SFMTA

San Francisco Municipal Transportation Agency

5-Year Financial Forecast

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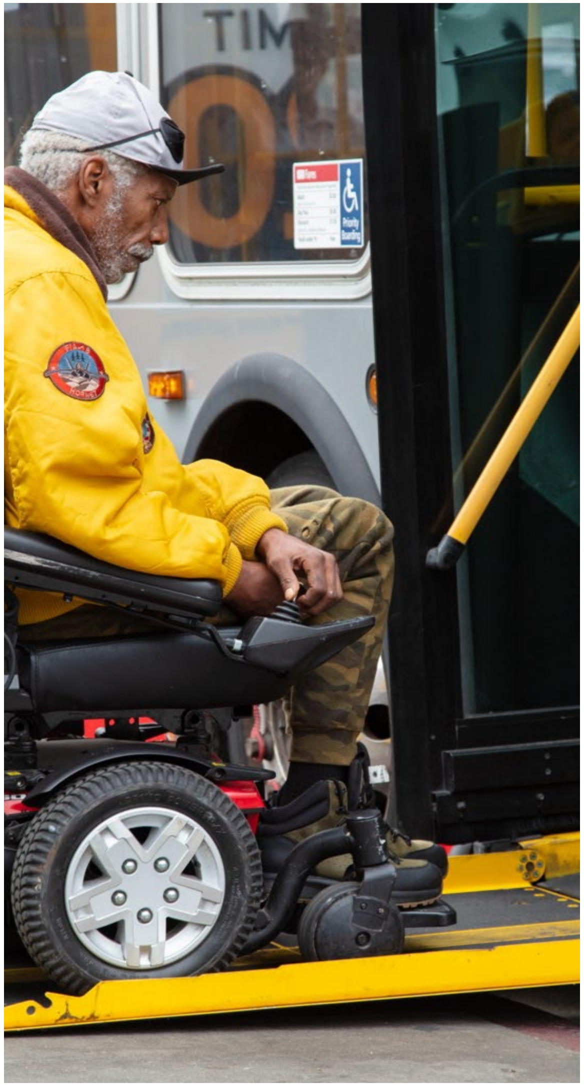
Financial Context



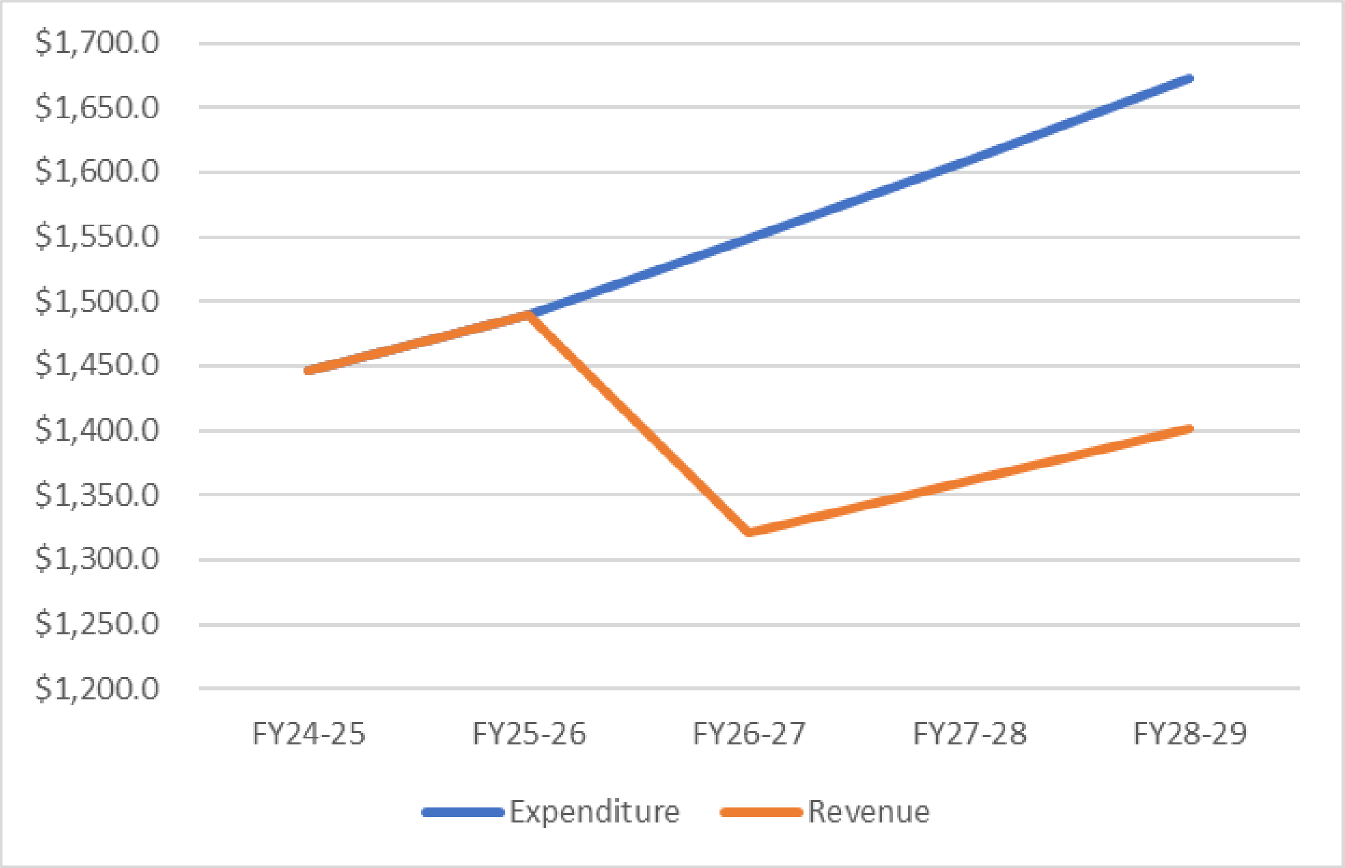
- Revenues are lower than pre-pandemic levels across the board:
  - Transit revenue down
  - Parking revenue down
  - General Fund growth much slower than prior decade.
- We've reduced our spending in response.
- Federal, state, & regional relief expected to be fully expended in FY25-26.

