



BAY AREA FINANCIAL EFFICIENCY REVIEW

FINAL REPORT

May 22, 2026

Prepared By: Nelson\Nygaard Consultant Team



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EXECUTIVE SUMMARY

On January 1, 2026, Senate Bill 63 (SB 63) established a regional framework to help address the Bay Area's ongoing transit operating funding challenges. The legislation established the Public Transit Revenue Measure District and authorized a regional transportation sales tax to be placed on the November 2026 ballot across five Bay Area counties to support transit operations.

SB 63 requires the Metropolitan Transportation Commission (MTC) to conduct a two-phase Financial Efficiency Review of four of the region's largest transit agencies: AC Transit, BART, Caltrain, and SFMTA. This first phase of analysis describes cost-saving measures taken by the transit agencies since 2020; identifies near-term opportunities to deliver increased or improved services and enhanced customer experiences with existing resources; and identifies real estate development opportunities that could increase revenue or ridership. A second, more detailed phase of analysis will be initiated if voters approve a regional ballot measure.

The report finds that transit agencies have undertaken many cost-saving and revenue-enhancing measures in response to economic pressures and shifts in travel demand during and after the COVID-19 pandemic. Between fiscal years 2020-2025 (July 1, 2019 – June 30, 2025):

- **AC Transit achieved almost \$200 million in operating cost savings**, or 7% of operating costs during the reporting period, primarily through service adjustments and improved management of variable operating costs.
- **BART achieved \$516 million in operating cost savings**, or 9% of operating costs during the reporting period, through a combination of service reductions, workforce controls, and operational efficiencies. They also deferred or scaled back capital investments.
- **Caltrain achieved more than \$76 million in operating cost savings**, or 7% of operating costs during the reporting period, primarily through workforce controls, service optimization, and operating efficiencies.
- **SFMTA achieved nearly \$300 million in operating cost savings**, or 4% of operating costs during the reporting period, driven by workforce reductions and adjustments to service levels. They also deferred or scaled back capital investments.

Transit agencies continue to look for ways to deliver more or better service and enhance customer experience using existing resources. Some strategies are within agencies' direct control, particularly decisions related to workforce levels, service levels, and non-tax revenues. Other strategies are outside of their control.

Finally, the report finds that transit agencies' real estate assets, including through joint development, can provide long-term value through lease revenue, ridership growth, and broader community benefits, but their potential varies across agencies. Operational, regulatory, and market constraints limit near-term development. Consequently, joint development is a long-term opportunity rather than an immediate source of new revenue to help offset operating deficits. Maximizing the potential benefits of transit agencies' real estate assets requires clear policies, staff capacity, and supportive zoning. When aligned with market conditions, real estate serves as an effective long-term tool for value capture, strengthening both transit and the community.

INTRODUCTION

Context

Senate Bill 63 (SB 63) became effective January 1, 2026, and established a regional framework to help address the Bay Area's ongoing transit operating funding challenges. The legislation established the Public Transit Revenue Measure District and authorized a regional transportation sales tax to be placed on the November 2026 ballot across five Bay Area counties to support transit operations. SB 63 requires the Metropolitan Transportation Commission (MTC) to conduct a Financial Efficiency Review of four of the region's major transit agencies: AC Transit, BART, Caltrain, and SFMTA (herein referred to as the 'transit agencies'). The legislation directed MTC to retain a third-party consultant to assess the financial efficiency of these agencies and recommend ways to further improve efficiency with available resources.

Purpose of Report

This report fulfills Phase 1 of the SB 63 legislation. It provides an objective and independent assessment prepared by Nelson\Nygaard and our consulting partners of:



Cost-saving measures implemented by the transit agencies between July 1, 2019 and June 30, 2025¹



Early-action strategies that would assist the transit agencies in delivering increased or improved service and provide enhanced customer experience with existing resources



Inventory of existing property holdings of each transit agency and identification of redevelopment opportunities.

Establishing this baseline is essential for informed policymaking and for defining the region's next steps under SB 63, should a new funding measure be approved by the voters in November 2026.

Phase 1 Scope

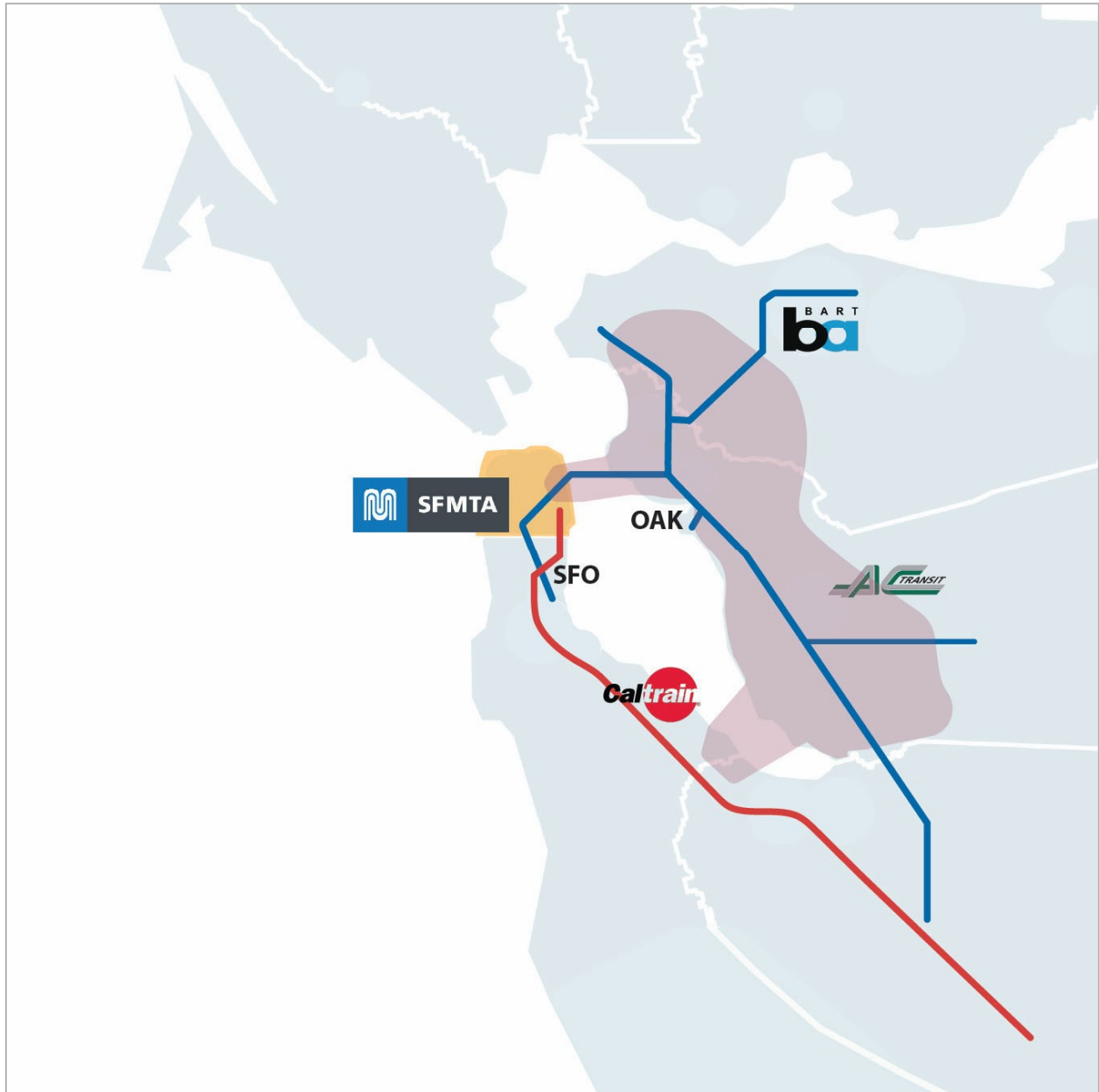
Phase 1 describes the measures taken by the transit agencies to control costs since July 1, 2019 and identifies early action strategies for additional cost-savings or service enhancements. Phase 1 also documents the nature and extent of current real estate assets and highlights sites with redevelopment potential that could help strengthen agency financial positions or advance regional housing and land use objectives.

This report does not include cost-saving strategies that require new upfront revenue, major service changes, changes to labor agreements, long-term restructuring, expanded authority, or detailed

¹ SB 63 stipulates that the report shall identify cost-saving measures implemented since January 1, 2020. This report relies on data commonly reported by fiscal year. As a result, the first year of the reporting period in this report is July 1, 2019 to June 30, 2020.

development feasibility assessments. These areas, including deeper analysis of redevelopment opportunities, are reserved for the second phase of analysis. Phase 2 will be initiated if a regional ballot measure is approved by voters and will provide a framework by which MTC can hold transit agencies accountable for adopting additional efficiencies and savings as a condition of receiving financial support from the measure. As required by SB 63, Phase 2 will identify broader improvements and investments that could be pursued with new funding authorized under SB 63. This report does not analyze any cuts, reductions, or financial restructuring that may be necessary should a measure not be approved by voters.

Figure 1: Map of Bay Area transit service area subject to review



Feedback & Revisions

The Draft Phase 1 Financial Efficiency Review was developed with input from senior staff and leaders from the transit agencies and presented to the IOC members at a public meeting in April.

The Final Phase 1 Financial Efficiency Review incorporates feedback from the IOC and members of the public. Below is a summary of changes made to the Final Phase 1 analysis in response to feedback received.

- Expanded description of existing cost savings achieved by transit agencies to provide greater clarity and transparency.
- Added more details and context on efforts to reduce transit agency labor costs by reducing absenteeism and overtime, labor force size, and amount of service delivered.
- Expanded details on revenue increasing strategies and validated with transit agencies.
- Provided more specific and complete suggestions for early action strategies, including a discussion of common themes that apply across transit agencies.
- Added more details to the analysis of real estate assets including discussion of regulatory and financial barriers and identification of short-term revenue opportunities.

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Summary of Agency Cost-Saving Measures



Background, Key Terms, and Concepts

AC Transit, BART, Caltrain, and SFMTA each provide transit services that tens of thousands of people rely on every day to access jobs, education, and resources. Throughout the reporting period, the agencies have responded to challenges of the post-pandemic funding landscape with a wide variety of cost-saving measures to maintain service for the community.

This report uses several concepts to frame, describe, and organize these transit costs, revenues, and cost-savings actions and strategies. This section provides an overview of these concepts and what the report focuses on to align with the requirements of SB 63.

Costs

Running a transit system involves a wide range of expenses that are essential to keeping service safe, reliable, and available when people need it. While each agency has its own structure and priorities, most transit costs fall into two common categories: capital costs and operating costs.

	<p>Capital costs are large, one-time investments to buy, build, or renew vehicles and infrastructure that form the backbone of the transit system.</p>
	<p>Operating costs are the ongoing, day-to-day expenses needed to run transit services, including staff, energy, maintenance, and administration.</p>

Capital Costs

These are major, long-term investments in physical assets and systems required for transit service. Capital costs include:

- Purchasing and replacing buses, trains, paratransit vehicles, and support vehicles.
- Building or renovating stations, maintenance facilities, tracks, power stations and wiring, or other infrastructure.
- Funding major rehabilitation.

Operating Costs

These are the day-to-day expenses required to run a transit service. Operating costs include:

- Wages and benefits for drivers, mechanics, dispatchers, security, and administrative staff.
- Fuel, electricity, or other energy needed to operate the fleet.
- Maintenance such as cleaning, inspections, and minor repairs.
- System administration, customer service, planning, and scheduling.

Agencies make intentional decisions about which expenses to treat as capital versus operating, and these decisions can vary depending on internal policy, accounting practices, or guidance from funders and regulators such as the Federal Transit Administration (FTA). As a result, some costs that might appear operational can be capitalized, and vice versa, depending on circumstances and eligibility rules.

Revenues

Revenue strategies are included in the Financial Efficiency Review because improving the agency’s financial position can be achieved through both reducing costs and increasing revenues. Transit agencies rely on multiple revenue streams to cover or offset the impact of costs required to operate and deliver transit services. These include public funds, fares, and all other revenue.

	<p>Public funds are tax revenues collected by federal, state, and local governments and directed to transit through laws, voter-approved measures, or budget decisions.</p>
	<p>Fares are the payments riders make to use transit services, such as single rides, passes, or stored-value cards.</p>
	<p>All other revenues are income that transit agencies generate from non-fare, non-tax sources, such as advertising, leasing space, parking, or special services.</p>

Public Funds

Public funds are federal, state, regional, and local taxes that support transit systems. Some public funds are dedicated to transit, such as special-purpose funding measures. Other public funds are allocated to transit through budgetary decisions or formula programs, like most federal grants or local fund contributions.

Like highways and local roads, transit is a public service that relies on public funds to operate and maintain the system.

At the federal level, transit agencies receive substantial support through formula and discretionary grant programs. These funds primarily support capital investments. In some cases, they are available for operating assistance.

In California, the most common statewide sources include the Transportation Development Act (TDA) and the State Transit Assistance (STA) program. The TDA allocates a quarter-cent of the statewide sales tax to local transportation funds that primarily support transit operations. The STA program is funded by the diesel sales tax and provides formula-based operating and capital support. California also generates transit revenue through Senate Bill 1 (SB 1) fuel taxes and vehicle fees, which fund operations, capital investments, and State of Good Repair needs².

² Under Article XIX of the California Constitution, the state's gas tax may not be used for transit operating purposes.

In the Bay Area, cities and counties have adopted dedicated transportation sales taxes, parcel taxes, and other voter-approved measures that directly fund transit service, operations, and major capital projects. Local agencies may also provide general fund contributions to transit operators, as occurs in San Francisco, where city resources supplement dedicated transit funding streams.

Fares

Fares are the money collected directly from riders through single ride fares, passes, and stored value payment systems. The portion of transit operating costs covered by riders is commonly expressed as a farebox recovery ratio. In 2024, transit agencies nationwide recovered approximately 17% of operating costs from fares on average, meaning that \$0.17 of every \$1 in operating expenses was paid by riders. Farebox recovery varies significantly across agencies and modes. Higher-ridership commuter and rail services often achieve 20–50% or higher recovery, while local bus and demand-response services typically fall in the 5–20% range, reflecting differences in service design, ridership density, and policy objectives.

All Other Revenues

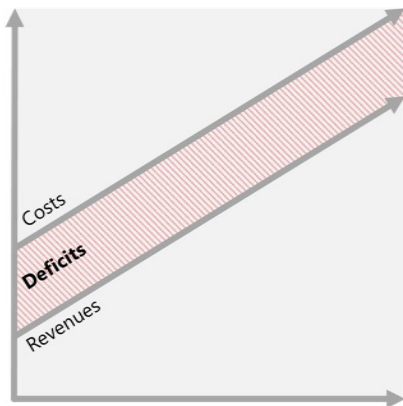
Transit agencies also earn revenue through their own business activities. These include advertising, leases for retail or commercial space, parking fees, and payments for special services like operating extra service for special events. In some cases, agencies also receive contributions from developers or benefit from value capture arrangements tied to new development near transit.

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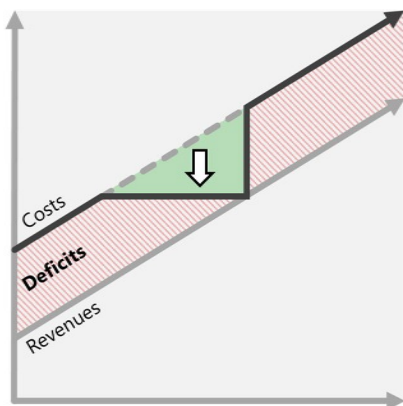
Cost-Saving Actions

Transit agencies can carry out a range of actions or decisions to reduce or manage their costs. This report groups cost-savings the transit agencies put in place during the reporting period into the following categories:

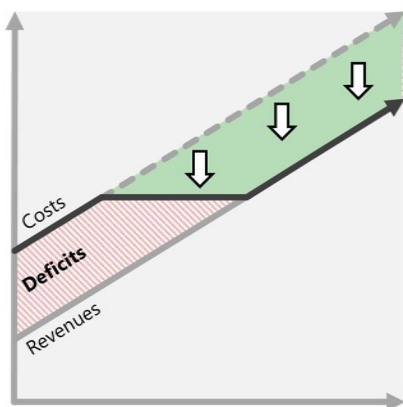
Figure 2: Categorization of cost-management strategies for transit agencies



Existing conditions: Costs exceed revenues, yielding a deficit.

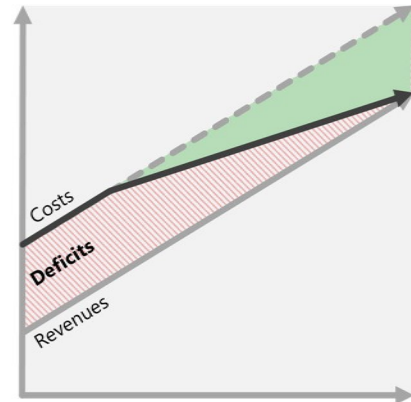


One-time cost reductions: Temporary reductions in costs that are expected to revert in a subsequent year (e.g., temporary operating cost relief).

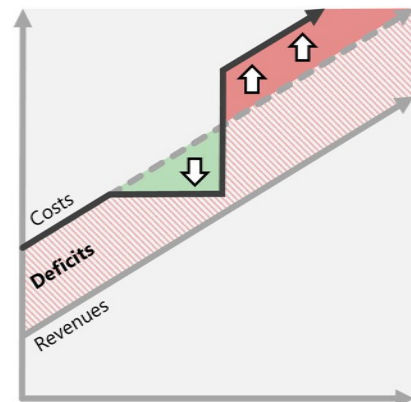


Cost avoidance: Actions that prevent foregone costs by modifying planned expenditures to achieve lower future costs (e.g., re-scoping a renewal to reduce future contract value).

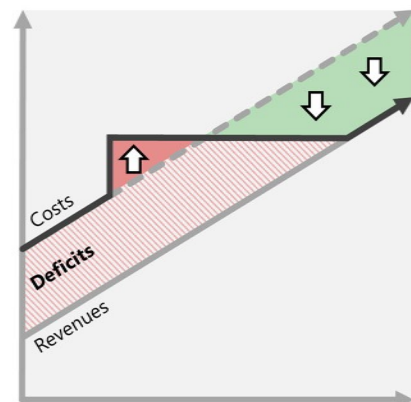
Ongoing cost reductions: Permanent reductions in costs arising from discontinued or restructured services or activities, persisting in all future years unless restored.



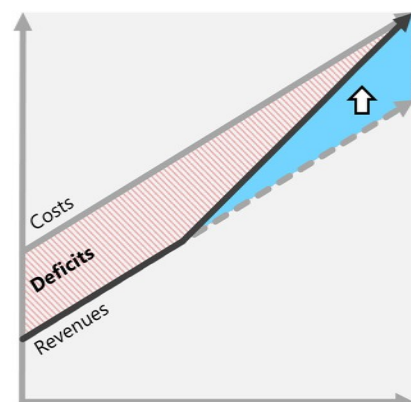
Cost deferral: Delaying a cost to a future year to balance budgetary pressures, while accepting risks that deferral will yield higher future costs (e.g., delaying rail track maintenance, bus engine replacements, software updates/replacement, etc.)



Expenses to reduce future costs: Capital or operating investments intended to yield lower operating costs or higher revenues over time (e.g., fare collection devices improving compliance and fare revenue collection)

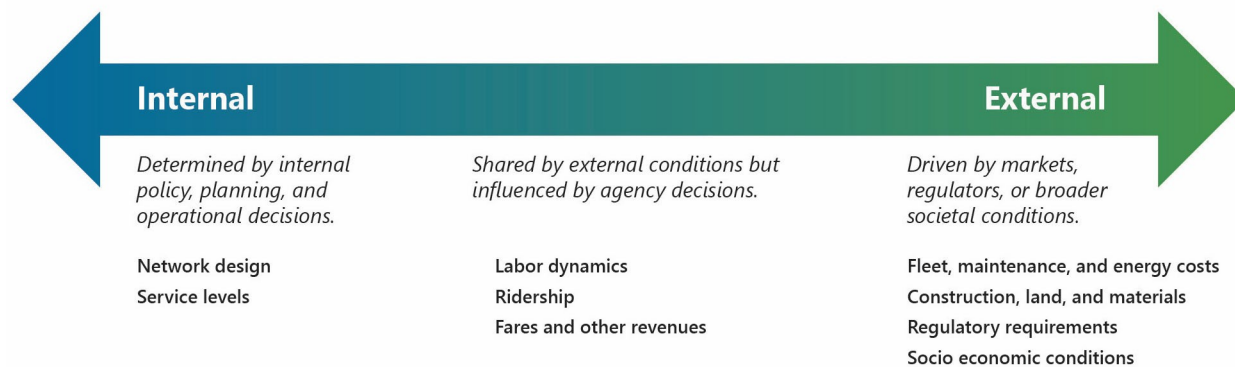


New revenue: Adjusting levels of existing revenue sources (e.g., increasing fares) or creating new sources of revenue to offset costs.



Factors Influencing Transit Agency Costs, Revenues, and Cost-Savings Approaches During Reporting Period

A transit agency's costs and revenues are influenced by a range of factors that fall along a spectrum – from those that are within the agency's direct control to those primarily shaped by external conditions.



At one end of the spectrum are factors that are primarily determined through agency policy, planning, and operational decisions, such as:

- **Network design:** The size and configuration of the system, including the number of routes, geographic coverage, and how services connect.
- **Service levels:** The amount and frequency of service provided, which directly affects workforce requirements, fleet needs, energy use, and maintenance activity.

At the other end of the spectrum there are factors that are driven by market conditions, regulatory frameworks, and broader social trends over which agencies have limited direct influence, such as:

- **Fleet, maintenance, and energy costs:** Prices for vehicles, parts, fuel, and electricity that reflect supply chain dynamics and energy markets.
- **Construction, land, and materials:** Real estate values and construction cost inflation that affect capital programs.
- **Regulatory requirements:** Safety, accessibility, environmental, and maintenance standards that may require additional staffing, training, or equipment.
- **Socio-economic conditions:** Broader social factors, such as homelessness, vandalism, and theft, which can increase demand for security, cleaning, and related operating responses.

Between these ends of the spectrum are factors shaped by external conditions but also influenced by agency decisions, such as:

- **Labor dynamics:** Wages, benefits, and work rules for the frontline workforce, reflecting both labor market conditions and agency-specific agreements.
- **Ridership:** The number of passengers using the system, influenced by travel behavior, land use, and service design, with direct implications for fare revenue.
- **Fares and other revenues:** Income generated from fares and other sources such as advertising, parking, and special services, shaped by agency pricing policies and market demand.

While these factors shape transit costs and revenues on an ongoing basis, the reporting period was marked by several system-wide events that significantly altered these dynamics. Within this broader context, three major events during the reporting period had an outsized influence on transit costs, revenues, and the cost-saving measures agencies put in place.

COVID-19 Pandemic (2020-2022)

Before the pandemic, regional population and job growth was driving many transit agencies to expand service and make large capital investments. The pandemic disrupted this trend, requiring agencies to adjust service, operations, and financial strategies. According to the Federal Transit Administration, transit ridership in the US fell more than 80% between April 2019 and April 2020. In response, 97% of agencies cut service³.



Though many cities have identified and addressed the need for public transportation to achieve sustainable mode share and environmental goals, the effects and restrictions of COVID-19 caused many transportation agencies, particularly in the United States, to make significant alterations to pre-pandemic long-term transportation plans and goals. These issues have been compounded by the pandemic's influence on traveler behaviors and preferences.



Sharp **ridership and fare revenue losses**, severely weakening agency finances, especially those with high farebox revenue levels.



New or increased **operating costs** related to cleaning, sanitation, and service adjustments for public health requirements.



Workforce instability, with agencies delaying layoffs or furloughs amid unclear recovery timelines.

Emergency federal, regional, and state funding temporarily stabilized agency budgets, allowing transit agencies to sustain essential service and retain staff despite significant revenue losses. These relief funds also included reporting, compliance, and eligibility requirements that agencies needed to incorporate into their financial and operational decisions. In some cases, provisions related to workforce retention, service levels or eligible uses of funds influenced the pace and scope of cost containment actions or service restructuring during a period of rapidly changing travel demand.

Although the federal public health emergency declaration ended in May 2023, this report distinguishes the period of post-pandemic inflation that spiked in 2022.

³ National Transit Database. Of the 518 agencies that report data to the NTD, 97% reported cutting service.

