

SFMTA

Municipal Transportation Agency

FY 2011 and FY 2012 Operating Budget



APRIL 6, 2010 SAN FRANCISCO, CALIFORNIA

Overview

- Original approved FY 2010 budget (April 2008) = \$816.7M
- FY 2010 Approved Budget (April 2009) = \$768.6M (\$129M deficit balanced)
- FY 2010 = \$45M deficit remained (Nov 3, 2009)
- FY 2010 = \$14.4M solutions (February 26, 2010)
- Balancing the two year budget dependent on the actions taken to address the FY 2010 budget deficit
- Continued economic downturn has exhausted fund balance (reserves) and reduced revenues over \$230M (\$130M from State Transit Assistance over the last two years) since FY 2009
- New revenue sources needed to continue service levels
- SFMTA two-year budget for FY 2011 and FY 2012 approval required by May 1, 2010
- On March 22, 2010 the Governor signed two bills related to a gas tax swap formula which is expected to provide \$35.9M for FY 2010-2011 and \$31.4M for FY 2012. Timing of Funds Still Unclear.
- **On March 30, 2010, the Board of Supervisors introduced Resolution 100408 requesting the creation of a Youth Discount Pass for qualified low-income youth. Based on conversation with the School District, the following is under discussion:**
 - **Pass for Homeless and Displaced Youth (12,000)**
 - **MTA would provide 12,000 Regular Youth Passes to the School District at a 50% discount over the regular Discount Pass or \$10**
 - **School District would reimburse MTA \$120,000 per month and be responsible for distributing the pass to homeless and displaced youth**
 - **MTA would require information to educate youth on responsible ridership**

FY 2011 and FY 2012
Change in Revenues
Compared to FY 2010 Amended Budget (\$M)

Line Item	FY 2011	FY 2012
Fund Balance (used in FY 2010)	(42.2)	(42.2)
Interest Earnings (economic impact/lower balance invested)	(2.4)	(2.0)
General Fund Transfer (lower tax receipts)	(9.0)	(5.0)
Fare Revenue (net of service modification impacts and TransLink usage)	(3.0)	(2.0)
Garage Revenues (economic impact)	(2.0)	(1.0)
Parking Meter Revenues (economic impact)	(4.0)	(2.0)
Parking Citations (economic impact, street sweeping reduction, overall issuance decline)	(5.0)	
Paratransit Fares (economic impact)	(0.2)	(0.2)
Taxi Reform (major revenue form pilot in FY 2010)	(5.0)	(5.0)
Regional Grants (Sales Tax-based Decline)	(4.7)	(4.0)
Impact of Proposals to Balance FY 2010 Budget	7.5	7.7
State Transit Assistance	18.9	31.4
Discount Pass for Homeless and Displaced Youth (12,000 x \$10)	(1.4)	(1.4)
Cost Based Recovery Fees, Taxi Fees, Indexing Formula	14.4	24.4
Preliminary Revenue Change FY 2011 and FY 2012	(38.1)	(1.3)

Possible Solutions (\$M)

Proposal	Description	Annual Revenue
Work Order Reduction	Reduction in Work Orders (included in budget)	6.5
Charge for Parking on Sundays	Currently parking is free on Sundays on all meters in the City. Assume meters would operate from 9am to 6pm. Revenue estimate is net of additional Parking Control Officers and Meter Repair Staff.	2.80
Adding 1,000 new metered spaces	This estimate includes (i.e., nets out) all incremental costs, such as enforcement, meter maintenance, meter communications, coin collection, spare parts, etc., as well purchase of the new meters (included in budget)	0.8 (half year)
Eliminate Free Reserved On-Street spaces, Eliminate Free Permit Parking	Eliminate all currently free reserved on-street spaces (e.g. around the Emergency Center, City Hall) and require paid permits and add meters to these areas. For City Departments and Others. Honor SFMTA Issued paid permits only (included in budget)	2.8
Discount Passes for Homeless and Displaced Youth	12,000 Youth in the School System who are Homeless and Displaced. Provide discount passes to the School District at \$10 per pass (50% of the fare) for distribution (included in budget)	1.4

Possible Solutions (\$M)

Line Item	Description
Taxi Penalties and Charges	(1) Authorizing motor vehicle for hire drivers to collect and retain a cleaning fee from customers who permanently stain or temporarily render a taxi vehicle unfit. \$100.00. (2) Authorizing drivers to charge and retain a Credit Card Convenience Fee charged to customers who pay with a credit card to recover fee associated with the transaction. (3) Effectively enforce rules that regulate the industry, amendment would include authorizing drivers to collect bridge tolls in advance. (included in budget)
Automatic Indexing	½ CPI Increase (2.8% in FY 2011 and 2.9% in FY 2012) + ½ Labor CPI-U Forecast (-5.8% in FY 2011 and 0.7% in FY 2012). No Increases in FY 2011. FY 2012: Adult Fast Pass \$62; Discount Pass \$21; No increases to cash fares; Cable Car Single Ride \$6 (included in budget in FY 2012)
Cost Recovery Fees	Residential Parking, Temporary Street Closures, Boot Fee, Traffic Permits, Color Curbs, Block Parties, Project 20 , Translink/Clipper Limited Smart Card, Taxi Fees, Cable Car Rental Fee, Historic Street Car Rental Fee, Tow Fee, Storage Fee, Special Collections Fee (included in budget)
Window Advertising Wraps	Wrap windows on vehicles to allow for full wraps or partial wraps. Amend Vehicle Advertising Contract. (included in budget)
Other Fees	Disabled Placard Improper Use, SFGH Daily Parking Rate, Translink/Clipper Card Fee (included in budget)

