



SFMTA

San Francisco Municipal Transportation Agency

Fiscal Year 2021 – 2022

Budget & Fiscal Update

SFMTA Board of Directors

June 30, 2020



SFMTA

Budget Public Hearing:

- April 21, 2020 Budget **Baseline**
- Data **Insights**
- **Fiscal Update**
 - Revenue Trends/Losses
 - Budget Reduction Targets
- **Recommendation**/Budget Update
- **Service Impact** & Fiscal Management

Introduction

- Reduction from 4/21 approved budget: -\$30M from FY 2021 and -\$54M from FY 2022
- Savings primarily from positions to be held vacant
- Reflects deterioration in revenue outlook, along with proposed suspension of fare increases
- Great uncertainty—particularly in fare revenues depending on ridership demand and social distancing requirements
- Budget currently retains full 10% contingency reserve: \$125M for FY 20-21. We will monitor revenues and expenditures closely and report to the Board at least quarterly
- If revenues come in below estimates, we will present options to the Board including service reductions and use of reserves

Core Values

Safe Transportation System

Equity

Decarbonization

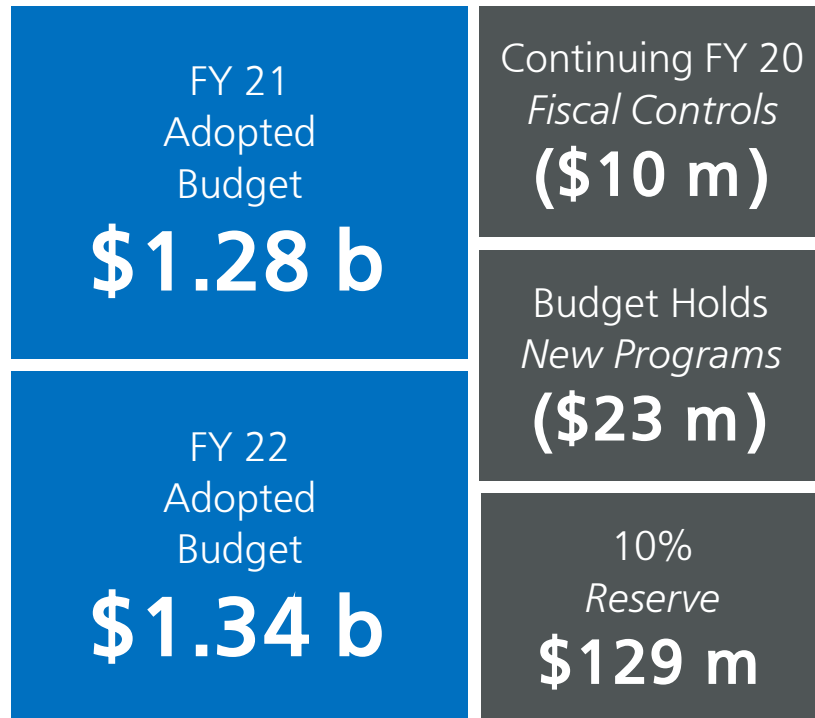
Work Culture that delivers
excellent customer service

Transportation services and investments
supporting a strong economic recovery

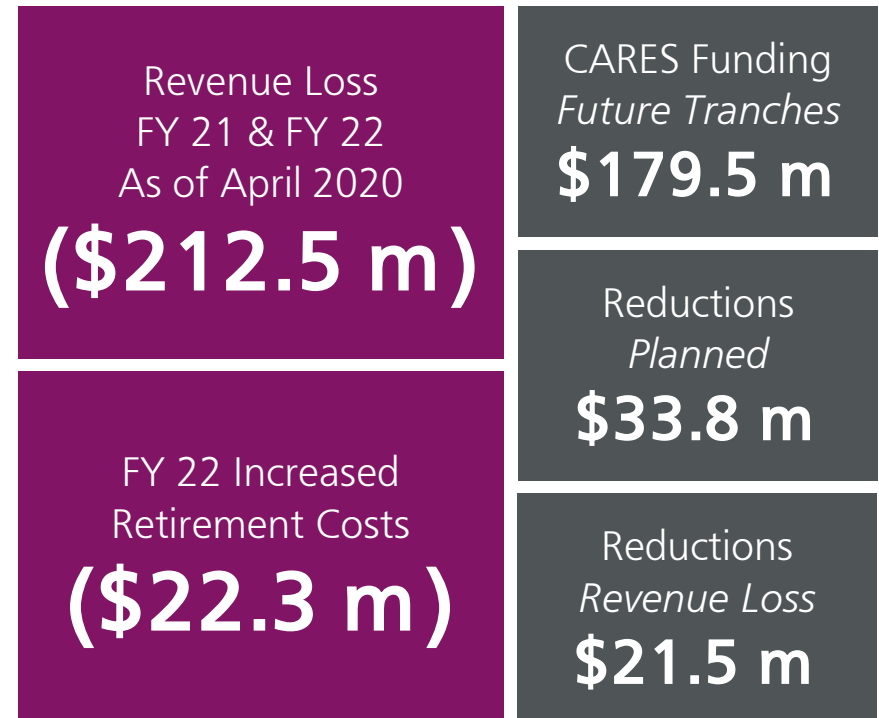
April 21, 2020 Adopted FY 2021 & FY 2022 Consolidated Budget

The SFMTA Board of Directors approved the FY 2021 and FY 2022 Consolidated Budget on April 21, 2020. *The budget was to be a reference point **to be updated as the fiscal situation changed.***

Budget (April 2020)



Fiscal Situation (April 2020)



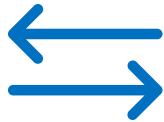
Insights



Insights Summary



Likely to be a ~20% baseline ridership drop. Telecommuting will reduce number of commuting trips; essential trips should hold steady and recover. Result is cost per service hour will increase, fare revenue will drop.



Likely to see a ~10-15% shift in “regular” riders to “occasional” riders. Result is drop in ridership, drop in monthly pass revenue offset some by increase in Clipper and Cash Fare revenue.



Likely transit demand in the short term will track with service restoration outlined in the Transportation Recovery Plan (TRP). Result is ridership will increase with service hours; revenues will track, but behind this trend.



Likely mode shift from transit to driving in the immediate to mid-term. Data is showing a “divergence” from prior baselines in mode use; driving is recovering the fastest and is diverging from other transportation choices. Result is transit fare revenue will drop, but may be offset partially or completely by parking and traffic revenue increases.

Key Data Sources

Using various datasets, **insights were developed** that resulted in changed economic and revenue forecasts. Choices around trips, modes, and preferences informed budget scenarios and recommendations

IBM Survey

25,000 people surveyed

Transportation
Preferences

Google Mobility Reports

Real-Time Data

Trips/Destination
Choice

Apple Mobility Reports

Real-Time Data

Mode
Choice

Human Factors - *IBM Institute for Business Value (IBV) Survey*

Institute for Business Value (IBV) survey of U.S. consumers reveals shifting personal behavior and preferences resulting from the COVID-19 pandemic. The study **polled more than 25,000 U.S. adults in the month of April** to understand how COVID-19 has affected their perspectives on a number of issues, including retail spending, transportation, future attendance at events in large venues, and returning to work.

20%

of respondents who regularly used buses, subways or trains now said they **no longer would**

28%

of respondents who regularly used buses, subways or trains said they **will likely use public transportation less often**

<https://newsroom.ibm.com/2020-05-01-IBM-Study-COVID-19-Is-Significantly-Altering-U-S-Consumer-Behavior-and-Plans-Post-Crisis>

Human Factors - *IBM Institute for Business Value (IBV) Survey*

Institute for Business Value (IBV) survey of U.S. consumers reveals shifting personal behavior and preferences resulting from the COVID-19 pandemic. The study **polled more than 25,000 U.S. adults in the month of April** to understand how COVID-19 has affected their perspectives on a number of issues, including retail spending, transportation, future attendance at events in large venues, and returning to work.

17%

of respondents said that they intend to **use their personal vehicle more as a result of COVID-19**

50%+

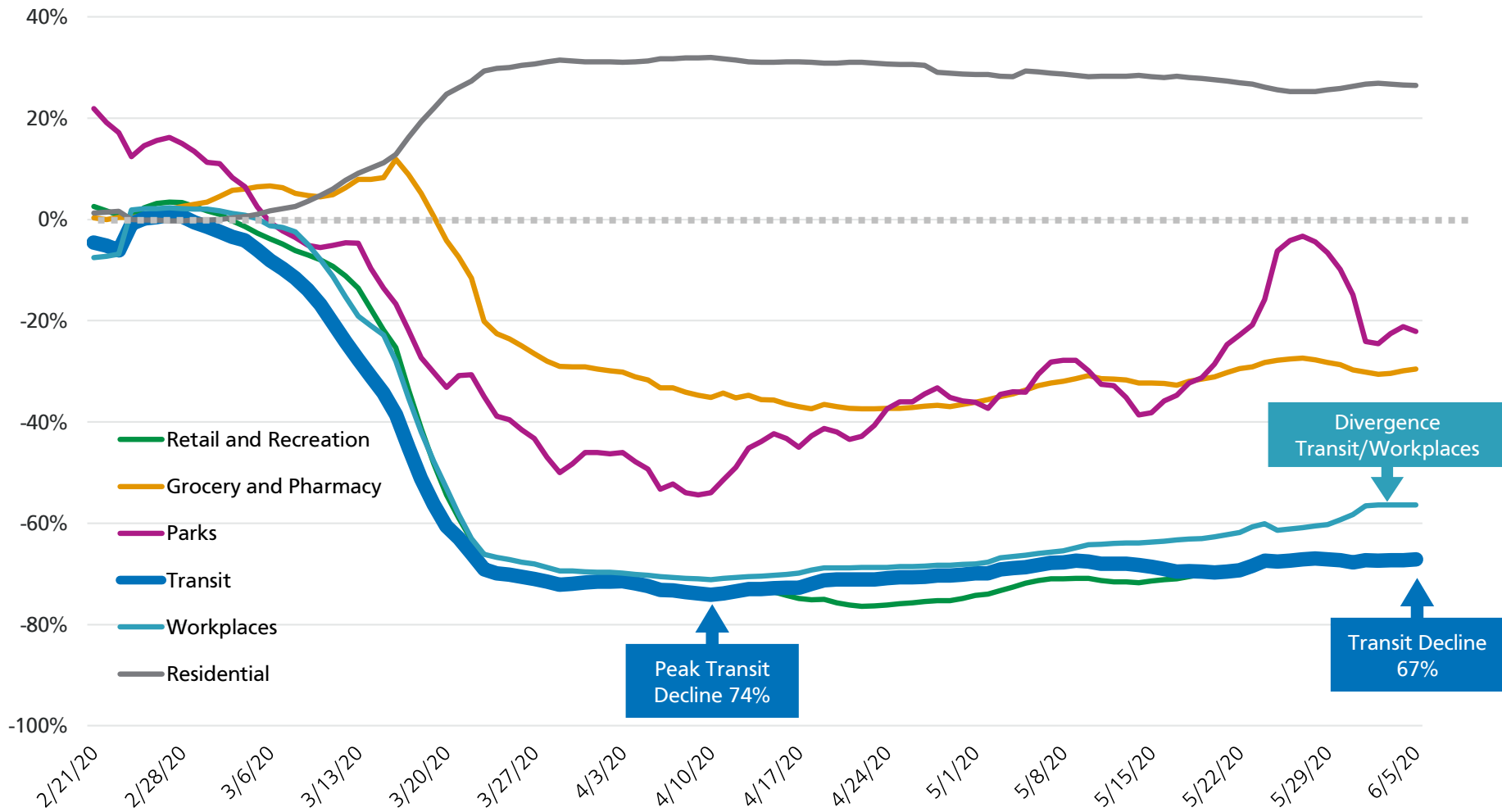
of respondents who used ridesharing apps and services said they would **either use these less or stop using these services completely**

