



SFMTA

# FY26-27 & FY27-28 Draft Budget

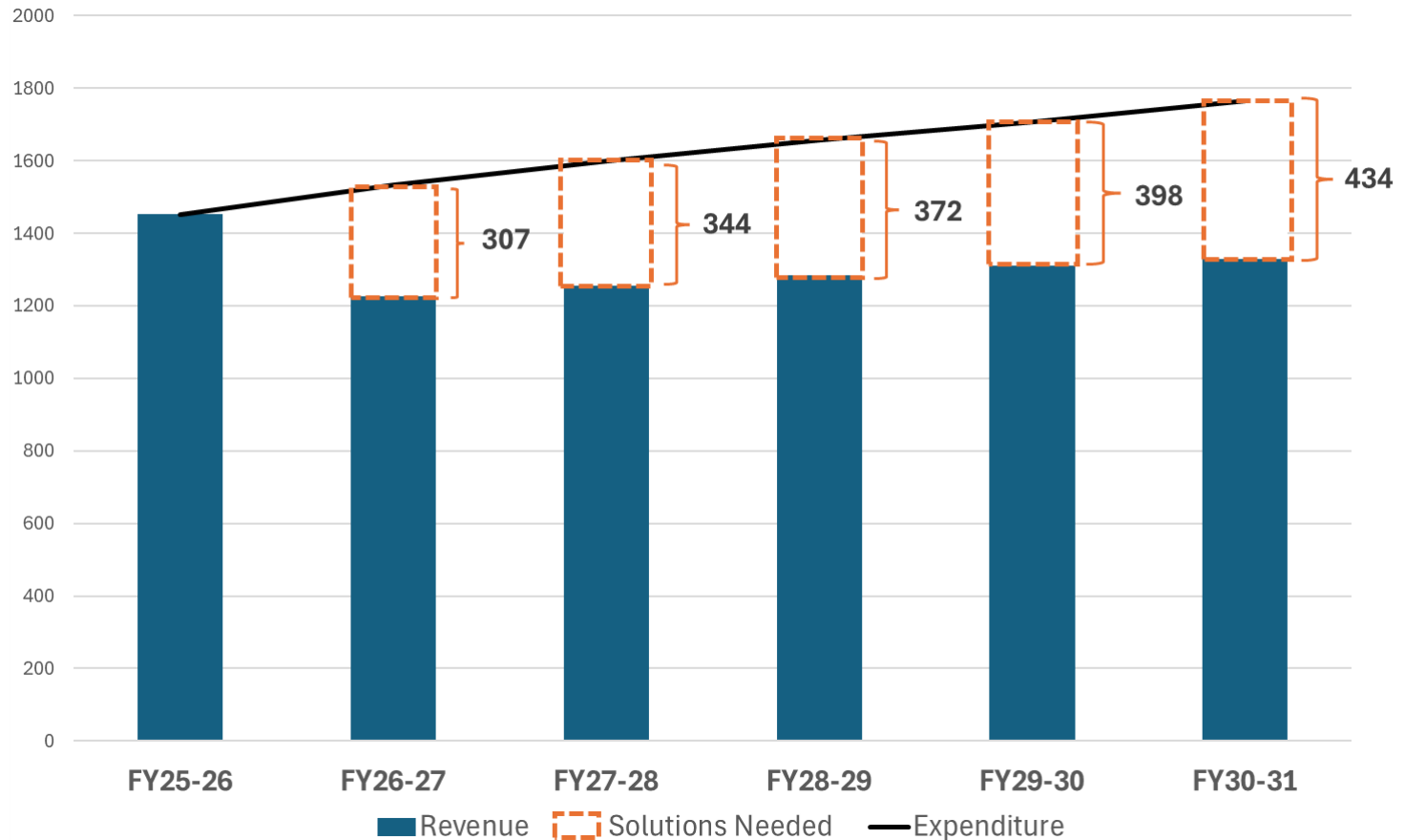
SFMTA Board of Directors  
April 7, 2026

