



SFMTA

San Francisco Municipal Transportation Agency **FY26-27 & FY27-28 Budget**

SFMTA Citizens' Advisory Council
March 5, 2026

Budget timeline

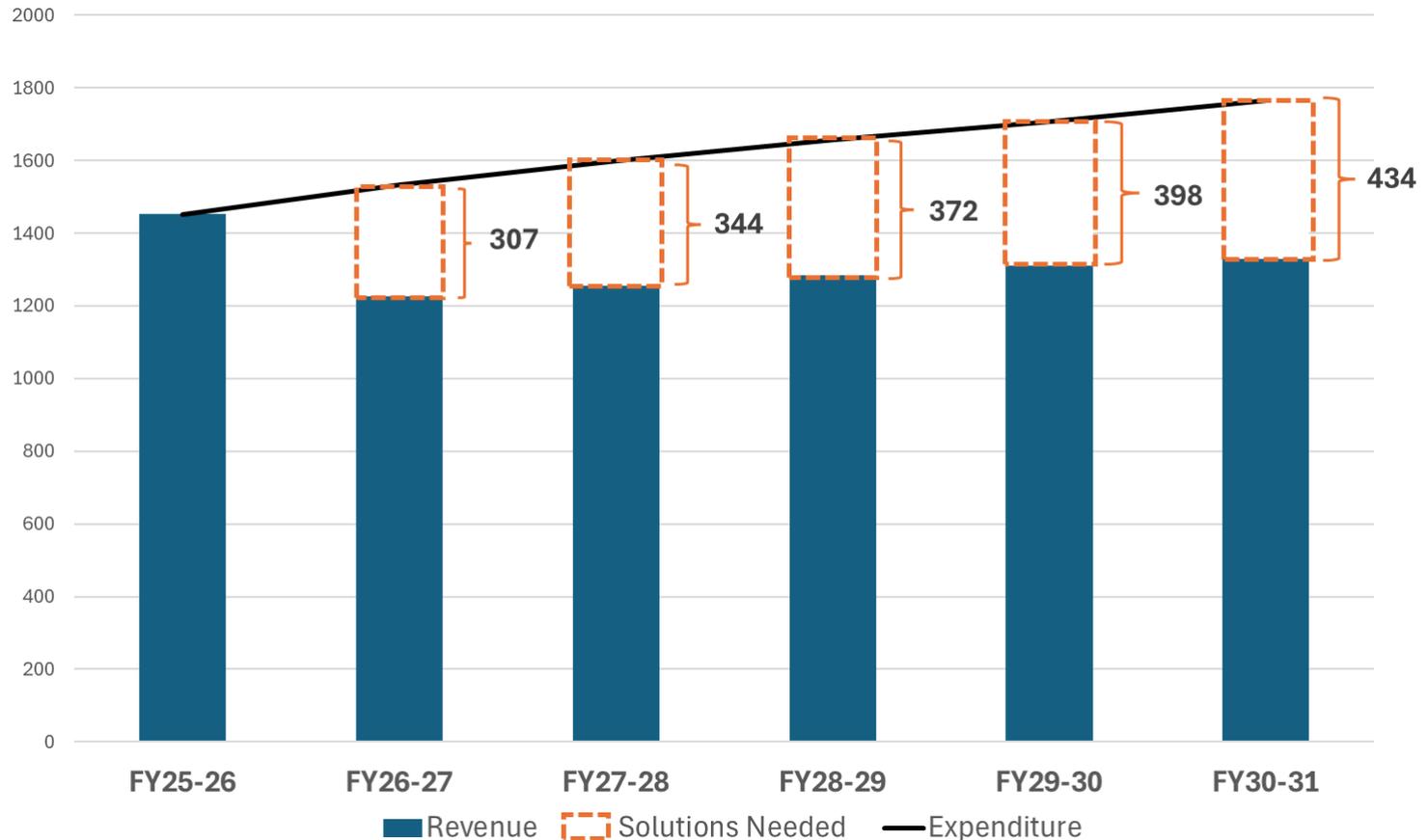
| Fall | December | January | Feb/March/April | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| <ul style="list-style-type: none"> Develop local revenue measure Begin gathering community feedback on budget priorities | <ul style="list-style-type: none"> Present proposed budget revenue options to MTA Board Continue gathering community feedback | <ul style="list-style-type: none"> Present proposed efficiency measures to MTA Board Continue gathering community feedback | <ul style="list-style-type: none"> MTA Board Workshop on budget Continue gathering community feedback Budget hearings | | | |
|  <p>Submit balanced budget to Mayor May 1</p> | <th data-bbox="515 842 890 931">June</th> <ul style="list-style-type: none"> Mayor submits budget to Board of Supervisors Board of Supervisors reviews budget | June | <th data-bbox="952 842 1346 931">July</th> <ul style="list-style-type: none"> Action or no action by Board of Supervisors | July | <th data-bbox="1408 842 1810 931">August</th> <ul style="list-style-type: none"> Budget action by MTA Board Mayor signs budget | August |

