



SFMTA



SFMTA FY 24-25 & FY 25-26 budget

SFMTA Citizens' Advisory Council, February 1, 2024

SFMTA budget components

The SFMTA Budget has a 2-year operating and capital component

Budget Type	FY 2023 – 2024 Amount
Operating	\$1.473 million
Capital	\$395 million

- Operating budget funds daily operations like transit service, traffic control, parking management, and community outreach.
- Capital budget funds construction projects such as track maintenance and traffic calming infrastructure, as well as capital assets like trains, buses, and traffic signals.

Budget timeline

Summer/Fall	Fall	January	Feb/March/April
Estimate revenue Update 5- Year Financial Outlook	Develop base operating budget Allocate CIP revenues	MTA Board Workshop Public outreach begins	Public outreach continues Budget Hearings Budget Action
 Submit balanced budget to Mayor May 1	June	July	August
	Mayor submits budget to Board of Supervisors Board of Supervisors reviews budget	Action or no action by Board of Supervisors	Mayor signs budget

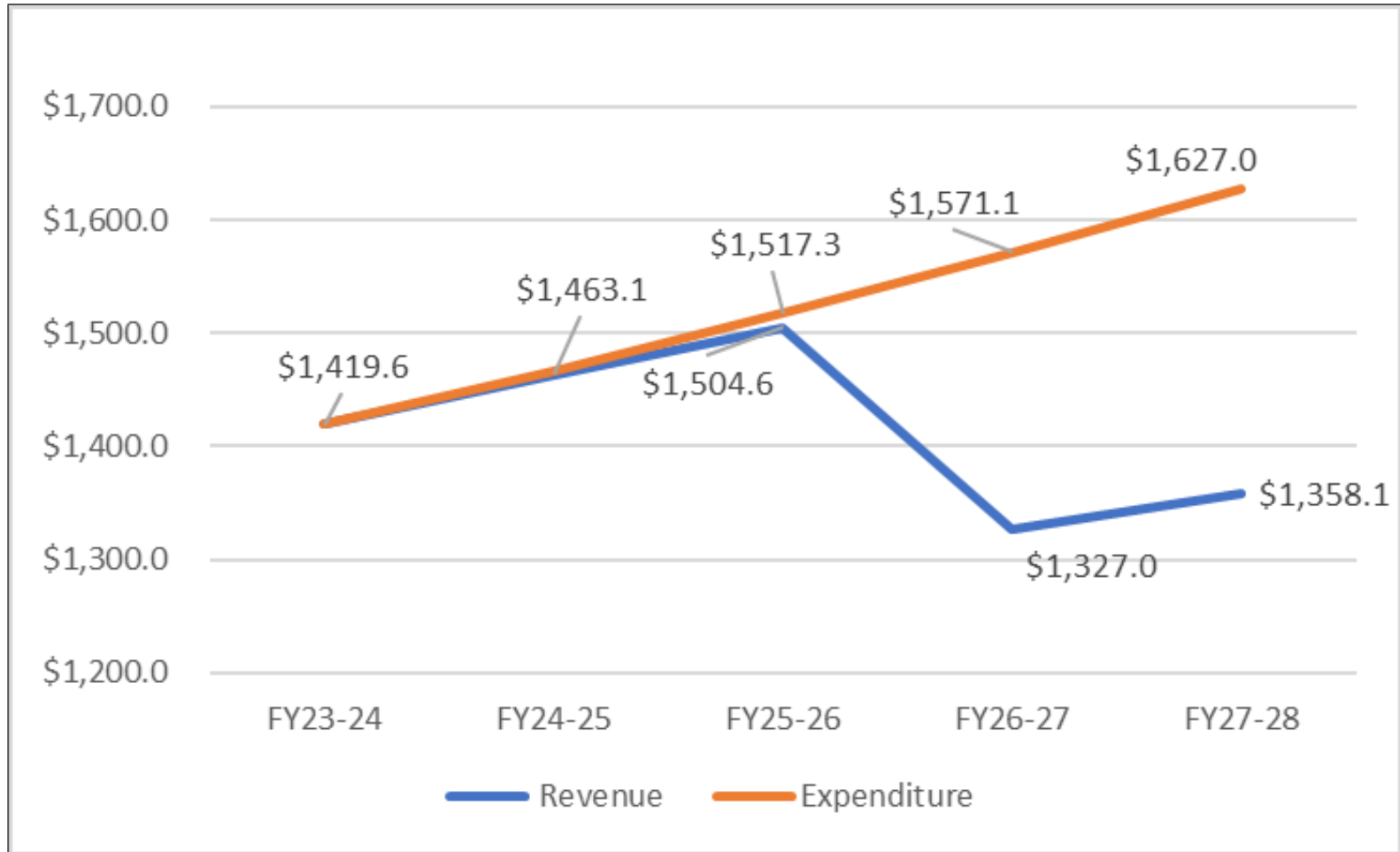
Budget requirements

Two-Year Consolidated Budget

- Due to the Mayor by May 1, 2024.
- Covers FY 2025 and FY 2026
- Requires:
 - 2-Year Operating Budget
 - 2-Year Capital Budget
 - Budget Resolution
 - Fees, Fares and Fines Policy, including
 - Title VI analysis to ensure equity

Five-year forecast

Beginning in FY25-26, SFMTA projects a \$12.7M deficit, increasing to \$240M+ when federal relief is expended.



Uncertain future

- Still don't have updated information about 50% of our revenue. General fund estimates and state operating grant estimates will be released in February.
- Labor accounts for 63% of FY23-24 expenditure. Current labor contracts expire in June 2024 and are being negotiated in Spring 2024.
- Revenue proposals are not yet approved.

To close budget gap in FY25-26, we must identify at least \$12.7M in new revenue.

Making the case for \$12.7M in revenue for the upcoming two-year budget cycle is the first step toward making the case for \$240M in revenue in FY26-27.

