

THIS PRINT COVERS CALENDAR ITEM NO. : 8

**MUNICIPAL TRANSPORTATION AGENCY
City and County of San Francisco**

DIVISION: FINANCE and ADMINISTRATION

BRIEF DESCRIPTION: Recommend approval of the Municipal Transportation Agency FY 2006-2007 Operating Budget, totaling \$678,683,960.

SUMMARY:

- The FY 2006-2007 Budget of \$678,683,960 million reflects a series of revenue initiatives and cost reduction measures that are required to balance the budget. The net effect of these changes in revenues and expenditures represents an increase of \$92,659,724 over the Fiscal Year 2005-2006 approved budget.
- This item authorizes the Director of Transportation to make technical and clerical adjustments to the departmental budget following their submittal to the Mayor and the Board of Supervisors, and provides that the MTA Board must approve changes exceeding five percent of the budget.

ENCLOSURES:

1. MTAB Resolution
2. Attachment A – MTA FY2007 Operating Budget by Line-Item *not available on-line
3. Attachment B – Schedule of Changes to City-owned and Parking Authority-owned parking garage rates *see item 7
4. Attachment C – Prop. J Certifications *Not available on-line

APPROVALS:

DATE

DEPUTY OF DIVISION
PREPARING ITEM _____

FINANCE _____

EXEC.DIRECTOR/CEO _____

SECRETARY _____

ADOPTED RESOLUTION

BE RETURNED TO _____

ASSIGNED MTAB CALENDAR DATE: February 28, 2006

EXPLANATION:

Since FY 2003-2004, the MTA has presented a single budget book, composed of two budgets – one for the Municipal Railway and one for Parking and Traffic. Beginning Fiscal Year 2006-2007, in an effort to present a budget for a completely integrated Agency, the budget is presented as one MTA Budget.

Sizing of the MTA FY2007 Shortfall

On January 17, 2006, staff presented the first draft of the MTA budget with a projected deficit of \$4.1 million. This deficit was the net effect of the addition of \$81.8 million in planned expenditures, over and above the current year's expenditure requirements, and \$77.7 million in anticipated revenues, also over and above the anticipated revenues for the current year.

Due to a series of additional adjustments that were made to the budget to cover City-wide salary and fringe benefit adjustments, the reallocation of City-wide expenditures to the appropriate departments, departmental work orders, and planned expenditures, the projected deficit increased by \$6.9 million to total approximately \$11.0 million.

As of Tuesday, February 28, 2006, the amount of the projected deficit between planned expenditures and anticipated revenues has grown to approximately \$15.1 million.

A variety of options to eliminate this projected deficit and balance the MTA budget have been presented and discussed. The FY2007 MTA budget, included as Attachment A to this calendar item, is balanced. Below is a summary of how the \$15.1 million gap was covered.

The following chart contains the most significant changes that were taken in order to balance planned expenditures against anticipated revenues for Fiscal Year 2006-2007.

Proposed MTA FY07 Balancing Plan	
February 28, 2006	
ITEM	ADDITIONAL REVENUE/ SAVINGS
Annualization of Parking Meter Rate Increases, Parking Tax, Parking Fines implemented in FY 2006	\$1,797,094
Parking garage rate adjustments at various garages	\$1,596,291
Parking Fines/Rates/Fees Subtotal	\$3,716,378
Operating Efficiencies/Adjustments	
Centralization of Ordering for Miscellaneous Materials and Supplies, and Inventory Management for Materials Management Materials and Supplies	\$2,500,000
Reduction in Workers' Compensation Expenditures	\$4,000,000
Revenues from Increased Proof of Payment Activities	\$14,000,000
Use of Unappropriated Fund Balance	\$8,600,000
Service Efficiencies/Adjustments Subtotal	\$29,100,000
Preventative Maintenance Funding	\$20,000,000
GRAND TOTAL	\$52,816,378

FY2007 MTA Budget

The FY2007 MTA budget has revenues and expenditures totaling \$678,683,960. On the expenditure side, the significant spending categories are summarized below.

