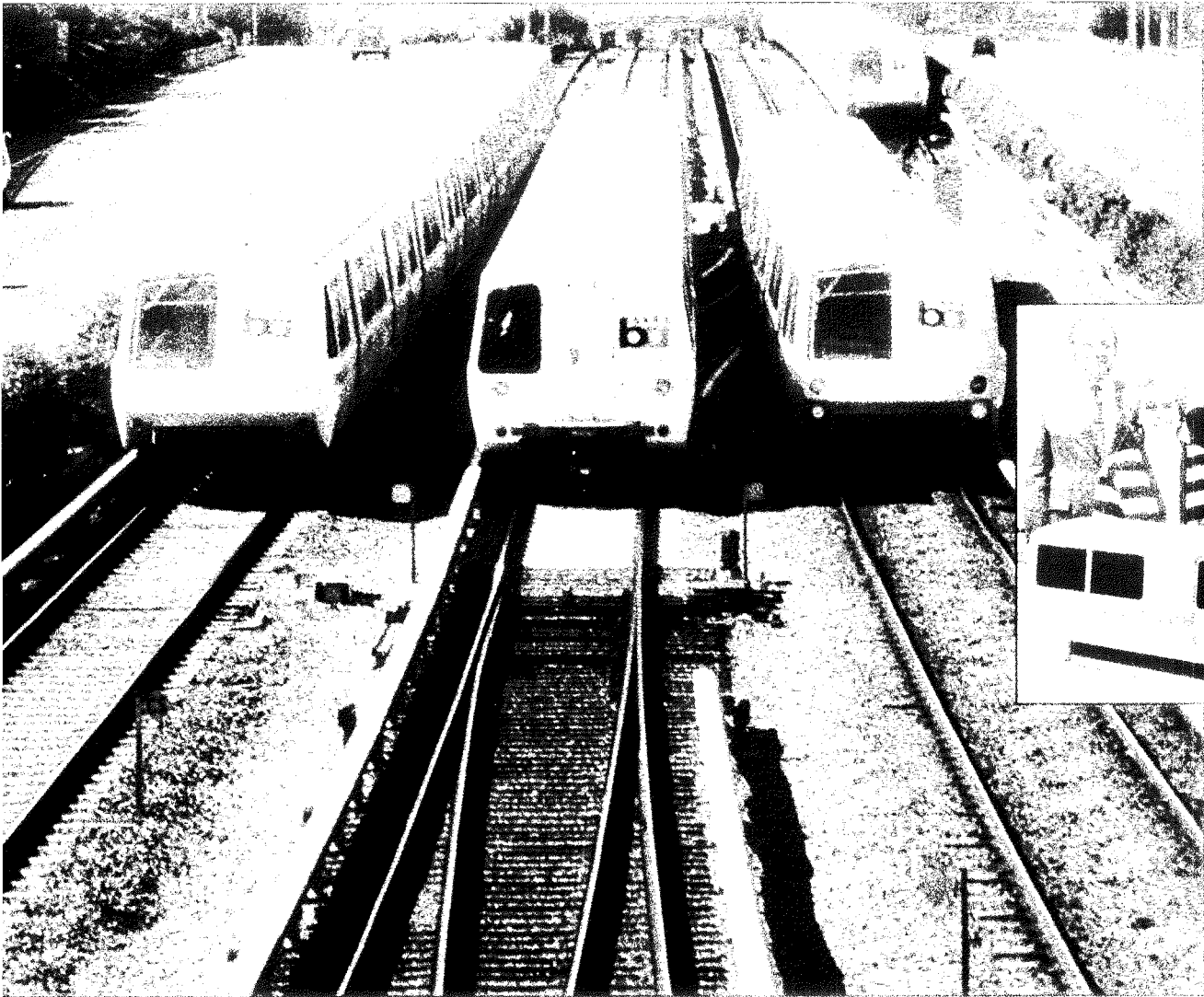
(In thousands)

The following is a reconciliation of excess operating revenues over (under) expenses after capital designations and before depreciation:

	<u>1990</u>	<u>1989</u>
EXCESS OF EXPENSES OVER REVENUES:		
Operations	\$(29,262)	\$(24,435)
CAPITAL DESIGNATIONS	(15,381)	(11,817)
DEPRECIATION	<u>44,634</u>	<u>37,767</u>
EXCESS OF OPERATING REVENUES OVER (UNDER) EXPENSES AFTER CAPITAL DESIGNATIONS AND BEFORE DEPRECIATION	<u>\$ (9)</u>	<u>\$ 1,515</u>

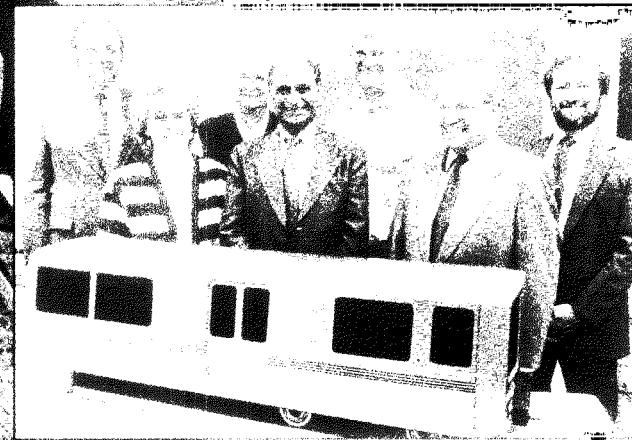
Capital designations are made by the District annually for capital purposes which represent the excess of revenue over expenses before depreciation generated by operations.

LEASING NEW BART CARS



BART is in the process of acquiring 70 new cars, including 20 to be for service on the District's existing 71.5-mile system. These 20 new cars will help to alleviate any shortage of cars during the time that the District's present A and B cars are gradually rebuilt during the next few years.

Another 50 new cars will be acquired to provide for increased passenger demand on the BART extensions underway in Alameda, Contra Costa and San Mateo counties.



The new BART Car Engineering and Maintenance team is shown here: (Front Row, L/R) Marcia McBrayer, Clerk; Kris Hari, Group Manager; Maurice Clapp, New Vehicle Engineering Manager, (Back Row L/R) Dave Johnston, Senior Engineer; R J Grimes, Engineer; Charles Jenkins, Supervising Engineer and John LaGuardia, Senior Engineer.

All of the new cars will be of the same basic configuration as BART's present C-Cars, but they will be modified in order to avoid specific problems that surfaced after the present C-Cars were placed in revenue service.

BART expects to acquire the 70 new cars through an innovative leasing arrangement that will save the District approximately \$20 million at the time of the transaction. In effect, BART will sell the depreciation rights in the cars to a company with tax liabilities that can be offset by depreciation costs. This arrangement not only lowers the costs of the cars to BART, but spreads over 20 years the District's cash requirements in acquiring the cars.

M O N T H L Y M A N A G E M E N T R E P O R T

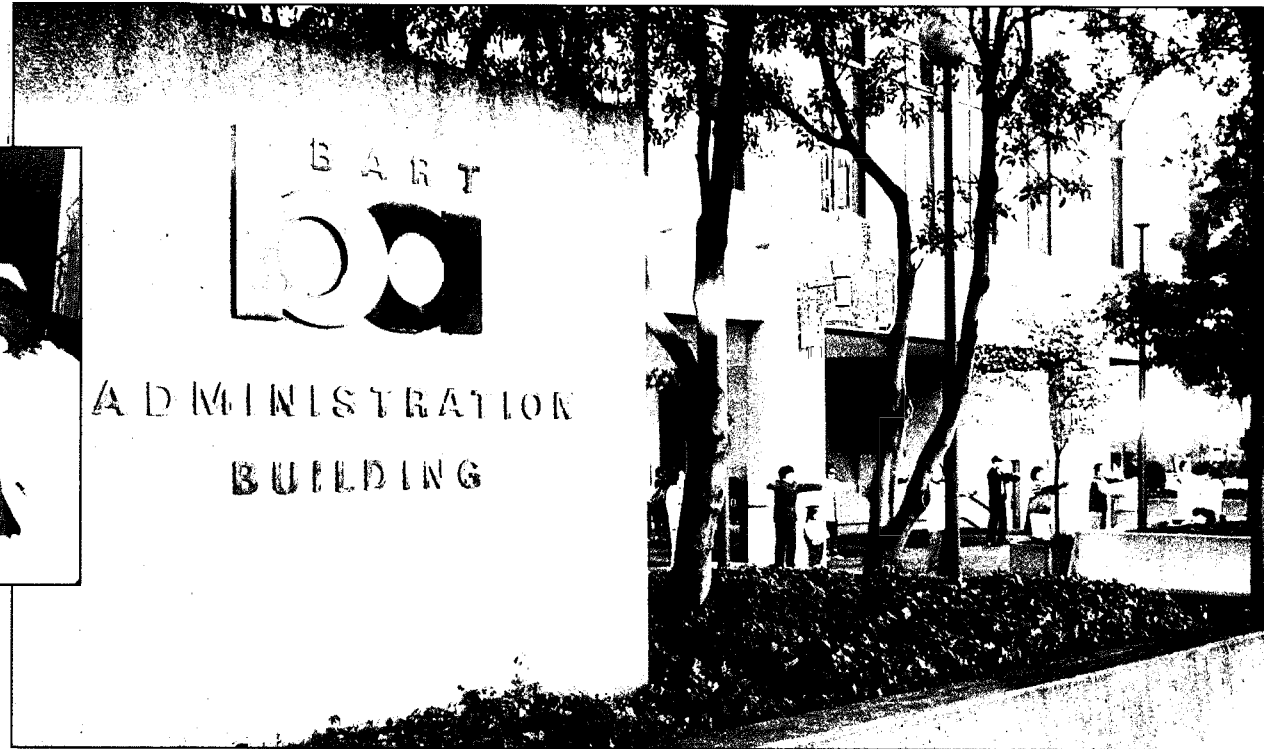
BART instituted a monthly management report during the year that summarizes District performance as related to overall objectives. The new report includes an executive management summary that covers significant events during a month, and also identifies problems. Reports from managers below the executive level are also included.

These managerial-level reports provide information on specific activities as defined, measured and costed during the new budget-making process. In other words, the monthly reports are geared to tell how the District is doing, in terms of overall goals and budgeted resources; what problems are being encountered and how they're being addressed, and what remains to be accomplished of specific projects.

Recurring problems and trends are also identified in the monthly report. The report concludes with charts and graphs that provide, at a glance, information on the District's rail operations and how those operations relate to passenger satisfaction.



The preparation and distribution of the Monthly Management Report has resulted in a new line of communication with all BART employees, keeping them advised of new programs and progress on those in place. Shown here planning the report are (L/R) Julie Yim, BART Board Liaison Officer, principal architect of the report; Sherwood Wakeman, BART's General Counsel; John Haley, BART's Deputy General Manager and Frank Wilson, BART's General Manager.



NEW GOAL AND PERFORMANCE BUDGET

Bay Area Rapid Transit District – 1991

RENEWING TODAY
REALIZING THE VISION



The BART Budget is now linked to better service. Top Managers of the Budget Department are shown as they discuss the new budget planning process: (L/R) Barbara Oden, Budget Specialist; Beth Tripp, Department Manager, Office of Management and Budget; Joseph Evinger, Manager, Operating Budget.

People tend to think of a budget as a totaling up of expected spending and income over a year's time, a static device by an organization's top management to control spending.

BART instituted a new budget-making process during the year. The new process controls spending, of course, but it is more closely linked to BART's overall objectives and to ideas and suggestions from BART managers at all levels of the District.

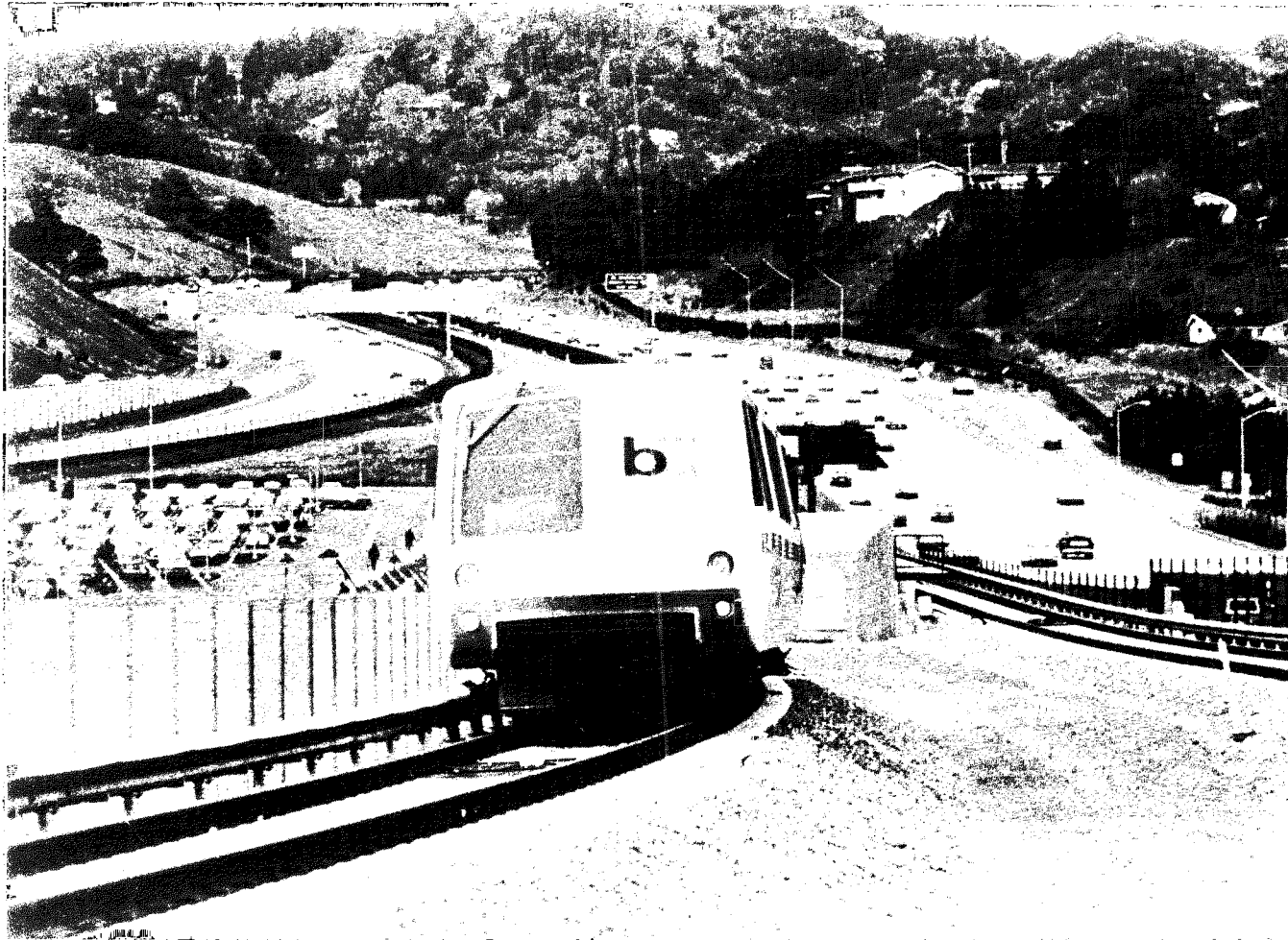
The new budget process is linked directly to BART's priority goal of providing better customer service. As they participate in the new process, managers at all levels of the District must ask themselves, "Does this activity contribute to better passenger service? Will the dollars spent really result in improved passenger satisfaction?"

Under the new process, budgeted activities must be measurable in terms of definite results linked to passenger service. The new process provides a comprehensive budget that defines the basis costs, department by department, to meeting BART's objectives. It also provides for new activities, but defines the exact cost of these new initiatives and specifies how they are to be measured.

In proposing a new program or procedure, as well as in retaining existing activities, BART managers are required to answer the questions, "How much does this activity cost in terms of money and human resources?" "How is it linked to the District's priority objectives?" and "How are its results to be measured and evaluated?"

The new budget process not only brings spending strictly in line with well defined District objectives, but it also encourages personal initiative and responsibility. It encourages managers to perceive their departmental 'domain' as part of a larger organization committed to passenger service. It encourages better communication among all levels of BART employees. Finally, it encourages improved personal accountability and better measurability of all BART activities.

MAXIMIZING EMPLOYEE RESOURCES



BART initiated the first stage of an organizational development program aimed at making the best possible use of its human resources. The overall objective of the program is to ensure better service to passengers.

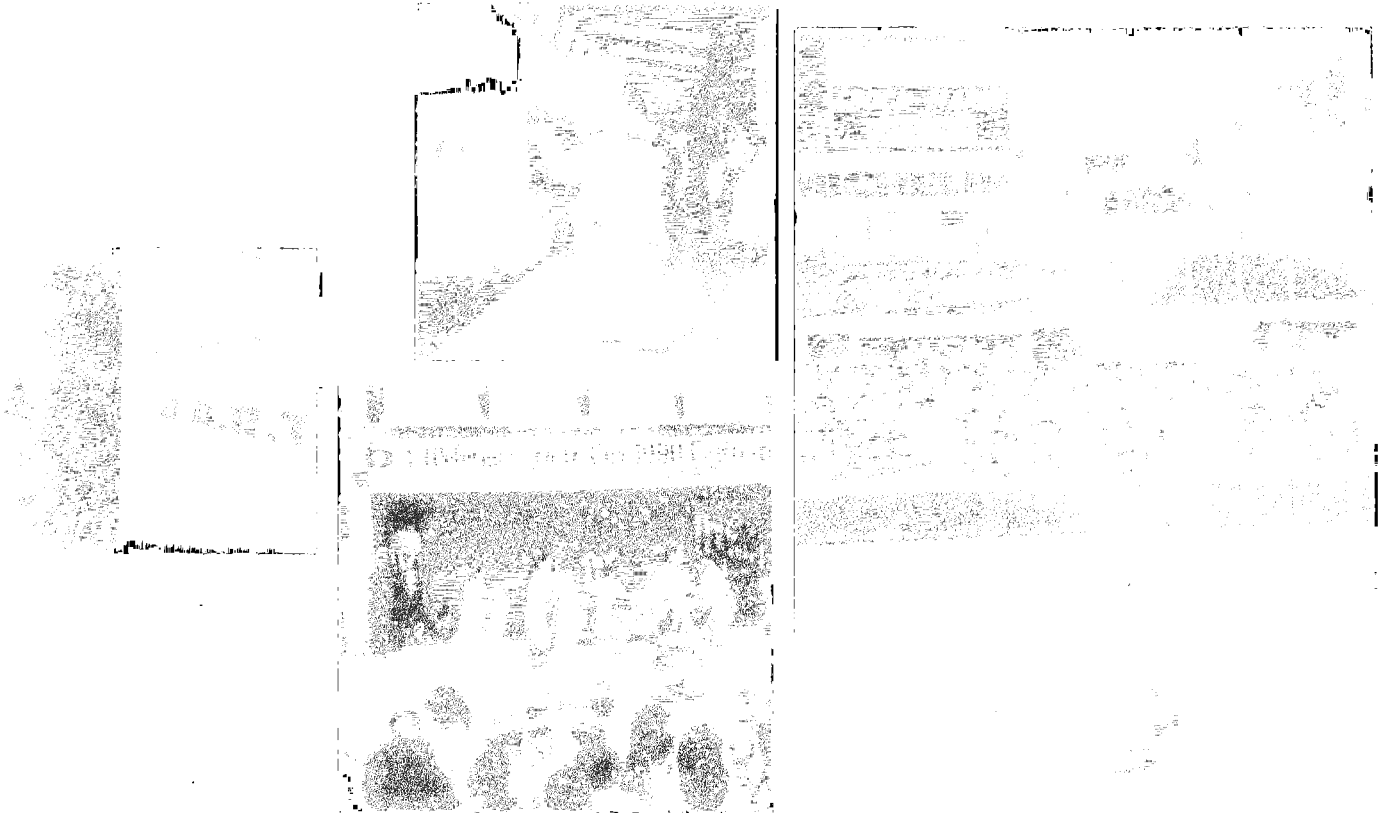
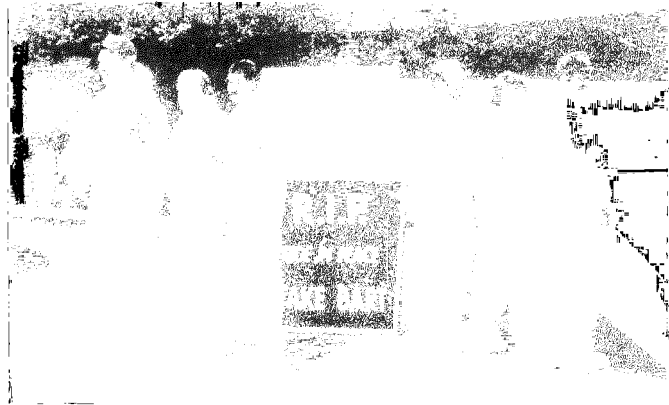
The new program is based on an employee "empowerment" concept, the idea that all employees should feel a personal responsibility and commitment for the way that BART operates and that outmoded bureaucratic procedures should not stifle personal initiative or get in the way of providing good customer service. The new program will involve every level of the District in an effort to improve overall performance in a cohesive and coordinated manner. One aspect of the program focuses on clearly identifying and stating the District's guiding principles, values and goals and making sure activities throughout the District are in line with those principles, values and goals.

The program emphasizes personal accountability for better passenger service. It encourages decision making and initiative at lower levels of the organization, not just at the top. Special attention is focused on involving BART employees in decision making, problem solving, and team work to achieve better customer service. The new program will require two to three years to implement and is prompted by BART's recognition that the District will require the best efforts of its employees as the system is extended, the present system is rehabilitated and the number of passengers continues to increase.

SPECIAL EVENTS

Whether it was to run in the Bay-to-Breakers race, watch the Valkyries ride, attend a baseball game, go to the fair, hear Nelson Mandela, listen to a rock concert or shop for the holidays, BART passengers were able to rely on specially scheduled trains and buses to carry them to and from events throughout the year.

Nearly half of the people who headed for the Oakland Coliseum on June 30 to hear Mandela, Deputy President of the African National Congress, used BART to get there. Patronage on BART that day reached 142,326, a record Saturday. Music lovers used BART trains to reach the San Francisco Opera House to attend performances of Richard Wagner's "Ring" operas. Free shuttle buses whisked BART passengers from BART to the Festival at the Lake in Oakland. BART provided more special train service and links with buses for special events than ever before.



GENERAL MANAGER'S MESSAGE



BART WAS READY...AND THEN SOME

A year ago I wrote in these pages about the heritage, maturity and challenge of BART. I rhapsodized about our system and how we must plan, operate and deliver on our abilities and our promises.

"We can't miss a beat," I wrote.

Came 5:04 on the afternoon of October 17, and we didn't. In fact, we picked up a step or two. When the earth shook and buildings rattled, BART was there.

The Loma Prieta 'quake tested with unprecedented severity the facilities, equipment and people who make up the Bay Area Rapid Transit District. Within seconds of the devastating tremor, transportation throughout the Bay Area came to a virtual halt.

BART, along with all electricity-run transit systems, stopped cold. San Francisco went dark. Traffic lights were snuffed out in the midst of the normally heavy Tuesday evening commute. Freeway traffic was halted while police and emergency crews inspected overpasses and superstructures. The Cypress Freeway collapsed, killing scores

of commuters and tying up rescue personnel and stranded motorists. And, of course, a portion of the Bay Bridge collapsed, leaving a power-starved BART the only link between the two economic, financial and employment hubs of the north Bay.

Yet by midnight BART trains again began carrying passengers on our East Bay tracks. At 2:30, the following morning, BART trains were rolling through the Transbay Tube and into a still-darkened San Francisco. Full passenger service on all 71.5 miles and 34 stations of BART had been restored.

To the great credit of the engineers and contractors who built BART two decades ago -- our heritage -- and to the people who make it run today our maturity -- no passenger or BART employee was injured. The tracks, trains and structures that let us carry passengers came through in perfect operating order. Only minor damage -- cracked plaster, tumbled bookshelves and the like -- to the tune of \$2 million was inflicted at some support facilities.

Our response was simply another laurel in the legend that is BART.

How were we able to get up-and-running at full capacity 10 long, hectic hours after being jarred by the strongest jolt to hit the area since the fabled 'quake of 1906?

People, teamwork and dedication. That's our answer.

Dedicated people working together as a team conceived, designed and built the BART system in the 1960s -- and they built it right. Dedicated people working together as a team got BART back on track in the hours following the 'quake.

Not only did they get BART back on track, they kept it there for more than a month while the San Francisco-Oakland Bay Bridge was out of service, carrying more than 10 million passengers to their

jobs and homes around the clock. The day before the bridge reopened, we carried 357,135 passengers -- a figure far beyond the wildest expectations of the system's original designers. Yet that day was only the climax to a month of weekday patronage that regularly exceeded 350,000. Before the 'quake, we carried an average of 218,000 passengers per work day.

Once the bridge was open again, commuters began a gradual return to their old, pre-earthquake patterns. Almost. BART retained the earned loyalty of nearly 20 percent of the people who switched to BART when the bridge was down. Average weekday patronage has climbed to 250,000, Saturday patronage is up 21 percent to 107,500, and Sunday patronage has risen 26.7 percent to 66,400. And the numbers are still climbing.

So we look back on a year of unprecedented testing of both BART, the system, and its people. Both made the grade, handsomely.

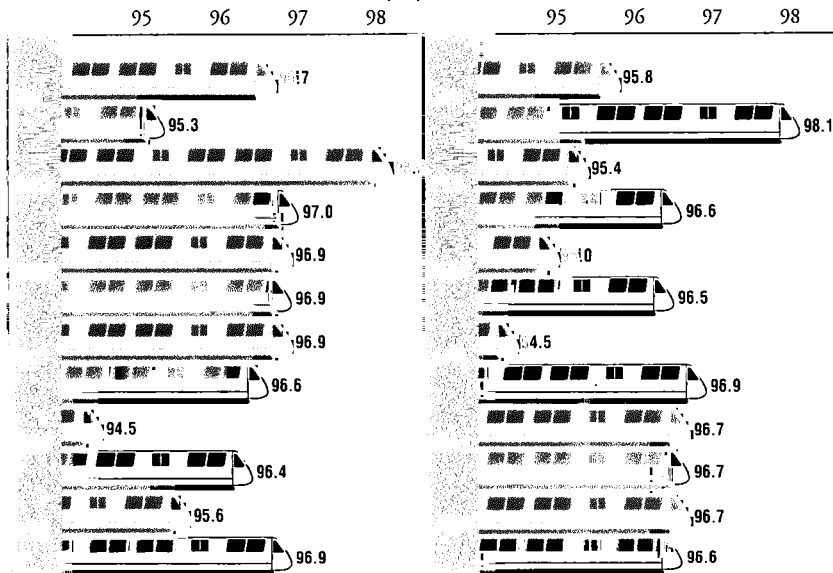
But the earthquake and closure of the Bay Bridge were not the only tests BART faced during the year. The renewal and expansion of BART's physical properties and the enhanced commitment of our employees have also been tested.

These are the tests -- the challenges -- that signify BART's future. They pose a greater test of our resources and of our spirit than even the Loma Prieta earthquake.

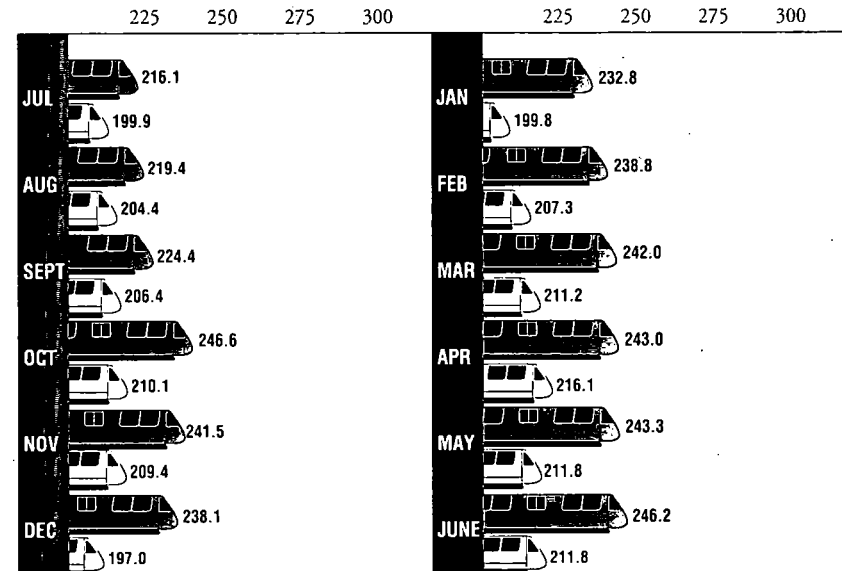
Let's look at the far limits of those challenges. First, we are expanding the BART system in three directions: eastward in Alameda and Contra Costa counties, and southward in San Mateo County. Second, we are revitalizing the original BART system, including passenger cars, stations, and control facilities.

Third, we are in the early stages of working to better channel our most valuable resource -- the people of BART. We are calling for

DAILY ON-TIME PERFORMANCE (%)



AVERAGE WEEKDAY TRIPS



FY 1990



FY 1989

greater individual responsibility and focusing our employees' efforts more sharply on the sine qua non of our professional existence: passenger service.

You will find details of BART's physical expansion program elsewhere in this Annual Report. Briefly, however, the bottom line is this: the basic programs are well underway and are solidly backed by the public. In June, the voters approved a trio of important transportation ballot measures that will provide a major portion of the funds we need to meet the commuting public's increasing demands.

But while we are expanding, we are also "rehabilitating" BART. My Webster's defines "rehabilitation" as "restoring to good health or good operation." BART is not sick and it is far from being in poor form. But a thorough review of our equipment and facilities shows that the original system, parts of which are 20 or more years old, need to be restored or replaced. Breakdowns have increased one-third in the past decade. Further deterioration will mean slower, less reliable and more costly service -- and disgruntled patrons.

We have targeted the original fleet of 439 passenger cars, power and mechanical facilities, tracks, structures and stations, train control and fare collection equipment, communication systems, destination signs, shops, towers and shop equipment.

Meanwhile, we have also embarked on a wholesale revision of our internal organization. Our objectives are twofold: to improve the efficiency of top management's decisions and the way they are followed through, and to encourage greater personal initiative and responsibility among all BART employees in carrying out the District's goals. A quintessential key to this revision is better internal communications -- not just from the top down, but from the bottom up.

Part of this "organizational rehabilitation" is our new budgeting procedures. Budgets now link department spending to goals and projects. This reform alone gives managers at all levels increased responsibilities and added rewards.

But our priority is still our passengers. All of the changes underway

at BART are geared to them.

Before the dawn of the millennium -- less than a decade away -- most of our presently planned extensions should be in place, or nearly so, our physical rehabilitation program should be complete, and our organizational rehabilitation will have produced the finest corps of dedicated, motivated, empowered public transit employees in the world.

Our heritage is secure. Our maturity has been tested. Our challenge is clear: to harness our human and physical resources to improve our existing service delivery, and to provide, across the breadth of our expanded system, the best possible service to our future passengers.

When the earth moved, we met the challenge. We were ready ... and then some. We face the challenges of the future with the same vigor.

Frank J. Wilson
General Manager, BART

**San Francisco Bay Area
Rapid Transit District (BART)**

Headquarters in downtown Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (415) 464-6000

Established in 1957 by the California State Legislature.
Authorized to plan, finance, construct, and operate a rapid
transit system.

Governed by a Board of Directors elected for four-year terms
by voters in nine election districts within the counties of
Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS — Fiscal Year 1990

PRESIDENT

Nello Bianco, El Sobrante

VICE PRESIDENT

Erlene DeMarcus, Pleasanton

Members of the Board

District #1 — Joe Fitzpatrick, Orinda

District #2 — Nello Bianco, El Sobrante

District #3 — Sue Hone, Berkeley

District #4 — Margaret K. Pryor, Oakland

District #5 — Erlene DeMarcus, Pleasanton

District #6 — John Glenn, Fremont

District #7 — Willfred T. Ussery, San Francisco

District #8 — Arlo Hale Smith, San Francisco

District #9 — Michael Bernick, San Francisco

Board-Appointed Officers

Frank J. Wilson, General Manager

Sherwood Wakeman, General Counsel

Alvan Teragawachi, Controller/Treasurer

John O. Ombree, District Secretary



**Executive Managers Reporting
to the General Manager**

John J. Haley, Jr., Deputy General Manager

Larry A. Williams, Executive Manager,

Human Relations & Support Services

Irene C. Borcover, Acting Executive Manager,

District Relations & Support Services

Ralph S. Weule, Executive Manager,

Safety & Investigations

James T. Gallagher, Assistant General Manager,

Operations

Thomas E. Margro, Assistant General Manager,

Development

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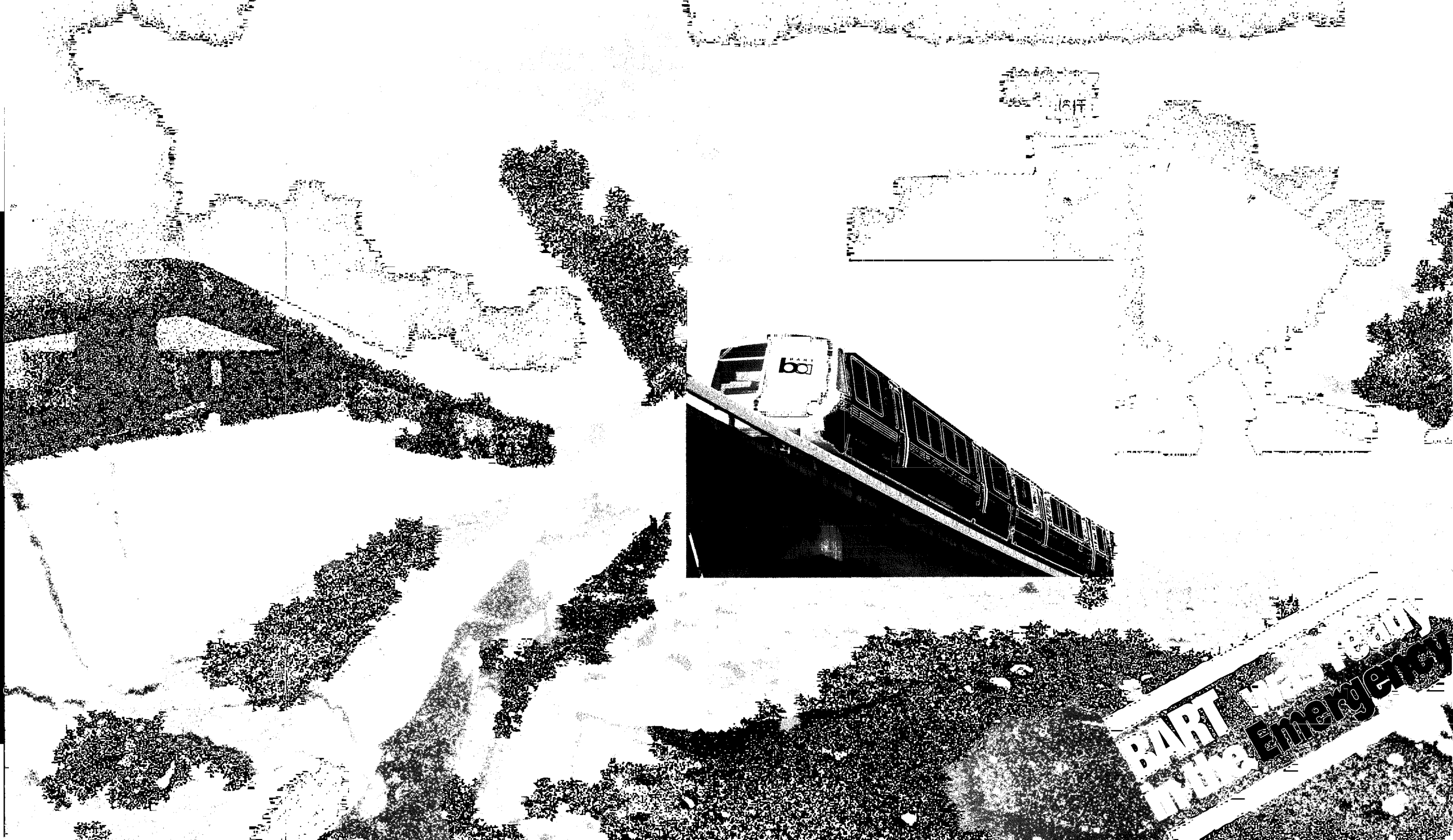
Kent Porter, Santa Rosa Press Democrat

Illustrator: Susan Strong, San Mateo

System Map: Arthur Richardson, BART Documentation

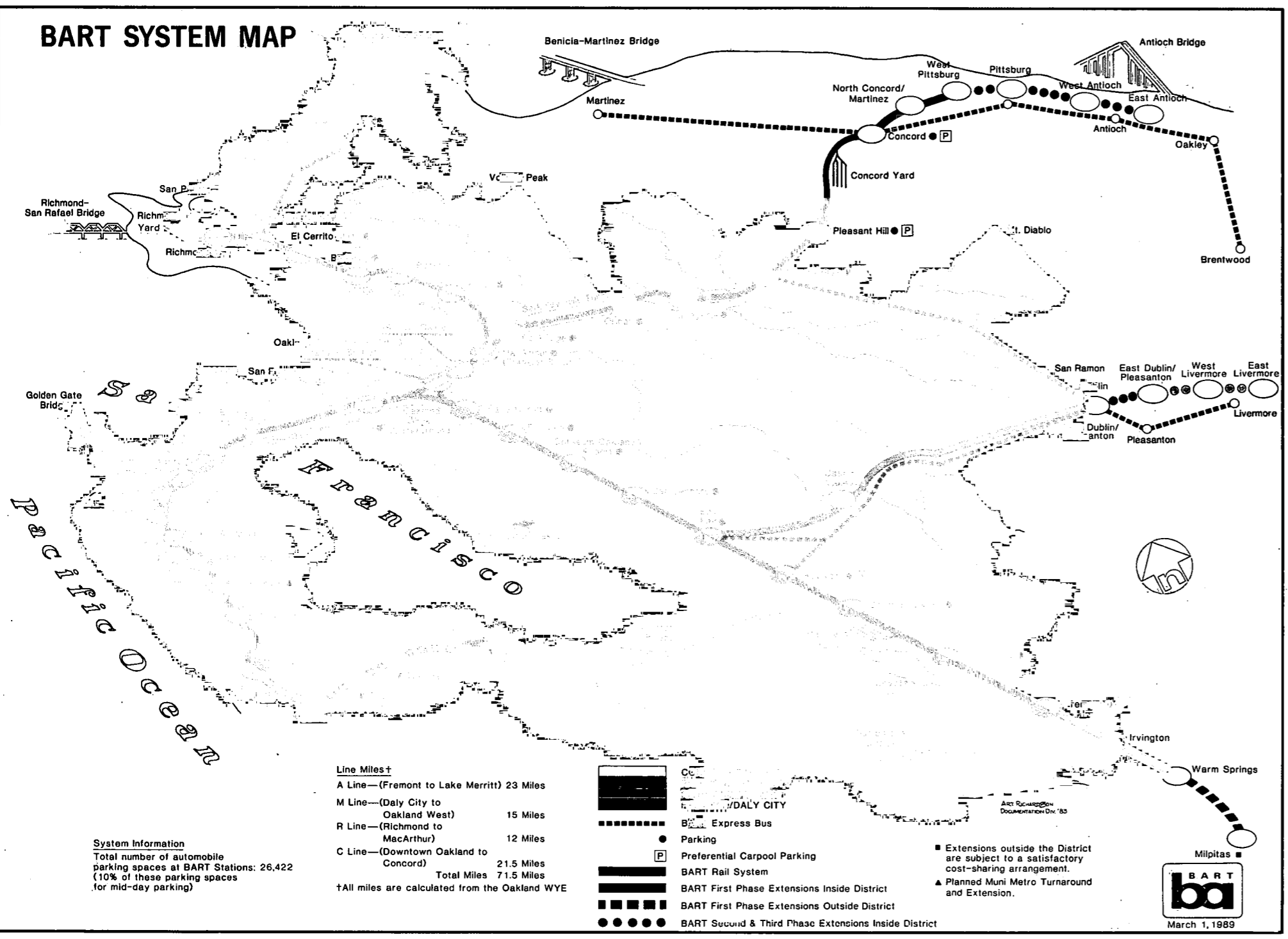
Writer: Dudley Creed, San Francisco

Editor: Sy Momber, BART Public Information Office

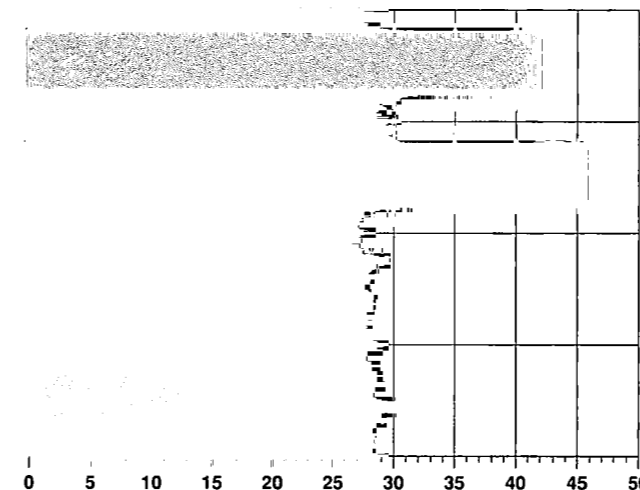


**BART
in the
Emergency**

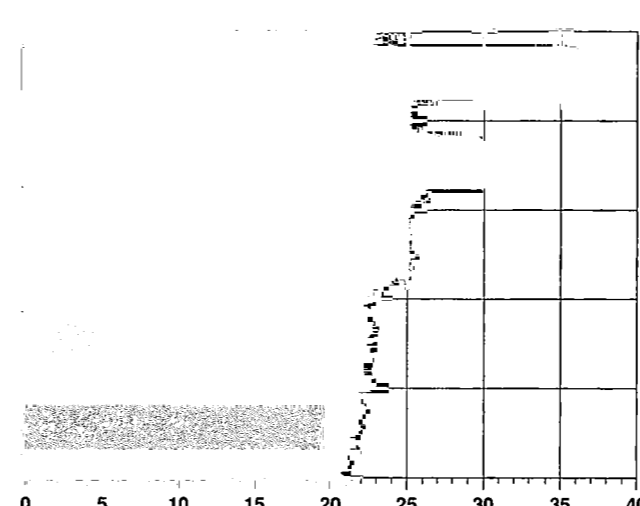
BART SYSTEM MAP



OPERATING FUNDS 1989/1990



TOTAL
\$217,008 100.00%



TOTAL
\$217,008 100.00%

SOURCE OF FUNDS (In Thousands)

