



SFMTA



San Francisco Municipal Transportation Agency

Local Measure Roundtable #2

November 6, 2025

Muni is core to San Francisco's economy



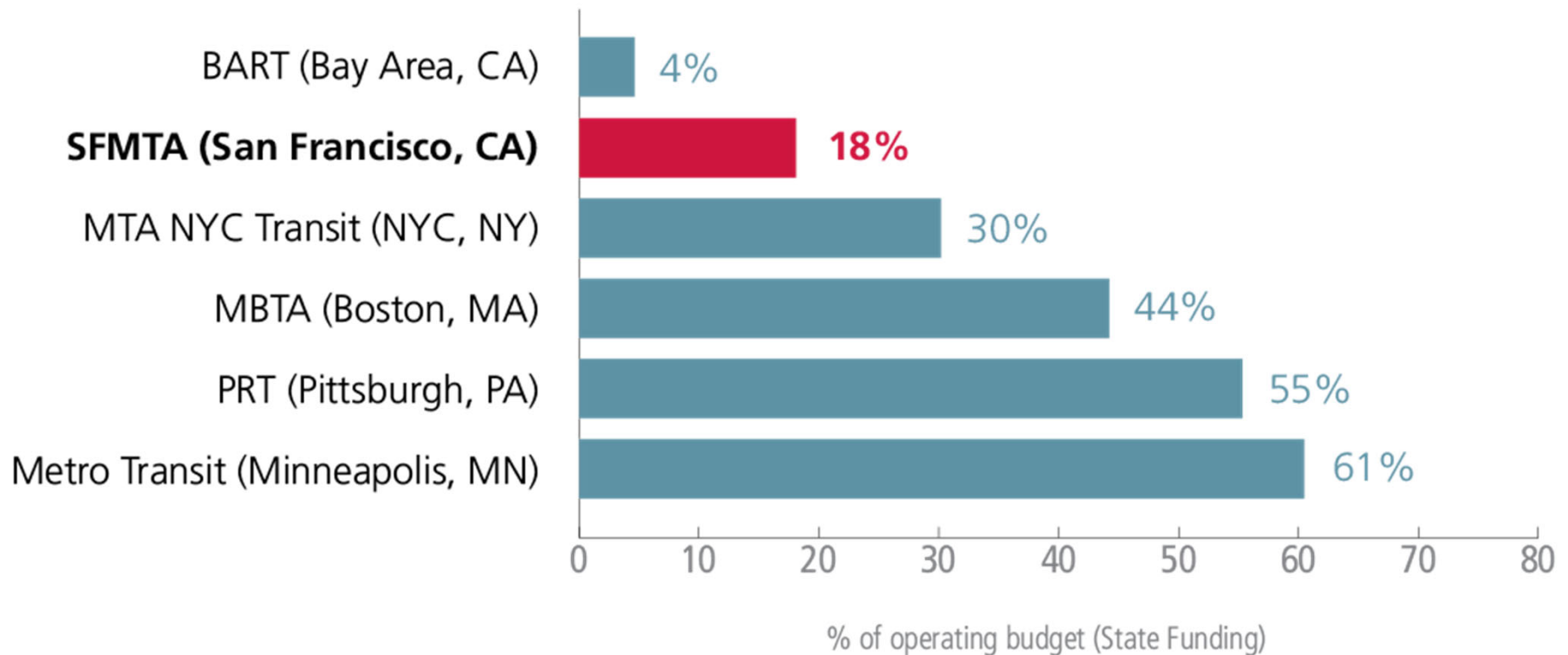
In 2019, San Francisco's daytime population was more than 1.1 million people.

About 270,000 people commuted into the city for work.

Our economic recovery relies on moving large numbers of people around the city on public transit.

But it only works with local support

State funding as a percentage of operating expenditures, selected US transit agencies (2023 NTD Reporting Year)



Source: 2022 - 2023 NTD Annual Data - Funding Sources. Includes operating budget for transit services.

Muni has been adapting



Demonstrated Fiscal Discipline

\$120M/year personnel savings through a hiring freeze, consolidating functions, and reducing management.



Surgical Service Reductions

\$7M saved through summer 2025 service adjustments that reduced expenditures and protected existing routes.



Investments that Pay for Themselves

\$10M annual savings starting FY25 thanks to transit priority and reliability upgrades.

