

**A Presentation to:
The Committee for Bay Area Transit &
ConnectedSF Institute**

***BART's Financial Challenges and
the Regional Transit Tax Ballot Measure***

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The Bay Area Five-County Transit Sales Tax

- Despite massive taxpayer subsidies going back decades, *per capita* transit use in the Bay Area has declining steadily – and the impacts of COVID and remote work produced huge short-term declines
- Federal/State bail-outs allowed transit agencies to continue for a few years without major changes, but these have ceased and are unlikely to reappear
- The transit agencies don't want any significant adjustments to “traditional” methods of operating and, therefore, we now have a major difference between what transit agencies want to spend and the available funding
- Sooooo – the “solution” is more taxpayer funding
- I've been asked to concentrate on BART, which is appropriate because it is the most impacted and what is true for BART applies to the others, but I will present on other agencies and the Bay Area as a whole

A Bit About the Committee for Affordable Bay Transit

- The Committee is many of the same people who founded **20 BILLION Reasons**, which led the fight to get the Metropolitan Transportation Commission (MTC) to take off the ballot its proposed Regional Measure 4, its 2024 nine-county ballot issue for a \$20 billion low-income housing bond measure funded by \$48.3 billion of new property taxes over 53 years
- We transformed **20 BILLION Reasons**, which was formed as a single-ballot measure committee, to **SHIFT – Sustainability in Housing, Infrastructure, Finance and Transportation** – to continue to apply our basic beliefs in good government and fairness to taxpayers on other local, regional, and State matters
- The **Committee** is a separate entity, with separate governance, to make it easier to comply with various Federal and State requirements – sponsored by CoCoTax, a 501(c)(4) not-for-profit that is allowed, within limitations, to finance election advocacy



A Bit About Me

- Over half-a-century in government audit, consulting, and management:
 - CFO of two of the largest transit agencies in the US
 - Auditor and consultant to well over 100 transit agencies and other Federal, state, and local governments all over the US, but concentrated in California
 - While much of my work has been in finance, I've spent years in transit operations and major project construction project management oversight
 - 25 years in California Bond Oversight and Independent Watchdog Committees
- My Bay Area transit clients have included:

AC Transit	BART
County Connection	Golden Gate
MTC	Muni
SamTrans	VTA
- I found MTC's RM4 ballot guide "mathematical error" where the tax increase was understated by **\$241 million – for each of the 53 years**

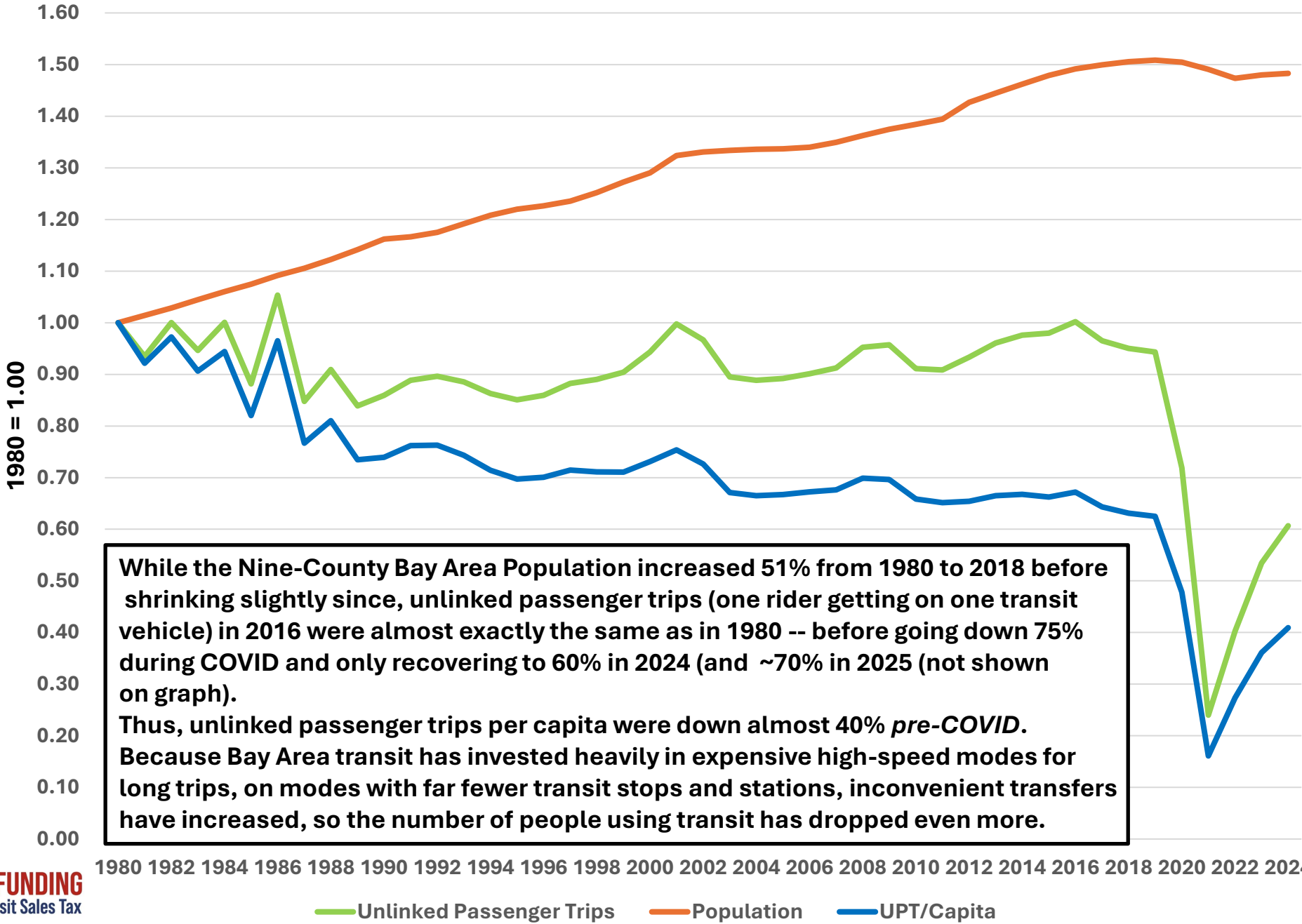
How We Got To Where We Are Now

- BART was designed in the 1950's and 1960's to bring workers from all over the Greater Bay Area to jobs and other trip generators (health care, education, entertainment) in the San Francisco central business district (CBD)
- Since then, there have been huge changes in land use, urban form, travel patterns, and where the jobs are:

City/County	1960 Population	2025 Population	Growth 1960-2025	Growth % 1960-2025
San Francisco	740,000	826,000	86,000	12%
Oakland	368,000	441,000	73,000	20%
San Jose	204,000	990,000	786,000	385%
Three Largest Cities	1,312,000	2,257,000	945,000	72%
All Other	2,294,000	5,403,000	3,109,000	135%
Bay Area Total	3,606,000	7,660,000	4,054,000	112%

- San Francisco population growth was only 2% of total Bay Area growth
- Current office vacancy rate in SF CBD >35% – and has been very constant

