

# Balancing the Transportation Needs of a Growing City



FY 2019 and FY 2020 Operating Budget  
SFMTA Board Meeting

Ed Reiskin, Director of Transportation  
February 20, 2018



**SFMTA**  
Municipal  
Transportation  
Agency

# Moving San Francisco: At a Glance



**\$1.1 Billion**

Annual Operating Budget

**\$3.6 Billion**

5-Year Capital Improvement Program

720,000 Muni rides  
daily

200 million Muni  
rides each year

3.1 million hours of  
transit service  
annually

447 lane miles of  
bicycle paths, lanes  
and routes

441,950 publicly  
available parking  
spaces

1,575 taxi  
medallions

1,212 signalized  
intersections

281,700 street signs

~6,000 employees



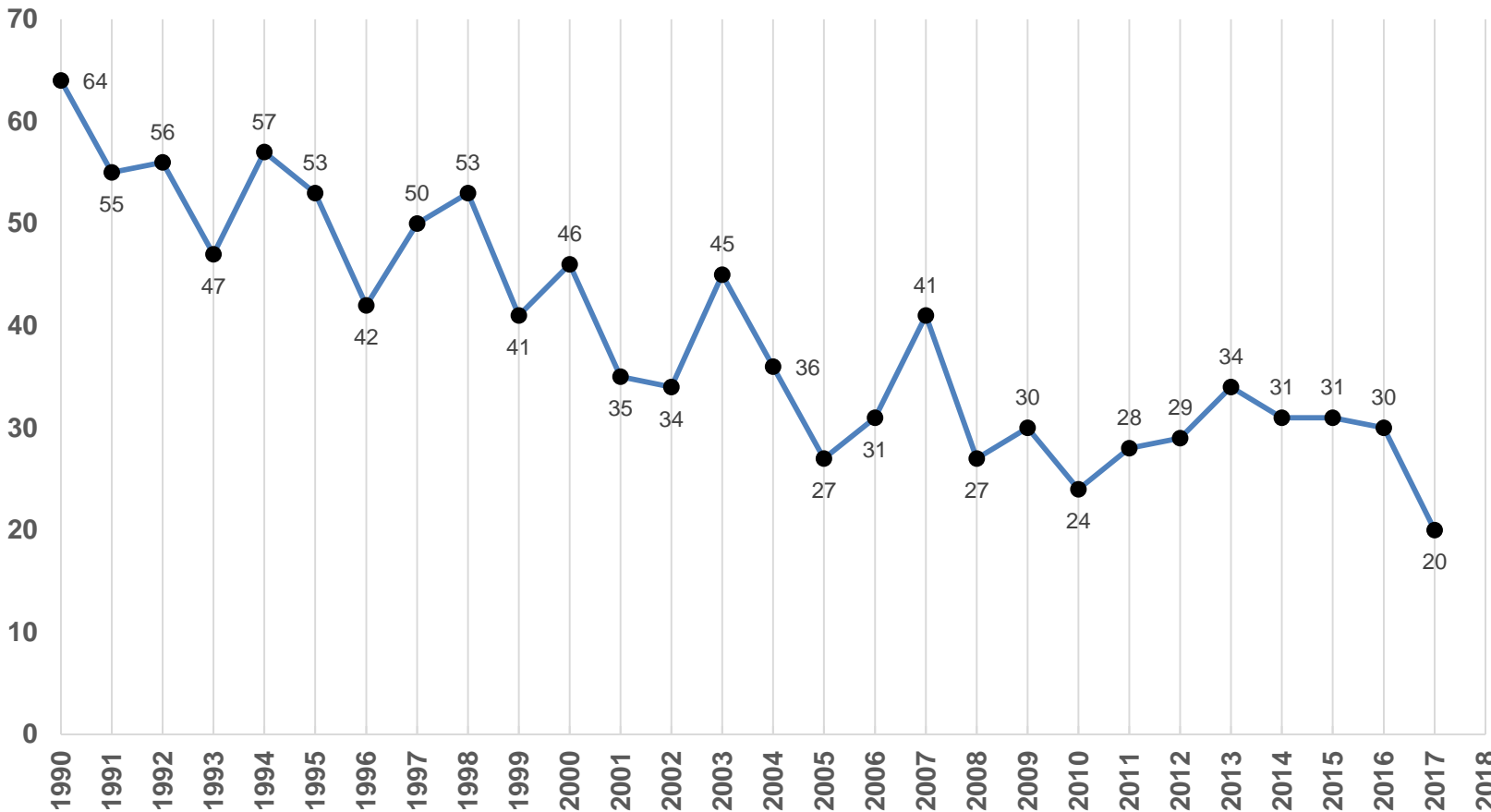
## ***Vision: San Francisco: great city, excellent transportation choices***

- Goal 1** *Create a safer transportation experience for everyone*
- Goal 2** *Make transit, walking, bicycling, taxi, ridesharing and car sharing the most attractive and preferred means of travel*
- Goal 3** *Improve the quality of life and environment in San Francisco and for the region*
- Goal 4** *Create a workplace that delivers outstanding service*





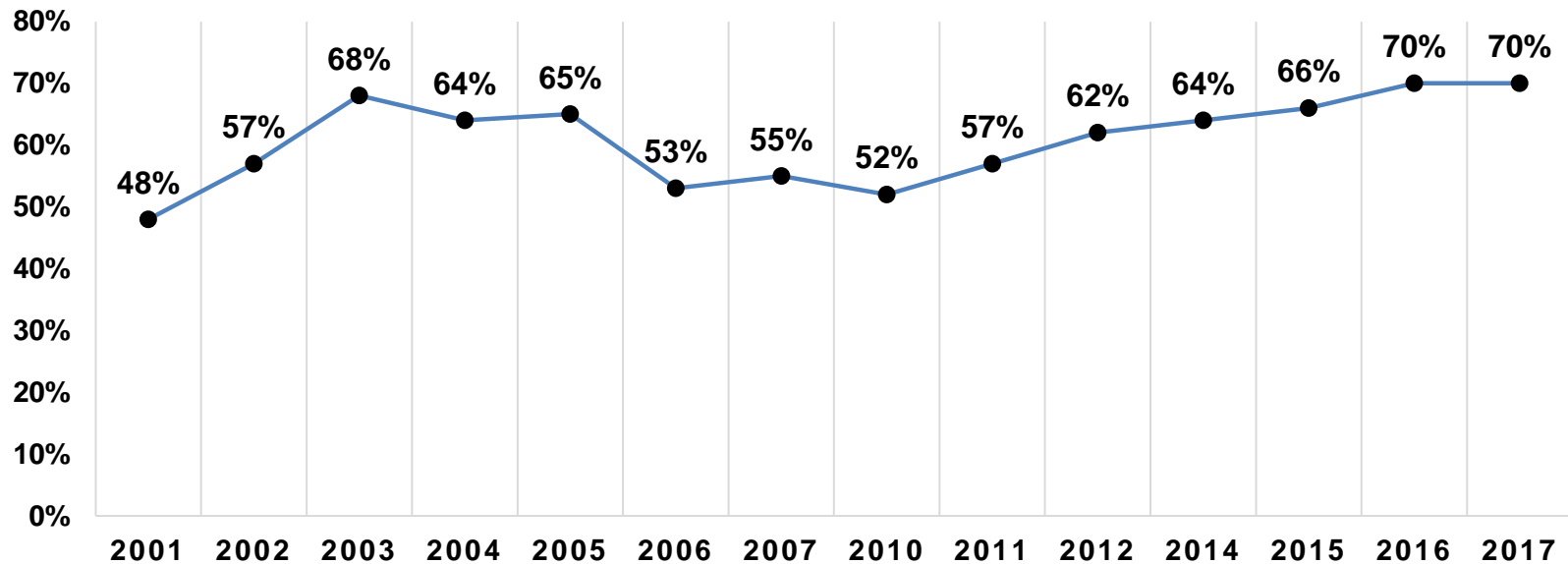
## 2017: Fewest Traffic Fatalities in Recorded History



**TRAFFIC FATALITIES ON SAN FRANCISCO STREETS**  
1990-2017



## Overall Rating of Muni Service Excellent and Good Ratings Combined



- **10% service increase**
- **Newest fleet in the nation with 138 new buses added in 2017**

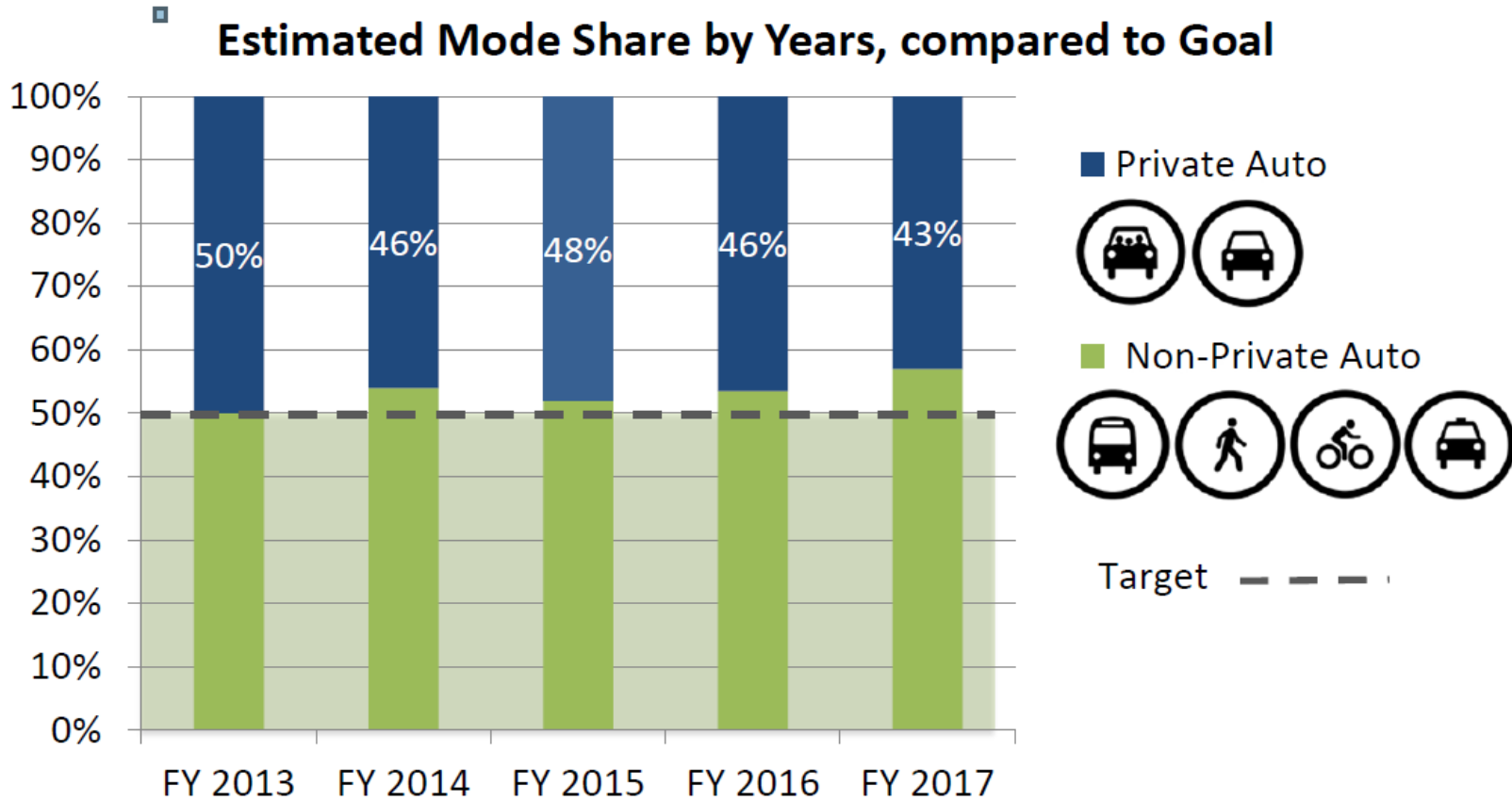
### Coming Soon:

- **Train fleet being expanded to 215 LRVs**
- **250+ new buses over the next two years**

# Achieved: Strategic Plan Mode Shift Goal



## Private Auto Trips: 43 Percent of Total Daily Trips

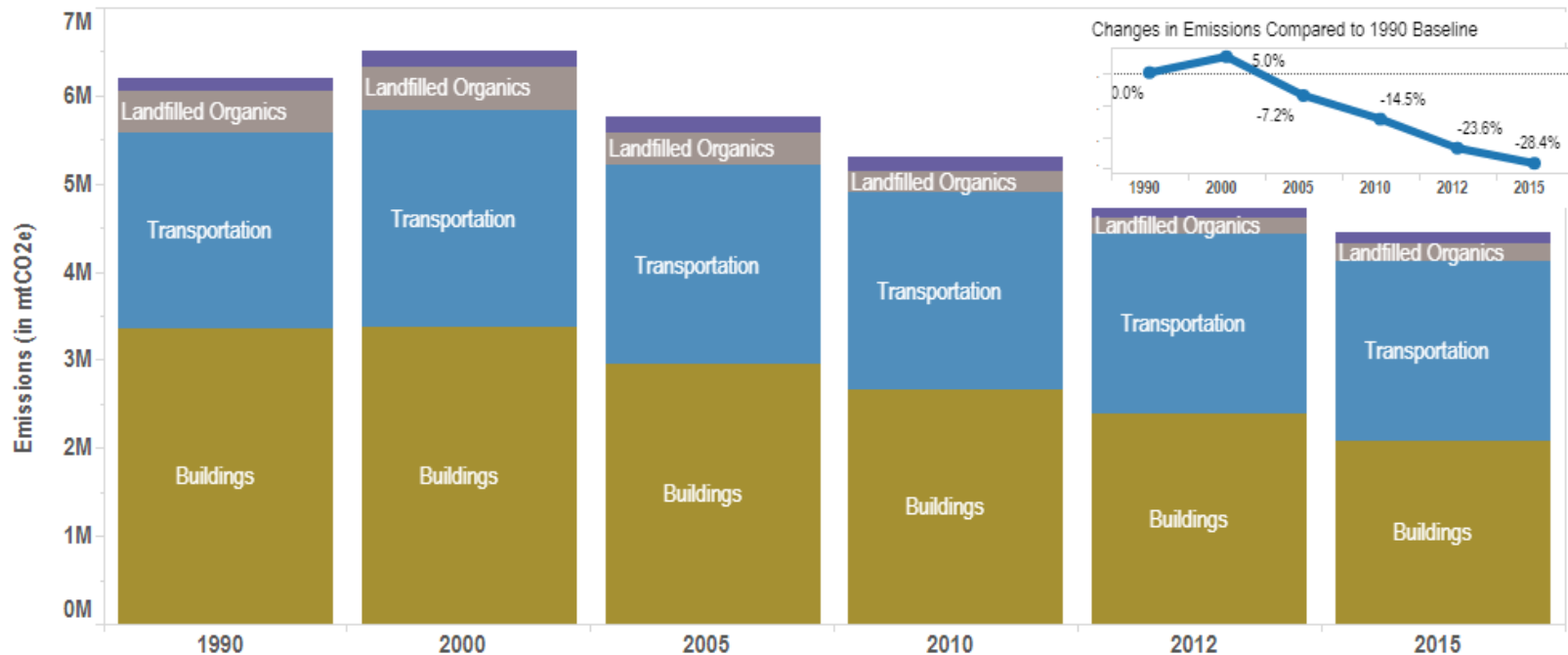
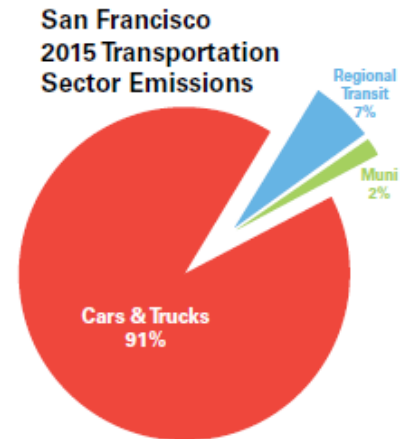


