

THIS PRINT COVERS CALENDAR ITEM NO. : 10.7

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance and Information Technology

BRIEF DESCRIPTION:

Approving changes to the Automatic Indexing Implementation Plan (AIIP) including expanding rounding increments and allowing for departures from the indexing formula for changes that further significant SFMTA policy and goals.

SUMMARY:

- On April 21, 2009, the Board of Directors approved Resolution 09-065 adopting an AIIP for setting charges which are not otherwise governed by law to create a more predictable and transparent mechanism for setting these charges.
- The AIIP applies to transit fares, parking and transit violation fines, garage rates, and all other fees and charges consistent with applicable law and any statutory maximums.
- The SFMTA is proposing changes to expand rounding increments and allow for departures from the indexing formula for changes that further significant SFMTA policy and goals.
- The SFMTA has determined the proposed changes to the Automatic Indexing Implementation Plan are statutorily exempt from the California Environmental Quality Act (CEQA).
- The proposed action is the Approval Action as defined by the S.F. Administrative Code Chapter 31.

ENCLOSURES:

1. SFMTAB Resolution
2. Automated Indexing Implementation Plan (AIIP)

APPROVALS:

	DATE
DIRECTOR <u></u>	<u>3/26/2018</u>
SECRETARY <u></u>	<u>3/26/2018</u>

ASSIGNED SFMTAB CALENDAR DATE: April 3, 2018

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PURPOSE

Approving changes to the Automatic Indexing Implementation Plan (AIIP) including expanding rounding increments and allowing for departures from the indexing formula for changes that further significant SFMTA policy and goals.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

This item supports the following Strategic Plan Goal.

Goal 3: Improve the environment and quality of life in San Francisco.

This item does not directly support any Transit First Policy Principles.

DESCRIPTION

On April 21, 2009, the Board of Directors approved Resolution 09-065 adopting an AIIP for setting fares, fees, fines and other charges under the SFMTA's jurisdiction. This policy was adopted in order to create a more predictable and transparent mechanism for setting these charges and improves financial stability by implementing smaller, more frequent and predicible increases. The AIIP applies to transit fares, parking and transit violation fines, garage rates, and all other fees and charges consistent with applicable law and any statutory maximums. The SFMTA is proposing changes to expand rounding increments and allow for departures from the indexing formula for changes that further significant SFMTA policy and goals. The SFMTA will continue to set all cost recovery fees based on the actual costs incurred by the agency.

PUBLIC OUTREACH

No specific outreach was conducted on this proposal, however, significant public noticing and outreach occurs in conjunction with all proposed changes to existing SFMTA fees, fines, fares or other charges prior to SFMTA Board of Directors approval of the change.

ALTERNATIVES CONSIDERED

Staff considered the option of making no changes to the AIIP, however, it was determined that providing this limited flexibility would allow for the furtherance of significant goals and policies as it relates to setting fees, fare and other charges.

FUNDING IMPACT

No fiscal impact.

PUBLISHED NOTICE

None required since no existing SFMTA fee, fine, fare or other charge will be changed.

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ENVIRONMENTAL REVIEW

The proposed changes to the Automatic Indexing Implementation Plan are subject to the California Environmental Quality Act (CEQA), as the policy changes could affect fees, fares, rates and charges. CEQA provides a statutory exemption from environmental review for the establishment, modification, structuring, restructuring or approval of rates, tolls, and other charges under California Public Resources Code section 21080(b)(8) and CEQA Guidelines, Title 14 of the California Code of Regulations section 15273, if these rates, tolls, and other charges will be used to meet operating expenses, including employee wage rates and fringe benefits, or purchase or lease supplies, equipment, or materials.

On February 13, 2018, the SFMTA, under authority delegated by the Planning Department, determined (Case Number 2018-002861ENV) that the proposed changes to the AIIP are statutorily exempt from environmental review under Title 14 of the California Code of Regulations section 21080(b)(8) and CEQA Guidelines, Title 14 of the California Code of Regulations section 15273 because the anticipated revenues will be used to meet SFMTA operating expenses, including employee wage rates and fringe benefits, or to purchase or lease supplies, equipment, or materials.

The SFMTA CEQA determination is on file with the Secretary to the SFMTA Board of Directors. The proposed action is the Approval Action as defined by the S. F. Administrative Code Chapter 31.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

No additional review is required.

The City Attorney has reviewed this calendar item.

RECOMMENDATION

SFMTA staff request that the SFMTA Board approve changes to the AIIP including expanding rounding increments and allowing for departures from the indexing formula for changes that further significant SFMTA policy and goals.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, On April 21, 2009, the Board of Directors approved Resolution 09-065 adopting an AIIP for setting charges which are not otherwise governed by law to create a more predictable and transparent mechanism for setting these charges; and

WHEREAS, The AIIP applies to transit fares, parking and transit violation fines, garage rates, and all other charges consistent with applicable law and any statutory maximums; and

WHEREAS, The SFMTA is proposing changes to expand rounding increments and allow for departures from the indexing formula for changes that further significant SFMTA policy and goals; and

WHEREAS, The SFMTA will continue to set all cost recovery fees based on the actual costs incurred by the agency; and

WHEREAS, The proposed changes to the Automatic Indexing Implementation Plan are subject to the California Environmental Quality Act (CEQA); the CEQA Guidelines provide an exemption from environmental review for the establishment, modification, structuring, restructuring or approval of rates, tolls, and other charges, if these rates, tolls, and other charges will be used to meet operating expenses, including employee wage rates and fringe benefits, or purchase or lease of supplies, equipment, or materials. (Cal. Code Regs., Title 14, Section 15273); and,

WHEREAS, On February 13, 2018, the SFMTA, under authority delegated by the Planning Department, determined (Case Number 2018-002861ENV) that the proposed changes to the AIIP , are statutorily exempt from environmental review and,

WHEREAS, The proposed action is the Approval Action as defined by the S. F. Administrative Code Chapter 31; and,

WHEREAS, The SFMTA Board finds that the proposed changes to the AIIP are for the purpose of the establishment, modification, structuring, restructuring or approval of rates, tolls, or other charges, and that the rates, tolls, and other charges will be used to meet operating expenses, including employee wage rates and fringe benefits, or purchase or lease of supplies, equipment, or materials; and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and may be found in the records of the Planning Department at 1650 Mission Street in San Francisco, and are incorporated herein by reference; now be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors approves changes to the Automatic Indexing Implementation Plan including expanding rounding increments and allowing for departures from the indexing formula for changes that further significant SFMTA policy and goals.

I certify that the foregoing resolution was adopted by the Municipal Transportation Agency Board of Directors at their meeting of April 3, 2018.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

Automatic Indexing Implementation Plan (AIPP)

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 AIPP 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).