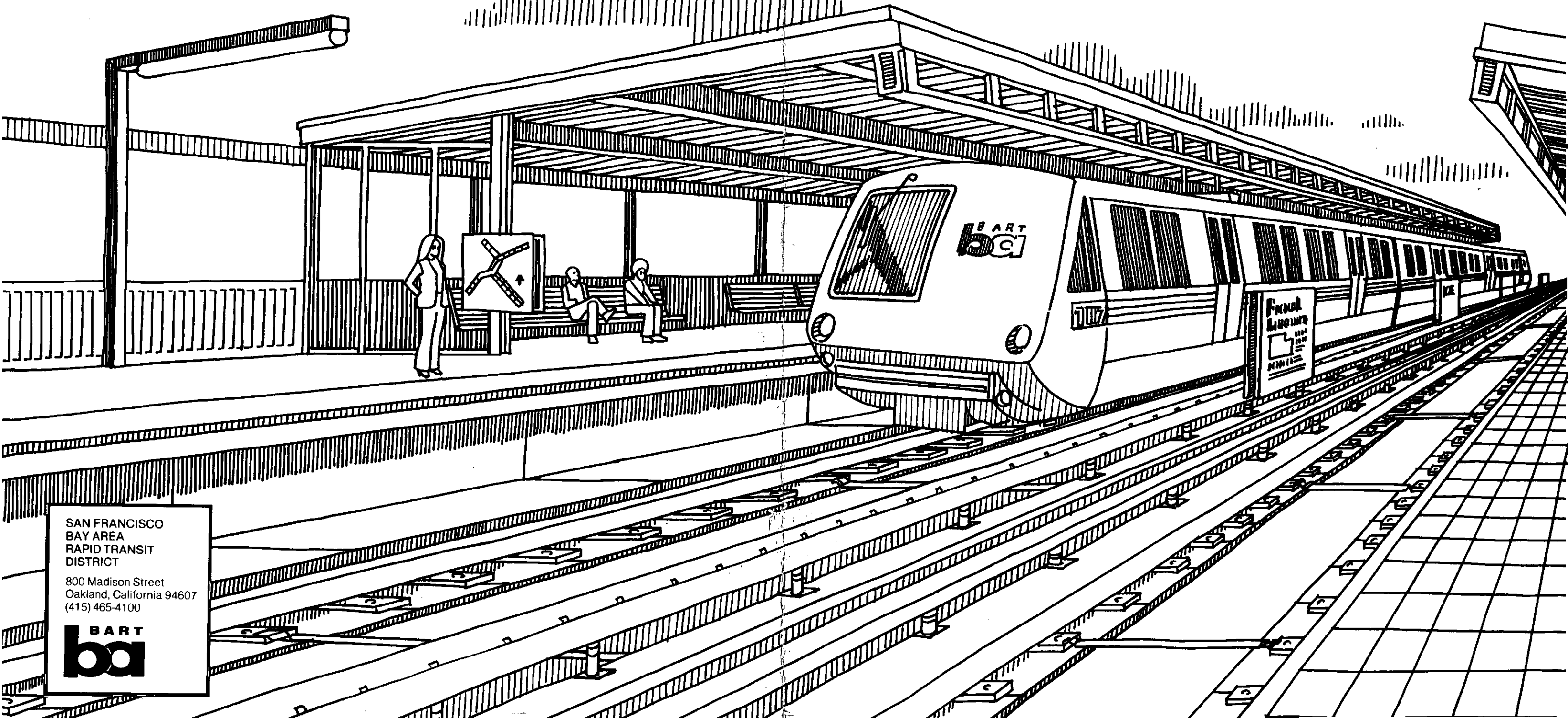


# BART 1978 1979 ANNUAL REPORT



SAN FRANCISCO  
BAY AREA  
RAPID TRANSIT  
DISTRICT

800 Madison Street  
Oakland, California 94607  
(415) 465-4100



## message from the president

BART's 1978/79 fiscal year was an extremely eventful and challenging one for the young transit system. Despite operating budget constraints imposed by Proposition 13, we began the period on a very positive note by introducing Sunday service and increasing Saturday service hours. The District's long-standing goal to maximize the overall availability of the system to the public was the guiding factor in this decision.

For the first time since the opening of revenue service in 1972, the system exceeded a half-billion passenger miles in a 12-month period. Sunday service helped achieve this, of course, but so did system improvements in on-time performance, reduction of unscheduled train removals and the newly-acquired ability to run trains at regular speeds during wet weather.

The Board of Directors also began the process of selecting a new general manager to replace Frank C. Herringer, whose resignation was to become effective December 31, 1978. After a nationwide search, the field was narrowed to seven top candidates in transit management. On December 19, all of us on the Board were extremely pleased to unanimously appoint Keith Bernard to this important post. The fact that Keith, a district employee since 1970, had come from within the organization and had a well-demonstrated executive ability as a key department head made him a superb choice.

This was also the year the BART team proved it could respond well to a major crisis, marshal its collective talents and work in a unified way to solve serious problems. The fire on a train in the transbay tube on January 17 was just such a crisis.

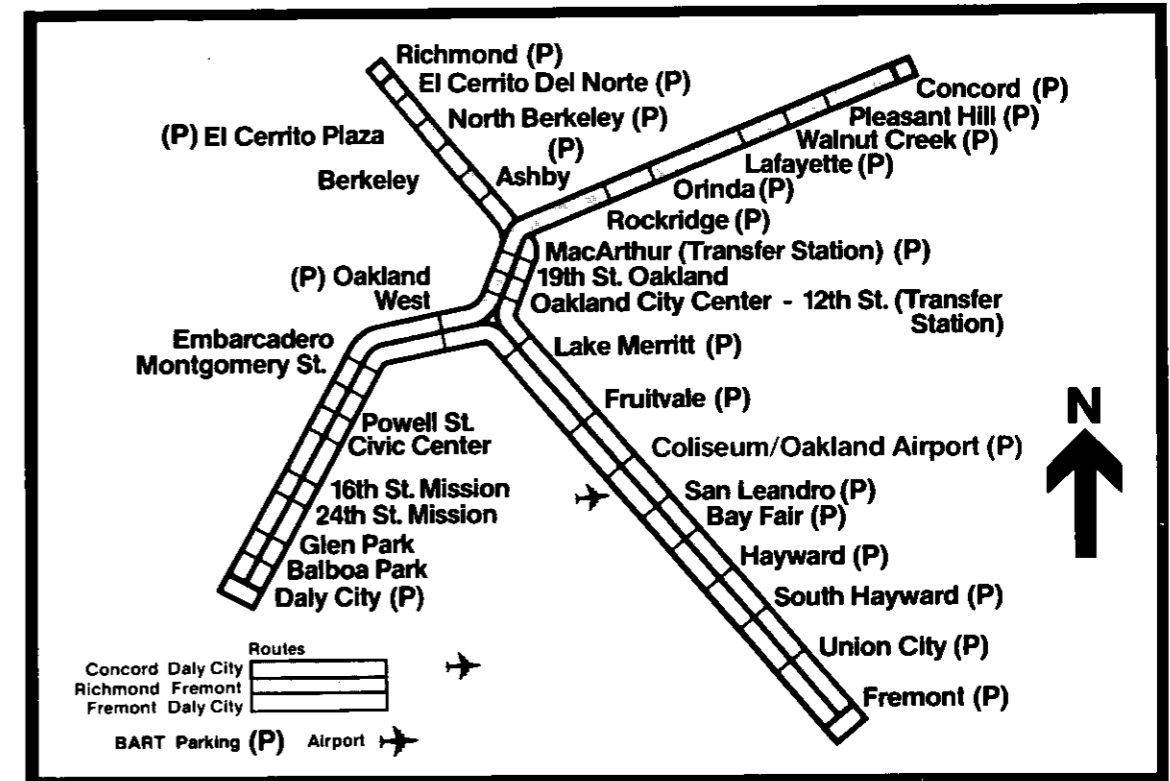
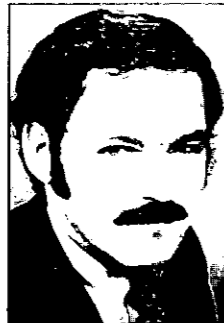
More than any single event in BART's history, the fire raised the level of awareness and determination to improve emergency preparedness throughout every facet of the system. Many long days (and nights) were spent in the development of improved procedures, new safety features along the track and fire prevention measures for equipment. This effort continues with great emphasis and holds the prospect of BART becoming an industry leader in the development of rail transit fire safety.

At year's end the Board demonstrated its unanimity and determination in trying to achieve balanced labor contracts which were fair to employees, taxpayers and the riding public.

In all, this was an eventful year in which BART's value to the public increased as energy costs and shortages affected us all. BART's prime goals for the future are to continue to improve the reliability and safety of the system and to expand service to meet the challenges which the 1980's will bring.

*John H. Kirkwood*

John H. Kirkwood  
President



### SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

Established in 1957 by the California State Legislature. Authorized to plan, finance, construct and operate a rapid transit system.

Governed by a Board of Directors elected for four-year terms by voters of nine election districts within the counties of Alameda, Contra Costa and San Francisco.