24%

of respondents said they would **no longer use taxis**

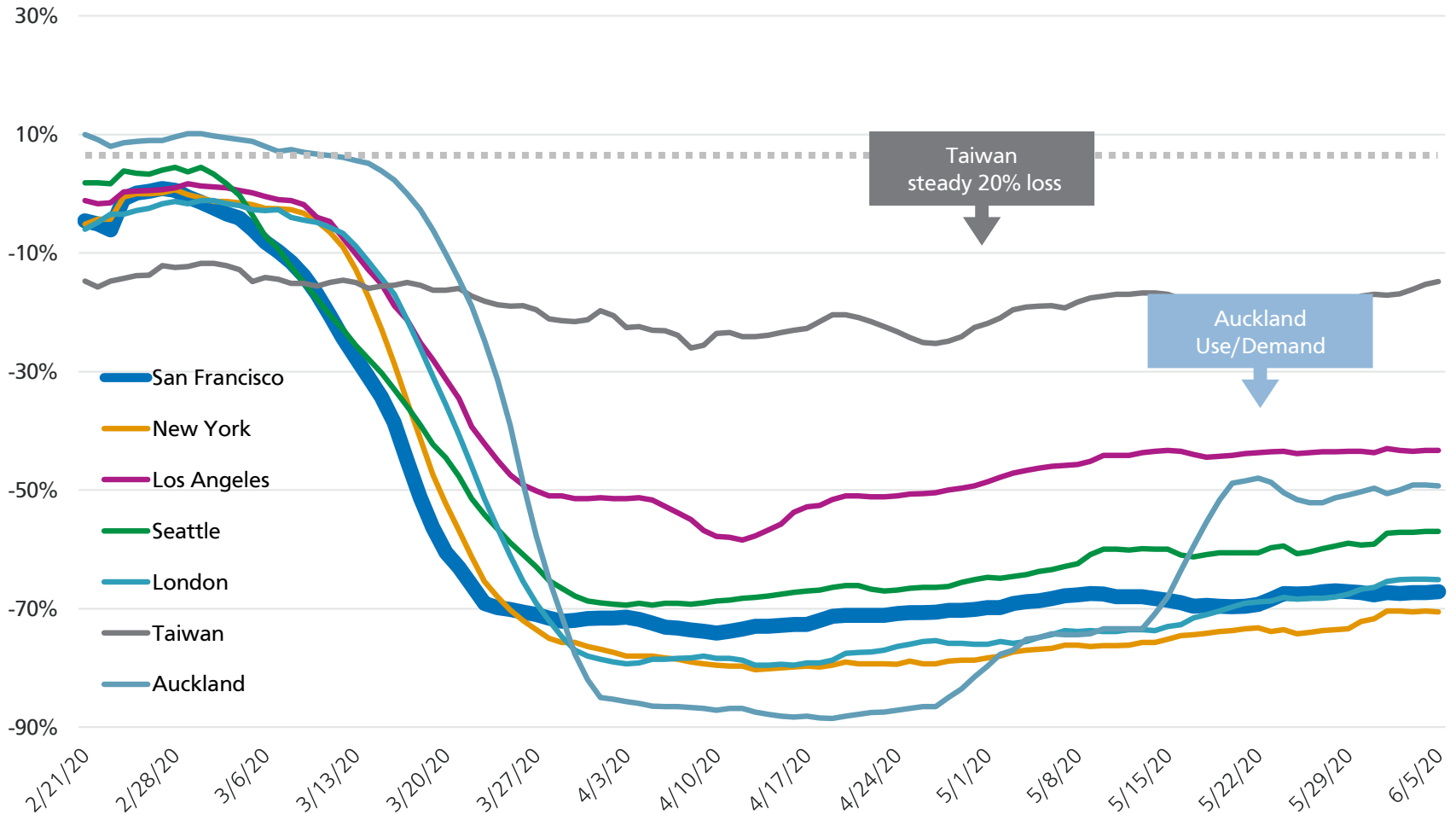
<https://newsroom.ibm.com/2020-05-01-IBM-Study-COVID-19-Is-Significantly-Altering-U-S-Consumer-Behavior-and-Plans-Post-Crisis>

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: June 9, 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.

Google COVID-19 Community Mobility Reports - Transit Comparison/Global Cities

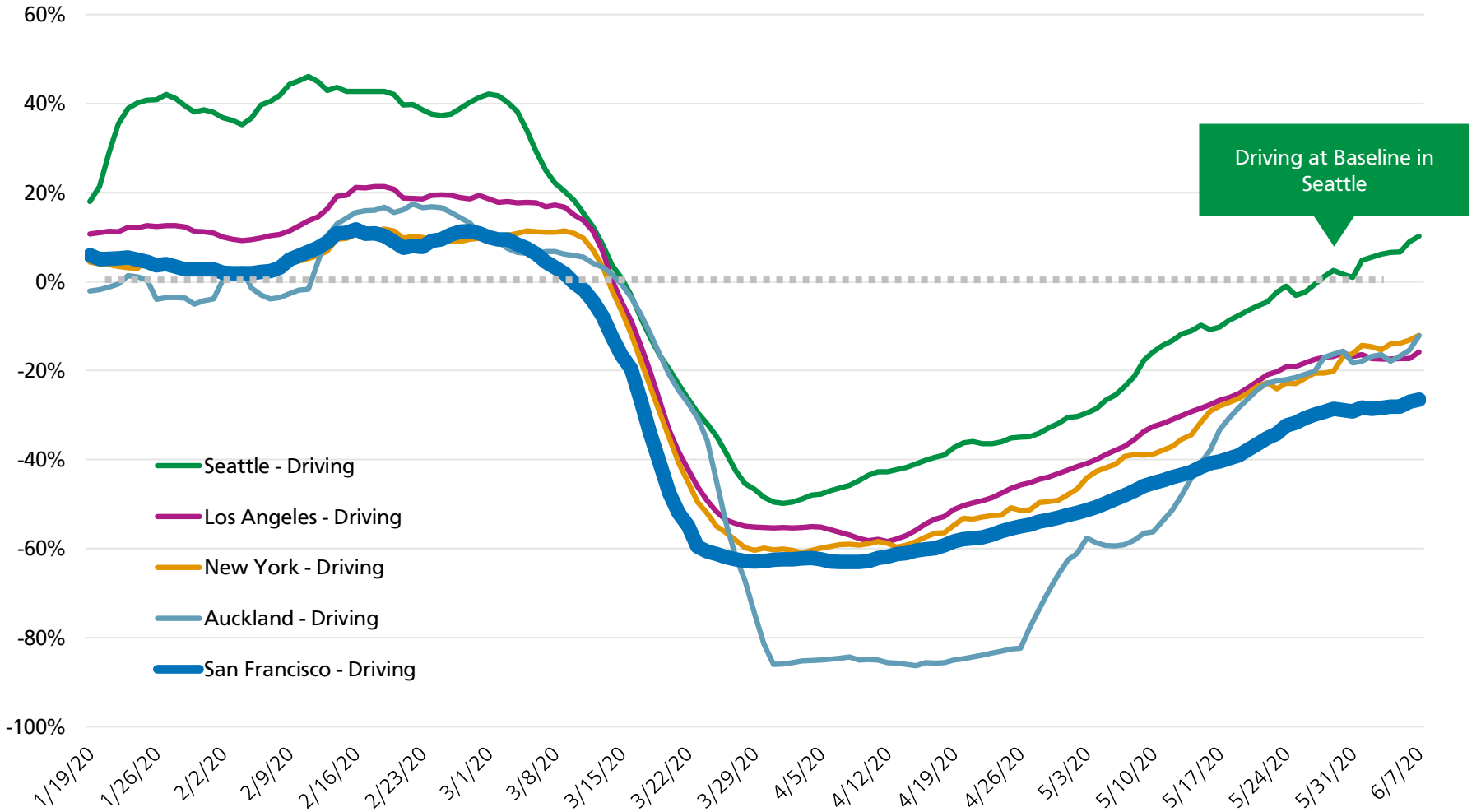


Source: Google LLC "Google COVID-19 Community Mobility Reports".

<https://www.google.com/covid19/mobility/> Accessed: June 9, 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 - Driving

