



**SFMTA**

# Enterprise Revenue and Fare Policy Options

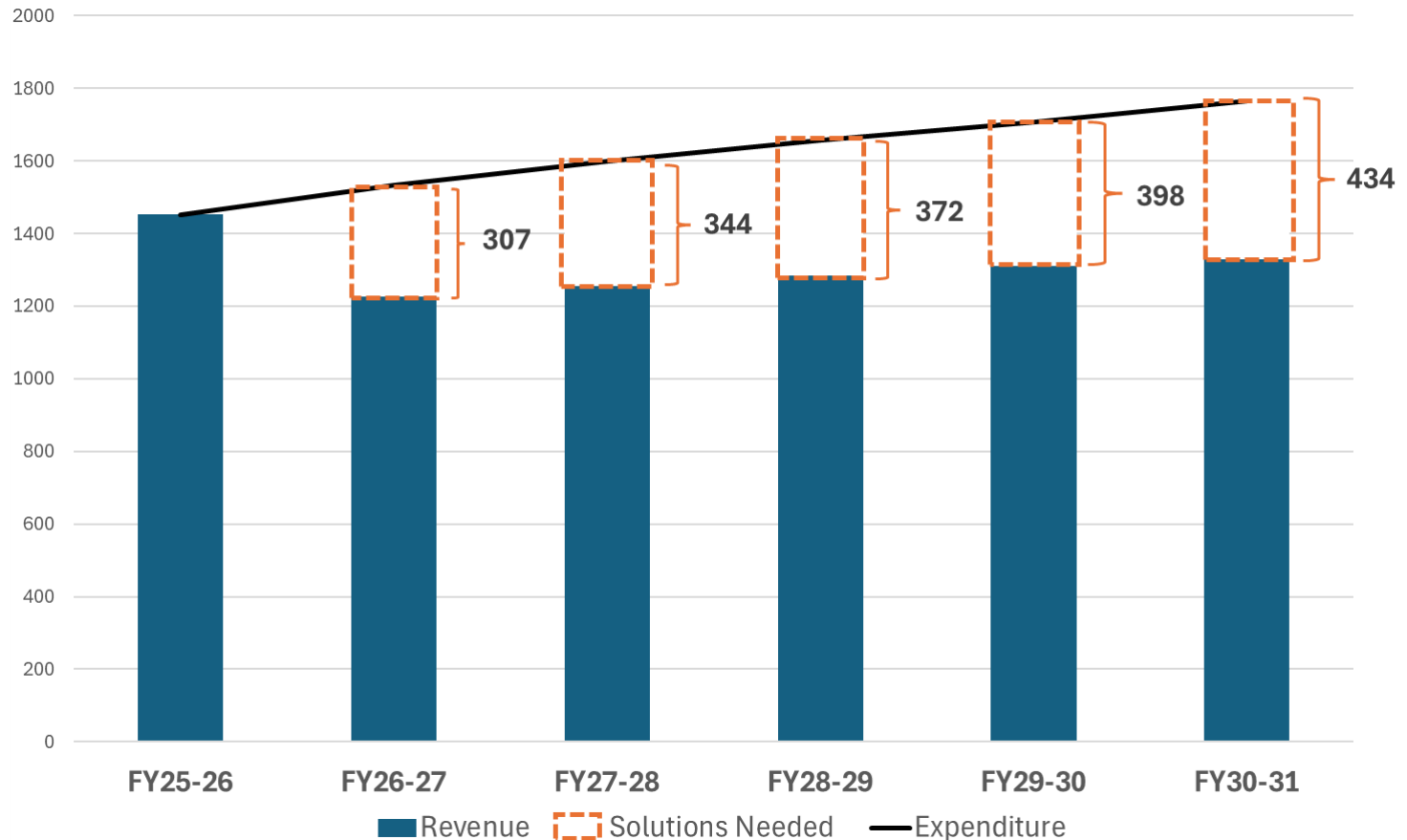
SFMTA Board of Directors  
December 16, 2025