**FY 2010 Budget
Revenues Compared to
FY 2011 and FY 2012 (\$M)**

Revenue Category	FY 2010 Amended Budget	FY 2010 Year End Projection (Feb 11, 2010)	FY 2011 Budget	FY 2012 Budget
Transit Fares	181.3	181.3	177.9	182.3
Operating Grants	79.5	87.9	93.7	106.9
Parking and Traffic Fees & Fines	244.8	233.6	252.5	267.3
Taxi Services	18.2	14.4	13.4	13.5
Other (Advertising, Interest, TIDF)	24.3	24.4	23.6	24.0
General Fund Transfer	178.3	176.9	169.3	173.3
Fund Balance – Appropriated	42.2	42.2	0.0	0.0
TOTAL	\$768.6	\$760.7	\$730.5	\$767.3
Variance from Amended Budget			(\$38.1)	(\$1.3)

FY 2011 and FY 2012
Change in Expenditures
Compared to FY 2010 Amended Budget (\$M)

Line Item	FY 2011	FY 2012
Schedule Realignment (FY 2010)	(3.0)	(3.0)
TWU Local 250-A (Transit Operators) Salary Increases	9.0	9.5
Labor Concessions	(10.0)	(10.0)
Salaries and Benefits Including Layoffs (FY2010)	(19.5)	(17.9)
Elimination of Sales Tax (Prop B) funding of staffing costs	1.1	1.1
Health, Retirement, and Other Benefit Increases (Mayor and Controller projections)	15.1	16.5
Vendor Discount Program	(4.0)	(4.0)
Replenish Materials and Parts Budget Reduced in FY 2010	10.0	10.0
Incremental Operating Costs from Capital Projects	15.0	16.0
Service Modifications 10% (Under discussion)	(28.8)	(29.4)
Adding to Reserve (Board Policy)	0.0	10.0
Performing Arts Garage EIR	0.0	0.0
Excess Liability Insurance Premium	2.4	2.4
Work Order Reduction	(6.5)	(6.5)
Preliminary Expenditure Change FY 2011 and FY 2012	(19.2)	(5.3)

**FY 2010 Budget
 Expenditures Compared to
 FY 2011 and FY 2012 (\$M)**

Expenditure Category	FY 2010 Amended Budget	FY 2010 Year End Projection (Feb 11, 2010)	FY 2011 Budget	FY 2012 Budget
Salaries & Benefits	484.4	475.9	456.1	459.1
Contracts and Other Services	64.0	66.4	67.5	68.0
Materials & Supplies	40.7	47.9	43.0	42.8
Equipment & Maintenance	42.5	34.9	50.0	50.5
Rent & Building	7.0	7.5	7.0	7.0
Insurance & Payments to Other Agencies	66.2	69.3	68.6	68.6
Rainy Day Reserve	0.0	0.0	0.0	10.0
Work Orders	63.8	65.9	57.3	57.3
TOTAL	\$768.6	\$767.8	\$749.4	\$763.3
Variance from Amended Budget			(\$19.2)	5.3

FY 2011 and FY 2012 Projected Deficit

(\$M)

	FY 2011	FY 2012
Revenue Loss	(38.1)	(1.3)
Expenditure Savings	19.2	5.3
TOTAL	(19.0)	4.0

Possible Revenue Solutions – Ballot Measures

Proposal	Description	Annual Revenue Potential
Sales Tax	½% sales tax (an additional ¾% is currently permitted by state law). The local 1% sales tax is estimated to generate \$129 million in FY 2009-2010	\$65 million
Vehicle License Fee	Restore fee from current 1.15% to 2% of the vehicle purchase price, adjusted for depreciation (1998 levels)	\$33 million
Payroll Tax	Raise payroll tax from 1.5% to 1.75%. San Francisco currently has a 1.5% payroll tax, which is estimated to generate \$345 million in FY 2009-2010	\$55-60 million
Parcel Tax	\$200 annually for each residential and commercial property parcel. Approx 144,000 parcels in San Francisco.	\$29 million
Hotel Tax	Raise 14% occupancy tax by 1%. 14% hotel room tax is estimated to generate \$147 million in FY 2009-2010	\$11 million
Commercial Off-Street Parking Tax	Raise 25% tax to 35% (SFMTA would retain 80% share under Proposition A)	\$20 million

Deadlines:

- June 15, 2010 submission for November 2010 general election

Next Steps

- **SFMTA Board Meetings (all Tuesdays)**
 - ✓ March 2, 2010 (Intent to Declare Fiscal Emergency, Review FY 2011-2012 Budget)
 - ✓ March 30, 2010 (Declaration of Fiscal Emergency, Public Hearing on Fare, Fee, Fine changes)
 - April 6, 2010 (Budget Discussion)
 - April 20, 2010 (Budget Adoption)

Next Steps

- ✓ **Town Hall Meetings (1SVN, 2nd Floor)**
 - ✓ Wednesday, March 10, 2010, 6:00 to 8:00 pm
 - ✓ Saturday, March 20, 2010, 10:00 am to Noon

SFMTA Budget Updates:

www.sfmta.com/sfmtabudget or Call 311