SFMTA Operating Budget



5-Year Deficit Forecast

Because federal, state, and regional relief funding is fully-expended. FY26-27 deficit is \$307M, growing over time with the pace of COLA and inflation



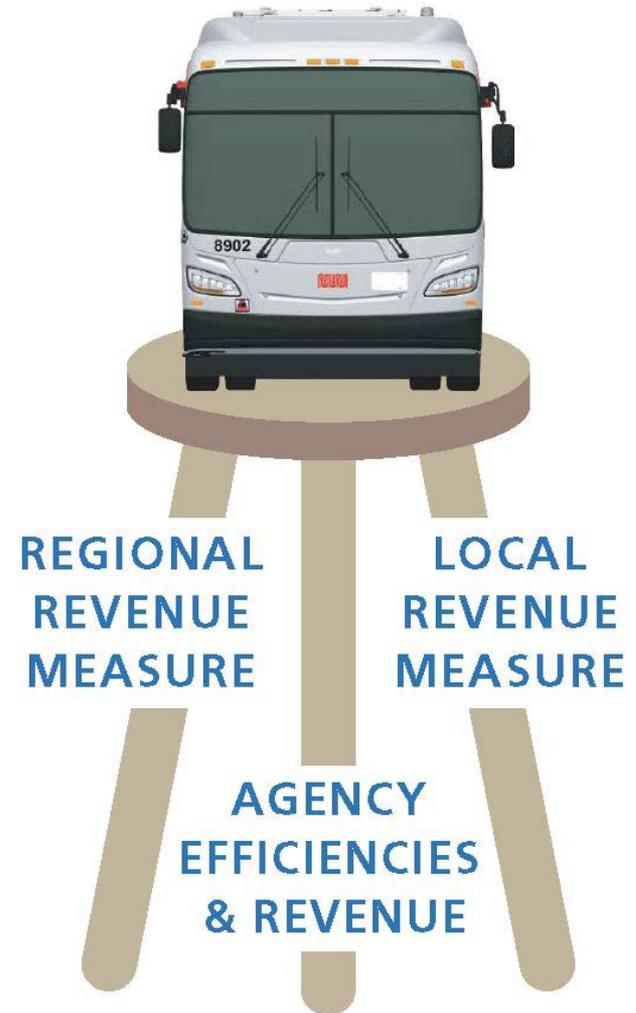
FY26-27 and FY27-28 Budget Strategy

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.

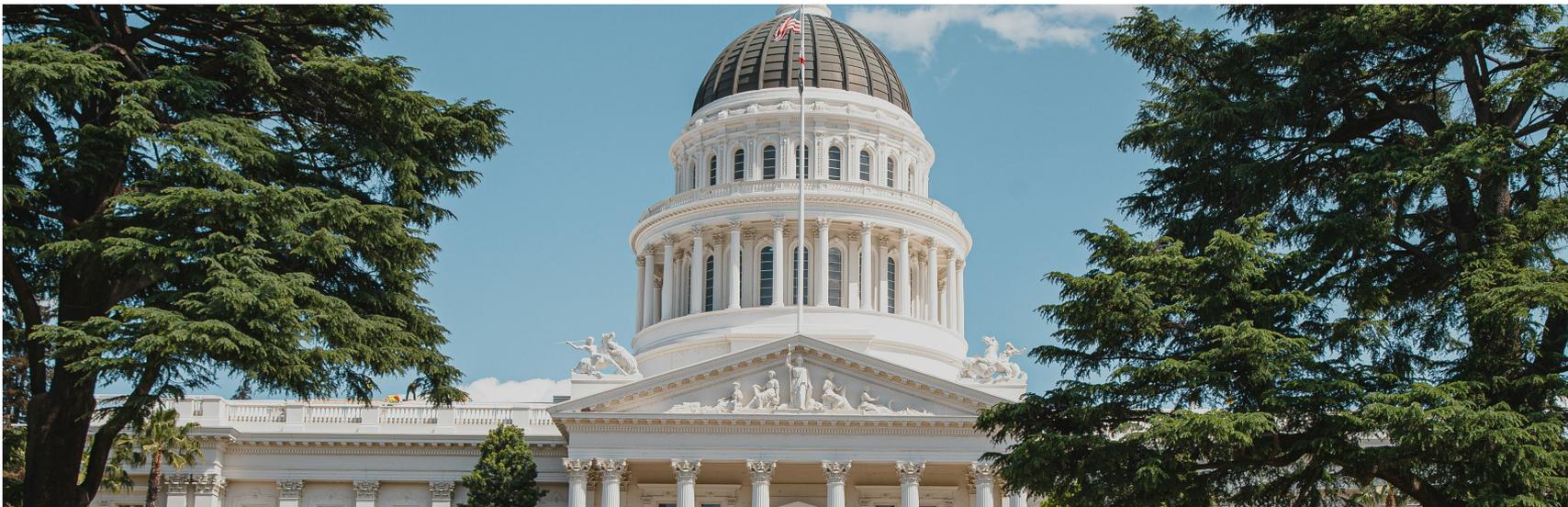
Local Revenue Measure: As the regional measure will not fully address the structural deficit, a local parcel tax will further reduce the gap. If passed by voters, the tax will generate ~\$150M annually to reduce the deficit and ~\$10M to make marginal service quality improvements.