Post-Pandemic Inflation & Challenges (2022-2025)

In 2022, transit agencies entered a post-pandemic period of elevated inflation. In California, inflation rose sharply from historically modest levels—about 1% in 2020—to a peak near 8% in 2022, before gradually moderating to 3% by 2024–2025. This surge altered transit cost in several ways:

Rapid inflation, rising from 1% to 8% increased cost pressures as emergency funding was depleted.

- Operating and capital costs increased across the board, including fuel, utilities, vehicle parts, contracted services, and construction.
- Construction inflation outpaced general CPI, intensifying pressure on capital programs.
- Labor costs rose as higher household expenses drove wage expectations upward.

Even as inflation cooled, overall price levels remained well above pre-pandemic norms. In California, the Consumer Price Index averaged about 285 in 2020, compared to approximately 352 by 2025 meaning that prices overall were more than 20% higher than in the pre-pandemic period.⁴ As a result, although year-over-year inflation rates have moderated, transit agencies continue to face structural budget pressures embedded in a higher cost base. These conditions have made service planning, capital delivery, and long-term financial sustainability more challenging than under the pre-2020 “normal” operating environment.

In addition to inflation, transit agencies faced significant costs and operating pressures due to supply chain disruptions, materials shortages, and societal issues like crime and homelessness.

Post-Pandemic “New Normal” Travel Behavior (2022-2025)

Post-pandemic transit travel behavior in the Bay Area continues to impact and shape transit agency decisions regarding service. In 2025, average weekday transit ridership remains below pre-2020 levels—50–60% regionwide—with slower recovery on services historically oriented toward weekday peak-period work trips to centralized employment areas.⁵ These conditions have reduced the peak passenger volumes that previously shaped service and fleet decisions.

Work-from-home and hybrid work arrangements continue to influence transit demand patterns. By early 2025, fully remote work had declined to approximately 11% of employees, while hybrid schedules accounted for about 63% of the workforce, with most employees working on site one to four days per week. The average employee now commutes about three days per week, resulting in fewer recurring weekday commute trips and less consistent peak-period demand.⁶

Transit use is now more evenly distributed across the day and week than before the pandemic. With fewer daily commute trips, a greater share of travel is associated with non-work purposes, including errands, services, and discretionary activities. Ridership has been relatively stronger during midday, evening, and weekend periods, while traditional weekday peaks remain comparatively subdued.⁷

⁴ State of California – Employment Development Department

⁵ Bay Area Council – Bay Watch 2025 Transit Tracker: <https://www.bayareaeconomy.org/bay-watch/bay-watch-2024-transit-tracker/>

⁶ Bay Area Council – Bay Area Return to Office 2025 Report

⁷ Bay Area Council – Tracking Bay Area Transit Recovery

These patterns have prompted agencies to balance legacy peak-focused service models with growing all-day demand and reassess how service span, frequency, and productivity are evaluated.

Approach to Documenting Cost-Saving Actions and Estimating Impacts

The following information is provided for each transit agency to summarize cost-saving and revenue-related actions undertaken during the reporting period and to describe their overall impact on agency costs. All figures shown are confirmed to be accurate by the agencies through multiple rounds of verification. Furthermore, the calculations use data definitions and formulas that are consistent with agency reporting standards and include disclaimers whenever modified methodologies or definitions are used.

Agency Overview

An overview of each agency's size, service characteristics, and operating context is included to establish baseline conditions that influence operating costs and financial decisions. Agency characteristics were compiled from the Integrated National Transit Database (INTD) and the National Transit Database (NTD), which provide standardized, publicly available data on transit systems across the United States.

Total Costs and Revenues During the Reporting Period

A summary of total costs and revenues during the reporting period is provided for each agency. Reserve balances are also included to establish the available emergency funds, while staffing levels and overtime costs are included to describe how agencies manage staffing resources. Financial information was sourced from published agency financial plans and related public documents. All amounts reflect actual reported costs and revenues, expressed in current dollars, and are organized by cost and revenue categories described earlier in this section. Note that actual capital costs are only provided for agencies where this information was readily available.

Cost-Saving Actions and Estimated Savings

A description of operating cost saving, capital cost saving, and revenue-related actions undertaken during the reporting period is provided for each agency based on information submitted by the agencies. Where available, estimates of cost savings or revenue impacts were also provided by the transit agencies. Reported actions and estimates were reviewed and organized by the consultant team using the categorization framework described earlier in this section. Note that this report does not include actual capital costs and expenditures for each transit agency due to differences in how agencies define, track, and report capital costs over time. Capital investments are generally delivered through multiyear projects, with expenditures spread across planning, design, procurement, and construction phases, making it difficult to consistently attribute and compare capital costs on an annual basis.

Impact of Cost-Saving Actions on Costs During Reporting Period

An assessment of operating cost trends during the reporting period is provided for each agency, including the effects of inflation and cost-saving actions. A baseline operating cost profile was developed to represent expected costs without cost-saving measures, using historical cost trends and inflation adjustments. Actual operating costs are compared with inflation-adjusted costs and

with the baseline scenario. These comparisons are presented graphically for each agency and illustrate how observed operating costs differed from expected trends without the cost-saving measures in place during the reporting period. Results reflect the combined effect of cost-saving actions and other cost management decisions, presented at an aggregate level.

How does overtime impact staffing costs?

Agencies often schedule “planned overtime” to fill shifts instead of hiring more employees, because it may be less expensive to pay for overtime than to pay wages and benefits for another employee.

“Unplanned overtime” happens when operators are asked to work extra hours to cover unexpected absences. This is more expensive because agencies must pay overtime rates for work that would normally be covered at regular pay rates. Frequent unplanned overtime can also lead to employee burnout and turnover, increasing staffing costs even more.

Why do operating costs grow for a transit agency even when cost-savings measures are in place?

Transit costs often increase over time due to inflation and rising prices for core cost drivers such as labor, fuel, materials, and contracted services. Agencies must also continue operating, maintaining, and renewing assets to meet safety, reliability, and regulatory requirements, which places ongoing pressure on costs. As a result, cost-saving measures typically affect how costs grow relative to expected trends, rather than keeping total costs flat or declining year over year.

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Operator Overview



Service Area Population

1.6 million people



Services Provided

Local Bus, Express Bus,
Bus Rapid Transit,
Paratransit



Annual Ridership (FY 2024-25)

40.7 million
(75% of FY2019)¹



Annual Revenue Hours (FY-2024-25)

1.8 million
(86% of FY2019)²



Annual Revenue Miles³ (FY 2024-25)

17.7 million
(85% of FY 2019)⁴

¹ Integrated National Transit Database

² MTC Shortfalls and Fair-Share Analysis.

³ Integrated National Transit Database, Directly Operated services only.

⁴ Revenue hours describe the time each vehicle operated in service, while revenue miles describe the distance each vehicle covered. Revenue hours and miles have recovered from the pandemic at similar rates.

AC Transit

Key Factors Shaping Costs and Cost Savings

Between 2020 and 2025, AC Transit undertook a deliberate restructuring of its service model rather than incremental restoration, combining temporary pandemic-era service reductions with longer-term network reform. High-cost peak and Transbay express services were curtailed, restructured, or discontinued, while some new local and crosstown routes were introduced to improve connectivity within a constrained budget. This approach culminated in Realign, a comprehensive bus network redesign implemented in 2025 that consolidated underperforming routes, introduced new services in select corridors, modified route terminals, and reset service frequencies to better match long-term operating capacity. No major system expansions were delivered during the period. Instead, AC Transit emphasized operational sustainability, deferred discretionary capital expansion, and focused on maintaining fleet and facilities while aligning ongoing service levels with expected funding.

Key Findings

- **AC Transit realized almost \$200 million in operating cost savings during the reporting period.** Annual operating savings grew each year – from \$14 million in 2019-20 to \$40 million by 2024-25 – averaging approximately \$33 million per year, indicating a sustained and cumulative cost-control effort rather than short-term reductions.
- **Cost savings were primarily generated through service adjustments and tighter management of variable operating costs.** Ongoing cost-reduction measures focused on reduced service levels (particularly during peak periods), lower overtime usage, workforce reductions through attrition, and decreased reliance on professional services, temporary labor, and contract maintenance. Additional savings were achieved through lower insurance premiums, reduced materials and inventory costs, and facility lease cost reductions.
- **Cost avoidance and deferrals were used to manage near-term financial pressures.** In addition to direct savings, the agency implemented cost avoidance and deferral actions, including renegotiated service contracts, deferred studies and capital-adjacent initiatives, postponed staff training, and delayed select governance-related costs. These measures supported short-term fiscal stability while preserving core transit services, though some deferred costs may materialize in future periods.
- **Cost-saving measures offset a material share of inflationary pressure on operating expenses.** Although nominal operating costs increased due to broader inflation and labor market pressures, actual costs remained well below a “no cost-savings intervention” forecast. Avoided cost growth becomes more pronounced from FY22–23 onward, demonstrating that sustained cost-containment actions materially mitigated the impacts of inflation.
- **In anticipation of the fiscal cliff, AC Transit ran a surplus and used remaining federal relief funds to more than double its reserves from \$47 million to \$121 million during the reporting period.** This resulted in the reserve balance increasing from 10% to 21% of operating expenses, even though operating costs rose over the same period. The agency is on track to spend \$42 million of reserve funds to balance its budget in FY2025-26. Despite this, reserve spending is not a long-term solution to the fiscal cliff; emptying the reserves would leave AC Transit vulnerable to emergencies while only pushing the fiscal cliff back by 1-2 years in the best case.
- **Staffing levels remain stable throughout the reporting period both overall and by staff type.** The proportion of wages paid as overtime are also consistent, ranging between 2% and 3% across the reporting period.

Figure 3: AC Transit operating costs, impacts of operating cost savings, and impacts of inflation during the reporting period (\$ millions YOY)

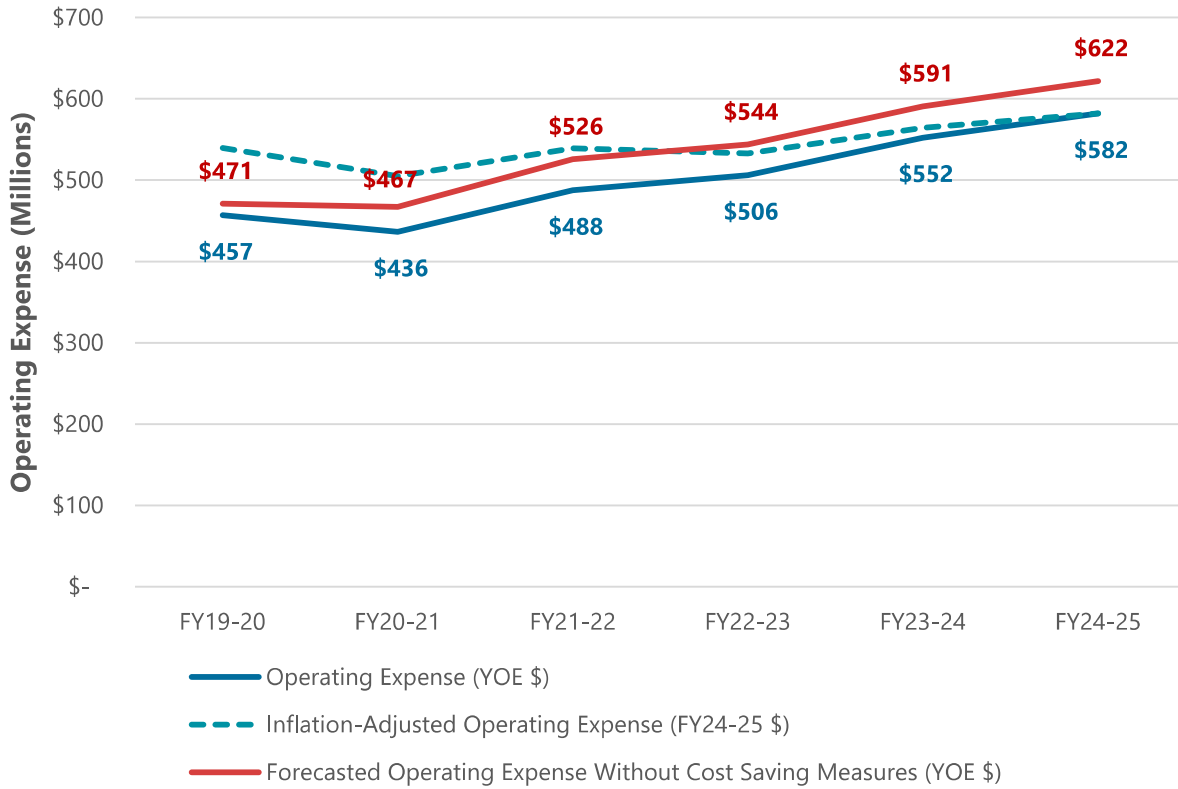


Table 1: Impacts of cost-saving actions implemented by AC Transit for reporting period (\$ millions YOY)

Fiscal Year	Capital Cost Savings	Operating Cost Savings	% of Operating Budget
2019-20	Not collected	\$14	3%
2020-21	Not collected	\$31	7%
2021-22	Not collected	\$38	8%
2022-23	Not collected	\$38	8%
2023-24	Not collected	\$39	7%
2024-25	Not collected	\$40	7%
Total	Not collected	\$199	7%

Table 2: AC Transit total costs and revenues for reporting period (\$ millions YOY)

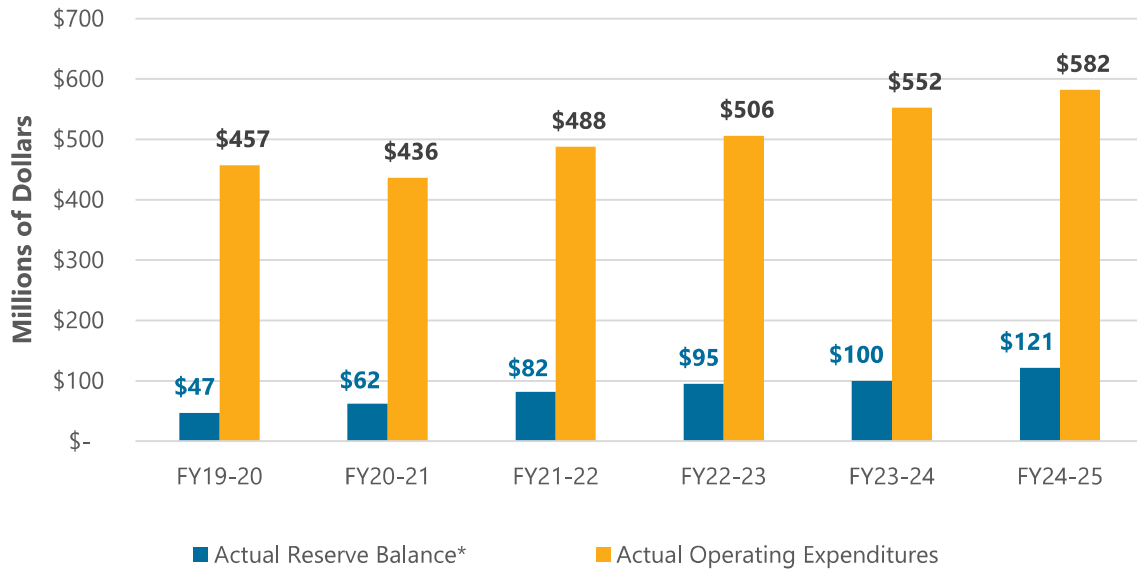
Fiscal Year	Operating Costs	Fares	Public Funds	All Other Revenue
2019-20	\$457	\$45	\$420	\$2.0
2020-21	\$436	\$13	\$488	\$2.5
2021-22	\$488	\$25	\$497	\$2.4
2022-23	\$506	\$30	\$529	\$2.2
2023-24	\$552	\$34	\$546	\$1.7
2024-25	\$582	\$33	\$551	\$2.1

Table 3: AC Transit total costs and revenues for reporting period (% change vs. previous year)

Fiscal Year	Operating Costs	Fares	Public Funds	All Other Revenue
2019-20	-	-	-	-
2020-21	-5%	-71%	16%	25%
2021-22	12%	92%	2%	-4%
2022-23	4%	20%	6%	-8%
2023-24	9%	13%	3%	-23%
2024-25	5%	-3%	1%	24%

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Figure 4: AC Transit reserves, operating costs, and projected deficit during the reporting period (\$ millions in YOE)



* Per AC Transit policy, reserves remain between 12% and 20% throughout the reporting period

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Figure 5: AC Transit actual full-time equivalents

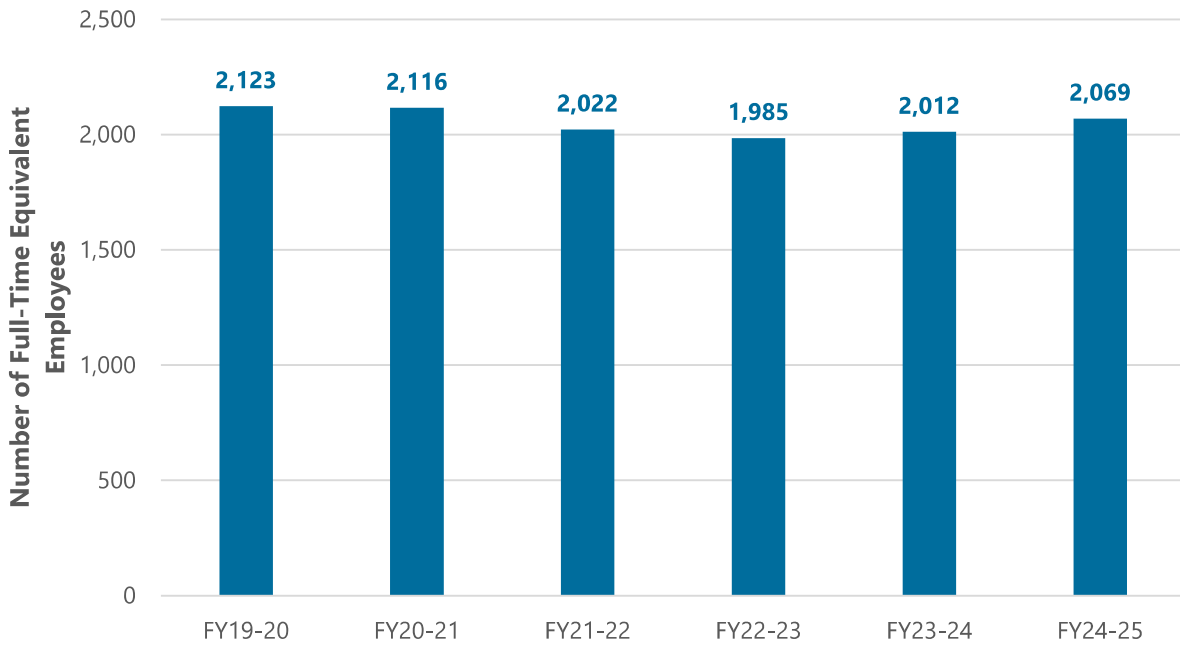


Figure 6: AC Transit actual share of wages paid as overtime

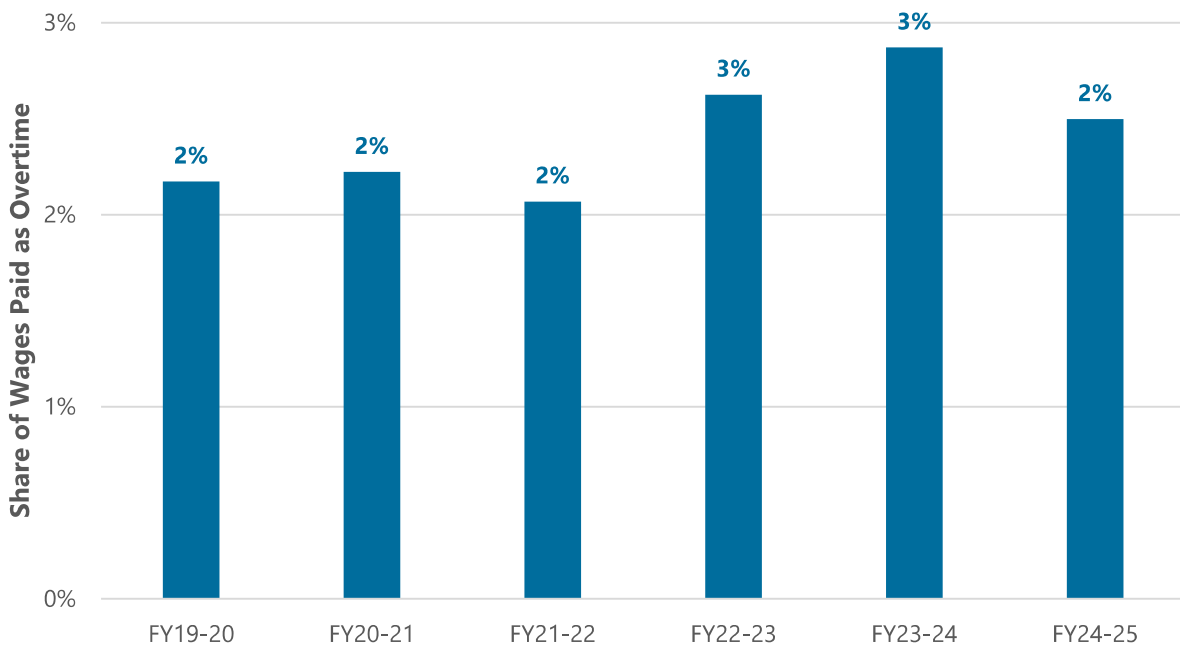


Table 4: AC Transit cost-saving actions implemented during reporting period (\$ millions YOE)

Cost-Saving Strategy	Amount (\$ millions)
Cost Avoidance	\$12
Renegotiated services contracts	\$9.3
Reduced bus and paratransit service temporarily in response to Covid-19	\$2.6
Reduced professional services costs (temporary)	\$0.5
Cost Deferral	\$8
Deferred major initiatives such as Rider Survey, major corridor studies, agreements to improve bus stops, fiber (communications) costs	\$7.3
Deferred planned staff training in customer relations	\$0.3
On-Going Cost Reductions	\$179
Reduced service levels permanently, especially express commuter bus services	\$157.0
Reduced costs of professional services (permanent)	\$5.4
Lower insurance premiums	\$4.6
Reduced utilization of temporary labor	\$4.5
Reduced lease costs at Salesforce Transit Center	\$2.1
Reduced fuel budget	\$1.7
Reduced overhead costs	\$1.6
Reduced inventory for PPE based on actual usage	\$0.8
Reduced contract maintenance services	\$0.6
Reduced materials costs	\$0.3
Reduced bank line of credit	\$0.2
Total Savings	\$199

Table 5: AC Transit actions to enhance revenue for reporting period (\$ million YOE)

Enhanced Revenue Strategy	Amount (\$ millions)
Increased fares	\$4.1
EasyPass Program	\$3.8
Total Enhanced Revenues	\$7.9



Operator Overview



Service Area Population

3.5 million people¹



Services Provided

Heavy Rail, Airport Monorail, Demand Response Paratransit



Annual Ridership (FY 2024-25)

58.4 million
(46% of FY2019)²



Annual Revenue Car Hours (CY 2024)

1.9 million
(85% of 2019)³



Annual Revenue Car Miles⁴ (CY 2024)

73.2 million
(92% of 2019)⁵

¹ National Transit Database 2024 Agency Profile

² Integrated National Transit Database

³ MTC Shortfalls and Fair-Share Analysis.

⁴ "Car hours" describes the time each rail car spent in service, while "car miles" describes the total number of miles each rail car traveled. Car miles decreased because BART shortened its trains, while car hours increased because of the service extension into Santa Clara County.

⁵ Integrated National Transit Database

BART

Key Factors Shaping Costs and Cost Savings

From 2020 to 2025, BART combined system expansion with operational efficiencies, investment, and asset rehabilitation. Passenger service to Berryessa/North San José, funded entirely by Santa Clara VTA, began in 2020, adding new track and stations. Concurrently, BART implemented multiple service reductions and schedule restructurings, shortened train lengths, and formally developed contingency service plans involving potential line eliminations, early nightly shutdowns, and station closures if new funding is not secured. Major long-planned rehabilitation and modernization efforts proceeded throughout the period, including fleet replacement, traction power upgrades, fare gate replacement, and Transbay Tube capacity investments—reflecting a strategy of preserving system viability and reducing long-term costs even as near-term service levels were constrained.