\*Note: Variation from 50% goal is within the 3.5% margin for error



# Creating Impact: Climate Goals

- **Transportation sector is responsible for nearly half of all GHG emissions in San Francisco**
- **Muni accounts for 26% of daily trips, but <2% of transportation sector emissions**

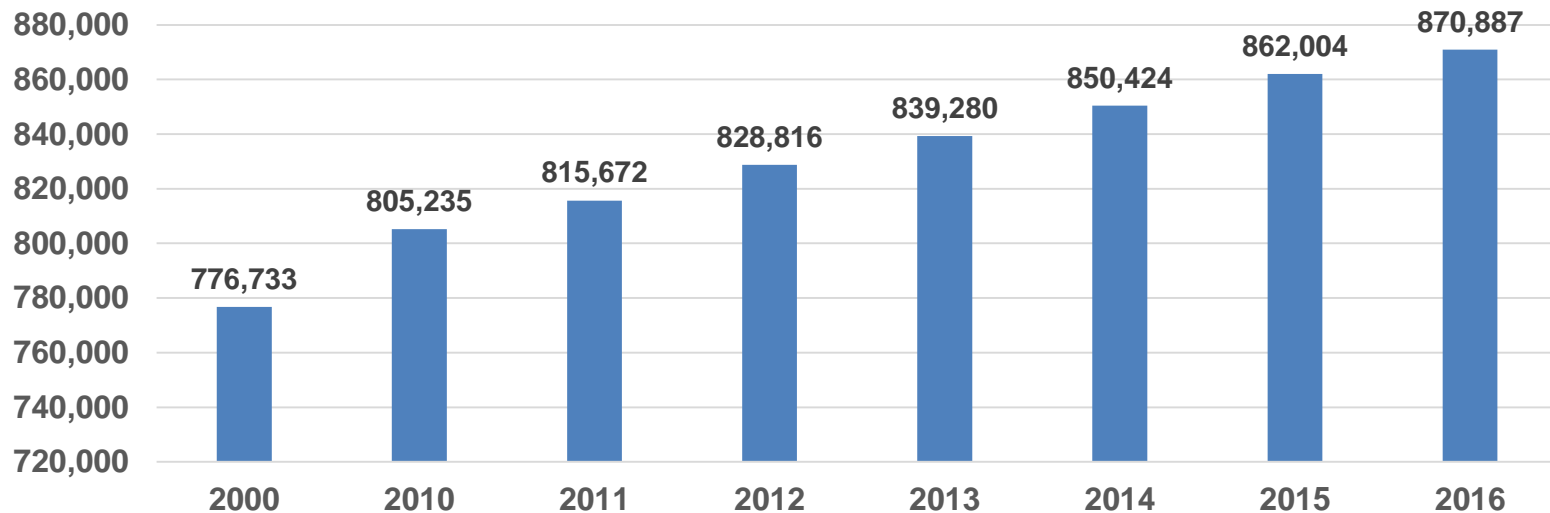


# Economic Picture: The City and County of San Francisco





# Population: Continued Growth



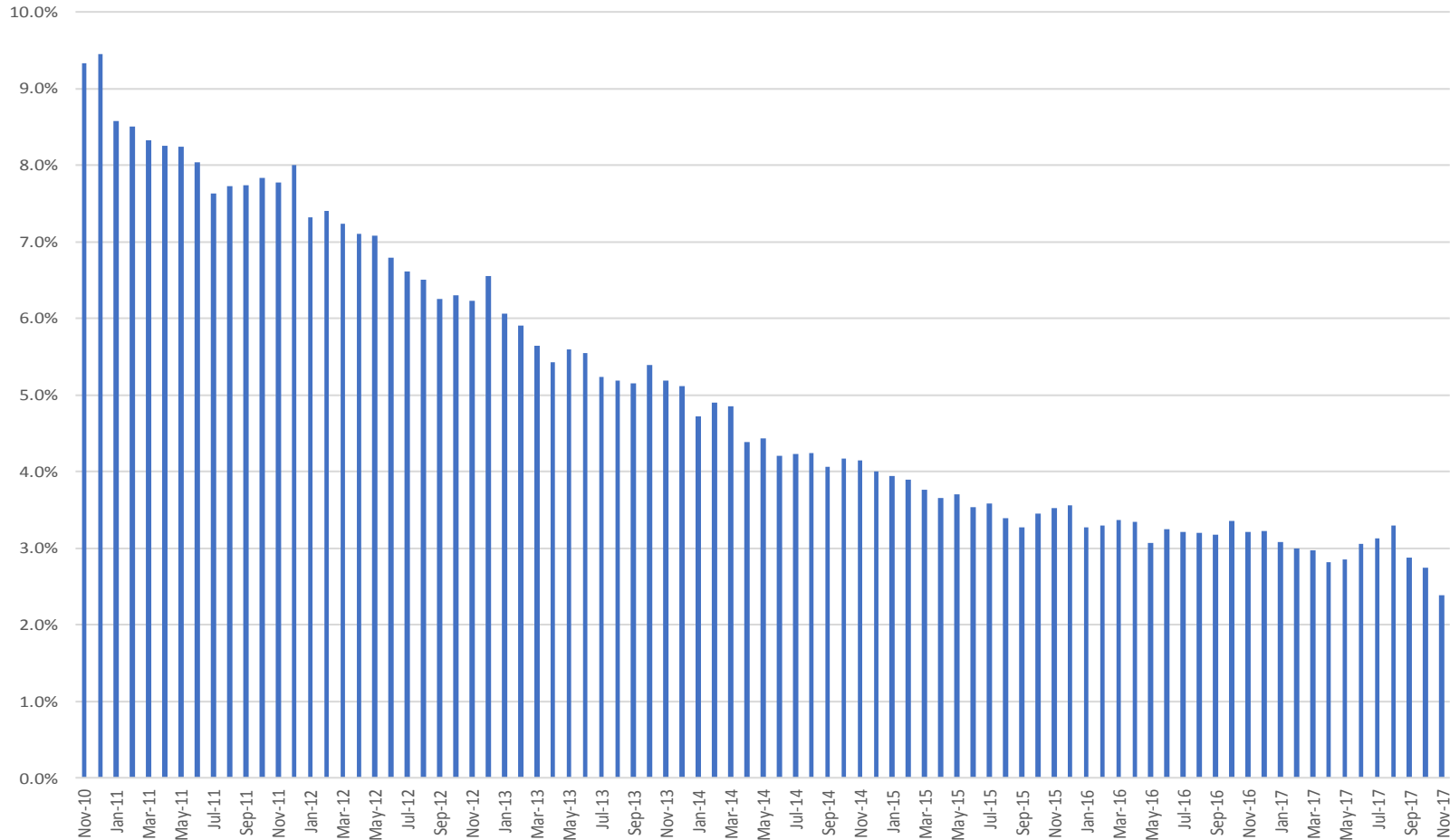
- San Francisco population expected to reach 969,000 by 2035 (20% increase over current conditions) and 1.1 million by 2040
- San Francisco is one of 20 fastest-growing cities in the United States
- 80% of growth expected to occur in 20% of the city
- SF is second only to NYC in density

# Unemployment Rate: Low



## San Francisco Unemployment Rate Continues to Fall Down to 2.4% (Seasonally-Adjusted)

San Francisco Unemployment Rate, Seasonally-Adjusted, November 2010-November 2017

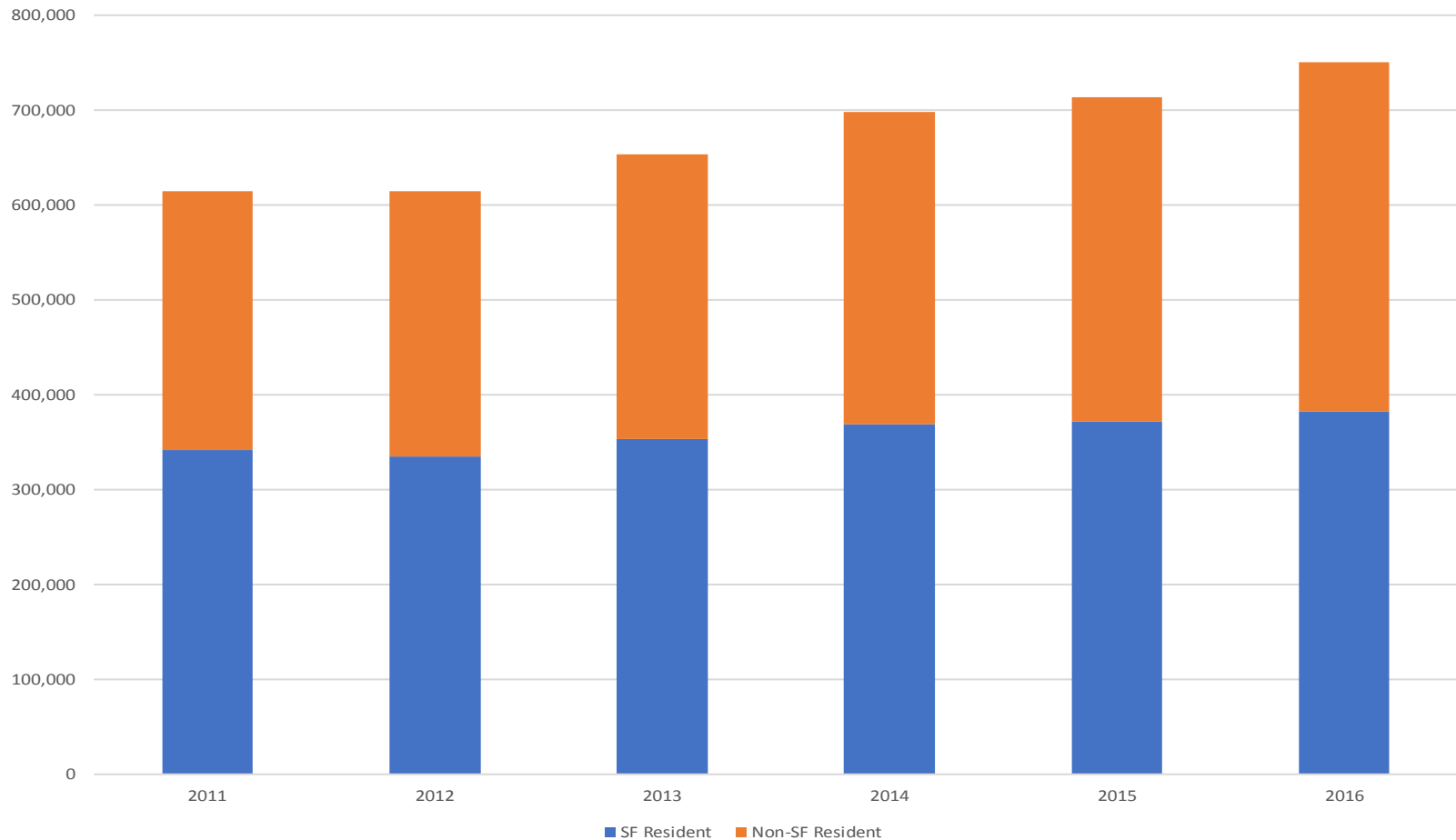


# Low Unemployment: More Commuters



## Low Unemployment Means More People Commuting Into the City 49% of All SF Jobs Held by In-Commuters in 2016

San Francisco Employment by Place of Residence, 2011-2016

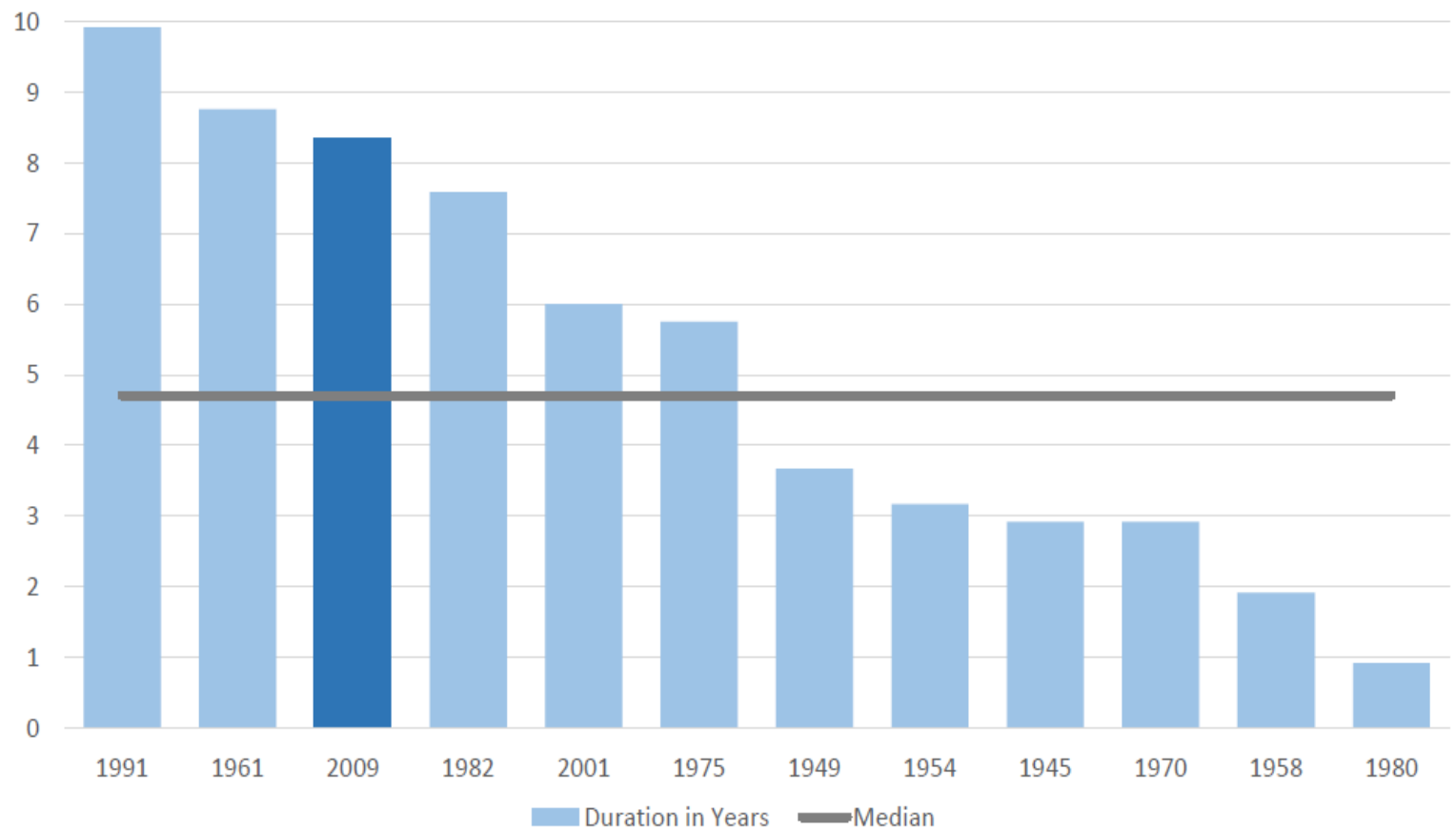


# Expansion Continues: But for How Long?



## Our current expansion is the 3rd longest since 1945

Length of economic expansion in years by start year, sorted longest to shortest



# SFMTA Revenues and Expenditures: FY 2019-2020





## Revenues



- Continued city growth driving General Fund
- SFMTA revenues flat
- Developer fees lower than expected