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.



Regional Revenue Measure, Nov. 2026



The Connect Bay Area Act authorizes a regional sales tax to be placed on the Nov. 2026 ballot in Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara counties. The regional sales tax would fund BART, Muni, Caltrain, AC Transit and other transit systems. Due to the density of transit operating in San Francisco, San Francisco voters will consider a 1% sales tax. Voters in the other counties will consider a 0.5% sales tax.

The Public Transit Revenue Measure District was established in accordance with SB 63 (Wiener) to authorize the placement of a sales tax measure on the ballot.

The District Board voted not to place the measure on the ballot themselves, and instead it is being advanced by a coalition of stakeholders and voters, the Connect Bay Area Transit Committee.

Local Revenue Measure

Proposed Parcel Tax Structure

- **Basis of Taxation**

- Property Type: Single Family Home, Multi-Family Parcel (MFP), Non-Residential Parcel
- Square Footage

- **Caps, Exemptions and Deductions**

- Capped at \$50K for Multi-Family Parcels and \$400K for Non-Residential Parcels
- Parcels or units owned by a senior (65+) who occupies parcel or unit as primary residence
- Square footage of Single Room Occupancy (SRO) units
- Existing exemptions for property taxes apply (nonprofits, hospitals, museums, govt land, etc.)

- **Sunset Date**

- 15 years

- **Inflation Factor**

- Adjusted annually in accordance with CPI

- **Pass-through**

- Up to 50% of parcel tax
- Cap of \$65 (half of the \$129 single family residential base rate), for leases of rent-controlled units with the initial base rent set before June 1, 2027

Agency-generated Revenue

For more detail, refer to the presentation given to the SFMTA Board on December 16, 2025.

| Recommendation | FY 26-27 (\$M) | FY 27-28 (\$M) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Tourism Revenue: <ul style="list-style-type: none"> Simplify Cable Car Ticket | 2.3 | 2.8 |
| Daily Rider Revenue: <ul style="list-style-type: none"> Eliminate Clipper Discount/Index Year 2 Implement Fare Capping | 3.2 | 6.4 |
| Parking Revenue: <ul style="list-style-type: none"> Increase citation late penalties by 10% Increase meter rates \$0.25 in FY27-28 Increased meter recovery construction/temp no-parking permits Pass-through on-line credit card fees Select fine reductions | 3.3 | 8.3 |
| TOTAL | 8.8 | 17.5 |