Labor	\$443,099,767	65.2%
Non-Personal Services	120,738,315	17.7%
M&S	39,276,971	5.7%
Capital	21,978,646	3.2%
Services of Other Depts	39,181,743	4.5%
Other	26,188,935	3.8%
Allocated Charges	(14,337,986)	N/A
TOTAL	\$678,683,960	100%

On the revenue side, the significant revenue categories are summarized below.

Parking/Fines/Fees	\$176,766,873	26.0%
General Fund Transfer	\$166,131,000	24.5%
Fares	\$159,052,317	23.4%

Local and Regional taxes	\$114,432,159	16.9%
Special/Restricted Revenues	\$26,356,493	3.9%
Interdepartmental/Misc	\$35,945,118	5.3%
TOTAL	\$678,683,960	100%

Plan for Balancing FY2007 Budget

The \$15.1 million shortfall between planned expenditures and anticipated revenues is the net effect of numerous expenditure increases and decreases. These expenditure changes were offset by changes in anticipated revenues. The following table shows the increases in anticipated revenues that allowed the Agency to close the anticipated shortfall.

Revenue Category	\$ Amount +/-(-)
Proposition 42 (Gas Tax)	\$6,100,000
Balance of State TDA	\$297,758
Miscellaneous Revenue Correction	\$(2,497,758)
Appropriated Fund Balance	\$8,600,000
Proof of Payment New Initiative Revenue	\$(6,000,000)
General Fund Subsidy Baseline & One-time Adjustment	\$8,000,000
Advertising	\$1,000,000
Garage Rate Increases	\$700,000
Total	\$15,100,000

Activities Supported by the FY 2006-2007 Funding Request

As part of the City's budget process, the Executive Director/CEO of the MTA will be required to certify that the funding level is sufficient to support the activities of the Agency and makes substantial progress toward achieving the service standards outlined in Section 8A of the City's Charter. The resolution authorizes the Executive Director/CEO to make any necessary technical and clerical corrections to the approved MTA budget and to allocate additional revenues and/or City and County discretionary revenues in order to fund additional adjustments to the operating budget. The Executive Director/CEO must return to the MTA Board of Directors for approval of technical or clerical corrections that, in aggregate, exceed a five percent increase of the total FY2007 budget.

All baseline activities that are critical to the delivery of services have been maintained. In addition, baseline increases totaling approximately \$13.2 million in Platform Overtime and in Service Adjustments have been included in the FY2007 budget to more accurately

reflect the true cost of providing transit service. Other adjustments to baseline expenditures include an additional \$4.5 million to address rising fuel costs and an additional \$28 million to address City-wide wage and fringe benefit adjustments.

New Initiatives

The Fiscal Year 2006-2007 Proposed Budget includes new initiatives that will provide the Agency with the opportunity to expand critical areas of operation. The initiatives that have been included focus on Safety, Security & Training, Proof of Payment, Preventive Maintenance, and Cost and Schedule Control. Cost and Schedule Control is designed to increase financial oversight on large projects. These new initiatives have been detailed in a separate section of the Fiscal Year 2006-2007 Budget book.

Parking Garages

Proposed increases to parking garage rates for both City and Parking Authority-owned garages are discussed in the staff report for Item 7 and assumed in the FY2007 budget. The proposed rates can be found in Attachment B to this calendar item.

Pursuant to Section 10 of the MTA Rules of Order and Charter Section 16.112, duly noticed public hearings concerning proposed increases in City-owned and Parking Authority-owned parking garage rates were conducted on February 7, February 21, and February 28, 2006.

Proposition E Certification That MTA Budget Is Adequate

City Charter Section 8A.106(b) requires the MTA to certify that the budgets of the Municipal Railway Department and the Department of Parking and Traffic are adequate in all respects to make substantial progress towards meeting the goals, objectives, and performance standards established pursuant to Section 8A.103 for the fiscal year covered by the budget. The FY2007 budget resolution includes that certification for FY2007.

Prop J Certifications

Section 10.104.15 of the San Francisco Charter allows City departments to contract for services where such services can be practically performed under private contract at a lesser cost than similar work performed by City employees, as determined by the Controller.

