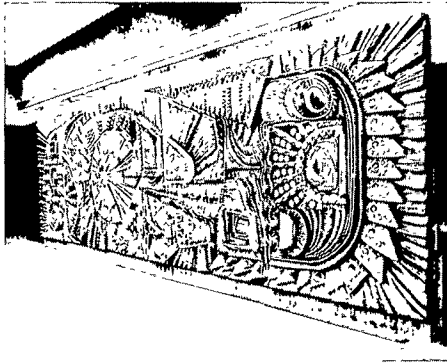


1970-71
ANNUAL
REPORT

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT





Cover:

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

Board of Directors



Arnold C. Anderson



Richard O. Clark



H. R. Lange



George M. Silliman



Nello J. Bianco



James P. Doherty



Stanley T. Grydyk



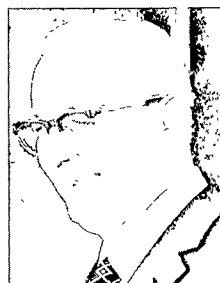
Joseph S. Silva



William C. Blake



William H. Chester



Garland D. Graves



William M. Reedy

San Francisco Bay Area Rapid Transit District

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

Directors:

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

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

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

Staff:

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

Department Heads:

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

President's Message

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

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

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

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

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

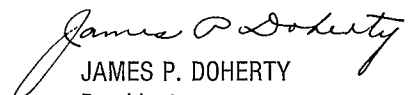
As impatient as we all are to see BART trains carrying commuters, the technical facts of life involved in implementing the nation's first all-new rapid transit technology cannot be set aside.

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

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

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

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


JAMES P. DOHERTY
President



Report of the General Manager

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

Most importantly, BART prototype test cars began rolling.

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

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

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

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

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

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

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

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

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

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

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

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

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

Efficient phase-out of large construction



B. R. Stokes, General Manager



Passenger Concourse—Lake Merritt Station

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

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

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

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

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

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

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

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

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

The Hayward Trainyard and Shops were

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

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

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

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

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

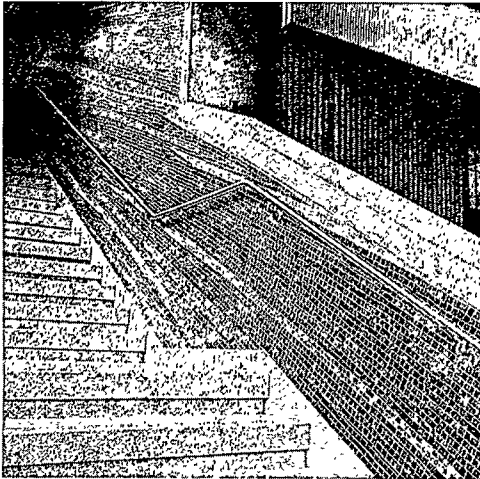
BART Directors last May were provided with a comprehensive study on BART fares in order that they could provide the fare system manufacturer, International Business Machines, with a tentative fare schedule by June 1. This major research effort involved four months of gathering and analyzing information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

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

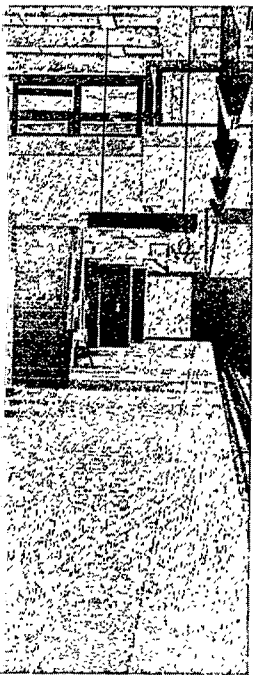
The staff provided project supervision (minimizing cash obligations) for some five cooperative projects. They include studies involving transit extensions to San Francisco and Oakland airports, and bus transit feeder and local service in Alameda and Central Contra Costa County communities.

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

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



Mosaic Stairway—El Cerrito Plaza Station



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

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

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

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

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

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

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

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

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

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

daily, plus currency.

