



SFMTA

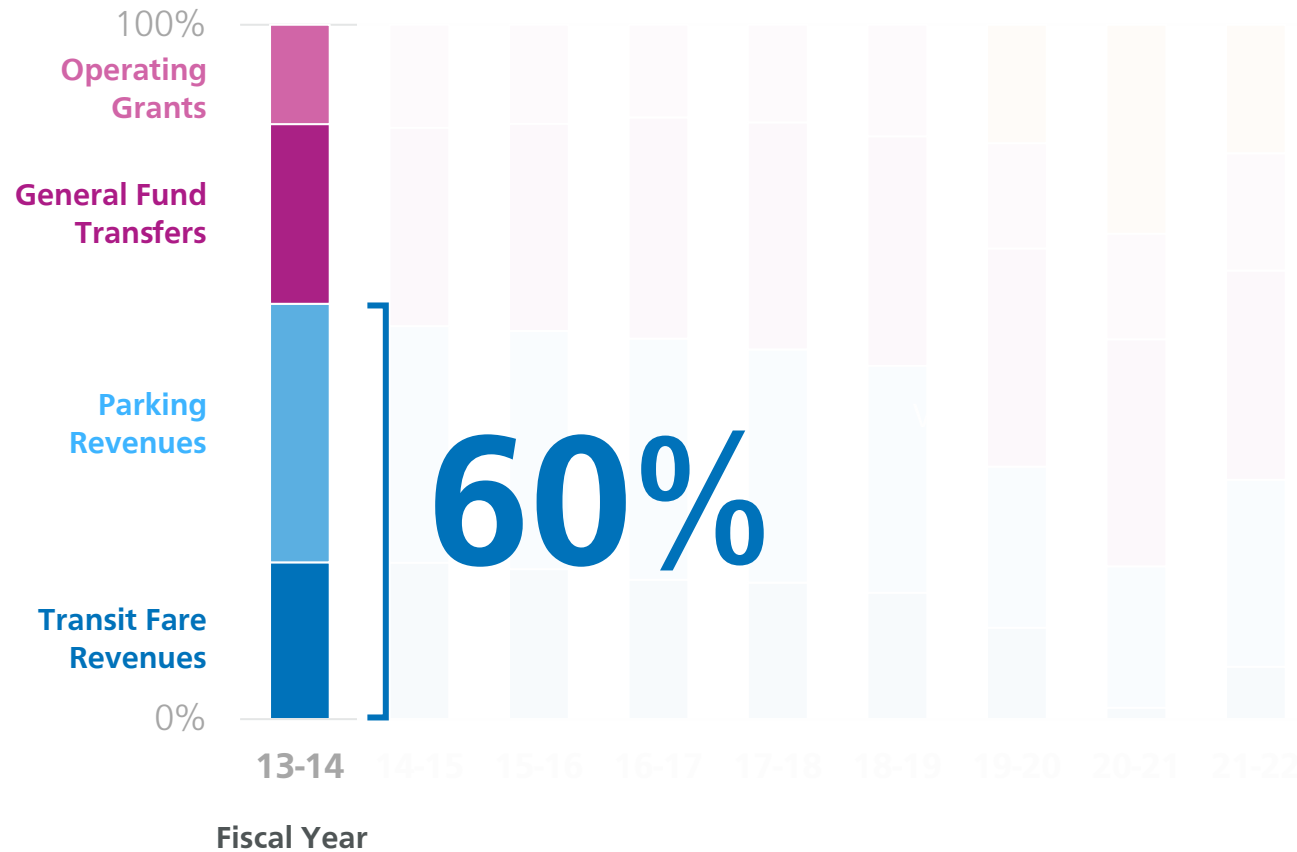


# San Francisco Municipal Transportation Agency **Consolidated Budget**

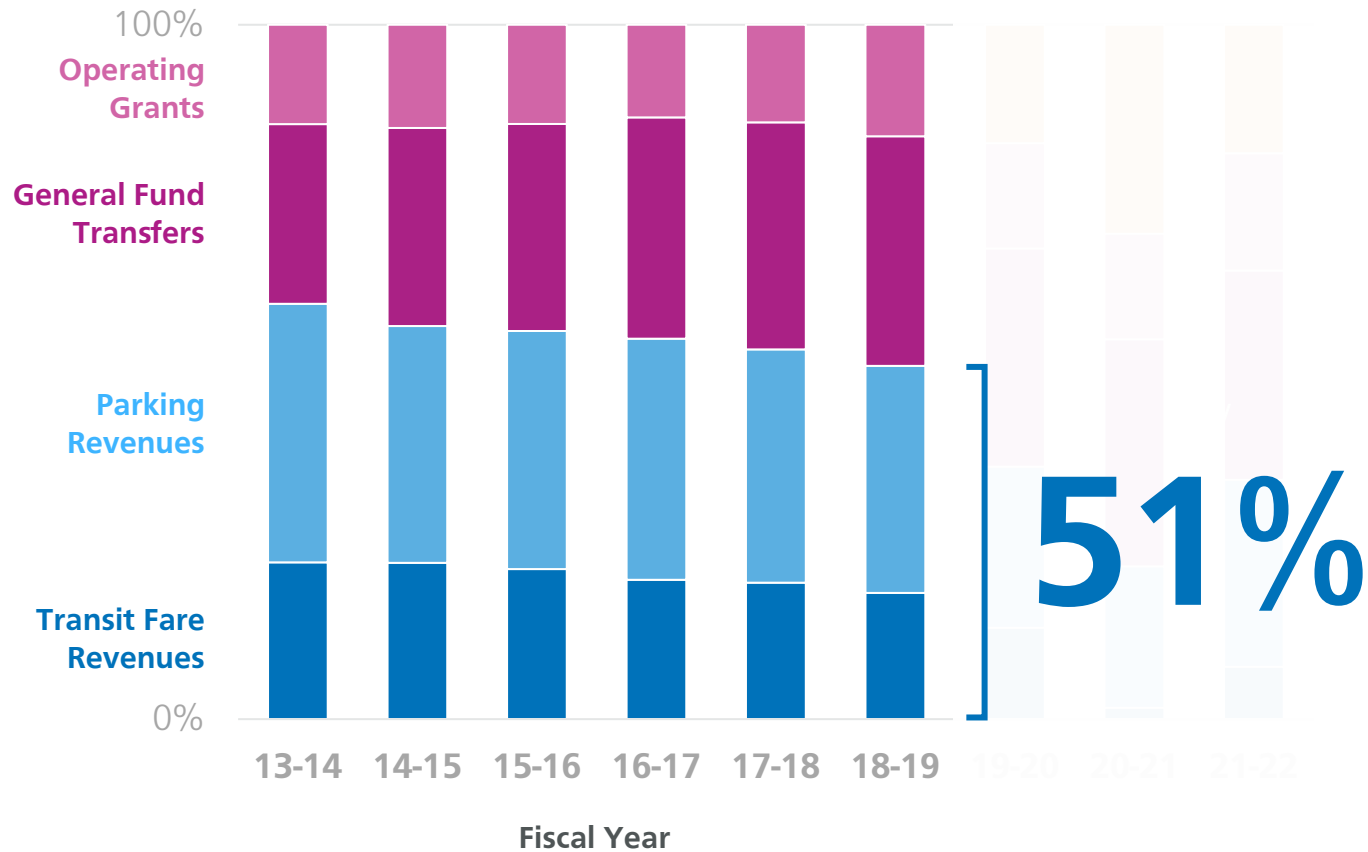
IPIC EN  
September 20, 2021

**Before the pandemic, parking and transit revenues were declining as a share of the overall Muni budget ...**

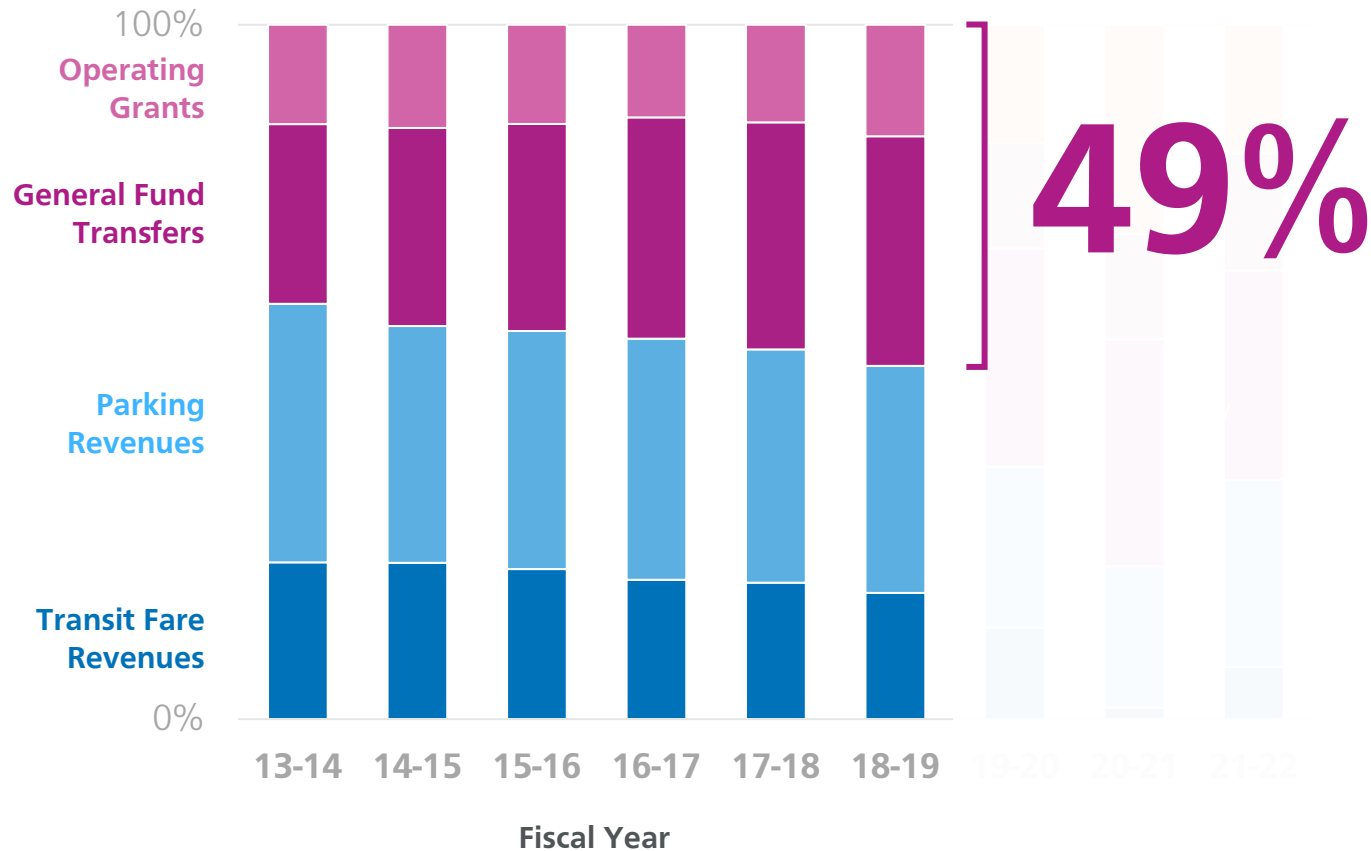
## ... from 60% of the Muni budget in FY13-14 ...