Key Findings

- **BART realized \$516 million in operating cost savings during the reporting period, with an additional \$549 million in capital savings.** This equates to approximately \$178 million in annualized savings, reflecting a sustained and multi-faceted cost-containment effort over several years.
- **Cost savings were achieved through a combination of service reductions, workforce controls, and operational efficiencies.** Ongoing operating cost reductions included service reductions in FY20 and FY21, optimized train lengths, wage freezes for most employees, reduced bus feeder payments, strategic hiring freezes, and broad reductions in non-labor costs. These actions focused on controlling variable expenses while maintaining core rail operations.
- **Cost avoidance and capital savings contributed materially to overall savings.** BART avoided future costs by canceling planned service expansions, eliminating planned increases to police staffing, removing vacant positions, consolidating headquarters office space, and scaling back sustainability initiatives. Major capital savings were realized through new rail car project efficiencies and deferral of priority capital local match plans.
- **Cost-saving measures offset a substantial share of inflationary pressure on operating expenses.** While nominal operating costs increased during the recovery period due to inflation and labor market conditions, actual operating expenses remained consistently below a “no cost-savings intervention” forecast. The gap widened from FY21–22 onward, indicating that sustained cost-containment actions materially mitigated inflation-driven cost growth.
- **Inflation-adjusted operating costs remained stable despite rising nominal costs.** When adjusted for inflation, operating expenses remained closer to pre-pandemic levels even as nominal costs rose, demonstrating that underlying (real) operating cost growth was restrained through active management actions.
- **BART supplemented its revenue sources with a total of \$9 million of reserve funds during the reporting period.** While the reserve fund has grown from \$211 million in FY2019-20 to \$248 million in FY2024-25, the agency’s reserves are not large enough to meaningfully impact the \$356 million projected deficit in the long-term.
- **Staffing levels were highest in FY2019-20 before dropping to the reporting period’s lowest levels the following fiscal year.** By FY2024-25, operating staffing levels climbed above FY2019-20 levels, while the capital workforce was steadily scaled back. The number of overtime hours paid to non-operating staff also decreased throughout the reporting period. The number of overtime hours paid to operating staff ranged from a low of 320,000 hours to a high of 766,000 hours.

Figure 7: BART operating costs, impacts of operating cost savings, and impacts of inflation during the reporting period (\$ millions YOE)

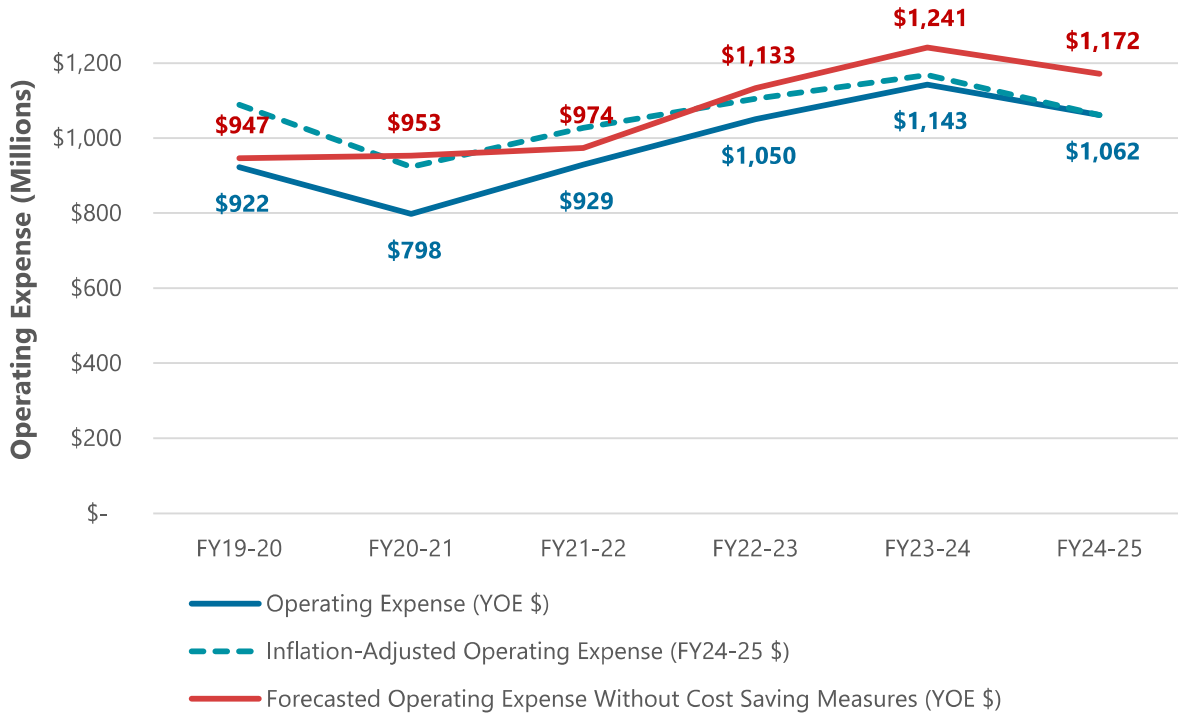


Table 6: Impacts of cost-saving actions implemented by BART for reporting period (\$ millions YOE)

Fiscal Year	Capital Cost Savings	Operating Cost Savings	% of Operating Budget
2019-20	\$0	\$25	3%
2020-21	\$79	\$155	19%
2021-22	\$6	\$45	5%
2022-23	\$3	\$83	8%
2023-24	\$398	\$98	9%
2024-25	\$62	\$110	10%
Total	\$549	\$516	9%

Table 7: BART total costs and revenues for reporting period (\$ millions YOY)

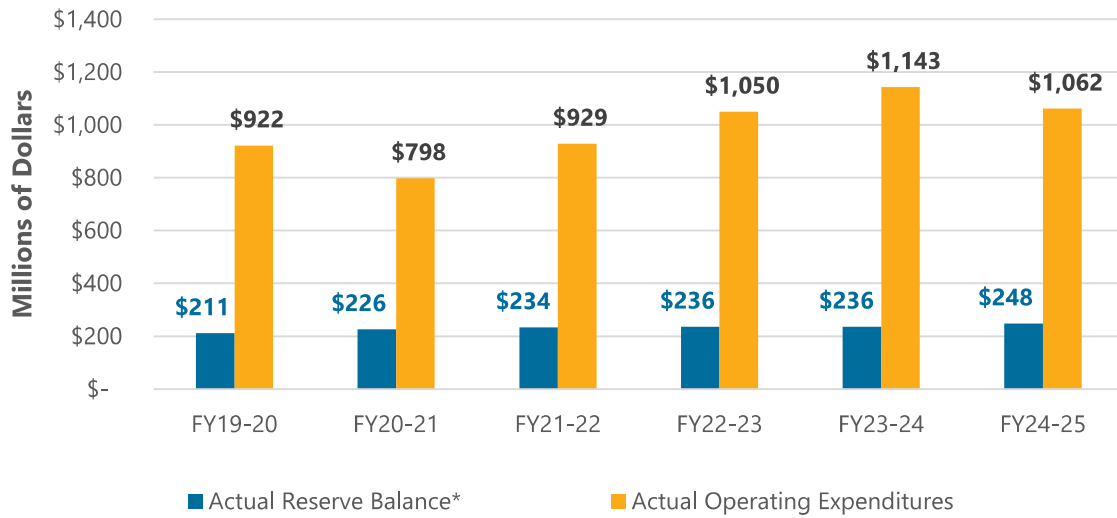
Fiscal Year	Operating Costs	Fares	Public Funds	All Other Revenue
2019-20	\$922	\$342	\$537	\$58
2020-21	\$798	\$63	\$754	\$29
2021-22	\$929	\$136	\$793	\$29
2022-23	\$1,050	\$188	\$812	\$50
2023-24	\$1,143	\$219	\$850	\$73
2024-25	\$1,062	\$244	\$827	\$76

Table 8: BART total costs and revenues for reporting period (% change vs. previous year)

Fiscal Year	Operating Costs	Fares	Public Funds	All Other Revenue
2019-20	-	-	-	-
2020-21	-13%	-82%	40%	-50%
2021-22	16%	116%	5%	0%
2022-23	13%	38%	2%	72%
2023-24	9%	16%	5%	46%
2024-25	-7%	11%	-3%	4%

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Figure 8: BART reserves, operating costs, and projected deficit during the reporting period (\$ millions in YOY)



* Unlike AC Transit, Caltrain, and SFMTA, BART transferred some federal pandemic relief funds into their reserve accounts before spending them during the reporting period. The data shown excludes federal relief funds and consists exclusively of non-emergency assistance dollars to be consistent with data presentations for other agencies in this report.

Figure 9: BART budgeted full-time equivalents by type

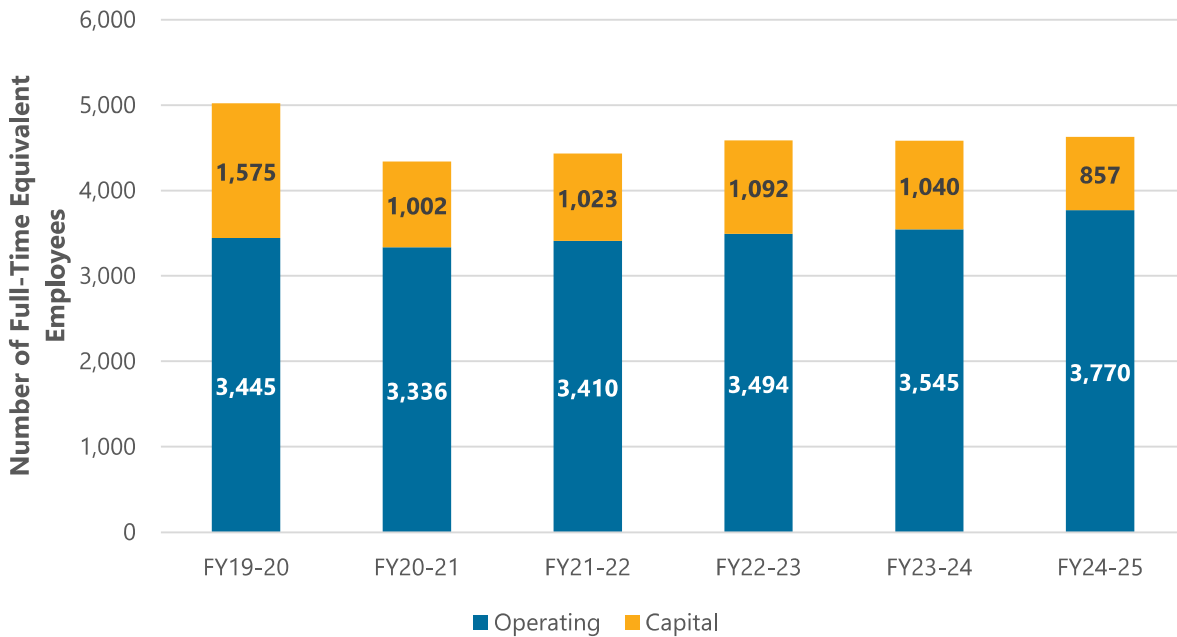
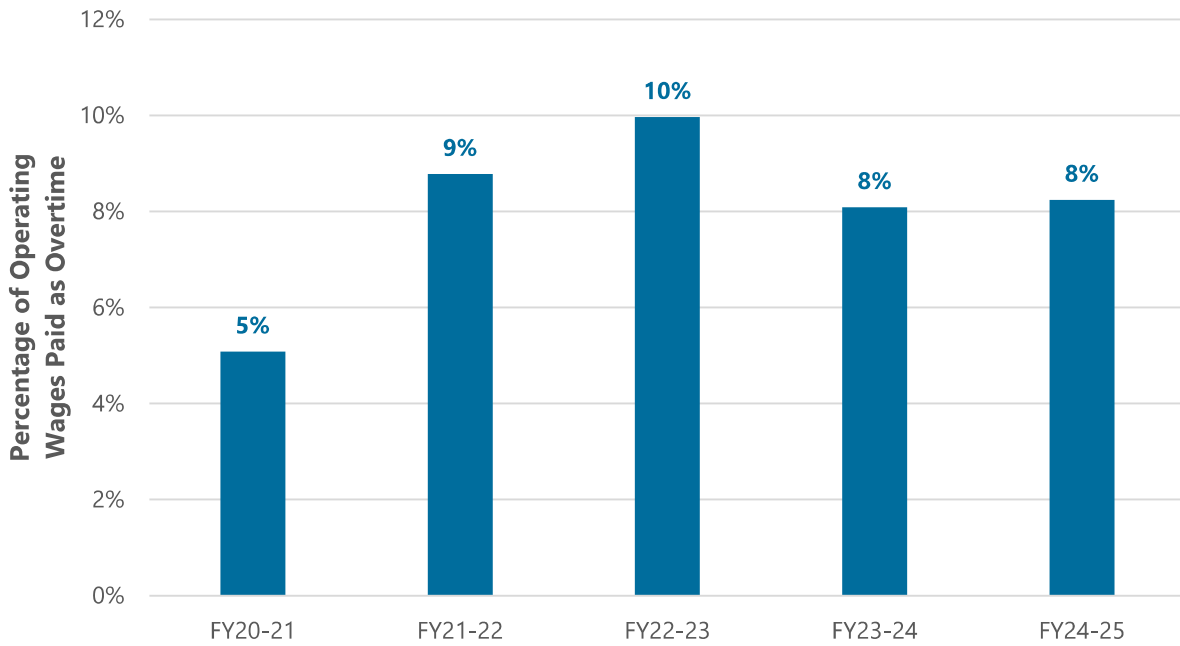


Figure 10: BART actual share of operating wages paid as overtime⁸



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⁸ Data was not available for FY19-20

Table 9: BART operating cost-saving actions implemented during reporting period (\$ millions YOE)

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

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Table 10: BART capital cost-saving actions implemented during reporting period (\$ millions YOY)

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

Table 11: BART actions to enhance revenue for reporting period (\$ million YOY)

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

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Operator Overview



Service Area Population

3.6 million people¹



Services Provided

Regional Rail



Annual Ridership (FY 2024-25)

11.0 million
(60% of FY19)²



Annual Car Revenue Hours (CY 2024)

279,000
(129% of 2019)³



Annual Car Revenue Miles⁴ (CY 2024)

10.4 million
(144% of 2019)⁵

¹ National Transit Database 2024 Agency Profile

² Integrated National Transit Database

³ MTC Shortfalls and Fair-Share Analysis

⁴ Car hours describes the time each rail car spent in service, while car miles describes the total number of miles each rail car traveled. Caltrain reduced service during the pandemic but operates more efficiently now having completed a large electrification project.

⁵ NTD S-10 CR PT

Caltrain

Key Factors Shaping Costs and Cost Savings

Caltrain's actions during 2020–2025 were dominated by the completion and launch of the Caltrain Modernization (Electrification) Program, which fully replaced diesel operations on Caltrain's mainline, with electric service beginning in 2024. This electrification process began in 2016, long before the COVID-19 pandemic. The agency managed service reductions and limited shutdowns tied to construction, system testing, and signal upgrades during the transition period, while prioritizing completion of overhead power, traction facilities, and new electric fleet commissioning. While no route extensions opened during the period, Caltrain advanced groundwork and coordination for the Downtown Rail Extension and future blended operations with California High-Speed Rail.

Key Findings

- **Caltrain realized \$76 million in operating cost savings during the reporting period.** Total estimated operating cost savings reached approximately \$76 million, equating to almost \$13 million in annualized savings. Savings were achieved entirely through operating expenditures, with annual operating savings fluctuating year-to-year and increasing to \$18 million in 2024-25, reflecting targeted but uneven cost-control efforts over the period.
- **Cost savings were primarily achieved through workforce controls, service optimization, and operating efficiencies.** Ongoing cost-reduction measures included a strategic hiring freeze, elimination of the stand-alone mobile app, reductions in special trains, improved operator crew efficiency and overtime reduction, and integration of electrification infrastructure maintenance into existing operating contracts.
- **Cost-avoidance and deferral measures helped limit exposure to future operating and contract cost growth.** Caltrain implemented a fuel-hedging program to reduce energy price volatility and established a new internal work-directive process to manage and constrain professional services costs. As part of its grant agreement with the Federal Transportation Administration (FTA), Caltrain has a requirement to increase service to 6 trains per hour in each direction during the peak period. Before launching electrified service, Caltrain sought and received a waiver from FTA to delay implementation of this service increase until January 2028, which has resulted in substantial cost savings each year.
- **Caltrain achieved meaningful cost savings while simultaneously delivering a major capital program.** With the electrification of its mainline, Caltrain provided new and improved offerings including more frequent service, quieter trains, and improved customer amenities like Wi-Fi and outlets at every seat and accessible bathrooms with changing tables on every train.
- **Cost-saving measures slowed the pace of operating cost growth and offset a material share of inflationary pressure.** Although nominal operating costs increased due to broader inflation and labor market pressures, actual operating expenses grew more slowly than they otherwise would have. This is evidenced by the widening gap between actual costs and the higher “forecasted operating expenses without cost-saving interventions,” particularly from FY21–22 onward, demonstrating that sustained cost-containment actions materially managed operating cost growth.
- **While the reserve fund peaked at 44% of operating expenses during the reporting period, even the most high-risk step of emptying the reserve fund would only push the fiscal cliff back by one year.** A total of \$26.5 million of reserve funding was spent during the reporting period to balance the budget. \$21.8 million of this spending happened in FY2025 as federal relief funds waned.
- **Caltrain outsources its service.** Operating costs for regular and overtime wages were not available at the time of reporting and therefore are not included here.

Figure 11: Caltrain operating costs, impacts of operating cost savings, and impacts of inflation during the reporting period (\$ millions YOE)

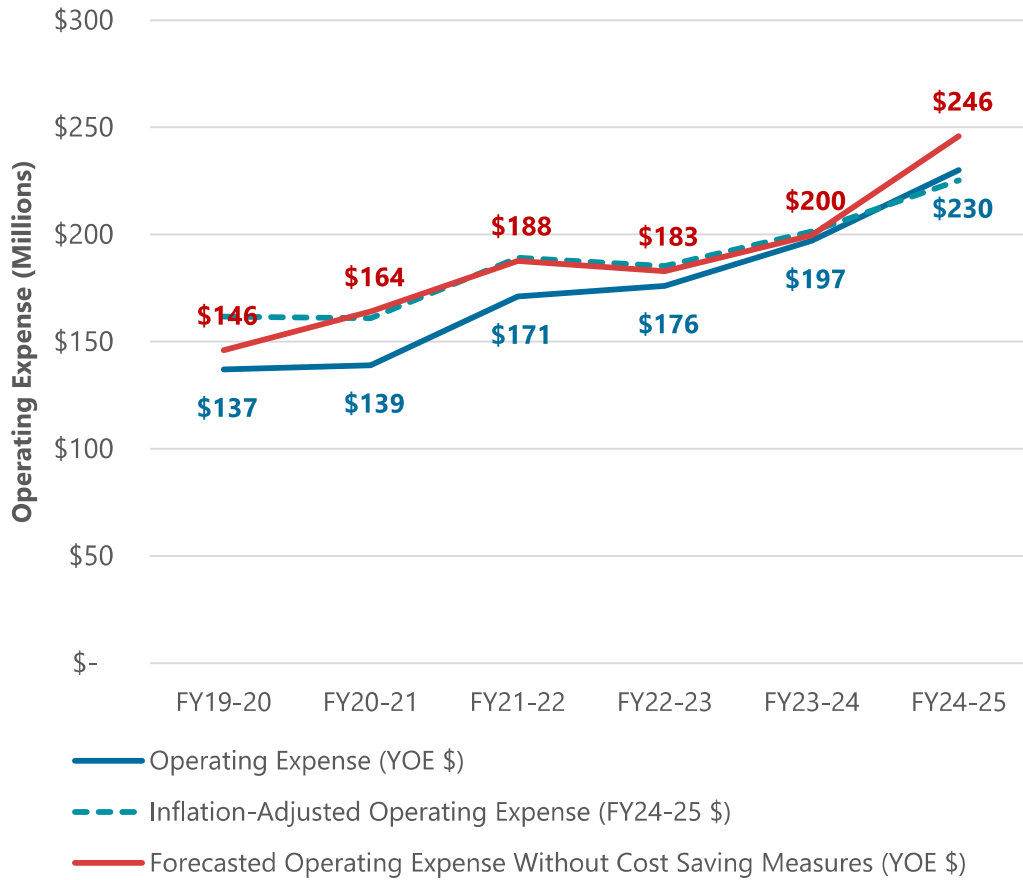


Table 12: Impacts of cost-saving actions implemented by Caltrain for reporting period (\$ millions YOE)

Fiscal Year	Capital Cost Savings	Operating Cost Savings	% of Operating Budget
2019-20	Not collected	\$9	7%
2020-21	Not collected	\$25	18%
2021-22	Not collected	\$17	10%
2022-23	Not collected	\$6.9	4%
2023-24	Not collected	\$2.6	1%
2024-25	Not collected	\$16	7%
Total	Not collected	\$76	7%

Table 13: Caltrain total costs and revenues for reporting period (\$ millions YOY)

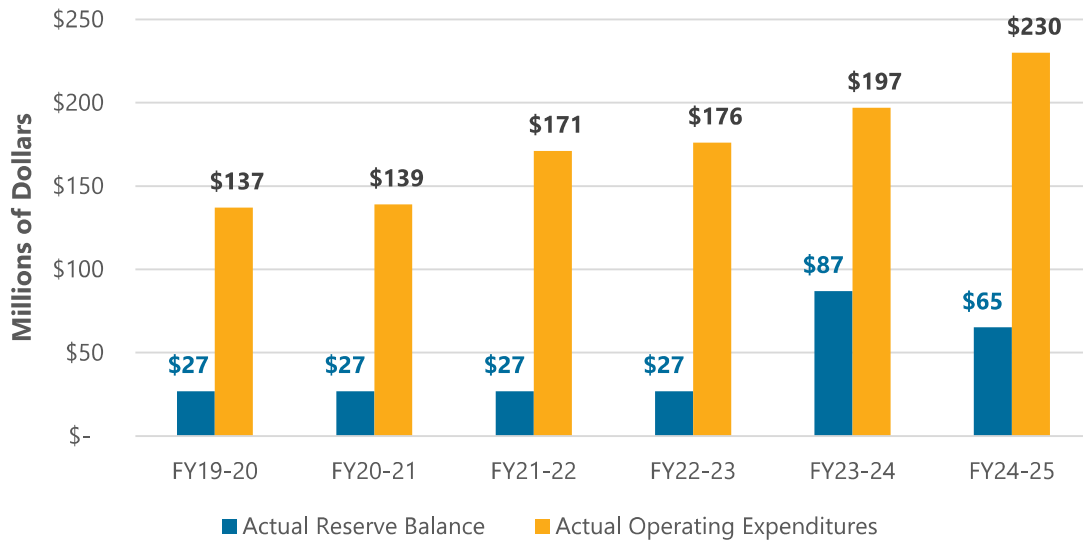
Fiscal Year	Operating Costs	Fares	Public Funds	All Other Revenue
2019-20	\$137	\$76	\$37	\$6.0
2020-21	\$139	\$32	\$85	\$1.5
2021-22	\$171	\$33	\$223	\$2.8
2022-23	\$176	\$43	\$131	\$2.2
2023-24	\$197	\$47	\$133	\$2.3
2024-25	\$230	\$53	\$131	\$3.4

Table 14: Caltrain total costs and revenues for reporting period (% change vs. previous year)

Fiscal Year	Operating Costs	Fares	Public Funds	All Other Revenue
2019-20	-	-	-	-
2020-21	1%	-58%	130%	-75%
2021-22	23%	3%	162%	87%
2022-23	3%	30%	-41%	-21%
2023-24	12%	9%	2%	5%
2024-25	17%	13%	-2%	48%

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Figure 12: Caltrain reserves, operating costs, and projected deficit during the reporting period (\$ millions in YOY)



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Table 15: Caltrain cost-saving actions implemented during reporting period (\$ millions YOY)

Cost-Saving Strategy	Amount (\$ millions)
Cost Avoidance	\$3.4
Established a new work directive process to review professional service requests and reduce professional service costs	\$2.6
Implemented a fuel-hedging program	\$0.8
Cost Deferral	\$10
Delayed service increase (Full Funding Grant Agreement waiver from Federal Transit Administration) as a condition of funding for the electrification project	\$10
On-Going Cost Reductions	\$63
Cancelled standalone mobile app	\$0.3
Fuel Savings	\$6.5
Implemented a strategic hiring freeze	\$17
Improved operator crew efficiency and reduced overtime	\$37
Misc. administrative savings	\$2.1
Total Savings	\$76

Table 16: Caltrain actions to enhance revenue for reporting period (\$ million YOY)

Enhanced Revenue Strategy	Amount (\$ millions)
Low Carbon Fuel Standard revenue	\$2.5

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Operator Overview



Service Area Population
0.8 million people¹



Services Provided
Bus & Trolley Bus, Light Rail (Muni Metro), Demand Response Paratransit, Historic Streetcar (F Market), Cable Car



Annual Ridership (FY 2024-25)
168.4 million
(75% of FY2019)²



Annual Revenue Hours (FY 2024-25)
3.3 million
(99% of FY2019)³



Annual Revenue Miles⁴ (FY 2024-25)
25.4 million (96% of FY 2019)⁵

¹ National Transit Database 2024 Agency Profile

² Integrated National Transit Database

³ MTC Shortfalls and Fair-Share Analysis

⁴ Revenue hours describe the time each vehicle operated in service, while revenue miles describe the distance each vehicle covered. Both revenue miles and hours are near pre-pandemic levels, aided by transit priority improvements that improved service efficiency.