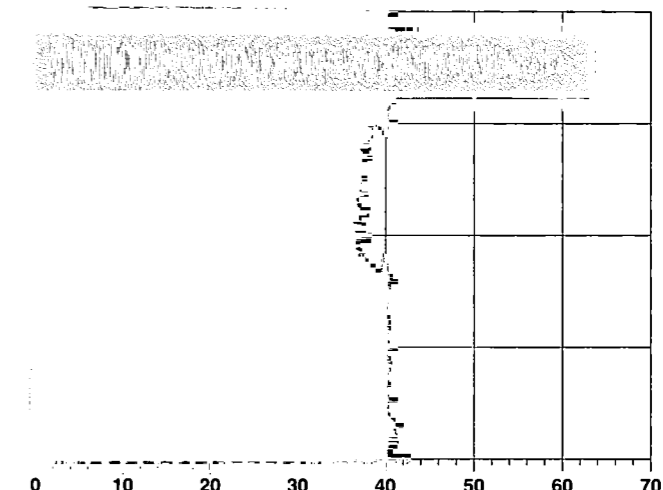
- Transaction & Use Sales Tax \$91,512 42.17%
- Fares \$99,528 45.86%
- Property Tax \$9,782 4.51%
- Other \$16,186 7.46%
- Investment Income and Other Operating Revenues \$7,120 3.28%
- Construction Funds \$8,644 3.98%
- Regional Financial Assistance \$413 0.19%
- Decrease in Working Capital* \$9 0.01%

HOW FUNDS WERE APPLIED (In Thousands)

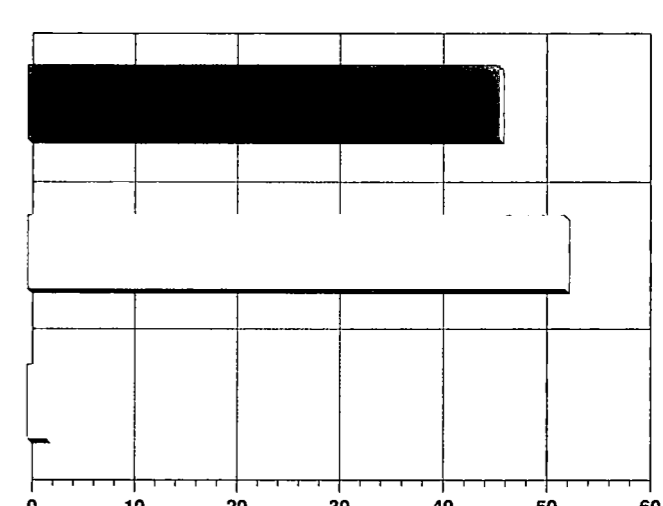
- Maintenance \$79,186 36.49%
- Transportation \$65,033 29.97%
- General Administration \$40,075 18.47%
- Police Services \$11,011 5.07%
- Other \$21,703 10.00%
- Capital Designations \$15,381 7.09%
- Construction & Engineering \$6,322 2.91%

* Funded excess of expenses over revenues

CAPITAL FUNDS 1989/1990



TOTAL
\$129,278 100.00%



TOTAL
\$129,278 100.00%

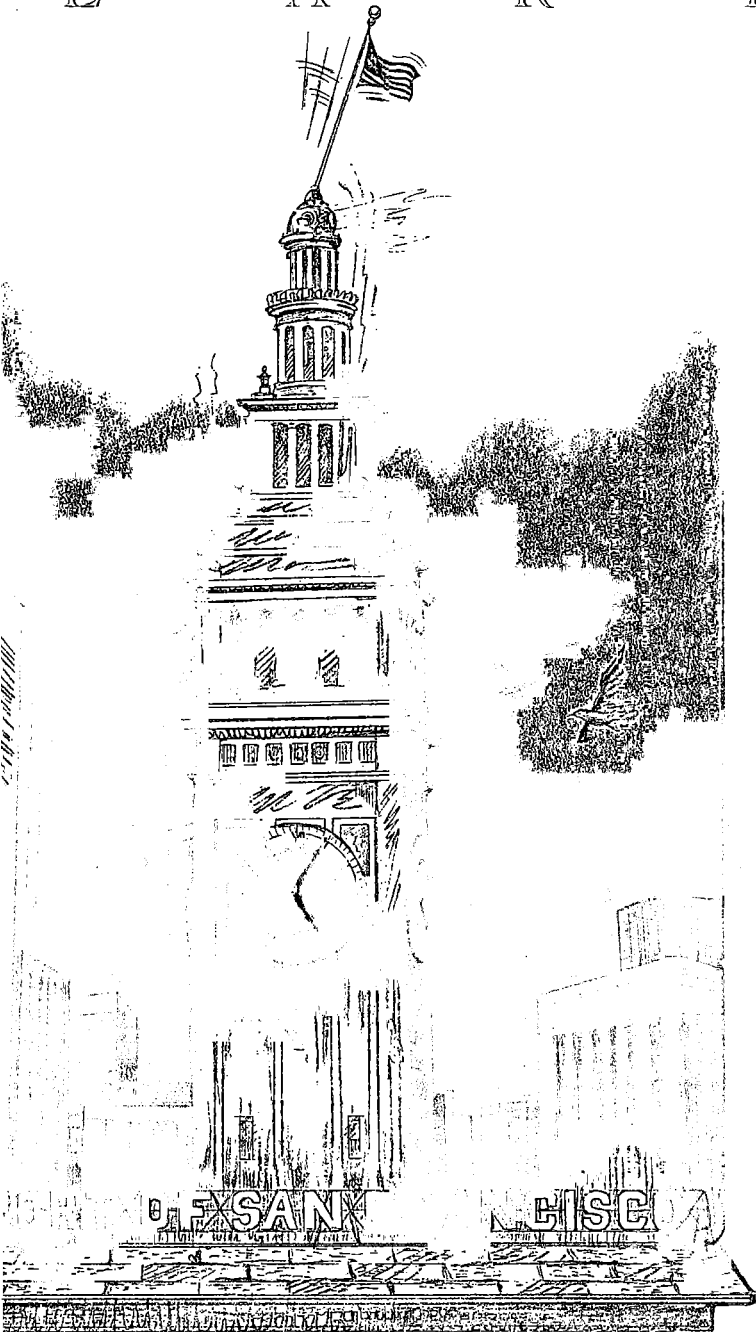
SOURCE OF FUNDS (In Thousands)

- District \$82,343 63.70%
- Federal \$26,841 20.76%
- State \$19,230 14.87%
- Local \$864 .67%

EXPENDITURES (In Thousands)

- Construction:
- Line \$50,075 38.73%
- Systemwide \$4,121 3.19%
- Support Facilities \$5,145 3.98%
- Equipment:
- Train Control \$2,861 2.21%
- Communications \$436 .34%
- Transit Vehicles \$60,202 46.57%
- Automatic Fare Collection \$450 .35%
- Management Information \$1,142 .88%
- Support Vehicles \$645 .50%
- Other Equipment \$1,811 1.40%
- Studies and Other \$2,390 1.85%

E A R T H Q U A K E



At four minutes after five o'clock on the afternoon of Tuesday, October 17, 1989, an earthquake rolled along the San Andreas Fault in Northern California.

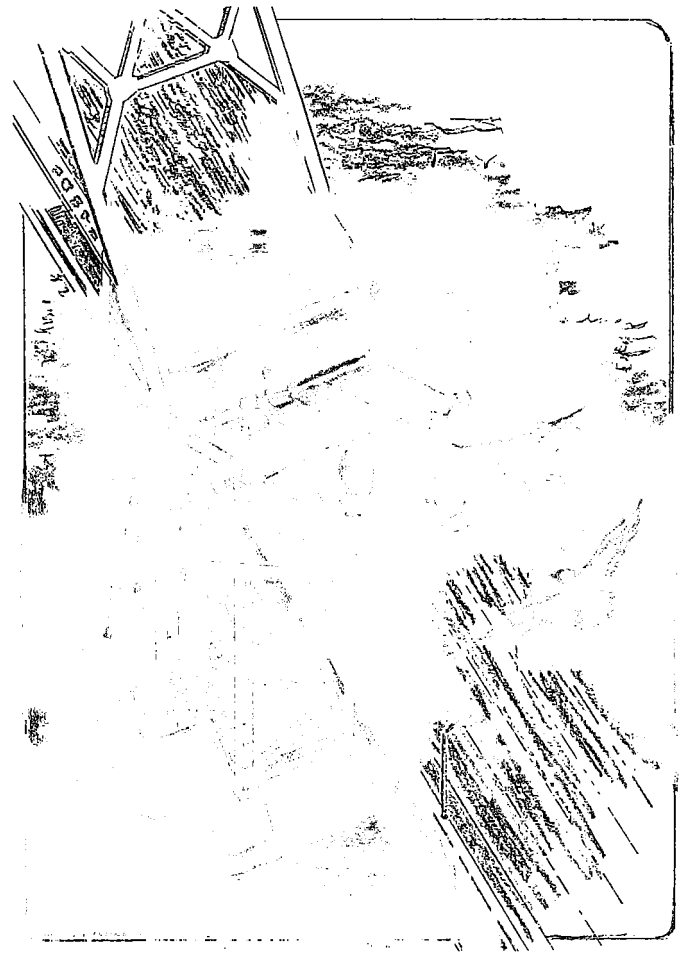
It was centered near Santa Cruz, south of the San Francisco Bay Area, but it caused death and destruction for more than 200 miles and disrupted the usual daily pattern of life for millions of people.

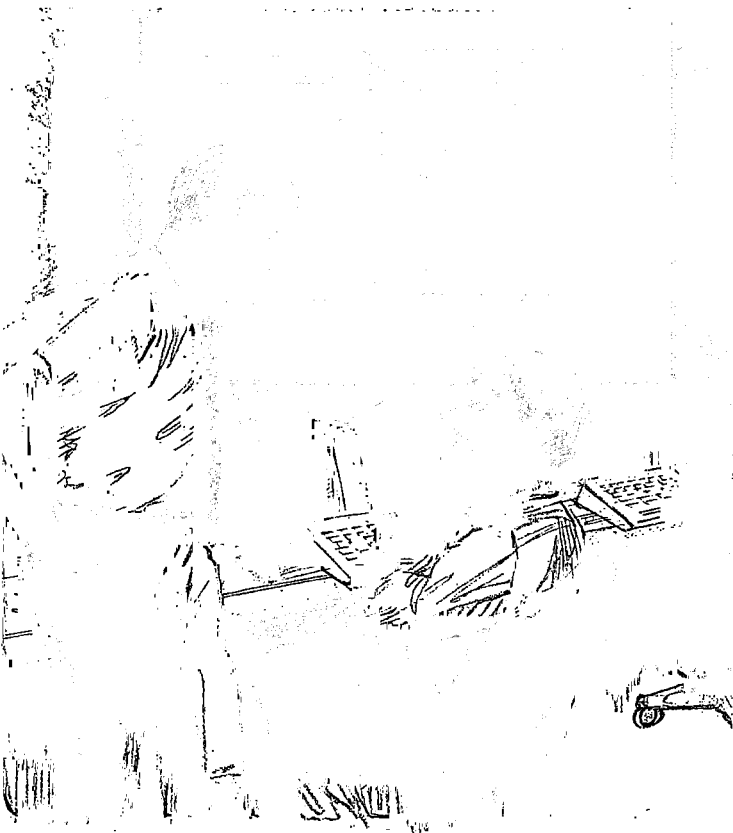
The quake was measured at 7.1 on the Richter Scale, the strongest tremor to hit Northern California since 1906, when a quake estimated at 8.0 struck along the same fault, and combined with fire, destroyed a large portion of San Francisco and caused widespread damage north and south of the city.

The 1989 earthquake, and its immediate aftershocks, collapsed and weakened buildings, homes and freeways. It caused a portion of the upper westbound level of the Oakland-San Francisco Bay Bridge to tear loose from its pinnings and collapse on to the lower level.

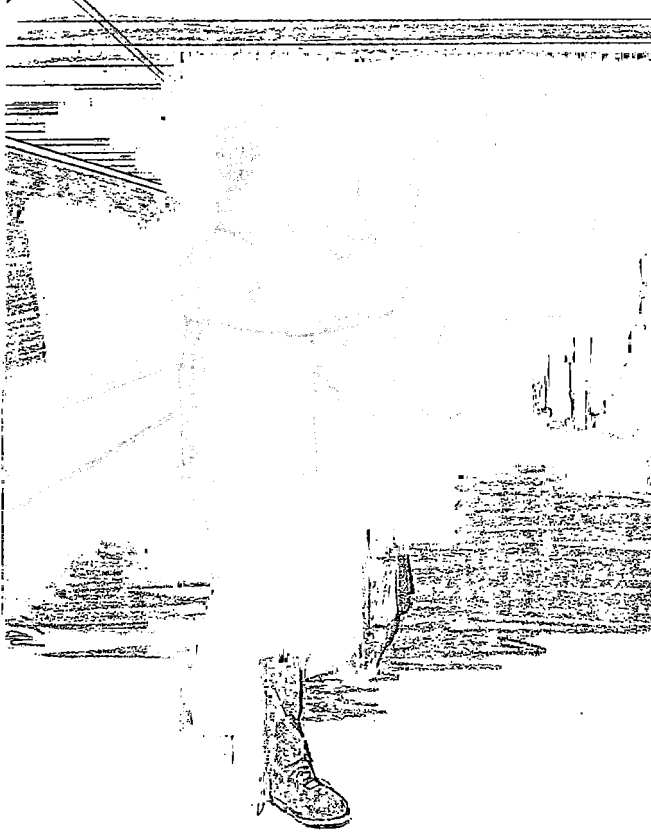
The 1989 quake struck at the peak commute hour. Thousands of people were in the process of heading home for the day. Some were already in their cars, on buses, or on BART trains, while others were getting ready to leave their offices. At Candlestick Park in southeast San Francisco more than 40,000 people were waiting for the first pitch of Game Three of the World Series between the San Francisco Giants and the Oakland Athletics.

At BART headquarters in Oakland, most employees had just left the building a moment or two before the earthquake struck, but many BART departmental managers and senior officials were still in their offices. When the rumbling and rolling stopped, and after they determined that those around them were not hurt, their first thought was to reach BART's Central Control, the nerve center of the





District's 71.5-mile system of track, trains and stations, and to find out if the system was still running, what damage had been sustained throughout the system, and what they could do to help. Although copies of BART's long-established Emergency Plan were available for consultation it seemed in those first few minutes after the rumbling and rolling stopped, the printed BART plan was almost superfluous. People seemed to have it in their head without glancing at it as they went about the business of determining what had happened and figuring out what to do about it.



The first order of business was to determine if any BART passengers or employees had been killed or injured as a result of the earthquake and to make contact with all trains on the line and with all stations.

Radio communication with a few train operators out on the line was weak and sporadic, but telephone communication was intact throughout the system. All train operators were ordered to proceed to the nearest station, if possible, and to direct their passengers to leave the train and the station.

Two trains were in the 3.6-mile Transbay Tube, linking San Francisco and Oakland, when the earthquake struck, one headed west, the other east. The eastbound train, with ten cars and more than 1,000 commuters, was approaching the east end of the Tube. Although the train operator felt a "dip" at the moment of the quake, he did not realize an earthquake had taken place. The train proceeded to the West Oakland Station, where passengers disembarked.

barked. This same train was used less than three hours later by BART officials to proceed westward into the Tube to check for damage and reach the Embarcadero Station in San Francisco.

The westbound train, which was near the middle of the Tube when the earthquake struck, proceeded in "road manual" slowly to the Embarcadero Station. There, in complete darkness, except for the flashlights of BART train and station personnel, passengers left the train and the station.

Traction power to the tracks and some auxiliary station lighting in San Francisco was cut off by damage to a sub-station that supplied electricity to BART's West Bay facilities. Traction and station lighting power was gradually restored during the night on the west side of the Bay. Most of San Francisco itself was without electrical power during the first several hours after the earthquake, adding a measure of confusion, anxiety and discomfort, but full power was gradually restored to most parts of the city during the late-night and early-morning hours.

Meanwhile, from BART headquarters in Oakland, teams of BART engineers and officials fanned out to check the system. Reports of widespread destruction reached Central Control, but they proved to be completely unfounded as BART officials inspected each mile of track and every station and structure. Some of the preliminary inspection was carried out by helicopter.

As the evening progressed, it became obvious to officials at Central Control that the earthquake had not caused any injuries or deaths to BART passengers or personnel and that the system was intact. A lack of electricity throughout the San Francisco portion of the system remained a problem until early Wednesday morning.

BART employees worked throughout the night to make sure that the system was undamaged, to help restore power to the West Bay and to return to regular passenger service as soon as possible. Passenger trains resumed service in the East Bay, at least on a limited-schedule basis, within four hours of the quake.

In at least one instance, at the Daly City Station, BART passengers were not directed to leave BART cars and the station. BART-bound baseball fans, who reached the Daly City Station by bus following the cancellation of the World Series game, were allowed to wait in the station or in the cars that had been positioned at Daly City to carry them home after the game. The cars were lighted and heated.

If the Bay Bridge had not been damaged, the story of BART and

the 1989 earthquake would more or less have ended on October 18, as regular weekday service was restored throughout the system.

That closure, however, drastic, sudden and unexpected, created a new set of circumstances and propelled BART into a new phase of the story of the earthquake of 1989. The new phase had far-reaching consequences, not only for BART, but for the entire public transportation picture in the Bay Area.

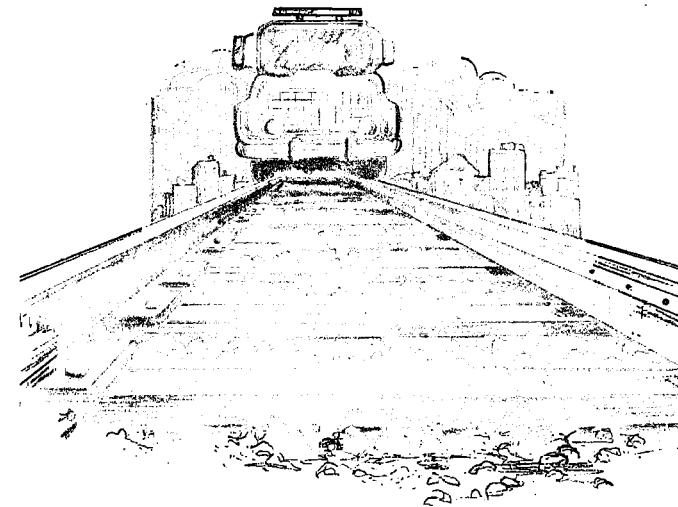
On an average weekday before the earthquake, approximately 343,000 "people trips" were made across the Bay Bridge in both directions, including occupants of cars, trucks and buses. BART's average weekday transbay patronage was approximately 102,000.

With the Bay Bridge closed, how were the commuters who customarily used the bridge going to get to and from work? The bridge commuters represented the majority of transbay commuters.

As soon as BART officials confirmed that the Bay Bridge was damaged and could not carry its usual load of commuter traffic, they began to make plans to take up the slack. How many bridge commuters would switch to BART?

Nobody could say for sure, but BART officials decided that BART had to be ready to carry as many passengers as the BART system could sustain. It was a matter of "pulling out all the stops." BART would have to be ready for whatever passenger load developed and to sustain that readiness for as long as the bridge was out.

Fortunately for BART, the full weekday commuter demand did not develop until Monday, October 23,



nearly a week after the earthquake. Many people simply stayed at home during the first few days after the quake and did not attempt to resume "business as usual" until the following Monday.

By that time, BART was ready for them. Even though it was impossible for BART to calculate exactly how many new passengers could be expected to ride BART trains, it was certainly obvious that there would be thousands of them.

BART officials had to ask themselves: How many additional passenger cars would be needed in weekday service? Can additional trains be scheduled? Will it be possible to keep the cars maintained at the customary level of safety and efficiency? Can the existing ticket facilities at stations accommodate thousands of new passengers? How many additional personnel would be required? How can the demand for additional parking spaces be met? How can the public best be informed about additional service, parking locations and connections with other transit agencies?

These questions are a mere sample of the ones that BART officials had to ask and answer in the first three days following the quake. The resources of the entire District, its people and equipment, were mobilized.

At the end of Monday, October 23, it was evident that BART was going to be busy. The day's passenger total was 290,060, compared with a pre-quake typical figure of 218,286 and the



Transbay Tube total was 180,775, compared to a typical weekday total of 102,152. And that was just the beginning. By the end of the week, on Friday, October 27, the day's passenger total was 329,276, with 207,170 through the Transbay Tube. The total passenger count for five weekdays from October 23 through October 27 was 1,580,325, nearly a million of them through the Tube. On October 23, BART inaugurated 24-hour service and continued it through November 30.

Patronage on the weekends also increased. On Saturday, October 28, the number of passengers totaled 159,129, compared to a pre-quake average of 92,610; the next day patronage totaled 97,749, compared with an average Sunday figure of 52,075.



Between Monday, October 30 and Friday, November 3, weekday patronage totaled 1,703,000, including 352,696 on November 3. During the first 15 weekdays beginning on October 23, daily patronage averaged 330,812. Within a week transbay patronage was running more than 200,000 every weekday.

The highest weekday total was reached on Thursday, November 16, with 357,135 passenger trips. The previous day, the highest Transbay figure was reached with 229,480. By November 16, the daily average weekday passenger trips reached 347,008.

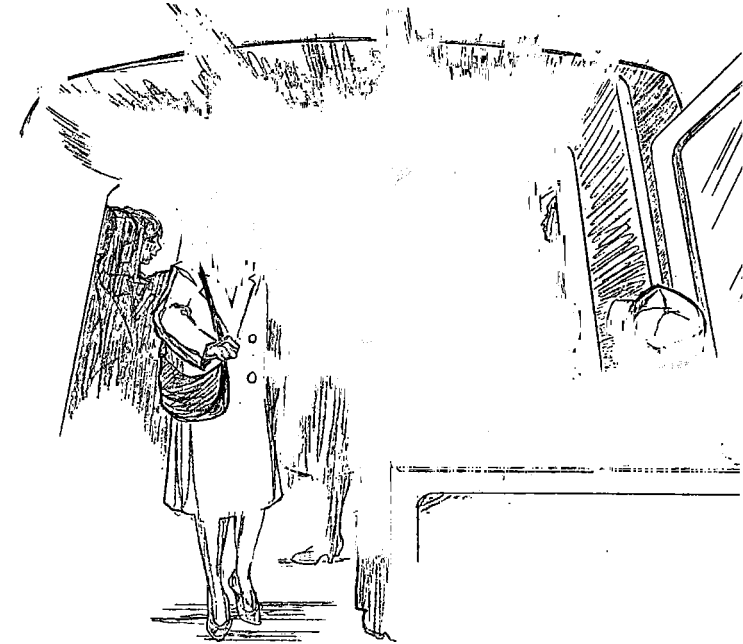
Not only did the number of passengers far exceed the amount that BART had carried before the earthquake, but it exceeded the maximum amount of passengers that BART planners had envisaged 25 years earlier.

BART had demonstrated that the system could handle unprecedented passenger demand day after day and that BART's people could cope with this demand.

Project Open Hand, a San Francisco based organization that provides meals for people in need, used BART to get meals to recipients in the East Bay following the closure of the Bay Bridge. The organization turned out 7,000 meals a day for earthquake victims.

What would happen on November 20, the first Monday after the Bay Bridge was reopened, and in the following days? How many commuters would stick with BART?

The effort shows. Weekday patronage is up to an average of more than a quarter-million riders per day, compared to about 218,000 a day in the weeks before the quake. Roughly 20 percent of the new riders who switched to BART last year because the



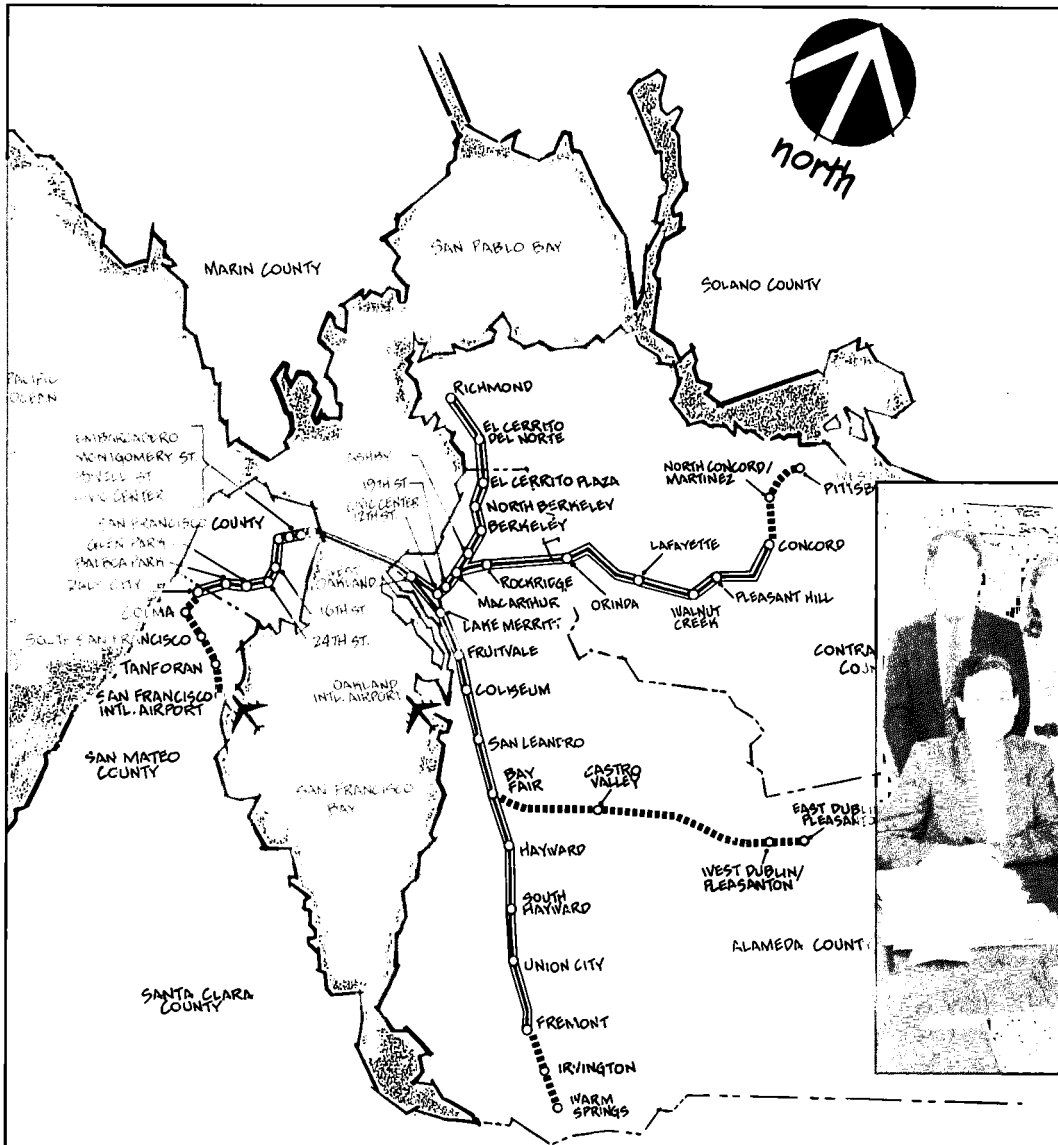
Bay Bridge was closed have stuck with BART.

The number of passengers who chose to continue to ride BART, however, is only one measure of the impact and important consequences of the role that BART played immediately following the earthquake. Thousands of Bay Area residents, including many public officials, came to have a new or heightened awareness of BART's capabilities and the role that BART does play, can play and could play in the region's transportation scene. This awareness was highlighted by local and national media plaudits and by Congressional recognition.

This awareness certainly was a factor in the widespread public support in June 1990, for additional taxes to ensure the financing of adequately equipping BART extensions.

Another consequence of the role that BART played following the closure of the Bay Bridge was the increased cooperation and coordination among BART and other transit agencies within BART's service area. By re-routing and re-scheduling bus service, other transit agencies, especially in the East Bay, provided an unprecedented level of coordinated transit service for their passengers.

E X T E N S I O N S



Shown here is the team of dedicated BART Planners who made major advances with the proposed BART extensions of rail service: (seated L/R) Andrea Gordon, Extension Planner; Marianne Payne, Manager of Extension Planning; Karita Zimmerman, Extension Planner; Theresa Dunn, Extension Planner. (standing



L/R) Alan Leo, Extension Planner; Marcy Heldt, Senior Secretary; Leo Rachal, Extension Planner and Molly Murphy, Community Relations Representative.

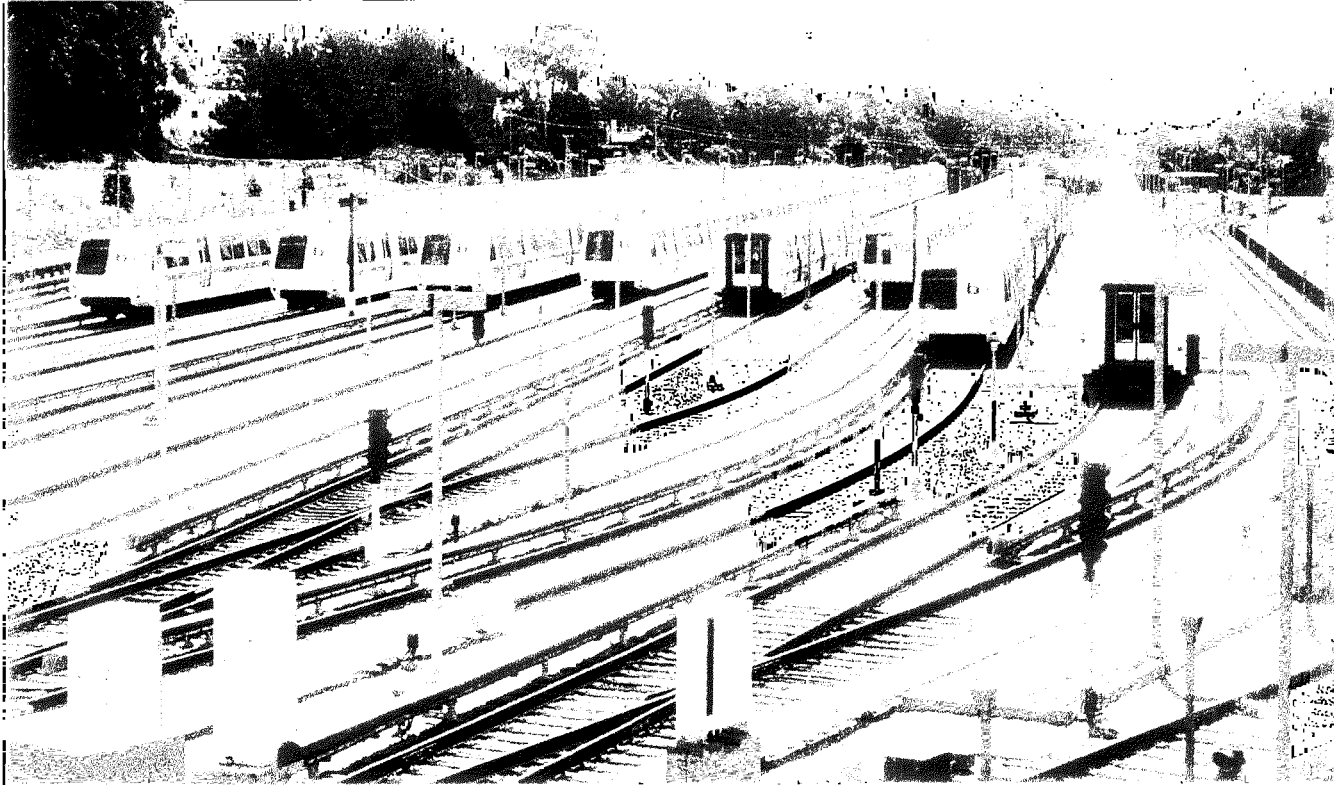
LEGEND
 —●— BART RAIL SYSTEM/STATIONS
 - - - - - BART FIRST PHASE EXTENSIONS/STATIONS
 * THIRD STATION PRIVATELY FINANCED

The District continued to make progress on its four Phase I extensions in Alameda, Contra Costa and San Mateo counties. When all of these extensions are completed by the turn of the century, they will add 33 miles and ten stations to the BART system.

Particularly significant was the final agreement between BART and the San Mateo Transit District (SamTrans), signed on March 1, 1990, which calls for BART to receive \$200 million from SamTrans and for BART to build an extension from Daly City to the San Francisco International Airport. An initial payment of \$10 million was made to BART on the day the final agreement was signed.

An additional \$90 million will be paid by SamTrans to BART when construction begins on the Colma portion of the extension in 1991. Another \$90 million will be paid to BART when construction begins on the extension from Colma to the airport, scheduled for 1994. The final \$10 million will be paid to BART when the project is completed. These payments totaling \$200 million will be used by BART to finance the extensions in Alameda and Contra Costa counties. The agreement also calls for SamTrans to pay 25 percent of the construction costs of the Colma Station and the line to the airport with the remaining cost expected to be made up from state and federal funding sources.

The final Environmental Impact Report (EIR) for the Colma link was nearing completion at the end of the fiscal year for submission to the Boards of Directors of BART and SamTrans. Preliminary engineering, which had been held up pending the final agreement,



went forward after March 1 and was approximately 15 percent complete at the end of June. Construction on the Colma portion of this extension is scheduled to begin by the middle of 1991 and to be completed by the end of 1995.

By the end of the 1990 fiscal year, BART had completed and received public comment on the final EIR for the Dublin/Pleasanton extension. Preliminary engineering was completed in March and final design began in April. Construction on the Dublin/Pleasanton extension is scheduled to begin by the fall of 1991 and to be completed by the fall of 1995.

A public meeting on the Warm Springs extension was held in October, 1989, prior to the preparation of a draft EIR on the project. In May the draft EIR was completed and circulated for public comment. A public hearing on that draft report was held in June. Meanwhile, preliminary engineering on the Warm Springs project was completed and final design engineering was underway at the close of the fiscal year.

Construction on the Warm Springs extension is scheduled to

begin by the fall of 1993 and to be completed by the spring of 1998.

The Metropolitan Transportation Commission, the Santa Clara County Transit District and BART began the preparation of an alignment study for a possible future extension of BART from the Warm Springs district of Fremont to Milpitas, San Jose and Santa Clara. This detailed study should result in the selection of a preferred alternative for future project development.

Preliminary engineering for the Concord to North Concord phase of the Pittsburg/Antioch extension was nearing completion at the end of June. Final design is scheduled to begin by October 1990. Preliminary design work for the North Concord to West Pittsburg phase of this extension was delayed as a result of additional environmental impact studies being carried out by Contra Costa County for the Bailey Road Interchange and the Willow Pass Road lowering projects. However, portions of final design work for this phase of the extension will be completed to the maximum extent possible.

Ballot Measures

Voters throughout California approved three ballot measures on June 5 that will benefit BART over the next ten years. The measures specifically direct funds to BART extension projects.

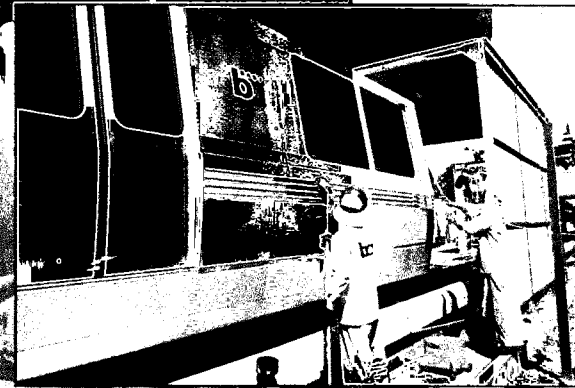
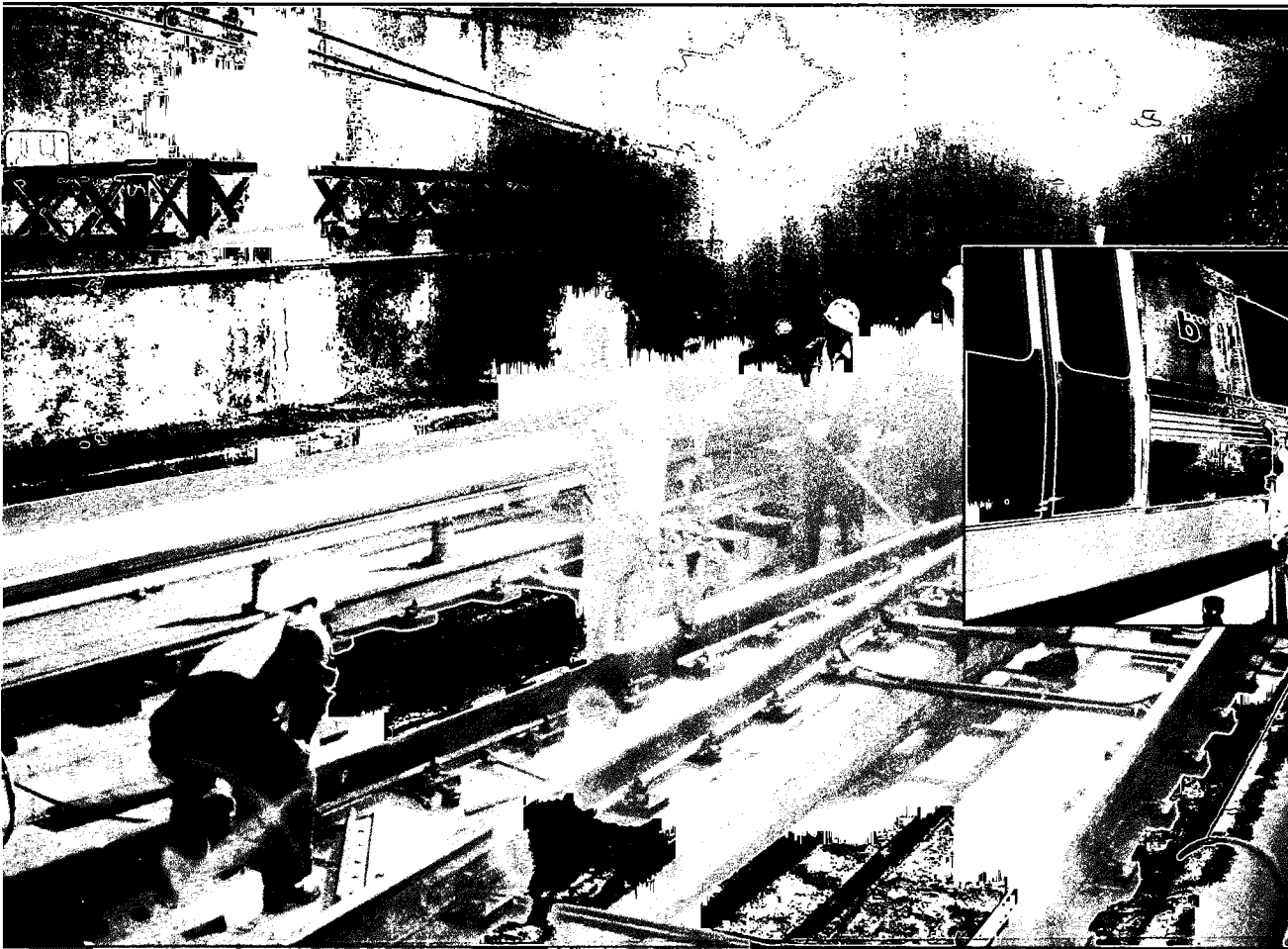
Proposition 111 enacted a statewide "traffic congestion relief program" and updated government spending limits to help meet the needs of the state's growing population.

