



SFMTA

San Francisco Municipal Transportation Agency

FY 24-25 FY 25-26 Budget

Bree Mawhorter
Chief Financial Officer
April 2, 2023

Today's presentation covers

- Operating Budget Overview
- Community feedback
- Security Deep Dive
- Revised recommendation to balance the two-year budget
- Title VI Service Equity Analysis of Muni's Current 2024 Service
- Next steps



FY24-25 and FY25-26 Operating Budget

Operating budget context



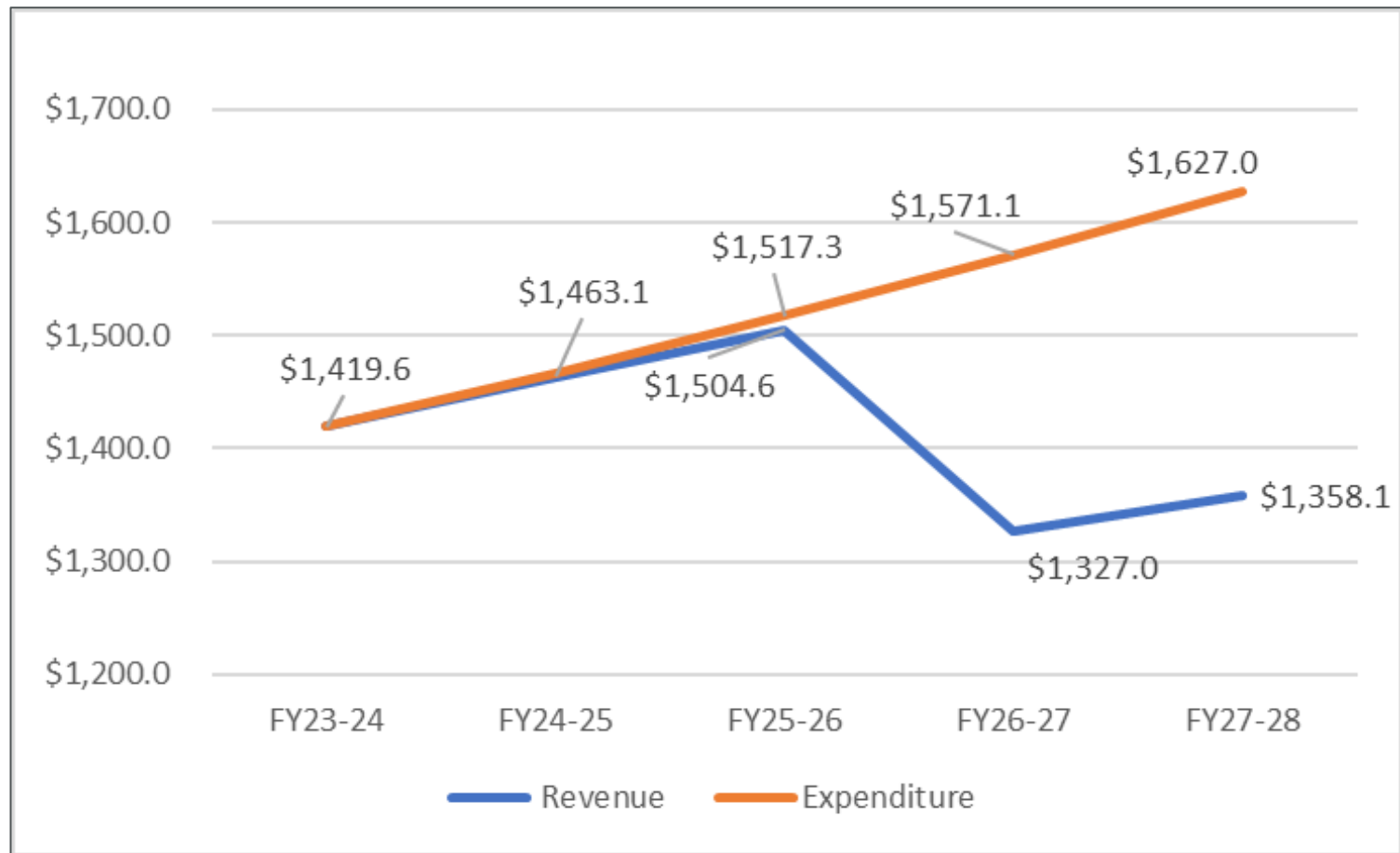
- Revenue continues to be lower than pre-pandemic.
- Low revenue compounds existing structural deficit.
- Belt-tightening measures and implementing cost-neutral service changes only keeps FY 25-26 deficit to \$12.7M.
- Deficit balloons to \$240M in FY26-27 when federal and state relief runs out.

Uncertain future

- Revenue is uncertain. Revenue proposals are not yet approved.
- The General Fund supports 38% of SFMTA's budget in FY23-24. General fund estimates have not been released.
- May revise of state budget may reduce state operating support.
- Labor accounts for 63% of FY23-24 expenditure. Current labor contracts expire in June 2024 and are being negotiated.

Five-year forecast

Based on FY22-23 financial performance, SFMTA projects \$240M+ annual deficit beginning in FY26-27.



Expenditure reductions



What we reduced:

- Committed to **cost-neutral service changes only**.
- Reinvested Muni travel time savings into additional service
- Consolidated agency functions
- Limited our hiring to key positions. This saved **\$52.8M**.
- Reduced non-labor expenses (such as professional services) by **\$33.7M** in FY24-25 and **\$25.5M** in FY25-26.

Budget strategy

- Focus on revenues **available July 1, 2024** to close FY25-26 gap.
- Control expenditure: implement cost neutral Muni service changes only.
- Stretch one-time sources like federal, state and regional transportation relief.
- Focus on FY24-25 and FY25-26, but manage toward solving projected deficits beginning in FY26-27.

