



**SFMTA**

# **SFMTA Fiscal and Management Update**

*August 2020 Budget Update*

SFMTA Board of Directors  
October 6, 2020

## Overview

- **Board of Supervisors allowed the budget to go into effect October 1.** General Fund and other baseline transfers were reduced in the final City budget, requiring technical adjustments, net change from June 30<sup>th</sup> MTA Board adopted budget was an \$11 million reduction.
- **Major enterprise revenue sources are declining and will likely be below budget requiring the use of the \$125M contingency reserve.** Strict fiscal controls and management of expenses should be employed, recommend not using more than 30% in FY 21 or \$37.5 million.
- **After two fiscal months there remain *significant uncertainties*:**
  - Pandemic impacts on ridership and whether vaccine becomes available.
  - Prospects for additional federal support.
  - Pace of San Francisco and State economic recovery.

# FY 2021 and FY 2022 Updated Budget Revenue Scenario

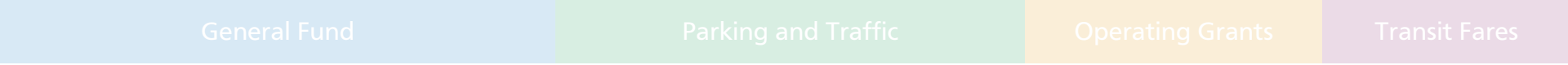
The final adopted budget and fiscal year scenario are beginning to take shape. Fiscal and operational management options presented in June 2020 are being implemented.



The budget is built with a revenue scenario. This includes **Budget+** with a potential for higher parking and traffic and operating grant revenues. This is **not budgeted for expenditure** but a reserve to be released if revenues are realized.

**Budget+ Revenue Board Reserve**

**Scenario:** Budget+ Revenues realized and offset additional losses in Transit Fare Revenue from Budget



**Scenario:** Transit Fares decline due to ridership constraints, Parking and Traffic Revenue exceed Budget and Budget+ with increased driving



**Scenario:** Transit Fares well below Budget, all other revenues on Budget



**In the worst case revenue scenario, Transit Fares collapse and all other revenue sources come in on budget with no Budget+ revenues the 10% Reserve will be used in this scenario to close the gap.**

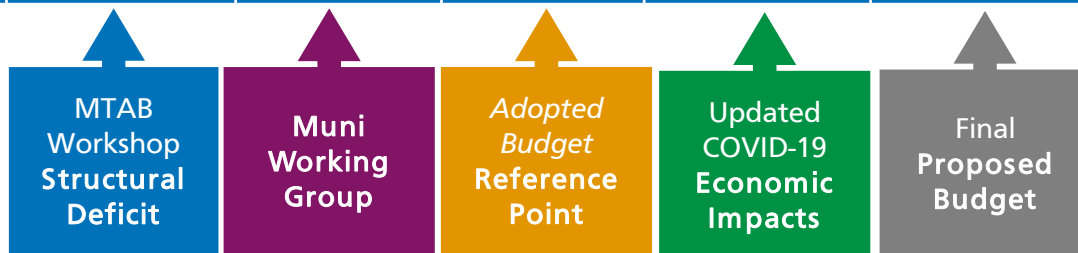
Use **Contingency Reserve** in worst case

## Operating Revenues ~ Fiscal Year 2021

### Fiscal Year 2021 Budget Revenue Adjustments

Item	1/28/20	4/7/20	4/21/20	6/30/20	Final
General Fund Transfers	399	399	347	357	<b>328</b>
Operating Grants	190	201	318	327	<b>343</b>
Parking & Traffic Fees and Fines	295	297	266	270	<b>269</b>
Parking Tax In-Lieu	68	68	63	57	<b>48</b>
Transit Fares	214	219	207	140	<b>140</b>
Developer Fees	0	10	10	26	<b>26</b>
Advertising	26	26	23	13	<b>13</b>
Other*	16	63	49	67	<b>62</b>
Taxi Service	2	0	0	0	<b>0</b>
Use of Fund Balance	0	18	0	13	<b>30</b>
<b>TOTAL</b>	<b>1,209</b>	<b>1,300</b>	<b>1,284</b>	<b>1,270</b>	<b>1,259</b>

