

# Operating Budget Projections FY 2011-2015



07 | 14 | 2009 | SAN FRANCISCO, CALIFORNIA

# PROJECTED OPERATING BUDGET (\$ millions)

OPERATING BUDGET	FY 2010 Approved	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Salary &amp; Benefits</b>	<b>483.0</b>	<b>509.5</b>	<b>534.1</b>	<b>571.4</b>	<b>611.4</b>	<b>654.4</b>
<b>Contracts and Other Services</b>	<b>64.0</b>	<b>68.9</b>	<b>73.7</b>	<b>83.3</b>	<b>98.9</b>	<b>98.9</b>
<b>Materials &amp; Supplies</b>	<b>40.7</b>	<b>43.8</b>	<b>46.8</b>	<b>52.9</b>	<b>62.8</b>	<b>62.8</b>
<b>Equipment &amp; Maintenance</b>	<b>42.5</b>	<b>45.7</b>	<b>48.9</b>	<b>55.3</b>	<b>65.6</b>	<b>65.6</b>
<b>Rent &amp; Building</b>	<b>7.0</b>	<b>7.5</b>	<b>8.0</b>	<b>9.1</b>	<b>10.8</b>	<b>10.8</b>
<b>Insurance &amp; Claims</b>	<b>66.2</b>	<b>71.2</b>	<b>76.1</b>	<b>86.1</b>	<b>102.2</b>	<b>102.2</b>
<b>Services from City Departments</b>	<b>64.5</b>	<b>69.4</b>	<b>74.2</b>	<b>84.0</b>	<b>99.7</b>	<b>99.7</b>
<b>Rainy Day Reserves</b>	<b>0</b>	<b>28.1</b>	<b>28.1</b>	<b>28.1</b>	<b>28.1</b>	<b>28.1</b>
<b>TOTAL</b>	<b>\$767.9</b>	<b>\$844.1</b>	<b>\$889.9</b>	<b>\$970.2</b>	<b>\$1,079.5</b>	<b>\$1,122.5</b>

# PROJECTED OPERATING BUDGET PERCENTAGE INCREASE FROM PRIOR YEAR (\$ millions)

OPERATING BUDGET	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Salary & Benefits	<b>5.5%</b>	<b>4.8%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>5.0%</b>
All Other Line Items	<b>17.4%</b>	<b>6.3%</b>	<b>13.6%</b>	<b>18.6%</b>	<b>2.7%</b>
<b>TOTAL</b>	<b>9.9%</b>	<b>5.4%</b>	<b>9.0%</b>	<b>11.3%</b>	<b>4.0%</b>

# PROJECTED OPERATING BUDGET Assumptions

- Annual Operating Budget totals for FY 2011 – FY 2015 are based on Central Subway cost model projections which includes:
  - TEP Implementation
  - Bike Network Implementation
- Increases to Salaries and Benefits for FY 2011 and FY 2012 are based on the Controller's Office 3-Year Budget Projection for General Fund Supported Operations.
- FY 2013-2015 Salaries and Wages: San Francisco Consumer Price Index - All Urban Consumers (CPI-U) + 1.0 percent, based on historical growth in salaries and wages and provisions of the labor agreements. Health Benefits: Historical growth in healthcare expenses of 8.5 percent for 6 years starting in FY 2010, then at San Francisco CPI-U - All Items.
- FY 2011-FY 2015
- Other Benefits: San Francisco CPI-U - All Items
- Fuel and Lubes: California Petroleum Crude Oil Price
- Materials and Supplies: San Francisco CPI-U - All Items + 1.0 percent for 4 years, then San Francisco CPI-U - All Items
- Propulsion Electricity: San Francisco Consumer Electricity Prices
- Other: San Francisco CPI-U - All Items
- Rainy Day Reserve target is 12.5% (or \$140.3M) of the FY 2015 Operating Budget spread out over the next five years.

## PROJECTED DEFICIT (\$ millions)

OPERATING BUDGET	Actual FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
REVENUE	<b>768</b>	<b>768</b>	<b>768</b>	<b>768</b>	<b>768</b>	<b>768</b>
EXPENSE	<b>768</b>	<b>844</b>	<b>890</b>	<b>970</b>	<b>1,080</b>	<b>1,122</b>
<b>DEFICIT</b>	<b>\$0</b>	<b>(\$76)</b>	<b>(\$122)</b>	<b>(\$202)</b>	<b>(\$312)</b>	<b>(\$354)</b>