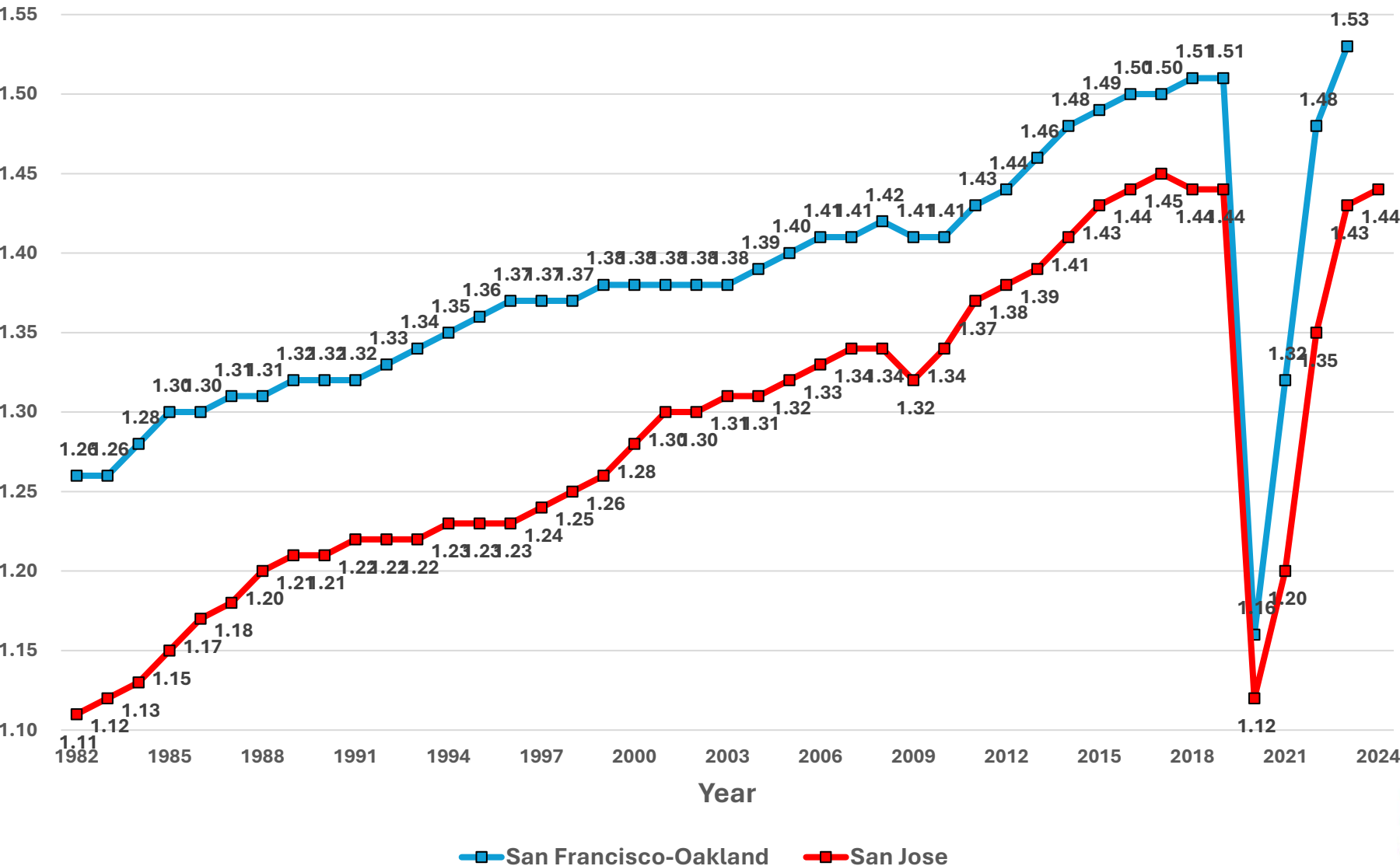
Population and Unlinked Passenger Trips Trend Lines 1980-2024



While the Nine-County Bay Area Population increased 51% from 1980 to 2018 before shrinking slightly since, unlinked passenger trips (one rider getting on one transit vehicle) in 2016 were almost exactly the same as in 1980 -- before going down 75% during COVID and only recovering to 60% in 2024 (and ~70% in 2025 (not shown on graph)). Thus, unlinked passenger trips per capita were down almost 40% *pre-COVID*. Because Bay Area transit has invested heavily in expensive high-speed modes for long trips, on modes with far fewer transit stops and stations, inconvenient transfers have increased, so the number of people using transit has dropped even more.

Bay Area Road Congestion Continually Worsens

San Francisco-Oakland and San Jose Urbanized Areas
Texas Transportation Institute Travel Time Index 1982-2024



TTI is the oldest and best-known congestion index, comparing prime-time travel time to off-peak travel time.

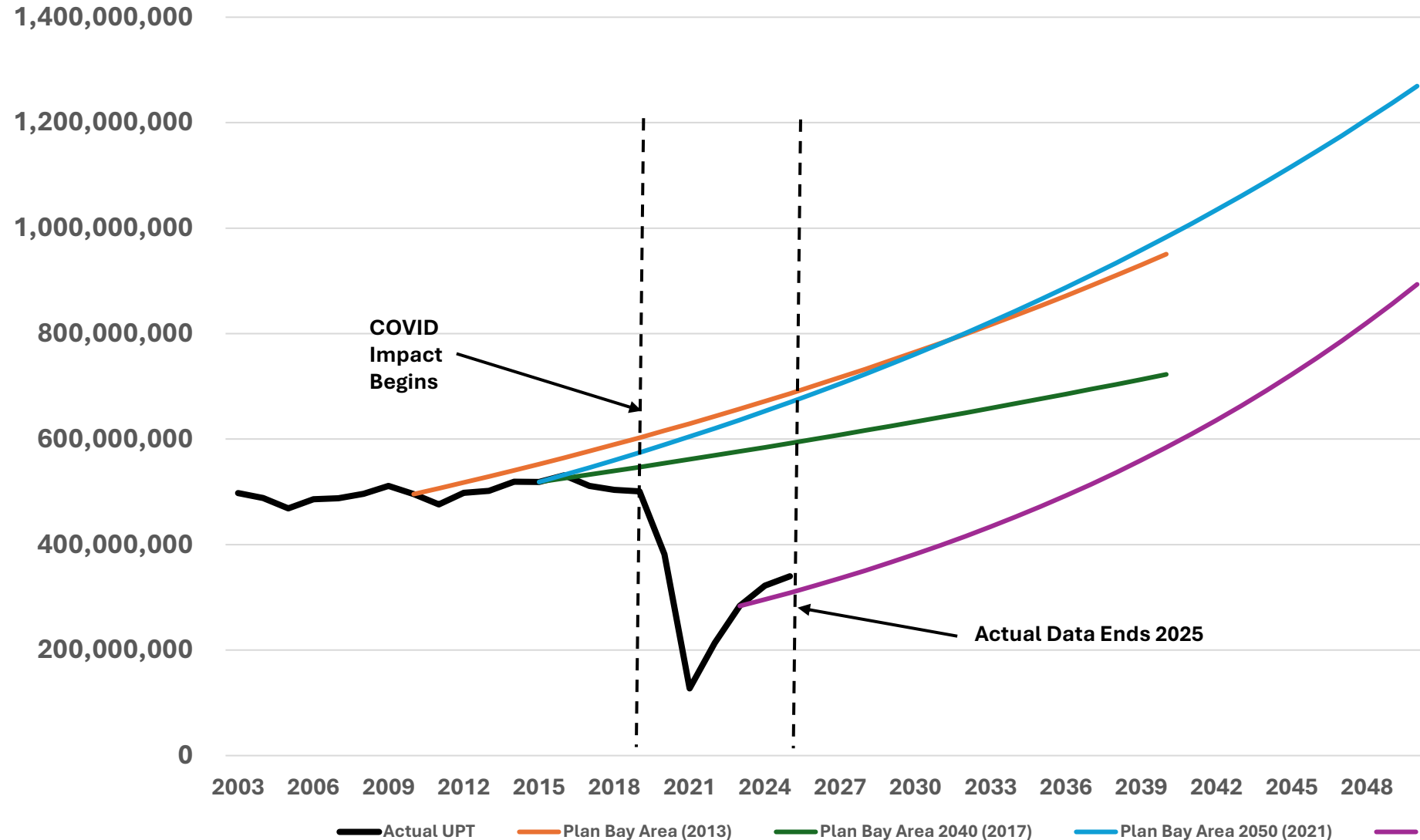
SFO's values have more than doubled, and SJ's quadrupled, 1982-2024.

