



SFMTA

San Francisco Municipal Transportation Agency

# Fiscal and Management Update

SFMTA Board of Directors  
March 16, 2021

## Introduction

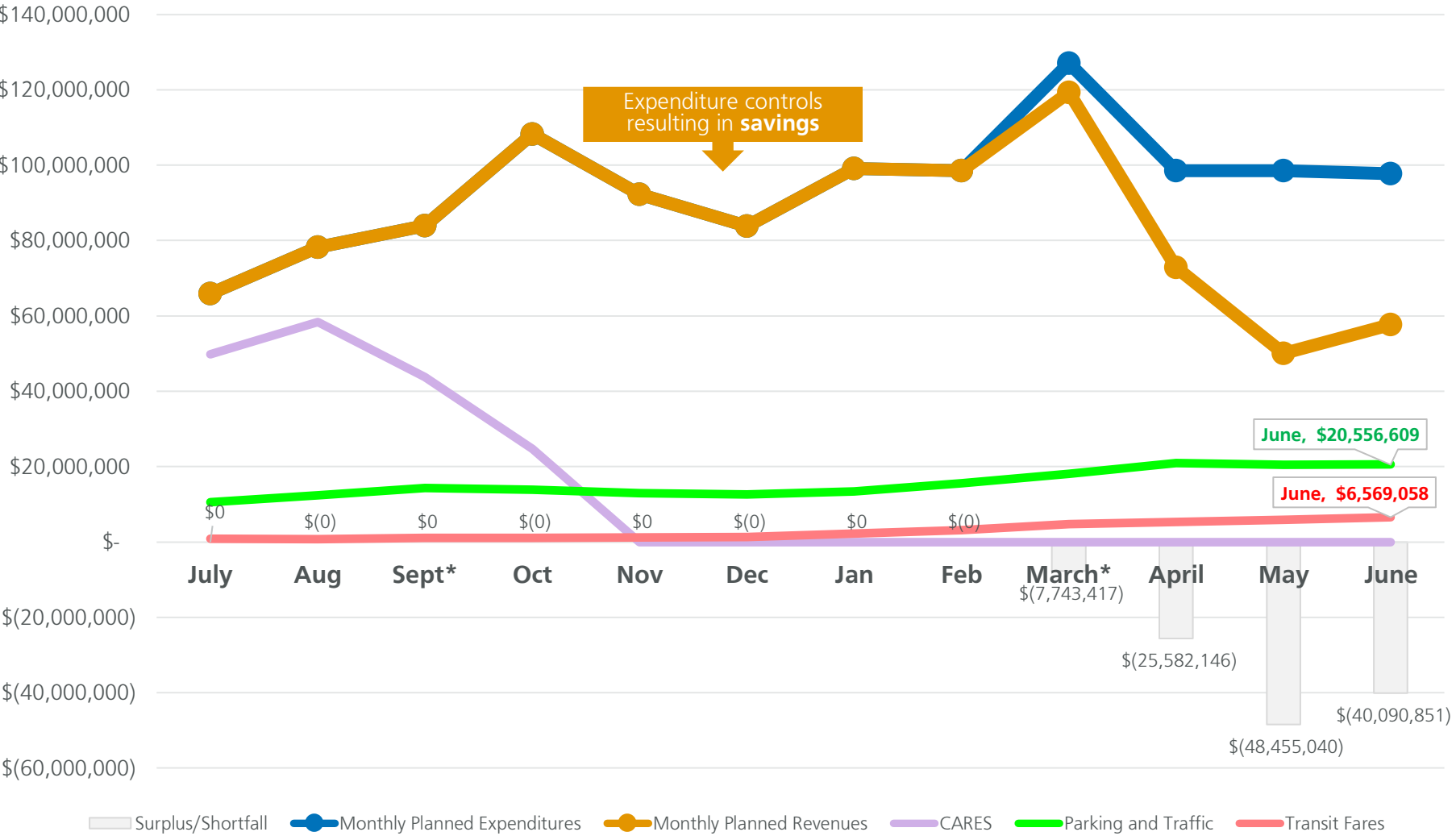
- Federal Relief will close the SFMTA Operating deficits and a portion of the Capital deficits in fiscal years 2021 and 2022.
- However, coronavirus pandemic has exposed the vulnerability of the SFMTA's current funding model, specifically, its high dependence on declining and unsustainable revenue sources – such as federal relief.
- The SFMTA had a structural deficit prior to the pandemic, resulting in shifting capital to operating funds to sustain service, with the consequence of long-term impacts on the state of good repair and growing infrastructure backlog.
- With significant one-time funding in place, one-time dollars should be invested in one-time initiatives that drive down cost and create efficiencies.
- One-time dollars can also be used to begin a scaled restoration of service, constrained by the SFMTA's ability to financially sustain it in the long-term.