# Budget Milestones

Date	Budget Topic
11/18/2025	Local Revenue Measure
12/16/2025	Enterprise Revenue and Fare Policy
1/6/2026	Efficiencies Update
1/20/2026	Muni Equity Strategy Overview <small>(moved f/Jan 6)</small>
1/20/2026	Capital Budget Update
1/20/2026	Policy Review and Community Feedback
2/3/2026	Board Workshop
3/3 or 3/17/2026	Muni Equity Strategy Approval
4/7/2026	Budget Hearing (Operating & Capital)
4/21/2026	Budget Approval (Operating & Capital)

# Deficit Projection, as of June 2025

Starting in FY26-27, SFMTA faces a \$300M+ deficit that grows over time due to inflation and cost-of-living wage increases.



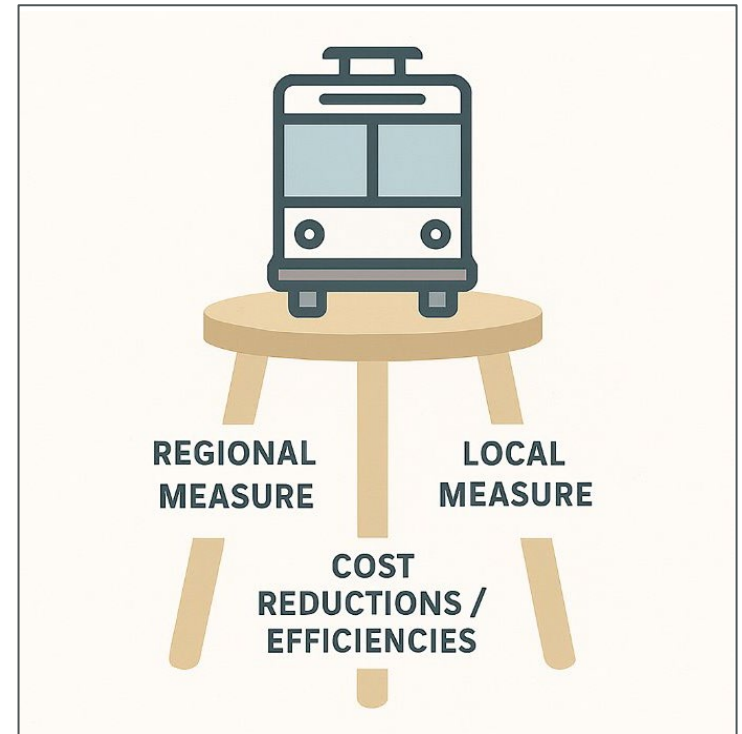
# Solving the Deficit

**Cost Reductions/Efficiencies:** Reducing expenditures across all divisions and implementing efficiency improvements on an ongoing basis.

**Regional Revenue Measure:** The Connect Bay Area Act allows San Francisco to pursue a full one-cent sales tax increase to maintain Muni. If passed by voters, we expect Muni to receive ~\$160M per year to address the structural deficit.

**Local Revenue Measure:** Seeing that the regional measure will not fully provide the revenue needed to maintain Muni service, a local parcel tax is being discussed to close the gap.

