

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS**

RESOLUTION No. 260616-052

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) is a department of the City and County of San Francisco responsible for the management, operations, and planning of the City's transportation network; and,

WHEREAS, Senate Bill 63 (SB 63), effective January 1, 2026, established the Public Transit Revenue Measure District and authorized a regional transportation sales tax to be placed on the November 2026 ballot across five Bay Area counties, and as a condition of this regional funding framework directed the Metropolitan Transportation Commission (MTC) to commission an independent Financial Efficiency Review (FER) of four of the region's largest transit agencies: AC Transit, BART, Caltrain, and SFMTA; and,

WHEREAS, The Phase One FER was prepared by Nelson\Nygaard Consulting Associates on behalf of MTC and documents cost-saving and revenue-enhancing measures undertaken by the subject transit agencies between Fiscal Years 2019-20 and 2024-25, identifies a set of early action strategies for near-term implementation, and provides an initial inventory of real property assets and development opportunities; and,

WHEREAS, The Phase One FER finds that SFMTA achieved approximately \$300 million in operating cost savings and \$389 million in capital cost savings during the reporting period, driven by a combination of workforce reductions, service redesign, transit priority investments, and deferred or scaled-back capital investments, and also enhanced revenues by approximately \$37 million through fare adjustments, parking revenue increases, and taxi fees; and,

WHEREAS, The Phase One FER identifies a set of early action strategies applicable to SFMTA, organized into three categories — Enhance Revenue, Contain Costs, and Increase Ridership and Enhance Customer Experience — each selected because it delivers comparatively high value to riders and/or the agency's bottom line and is feasible to implement within the next one to three years, or constitutes an important initial step toward a longer-term approach; and,

WHEREAS, The Phase One FER was transmitted to the SB 63 Financial Efficiency Review Independent Oversight Committee, which considered and adopted the final report at its meeting of May 22, 2026; and,

WHEREAS, SB 63 requires that, following adoption of the final Phase One report, each subject operator identify the specific strategies in the adopted report applicable to it and that it commits to implementing and formally adopt those strategies as policy or budget actions on or before July 1, 2026; and,

WHEREAS, The final Phase One report of the SB63 Financial Efficiency Review identified the following Recommended Early Action Strategies:

- A. Improve Fare Compliance and Enforcement: Conduct a fare compliance and enforcement study to measure fare compliance; understand reasons for non-compliance; identify staffing, technology, and administrative resources required to improve fare compliance (e.g., installation of fare validators on both sides of rear and middle doors, faster mobile fare validators, enforcement officers and administrative staff for processing); and develop a funding and implementation plan.
- B. Enhance parking revenue: Enhance parking revenue through measures like expanded days or hours of paid parking, rate adjustments, increased enforcement, and leasing or permitting parking at under-utilized facilities.
- C. Evaluate Zero-Emission Bus (ZEB) Transition program for Cost Efficiency: Coordinate with peer agencies in the Bay Area to seek deferral of ZEB transition requirements.
- D. Examine Schedules for Efficiencies: Identify and enact scheduling efficiencies that do not impact service to the rider. These may include, but are not necessarily limited to, adjusting how operator shifts are structured and/or balancing scheduling practices to maintain reliability while controlling operating costs.
- E. Offer incentives to improve attendance: Offer incentives for attendance for high-priority routes.
- F. Improve Speed and Reliability of Service: Conduct a bus stop optimization study to identify where stop spacing or location contributes to slow or unreliable service, identify opportunities to improve bus stop spacing; quantify the benefits of optimizing bus stop location and spacing; and develop a funding and implementation plan.
- G. Improve Speed and Reliability of Service: Continue reinvestment of transit priority savings into service.
- H. Right-Size Fleet to Match Demand: Identify more opportunities to run shorter trains during lower-demand periods to better match the cost of delivering service to the fare revenue generated at different periods.
- I. Identify and Capture Cost Savings in Larger Contract Renewals: Conduct a review of high-spend contracts to determine whether the services can be provided at lower costs.
- J. Expand Clipper BayPass with Institutions and Employers: In consultation with MTC, identify internal resource requirements and supportive policies required or desired to adopt or expand pass programs like Clipper BayPass to more institutions and employers; and,

WHEREAS, The SFMTA and the San Francisco Planning Department have determined that adoption of early action strategies pursuant to the SB 63 Financial Efficiency Review is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b), as it involves policy, administrative, and financial planning actions with no direct physical impact on the

environment, and that any individual strategy that may constitute a project under CEQA will be subject to appropriate environmental review at the time of implementation; and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; and, now therefore be it

RESOLVED, That the SFMTA Board of Directors adopts the Recommended Early Action Strategies as SFMTA policy and directs staff to pursue them; and, be it further

RESOLVED, That the SFMTA Board of Directors hereby affirms that adoption of this resolution does not constitute adoption of the Phase 1 Financial Efficiency Review report in its entirety and does not authorize any specific expenditure or capital investment. Should staff identify the need for additional funds beyond those included in the Fiscal Year 2026-2027 & 2027-2028 budget, such request shall follow applicable budget policies and procedures.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of June 16, 2026.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency