



SFMTA

FY 2023 & 2024 Consolidated Budget
FY 2023 – 2027 Capital Improvement Program

Base Budget & CIP Update

SFMTA Board of Directors
March 15, 2022

Today, we begin the process of crafting the budget and adjusting the baseline.

We'll review various topics following up on what we heard from the February MTA Board Workshop and our Community Listening Sessions.

Direction and feedback today will result in a proposed 2-Year Consolidated Budget for Fiscal Year 2023 & 2024 and 5-Year Capital Improvement Program for FY 2023 – 2025, which will be presented at a public hearing on April 5, 2022.

Today's presentation will cover a variety of data and topics to support the crafting of the budget and CIP.

- **Update on the outreach process** and feedback received to date.
- **Update on the 5-Year Capital Improvement Program** for FY 2023 – 2025 and Capital Budget for FY 2023 & FY 2024
- **Update of revenues and expenditures** for operations in the FY 2023 & 2024 Consolidated Budget
 - Revenue Updates
 - *Parking Policy, Fees, Fines and Cost Recovery Programs*
 - *Fare Policy*
- **5-Year Financial Plan Update & T2050 Projection**
- **Next Steps**

Budget Outreach and Listening Sessions

Outreach Process
Channels for Feedback
Survey Responses & Priorities
Collected Comments

Outreach & Listening Sessions

The purpose of our outreach process was to gather input from a wide range of stakeholders on transportation priorities to help shape our budget.

Engagements

- **Public Budget Workshop** with SFMTA Board of Directors
- **Survey of Priorities** (digital and paper in 4 languages)
- **Public Listening Sessions** (via telephone with language support for equity)
- **Direct Listening Sessions** with every community group who requested one
- **Digital Town Hall** to report the results

Communication Channels

- Email to over **3,000 stakeholders**
- Offers of listening sessions to over **150 community groups**
- **Ads in language newspapers** (El Tecolote, Sing Tao, World Journal, Wind, Examiner)
- **Social Media ads** (WeChat, Twitter, FB, Instagram)
- **Website** with survey links and listening session dates (In four languages English, Chinese, Spanish and Filipino)
- **Paper surveys** in 4 languages, targeted at non-English speaking communities

Outreach & Listening Sessions - Results

Over **700 responses**
from online surveys in three languages

690 Additional Comments
from listening sessions, phone calls, and emails

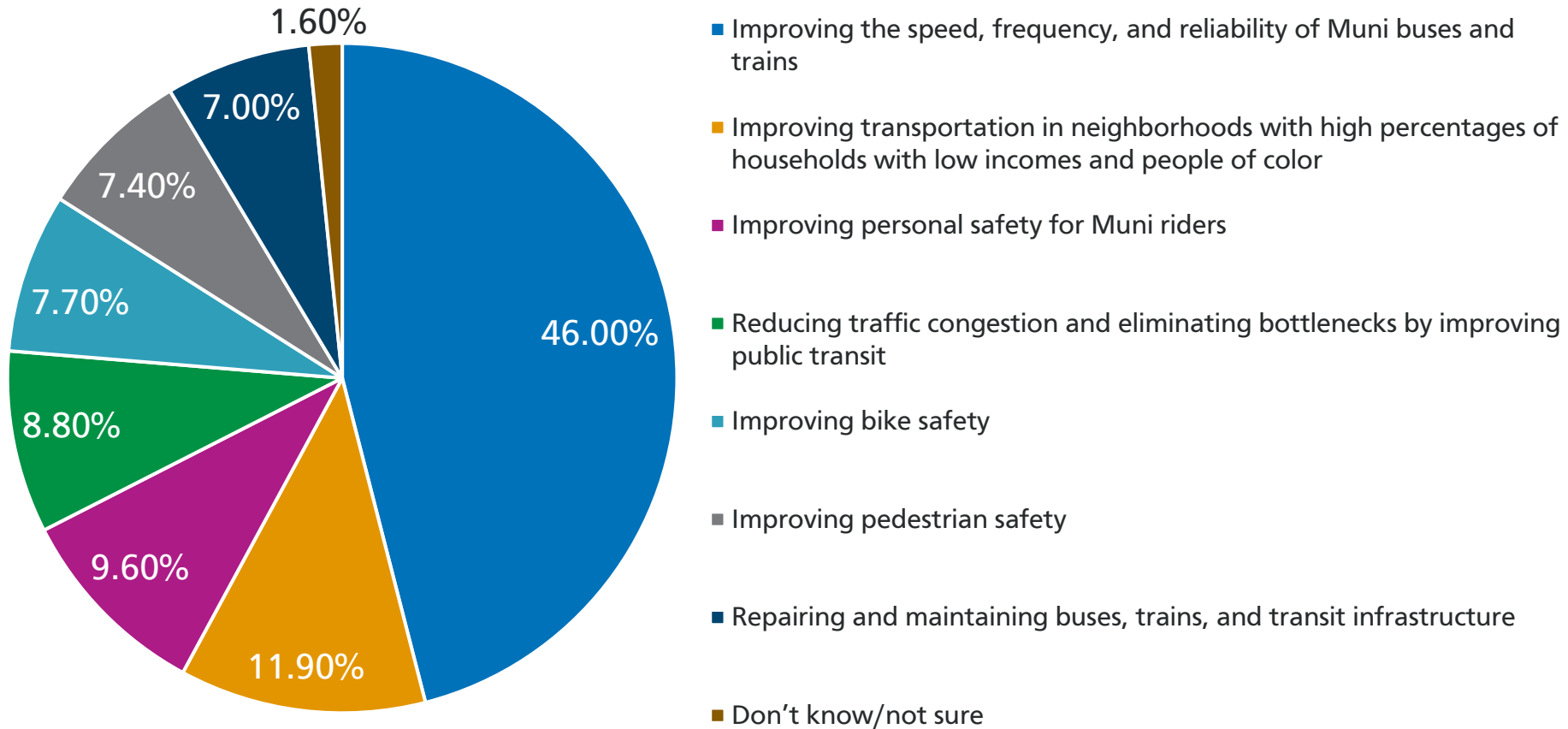
Over **100 Comments**
from SFMTA Board of Directors at Board Workshop

Paper surveys will be collected in the next two weeks.

Results will be compiled and presented at the April 5th MTA Board Meeting.

Survey Results

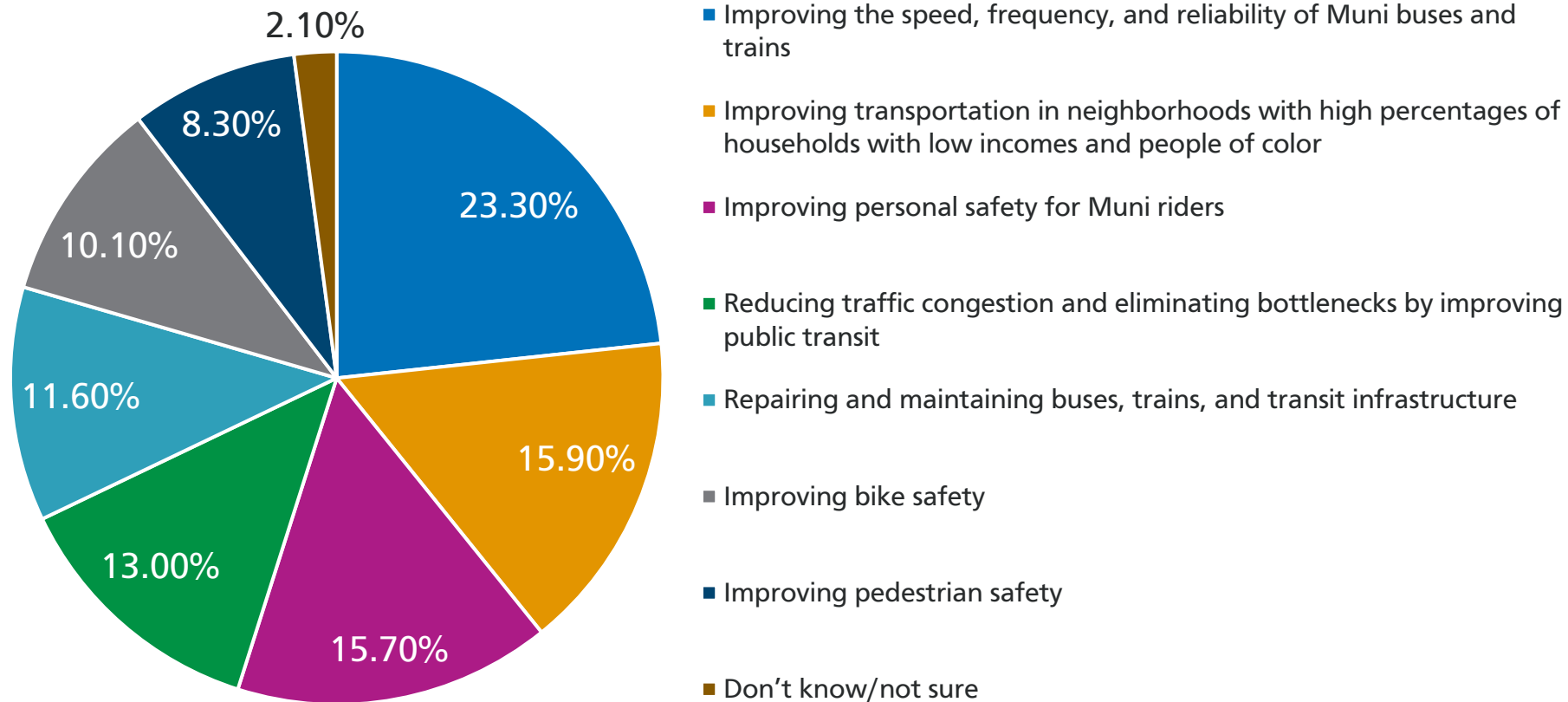
Possible SFMTA Goals: Which Would You Prioritize? First Priority



