SFMTA

San Francisco Municipal Transportation Agency

Consolidated Budget

Operating & Capital

FY 26-27 & FY 27-28 | July 17, 2026

Charter Section 8A.106 provides that the SFMTA must submit a two-year budget by May 1 of each even year to the Mayor and Board of Supervisors. The resolution approving the budget authorizes the Director of Transportation to work with the City Controller to conform the SFMTA's budgets to any changes in citywide budget submission schedules to ensure that interim appropriations are available for the SFMTA to continue operations after July 1, 2026, until October 1, 2026, when the SFMTA budget for the period ending June 30, 2027, will be finally operative.

The SFMTA has both an operating and capital budget. The SFMTA operating budget context for FY26-27 and FY27-28 includes the following factors:

- Transit fares and parking revenues are growing but remain lower than pre-pandemic levels.
- State operating grants are lower than prior budget cycle due to lower-than-expected revenues from cap-and-trade auctions and sales tax on gas and diesel fuel, as well as reallocation of State Transit Assistance allocated by revenue.
- New revenue sources include a $200 million loan of state funds through the Metropolitan Transportation Commission (state loan) and revenue assumed from proposed regional sales tax and local parcel tax measures on the ballot in November 2026.
- Expenditures continue to rise due to cost of living adjustments and inflation.

Similarly for the capital budget, projected capital revenue is down across all sources compared to the prior CIP. Revenue constraints on both the operating and the capital budget are expected to continue for the foreseeable future, contributing to a structural deficit in FY26-27 and beyond.

As a result of this overall fiscal context, SFMTA's budget strategy for FY26-27 and FY 27-28 is:

- Budget revenue from the proposed regional sales tax and proposed local parcel tax;
- Optimize revenues that are within SFMTA's administrative control and distributed across multiple transportation types to share the burden,
- Control expenditure growth by committing to a multi-year strategy to reduce costs and maintain service levels with existing resources; and
- Use one-time sources such as the state loan and cost savings from prior years to balance FY26-27, becoming balanced without one-time sources in FY27-28.

Operating Budget

The FY26-27 and FY27-28 operating budgets are $1,515 million and $1,616 million, respectively. The proposed budget was reviewed by the SFMTA Board of Directors on December 16, 2025, January 6, 2026, February 3, 2026, March 17, 2026, and April 7, 2026.

Budget Development

At the February 3, 2026, Board Workshop, the Directors reviewed the operating baseline budget for FY26-27 and FY27-28 which included a $307 million shortfall in FY26-27 and $344 million shortfall in FY27-28. At this meeting, staff identified the following options to address the shortfall:

- Internal efficiencies and cost controls
- Enterprise revenue proposals – fare and parking fees, fare and fine increases
- Regional sales tax measure
- Local parcel tax measure
- State loan
- Use of fund balance

- Use of reserves
- Capital funds flexed to operations

With the exception of the proposal related to the single ride Cable Car ticket and the 1 Day, 3 Day, and 7 Day Visitor passes, feedback from the Board and the public was generally supportive of the proposed fee and fare changes. In response to concerns about the financial burden for families traveling with children, the Board modified the proposal to eliminate the single ride Cable Car ticket and the 1 Day, 3 Day, and 7 Day Visitor passes and replace them with a new "Cable Car Plus" pass that would provide all-day unlimited rides on all Muni at a higher rate, to include free cable care fares for up to two youth 18 years of age or younger travelling with an adult on the pass.

Revenue

The SFMTA's FY26-27 and FY27-28 proposed budget includes the following revenue assumptions:

- Estimates from the Controller's Office of the General Fund Baseline transfers
- Estimates from the Metropolitan Transportation Commission (MTC) of the state and regional operating grants
- Direction of the Board of Directors regarding fare, fee and fine revenue, as described above
- Estimates of Other revenue based on contractually negotiated advertising and real estate revenue and fund balance

Projected FY26-27 and FY27-28 revenue for the SFMTA budget is summarized below.

