



SFMTA

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

Budget & CIP Public Hearing

SFMTA Board of Directors
April 5, 2022

We are in the final steps of the budget and CIP development process.

Today is the **noticed public hearing on the budget**.

The **final details of the 5-Year Capital Improvement Program** are complete, with CIP+ per the Board's Direction.

On March 17th, an update was given to the **SFMTA Citizens Advisory Council (CAC)**, they now have a resolution with their recommendations to the Board.

With a clearer picture of revenues for the next two fiscal years; the discussion can now pivot to a discussion to **finalize budget expenditures** in the form of augmentations to the budget.

Today's presentation will conclude our process to build the budget and 5-Year Capital Improvement Program.

- Design of the **iterative budget process** to today's budget & CIP
 - Board Workshop; Budget Listening Sessions & Outreach; Capital Prioritization; Updated Base/Revenue
- Update on the **FY 2023 – 2025 Capital Improvement Program**; project details and fund programming with CIP+
- Update of revenues and expenditures for operations in the **FY 2023 & 2024 Consolidated Budget** (Operating and Capital)
 - Revenue Updates
 - *Fare Policy Options*
 - Expenditure Updates
 - *Proposed Expenditure Augmentations*
- **5-Year Financial Plan**
- Next Steps

Here is where we stand in the process of developing the 2-Year Budget and 5-Year CIP, prior to the charter mandated May 1st submittal to the Mayor.

Summer/Fall

Develop Operating Revenue Estimate
Develop Capital Revenue Estimate
Update 5-Year Financial Plan

Fall

Divisions develop operating and program proposals
CIP Program Managers develop capital project proposals
Baseline budget is developed

Jan/Feb

Constraints & Risks Analyzed
MTA Board Workshop
Public Outreach and feedback on priorities and proposals
MTAB Hearings & Report Backs – Policy Issues

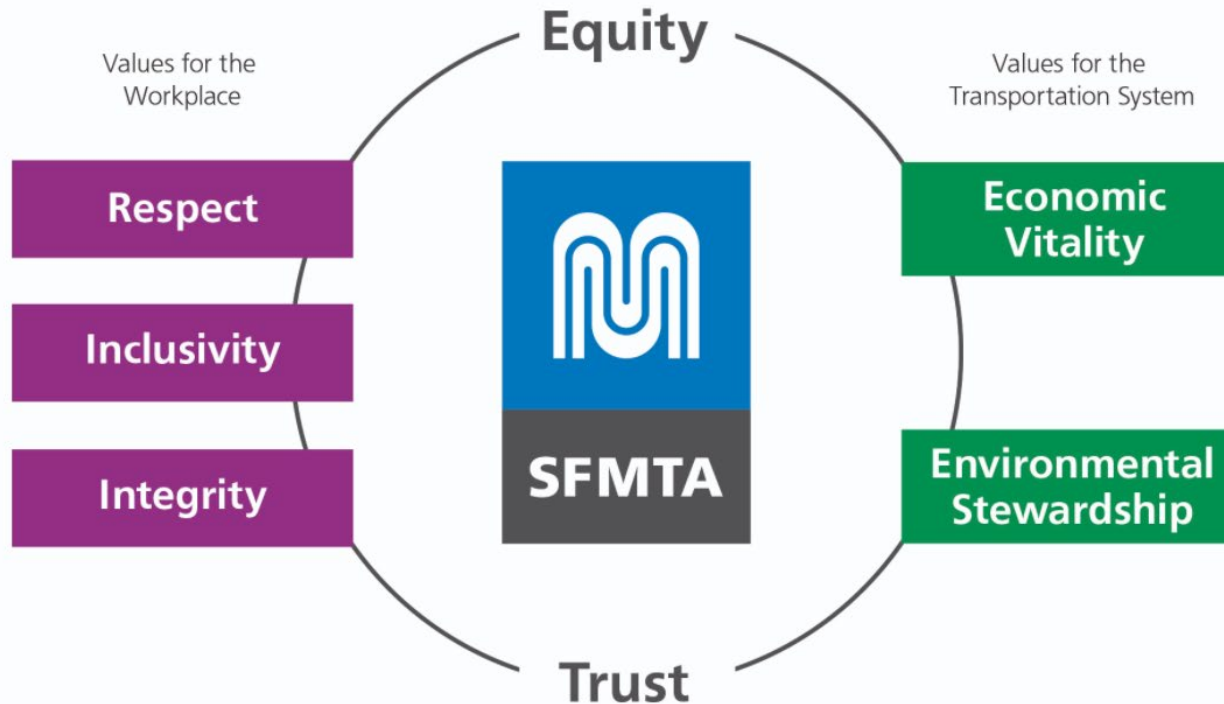
March/April

MTAB Hearings & Report Backs – Policy Issues
Revised budget for MTAB Review, 5-Year CIP for Review
Public Hearings, Budget & 5-Year CIP Adoption



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.

First and foremost the SFMTA budget and 5-Year CIP reflects our values.



Operating Budget Overview

We know that agency finances have not yet fully recovered and will not during the upcoming Fiscal Years 2023 and FY 2024.

That and significant unknowns, such as pace of recovery required 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.

MTA Board Process

Based on feedback from the Board since the Board Workshop we have worked to provide information and updates for informed decisions.

February 1, 2022 Board Workshop

Successes & Challenges
City Fiscal Update
SFMTA Fiscal Update
Service and Program Info

February 2, 2022 Board Workshop

Budget Beginning Baseline
CIP Beginning Baseline
Opportunities & Risk Analysis
Transportation 2050 Update
5-Year Financial Plan Update

February 15, 2022 Board Meeting

Capital Prioritization
Advocacy Strategy
CIP+ Policy Priorities

March 15, 2022 Board Meeting

Budget Outreach
Updated Base CIP
CIP+ & CIP+ Analysis
Updated Base Budget
Parking Policy
Fees, Fines, Cost Recovery
Fare Policy

April 5, 2022 Board Meeting

Noticed Public Hearing
Review Process
CIP Projects & Programming
Muni Equity Strategy
Updated Budget
Fare Policy Options
Expenditure Augmentations

April 19th Board

First Opportunity to Adopt

April 26th Board

Second Meeting (if Needed)

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 on transit including improved Next Bus service and cleaner shelters

FY 2023- 2027 Capital Improvement Program

2-Year Capital Budget – Finalize
CIP Program of Projects
CIP Capital Fund Programming
CIP+

Summary

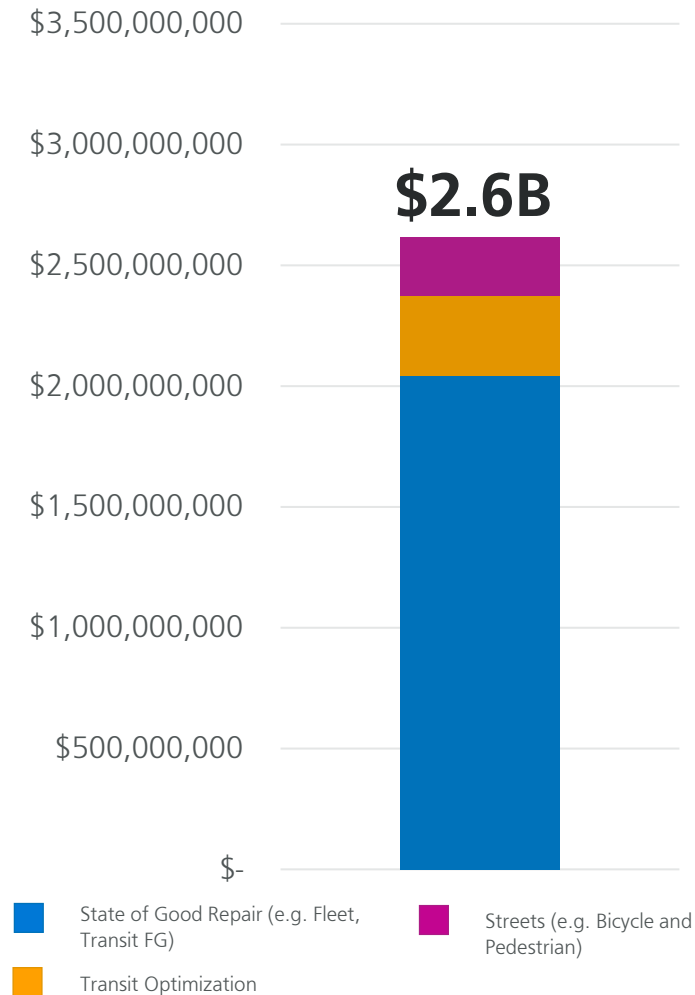
Updated 5-Year Capital Improvement Program

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

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

The 5-Year Capital Improvement Program is the SFMTA's fiscally constrained program of projects by phase, with funding plans. The first 2-years serve as the SFMTA Capital Budget.

| 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 | 37.28 | 52.18 | 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 | 388.12 | 543.41 | 744.75 | 519.00 | 2,614.17 |

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+)

| 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 |

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.

Updated Base Budget

Updated Expenditures

Updated Revenues

Fare Policy Options

Expenditures & Augmentations

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

Adjustments Through the Budget Process

| February 2, 2022 Board Workshop | FY 23, \$M | FY 24, \$M |
|---------------------------------|------------|------------|
| Revenue – Base | 1,323 | 1,348 |
| Expenditures – Base | 1,323 | 1,348 |

| March 15, 2022 Board Meeting | FY 23, \$M | FY 24, \$M |
|-------------------------------------|------------|------------|
| Revenue – <i>Adjusted Base</i> | 1,363 | 1,405 |
| Expenditures – <i>Adjusted Base</i> | 1,363 | 1,405 |
| Change from 2/2/2022 Base | 40 | 57 |

| April 5, 2022 Board Meeting | FY 23, \$M | FY 24, \$M |
|--|------------|------------|
| Revenue – Updated | 1,357 | 1,400 |
| Expenditures – Updated | 1,357 | 1,400 |
| Change from 3/15/2022 Adjusted Base | (6) | (5) |

Revenue assumptions:

Included:

- **City General Fund Transfers:** \$414 m in FY23, increasing to \$445 million in FY24; reduced from \$418 m and \$448 m due to baseline true-ups, \$ 7 million total
- **Proposition B Population Baseline:** maintaining the shift from capital to operating revenues from prior budget \$30 m in FY 23 and FY 24
- **Transportation Sustainability Fee:** maintaining the shift from capital to operating revenues from prior budget \$10 m in FY 23 and FY 24; eligible as transit capital maintenance
- **Parking Revenues from FY 22** \$261 m in FY 23 growing to \$282 m in FY24 due to City economic and daytime population recovery. (Reduced from \$262 m and \$283 m due to the conversion of a Port transfer into an expenditure recovery)
- **Fare Revenues:** \$112 m FY 23 growing to \$140 m in FY 24 due to City economic and daytime population recovery. No fare increase is assumed.
- **One-Time Transit Federal Relief:** \$176 m in FY 23 and \$181 m in FY 24; new or recovered enterprise revenues (parking and fares) will have to backfill these amounts in future years
- **One-Time Fund Balance:** \$53 m from expenditure savings in FY 22 will be appropriated for one-time use in FY 23; expected to be offset by recovery of enterprise revenues (parking and transit fares) in FY 24

Expenditure assumptions include:

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 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
- **Makes permanent \$6 million for Transit Division** for enhanced vehicle cleaning and overhead lines maintenance.
- **Sustains Free Muni for All Youth** throughout the budget period (revenue loss/expense of \$2 million in FY 23 and FY 24 for a total of \$4 million)
- **Divisional augmentations** for improved hiring, advancing equity, transit recovery, customer experience and technology including \$39 m in FY 23 and \$65 m in FY 24

Excluded:

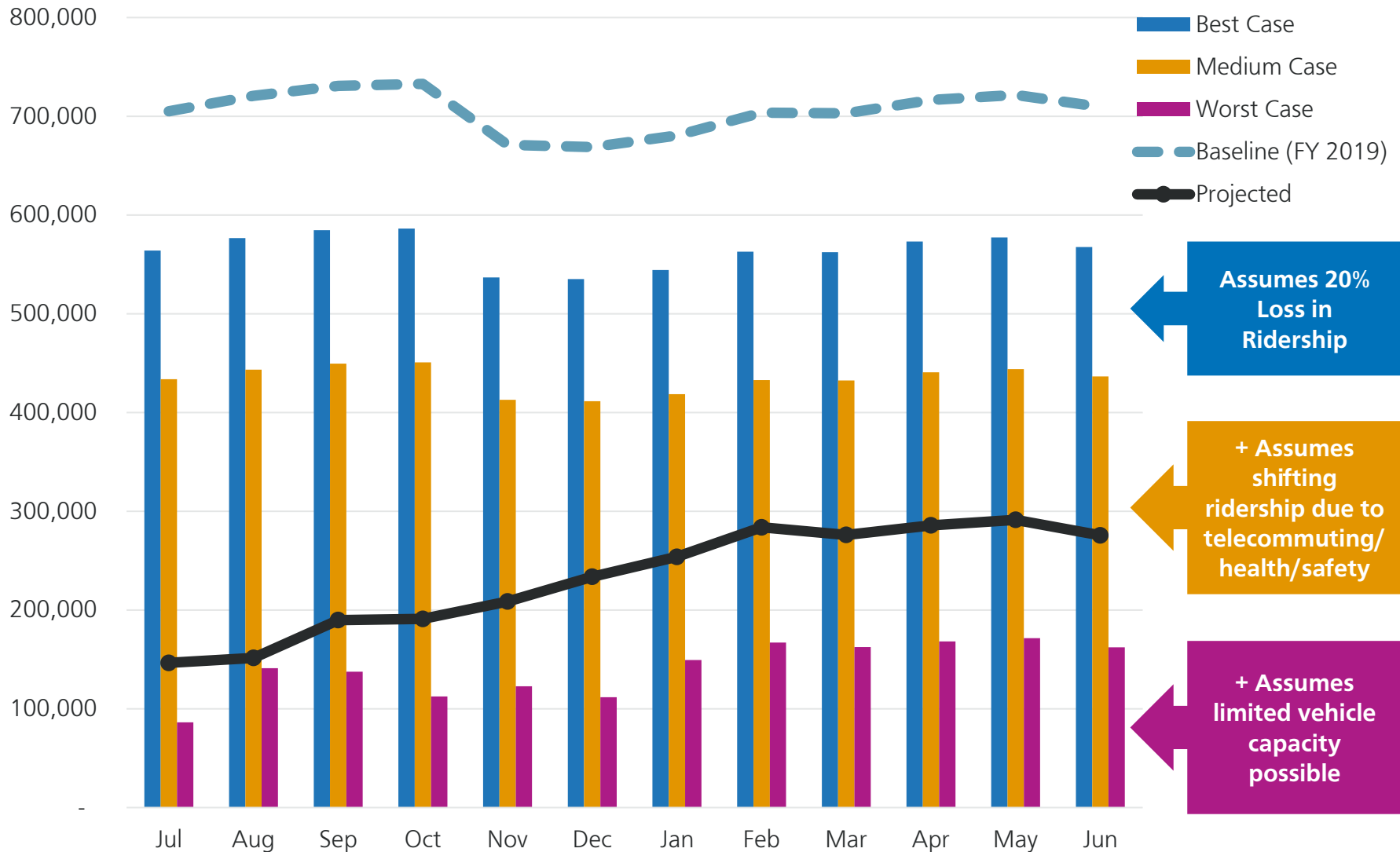
- **\$0 wage increase for all labor contracts**
- **\$0 for additional fringe costs for all labor contracts**

Operating Budget FY 2023 & FY 2024

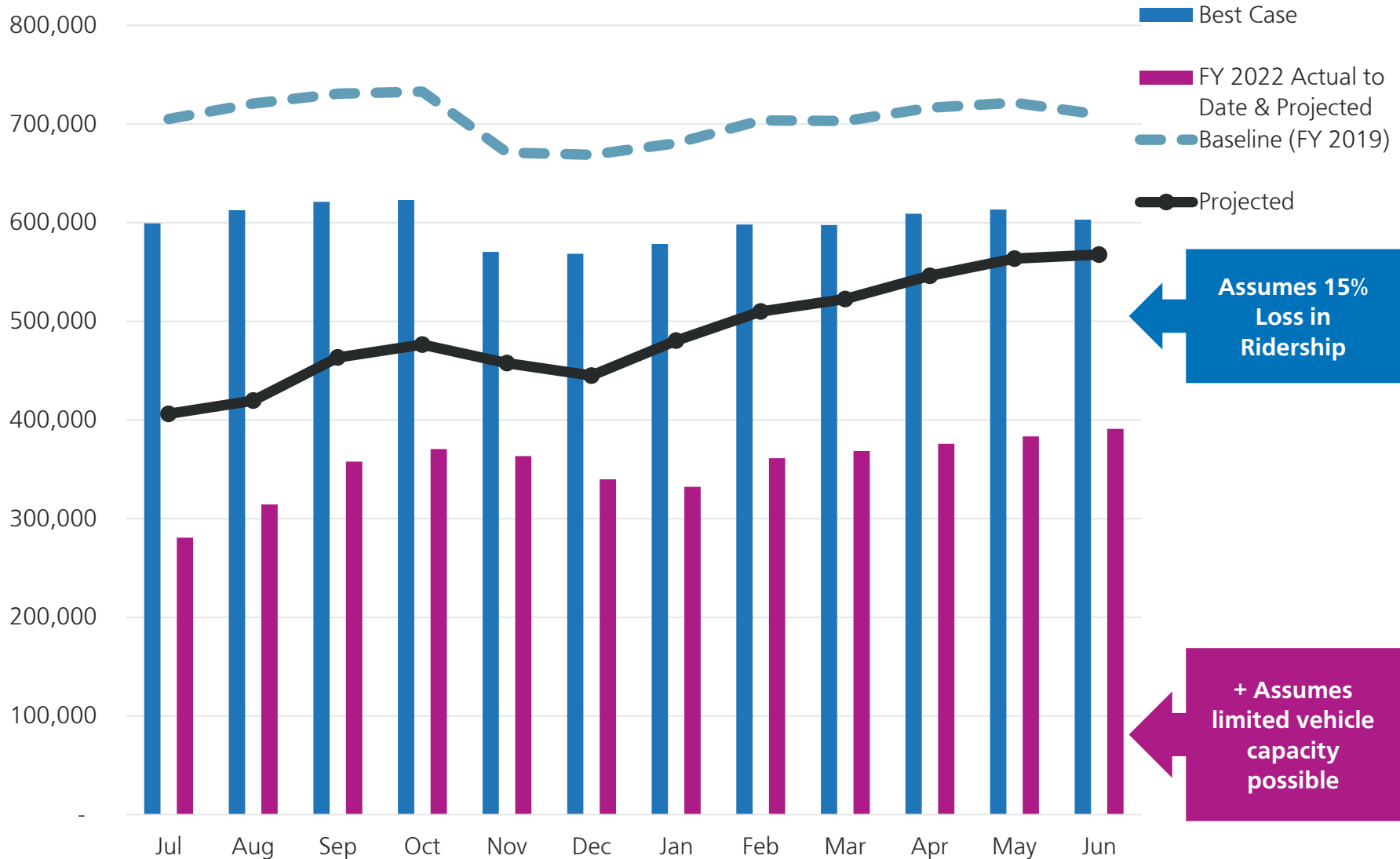
| EXPENDITURES (USES) | FY23 Projected | FY24 Projected |
|----------------------------|-----------------------|-----------------------|
| Salary & Fringe | 930,194,424 | 960,532,522 |
| Overhead & Allocations | (35,797,588) | (36,810,659) |
| Professional Services | 261,680,263 | 267,484,518 |
| Materials & 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 | 1,357,154,928 | 1,400,138,249 |

| 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 | 414,420,000 | 445,240,000 |
| General Fund Transfers (MBTIF) | 7,035,154 | 7,035,154 |
| Operating Grants | 186,094,788 | 189,754,714 |
| Other (advertising, Interest, misc fees, recovery) | 35,130,022 | 38,105,157 |
| Parking & Traffic Fees & Fines | 261,317,475 | 282,033,532 |
| Parking Tax In-Lieu | 64,150,000 | 66,040,000 |
| Proposition D Traffic Congest Mitigation Tax | 7,851,000 | 10,226,000 |
| 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 | 1,357,154,928 | 1,400,138,249 |

Muni Ridership Projections (FY 2021 – April 2020)



Muni Ridership Projections (FY 2023 – April 2022)



Fare Options

The budget currently 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.

A strategy discussed during the March 15th Board meeting is to look adjustments to the fare policy in order to potentially expand programs that provide greater access to transit and expand the SFMTA's existing discount programs.

All proposals sustain the cash fare at \$3.

Fare Policy: Options to Expand Free and 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, if feasible, Free Muni should be extended to those at 125% of the Federal Poverty Level.

**Free Muni for
All Youth**

(\$2 m/yr)

\$4 m

**Free Muni for
Adults at
125% Federal
Poverty**

(\$5.7 m/yr)

\$11.4 m

Fare Policy: **Options** to Expand Free and Discount Programs

| Possible Program Expansions | Cost (2 Years) | # Riders | % BIPOC | % Low Income |
|--|-------------------|----------|---------|-----------------|
| Free Muni for all Youth | \$4.1 M | 27,693 | 75% | 65% |
| Expand Free Muni to adults at/or below 125% of the Federal Poverty Level (FPL) - \$16,988/year | \$11.4 M | 17,142 | 90% | 100% |

| Possible Fare Changes | Revenue (2 Years) | # Riders | % BIPOC | % People with Low Incomes |
|--|----------------------|----------|---------|---------------------------------|
| 3.3% increase (AIPP) to all fares in FY23 and FY24 (excluding cash single ride fare) | \$4.4 M | 560,063 | 55% | 31% |
| No fare changes in FY23 – 3.3% increase to monthly passes in FY24 | \$1.6 M | 202,947 | 56% | 28% |
| No fare changes in FY23 – 3.3% increase to single ride Clipper/Mobile fares in FY24 | \$1.3 M | 199,565 | 49% | 31% |
| Increase Clipper single ride fare by \$0.25/\$0.50 over two years | \$6.7 M | 199,565 | 49% | 31% |

Budget Augmentations

We have now dealt with revenue, capital and policy. The discussion now pivots to operating expenditures.

This is the last part of our process, as we wanted to give the public the maximum amount of time to provide us feedback.

Operating budget augmentations are broken up into specific operating functions or programs, with recommended amount of FTE with labor costs and non-labor costs.

The proposed augmentations are \$38.5 million in FY 23 and \$65 million in FY 24.

Proposed FY 23 & FY 24 Budget Augmentations (in \$m)

| Program | FY 23 (in \$m) | FY 24 (in \$m) |
|--|-------------------|-------------------|
| Agency Operations | 5.95 | 5.88 |
| Accounting/Payroll | 0.47 | 0.62 |
| Asset Management Program | 0.12 | 0.16 |
| CIP+ Implementation | 1.45 | 1.23 |
| Local Government Affairs | 0.11 | 0.21 |
| Ombuds Office | 0.26 | 0.34 |
| Performance Management | 0.06 | 0.13 |
| Technology Infrastructure | 3.48 | 3.17 |
| Apprenticeship Program | 3.47 | 5.95 |
| Communications & Outreach | 0.44 | 0.58 |
| Customer Experience | 8.88 | 13.63 |
| Hiring & Training | 1.93 | 2.34 |
| Race, Equity and Belonging | 2.33 | 2.80 |
| Safety Training and System Improvements | 2.43 | 3.43 |
| Service Equity and Expansion | 10.02 | 18.60 |
| Service Quality Program | 3.68 | 4.89 |
| Street Management | 4.46 | 5.30 |
| Curb Management | 0.70 | 0.45 |
| Parking Enforcement | 0.74 | 0.98 |
| Shared Spaces Program | 1.28 | 1.67 |
| Street Safety Program | 1.00 | 0.89 |
| Streets Planning | 0.75 | 1.30 |
| Taxi, Mobility & ETC Program | 1.04 | 1.39 |
| Transit Safety & Security | 0.36 | 0.48 |

FY 23
\$39 m

(\$45 m offset by \$6 m in continuing labor)

FY 24
\$65 m

(\$45 m offset by \$6 m in continuing labor)

Agency Operations

Cost

| FY 23 | FY 24 |
|-----------------|-----------------|
| \$5.95 m | \$5.88 m |

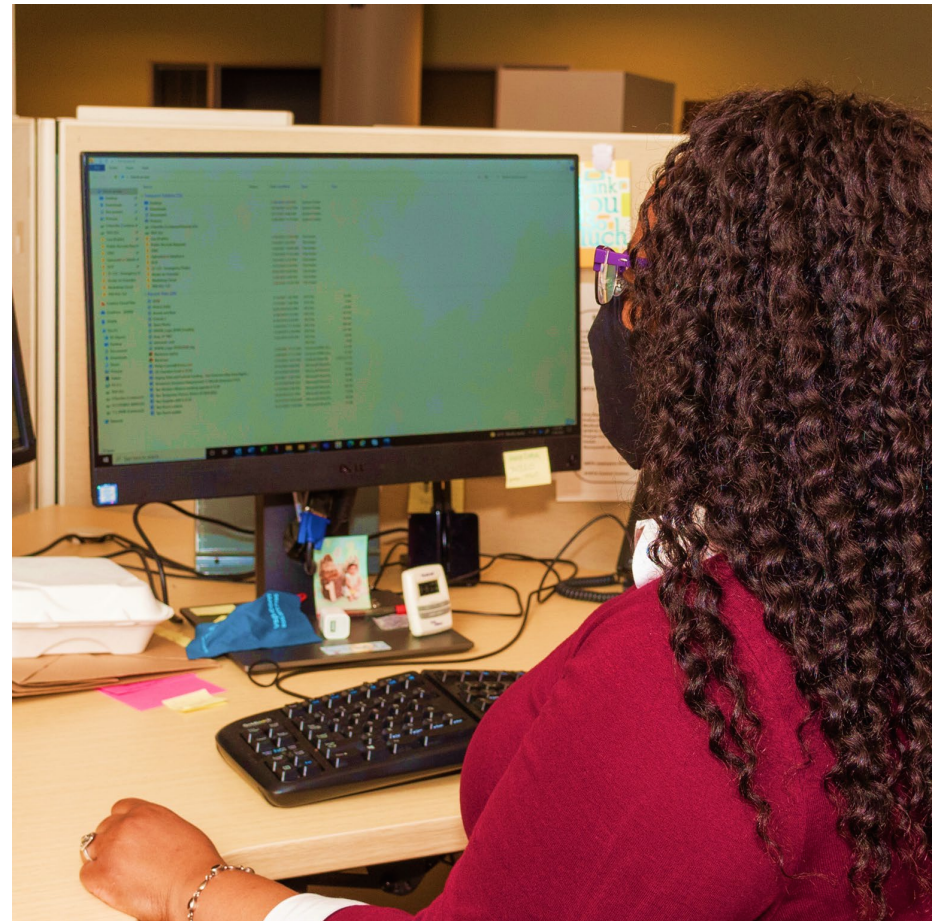
Expenditures on Agency Operations restores and expands critical functions such as: Asset & Financial Management, Project Delivery – in preparation of funds expected from CIP+, responses to requests from the San Francisco Board of Supervisors, internal employee concerns through Ombuds Office, and overall data and performance management.

Key Expenditures include:

- Non-labor investments in technology infrastructure to shift sunseting capital projects to on-going system maintenance.

Positions

| FY 23 | FY 24 |
|------------------|---------------|
| 14.55 FTE | 21 FTE |



Apprenticeship Program

Cost

| FY 23 | FY 24 |
|-----------------|-----------------|
| \$3.47 m | \$5.65 m |

Transit vehicle and infrastructure maintenance jobs are vital to delivering transit service, but increasingly hard to recruit and fill. Expanding the program for service-critical maintenance craft worker positions will help up cost-effectively expand the pipeline of skilled candidates and create promotive pathways into specialized job functions for existing staff.

Key Expenditures include:

- Positions required to expand Apprentice Program to meet growing staffing challenges (Muni Reliability Working Group Recommendation).

Positions

| FY 23 | FY 24 |
|------------------|---------------|
| 23.82 FTE | 39 FTE |



Communications and Outreach

Cost

FY 23

\$0.44 m

FY 24

\$0.58 m

The Public Outreach and Engagement Team Strategy (POETS) is the agency's framework for engaging and informing the SFMTA's customers, stakeholders and the wider community.

Expenditures include:

- Positions to conduct engagement from planning to implementation and beyond
- Position for translation services
- Positions for internal marketing, graphic and social media support (reduces costs/use of consultants)

Positions

FY 23

4.62 FTE

FY 24

6 FTE

Customer Experience Program

Cost

| FY 23 | FY 24 |
|-----------------|------------------|
| \$8.88 m | \$13.63 m |

Trips are multifaceted and present many opportunities to improve the customer experience. The Customer Experience Program offers an integrated approach to providing consistent, cohesive and quality information to our customers across all stages of their journey.

Key Expenditures include:

- Positions for dedicated ambassadors and customer relationship team
- Permanent increase in transit car cleaners
- Positions for improved customer amenities such as better signage and transit stop conditions

Positions

| FY 23 | FY 24 |
|------------------|----------------|
| 68.55 FTE | 102 FTE |



Hiring & Training

Cost

FY 23

\$1.93 m

FY 24

\$2.34 m

Hiring vacancies and providing opportunities for employees is currently the highest priority of the agency. In addition to existing expansion to the Human Resources Division, additional augmentations.

Key Expenditures include:

- Positions for increased training and workforce development,
- Permanent funding for the PaCT (Practical Communication Tools) Program
- Positions for HR data management and reporting

Positions

FY 23

6.66 FTE

FY 24

9 FTE


Race, Equity, and Belonging

Cost

FY 23

\$2.33 m

FY 24

\$2.80 m

The Office of Racial Equity and Belonging (OREB) directs and develops strategies to advance racial equity, transit equity and intersecting equity needs in all areas of work at the agency.

- Positions for overall support, training, instructional design and outreach
- Positions for program implementation including Agencywide Policy, Process & Practice Improvement, Culturally Specific Interventions to Optimize Racial Equity in MTA Systems, Equity Analyses & Establishment of Equity Standards & Priorities and Monitoring, Evaluation & Accountability Systems

Positions

FY 23

9.24 FTE

FY 24

12 FTE

Safety Training and System Improvements

Cost

| FY 23 | FY 24 |
|-----------------|-----------------|
| \$2.43 m | \$3.43 m |

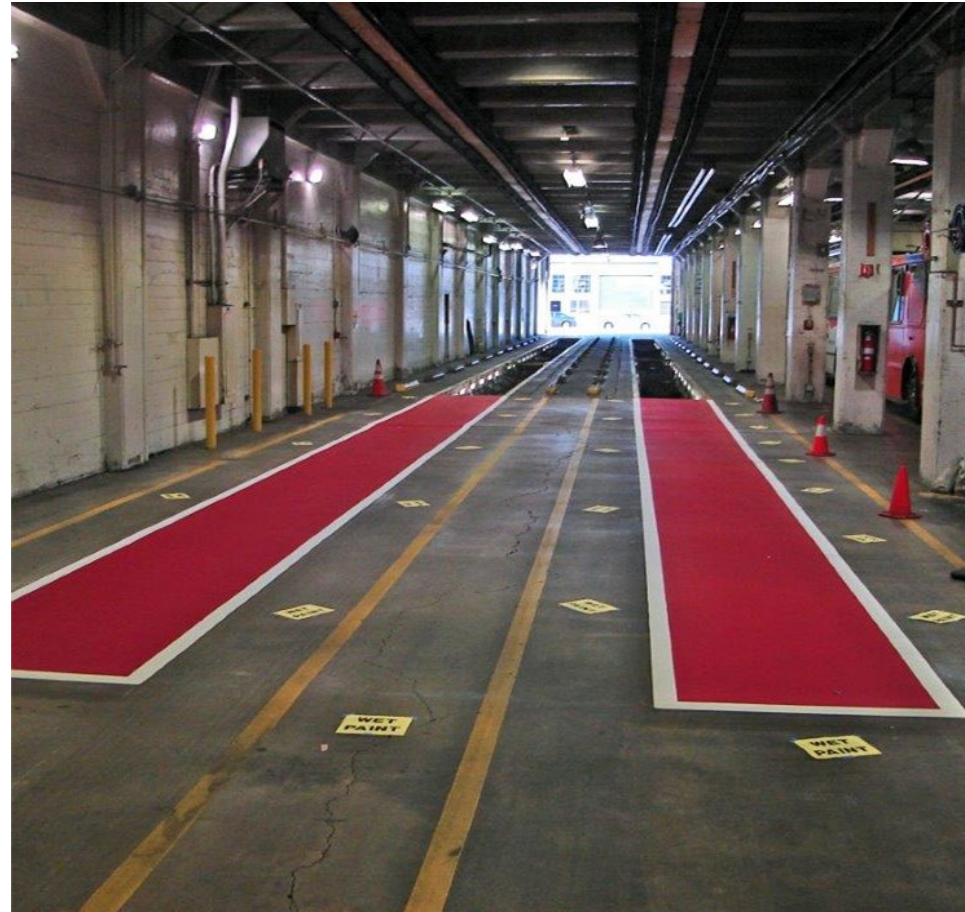
Positions

| FY 23 | FY 24 |
|------------------|---------------|
| 13.82 FTE | 19 FTE |

Building upon lessons learned from the SFMTA's COVID-19 Department Operations Center (DOC), a permanent cross-discipline team will partner with the Safety Division to implement the Agency's Public Transit Safety Plan (PTASP). Priority tasks include collision reduction initiatives, in service Operator observations/mentoring, and safety drills.