Proposed budget

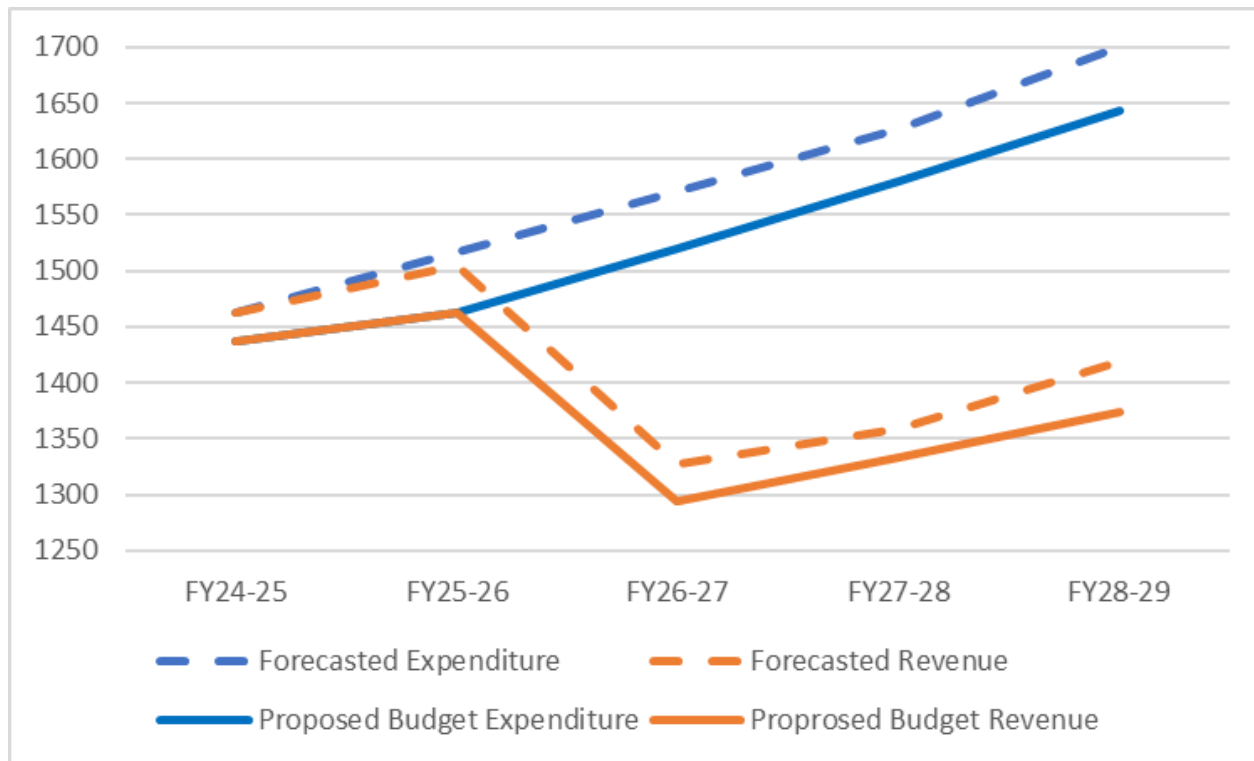
Proposed budget grows only by COLA and CPI, offset by expenditure cuts, and investments are made within existing envelope.

Category	FY23-24 Budget (\$M)	FY24-25 Budget (\$M)	FY25-26 Budget (\$M)	Yr1 Growth (%)	Yr2 Growth (%)
Revenue	1,407.6	1,436.6	1,462.8	2.1	1.8
Expenditure	1,407.6	1,436.6	1,462.8	2.1	1.8

FY23-24 projected expenditure is \$1,357.0

Impact of proposed budget on deficit

Revised FY26-27 deficit is \$226.5M, down from \$244.1M, a decrease of 17.6M of 7%



\$50.7M decrease in FY26-27 expenditure offset by \$33.1 decrease in revenue.

Unfunded need

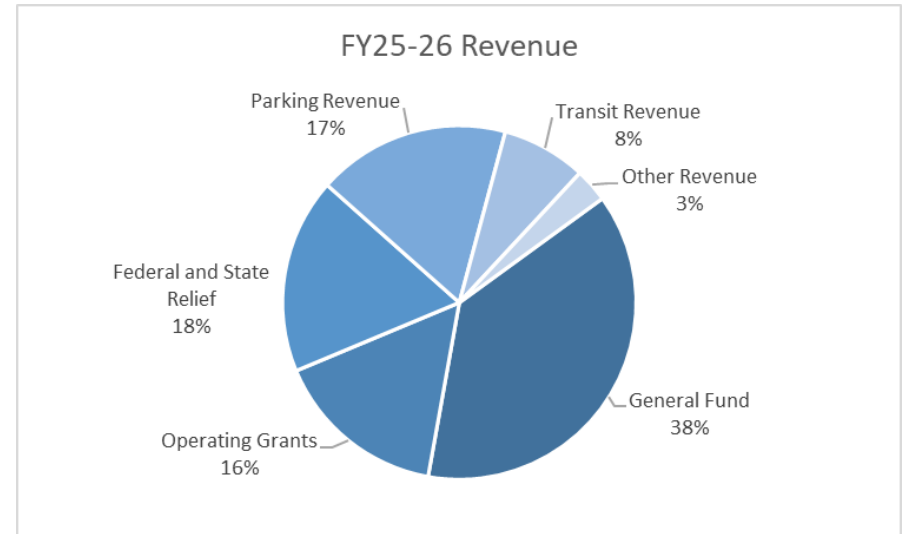
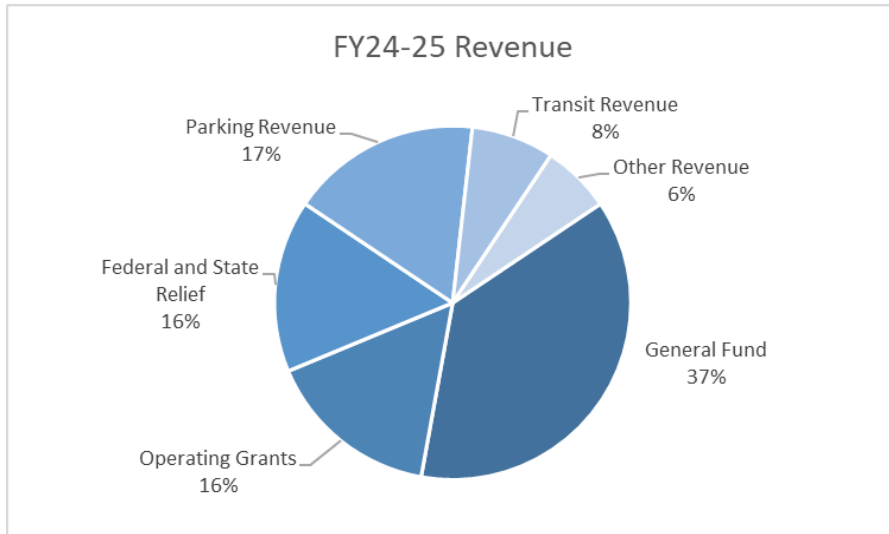
Proposed budget was unable to fund critical needs including:

- Match for Transit and Intercity Rail Capital Program (TIRCP) grant for transit infrastructure.
- Upgrade to radio system required to communicate with transit operators.
- Upgrade to Computer Aided Dispatch and Automated Vehicle Location system that facilitates on-time arrivals.

Revenue

FY24-25 and FY25-26 Revenue

General Fund, Parking Revenue, and Federal and State Relief continue to be largest revenue sources.



FY24-25 and FY25-26 Revenue

Increases in Operating Grants and State and Federal Relief are offset by decreases in parking and transit revenue. Balancing the budget requires use of \$60M fund balance, reflected in Other.

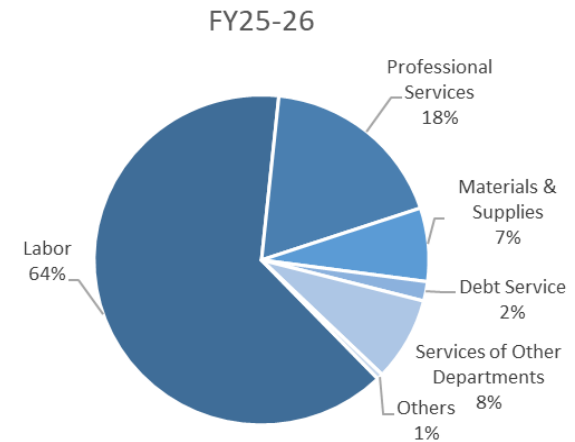
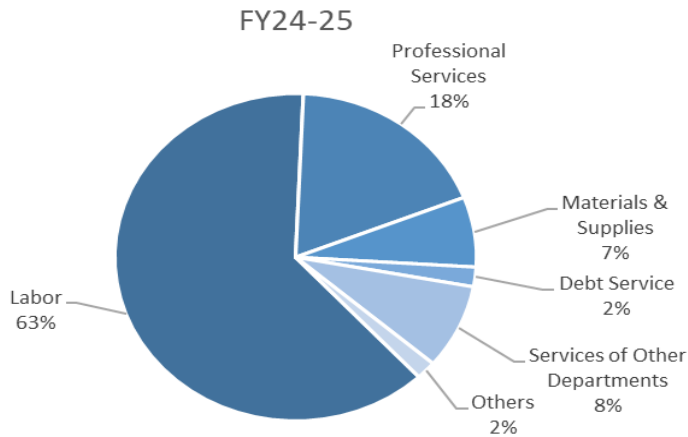
Category	FY23-24 Budget (\$M)	FY24-25 Budget (\$M)	FY25-26 Budget (\$M)	Yr1 Growth (%)	Yr2 Growth (%)
General Fund	542.3	535.6	553.4	-1.2	3.3
Operating Grants	193.3	227.9	232.1	17.9	1.9
Federal and State Relief	201.1	226.4	261.2	12.6	15.4
Parking Revenue	282.0	248.8	258.0	-11.8	3.7
Transit Revenue	140.6	108.1	113.1	-23.1	4.6
Other Revenue*	48.2	89.8	44.9	99.9	-50.0
Total	1,407.6	1,436.6	1,462.8	2.1	1.8

*Other Revenue includes one-time fund balance in FY 24-25

Expenditure

FY24-25 and FY25-26 Expenditure by type

Labor continues to be the largest expenditure.



FY24-25 and FY25-26 Expenditure by type

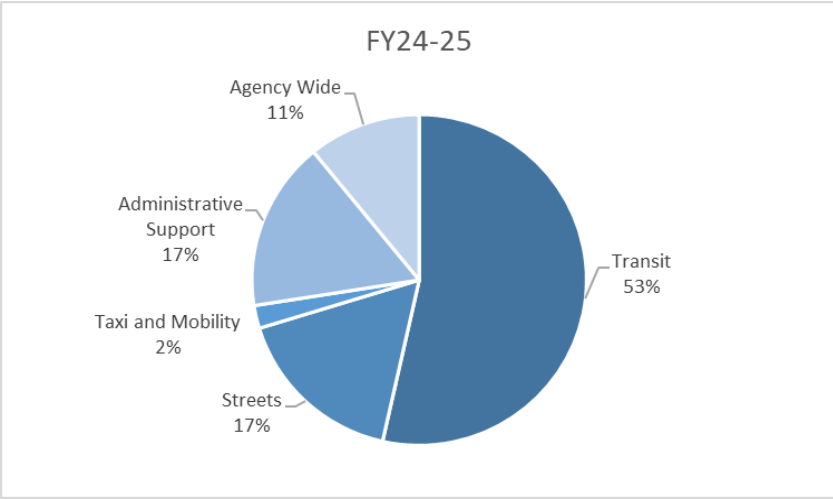
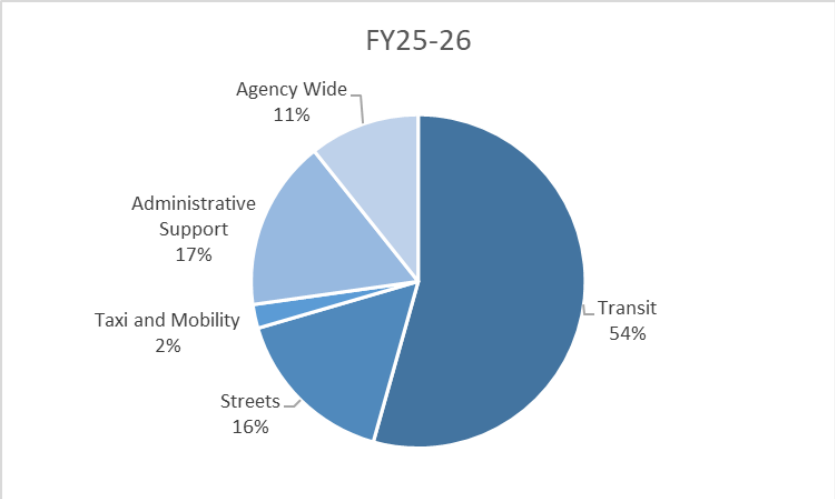
Growth in Materials and Supplies and Other is off-set by reductions in labor and overhead recovery.

