



SFMTA

SFMTA Budget Overview

Citizens' Advisory Council

March 3, 2022

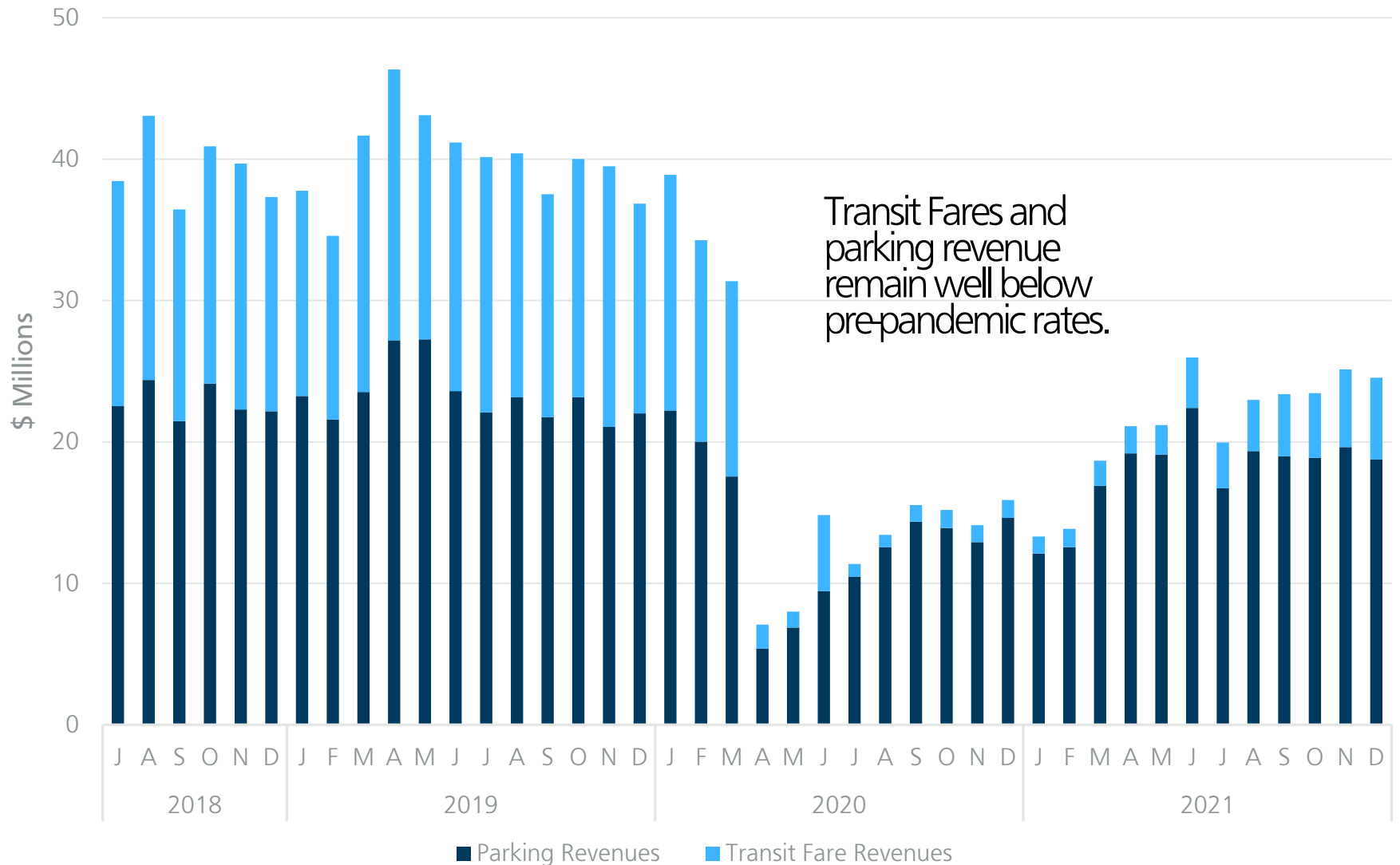
We want to work together to create an equitable and sustainable transportation network for the future.