#### BOARD APPOINTED OFFICERS

C. Keith Bernard General Manager	William F. Goetz Finance
Malcolm M. Barrett General Counsel	Phillip O. Ormsbee District Secretary

#### DEPARTMENT HEADS REPORTING TO GENERAL MANAGER

Richard P. Demko Maintenance & Engineering	John Mack (Acting) Affirmative Action & Training
William B. Fleisher Field Services	Ralph S. Weule Safety
Howard L. Goode Planning & Analysis	Lawrence A. Williams Employee Relations
Michael C. Healy Public Affairs	

**NOTE 6 — U S Government Grants**

**Capital**

The U S Government, under grant contracts with the District, provides financial assistance for capital projects. Additionally, the District is administering Federal grants to the City and County of San Francisco and to the City of Berkeley. Grants for capital projects are recorded as additions to net capital investment when received. A summary of Federal grants in force at June 30, 1979 is as follows:

Type Of Grant	-----(In Thousands)----	
	Maximum Grant	Funds Received
Beautification	\$ 1,961	\$ 1,961
Demonstration	12,842	12,842
Capital	320,984	293,631
	<u>\$335,787</u>	<u>\$308,434</u>

**NOTE 7 — Litigation and Disputes with Contractors and Others**

In November 1974, the District filed suit against its consulting engineer, Parsons Brinckerhoff-Tudor-Bechtel (PB-T-B), two of its primary contractors, Rohr Industries, Inc and Westinghouse Electric Corporation, a subcontractor, Bulova Watch Company and the primary contractors' respective sureties, seeking damages of approximately \$160 million from Westinghouse, Rohr and PB-T-B, and in addition, \$2 million from Westinghouse, PB-T-B and Bulova.

During 1978, the District and the defendants signed an agreement settling this litigation. In general, the settlement provided for payment to the District of \$15 million (\$1.3 million of which had already been received) and a release of claims by all parties. In addition, Rohr agreed to accept a payment of \$6.2 million from the District in settlement of a separate claim involving \$15 million in disputed billings under the Transit Vehicle Contract. The District submitted a requisition for 80% of this payment to the Urban Mass Transportation Administration (UMTA). The overall

**NOTE 8 — Public Employees Retirement System**

The District contributes to the Public Employees Retirement System. The System is a contributory pension plan providing retirement, disability, and death benefits to employees of certain State and local governmental units. Substantially all full-time

**Operating**

The District's application for a 1978/79 Federal operating assistance grant of \$2,743,000 under Section 5 of the Urban Mass Transportation Act was approved by the Metropolitan Transportation Commission and is awaiting final action by the United States Department of Transportation. The grant is reflected in the statement of operations as financial assistance and in the balance sheet as a receivable at June 30, 1979.

settlement was contingent on UMTA approval of the District's requisition. This approval was granted. Payment of the monies involved in the settlement occurred in March 1978.

Proceeds from the settlement of \$13.7 million has been recorded as a reduction of property costs. These proceeds and the capitalized litigation expenses of \$4.9 million will be amortized over 30 years. The \$13.7 million settlement proceeds have been designated by the terms of the settlement and by action of the District's Board of Directors for improvements in capital equipment and construction.

In addition, the District is involved in various lawsuits, claims, and disputes, which for the most part, are normal to the District's operations. In the opinion of the management, the amount of costs that might be incurred, if any, would not materially affect the District's financial position or operations.

employees of the District are covered by the System. Pension costs of the System are determined actuarially and required contributions are expensed currently. Pension expense was \$5,016,000 and \$4,119,000 in 1979 and 1978, respectively.

**district board of directors**



Barc Simpson

District 1  
Term began November 26, 1976; Board President 1977; chairperson, Engineering and Operations Committee; member, Administration Committee; member, Special Salary and Wage Review Committee; Orinda resident, San Leandro businessman.



Nello J. Bianco

District 2  
Term began October 22, 1969, as appointee of Contra Costa County supervisors; served as President in 1974; two terms as Vice President; chairperson, Public Information and Legislation Committee; member, Special Salary and Wage Review Committee; Richmond resident and businessman.



Arthur J. Shartsis

District 3  
Term began November 26, 1976; chairperson, Special Salary and Wage Review Committee; member, Engineering and Operations Committee; Oakland resident, San Francisco attorney.



Harvey W. Glasser, M.D.

District 4  
Term began November 29, 1974; served as President in 1978; BART representative to the Executive Committee of the APTA Board of Directors; vice chairperson, Public Information and Legislation Committee; member, Special Salary and Wage Review Committee; Alameda resident and physician-business consultant.



Robert S. Allen

District 5  
Term began November 29, 1974; vice chairperson, Engineering and Operations Committee; member, Special Salary and Wage Review Committee; railroad cost analyst; Livermore resident.



John Glenn  
Vice President

District 6  
Term began November 29, 1974; as Vice President serves as ex-officio member of all committees; Fremont resident, Oakland executive.



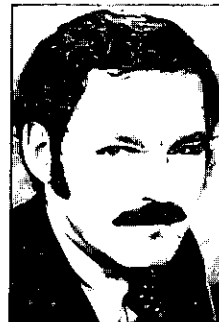
Wilfred T. Ussery

District 7  
Term began December 6, 1978; vice chairperson, Administration Committee; member, Public Information and Legislation Committee; member, Special Salary and Wage Review Committee; San Francisco resident, Director of Development, San Francisco Housing Authority.



Eugene Garfinkle

District 8  
Term began March 10, 1977; chairperson, Administration Committee; vice chairperson, Special Salary and Wage Review Committee; San Francisco resident and attorney.



John H. Kirkwood  
President

District 9  
Term began November 29, 1974; as President serves as ex-officio member of all committees; San Francisco resident and businessman.

## overview

Despite the budget-cutting mandate of Proposition 13, the District fulfilled its goal of providing seven-day service beginning on the first Sunday of the fiscal year. Also during this eventful reporting period, BART saw the appointment of a new general manager, a substantial ridership increase over the previous year, a disastrous train fire in the transbay tube and the commencement of negotiations for new contracts with its major labor unions.

The year marked the emergence of a new maturity for the District—a coming of age, enabling BART to improve its technical reliability and performance, better manage its fiscal responsibilities and set objectives which will insure safe, dependable, economical transportation for an energy-conscious public.

## ridership & operations

**The Seventh Day.** On July 2, 1978, Sunday service was initiated from 9:00 a.m. to midnight. On the previous day, Saturday service was increased three hours, beginning at 6:00 a.m. (9:00 a.m. before), resulting in an incremental increase of about 6,500 riders for Saturdays.

Sunday operation proved even more impressive as patronage averaged about 33,000 for the first five Sundays—18 percent more than analysts had forecast. This helped push the total annual passenger trips to 41,191,566, or 6.5 percent over the previous year's record high of 38,655,206. This increase would have been substantially higher but a fire in the transbay tube forced its closing for approximately two and one-half months.

**The Fire.** At 6 p.m. on Wednesday, January 17, 1979, a fire occurred on Train 117 bound from the Oakland West Station for San Francisco, which destroyed six transit cars and damaged several others. While all passengers were safely evacuated, an Oakland firefighter did lose his life during the course of the incident. The fire and the overall response raised several questions concerning the transbay tube facilities and BART's emergency response plan. As a result, a major program was launched to improve system fire safety and revise the overall emergency response plan. Also, as a result of the accident, the California Public Utilities Commission (CPUC) ordered a temporary moratorium on revenue service through BART's transbay tube.

Reopening the tube for revenue operation was the first priority, but what lay ahead was an equal challenge: A major program to examine and, where possible, increase the safety of the entire transit system. The accident provided a focus for safety efforts and gave sure and immediate emphasis to self-scrutiny at every level of the District.

The Board of Directors strongly backed staff efforts at this critical time and actively pursued hard questions about general safety as well as those aspects specifically associated with the tube accident.

The Board also adopted a long-range fire safety and emergency preparedness program which could ultimately result in BART leading the way for the entire transit industry in the area of new fire safety materials, and improved training and procedures for handling emergencies. (FOR AN EXAMPLE OF THE TEAMWORK INVOLVED IN REOPENING THE TRANSBAY TUBE, SEE BOX ON PAGE 7.)

**Riders Return.** Following the reopening of the transbay tube, BART ridership returned to 98 percent of the pre-closing daily average by the end of April.

The following month, May, set a record for all other months of operation since the system opened in 1972. Ridership for May peaked at 175,000 and averaged 166,500 per day. This was better than 4.2 million for the month with major gains occurring during the midday and late-evening hours. The increase in travel during those periods was 86.4 percent while peak period ridership gained 14.6 percent. In order to accommodate the off-peak patronage surge, additional cars were put into service during the midday and evening hours.

**Express Buses.** On October 2, 1978, BART Express Bus "D" Line service was expanded from Dublin to the Sun Valley Shopping Center and Diablo Valley College. Midday hourly service was increased to 30 minutes in order to provide BART patrons from Livermore to Dublin better access to shopping areas and schools.

The "M" Line connection to the "D" at Sun Valley Shopping Center allowed local residents greater accessibility between Martinez, Alamo, Danville and other Central Costa County areas. The "Q" Line from Pinole to El Cerrito was also re-routed slightly and the level of service increased to 45-minute intervals during the day with hourly service at night. Saturday service on this route was increased to 45-minute frequencies.

During 1978/79, a total of 1,660,299 trips were taken on BART Express Buses. This compared with 989,026 the previous year when service was interrupted for 68 days due to an AC Transit strike.

