

Final Report – June 1, 2012
San Francisco Municipal Transportation Agency (SFMTA)
2012 Budget Balancing Panel

Panel Deliverables

1. Develop a priority list of recommendations to address the balancing of the FY 2013 and FY 2014 Operating Budget.
2. Developed a priority list of recommendations to address the structural deficit.

The recommendations will be provided to the SFMTA Board of Directors, the Board of Supervisors and the Mayor.

Panel Overview

The SFMTA has held seven Panel meetings to discuss the short- and long-term financial options to secure adequate operating and capital resources for the SFMTA to fulfill its mission. Co-chaired by the Executive Director of San Francisco Planning and Urban Research Association (SPUR) and the Director of Transportation from SFMTA, individuals from the following organizations participated on the panel and helped shape the final recommendations:

- Building Owners & Managers Association
- Capital Partnerships
- Chamber of Commerce
- SFMTA Citizens Advisory Council
- City Park
- Committee on Jobs
- Controller's Office
- Livable City
- Mayor's Office
- SFMTA Multimodal Accessibility Advisory Committee
- Parsons Brinckerhoff
- Planning Association for the Richmond
- People Organizing to Win Economic Rights (POWER)
- Rescue Muni
- San Francisco Bicycle Coalition
- San Francisco Labor Council
- San Francisco Planning and Urban Research Association (SPUR)
- SF Travel
- SFMTA Board of Directors
- Senior Action Network
- Transit Riders Union

- Union Square Business Improvement District
- Walk San Francisco
- IBEW Local 6

The following list contains topics discussed at each meeting.

Date	Discussion
Jan. 3, 2012	Operating Budget and Structural Deficit
Jan. 17, 2012	Transit Effectiveness Project (TEP) Update, Service Operating Needs, Work Orders, SFMTA Strategic Plan
Feb. 7, 2012	Potential Revenue Options
Feb. 21, 2012	Operating and Capital Structural Deficit Updates, Revenue Options from 2008
Mar. 6, 2012	FY 2013 and FY 2014 Operating Budget Update, FY 2013-FY 2017 Capital Improvement Program and Capital Budget, Revenue Options
Apr. 3, 2012	Parking Rates & Policy Survey, Sunday Parking, FY 2013 & FY 2014 Operating Budget Panel Recommendations
Apr. 17, 2012	Long Term Budget Balancing Recommendations

Context

The Panel agreed that there were two deficits: (1) Status Quo – annual deficit that must be addressed to balance the operating budget; and (2) Structural – long standing operating and capital deficit that must be address to meet state of good repair needs of the system and ensure that service levels and resources match to deliver the performance mandates in the City Charter. Based on the above documents, the Panel wanted to make clear that unless the 1% gap between revenue growth (5% average annual increase between FY 2007 and FY 2011) and expenditure growth (6% average annual increase between FY 2007 and FY 2011) was addressed, the SFMTA would continue to add to its deficits.

Deficits

At the February 21, 2012 meeting, the SFMTA identified the following Status Quo Deficits based on prior work from 2007 and SFMTA Board workshops in 2011:

- Status Quo Operating Deficit: \$50 million (after subtracting out \$30 million in expenditure reductions); and

At the same meeting, the SFMTA identified the following Structural Deficit targets:

- \$70 million additional annually for operations, including \$40-45 million for transit needs and \$20-25 million for other modes and related support (bicycles, pedestrians, sustainable streets, taxi services, enforcement, etc.); and
- \$260 million additional funding per year for capital projects required to replace all assets based on scheduled life or \$116 million additional funding to maintain the backlog at current levels.

FY 2013 and FY 2014 Operating Budget Recommendations

The Budget Balancing Panel recommended that the SFMTA Board of Directors consider the following options to balance SFMTA’s FY 2013 and FY 2014 operating budget. These short-term actions can all be acted on by the SFMTA Board.

