

Chapter 6: Operating Financial Plan

Purpose

The SRTP Operating Financial Plan (“OFP”) highlights the long-term implications of operating revenues and expenditures for the organization¹. This update provides a forecast through Fiscal Year 2027 and includes information for the Municipal Railway (Muni), one of the departments under the San Francisco Municipal Transportation Agency (SFMTA). It also includes historical data for comparative purposes for FY 1997 through FY 2006 in Figure 6-1.

Figure 6-1A: Muni Historical Operating Data – Actual 1997-2003: Operating Revenues

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Local Sales Tax	15,973,319	16,808,164	17,997,980	20,186,318	22,554,402	20,322,201	19,810,040
Fines, Forfeitures and Penalties	47,884,439	49,677,263	53,018,485	62,009,240	65,616,656	68,718,750	70,115,971
Rents and Concessions	15,320,937	17,175,106	21,005,695	21,495,600	22,823,307	25,373,104	23,327,903
Governmental Grants	63,027,691	67,493,079	80,220,728	85,836,293	82,750,184	111,491,017	105,918,441
Service Charges	93,948,970	102,118,961	102,048,910	111,158,793	113,135,705	107,280,034	109,329,178
Other Revenues	120,194	259,815	182,180	718,625	523,944	35,906,649	795,536
General Fund Transfer	37,702,864	52,681,528	69,075,653	89,818,719	97,321,671	94,304,831	100,792,000
Intrafund Transfers	7,808,141	5,196,892	5,414,273	7,363,479	10,946,645	11,712,074	11,223,241
TOTAL	281,786,555	311,410,808	348,963,904	398,587,067	415,672,514	475,108,660	441,312,310

Figure 6-1B: Muni Historical Operating Data – Actual 1997-2003: Operating Expenditures

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Salaries	175,121,422	188,345,884	190,690,706	217,121,136	228,644,368	247,211,549	252,567,998
Fringe Benefits	39,286,727	46,672,497	50,020,030	55,983,159	61,902,829	70,819,465	75,022,348
Non Personnel Costs	31,440,476	36,711,778	43,965,691	45,964,805	51,934,175	76,334,593	71,234,508
Materials and Supplies	20,889,172	22,527,306	27,518,106	36,606,771	34,716,103	29,651,761	26,725,710
Capital Outlay and Facility Maintenance	2,237,620			334,488	889,213	647,749	638,257
Services of Other Departments	24,493,642	25,861,441	31,689,107	33,831,043	35,652,018	20,749,807	21,681,241
Recovery of Costs	(7,535,426)	(8923,199)	(245,072)	(7,806,563)	-1,361,985	-949,587	-764,732
Operating Transfers	3,486,310	767,892	1,008,145	5,339,485	3,995,600	3,458,063	1,156,482
TOTAL	289,419,943	311,963,599	344,646,713	387,374,324	416,372,321	447,923,400	448,261,812

Figure 6-1C: Muni Historical Operating Data – Actual 1997-2003: Fund Balance (Continued)

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Beginning Balance	12,189,396	4,556,008	4,003,217	8,320,408	19,533,151	18,833,344	46,018,604
Revenues Less Expenditures	(7,633,388)	(552,791)	4,317,191	11,212,743	(699,807)	27,185,260	(6,949,502)
Ending Balance	4,556,008	4,003,217	8,320,408	19,533,151	18,833,344	46,018,604	39,069,102

¹ The Appendix at the end of this chapter summarizes the risks associated with the OFP.

[1] The numbers are from City Controller's financial system FAMIS and EIS Report

Figure 6-1D: Muni Historical Operating Data – Actual 2004 - 2006: Operating Revenues

	FY 2004	FY 2005	FY 2006	Average Annual Growth 1997-2006			
Local Sales Tax	21,329,093	22,059,960	24,109,780	4.2%			
Fines, Forfeitures and Penalties	84,330,295	84,884,659	88,297,134	6.3%			
Rents and Concessions	25,837,365	26,008,965	28,355,037	6.4%			
Governmental Grants	102,695,955	103,320,719	116,278,798	6.3%			
Service Charges	127,179,012	125,782,065	140,758,315	4.1%			
Other Revenues	4,434,343	58,501	-54,170	NA			
General Fund Transfer	100,255,563	101,391,049	123,725,612	12.6%			
Intrafund Transfers	10,355,743	18,855,743	9,880,743	2.4%			
TOTAL	476,417,369	482,361,661	531,351,249	6.5%			

Figure 6-1E: Muni Historical Operating Data – Actual 2004 -2006: Operating Expenditures

	FY 2004	FY 2005	FY 2006	Average Annual Growth 1997-2006			
Salaries	260,212,362	252,483,812	256,482,389	3.9%			
Fringe Benefits	71,277,117	88,335,983	95,850,184	9.3%			
Non Personnel Costs	82,355,633	80,941,138	79,911,384	9.8%			
Materials and Supplies	26,861,309	30,585,361	12,084,104	-5.3%			
Capital Outlay and Facility Maintenance	849,885	447,008	741,758	-10.5%			
Services of Other Departments	21,797,978	22,382,831	24,913,559	0.2%			
Recovery of Costs	-847,654	-680,400	-805,931	-20.0%			
Operating Transfers	12,714,501	1,957,953	20,879,994	19.6%			
TOTAL	475,221,131	476,453,686	490,057,441	5.4%			

Figure 6-1F: Muni Historical Operating Data – Actual 2004-2006: Fund Balance

	FY 2004	FY 2005	FY 2006	Average Annual Growth 1997-2006			
Beginning Balance	39,069,102	40,265,340	46,173,315				
Revenues Less Expenditures	1,196,238	5,907,975	41,293,808				
Ending Balance	40,265,340	46,173,315	87,467,123 *				

[1] The numbers are from CCSF's financial system FAMIS and EIS Report
* \$81.1 Million Fund Balance Used in FY 2007

Budget Process

Similar to other public entities, the SFMTA is required to have a balanced operating budget every year regardless of the economic climate. The SFMTA's operating revenues are supported by a diversified revenue base. Approximately one-quarter of the operating budget comes from each of the following sources: 1) passenger fares, 2) City General Fund transfer, 3) state and regional subventions, and 4) local parking revenues. This diversity of sources gives the SFMTA a stable operating base, as any fluctuation in one source can be mitigated by the other sources. In the 2003-05 economic downturn, major service cuts were avoided due to the diversity of the operating revenues.

Impact of Proposition E on the Budget

Proposition E established a new financial framework for Muni. It created a "Municipal Transportation Fund" dedicated to public transit in support of the City's Transit First Policy, and into which all SFMTA revenues flow, including fares, parking revenues, and state and local subventions. This Fund is separate from the City's General Fund.

Proposition E also established a base amount of revenue that the SFMTA receives from the City's General Fund. The base amount is determined by the Controller and adjusted each year after fiscal year 2000-2001 (Base Year) by the percentage increase or decrease in aggregate City and County discretionary revenues. In determining aggregate City and County discretionary revenues, only unrestricted revenues received by the City are used. Adjustments are also made for any increases in General Fund appropriations to the Agency in subsequent years to provide continuing services not provided in the Base Year, but excluding additional appropriations for one-time expenditures such as capital expenditures or litigation judgments and settlements. Additionally, Proposition E required that when new parking revenues increase due to policy changes in fines, taxes or newly-created positions, the Base Amount should be reduced by 50 percent of such increase. Should the voters approve the November 2007 Charter Amendment, the reduction in the Base Amount related to increases in parking fines and taxes will be eliminated.

Unlike other City departments, so long as the SFMTA's budget only includes the above "formula amount" of General Fund support each year, the Mayor must submit the SFMTA's operating budget request to the Board of Supervisors as received, and the Board of Supervisors must accept or reject the request in its entirety. Rejection requires a two-third's vote. However, if the SFMTA requests General Fund support in excess of the formula amount, its budget request is then subject to the same review process as other City departments or line by line review by the Mayor's Office and the Board of Supervisors.

Proposition E had significant financial implications for the SFMTA. Its benefits included streamlining the budget process and providing the SFMTA with significantly more control over its budget and establishing a more predictable funding base than in years past. It also provided SFMTA with a strong incentive to develop new revenues.

Proposition E also created a number of constraints. In particular, Proposition E required SFMTA to fund the future costs of existing liabilities such as workers' compensation and legal judgments and claims which had previously been funded by the City's General Fund. There were also no provisions in Proposition E to cover costs of inflation, fringe benefit increases, or cost of living allowances that represent a significant portion of the SFMTA's annual cost increases. Finally, there were only limited provisions for funding the new activities required under Proposition E such as human resources

functions, procurement, and service standards data collection and analysis. The November 2007 Charter Amendment attempts to address some of these constraints.

For the purposes of this submission, no additional General Fund support above the formula amount is assumed in these projections.

Initiatives Underway

There are several efforts underway to enhance SFMTA's operations and available resources. These include:

1. The Proposition A Charter Amendment titled "Emissions Reduction and Transit Reform" passed by the voters in November 2007: This Amendment was placed on the ballot by the President of the Board of Supervisors with support from the Mayor, the Board of Supervisors, transit advocates, business community, labor, and SFMTA management. The Amendment will result in the following changes:
 - Requires the SFMTA to comply with the city's "climate action plan" to reduce greenhouse gas emissions from San Francisco's transportation sector to 20 percent below 1990 levels and to report on progress toward that goal in an update every two years;
 - Enhances the SFMTA's role in transportation (not just transit) management related to oversight of bicycles, pedestrians and street management in addition to public transit and automobile management;
 - Moves the authority to set fares, fines and fees from the Board of Supervisors to the SFMTA Board of Directors;
 - Moves the authority for service changes including bus stops placements and signal placements, from the Board of Supervisors to the SFMTA Board in order to support the City's Transit First policy more effectively;
 - Authorizes the SFMTA to issue debt directly;
 - Increase the parking tax allocation to the SFMTA from 40 percent to 80 percent (represents an increase of approximately \$26 million annually based on current tax rates);
 - Allows the SFMTA to keep 100 percent of all increases in parking fees, fines, and taxes that currently is required to be shared by the City's General Fund (approximately \$10 million a year based on the last five years of information);
 - Allows the SFMTA to hire exempt managers up to 2.75 percent of its workforce (currently capped at 1 percent and with 5,000 employees this will result in the ability to hire an additional 75 exempt managerial positions);
 - Changes the salary cap for operators to a salary floor which enables negotiations of work rule changes and flexibility of work rules in return for higher wages;
 - Gives the MTA more independence from political involvement in changing the streets to make the buses run faster;

- Allows the SFMTA to assume all the labor and hiring practices previously held by the City; and
 - Allows the SFMTA to move funds within its budget as long as a two-year budget is approved by the Board of Supervisors and SFMTA manages within the limits of the approved budget (currently the City Controller's approval is required to move funds).
2. The Transit Effectiveness Project (TEP): It has been over 25 years since the last comprehensive review of San Francisco's transit system. While the transit system has served the City well over the years, current challenges, including congestion, changing transit needs and the system's costs, highlight the need for system-wide improvements. The TEP is evaluating how well the network serves riders today, why others don't use it at all, and short and long-term ways to enhance the system, increase ridership, and lower costs. The TEP is an 18-month project to review, evaluate, and make recommendations on the existing Muni transit system, with the goals of making service more attractive to the public and lowering operating costs and is expected to be completed in early 2008.
 3. Revenue Panel: In early 2007, the Mayor created a panel to develop suggestions on revenue sources and changes to policy to enhance SFMTA's resources. Panel members include the City Controller, the Executive Directors of the MTC and SFCTA, The Mayor's Finance Chief, the former City Administrative Officer, the Director of the Port of San Francisco, the SFMTA Board Chair and two members of the SFMTA Board. This Panel is tasked with developing recommendations for a package of revenue enhancements and revenue policies for SFMTA for implementation and approval ranging from ballot initiatives, State and City legislative measures, fare policies and operational procedures. The Panel is currently meeting twice a month and plans to complete its work by the end of 2007.
 4. Congestion pricing revenues (such as possible peak period tolls on Doyle Drive) could also be used to support public transit service. This is discussed in more detail in the SFGO section in Chapter 10.

