

Balancing the Transportation Needs of a Growing City

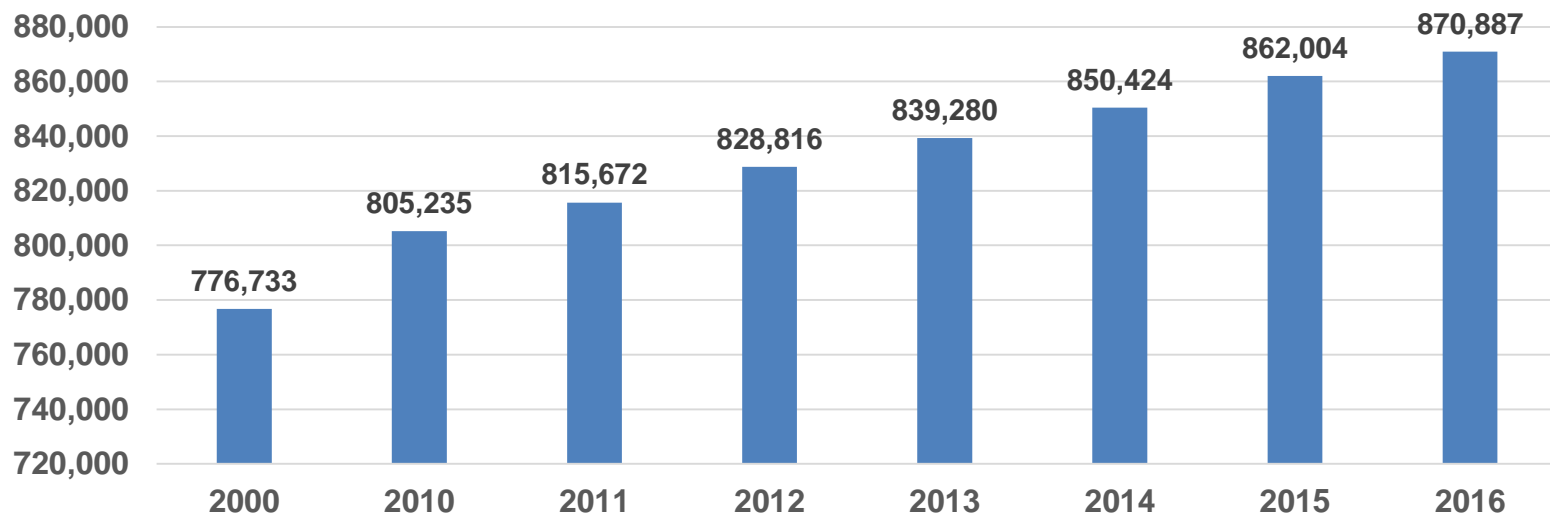


FY 2019 and FY 2020 Operating Budget
SFMTA Citizen's Advisory Committee
March 1, 2018