⁵ Integrated National Transit Database

SFMTA

Key Factors Shaping Costs and Cost Savings

Between 2020 and 2025, SFMTA pursued a combination of permanent service restructuring, targeted shutdowns, and major capital openings. Early in the period, Muni rail lines experienced extended shutdowns - most notably the suspension and bus substitution of subway and surface rail services—to address pandemic-related safety protocols, staffing constraints, and backlog of rehabilitation needs. Rather than fully restoring pre-2020 service patterns, SFMTA reconfigured routes, reduced or eliminated some peak-oriented services, and consolidated operations around a revised all-day network. The most significant capital expansion was the 2023 opening of the Central Subway (T Third Street extension to Chinatown), which started construction in 2013. Central Subway added new underground stations, operating costs, and maintenance obligations. Capital priorities during the period emphasized rehabilitation of aging rail assets, fleet replacement, and transit-priority corridor improvements over new mileage expansion.

Key Findings

- **SFMTA achieved \$300 million in operating cost savings, and \$389 million in capital savings during the reporting period.** Savings accelerated for the last 3 years, with operating savings rising to \$145 million in FY24–25, reflecting more structural cost reductions.
- **Cost savings were driven by a combination of workforce reductions, service redesign, and deferred or scaled-back capital investments.** Ongoing cost reductions included reduced workforce and hiring, pandemic-era service reductions and redesign. SFMTA restored service slowly at the pace of operator availability, matching scheduled and delivered hours and reducing service gaps and customer frustration. Capital savings were supported through deferred capital projects, delayed midlife overhauls, and postponed purchases of non-revenue vehicles.
- **Cost-saving measures materially slowed operating cost growth and offset inflationary pressures.** Although nominal operating costs increased from \$1.14 billion in 2019–20 to \$1.38 billion in 2024–25, inflation-adjusted operating expenses remained below FY19–20 levels. The widening gap between actual operating expenses and the higher “forecasted operating expenses without cost-saving interventions” line shows that efficiency initiatives significantly moderated cost growth.
- **Service output rebounded strongly and outpaced operating cost growth, improving productivity.** Since FY21–22, vehicle revenue hours have increased, rising faster than operating expenses. This indicates that the agency is delivering more service per dollar spent, reversing earlier pandemic-era declines in productivity and improving unit cost efficiency.
- **Long-term capital investments have supported ongoing operating efficiencies and service improvements.** Transit priority upgrades—including transit-only lanes—reduced bus travel times on key corridors by up to 20%, enabling delivery of more service at no additional cost and generating approximately \$30 million in savings between 2020 and 2025. Major system upgrades also improved reliability, with moderate subway delays reduced to 25% of 2019 levels and long delays down by more than 65%.
- **Most efficiency gains are structural.** Workforce reductions (including elimination of over 500 vacant positions to reduce staffing by 25%), savings from transit priority measures, and revenue improvements from fare compliance and parking programs represent ongoing benefits rather than one-time savings. The agency estimates that without these actions, its projected deficit—currently \$307 million as pandemic relief expires—would have exceeded \$440 million.
- **Operating expenses have increased faster than the reserve fund balance.** SFMTA’s ~\$200 million reserve fund amounts to around half of the agency’s projected deficit for FY2029–30.
- **SFMTA’s total staff count was stable throughout the reporting period.** The share of overtime wages paid varied more, with a low around 5% in FY2020–21 and high of 10% in FY19–20.

Figure 13: SFMTA operating costs, impacts of operating cost savings, and impacts of inflation during the reporting period (\$ millions YOE)

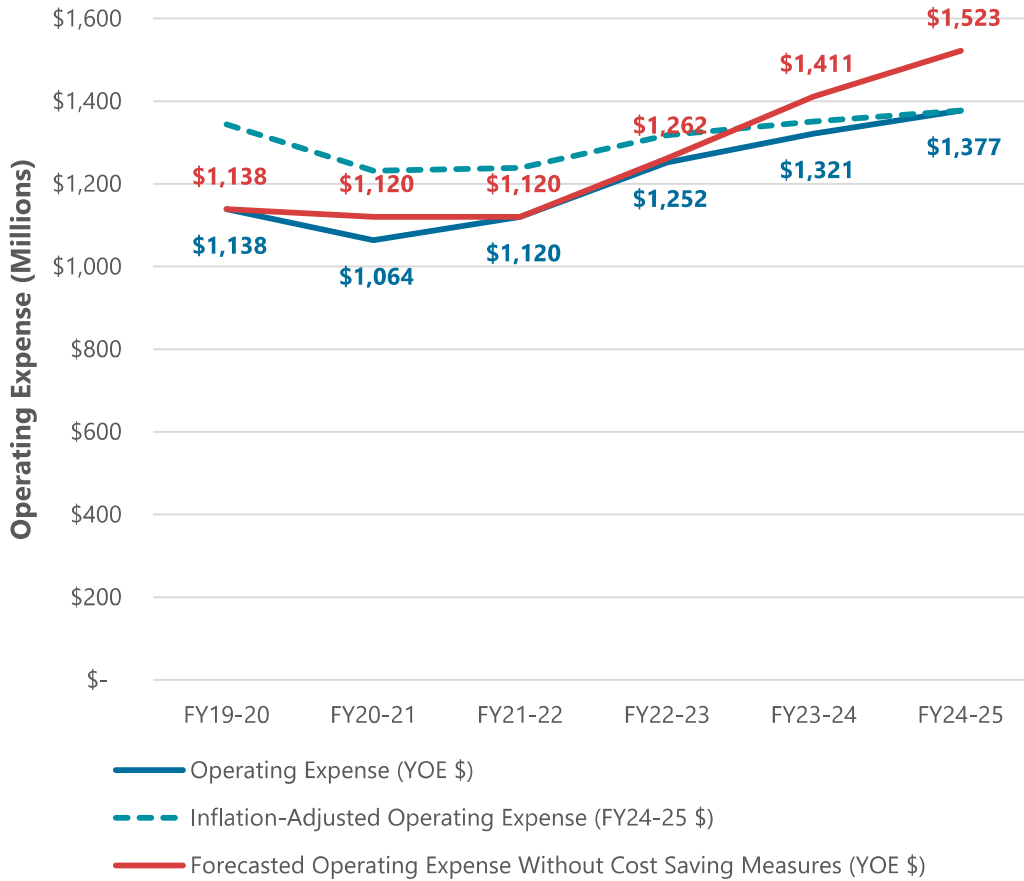


Table 17: Impacts of cost-saving actions implemented by SFMTA for reporting period (\$ millions YOE)

Fiscal Year	Capital Cost Savings	Operating Cost Savings	% of Operating Budget
2019-20	NA	\$0	0%
2020-21	\$194	\$56	5%
2021-22	NA	\$0	0%
2022-23	\$61	\$10	1%
2023-24	\$14	\$90	7%
2024-25	\$120	\$144	11%
Total	\$389	\$300	4%

Table 18: SFMTA total costs and revenues for reporting period (\$ millions YOY)

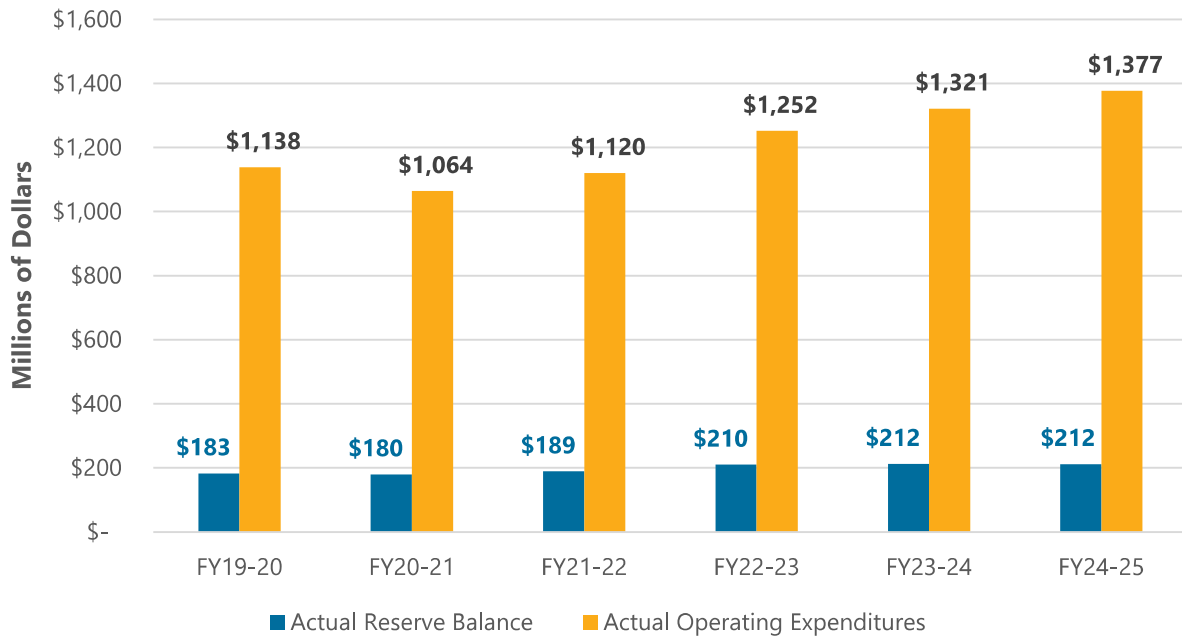
Fiscal Year	Operating Costs	Fares	Public Funds	All Other Revenue
2019-20	\$1,138	\$154	\$800	\$214
2020-21	\$1,064	\$19	\$1,011	\$321
2021-22	\$1,120	\$62	\$931	\$309
2022-23	\$1,252	\$89	\$898	\$420
2023-24	\$1,321	\$98	\$974	\$361
2024-25	\$1,377	\$111	\$1,031	\$425

Table 19: SFMTA total costs and revenues for reporting period (% change vs. previous year)

Fiscal Year	Operating Costs	Fares	Public Funds	All Other Revenue
2019-20	-	-	-	-
2020-21	-7%	-88%	26%	50%
2021-22	5%	226%	-8%	-4%
2022-23	12%	44%	-4%	36%
2023-24	6%	10%	8%	-14%
2024-25	4%	13%	6%	18%

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Figure 14: SFMTA reserves, operating costs, and projected deficit during the reporting period (\$ millions in YOY)



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Figure 15: SFMTA budgeted full-time equivalents across all departments

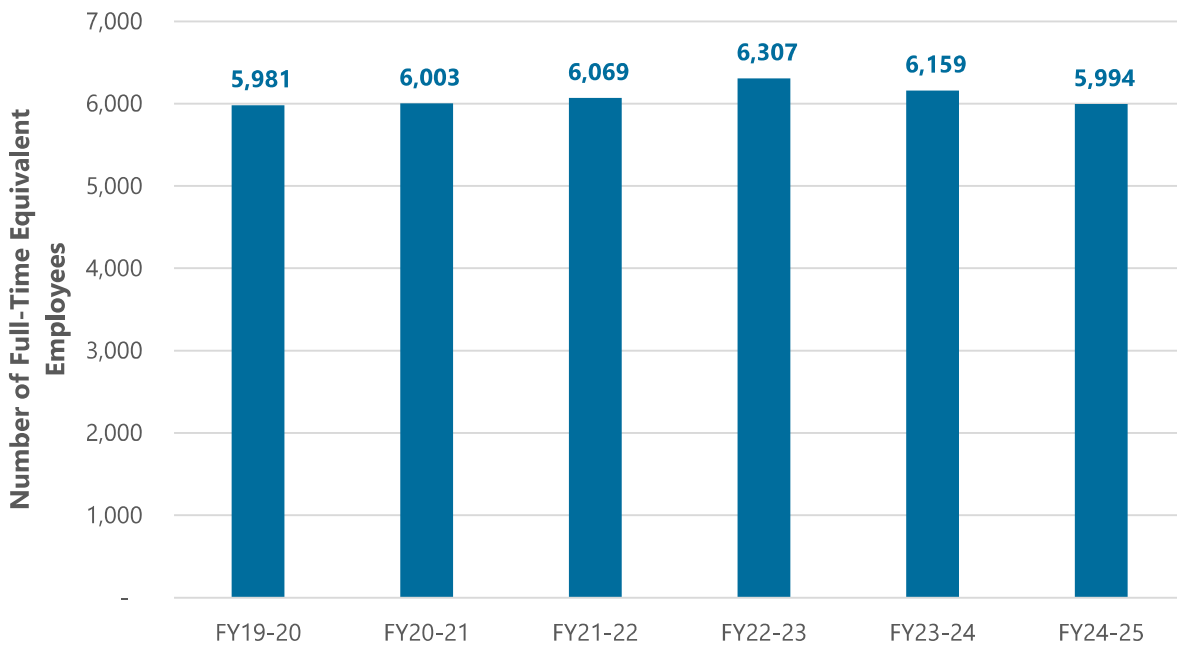


Figure 16: SFMTA actual overtime costs as share of total compensation including benefits

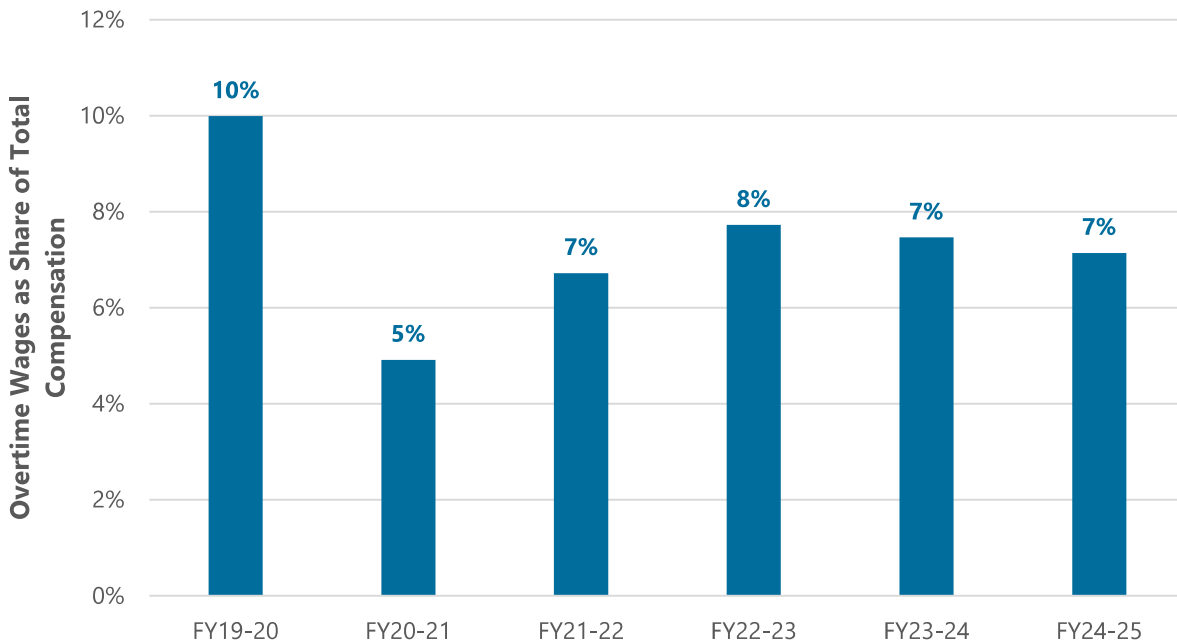


Table 20: SFMTA operating cost-saving actions implemented during reporting period (\$ millions YOE)

Cost-Saving Strategy	Amount (\$ millions)
Cost Avoidance	\$39
Non-personnel cuts by eliminating planned one-time investments	\$30
Negotiated costs/billing rate reductions across over a dozen professional service contracts	\$9
Expenses to Reduce Future Costs	\$35
Improved deployment of Fare Inspectors and Communications campaign to increase fare compliance	\$5
Implemented transit priority upgrades to improve service and efficiency, more frequent, more reliable service with same resources.	\$30
On-Going Cost Reductions	\$226
COVID service decreases	\$56
Personnel cost savings via holding positions vacant	\$170
Total Savings	\$300

Table 21: SFMTA capital cost-saving actions implemented during reporting period (\$ millions YOE)

Cost-Saving Strategy	Amount (\$ millions)
Cost Deferral	\$389
Deferred capital projects	\$389

Table 22: SFMTA actions to enhance revenue for reporting period (\$ million YOE)

Enhanced Revenue Strategy	Amount (\$ millions)
Enhanced Revenue Strategy (Transit fare adjustments)	\$17
Enhanced Revenue Strategy (Increased parking revenues from rates and citations)	\$19
Enhanced Revenue Strategy (Taxi Fees)	\$1.0
Total Enhanced Revenues	\$37

Opportunities for Early Action Strategies

Transit agencies have undertaken many cost-saving and revenue-enhancing measures over the past five years. However, their ability to implement change is shaped by a complex ecosystem of funding partners, governance structures, state and federal regulations, and community relationships. Agencies rely on coordination with local, regional, and state transportation agencies, funding partners at all levels of government, labor unions and vendors, and the communities they serve. As a result, many changes require collaboration and time to implement.

Even within these constraints, there are opportunities for near-term action that are within agencies' direct control, as well as intermediate steps that can help advance longer-term strategies.

This section highlights early action strategies that can help transit agencies improve service delivery and enhance customer experience using existing resources. These strategies focus on actions that agencies can implement or study in the near term, within the next one to three years. They were prioritized based on a structured, qualitative assessment of both potential value (in terms of financial and rider experience impacts) and implementation effort (in terms of the resource and coordination required to advance each strategy).

Our Approach

Strategy Development

The identification of early action strategies was grounded in a comprehensive assessment of each agency's current conditions. Consistent with performance-based transit planning practice, this review examined financial trends, cost drivers, service performance, and operational practices to understand how resources are currently deployed and where gaps or inefficiencies may exist. The analysis focused on identifying the primary drivers of cost and performance outcomes, and on highlighting where changes to operations, policies, or investments offered the greatest improvements to efficiency, reliability, and customer experience.

Our work was informed by publicly available data (e.g., National Transit Database) and information provided by transit agencies to evaluate key indicators of agency health and performance. These included metrics related to cost efficiency (such as operating cost per revenue hour or per mile), service productivity (such as passengers per hour or per trip), and reliability (such as on-time performance). This initial review helped to identify broad patterns and potential areas for improvement, which were then further explored and refined through engagement with agency staff.

Together, these indicators help define a general "toolkit" of potential interventions by linking performance to the types of strategies that may improve outcomes. Table 23 illustrates how commonly used performance metrics can inform the types of strategies agencies may consider.

Table 23. Common metrics and strategies

Metric	What it Reflects	Example Strategies
Operating cost per revenue hour	Underlying cost structure of service delivery	Workforce strategies; administrative efficiencies; maintenance practices
Operating cost per passenger	Overall system efficiency	Increase ridership; adjust service levels; improve productivity
Passengers per revenue hour	Service productivity	Network redesign; frequency adjustments; stop optimization and spacing; speed and reliability improvements
Farebox recovery ratio	Effectiveness of fare policy, collection, and enforcement	Fare policy updates; fare enforcement; fare technology improvements; expanded fare partnerships and pass programs
On-time performance	Service quality and reliability	Scheduling adjustments; transit priority investments; operational changes

Strategy Prioritization

Building on this review, we developed a broad list of potential strategies reflecting a wide range of approaches used across the transit industry. Multiple sources informed this initial list, including:

- Recent regional and agency-specific studies (e.g., the *MTC Shortfalls and Fair-Share Analysis*)
- Documentation of actions already taken by each agency
- Peer agency practices and national research
- Observed opportunities emerging from our review

This process ensured that the full range of plausible strategies was considered before narrowing down to a focused set of early actions. Strategies were not advanced as early actions if they offered comparatively lower value, required substantial policy, capital, or other changes, or could not be implemented within one to three years.

The resulting set of early-action strategies reflects a subset of the broader universe that agencies identified as both impactful and achievable in the near term. In some cases, strategies were also included because they represent important early steps toward higher-value, longer-term approaches.

An initial set of strategies was developed from multiple sources and then workshopped with transit agency staff to explore a range of potential solutions and opportunities. Through this process, the strategies were evaluated based on what could realistically be implemented within one to three years, as well as where interim steps could advance longer-term approaches.

Figure 17: Illustration of process for identifying and filtering potential early-action strategies



Key Findings

- **The most fiscally impactful cost-savings strategy is renegotiating the zero-emission bus (ZEB) transition program** and the state mandate to transition to fully zero-emission bus fleets by 2040 (applies for AC Transit and SFMTA). The ZEB transition program is intended to reduce greenhouse gas emissions by buses. However, the higher cost for vehicles and charging infrastructure, greater space requirement in bus depots, and lower performance means that transit agencies will spend more money to deliver less service. The capital, maintenance, and operating impacts of deferring implementation of the mandate are measured in tens of millions of dollars in both one-time and on-going savings.
- **Realization of these savings, however, would not necessarily happen in the next three years.** Steps taken today to evaluate the program for cost efficiency, defer or reconfigure programmed ZEB investments, or revert to non-ZEB investments—as AC Transit has started doing—can lead to reduced operating costs in the longer-term future. However, full realization of this strategy would require discussions and agreement with the state and other stakeholders.
- Given the difficulty of fully implementing the ZEB transition recommendation, **a series of additional cost savings with shorter timelines, but achievable fiscal impacts have been identified.** Most opportunities to improve and reinvest in bus service are fully within an agency’s control. While the impact of each individual action may not be particularly high, the collective impact of multiple actions can be significant for bus service.
- **Transit agencies have begun implementing customer experience improvements** following the MTC Blue Ribbon Task Force’s Transit Transformation Action Plan such as improved wayfinding, fare integration, and transit priority improvements.
- **There are opportunities to enhance revenues by reducing barriers to fare payment for new customers.** Expanded investments in improving the availability and customer uptake of various employer- or institution-sponsored pass products, such as Clipper BayPass, can lead to additional revenues and ridership for Bay Area transit agencies.
- **A detailed assessment of schedule efficiencies could identify opportunities to run service with fewer resources** based on a high-level assessment of current scheduling practices, along with experience in other major urban areas.
- There is an **opportunity to provide faster and more reliable transit operating speeds, leading to lower operating costs**, as shown by SFMTA. Exploring additional opportunities to leverage capital investments in bus priority measures to reduce on-going operating costs is recommended for SFMTA and AC Transit.
- **Numerous opportunities exist to explore increasing non-farebox related revenue and reinvesting the revenue into service or other customer benefits.** Among the more impactful ones are parking revenues (for BART, Caltrain, SFMTA), leasing fiber and other communications assets (BART, Caltrain), and capturing regenerative braking credits (BART, Caltrain). Many will require external coordination which in some cases is already underway, e.g., with PG&E for regenerative braking credits.

- **Not all early action strategies are applicable to all transit agencies** as their services differ as do their contexts, asset types, and decision-making processes. This analysis examined a range of strategies and identifies specific ones that are relevant and potentially achievable in the near term for each individual transit agency.

Early Action Strategy Categories

We identified a set of early action strategies designed to address the requirements and policy goals established under Senate Bill 63 while also reflecting the distinct operating, financial, and governance conditions of the transit agencies. Although each transit agency faces different challenges, the strategies identified in this report were broadly applicable across all four agencies evaluated and focused on enhancing revenues, containing costs, increasing ridership, and enhancing overall rider experience.

