Budget Public Hearing:

- April 21, 2020 Budget Baseline
- Data Insights
- Fiscal Update
  - Revenue Trends/Losses
  - Budget Reduction Targets
- Recommendation/Budget Update
- Service Impact & Fiscal Management
Introduction

- Reduction from 4/21 approved budget: -$30M from FY 2021 and -$54M from FY 2022
- Savings primarily from positions to be held vacant
- Reflects deterioration in revenue outlook, along with proposed suspension of fare increases
- Great uncertainty—particularly in fare revenues depending on ridership demand and social distancing requirements
- Budget currently retains full 10% contingency reserve: $125M for FY 20-21. We will monitor revenues and expenditures closely and report to the Board at least quarterly
- If revenues come in below estimates, we will present options to the Board including service reductions and use of reserves
Core Values

- Safe Transportation System
- Equity
- Decarbonization

Work Culture that delivers excellent customer service

Transportation services and investments supporting a strong economic recovery
April 21, 2020 Adopted FY 2021 & FY 2022 Consolidated Budget

The SFMTA Board of Directors approved the FY 2021 and FY 2022 Consolidated Budget on April 21, 2020. The budget was to be a reference point to be updated as the fiscal situation changed.

### Budget (April 2020)

<table>
<thead>
<tr>
<th>FY 21 Adopted Budget</th>
<th>FY 22 Adopted Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$1.28 b</strong></td>
<td><strong>$1.34 b</strong></td>
</tr>
</tbody>
</table>

#### Continuing FY 20

- **Fiscal Controls**
  - ($10 m)

#### Budget Holds New Programs

- ($23 m)

#### 10% Reserve

- **$129 m**

### Fiscal Situation (April 2020)

#### Revenue Loss

- FY 21 & FY 22
  - As of April 2020 ($212.5 m)

#### CARES Funding Future Tranches

- **$179.5 m**

#### FY 22 Increased Retirement Costs

- **$22.3 m**

#### Reductions Planned

- **$33.8 m**

#### Reductions Revenue Loss

- **$21.5 m**
Insights Summary

 Likely to be a ~20% baseline ridership drop. Telecommuting will reduce number of commuting trips; essential trips should hold steady and recover. Result is cost per service hour will increase, fare revenue will drop.

 Likely to see a ~10-15% shift in “regular” riders to “occasional” riders. Result is drop in ridership, drop in monthly pass revenue offset some by increase in Clipper and Cash Fare revenue.

 Likely transit demand in the short term will track with service restoration outlined in the Transportation Recovery Plan (TRP). Result is ridership will increase with service hours; revenues will track, but behind this trend.

 Likely mode shift from transit to driving in the immediate to midterm. Data is showing a “divergence” from prior baselines in mode use; driving is recovering the fastest and is diverging from other transportation choices. Result is transit fare revenue will drop, but may be offset partially or completely by parking and traffic revenue increases.
Key Data Sources

Using various datasets, **insights were developed** that resulted in changed economic and revenue forecasts. Choices around trips, modes, and preferences informed budget scenarios and recommendations.

- IBM Survey: 25,000 people surveyed
  - Transportation Preferences
- Google Mobility Reports: Real-Time Data
  - Trips/Destination Choice
- Apple Mobility Reports: Real-Time Data
  - Mode Choice
Human Factors - IBM Institute for Business Value (IBV) Survey

Institute for Business Value (IBV) survey of U.S. consumers reveals shifting personal behavior and preferences resulting from the COVID-19 pandemic. The study polled more than 25,000 U.S. adults in the month of April to understand how COVID-19 has affected their perspectives on a number of issues, including retail spending, transportation, future attendance at events in large venues, and returning to work.

20% of respondents who regularly used buses, subways or trains now said they no longer would

28% of respondents who regularly used buses, subways or trains said they will likely use public transportation less often

Human Factors - IBM Institute for Business Value (IBV) Survey

Institute for Business Value (IBV) survey of U.S. consumers reveals shifting personal behavior and preferences resulting from the COVID-19 pandemic. The study polled more than 25,000 U.S. adults in the month of April to understand how COVID-19 has affected their perspectives on a number of issues, including retail spending, transportation, future attendance at events in large venues, and returning to work.