**CAPITAL INVESTMENT PLAN (CIP)**  
**FY 2009 Interim Update**  
**&**  
**FY 2011-2015 Comprehensive CIP**

**SFMTA Board of Directors**

**July 14, 2009**

# OVERVIEW OF PRESENTATION

- 1. CIP Purpose and Process**
- 2. Purpose and Focus of the Interim Update**
- 3. State of the CIP: Investment Priorities  
Responding to the Current Environment**
- 4. Timeline for Interim Update**
- 5. Vision for a Comprehensive CIP Revision: Starts  
in Fall 2009**
- 6. Wrap-Up and Questions**

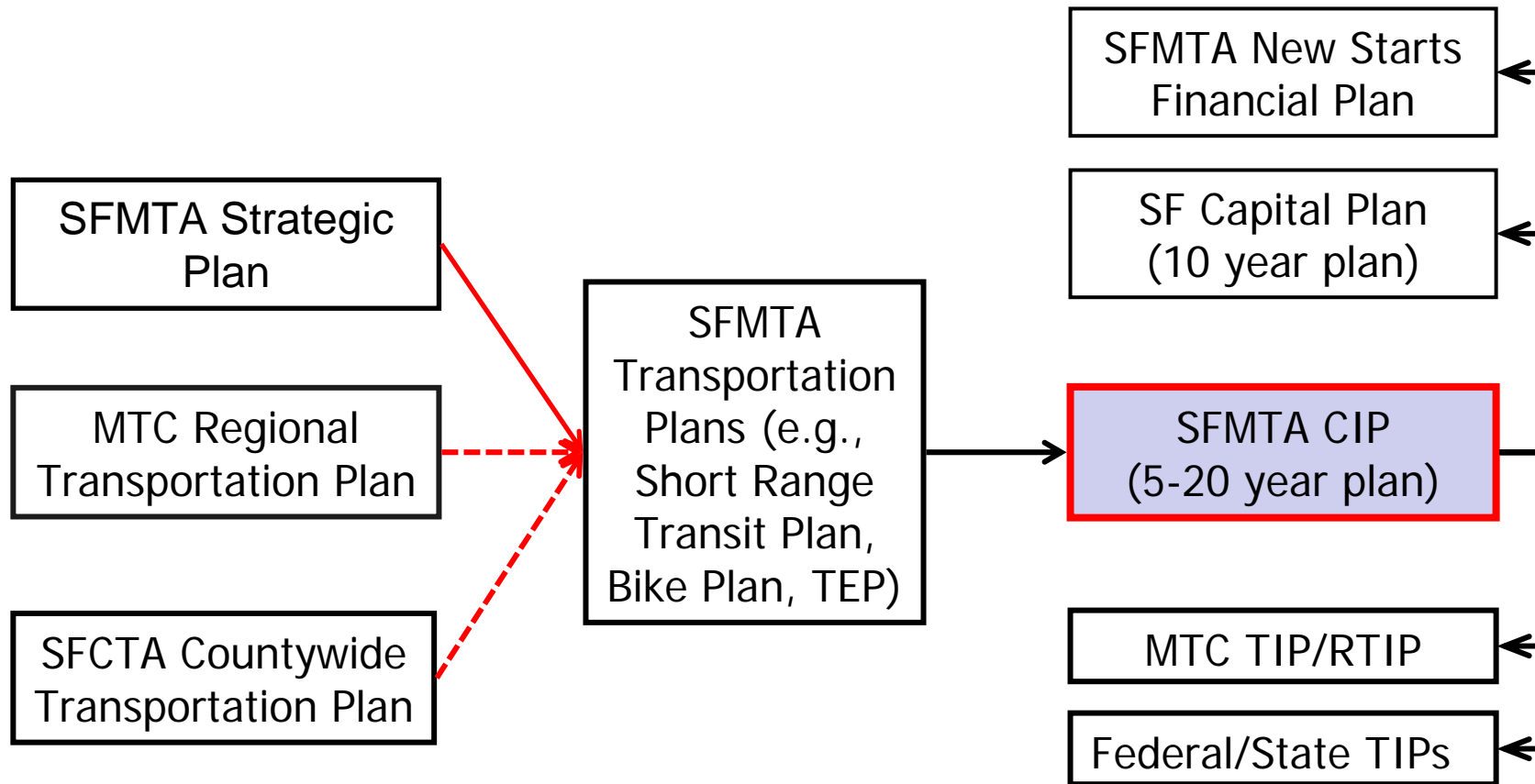
# PURPOSE AND GOALS OF THE CIP

- **Describes and Explains the SFMTA's Investment Priorities**
- **Supports the SFMTA Strategic Plan**
- **Integrates:**
  - Capital Planning
  - Project Prioritization
  - Capital Budgeting
  - Capital Financing
- **Supports Strategic Investment that Safeguards and Improves Physical Assets – matching funding to project needs**
- **Strengthens the SFMTA's Long-Term Ability to Deliver Better Services**





