



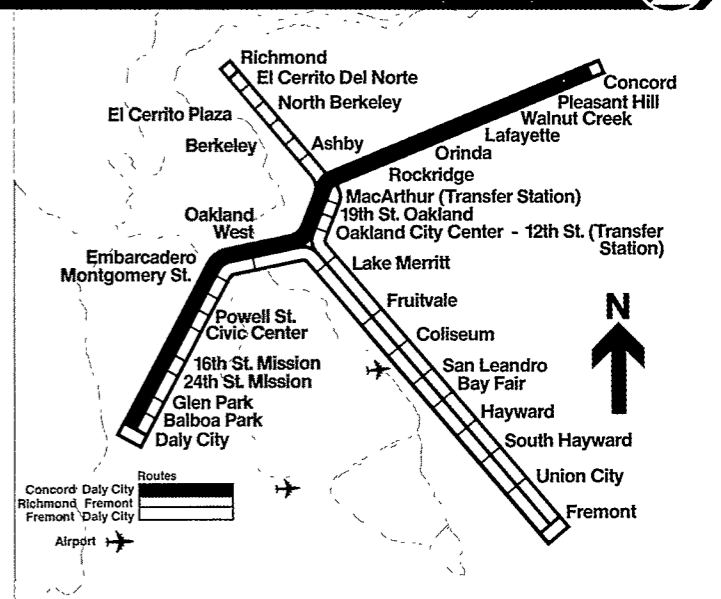
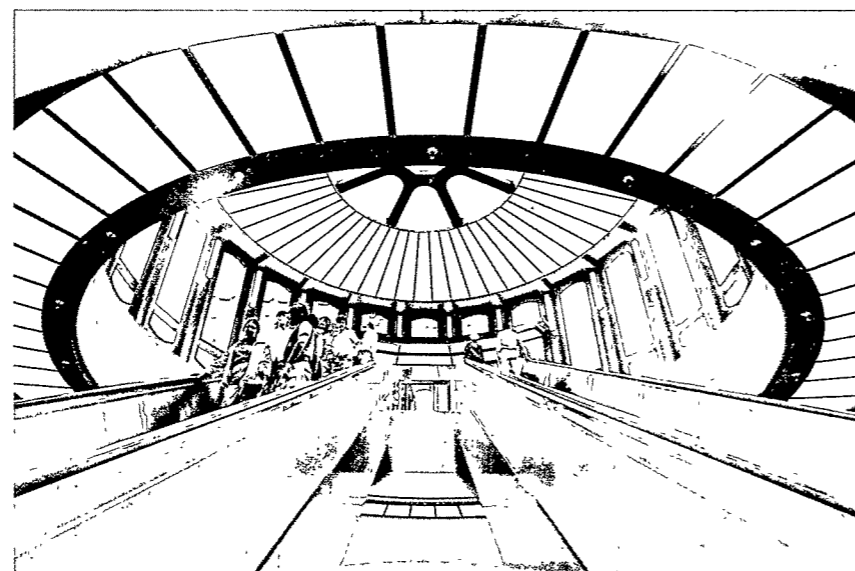
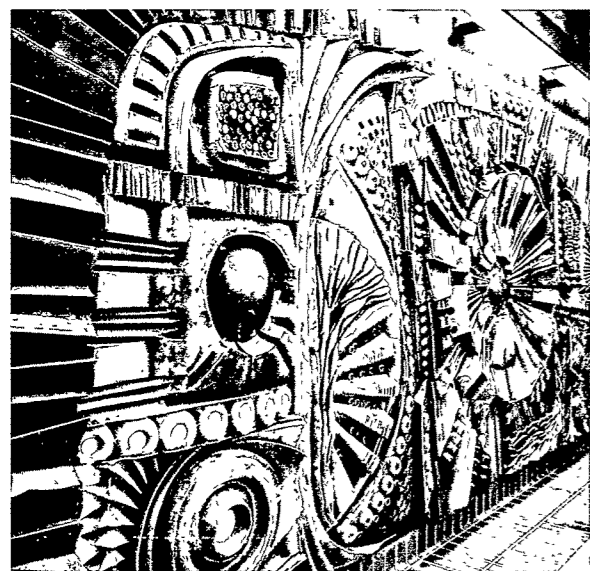
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**BART** SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
**ba** 800 Madison Street  
Oakland, California 94607  
(415) 465-4100.