17% of respondents said that they intend to use their personal vehicle more as a result of COVID-19

50%+ of respondents who used ridesharing apps and services said they would either use these less or stop using these services completely

24% of respondents said they would no longer use taxis

Google COVID-19 Community Mobility Reports – Destinations within San Francisco

The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020. Data is a rolling 7-day average versus the baseline.
Google COVID-19 Community Mobility Reports - Transit Comparison/Global Cities

The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020. Data is a rolling 7-day average versus the baseline.

Apple COVID-19 Mobility Trends - Driving

Source: Apple "Mobility Trends Reports".  
https://www.apple.com/covid19/mobility
The baseline is as of January 13, 2020. Data is a rolling 7-day average versus the baseline.
The baseline is as of January 13, 2020. Data is a rolling 7-day average versus the baseline.

Source: Apple "Mobility Trends Reports".
https://www.apple.com/covid19/mobility
Apple COVID-19 Mobility Trends - Peer Cities (Consistent Divergence – Mode)


The baseline is as of January 13, 2020. Data is a rolling 7-day average versus the baseline.
Revenue losses in FY 2021 nearing 19% in all sources. One-time funds will be needed to balance the budget. Result is use of all CARES funds + additional one-time funds in FY 2021 to cover revenue loss.

Likely FY 2022 revenues will not recover sufficiently to backfill one-time uses in FY 2021. Result is significant use of one-time fund balance and increased FY 2022 expenditure reductions and preserving the 10% reserve for revenue uncertainties.

Significant unknowns still exist, short-term data makes long-term projections difficult. There are numerous potential risks. Result is the need to build a resilient budget around numerous economic, operational and revenue scenarios.

Structural deficit increasing, sustainable revenues continue trend of dropping with increased use of one-time sources. The budget is not sustainable, expense/revenue gap growing. Result is the need to pursue new sustainable revenue sources immediately.
SFMTA COVID-19 Economic Downturn and Recovery Scenario

$568M revenue loss over 4 Years + $46M increased pension contributions (compared to base outlook)

- Assumes decrease in General Fund baselines and parking tax based on Controller’s May 2020 Joint Report
- Decline in traffic fines, fees & permits, fares, and operating grants based on “swoosh” recovery projection
- Note: an additional pressure on SFMTA budget will be an increase in required pension contributions to make up for assumed investment losses ~$46M based on the most current data.
April 7th – Revenue Trends (in $2019 Constant)

Baseline

Parking and Traffic Fees, Fines, In-Lieu Tax; Taxi
General Fund Transfers
Passenger Fares (Fixed Route and Paratransit)
State Operating Grants

Projected FY20-21
Projected FY21-22

$162 $167 $158 $147 $157 $182 $176 $189 $184

$248 $244 $228 $211 $209 $197 $196 $206 $206

$285 $309 $314 $335 $348 $354 $332 $344 $348

$410 $370 $362 $365 $357 $358 $380 $376 $367

$248 $309 $314 $335 $348 $358 $380 $376 $367
April 21st – Revenue Trends (in $2019 Constant) COVID-19 Impact

- Parking and Traffic Fees, Fines, In-Lieu Tax; Taxi
- General Fund Transfers
- Passenger Fares (Fixed Route and Paratransit)
- State Operating Grants

Revenue Trends (in $2019 Constant):
- FY13-14: $285
- FY14-15: $248
- FY15-16: $228
- FY16-17: $211
- FY17-18: $209
- FY18-19: $197
- FY19-20 Projected: $196
- FY20-21 Projected: $195
- FY21-22 Projected: $199

COVID-19 Impact:
- FY13-14: $410
- FY14-15: $370
- FY15-16: $362
- FY16-17: $365
- FY17-18: $357
- FY18-19: $358
- FY19-20 Projected: $381
- FY20-21 Projected: $328
- FY21-22 Projected: $339

SFMTA Fiscal Year 2021 and 2022 Budget and Fiscal Update
June 30th – Revenue Trends (in $2019 Constant) *Current*

- **Parking and Traffic Fees, Fines, In-Lieu Tax; Taxi**
- **General Fund Transfers**
- **Passenger Fares (Fixed Route and Paratransit)**
- **State Operating Grants**