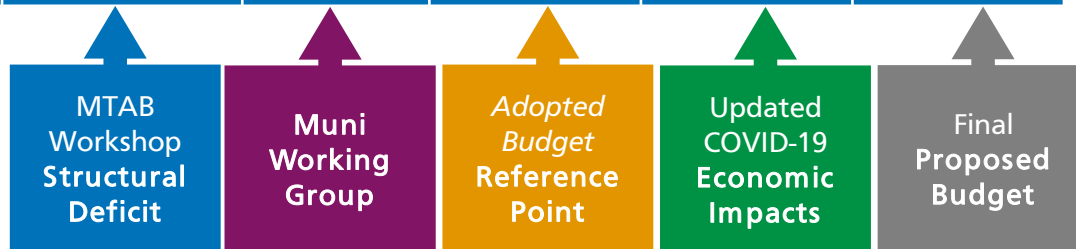
\* Includes the following sources: Interest, Misc. Fees, Prop. D TNC Tax, Prop B Pop. Baseline, Recoveries



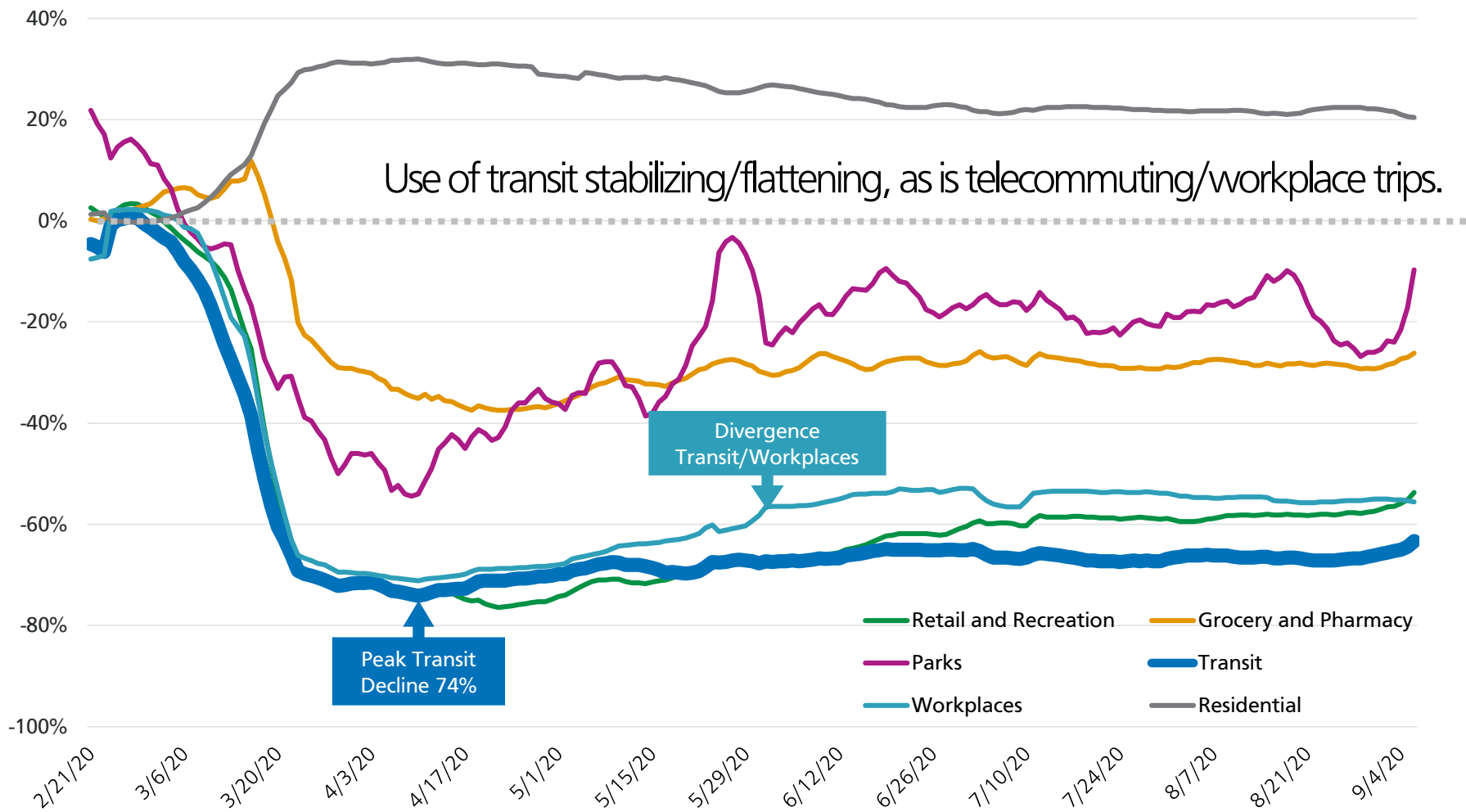
## Operating Expenditures ~ Fiscal Year 2021