# CIP RELATIONSHIP TO OTHER PLANS



# PROJECT PRIORITIZATION PROCESS

- **PROJECT CRITERIA**
  - Mission Critical
  - System Preservation
  - Transportation Initiatives
  - Mission Development
- **PROJECT EVALUATION, SCORING, AND RANKING**
  - Vetting
  - Evaluation
  - Scoring and Ranking
- **CIP IMPLEMENTATION**



## WHY THE INTERIM UPDATE?

- **Rapidly changing ECONOMIC AND BUDGET situation**
- **New FUNDING sources (e.g., ARRA)**
- **Increased emphasis on ASSET PRESERVATION and shovel ready projects**
- **New INITIATIVES**
- **Newly adopted REGIONAL TRANSPORTATION PLAN**



## FOCUS OF THE INTERIM UPDATE

- **FUNDING Program Updates**
- **PROJECT Updates**
- **PRIORITIZATION Update**
- **BETTER INTEGRATION of Long-Range and Short-Range CIPs**
- **Add Only APPROVED “NEW” PROJECTS (not preliminary concepts)**



# FUNDING STATUS THROUGH FY 2012/13

## By Program

Program	Cost	Funding Identified	Funding Gap (Deficit/Unidentified)
TRANSIT	\$3,700 M	\$2,500 M (67%)	\$1,200 M
• Infrastructure	\$2,300 M	\$1,800 M (76%)	\$ 500 M
• Fleet	\$ 599 M	\$ 455 M (76%)	\$ 144 M
• Facilities	\$ 515 M	\$ 219 M (43%)	\$ 296 M
• Equipment	\$ 273 M	\$ 61 M (22%)	\$ 212 M
BICYCLE	\$ 27 M	\$ 15 M (56%)	\$ 12 M
PEDESTRIAN	\$ 42 M	\$ 11 M (26%)	\$ 31 M
OTHER STREETS	\$ 323 M	\$ 69 M (21%)	\$ 254 M
OFF-STREET PARKING	CIP being developed	-----	-----
ACCESSIBLE SERVICES	\$ 28 M	\$ 17 M (60%)	\$ 11 M
TAXIS	No projects yet	-----	-----

# FUNDING STATUS: Selected Projects and Programs

Project	Cost	Funding Identified	Funding Gap (Deficit/Unidentified)
Central Subway	\$1,578 M	\$1,414 M (91%)	\$ 164 M
Install Pedestrian Signals (Countdowns & Accessible Signals)	\$ 54 M	\$ 3 M (6%)	\$ 51 M
Motor Coach Midlife Rebuilds	\$ 337 M	\$ 196 M (58%)	\$ 141 M
Van Ness Ave. Bus Rapid Transit	\$ 142 M	\$ 96 M (67%)	\$ 46 M
Paratransit Vans (purchase)	\$ 7 M	\$ 5 M (74%)	\$ 2 M
Transit Signal Priority Devices (600 intersections)	\$ 15 M	\$ 4 M (100%)	\$ 11 M
Islais Creek Motor Coach Division	\$ 105 M	\$ 46 M (44%)	\$ 59 M
Multi-Space Parking Meters	\$ 15 M	\$ 0 (0%)	\$ 15 M
Central Control & Communications	\$ 323 M	\$ 197 M (61%)	\$ 126 M

## FUNDING STATUS: Emerging Needs

Project	Cost	Funding Identified	Funding Gap (Deficit/Unidentified)
Transit Effectiveness Project – Operating Budget Neutral Improvements	\$200 M	\$ 21 M (11%)	\$179 M
Geary Bus Rapid Transit	\$259 M	\$114 M (44%)	\$145 M
SFgo	\$241 M	\$ 29 M (12%)	\$ 212 M
Bike Plan - Facilities and Bicycle Sharing	\$ 23 M	\$ 11 M (48%)	\$ 12 M
Better Streets Plan Initiatives	TBD	TBD	TBD

# POSSIBLE PROJECT DEFERRALS

- **Why Defer Projects?**
  - **Funding Limitations**
    - Especially local matching funds
  - **Staff Limitations**
    - Hiring freeze
    - Need for skilled project development staff
  - **Focus on Quality and Delivery**
- **Basis for Which Projects Best to Defer?**
  - **Readiness**
    - Staff
    - Funding
  - **Not Mission Critical**
  - **No Major Health & Safety Impacts**