Key Expenditures include:

- Positions for Transit Training to support expanded system safety



Service Equity and Expansion

Cost

FY 23

\$10.02 m

FY 24

\$18.60 m

Service Equity Expansion would allow the SFMTA to continue keeping pace with returning ridership - placing a strong emphasis on maintenance and supervision as outlined in the Muni Reliability Working Group. The next service priorities will continue to prioritize the Muni Service Equity Strategy Neighborhoods and emerging post-COVID travel patterns.

Key Expenditures include:

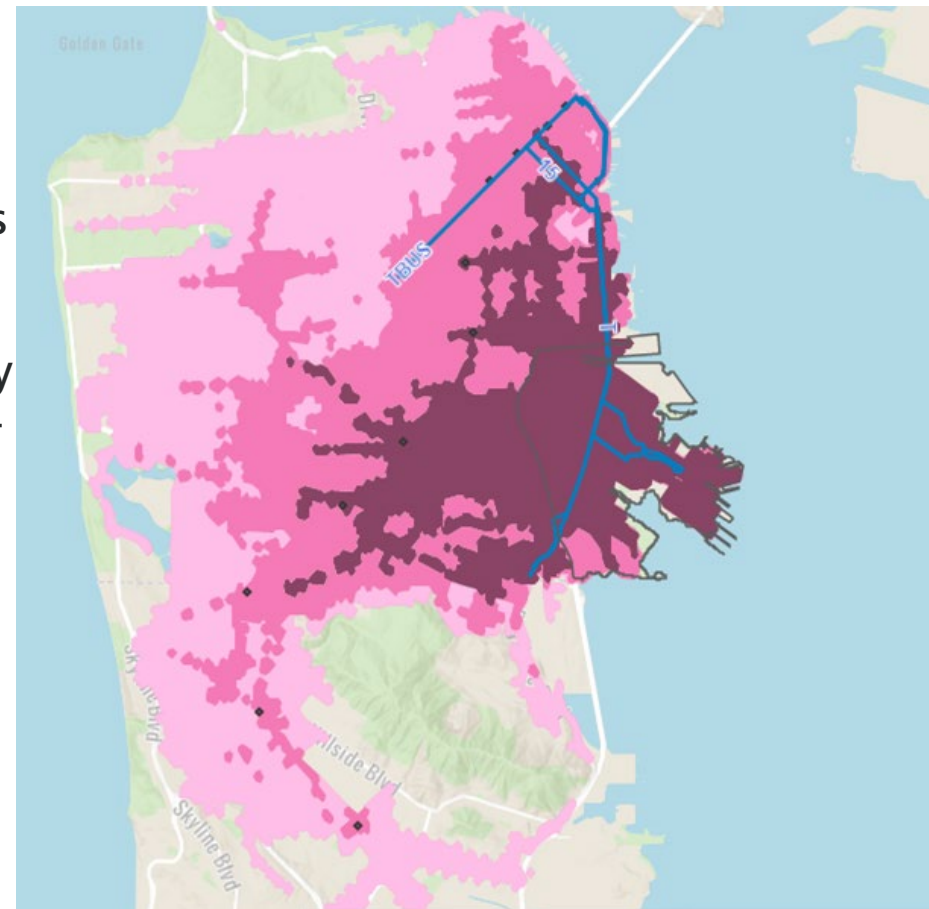
- Positions to increase street supervision/system management (Muni Reliability Group Recommendation)
- Positions for increased track, overhead lines and vehicle maintenance

Positions

FY 23

55.13 FTE

FY 24

100 FTE


Service Quality Program

Cost

FY 23

\$3.68 m

FY 24

\$4.89 m

Positions

FY 23

20.79 FTE

FY 24

27 FTE

The Service Quality Program supports the customer experience team to provide strong oversight and support within Transit Operations. This new group will focus on quality assurance and consistent application of standard operating procedures, training and support programs to promote excellent service, and will conduct analysis of day-to-day operations and special events to define process improvement or policy changes.

Key Expenditures include:

- Positions for system analysis, quality assurance and rapid response on service issues and customer feedback



Street Management

Cost

FY 23

\$4.46 m

FY 24

\$5.30 m

Positions

FY 23

20.98 FTE

FY 24

29 FTE

Funding and positions to restore key services to improve the safety and use of San Francisco Streets including: curb management, parking enforcement, shared spaces and planning.

Key Expenditures include:

- Positions restored for Parking Control Officer supervision
- Positions for the paint, sign and signal shop to implement Quick Build and other safety improvements
- Positions and non-labor for full implementation of the Shared Spaces Program



Taxi, Mobility, and ETC Program

Cost

FY 23

\$1.04 m

FY 24

\$1.39 m

Additional staff and resources to sustain and improve the administration, promotion and efficiency of the Essential Trip Card (ETC) program, provide more dedicated support for the taxi industry, reinvigorate the taxi industry through taxi reform.

Key Expenditures include:

- Funding to create an Open Taxi Dispatch Application Programming Interface (API)
- Positions to Support the growing and expanding permitted modes of transportation, including scooters, bike share, commuter shuttles

Positions

FY 23

4.08 FTE

FY 24

6 FTE

Transit Safety & Security

Cost

FY 23

\$0.36 m

FY 24

\$0.48 m

Positions

FY 23

1.54 FTE

FY 24

2 FTE

Supports increased evening and weekend management coverage which complements customer experience program including transit ambassadors and transit stop enhancements. Continues funding for increased subway & facility security, crisis intervention specialists at the Department of Homelessness and Supportive Housing, and gender equity initiatives.

Key Expenditures include:

- Weekend and evening security coverage and support



Projections

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

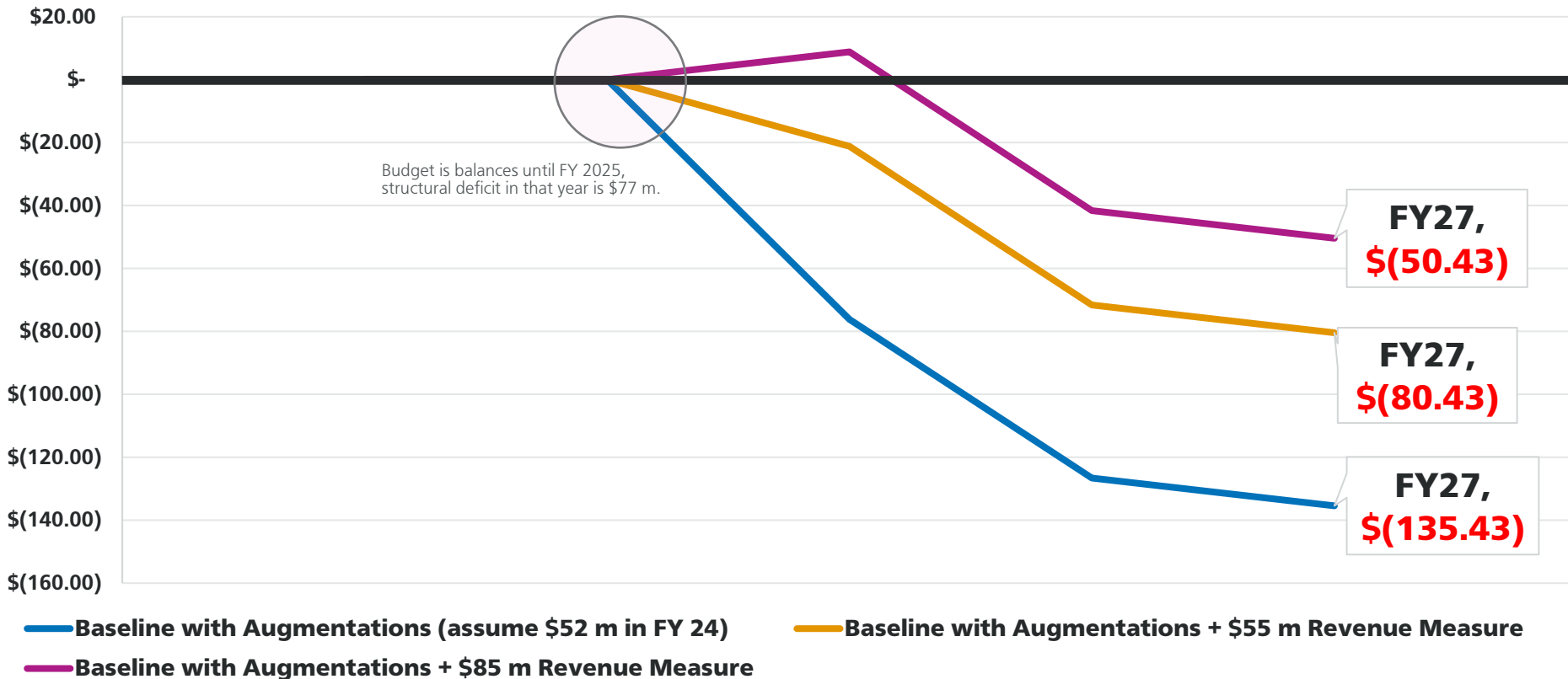
The agency must invest in the recovery of the transit system and restoration of agency operations and infrastructure.

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 \$76 million.**

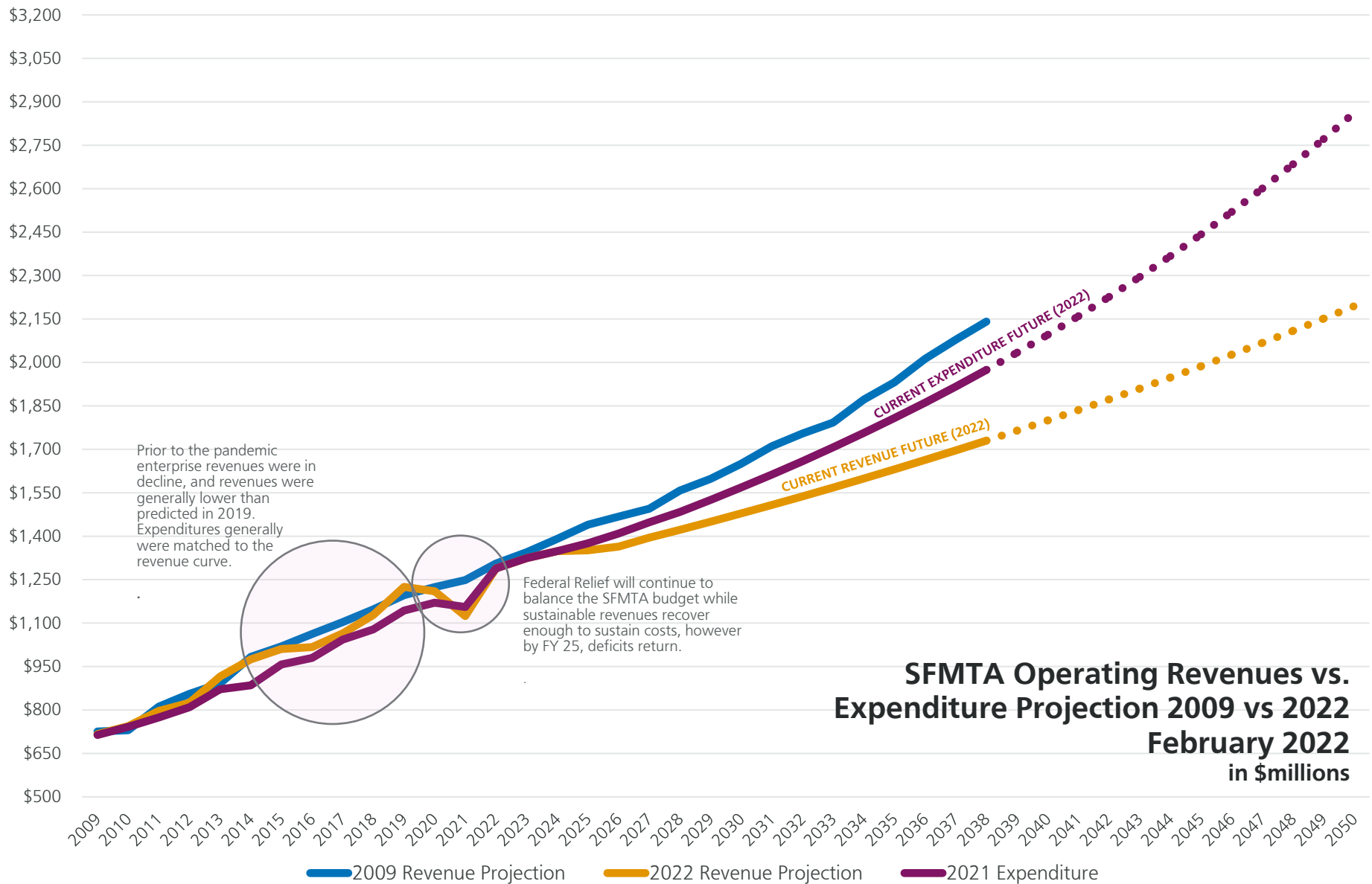
However, if we do not make these investments now, our sustainable sources such as transit fares, parking meter and garage revenues will not recover to make up for the use of one-time revenues. In parallel, the agency needs to continue to identify a new sustainable funding source.

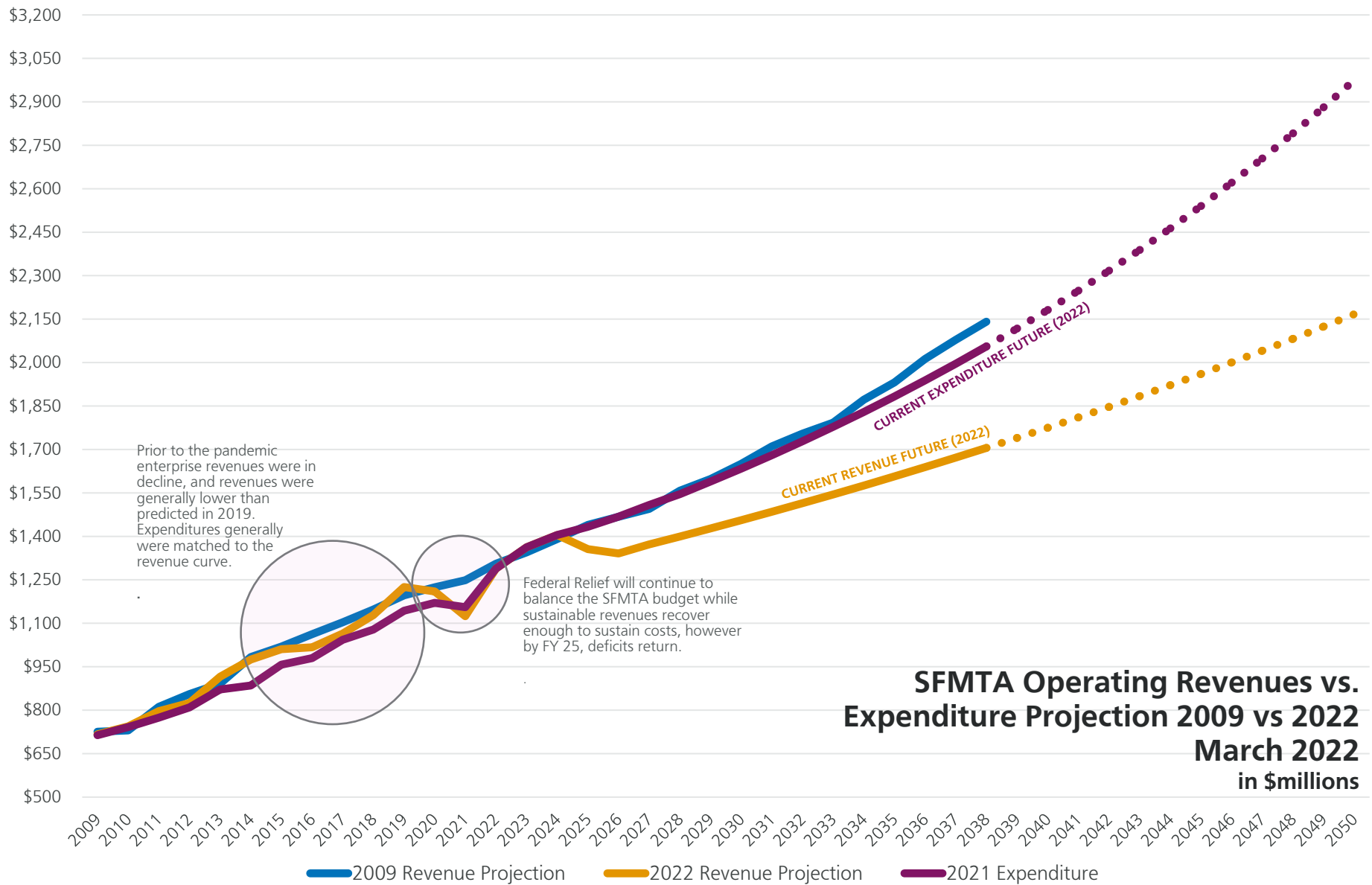
Updated Baseline Budget (April 5, 2022)

This scenario includes an expenditure increase of \$65 million beginning in FY 2024 and models the updated base proposed budget. Revenues are adjusted from the base; structural deficit begins in FY 25 at \$76 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 adoption scheduled for April 19, 2022**. The Board may also use an additional meeting on April 26th if needed.

- April 19th** MTA Board first opportunity to adopt the:
- **Muni Service Equity Strategy**
 - **2-Year Consolidated Budget (Operating and Capital)**
 - Revenue and Expenditures for FY 23 and FY 24
 - Capital Budget and **Transfer to Capital** FY 23 and FY 24
 - Fare Policy & Federal Title VI Analysis
 - Transportation Code Amendments (Parking Policy, Fees and Fines)
 - **5-Year Capital Improvement Program**

April 26th MTA Board second and final opportunity for budget and CIP adoption.



Thank you.

Appendix

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.

Outreach & Listening Sessions – Final Results April 5, 2022

**1,295
responses**

*from online
and paper
surveys in
three
languages*

**917
Additional
Comments**

*from listening
sessions,
phone calls,
and emails*

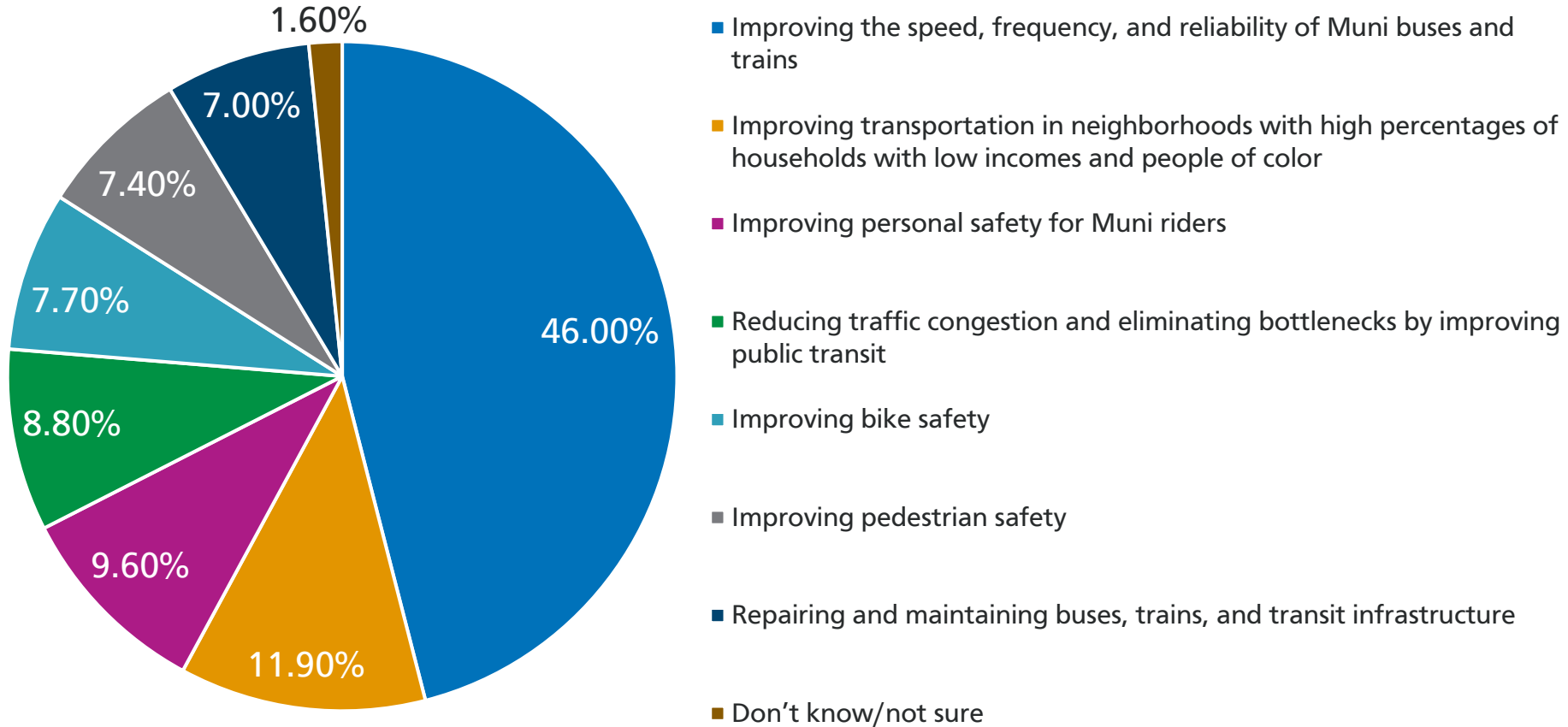
**Over 100
Comments**

*from SFMTA
Board of
Directors at
Board
Workshop*

Paper surveys were collected and recorded, and the online survey was closed, on March 23rd