**One-time Sources:** There is a need to identify one-time funding sources to bridge to the revenue measures.



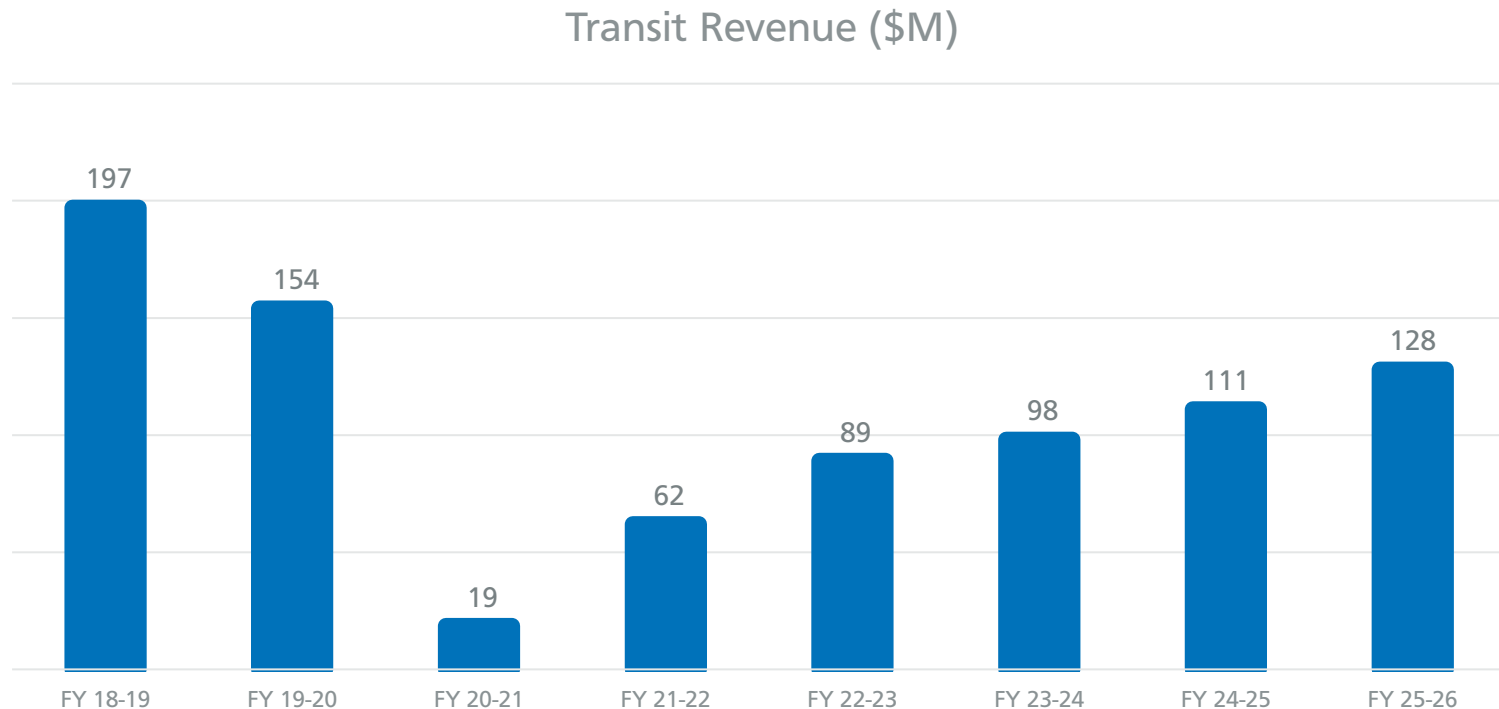


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# Transit Fare Revenue Proposals

# Transit Revenue

Ridership growth and higher fare compliance rates contribute to increased transit revenue since the pandemic low point.



Source: FY24-25 - MTAB 24-25 year in review. FY25-26 - MTAB Q1 Budget Update.

Note: Unadjusted for CPI. Revenue includes single-ride, monthly, visitor/cable car, paratransit, and transit citations



# Transit Fare Discount Programs

SFMTA provides financial relief for people with low-incomes or experiencing homelessness.

Fare Media Type	Eligibility	Start Date	Participants	FY24-25 (\$M)
<b>Lifeline Monthly Pass (50% Discount)</b>	Adults at or below 200% of federal poverty	2005	7,964	4.1
<b>Free Muni for Youth</b>	Youth 18 and under	2013	N/A	4.6
<b>Free Muni for Seniors and People with Disabilities</b>	Seniors/people with disabilities at/or below 100% Bay Area Median Income	2015	45,379	14.4
<b>Access Pass</b>	Free Muni for those experiencing homelessness	2023	4,537	3.6
<b>Clipper START*</b>	50% single ride fare discount for people at or below 200% federal poverty	2022	8,719	0.7
<b>Total</b>				<b>27.4</b>

\*MTC uses grants to offset impact of 50% of the cost

# Next Generation Clipper

Next Generation Clipper, launched December 10, will build on success.