Category	FY23-24 Budget (\$M)	FY24-25 Budget (\$M)	FY25-26 Budget (\$M)	Yr1 Growth (%)	Yr2 Growth (%)
Labor	969.4	921.6	956.3	-4.9	3.8
Professional Services	259.5	263.7	266.8	1.6	1.2
Overhead Recoveries	-34.0	-21.9	-21.9	-35.6	0.2
Materials & Supplies	74.6	99.4	105.3	33.2	6.0
Debt Service	27.9	27.8	27.8	0.0	-0.1
Services of Other Departments	109.7	120.2	120.1	9.6	-0.1
Other*	0.4	25.7	8.3	6315	-67.8
Total	1,407.6	1,436.6	1,462.8	2.1	1.8

*Other includes one-time equipment previously not reflected in the AAO budget

FY24-25 and FY25-26 Expenditure by service

Transit continues to be the largest cost center.



FY24-25 and FY25-26 Expenditure by Service

Increase in Streets is offset by decrease in Taxi and Mobility.

Category	FY23-24 Budget (\$M)	FY24-25 Budget (\$M)	FY25-26 Budget (\$M)	Yr1 Growth (%)	Yr2 Growth (%)
Transit	754.0	768.8	794.9	2.0	3.4
Streets	227.3	240.8	235.9	6.0	-2.1
Taxi and Mobility	39.9	32.2	33.8	-19.3	5.1
Administrative Support	179.9	238.3	241.7	32.4	1.4
Agency Wide	206.5	156.4	156.5	-24.3	0.1
Total	1,407.6	1,436.6	1,462.8	2.1	1.8

Changes in Administrative Support and Agency Wide reflect budget transfers to increase transparency.

FY24-25 and FY25-26 FTE by type

Growth is due to adding new Transit Fare Inspectors, bringing EEO function in house from DHR, and adjusting Transit Operator FTE to reflect hiring trends.

Category	FY23-24 Hiring Plan (FTE)	FY24-25 Budget (FTE)	FY25-26 Budget (FTE)	Yr1 Growth (%)	Yr2 Growth (%)
Operating Budget	6,128	6,281	6,287	2.5	0.1
Project Budget	502	509	509	1.4	0.0
Total	6,630	6,790	6,796	2.4	0.1

FY24-25 and FY25-26 FTE by service

Most FTE growth occurs in Streets.

Category	FY23-24 Hiring Plan (FTE)	FY24-25 Budget (FTE)	FY25-26 Budget (FTE)	Yr1 Growth (%)	Yr2 Growth (%)
Transit	4,746	4,855	4,855	2.3	0.0
Streets	1,126	1,140	1,146	1.3	0.5
Taxi and Mobility	33	35	35	5.4	0.6
Administrative Support	725	760	760	4.8	0.0
Total	6,630	6,790	6,796	2.4	0.1

Increases in administrative support reflect position transfers across divisions to centralize administrative functions.

Community Feedback on FY 24-25 and FY 25-26 budget proposal

Methods

Beginning in February, SFMTA conducted a comprehensive multilingual outreach campaign

- Social Media Campaign –
 - 473k impressions
 - 56% in language other than English
- More than 35 presentations held with community and neighborhood organizations
- Citywide virtual (107 attendees) and in-person (37 attendees) budget listening sessions
- 1,400 info cards posted in all vehicles, buses, and LRVs
- Advertisements placed in 14 citywide and neighborhood papers
- Email and text message notifications sent to 297,000 registered customers

Language Assistance

Language assistance was offered throughout the outreach process.

Languages offered:

- Chinese
- Filipino
- French
- Japanese
- Korean
- Russian
- Spanish
- Vietnamese
- American Sign Language (ASL)



ASL Interpreter Steve (Co-host)



ASL Interpreter-Laura Hamby (Co-host)