### Fiscal Year 2021 Expenditure Modifications

Item	1/28/20	4/7/20	4/21/20	6/30/20	Final
Salaries	566	614	587	558	554
Fringe Benefits	288	287	290	290	288
Overhead and Allocations	(38)	(52)	(39)	(38)	(36)
Non-Personnel Services	260	252	252	249	248
Material & Supplies	74	73	74	74	74
Capital Spending	7	7	7	4	4
Debt Service	24	24	23	23	23
Work Order	93	94	89	91	85
Deposit to General Liability Reserve	0	0	0	2	2
Board Reserve	0	0	0	16	16
<b>TOTAL</b>	<b>1,275</b>	<b>1,300</b>	<b>1,284</b>	<b>1,270</b>	<b>1,259</b>



# Google COVID-19 Community Mobility Reports – Destinations within San Francisco

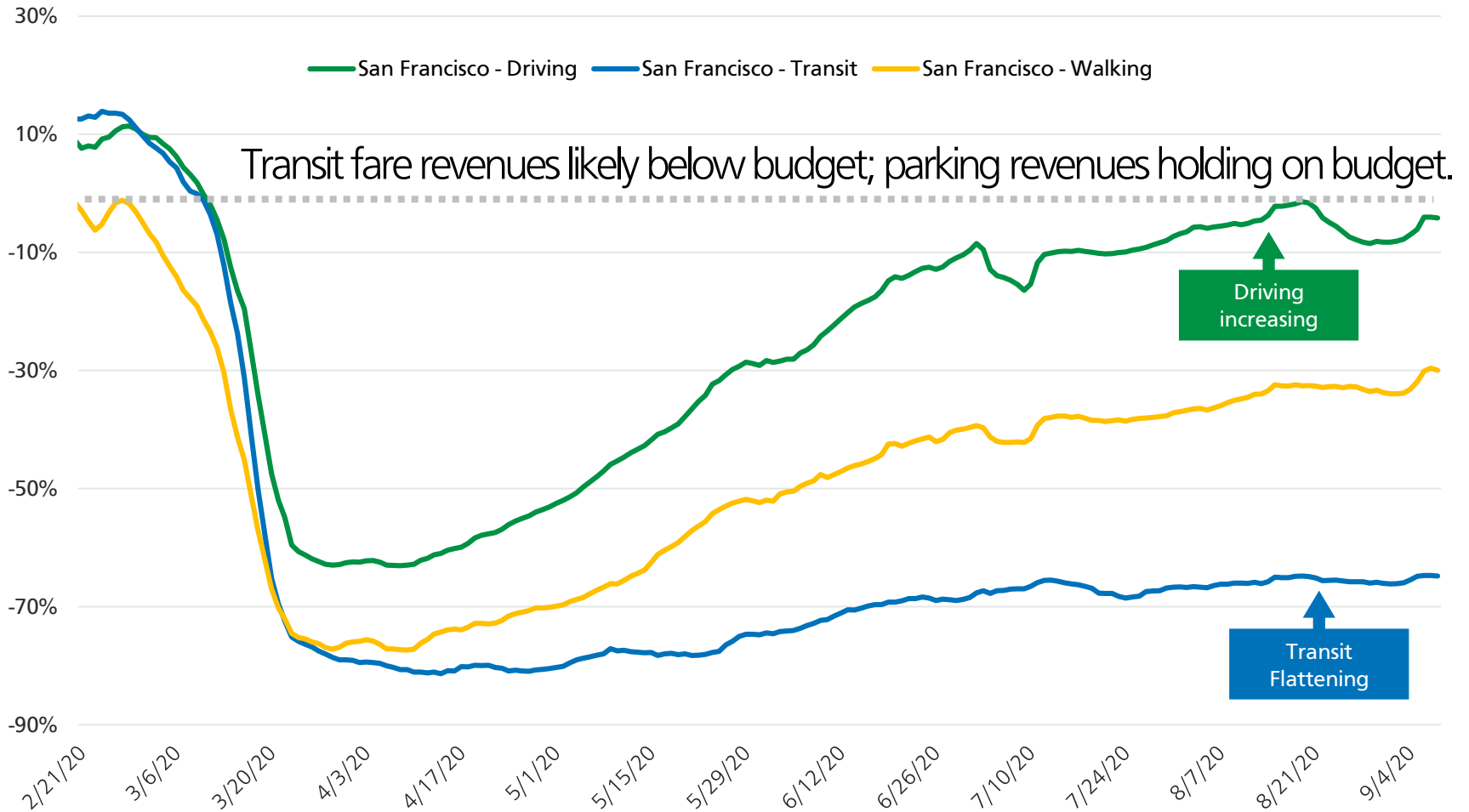


Source: Google LLC "Google COVID-19 Community Mobility Reports".

<https://www.google.com/covid19/mobility/> Accessed: September 10, 2020.

The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020. Data is a rolling 7-day average versus the baseline.