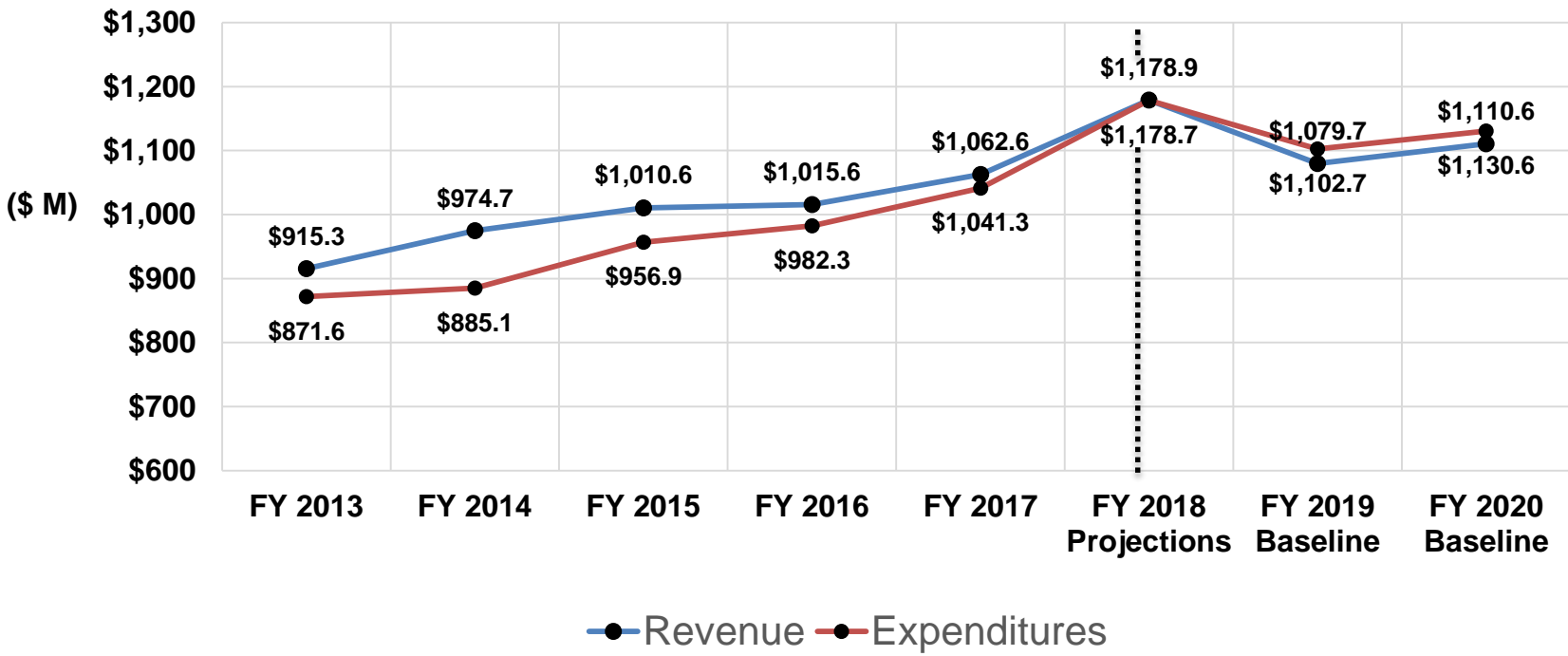
## Expenditures



- Expenditures are outpacing revenues
- Increasing labor costs
- New contracts
- New development and overall city growth



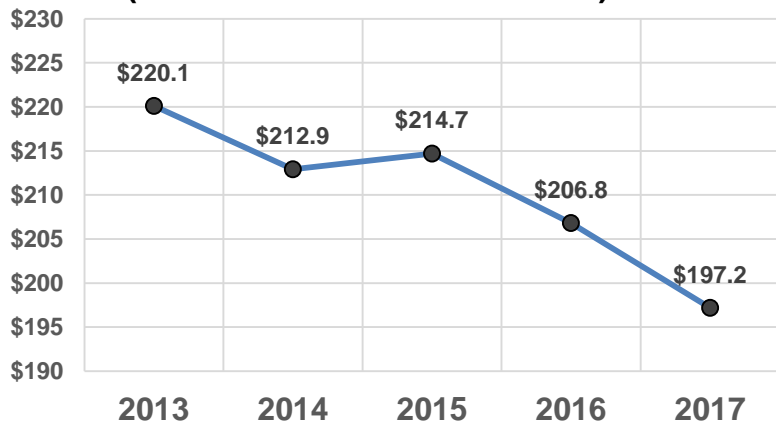
## Expenditure Growth Outpacing Revenues



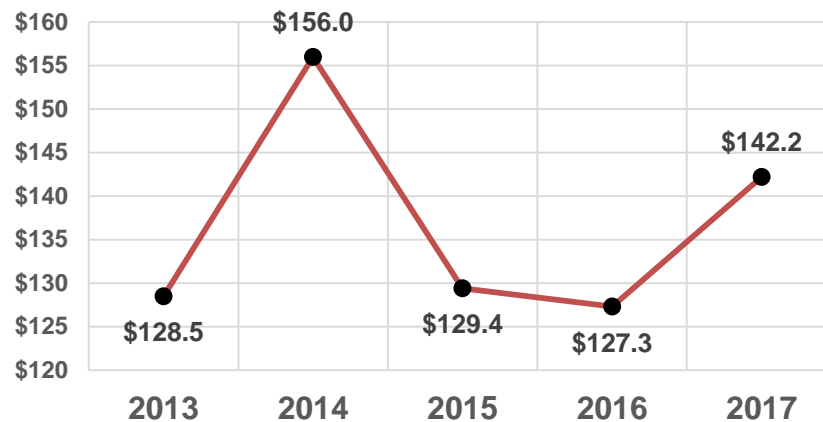


## SFMTA Fee and Fare Revenues (\$ M)

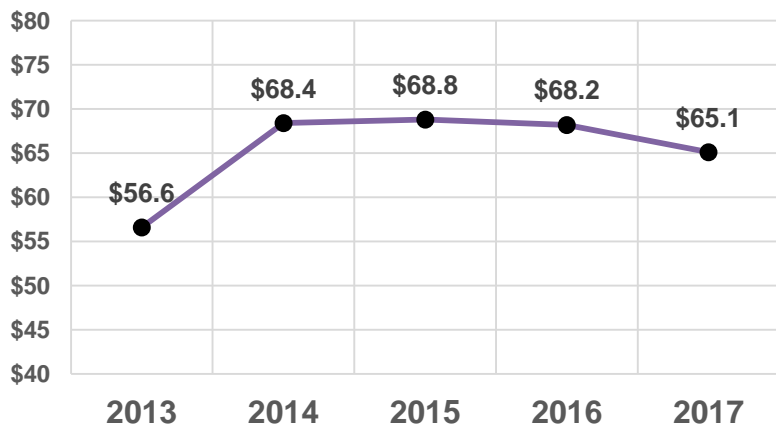
### Passenger Fares (Fixed Route and Paratransit)



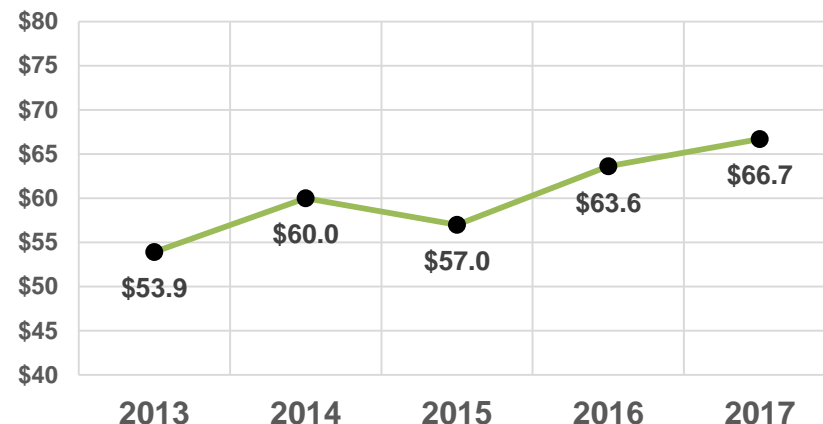
### Fines, Fees, Permits and Taxis



### Parking Garages



### Parking Meters





# Baseline Budget: FY 2019-2020



## Operating Budgets Indicate a Structural Operating Deficit (\$ M)

OPERATING	FY 2019	FY 2020
Revenues	\$ 1079.7	\$ 1,110.6
Expenditures	\$ 1,102.7	\$ 1,130.6
Revenues Less Expenditures	\$ (23.0)	\$ (20.0)





## Revenue

- **Automatic indexing for eligible fares, fees, and fines**
- **Population General Fund baseline** (for Capital use only)
- **Development fees** (for Capital use only)
- **Low Carbon Transit Operations Program** (State Cap & Trade funds)
- **SB1 formula funds**
- **Fare and parking revenues from Mission Bay Arena**
- **Continuation of free fares for low income youth, seniors and disabled**
- **Continuation of tow fee reduction for low income**
- **Various fee waivers and reduced fees for the taxi program**

## Expenditures

- **FY 2019: Approved labor contracts for salaries and benefits (3.0%)**
- **FY 2020: Projected 3.4% (per Controllers Office estimate) increase in salaries and benefits**

# Adjusted Baselines: FY 2019-2020 (\$ M)



OPERATING (ONGOING)	FY 2017 Actual	FY 2018 Amended *	FY 2018 Projection **	FY 2019 Adjusted Baseline	FY 2020 Adjusted Baseline
Revenues	\$ 1,393.1	\$ 1,110.6	\$ 1,178.9	\$ 1,103.2	\$ 1,145.4
Expenditures	\$ 1,371.5	\$ 1,085.1	\$ 1,178.7	\$ 1,121.0	\$ 1,158.50
Revenues Less Expenditures	\$ 21.6	\$ 25.5	\$ 0.2	\$ (17.8)	\$ (13.1)

The adjusted baseline reflects new information related to revenues and expenditures, such as:

- Changes to the General Fund baseline (amount of funding we receive from the City's General Fund)
- New or unexpected revenues, such as those gained as a result of the dissolution of the non-profit managing the Sutter Stockton Garage
- Revenues that exceed previous assumptions (advertising, interest, etc.)
- Across the board increases or decreases to various expenditures (such as salaries and benefits, contracts, new work orders and debt service)

# Transit Needs Not Included in Baseline



- **Integrate Muni Service Equity Strategy into all service programs**
- **Realign service in accordance with current and expected future demand**
  - **Open the Central Subway**
  - **Introduce expanded rail service, including 68 new LRVs, to address reliability and crowding**
  - **Open Islais Creek for bus service**
- **Continue investment in vehicle maintenance and begins transition to predictive vehicle maintenance**
- **Train and educate the workforce of the future**
- **TOTAL:                   \$47-59M (FY 2019)**  
**\$63-71M (FY 2020)**





## Making Muni Accessible to All

- **Improving transit performance in neighborhoods with a high percentage of households with low incomes and people of color**
- **New or upgraded service in eight “Equity Neighborhoods”**
  - Chinatown
  - Western Addition
  - Tenderloin/SOMA
  - Mission
  - Bayview
  - Visitacion Valley
  - Outer Mission/Excelsior
  - Oceanview Ingleside

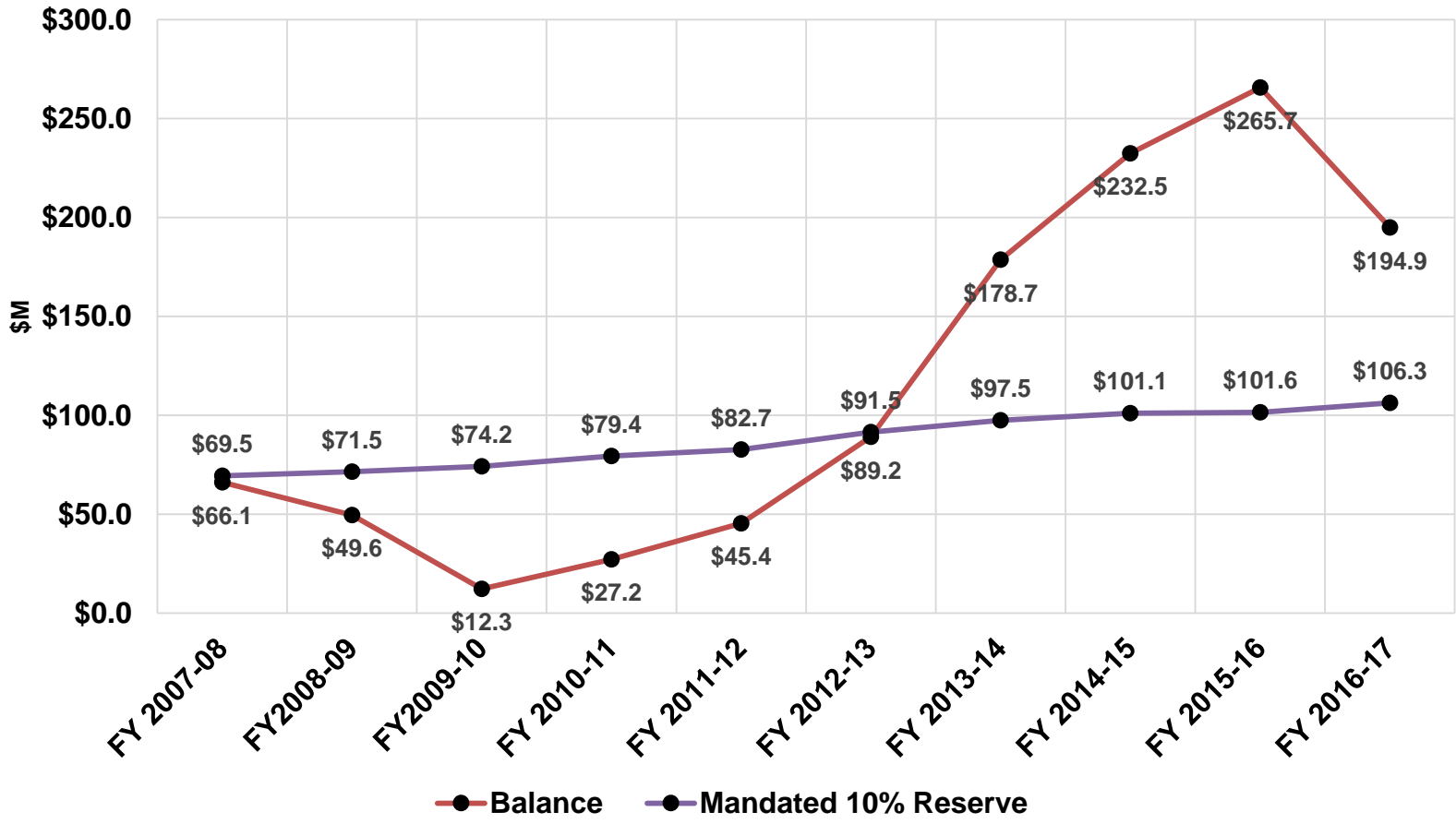


# Fund Balance



## Growth in Fund Balance (\$M) Over Past 10 Years Offset by Board Approved Transfer for FY 2018

### Balance Still Well Above 2007 Board-Approved Reserve Policy (10%)





## Revenue

- **Use of fund balance**
- **Any new or increased revenue as of today**

## Expenditure

- **Divisional recommendations for reductions (2.5%)**
- **Contract increases:** Paratransit, garage and parking operations, security, and credit card processing fees
- **Debt service:** Decrease from debt service payment schedule
- **Rent:** Cost increase in rental payment
- **Power usage:** Cost increase from anticipated power/utility rate increase
- **Workers compensation:** Increase in workers compensation medical reimbursement
- **Taxi program new initiatives:** Paratransit plus expansion; ramp taxi subsidy
- **Caltrain operations increases**
- **Increases to City work orders**



## Decisive Actions Required to Achieve a Balanced Budget

### Revenues

- Use some population-based Prop B funds for operating instead of capital
- Use fund balance for one-time expenses

### Expenditures

- Strategic cuts across all divisions
- Targeted transit efficiencies to offset new operating needs:
  - Service realignments to adjust for equity and changing travel patterns
  - Improved inventory management
  - Expand utilization of part time operators
  - Reduced maintenance needs





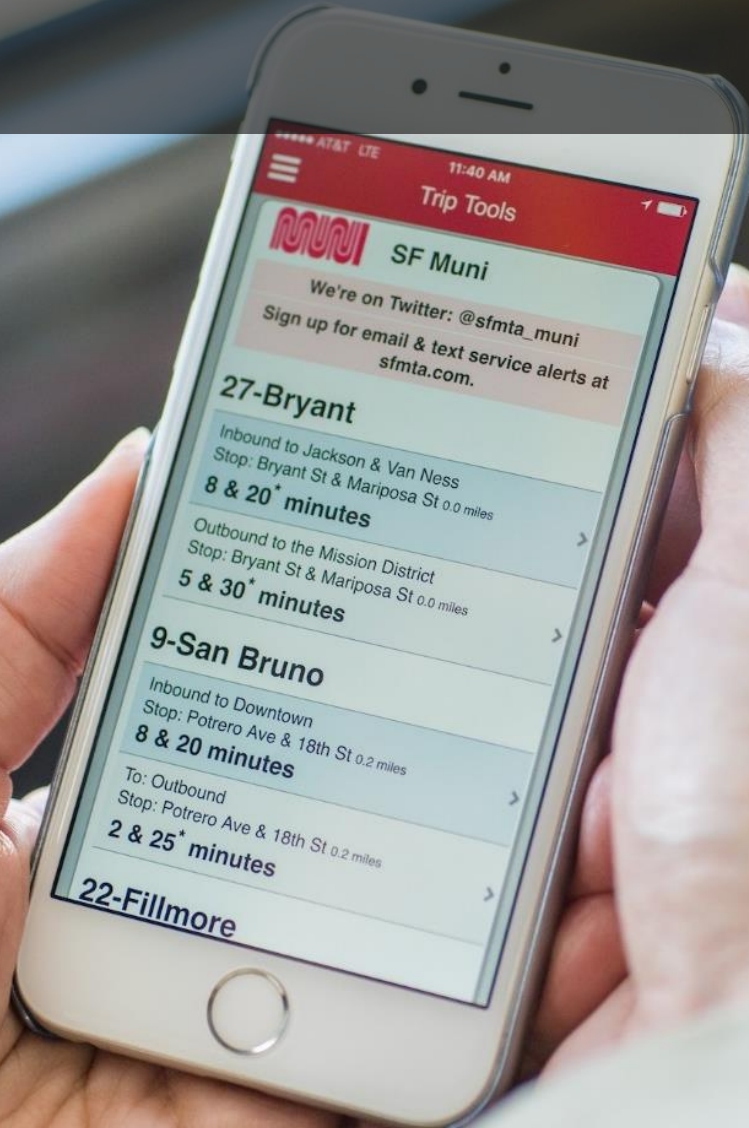
## Senate Bill 1 (SB1) Repeal

- 2017 landmark transportation funding package
- Most significant state commitment to public transit in more than 40 years
- More than \$700 million for public transit systems across California
- SFMTA will receive directly \$37M annually in new revenue for operating and capital budgets
  - \$27M per year for operating
  - \$9.5M per year for State of Good Repair capital projects
  - \$23M per year for paving (through Department of Public Works)
- SFMTA expects to secure funding from other SB1-funded State competitive grant programs
- Proposed November 2018 ballot measure would repeal SB 1

## Other Risks

- Proposed changes to the City Charter and related legislation
- Upcoming labor negotiations
- Future economic impacts on the General Fund

# Transit Fare Changes



# Fare Pricing Policy Goals



**Pricing strategies are designed to:**

- **Incentivize transit ridership**
- **Incentivize pre-payment**
- **Enhance customer convenience**
- **Promote equity (Title VI analysis required for all fare changes)**



# Recent Fare Pricing Policy Changes



- **Free Muni for Youth Pilot**
- **Free Muni expanded to Seniors, People with Disabilities**
- **Extended youth discount age through 18**
- **50% discount for passes/tokens for social service & government agencies**
- **Established a consistent 50% discount for all reduced fares and passes (non low-income)**
- **Discount for Clipper and MuniMobile single rider fares**
- **Increased premium on “A” Monthly Pass (Muni+BART within SF)**

# Single-Ride Fare Increase



SINGLE RIDE FARES	CURRENT	INDEXING		ALTERNATIVE	
		FY19	FY20	FY19	FY20
FARE DESCRIPTION					
Adult (Clipper/Mobile Ticketing)	2.50	2.50	2.75	2.50	2.50
Adult (Cash/Limited Use Ticket)	2.75	2.75	3.00	2.75	3.00
Discount (Clipper/Mobile Ticketing)	1.25	1.25	1.35	1.25	1.25
Discount (Cash/Limited Use Ticket)	1.35	1.35	1.50	1.35	1.50

- **Scheduled fare increase in FY20 based on existing indexing policy**
- **Fare differential has been effective, motivating customers towards pre-paid fares**

**OPTION 1: Increase cash fare differential to \$0.50 (\$0.25 for reduced fare) to incentivize pre-payment**

# Monthly Passes



MONTHLY PASSES	CURRENT	INDEXING		ALTERNATIVE	
		FY19	FY20	FY19	FY20
Adult "A" Monthly Pass (Includes BART w/in SF)	94.00	98.00	102.00	93.00	96.00
Adult "M" Monthly Pass (Muni Only)	75.00	78.00	81.00	78.00	81.00
Discount/Lifeline Monthly Pass (Muni Only)	38.00	39.00	41.00	39.00	41.00

- **BART "A" Pass premium established in 2007**
- **28% drop in sales since FY13**
- **Alternative shown reflects \$15 premium cap (20% option = \$94 and \$98)**

**OPTION 2A: Limit A Pass to \$15 premium (or other amount) above M Pass**  
**OPTION 2B: Limit A Pass to 20% premium (or other amount) above M Pass**



# Monthly Pass Usage

TRIPS/MONTH ("M" PASS)	% OF CUSTOMERS
< 25	30%
26	2%
27	2%
28	2%
29	2%
30	2%
31	2%
32	2%
33	2%
34	2%
35	2%
> 36	51%

- **Cost of monthly pass as equivalent to number of single rides**
  - **FY18 = 30 trips**
  - **FY19 = 31 trips**
  - **FY20 = 29 trips**
- **Majority (51%) of customers take more than 36 trips/month**
- **38% of customers take less than 30 trips/month**
- **5-year pricing varied between 30 to 33 single ride equivalent**
- **Sales do not indicate significant shifts within this range**

# Visitor Passport/Cable Car



CABLE CAR FARE	CURRENT	INDEXING		ALTERNATIVE	
		FY19	FY20	FY19	FY20
<b>VISITOR PASSPORTS (IN-PERSON SALES)</b>					
One-Day Passport	22.00	23.00	24.00	13.00	14.00
Three-Day Passport	33.00	34.00	36.00	31.00	34.00
Seven-Day Passport	43.00	45.00	47.00	41.00	44.00
<b>VISITOR PASSPORTS (CLIPPER/MUNIMOBILE)</b>					
One-Day Passport	22.00	23.00	24.00	12.00	13.00
Three-Day Passport	33.00	34.00	36.00	29.00	31.00
Seven-Day Passport	43.00	45.00	47.00	39.00	41.00

- **Alternative pricing based on estimated number of trips and applies \$0.50 single ride fare differential to in-person transactions**
- **98% of MuniMobile customers purchase four or less 3-Day Passports per transaction**
- **Under the alternative pricing model, a family of four would pay \$48 instead of \$92 for One-Day Passports (48% discount)**

**OPTION 3: Reduce pricing for Visitor Passports to incentivize use**



# Introduce Low-Income Single Ride Fare



- Meets the needs of low-income riders
- Complements existing monthly-pass program
- Creates more options for regular customers
- Provides more flexibility
- Incentivizes additional Muni trips
- Only available on Clipper card
- Requires MTC approval as part of a regional program



**OPTION 4: Adopt new, Low- Income Single-Ride Fare product**

# Introduce New Adult All Day Pass



Agency	Single Ride	Multiplier	All Day Pass
Tri-Met (Portland)	2.50	2.00	5.00
RTD (Denver)	2.60	2.00	5.20
<b>SFMTA (Option A)</b>	<b>2.50</b>	<b>2.00</b>	<b>5.00</b>
San Diego Metro	2.25	2.22	5.00
AC Transit	2.25	2.22	5.00
SamTrans	2.25	2.44	5.50
<b>SFMTA (Option B)</b>	<b>2.50</b>	<b>2.50</b>	<b>6.25</b>
Santa Clara VTA	2.25	3.11	7.00
MARTA (Atlanta)	2.50	3.60	9.00
Chicago Transit Authority	2.50	4.00	10.00
LA Metro	1.75	4.00	7.00

- **Five of nine agencies surveyed offer passes at 2.5 x regular fare (or less)**
- **Adult Day Pass (without Cable Car) makes Muni more competitive to other transportation options**
- **Initially only available on MuniMobile**

**OPTION 5A: Adopt a new day pass at 2x fare price**  
**OPTION 5B: Adopt a new day pass at 2.5x**



- **Third party vendors receive a \$0.75 commission per item sold (on consignment)**
- **Requires account management, delivery, reconciliation, etc.**
- **Large groups and events regularly request pre-sale bulk purchases**
- **Single bulk sales are more cost-effective**
- **Discount would incentivize pre-sales of Cable Car tickets and Passports**

**OPTION 6: Authorize a 10% discount for bulk purchases of 100 or Cable Car tickets and Passports**



- **Revenue neutral model requires all members of a organization to participate and receive a pass**
- **Costs are spread out based on usage for the entire group, resulting in a lower overall cost per person**
- **Class Pass program model (recently expanded to 30,000 SF State students)**
- **Model is effective at incentivizing transit ridership and eliminating individual transactions**

**OPTION 7: Expand the use of institutional pass models to other groups and organizations**

# Fare Change Options



## OPTION 1

Increase cash fare differential to \$0.50 (\$0.25 for reduced fare) to incentivize pre-payment

## OPTION 2A/B

Limit A Pass to \$15 premium or 20% premium above M Pass

## OPTION 3

Implement fare differential for Visitor Passports to incentivize prepayment

## OPTION 4

Adopt new low-income single-ride fare product to meet the needs of low-income riders and complement the Monthly Pass program

## OPTION 5A/B

Implement a new Day Pass (without Cable Car) at either 2.0 or 2.5 x the regular fare) to increase flexibility for regular customers and incentivize pre-payment

## OPTION 6

Authorize a 10% discount for bulk purchases of 100 or Cable Car tickets and Passports

## OPTION 7

Expand the use of institutional pass models to other groups and organizations



## Monthly Passes

- **Q: What percentage of trips are made by monthly pass holders?**  
**A: About 50% are monthly pass holders.**

## Visitor's Passport/Cable Car

- **Q: Have we considered a group/family discount?**  
**A: By reducing the cost of the Visitor Passport by 41%, we have effectively creating a family discount, lowering the total price for a family of four from \$88 to \$52.**
- **Q: What basis do you use to set the fare?**  
**A: The fares are based on the following assumptions:**
  - 1 Day: 2 Muni rides and 1 cable car ride**
  - 2 Day: 6 Muni rides and 2 cable car rides**
  - 3 Day: 10 Muni rides and 2 cable car rides**
- **Q: Have there been discussions about wrapping the price of transit into the cost of hotel stays?**  
**A: The SFMTA does work closely with SF Travel and the Hotel Council, however we do not currently have the staff capacity to manage the necessary relationships with individual hotels.**
- **Q: Do we know how many Visitor Passes people are buying at a time on average?**  
**A: We have this data for customers who use MuniMobile to purchase their tickets. 98% of these customers purchase four or less 3-Day Passports.**