Option	Description	Annual Net Impact
Courthouse Fee Citation Increase	<ul style="list-style-type: none"> • Increase citations by the remaining \$5 (which has not been previously passed through) to offset the increase to the State Courthouse Fees. 	\$5.4 million
Extended Hours Parking	<ul style="list-style-type: none"> • Extend hours from 6 pm up until midnight depending on occupancy to manage parking demand in selected pilot areas • Enable customers to purchase parking for the entire evening after 6 pm 	Dependent on pilot areas selected
Sunday Parking	<ul style="list-style-type: none"> • Introduce Sunday parking citywide from noon until 6 pm • Establish 4 hour time limit 	\$0.9 million (1 st year) \$1.9 million (2 nd year)
New Parking Meters	<ul style="list-style-type: none"> • Add 500-1,000 new metered spaces to better manage parking demand 	\$0.5 million (1 st year) \$1.5 million (2 nd year)
Improve Field Auditing of Parking Tax	<ul style="list-style-type: none"> • SFMTA currently receives 80% of the 25% commercial off-street parking tax • Improved field auditing would ensure that more of the revenue owed is collected. 	5% increase would yield about \$3 million

Option	Description	Annual Net Impact
Work Orders	<ul style="list-style-type: none"> • Controller currently doing a Nexus Study to ensure that SFMTA is receiving City department services solely related to transportation services • The Traffic Company function should be funded by the City given the need for these services citywide. Reduce/Eliminate the funding for the Traffic Division from the SFMTA budget. • Communicate what funds could otherwise be used for in Budget Submittal to BOS and Mayor 	\$9.0 million for SFPD Traffic Division

In addition to increased General Fund Baseline projections, the SFMTA was able to balance the FY 2013 and FY 2014 Operating budget as a result of implementing the following Panel’s recommendations: Courthouse Fee Citation Increase; Sunday Parking; and New Parking Meters. The Panel also recommended a work order with the Treasurer Tax Collector to improve field auditing of parking tax as long as the work order included metrics to ensure that the incremental tax collected would be greater than the costs of the work order.

Finally, the Panel discussed at length the Free Youth Pass Program and could not agree on a recommendation.

Long-Term Operating and Capital Budget Recommendations

The Panel recommended that the following options to address the long term structural operating deficit and capital needs be pursued.

Option	Description	Legislative Requirements	Annual Net Impact Estimate
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Option	Description	Legislative Requirements	Annual Net Impact Estimate
Increase Clipper Use	<ul style="list-style-type: none"> • Enhance Clipper use on the system to eliminate cash as much as possible • Add Clipper outlets in City 	<ul style="list-style-type: none"> • Will need MTC cooperation and support 	<ul style="list-style-type: none"> • Clipper Transaction Costs offset by reduction in cash collection costs • Moving away from cash transactions will speed transit operations
Ensure Cost Recovery for Service	<ul style="list-style-type: none"> • Improve cost recovery to support added Muni service for events • Ensure cost recovery for all other SFMTA costs related to events, e.g. Parking Control Officers 	<ul style="list-style-type: none"> • May require negotiations with event sponsor 	\$2-10 million
Vehicle License Fee	<ul style="list-style-type: none"> • Restore fee to 2% from 0.65% • Nexus to state of good repair • Split between street repair and transit • Could potentially have a Vehicle License Fee measure in advance of State legislative approval, possibly ready by FY 2014 (July 2013) 	<ul style="list-style-type: none"> • State Legislature and Governor authorization • Board of Supervisors approval to place on ballot by simple majority • Voter approval required (50% if money goes to General Fund, 2/3 if allocated for a special purpose) 	\$60 million (shared with streets)
General Obligation Bond for TEP* Capital Needs and other Transportation Needs (Bikes, Pedestrian Safety)	<ul style="list-style-type: none"> • Potentially for November 2014 ballot • Could advance to November 2013 depending on status of the Earthquake Safety Emergency Bond, which is currently scheduled at this time 	<ul style="list-style-type: none"> • Board of Supervisors approval • Voter approval by 2/3 vote required 	\$150 million for TEP + \$50-75 million for other transportation needs

Option	Description	Legislative Requirements	Annual Net Impact Estimate
General Tax Measure	<ul style="list-style-type: none"> • In addition to the Vehicle License Fee pursue another tax measure for transportation operating needs • Possible Candidates: Sales Tax, Revised Business License Tax 	Voter Approval: <ul style="list-style-type: none"> • 2/3 vote for dedicated SFMTA revenues • 50% vote for General Fund revenues 	\$30-\$60 million

*The Panel is generally supportive of the Transit Effectiveness Project (TEP), the effort which reviewed and evaluated the current Muni system and recommended measures to make service more attractive to the public and more economical to operate. The TEP is designed to strengthen Muni's ability to respond to current travel needs, provide a blueprint for future service, apply best practices to service delivery, and promote the system's long-term financial stability. However, Panel members were not unified in support of some of the TEP recommendations, particularly stop consolidation.