## NOTE 3 — Facilities, Property, and Equipment

Facilities, property, and equipment, assets lives, and accumulated depreciation and amortization at June 30, 1979 and 1978 are summarized as follows:

	Lives (Years)	(In Thousands)			
		1979		1978	
		Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	—	\$ 106,592	\$ —	\$ 106,552	\$ —
Improvements	80	1,041,416	76,184	1,042,561	63,361
System-wide operation and control	20	95,324	23,674	86,846	18,887
Revenue transit vehicles	30	147,548	26,487	149,200	21,493
Service and miscellaneous equipment	3 to 20	11,896	4,593	10,613	3,954
Capitalized construction and start-up costs	30	86,278	18,624	86,278	15,322
Repairable property items	30	7,439	1,108	7,198	875
		<u>\$1,496,493</u>	<u>\$150,670</u>	<u>\$1,489,248</u>	<u>\$123,892</u>

## NOTE 4 — Payable to the State of California

Under Sections 30770-30782 of the California Streets and Highways Code, the Department of Public Works of the State of California authorized the District to construct the San Francisco-Oakland rapid transit tube and its approaches with State funds. These Code Sections provide that the District will reimburse the State for the costs of the tube approaches. At June 30, 1978, the District had received \$172,513,000 of which \$55,611,000 was

repayable to the State. Reimbursement of \$16,500,000 was fulfilled by application of a credit due the District arising from highway betterments constructed with District funds on State Route No. 24. During 1978, the Governor signed legislation which cancels the District's obligation to pay such costs. This was recorded as an addition to State of California Grants on the statement of changes in net capital investment.

## NOTE 5 — General Obligation and Sales Tax Revenue Bonds

	Composite Interest Rate	Year Last Series Matures	(In Thousands)					
			Original Amount Authorized		1979		1978	
			Issued	Due in 1 Year	Total	Due in 1 Year	Total	
<b>General Obligation Bonds</b>								
1962 District bonds	4.07%	1999	\$792,000	\$792,000	\$21,375	\$685,925	\$19,400	\$705,325
1966 Special Service District Bonds	4.38%	1998	20,500	12,000	330	9,350	310	9,660
			<u>\$812,500</u>	<u>\$804,000</u>	<u>\$21,705</u>	<u>\$695,275</u>	<u>\$19,710</u>	<u>\$714,985</u>
<b>Sales Tax Revenue Bonds</b>								
1969 Sales Tax Revenue Bonds		1977	\$150,000	\$150,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-
1975 Sales Tax Revenue Bonds		1978	\$ 24,000	\$ 24,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-

In 1962, voters of the member counties of the District authorized a bonded indebtedness totaling \$792 million of General Obligation Bonds. Payment of both principal and interest is provided by the levy of District wide property taxes. During 1966, City of Berkeley voters formed Special Service District No 1 and authorized the issuance of \$20.5 million of General Obligation Bonds for construction of subway extensions within that city. Payment of both principal and interest is provided by taxes levied upon property within the Special Service District. Bond principal is payable annually on June 15 and interest is payable semiannually on June 15 and December 15 from debt service funds. Interest of \$14,497,000 on General Obligation Bonds and \$205,000 on Special Service District No 1 Bonds is payable on December 15, 1979.

The 1969 Legislature of the State of California authorized the District to impose a 1 1/2% Transactions and Use Tax within the

District and issue Sales Tax Revenue Bonds totaling \$150 million. The State Legislature later extended the tax to June 30, 1978 and authorized the District to issue bonds totaling \$24 million. Payment of all Sales Tax Revenue Bonds was completed by June 30, 1978.

On September 30, 1977, the Governor signed legislation which extended the Transactions and Use Tax indefinitely. Under the legislation, revenues from the tax imposed on or after January 1, 1978, and revenues from the tax imposed prior to January 1, 1978, but available after March 31, 1978, will, subject to certain restrictions, be allocated 75% to the District and 25% by the Metropolitan Transportation Commission to the District, the City and County of San Francisco, and the Alameda-Contra Costa Transit District for improvements in the level of transit service.



# NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1979 and 1978

## NOTE 1 — Summary of Significant Accounting Methods

### Description of the District

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

### Securities

Securities are carried at cost which approximates market.

### Facilities, Property, and Equipment

Facilities, property, and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The amount of depreciation of assets acquired with District funds is distinguished from depreciation of assets acquired with grants and contributions by others. The latter amount is shown on the statement of changes in net capital investment with the related grants and contributions.

### Federal and State Grants

The District receives amounts from both Federal and State governments to assist in operations and for capital or other projects. Grants for capital and other projects are recorded as additions to net capital investment on receipt. Grants for operating expenditures are included as financial assistance in the statement of operations.

### Sales Tax Revenue

The one-half percent transactions and use tax, imposed by the District within the counties it serves, is collected and administered by the State Board of Equalization. Prior to January 1, 1978, all tax proceeds were transmitted directly to a trustee and recorded as revenue in the debt service funds on receipt. The trustee retained

funds necessary for debt service requirements and transmitted the excess, if any, to the District. On January 1, 1978, the final Sales Tax Revenue Bonds were retired and tax proceeds are now transmitted directly to the District. The District records funds not required for debt service and the proceeds of Sales Tax Revenue Bonds (issued for operational purposes) as financial assistance when received. The State Board of Equalization estimates that transactions and use tax revenues for the period April 1, 1979 to June 30, 1979 will be approximately \$9,300,000. Of this amount, \$2,906,000 had been received and recorded by the District. Comparable figures for 1978 were \$8,625,000 and \$2,156,000, respectively.

### Property Tax Revenue

The District receives property tax revenues to service the debt requirements of the General Obligations Bonds and records these revenues in the debt service funds. It also receives an allocation of property tax revenues to provide for general and administrative expenses not involving construction, although such revenues may be used for construction if needed. The District records this property tax allocation as financial assistance.

### Interest Earned on Capital Sources

The District accounts for interest earned on capital sources as an increase in net capital investment to recognize that this interest should be directly associated with the capital which gives rise to the interest and which is not available for current operations.

### Self-Insurance

The District is largely self-insured for worker's compensation and general liability claims and major property damage. The District records the costs of self-insured claims and major property damage when they are incurred.

## NOTE 2 — Securities Representing Reserves

Securities are separately classified on the balance sheet to reflect designation by the Board of Directors of a portion of the District's capitalization as reserves for the following purposes:

	-- (In Thousands) --	
	1979	1978
Basic System Completion	\$13,000	\$13,000
System Improvement	15,156	13,906
Self-Insurance	9,000	9,000
	<u>\$37,156</u>	<u>\$35,906</u>

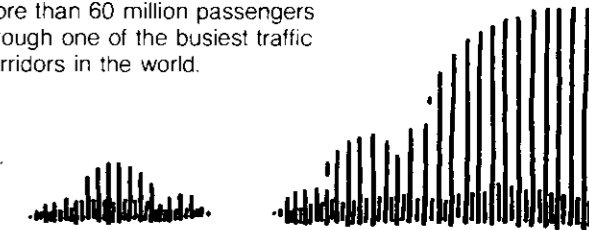
**Bartpool.** As the increase in riders continued during the year, BART's parking lots overflowed. To encourage conservation and carpooling to BART, the District began a test to improve parking lot usage at the Concord station.

Working in conjunction with the California Department of Transportation (CALTRANS), which computer-matched riders in the same neighborhood or district, BART issued permits to carpoolers for controlled close-in preferential parking. This test to increase efficiency of the 1,074 parking stalls at Concord Station is being monitored closely with a view to expanding the concept at other over-demanded parking lots.