Revenues

The revenue analysis presented below describes the principal sources of operating revenues received by SFMTA on behalf of Muni. These revenue sources are used to finance the administrative, operating and certain maintenance expenses associated with providing motor coach, trolley coach, cable car, historic streetcar, light rail and paratransit services. These sources include the following:

Local Revenue Sources:

- Passenger fares
- General Fund and Parking Revenues
- Sales Tax, Proposition K (1/2-cent sales tax)

State and Regional Revenue Sources:

- Gasoline Sales Tax
- State Transit Assistance Base, Gas Tax (operating support)

- Gas Tax Increment, Proposition 42 (operating support)
- State Sales Tax
- Transportation Development Act (TDA) Articles 3, 4, 4.5 and 8 (1/4-cent sales tax)
- AB 1107 Permanent 1/2¢ Sales Tax for Transit in Alameda, San Francisco and Contra Costa Counties
- Bridge Tolls (Base toll, state-owned bridges, including Regional Measure 2)

Federal Revenue Sources

- Federal Section 5307 Funds primarily (operating support for paratransit)

In the subsections that follow, descriptions of the principal local, state and federal revenue sources that support Muni's transit operations and maintenance are presented.

Local Revenue Sources

Currently, locally generated revenues constitute approximately 85 percent of Muni's operating revenues. The most significant sources for supporting operations include passenger fares, General Fund/parking revenues, and local sales taxes.

Fares

Passenger fares account for approximately 20% to 25% of total operating revenues. Muni's first fare increase since 1992 went into effect on September 1, 2003, and certain fares were increased effective September 1, 2005. Under Proposition E, both the SFMTA Board of Directors and the Board of Supervisors must approve fare changes as part of the budget approval process.

Regular Fares

The basic adult fare is \$1.50 for regular service, which includes all bus and light rail services. Transfers are issued for each cash fare paid on regular Muni services and are valid for 90 minutes in any direction. Frequent riders can purchase a monthly pass, which is valid for unlimited trips on all regular service and cable cars. Seniors 65 or over and disabled persons with valid ID qualify for a discount fare. Additionally, a Lifeline Monthly Pass, administered by the Human Services Agency (HSA), is available to San Francisco's working poor and qualification is based on annual income requirements similar to other HSA programs.

Other fare instruments currently available include ticket books, weekly passes, 1, 3 and 7-day passes, special fares for sporting events and special event service, regional passes, tickets and transfers. Effective September 1, 2005, the cable car all day pass is only accepted on cable cars. A 1, 3, 7-day or a monthly pass is required for unlimited travel on both cable cars and regular service. Muni also participates in the CityPass program, which offers admission to several San Francisco attractions along with a 7-day Muni pass.

In the spring of 2001, Muni launched a "Class Pass" pilot program at the University of San Francisco (USF). Under the program, all USF undergraduate students pay a Muni fee of \$18 per month for the school year, which is included as part of their bi-annual registration fees. Students receive a sticker that can be placed on their student ID cards and used as proof of payment on any Muni line. Each year, USF students and the Board reconsider the continuation of the program for the following year. This program is also available to other San Francisco colleges and universities but besides USF no other entity presently participates in the Class Pass.

Figure 6-2 includes the rates for the major fare categories.

Figure 6-2: Muni Passenger Fares

Major Fare Category	Current
Adult Cash Fare	\$1.50
Discount Cash Fare (Senior and Disabled)	\$0.50
Youth Cash Fare	\$0.50
Adult Monthly Pass (Fast Pass®)	\$45.00
Discount Monthly Pass (Senior and Disabled)	\$10.00
Youth Monthly Pass	\$10.00
Monthly Pass for General Assistance Recipients/Lifeline Pass	\$35.00
Weekly Pass	\$15.00
Cable Car Cash	\$5.00
Transfer	Free (90 minutes)
Cable Car All-Day Pass	\$11.00
One-Day Passport	\$11.00
Three-Day Passport	\$18.00
Seven-Day Passport	\$24.00
Ticket Books (Pack of 10)	\$15.00
Weekly Pass cable car surcharge	\$1.00
Special cable car fare for seniors and disabled from 9PM to 7AM	\$1.00
School Coupon Booklet	\$7.50
Special Event Roundtrip (adult fare)	\$7.00 (w/Pass, \$3,00)
Special Event Roundtrip (discount fare)	\$5.00 (w/Pass, \$3,00)
Class Pass Sticker	\$18.00

To integrate Muni service into the regional transit system, a number of inter-operator fare and transfer agreements have been established between Muni and other transit operators in the region. The primary inter-operator fare instrument in use at Muni is the Fast Pass®, which may also be used on BART within San Francisco. Muni pays BART the difference between the amounts charged on the Fast Pass® and the BART fare.

Figure 6-3 outlines the major features of each inter-operator agreement in which Muni participates.

Figure 6-3: Inter-operator Transfer Agreements

Transfer Type	Uses
Muni Fast Pass®	In addition to providing unlimited rides on all regular Muni services including cable cars, the Adult Fast Pass is valid for trips taken within San Francisco on BART at no additional charge to passengers (Muni reimburses BART \$0.97 per trip versus \$1.40-1.45 BART fare). Discounted passes (youth, senior, lifeline, and disabled passes) are not currently valid on BART.
BART/Muni Discount Ticket	Available inside the fare gates at all San Francisco BART stations, BART riders get a two-part transfer good for 25¢ off a trip from and

Transfer Type	Uses
	back to BART on Muni. The yellow ticket dispensed only at the Daly City BART station is dispensed for free, and is valid only for trips from and back to the Daly City BART Station.
BART Plus	Allows unlimited rides on all regular Muni services, including cable cars, for the half-month period for which the ticket is valid, and functions as a stored value ticket on BART. Also allows unlimited local rides on SamTrans, CCCTA, and SCVTA.
Muni Sticker	The Muni Sticker is available at an additional charge to users of the AC Transit Transbay Pass, SamTrans Monthly Pass, Golden Gate Transit Commute Book Tickets, Vallejo Baylink Monthly Pass, and Caltrain Monthly Ticket. The Muni Sticker allows unlimited use of all regular Muni services, except cable cars. All the agencies pay Muni \$35.00 for each sticker.
Golden Gate Ferry Transfer, Harbor Bay Ferry Ticket, and Oakland/Alameda Ferry Ticket	The three ferry services sell tickets with a stub that allows a transfer to Muni and also a ride on Muni back to the Ferry Building. The "Ferry to Muni" stub is good for 2 hours from time of validation for Muni service, and the "Muni to Ferry" stub is good anytime on the day of validation for a return trip. These transfers are not valid for cable car service.
AC Transit	AC Transit purchases a demagnetized Fast Pass® instead of a sticker for unlimited use of all regular Muni services, except cable cars. This pass costs \$35.00 per month.

TransLink®

TransLink® is a regional fare coordination program, designed to develop a single fare instrument that can be used on all of the region’s public transportation services. One goal of the program is to make transferring between operators easier for riders in the region through the use of a single fare instrument. The Metropolitan Transportation Commission (MTC) and the Bay Area’s transit operators are working together as the TransLink® Consortium to implement TransLink®, the region’s smart card system. In 1999, MTC hired Motorola Inc. to serve as the prime contractor to design, build, operate, and maintain the TransLink® system. Motorola Inc. has subcontracted work to ERG Group.

In addition to the benefits gained by riders, the goals of the TransLink® program include the following:

- Provide a widely available substitute for cash and tokens;
- Reduce the number of fare instruments;
- Reduce cash handling;
- Reduce fare evasion;
- Reduce counterfeits and fraudulent use of fare media;
- Establish financial controls;
- Reduce operator involvement in fare collection;
- Facilitate a proof-of-payment system;

- Improve collection of ridership data through automated media sales and fare collection;
- Improve inter-agency connectivity;
- Speed boarding time, and
- Reduce maintenance cost on fare collection equipment.

The first phase, the TransLink[®] Pilot Program, began in 2002 on select routes and in select stations operated by six Bay Area transit agencies. The second phase, region-wide implementation, began with Golden Gate Transit and AC Transit reaching revenue-ready status in November 2006 and launching to all customers September 2007. Muni and BART are scheduled to be revenue-ready by early 2008 and launch to customers sometime in 2008. The region’s goal is to allow access to every Bay Area transit agency through TransLink[®] by 2010.

The AC Transit and Golden Gate Transit system launch represents the completion of the core TransLink[®] transaction and financial systems, including reconciliation and reporting. These are the core systems that the SFMTA will be using at its launch in 2008. SFMTA is currently installing on-board equipment, recruiting stores for the TransLink[®] point-of-sale vendor network, developing internal maintenance protocols and financial protocols, and generating 18 different training modules covering operations, finance and customer service for TransLink[®].

All TransLink[®] system hardware added at facilities and on vehicles is part of the MTC contract budget with no additional cost to the SFMTA. In addition MTC is providing all participating operators with start up capital, of which SFMTA’s share is approximately \$3 million. In addition to the extensive external resources provided to SFMTA for this project, SFMTA will have to provide the project with ongoing operational, marketing and administrative support.

Paratransit Fares

The paratransit fares were increased in FY 2005 and then again in September, 2006. (See Figure 6-4.) Pursuant to the provisions of the Americans with Disabilities Act (ADA), paratransit fares can be up to twice the fixed route adult fare. Therefore, since the current Muni fare is \$1.50 per one-way trip, paratransit fares in San Francisco can be set at \$3.00 per trip. Currently, the fares are well below the maximum allowable fare at \$1.65 per trip.

Figure 6-4: Paratransit Fares

Mode	Fare
SF Access (formerly known as ADA Access and Lift Van)	\$1.65 per one way trip
Group Van	\$1.65 per one way trip (\$1.40 per one way trip for trips provided on agency-supplied vehicles)
Intercounty Service	\$1.65 per one way trip
Taxi	\$4.00 per \$30 book of scrip

General Fund/Parking Revenues

The Charter change as a result of Proposition E established a minimum funding base for public transit, setting a formula to determine the City’s General Fund contributions to Muni operations. The formula uses a base year level, which is adjusted annually based on the overall City General Fund amount.

Parking revenues, from both off-street parking (e.g. garages) and on-street parking (e.g. parking meters) became available to Muni starting in FY 1992 but Proposition E solidified the availability of parking revenues to Muni on a more consistent basis.

New Funding Sources: Parking Revenues

The operating financial plan assumes the following new funding sources (including those authorized by recently passed Proposition A):

- **Incremental Parking Tax Revenue:** Currently, SFMTA receives 50 percent of the parking tax revenue collected annually by the City and County of San Francisco. Under Proposition A, the agency will receive the entirety of any incremental new parking tax revenue collected by the City. The incremental new parking tax revenue is reflected in this line item. If the Charter Amendment is not approved by the voters, the SFMTA is expected to receive these incremental parking tax revenues or alternatively a City General Fund contribution of an equal amount.
- **Enhanced Parking Related Revenue:** The current estimate of revenue increases possible through proactive management of parking collections in off-street parking facilities and on-street parking is \$30 million annually. The SFMTA is in the process of implementing operational changes to provide parkers with alternative payment options (e.g. cell phones, credit cards), improve collection of garage revenues (e.g. replace revenue control equipment) and replace parking meters with newer technology including improved enforcement features. The financial plan assumes that these revenue gains are phased-in over a five-year period beginning in FY 09.

Sales Tax Revenues

SFMTA receives sales tax revenues for Muni from three different sources, one from local sources and the others from regional or state sources. Those sources are: 1) the State Transportation Development Act; 2) AB 1107 Regional Sales Tax; and 3) the San Francisco County Transportation Authority Proposition K sales tax measure. The local sources are described below and the regional and state sources are described in the subsequent section.

San Francisco County Transportation Authority Sales Tax

Pursuant to state enabling legislation, San Francisco voters approved a one-half cent sales tax increase in November, 1989 to help finance a 20-year Transportation Expenditure Plan (Proposition B). Funds are generated through sales and use transactions within San Francisco. Proposition B was superseded by Proposition K, which was passed by 75% of San Francisco voters in November, 2003. Proposition K funds are used to partially pay for grandfathered operating and maintenance costs of certain capital projects constructed with Proposition B funds, such as the F-Line streetcar service, the Muni Metro Extension to the Caltrain Terminal and the Third Street Light Rail Initial Operating Segment. As a result, Muni receives annual allocations for operating certain completed projects. Additionally, SFMTA receives an annual allocation of \$9.6 million for paratransit operating services. Otherwise, Proposition K funds are generally limited to capital projects.

