BART

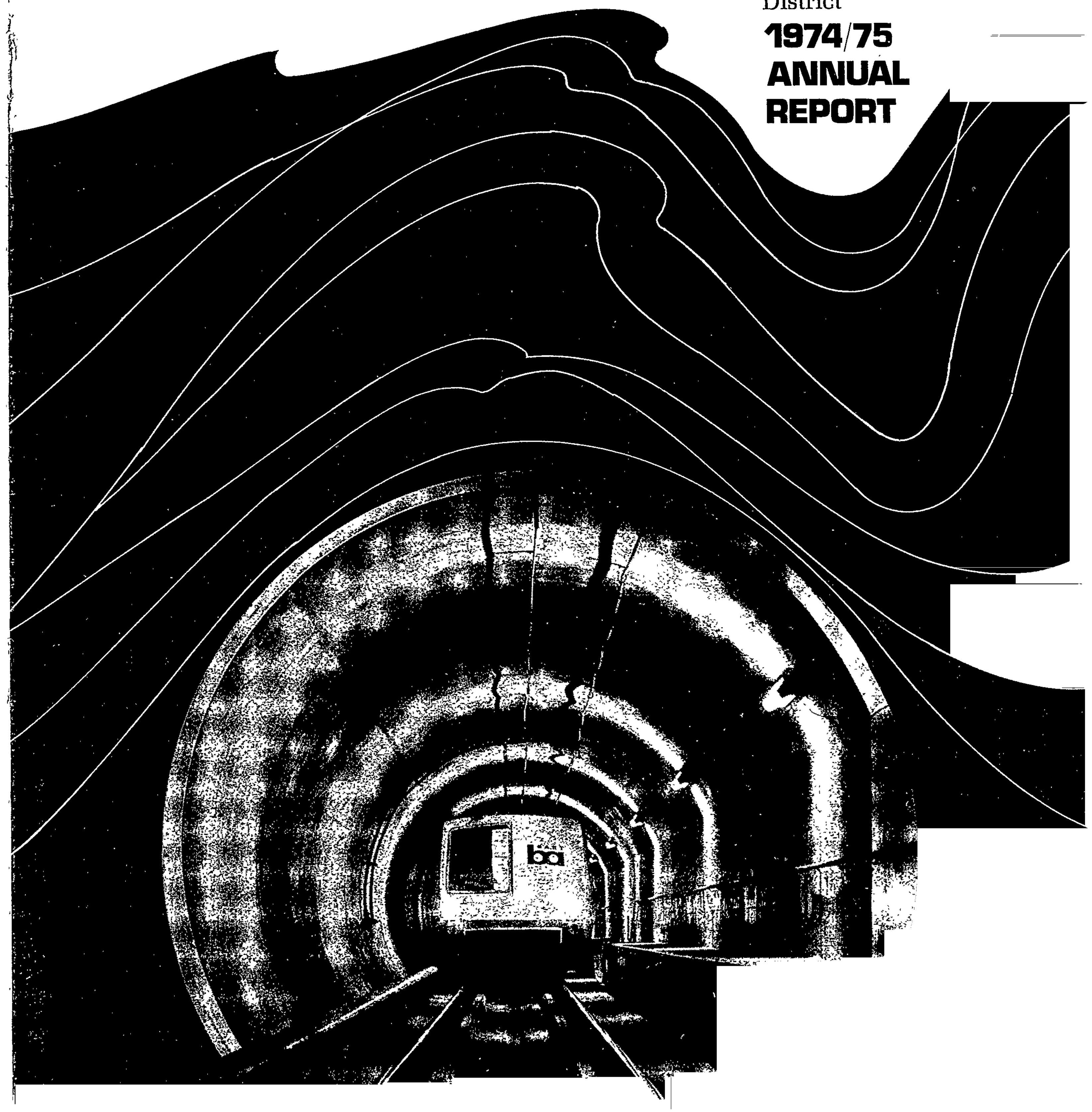
San Francisco Bay Area Rapid Transit District

