



SB 63 Financial Efficiency Review

For Information: BART Board, May 28, 2026



SB 63 Accountability Requirement



SB 63 requires that MTC must oversee a Financial Efficiency Review of BART, SFMTA, Caltrain, and AC Transit in two phases:

Phase 1 (Spring/Summer 2026)

- **Cost saving measures** taken since 2020
- **Early-action strategies** for increasing or improving service/enhancing customer experience with existing resources
- **Analysis of operator's real property** assets and identification of potential redevelopment opportunities

Operator boards must commit to specific early action strategies by July 1 (**BART board scheduled for action June 11**)

Phase 2 - If a measure passes (2027-2028)

- Menu of cost saving measures (admin, operating, capital)
- Regional development & financing strategy to maximize real property assets

Financial Efficiency Review: Roles

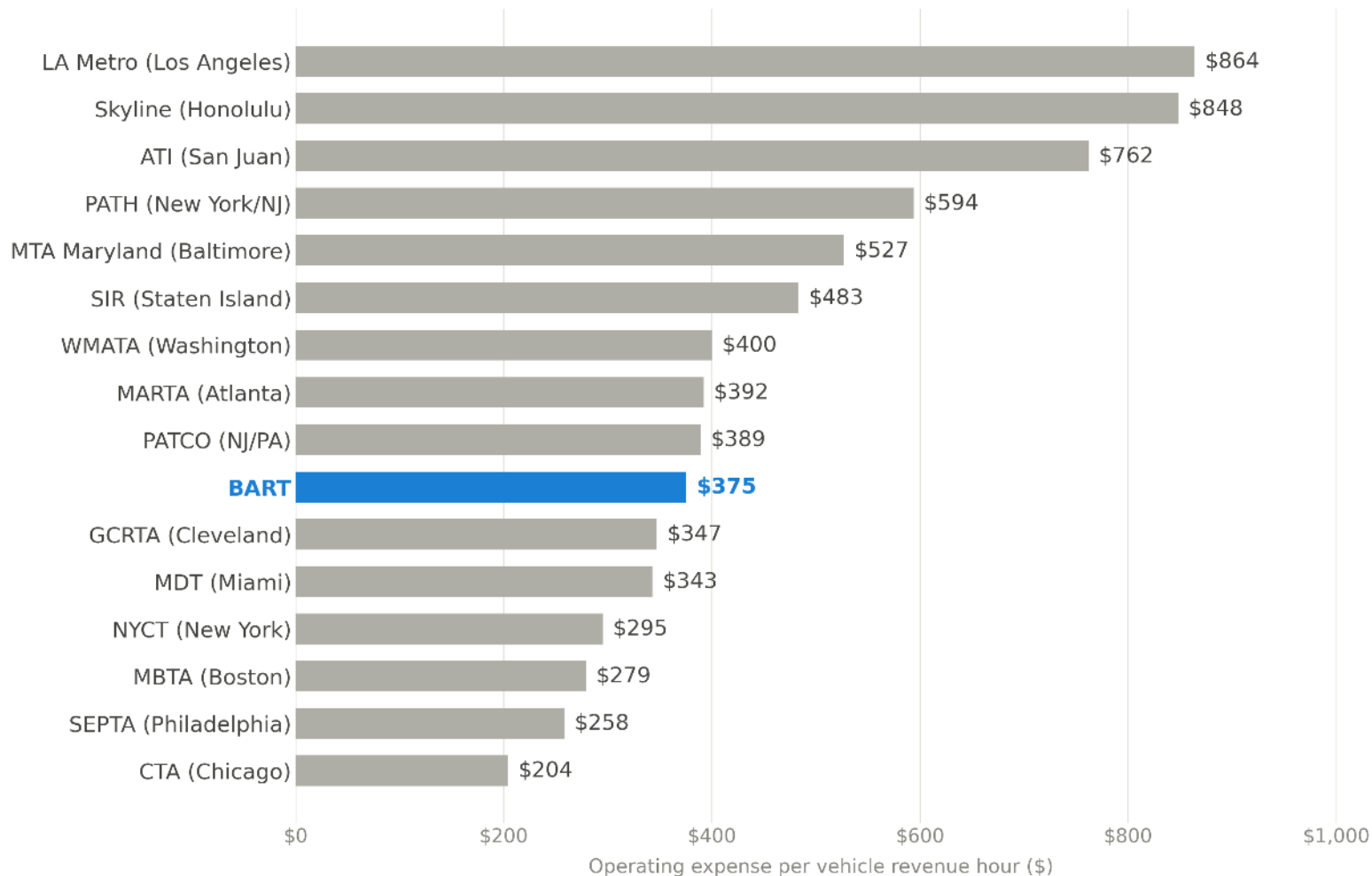


- **MTC Commission:** Governance, contracting/managing consultant, transmitting reports to legislature
- **Oversight Committee:** Review, direct revisions, adopt
- **Operator Boards:** Policy adoption, implementation (must adopt early action strategies by July 1)
- **Consultant (Nelson Nygaard team):** Perform analysis, incorporate revision, deliver reports by deadlines

Context: BART Operates Efficiently



Cost per Vehicle Revenue Hour — Heavy Rail Operators (2024)