Revenue trends for FY13-14 to FY21-22 Projected are as follows:

- **FY13-14:** $162
- **FY14-15:** $167
- **FY15-16:** $158
- **FY16-17:** $147
- **FY17-18:** $157
- **FY18-19:** $182
- **FY19-20 Projected:** $152
- **FY20-21 Projected:** $156
- **FY21-22 Projected:** $172

Current revenue trends are:

- **FY13-14:** $248
- **FY14-15:** $244
- **FY15-16:** $228
- **FY16-17:** $211
- **FY17-18:** $209
- **FY18-19:** $197
- **FY19-20 Projected:** $246
- **FY20-21 Projected:** $308
- **FY21-22 Projected:** $328

Baseline and insights for revenue trends are not specified in the image.
June 30th – Revenue Trends (in $2019 Constant) *Current with CARES*

- Parking and Traffic Fees, Fines, In-Lieu Tax; Taxi
- General Fund Transfers
- Passenger Fares (Fixed Route and Paratransit)
- State Operating Grants

<table>
<thead>
<tr>
<th>Year</th>
<th>Parking and Traffic</th>
<th>General Fund</th>
<th>Passenger Fares</th>
<th>State Operating</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13-14</td>
<td>$410</td>
<td>$285</td>
<td>$248</td>
<td>$162</td>
</tr>
<tr>
<td>FY14-15</td>
<td>$370</td>
<td>$309</td>
<td>$244</td>
<td>$167</td>
</tr>
<tr>
<td>FY15-16</td>
<td>$362</td>
<td>$314</td>
<td>$228</td>
<td>$158</td>
</tr>
<tr>
<td>FY16-17</td>
<td>$365</td>
<td>$335</td>
<td>$211</td>
<td>$147</td>
</tr>
<tr>
<td>FY17-18</td>
<td>$357</td>
<td>$348</td>
<td>$209</td>
<td>$157</td>
</tr>
<tr>
<td>FY18-19</td>
<td>$358</td>
<td>$354</td>
<td>$197</td>
<td>$182</td>
</tr>
<tr>
<td>FY19-20 Projected</td>
<td>$340</td>
<td>$340</td>
<td>$246</td>
<td>$152</td>
</tr>
<tr>
<td>FY20-21 Projected</td>
<td>$337</td>
<td>$337</td>
<td>$152</td>
<td>$132</td>
</tr>
<tr>
<td>FY21-22 Projected</td>
<td>$345</td>
<td>$345</td>
<td>$172</td>
<td>$177</td>
</tr>
</tbody>
</table>
Economic Downturn Scenario: Revenues/Corrected for Operating Grants (4/21/20)

Without CARES Federal Relief funds, the SFMTA would lose approximately $212.5 million.

- **FY 21 Revenue Loss All Sources**
  -12.3%

- **FY 22 Revenue Loss All Sources**
  -3.9%

- **Recession Scenario FY 21 & FY 22 As of April 2020 ($212.5 m)**

- **FY 21 (w/CARES) Revenue Loss All Sources**
  -1.2%

- **FY 22 (w/CARES) Revenue Loss All Sources**
  -0.4%

- **Recession Scenario FY 21 & FY 22 As of April 2020 ($21.5 m)**

Use of fund balance assumed in FY 22 as revenue, actual losses 6.4% In addition, an economic downturn results in an increased pension contribution of $22.3 million in FY 22, making the total impact $234.8 million.
Economic Downturn Scenario: Revenues/Revised Forecast

Without funds from one-time sources, the SFMTA would lose approximately $332.0 million.

One-time sources include an increased use of fund balance. In addition, an economic downturn results in an increased pension contribution of $3.9 million in FY 21/22, making the total impact $335.9 million.
FY 2021 and FY 2022 Updated Consolidated Budget

Significant increases in revenue losses require additional expenditure reductions. Expenditure savings from FY 21 will help, however labor cost reductions are now necessary.