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

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

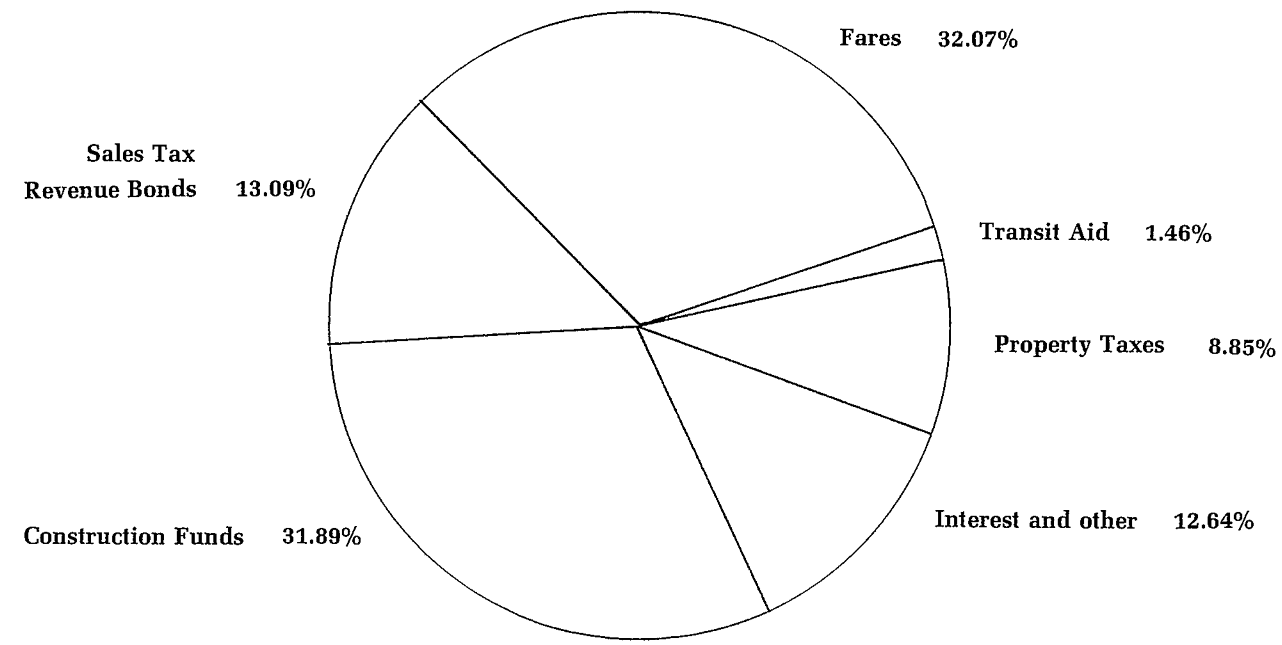
DEPARTMENT HEADS

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

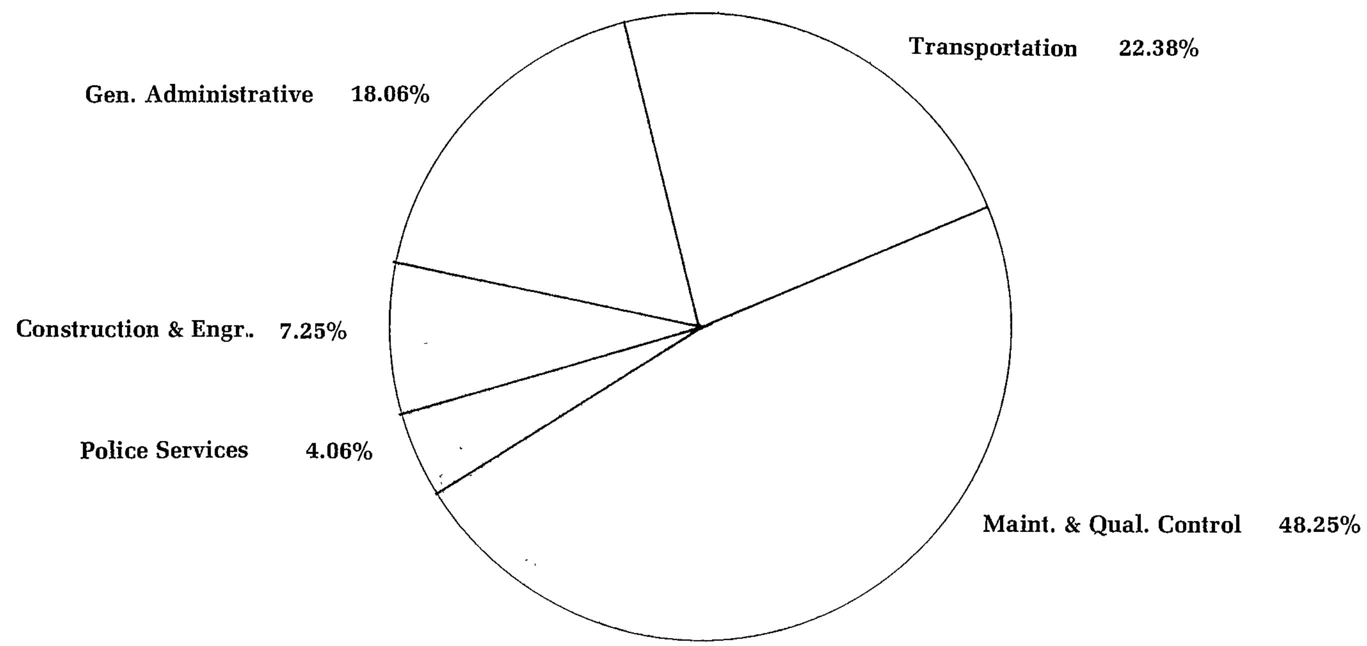
The Cover: Silver BART trains speed through twin bores of the 3.6-mile transbay tube. When the trains are past, stillness is virtually absolute in the steel and concrete structure lying 75 to 135 feet under the Bay. Excellent ventilation prevents heat build-up from trains, keeping tube temperatures between 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.

WHERE OPERATING FUNDS CAME FROM:



HOW FUNDS WERE SPENT:



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
*Project completed	$312,194,900	$254,047,780

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
	87,888,587	105,392,430
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)
	132,585,617	608,543,535
	44,697,030	503,151,105
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.

Touche Ross & Co.

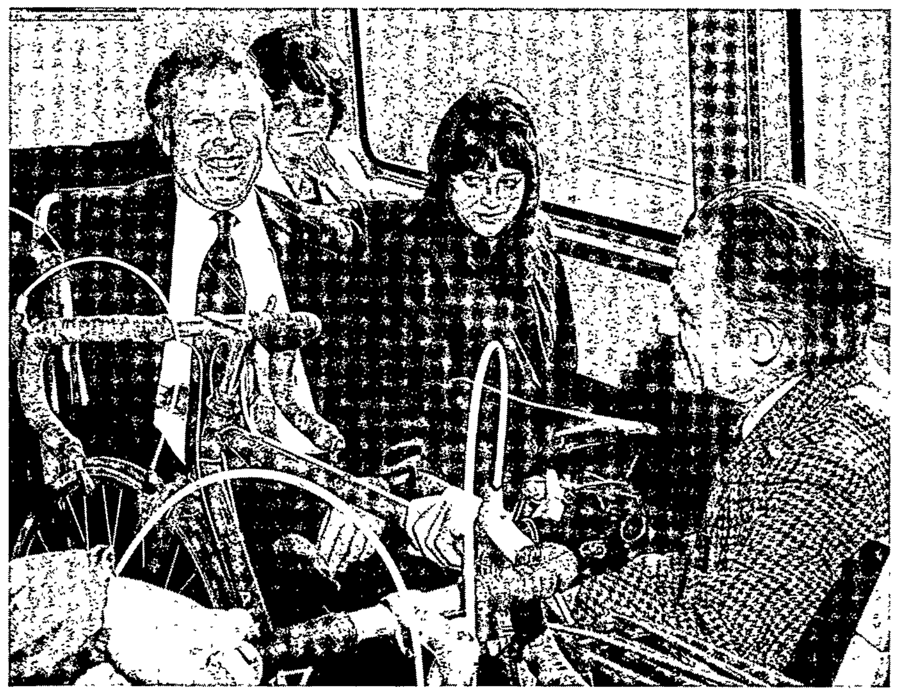
Certified Public Accountants

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.

President Clark is host to group of Bay Area biking enthusiasts on opening day of "Bikes on BART" program.



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 "consumer 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.

*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.

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.