Other Local Revenue Sources (operating)

Additional revenues include funds from advertising contracts, rental and interest income. Collectively, these sources comprise only about one percent of total Muni revenue.

State and Regional Revenue Sources

Gas Tax

Whenever Californians buy a gallon of gas, they pay for (a) the base cost of the gallon of gas, (b) an 18 cent state gas tax, (c) an 18.3 cent federal gas tax, and (d) the sales tax levied on a+b+c (while overall sales tax rates range from 7.25% to 8.5% depending on locale, the state's share of the sales tax on gasoline is equivalent to 6%). The gasoline sales tax is used as a source for four major programs described below.

State Transit Assistance Base

Under the State Transit Assistance (STA) program, a portion of gasoline sales tax revenues are appropriated by the State Legislature to the State Transportation Planning and Development Account for certain transit and energy-related purposes. Funds are allocated on the basis of population (50 percent) and the amount of local funds used to support transit operations (50 percent). STA allocations over the last five fiscal years have fluctuated considerably, averaging a positive growth rate of approximately 8.2% annually. Revenues decreased between FY 2002 and FY 2005 during a state-wide recession. In the past fiscal years the economy has rebounded and with it STA receipts. As the historical receipts have shown, this source can prove volatile from year-to-year.

Gas Sales Tax, Proposition 42

Proposition 42 captures the increment on sales tax on gasoline that had previously gone to the state general fund. Proposition 42 revenues grow in tandem with the overall growth in total taxable sales and became effective July 1, 2003. It provides for revenues resulting from state sales and use taxes on the sale of motor vehicle fuel be used for transportation purposes. Up until 2008, the state's share of the sales tax on gasoline will largely be spent on 141 transportation projects contained in the Traffic Congestion Relief Plan (TCRP). The plan originally called for \$6.8 billion of spending (with \$1.7 billion in the Bay Area) from fiscal 2000-01 to 2005-06, but subsequent refinancing agreements postponed the funding until fiscal 2002-03 to 2007-08.

After FY 2008, the money will be divided as follows: (a) 20% for city street repairs; (b) 20% for county road repairs; (c) 20% for mass transit and intercity rail; and (d) 40% for new highway and transit capital investments (through a five-year state funding program or 'STIP'). In dollar figures, the STIP gets a boost of approximately \$560 million a year, and each of the other programs would receive a \$280 million increase. The legislature could change the formula by which the money is allocated, or redirect the sales tax on gas revenues back into the general fund in a budget "emergency," but only with a two-thirds vote.

The "Spillover" from the Sales Tax on Gasoline

Since 1971, the law has directed that revenues from the growth in sales tax on gasoline, to the extent they exceed the growth in other sales tax revenues, are to be transferred to the Public Transportation Account for public transit capital and operations. These funds, commonly known as the "spillover," do not flow to Proposition 42 and neither the Traffic Congestion Relief Program (TCRP) nor Proposition 42 has any impact on the spillover.

This is the difference between a) a 5% state sales tax applied to all taxable goods except gasoline, and b) a 4¾% state sales tax applied to all taxable goods including gasoline. Essentially, the spillover is generated when gasoline prices increase at a faster rate than all other taxable items. From its inception

until 1985-86, the spillover provided revenues to the public transportation account. However, there was no spillover during most of the subsequent 17 years. In FY 2003-04 through FY 2005-06, nearly \$700 million was redirected from the spillover to the state general fund and to the Bay Area Toll Account (BATA, the Bay Bridge seismic retrofit program). SFMTA received spillover funds in FY 2006-07.

Transportation Development Act (TDA) Sales Tax

Established under the state Transportation Development Act of 1972, local transportation funds (LTF) revenue are derived from a one-quarter cent of the State's current 8.5 percent sales tax collected in San Francisco (1/4 of 1% of the total 8.5% San Francisco county sales tax). TDA is divided into three types of uses: 1) Articles 4 and 8 are used for transit operating assistance; 2) Article 4.5 funds are used for paratransit operating assistance; and 3) Article 3 is used for bicycle and pedestrian facilities, safety programs and planning.

Changes in LTF receipts from year-to-year in part are due to varying economic conditions affecting annual LTF revenue. Fluctuations also occur due to the allocation procedure, where funds for one fiscal year will be based upon taxable sales estimates made during the previous fiscal year. Any difference between actual taxable sales and the estimated taxable sales is then compensated through adjustments to the next year's allocations. Thus, the revenues received in any fiscal year may vary either up or down from the actual revenues generated by LTF in that year.

AB 1107 Regional Sales Tax

AB 1107 revenues are generated by the ½-cent sales tax levied in the counties of Alameda, Contra Costa, and San Francisco. State law requires that 75 percent of these revenues be allocated directly to BART, and that the remaining 25 percent be allocated to BART, Muni and AC Transit. Historically, this discretionary portion has been divided equally between Muni and AC Transit.

Bridge Tolls (Base toll, state-owned bridges)

On March 2, 2004, voters passed Regional Measure 2 (RM2), raising the toll on the seven State-owned toll bridges in the San Francisco Bay Area by \$1.00. This extra dollar is to fund various transportation projects within the region that have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, as identified in SB 916 (Chapter 715, Statutes of 2004). Specifically, RM2 establishes the Regional Traffic Relief Plan and identifies specific transit operating assistance and capital projects and programs eligible to receive RM2 funding. Operating assistance comes in two forms: 1) \$2.5 million annually for operating needs for Third Street Rail line; and 2) \$184,730 per year for Owl Bus Service on the BART corridor.

FY 2008 Operating Budget Overview

Strategic Plan

During FY 2007, a strategic planning effort for SFMTA began under the direction of the Board of Directors. The Plan has six major goals as outlined below:

Goal 1: Customer Focus

To provide safe, accessible, clean, environmentally sustainable service and encourage the use of auto-alternative modes through the Transit First Policy

Goal 2: Customer Focus

To get customers where they want to go, when they want to be there

Goal 3: External Affairs – Community Relations

To improve the customer experience, community value, and enhance the image of the SFMTA, as well as ensure SFMTA is a leader in the industry

Goal 4: Financial Capacity

To ensure financial stability and effective resource utilization

Goal 5: SFMTA Workforce

To provide a flexible, supportive work environment and develop a workforce that takes pride and ownership of the agency's mission and vision and leads the agency into the evolving, technology-driven future

Goal 6: Information Technology

To improve service and efficiency, the SFMTA must leverage technology

SFMTA is currently developing objectives, key performance indicators and resources required to support the goals for the next five years. The FY 2008 Budget was developed with guidance from the six goals. The Strategic Plan is expected to be completed in time for full incorporation into the FY 2009 budget process.

Reorganization

As part of the FY 2008 Operating Budget, SFMTA successfully completed the reorganization mandated under Proposition E by merging the Municipal Railway and the Department of Parking and Traffic, which includes the Parking Authority. The integration of the two departments will enhance the coordination in operation between the two departments and improve overall efficiency and performance of the SFMTA. The reorganization also introduces a new agency-wide indirect cost plan that will allocate and recover actual overhead costs on a monthly basis. The other goals of the reorganization are to ensure grant reimbursement for both operating and capital projects and to better identify programmatic initiatives and key performance indicators.

With the new organization structure in place, the FY 2008 budget reflects SFMTA's new financial structure that includes three cost centers - Municipal Railway, Parking and Traffic, and Administration. The first two departments represent the enterprise activities and the third department is a new overhead department that houses divisions that provide centralized administrative support to the entire agency. The cost of this overhead department is distributed to and recovered from both operating funds and from various projects.

Revenues

Muni's operating budget in FY 2007 was \$596 million and comparatively the FY 2008 Operating Budget of \$585 million is \$10.5 million lower. The decrease in revenue is a result of using the year to date actual data from FY 2007 to project the FY 2008 budget and adjusting various line items such as traffic fines, proof of payment fines, transit fare revenue and State Sales Tax accordingly. The FY 2008 Operating Budget does not include any transit fare increases but does include increases to parking garage rates and cable car and historical vehicle rental fees.

Expenditures

The FY 2008 Operating Budget includes reductions in various line items based on actual amounts saved from prior fiscal years. Additionally, the FY 2008 budget realigns certain long standing vacancies into

positions that support the strategic plan goals. These positions include street supervision, revenue booth staffing, administrative support for the Muni Service Delivery and Operations Division to manage operator absence and personnel related issues, and administrative staff in External Affairs, Information Technology and Human Resources.

Budget Line Items

Figure 6-5 shows Muni's Operating Budget in FY 2007 and FY 2008. Figures 6-6 and 6-7 provide the sources and uses of funds for FY 2008.

Revenue line items include the following:

- Fares – including farebox receipts, pass sales, paratransit fares, and fines from Proof of Payment program.
- Parking Revenue - including parking taxes, parking fines, meter revenue, and revenue from City-owned garages.
- Local and Regional Taxes – including State Sales Tax, AB 1107 Regional Sales Tax, Gas Tax Prop 42-Public Transportation, TDA Sales Tax, and State Transit Assistance grant that comes from a state sales tax on diesel fuel.
- General Fund contribution – the amount is calculated by the Controller's Office each year based on the methodology defined in Proposition E.
- Dedicated Paratransit Funding – including funding from Federal Transit Operating Assistance 5307, SFCTA/Prop K Paratransit, BART ADA, and State Transit Assistance.
- Other Operating Grants - including grants for LRV Overhaul Program, Regional Measure 2 Funds (RM-2) for Third Street projects, and a new and one-time RM-2 grant of \$1.5 million for a Fare Integration Study on behalf of the TransLink[®] Consortium and \$1.3 million for reimbursement of costs related to the TransLink[®] project.
- Other Miscellaneous Revenue – including revenues from property rentals, BART feeder revenue, transit charter services, transit advertising and other miscellaneous transit operating revenues.
- Transfers and Fund Balance – including funds from Transit Impact Development Fee, the Breda Leaseback transaction, and internal fund transfer within SFMTA funds and sub funds, plus expense recovery from other City departments.

Expenditure line items include the following:

- Salaries – including \$145 million for platform employees and \$154 million for other employees.
- Fringe Benefits – fringe benefit cost associated with the above salaries.
- Operating Overhead – this represents a portion of the Agency-wide indirect cost allocated to Muni Operating Budget.
- Non Personnel Services – expenses such as travel, training, professional services, rental payment, judgment and claims, and other miscellaneous costs.

- Materials and Supplies – expenses including fuels and lubricants, equipment maintenance, safety and office supplies, small equipment supplies, and building and construction supplies.
- Equipment Purchase – purchases for equipment with a unit price of \$5,000 and above. This includes non revenue vehicles and other heavy equipment.
- Allocated Charges – negative appropriation reflects cost reimbursement to the operating fund by federal grants and contracts. The allowable recovery categories and rates are defined by the federal Office of Management and Budget Circular A-87.
- Services of Other Departments – the higher budget amount in FY 2008 for Muni is mainly a result of increased work order budget from the Police Department for additional services needed, from the Department of Telecommunications and Information Services for its allocated infrastructure cost, and from reallocating the department’s existing property rental budget to work order budget to the Department of Real Estate.
- Facilities Maintenance – maintenance work on 76 miles of light rail and cable car tracks and repair work on track way components such as switches and crossovers.
- Expenditure Recovery – this negative appropriation represents the offset of the Agency’s overhead costs that are recovered through projects and other non-operating funds and are based on the indirect cost allocation plan.
- Appropriated Revenue Reserved – established by SFMTA Board policy and is put aside each year as reserved contingency fund for emergency and unforeseeable expenditures.