Table 1: Revenue Sources

Category	FY25-26 Budget ($M)	FY26-27 Proposed Budget ($M)	FY27-28 Proposed Budget ($M)	Yr1 Growth (%)	Yr2 Growth (%)
General Fund	554	608	601	10	-1
Operating Grants	228	211	216	-7	2
Federal and State Relief	233	0	0	-	-
Parking Revenue	280	288	296	3	3
Transit Revenue	114	134	141	18	6
Other Revenue	36	39	39	7	1
State Loan	0	200	0	-	-100
Reg Revenue Measure	0	17	155	-	793
Local Revenue Measure	0	0	166	-	-
Fund Balance	6	17	0	183	-
Total*	**1,452**	**1,515**	**1,616**	**4**	**7**

**Due to rounding differences, sum of each category may not match total.*

On the revenue side, General Fund estimates are consistent with city projections that reflect post-pandemic economic recovery. General Fund revenues are slightly lower in FY27-28 than FY26-27 due to the implementation of the gross receipts tax and the fluctuation of property tax as a result of assessment appeals. Notably, Operating Grant revenue in both FY26-27 and FY27-28 is lower than FY25-26 due to decreased revenue from Cap and Invest trade auctions and sales tax on gas and diesel fuel, as well as a reallocation per the revenue allocation formula. Transit Revenue increases in both years, most dramatically in FY26-27, reflecting growing ridership, increased fare compliance, and fare policy changes. Parking Revenue also shows small increases, mostly in meter revenue. Other Revenue, which is composed of advertising and lease revenue as well as interest earned on fund balance, increases in FY26-27 due to one-time changes in revenue contracts projections for advertising in transit vehicles and shelters and remains flat in FY27-28.

The FY26-27 and FY27-28 budgets include three new sources: Regional Revenue Measure, Local Revenue Measure, and the State Loan, which is discussed in greater detail below. The Regional Revenue Measure is authorized by the Connect Bay Area Act (SB 63), which authorized voters to place a one-cent sales tax increase in San Francisco on the ballot to maintain Muni and other regional transit agencies. The Local Revenue Measure is a parcel tax in San Francisco supported by Mayor Lurie and other elected leaders to reduce the structural deficit and make marginal service quality improvements. Finally, the FY26-27 budget is balanced with $17 million of prior year savings (fund balance). No prior year savings are needed to balance FY27-28. Balancing the FY27-28 budget without one-time sources demonstrates the SFMTA has made significant progress in achieving long-term budget stability.

Contingency Reserves

In 2007, the SFMTA Board approved a Contingency Reserve Policy (Resolution 07-038), which directed the establishment of an operating reserve with the goal of setting aside a total of 10% of operating expenditures. The current operating reserve is $143 million. Based on five-year budget projections, the budget assumes suspensions of contributions to the Contingency to Reserve to meet the 10% threshold. These contributions would have been $9 million in FY26-27 and $19 million in FY27-28. Suspending contributions means the Contingency Reserve will be funded at 9% of operation expenditures in FY26-27 and FY27-28. Staff will return to the Board in 2027 with an update on the Contingency Reserve Policy.

State Loan

Senate Bill 117, a trailer bill to the 2025 State of California Budget Act, authorized the California State Transportation Agency to loan up to $590 million to the Metropolitan Transportation Commission (MTC) for loans to the SFMTA, BART, Caltrain, and AC Transit to help bridge the FY26-27 budget deficit prior to results and revenue received from the Regional Revenue Measure. The SFMTA is expected to receive $200 million from this loan.

The loan was executed on June 22, 2026 with the terms summarized below:

- 12-year term, with two years of interest only payments (approximately $8 million in FY26-27 and $8 million in FY27-28) and a ten-year repayment term including both interest and principal payments (approximately $30 million per year FY28-29 through FY38-39)
- Variable interest rate tied to the rates earned on the California State Surplus Money Investment Fund (SMIF). SMIF is a fund that invests surplus state funds in a diversified portfolio of securities, aiming to generate returns while maintaining liquidity and safety for the state’s financial needs.

Expenditure

The SFMTA’s FY26-27 and FY27-28 proposed budget includes the following expenditure assumptions:

- Impact of deleting 89 positions: 54 operating and 35 project-funded,
- Projected wage increases based on executed Memorandums of Understanding with labor unions, and
- Projected non-labor increases based on CPI of 3.35% in FY26-27 and 3.12% in FY27-28.

Projected FY26-27 and FY27-28 expenditure for the SFMTA budget is summarized below.