# 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                   |
| 2/3/2026   | Board Workshop                                  |
| 2/17/2026  | Capital Budget Update                           |
| 3/17/2026  | Draft Budget Balancing Plan                     |
| 3/17/2026  | Muni Equity Strategy Update (4/7 approval)      |
| 4/7/2026   | <b>Budget Hearing (Operating &amp; Capital)</b> |
| 4/21/2026  | Budget Approval (Operating & Capital)           |

# 5-Year Deficit Forecast from July 2025

In July 2025, SFMTA forecast a FY26-27 \$307M deficit that grew over time



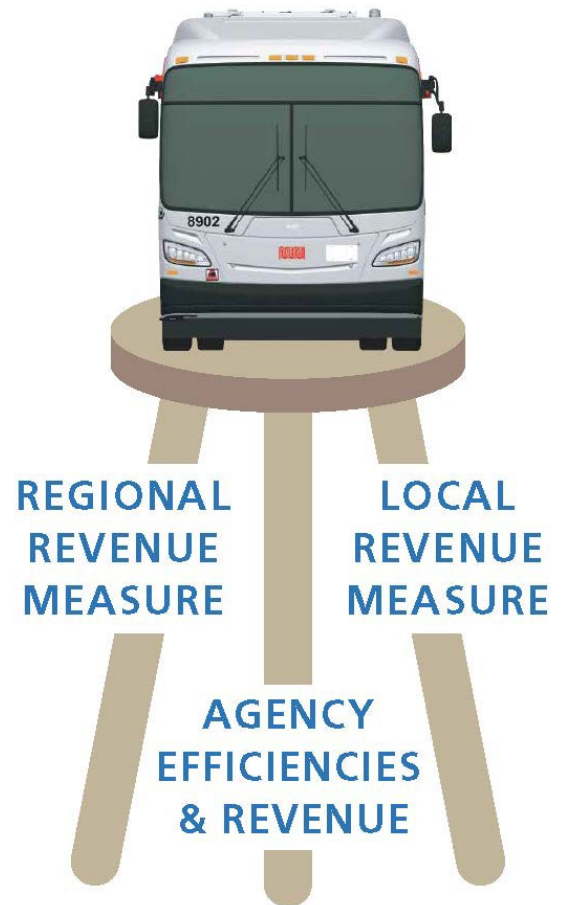
# FY26-27 and FY27-28 Budget Plan

**Regional Revenue Measure:** The Connect Bay Area Act allows San Francisco to pursue a one-cent sales tax increase to maintain Muni. If passed by voters, Muni will receive ~\$155M per year to address the structural deficit.

**Local Revenue Measure:** As the regional measure will not fully address the structural deficit, a local parcel tax has been proposed to further reduce the gap. If passed by voters, the Stronger Muni for All measure will generate ~\$150M annually to reduce the deficit and ~\$10M for service quality improvements.

**Agency Efficiencies & Revenue:** Building an efficiency culture and identifying new enterprise revenues in the out years will close the remaining structural deficit.

*In the short-term, one-time sources are needed to close the budget deficit until regional and local revenue measures are implemented.*



# State Loan Terms

**Loan terms will be codified in Loan Agreement between State and Metropolitan Transportation Commission (MTC) and symmetrical Loan Agreement between MTC and Transit Operators**

## **Terms include:**

- 12-year term, with two years of interest-only payments (approx. \$8M in FY26-27 and FY27-28) and 10-year repayment term including both interest and principal payments (\$30M/year FY28-29-FY38-39)
- Variable interest rate tied to California State Surplus Money Investment Fund Apportionment Rates (SMIF)

Transit Operator Boards (and, for the SFMTA, the Board of Supervisors) will authorize Executive Director to enter into Loan Agreement with MTC

# Enterprise Revenue Proposals

Revenue policy proposals reflect SFMTA Board feedback from February Workshop and March Draft Budget Balancing discussion