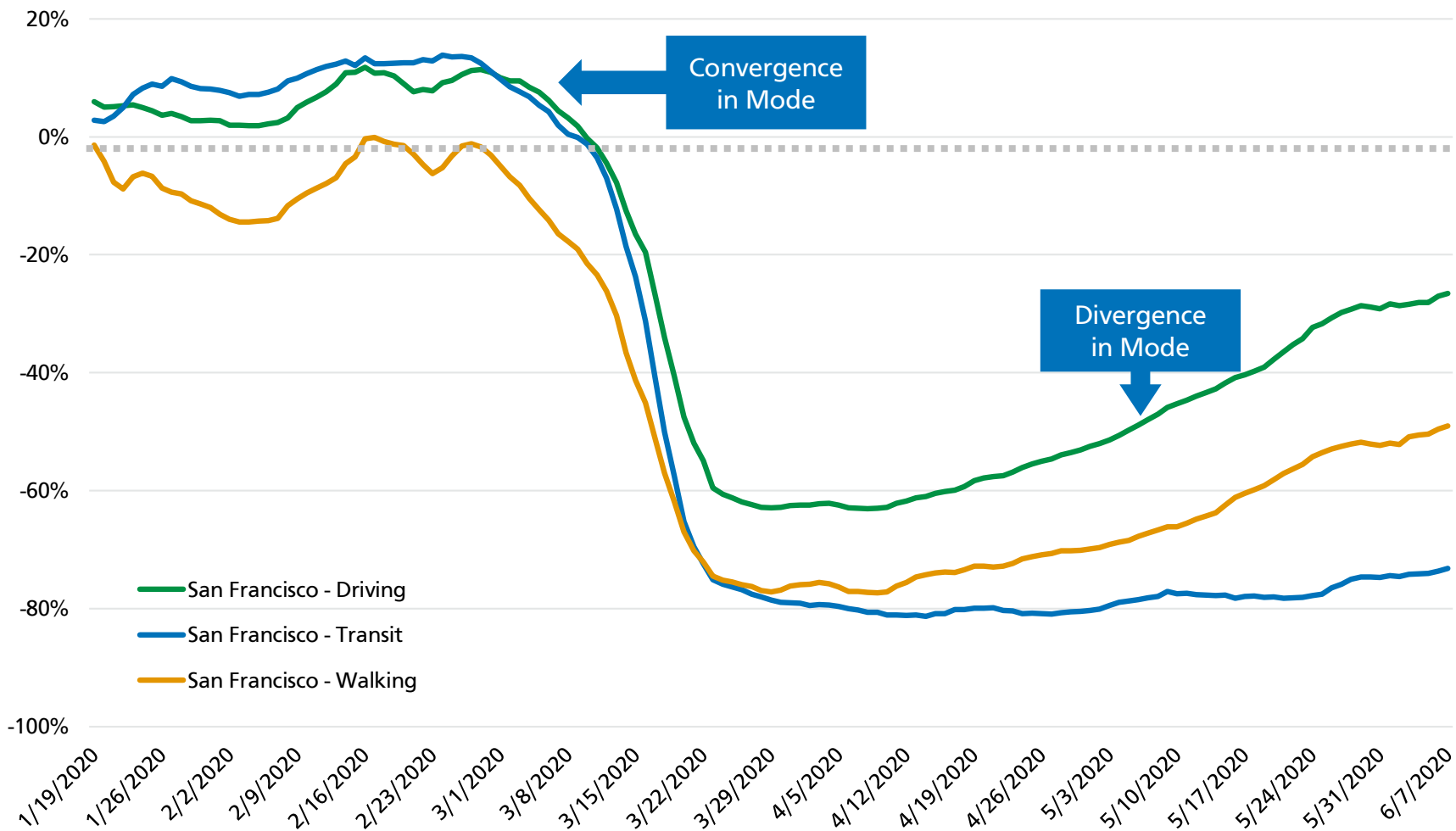


Source: Apple "Mobility Trends Reports".

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

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

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

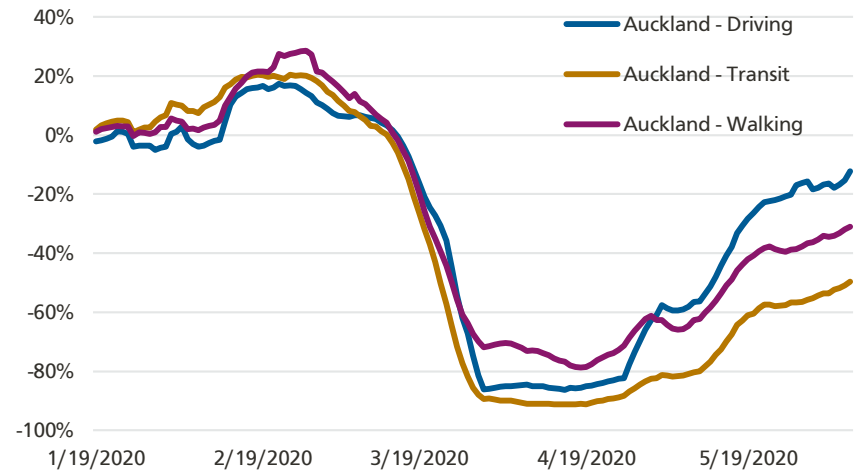
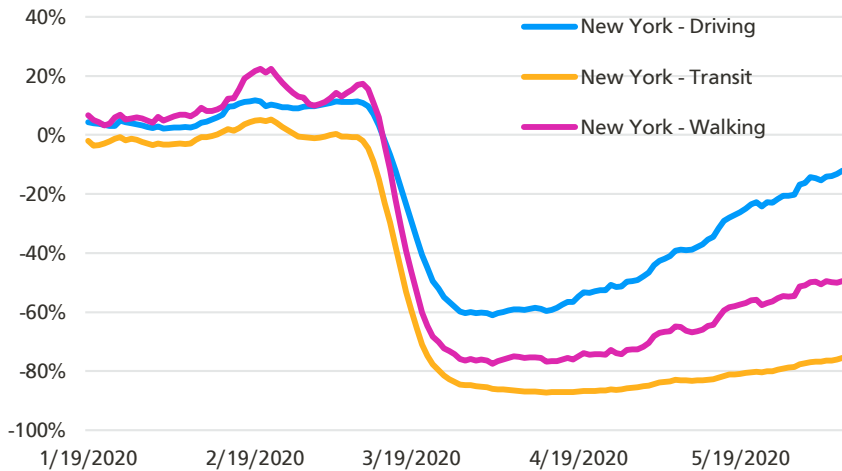
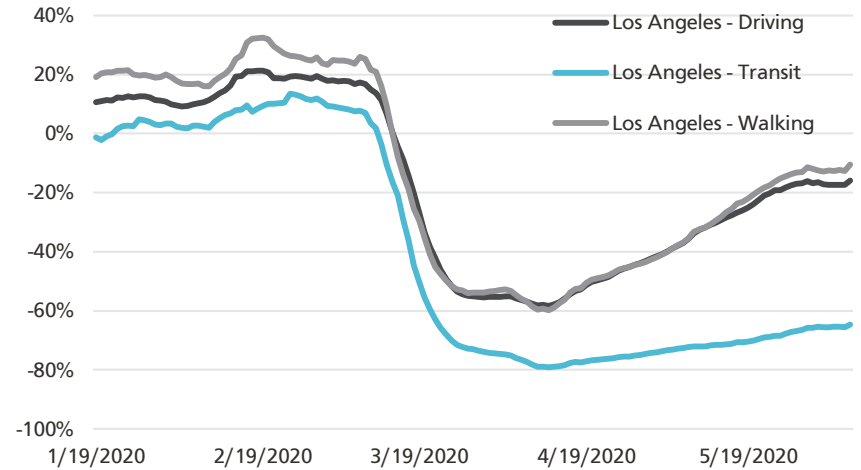
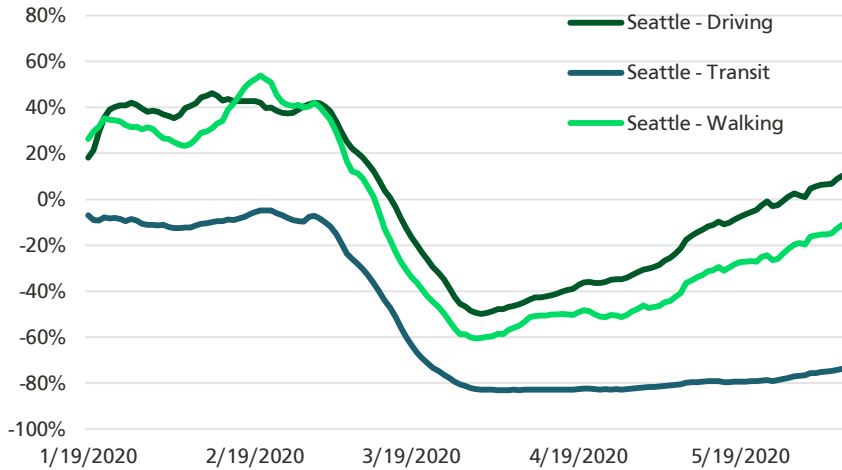


Source: Apple "Mobility Trends Reports".

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

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

Apple COVID-19 Mobility Trends - Peer Cities (Consistent Divergence – Mode)



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.

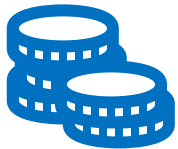
Fiscal Update



Fiscal Update Summary



Revenue losses in FY 2021 nearing 19% in all sources. One-time funds will be needed to balance the budget. Result is *use of all CARES funds + additional one-time funds in FY 2021* to cover revenue loss.



Likely FY 2022 revenues will not recover sufficiently to backfill one-time uses in FY 2021. Result is *significant use of one-time fund balance and increased FY 2022 expenditure reductions and preserving the 10% reserve for revenue uncertainties.*



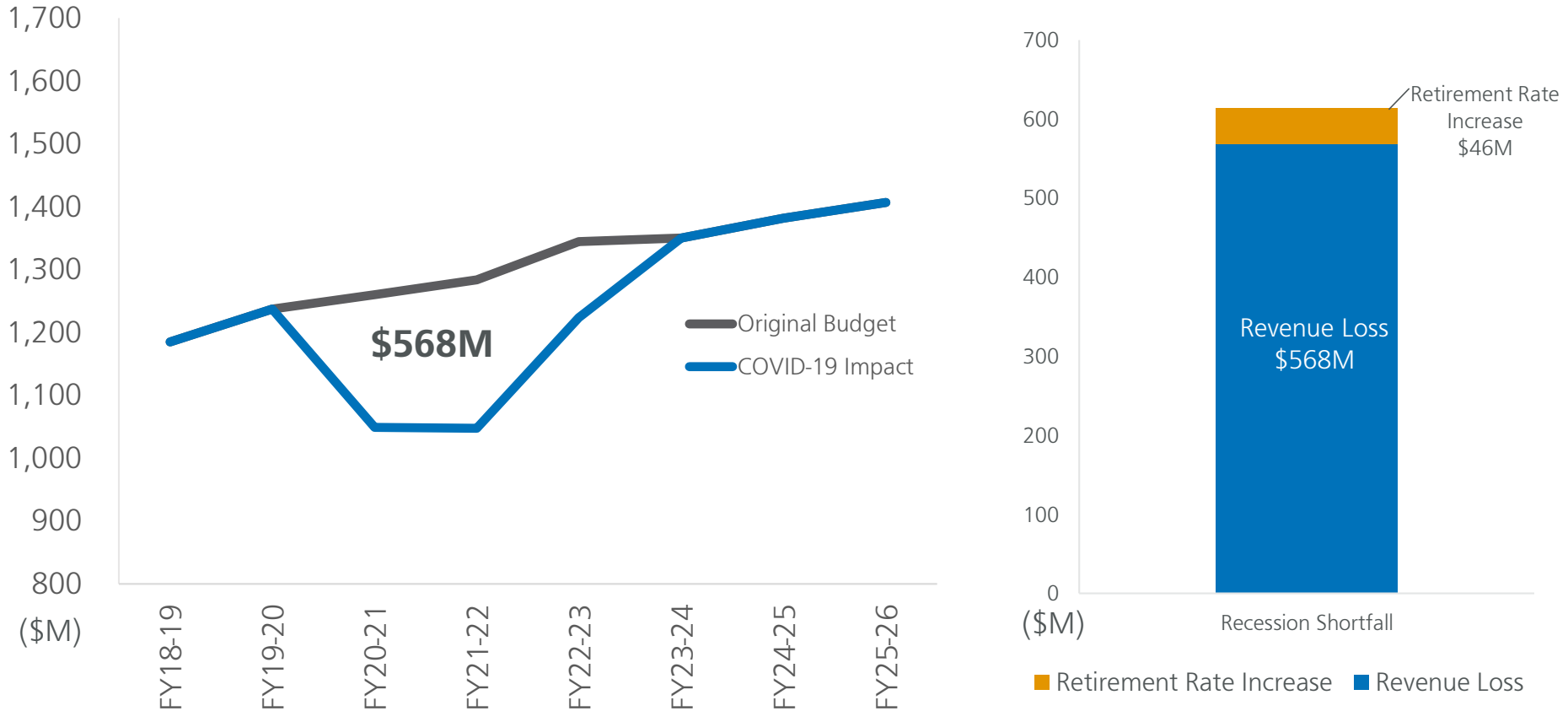
Significant unknowns still exist, short-term data makes long-term projections difficult. There are numerous potential risks. Result is the need to *build a resilient budget* around numerous economic, operational and revenue scenarios.



