

THIS PRINT COVERS CALENDAR ITEM NOS. : 12, 13, 14

**MUNICIPAL TRANSPORTATION AGENCY
PARKING AUTHORITY COMMISSION
City and County of San Francisco**

DIVISION: Finance and Administration

BRIEF DESCRIPTION: Approving the San Francisco Municipal Transportation Agency FY 2007-2008 Operating Budget, totaling \$680,157,429; and authorizing an increase in rates for City-owned and Parking Authority-owned garages effective no later than May 1, 2007.

SUMMARY:

- The FY 2007-2008 Budget of \$680,157,429 million represents a decrease of \$1,367,194 from the Fiscal Year 2006-2007 approved budget and a 2.3% decline over the Fiscal Year 2006-2007 Revised Budget.
- The budget includes decreases to various revenue line items compared to last year's budget and increases to parking garage rates, auto tow and storage fees, cable car and historical vehicle rental fees and special citations collections fees.
- The initiatives funded by reallocating vacancies in support of the MTA Board's strategic goals include street supervision (based on the 1 California pilot results), revenue booth staffing, TEP staff, citation decriminalization, administrative support for the Operations unit to manage operator absence and personnel related issues, parking program staff (painters, parking meter repairers and sign workers) and communications staff to enhance the SFMTA's efforts in this area.
- The Budget Resolution also provides for compensation for Parking Authority Commissioners
- This item authorizes the Executive Director/CEO to make technical and clerical adjustments to the departmental budget following their submittal to the Mayor and the Board of Supervisors, and provides that the MTA Board must approve changes exceeding five percent of the budget.

ENCLOSURES:

1. MTAB Resolution
2. Two Resolutions for Parking Garage Rate Increases
3. Attachment A – SFMTA FY 2008 Operating Budget Summary
4. Attachment B – Rate Changes to Department Of Parking And Traffic, San Francisco Parking Authority And Municipal Railway Rates, Charges, Fees, Fares And Fines for Fiscal Year 2008.

APPROVALS:

DATE

DIRECTOR OF DIVISION

PREPARING ITEM:

FINANCE/CFO:

EXECUTIVE DIRECTOR/CEO:

SECRETARY:

ADOPTED RESOLUTION TO

BE RETURNED TO:

Finance: Attn: Sonali Bose, 1 South Van Ness Avenue, #7103

ASSIGNED MTAB CALENDAR DATE: _____

EXPLANATION:

FY 2007-2008 BUDGET SUMMARY

On January 16, 2007, staff presented the first draft of the SFMTA budget with a projected deficit of \$15.1 million based on anticipated revenues of \$677.8 million and expenses of \$692.0 million.

On January 30, 2007, the draft FY 2007-2008 budget included a projected deficit of \$11.0 million. The reason for the reduced deficit is that expenses were reduced by \$12.3 million to \$680.6 million by (1) not including any new programs or staff as presented at the January 16, 2007 Board meeting and (2) reducing several non-personnel line items. However, projected revenues also declined by \$8.2 million to \$669.6 million.

At the February 6, 2007 Board meeting, staff presented for the Board's consideration the following steps to balance the budget:

- Assume that an extra \$3 million will be approved by the Controller related to the Proposition E provisions requiring an increase in the General Fund appropriation as a result of new services (e.g. Third Street).
- Assume \$2.7 million will be available from improved enforcement
- Increase parking garage rates as proposed by the Parking Authority, which is expected to generate \$3 million

The Budget assumes that there will not be a negative impact from the final State Budget to any of the operating revenues, particularly \$6 million in Proposition 42 revenues.

Below is a summary of how the variance between the baseline expense budget provided by the Controller's Office in December compares to the budget before the Board for approval.