## Recommendation

### Parking Revenue:

- Increase citation late penalties by 10%
- Increase meter rates \$0.25 in FY27-28
- Increased meter recovery construction/temp no-parking permits
- Pass-through online credit card fees
- Select fine reductions

### Tourism Revenue:

- Cable Car Plus – ***final proposal for consideration***

### Daily Rider Revenue:

- Eliminate Clipper Discount in FY26-27
- Index fares in FY27-28
- Implement Fare Capping

# Final Cable Car Fare Recommendation

| FY26-27 Fare  | FY27-28 Fare                       | Add'l FY26-27 Revenue (\$M) | Add'l FY27-28 Revenue (\$M) |
|---|------------------------------------|-----------------------------|-----------------------------|
| \$12 Single Ride AND \$18 Cable Car Plus (2 youth free) | \$18 Cable Car Plus (2 youth free) | 1.1                         | 3.1                         |

## Additional Implementation Details

- January implementation for FY26-27 and FY27-28
- Monthly pass users continue to ride cable car for free
- Gives the SFMTA Board the option to modify fare if ridership decreases by 10% in FY26-27 or FY27-28

# Summary of Efficiency Proposals

Efficiency proposals reflect MTA Board Feedback from February Workshop and March Draft Budget Balancing discussion

| Category                         | Proposal  |
|----------------------------------|---|
| <b>Organizing People</b>         | 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 |
| <b>Changing Service Delivery</b> | 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  |
|                                  | Continue to design and deliver Muni Forward projects  |

# Summary of Efficiency Proposals

| Category  | Proposal   |
|---|--|
| <b>Using Technology</b>                           | 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  |
| <b>Negotiating with External Partners</b>         | Request savings from contractors on supply contracts                         |
| <b>Increasing Financial Control, Transparency</b> | Close purchase orders monthly  |
|   | Close aged, low balance multi-year projects to identify one-time savings     |

# Revenue Budget, by Category

| Revenue Type       | FY 26-27 (\$M) | FY 27-28 (\$M) |
|--------------------|----------------|----------------|
| General Fund       | 593            | 604            |
| Operating Grants   | 211            | 214            |
| Parking            | 293            | 302            |
| Transit            | 135            | 140            |
| Other              | 36             | 36             |
| State Loan         | 200            | 0              |
| Regional Sales Tax | 17             | 155            |
| Local Parcel Tax   | 0              | 166            |
| Operating Reserve  | 74             | 0              |
| Fund Balance       | 0              | 32             |
| <b>Total</b>       | <b>1,560</b>   | <b>1,648</b>   |