Structural deficit increasing, sustainable revenues continue trend of dropping with increased use of one-time sources. The budget is not sustainable, expense/revenue gap growing. Result is the need to *pursue new sustainable revenue sources immediately.*

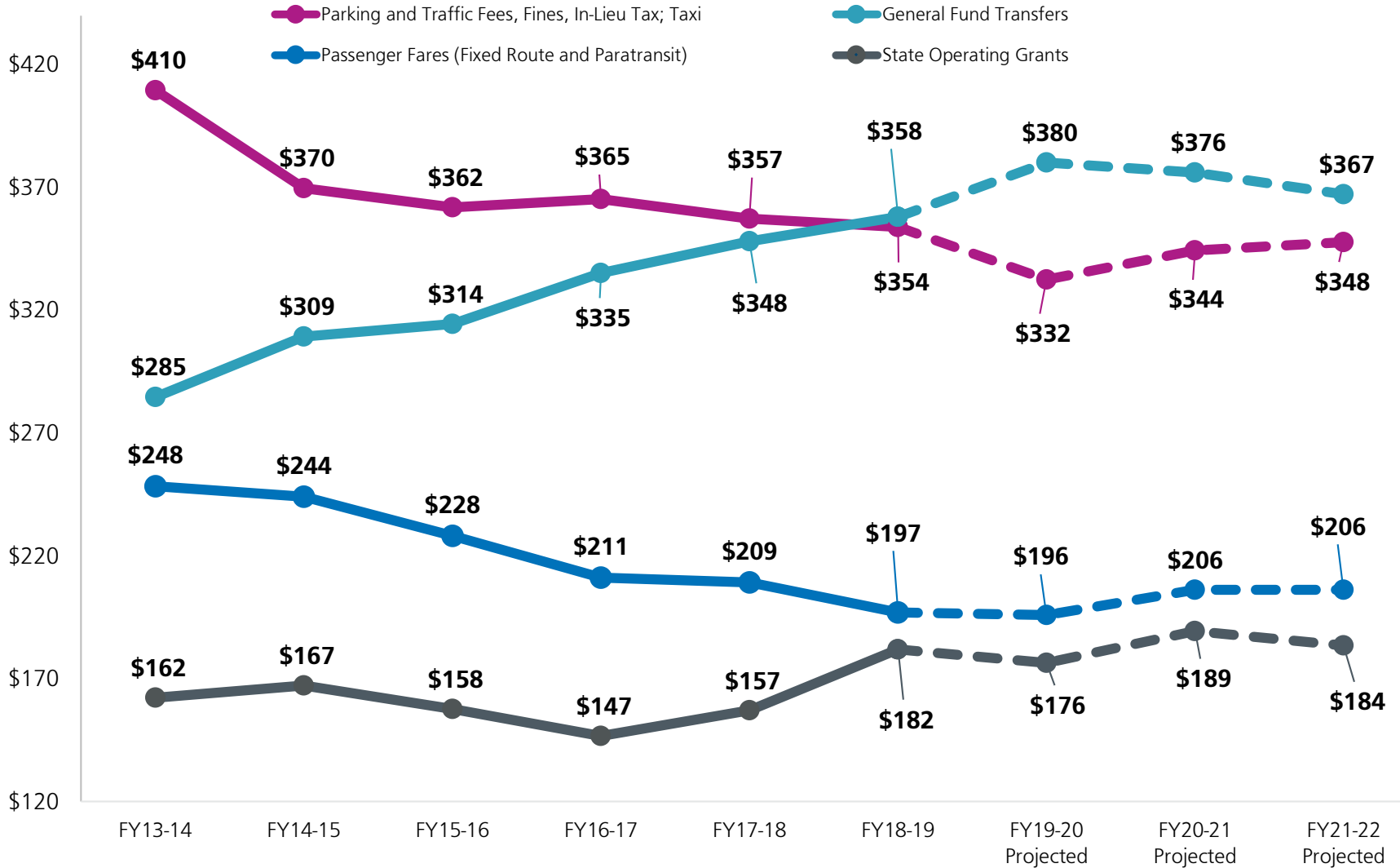
SFMTA COVID-19 Economic Downturn and Recovery Scenario

\$568M revenue loss over 4 Years + \$46M increased pension contributions (compared to base outlook)

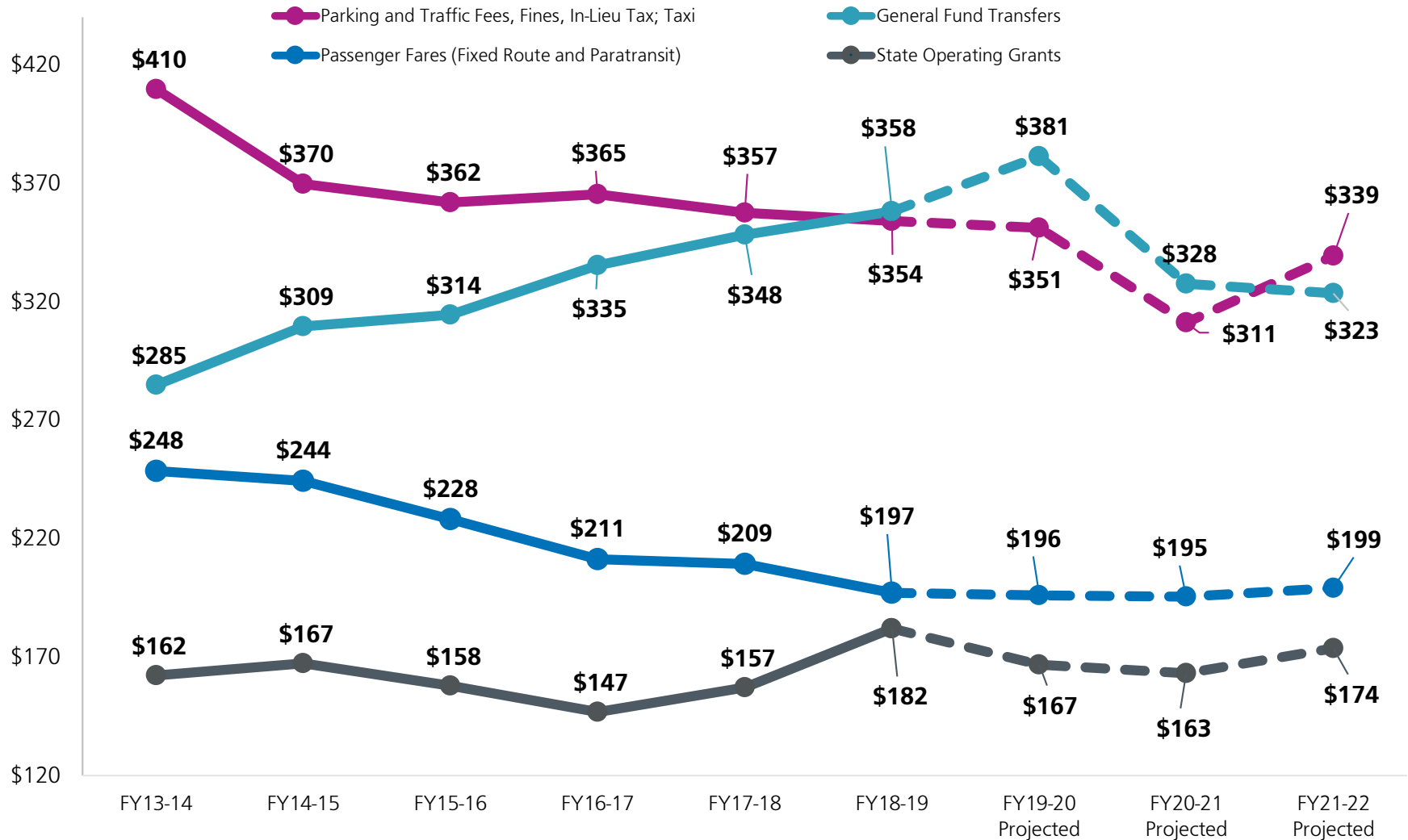


- Assumes decrease in General Fund baselines and parking tax based on Controller’s May 2020 Joint Report
- Decline in traffic fines, fees & permits, fares, and operating grants based on “swoosh” recovery projection
- Note: an additional pressure on SFMTA budget will be an increase in required pension contributions to make up for assumed investment losses ~\$46M based on the most current data.