## Low-Income Single Ride Fares

- **Q: Would there be an administrative challenge in issuing a low-income single fare tickets?**  
**A: No, we would utilize the same infrastructure as we do for the Low-Income Monthly pass.**
- **Q: Can we get a fiscal sponsor to help offset some of the cost?**  
**A: While this would be great, we do not currently have the staff capacity required to build, market and manage an sponsorship program of this size and scale.**

## Adult All-Day Pass

- **Q: How many trips do people generally take a day on an Adult All-Day Pass?**  
**A: Two or less (97%), three (2%), four or more (1%)**
- **Q: Is this a money loser if people take many trips?**  
**A: While we may lose money on an individual basis, in aggregate as long as the average rider takes less than 2 or 2.5 trips (depending on the cost basis selected), this will generate additional revenue. Current data indicates that 97% of Clipper users take two or less trips per day, while 2% take three and 1% take four or more trips.**



## **SPRING 2018:**

- Require pre-paid fares for boarding at turnarounds during kiosk operating hours

## **FALL 2018 – SUMMER 2019:**

- Begin installing signage at all stops
- Implement comprehensive communications and marketing plan



## **FALL 2019**

- Require pre-paid fares for all Cable Car boardings



# FY 2019 and FY 2020 Capital Budget





## Vision Zero



## Transit First



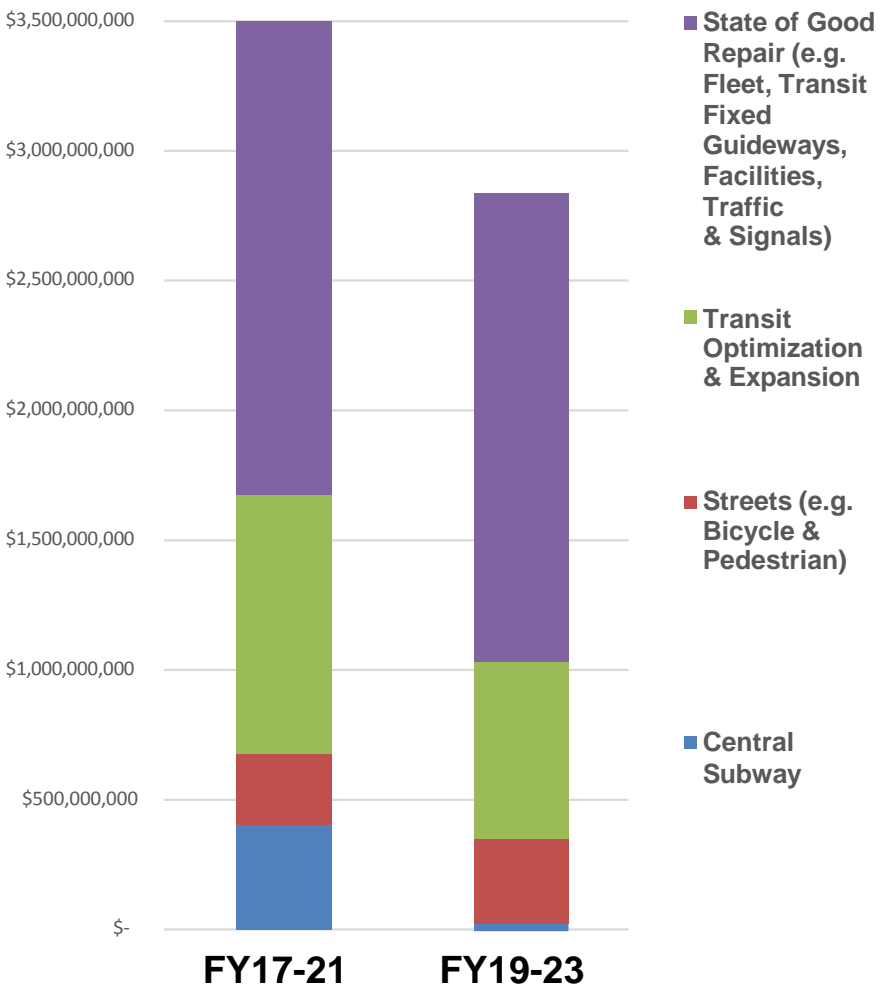
## State of Good Repair



## **The Capital Improvement Program is:**

- **A fiscally constrained, 5-year program of capital projects**
- **An implementation plan for regional, citywide, and agency-wide strategies and policy goals:**
  - **SFMTA Strategic Plan**
  - **SFMTA 20-Year Capital Plan**
  - **Vision Zero**
  - **Muni Forward**
  - **Fleet Plan**
  - **Building Progress Program**
  - **Bicycle and Pedestrian Strategies**
  - **Plan Bay Area**
  - **SF General Plan**
  - **Neighborhood & Area Plans**
  - **SFCTA Transportation Plan**

# Revenue of Current & Proposed CIP



### FY17-21 CIP

**367 Projects**  
**\$3.4 Billion Total Investment**

- \$402 M Central Subway
- \$239 M fixed guideway projects
- \$372M / yr. state of good repair
- Full replacement of rubber tire fleet
- *Muni Forward* project implementation
- *Safer Streets*
- Expanded bicycle network

### FY19-23 CIP

**# of Projects TBD**  
**\$2.8 Billion Total Investment**

- \$88 M Central Subway
- \$425 M fixed guideway investment
- \$339M/ yr. State of Good Repair
- High Injury Network
- Continued fleet procurement and rehab

# FY 2019-23 CIP Revenue Overview



## FY19-23 CIP Estimated to be \$529M less than current CIP

CIP Program	Existing FY17-21 CIP	Proposed FY19-23 CIP	Difference	% Change
Central Subway	\$ 402,521,336	\$ 87,881,251	\$ (314,640,085)	↓ -78.17%
Communications - IT	\$ 8,982,000	\$ -	\$ (8,982,000)	↓ -100.00%
Facility	\$ 223,889,184	\$ 239,456,306	\$ 15,567,122	↑ 6.95%
Fleet	\$ 1,152,498,224	\$ 976,806,797	\$ (175,691,427)	↓ -15.24%
Other	\$ 23,508,271	\$ 36,000,157	\$ 12,491,886	↑ 53.14%
Parking	\$ 19,089,900	\$ 860,619	\$ (18,229,281)	↓ -95.49%
Security	\$ 27,409,134	\$ -	\$ (27,409,134)	↓ -100.00%
Signals	\$ 103,866,528	\$ 55,595,158	\$ (48,271,370)	↓ -46.47%
Streets	\$ 268,465,116	\$ 308,925,881	\$ 40,460,764	↑ 15.07%
Taxi	\$ 1,900,000	\$ 1,000,000	\$ (900,000)	↓ -47.37%
Transit Fixed Guideway	\$ 238,980,835	\$ 424,999,657	\$ 186,018,822	↑ 77.84%
Transit Optimization	\$ 891,958,803	\$ 684,468,504	\$ (207,490,299)	↓ -23.26%
To Be Determined	\$ -	\$ 18,500,000	\$ 18,500,000	-
<b>Grand Total</b>	<b>\$ 3,363,069,331</b>	<b>\$ 2,834,494,330</b>	<b>\$ (528,575,001)</b>	
				<i>As of 1/31/18</i>

### Key drivers of lower capital revenues:

- Central Subway will be complete in 2019 (-\$315M)
- Security (-\$27M) reflects the end of the State Infrastructure Bond program in FY18
- Fleet procurements will be completing
- No future SFMTA revenue bond issuances

# Budget Timeline



<b>Public Discussions and Meetings</b>	<b>Date</b>
SFMTA Board Budget Workshop	January 23, 2018
1st SFMTA CAC Meeting	February 1, 2018
1st Public Hearing at SFMTA Board	February 20, 2018
1st SFMTA FAC Meeting	February 21, 2018
CPC	February 26, 2018
1st Budget Town Hall Meeting	February 28, 2018
Online Town Hall Meeting	TBD
Citizen's Advisory Committee Meeting-Action on Budget	TBD
2nd SFMTA CAC Meeting	March 1, 2018
2nd Public Hearing at SFMTA Board	March 6, 2018
2nd SFMTA FAC Meeting	March 7, 2018
2nd Budget Town Hall Meeting	March 15, 2018
3rd Public Hearing at SFMTA Board	March 20, 2018
SFMTA CAC Approval	March 22, 2018
First Opportunity to Adopt FY 2019 & FY 2020 Budgets at SFMTA Board	April 3, 2018
Second Opportunity to Adopt FY 2019 & FY 2020 Budgets at SFMTA Board	April 17, 2018
Submission of Approved Budget to Mayor and Board of Supervisors (per City Charter requirements)	May 1, 2018
Board of Supervisors Adoption	July 31, 2018

*Budget information available in multiple languages at [sfmta.com/budget](http://sfmta.com/budget)*

# Thank You



08.24.16

CYCLISTS TODAY

850



Thank you  
for bicycling



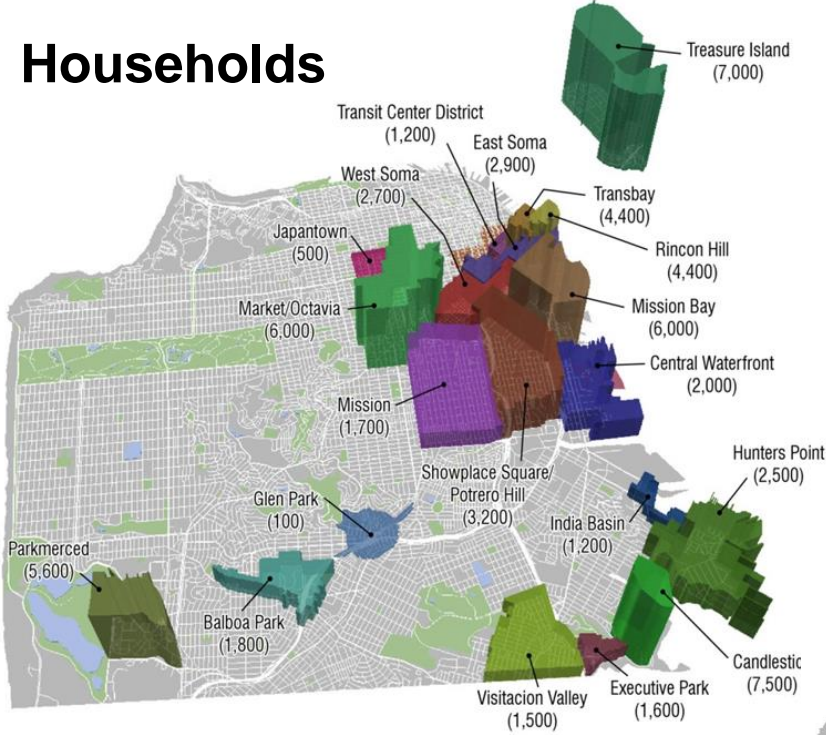
# Appendices







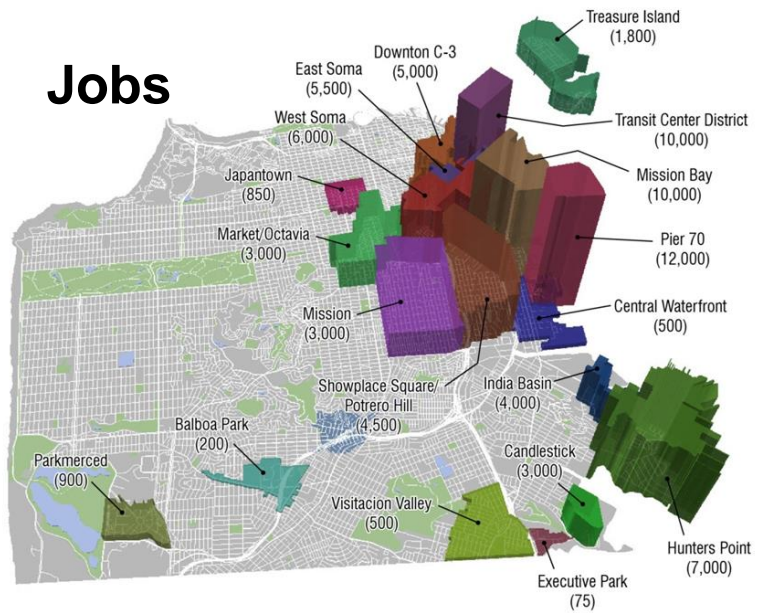
## Households



## San Francisco by 2040:

- + 100,000 households
- + 190,000+ jobs

## Jobs



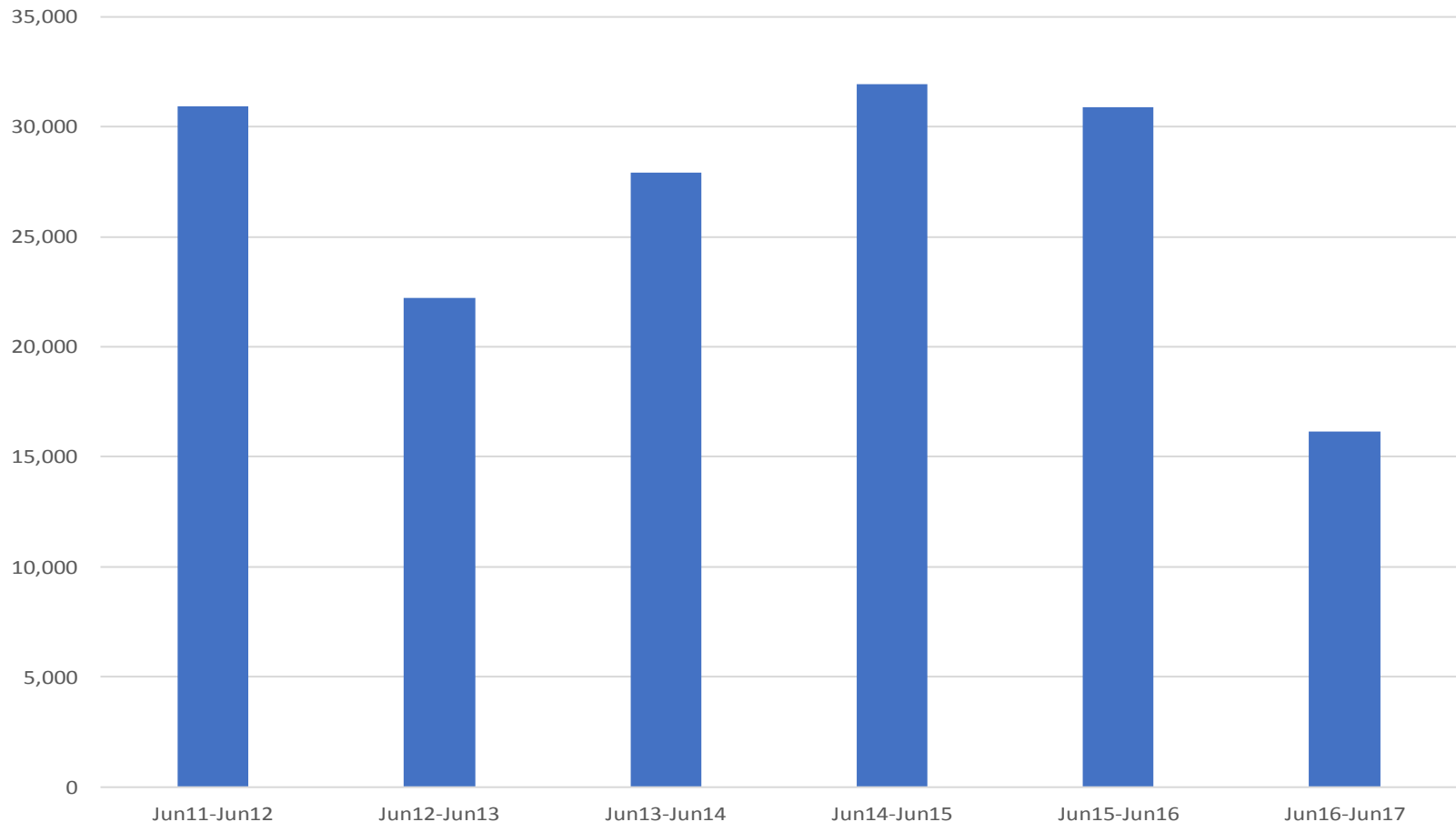
- Where San Francisco's are living and working is changing
- SFMTA needs to adapt to meet changing demands

# Employment Growth: Slowing



## As Labor Pool Dries Up Employment Growth Will Inevitably Slow

Annual Change in Total Employment in San Francisco, June 2011-June 2017





## City Revenue Growth Tapering Off In Near Term

	FY 17-18 (\$m)	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Property Tax	1,614	3%	4%	4%	3%
Business Taxes	800	10%	3%	2%	1%
Sales Tax	192	2%	1%	1%	1%
Hotel Room Tax	365	6%	3%	3%	2%
Utility Users Tax	100	2%	1%	1%	1%
Parking Tax	84	0%	0%	0%	0%
Real Property Transfer Tax	260	-6%	0%	0%	0%
Sugar-Sweetened Beverage Tax	8	n/a	0%	0%	0%
Access Line Tax	49	0%	3%	3%	3%

**Near-term growth assumes robust business and property tax returns and continued weakness in sales, hotel and parking taxes**



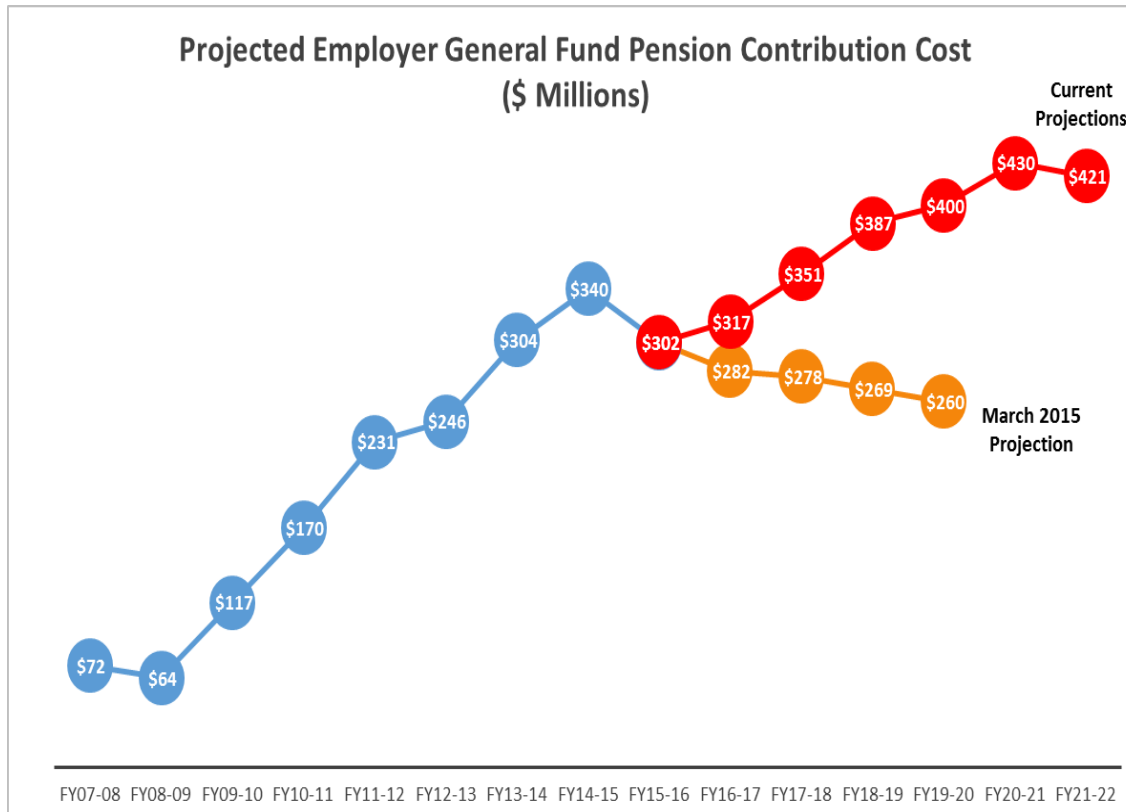
## Expenditure Growth Driving Projected City Deficits

	<u>FY 18-19</u>	<u>FY 19-20</u>	<u>FY 20-21</u>	<u>FY 21-22</u>	<u>% of Uses</u>
<b><i>Total - Sources</i></b>	<b>189.9</b>	<b>450.7</b>	<b>330.3</b>	<b>436.8</b>	
<b>Uses</b>					
Baselines & Reserves	(78.2)	(117.0)	(158.1)	(180.3)	16%
Salaries & Benefits	(132.7)	(290.8)	(437.8)	(559.0)	49%
Citywide Operating Budget Costs	(50.6)	(152.5)	(208.8)	(282.0)	25%
Departmental Costs	(16.6)	(63.8)	(86.8)	(124.9)	11%
<b><i>Subtotal - Uses</i></b>	<b>(278.1)</b>	<b>(624.1)</b>	<b>(891.4)</b>	<b>(1,146.0)</b>	<b>100%</b>
<b>Projected Cumulative Surplus / (Shortfall)</b>	<b>(88.2)</b>	<b>(173.4)</b>	<b>(561.2)</b>	<b>(709.3)</b>	



# Personnel Costs: Driving City Deficits

## Expenditure Growth Driven by Rising Personnel Costs Growth Twice the Rate of Inflation Over Past Decade



- In FY 17-18, pension fund payments are 7% of General Fund expenditures, up from 2.5% in FY 07-08
- Major cost drivers include:
  - Past investment performance below target
  - Changes in retiree longevity
  - Supplemental COLAs

# Looking Forward: Budget Summary (\$M)



Operating (ongoing)	FY 2017 Actual	FY 2018 Amended *	FY 2018 Projection **	FY 2019 Baseline	FY 2020 Baseline
Revenues	1,393.1	1,110.6	1,178.9	1,079.7	1,110.6
Expenditures	1,371.5	1,085.1	1,178.7	1,102.7	1,130.6
Revenues Less Expenditures	\$ 21.6	\$ 25.5	\$ 0.2	\$ (23.0)	\$ (20.0)

Capital (one time)	FY 2017 Actual	FY 2018 Revised *	FY 2018 Projection	FY 2019 Baseline	FY 2020 Baseline
Revenues	103.2	70.3	32.2	62.8	57.2
Expenditures	103.2	95.8	32.2	62.8	57.2
Revenues Less Expenditures	\$ 0.0	(\$25.5)	\$ 0.0	\$ 0.0	\$ 0.0

\* Accounting transfer between operating and capital

\*\* Includes \$71 million in prior-year encumbrances rolled forward

# Revenues by Category (\$M)



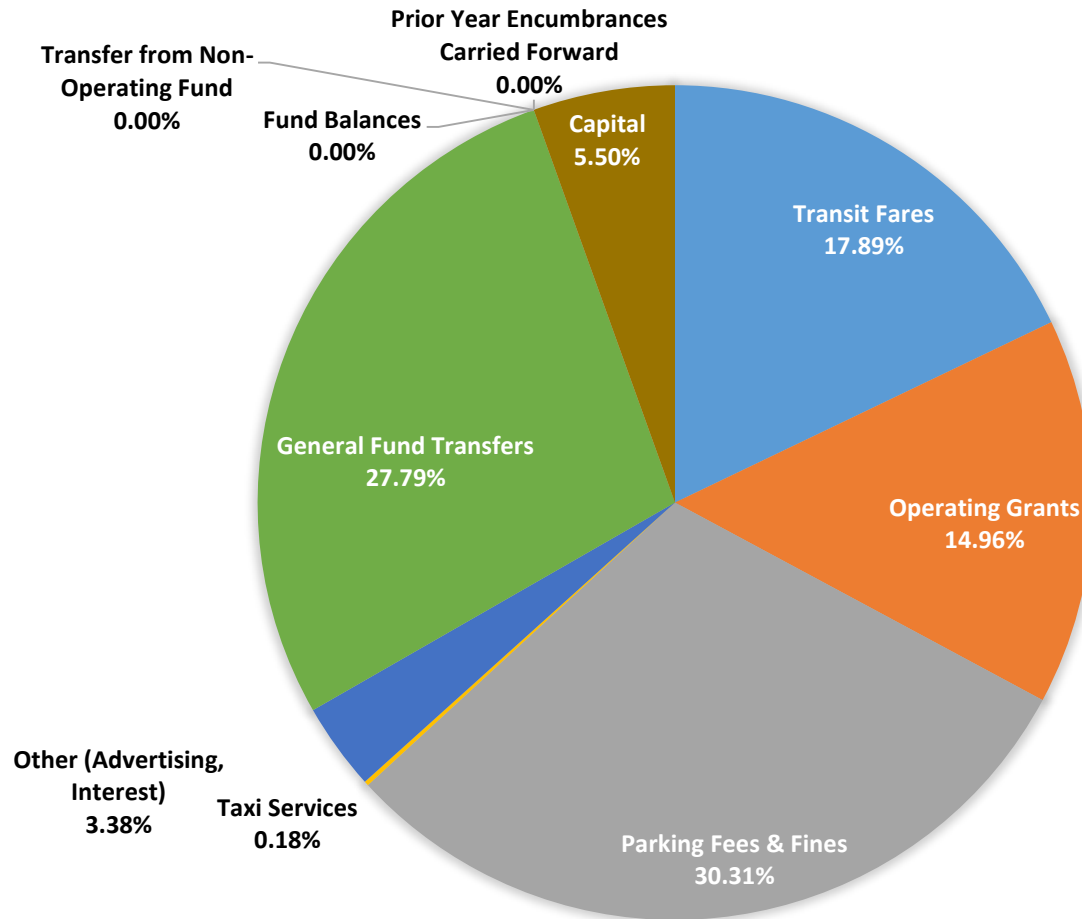
Revenue Budget Category	FY 2017 Actual	FY 2018 Amended	FY 2018 Projection *	FY 2019 Baseline	FY 2020 Baseline
Transit Fares	197.2	203.4	203.4	204.4	210.5
Operating Grants	136.9	148.4	138.1	171.0	174.8
Parking Fees & Fines	340.1	327.4	327.4	346.4	354.2
Taxi Services	1.3	9.2	9.2	2.0	2.1
Other (Advertising, Interest)	29.5	61.8	31.4	38.6	51.7
General Fund Transfers	312.6	313.6	313.6	317.6	317.6
Fund Balances	45.0	46.8	46.8	0.0	0.0
Transfer From Non-Operating Fund	18.0	0.0	38.0	0.0	0.0
Prior Year Encumbrances Carried Forward	58.8	0.0	70.9	0.0	0.0
<b>Total Revenue</b>	<b>\$1,139.5</b>	<b>\$1,110.6</b>	<b>\$1,178.9</b>	<b>\$1,079.7</b>	<b>\$1,110.6</b>
<b>Total Capital</b>	<b>103.2</b>	<b>70.3</b>	<b>32.2</b>	<b>62.8</b>	<b>57.2</b>
<b>Revenue Grand Total</b>	<b>\$1,242.7</b>	<b>\$1,180.9</b>	<b>\$1,211.1</b>	<b>\$1,142.5</b>	<b>\$1,167.8</b>