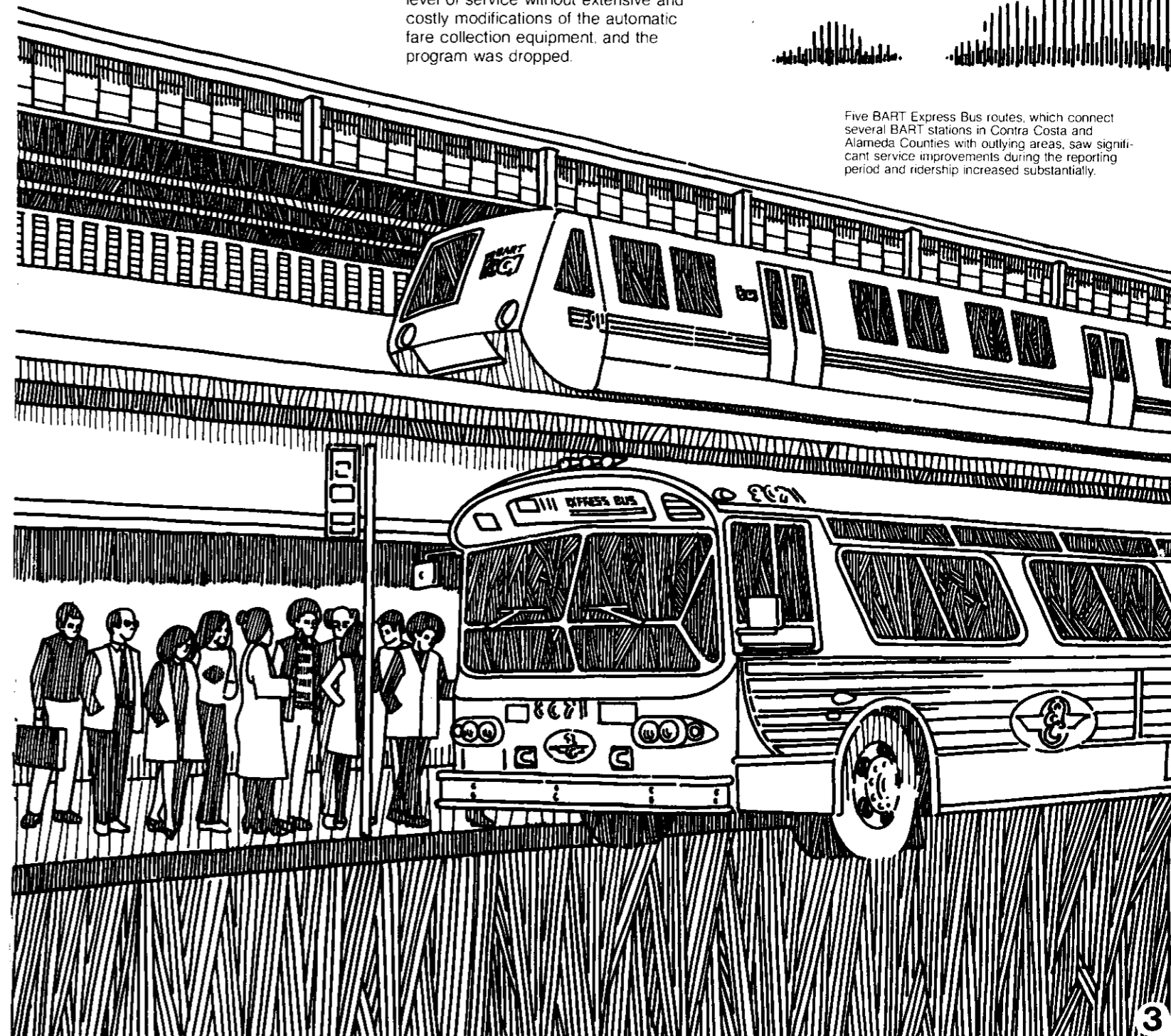
**Remotely Staffed Stations.** In an effort to provide the highest level of service at the lowest possible price, the Field Services Department had developed and tested the feasibility of replacing agents at several low-volume stations with a sophisticated electronic surveillance system monitored from BART Central Control. A similar program had proven highly successful at the Port Authority Trans Hudson Corporation subway system in New York and saved millions of dollars. With eight stations actually under the RSS program by the fall of 1978 as part of the initial demonstration, a thorough evaluation by the staff was undertaken. The staff analysis led to a decision in May 1979 that the program could not provide an adequate level of service without extensive and costly modifications of the automatic fare collection equipment, and the program was dropped.

**Six Years Old.** On Monday, September 11, 1978, BART observed its sixth anniversary of revenue service. The trains had first opened their doors for revenue service in 1972 and in the intervening years the transit system carried more than 160 million riders over two billion passenger miles without any serious injuries to passengers.

The east bay lines had amassed 58 million trips with 42 million on the San Francisco line. Since the 3.6-mile trans-bay tube opened for service (September 16, 1974), BART has carried more than 60 million passengers through one of the busiest traffic corridors in the world.



Five BART Express Bus routes, which connect several BART stations in Contra Costa and Alameda Counties with outlying areas, saw significant service improvements during the reporting period and ridership increased substantially.



## reliability & improvements

The improvement most obvious to patrons during the reporting period was BART's ability to operate trains at normal speeds during winter weather. Prior to December 4, 1978, trains were deliberately slowed to ensure safe stopping when tracks were wet. Completion of a systemwide "re-signaling" program to stretch out the braking distance for trains eliminated the need for this procedure.

**RIP Program.** In January 1979 a Reliability Improvement Program (RIP) was instituted to focus on those specific engineering problems which most often affected service to BART passengers. Statistical studies revealed 13 items whose reliability was directly related to level of service. Objectives were established for improvements and an 18-month program got underway. A delay, caused in part by the tube fire, pushed completion of the program into 1981 but the end of the reporting period saw success in achieving acceptable failure rates in brake control electronics, loose derail bars and motor-alternator control

In 1979, the car failure rate was reduced 10 percent over 1978 and further reductions are part of the 1979/80 objectives. The fleet incident rate dropped 21 percent and hardware failure was reduced 53 percent. These improvements signified the District's growing ability to achieve technical improvement and have paved the way for expanded service under the long-awaited close headways program.

**Four Route Service.** Direct service between Richmond and Daly City can be added under "close headways" without adversely affecting service on other lines. Approval by the CPUC is expected in 1980.

In addition, Directors have called for development of a turnback track project in Daly City to further improve service and save an estimated \$1.5 million annually through provision of train storage in the West Bay. Currently BART must return all of its extra rush hour transbay trains back to Concord and Hayward and then back to San Francisco for the evening rush.

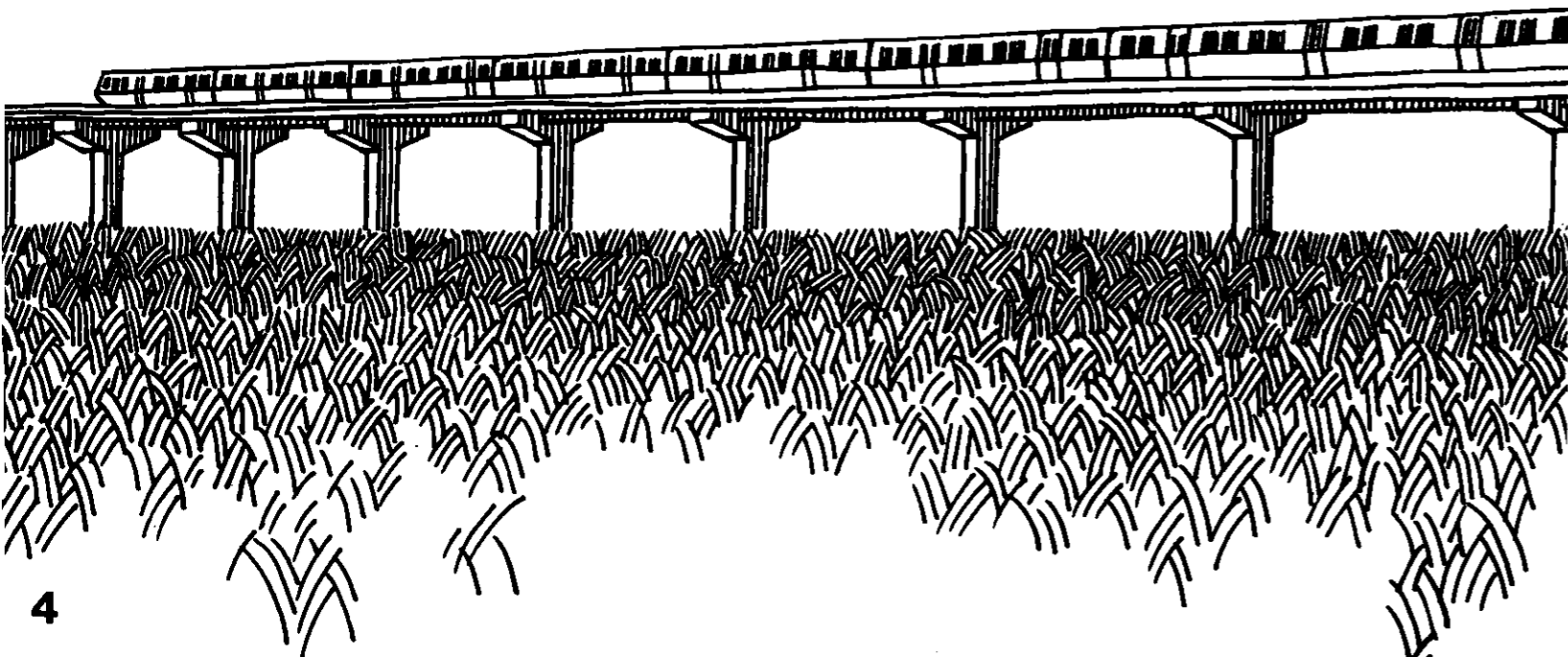
**Car Rebuilding.** Increased service and patronage will mean increased demand on the car fleet. Under a program begun last year, 14 Type A railcars (with cab) are being converted to Type B cars (without cab). This work, underway at the Hayward Shops by District employees, has proved to be extremely economical since the cost of converting A cars is about 7 percent of the estimated cost of a new B car.

**System Access.** Parking lot expansion continued with the addition of over 300 spaces at the Fremont Station, bringing the total to over 1,000. On the same day the new spaces opened, ground was broken for construction of a new east entrance to this busy station and work was nearly half-completed by the end of the reporting period.

On December 14, 1978, the Board adopted the first phase of a program to improve access to six stations: Glen Park, Hayward, Lafayette, Walnut Creek, Pleasant Hill and Concord. Improvements will include increasing parking facilities where possible and better bus access. In each case, close alliance is maintained with each community in the development of specific, local station access plans.



Trains up to ten cars long were put into service on a regular basis during peak travel periods as ridership climbed. Trains this length (750 feet) nearly equal the height of the Bank of America World Headquarters in San Francisco (779 feet).