# Current Financials

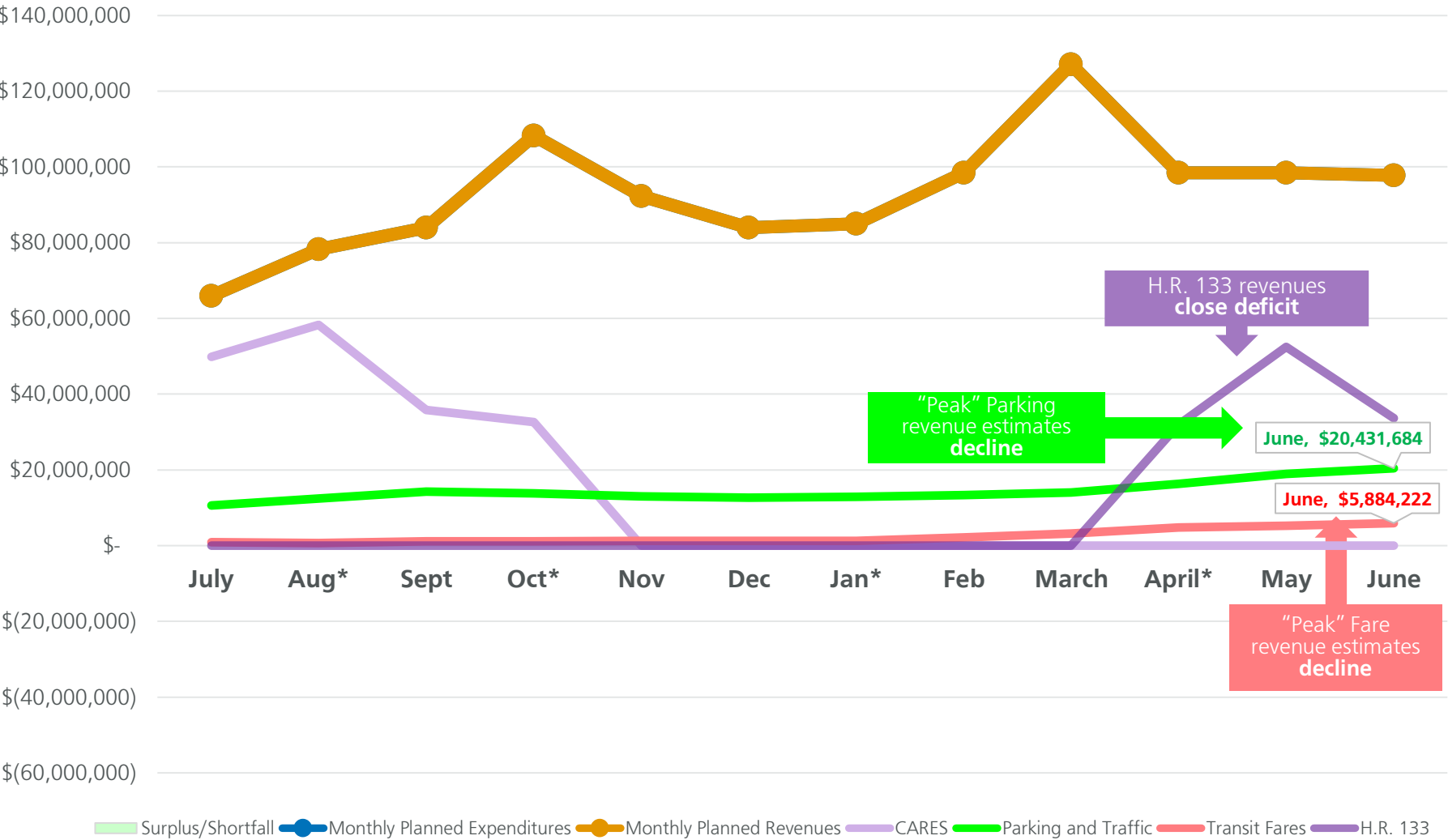
We have been tracking revenue and expenditures by month to refine long-term projections and understand pandemic impacts on Agency expenses and revenues.

**The bottom line**, sustainable revenue sources will be less than budgeted. These will be filled by one-time funds. This will extend the period of true recovery.

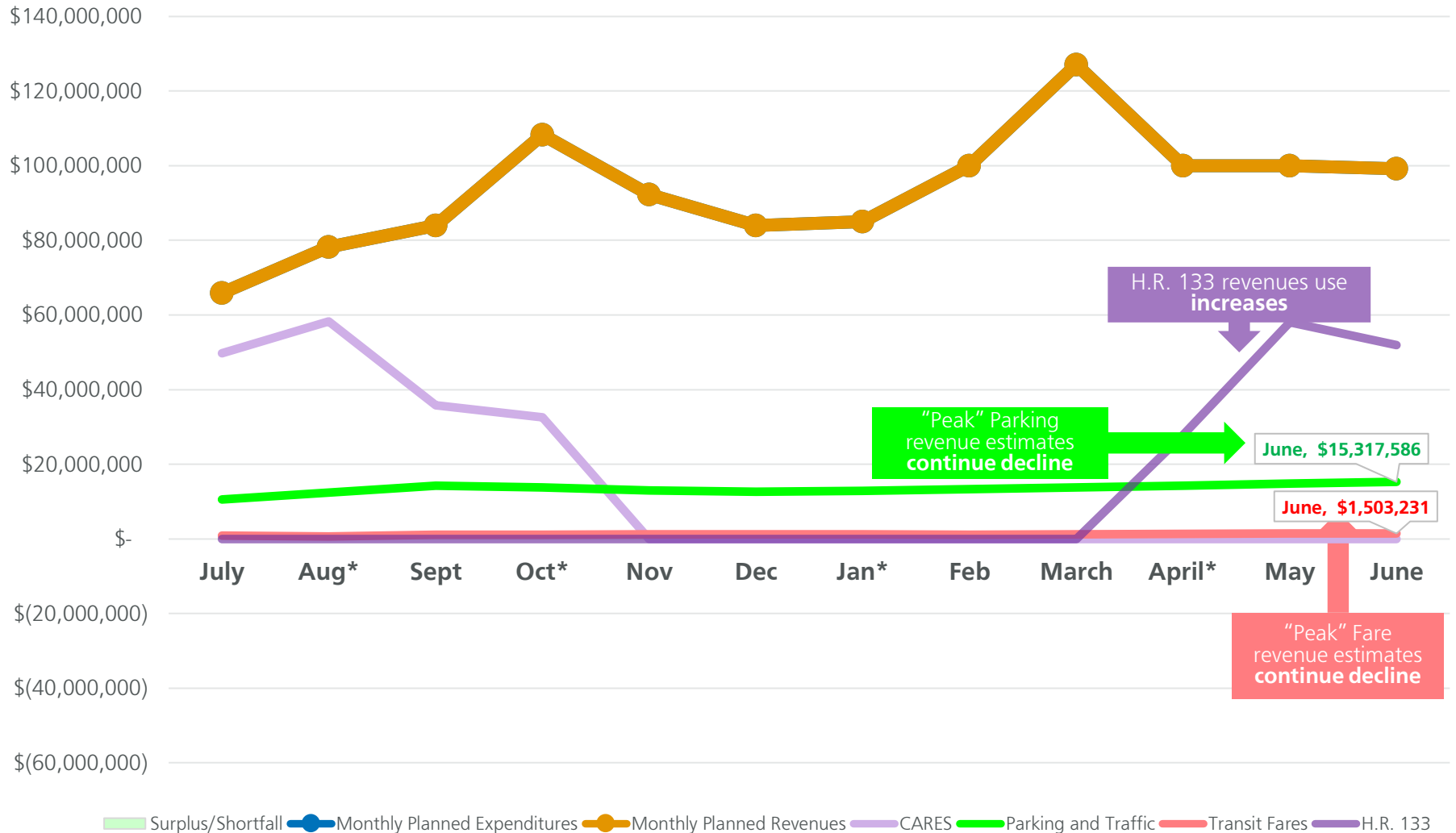
# FY 21 Revenue/Expense Model: Fiscal Month 6, December 2020



# FY 21 Revenue/Expense Model: Fiscal Month 7, January 2021



# FY 21 Revenue/Expense Model: Fiscal Month 8, February 2021 (Prelim)



## FY 21 Revenue/Expense Model: Synopsis

Throughout fiscal year 2021, the SFMTA has seen **enterprise revenues decline**, with those lost dollars replaced by **one-time federal relief**.