Figure 6-5: FY 2008 Operating Budget

	FY2007 Budget	FY2008 MTAB Approved as of 5/20/07
REVENUE		
Fares	\$159,231,239	\$137,581,601
Parking Revenue	139,354,909	146,243,413
Local and Regional Taxes	93,257,897	94,493,619
General Fund Contribution	114,850,000	127,927,000
Dedicated Paratransit Funding	15,610,995	15,419,309
Other Operating Grants	22,500,000	9,868,792
Other Miscellaneous Revenue	7,952,585	9,095,438
Transfers and Fund Balance	43,106,386	44,734,751
TOTAL REVENUE	\$595,864,011	\$585,363,923
EXPENDITURE		
Salaries	\$289,602,150	\$299,832,922
Mandatory Fringe Benefits	113,071,880	108,080,456
Operating Overhead	37,657,141	46,158,970
Non Personal Services	101,005,059	103,475,749
Materials & Supplies	37,030,712	41,087,588
Equipment Purchase	2,230,449	3,355,077

	FY2007 Budget	FY2008 MTAB Approved as of 5/20/07
Allocated Charges	(3,340,899)	(6,587,102)
Services Of Other Departments	30,589,159	39,362,057
Facilities Maintenance	20,445,000	175,000
Expenditure Recovery	(42,426,640)	(55,576,794)
Appropriated Revenue Reserved	10,000,000	6,000,000
TOTAL EXPENDITURES	\$595,864,011	\$585,363,923

Figure 6-6: FY 2008 Operating Budget - Sources of Funds

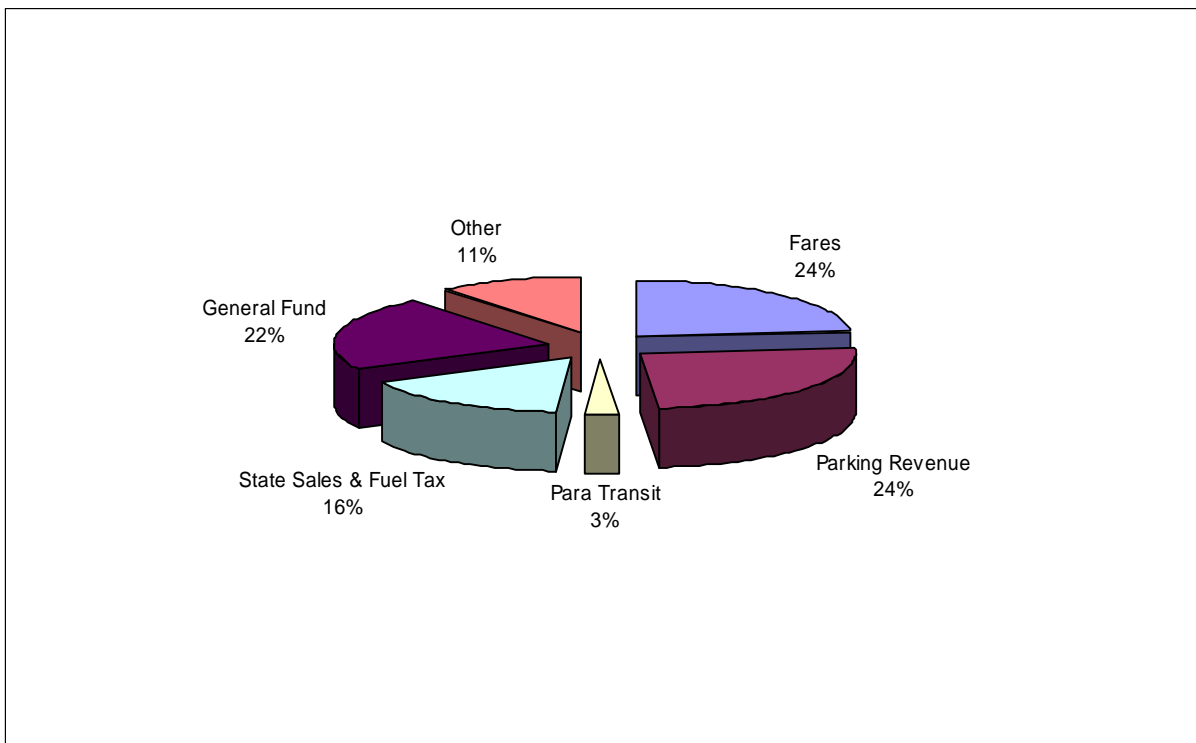
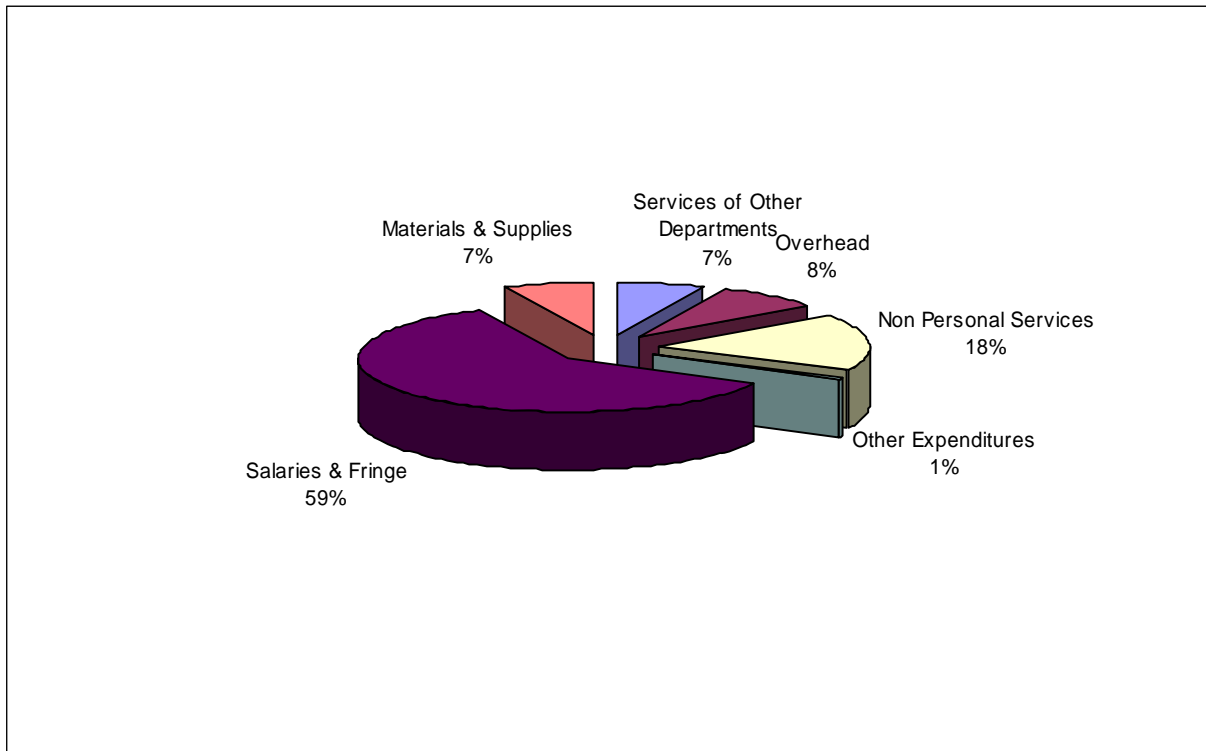


Figure 6-7: FY 2008 Operating Budget - Uses of Funds



Operating Financial Plan

The 20-Year Operating Financial Plan (Plan) or OFP is based on estimates of long-term trends and is not intended to project the operating budget for any given year. Instead, the Financial Plan uses assumptions that apply over a 20-year period. Therefore, short-term economic factors are not captured in the annual figures. It is helpful to see the expected impacts of major service changes (programmed to occur in specific years) and revenue changes on operating finances, but this is not intended to imply confidence that this is a highly accurate forecast of future conditions.

The Plan is based on a number of assumptions that include known projected service level changes as well as changes for revenue and expenditure categories. The assumptions are based on historical costs and include the figures in the FY 2008 budget. Each line item is adjusted in future years based on assumptions described below and detailed in Figure 6-8 through 6-11. Given the uncertainty over a 20-year window of demographic, economic, political and social changes, the out-year projections reflect best guess assumptions and are not intended to determine estimates of future year budgets.

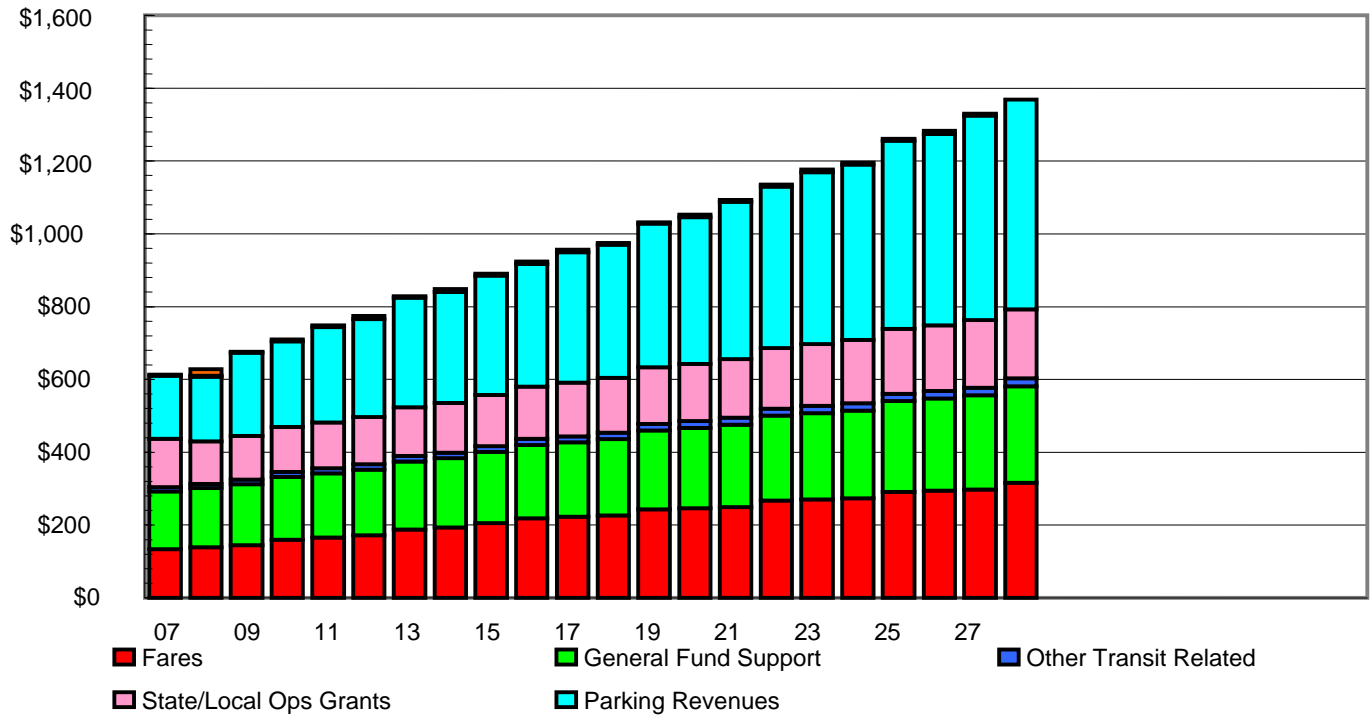
As with any plan, the figures depend heavily on the assumptions used in building the forecast and are presented as the most likely scenario given current information. To the extent that these assumptions are changed, the results of the forecast can shift significantly. Ideally, a range of possibilities is analyzed using sensitivity analysis of the multiple variables that affect the operations and the capital program. However, for the SRTP, the most likely forecast is presented based on current knowledge.

Annual Operating Revenues

The Operating Revenues are comprised of several sources: Fare Revenue, Parking Revenues, Other Operating Revenues, Grant Related Operating Assistance, Transfers, General Fund Revenues, and Interest Income. These sources are described below.

Figure 6-8

SOURCES OF OPERATING FUNDS



Fare Revenues

Fare revenues include fares paid by transit riders and paratransit users as well as proof of payment citations. These revenues are affected by three factors: 1) change in ridership; 2) changes in fares; and 3) change in fare evasion. Ridership in the base year is given and in the design year comes from the SFCTA travel demand analysis.

