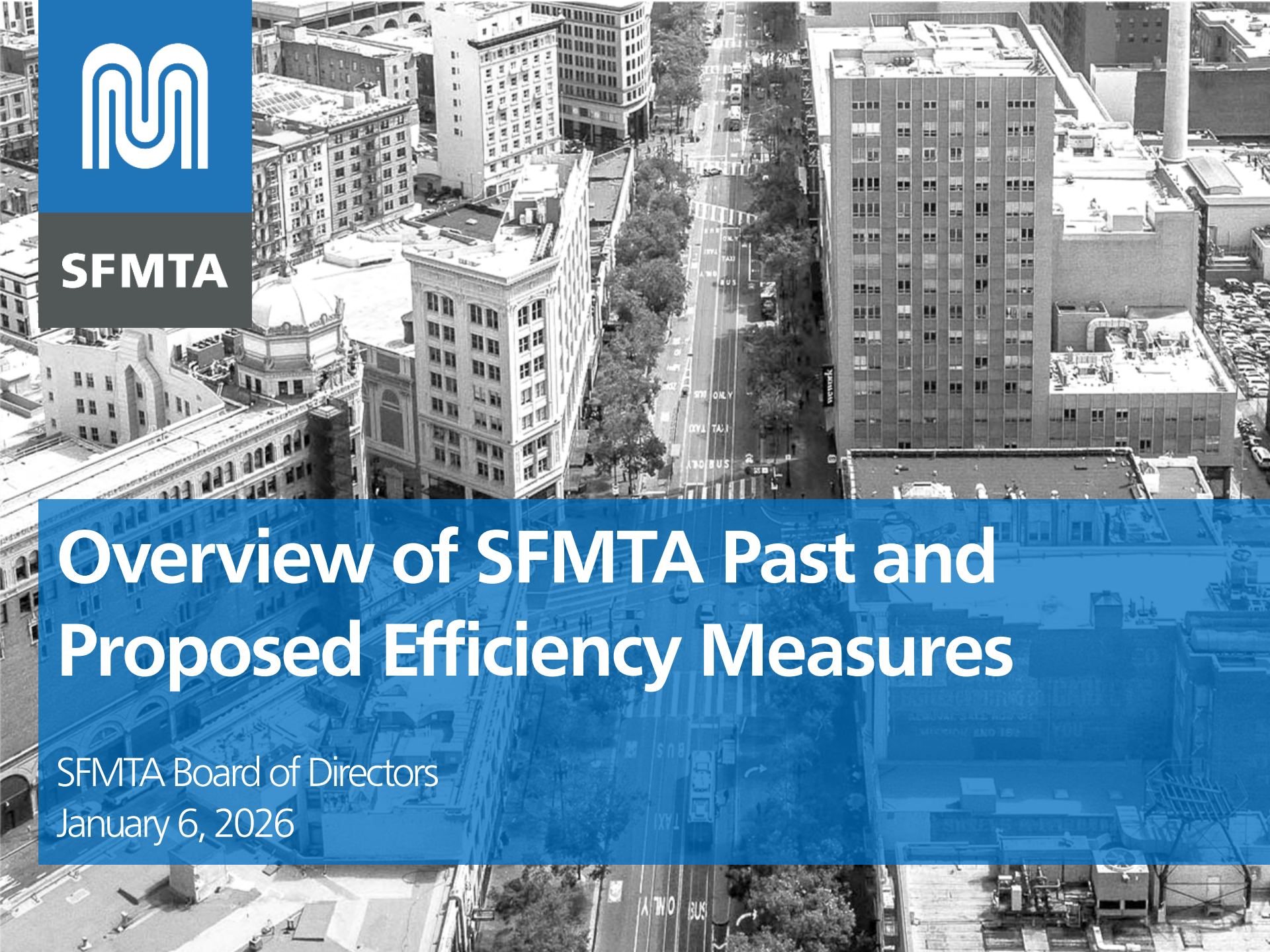

SFMTA

Overview of SFMTA Past and Proposed Efficiency Measures

SFMTA Board of Directors
January 6, 2026

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 (moved from/Jan 6)
2/3/2026	Board Workshop (will include community feedback, policy review)
2/17/2026	Capital Budget Update (moved from/Jan 20)
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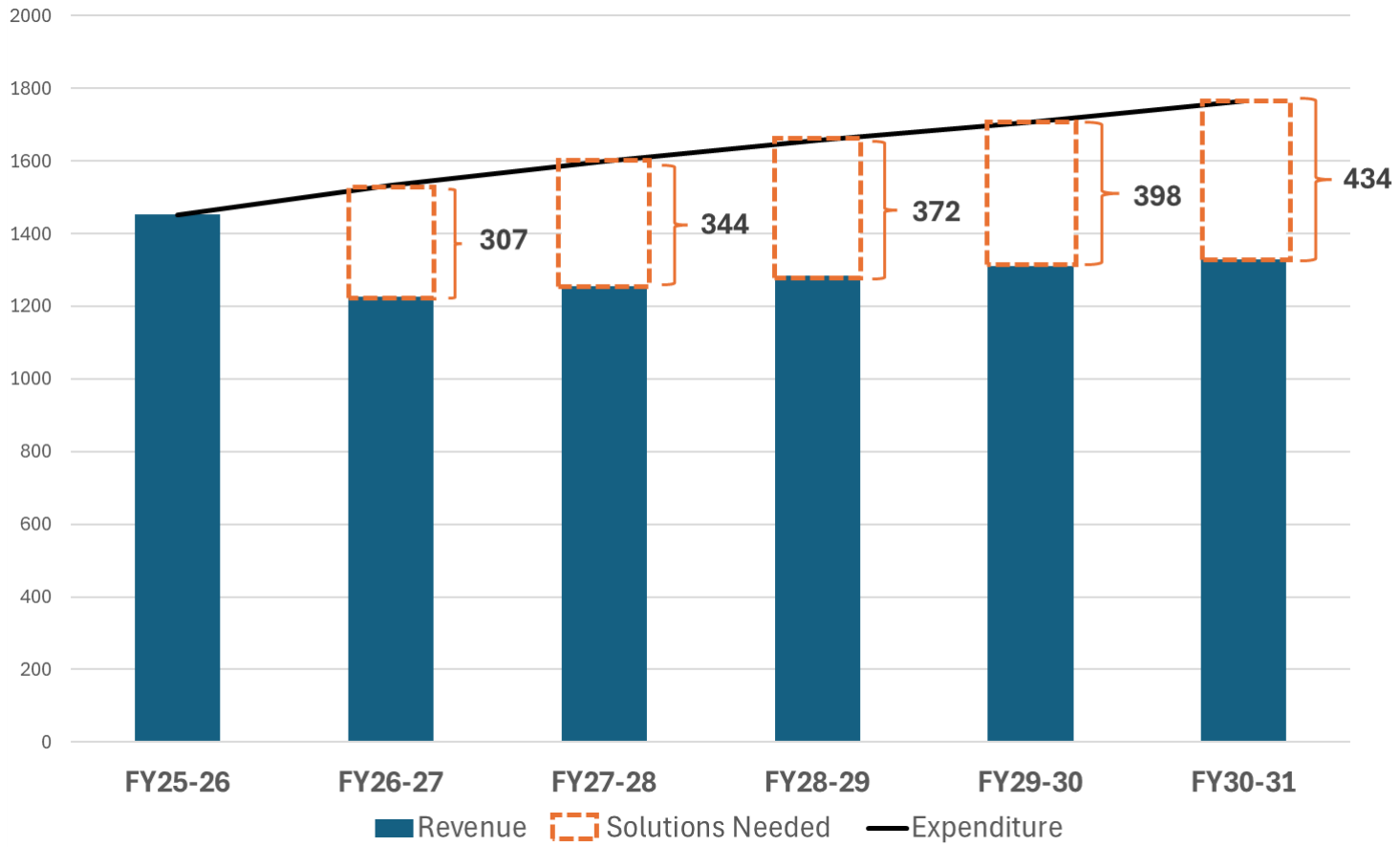
4/21/2026	Budget Approval (Operating & Capital)

