



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
DATE: 6/2/2026		6/5/2026		BOARD INITIATED ITEM: No	
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				BARC	

Adopt Senate Bill 63 Phase 1 Financial Efficiency Review Early Action Strategies

PURPOSE:

Adoption of early action strategies identified for BART in the Phase 1 Financial Efficiency Review, as required by Senate Bill SB 63 (the Connect Bay Area Act or SB 63), which directs the boards of funded transit operators to adopt early action strategies as formal policy or budget actions by July 1, 2026.

DISCUSSION:

SB 63 which was signed into law by Governor Gavin Newsom in October 2025, authorizes a regional transit funding measure to be placed on the November 3, 2026 election ballot. The legislation also establishes accountability requirements for funded operators, including an independent, two-phase Financial Efficiency Review of BART, the San Francisco Municipal Transportation Agency (SFMTA), Caltrain, and AC Transit ("the Review"). The Metropolitan Transportation Commission (MTC) oversees the Review and has selected Nelson\Nygaard as the Phase 1 consultant, working under the direction of an Independent Oversight Committee.

Phase 1 of the Review covers three areas: (1) documentation and quantification of cost-saving measures implemented by each operator since January 1, 2020; (2) identification of early action strategies to enhance revenues, contain costs, and increase ridership or improve customer experience using existing resources; and (3) an analysis of each operator's real property assets to identify redevelopment opportunities. The Independent Oversight Committee adopted the final Phase 1 report on May 22, 2026.

The Review documented that, between FY20 and FY25, the District achieved approximately \$516 million in operating cost savings, \$549 million in capital cost savings, and \$99 million in enhanced revenues. Across the four operators, the Review found more than \$1 billion in combined operating cost savings. The Review's real property analysis concluded that BART's joint development and transit-oriented development practices already follow best practices and identified no additional joint development opportunities.

SB 63 requires that, by July 1, 2026, operator boards adopt early action strategies as formal policy or budget actions. The early action strategies recommended for BART in the Phase 1 report, which staff recommends the Board adopt, are:

Enhance Revenues

- *Improve fare compliance and enforcement:* optimize fare gate performance to further reduce fare evasion and continue the station hardening program.
- *Enhance parking revenue:* pursue measures such as expanded days or hours of paid parking, rate adjustments, increased enforcement, and leasing or permitted parking at under-utilized facilities.
- *Lease fiber and communications assets:* further monetize fiber and other communications assets, primarily through additional leasing opportunities.
- *Expand retail and/or amenity partnerships:* conduct a study to assess the benefits, challenges, and opportunities of expanding retail and/or amenity partnerships at stations.

Contain Costs

- *Improve speed and reliability of service:* identify additional opportunities to improve transit travel time and reliability through changes to scheduling, operations, and/or investment in new systems or capital projects.
- *Right-size fleet to serve demand:* run shorter trains during lower-demand periods to better match the cost of delivering service to the fare revenues generated at different times of the day and days of the week.
- *Examine contracts for opportunities to reduce costs:* pursue one or all of the following: exploring terms of the San Francisco International Airport (SFO) Lease Agreement for possible renegotiation in order to more accurately reflect the benefits, costs, incentives, and risks to both parties with respect to BART service to/from the airport; identification of opportunities for renegotiation of various contracts such as insurance and paratransit contracts to improve contracting flexibility and achieve one-off and/or long-term cost savings.

Increase Ridership & Enhance Experience

- *Expand Clipper BayPass to more institutions and employers:* in consultation with MTC, identify internal resource requirements and supportive policies required or desired to expand Clipper BayPass to more institutions and employers.

Each of these strategies is consistent with the direction the District has already established and is designed to be advanced within existing resources. Adoption of the early action strategies BART's obligation under SB 63 to commit to early action strategies by July 1, 2026.

FISCAL IMPACT:

Adoption of the early action strategies constitutes a policy commitment and does not, in itself, authorize any expenditure or capital investment. The early action strategies are intended to be advanced within existing resources. Staff will identify the resources required to advance each strategy within the proposed FY27 budget or, where a strategy requires resources beyond the FY27 budget or capital investment, Staff will return to the Board for authorization consistent with applicable budget policies and procedures.

ALTERNATIVES:

The Board may decline to adopt some or all of the recommended early action strategies, or may adopt a subset. However, SB 63 requires that operator boards adopt early action strategies as formal policy or budget actions by July 1, 2026; declining to do so would place the District out of compliance with the SB 63 accountability requirements.

RECOMMENDATION:

Staff recommends that the Board of Directors adopt the early action strategies identified for BART in the Phase 1 Financial Efficiency Review and listed herein.

MOTION:

The Board of Directors adopts the early action strategies identified for BART in the Phase 1 Financial Efficiency Review and listed herein.