Next Generation Clipper supports:

- **Credit Card Payments** – Makes payment easier with tap to pay
- **Free Transfers Between Systems** – Incentivizes tapping and reduces cost of transit
- **Lifeline Pass** – Supports all fare programs; allows Muni Mobile decommissioning, which doesn't require tapping

Collectively, these changes will help create a culture of tapping and improved visibility for fare payment.

Budget recommendations leverage Clipper to decommission Muni Mobile, simplify cable car tickets, eliminate Clipper discount, and implement fare capping.



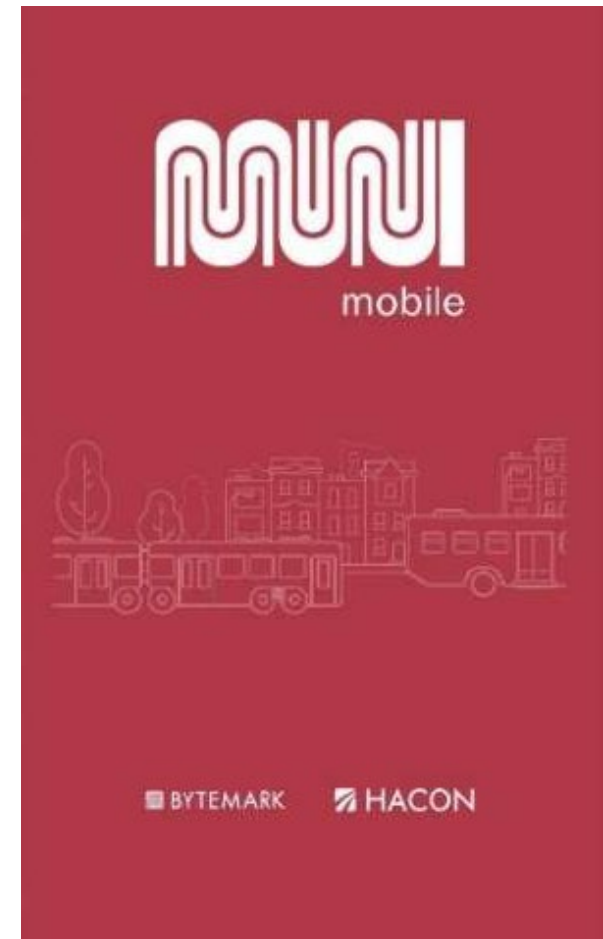
# Transit Fares

## **SFMTA recommends maintaining the following:**

- Free Muni for youth
- Free Muni for seniors and people with disabilities at or below 100% of bay area media income
- Free Muni for people experiencing homelessness
- Lifeline 50% discount for adults with incomes below 200% of federal poverty limit
- Clipper Start 50% single ride fare discount for people below 200% of federal poverty limit

# Recommendation: Decommission Muni Mobile

- Next Generation Clipper supports fare media, like the Lifeline Pass, that were previously only available as a “flash pass” or on MuniMobile
- MuniMobile is no longer needed
- **Decommissioning MuniMobile will achieve \$1.6M of annual savings and support a culture of tapping**



# Recommendation: Simplify Cable Car Tickets

There are four ways to buy a cable car ticket. Replacing existing options with Cable Car Plus ticket, good for unlimited cable car and other Muni rides, makes riding Cable Car easier and reduces administrative burden.