**FY 2021**
- 4/21 Approved: $1.28 b
- Budget Target: $1.25 b

**FY 2022**
- 4/21 Approved: $1.34 b
- Budget Target: $1.28 b

Updated Reduction Target
- FY 21: ($29.8 m)
- FY 22: ($53.5 m)

After applying ~$21.4 million in FY 20 expenditure savings
### Operating Revenues ~ Fiscal Year 2021

#### Fiscal Year 2021 Revenue Modifications

<table>
<thead>
<tr>
<th>Item</th>
<th>1/28/2020</th>
<th>4/7/2020</th>
<th>4/21/2020</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Transfers</td>
<td>398.6</td>
<td>398.6</td>
<td>347.4</td>
<td>357.2</td>
</tr>
<tr>
<td>Operating Grants</td>
<td>189.6</td>
<td>201.1</td>
<td>317.8</td>
<td>327.1</td>
</tr>
<tr>
<td>Parking and Traffic Fees and Fines</td>
<td>294.9</td>
<td>297.3</td>
<td>266.3</td>
<td>270.0</td>
</tr>
<tr>
<td>Parking Tax In-Lieu</td>
<td>68.2</td>
<td>68.2</td>
<td>63.4</td>
<td>56.5</td>
</tr>
<tr>
<td>Transit Fares</td>
<td>213.9</td>
<td>218.6</td>
<td>207.3</td>
<td>139.9</td>
</tr>
<tr>
<td>Developer Fees</td>
<td>0.0</td>
<td>10.0</td>
<td>10.4</td>
<td>26.1</td>
</tr>
<tr>
<td>Advertising</td>
<td>25.6</td>
<td>25.6</td>
<td>22.5</td>
<td>13.0</td>
</tr>
<tr>
<td>Other*</td>
<td>16.2</td>
<td>62.5</td>
<td>48.5</td>
<td>66.7</td>
</tr>
<tr>
<td>Taxi Service</td>
<td>1.6</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Use of Fund Balance</td>
<td>0.0</td>
<td>17.5</td>
<td>0.0</td>
<td>13.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,208.6</strong></td>
<td><strong>1,299.5</strong></td>
<td><strong>1,283.8</strong></td>
<td><strong>1,269.7</strong></td>
</tr>
</tbody>
</table>

* includes the following sources: Interest, Misc. Fees, Prop. D TNC Tax, Prop B Pop. Baseline, Recoveries
## Operating Expenditures ~ Fiscal Year 2021

### Fiscal Year 2021 Expenditure Modifications

<table>
<thead>
<tr>
<th>Item</th>
<th>1/28/2020</th>
<th>4/7/2020</th>
<th>4/21/2020</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>566.2</td>
<td>614.2</td>
<td>586.8</td>
<td>557.9</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>288.3</td>
<td>287.4</td>
<td>290.7</td>
<td>290.4</td>
</tr>
<tr>
<td>Overhead and Allocations</td>
<td>(37.8)</td>
<td>(52.2)</td>
<td>(39.2)</td>
<td>(38.2)</td>
</tr>
<tr>
<td>Non-Personnel Services</td>
<td>260.0</td>
<td>252.0</td>
<td>252.0</td>
<td>249.1</td>
</tr>
<tr>
<td>Material &amp; Supplies</td>
<td>73.8</td>
<td>73.3</td>
<td>74.1</td>
<td>74.1</td>
</tr>
<tr>
<td>Capital Spending</td>
<td>7.3</td>
<td>7.1</td>
<td>7.2</td>
<td>4.0</td>
</tr>
<tr>
<td>Debt Service</td>
<td>24.0</td>
<td>24.0</td>
<td>23.4</td>
<td>23.4</td>
</tr>
<tr>
<td>Work Order</td>
<td>93.0</td>
<td>93.8</td>
<td>88.9</td>
<td>91.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,274.8</strong></td>
<td><strong>1,299.5</strong></td>
<td><strong>1,283.8</strong></td>
<td><strong>1,251.9</strong></td>
</tr>
</tbody>
</table>
**FY 2021 and FY 2022 Updated Budget Revenue Scenario**

Considering data insights and revenue trends, various revenue and expenditure scenarios were considered, with one recommended for approval allowing for flexibility and uncertainty.

The budget is built with a revenue scenario. This includes **Budget+** with a potential for higher parking and traffic and operating grant revenues. This is **not budgeted for expenditure** but a reserve to be released if revenues are realized.