SFMTA
Municipal
Transportation
Agency

Population: Continued Growth



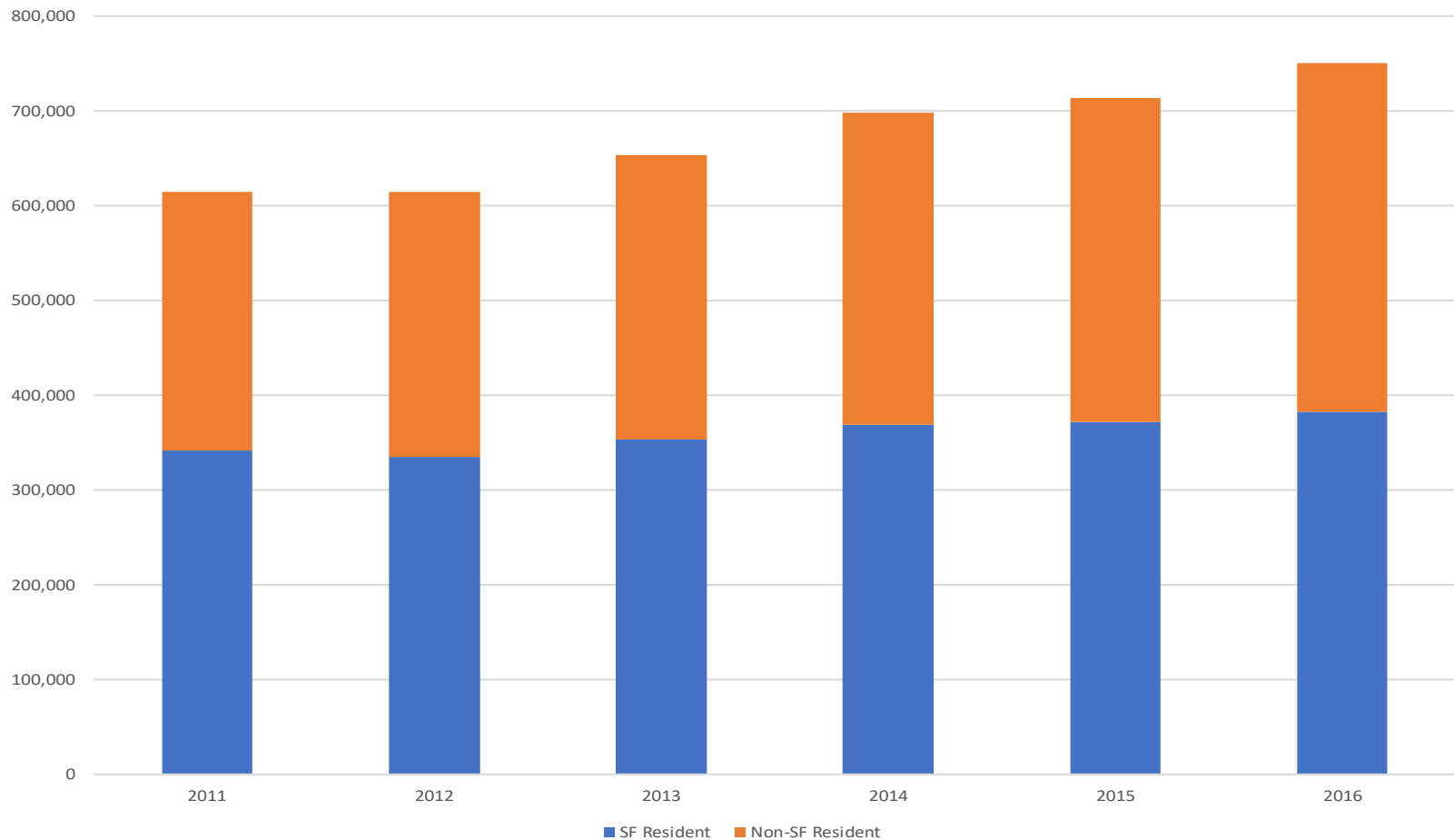
- San Francisco population expected to reach 969,000 by 2035 (20% increase over current conditions) and 1.1 million by 2040
- San Francisco is one of 20 fastest-growing cities in the United States
- 80% of growth expected to occur in 20% of the city
- SF is second only to NYC in density