A Culture of Efficiency

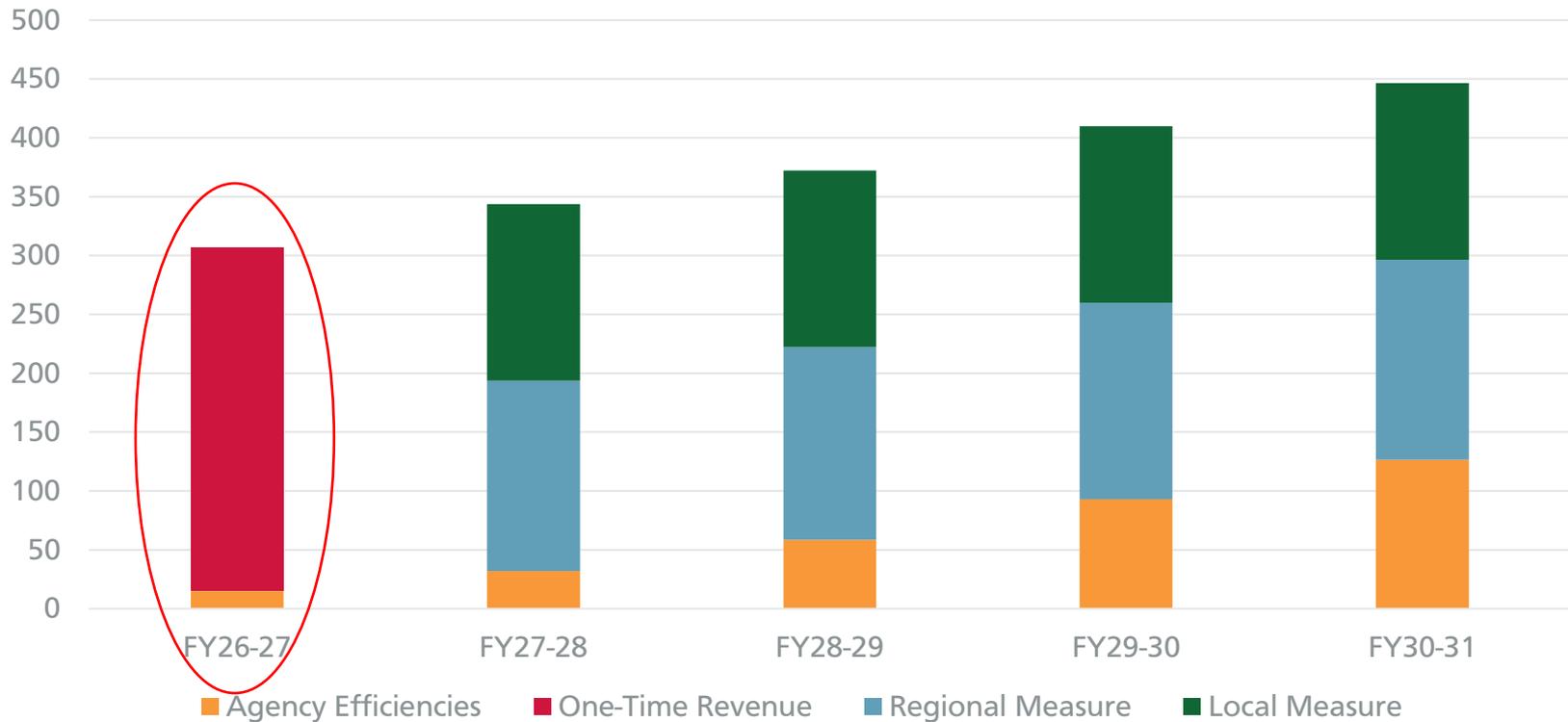
For more detail, refer to the presentation given to the SFMTA Board on January 6, 2026.



New efficiency proposals estimated to generate \$15 - \$25M.

Closing the Deficit

On-going agency efficiencies and one-time sources of funding will be needed to balance the FY26-27 budget.



One-time Revenue Sources

Timing of sales tax and parcel tax and scale of FY26-27 deficit require SFMTA to draw down one-time sources; options include:

- State loan: Up to \$200M
- SFMTA reserves: Recommend \$50-75M, \$140M available
- Capital funds shifted to operations: Up to \$40M
- One time savings from previous cost controls: \$50-75M

Scenario planning for the ballot if both initiatives pass

Connect Bay Area Act

- 1% sales tax in San Francisco
- ~\$155M/year for Muni

Local Revenue Measure

- Square footage-based parcel tax
- ~\$150M/year for Muni

Initiative Outcomes

Muni Service Benefits

Agency Benefits

Both Pass



- Maintain service levels
- Targeted service increases that address crowding and pass-ups
- Better positioned to respond to ridership growth

- Stabilized workforce
- Maintain focus on internal cost-cutting
- More resilient budget outlook for unforeseen conditions

Muni service options for cutting costs if one or both ballot initiatives fail



Cut up to 20 Muni routes

Corridors with multiple routes, downtown express, hilltop & neighborhood connections

\$70-150M



Double Wait Times

Metro train service, Rapid and Frequent routes

\$30-80M



End Regular Service at 9 p.m.

Owl network only from 9 p.m. to 6 a.m.

\$30M



Reduce or Cut Historic Service

3 cable cars lines and F Market & Wharves

\$70-140M

Note: Estimated savings include reduction in administrative services (e.g., accounting, payroll, HR) in proportion to reduction in Muni service

Potential Citywide Impacts without New Transit Funding



Budget Milestones

| Date | Budget Topic |
|-------------------|---------------------------------------|
| 11/18/2025 | Local Revenue Measure |
| 12/16/2025 | Agency 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 | Muni Equity Strategy Approval |
| 3/17/2026 | Draft Budget Balancing |
| 4/7/2026 | Budget Hearing (Operating & Capital) |
| 4/21/2026 | Budget Approval (Operating & Capital) |

Comments? Questions?