Budget Context

- In April, SFMTA Board approved agency's FY 24-25 and FY 25-26 budget.
- The budget reduced expenses and made modest increases to fares, fees, and fines.
- In June, due to updated citywide projections, expected revenue went down, and coming out of labor negotiations, expenditure went up.
- The FY24-25 budget was balanced by removing one-time investments. The FY25-26 budget will need to be rebalanced by reducing expenditure by $14M.
- The compounding impact of these changes, plus updated assumptions about fund balance and funds that flex between capital and operating, has increased the upper bound of the FY26-27 budget deficit, which will range from $239M to $322M.

Five-Year Deficit Projections

Deficits begin in FY26-27 when federal, state, and regional transit relief are fully-expended and will range from $239M to $322M.



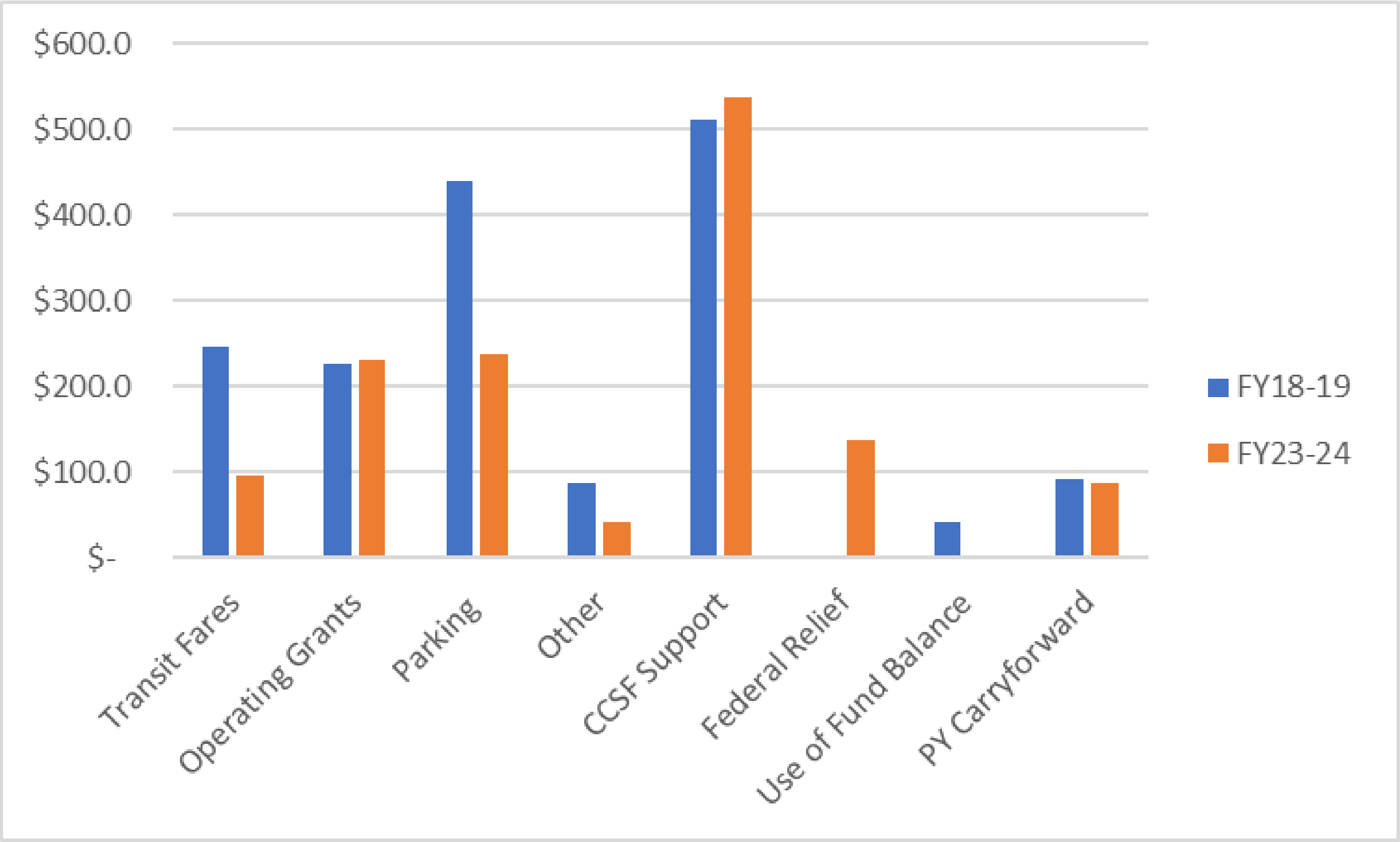
Five-Year Deficit Projections

Projected FY26-27 ranges from $239M to $322M, depending on assumptions:

- Use of flexible funds that can be used for operating or capital,
- Development of additional revenue sources,
- Policy choices about how much service to provide,
- Policy choices about implementing efficiency measures, like transit only lanes, that could make service less expensive,
- Generation of fund balance by collecting more revenue or expending less than projected

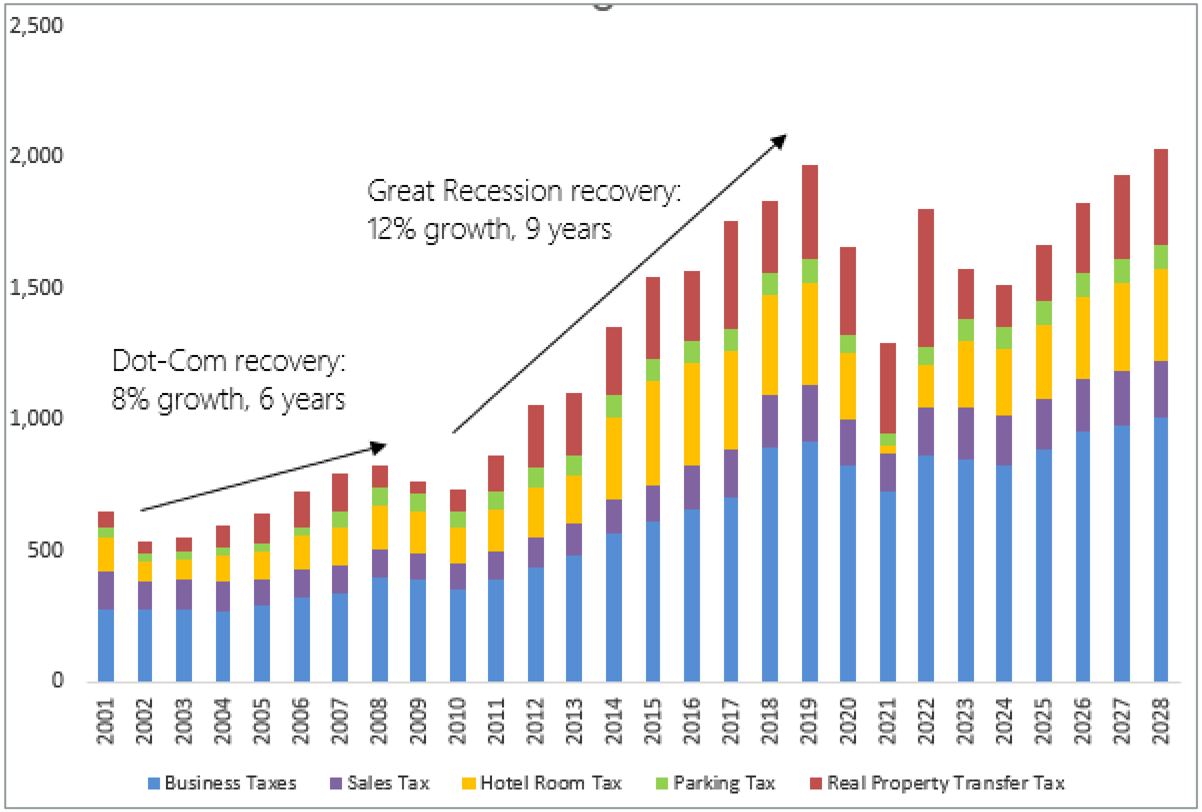
Revenue Trends

Adjusted for inflation, SFMTA revenues are $275M or 16% less than pre-pandemic.