The San Francisco County Travel Demand Forecasting Model (SF-CHAMP) was developed by SFCTA to provide detailed forecasts of travel demand for various planning applications. The objective was to accurately represent the complexity of the destination, temporal and modal options and provide detailed information on travelers making discrete choices. These objectives led to the development of an activity-based model that uses a synthesized population as the basis for decision-making rather than zonal-level aggregate data sources. Most of the model components were estimated using household survey data collected by the MTC for San Francisco residents only. Each model component was calibrated using various observed data sources, and then the full model was validated using traffic count and transit ridership data for each of five time periods. The model is applied as a focused model, which combines trip-making from the entire Bay Area (derived from the MTC's BAYCAST trip tables) with the travel demand from San Francisco residents produced by the activity-based model.

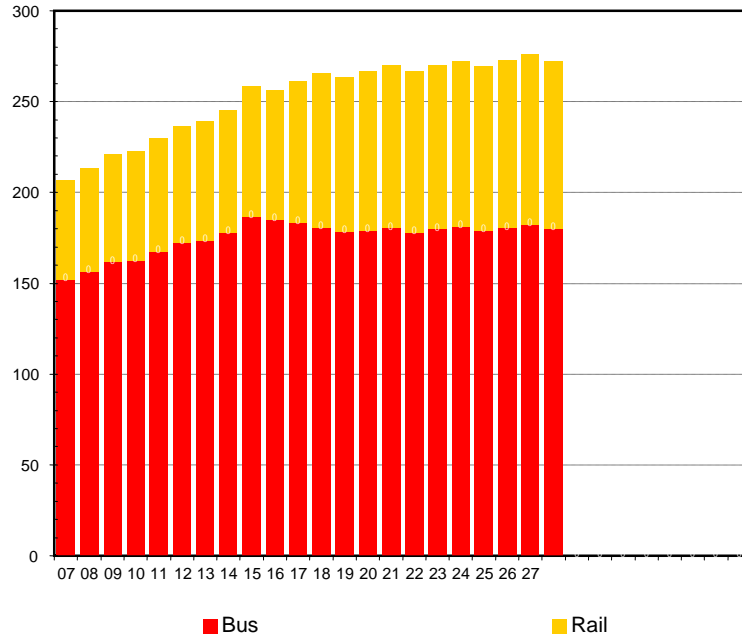
In the intervening years, ridership grows on the basis of the following:

- Incremental system wide opening year and design-year ridership based on the travel demand analysis for addition line-item capacity projects
- A downward adjustment for each increment reflecting the market lag resulting from the introduction of new services (i.e., 80 percent in the first year, 85 percent in the second year).
- A downward adjustment to account for smaller market size in years prior to the design year.
- A downward adjustment to account for periodic fare increases. In years that fares increase, ridership declines, reflecting 0.15 fare elasticity. In years that fares do not increase, fares effectively decline in real terms and ridership grows, again on the basis of the 0.15 fare elasticity. The analysis assures consistency with the fare assumptions in the travel demand analysis, that is, the average fare per trip in the design year in 2007 dollars is the same as in the base year of the analysis.
- An upward adjustment for decreasing fare evasion as result of replacement of fare collection infrastructure, use of smart card technology and changes to fare policy.

The OFP assumes modest growth in baseline ridership in future years based on the SFCTA travel demand analysis as the regional economy grows. Ridership is adjusted to reflect fare and service elasticity.

Figure 6-9

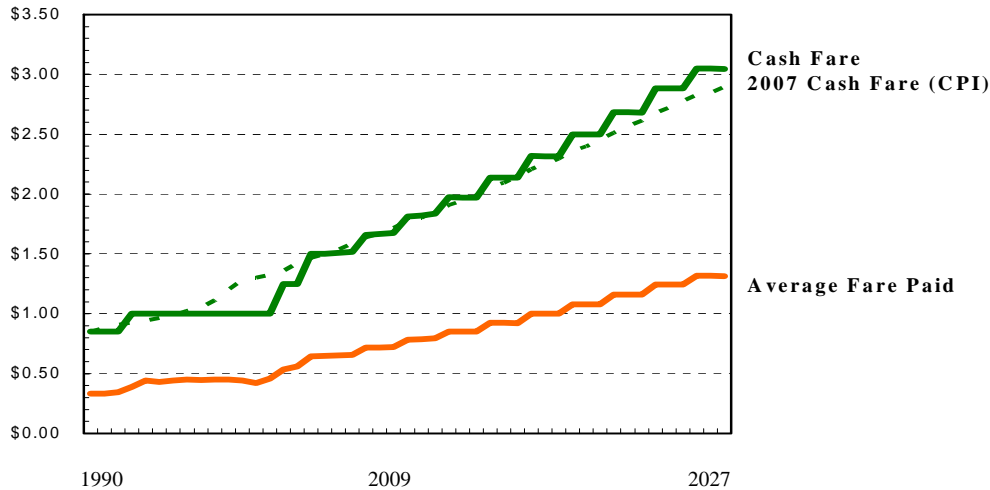
**PROJECTED RIDERSHIP
(Millions)**



The most recent fare increase occurred midyear in FY 2007, and the increase was approximately 12 percent. Future fare increases are assumed sufficient to keep pace with inflation every three years beginning in 2010 as is currently under fare policy discussions.

Fares are estimated on the basis of inflation in average fare of unlinked trip by mode. Increases in ridership and fare policy change requiring regular fare increases to keep pace with inflation combine to create projected SFMTA fare revenues that increase in real and nominal terms over the 20-year period of analysis.

Figure 6-10.
Projected Fare Revenue



Enhanced Fare Collection: The analysis assumes receipt of additional fare revenue resulting from a formal adopted fare policy, fare infrastructure replacement, improved enforcement activities and the implementation of a smart card fare system. Additional fare revenue of 2 percent in 2009, 2 percent in 2010, 2 percent in 2011 and 2 percent in 2012 growing by Bay Area CPI thereafter is assumed as these programs are implemented

Parking Revenues: Include revenue from parking garages and parking meters, parking tax revenues, and income from fines, permits, and parking fees. The OFP assumes that parking revenues will increase by the Economy.com forecast of Bay Area CPI each year. New Funding Sources

The operating financial plan assumes the following new funding sources:

- **Incremental Parking Tax Revenue:** Currently, SFMTA receives 50 percent of the parking tax revenue collected annually by the City and County of San Francisco. Should the Charter Amendment pass in November 2007, the agency would receive the entirety of any incremental new parking tax revenue collected by the City. The incremental new parking tax revenue is reflected in this line item. If the Charter Amendment is not approved by the voters, the SFMTA is expected to receive these incremental parking tax revenues or alternatively a City General Fund contribution of an equal amount.
- **Enhanced Parking Related Revenue:** The current estimate of revenue increases possible through proactive management of parking collections in off-street parking facilities and on-street parking is \$30 million annually. The SFMTA is in the process of implementing operational changes to provide parkers with alternative payment options (e.g. cell phones, credit cards), improve collection of garage revenues (e.g. replace revenue control equipment) and replace parking meters with newer technology including improved enforcement features. The financial plan assumes that these revenue gains are phased-in over a five-year period beginning in FY09.

Other Operating Revenues: Include rental and advertising income, revenue related to Muni feeder service to BART and other miscellaneous revenues. The OFP assumes that other operating revenues will increase by the Economy.com forecast of Bay Area CPI each year.

Operating Assistance: Includes grants from federal, state and local sources such as a FTA grant for paratransit, gas taxes available through the State Transit Assistance, the Proposition 42 increment, the spillover and subventions. State sales taxes also form the basis for the Transportation Development Act (TDA) funding and AB 1107, a regional sales tax measure. Local sales tax revenues provide a fixed amount each year for paratransit services which were approved under Proposition B and grandfathered into Proposition K. Additionally, funds are received from BART related to Americans with Disabilities Act, bridge toll revenue for specific service such as the night owl service. The OFP assumes that Operating Assistance revenues will increase by the Economy.com forecast of Bay Area CPI each year.

Future funding levels are based partly on forecasts provided by the Metropolitan Transportation Commission, the San Francisco County Transportation Authority, and the California Transportation Commission. Bridge tolls and funds derived from bridge tolls do not rise with inflation, but by specific, legislated schedules.

Transfers: These funds include SFMTA fund balances from prior years carried over into FY 2006 and interdepartmental transfer adjustments between SFMTA sub funds.

General Fund Revenue: Includes General Fund support required under Proposition E as described above. The OFP assumes that General Fund Transfers will increase by the Economy.com forecast of Bay Area CPI each year.

The Growth Rates assumed for the OFP are included in Figure 6-11.

Figure 6-11: Projected Growth Rates

GROWTH RATES BY FISCAL YEAR: OPERATING SOURCES OF FUNDS				
	2009	2010	2011	2012
Passenger Revenue	5.98%	12.61%	5.72%	5.47%
Parking Revenues				
Parking Revenues	8.15%	3.30%	7.13%	2.66%
Parking Tax Revenue	8.15%	3.30%	7.13%	2.66%
Fines	8.15%	3.30%	7.13%	2.66%
Permits	8.15%	3.30%	7.13%	2.66%
Parking Fees	8.15%	3.30%	7.13%	2.66%
Other Operating Revenues				
Rental Income	3.15%	3.30%	2.13%	2.66%
Advertising	6.00%	6.00%	6.00%	6.00%
Muni Feeder to BART	3.15%	3.30%	2.13%	2.66%
Paratransit Revenue	3.15%	3.30%	2.13%	2.66%
Proof of Payment Revenue	3.15%	3.30%	2.13%	2.66%
Miscellaneous	5.00%	5.00%	5.00%	5.00%
Operating Assistance				
Transit Operating Assistance	-100.00%			
FTA Grants	-100.00%			
Gas Tax Adjustment	3.15%	3.30%	2.13%	2.66%
State Sales Tax	3.15%	3.30%	2.13%	2.66%
Prop. 42 Gas Tax Revenue	3.15%	3.30%	2.13%	2.66%
TDA Sales Tax	3.15%	3.30%	2.13%	2.66%
S.F. Transportation Authority	3.15%	3.30%	2.13%	2.66%
BART ADA	3.15%	3.30%	2.13%	2.66%
Bridge Tolls	0.00%	0.00%	0.00%	0.00%
STA	3.15%	3.30%	2.13%	2.66%
Carryover Funds from FY06				
Departmental Transfer Adjustment	3.15%	3.30%	2.13%	2.66%
General Fund Support	3.15%	3.30%	2.13%	2.66%
State and Local Assistance				
FTA Sec 5307 Maintenance				
Interest on Capital Reserve	13.91%	43.60%	0.49%	127.59%
New Operating Revenue				
Incremental Parking Tax Revenue		3.30%	7.13%	2.66%
Enhanced Parking Revenues		3.30%	98.94%	2.66%

Figure 6-11: Projected Growth Rates (continued)

GROWTH RATES BY FISCAL YEAR: OPERATING SOURCES OF FUNDS

	2013	2014	2015	2016
Passenger Revenue	9.51%	3.62%	5.87%	6.61%
Parking Revenues				
Parking Revenues	8.36%	1.62%	7.91%	2.82%
Parking Tax Revenue	8.36%	1.62%	7.91%	2.82%
Fines	8.36%	1.62%	7.91%	2.82%
Permits	8.36%	1.62%	7.91%	2.82%
Parking Fees	8.36%	1.62%	7.91%	2.82%
Other Operating Revenues				
Rental Income	3.36%	1.62%	2.91%	2.82%
Advertising	6.00%	6.00%	2.91%	2.82%
Muni Feeder to BART	3.36%	1.62%	2.91%	2.82%
Paratransit Revenue	3.36%	1.62%	2.91%	2.82%
Proof of Payment Revenue	3.36%	1.62%	2.91%	2.82%
Miscellaneous	5.00%	5.00%	2.91%	2.82%
Operating Assistance				
Transit Operating Assistance				
FTA Grants				
Gas Tax Adjustment	3.36%	1.62%	2.91%	2.82%
State Sales Tax	3.36%	1.62%	2.91%	2.82%
Prop. 42 Gas Tax Revenue	3.36%	1.62%	2.91%	2.82%
TDA Sales Tax	3.36%	1.62%	2.91%	2.82%
S.F. Transportation Authority	3.36%	1.62%	2.91%	2.82%
BART ADA	3.36%	1.62%	2.91%	2.82%
Bridge Tolls	0.00%	0.00%	0.00%	0.00%
STA	3.36%	1.62%	2.91%	2.82%
Carryover Funds from FY06				
Departmental Transfer Adjustment	3.36%	1.62%	2.91%	2.82%
General Fund Support	3.36%	1.62%	2.91%	2.82%
State and Local Assistance				
FTA Sec 5307 Maintenance	-100.00%			
Interest on Capital Reserve	25.15%	-31.06%	-53.39%	17.33%
New Operating Revenue				
Incremental Parking Tax Revenue	8.36%	1.62%	7.91%	2.82%
Enhanced Parking Revenues	50.76%	1.62%	2.91%	2.82%