The money under the provisions of Proposition 111 will come from increased truck weight fees and a five-cent per gallon increase in the gasoline tax (effective August 1, 1990) and an additional one-cent gas tax increase on January 1 of each of the following four years. A portion of the funds generated by Proposition 111 will be available for BART projects, but that amount is yet to be determined.

Proposition 108 authorized the state to sell \$1 billion in general obligation bonds to construct passenger rail facilities, including urban rail, commuter rail and intercity rail.

Proposition 116 authorized a \$1.99 billion bond issue for rail projects throughout the state. Of the total, approximately \$108 million could be earmarked for BART under Proposition 116, but the allocation of funds under both Propositions 108 and 116 are subject to approval by the transit authorities in Alameda, Contra Costa and San Mateo counties, in accordance with the regional plan of the Metropolitan Transportation Commission (MTC).

S Y S T E M R E H A B I L I T A T I O N



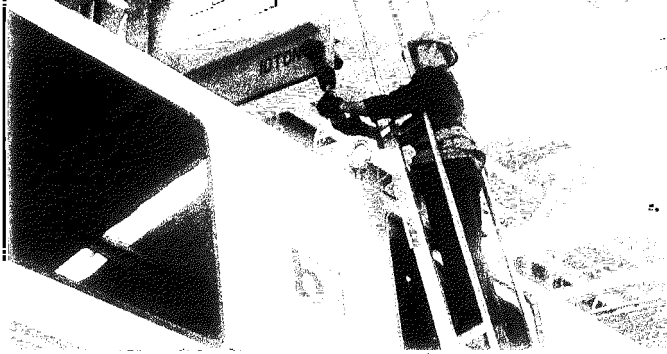
Following a thorough review during the year of all BART facilities and equipment, BART formulated a ten-year rehabilitation program to refurbish the entire system.

The program will cost an estimated \$500 million and is aimed at restoring and rehabilitating all major systems and components of the Districts "A" and "B" passenger cars, as well as all station facilities, track and maintenance structures and equipment. In short, the program will virtually restore BART's system to its original condition of 20 years ago.

The rehabilitation program is a natural outgrowth of a broad review of the District's facilities undertaken early in the fiscal year 1990. The new rehabilitation program consolidated several individual refurbishing projects then underway into a broader more comprehensive program to embrace the entire District and all of its facilities and equipment.

Rehabilitating the District's 439 A and B cars will cost an estimated \$319 million and will entail the replacement or refurbishing of brakes, undercar wiring, air conditioning, side doors, seats, carpets, seals and mounts, coupler assemblies, foam panels and electrical components, roofs and A-car cabs and roofs.

BART's shops in Richmond, Concord, Oakland and Hayward will be overhauled and upgraded. Roofs will be replaced; turntables, train-washers, lathes and cranes will be rehabilitated, and interiors and exteriors will be repainted. Cost of the shop and yard work is estimated to be \$32.5 million.

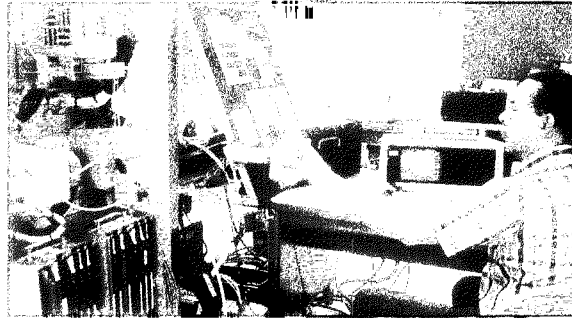


Other projects include the improvements of train, yard, maintenance and police radio communication systems; replacement of train destination signs; refurbishing and replacing fare collection machines; replacement of train control elements for train dispatching; replacement of track fixtures and various rails; and refurbishing power and mechanical facilities, including escalators and air conditioning equipment.

Delays, noise on the trains and the need for more labor-intensive repairs to keep the cars available for passenger service can all be traced to the gradually aging equipment. The doors on a typical car, for example, open and shut about 500 times a day. Those doors have opened and shut nearly three million times since the car was originally put into service. About 30 percent of all train delays on BART are due to door malfunctions.

The average BART car, logging about 54,000 miles a year in passenger service, has traveled almost one million miles since it was placed in service.

BART expects to pay for the \$500 million rehabilitation program from a variety of sources, including capital outlays by BART itself and from state, regional and federal entities.



PERFORMANCE HIGHLIGHTS

	FY 1990	FY 1989
Rail Ridership		
Annual passenger trips	70,549,547	60,457,004
Average weekday trips	241,525	207,231
Average trip length	12.6 miles	12.5 miles
Annual passenger miles	891,228,943	757,225,230
Patron trip on-time performance (%)	94.5%	95.3%
System utilization ratio (passenger miles to available seat miles)	30.7%	31.7%
End-of-period ratios:		
Peak patronage	47.6%	48.9%
Offpeak patronage	52.4%	51.1%
BART's estimated share of peak period transbay trips—cars, trains & buses (a)	50.0%	39.2%
Operations		
Annual revenue car miles	40,327,962	33,195,099
Unscheduled train removals—average per revenue day	2.2	2.9
Transit car availability to revenue car fleet (b)	82.5%	81.7%
Passenger accidents reported per million passenger trips	13.56	12.64
Patron-related crimes reported per million passenger trips	41.18	32.92
Financial		
Net passenger revenues	\$ 99,528,000	\$ 83,192,000
Other operating revenues	\$ 7,120,000	\$ 6,421,000
Total operating revenues	\$106,648,000	\$ 89,613,000
Net operating expenses (excluding depreciation)	\$192,983,000	\$172,216,000
Farebox ratio (net passenger revenues to net operating expenses)	51.6%	48.3%
Operating ratio (total operating revenues to net operating expenses)	55.3%	52.0%
Net rail passenger revenue per passenger mile	11.1¢	11.0¢
Rail operating cost per passenger mile	20.0¢	20.8¢
Net average rail passenger fare (c)	\$1.40	\$1.38

NOTES General note: Data represents annual averages unless otherwise noted.
 (a) Based on MTC Post-Earthquake Commute Survey (March 1990)
 (b) At 8 a.m. each day (c) Includes BART/MUNI Fast Pass

BART patronage for the fiscal year 1990 totaled 70,549,547, an increase of 10,092,543 over fiscal year 1989 and the highest patronage figure in the District's history. The record total reflects, of course, the unprecedented use of BART following the closure of the Oakland-San Francisco Bay Bridge on October 17, 1989.

The District estimated share of peak period transbay traffic during FY1990, including cars, buses and trains, reached 50 percent, based on surveys taken during the year by the Metropolitan Transportation Commission. BART's estimated share of transbay commute traffic was 39.2 percent for FY1989. The 1990 figure reflects the fact that, during the month that the Bay Bridge was out of service, average weekday commute patronage on BART regularly exceeded 350,000.

Net passenger revenues reached \$99,528,000 for FY1990, an increase of \$16,336,000 over the FY1989 figure of \$83,192,000. Total operating revenues, including more than \$7,120,000 in interest income, advertising in trains and stations and other income, were \$106,548,000, an increase of \$17,035,000 from the previous fiscal year.

BART funded 51.6 percent of its net operating expenses which amounted to \$192,983,000 (excluding depreciation) for FY1990 from net passenger revenues. This farebox ratio amounted to 48.3 percent the previous year.

BART's operating ratio, which relates total operating revenues to net operating expenses amounted to 55.3 percent for FY1990, compared with 52 percent for the previous year. The District's objective is to fund no less than one-half of its net rail operating expenses from operating revenues.

Net rail passenger revenue per passenger mile for FY1990 was 11.1 cents, compared to 11 cents for the previous year. Rail operating

costs per passenger mile for FY1990 was 20 cents, compared with 20.8 cents for the previous year.

Weekday passenger trips averaged 241,525 for FY1990, compared with 207,231 for FY1989. On November 16, 1989, passenger trips throughout the system reached a record peak of 357,135. Average weekday ridership for the fourth quarter of FY1990 was 244,268 trips, 14.2 percent above the same quarter for FY1989. Total trips on BART for the fourth quarter of FY1990 amounted to 18,081,579, 15.2 percent above the same quarter the year before. These quarterly figures indicate a marked "permanent" increase in BART ridership during the year, notwithstanding the extraordinary increase in patronage that took place temporarily following the closure of the Bay Bridge.

Annual passenger miles reached 891,228,943 for FY1990, an increase of 134,003,713 over the previous year.

In addition to funds derived from passenger fares, interest income and advertising, BART received \$106.1 million in revenue from 75 percent of the one half cent transit sales tax in the three BART counties, \$4 million in local funds and \$9.8 million in property tax available for operations.

Of the \$106.1 million derived from the sales tax, \$14.6 million was allocated to debt service and \$91.5 million was made available for operations.

BART Directors again reduced the property tax rate on the levy for repayment of the principal and interest of \$792 million in general obligation bonds approved by voters in 1962 for construction of the system. Directors set a tax rate of 3.19 cents per \$100 assessed value, down from 3.72 cents for the previous fiscal year. The property tax generated revenues of \$48.1 million from property owners in Alameda, Contra Costa and San Francisco counties, the three counties making up the District.

F I N A N C I A L S T A T E M E N T S

INDEPENDENT AUDITORS' REPORT The Board of Directors of San Francisco Bay Area Rapid Transit District:

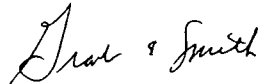
We have audited the accompanying balance sheets of San Francisco Bay Area Rapid Transit District (the District) as of June 30, 1990 and 1989, and the related statements of operations, capital and changes in financial position for the years then ended. These financial statements and the supplemental schedule discussed below are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An

audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1990 and 1989, and the results of its operations and the changes in its financial position for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of reconciliation of excess operating revenues over (under) expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

<i>Deloitte + Touche</i> Deloitte & Touche Oakland, California	 Grant & Smith September 7, 1990
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BALANCE SHEETS,

JUNE 30, 1990 AND 1989 (In thousands)

ASSETS	1990	1989
CURRENT ASSETS:		
Cash and investments (Note 3)	\$ 274,035	\$ 304,544
Deposits held by trustee (Note 3)	24,551	24,332
Notes and other receivables	23,925	16,483
Materials and supplies - at average cost	15,884	14,623
Total Current assets	<u>338,395</u>	<u>359,982</u>
DEFERRED COMPENSATION PLAN INVESTMENTS (Notes 3 and 9)	55,558	47,855
INVESTMENTS RESTRICTED FOR BOARD DESIGNATED PURPOSES (Note 3)	20,586	25,270
FACILITIES, PROPERTY AND EQUIPMENT - At cost, less accumulated depreciation (Note 4)	<u>1,741,570</u>	<u>1,670,319</u>
TOTAL ASSETS	<u>\$2,156,109</u>	<u>\$2,103,426</u>

LIABILITIES AND CAPITAL	1990	1989
CURRENT LIABILITIES:		
Current portion of long-term debt (Note 5)	\$ 36,290	\$ 42,585
Payroll and other liabilities	51,912	64,824
Self-insurance liabilities	10,946	7,669
Unearned passenger revenue	2,070	1,832
Total current liabilities	<u>101,218</u>	<u>116,910</u>
DEFERRED COMPENSATION (Note 9)	55,558	47,855
LONG-TERM DEBT (Note 5)	<u>460,775</u>	<u>497,065</u>
CAPITAL:		
Grants and contributions, net	775,555	746,535
Accumulated net revenues	763,003	695,061
Total Capital	<u>1,538,558</u>	<u>1,441,596</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$2,156,109</u>	<u>\$2,103,426</u>

See notes to financial statements.

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED JUNE 30, 1990 AND 1989 (In thousands)

	1990				1989			
	<u>OPERATIONS</u>	<u>CONSTRUCTION</u> (Note 2)	<u>DEBT SERVICE</u>	<u>COMBINED TOTAL</u>	<u>OPERATIONS</u>	<u>CONSTRUCTION</u> (Note 2)	<u>DEBT SERVICE</u>	<u>COMBINED TOTAL</u>
OPERATING REVENUES:								
Fares	\$ 99,528			\$ 99,528	\$ 83,192			\$ 83,192
Other (including investment income)	7,120			7,120	6,421			6,421
Total operating revenues	<u>106,648</u>			<u>106,648</u>	<u>89,613</u>			<u>89,613</u>
OPERATING EXPENSES:								
Transportation	65,033			65,033	61,656			61,656
Maintenance	79,186			79,186	71,598			71,598
Police services	11,011			11,011	9,801			9,801
Construction and engineering	6,322			6,322	6,722			6,722
General and administrative	40,075			40,075	31,772			31,772
Depreciation	44,634			44,634	37,767			37,767
Total operating expenses	<u>246,261</u>			<u>246,261</u>	<u>219,316</u>			<u>219,316</u>
Less capitalized costs	(8,644)			(8,644)	(9,333)			(9,333)
Net operating expenses	<u>237,617</u>			<u>237,617</u>	<u>209,983</u>			<u>209,983</u>
OPERATING LOSS	<u>(130,969)</u>			<u>(130,969)</u>	<u>(120,370)</u>			<u>(120,370)</u>
OTHER REVENUES (EXPENSES):								
Transactions and use tax	91,512		\$14,552	106,064	86,120		\$14,454	100,614
Property tax	9,782		51,671	61,453	9,083		54,995	64,078
State financial assistance					362			362
Local financial assistance	413			413	370			370
Sale of tax benefits		\$14,244		14,244		\$ 3,077		3,077
Other investment income		20,176	2,144	22,320		22,471	2,380	24,851
Interest expense			(27,926)	(27,926)			(25,683)	(25,683)
Other - net			(34)	(34)			(41)	(41)
Total other revenues	<u>101,707</u>	<u>34,420</u>	<u>40,407</u>	<u>176,534</u>	<u>95,935</u>	<u>25,548</u>	<u>46,145</u>	<u>167,628</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>\$ (29,262)</u>	<u>\$34,420</u>	<u>\$40,407</u>	<u>\$ 45,565</u>	<u>\$ (24,435)</u>	<u>\$25,548</u>	<u>\$46,145</u>	<u>\$ 47,258</u>

See notes to financial statements.

STATEMENTS OF CAPITAL

FOR THE YEARS ENDED JUNE 30, 1990 AND 1989 (In thousands)

	GRANTS AND CONTRIBUTIONS	ACCUMULATED NET REVENUES	TOTAL
BALANCES, JUNE 30, 1988	\$680,072	\$632,516	\$1,312,588
EXCESS OF REVENUES OVER EXPENSES		47,258	47,258
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	81,750		81,750
Depreciation and retirements of assets acquired with grants and contributions	(15,287)	15,287	
BALANCES, JUNE 30, 1989	746,535	695,061	1,441,596
EXCESS OF REVENUES OVER EXPENSES		45,565	45,565
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	51,397		51,397
Depreciation and retirements of assets acquired with grants and contributions	(22,377)	22,377	
BALANCES, JUNE 30, 1990	<u>\$775,555</u>	<u>\$763,003</u>	<u>\$1,538,558</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 1990 AND 1989 (In thousands)

	1990	1989
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 45,565	\$ 47,258
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	44,634	37,767
Capitalized interest income (expense)	2,040	(4,052)
Net effect of changes in:		
Deferred compensation plan liabilities	7,703	10,361
Notes and other receivables	(1,388)	(1,092)
Materials and supplies	(1,261)	453
Payroll and other liabilities	(4,845)	4,108
Self-insurance liabilities	3,277	1,356
Unearned passenger revenue	238	212
Net cash provided by operating activities	<u>95,963</u>	<u>96,371</u>
INVESTMENT ACTIVITIES:		
Expenditures for facilities, property and equipment	(126,924)	(116,393)
Proceeds from sale of investments	432,152	308,335
Purchase of investments	(432,152)	(308,335)
Total cash used by investment activities	<u>(126,924)</u>	<u>(116,393)</u>
FINANCING ACTIVITIES:		
Repayments of long-term debt	(42,585)	(38,880)
Capital grant contributions received	45,343	75,498
Total cash provided by financing activities	<u>2,758</u>	<u>36,618</u>
CASH AND INVESTMENTS (Note 3):		
Net increase (decrease) for year	(28,203)	16,596
Beginning of year	398,388	381,792
End of year	<u>\$370,185</u>	<u>\$398,388</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Reporting Entity - San Francisco Bay Area Rapid Transit District (the District) is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended, and subject to transit district law as codified in the California Public Utilities Code. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with federal, state and local agencies.

For financial reporting purposes, the District's financial statements include all financial activities that are controlled by or dependent upon actions taken by the District's Board of Directors.

Basis of Accounting - The accrual basis of accounting is used by the District. Under this method revenues are recorded when earned and expenses are recorded when the related liability is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments are stated at cost or amortized cost, except for investments of the deferred compensation plan which are stated at current (market) value. As a matter of policy, the District holds investments until their maturity.

Deposits held by trustee, consisting of cash and investments, are held by trustee banks in accordance with the District's various bond indentures and for general debt service requirements. Deposits are stated at cost.

Facilities, property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others.

The District capitalizes certain interest revenue and expenditures related to tax-free borrowings. The net effect of such interest capitalization was to decrease expenditures for facilities, property and equipment by \$2,040,000 during the year ended June 30, 1990 for excess interest revenue over interest expenses from applicable borrowings and to increase expenditures for facilities, property and equipment by \$4,052,000 during the year ended June 30, 1989 for excess interest expenses over interest revenue from applicable borrowings.

Self-insurance Liabilities - The District is largely self-insured for workers' compensation claims, general liability claims, and major property damage. The District accrues the estimated costs of the self-insured portion of claims.

Unearned passenger revenue is an estimate of passenger tickets purchased which have not yet been completely used.

Grants and Contributions - The District periodically receives grants from the Urban Mass Transportation Administration (UMTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit related equipment and improvements. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, are included in grants and contributions.

Statements of operations include the financial activities of the general operations of the transit system, revenues restricted by the Board of Directors for construction activity, and revenues restricted by the District's various bond indentures for debt service (including interest expense) on outstanding long-term debt.

Transactions and Use Tax (Sales Tax) Revenue - A 1/2% transactions and use tax is collected within District boundaries and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid directly by the State Board of Equalization to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the Metropolitan Transportation Commission (MTC) to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services. The District records the total transactions and use taxes earned (including amounts paid to the trustee) as revenue.

Property Taxes, Collection and Maximum Rates - The State of California Constitution Article XIII A provides that the general purpose maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts, such as the District.

The District receives property tax revenues to meet the debt service requirements of its General Obligation Bonds. The District also receives an allocation of property tax revenues for transit operations.

San Francisco, Alameda and Contra Costa Counties assess properties, bill for, collect, and distribute property taxes. Property taxes are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

Financial assistance grants are accrued as revenue in the period to which the grant applies.

Sale of Tax Benefits - The District has entered into agreements to sell tax benefits for certain District-owned transit equipment contracted for purchase prior to August 1986. The transactions have been structured in the form of leases for tax purposes. The District recognizes tax benefit sales proceeds in the period of sale of tax benefits.

Pension costs are expensed as incurred. Such costs equal the actuarially determined annual contribution amount. See Note 8.

3. CASH AND INVESTMENTS

The District maintains a cash and investment pool that includes cash and investments available for general use and restricted for board designated purposes. Cash and investments of the District's deferred compensation plan (see Note 9) are held separately by the plan's administrator.

Deposits - At June 30, 1990 (and 1989), the District's cash on hand was \$2,082,000 (1989, \$968,000), and the carrying amount of the District's time and demand deposits was \$2,661,000 (1989, \$1,189,000) with the corresponding bank balance of \$9,826,000 (1989, \$4,867,000). Of the bank balance \$408,000 (1989, \$499,000) was insured by federal depository insurance or collateralized by securities held by the District's agent in the District's name, and \$9,418,000 (1989, \$4,368,000) was collateralized 110% as required by Section 53652 of the California Government Code by the pledging financial institutions. However, such collateral is not in the District's name.

Investments - State of California statutes and District policy authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, bankers' acceptances, repurchase and reverse repurchase agreements, and the State Treasurer's investment pool. The District did not enter into any reverse repurchase agreements during 1990 or 1989.

The District's investments are categorized below to give an indication of the credit risk assumed by the District at June 30, 1990. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name.

	(In Thousands)						Investments restricted for Board of Directors' designated purposes are summarized as follows (in thousands):				
	1990			1989					1990	1989	
	Category	1	2	3	Carrying Amount	Market Value					Carrying Amount	Market Value
U.S. Treasury notes		\$ 25,155			\$ 25,155	\$ 25,219	\$ 12,955	\$ 12,959			
Federal agency obligations		241,324	\$15,921		257,245	257,185	303,494	303,849	Basic system completion	\$ 4,070	\$ 9,602
Repurchase agreements		17,802	9,682		27,484	27,484	31,927	31,927	System improvement	3,316	3,068
Total		<u>\$284,281</u>	<u>\$25,603</u>	<u>—</u>	<u>309,884</u>	<u>309,888</u>	<u>348,376</u>	<u>348,735</u>	Self-insurance	9,000	9,000
Cash on hand					2,082	2,082	968	968	Operating	4,200	3,600
Time and demand deposits					2,661	2,661	1,189	1,189	Total	<u>\$20,586</u>	<u>\$25,270</u>
Mutual funds - deferred compensation plan investments					55,558	55,558	47,855	47,855			
Total					<u>\$370,185</u>	<u>\$370,189</u>	<u>\$398,388</u>	<u>\$398,747</u>			
Reported as:											
Cash and investments					\$274,035		\$304,544				
Payroll and other liabilities (representing cash overdraft)					(4,545)		(3,613)				
Deposits held by trustee					24,551		24,332				
Deferred compensation plan investments					55,558		47,855				
Investments restricted for Board designated purposes					20,586		25,270				
Total					<u>\$370,185</u>		<u>\$398,388</u>				

4. FACILITIES, PROPERTY AND EQUIPMENT

Facilities, property and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1990 and 1989 are summarized as follows (in thousands):

	Lives (Years)	1990		1989	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land		\$ 203,466		\$ 184,048	
Improvements	80	1,191,500	\$223,488	1,168,682	\$208,521
System-wide operation and control	20	188,296	92,729	180,741	83,300
Revenue transit vehicles	30	375,563	100,440	305,348	86,898
Service and miscellaneous equipment	3-20	26,179	15,497	22,744	13,411
Capitalized construction and start-up costs	30	100,705	54,320	100,943	50,975
Repairable property items	30	12,087	3,379	10,141	3,409
Construction-in-progress		133,627		144,186	
Total		<u>\$2,231,423</u>	<u>\$489,853</u>	<u>\$2,116,833</u>	<u>\$446,514</u>

The District has entered into contracts for the construction of various facilities and equipment totaling approximately \$200 million at June 30, 1990.

In June 1988, the District entered into Principles of Agreement (Agreement) with the San Mateo County Transit District (SamTrans) pertaining to extending the transit system to the vicinity of San Francisco International Airport (Airport). Under the terms of the Agreement, SamTrans will pay the District a \$200 million capital contribution, to be used for East Bay expansion and to be paid in installments (adjusted for inflation) upon reaching certain Airport extension milestones and, in addition, SamTrans will be responsible for funding 25% of the cost of extending the transit system to the Airport. District management's most current estimate, updated in 1990, of the cost of such Airport extension is approximately \$877 million. This project is contingent upon the District receiving adequate commitments for federal funding, and also upon expansion of the transit system in the East Bay.

5. LONG-TERM DEBT

Long-term debt at June 30, 1990 and 1989 is summarized as follows (in thousands):

	1990	1989
1952 General Obligation Bonds	\$349,100	\$389,300
1966 Special Service District Bonds	4,850	5,350
Total General Obligation Bonds	353,950	394,650
1985 Sales Tax Revenue Bonds	143,115	145,000
Total long-term debt	497,065	539,650
Current portion	(36,290)	(42,585)
Net long-term portion	\$460,775	\$497,065

1962 General Obligation Bonds - In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District-wide property taxes. Bond interest rates range from 1.5% to 6.0%.

1966 Special Service District Bonds - In 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds, of which \$12 million were issued, for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within Special Service District No. 1. Bond interest rates range from 4.0% to 5.5%.

1985 Sales Tax Revenue Bonds - The 1969 Legislature of the State of California authorized the District to impose a 1/2% transactions and use tax within District boundaries and issue Sales Tax Revenue Bonds. On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the district. The remaining 25% is allocated by the MTC to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by MTC.

In November 1985, the District issued sales tax revenue bonds (1985 bonds), totaling \$145,000,000, to refund and defease \$63,965,000 outstanding principal amount of sales tax revenue bonds issued in 1982, and to finance certain system improvements.

The 1985 bonds are special obligations of the District secured by a pledge of the sales tax revenues and are payable from revenues, including all sales tax revenues, all passenger fares, certain property tax revenues, and certain

interest, grants, and other income. Bond interest rates range from 6.40% to 9.00%. Bonds maturing on or after July 1, 1996 (\$127,250,000) are redeemable prior to maturity at the option of the District beginning July 1, 1995 on various dates at prices ranging from 103% to 100%, including bonds maturing July 1, 2004 (\$41,005,000) and July 1, 2011 (\$78,560,000) which are subject to redemption prior to maturity on or after July 1, 1998 and July 1, 2005, respectively, at 100%.

The following is a schedule of long-term debt principal repayments required as of June 30, 1990 (in thousands):

Year ending	1962 G.O. Bonds	1966 Special Service District Bonds	1985 Sales Tax Revenue Bonds	Total
June 30:				
1991	\$ 33,700	\$ 520	\$ 2,070	\$ 36,290
1992	34,975	540	2,270	37,785
1993	36,275	570	2,455	39,340
1994	37,525	590	2,735	40,850
1995	39,050	620	3,000	42,670
Thereafter	167,575	2,010	130,545	300,130
Total	\$349,100	\$4,850	\$143,115	\$497,065

1990 Sales Tax Revenue Refunding Bonds - In July 1990 the District issued sales tax revenue refunding bonds totaling \$158,478,000 with an average interest rate of 6.6% to advance refund \$141,045,000 of 1985 Sales Tax Revenue Bonds outstanding. The net proceeds of \$154,039,000, after payment of discount, underwriting fees, and insurance, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with a trustee to provide for all future debt service payments on the 1985 bonds. As a result, these bonds will be considered to be defeased and the liability for the bonds will be removed from the balance sheet during fiscal year 1991.

The advance refunding will result in the recognition of an accounting loss of \$15,961,000 during fiscal 1991. However, the advance refunding will reduce the District's aggregate debt service requirements by \$10,669,000 over the next 21 years and will result in an economic gain (difference between the present values of the old and new debt service payments) of approximately \$9,606,000.

6. FEDERAL GRANTS

The U.S. Department of Transportation provides financial assistance to the District for capital projects and planning and training. Grants which were active during the year ended June 30, 1990 are summarized as follows (in thousands):

Total approved project costs	\$451,837
Total approved federal funds	\$353,478
Less cumulative amounts received	(288,962)
Remaining amount available under federal grants	<u>\$ 64,516</u>

7. LOCAL AND STATE FINANCIAL ASSISTANCE

The District receives local operating and capital assistance from Transportation Development Act Funds (TDA). For the year ended June 30, 1990 TDA assistance was \$413,000 (1989, \$375,000), of which none (1989, \$5,000) was used for capital purposes and \$413,000 (1989, \$370,000) was used for operating assistance. These funds are received from the counties of Alameda and Contra Costa to meet, in part, the District's operating and capital requirements based on annual claims filed by the District and approved by the MTC.

The District receives state operating and capital assistance from State Transit Assistance Funds (STA). For the year ended June 30, 1990, STA assistance was \$183,000 (1989, \$501,000), of which \$164,000 (1989, \$139,000) was used for capital purposes, none (1989, \$362,000) was used for operating assistance and \$19,000 (1989, none) was used for flow-through projects. These funds are allocated by MTC based on the ratio of the District's transit operation revenue and local support to the revenue and local support of all state transit agencies.

8. EMPLOYEES RETIREMENT PLAN

Plan Description - All permanent employees are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System. The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by state statute and District ordinance.

The District was not required to make a contribution to the Fund for public safety personnel or for miscellaneous covered employees for the years ended June 30, 1990 and 1989 due to a surplus of the District's portion of the Fund's net assets over the District's pension benefit obligation caused by a change in 1988 in the actuarial valuation method and an actual rate of return on

investment assets that exceeded the assumed rate. The District's covered payroll for employees participating in the Fund for the years ended June 30, 1990 and 1989 was \$95,372,000 and \$85,746,000, respectively. The District's 1990 and 1989 payroll for all employees was \$109,991,000 and \$95,187,000, respectively. The District, due to a Collective Bargaining Agreement, also has a legal obligation to contribute an additional 9% for public safety personnel and 7% for miscellaneous covered employees. Employees have no obligation to contribute to the Fund.

Funding Status and Progress - The "pension benefit obligation" is determined for each participating employer by the Fund's actuary and is a standardized disclosure measure that results from applying actuarial assumptions to estimate the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the District's portion of the Fund to which contributions are made on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used.

The pension benefit obligation shown below was computed as part of an actuarial valuation performed as of June 30, 1989, the latest available for the Fund. The significant actuarial assumptions used in the 1989 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.5%, annual payroll increases of 5.5% attributable to inflation and 1.5% attributable to merit or seniority, and no postretirement benefit increases.

The funding status applicable to the District's employee group at June 30, 1989 (the latest available for the Fund) follows (in thousands):

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 80,733
Current employees:	
Accumulated employee contributions and allocated investment earnings	82,326
Employer-financed, vested	28,972
Employer-financed, nonvested	1,534
Total pension benefit obligation	<u>193,565</u>
Net assets available for benefits, at cost (total market value, \$287,822)	<u>245,582</u>
Net assets in excess of pension benefit obligation	<u>\$ 52,017</u>

Actuarially Determined Contributions Required and Contributions Made

The funding policy of the Fund provides for actuarially determined periodic contributions by the District at rates such that sufficient assets will be available to pay benefits when due. The District was not required to make a contribution to the Fund for the years ended June 30, 1990 and 1989 in accordance with the actuarially determined requirements computed as of June 30, 1989 and 1988, respectively. The District's surplus asset position is being offset against the current year's normal cost contribution. The actuarially determined normal cost contribution rate before reduction for the surplus asset amortization was 15.345% (1989, 15.342%) for public safety employees and 8.069% (1989, 8.201%) for miscellaneous employees.

The District's normal cost contribution rate is determined using the entry-age normal actuarial cost method, a projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued. The Fund would use the same method to amortize any unfunded liability.

Significant actuarial assumptions used in the June 30, 1989 valuation to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

Historical Trend Information - Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information is not yet available.

For the District's portion of the Fund, trend information for the years ended June 30, 1989, 1988, and 1987, follows (dollars in thousands):

	1989	1988	1987
Net assets available for benefits, at cost	\$245,582	\$214,290	\$189,801
Pension benefit obligation	\$193,565	\$171,353	\$151,795
Net assets available for benefits as a percentage of pension benefit obligation	127%	125%	125%
Assets in excess of pension benefit obligation	\$ 52,017	\$ 42,937	\$ 38,006
Annual covered payroll	\$ 85,746	\$ 83,178	\$ 79,940
Assets in excess of pension benefit obligation as a percentage of annual covered payroll	60.7%	51.6%	47.5%
Contributions made in accordance with actuarially determined requirements as a percentage of annual covered payroll	0%	0%	0%

Trend information for 1990 is not yet available.

9. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all officers and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, or certain other covered events.

As required by IRC Section 457, all amounts of compensation deferred under the deferred compensation plan and all income attributable to those amounts, remain the property of the District (until paid or made available to the participants), subject only to the claims of the District's general creditors. Participants rights under the deferred compensation plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant. The plan administrator has invested the deferred amounts in numerous participant-directed, uninsured investments.

District Management believes that the District has no liability under the terms of the plan for any amounts other than the participants' account balances.

10. MONEY PURCHASE PENSION PLAN

All District employees, except sworn police officers, participate in the Money Purchase Pension Plan which is a supplemental retirement program. In January 1981, the District's employees elected to withdraw from the Federal Social Security System (FICA) and established the Money Purchase Pension Plan. The District contributes an amount equal to 6.65% of covered employee's annual compensation (up to \$29,700 after deducting the first \$1.33 paid during each month) up to a maximum annual contribution of \$1,868. Additionally, the District contributes to each employee's account approximately 1.63% of covered payroll for the savings realized when the District de-pooled its Public Employees Retirement Fund (Fund) account. This amount was formerly paid to the employee's Fund account. Each employee's account is available for distribution upon such employee's termination.

The District's total expense and funded contribution for this plan for the years ended June 30, 1990 and 1989 was \$5,927,000 and \$5,587,000, respectively. Money Purchase Pension Plan assets at June 30, 1990 and 1989 (excluded from the accompanying financial statements) were \$76,878,000 and \$54,489,000, respectively.

11. LITIGATION AND DISPUTES WITH CONTRACTORS

In June 1990 the District received a claim from the manufacturer of the most recently acquired rail transit vehicles which the manufacturer values at \$128 million. The District is currently negotiating a settlement with the manufacturer and management believes that the ultimate resolution of this claim will

not have a material adverse impact on the financial position or results of operations of the District.

In addition, the District is involved in various other lawsuits, claims and disputes, which for the most part are normal to the District's operations. In the opinion of District Management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

SUPPLEMENTAL SCHEDULE OF RECONCILIATION OF EXCESS OPERATING REVENUES OVER (UNDER) EXPENSES FOR THE YEARS ENDED JUNE 30, 1990 AND 1989

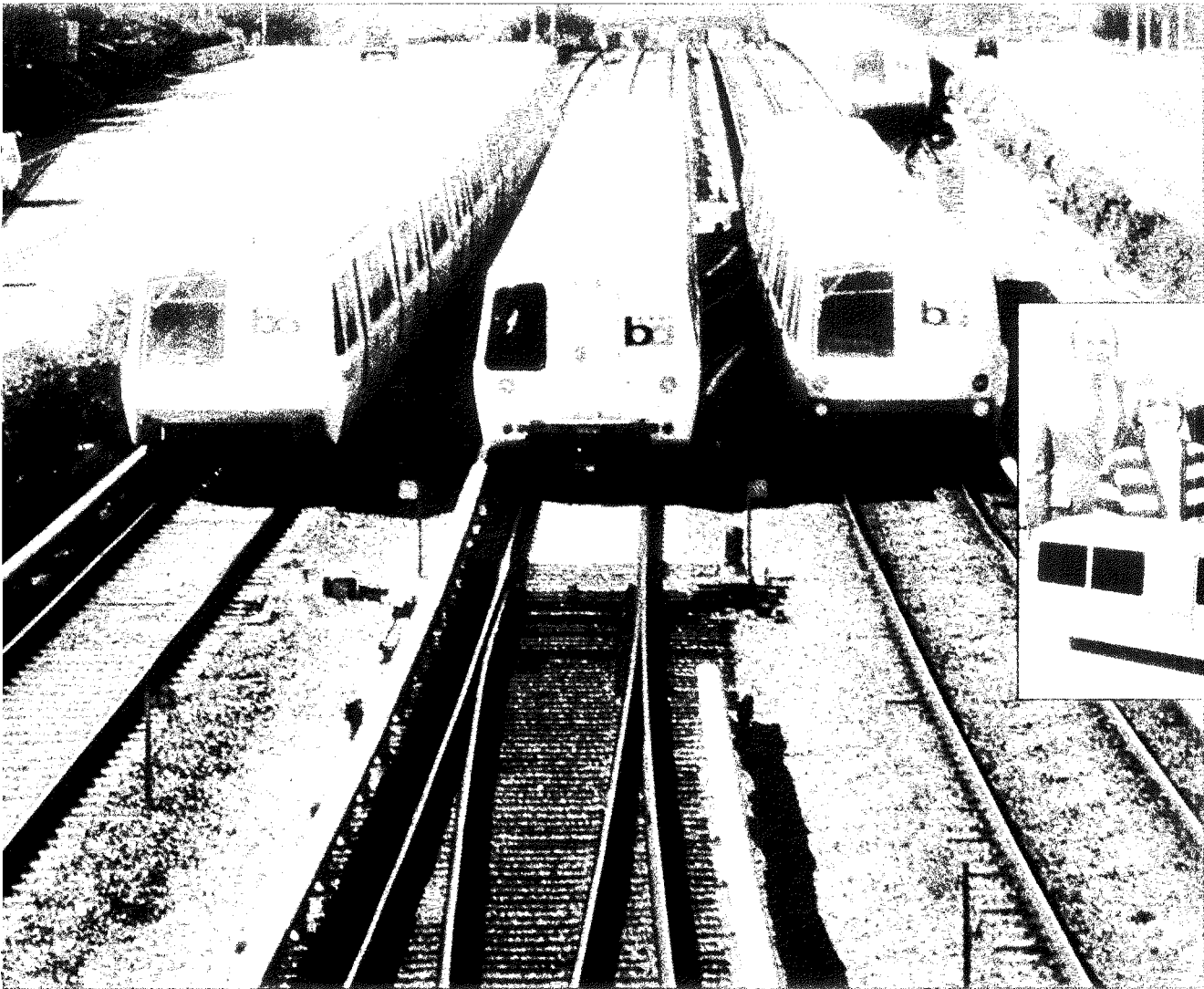
(In thousands)

The following is a reconciliation of excess operating revenues over (under) expenses after capital designations and before depreciation:

	<u>1990</u>	<u>1989</u>
EXCESS OF EXPENSES OVER REVENUES:		
Operations	\$(29,262)	\$(24,435)
CAPITAL DESIGNATIONS	(15,381)	(11,817)
DEPRECIATION	<u>44,634</u>	<u>37,767</u>
EXCESS OF OPERATING REVENUES OVER (UNDER) EXPENSES AFTER CAPITAL DESIGNATIONS AND BEFORE DEPRECIATION	<u>\$ (9)</u>	<u>\$ 1,515</u>

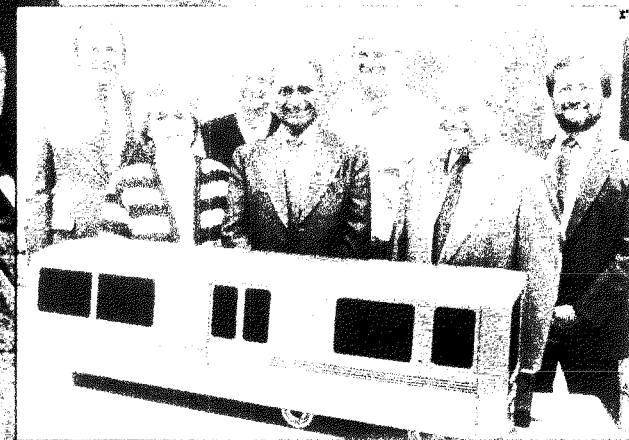
Capital designations are made by the District annually for capital purposes which represent the excess of revenue over expenses before depreciation generated by operations.