## ... to 51% in FY18-19

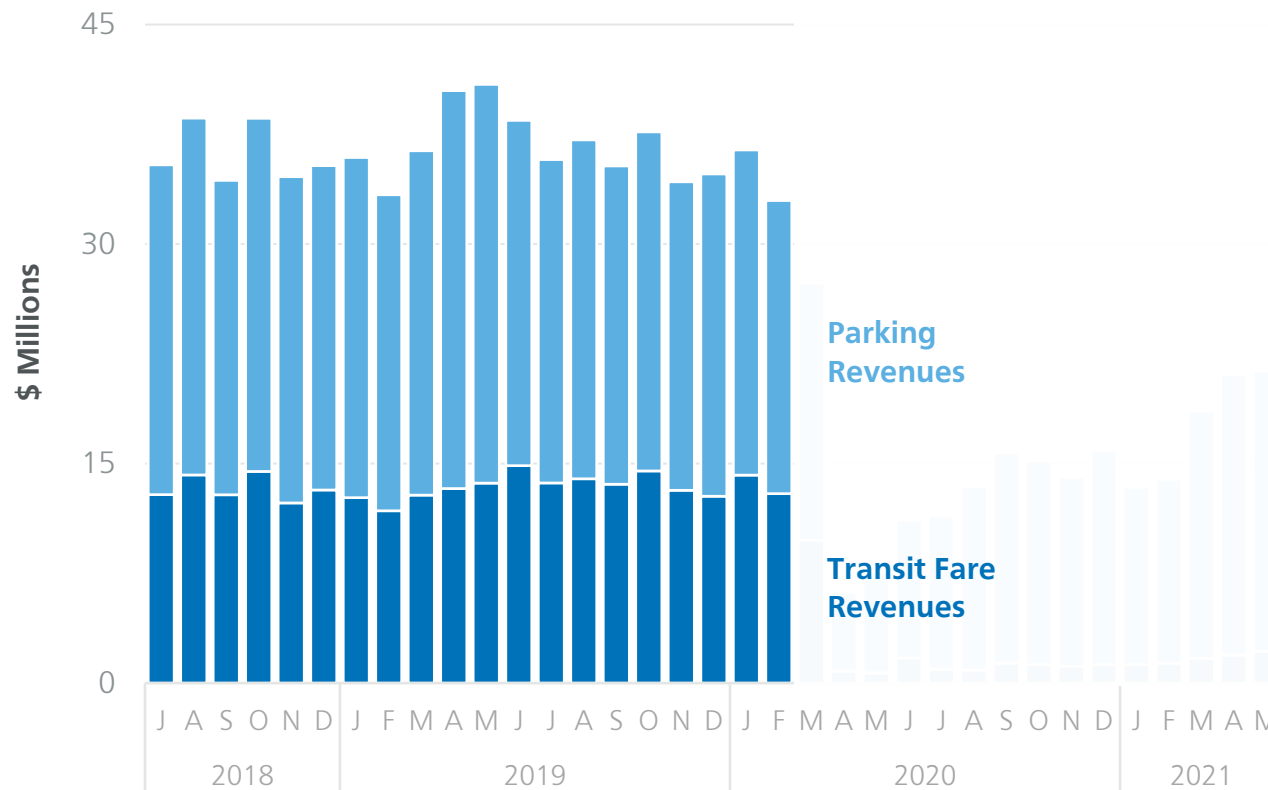


# This has led to increased, unsustainable, reliance on non-enterprise revenue

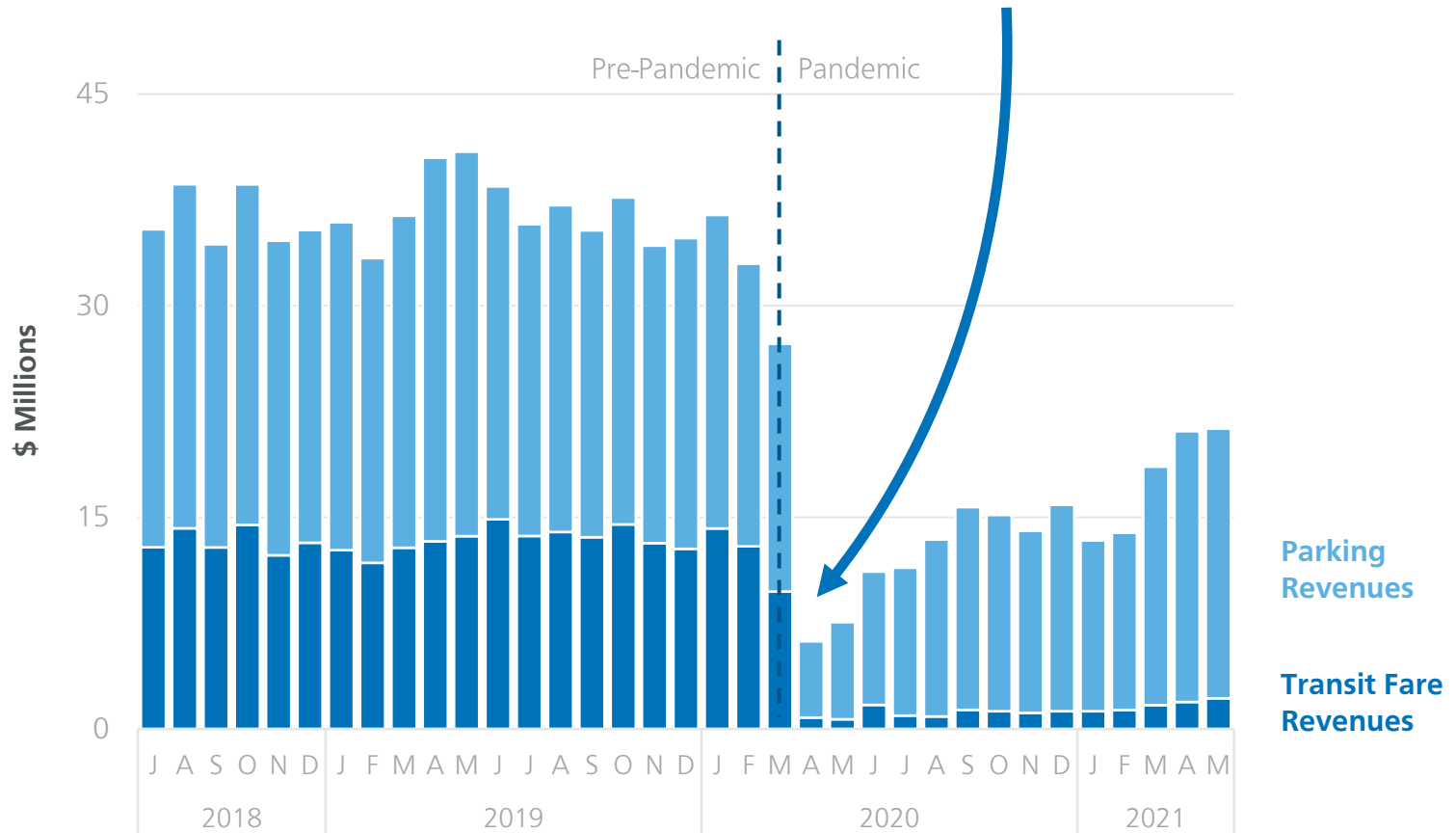


**Which brings us to FY19-20**

# Parking and transit revenues were relatively flat in the months leading up to February 2020

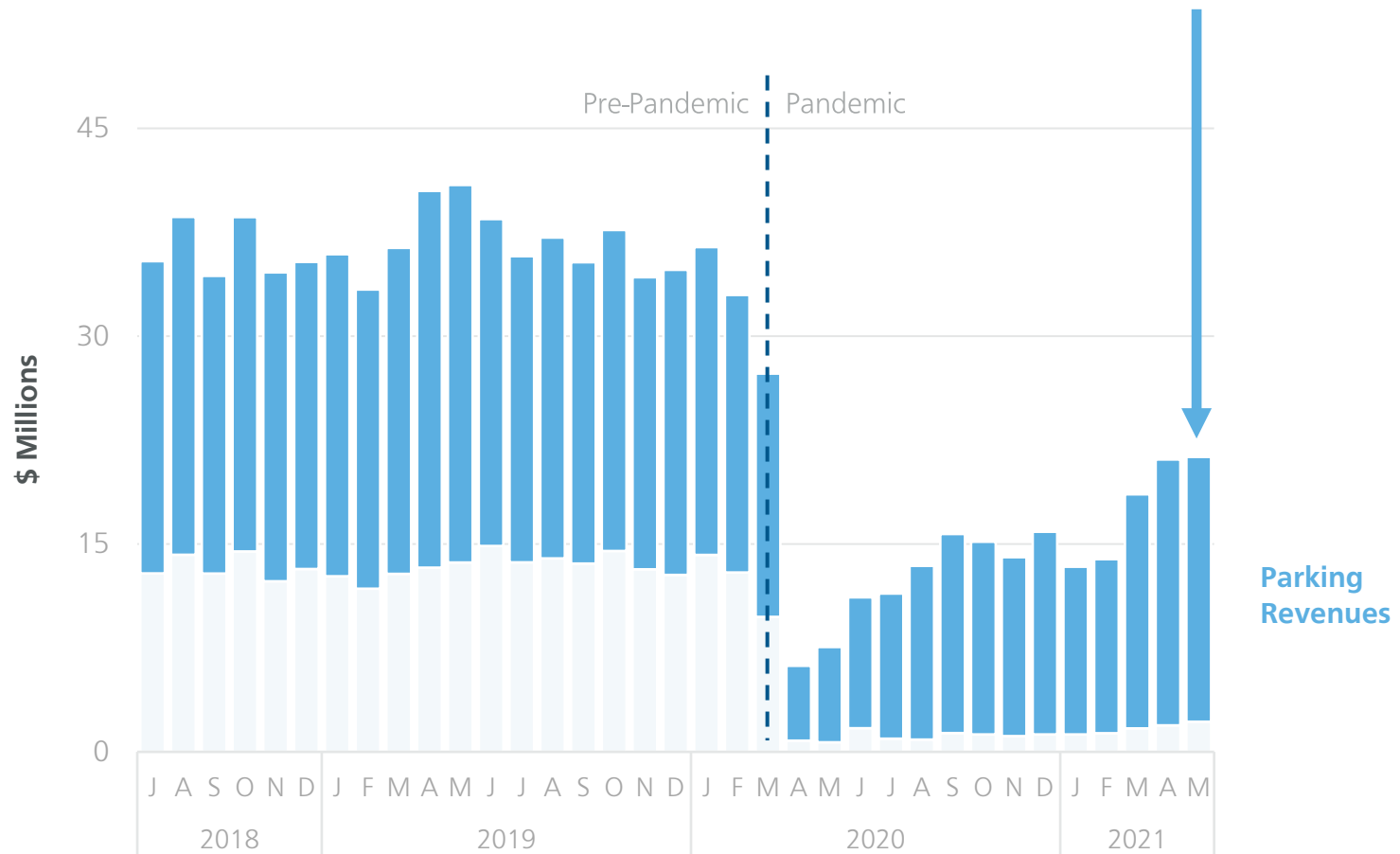


## But after March 2020, the pandemic cratered both revenue sources

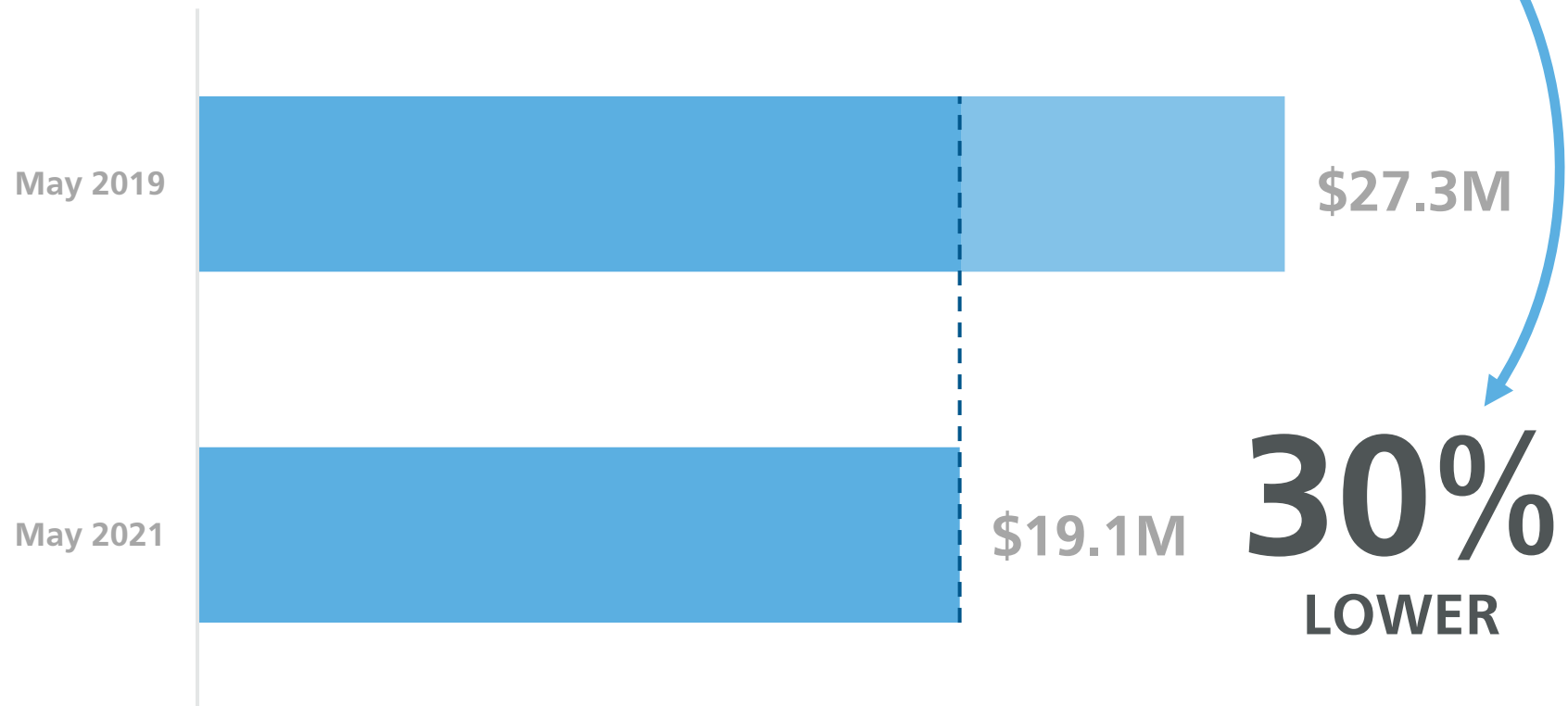




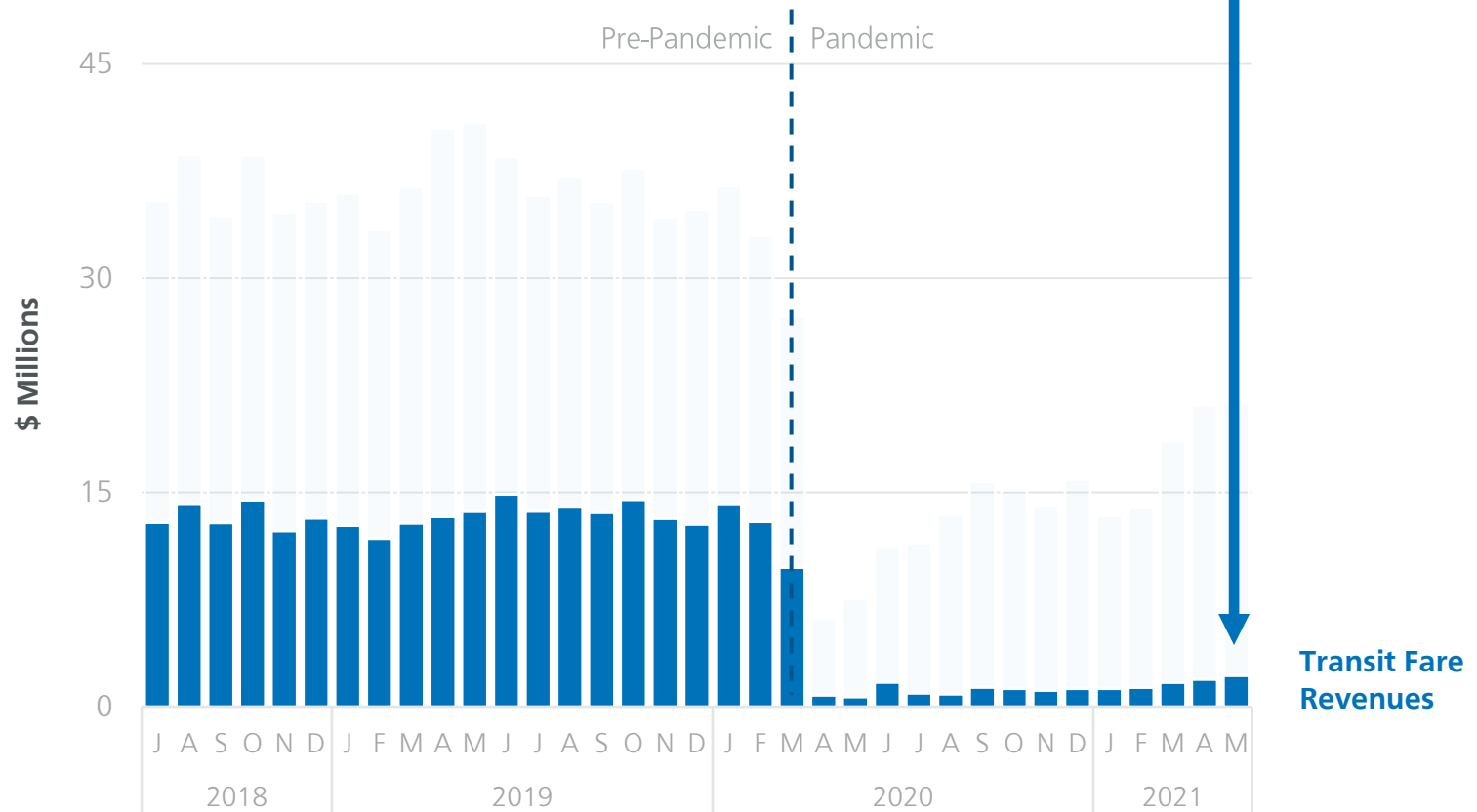
# Parking revenue has partly bounced back



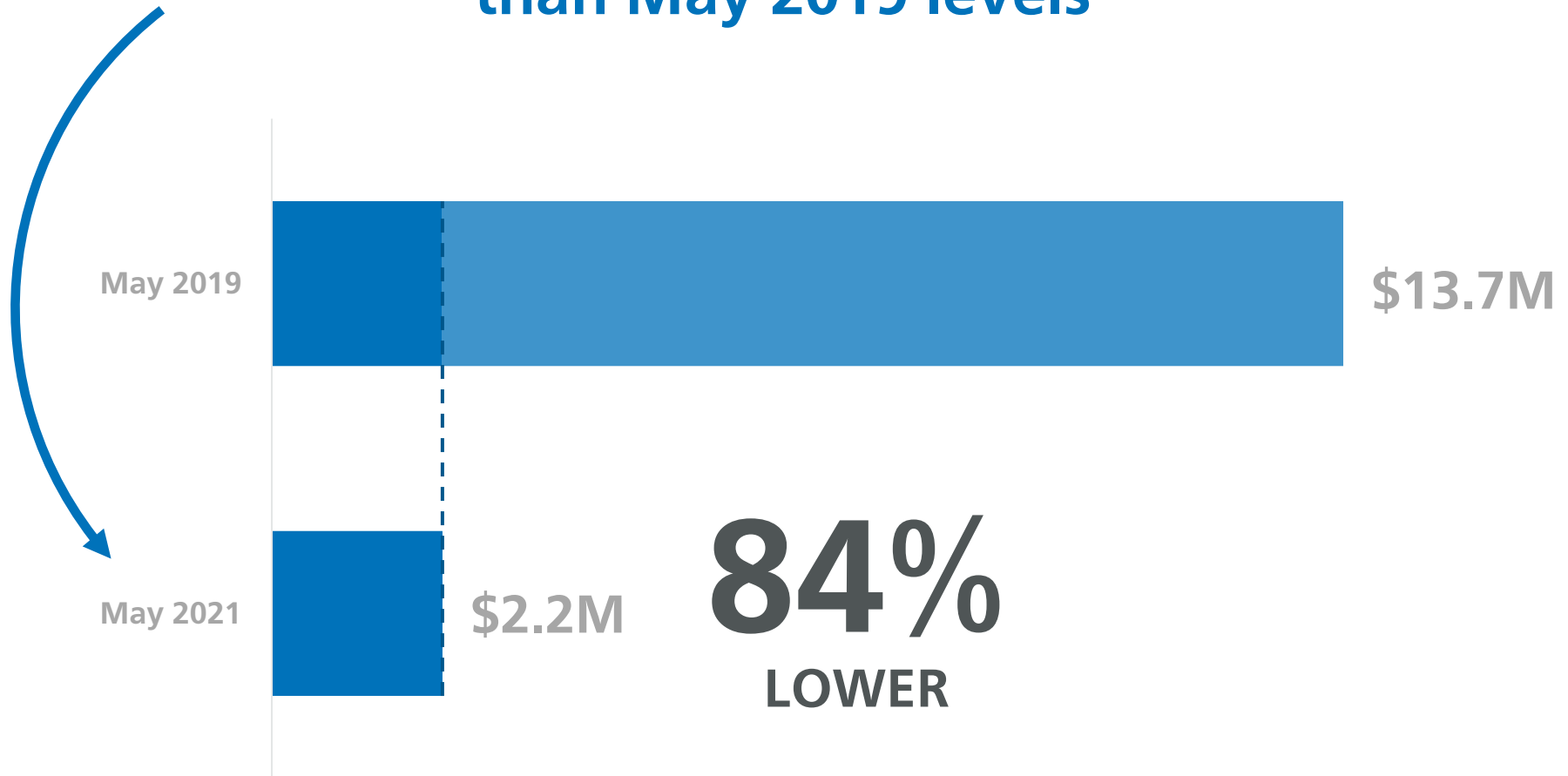
## But May 2021 parking revenues were 30% lower than May 2019 levels



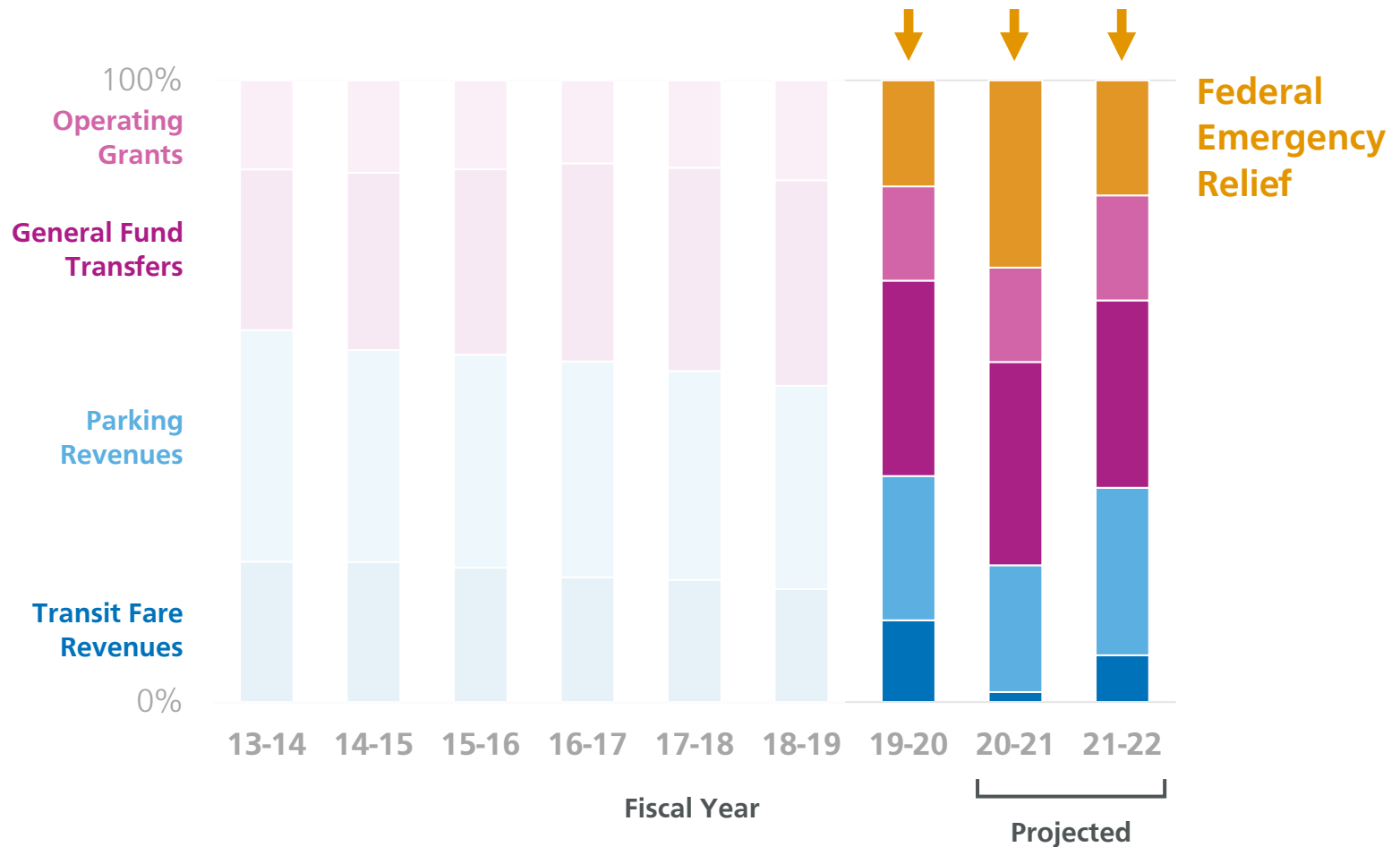
# Meanwhile, transit revenues have been much slower to return