We can't cut our way to success



People ride transit when it works well and goes where people need to go, conveniently

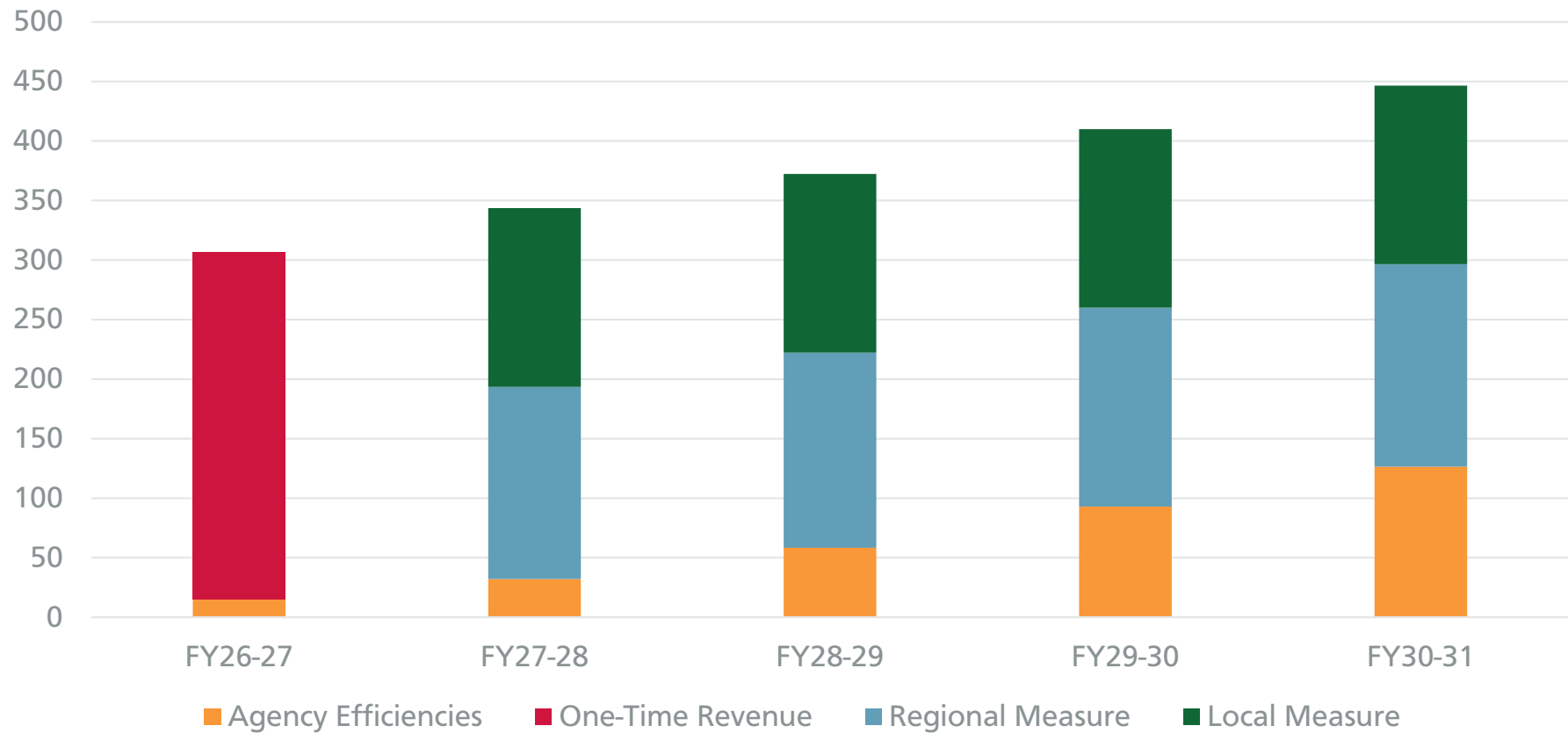


Degrading service means fewer people choose transit, increasing congestion for people who drive and use transit, and further reducing revenues and resulting in the need for additional cuts



STRATEGY TO CLOSE THE GAP

We face a >\$300M deficit starting in FY26-27



A sustainable approach is needed that balances revenue and expenditures

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 will be needed to close the gap.

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



Recent Update: *Connect Bay Area Act* was signed



The Connect Bay Area Act (formerly SB 63) was signed by Gov. Newsom. Voters will have the opportunity to approve a regional sales tax increase to fund BART, Muni, Caltrain, AC Transit and other systems.