***Before the pandemic, the SFMTA
was facing serious and systemic
budget challenges ...***

COVID made things worse

Transit Fare and Parking Revenue Trend: FY 2019 to present



Federal relief funding

Source of funds	Amount
CARES (Coronavirus Aid, Relief & Economic Security) Act	\$373,782,759
CRSSA, Consolidated Appropriations Act (HR 133)	\$340,918,537
ARPA (American Rescue Plan Act)	\$536,524,629
TOTAL	\$1,251,235,935

Fiscal year	Annual operations spending	Percentage of total relief funds
FY20	\$199.6 million (actual)	16%
FY21	\$449.4 million (actual)	35.9%
FY22	\$261.7 million (projected)	20.9%
FY23	\$165.6 million (projected)	13.2%
FY24	\$103.3 million (projected)	8.3%
FY25	\$47 million (projected)	3.8%
TOTAL	\$1,226.6 billion (projected)	98%*

*\$24.4 million of the funding was for capital projects.

**This brings us to the current FY23/24
Budget Development Process.**

FY23/24 Budget Development

Agency finances have yet to fully recover and are not expected to do so during the upcoming 2-Year Operating Budget period 18 – 24 months. That and significant unknowns, such as pace of recovery require a **resilient budget design**.

Manage to the Pace of Recovery

Prepare based on optimism but have stopgaps in place.

Work toward restoration of full Agency Operations

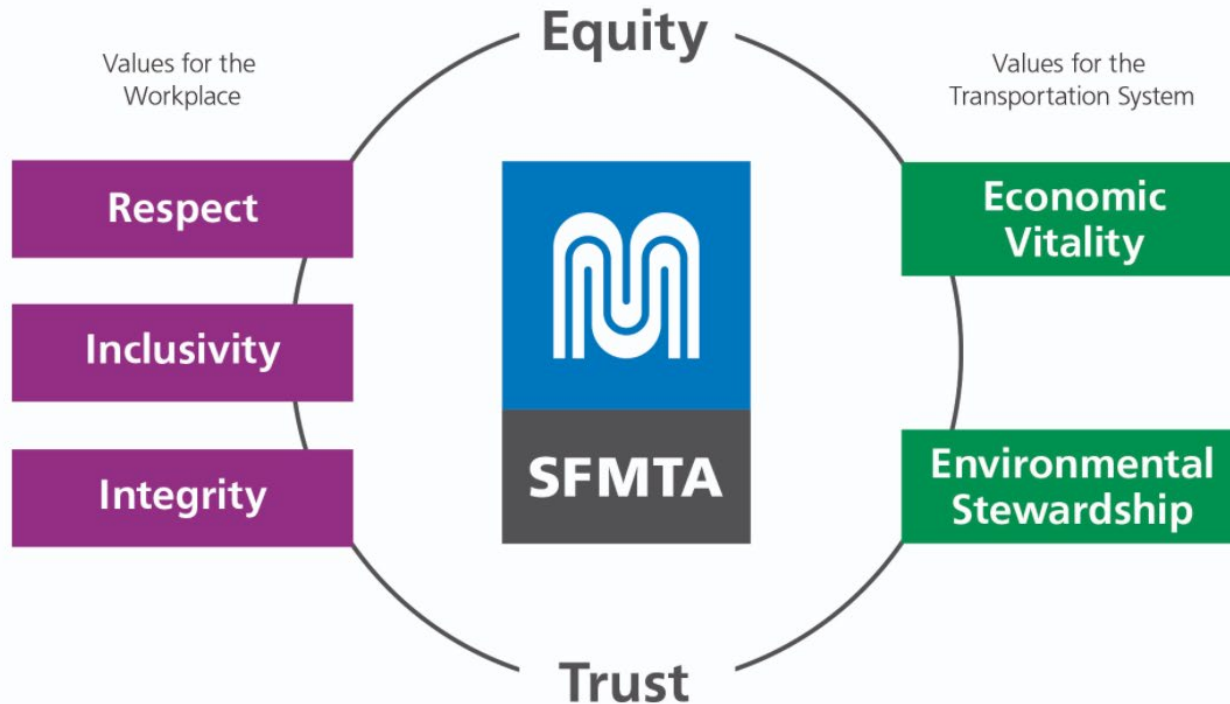
Service restoration, street management, agency internal ops.