Table 2: Expenditure by Category

Category	FY25-26 Budget ($M)	FY26-27 Proposed Budget ($M)	FY27-28 Proposed Budget ($M)	Yr1 Growth (%)	Yr2 Growth (%)
Labor	915	970	1,064	6	10
Non-Personnel	250	272	273	9	0
Materials & Supplies	113	109	112	-4	3
Debt Service	28	36	36	28	0
Svc of Other Depts	128	126	131	-2	4
Other *	18	3	0	-82	-
Total**	**1,452**	**1,515**	**1,616**	**4**	**7**

** Includes one-time equipment and transfers to capital projects*
***Due to rounding differences, sum of each category may not match total*

On the expenditure side, the budget includes no new positions and FY26-27 and FY27-28 expenditure growth is largely driven by increases in labor costs. Labor costs are higher due to wage increases negotiated in Memorandums of Understanding with labor unions and higher health care, benefit, and retirement costs, which will grow 8% in FY26-27 and 9% in FY27-28. Benefits are approximately 20% of total expenditures. In addition, the FY27-28 budget includes funding to fill vacant positions to support improvements in Muni service reliability and modest service changes to mitigate crowding, both of which are commitments included in the local revenue measure. The increase in debt service is due to interest payments on the State Loan. These increases are offset by reductions in "Other," which is equipment and transfers to capital projects, as well as cost control in non-personnel and materials and supplies, whose growth is largely held to CPI, with the exception of $7 million of one-time investments in FY26-27 to implement the parcel tax, negotiate new labor contracts, develop a plan to maintain transit fixed guideway infrastructure in a state of good repair, and develop a multi-year strategy to reduce costs and become more efficient.

Positions

The operating budget includes 5,837 positions in FY26-27 and FY27-28 funded by the operating budget and 490 positions in FY26-27 and FY27-28 funded by capital projects, for a total of 6,327 positions. This includes 76 positions transferred from the operating budget to the project-fund budget due to the closing of the Potrero Yard for refurbishment. These positions must be returned and funded in FY30-31 when the Potrero Yard project is anticipated to be completed. The projected breakdown of operating and capital positions is summarized below.

Table 3: Full-Time Employees by Employee Type*

Category	FY26-27 (FTE)	Percent (%)	FY27-28 (FTE)	Percent (%)
Operating Budget	5,837	92%	5,837	92%
Capital Budget	490	7%	490	7%
Total	**6,327**	**100%**	**6,327**	**100%**

**Reflects position count and excludes temporary staff and special class, including attrition.*

The San Francisco Charter limits managerial positions in the operating budget to a statutorily mandated cap of 2.75% of the MTA's total workforce. In the FY26-27 and FY27-28 budget, there are 156 budgeted managerial positions – 2.47% of the workforce – that count towards this mandated cap.

Service Areas

The budget of $1,515 million in FY26-27 and $1,616 million in FY27-28 funds services in five key areas.

Transit

The Transit function includes on-going planning, procurement, operation, safety and maintenance activities for the country's 8th largest public transit system, including 1,100 motor coaches, trolley coaches, light rail vehicles, cable cars, historic and vintage streetcars, plus nearly 700 non-revenue vehicles, and 3,500 transit stops that deliver more than 500,000 passenger boardings per day. The focus for the coming two-year budget includes:

- 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
- Increasing compliance with transit safety regulations by creating one unified rail and bus rulebook
- Implementing a range of safety improvements identified in our triennial Federal audit
- Strengthening organizational readiness for emergencies

Revenue Generation

The Revenue Generation function includes garage operations and parking enforcement as well as permit and citation processing. The focus for the coming two-year budget includes:

- 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

Street Safety and Functionality

The Street Safety and Functionality function includes school crossing guards, traffic signals and planning, as well as designing, implementing and maintaining the city's street, transit, bicycle and pedestrian infrastructure to meet the goals and objectives of the Transit First Policy and Street Safety Initiative. The focus for the upcoming two-year budget includes:

- Delivering on SFMTA commitments in the Mayor's Street Safety Initiative

- Responding to increasing 311 and workorder backlogs
- Implementing street safety improvements around schools

Taxi and Microtransit

The Taxi and Microtransit function ensures all transportation modes are accessible to older adults and people with disabilities. This function includes paratransit service. It also regulates the taxi and emerging mobility programs such as scooter share and commuter shuttles. The focus for the upcoming two-year budget includes:

- 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

SFMTA's administrative function supports service delivery by providing information technology, finance, human resources, contracting, regulatory compliance, communications, and government affairs to the rest of the agency. The focus of the administrative services function for the upcoming two-year budget includes:

- 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 state and local policies that support high-quality, equitable transit service, street safety and parking modernization
- Implementing parcel tax if approved by voters

Capital Budget

On December 5, 2023, the SFMTA Board approved the Agency's 20-Year Capital Plan for FY 2024-25 through FY 2043-44. The Capital Plan represents the Agency's *fiscally unconstrained capital needs* for the next 20 years. The 20-year Capital Plan serves as the basis for developing the fiscally constrained five-year Capital Improvement Program (CIP), the first two years of which comprise the two-year capital budget. Given limited funding availability, the SFMTA prioritizes the capital projects that can be advanced during each two-year capital budget.