Figure 6-11: Projected Growth Rates (continued)

GROWTH RATES BY FISCAL YEAR: OPERATING SOURCES OF FUNDS

	2017	2018	2019	2020
Passenger Revenue	1.47%	1.64%	7.71%	1.03%
Parking Revenues				
Parking Revenues	6.83%	2.38%	8.16%	2.02%
Parking Tax Revenue	6.83%	2.38%	8.16%	2.02%
Fines	6.83%	2.38%	8.16%	2.02%
Permits	6.83%	2.38%	8.16%	2.02%
Parking Fees	6.83%	2.38%	8.16%	2.02%
Other Operating Revenues				
Rental Income	1.83%	2.38%	3.16%	2.02%
Advertising	1.83%	2.38%	3.16%	2.02%
Muni Feeder to BART	1.83%	2.38%	3.16%	2.02%
Paratransit Revenue	1.83%	2.38%	3.16%	2.02%
Proof of Payment Revenue	1.83%	2.38%	3.16%	2.02%
Miscellaneous	1.83%	2.38%	3.16%	2.02%
Operating Assistance				
Transit Operating Assistance				
FTA Grants				
Gas Tax Adjustment	1.83%	2.38%	3.16%	2.02%
State Sales Tax	1.83%	2.38%	3.16%	2.02%
Prop. 42 Gas Tax Revenue	1.83%	2.38%	3.16%	2.02%
TDA Sales Tax	1.83%	2.38%	3.16%	2.02%
S.F. Transportation Authority	1.83%	2.38%	3.16%	2.02%
BART ADA	1.83%	2.38%	3.16%	2.02%
Bridge Tolls	0.00%	0.00%	0.00%	0.00%
STA	1.83%	2.38%	3.16%	2.02%
Carryover Funds from FY06				
Departmental Transfer Adjustment	1.83%	2.38%	3.16%	2.02%
General Fund Support	1.83%	2.38%	3.16%	2.02%
State and Local Assistance				
FTA Sec 5307 Maintenance				
Interest on Capital Reserve	9.10%	51.04%	86.15%	-25.39%
New Operating Revenue				
Incremental Parking Tax Revenue	6.83%	2.38%	8.16%	2.02%
Enhanced Parking Revenues	1.83%	2.38%	3.16%	2.02%

Figure 6-11: Projected Growth Rates (continued)

GROWTH RATES BY FISCAL YEAR: OPERATING SOURCES OF FUNDS				
	2021	2022	2023	2024
Passenger Revenue	1.09%	7.51%	0.92%	0.90%
Parking Revenues				
Parking Revenues	7.46%	2.86%	7.00%	1.98%
Parking Tax Revenue	7.46%	2.86%	7.00%	1.98%
Fines	7.46%	2.86%	7.00%	1.98%
Permits	7.46%	2.86%	7.00%	1.98%
Parking Fees	7.46%	2.86%	7.00%	1.98%
Other Operating Revenues				
Rental Income	2.46%	2.86%	2.00%	1.98%
Advertising	2.46%	2.86%	2.00%	1.98%
Muni Feeder to BART	2.46%	2.86%	2.00%	1.98%
Paratransit Revenue	2.46%	2.86%	2.00%	1.98%
Proof of Payment Revenue	2.46%	2.86%	2.00%	1.98%
Miscellaneous	2.46%	2.86%	2.00%	1.98%
Operating Assistance				
Transit Operating Assistance				
FTA Grants				
Gas Tax Adjustment	2.46%	2.86%	2.00%	1.98%
State Sales Tax	2.46%	2.86%	2.00%	1.98%
Prop. 42 Gas Tax Revenue	2.46%	2.86%	2.00%	1.98%
TDA Sales Tax	2.46%	2.86%	2.00%	1.98%
S.F. Transportation Authority	2.46%	2.86%	2.00%	1.98%
BART ADA	2.46%	2.86%	2.00%	1.98%
Bridge Tolls	0.00%	0.00%	0.00%	0.00%
STA	2.46%	2.86%	2.00%	1.98%
Carryover Funds from FY06				
Departmental Transfer Adjustment	2.46%	2.86%	2.00%	1.98%
General Fund Support	2.46%	2.86%	2.00%	1.98%
State and Local Assistance				
FTA Sec 5307 Maintenance				-100.00%
Interest on Capital Reserve	16.09%	-48.00%	-11.34%	199.45%
New Operating Revenue				
Incremental Parking Tax Revenue	7.46%	2.86%	7.00%	1.98%
Enhanced Parking Revenues	2.46%	2.86%	2.00%	1.98%

Figure 6-11: Projected Growth Rates (continued)

GROWTH RATES BY FISCAL YEAR: OPERATING SOURCES OF FUNDS

	2025	2026	2027
Passenger Revenue	6.99%	0.82%	0.98%
Parking Revenues			
Parking Revenues	7.77%	1.64%	7.30%
Parking Tax Revenue	7.77%	1.64%	7.30%
Fines	7.77%	1.64%	7.30%
Permits	7.77%	1.64%	7.30%
Parking Fees	7.77%	1.64%	7.30%
Other Operating Revenues			
Rental Income	2.77%	1.64%	2.30%
Advertising	2.77%	1.64%	2.30%
Muni Feeder to BART	2.77%	1.64%	2.30%
Paratransit Revenue	2.77%	1.64%	2.30%
Proof of Payment Revenue	2.77%	1.64%	2.30%
Miscellaneous	2.77%	1.64%	2.30%
Operating Assistance			
Transit Operating Assistance			
FTA Grants			
Gas Tax Adjustment	2.77%	1.64%	2.30%
State Sales Tax	2.77%	1.64%	2.30%
Prop. 42 Gas Tax Revenue	2.77%	1.64%	2.30%
TDA Sales Tax	2.77%	1.64%	2.30%
S.F. Transportation Authority	2.77%	1.64%	2.30%
BART ADA	2.77%	1.64%	2.30%
Bridge Tolls	0.00%	0.00%	0.00%
STA	2.77%	1.64%	2.30%
Carryover Funds from FY06			
Departmental Transfer Adjustment	2.77%	1.64%	2.30%
General Fund Support	2.77%	1.64%	2.30%
State and Local Assistance			
FTA Sec 5307 Maintenance			
Interest on Capital Reserve	-20.85%	-35.15%	-12.15%
New Operating Revenue			
Incremental Parking Tax Revenue	7.77%	1.64%	7.30%
Enhanced Parking Revenues	2.77%	1.64%	2.30%

Annual Operating and Maintenance Costs

Operating Cost and Maintenance Model

The Operating and Maintenance (O&M) costs were computed based on the unit cost results estimated from the SFMTA O&M cost model. SFMTA operating expenses include wages, benefits, payroll taxes, materials, supplies, services, and purchased transportation. Operating costs are projected according to seven object classes, including wages and salaries, healthcare-related fringe benefits, other fringe benefits, electricity, petroleum products, materials and supplies, and other costs. The OFP assumes that operating expenses grow according to the San Francisco Consumer Price Index inflation projections developed by Economy.com with the following exceptions:

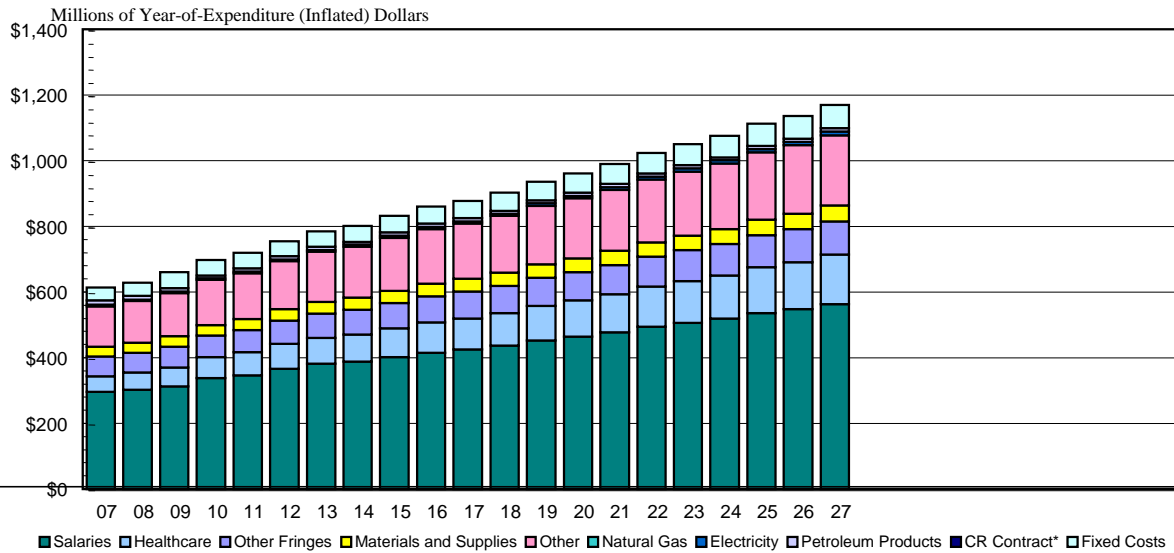
- Petroleum and electricity costs are projected to grow based on commodity-specific inflation forecasts developed by Economy.com.
- Healthcare-related fringe benefits are assumed to grow at 10 percent annually through FY 2011 and at twice the projected San Francisco CPI thereafter. This is based on SFMTA's approximate growth rate of benefits costs over the last five years.
- Salaries and wages: Platform, or operator, salaries are calculated by formula set forth in the Charter, which provides an annual increase equal to the average of the two highest paying transit agencies (the November 2007 Charter Amendment, if approved by the voters changes this formula – see text above). Since FY 1999, the actual average annual increase has been 4 percent. The OFP assumes that all SFMTA salaries and wages grow at the Economy.com forecast of San Francisco CPI plus 0.5 percentage point.

The fully-allocated O&M cost model applied in the forecast is based on a disaggregate and resource build-up structure, consistent with the approach suggested by the FTA in Procedures and Technical Methods for Transit Project Planning. Line item costs are determined according to the volume of service supplied and other system characteristics such as track miles. All expenses are classified as variable and a specific driving variable is identified to determine these costs. Costs are broken out by object class so that appropriate inflation rates can be applied to project future costs for labor, healthcare fringes, and energy costs.

The O&M cost model was calibrated based on FY 2006 actual costs, levels of service and staffing levels. Level of service data not provided in FY 2006 was applied from data provided by SFMTA. Costs were inflated to 2007 dollars by applying the inflation assumptions as described above.

Figure 6-12.

OPERATING COSTS BY OBJECT CLASS



This section describes the assumptions used to develop the OFP.

Level of Service

Peak vehicles, revenue miles, and revenue hours of service are expected to change slightly over the next 20 years in response to planned service changes as follows:

- An increase in historic streetcar service corresponding with the introduction of the E-line along the Embarcadero from Fisherman’s Wharf to Caltrain in 2010
- A slight increase in trolley coach and LRT service corresponding with extension of service to Mission Bay on the 22-Fillmore, 45-Union/Stockton, and N lines in 2012
- An increase in LRT service and decrease in trolley coach service corresponding with the opening of the Central Subway Light Rail Transit Project in 2016

The future year service changes to the trolleybus, historic streetcars, and LRV modes were layered on top of the FY 2008 schedule and these changes were based on SFMTA service plans. With the exception of the planned changes outlined above, service levels on all other routes are projected to remain at FY 2008 levels.