Revenue Trends

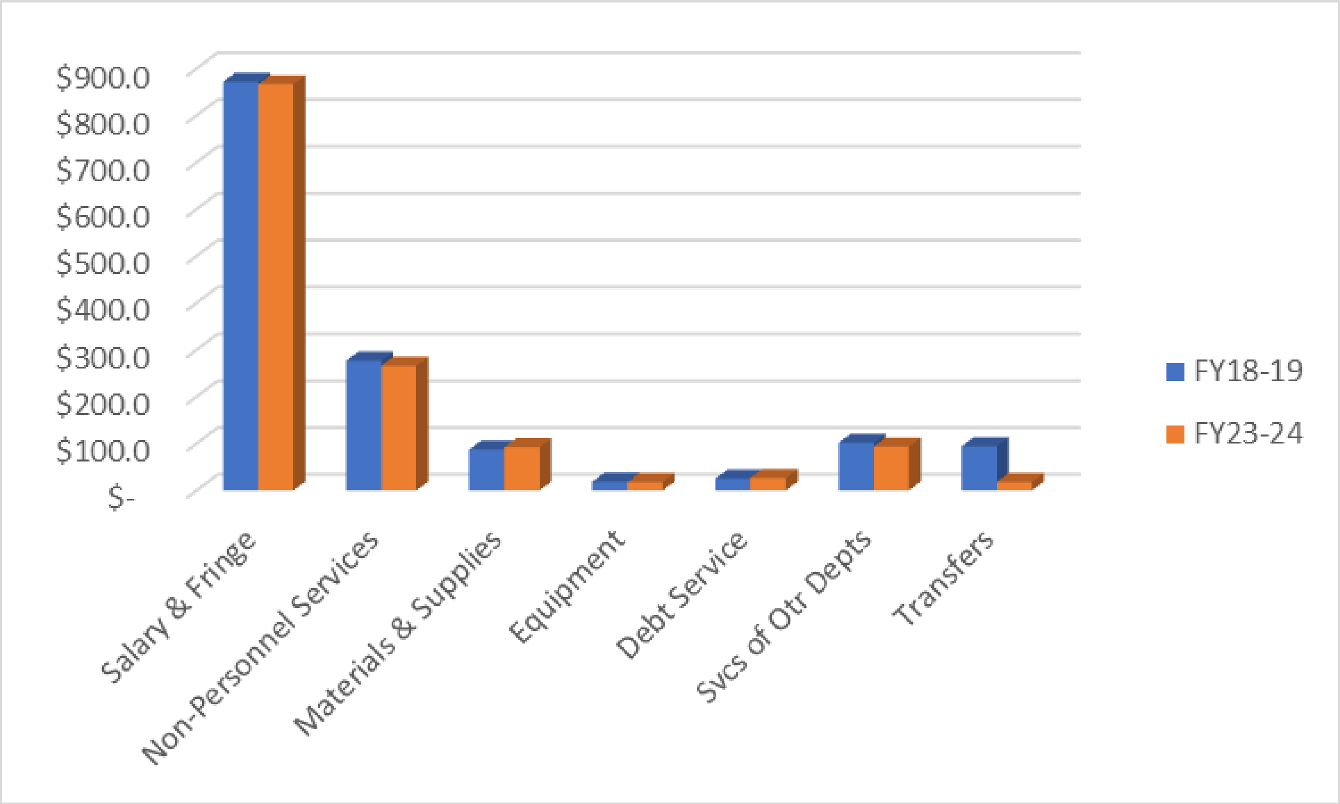
As General Fund is 39% of SFMTA revenue, performance is the most significant driver of lower revenue.



15 years of General Fund revenue growth of 8% to 12% is replaced by projected 3% growth.

Expenditure Trends

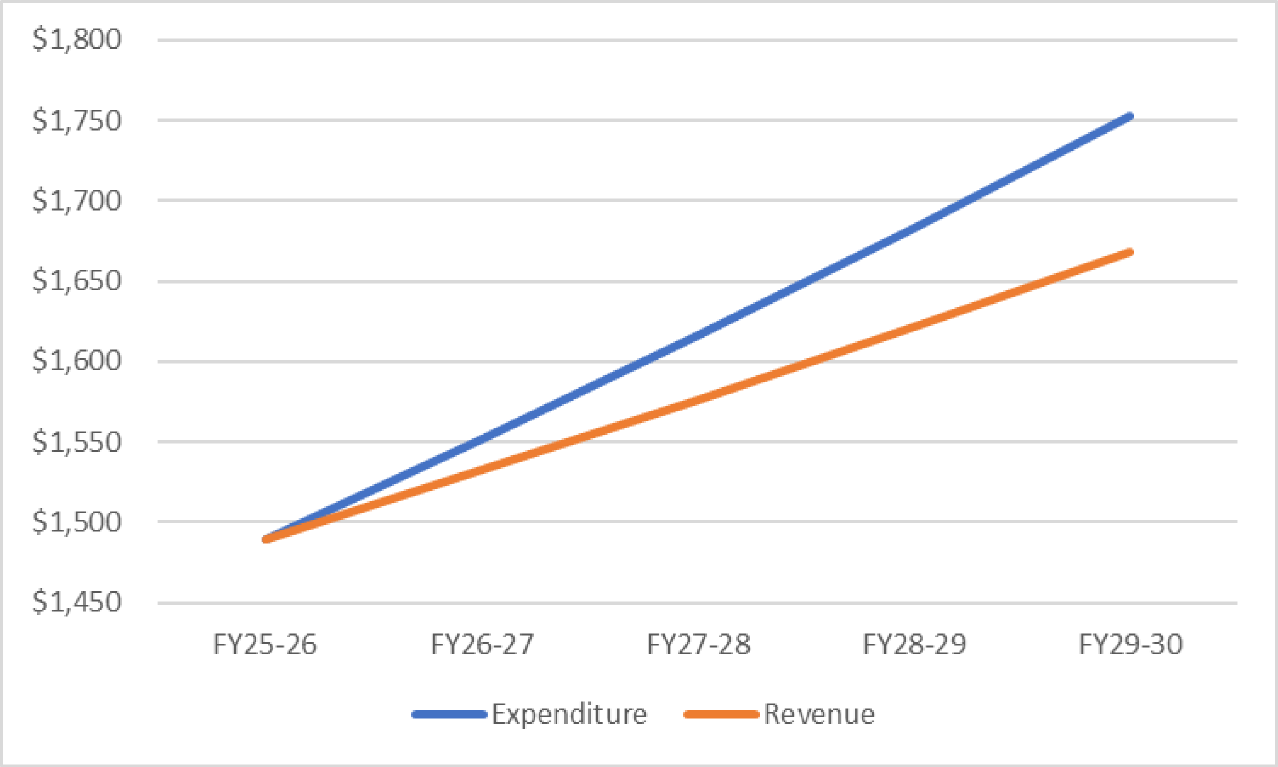
When adjusted for inflation, SFMTA spent $95M or 6% less than pre-pandemic.