## Ways to Buy Cable Car Ticket

~~Cable Car Single Ride (one-way only, no transfer) - \$9.00~~

~~1 Day Visitor Pass (Muni+Cable Car) - \$15.00~~

~~3 Day Visitor Pass (Muni+Cable Car) - \$35.00~~

~~7 Day Visitor Pass (Muni+Cable Car) - \$47.00~~

**NEW: Cable Car Plus**



# Recommendation: Simplify Cable Car Tickets

Cable Car Plus ticket at \$15.00 is priced equivalent to one cable car ticket (*currently \$9*) plus two Muni rides, supporting transit ridership.

Fare Option (\$)	Additional FY26-27 Revenue (\$M)*	Additional FY27-28 Revenue (\$M)
14.00	1.2	1.4
<b>15.00</b>	<b>2.3</b>	<b>2.8</b>
16.00	3.6	4.3

\*Year 1 includes nine months of revenue – effective date September 1

# Recommendation: Simplify Cable Car Tickets

Proposed pricing is less than other transit tourist assets.

Attraction	Location	Ticket (\$USD)
Proposed Cable Car Plus	San Francisco, US	15.00
St. Louis Arch	St. Louis, US	15.00-19.00*
London Eye	London, England	35.10
Eiffel Tower Elevator	Paris, France	38.30
Space Needle	Seattle, US	37.50-49.00*

\*Demand based pricing

# Recommendation: Discontinue Clipper Discount

Clipper discount incentivized use of Clipper cards. Tap to pay makes discount unnecessary.

	FY26-27		FY27-28	
Options	Single Ride Clipper/Cash	Monthly Pass	Single Ride Clipper/Cash	Monthly Pass
Current Fares	2.85/3.00	86.00	2.85/3.00	86.00
Index (both years)	2.95/3.00	89.00	3.05/3.10	92.00
<b>Eliminate Clipper Discount + Index Yr 2 (Recommended)</b>	<b>3.00/3.00</b>	<b>90.00</b>	<b>3.10/3.10</b>	<b>94.00</b>
Eliminate Clipper Discount + Index Year 1 and 2	3.10/3.10	93.00	3.20/3.20	97.00



# Recommendation: Eliminate Clipper Discount

Options	FY26-27 + Revenue (\$M)*	FY27-28 + Revenue (\$M)
Index	2.9	6.3
<b>Eliminate Clipper Discount + Index Year 2 only (Recommended)</b>	<b>4.5</b>	<b>8.0</b>
Eliminate Clipper Discount + Index Year 1 and 2	7.8	11.3

\*Year 1 includes nine months of revenue – effective date September 1

# Recommendation: Implement Fare Capping

- Fare capping provides unlimited daily rides after paying for the first two rides.
- Fare capping makes riding transit more convenient, increases compliance, and benefits any low-income households who pay as they go.
- \$1.6M projected revenue loss would be offset by eliminating Clipper discount.



PAY AS YOU GO



Improves convenience  
and compliance, reducing  
potential revenue loss

# Summary of Transit Fare Revenue Proposals

Recommendations would reduce SFMTA deficit and complement Agency efficiencies.

Action	FY 26-27 (\$M)	FY 27-28 (\$M)
Decommission MuniMobile	1.5	1.5
Simplify Cable Car Ticket*	2.3	2.8
Eliminate Clipper Discount/Index Year 2*	4.5	8.0
Implement Fare Capping*	-1.3	-1.6
	<b>7.7</b>	<b>10.7</b>

