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.

[Bar chart showing parking and transit revenues from 2018 to 2021 with a Y-axis in millions and X-axis representing months from January to December for each year.]
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”**

![Bar chart showing confirmed events at Moscone Center](chart.png)

**Pre-Pandemic Average (2019)**

Source: SF Travel, via [SF Office of the Controller](https://www.sfgov.org/accessibility)
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 ...

- **Invest too slowly**
- **Sustainable recovery path**
- **Invest too quickly**
If we invest too slowly in the transit recovery ...

Not enough transit available

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

Not enough transit available

Transit doesn’t support the economic recovery

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

- **Not enough transit available**
- **Transit doesn’t support the economic recovery**
- **Invest too slowly**
- **People stop taking transit: ridership and revenue decline**
If we invest too slowly in the transit recovery ...

- Not enough transit available
- Transit doesn’t support the economic recovery
- Service cuts
- People stop taking transit: ridership and revenue decline
If we invest too slowly in the transit recovery ...

- Service cuts
- Transit doesn’t support the economic recovery
- People stop taking transit: ridership and revenue decline
- Even less transit available
If we invest too slowly in the transit recovery ...

- Even less transit available
- Service cuts
- Transit doesn’t work for people’s needs
- People stop taking transit: ridership and revenue decline

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

- Transit doesn’t work for people’s needs
- Even less transit available
- Service cuts
- Even fewer people take transit: ridership and revenue decline further
- ☹
If we invest too slowly in the transit recovery ...

- Even fewer people take transit: ridership and revenue decline further
- Even less transit available
- Transit doesn’t work for people’s needs
- Further service cuts
… we end up in a transit death spiral
If we invest too quickly in the transit recovery ...

Sustainable recovery path

Invest too slowly

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

Service levels go up considerably at first.

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

Invest too quickly → Service levels go up considerably at first → One-time federal funding runs out before ridership bounces back → ...

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

- Invest too quickly
- Service levels go up considerably at first
- One-time federal funding runs out before ridership bounces back
- Rapid service cuts

 сниженение скорости движения в общественном транспорте...
If we invest too quickly in the transit recovery ...

- One-time federal funding runs out before ridership bounces back
- Service levels go up considerably at first
- Rapid service cuts
- People stop taking transit: ridership and revenue decline
- One-time federal funding runs out before ridership bounces back
If we invest too quickly in the transit recovery ...

Transit doesn’t support the economic recovery

One-time federal funding runs out before ridership bounces back

Rapid service cuts

People stop taking transit: ridership and revenue decline
If we invest too quickly in the transit recovery ...

Transit doesn’t support the economic recovery

People stop taking transit: ridership and revenue decline

Rapid service cuts

Further service cuts
If we invest too quickly in the transit recovery ...

Transit doesn’t support the economic recovery

People stop taking transit: ridership and revenue decline

Further service cuts

Even fewer people take transit: ridership and revenue decline further
... we also end up in a transit death spiral
It’s urgent that we find a sustainable balance

Sustainable recovery path

Invest too slowly

Invest too quickly
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

Transit Fares remain well below pre-pandemic rates.
Parking revenue grew to $19.1M, in line with February 2020 revenues.
Operating/Service: Structural Deficit with Revenue Loss

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Ongoing (base)</td>
<td>1,013</td>
<td>744</td>
<td>923</td>
<td>1,200</td>
<td>1,281</td>
</tr>
<tr>
<td>Pandemic Related Revenue Loss</td>
<td>(234)</td>
<td>(515)</td>
<td>(351)</td>
<td>(96)</td>
<td>(28)</td>
</tr>
<tr>
<td>Expenditures</td>
<td>1,210</td>
<td>1,124</td>
<td>1,305</td>
<td>1,353</td>
<td>1,403</td>
</tr>
<tr>
<td>Expenditure Savings/Increases</td>
<td>37</td>
<td>135</td>
<td>(3)</td>
<td>(21)</td>
<td>(22)</td>
</tr>
<tr>
<td>Revenue Less Expenditures</td>
<td>-</td>
<td>-</td>
<td>(31)</td>
<td>(57)</td>
<td>(94)</td>
</tr>
</tbody>
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Pandemic Related Revenue Loss FY20 to FY24

SFMTA revenues do not fully recover to pre-pandemic levels until FY 25.
### Operating/Service: Structural Deficit with One-Time Revenues

#### Current Financials

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<tr>
<th>Operating Budget, $M</th>
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<td>1,403</td>
<td>1,457</td>
</tr>
<tr>
<td>Revenue Less Expenditures</td>
<td>(197)</td>
<td>(379)</td>
<td>(382)</td>
<td>(153)</td>
<td>(122)</td>
<td>(136)</td>
</tr>
<tr>
<td>Revenue (one-time)</td>
<td>197</td>
<td>379</td>
<td>382</td>
<td>153</td>
<td>43</td>
<td>0</td>
</tr>
</tbody>
</table>
We will continue to **monitor** revenues.

Key **check points** will include school re-opening, the end of the calendar year and every quarter thereafter.

Through **review** we will **adjust** operations and service delivery accordingly.
The Agency has done a great job with saving since the pandemic started.
## Fiscal Management Strategy

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<tbody>
<tr>
<td>1</td>
<td>Eliminate MTAB Reserve</td>
<td>2</td>
<td>Overtime Controls</td>
</tr>
<tr>
<td>3</td>
<td>Hiring Freeze</td>
<td>4</td>
<td>Contract Expenditure Controls</td>
</tr>
</tbody>
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**FY 21 Savings Estimate** = $118 m

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<td>FY 21 savings of $16 m</td>
<td>Overtime projected to be 53% less than FY 19 and 48% less than FY 20 ($37 m)</td>
<td>Hiring freeze for all but mission critical positions resulting in $13 m savings</td>
<td>Strict review in place, <strong>total savings at $51 m</strong> e.g. faregate maint. ($5 m), fuel and lubricants ($6 m)</td>
</tr>
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</table>
Fiscal Management Strategy

FY 21 Savings Estimate = $134 m

1. Eliminate MTAB Reserve
2. Overtime Controls
3. Hiring Freeze
4. Contract Expenditure Controls

- FY 21 savings of $16 m
- FY21 Savings
- $16 m
- $54 m
- $64 m
- FY21 Savings
- FY 21 savings of $19 m

Overtime projected to be 53% less than FY 19 and 48% less than FY 20 ($37 m)

Hiring freeze for all but mission critical positions resulting in $13 m savings

Strict review in place, total savings at $51 m

- $5 m for faregate maint.
- $6 m for fuel and lubricants
- **Hiring freeze lifted** in April 27, 2021
- Staff to get to **85% service by January 2022**
- **Reviewing revenue base** for FY23 and FY24

**DECISION MAKING**

- **Review re-opening** in September/October 2021
- **Board workshop** in February 2022
- Budget **adoption** in April 2022
- Objective: Submit a **balanced budget** in May 2022
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.
State of Good Repair Trends


Total Assets in $B


TERM Score

3.33 3.32 3.30 3.19 3.18 3.07

% value Assets in Backlog

18.3% 17.7% 17.9% 22.3% 21.6% 24.6%

Current Financials

Economic Recovery

Introduction

Current Trends

CIP
CIP Projects
SFMTA’s interactive map with current and planned projects with updates.
Link: https://maps.sfmta.com/tppd/citywide/full/Index.html
SFMTA Budget, Financial Planning and Analysis

FY23 and FY24 Budget Development

1st AOCSC Meeting: Thursday, January 20, 2022

Board Workshop: Tuesday, February 1, 2022

1st CAC Meeting: Thursday, February 3, 2022

1st Board Presentation: Tuesday, February 15, 2022

2nd Board Presentation: Tuesday, March 1, 2022

2nd CAC Meeting: Thursday, March 3, 2022

3rd Board Presentation: Tuesday, March 15, 2022

2nd AOCSC Meeting: Thursday, March 17, 2022

SFMTA Board Adoption: April 5, 2022 (first opportunity) April 20, 2022 (second opportunity)

Submit to Mayor: no later than May 1, 2022