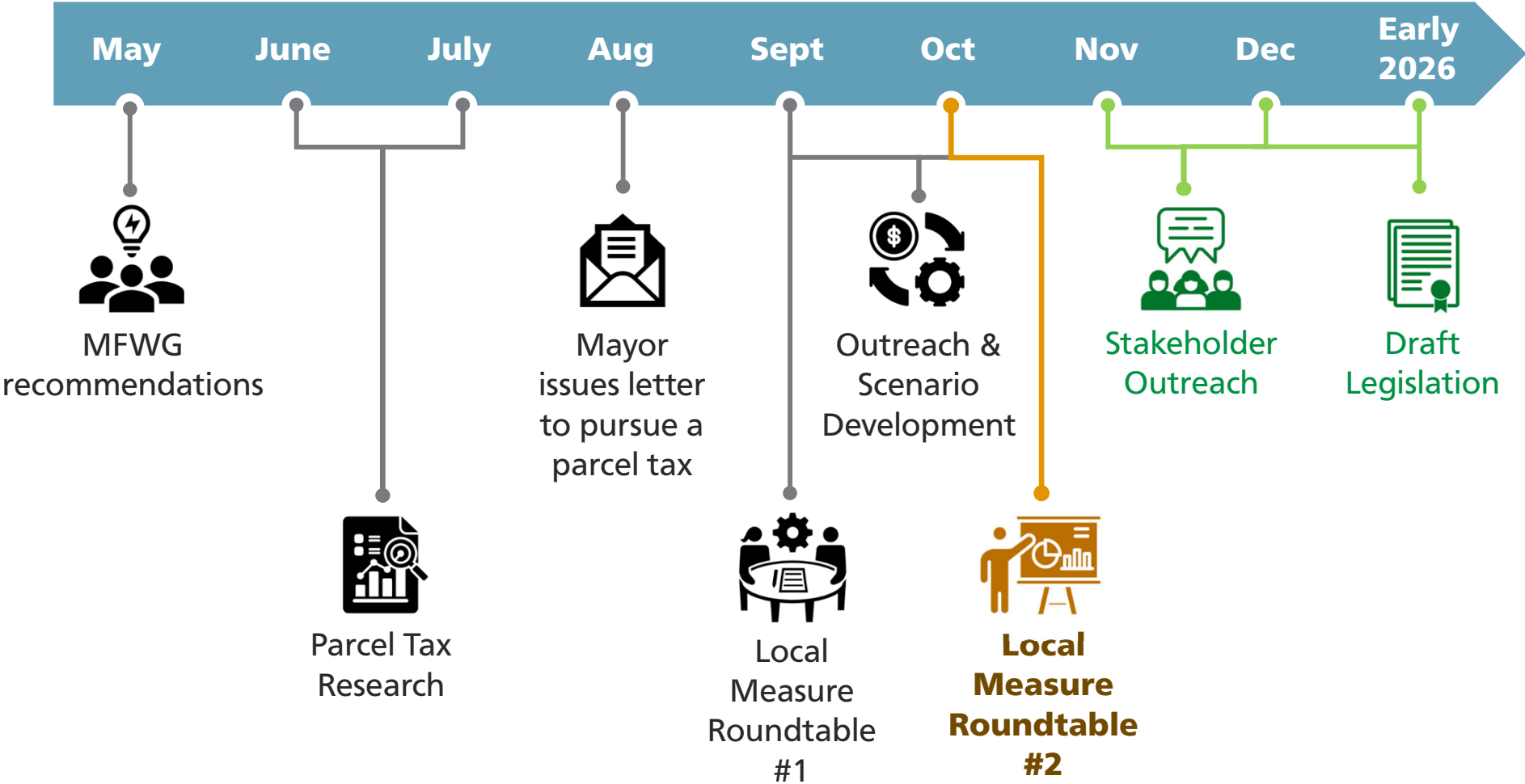
*If successful, this measure will raise around **\$1B** annually for agencies in the region. Of this, Muni would receive about **\$160M**.*

Recent Update: *Advancing cost reduction and efficiency in the budget*



- Agency budget instructions require 5% cuts plus additional 2% contingency in case of economic uncertainty
- Connect Bay Area Act (SB63) Accountability Measure Study

Where we are in the process



The local measure should meet key principles



Fair



Reasonable



Sufficient

Local Measure Roundtable #1: *Key Takeaways*

Ensure equity and mitigate negative impact on vulnerable groups.

Any funding mechanism must avoid disproportionate impacts on renters, small businesses, and lower-income households.

Establish a fair tax structure.

Explore variable rates and tiered structures that reflect the diversity of property types and economic capacity.



Local Measure Roundtable #1: *Key Takeaways*

Streamline the structure.

Build trust with the public and reduce confusion through a simple design of the tax structure and transparency in communications.

Consider a broader vision for the measure.

Assess needs beyond solely addressing the funding gap and establish a funding measure that will support growth and avoid repeated funding requests in the future.



Principles



Fair

Developed a progressive structure



Reasonable

Evaluated rates against current costs



Sufficient

Designed to raise at least \$150M



Simple

Structured for legibility

Local Measure Structure

Option 1

	Flat Rate (<3,000 sqft)	Direct Rate (>3,000 sqft)	CAP
Residential	\$150	\$0.25 /sqft (after \$150 for first 3,000 sqft)	\$250,000
Non-Residential	\$600	\$0.675 /sqft (after \$600 for first 3,000 sqft)	\$400,000

Local Measure Structure

Option 2

	Flat Rate (<3,000 sqft)	Direct Rate (>3,000 sqft)	CAP
Residential	\$99	\$0.29 /sqft (after \$99 for first 3,000 sqft)	\$250,000
Non-Residential	\$600	\$0.73 /sqft (after \$600 for first 3,000 sqft)	\$400,000

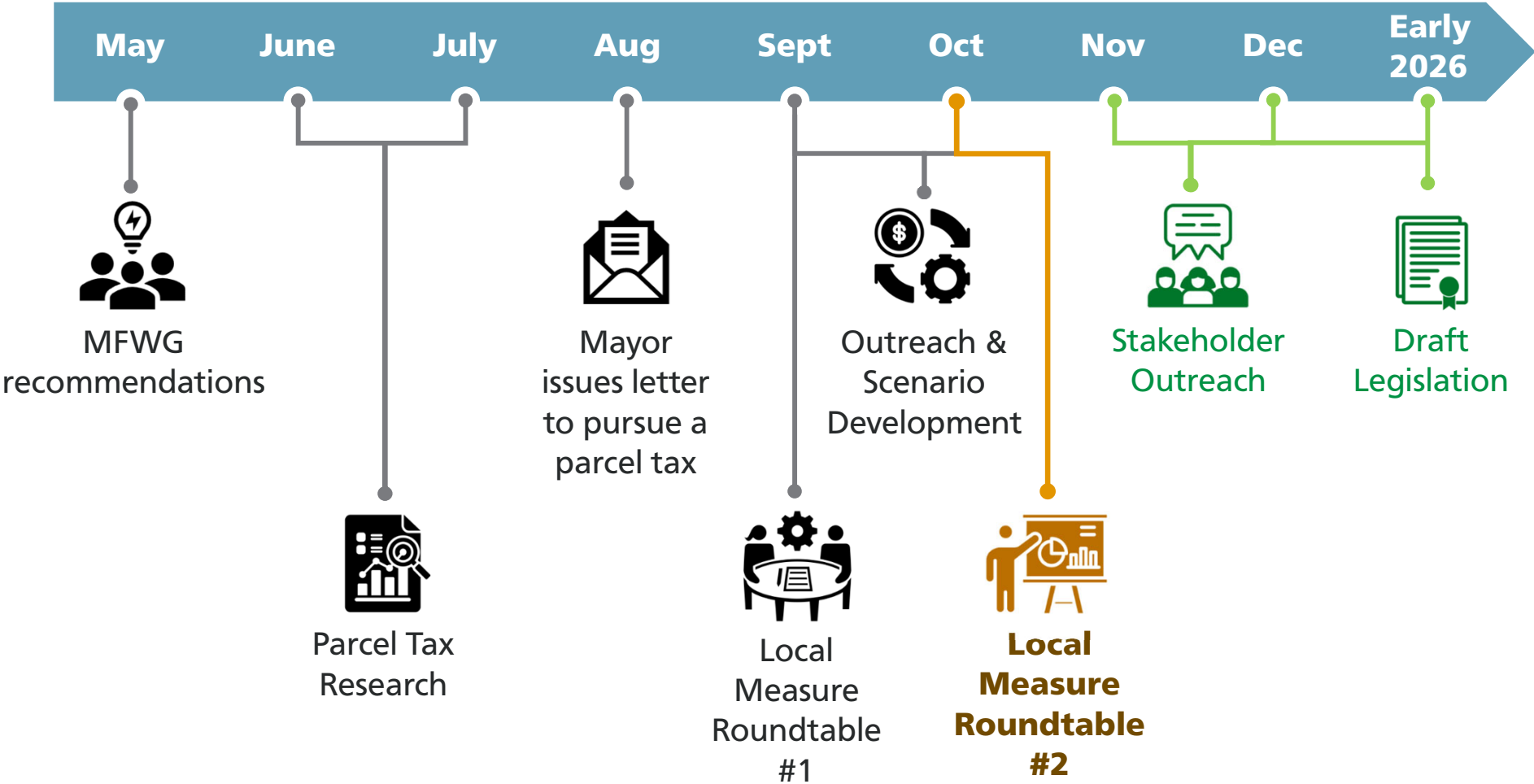
Policy Questions

- Exemptions
- Sunset
- Pass-Through
- CPI Adjustment
- Some technical questions still exist

Discussion Questions

- How well does this structure meet the principles of fair, reasonable, sufficient, and simple?
- Do the proposed structures reflect the feedback from the last roundtable?
- How would you want to see the structures changed?
- What would you want to keep in these structures?
- Do you have additional feedback we should consider?

Where we are in the process





THANK YOU!