Source: Draft Budget Balancing Plan March 2026

# Expenditure Budget, by Category

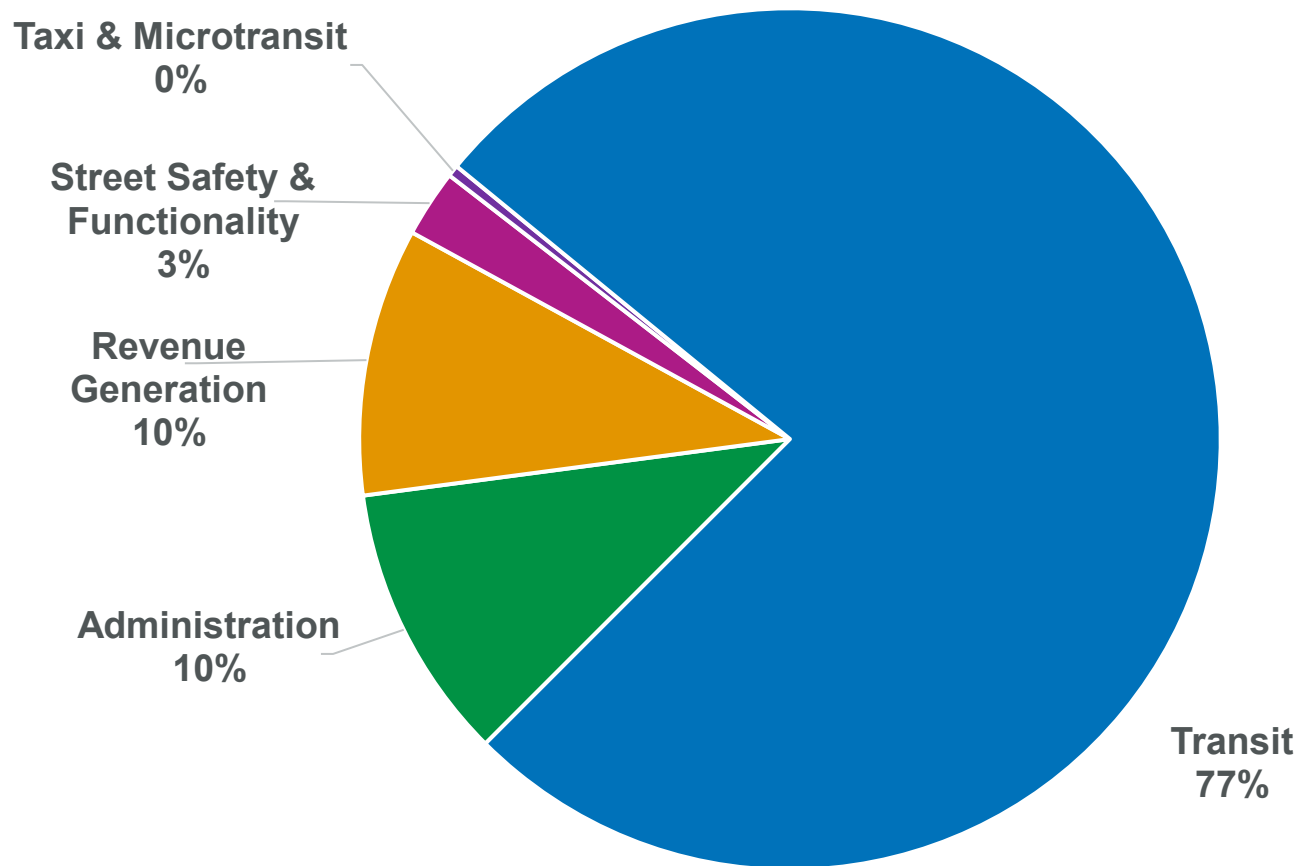
| Expenditure Type        | FY 26-27 (\$M) | FY 27-28 (\$M) |
|-------------------------|----------------|----------------|
| Labor**                 | 1,021          | 1,094          |
| Non-personnel           | 260            | 263            |
| Materials/ Supplies     | 113            | 117            |
| Services of Other Depts | 129            | 139            |
| Debt Service*           | 36             | 36             |
| <b>Total</b>            | <b>1,560</b>   | <b>1,648</b>   |

Source: Draft Budget Balancing Plan, March 2026

\* Note – Debt Service includes interest on state loan

\*\* Labor includes increases due to decrease in attrition and parcel tax administration

# Expenditure Budget, by Service



Source: FY25-26 Original Budget (approved August 1, 2025).

# Transit

## Funds:

- 71 Muni lines, salaries and benefits for ~4,300 operators, maintenance staff and car cleaners
- On-going planning, procurement, operation, safety, and maintenance activities for Muni, the 7th largest public transit system in USA

## Priorities include:

- Improving Muni service, speed, frequency, cleanliness and reliability
- Maintaining reduced delays in the subway
- Pursuing a data-driven approach to fleet maintenance
- Improving the customer experience for Muni riders
- Using service improvement resources to address acute crowding and other service needs