*739 Total Respondents; to be updated with total at MTAB on 4/5

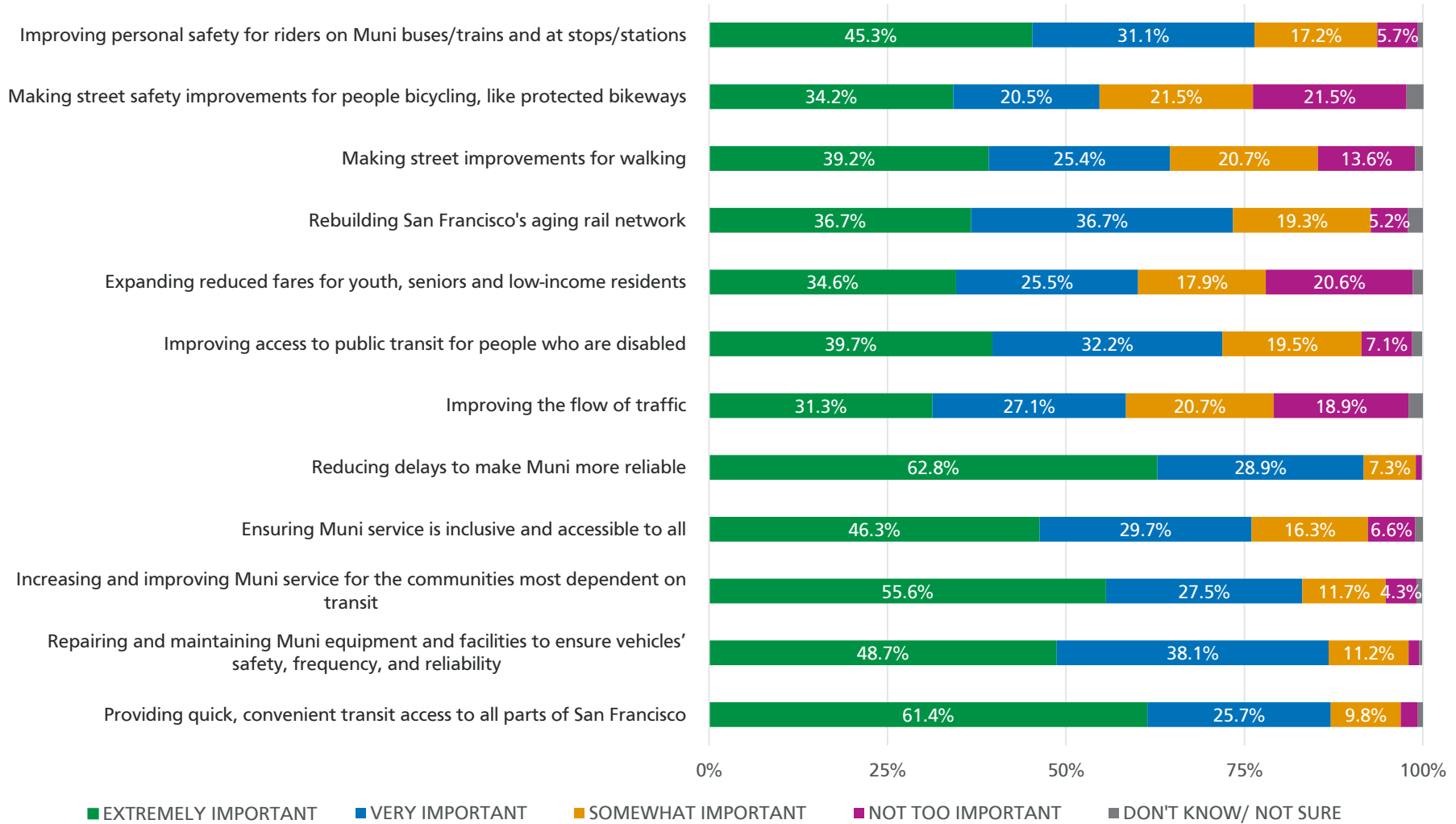
Survey Results

Possible SFMTA Goals: Which Would You Prioritize? Second Priority



*739 Total Respondents; to be updated with total at MTAB on 4/5

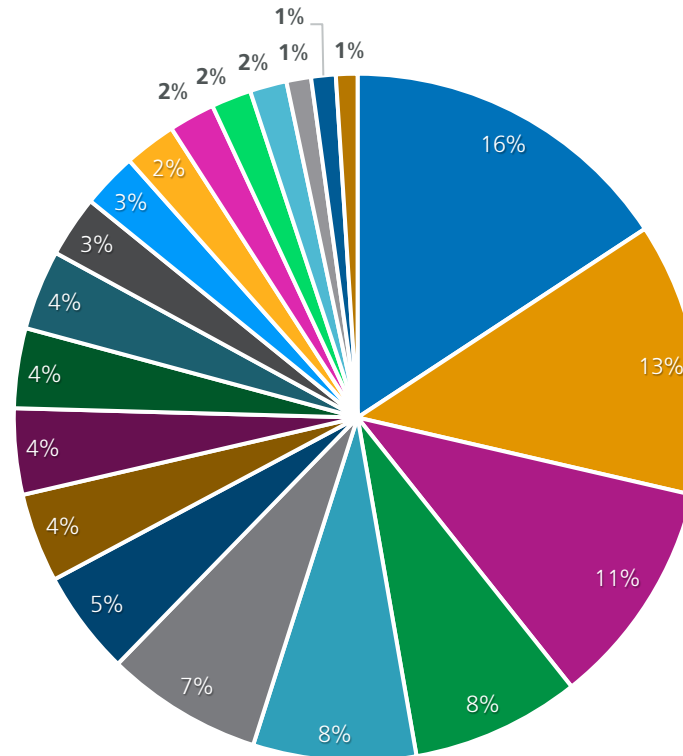
Prioritizing Individual Initiatives



Categorized Comments

690 additional responses collected from listening sessions, open responses, emails and phone calls. Comments were categorized by MTA staff

- Emphasis on Safety for ALL Modes
- Transit Service: More Frequent, More Lines
- Don't Raise Fares, Add Discount Programs
- Transit Only Lanes to Fix Congestion
- Cleaner Bus Shelters and Stations
- Deliver on State of Good Repair



- Prioritize Safety on Streets and Muni
- Support for Increased Service Lines and Frequency
- Support 100% Pre-Pandemic Service Restoration
- Concerns About Rising Traffic
- Other
- Support for More Transit Only Lanes
- Make the System More Accessible
- Make the SFMTA More Equitable
- Concerns About Slow Streets
- Support Existing or Expanded Fare Discount Programs
- Improve and Clean the Bus Shelters and Stations
- Make Muni Free for All
- Support no Fare Increase (No Indexing)
- Support for Slow Streets
- Deliver More Capital Improvements
- Improve the Fare Enforcement Program
- Give Less Free Parking or Extend Meter Hours
- Improve NextBus
- Improve Outreach to the Communities
- Support Ballot Initiative(s) to Fund the SFMTA

Outreach Synthesis

Reviewing all our channels of outreach here are some high-level themes:

- Focus on Transit Speed, Reliability and Access
- Focus on Personal Safety *on Transit and on Streets*
- Focus on Equity in delivery of service
- Focus on State of Good Repair infrastructure investments
- Provide quick and convenient access throughout San Francisco
- Avoid fare increases and expand discount programs
- Reduce traffic congestion through investment in transit
- Improve the customer experience using on transit and at shelters

FY 2023- 2027 Capital Improvement Program

2-Year Capital Budget
Revenue Updates
CIP+

Capital Planning Weather Map Analysis

Summary

Updated 5-Year Capital Improvement Program

Based on what we have heard and the feedback we have received:

- **Funds critical investments in Transit speed and reliability projects**, through significant investments in State of Good Repair:
 - Replacement of the Breda Light Rail Vehicles
 - Replacement of the Muni Metro Train Control System
 - Muni Bus Fleet Mid-Life Overhauls
 - Upgraded Facilities for improved maintenance
- **Funds critical safety improvements to our streets** with a 29% increase in funding to the Streets Capital Program and policy priority in CIP+ for additional revenues

The Capital Improvement Program (CIP) is a fiscally-constrained 5-year investment plan for delivery of transportation capital projects.

It serves as an implementation plan for regional, citywide, and agency-wide strategies and policy goals:

- SFMTA Strategic Plan
- SFMTA 20-Year Capital Plan
- Street Safety/Vision Zero
- Muni Forward
- Fleet Plan
- Building Progress Program
- State of Good Repair
- Bicycle and Pedestrian Strategies
- Plan Bay Area
- SF General Plan
- Neighborhood & Area Plans
- SFCTA Transportation Plan

20-Year Capital Plan

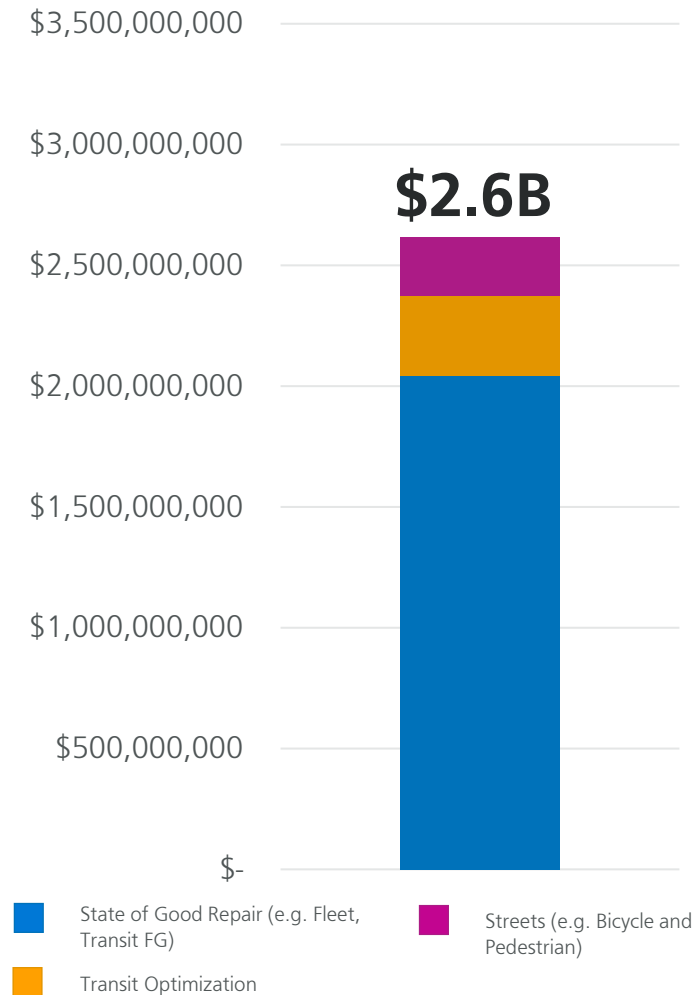
"What and Why"
Policy Priorities

5-Year CIP

"How and When"
Fiscal Constraints

FY 2023 – 2027 Capital Improvement Program Overview

Baseline FY23-27 CIP



158 Projects

\$2.6 Billion Investment

- 5-Year CIP balanced to existing revenues; unfunded initiatives moved to CIP+
- 5-Year CIP largest sources of funds are federal grants, state grants, Prop K Transportation Sales Tax and SFMTA revenue bond.
- Several large projects:
 - LRV4 Replacement Phase
 - Vehicle Mid-Life Overhauls
 - Computer Based Train Control
 - Potrero Yard Modernization
- Contingency included in budget due to higher risk sources such as competitive grants, RM3 and development impact fees