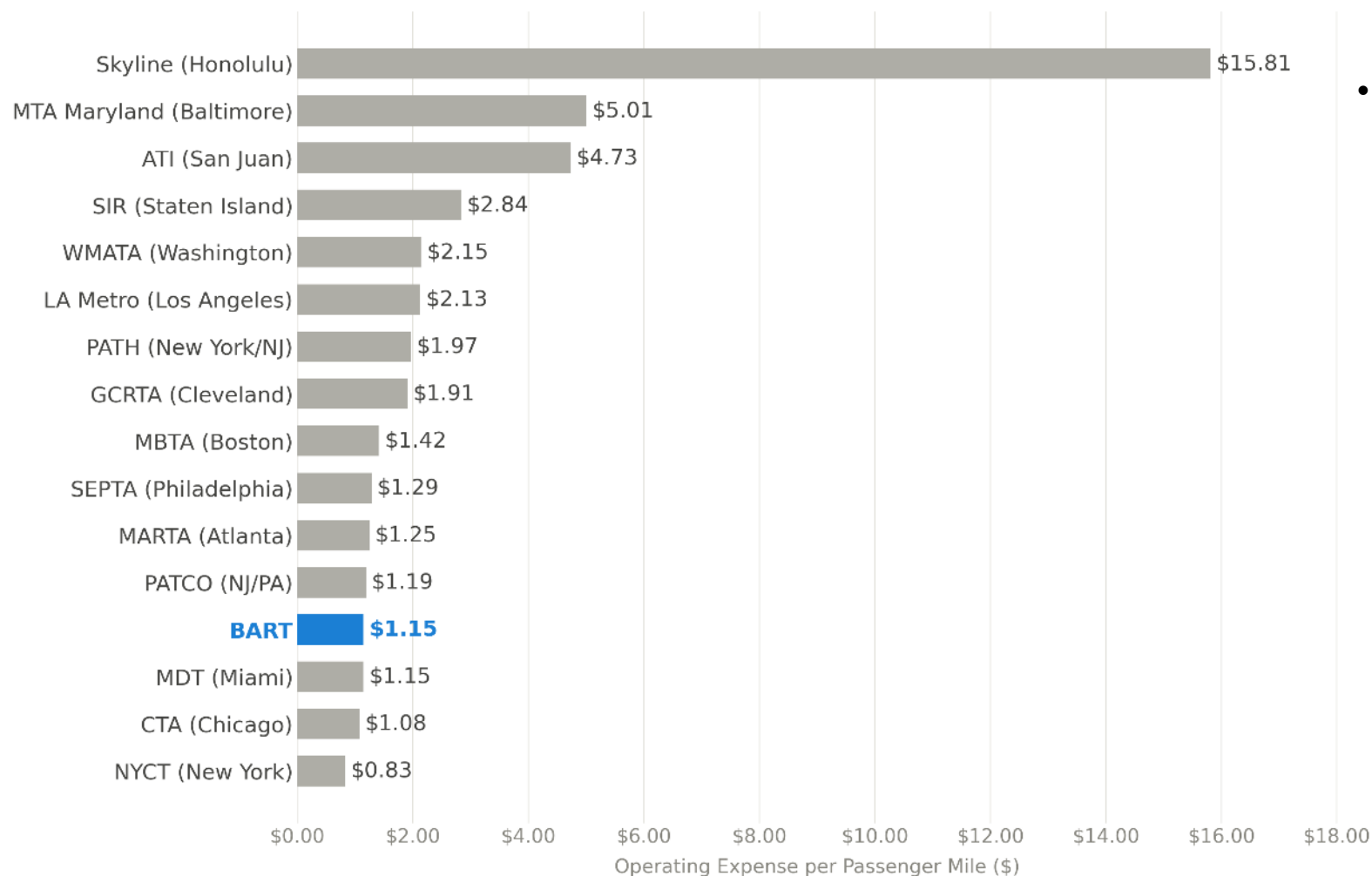


- BART’s cost per vehicle hour is lower than the median US heavy rail operator, and lower than our most-similar peer agencies, DC’s WMATA and Atlanta’s MARTA, per NTD
- BART runs efficiently despite Bay Area costs that are about 10% higher than the typical US city served by peer heavy rail agencies (Source: [BEA price parity by MSA](#))

Context: BART Operates Efficiently



Cost per Passenger Mile — Heavy Rail Operators (2024)



- Despite pandemic impacts on Bay Area transit ridership, BART maintains low operating cost per passenger mile compared to most peer heavy rail agencies, per NTD

Context: Cost Pressures: FY20-25



System and Fleet Expansion

- BSV Phase 1
- Fleet of the Future

Social & Safety Challenges

- Region's housing crisis has led to more unhoused individuals seeking shelter in public spaces
- Some BART cities saw surges in crime
- Public safety investments needed

Labor and Compensation:

- Average weekly wages in the San Francisco MSA have increased 40% since the beginning of 2019
- Cost of health care continues to rise