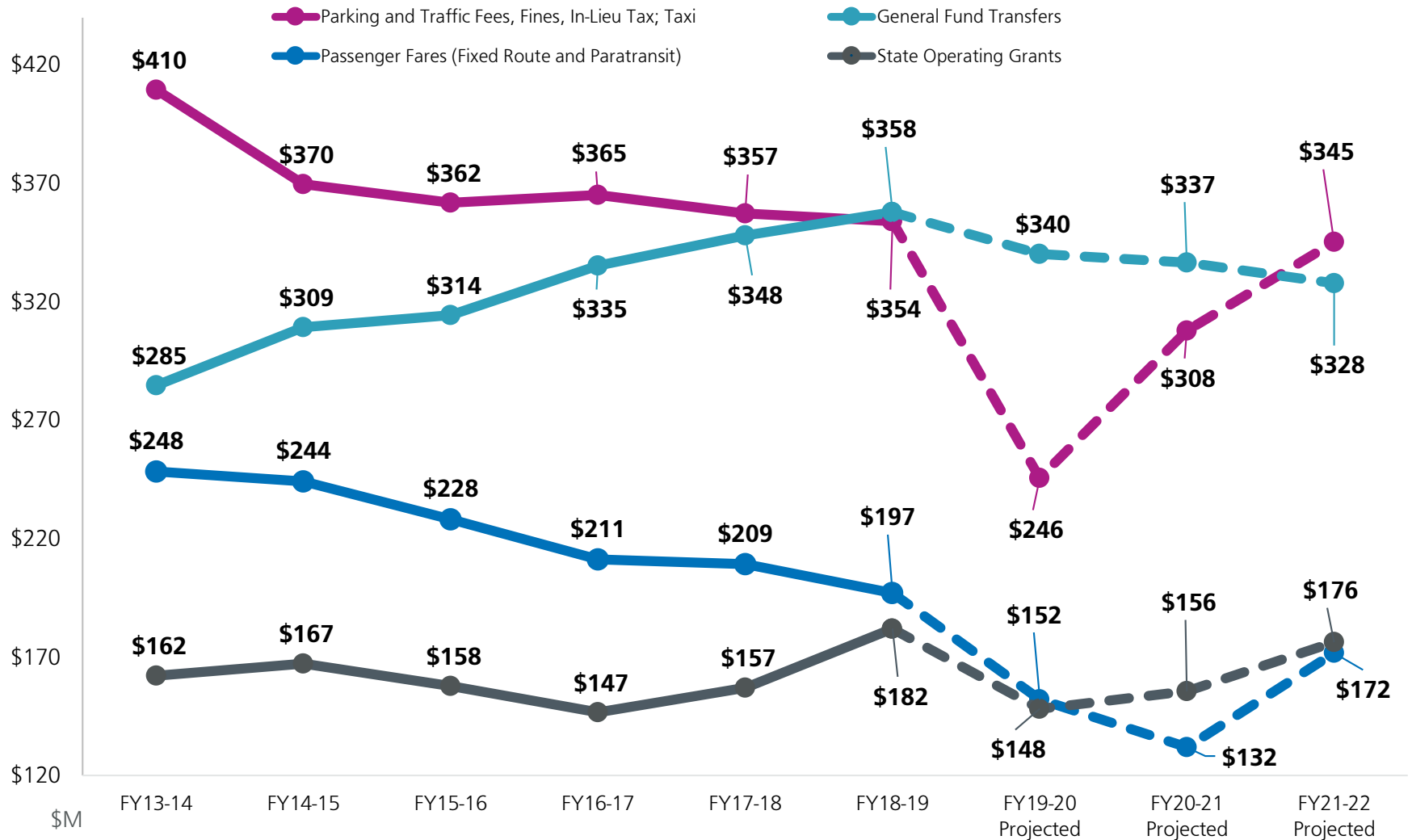
April 7th – Revenue Trends (in \$2019 Constant) *Baseline*



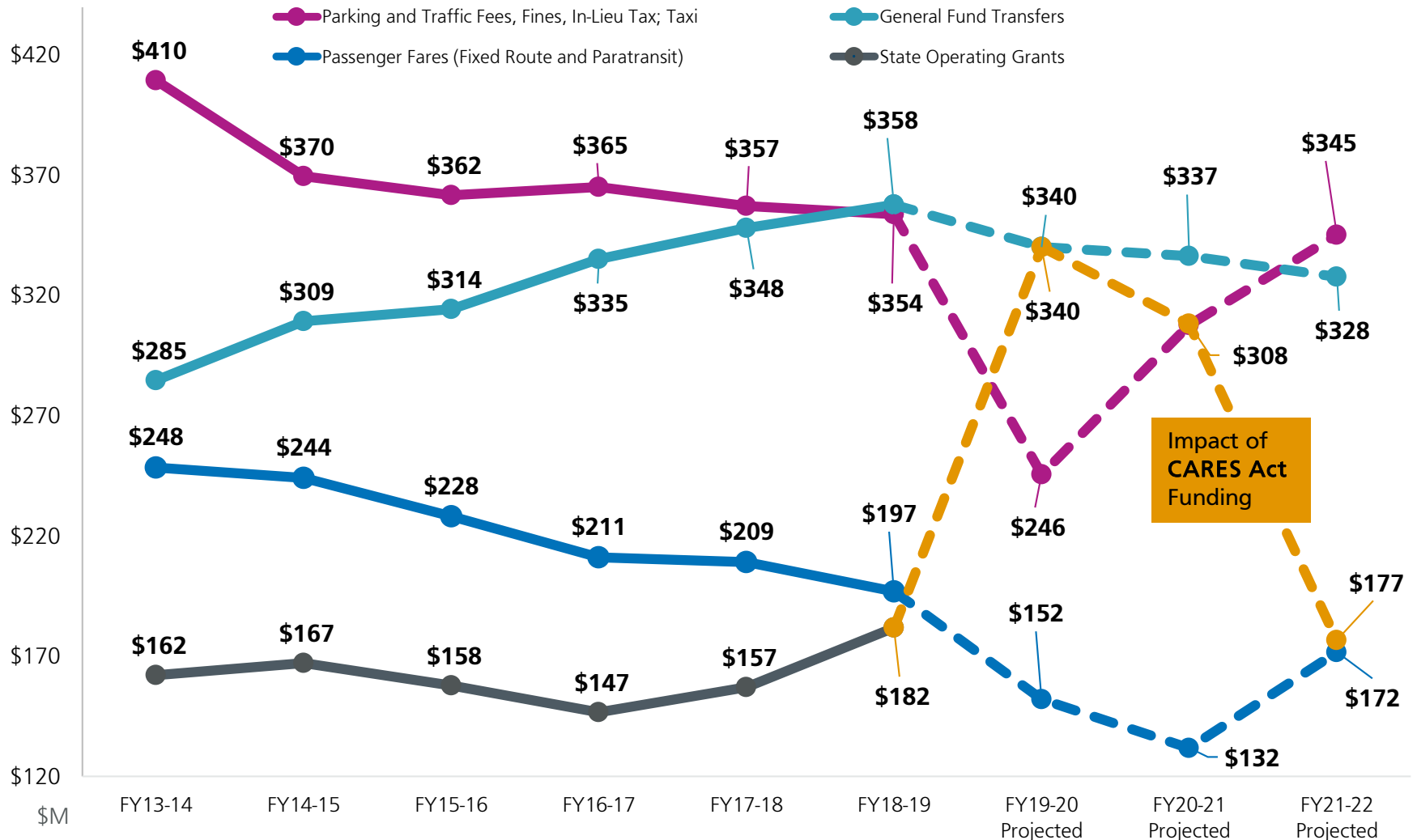
April 21st – Revenue Trends (in \$2019 Constant) *COVID-19 Impact*



June 30th – Revenue Trends (in \$2019 Constant) *Current*



June 30th – Revenue Trends (in \$2019 Constant) *Current with CARES*



Economic Downturn Scenario: Revenues/Corrected for Operating Grants (4/21/20)

Without CARES Federal Relief funds, the SFMTA would lose approximately \$212.5 million.

FY 21
Revenue Loss
All Sources
-12.3%

FY 22
Revenue Loss
All Sources
-3.9%

Recession Scenario
FY 21 & FY 22
As of April 2020
(\$212.5 m)

FY 21 (w/CARES)
Revenue Loss
All Sources
-1.2%

FY 22 (w/CARES)
Revenue Loss
All Sources
-0.4%

Recession Scenario
FY 21 & FY 22
As of April 2020
(\$21.5 m)

Use of fund balance assumed in FY 22 as revenue, actual losses 6.4% In addition, an economic downturn results in an increased pension contribution of \$22.3 million in FY 22, **making the total impact \$234.8 million.**

Economic Downturn Scenario: Revenues/Revised Forecast

Without funds from one-time sources, the SFMTA would lose approximately \$332.0 million.

FY 21
Revenue Loss
All Sources
-18.8%

FY 22
Revenue Loss
All Sources
-6.5%

Revenue Loss
FY 21 & FY 22
As of June 2020
(\$332.0 m)

FY 21
(w/One-Time Sources)
Revenue Loss
All Sources
-3.5%

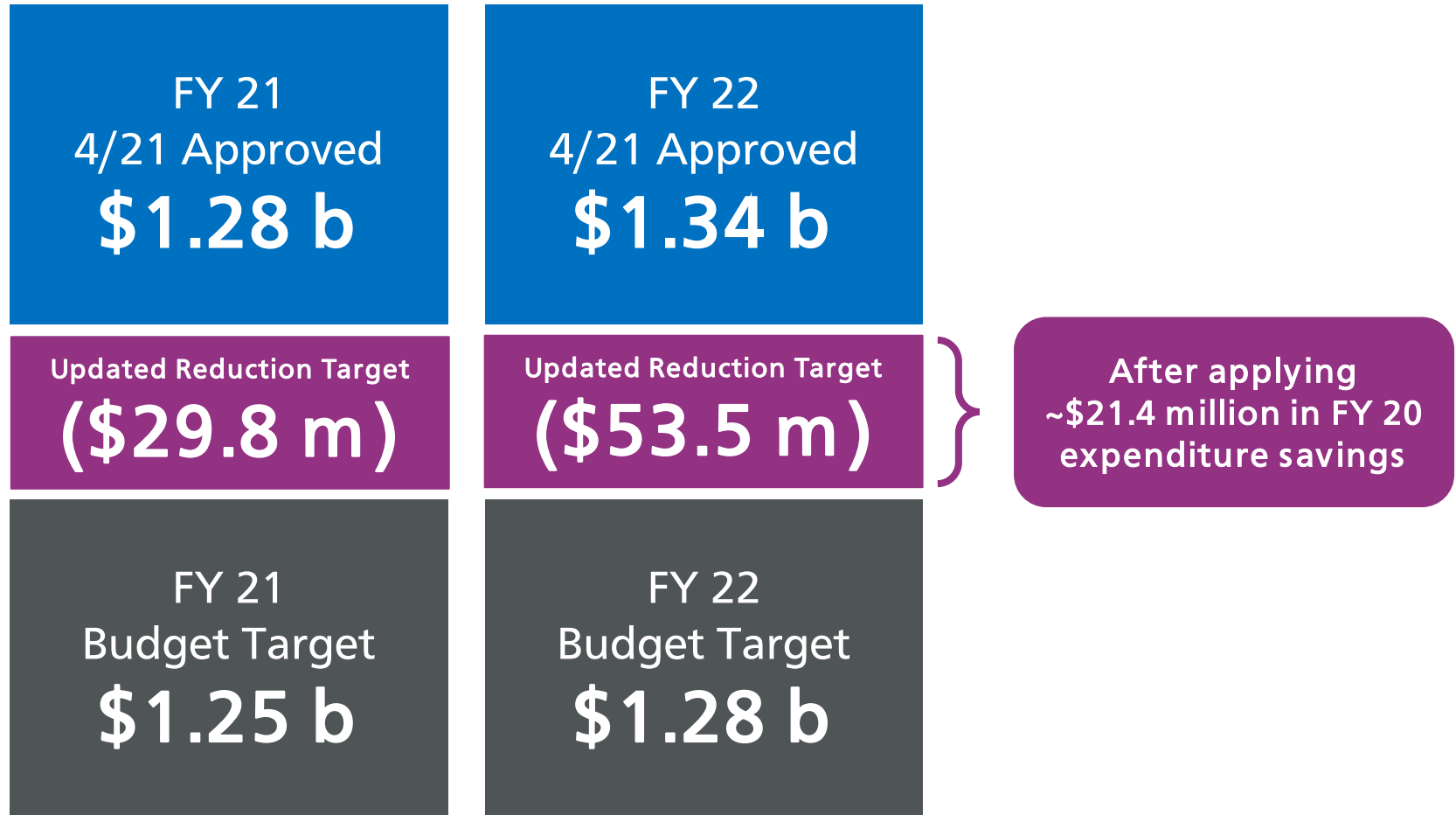
FY 22
(w/One-Time Sources)
Revenue Loss
All Sources
-4.4%

Revenue Loss
FY 21 & FY 22
As of June 2020
(\$104.7 m)

One-time sources include an increased use of fund balance. In addition, an economic downturn results in an increased pension contribution of \$3.9 million in FY 21/22, **making the total impact \$335.9 million.**

FY 2021 and FY 2022 Updated Consolidated Budget

Significant increases in revenue losses require additional expenditure reductions. Expenditure savings from FY 21 will help, however labor cost reductions are now necessary.