Note that road usage has quickly returned to pre-COVID levels, contrasting to transit ridership, which is down 32%, 2019→2025.



MTC Ridership Projections are Delusional

Bay Area Annual Transit Unlinked Passenger Trips
Actual and Plan Bay Area Projections 2003-2050



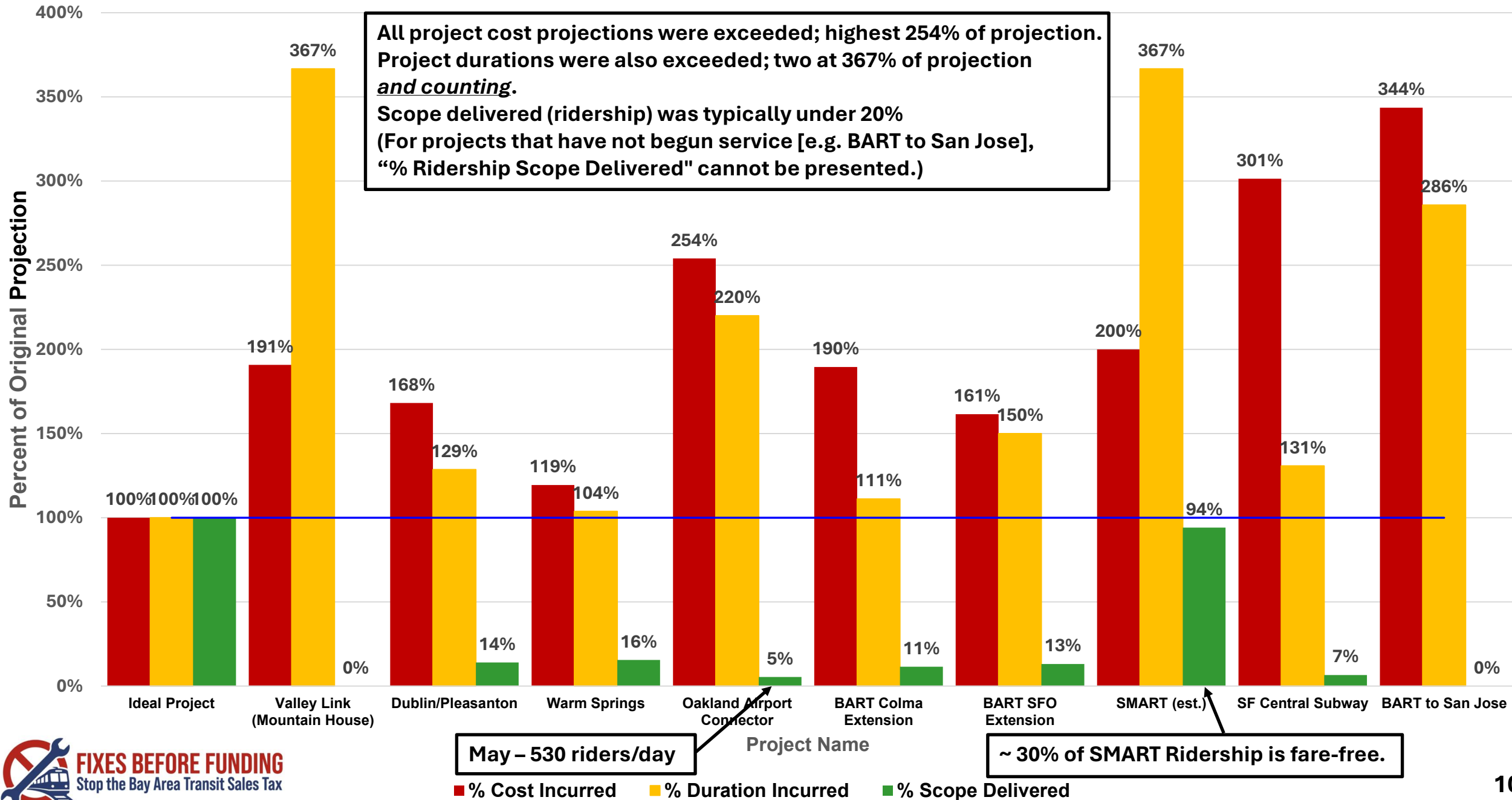
MTC's transit ridership projections are consistently far too high. While actual ridership has varied little from ~500 million unlinked passenger trips from 1980 to 2019 (while population increased 51%), the last pre-COVID year, MTC has always assumed significant growth over time, which is used to justify continued expansion of and spending on transit and siting high-rise transit-oriented development near transit stations.

MTC has been particularly resistant to recognizing the major - and growing - importance of remote work on home-work commuting.



Bay Area Transit Project Performance

All project cost projections were exceeded; highest 254% of projection. Project durations were also exceeded; two at 367% of projection *and counting*. Scope delivered (ridership) was typically under 20% (For projects that have not begun service [e.g. BART to San Jose], "% Ridership Scope Delivered" cannot be presented.)



Understanding the Transit Decision-Making Process

- While this will appear odd, consider this: “Government Transportation Decisions Have Absolutely Nothing To Do With Transportation”
- They **ARE** about power and money (which are pretty much the same thing)
- Locally, government transportation decisions, which go primarily through the MTC and its alter ego agencies favor the Bay Area Transit-Industrial Complex (BATIC) and its “special interest” members, including:
 - Transit labor unions Construction trades Construction contractors
 - Equipment/material suppliers Agency executives and staff
 - Planning/design firms Bond underwriters Attorneys
- Note what is missing: **transit users** and **taxpayers**, which are **WAY** down the list of influences and, particularly, influencers
- The Bay Area has extremely underdelivered in terms of major capital projects

Transit/Transportation Taxes/Fees I

Year	County(ies)	Name/Term/Tax-Fee	FY26 Value
1956	Alameda and Contra Costa	AC Transit Property Tax (authorized in AC Transit enabling legislation)	\$169.5 million
1957	Alameda, Contra Costa, San Francisco	BART Property Tax (authorized in BART enabling legislation)	\$68.0 million
1971	All	Transportation Development Act: Perpetual .25% Sales Tax	\$484.6 million
1976	Santa Clara	Measure A: Perpetual .5% Sales Tax	\$287.4 million
1977	Alameda, Contra Costa, San Francisco	AB 1107: Perpetual .5% sales tax, 75% to BART and 25% to MTC for allocation to AC Transit and Muni	\$390.2 million
1979	All	State Transit Assistance	\$290.2 million
1986	Alameda	Measure B: 20-Year .5% Sales Tax (see 2000 Measure B extension)	181.7 million
1988	Contra Costa	Measure C: 20-Year .5% Sales Tax (see 2004 Measure K for extension)	\$111.8 million
1988	San Mateo	Measure A: 20-Year .5% Sales Tax (see 2004 Measure A extension)	\$115.9 million
1988	Regional	Toll commonized at \$1.00 for seven State-owned toll bridges (except GG)	\$30.0 million
1989	San Francisco	Measure B: 20-Year .5% Sales Tax (see 2003 Measure K for extension)	\$97.6 million
1996	Santa Clara	Measure B: Nine-year .5% Sales Tax	\$288.0 million
1998	Regional	Regional Measure 1 (RM1) \$1 Toll increase	\$119.3 million
2000	Alameda	Measure B: 20-Year .5% Sales Tax (extending 1986 Measure B); See 2014 Measure BB	(extension of existing tax) \$0
2000	Santa Clara	Measure A: 30-Year .5% Sales Tax	\$287.4 million