Consider what is not known.

Impact of inflation and new labor contracts.


Agency Values

Most importantly,
the **SFMTA budget**
reflects our **values**.



Budget Timeline

The typical schedule for **budget development** is the following.

Summer/Fall	Fall	Jan/Feb	March/April	
<ul style="list-style-type: none"> Develop Operating Revenue Estimate Develop Capital Revenue Estimate Update 5-Year Financial Plan 	<ul style="list-style-type: none"> Divisions develop operating and program proposals CIP Program Managers develop capital project proposals Baseline budget is developed 	<ul style="list-style-type: none"> Constraints & Risks Analyzed MTA Board Workshop Public Outreach and feedback on priorities and proposals MTAB Hearings & Report Backs – Policy Issues 	<ul style="list-style-type: none"> MTAB Hearings & Report Backs – Policy Issues Revised budget for MTAB Review, 5-Year CIP for Review Public Hearings, Budget & 5-Year CIP Adoption 	<ul style="list-style-type: none"> City Charter requires submission to the Mayor by May 1st. Mayor submits to the Board of Supervisors on June 1st. Action/No Action by July or August.

Budget Deliverables

By May 1st we must complete the development of two products.

2-Year Consolidated Budget

- 2-Year Operating Budget
- 2-Year Capital Budget
- Budget Resolution
- Budget Appropriation
- Fees, Fares and Fines Policy
- Other policies as directed
- FY 2023 & FY 2024

5-Year Capital Improvement Program

- Capital Projects by Program by Phase
- Funding Plans for all Capital Projects
- Capital Funding Priority Areas
- Analysis of Capital Investment Gaps
- First 2-Years as Capital Budget
- Other policies as directed
- FY 2023 – FY 2027

2 Year Consolidated Budget

The **2-Year Consolidated budget** lays out the operations, programs and projects the agency will take on between adopted budgets.

2-Year Consolidated Budget

Operating

Revenue (Sources)

Expenditure (Uses)

Operations (On-Going)

Programs (On-Going)

Programs (One-Time)

Capital

Revenue (Sources)

Funding Plans

Capital Programs

Capital Projects (One-Time)

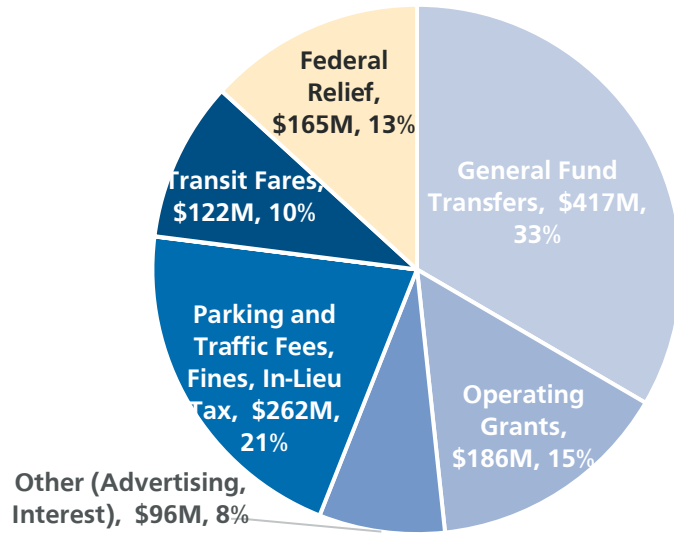
Phases (One-Time)

Operating Budget Base

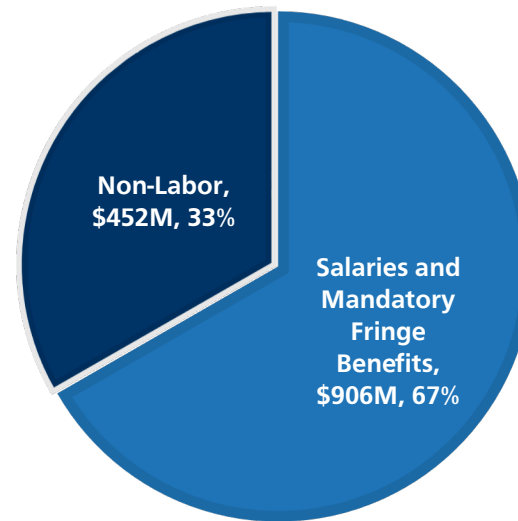
Item	FY 23, \$M	FY 24, \$M
Revenue – Projection	1,323	1,348
Expenditures – Base	1,323	1,348
Base Operating Gap	(0)	(0)

* Assumes no use of one-time revenues

FY 23 Operating Budget
Revenue Projection



FY 23 Base
Operating Budget Expenditures



Baseline Revenue

The **revenue base** was completed in partnership with the **City Controller** includes the following before adjustments:

Included:

- **\$418 million in City General Fund Transfers:** this figure represents 32% of projected operating revenues in FY23, increasing to \$448 million and 33% in FY24
- **115% growth in Transit Fare Revenues,** an increase of \$65 million from FY 2022; a further increase of \$31 million in FY24
- **\$10 million Transit Fares** from the Automatic Indexing Implementation Plan (AIIIP) in FY23, \$12 million in FY24
- **6% growth in Parking Revenues** an increase of \$15 million from FY 2022; a further increase of \$16 million in FY24
- **\$166 million in Federal Relief:** this figure represents 13% of projected operating revenues in FY23; decreasing to \$103 million and 8% of revenues in FY24

Excluded

- **\$15.8 million from Extended Meter Hours (Sunday and Evenings)**

Baseline Expenditure

The **expenditure base** was completed in partnership with the City Controller includes the following before adjustments:

Included:

- **Salary and Benefits** projects salary increases equal to the change in CPI using Moody's SF Metropolitan Statistical Area CPI as well as reductions in pension contributions starting in FY 24. Same formula will apply to **City Workorders**.
- **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