Example Projects for Possible Deferral	Funding Status	Other Issues
<b>Geary BRT</b>	\$145 M funding gap	Environmental clearance needed.
<b>Ft. Mason Historic Streetcar Extension</b>	\$49 M funding gap	Environmental clearance needed.
<b>SFgo (Outside of Van Ness Corridor)</b>	\$212 M funding gap (UPP grant lost)	Equipment integration issues.
<b>Selected Facilities Projects</b>	Prop K Muni Facilities funding needs to be spread out to limit finance costs	Facilities Master Plan to be developed shortly.
<b>Central Control – New Primary Facility (not Interim Facility)</b>	\$116 M overall gap and \$15 M in next 5 years	



## INTERIM UPDATE TIMELINE

<b><i>Milestone</i></b>	<b><i>Date (2009)</i></b>
<b>Call for Project Updates Released</b>	<b>March 26</b>
<b>Updates Requested from Managers</b>	<b>April 15</b>
<b>Preliminary Draft CIP Project List Distributed and Reviewed</b>	<b>June/July</b>
<b>SFMTA Board Overview</b>	<b>July 14</b>
<b>Develop Final Draft</b>	<b>August</b>
<b>SFMTA Board Approval</b>	<b>Sept. 15</b>

## VISION FOR THE NEW FY 2011-2015 CIP

- **Comprehensive Look at All Modes and Functions of the Agency**
- **Enhance Project Review, Transparency and Input**
- **Improve Prioritization Process**
- **Systematically Consider New Projects within Budget Constraints**
- **Provide Better Analysis and Reporting through Conversion to Database**
- **Develop in Parallel with SFMTA Long Range Multi-Modal Transportation Plan**



# ISSUES FOR NEW FY 2011-2015 CIP

- **Operating Budget: Place greater emphasis on capital improvements that improve operating cost-effectiveness or achieve efficiencies?**
- **Climate Action Plan:**
  - Need to prioritize projects with most energy/environmental net benefits
  - SFMTA responsible for planning for entire transportation sector
- **Develop Project Performance Monitoring Methodology to verify SFMTA is investing in the most beneficial projects**



# PROJECT PRIORITIZATION METHODOLOGY

**Procedures needed that support ranking projects to align closely with:**

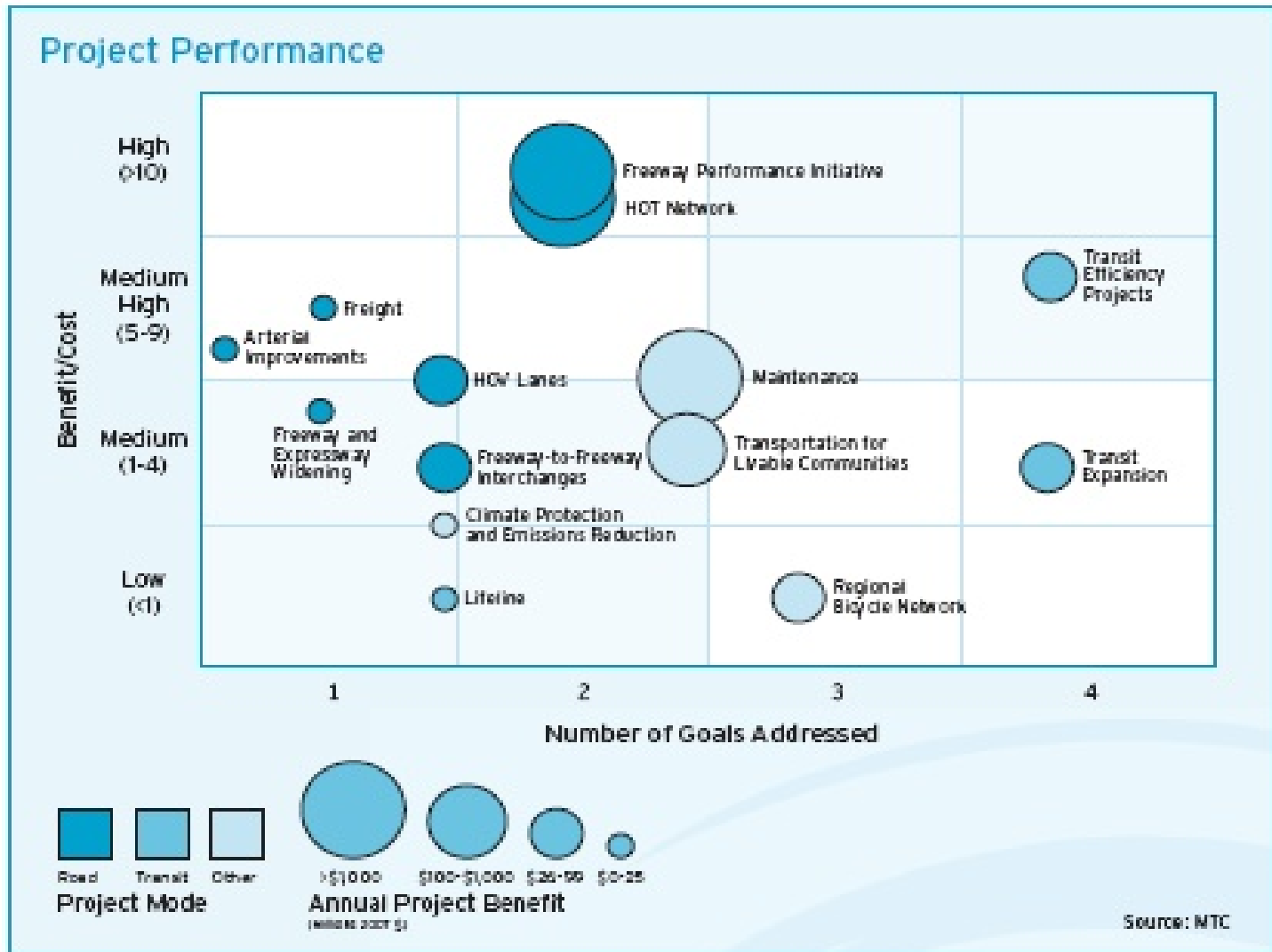
- SFMTA Strategic Plan
- Changing Transportation Environment
- Current Financial Challenges