Expenditure on capital, multi-year projects, and transfers to reserve compose $76M of difference, indicating a decrease in long-term investment and financial planning.

Revenue and Expenditure Growth

Projected expenditure growth of 4% due to inflation and COLA exceeds projected revenue growth of 3%.



Mismatch between expenditure and revenue growth rates turns a balanced budget into a growing deficit, even when the number of FTE and other expenditure types is unchanged.

Strategies to Close Budget Gap

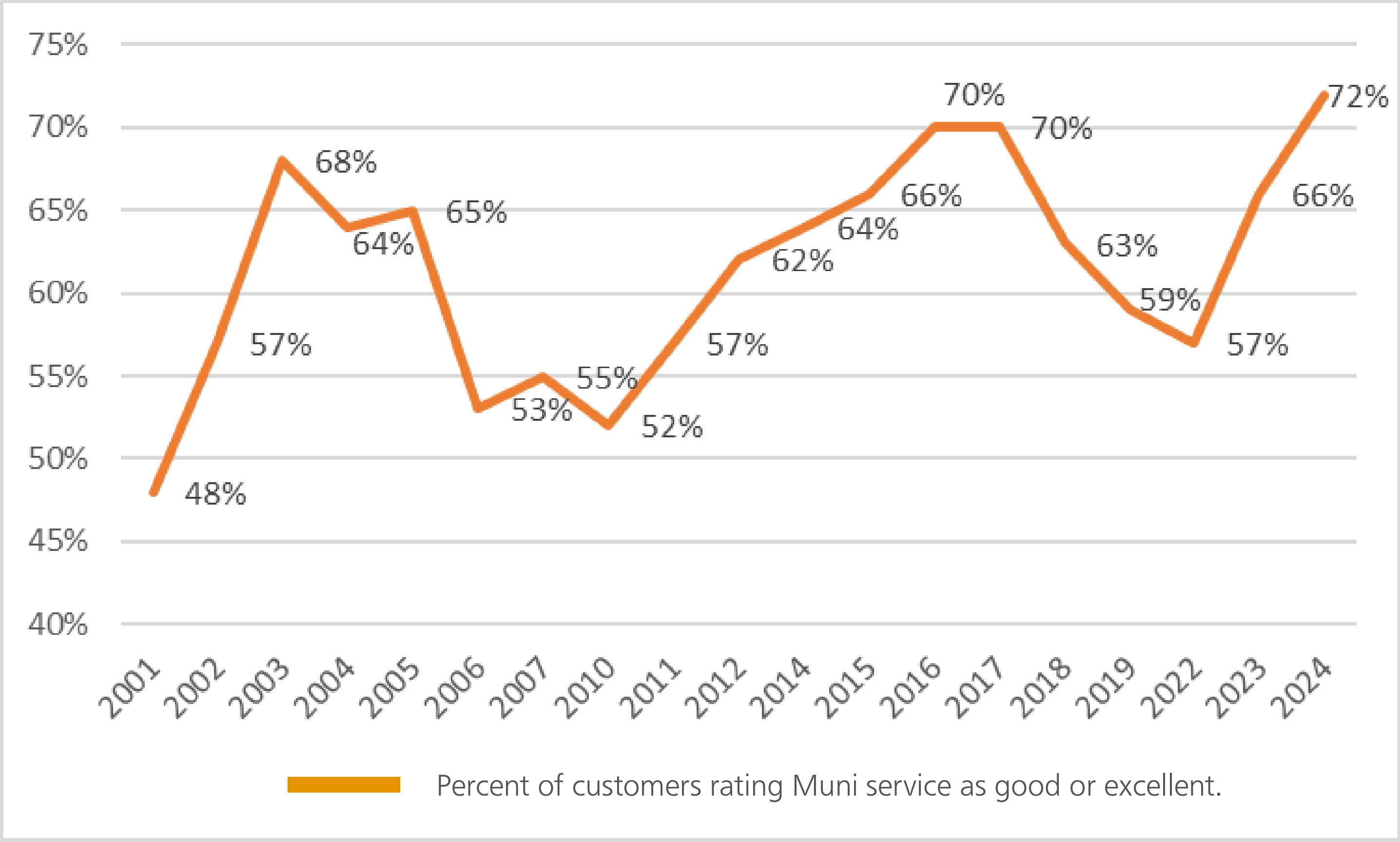
- Increase **ridership** by making Muni fast, frequent, reliable, clean, and safe
- Increase **fare compliance** by adding Transit Fare Inspectors
- Raise revenue through a **regional revenue measure**
- Continue to improve **efficiency**
- Identify **new local revenue** sources