In consultation with the agencies, we focused on a subset of strategies that were further vetted and identified here as core strategies. The core early-action strategies meet three screening criteria:

- Can generally be implemented within one to three years,
- Are substantially within the agencies' control, and
- Are expected to deliver relatively high value compared with the level of effort required.

In addition to the Early Action Strategies specific to each agency, we have also included a category of strategies labeled "Strategies for Future Consideration." These strategies are based on recommendations from the IOC and the public and may also meet two or more of the criteria listed above. However, the "Strategies for Future Consideration" are not considered Early Action Strategies for the purposes of Operator adoption under Senate Bill 63.

The strategies are summarized in Table 24, Table 25, and Table 26. The sections that follow provide more detailed explanations of each strategy followed by a list of specific recommendations for each agency tailored to their specific operating environment and constraints.

Strategies to Enhance Revenue

Core early action strategies recommended

- **Improve fare compliance and enforcement.** High fare compliance not only provides revenue—it also demonstrates a commitment to fairness and good stewardship. However, improving fare compliance may require more time and resources than available for early action. Agencies can commit to interim steps to understand the scale and influential factors of fare compliance, the strategies and resources needed to improve fare compliance, and a funding and implementation plan to acquire and activate those resources.
- **Enhance parking revenue.** Enhance parking revenue through measures like expanded days or hours of metered parking, rate adjustments, increased enforcement, and leasing or permitting parking at under-utilized facilities.
- **Lease fiber and communications assets.** Transit agencies install extensive fiber-optic cables and other communications infrastructure to manage train signals, provide customer Wi-Fi, and receive data from emergency phones and security cameras. They can lease the excess network capacity to third parties to generate revenue.

Strategies for Future Consideration

- **Expand advertising and special event partnerships.** Transit agencies play an essential role in reaching special events which may offer many opportunities for advertising.
- **Explore retail and amenity partnerships.** Explore new partnerships to provide retail services and amenities at bus stops or stations. Examples may include partnerships with vendors, municipalities, or community groups to provide benches and shelters at bus stops or to provide coffee kiosks, food trucks, pop-up retail, art installations in and around train stations.

Strategies to Contain Costs

Core early action strategies recommended

- **Evaluate zero-emission bus transition plan for cost efficiency.** The ZEB transition program is intended to reduce greenhouse gas emissions by requiring full transition to zero-emission buses by 2040. However, the differences in cost and performance will result in transit agencies spending more money to deliver less service.
- **Offer incentives to improve attendance.** Operator absenteeism has big impacts on the availability and reliability of transit service. AC Transit has been offering incentives to improve attendance on the busiest bus lines, resulting in reduced absenteeism and improved reliability. Agencies can consider adopting or expanding this incentive program to other critical routes to strengthen service reliability without increasing costs.
- **Improve speed and reliability of service.** The speed and reliability of transit service directly affect how much service can be provided and how attractive that service is to travelers. There are many tools to improve transit travel time and reliability such as transit signal priority, dedicated lanes or queue jumps, in-lane stops, and optimization of bus stop locations. Many of these strategies require participation of the roadway owner (e.g., city, county, or Caltrans). Transit agencies can coordinate with partner agencies to develop visions and plans for bus priority measures that will meaningfully improve the efficiency and attractiveness of service.
- **Right-size fleet and service to demand.** Adjust service, fleet assignments, and future fleet plans based on demand and customer comfort. Run shorter trains during lower-demand periods to better match the passenger capacity needed at different times of day and days of week.

Strategies for Future Consideration

- **Examine schedules for efficiencies.** Pursue scheduling efficiencies to maintain or improve service levels and reliability while controlling operating costs. Reduce reliance on overtime and premium pay where cost-effective.
- **Examine contracts for opportunities to reduce costs.** As a standard practice, agencies should continue to seek opportunities for savings in contracts, including paratransit, insurance, etc.
- **Review labor contracts and right-size personnel to organizational needs.** Agencies have used attrition of in-house staff to reduce projected budgets. Agencies should go further by evaluating both staffing needs and labor contracts to ensure that staffing matches organizational needs now and in the near future.
- **Standardize fleet across agencies, including for zero-emission buses.** Standardizing bus specifications across multiple agencies can permit agencies to partner on larger joint

procurements of vehicles and parts, reduce total cost, and reduce manufacturing and testing delays. As interim steps, in consultation with MTC and peer agencies, agencies should identify the benefits, costs, and other considerations for fleet standardization, as well as the opportunities and critical decision-points for fleet standardization across the region or subregions.

- **Explore opportunities for joint procurement, services, and programs across multiple agencies.** By pooling their demand for materials or services, agencies can enjoy more competitive prices. In partnership with peers across the region, agencies can evaluate opportunities, costs, and benefits for joint procurement of vehicles, parts, and services; shared services; and shared programs for training staff.

Strategies to Increase Ridership and Enhance Customer Experience

Core early action strategies recommended

- **Expand fare pass programs like Clipper BayPass with more institutions and employers.** Pass programs can provide a stable source of revenue while also increasing transit usage. This is a low-cost approach to growing ridership by making transit easier and more affordable.
- **Discontinue individual agency trip-planning apps.** Some agencies have already phased out or announced plans to phase out customized trip-planning apps.

Strategies for Future Consideration

- **Improve coordination of fare policy across the region or sub-regions.** Coordinated fare policies like unified fare media, base fares, transfer fees, and fare caps reduce barriers for customers who need or want to use multiple service providers to complete their journey.
- **Accelerate and expand unified wayfinding program.** Unified wayfinding, like consistent map styles, icons, and legends, makes it easier for customers to confidently navigate the system. The Regional Mapping and Wayfinding Project has launched demonstration projects in a few locations. Accelerating and expanding deployment of the Regional Mapping and Wayfinding standards would improve customer experience and confidence navigating the across multiple service providers.
- **Enhance safety and security through station activations and safety ambassador partnerships.** Active spaces improve customers' sense of safety and security. Agencies can further activate transit stations by partnering with others, such as local businesses, artists, or community groups to program the space. They can also provide safety ambassadors to monitor key transit stations.
- **Actively monitor and manage performance across the region.** By actively monitoring transit performance, agencies can make better decisions about how to allocate service and resources. In consultation with MTC and/or peer agencies, participate in a regional or subregional effort to actively monitor and manage performance by measuring and adjusting service levels and fleet assignments to match demand.

Table 24: Strategies to enhance revenues

Category	AC Transit	SFMTA	BART	Caltrain
Core Early Action Strategies Recommended				
Improve fare compliance & enforcement ⁹	X	X	X	X
Enhance parking revenue ¹⁰	n/a	X	X	X
Lease fiber and communications assets ¹¹	n/a	n/a	X	X
Strategies for Future Consideration				
Expand advertising partnerships	X	X	X	X
Explore retail and amenity partnerships	X	X	X	X

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⁹ BART has recently improved fare gates and significantly improved fare compliance.

¹⁰ AC Transit does not own significant parking and is therefore not considered a good candidate for this strategy.

¹¹ AC Transit and SFMTA do not own significant fiber or communications assets to warrant leasing and are therefore not considered good candidates for this strategy.

Table 25: Strategies to contain costs

Category	AC Transit	SFMTA	BART	Caltrain
Core Early Action Strategies Recommended				
Evaluate zero-emission bus transition plan for cost efficiency ¹²	X	X	n/a	n/a
Offer incentives to improve attendance ¹³	X	X	-	-
Improve speed and reliability of service	X	X	X	X
Right-size fleet to serve demand ¹⁴	-	X	X	-
Strategies for Future Consideration				
Examine schedules for efficiencies	X	X	X	X
Examine contracts for opportunities to reduce costs	X	X	X	X
Review labor contracts and right-size personnel to organizational needs	X	X	X	X
Standardize fleet across agencies, including for ZEB ¹⁵	X	X	n/a	n/a
Explore opportunities for joint procurement, services, and programs across multiple agencies	X	X	X	X

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¹² BART and Caltrain do not operate buses and are therefore not candidates for evaluating zero-emission bus transition plan for cost efficiency.

¹³ This strategy is focused on bus agencies.

¹⁴ This strategy is focused on right-sizing trains to match demand. AC Transit does not operate trains and Caltrain trains cannot be shortened or lengthened and are therefore not considered good candidates for this strategy.

¹⁵ BART and Caltrain fleet are unique among Bay Area agencies and therefore not good candidates for fleet standardization.

Table 26: Strategies to increase ridership & enhance experience

Category	AC Transit	SFMTA	BART	Caltrain
Core Early Action Strategies Recommended				
Expand fare pass programs, e.g., Clipper BayPass, EasyPass, GoPass	X	X	X	X
Strategies for Future Consideration				
Improve coordination of fare policy across region or sub-regions	X	X	X	X
Accelerate and expand unified wayfinding program	X	X	X	X
Enhance safety and security through station activations and safety ambassador partnerships	X	X	X	X
Actively monitor and manage performance across the region	X	X	X	X

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Recommended Early Action Strategies by Agency

This section highlights opportunities identified as early action strategies that have been reviewed with transit agencies. These strategies deliver comparatively high impacts to riders and/or the agency's bottom line while remaining feasible to implement within the next several years. They also include initial steps that transit agencies can take to position themselves for successful implementation of longer-term strategies that may take more than three years to fully implement.

AC Transit

Enhance Revenues

Improve fare compliance and enforcement. AC Transit has seen a significant drop in fare compliance in recent years.

- Early Action Strategy: Conduct a fare compliance and enforcement study to better understand the extent of and reasons for fare non-compliance; identify staffing, technology, and administrative resources required to improve fare compliance (e.g., installation of fare validators on both sides of rear and middle doors, faster mobile fare validators, enforcement officers and administrative staff for processing); and develop a funding and implementation plan.

Contain Costs

Evaluate zero-emission bus (ZEB) transition program for cost efficiency. Resulting longer-term actions may include adjusting the current fleet mix and/or renegotiating legislative requirements with the applicable state agencies.

- Early Action Strategy: Coordinate with peer agencies in the Bay Area to seek deferral of the ZEB transition requirements.

Offer incentives to improve attendance. Incentivize attendance and reduce absenteeism to improve reliability. AC Transit has been doing so on high-frequency routes with great success and is considering further strategies to continue to strengthen day-to-day service reliability.

- Early Action Strategy: Extend incentives for attendance to other high-priority routes such as school trippers and transbay bus routes.

Improve speed and reliability of service. AC Transit has an extensive service network. Delays on bus routes accumulate, affecting overall performance and operating cost. AC Transit can take several steps toward improving bus speed and reliability, including by adopting any of the following early action strategies.

- Early Action Strategy: Develop a bus speed and reliability vision in partnership with roadway owners to identify where buses and customers experience slow or unreliable service, identify opportunities for bus priority measures; quantify the benefits of bus priority measures; and develop a funding and implementation plan.

- Early Action Strategy: Conduct a study to evaluate the costs, benefits, and need to expand all-door boarding pilots to additional routes. Identify staffing, technology (e.g., fare validators, retrofitting of bus door controls), benefits, risks, costs, and potential funding sources to expand all-door boarding.
- Early Action Strategy: Conduct a bus stop optimization study to identify where stop spacing or location contributes to slow or unreliable service, identify opportunities to improve bus stop spacing; quantify the benefits of optimizing bus stop location and spacing; and develop a funding and implementation plan.

Pursue scheduling efficiencies that do not impact service to the rider.

- Early Action Strategy: Examine schedules and adjust how operator shifts are structured and balancing scheduling practices to maintain reliability and minimize operating costs.

Increase Ridership & Enhance Experience

Expand EasyPass and/or Clipper BayPass to more institutions and employers. This is a low-cost approach to growing ridership by making transit easier and more affordable.

- Early Action Strategy: In consultation with MTC, identify internal resource requirements and supportive policies required or desired to expand EasyPass and/or Clipper BayPass to more institutions and employers.

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BART

Enhance Revenues

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.

- Early Action Strategy: Optimize fare gate performance to further reduce fare evasion and continue with station hardening program.

Enhance parking revenue. Demand for parking exceeds supply at several stations. By implementing demand-based pricing, BART can better capture the value of a scarce asset and better manage demand across its network, e.g., incentivizing people to switch to underutilized stations or to access stations without a personal car.

- Early Action Strategy: Enhance parking revenue through measures like expanded days or hours of paid parking, rate adjustments, increased enforcement, and leasing or permitting parking at under-utilized facilities.

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 and customers for BART's telecommunications assets.

- Early Action Strategy: Further monetize fiber and other communications assets, primarily through additional leasing opportunities.

Contain Costs

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.

- Early Action Strategy: 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. BART began using shorter trains to match demand in September 2023 and realized \$12 million in annual cost savings.

- Early Action Strategy: 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.

Examine contracts for opportunities to reduce costs. For example, BART could pursue one or both of the following:

- Early Action Strategy: Explore terms of the SFO lease payment for negotiation such that the lease more accurately reflects the benefits, costs, incentives, and risks to both parties of BART service to the airport.

- Early Action Strategy: Identify opportunities to negotiate contracts such as insurance and paratransit to improve contracting flexibility, to achieve one-off and/or long-term cost savings.

Increase Ridership & Enhance Experience

Expand Clipper BayPass to more institutions and employers. This is a low-cost approach to growing ridership by making transit easier and more affordable.

- Early Action Strategy: In consultation with MTC, identify internal resource requirements and supportive policies required or desired to expand Clipper BayPass to more institutions and employers.

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Caltrain

Enhance Revenues

Enhance parking revenue. Demand for parking varies across the system. Caltrain can more fully capture the value of its parking facilities through pricing, enforcement, or seeking additional active, revenue-generating uses at lots where parking occupancy is low.

- Early Action Strategy: Enhance parking revenue through measures like expanded days or hours of paid parking, rate adjustments, increased enforcement, and leasing or permitting parking at under-utilized facilities.

Lease fiber and communications assets. Caltrain has been exploring this opportunity for the past year and could generate stable non-fare revenue to support Caltrain operations.

- Early Action Strategy: Further monetize fiber and other communications assets, primarily through additional leasing opportunities.

Contain Costs

Examine contracts for opportunities to reduce costs. Explore efficiencies when procuring and negotiating the upcoming extension to the Caltrain operator contract, which has an annual value in the range of \$100-150 million. While Caltrain is negotiating a short-term contract extension with its current operator, Transit America Services, Inc. (TASI), there are opportunities to increase efficiency at this and future procurement stages.

- Early Action Strategy: Conduct a study identifying areas where contract administration, work practices, or other processes could be improved without compromising safety, reliability, or compliance.

Explore feasibility of energy storage project. Caltrain Electric Multiple Units (EMUs) are returning significant amounts of electricity to the grid that could be stored and used during peak demand periods and generate cost efficiencies.

- Early Action Strategy: Conduct a study about the feasibility of energy storage to identify the value of energy that could be collected, how it could be collected, and an analysis of costs, benefits, and other externalities.

Increase Ridership & Enhance Experience

Expand Clipper BayPass and/or GoPass with more institutions and employers. This is a low-cost approach to growing ridership by making transit easier and more affordable.

- Early Action Strategy: In consultation with MTC, identify internal resource requirements and supportive policies required or desired to expand Clipper BayPass or GoPass to more institutions and employers.

SFMTA

Enhance Revenues

Improve fare compliance and enforcement. SFMTA has seen an increase in real or perceived fare evasion in recent years. SFMTA recently announced plans to hire more fare enforcement officers.

- Early Action Strategy: Conduct a fare compliance and enforcement study to measure fare compliance; understand reasons for non-compliance; identify staffing, technology, and administrative resources required to improve fare compliance (e.g., installation of fare validators on both sides of rear and middle doors, faster mobile fare validators, enforcement officers and administrative staff for processing); and develop a funding and implementation plan.

Enhance parking revenue. As part of the City and County of San Francisco, SFMTA is partially funded by a larger parking portfolio than other transit agencies.

- Early Action Strategy: Enhance parking revenue through measures like expanded days or hours of paid parking, rate adjustments, increased enforcement, and leasing or permitting parking at under-utilized facilities.

Contain Costs

Evaluate zero-emission bus (ZEB) transition program for cost efficiency. Resulting longer-term actions may include adjusting the current fleet mix and/or renegotiating legislative requirements with the applicable state agencies.

- Early Action Strategy: Coordinate with peer agencies in the Bay Area to seek deferral of the ZEB transition requirements.

Examine schedules for efficiencies.

- Early Action Strategy: Identify and enact scheduling efficiencies that do not impact service to the rider. These may include, but are not necessarily limited to, adjusting how operator shifts are structured and/or balancing scheduling practices to maintain reliability while controlling operating costs.

Offer incentives to improve attendance. Incentivize attendance and reduce absenteeism to improve reliability.

- Early Action Strategy: Offer incentives for attendance for high-priority routes.

Improve speed and reliability of service. SFMTA is delivering a comprehensive program of transit priority treatments, explicitly capturing the time and cost savings that they yield, and identifying opportunities to reinvest in service or other system and rider improvements. SFMTA offers all-door boarding and has a robust bus priority program. SFMTA can build on this success by doing the following:

- Early Action Strategy: Conduct a bus stop optimization study to identify where stop spacing or location contributes to slow or unreliable service, identify opportunities to improve bus stop spacing; quantify the benefits of optimizing bus stop location and spacing; and develop a funding and implementation plan.
- Early Action Strategy: Continue to reinvest savings from transit priority treatments back into service.

Right-size fleet to match demand. SFMTA is currently running one-car trains on the K and is also running them on the M during weekends and evaluating other time periods as well.

- Early Action Strategy: Identify more opportunities to run shorter trains during lower-demand periods to better match the cost of delivering service to the fare revenue generated at different periods.

Identify and capture cost savings in larger contract renewals. SFMTA has already implemented short extensions for several expiring contracts to allow time for a thorough review ahead of reissuing multi-year procurements.

- Early Action Strategy: Conduct a review of high-spend contracts to determine whether the services can be provided at lower costs.

Increase Ridership & Enhance Experience

Expand Clipper BayPass with more institutions and employers. This is a low-cost approach to growing ridership by making transit easier and more affordable.

- Early Action Strategy: In consultation with MTC, identify internal resource requirements and supportive policies required or desired to adopt or expand pass programs like Clipper BayPass to more institutions and employers.

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REAL ESTATE INVENTORY AND OPPORTUNITIES

Transit agencies require real property for all aspects of their operations, although the amount of real estate holdings and these functions vary by agency and the transit services they provide. This chapter provides an agency-by-agency overview of real estate holdings, existing joint developments and joint development programs and policies, and evaluates other owned sites that could potentially be suitable for joint development and/or revenue generation.

The chapter begins by setting the context for how real estate ownership evolved for the transit agencies that are the focus of this work, and how the transit agencies use real property for transit services, development, and non-fare revenue purposes.

Transit Agency Real Property Ownership

While all transit agencies have administrative offices, their regulatory, historical, geographic, and service type contexts differ and create different conditions for the real property they own, lease and use.

The types and extent of real property owned by each agency reflect both their service modes and their historical development. BART and Caltrain operate fixed rail systems and therefore own substantial infrastructure beyond stations and maintenance facilities, including rail right-of-way and land needed for tracks, power systems, and related equipment. In contrast, AC Transit and SFMTA primarily operate bus and light rail services that run on public streets. As a result, their property holdings are more limited and tend to focus on maintenance yards and administrative facilities, while most stops and transit hubs are located on land owned by other public entities.

Parking ownership also varies by system. BART and SFMTA own parking facilities, including garages and surface lots, while Caltrain owns only surface parking lots and AC Transit does not own property used for parking.

Table 27: Property types by transit agency

Property Type	BART	Caltrain	AC Transit	SFMTA
Administrative Offices	X	X	X	X
Rail Right of Way	X	X		X
Maintenance Yards	X	X	X	X
Structured Parking	X			X
Surface Parking	X	X	X	X

These differences also reflect how the systems were originally designed. AC Transit, Caltrain, and SFMTA evolved from early twentieth-century transit networks that emphasized walk access, with limited provisions for parking. By contrast, BART—developed after World War II—was designed as a

regional “park-and-ride” system, leading to the acquisition of substantial land for parking near suburban stations. BART was also designed with future expansion in mind, resulting in additional land acquisitions associated with planned extensions, including projects that were not constructed.

How Transit Agencies Use Real Property

Transit system construction and expansion often result in acquiring some excess property that will not be used for transit operations and therefore becomes “excess property” after project completion. These are often residual parcels created when the agency must buy an entire property from its current owner but only requires a portion of the property for the transit system’s use for operations after construction. Transit agencies can use these remnant parcels, or other real property assets such as parking lots or other property that no longer serves a transit operations related function, including air rights over stations, as an opportunity for real estate development. These development projects allow transit agencies to capture some of the value that the public’s transit investment has created in the area around the transit station. Evidence shows that property values around transit stations typically increase after a new transit station opens. Notably, transit agencies lack statutory authority to explicitly acquire property for development purposes only, i.e., transit-related activity would occur.

Value Capture

Value capture is achieved through a process known as joint development. Joint development is defined as real estate development or property use, which occurs on transit agency owned property, but where the developer is either a private or non-profit development entity or business. Transit agencies enter into long-term lease agreements with these entities, generating ongoing revenue for the agency and providing additional riders to the system and/or amenities for existing riders. These long-term leases allow the transit agencies to continue capturing value from their real property assets over an extended period and provide the agency with permanent control over potential future uses. Given these benefits, transit agencies very rarely sell their real property assets.

Joint Development and Transit-Oriented Development

Joint development projects can be transit-oriented development in that these projects are meant to deliver land uses that will also generate riders for the transit system. Over the past several decades as joint development has become an increasingly well recognized opportunity for transit agencies, agencies have adopted policies for how their real property assets should be utilized to facilitate joint development. These policies are sometimes called “transit-oriented development” policies, not joint development policies.

While the concept of joint development has become increasingly more attractive to transit agency policy makers as these agencies continue to face budget cuts and other challenges, the history of joint development in the United States demonstrates that it takes time for joint development projects to deliver significant revenue returns. In addition, not all transit agencies have sufficient real estate assets required to generate significant ridership through joint development or lease related revenues. However, where joint development works, it can be an important revenue source. In its 2022 10-Year Strategic Plan for Joint Development, the Washington Metropolitan Area Transit Authority (WMATA) states that the agency’s joint development projects generate \$40 million in fare

revenue and \$50 million in lease revenue annually. Although this may represent a small portion of the agency's total operating budget, it is still a significant amount.

Asian cities such as Hong Kong and Singapore are often cited as having extremely successful joint development programs. However, the conditions that gave rise to this success are not replicable in the United States:

- Singapore, for example, has centralized government authority that plans both transit and land use for the entire city-state. This system plus a significant market acceptance for high rise living, has led to Singapore being the model of successful transit-oriented development worldwide.
- Hong Kong also has a successful joint development program that is also tied to the state's ability to both control land use and to purchase land in advance of transit line construction. This system enabled Hong Kong to buy land at pre-TOD values, build a transit line to serve the land, and then sell the land for high density TOD value.

In the United States, transit agencies have had limited opportunities to leverage joint development. Post World War II when the United States started building modern urban mass transit systems, including BART, WMATA and the MARTA system in Atlanta, the federal government provided these agencies with funding to purchase land adjacent to transit stations. However, as federal and state funding for transit has become more constrained, relative to demand, transit agencies are now statutorily prohibited from purchasing land explicitly for joint development.

Joint Development Best Practices

According to a recent Transportation Research Board publication on joint development, best practices for delivering successful joint development projects require transit agencies to have clear policy direction regarding their joint development goals and staff capacity and resources to achieve these goals.¹⁶ This same report also indicates that every joint development project is different, and that although transit agencies tend to use long-term ground leases as their preferred property disposition method, agencies can also sell land. Although ground leases are perceived as offering transit agencies greater control over their fee interests as well as generating predictable annual revenues for the transit agencies, there may be instances where a land sale will produce greater revenue for the transit agency than the present net value of long-term lease revenues. Regardless of the disposition method, roles and responsibilities between the transit agency and the development must be clearly spelled out in all disposition-related agreements.

BART, Caltrain, and SFMTA all have joint development/TOD policies and programs that set out goals and objectives for joint development, identifies potential opportunities, and manages the developer solicitation and disposition process. These agencies have core staff in place with the ability to navigate the many steps necessary to deliver successful joint development projects, and ready access to expert consultants who can provide both an outside perspective on joint development opportunities as well as filling any skill gaps that agency staff may have, especially around market and financial feasibility and transaction structuring.

