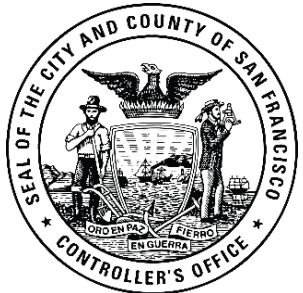




Muni Funding Working Group



Service Cuts Options Review Meeting



Office of the Controller



San Francisco Municipal Transportation Agency

Agenda

- 1** Welcome, Introductions, and Work Plan Reminders
- 2** Updates from the Controller's Office
- 3** Options: Transit and Subsidies
- 4** Public Comment
- 5** Close Out and Next Steps

**Introductions and
Workplan
Reminders**

**Controller's Office
Staff**

Muni Funding Working Group Goal

San Francisco must identify approximately **\$320 million** in new revenue to replace exhausted one-time federal and state relief. These funds will sustain Muni service, paratransit service, programs that keep our streets safe, and other transportation services.

To solve the short-term and long-term problem, the Muni Funding Working Group will **review and prioritize policy options** that SFMTA can implement to address its funding gap.

The outcome for this working group is a **prioritized set of options** that can be provided to the SFMTA Director of Transportation and SFMTA Board of Directors, and elected policymakers, including Mayor and Board of Supervisors, for consideration.

Welcome and Introductions

Roles and responsibilities of working group members

The Working Group includes representatives from the Mayor's Office, Board of Supervisors, SFMTA and SFCTA leadership, labor and business partners, community partners and transportation industry experts.

This is not a decision making or advisory body.

What will you be asked to do?

- **Learn about options to bridge the SFMTA's funding gap**
- **Ask questions of SFMTA staff**
- **Attend meetings in person on behalf of your organization**
- **Provide input on the options for policymakers**

Work Plan

The Muni Funding Working Group will review detailed options in the following categories and will recommend a suite of options designed to reduce the funding gap.



Efficiency Improvements: streamline systems and processes to decrease operating costs.



Service Cuts: reduce service to decrease operating costs.



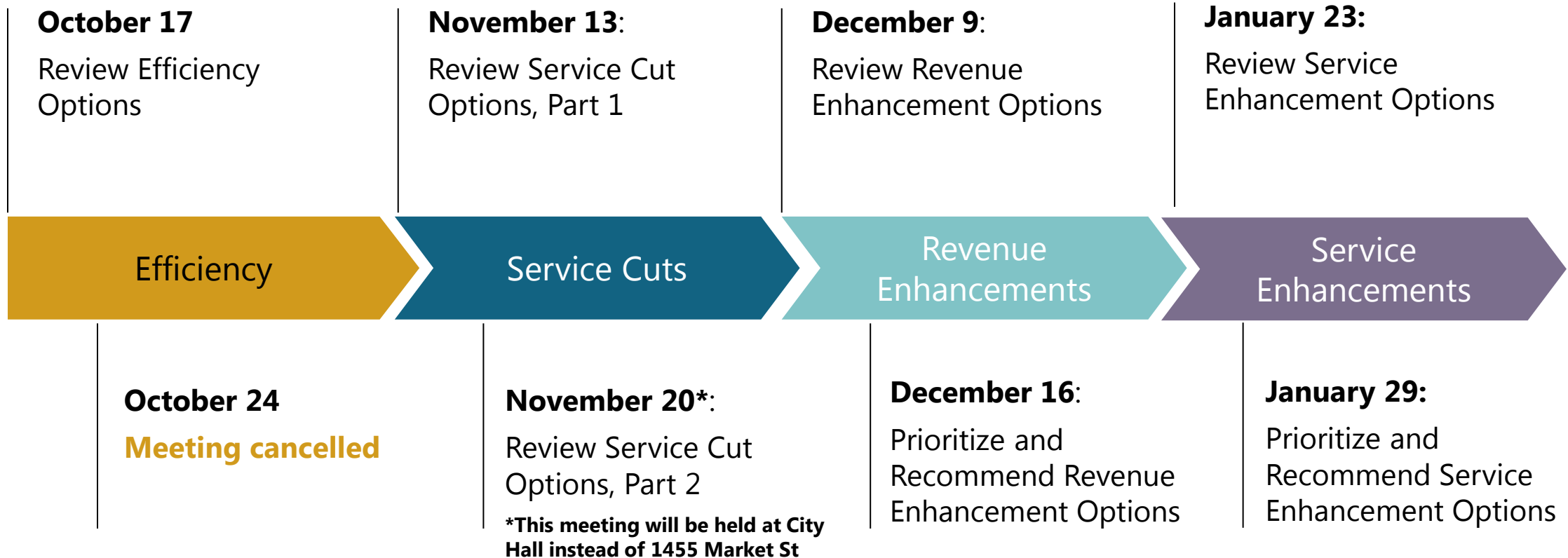
Revenue Enhancements: increase fees, revenue, or taxes to increase overall revenue.



Service Enhancements: enhance services to win voter support for new revenue.

Meeting Schedule

This Working Group will meet **twice a month** through January. Each topic area will consist of two meetings.



Administrative Reminders

Public Participation

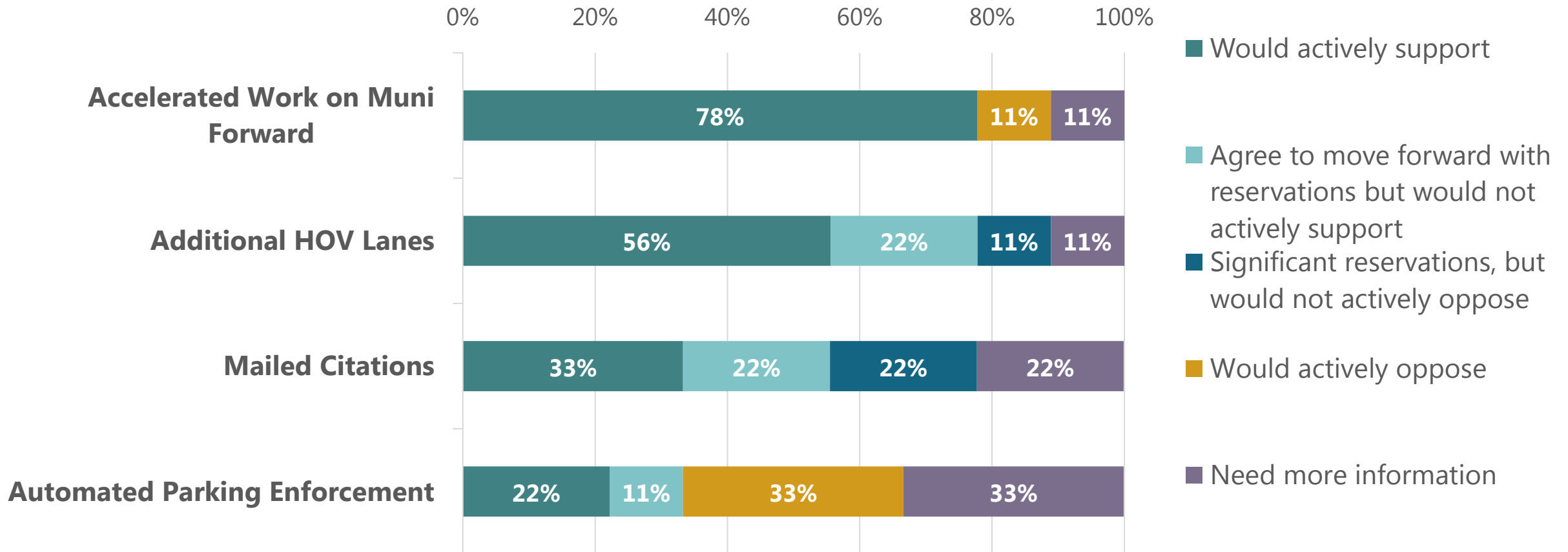
The Working Group meetings will be open to the public and public feedback is welcome.

We will offer in-person public comment at the end of each workshop and will accept public feedback at CON.MuniFunding@sfgov.org.

Pulse Survey Results | Efficiency Improvements

The Efficiency Improvements pulse survey had a 40% response rate. The options are listed in ranked order.

Support for Efficiency Improvements Options



Meeting Feedback | Efficiency Q&A

Thank you for sharing your questions and comments on the Efficiency Options both in person and via the survey. We heard the following:

Accelerated Work on Muni Forward and HOV lanes

- Need for a focus on **pedestrian** and **passenger safety**
- **Enforcement** of HOV lanes and other violations is important
- Add **transit priority treatments** to all routes

Automated Parking Enforcement and Mailed Citations

- **Automation does not always equal efficiency**
- Windshield citations provide **transparency** to the public
- Important to hear more from **labor partners**
- Ensure **PCO jobs are not eliminated**
- Reprioritize parking enforcement towards issues with **higher safety risk** and **higher fines**
- Separate out legislation for both options since **privacy concerns** may impact State approval

Detailed responses to Q&A questions will be provided at each option's review meeting.

Meeting Feedback

Here are the options and areas of research you asked for last time. We will plan to address these questions in upcoming sessions and will continue to add to this list.

| Service Cuts | Revenue Enhancements | Service Enhancements | Final Draft Report |
|--------------|----------------------|----------------------|--------------------|
|--------------|----------------------|----------------------|--------------------|

Requested Options

| | | | |
|--|--|---|--|
| | <ul style="list-style-type: none"> Curb Pricing Pricing AVs when not in service SFMTA-owned garages | <ul style="list-style-type: none"> New service models for trips/markets (e.g. partnering with Taxis) | |
|--|--|---|--|

Requested Research

| | | | |
|--|--|--|--|
| <ul style="list-style-type: none"> Expenditure growth over time by division | <ul style="list-style-type: none"> Regional funding measures and impact on Muni Fare evasion rate and budget impact of recent hiring of Transit Fare Inspectors History of transportation funding in SF Parking revenue citywide including impact of parklets and bike share | | <ul style="list-style-type: none"> Benchmarking transit funding in peer jurisdictions |
|--|--|--|--|

Meeting Feedback

Below are additional suggestions from outreach and coordination for revenue enhancements from MFWG members

Revenue Enhancements

Requested Options

- Find corporate sponsors to subsidize low-income or other reduced fare programs, which could be paired with temporary tax breaks.
- Temporarily charge MTA staff for Muni (this would violate some contracts, and still require meet and confer over the decision for all unions)
- Increase fees for shuttle buses per stop
- Increase fees for providing PCO traffic control to events beyond just cost recovery, and not provide services for free at any events.
- Increase parking enforcement around special events.
- Increase parking enforcement around Ocean Beach/Great Highway on weekends

Administrative Reminders

Ground Rules

- We encourage active participation in each meeting – ask questions, register your opinions.
- Given time constraints and the number of participants, the Chair may limit Committee members speaking time during open discussion as needed.
- Each agency/organization represented will have **one “voice” or “vote”** during facilitated exercises. If you have a conflict, you are welcome to designate an attendee in your absence.
- This is a public meeting body and is subject to the Public Records Act, including for non-City employees.
- We will break into four groups after both service cut presentations today. You will have the chance to share your questions and comments about each option presented. We will come back together as a group to review feedback.

Updates from the Controller's Office

**Greg Wagner,
Controller**

**Ted Egan, Chief
Economist**



Muni Funding Working Group | Updates from the Controller

- Citywide Budget Updates
 - The projected shortfall has been previously projected to grow to above \$1 billion over a five-year planning period.
 - Significant risks and outstanding policy decisions could affect this forecast in coming years, including economic uncertainty, employee costs, and state and federal funding levels.
- Changes to business taxes and anticipated impact to SFMTA.
- Likelihood of service cuts in future Citywide budgets.



Muni Funding Working Group | Status of the Economy

September 2024

- Jobs in the San Francisco / San Mateo county area have declined over the past two years, and the city now has about 4% fewer jobs than it did before the pandemic. The city's unemployment rate, which had been close to 2% in 2022, rose to 4.1% in August.
- Muni Metro weekday ridership was 50% of the 2019 level in August. BART ridership is also well down, at between 30-35% of pre-pandemic levels.
- Measures of automobile use are also down, but not by nearly as much. Bridge traffic into the city is approximately 90% of normal, and PM freeway speeds are about 10% faster than 2019 levels.

Muni Funding Working Group | Impact of Muni on the Local Economy

A well-functioning Muni is critical to San Francisco's economic recovery:

- Residents and visitors make choices about where to live, work, and shop based on the accessibility, speed, reliability, and cost of the transportation system.
- San Francisco relies heavily on transit to serve its transportation needs, especially to downtown where the economic recovery has been the slowest. The city is too dense to expand road capacity to meet the demand for transportation.

If we don't have a solvent transit agency, we will never have economic recovery.



Muni Funding Working Group | Evaluating Options for Economic Impact

If Muni service cuts become necessary, the city should ensure that the cuts aim to do as little harm as possible to economic recovery:

- Within the transit system, different routes and services provide different contributions to the economy, and cuts would harm the economy in different ways.
- Widely-used services have a bigger economic benefit than less widely-used services.
- Services to employment centers also have a bigger economic impact than other services.
- The City should avoid relying on post-pandemic travel patterns to make long-term decisions about where and when to provide transit service. The office and housing markets are out-of-adjustment, and as they return to normal, we can expect some return to pre-pandemic travel demand.

Service Cut Background

**Jeffrey Tumlin,
SFMTA Director**

**Jillian Johnson,
Finance, Information
& Technology**



Service Cuts

- The Service Cut scenarios we are presenting over the next two meetings are what happens if we cannot identify revenue or other solutions.
- We do not want to implement these scenarios, but we need to be clear and transparent about the worst-case scenario.
- Given the recent federal election results, federal assistance will likely not be available.
- Given the state budget deficit, it's also uncertain whether state assistance will be available.
- NOTE: We have heard from some working group members that we should be talking about revenue options at the same time as service cut options. These issues are intertwined and working group members are welcome to raise them at this meeting. However, revenue options will be the focus of the meetings in December.



Disclaimer

These scenarios are for explanatory purposes only. They are not SFMTA plans or proposals.

The scenarios are designed to help Muni Funding Working Group members understand what the impact on San Francisco would be if the SFMTA were forced to close its looming \$300+ million budget gap using ONLY service and program cuts.

At future meetings, the Muni Funding Working Group will consider options for developing new sources of revenue that could help preserve these programs and services.

Any actual proposal to cut programs and services would be vetted through a public process that includes SFMTA staff and labor unions that represent them, San Francisco policymakers and members of the public.



Service Cuts

What service cut are under discussion for the Muni Funding Working Group?

Options that:

- Require a significant policy change or operational tradeoff
- Require some political buy-in or public support
- Require a change in local or state law
- Have a significant financial impact (\$10+ million impact in operational savings)
- Have a range of options



Service Cuts

A few caveats

- These options are the worst-case option – if we are unable to find revenue or efficiency options, this is the outcome.
- The economic impact of the service and program cut scenarios has not yet been studied.
- SFMTA's goal is to minimize harm based on the agency's [Vision & Values](#).

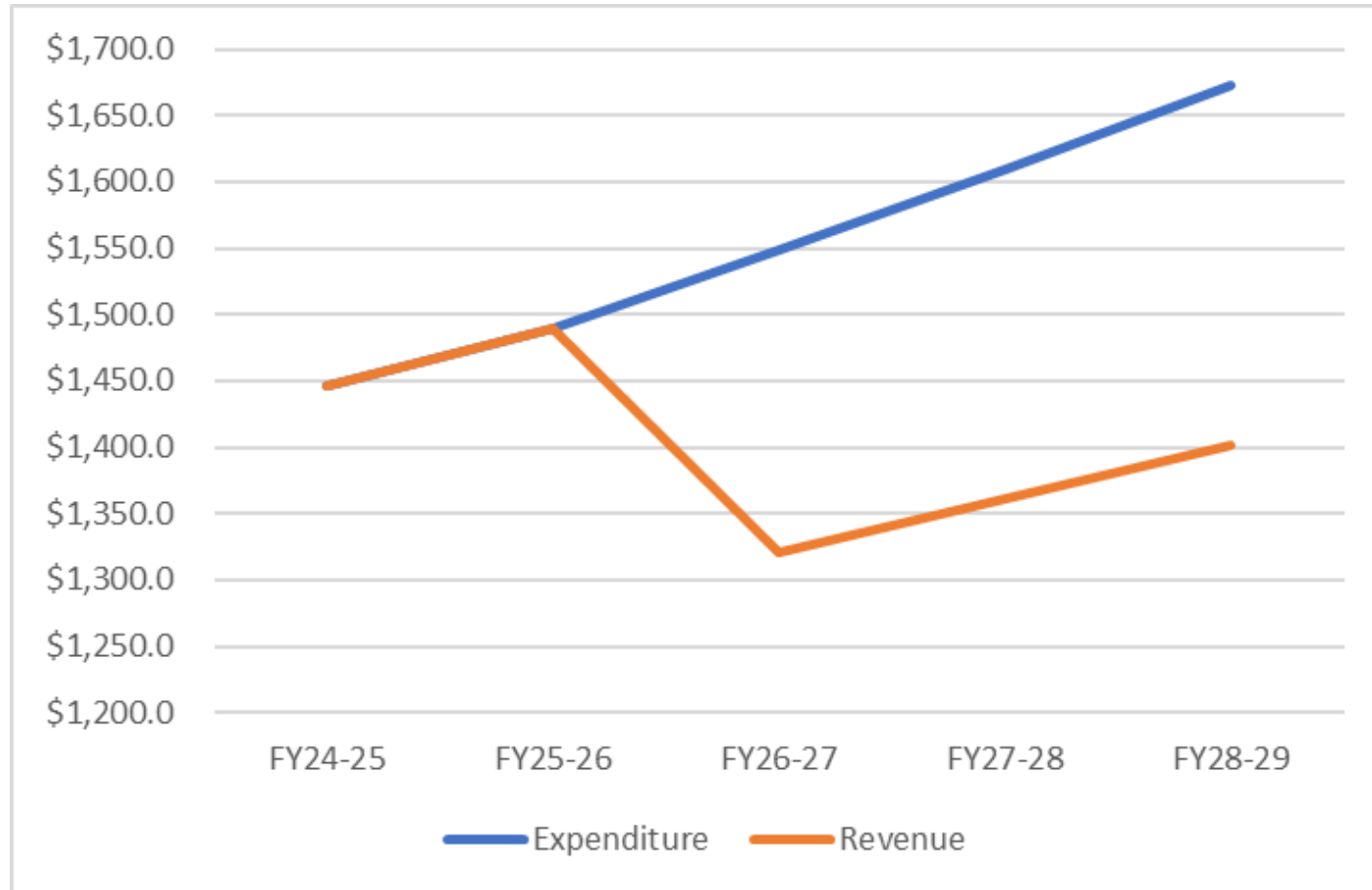
Reminder:

- The options in front of you today are an “up to” amount.
- The decision-making will be done at the MTA Board and department level.
- The Muni Funding Working Group will rank and prioritize options, and the final recommendations will be shared with the MTA Board.



Service Cuts | Five-Year Deficit Projections

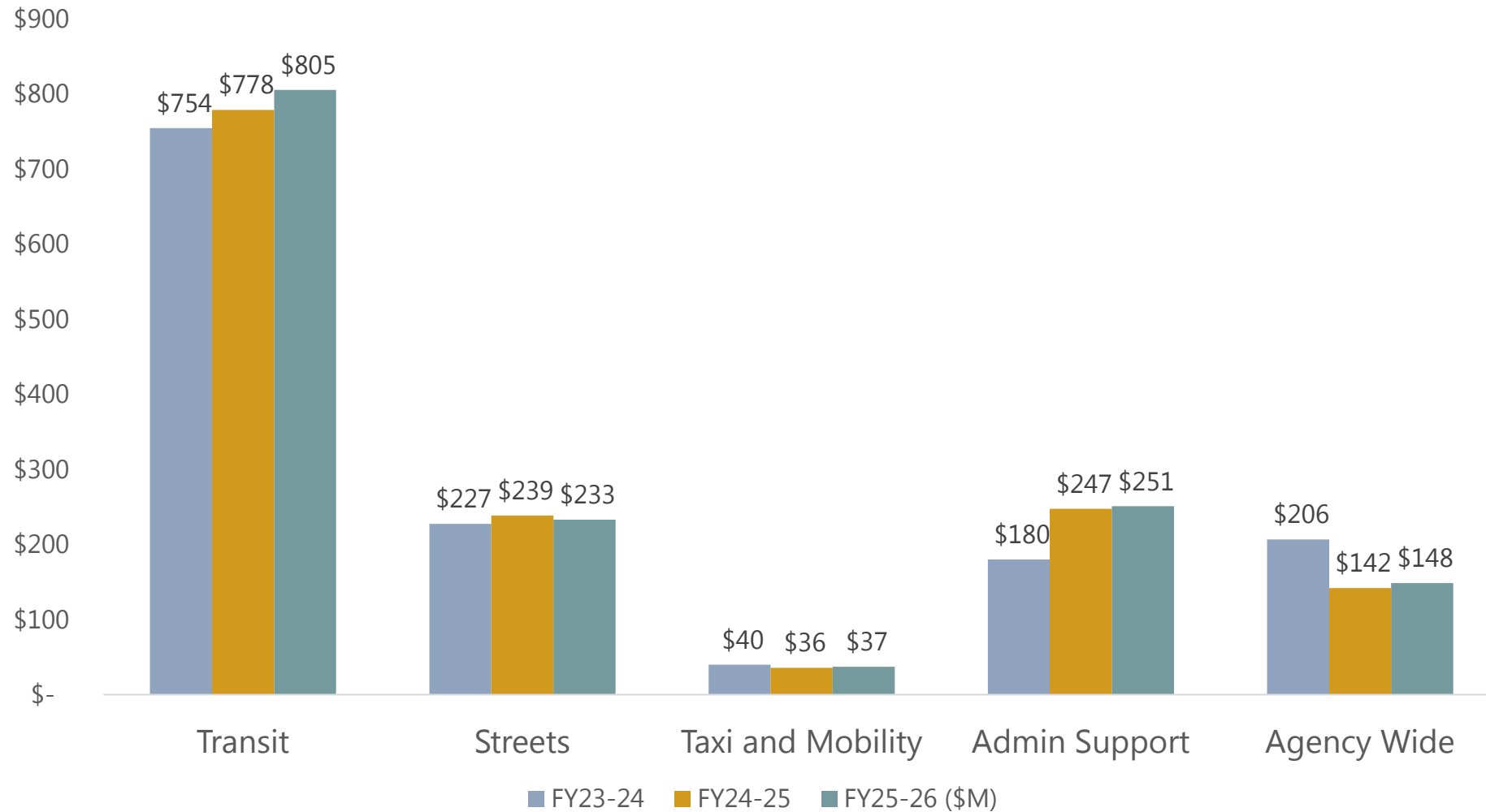
Deficits begin in FY26-27 when federal, state and regional transit relief is cut and will range from \$239M to \$322M.



SFMTA Board Meeting
September 3, 2024



Service Cuts | Expenditure Growth by Division FY24-FY26



Service Cuts | Financial Magnitude by Division

Proportional share of estimated \$239M to \$322M deficit by division for FY27

| Division | \$239M Deficit | \$322M Deficit |
|------------------------|----------------|----------------|
| Transit | \$153 | \$206 |
| Streets | \$44 | \$59 |
| Taxi and Mobility | \$2 | \$2 |
| Administrative Support | \$41 | \$55 |
| Total | \$239 | \$322 |

- Administrative functions support Transit and Streets. If services are cut, administrative functions will respond dynamically.
- Some costs, such as retirement and debt services cannot be reduced.



Service Cuts

What service cut options will we review for your input today?

| Options | Cost Savings | Notes |
|--|--------------|---|
| Transit: Reduce Frequences up to 50% | \$63M | Earliest possible start date summer 2025 |
| Transit: Suspend Lower Utilized Routes | \$71M | Earliest possible start date summer 2025 |
| Transit: Suspend Historic Service | \$33M | Earliest possible start date summer 2025 |
| Transit: Owl Service Only from 9pm-6am | \$14M | Earliest possible start date summer 2025 |
| Subsidies: Eliminate or Reduce Fare Subsidies | \$11.8M | Earliest possible start date July 1, 2025 |
| Subsidies: Eliminate or Reduce Tow Program | \$3.2M | Earliest possible start date July 1, 2025 |

Reminder: The Service Cuts presented today are proposed option ideas. This is not an implementation plan.



Service Cuts

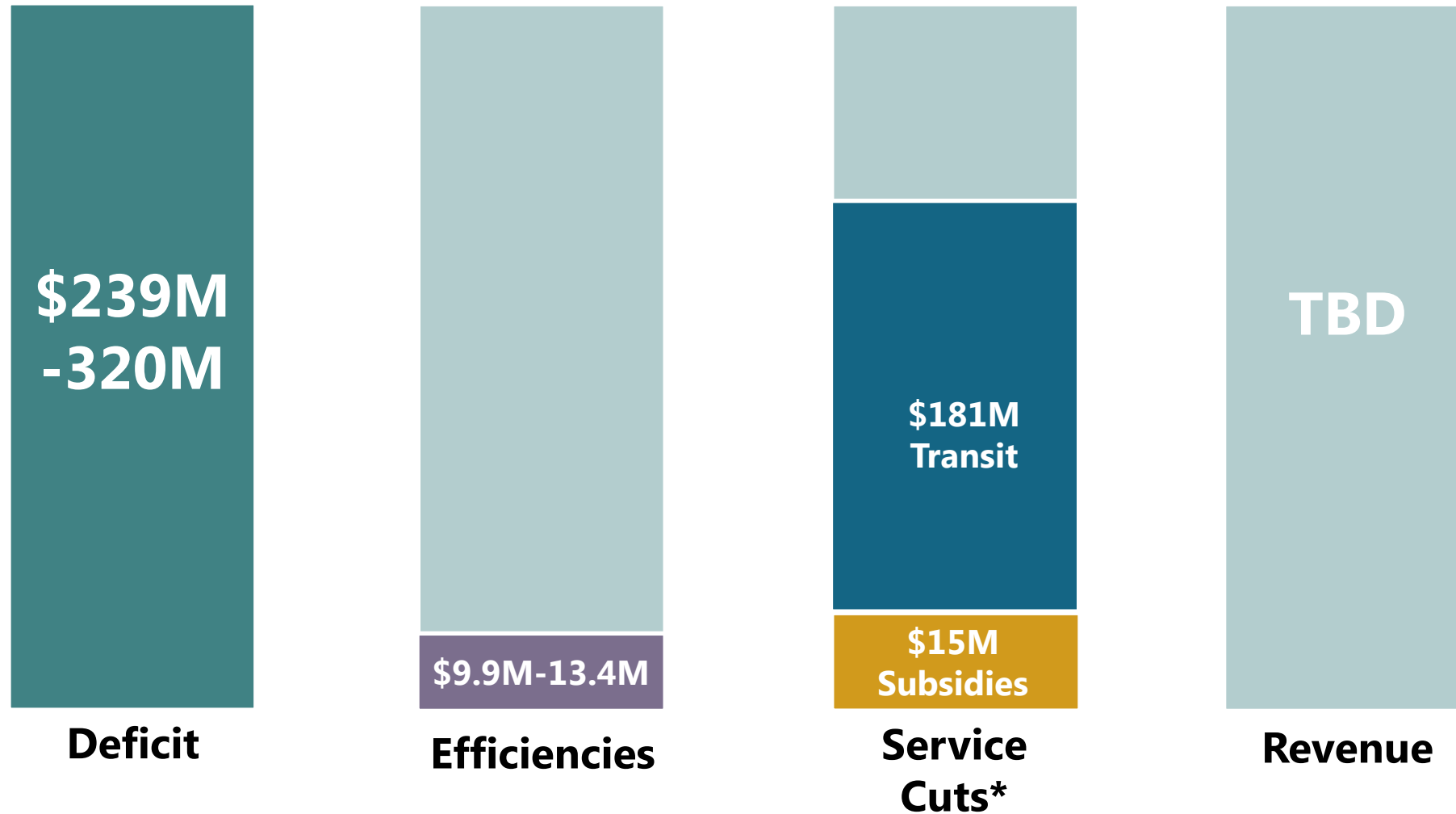
What service cut options we will review for your input on 11/20?

| Options | Cost Savings | Notes |
|---|-----------------|---|
| Capital: Flexing Capital Funds to the Operating Budget | \$37.9-\$205.6M | Funds from FY27 and FY28 Implementation TBD |
| Streets: Safety Work Reductions | TBD | |
| Streets: Constituent Services Reductions | TBD | Partial implementation: FY26 Full implementation: FY27 |

Reminder: The Service Cuts presented today are proposed option ideas. This is not an implementation plan.



Service Cuts | Fiscal Impact by Option Category



*Only includes items on the Nov 13 agenda. Excludes options that will be discussed on Nov 20.

Service Cuts

**San Francisco
Municipal
Transportation
Agency**

**The Muni Funding Working Group
is in breakout groups and will
reconvene shortly.**



Service Cuts

Facilitation Activity

- Find the sticker on your name tag and head to your breakout group.
- Write your response to the prompt questions on individual sticky notes.
- Add your notes to the chart.
- Facilitators will lead discussions and the SFMTA staff will respond to questions.
- Groups will rotate clockwise after 10 minutes.

We will share out findings after groups have had the chance to discuss each option.



Service Cuts

Discussion questions will include:

- What are your immediate concerns about this option?
- What questions do you have about this option?
- Who will this impact the most?
- Is there any amount of service cut in this option that would be the least painful?

**Administration
and Next Steps**

Controller's Office

Next Steps for Working Group Members

1

Please visit [Muni Funding Working Group](#) for links to meeting agendas, supporting documents, and key resources.

2

The November 20 meeting will be held at City Hall.

3

Stay tuned for the survey further communications from CON.MuniFunding@sfgov.org.

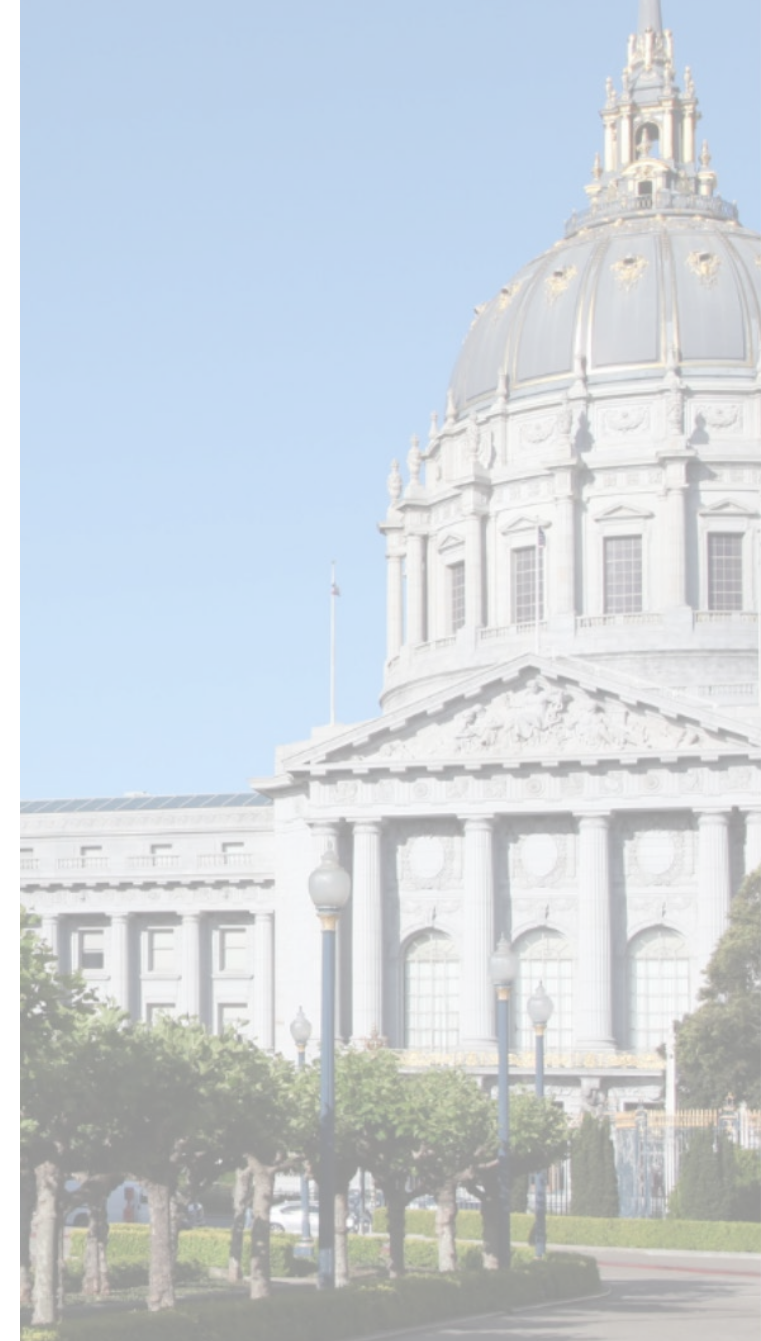


Meeting feedback

Take an index card and write:

- What worked well during this meeting
- What is something we can do differently next time

Please hand in your cards to someone on staff.



Public Comment

CON



Public Comment

Members of the public who wish to provide public comment in-person, please line up at the podium.

Each person will have 2 minutes to speak.

Thank you!