5-Year Deficit Forecast

FY26-27 deficit is $307M, growing over time with inflation and Cost of Living Adjustments

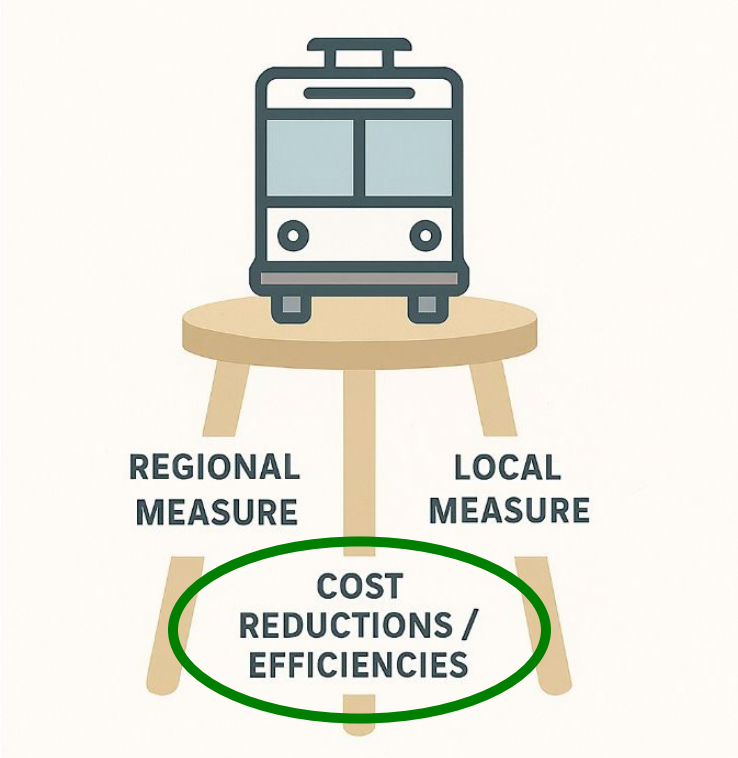


FY26-27 and FY27-28 Budget Strategy

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.

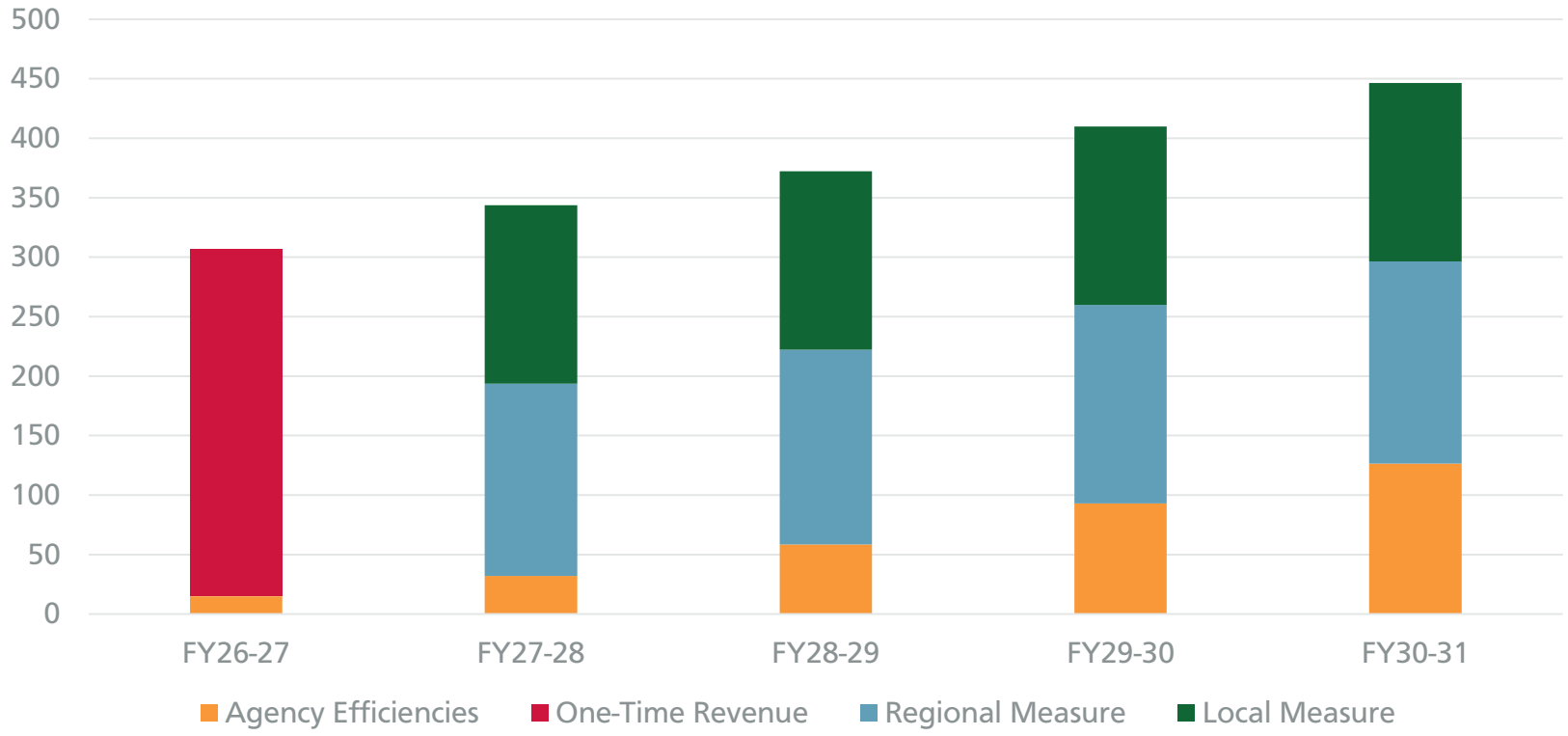
Local Revenue Measure: Seeing that the regional measure will not fully provide the revenue needed to maintain Muni service, a local parcel tax is proposed to close the gap.