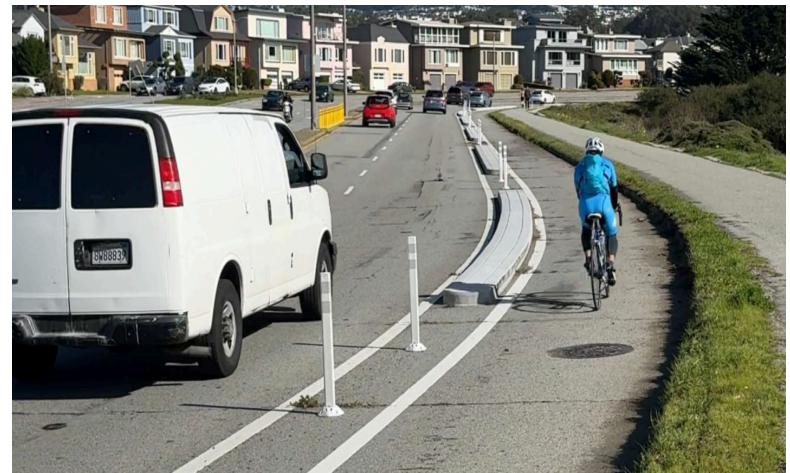
# Street Safety and Functionality

## Funds

- Salaries and benefits for sign workers, painters, traffic engineers, and traffic signal electricians
- Fuel, paint, signs, and other materials and supplies to promote street safety and maintain existing infrastructure

## Priorities include:

- Delivering on SFMTA commitments in the Mayor's Street Safety Initiative
- Responding to increasing 311 and workorder backlogs
- Implementing street safety improvements around schools



# Revenue Generation

## Funds:

- Salaries and benefits for Parking Control Officers and staff who maintain and repair meters and process parking permits and citations
- Contracts to manage parking garages and meters

## Priorities include:

- Rightsizing parking enforcement supervision to increase efficiency and promote professionalism
- Implementing new mobile payment vendors to support ease of parking payment and compliance
- Implementing rate changes for both on- and off-street parking on a quarterly basis in line with our demand responsive rate policy.



# Taxis and Microtransit

## Funds:

- Salaries and benefits for access coordination, compliance and regulated mobility permitting, and related enforcement
- Contract for paratransit

## Priorities include:

- Implementing permanent Curbside Electrical Vehicle Charging Program
- Developing Accessible Transportation Needs Assessment Prioritization & Action Plan
- Continuing to improve taxi rules and regulations to ensure good customer service



# Administration

## Funds:

- Salaries and benefits of staff who process payroll and invoices, purchase materials and negotiate contracts, maintain IT networks and software, hire and support SFMTA staff, and communicate with and respond to the public and policy making bodies

## Priorities include:

- Building internal systems to support staff throughout the organization
- Deepening culture of efficiency and financial transparency
- Strengthening trust with communities across San Francisco through public outreach and engagement
- Advocating for government policies that support transit service and street safety and functionality
- Implementing parcel tax, if approved by voters



# Title VI Requirements: Fare Equity Analysis, Public Outreach & Feedback

- Under FTA C 4702.1B, SFMTA must comply with Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color or national origin in federally funded programs and services.
- For proposed transit fare changes – of any amount, both increases and decreases – the FTA requires transit providers conduct a fare equity analysis to identify whether proposed changes disproportionately impact communities of color and people with low incomes.
- Title VI also requires that SFMTA solicit and consider feedback on proposed fare changes, in keeping with its federally required Public Participation and Language Assistance policies. Public comment is gathered as part of a multilingual outreach campaign and considered as part of SFMTA’s fare change proposals.
- An analysis of the proposed fare changes had no findings of disproportionate impact.
- The SFMTA Board will consider the Title VI fare equity analysis as part of its approval of the budget on April 21.

# Community Feedback by the Numbers

## Over 5,000 Survey responses with nearly 2,500 comments

- From online and physical surveys in four languages
- Almost 400 responses in Chinese language

## Over 50 Meetings

- Budget Open Houses, public hearings, listening sessions, workshops and briefings
- Communicated with 70 stakeholder groups

## About 50 Phone Calls and Emails

- From members of the public providing comments and asking questions

Survey results provided community priorities that are reflected in the budget proposal. Meetings allowed the public to learn about and provide feedback on the proposed changes to fares, fees and fines.