LEASING NEW BART CARS



BART is in the process of acquiring 70 new cars, including 20 to be for service on the District's existing 71.5-mile system. These 20 new cars will help to alleviate any shortage of cars during the time that the District's present A and B cars are gradually rebuilt during the next few years.

Another 50 new cars will be acquired to provide for increased passenger demand on the BART extensions underway in Alameda, Contra Costa and San Mateo counties.



The new BART Car Engineering and Maintenance team is shown here: (Front Row, L/R) Marcia McBrayer, Clerk; Kris Hari, Group Manager; Maurice Clapp, New Vehicle Engineering Manager, (Back Row L/R) Dave Johnston, Senior Engineer; R J Grimes, Engineer; Charles Jenkins, Supervising Engineer and John LaGuardia, Senior Engineer.

All of the new cars will be of the same basic configuration as BART's present C-Cars, but they will be modified in order to avoid specific problems that surfaced after the present C-Cars were placed in revenue service.

BART expects to acquire the 70 new cars through an innovative leasing arrangement that will save the District approximately \$20 million at the time of the transaction. In effect, BART will sell the depreciation rights in the cars to a company with tax liabilities that can be offset by depreciation costs. This arrangement not only lowers the costs of the cars to BART, but spreads over 20 years the District's cash requirements in acquiring the cars.

MONTHLY MANAGEMENT REPORT

BART instituted a monthly management report during the year that summarizes District performance as related to overall objectives. The new report includes an executive management summary that covers significant events during a month, and also identifies problems. Reports from managers below the executive level are also included.

These managerial-level reports provide information on specific activities as defined, measured and costed during the new budget-making process. In other words, the monthly reports are geared to tell how the District is doing, in terms of overall goals and budgeted resources; what problems are being encountered and how they're being addressed, and what remains to be accomplished of specific projects.

Recurring problems and trends are also identified in the monthly report. The report concludes with charts and graphs that provide, at a glance, information on the District's rail operations and how those operations relate to passenger satisfaction.



The preparation and distribution of the Monthly Management Report has resulted in a new line of communication with all BART employees, keeping them advised of new programs and progress on those in place. Shown here planning the report are (L/R) Julie Yim, BART Board Liaison Officer, principal architect of the report; Sherwood Wakeman, BART's General Counsel; John Haley, BART's Deputy General Manager and Frank Wilson, BART's General Manager.



NEW GOAL AND PERFORMANCE BUDGET

Bay Area Rapid Transit District – 1991

RENEWING TODAY
REALIZING THE VISION



The BART Budget is now linked to better service. Top Managers of the Budget Department are shown as they discuss the new budget planning process: (L/R) Barbara Oden, Budget Specialist; Beth Tripp, Department Manager, Office of Management and Budget; Joseph Evinger, Manager, Operating Budget.

People tend to think of a budget as a totaling up of expected spending and income over a year's time, a static device by an organization's top management to control spending.

BART instituted a new budget-making process during the year. The new process controls spending, of course, but it is more closely linked to BART's overall objectives and to ideas and suggestions from BART managers at all levels of the District.

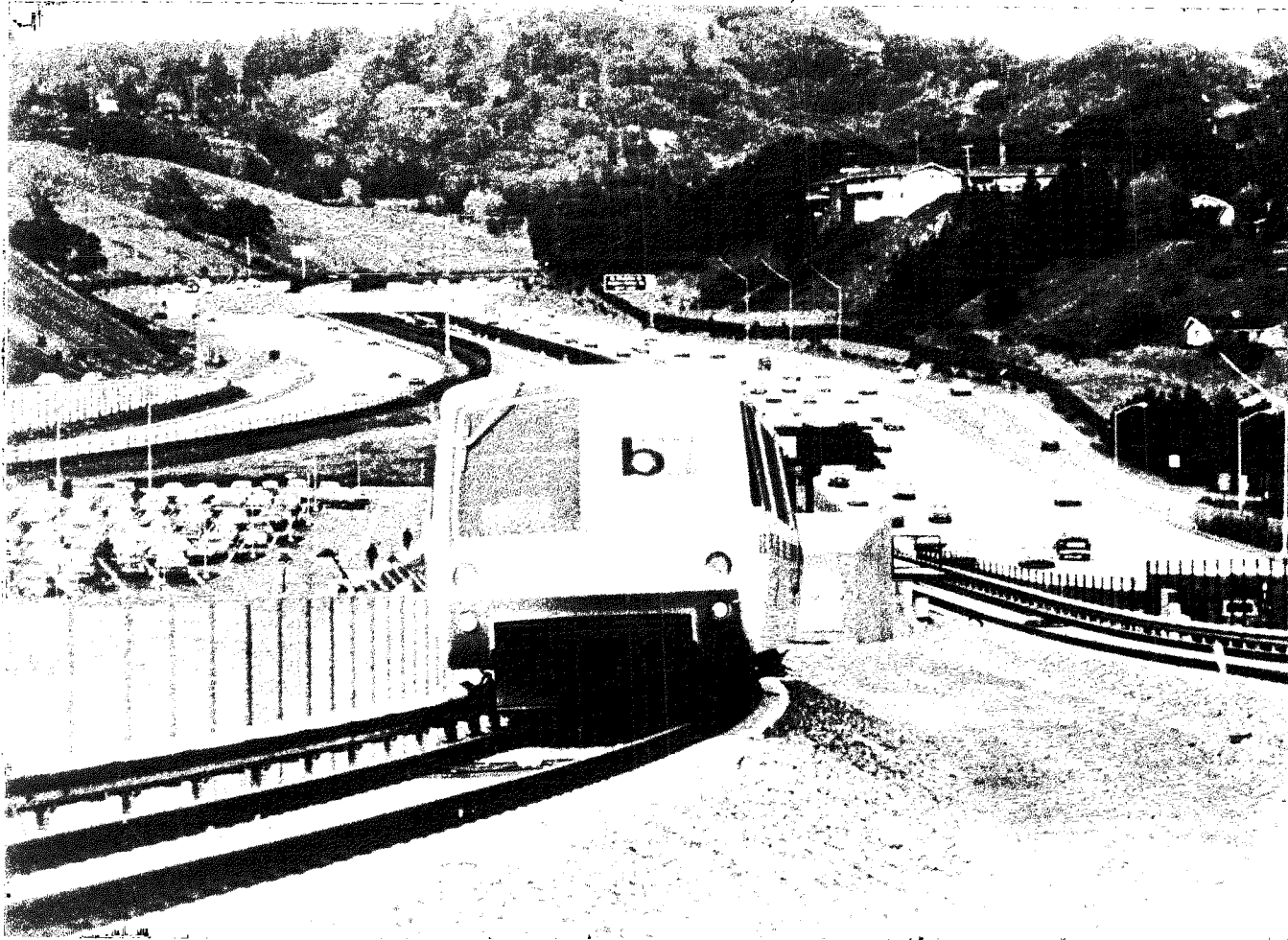
The new budget process is linked directly to BART's priority goal of providing better customer service. As they participate in the new process, managers at all levels of the District must ask themselves, "Does this activity contribute to better passenger service? Will the dollars spent really result in improved passenger satisfaction?"

Under the new process, budgeted activities must be measurable in terms of definite results linked to passenger service. The new process provides a comprehensive budget that defines the basis costs, department by department, to meeting BART's objectives. It also provides for new activities, but defines the exact cost of these new initiatives and specifies how they are to be measured.

In proposing a new program or procedure, as well as in retaining existing activities, BART managers are required to answer the questions, "How much does this activity cost in terms of money and human resources?" "How is it linked to the District's priority objectives?" and "How are its results to be measured and evaluated?"

The new budget process not only brings spending strictly in line with well defined District objectives, but it also encourages personal initiative and responsibility. It encourages managers to perceive their departmental 'domain' as part of a larger organization committed to passenger service. It encourages better communication among all levels of BART employees. Finally, it encourages improved personal accountability and better measurability of all BART activities.

MAXIMIZING EMPLOYEE RESOURCES



BART initiated the first stage of an organizational development program aimed at making the best possible use of its human resources. The overall objective of the program is to ensure better service to passengers.

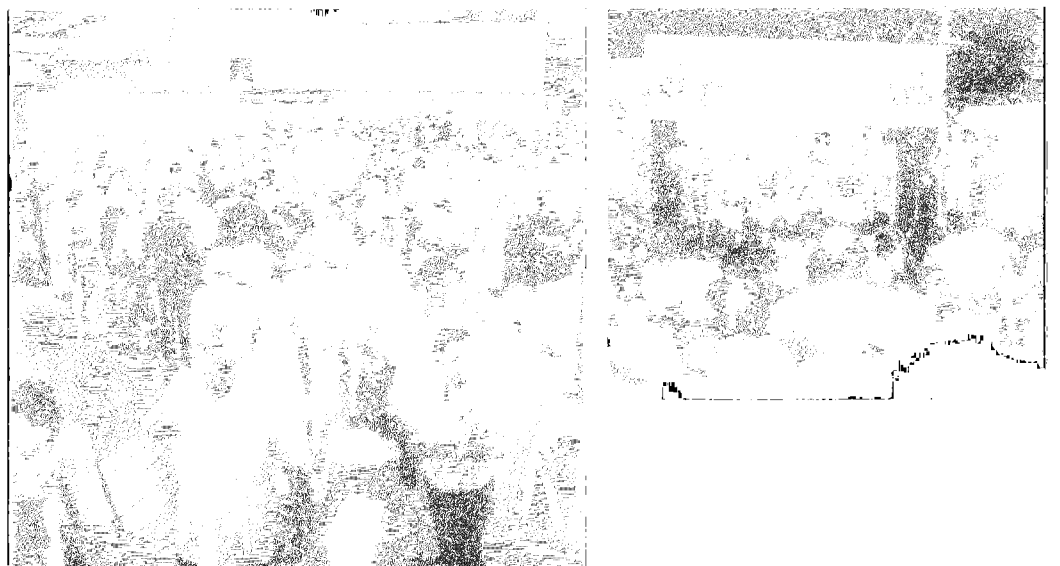
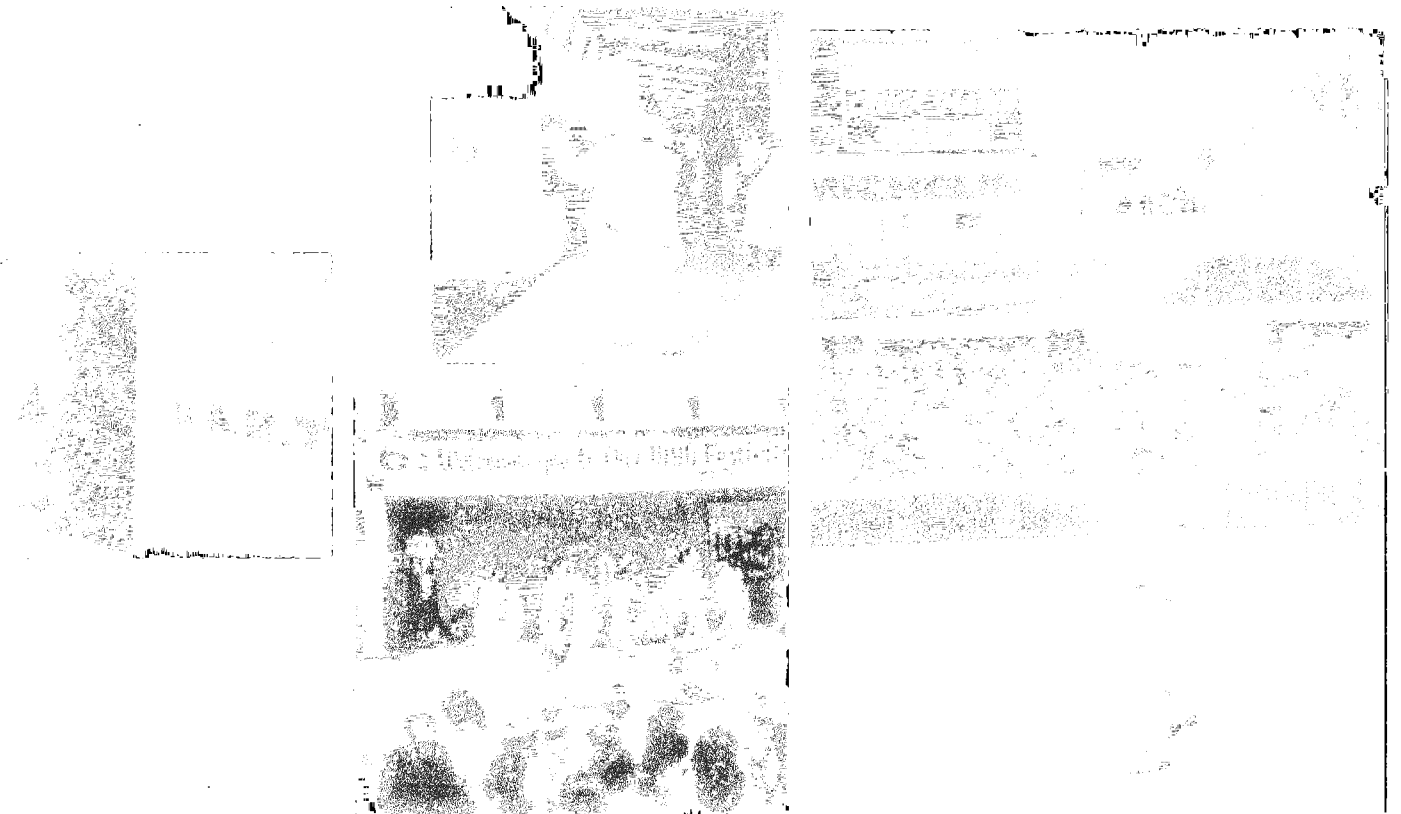
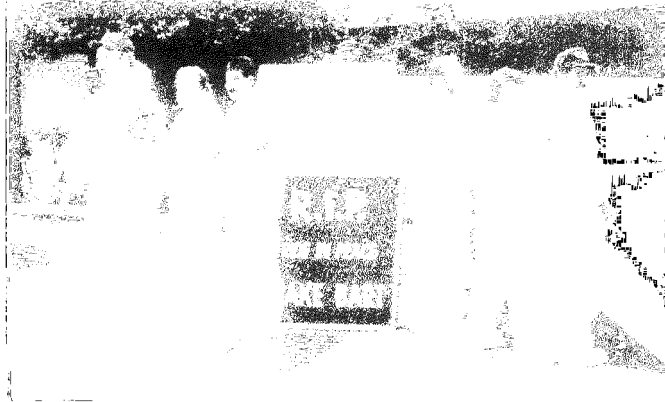
The new program is based on an employee "empowerment" concept, the idea that all employees should feel a personal responsibility and commitment for the way that BART operates and that outmoded bureaucratic procedures should not stifle personal initiative or get in the way of providing good customer service. The new program will involve every level of the District in an effort to improve overall performance in a cohesive and coordinated manner. One aspect of the program focuses on clearly identifying and stating the District's guiding principles, values and goals and making sure activities throughout the District are in line with those principles, values and goals.

The program emphasizes personal accountability for better passenger service. It encourages decision making and initiative at lower levels of the organization, not just at the top. Special attention is focused on involving BART employees in decision making, problem solving, and team work to achieve better customer service. The new program will require two to three years to implement and is prompted by BART's recognition that the District will require the best efforts of its employees as the system is extended, the present system is rehabilitated and the number of passengers continues to increase.

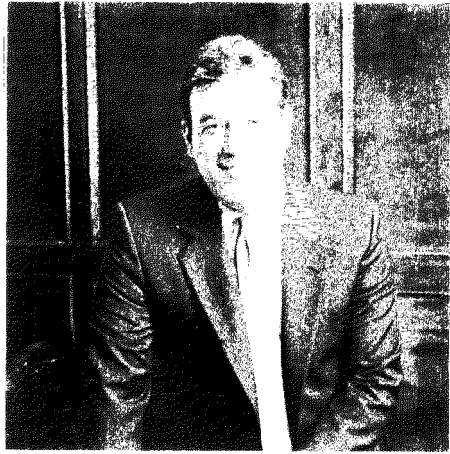
S P E C I A L E V E N T S

Whether it was to run in the Bay-to-Breakers race, watch the Valkyries ride, attend a baseball game, go to the fair, hear Nelson Mandela, listen to a rock concert or shop for the holidays, BART passengers were able to rely on specially scheduled trains and buses to carry them to and from events throughout the year.

Nearly half of the people who headed for the Oakland Coliseum on June 30 to hear Mandela, Deputy President of the African National Congress, used BART to get there. Patronage on BART that day reached 142,326, a record Saturday. Music lovers used BART trains to reach the San Francisco Opera House to attend performances of Richard Wagner's "Ring" operas. Free shuttle buses whisked BART passengers from BART to the Festival at the Lake in Oakland. BART provided more special train service and links with buses for special events than ever before.



GENERAL MANAGER'S MESSAGE



BART WAS READY...AND THEN SOME

A year ago I wrote in these pages about the heritage, maturity and challenge of BART. I rhapsodized about our system and how we must plan, operate and deliver on our abilities and our promises..

"We can't miss a beat," I wrote.

Came 5:04 on the afternoon of October 17, and we didn't. In fact, we picked up a step or two. When the earth shook and buildings rattled, BART was there.

The Loma Prieta 'quake tested with unprecedented severity the facilities, equipment and people who make up the Bay Area Rapid Transit District. Within seconds of the devastating temblor, transportation throughout the Bay Area came to a virtual halt.

BART, along with all electricity-run transit systems, stopped cold. San Francisco went dark. Traffic lights were snuffed out in the midst of the normally heavy Tuesday evening commute. Freeway traffic was halted while police and emergency crews inspected overpasses and superstructures. The Cypress Freeway collapsed, killing scores

of commuters and tying up rescue personnel and stranded motorists. And, of course, a portion of the Bay Bridge collapsed, leaving a power-starved BART the only link between the two economic, financial and employment hubs of the north Bay.

Yet by midnight BART trains again began carrying passengers on our East Bay tracks. At 2:30, the following morning BART trains were rolling through the Transbay Tube and into a still-darkened San Francisco. Full passenger service on all 71.5 miles and 34 stations of BART had been restored.

To the great credit of the engineers and contractors who built BART two decades ago -- our heritage -- and to the people who make it run today our maturity -- no passenger or BART employee was injured. The tracks, trains and structures that let us carry passengers came through in perfect operating order. Only minor damage -- cracked plaster, tumbled bookshelves and the like -- to the tune of \$2 million was inflicted at some support facilities.

Our response was simply another laurel in the legend that is BART.

How were we able to get up-and-running at full capacity 10 long, hectic hours after being jarred by the strongest jolt to hit the area since the fabled 'quake of 1906?

People, teamwork and dedication. That's our answer.

Dedicated people working together as a team conceived, designed and built the BART system in the 1960s -- and they built it right. Dedicated people working together as a team got BART back on track in the hours following the 'quake.

Not only did they get BART back on track, they kept it there for more than a month while the San Francisco-Oakland Bay Bridge was out of service, carrying more than 10 million passengers to their

jobs and homes around the clock. The day before the bridge reopened, we carried 357,135 passengers -- a figure far beyond the wildest expectations of the system's original designers. Yet that day was only the climax to a month of weekday patronage that regularly exceeded 350,000. Before the 'quake, we carried an average of 218,000 passengers per work day.

Once the bridge was open again, commuters began a gradual return to their old, pre-earthquake patterns. Almost. BART retained the earned loyalty of nearly 20 percent of the people who switched to BART when the bridge was down. Average weekday patronage has climbed to 250,000, Saturday patronage is up 21 percent to 107,500, and Sunday patronage has risen 26.7 percent to 66,400. And the numbers are still climbing.

So we look back on a year of unprecedented testing of both BART, the system, and its people. Both made the grade, handsomely.

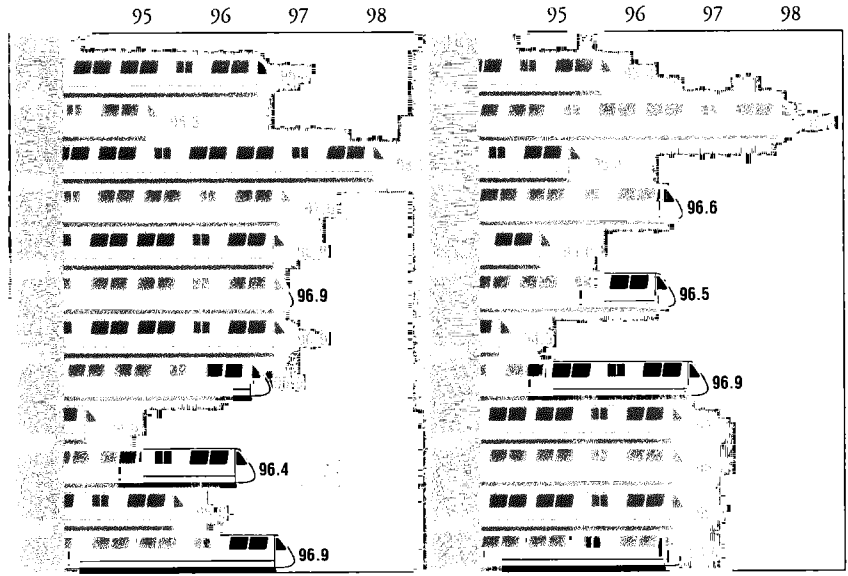
But the earthquake and closure of the Bay Bridge were not the only tests BART faced during the year. The renewal and expansion of BART's physical properties and the enhanced commitment of our employees have also been tested.

These are the tests -- the challenges -- that signify BART's future. They pose a greater test of our resources and of our spirit than even the Loma Prieta earthquake.

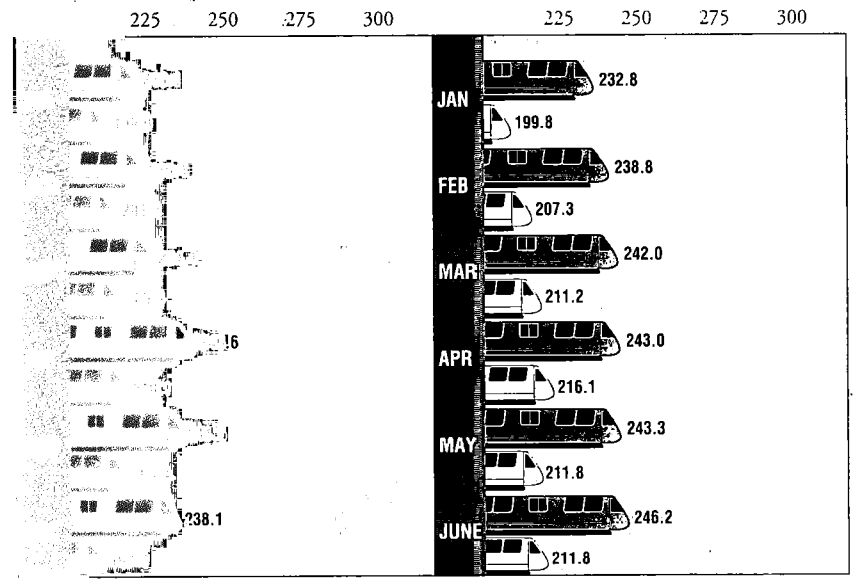
Let's look at the far limits of those challenges. First, we are expanding the BART system in three directions: eastward in Alameda and Contra Costa counties, and southward in San Mateo County. Second, we are revitalizing the original BART system, including passenger cars, stations, and control facilities.

Third, we are in the early stages of working to better channel our most valuable resource -- the people of BART. We are calling for

DAILY ON-TIME PERFORMANCE (%)



AVERAGE WEEKDAY TRIPS



FY 1990 FY 1989

greater individual responsibility and focusing our employees' efforts more sharply on the sine qua non of our professional existence: passenger service.

You will find details of BART's physical expansion program elsewhere in this Annual Report. Briefly, however, the bottom line is this: the basic programs are well underway and are solidly backed by the public. In June, the voters approved a trio of important transportation ballot measures that will provide a major portion of the funds we need to meet the commuting public's increasing demands.

But while we are expanding, we are also "rehabilitating" BART. My Webster's defines "rehabilitation" as "restoring to good health or good operation." BART is not sick and it is far from being in poor form. But a thorough review of our equipment and facilities shows that the original system, parts of which are 20 or more years old, need to be restored or replaced. Breakdowns have increased one-third in the past decade. Further deterioration will mean slower, less reliable and more costly service -- and disgruntled patrons.

We have targeted the original fleet of 439 passenger cars, power and mechanical facilities, tracks, structures and stations, train control and fare collection equipment, communication systems, destination signs, shops, towers and shop equipment.

Meanwhile, we have also embarked on a wholesale revision of our internal organization. Our objectives are twofold: to improve the efficiency of top management's decisions and the way they are followed through, and to encourage greater personal initiative and responsibility among all BART employees in carrying out the District's goals. A quintessential key to this revision is better internal communications -- not just from the top down, but from the bottom up.

Part of this "organizational rehabilitation" is our new budgeting procedures. Budgets now link department spending to goals and projects. This reform alone gives managers at all levels increased responsibilities and added rewards.

But our priority is still our passengers. All of the changes underway

at BART are geared to them.

Before the dawn of the millennium -- less than a decade away -- most of our presently planned extensions should be in place, or nearly so, our physical rehabilitation program should be complete, and our organizational rehabilitation will have produced the finest corps of dedicated, motivated, empowered public transit employees in the world.

Our heritage is secure. Our maturity has been tested. Our challenge is clear: to harness our human and physical resources to improve our existing service delivery, and to provide, across the breadth of our expanded system, the best possible service to our future passengers.

When the earth moved, we met the challenge. We were ready ... and then some. We face the challenges of the future with the same vigor.

Frank J. Wilson
General Manager, BART



San Francisco Bay Area
Rapid Transit District (BART)

Headquarters in downtown Oakland,
California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (510) 464-6000

Established in 1957 by the California State
Legislature.

Authorized to plan, finance, construct, and
operate rapid transit system.

Governed by a Board of Directors elected
for four-year terms by voters in nine
election districts within the counties of
Alameda, Contra Costa and San
Francisco.

BOARD OF DIRECTORS
Fiscal Year 1991

PRESIDENT
Erlene DeMarcus, Pleasanton

VICE PRESIDENT
Michael Bernick, San Francisco

Members of the Board

District #1 - Joe Fitzpatrick, Orinda
District #2 - Nello Bianco, El Sobrante
District #3 - Sue Hone, Berkeley
District #4 - Margaret K. Pryor, Oakland
District #5 - Erlene DeMarcus, Pleasanton
District #6 - John Glenn, Fremont
District #7 - Wilfred T. Ussery,
San Francisco
District #8 - James Fang, San Francisco
District #9 - Michael Bernick, San Francisco

Board-Appointed Officers

Frank J. Wilson, General Manager
Sherwood Wakeman, General Counsel
Alvan Teragawachi, Controller/Treasurer
Phillip O. Ormsbee, District Secretary

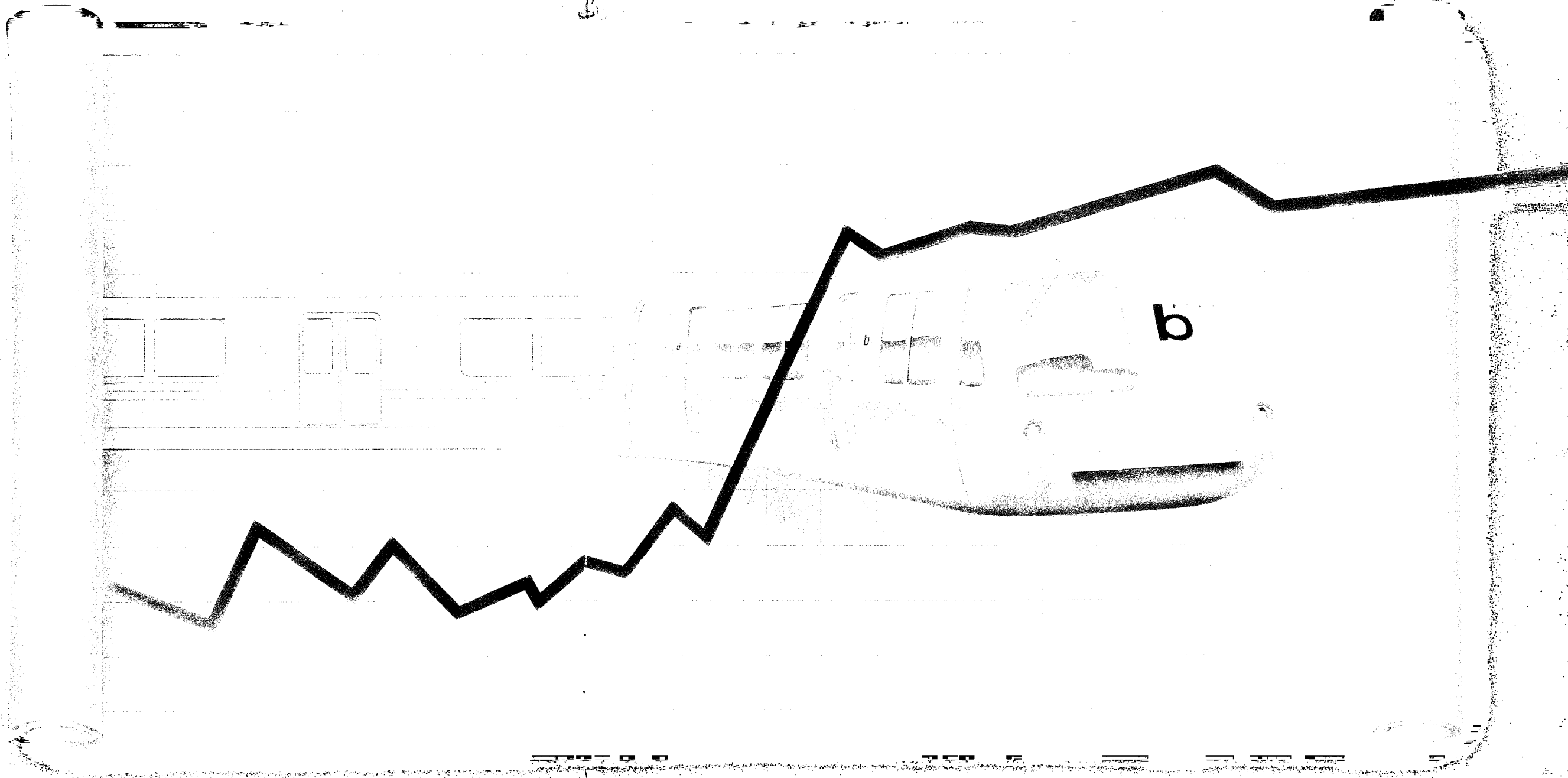
**Executive Managers Reporting
to the General Manager**

John J. Haley, Jr., Deputy General Manager
Larry A. Williams, Executive Manager,
Human Relations & Support Services
Louise Ogden, Executive Manager,
District Relations & Support Services
Ralph S. Weule, Executive Manager
Safety & Investigations
James T. Gallagher, Assistant General
Manager, Operations
Thomas E. Margro, Assistant General
Manager, Development

Typography & Design:
Thornton & Associates, Oakland
Printing:
Blaco Printers, San Leandro
Photography:
John Benson, Pleasanton

Writer:
Dani Townsend, Martinez
Editor:
Sy Moubert, BART Public Information

RENEWING TODAY,
REALIZING THE VISION



BAY AREA RAPID
TRANSIT DISTRICT
ANNUAL REPORT 1991

MESSAGE FROM GENERAL MANAGER



We thought 1990 would be a tough act to follow. BART's razor sharp performance after the Loma Prieta Earthquake was a singular source of pride for us. But Fiscal 1991 saw a different kind of heroics at BART, a story without the public drama of our post-earthquake performance, but dramatic in its own right. A story of exciting progress toward the ambitious goals we imposed upon ourselves for the year. And a story of the dawn of a new attitude, one whose rays were felt in every department at BART during the year and one that will continue to light our way as we navigate the challenges of the coming years.

Fiscal Year 1991 was the District's first full year under our new performance budget: a detailed management strategy reflecting our shared values, plans, and priorities. A budget linking dollars to activities and measurable accomplishments. Because BART's budget derives from the "contract" we make with ourselves, our riders and elected officials, it has at its heart active self-assessment—measuring our progress toward our eight District goals. The budget is a display of the District's agenda, sparking a new attitude of open accountability at BART.

Thus, reviewing our performance during Fiscal Year 1991, I am, of course, struck by the stellar achievements, but I'm also heartened by the District's inculcation of this new attitude imbuing our efforts to meet our goals and to honor the six themes of the 1991 budget.

First, we called for **management revitalization**. As the District attitude evolved toward openness and accountability, BART senior and department managers were trained in the principles of the new budget process, in communicating and promoting these principles to employees, in supervising more effectively, and in implementing the new employee empowerment program. As a result, every level of BART personnel became primed to participate in the myriad changes taking place. We streamlined and flattened the management structure, placing authority and accountability closer to the point of service delivery.

For 1991, we insisted on **service improvement**. The District's new Central Computer System, so vital to our future, was accepted into service in February. Since then, the CCS has experienced over 200 enhancements. Using multiple computers operating concurrently, it keeps trains running on schedule more reliably, allows us to put more trains into service, and opens the doors for our expansion.

In April, BART took the lead in developing a Bay Area-wide, integrated regional transportation system by launching the BARTPlus ticket program. It allows patrons to transfer among nine participating transit systems with only one ticket.

Fiscal Year 1991 saw great strides in rider access to BART, most notably the completion of the 850-space El Cerrito del Norte parking structure. The groundbreaking for the Pleasant Hill parking structure and significant progress in the Brentwood Park & Ride Lot project, together with the new multi-year master plan for the elderly and handicapped, all promise enhanced access and "quality of life" for BART riders in the future.

We facilitated our rider's experience by installing new information kiosks at stations, increasing the number of station agents and improving their training, and lowering the number of train delays. System security, a crucial factor in rider confidence, took some significant strides with upgraded police communications, new canine patrols, additional officers, three new crime prevention programs, and the increase of police presence on trains by 278% on weekdays and 363% on weekends.

Special marketing programs that increased off-peak ridership and two extra trains and an extra hour of service on weeknights and Sundays helped make 1991 a year marked by significant service growth. BART patronage reached a record 71,900,906 in Fiscal Year 1991, our highest ever!

BART patronage for the fiscal year 1991 totaled 71,900,906, an increase of 1,351,359 over fiscal year 1990 and the highest annual patronage figure in the District's history. This record total reflects, among other things, the number of passengers who began using BART after the 1989 Loma Prieta earthquake and remained BART riders after the Bay Bridge reopened.

Weekday passenger trips averaged 247,456 for FY1991, compared with 241,525 for FY1990. Average weekday ridership for the fourth quarter of FY1991 was 249,747 trips, 2.3 percent above the same quarter of FY1990. This reflects the District's return to its long-term growth pattern after last year's marked permanent increase in BART's ridership.

Annual passenger miles amounted to 897,786,507 for FY1991, an increase of 6,557,564 over the previous year.

The District's estimated share of peak period transbay traffic during FY1991 (including cars, buses and trains) was 39.2 percent based on surveys taken during the year by the Metropolitan Transportation Commission. BART's estimated share of transbay commute traffic was 50 percent for FY1990.

Net passenger revenues reached \$99,497,000, a decrease of \$31,000 from the FY1990 figure of \$99,528,000. The 1990 amount included passenger revenue when the Bay Bridge was closed, and the average trip length and fares were higher. Total operating revenues, including \$8,211,000 in interest income, advertising in trains and stations and other income, were \$107,708,000, an increase of \$1,060,000 from the previous fiscal year.

BART funded 48.2 percent of its FY1991 net operating expenses—which was \$206,573,000 (excluding depreciation)—from net passenger revenues. BART's farebox ratio last fiscal year was 51.6 percent.

BART's operating ratio, which relates total operating revenues to total net operating expenses, was 52.1 percent in FY1991, compared with 55.3 percent for the previous year. The District's objective is to fund no less than one-half of its net rail operating expenses from operating revenues.

PERFORMANCE HIGHLIGHTS

	FY 1991	FY 1990
Rail Ridership		
Annual passenger trips	71,900,906	70,549,547
Average weekday trips	247,456	241,525
Average trip length	12.5 miles	12.6 miles
Annual passenger miles	897,786,507	891,228,943
Patron trip on-time performance (%)	96.0%	94.5%
System utilization ratio (passenger miles to available seat miles)	32.7%	30.7%
End-of-period ratios:		
Peak patronage	47.8%	47.6%
Off-peak patronage	52.2%	52.4%
BART's estimated share of peak period transbay trips - cars, trains & buses	39.2%	50.0%
Operations		
Annual revenue car miles	39,193,009	40,327,962
Unscheduled train removals - average per revenue day	1.5	2.2
Transit car availability to revenue car fleet (a)	79.7%	82.5%
Passenger accidents reported per million passenger trips	12.13	13.56
Patron-related crimes reported per million passenger trips	43.73	41.18
Financial		
Net passenger revenues	\$ 99,497,000	\$ 99,528,000
Other operating revenues	\$ 8,211,000	\$ 7,120,000
Total operating revenues	\$107,708,000	\$106,648,000
Net operating expenses (excluding depreciation)	\$206,573,000	\$192,983,000
Farebox ratio (net passenger revenues to net operating expenses)	48.2%	51.6%
Operating ratio (total operating revenues to net operating expenses)	52.1%	55.3%
Net rail passenger revenue per passenger mile	11.0¢	11.1¢
Rail operating cost per passenger mile	21.6¢	20.0¢
Net average rail passenger fare(b)	\$1.37	\$1.40

NOTES

General note: Data represents annual averages unless otherwise noted.

(a) At 8 a.m. each each day.

(b) Includes BART/MUNI Fast Pass.

Net rail passenger revenue per passenger mile for FY1991 was 11.0 cents, compared to 11.1 cents for FY1990. Rail operating cost per passenger mile for FY1991 was 21.6 cents, compared with 20.0 cents for the previous year.

In addition to funds derived from passenger fares, interest income and advertising, BART received \$108,960,000 in revenue from 75 percent of the one-half-cent transit

sales tax in the three BART counties, \$430,000 in local funds and \$10,638,000 in property tax available for operations.

Of the \$108,960,000 derived from the sales tax, \$21,165,000 was allocated to debt service and capital allocations, and \$87,795,000 was made available for operations.

A third budget theme for 1991, perhaps at once our greatest opportunity and our greatest challenge, is **extension support**. And nothing feels more profoundly exciting than our preliminary work this year on BART's planned extension to Warm Springs, Pittsburg/Antioch, Dublin/Pleasanton, and Colma: a 33-mile, 10-station goal supported by an innovative joint powers agreement, as well as a number of other funding accomplishments, and a comprehensive community outreach program.

We received the last of our 150 C-Cars and achieved a contract with the manufacturer to provide BART with the technical data needed for future car procurements. Heading off costly litigation, the contract supports the District's expansion with funding as well as service; the sale/leaseback agreement yielded approximately \$7 million.

When we prepared the 1991 budget, we stressed **system investment**, recognizing that the other side of expanding our system to realize its potential is protecting the taxpayers' investment in BART's basic infrastructure. To that end, we launched an ambitious system and station rehabilitation program that involves restoring our 440 A- and B-Cars and refurbishing our existing stations. Station rehabilitation is substantially complete at Concord, Fruitvale, MacArthur, and North Berkeley, including the installation of state-of-the-art water conservation computer-controlled irrigation systems.

We instituted the captive fleet program, ensuring more reliable car maintenance by assigning each BART car to a specific yard where the maintenance crew knows its history and is directly responsible for its upkeep. The newly opened Daly City Yard is now responsible for maintaining 142 cars in the captive fleet program.