Current budget strategy

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

Efficiency improvements

- Reinvest Muni Forward travel time savings into additional service
- Re-use components from retired Breda vehicles to reduce expenditure on parts
- Leverage changes in travel demand to increase transit operator productivity
- Consolidation of agency functions
- Improved capital project delivery
- Preventative and predictive maintenance, e.g. Fix-it Week



Automated Indexing Implementation Plan (AIP)

- Default position on budget, according to SFMTA Board policy, is to adjust fares, fees and fines by AIP: a combination of COLA (cost of living adjustment) and CPI (consumer price index)
- AIP is the minimum increase required to keep up with the cost of doing business.
- **If we only increase revenue according to AIP, we will not close our budget gap.**
- **Suspending AIP would add \$14.7M to deficit, increasing two-year budget deficit to \$27.4M.**

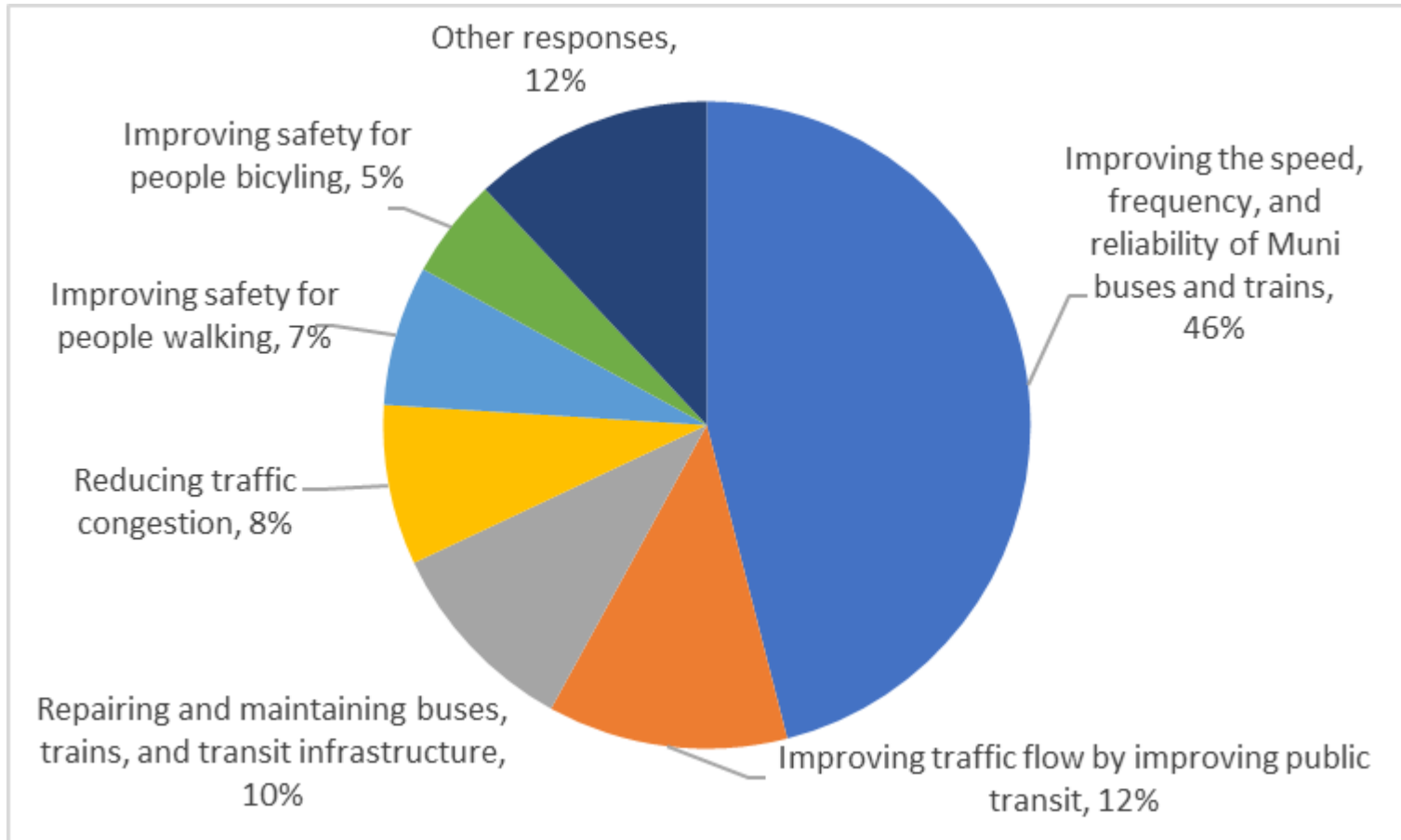
Impact of not increasing revenue beyond indexing

- Requires use of fund balance to close the budget gap leaving agency unable to absorb uncertainty and increasing future risk if FY26-27 deficit is not closed.
- Exacerbates the FY26-27 deficit that must be solved by regional revenue measure or other solutions.



Community priorities

Improving Muni speed, frequency and reliability is the top community priority.



2023 SFMTA Community Survey

Input requested today

- **Priorities:** What are your top priorities that should guide how we balance the budget?
- **Revenue options:** Which options for generating additional revenue available beginning July 1, 2024 should be prioritized?



Transportation 2050

- Beyond FY24-25 & FY25-26, we are developing revenue options to address the expected \$240M budget gap through Transportation 2050 (T2050).
- T2050 presents possible futures and actions to address transportation needs and priorities in San Francisco.
- T2050 revenue, operations and capital improvement options will be presented to the SFMTA Board of Directors later this year.
- More information: www.SFMTA.com/T2050

Summary of revenue options

*Green items are staff recommendations. They generate \$13.0M of \$12.7M needed to close two-year budget gap.

Category	Option	Additional Revenue FY25 (\$M)	Additional Revenue FY26 (\$M)	2-Year Total (\$M)
Transit fares	Suspend inflation indexing	-2.4	-4.4	-6.8
	Implement inflation indexing	-	-	-
	Eliminate Clipper/Mobile discount over two years*	2.1	3.1	5.2
Parking fines	Suspend inflation indexing	-2.5	-2.8	-5.4
	Implement inflation indexing	-	-	-
	Escalate by 5%*	1.8	1.9	3.7
RPP fees	Suspend inflation indexing	-0.7	-1.8	-2.5
	Implement inflation indexing	-	-	-
	Implement inflation indexing + additional costs*	0.7	2.2	2.9
Taxi fees	Reinstate taxi fees and apply inflation indexing*	0.6	0.6	1.2

Overview of programs and services funded by proposed budget

Category	Description of services and programs
Transit	Muni service provided on 72 Muni routes. Close to 2,500 Muni operators. Muni maintenance staff to maintain trolleys, light-rail vehicles, historic street cars and cable cars. Maintenance of way team, station agents, car cleaners, transit planners, engineers and more.
Streets	Pedestrian and bicycle infrastructure, Vision Zero program, traffic calming program, operations, major street infrastructure improvements, parking, curb and traffic management, planning, capital programs & construction, enforcement, security.
Taxis, Access & Mobility Services	Paratransit services, accessibility improvements, taxis, powered scooter share and commuter shuttle program enforcement and administration.
Administrative support	Human resources, finance, information technology, government affairs, communications and others.
Fixed agencywide costs	Debt service, pension and retiree health, work orders that service agency-wide needs.