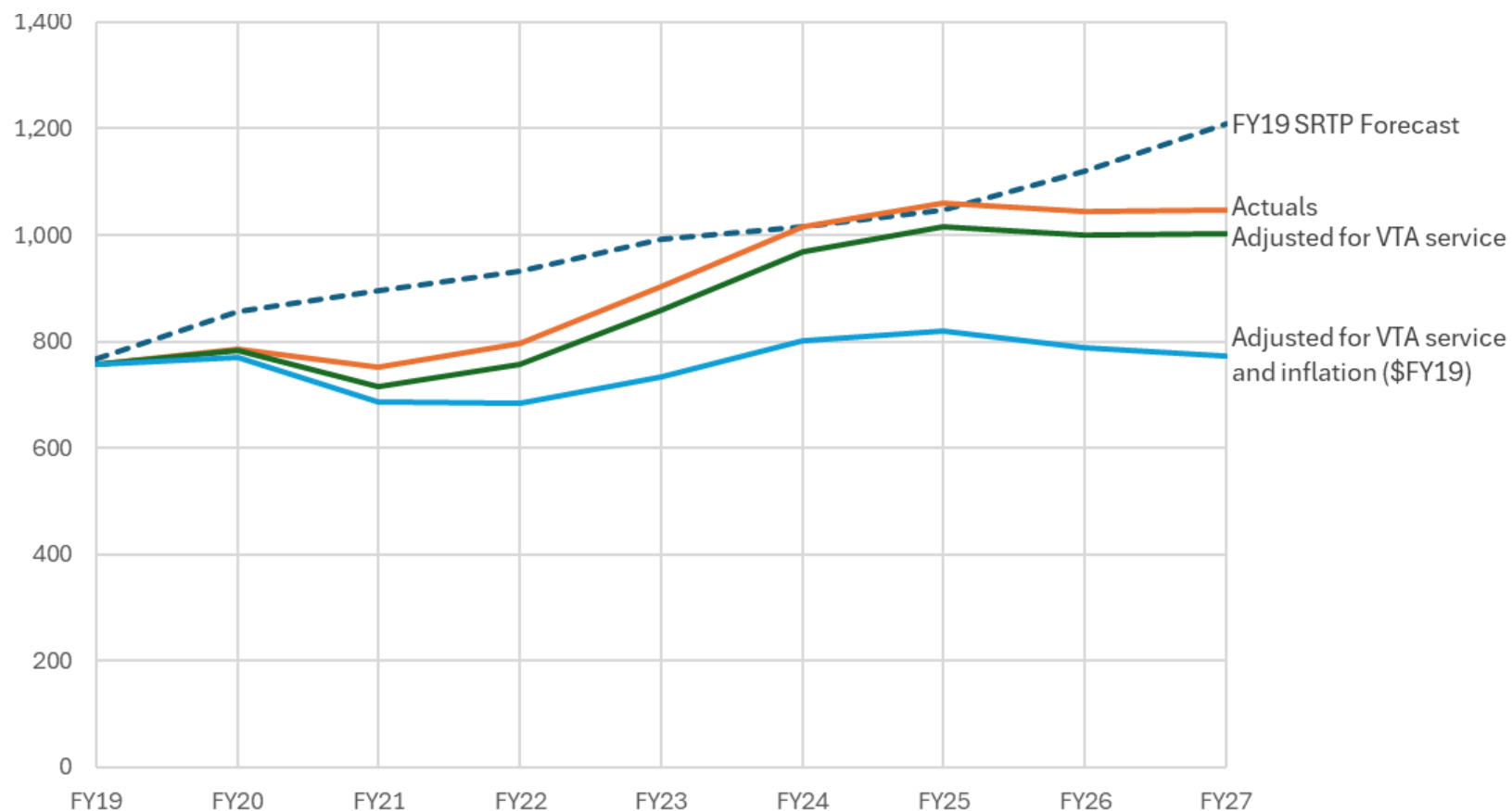


Despite cost pressures, operating expense are stable



Adjusting for inflation and the BART Silicon Valley Phase 1 extension, BART's operating costs are flat since 2020

BART Operating Expense, FY19-FY27





Recent Cost-Savings

15

Since FY 19-20, transit agencies have reduced operating costs by more than \$1 billion, combined

Transit agencies have undertaken numerous cost saving and revenue enhancing measures in response to economic pressures and shifts in travel demand during and after the COVID-19 pandemic.

Between 2019-2025, they reduced operating costs by:



Almost \$200 million through service adjustments and management of variable operating costs.



More than \$516 million through service reductions, workforce controls, and operational efficiencies.



More than \$76 million through workforce controls, service optimization, and operating efficiencies.



Almost \$302 million through workforce reductions, adjustments to service levels, and deferred or scaled-back capital investments.