# Apple COVID-19 Mobility Trends - San Francisco All Modes/Choice



Driving increasing

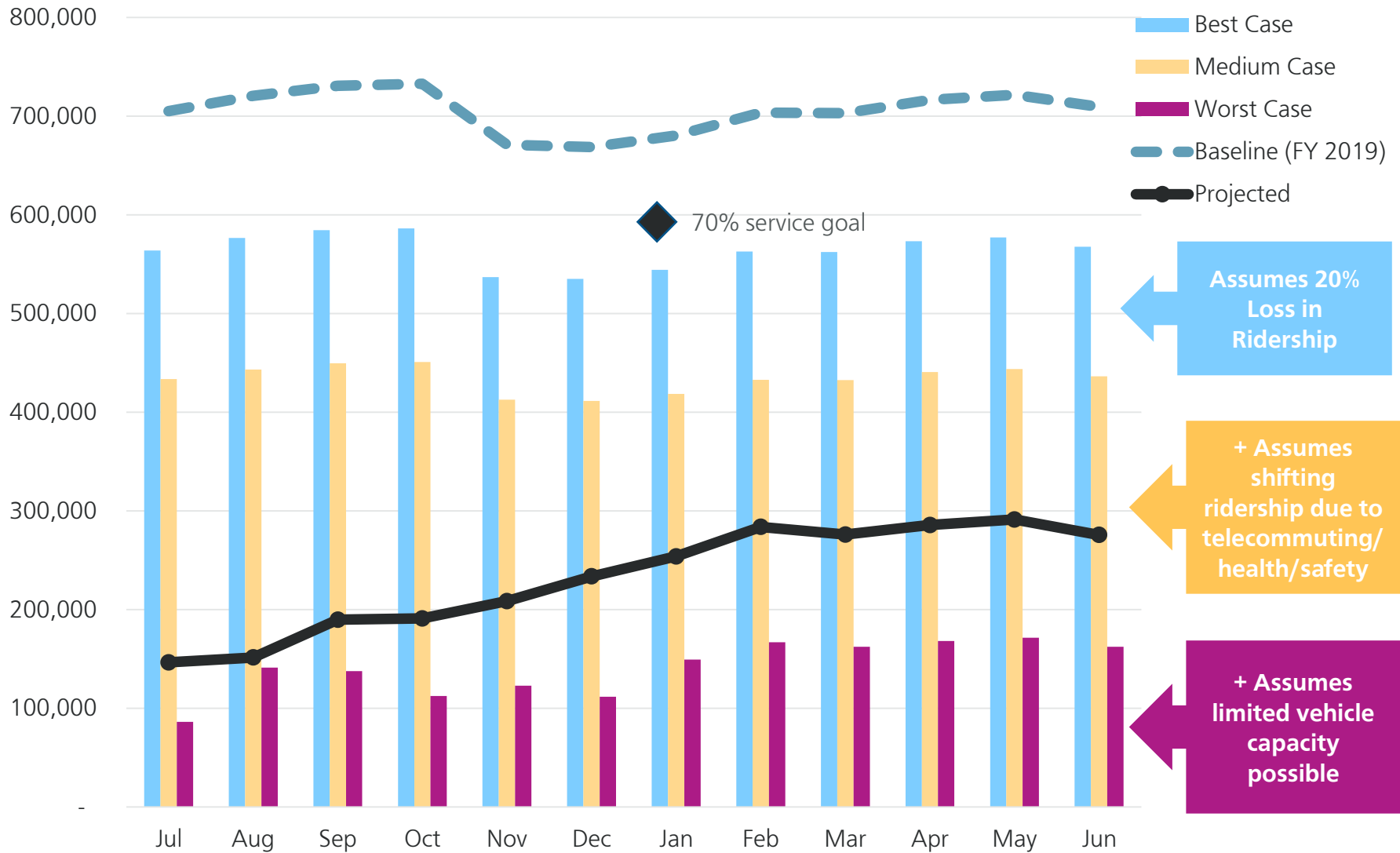
Transit Flattening

Source: Apple "Mobility Trends Reports".

<https://www.apple.com/covid19/mobility>

The baseline is as of January 13, 2020. Data is a rolling 7-day average versus the baseline.

# Muni Ridership Projections – FY 2021





## FY 2021 Revenue Status as of August 2020

Revenue Category, \$M	FY 20 Actual (pre-audit)	FY 21 Adopted Budget	FY 21 FM 1- July	FY 21 FM 2- Aug	FY 21 Projected Total	FY 21 Projected Surplus (Shortfall)
City Baselines and other Support	\$410	\$412	-	-	\$412	-
Parking & Traffic Fees and Fines	215	269	11	12	269	-
CARES Act	202	177	32	36	177	-
Operating Grants	176	166	-	-	166	-
Transit Fares	154	140	1	1	42	(98)
Miscellaneous	43	29	3	2	29	-
Transit Development Fees	-	26	-	-	26	-
Prop D Congestion (TNC) Tax	-	7	-	-	7	-
Fund Balance	-	33	-	-	33	-
<b>Total Operating Sources</b>	<b>\$1,198</b>	<b>\$1,259</b>	<b>\$80</b>	<b>\$50</b>	<b>\$1,161</b>	<b>(98)</b>

City baseline includes revenue population baselines, parking tax in-lieu, and Mission Bay Transportation Improvement Fund.

Miscellaneous includes vehicle and station advertising, commercial rents, pole antenna license, interest, cost recovery from City departments, etc.

## FY 2021 Transit Fare Revenue Status

Revenue Category, \$M	Pre-COVID Annual	FY 21 Bgt	Jul 20 Actual	Aug 20 Actual	Scenario 1	
					FY Total (Projected)	Diff to Bgt
Standard Passes	\$79	\$51	\$0.5	\$0.4	\$13	(38)