Transit/Transportation Taxes/Fees II

Year	County(ies)	Name/Term/Tax-Fee	FY26 Value
2003	San Francisco	Measure K: 30-Year .5% Sales Tax extension	(extension of existing tax) \$0
2004	Regional	Regional Measure 2 \$1 Toll increase	\$119.3 million
2004	Contra Costa	Measure J: 25-Year .5% Sales Tax (extension of 1988 Measure C)	(extension of existing tax) \$0
2004	Marin	Measure A: 20-Year .5% Sales Tax (extended by 2018 Measure AA)	35.6 million
2004	San Mateo	Measure A: 25-Year .5% Sales Tax	(extension of existing tax) \$0
2004	San Mateo	8-year \$4 Vehicle Registration Fee (VRF) (extended and increased by 2010 Measure M)	\$2.8 million
2004	Sonoma	Measure M: 20-Year .25% Sales Tax (see 2020 Measure DD)	\$30.0 million
2004	Regional	Regional Measure 2: Perpetual Bridge Toll Increase (except GG) \$1	\$119.3 million
2004	Alameda & Contra Costa	AC Transit Measure BB: 10-Year \$48 Parcel Tax (extended by 2008 Measure VV)	\$15.2 million
2006	Regional	AB144 (2005) \$1 toll increase for Bay Bridge Eastern Span	\$119.3 million
2008	Alameda & Contra Costa	AC Transit Measure VV: 10-Year \$48 Parcel Tax (extended 2004 Measure BB, see 2016 Measure C1)	(extension of existing tax) \$0
2008	Marin & Sonoma	SMART Measure Q: 20-Year .25% Sales Tax	\$47.8 million
2008	Santa Clara	Measure B: 30-Year .125% Sales Tax	\$71.9 million

Transit/Transportation Taxes/Fees III

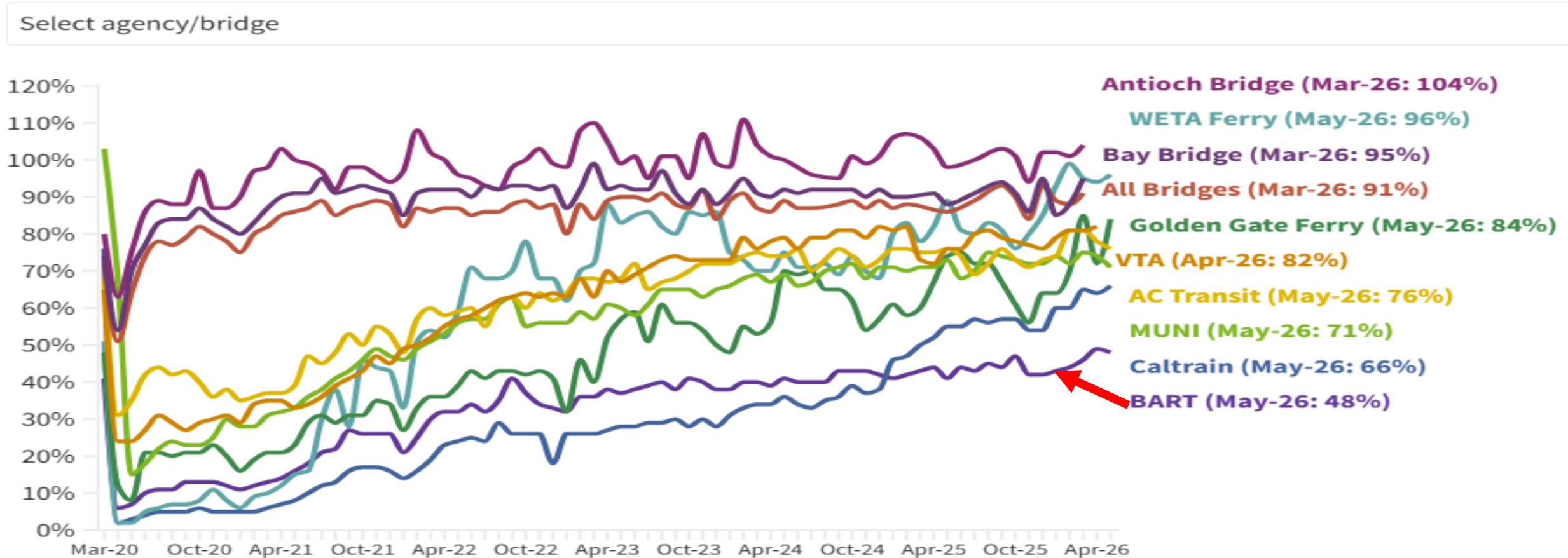
Year	County(ies)	Name/Term/Tax-Fee	FY26 Value
2010	Alameda	Measure F: Perpetual \$10 VRF	\$12.9 million
2010	Marin	Measure B: Perpetual \$10 VRF	\$2.4 million
2010	San Francisco	Measure AA: Perpetual \$10 VRF	\$4.5 million
2010	San Mateo	San Mateo County Measure F: 25-year \$10 VRF (extension and increase of 2004 Measure)	\$4.2 million
2010	Santa Clara	Santa Clara County Measure B: Perpetual \$10 VRF	\$16.4 million
2012	Napa	Measure T: 25-Year .5% Sales Tax (extended by 2024 Measure U)	\$23.1 million
2013	Solano	Solano County Regional Transportation Impact Fee \$1,500/dwelling	\$6.0 million
2014	Alameda	Measure BB: Extension of 2000 Measure B .5% and new .5% Sales Tax for total of 30 years	\$181.7 million
2015	All	Cap & Trade @ \$.135/gallon	\$378.9 million
2016	Alameda, Contra Costa, San Francisco	BART Measure RR: \$3.5 Billion bond issue backed by Property Tax estimate to rise to maximum of \$.01749 per \$100 in FY36	Included in 1957 BART Property Tax above
2016	Alameda & Contra Costa	AC Transit Measure C1: 20-Year \$96 Parcel Tax (extended/doubled 2008 Measure BB)	\$15.2 million
2016	Santa Clara	Measure B: 30-Year .5% Sales Tax	\$287.4 million
2017	All	Motor Vehicle Registration Fees	\$1,714.6 million
2017	All	Driver License Fees	\$64.0 million

Transit/Transportation Taxes/Fees IV

Year	County(ies)	Name/Term/Tax-Fee	FY26 Value
2017	All	State Excise/Sales Driving Taxes/Fees	\$1,464.3 million
2018	Regional	RM3: Increase bridge tolls (except GG) by \$1 in 2019, 2022, and 2025 – first increase	\$119.3 million
2018	Marin	Measure AA: 24-Year .5% Sales Tax extension of 2008 Measure A	(extension of existing tax) \$0
2018	San Mateo	Measure W: 30-Year .5% Sales Tax	\$91.0 million
2020	Sonoma	Measure DD: 20-Year extension of 2004 Measure M .25% Sales Tax	(extension of existing tax) \$0
2022	Regional	RM3 second \$1 toll increase (see 2018 RM3)	\$119.3 million ¹¹
2024	Napa	Measure U .5% 25-Year Sales Tax (extends 2012 Measure T)	(extension of existing tax) \$0
2025	Regional	RM3 third \$1 toll increase (see 2018 RM3)	\$119.3 million
	All	Federal Excise/Sales Driving Taxes/Fees	\$549.1 million
	All	Transit Fares	\$990.9 million
	Marin, San Francisco, Sonoma	Golden Gate Bridge Tolls	\$152.3 million
	All	General Sales Taxes on Motor Fuels	\$153.3 million
	All	General Sales Tax on New and Used Light Duty Vehicles	\$2,111.7 million
		Grand Total	\$10,796.7 million