Ridership

- Muni is more reliable than ever
- Muni achieved **historic levels of service reliability** through new and improved strategies.
- Major subway delays fell 76% since 2019, and short delays fell 89%
- Across all vehicles, the average distance between mechanical failures is up 10% since 2022

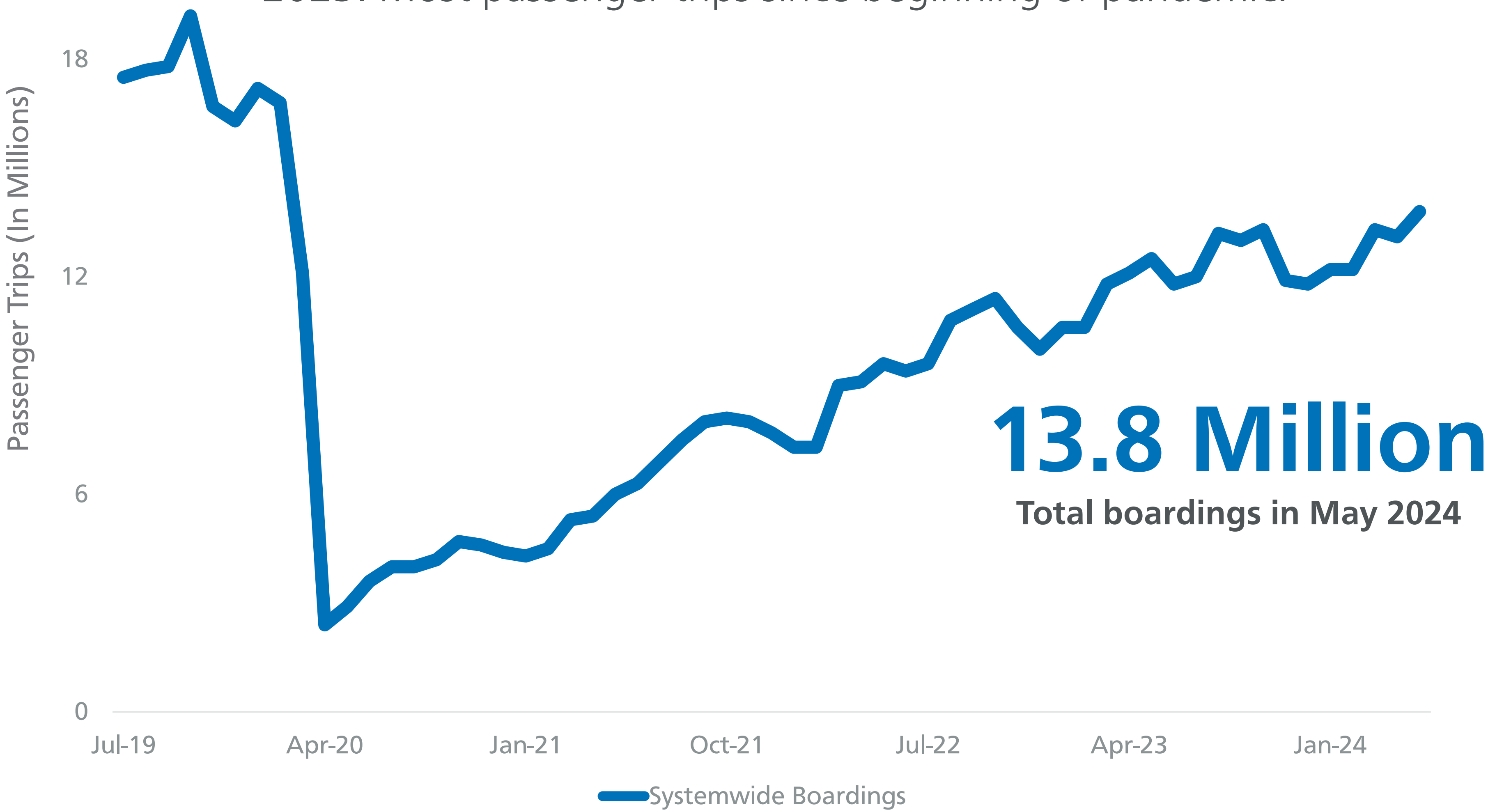
Ridership – Customer service rating

Muni received its highest customer service rating in more than 20 years, 72% rated Muni service as good or excellent.