Single Ride Fares	79	66	0.3	0.3	23	(43)
Discount Passes	9	9	-	-	3	(6)
Cable Car	24	7	-	-	-	(7)
Other Transit	8	6	-	-	3	(3)
<b>Total Fares</b>	<b>\$199</b>	<b>\$140</b>	<b>\$0.88</b>	<b>\$0.95</b>	<b>\$42</b>	<b>(98)</b>
Prior Year (PY) Actuals (Mar 2019 – Feb 2020)			<b>\$18</b>	<b>\$17</b>	<b>\$199</b>	
% PY Actuals			<b>5%</b>	<b>6%</b>	<b>21%</b>	

**Scenario 1: Single ride and discount fares rise to 50% prior year by February, and regular monthly passes to 20% prior year. No cable car restart until FY 2021-22.**

**Initiatives to preserve fare revenues:** Reimagined fare inspection initiative rolling out in October/November. Promotional campaigns planned to encourage fare compliance. Working with union on return to all-door boarding.

## FY 20-21 Parking and Traffic Revenue Status

Revenue Category, \$M	Pre-COVID Annual	FY 20-21 Bgt	Jul 20 Actual	Aug 20 Actual	Scenario 1	
					FY Total (Projected)	Diff to Bgt
Parking Fees and Fines	\$120	\$112	\$3.7	\$4.8	\$116	4
Parking Garage	70	67	1.6	2.6	66	-
Parking Meter	59	66	2.0	2.5	57	(9)
Other (RPP., etc.)	26	24	3.4	1.8	30	6
<b>Subtotal Parking &amp; Traffic</b>	<b>\$276</b>	<b>\$269</b>	<b>\$11</b>	<b>\$12</b>	<b>\$269</b>	<b>\$0</b>
Prior Year (PY) Actuals (Mar 2019 – Feb 2020)			<b>\$22</b>	<b>\$23</b>	<b>\$276</b>	
% PY Actuals			<b>48%</b>	<b>51%</b>	<b>98%</b>	

**Scenario 1:** Rebounded vehicle use grows garage and meter usage. Expanded hours rolled out and additional PCO's hired. Revenue rises to 110% PY.