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

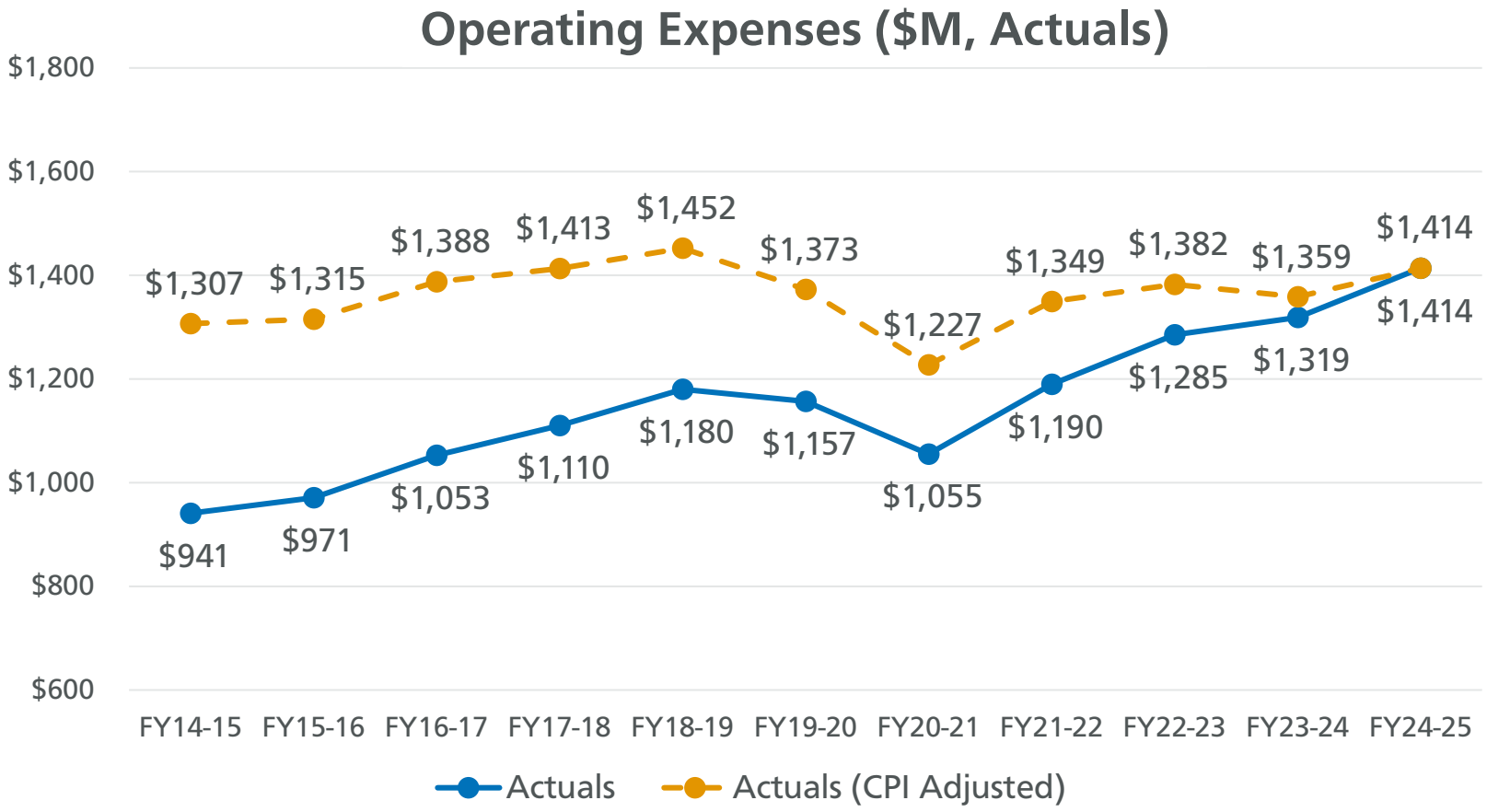
Closing the Deficit

SFMTA plans to close the deficit using one-time revenue, agency efficiencies and new revenue from regional and local ballot measures.



How Has Our Budget Changed Over Time?

Minimal Growth in Inflation Adjusted Dollars As Compared to FY 14-15



Source: Budget vs Actuals for FY14-15 thru FY24-25; Actuals reduced by capital transfers to Central Subway projects.

Expenditure Budget

Operating costs increase due to inflation and other cost pressures. Efficiencies help offset budget growth, while protecting core services.