**Scenario:** Budget+ Revenues realized and offset additional losses in Transit Fare Revenue from Budget

**Scenario:** Transit Fares decline due to ridership constraints, Parking and Traffic Revenue exceed Budget and Budget+ with increased driving

**Scenario:** Transit Fares well below Budget, all other revenues on Budget

In the worst-case revenue scenario, transit fares collapse and all other revenue sources come in on budget with no Budget+ revenues the 10% Reserve will be used in this scenario to close the gap.
## Operating Revenues ~ Final Proposed

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 21</th>
<th>FY 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Transfers</td>
<td>357.2</td>
<td>359.2</td>
</tr>
<tr>
<td>Operating Grants</td>
<td>327.1</td>
<td>193.6</td>
</tr>
<tr>
<td>Parking and Traffic Fees and Fines</td>
<td>270.0</td>
<td>312.3</td>
</tr>
<tr>
<td>Parking Tax In-Lieu</td>
<td>56.5</td>
<td>67.7</td>
</tr>
<tr>
<td>Transit Fares</td>
<td>139.9</td>
<td>188.8</td>
</tr>
<tr>
<td>Transit Development Fees (Operating Support)</td>
<td>26.1</td>
<td>45.1</td>
</tr>
<tr>
<td>Proposition D (Traffic Congest Mitigation Tax)</td>
<td>7.4</td>
<td>8.9</td>
</tr>
<tr>
<td>Other (Advertising, Interest, Misc. Fees, Recoveries)</td>
<td>42.3</td>
<td>44.2</td>
</tr>
<tr>
<td>Taxi Service</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>City Population-based Baseline (Operating Support)</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>Use of Fund Balance</td>
<td>13.0</td>
<td>52.2</td>
</tr>
<tr>
<td><strong>Operating Revenues Subtotal</strong></td>
<td>1,269.7</td>
<td>1,302.1</td>
</tr>
<tr>
<td>Revenues Transferred for Capital Subtotal</td>
<td>248.3</td>
<td>111.5</td>
</tr>
<tr>
<td><strong>Total Revenue Appropriation</strong></td>
<td>1,518.0</td>
<td>1,413.6</td>
</tr>
</tbody>
</table>
## Operating Expenditures ~ Final Proposed

### 6/30/20 – Operating Expenditures, $M

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 21</th>
<th>FY 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>557.9</td>
<td>573.6</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>290.4</td>
<td>295.5</td>
</tr>
<tr>
<td>Overhead and Allocations</td>
<td>(38.2)</td>
<td>(38.1)</td>
</tr>
<tr>
<td>Non-Personnel Services</td>
<td>249.1</td>
<td>256.2</td>
</tr>
<tr>
<td>Material &amp; Supplies</td>
<td>74.1</td>
<td>74.2</td>
</tr>
<tr>
<td>Capital Spending</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Debt Service</td>
<td>23.4</td>
<td>23.4</td>
</tr>
<tr>
<td>Work Order</td>
<td>91.2</td>
<td>92.4</td>
</tr>
<tr>
<td><strong>Operating Expenditures Subtotal</strong></td>
<td><strong>1,251.9</strong></td>
<td><strong>1,281.1</strong></td>
</tr>
<tr>
<td>Deposit to General Liability Reserve</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Board Operating Reserve</td>
<td>15.5</td>
<td>18.7</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>248.3</td>
<td>111.5</td>
</tr>
<tr>
<td><strong>Total Expenditure Appropriation</strong></td>
<td><strong>1,518.0</strong></td>
<td><strong>1,413.6</strong></td>
</tr>
</tbody>
</table>
Use of One Time Fund Balance

Fund balance increases due to savings from fiscal year 2020 and CARES revenue to $317 m. To balance FY 2022 and maintain the 10% reserve brings available fund balance to $0 by fiscal year 2022.