\* Includes \$71 million in prior year encumbrances rolled forward

# FY 2019 Revenues by Category



**Parking Revenues and General Fund Transfers Comprise more than 57% of the SFMTA Operating Budget**





# Expenditures by Category (\$M)



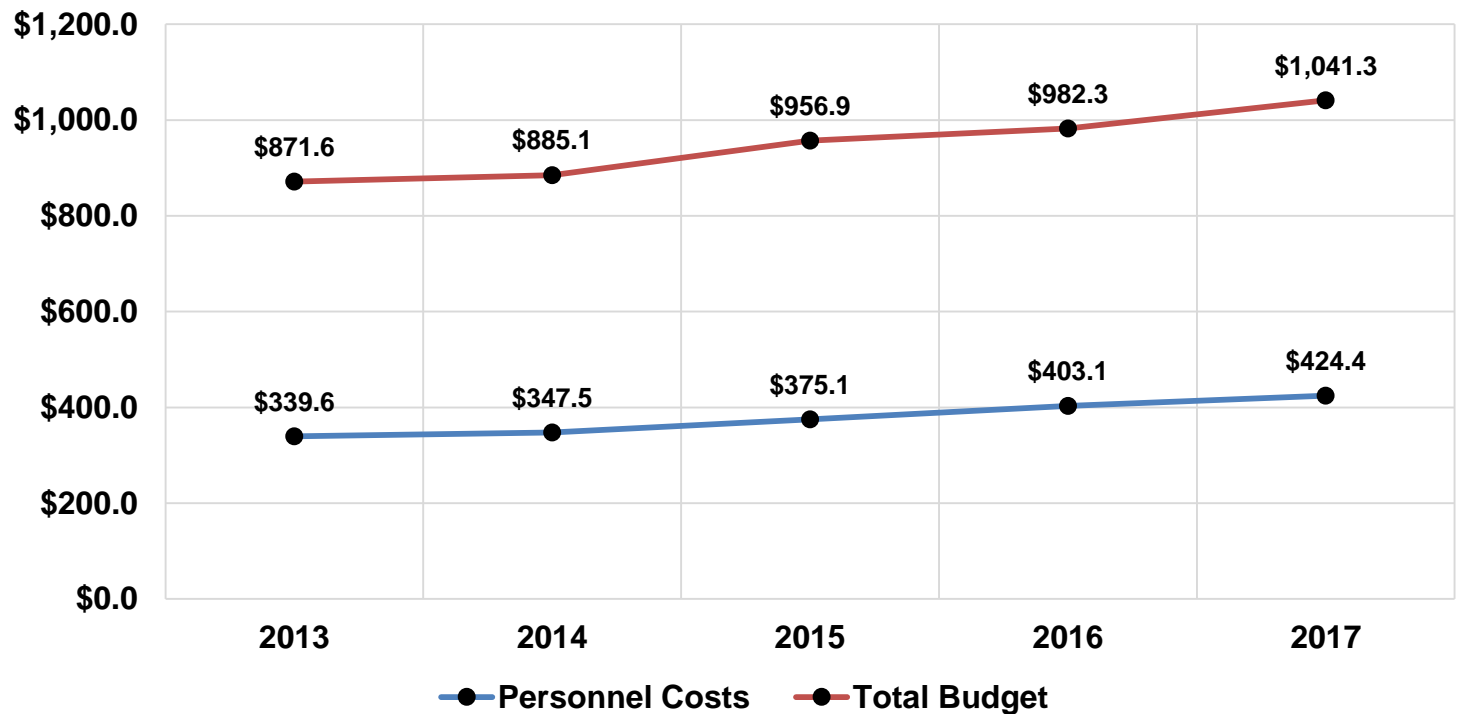
Expenditure Budget Category	FY 2017 Actual	FY 2018 Amended **	FY 2018 Projection **	FY 2019 Baseline	FY 2020 Baseline
Salaries & Benefits	628.7	674.4	679.4	707.4	734.7
Contracts And Other Services	162.4	154.0	224.2	150.9	150.9
Materials & Supplies	82.2	78.2	93.6	69.6	69.6
Equipment & Maintenance	34.4	27.5	34.8	16.6	16.6
Rent & Building	8.2	12.8	15.3	12.8	12.8
Insurance & Payments To Other Agencies	68.8	67.5	23.0	71.7	72.3
Work Orders	74.2	70.2	74.6	73.7	73.7
Transfers In From Non Operating Funds	59.0	0.0	33.6	0.0	0.0
Reserve	0.0	0.3	0.3	0.0	0.0
<b>Total Expenditure</b>	<b>1,117.9</b>	<b>1,085.1</b>	<b>1,178.7</b>	<b>1,102.7</b>	<b>1,130.6</b>
<b>Total Capital</b>	<b>\$ 103.2</b>	<b>\$ 95.8</b>	<b>\$ 32.2</b>	<b>\$ 62.8</b>	<b>\$ 57.2</b>
<b>Expenditure Grand Total</b>	<b>\$ 1,221.1</b>	<b>\$ 1,180.9</b>	<b>\$ 1,210.9</b>	<b>\$ 1,142.5</b>	<b>\$1,193.6</b>

\*\* Includes \$71 million in prior year encumbrances rolled forward

# Employee Compensation Costs



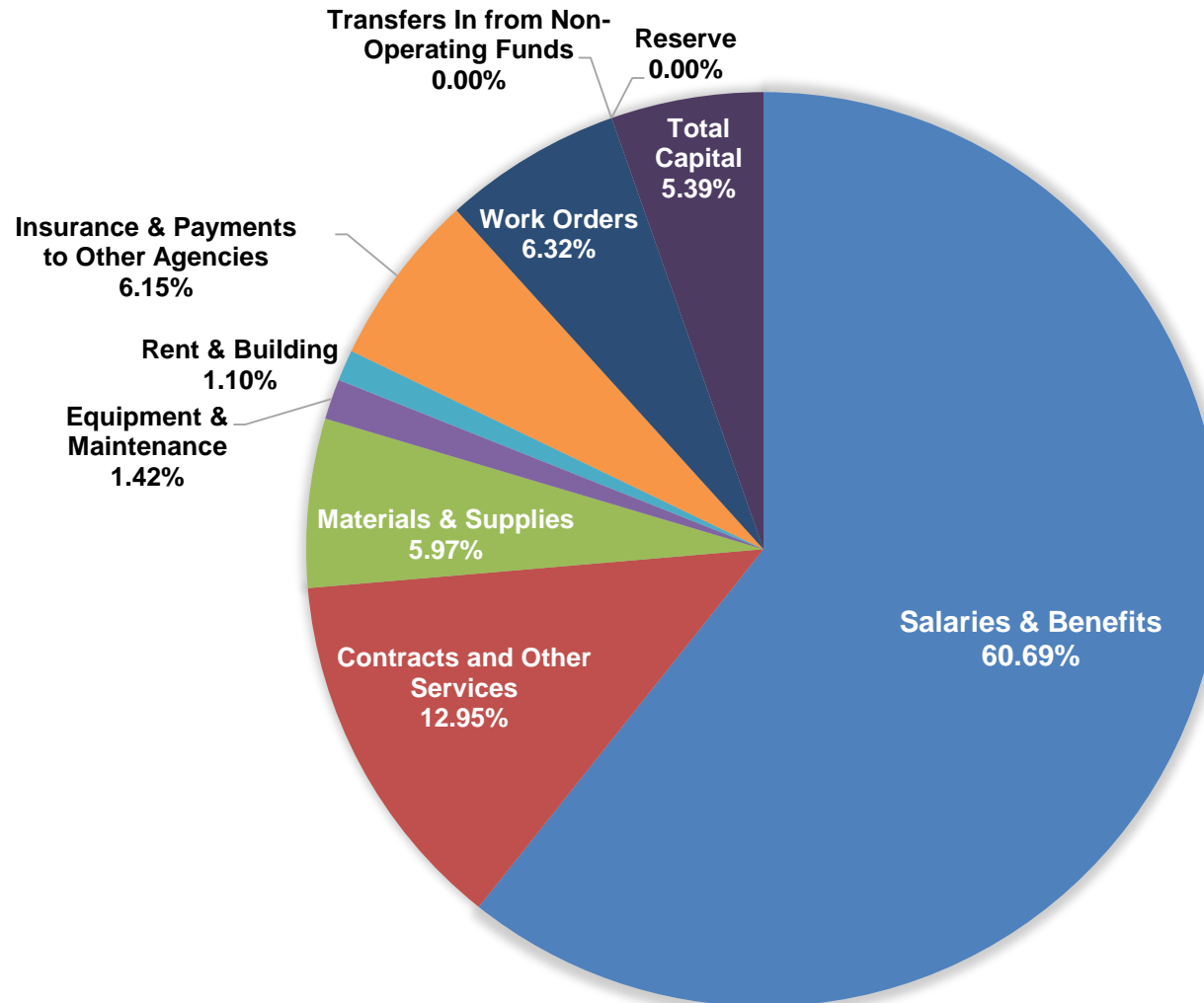
**SFMTA Personnel Costs Rising: 10% Increase in Transit Service, Additional Service Mandates, Benefit Costs and Negotiated Labor Contracts**



Year	# of Employees (Avg.)	% of Operating Budget
2013	4,935	38.96%
2014	5,089	39.26%
2015	5,416	39.20%
2016	5,798	41.04%
2017	5,940	40.76%



## Salaries and Benefits Continue to Drive Expenditures



\* AC Transit (75%), VTA (76%) and BART (56.4%)

# Expenditures by Division (\$M)

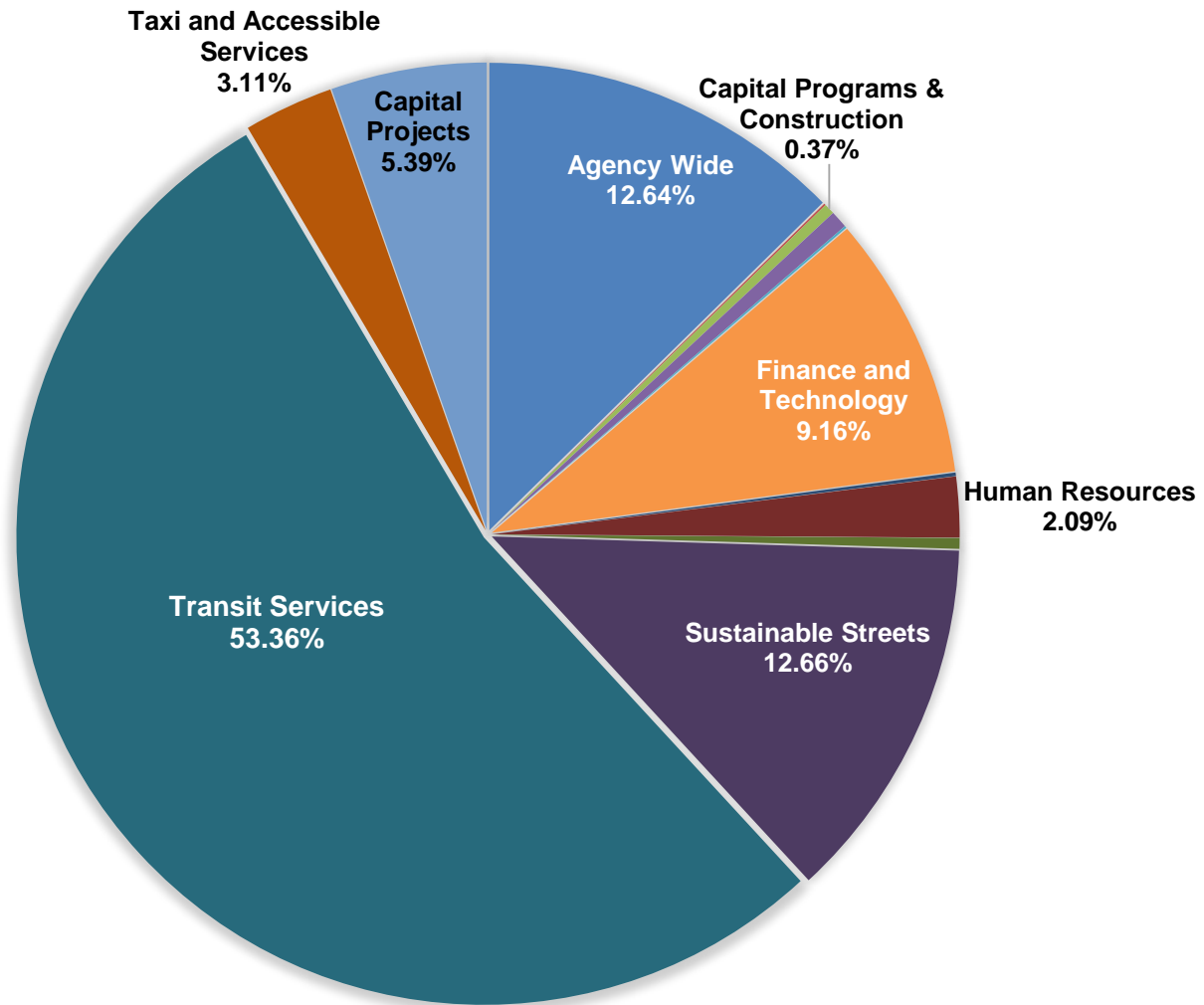


Expenditures by Division	FY 2017 Actual	FY 2018 Amended	FY 2018 Projection	FY 2019 Baseline	FY 2020 Baseline
Agency Wide	146.6	140.2	150.6	147.3	143.0
Board of Directors	0.7	0.7	0.7	0.7	0.7
Capital Programs And Construction	0.0	11.5	0.0	4.3	4.4
Communications	5.7	7.3	6.9	7.0	7.2
Director of Transportation	1.2	1.8	1.5	0.8	0.9
Finance and Information Technology	107.6	110.6	124.3	106.8	108.6
Government Affairs	1.2	1.4	1.3	1.4	1.5
Human Resources	36.2	24.6	37.4	24.4	24.9
Safety	6.2	4.4	6.8	4.3	4.4
Sustainable Streets	151.1	135.6	151.0	147.6	152.6
Transit Services	629.3	615.0	661.5	621.9	644.6
Taxi & Accessible Services	32.1	32.0	36.7	36.2	37.8
Expenditure Total Before Capital	1,117.9	1,085.1	1,178.7	1,102.7	1,130.6
Capital Projects	103.2	95.8	32.2	\$ 62.8	\$ 57.2
Expenditures Grand Total	\$ 1,221.1	\$ 1,180.9	\$ 1,210.9	\$ 1,142.5	\$ 1,193.6

# FY2019 Expenditures by Division



**Over 51% of Expenditures Are in Transit with High Levels of Employee-Dependent Service Delivery**



# Possible Expenditure Reductions (\$M)



Description	FY 2019	FY 2020
Transit – Overtime	(8.0)	(8.0)
Transit – Materials and Supplies (projected efficiency savings from rolling out vendor managed inventory contract to rubber tire fleet)	(7.5)	(8.2)
SSD – Overtime and Temporary Salaries	(0.5)	(0.5)
SSD – Contracts, Materials, Work Orders and Cost Recovery	(1.3)	(1.3)
Finance – Temporary Salaries, Contracts and Materials	(2.7)	(2.9)
All Other Divisions	(1.2)	(1.2)
<b>TOTAL</b>	<b>(21.2)</b>	<b>(22.1)</b>

# Possible Expenditure Increases (\$M)



Description	FY 2019	FY 2020
Central Subway Operations		20.0
Growth Related Ridership Demands: Candlestick (Phase I)/ Hunter's Point	15.0	15.0
Transit Support (Train Control, Technology, Training, etc.)	6.6	6.6
LRV4 Rail Service Increase	35.0	35.0
Opening Islais Creek	17.0	17.0
Professional Services	2.7	3.3
Transit Overtime	10.2	10.6
Service Plan Commitments	20.0	20.0
State Of Good Repair Of System Operations	5.5	5.5
Taxi Program	0.6	0.6
<b>TOTAL</b>	<b>112.6</b>	<b>133.2</b>

# Revenue: Cost Recovery Fees (\$M)



Description	FY 2018	FY 2019	FY 2020
Residential Parking Permit (Annual)	\$128	\$136	\$144
Contractor Permit (Annual)	\$1,280	\$1,602	\$1,732
Color Curb – White or Green Zones, Application Processing, Flat Rate	\$2,083	\$2,166	\$2,253
Color Curb - Driveway Red Zone Tips, Application Processing	\$233	\$242	\$252
Temporary Street Closure – Neighborhood Block Party, Notice 60 days	\$299	\$300	\$325
Special Traffic Permit (Base Permit Fee)	\$295	\$322	\$333
Citation Community Service (aka Project 20) -Standard fee per plan	\$62	\$25	\$25
Boot Removal Fee	\$465	\$505	\$515
Tow Fee - Admin - subject to new contract approval	\$269	\$290	\$305
Special Collection Fee (After the 1st payment due date)	\$32	\$32	\$32
Cable Car Rental, 2-hours	\$785	\$892	\$892
Parklet Installation Fee (up to two spaces)	\$1,942	\$1,990	\$2,065
Taxi Driver Renewal Application Fee	\$117	\$122	\$127
Taxi Color Scheme Renewal - 1 to 5 medallions	\$1,768	\$1,839	\$1,912
Parking Meter Use Fee	\$11	\$12	\$13
Vehicle Press Permit	\$62	\$64	\$67
Temporary No-Parking Sign Posting Fee, 1-4 signs	\$255	\$268	\$281
Citation, Residential Parking Violation	\$84	\$87	\$90
Citation, Street Sweeping Violation	\$73	\$76	\$79
Citation, Parking Meter, Outside Downtown Core Violation	\$73	\$76	\$79
Shuttle Bus Permit Fee (per stop)	\$7	\$8	\$8