# Community Feedback Shaped our Budget

## What We Heard



MAINTAIN MUNI SERVICE

**84%** of people said “**Maintaining the speed, frequency, and reliability of Muni buses and trains**” is their first or second transportation priority  
*“Muni is vital to all San Franciscans. Maintaining services on all routes is the key to keep this city moving.”*  
*“Do not cut the 6!!! The 21 was my normal bus line and combining it with the 6 was frustrating but manageable. If the 6 is cut then that will be a huge detriment to the west side of the city.”*



MAINTAIN FARE DISCOUNT PROGRAMS

**70%** of people said it is “**Extremely**” or “**Very**” important to maintain reduced fares for seniors and low-income residents  
*“As a low-income senior Muni is irreplaceable and the city should make it one of its number one priorities.”*



CLIPPER DISCOUNT IS LESS IMPORTANT

**65%** of people said it is “**Not important**” or “**Somewhat important**” to keep fares lower for riders using Clipper cards than those paying cash.



NEED FOR ADDITIONAL FUNDS

**82%** of people said there is a “**Great need**” or “**Some need**” for additional funds to maintain public transit in San Francisco

## SFMTA Budget Proposals

- ✓ **Recommend maintaining Muni service without cuts**
- ✓ **Recommend maintaining our free and reduced fare discount programs**
- ✓ **Recommend eliminating Clipper Discount**
- ✓ **Regional and local revenue measures are potential solutions for the budget gap**

# In Depth Equity Feedback Shaped our Budget

## Muni Equity Working Group

- Strong emphasis on maintaining service to equity communities
- Importance of hill service where alternatives are limited
- Clear support for avoiding service cuts
- Notes that fare increases are relatively small, but some concern about cumulative impacts

## SFMTA Citizen Advisory Committee

- Notes the amount of increase since pre-pandemic
- Supports maintaining subsidy programs and proposed fare capping to limit impact of increasing fares
- Discussion about cable car fare: All Muni trips are technically subsidized, but the cable car even more so

## Youth Transportation Advisory Board

- Prioritizes fare equity programs (e.g., Free Muni for Youth)
- Focus on service frequency and reliability
- Interest in owl service and streetcar routes

Strong support for maintaining service and avoiding cuts. All emphasized the importance of reliability, equity and access. Maintaining current subsidy programs is a priority for these groups for equity and to offset proposed fare increases.

# Next Steps

- Continue to make line-item budget adjustments
- Incorporate final cable car ticket feedback
- Incorporate additional SFMTA Board and community feedback
- Perform final budget balancing
- Present budget to SFMTA Board for review/approval (April 21)
- Submit balanced budget to the Mayor on May 1
- Present budget to Board of Supervisors in May; action or no action by Board of Supervisors in July

# Questions and Discussion

# Appendix

# Previously Presented Cable Car Fare Options

| Fare Option  | Add'l FY26-27 Revenue (\$M)* | Add'l FY27-28 Revenue (\$M) |
|--|------------------------------|-----------------------------|
| \$15 Cable Car Plus – <i>original</i>                        | 1.6                          | 3.1                         |
| \$12 Single Ride AND<br>\$18 Cable Car Plus (2 youth free)** | 1.1                          | 2.2                         |
| \$12 Single Ride AND<br>\$18 Cable Car Plus                  | 1.7                          | 3.3                         |
| \$18 Cable Car Plus (2 youth free)**                         | 2.5                          | 5.0                         |
| \$18 Cable Car Plus  | 3.9                          | 7.8                         |

\*Assumes January 2027 implementation

\*\* For passes with free youth, up to two youth 18 and under allowed to ride free per adult w/Cable Car Plus