Imperative to BART's efforts to fulfill its mission is **employee orientation**: nurturing and maintaining our most valuable resource, the people of BART. With this theme, the District's attitude of open accountability translates to one of personal responsibility. We implemented an employee empowerment program designed to inspire individual performance through improved technical training programs and organizational and strategic decisions that enable employees to more closely identify with the work they perform, as well as employee recognition and reward programs.

We also introduced a progressive, comprehensive employee substance abuse program, one that deters as well as detects drug and alcohol abuse. In its first year, 19 employees participated in the voluntary treatment/rehabilitation program.

Fiscal Year 1991 was one of steady progress toward our affirmative action goals; most notably, we began our two-year pilot engineering intern program, hoping to hire three minority or female interns. We hired five.

BART's sixth theme for the 1991 budget was **operational efficiencies**. More efficient use of our human resources and more efficient use of our financial resources. We streamlined our car cleaning process, using personnel more effectively. We streamlined our hiring process with a new position control system. And, by flattening and paring down BART's organization, we reduced management headcount by 18 positions while removing redundant levels of supervision. The District's new internal audit department assessed BART management and internal control. We took a long, hard look at our procurement and contract management policies and developed a new procurement manual. Finally, our new Management Information System technology program reduced systems redundancy, inconsistencies in standards and equipment, and staffing and equipment costs.

There's nothing healthier for an organization than holding it up to the light, examining it from all angles, for everyone's view. What I see in Fiscal Year 1991 speaks well of BART's proud and visionary past and of its present performance... and bodes well for its bright future. Fiscal year 1991 was a year of renewing the public's investment in our system and of striding confidently toward becoming what BART's visionaries knew we could one day be. A year of renewing today... and realizing the vision.



Frank J. Wilson, General Manager
Bay Area Rapid Transit

DISTRICT GOALS

1. Provide a safe, reliable, high quality and economical transportation service.
2. Deliver user-friendly services to all our customers.
3. Empower employees to function as owners of the BART organization.
4. Provide an environment free of impediments to opportunities for employees and disadvantaged business enterprises, and one which encourages cooperation and develops a team of highly motivated staff.
5. Expand district markets and capture new revenue sources.
6. Operate BART according to sound business practices.
7. Provide leadership in integrating regional transportation.
8. Build constituencies at all levels of government.





INDEPENDENT AUDITORS' REPORT

The Board of Directors of San Francisco
Bay Area Rapid Transit District:

We have audited the accompanying balance sheets of San Francisco Bay Area Rapid Transit District (the District) as of June 30, 1991 and 1990, and the related statements of operations, capital, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1991 and 1990, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of reconciliation of excess of operating revenues over (under) expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of the District's management. Such schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte + Touche *Grant + Smith*

September 11, 1991

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

**BAIANCE SHEETS,
JUNE 30, 1991 AND 1990 (In thousands)**

<u>ASSETS</u>	<u>1991</u>	<u>1990</u>	<u>LIABILITIES AND CAPITAL</u>	<u>1991</u>	<u>1990</u>
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents (Notes 2 and 3)	\$ 17,388	\$ 21,443	Current portion of long-term debt (Note 5)	\$ 35,515	\$ 36,290
Investments (Note 3)	221,632	252,592	Payroll and other liabilities	58,028	51,912
Deposits held by trustee (Note 3)	19,626	24,551	Self-insurance liabilities	13,963	10,946
Receivables	34,410	23,925	Unearned passenger revenue	<u>1,914</u>	<u>2,070</u>
Materials and supplies - at average cost	<u>17,790</u>	<u>15,884</u>	Total current liabilities	<u>109,420</u>	<u>101,218</u>
Total current assets	310,846	338,395			
DEFERRED COMPENSATION PLAN INVESTMENTS (Notes 3 and 9)	66,986	55,558	DEFERRED COMPENSATION (Note 9)	<u>66,986</u>	<u>55,558</u>
INVESTMENTS RESTRICTED FOR BOARD DESIGNATED PURPOSES (Note 3)	20,714	20,586	LONG-TERM DEBT (Note 5)	<u>439,500</u>	<u>460,775</u>
FACILITIES, PROPERTY AND EQUIPMENT - At cost, less accumulated depreciation (Note 4)	<u>1,805,430</u>	<u>1,741,570</u>	CAPITAL:		
			Grants and contributions, net	799,860	775,555
			Accumulated net revenues	<u>788,210</u>	<u>763,003</u>
			Total capital	<u>1,588,070</u>	<u>1,538,558</u>
TOTAL ASSETS	<u>\$2,203,976</u>	<u>\$2,156,109</u>	TOTAL LIABILITIES AND CAPITAL	<u>\$2,203,976</u>	<u>\$2,156,109</u>

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

**STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990 (In thousands)**

	.....1991.....			.....1990.....		
	OPERATIONS	CONSTRUCTION	DEBT SERVICE TOTAL	OPERATIONS	CONSTRUCTION	DEBT SERVICE TOTAL
	.....(Note 2).....			.....(Note 2).....		
OPERATING REVENUES:						
Fares	\$ 99,497		\$ 99,497	\$ 99,528		\$ 99,528
Other (including investment income)	8,211		8,211	7,120		7,120
Total operating revenues	<u>107,708</u>		<u>107,708</u>	<u>106,648</u>		<u>106,648</u>
OPERATING EXPENSES:						
Transportation	65,911		65,911	65,033		65,033
Maintenance	85,809		85,809	79,186		79,186
Police services	11,906		11,906	11,011		11,011
Construction and engineering	7,753		7,753	6,322		6,322
General and administrative	44,818		44,818	40,075		40,075
Depreciation	47,096		47,096	44,634		44,634
Total operating expenses	<u>263,293</u>		<u>263,293</u>	<u>246,261</u>		<u>246,261</u>
Less capitalized costs	(9,624)		(9,624)	(8,644)		(8,644)
Net operating expenses	<u>253,669</u>		<u>253,669</u>	<u>237,617</u>		<u>237,617</u>
OPERATING LOSS	(145,961)		(145,961)	(130,969)		(130,969)
OTHER REVENUES (EXPENSES):						
Transactions and use tax	99,295		\$ 9,665	108,960		\$14,552
Property tax	10,638		44,578	55,216		51,671
Local financial assistance	430			430		413
Sale of tax benefits		\$ 9,827	9,827		\$14,244	14,244
Other investment income		14,223	1,128	15,351	20,176	2,144
Interest expense			(23,148)	(23,148)		(27,926)
Other - net			(229)	(229)		(34)
Total other revenues	<u>110,363</u>	<u>24,050</u>	<u>31,994</u>	<u>166,407</u>	<u>34,420</u>	<u>40,407</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES BEFORE EXTRAORDINARY ITEM	(35,598)	24,050	31,994	(29,262)	34,420	40,407
EXTRAORDINARY ITEM - Loss on defeasance of debt			(17,176)	(17,176)		
EXCESS OF REVENUES OVER (UNDER) EXPENSES	\$ (35,598)	\$24,050	\$14,818	\$ 3,270	\$34,420	\$40,407
						\$ 45,565

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

STATEMENTS OF CAPITAL
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990 (In thousands)

	<u>GRANTS AND CONTRIBUTIONS, NET</u>	<u>ACCUMULATED NET REVENUES</u>	<u>TOTAL CAPITAL</u>
BALANCES, JUNE 30, 1989	\$746,535	\$695,061	\$1,441,596
EXCESS OF REVENUES OVER EXPENSES		45,565	45,565
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	51,397		51,397
Depreciation and retirements of assets acquired with grants and contributions	<u>(22,377)</u>	<u>22,377</u>	<u> </u>
BALANCES, JUNE 30, 1990	775,555	763,003	1,538,558
EXCESS OF REVENUES OVER EXPENSES		3,270	3,270
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	46,242		46,242
Depreciation and retirements of assets acquired with grants and contributions	<u>(21,937)</u>	<u>21,937</u>	<u> </u>
BALANCES, JUNE 30, 1991	<u>\$799,860</u>	<u>\$788,210</u>	<u>\$1,588,070</u>

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 1991 AND 1990 (In thousands)

	<u>1991</u>	<u>1990</u>
CASH FLOWS FROM OPERATIONS:		
Operating loss	\$(145,961)	\$(130,969)
Less investment income included in operating revenue	<u>(4,950)</u>	<u>(4,313)</u>
Operating loss excluding investment income	(150,911)	(135,282)
Adjustments to reconcile operating loss to net cash used by operations:		
Depreciation	47,096	44,634
Net effect of changes in:		
Deferred compensation plan liabilities	11,428	7,702
Receivables	(4,030)	70
Materials and supplies	(1,906)	(1,262)
Payroll and other liabilities	(1,613)	(4,785)
Self-insurance liabilities	3,017	3,277
Unearned passenger revenue	(156)	238
Net cash used by operations	<u>(97,075)</u>	<u>(85,408)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transactions and use tax received	99,295	91,512
Property tax received	10,638	9,782
Local financial assistance received	430	413
Net cash provided by noncapital financing activities	<u>110,363</u>	<u>101,707</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Transactions and use tax received	9,665	14,552
Property tax received	44,854	51,213
Proceeds from sale of tax benefits	9,827	14,244
Interest paid on bonds	(23,665)	(27,986)
Bond service fees paid	(18)	(34)
Capital grants received	40,197	45,343
Principal paid on long-term debt	(36,290)	(42,585)
Proceeds from issuance of sales tax revenue bonds	158,478	
Defeasance of sales tax revenue bonds	(155,253)	
Bond issuance cost	(4,435)	
Expenditures for facilities, property and equipment	(113,140)	(127,527)
Proceeds from sale of real estate	1,309	603
Net cash used for capital and related financing activities	<u>(68,471)</u>	<u>(72,177)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale and maturity of investments	353,947	461,147
Purchases of investments	(326,427)	(439,854)
Interest on investments	23,608	27,675
Net cash provided by investing activities	<u>51,128</u>	<u>48,968</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,055)	(6,910)
 CASH AND CASH EQUIVALENTS, Beginning of year	<u>21,443</u>	<u>28,353</u>
 CASH AND CASH EQUIVALENTS, End of year	<u>\$ 17,388</u>	<u>\$ 21,443</u>

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Reporting Entity - San Francisco Bay Area Rapid Transit District (the District) is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended, and subject to transit district law as codified in the California Public Utilities Code. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with federal, state and local agencies.

For financial reporting purposes, the District's financial statements include all financial activities that are controlled by or dependent upon actions taken by the District's Board of Directors.

Basis of Accounting - The accrual basis of accounting is used by the District. Under this method revenues are recorded when earned and expenses are recorded when the related liability is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments are stated at cost or amortized cost, except for investments of the deferred compensation plan which are stated at current (market) value. As a matter of policy, the District holds investments until their maturity.

Deposits held by trustee, consisting of cash and investments, are held by trustee banks in accordance with the District's various bond indentures and for general debt service requirements. Deposits are stated at cost.

Facilities, property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others.

The District capitalizes certain interest revenue and expenditures related to tax-free borrowings. The net effect of such interest capitalization was to decrease expenditures for facilities, property and equipment by \$3,992,000 and \$2,040,000 during the years ended June 30, 1991 and 1990, respectively, for excess interest revenue over interest expenses from applicable borrowings.

Self-insurance Liabilities - The District is largely self-insured for workers' compensation claims, general liability claims, and major property damage. The District accrues the estimated costs of the self-insured portion of claims.

Unearned passenger revenue is an estimate of passenger tickets purchased which have not yet been completely used.

Grants and Contributions - The District periodically receives grants from the Urban Mass Transportation Administration (UMTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit related equipment and improvements. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, are included in grants and contributions.

Statements of operations include the financial activities of the general operations of the transit system, revenues restricted by the Board of Directors for construction activity, and revenues restricted by the District's various bond indentures for debt service (including interest expense) on outstanding long-term debt.

Transactions and Use Tax (Sales Tax) Revenue - A 1/2% transactions and use tax is collected within District boundaries and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid directly by the State Board of Equalization to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the Metropolitan Transportation Commission (MTC) to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services. The District records the total transactions and use taxes earned (including amounts paid to the trustee) as revenue.

Property Taxes, Collection and Maximum Rates - The State of California Constitution Article XIII A provides that the general purpose maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts, such as the District.

The District receives property tax revenues to meet the debt service requirements of its General Obligation Bonds. The District also receives an allocation of property tax revenues for transit operations.

San Francisco, Alameda and Contra Costa Counties assess properties, bill for, collect, and distribute property taxes. Property taxes are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

Financial assistance grants are accrued as revenue in the period to which the grant applies.

Sale of Tax Benefits - The District has entered into agreements to sell tax benefits for certain District-owned transit equipment contracted for purchase prior to August 1986. The transactions have been structured in the form of leases for tax purposes. The District recognizes tax benefit sales proceeds in the period of sale of tax benefits.

Pension costs are expensed as incurred. Such costs equal the actuarially determined annual contribution amount. See Note 8.

Statement of Cash Flows - During fiscal 1991, the District adopted Statement No. 9 of the Governmental Accounting Standards Board, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting," which requires a statement of cash flows in place of a statement of changes in financial position. The 1990 statement of changes in financial position has been replaced with a statement of cash flows comparable with 1991. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Deposits held by trustee, deferred compensation plan investments and investments restricted for Board designated purposes are treated as investments.

3. CASH AND INVESTMENTS

The District maintains a cash and investment pool that includes cash and investments available for general use and restricted for Board designated purposes. Cash and investments of the District's deferred compensation plan (see Note 9) are held separately by the plan's administrator.

Deposits - At June 30, 1991 (and 1990), the District's cash on hand was \$1,779,000 (1990, \$2,082,000), and the carrying amount of the District's time and demand deposits was \$(4,289,000) (1990, \$2,661,000) with the corresponding bank balance of \$8,779,000 (1990, \$9,826,000). Of the bank balance \$329,000 (1990, \$408,000) was insured by federal depository insurance or collateralized by securities held by the District's agent in the District's name, and \$8,450,000 (1990, \$9,418,000) is required by Section 53652 of the California Government Code to be collateralized 110% by the pledging financial institutions. Such collateral is not required to be in the District's name.

Investments - State of California statutes and District policy authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, bankers' acceptances, repurchase and reverse repurchase agreements, and the State Treasurer's investment pool. The District did not enter into any reverse repurchase agreements during 1991 or 1990.

The District's investments are categorized below to give an indication of the credit risk assumed by the District at June 30, 1991. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the

District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name.

.....(In Thousands).....					
.....1991.....			.....1990.....		
.....Category.....	Carrying	Market	Carrying	Market	
1	2	Amount	Value	Amount	Value
Money market	\$ 4,740	\$ 4,740	\$ 4,740		
U.S. Treasury notes	\$ 61,533	61,533	61,673	\$ 25,155	\$ 25,219
Federal agency obligations	178,813	178,813	179,055	257,245	257,185
Repurchase agreements	<u>14,164</u>	<u>14,883</u>	<u>29,047</u>	<u>27,484</u>	<u>27,484</u>
Total	<u>\$254,510</u>	<u>\$19,623</u>	274,133	274,515	309,884
Cash on hand		1,779	1,779	2,082	2,082
Time and demand deposits		(4,289)	(4,289)	2,661	2,661
Mutual funds - deferred compensation plan investments		<u>66,986</u>	<u>66,986</u>	<u>55,558</u>	<u>55,558</u>
Total		<u>\$338,609</u>	<u>\$338,991</u>	<u>\$370,185</u>	<u>\$370,189</u>
Reported as:					
Cash and cash equivalents		\$ 17,388		\$ 21,443	
Short-term investments		221,632		252,592	
Payroll and other liabilities (representing cash overdraft)		(7,737)		(4,545)	
Deposits held by trustee		19,626		24,551	
Deferred compensation plan investments		66,986		55,558	
Investments restricted for Board designated purposes		<u>20,714</u>		<u>20,586</u>	
Total		<u>\$338,609</u>		<u>\$370,185</u>	

Investments restricted for Board of Directors' designated purposes are summarized as follows (in thousands):

	<u>1991</u>	<u>1990</u>
Basic system completion	\$ 3,815	\$ 4,070
System improvement	3,499	3,316
Self-insurance	9,000	9,000
Operating	<u>4,400</u>	<u>4,200</u>
Total	<u>\$20,714</u>	<u>\$20,586</u>

4. FACILITIES, PROPERTY AND EQUIPMENT

Facilities, property and equipment, asset lives, and accumulated depreciation and amortization at June 30, 1991 and 1990 are summarized as follows (in thousands):

		.....1991.....		.....1990.....	
	Lives (Years)	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land		\$ 208,995		\$ 203,466	
Improvements	80	1,222,314	\$ 238,362	1,191,500	\$223,488
System-wide operation and control	20	201,156	101,362	188,296	92,729
Revenue transit vehicles	30	419,239	115,786	375,563	100,440
Service and miscellaneous equipment	3-20	29,375	17,124	26,179	15,497
Capitalized construction and start-up costs	30	97,722	57,055	100,705	54,320
Repairable property items	30	14,010	3,728	12,087	3,379
Construction-in-progress		<u>146,036</u>		<u>133,627</u>	
Total		<u>\$2,338,847</u>	<u>\$ 533,417</u>	<u>\$2,231,423</u>	<u>\$489,853</u>

The District has entered into contracts for the construction of various facilities and equipment totaling approximately \$292 million at June 30, 1991.

In June 1988, the District entered into Principles of Agreement (Agreement) with the San Mateo County Transit District (SamTrans) pertaining to extending the transit system to the vicinity of San Francisco International Airport (Airport). Under the terms of the Agreement, SamTrans will pay the District a \$200 million capital contribution, to be used for East Bay expansion, payable in installments (adjusted for inflation) upon reaching certain Airport extension milestones. In addition, SamTrans will be responsible for funding 25% of the cost of extending the transit system to the Airport. District management's most current estimate, updated in 1991, of the cost of such Airport extension is approximately \$849 million. This project is contingent upon the District receiving adequate commitments for federal funding, and also upon expansion of the transit system in the East Bay.

5. LONG-TERM DEBT

Long-term debt at June 30, 1991 and 1990 is summarized as follows (in thousands):

	1991	1990
1962 General Obligation Bonds	\$315,400	\$349,100
1966 Special Service District Bonds	4,330	4,850
Total General Obligation Bonds	<u>319,730</u>	<u>353,950</u>
1985 Sales Tax Revenue Bonds		143,115
1990 Sales Tax Revenue Refunding Bonds	159,509	
Total long-term debt	<u>479,239</u>	<u>497,065</u>
Less:		
Unamortized 1990 bond discount and issuance costs	(4,224)	
Current portion	<u>(35,515)</u>	<u>(36,290)</u>
Net long-term portion	<u>\$439,500</u>	<u>\$460,775</u>

1962 General Obligation Bonds - In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District-wide property taxes. Bond interest rates range from 1.5% to 6.0%.

1966 Special Service District Bonds - In 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds, of which \$12 million were issued, for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within Special Service District No. 1. Bond interest rates range from 4.0% to 5.5%.

1990 Sales Tax Revenue Refunding Bonds (the 1990 Bonds) - The 1969 Legislature of the State of California authorized the District to impose a 1/2% transactions and use tax within District boundaries and issue Sales Tax Revenue Bonds. On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the MTC to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by MTC.

In July 1990, the District issued sales tax revenue refunding bonds totaling \$158,478,430 with an average interest rate of 6.6% to advance refund \$141,045,000 of 1985 Sales Tax Revenue Bonds outstanding. The net proceeds of \$154,038,800, after discount and payment of underwriting fees and insurance plus an additional \$1,214,835 of cash held by trustee, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with a trustee to provide for all future debt service payments on the 1985 bonds. As a result, the 1985 Sales Tax Revenue Bonds are considered to be defeased and the liability for the bonds removed from the balance sheet.

The advance refunding resulted in the recognition of an accounting loss of \$17,176,560 for the year ended June 30, 1991. However, the advance refunding has reduced the District's aggregate debt service requirements by \$9,454,000 over the next 21 years and has resulted in an economic gain (difference between the present values of the old and new debt service payments) of approximately \$8,400,000.

The 1990 Bonds are special obligations of the District payable from, and secured by, a pledge of the sales tax revenues. At June 30, 1991, the 1990 Bonds consist of \$141,650,000 of current interest bonds due from 1993 to 2012 with interest rates ranging from 5.9% to 6.75% and \$17,858,524 of capital appreciation serial bonds (\$16,828,430 original amount) with yields of 6.65% to 6.75% due from 2002 to 2005. Interest on the capital appreciation bonds is payable at maturity. For financial reporting purposes, accrued interest is added to the principal balance. The current interest bonds maturing on July 1, 2009 (\$56,215,000) are redeemable after July 1, 2000 at the option of the District at prices ranging from 102% to 100%.

The discount is being amortized over the life of the related debt.

The following is a schedule of long-term debt principal repayments required as of June 30, 1991 (in thousands):

	1962 G.O. Bonds	1966 Special Service District Bonds	1990 Sales Tax Revenue Refunding Bonds	Total
Year ending June 30:				
1992	\$ 34,975	\$ 540		\$ 35,515
1993	36,275	570	\$ 840	37,685
1994	37,525	590	5,400	43,515
1995	39,050	620	5,785	45,455
1996	40,625	640	6,205	47,470
Thereafter	<u>126,950</u>	<u>1,370</u>	<u>141,279</u>	<u>269,599</u>
Total	<u>\$315,400</u>	<u>\$4,330</u>	<u>\$159,509</u>	<u>\$479,239</u>

6. FEDERAL GRANTS

The U.S. Department of Transportation provides financial assistance to the District for capital projects and planning and training. Grants which were active during the year ended June 30, 1991 are summarized as follows (in thousands):

Total approved project costs	<u>\$419,219</u>
Total approved federal funds	\$327,262
Less cumulative amounts received	<u>(276,705)</u>
Remaining amount available under federal grants	<u>\$ 50,557</u>

7. LOCAL AND STATE FINANCIAL ASSISTANCE

The District receives local operating and capital assistance from Transportation Development Act Funds (TDA). For the year ended June 30, 1991, TDA assistance was \$430,000 (1990, \$413,000), all of which was used for operating assistance. These funds are received from the counties of Alameda and Contra Costa to meet, in part, the District's operating requirements based on annual claims filed by the District and approved by the MTC.

The District receives state operating and capital assistance from State Transit Assistance Funds (STA). For the year ended June 30, 1991, STA assistance was \$528,000 (1990, \$183,000), of which \$528,000 (1990, \$164,000) was used for capital purposes, and none (1990, \$19,000) was used for flow-through projects. These funds are allocated by MTC based on the ratio of the District's transit operation revenue and local support to the revenue and local support of all state transit agencies.

8. EMPLOYEES RETIREMENT PLAN

Plan Description - All permanent employees are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System. The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by state statute and District ordinance.

The District was not required to make a contribution to the Fund for public safety personnel or for miscellaneous covered employees for the years ended June 30, 1991 and 1990 due to a surplus of the District's portion of the Fund's net assets over the District's pension benefit obligation caused by a change in 1988 in the actuarial valuation method and an actual rate of return on investment assets that exceeded the assumed rate. The District's covered payroll for employees participating in the Fund for the years ended June 30, 1991 and 1990 was \$105,614,000 and \$95,372,000, respectively. The District's 1991 and 1990 payroll for all employees was \$117,564,000 and \$109,991,000, respectively. The District, due to a Collective Bargaining Agreement, also has a legal obligation to contribute an additional 9% for public safety personnel and 7% for miscellaneous covered employees. Employees have no obligation to contribute to the Fund.

Funding Status and Progress - The "pension benefit obligation" is determined for each participating employer by the Fund's actuary and is a standardized disclosure measure that results from applying actuarial assumptions to estimate the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the District's portion of the Fund to which contributions are made on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used.

The pension benefit obligation shown below was computed as part of an actuarial valuation performed as of June 30, 1990, the latest available for the Fund. The significant actuarial assumptions used in the 1990 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.5%, annual payroll increases of 5.5% attributable to inflation and 1.5% attributable to merit or seniority, and no postretirement benefit increases.

The funding status applicable to the District's employee group at June 30, 1990 (the latest available for the Fund) follows (in thousands):

Net assets available for benefits, at cost (total market value, \$314,165)	<u>\$277,041</u>
Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	91,169
Current employees:	
Accumulated employee contributions and allocated investment earnings	92,685
Employer-financed, vested	39,309
Employer-financed, nonvested	<u>2,005</u>
Total pension benefit obligation	<u>225,168</u>
Net assets in excess of pension benefit obligation	<u>\$ 51,873</u>

Actuarially Determined Contributions Required and Contributions Made - The funding policy of the Fund provides for actuarially determined periodic contributions by the District at rates such that sufficient assets will be available to pay benefits when due. The District was not required to make a contribution to the Fund for the years ended June 30, 1991 and 1990 in accordance with the actuarially determined requirements computed as of June 30, 1989 and 1988, respectively. The District's surplus asset position is being offset against the current year's normal cost contribution. The actuarially determined normal cost contribution rate before reduction for the surplus asset amortization was 16.256% (1990, 15.345%) for public safety employees and 7.980% (1990, 8.069%) for miscellaneous employees.

The District's normal cost contribution rate is determined using the entry-age normal actuarial cost method, a projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued. The Fund would use the same method to amortize any unfunded liability.

Significant actuarial assumptions used in the June 30, 1990 valuation to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

Historical Trend Information - Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information is not yet available.

For the District's portion of the Fund, trend information for the four years ended June 30, 1990, follows (dollars in thousands):

	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>
Net assets available for benefits, at cost	\$277,041	\$245,582	\$214,290	\$189,801
Pension benefit obligation	\$225,168	\$193,565	\$171,353	\$151,795
Net assets available for benefits as a percentage of pension benefit obligation	123%	127%	125%	125%
Assets in excess of pension benefit obligation	\$51,873	\$52,017	\$ 42,937	\$ 38,006
Annual covered payroll	\$95,372	\$85,746	\$ 83,178	\$ 79,940
Assets in excess of pension benefit obligation as a percentage of annual covered payroll	54.4%	60.7%	51.6%	47.5%
Contributions made in accordance with actuarially determined requirements as a percentage of annual covered payroll	0%	0%	0%	0%

Trend information for 1991 is not yet available.

9. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all officers and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, or certain other covered events.

As required by IRC Section 457, all amounts of compensation deferred under the deferred compensation plan and all income attributable to those amounts remain the property of the District (until paid or made available to the participants), subject only to the claims of the District's general creditors. Participants' rights under the deferred compensation plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant. The plan administrator has invested the deferred amounts in numerous participant-directed, uninsured investments.

District Management believes that the District has no liability under the terms of the plan for any amounts other than the participants' account balances.

10. MONEY PURCHASE PENSION PLAN

All District employees, except sworn police officers, participate in the Money Purchase Pension Plan, which is a supplemental retirement program. In January 1981, the District's employees elected to withdraw from the Federal Social Security System (FICA) and established the Money Purchase Pension Plan. The District contributes an amount equal to 6.65% of covered employee's annual compensation (up to \$29,700 after deducting the first \$133 paid during each month) up to a maximum annual contribution of \$1,868. Additionally, the District contributes to each employee's account approximately 1.63% of covered payroll for the savings realized when the District de-pooled its Public Employees Retirement Fund (Fund) account. This amount was formerly paid to the employee's Fund account. Each employee's account is available for distribution upon such employee's termination.

The District's total expense and funded contribution for this plan for the years ended June 30, 1991 and 1990 was \$6,025,000 and \$5,927,000, respectively. Money Purchase Pension Plan assets at June 30, 1991 and 1990 (excluded from the accompanying financial statements) were \$89,484,000 and \$76,878,000, respectively.

11. LITIGATION AND DISPUTES WITH CONTRACTORS

The District is involved in various lawsuits, claims and disputes, which for the most part are normal to the District's operations. In the opinion of District Management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

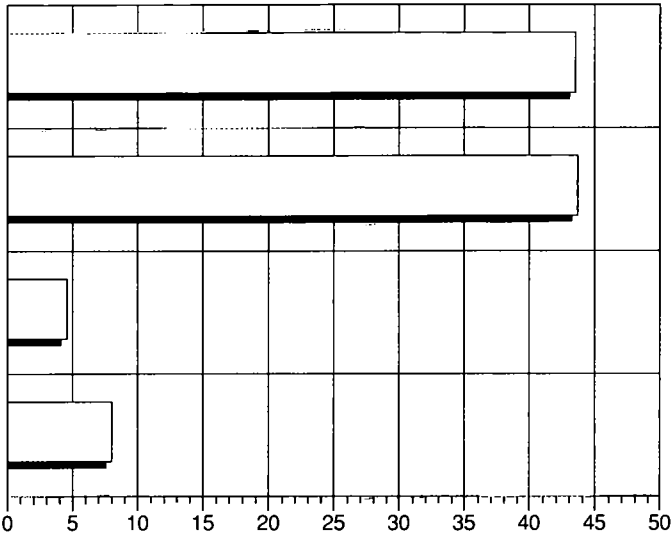
SUPPLEMENTAL SCHEDULE OF RECONCILIATION OF EXCESS
OPERATING REVENUES OVER (UNDER) EXPENSES
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990 (In thousands)

The following is a reconciliation of excess operating revenues over (under) expenses after capital designations and before depreciation:

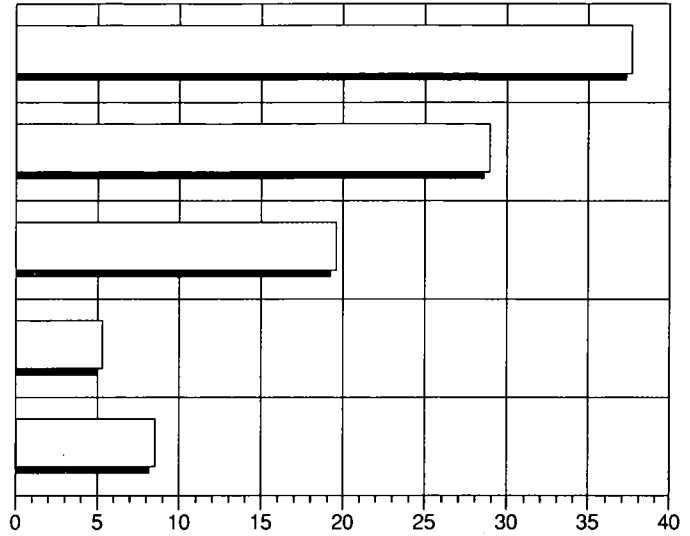
	<u>1991</u>	<u>1990</u>
EXCESS OF EXPENSES OVER REVENUES - Operations	\$(35,598)	\$(29,262)
CAPITAL DESIGNATIONS	(11,500)	(15,381)
DEPRECIATION	<u>47,096</u>	<u>44,634</u>
EXCESS OF OPERATING REVENUES OVER (UNDER) EXPENSES AFTER CAPITAL DESIGNATIONS AND BEFORE DEPRECIATION	<u>\$ (2)</u>	<u>\$ (9)</u>

Capital designations are made by the District annually for capital purposes which represent the excess of revenue over expenses before depreciation generated by operations.

OPERATING FUNDS 1990/91

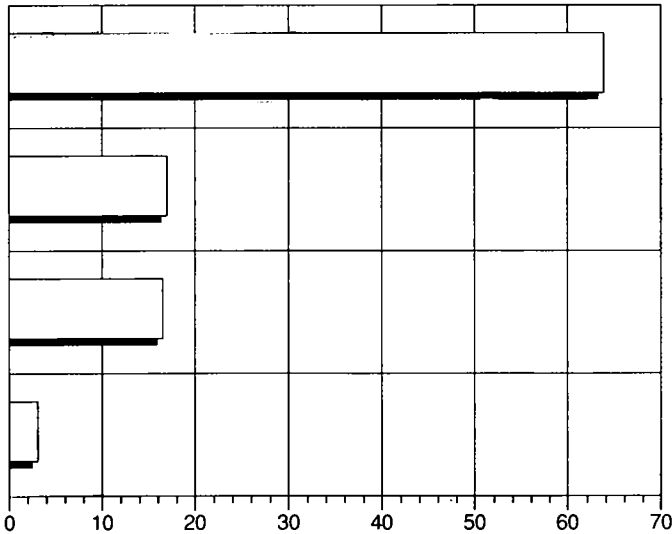


TOTAL \$227,697 100% (In Thousands)	<input type="checkbox"/> Property Tax \$10,638 4.67%
SOURCE OF FUNDS (In Thousands)	<input type="checkbox"/> Other \$18,267 8.02%
<input type="checkbox"/> Transactions & Use Sales Tax \$99,295 43.61%	• Investment Income and Other Operating Revenues \$8,211 3.60%
<input type="checkbox"/> Fares \$99,497 43.70%	• Construction Funds \$9,624 4.22%
	• Regional Financial Assistance \$430 0.19%
	• Decrease in Working Capital \$2 0.01%

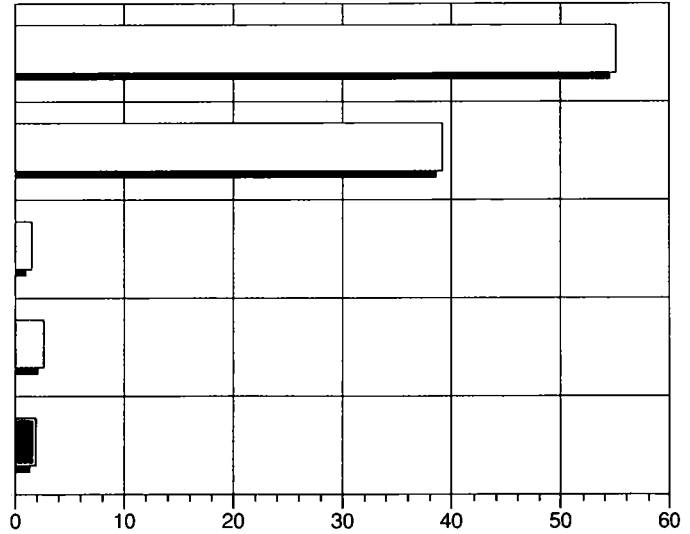


TOTAL \$227,697 100% (In Thousands)	<input type="checkbox"/> General Administration \$44,818 19.68%
HOW FUNDS WERE APPLIED (In Thousands)	<input type="checkbox"/> Police Services \$11,906 5.23%
<input type="checkbox"/> Maintenance \$85,809 37.69%	<input type="checkbox"/> Other \$19,253 8.45%
<input type="checkbox"/> Transportation \$65,911 28.95%	• Capital Designation \$11,500 5.05%
	• Construction & Engineering \$7,753 3.40%

CAPITAL FUNDS 1990/91

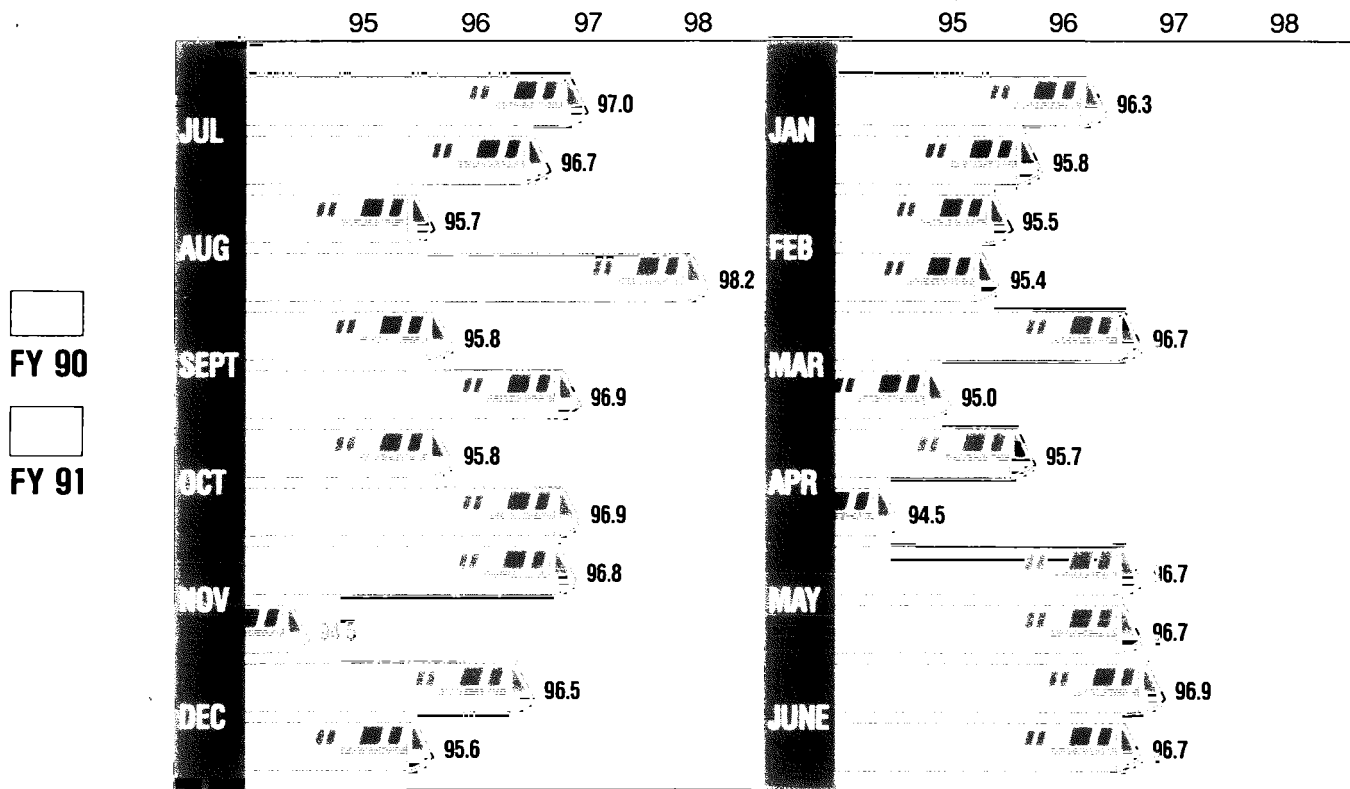


TOTAL \$125,612 100% (In Thousands)	<input type="checkbox"/> Federal \$21,446 17.07%
SOURCE OF FUNDS (In Thousands)	<input type="checkbox"/> State \$21,051 16.76%
<input type="checkbox"/> District \$79,369 63.19%	<input type="checkbox"/> Local \$3,746 2.98%

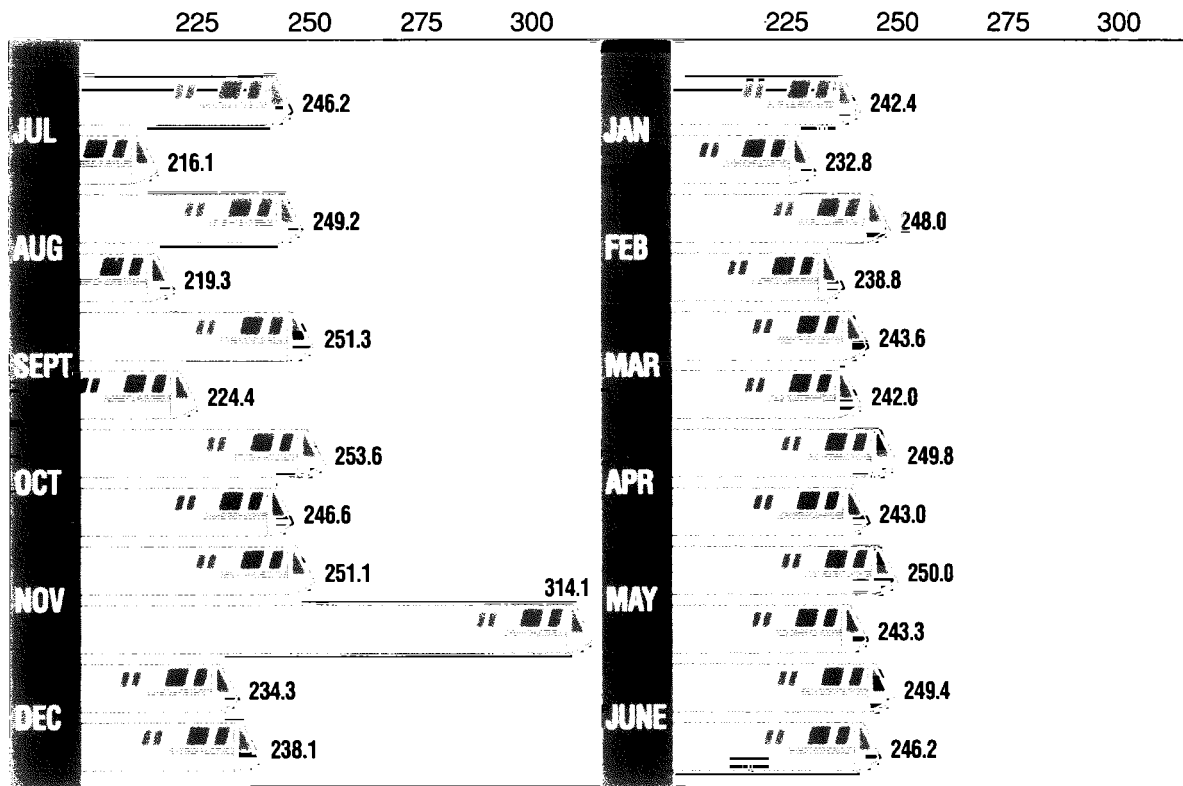


TOTAL \$125,612 100% (In Thousands)	<input type="checkbox"/> Equipment • Train Control \$2,690 2.14%	<input type="checkbox"/> Inventory Build Up \$1,918 1.53%
EXPENDITURES (In Thousands)	• Communications \$816 0.65%	<input type="checkbox"/> Extensions Development \$2,971 2.36%
<input type="checkbox"/> Construction	• Transit Vehicles \$41,489 33.03%	<input checked="" type="checkbox"/> Studies & Other \$2,352 1.87%
• Line \$60,807 48.41%	• Automatic Fare Collection \$749 0.60%	
• Systemwide \$6,422 5.11%	• Management Information Systems \$504 0.40%	
• Support Facilities \$1,846 1.47%	• Support Vehicles \$653 0.52%	
	• Other Equipment \$2,395 1.91%	

DAILY ON-TIME PERFORMANCE (%)



AVERAGE WEEKDAY TRIPS





San Francisco Bay Area
Rapid Transit District (BART)

Headquarters in downtown Oakland,
California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (510) 464-6000

Established in 1957 by the California State
Legislature.