Cost Drivers and Unit Cost Factors

Figure 6-13 includes the Historic and Projected Operating Data used in developing the 20-year Operating Financial Plan (consistent with the service changes described above). The operating data were used, along with detailed service plans, by a transportation economics consulting firm (AECOM) to develop a forecast for 18 factors that influence or “drive” SFMTA operating costs. These cost drivers include service levels such as revenue bus/train hour, ridership levels, and infrastructure/support levels, such as, number of transit stations. (Where appropriate, service level cost drivers are further detailed by mode and time period.) . Statistical analysis determined how much each cost driver contributes to

operating costs. The unit cost factors were multiplied by the forecast cost driver levels for each year in the future to arrive at a forecast of future operating costs. This is a much more detailed, sophisticated method than has been used in past SRTPs.

Figure 6-13: Historic and Projected Operating Data

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 [1]	FY 2008 [2]	FY 2009
MOTOR COACH								
Revenue Miles	13,408,324	13,379,331	13,032,433	12,855,252	12,356,107	13,201,948	12,402,828	12,402,828
Revenue Hours	1,541,842	1,542,150	1,488,409	1,468,086	1,393,664	1,496,185	1,402,816	1,402,816
Peak Vehicles	410	389	397	397	397	393	378	378
TROLLEY COACH								
Revenue Miles	7,273,609	7,367,759	7,218,793	7,015,407	6,629,786	6,766,369	7,385,459	7,385,459
Revenue Hours	1,056,323	1,070,371	1,056,037	1,027,330	944,096	997,124	1,079,793	1,079,793
Peak Vehicles	258	263	264	264	264	232	232	232
LIGHT RAIL (LRV + HISTORIC)								
Revenue Miles	5,458,858	5,531,119	5,656,316	5,524,911	5,358,288	5,389,318	5,430,672	5,430,672
Revenue Hours	571,339	577,016	588,607	575,245	558,178	484,654	487,026	487,026
Peak Vehicles	128	130	130	127	127	138	144	144
Peak - LRV	110	110	110	107	107	118	124	124
Peak - Historic	18	20	20	20	20	20	20	20
CABLE CAR								
Revenue Miles	436,920	405,091	452,775	413,892	435,685	488,663	494,944	494,944
Revenue Hours	135,563	125,373	140,164	128,252	134,909	148,190	150,925	150,925
Peak Vehicles	26	30	30	30	30	30	30	30
TOTAL								
Revenue Miles	26,577,711	26,683,300	26,360,317	25,809,462	24,779,866	25,846,297	25,713,904	25,713,904
Revenue Hours	3,305,067	3,314,910	3,273,217	3,198,913	3,030,847	3,126,153	3,120,560	3,120,560
Peak Vehicles	822	812	821	818	818	793	771	771

Figure 6-13: Historic and Projected Operating Data (continued)

	FY 2010 [3]	FY 2011	FY 2012 [4]	FY 2013	FY 2014	FY 2015	FY 2016 [5]	FY 2017
MOTOR COACH								
Revenue Miles	12,402,828	12,402,828	12,402,828	12,402,828	12,402,828	12,402,828	12,402,828	12,402,828
Revenue Hours	1,402,816	1,402,816	1,402,816	1,402,816	1,402,816	1,402,816	1,402,816	1,402,816
Peak Vehicles	365	365	365	365	365	365	365	365
TROLLEY COACH								
Revenue Miles	7,385,459	7,385,459	7,886,477	7,886,477	7,886,477	7,886,477	7,680,477	7,474,477
Revenue Hours	1,079,793	1,079,793	1,168,754	1,168,754	1,168,754	1,168,754	1,130,554	1,092,354
Peak Vehicles	232	232	242	242	242	242	227	227
LIGHT RAIL (LRV + HISTORIC)								
Revenue Miles	5,587,672	5,587,672	5,820,672	5,820,672	5,820,672	5,820,672	5,847,672	5,874,672
Revenue Hours	521,926	521,926	532,526	532,526	532,526	532,526	536,826	541,126
Peak Vehicles	149	149	157	157	157	157	163	163
Peak - LRV	124	124	132	132	132	132	138	138
Peak - Historic	25	25	25	25	25	25	25	25
CABLE CAR								
Revenue Miles	494,944	494,944	494,944	494,944	494,944	494,944	494,944	494,944
Revenue Hours	150,925	150,925	150,925	150,925	150,925	150,925	150,925	150,925
Peak Vehicles	30	30	30	30	30	30	30	30
TOTAL								
Revenue Miles	25,870,904	25,870,904	26,604,921	26,604,921	26,604,921	26,604,921	26,425,921	26,246,921
Revenue Hours	3,155,460	3,155,460	3,255,021	3,255,021	3,255,021	3,255,021	3,221,121	3,187,221
Peak Vehicles	776	776	794	794	794	794	785	785

Figure 6-13: Historic and Projected Operating Data (continued)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
MOTOR COACH							
Revenue Miles	12,402,828	12,402,828	12,402,828	12,402,828	12,402,828	12,402,828	12,402,828
Revenue Hours	1,402,816	1,402,816	1,402,816	1,402,816	1,402,816	1,402,816	1,402,816
Peak Vehicles	365	365	365	365	365	365	365
TROLLEY COACH							
Revenue Miles	7,474,477	7,474,477	7,474,477	7,474,477	7,474,477	7,474,477	7,474,477
Revenue Hours	1,092,354	1,092,354	1,092,354	1,092,354	1,092,354	1,092,354	1,092,354
Peak Vehicles	227	227	227	227	227	227	227
LIGHT RAIL (LRV + HISTORIC)							
Revenue Miles	5,874,672	5,874,672	5,874,672	5,874,672	5,874,672	5,874,672	5,874,672
Revenue Hours	541,126	541,126	541,126	541,126	541,126	541,126	541,126
Peak Vehicles	163	163	163	163	163	163	163
Peak - LRV	138	138	138	138	138	138	138
Peak - Historic	25	25	25	25	25	25	25
CABLE CAR							
Revenue Miles	494,944	494,944	494,944	494,944	494,944	494,944	494,944
Revenue Hours	150,925	150,925	150,925	150,925	150,925	150,925	150,925
Peak Vehicles	30	30	30	30	30	30	30
TOTAL							
Revenue Miles	26,246,921	26,246,921	26,246,921	26,246,921	26,246,921	26,246,921	26,246,921
Revenue Hours	3,187,221	3,187,221	3,187,221	3,187,221	3,187,221	3,187,221	3,187,221
Peak Vehicles	785	785	785	785	785	785	785

Figure 6-13: Historic and Projected Operating Data (continued)

	FY 2025	FY 2026	FY 2027
MOTOR COACH			
Revenue Miles	12,402,828	12,402,828	12,402,828
Revenue Hours	1,402,816	1,402,816	1,402,816
Peak Vehicles	365	365	365
TROLLEY COACH			
Revenue Miles	7,474,477	7,474,477	7,474,477
Revenue Hours	1,092,354	1,092,354	1,092,354
Peak Vehicles	227	227	227
LIGHT RAIL (LRV + HISTORIC)			
Revenue Miles	5,874,672	5,874,672	5,874,672
Revenue Hours	541,126	541,126	541,126
Peak Vehicles	163	163	163
Peak - LRV	138	138	138
Peak - Historic	25	25	25
CABLE CAR			
Revenue Miles	494,944	494,944	494,944
Revenue Hours	150,925	150,925	150,925
Peak Vehicles	30	30	30
TOTAL			
Revenue Miles	26,246,921	26,246,921	26,246,921
Revenue Hours	3,187,221	3,187,221	3,187,221
Peak Vehicles	785	785	785

Revenue Miles and hours in 000s

- (1) Third Street Startup 4/7/07
- (2) Third Street full year of operation
- (3) E-line
- (4) Mission Bay TC Extension and N-line extension
- (5) Third Street Central Subway

The unit cost results below in Figure 6-14 were applied to the level of service values to compute agency-wide O&M cost estimates for the OFP. The last six lines in the chart below are related to the parking program managed by SFMTA and although this function is not part of the SRTP, it is an important part of SFMTA’s efforts and revenue sources for transit. This table lists the incremental costs for varying individual “cost drivers” or service levels. In reality, major service changes will typically result in several cost drivers changing simultaneously.