## May 2021 transit revenues were 84% lower than May 2019 levels



## In the near term, federal emergency relief funding will be a necessary stopgap



**But we need to make our  
federal funding last much  
longer than other cities**

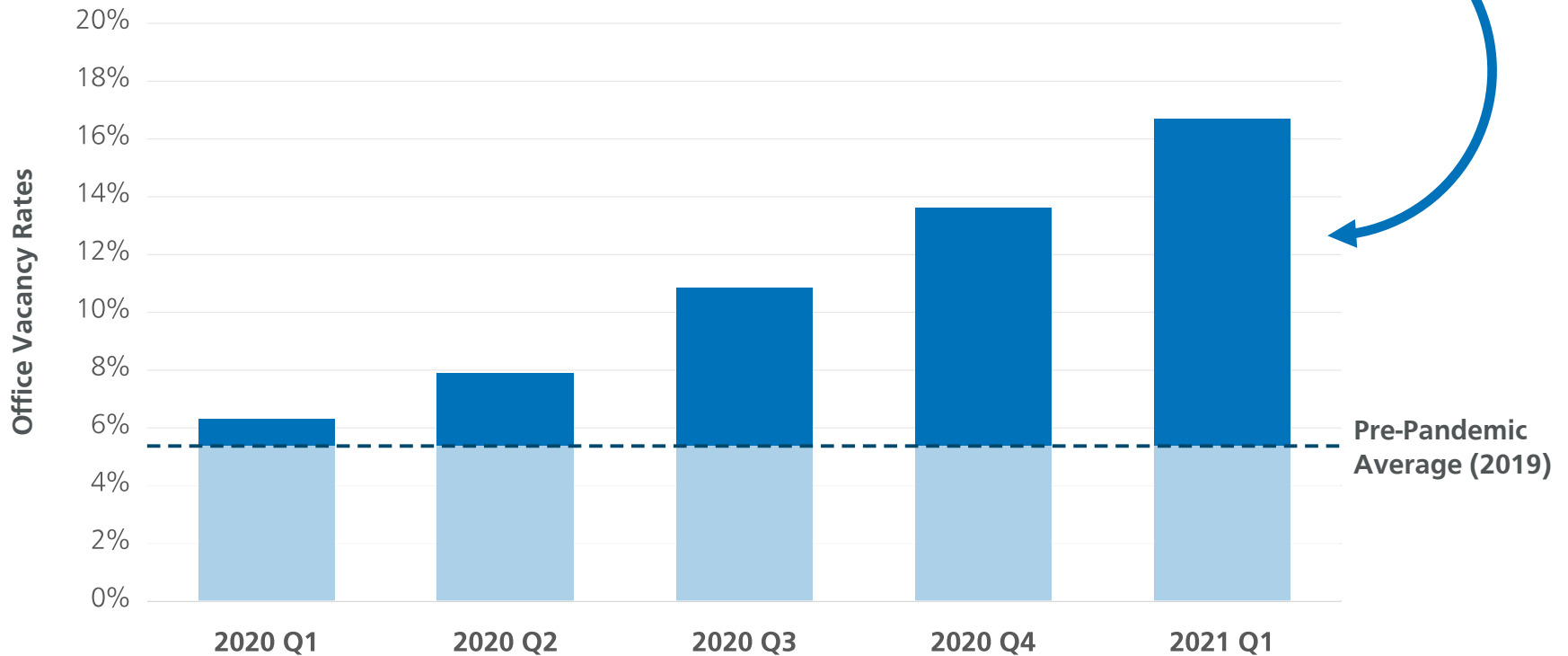
**Jumping to 100% pre-pandemic service levels now could have disastrous long-term impacts—on Muni finances and ultimately service**

# Why?



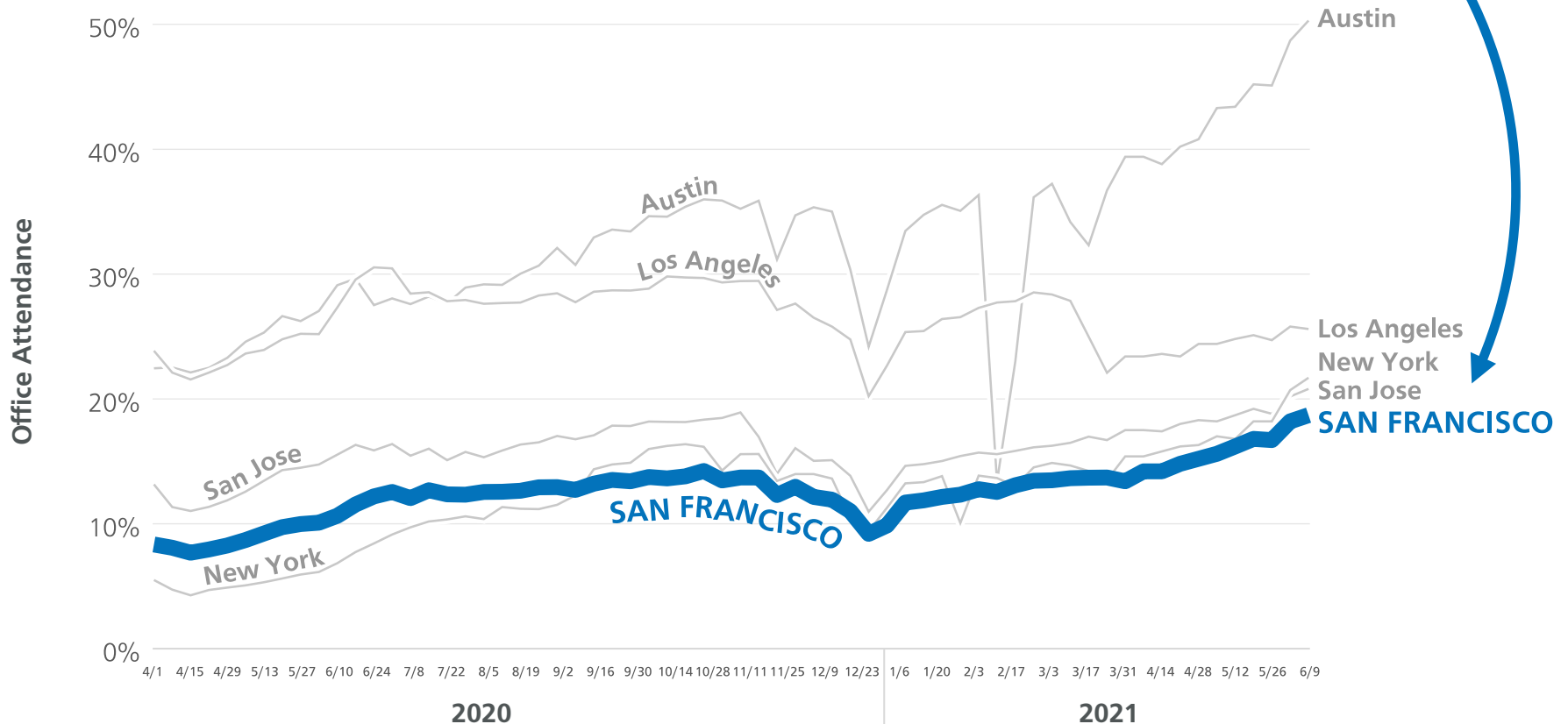
**Because all signs point  
to a slow recovery for  
Downtown San Francisco**

# Office vacancy rates in San Francisco are at “historic highs” and “still rising in Q1”



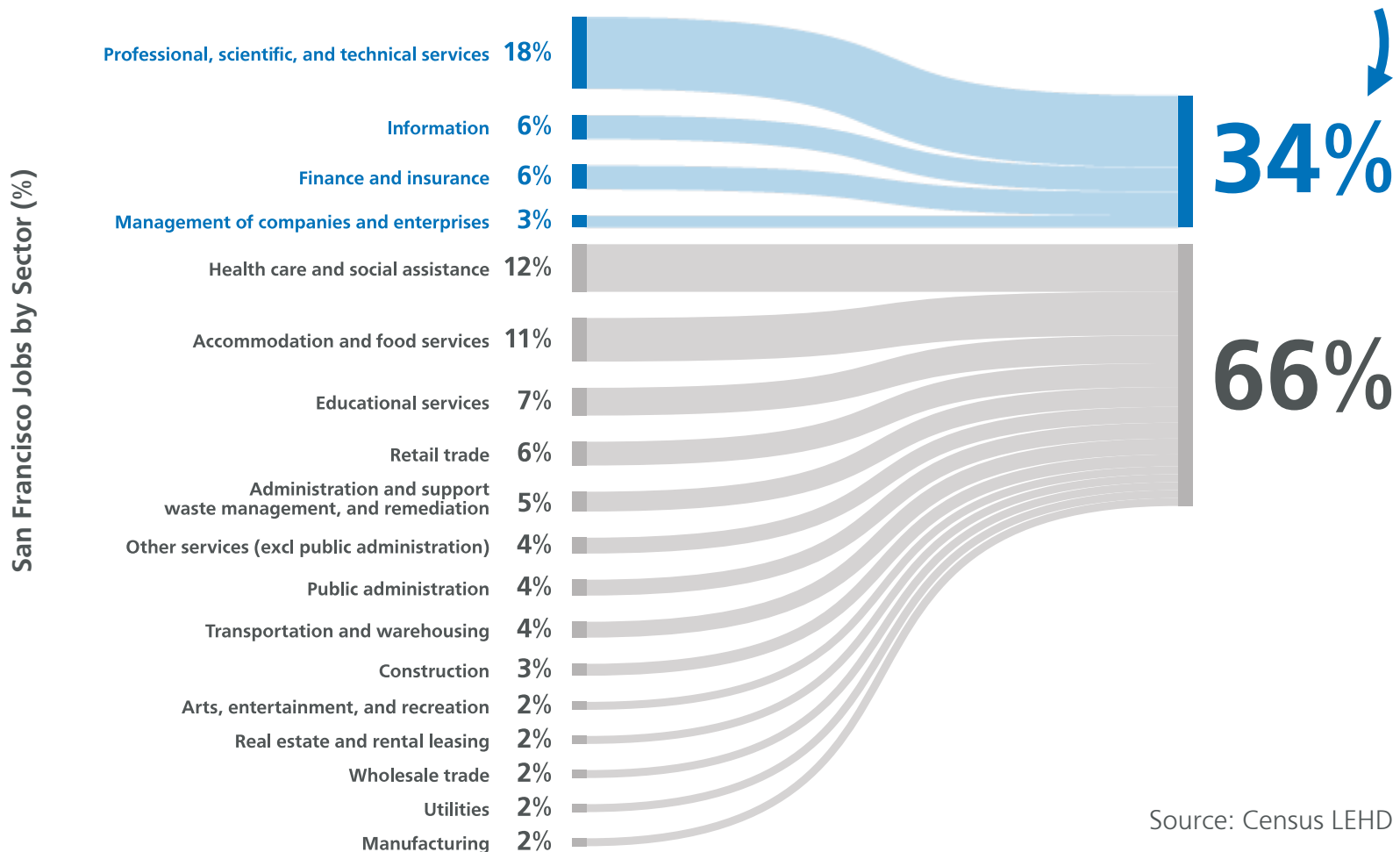
Source: Jones Lang LaSalle, via [SF Office of the Controller](#)

# “San Francisco metro area continues to lag comparable metro areas in office attendance”



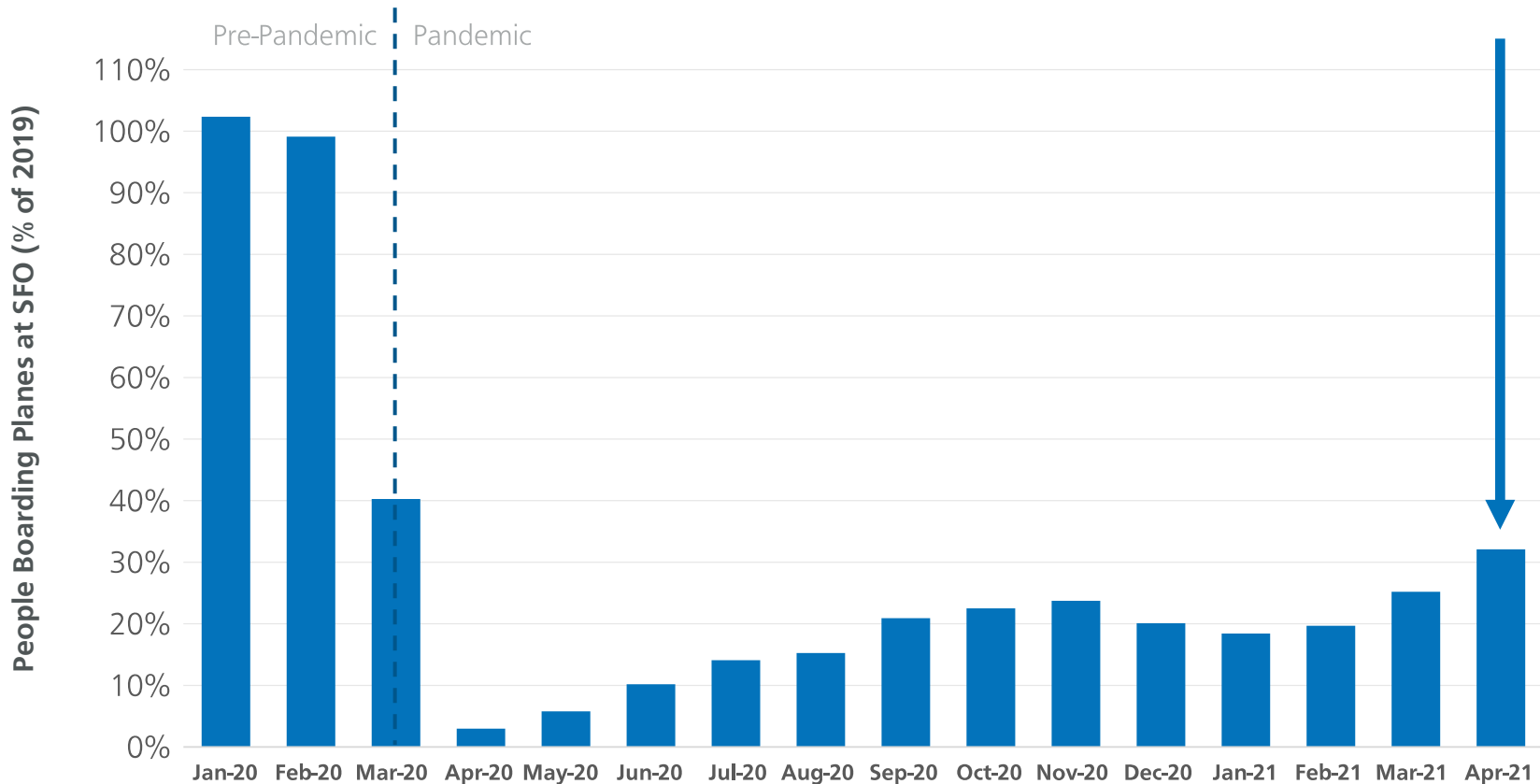
Source: Kastle Systems, via [SF Office of the Controller](#)

# More than one-third of all jobs in San Francisco are in sectors that are well-suited to working from home



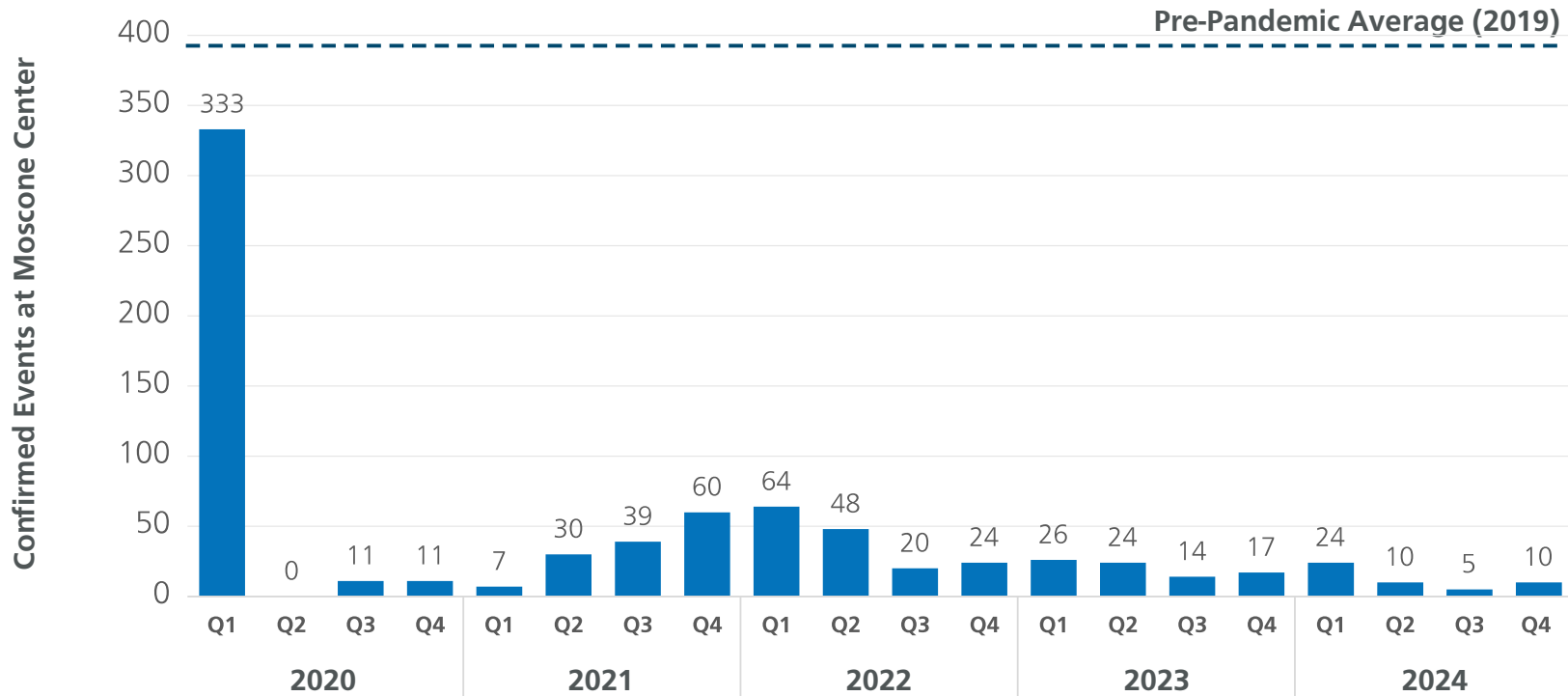
Source: Census LEHD (2018)

## The number of people boarding planes at SFO was at “30% pre-pandemic levels as of April”



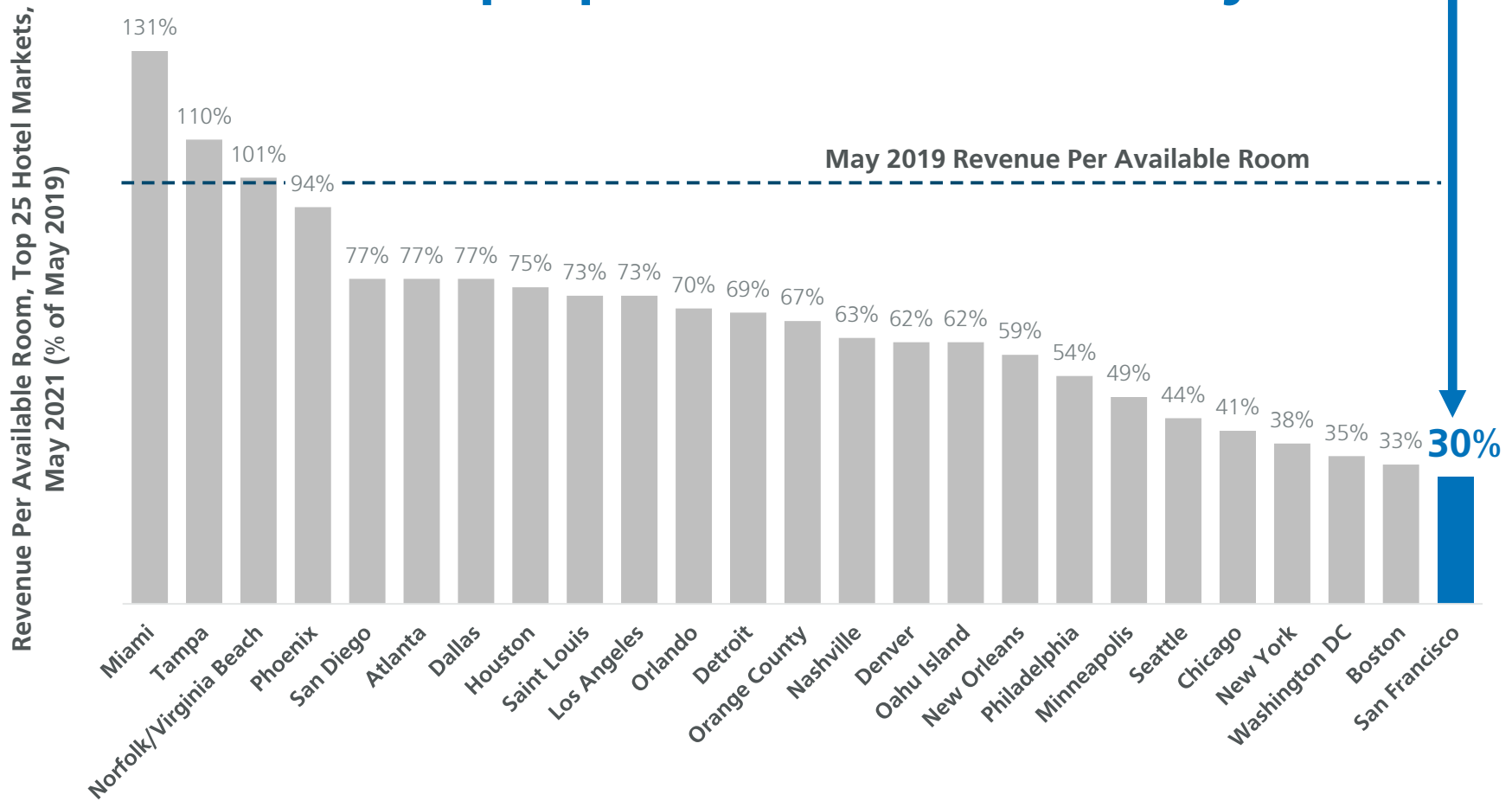
Source: San Francisco International Airport (SFO), via [SF Office of the Controller](#)

