Balancing our FY 2025 & 2026 Budget

In-person listening session
March 2, 2024
We want to work together to create an equitable and sustainable transportation network for the future.
The SFMTA budget pays for ...
Recent Accomplishments

- CENTRAL SUBWAY
- MORE THAN .5M PARATRANSIT TRIPS
- BAYVIEW TRANSPORT RESOURCE CTR
- 467 MILES OF BIKEWAYS
- 43 MILES OF SLOWER STREETS
- RIDERSHIP UP 25%
SFMTA is an Enterprise Agency

The SFMTA receives some funds from SF’s General Fund, but we have to make up the rest of the operating budget from our own income, our “enterprise”.
The operating budget is funded by the SF General Fund and “enterprise revenues” (transit fares and parking fees). Since the pandemic, the federal government has provided significant relief funding.
SFMTA FY23-24 Expenses

Staff are the SFMTA’s most important resource.

64% of expenses fund our 5,900+ person workforce. 2,500 of them are Muni operators.

97.25% of positions are non-management.

TOTAL: $1,473 M
Budget Context

1. Revenue is lower than pre-pandemic.
2. Expenditures are higher because of inflation.
3. FY22-23 expenditure exceeded SFMTA revenue, but we balanced the budget using federal relief funds.
4. Federal, state and regional relief is expected to run out in FY25-26.
We’re still recovering from the pandemic

FY22-23 revenue is $375M—or 25% less—than FY18-19, adjusted for inflation.
High Work from Home Rates

SF has the country’s second highest WFH rate. 40% of SF work is done at home. That means those people aren’t commuting to offices, meaning they are not paying Muni fares or parking at downtown garages.
Transit revenue is **62% lower** than FY18-19, adjusted for inflation.

![Graph showing Historic Transit Revenue ($M)]
Parking Revenue is Down

Parking revenue is **38% lower** than FY18-19, adjusted for inflation.
To close the budget gap in FY25-26, the SFMTA must identify at least $12.7M in new revenue.
Reducing Spending for FY 24-25

• We’re only implementing **cost-neutral service changes** for Muni.

• Years of **efficiency improvements** include:
  • Reinvest Muni travel time savings into additional service
  • Improvements to project delivery
  • Consolidation of agency functions

• In FY22-23 we limited our hiring to key positions. This saved **$52.8 M**.

• In FY24-25 & FY25-26, we will reduce non-labor expenses (such as materials and supplies) by **$33.7M** in FY24-25 and **$25.5M** in FY25-26.
Reducing fare evasion

Reduction Strategies

Prevention

Deterrence

Penalty
Community priorities

Improving Muni speed, frequency and reliability is the top community priority.

- Improving the speed, frequency, and reliability of Muni buses and trains, 46%
- Improving traffic flow by improving public transit, 12%
- Repairing and maintaining buses, trains, and transit infrastructure, 10%
- Reducing traffic congestion, 8%
- Improving safety for people walking, 7%
- Improving safety for people bicycling, 5%
- Other responses, 12%

2023 SFMTA Community Survey
SFMTA Budget Strategy

- **Control expenses**: implement only cost-neutral service changes.
- **Stretch one-time sources** like federal, state and regional transportation relief.
- **Focus on FY24-25 and FY25-26** but plan for projected deficit of $240M in FY 26-27.
- **Staff have proposed revenues** that begin July 1, 2024 to **close FY25-26 gap**.
# Summary of Staff Recommendations

<table>
<thead>
<tr>
<th>Category</th>
<th>Option</th>
<th>2-Year Total Revenue</th>
<th>Cost for customers over two years (July 1, 2024 – June 30, 2026)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muni fares</td>
<td>Eliminate Clipper discount over two years</td>
<td>$5.2 million</td>
<td>+$.25 in year one</td>
</tr>
<tr>
<td></td>
<td>Cash fare remains the same</td>
<td></td>
<td>+$.25 in year two</td>
</tr>
<tr>
<td>Parking fines</td>
<td>Increase by 5%</td>
<td>$3.7 million</td>
<td>+$9 for a street cleaning ticket over two years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+$7 for a parking meter violation over two years</td>
</tr>
<tr>
<td>RPP fees</td>
<td>Implement inflation indexing + additional costs</td>
<td>$2.9 million</td>
<td>+$20 the first year</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+$25 the second year</td>
</tr>
<tr>
<td>Taxi fees</td>
<td>Reinstall taxi fees and apply inflation indexing</td>
<td>$1.2 million</td>
<td>Cost impacts taxi companies.</td>
</tr>
</tbody>
</table>
Now it’s your turn
Income/Revenues

Parking Fees and Fines
Transit Fares
Residential Parking Permit Program
Taxi Services
### Ways to Increase Revenue

#### Proposals to increase revenue

<table>
<thead>
<tr>
<th>Muni fares</th>
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<td>• Index Muni fares to account for inflation</td>
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<th>Residential parking fees</th>
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<td>• Index parking fees to account for inflation</td>
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<tr>
<td>• Recover additional expenses</td>
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| Other ideas?                                    |
Examples of Expenditures

- Muni Service
- Muni Safety
- Street Safety
- Safe Travel to School
- Traffic Congestion Management
### Ways to Reduce Spending

#### Examples of programs and services that could be cut to reduce expenses

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<tr>
<td>Amount of Muni service</td>
</tr>
<tr>
<td>Safety on Muni</td>
</tr>
<tr>
<td>Vision Zero Quick Builds</td>
</tr>
<tr>
<td>Safe travel to school</td>
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<tr>
<td>Traffic congestion management</td>
</tr>
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<td>Other ideas?</td>
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</table>
Public Outreach Plans

- Meetings with SFMTA Citizen Advisory Council, San Francisco Youth Commission, SFMTA Youth Advisory Council
- Two citywide listening sessions:
  - Thurs., Feb. 22 virtual (on Zoom)
  - Saturday, March 2 in-person (SF Public Library Richmond branch)
- Meetings with community-based organizations, merchant groups and others to gather their feedback.
Budget Timeline

**SUMMER/FALL**
- Estimate revenue
- Update 5-Year Financial Outlook

**JANUARY**
- MTA Board Workshop
- Public outreach begins

**MAY**
- Submit balanced budget to Mayor on May 1

**JULY**
- Action or no action by Board of Supervisorz

**FALL**
- Develop base operating budget
- Allocate CIP revenues

**FEB/MAR/APR**
- Public outreach continues
- Budget hearings
- Budget action

**JUNE**
- Mayor submits budget to Board of Supervisors
- Board of Supervisors reviews budget

**AUGUST**
- Mayor signs budget
Questions? Comments? Suggestions?