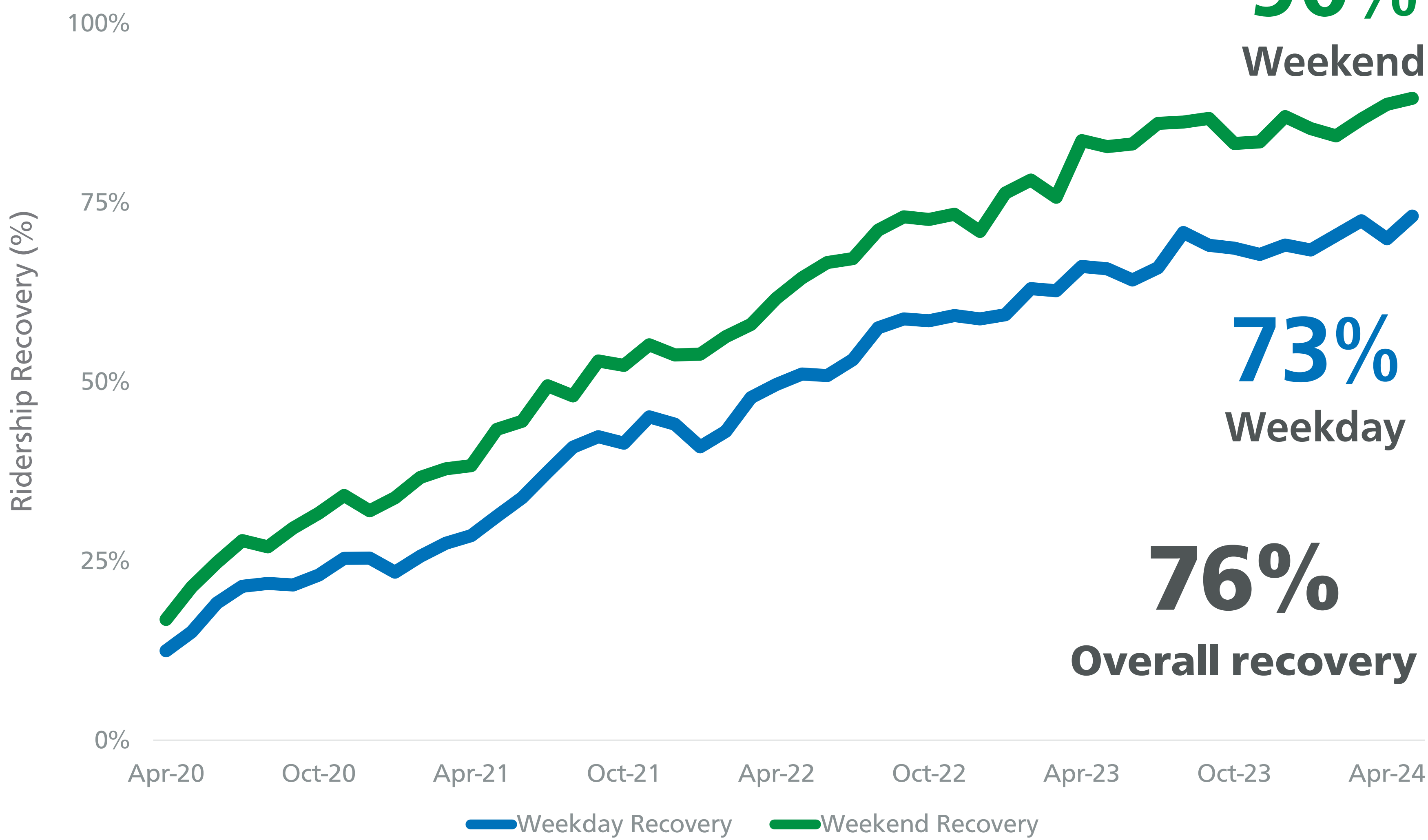
Ridership – Monthly Boardings

Ridership Continues to Grow: 1.3 million more passenger trips than May 2023. Most passenger trips since beginning of pandemic.



Note: Excludes cable car and streetcar.