\*Year 1 includes nine months of revenue – effective date September 1

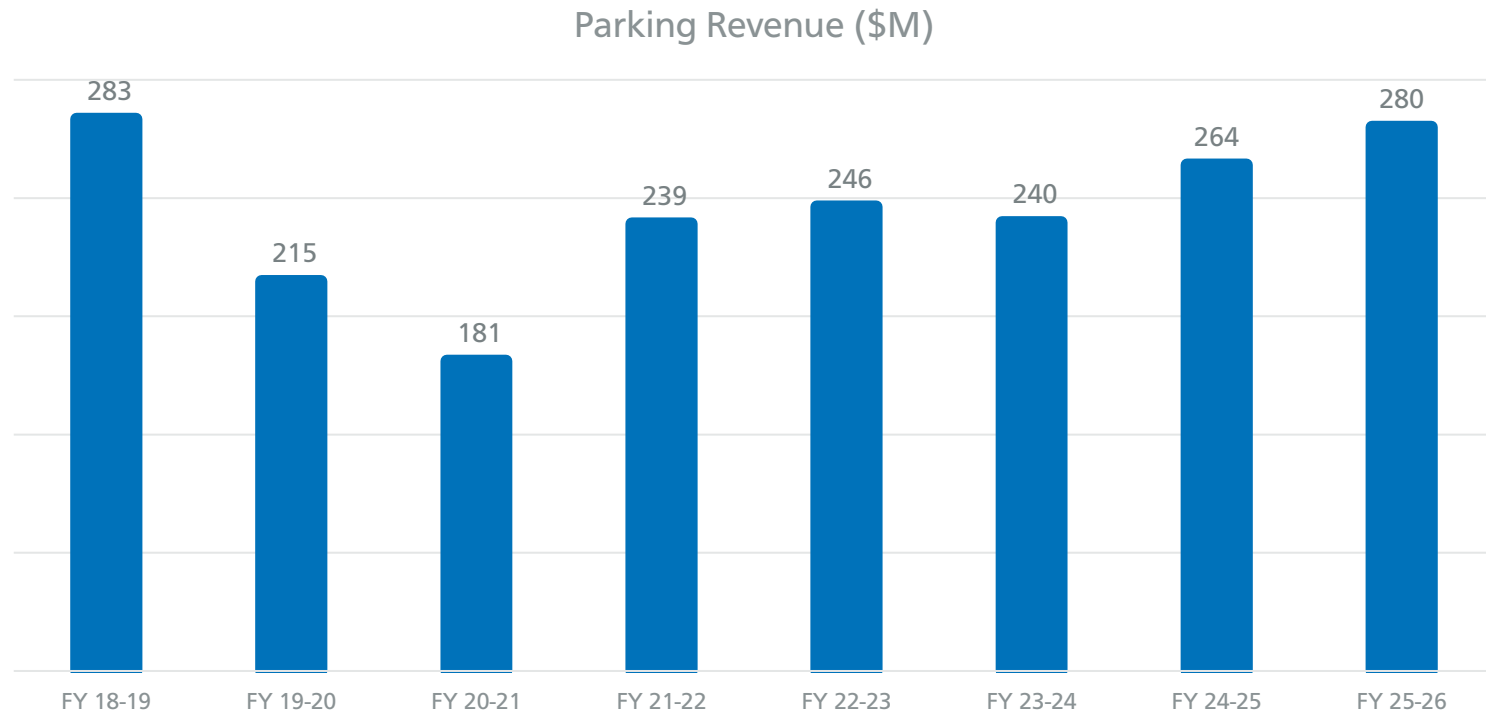


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# Parking Revenue Proposals

# Parking Revenue

Parking revenue has continued to grow since the pandemic low, driven by increased use, and additional increases in parking fines and permits.



Source: FY24-25 - MTAB 24-25 year in review. FY25-26 - MTAB Q1 Budget Update.

Note: Unadjusted for CPI. Revenue includes garage, garage retail, meters, citations and permits and excludes commuter shuttle and micro mobility permits.

# Parking Revenue

- Economic recovery and parking optimization have increased parking revenue since the pandemic low point.
- Efficiency investments, like self-park technology, garage security upgrades, PCO hiring help to maximize revenue.
- Budget recommendations are modest proposals that keep most fines and fees flat, with exception of small, targeted increases.





# Parking Fine and Fee Relief

SFMTA policies offset impact of fines/fees on the most vulnerable.