## Future bookings at the Moscone Center are “significantly below pre-pandemic levels”



Source: SF Travel, via [SF Office of the Controller](#)

# San Francisco's hotel recovery is the worst in the nation—30% of pre-pandemic levels as of May 2021



Source: [American Hotel & Lodging Association](#)

# Visitor spending “will not be back to 2019 levels before 2025”

## Outlook for the future

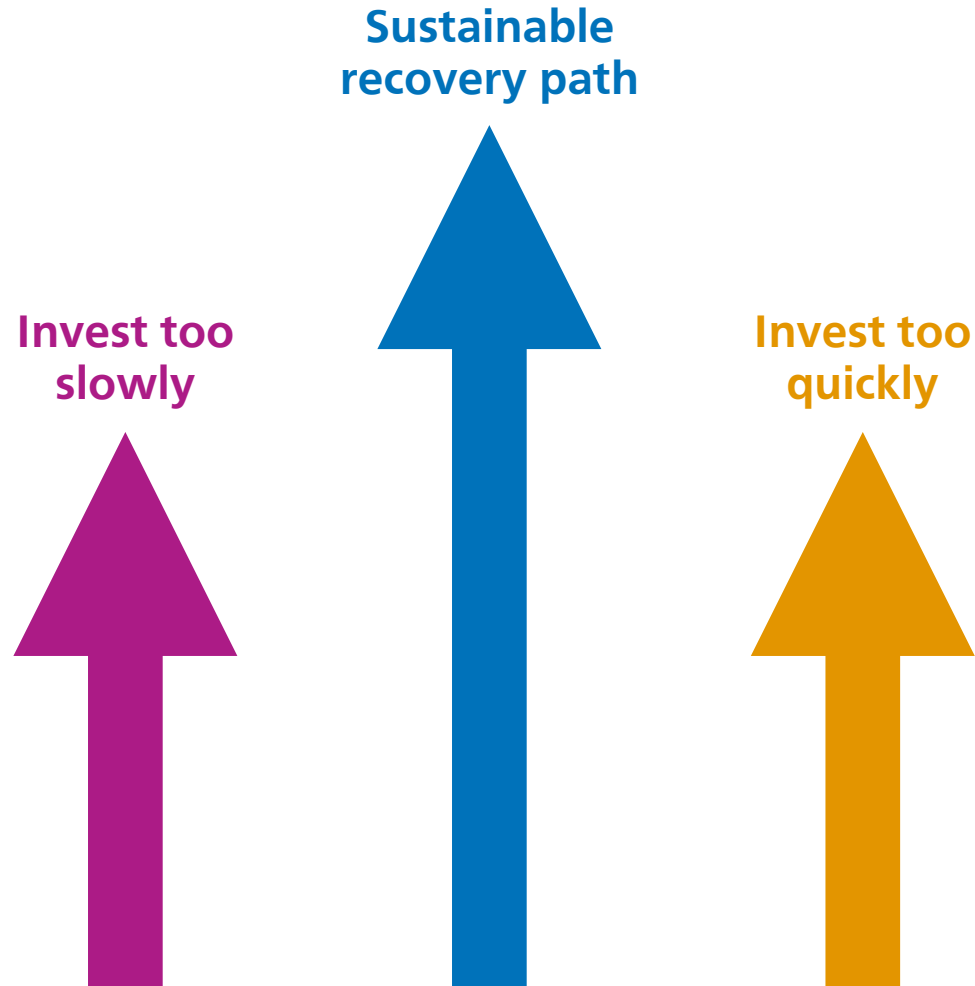
San Francisco Travel expects that the situation will gradually improve moving forward. Overall visitation to the city is forecast to reach 15.3 million in 2021. Overall visitor spending is expected to grow from \$2.1 billion in 2020 to \$3.5 billion in 2021. Total visitation is anticipated to return to pre-pandemic levels by 2023. Spending will not be back to 2019 levels before 2025 due to a slower recovery of international visitors and average rate in the city.

Source: [SF Travel](#)

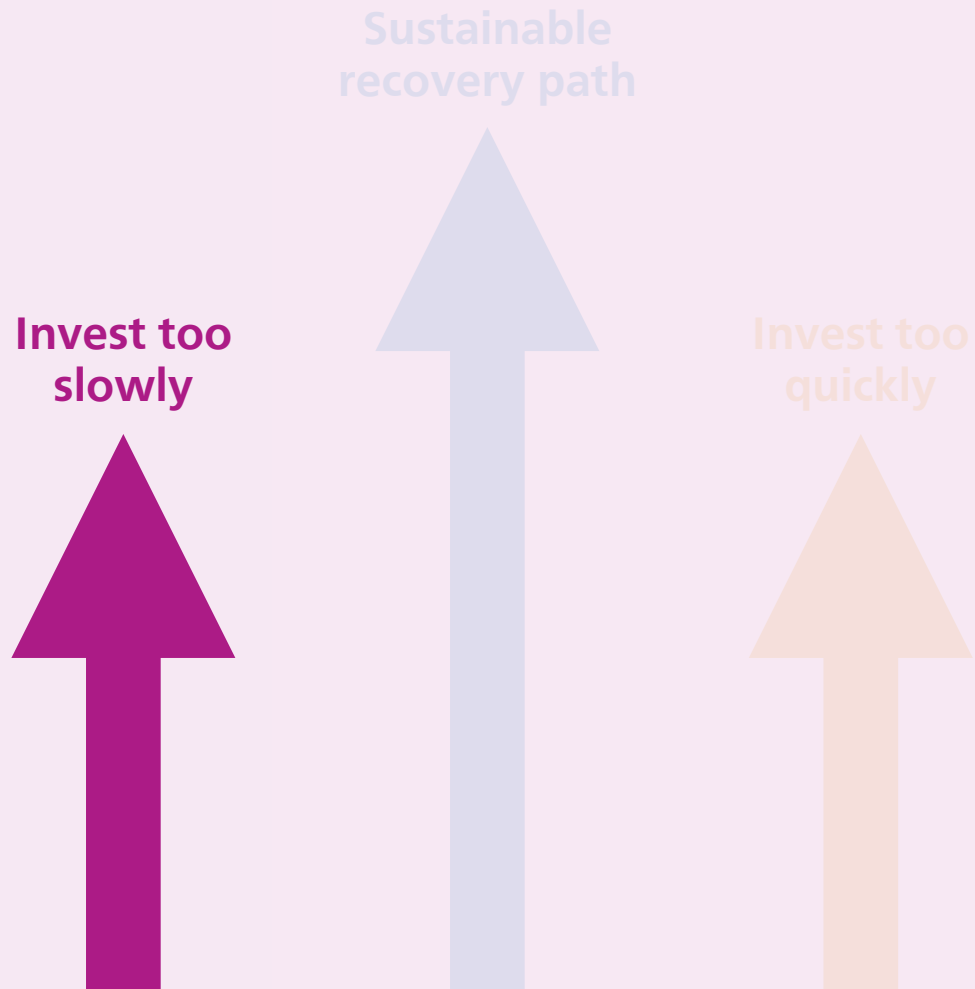


**There are three possibilities as we  
bring back service, and we are  
trying to strike the right balance**

# The three possibilities are: invest too slowly, invest too quickly, or a take a sustainable recovery path

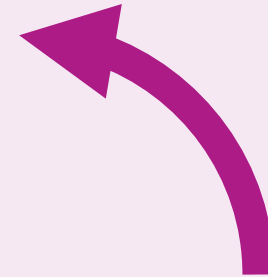


# If we invest too slowly in the transit recovery ...



# If we invest too slowly in the transit recovery ...

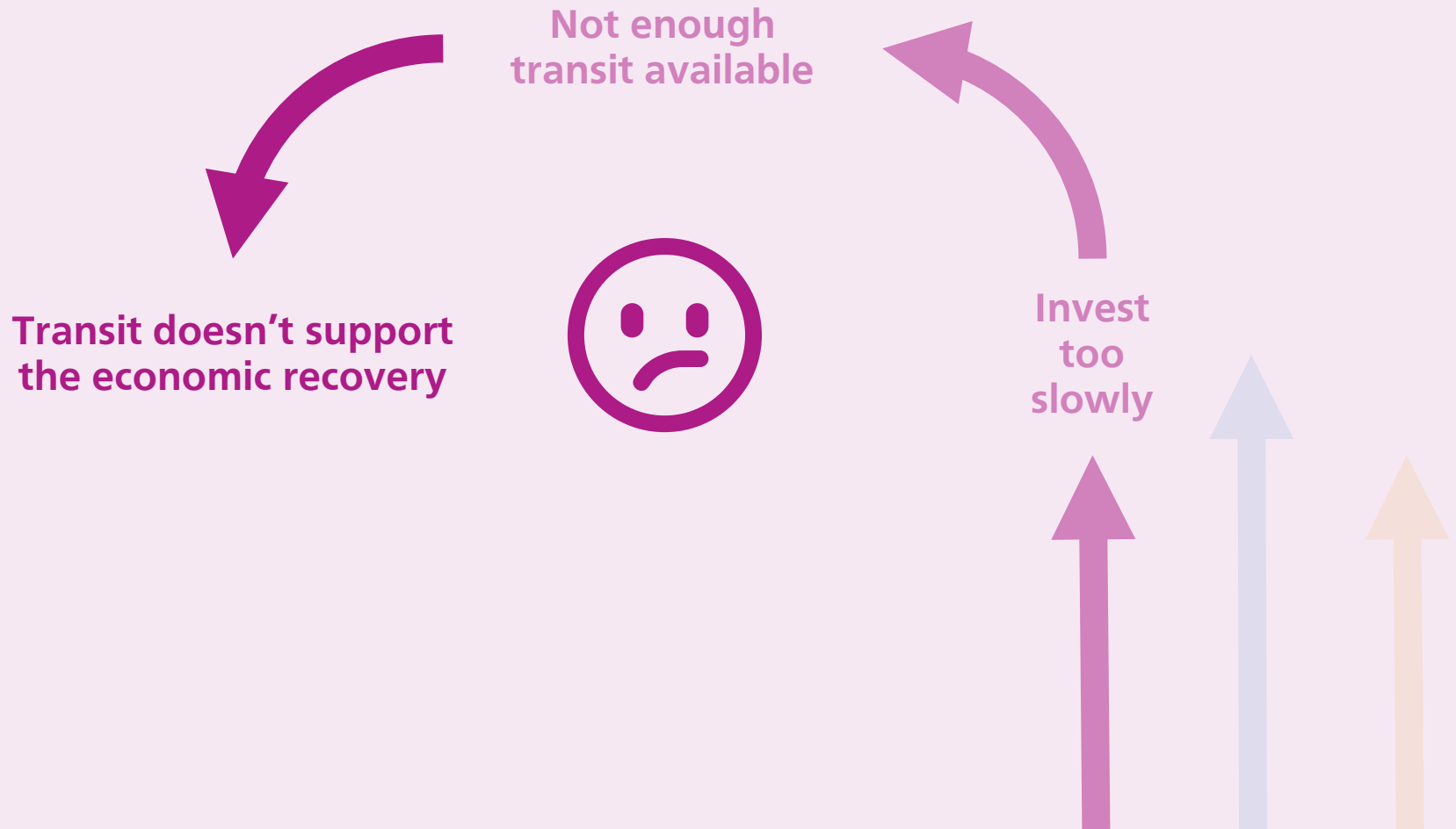
Not enough transit available



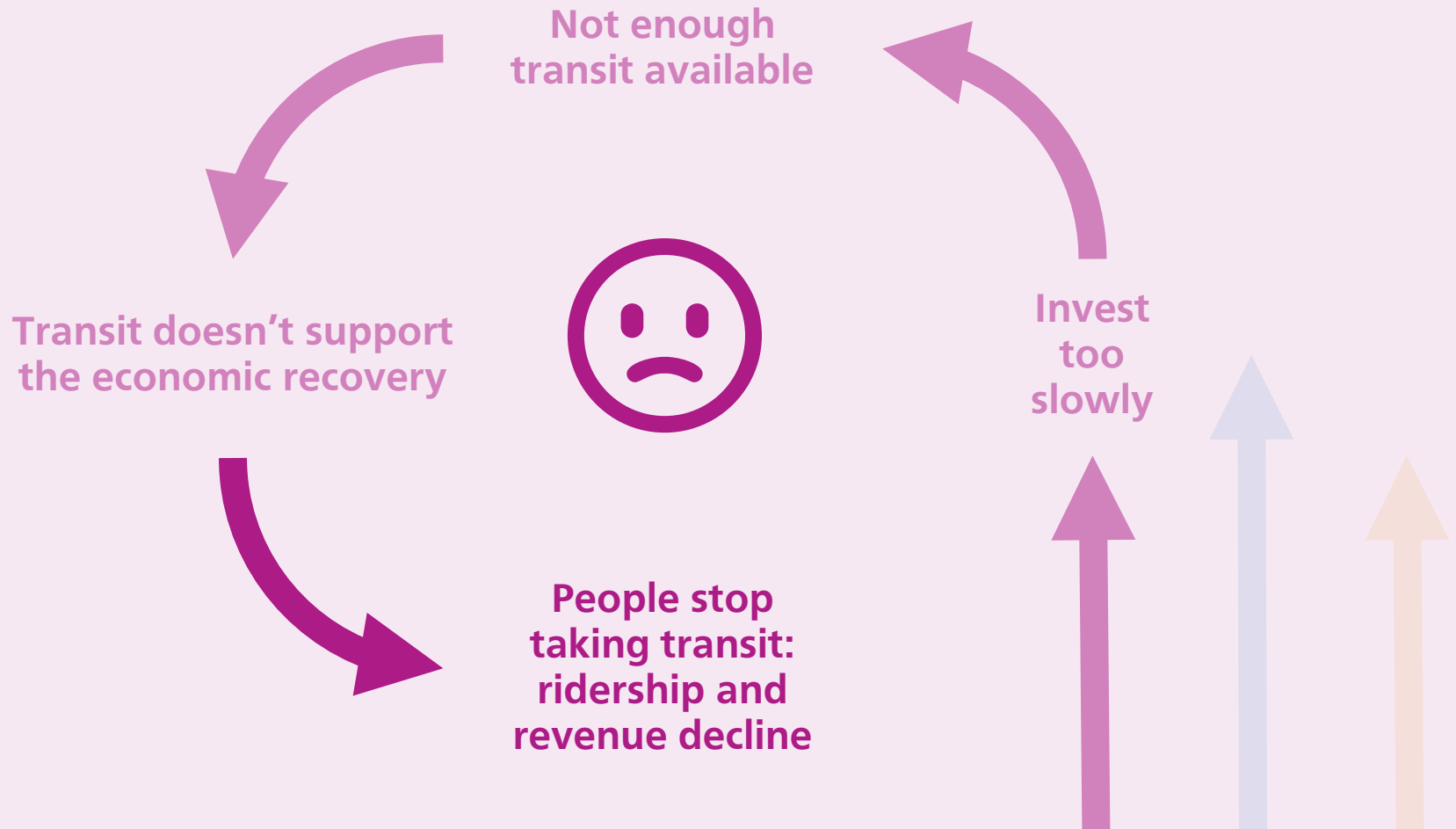
Invest too slowly



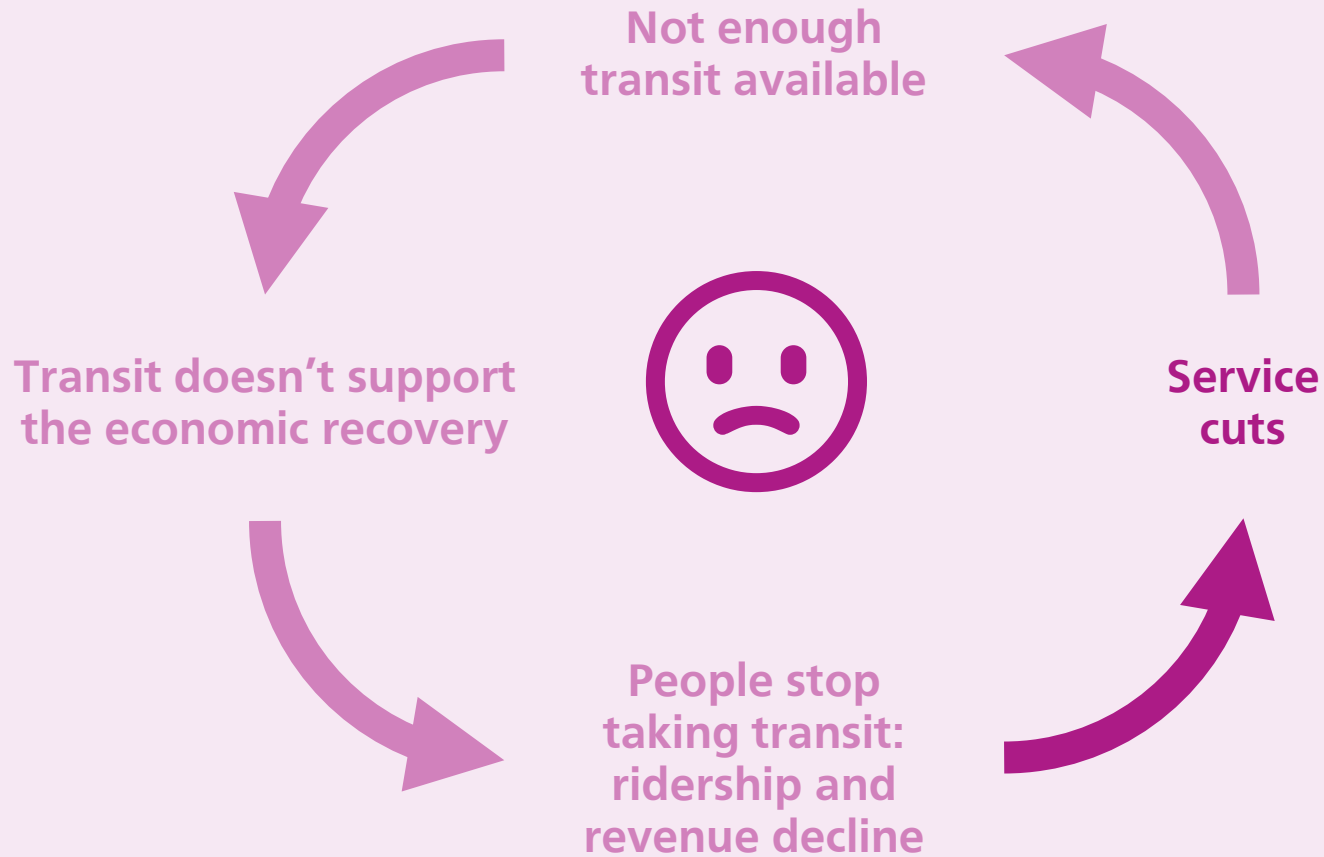
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# If we invest too slowly in the transit recovery ...



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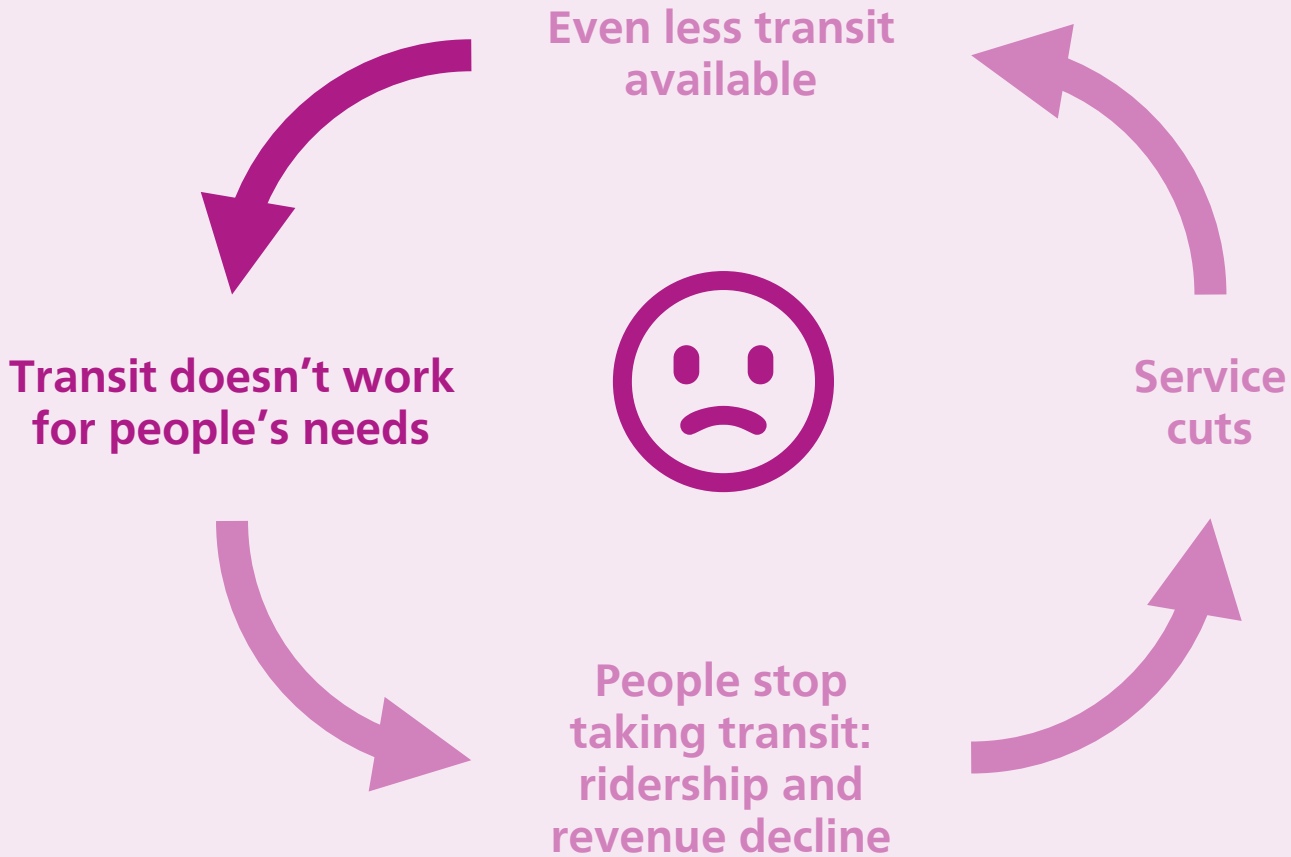


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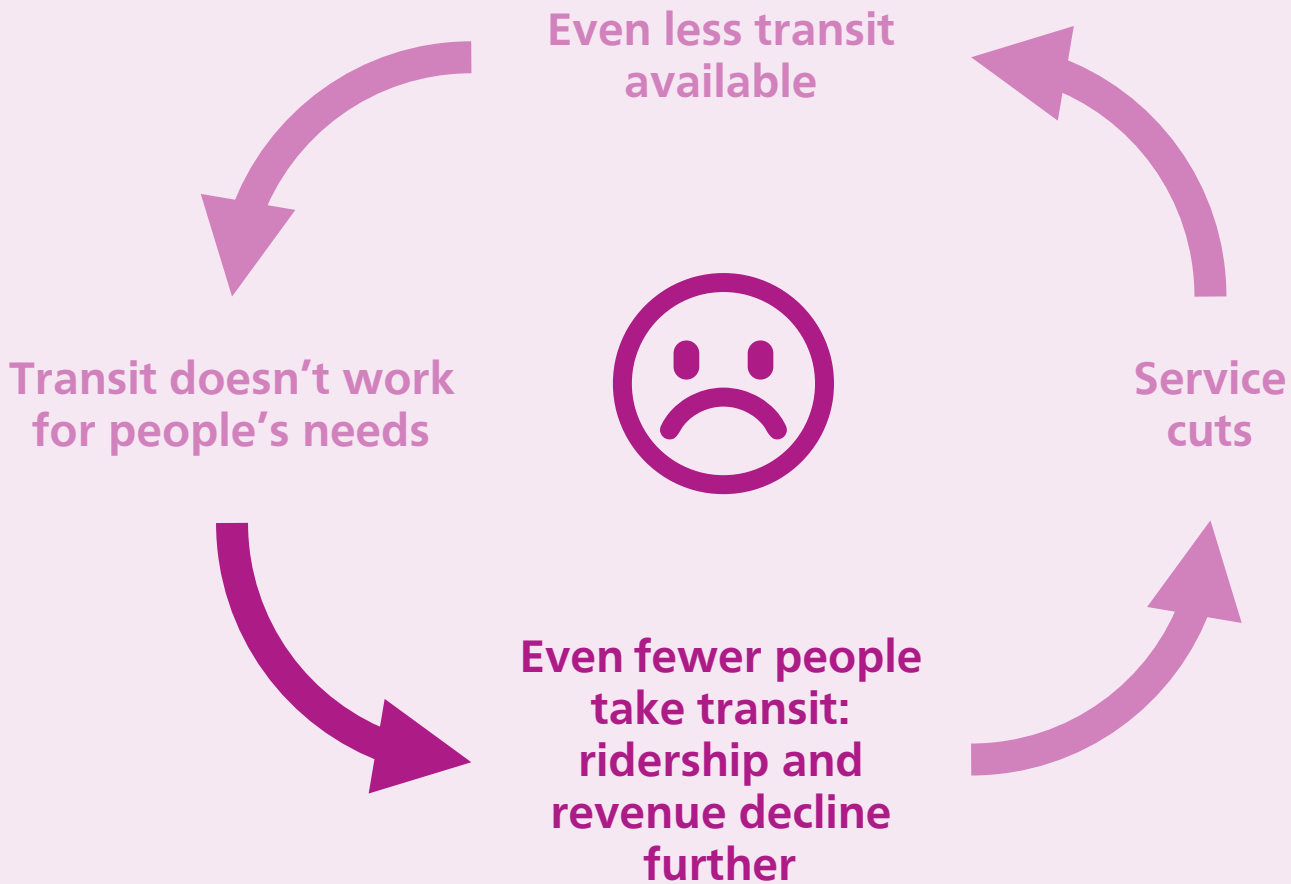




# If we invest too slowly in the transit recovery ...



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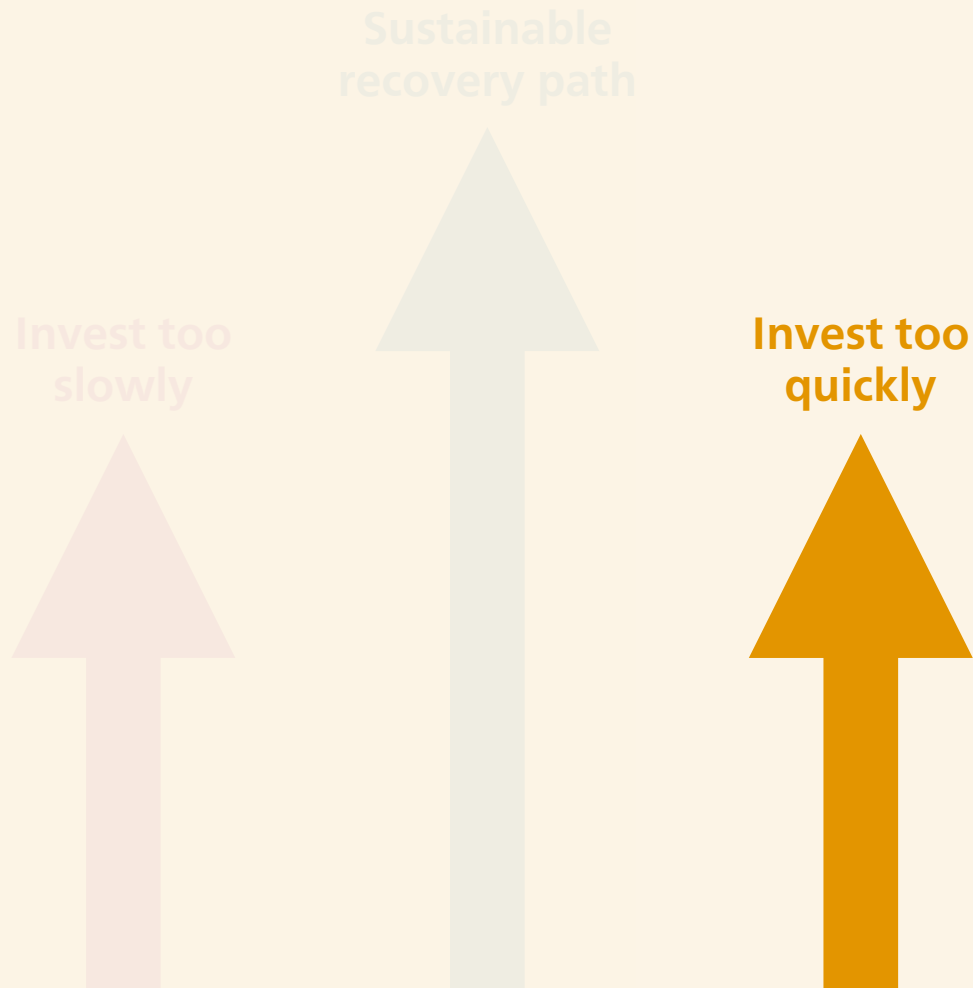
# If we invest too slowly in the transit recovery ...



... we end up in a  
transit death spiral



# If we invest too quickly in the transit recovery ...



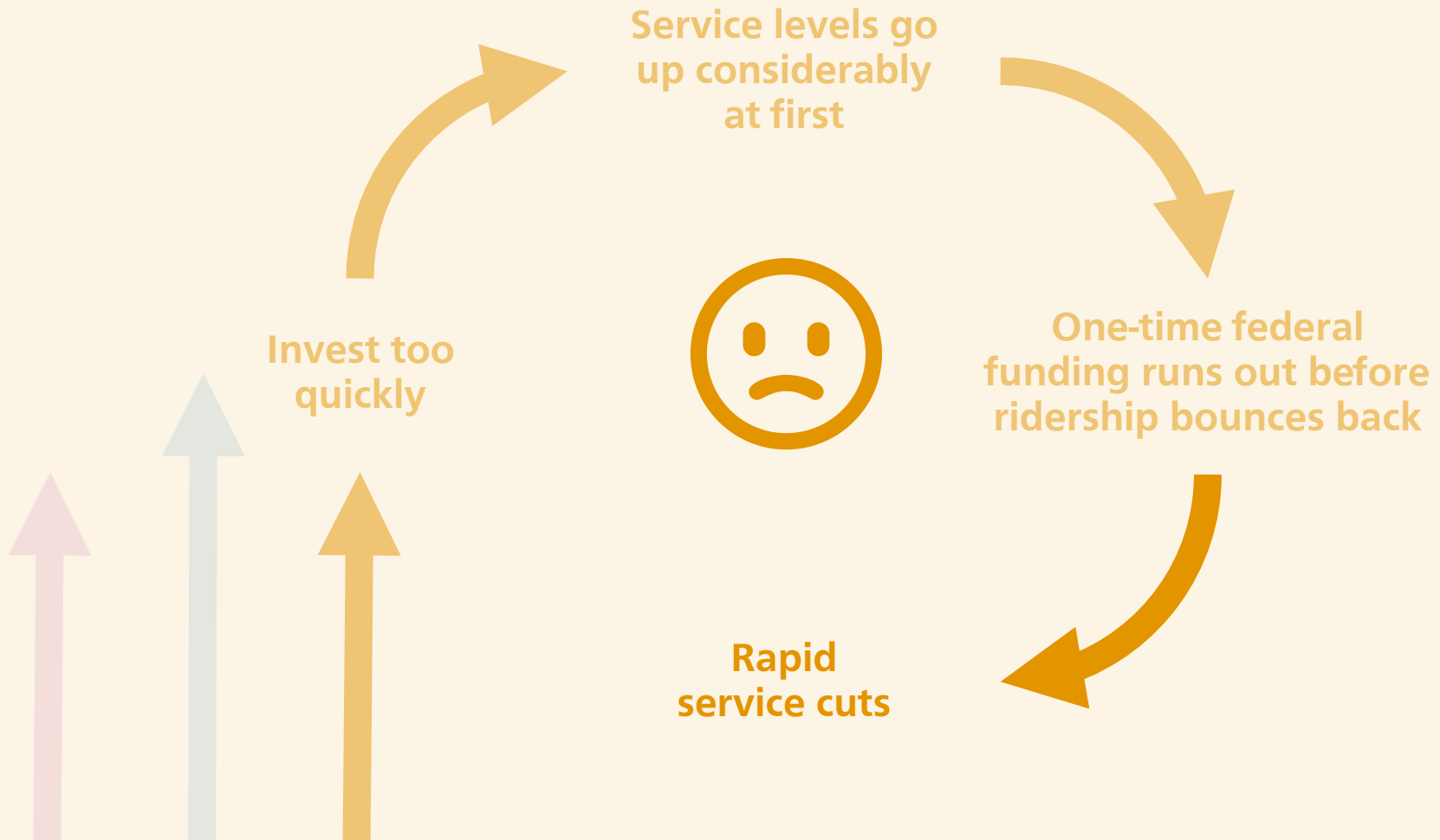
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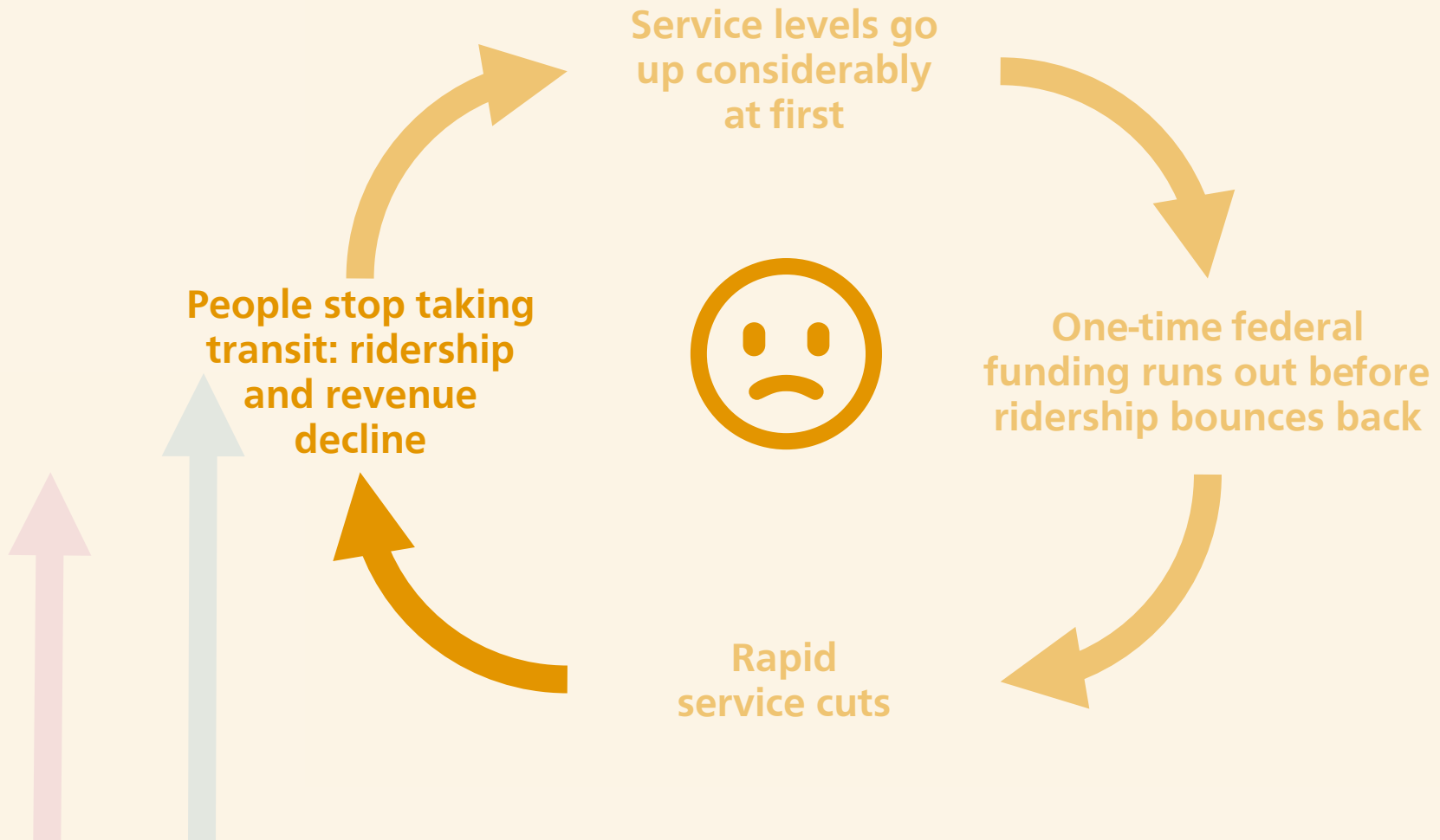


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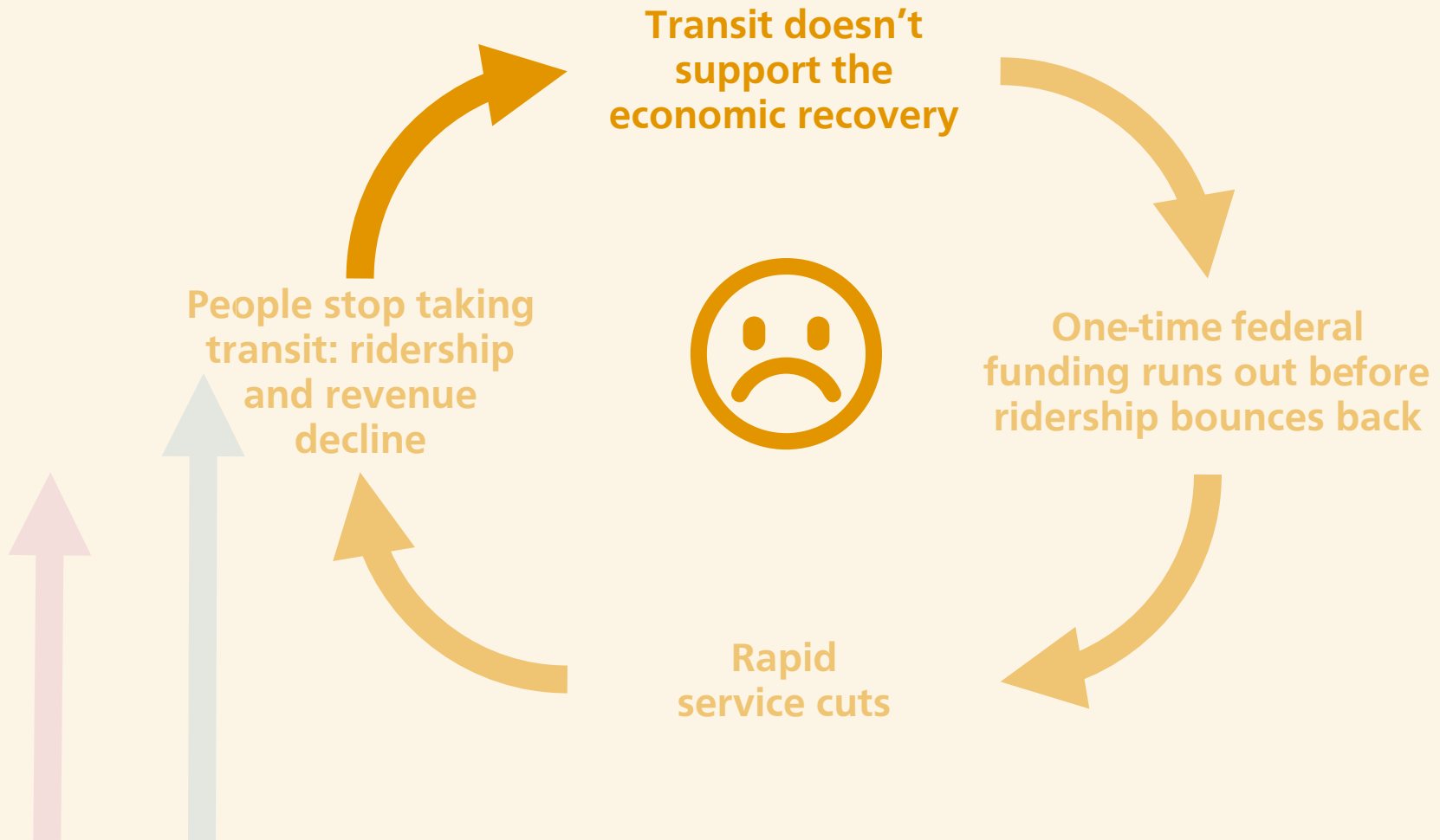




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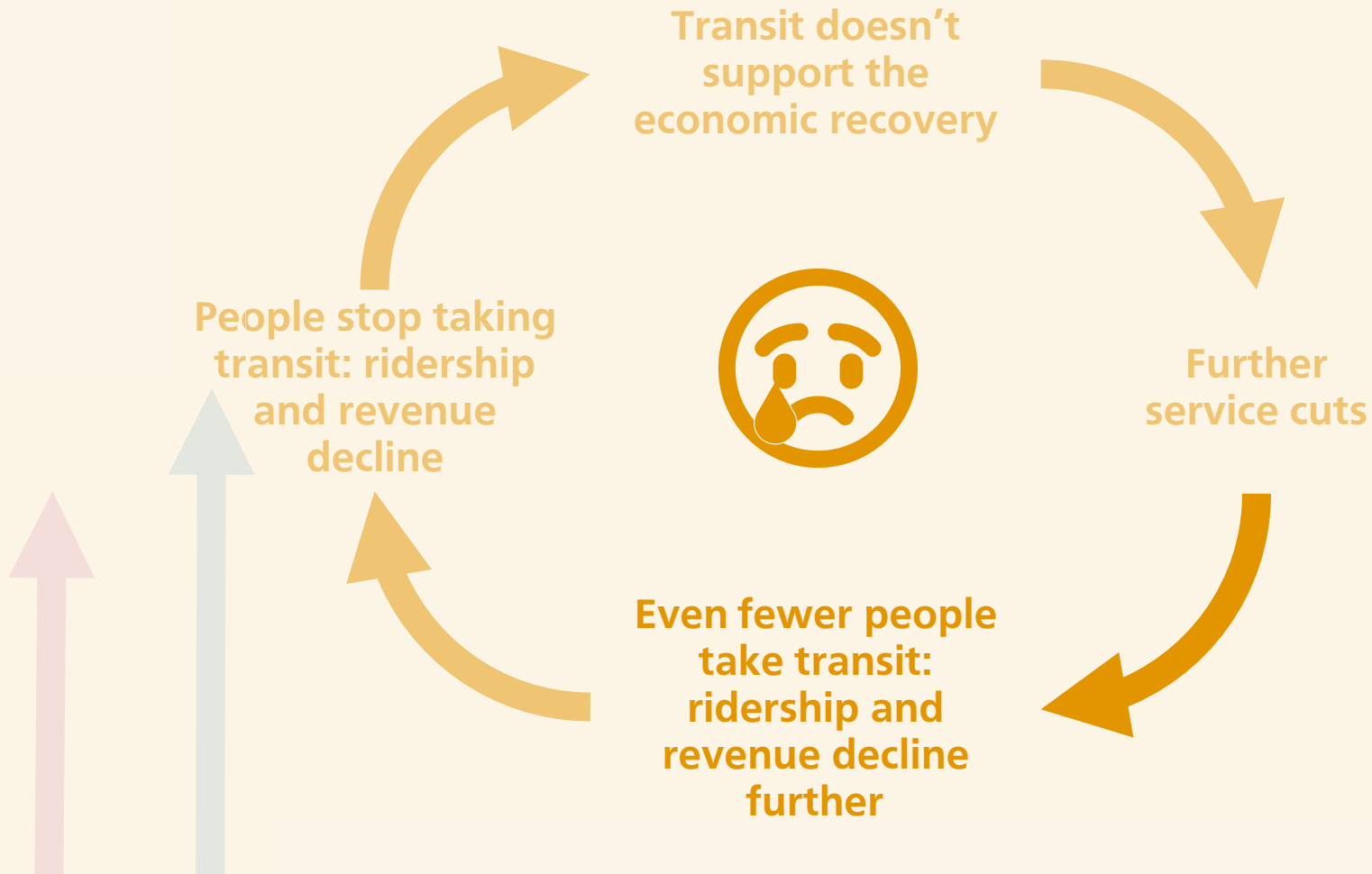
# If we invest too quickly in the transit recovery ...



# If we invest too quickly in the transit recovery ...



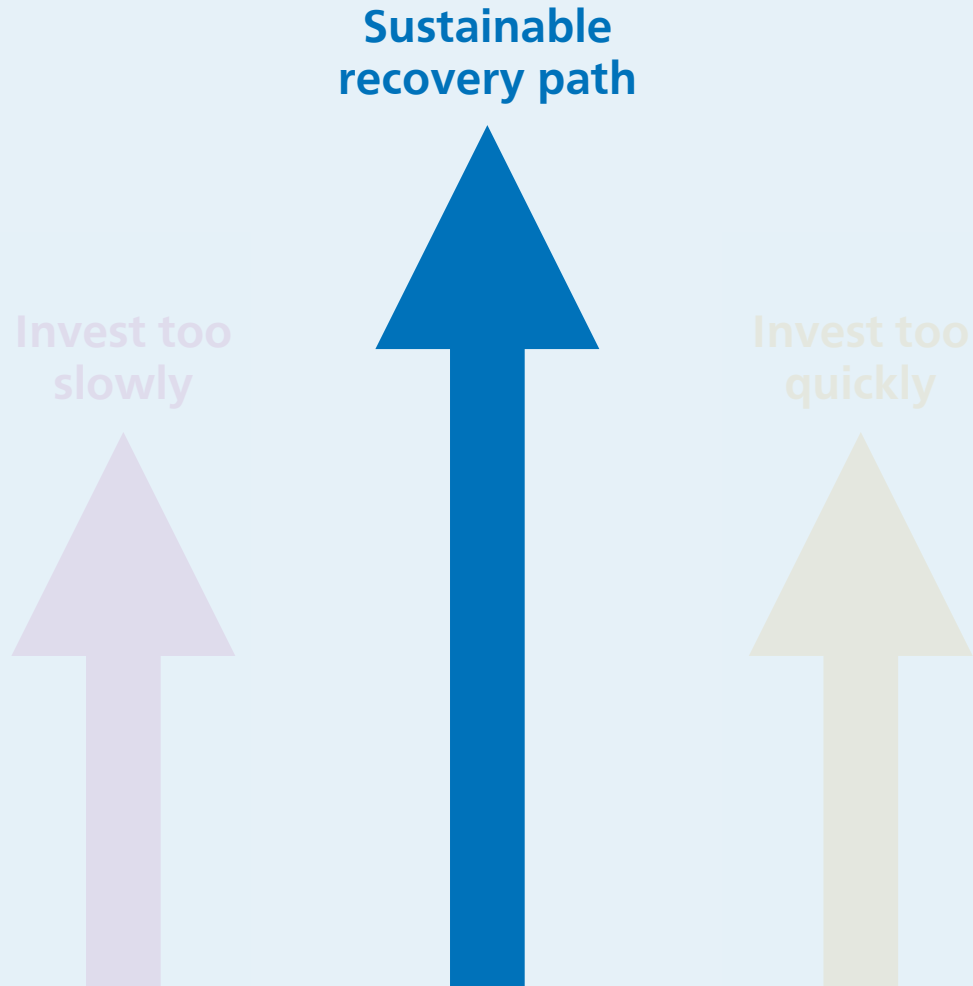
# If we invest too quickly in the transit recovery ...



... we also end up in a transit death spiral



# It's urgent that we find a sustainable balance

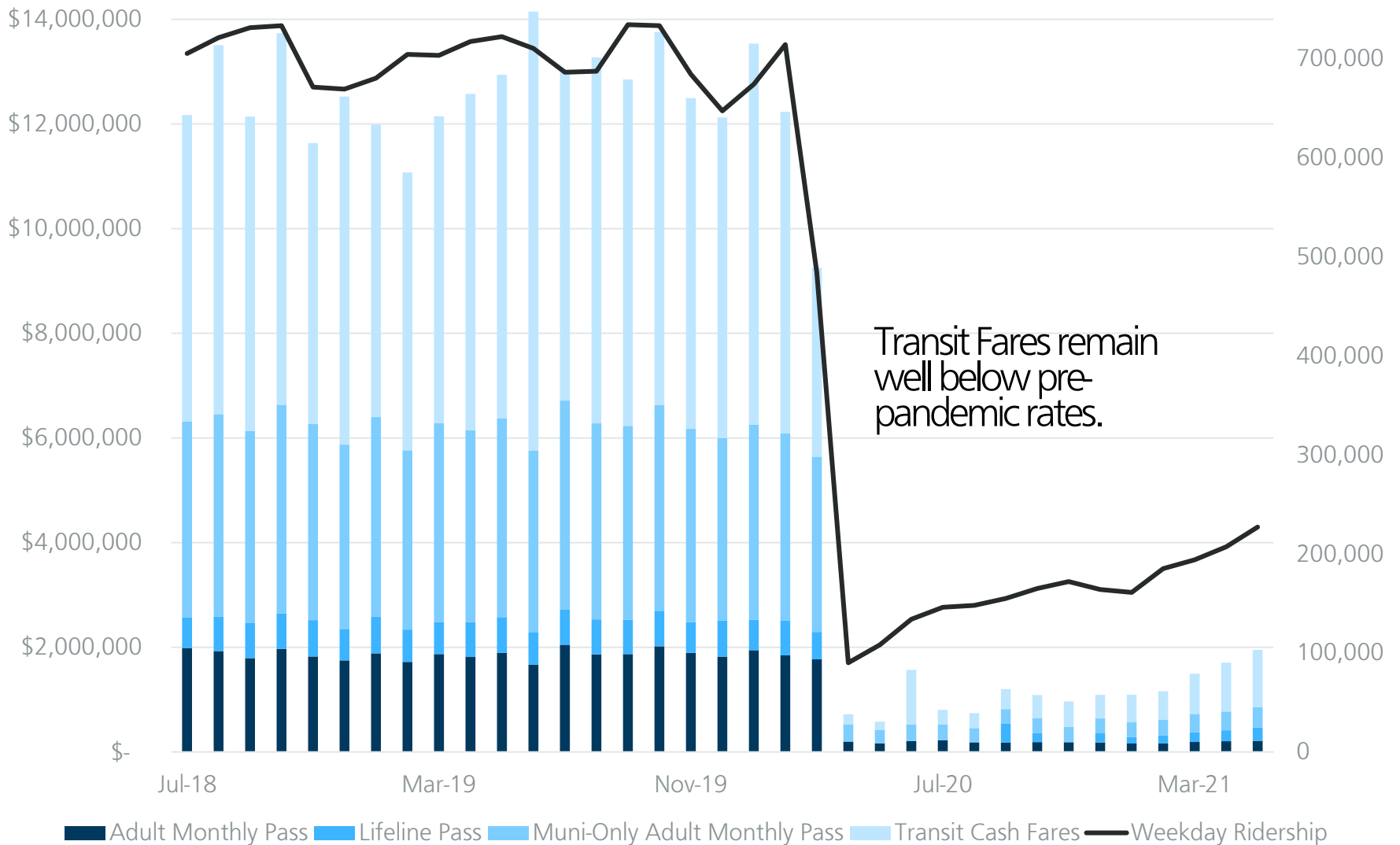


What does this mean for the **budget**?

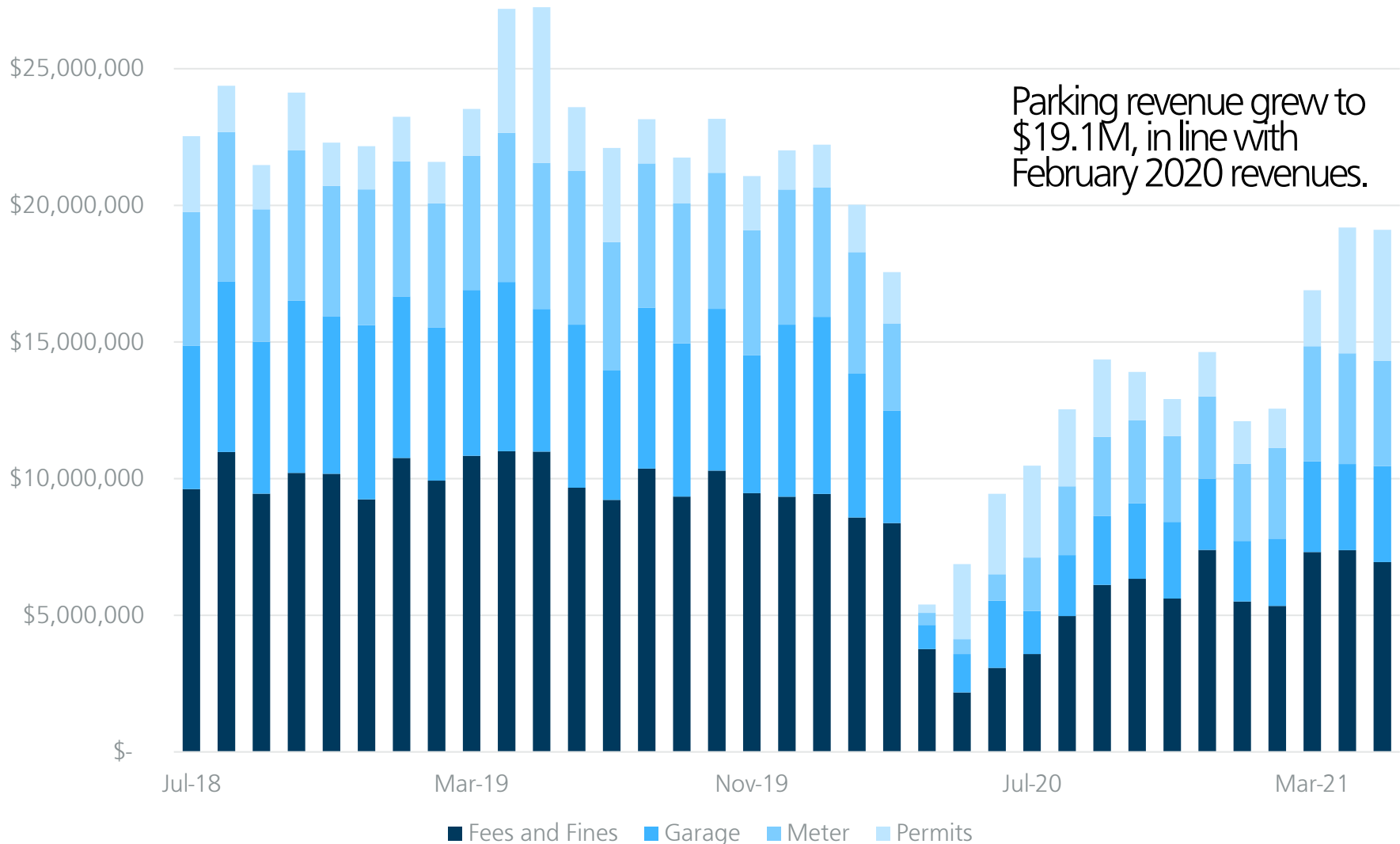
SFMTA will be **reliant on one-time revenue sources** that will be exhausted by calendar year 2023.