FY 06-07 Budget	\$695,799,989
FY 07-08 Baseline	\$667,433,292
DIFFERENCE	(\$28,366,697)
Salaries and Benefits	\$5,686,071
Equipment and Maintenance	(\$24,777,965)
Work Orders	\$922,884
Reserve	(\$10,000,000)
Traffic Calming Project	(\$200,000)
Bond Redemption	\$2,313
	(\$28,366,697)

FY 07-08 Baseline	\$667,433,292
FY 07-08 Final Budget	\$680,157,429
	\$12,724,137
Work Orders	(\$1,762,585)
Reserve	\$10,000,000
Equipment and Maintenance	\$4,326,077
Salaries and Benefits	\$2,300,993
Non Personnel Services	(\$511,187)
Materials & Supplies	\$76,980
Allocated Charges	(\$1,706,141)
	\$12,724,137

The explanation of the \$12.7 million difference between the Fiscal Year 07-08 and the Final Budget is explained below:

- \$1.7 million reduction in work orders includes the following items:
 - \$120,000 reduction to DPW for one time work orders in FY 06-07
 - \$1 million reduction for general administration
 - \$176,000 for Reprographics (SMFTA transferred a position instead)
 - \$140,890 reduction to services supporting the Mayor’s Office
- \$10 million reserve
- \$4.3 million replenishment to Equipment and Maintenance which are zeroed out each year in the baseline budget
- \$2.3 million increase in salaries and benefits to cover the additional costs of the realigned positions (several of these positions were unfunded in the FY 06-07 budget)
- \$0.5 million net reduction to Non Personnel Services and Material & Supplies
- \$1.7 million decrease to Allocated Charges (expect to allocate \$1.7 million in additional overhead to projects)

COMPARISON TO PRIOR YEAR

Comparisons between the revenues and expenses in the Fiscal Year 2007-2008 Proposed Budget to the Fiscal Year 2006-2007 Budget are in the table below.

TYPE	FY 07-08 Proposed		FY 06-07 Revised		% Change
	AMOUNT	%	AMOUNT* ¹	%	
Operating Grants	\$128,332,653	18.9%	\$135,638,748	18.49%	-5.39%
Transit Fares	\$137,657,885	20.2%	\$159,400,978	21.73%	-13.64%
Parking and Traffic Fees & Fines	\$167,765,138	24.7%	\$183,410,798	25.00%	-8.53%
Transfers and Fund Balance	\$236,426,580	34.8%	\$247,430,519	33.73%	-4.45%
Rents and Advertising	\$9,975,173	1.5%	\$7,782,982	1.06%	28.17%
TOTAL	\$680,157,429	100.0%	\$733,664,025	100.00%	-7.29%

TYPE	FY 07-08 Proposed		FY 06-07 Revised		% Change
	AMOUNT	%	AMOUNT*	%	
Salaries and Benefits	457,010,760	67.19%	450,729,837	64.78%	1.37%
Materials and Supplies (including fuel)	39,334,635	5.78%	39,257,655	5.64%	0.20%
Non Personnel Costs	108,755,837	15.99%	108,221,891	15.55%	0.49%
Reserve	10,000,000	1.47%	10,000,000	1.44%	0.00%
Rent and Facilities	13,927,484	2.05%	15,170,304	2.18%	-8.92%
Equipment and Maintenance	9,025,584	1.33%	29,477,472	4.24%	-226.60%
Work Orders to City Departments	42,103,129	6.19%	42,942,830	6.17%	-1.99%
TOTAL	680,157,429	100.00%	695,799,989	100.00%	-2.30%

Revenues in Fiscal Year 2007-2008 Budget

Changes to the Revenue baseline for the Fiscal Year 2007-2008 Budget compared to the Fiscal Year 2006-2007 include:

- Market-based inflation and rate increases from garages of \$7.5 million;
- General Fund Increase in Appropriations of \$14.8 million: \$3.7 million from the Proposition E provision related to new services for Third Street, and the remaining \$11.1 million due to a 5% growth rate on the Fiscal Year 2006-2007 amount;
- Anticipated revenues from the new Transit Shelter Advertising Agreement of \$2.7 million;
- The leftover amount in the Fiscal Year 2006-2007 Gas Tax Spillover of \$7.9 million offset by a \$0.6 million reduction in other operating grants;

¹ The difference between the revenue and expenditure totals reflects carryforwards of encumbrances from Fiscal Year 05-06.

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- Projected revenues from the Auto Camera and Boot Pilot programs and Contract for Hard to Collect Accounts of \$0.5 million; and \$1.5 million from the towing fee rate increase;
- Reduction in transit fares of \$22 million based on the six-month actual figures this fiscal year; and
- Reduction in grants of \$13.9 million due to the \$20 million FTA maintenance grant recorded in Fiscal Year 2005-2006 budget, of which \$4.57 million is to be realized in Fiscal Year 2008 and the remainder in Fiscal Year 2009.