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





Revenues



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

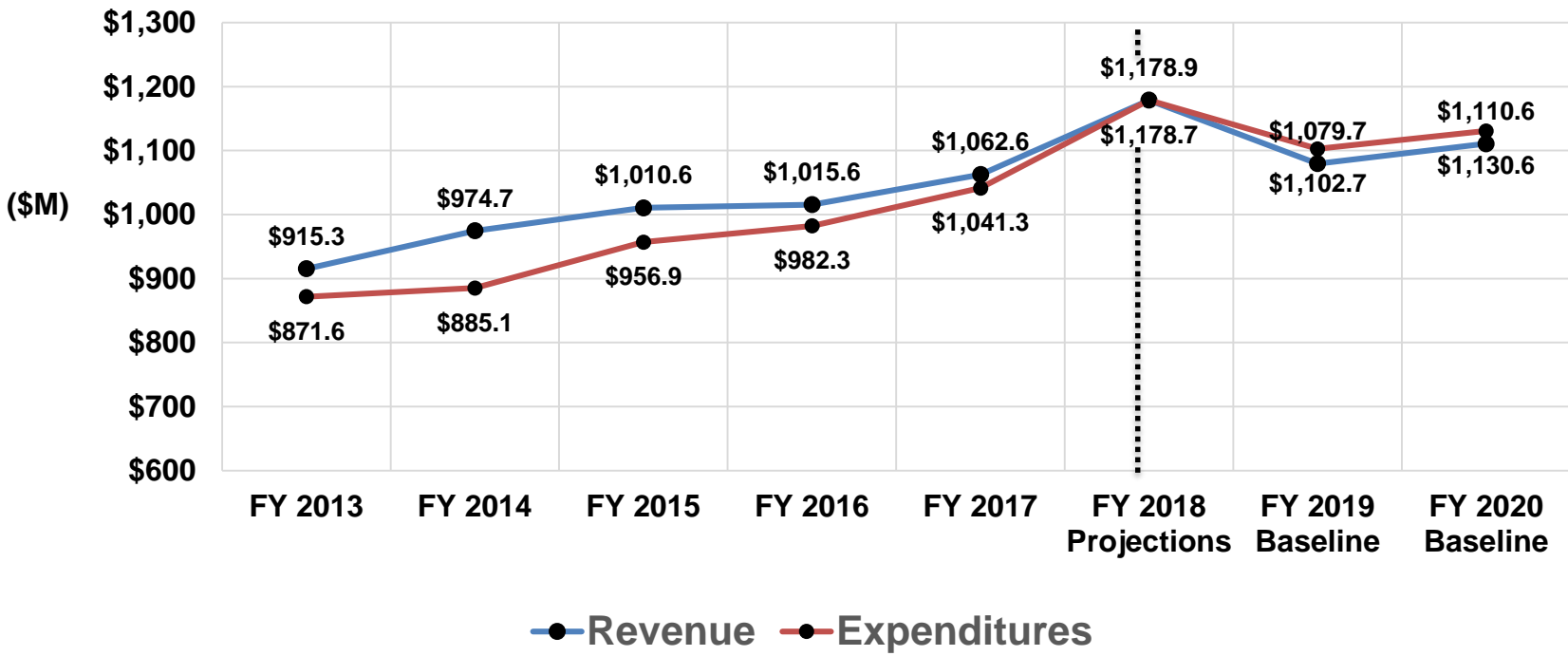
Expenditures



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



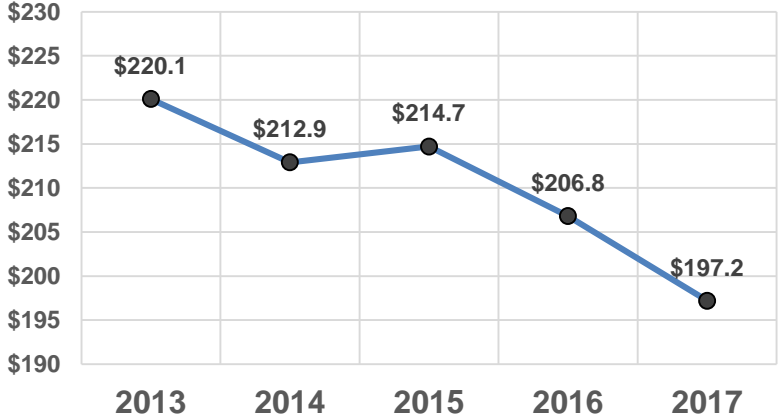
Expenditure Growth Outpacing Revenues



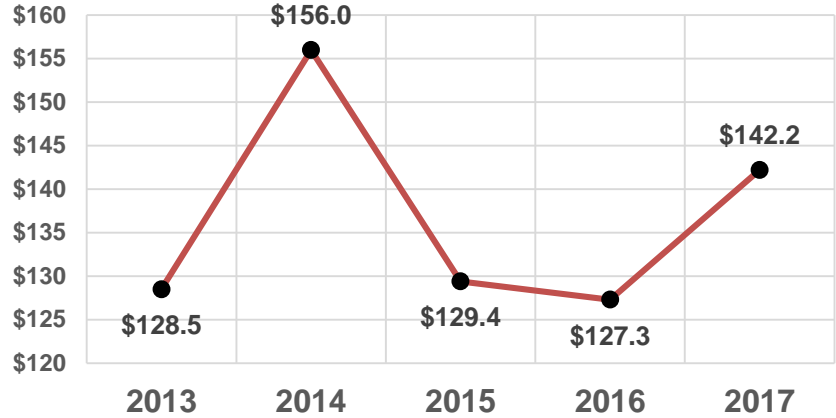


SFMTA Fee and Fare Revenues (\$M)