New  
FY 22  
Base

	June 2020	October 2020	November 2020	March 2021
Fare Revenue "Peak Month"	\$10.1 million	\$8.1 million	\$6.6 million	\$1.5 million
Parking Revenues "Peak Month"	\$23.7 million	\$22.8 million	\$20.6 million	\$15.3 million
Federal Relief Use	\$176.6 million	\$176.6 million	\$176.6 million	\$293.9 million

# Long-Term Strategy

We have managed the Agency in a way to preserve jobs, sustain critical services and buy time for our revenues to recover.


**The bottom line.** Our own revenues have not recovered. The Federal government will backfill lost revenues for the next two years. This has no impact on the structural deficit, which will continue to grow.



## Short- and Medium -Term Strategies

# FY 2021 and FY 2022

June 2020  
**2-Year Consolidated  
 Budget  
 Adoption**




High Level of Uncertainty

Plan for service stability

Manage expenditures to  
 fluctuating revenues  
 ([Budget Plan](#))

*Buy time for revenue  
 recovery*

November 2020  
**Fiscal &  
 Management  
 Update**



Revenue recovery slow;  
 increased fiscal risk

Plan to sustain workforce

\$118 million expenditure  
 cuts/controls; revenue bond  
 refinance and new money  
 bonds ([Deficit Reduction Plan](#))

*Buy time for Federal Relief*

April 2021  
**FY 2022  
 Expenditure  
 Plan**



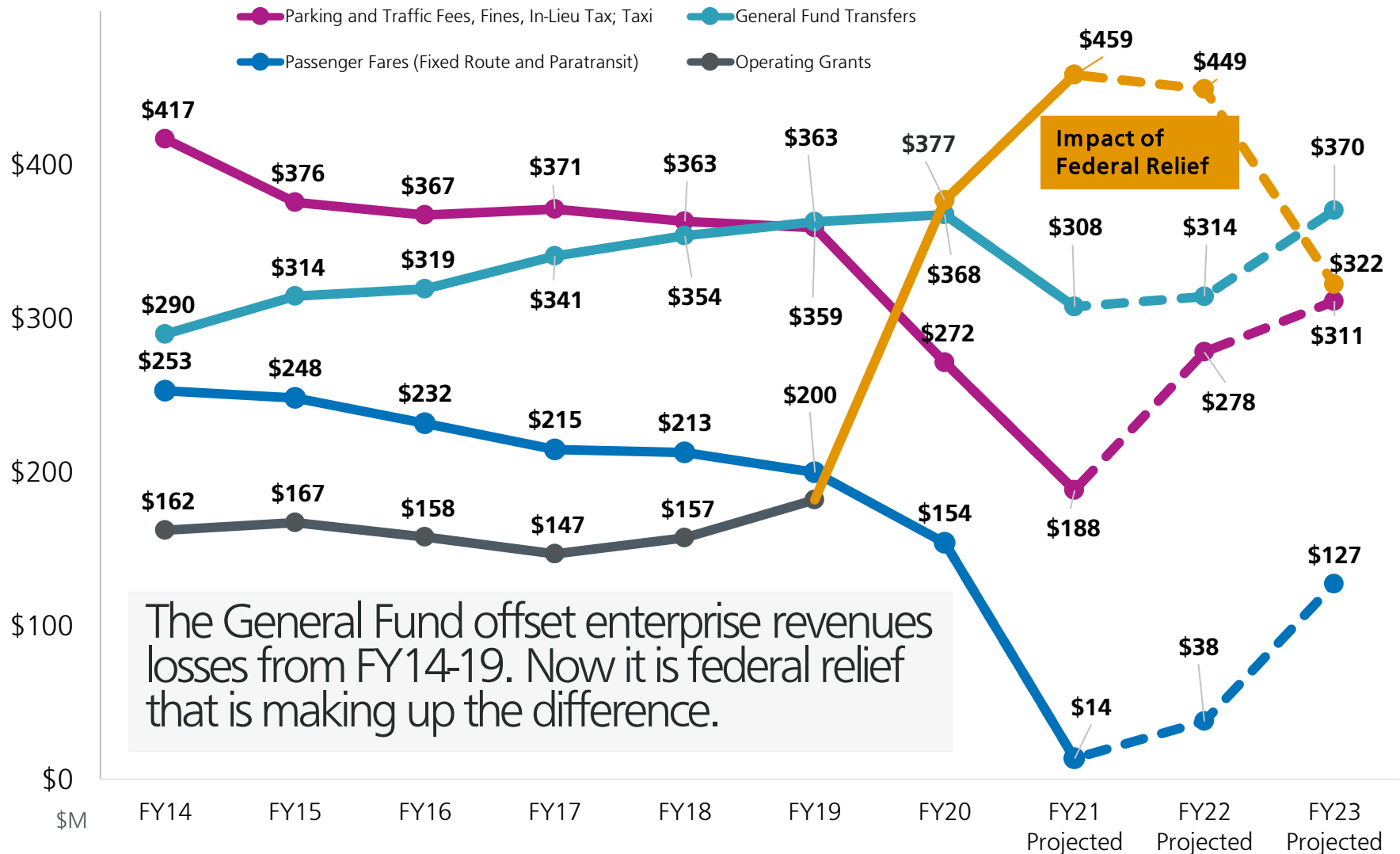
On-going expenditures and cost  
 growth outpace revenue recovery

Plan to restore sustainable service

One-time funds to reduce costs,  
 build up service base; monitor  
 revenue recovery ([Expenditure  
 Plan](#))