Survey Results

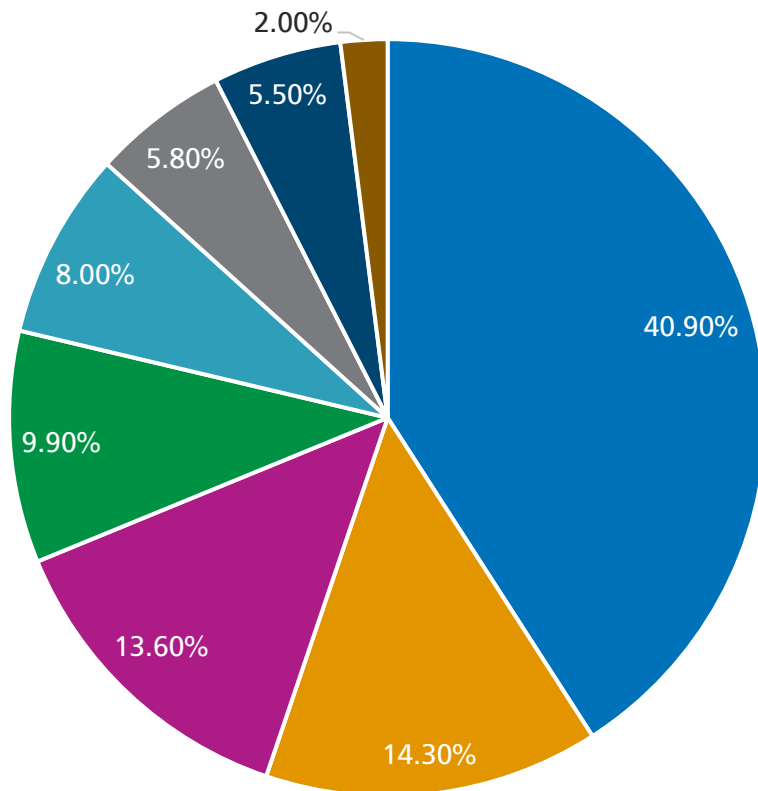
Possible SFMTA Goals: Which Would You Prioritize? First Priority



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

Survey Results

Possible SFMTA Goals: Which Would You Prioritize? First Priority

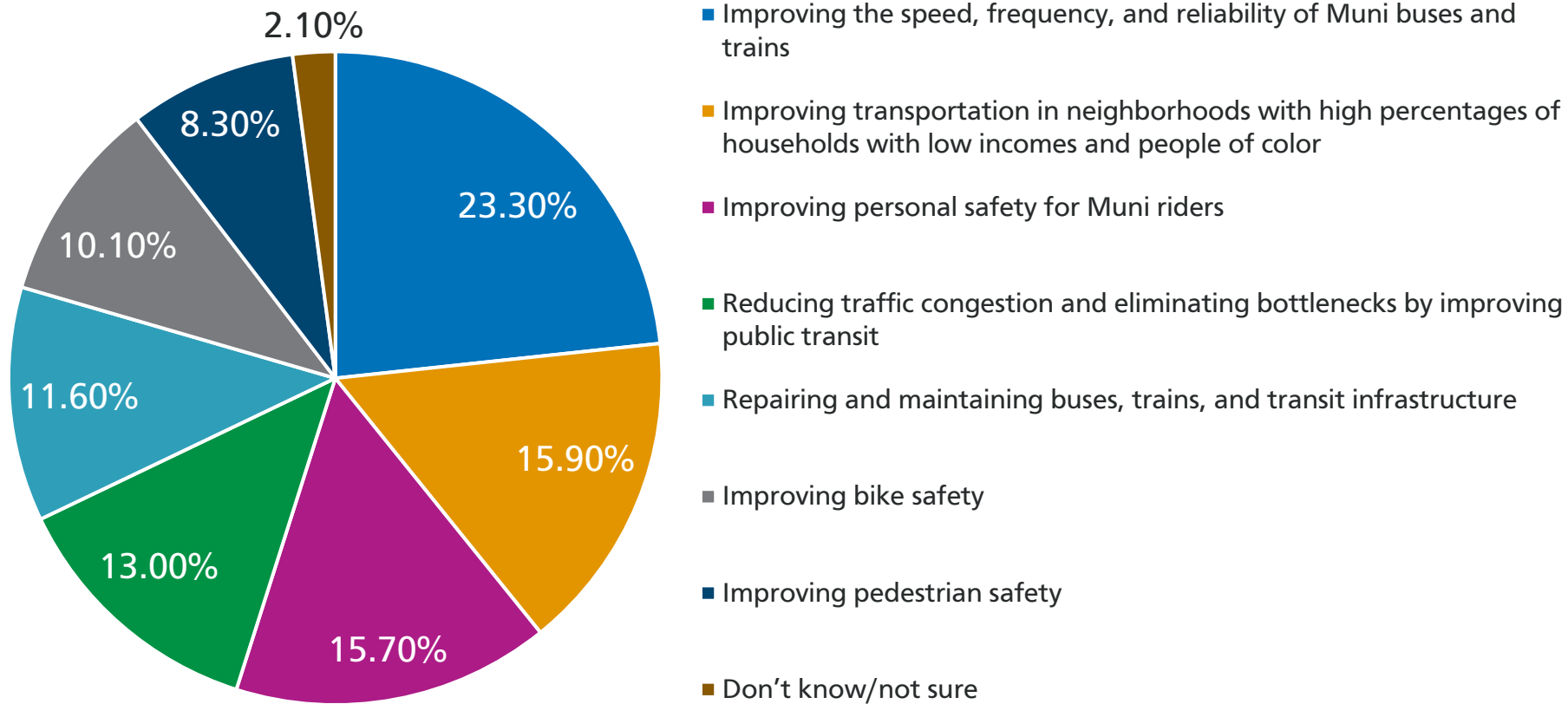


- Improving the speed, frequency, and reliability of Muni buses and trains
- Improving personal safety for Muni riders
- Reducing traffic congestion and eliminating bottlenecks by improving public transit
- Improving transportation in neighborhoods with high percentages of households with low incomes and people of color
- Improving pedestrian safety
- Repairing and maintaining buses, trains, and transit infrastructure
- Improving bike safety
- Don't know/not sure

* 1,295 Respondents Final Results April 5, 2022

Survey Results

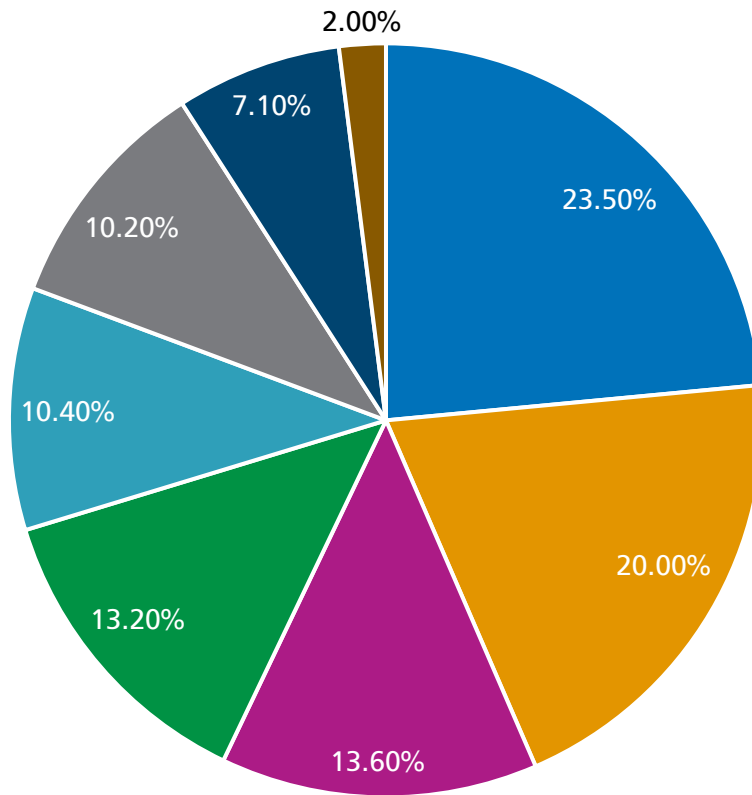
Possible SFMTA Goals: Which Would You Prioritize? Second Priority



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

Survey Results

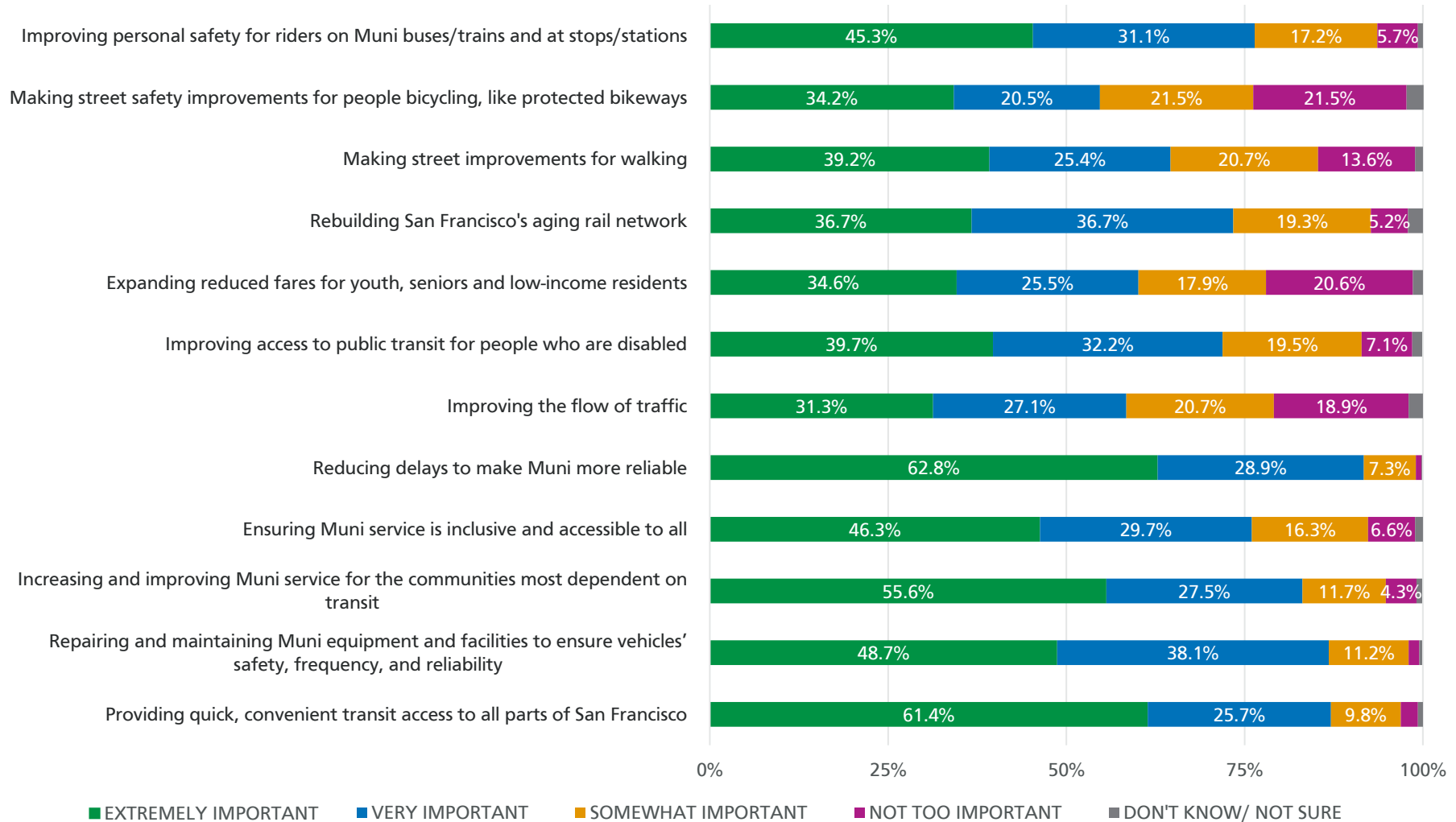
Possible SFMTA Goals: Which Would You Prioritize? Second Priority



