

BART

Bay Area Rapid Transit

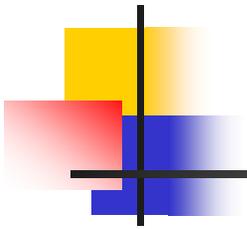
Winnie Kam

EEP142

May 10, 2005

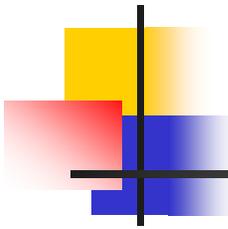
About BART...

- **First proposed in 1946**
 - Increased post-war migration
 - Transbay crossing needed to relieve congestion across Bay Bridge
- **Construction began in 1964**
 - Began between Concord and Walnut Creek
 - 3.6 mile transbay tube completed in 1969, costing \$180 million
 - BART trains were ordered from the California-based Rohr Industries (which, ironically, had no experience in building such trains)
- **Began passenger service in 1972**
 - Sept 11, 1972 - *Oakland* (MacArthur) - *Fremont* (27.8 miles, 12 stations)
 - Sept 16, 1974 - 5.8 km Transbay Tunnel opens (7.95 miles, 1 station) and completes 71.5 miles initial network
 - June 22, 2003 - *Colma* - *San Francisco Int'l Airport* and *Millbrae* (a \$1.5 billion extension of 9.32 miles)



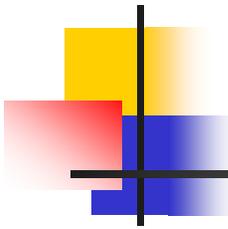
More about BART!

- Runs on an automated system
 - But there's always a driver just in case of problems
- Transports 370,000 riders every day
 - Nearly half of those riders, 150,000 people, travel through the Transbay Tube
- 1995, major increase in Bay Area commutes
 - dramatic growth of the semiconductor and telecommunications industries and the so-called "dot-com revolution"



Positive Externalities of BART

- Beats the traffic!
- Reduces peak hour congestion
- The environmentally friendly way to travel
 - Although it runs on electricity, BART will run everyday regardless so you might as well take BART and not contribute to global warming by driving, right?
- No noise pollution
- No air pollution
- Convenient
 - most stations have parking lots
- UCSD study shows socioeconomic benefits:
 - Can public transportation reduce inner-city unemployment?



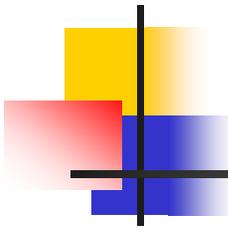
Can Public Transportation Reduce Inner City Unemployment? (1998)

- Stephen Raphael, Assistant Professor of Economics at UCSD
 - “In May of 1997, BART extended service on the Dublin/Pleasanton line to a rapidly expanding region of the Oakland Metropolitan Area's suburban ring. The opening of the new BART line presents a unique opportunity... [it] provides direct public transit between the predominantly white, high growth suburban cities of Oakland's eastern suburban ring and the area's largely minority, low-growth urban core. *Most importantly, the service extension connects the portion of the metropolitan area with the highest unemployment rates and lowest earnings to a region with employment rates and earnings that are substantially above the metropolitan area average.*”



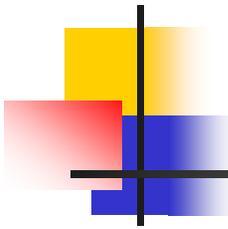
**So why is
BART so
ridiculously
expensive!?!?**





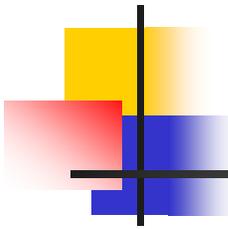
BART's finances

- BART's finances:
 - Funded by CA state budget
 - Total fare revenues
 - Sales and property taxes
 - Contributions from respective counties determined by BART Board of Directors
- San Francisco Bay Area Rapid Transit District (SFBARTD)
 - Consists of Alameda County, Contra Costa County, and San Francisco County
 - Board of Directors has 9 elected members
 - each of the represents a specific geographic district
 - Oversees overall finances, expenses and budget cuts



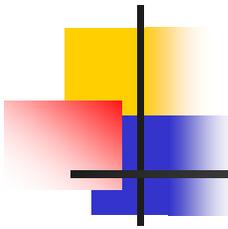
BART's 2006 budget deficit

- FY2006 (July 1, 2005-June 30, 2005)
Preliminary Operating Budget
 - \$523.1M budget, with a projected budget deficit of \$53M
- Causes of Deficit
 - economic downturn
 - slow growth in ridership
 - 66% increase in the cost of health care and pension benefits
- Past three years...
 - Also faced budget deficit, but made expense cuts and layoffs in order to not cut BART services and not raise fares



Effects of FY2006 Deficit

- January 2005, projected deficit of \$53M
 - Eliminating 115 more positions (in addition to 418 from previous 3 years)
 - Cutting another \$13 million in expenses (in addition to \$60 million from previous 3 years)
 - Deficit of \$30.1M remaining
- Further cuts will result in service reductions and fare raises