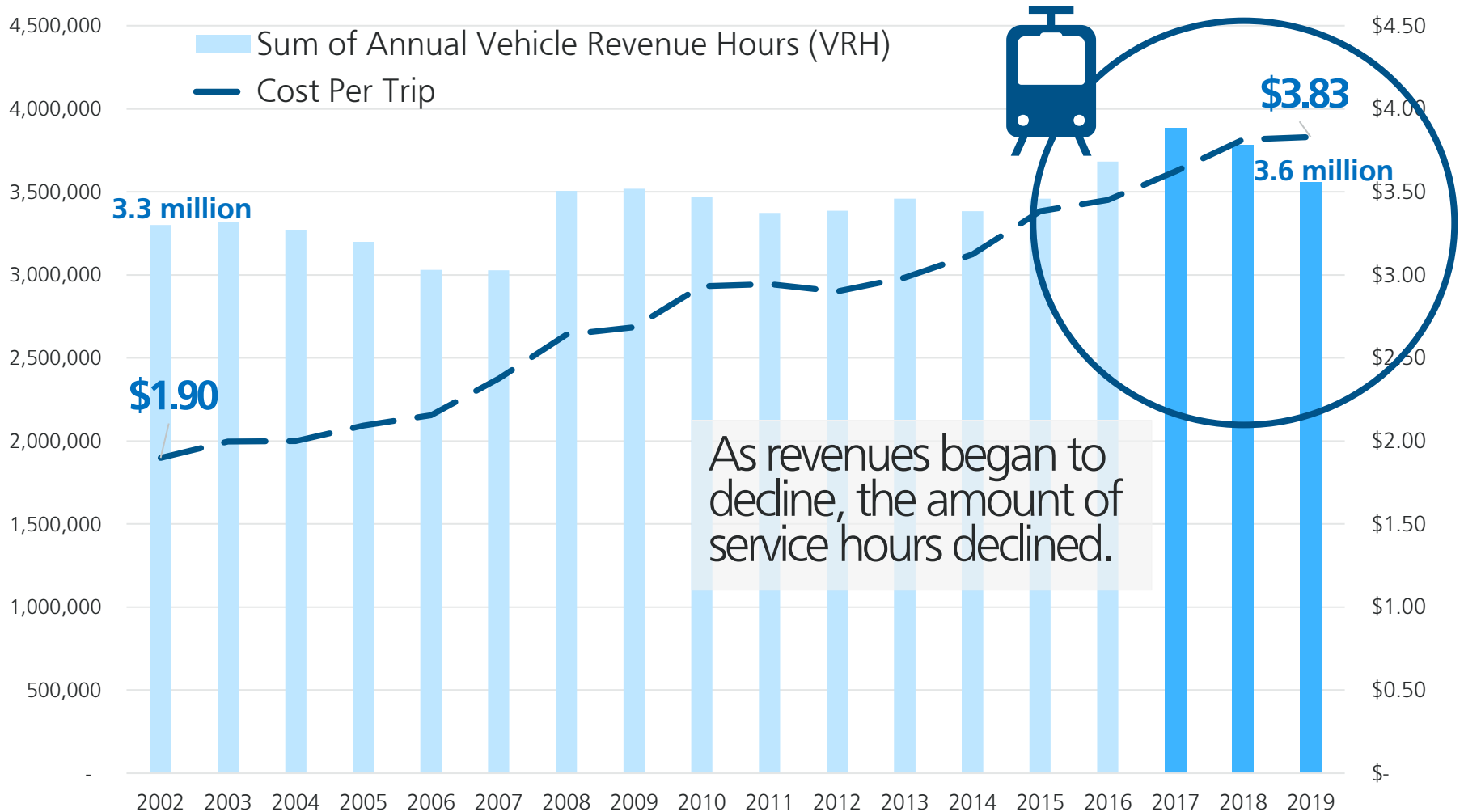
*Buy time for sustainable  
 sources*

# Revenue Trends - Long Term Revenue Trends in \$2020 Constant, \$M



## Transit System Productivity (2002 - 2019)

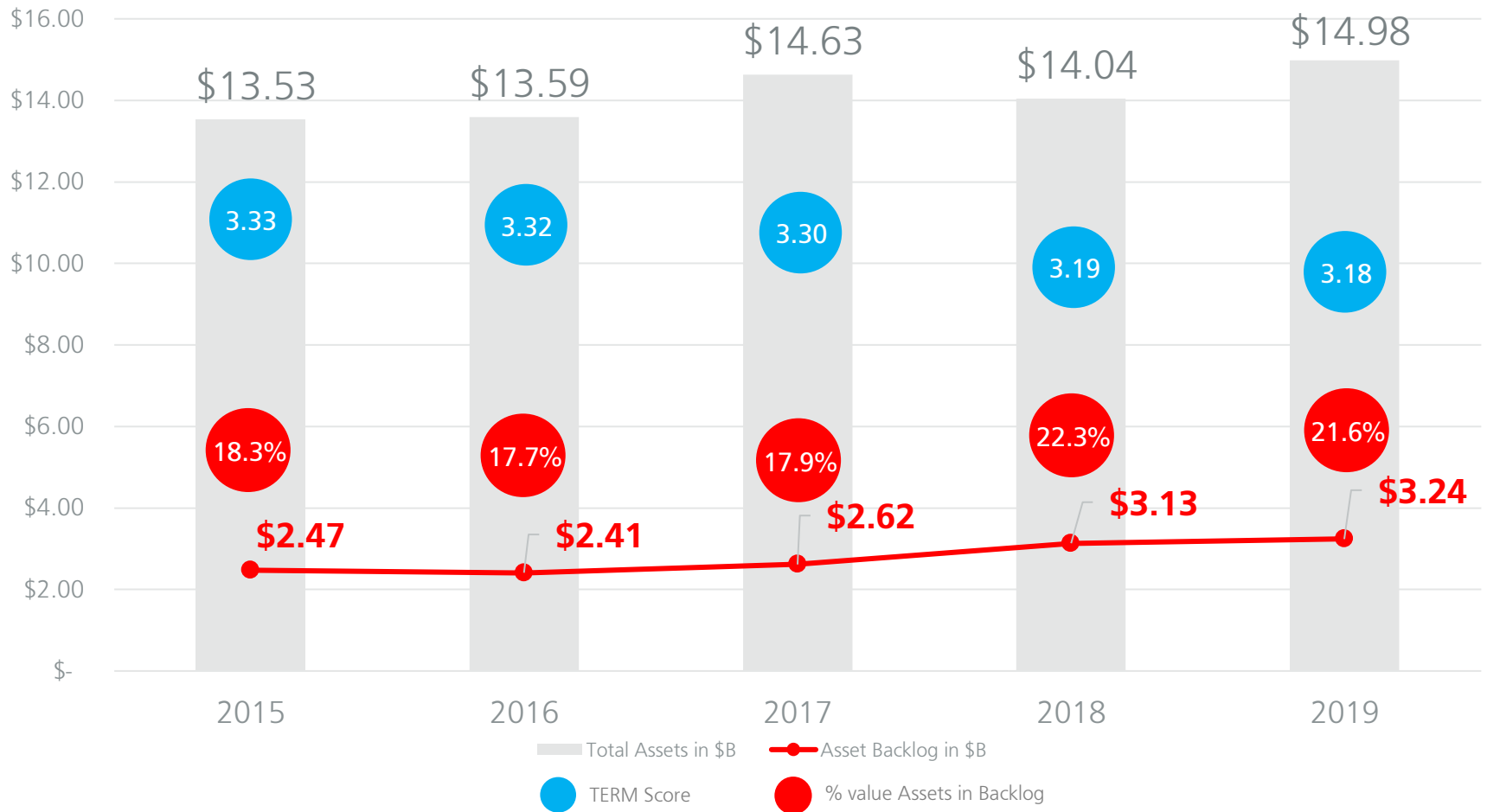
Revenue decline results in challenges in hiring, maintenance and providing service – higher costs with fewer revenues, results in less service.