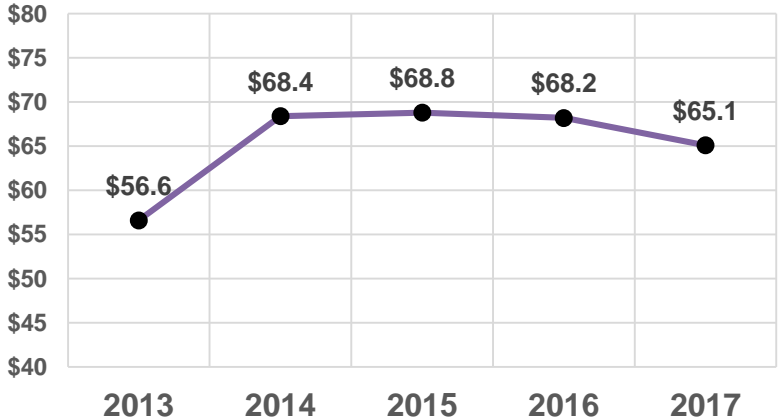
Passenger Fares (Fixed Route and Paratransit)



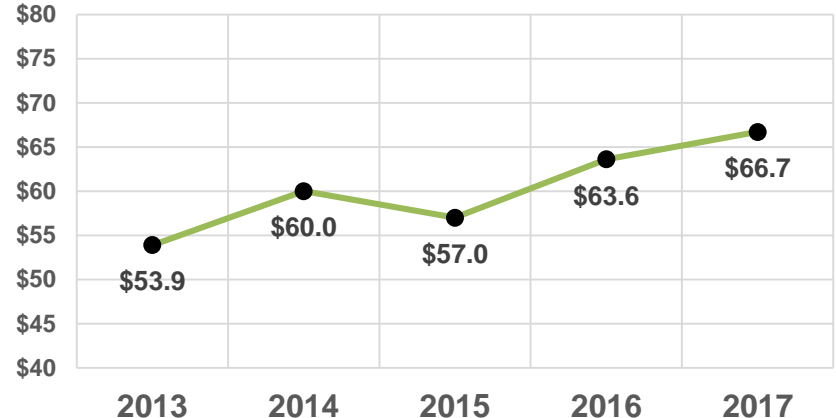
Fines, Fees, Permits and Taxis



Parking Garages



Parking Meters



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**





Included In Baseline

Revenues

- **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**

Not Included In Baseline

Revenues

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

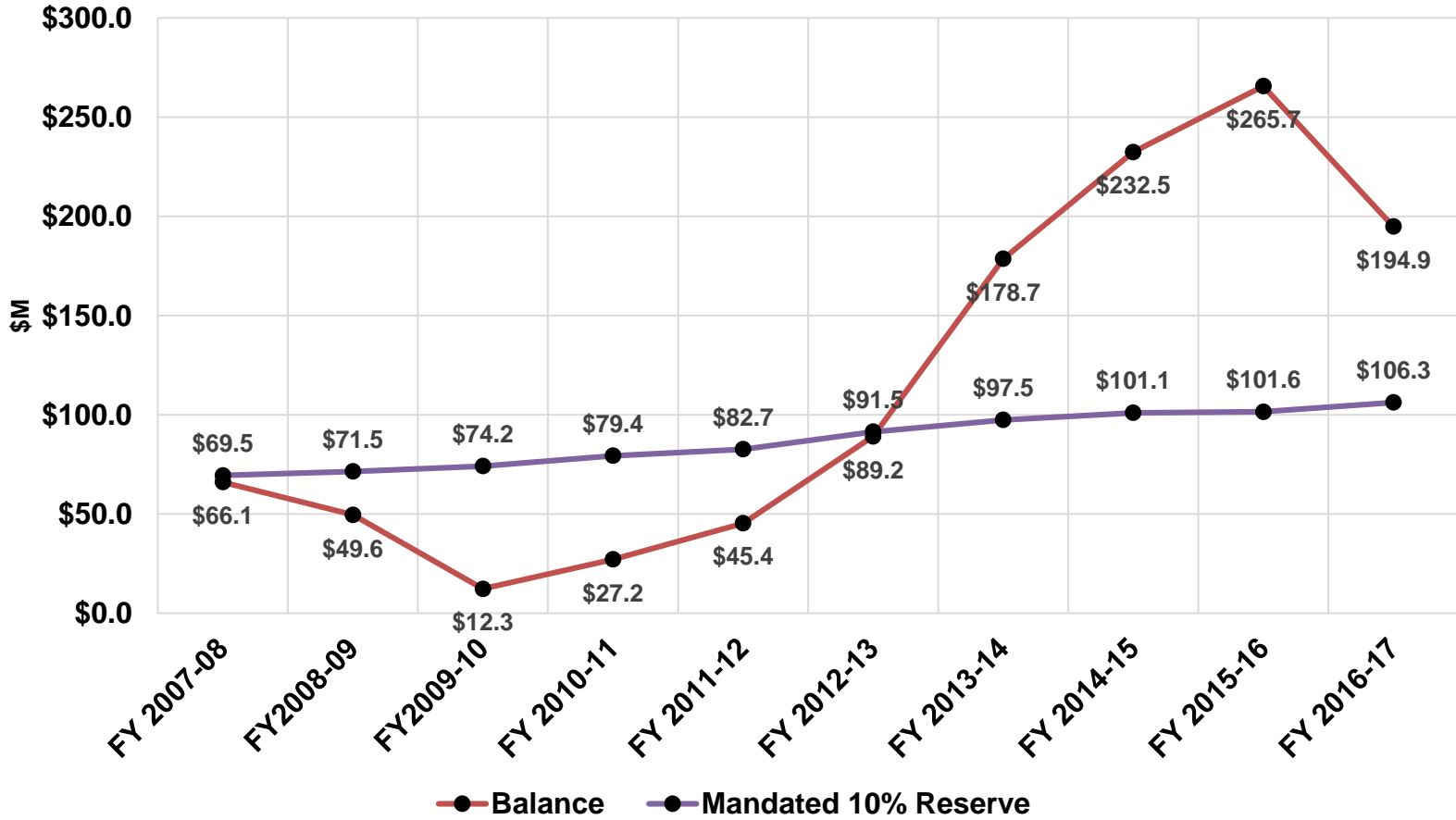
Expenditures

- **Strategic cuts across all divisions (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**