## Update on Revenues: Major Initiatives

- **Transit Fare Compliance:** Shifting transit fare inspectors to a compliance role focused on educating people about how to pay and supporting Operators on key issues like mask compliance.
- **Restoring Vehicle All-Door Boarding:** Working with Operator union to return to all door boarding.
- **Promotional/Marketing Campaign:** Work with the public and encouraging people to do their part and pay their fare to support Muni.
- **Shared Spaces Program:** Implemented over 1,000 free temporary shared spaces permits in the parking lane; estimated cost impact \$2 million in parking revenue loss, factored into projections.



Alan San Martin, a Transit Fare Inspector models their new uniform



Shared Spaces Program

## Update Revenues: Advertising Contracts

**Clear Channel:** Transit shelter advertising and maintenance.  
Minimum Guarantee: \$1.4M/month.

**Intersection:** Vehicle advertising.  
Minimum Guarantee: \$500K/month.

Current forbearance agreements through December 2020.  
Guarantees become payable unless contracts amended.  
Impacts included in budget projections. Expect to bring proposals to Board in November with updated analysis.



### Intersection Reported Revenue

Month	2019	2020	Diff
April	\$1.0M	\$400K	<b>-60%</b>
May	\$1.5M	\$300K	<b>-83%</b>
June	\$1.5M	\$300K	<b>-77%</b>
July	\$1.0M	\$300K	<b>-70%</b>
August	\$1.0M	\$100K	<b>-88%</b>

### Clear Channel Reported Revenue

2019	2020	Diff
\$660K	\$350K	<b>-47%</b>
\$830K	\$190K	<b>-77%</b>
\$830K	-\$30K	<b>-103%</b>
\$630K	\$50K	<b>-92%</b>
\$440K	\$40K	<b>-90%</b>