Key growth drivers include:

- Inflation (CPI) for materials, supplies and professional services
- COLA adjustments outlined in labor contracts
- Other adjustments where costs grow faster than CPI (e.g., healthcare, utilities)

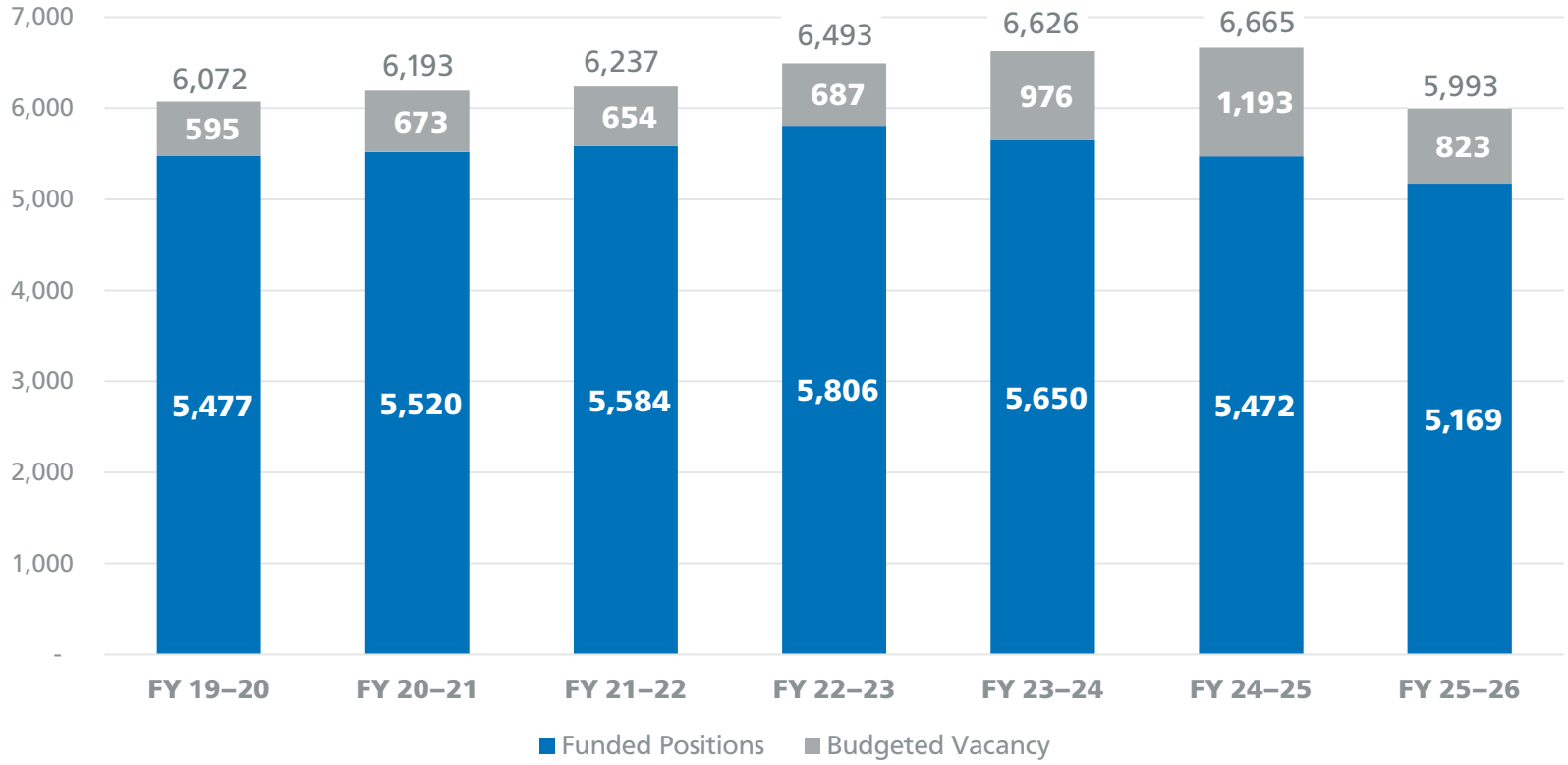
Expenditure Budget by Category ($M)

Expenditure Type	FY 24-25 Amount ($M)	FY 25-26 Amount ($M)	YoY Change ($M)	YoY Change (%)
Labor	901	915	14	2%
Non-personnel	261	250	-11	-4%
Work orders	123	128	5	4%
Materials/ Supplies	99	113	14	14%
Debt Service	28	28	0	0%
Other	26	18	-9	-33%
Total	**1,438M**	**1,451M**	**14M**	**1**

Source: FY25-26 Original Budget as of September 30, 2025.
Note: Equipment and Transfers to Capital Projects under "Other."

Funded staffing levels below FY19-20

After multiple cycles of vacancy reductions and hiring restrictions, funded staffing levels are **6% lower** than FY19-20. We have fewer positions and higher budgeted vacancy.

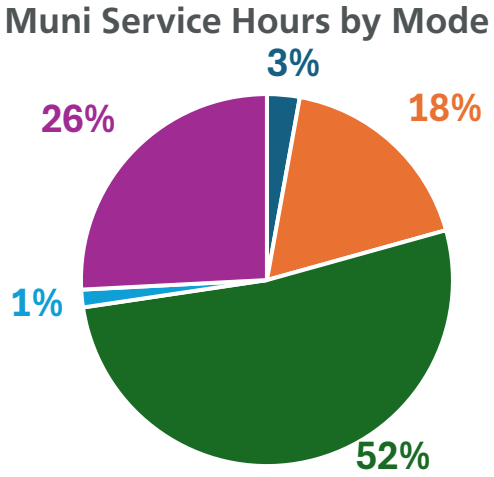


Source: Budget system reports ("Eturns") for FY19-20 thru FY25-26. Note: Budgeted vacancies includes attrition. Budgeted positions include on-budget (operating) permanent, temporary, and frozen (agencywide) positions; excludes off-budget (capital) positions.

How Does Muni Compare to Peer Agencies?

Comparing Muni to Our Peers

- All transit agencies receiving Federal funds submit performance data to the National Transit Database (NTD)
- NTD data used to compare Muni's service effectiveness and cost-efficiency to several peer agencies, as well as Bay Area agencies
- Publicly available annual data typically lags by a fiscal year (most recent data from FY23-24)
- Data comparison focuses on Muni's hybrid bus fleet, as majority of our service is bus and it has the largest number of peers