**MTC Project Performance Rating Method may suggest:**

- Way to prioritize groups of projects
- Communication tool that shows multiple ratings at one time
- Reflect MTC's own values (as a major funder)



# MTC REGIONAL TRANSPORTATION PLAN: Project Performance Graph



# OVERALL CIP PROCESS - NEXT STEPS

<i>Milestone</i>	<i>Period</i>
FY 2009 Interim Update presented to the SFMTA Board for adoption	September 15, 2009
<b>Staff Continues to:</b> <ul style="list-style-type: none"> <li>• Analyze Best Practices</li> <li>• Develop Multi-Modal Transportation Plan</li> <li>• Present Periodic Updates to the SFMTA Board</li> </ul>	Summer 2009 through Spring 2010
Present Project Prioritization Methodology to SFMTA Board	Early Fall 2009
Internal Call for Projects	Late Fall 2009
FY 2011-2015 CIP Update presented to the SFMTA Board for adoption	June 2010



A grayscale photograph of a San Francisco cable car, number 59, on a city street. The cable car has a sign that reads "Van Ness Ave California Streets". Several people are visible on the cable car and on the sidewalk. The text "Revenue Options" is overlaid in large white letters across the center of the image.

# Revenue Options



# Overview

- On March 27, 2007, a memorandum summarizing various revenue options was sent to the SFMTA Board of Directors
- On May 29, 2007, Mayor Newsom convened a panel of transportation and financial experts to review Muni's funding needs
- Mayor Newsom indicated that the Panel's goals were twofold:
  - one, to provide an assessment of the financial situation of SFMTA, particularly Muni; and
  - two, to identify funding sources for public transit operations going forward
- The Revenue Panel spent over a year delving into Muni's operations and financial condition
- After evaluating various recommendations, the Revenue Panel endorsed several options
- On January 27, 2009, the summary of the Revenue Panel's efforts were presented to the SFMTA Board of Directors



# Recommendations for SFMTA (1/3)

- Implement the recommendations of the TEP *Status: CEQA Review Underway*
  - Improve public transit speed (increasing average speed from 8 to 10 mph would reduce cost per passenger trip 20 percent, from \$2 to \$1.60)
- Implement work rule changes in labor contracts *Status: Consider during negotiations*
- Improve enforcement and collections *Status: Underway*
  - Fare evasion
  - Parking
- Leveraging assets *Status: Underway*
  - Advertising
  - Naming rights
  - Development: TOD, public private partnerships
- Innovative Technology *Status: Underway*
  - Use of a single smart card across the City's transportation systems including public transit, off-street parking, on-street parking and taxicab services

# Completed Items by SFMTA

- Redirect interest income from City's general fund
- Special collections fee for delinquent citations
- Daily deposit of garage revenues (except for non profits garages) to earn interest
- MOU with Port to recover PCO services
- Advertising contracts
- Recalculated all fees and permits at cost recovery
- Established permit for lost parking meter revenue from construction sites and bagged meters
- Increased all fares (except for single rides on cable cars)
- Additional 40% in-lieu parking tax (Prop A)
- All new parking revenues to MTA instead of sharing with the General Fund (Prop A)
- Adjusted General Fund Baseline for T-third service
- Increased citation amounts
- Implemented an automatic indexing policy
- Implemented a reserve policy
- Grants: SFpark, Central Subway, SFgo, ARRA

# Recommendations for Users (1/3)

- Fares, fines, fees and rates should have an initial catch up to bring rates closer to market *Status: Completed*
- Automatic adjustments after catch up using a hybrid formula incorporating CPI and salary increases *Status: Completed*
- Fast pass multiplier should be between 35-40 times single fare price *Status: Multiplier Policy to Be Established as part of FY 2011-2012 Budget Process*
- Discount pass multiplier should be between 35-40 times single fare price *Status: Multiplier Policy to Be Established as part of FY 2011-2012 Budget Process*
- Implement demand responsive pricing for both on- and off-street parking *Status: Underway with SFpark*

# General Information

## **Imposition of a regulatory or impact fee.**

Any fee, whether characterized as a regulatory fee to address congestion, or an impact fee to defray the costs for the proportional additional burden imposed on MUNI services by the fee payer's activities, requires a study to establish (1) nexus between the activities of persons or businesses that would pay the proposed fee and the burdens they impose on for the use they make of MUNI services, and (2) the proportional share of the costs attributable to fee payers. Fee amounts must be proportional and recover no more than the fee payers' share of overall costs (i.e., fee amount may not be set to subsidize the costs attributable to those persons or entities not subject to the fee). Depending on its characteristics, a fee is imposed by ordinance of the Board of Supervisors or by the SFMTA Board of Directors. The Charter and state law require a noticed public hearing. Fees may also be imposed by ballot measure.

# General Information

## Establish an Assessment District.

Although there are various types of assessment districts authorized under state and local law to enable local entities to levy assessments on parcels of real property, the procedures for establishing such districts are fairly uniform. These laws require that an analysis identify all parcels which will have a special benefit conferred upon them, including property owned by federal, state or local governmental agencies. The "special benefit" is the "particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large." The analysis must determine the "proportionate special benefit" to each property in relation to the overall cost of acquiring or constructing an improvement or of "maintaining and operating" an improvement. The analysis is similar to a nexus study. The assessment imposed on each parcel may not exceed the reasonable cost of the "proportional special benefit" conferred on the parcel. Following the analysis, the law requires that there be a public hearing and opportunity for property owners to cast ballots for or against the proposed assessment. An assessment district cannot be established if a weighted majority of affected property owners oppose its formation.

# General Information

## Imposition of New Taxes and Tax Increases.

State law recognizes two types of taxes; general taxes, which are used for general purposes (e.g. General Fund), and require a simple majority of voters to approve, and special taxes, which are used for specific purposes (e.g. dedicated to MTA), and require voter approval by a 2/3 majority. While revenues from a general tax can be used to support MTA, they may not be legally dedicated to such a specific purpose. Thus, the imposition of any new tax, increase of an existing tax or the extension existing tax to persons or businesses not previously subject to the tax, where some or all of the revenues from would be earmarked to SFMTA, would be a special tax requiring 2/3-voter approval. The Charter grants SFMTA general authority, consistent with state law, to place taxes on the ballot without approval of the Board of Supervisors or Mayor.

However, some taxes may require authorization by the Board of Supervisors under State law. All taxes will require a noticed public hearing and adoption of either a resolution or ordinance submitting the proposal to the electorate. Any new or increased tax proposal will require the development of the tax base, measure, rate, allocation or apportionment methodology, exemptions, and administration to ensure compliance with federal and state constitutional and statutory requirements and limitations, including the Commerce Clause, and other financial corporations specific statutory exemptions. In addition, any tax that will be collected through the State Board of Equalization must comply with specific administrative requirements.

# Recommendations for Citywide Transit First Policy (1/3)

## ***Motor vehicle license fee***

The VLF was established by the State Legislature in lieu of a property tax on vehicles. The formula for VLF assessment established by the Legislature is based upon the purchase price of the vehicle or the value of the vehicle when acquired. The VLF decreases with each renewal for the first 11 years. The VLF is part of the total fees due upon initial and annual vehicle registration renewal.