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 21</th>
<th>FY 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>317</td>
<td>55</td>
</tr>
<tr>
<td>10% Reserve Policy</td>
<td>(125)</td>
<td>(3)</td>
</tr>
<tr>
<td>(goal is resilience in next downturn: fund &gt;50% potential extra shortfall)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remaining Balance for Use:</td>
<td>193</td>
<td>52</td>
</tr>
<tr>
<td>Capital Project Reserve/Contingency:</td>
<td>(85)</td>
<td></td>
</tr>
<tr>
<td>Reserve for major capital project CMODs and budget overruns</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Budget Appropriation:</td>
<td>(13)</td>
<td>(52)</td>
</tr>
<tr>
<td>Appropriation for non-labor materials &amp; supply and other one-time costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking Meter Replacement Project:</td>
<td>(22)</td>
<td></td>
</tr>
<tr>
<td>Replacement of the parking meters (enterprise costs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transit Capital Projects:</td>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td>Offset of Proposition B Population Baseline shift to Operating Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities Capital Projects:</td>
<td>(7)</td>
<td></td>
</tr>
<tr>
<td>Building Progress Program/Facilities Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remaining Balance</td>
<td>55</td>
<td>0</td>
</tr>
</tbody>
</table>
### Labor Savings and Hiring Freeze

An important component of the budget is labor savings. To balance the budget, new program positions, a recommended option on 4/21, were eliminated. In addition, to achieve the revenue savings a hiring freeze will be in place and vacancies increased with attrition. The majority of the FTE increases are cost-neutral.

<table>
<thead>
<tr>
<th>Position Type</th>
<th>FY 20 FTE</th>
<th>FY 21 Proposed</th>
<th>FY 22 Proposed</th>
<th>FY 21 Change</th>
<th>FY 22 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Positions</td>
<td>6,003.35</td>
<td>6,182.37</td>
<td>6,265.56</td>
<td>(40.03)</td>
<td>(76.64)</td>
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<tr>
<td>Project Positions</td>
<td>504.00</td>
<td>482.77</td>
<td>486.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Temporary Positions</td>
<td>68.60</td>
<td>49.27</td>
<td>47.73</td>
<td>0.84</td>
<td>(0.03)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>6,575.95</strong></td>
<td><strong>6,714.41</strong></td>
<td><strong>6,799.29</strong></td>
<td><strong>(39.19)</strong></td>
<td><strong>(76.67)</strong></td>
</tr>
<tr>
<td>Attrition BASE</td>
<td>(594.67)</td>
<td>(575.79)</td>
<td>(572.74)</td>
<td>(0.15)</td>
<td>(0.17)</td>
</tr>
<tr>
<td>Attrition INCREASE</td>
<td></td>
<td>(84.00)</td>
<td>(84.00)</td>
<td>(84.00)</td>
<td>(84.00)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,981.28</strong></td>
<td><strong>6,138.62</strong></td>
<td><strong>6,226.55</strong></td>
<td><strong>(123.34)</strong></td>
<td><strong>(160.84)</strong></td>
</tr>
</tbody>
</table>

Increase from FY 20:
- Net Increase from FY 20: 18.72
- Increase from FY 20: 0.05%
- Net Increase from FY 20: 84.77

- Includes Parking Control Officers, Central Subway Start-Up
- Reduced new programs
- $16.5 m in labor savings
## Use of One Time Fund Balance

Fund balance increases due to savings from fiscal year 2020 and CARES revenue to $317 m. To balance FY 2022 and maintain the 10% reserve brings available fund balance to $0 by fiscal year 2022.

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 21</th>
<th>FY 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>317</td>
<td>55</td>
</tr>
<tr>
<td>10% Reserve Policy</td>
<td>(125)</td>
<td>(3)</td>
</tr>
<tr>
<td>(goal is resilience in next downturn: fund &gt;50% potential extra shortfall)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remaining Balance for Use:</td>
<td>193</td>
<td>52</td>
</tr>
<tr>
<td>Capital Project Reserve/Contingency:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve for major capital project CMODs and budget overruns</td>
<td>(85)</td>
<td></td>
</tr>
<tr>
<td>Operating Budget Appropriation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation for non-labor materials &amp; supply and other one-time costs</td>
<td>(13)</td>
<td>(52)</td>
</tr>
<tr>
<td>Parking Meter Replacement Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement of the parking meters (enterprise costs)</td>
<td>(22)</td>
<td></td>
</tr>
<tr>
<td>Transit Capital Projects:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offset of Proposition B Population Baseline shift to Operating Costs</td>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td>Facilities Capital Projects:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Progress Program/Facilities Improvements</td>
<td>(7)</td>
<td></td>
</tr>
<tr>
<td>Remaining Balance</td>
<td>55</td>
<td>0</td>
</tr>
</tbody>
</table>
The budget long term is not sustainable, significant use of one-time funds including development impact fees and fund balance will leave a significant structural deficit beginning in FY 2023, likely ~ $70 – 100 million.
**Ongoing Structural Deficit**

On 1/28/20, the 2-year budget reflected a $66 million deficit in FY21 and $77 million deficit in FY22.

