

San Francisco Bay Area Rapid Transit District

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

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ALAMEDA COUNTY



ARNOLD C. ANDERSON



RICHARD O. CLARK



H. R. LANGE



GEORGE M. SILLIMAN
President

CONTRA COSTA COUNTY



NELLO J. BIANCO



JAMES P. DOHERTY



DANIEL C. HELIX*



JOSEPH S. SILVA

SAN FRANCISCO CITY AND COUNTY



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WILLIAM H. CHESTER
Vice President



THOMAS F. HAYES**



WILLIAM M. REEDY

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Assistant General Manager-
Planning & Public Service
D. G. HAMMOND
Assistant General Manager-
Operations & Engineering
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Operations
E. A. TILLMAN
Engineering & Construction

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

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



GEORGE M. SILLIMAN

PRESIDENT'S MESSAGE

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

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

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

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

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

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

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

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

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

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

GEORGE M. SILLIMAN
President

**REPORT OF THE
GENERAL MANAGER**



B. R. STOKES

ENGINEERING AND CONSTRUCTION

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

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

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

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

Status of systemwide contracts:

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

*excludes Muni line.

Status of all civil structure contracts for each line:

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

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

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

OPERATIONS

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

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

was evident.

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

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

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

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

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

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

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

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

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

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

PLANNING AND RESEARCH

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

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

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

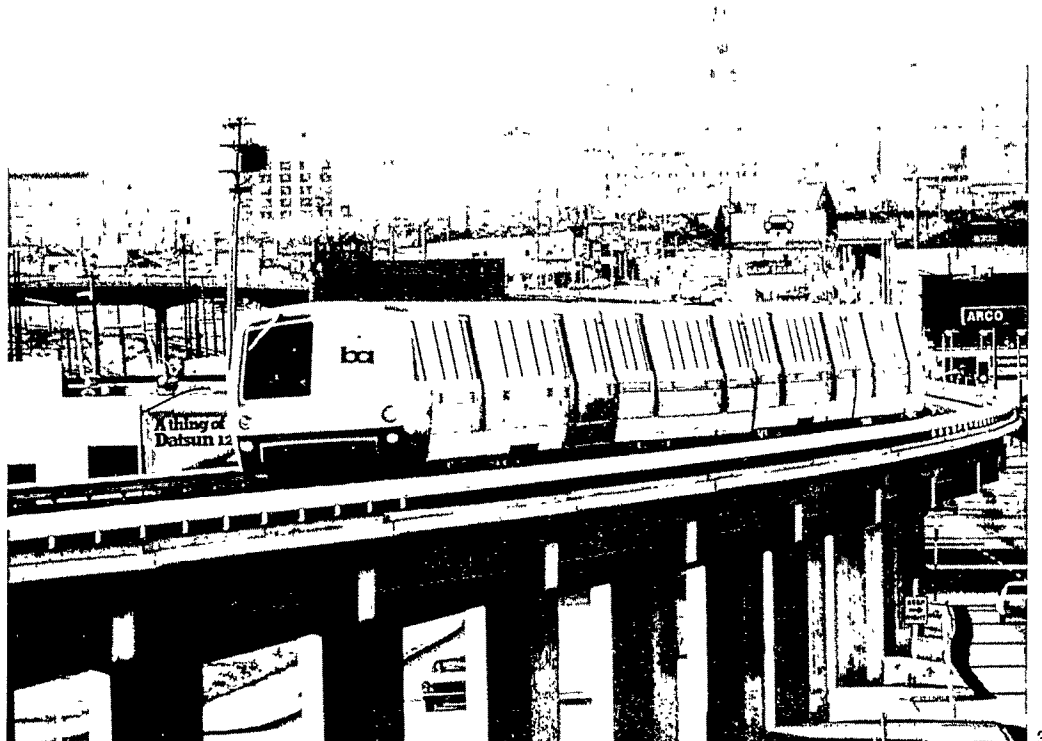
Work increased in market research and marketing projects. Examples of such projects included a parking lot control system for Lake Merritt and Coliseum stations, and procedures for handling patron problems arising with the fare collection system.

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

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



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





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

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

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



Pleasanton and Livermore; and north from Richmond.