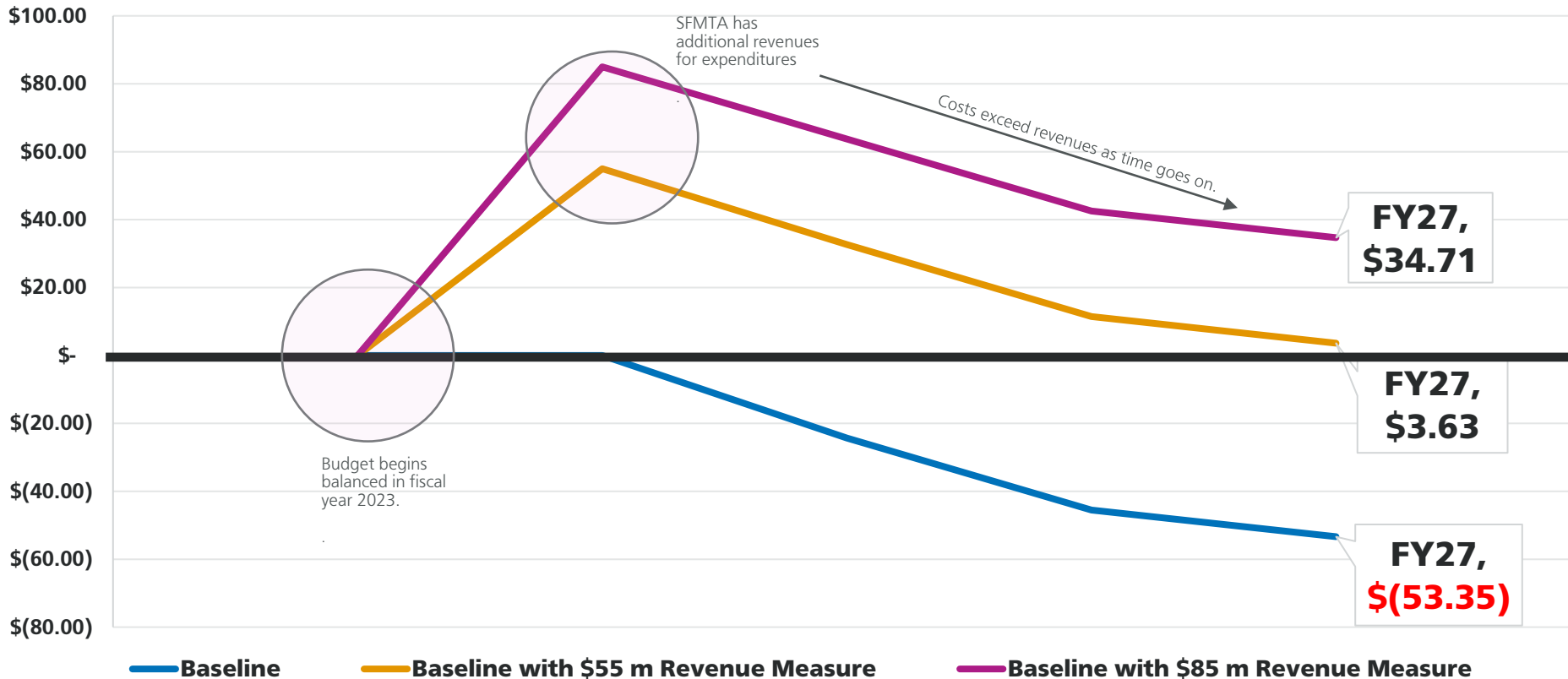
Excluded

- **\$0 wage increase for all labor contracts**
- **\$0 for additional fringe costs for all labor contracts**
- **\$0 Augmentation Requests from Divisions (pending MTAB Discussion)**

Budget Baseline Over Time

Scenario 1: Baseline Budget

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.

The SFMTA has prepared numerous shovel ready projects, that simply need cash/revenue. The **General Obligation Bond** is the best opportunity to fund these projects. (\$400 million)

In addition, the **Reauthorization of the current transportation sales tax** would infuse capital dollars that have been exhausted for facilities, guideways and the Muni Fleet.
(est. \$140 million)

SFMTA needs ongoing sources of revenue to support rising costs and requests for increased services.

These potential new revenue sources are:

Source	Benefits	Short Term \$/yr	Long Term \$/yr
Transportation Special Tax	Dedicated tax for transportation, providing a predictable stable source for transit service and maintenance. May be bonded against for near-term capital infrastructure investment, reducing long term maintenance.	\$50 m/yr	\$60-70 m/yr
Parking Tax	Increase existing San Francisco Parking Tax with opportunities to reform or modify for transportation infrastructure, transit service and maintenance.	\$20 m/yr	Declining
 CCSF General Obligation Bond Program	The SFMTA as part of the City GO Bond Program has allowed for critical infrastructure investment, safety improvements and transit reliability investments – reducing the cost of operations and long-term maintenance.	\$40 m/yr	\$50 m/yr
 Federal Grants	The current proposed bi-partisan Infrastructure Bill provides opportunities for increased Federal support for up to 5-years for transportation infrastructure and maintenance campaigns.	\$35 m/yr	\$40 m/yr
State Grants	The current State budget designates significant additional dollars to transportation available through grants for transportation infrastructure.	\$7 m/yr	Unknown
Development Revenue	Development of SFMTA properties provide significant long-term opportunities to produce revenues that can go directly toward transportation infrastructure, transit service and maintenance.	\$5 m/yr	\$25-35 m/yr

Budget Timeline / Next Steps

The SFMTA Board Workshop began the public process to develop the SFMTA budget for the next 2-years.

- **February** Public Outreach and Budget “listening sessions” will occur; we will report back on what we hear
- **February** report backs to the SFMTA Board of Directors
 - CIP Development, Prioritization and Advocacy Strategy
 - Building Progress Program + Potrero Yard Development
 - Board Workshop Follow-ups
- **March** public hearings on Fares, Fees and Fines
- **Late-March** we will provide a budget that revises the baseline, after 6-month financial review
- **April** final budget & 5-Year CIP modifications and adoption.



Now we want to hear from YOU