# of Transit Agencies Operating Mode

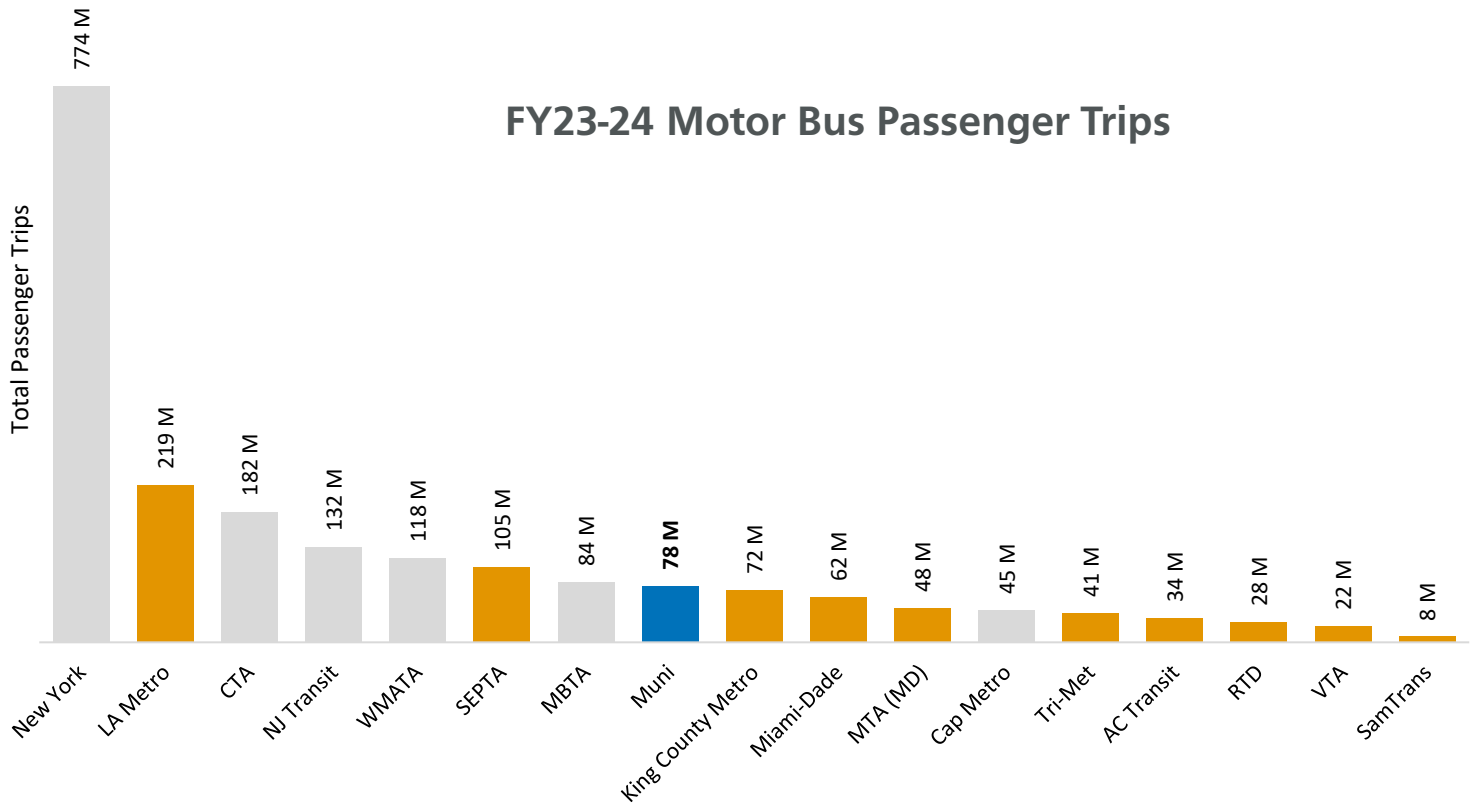
Mode	# of Other U.S. Agencies*
Motor Bus	287
Light Rail	20
Streetcar Rail	15
Trolleybus	3
Cable Car	0

Selecting Peer Agencies

1. Multimodal, high ridership agencies in varied urban environments
    - **SEPTA** (Philadelphia, PA)
    - **King County Metro** (Seattle, WA)
    - **RTD** (Denver, CO)
    - **TriMet** (Portland, OR)
    - **LA Metro** (Los Angeles, CA)
    - **Omnitrans** (San Bernardino, CA)
    - **Maryland Transit Administration** (Baltimore, MD)
    - **Miami-Dade Transit** (Miami-Dade County, FL)
2. Other regional bus and light rail operators
    - **SamTrans** (San Mateo County, CA)
    - **VTA** (Santa Clara County, CA)
    - **AC Transit** (Alameda County, CA)

Passenger Trips on Motor Bus

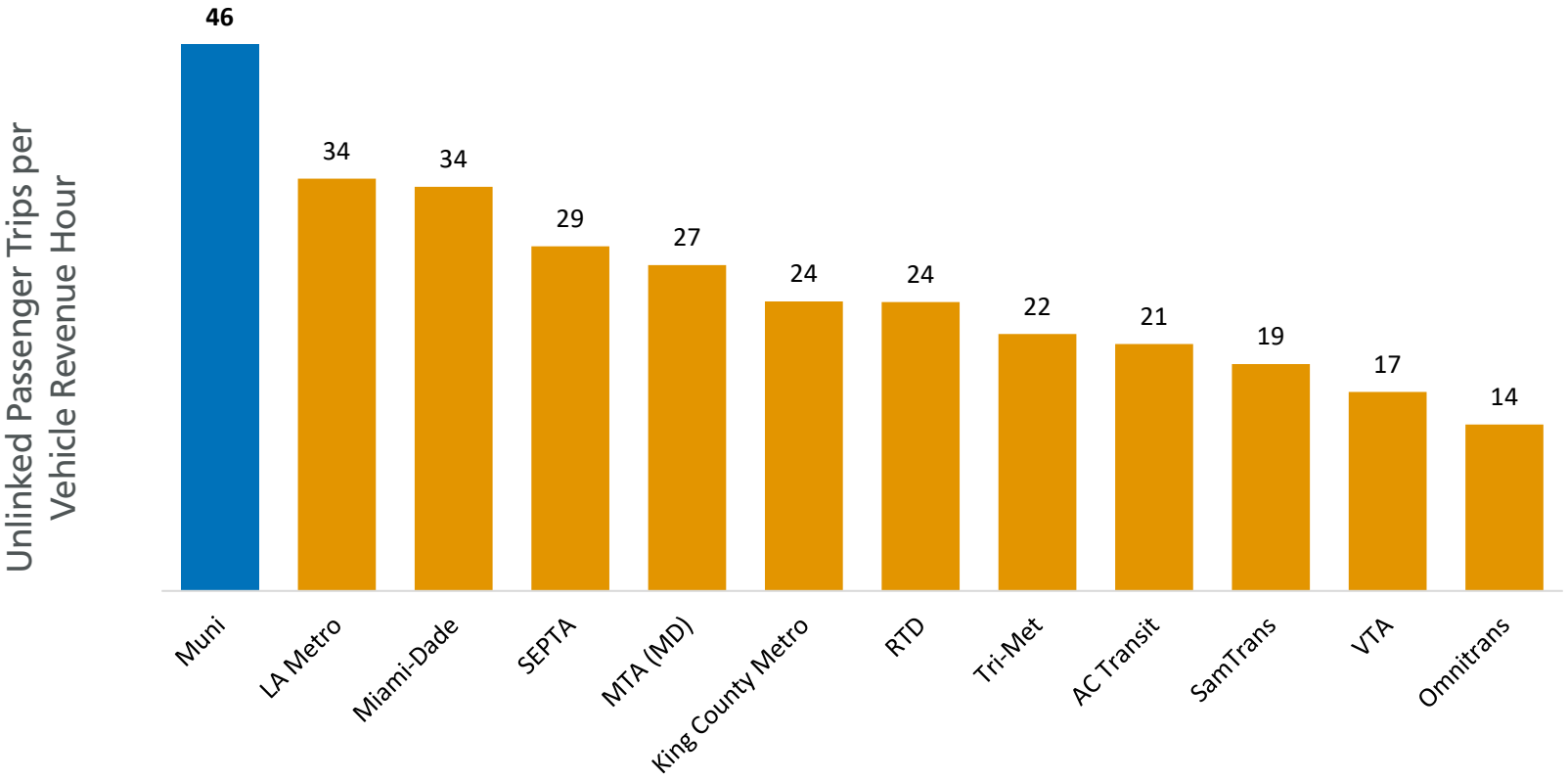
At nearly 78 million trips, Muni hybrid buses ranked 9th in passenger boardings in FY23-24 compared to all US peers.