BART Ridership Recovery Lags Other Entities

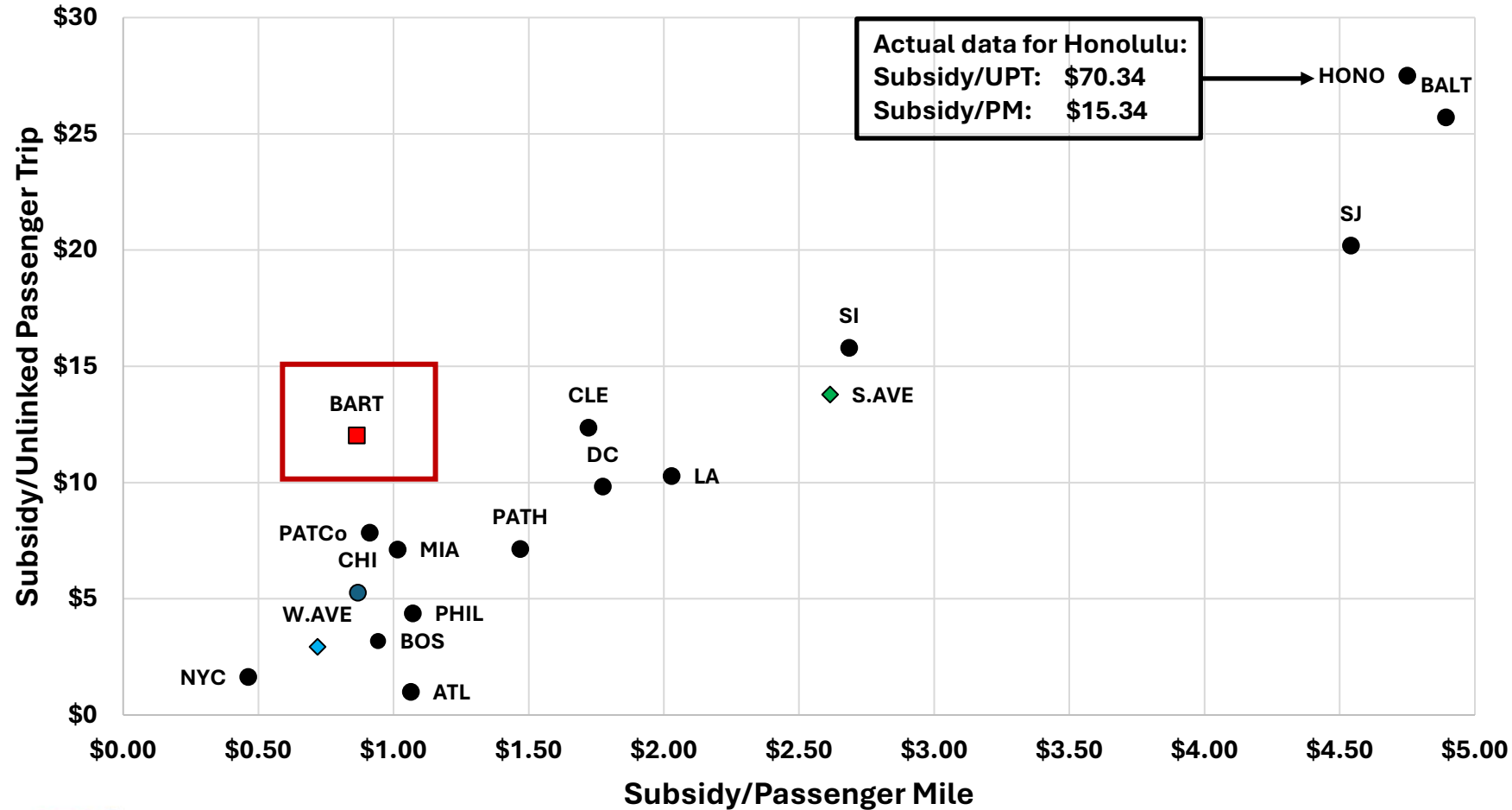
Monthly traffic volumes are compared to analogous months in 2019



- Graphic from Bay Area Council Economic Institute, *Bay Watch Transit Tracker*
- **ALL** Transit is well behind all road traffic

BART Does Poorly on Cost-Effectiveness

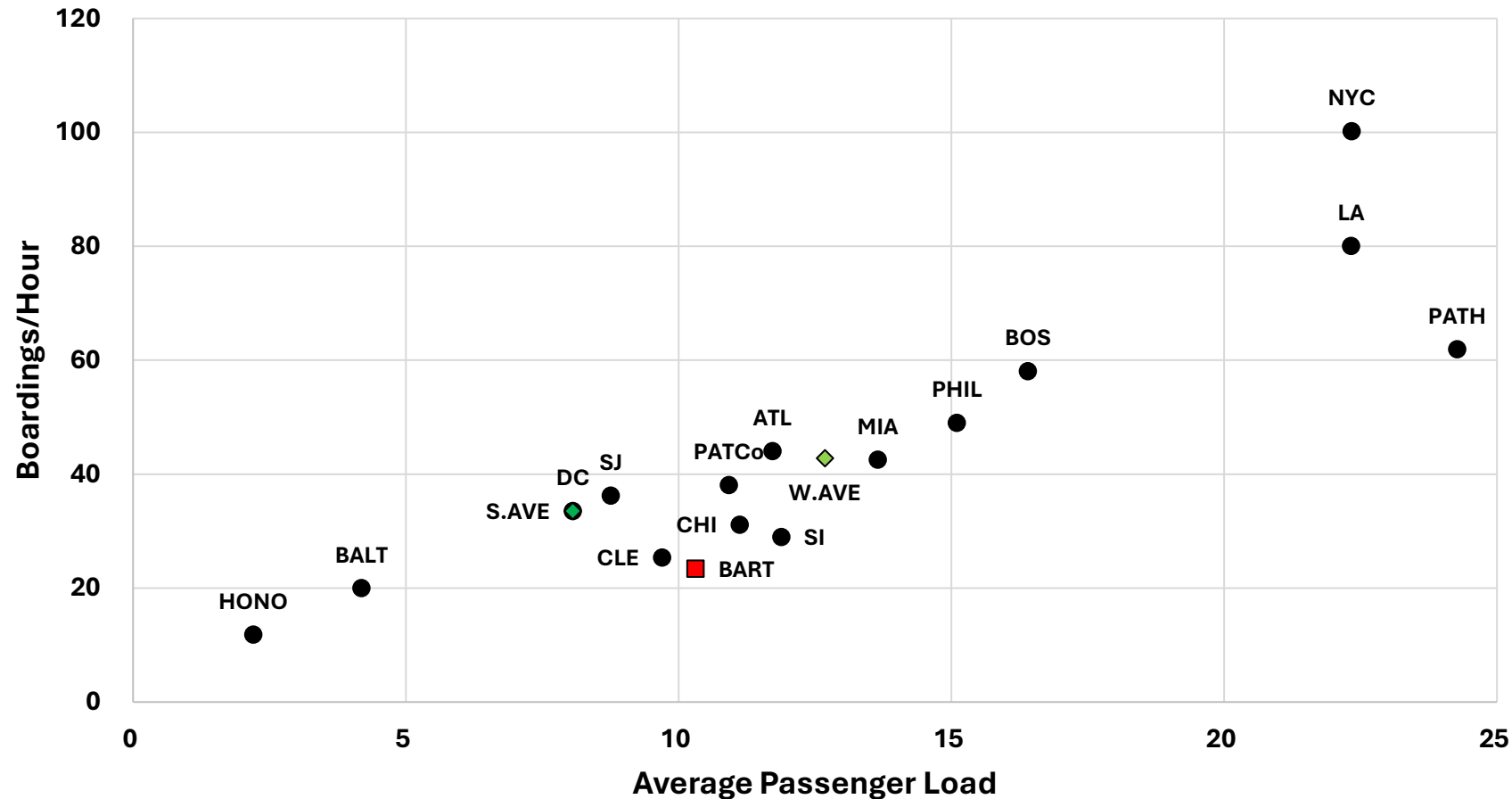
US HEAVY RAIL OPERATORS 2024
Subsidy/Unlinked Passenger Trip and Subsidy/Passenger Mile



