

May 7, 2010

Dear Friend of Transit:

A year ago we wrote to you when the San Francisco Municipal Transportation Agency (SFMTA) approved an operating budget that was balanced by a number of undesirable measures to offset a projected \$129 million deficit in the current fiscal year.

Those measures included massive service changes and entailed the elimination of some Muni routes and route segments, an undertaking that, fortunately, was done surgically using the wealth of data generated by the Transit Effectiveness Project. Moreover, the San Francisco Board of Supervisors requested that we invest \$13 million to beef up service on our heaviest routes which greatly ameliorated the impact of those service changes which were implemented in December. The budget deficit was also closed by generating additional revenues through Muni fare and parking fee increases that took effect last July 1.

By winter we were challenged by yet another deficit that emerged due to declining revenues and the fact that we could not reduce expenditures as expected as the insidious global recession continued to manifest itself in California and here in San Francisco.

Beginning in February, we began the task of developing a balanced SFMTA operating budget amid sobering realities:

- Having to close a projected deficit of \$12 million in the current year ending July 1
- Closing projected deficits in the upcoming two-year budget
 - o \$56.4 million in 2010/2011
 - o \$45 million in 2011/2012
- Dealing with certain, inescapable assumptions:
 - o Declining City tax revenues
 - o Elimination of State gasoline tax revenues which, when reinstated by the legislature this spring, were far less than previous funding levels
 - o Depletion of the SFMTA reserve
 - o Reduced parking and related fee revenues generated by high unemployment and decreased tourism in the City
 - o Increases in contractual labor and benefits costs

With these realities in mind, the SFMTA Board endeavored to balance the needs of customers with diminishing resources by taking the following actions:

- Rescinding the original increase in the Senior/Disabled/Youth pass by \$10 beyond the May 1 increase approved last year and the premium fare on Cable Cars and Express services
- No fare increase in 2011
- A 10 percent reduction in service hours, effective May 8, resulting in Muni schedule frequency reductions as well as later starting and earlier ending times for service on many routes—which otherwise could have been 20 percent if we relied solely on Muni cuts
- Minimizing the originally proposed service frequency changes on many Muni Routes including Owl service

- Maintaining service levels on the 108 Route to Treasure Island due to a Lifeline grant
- Reinstatement of 50 percent of the May 8 schedule changes in 2012—or sooner should the recession lessen and funding becomes available
- Work force reduction savings of \$19.4 million
- NonTWU Local 250-A (transit operator) labor concessions totaling \$10 million
- Adding 1,000 new parking meters
- Generating taxi revenues from the sale of Medallions and increased charges and penalties
- Eliminating free parking for City employees and vehicles
- Increasing the fine for disabled placard abuse in 2012
- Increasing fees for various traffic-related infractions
- Reductions in work orders with other City departments
- Indexing Muni fares to the CPI in FY 2012
- Capturing full cost recovery for parking, towing, special events, charter and transaction fees

We also plan to launch pilots of extended parking meter hours in four commercial areas of the City this year, and staff is currently involved in outreach initiatives that will lead to final recommendations to the SFMTA Board this spring.

Despite the SFMTA's structural deficit, we clearly balanced the operating budget across the spectrum of the transportation network that we manage and operate—not just Muni.

For those of us in the business of providing public transportation services, both here and across the nation, these times have been particularly difficult and a source of contention with our customers due to higher fares and less service. Therefore, we sincerely hope that recent upticks in the economic arena continue, that the recession is bottoming out and that we can look forward to a brighter economic future.

As we did during the December service changes, we ask that you share the May 8 schedule changes with your family members, friends, neighbors and co-workers. Detailed information about the changes is available in English, Chinese and Spanish by visiting www.sfmta.com and in other languages by dialing 311. Schedules for specific transit stops, and other transit systems in the Bay Area, is available by calling 511 or going online at www.511.org.

We appreciate your assistance in getting this vital information to as many Muni customers as possible.

Sincerely,



Tom Nolan
Chairman
Board of Directors



Nathaniel P. Ford Sr.
Executive Director/CEO