Authorized to plan, finance, construct, and
operate rapid transit system.

Governed by a Board of Directors elected
for four-year terms by voters in nine
election districts within the counties of
Alameda, Contra Costa and San
Francisco.

BOARD OF DIRECTORS
Fiscal Year 1991

PRESIDENT
Erlene DeMarcus, Pleasanton

VICE PRESIDENT
Michael Bernick, San Francisco

Members of the Board

- District #1 - Joe Fitzpatrick, Orinda
- District #2 - Nello Bianco, El Sobrante
- District #3 - Sue Hone, Berkeley
- District #4 - Margaret K. Pryor, Oakland
- District #5 - Erlene DeMarcus, Pleasanton
- District #6 - John Glenn, Fremont
- District #7 - Wilfred T. Ussery,
San Francisco
- District #8 - James Fang, San Francisco
- District #9 - Michael Bernick, San Francisco

Board-Appointed Officers

- Frank J. Wilson, General Manager
- Sherwood Wakeman, General Counsel
- Alvan Teragawachi, Controller/Treasurer
- Phillip O. Ormsbee, District Secretary

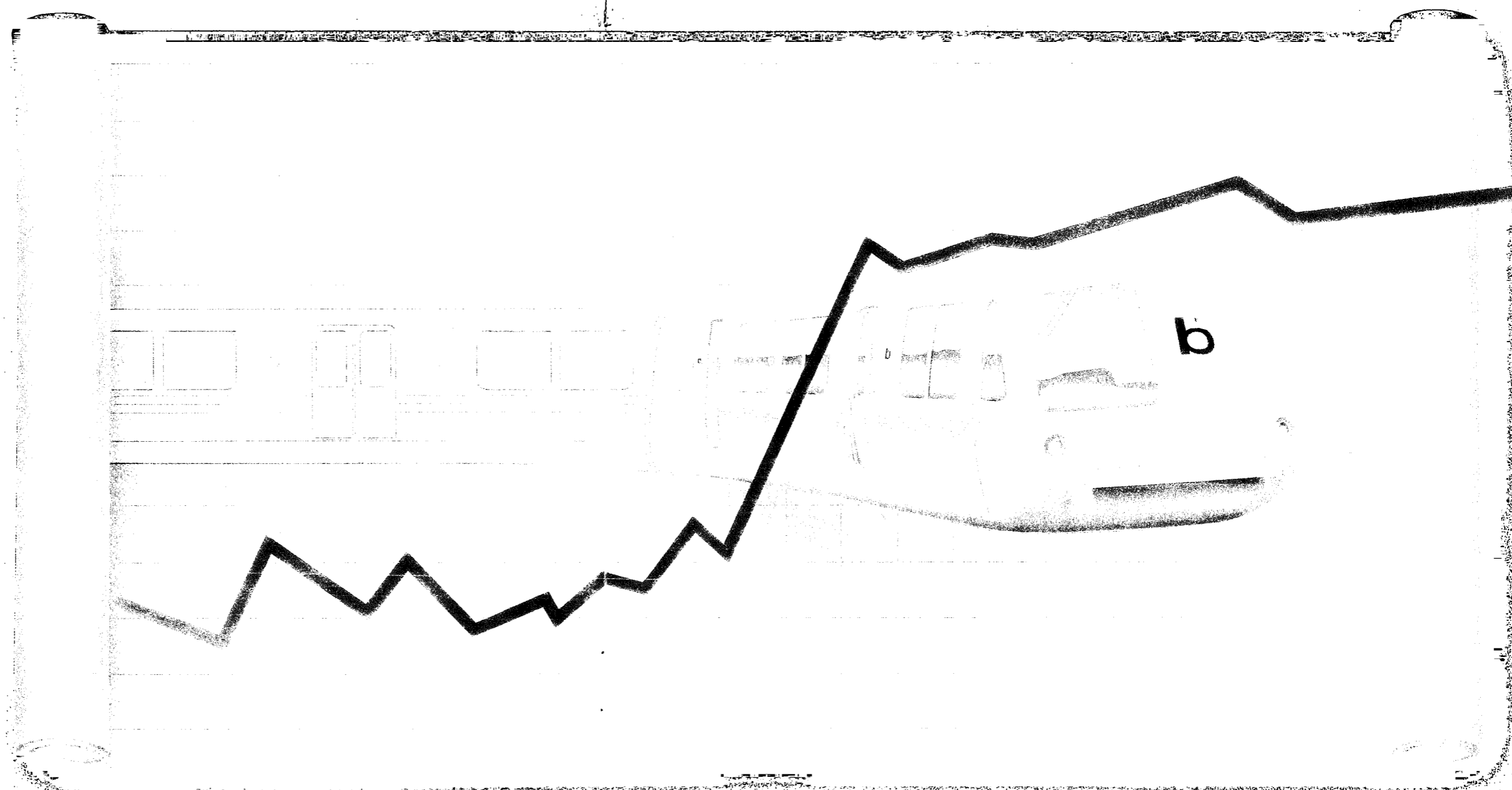
**Executive Managers Reporting
to the General Manager**

- John J. Haley, Jr., Deputy General Manager
- Larry A. Williams, Executive Manager,
Human Relations & Support Services
- Louise Ogden, Executive Manager,
District Relations & Support Services
- Ralph S. Weule, Executive Manager
Safety & Investigations
- James T. Gallagher, Assistant General
Manager, Operations
- Thomas E. Margro, Assistant General
Manager, Development

Typography & Design:
Thornton & Associates, Oakland

Printing:
Blaco Printers, San Leandro

Photography:
John Benson, Pleasanton



RENEWING TODAY,
REALIZING THE VISION

Writer:
Dani Townsend, Martinez
Editor:
Sy Moubert, BART Public Information

BAY AREA RAPID
TRANSIT DISTRICT
ANNUAL REPORT 1991

MESSAGE FROM GENERAL MANAGER



We thought 1990 would be a tough act to follow. BART's razor sharp performance after the Loma Prieta Earthquake was a singular source of pride for us. But Fiscal 1991 saw a different kind of heroics at BART, a story without the public drama of our post-earthquake performance, but dramatic in its own right. A story of exciting progress toward the ambitious goals we imposed upon ourselves for the year. And a story of the dawn of a new attitude, one whose rays were felt in every department at BART during the year and one that will continue to light our way as we navigate the challenges of the coming years.

Fiscal Year 1991 was the District's first full year under our new performance budget: a detailed management strategy reflecting our shared values, plans, and priorities. A budget linking dollars to activities and measurable accomplishments. Because BART's budget derives from the "contract" we make with ourselves, our riders and elected officials, it has at its heart active self-assessment—measuring our progress toward our eight District goals. The budget is a display of the District's agenda, sparking a new attitude of open accountability at BART.

Thus, reviewing our performance during Fiscal Year 1991, I am, of course, struck by the stellar achievements, but I'm also heartened by the District's inculcation of this new attitude imbuing our efforts to meet our goals and to honor the six themes of the 1991 budget.

First, we called for **management revitalization**. As the District attitude evolved toward openness and accountability, BART senior and department managers were trained in the principles of the new budget process, in communicating and promoting these principles to employees, in supervising more effectively, and in implementing the new employee empowerment program. As a result, every level of BART personnel became primed to participate in the myriad changes taking place. We streamlined and flattened the management structure, placing authority and accountability closer to the point of service delivery.

For 1991, we insisted on **service improvement**. The District's new Central Computer System, so vital to our future, was accepted into service in February. Since then, the CCS has experienced over 200 enhancements. Using multiple computers operating concurrently, it keeps trains running on schedule more reliably, allows us to put more trains into service, and opens the doors for our expansion.

In April, BART took the lead in developing a Bay Area-wide, integrated regional transportation system by launching the BARTPlus ticket program. It allows patrons to transfer among nine participating transit systems with only one ticket.

Fiscal Year 1991 saw great strides in rider access to BART, most notably the completion of the 850-space El Cerrito del Norte parking structure. The groundbreaking for the Pleasant Hill parking structure and significant progress in the Brentwood Park & Ride Lot project, together with the new multi-year master plan for the elderly and handicapped, all promise enhanced access and "quality of life" for BART riders in the future.

We facilitated our rider's experience by installing new information kiosks at stations, increasing the number of station agents and improving their training, and lowering the number of train delays. System security, a crucial factor in rider confidence, took some significant strides with upgraded police communications, new canine patrols, additional officers, three new crime prevention programs, and the increase of police presence on trains by 278% on weekdays and 363% on weekends.

Special marketing programs that increased off-peak ridership and two extra trains and an extra hour of service on weeknights and Sundays helped make 1991 a year marked by significant service growth. BART patronage reached a record 71,900,906 in Fiscal Year 1991, our highest ever!

BART patronage for the fiscal year 1991 totaled 71,900,906, an increase of 1,351,359 over fiscal year 1990 and the highest annual patronage figure in the District's history. This record total reflects, among other things, the number of passengers who began using BART after the 1989 Loma Prieta earthquake and remained BART riders after the Bay Bridge reopened.

Weekday passenger trips averaged 247,456 for FY1991, compared with 241,525 for FY1990. Average weekday ridership for the fourth quarter of FY1991 was 249,747 trips, 2.3 percent above the same quarter of FY1990. This reflects the District's return to its long-term growth pattern after last year's marked permanent increase in BART's ridership.

Annual passenger miles amounted to 897,786,507 for FY1991, an increase of 6,557,564 over the previous year.

The District's estimated share of peak period transbay traffic during FY1991 (including cars, buses and trains) was 39.2 percent based on surveys taken during the year by the Metropolitan Transportation Commission. BART's estimated share of transbay commute traffic was 50 percent for FY1990.

Net passenger revenues reached \$99,497,000, a decrease of \$31,000 from the FY1990 figure of \$99,528,000. The 1990 amount included passenger revenue when the Bay Bridge was closed, and the average trip length and fares were higher. Total operating revenues, including \$8,211,000 in interest income, advertising in trains and stations and other income, were \$107,708,000, an increase of \$1,060,000 from the previous fiscal year.

BART funded 48.2 percent of its FY1991 net operating expenses—which was \$206,573,000 (excluding depreciation)—from net passenger revenues. BART's farebox ratio last fiscal year was 51.6 percent.

BART's operating ratio, which relates total operating revenues to total net operating expenses, was 52.1 percent in FY1991, compared with 55.3 percent for the previous year. The District's objective is to fund no less than one-half of its net rail operating expenses from operating revenues.

PERFORMANCE HIGHLIGHTS

	FY 1991	FY 1990
Rail Ridership		
Annual passenger trips	71,900,906	70,549,547
Average weekday trips	247,456	241,525
Average trip length	12.5 miles	12.6 miles
Annual passenger miles	897,786,507	891,228,943
Patron trip on-time performance (%)	96.0%	94.5%
System utilization ratio (passenger miles to available seat miles)	32.7%	30.7%
End-of-period ratios:		
Peak patronage	47.8%	47.6%
Off-peak patronage	52.2%	52.4%
BART's estimated share of peak period transbay trips - cars, trains & buses	39.2%	50.0%
Operations		
Annual revenue car miles	39,193,009	40,327,962
Unscheduled train removals - average per revenue day	1.5	2.2
Transit car availability to revenue car fleet (a)	79.7%	82.5%
Passenger accidents reported per million passenger trips	12.13	13.56
Patron-related crimes reported per million passenger trips	43.73	41.18
Financial		
Net passenger revenues	\$ 99,497,000	\$ 99,528,000
Other operating revenues	\$ 8,211,000	\$ 7,120,000
Total operating revenues	\$107,708,000	\$106,648,000
Net operating expenses (excluding depreciation)	\$206,573,000	\$192,983,000
Farebox ratio (net passenger revenues to net operating expenses)	48.2%	51.6%
Operating ratio (total operating revenues to net operating expenses)	52.1%	55.3%
Net rail passenger revenue per passenger mile	11.0¢	11.1¢
Rail operating cost per passenger mile	21.6¢	20.0¢
Net average rail passenger fare(b)	\$1.37	\$1.40

NOTES

General note: Data represents annual averages unless otherwise noted.

(a) At 8 a.m. each each day.

(b) Includes BART/MUNI Fast Pass.

Net rail passenger revenue per passenger mile for FY1991 was 11.0 cents, compared to 11.1 cents for FY1990. Rail operating cost per passenger mile for FY1991 was 21.6 cents, compared with 20.0 cents for the previous year.

In addition to funds derived from passenger fares, interest income and advertising, BART received \$108,960,000 in revenue from 75 percent of the one-half-cent transit

sales tax in the three BART counties, \$430,000 in local funds and \$10,638,000 in property tax available for operations.

Of the \$108,960,000 derived from the sales tax, \$21,165,000 was allocated to debt service and capital allocations, and \$87,795,000 was made available for operations.

A third budget theme for 1991, perhaps at once our greatest opportunity and our greatest challenge, is **extension support**. And nothing feels more profoundly exciting than our preliminary work this year on BART's planned extension to Warm Springs, Pittsburg/Antioch, Dublin/Pleasanton, and Colma: a 33-mile, 10-station goal supported by an innovative joint powers agreement, as well as a number of other funding accomplishments, and a comprehensive community outreach program.

We received the last of our 150 C-Cars and achieved a contract with the manufacturer to provide BART with the technical data needed for future car procurements. Heading off costly litigation, the contract supports the District's expansion with funding as well as service; the sale/leaseback agreement yielded approximately \$7 million.

When we prepared the 1991 budget, we stressed **system investment**, recognizing that the other side of expanding our system to realize its potential is protecting the taxpayers' investment in BART's basic infrastructure. To that end, we launched an ambitious system and station rehabilitation program that involves restoring our 440 A- and B-Cars and refurbishing our existing stations. Station rehabilitation is substantially complete at Concord, Fruitvale, MacArthur, and North Berkeley, including the installation of state-of-the-art water conservation computer-controlled irrigation systems.

We instituted the captive fleet program, ensuring more reliable car maintenance by assigning each BART car to a specific yard where the maintenance crew knows its history and is directly responsible for its upkeep. The newly opened Daly City Yard is now responsible for maintaining 142 cars in the captive fleet program.

Imperative to BART's efforts to fulfill its mission is **employee orientation**: nurturing and maintaining our most valuable resource, the people of BART. With this theme, the District's attitude of open accountability translates to one of personal responsibility. We implemented an employee empowerment program designed to inspire individual performance through improved technical training programs and organizational and strategic decisions that enable employees to more closely identify with the work they perform, as well as employee recognition and reward programs.

We also introduced a progressive, comprehensive employee substance abuse program, one that deters as well as detects drug and alcohol abuse. In its first year, 19 employees participated in the voluntary treatment/rehabilitation program.

Fiscal Year 1991 was one of steady progress toward our affirmative action goals; most notably, we began our two-year pilot engineering intern program, hoping to hire three minority or female interns. We hired five.

BART's sixth theme for the 1991 budget was **operational efficiencies**. More efficient use of our human resources and more efficient use of our financial resources. We streamlined our car cleaning process, using personnel more effectively. We streamlined our hiring process with a new position control system. And, by flattening and paring down BART's organization, we reduced management headcount by 18 positions while removing redundant levels of supervision. The District's new internal audit department assessed BART management and internal control. We took a long, hard look at our procurement and contract management policies and developed a new procurement manual. Finally, our new Management Information System technology program reduced systems redundancy, inconsistencies in standards and equipment, and staffing and equipment costs.

There's nothing healthier for an organization than holding it up to the light, examining it from all angles, for everyone's view. What I see in Fiscal Year 1991 speaks well of BART's proud and visionary past and of its present performance... and bodes well for its bright future. Fiscal year 1991 was a year of renewing the public's investment in our system and of striding confidently toward becoming what BART's visionaries knew we could one day be. A year of renewing today... and realizing the vision.



Frank J. Wilson, General Manager
Bay Area Rapid Transit

DISTRICT GOALS

1. Provide a safe, reliable, high quality and economical transportation service.
2. Deliver user-friendly services to all our customers.
3. Empower employees to function as owners of the BART organization.
4. Provide an environment free of impediments to opportunities for employees and disadvantaged business enterprises, and one which encourages cooperation and develops a team of highly motivated staff.
5. Expand district markets and capture new revenue sources.
6. Operate BART according to sound business practices.
7. Provide leadership in integrating regional transportation.
8. Build constituencies at all levels of government.





INDEPENDENT AUDITORS' REPORT

The Board of Directors of San Francisco
Bay Area Rapid Transit District:

We have audited the accompanying balance sheets of San Francisco Bay Area Rapid Transit District (the District) as of June 30, 1991 and 1990, and the related statements of operations, capital, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1991 and 1990, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of reconciliation of excess of operating revenues over (under) expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of the District's management. Such schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte + Touche

Grant + Smith

September 11, 1991

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

**BALANCE SHEETS,
JUNE 30, 1991 AND 1990 (In thousands)**

<u>ASSETS</u>	<u>1991</u>	<u>1990</u>	<u>LIABILITIES AND CAPITAL</u>	<u>1991</u>	<u>1990</u>
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents (Notes 2 and 3)	\$ 17,388	\$ 21,443	Current portion of long-term debt (Note 5)	\$ 35,515	\$ 36,290
Investments (Note 3)	221,632	252,592	Payroll and other liabilities	58,028	51,912
Deposits held by trustee (Note 3)	19,626	24,551	Self-insurance liabilities	13,963	10,946
Receivables	34,410	23,925	Unearned passenger revenue	<u>1,914</u>	<u>2,070</u>
Materials and supplies - at average cost	<u>17,790</u>	<u>15,884</u>	Total current liabilities	<u>109,420</u>	<u>101,218</u>
Total current assets	310,846	338,395			
DEFERRED COMPENSATION PLAN INVESTMENTS (Notes 3 and 9)	66,986	55,558	DEFERRED COMPENSATION (Note 9)	<u>66,986</u>	<u>55,558</u>
INVESTMENTS RESTRICTED FOR BOARD DESIGNATED PURPOSES (Note 3)	20,714	20,586	LONG-TERM DEBT (Note 5)	<u>439,500</u>	<u>460,775</u>
FACILITIES, PROPERTY AND EQUIPMENT - At cost, less accumulated depreciation (Note 4)	<u>1,805,430</u>	<u>1,741,570</u>	CAPITAL:		
			Grants and contributions, net	799,860	775,555
			Accumulated net revenues	<u>788,210</u>	<u>763,003</u>
			Total capital	<u>1,588,070</u>	<u>1,538,558</u>
TOTAL ASSETS	<u>\$2,203,976</u>	<u>\$2,156,109</u>	TOTAL LIABILITIES AND CAPITAL	<u>\$2,203,976</u>	<u>\$2,156,109</u>

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

**STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990 (In thousands)**

	.....1991.....			.....1990.....		
	OPERATIONS	CONSTRUCTION	DEBT SERVICE TOTAL	OPERATIONS	CONSTRUCTION	DEBT SERVICE TOTAL
	.....(Note 2).....			.....(Note 2).....		
OPERATING REVENUES:						
Fares	\$ 99,497		\$ 99,497	\$ 99,528		\$ 99,528
Other (including investment income)	8,211		8,211	7,120		7,120
Total operating revenues	<u>107,708</u>		<u>107,708</u>	<u>106,648</u>		<u>106,648</u>
OPERATING EXPENSES:						
Transportation	65,911		65,911	65,033		65,033
Maintenance	85,809		85,809	79,186		79,186
Police services	11,906		11,906	11,011		11,011
Construction and engineering	7,753		7,753	6,322		6,322
General and administrative	44,818		44,818	40,075		40,075
Depreciation	47,096		47,096	44,634		44,634
Total operating expenses	<u>263,293</u>		<u>263,293</u>	<u>246,261</u>		<u>246,261</u>
Less capitalized costs	(9,624)		(9,624)	(8,644)		(8,644)
Net operating expenses	<u>253,669</u>		<u>253,669</u>	<u>237,617</u>		<u>237,617</u>
OPERATING LOSS-	(145,961)		(145,961)	(130,969)		(130,969)
OTHER REVENUES (EXPENSES):						
Transactions and use tax	99,295		\$ 9,665	108,960		91,512
Property tax	10,638		44,578	55,216		9,782
Local financial assistance	430			430		413
Sale of tax benefits		\$ 9,827		9,827	\$14,244	14,244
Other investment income		14,223			20,176	22,320
Interest expense			1,128	15,351		2,144
Other - net			(23,148)	(23,148)		(27,926)
Total other revenues	<u>110,363</u>	<u>24,050</u>	<u>31,994</u>	<u>166,407</u>	<u>34,420</u>	<u>40,407</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES BEFORE EXTRAORDINARY ITEM	(35,598)	24,050	31,994	(29,262)	34,420	40,407
EXTRAORDINARY ITEM - Loss on defeasance of debt			(17,176)	(17,176)		
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>\$(35,598)</u>	<u>\$24,050</u>	<u>\$14,818</u>	<u>\$(29,262)</u>	<u>\$34,420</u>	<u>\$40,407</u>

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

STATEMENTS OF CAPITAL
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990 (In thousands)

	GRANTS AND CONTRIBUTIONS, NET	ACCUMULATED NET REVENUES	TOTAL CAPITAL
BALANCES, JUNE 30, 1989	\$746,535	\$695,061	\$1,441,596
EXCESS OF REVENUES OVER EXPENSES		45,565	45,565
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	51,397		51,397
Depreciation and retirements of assets acquired with grants and contributions	<u>(22,377)</u>	<u>22,377</u>	
BALANCES, JUNE 30, 1990	775,555	763,003	1,538,558
EXCESS OF REVENUES OVER EXPENSES		3,270	3,270
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	46,242		46,242
Depreciation and retirements of assets acquired with grants and contributions	<u>(21,937)</u>	<u>21,937</u>	
BALANCES, JUNE 30, 1991	<u>\$799,860</u>	<u>\$788,210</u>	<u>\$1,588,070</u>

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990 (In thousands)**

	<u>1991</u>	<u>1990</u>
CASH FLOWS FROM OPERATIONS:		
Operating loss	\$ (145,961)	\$ (130,969)
Less investment income included in operating revenue	<u>(4,950)</u>	<u>(4,313)</u>
Operating loss excluding investment income	(150,911)	(135,282)
Adjustments to reconcile operating loss to net cash used by operations:		
Depreciation	47,096	44,634
Net effect of changes in:		
Deferred compensation plan liabilities	11,428	7,702
Receivables	(4,030)	70
Materials and supplies	(1,906)	(1,262)
Payroll and other liabilities	(1,613)	(4,785)
Self-insurance liabilities	3,017	3,277
Unearned passenger revenue	<u>(156)</u>	<u>238</u>
Net cash used by operations	<u>(97,075)</u>	<u>(85,408)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transactions and use tax received	99,295	91,512
Property tax received	10,638	9,782
Local financial assistance received	<u>430</u>	<u>413</u>
Net cash provided by noncapital financing activities	<u>110,363</u>	<u>101,707</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Transactions and use tax received	9,665	14,552
Property tax received	44,854	51,213
Proceeds from sale of tax benefits	9,827	14,244
Interest paid on bonds	(23,665)	(27,986)
Bond service fees paid	(18)	(34)
Capital grants received	40,197	45,343
Principal paid on long-term debt	(36,290)	(42,585)
Proceeds from issuance of sales tax revenue bonds	158,478	
Defeasance of sales tax revenue bonds	(155,253)	
Bond issuance cost	(4,435)	
Expenditures for facilities, property and equipment	(113,140)	(127,527)
Proceeds from sale of real estate	<u>1,309</u>	<u>603</u>
Net cash used for capital and related financing activities	<u>(68,471)</u>	<u>(72,177)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale and maturity of investments	353,947	461,147
Purchases of investments	(326,427)	(439,854)
Interest on investments	<u>23,608</u>	<u>27,675</u>
Net cash provided by investing activities	<u>51,128</u>	<u>48,968</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,055)	(6,910)
 CASH AND CASH EQUIVALENTS, Beginning of year	<u>21,443</u>	<u>28,353</u>
 CASH AND CASH EQUIVALENTS, End of year	<u>\$ 17,388</u>	<u>\$ 21,443</u>

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Reporting Entity - San Francisco Bay Area Rapid Transit District (the District) is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended, and subject to transit district law as codified in the California Public Utilities Code. The disbursement of all funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with federal, state and local agencies.

For financial reporting purposes, the District's financial statements include all financial activities that are controlled by or dependent upon actions taken by the District's Board of Directors.

Basis of Accounting - The accrual basis of accounting is used by the District. Under this method revenues are recorded when earned and expenses are recorded when the related liability is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments are stated at cost or amortized cost, except for investments of the deferred compensation plan which are stated at current (market) value. As a matter of policy, the District holds investments until their maturity.

Deposits held by trustee, consisting of cash and investments, are held by trustee banks in accordance with the District's various bond indentures and for general debt service requirements. Deposits are stated at cost.

Facilities, property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others.

The District capitalizes certain interest revenue and expenditures related to tax-free borrowings. The net effect of such interest capitalization was to decrease expenditures for facilities, property and equipment by \$3,992,000 and \$2,040,000 during the years ended June 30, 1991 and 1990, respectively, for excess interest revenue over interest expenses from applicable borrowings.

Self-insurance Liabilities - The District is largely self-insured for workers' compensation claims, general liability claims, and major property damage. The District accrues the estimated costs of the self-insured portion of claims.

Unearned passenger revenue is an estimate of passenger tickets purchased which have not yet been completely used.

Grants and Contributions - The District periodically receives grants from the Urban Mass Transportation Administration (UMTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit related equipment and improvements. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, are included in grants and contributions.

Statements of operations include the financial activities of the general operations of the transit system, revenues restricted by the Board of Directors for construction activity, and revenues restricted by the District's various bond indentures for debt service (including interest expense) on outstanding long-term debt.

Transactions and Use Tax (Sales Tax) Revenue - A 1/2% transactions and use tax is collected within District boundaries and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid directly by the State Board of Equalization to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the Metropolitan Transportation Commission (MTC) to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services. The District records the total transactions and use taxes earned (including amounts paid to the trustee) as revenue.

Property Taxes, Collection and Maximum Rates - The State of California Constitution Article XIII A provides that the general purpose maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts, such as the District.

The District receives property tax revenues to meet the debt service requirements of its General Obligation Bonds. The District also receives an allocation of property tax revenues for transit operations.

San Francisco, Alameda and Contra Costa Counties assess properties, bill for, collect, and distribute property taxes. Property taxes are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

Financial assistance grants are accrued as revenue in the period to which the grant applies.

Sale of Tax Benefits - The District has entered into agreements to sell tax benefits for certain District-owned transit equipment contracted for purchase prior to August 1986. The transactions have been structured in the form of leases for tax purposes. The District recognizes tax benefit sales proceeds in the period of sale of tax benefits.

Pension costs are expensed as incurred. Such costs equal the actuarially determined annual contribution amount. See Note 8.

Statement of Cash Flows - During fiscal 1991, the District adopted Statement No. 9 of the Governmental Accounting Standards Board, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting," which requires a statement of cash flows in place of a statement of changes in financial position. The 1990 statement of changes in financial position has been replaced with a statement of cash flows comparable with 1991. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Deposits held by trustee, deferred compensation plan investments and investments restricted for Board designated purposes are treated as investments.

3. CASH AND INVESTMENTS

The District maintains a cash and investment pool that includes cash and investments available for general use and restricted for Board designated purposes. Cash and investments of the District's deferred compensation plan (see Note 9) are held separately by the plan's administrator.

Deposits - At June 30, 1991 (and 1990), the District's cash on hand was \$1,779,000 (1990, \$2,082,000), and the carrying amount of the District's time and demand deposits was \$(4,289,000) (1990, \$2,661,000) with the corresponding bank balance of \$8,779,000 (1990, \$9,826,000). Of the bank balance \$329,000 (1990, \$408,000) was insured by federal depository insurance or collateralized by securities held by the District's agent in the District's name, and \$8,450,000 (1990, \$9,418,000) is required by Section 53652 of the California Government Code to be collateralized 110% by the pledging financial institutions. Such collateral is not required to be in the District's name.

Investments - State of California statutes and District policy authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, bankers' acceptances, repurchase and reverse repurchase agreements, and the State Treasurer's investment pool. The District did not enter into any reverse repurchase agreements during 1991 or 1990.

The District's investments are categorized below to give an indication of the credit risk assumed by the District at June 30, 1991. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the

District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name.

.....(In Thousands).....						
.....1991.....						
.....1990.....						
.....Category.....	1	2	Carrying Amount	Market Value	Carrying Amount	Market Value
Money market		\$ 4,740	\$ 4,740	\$ 4,740		
U.S. Treasury notes	\$ 61,533		61,533	61,673	\$ 25,155	\$ 25,219
Federal agency obligations	178,813		178,813	179,055	257,245	257,185
Repurchase agreements	<u>14,164</u>	<u>14,883</u>	<u>29,047</u>	<u>29,047</u>	<u>27,484</u>	<u>27,484</u>
Total	<u>\$254,510</u>	<u>\$19,623</u>	274,133	274,515	309,884	309,888
Cash on hand			1,779	1,779	2,082	2,082
Time and demand deposits			(4,289)	(4,289)	2,661	2,661
Mutual funds - deferred compensation plan investments			<u>66,986</u>	<u>66,986</u>	<u>55,558</u>	<u>55,558</u>
Total			<u>\$338,609</u>	<u>\$338,991</u>	<u>\$370,185</u>	<u>\$370,189</u>
Reported as:						
Cash and cash equivalents			\$ 17,388		\$ 21,443	
Short-term investments			221,632		252,592	
Payroll and other liabilities (representing cash overdraft)			(7,737)		(4,545)	
Deposits held by trustee			19,626		24,551	
Deferred compensation plan investments			66,986		55,558	
Investments restricted for Board designated purposes			<u>20,714</u>		<u>20,586</u>	
Total			<u>\$338,609</u>		<u>\$370,185</u>	

Investments restricted for Board of Directors' designated purposes are summarized as follows (in thousands):

	<u>1991</u>	<u>1990</u>
Basic system completion	\$ 3,815	\$ 4,070
System improvement	3,499	3,316
Self-insurance	9,000	9,000
Operating	<u>4,400</u>	<u>4,200</u>
Total	<u>\$20,714</u>	<u>\$20,586</u>

4. FACILITIES, PROPERTY AND EQUIPMENT

Facilities, property and equipment, asset lives, and accumulated depreciation and amortization at June 30, 1991 and 1990 are summarized as follows (in thousands):

	Lives (Years)	.....1991.....		.....1990.....	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land		\$ 208,995		\$ 203,466	
Improvements	80	1,222,314	\$ 238,362	1,191,500	\$223,488
System-wide operation and control	20	201,156	101,362	188,296	92,729
Revenue transit vehicles	30	419,239	115,786	375,563	100,440
Service and miscellaneous equipment	3-20	29,375	17,124	26,179	15,497
Capitalized construction and start-up costs	30	97,722	57,055	100,705	54,320
Repairable property items	30	14,010	3,728	12,087	3,379
Construction-in-progress		<u>146,036</u>		<u>133,627</u>	
Total		<u>\$2,338,847</u>	<u>\$ 533,417</u>	<u>\$2,231,423</u>	<u>\$489,853</u>

The District has entered into contracts for the construction of various facilities and equipment totaling approximately \$292 million at June 30, 1991.

In June 1988, the District entered into Principles of Agreement (Agreement) with the San Mateo County Transit District (SamTrans) pertaining to extending the transit system to the vicinity of San Francisco International Airport (Airport). Under the terms of the Agreement, SamTrans will pay the District a \$200 million capital contribution, to be used for East Bay expansion, payable in installments (adjusted for inflation) upon reaching certain Airport extension milestones. In addition, SamTrans will be responsible for funding 25% of the cost of extending the transit system to the Airport. District management's most current estimate, updated in 1991, of the cost of such Airport extension is approximately \$849 million. This project is contingent upon the District receiving adequate commitments for federal funding, and also upon expansion of the transit system in the East Bay.

5. LONG-TERM DEBT

Long-term debt at June 30, 1991 and 1990 is summarized as follows (in thousands):

	<u>1991</u>	<u>1990</u>
1962 General Obligation Bonds	\$315,400	\$349,100
1966 Special Service District Bonds	4,330	4,850
Total General Obligation Bonds	<u>319,730</u>	<u>353,950</u>
1985 Sales Tax Revenue Bonds		143,115
1990 Sales Tax Revenue Refunding Bonds	159,509	
Total long-term debt	<u>479,239</u>	<u>497,065</u>
Less:		
Unamortized 1990 bond discount and issuance costs	(4,224)	
Current portion	<u>(35,515)</u>	<u>(36,290)</u>
Net long-term portion	<u>\$439,500</u>	<u>\$460,775</u>

1962 General Obligation Bonds - In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District-wide property taxes. Bond interest rates range from 1.5% to 6.0%.

1966 Special Service District Bonds - In 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds, of which \$12 million were issued, for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within Special Service District No. 1. Bond interest rates range from 4.0% to 5.5%.

1990 Sales Tax Revenue Refunding Bonds (the 1990 Bonds) - The 1969 Legislature of the State of California authorized the District to impose a 1/2% transactions and use tax within District boundaries and issue Sales Tax Revenue Bonds. On September 30, 1977, the Governor signed legislation which extended the transactions and use tax indefinitely. The tax is collected and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the MTC to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services on the basis of regional priorities established by MTC.

In July 1990, the District issued sales tax revenue refunding bonds totaling \$158,478,430 with an average interest rate of 6.6% to advance refund \$141,045,000 of 1985 Sales Tax Revenue Bonds outstanding. The net proceeds of \$154,038,800, after discount and payment of underwriting fees and insurance plus an additional \$1,214,835 of cash held by trustee, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with a trustee to provide for all future debt service payments on the 1985 bonds. As a result, the 1985 Sales Tax Revenue Bonds are considered to be defeased and the liability for the bonds removed from the balance sheet.

The advance refunding resulted in the recognition of an accounting loss of \$17,176,560 for the year ended June 30, 1991. However, the advance refunding has reduced the District's aggregate debt service requirements by \$9,454,000 over the next 21 years and has resulted in an economic gain (difference between the present values of the old and new debt service payments) of approximately \$8,400,000.

The 1990 Bonds are special obligations of the District payable from, and secured by, a pledge of the sales tax revenues. At June 30, 1991, the 1990 Bonds consist of \$141,650,000 of current interest bonds due from 1993 to 2012 with interest rates ranging from 5.9% to 6.75% and \$17,858,524 of capital appreciation serial bonds (\$16,828,430 original amount) with yields of 6.65% to 6.75% due from 2002 to 2005. Interest on the capital appreciation bonds is payable at maturity. For financial reporting purposes, accrued interest is added to the principal balance. The current interest bonds maturing on July 1, 2009 (\$56,215,000) are redeemable after July 1, 2000 at the option of the District at prices ranging from 102% to 100%.

The discount is being amortized over the life of the related debt.

The following is a schedule of long-term debt principal repayments required as of June 30, 1991 (in thousands):

	1962 G.O. <u>Bonds</u>	1966 Special Service <u>District Bonds</u>	1990 Sales Tax Revenue Refunding <u>Bonds</u>	<u>Total</u>
Year ending June 30:				
1992	\$ 34,975	\$ 540		\$ 35,515
1993	36,275	570	\$ 840	37,685
1994	37,525	590	5,400	43,515
1995	39,050	620	5,785	45,455
1996	40,625	640	6,205	47,470
Thereafter	<u>126,950</u>	<u>1,370</u>	<u>141,279</u>	<u>269,599</u>
Total	<u>\$315,400</u>	<u>\$4,330</u>	<u>\$159,509</u>	<u>\$479,239</u>

6. FEDERAL GRANTS

The U.S. Department of Transportation provides financial assistance to the District for capital projects and planning and training. Grants which were active during the year ended June 30, 1991 are summarized as follows (in thousands):

Total approved project costs	<u>\$419,219</u>
Total approved federal funds	\$327,262
Less cumulative amounts received	<u>(276,705)</u>
Remaining amount available under federal grants	<u>\$ 50,557</u>

7. LOCAL AND STATE FINANCIAL ASSISTANCE

The District receives local operating and capital assistance from Transportation Development Act Funds (TDA). For the year ended June 30, 1991, TDA assistance was \$430,000 (1990, \$413,000), all of which was used for operating assistance. These funds are received from the counties of Alameda and Contra Costa to meet, in part, the District's operating requirements based on annual claims filed by the District and approved by the MTC.

The District receives state operating and capital assistance from State Transit Assistance Funds (STA). For the year ended June 30, 1991, STA assistance was \$528,000 (1990, \$183,000), of which \$528,000 (1990, \$164,000) was used for capital purposes, and none (1990, \$19,000) was used for flow-through projects. These funds are allocated by MTC based on the ratio of the District's transit operation revenue and local support to the revenue and local support of all state transit agencies.

8. EMPLOYEES RETIREMENT PLAN

Plan Description - All permanent employees are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System. The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by state statute and District ordinance.

The District was not required to make a contribution to the Fund for public safety personnel or for miscellaneous covered employees for the years ended June 30, 1991 and 1990 due to a surplus of the District's portion of the Fund's net assets over the District's pension benefit obligation caused by a change in 1988 in the actuarial valuation method and an actual rate of return on investment assets that exceeded the assumed rate. The District's covered payroll for employees participating in the Fund for the years ended June 30, 1991 and 1990 was \$105,614,000 and \$95,372,000, respectively. The District's 1991 and 1990 payroll for all employees was \$117,564,000 and \$109,991,000, respectively. The District, due to a Collective Bargaining Agreement, also has a legal obligation to contribute an additional 9% for public safety personnel and 7% for miscellaneous covered employees. Employees have no obligation to contribute to the Fund.

Funding Status and Progress - The "pension benefit obligation" is determined for each participating employer by the Fund's actuary and is a standardized disclosure measure that results from applying actuarial assumptions to estimate the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the District's portion of the Fund to which contributions are made on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used.

The pension benefit obligation shown below was computed as part of an actuarial valuation performed as of June 30, 1990, the latest available for the Fund. The significant actuarial assumptions used in the 1990 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.5%, annual payroll increases of 5.5% attributable to inflation and 1.5% attributable to merit or seniority, and no postretirement benefit increases.