The SFMTA has prepared a two-year balanced capital budget for FY26-27 and FY27-28 in the amounts of $655 million and $546 million, respectively, for submittal by May 1, 2026, to the Mayor and Board of Supervisors as required by Charter Section 8A.106. The proposed SFMTA FY26-27 and FY27-28 capital budget is the agency's two-year capital financial plan and consolidated capital program.

The two-year capital budget recommends a variety of capital projects addressing infrastructure needs related to transit reliability, street safety, state of good repair, facilities, system safety and accessibility. These recommended projects continue to reflect the SFMTA Board of Directors' adopted policies and plans, including the Street Safety Initiative, Transit First Policy, the San Francisco Pedestrian Strategy, the SFMTA Biking and Rolling Plan, the City and County of San Francisco Adopted Area Plans, the SFMTA Strategic Plan and the San Francisco County Transportation Plan. Complete scope and funding plans for recommended projects will be reflected in the SFMTA FY2027-FY2031 Capital Improvement Program (CIP), also presented for adoption on April 21, 2026. Projects recommended through this two-year budget include infrastructure investments, as well as various procurements and other one-time initiatives and are allocated across five capital investment areas.

Population-Baseline General Fund Transfer and Other Capital Sources

The proposed SFMTA two-year capital budget includes expenditure authority of $83 million in FY26-27 and $84 million in FY27-28 in the operating budget. The majority of this funding comes from the General Fund Population Baseline, which is received through the operating budget, and which the Charter allocates 75 percent to projects that improve Muni's reliability, frequency of service, or pay for Muni repairs and 25 percent to projects that improve street safety for all users. Other funding includes annual State of Good Repair Program funds received from the state, developer fees, and commuter shuttle fee revenue. The total of all funds appropriated in the operating budget to support capital are summarized below.

Table 4: Consolidated Budget Support for Capital

Revenue Source	FY26-27 ($M)	FY27-28 ($M)
Population Baseline General Fund Transfer	65	65
State of Good Repair	12	12
Transportation Development Act (TDA) Article 3	0.5	0.5
Transit Sustainability Fee	0.03	0.9
Revenue Bond Interest	2	2
Low Carbon Transit Operations Program (LCTOP) Interest Earned	0.5	0.5
Commuter Shuttle Fee	0.6	0.6
Automated Speed Enforcement	2	2
Other Developer Fees	0.2	-
Total	**$ 83**	**$ 84**

Fares, Fees, Fines, Rates and Charges

The operating budget includes fee, fare and fine revenue of $461 million in FY26-27 and $476 million in FY27-28. On April 21. 2009, the SFMTA Board adopted the Automated Indexing Implementation Plan to create a more predictable and transparent mechanism for setting fees, fares, fines and other charges under the SFMTA's jurisdictions these charges and improve financial stability. Under this policy, the Board may choose to forgo the policy in order to further SFMTA policy and goals. Detail on these exceptions are described below.

Fiscal Year 26-27 Fare Changes (January 4, 2027 Implementation)

Single Ride Fares/Passes – In January 2017, the SFMTA Board suspended indexing of single ride cash fares purchased on Clipper and MuniMobile. The purpose of this change was to incentivize pre-payment of fares and the transition of more customers to the regional Clipper regional fare payment system. The initial discount was $0.25 in FY17-18 and increased to $0.50 in FY19-20.

Based on the steady increased usage of Clipper and MuniMobile over time, during the FY24-25 and FY25-26 budget cycles the Board of Directors approved reducing the discount to $0.25 and then $0.15 effective January 1, 2026, and July 1, 2026 respectively. Based on FY25-26 actuals, 95% of single ride fares are paid on Clipper and MuniMobile, indicating that the original goal of the discount has been met. The proposed budget assumes elimination of the remaining $0.15 discount on January 4, 2027. Single ride cash fares will not change.

The single ride Clipper fare serves as the basis for single ride fares paid with Clipper or Muni Mobile for seniors and people with disabilities, paratransit group van service, and monthly, daily and visitor passes, so these fares will also increase accordingly.