Interactive budget balancing exercise

- **Purpose:** Developed to be an educational tool to illustrate the impact the revenues can have when considering expenditures.
- **Audience:** all members of the public, advocates and elected officials.
- **Availability:** the budget tradeoff tool is linked on our website: www.sfmta.com/budget

Revenues



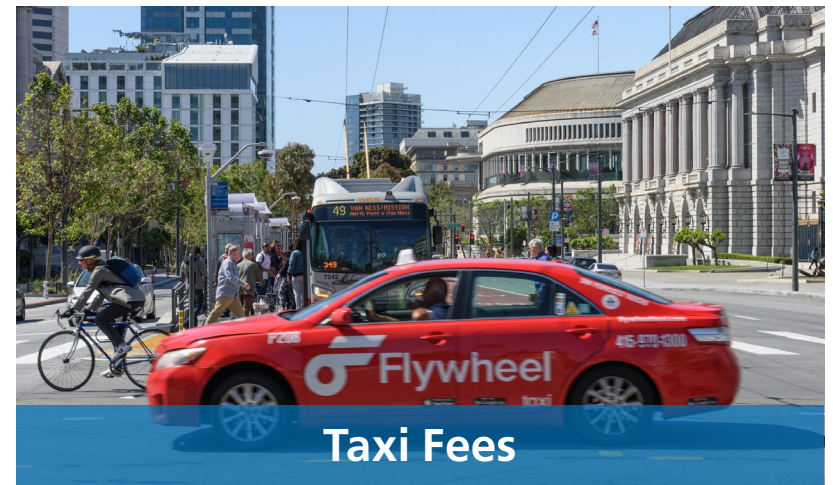
Transit Fares



Parking Fees & Fines



Residential Parking Permit Program



Taxi Fees

Expenditure examples



Muni Service



Muni Safety



Street Safety



Safe Travel to School



Traffic Congestion

Questions?

Appendix



Transit Fare Policy and Pricing

Fare policy



The SFMTA fare policy and pricing, approved as part of the two-year budget, sets forward the types of products, fares, and discount programs.

Fare policy goals

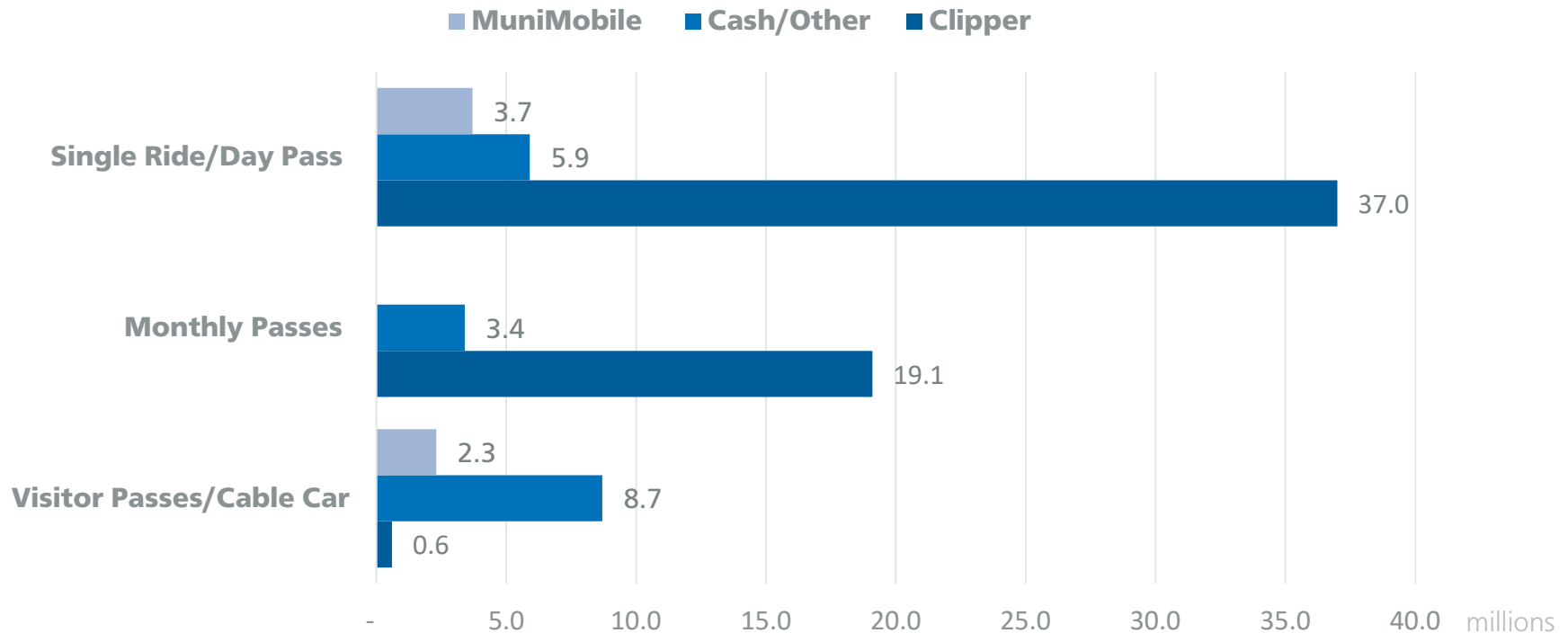
Provide revenues needed to run the transit system, while:

- Promoting equity
- Enhancing customer convenience
- Incentivizing transit ridership



Payment options

There are 3 ways to pay: Cash, Clipper, and MuniMobile.
50% of cash customers are low-income compared to 31% of Clipper customers.* In FY23-24, 21% of customers paid cash and 79% paid with Clipper or MuniMobile.



*Based on 2017 On-Board Customer Survey

Next Generation Clipper

Set to launch in late 2024.

Expanded product availability:

- Lifeline pass
- One Day Muni-Only Pass

Expanded retail network to increase access in underserved areas.

Pay with credit card on-board.

Regional Pilot Programs

- Bay Pass
- Free/Discount Transfers



Discount fare media

SFMTA fare policy provides financial relief for people with low-incomes at an estimated annual value of \$24 million.

Fare Media Type	Eligibility	Start Date	Admin Cost (\$M)	Foregone Revenue FY22-23 (\$M)	Total Impact FY22-23 (\$M)
Lifeline Monthly Pass (50% Discount)	Adults at or below 200% of federal poverty	2005	-0.6	-3.7	-4.3
Free Muni for Youth	Youth 18 and under	2013	0	-5.4	-5.4
Free Muni for Seniors and People with Disabilities	Seniors/people with disabilities at/or below 100% Bay Area Median Income	2015	-2.0	-11.4	-13.4
Access Pass	Free Muni for those experiencing homelessness	2023	-0.2	0	-0.2
Clipper START	50% single ride fare discount for people at or below 200% federal poverty	2022	N/A	-0.7	-0.7
Total			-2.8	-21.2	-24

How do we set fares?

Pricing model

Price of individual fare media is based on a multiplier of the single ride Muni fare, cable car fare, or monthly pass.

Product/Fare	Cable Car Fare Multiplier	Single Ride Fare Multiplier	Monthly Pass Multiplier
1 Day Passport (Mobile)	X 1	X 2	
3 Day Passport (Mobile)	X 2	X 6	
7 Day Passport (Mobile)	X 2	X 10	
One Day Pass (Muni-Only)		X 2	
Discount Monthly Pass			- 50%
Adult Monthly Pass + BART			+ 20%
Monthly Pass		X 32	
Single Ride Clipper Discount		- \$0.50	
Discount Single Ride Fare		- 50%	
Paratransit Bus/Van Fare		X 1	

Revenue impact of suspending indexing

The Board suspended indexing for transit fares in FY21-22, resulting in an estimated revenue loss of \$18.4M in FY23-24. Continued suspension of this policy would result in \$51.2M in lost revenue by FY25-26.

Fiscal Year	Revenue Loss (\$M)	Cumulative Total (\$M)
20-21	0.3	0.3
21-22	2.3	2.6
22-23	7.6	10
23-24	10.8	18.4
24-25	14.4	32.8
25-26	18.4	51.2

Revenue by option

Option	Description	Additional Revenue FY25 (\$M)*	Additional Revenue FY26 (\$M)	2-Year Revenue (\$M)
Assumed in Budget	Index fares	0	0	0
Option 1	Suspend fare indexing	-2.4	-4.4	-6.8
Option 2	Suspend fare indexing and reduce Clipper discount over 2 years	2.1	3.1	5.2

*Assuming January 1, 2025 implementation FY25

Fares by option

Fare Product/Fare	No change	Index		Suspend Indexing Reduce Clipper	
	Current	FY25	FY26	FY25	FY26
Single Ride Adult - Clipper/Mobile	2.50	2.60	2.70	2.75	3.00
Single Ride Adult - Farebox	3.00	3.10	3.25	3.00	3.00
Monthly Pass	81.00	83.00	86.00	106.00	115.00
Cable Car Single Ride	8.00	8.00	9.00	8.00	8.00

Fare Compliance

Proof of Payment (POP) Department

- Transit Fare Inspectors (TFIs) conduct inspections for fare compliance on all SFMTA vehicles, bus stops, rail platforms, subway stations
- TFIs are responsible for checking fares as well as providing customer service and assistance to Muni riders. They also support fare compliance and crowd control during special events.
- TFI presence in the Muni system helps deter fare evasion and security-related incidents.



Fare inspectors support systemwide goals

Transit Fare Inspectors play multiple roles in the Muni system and are trained in the following areas:

- Emotional Intelligence training by SFMTA Workforce Development
- Institutional and Implicit Bias training by SFMTA Office of Racial Equity and Belonging.
- Suicide Prevention by Felton Institute
- Comprehensive Crisis Care Program including Mobile Crisis Care by SFCC and DPH
- Human Trafficking training San Francisco Collaborative Against Human Trafficking; SFCAHT
- Crisis Intervention Team and De-escalation Techniques training by San Francisco Police Department
- Quality Customer Service training by SFMTA Workforce Development
- SFMTA Practical Communications Tools for Safety and Service (PACT)

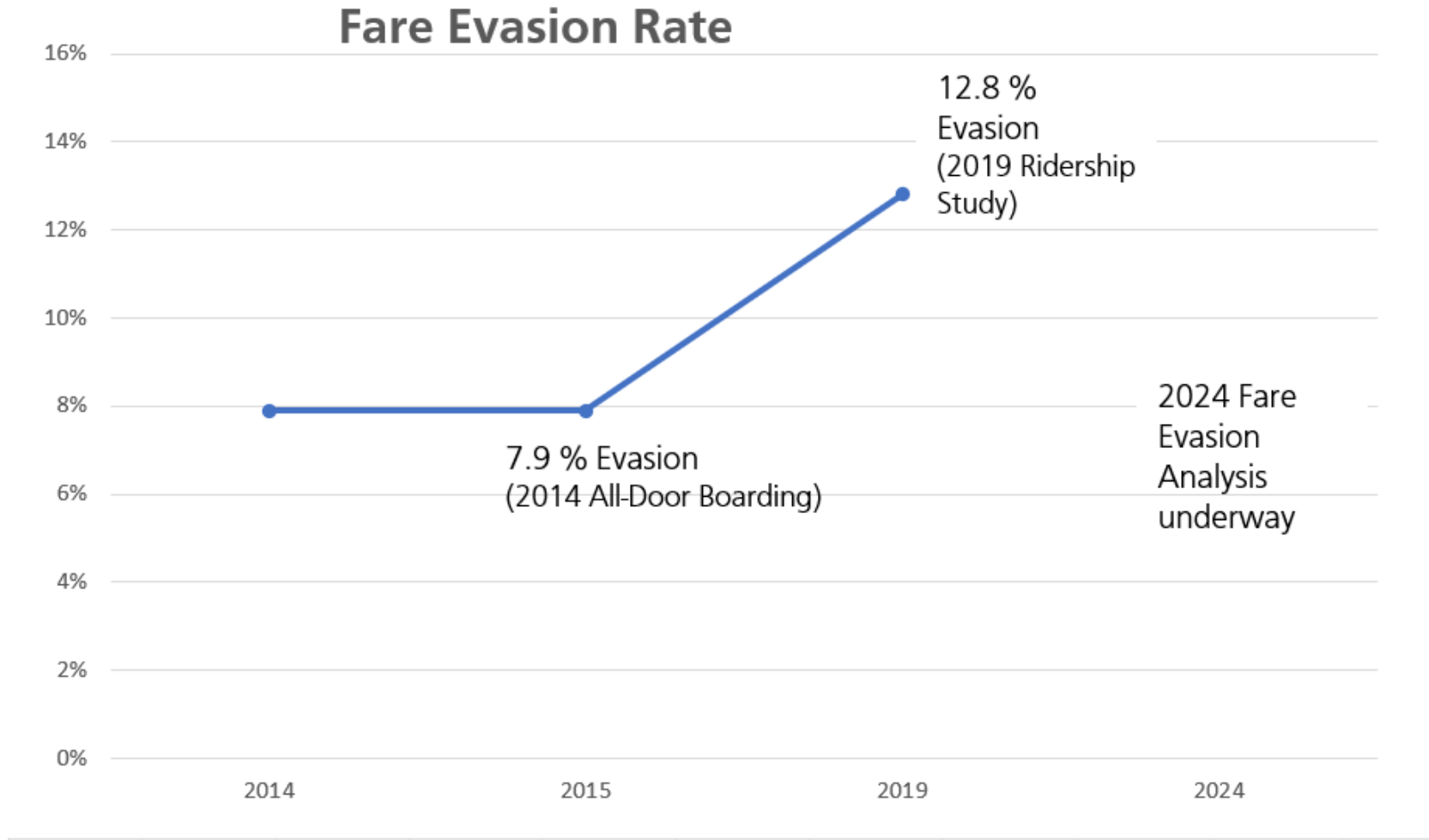
Observations and key findings from fare evasion studies

1. There has been a steady increase in fare evasion.

2. There has been a decline in POP staffing during the same time period.

3. Increased inspections help reduce fare evasion.

Increase in fare evasion since 2014



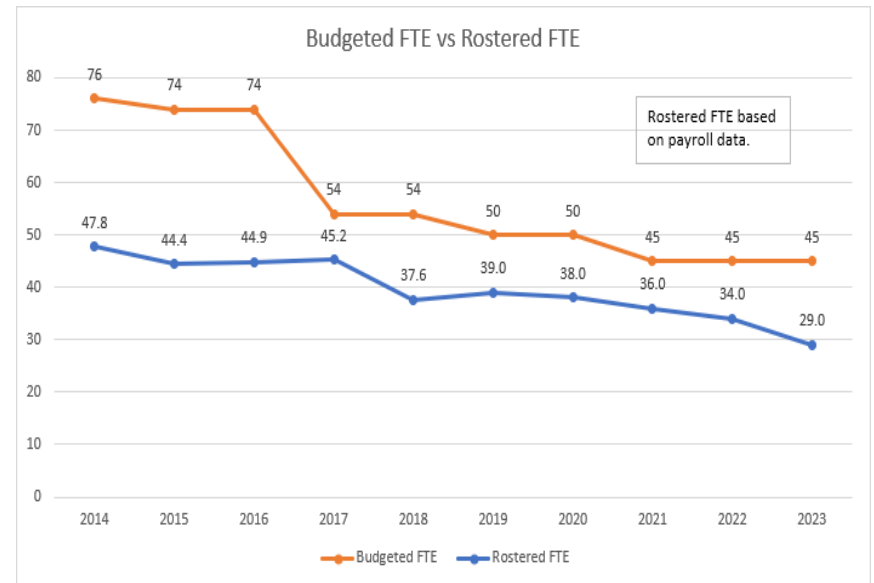
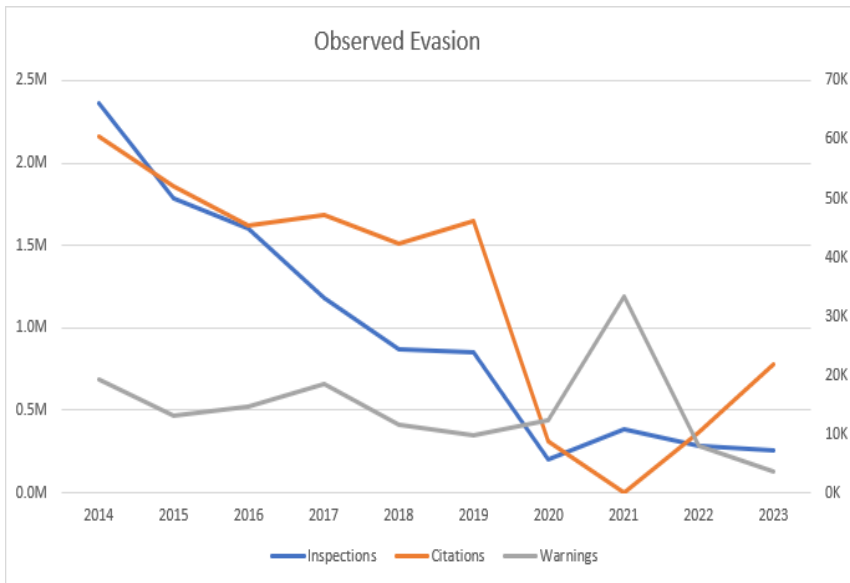
Decline in Proof of Payment staffing

From 2014 to 2023:

- The budgeted 9132 Transit Fare Inspector FTEs decreased from 76 to 45 (40.8%).
- Based on payroll data, the rostered (active) 9132 FTEs decreased from 47.8 to 32.2 (32.6 %).
- The average annual difference between budgeted and rostered FTEs is 17 positions.
- Among the rostered Transit Fare Inspectors, an average of 7-10 employees are on long-term leave annually.

Year	Rostered FTE	Budgeted FTE
2014	47.8	76
2015	44.4	74
2016	44.9	74
2017	45.2	54
2018	37.6	54
2019	39.3	50
2020	37.8	50
2021	35.9	45
2022	34.4	45
2023	32.2	45
Estimate		
Average	40.0	57
Difference	17.0	

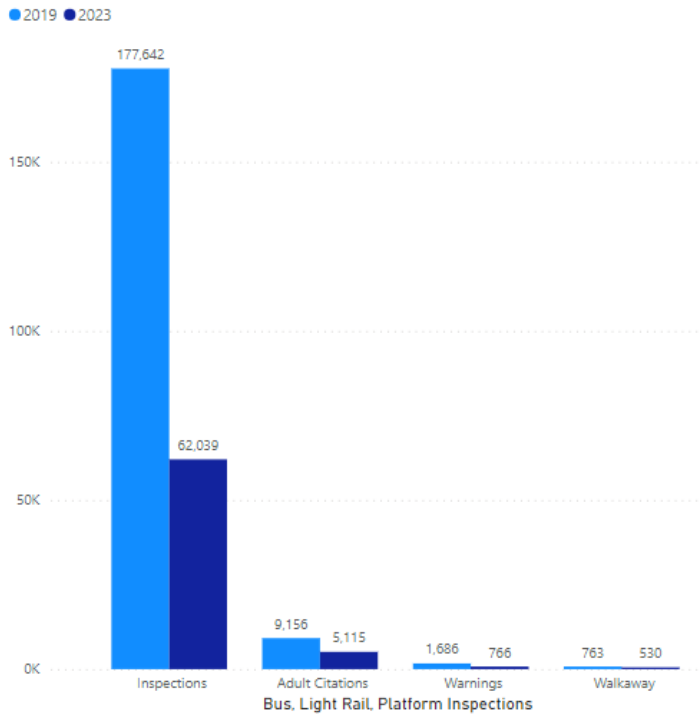
Fare inspections in relation to decline in staffing



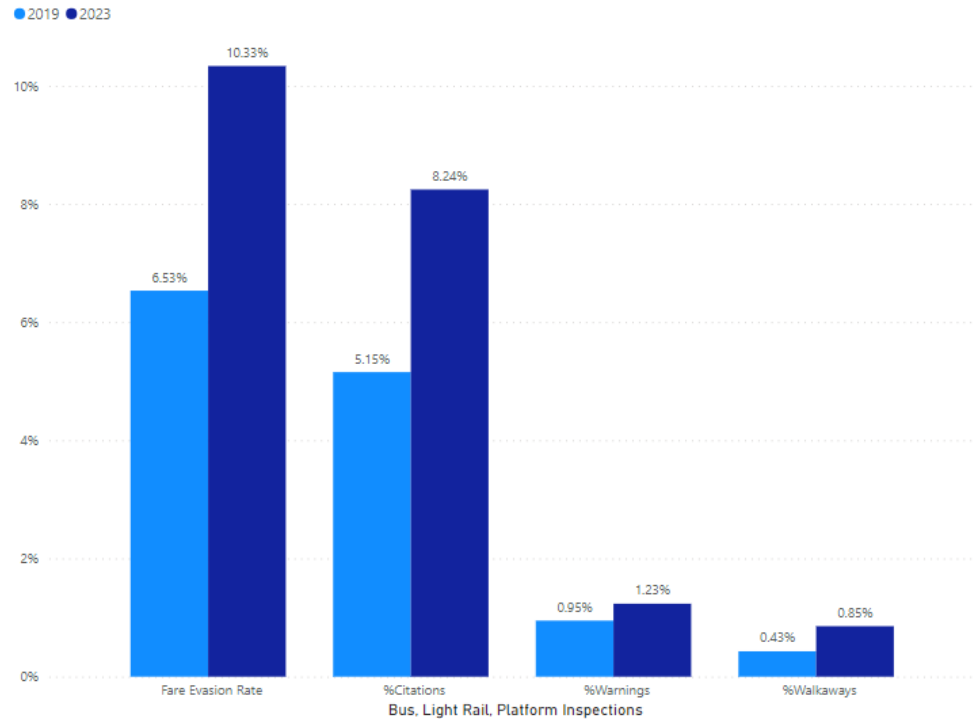
Does not include employees on long-term leave.

Pre- and post-pandemic performance and evasion

2019 and 2023 by Bus, Light Rail, Platform Inspections

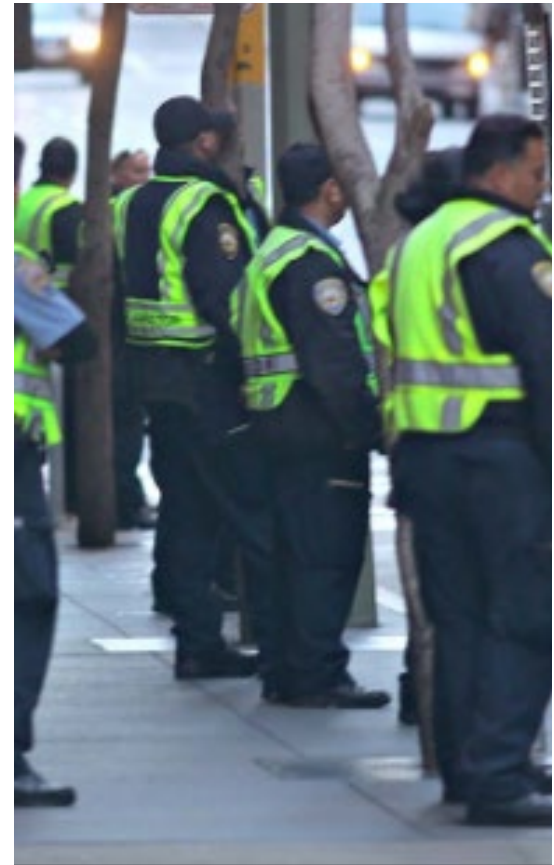
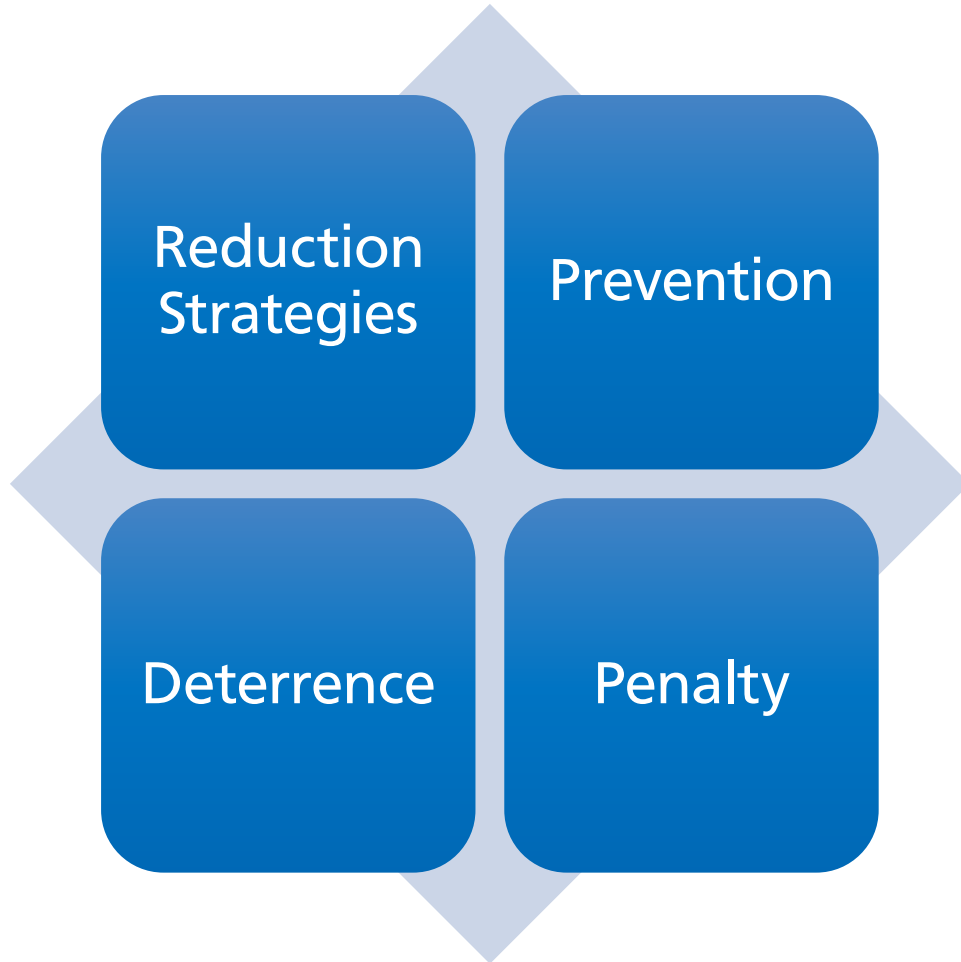


2019 and 2023 by Bus, Light Rail, Platform Inspections



The above graphs compare two samples of data – from April - June of 2019 and April – June 2023. TFI inspections have fallen off dramatically – going from 177,642 in 2019 to 62,039 in 2023. This represents a decrease of 65%. There is a correlation between increased inspections and reduced fare evasion.

Reducing fare evasion



Fees and fines

Limits on fees and fines

- State law establishes maximum rates on many SFMTA fees and fines
- But, SFMTA can still exercise discretion to meet policy goals by:
 - Escalating fees and fines based on Automated Indexing Implementation Policy (AIIP)
 - Suspending collection of fees/fines
 - Creating waiver/discount programs
 - Establishing Demand-responsive parking pricing

Parking fees and fines

- Parking fees and fines support a wide range of agency goals
- Parking violations and penalties promote the safe and effective travel and improve Muni operations
- Residential parking permit programs discourage long term parking in neighborhoods and support use of transit
- On-street meter and off-street parking garage rates promote turnover and support local business

Parking meter and garage fees

The SFMTA Board adopted the demand-responsive parking pricing policy in 2018.

This policy:

- Uses price to manage parking availability, opening spaces and reducing circling and double-parking
- Encourages drivers to park in lower-demand places and at lower-demand times, reducing demand in busy areas

Off-street parking garages

Off-street parking/garage hourly and monthly rates are subject to demand responsive pricing, the cost of parking rises and falls with demand. Rates are adjusted quarterly based on demand and comparison of parking rates private garages in similar area.

Downtown garages

- Lower hourly rates with the maximum daily rate reached around 6-7 hours
- Typical private garages have higher hourly rates with the daily rate being reached around three hours
- Monthly parking is set based on the market rate for the neighborhood

Outer neighborhood garages

- Hourly and monthly rates set based on demand and the local market
- Rates are typically comparable to private alternatives
- Rates are often lower than nearby metered parking

On-street parking meters

On-street parking rates are set using demand responsive pricing, so the cost of parking meters rises and falls with demand.

Rates vary based on block and time of day to achieve a target occupancy between 60% and 80%

Typically adjusted every quarter in increments of \$0.25/hour

Under the Transportation Code, the minimum rate is \$0.50/hour, while the maximum rate is currently \$12/hour

Average hourly rate	Block time-bands at \$0.50/hour	Block time-bands at \$10/hour or more
\$2.40	17.2%	0.53%

Parking Fine and Fee Relief Programs

Payment alternatives, discounts & waivers

Policy	Description	FY23 Admin Cost (\$M)	FY23 Foregone Revenue (\$M)	Total (\$M)
Payment plan*	Allows customer to pay off citations over time (late penalties waived with successful completion for people with low-incomes)	0.1	0.4	0.5
Community service*	Allows customers to perform community service in San Francisco in lieu of payment	0.7	0.3	1.0
Tow fee discount	Provides \$100 for people with low-incomes	N/A	5.2	5.2
Tow waiver	Waives tow/storage fees one-time for people experiencing homelessness	N/A	0.6	0.6
Citation Waiver	Waives waiver of all citations for one vehicle, one-time for people experiencing homelessness	0.1	2.8	2.9
Stolen Vehicle	Exempts charge to retrieve vehicles towed and reported stolen	N/A	1.7	1.7
TOTAL		0.9	11.0	11.9

**Payment and community service plans available to all customers regardless of income*

Parking Fine and Fee Options

Parking fines

- Historically, the SFMTA has capped fines at \$100
- Exceptions include disabled parking and bus zone violations where higher fines are authorized to achieve policy goals
- SFMTA passes through an additional \$8 of state mandated fees on parking violations
- 43% of parking fines are at the maximum level
- Escalation of parking fines is generally done through indexing

Parking fine options

Historic practice is to index cost of parking fees and fines. Other options include:

**Assumed
in Budget**

Index parking fines

Option 1

Suspend indexing

Option 2

**Escalate parking fees and fines beyond
to 5%, beyond normal indexing**

Parking fine options

Indexing parking fees and fines by 5% would add \$3.7 in revenue above normal policy.

Option	Option	FY25 Additional Revenue (\$M)	FY26 Additional Revenue (\$M)	2-year (\$M)
Assumed in Budget	Index	0	0	0
Option 1	Suspend Indexing	-2.5	-2.8	-5.4
Option 2	Escalate by 5%	1.8	1.9	3.7

Parking fine options

Fees for three most frequently issued parking tickets would increase to the below.

Fines	Current	Assumed in Budget Index		Option 1 Suspend Indexing		Option 2 Escalate by 5%	
		FY24	FY25	FY26	FY25	FY26	FY25
Street Cleaning	\$90	\$93	\$97	\$90	\$90	\$95	\$99
Parking Meter (Downtown)	\$101	\$105	\$108	\$101	\$101	\$106	\$108
Residential Parking Permit Over Time	\$102	\$106	\$108	\$102	\$102	\$107	\$108

Residential Parking Permit fee options

**Assumed
in Budget**

Index

Option 1

Suspend indexing

Option 2

Index and cover unrecovered costs

Residential Parking Permit fee options

Option	Description	FY25 Increase (\$M)	FY26 Increase (\$M)	2-Year Total (\$M)
Assumed in Budget	Index	0	0	0
Option 1	Suspend Indexing	-0.9	-0.6	-1.5
Option 2	Index + Recover Unrecovered Costs	0.7	2.2	2.9

Fee/Option	Description	Current	FY25	FY26	% Increase Year 1	% Increase Year 2
Assumed in Budget	AIPP	170	178	181	5%	2%
Option 1	Suspend AIPP	170	170	170	0%	0%
Option 2	Escalate by AIPP + Additional	170	190	215	12%	13%

Taxi Fees

Taxi Fee Options

In response to the impacts of COVID, and the City's use of Taxis to help respond and serve both vulnerable riders and essential workers, SFMTA has waived all taxi fees since July 2020, including for taxi drivers, medallion holders, color schemes, and dispatch providers.

Staff is recommending that these fees be reinstated in alignment with other SFMTA fees.

Option	Description	FY25 Increase (\$M)	FY26 Increase (\$M)	2-Year Total (\$M)
Option 1	Continue Fee Suspension	0	0	0
Option 2	Reinstate Fees and Apply AIPP	0.6	0.6	1.2

Reinstate Taxi Fees (AIPP)

Permit	FY20 Fee	Proposed FY25	Proposed FY26
New Driver Permit Application	0	0	0
Driver Permit Renewal	\$127	0	0
New Dispatch Application	\$7,326	\$7,609	\$7,902
Dispatch Application Renewal	\$7,782	\$8,082	\$8,394
New Color Scheme Application (per Medallion)	\$3,269 - \$8,528	\$3,395 - \$8,857	\$3,526 - \$9,199
Color Scheme Application Renewal (per Medallion)	\$1,075 - \$11,232	\$1,116 - \$12,116	\$1,160 - \$12,116
Color Scheme Change	\$491	\$510	\$530
Medallion Holder Renewal (Purchased)	<i>eliminated in FY17-18</i>		
Medallion Holder Renewal (Pre-K/Pre-K Corporate)	\$1,179	\$1,225	\$1,272
Medallion Holder Renewal (Post K)	\$590	\$613	\$636
Lost Medallion	\$129	\$134	\$139

Additional public engagement

Activity	Date
Mayor and the Board of Supervisors Briefings	January – February
Stakeholder and Advocate Briefings	February
Print, Digital and Social Media outreach	February - March
Virtual Meeting (Zoom)	February 22
In-Person Open House Meeting (Richmond Library)	March 2



Appendix

Fares by Option

Fare Product/Fare	Implement AIP		Suspend AIP	Suspend AIP Reduce Clipper	
	FY25	FY26	Current	FY25	FY26
Single Ride Adult - Clipper/Mobile	2.60	2.70	2.50	2.75	3.00
Single Ride Adult - Farebox	3.10	3.25	3.00	3.00	3.00
Monthly Pass	83.00	86.00	81.00	106.00	115.00
Cable Car Single Ride	8.00	9.00	8.00	8.00	8.00

% Change	Implement AIP		Suspend AIP	Suspend AIP Reduce Clipper	
	FY25	FY26		FY25	FY26
Single Ride Adult - Clipper/Mobile	4.0%	3.8%	0%	10.0%	9.1%
Single Ride Adult (Farebox)	3.3%	4.8%	0%	0%	0%
Monthly Pass	2.5%	3.6%	0%	8.6%	9.1%
Cable Car Single Ride	0%	13%	0%	0%	0%

Fare Comparisons

	FY19		FY24	
Agency	Single Ride	Monthly Pass	Single Ride	Monthly Pass
SFMTA	\$3.00/\$2.50	\$81	\$3.00/\$2.50	\$81
MTA NYC	\$3.00/\$2.75	\$127	\$2.90	\$136 (fare capped)
Chicago	\$3.00/\$2.25	\$105	\$2.50	\$75
LA Metro	\$1.75	\$100	\$1.75	\$72 (fare capped)
DC Metro	\$2.00	\$81	\$2.00	\$64 (fare capped)
King County (Seattle)	\$2.75	\$99	\$2.75	\$99
SamTrans	\$2.25/\$2.05	\$65.60	\$2.25/\$2.05	\$65.60
Golden Gate Transit	\$2.00/\$1.80	N/A	\$2.00/\$1.80	N/A
AC Transit	\$2.50/\$2.25	\$84.60	\$2.25/\$2.50	\$84.60 (fare capped)
Santa Clara VTA	\$2.50	\$90	\$2.50	\$90
Tri-Met (Portland)	\$2.50	\$100	\$2.50	\$100
San Diego	\$2.50	\$72	\$2.50	\$72