Of the 16 heavy rail operators in the US, BART has, by far, the highest taxpayer subsidy/passenger of the major transit operators – to be fair, BART has the longest trip length in the industry, 13.9 miles vs. national weighted average of 4.1 miles, so it does better on subsidy per passenger mile

BART Also Does Poorly on Productivity

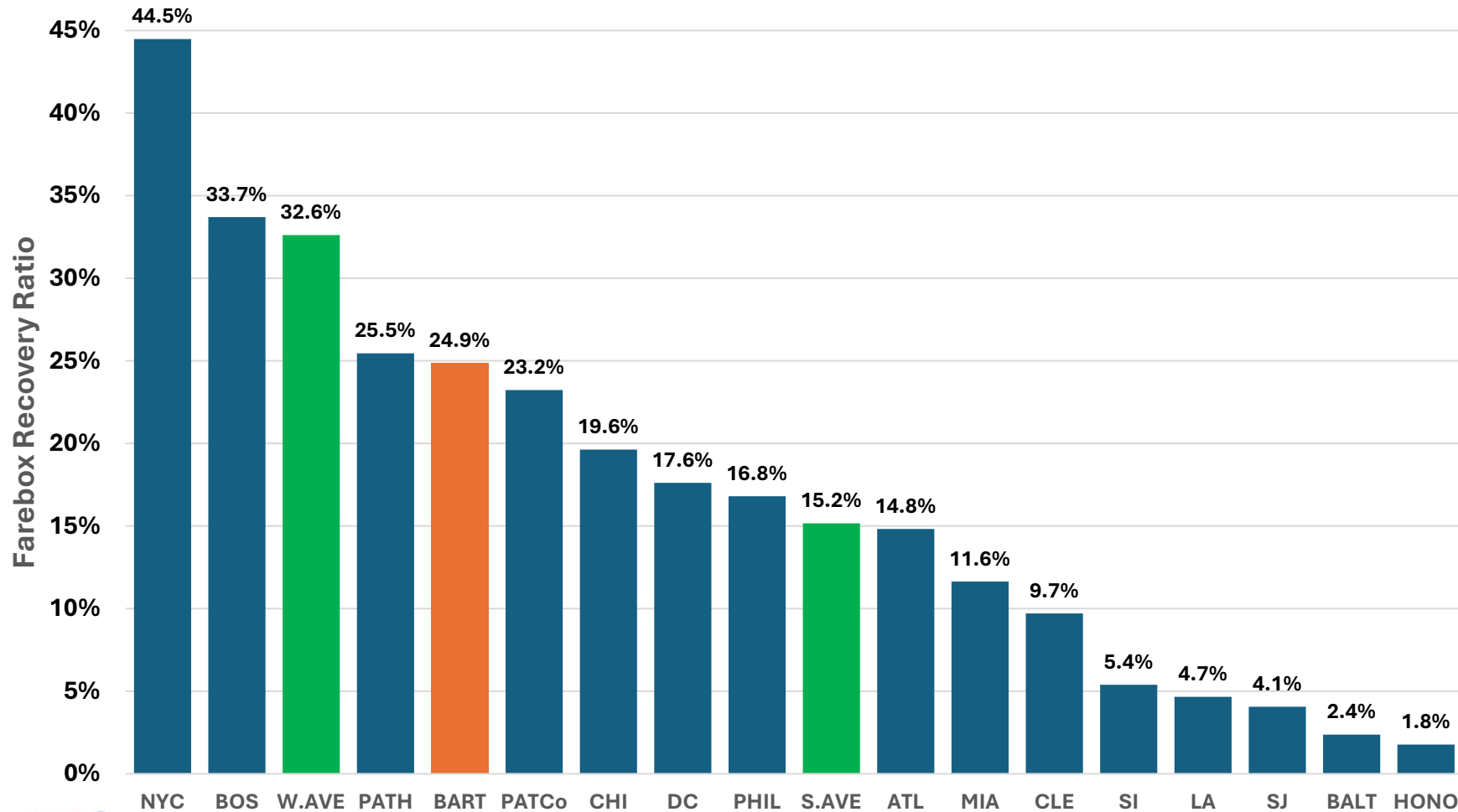
US HEAVY RAIL OPERATORS 2024
Boardings/Hour and Average Passenger Load



- Almost all of the major heavy rail operators – Boston, Chicago (which has far smaller cars – 48’), NYC, Philly – carry more people per hour/mile of service
- So – why is BART operating trains that are so empty?

BART Farebox Recovery Has Had Major Hit

US HEAVY RAIL OPERATORS 2024
Farebox Recovery Ratio



- For 2019 – the last pre-COVID year – BART reported 72% farebox recovery
- BART relied heavily on high-income riders taking long trips and willingly paying premium fares – now, they are remote working and driving more
- Caltrain dropped from 75% to 14%

This “Crisis” Has Been Obvious for Years

- As we have seen, Bay Area transit operators have been doing poorly for decades – ridership unchanged as population has jumped 50% and traffic congestion has worsened, even with huge expenditures for major capital projects and the cost of driving increasing
- Then, COVID hit early in 2020, ridership fell off the cliff, and has been slow to recover
- For the first years, there were huge Federal/State bail-outs, but these have ceased and no one sees any way they will return, at least not in the near future
- **HOWEVER, the Bay Area Transit-Industrial Complex (BATIC) has not seriously addressed changes in structure or cost reductions other than service cuts** (most major cost reductions take years to fully implement)
- Sooo – the answer is, more money from the taxpayers?!



FIXES BEFORE FUNDING
Stop the Bay Area Transit Sales Tax

Are There Other Revenue Sources?