Budget Update



Operating Revenues ~ Fiscal Year 2021

Fiscal Year 2021 Revenue Modifications				
Item	1/28/2020	4/7/2020	4/21/2020	Current
General Fund Transfers	398.6	398.6	347.4	357.2
Operating Grants	189.6	201.1	317.8	327.1
Parking and Traffic Fees and Fines	294.9	297.3	266.3	270.0
Parking Tax In-Lieu	68.2	68.2	63.4	56.5
Transit Fares	213.9	218.6	207.3	139.9
Developer Fees	0.0	10.0	10.4	26.1
Advertising	25.6	25.6	22.5	13.0
Other*	16.2	62.5	48.5	66.7
Taxi Service	1.6	0.2	0.2	0.2
Use of Fund Balance	0.0	17.5	0.0	13.0
TOTAL	1,208.6	1,299.5	1,283.8	1,269.7

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

MTAB
Workshop
Structural
Deficit


Muni
Working
Group

Adopted
Budget
Reference
Point


Updated
COVID-19
Economic
Impacts

Operating Expenditures ~ Fiscal Year 2021


Fiscal Year 2021 Expenditure Modifications				
Item	1/28/2020	4/7/2020	4/21/2020	Current
Salaries	566.2	614.2	586.8	557.9
Fringe Benefits	288.3	287.4	290.7	290.4
Overhead and Allocations	(37.8)	(52.2)	(39.2)	(38.2)
Non-Personnel Services	260.0	252.0	252.0	249.1
Material & Supplies	73.8	73.3	74.1	74.1
Capital Spending	7.3	7.1	7.2	4.0
Debt Service	24.0	24.0	23.4	23.4
Work Order	93.0	93.8	88.9	91.2
TOTAL	1,274.8	1,299.5	1,283.8	1,251.9




MTAB
Workshop
Structural
Deficit



Muni
Working
Group



*Adopted
Budget
Reference
Point*



Updated
COVID-19
Economic
Impacts

FY 2021 and FY 2022 Updated Budget Revenue Scenario

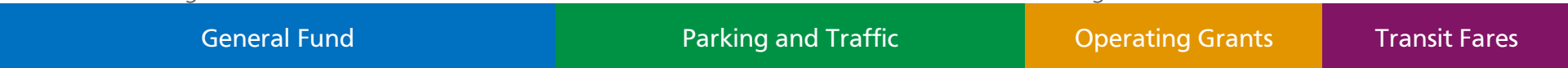
Considering data insights and revenue trends, various revenue and expenditure scenarios were considered, with one recommended for approval allowing for flexibility and uncertainty.



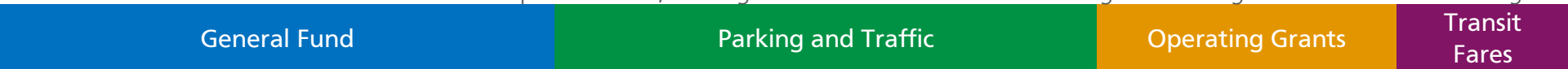
The budget is built with a revenue scenario. This includes **Budget+** with a potential for higher parking and traffic and operating grant revenues. This is **not budgeted for expenditure** but a reserve to be released if revenues are realized.

Budget+ Revenue Board Reserve

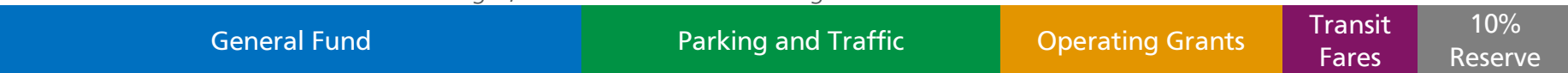
Scenario: Budget+ Revenues realized and offset additional losses in Transit Fare Revenue from Budget



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 **10% Reserve** in worst case

Operating Revenues ~ Final Proposed

6/30/20 – Revenues, \$M		
Item	FY 21	FY 22
General Fund Transfers	357.2	359.2
Operating Grants	327.1	193.6
Parking and Traffic Fees and Fines	270.0	312.3
Parking Tax In-Lieu	56.5	67.7
Transit Fares	139.9	188.8
Transit Development Fees (Operating Support)	26.1	45.1
Proposition D (Traffic Congest Mitigation Tax)	7.4	8.9
Other (Advertising, Interest, Misc. Fees, Recoveries)	42.3	44.2
Taxi Service	0.2	0.2
City Population-based Baseline (Operating Support)	30.0	30.0
Use of Fund Balance	13.0	52.2
Operating Revenues Subtotal	1,269.7	1,302.1
Revenues Transferred for Capital Subtotal	248.3	111.5
Total Revenue Appropriation	1,518.0	1,413.6

Operating Expenditures ~ Final Proposed

6/30/20 – Operating Expenditures , \$M

Item	FY 21	FY 22
Salaries	557.9	573.6
Fringe Benefits	290.4	295.5
Overhead and Allocations	(38.2)	(38.1)
Non-Personnel Services	249.1	256.2
Material & Supplies	74.1	74.2
Capital Spending	4.0	4.0
Debt Service	23.4	23.4
Work Order	91.2	92.4
Operating Expenditures Subtotal	1,251.9	1,281.1
Deposit to General Liability Reserve	2.3	2.3
Board Operating Reserve	15.5	18.7
Capital Expenditures	248.3	111.5
Total Expenditure Appropriation	1,518.0	1,413.6

Use of One Time Fund Balance

Fund balance increases due to savings from fiscal year 2020 and CARES revenue to \$317 m. To balance FY 2022 and maintain the 10% reserve **brings available fund balance to \$0 by fiscal year 2022.**

Item	FY 21	FY 22
Beginning Fund Balance	317	55
10% Reserve Policy (goal is resilience in next downturn: fund >50% potential extra shortfall)	(125)	(3)
Remaining Balance for Use:	193	52
Capital Project Reserve/Contingency: Reserve for major capital project CMODs and budget overruns	(85)	
Operating Budget Appropriation: Appropriation for non-labor materials & supply and other one-time costs	(13)	(52)
Parking Meter Replacement Project: Replacement of the parking meters (enterprise costs)	(22)	
Transit Capital Projects: Offset of Proposition B Population Baseline shift to Operating Costs	(10)	
Facilities Capital Projects: Building Progress Program/Facilities Improvements	(7)	
Remaining Balance	55	0

Labor Savings and Hiring Freeze

An important component of the budget is labor savings. To balance the budget, new program positions, a recommended option on 4/21, were eliminated. In addition, to achieve the revenue savings a hiring freeze will be in place and vacancies increased with attrition. The majority of the FTE increases are cost-neutral.

Position Type	FY 20 FTE	FY 21 4/21/2020	FY 22 4/21/2020	FY 21 Proposed	FY 22 Proposed	FY 21 Change	FY 22 Change
Operating Positions	6,003.35	6,182.37	6,265.56	6,142.34	6,188.92	(40.03)	(76.64)
Project Positions	504.00	482.77	486.00	482.77	486.00	0.00	0.00
Temporary Positions	68.60	49.27	47.73	50.11	47.70	0.84	(0.03)
Subtotal	6,575.95	6,714.41	6,799.29	6,675.22	6,722.62	(39.19)	(76.67)
Attrition BASE (Held Vacant)	(594.67)	(575.79)	(572.74)	(575.64)	(572.57)	(0.15)	(0.17)
Attrition INCREASE (Hold Vacant)				(84.00)	(84.00)	(84.00)	(84.00)
TOTAL	5,981.28	6,138.62	6,226.55	6,015.58	6,066.05	(123.34)	(160.84)
				Increase from FY 20	0.05%	1.14%	
				Net Increase from FY 20	18.72	84.77	

Reduced new programs

\$16.5 m in labor savings

Includes Parking Control Officers, Central Subway Start-Up

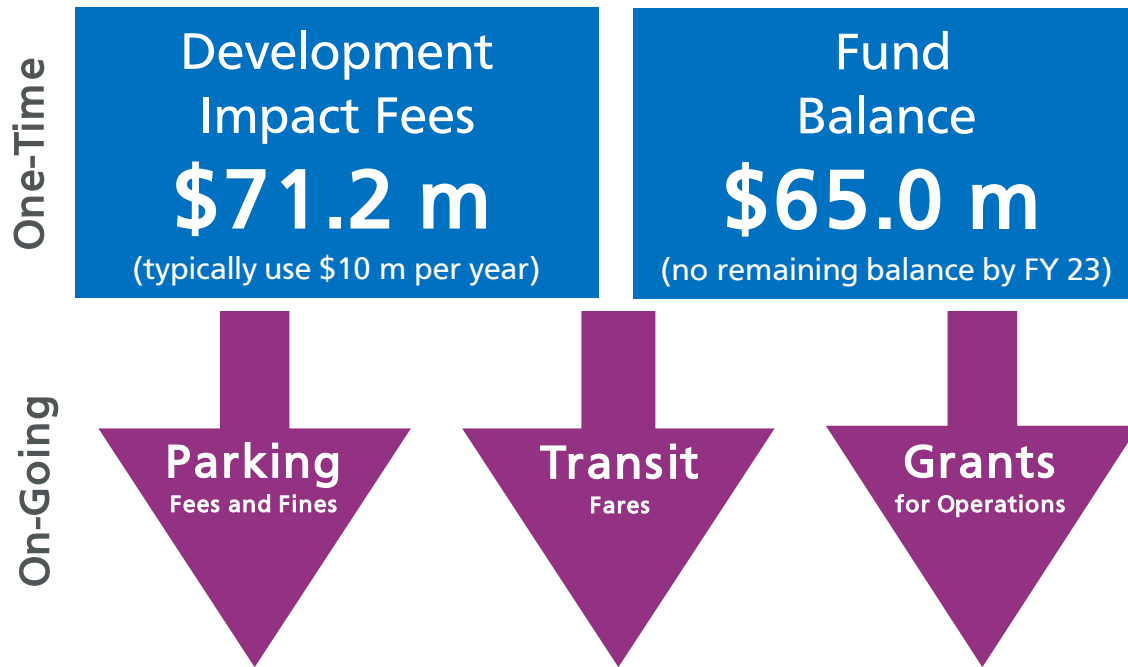
Use of One Time Fund Balance

Fund balance increases due to savings from fiscal year 2020 and CARES revenue to \$317 m. To balance FY 2022 and maintain the 10% reserve **brings available fund balance to \$0 by fiscal year 2022.**