FY 2023 – 2027 Capital Improvement Program Baseline (February 3, 2022)

Program	Capital Budget					5-Year CIP
	FY23	FY24	FY25	FY26	FY27	Total (Current)
Fleet	170.47	151.90	199.23	419.59	237.40	1,178.59
Transit Optimization	53.37	30.13	96.95	53.56	100.39	334.40
Transit Fixed Guideway	78.72	54.96	126.16	144.30	83.38	487.53
Streets	53.21	39.84	35.92	21.55	35.64	186.16
Facility	24.03	49.32	51.86	9.00	24.40	158.62
Signals	33.03	17.01	19.15	14.95	6.54	90.69
Communications & IT	0.53	2.79	2.20	1.70	2.80	10.02
Parking	0	0	0	0	0	0
Security	1.93	1.93	1.93	1.93	1.93	9.69
Taxi	0.65	0.35	0.73	0.001	0.52	2.27
Total	415.97	348.25	534.13	666.60	493.02	2,457.97

FY 2023 – 2027 Capital Improvement Program Updated Baseline (March 15, 2022)

Program	Capital Budget					5-Year CIP
	FY23	FY24	FY25	FY26	FY27	Total (Current)
Fleet	171.82	143.87	192.26	413.23	226.23	1,147.41
Transit Optimization	46.10	38.82	86.03	88.79	71.75	331.48
Transit Fixed Guideway	80.95	81.81	148.37	162.08	120.05	593.27
Streets	53.29	37.34	52.12	33.17	64.70	240.63
Facility	51.37	67.54	38.85	24.27	24.80	202.15
Signals	16.48	13.22	20.05	14.68	8.73	73.16
Communications & IT	0.96	3.29	3.00	6.58	0.27	14.09
Parking	0.00	0.00	0.00	0.00	0.00	0.00
Security	1.94	1.94	1.94	1.94	1.94	9.70
Taxi	0.65	0.35	0.73	0.01	0.53	2.28
Total	423.56	388.18	543.35	744.75	519.00	2,614.17

In this 5-Year Capital Improvement Program (CIP) cycle, capital revenues will be at their lowest levels in nearly a decade.

However, new sources and opportunities could result in a substantial increase in CIP revenues during the 5-Year Period. We call this **CIP+**.

+\$400 m General Obligation Bond

+\$140 m Sales Tax Reauthorization

+\$280 m Infrastructure Bill Grants

+\$210 m Competitive Grants

RANGE: \$300 m - \$1 b

CIP+ Priorities

CIP+ is a framework, an advocacy platform and process by which we can build regional partnerships and priorities

Increases in State of Good Repair Funding

(TCP Regional Policy for Increases in Federal Formula Funds, State Budget Surplus, Sales Tax Reauthorization)

Fully funding safety improvements on the High Injury Network

(State Active Transportation Program, Highway Safety Improvement Program, US DOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE), USDOT Safe Streets for All, GO Bond, Regional One Bay Area Grant Program (OBAG), Sales Tax Reauthorization)

Advancing Zero Emission Bus or Battery Electric Bus and Facilities Infrastructure

(1500% in FTA Low or No Emission (LONO) Vehicle Program, FTA Bus and Facilities Grant, State Transit and Inter City Rail Program (TIRCP), GO Bond, State Surplus, Sales Tax Reauthorization)

Advancing Muni Metro Modernization – Muni Forward Rail Improvements, Fleet and Train Control System

(TIRCP, GO Bond, Regional Transit Performance Initiative, State Surplus, Sales Tax Reauthorization)

Advancing the Building Progress Program

(1500% in LONO, RAISE, Bus and Bus Facilities Grant, GO Bond, Sales Tax Reauthorization)

Cable Car Program

(Federal Advocacy, Sales Tax Reauthorization)

Fund Estimate CIP+: \$300 m - \$1 billion

FY 2023 – FY 2027 Capital Improvement Program + (CIP+)

Various planning efforts have led to significant refinements of “needs” from the CIP capital plan resulting in 90+ shovel-ready project phases and proposals in CIP+, making the agency ready for new potential capital sources such as State Transportation Surplus, related State Grants and grants from the new Federal Infrastructure Bill.

Program (in \$m)	Total Need	Est. Amount
Fleet	271.13	143
Transit Optimization	145.55	83
Transit Fixed Guideway	145.13	85
Streets	239.20	157
Facility	365.18	335
Signals	15.60	67
Communications & IT	16.19	10
Parking	21.55	0
Total	1,219.53	737

- Highest priorities reflect gaps in CIP Weather Map.
- Potential funding source fill critical gaps in facilities and traffic signals.
- Begins to reduce the significant State of Good Repair Backlog of Traffic Signals.
- Revenues dependent on voter actions and successful competitive grant applications.

FY 2023 – FY 2027 Capital Improvement Program + (CIP+)

Program (In \$m)	FY23	FY24	FY25	FY26	FY27	Total (Current)
Fleet	0.00	0.00	13.23	103.67	154.23	271.13
Transit Optimization	16.51	10.97	39.75	37.98	40.34	145.55
Transit Fixed Guideway	8.77	21.24	35.21	42.34	37.57	145.13
Streets	38.08	60.52	55.70	43.00	41.90	239.20
Facility	0.00	19.96	80.52	259.07	5.63	365.18
Signals	15.03	0.57	0.00	0.00	0.00	15.60
Communications & IT	0.50	6.95	5.89	0.00	2.84	16.19
Parking	21.55	0.00	0.00	0.00	0.00	21.55
Total	100.45	120.20	230.31	486.07	282.51	1,219.53

With the data from the 20-Year Capital Plan, reflecting unconstrained “need” and the revenue constraint placed on many SFMTA revenue sources through the 5-Year Capital Improvement Program, we develop the **Weather Map**.

The Weather Map is a check against what we **“should” fund versus what we “can” fund**. If discretionary funds materialize OR a competitive grant opportunity comes, we look to fill these gaps first.

Very often we see this data shows funding gaps generally match infrastructure backlogs.

FY 2023 – 2027 CIP Cycle “Weather Map”

Needs versus Gaps Original (2.15.2022)

Capital Program	2021 Capital Needs	% of Capital Needs	5-Year CIP Needs (25%)	Proposed CIP	% of CIP Revenues	Delta	% Need Met
Fleet	\$ 7,534	21.4%	\$ 1,884	\$ 1,179	48.0%	\$ (705)	62.6%
Transit Optimization & Expansion	\$ 10,903	31.0%	\$ 2,726	\$ 334	13.6%	\$ (2,391)	12.3%
Transit Fixed Guideway	\$ 2,384	6.8%	\$ 596	\$ 488	19.9%	\$ (109)	81.8%
Streets	\$ 5,149	14.6%	\$ 1,287	\$ 186	7.6%	\$ (1,101)	14.5%
Facility	\$ 4,760	13.5%	\$ 1,190	\$ 159	6.5%	\$ (1,031)	13.3%
Traffic Signals	\$ 2,293	6.5%	\$ 573	\$ 91	3.7%	\$ (482)	15.8%
Communications & IT	\$ 271	0.8%	\$ 68	\$ 10	0.4%	\$ (58)	14.8%
Parking	\$ 964	2.7%	\$ 241	\$ -	0.0%	\$ (241)	0.0%
Security	\$ 865	2.5%	\$ 216	\$ 10	0.4%	\$ (207)	4.5%
Taxi	\$ 66	0.2%	\$ 17	\$ 2	0.1%	\$ (14)	13.7%
TOTAL	\$ 35,188	100%	\$ 8,797	\$ 2,458	100%	\$ (6,339)	27.9%

FY 2023 – 2027 CIP Cycle “Weather Map”

Needs versus Gaps (3.15.2022) – Updated CIP

Capital Program	2021 Capital Needs	% of Capital Needs	5-Year CIP Needs (25%)	Proposed CIP	% of CIP Revenues	Delta	% Need Met
Fleet	\$ 7,534	21.4%	\$ 1,884	\$ 1,147	43.9%	\$ (737)	60.9%
Transit Optimization & Expansion	\$ 10,903	31.0%	\$ 2,726	\$ 332	12.7%	\$ (2,395)	12.2%
Transit Fixed Guideway	\$ 2,384	6.8%	\$ 596	\$ 593	22.7%	\$ (3)	99.5%
Streets	\$ 5,149	14.6%	\$ 1,287	\$ 241	9.2%	\$ (1,046)	18.7%
Facility	\$ 4,760	13.5%	\$ 1,190	\$ 202	7.7%	\$ (988)	17.0%
Traffic Signals	\$ 2,293	6.5%	\$ 573	\$ 73	2.8%	\$ (500)	12.8%
Communications & IT	\$ 271	0.8%	\$ 68	\$ 14	0.5%	\$ (54)	20.7%
Parking	\$ 964	2.7%	\$ 241	\$ -	0.0%	\$ (241)	0.0%
Security	\$ 865	2.5%	\$ 216	\$ 10	0.4%	\$ (206)	4.5%
Taxi	\$ 66	0.2%	\$ 17	\$ 2	0.1%	\$ (15)	13.4%
TOTAL	\$ 35,188	100%	\$ 8,797	\$ 2,614	100%	\$ (6,183)	29.7%