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

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

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

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

FINANCE

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

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

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

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

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

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

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

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

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

PROPERTY TAX RATES

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

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

ADMINISTRATION

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

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

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

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

LEGAL

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

PERSONNEL

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

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

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

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

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

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

LABOR RELATIONS

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

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

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

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

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

REAL ESTATE

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

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

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

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

San Francisco Bay Area Rapid Transit District

Balance Sheet

	June 30	
	1972	1971
Assets		
Cash (including time deposits of \$109,200,000 and \$154,000,000)	\$ 109,468,936	\$ 155,106,373
U.S. Treasury securities— at cost (approximating market)	12,265,391	15,417,812
Federal Agency securities— at cost (approximating market)	46,651,410	87,039,467
Miscellaneous receivables	3,352,221	3,014,625
Deposits and notes receivable	24,372,459	4,387,364
Construction in progress (Note G)	1,141,867,278	1,038,180,181
Facilities, property and equipment— at cost	3,298,317	435,495
Materials and supplies	406,411	—
Debt Service Funds, net assets (including time deposits of \$30,149,600 and U.S. Treasury and Federal Agency securities of \$21,585,700 in 1972 and \$23,731,900 and \$14,767,440 in 1971) (Notes B and C)	52,566,594	38,594,926
	\$1,394,249,017	\$1,342,176,243
Liabilities, Reserve and Capitalization		
Construction contracts and others	\$ 17,218,669	\$ 23,877,532
Payable to State of California (Note E)	39,110,538	39,110,538
Debt Service Funds (Notes B and C)	52,566,594	38,594,926
Reserve for self-insurance (Note F)	15,000,000	15,000,000
Capitalization:		
Construction funds:		
General Obligation Bonds (\$812,500,000 authorized) (Note B)		
Bonds outstanding	795,660,000	803,550,000
Bonds matured and retired	8,340,000	450,000
	804,000,000	804,000,000
Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note C):		
Bonds outstanding	141,500,000	150,000,000
Bonds matured and retired	8,500,000	—
	150,000,000	150,000,000
U.S. Government Grants (Note D)	113,909,977	86,159,355
State of California Grant (Note E)	112,756,462	108,142,162
City of San Francisco contribution	3,428,022	3,529,758
	1,184,094,461	1,151,831,275
Accumulated revenue	84,391,568	71,622,906
	1,268,486,029	1,223,454,181
General Fund accumulated net revenue	1,867,187	2,139,066
	1,270,353,216	1,225,593,247
	\$1,394,249,017	\$1,342,176,243

Statement of Revenue, Expenses and Accumulated Net Revenue

General Fund

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

Debt Service Funds

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

Statement of Changes in Construction Funds

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

See Notes to Financial Statements

Notes to Financial Statements

Year ended June 30, 1972

NOTE A — Summary of Significant Accounting Policies:

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

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

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

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

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

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

NOTE B — General Obligation Bonds:

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

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

NOTE C — Sales Tax Revenue Bonds:

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

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

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

NOTE D — U. S. Government Grants:

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

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

*Project completed

NOTE E — State of California Grant:

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

NOTE F — Reserve for Self-Insurance:

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

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

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

NOTE G — Construction in Progress:

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

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

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

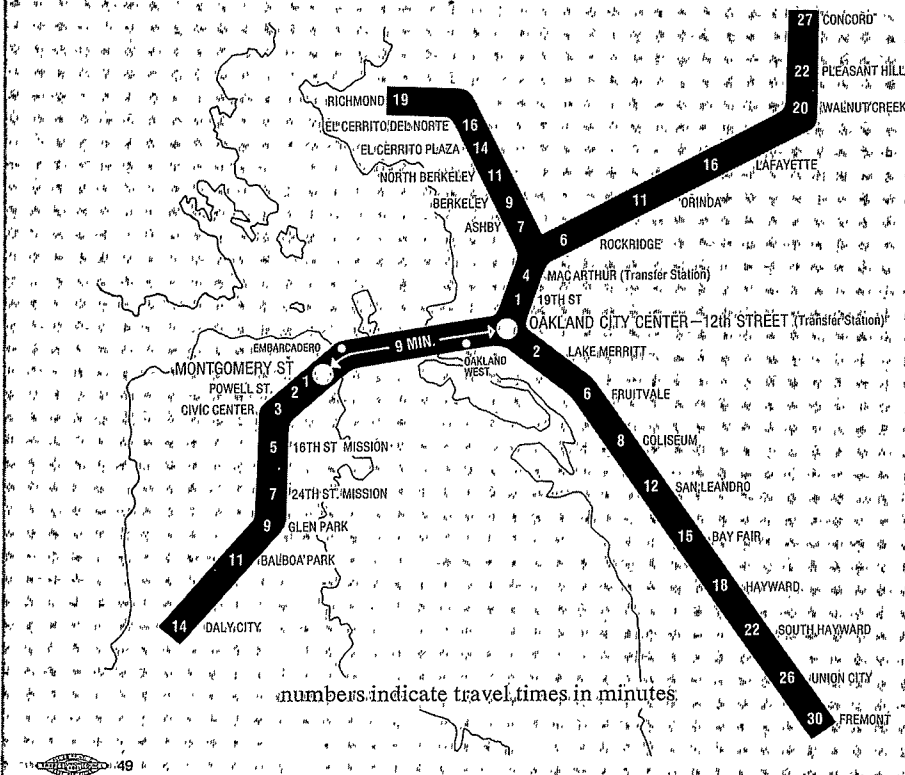
We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District as of June 30, 1972, and the related statements of revenue, expenses and accumulated net revenue and changes in construction funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1972, and the results of its operations and the changes in construction funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

