



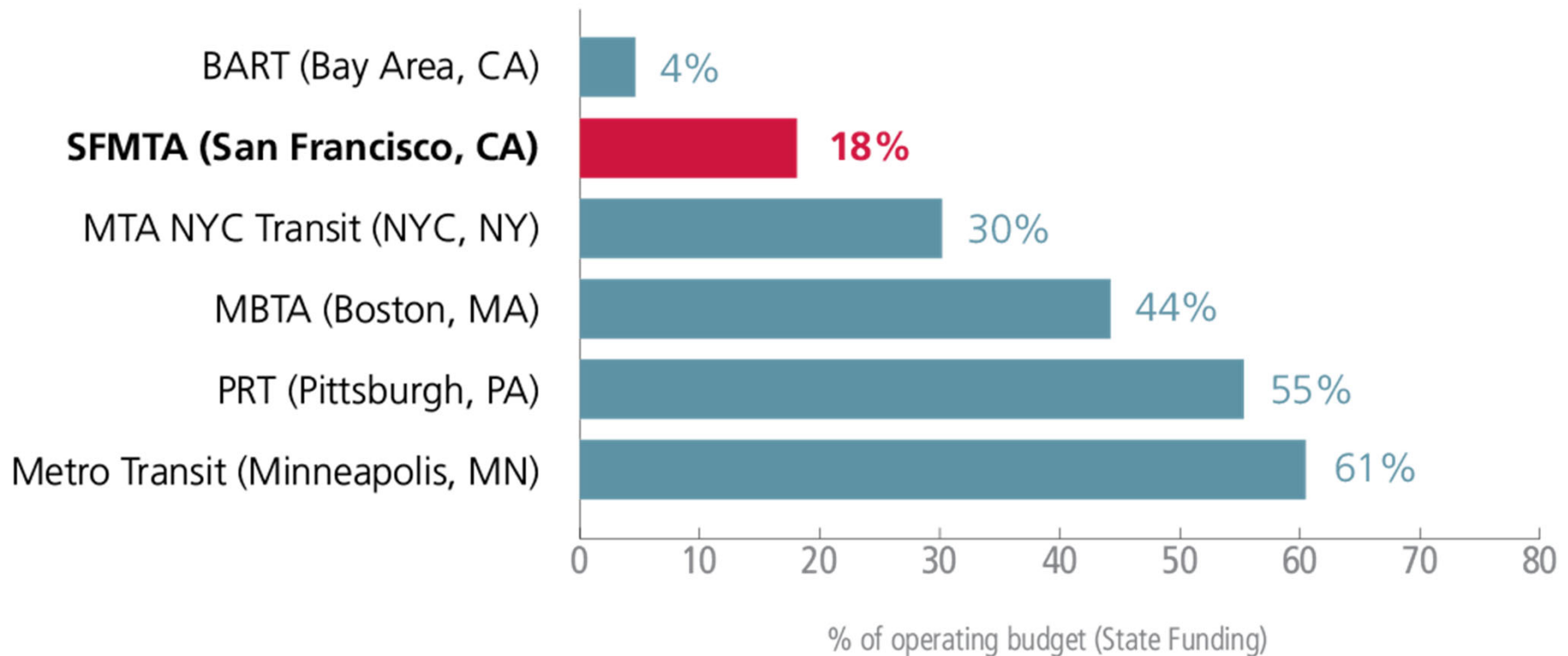
San Francisco Municipal Transportation Agency

Local Measure Update

SFMTA Board of Directors Meeting
November 18, 2025

SFMTA relies on local support

State funding as a percentage of operating expenditures,
selected US transit agencies (2023 NTD Reporting Year)



Source: 2022 - 2023 NTD Annual Data - Funding
Sources. Includes operating budget for transit services.

Muni has been adapting



Demonstrated Fiscal Discipline

\$120M/year personnel savings through a hiring freeze, consolidating functions, and reducing management.



Surgical Service Reductions

\$7M saved through summer 2025 service adjustments that reduced expenditures and protected existing routes.



Investments that Pay for Themselves

\$10M annual savings starting FY25 thanks to transit priority and reliability upgrades.

