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The California State Auditor released the following report today:

San Francisco Bay Area Rapid Transit District

Billions Are Needed to Repair and Replace Infrastructure, Yet Availability of Funding Is Uncertain

BACKGROUND

Serving a weekday average of more than 400,000 riders, the San Francisco Bay Area Rapid Transit District (BART) is the fifth largest heavy-rail transit system in the country with its 44 transit stations spread over 21 cities. Most of its infrastructure—tracks, railcars, stations, and maintenance facilities—is 40 years old and at, or close to, the end of its useful life. Staff estimate that $6.5 billion of its infrastructure is now in poor or very poor condition and is planning major investments over the next 10 years that will add capacity, expand the system, and improve BART's infrastructure. BART is currently engaged in three large capital projects to expand its fleet of railcars, expand its vehicle maintenance facility, and replace its train control system.

KEY FINDINGS

During our review of BART's revenues, expenditures, and workers' compensation practices, we noted the following:

- Nearly two thirds of BART's current fleet of railcars will be at least 25 years old by fiscal year 2016–17, with the majority being 40 years old. According to federal entities, the replacement age for railcars is typically 25 years at which point their lives can be extended with an overhaul.
- Although BART's first attempt to replace its fleet of railcars in 2004 failed due to lack of funding, BART has contracted with a vendor to replace its railcars and will receive its new railcars incrementally through fiscal year 2021–22 at a cost of $2.5 billion.
- Despite having funding commitments and using a mix of federal, state, and other sources to cover the railcar project's budget, the project faces funding shortfalls in some years during its life because the funding BART expects to receive will be insufficient to pay for estimated project costs at certain times.
- BART faces cash-flow challenges for other projects—its total capital needs are projected to cost over $9.6 billion between fiscal years 2014–15 and 2023–24 and BART is planning to seek voter approval for additional capital funding. However, it has no specific contingency plans if no additional revenue measures are passed.
- BART's past financial projections have generally proved accurate because it uses modest financial growth assumptions—between 3 percent and 5 percent—that produce forecast results that appear plausible.
- Past audits conducted by the California Department of Industrial Relations' Division of Workers' Compensation have not revealed any significant issues with how BART's workers' compensation administrator processes or requests reimbursement for claims filed by its employees.
- We found no evidence that union employees were being replaced with contract labor and were not being allowed to return to their original positions following an injury when the employee was capable of resuming work.

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