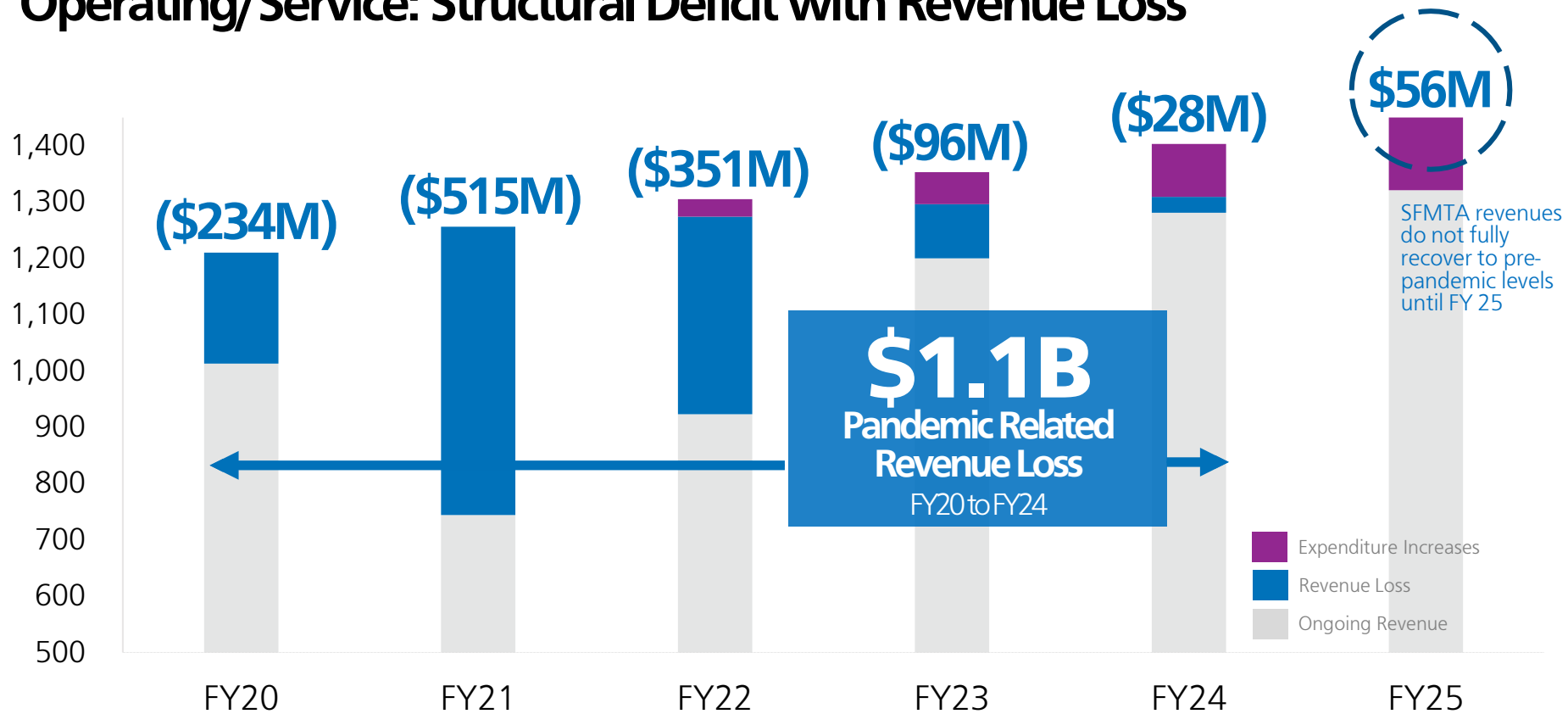
# Transit Fare Revenue Trend: FY 2019 to present



# Parking Revenue Trend: FY 2019 to present



# Operating/Service: Structural Deficit with Revenue Loss



## Operating Budget, \$M

### Revenue Ongoing (base)

### Pandemic Related Revenue Loss

### Expenditures

### Expenditure Savings/Increases

### Revenue Less Expenditures

FY20

FY21

FY22

FY23

FY24

FY25

1,013

744

923

1,200

1,281

1,321

(234)

(515)

(351)

(96)

(28)

56

1,210

1,124

1,305

1,353

1,403

1,457

37

135

(3)

(21)

(22)

(25)

-

-

(31)

(57)

(94)

(140)

Long term, we have analyzed  
numerous possible futures  
and it is time for a **call to action.**

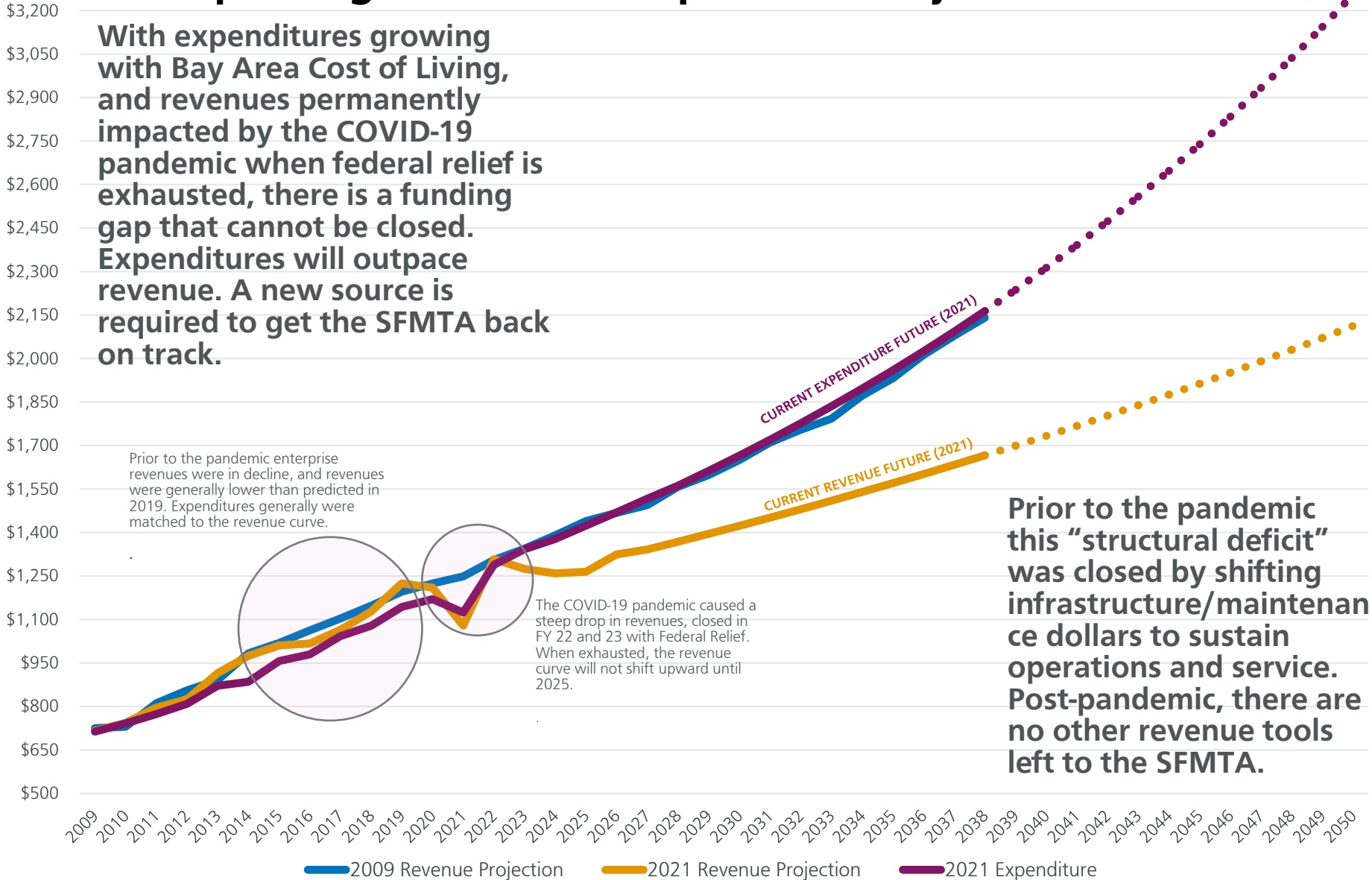
# SFMTA Operating Revenues vs. Expenditure Projection 2009 vs 2021, \$M

With expenditures growing with Bay Area Cost of Living, and revenues permanently impacted by the COVID-19 pandemic when federal relief is exhausted, there is a funding gap that cannot be closed. Expenditures will outpace revenue. A new source is required to get the SFMTA back on track.

Prior to the pandemic enterprise revenues were in decline, and revenues were generally lower than predicted in 2019. Expenditures generally were matched to the revenue curve.

The COVID-19 pandemic caused a steep drop in revenues, closed in FY 22 and 23 with Federal Relief. When exhausted, the revenue curve will not shift upward until 2025.

Prior to the pandemic this "structural deficit" was closed by shifting infrastructure/maintenance dollars to sustain operations and service. Post-pandemic, there are no other revenue tools left to the SFMTA.



— 2009 Revenue Projection — 2021 Revenue Projection — 2021 Expenditure

# Based on public priorities, we have created three potential futures.

System in a state of good repair; maintenance done on-time; pre-pandemic service; 20% service increase; 5-minute network implemented; streets are safer and accessible to all.

System in a state of good repair. Maintenance and asset replacement done on-time. Return to pre-pandemic service in 2023. System is not expanded.

A mixture of core infrastructure, enhancements and expansion. Return to pre-pandemic service in 2023. Infrastructure replacement backlog does not grow.

## Implementing SF Vision



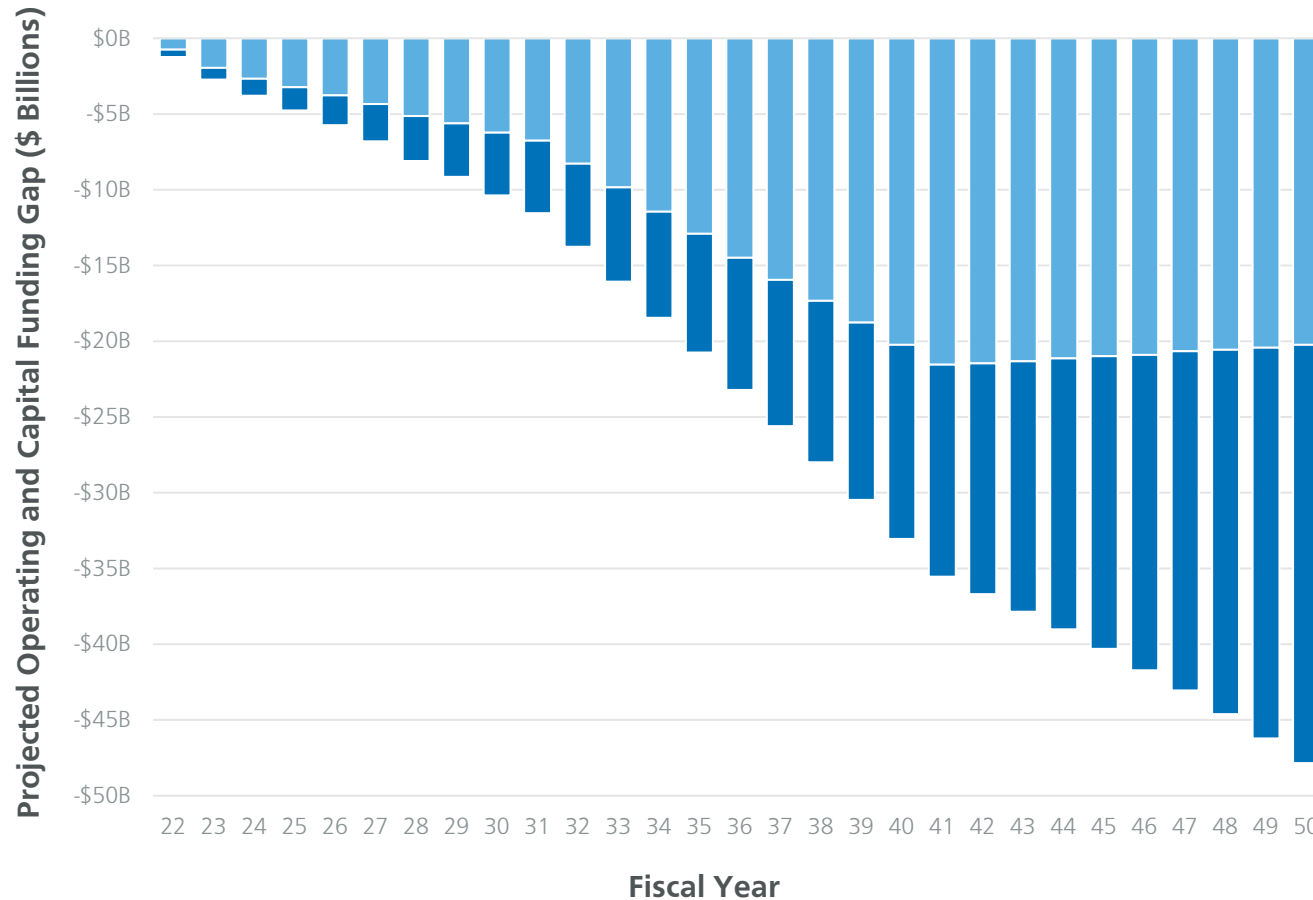
## Focus on State of Good Repair



## Balanced Approach



# Achieving the vision isn't currently possible because our costs would be much higher than our revenues

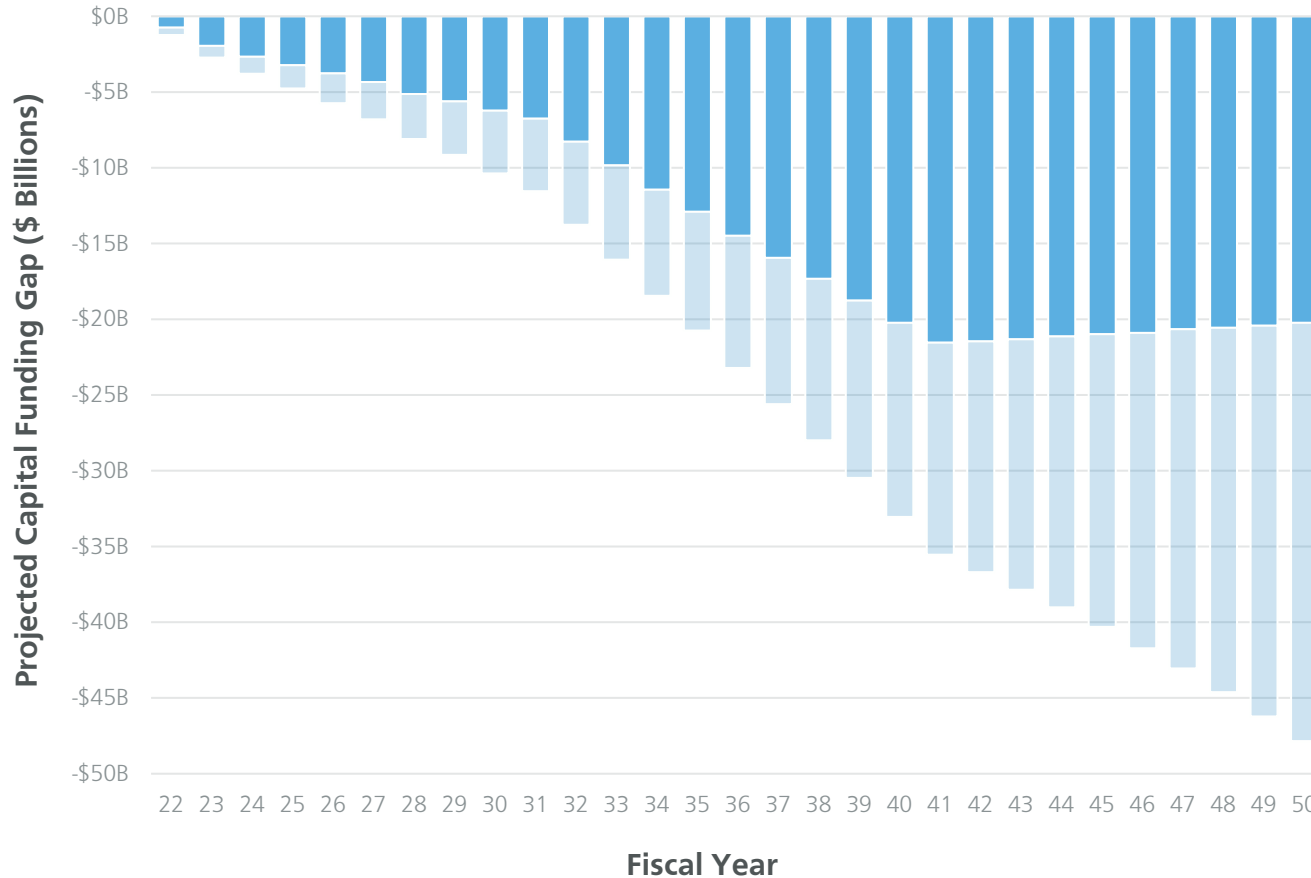


## \$1.6B

Average annual funding gap over the next 30 years, leading to a cumulative total gap of \$47B



# This includes a gap in funding for capital investments, like vehicles and infrastructure ...



## \$674M

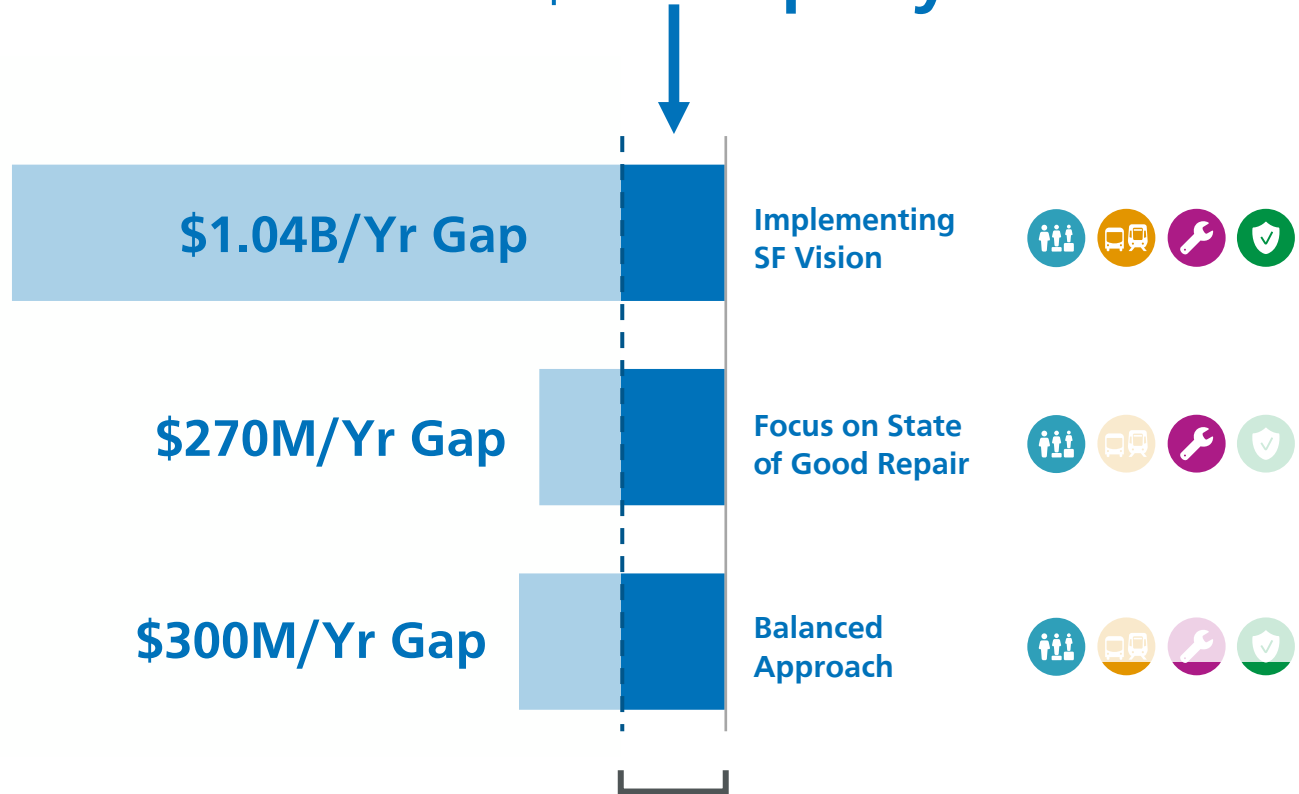
### Average Annual Capital Funding Gap

To keep the system running smoothly and expand it based on your priorities





# We've identified some new potential revenue sources, which combined could amount to \$149M per year



## \$149M

Potential New Yearly Revenue Sources

## These potential new revenue sources are:

Source	Benefits	Short Term \$/yr	Long Term \$/yr
Transportation Special Tax	Dedicated tax for transportation, providing a predictable stable source for transit service and maintenance. May be bonded against for near-term capital infrastructure investment, reducing long term maintenance.	\$50 m/yr	\$60-70/yr
Parking Tax	Existing San Francisco General Tax with opportunities to reform or modify for transportation infrastructure, transit service and maintenance.	\$20m/yr	Declining
CCSF General Obligation Bond Program	The SFMTA as part of the City GO Bond Program has allowed for critical infrastructure investment, safety improvements and transit reliability investments – reducing the cost of operations and long-term maintenance.	\$40 m/yr	\$50 m/yr
Federal Grants	The current proposed bi-partisan Infrastructure Bill provides opportunities for increased Federal support for up to 5-years for transportation infrastructure and maintenance campaigns.	\$35 m/yr	\$40 m/yr
State Grants	The current State budget designates significant additional dollars to transportation available through grants for transportation infrastructure.	\$7 m/yr	Unknown
Development Revenue	Development of SFMTA properties provide significant long-term opportunities to produce revenues that can go directly toward transportation infrastructure, transit service and maintenance.	\$5 m/yr	\$25-35 m/yr

Short term, in the next 5 years here is what we should expect.