¹⁶ <https://www.nationalacademies.org/publications/26194>

Because AC Transit has only limited options for joint development, the agency does not have a joint development policy or dedicated joint development staff. However, as will be discussed below, AC Transit understands that joint development may offer some potential opportunities and has periodically assessed its sites to test project viability. To date, these assessments have indicated that any joint development project would not generate sufficient benefits to outweigh the associated costs.

Metrics for Measuring Joint Development's Benefits

Successful joint development projects typically deliver one or more of the following benefits to the transit agency:



Lease Revenue: This refers to how much money the agency can capture from lease revenues. Transit agencies also capture revenue from parking, which is not joint development, but can play an important role in revenue generation.



Ridership: Joint development projects must also deliver riders to the transit system. Uses that generate strong ridership include housing, offices, mixed use buildings, and recreational/cultural or educational uses including sports arenas, large museums, and colleges/universities. High ridership from joint development projects also creates farebox revenue for the system, an additional revenue benefit above the basic lease revenue metric.



Affordable Housing: In recent years, transit agencies have played an increasingly important role in addressing regional housing affordability challenges by incorporating affordable housing production into their joint development policy goals, dedicating joint development sites solely to affordable housing projects, and/or by setting inclusionary housing requirements for market rate joint development housing projects. For example, BART's TOD Policy creates a goal to have 35% of the agency's total residential joint development portfolio be deed-restricted affordable housing. SFMTA has over 300 units of affordable housing on its property with 100 units planned for the Potrero Yard site.

Done well, joint development can have **additional benefits including place making, station area activation, station area access improvements**, and increased economic development activity.

Challenges to Joint Development

There are several major challenges to delivering successful joint development.

Real estate development is dependent on market conditions that are beyond a transit agency's control. This makes joint development a long-term opportunity that can only be achieved if market conditions around any joint development opportunity site are right. As a result, transit agencies must be prepared to hold their real estate assets off the market until the right opportunity arises. BART's experience with the MacArthur BART parking lot demonstrates the advantages of holding property until the market is ready to deliver a significantly scaled joint development project. Many planners

started calling for BART to develop this site starting in the early 1990s, but anything built at that time would have had modest densities. The joint development project that was built, in phases, over a ten-year period includes a 24-story tower and over 800 units. While market conditions cannot be controlled, there are actions that local jurisdictions can take to influence the viability of individual development projects such as adopting zoning that allows for transit supportive uses (high density housing, office, etc.), increases permitted heights, streamlines the development approval process, reduces impacts, adopts an enhanced infrastructure financing district to pay for infrastructure upgrades, and adopts connecting first/last mile transit service to station.

Some joint development sites may offer opportunities for more than one development type, e.g., housing or office, and that these different uses can experience different market cycles. However, not all joint development sites have this flexibility, especially given that office developers tend to use more restrictive site selection criteria than residential developers. In addition, although office and housing may experience different market cycles, given the Bay Area's extreme housing shortages and oversupply of vacant office space, it appears that when conditions for new development do start to improve, it is likely that transit agencies with joint development sites that could be suitable for office uses will have to make a determination as to whether they prefer to move forward with a residential project, or continue to hold the property off the market with the expectation that an office use will eventually become feasible.

Properties that could accommodate joint development are often needed for transit operations either currently, or at some future point. SFMTA's Presidio Yard, for example, is a bus maintenance and storage facility located in a strong market area of San Francisco. However, its redevelopment involves continuing to use the site for maintenance and storage operations, which creates challenges for redevelopment. In the case of Caltrain, which recently completed the Peninsula Corridor Electrification Project (PCEP), the potential use of the agency's land for joint development must be coordinated with this and other capital projects, including reserving some property for future California High Speed Rail operations.

Many transit agency-owned properties are not suitable for development due to individual parcel's physical attributes. These include parcel size, configuration, or adjacent land uses. For example, Caltrain owns many parcels that exceed the minimum one-half acre threshold size that most developers consider when evaluating potential development sites. However, many of these sites lack adequate parcel depth and access required to accommodate any viable building type. In other cases, parcels may meet the minimum size requirements but are adjacent to active uses.

Transit agencies are undertaking joint development projects within a complex regulatory environment. This includes the complexity of using land purchased with Federal Transit Administration funds, the state surplus lands act, and a growing number of complex state housing laws as well as local land use policies such as inclusionary housing requirements, building designations, etc.

Conflicting transit agency policy goals for joint development projects. Some transit agency board members expect their agency to use joint development sites only for affordable housing which can include leasing the land to the affordable housing developer below fair market value, which decreases potential revenues that could help pay for transit operations. Given the importance of public transit in making the Bay Area a more affordable place to live, eventually, these actions could be in direct conflict with using these joint development sites to generate maximum revenue for the

transit agency. But depending on transit agency objectives, a near-term lease at a discounted rate could offer more long-term revenues than holding the same site off the market for an indeterminate amount of time, assuming the site is unused or not generating revenue for the agency.

The Surplus Lands Act (SLA). California law mandates that all property owned by many public entities, including transit agencies, generally requires them to offer Surplus Land for sale or lease at a fair market value or fair market rent to other local agencies and housing sponsors for affordable housing before selling or leasing the land, unless an exemption applies. Although the SLA states that the land only needs to be offered at fair market value, in practice, transit agencies may be pressured to discount the value, thereby reducing potential revenue for public transit.

The Department of Housing and Community Development (HCD) oversees this process which includes specific affordability mandates. Most joint development projects completed by transit agencies in past years were completed prior to more recent amendments to the SLA. Going forward, agencies will have to either adhere to the SLA process or go through a burdensome process to obtain an exemption from the Act. In either case, the SLA could create an administrative burden, limit future land use options, and delay when and how transit agencies conduct their joint development property disposition processes.

Transit districts are treated differently than other local agencies that are districts, such as utilities, in the SLA. Those districts are allowed to dispose of land for the sole purpose of investment or generation of revenue to support the agency's operations unlike transit districts.

Transit Agency Real Property Related Revenue Generation

The table below provides an overview of parking and rental/lease revenue from as a share of overall revenues, as reported through publicly available data. Except for SFMTA parking revenues, revenue generation from real estate holdings represents a small portion of total revenues. SFMTA earns between 25% and approximately 30% of its operating revenue from parking because the agency captures revenues from San Francisco's 27,000 on-street parking meters, the majority of which are not near transit stops or stations. It should be noted that this funding source is a unique byproduct of SFMTA's dual role as transit agency and streets manager and is not available to the other three transit agencies.

Rental revenue, which includes income streams from joint development leases as well as other real property leases, such as office or warehouse leases, constitute between 1% and 8% of operating revenues across the four transit agencies. This indicates that real property revenue represents a small share of operating revenues, especially for BART and SFMTA, which have much higher operating revenues than Caltrain or AC Transit. Only AC Transit generates more real property-related revenue from rental or lease revenues than parking revenues, whereas the other three transit agencies earn significantly more revenue from parking than they do lease revenues.

Table 28: Real property revenue as a share of operating revenue, FY 20-26

BART

Agency / Revenue Type	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Parking Revenue	7%	8%	7%	6%	7%	6%	6%
Rental Revenue	0%	3%	3%	2%	2%	2%	1%

Caltrain

Agency / Revenue Type	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Parking Revenue	4%	1%	4%	3%	4%	3%	5%
Rental Revenue	1%	3%	3%	3%	3%	2%	2%

SFMTA

Agency / Revenue Type	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Parking Revenue ¹⁷	24%	34%	32%	30%	27%	26%	N/A
Rental Revenue	2%	3%	5%	4%	4%	3%	N/A

AC Transit

Agency / Revenue Type	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Parking Revenue	1%	1%	2%	1%	1%	1%	1%
Rental Revenue	2%	8%	4%	4%	2%	3%	3%

Source: BART, Caltrain, SFMTA, AC Transit, Strategic Economics, 2026

¹⁷ SFMTA parking revenue as a share of operating revenue is an outlier. Unlike the other transit agencies featured in this report, SFMTA acts as the parking authority for the City of San Francisco. However, not all of that revenue is used to fund transit.

Real Property Inventory and Assessment

Approach and Methodology

The remainder of this chapter focuses on the specific real property assets for each agency, with an assessment of potential joint development as well as any potential near-term revenue opportunities. For each agency, the real property assessment includes:

- An overall summary of the agency's real property holdings
- A review of the agency's existing joint developments and any existing joint development programs and policies currently in place
- An assessment of the agency's real property holdings with a focus on suitability for joint development. This is a high-level review and not intended to replace or supersede any existing process the agency has applied for identifying joint development. Instead, it provides a general overview of the types of property that could be suitable for joint development based on their physical conditions, existing uses, and the role they play in either current transit operations or future development of the system.

The property assets, referred to in this discussion as "sites," were classified into four categories:

1. **Potential Opportunity (Vacant/ Underutilized):** sites that are vacant or primarily surface parking, are not dedicated to critical operations or capital projects, are at least ½ acre in area, and have vehicle access and site configuration suitable for a significant joint development. While small sites may be acceptable for small-scale development, such projects are unlikely to generate any significant benefits.
2. **Potential Opportunity (with an Existing Use):** sites that are not dedicated to critical operations or capital projects, are at least ½ acre in area, have vehicle access and site configuration suitable for a significant joint development, but that have an existing transit related use that would need to be either relocated or incorporated into the new development.
3. **Under Review or Needs More Study:** sites that are not dedicated to critical operations or capital projects and may be appropriate for joint development after further study due to various factors such as irregular configurations, recent changes to developable area, encumbrances, or other factors that may make development challenging. The development opportunities on these sites are likely to be more limited.
4. **Not Currently Suitable for Joint Development:** sites that are not currently suitable for joint development because they are already dedicated to critical operations or capital projects, are less than ½ acre in size, are irregularly shaped, lack adequate access, or have other encumbrances or challenges.

The assessment also includes a discussion of sites that are likely developable in the near term due to location and market factors. However, given the current economic uncertainty that has impacted real estate development in the Bay Area, it is difficult to say whether these opportunities could be categorized as early actions as defined in the context of this study (1-3 years). Amidst this uncertainty there may be steps that transit agencies could take to better position their potential opportunity sites so that once the market does recover, these sites are ready for disposition and have a higher potential for successful development.

AC Transit

Overview of Total Real Property Holdings and Opportunities

The real property owned by AC Transit consists of 26 developed and undeveloped parcels in various locations in Oakland, Emeryville, Richmond, Hayward, Fremont, and Newark. Accounting for adjacent parcels, these assets constitute approximately 16 sites. These sites include:

- General administrative offices for AC Transit
- A central maintenance facility and four operational facilities for each of the AC Transit districts
- Two sites with warehouse space currently leased to industrial tenants
- A park and ride facility
- Seven other parking lots and vacant and remnant sites, all of which are less than ½ acre in size. One of these lots is leased to an adjacent senior housing facility.

Table 29: Summary of real property assets – AC Transit

Current Use Category	Number of Sites	Total Acres
Administrative Offices	1	1.0
Joint Development or Currently Leased	3	13.7
Operational Facility	5	56.8
Structured Parking	--	--
Surface Parking or Vacant	7	3.7
Other	--	--
Total	16	75.1

Existing Joint Developments and Joint Development Initiatives

With its limited real estate portfolio, AC Transit does not currently have a formal joint development program. However, the agency does collect rents from commercial leases on two of its warehouse properties and a parking lot that is leased to an adjacent senior housing development. Combined annual revenues from these leases total approximately \$1.5 million.

Evaluation of Sites and Joint Development Opportunities

This assessment identifies seven sites that would be appropriate for joint development. Two of these sites are industrial properties the agency is actively leasing to commercial tenants, while the other five are operational or maintenance facilities. Of these seven sites, however, only one operational facility in Emeryville is in a strong enough market area that may support development in the near term. Development at this site would depend on AC Transit feasibly identifying an alternate location for its bus yard, either permanently or temporarily during construction if the yard can be incorporated into the new development. Other sites whose attributes could support development are not in strong enough markets to be opportunity sites in the near term. While some AC transit sites are located near bus or Tempo stops, the transit amenity is not likely to add enough value to present as an early action strategy.

Figure 18: AC Transit property map



Table 30: Real property assets by opportunity classification – AC Transit

Current Use Category	Potential Opportunity (Vacant/ Underutilized)		Potential Opportunity (with an Existing Use)		Under Review or Needs More Study		Not Suitable for Joint Development	
	Number of Sites	Total Acres	Number of Sites	Total Acres	Number of Sites	Total Acres	Number of Sites	Total Acres
Administrative Offices	--	--	--		--	--	1	1.0
Joint Development or Currently Leased	--	--	2	13.3	--	--	1	0.4
Operational Facility	--	--	5	56.8	--	--	--	--
Structured Parking	--	--	--	--	--	--	--	--
Surface Parking or Vacant	--	--	--	--	--	--	7	3.7
Other	--	--	--	--	--	--	--	--
Total	--	--	7	70.1	--	--	9	5.0

While AC Transit does not need to establish a joint development policy at this point given the lack of potential opportunity sites, the agency could establish appropriate joint development goals as a component of property disposition for any of their sites.

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BART

Overview of Total Real Property Holdings and Opportunities

Because BART was originally conceived as primarily a park-and-ride commuter system after the start of the automobile age, its real property assets are significantly more extensive than the other three transit agencies in this study. In contrast with bus and light rail systems (AC Transit, Muni) that primarily utilize the street network, and Caltrain, which operates on a legacy right-of-way, the BART system utilizes a dedicated, fully grade-separated right-of-way and sufficient land around its park-and-ride stations to provide sufficient parking for commuters.

BART acquired property over time as the system was planned and expanded, and today the agency owns vacant parcels in San Francisco, San Mateo, Alameda, and Contra Costa counties, including more than 150 acres of vacant land in Livermore that were purchased in anticipation of a rail extension that was ultimately not built.

As shown in the table below, developable surface parking in station areas represents approximately 22% of BART-owned acreage, developable vacant sites constitute another 15%, while most of the remaining parcels tend to be utilized for operations, structured parking, right-of-way, or are remnant parcels with negligible development value.

Table 31: Summary of real property assets – BART

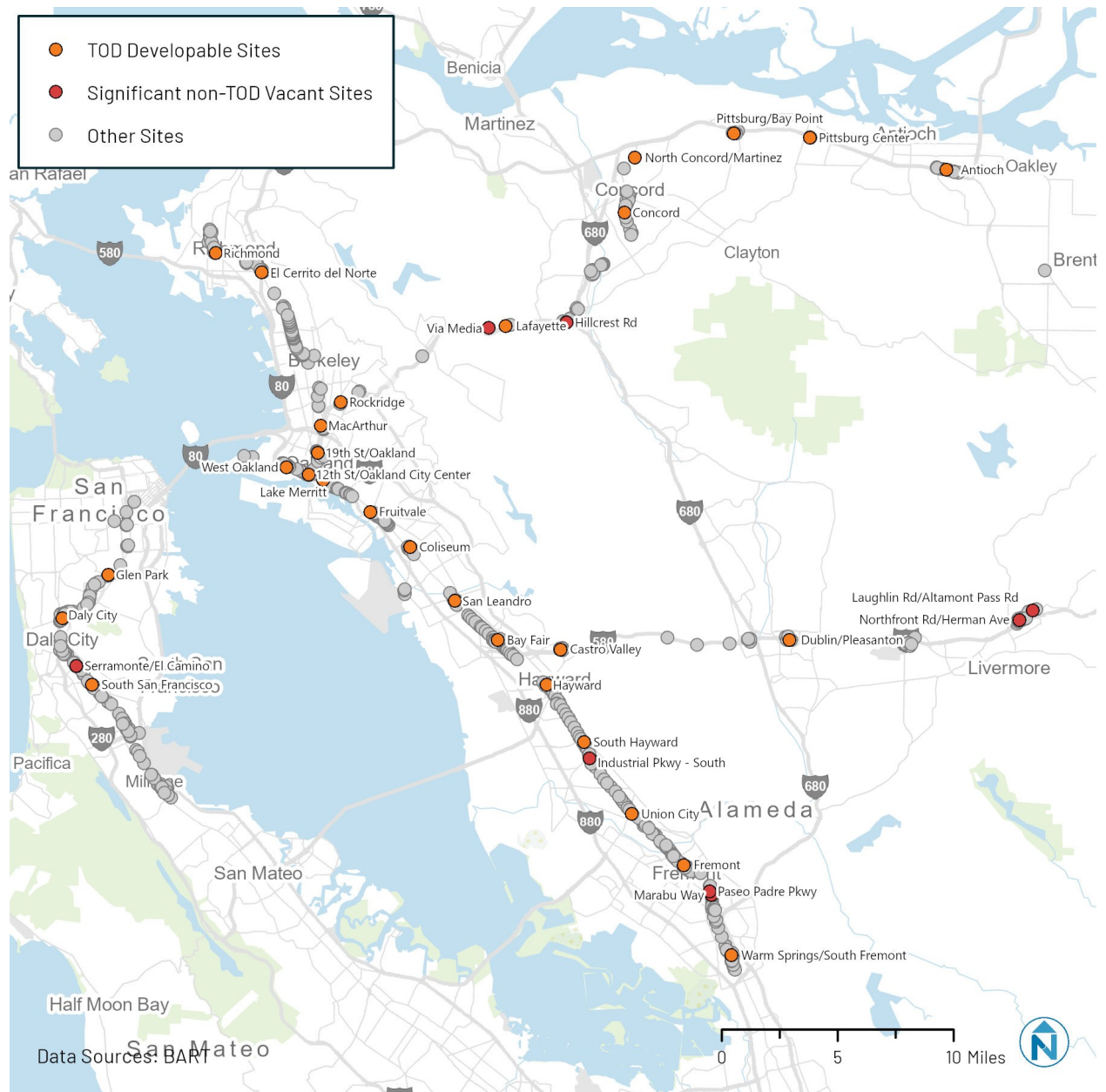
	Number of Parcels	Total Acres
Identified by BART as Developable for TOD	92	267.2
Significant Vacant Sites Outside Station Areas (1)	22	175.2
All Other Real Property (2)	681	759.3
Total	795	1,201.7

(1) Significant vacant sites (at least 1/2 acre in area) outside 1/2-mile radius of station areas:

(2) Includes Completed and In Process TOD and all other real property owned by BART.

Source: BART, 2026.

Figure 19: BART Property Map



Existing Joint Developments and Joint Development Initiatives

BART focuses its joint development initiatives on transit-oriented development in station areas. BART’s first joint development/TOD project was completed in 1993. However, the Agency did not adopt a formal TOD/joint development policy until 2016. In 2018, the legislature passed AB 2923, which led to BART’s preexisting TOD guidelines being adopted as the zoning standards around station areas. These standards include minimum densities for joint development projects, while streamlining the process for soliciting and approving residential development on BART-owned land. Amended in 2020, the strategic objectives for BART’s TOD Policy are to:

- **Manage resources strategically to support transit-oriented development**, including developing a work plan to prioritize efforts, encouraging long-term ground leases over land sales, and priorities and procedures for soliciting proposals as well as responding to unsolicited proposals.
- **Support transit-oriented districts** by proactively supporting local station area planning efforts, forming partnerships with stakeholders, and incorporating TOD and value capture opportunities into system expansion planning.
- **Increase sustainable transportation choices using best practices in land use and urban design** by ensuring strong connections to BART stations, optimizing ridership, and encouraging reverse-commute, off-peak, and non-work trips in its land use planning
- **Enhance benefits of TOD through investment in the program** by taking a comprehensive approach to evaluating the financial performance of proposed projects, using a variety of financing and governance mechanisms, and reinvesting revenues from TOD back into the program, as appropriate.
- **Invest equitably** by increasing the scale of development at or near station areas to address the region’s housing supply shortage, aiming for 35% of housing units District-wide to be deed-restricted affordable units, and incentivizing affordable units with a program of discounted ground rents.

BART’s 10-year TOD Work Plan, which sets the Agency’s joint development priorities and summarizes the agency’s progress in achieving its TOD performance targets, was released in 2020 and updated in 2024. As shown below, the agency fell short of its 2025 target, primarily due to escalating construction costs and a downturn in commercial and multifamily development markets following the COVID-19 pandemic. The significant number of projects currently in the predevelopment stages will advance over time as market conditions and project financing align.

Table 32: BART’s progress toward TOD performance targets as of 2024

	Commercial Square Feet	Total Units	Affordable Units
Target Completed by 2025	1,000,000	7,000	2,450
Completed as of 2024	874,590	4,232	1,298
In Predevelopment	1,843,590	8,272	2,944
Percent of Target Completed	87%	60%	53%

Source: BART Transit-Oriented Development Work Plan: 2024 Update

With its 267 acres of developable land across 29 stations, BART has an extensive process for prioritizing TOD sites. The process considers market readiness, the degree of local support for TOD, infrastructure readiness, and the development capacity of the sites.

Evaluation of Sites and Joint Development Opportunities

This review of BART’s process for evaluating its joint development/TOD sites—as presented in the 10-Year TOD Work Program and BART’s approach to meeting the AB 2923 mandates—determined that BART has followed industry best practices for both activities. Therefore, this review did not identify any additional joint development opportunities within the BART station areas.

BART’s excess land outside of station areas may present the best potential for additional near-term revenue. Unlike BART’s identified TOD sites, vacant sites outside of TOD areas may offer limited potential to generate ridership or be inappropriate for joint development on a ground lease. For example, it is difficult to develop ownership housing on a ground lease. In these cases, the optimal strategy may be to sell larger properties that are unlikely to be of future use to the agency. However, the agency would need to weigh the limits the Surplus Land Act would impose on disposition of its surplus land and/or the administrative burden of gaining an exemption from its requirements.

The eight vacant sites of at least ½ acre outside the station areas are shown below. The most significant of these are two sites are in Livermore—a 129-acre site and 38-acre site remaining from the contemplated Livermore extension.

Table 33: Significant vacant sites outside of station areas – BART

Site Name	City	Number of Parcels	Total Acres
Laughlin Rd/Altamont Pass Rd	Livermore	2	129.0
Northfront Rd/Herman Ave	Livermore	10	38.4
Via Media	Lafayette	1	1.8
Marabu Way	Fremont	1	1.6
Hillcrest Rd	Walnut Creek	1	1.5
Serramonte/El Camino	Colma	4	1.3
Paseo Padre Pkwy	Fremont	1	1.1
Industrial Pkwy - South	Hayward	2	0.5
Total		22	175.2

Sites listed are at least ½ acre in size and more than ½ mile from a BART station.

Source: BART, 2025.

In the near term, BART could initiate a study of excess land outside station areas for disposition.

Caltrain

Overview of Total Real Property Holdings

Caltrain’s real property assets reflect, in large part, the segment of the Southern Pacific railroad system the agency acquired in 1991. Prior to the transfer of its right-of-way and property assets, Southern Pacific had owned and operated passenger rail service between San Francisco and the South Bay since the mid-19th Century, and today, the railroad’s system footprint reflects pre-automobile commute patterns. In contrast with BART’s commuter system, which was designed with large park-and-ride lots outside the urban core, Caltrain-owned land in its station areas tends to consist of smaller and/or narrow sites, often in historic downtowns along the Peninsula.