Last year, the Board of Supervisors requested that all Prop. J certifications be included as part of the MTA's budget. Prior to that time, the MTA Board of Directors approved each of the MTA's seven Prop J certifications. To response to the Board of Supervisors' request, this year's FY2007 budget includes all seven Prop. J certifications.

The MTA's Prop. J certifications include:

- Services for a parking citation processing and collection system;
- Janitorial services for metered parking lots and shop facilities;
- Facility security services;
- Paratransit services;
- Parking meter collection and coin counting services;
- Security guard services at 1380 Howard Street; and
- Vehicle towing, storage and disposal services

The Controller has determined that for FY2007, all seven of the MTA's contracts can be practically performed by private contractors at a lesser cost than to provide the same services with City employees. The Controller's findings for each contract is attached as Attachment C.

**MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION No. _____

WHEREAS, The FY2007 budget request for the MTA is being prepared in accordance with the City Charter Section 8A.106; and

WHEREAS, Charter Section 8A.106(b) requires the MTA to certify that the budget is adequate in all respects to make substantial progress towards meeting the goals, objectives, and performance standards established pursuant to Section 8A.103 for the fiscal year covered by the budget; and

WHEREAS, The MTA's FY2007 Budget includes the revenue and expenditure adjustments to reflect the Municipal Railway fare change for free service on New Year's Eve 2006; and

WHEREAS, The Municipal Railway's Class Pass program is available to all colleges and universities in San Francisco, is currently utilized by the University of San Francisco, and the department recommends continuation of that program; and

WHEREAS, The MTA's FY2007 Budget authorizes the Director of Transportation to implement short-term experimental fares and the department wishes to continue that ability in FY2007 because it would enable the MTA to respond effectively to community requests; and

WHEREAS, Staff conducted a parking rate analysis for each of the garages administered by Parking Authority staff, including City-owned and Parking Authority-owned garages; and

WHEREAS, The MTA is proposing to increase City-owned parking garage rates, effective April 1, 2006, as itemized in Attachment B to the calendar item, as a component of the MTA's FY2007 budget request; and

WHEREAS, The Parking Authority is proposing to increase Parking Authority-owned parking garage rates, effective April 1, 2006, as itemized in Attachment B to the calendar item, as a component of the MTA's FY2007 budget request; and

WHEREAS, The proposed 14 City-owned garages for which rate increase are specified in Attachment B to the calendar item include the Civic Center Plaza Garage, the Ellis-O'Farrell Garage, the Fifth & Mission Garage, the Golden Gateway Garage, the 16th and Hoff Garage, the Japan Center Garage, the Mission-Bartlett Garage, the Portsmouth Square Garage, the St. Mary's Square Garage, the Sutter-Stockton Garage, the Union

Square Garage, the Vallejo Street Garage, the 1660 Mission Street Garage, and the 7th & Harrison Parking Lot; and

WHEREAS, The proposed 6 Parking Authority-owned garages for which rate increases are specified in Attachment B to the calendar item include the Lombard Street Garage, the Moscone Center Garage, the North Beach Garage, the Performing Arts Garage, the Polk Bush Garage, and the San Francisco General Hospital Medical Center Parking System; and

WHEREAS, Pursuant to Section 10 of the MTA Rules of Order and Charter Section 16.112, a duly noticed public hearing concerning parking garage rates was conducted on February 7, February 21, and February 28, 2006; and

WHEREAS, The increase in City-owned and Parking Authority-owned parking garage rates is necessary to meet MTA operating expenses; and

WHEREAS, The Department of City Planning has determined that increases in City-owned parking garage rates are in compliance with the California Environmental Quality Act (California Public Resources Code sections 21000, et seq.); and,

WHEREAS, Said determination is on file with the Secretary to the MTA and is incorporated herein by this reference; and

WHEREAS, Pursuant to Charter Section 8A.102(b)(5), the MTA Board of Directors has the authority to set City-owned parking garage rates; and

WHEREAS, The MTA Board wishes to authorize the Executive Director/CEO to execute an agreement with the Bay Area Rapid Transit (BART) District to allow for the use of the Muni Fast Pass on BART in San Francisco, and to pay for such use; and