Item	FY 21	FY 22
Beginning Fund Balance	317	55
10% Reserve Policy (goal is resilience in next downturn: fund >50% potential extra shortfall)	(125)	(3)
Remaining Balance for Use:	193	52
Capital Project Reserve/Contingency: Reserve for major capital project CMODs and budget overruns	(85)	
Operating Budget Appropriation: Appropriation for non-labor materials & supply and other one-time costs	(13)	(52)
Parking Meter Replacement Project: Replacement of the parking meters (enterprise costs)	(22)	
Transit Capital Projects: Offset of Proposition B Population Baseline shift to Operating Costs	(10)	
Facilities Capital Projects: Building Progress Program/Facilities Improvements	(7)	
Remaining Balance	55	0

Use of One-Time Funds in FY 21 and FY 22

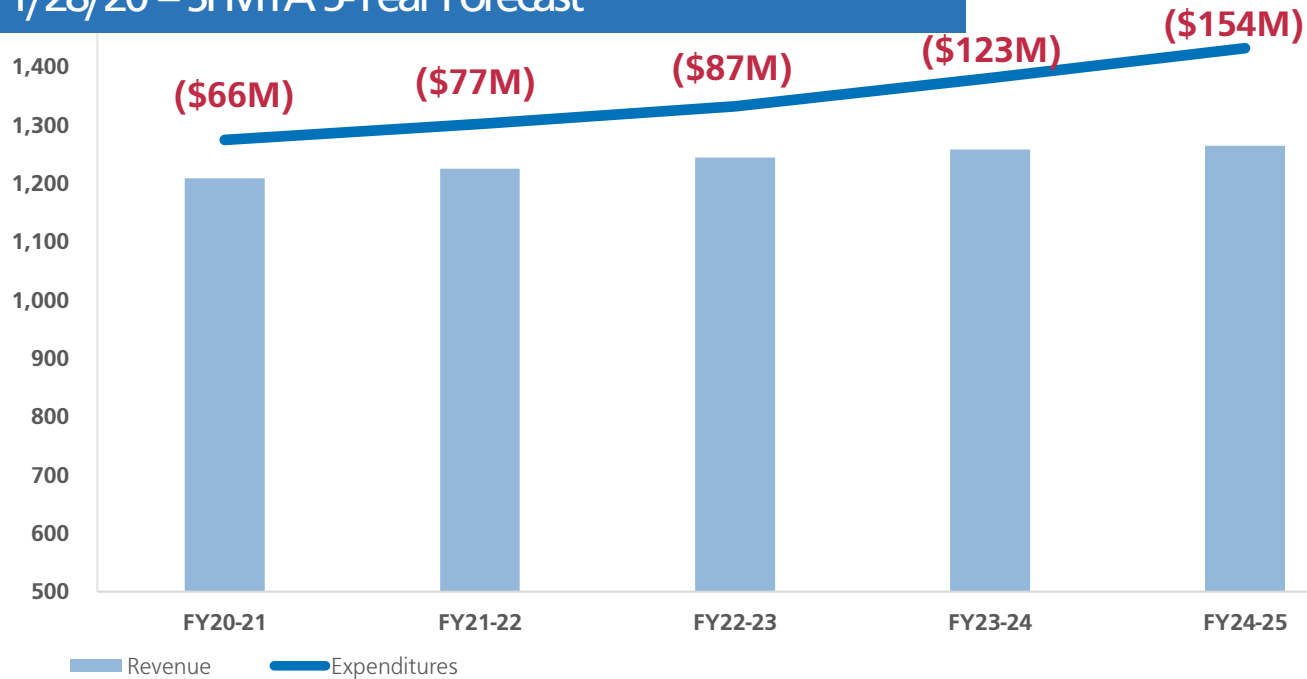
The budget long term is not sustainable, significant use of one-time funds including development impact fees and fund balance will leave a significant structural deficit beginning in FY 2023, likely ~ \$70 – 100 million.



Ongoing Structural Deficit

On 1/28/20, the 2-year budget reflected a \$66 million deficit in FY21 and \$77 million deficit in FY22.

1/28/20 – SFMTA 5-Year Forecast

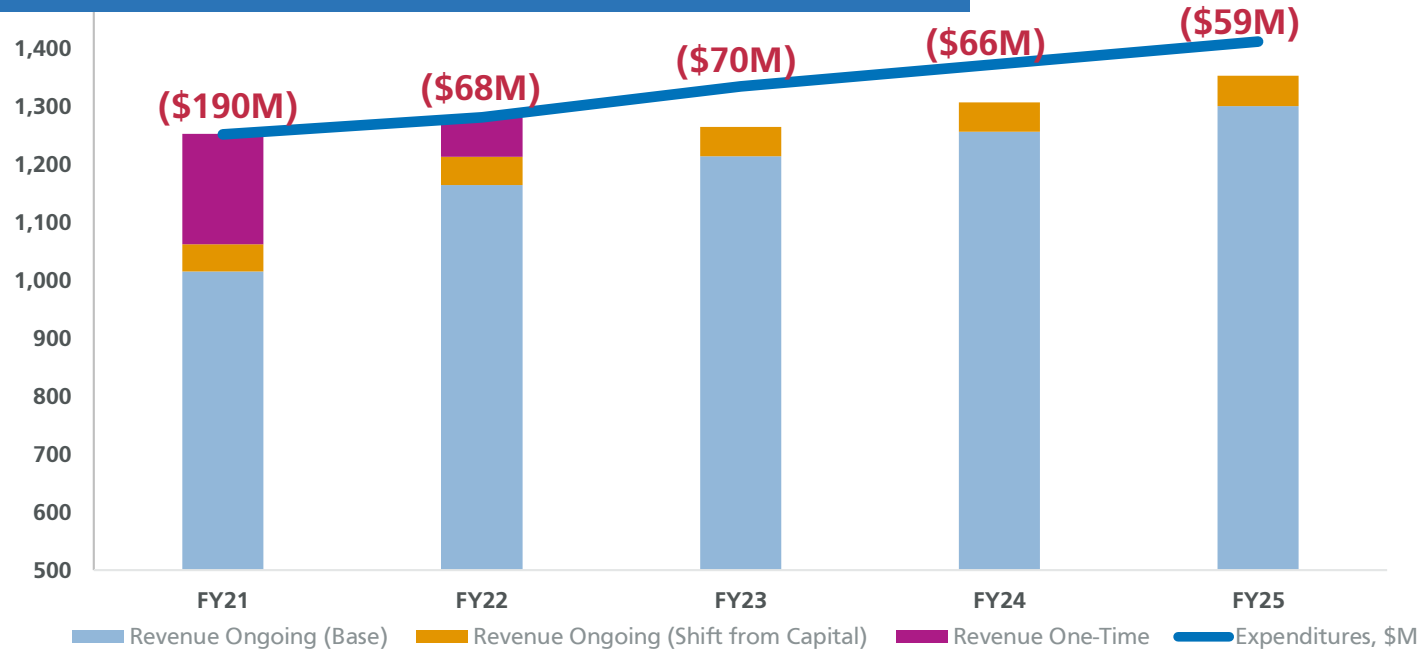


Operating Budget, \$M	FY21	FY22	FY23	FY24	FY25
Revenue Ongoing	1,209	1,225	1,245	1,258	1,265
Expenditures	1,275	1,302	1,332	1,381	1,432
Revenue Less Expenditures	(66)	(77)	(87)	(123)	(154)

Ongoing Structural Deficit *with Equity Clipper Fare Increases*

The SFMTA 2-year budget is balanced however an ongoing structural deficit remains.

6/30/20 – SFMTA 5-Year Forecast

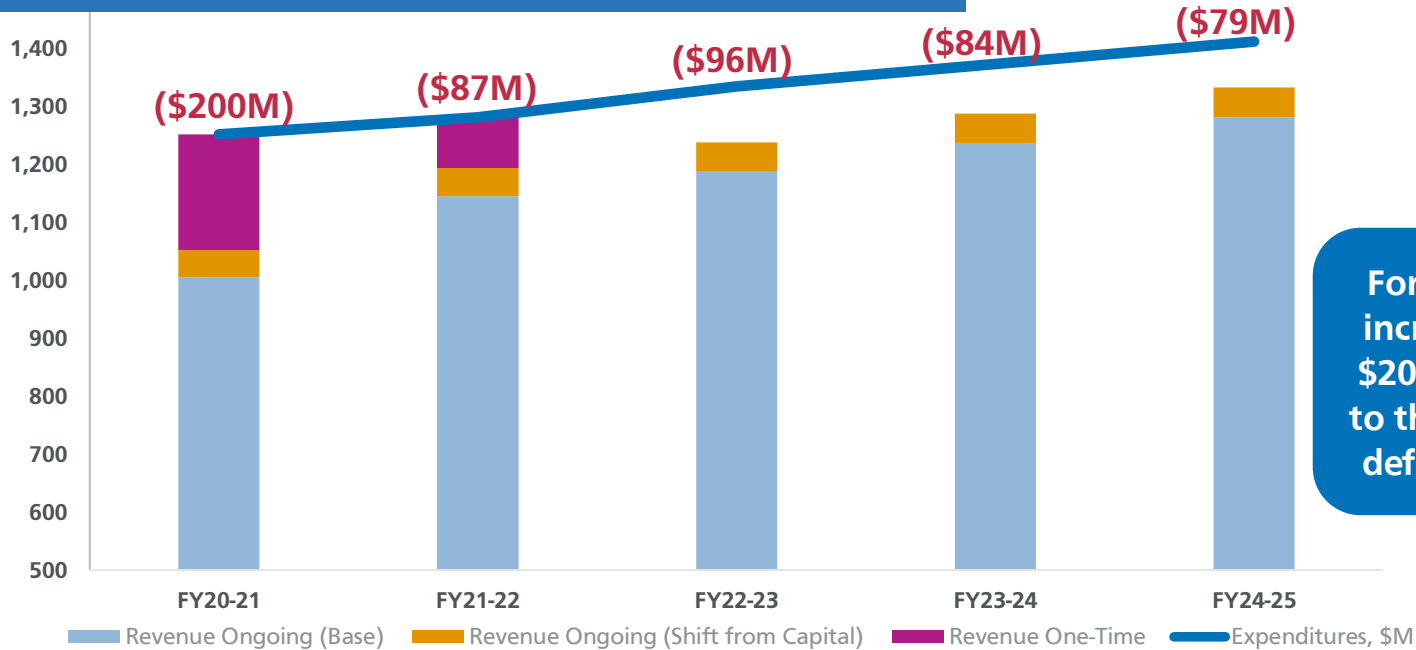


Operating Budget, \$M	FY21	FY22	FY23	FY24	FY25
Revenue Ongoing (Base w/ Fare Inc.)	1,015	1,164	1,214	1,256	1,301
Revenue Ongoing (Shift from Capital)	47	49	51	51	52
Expenditures, \$M	1,252	1,281	1,335	1,373	1,412
Revenue Less Expenditures	(190)	(68)	(70)	(66)	(59)
Revenue One-Time	190	68	-	-	-

Ongoing Structural Deficit (excluding Equity Clipper Fare Increases)

The SFMTA 2-year budget is balanced however an ongoing structural deficit remains.