## FY 2020-21 Expenditure Status as of August 2020

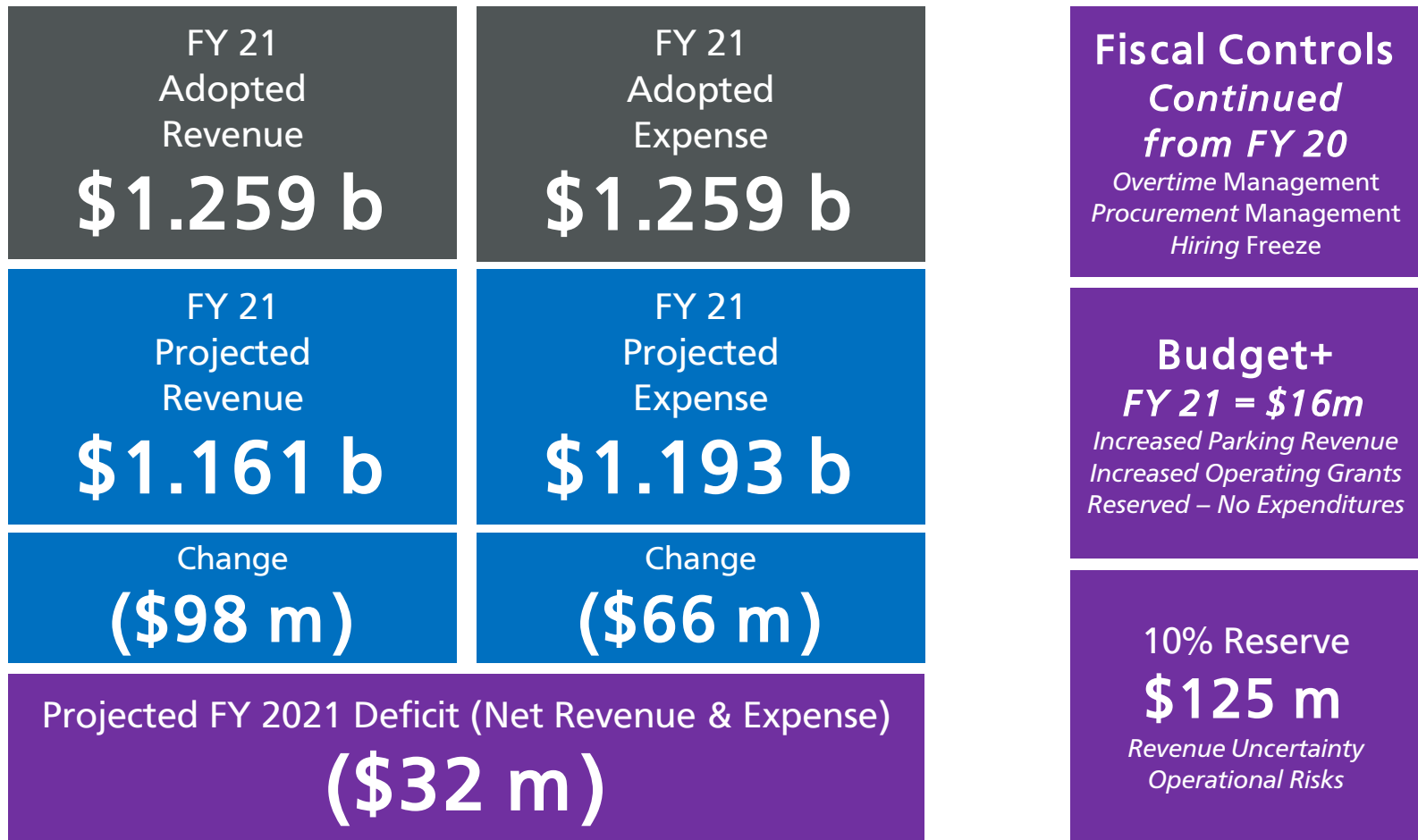
Expenditure Category, \$M	FY 19-20 Actual (pre-audit)	FY 21 Adopted Budget	FY 21 FM 1-July	FY 21 FM 2-Aug	FY 21 Projected Total	FY 21 Projected Surplus (Shortfall)
Salaries & Benefits	\$770	\$842	\$50	\$55	\$792	\$50
Contracts & Other Services	157	183	1	8	183	-
Services of Other Departments	83	85	-	-	85	-
Materials & Supplies	69	74	5	5	74	-
Judgments, Claims & Workers Comp	34	42	3	2	42	-
Equipment, Rent & Maintenance	28	30	2	2	30	-
Debt Service	25	23	1	1	23	-
Reserve	-	16	-	-	-	16
Offset to Capital Projects	(71)	(36)	(3)	(4)	(36)	-
<b>Total Operating Expenditures</b>	<b>\$1,095</b>	<b>\$1,259</b>	<b>\$59</b>	<b>\$69</b>	<b>\$1,193</b>	<b>\$66</b>

## Update on Expenses: Hiring and Overtime Controls

- Labor costs trending lower than pre-COVID in the last 2 pay periods, \$27.8 m versus \$30.4 m. Trend assumed in expense projection.
- Overtime trending lower than pre-COVID in last 2 pay periods, \$1.4 m versus \$3.5 million. Savings result \$1 m per week. Trend assumed in expense projection.
- Current hiring freeze in place; focus on mission-critical hiring only. All hiring proposals undergoing strict scrutiny. Budget assumes 673 positions held vacant on average. Current vacancy count over 1,000.
- Current projection is a \$50 m labor savings in FY 21.
- Revenues are now projected to be insufficient and not the Budget+ scenario, Board Expenditure Reserve for FY 21 an expenditure reduction of \$16 m.

## Fiscal Status as of August 2020 (FY 2021/Fiscal Month 2)

At the end of fiscal month 2, the SFMTA is projecting a deficit of \$32 million. The result is no use of Board Reserves in FY 21, continued fiscal controls, and use of 10% rainy day reserve.





## Use of Reserves: Policy Recommendation/Discussion

- Current projections likely result in the use of the 10% rainy day reserves in fiscal year 2020 totaling \$125 million.
- As of August 2020, use of the 10% reserve is estimated at \$32 million, however revenue losses could be more severe depending on course of pandemic, local economy and ridership demand.
- Staff recommends use of the City's policy regarding use of rainy day reserves: a target of managing expenditures in order to use no more than:
  - 30% (\$37.5M) of the contingency reserve in FY 21
  - 35% (\$44M) FY 2021-22 (\$44M), leaving
  - 35% (\$44M) for future years.