Peer agencies shown in orange. We did not select systems that cover entire mega-regions (e.g., CTA, WMTA, MBTA), as their statistics would better align with all 27 Bay Area transit providers

Passengers per Revenue Hour (motor bus)

SFMTA's hybrid bus service was the most efficient of all peer agencies, carrying on average 46 passengers per revenue hour in FY23-24.

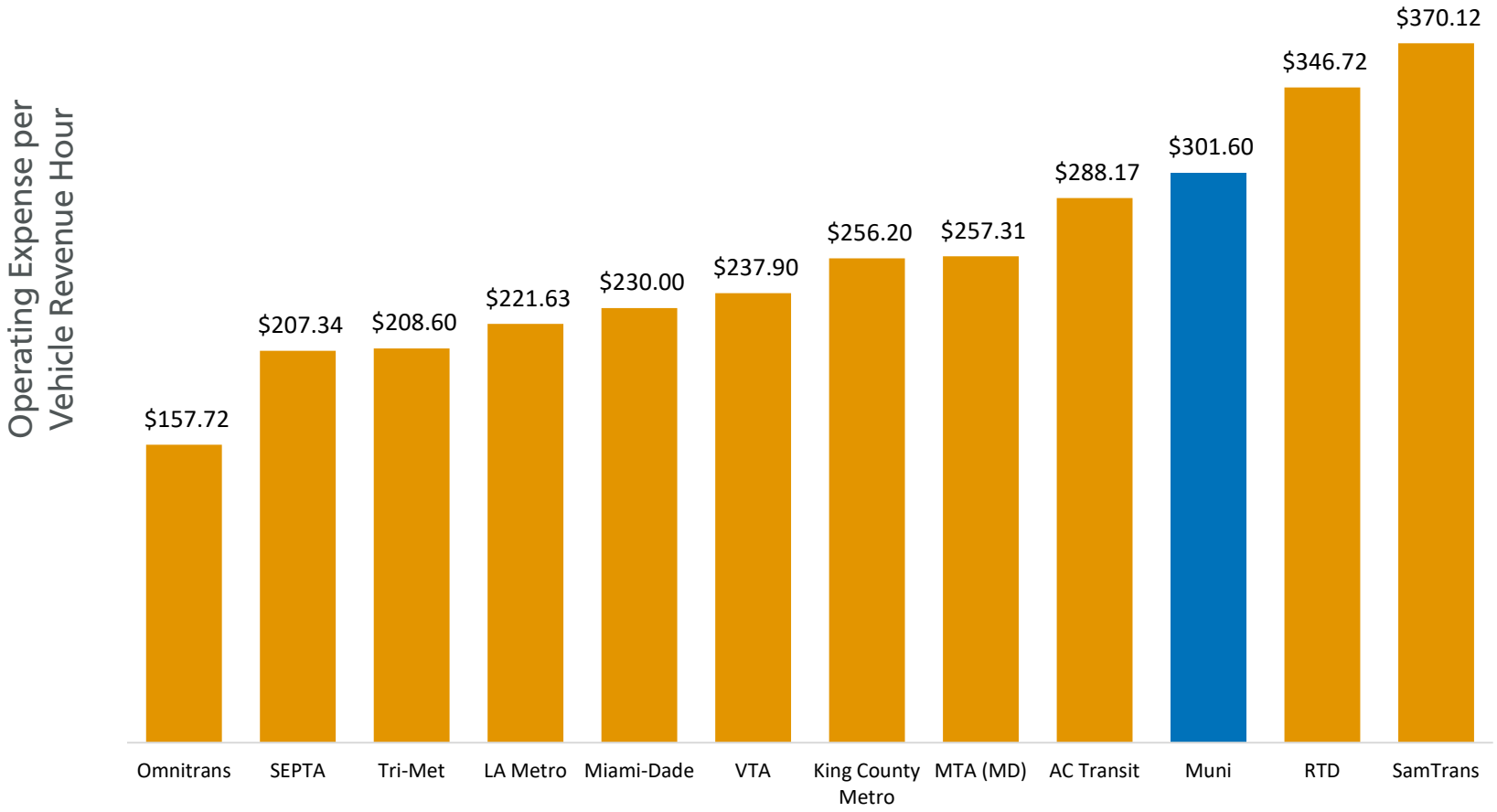


Operating Expense per Passenger (motor bus)

Muni motor bus also had one of the lowest operating costs per passenger in FY23-24.