FY 2023 – 2027 CIP Cycle “Weather Map”

Needs versus Gaps (3.15.2022) – Updated CIP w/CIP+

Capital Program	2021 Capital Needs	% of Capital Needs	5-Year CIP Needs (25%)	CIP+	% of CIP Revenues	Delta	% Need Met
Fleet	\$ 7,534	21.4%	\$ 1,884	\$ 1,290	36.9%	\$ (594)	68.5%
Transit Optimization & Expansion	\$ 10,903	31.0%	\$ 2,726	\$ 415	11.9%	\$ (2,312)	15.2%
Transit Fixed Guideway	\$ 2,384	6.8%	\$ 596	\$ 678	19.4%	\$ 82	113.8%
Streets	\$ 5,149	14.6%	\$ 1,287	\$ 398	11.4%	\$ (889)	30.9%
Facility	\$ 4,760	13.5%	\$ 1,190	\$ 537	15.4%	\$ (653)	45.1%
Traffic Signals	\$ 2,293	6.5%	\$ 573	\$ 140	4.0%	\$ (433)	24.5%
Communications & IT	\$ 271	0.8%	\$ 68	\$ 24	0.7%	\$ (44)	35.4%
Parking	\$ 964	2.7%	\$ 241	\$ -	0.0%	\$ (241)	0.0%
Security	\$ 865	2.5%	\$ 216	\$ 10	0.3%	\$ (206)	4.5%
Taxi	\$ 66	0.2%	\$ 17	\$ 2	0.1%	\$ (15)	13.5%
TOTAL	\$ 35,188	100%	\$ 8,797	\$ 3,494	100.0%	\$ (5,303)	39.7%

Updated Base Budget

Updated Expenditures

Updated Revenues

Parking Policy, Fees, Fines, Cost-Recovery

Fare Policy and Proposals

Summary

Updated Base 2-Year Consolidated Budget

Based on what we have heard and the feedback we have received:

- **Recommending no fare increase (pause fare indexing) for the budget period**
 - Sustain the Free Muni for All Youth Program
 - Support pilot fare programs for a 10-trip pass and Fare Capping (establish an accumulator pass)
 - Consider ways to expand other discount programs (Funding TBD)
- **Use additional federal relief to restore full agency operations**
 - Invest in programs to improve hiring, advance equity, transit recovery, customer experience (including increase in shelter maintenance) and technology to grow ridership

Operating Budget FY 2023 & FY 2024 Baseline (February 2022)

EXPENDITURES (USES)	FY23 Projected	FY24 Projected
Salary & Fringe	906,205,986	914,482,609
Overhead & Allocations	(35,797,588)	(36,810,659)
Professional Services	256,543,965	263,804,159
Materials & Supplies	76,448,280	78,611,767
Capital Outlay	4,131,188	4,248,101
Debt Service	23,046,100	27,928,477
Workorders	93,401,111	96,044,362
Expenditures	1,323,979,043	1,348,308,815

REVENUES (SOURCES)	FY23 Projected	FY24 Projected
City Population-based Baseline - Operating Support	30,000,000	30,000,000
Federal Relief	165,542,866	103,326,408
General Fund Transfers	417,730,000	448,160,000
General Fund Transfers (MBTIF)	7,600,000	7,800,000
Operating Grants	186,094,788	189,754,714
Other (advertising, Interest, misc fees, recovery)	49,967,931	51,601,932
Parking & Traffic Fees & Fines	262,482,877	278,222,485
Parking Tax In-Lieu	64,150,000	66,040,000
Proposition D Traffic Congest Mitigation Tax	8,198,958	10,346,447
Taxi Services	200,000	200,000
Transit Development Fees - Operating Support	10,000,000	10,000,000
Transit Fares	122,011,622	152,856,830
Use of One-Time Fund Balance (Vacancy Savings FY 22)	-	-
Revenue	1,323,979,043	1,348,308,815

The updated revenue base includes the following base and adjustments:

Included:

- **City General Fund Transfers:** \$418 m in FY23, increasing to \$448 million in FY24
- **6% growth in Parking Revenues** an increase of \$15 million from FY 2022; a further increase of \$16 million in FY24

Reduced:

- **\$29 million in advertising revenues:** reduction of \$14.9 m in FY 23 and \$14 m in FY 24; renegotiating contract with Clear Channel for additional services for reduced revenues including increases in Shelter Cleaning
- **\$22 million in transit fare revenues:** reduction of \$10 m in FY 23 and \$12 m in FY 24

Increased:

- **\$88 million in one-time federal transit relief:** \$10 m in FY 23 and \$77 m in FY 24 for key investments in transit recovery and offsetting revenue losses.
- **\$53 million in one-time fund balance:** funds result from labor savings due to high vacancy levels in FY 22; funds key investments in operations and transit recovery.
- **\$5 million in parking meter revenues:** increase in FY 24 for adjusted meter pricing

The **expenditure base** includes the following base and adjustments:

Included:

- **Salary and Benefits/Workorders** projects salary increases equal to the change in CPI as well as reductions in pension contributions starting in FY 24
- **Funding levels to return to baseline of agency operations** positions and non-labor budgets that were frozen in the prior 2-years due to pandemic revenue losses are restored.
- **Makes permanent \$3 million for HR Division** for enhanced and expanded hiring, and employee relations

Increased:

- **Divisional augmentations** for improved hiring, advancing equity, transit recovery, customer experience and technology including \$38.5 m in FY 23 and \$56.3 m in FY 24

Excluded:

- **\$0 wage increase for all labor contracts**
- **\$0 for additional fringe costs for all labor contracts**

Operating Budget FY 2023 & FY 2024 Updated Base (March 2022)

EXPENDITURES (USES)	FY23 Projected	FY24 Projected
Salary & Fringe	935,518,539	965,028,516
Overhead & Allocations	(35,797,588)	(36,810,659)
Professional Services	261,680,263	267,484,518
Materials & Supplies	77,823,689	80,587,176
Capital Outlay	6,806,929	4,371,853
Debt Service	23,046,100	27,928,477
Workorders	93,401,111	96,044,362
Expenditures	1,362,479,043	1,404,634,243

REVENUES (SOURCES)	FY23 Projected	FY24 Projected
City Population-based Baseline - Operating Support	30,000,000	30,000,000
Federal Relief	176,195,766	180,892,784
General Fund Transfers	417,730,000	448,160,000
General Fund Transfers (MBTIF)	7,600,000	7,800,000
Operating Grants	186,094,788	189,754,714
Other (advertising, Interest, misc fees, recovery)	35,065,931	37,606,905
Parking & Traffic Fees & Fines	262,482,877	283,222,485
Parking Tax In-Lieu	64,150,000	66,040,000
Proposition D Traffic Congest Mitigation Tax	8,198,958	10,346,447
Taxi Services	200,000	200,000
Transit Development Fees - Operating Support	10,000,000	10,000,000
Transit Fares	112,060,723	140,610,908
Use of One-Time Fund Balance (Vacancy Savings FY 22)	52,700,000	-
Revenue	1,362,479,043	1,404,634,243

How do we set fares, fees and fines?

Automatic Indexing Implementation Plan (AIIP)

- Policy adopted by the board “to establish a more predictable and transparent mechanism for setting charges”
- Automatic Inflater based on average of Bay Area CPI-U +Operating Budget Labor Cost Change
- Does not apply to charges governed by other state or local law

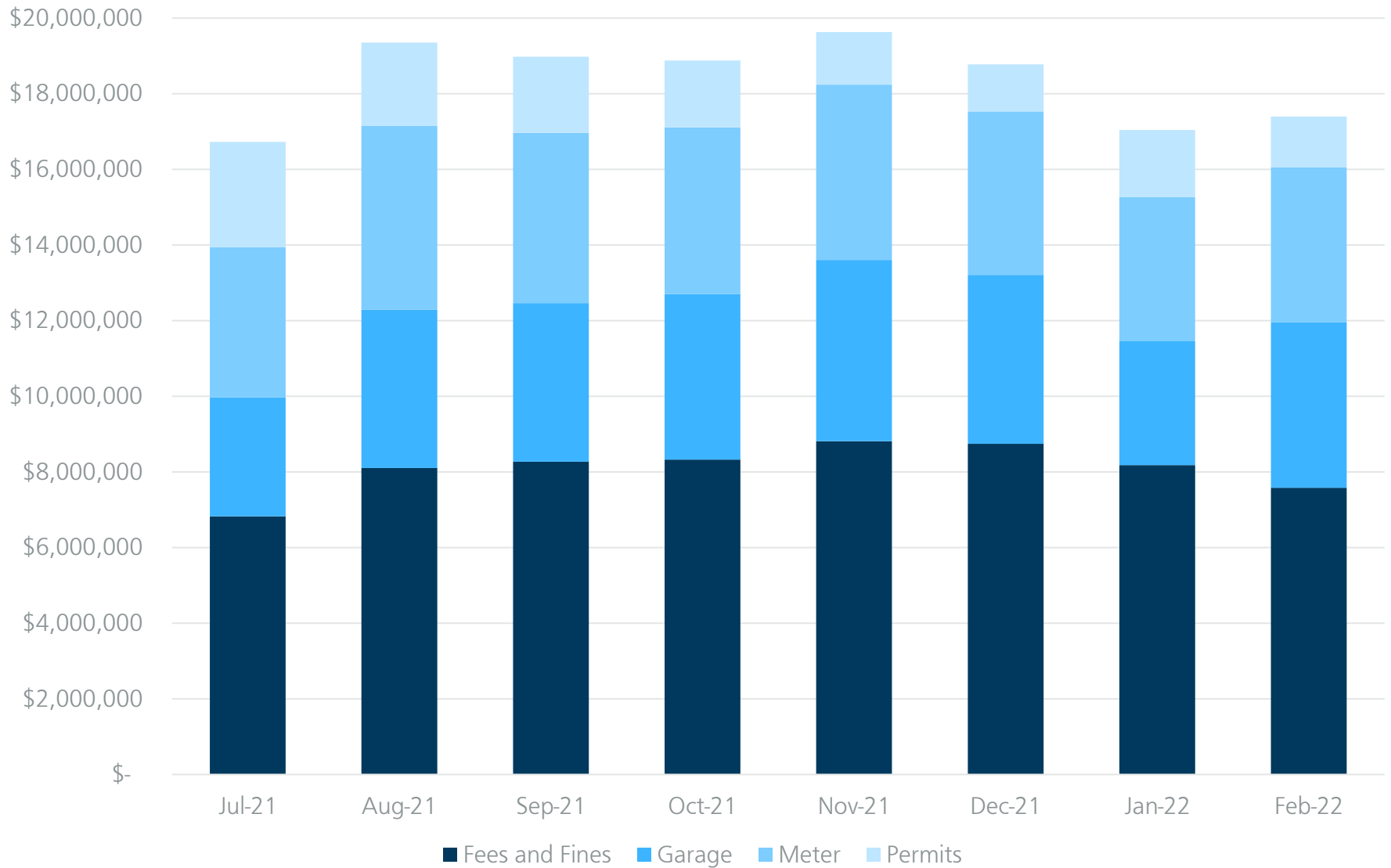
Cost Recovery

- California Proposition 218 limits fees for some municipal services to actual program costs
- SFMTA’s policy is to set fees to recover 100% agency costs except where there is an explicit SFMTA Board decision to set particular fees below cost to meet other Agency objectives

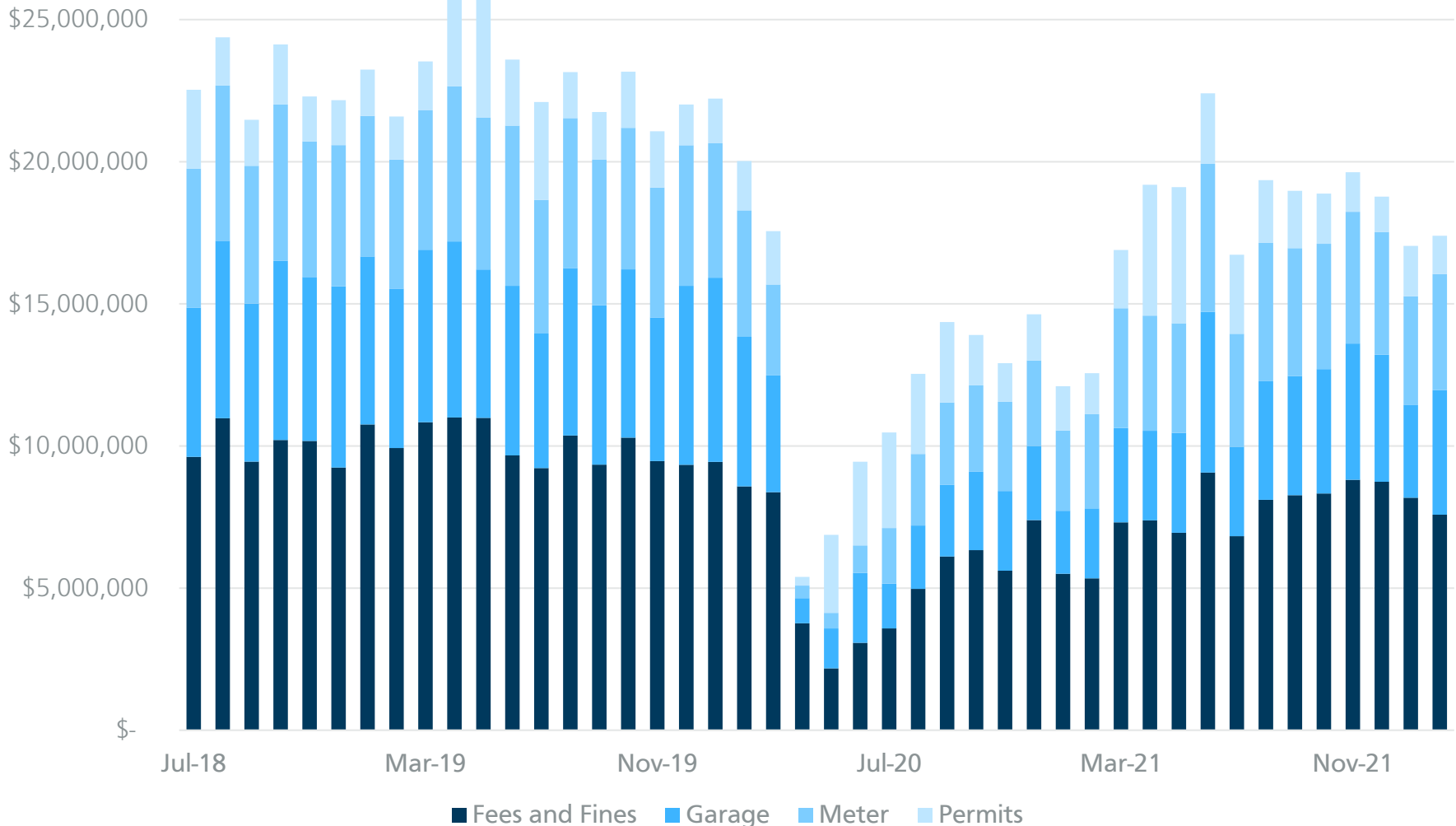
Other State/Local Law

- State legislature or local government may pass laws setting a set or maximum fee for a program charges

Parking Revenue Trend: FY 2022



Parking Revenue Trend: FY 2019 to present



[Detailed Parking Data by Account Code](#)



Parking Meters & Garages

- Parking meter and garage rates utilize SFpark's demand-responsive pricing approach to promote parking policy goals
- Rates are lowered where there is excess availability and raised in areas with limited capacity
- 1% of meters have hit the maximum rate for some part of the day and availability is still low at these times
- Propose to increase this max \$11/hour in FY 23 and \$12/hour in FY 24
- Quarterly review and adjustment of garage rates to maximize availability were suspended during the pandemic
- This review will resume for Parking Garages FY 23

FY 2023

+\$15 m

From FY 22 Base

FY 2024

+\$16 m

From FY 23 Base

FY 2024

+\$5 m

Additional Meter Revenues

Parking Citation Fine Adjustments

Violation	Current	Proposed FY 23	Proposed FY 24
Street Cleaning	\$84	\$87	\$90
Residential Overtime	\$96	\$99	\$102
Parking Meter (Downtown)	\$95	\$98	\$101

- **State law sets a maximum base fine** for most violations to \$100
- Limited exceptions include disabled parking and bus zone violations where higher fines are authorized
- All citations other than those at the maximum or set by state law are proposed to increase by the AIP (\$2 to \$3 per citation)

Cost Recovery Fees

Fee	Current Fee	Proposed FY23	Proposed FY24
Residential Parking Permit	\$160	\$165	\$170
Contractor Permit	\$2,169	\$2,210	\$2,340
Boot Removal Fee	\$550	\$495	\$505
Boot Removal Fee Low-Income*	\$75	\$75	\$75
Tow Fee	\$593	\$613	\$633
Tow Fee (First Time/Low-Income)*	\$543/\$100	\$569/\$100	\$571/\$100

* One-time full fee waiver for people experiencing homelessness

- **SFMTA conducts a comprehensive review of program costs and projected revenue as part of every budget**
- Labor costs generally drive costs and fees are increased accordingly (3.3% increase proposed in FY 23 & FY24)
- Operational efficiencies resulted in a \$55 decrease in boot removal fee FY 23

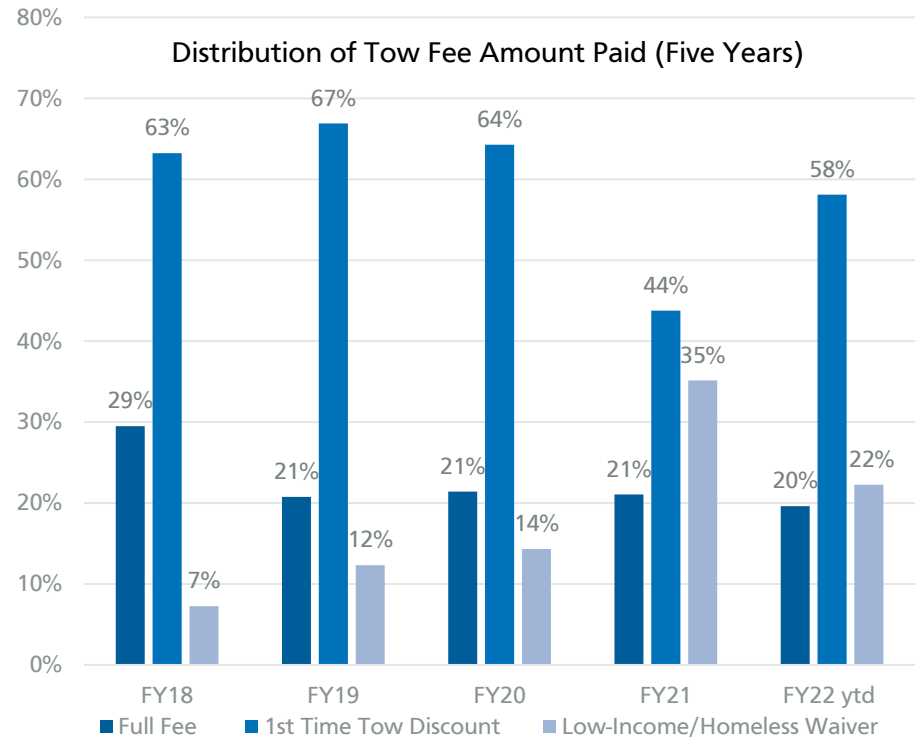
Vehicle Tow Program Discount Programs

Tow Fees:

People experiencing Homelessness	\$0 (one time)
Stolen Vehicle	\$0
Low-Income	\$100 (ongoing)
1 st Time Tow	\$561
Full Fee	\$613
Storage Fee 1 st Day	\$60
5 days waived with Homelessness/Low-Income Discount	

Estimated Value - Discounts (FY23):

Storage	\$551,340
Stolen Vehicle	\$1,103,400
Discounts	\$2,873,874



Estimated value of Tow Discounts
\$4.5 million

Vehicle Tow Program Revenue Recovery Overview

We are sustaining cost recovery while maintaining our equity discount programs with no changes.

Program Costs	28,137,458
Revenue (Fees/Sales)	23,241,034
Total Recovery	(4,896,424)

Waiver/Discount Value	4,528,614
Total Recovery Adjusted	(367,810)

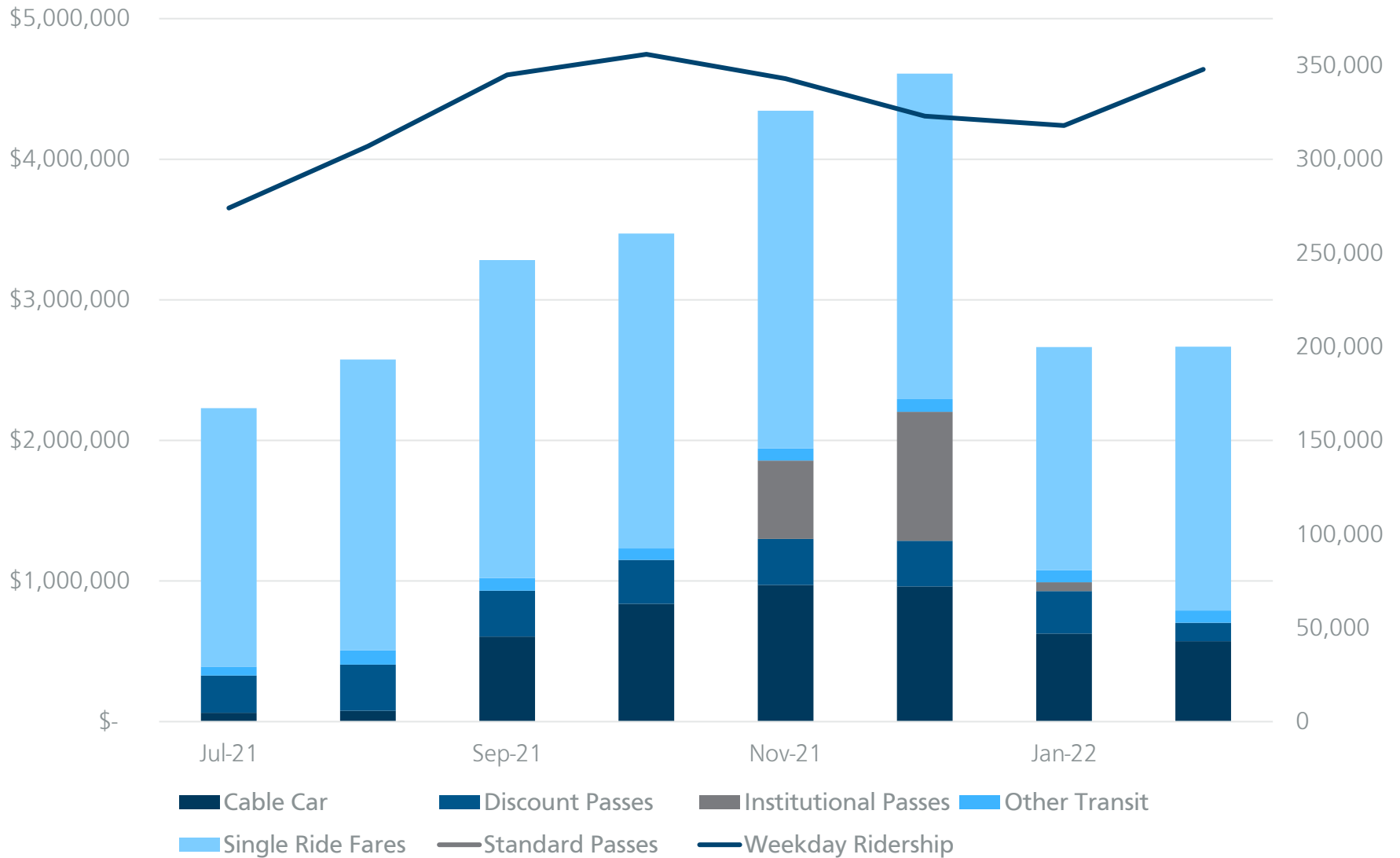
Fare Revenues

Transit Fare revenues are part of the Automatic Indexing Implementation Plan (AIIP) and are indexed with the cost of labor and CPI. **Generally, it is the goal to sustain 88 to 90 cents per boarding.**

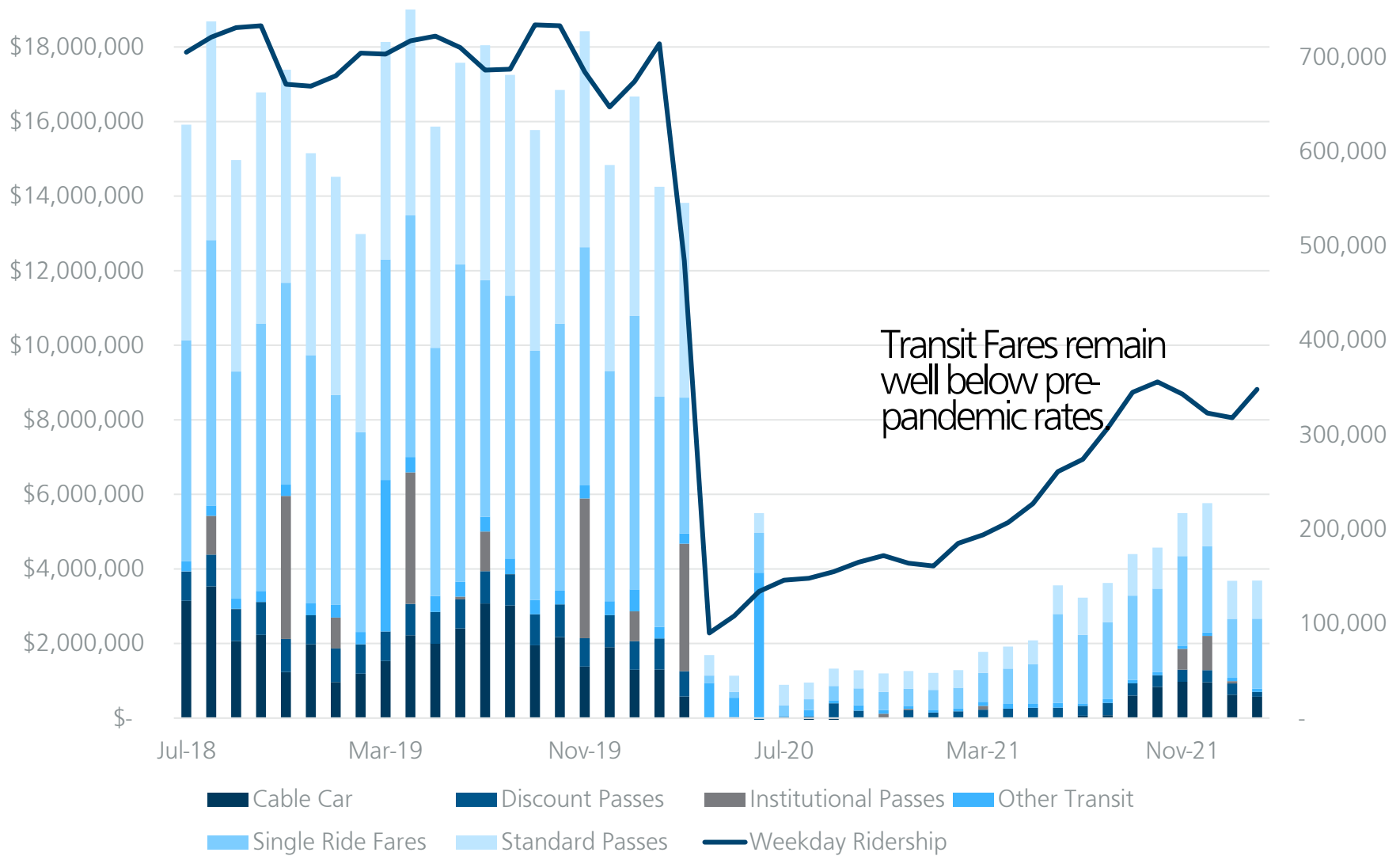
When we don't index fares, the structural deficit increases, and revenues become less stable.

FY	Change in Fare Per Boarding
2021	-66.8%
2020	2.4%
2019	-2.6%
2018	3.9%
2017	-1.6%
2016	-9.0%
2015	4.8%
2014	-5.4%

Transit Fare Revenue Trend: FY 2022



Transit Fare Revenue Trend: FY 2019 to present



Fare Options: Revenue

Based on feedback from the public the updated base budget assumes no fare increase during the budget period and a fare policy that will pilot new products and technology to incentivize the return of ridership.

This is a **short-term strategy** as one-time funds will be used to pause the indexing for this budget cycle (\$22 m).

The action will also **result in an increase to the agency's long-term structural deficit** and could result in higher increases in future to "catch-up".

Other strategies could include incremental increases to fares most utilized by higher income/non-minority customers such as monthly passes or single ride Clipper fares.

All proposals sustain the cash fare at \$3.

Transit Fares: Demographics

Fare	Total Riders	BIPOC Riders	% BIPOC	Low Income Riders	% Low Income
Adult, single ride, cash	103,173	66,602	65%	46,274	50%
Adult, single ride, electronic	199,565	97,130	49%	55,156	31%
Adult, Monthly Pass (A and M)	202,947	113,477	56%	50,177	28%

- 75% of single ride trips in FY22 to date were taken on Clipper or MuniMobile
- 50% of customers paying as they go are low-income and 65% are BIPOC
- 28% of customers purchasing a monthly pass are low-income

Fare Options: Revenue

Options for the MTA Board to consider are:

Options	Revenue (2 Years)
No change to fares FY23 & FY24 (Current Updated Baseline)	-
Apply the AIP policy to all fares in FY23 and FY24 (excluding cash single ride fare)	\$4.4 M
No fare changes in FY23 – apply AIP to monthly passes in FY24	\$1.6 M
No fare changes in FY23 – apply AIP to single ride Clipper/Mobile fares in FY24	\$1.3 M
Increase Clipper single ride fare by \$0.25/\$0.50 over two years	\$6.7 M

Fare Program: Options/Alternatives

Fare Type	Current Fares (Baseline)	Index Monthly Pass (FY24)	Index Single Ride Clipper Fare (FY24)	Reduce Clipper Discount (FY23/FY24)
Full Fare Single Ride	3.00	3.00	3.00	3.00
Full Fare Single Ride (Clipper/MuniMobile)	2.50	2.50	2.60	2.75/3.00
Reduced Fare Single Ride	1.50	1.50	1.50	1.50
Reduced Fare Single Ride (Electronic)	1.25	1.25	1.55	1.35/1.50
One-Day Pass (No Cable Car)	5.00	5.00	5.00	5.00
Adult "M" Monthly Pass	81.00	84.00	81.00	81.00
Adult "A" Monthly Pass (+ BART within SF)	98.00	101.00	98.00	98.00
Reduced Fare Monthly Pass	40.00	40.00	40.00	40.00
Lifeline Pass	40.00	40.00	40.00	40.00
Paratransit Van Services	2.50	2.50	2.60	2.75/3.00

Fare Options: Expand Discount Programs

We recommend making Free Muni for All Youth permanent, however, it is currently funded by a one-time appropriation from the Mayor and Board of Supervisors. Based on feedback we would also like to expand our discount programs.

Options	Cost (2 Years)
Independently fund Free Muni for all Youth	\$4.1 M
Expand Free Muni to include adults earning 125% or less of the Federal Poverty Level	\$11.4 M
Expand Low-Income Lifeline Pass Eligibility to 50% Bay Area Median Income	\$19.8 M
Expand Low-Income Lifeline Pass Eligibility to 80% Bay Area Median Income	\$38 M

- Indexing monthly passes and increasing Clipper fare could support expanded subsidies for people in low-income households
- Depending on combination, funds available to shift range from \$1.3M to \$8.3M

Fare Options: Pilot Programs

We also recommend the MTA Board authorize staff to **implement two pilot programs on MuniMobile** that will increase benefits for riders from low-income households and respond to changing ridership and mobility trends.

These pilots will allow us to gather data to inform formal fare change considerations in the future:

10-trip pass

Proposed \$20 pass
valid for 10 trip (\$25
value)

Monthly "Fare Cap"

Customers pay as they
go for each trip until
they reach the "cap" and
then ride free the rest of
the month

Projections

Impacts of Updated Base
5-Year Financial Plan Analysis
30-Year Financial Plan Analysis

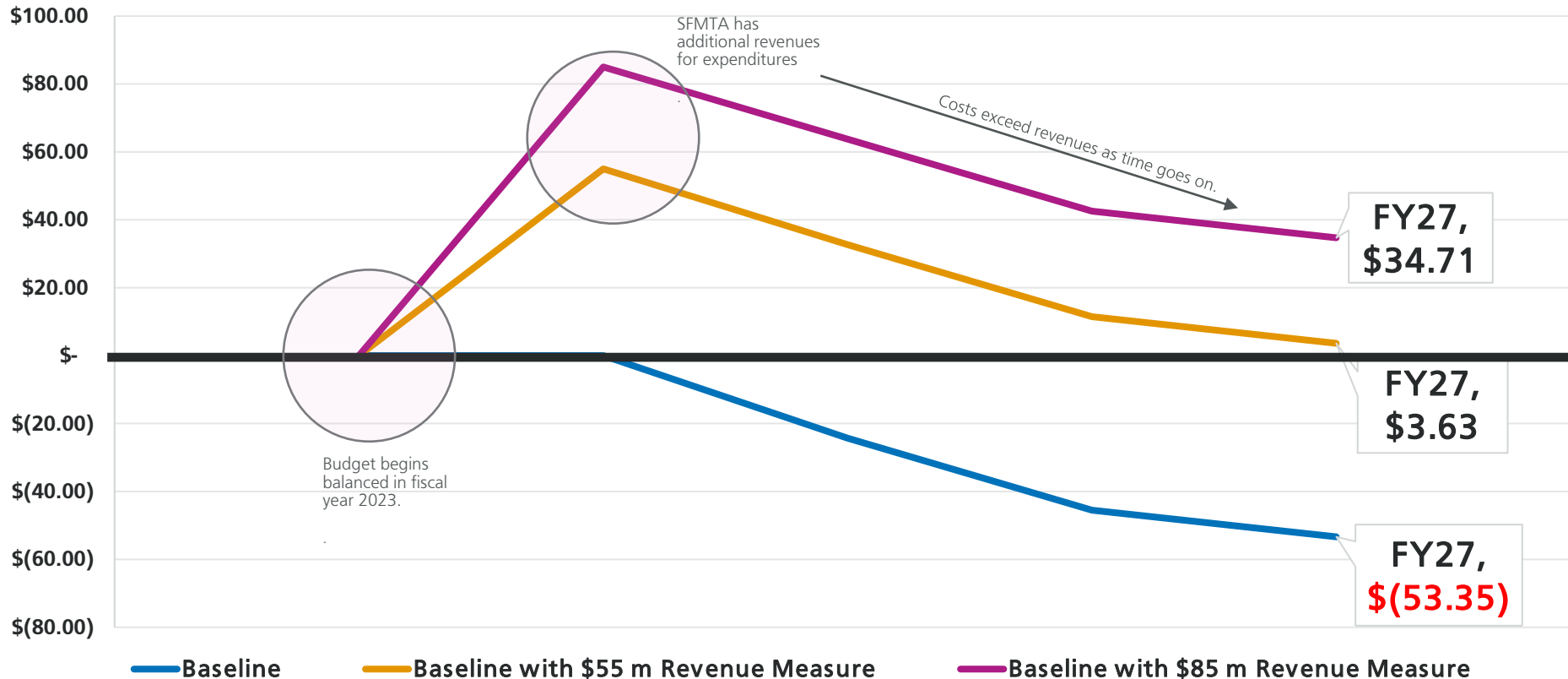
The agency must invest in the recovery of the transit system and restoration of agency operations and infrastructure.

Short-Term investments will have a cost and increase the structural deficit. **The adjusted baseline presented today, results in a future FY 25 deficit of \$77 million.**

However, if we do not make these investments now, our sustainable sources such as transit fares, parking meter and garage revenues will not recover to make up for the use of one-time revenues. In parallel, the agency needs to continue to identify a new sustainable funding source.

Scenario 1: Baseline Budget (February 3, 2022)

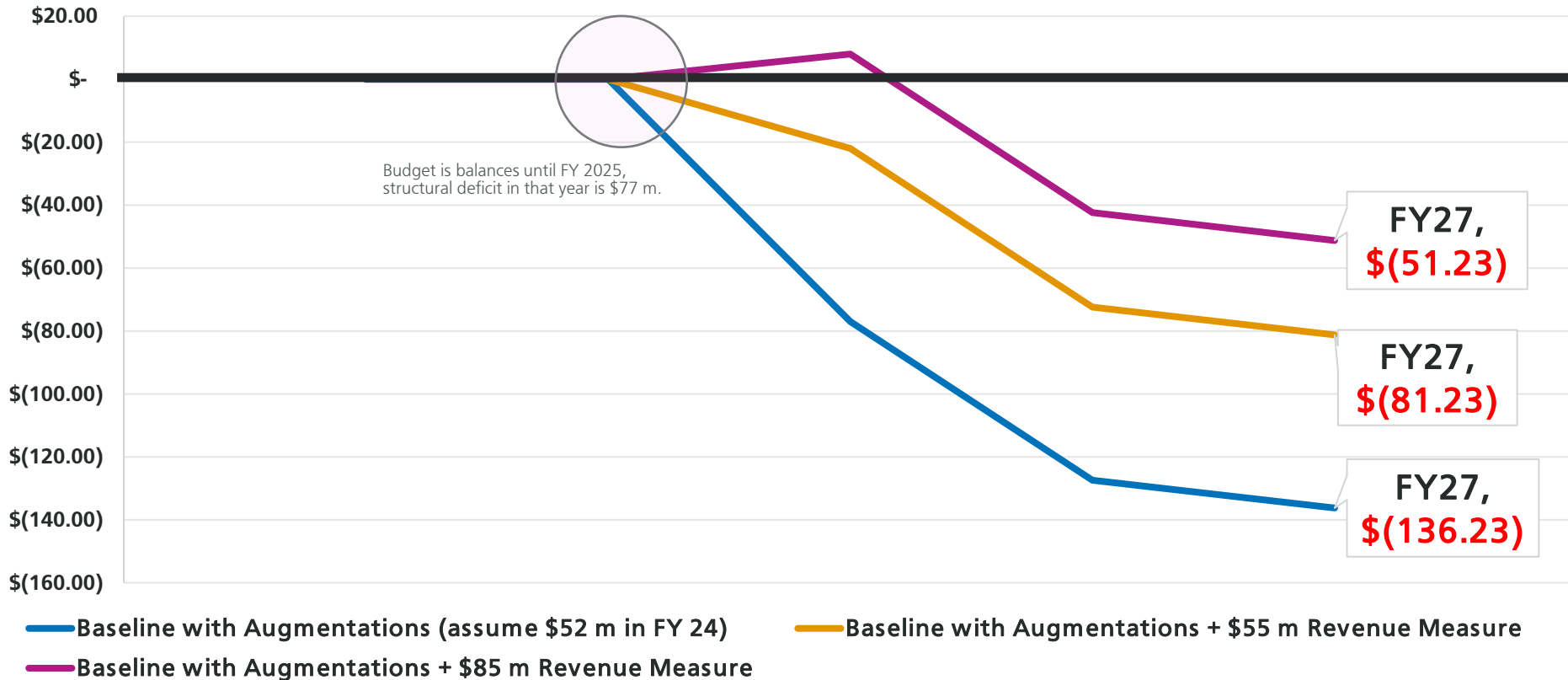
This scenario models the baseline budget with no expenditure augmentations and projected jointly with the SFMTA and the San Francisco Controller's Office. Revenues come in as expected.



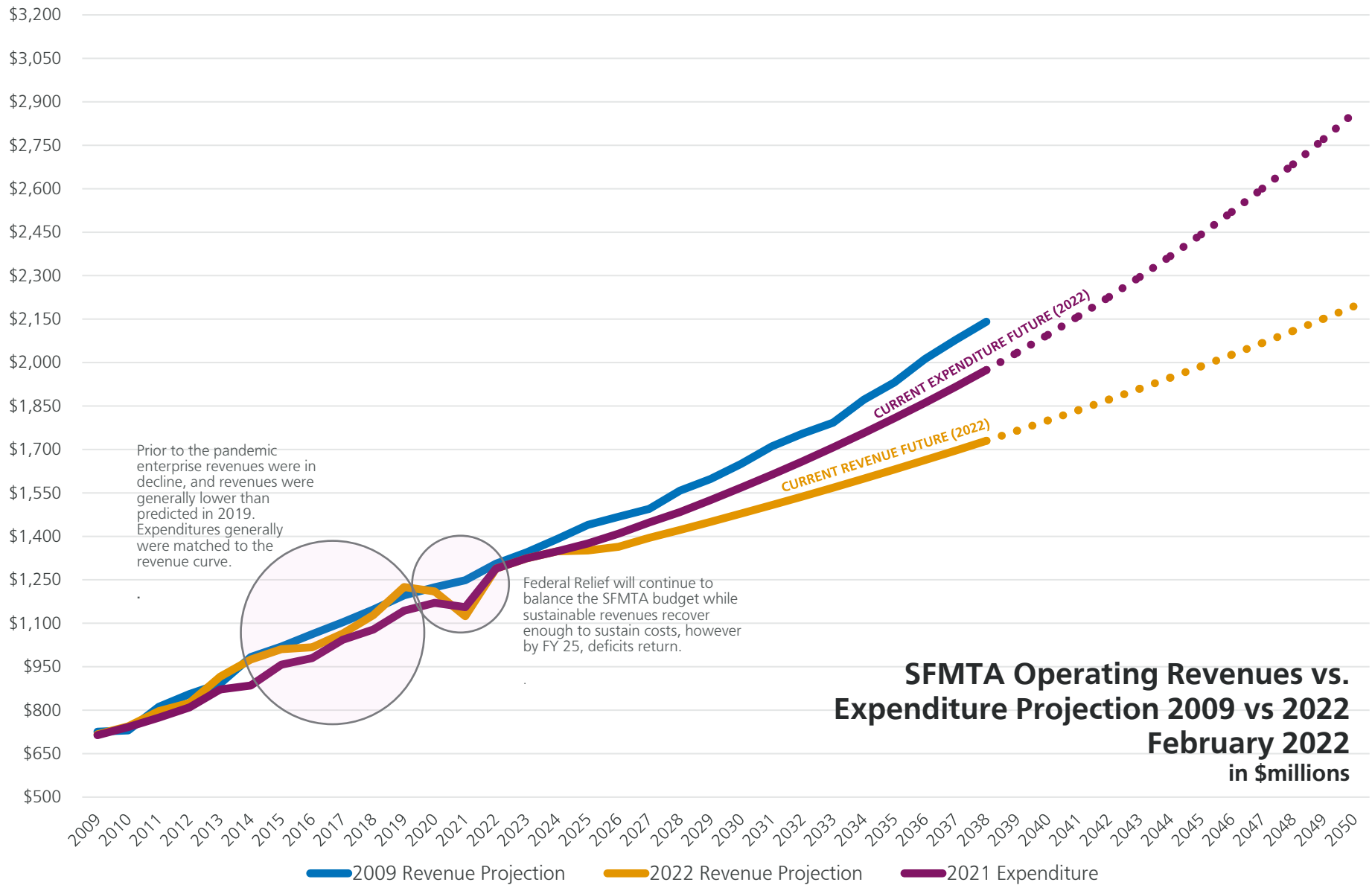
Scenario also assumes new sources of revenues if they were to begin some time during fiscal year 2023. The result is the projected deficit at the end of the 5-year financial plan or fiscal year 2027.

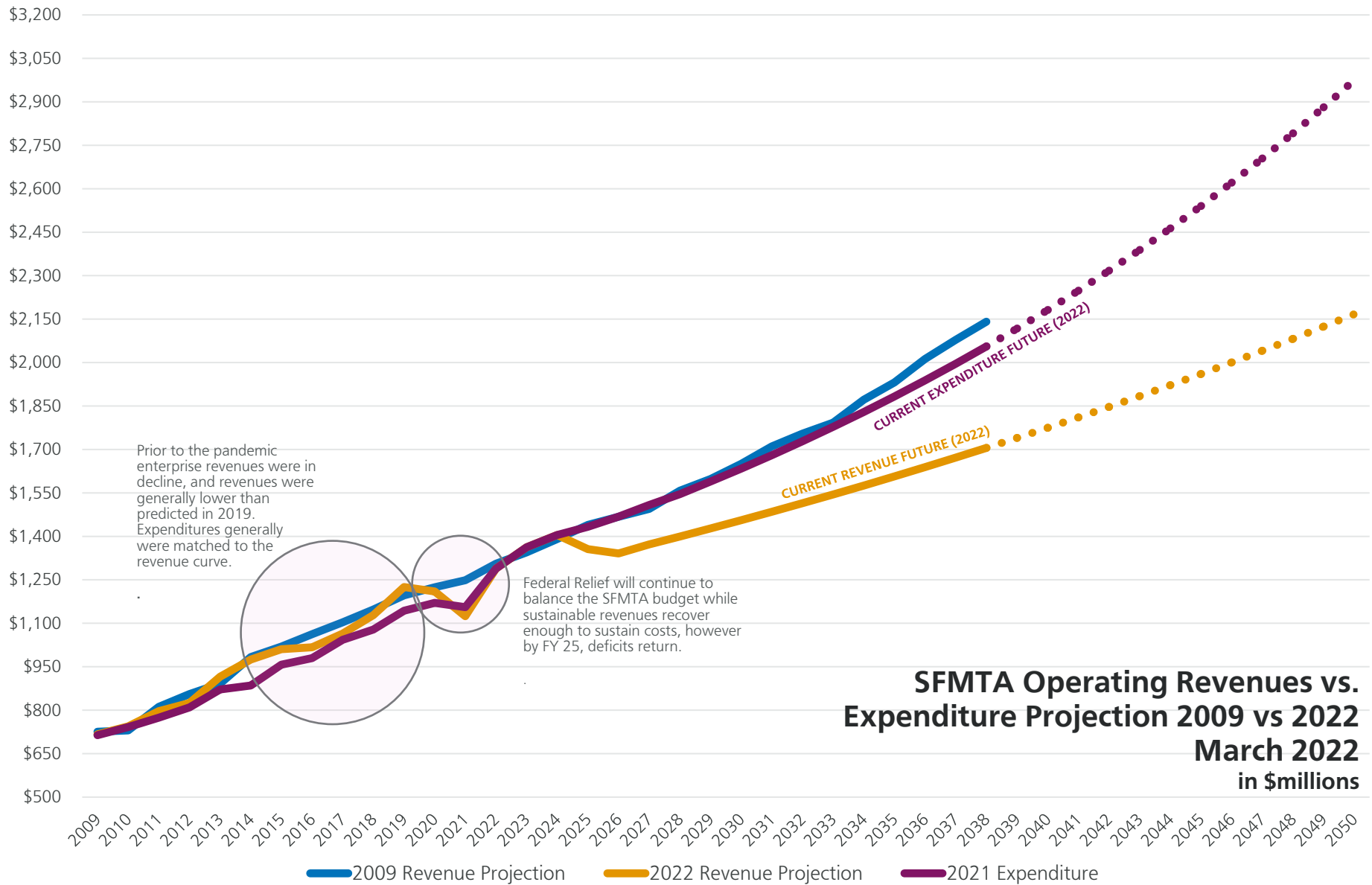
Scenario 2: Updated Baseline Budget (March 15, 2022)

This scenario includes an expenditure increase of \$52 million beginning in FY 2023 and models the updated base proposed budget. Revenues are adjusted from the base; structural deficit begins in FY 25 at \$77 million.



Scenario also assumes new sources of revenues if they were to begin some time during fiscal year 2025. The result is the projected deficit at the end of the 5-year financial plan or fiscal year 2027.





Next Steps

Budget Schedule & Adoption

The next step in the budget process is the **budget public hearing scheduled for April 5, 2022.**

March 17th

Citizens Advisory Council will review the adjusted base budget and take an action(s) as required by the Charter for the 2-Year Consolidated Budget.

April 5th

Based on feedback from the MTA Board today, expenditure proposals will be finalized based on revenue and policy constraints.

- Consistent with policy the MTA Board will also consider and take action on the **Muni Service Equity Strategy**
- **Detailed operating and programmatic proposals** will be presented for Operations and Capital.
- The final **5-Year Capital Improvement Program** will be presented including CIP+

April 19th

MTA Board opportunity to adopt the budget; if not, a special meeting will be required for the last week of April.



Thank you.