Ridership – Recovery



90%
Weekend

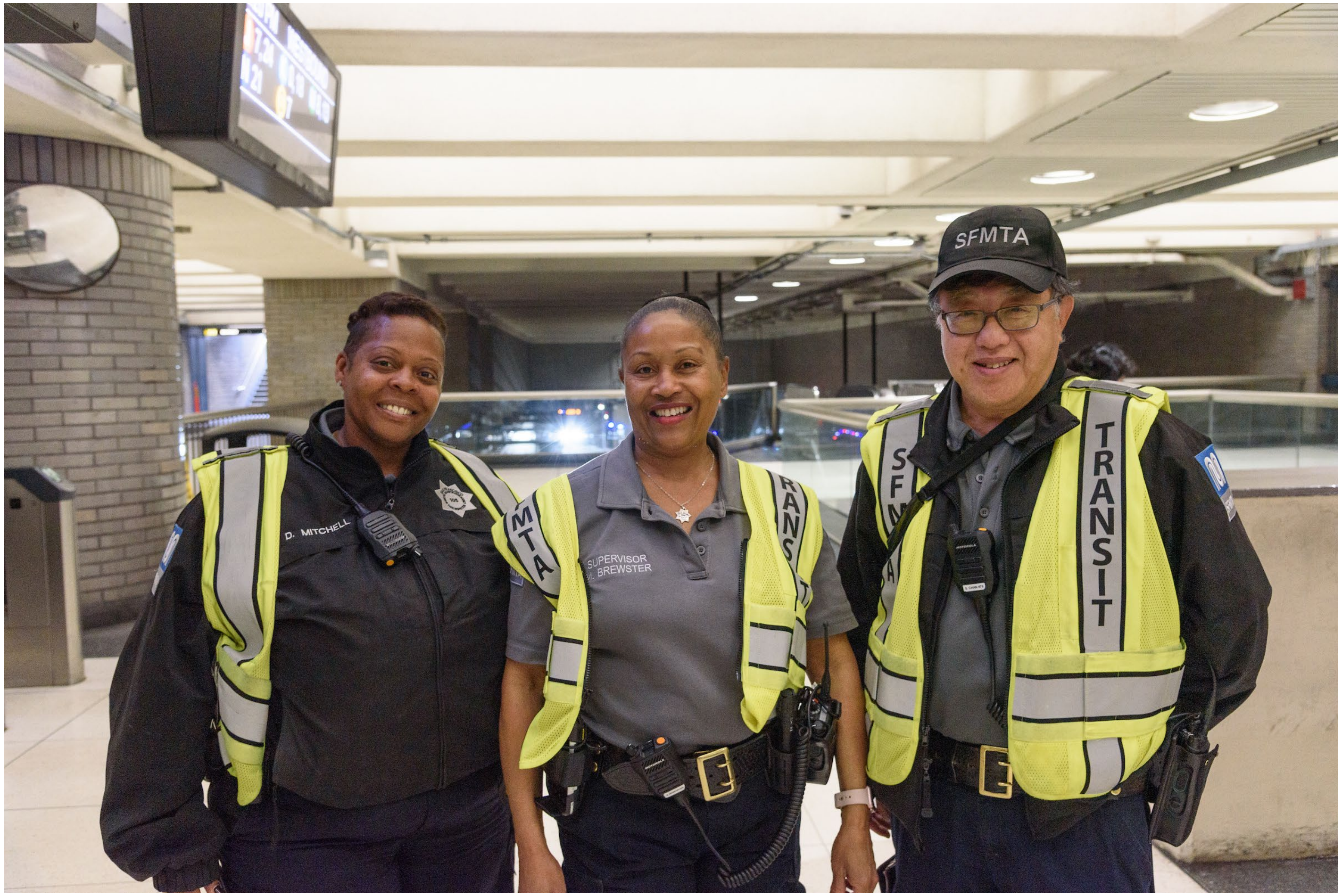
73%
Weekday

76%
Overall recovery

Note: Excludes cable car and streetcar. Recovery baselined against average daily boardings from the same month in calendar year 2019.

Fare Compliance

Hiring 36 additional Transit Fare Inspectors.



Regional Revenue Measure

- SF economic recovery depends on strong regional transit network
- This includes Muni, BART, Caltrain and others.
- 75% of all transit trips in the Bay Area start or end in San Francisco.
- Bay Area was unable to come to consensus on SB 1031.
- Continuing to work collaboratively with MTC and other counties on new regional revenue measure for Nov. 2026 ballot.

Continue to Improve Efficiency

We'll need to become even more efficient.

- By improving Muni travel time, we are able to **deliver more Muni service at the same cost.**
- **Transit priority investments** reduced delay by 15-30%. This allows us to deliver 15-30% more Muni service at no cost.
- In FY22-23 we **limited our hiring** to key positions. This saved $52.8 M.
- In FY24-25 & FY25-26, we will **reduce non-labor expenses** (such as materials and supplies) by $33.7M in FY24-25 and $25.5M in FY25-26

Can we win support for new sources of local revenue?

Summary

Balanced budget in FY24-25 and FY25-26 depends on $200M+ in federal and state relief. Without this support, SFMTA could not afford its current level of service.

Revenue is $275M or 16% lower than pre-pandemic.

Expenditure is $95M or 6% less than pre-pandemic.

Projected revenue growth of 3% cannot support projected expenditure growth of 4%, creating a long-term structural deficit.

The projected FY26-27 deficit is $239M-$322M or 15%-21% of the budget, an amount so large that closing the gap will require all available strategies.