WHEREAS, The MTA Board wishes to authorize the Executive Director/CEO to execute an agreement with the Bay Area Rapid Transit (BART) District for the Municipal Railway to accept payment from BART for the connecting bus service the Municipal Railway provides to BART stations in San Francisco; and

WHEREAS, Section 10.104.15 of the San Francisco Charter allows City departments to contract for services where such services can be practically performed under private contract at a lesser cost than similar work performed by employees of the City and County, as determined by the Controller and approved annually by the Board of Supervisors; and,

WHEREAS, The MTA has ongoing contracts for parking citation processing and collection; janitorial services for metered parking lots and shop facilities; facility security services; paratransit services; parking meter collection and coin counting services; security guard services at 1380 Howard Street; and vehicle towing, storage and disposal services; and,

WHEREAS, The Controller has determined that for FY2007, the above services can be practically performed by private contractors at a lesser cost than if they were performed by employees of the City; now, therefore, be it

RESOLVED, That in accordance with the requirements of Charter Section 8A.106(b), the MTA certifies that the FY2007 MTA Budget is adequate in all respects to make substantial progress towards meeting the goals, objectives, and performance standards established pursuant to Section 8A.103 for FY2007; and be it further

RESOLVED, That the MTA Board of Directors approves the MTA's FY 2007 Budget in the amount of \$678,683,960, as itemized in Attachment A to the calendar item; and be it further

RESOLVED, That the Executive Director/CEO is hereby authorized to make any necessary technical and clerical corrections to the approved budget of the MTA and to allocate additional revenues and/or City and County discretionary revenues in order to fund additional adjustments to the operating budget, provided that the Executive Director/CEO shall return to the MTA Board of Directors for approval of technical or clerical corrections that, in aggregate, exceed a five percent increase of the total MTA FY2007 Budget; and be it further

RESOLVED, That the MTA Board approves increases in rates for the following City-owned parking garages, effective April 1, 2006, as shown in Attachment B to the calendar item: the Civic Center Plaza Garage, the Ellis-O'Farrell Garage, the Fifth & Mission Garage, the Golden Gateway Garage, the 16th and Hoff Garage, the Japan Center Garage, the Mission-Bartlett Garage, the Portsmouth Square Garage, the St. Mary's Square Garage, the Sutter-Stockton Garage, the Union Square Garage, the Vallejo Street Garage, the 1660 Mission Street Garage, and the 7th & Harrison Parking Lot; and be it further

RESOLVED, That the MTA Board approves the request to waive fares on New Year's Eve 2006, between 8 PM on December 31, 2006 and 6 a.m. January 1, 2007; and be it further

RESOLVED, That the Municipal Railway is hereby authorized to continue the Class Pass program with all colleges and universities in San Francisco; and be it further

RESOLVED, That the MTA Executive Director/CEO is hereby authorized to implement short-term experimental fares; and be it further

RESOLVED, That the Executive Director/CEO is authorized to execute an agreement with the Bay Area Rapid Transit (BART) District to allow for use of the Muni Fast Pass on BART in San Francisco; and be it further

RESOLVED, That the Executive Director/CEO is authorized to execute an agreement with the Bay Area Rapid Transit (BART) District for the Municipal Railway to accept payment from BART for the Municipal Railway providing connecting bus service to BART stations in San Francisco; and be it further

RESOLVED, That the MTA Board of Directors concurs with the Controller's certification that parking citation processing and collection; janitorial services for metered parking lots and shop facilities; facility security services; paratransit services; parking meter collection and coin counting services; security guard services at 1380 Howard Street; and vehicle towing, storage and disposal services can be practically performed by private contractors at a lesser cost than to provide the same services with City employees; and be it further

RESOLVED, That the MTA Board will continue to work diligently with the Board of Supervisors and the Mayor's Office to develop new sources of funding for MTA operations pursuant to Charter section 8A.109.

I hereby certify that the foregoing resolution was adopted by the Municipal Transportation Agency Board at its meeting of February 28, 2006.

Secretary, Municipal Transportation Agency Board