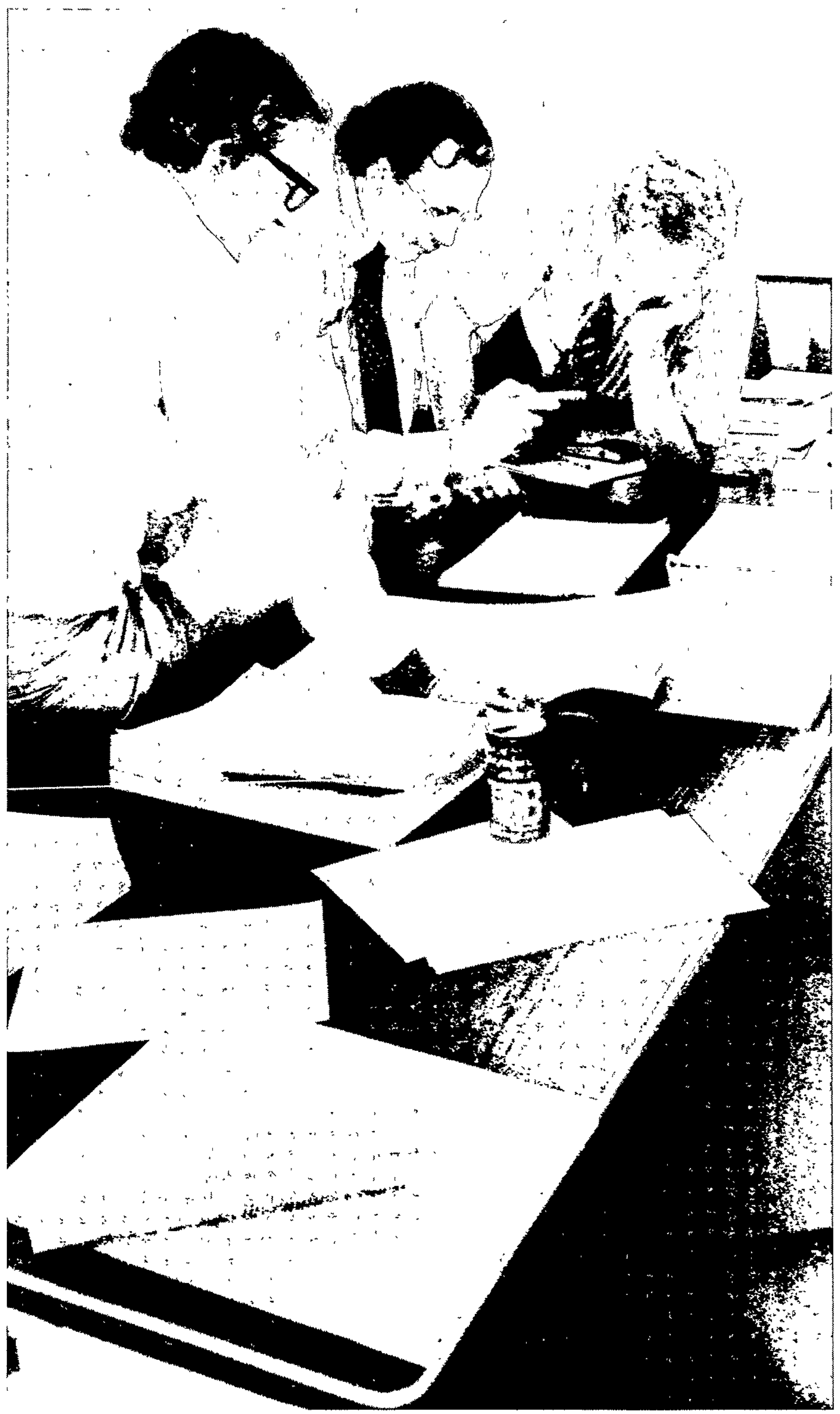
We can take particular encouragement in the Board's appointment of Frank C. Herringer, formerly the Administrator of the U.S. Urban Mass Transportation Administration, as the new General Manager, which was announced in April and took effect as of July 1, 1975. The Directors spent a tremendous amount 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

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

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
	$1,457,249,819		$48,038,470