The funding status applicable to the District's employee group at June 30, 1990 (the latest available for the Fund) follows (in thousands):

Net assets available for benefits, at cost (total market value, \$314,165)	<u>\$277,041</u>
Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	91,169
Current employees:	
Accumulated employee contributions and allocated investment earnings	92,685
Employer-financed, vested	39,309
Employer-financed, nonvested	<u>2,005</u>
Total pension benefit obligation	<u>225,168</u>
 Net assets in excess of pension benefit obligation	 <u>\$ 51,873</u>

Actuarially Determined Contributions Required and Contributions Made - The funding policy of the Fund provides for actuarially determined periodic contributions by the District at rates such that sufficient assets will be available to pay benefits when due. The District was not required to make a contribution to the Fund for the years ended June 30, 1991 and 1990 in accordance with the actuarially determined requirements computed as of June 30, 1989 and 1988, respectively. The District's surplus asset position is being offset against the current year's normal cost contribution. The actuarially determined normal cost contribution rate before reduction for the surplus asset amortization was 16.256% (1990, 15.345%) for public safety employees and 7.980% (1990, 8.069%) for miscellaneous employees.

The District's normal cost contribution rate is determined using the entry-age normal actuarial cost method, a projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued. The Fund would use the same method to amortize any unfunded liability.

Significant actuarial assumptions used in the June 30, 1990 valuation to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

Historical Trend Information - Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information is not yet available.

For the District's portion of the Fund, trend information for the four years ended June 30, 1990, follows (dollars in thousands):

	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>
Net assets available for benefits, at cost	\$277,041	\$245,582	\$214,290	\$189,801
Pension benefit obligation	\$225,168	\$193,565	\$171,353	\$151,795
Net assets available for benefits as a percentage of pension benefit obligation	123%	127%	125%	125%
Assets in excess of pension benefit obligation	\$51,873	\$52,017	\$ 42,937	\$ 38,006
Annual covered payroll	\$95,372	\$85,746	\$ 83,178	\$ 79,940
Assets in excess of pension benefit obligation as a percentage of annual covered payroll	54.4%	60.7%	51.6%	47.5%
Contributions made in accordance with actuarially determined requirements as a percentage of annual covered payroll	0%	0%	0%	0%

Trend information for 1991 is not yet available.

9. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all officers and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, or certain other covered events.

As required by IRC Section 457, all amounts of compensation deferred under the deferred compensation plan and all income attributable to those amounts remain the property of the District (until paid or made available to the participants), subject only to the claims of the District's general creditors. Participants' rights under the deferred compensation plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant. The plan administrator has invested the deferred amounts in numerous participant-directed, uninsured investments.

District Management believes that the District has no liability under the terms of the plan for any amounts other than the participants' account balances.

10. MONEY PURCHASE PENSION PLAN

All District employees, except sworn police officers, participate in the Money Purchase Pension Plan, which is a supplemental retirement program. In January 1981, the District's employees elected to withdraw from the Federal Social Security System (FICA) and established the Money Purchase Pension Plan. The District contributes an amount equal to 6.65% of covered employee's annual compensation (up to \$29,700 after deducting the first \$133 paid during each month) up to a maximum annual contribution of \$1,868. Additionally, the District contributes to each employee's account approximately 1.63% of covered payroll for the savings realized when the District de-pooled its Public Employees Retirement Fund (Fund) account. This amount was formerly paid to the employee's Fund account. Each employee's account is available for distribution upon such employee's termination.

The District's total expense and funded contribution for this plan for the years ended June 30, 1991 and 1990 was \$6,025,000 and \$5,927,000, respectively. Money Purchase Pension Plan assets at June 30, 1991 and 1990 (excluded from the accompanying financial statements) were \$89,484,000 and \$76,878,000, respectively.

11. LITIGATION AND DISPUTES WITH CONTRACTORS

The District is involved in various lawsuits, claims and disputes, which for the most part are normal to the District's operations. In the opinion of District Management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

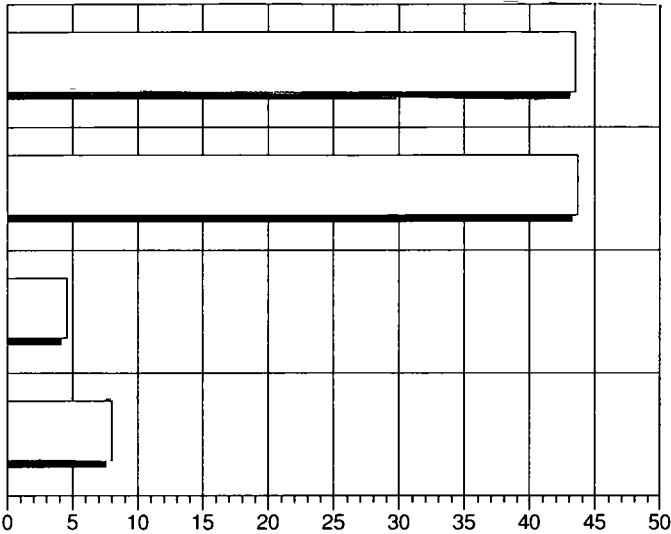
SUPPLEMENTAL SCHEDULE OF RECONCILIATION OF EXCESS
OPERATING REVENUES OVER (UNDER) EXPENSES
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990 (In thousands)

The following is a reconciliation of excess operating revenues over (under) expenses after capital designations and before depreciation:

	<u>1991</u>	<u>1990</u>
EXCESS OF EXPENSES OVER REVENUES - Operations	\$(35,598)	\$(29,262)
CAPITAL DESIGNATIONS	(11,500)	(15,381)
DEPRECIATION	<u>47,096</u>	<u>44,634</u>
EXCESS OF OPERATING REVENUES OVER (UNDER) EXPENSES AFTER CAPITAL DESIGNATIONS AND BEFORE DEPRECIATION	<u>\$ (2)</u>	<u>\$ (9)</u>

Capital designations are made by the District annually for capital purposes which represent the excess of revenue over expenses before depreciation generated by operations.

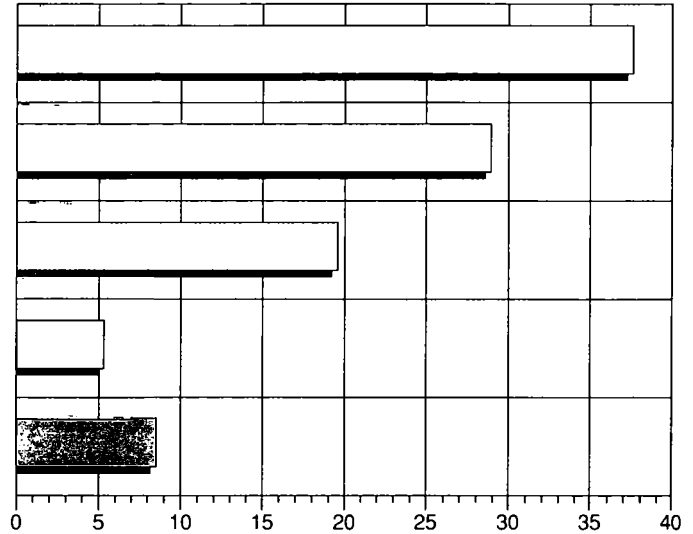
OPERATING FUNDS 1990/91



TOTAL
\$227,697 100%
(In Thousands)

SOURCE OF FUNDS
(In Thousands)

<input type="checkbox"/> Fares \$99,497 43.70%	<input type="checkbox"/> Property Tax \$10,638 4.67%
<input type="checkbox"/> Transactions & Use Sales Tax \$99,295 43.61%	<input type="checkbox"/> Other \$18,267 8.02%
	• Investment Income and Other Operating Revenues \$8,211 3.60%
	• Construction Funds \$9,624 4.22%
	• Regional Financial Assistance \$430 0.19%
	• Decrease in Working Capital \$2 0.01%

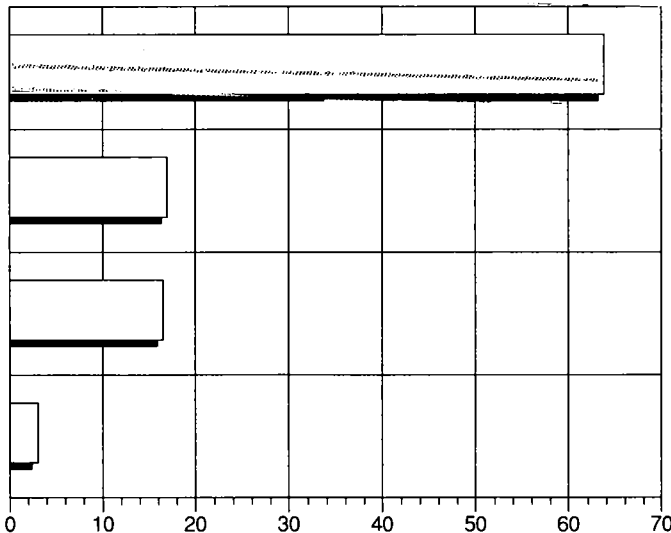


TOTAL
\$227,697 100%
(In Thousands)

HOW FUNDS WERE APPLIED
(In Thousands)

<input type="checkbox"/> Maintenance \$85,809 37.69%	<input type="checkbox"/> General Administration \$44,818 19.68%
<input type="checkbox"/> Transportation \$65,911 28.95%	<input type="checkbox"/> Police Services \$11,906 5.23%
	<input type="checkbox"/> Other \$19,253 8.45%
	• Capital Designation \$11,500 5.05%
	• Construction & Engineering \$7,753 3.40%

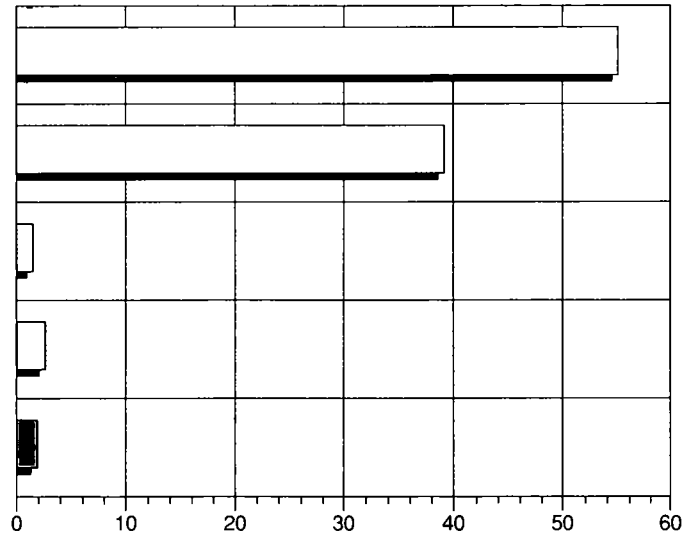
CAPITAL FUNDS 1990/91



TOTAL
\$125,612 100%
(In Thousands)

SOURCE OF FUNDS
(In Thousands)

<input type="checkbox"/> District \$79,369 63.19%	<input type="checkbox"/> Federal \$21,446 17.07%
<input type="checkbox"/> State \$21,051 16.76%	<input type="checkbox"/> Local \$3,746 2.98%

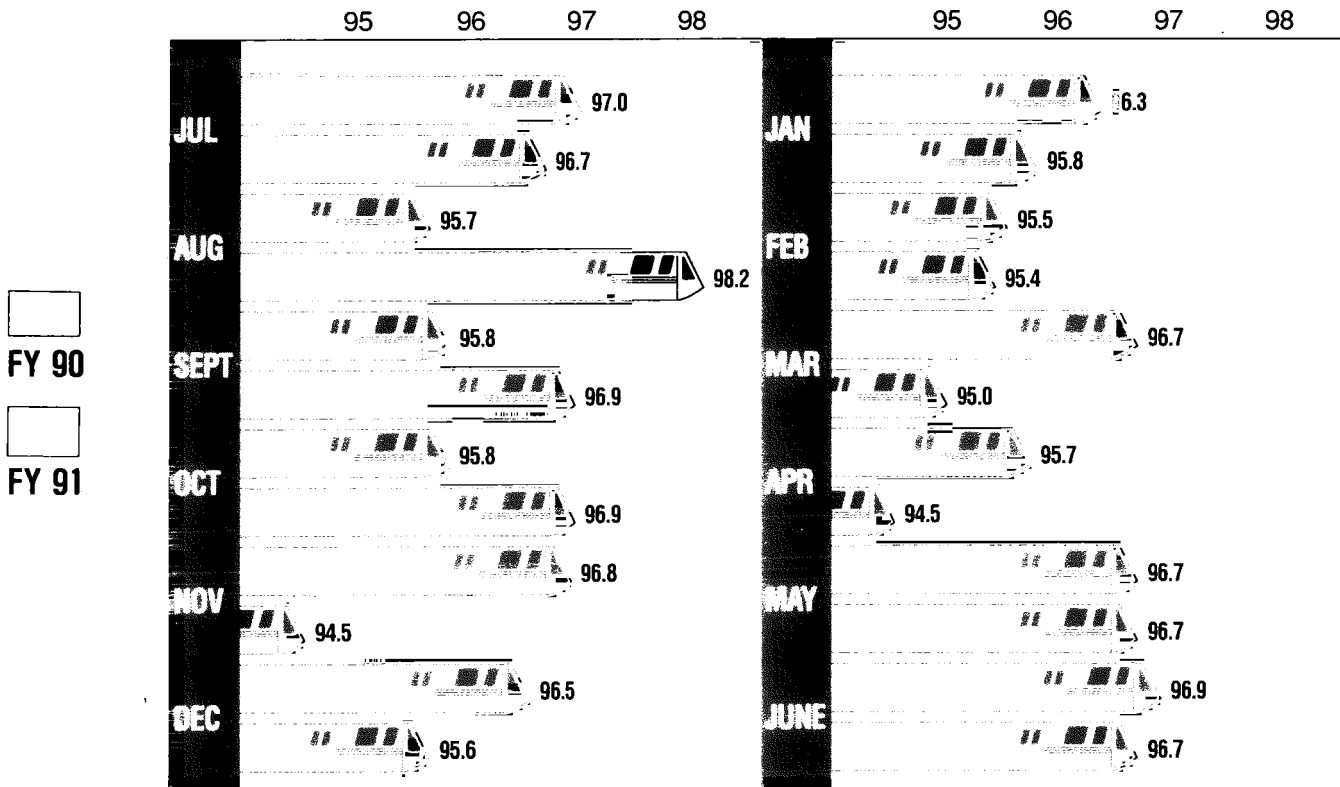


TOTAL
\$125,612 100%
(In Thousands)

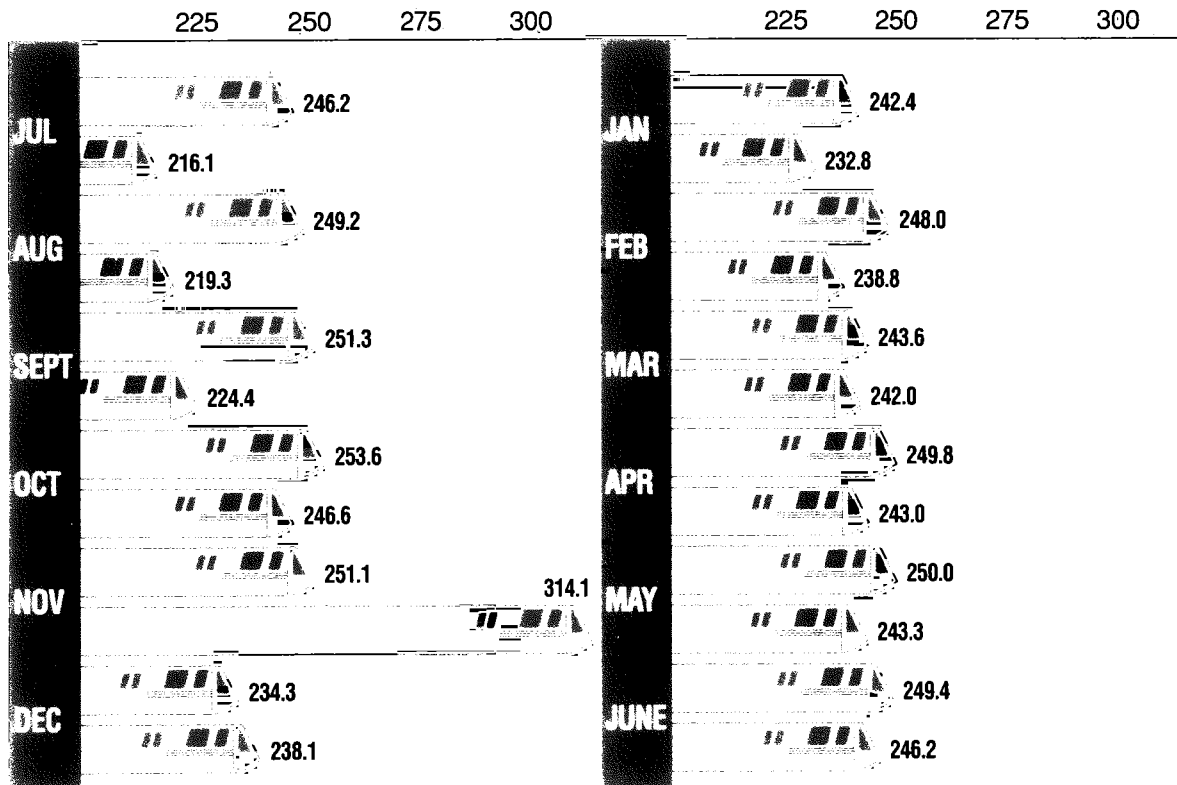
EXPENDITURES
(In Thousands)

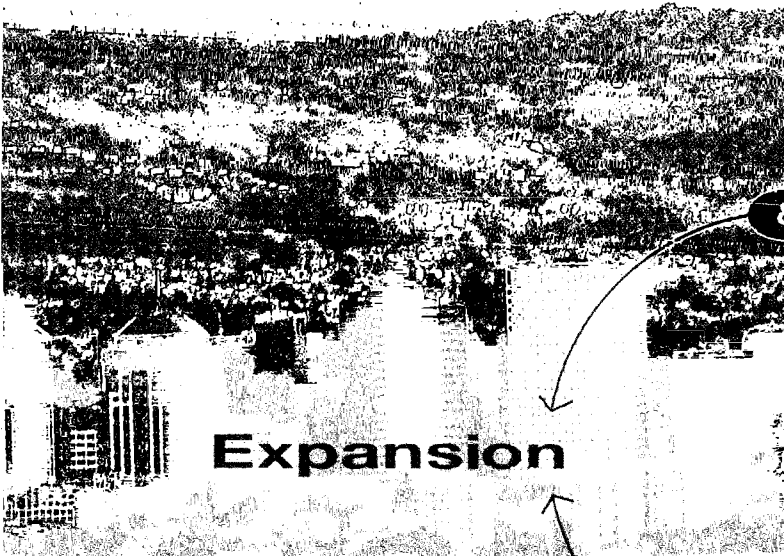
<input type="checkbox"/> Construction • Line \$60,807 48.41%	<input type="checkbox"/> Equipment • Train Control \$2,690 2.14%	<input type="checkbox"/> Inventory Build Up \$1,918 1.53%
• Systemwide \$6,422 5.11%	• Communications \$816 0.65%	<input type="checkbox"/> Extensions Development \$2,971 2.36%
• Support Facilities \$1,846 1.47%	• Transit Vehicles \$41,489 33.03%	<input type="checkbox"/> Studies & Other \$2,352 1.87%
	• Automatic Fare Collection \$/49 0.60%	
	• Management Information Systems \$504 0.40%	
	• Support Vehicles \$653 0.52%	
	• Other Equipment \$2,395 1.91%	

DAILY ON-TIME PERFORMANCE (%)



AVERAGE WEEKDAY TRIPS

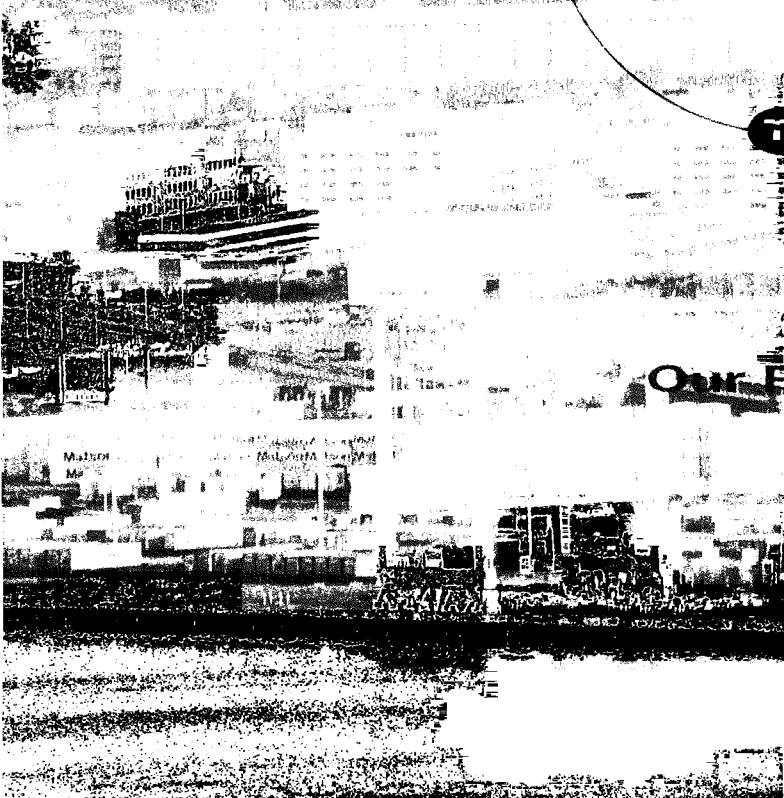




Expansion



Connection



Our Riders



Message from General Manager

BART entered its third decade of service to the people of the Bay Area propelled by challenge, fulfilling its tradition of growth and triumph through adversity.

The pressures faced by BART over concerns about energy consumption, the environment, a faltering economy, public safety and increasing demand on constricting resources tapped the District's deepest veins of strength.



*Frank J. Wilson,
General Manager
Bay Area Rapid Transit*

Yet, BART scored many of its greatest victories in these very areas. As Abigail Adams wrote, "Great necessities call out great virtues," and we witnessed that phenomenon at BART in FY1992.

As a transit service provider, the District set significant records in the past year. We carried more than 73 million passengers nearly a billion miles. Our weekday average rose to nearly 250,000 passenger trips, and we set a record in weekend patronage. In FY1992, we achieved 96 percent daily on-time performance—three percentage points higher than just five years ago and leagues ahead of the less than 90

percent rate of a decade ago. In reliability—crucial to today's transportation market—we posted a rating of 835 hours between system failures, 52 percent better than just two years ago.

As encouraged as we are by these records, they represent only one way of looking at BART's Fiscal Year 1992.

Extensions

While the cry for alternatives to automobile transportation resounded more loudly than ever in the Bay Area, and every individual and business enterprise felt the drag of the recession, BART made historic strides to expand, ground breaking for long-awaiting system extension resulting in the creation of much-needed jobs for Bay Area citizens.

We began construction on extensions into burgeoning East Contra Costa County, the Livermore Valley, and Colma, the first leg of our journey to San Francisco International Airport. On each extension route, we were months ahead of schedule and under

budget, by taking advantage of an excellent bidding climate in the construction industry.

In FY1992, BART awarded more than a \$500 million dollars in construction contracts that will mean at least 28,000 jobs for the people of the Bay Area; jobs that can help pull the region out of an economic slump.

We also signed agreements in FY1992 that will bring \$616 million in construction funds to BART: \$151 million from Contra Costa Transit Authority; \$90 million from San Mateo County; \$107 million from bridge tolls; \$168 million from the State; and, \$100 million from the federal government for the airport extension.

Finally, we have embarked on a project, where in, we are working with private companies and the federal government to review state of the art "suspended guideway" and light rail "people mover" technology with a view to building a new system which could someday whisk passengers from BART to the Oakland International Airport.

Rehabilitation

We made progress on all fronts to extend and improve BART service. We have at the same time launched a comprehensive and critical rehabilitation program by re-investing in our ageing facilities, which have served the requirements of the people of the Bay Area for 20 years. As the FY1992 came to a close we have rehabilitated four of our most heavily trafficked stations; MacArthur, Concord, Fruitvale and North Berkeley. The State recently awarded BART \$4 million and the Federal Transportation Administration awarded an \$8 million grant to begin rehabilitating our ageing fleet of original cars.

New Cars

Meanwhile, we signed a contract with Morrison Knudsen Corp. to assemble 80 new BART cars at its plant in Contra Costa County—sowing the wages and taxes generated by that work back into the Bay Area economy. It was particularly gratifying to bring the original bid price down by \$51 million through a "negotiated bid" process which involved three bidders for the contract. The first of the new BART cars, which will be C-cars, is scheduled for delivery in early 1995.

“the compelling need

for alternatives

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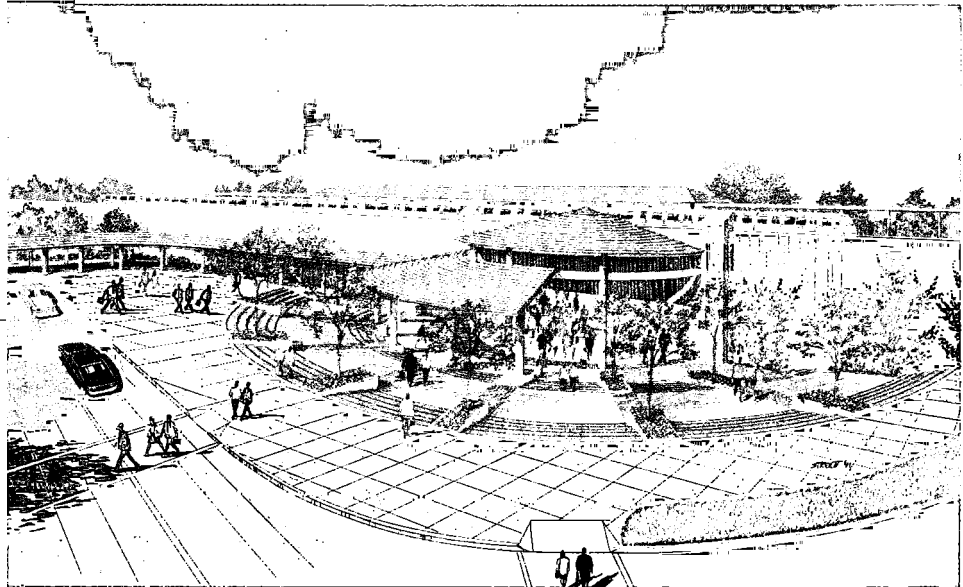
and accessibility”

Service

While population growth in the Bay Area and concern for the environment continued to fuel the compelling need for alternatives to car commuting, we responded with important strides in service and accessibility. BART completed parking garages in FY1992 that will accommodate some 2,000 additional cars. More recently we broke ground for more garages to park another 2,800 cars—all in all, a 16 percent increase in parking capacity. In order to enhance bus access to BART, we increased the number of bus loading bays, allowing more buses to interface with BART at one time. This program of providing more bus loading facilities at BART stations should permit the bus companies to increase the number of routes, thus providing more options for passengers to connect with BART.

We also introduced a new, faster, more efficient schedule—the most radical change in BART timetables in 12 years—and worked diligently to shake the bugs from it. Among the advantages of the new schedule are guaranteed late-evening “timed transfers,” which means during “X” service when only two lines of service are in operation, Richmond/Fremont and Concord/Daly City, and a transfer from one line to the other at 12th Street/Oakland City Center or at MacArthur BART Stations, is required the trains will meet so that the transfer may be made with minimal waiting time.

We expanded our BARTPlus program to Premium BARTPlus, enabling people from yet more distant communities to use BART. The District helped introduce TransLink as a pilot program in

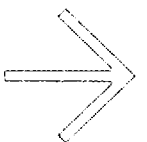


conjunction with County Connection in Contra Costa County. The TransLink ticket is one which has stored fare for both County Connection buses and BART fares, thus eliminating the need to carry two different tickets. In addition to the normal discounts applied there is an added value to patrons by using the TransLink ticket with the last ride bonus no matter how little is left on the ticket. The Translink pilot program was a prelude to a full scale demonstration scheduled to be introduced in early 1993 and a possible first step toward a single transit ticket for all systems in the Bay Area.

BART addressed the economic squeeze by hosting the first two Jobs Expos in our history. We were joined by 18 other companies to offer more than 500 jobs to people throughout the Bay Area. And we introduced MetroVision, a new information system that provides passengers with BART-system information and news, weather and sports. Not only does it enhance service without cost to our patrons, it also earns revenue for the District.

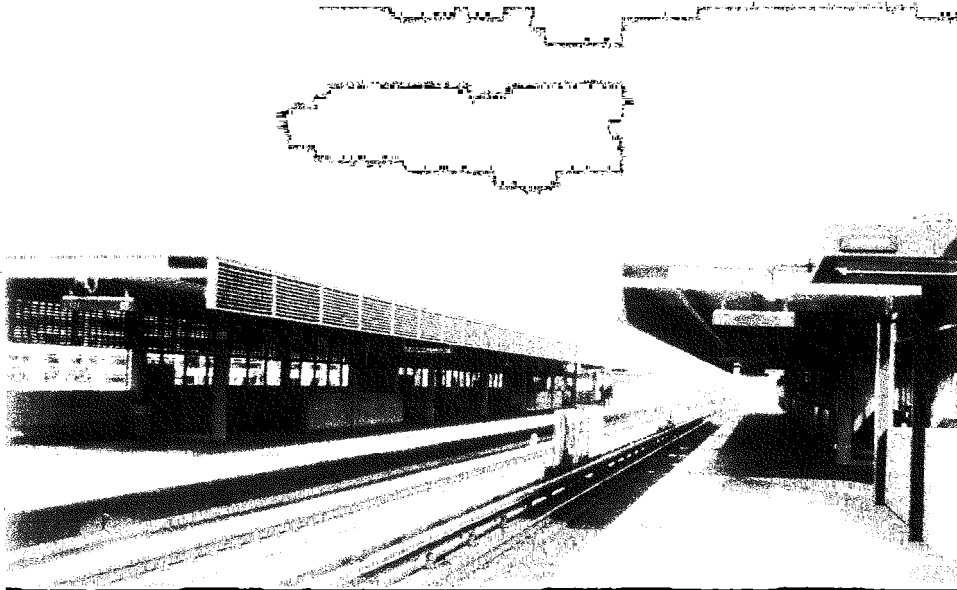
Amidst mounting concern over crime in the Bay Area and across the country, BART launched two programs to reduce crime throughout the system: BART Against Auto Theft (BAAT), and the Truancy Reduction Intervention Program (TRIP). Auto thefts from our stations have already dropped by 23 percent, and truant youth found on the system are being returned to school.

An architectural rendering of the Castro Valley BART Station on the Dublin/Pleasanton line. Work on the extension is ahead of schedule and coming under budget.

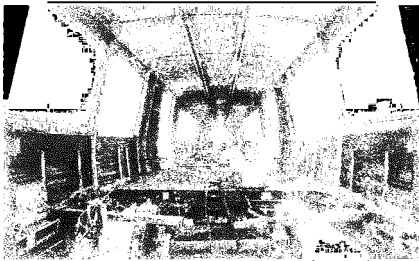


So, in BART tradition,

the best is yet to come!



Shown here are the platforms at Walnut Creek Station, which is one of the four stations rehabilitated in FY92. Even the weather cooperated for this picture with a rainbow.



The BART Vehicles will be stripped down to the outer shell and will be rebuilt from the tracks up. This vehicle rehabilitation program, an absolute necessity, carries a price tag of nearly \$400 million.

Research & Development

Propelled by world energy/environmental peril, BART laid the technological groundwork, during the year, for significant solutions. We became the first transit system in the nation to establish an in-house Research & Development department. Funded with \$1 million in grants, the Research & Development staff will help develop 21st century systems for train control, efficient energy use, and passenger telephone trip planning.

We began working with Pacific Gas & Electric to install a charging station for consumer electric vehicles that can transport patrons from homes and shopping centers to BART stations. The project places BART in the forefront of helping Californians to comply the State's tough auto emission standards. By the year 1998, California requires that 2 percent (40,000) of all vehicles sold, 5 percent (100,000) of those sold by 2001 and 10 percent (200,000) of those sold by 2003, be zero engine emissions..this means electric power.

BART and PG&E are on the Board of Directors of CALSTART, a California consortium of more than 40 public and private organizations that have been mobilized to develop an advanced transportation industry in the State. BART became a co-founder of the National Station Car Consortium. This consortium will also develop the market for electric vehicles, a potential linchpin in future transportation systems, where several forms of transportation will come together to serve the public's need for better, more environmentally responsible transportation. The

electric car industry is beginning to achieve a broader public acceptance than ever before. CALSTART will serve as the prime promotional link in the creation of a market for the electric car.

Budget/Financial

Under extremely tight financial constraints, the District closed out the fiscal year with a \$900,000 budget surplus after negotiating "win-win" contracts with its unions that provides for a fair package of wages and work rules while ensuring uninterrupted BART service, growth and development.

Best of all, we are entering FY1993 with a balanced budget that calls for no cuts in service, no layoffs,

and no fare hikes—an incredible accomplishment in this economic climate. Moreover, it is a balanced budget that will simultaneously allow us to respond to the demands of a transportation-needy era and a precarious economy by expanding BART in new directions, enhancing our core system, and developing our employees' skills. Our FY1993 budget, with its sales tax revenue, represents a 6.5 percent reduction in spending power of the previous fiscal year.

BART and its employees are comfortable with difficult times...comfortable, not complacent. We do more than weather such times; we harness the energy they generate and convert it to achievement. And while this past year, like the past 20 years, have been challenging and exciting, we face formidable challenges in the future.

So, in BART tradition, the best is yet to come. To evaluate the District on its progress in its most challenging areas is to savor what Shakespeare called "Adversity's sweet milk." For BART, adversity is the test of a strong organization, a strong system, and a strong vision.....Looking forward to the next twenty years.

Frank J. Wilson, General Manager
Bay Area Rapid Transit



INDEPENDENT AUDITORS' REPORT

The Board of Directors of San Francisco
Bay Area Rapid Transit District:

We have audited the accompanying balance sheets of the San Francisco Bay Area Rapid Transit District (the District) as of June 30, 1992 and 1991, and the related statements of operations, capital, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1992 and 1991, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte + Touche

Grant + Smith

August 28, 1992

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

BALANCE SHEETS,
JUNE 30, 1992 AND 1991 (In thousands)

<u>ASSETS</u>	<u>1992</u>	<u>1991</u>	<u>LIABILITIES AND CAPITAL</u>	<u>1992</u>	<u>1991</u>
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 56,040	\$ 17,388	Current portion of long-term debt	\$ 37,685	\$ 35,515
Investments	224,817	221,632	Payroll and other liabilities	74,935	58,028
Deposits held by trustee	7,295	19,626	Self-insurance liabilities	15,158	13,963
Receivables	37,328	34,410	Unearned passenger revenue	<u>2,285</u>	<u>1,914</u>
Materials and supplies - at average cost	<u>22,841</u>	<u>17,790</u>	Total current liabilities	130,063	109,420
Total current assets	348,321	310,846			
INVESTMENTS	76,624		DEFERRED COMPENSATION PLAN	81,472	66,986
DEFERRED COMPENSATION PLAN INVESTMENTS	81,472	66,986	LONG-TERM DEBT	<u>457,423</u>	<u>439,500</u>
INVESTMENTS RESTRICTED FOR BOARD DESIGNATED PURPOSES	19,943	20,714	TOTAL LIABILITIES	<u>668,958</u>	<u>615,906</u>
FACILITIES, PROPERTY AND EQUIPMENT - Net	<u>1,880,284</u>	<u>1,805,430</u>	CAPITAL:		
TOTAL ASSETS	<u>\$2,406,644</u>	<u>\$2,203,976</u>	Grants and contributions, net	930,693	799,860
			Accumulated net revenues	<u>806,993</u>	<u>788,210</u>
			Total capital	<u>1,737,686</u>	<u>1,588,070</u>
			TOTAL LIABILITIES AND CAPITAL	<u>\$2,406,644</u>	<u>\$2,203,976</u>

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

**STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 1992 AND 1991 (In thousands)**

	.....1992.....				.....1991.....			
	OPERATIONS	CONSTRUCTION	DEBT SERVICE	COMBINED TOTAL	OPERATIONS	CONSTRUCTION	DEBT SERVICE	COMBINED TOTAL
OPERATING REVENUES:								
Fares	\$ 99,530			\$ 99,530	\$ 99,497			\$ 99,497
Other (including investment income)	9,741			9,741	8,211			8,211
Total operating revenues	<u>109,271</u>			<u>109,271</u>	<u>107,708</u>			<u>107,708</u>
OPERATING EXPENSES:								
Transportation	68,580			68,580	65,911			65,911
Maintenance	87,786			87,786	85,809			85,809
Police services	12,641			12,641	11,906			11,906
Construction and engineering	7,906			7,906	7,753			7,753
General and administrative	48,371			48,371	44,818			44,818
Depreciation	48,613			48,613	47,096			47,096
Total operating expenses	<u>273,897</u>			<u>273,897</u>	<u>263,293</u>			<u>263,293</u>
Less capitalized costs	(11,548)			(11,548)	(9,624)			(9,624)
Net operating expenses	<u>262,349</u>			<u>262,349</u>	<u>253,669</u>			<u>253,669</u>
OPERATING LOSS	(153,078)			(153,078)	(145,961)			(145,961)
OTHER REVENUES (EXPENSES):								
Transactions and use tax	92,256		\$13,236	105,492	99,295		\$ 9,665	108,960
Property tax	11,146		45,411	56,557	10,638		44,578	55,216
State financial assistance	1,600			1,600				
Local financial assistance	487			487	430			430
Sale of tax benefits						\$ 9,827		9,827
Other investment income		\$10,815	785	11,600		14,223	1,128	15,351
Interest expense			(25,865)	(25,865)			(23,148)	(23,148)
Other - net		6	(287)	(281)			(229)	(229)
Total other revenues	<u>105,489</u>	<u>10,821</u>	<u>33,280</u>	<u>149,590</u>	<u>110,363</u>	<u>24,050</u>	<u>31,994</u>	<u>166,407</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES BEFORE EXTRAORDINARY ITEM	(47,589)	10,821	33,280	(3,488)	(35,598)	24,050	31,994	20,446
EXTRAORDINARY ITEM - Loss on defeasance of debt							(17,176)	(17,176)
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>\$(47,589)</u>	<u>\$10,821</u>	<u>\$33,280</u>	<u>\$(3,488)</u>	<u>\$(35,598)</u>	<u>\$24,050</u>	<u>\$14,818</u>	<u>\$ 3,270</u>

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

STATEMENTS OF CAPITAL
FOR THE YEARS ENDED JUNE 30, 1992 AND 1991 (In thousands)

	GRANTS AND CONTRIBUTIONS, <u>NET</u>	ACCUMULATED <u>NET REVENUES</u>	<u>TOTAL CAPITAL</u>
BALANCES, JUNE 30, 1990	\$775,555	\$763,003	\$1,538,558
EXCESS OF REVENUES OVER EXPENSES		3,270	3,270
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	46,242		46,242
Depreciation and retirements of assets acquired with grants and contributions	<u>(21,937)</u>	<u>21,937</u>	<u> </u>
BALANCES, JUNE 30, 1991	799,860	788,210	1,588,070
EXCESS OF EXPENSES OVER REVENUES		(3,488)	(3,488)
OTHER ADDITIONS (DEDUCTIONS):			
Grants and contributions	153,104		153,104
Depreciation and retirements of assets acquired with grants and contributions	<u>(22,271)</u>	<u>22,271</u>	<u> </u>
BALANCES, JUNE 30, 1992	<u>\$930,693</u>	<u>\$806,993</u>	<u>\$1,737,686</u>

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1992 AND 1991 (In thousands)**

	<u>1992</u>	<u>1991</u>
CASH FLOWS FROM OPERATIONS:		
Operating loss	\$(153,078)	\$(145,961)
Less investment income included in operating revenue	<u>(6,476)</u>	<u>(4,950)</u>
Operating loss excluding investment income	(159,554)	(150,911)
Adjustments to reconcile operating loss to net cash used by operations:		
Depreciation	48,613	47,096
Net effect of changes in:		
Deferred compensation plan liabilities	14,486	11,428
Receivables	(3,048)	(4,030)
Materials and supplies	(5,051)	(1,906)
Payroll and other liabilities	1,272	(1,613)
Self-insurance liabilities	1,195	3,017
Unearned passenger revenue	<u>371</u>	<u>(156)</u>
Net cash used for operations	<u>(101,716)</u>	<u>(97,075)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transactions and use tax received	92,256	99,295
Property tax received	11,146	10,638
State financial assistance received	1,600	
Local financial assistance received	<u>487</u>	<u>430</u>
Net cash provided by noncapital financing activities	<u>105,489</u>	<u>110,363</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Transactions and use tax received	13,236	9,665
Property tax received	45,293	44,854
Proceeds from sale of tax benefits		9,827
Interest paid on bonds	(22,867)	(23,665)
Bond service fees paid	(76)	(18)
Capital grants received	150,310	40,197
Principal paid on long-term debt	(35,515)	(36,290)
Proceeds from issuance of sales tax revenue bonds	56,010	158,478
Defeasance of sales tax revenue bonds		(155,253)
Bond issuance cost	(1,923)	(4,435)
Expenditures for facilities, property and equipment	(112,412)	(113,140)
Proceeds from sale of real estate	1,921	1,309
Other revenues received	<u>6</u>	
Net cash provided by (used for) capital and related financing activities	<u>93,983</u>	<u>(68,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale and maturity of investments	313,505	353,947
Purchases of investments	(394,311)	(326,427)
Interest on investments	<u>21,702</u>	<u>23,608</u>
Net cash provided by (used for) investing activities	<u>(59,104)</u>	<u>51,128</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,652	(4,055)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>17,388</u>	<u>21,443</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 56,040</u>	<u>\$ 17,388</u>

See notes to financial statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Reporting Entity - San Francisco Bay Area Rapid Transit District (the District) is a public agency created by the legislature of the State of California in 1957 and regulated by the San Francisco Bay Area Rapid Transit District Act, as amended, and subject to transit district law as codified in the California Public Utilities Code. The disbursement of funds received by the District is controlled by statutes and by provisions of various grant contracts entered into with federal, state and local agencies.