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%)





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



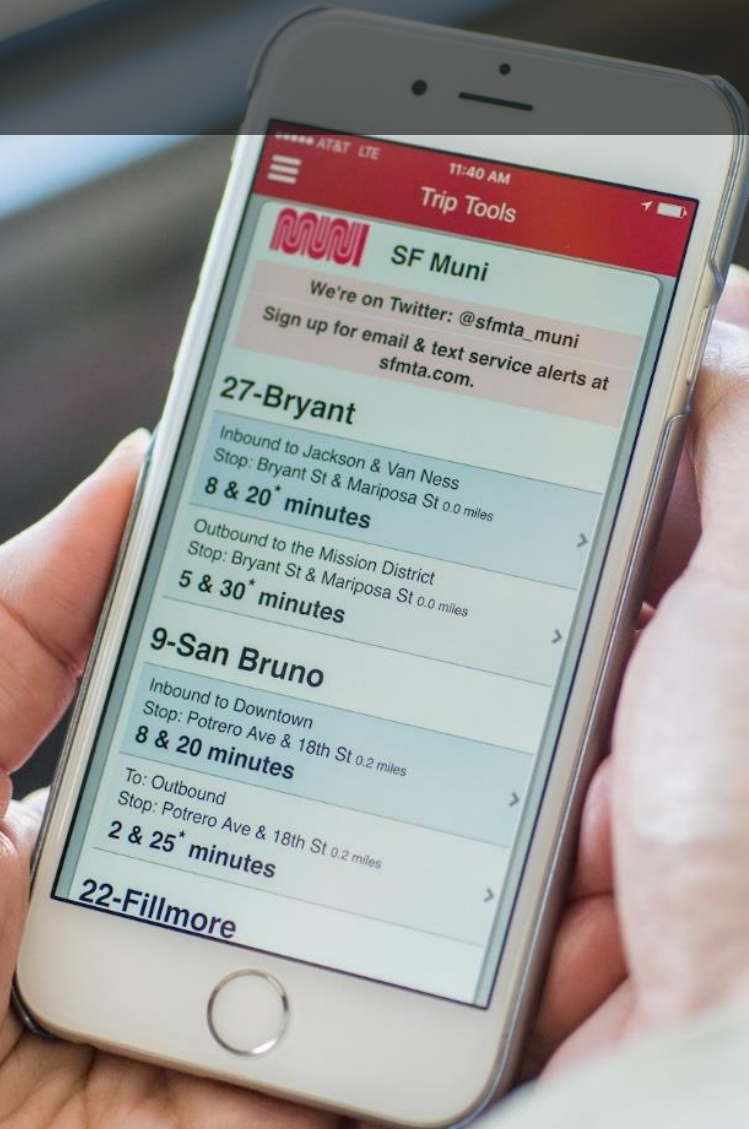
Senate Bill 1 (SB1) Repeal

- 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)**





- **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)**



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%
TOTAL	-17%	-8%



\$.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
MuniMobile	1.5%	3.1%	+1.6%
Clipper	60.2%	63.5%	+3.4%
Limited-Use	5.8%	5.1%	- 0.6%
Farebox	32.6%	28.2%	- 4.4%