Policy	Description	FY24-25 Cases	FY24-25 Costs (\$M)
<b>Late Payment Penalty Reduction</b>	Late penalty waiver with successful completion of payment plan (people with low-incomes)	1,045	1.7
<b>Community Service*</b>	Allows customers to perform community service in San Francisco in lieu of payment	4,616	1.3
<b>Citation Waiver</b>	Waives all citations for one vehicle, one-time for people experiencing homelessness	1,080	2.8
<b>Tow Discount – First Tow</b>	\$57 Tow fee discount for first time a vehicle is towed	16,385	0.9
<b>Tow Discount - People with low-incomes</b>	Reduced fee for people with low-income (no limit) and up to 14 days of storage (\$107 to \$1,031 discount)	9,172	7.0
<b>Tow Waiver - People experiencing homelessness</b>	One-time waiver of fees for people experiencing homelessness and up to 30 days' storage (\$675 to \$2,655 discount)	348	0.6
<b>Total</b>		<b>32,646</b>	<b>14.3</b>

# Parking Revenue

## Recommendations maintain the following:

- Existing tow subsidies
- No expansion of parking meter hours in evenings or Sundays
- No increases to citation fines

# Recommendations: Parking Revenue

- Increase penalties for late-payment on parking citations
- Increase meter rates citywide by \$0.25/hour in FY27-28
- Increase meter recovery fee for construction and temporary no-parking permits
- Pass through credit-card fee for online payments, no charge for in person or bank payment
- Index all fees for service programs
- No increases to parking violation fines, select reductions

# Recommendations: Parking Revenue

Recommendation	Description	FY 26-27 (\$M)	FY 27-28 (\$M)
<b>Increase citation late penalties by 10%</b>	Unpaid citations subject to two late penalties and special collections fee. Default policy is to increase \$1 or 2%. Recommendation would increase fees 10%.	1.5	1.5
<b>Increase meter rates \$0.25 in FY27-28</b>	In Spring 2025, SFMTA implemented a \$0.25/hour rate increase city-wide with no impact to utilization. Recommendation would implement same increase in FY27-28.	0.0	4.4
<b>Increase meter recovery fees for construction and temporary no-parking permits</b>	Fees are charged to offset loss of meter revenue. Recommendation would raise fees over two years consistent with meter rates.	0.6	1.2
<b>Pass-through credit card fees for online citation and parking permit fees</b>	Implement a 2.15% per transaction fee. Customers will be provided with option to pay via e-check at no charge.	1.7	1.7
<b>Reduce select parking violation fines</b>	Reduce fines for violations that do not impact traffic safety, such as curbing wheels	-0.5	-0.5
<b>Total</b>		<b>3.3</b>	<b>8.3</b>

# Recommendation: Reduce Selected Parking Violations

Violation	Description	Current Fine (\$)	Proposed Fine (\$)
Curbing Wheels	Failure to turn wheels when parked on a grade more than 3%	73.00	48.00
Parked Outside the Lines	Failing to park within a marked space at a meter	76.00	48.00
Repairing Vehicle on Street	Using the street as a place to conduct repairs on your car	108.00	48.00
Displaying Permit on Different Vehicle	Incorrectly placing a permit on a non-permitted vehicle	108.00	48.00

# Summary

Recommendations would balance new expenses across different user groups and complement agency efficiencies generate revenue.

Recommendation	FY 26-27 (\$M)	FY 27-28 (\$M)
Agency Efficiencies: <ul style="list-style-type: none"> <li>Decommission MuniMobile</li> </ul>	1.5	1.5
Tourism Revenue: <ul style="list-style-type: none"> <li>Simplify Cable Car Ticket</li> </ul>	2.3	2.8
Daily Rider Revenue: <ul style="list-style-type: none"> <li>Eliminate Clipper Discount/Index Year 2</li> <li>Implement Fare Capping</li> </ul>	3.2	6.4
Parking Revenue: <ul style="list-style-type: none"> <li>Increase citation late penalties by 10%</li> <li>Increase meter rates \$0.25 in FY27-28</li> <li>Increased meter recovery construction/temp no-parking permits</li> <li>Pass-through on-line credit card fees</li> <li>Select fine reductions</li> </ul>	3.3	8.3
<b>TOTAL</b>	<b>10.3</b>	<b>19.0</b>



An aerial photograph of a city street, likely in New York City, showing a grid of buildings and a central thoroughfare. The image is overlaid with a semi-transparent blue filter. The text "Thank you Questions?" is centered in white. In the bottom right corner, the number "27" is visible in a small, light blue font.