**Financial Impact:** This amount will temporarily increase to 1.15 percent from 0.65 percent, or a 0.50 percent increase, for most vehicles effective May 19, 2009 and will be effective through June 30, 2011, but may be extended to June 30, 2013. The VLF increase of 0.50 percent will be allocated as follows: 0.35 percent to the State General Fund; and 0.15 percent transferred to the Local Safety and Protection Account established in the Transportation Tax Fund. The VLF could be restored to its historical rate of 2% or an additional 0.85 percent increase. Based on the 475,000 vehicles registered in San Francisco, restoring the VLF to 2% from the 1.15 percent would have had a net revenue potential of approximately \$33 M.

**Authority:** Requires State legislative approval first to allow local vote and then a 2/3<sup>rd</sup> vote by the BOS and majority vote of the voters in San Francisco.

# Recommendations for Citywide Transit First Policy (1/3), continued

## ***Additional Fees***

The SFMTA is currently completing three nexus studies to evaluate potential fees on commercial and residential development:

- Update to the Transit Impact Development Fee, legislatively required by September 2009
- New Comprehensive Transportation Impact Development Fee (would include pedestrian, bicycle and other transportation projects)
- New Automobile Trip Mitigation Fee (to mitigate significant effects identified by CEQA analysis)

**Financial Impact:** Will become available in the next few months as part of the studies

**Authority:** BOS will need to approve any changes to the TIDF. Approval authority of the CTIDF and the ATMF is currently under review but most likely at the very least the ATMF if imposed will require BOS approval. All assessments on properties, must comply with procedural and substantive requirements of Propositions 13 and 218 and the City Charter.



# Recommendations for Citywide Transit First Policy (1/3), continued

## ***Sales Tax***

As of April 1, 2009, the State sales tax is 7.25% and an additional 2.25% local tax for a total San Francisco sales tax of 9.5%. The Board of Supervisors could put an additional 0.75 percent before the voters.

**Financial Impact:** Increasing the sales tax 0.5% annually would raise approximately \$55 million.

**Authority:** Under state law, sales taxes and transactions and use taxes require approval by the Board of Supervisors and State Board of Equalization. Will require 2/3 voter approval if revenues are dedicated to a specific purpose.

## Recommendations for Citywide Transit First Policy (1/3), continued

- **Fee/Tax on Rental Car Usage at SFO** *Status: City Attorney has determined that SFMTA lacks authority to impose a rental care fee or tax on cars rented at SFO.*
- **Fee for Cruise Ship**

The Port hosts 60-80 cruise ship calls and 200,000 passengers annually. Would raise issues related to negative impact on tourism and competition for cruise business on the West Coast. Assuming \$20.00 fee levied on departing or visiting cruise passengers in exchange for a pass, would generate approximately \$4 million annually.

**Authority:** Will require approval by Port Commission
- **Transient Occupancy Tax**

The hotel room tax (or “transient occupancy tax”) is a 14 percent tax levied on hotel room charges. The tax is collected by hotel operators from guests and remitted to the treasurer/tax collector. Assuming 1% increase in the hotel tax in exchange for a pass, would generate approximately \$15 million annually.

**Authority:** Will require approval by SFMTA Board and 2/3 voters approval if revenues are dedicated to a specific purpose.

# Recommendations for Citywide Transit First Policy (1/3), continued

- ***Payroll Tax***

The payroll tax is a tax on the payroll expense of persons and associations engaging in business in San Francisco. The ordinance imposes a tax on all businesses that engage, hire, employ or contract with one or more individuals, as employees, to perform work or render services within San Francisco. The tax rate is 1.5 percent of total payroll expenses.

Increasing the payroll tax by 0.1 percent would generate approximately \$25 million

**Authority:** Will require approval by SFMTA Board and 2/3 voters approval if revenues are dedicated to a specific purpose.

- ***Reduce discount level for discount passes***

Current discount fares for monthly passes reflect a 78 percent discount off adult fares. In May 2010, this ratio will be reduced to 69 percent. Current discount fares for single rides reflect a 67 percent discount off adult fares. On July 1, 2010, this ratio will be reduced to 62.5 discount off adult fares.

***Status: Multiplier Policy to Be Established as part of FY 2011-2012 Budget Process***

## Recommendations for Citywide Transit First Policy (1/3), continued

- ***Parking tax for all parking, including at private parking lots***

Charge the parking tax for all parking, including private parking lots currently untaxed that require no payment for parking (e.g. Safeway, Stonestown). In FY 07-08, the City received approximately \$65 million.

Assuming 5% of the parking spaces in the City are in this category based on observations in the SF *park* pilot areas, this translates to \$3.25 million annually.