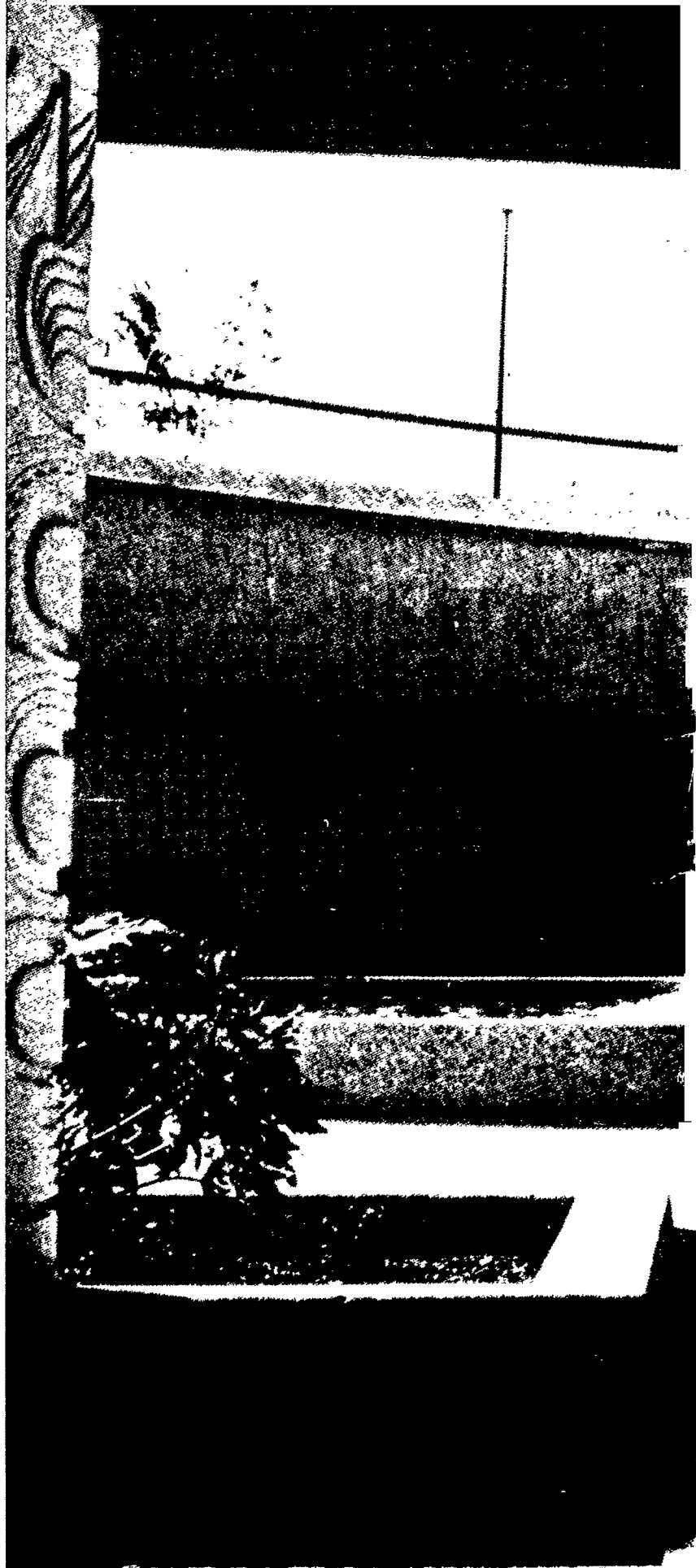
The financial statements for the prior year were examined by other certified public accountants.

Touche Ross & Co.

San Francisco
August 31, 1972



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



**SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT**