



SFMTA

FY26-27 & FY27-28 Consolidated Operating and Capital Budget

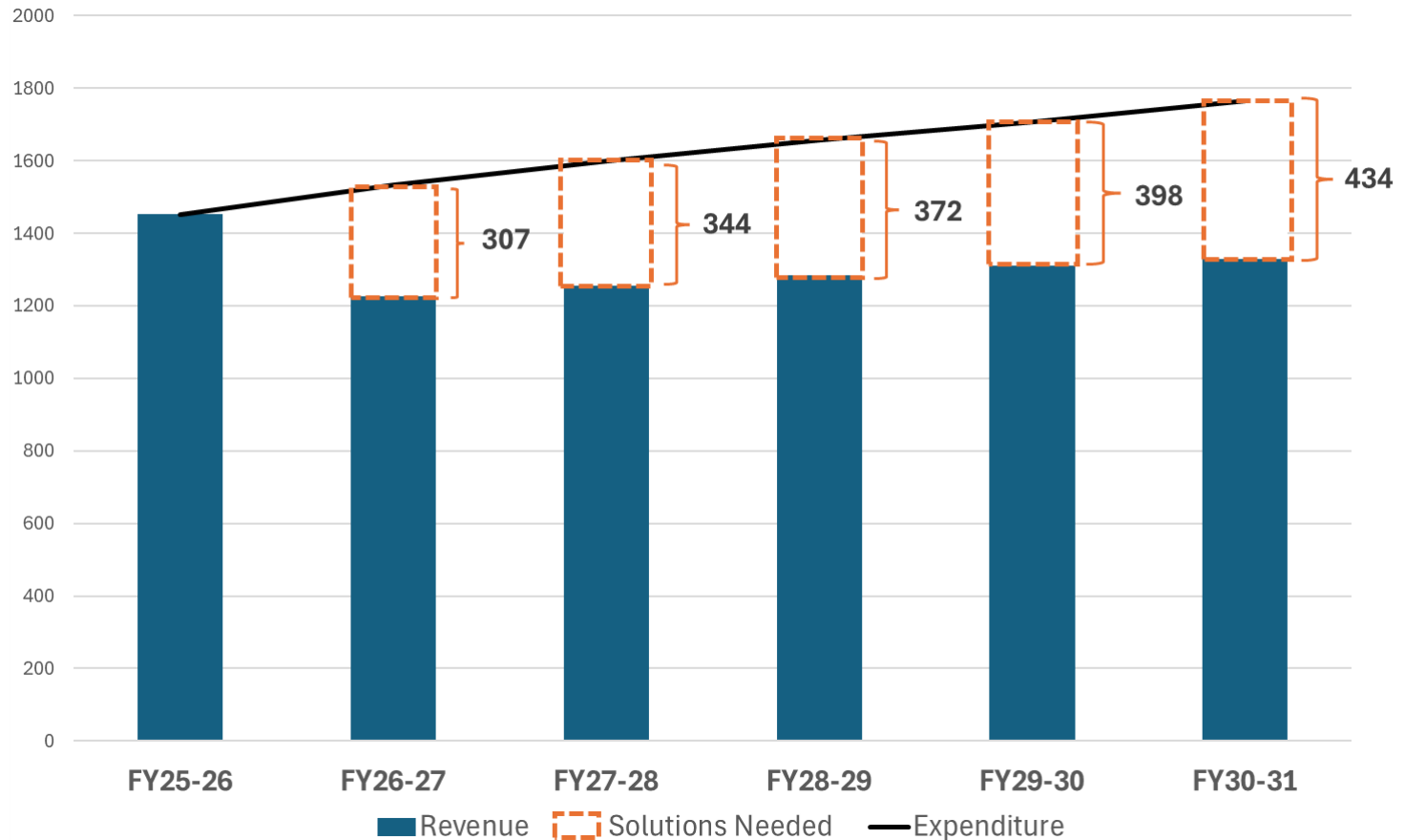
SFMTA Board of Directors
April 21, 2026

Budget Milestones

Date	Budget Topic
11/18/2025	Local Revenue Measure
12/16/2025	Enterprise Revenue and Fare Policy
1/6/2026	Efficiencies Update
1/20/2026	Muni Equity Strategy Overview
2/3/2026	Board Workshop
2/17/2026	Capital Budget Update
3/17/2026	Draft Budget Balancing Plan
3/17/2026	Muni Equity Strategy Update (4/7 approval)
4/7/2026	Budget Hearing (Operating & Capital)
4/21/2026	Budget Approval (Operating & Capital)

5-Year Deficit Forecast from July 2025

In July 2025, SFMTA forecast a FY26-27 \$307M deficit that grew over time.



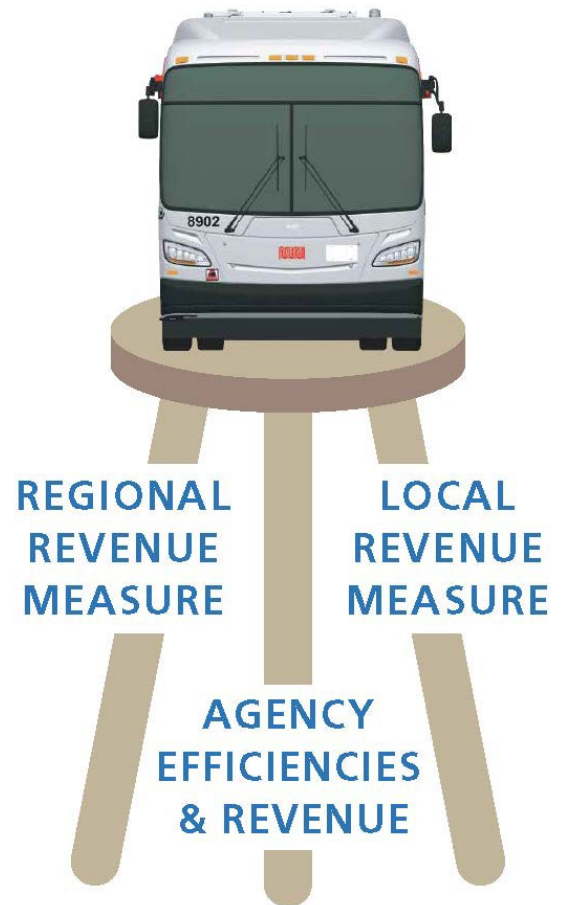
FY26-27 and FY27-28 Budget Plan

Regional Revenue Measure: The Connect Bay Area Act allows San Francisco to pursue a one-cent sales tax increase to maintain Muni. If passed by voters, Muni will receive ~\$155M per year to address the structural deficit.

Local Revenue Measure: As the regional measure will not fully address the structural deficit, a local parcel tax has been proposed to further reduce the gap. If passed by voters, the Stronger Muni for All measure will generate ~\$150M annually to reduce the deficit and ~\$10M for service quality improvements.

Agency Efficiencies & Revenue: Building an efficiency culture and identifying new enterprise revenues in the out years will close the remaining structural deficit.

In the short-term, one-time sources are needed to close the budget deficit until regional and local revenue measures are implemented.



Changes Since March Draft Budget

Updated revenue and expenditure projections to reduce the use of one-time sources to balance the budget in FY26-27 from \$74M to \$17M and in FY27-28 from \$32M to \$0.

- Increases in General Fund revenue, consistent with the Controller's Budget Outlook Update
- Small decreases in transit and parking revenue consistent with actuals data from the 9-month financial update
- Downward adjustments in retirement cost estimates
- Further expenditure reductions in non-personnel and services of other departments

Budget Outcomes

The proposed FY26-27 and FY27-28 budget protects:

- **Muni Service** - No Muni or paratransit service reductions in FY26-27
- **Service Quality** - Small Muni increase funded in FY27-28 to address crowding/downtown recovery (*parcel tax commitment*)
- **Discount Programs** - Maintains discount fare programs for youth, seniors, people with disabilities and people with limited incomes

This budget is the first step of a multi-year strategy to reduce costs and stabilize the budget while protecting Muni service.

Balanced Two-Year Budget

Overall, budget increases by 4% in FY26-27 and 7% in FY27-28, driven by COLA, retirement and benefit costs

Revenue Type	FY 25-26 (\$M)	FY 26-27 (\$M)	FY 27-28 (\$M)
Revenue	1,452	1,515	1,616
Expenditure	1,452	1,515	1,616
Growth	-	4%	7%

Source: Budget System Output (e-turn), April 14, 2026

Revenue Budget, by Category

Revenue Type	FY 26-27 (\$M)	FY 27-28 (\$M)
General Fund	608	601
Operating Grants	211	216
Parking	288	296
Transit	134	141
Other	39	39
State Loan	200	0
Regional Sales Tax	17	155
Local Parcel Tax	0	166
Operating Reserve	0	0
Fund Balance	17	0
Total	1,515	1,616

Source: Budget System Output (e-turn), April 14, 2026

Note: Columns may not sum to totals shown due to rounding.

Regional Revenue Measure, Nov. 2026

Participating Counties

The Connect Bay Area Act authorizes a regional sales tax for the November 2026 ballot in Alameda, Contra Costa, San Francisco, San Mateo and Santa Clara counties.

Funding for Transit

The regional revenue measure would fund BART, Muni, Caltrain, AC Transit and other transit systems.

Regional Benefits

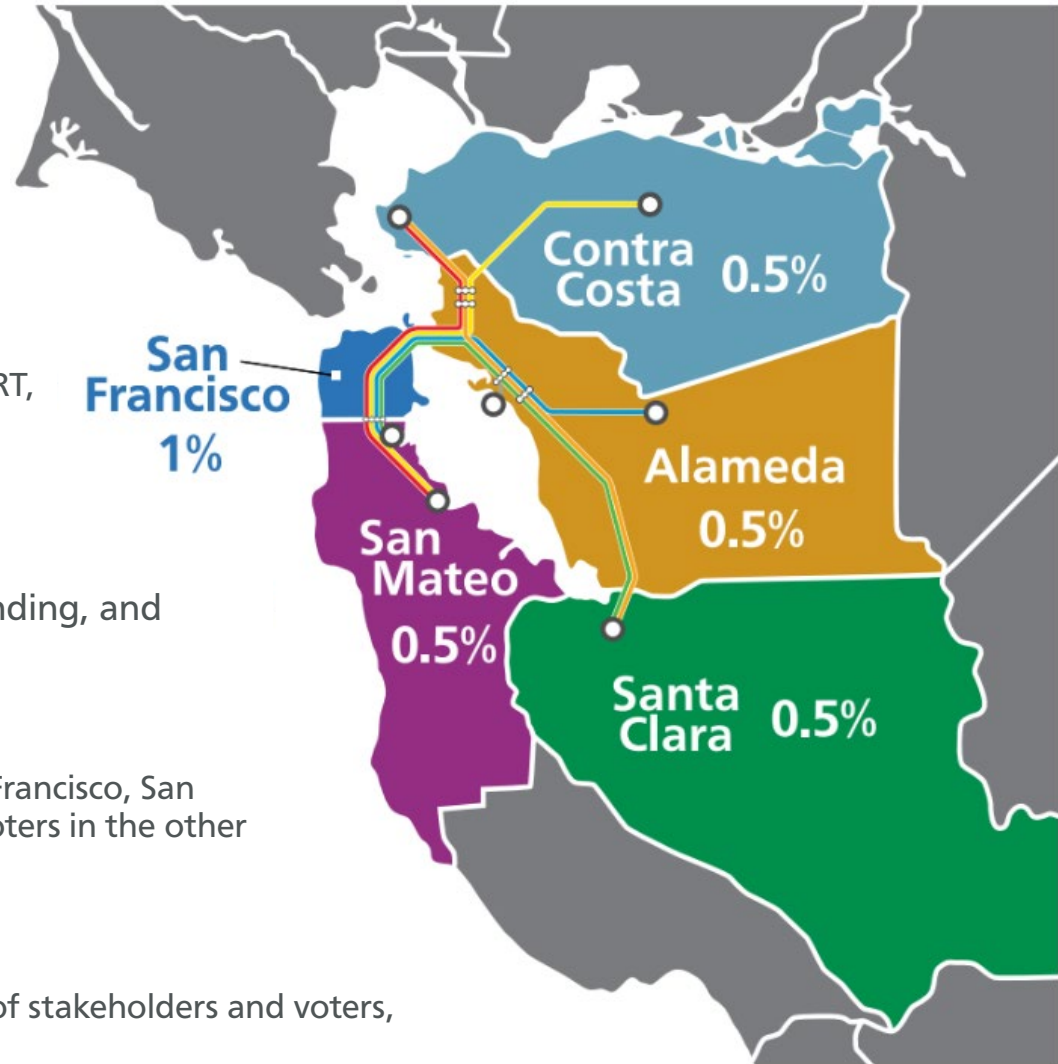
Fare programs, accessibility projects, wayfinding, and transit priority projects.

Rate

Due to the density of transit operating in San Francisco, San Francisco voters will consider a 1% sales tax. Voters in the other counties will consider a .05% sales tax.

Ballot Placement




The measure is being advanced by a coalition of stakeholders and voters, the Connect Bay Area Transit Committee.



Local Revenue Measure

The Stronger Muni for All Measure would be an annual tax on parcels of real property in San Francisco beginning on July 1, 2027, and ending on June 30, 2042. The tax rates would be adjusted annually for inflation.

The proposed 2027 tax rates would be:

Parcel Type		Base Cost	Additional Charges *
	SINGLE FAMILY RESIDENTIAL	\$129	<ul style="list-style-type: none"> • Parcels between 3,001 square feet and 5,000 square feet of building area, add \$0.42 per square foot over 3,000 • For parcels over 5,000 square feet of building area, add \$1.99 per square foot over 5,000
	MULTI-FAMILY RESIDENTIAL	\$249	<ul style="list-style-type: none"> • For parcels over 5,000 square feet of building area, add \$0.195 per square foot over 5,000
	NON RESIDENTIAL	\$799	<ul style="list-style-type: none"> • Parcels between 5,001 square feet and 50,000 square feet of building area, add \$0.76 per square foot over 5,000 • Parcels between 50,001 square feet and 250,000 square feet of building area, add \$0.84 per square foot over 50,000 • For parcels over 250,000 square feet of building area, add \$.99 per square foot over 250,000

* There is a cap of additional charges of \$50,000 for multi-family residential and \$400,000 for non-residential parcels.

Transit and Parking Revenue

Policy Changes

Parking Revenue:

- Increase citation late penalties by 10%
- Increase meter rates \$0.25 in FY27-28
- Increased meter recovery construction/temp no-parking permits
- Pass-through online credit card fees
- Select fine reductions

Tourism Revenue:

- Cable Car Plus - \$18 (up to 2 youth ride frees)
- Cable Car Single Ride Ticket - \$12 (through December 2027)

Daily Rider Revenue:

- Eliminate Clipper Discount in FY26-27
- Index fares in FY27-28
- Implement Fare Capping

Title VI Requirements: Fare Equity Analysis, Public Outreach & Feedback

- Under FTA C 4702.1B, SFMTA must comply with Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color or national origin in federally funded programs and services.
- For proposed transit fare changes – of any amount, both increases and decreases – the FTA requires transit providers conduct a fare equity analysis to identify whether proposed changes disproportionately impact communities of color and people with low incomes.
- Title VI also requires that SFMTA solicit and consider feedback on proposed fare changes, in keeping with its federally required Public Participation and Language Assistance policies. Public comment is gathered as part of a multilingual outreach campaign and considered as part of SFMTA’s fare change proposals.
- An analysis of the proposed fare changes had no findings of disproportionate impact.

State Loan Terms

Loan terms will be codified in Loan Agreement between State and Metropolitan Transportation Commission (MTC) and symmetrical Loan Agreement between MTC and Transit Operators

Terms include:

- 12-year term, with two years of interest-only payments (approx. \$8M in FY26-27 and FY27-28) and 10-year repayment term including both interest and principal payments (\$30M/year FY28-29-FY38-39)
- Variable interest rate tied to California State Surplus Money Investment Fund Apportionment Rates (SMIF)

Transit Operator Boards (and, for the SFMTA, the Board of Supervisors) will authorize Executive Director to enter into Loan Agreement with MTC.

One-Time Sources

Balancing the budget without the use of one-time funds in FY27-28 demonstrates significant progress in reducing the five-year deficit. Further work remains to ensure revenue and expenditure grow symmetrically.

Source	FY26-27 (\$M)	FY27-28 (\$M)
State Loan	200	0
Contingency Reserve	0	0
Previous Year Savings (Fund Balance)	17	0
Total	217	0

Source: Budget System Output (e-turn), April 14, 2026

Updated revenue and expenditure projections reduce the need to use one-time sources to balance the budget in FY26-27 from \$74M to \$17M and in FY27-28 from \$32M to \$0.

Expenditure Budget, by Category

Expenditure Type	FY 26-27 (\$M)	FY 27-28 (\$M)
Labor	970	1,064
Non-personnel	272	273
Materials/ Supplies	109	112
Services of Other Depts	126	131
Debt Service	36	36
Other	3	0
Total	1,515	1,616

Source: Budget System Output (e-turn), April 14, 2026

Other includes equipment and capital projects

Note: Columns may not sum to totals shown due to rounding.

Efficiency Culture

- Participate in regional efficiency work, outlined in Connect Bay Area Act (SB63)
- Work with external efficiency experts to review best practices and implement structural changes (e.g., more efficient administrative tools)
- Track National Transit Database (NTD) financial performance measures and set goals for financial metrics
- Prioritize cost containment during upcoming labor contract negotiations for FY27-28 and beyond
- Continue to refine internal controls and forecasting tools

Efficiencies Achieved in Budget

- Eliminates 54 operating and 35 project positions
- Offsets costs by approximately \$20M by reducing materials/supplies and work order costs and starting efficiency work
- Increases agency-generated revenue by approximately \$30M in FY26-27 from improved fare compliance, cable car day pass, ridership growth and parking optimization
- Minimizes overall use of one-time funding to balance ongoing expenditure: combination of state loan and prior year cost savings (fund balance)
- Reduces out-year budget deficit through early actions

Deleted Positions

Position Type	FY25-26 Original FTE	FY26-27 Final FTE	FY 27-28 Final FTE
Operating Positions	- 487	- 54	0
Project Positions	- 42	- 35	0
Total	- 529	- 89	0

Source: Budget System Output (e-turn), April 14,2026

FTE, by Position Type

Position Type	FY25-26 FTE	FY26-27 FTE	FY 27-28 FTE
Operating Positions	5,891	5,837	5,837
Project Positions	525	490	490
Total Positions	6,416	6,327	6,327

Source: Budget System Output (e-turn), April 14, 2026

* Note: Positions reflect position count and do not include temporary staff, special class, or budgeted vacancy.

Capital Budget Background

The SFMTA Capital Improvement Program (CIP) is a five-year investment plan that is reassessed on a rolling two-year basis. The first two years of the CIP represent the 2-Year Capital Budget.

The CIP describes funding across five major investment areas.



FY27-FY31 Capital Budget & CIP Investments

- Total programming for FY27-FY31 CIP is estimated at approximately \$2.5B (2% lower than prior CIP)
- Proposed 2-year capital budget for FY26-27 & FY27-28 is approximately \$1.2B and includes:
 - approx. \$655M planned expenditure in FY26-27
 - approx. \$546M planned expenditure in FY27-28

Capital Investment Areas

Reinvest in the System



Projects that are primarily or fully focused on improving state of good repair.

Photo: Cameron Beach Yard Fix-It Week

Optimize Services



Projects primarily focused on improving service, allowing for more efficient delivery.

Photo: L Taraval Improvement Project

Expand Capacity



Projects to add new infrastructure or assets, or that facilitate increases in service levels.

Photo: Chinatown Station, Central Subway

Capital Investment Areas

Improve Street Safety



Projects to improve roadway safety for all street users, make it easier for people to access multimodal transportation options, and make other roadway improvements.

Photo: Geary Blvd Pedestrian Signal

Enhance Safety & Security



Projects focused on safety and security of riders, employees and the SFMTA's built infrastructure.

Photo: MuniSafe Day Out

FY26-27 and FY27-28 Capital Budget

Revenue Source	FY26-27 (\$M)	FY27-28 (\$M)
Federal Formula Funds	186	215
Competitive Grants	239	150
Population Baseline General Fund Transfers	64	64
Prop L Sales Tax	74	31
Regional/State Formula Funds	18	60
Misc. Funds	28	25
General Obligation Bond	32	0
Operating Funds	8	0
Developer Fees	6	0
Revenue Bond	1	1
Total	655	546

Note: Columns may not sum to total row due to rounding.

5-Year Capital Improvement Program

Annual Programming by CIP Program

Program (\$millions)	FY27	FY28	FY29	FY30	FY31	FY27-FY31
Agency Wide	15	16	19	18	18	87
Communications & IT	3	1	0	1	2	7
Facilities	29	39	19	27	53	165
Fleet	216	243	187	186	212	1,043
Parking	0	0	3	0	0	3
Signals	33	12	10	8	7	70
Streets	107	35	63	30	32	266
Transit Fixed Guideway	160	131	117	148	68	624
Transit Optimization	92	70	23	28	26	239
Total	655	546	440	446	417	2,505

Note: Columns and rows may not sum to totals shown due to rounding.

5-Year Capital Improvement Program

Annual Programming by Capital Investment Area

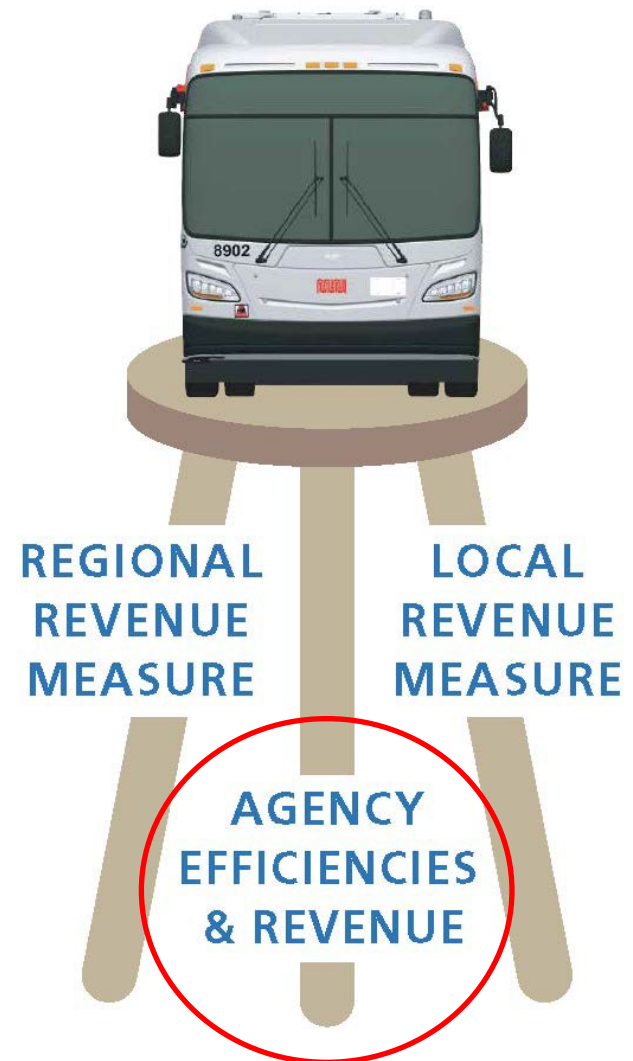
Revenue Source	FY27 (\$M)	FY28 (\$M)	FY29 (\$M)	FY30 (\$M)	FY31 (\$M)	FY27-FY31 (\$M)
Reinvest in System	418	424	340	374	349	1,905
Improve Street Safety	109	42	68	34	34	286
Optimize Services	95	71	20	25	20	229
Expand Capacity	2	2	2	2	1	17
Enhance Safety & Security	4	1	1	1	2	9
Reserve	18	7	11	12	11	58
Total	655	546	440	446	417	2,505

amounts and date of receipt are uncertain. Revenues in Reserve fund projects in CIP+.

**Despite lower revenues in this CIP,
the SFMTA continues to deliver
significant investments in system
reinvestment, improving street safety
and optimizing services.**

Next Steps

- Submit balanced budget to the Mayor on May 1
- Present budget to Board of Supervisors in May; action or no action by Board of Supervisors in July
- Make line-item adjustments consistent with City budget process. Changes must be within budget authority approved by the Board.
- Implement multi-year strategy to align expenditure with revenue



Thank You

Operating Budget Team	Fisher Zhu, Director	Alvin Ling, Senior Analyst	Daisy Hernandez, Analyst
Capital Budget Team	Rob Jaques, Director	Darton Ito, Capital Budget Manager	Jason Chan, Principal Analyst
	Gigi Lam, Principal Analyst	Ellen Hwang, Senior Analyst	Yung Nguyen, Senior Analyst
	Sarah Muller, Senior Analyst	Evonne Zheng, Senior Analyst	Hananiel Suradji, Analyst
Division Budget Liaisons	Emily Williams & Sammy Yee, Transit	Jillian Johnson, Finance	Monica Giese, Streets
	Jeanette Sanchez, External Affairs	Stephanie Ho, Administration	Doris Kang, Safety
CIP Program Managers	Sean Cunningham, Comms/IT	Parand Maleki, Facilities	Joe Speaks, Fleet
	Rob Malone, Parking	Kimberly Burrus, Security	Kimberly Leung, Livable Streets
	Ricardo Olea, Signals	Danny Yeung & Erin McAuliff, Taxi & Accessible Services	
	Charles Drane, Transit Fixed Guideway		Michael Rhodes, Transit Optimization

Questions and Discussion