

Automatic Indexing Implementation Plan (AIIP)

Financial stability is of the utmost importance to the San Francisco Municipal Transportation Agency (SFMTA). It is the SFMTA Board of Directors' desire to create a more predictable and transparent mechanism for setting charges which are not otherwise governed by law.

PURPOSE

To establish a more predictable and transparent mechanism for setting charges which are not otherwise governed by law as part of the two-year Operating Budget process required in the Charter.

POLICY

It is the policy of the SFMTA Board of Directors:

- To create a more predictable and transparent mechanism for setting charges which are not otherwise governed by law.
- To apply the following methodology for indexing charges:
 - Automatic Inflator = $[\text{Bay Area CPI-U} \div 2] + [2\text{-year Operating Budget Labor Cost Change} \div 2]$ where the Bay Area CPI-U forecast used will be from the California Department of Finance; and
 - Round up the Automatic Inflator to the nearest \$0.05, \$0.10, \$0.25, \$0.50 or \$1.00 depending on which is appropriate given the base charge and ensure that the rounding impact does not result in more than a 10% increase
- To re-evaluate, during the SFMTA Budget process, the adequacy of the Automatic Inflator
- Conduct a public hearing or public notification during the SFMTA Budget process to inform the public about the proposed Automatic Inflator
- To set the Automatic Inflator for a two-year period concurrently with the two-year SFMTA Operating Budget
- To reserve the right to forego an Automatic Inflator if the SFMTA Budget projections allow and if to do so would further significant SFMTA policy and goals
- To reserve the right to set a higher Automatic Inflator if required or to set a different Automatic Inflator for each of the two years in the Operating Budget depending on the Operating Budget projections and if to do so would further significant SFMTA policy and goals
- To the extent that application of the AIIP results in an increase in transit fares, such an increase must be submitted to the San Francisco Board of Supervisors as part of the SFMTA's budget or as a budget amendment pursuant to Charter section 8A.108(a).

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