## Included in Baseline

- **FY 2019:** Approved 3.0% increase for salaries and benefits, per negotiated MOU's
- **FY 2020:** Projected 3.4% increase in salary and benefits, based on City's 5-year plan

## Not Included in Baseline

- **Reductions**

- **Divisional Recommendations for Reductions:** 2.5%
- **Debt Service:** Decrease from debt service payment schedule

- **Increases**

- **Contracts:** Increases for various approved contracts, including Paratransit, garage and parking operations, security, and credit card processing fees
- **Rent:** Cost increase in rental payment
- **Power Usage:** Cost increase from anticipated power/utility rate increase
- **Workers Compensation:** Increase in workers compensation medical reimbursement
- **Transit Service:** LRV service increase; Opening Islais Creek; service plan commitment; growth-related ridership demands; Central Subway operations
- **Transit Support:** Automatic train control, radio, farebox, new vehicles and equipment, overhead lines repair, maintenance and safety training & re-training, workforce future recruitment and training  
In maintenance
- **Taxi Program New Initiatives:** Paratransit plus expansion; ramp taxi subsidy
- **Caltrain Operations Increase** (if any)
- **Increases to City Work Orders**



- **Automatic indexing for eligible fares, fees, and fines**
- **Population General Fund Baseline (for Capital use only)**
- **Development fees (for Capital use only)**
- **Low-Carbon Transit Operations Program (State Cap & Trade funds)**
- **SB1 Formula Funds**
- **Fare and Parking Revenues from Mission Bay Arena**
- **Continuation of Free Fares for Low Income Youth, Seniors and Disabled**
- **Continuation of Tow Fee Reduction for Low Income**
- **Various Fee Waivers and Reduced Fees for the Taxi Program**

# Adjusted Baseline Revenues



Description	FY 2019	FY 2020
General Fund Baselines	11.3	26.3
Parking Tax In Lieu	6.1	1.0
Sutter Stockton Garage – dissolution of non profit	4.0	4.3
Other (Advertising, Interest)	2.1	3.2
<b>Total Revenues:</b>	<b>\$ 23.5</b>	<b>\$ 34.8</b>



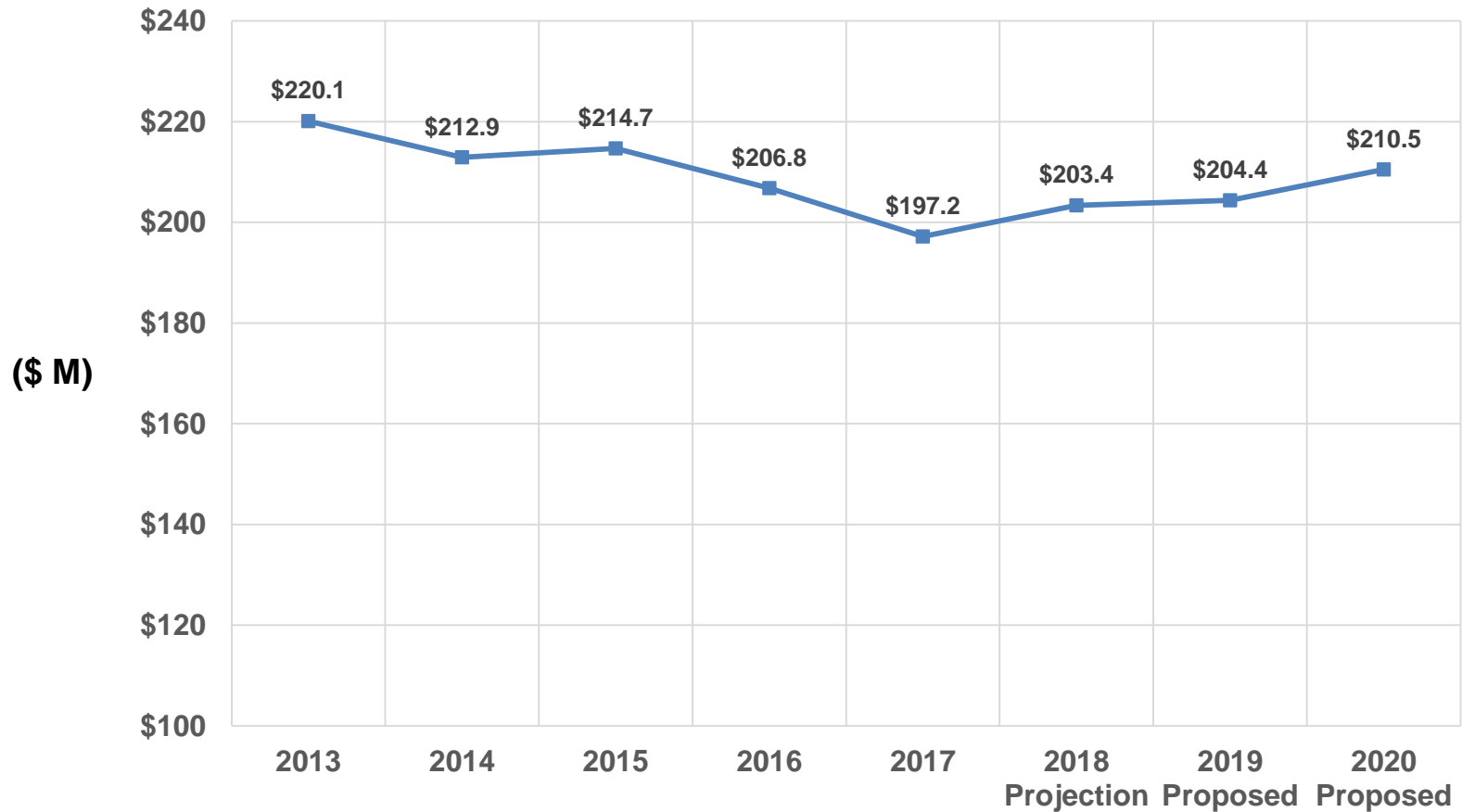
# Fares: Automatic Indexing

<b>Automatic Index</b>	<b>=</b>	<b>(CPI Increase ÷ 2)</b>	<b>+</b>	<b>(Labor Increase ÷ 2)</b>
<b>FY19 Rate: 4.0%</b>	<b>=</b>	<b>(3.5% ÷ 2)</b>	<b>+</b>	<b>(4.5% ÷ 2)</b>
<b>FY20 Rate: 4.0%</b>	<b>=</b>	<b>(3.5% ÷ 2)</b>	<b>+</b>	<b>(4.5% ÷ 2)</b>

FARE DESCRIPTION	CURRENT	INDEXING FY19	INDEXING FY20
Adult Single Ride Fare (Clipper® and Mobile Ticketing)	\$2.50	\$2.50	\$2.75
Adult Single Ride Fare (Cash and Limited Use Card)	\$ 2.75	\$2.75	\$3.00
Free Muni for Low Income Youth/Senior/People with Disabilities Single Ride Fare	\$0.00	\$0.00	\$0.00
Discount (Youth, Seniors, People with Disabilities) Single Ride Fare (Clipper® and Mobile Ticketing)**	\$1.25	\$1.25	\$1.35
Discount (Youth, Seniors, People with Disabilities) Single Ride Fare (Cash and Limited Use Card)	\$1.35	\$1.35	\$1.45
Adult “M” Monthly Pass (Muni Only)	\$75.00	\$78.00	\$81.00
Adult “A” Monthly Pass (Includes BART within SF)	\$94.00	\$98.00	\$102.00
Free Muni for Low Income Youth/Senior/People with Disabilities	\$0.00	\$0.00	\$0.00
Discount/Lifeline (Youth/Senior/People with Disabilities) Monthly Pass (Muni Only)	\$38.00	\$40.00	\$41.00
Cable Car Single Ride	\$7.00	\$7.00	\$8.00
Off-Peak Cable Car Fare	\$3.00	\$3.00	\$3.00
One-Day Passport	\$21.00	\$22.00	\$23.00
Three-Day Passport	\$32.00	\$33.00	\$35.00
Seven-Day Passport	\$42.00	\$44.00	\$45.00
Paratransit Van Services	\$2.50	\$2.50	\$2.75
Paratransit Taxi Services	\$6 (\$30 value)	\$6 (\$30 value)	\$6 (\$30 value)



## Combination of Free Fare Decisions and Price Indexing Increases are Impacting Revenues





## Fare Revenues and Sales Down Since 2013

FARE TYPE	SALES	REVENUE
ADULT "A" MONTHLY PASS	-23%	-9%
ADULT "M" MONTHLY PASS	-10%	-5%
SENIORS/YOUTH/PEOPLE WITH DISABILITIES MONTHLY PASS	-76%	-73%
LIFELINE	-18%	-8%
SINGLE RIDE MUNI	-16%	-6%
1 DAY PASSPORT	-47%	-20%
3 DAY PASSPORT	-34%	0%
7 DAY PASSPORT	-43%	-11%
SINGLE RIDE CABLE CAR	-5%	11%
<b>TOTAL</b>	<b>-17%</b>	<b>-8%</b>



**\$.25 Cash fare differential resulted in limited change.  
Potential for a more substantial price differential to  
incentivize new behavior.**

FARE TYPE	July – Dec 2016	July – Dec 2017	% Change
<b>MuniMobile</b>	1.5%	3.1%	+1.6%
<b>Clipper</b>	60.2%	63.5%	+3.4%
<b>Limited-Use</b>	5.8%	5.1%	- 0.6%
<b>Farebox</b>	32.6%	28.2%	- 4.4%



## Fare Revenues and Sales Down Since 2013

FARE TYPE	SALES	REVENUE
ADULT "A" MONTHLY PASS	-23%	-9%
ADULT "M" MONTHLY PASS	-10%	-5%
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7 DAY PASSPORT	-43%	-11%
SINGLE RIDE CABLE CAR	-5%	11%
<b>TOTAL</b>	<b>-17%</b>	<b>-8%</b>

\*





## **\$.25 Cash Fare Differential Resulted in Limited Change Potential for a More Substantial Price Differential to Incentivize New Behavior**

<b>FARE TYPE</b>	<b>Jan-Oct 2016</b>	<b>Jan-Oct 2017</b>	<b>% Change</b>
<b>MuniMobile</b>	1.0%	2.6%	+1.5%
<b>Clipper</b>	61.3%	63.3%	+2.0%
<b>Limited-Use</b>	5.7%	5.1%	-0.5%
<b>Farebox</b>	32.0%	29.0%	-3.0%

# Cable Car Collections



# Cable Car Ticket Sales Overview



FY	Fare	% On-Board	% Sales Kiosks	Total Revenue* (in thousands)
2013	\$6.00	64%	36%	\$14,428
2014	\$6.00	66%	34%	\$14,730
2015	\$6.00	68%	32%	\$15,069
2016	\$7.00	62%	38%	\$16,080
2017	\$7.00	57%	43%	\$15,957

## Tickets can be purchased:

- Using Clipper (+\$3 fee per card)
- SFMTA third-party vendors (5)
- Sales kiosks (3)

\* Does not include MuniMobile or Clipper (less than 1% of total sales combined)



## Positives

- **Eliminates on-board cash handling**
- **Could enhance safety for operators**

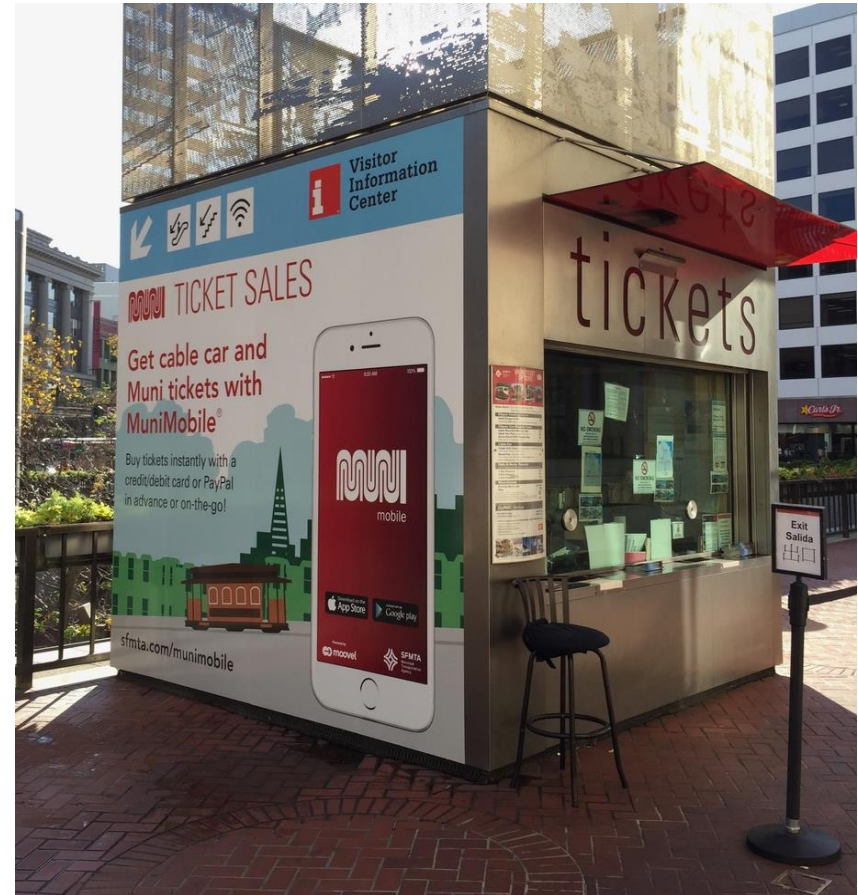


## Negatives

- **Communicating changes to the tourism market would require ongoing resources**
- **Limited outlets, hours and locations for in-person sales**
- **Cable Car operations do not lend easily to collection prior to boarding**
- **Unpaid customers would be required to leave the vehicle on-route, requiring operators to act in an expanded enforcement capacity**



- **Require pre-payment during kiosk operating hours**
- **Implement pricing strategies to incentivize pre-payment**
- **Implement a comprehensive marketing, communications and signage plan**



# Factors Impacting CIP Budget



- Includes revenue assumption related to future ballot measures
- Central Subway will be completed in 2019 (-\$376M)
- Security impacted by the end of the State Infrastructure Bond program in FY18 (-\$27M)
- Fleet nearing completion of procurements (-\$176M)
- Parking projects funded by SFMTA revenue bonds nearing completion (-\$18M)