- Short answer is **Yes** – *IF THERE IS A WILL TO DO SO*
- Total Bay Area transit subsidies have exceeded \$200 billion since 1980 (2026 \$) and now exceed \$6 billion/year – **NOT Including the proposed sales tax**
- There are SEVERAL very **wasteful** major capital projects that should be delayed – or just outright cancelled
- Some of these projects have little to no possibility of being approved for funding, some not in the near term, some never – so, let us look to these:
 - California High Speed Rail
 - BART to San Jose
 - Transbay Downtown Rail Extension Project (Caltrain to Salesforce Transit Center)
 - Link21
 - Valley Link

California High Speed Rail

- Although the promoters will never admit this, there is almost no possibility that this will ever be operated from San Francisco to Los Angeles, or anywhere else
- State is using cap-and-trade funds to keep the construction in Central Valley and planning/design/administration/other going – \$1 billion/year for 20 years
- Way past time to give up on this
- This would **allow the billion-a-year to be used for other, more useful things**
- Since the nine-county Bay Area population is just under 20% of the State population, about \$200 million/year could potentially eventually be transferred to transit operations and capital purposes in the Bay Area

BART to San Jose

- 6.1 miles for service to begin in 2037
- State funding – some **may** be shiftable to Bay Area capital renewal and replacement projects
- Santa Clara County Sales Tax – may be transferrable by action of VTA Board; worst case, ask voters to approve for transit operations and capital renewal and replacement of existing infrastructure
- RM3 funds can be shifted by MTC

Locally Proposed Financial Plan		
Source of Funds	Total Funds (\$million)	Percent of Total
Federal: Section 5309 CIG	\$6,296.31	49.4%
State: Transit and Intercity Rail Capital Program	\$750.00	5.9%
Bridge Surplus Sharing Revenue	\$750.00	5.9%
Local: 2016 Measure B Sales Tax Revenue	\$2,512.14	19.7%
2000 Measure A Sales Tax Revenue	\$2,062.16	16.2%
Metropolitan Transportation Commission Regional Measure 3	\$375.00	2.9%
Total:	\$12,745.61	100.0%

Source: Federal Transit Administration Annual Report on Funding Recommendations

Transbay Downtown Rail Extension Project

- This would replace a **1.3-mile walk** at a cost of **\$8.3 Billion**
- Federal – \$5309 not transferable, some possibility for some of the others – worth researching
- State TIRCP – **possible to shift** to fund Bay Area rail capital renewal and replacement projects
- CFD unlikely to be transferrable, “Non-Federal Share” has no identifiable source, so it may not exist, but **RM3 toll revenue should be relatively easy to transfer**

Locally Proposed Financial Plan		
Source of Funds	Total Funds (\$million)	Percent of Total
Federal:		
Section 5309 CIG	\$4,077.86	49.4%
Other Federal Grants	\$608.79	7.4%
American Recovery and Reinvestment Act of 2009 (ARRA)	\$400.00	4.8%
U.S. Department of Transportation FY23 National Infrastructure Project Assistance (MEGA) Grant Program	\$113.80	1.4%
Federal Railroad Administration (FRA) FY22 and FY23 Federal-State Partnership Grant Program	\$97.34	1.2%
FRA FY23 Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant Program	\$29.88	0.4%
State:		
Transit and Intercity Rail Capital Program (TIRCP)	\$560.00	6.8%
California High Speed Rail Authority (CHSRA) Construction and Engineering Support	\$553.00	6.7%
Regional Transportation Improvement Program (RTIP)	\$17.85	0.2%
Local:		
Transbay Transit Center Community Facilities District (CFD) revenues, bond proceeds, and reimbursements.	\$354.39	4.3%
Non-Federal Share for ARRA grant	\$328.52	4.0%
Regional Measure 3 Toll Revenue	\$325.00	3.9%

Source: Federal Transit Administration Annual Report on Funding Recommendations

Link21

- Link21 is (or was) a proposal for passenger rail transportation in the nine Bay Area and 12 adjoining counties, managed by BART and funded from the 2016 Measure RR \$3.5 billion bond ballot issue. It started with studying a BART technology and/or standard gage passenger rail tunnel under the Bay with connections to Salesforce Transit Center and rail extensions and improvements in the rest of the 21 county super-region.
- Post-COVID, it became increasingly evident that the proposed elements, which would have required tens of billions to implement and more to operate, would not be possible – nor needed – in the foreseeable future.
- The second BART tube was dropped and the BART Board approved a plan to continue to study the standard gage tube.
- Over \$600 million was allocated for planning and well over \$100 million spent; if this project was terminated, the **Link21 funding could be shifted**.

Valley Link

This is what Valley Link **PLANS** to **ASK** FTA for; success improbable

- Note the “Existing Local Funding Match” of \$635 million – \$400 million of that is an allocation of Measure BB funds by the Alameda County Transportation Commission; part of the rest is Regional Measure 3 toll revenue funds from MTC.

- THERE ARE NO OTHER FUNDS CURRENTLY ALLOCATED AND VERY LITTLE CHANCE THAT THERE WILL BE ANY***

- ACTC can shift the Measure BB funds and MTC can shift the RM3 funds**

This is the remaining shortfall **IF** the Federal funding somehow happens

Phasing Alternatives		D/P to Mountain House (10 vehicles)	D/P to Vasco Direct ACE Connection (6 vehicles)	D/P to Southfront Bus ACE Connection (5 vehicles)
Total Project Cost (\$M, YOE)		\$3,794 - \$4,465	\$2,025 - \$2,186	\$2,161 - \$2,305
FTA Share	40%	\$1,518 - \$1,786	\$810 - \$875	\$928 - \$990
	49.4%	\$1,874 - \$2,206	\$1,000 - \$1,080	\$1,068 - \$1,139
Existing Local Funding Match		\$635	\$635	\$635
Additional Funding Need	FTA @ 40%	\$1,641 - \$2,044	\$580 - \$677	\$598 - \$680
	FTA @ 49.4%	\$1,285 - \$1,624	\$390 - \$471	\$459 - \$531
Ridership (Weekday, YR 2025/2045)		4,384/5,365	TBD	2,360/5,040

Source: Valley Link Progress Update to SJ Valley Legislative Caucus, 8/26/25, slide 13

Note: Using Valley Link’s latest data, the annual cost for a five-days a week commuter would be ~\$25,000 – it would be less expensive for taxpayers to lease each rider a car and pay for registration, fuel, insurance, maintenance, and parking – and 70% of riders would not be Bay Area residents, but San Joaquin County has yet to program any funding for construction.

Opportunities for Cost Reduction

- The operating and capital costs of the Bay Area transit operators are very high; some possibilities for cost reduction include:
 - Reductions in costs of employment and less restrictive work rules
 - Contract out transit service operations and maintenance
 - Encourage – rather than prohibit – private sector entities to provide transit services, such as Silicon Valley commuter buses
 - Push more cost-effective and productive modes, such as Vanpool/last-mile modes
 - Stop planning studies for major capital projects that will never be constructed
 - Stop the huge increase in administrative costs
 - BART Autonomous Train Control
- Anyone who has been in any business, and especially any government, can tell you that it takes a long time for cost reduction actions to actually produce major savings. While this is very true, it is **NOT** a reason to not start looking at these kinds of actions; actually, it raises the question: **HOW COULD YOU PEOPLE NOT START DOING THESE THINGS YEARS AGO?**

Transit Agency Costs of Employment (2024)

- All data from Transparent California, adjustments made to approximately costs for full-year full-time employees including eliminating part-time and intern positions and those with base compensation <\$25,000, which likely indicates that they either began employment well into the year or terminated early in the year
- Values shown include base pay, overtime, special pay, and cost of benefits

Employer	Number of Full-Year Full-Time Employees	Total Average Annual Cost of Compensation for 2024
AC Transit	1,975	\$148,304
BART	4,176	\$178,713
Caltrain	Contracts Out Service	N/A
MTC	Does Not Report	???
SamTrans	918	\$148,763
Muni	Cannot Break Out Muni from City/County of San Francisco	???
VTA	2,308	\$159,472

Costs of Employment for Selected BART Positions

- I made assumptions to produce results on the “safe” side, so the “Average Costs of Employment” below are likely slightly understated

Position	Number	Average Costs of Employment	Highest Individual
Cash Handler	26	\$110,430	\$148,240
Executive Assistant	11	\$166,066	\$188,721
Grounds Worker	17	\$119,042	\$162,660
Painter	7	\$202,127	\$235,503
Police Lieutenant	16	\$448,154	\$532,438
Police Officer	63	\$209,504	\$416,588
Station Agent	361	\$149,165	\$227,565
Train Operator	468	\$143,466	\$269,108

- The top compensation was for a Senior Police Officer who had total costs of employment of \$661,388 on a base pay of \$158,361; 14 employees had total costs of compensation over \$500,000, 51 over \$400,000, 239 over \$300,000, and 1,263 over \$200,000
- BART has 747 Job Descriptions for 4,677 employees in 2024

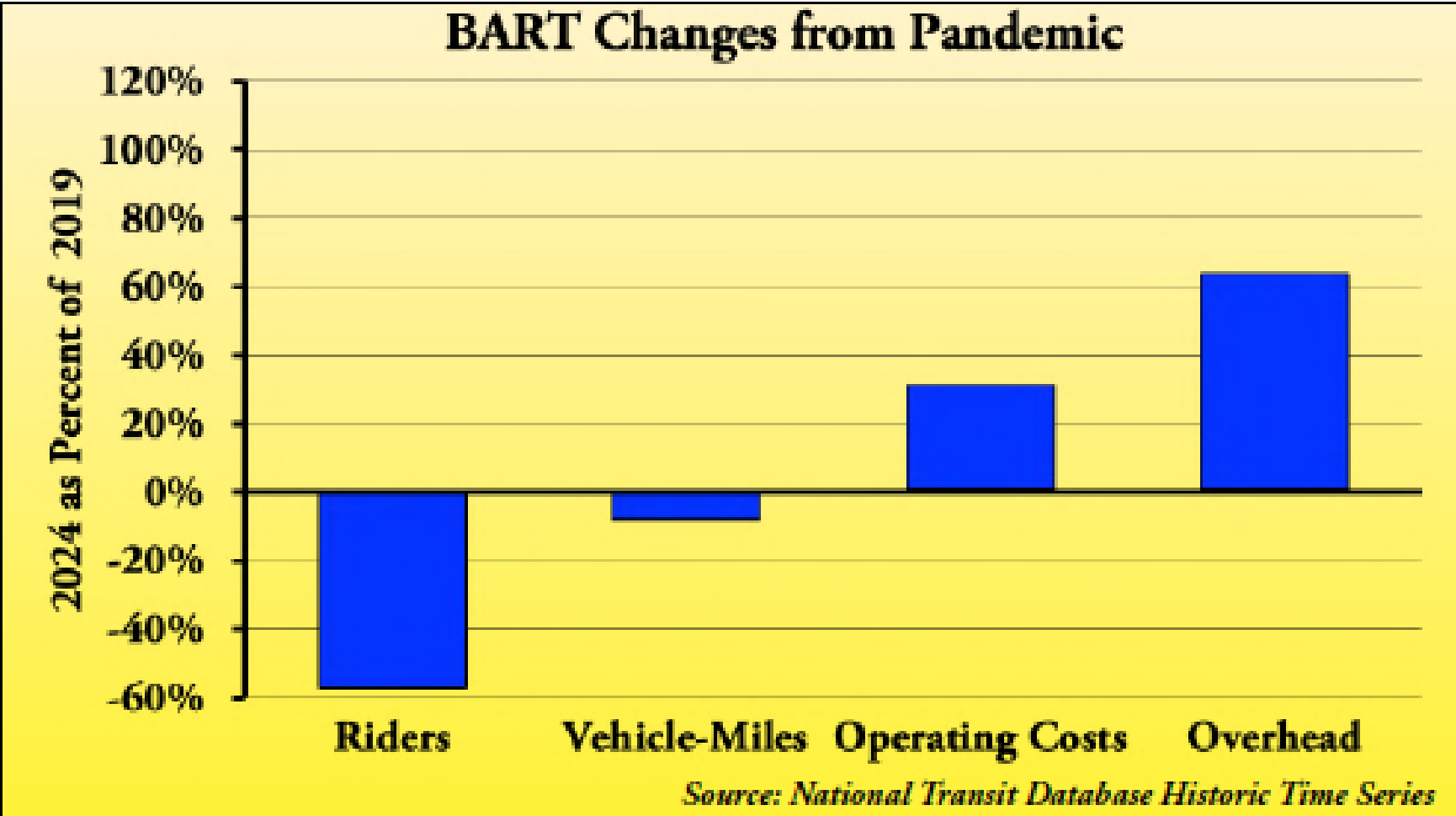
Autonomous Train Control

- One of the projects I worked on in my career that I am most proud of is the Vancouver SkyTrain, their autonomous (no operator on train) system – which, obviously can save the taxpayers a lot of money if done right, which is why it has been gaining a lot of popularity all over the world (except in the USA)

Attribute	BART	SkyTrain
Regional Population	7.7 million	3.1 million
Number of Rail Lines	5 (+ 2 other mode lines)	3
Miles of Track	131	50
Stations	50	54
Weekday Ridership (2025)	146,000	425,000

- Due to SkyTrain being part of BC Transit, which has substantial non-SkyTrain differences between US and Canadian systems of accounting and reporting, I'm not presenting cost and subsidy data – however, it is clear that SkyTrain's costs and subsidies are significantly lower than BART's

BART Overhead Costs INCREASED Since COVID



Graphic courtesy of Randall O’Toole

SB-63 Promises Oversight, But ...

- The enabling legislation for the proposed transit sales tax promises:
 - Transit service objectives and performance measures
 - A third-party financial efficiency review in two phases presented to oversight committee (1) Pre-ballot measure being placed on ballot, (2) Post-passage of tax
 - Maintenance of effort – cannot reduce spending on operations from existing sources
 - Subject transit operators to loss of new sales tax funding if they do not make sufficient commitment and progress towards reducing costs and improving productivity
- Unfortunately, the main purpose of the above is to add the typical 3-5% to the “yes” vote through the “oversight productivity guarantee” factor
- The first phase report is OK for what it does, but doesn’t look at major structural changes and is mostly the types of cost cuttings every agency does every year in putting together the annual budget
- The oversight committee is key members of the transit agencies

Will the Sky Fall if the Sales Tax Fails?

- Possibly, but probably not – lesser service reductions likely
- Yes, it is possible that the transit decision-makers will decide that they will **NOT** take steps to reduce costs, nor shift available funding from expensive and wasteful capital project as discussed above, and will go ahead with the draconian service cuts they have come up with
- However, governments as a whole a consistent record of somehow “finding” solutions to reduce the need for drastic cuts when their hoped-for new funding does not appear
- You will never hear this from anyone in a position of power – that would be an admission of lying to the public and would certainly both reduce the percentage of “yes” votes ... and the possibility of a long and successful career for the person making the admission
- We can only put on pressure and hope that there are some decent people left

So Why Should We Take The Chance?

- **TOUGH LOVE** – like grounding and taking away the car keys from your misbehaving teen, there are times when the taxpayers have to tell the people that are running their government services – supposedly for the benefit of the taxpayers and the people using the services – that their behavior must change
- **Remember, with taxes – *too much is never enough***
- **The 14-year term of the bail-out-the-failing-transit-agencies sales tax** – does anyone really believe that, at the end of that period, the tax will be allowed to lapse? Based on past experience, I have a great deal of confidence that the term was not determined by any financial analysis, but by a pollster
- **This tax is the tip of the iceberg.** BATIC wants \$380 Billion to keep transit running through Plan Bay Area 2050+. **BART? \$24.3B for next 10 years.**