**Authority:** Will require approval by SFMTA Board and 2/3 voters approval if revenues are dedicated to a specific purpose.

- ***Change transfer policy or eliminate transfers*** *Status: Considered during FY 2010 Budget and rejected*
- ***Premium fare, higher fare for a Muni/BART pass compared to a Muni only pass*** *Status: Considered during FY 2010 Budget and approved*

## Recommendations for Citywide Transit First Policy (1/3), continued

- ***Property Transfer Tax***

*Status: City Attorney has determined that dedication of revenues from an increase to the real property transfer tax would be unconstitutional.*

- ***Utility Users Tax***

Non-residential consumption of telephone services, electricity, natural gas, steam and water in the City and County of San Francisco is subject to the Utility Users Tax. The tax is also levied on cellular telephone charges billed to an address within the City. Utility Users Tax is collected from the consumers by the service providers, and then remitted to the City on a monthly basis. The tax rate is 7.5 percent on charges for services, including minimum charges for services. For example, if a utility user's total PG&E energy charges are \$100 in a given month, then the total bill will be \$107.50, with \$7.50 being remitted to the City by the service provider.

In FY 07-08, the City received approximately \$80 million. Therefore, adding 1 percent translates to approximately \$10 million

**Authority:** Will require approval by SFMTA Board and 2/3 voter

## Recommendations for Citywide Transit First Policy (1/3), continued

- ***Apartment License Fee***

The Department of Building Inspection charges an annual License Fee to apartment house owners used to defray the cost of periodic health and safety inspections. We could research whether this fee could be expanded to fund transportation.

- ***Increase parking tax by 5 percent***

The parking tax applies to the rental of all non-residential parking spaces in the City. The current parking tax is 25 percent of the rent charged for occupancy of the parking space. SFMTA currently receives general fund revenues equivalent to 80% of parking tax revenues or \$55 million annually. A 5% increase translates to approximately an additional \$3 million to the SFMTA.

**Authority:** Will require approval by the SFMTA Board and 2/3 voter approval if revenues are dedicated to a specific purpose.

## Recommendations for Citywide Transit First Policy (1/3), continued

- ***Parking congestion impact fee***

Many cities use mechanisms to discourage driving during peak times as a way to manage congestion. Placing a surcharge for entering or exiting an off-street parking facility downtown during times of peak congestion, e.g. 7:30 to 9:30 a.m. and 4:00 to 6:30 p.m. would be an example of a method of implementing peak period congestion. The SFCTA is currently working on this.

- ***Parcel Tax***

An annual tax on residential and commercial property parcels for transportation. The Treasurer reports there are approximately 18,000 parcels. To generate \$20 million, the tax would be \$1,111, annually. **Authority:** Will require approval by SFMTA Board and 2/3 voter approval if revenues are dedicated to a specific purpose.

## Other Options

- ***Fuel Tax.***

This tax option may be designed as either an excise tax on the sale of motor fuel or as a business license tax for the privilege of engaging in the business of selling motor fuel. Both Revenue and Taxation and Public Utilities Codes authorize counties to impose additional taxes on motor vehicle fuel sales. The City would then have to enter into an agreement with the State Board of Equalization for the collection and administration of the tax. Revenues collected under the Revenue and Taxation Code would be limited by Article XIX of the state constitution, which restrict the use of fuel tax revenues to research, planning, construction, maintenance or improvement of: 1) streets and highways; and 2) public mass transit guideways and related facilities. Operating and maintenance costs for mass transit power systems, passenger facilities, vehicles, equipments and services are specifically excluded. A tax under the Public Utilities Code would be limited to 1 cent per gallon but revenues could be used for a broader range of purposes: (1) planning, construction and maintenance and acquisition of rights of ways for exclusive public transit guideways and bus lanes and related facilities; (2) purchase of transit vehicles; and (3) payment on voter approved bonds for these purposes.

**Authority:** For tax on sale of fuel, requires legislation passed by the Board of Supervisors and 2/3 voter approval if revenues are dedicated to a specific purpose. For business license tax approval by SFMTA Board and 2/3 voter approval if revenues are dedicated to a specific purpose.



## Other Options

- **Disabled Placard Payment for Parking**

The placards allow drivers to park for free at parking meters in the City and in time-restricted spots. One out of five placard users may not be legitimate, based on statistics from sting operations against illegal placard users. About 50,700 disability placards were issued to San Francisco drivers, up from approximately 30,000 placards issued as of 2003.. A 2007 city controller report found cars with placards parked at meter spots account for about \$15 million in lost revenue.

**Authority:** Requires State legislative change