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

Visitor Passport/Cable Car



CABLE CAR FARE		INDEXING		ALTERNATIVE	
		CURRENT	FY19	FY20	FY19
VISITOR PASSPORTS (IN-PERSON SALES)					
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
VISITOR PASSPORTS (CLIPPER/MUNIMOBILE)					
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
SFMTA (Option A)	2.50	2.00	5.00
San Diego Metro	2.25	2.22	5.00
AC Transit	2.25	2.22	5.00
SamTrans	2.25	2.44	5.50
SFMTA (Option B)	2.50	2.50	6.25
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 available only 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

FY 2019 and FY 2020 Capital Budget





Vision Zero



Transit First



State of Good Repair

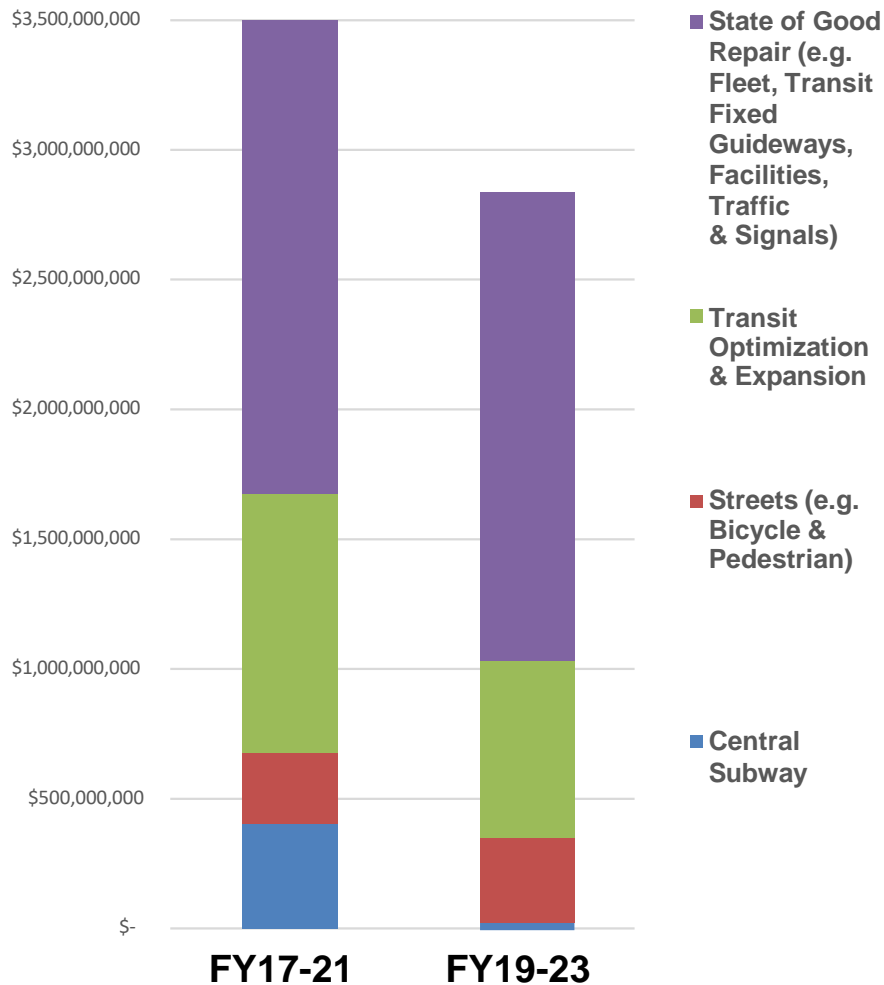


The Capital Improvement Program (CIP) is:

- A fiscally constrained, 5-year program of capital projects
- An implementation plan for regional, citywide, and agency-wide strategies and policy goals, including:
 - 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



FY 2017-21 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

FY 2019-23 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



FY 2019-23 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	-
Grand Total	\$ 3,363,069,331	\$ 2,834,494,330	\$ (528,575,001)	

As of 1/31/18

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



Public Discussions and Meetings	Date
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	March 2, 2018
Online Town Hall Meeting	March 7, 2018
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
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

Thank You



08.24.16

CYCLISTS TODAY

850



Thank you
for bicycling