# SFMTA 5-Year Capital Improvement Program

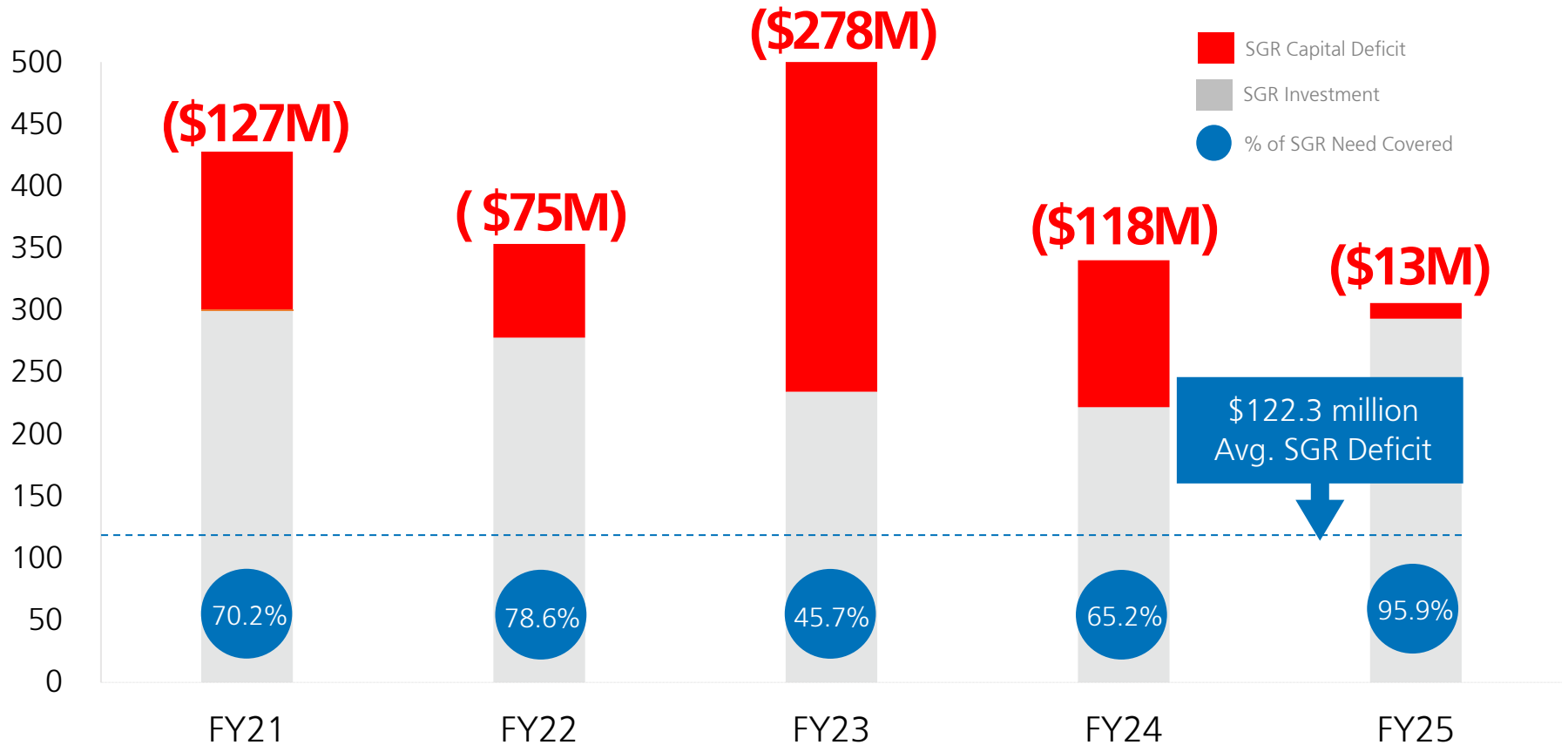
The SFMTA 5-Year Capital Improvement Program is a **fiscally constrained 5-year program of capital improvement and operational projects.**

- *An implementation plan* for regional, citywide, and agency-wide strategies and policy goals
- *Maintains credibility* with external funding agencies (eg. MTC, FTA)



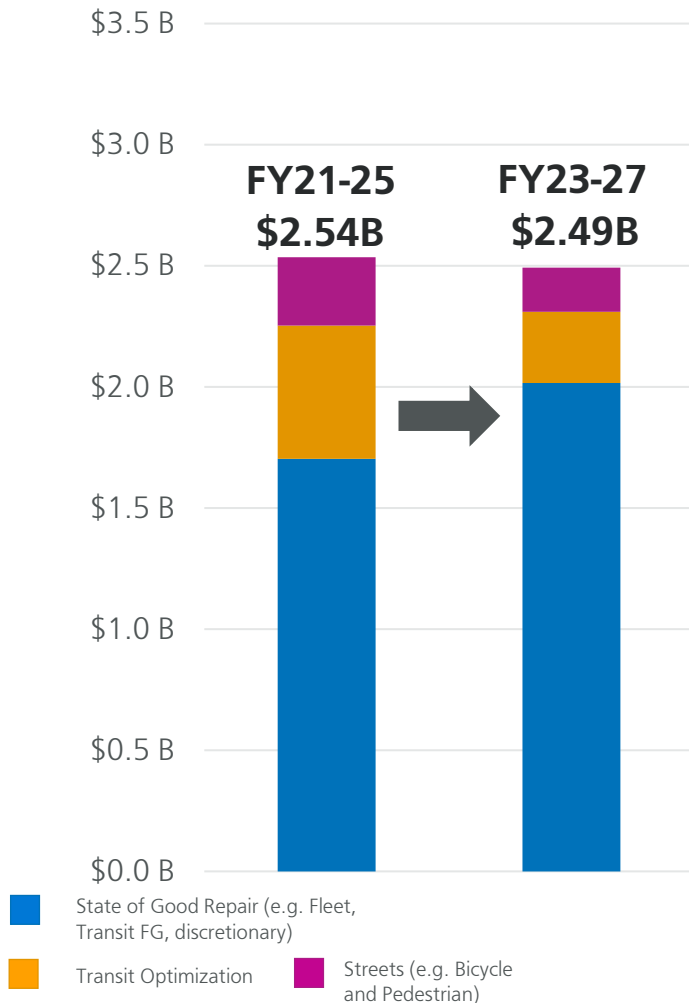
## Capital/Infrastructure: Structural Deficit Analysis (April 2021 updates)

In the 5-year CIP period, we are addressing 68.5% of the state-of-good repair (SGR) need, leaving a gap of \$611.5 million.



# FY 2023-27 Capital Improvement Program

## FY21-25 vs. FY23-27 CIP Comparison



## FY 2023-27 CIP Summary

- Significant increase in Prop B Population Baseline funds starting in FY24
- Developer fees adjusted down/delayed
- RM3 available starting in FY23
- Assumes no additional revenue bonds
- \$153.1M in discretionary funds preliminarily recommended to backfill revenue reductions
- Excludes \$653.0M in new potential revenue:
  - \$400.0M General Obligation Bond
  - \$190.6M Additional Federal Funding
  - \$36.0M Additional State Funding
  - \$26.4M Special Tax
  - Proposition K Reauthorization (revenues TBD)

## Key CIP Projects

Project	Update
<h3>5<sup>th</sup> Street Corridor Improvements</h3>	<p>SFMTA is waiting for Public Works to finalize design before starting construction. Muni has not yet confirmed what buses will be running on 5th, but has given Livable Streets the go ahead to construct all islands as they believe either the 19 or the 27 will be using the corridor. 5M continues construction on their site between Mission and Howard, and SFMTA construction of the boarding island on this block will be built only after construction of the sidewalk is complete. Open for Use: 4/1/22</p>
<h3>6<sup>th</sup> Street Streetscape</h3>	<p>NTP hasn't been issued yet for the construction phase of the project, but the SFPW and SFMTA teams have been gearing up for construction to start in late summer. Merged SFMTA outreach team with Safer Taylor Project team; went door to door and provided flyers notifying establishments of upcoming construction changes; obtained SFPW updates on outreach efforts; updated POETS Plan; submitted task order for D&amp;A consultant partnership. Open for Use: 10/31/23</p>

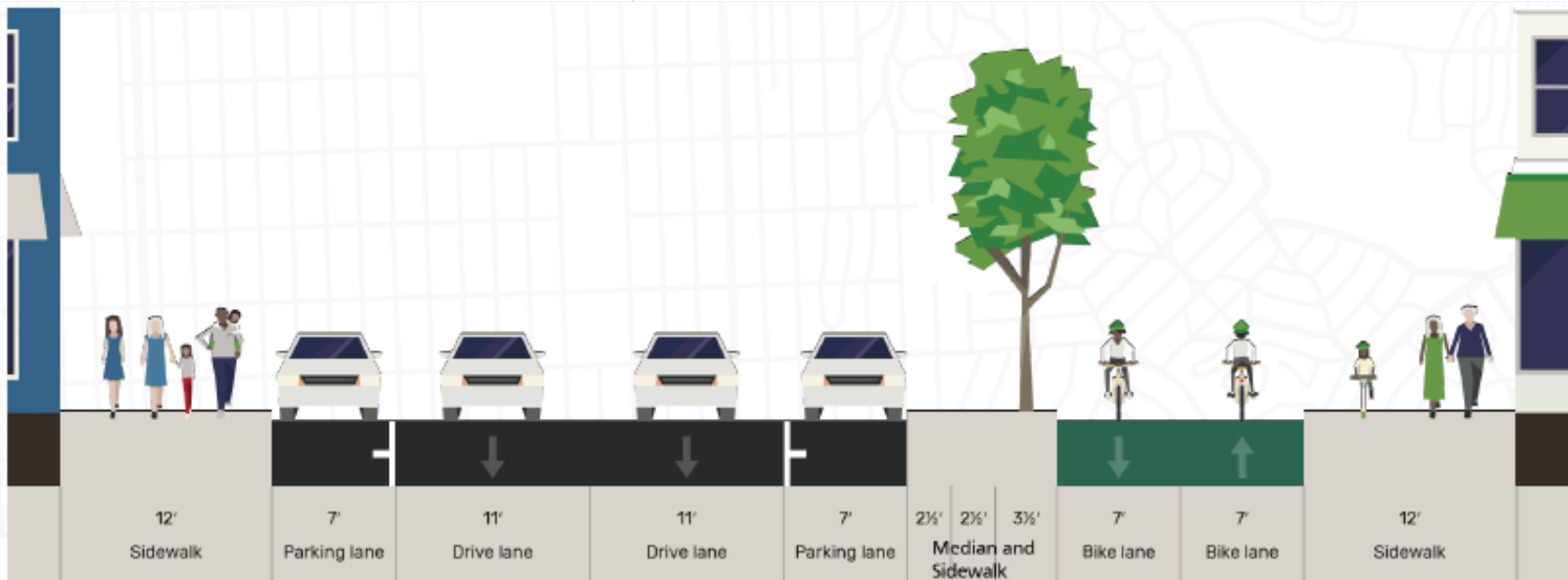
# Key CIP Projects

## Project

## Update

### Folsom-Howard Streetscape

The Folsom Streetscape Project is nearing completion on improvements that will improve Folsom Street between 2nd and 11th streets. The Howard Streetscape project will begin its design phase in early 2022 and contract bidding is expected to begin in June 2023 so that construction can begin by January 2024. The project is expected to be completed in two years.



Typical Cross-section of the Howard Streetscape Project



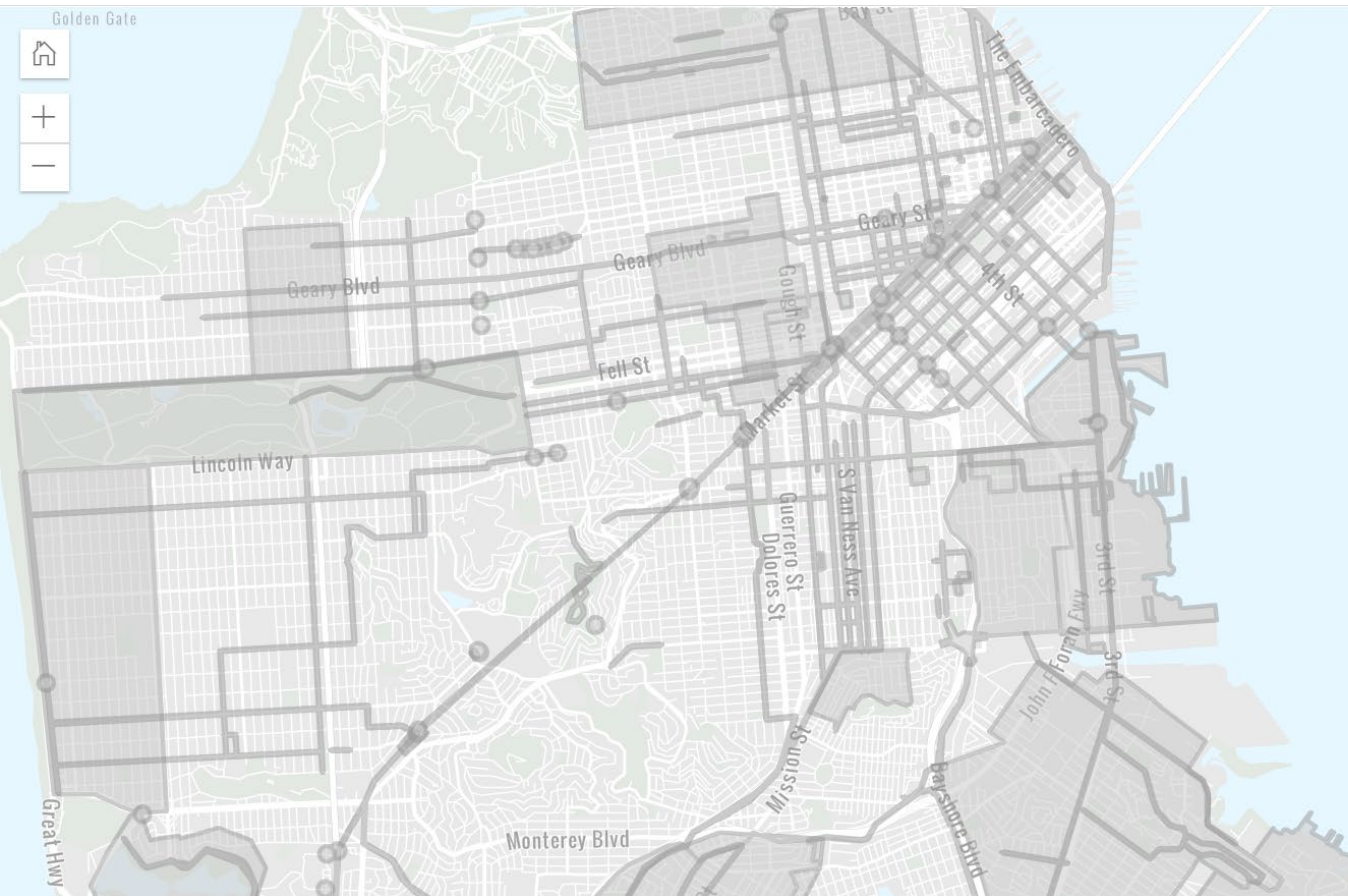
## Key CIP Projects

Project	Update
<p><b>14 Mission: Downtown (11th Street to Spear) Transit Priority Project</b></p>	<p>The project constructs transit and streetscape improvements to reduce travel times for the 14 Mission on Mission Street between First Street and 11th Street. Preliminary project design and legislation language is completed and the project has gone to the SFMTA Board for legislation approval. Open for Use: 6/30/23</p>
<p><b>22 Fillmore: 16th Street Transit Priority Project</b></p>	<p>Phase 1 construction on 16th Street from Potrero Avenue to 3rd Street was completed in summer 2020. Phase 2 construction will be implemented along 16th Street between Church Street and Potrero Avenue. SFMTA re-packaged the contract for advertisement and is now analyzing the received bids to determine the lowest responsible and responsive bidder. Open for Use: 8/3/23</p>
<p><b>27 Bryant: Transit Reliability Project</b></p>	<p>The project installs up to ten transit bulbs for the 27 Bryant and 31 Balboa in the Tenderloin and through SoMa. Transit signal priority would also be added at approximately 20 intersections. The project is gathering signatures for a 100% design package and anticipates the contract to be advertised in late August or September. Open for Use: 12/31/22</p>

# CIP Projects

SFMTA's interactive map with current and planned projects with updates.

Link: <https://maps.sfmta.com/tppd/citywide/full/Index.html>



## Interactive Projects Map

Search SFMTA projects by name, mode, neighborhood, supervisor district, or by clicking on the map.

[Click here for the multi-agency SF STREETS project map.](#)





### Neighborhoods



## FY 2023-27 Capital Improvement Program Development

<b>Board Workshop:</b>	Tuesday, February 1, 2022
<b>1st CAC Meeting:</b>	Thursday, February 3, 2022
<b>1<sup>st</sup> Board Presentation:</b>	Tuesday, February 15, 2022
<b>2<sup>nd</sup> Board Presentation:</b>	Tuesday, March 1, 2022
<b>2<sup>nd</sup> CAC Meeting:</b>	Thursday, March 3, 2022
<b>3<sup>rd</sup> Board Presentation:</b>	Tuesday, March 15, 2022
<b>SFMTA Board Adoption:</b>	<b>April 5, 2022 (first opportunity)</b> <b>April 20, 2022 (second opportunity)</b>
<b>Submit to Mayor:</b>	<b>no later than May 1, 2022</b>



Thank You!