We can't cut our way to success



People ride transit when it works well and goes where people need to go, conveniently



Degrading service means fewer people choose transit, increasing congestion for people who drive and use transit, and further reducing revenues and resulting in the need for additional cuts

We need long-term solutions

The Muni Funding Working Group (MFWG) overwhelmingly supported ***Package A:***

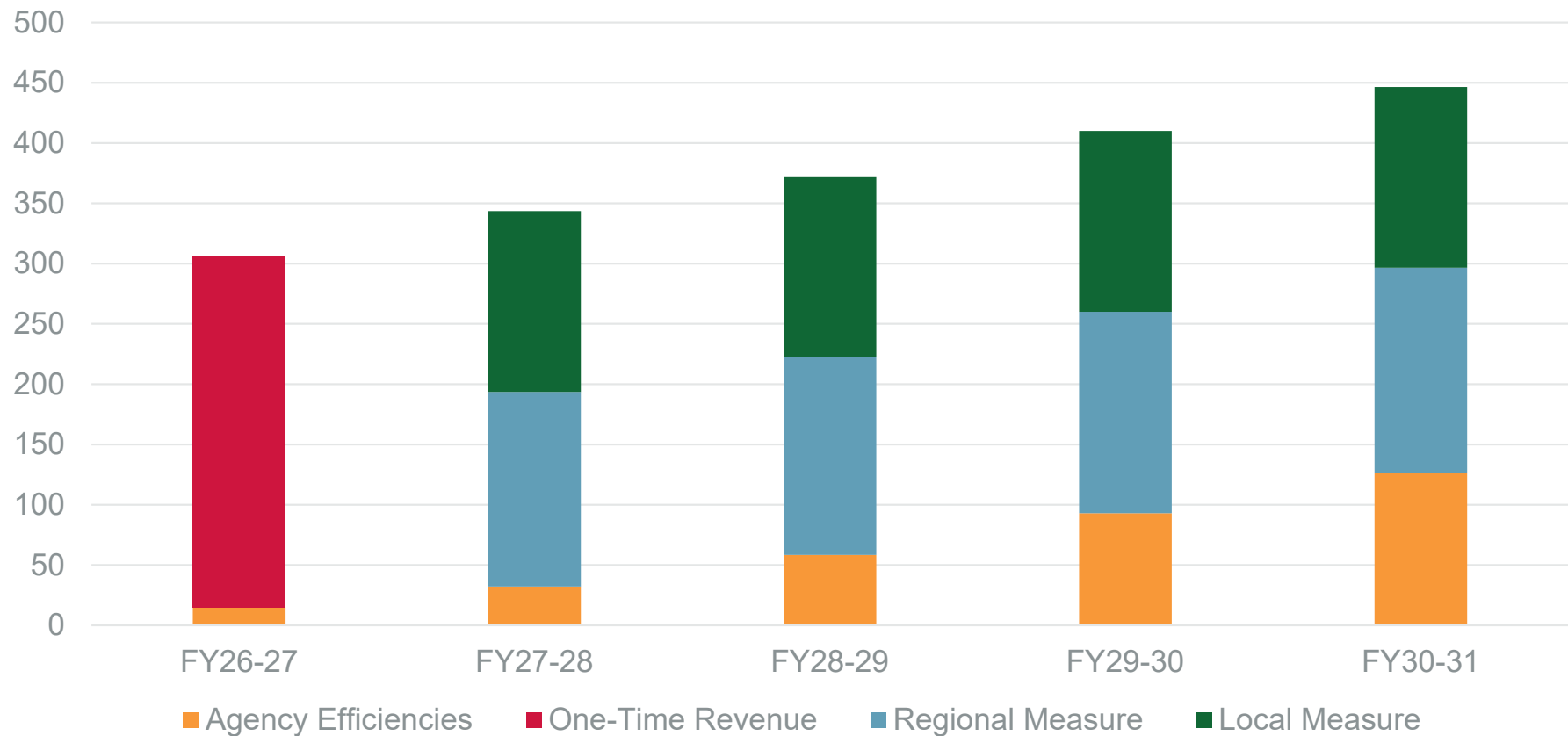
- ***No Service Cuts***
- Further administrative efficiencies and expedite reductions
- A regional sales tax measure
- A local revenue measure