Caltrain classifies its potential joint development assets into station area sites, which could be transit-oriented development opportunities, and corridor sites, which are outside the station areas and are therefore unlikely to have a significant impact on ridership, although they may still generate revenue for the agency. The study considered 65 sites totaling 135 acres of land area owned or controlled by Caltrain, of which:

- About half are outside station areas (40% of acreage)
- Approximately 42% are less than 100 feet wide
- Four include historic station buildings

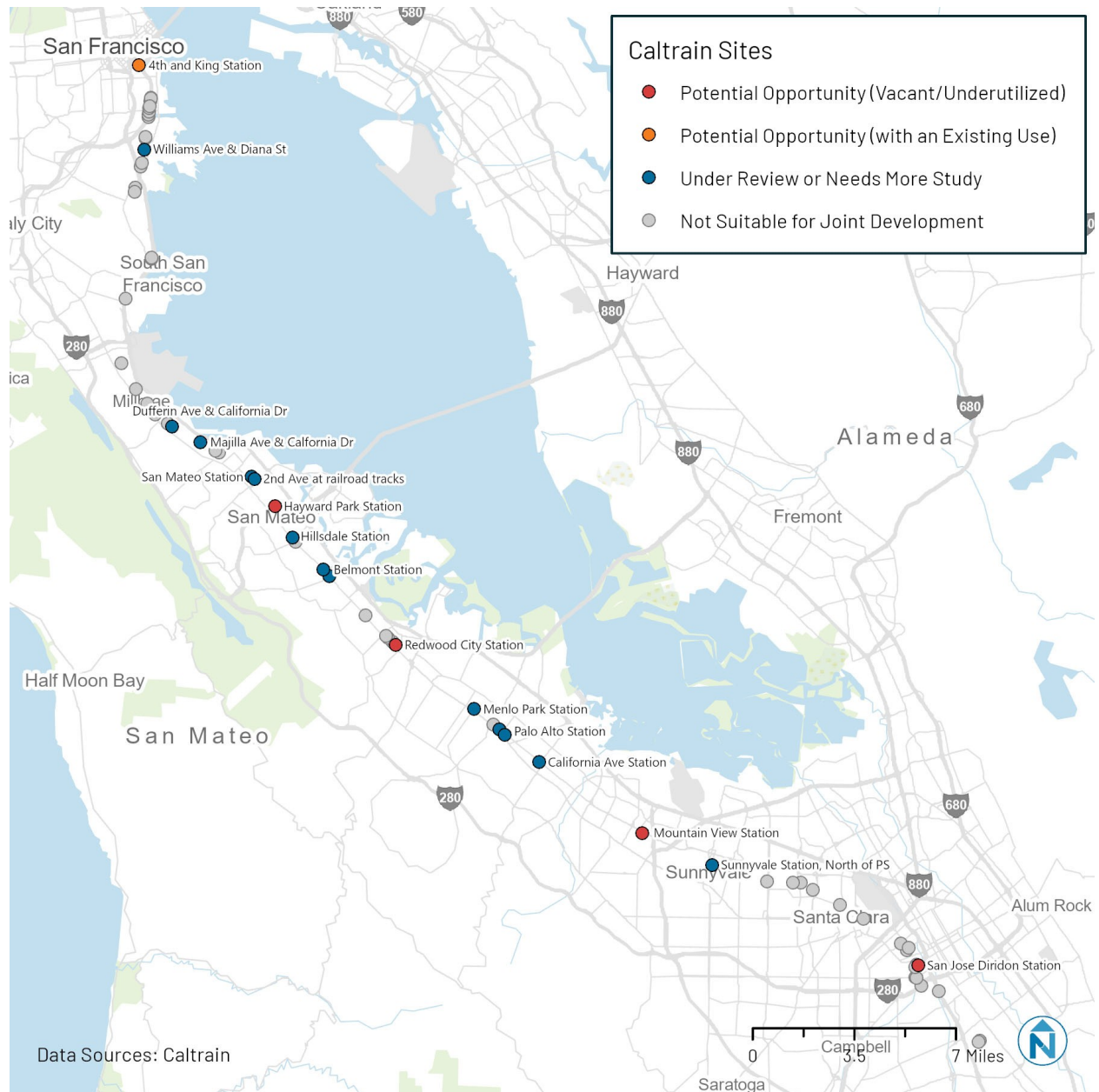
In addition to these limitations, Caltrain considers the use of its property for current and future capital projects along the corridor, including the Peninsula Corridor Electrification Project (PCEP), completed in 2024, various planned grade separation and other transportation improvement projects along the corridor, and future California High Speed Rail corridor development and operations. In many instances, land that could otherwise be used for joint development must be reserved, either permanently or temporarily, for these capital projects. The PCEP infrastructure that enabled electrification of the system required additional buffer zones between the trains and adjacent land uses that reduce the developable area of the otherwise vacant land Caltrain owns.

Table 34: Caltrain real property assets

Current Use Category	Number of Sites	% of Total	Total Acres	% of Total
Administrative Offices	--	0%	--	0%
Joint Development or Currently Leased	--	0%	--	0%
Operational Facility	8*	12%	38.6	26%
Structured Parking	--	0%	--	0%
Surface Parking or Vacant	57	88%	96.0	74%
Other	--	0%	--	0%
Total	65	100%	134.7	100%

* Includes operating easement at the San Francisco 4th and King terminal.

Figure 20: Caltrain property map



Existing Joint Developments and Joint Development Initiatives

In recent years, Caltrain has adopted several policies to guide the use of its property for joint development and other non-railroad uses, while coordinating these activities with capital projects. These agency initiatives include a Rail Corridor Use Policy (RCUP), the Property Conveyance Policy, and a Transit-Oriented Development Policy.

Caltrain's **Rail Corridor Use Policy** sets out a decision-making framework for non-railroad uses of real property such as for joint development, utility infrastructure, or community facilities. The agency adopted the RCUP in 2020 and is currently completing an update to the policy. The RCUP classifies Caltrain property by considering each site's current and potential use for transit operations and future capital projects. The RCUP also identifies sites located in "special study areas"—these are more complex development sites subject to a defined planning process involving multiple stakeholders. Caltrain's property interests at its San Francisco 4th and King and San José terminal stations are two special study areas. Finally, the RCUP process assessed all Caltrain sites not required for current or future capital projects for suitability for joint development.

The **Transit-Oriented Development Policy**, also adopted in 2020, defines goals and strategic objectives for joint development at Caltrain's station area sites. The strategic objectives are:

- Encourage transit-oriented development, particularly transit-supportive uses with maximum density
- Generate revenue streams to offset operating costs, favoring long-term ground leases at market rates, participation development revenues, a competitive participation process, and business terms that minimize financial risk to the agency.
- Leverage any land acquisition from capital projects for TOD, such as purchasing property for capital projects instead of leasing to use the land for joint development after the capital project is complete.
- Contribute to complete communities in the station areas through complementary uses, community participation processes, and context-sensitive design standards
- Support environmental sustainability and alternatives to private vehicle travel with environmental and energy efficiency standards, limited parking, and a balance of options for station access
- Provide affordable housing with a 30% onsite affordable housing inclusionary requirement for market rate housing development, partnerships with affordable developers, and creative use of commercially nonviable lots for affordable housing.
- Encourage high labor standards by requiring prevailing wages and encouraging project labor agreements

The agency collects approximately \$1 million per year from commercial leases.

Evaluation of Sites and Joint Development Opportunities

The 2020 RCUP analysis identified six station area sites that are appropriate for near term development, as shown below. This review confirms that based on the current parcel inventory, Caltrain's potential opportunity sites are:

- Hayward Park Station (entitled for multifamily)
- Redwood City Station
- Mountain View Station
- Diridon Station (entitled for office)
- 4th & King Terminal (“San Francisco Railyards”)

Table 35: Real property assets by opportunity classification – Caltrain

Current Use Category	Potential Opportunity (Vacant/ Underutilized)		Potential Opportunity (with an Existing Use)		Under Review or Needs More Study		Not Suitable for Joint Development	
	Number of Sites	Total Acres	Number of Sites	Total Acres	Number of Sites	Total Acres	Number of Sites	Total Acres
Administrative Offices	--	--	--	--	--	--	--	--
Joint Development or Currently Leased	--	--	--	--	--	--	--	--
Operational Facility	--	--	1*	20.0	--	--	7	18.6
Structured Parking	--	--	--	--	--	--	--	--
Surface Parking or Vacant	4	13.7	--	--	13	25.2	40	57.2
Other	--	--	--	--	--	--	--	--
Total	4	13.7	1	20.0	13	25.2	47	75.8

* Developable acreage is likely to be lower than the total acres shown, subject to Caltrain’s currently ongoing review of physical, operational, and capital constraints on its potential opportunity sites.

Hayward Park

Prior to completing the RCUP process, Caltrain conducted a joint development disposition process for Hayward Park station. The agency progressed the joint development process through developer solicitation and ground lease negotiation stages, and the developer gained entitlements for a rental apartment building. However, the developer terminated the lease after failing to secure financing, due to a downturn in multifamily development markets combined with a tightening availability of investment capital.

Diridon

As of 2024, Caltrain has also entitled 1.2 million square feet of office space and active ground floor uses at Diridon Station. The project is part of the Diridon Station Area Plan and complements the Diridon Integrated Station Concept Plan and Downtown West Mixed-use Plan. Caltrain will seek a developer as market conditions allow.

4th & King Terminal (“San Francisco Railyards”)

Another opportunity site is at Caltrain’s San Francisco 4th and King terminal (“San Francisco Railyards”), where the agency does not own the land but has an operating easement. Caltrain is an active participant in planning development with ProLogis, the owner of the site’s fee title. A Project

Application for this potential development, filed on March 10, 2026, envisions up to 7 to 8 million square feet at full buildout, including an 850-foot tower with a new Caltrain station at its base.

Going forward, Caltrain could investigate opportunities to add flexibility to its affordable housing requirement to help boost project feasibility. Currently, the agency's policy requires each market rate residential project to set aside 30% of its units for affordable housing. However, the agency could explore a policy that establishes a portfolio-wide goal for affordable housing, like the approach taken by BART and SFMTA. A portfolio-wide goal helps pave the way for more 100% affordable developments or partnerships between market rate and affordable developers.

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SFMTA

Overview of Total Real Property Holdings

In addition to operating the Muni bus and light rail system, SFMTA owns and operates the City's street and off-street parking facilities, which are a major source of revenue. Because San Francisco's built density and land values tend to be much higher than in areas of the East Bay, South Bay, and Peninsula served by the other transit agencies in this study, SFMTA's real property assets include a much larger percentage of smaller lots, with no vacant or underutilized sites large enough for higher density development. As shown in below, surface parking lots and vacant sites make up only 4% of acreage owned by the agency; all these sites are less than ½ acre in size. The most significant joint development opportunities, therefore, will be confined to parking garage sites or sites where an existing use would need to be either relocated or incorporated into the development.

Table 36: Real property assets – SFMTA

Current Use Category	Number of Sites	% of Total	Total Acres	% of Total
Administrative Offices	--	--	--	--
Joint Development or Currently Leased	3	6%	0.7	1%
Operational Facility	18	35%	67.1	78%
Structured Parking	13	25%	11.7	14%
Surface Parking or Vacant	17	33%	3.5	4%
Other	1	2%	2.5	3%
Total	52	100%	85.7	100%

Existing Joint Developments and Joint Development Initiatives

Although SFMTA did not have an adopted joint development policy until recently, the agency has reported the completion of six joint development projects dating back to 1986. Of these:

- Four were affordable housing projects, either through a land sale to another agency sponsoring the development or through the sale of air rights over two of its parking garages
- One was a hotel on a ground lease (\$2.2M in rent in 2023)
- One was a youth and recreational facility

The agency has also reached a project agreement with a developer to build affordable housing at its Potrero Yard site, which is currently a bus yard. The planned development will include 100 affordable housing units and a modernized bus maintenance facility to replace the existing yard. To date, the agency has not completed a joint development that includes market rate housing.

Figure 21: SFMTA property map



In 2025, SFMTA adopted a Joint Development Program Goals and Policy. The goals of the program are to use private investment to:

1. **Maximize Public Good.** Generate substantial long-term revenues to improve our transportation system.
2. **Create Inclusive and Well-Connected Communities.** Create development projects that foster inclusive communities and improve access to opportunity and resources.
3. **Build Sustainable and Resilient Projects.** Build development projects that improve working conditions for SFMTA staff, use green and resilient practices, and reduce Vehicle Miles Traveled and greenhouse gas emissions.

Key requirements for large properties in its joint development portfolio include:

- At least 50% of gross acreage will be used for residential development
- A total of 300 units at buildout or at least 10 dwelling units per acre
- At least 25% of residential units across the portfolio will be affordable

By emphasizing a mix of market-rate and affordable residential units and other types of uses in its joint development policy, SFMTA is prioritizing revenue generation. As with the Potrero yard, previous joint developments consisted of 100% affordable housing, which do not generate significant ground lease revenue.

In December 2025, San Francisco adopted the Family Zoning Plan, a major step toward expanding housing affordability and availability and enhancing funding for the SFMTA. The plan allows for increased density along transit corridors, primarily in the western and northern neighborhoods, and includes 21 SFMTA properties through the new SFMTA Sites Special Use District. Unlike the previous zoning, the new Special Use District allows for housing, retail, and private sector employment near transit, while increasing allowable density and creating a more predictable approval process for joint development. The SFMTA Joint Development Program Goals and Policy was the basis for the adoption of the Special Use District.

Evaluation of Sites and Joint Development Opportunities

Through its joint development program, the agency identified 25 potential opportunity sites. Three additional sites are currently under review, and three more were recently rezoned but have not been reassessed for development potential under the rezoning.

This assessment considered the agency's site assessment alongside its own criteria and classified sites as shown in Table 37:

- All surface parking lots were classified as "Needs More Study" because they are small in area and typically important in supporting the city's neighborhood commercial districts.
- Fifteen of the 17 sites identified for potential joint development are currently being used as operational facilities (mostly bus yards) or parking structures:
 - Bus yards would either need to be replaced within the development or else relocated, adding to development costs and/or requiring extensive measures to mitigate operational impacts during construction.

- o Parking garages would need to be demolished, with potential replacement as part of development, resulting in temporary or permanent loss of parking revenues for the agency.

Table 37: Real estate assets by opportunity classification – SFMTA

Current Use Category	Potential Opportunity (Vacant/ Underutilized)		Potential Opportunity (with an Existing Use)		Under Review or Needs More Study		Not Suitable for Joint Development	
	Number of Sites	Total Acres	Number of Sites	Total Acres	Number of Sites	Total Acres	Number of Sites	Total Acres
Administrative Offices	--	--	--	--	--	--	--	--
Joint Development or Currently Leased	--	--	--	--	--	--	3	0.7
Operational Facility	--	--	7	17.8	5	17.9	6	31.5
Structured Parking	--	--	6	9.0	2	0.6	5	2.2
Surface Parking or Vacant	--	--	--	--	14	3.2	3	0.4
Other	--	--	--	--	--	--	1	2.5
Total	--	--	13	26.8	21	21.6	18	37.2

This assessment identified two sites that were not included in the agency's joint development portfolio but that might be appropriate for joint development based on the site's size, configuration, access, and the strength of their locations:

- The agency's Enforcement Headquarters (1200 15th Street) could be an appropriate building for repositioning to commercial office.
- The Maintenance of Way facility (700 Pennsylvania Street) could be redeveloped for housing.

However, both sites are currently used for critical agency functions, and joint development on them is highly unlikely to be feasible, at least in the near term. In addition to the prohibitive cost of relocating these agency functions, neither site is zoned for commercial or market rate housing development.

The agency is currently developing a Joint Development Program Strategic Plan to identify new policy and regulatory changes and strategies to support its goals, including the creation of economic value.

NEXT STEPS AND RECOMMENDATIONS

Next Steps

Following the adoption of the Final Phase 1 report by the Oversight Committee, MTC will transmit the adopted report to the Legislature, the transit agencies, and the public. By July 1, 2026, each subject operator will identify specific strategies in the final adopted Phase 1 report that it commits to implementing and shall adopt those strategies as formal policy or budget actions, as applicable. Should the proposed ballot measure succeed, Phase 2 of this effort would begin in 2027. Phase 2 would focus on identifying a menu of cost-saving measures that could reduce one-time and ongoing fixed and variable costs for the transit agencies, as well as conducting a comprehensive regional assessment of development and financing strategies to maximize the value of real property assets owned by each transit agency.

Recommendations

To maintain consistent and up-to-date information on the cost-saving measures and early action strategies identified in this report, and to support an efficient and effective Phase 2 analysis, it is recommended that both the transit agencies and MTC establish a regular approach to monitoring and reporting progress.

Transit agencies should maintain ongoing tracking of the measures examined in this report. Agencies should regularly update their cost profiles using the same reporting framework applied in this analysis, document any additional cost-saving or revenue-enhancing measures that are implemented, and monitor progress on the early action strategies identified in this report. Maintaining this information will help ensure that agencies and regional partners have a current understanding of financial conditions and the impacts of implemented strategies.

MTC should consider establishing a consistent regional approach and standard for reporting financial profile information and tracking progress on early action strategies. This reporting would not replace existing agency reporting practices; rather, it would provide a complementary framework for presenting comparable information across agencies. The intent is to support clear, consistent, and transparent communication with decision-makers and the public over time. This framework could also be expanded in the future to include additional Bay Area transit agencies beyond those included in this analysis.

Phase 2

An additional set of activities to manage costs for AC Transit, BART, Caltrain, and SFMTA emerged from the public comment period of Phase 1. These activities were not considered to be feasible early action strategies for Phase 1 because they would take too long to implement, are not sufficiently within the agency's control, or may not generate enough value relative to the resources required. Despite this, many of the activities have potential to be effective and can be considered for further exploration in Phase 2. These activities include:

- **Consider whether shared procurement processes could reduce overhead or contract costs.** This activity would focus on procurement needs that are shared across agencies such as buses, maintenance equipment, software products, cybersecurity systems, human resources, and legal services.
- **Identify specific functions that can be consolidated or co-located across multiple agencies.** Functions to evaluate include emergency operations, maintenance/storage facilities, operator/maintenance training, and office space.
- **Evaluate alternative service models and service contracts, particularly for areas with lower ridership.** This could include revised incentives for service vendors or feasibility studies for flexible-route services or employer-funded commuter routes
- **Explore additional opportunities to leverage real estate holdings for TOD.** This could include partnerships with private and non-profit housing developers, retailers, and community-based organizations.
- **Pursue coordinated policy and regulatory actions to improve development feasibility for agency real estate holdings around transit,** including adopting zoning that enables higher-density, transit-supportive uses; increasing allowable building heights and intensities; streamlining entitlement and permitting processes; reducing development-related impact fees and requirements; establishing enhanced infrastructure financing districts (EIFDs) or similar tools to fund necessary infrastructure improvements; and investing in first/last mile connectivity to improve access to transit stations. This could also include identifying and advancing potential amendments to recently adopted state laws to better support transit-oriented development by transit agencies.

APPENDICES

Cost-Saving and Enhanced Revenue Strategies Reported to MTC (By Operator for Reporting Period)

Real Estate Inventories (By Operator)

Cost-Saving and Enhanced Revenue Strategies as Reported to MTC

AC Transit (in YOE \$ millions)

Operating cost savings in white, capital cost savings are in blue, and enhanced revenues are in green.

Cost-Saving/Enhanced Revenue Action	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	Total
Reduced \$350,000 in loss recoveries.						\$0.40	\$0.40
Reduced \$402,000 based on updated information from the Transportation Joint Powers Authority (TJPA).						\$0.40	\$0.40
Contract renegotiation resulting in reduced costs.			\$1.10		\$3.90		\$5.00
Reduced \$1.6M for temporary help.						\$1.60	\$1.60
Reduced \$1.7M fuel budget						\$1.70	\$1.70
Reduced \$3.6 million based on updated information on Insurance Premiums						\$3.60	\$3.60
Reduced \$4.0M Paratransit Contract (based on FY25 budget, not projected spending).						\$4.30	\$4.30
Reduced \$293,000 based on reduced need for support in dispatch software upgrades for Paratransit							
Reduced \$4.6M in targeted efforts to reduce budget (such as IT Professional Services and a HR Data Analytics Project)						\$5.40	\$5.40
Reduced over \$500k in other targeted reductions early in the budget development process							
Reduced amount for Bus Shelter Contract.							
Deferred and reduced other project initiatives (such as Transit Asset Management Plan development and Facility Utilization Plan).			\$0.60				\$0.60
Reduced and deferred initiatives (customer service training for veteran operators, document retention policy implementation, and other initiatives).							
Reduced costs for fiber marking along BRT corridor (shifting to doing work with in-house and new hires).				\$2.20			\$2.20
Renegotiated contract with United Site Services for lower cost.							

Cost-Saving/Enhanced Revenue Action	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	Total
Reduced costs for professional services (shifting to doing work with in-house and new hires).							
Reduced need for professional and technical services (auditing). Reduced licenses expense for Salesforce.							
Reduced contingency budgets (making District less risk averse).							
Reduced and deferred initiatives (Major Corridor Study, Rider Survey, Bus Stop Agreements with Cities/BART to improve bus stops,					\$5.2		\$5.2
District-Wide Leadership Development, and other initiatives)							
Reduced bank line of credit. Reduced dues and subscriptions.			\$0.2				\$0.2
Reduced budget for COVID temperature checkers, temporary help.				\$2.0			\$2.0
Reduced Clipper and other services, such as Security Services, based on reduced demand (COVID-related).	\$0.5						\$0.5
Reduced costs for previously planned furniture expenditures. Reduced personal protective equipment (PPE) supplies and stationary supplies.				\$0.4			\$0.4
Reduced due to anticipated lower insurance premiums.			\$0.2				\$0.2
Reduced furniture and supplies.					\$0.0		\$0.0
Reduced inventory of personal protective equipment (PPE).			\$0.4				\$0.4
Reduced travel and training. Reduced dues and subscriptions.				\$0.1	\$0.1		\$0.3
Reduced use of temporary help.	\$0.2		\$0.7				\$0.9
Reduction based on reduced demand (COVID-related).	\$2.6						\$2.6
Service Reductions	\$10.7	\$30.6	\$32.8	\$33.0	\$29.2	\$20.8	\$157.1
Targeted Reductions in safety supplies, printing, and office furniture.						\$0.3	\$0.3
Targeted reductions in travel costs, employee incentive, advertising, and dues & subscriptions.							
Reduced \$254,000 from original estimate for Election of Directors based on updated information.						\$1.6	\$1.6

Cost-Saving/Enhanced Revenue Action	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	Total
Worked with Transbay Joint Powers Authority (TJPA) to reduce final lease costs.			\$2.1				\$2.1
SUBTOTAL - Operating Cost-Savings	\$14.0	\$30.6	\$38.1	\$37.7	\$38.4	\$40.1	\$199.0
fare increase implemented 7/1/25 - local fare from \$2.50 -> \$2.75, transbay fare from \$6.00 to \$6.50						\$4.1	\$4.1
estimate from SR 21-163d. On-going.							
increases in EP revenue per year (pre-FY23 are TBD). Ongoing, these can be added together - EP revenue increased \$3.8M over those 3 years.			\$1.6	\$1.2	\$1.0		\$3.8
SUBTOTAL - Enhanced Revenue	\$0.0	\$0.0	\$1.6	\$1.2	\$1.0	\$4.1	\$7.9
Total	\$14.0	\$30.6	\$39.6	\$38.9	\$39.5	\$44.0	\$206.6

BART (in YOE \$ millions)

Operating cost savings in white, capital cost savings are in blue, and enhanced revenues are in green.

Cost-Saving/Enhanced Revenue Action	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	Total
FY20 and FY21 service reductions	\$24.8	\$99.0					\$123.8
Elimination of planned service increase			\$5.1	\$30.6	\$32.7	\$33.3	\$101.7
BART Headquarters consolidation (BHQ purchase substituting for lease of larger Lakeside building)			\$15.7	\$12.8	\$13.5	\$14.1	\$56.2
Elimination of planned 76 FTE BPD expansion (19 new sworn officers per year)		\$3.3	\$6.7	\$10.2	\$14.0	\$16.4	\$50.5
Eliminate transfer payment agreements (SFMTA/VAC)		\$8.0	\$8.0	\$10.0	\$10.5	\$11.0	\$47.5
Elimination of pension prepayment allocation		\$10.0		\$10.0	\$10.0	\$10.0	\$40.0
Eliminate 672 vacant positions in May 2020 (251.5 operating)		\$32.3					\$32.3
0% wage increase for most employees in FY22 (instead of 2%)			\$6.8	\$7.0	\$7.3	\$7.5	\$28.6
Optimized train lengths					\$7.8	\$7.1	\$14.9
Reduce Feeder Bus payments (4 small East Bay ops)		\$2.5	\$2.5	\$2.5	\$2.5	\$2.5	\$12.5
Deferral of unfunded retiree medical prepayments, use of existing trust fund to pay current costs						\$5.6	\$5.6
Strategic hiring freeze - 45 positions in FY25						\$2.5	\$2.5
SUBTOTAL - Operating Cost-Savings	\$24.8	\$155.1	\$44.8	\$83.1	\$98.3	\$110.0	\$516.1
Rail car project savings					\$394.6		\$394.6
Capital local match deferrals		\$70.0				\$51.0	\$121.0
Budget cut; sustainability infrastructure projects		\$9.0	\$6.4	\$3.1	\$3.4	\$3.0	\$24.8
Next-Generation Faregates						\$4.0	\$4.0
Capital indirect rate improvements						\$3.0	\$3.0
Parking garage LED lighting installation						\$1.4	\$1.4
SUBTOTAL - Capital Cost-Savings		\$79	\$6.4	\$3.1	\$398	\$62.4	\$548.8

Bay Area Financial Efficiency Review

Inflation-based fare increases	\$1.0	\$3.2	\$11.3	\$15.0	\$22.1	\$35.0	\$87.6
Develop and Implement Clipper BayPass				\$1.0	\$2.0	\$3.7	\$6.7
Leases on BART parking lots		\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$4.8
SUBTOTAL - Enhanced Revenue	\$1.0	\$4.2	\$12.3	\$17.0	\$25.1	\$39.7	\$99.1
TOTAL	\$25.8	\$238.2	\$63.4	\$103.2	\$521.2	\$212.2	\$1,164.0

Caltrain (in YOE \$ millions)

Operating cost savings in white, capital cost savings are in blue, and enhanced revenues are in green.

Cost-Saving/Enhanced Revenue Action	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	Total
Canceled Stand-Alone Mobile App						\$0.3	\$0.3
Delay increase in service (FPGA Waiver)						\$10.0	\$10.0
Fuel Savings	\$1.7	\$4.4	\$0.4				\$6.5
Fuel-hedging program		\$0.1	\$0.1	\$0.5	\$0.1		\$0.8
Other Administrative Savings (FY2025)						\$2.1	\$2.1
Professional Service Work Directive Review Process		\$0.6				\$2.0	\$2.6
Rail Operator Cost efficiencies (crewing efficiencies and reducing overtime)	\$6.9	\$14.3	\$10.6	\$1.8	\$1.5	\$1.5	\$36.6
Strategic Hiring Freeze	\$0.4	\$5.6	\$5.6	\$4.6	\$1.0		\$17.2
SUBTOTAL - Operating Cost-Savings	\$9	\$25	\$16.7	\$6.9	\$2.6	\$15.9	\$76.1
Low Carbon Fuel Standard revenue						\$2.5	\$2.5
SUBTOTAL - Enhanced Revenue						\$2.50	\$2.50
Total	\$9.0	\$25.0	\$16.7	\$6.9	\$2.6	\$20.3	\$80.5

SFMTA (in YOY \$ millions)

Operating cost savings in white, capital cost savings are in blue, and enhanced revenues are in green.

Strategy	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	Total
Personnel cost savings via holding positions vacant					\$80.0	\$89.9	\$169.9
Covid Service Decreases		\$56.4					\$56.4
Non-personnel cuts by eliminating planned one-time investments						\$30.0	\$30.0
Transit-priority and reliability upgrades (operational efficiency)				\$10.0	\$10.0	\$10.0	\$30.0
Negotiated costs/billing rate reductions across over a dozen professional service contracts						\$9.0	\$9.0
Improved deployment of Fare Inspectors and Communications campaign to increase fare compliance						\$6.3	\$6.3
SUBTOTAL - Operating Cost-Savings	\$ 0	\$ 56.4	\$ 0	\$ 10	\$ 90	\$ 145.2	\$ 301.6
Capital Project Deferrals		\$194.3		\$60.5	\$13.9	\$120.1	\$388.8
SUBTOTAL - Capital Cost-Savings	\$ 0	\$ 194.3	\$ 0	\$ 60.5	\$ 13.9	\$ 120.1	\$ 388.8
Transit fare adjustments (Clipper discount/multiplier/indexing) (FY24-25 & FY25-26)						\$12.7	\$12.7
Parking fine increases (8% each year; 16% total) and improved deployment strategies to increase citation issuance						\$12.3	\$12.3
Increased city-wide hourly meter rates by \$0.25 city wide - FY25						\$5.0	\$5.0
Transit fare adjustments (Clipper discount/multiplier/indexing) (FY26-27 & FY27-28)						\$4.5	\$4.5
Residential Parking Permit (RPP) fee indexing + additional costs						\$1.9	\$1.9
Taxi fee reinstatement + inflation indexing (excluding drivers)						\$0.5	\$0.5
SUBTOTAL - Enhanced Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36.9	\$ 36.9
Total	\$0.0	\$250.7	\$0.0	\$70.5	\$103.9	\$302.2	\$727.3

Real Estate Inventories

AC Transit

Real Property Site Inventory

Site ID	Site Name/Location	City	County	Acres	Current Use Category	Opportunity Classification
1	1600 Franklin	Oakland	Alameda	1.00	Administrative Offices	Not Suitable for Joint Development
2	10626 International Bl	Oakland	Alameda	9.63	Operational Facility	Potential Opportunity (with an Existing Use)
3	1040 Seminary Ave	Oakland	Alameda	12.53	Operational Facility	Potential Opportunity (with an Existing Use)
4	2016 MacDonald	Richmond	Contra Costa	5.15	Operational Facility	Potential Opportunity (with an Existing Use)
5	1177 47th St	Emeryville	Alameda	8.96	Operational Facility	Potential Opportunity (with an Existing Use)
6	20234 Mack St	Hayward	Alameda	20.52	Operational Facility	Potential Opportunity (with an Existing Use)
7	1449 35th Avenue	Oakland	Alameda	0.25	Surface Parking or Vacant	Not Suitable for Joint Development
8	8630 International Bl	Oakland	Alameda	0.10	Surface Parking or Vacant	Not Suitable for Joint Development
9	3134 E. 10th Street	Oakland	Alameda	0.03	Surface Parking or Vacant	Not Suitable for Joint Development
10	34805 Ardenwood Bl	Fremont	Alameda	2.94	Surface Parking or Vacant	Not Suitable for Joint Development
11	905 66th Ave	Oakland	Alameda	10.06	Joint Development or Currently Leased	Potential Opportunity (with an Existing Use)
12	6821 Central Ave	Newark	Alameda	3.25	Joint Development or Currently Leased	Potential Opportunity (with an Existing Use)
13	3925 Adeline St	Emeryville	Alameda	0.37	Joint Development or Currently Leased	Not Suitable for Joint Development
14	920 Carlston Ave	Oakland	Alameda	0.05	Surface Parking or Vacant	Not Suitable for Joint Development
15	849 Walavista Ave	Oakland	Alameda	0.07	Surface Parking or Vacant	Not Suitable for Joint Development
16	24137 Mission Bl	Hayward	Alameda	0.21	Surface Parking or Vacant	Not Suitable for Joint Development

BART

TOD Site Inventory

Site ID	Site Name/Location	City	County	Acres
1	12th St/Oakland City Center	Oakland	Alameda	0.41
2	19th St/Oakland	Oakland	Alameda	0.54
3	Antioch	Antioch	Contra Costa	29.26
4	Bay Fair	San Leandro	Alameda	16.65
5	Berryessa/North San José	San Jose	Santa Clara	3.63
6	Castro Valley	Castro Valley	Alameda	10.42
7	Coliseum	Oakland	Alameda	7.11
8	Concord	Concord	Contra Costa	17.76
9	Daly City	Daly City	San Mateo	3.77
10	Dublin/Pleasanton	Dublin	Alameda	17.89
11	El Cerrito del Norte	El Cerrito	Contra Costa	8.31
12	Fremont	Fremont	Alameda	19.03
13	Fruitvale	Oakland	Alameda	2.84
14	Glen Park	San Francisco	San Francisco	0.43
15	Hayward	Hayward	Alameda	6.21
16	Lafayette	Lafayette	Contra Costa	11.07
17	Lake Merritt	Oakland	Alameda	0.35
18	MacArthur	Oakland	Alameda	0.24
19	North Concord/Martinez	Concord	Contra Costa	19.38
20	Pittsburg Center	Pittsburg	Contra Costa	2.74
21	Pittsburg/Bay Point	Pittsburg	Contra Costa	24.46
22	Richmond	Richmond	Contra Costa	1.95
23	Rockridge	Oakland	Alameda	1.67
24	San Leandro	San Leandro	Alameda	6.33

Site ID	Site Name/Location	City	County	Acres
25	South Hayward	Hayward	Alameda	9.02
26	South San Francisco	South San Francisco	San Mateo	3.88
27	Union City	Union City	Alameda	10.57
28	Warm Springs/South Fremont	Fremont	Alameda	30.96
29	West Oakland	Oakland	Alameda	0.34

Vacant Non-TOD Site Inventory

Site ID	Site Name/Location	City	County	Acres
1	Hilcrest Rd	Walnut Creek	Contra Costa	1.46
2	Industrial Pkwy - South	Hayward	Alameda	0.54
3	Laughlin Rd/Altamont Pass Rd	Livermore	Alameda	129
4	Marabu Way	Fremont	Alameda	1.61
5	Northfront Rd/Herman Ave	Livermore	Alameda	38.43
6	Passo Padre Pkwy	Fremont	Alameda	1.09
7	Serramonte/El Camino	Colma	San Mateo	1.26
8	Via Media	Lafayette	Contra Costa	1.78

Caltrain

Real Property Site Inventory

Site ID	Site Name/Location	City	County	Acres	Current Use Category	Opportunity Classification
1	23rd and Pennsylvania	San Francisco	San Francisco	0.82	Surface Parking or Vacant	Not Suitable for Joint Development
2	25th and Pennsylvania	San Francisco	San Francisco	0.5	Surface Parking or Vacant	Not Suitable for Joint Development
3	Williams Ave & Diana St	San Francisco	San Francisco	1.41	Surface Parking or Vacant	Under Review or Needs More Study
4	Palou Ave & Phelps St	San Francisco	San Francisco	0.69	Surface Parking or Vacant	Not Suitable for Joint Development
5	Center St & Oak St	Millbrae	San Mateo	2.34	Surface Parking or Vacant	Not Suitable for Joint Development
6	Mateo Ave & Hemlock Ave	Millbrae	San Mateo	3	Surface Parking or Vacant	Not Suitable for Joint Development
7	Dufferin Ave & California Dr	Burlingame	San Mateo	4.67	Surface Parking or Vacant	Under Review or Needs More Study
8	Majilla Ave & California Dr	Burlingame	San Mateo	0.74	Surface Parking or Vacant	Under Review or Needs More Study
9	Whipple Ave & El Camino	Redwood City	San Mateo	0.03	Surface Parking or Vacant	Not Suitable for Joint Development
10	Whipple Ave & El Camino	Redwood City	San Mateo	0.4	Surface Parking or Vacant	Not Suitable for Joint Development
11	Communications Hill Blvd	San Jose	Santa Clara	4.94	Surface Parking or Vacant	Not Suitable for Joint Development
12	Communications Hill Blvd	San Jose	Santa Clara	6.73	Surface Parking or Vacant	Not Suitable for Joint Development
13	4th and King Station ("San Francisco Railyards")	San Francisco	San Francisco	20	Operational Facility	Potential Opportunity (with an Existing Use)
14	SSF Station	South San Francisco	San Mateo	2.11	Surface Parking or Vacant	Not Suitable for Joint Development
15	Irwin Place & California Drive	Millbrae	San Mateo	1.45	Surface Parking or Vacant	Not Suitable for Joint Development
16	Burlingame Station	Burlingame	San Mateo	0.47	Operational Facility	Not Suitable for Joint Development
17	San Mateo Station	San Mateo	San Mateo	1.64	Surface Parking or Vacant	Under Review or Needs More Study
18	2nd Ave at railroad tracks	San Mateo	San Mateo	0.44	Surface Parking or Vacant	Under Review or Needs More Study
19	Hayward Park Station	San Mateo	San Mateo	3.26	Surface Parking or Vacant	Potential Opportunity (Vacant/ Underutilized)
20	Hillsdale Station	San Mateo	San Mateo	0.97	Surface Parking or Vacant	Under Review or Needs More Study
21	Hillsdale Station	San Mateo	San Mateo	1.24	Surface Parking or Vacant	Not Suitable for Joint Development
22	Belmont Station	Belmont	San Mateo	3.66	Surface Parking or Vacant	Under Review or Needs More Study
23	Belmont Station	Belmont	San Mateo	1.56	Surface Parking or Vacant	Under Review or Needs More Study

Site ID	Site Name/Location	City	County	Acres	Current Use Category	Opportunity Classification
24	Next to San Carlos Station	San Carlos	San Mateo	3.14	Surface Parking or Vacant	Not Suitable for Joint Development
27	Redwood City Station	Redwood City	San Mateo	1.78	Surface Parking or Vacant	Not Suitable for Joint Development
28	Redwood City Station	Redwood City	San Mateo	2.55	Surface Parking or Vacant	Potential Opportunity (Vacant/ Underutilized)
29	Menlo Park Station	Menlo Park	San Mateo	2.09	Surface Parking or Vacant	Under Review or Needs More Study
30	Palo Alto Station	Palo Alto	Santa Clara	3.19	Surface Parking or Vacant	Under Review or Needs More Study
31	Palo Alto Station	Palo Alto	Santa Clara	1.67	Surface Parking or Vacant	Under Review or Needs More Study
32	California Ave Station	Palo Alto	Santa Clara	2.16	Surface Parking or Vacant	Under Review or Needs More Study
33	Mountain View Station	Mountain View	Santa Clara	4.77	Surface Parking or Vacant	Potential Opportunity (Vacant/ Underutilized)
34	Sunnyvale Station, North of PS	Sunnyvale	Santa Clara	1.01	Surface Parking or Vacant	Under Review or Needs More Study
35	Santa Clara Station	Santa Clara	Santa Clara	1.96	Surface Parking or Vacant	Not Suitable for Joint Development
36	San Jose Diridon Station	San Jose	Santa Clara	4.12	Operational Facility	Not Suitable for Joint Development
37	San Jose Diridon Station	San Jose	Santa Clara	5.24	Operational Facility	Not Suitable for Joint Development
38	San Jose Diridon Station	San Jose	Santa Clara	3.09	Surface Parking or Vacant	Potential Opportunity (Vacant/ Underutilized)
39	22nd Street Station	San Francisco	San Francisco	1.29	Surface Parking or Vacant	Not Suitable for Joint Development
40	22nd Street Station	San Francisco	San Francisco	0.61	Surface Parking or Vacant	Not Suitable for Joint Development
41	25th & Pennsylvania	San Francisco	San Francisco	1.14	Surface Parking or Vacant	Not Suitable for Joint Development
42	Cesar Chavez & 280	San Francisco	San Francisco	0.66	Surface Parking or Vacant	Not Suitable for Joint Development
43	Marin St & 280	San Francisco	San Francisco	0.55	Surface Parking or Vacant	Not Suitable for Joint Development
44	Evans Ave & 280	San Francisco	San Francisco	0.59	Surface Parking or Vacant	Not Suitable for Joint Development
45	Oakdale Ave & Dunshee St.	San Francisco	San Francisco	0.79	Surface Parking or Vacant	Not Suitable for Joint Development
46	Paul Ave & Gould St.	San Francisco	San Francisco	0.71	Surface Parking or Vacant	Not Suitable for Joint Development
47	Paul Ave & Gould St.	San Francisco	San Francisco	0.77	Surface Parking or Vacant	Not Suitable for Joint Development
48	Bayshore Station	San Francisco	San Francisco	0.67	Surface Parking or Vacant	Not Suitable for Joint Development
49	Bayshore Station	San Francisco	San Francisco	0.35	Surface Parking or Vacant	Not Suitable for Joint Development
50	Sierra Point Pkwy & 101	Brisbane	San Mateo	0.72	Surface Parking or Vacant	Not Suitable for Joint Development
51	Sierra Point Pkwy & 101	Brisbane	San Mateo	0.35	Surface Parking or Vacant	Not Suitable for Joint Development
52	First Ave south of Angus Ave	San Bruno	San Mateo	1.11	Surface Parking or Vacant	Not Suitable for Joint Development

Site ID	Site Name/Location	City	County	Acres	Current Use Category	Opportunity Classification
53	Near Ingold Rd & Rollins Rd	Burlingame	San Mateo	2.05	Surface Parking or Vacant	Not Suitable for Joint Development
54	Douglas Ave & California Dr	Burlingame	San Mateo	1.45	Surface Parking or Vacant	Not Suitable for Joint Development
56	Alma St & railroad tracks	Palo Alto	Santa Clara	0.63	Surface Parking or Vacant	Not Suitable for Joint Development
57	Lawrence Station	Sunnyvale	Santa Clara	1.89	Operational Facility	Not Suitable for Joint Development
58	Bowers Ave at railroad tracks	Santa Clara	Santa Clara	2.34	Surface Parking or Vacant	Not Suitable for Joint Development
59	Bowers Ave at railroad tracks	Santa Clara	Santa Clara	1.82	Surface Parking or Vacant	Not Suitable for Joint Development
60	San Tomas Aquino Creek at railroad tracks	Santa Clara	Santa Clara	1.03	Surface Parking or Vacant	Not Suitable for Joint Development
61	Lafayette St at railroad tracks	Santa Clara	Santa Clara	3.47	Surface Parking or Vacant	Not Suitable for Joint Development
62	West Taylor St & Stockton Ave	San Jose	Santa Clara	0.6	Operational Facility	Not Suitable for Joint Development
63	West Taylor St & Stockton Ave	San Jose	Santa Clara	5.78	Operational Facility	Not Suitable for Joint Development
64	Lenzen Ave & Stockton Ave	San Jose	Santa Clara	0.54	Operational Facility	Not Suitable for Joint Development
65	W San Carlos St at railroad tracks	San Jose	Santa Clara	0.41	Surface Parking or Vacant	Not Suitable for Joint Development
66	W San Carlos St at railroad tracks	San Jose	Santa Clara	1.32	Surface Parking or Vacant	Not Suitable for Joint Development
67	W Virginia St at railroad tracks	San Jose	Santa Clara	0.57	Surface Parking or Vacant	Not Suitable for Joint Development
68	McLellan Ave & Willow St	San Jose	Santa Clara	0.63	Surface Parking or Vacant	Not Suitable for Joint Development

SFMTA

Real Property Site Inventory

Site ID	Site Name/Location	City	County	Acres	Current Use Category	Opportunity Classification
1	16Th And Hoff Street Garage	San Francisco	San Francisco	0.00	Joint Development or Currently Leased	Not Suitable for Joint Development
2	18Th & Collingwood	San Francisco	San Francisco	0.19	Surface Parking or Vacant	Under Review or Needs More Study
3	18Th & Geary	San Francisco	San Francisco	0.28	Surface Parking or Vacant	Under Review or Needs More Study
4	19Th & Ocean	San Francisco	San Francisco	0.18	Surface Parking or Vacant	Under Review or Needs More Study
5	20Th & Irving	San Francisco	San Francisco	0.20	Surface Parking or Vacant	Under Review or Needs More Study
6	21St & Geary	San Francisco	San Francisco	0.17	Surface Parking or Vacant	Under Review or Needs More Study
7	24Th & Capp	San Francisco	San Francisco	0.17	Surface Parking or Vacant	Not Suitable for Joint Development
8	24Th & Noe	San Francisco	San Francisco	0.13	Surface Parking or Vacant	Under Review or Needs More Study
9	5Th & Mission Garage	San Francisco	San Francisco	2.77	Structured Parking	Potential Opportunity (with an Existing Use)
10	8Th & Clement	San Francisco	San Francisco	0.28	Surface Parking or Vacant	Under Review or Needs More Study
11	8Th & Irving	San Francisco	San Francisco	0.28	Surface Parking or Vacant	Under Review or Needs More Study
12	9Th & Clement	San Francisco	San Francisco	0.21	Surface Parking or Vacant	Under Review or Needs More Study
13	Cable Car Barn	San Francisco	San Francisco	0.91	Operational Facility	Not Suitable for Joint Development
14	California & Steiner	San Francisco	San Francisco	0.43	Surface Parking or Vacant	Under Review or Needs More Study
15	Cameron Beach Facility	San Francisco	San Francisco	2.73	Operational Facility	Potential Opportunity (with an Existing Use)
16	Castro & 18Th	San Francisco	San Francisco	0.19	Surface Parking or Vacant	Under Review or Needs More Study
17	Central Subway-4Th St/Folsom Site	San Francisco	San Francisco	0.34	Operational Facility	Under Review or Needs More Study
18	Central Subway-Chinatown Station	San Francisco	San Francisco	0.23	Operational Facility	Not Suitable for Joint Development
19	Central Subway-Market-Union Square	San Francisco	San Francisco	0.00	Operational Facility	Not Suitable for Joint Development
20	Claremont & Ulloa	San Francisco	San Francisco	0.30	Surface Parking or Vacant	Under Review or Needs More Study
21	Ellis-O'Farrell Garage	San Francisco	San Francisco	0.77	Structured Parking	Potential Opportunity (with an Existing Use)
22	Felton & San Bruno	San Francisco	San Francisco	0.12	Surface Parking or Vacant	Not Suitable for Joint Development
23	Forest Hill Subway Station	San Francisco	San Francisco	1.15	Operational Facility	Potential Opportunity (with an Existing Use)
24	Golden Gateway	San Francisco	San Francisco	0.00	Structured Parking	Not Suitable for Joint Development

Site ID	Site Name/Location	City	County	Acres	Current Use Category	Opportunity Classification
25	Green Division Rail Yard	San Francisco	San Francisco	6.66	Operational Facility	Not Suitable for Joint Development
26	H. Weilton Flynn Div.	San Francisco	San Francisco	6.16	Operational Facility	Under Review or Needs More Study
27	Hotel Vitale	San Francisco	San Francisco	0.93	Joint Development or Currently Leased	Not Suitable for Joint Development
28	Islais Creek	San Francisco	San Francisco	5.74	Operational Facility	Not Suitable for Joint Development
29	Japan Center Garage+Annex	San Francisco	San Francisco	0.00	Structured Parking	Not Suitable for Joint Development
30	John M. Woods Division	San Francisco	San Francisco	8.31	Operational Facility	Under Review or Needs More Study
31	Junipero Serra & Ocean	San Francisco	San Francisco	0.19	Surface Parking or Vacant	Under Review or Needs More Study
32	Kirkland Division	San Francisco	San Francisco	2.60	Operational Facility	Under Review or Needs More Study
33	La Playa/Cabrillo Terminal Loop	San Francisco	San Francisco	0.44	Operational Facility	Under Review or Needs More Study
34	Mission-Bartlett	San Francisco	San Francisco	0.00	Joint Development or Currently Leased	Not Suitable for Joint Development
35	Mission & Norton	San Francisco	San Francisco	0.06	Surface Parking or Vacant	Not Suitable for Joint Development
36	Mm Warehouse + Overhead Lines	San Francisco	San Francisco	2.54	Other	Not Suitable for Joint Development
37	Moscone Center Garage	San Francisco	San Francisco	0.93	Structured Parking	Potential Opportunity (with an Existing Use)
38	Muni Metro East	San Francisco	San Francisco	17.93	Operational Facility	Not Suitable for Joint Development
39	North Beach Garage	San Francisco	San Francisco	0.44	Structured Parking	Not Suitable for Joint Development
40	Paint & Sign Shop/Office	San Francisco	San Francisco	1.03	Operational Facility	Potential Opportunity (with an Existing Use)
41	Performing Arts Garage	San Francisco	San Francisco	1.10	Structured Parking	Potential Opportunity (with an Existing Use)
42	Pierce Street Garage	San Francisco	San Francisco	0.31	Structured Parking	Under Review or Needs More Study
43	Polk Bush Garage	San Francisco	San Francisco	0.24	Structured Parking	Under Review or Needs More Study
44	Potrero Division	San Francisco	San Francisco	4.41	Operational Facility	Potential Opportunity (with an Existing Use)
45	Presidio Division	San Francisco	San Francisco	5.41	Operational Facility	Potential Opportunity (with an Existing Use)
46	Sf General Hospital Garage	San Francisco	San Francisco	1.84	Structured Parking	Potential Opportunity (with an Existing Use)
47	St. Mary's Square Garage	San Francisco	San Francisco	1.41	Structured Parking	Not Suitable for Joint Development
48	Sutter-Stockton Garage	San Francisco	San Francisco	1.60	Structured Parking	Potential Opportunity (with an Existing Use)
49	Vallejo Street Garage	San Francisco	San Francisco	0.32	Structured Parking	Not Suitable for Joint Development
50	Ways & Structures Office	San Francisco	San Francisco	2.03	Operational Facility	Potential Opportunity (with an Existing Use)

Site ID	Site Name/Location	City	County	Acres	Current Use Category	Opportunity Classification
51	Enforcement, Operations, and Vehicle Center	San Francisco	San Francisco	1.06	Operational Facility	Potential Opportunity (with an Existing Use)
52	West Portal/14Th Ave	San Francisco	San Francisco	0.14	Surface Parking or Vacant	Under Review or Needs More Study