Activities Supported by the FY 2007-2008 Funding Request

As part of the City's budget process, the Executive Director/CEO of the SFMTA will be required to certify that the funding level is sufficient to support the activities of the Agency and makes substantial progress toward achieving the service standards outlined in Section 8A of the City's Charter. The budget resolution authorizes the Executive Director/CEO to make any necessary technical and clerical corrections to the approved SFMTA budget and to allocate additional revenues and/or City and County discretionary revenues in order to fund additional adjustments to the operating budget. The Executive Director/CEO must return to the SFMTA Board of Directors for approval of technical or clerical corrections that, in aggregate, exceed a five percent increase of the total FY 2008 budget.

All baseline activities that are critical to the delivery of services have been maintained. In addition, increases totaling approximately \$2.5 million in Platform Overtime and in Service Adjustments have been included in the FY 2008 budget to more accurately reflect the true cost of providing transit service. Other adjustments to expenditures include an additional \$1.5 million to address Transit Operator and PCO salary adjustments as required by the Charter and an additional \$5.7 million to address City-wide wage and fringe benefit adjustments.

The budget also includes compensation for the MTA Board members who sit as the Parking Authority Commission to attend meetings. The compensation for each commissioner will be \$100 per month and will be in addition to the \$100 per month each commissioner currently receives in their capacity as Directors of the SFMTA.

Strategic Initiatives

The Fiscal Year 2007-2008 Proposed Budget includes vacancies in several positions realigned to key positions supporting the Board's strategic drivers: street supervision (based on the 1 California pilot results), revenue booth staffing, TEP staff, citation decriminalization, administrative support for the Operations unit to manage operator absence and personnel related issues, parking program staff (painters, parking meter repairers and sign workers) and communications staff.

Parking Garages

Proposed increases to parking garage rates for both City and Parking Authority-owned garages can be found in Attachment B to this calendar item. Pursuant to Section 10 of the SFMTA Rules of Order and Charter Section 16.112, duly noticed public hearings concerning proposed increases in City-owned and Parking Authority-owned parking garage rates were conducted on February 6, 2007. We have also been informed that the Department of City Planning has determined that the

rate increases are statutorily exempt from environmental review under the California Environmental Quality Act.

Proposition E Certification That SFMTA Budget Is Adequate

City Charter Section 8A.106(b) requires the SFMTA to certify that the budgets of the Municipal Railway Department and the Department of Parking and Traffic are adequate in all respects to make substantial progress towards meeting the goals, objectives, and performance standards established pursuant to Section 8A.103 for the fiscal year covered by the budget. The FY 2008 budget resolution includes that certification for FY 2008.

Proposition J Certifications

Section 10.104.15 of the San Francisco Charter allows City departments to contract for services where such services can be practically performed under private contract at a lesser cost than similar work performed by City employees, as determined by the Controller. The Board of Supervisors requested that all Proposition J certifications be included as part of the SFMTA's budget. Prior to that time, the SFMTA Board of Directors approved each of the SFMTA's seven Prop J certifications. To response to the Board of Supervisors' request, this year's FY 2008 budget includes all seven Proposition J certifications.

The SFMTA's Proposition J certifications include:

- Services for a parking citation processing and collection system;
- Janitorial services for metered parking lots and shop facilities;
- Facility security services;
- Paratransit services;
- Parking meter collection and coin counting services;
- Security guard services at 1380 Howard Street; and
- Vehicle towing, storage and disposal services

The Controller has determined that for FY 2008, all seven of the SFMTA's contracts can be practically performed by private contractors at a lesser cost than to provide the same services with City employees.

**MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS;
PARKING AUTHORITY COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION No. _____**

WHEREAS, The FY 2008 budget request for the SFMTA is being prepared in accordance with the City Charter Section 8A.106; and

WHEREAS, Charter Section 8A.106(b) requires the SFMTA to certify that the budget is adequate in all respects to make substantial progress towards meeting the goals, objectives, and performance standards established pursuant to Section 8A.103 for the fiscal year covered by the budget; and

WHEREAS, The SFMTA's FY 2008 Budget includes the revenue and expenditure adjustments to reflect the Municipal Railway fare change for free service on New Year's Eve 2007; and

WHEREAS, The Municipal Railway's Class Pass program is available to all colleges and universities in San Francisco, is currently utilized by the University of San Francisco, and the department recommends continuation of that program; and

WHEREAS, The SFMTA's FY2007 Budget authorizes the Executive Director/CEO to implement short-term experimental fares and the department wishes to continue that ability in FY2008 because it would enable the SFMTA to respond effectively to community requests; and

WHEREAS, The SFMTA Board has approved an increase in City-owned parking garage rates, effective July 1, 2007, as a component of the SFMTA's FY 2008 budget request; and

WHEREAS, The Parking Authority Commission has approved an increase in Parking Authority-owned parking garage rates, effective July 1, 2007, as a component of the SFMTA's FY 2008 budget request; and

WHEREAS, The SFMTA is proposing to increase auto tow and storage fees, cable car rental fees, historic vehicle rental fees, and special citations collections fees, as itemized in Attachment B to this Resolution; and

WHEREAS, Pursuant to Section 10 of the SFMTA Rules of Order and Charter Section 16.112, duly noticed public hearings concerning rates and fees were conducted on January 16, 2007 and February 6, 2007; and

WHEREAS, The increase in City-owned and Parking Authority-owned parking garage rates is necessary to meet SFMTA operating expenses; and

WHEREAS, The increase in auto tow and storage fees, cable car rental fee, historic vehicle rental fees and special citations collections fee is necessary to cover SFMTA's operating costs; and

WHEREAS, The Department of City Planning has determined that increases in auto tow and storage fees, cable car and historical vehicle rental fees, and special citations collections fees

are in compliance with the California Environmental Quality Act (CEQA) (California Public Resources Code sections 21000, et seq.); and

WHEREAS, Said CEQA determination is on file with the Secretary to the SFMTA and is incorporated herein by this reference; and

WHEREAS, The MTA Board members do not receive compensation to the extent they sit as the Parking Authority Commission, and the Parking Authority has determined that it is in the best interests of the Parking Authority for commissioners to be compensated for their attendance at meetings; and

WHEREAS, The MTA Board wishes to authorize the Executive Director/CEO to execute an agreement with the Bay Area Rapid Transit (BART) District to allow for the use of the Muni Fast Pass on BART in San Francisco, and to pay for such use; and

WHEREAS, The MTA Board wishes to authorize the Executive Director/CEO to execute an agreement with the Bay Area Rapid Transit (BART) District for the Municipal Railway to accept payment from BART for the connecting bus service the Municipal Railway provides to BART stations in San Francisco; and

WHEREAS, The MTA Board wishes to authorize the Executive Director/CEO to execute an agreement with the Bay Area Rapid Transit (BART) District and other participating Bay Area transit agencies for the Municipal Railway to accept payment from BART for the use of BART Plus tickets on Municipal Railway vehicles; and

WHEREAS, Section 10.104.15 of the San Francisco Charter allows City departments to contract for services where such services can be practically performed under private contract at a lesser cost than similar work performed by employees of the City and County, as determined by the Controller and approved annually by the Board of Supervisors; and,

WHEREAS, The SFMTA has ongoing contracts for parking citation processing and collection; janitorial services for metered parking lots and shop facilities; facility security services; paratransit services; parking meter collection and coin counting services; security guard services at 1380 Howard Street; and vehicle towing, storage and disposal services ("miscellaneous services"); and,

WHEREAS, The Controller has determined that for FY 2008, the miscellaneous services can be practically performed by private contractors at a lesser cost than if they were performed by employees of the City; now, therefore, be it

RESOLVED, That in accordance with the requirements of Charter Section 8A.106(b), the SFMTA certifies that the FY 2008 SFMTA Budget is adequate in all respects to make substantial progress towards meeting the goals, objectives, and performance standards established pursuant to Section 8A.103 for FY 2008; and be it further

RESOLVED, That the SFMTA Board approves increases in auto tow and storage fees, cable car and historical vehicle rental fees and special citations collections fees, effective July 1, 2006, as shown in Attachment B to this Resolution; and be it further