Increase Cable Car Single Ride Fare – The cost of cable car service, estimated at approximately $20.00 per trip per FY24-25 Federal Transit Administration's National Transit Database reporting, is significantly higher than regular service. Operational costs in excess of fares are subsidized through the SFMTA operating budget. The proposed budget assumes this fare is increased from $9 per trip to $12 per trip, effective January 4, 2027, to recover additional operating expenses.

Eliminate 1, 3 and 7 Day Visitor Passes – These passes are valid for unlimited travel on all Muni service, including cable car, for the time period specified. These passes are underutilized compared to the single ride and one day passes, representing less than 5% of total sales. In order to streamline fare options and operational efficiency, the proposed budget eliminates these passes.

Introduce "Cable Car Plus" Pass – The new pass, similar to the 1 Day Visitor Pass, will provide for unlimited travel on all Muni service, including cable car, with the new benefit of allowing up to two youth aged 18 or under to travel free when accompanied by an adult. The cost of this pass will be $18.00.

Fare Changes Fiscal Year 27-28 (January 3, 2028 Implementation)

Single Ride Fares/Passes – In 2009, the SFMTA Board of Directors adopted the Automatic Indexing Implementation Plan (AIIP) to establish a more predictable and transparent mechanism for setting fees, fares and fines. The formula is based on a combination of Consumer Price Index and Labor Budget changes. This policy was suspended for fare increases during the pandemic in FY20-21. In FY24-25 fare increases were resumed, In FY26-27 single ride fares and passes will be increased to eliminate the remaining $0.15 discount for fares paid on Clipper and MuniMobile. AIIP increases will apply to all fares in FY27-28.

Daily Fare Capping – The implementation of the Next Generation Clipper system, includes the ability to establish more flexible fare policy, including setting a cap on fares charged in a designated period after which remaining rides are free. The budget assumes elimination of the One Day Muni Only Pass and implementation of Daily Fare Capping. The fare cap would be set at the current Muni-Only pass rate of two single ride trips and would apply to adult and discount fare categories.

Eliminate Single Ride Cable Car Ticket – SFMTA is proposing to eliminate the single ride cable car ticket, providing a single option for cable car travel under the "Cable Car Plus" Pass.

Parking Fees and Fines

Parking and Transit Violation Late and Special Collection Fees – The budget assumes an increase to late penalty and special collections fees for parking and transit violations that would take effect on July 1 of each year of the budget.

Limited Reductions to Parking Fines – The budget assumes reductions to several parking violations, including failure to curb wheels on a grade, in order to better align the penalty with the violation. All other parking fines are not proposed to increase this budget cycle.

Temporary Exclusive Use and Meter Use Fees – The Transportation Code currently includes two separate sections related to use of curb space adjacent to parking meters, one for construction-related activities and another for all other uses. A daily fee is assessed to recover lost revenue associated with taking meters out of service. These fees are currently below the average citywide hourly meter rate. The budget assumes consolidation of these sections, sets a daily rate of $21 for FY26-27 and $23 for FY27-28, and establishes a formula and authorizes staff to make ongoing increases that would be based on the weighted average hourly citywide parking meter rate.

Special Event Meter Rates – Increasing the special event parking meter hourly rate minimum and maximum to $1 and $21, respectively.

Establishing Electric Vehicle Charging and Parking Reservation Fees – The Transportation Code authorizes a maximum $10 fee for electric vehicle charging in SFMTA operated parking facilities. The budget assumes this section is removed from the Transportation Code and the SFMTA is authorized to recover the actual costs of this service, including the costs associated with the management, operation and maintenance of electric vehicle charging stations and the hourly electricity rate for a charging session. Staff are also proposing a new fee for online advanced parking reservations in SFMTA operated garages and lots.

Garage Rates and Fees – Off-street parking/garage hourly and monthly rates are subject to the SFMTA's Demand Responsive Pricing Policy. For FY26-27 the maximum hourly rate will be $14.00, and $15.00 for FY27-28. Miscellaneous fees will also be increased.

Pass-Through Merchant Fees for Credit/Debit Payments – The budget assumes a pass-through fee for credit and debit transactions for parking and transit violations and parking permits purchased online. The initial fee will be 2.15% of the total charge, or $2.00, whichever is greater. Customers can forgo this fee by utilizing an electronic check for payment.

Parking Citation Waivers for People Experiencing Homelessness – The SFMTA has implemented programs authorizing a one-time waiver of all citations for people experiencing homelessness, and for individuals who have completed the city's Large Vehicle Buy Back program. The budget legislation includes an amendment to the Transportation Code to codify these waiver programs.