	Package Name	% Top Choice
A	Preserve Muni & Street Safety – Big at the Ballot in 2026	69%
B	Preserve Muni & Street Safety – Multiple Ballots over Time	19%
C	Protecting Muni Service – Minimizing Cuts for Riders	6%
D	Finding Revenues through Parking	6%
E	Cuts Due to Less Opportunity at the Ballot	0%
F	Fewer Options, More Cuts	0%



STRATEGY TO CLOSE THE GAP

We face a >\$300M deficit starting in FY 26-27



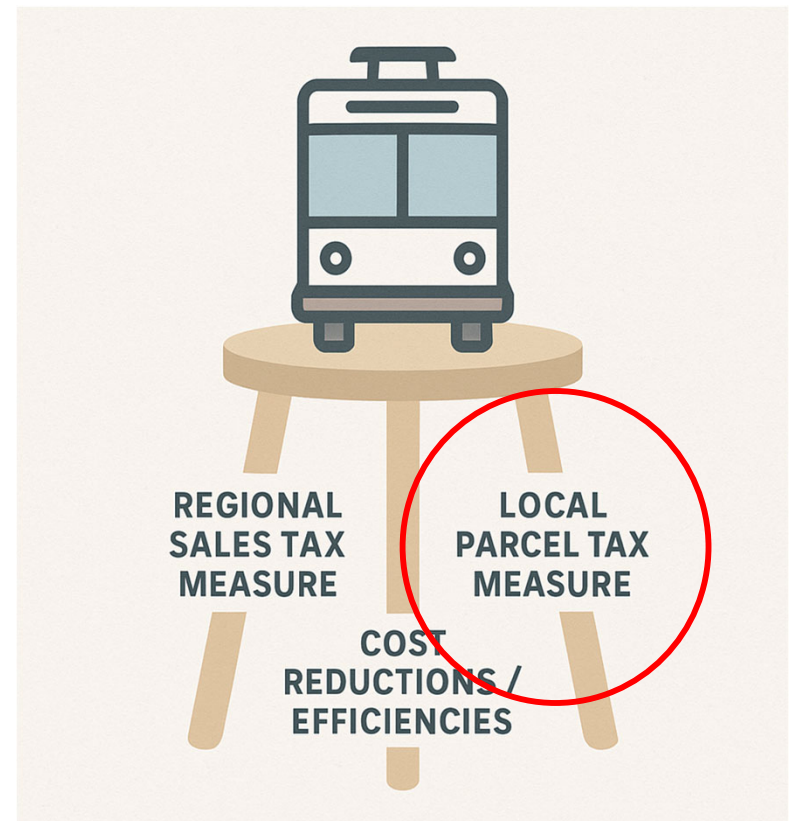
A sustainable approach is needed that balances revenue and expenditures

Cost Reductions/Efficiencies: Reducing expenditures across all divisions and implementing efficiency improvements on an ongoing basis.

Regional Revenue Measure: The Connect Bay Area Act allows San Francisco to pursue a full one-cent sales tax increase to maintain Muni. If passed by voters, we expect Muni to receive ~\$160M per year to address the structural deficit.

Local Revenue Measure: Seeing that the regional measure will not fully provide the revenue needed to maintain Muni service, a local parcel tax will be discussed to close the gap.