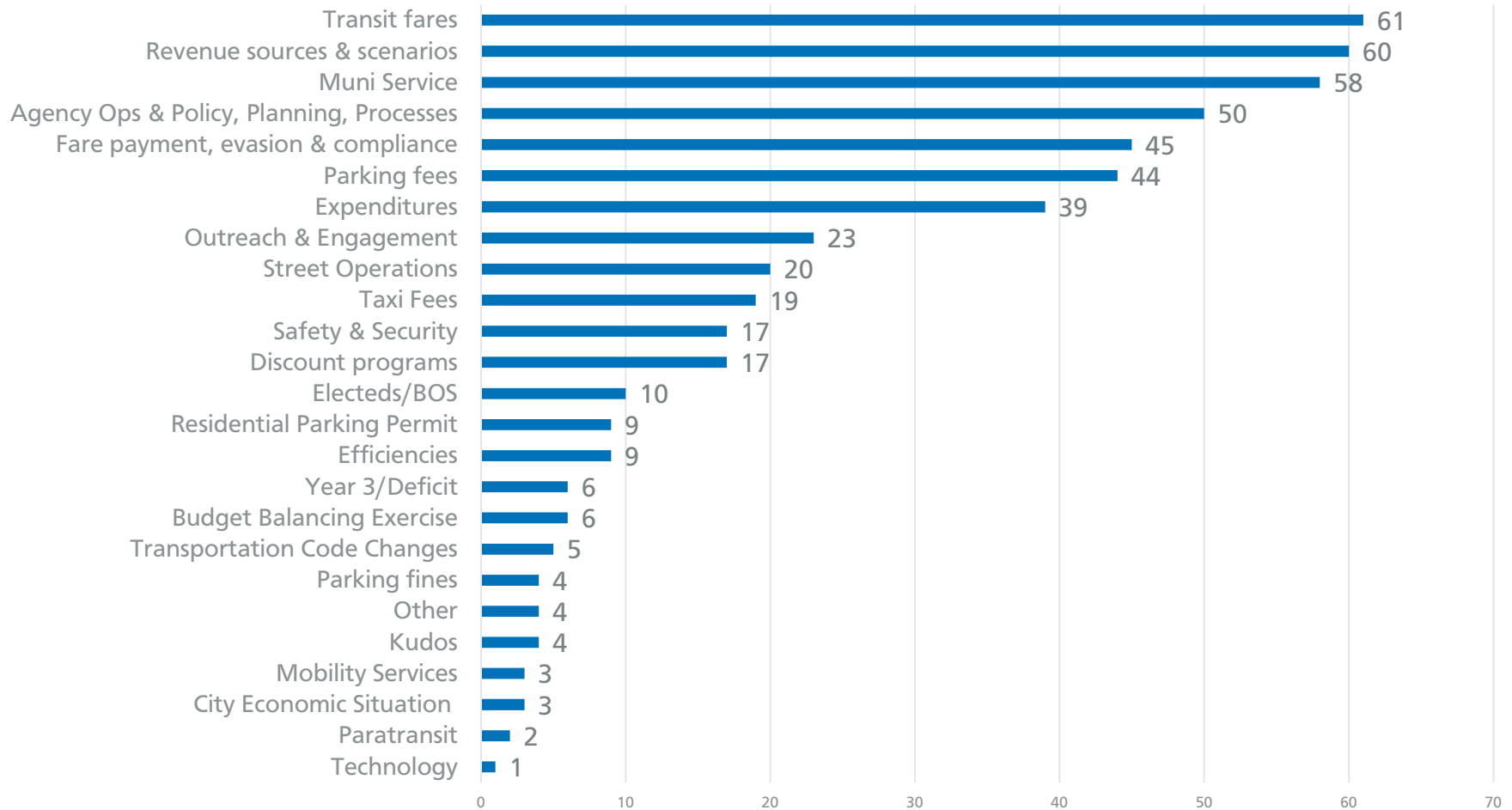
Dennis Castro (Tagalog Interpreter)



Harvey Tai-Cantonese Interpreter

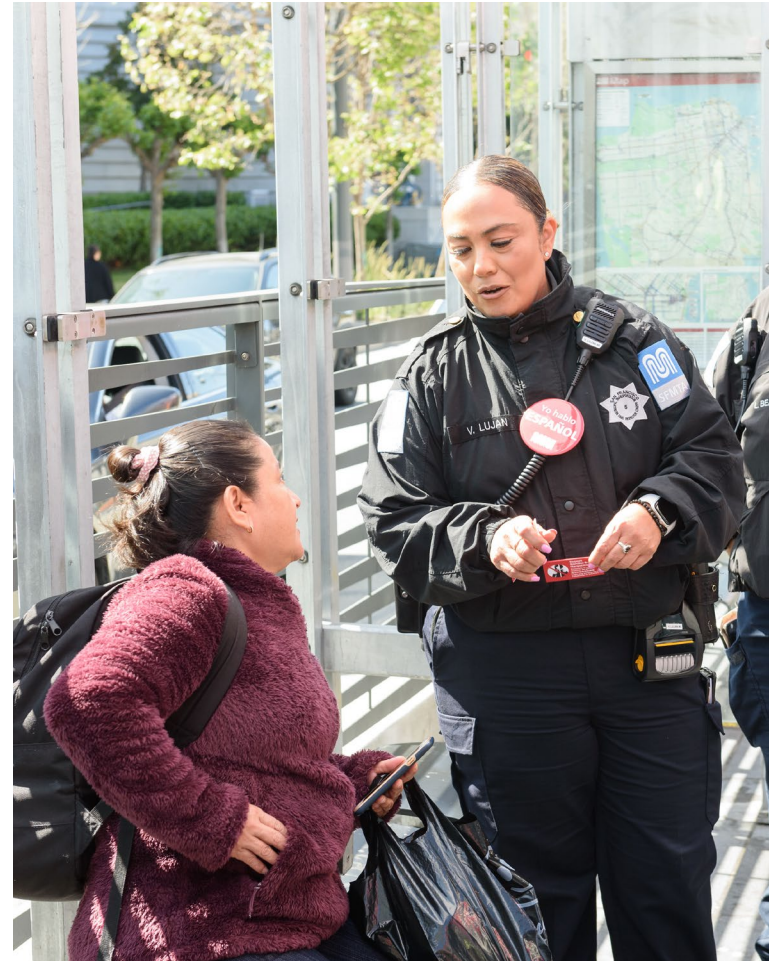
Comment Topic Areas

Top areas of concern for public comment included transit fares, revenue sources, Muni service, agency operations and policy, and fare compliance.



Response to community and board feedback

- TFI/Fare compliance
 - Presentation at Jan. 30 Board Workshop
 - Plan to hire 35 additional Transit Fare Inspectors
- Discount Fare Programs
 - Presentation at March 19 Board meeting
 - Plan to improve program access
- Muni safety and security



Safety and Security on Muni

Safety and Security on Muni

Crime on Muni is down 48% since 2018.

FY	MTA Crime	SFPD Reported Crime	Percent MTA Crime (%)
2018	1,168	54,439	2.0
2019	1,095	57,886	1.9
2020	373	44,690	0.8
2021	483	50,777	1.0
2022	530	54,646	1.0
2023	604	50,659	1.2

Crime on transit accounts for 1.3% of all crime in SF.

Safety and Security on Muni

Compared to other metropolitan transit systems, Muni has the lowest percentage of reported violent crime (4%).

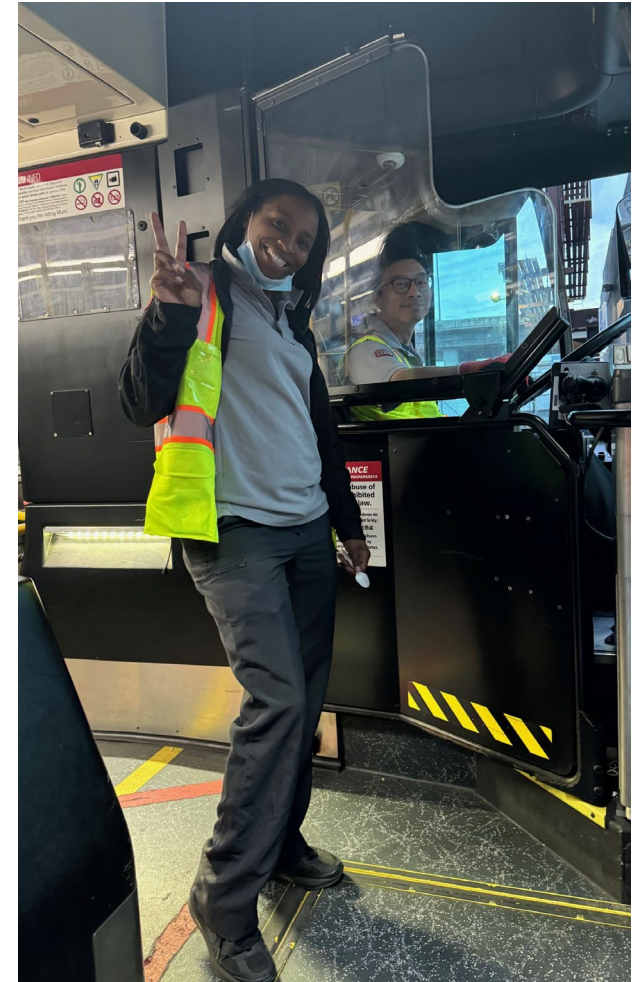
	2018	2019	2020	2021	2022	2023	Total	Percent (%)
SFMTA	35	42	26	32	33	31	199	4
CTA	165	218	169	221	267	210	1,250	24
LA Metro	104	83	45	93	116	27	468	9
MTA NYC	429	540	170	257	565	435	2,396	46
BART	42	94	81	24	41	44	326	6
SEPTA	78	78	90	111	91	69	517	10
Total	871	1,075	592	753	1,142	816	5,156	

Majority of crime on Muni is larceny/theft (48%). Little crime on Muni is aggravated assaults (7%).

Safety and Security on Muni

Transit worker safety is a priority.

- Operator assaults make up 89% of our total employee assaults.
- Over the last two years operator assaults have flattened, with a 18.5% decrease in the first quarter of this year.
- Biden Infrastructure Bill -protects and supports transit workers.
 - Provides support for transportation workers
 - New provisions to prevent operator assaults built on collective bargaining and labor-management collaboration.



Safety and Security on Muni

If you commit a crime on Muni, you WILL be caught and prosecuted.

- Coordinate with SFPD and the District Attorney's Office
- Monitor at least 11 cameras on every Muni bus and train, continually recording video and audio.
- Hired Transit Ambassadors to increase staff presence on Muni, assist customers, defuse conflicts, prevent vandalism and assist transit operators.
- Train vehicle operators on customer service and de-escalation techniques.
- Collaborate among Operators, Transit Fare Inspectors, Muni ambassadors, station agents, and security staff work prevent and deter crime before it happens.

Safety and Security on Muni

Communication with riders is a priority.

- **Made audio announcements** on over 600 Muni buses and trains daily
- **Surveyed** 1,600 Muni riders to gather essential data
- **Prepared safety PSAs, posters, decals, video, social media**

Over 1,185 Muni buses and trains
1,500 Muni stops
15 Metro stations
30,000 wallet cards and tear sheets
16,000 emails
35,000 text messages

**All information and materials in English, Spanish, Chinese (Cantonese) and Filipino*



Safety and Security on Muni

Work to improve safety on Muni is ongoing.



- **Held first-ever “MuniSafe Day Out”** - staff posted information, talked to customers on Muni’s seven busiest lines.
- **Partnered** with SF Marathon, Outside Lands, Hardly Strictly Bluegrass, Downtown SF Partnership to distribute Muni safety info.
- **Held multiple safety tabling events** in Chinatown, Tenderloin, Excelsior.
- Working on more **community partnerships, informational campaigns**
- **Aligning efforts with SB434 requirements**

Revised Revenue Proposal

Revenue options considered

Option	Transit	Parking Fines	Taxi
Beyond indexing	Eliminate Clipper discount/no change to cash fare	Increase by 5% each year	Reinstate and index fees (excluding drivers)
Index only	Index all fares	Index all fines	Reinstate and index fees (including drivers)
Reduce impact to Clipper	Reduce Clipper Discount by \$0.25/no change to cash fare	Increase by 10% each year	Reinstate and index fees (excluding drivers)
Reduce impact to ridership	Eliminate Clipper discount/no change to cash fare/reduce monthly pass	Increase by 8% each year	Reinstate and index fees (excluding drivers)
Indexing +	Index all fares excluding single ride cash fare	Increase by 10% each year	Reinstate and index fares (including drivers)
Balancing Equity and Ridership	Reduce Clipper discount by \$0.25 year 1, index all fares year 2, reduce monthly pass multiplier from 32 to 30 over two years.	Increase by 8% each year	Reinstate and index fees (excluding drivers)