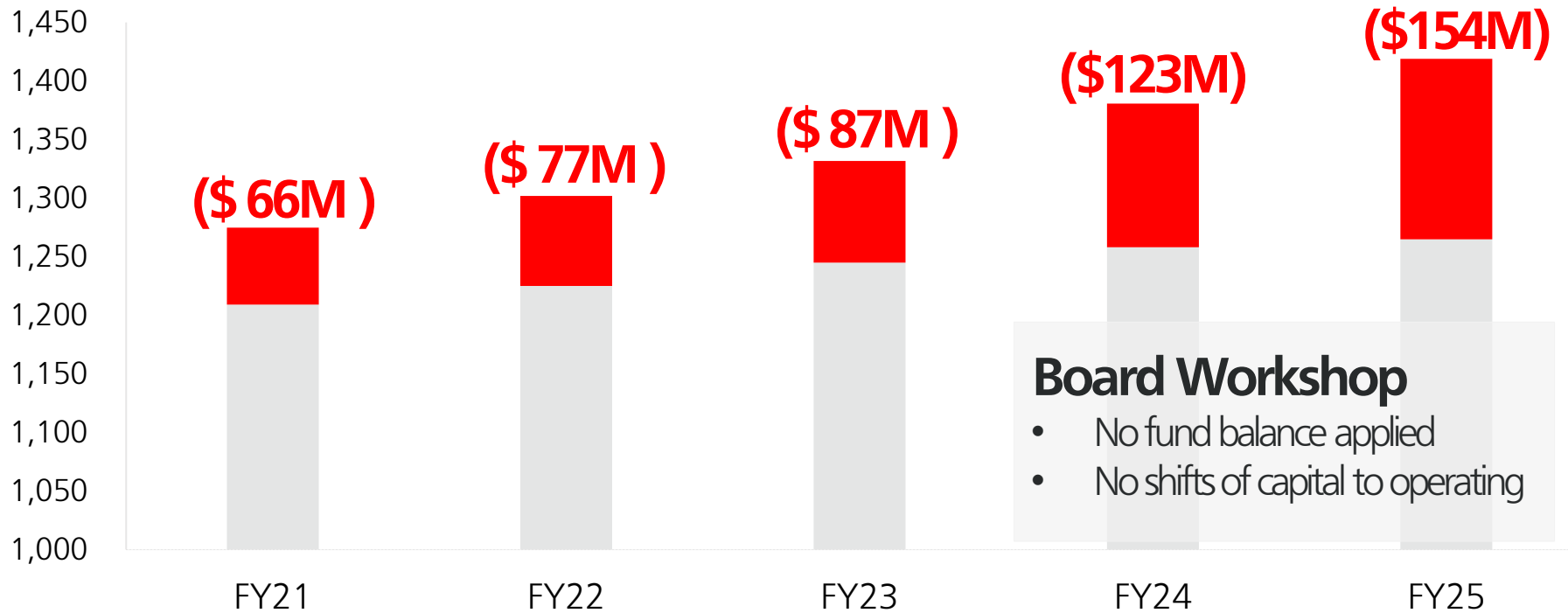
As revenues began to decline, the amount of service hours declined.

## Transportation System Infrastructure Condition

Even during good economic times, the SFMTA's infrastructure condition score declined and asset backlog increased. Today, to simply stop the backlog from growing would require an additional \$225 million annually.



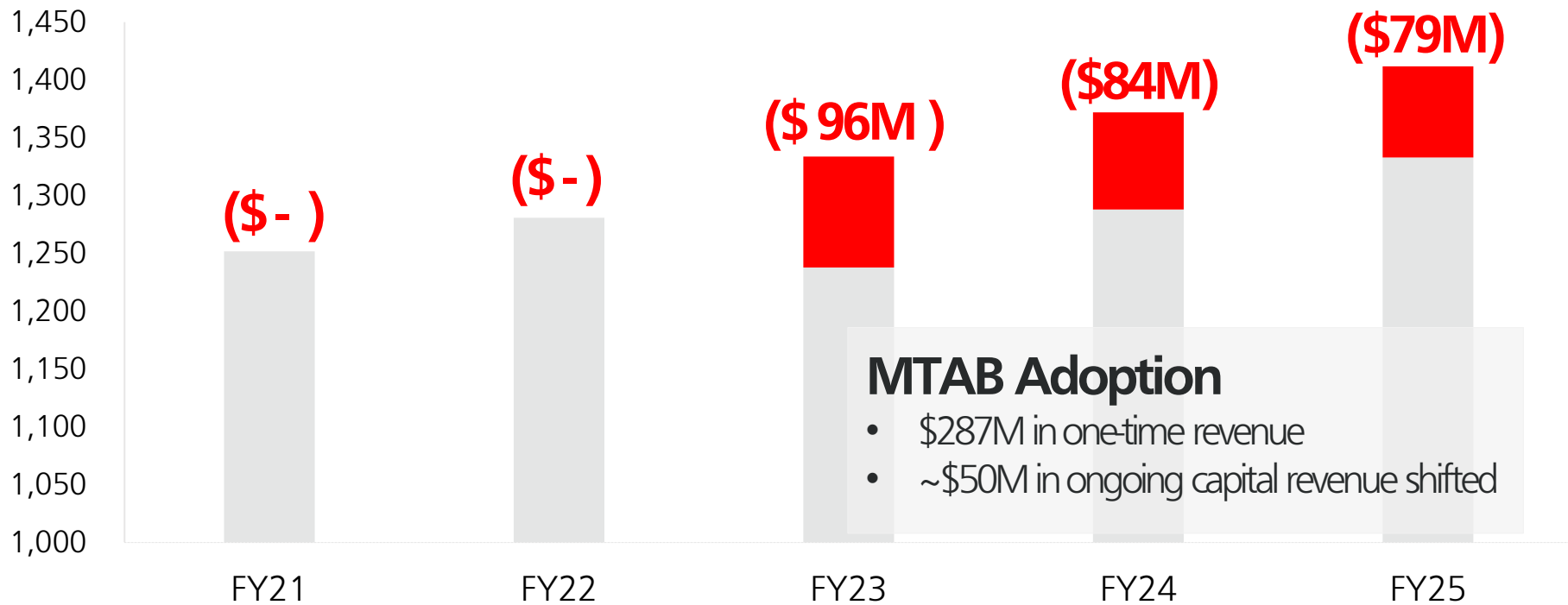
## Structural Deficit: January 28, 2020



Operating Budget, \$M	FY21	FY22	FY23	FY24	FY25
Revenue Ongoing (base)	1,209	1,225	1,245	1,258	1,265
Expenditures	1,275	1,302	1,332	1,381	1,432
Revenue Less Expenditures	(66)	(77)	(87)	(123)	(154)

# Pre-Pandemic

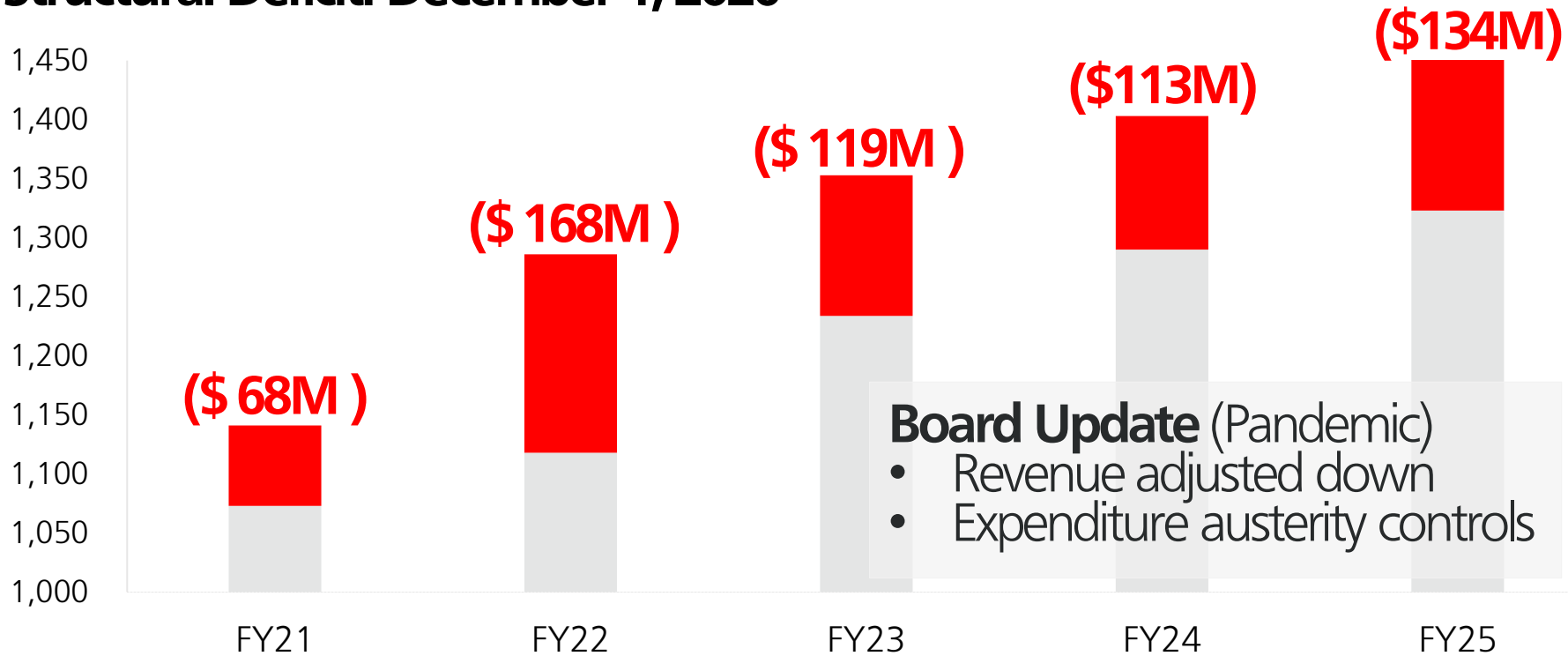
## Structural Deficit: June 30, 2020



Operating Budget, \$M	FY21	FY22	FY23	FY24	FY25
Revenue	1,252	1,281	1,238	1,288	1,333
Expenditures	1,252	1,281	1,335	1,373	1,412
Revenue Less Expenditures	(-)	(-)	(96)	(84)	(79)

# MTA Adopted Budget FY 21 & 22

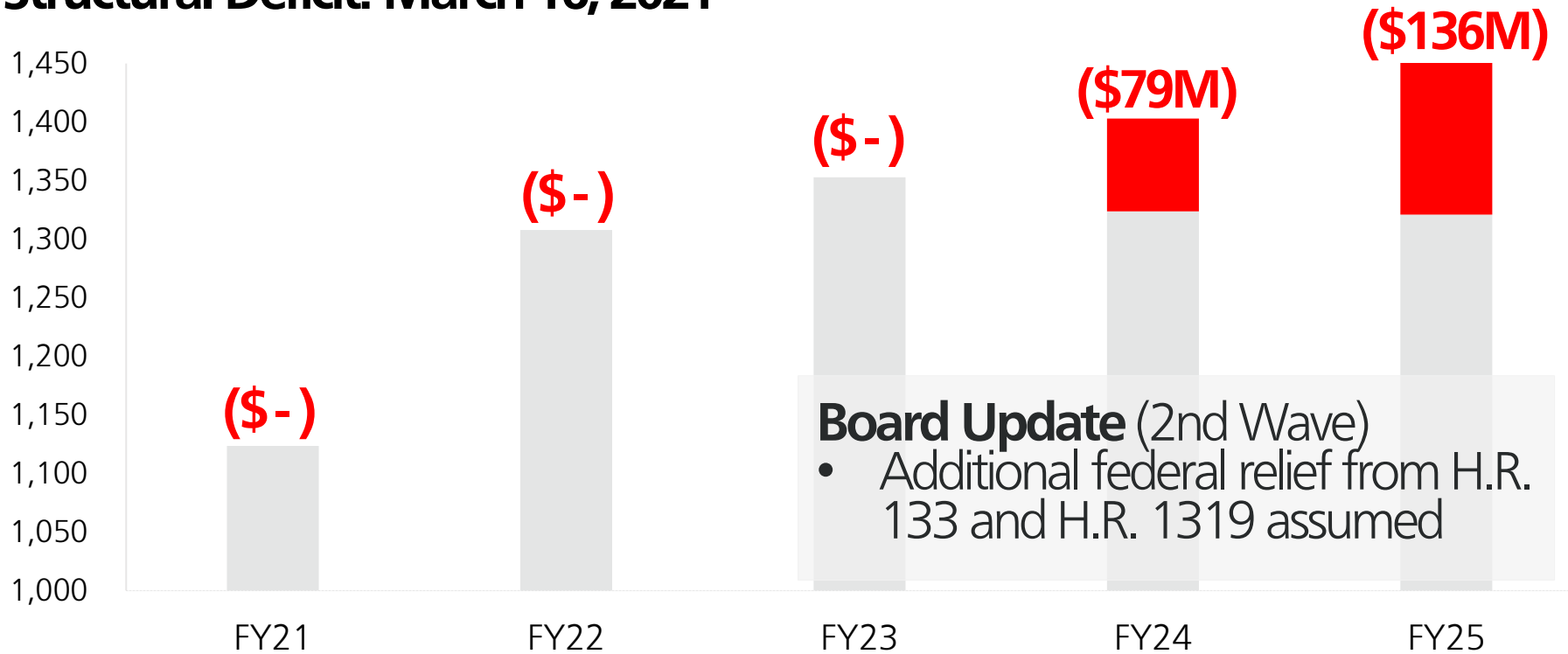
## Structural Deficit: December 1, 2020



Operating Budget, \$M	FY21	FY22	FY23	FY24	FY25
Revenue	1,073	1,118	1,234	1,290	1,323
Expenditures	1,141	1,286	1,353	1,403	1,457
Revenue Less Expenditures	(68)	(168)	(119)	(113)	(134)