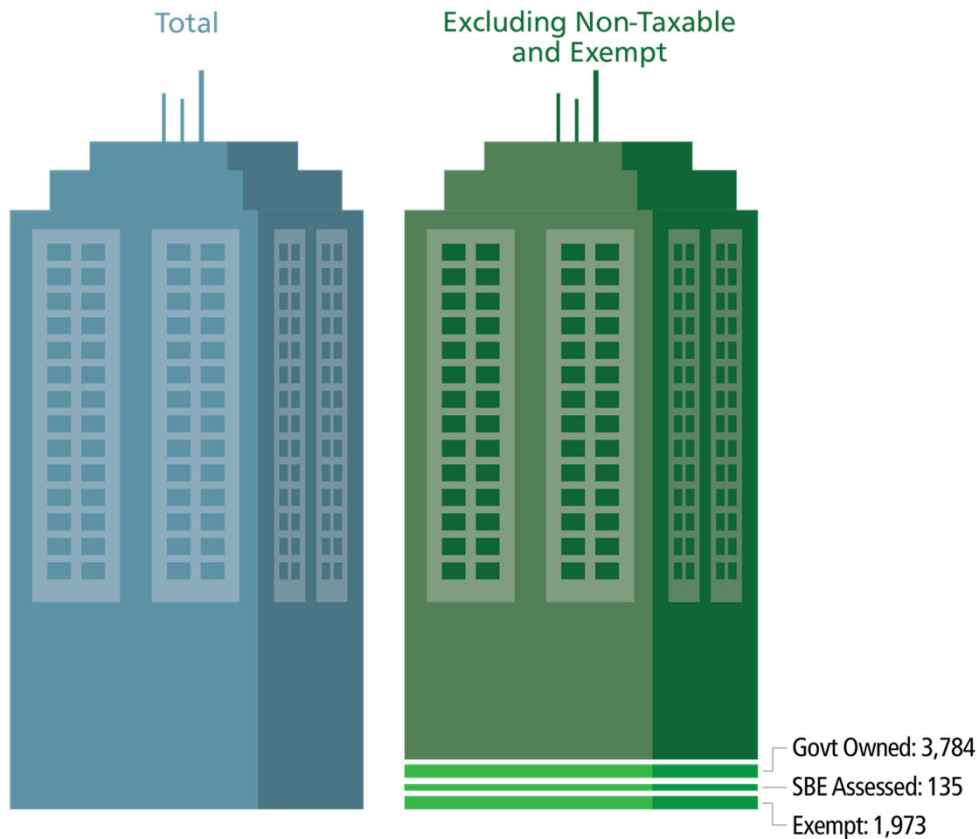
One-time Sources: There is a need to identify one-time funding sources to bridge to the revenue measures.



What is a parcel tax?

- A parcel tax is charged on a parcel of property.
- Paid by property owners on the annual property tax bill.
- Unlike a property tax, a parcel tax is not based on the value of the property.
- Parcel taxes can be based on either a flat per parcel rate or a rate that is based on the size, use and/or number of units on the parcel.

San Francisco has 200,000+ parcels



According to the 2023-24 public tax rolls, there are 212,206 total property tax parcels in San Francisco.

After excluding non-taxable parcels (e.g., government-owned) and exempt parcels (e.g., welfare, nonprofit hospitals, religious institutions), there are 206,314 taxable parcels, accounting for 97% of all parcels.

92% of San Francisco's taxable parcels are residential and about 75% are single-family homes.

Generally, San Francisco's parcel taxes are flat parcel taxes, or flat but varied by property type.



But there are different ways to structure a parcel tax

Parcel taxes can be structured in a few ways, illustrated below. Namely, parcel taxes can be structured as a flat rate or by square foot of the parcel; and by Property Type (ex. Commercial, Multi-Unit, or Single Family)

Structure	City	Funds	Rate
Flat rate	Piedmont, CA	School support	\$2,763 per parcel
Flat rate, varied by property type	Oakland, CA	Wildfire Prevention	\$99 per single family parcel \$65 per condominium / multi-family unit
Rate based on building square foot	Alameda, CA	School support	\$0.585 per building sq ft
Rate based on building square foot, varied by property type	Berkeley, CA	Streets and Sidewalks	\$0.17 per building sq ft (residential) \$0.25 per building sq ft (commercial and other property)

The SFMTA was directed to engage critical partners

OFFICE OF THE MAYOR
SAN FRANCISCO



DANIEL LURIE
MAYOR

September 2, 2025

Julie Kirschbaum
Director of Transportation
San Francisco Municipal Transportation Agency
1 South Van Ness Avenue, 7th Floor
San Francisco, CA 94103

RE: Parcel Tax Proposal

Dear Director Kirschbaum,

You know as well as anyone, a safe and reliable Muni is essential to revitalizing downtown San Francisco, bringing customers to our local small businesses, and helping our kids get to school. Since you assumed your role early this year, you have taken action to support the immediate and long-term health of Muni and the city's entire transit system. But our public transit system and our city's recovery are at risk if we don't address the San Francisco Municipal Transportation Agency's (SFMTA's) \$320 million deficit for Fiscal Year 2026-27 and secure sustainable funding for Muni.