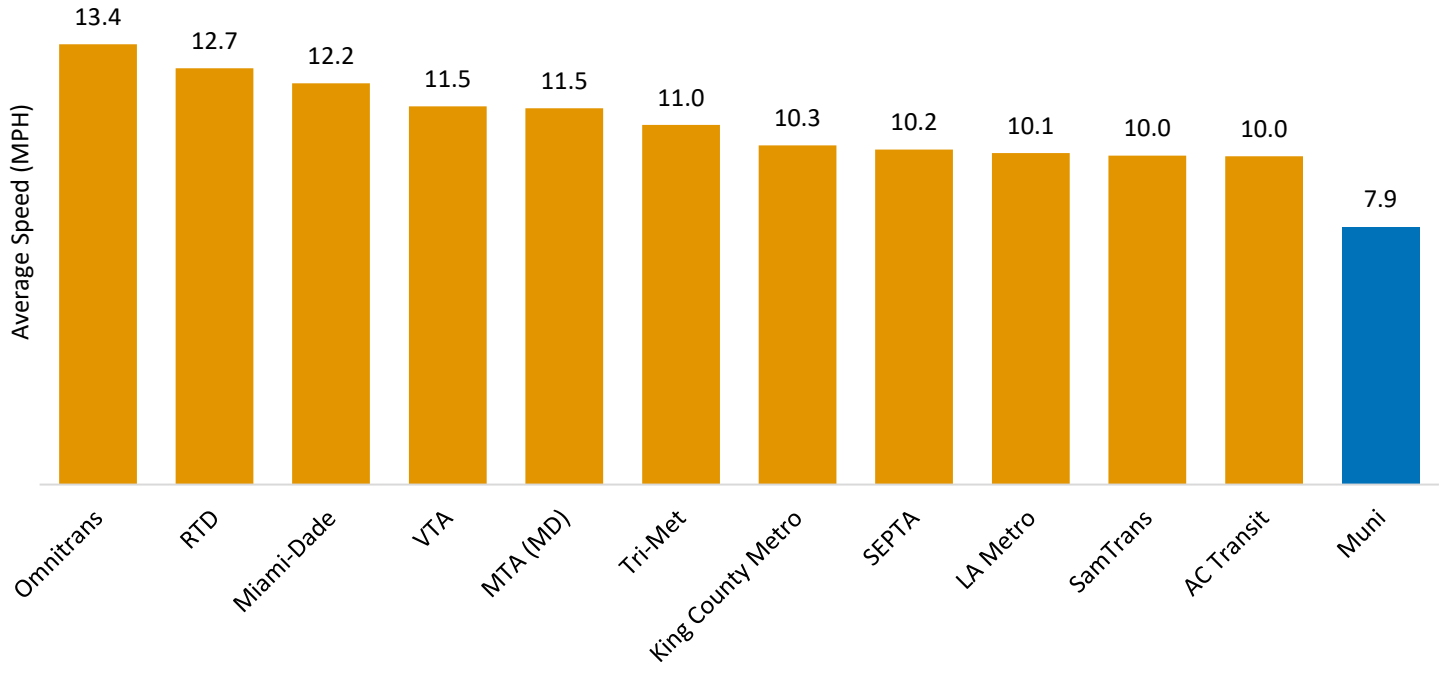
Cost Per Hour (motor bus)

While SFMTA's operating cost per passenger is very low, relative to most peer agencies, its cost per hour in FY23-24 was relatively high – driven by high Bay Area labor costs and slow operating speeds. Efficiency investments will seek to improve cost efficiencies over time.



Motor Bus Average Speeds

Muni is the only peer system that operates almost entirely within the city limits. Dense, congested streets and frequent bus stops contribute to very slow operating speeds. Muni Forward investments reduce transit delay and make our service more cost-effective.



What Have We Done to Become More Efficient?

And What Do We Recommend Next?

SFMTA has been adapting

Demonstrated Fiscal Discipline

$120M/year personnel savings through a hiring slow down, 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.

Five-Year Plan for Efficiencies

As part of budget work, each SFMTA division identified 5% and 7% efficiencies/cost reductions for FY26-27

Proposals that will not negatively impact safety or service quality will be incorporated into the budget

Some proposals recommended to be deferred:

- Deep impacts to core service
- Significant position reduction in key areas – e.g., maintenance

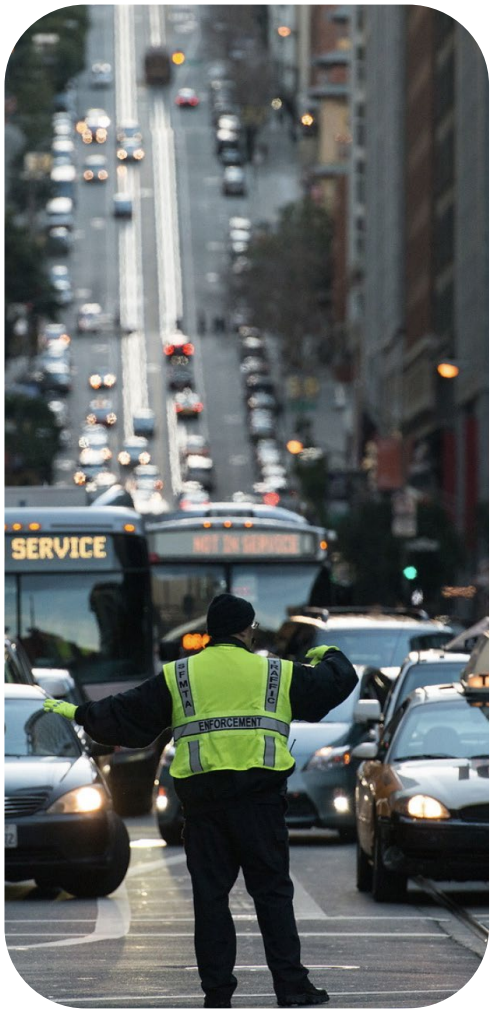
Divisions also identified opportunities for efficiencies now that can grow in impact over time through technology investments, process changes and other longer-term work

When combined with a deeper dive into our operations and thoughtful restructuring in the coming years, we aim to realize ongoing savings

Organizing People

Completed
Reorganized agency to work more efficiently and reduced managers by 30 FTE in FY25-26 budget
Removed over 500 vacant positions from budget
Reassigned over 20 staff without billable capital work to other City departments