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

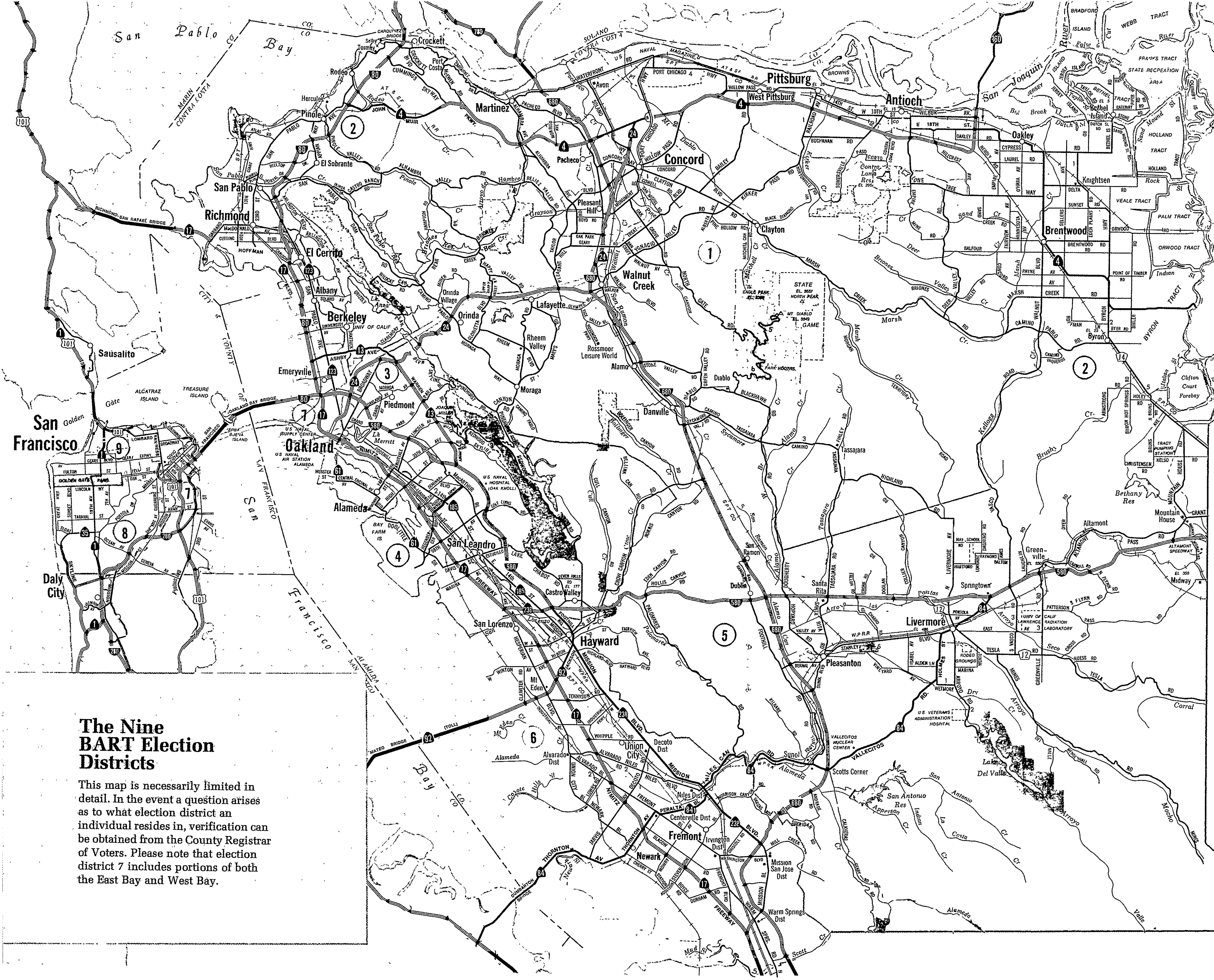
The 1969 Legislature of the State of California authorized the District to issue revenue bonds totaling $150,000,000. Bonds amounting to $69,395,000 were outstanding at June 30, 1975, with principal maturities from 1976 to 1980. The Sales Tax Revenue Bonds are secured by a pledge of the proceeds of the 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:



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.

Basic map reproduced by permission of the copyright owner California State Automobile Association

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.

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.

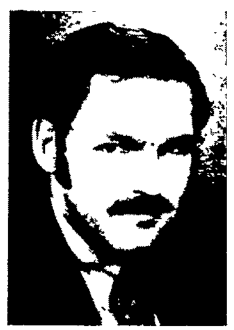
ROBERT S. ALLEN, District 5 — Engineering Cost Analyst for Southern Pacific's Western Division. Formerly Classification Analyst at University of California's Lawrence Livermore Laboratory; in engineering and operations with the Denver & Rio Grande Western Railroad; and Civilian Administrative Assistant 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 adjustor 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.

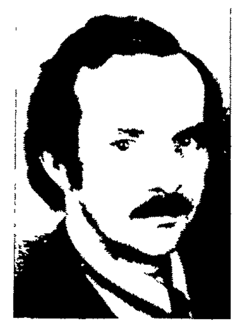


ELECTED BOARD OF DIRECTORS

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.

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.

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.

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

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.

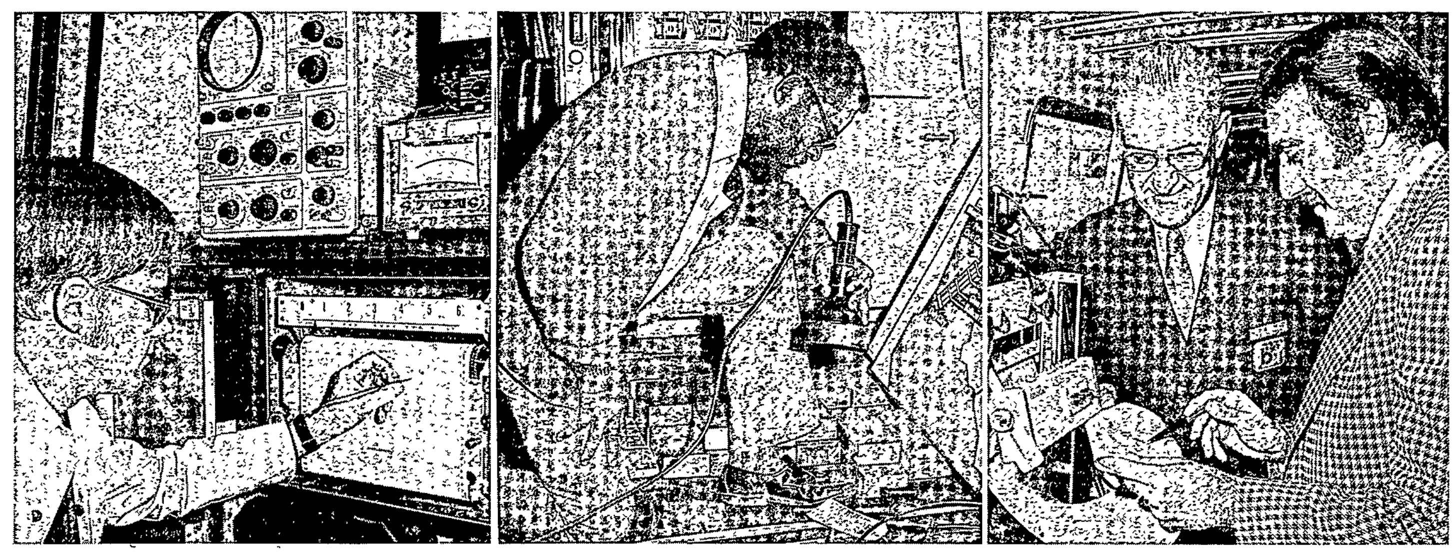
The West Portal (Muni) Station and Daly City parking structure designs were revised to effect further economies.

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.

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, Pleasant 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.

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.

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

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 tranbay 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

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

	1975	1974
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.

Statement of Revenues, Expenses, and Fund Balances of Debt Service Funds

	Year Ended June 30, 1975 General Obligation Bonds	Sales Tax Revenue Bonds	Combined	Year Ended June 30, 1974 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
	46,375,084	41,093,021	87,468,105	84,666,505
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
	46,236,121	37,889,638	84,125,759	79,464,470
	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	$19,588,009	$54,132,520	$73,720,529	$70,378,183

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
	$194,436,481	$177,182,841
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
	$194,436,481	$177,182,841

See notes to financial statements.

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). 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:

	1975-76 Admin. Expenses	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.