Key discussion themes

Clipper card discount

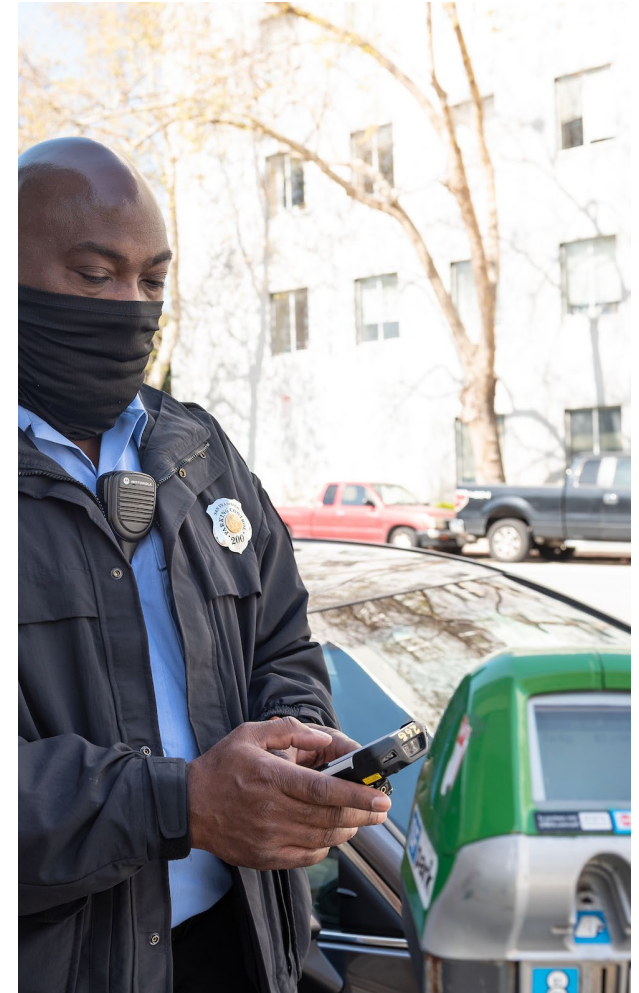
Indexing

Ridership

Equity

Parking fines

Parking fees



Revised Revenue Recommendation: Balance Equity & Ridership

Generates \$0.6M over deficit.

Category	Description	Additional 2-Year Revenue (\$M)
Transit Fares	FY25 - Reduce Clipper discount by \$0.25/no change to cash fare/index cable car/reduce multiplier from 32 to 31 FY26 - Index/no change to cash fare/reduce multiplier from 31 to 30	1.8
Parking Fines	Increase by 8% each year, 16% total	7.4
RPP Fees	Implement inflation indexing + add'l costs	2.9
Taxi Fees	Reinstate taxi fees (excluding drivers) and apply inflation indexing	1.2
Total		13.3
Deficit		12.7
NET		0.6

Balance Equity and Ridership impact to transit fares

Due reduction in monthly pass multiplier, impact to transit fares is less than original recommendation, particularly in adult monthly and Lifeline Pass

	Current	Original Recommendation	Revised Recommendation
Single ride fare – Clipper & Mobile* (\$)	2.50	2.75/3.00	2.75/2.85
Adult Monthly Pass (\$)	81.00	88.00/96.00	85.00/86.00
Lifeline Pass (\$)	40.00	44.00/48.00	43.00/43.00

*Cash fare remains unchanged

Balance Equity and Ridership impact to parking fines

Increase in parking fines offsets cost of maintaining Clipper discount and reducing monthly pass multiplier.

	Current	Original Recommendation	Revised Recommendation
Street Cleaning (\$)	90.00	95.00/99.00	97.00/105.00
Residential Overtime (\$)	102.00	107.00/108.00	108.00/108.00
Parking Meter Outside Downtown (\$)	92.00	97.00/101.00	99.00/107.00

Impact of Balance Equity and Ridership option

Revenue Type	Balance Equity and Ridership
Transit Fares	Creates more equitable fare structure; reduces monthly pass cost, potentially increasing ridership; reduces Lifeline pass cost
Parking Fines	16% increase over two years places moderate burden on drivers; many fines will reach cap
Taxi Fees	Reinstates fees suspended since pandemic; continues suspension for driver fees to promote participation

Title VI: Service Equity Analysis

- Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color or national origin in federally funded programs and services.
- The Federal Transit Administration requires transit providers conduct an equity analysis for major service changes to identify whether changes disproportionately impact communities of color and people with low incomes.
- 2022 Muni Service Network Changes that were adopted as part of FY23-FY24 budget were not fully implemented due to resource constraints and other small changes were made to address emerging issues, such as crowding.
- Due to fiscal constraints, we are proposing cost neutral service changes as part of the FY25-FY26 budget: ***the service on the streets is the service we can afford.***
- As part of the extensive FY25-FY26 budget multilingual outreach process, public comment has been solicited on Muni's current service.
- Title VI Service Equity Analysis was conducted to compare service from April 2022 to Muni's current service (as of January 2024) and found no impacts to communities of color or people with low incomes resulting from these changes.
- The Board will be requested to approve the service equity analysis on consent April 23rd.