Under your leadership, Muni has taken tremendous strides to regain the trust of San Franciscans. You've improved service despite financial constraints, and riders are reporting their highest satisfaction in years and using the system at the highest levels since 2020. At the same time, the SFMTA is showing San Franciscans a clear commitment to accountability and fiscal responsibility, making changes internally and finding savings wherever possible, without sacrificing service. Without the steps that you've already taken, such as eliminating more than 500 positions and using technology to improve operations, Muni's deficit would exceed \$440 million.

As we chart out Muni's future, we want to thank the SFMTA and the Controller's Office for convening the Muni Funding Work Group that issued its final report this summer. We deeply appreciate the engagement of the participants from business, labor, and community whose input helped prepare us to face the challenges ahead. The Working Group's discussions revealed a consensus: Without sufficient revenue, Muni is facing a worst-case scenario of deep service cuts that would pose an existential threat to San Francisco's recovery.

As we pursue cost-savings measures and a regional sales tax, the group's work suggested that the only way to avoid such cuts was to supplement those steps with a local revenue measure. We believe that a parcel tax is the best mechanism to generate the level of funding needed to support Muni service and that it can be structured in a way that is fair and affordable. We appreciate SFMTA's continued efforts to advance the Working Group's recommendation and **urge you to engage with critical partners in the community to collect feedback as you further develop a**

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parcel tax structure. Between this local measure, a regional revenue measure, and the ongoing work to find savings at SFMTA, we can – and must – generate the funding necessary to avoid devastating Muni service cuts.

As you continue to engage communities across the city around a potential local revenue measure and explore a parcel tax structure, we must continue to hold the agency accountable and find additional ways to achieve savings internally. Your recent budget instructions, with 5% and 7% cost reduction scenarios that avoid cuts to Muni service, demonstrate your commitment to that goal as you plan for the two-year budget cycle.

Our city has made so much progress in just the last several months to recover after years of challenges. And we can continue to make progress for everyone in our city – but that progress depends on a safe, reliable Muni system with sustainable funding. Let's work together to ensure that our city's transit system continues to serve the millions of residents and visitors who are counting on Muni to drive San Francisco's comeback.

All my best,

Daniel Lurie
Mayor of San Francisco

Rafael Mandelman
President, San Francisco Board of Supervisors

Myrna Melgar
Chair, San Francisco County Transportation Authority
Supervisor, District 7, San Francisco Board of Supervisors

A parcel tax should meet key principles



Fair



Reasonable



Sufficient

Local Measure Roundtable #1: *Key Takeaways*

Ensure equity and mitigate negative impact on vulnerable groups.

Any funding mechanism must avoid disproportionate impacts on renters, small businesses, and lower-income households.

Establish a fair tax structure.

Explore variable rates and tiered structures that reflect the diversity of property types and economic capacity.



Local Measure Roundtable #1: *Key Takeaways*

Streamline the structure.

Build trust with the public and reduce confusion through a simple design of the tax structure and transparency in communications.

Consider a broader vision for the measure.

Assess needs beyond solely addressing the funding gap and establish a funding measure that will support growth and avoid repeated funding requests in the future.



We took feedback and developed a proposed parcel tax structure



Fair

Developed a progressive structure



Reasonable

Evaluated rates against current costs



Sufficient

Designed to raise at least \$150M



Simple

Structured for legibility

Local Measure Structure

Option 1

	Flat Rate (<3,000 sqft)	Direct Rate (>3,000 sqft)	CAP
Residential	\$150	\$0.25 /sqft (after \$150 for first 3,000 sqft)	\$250,000
Non-Residential	\$600	\$0.675 /sqft (after \$600 for first 3,000 sqft)	\$400,000

Local Measure Structure

Option 2

	Flat Rate (<3,000 sqft)	Direct Rate (>3,000 sqft)	CAP
Residential	\$99	\$0.29 /sqft (after \$99 for first 3,000 sqft)	\$250,000
Non-Residential	\$600	\$0.73 /sqft (after \$600 for first 3,000 sqft)	\$400,000

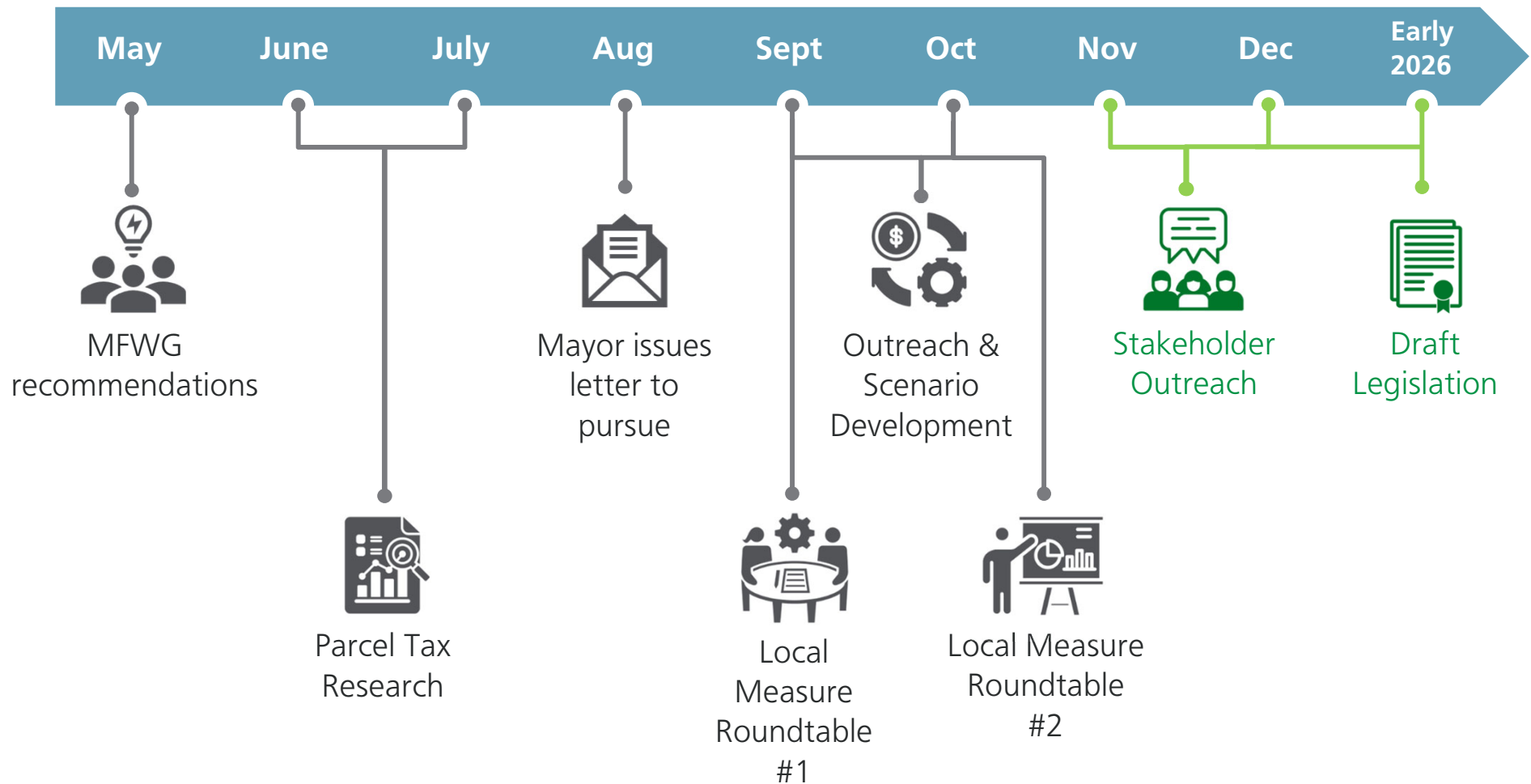
Local Measure Roundtable #2: Key Takeaways

- **The direction is right, but it can go further** - *Desire to generate more revenue to restore and expand service.*
- **Need to maintain value over time** – *Interest in incorporating a consumer price index (CPI) adjustment.*
- **Mixed views on sunset clauses** – *Interest in no sunset for lasting stability, while others favor long-term reauthorization to maintain accountability. If there is a sunset date, interest in a sunset date that is beyond that of the regional measure to ensure sustained funding.*
- **More research is needed** –
 - *Some individuals expressed interest in raising non-residential caps and 3000 sq. ft. cutoff for the flat rate tier.*
 - *Some individuals expressed interest in additional tiers for larger properties.*

Policy Questions

- Exemptions
- Sunset
- Pass-Through
- CPI Adjustment
- Some technical questions still exist

Where we are in the process



Thank you!
Questions?