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

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

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

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

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

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

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

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

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

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



Mezzanine—Lake Merritt Station

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

PROPERTY TAX RATES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

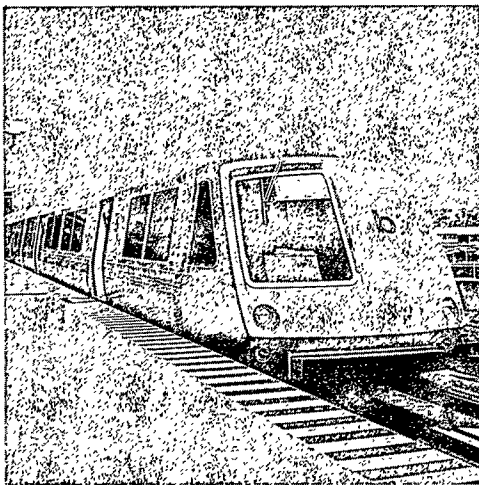
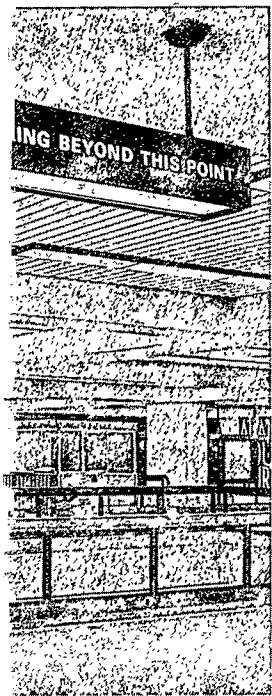
East Oakland to Hayward right-of-way was acquired from the Western Pacific Railroad, with segments in Oakland and Richmond from the Southern Pacific.

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

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

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

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



Three-Car Train—Bay Fair Station

San Francisco Bay Area Rapid Transit District

Balance Sheet

June 30, 1971

Assets

| | |
|---|-----------------|
| Current assets: | |
| Cash (including time deposits of \$154,000,000) | \$ 155,106,373 |
| U.S. Treasury securities, at cost | 15,417,812 |
| Federal Agency securities, at cost | 87,039,467 |
| Miscellaneous receivables | 3,014,625 |
| Total current assets | 260,578,277 |
| Construction in progress (Note F) | 1,038,180,181 |
| Insurance deposits and notes receivable | 4,387,364 |
| Furniture, equipment and vehicles, at cost | 435,495 |
| Debt Service Funds, net assets (including time deposits of \$23,731,900 and U.S. Treasury and Federal Agency securities of \$14,767,440) (Notes A and B) | 38,594,926 |
| | \$1,342,176,243 |

Liabilities, Reserve and Capitalization

| | |
|---|-----------------|
| Current liabilities: | |
| Construction contracts and others | \$ 21,747,987 |
| Other liabilities: | |
| Withheld from contractors on progress payments | 2,129,545 |
| Payable to State of California (Note D) | 39,110,538 |
| Debt Service Funds (Notes A and B) | 38,594,926 |
| Reserve for self-insurance (Note E) | 15,000,000 |
| Capitalization: | |
| Construction funds: | |
| General Obligation Bonds (\$812,500,000 authorized) (Note A): | |
| Bonds outstanding | \$ 803,550,000 |
| Bonds matured and retired | 450,000 |
| | 804,000,000 |
| Sales Tax Revenue Bonds (\$150,000,000 authorized) (Note B) | 150,000,000 |
| U.S. Government Grants (Note C) | 86,159,355 |
| State of California Grant (Note D) | 108,142,162 |
| City of San Francisco contribution | 3,529,758 |
| | 1,151,831,275 |
| Accumulated revenue | 71,622,906 |
| Total construction funds | 1,223,454,181 |
| General Fund accumulated net revenue | 2,139,066 |
| | 1,225,593,247 |
| | \$1,342,176,243 |

See Notes to Financial Statements

Statement of Revenue, Expenses and Accumulated Net Revenue

Fiscal Year Ended June 30, 1971

General Fund.

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

Debt Service Funds

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

Statement of Changes in Construction Funds

Fiscal Year Ended June 30, 1971

| | |
|--|------------------------|
| Total construction funds at beginning of year | \$1,073,331,480 |
| Additions during the year: | |
| Sales Tax Revenue Bonds: | |
| Series B, sold in August 1970 | 50,000,000 |
| Series C, sold in January 1971 | 50,000,000 |
| U.S. Government grants received | 17,333,776 |
| State of California grants received | 9,485,400 |
| City of San Francisco contribution | 43,224 |
| Accumulated revenue: | |
| Interest and other | \$19,931,160 |
| Add — Amount transferred from reserve for self-insurance (Note E) | 3,329,141 |
| | <u>23,260,301</u> |
| | <u>150,122,701</u> |
| Total construction funds at the end of year | <u>\$1,223,454,181</u> |

Notes to Financial Statements

JUNE 30, 1971

NOTE A — General Obligation Bonds:

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

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

NOTE B — Sales Tax Revenue Bonds:

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

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

NOTE C — U.S. Government grants:

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

| Project — purpose | Maximum grant | Funds received |
|---|---------------|----------------|
| Beautification grants | | |
| CALIF-BD-1 | \$ 447,953 | \$ 360,000 |
| CALIF-B-160 | 323,000 | |
| CALIF-B-163 | 521,000 | |
| | 1,291,953 | 360,000 |
| 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 |
| | 13,052,157 | 12,366,580 |
| Capital grants — construction: | | |
| CAL-UTG-6 | 13,100,000 | 12,898,000 |
| CAL-UTG-11 | 13,200,000 | 13,127,150 |
| CAL-UTG-15 | 26,000,000 | 25,941,450 |
| CAL-UTG-19 | 68,000,000 | 14,872,575 |
| CAL-UTG-4 | 19,902,430 | 1,860,600 |
| CAL-UTG-9 | 4,733,000 | 4,733,000 |
| | 144,935,430 | 73,432,775 |
| | \$159,279,540 | \$ 86,159,355 |

*Project completed.

NOTE D — State of California grant:

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

NOTE E — Reserve for self-insurance:

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

NOTE F — Construction in progress:

During the year, construction in progress increased as follows:

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

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

REPORT OF INDEPENDENT ACCOUNTANTS

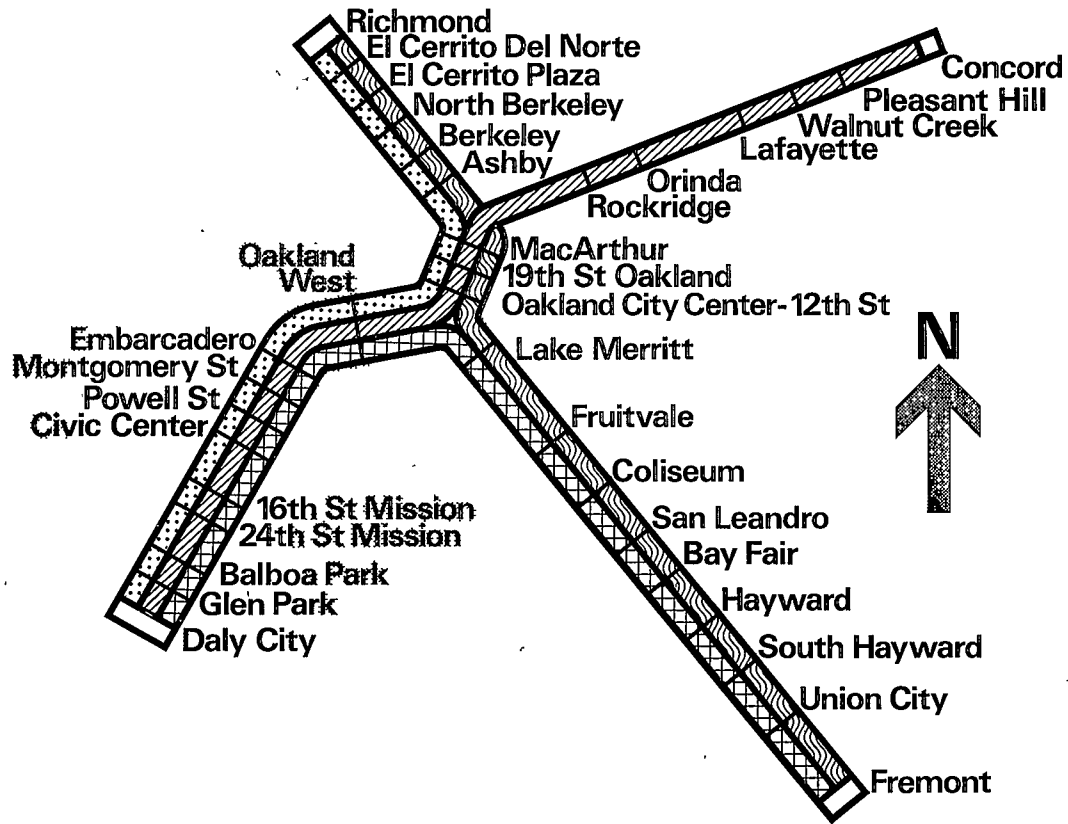
To the Board of Directors of San Francisco Bay Area Rapid Transit District

In our opinion, the accompanying balance sheet and the related statements of revenue, expenses and accumulated net revenue and changes in construction funds present fairly the financial position of San Francisco Bay Area Rapid Transit District at June 30, 1971 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

San Francisco
August 13, 1971

Archie Waterhouse

TRAIN ROUTES



Routes

Monday-Saturday

Nights and Sunday

Concord-Daly City

| | | |
|---|-----------------|--|
| ▨ | through service | |
|---|-----------------|--|

Richmond-Daly City

| | | |
|-----|-----------------|-----------------------|
| ●●● | through service | transfer at MacArthur |
|-----|-----------------|-----------------------|

Richmond-Fremont

| | | |
|---|-----------------|--|
| ▤ | through service | |
|---|-----------------|--|

Fremont-Daly City

| | | |
|---|-----------------|------------------------------|
| ▩ | through service | transfer at 12th St.-Oakland |
|---|-----------------|------------------------------|

Richmond-Concord

| | | |
|--|-----------------------|--|
| | transfer at MacArthur | |
|--|-----------------------|--|

This report is published by the San Francisco Bay Area Rapid Transit District
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Effective December 16, 1971, District headquarters will move to:
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