Thank you  
Questions?



An aerial photograph of a city street grid, likely New York City, with a blue color overlay. The image shows a dense arrangement of buildings, streets, and trees. The word "Appendix" is centered in white text.

# Appendix

# Citation Late Penalties and Special Collections Fees

Options	Current Fee	Proposed
1 <sup>st</sup> Late Penalty	41.00	43.00
2 <sup>nd</sup> Late Penalty	57.00	59.00
Special Collections Fee	43.00	45.00

# Limitations on Credit Card Pass-Through Fees

- Passing credit-card processing costs to customers is tightly regulated by the card networks and depends on the service type, pass-through structure, merchant-of-record designation, and available alternatives.
- **Parking apps (PayByPhone/MuniMobile):** A vendor-assessed “service fee” that includes credit card merchant fees is permissible only when the mobile vendor is the merchant of record.
- **Parking meters/paystations/garages:** SFMTA may not add a separate “service fee” to card payments at meters, paystations, or garages.
- **Parking citations (online):** SFMTA may assess a “service fee” via a payment processor (e.g., TTX EUNA) if (i) a no-fee alternative is offered (e.g., e-check), (ii) the fee is clearly disclosed up front, and (iii) no service fee is charged for in-person payments at SFMTA’s Customer Service Center.
- Each payment channel has distinct rules, disclosures, and obligations. For consistency and equity, it is often cleaner to embed merchant-fee costs into the posted **price of the service** (e.g., meter/garage hourly rates) or into applicable **fees and fines** (e.g., RPP permits or citations).

# Credit Card Recovery Options

## Parking and Transit Violations

- Transition citation payments to TTX
- Customers will have the option to pay using an electronic check (no charge for the customer) and SFMTA will be assessed a \$0.40 fee per transaction
- Credit card payments will be passed on the customer with a 2.15% convenience fee
- The estimated costs savings is estimated at \$1.5M - \$2M per year based on citation volume

## Parking Meters – Mobile App

- Mobile-payment processing costs consist of a **\$0.35** vendor transaction fee (currently recovered through the customer-paid convenience fee) and a **\$0.30** merchant processing fee (currently funded by the operating budget)
- Staff does not recommend increasing the customer fee to recover the merchant fee. Raising the charge to approximately **\$0.65** per transaction would likely depress mobile-payment adoption

## MuniMobile – Transit Fares

- The new Clipper system will include a regional Mobile App that will mirror the functionality of MuniMobile at which time the app will be eliminated
- Implementation of the Clipper app will follow the transition of the full system



# Cable Car Fares

**Cable cars are service is heavily subsidized; 48% of operational costs covered by fares**



- Cost per Cable Car passenger trip is \$20.64 (2024 National Transit Database Reporting)



# Cable Car Fares

Fare structure is administratively burdensome, without providing significant customer benefit

Product	Current Fare
1 Day Visitor Pass	15.00
3 Day Visitor Pass	35.00
7 Day Visitor Pass	47.00
Single Ride Cable Car (No Transfers)	9.00

# Cable Car Fares Usage Data

Usage data shows a strong preference for 1 Day Pass and Single Ride Cable Car.

Product	Current Fare	FY24-25 Revenue (\$M)	FY24-25 Sales (#)
1 Day Pass	15.00	7.8	579,768
3 Day Pass	35.00	1.4	43,638
7 Day Pass	47.00	0.8	19,323
Single Ride Cable Car	9.00	7.2	900,190
TOTAL		17.2	1,542,920