Appendix

Title VI Service Equity Analysis

Title VI: Service Equity Analysis

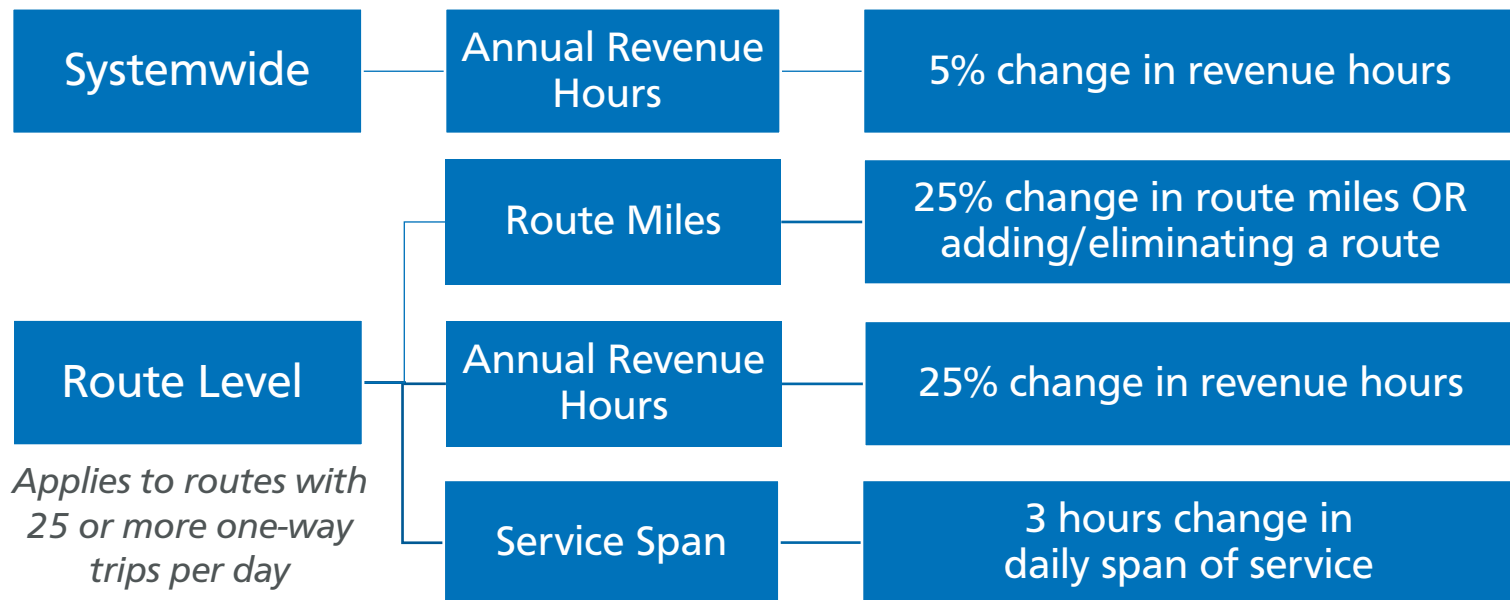
- **Analyzing past 2 years as look to next budget cycle**
 - **FY23/FY24 Budget Title VI Service Equity Analysis**
 - Title VI service equity analysis approved in December 2021 for the 2022 Muni Service Network was used for the FY23 & FY24 Budget.
 - The **2022 Muni Service Network** was not fully implemented due to:
 - Resource constraints
 - Pivot to respond to emerging ridership needs
 - **FY25/FY26 Budget Title VI Service Equity Analysis**
 - Compares service from April 2022 to current service (January 2024)
 - No major service changes proposed for FY25 & FY26 Budget
- **Data for Determining Impacted Populations**
 - 2022 ACS Census Data, 1/4-mile from transit stops
 - Note that Muni Customer On-Board Survey underway, which will collect more current demographic data of ridership.

Title VI: Service Equity Analysis

SFMTA Board Approved Title VI Analysis Definitions

- After extensive public outreach, SFMTA Board approved major service change, disparate impact, and disproportionate burden polices in August 2013

Major Service Change Definition

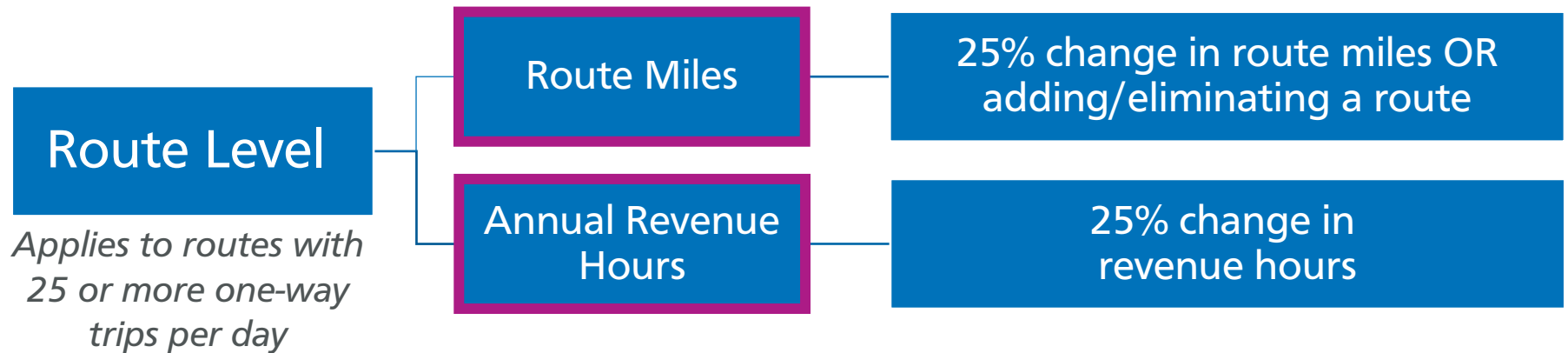


Disparate Impact, and Disproportionate Burden Definition

- Found if proportion of protected classes among population impacted by service changes is 8% greater than the proportions systemwide

Title VI: Service Equity Analysis

Major Service Changes Triggered in Analysis:
Route Miles and Route Annual Revenue Hours



Title VI: Service Equity Analysis

The differences between the populations impacted and San Francisco's overall population do not result in a disparate impact or a disproportionate burden

Major Service Changes Triggered		Impacted Population <small>Source: 2022 ACS data</small>			
		People of Color		Living in Low-Income Households	
		% People of Color	Disparate Impact?*	% Low-income	Disproportionate Burden?*
Route Miles <small>>=25% change in route miles</small>	<i>Decreases</i>	59%	-3 / No	20%	-1 / No
	<i>Increases</i>	58%	-4 / No	24%	+3 / No
Annual Revenue Hours (Individual Route) <small>>=25% change annual revenue hours</small>	<i>Decreases</i>	64%	+2 / No	19%	-2 / No
	<i>Increases</i>	56%	-6 / No	19%	-2 / No
Citywide Population		62%	-	21%	-

**Threshold for Difference from Citywide: -8 for increases, +8 for decreases*