Other Recommendations for Additional Study

The Panel recommended the following areas for additional study and outreach:

Option	Description	Legislative Requirements	Annual Net Revenue Estimate
Review Transit Fare Structure	<ul style="list-style-type: none"> • Implement a multiplier policy between single ride and monthly pass • Implement a multiplier policy between discount pass and regular pass • Implement a low income pass regardless of age or disability which replaces the discount passes 	<ul style="list-style-type: none"> • SFMTA Board of Directors • BOS 	Policy driven

Option	Description	Legislative Requirements	Annual Net Revenue Estimate
Permit for Other Transportation Service Providers	<ul style="list-style-type: none"> • Evaluate a permit for other providers such as shuttles, tour buses, employee shuttle buses for use of Muni stops and loading/unloading using public right of way 	<ul style="list-style-type: none"> • SFMTA Board of Directors • Board of Supervisors 	Unknown – must be on a cost recovery basis
Enforcing Existing Parking Garage Ordinance	<ul style="list-style-type: none"> • Evaluate whether it makes sense to enforce Existing Planning Code ordinance stating that all garages/lots built in C-3 and after 1984 charge hourly rates for parking. • Evaluate how to address enforcement 	<ul style="list-style-type: none"> • Planning Commission • SFMTA Board of Directors • Board of Supervisors 	Unknown (Planning is providing list of garages)
Parking Stall Tax / Parking Tax Replacement	<ul style="list-style-type: none"> • Evaluate whether it makes sense for the 25% parking tax on revenues that currently exists should be replaced with a per parking stall fee • Evaluate how to include parking that is currently not subject to tax in lots: \$1,000-\$2,000 for each of the 31,751 parking stalls citywide 	<ul style="list-style-type: none"> • BOS approval • Voter approval required: <ul style="list-style-type: none"> ○ 2/3 if dedicated for SFMTA revenues ○ majority if dedicated for General Fund revenues 	\$30-\$60 million (less if parking tax is replaced)
MTC Revenues	<ul style="list-style-type: none"> • Work with other Bay Area Operators and MTC to revisit allocation of funds that flow through MTC, particularly bridge tolls, to target allocation where needed in region 	<ul style="list-style-type: none"> • MTC • Caltrans 	Policy Driven

Option	Description	Legislative Requirements	Annual Net Revenue Estimate
Residential Parking Permit Program	<ul style="list-style-type: none"> • Evaluate ways to improve the RPP program and charge appropriately • Cost recovery calculation broadened beyond enforcement and administration • Revisit the process City uses to establish RPP areas 	<ul style="list-style-type: none"> • State legislation may need to be changed 	Policy Driven
Disabled Placard Reform	<ul style="list-style-type: none"> • Establish a working group to address disabled placard parking issues 	<ul style="list-style-type: none"> • State Legislation 	Revenue loss of \$15-\$20 million annually
Develop SFMTA Real Estate	<ul style="list-style-type: none"> • Identify development opportunities for SFMTA real estate assets 	<ul style="list-style-type: none"> • BOS • SFMTA Board • Others 	Unknown
Reduce Absenteeism and Overtime	<ul style="list-style-type: none"> • SFMTA Overtime and Absenteeism rates are high • \$50-55 m annually spent on overtime 	<ul style="list-style-type: none"> • Possible SFMTA Board approval of labor agreements 	Unknown
Transit Service Optimization/ Restructuring	<ul style="list-style-type: none"> • Evaluate alternative ways to optimize service and restructure service (e.g. different vehicle types for different routes, etc) 	<ul style="list-style-type: none"> • Possible SFMTA Board and BOS approval of service changes 	Unknown

Summary

The SFMTA Budget Balancing Panel developed the above recommendations based on significant discussion, input and thought by the Panel members who strongly believe that the City must have a well-functioning transportation system to enhance economic vitality and quality of life.

The Panel was keenly aware of the trade-offs during their deliberations and very aware that most of the recommendations will have some detractors but believe the package of

recommendations in its entirety offers a balanced way to support the viability of the transportation system.

The Panel hopes that its efforts will be supported by the various policy bodies and elected officials who must take actions to implement the Panel's recommendations.