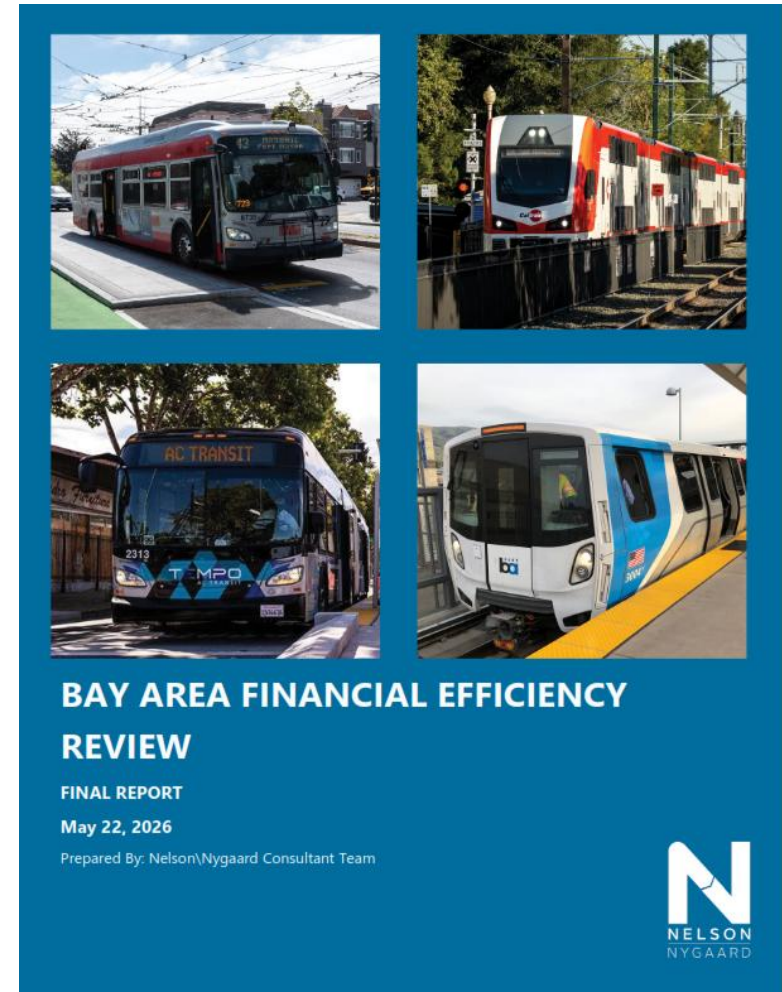


SB 63 Financial Efficiency Review: Cost Savings FY20-FY25



Between FY20-FY25 BART achieved:

- **\$516M** in operating cost savings - service reductions, workforce controls, and operational efficiencies.
- **\$549M** in capital cost savings - project cost management, deferrals, investments to reduce future costs, and improved reimbursements
- **\$99M** in increased revenues through fare increases, new fare products, and leasing of parking



SB 63 Financial Efficiency Review

BART Operating Cost-Saving Measures - FY20-25



Cost-Saving Strategy	Amount (\$ millions)
Cost Avoidance	\$207
Eliminated planned increase in BART Police staff	\$51
Eliminated vacant positions	\$32
FY20 and FY21 service reductions	\$124
Cost Deferral	\$5.6
Deferred unfunded retiree prepayments while using trust fund to pay current costs	\$5.6
On-Going Cost Reductions	\$304
Cancelled planned evening and weekend service increase	\$102
Consolidated HQ offices to smaller footprint	\$56
Eliminate transfer payment agreements (SFMTA/AC)	\$48
Elimination of pension prepayment allocation	\$40
Froze wages for most employees	\$29
Instituted a strategic hiring freeze	\$2.5
Optimized train lengths (6 and 8 car trains rather than 10)	\$15
Reduced bus feeder payments	\$13
Total Savings	\$516

BAY AREA FINANCIAL EFFICIENCY REVIEW

FINAL REPORT
May 22, 2026
Prepared By: Nelson\Nygaard Consultant Team

SB 63 Financial Efficiency Review

BART Capital Cost-Saving Measures - FY20-25



Cost-Saving Strategy	Amount (\$ millions)
Cost Avoidance	\$419
New rail car project savings (capital)	\$395
Redirected sustainability capital project funds to ongoing operations	\$25
Cost Deferral	\$121
Deferred priority capital local match plans	\$121
Expense to Reduce Future Costs	\$5.4
Installed LED lighting in parking garages	\$1.4
Installed next gen fare gates, also improved revenue collection	\$4.0
On-Going Cost Reductions	\$3.0
Capital indirect rate improvements	\$3.0
Total Savings	\$549

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“In 2012, Bay Area Rapid Transit (BART) signed a contract with Alstom, a French rail car manufacturer, to deliver 775 cars for \$2.58 billion.³⁶ By 2023, though, something unusual had happened: the cars were coming in faster, and cheaper, than expected. The cost estimate was slashed by almost \$400 million.³⁷ One major source of savings, reported *trains.com*, was “BART’s decision to have its own staff do more of the engineering work in house...”