# Assessing Pandemic Impact

## Structural Deficit: March 16, 2021



Operating Budget, \$M	FY21	FY22	FY23	FY24	FY25
Revenue	1,124	1,307	1,353	1,324	1,321
Expenditures	1,124	1,307	1,353	1,403	1,457
Revenue Less Expenditures	(-)	(-)	(-)	(79)	(136)

# Assessing 2nd Wave of COVID



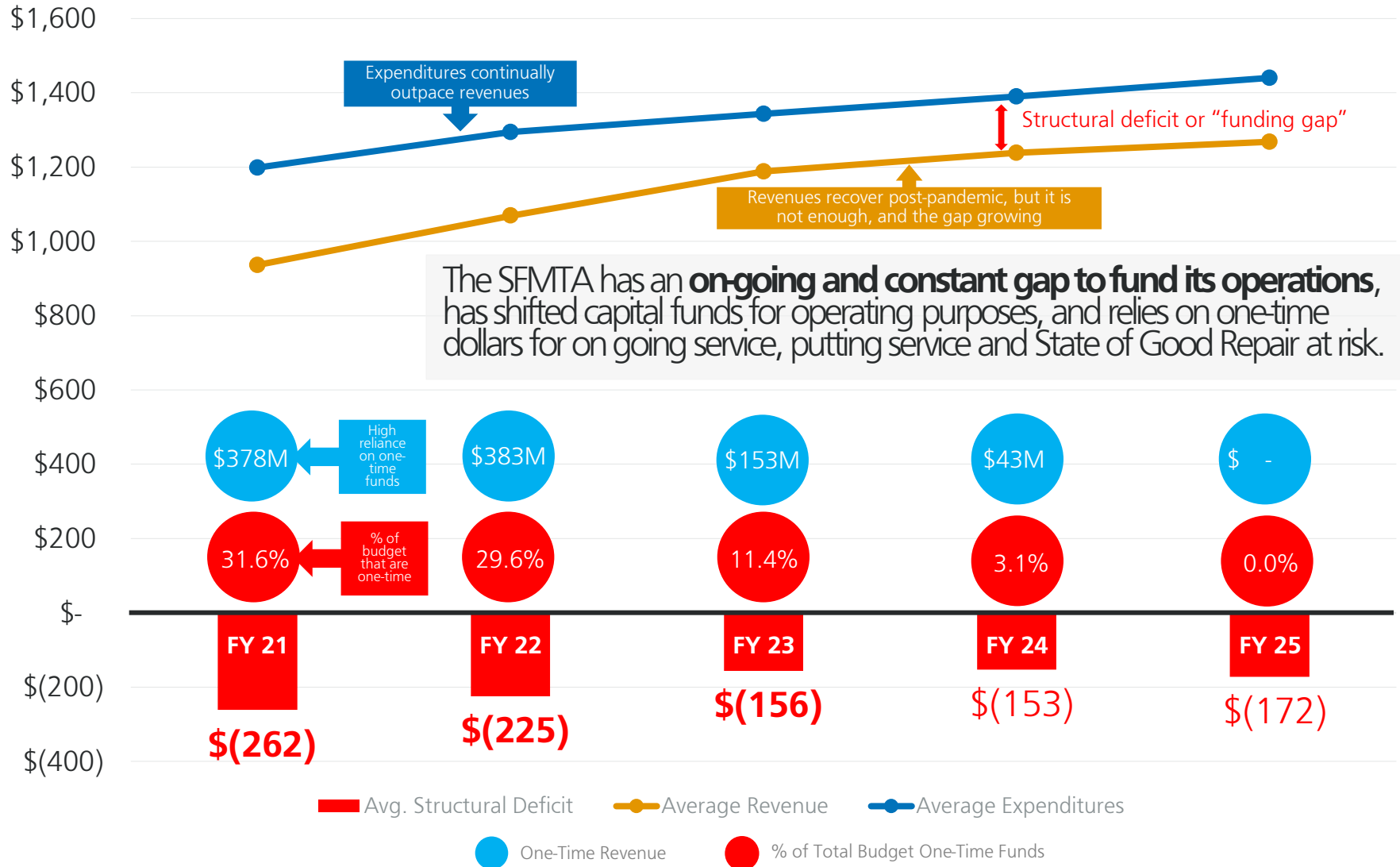
# Monitoring the SFMTA Structural Deficit, \$M

Operating Revenue, \$M	FY21	FY22	FY23	FY24	FY25	Ongoing revenues*
1/28/20 – Pre-Pandemic	1,209	1,225	1,245	1,258	1,265	
6/30/20 – MTA Adopted Budget FY 21 & 22	1,005	1,145	1,187	1,237	1,281	
12/1/20 – Assessing Pandemic Impact	833	1,031	1,176	1,232	1,264	
3/16/21 – Assessing 2 <sup>nd</sup> Wave of COVID	698	876	1,142	1,223	1,262	
<b>Average Revenue</b>	<b>936</b>	<b>1,069</b>	<b>1,188</b>	<b>1,238</b>	<b>1,268</b>	
Operating Expenditure, \$M	FY21	FY22	FY23	FY24	FY25	Ongoing Expenditures
1/28/20 – Pre-Pandemic	1,275	1,302	1,332	1,381	1,432	
6/30/20 – MTA Adopted Budget FY 21 & 22	1,252	1,281	1,335	1,373	1,412	
12/1/20 – Assessing Pandemic Impact	1,141	1,286	1,353	1,403	1,457	
3/16/21 – Assessing 2 <sup>nd</sup> Wave of COVID	1,124	1,307	1,353	1,403	1,457	
<b>Average Expenditures</b>	<b>1,198</b>	<b>1,294</b>	<b>1,343</b>	<b>1,390</b>	<b>1,440</b>	
Average Structural Deficit, \$M	FY21	FY22	FY23	FY24	FY25	Structural Deficit
Revenue Estimate (Average)	936	1,069	1,188	1,238	1,268	
Expenditure Estimate (Average)	1,198	1,294	1,343	1,390	1,440	
<b>Avg. Structural Deficit</b>	<b>(262)</b>	<b>(225)</b>	<b>(156)</b>	<b>(153)</b>	<b>(172)</b>	

\*Excludes federal relief, one-time funds such as fund balance, and ongoing shifts of capital funds such as population baseline transfers

# Monitoring the SFMTA Structural Deficit, \$M

Based on average projections of the structural deficit (see slide 17)



# FY 22 Expenditure Plan

In the next fiscal year, our deficit will be closed by one-time funds from the Federal government.