RESOLVED, That the SFMTA Board approves the request to waive fares on New Year's Eve 2007, between 8 PM on December 31, 2007 and 6 a.m. January 1, 2008; and be it further

RESOLVED, That the Municipal Railway is hereby authorized to continue the Class Pass program with all colleges and universities in San Francisco; and be it further

RESOLVED, That the MTA Executive Director/CEO is hereby authorized to implement short-term experimental fares; and be it further

RESOLVED, That the Executive Director/CEO is authorized to execute an agreement with the Bay Area Rapid Transit (BART) District to allow for use of the Muni Fast Pass on BART in San Francisco; and be it further

RESOLVED, That the Executive Director/CEO is authorized to execute an agreement with the Bay Area Rapid Transit (BART) District for the Municipal Railway to accept payment from BART for the Municipal Railway providing connecting bus service to BART stations in San Francisco; and be it further

RESOLVED, That the Executive Director/CEO is authorized to execute an agreement with the Bay Area Rapid Transit (BART) District, the Central Contra Costa Transit Authority, the Dumbarton Bridge Service Consortium, the Eastern Contra Costa Transit Authority, the Livermore Amador Valley Transit Authority, the San Mateo County Transit District, the Santa Clara Valley Transportation Authority, the City of Union City, the Western Contra Costa Transit Authority, and the City of Benicia to continue the BART Plus Ticket Program from July 1, 2007 through June 30, 2008; and be it further

RESOLVED, That the Parking Authority Commission approves compensation for the Parking Authority Commissioners of \$100 per month, which will be in addition to the \$100 per month each commissioner currently receives in his or her capacity as director of the SFMTA; and be it further

RESOLVED, That the SFMTA Board of Directors concurs with the Controller's certification that parking citation processing and collection; janitorial services for metered parking lots and shop facilities; facility security services; paratransit services; parking meter collection and coin counting services; security guard services at 1380 Howard Street; and vehicle towing, storage and disposal services can be practically performed by private contractors at a lesser cost than to provide the same services with City employees; and be it further

RESOLVED, That the SFMTA Board will continue to work diligently with the Board of Supervisors and the Mayor's Office to develop new sources of funding for SFMTA operations pursuant to Charter section 8A.109; and be it further

RESOLVED, That the SFMTA Board of Directors approves the SFMTA's FY 2008 Budget in the amount of \$682,157,429, as itemized in Attachment A to the calendar item; and be it further

RESOLVED, That the Executive Director/CEO is hereby authorized to make any necessary technical and clerical corrections to the approved budget of the SFMTA and to allocate additional revenues and/or City and County discretionary revenues in order to fund additional

adjustments to the operating budget, provided that the Executive Director/CEO shall return to the SFMTA Board of Directors for approval of technical or clerical corrections that, in aggregate, exceed a five percent increase of the total SFMTA FY 2008 Budget.

I certify that the foregoing resolution was adopted by the Municipal Transportation Agency Board of Directors and the Parking Authority Commission at their meeting of _____.

Secretary, Municipal Transportation Agency Board
and Parking Authority Commission

EXHIBIT A – New Rates

Description of Proposal	Current Rate	Proposed Rate	Change in Rate
Increase Cable Car Rental Fee:			
Increase fee for the first hour - non-profit business	\$169.00	\$259.00	\$90.00
Increase fee for subsequent hours - non-profit business	\$169.00	\$195.00	\$26.00
Increase fee for the first hour - private business	\$169.00	\$517.00	\$348.00
Increase fee for subsequent hours - private business	\$169.00	\$394.00	\$225.00
Increase Historical Streetcar Rental Fee:			
Increase fee for the first hour - non-profit business	\$164.00	\$185.00	\$21.00
Increase fee for subsequent hours - non-profit business	\$164.00	\$126.00	(\$38.00)
Increase fee for the first hour - private business	\$164.00	\$369.00	\$205.00
Increase fee or subsequent hours - private business	\$164.00	\$254.00	\$90.00
Auto Tow Fees	\$188.25	\$238.75	\$50.50
Daily Storage Rate	\$36.75	\$50.00	\$13.25
Special Collections Fee	\$0.00	\$25.00	\$25.00