US Government Grants	State of California Grants	Contributions From Others	Depreciation and Retirements of Assets Acquired With Grants and Contributions by Others	Accumulated Deficit	Interest on Capital	Reserves	Net Capital Investment
\$288,599	\$116,902	\$29,387	(\$30,249)	(\$59,661)	\$122,065	(\$ 6,000)	\$682,308
—	—	—	—	(5,498)	—	—	(5,498)
9,641	39,111	15,603	—	—	—	—	64,355
—	—	—	(12,508)	—	—	—	(12,508)
—	—	—	—	—	3,134	—	3,134
—	—	—	—	—	—	(13,000)	(13,000)
—	—	—	—	—	—	(13,906)	(13,906)
—	—	—	—	—	—	(3,000)	(3,000)
298,240	156,013	44,990	(42,757)	(65,159)	125,199	(35,906)	719,635
—	—	—	—	<b>(15,087)</b>	—	—	<b>(15,087)</b>
<b>10,194</b>	—	<b>2,300</b>	—	—	—	—	<b>2,300</b>
—	—	<b>1,691</b>	—	—	—	—	<b>11,885</b>
—	—	—	<b>(9,925)</b>	—	—	—	<b>(9,925)</b>
—	—	—	—	—	<b>4,277</b>	—	<b>4,277</b>
—	—	—	—	—	—	<b>(1,250)</b>	<b>(1,250)</b>
—	—	—	—	—	—	—	<b>19,710</b>
<b>\$308,434</b>	<b>\$156,013</b>	<b>\$48,981</b>	<b>(\$52,682)</b>	<b>(\$80,246)</b>	<b>\$129,476</b>	<b>(\$37,156)</b>	<b>\$731,545</b>

### DEBT SERVICE FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND FUND BALANCES Years Ended June 30, 1979 and 1978 (In Thousands)

	1979	1978		Combined
	General Obligation Bonds	General Obligation Bonds	Sales Tax Revenue Bonds	
Revenues:				
Property tax	\$48,285	\$48,741	\$ —	\$48,741
Transactions and use tax received	—	—	26,882	26,882
Interest	2,490	1,597	739	2,336
	<b>50,775</b>	50,338	27,621	77,959
Expenditures:				
Interest	30,446	31,397	808	32,205
Principal	19,710	17,750	16,000	33,750
Bond service expense	—	—	9	9
Funds transmitted to the District	—	—	24,811	24,811
	<b>50,156</b>	49,147	41,628	90,775
Balance, beginning of year	619	1,191	(14,007)	(12,816)
	<b>17,200</b>	16,009	14,007	30,016
Balance, end of year	<b>\$17,819</b>	\$17,200	\$ -0-	\$17,200
Represented by:				
Cash (including time deposits: 1979, \$16,340; 1978, \$14,750)	\$16,363	\$14,867	—	\$14,867
Securities — at cost	310	845	—	845
Taxes and interest receivable	1,146	1,488	—	1,488
	<b>\$17,819</b>	\$17,200	—	\$17,200

The accompanying notes are an integral part of these financial statements.

**STATEMENTS OF CHANGES IN NET CAPITAL INVESTMENT**  
Years Ended June 30, 1979 and 1978 (In Thousands)

	Property Tax	Transactions and Use Tax
Balance, July 1, 1977	\$ 71,265	\$150,000
Net loss for the year	—	—
Proceeds from grants and contributions	—	—
Depreciation of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Bond principal	17,750	—
Establishment of basic system completion reserve	—	—
Establishment of system improvement reserve	—	—
Increase in reserve for self-insurance	—	—
Balance, June 30, 1978	89,015	150,000
Net loss for the year	—	—
Improvement allowance funding	—	—
Proceeds from grants and contributions	—	—
Depreciation of assets acquired with grants and contributions by others	—	—
Interest on capital	—	—
Increase in system improvement reserve	—	—
Bond principal	19,710	—
Balance, June 30, 1979	<u>\$108,725</u>	<u>\$150,000</u>

**STATEMENTS OF CHANGES IN FINANCIAL POSITION** Years Ended June 30, 1979 and 1978 (In Thousands)

	1979	1978
<b>CASH AND SECURITIES PROVIDED BY:</b>		
Operations:		
Net loss transferred to accumulated deficit	\$15,087	\$ 5,498
Deduct expenses not requiring cash:		
Depreciation of assets acquired with own funds	18,209	12,191
Net book value of damaged revenue transit vehicles	1,808	—
<b>CASH AND SECURITIES PROVIDED BY OPERATIONS</b>	<b>4,930</b>	6,693
Contributions from U S Government grants and others	11,885	25,244
Improvement allowance funding	2,300	—
Increase (decrease) in contracts and other liabilities	1,665	(7,882)
Increase (decrease) in unearned passenger revenue	5	(526)
Interest on capital	4,277	3,134
<b>Total cash and securities provided</b>	<b>25,062</b>	26,663
<b>CASH AND SECURITIES APPLIED TO:</b>		
Additions to construction in progress	3,653	176
Additions to facilities, property, and equipment	10,409	8,792
Additions to materials and supplies	2,221	1,803
Increase (decrease) in deposits, notes, and other receivables	6,982	(5,696)
<b>Total cash and securities applied</b>	<b>23,265</b>	5,075
<b>Increase in cash and securities</b>	<b>\$ 1,797</b>	\$21,588

**safety**

On March 22, 1979, the Board of Directors endorsed a comprehensive Emergency Preparedness and Fire Safety Program. The objectives of this program are to minimize the occurrence of fires and other emergency incidents and to maximize the effectiveness of BART and other agency personnel in dealing with such incidents when they do occur. Both short and long-range improvements will be implemented.

The January 17 fire resulted in a complete reexamination of the District's railcars, particularly with a view toward increasing their fire safety. Prominent among the many items under investigation was the potential hazard posed by flammable seats.

Prior to the fire, BART had received a grant from the Urban Mass Transit Administration (UMTA) setting aside \$2.5 million for replacement of seat cushions on all transit vehicles. After rejecting the recommended early versions of neoprene as offering little significant improvement over polyurethane, BART launched an extensive test program in conjunction with an outside consultant, McDonnell-Douglas. Over 400 materials were looked at during the research.

Investigation and testing continues into materials and methods which will improve the fire resistance of rolling stock. This includes special emphasis on fire-retardant coatings for floors, sidewalls and ceilings. Many operators are watching the District's progress and will share in the knowledge and techniques achieved through this on-going program.

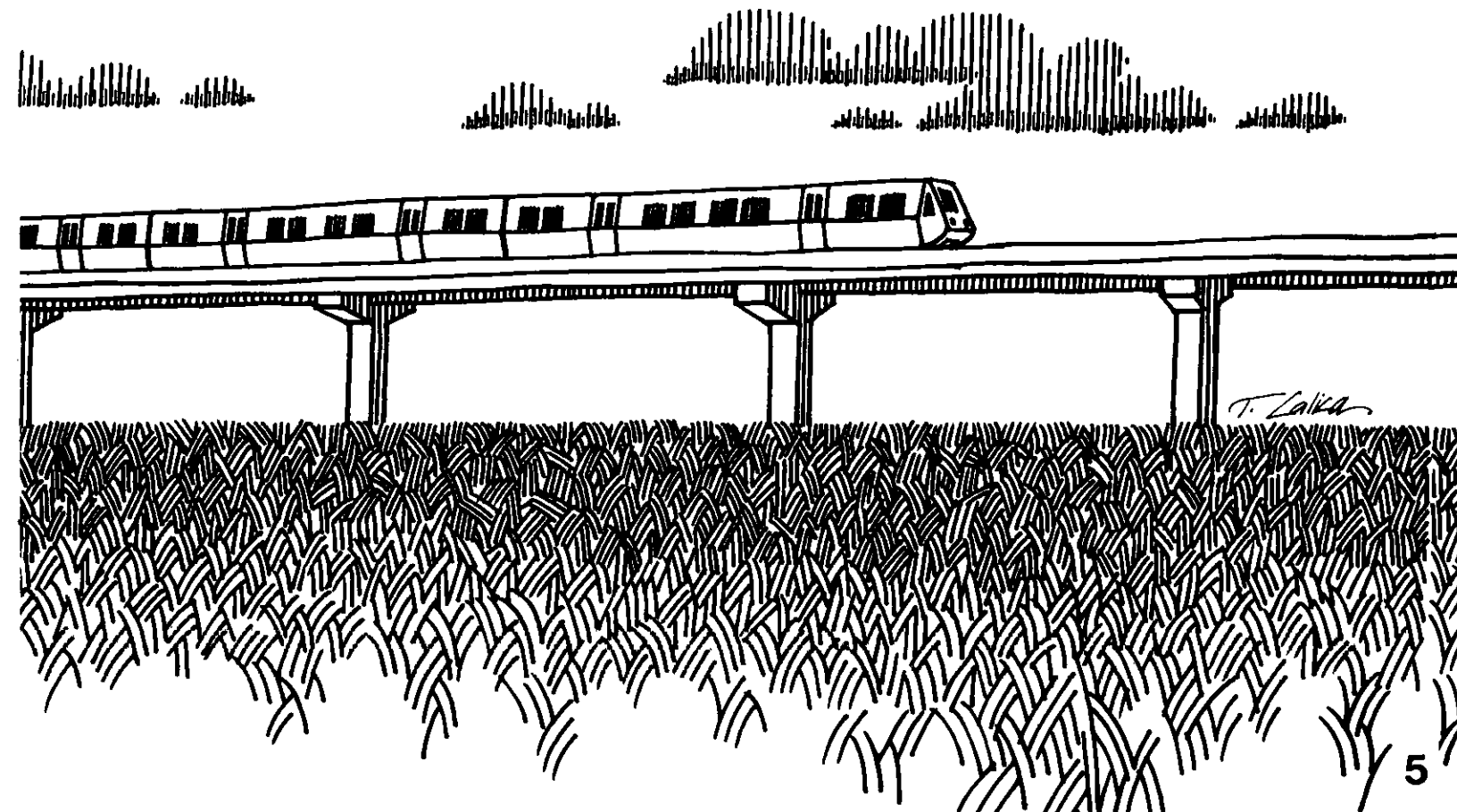
The District also implemented a public safety information program which included an industry "first" — the posting of every railcar with placards containing specific emergency instruction for passengers. The placards also contain take-along, trilingual emergency procedures printed in English, Spanish and Chinese.