SAN FRANCISCO BAY AREA  
RAPID TRANSIT DISTRICT

**BART**  
**1975-76**  
**ANNUAL REPORT**



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.

*Souche 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. Herringer      General Manager  
Malcolm M. Barrett    General Counsel  
William F. Goelz        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.

**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)



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-

**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
<b>Beautification Grants:</b>		
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*
	1,961,452	1,961,452
<b>Demonstration Grants:</b>		
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

**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.

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.

**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
	272,671,582	243,984,383
CA-03-0004 (San Francisco)	19,902,430	19,172,600
CA-03-0009 (Berkeley)	4,733,000	4,733,000*
	297,307,012	267,889,983
<b>Other:</b>		
A40-41-182 (Sculpture)	30,000	30,000
	\$312,140,285	\$282,223,256

\*Project completed

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.

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.

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.

**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

**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.

**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.

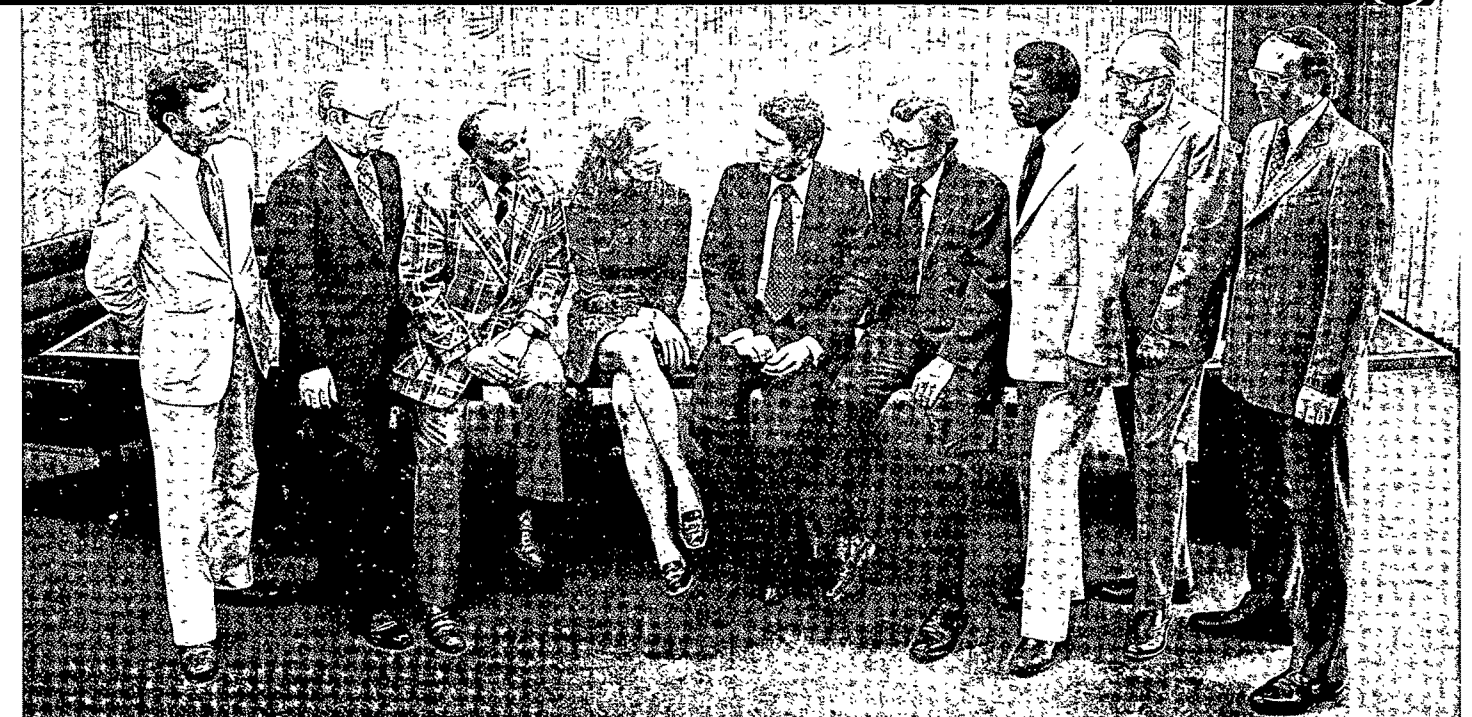
**STATEMENT OF REVENUES, EXPENSES AND FUND BALANCES OF DEBT SERVICE FUNDS**

	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
<b>FINANCIAL RESOURCES WERE USED FOR:</b>		
Operations:		
Net operating loss	\$ 22,755,317	\$ 40,977,514
Noncash expense — depreciation and amortization	(17,690,159)	(18,554,518)
<b>FUNDS USED IN OPERATIONS</b>	<b>5,065,158</b>	<b>22,422,996</b>
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>
<b>FINANCIAL RESOURCES WERE PROVIDED BY:</b>		
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.



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. Herring 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.

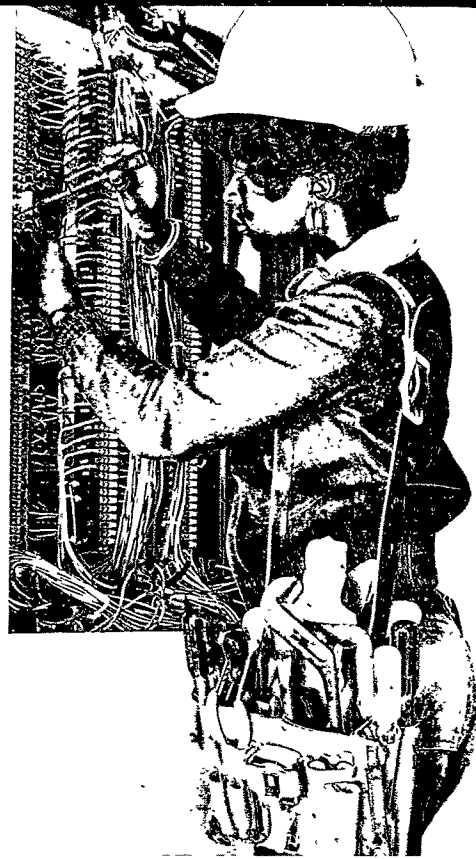
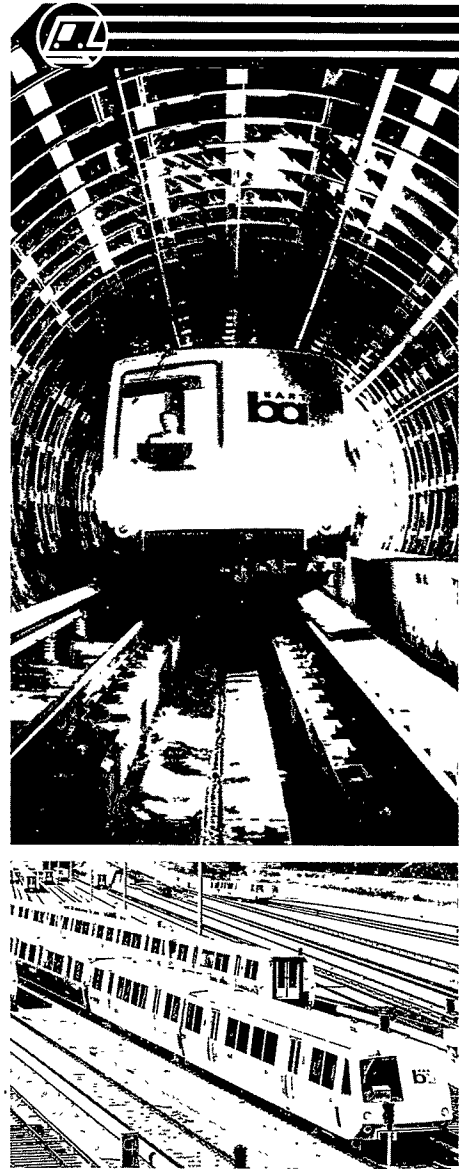
Director of Personnel and Community Development Ernest G. Howard joined the District in May, 1976. Prior to that time, he headed Social Dynamics, Inc., a management consulting firm in Berkeley. His newly-created department implements affirmative action, equal opportunity policies and employee training 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.

## 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	<u>5,065,158</u>	<u>22,422,996</u>
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.

## 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

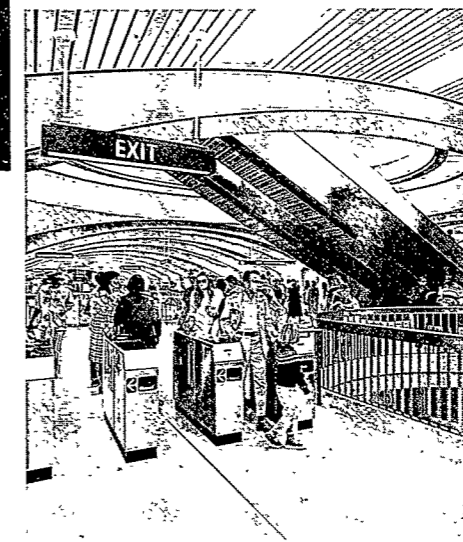
The fiscal year closed with average daily systemwide patronage at the 131,000 level for June, reflecting an 8.3% gain over the June, 1975, level of 121,000. Midday and night patronage together made a strong 38% gain, and by year's end, accounted for 53% of total daily patronage. Total patronage for the year was 18% ahead of the previous year.

# FINANCIAL STATEMENTS

## BALANCE SHEET

	June 30	
	1976	1975
<b>ASSETS</b>		
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>
<b>LIABILITIES AND CAPITALIZATION</b>		
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	55,325,000	41,020,000
	<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	137,425,000	80,605,000
	<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)	(21,440,328)	(13,008,072)
	<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	(52,720,557)	(35,030,398)
	<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.



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.



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.

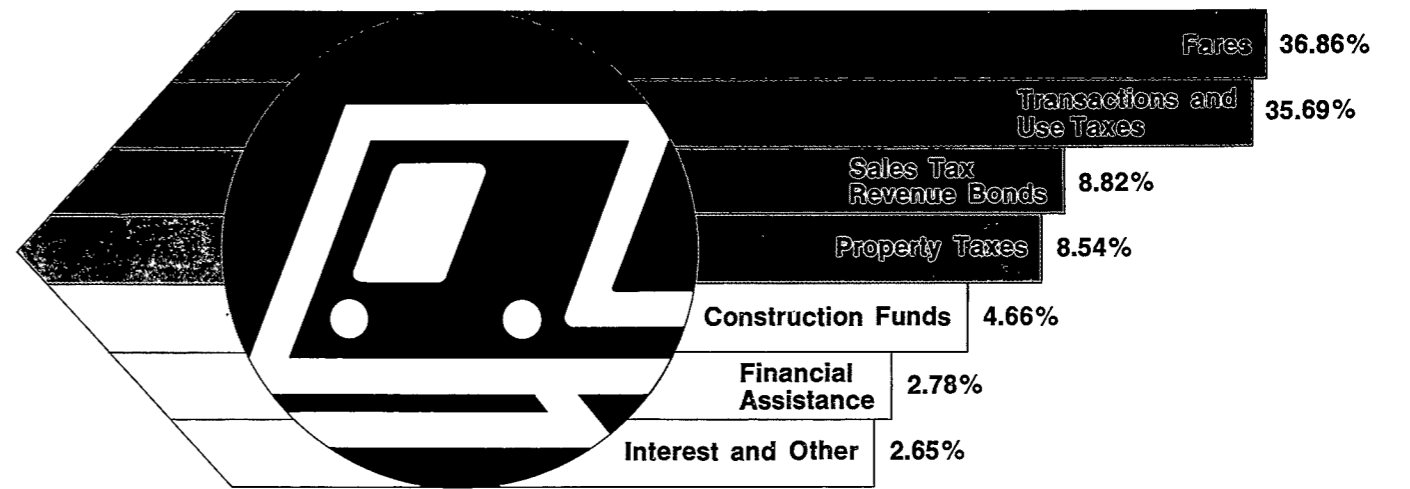
The total staff increased from 1,877 to 1,978 during the period, reflecting new personnel for night service and the strengthened engineering and maintenance efforts. However, management was able to hold personnel levels in other work areas to 70 fewer employees than authorized.

Total operating expenditures were \$5,000,000 below the authorized operating budget, reflecting substantial underspending on salaries and system operations for the period.

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).

**WHERE OPERATING FUNDS (\$58,897,969) COME FROM**



**HOW OPERATING FUNDS WERE SPENT**