- Improving the speed, frequency, and reliability of Muni buses and trains
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- Reducing traffic congestion and eliminating bottlenecks by improving public transit
- Repairing and maintaining buses, trains, and transit infrastructure
- Improving pedestrian safety
- Improving bike safety
- Don't know/not sure

*1,295 Respondents Final Results April 5, 2022

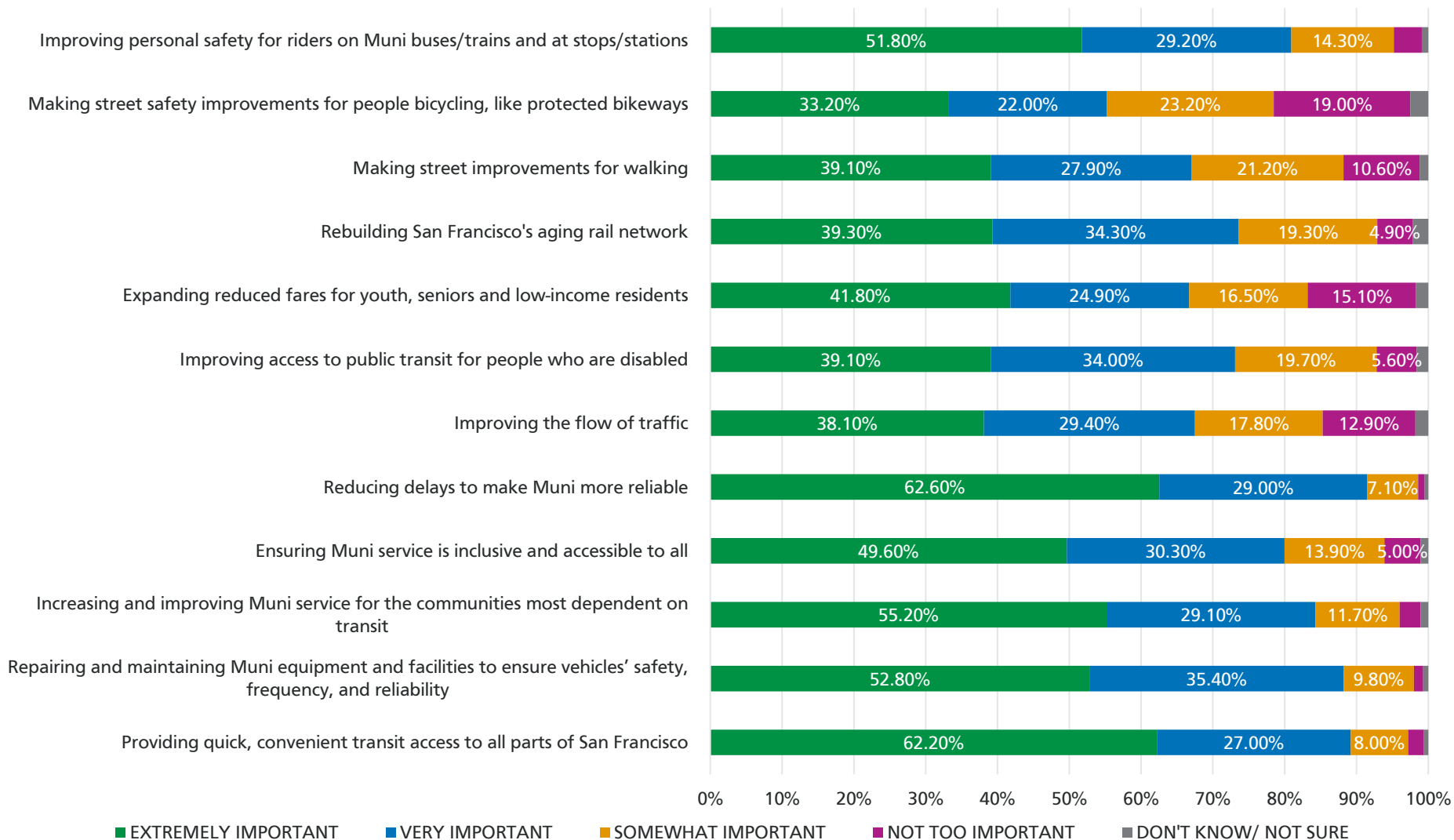
Prioritizing Individual Initiatives



0% 25% 50% 75% 100%

■ EXTREMELY IMPORTANT ■ VERY IMPORTANT ■ SOMEWHAT IMPORTANT ■ NOT TOO IMPORTANT ■ DON'T KNOW/ NOT SURE

Prioritizing Individual Initiatives – Final Results April 5, 2022



■ EXTREMELY IMPORTANT

■ VERY IMPORTANT

■ SOMEWHAT IMPORTANT

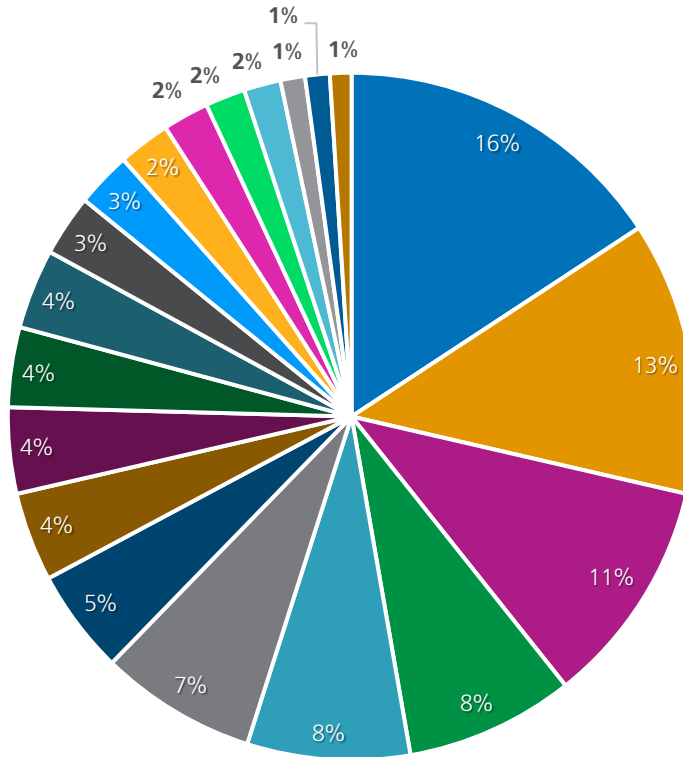
■ NOT TOO IMPORTANT

■ DON'T KNOW/ NOT SURE

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

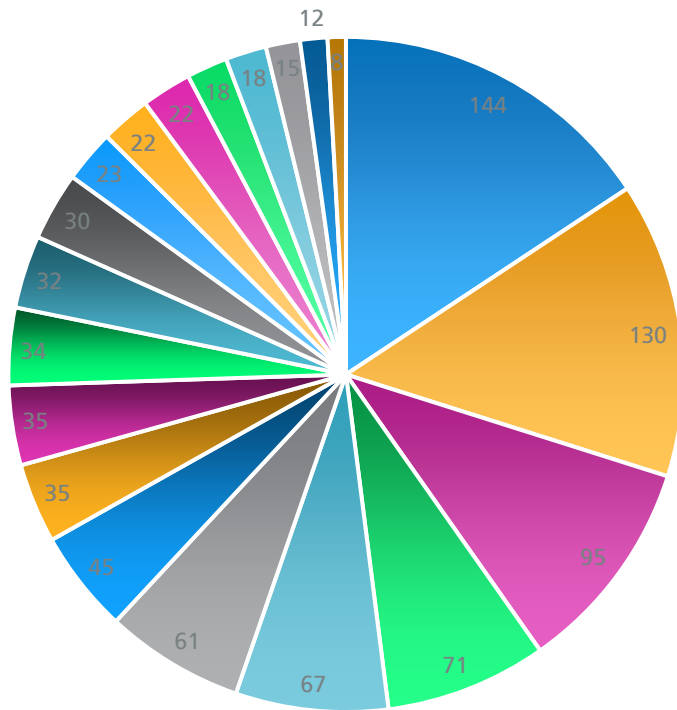


- Prioritize Safety on Streets and Muni
- Support for Increased Service Lines and Frequency
- Support 100% Pre-Pandemic Service Restoration
- Concerns About Rising Traffic
- Other
- Support for More Transit Only Lanes
- Make the System More Accessible
- Make the SFMTA More Equitable
- Concerns About 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

Categorized Comments – Final Results April 5, 2022

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

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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

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% |

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 Inflator 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