**administration**

Four months after taking office, General Manager Keith Bernard reorganized BART's top managerial staff. The changes completed the District's transition from a major construction project to an operating system and resulted partly from a study began in 1977 by consultants, Booze, Allen & Hamilton, Inc. After internal study, further consolidations in the number and levels of upper-echelon managers were made which resulted in a projected savings of more than \$200,000 annually.

**Budget.** The District's financial objective was a fully-funded budget through June 1979 with more than 35 percent contribution of non-tax revenues to operating expenses — and no fare increase. This goal was achieved as passenger and other operating revenues ran ahead of forecast for the first half of 1978/79. However, with the closing of the transbay tube in January, passenger revenues fell sharply. Normal operating costs remained at pre-fire levels and the District incurred substantial extraordinary costs as a result of the fire, cleanup, shuttle bus service and PUC hearing preparation. Most of these costs were reimbursed from a supplemental claim to the Metropolitan Transit Commission (MTC) for regional funds.

The FY 1978/79 budget reflected Proposition 13 cutbacks of \$7 million and 150 employee positions. The budget also assumed a \$7.9 million allocation in sales tax funds to be administered through MTC. Following a review of Prop 13's impact on regional transit operators (including SF Muni and AC Transit), the MTC released \$6.7 million to BART as well as \$2.7 million in Section 5 funds. This assured the District of a fully-funded 1978/79 operating budget. Action on some \$4 million in capital claims was pending at fiscal year's end.



The accompanying notes are an integral part of these financial statements.

**Property Tax Rates.** Under Proposition 13 impact, the Board of Directors set a uniform tax rate of 35.6 cents per \$100 assessed property valuation for debt service of the District's General Obligation Bonds. This rate compared with the previous year's figures of 43.1 cents for Alameda County, 42.8 cents in Contra Costa and 43.6 cents in San Francisco.

In accordance with the guidelines of the tax initiative, the Directors could not set an additional 5-cent tax rate for administrative purposes as in years past. In lieu of this tax, which had been expected to yield about \$6.7 million for operating expenses, BART received a share of the maximum \$4 per \$100 assessed property valuation each county levies—about 30 percent of what the former 5-cent administrative tax would have provided.

The Board also established a slightly lower tax rate of 16.1 cents for Berkeley city residents over its previous year's 16.3 cents. This rate is for bonds authorized by Berkeley voters for underground construction not included in the original District plans.

**Advertising Franchise.** After a lengthy selection process involving three companies, BART signed a contract with Transit Ads Incorporated (TAI) to act as agent for display billboard space in stations and on trains.

The contract guarantees BART a minimum of \$1.85 million in advertising revenues over the next five years. California-based TAI indicated it expects to surpass the guarantee with sales in excess of \$5 million during that period, BART receiving 51 percent of the revenue.

**Labor Negotiations.** Contracts between BART and its two major labor unions, Amalgamated Transit Union, Division 1555, and United Public Employees, Local 390, expired on June 30, 1979. Negotiations began on March 16 and more than 40 bargaining sessions were held during the next three and one-half months.

One of the primary issues concerned BART's contention that cost-of-living raises should be adjusted to bring District pay scales more in line with prevailing local wage rates. By the end of the fiscal year no agreement had been reached and the District agreed to extend the expired contract on a day-to-day basis while talks continued.

## the future

The District's principal near term operating objective is to provide four-route service beginning in 1980 with a service level of 17 trains (increased from 10) at minimum 3.5 minute train intervals in the transbay corridor during peak periods.

At the current level of service, ridership is forecast to increase about six percent in the coming year and any effect of a possible fare increase is likely to be offset by the threat of gas shortages or higher gas prices.

Equipment reliability improvement programs will continue as will efforts to increase system access, especially for elderly and handicapped persons. BART, of course, will work for continued improvement in the area of Emergency Preparedness and Life Safety.

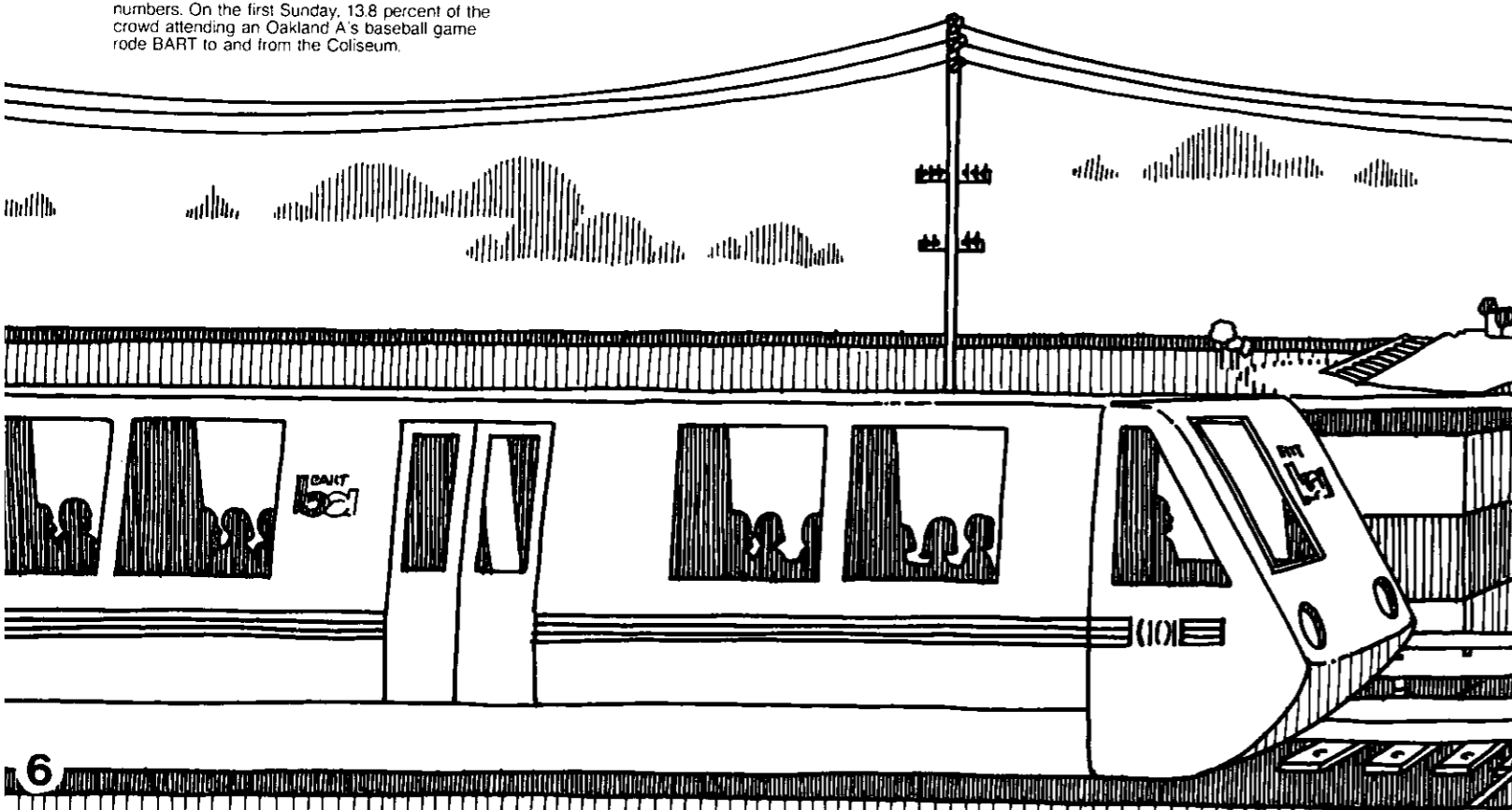
In the last part of the 20th Century, BART will continue to operate one of the largest regional rail systems on the American landscape. As the District approaches the new decade and looks beyond, growing energy shortages and rising fuel costs underscore the need for BART to continue improving and expanding service in order to help achieve the most effective regional transportation network possible for the San Francisco Bay Area.

## STATEMENTS OF OPERATIONS Years Ended June 30, 1979 and 1978 (In Thousands)

	1979	1978
Operating revenues:		
Fares	\$31,344	\$30,666
Less discounts and other deductions	2,617	2,447
	28,727	28,219
Other	647	535
Investment income	2,130	1,144
Total operating revenues	31,504	29,898
Operating expenses:		
Transportation	27,345	24,192
Maintenance	34,779	32,555
Police services	3,684	2,910
Construction and engineering	8,002	8,023
General and administrative	12,911	15,984
Tube fire costs	3,536	—
	90,257	83,664
Less capitalized costs	3,709	5,460
Net operating expenses	86,548	78,204
Insurance proceeds from damage of revenue transit vehicles	5,000	—
Less net book value of damaged revenue transit vehicles	1,808	—
	3,192	—
Operating loss before depreciation expense	51,852	48,306
Depreciation (unfunded):		
Of assets acquired with own funds	18,209	12,191
Of assets acquired with grants and contributions by others	9,925	12,508
Total depreciation	28,134	24,699
Operating loss	79,986	73,005
Financial assistance:		
Transactions and use tax	44,040	48,621
Sales tax allocated	6,700	—
Property tax	2,299	6,283
State	951	12
Transportation Development Act of 1971	541	83
Federal	2,743	—
Funds allocated to improvement allowance	(2,300)	—
Total financial assistance	54,974	54,999
Net loss	25,012	18,006
Depreciation of assets acquired with grants and contributions by others	9,925	12,508
Net loss transferred to accumulated deficit	\$15,087	\$ 5,498
Reconciliation to net funded deficit:		
Operating loss before depreciation expense	\$51,852	\$48,306
Add net insurance proceeds restricted for revenue transit vehicle replacement	3,192	—
Deduct financial assistance	54,974	54,999
Funded excess of expenses over revenues (revenues over expenses)	\$ 70	(\$ 6,693)



Sunday service and sports fans were two reasons weekend travel on BART reached record numbers. On the first Sunday, 13.8 percent of the crowd attending an Oakland A's baseball game rode BART to and from the Coliseum.