**One-time dollars should be used strategically to create efficiencies and reduce our costs.** This will positively help with our structural deficit. Services can be restored and must be scaled in a way to ensure that they can be sustained long-term.

## FY 2022 Expenditure Plan Objectives

- Continue to sustain current service (70% of pre-pandemic service) and existing workforce
- Implement a phased restoration of service (85% of pre-pandemic service by January 2022, review in February 2022)
- Build baseline agency capital and human resource infrastructure for a successful recovery
- Return capital funds to Streets Capital Program, and partially close 5-Year CIP Reduction
- Implement Sunday and Evening Parking (as a one-time capital project), supporting staff and outreach time
- Plan for continued uncertainty in economic recovery and capital funding, closely monitoring revenue recovery

## Preliminary Draft FY 2022 Budget Expenditure Plan\*

Program	Amount	One-Time/ On-Going
Restore 5-Year CIP Streets and Signals Capital Programs	\$ 26,100,000	One-Time
Expanded Parking Hours Project	\$ 2,625,000	One-Time
Restore Facilities/Building Improvement Program	\$ 5,335,141	One-Time
Continue PaCT Program for Customer Facing Staff	\$ 1,600,000	One-Time
Racial Equity Action Plan Phase I Implementation	\$ 500,000	One-Time
Hold for Capital Projects (revisit in January 2022)	\$ 12,500,000	One-Time
Pandemic Related Programs (TETOLs, Slow Streets, etc.)	\$ 11,000,000	One-Time
Fully staff Office of Race, Equity and Inclusion @ FY 22 Level	\$ 1,100,000	On-Going
Transit Supervision Action Plan (Incremental Cost FY 22)	\$ 1,700,000	On-Going
Restore to 85% by January 2022 ( <i>15% service increase</i> )	\$ 71,470,000	On-Going
<b>Total On-Going:</b>	<b>\$ 74,270,000 (55.5%)</b>	
<b>Total One-Time:</b>	<b>\$ 59,660,141 (44.5%)</b>	

\*This level of spending would require release of appropriation authority included in the Board Reserve in FY 2022.

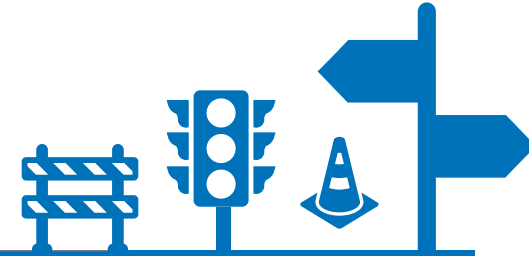
## FY 2021 – 2025 Capital Improvement Update, \$M

Adjustments after new money revenue bond – proposal to augment Street and Signal capital programs.

Program	Capital Budget					5-Year CIP	5-Year CIP Impact	
	FY21	FY22	FY23	FY24	FY25	Total (Current)	Adopted 4/21/20	Difference
Fleet	109.1	170.0	151.0	147.0	238.3	815.4	<b>916.1</b>	<b>(100.7)</b>
Transit Optimization	231.1	99.7	35.8	34.2	148.4	549.2	<b>549.7</b>	<b>(0.5)</b>
Transit Fixed Guideway	116.9	58.5	70.9	69.7	97.4	413.4	<b>392.9</b>	<b>20.5</b>
Streets	72.9	75.1	40.9	32.8	26.2	247.8	<b>282.3</b>	<b>(34.4)</b>
Facility	53.3	92.6	39.5	49.8	26.4	261.6	<b>242.5</b>	<b>19.1</b>
Signals	34.6	5.9	15.0	12.9	17.2	85.6	<b>91.6</b>	<b>(6.0)</b>
Communications & IT	7.9	3.4	1.1	7.4	5.0	24.7	<b>25.3</b>	<b>(0.5)</b>
Parking	22.0	11.3	11.0	0.0	0.0	44.3	<b>22.5</b>	<b>21.8</b>
Security	0.0	3.0	0.0	2.0	3.0	8.0	<b>10.2</b>	<b>(2.2)</b>
Taxi	0.6	0.1	0.1	1.4	0.2	2.5	<b>2.3</b>	<b>0.1</b>
<b>Total</b>	<b>648.4</b>	<b>519.7</b>	<b>365.3</b>	<b>357.2</b>	<b>562.1</b>	<b>2,452.7</b>	<b>2,535.3</b>	<b>(82.6)</b>

# FY 2021 – 2025 Capital Improvement Update, \$M

Adjustments after new money revenue bond – proposal to augment Street and Signal capital programs.



Program	Capital Budget					5-Year CIP	5-Year CIP Impact	
	FY21	FY22	FY23	FY24	FY25	Total (Current)	Adopted 4/21/20	Difference
Fleet	109.1	170.0	151.0	147.0	238.3	815.4	916.1	(100.7)
Transit Optimization	231.1	99.7	35.8	34.2	148.4	549.2	549.7	(0.5)
Transit Fixed Guideway	116.9	58.5	70.9	69.7	97.4	413.4	392.9	20.5
Streets	<b>77.9</b>	<b>80.0</b>	<b>51.1</b>	32.8	26.2	<b>268.0</b>	<b>282.3</b>	<b>(14.3)</b>
Facility	53.3	92.6	39.5	49.8	26.4	261.6	242.5	19.1
Signals	34.6	<b>11.9</b>	<b>15.0</b>	12.9	17.2	<b>91.6</b>	<b>91.6</b>	<b>(0.0)</b>
Communications & IT	7.9	3.4	1.1	7.4	5.0	24.7	25.3	(0.5)
Parking	22.0	11.3	11.0	0.0	0.0	44.3	22.5	21.8
Security	0.0	3.0	0.0	2.0	3.0	8.0	10.2	(2.2)
Taxi	0.6	0.1	0.1	1.4	0.2	2.5	2.3	0.1
<b>Total</b>	<b>653.4</b>	<b>530.5</b>	<b>375.5</b>	<b>357.2</b>	<b>562.1</b>	<b>2,478.7</b>	<b>2,535.3</b>	<b>(56.6)</b>



Thank you.