### 1/28/20 – SFMTA 5-Year Forecast

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expenditures</th>
<th>Revenue Less Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20-21</td>
<td>($66M)</td>
<td>($77M)</td>
<td>($66)</td>
</tr>
<tr>
<td>FY21-22</td>
<td>(1,209)</td>
<td>(1,275)</td>
<td>(66)</td>
</tr>
<tr>
<td>FY22-23</td>
<td>(1,225)</td>
<td>(1,302)</td>
<td>(77)</td>
</tr>
<tr>
<td>FY23-24</td>
<td>(1,245)</td>
<td>(1,332)</td>
<td>(87)</td>
</tr>
<tr>
<td>FY24-25</td>
<td>(1,258)</td>
<td>(1,381)</td>
<td>(123)</td>
</tr>
<tr>
<td>FY25</td>
<td>(1,265)</td>
<td>(1,432)</td>
<td>(154)</td>
</tr>
</tbody>
</table>
Ongoing Structural Deficit with Equity Clipper Fare Increases

The SFMTA 2-year budget is balanced however an ongoing structural deficit remains.

### 6/30/20 – SFMTA 5-Year Forecast

<table>
<thead>
<tr>
<th>Operating Budget, $M</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Ongoing (Base w/ Fare Inc.)</td>
<td>1,015</td>
<td>1,164</td>
<td>1,214</td>
<td>1,256</td>
<td>1,301</td>
</tr>
<tr>
<td>Revenue Ongoing (Shift from Capital)</td>
<td>47</td>
<td>49</td>
<td>51</td>
<td>51</td>
<td>52</td>
</tr>
<tr>
<td>Expenditures, $M</td>
<td>1,252</td>
<td>1,281</td>
<td>1,335</td>
<td>1,373</td>
<td>1,412</td>
</tr>
<tr>
<td>Revenue Less Expenditures</td>
<td>(190)</td>
<td>(68)</td>
<td>(70)</td>
<td>(66)</td>
<td>(59)</td>
</tr>
<tr>
<td>Revenue One-Time</td>
<td>190</td>
<td>68</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Ongoing Structural Deficit (excluding Equity Clipper Fare Increases)
The SFMTA 2-year budget is balanced however an ongoing structural deficit remains.

### 6/30/20 – SFMTA 5-Year Forecast

Foregone fare increases adds $20M/annually to the structural deficit by FY25

<table>
<thead>
<tr>
<th>Operating Budget, $M</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Ongoing (Base)</td>
<td>1,005</td>
<td>1,145</td>
<td>1,187</td>
<td>1,237</td>
<td>1,281</td>
</tr>
<tr>
<td>Revenue Ongoing (Shift from Capital)</td>
<td>47</td>
<td>49</td>
<td>51</td>
<td>51</td>
<td>52</td>
</tr>
<tr>
<td>Expenditures, $M</td>
<td>1,252</td>
<td>1,281</td>
<td>1,335</td>
<td>1,373</td>
<td>1,412</td>
</tr>
<tr>
<td>Revenue Less Expenditures</td>
<td>(200)</td>
<td>(87)</td>
<td>(96)</td>
<td>(84)</td>
<td>(79)</td>
</tr>
<tr>
<td>Revenue One-Time</td>
<td>200</td>
<td>87</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Insights

- **Revenue Ongoing (Base)**
  - FY21: $1,005 M
  - FY22: $1,145 M
  - FY23: $1,187 M
  - FY24: $1,237 M
  - FY25: $1,281 M

- **Revenue Ongoing (Shift from Capital)**
  - FY21: $47 M
  - FY22: $49 M
  - FY23: $51 M
  - FY24: $51 M
  - FY25: $52 M