The accompanying notes are an integral part of these financial statements.



# FINANCIAL STATEMENTS

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

We have examined the balance sheets of the San Francisco Bay Area Rapid Transit District as of June 30, 1979 and 1978 and the related statements of operations, changes in net capital investment, changes in financial position, and revenues, expenditures and fund balances of debt service funds for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements identified above present fairly the financial position of the San Francisco Bay Area Rapid Transit District as of June 30, 1979 and 1978 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Maier Hudman & Cronstam*

Certified Public Accountants

San Francisco, California  
September 28, 1979

## BALANCE SHEETS June 30, 1979 and 1978 (In Thousands)

	1979	1978
<b>ASSETS</b>		
Cash (including time deposits: 1979, \$-0-; 1978, \$1,970)	\$ 1,825	\$ 3,259
Securities — at cost	38,491	36,510
Securities representing reserves — at cost	37,156	35,906
Deposits, notes, and other receivables	10,650	3,668
Construction in progress	38,431	34,778
Facilities, property, and equipment — at cost (less accumulated depreciation and amortization: 1979, \$150,670; 1978, \$123,892)	1,345,823	1,365,356
Materials and supplies — at average cost	10,042	7,821
Debt service funds, net assets	17,819	17,200
	<b>\$1,500,237</b>	<b>\$1,504,498</b>
<b>LIABILITIES AND CAPITALIZATION</b>		
Contracts and other liabilities	\$ 17,332	\$ 15,667
Unearned passenger revenue	1,110	1,105
Debt service funds	17,819	17,200
	<b>36,261</b>	<b>33,972</b>
Capitalization:		
Reserves	37,156	35,906
General Obligation Bonds	695,275	714,985
Net capital investment	731,545	719,635
	<b>1,463,976</b>	<b>1,470,526</b>
	<b>\$1,500,237</b>	<b>\$1,504,498</b>

## the fire—a challenge

In the early morning of January 18, crews began the five-hour task of removing the blackened shell of Train 117 from the tube. What followed was unmeasurable hours of intensive planning, thorough coordination and difficult labor, but the effort proved the BART team had the ability to manage a crisis.

And crisis it was. Some 40 passengers and employees hospitalized and one Oakland fireman lost his life. BART was faced with many difficult decisions and actions before transbay service could resume.

CPUC had shut down the tube until six conditions could be met. In the end, some 80 items had to be dealt with before transbay revenue trains could return to service. These included requirements set by the District itself and recommendations made by a special Board of Inquiry appointed by the General Manager. This independent body, consisting of local fire department representatives and national transit/safety specialists, was assisted by BART Director of Safety Ralph Weule.

General Manager Keith Bernard, who had assumed office just seven days before the fire, set up the TRANSBAY

SERVICE TASK FORCE, comprised of representatives from Safety, Field Services, Maintenance and Engineering, Legal, Management Services, Employee Relations and Public Affairs.

**Safety** coordinated BART's efforts with all the outside agencies, including fire departments, safety agencies and consultants.

**Field Services** developed a revised overall emergency response plan and prepared individuals to ride transbay test trains as Emergency Procedure Advisors. Central Control revised its emergency procedures.

**Maintenance and Engineering**, in addition to clean-up, painted gallery emergency doors and arrows to the doors, removed door locks, checked the trackway and alignment of the third rail and repaired the concrete damaged from the heat of the fire. **Power and Way** began modifying hi-rail emergency vehicles and training its people in the use of all equipment on the vehicles. Many smoke tests and evacuation drills were conducted.

**Management Services** worked with Kaiser Engineers to determine the fastest, most efficient evacuation procedures under various conditions.

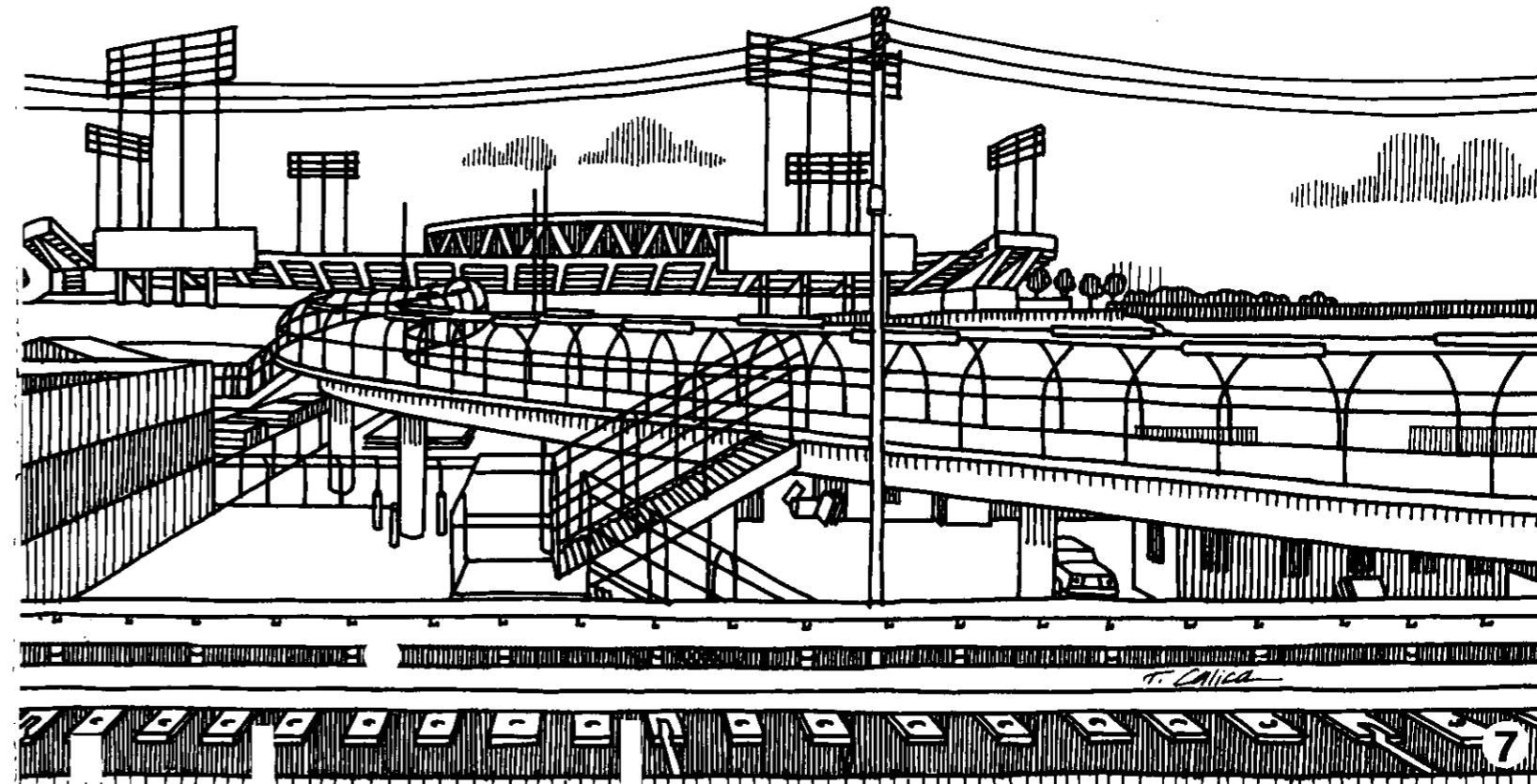
**Employee Relations** worked with the unions in implementing a new series of safety training programs.

**Public Affairs** provided news media with day-to-day progress reports and began an intensive public Safety Education Program.

**Legal** staff spent exhaustive hours preparing BART's testimony before the CPUC.

General Manager Bernard summarized the all-out effort: "It was a difficult time, but one that proved BART people all along the line could work together under stress to quickly achieve successful results."

On April 2, 1979, the District completed presentation of evidence and testimony to the CPUC, emphasizing that meeting the points of the original closure order on January 19 was only the beginning of BART's commitment to reassess the overall spectrum of system safety and continue a program of substantial improvements to all parts of the system. The CPUC lifted its order closing the transbay tube on April 4 and service resumed on April 5, 1979.