For financial reporting purposes, the District's financial statements include all financial activities that are controlled by or dependent upon actions taken by the District's Board of Directors.

Basis of Accounting - The accrual basis of accounting is used by the District. Under this method revenues are recorded when earned and expenses are recorded when the related liability is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents - The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Deposits held by trustee, deferred compensation plan investments and investments restricted for Board designated purposes are treated as investments.

Investments are stated at cost or amortized cost, except for investments of the deferred compensation plan which are stated at market value. As a matter of policy, the District holds investments until their maturity.

Deposits held by trustee, consisting of cash and investments, are held by trustee banks in accordance with the District's various bond indentures and for general debt service requirements. Deposits are stated at cost.

Facilities, property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others.

The District capitalizes certain interest revenue and expenditures related to tax-free borrowings. The net effect of such interest capitalization was to decrease expenditures for facilities, property and equipment by \$584,000 and \$3,992,000 during the years ended June 30, 1992 and 1991, respectively, for excess interest revenue over interest expenses from applicable borrowings.

Self-insurance Liabilities - The District is largely self-insured for workers' compensation claims, general liability claims, and major property damage. The District accrues the estimated costs of the self-insured portion of claims.

Unearned passenger revenue is an estimate of passenger tickets purchased which have not yet been used.

Grants and Contributions - The District receives grants from the Federal Transportation Administration (FTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit related equipment and improvements. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, are included in grants and contributions.

Statements of operations include the financial activities of the general operations of the transit system, revenues restricted by the Board of Directors for construction activity, and revenues restricted by the District's various bond indentures for debt service (including interest expense) on outstanding long-term debt.

Transactions and Use Tax (Sales Tax) Revenue - State of California legislation authorizes the District to impose a 1/2% transactions and use tax within District boundaries which is collected and administered by the State Board of Equalization. Of amounts available for distribution, 75% is paid directly to the District's trustee for the purpose of paying bond interest, principal and expenses. Monies not required for these purposes are transmitted to the District. The remaining 25% is allocated by the Metropolitan Transportation Commission (MTC) to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for transit services. The District records the total transactions and use taxes earned (including amounts paid to the trustee) as revenue.

Property Taxes, Collection and Maximum Rates - The State of California Constitution Article XIII A provides that the general purpose maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts, such as the District.

The District receives property tax revenues to meet the debt service requirements of its General Obligation Bonds. The District also receives an allocation of property tax revenues for transit operations. San Francisco, Alameda and Contra Costa Counties assess properties, bill for, collect, and distribute property taxes. Property taxes are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

Financial assistance grants are accrued as revenue in the period to which the grant applies.

Sale of Tax Benefits - The District has entered into agreements to sell tax benefits for certain District-owned transit equipment contracted for purchase prior to August 1986. The transactions have been structured in the form of leases for tax purposes. The District recognizes tax benefit sales proceeds in the period of sale of tax benefits.

Pension costs are expensed as incurred. Such costs equal the actuarially determined annual contribution amount. See Note 8.

3. CASH AND INVESTMENTS

The District maintains a cash and investment pool that includes cash and investments available for general use and restricted for Board designated purposes. Cash and investments of the District's deferred compensation plan (see Note 9) are held separately by the plan's administrator.

Deposits - At June 30, 1992 (and 1991), the District's cash on hand was \$1,127,000 (1991, \$1,779,000), and the carrying amount of the District's time and demand deposits was \$(4,634,000) (1991, \$(4,289,000)) with the corresponding bank balance of \$3,814,000 (1991, \$8,779,000). Of the bank balance \$200,000 (1991, \$329,000) was insured by federal depository insurance or collateralized by securities held by the District's agent in the District's name, and \$3,614,000 (1991, \$8,450,000) is required by Section 53652 of the California Government Code to be collateralized 110% by the pledging financial institutions. Such collateral is not required to be in the District's name.

Investments - State of California statutes and District policy authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, bankers' acceptances, repurchase and reverse repurchase agreements, and the State Treasurer's investment pool. The District did not enter into any reverse repurchase agreements during 1992 or 1991.

The District's investments are categorized below to give an indication of the credit risk assumed by the District at June 30, 1992. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name.

(Continued on next page.)

.....(In Thousands).....						
.....1992.....						
.....1991.....						
....Category....	1	2	Carrying Amount	Market Value	Carrying Amount	Market Value
Money market		\$7,295	\$ 7,295	\$ 7,295	\$ 4,740	\$ 4,740
U.S. Treasury bills	\$ 29,462		29,462	29,354		
U.S. Treasury notes	88,824		88,824	89,385	61,533	61,673
Federal agency obligations	203,098		203,098	206,748	178,813	179,055
Repurchase agreements	<u>36,424</u>		<u>36,424</u>	<u>36,424</u>	<u>29,047</u>	<u>29,047</u>
Total	<u>\$357,808</u>	<u>\$7,295</u>	365,103	369,206	274,133	274,515
Cash on hand			1,127	1,127	1,779	1,779
Time and demand deposits			(4,634)	(4,634)	(4,289)	(4,289)
Investment in California local agency investment fund			15,000	15,000		
Mutual funds - deferred compensation plan investments			<u>81,472</u>	<u>81,472</u>	<u>66,986</u>	<u>66,986</u>
Total			<u>\$458,068</u>	<u>\$462,171</u>	<u>\$338,609</u>	<u>\$338,991</u>
Reported as:						
Cash and cash equivalents			\$ 56,040		\$ 17,388	
Short-term investments			224,817		221,632	
Payroll and other liabilities (representing cash overdraft)			(8,123)		(7,737)	
Deposits held by trustee			7,295		19,626	
Long-term investments			76,624			
Deferred compensation plan investments			81,472		66,986	
Investments restricted for Board designated purposes			<u>19,943</u>		<u>20,714</u>	
Total			<u>\$458,068</u>		<u>\$338,609</u>	

Investments restricted for Board of Directors' designated purposes are summarized as follows (in thousands):

	<u>1992</u>	<u>1991</u>
Basic system completion	\$ 3,052	\$ 3,815
System improvement	3,491	3,499
Self-insurance	9,000	9,000
Operating	<u>4,400</u>	<u>4,400</u>
Total	<u>\$19,943</u>	<u>\$20,714</u>

4. FACILITIES, PROPERTY AND EQUIPMENT

Facilities, property and equipment, asset lives, and accumulated depreciation and amortization at June 30, 1992 and 1991 are summarized as follows (in thousands):

	Lives (Years)	.....1992.....		.....1991.....	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land		\$ 215,272		\$ 208,995	
Improvements	80	1,255,837	\$254,146	1,222,314	\$238,362
System-wide operation and control	20	217,473	111,706	201,156	101,362
Revenue transit vehicles	30	434,179	131,522	419,239	115,786
Service and miscellaneous equipment	3-20	30,611	18,642	29,375	17,124
Capitalized construction and start-up costs	30	97,814	60,412	97,722	57,055
Repairable property items	30	13,979	4,158	14,010	3,728
Construction-in-progress		<u>195,705</u>		<u>146,036</u>	
Total		<u>\$2,460,870</u>	<u>\$580,586</u>	<u>\$2,338,847</u>	<u>\$533,417</u>

The District has entered into contracts for the construction of various facilities and equipment totaling approximately \$573 million at June 30, 1992.

The District has begun Phase 1 of an extension project that will add 33 miles of track and 8 new stations to the system at a total cost of approximately \$2.5 billion. The District anticipates completing Phase 1 by the year 2002. The District anticipates funding for Phase 1 will come from the federal government (\$741 million), State of California (\$523 million), San Mateo County (\$428 million), Alameda and Contra Costa Counties (\$442 million), bridge tolls (\$134 million) and the District (\$107 million), with the remaining source of funding to be identified.

5. LONG-TERM DEBT

Long-term debt at June 30, 1992 and 1991 is summarized as follows (in thousands):

	1992	1991
1962 General Obligation Bonds	\$280,425	\$315,400
1966 Special Service District Bonds	3,790	4,330
1990 Sales Tax Revenue Refunding Bonds	160,727	159,509
1991 Sales Tax Revenue Bonds	<u>56,010</u>	
Total long-term debt	500,952	479,239
Less:		
Unamortized bond discount and issuance costs	(5,844)	(4,224)
Current portion	<u>(37,685)</u>	<u>(35,515)</u>
Net long-term portion	<u>\$457,423</u>	<u>\$439,500</u>

1962 General Obligation Bonds - In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds.

Payment of both principal and interest is provided by the levy of District-wide property taxes. Bond interest rates range from 1.5% to 6.0%.

1966 Special Service District Bonds - In 1966, City of Berkeley voters formed Special Service District No. 1 and authorized the issuance of \$20.5 million of General Obligation Bonds, of which \$12 million were issued, for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within Special Service District No. 1. Bond interest rates range from 4.0% to 5.5%.

1990 Sales Tax Revenue Refunding Bonds (the 1990 Bonds) - In July 1990, the District issued sales tax refunding bonds totaling \$158,478,000. The 1990 Bonds are special obligations of the District payable from, and secured by, a pledge of the sales tax revenues. At June 30, 1992, the 1990 Bonds consist of \$141,650,000 of current interest bonds due from 1993 to 2012 with interest rates ranging from 5.9% to 6.75% and \$19,077,000 of capital appreciation serial bonds (\$16,828,000 original amount) with yields of 6.65% to 6.75% due from 2002 to 2005. Interest on the capital appreciation bonds is payable at maturity. For financial reporting purposes, accrued interest is added to the principal balance. The current interest bonds maturing on July 1, 2009 (\$56,215,000) are redeemable after July 1, 2000 at the option of the District at prices ranging from 102% to 100%. The 1990 Bonds were issued to advance refund 1985 Sales Tax Revenue Bonds outstanding. The advance refunding resulted in the recognition of an accounting loss of \$17,176,000 for the year ended June 30, 1991. However, the advance refunding reduced the District's aggregate debt service requirements by \$9,454,000 over the next 21 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of approximately \$8,400,000.

1991 Sales Tax Revenue Bonds (the 1991 Bonds) - The 1991 Bonds were issued in August 1991 in the amount of \$56,010,000 and are special obligations of the District, payable from and secured by a pledge of sales tax revenues. At June 30, 1992, the 1991 Bonds consist of \$16,135,000 serial bonds due from 1994 to 2002 with interest rates ranging from 5.15% to 6.30% and \$39,875,000 of term bonds due from 2005 to 2012 with interest rates ranging from 6.40% to 6.60%. The District is required to make sinking fund payments on the term bonds beginning on July 1, 2003. Additionally, the 1991 Bonds maturing after June 30, 2001 are redeemable, at the option of the District at prices ranging from 102% to 100%.

In prior years, the District defeased sales tax revenue bonds by placing the proceeds of new Sales Tax Revenue Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 1992, approximately \$200 million of sales tax revenue bonds outstanding are considered defeased.

Bond discount and issuance costs are amortized over the life of the related debt.

The following is a schedule of long-term debt principal repayments required as of June 30, 1992 (in thousands):

	1962 G.O. Bonds	1966 Special Service District Bonds	1990 Sales Tax Revenue Refunding Bonds	1991 Sales Tax Revenue Bonds	Total
Year ending June 30:					
1993	\$ 36,275	\$ 570	\$ 840		\$ 37,685
1994	37,525	590	5,400		43,515
1995	39,050	620	5,785	\$ 1,205	46,660
1996	40,625	640	6,205	1,325	48,795
1997	42,150	670	6,655	1,465	50,940
Thereafter	<u>84,800</u>	<u>700</u>	<u>135,842</u>	<u>52,015</u>	<u>273,357</u>
Total	<u>\$280,425</u>	<u>\$3,790</u>	<u>\$160,727</u>	<u>\$56,010</u>	<u>\$500,952</u>

6. FEDERAL GRANTS

The U.S. Department of Transportation provides financial assistance to the District for capital projects and planning and training. Grants which were active during the year ended June 30, 1992 are summarized as follows (in thousands):

Total approved project costs	<u>\$515,885</u>
Total approved federal funds	<u>\$399,041</u>
Less cumulative amounts received	<u>282,266</u>
Remaining amount available under federal grants	<u>\$116,775</u>

7. LOCAL AND STATE FINANCIAL ASSISTANCE

The District receives local operating and capital assistance from Transportation Development Act Funds (TDA). For the year ended June 30, 1992, TDA assistance was \$487,000 (1991, \$430,000), all of which was used for operating assistance. These funds are received from the counties of Alameda and Contra Costa to meet, in part, the District's operating requirements based on annual claims filed by the District and approved by the MTC.

The District receives state operating and capital assistance from State Transit Assistance Funds (STA). For the year ended June 30, 1992, STA assistance was \$1,838,000 (1991, \$528,000), of which \$157,000 (1991, \$528,000) was used for capital purposes, \$1,600,000 (1991, none) was used for operating assistance and \$81,000 (1991, none) was used for flow-through projects. These funds are allocated by MTC based on the ratio of the District's transit operation revenue and local support to the revenue and local support of all state transit agencies.

8. EMPLOYEES RETIREMENT PLAN

Plan Description - All permanent employees are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System. The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by state statute and District ordinance.

The District was not required to make a contribution to the Fund for covered employees for the years ended June 30, 1992 and 1991 due to a surplus of the District's portion of the Fund's net assets over the District's pension benefit obligation caused by a change in 1988 in the actuarial valuation method and an actual rate of return on investment assets that exceeded the assumed rate. The District's covered payroll for employees participating in the Fund for the years ended June 30, 1992 and 1991 was \$114,057,000 and \$105,614,000, respectively. The District's 1992 and 1991 payroll for all employees was \$123,518,000 and \$117,564,000, respectively. The District, due to a Collective Bargaining Agreement, also has a legal obligation to contribute an additional 9% for public safety personnel and 7% for miscellaneous covered employees. Employees have no obligation to contribute to the Fund.

Funding Status and Progress - The "pension benefit obligation" is determined for each participating employer by the Fund's actuary and is a standardized disclosure measure that results from applying actuarial assumptions to estimate the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the District's portion of the Fund to which contributions are made on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used.

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1991, the latest available for the Fund. The significant actuarial assumptions used in the 1991 valuation to compute the pension benefit obligation were an assumed rate of return on investment assets of 8.75%, annual payroll increases of 4.5% attributable to inflation, .75% attributable to real salary increases, and 2.0% attributable to merit for safety employees and 1.75% attributable to merit for other employees, and no postretirement benefit increases.

The funding status applicable to the District's employee group at June 30, 1991 (the latest available for the Fund) follows (in thousands):

Net assets available for benefits, at cost (total market value, \$338,235)	<u>\$304,991</u>
Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	95,250
Current employees:	
Accumulated employee contributions and allocated investment earnings	104,914
Employer-financed, vested	41,382
Employer-financed, nonvested	<u>2,586</u>
Total pension benefit obligation	<u>244,132</u>
Net assets in excess of pension benefit obligation	<u>\$ 60,859</u>

The pension benefit obligation decreased by \$8,502,000 during 1991 due to changes in noneconomic actuarial assumptions.

Actuarially Determined Contributions Required and Contributions Made - The funding policy of the Fund provides for actuarially determined periodic contributions by the District at rates such that sufficient assets will be available to pay benefits when due. The District was not required to make a contribution to the Fund for the years ended June 30, 1992 and 1991 in accordance with the actuarially determined requirements computed as of June 30, 1991 and 1990, respectively. The District's surplus asset position is being offset against the current year's normal cost contribution. The actuarially determined normal cost contribution rate before reduction for the surplus asset amortization was 16.244% (1991, 16.256%) for safety employees and 8.237% (1991, 7.980%) for miscellaneous employees.

The District's normal cost contribution rate is determined using the entry-age normal actuarial cost method, a projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued. The Fund also uses the level percentage of payroll method to amortize the unfunded actuarial liability through the year 2000.

Significant actuarial assumptions used in the June 30, 1991 valuation to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

Historical Trend Information - Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information is not yet available.

For the District's portion of the Fund, trend information for the five years ended June 30, 1991, follows (dollars in thousands):

	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>
Net assets available for benefits, at cost	\$304,991	\$277,041	\$245,582	\$214,290	\$189,801
Pension benefit obligation	\$244,132	\$225,168	\$193,565	\$171,353	\$151,795
Net assets available for benefits as a percentage of pension benefit obligation	125%	123%	127%	125%	125%
Assets in excess of pension benefit obligation	\$ 60,859	\$51,873	\$52,017	\$ 42,937	\$ 38,006
Annual covered payroll	\$105,614	\$95,372	\$85,746	\$ 83,178	\$ 79,940
Assets in excess of pension benefit obligation as a percentage of annual covered payroll	57.6%	54.4%	60.7%	51.6%	47.5%
Contributions made in accordance with actuarially determined requirements as a percentage of annual covered payroll	0%	0%	0%	0%	0%

Trend information for 1992 is not yet available.

9. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all officers and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, or certain other covered events.

As required by IRC Section 457, all amounts of compensation deferred under the deferred compensation plan and all income attributable to those amounts remain the property of the District (until paid or made available to the participants), subject only to the claims of the District's general creditors. Participants' rights under the deferred compensation plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant. The plan administrator has invested the deferred amounts in numerous participant-directed, uninsured investments.

District Management believes that the District has no liability under the terms of the plan for any amounts other than the participants' account balances.

10. MONEY PURCHASE PENSION PLAN

All District employees, except sworn police officers, participate in the Money Purchase Pension Plan, which is a supplemental retirement program. In January 1981, the District's employees elected to withdraw from the Federal Social Security System (FICA) and established the Money Purchase Pension Plan. The District contributes an amount equal to 6.65% of covered employee's annual compensation (up to \$29,700 after deducting the first \$133 paid during each month) up to a maximum annual contribution of \$1,868.

Additionally, the District contributes to each employee's account approximately 1.63% of covered payroll for the savings realized when the District de-pooled its Public Employees Retirement Fund (Fund) account. However, effective July 1, 1991, the District discontinued its 1.63% contribution on behalf of members of United Public Employees Union and Amalgamated Transit Union employees in accordance with union contractual agreements. This amount was formerly paid to the employee's Fund account. Each employee's account is available for distribution upon such employee's termination.

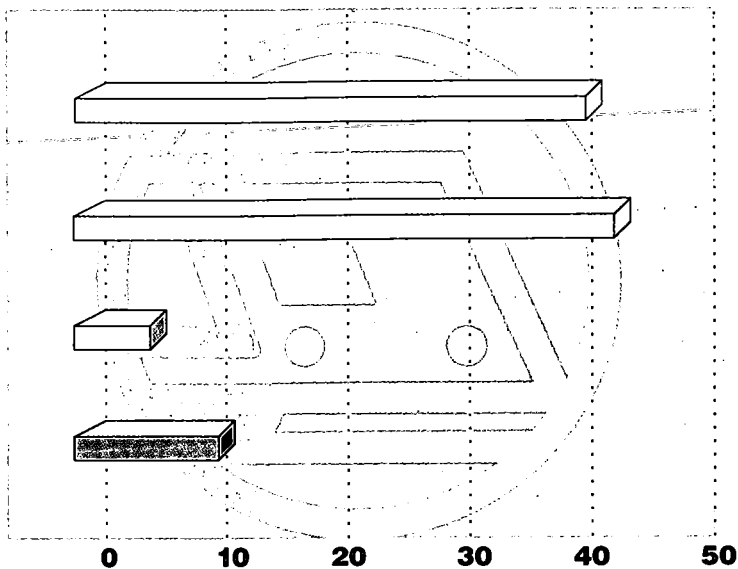
The District's total expense and funded contribution for this plan for the years ended June 30, 1992 and 1991 was \$5,394,000 and \$6,025,000, respectively. Money Purchase Pension Plan assets at June 30, 1992 and 1991 (excluded from the accompanying financial statements) were \$103,841,000 and \$89,484,000, respectively.

11. LITIGATION AND DISPUTES WITH CONTRACTORS

The District is involved in various lawsuits, claims and disputes, which for the most part are normal to the District's operations. In the opinion of District Management, the costs that might be incurred, if any, would not materially affect the District's financial position or operations.



OPERATING FUNDS 1991-92



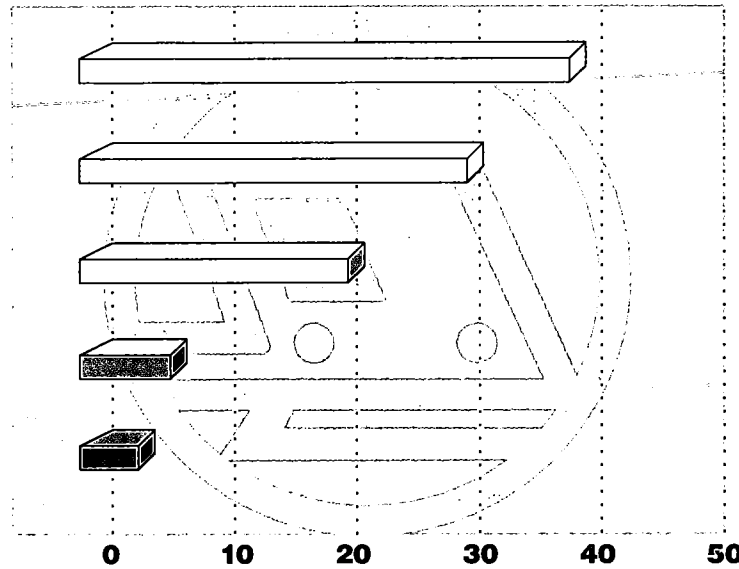
TOTAL \$226,308 100% (in thousands)

SOURCE OF FUNDS (in thousands)

- Transactions & Use Sales Tax \$92,256 40.77%
- Fares \$99,530 43.98%
- Property Tax \$11,146 4.92%

○ Other \$23,376 10.33%

- Investment Income and Other Operating Revenues \$9,741 4.30%
- Construction Funds \$11,548 5.10%
- State Financial Assistance \$1,600 0.71%
- Regional Financial Assistance \$487 0.22%



TOTAL \$226,308 100% (in thousands)

HOW FUNDS WERE APPLIED (in thousands)

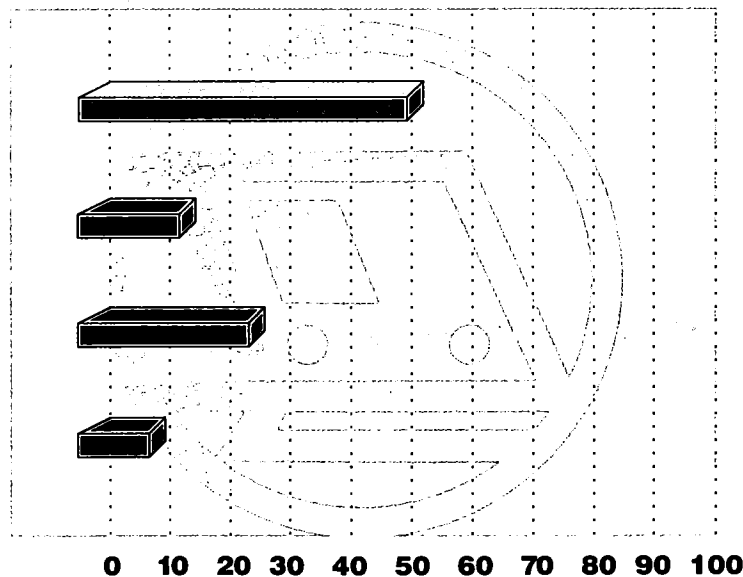
- Maintenance \$87,786 38.79%
- Transportation \$68,580 30.30%
- General Administration \$48,371 21.37%

○ Police Services \$12,641 5.59%

- Other \$8,930 3.95%
- Capital Designation \$1,024 0.45%
- Construction & Engineering \$7,906 3.50%



CAPITAL FUNDS 1991-92



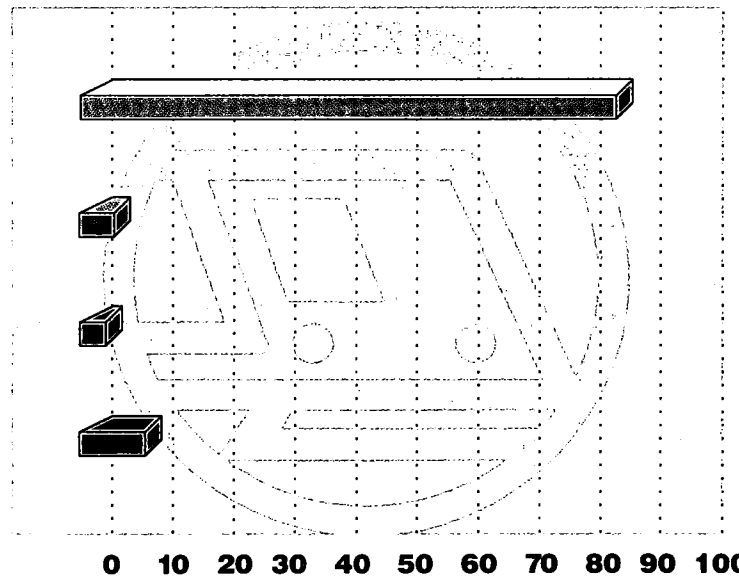
TOTAL \$130,028 100% (in thousands)

SOURCE OF FUNDS (in thousands)

- District \$66,924 51.47%
- Federal \$18,045 13.88%

● State \$32,543 25.03%

● Local \$12,516 9.62%



TOTAL \$130,028 100% (in thousands)

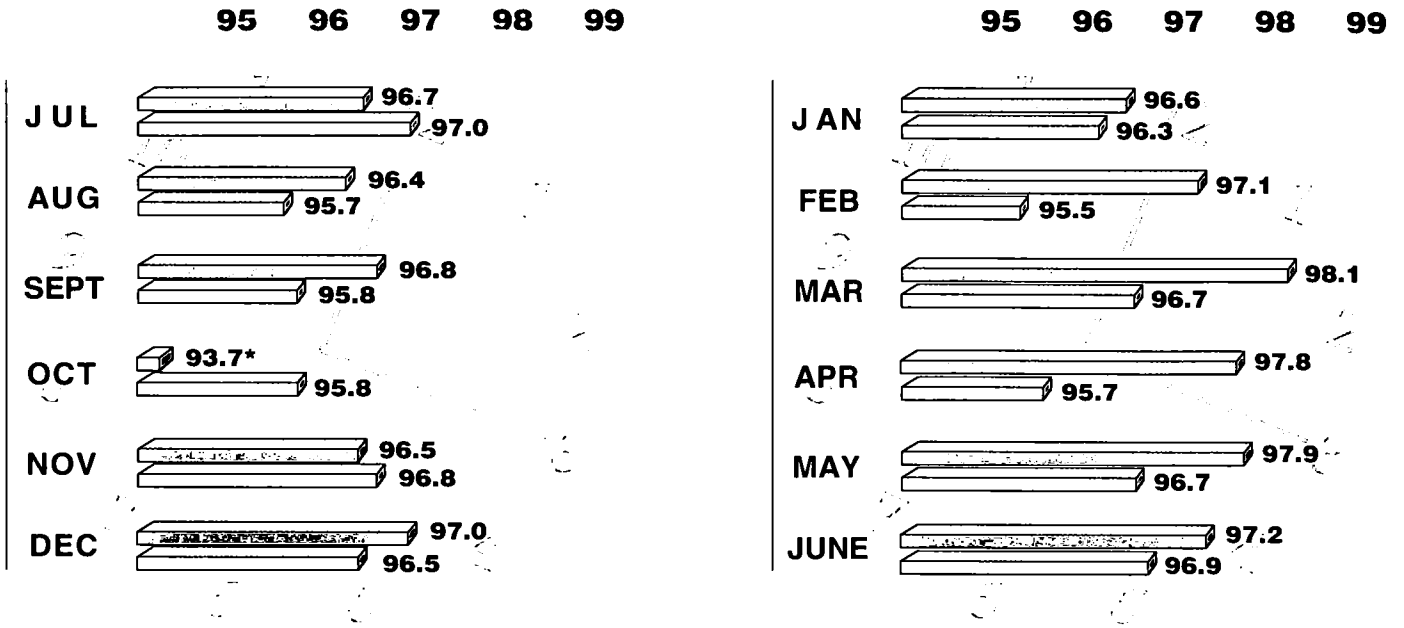
EXPENDITURES (in thousands)

- Construction \$110,922 85.30%
- Line \$108,586 83.51%
- Systemwide \$1,124 0.86%
- Support Facilities \$1,212 0.93%
- Inventory Build Up \$5,051 3.88%
- Studies & Other \$1,744 1.34%

● Equipment \$12,311 9.48%

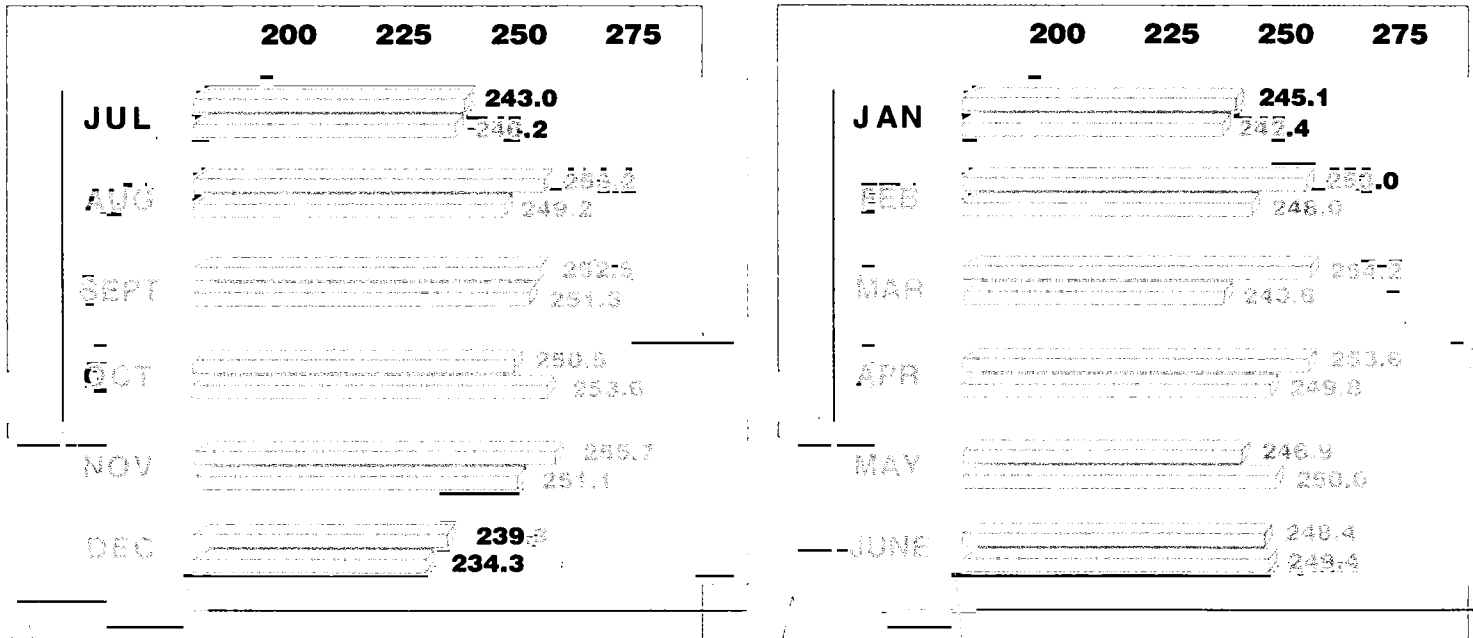
- Train Control \$5,038 3.87%
- Communications \$1,438 1.11%
- Transit Vehicles \$931 0.72%
- Automatic Fare Collection \$1,166 0.90%
- Management Info. Systems \$2,011 1.55%
- Support Vehicles \$787 0.60%
- Other Equipment \$940 0.73%

DAILY ON-TIME PERFORMANCE [%]



Fiscal Year 92 Fiscal Year 91

AVERAGE WEEKDAY TRIPS



*This lower than average on-time performance was the result of delays caused by the impact of the Oakland hills fire storm, the manual turn-back operation at Daly City due to construction and an inordinate number of system failures, resulting in this substantially lower percentage of on-time performance. Most of the problems were resolved by the next month. However, this poor on-time performance is another example of the need for rehabilitating our ageing system.

Performance Highlights

BART patronage for fiscal year 1992 totaled 72,987,888, an increase of 1,086,982 over fiscal year 1991 and the highest annual patronage figure in the District's history. While the percentage rate of increase in ridership in fiscal year 1992 was lower than in fiscal year 1991, the total ridership, as noted previously, was the largest for any of the previous years of operation.

Weekday passenger trips averaged 249,548 for FY1992, compared with 247,456 for FY1991. Annual passenger miles for FY1992 amounted to 911,843,425, an increase of 14,056,918 over the previous year.

BART funded, in fiscal year 1992, 46.6 percent of its \$213,736,000 FY1992 net operating expenses (excluding depreciation) from net passenger revenues.

BART's recovery of operating costs from the farebox ratio for FY1991 was 48.2 percent. While there was a 1.5 per cent increase in patronage during FY1992, the consumer price index, the indicator of what goods and services costs, was up by about twice that percentage or 3 percent, which is reflected in the lower recovery of operating costs from the farebox in FY1992 of 46.6 percent.

In FY1992, net passenger revenues reached \$99,530,000, an increase of \$33,000 over the FY1991 figure of \$99,497,000. Total operating revenues, including \$9,741,000 in interest income, advertising in trains and stations, and other income, were \$109,271,000, an increase of \$1,563,000 from the previous fiscal year.

BART's operating ratio, which relates total operating revenues to total net operating expenses, was 51.1 percent in fiscal year 1992, compared with 52.1 percent for the previous year. The District's objective is to fund no less than one-half of its net rail expenses from operating revenues.

For FY1992, net rail passenger revenue per passenger mile was 10.8 cents, compared to 11.0 cents for FY1991. Rail operating cost per passenger mile for FY1992 was 22.1 cents, compared with 21.6 cents for the previous year.

Although these figures are very close to the District's objectives, they do reflect the inevitable decline attributable to inflation, wherein costs have risen faster than ridership and fares have not changed.

In addition to funds derived from passenger fares, interest income, and advertising, BART received \$105,492,000 in revenue from 75 per-

Rail Ridership

	FY 1992	FY 1991
Annual passenger trips	72,987,888	71,900,906
Average weekday trips	249,548	247,456
Average trip length	12.5 miles	12.5 miles
Annual passenger miles	911,843,425	897,786,507
Daily on-time train performance (%)	96.3%	96.0%
System utilization ratio (passenger miles to available seat miles)	31.9%	32.7%
End-of-period ratios:		
Peak patronage	47.7%	47.8%
Off-peak patronage	52.3%	52.2%
BART's estimated share of peak period transbay trips—cars, trains & buses	44.1%(c)	39.2%(c)

Operations

Annual revenue car miles	40,874,394	39,193,009
Unscheduled train removals— average per revenue day	1.5	1.5
Transit car availability to revenue car fleet.	83.0%(a)	81.0%(a)
Passenger accidents reported per million passengers trips	11.56	12.13
Patron-related crimes reported per million passenger trips	53.01	43.73

Financial

Net passenger revenues	\$ 99,530,000	\$ 99,497,000
Other operating revenues	\$ 9,741,000	\$ 8,211,000
Total operating revenues	\$109,271,000	\$107,708,000
Net operating expenses (excluding depreciation)	\$213,736,000	\$206,573,000
Farebox ratio (net passenger revenues to net operating expenses)	46.6%	48.2%
Operating ratio (total operating revenues to net operating expenses)	51.1%	52.1%
Net rail passenger revenue per passenger mile	10.8¢	11.0¢
Rail operating cost per passenger mile	22.1¢	21.6¢
Net average rail passenger fare(b)	\$1.35	\$1.37

NOTES

General note: Data represents annual averages unless otherwise noted

(a) At 4 a.m. each day.

(b) Includes BART/MUNI Fast Pass.

(c) Based on MTC transbay survey, 7-9 a.m. 4-6 p.m.

cent of the one-half-cent transit sales tax in the three BART counties, \$2,087,000 in local and state funds and \$11,146,000 in property tax available for operations. Of the \$105,492,000 derived from the sales tax, \$13,236,000 was allocated to debt service and \$92,256,000 was made available for operations.

A review of BART fiscal year 1992 fiscal status, reflects the results of a 3 percent inflation

resulting in higher costs for materials and equipment, to increased labor costs and a depressed economy resulting in increasing unemployment.

BART faces severe fiscal pressures over the next five years. Rehabilitation of the system, including cars, all of the communication and power generating and distribution system, will place a heavy fiscal demand on BART's assets - both monetary and personnel.



San Francisco Bay Area
Rapid Transit District (BART)

Headquarters in Oakland, California
800 Madison Street, P.O. Box 12688
Oakland, CA 94604-2688 (510)464-6000

Established in 1957 by the California State Legislature.
Authorized to plan, finance, construct, and operate
rapid transit system.

Governed by a Board of Directors elected for four-year
terms by voters in nine election districts within the
counties of Alameda, Contra Costa and San Francisco.

BOARD OF DIRECTORS—Fiscal Year July/1991-June/1992

PRESIDENT

Wilfred T. Ussery, San Francisco

VICE PRESIDENT

Nello Bianco, El Sobrante

Members of the Board

District #1 - Joe Fitzpatrick, Orinda
District #2 - Nello Bianco, El Sobrante
District #3 - Sue Hone, Berkeley
District #4 - Margaret K. Pryor, Oakland
District #5 - Erlene DeMarcus, Pleasanton
District #6 - John Glenn, Fremont
District #7 - Wilfred T. Ussery, San Francisco
District #8 - James Fang, San Francisco
District #9 - Michael Bernick, San Francisco

Board-Appointed Officers

Frank J. Wilson, General Manager
Sherwood Wakeman, General Counsel
Alvan Teragawachi, Controller/Treasurer
Phillip O. Ormsbee, District Secretary

Executive Managers Reporting to the General Manager

Richard A. White, Deputy General Manager
James T. Gallagher, Assistant General
Manager, Operations
Thomas E. Margro, Assistant General
Manager, Development
Larry T. Williams, Assistant General
Manager, Administration
Dorothy W. Dugger, Executive Manager,
External Affairs
Ralph W. Weule, Executive Manager,
Safety and Investigations

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