- **Expenditures, $M**
  - FY21: $1,252 M
  - FY22: $1,281 M
  - FY23: $1,335 M
  - FY24: $1,373 M
  - FY25: $1,412 M

- **Revenue Less Expenditures**
  - FY21: ($200) M
  - FY22: ($87) M
  - FY23: ($96) M
  - FY24: ($84) M
  - FY25: ($79) M

- **Revenue One-Time**
  - FY21: $200 M
  - FY22: $87 M
Transportation State of Good Repair
The SFMTA recently completed the 2019 State of Good Repair Report, showing increased infrastructure needs, when capital funds are being shifted and also declining.

- Capital investment levels are not able to address aging assets; the backlog increases each year and our condition trends are declining.


- To maintain the reported asset backlog at the same level, the Agency needs to invest an average of $472 million per year for 20 years in State of Good Repair assets.
Final Budget: FY 21 and FY 22
Throughout FY 21, staff will provide the SFMTA Board updates on the fiscal health of the Agency, revenues and expenditures with updates on budget implementation.

- **FY 21 Amended Budget**: $1.27 b
- **FY 22 Amended Budget**: $1.30 b

**Fiscal Controls**
Continued from FY 20
- Overtime Management
- Procurement Management
- Hiring Freeze = $16.5 m

**Budget+**
- **FY 21**: $16m
- **FY 22**: $19m
  - Increased Parking Revenue
  - Increased Operating Grants
  - Reserved – No Expenditures

**10% Reserve**
- $125 m
  - Revenue Uncertainty
  - Operational Risks
Reimagining Transportation in San Francisco
Reimagining Transportation in San Francisco

We are in the process of *reimagining how people travel.*

- **Do not expect to return to the transit system you were used to before.** We will continue to transform transit and move *Muni Forward.*

- The number of people Muni can safely move on buses and trains is constrained to enable social distancing. *Safety is our highest priority.*

- Expand walking and cycling where possible; space to do this is being created through the *Slow Streets Program.*

- Support neighborhood shopping and commercial corridors to manage congestion through the *Shared Spaces Program.*
Actions Taken to Date

Launched Ambassador Program

Launched “Slow Streets”

Increased bus and facility maintenance/cleaning

Launched Essential Trips Program & waved taxi fees
Muni Ridership Projections – FY 2021

- Assumes 20% Loss in Ridership
- + Assumes shifting ridership due to telecommuting/health/safety
- + Assumes limited vehicle capacity possible

Baseline (FY 2019) - Baseline
Projected
Assumes 20% Loss in Ridership
+ Assumes shifting ridership due to telecommuting/health/safety
+ Assumes limited vehicle capacity possible

70% service goal
FY 21 and FY 22: Funded Operating Programs

• Creates a **Race, Equity and Inclusion Office** (OREI) at SFMTA

• Supports achieving **70% Transit Service restoration by early 2021** and implementation of the Transportation Recovery Plan

• **Increased congestion and traffic management** on major streets and commercial corridors with additional PCOs

• Supports the Muni Transit Assistance Program (MTAP) to include **expanded community ambassadors** to support transit system start-up and improved customer experience

• Supports **Central Subway service start-up** including infrastructure maintenance, custodians and station agents

• Supports the **Slow Streets** and **Shared Spaces** Programs

• **Waives all taxi fees** and maintains the **Essential Trips Program**
Outstanding Risks and Unknowns

- **What if fare collection doesn't restart?** Need to design a process to collect fares in a safe way aligned with public health guidelines.

- **What if transit capacities remain under 25% of pre-COVID capacities?** Fare revenue is tied to high capacity transit service; if vehicle capacity is restricted, fare revenues will decline significantly.

- **What if there is a virus resurgence?** The budget does not assume a second shut down; such an event would require a full reworking of our financial picture.

- **What if fares, fees, and fines do not increase?** The budget sets a revenue baseline, however if those baselines are not achieved the 10% reserve will only sustain agency operations so long.

- **What the agency experiences supply chain issues or increased material costs?** New operational needs for cleaning and social distancing may be more costly than assumed, supply shortages will have service impacts.