# performance highlights

## RAIL RIDERSHIP

Annual Passenger trips  
 Average weekday trips, excluding tube closure  
 Average trip length  
 Annual passenger miles  
 System utilization factor (ratio of passenger miles to available seat miles)  
 End-of-period ratios  
 Peak patronage  
 Off-peak patronage  
 BART's estimated share of peak period transbay trips—cars, trains and buses  
 Passengers with automobile available (as alternative to BART)

	FY 1978/79	FY 1977/78
Annual Passenger trips	<b>41,191,566(1)</b>	38,665,206
Average weekday trips, excluding tube closure	<b>151,712</b>	146,780
Average trip length	<b>12.1 miles(1)</b>	12.7 miles
Annual passenger miles	<b>500,221,000</b>	492,901,000
System utilization factor (ratio of passenger miles to available seat miles)	<b>.259</b>	.285
End-of-period ratios		
Peak patronage	<b>49%</b>	50%
Off-peak patronage	<b>51%</b>	50%
BART's estimated share of peak period transbay trips—cars, trains and buses	<b>26%(2)</b>	28%
Passengers with automobile available (as alternative to BART)	<b>57%</b>	57%

## OPERATIONS

Annual revenue car miles  
 Unscheduled train removals—average per revenue day  
 Transit car availability to revenue car fleet  
 Passenger miles per equivalent gallon of gasoline  
 Passenger accidents reported per million passenger trips  
 Crimes reported per million passenger trips

	FY 1978/79	FY 1977/78
Annual revenue car miles	<b>26,806,000</b>	24,046,898
Unscheduled train removals—average per revenue day	<b>9.0</b>	10.1
Transit car availability to revenue car fleet	<b>82%</b>	87%
Passenger miles per equivalent gallon of gasoline	<b>56(1)</b>	59
Passenger accidents reported per million passenger trips	<b>23.08</b>	22.63
Crimes reported per million passenger trips	<b>155.7(3)</b>	117.4

## FINANCIAL

Net passenger revenues  
 Other operating revenues  
 Total operating revenues  
 Net operating expenses  
 Operating ratio (total operating revenues to net operating expenses)  
 Rail passenger revenue per passenger mile  
 Rail operating cost per passenger mile  
 Average passenger fare

	FY 1978/79	FY 1977/78
Net passenger revenues	<b>\$28,727,000(1)</b>	\$28,219,000
Other operating revenues	<b>2,777,000</b>	1,679,000
Total operating revenues	<b>31,504,000</b>	28,898,000
Net operating expenses	<b>86,548,000(7)</b>	78,204,000(4)
Operating ratio (total operating revenues to net operating expenses)	<b>36.40%(7)</b>	38.23%(5)
Rail passenger revenue per passenger mile	<b>5.6¢(1)</b>	5.7¢
Rail operating cost per passenger mile	<b>16.6¢(7)</b>	15.5¢(6)
Average passenger fare	<b>72.3¢(1)</b>	75.4¢

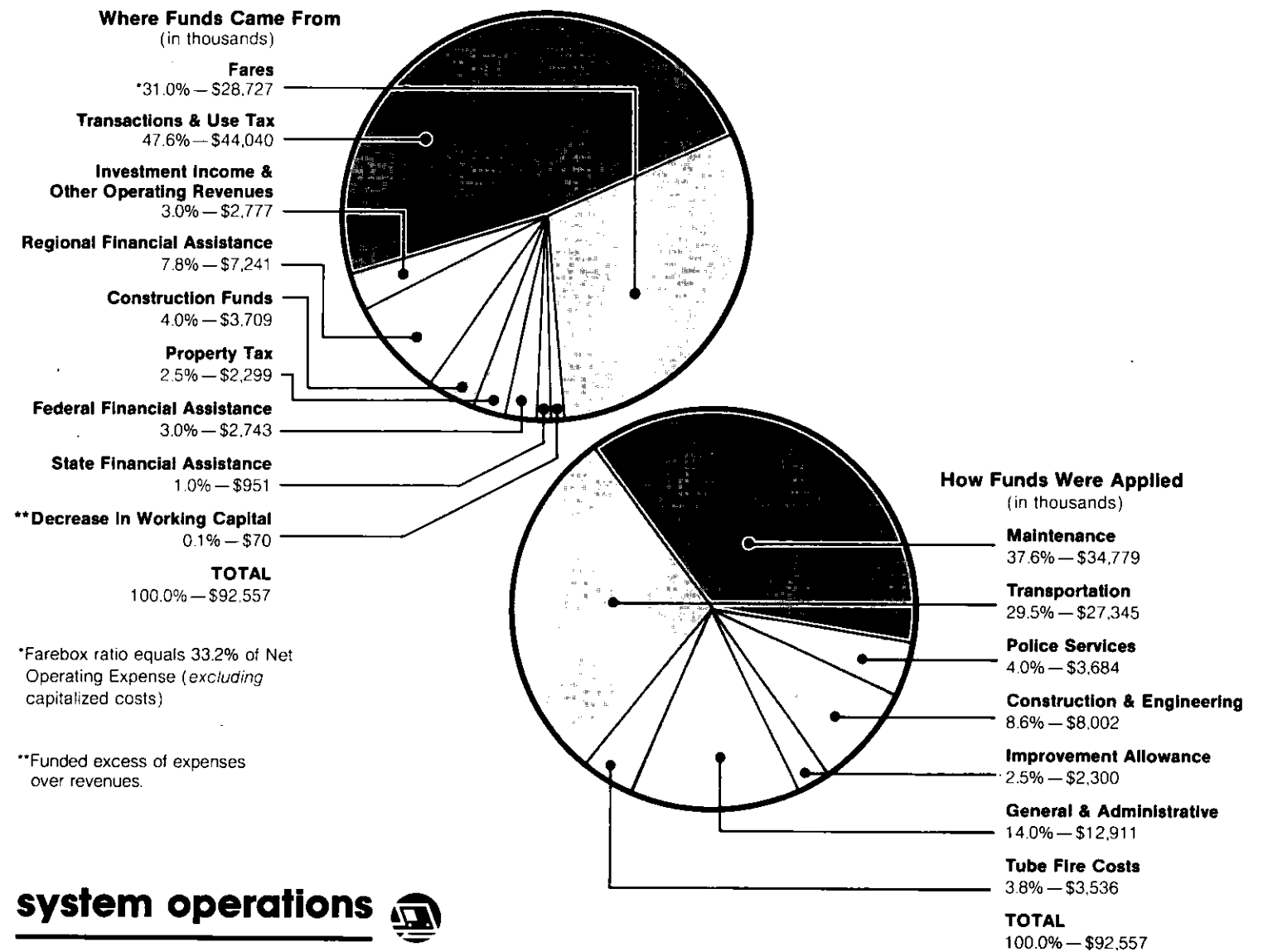
### NOTES:

General note: Data represent annual averages unless otherwise noted.

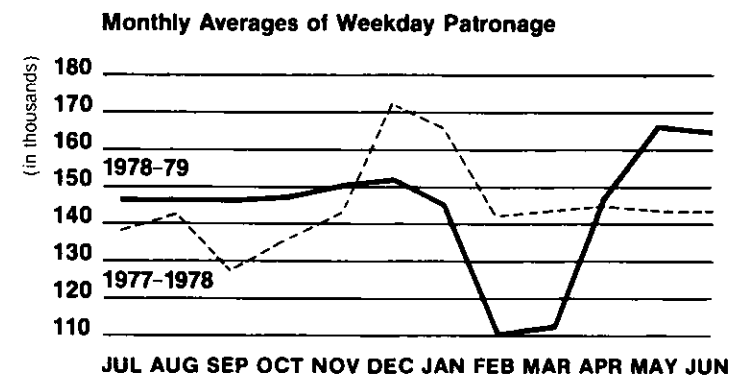
- (1) Reflects transbay tube closing, January 19, April 4, inclusive.
- (2) Reflects October 1978 Survey data; April 1979 Survey not applicable because BART was transitioning to normal service. Previous year reflects average of October 1977 and April 1978.
- (3) Reflects increased efforts to reduce fare evasion.
- (4) After inventory adjustment of \$1,300,000.
- (5) FY 1977/78 reflects inclusion of abnormal power expense due to drought; excluding such expense, normal operating ratio was 40.42%.
- (6) FY 1977/78 includes extraordinary power expense; excluding such expense, normal rail cost per passenger mile was 14.6¢.
- (7) Reflects abnormal tube fire expense.

# 1978-79 operating funds

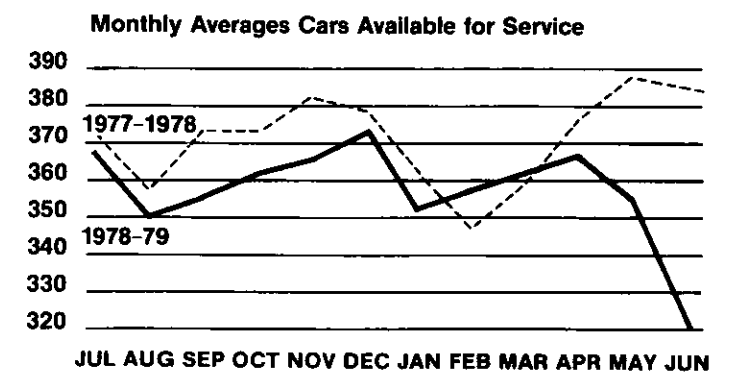
\$92,557,000 (Including Capitalized costs)



## system operations



Special notes for patronage chart  
 1978/79 line:  
 Jan 19-Apr 4—Transbay tube closure  
 1977/78 line:  
 Sept—BART Police strike; limited service provided  
 Dec—AC Transit strike, Dec-Jan



Special notes for cars available chart  
 1978-1979 line:  
 Jan—Partially due to tube fire  
 June—Partially due to labor dispute