“Abundance,” 2025 – Ezra Klein and Derek Thompson

BART Revenue Enhancement Measures: FY20-25




Enhanced Revenue Strategy	Amount (\$ millions)
Implemented Clipper BayPass	\$6.7
Implemented program to lease BART parking spaces to non-riders	\$4.8
Maintained inflation-based fare increases (every 2 years)	\$88
Total Enhanced Revenues	\$99



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Recommended Early Action Strategies: Revenue



Recommendation	Early Action Strategy
<p>1. Improve fare compliance and enforcement “With installation of new fare gates completed in 2025... BART is well positioned to monitor their effectiveness and identify potential performance improvement opportunities. Early indications suggest reduction in fare evasion and higher revenues.”</p>	<ul style="list-style-type: none"> Optimize fare gate performance to further reduce fare evasion and continue with station hardening program
<p>2. Enhance parking revenue “By implementing demand-based pricing, BART can more fully capture the value of a scarce asset and better manage demand across its network...”</p>	<ul style="list-style-type: none"> Enhance parking revenue through measures like rate adjustments, increased enforcement, and leasing or permitting parking at under-utilized facilities.
<p>3. Lease fiber and communications assets “BART has a comprehensive telecommunications agreement and has installed more than 8,000 strands of additional fiber optic cable, constructed several new cellular towers, and recently enabled station Wi-Fi. Work is underway to identify more revenue opportunities...”</p>	<ul style="list-style-type: none"> Further monetize fiber and other communications assets, primarily through additional leasing opportunities.
<p>4. Expand Clipper BayPass with more institutions and employers “...[T]his is a low-cost approach to growing ridership by making transit easier and more affordable for students and employees.”</p>	<ul style="list-style-type: none"> ...identify internal resource requirements, strategic pursuits, and supportive policies required or desired to expand Clipper BayPass to more institutions and employers.

Recommended Early Action Strategies: Costs



Recommendation	Early Action Strategy
<p>5. Improve speed and reliability of service “BART is providing more reliable and evenly spaced trips to the East Bay by changing operations at Daly City BART station.”</p>	<ul style="list-style-type: none"> Identify additional opportunities to improve transit travel time and reliability through changes to scheduling, operations, and/or investment in new systems or capital projects.
<p>6. Right-size fleet to serve demand “BART began using shorter trains to match demand in September 2023 and realized \$12 million in annual cost savings.”</p>	<ul style="list-style-type: none"> Run shorter trains during lower-demand periods to better match the cost of delivering service to the fare revenue generated at different times of day and days of week.
<p>7. Examine contracts for opportunities to reduce costs. “BART could pursue one or both of the following.”</p>	<ul style="list-style-type: none"> Explore terms of the SFO lease payment for possible negotiation such that the lease more accurately reflects the benefits, costs, incentives, and risks to both parties of BART service to the airport. Identify opportunities to negotiate contracts such as insurance and paratransit to improve contracting flexibility, to achieve one-off and/or long-term cost savings.

Real Property Analysis



REAL ESTATE

42

BART

Overview of Property Holdings

- 795 sites, 22% are developable surface parking lots and 15% are developable vacant sites

Existing Joint Development

- MacArthur Park (24-story tower, over 800 units)

Joint Development Opportunities

- None Identified.** This review did not identify any additional opportunities because BART's joint development and TOD process already follows best practice.

Other Opportunities

- Dispossession of land.** Eight (8) vacant sites 175 acres
- Parking revenue** (as noted in Early Action Strategies)



- Per SB 63, the BART board must take action to accept one or more of these early action strategies by July 1
- Staff will bring a proposal for board action on June 11

Discussion