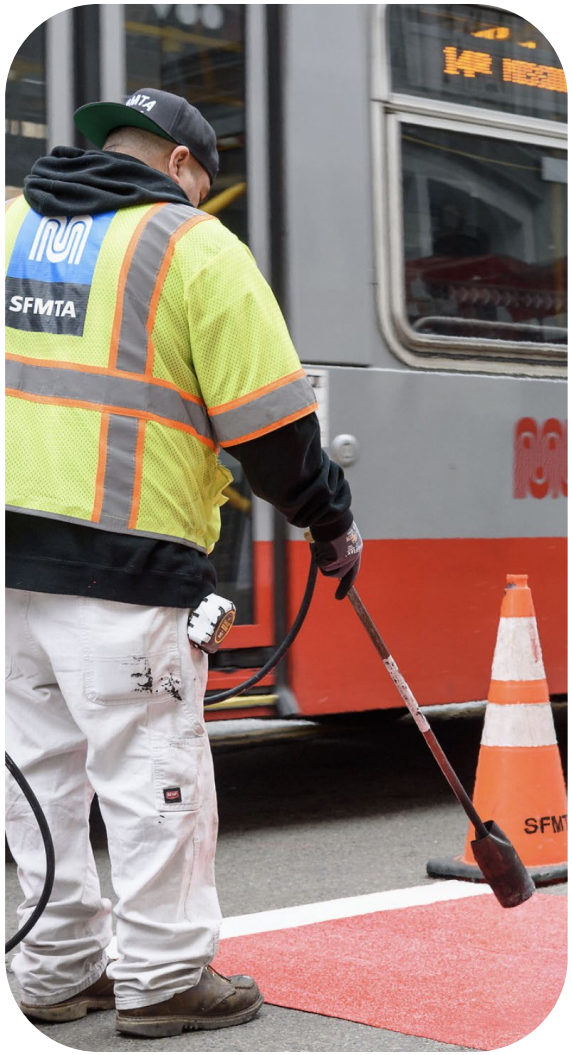
Proposed
Optimize maintenance yard shifts to reduce premium pay
Scale back work requested of other City departments
Implement further staffing efficiencies – refine Operator schedules, cut vacant positions, reclassify senior level vacancies, and more



Changing Service Delivery

Completed
Improved service quality post-COVID and invested available resources to improve safety and customer experience
Expanded transit-only lanes and other transit priority treatments
Redistributed service to reduce crowding without adding resources

Proposed
Decommission low utilization ticket vending machines
Defer non-revenue vehicle purchases by reassigning under-utilized vehicles
Upgrade aging infrastructure and vehicles to reduce maintenance work



Using Technology

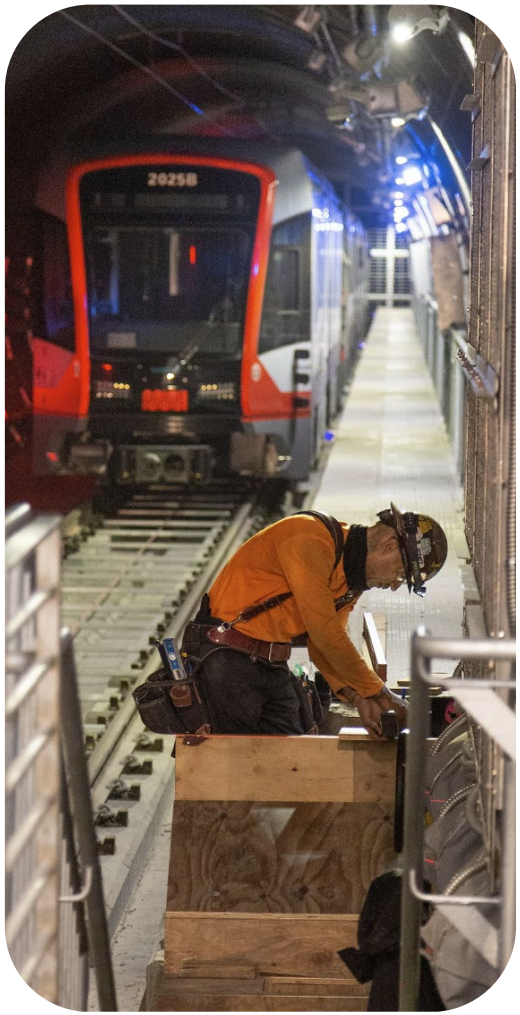
Completed
Set up self-pay in parking garages
Began online tow hearing scheduling

Proposed
Implement inventory control in paint, sign and meter shops
Upgrade facility cameras and gates to realize security contract efficiencies
Improve double-parking enforcement in transit-only lanes
Retire MuniMobile

Negotiating With External Partners

Completed
Requested savings from consultants and contractors for up to 5% give back on professional services (e.g., forgoing CPI rate adjustments)
Extended large contracts (e.g., tow, security, paratransit) to allow more time to structure procurement for maximum savings

Proposed
Request savings from contractors on supply contracts



Increasing Financial Control and Transparency

Completed
Began quarterly reporting to Board on financial health
Implemented stricter controls on hiring and overtime
Reduced travel budget

Proposed
Close purchase orders monthly
Close aged and low balance multi-year projects to identify further one-time savings

What's Next?

Building Efficiency Culture

- Participate in Regional efficiency work, outlined in Connect Bay Area Act (SB63)
- Work with efficiency experts to review best practices and implement structural changes (e.g., more efficient administrative tools)
- Track National Transit Database (NTD) financial performance measures and set goals for financial metrics
- Prioritize cost containment during upcoming labor contract negotiations for FY27-28 and beyond
- Continue to refine budget controls and forecasting tools

Agency-Generated Resources Key to Building a Balanced Budget

New Agency Generated Resources in FY26-27 & FY27-28	Estimated $
One-time savings from cost controls in previous fiscal years	$50-75M
New efficiencies and other expenditure cuts	$15-25M
New revenue proposals	$10-20M
Total	**$75-120M**

Budget Development Next Steps

- Update five-year forecast to reflect:
  - General Fund & State Operating revenue forecasts
  - Loan repayment debt obligations
  - Efficiency and revenue proposals
  - Line-item budget adjustments in response to external policy & operating conditions
- Develop plan for use of one-time resources
- Outline contingency plan if one or both ballot measures fails

Budget Milestones

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SFMTA

Appendix

In 2024, Muni riders gave us their highest satisfaction rating in 20 years

Customer commendations
Great customer service!
Great job, especially serving disabled and wheelchair passengers.
Cable car operator: He's quietly one of the greatest ambassadors for the city.
Great, timely, friendly service!
Driver is always friendly, kind, and considerate.
Did his job with kindness and respect.