6/30/20 – SFMTA 5-Year Forecast



Foregone fare increases adds \$20M/annually to the structural deficit by FY25

Operating Budget, \$M	FY21	FY22	FY23	FY24	FY25
Revenue Ongoing (Base)	1,005	1,145	1,187	1,237	1,281
Revenue Ongoing (Shift from Capital)	47	49	51	51	52
Expenditures, \$M	1,252	1,281	1,335	1,373	1,412
Revenue Less Expenditures	(200)	(87)	(96)	(84)	(79)
Revenue One-Time	200	87	-	-	-

Transportation State of Good Repair

The SFMTA recently completed the *2019 State of Good Repair Report*, showing increased infrastructure needs, when capital funds are being shifted and also declining.

Backlog Increase
**\$110
million**

- **Capital investment levels are not able to address aging assets;** the backlog increases each year and our condition trends are declining.
- **Asset backlog rose from \$3.13 billion in FY2018 to \$3.24 billion in FY2019.**
- **To maintain the reported asset backlog at the same level, the Agency needs to invest an average of \$472 million per year for 20 years in State of Good Repair assets.**

Status-Quo
State of Good
Repair
**\$472
million/
annually**



Final Budget: FY 21 and FY 22

Throughout FY 21, staff will provide the SFMTA Board updates on the fiscal health of the Agency, revenues and expenditures with updates on budget implementation.

FY 21
Amended
Budget
\$1.27 b

FY 22
Amended
Budget
\$1.30 b

Fiscal Controls *Continued from FY 20*

*Overtime Management
Procurement Management
Hiring Freeze = \$16.5 m*

Budget+

*FY 21 = \$16m
FY 22 = \$19m*

*Increased Parking Revenue
Increased Operating Grants
Reserved – No Expenditures*

10% Reserve
\$125 m

*Revenue Uncertainty
Operational Risks*

Reimagining Transportation in San Francisco

Alert 4/25/2020

Core Service Only
Daily/Diario/每天/Araw-araw
Approx./Aprox./大約從早5點到晚10點/
Humigit-kumulang
5am-10pm

Sólo Servicio Principal / 僅限主要客運服務 /
Pangunahing Serbisyo Lamang

Returning 5 12 28 54
Regresa/回程/ibabalik

Weekdays only
Sólo entre semana/只限平日/
Lunes hanggang Biyernes

14R 38R 28R

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

Temporary: Until further notice
臨時調整: 直到另行通知

Temporal: Hasta próximo aviso
Pansamantala hanggang sa karagdagang paunawa

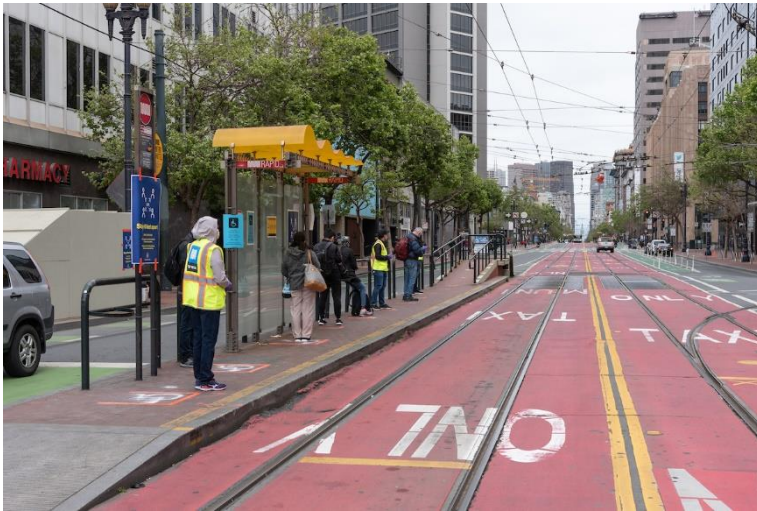
SFMTA.com/COVID19

Reimagining Transportation in San Francisco

We are in the process of *reimagining how people travel*.

- **Do not expect to return to the transit system you were used to before.** We will continue to transform transit and move *Muni Forward*.
- The **number of people Muni can safely move on buses and trains is constrained** to enable social distancing. *Safety is our highest priority.*
- **Expand walking and cycling** where possible; space to do this is being created through the *Slow Streets Program*.
- **Support neighborhood shopping and commercial corridors** to manage congestion through the *Shared Spaces Program*.

Actions Taken to Date



Launched Ambassador Program



Increased bus and facility maintenance/cleaning



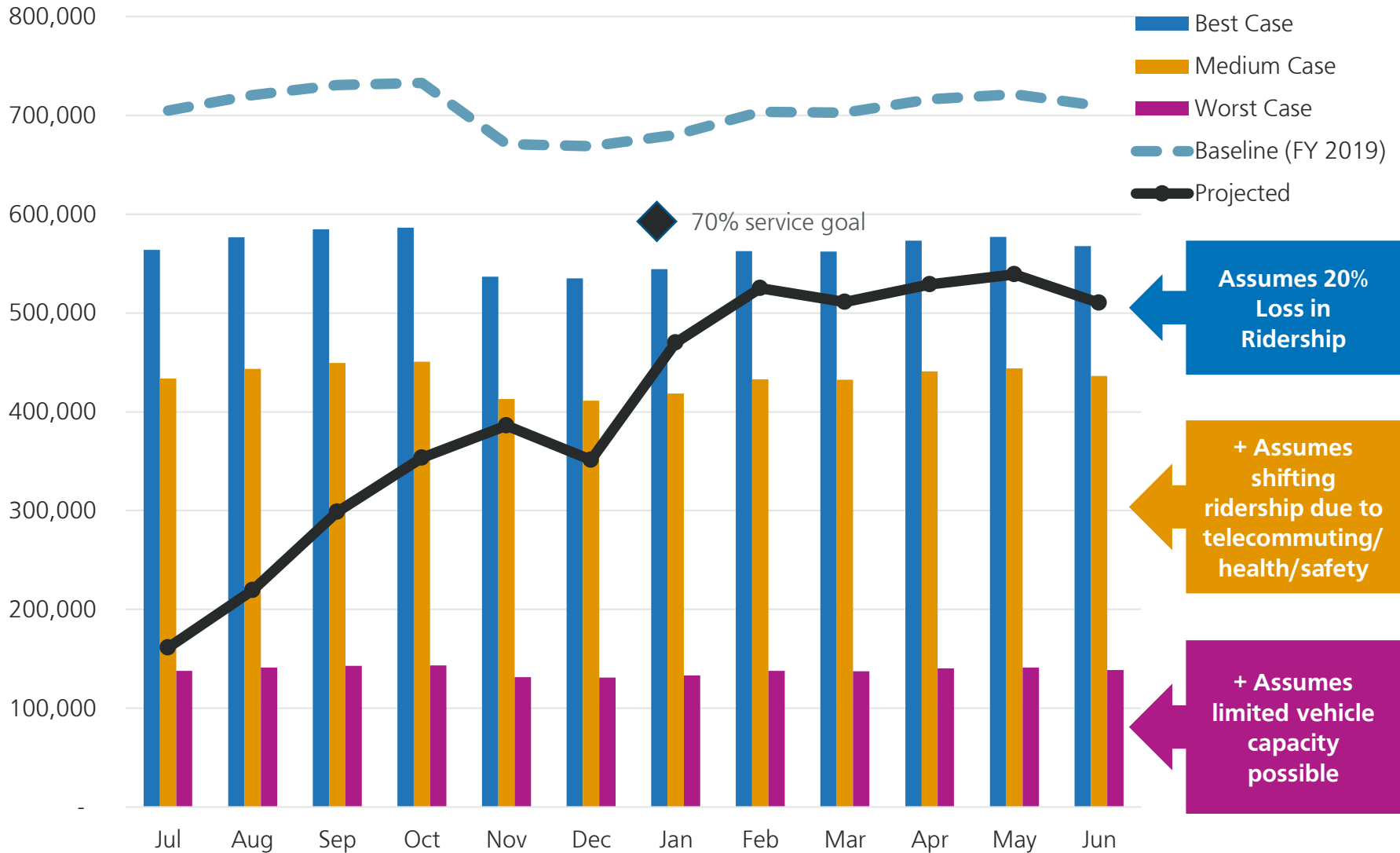
Photo: San Francisco Chronicle

Launched "Slow Streets"



Launched Essential Trips Program & waved taxi fees

Muni Ridership Projections – FY 2021



FY 21 and FY 22: Funded Operating Programs

- Creates a **Race, Equity and Inclusion Office** (OREI) at SFMTA
- Supports achieving **70% Transit Service restoration by early 2021 and implementation of the Transportation Recovery Plan**
- **Increased congestion and traffic management** on major streets and commercial corridors with additional PCOs
- Supports the Muni Transit Assistance Program (MTAP) to include **expanded community ambassadors** to support transit system start-up and improved customer experience
- Supports **Central Subway service start-up** including infrastructure maintenance, custodians and station agents
- Supports the **Slow Streets** and **Shared Spaces** Programs
- **Waives all taxi fees** and maintains the **Essential Trips Program**

Outstanding Risks and Unknowns

- **What if fare collection doesn't restart?** Need to design a process to collect fares in a safe way aligned with public health guidelines.
- **What if transit capacities remain under 25% of pre-COVID capacities?** Fare revenue is tied to high capacity transit service; if vehicle capacity is restricted, fare revenues will decline significantly.
- **What if there is a virus resurgence?** The budget does not assume a second shut down; such an event would require a full reworking of our financial picture.
- **What if fares, fees, and fines do not increase?** The budget sets a revenue baseline, however if those baselines are not achieved the 10% reserve will only sustain agency operations so long.
- **What if the agency experiences supply chain issues or increased material costs?** New operational needs for cleaning and social distancing may be more costly than assumed, supply shortages will have service impacts.



Hybrid Electric

RAPID

9R 19

NOT ALL
SUPERHEROES
WEAR CAPES



#ALLINTHISTOGETHER



inf
Free Transit Information by
24 Hours a Day, 7 Days a Week
Call 511 or visit www.511.org
• Download the app
• Register for text information
For TTY, visit 511