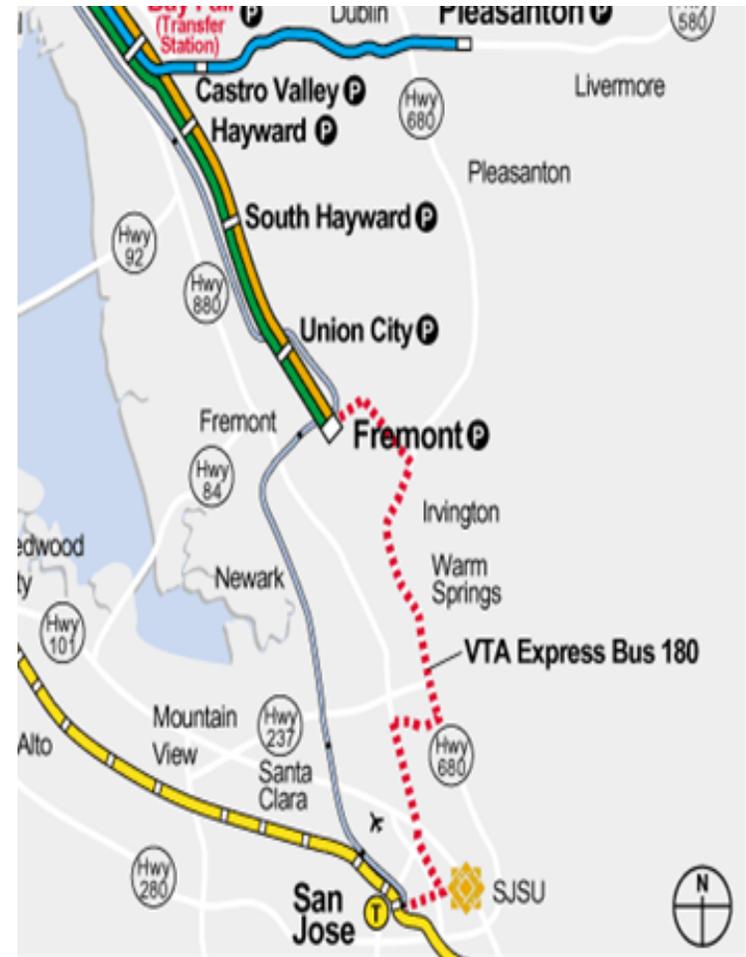


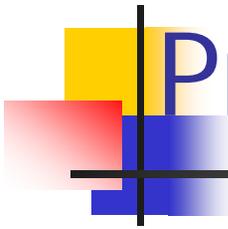
Proposals to Balance Budget

- Proposals to balance budget:
 - Establishing daily parking fees.
 - Cost: Between \$1/day and \$5/day depending on station
 - Attendant Parking.
 - Cost: \$5.00-\$8.00.
 - Reducing 75% discount for seniors, children, and people with disabilities
 - Currently offers 75% discount, but would reduce discount to no less than 50% of full BART fare
 - Raising ticket fares by max \$0.15
 - Surcharge would not exceed \$0.15 on most trips. A portion of the revenues to fund capital projects like keeping the new fare gates, ticket machines and refurbished BART cars in working order. SamTrans would use its portion of the revenues to offset the operating costs of the new extension to SFO and Millbrae.

'BART to San Jose'

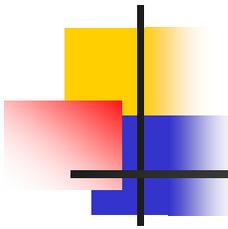
- Led by Metropolitan Transportation Commission (MTC)
- 21.7 mile extension
- Project to be completed 2015
- Totaled to be ~\$3.8 billion!! (is probably underestimated)
- San Mateo County voters approved measure A in 2000





Problems with 'BART to San Jose'

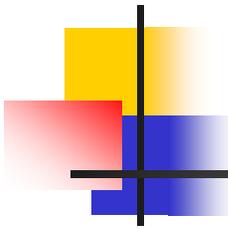
- Drastically under funded
 - Construction cost projected to be \$3.8 billion, but the overall cost to build and run it be between \$5.7 and \$8.2 billion.
- Santa Clara County will have to cut back on other transportation projects to pay for BART
 - Measure A funds (pays for transit) expected to run out
- Cuts on VTA Transit System first
 - Will hurt low-income communities and those who depend on local transit the most
- Lots of criticism against project: alternatives?



A Socioeconomic Criticism against BART

- Peter Gordon and Ross D. Eckert, Assistant Professors of Economics at USC
 - “The plagued BART system is also an eye-opener when we combine the annualized costs of construction with operating losses in order to calculate the full cost of a ride on that railroad. BART's average cost per passenger trip is about \$5.30, whereas its average fare is only \$.50. The general taxpayer in the Bay Area counties that participate in BART makes up that sizable difference of \$4.80 per ride, a deficit that will grow before it shrinks. The deficit is financed from sales and property taxes that tend to fall disproportionately on lower income groups while the beneficiaries of the BART subsidies tend to be higher income commuters from such localities as Concord and Walnut Creek. This provides a highly regressive wealth transfer that ridicules the benefits of rail transit to the "transit dependent”

Possible Ways to Raise Revenue...



- New forms advertising in BART stations
 - ads in tunnels, on tickets, and in parking lots
 - Installing televisions in stations and aboard trains
- Reducing the length of trains
- Privatization ?
 - MTR Hong Kong Subway system is 20% privatized
 - Partial transfer of ownership occurred in 2000 in response to huge city budget deficit
 - MTR has full autonomy in setting its own fares without any Government or legislative approval
 - MTA New York City Subway used to be owned by three companies
 - Was very successful
 - Merged to become one, and is now facing huge budget deficit