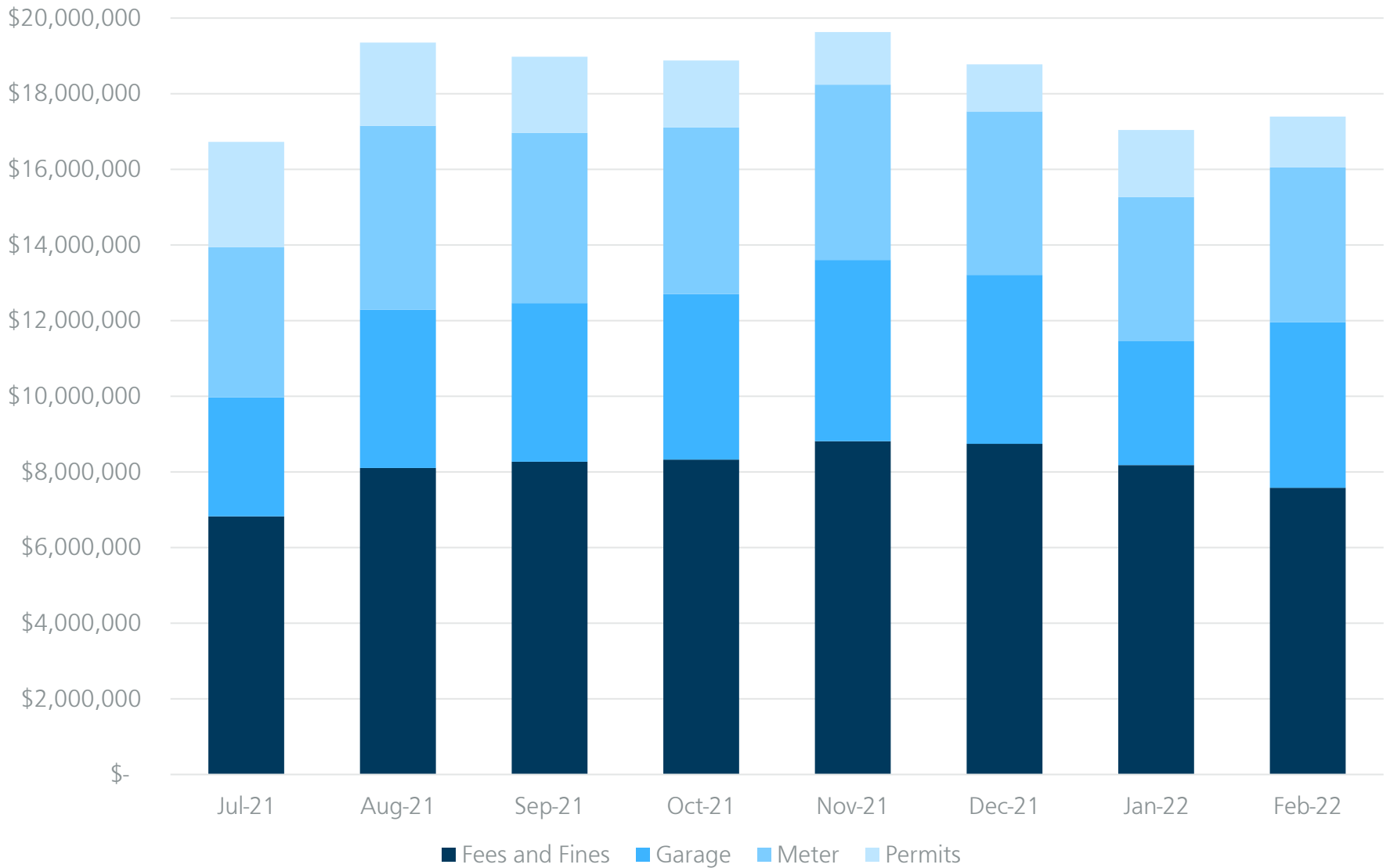
Cost Recovery

- 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

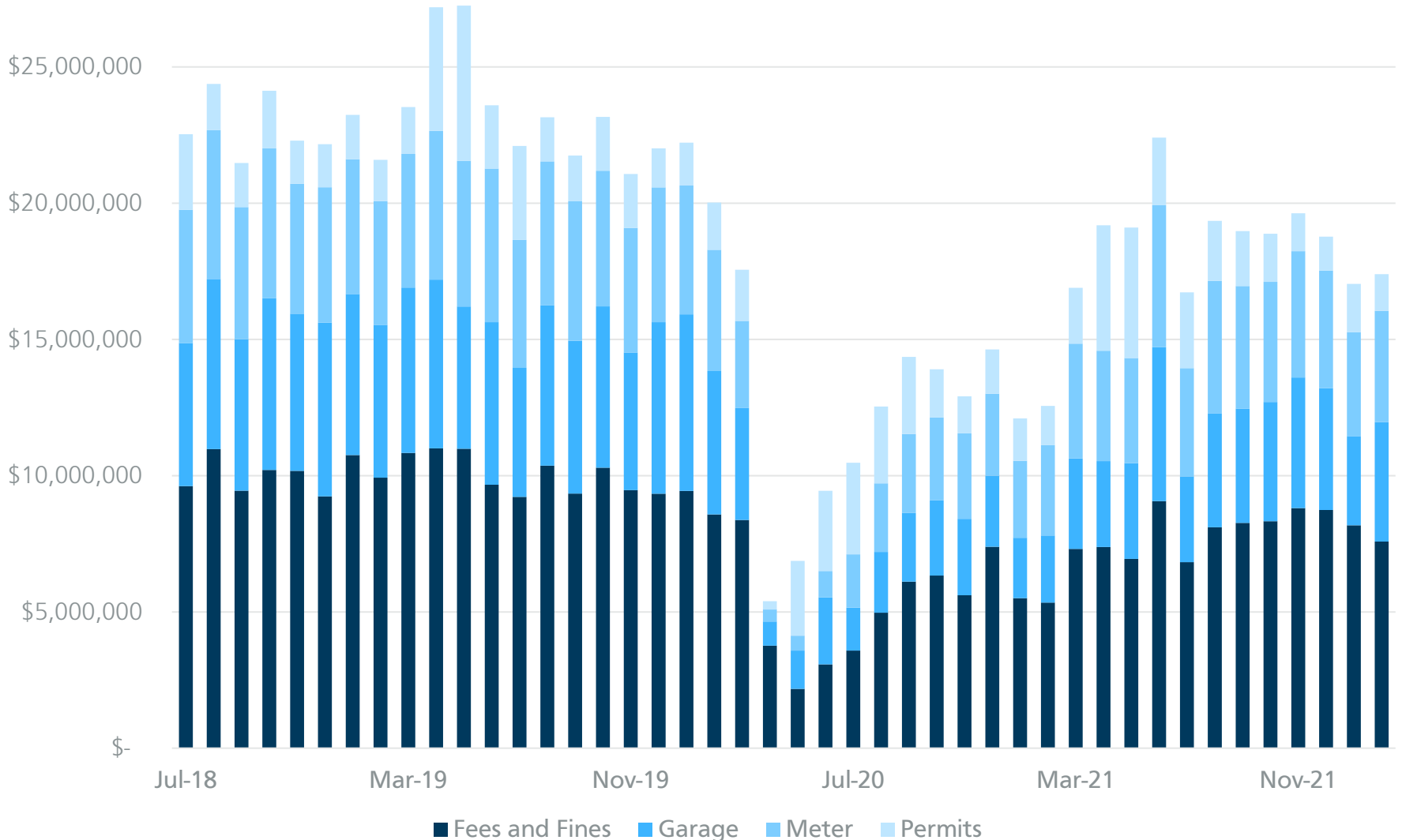
Other State/Local Law

- 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

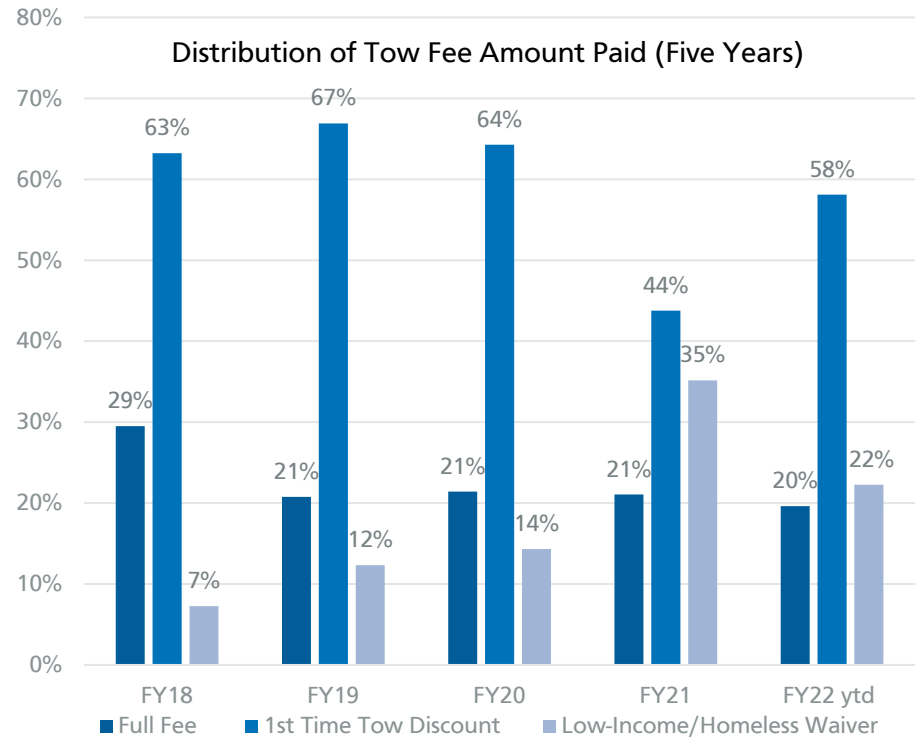
Vehicle Tow Program Discount Programs

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) |

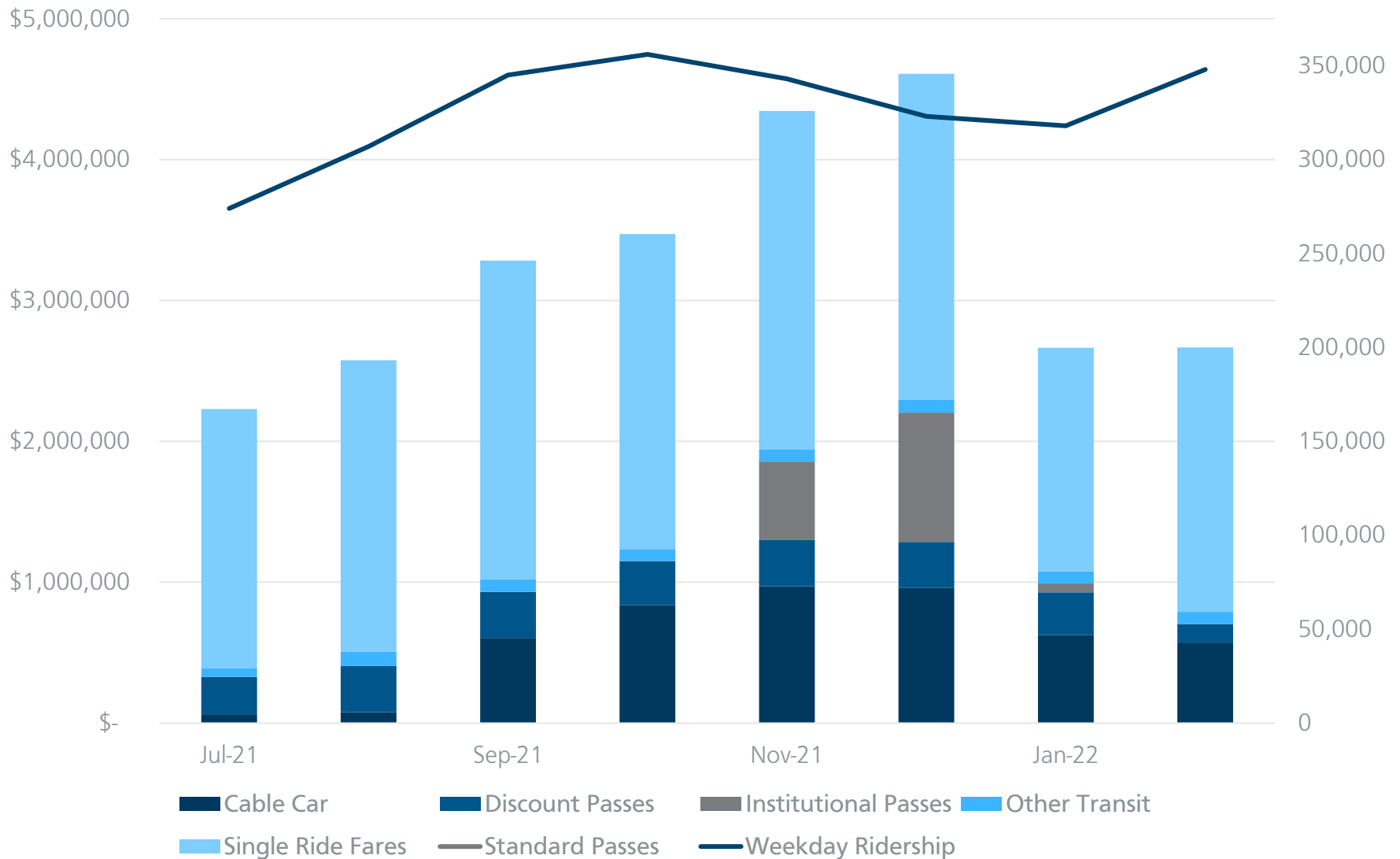
Fare Revenues

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



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 Inflation 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

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- California Proposition 218 limits fees for some municipal services to actual program costs
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Other State/Local Law

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

Transit Fare Revenue Trend: FY 2019 to present