Figure 6-14: Fully Allocated Unit Cost Results in 2007 Dollars

Cost Driver	Salaries and Wages	Health Benefits	Other Benefits	Fuel and Lubes	M&S	Electricity Prop	Other	Total Unit Cost
	501	502.01	502.02	504.01	504.99	505.01	509	
Peak Bus/Rail Car Day								
Motorbus	\$ 77,6530	\$ 12,3675	\$ 15,9205	\$ -	\$ (1,2847)	\$ -	\$ 7,6933	\$ 112,3497
Trolleybus	\$ 77,0918	\$ 12,3625	\$ 15,8264	\$ -	\$ (1,3975)	\$ -	\$ 7,6443	\$ 111,5275
Light Rail	\$ 77,0918	\$ 12,3625	\$ 15,8264	\$ -	\$ (1,3975)	\$ -	\$ 7,6443	\$ 111,5275
Historic Streetcars	\$ 77,0918	\$ 12,3625	\$ 15,8264	\$ -	\$ (1,3975)	\$ -	\$ 7,6443	\$ 111,5275
Cable Car	\$ 77,0918	\$ 12,3625	\$ 15,8264	\$ -	\$ (1,3975)	\$ -	\$ 7,6443	\$ 111,5275
Peak Weekday Revenue Bus/Train Hour								
Light Rail + Historic Streetcars	\$ 3,7860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,7860
Cable Cars	\$ 13,6330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,6330
Trolleybus	\$ 4,0618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,0618
Motorbus	\$ 2,9640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,9640
Revenue Bus/Train Hour								
Paratransit Service	\$ 3,5131	\$ 0,1912	\$ 0,6288	\$ -	\$ 0,0018	\$ -	\$ 43,3851	\$ 47,7200
Weekday								
Light Rail + Historic Streetcars	\$ 64,1569	\$ 8,6067	\$ 12,7472	\$ -	\$ 0,2596	\$ -	\$ 6,5126	\$ 92,2830
Cable Cars	\$ 104,8241	\$ 14,6960	\$ 20,8361	\$ -	\$ 0,2058	\$ -	\$ 13,2682	\$ 153,8303
Trolleybus	\$ 55,6952	\$ 8,7076	\$ 11,2867	\$ -	\$ 0,2488	\$ -	\$ 9,7946	\$ 85,7328
Motorbus	\$ 55,2587	\$ 8,7013	\$ 11,1917	\$ -	\$ 0,2392	\$ -	\$ 9,7516	\$ 85,1426
Saturday								
Light Rail + Historic Streetcars	\$ 58,8417	\$ 8,6067	\$ 12,7472	\$ -	\$ 0,2596	\$ -	\$ 6,5126	\$ 86,9678
Cable Cars	\$ 92,5550	\$ 14,6960	\$ 20,8361	\$ -	\$ 0,2058	\$ -	\$ 13,2682	\$ 141,5612
Trolleybus	\$ 47,8770	\$ 8,7076	\$ 11,2867	\$ -	\$ 0,2488	\$ -	\$ 9,7946	\$ 77,9147
Motorbus	\$ 46,8886	\$ 8,7013	\$ 11,1917	\$ -	\$ 0,2392	\$ -	\$ 9,7516	\$ 76,7724
Sunday								
Light Rail + Historic Streetcars	\$ 61,0780	\$ 8,6067	\$ 12,7472	\$ -	\$ 0,2596	\$ -	\$ 6,5126	\$ 89,2041
Cable Cars	\$ 97,2727	\$ 14,6960	\$ 20,8361	\$ -	\$ 0,2058	\$ -	\$ 13,2682	\$ 146,2789
Trolleybus	\$ 51,0540	\$ 8,7076	\$ 11,2867	\$ -	\$ 0,2488	\$ -	\$ 9,7946	\$ 81,0916
Motorbus	\$ 50,5931	\$ 8,7013	\$ 11,1917	\$ -	\$ 0,2392	\$ -	\$ 9,7516	\$ 80,4769
Revenue Bus/Car Mile								
Motorbus	\$ 1,6401	\$ 0,2854	\$ 0,3762	\$ 1,0537	\$ 0,3648	\$ -	\$ 0,4602	\$ 4,1804
Articulated Motorbus	\$ 0,2338	\$ -	\$ -	\$ -	\$ 0,5148	\$ -	\$ -	\$ 0,7486
Standard Motorbus	\$ 0,1945	\$ -	\$ -	\$ -	\$ 0,3830	\$ -	\$ -	\$ 0,5775
Trolleybus	\$ 1,3601	\$ 0,2857	\$ 0,3777	\$ -	\$ 0,1247	\$ 0,1384	\$ 0,4782	\$ 2,7648
Articulated Trolleybus	\$ 0,5699	\$ -	\$ -	\$ -	\$ 0,4856	\$ -	\$ -	\$ 1,0555
Standard Trolleybus	\$ 0,4717	\$ -	\$ -	\$ -	\$ 0,5425	\$ -	\$ -	\$ 1,0141
Light Rail	\$ 3,2827	\$ 0,4839	\$ 0,6634	\$ -	\$ 1,2538	\$ 0,4987	\$ 1,4350	\$ 7,6175
Historic Streetcars	\$ 5,0588	\$ 0,5051	\$ 0,9626	\$ -	\$ 1,9578	\$ 0,4987	\$ 0,6056	\$ 9,5886
Cable Cars	\$ 7,0757	\$ 1,0896	\$ 1,4414	\$ -	\$ 1,8165	\$ 0,3361	\$ 1,1209	\$ 12,8801
Unlinked Passenger Trips (Directly Operated)								
Unlinked Passenger Trips - Light Rail	\$ 0,0069	\$ 0,0004	\$ 0,0012	\$ -	\$ (0,0000)	\$ -	\$ 0,0880	\$ 0,0965
Unlinked Passenger Trips - Light Rail	\$ 0,0335	\$ 0,0059	\$ 0,0070	\$ -	\$ 0,0004	\$ -	\$ 0,0037	\$ 0,0505
MUNI Maintenance Garages	\$ 544,100.38	\$ 100,660.20	\$ 115,028.51	\$ -	\$ 49,173.14	\$ -	\$ 320,643.51	\$ 1,129,605.75
Manned Stations	\$ 682,919.80	\$ 97,188.50	\$ 137,139.38	\$ -	\$ 25,165.82	\$ -	\$ 51,421.05	\$ 993,834.56
Manned Stations and Wayside Platforms	\$ 33,606	\$ 5,369	\$ 6,894	\$ -	\$ 2,934	\$ -	\$ 19,688	\$ 68,492
Total Track Miles (Light Rail + Historics)	\$ 93,131	\$ 11,159	\$ 18,182	\$ -	\$ (4,118)	\$ -	\$ (17,391)	\$ 100,962
Total Track Miles -- Cable Cars	\$ 363,625	\$ 58,412	\$ 74,675	\$ -	\$ 15,587	\$ -	\$ 37,827	\$ 550,126
Miles of Overhead Trolleywire Lines	\$ 6,477	\$ 814	\$ 1,274	\$ -	\$ (145)	\$ -	\$ (791)	\$ 7,628
Parking Meters								
Parking Meters	\$ 112,2095	\$ 15,5644	\$ 22,4328	\$ -	\$ 31,6916	\$ -	\$ 765,6637	\$ 947,5619
Lane Miles	\$ 9,797.48	\$ 1,500.83	\$ 1,993.91	\$ -	\$ 5,666.37	\$ -	\$ 5,595.32	\$ 24,553.90
Number of Citations	\$ 8,1285	\$ 1,8853	\$ 1,8132	\$ -	\$ 0,0930	\$ -	\$ 8,7346	\$ 20,6546
Number of Hearings	\$ 19,1552	\$ 1,6242	\$ 3,5731	\$ -	\$ 0,0032	\$ -	\$ (13,1103)	\$ 11,2454
Residential Parking Permits	\$ 8,6657	\$ 2,1368	\$ 1,9645	\$ -	\$ 0,0571	\$ -	\$ 3,6881	\$ 16,5121
Number of Substations	\$ 68,209.15	\$ 9,851.39	\$ 13,733.13	\$ -	\$ 2,046.30	\$ -	\$ 7,089.81	\$ 100,929.78

Operating Financial Plan Highlights

Figure 6-15 highlights the OFP for SFMTA and includes the parking program managed by SFMTA and although this function is not part of the SRTP, it is an important part of SFMTA's efforts and revenue sources for transit. All net parking revenues are used for public transit pursuant to Proposition E.

This table indicates that, assuming approval of the November 2007 ballot Charter Amendment measure, revenues should be sufficient to cover operating costs. In FY 2009, net funds estimated at \$77 million should be available to help support capital needs, such as vehicle and infrastructure rehabilitation and repair. This transfer to capital projects is forecast to grow to \$299 million on FY 2027.

Any future operating transfers to support rehabilitation and other capital needs are heavily dependent on new and increased parking revenues that would be facilitated by passage of the Charter Amendment on the November 2007 ballot. Parking revenues are assumed to more than triple, while fares grow about 130% between FY 2007 and 2027, and State TDA sales tax assistance grows only 52% in the same period. Increased operating costs over the next 20 years are primarily the result of increased costs for labor and materials for existing service, with new service accounting for a small proportional increase in overall operating costs.

Figure 6-15: 20-Year Operating Financial Plan

OPERATING SOURCES OF FUNDS										
<i>(Year of Expenditure Dollars in Millions)</i>										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Passenger Revenue	\$133.76	\$133.61	\$141.60	\$159.45	\$168.58	\$177.80	\$194.70	\$201.76	\$213.59	\$227.70
Parking Revenues										
Parking Revenues	\$51.25	\$65.57	\$70.91	\$73.24	\$78.47	\$80.56	\$87.29	\$88.71	\$95.72	\$98.42
Parking Tax Revenue	\$22.29	\$24.18	\$26.15	\$27.01	\$28.94	\$29.71	\$32.19	\$32.71	\$35.30	\$36.29
Fines	\$88.74	\$89.22	\$96.49	\$99.67	\$106.78	\$109.62	\$118.79	\$120.72	\$130.26	\$133.93
Permits	\$5.98	\$5.49	\$5.94	\$6.13	\$6.57	\$6.74	\$7.31	\$7.43	\$8.01	\$8.24
Parking Fees	\$5.12	\$6.68	\$7.23	\$7.47	\$8.00	\$8.21	\$8.90	\$9.04	\$9.76	\$10.03
Other Operating Revenues										
Rental Income	\$2.44	\$2.10	\$2.16	\$2.23	\$2.28	\$2.34	\$2.42	\$2.46	\$2.53	\$2.60
Advertising	\$5.21	\$8.22	\$8.71	\$9.23	\$9.79	\$10.37	\$10.99	\$11.65	\$11.99	\$12.33
Muni Feeder to BART	\$2.52	\$2.40	\$2.48	\$2.56	\$2.61	\$2.68	\$2.77	\$2.82	\$2.90	\$2.98
Paratransit Revenue	\$1.36	\$1.41	\$1.46	\$1.51	\$1.54	\$1.58	\$1.63	\$1.66	\$1.71	\$1.76
Proof of Payment Revenue	\$0.18	\$0.16	\$0.16	\$0.17	\$0.17	\$0.18	\$0.18	\$0.18	\$0.19	\$0.20
Miscellaneous	\$0.27	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.04
Operating Assistance										
Transit Operating Assistance	\$0.00	\$3.81	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FTA Grants	\$0.00	\$4.57	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gas Tax Adjustment	\$1.32	\$3.47	\$3.58	\$3.70	\$3.78	\$3.88	\$4.01	\$4.07	\$4.19	\$4.31
State Sales Tax	\$29.95	\$34.44	\$35.52	\$36.69	\$37.47	\$38.47	\$39.76	\$40.41	\$41.58	\$42.75
Prop. 42 Gas Tax Revenue	\$6.81	\$6.11	\$6.30	\$6.51	\$6.65	\$6.82	\$7.05	\$7.17	\$7.38	\$7.58
TDA Sales Tax	\$37.74	\$35.83	\$36.96	\$38.18	\$38.99	\$40.03	\$41.37	\$42.04	\$43.27	\$44.49
S.F. Transportation Authority	\$7.80	\$9.67	\$9.97	\$10.30	\$10.52	\$10.80	\$11.17	\$11.35	\$11.68	\$12.01
BART ADA	\$1.08	\$1.25	\$1.29	\$1.33	\$1.36	\$1.40	\$1.44	\$1.47	\$1.51	\$1.55
Bridge Tolls	\$0.09	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
STA	\$9.34	\$18.81	\$19.40	\$20.04	\$20.47	\$21.01	\$21.72	\$22.07	\$22.71	\$23.36
Carryover Funds from FY06	\$19.61	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Departmental Transfer Adjustment	\$19.29	\$35.26	\$36.37	\$37.57	\$38.37	\$39.39	\$40.72	\$41.38	\$42.58	\$43.78
General Fund Support	\$158.28	\$178.92	\$184.55	\$190.63	\$194.70	\$199.88	\$206.60	\$209.95	\$216.05	\$222.14
State and Local Assistance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FTA Sec 5307 Maintenance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5.82	\$0.00	\$0.00	\$0.00	\$0.00
Interest on Capital Reserve	\$2.88	\$3.00	\$3.42	\$4.91	\$4.94	\$11.23	\$14.06	\$9.69	\$4.52	\$5.30
New Operating Revenue										
Incremental Parking Tax Revenue	\$0.00	\$0.00	\$26.00	\$26.86	\$28.77	\$29.54	\$32.01	\$32.53	\$35.10	\$36.09
Enhanced Parking Revenues	\$0.00	\$0.00	\$10.00	\$10.33	\$20.55	\$21.10	\$31.81	\$32.32	\$33.26	\$34.20
TOTAL OPERATING SOURCES OF FUNDS	\$613.31	\$676.70	\$739.17	\$778.25	\$822.81	\$861.69	\$921.42	\$936.12	\$978.32	\$1,014.58
OPERATING USES OF FUNDS										
<i>(Year of Expenditure Dollars in Millions)</i>										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Motor Coach	\$223.78	\$214.56	\$221.92	\$230.06	\$236.95	\$244.58	\$255.03	\$260.51	\$270.14	\$279.15
Trolley Coach	\$130.55	\$144.28	\$150.48	\$156.74	\$162.10	\$179.45	\$186.81	\$191.01	\$198.28	\$205.11
Demand Response	\$20.25	\$20.76	\$21.42	\$22.14	\$22.63	\$23.25	\$24.04	\$24.44	\$25.17	\$25.89
Light Rail Transit	\$113.06	\$118.33	\$123.50	\$132.37	\$136.86	\$145.23	\$151.28	\$154.81	\$160.91	\$166.47
Historic Street Car	\$6.91	\$7.34	\$7.64	\$9.88	\$10.19	\$10.53	\$10.95	\$11.20	\$11.62	\$12.02
Cable Car	\$35.46	\$37.29	\$38.90	\$40.55	\$41.96	\$43.40	\$45.22	\$46.25	\$48.04	\$49.70
Maintenance Facilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Parking	\$84.69	\$87.29	\$90.60	\$94.18	\$96.92	\$99.87	\$103.67	\$105.67	\$109.19	\$112.73
Transfer to Capital	\$0.03	\$3.47	\$77.67	\$88.58	\$112.69	\$115.39	\$144.41	\$142.22	\$154.97	\$163.51
Fixed Costs/Adjustments	(\$1.43)	\$43.38	\$7.03	\$3.75	\$2.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL OPERATING USES OF FUNDS	\$613.31	\$676.70	\$739.17	\$778.25	\$822.81	\$861.69	\$921.42	\$936.12	\$978.32	\$1,014.58

Figure 6-15: 20-Year Operating Financial Plan (Continued)

OPERATING SOURCES OF FUNDS										
<i>(Year of Expenditure Dollars in Millions)</i>	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Passenger Revenue	\$231.06	\$234.86	\$252.97	\$255.58	\$258.36	\$277.77	\$280.31	\$282.82	\$302.60	\$305.09
Parking Revenues										
Parking Revenues	\$105.15	\$107.65	\$116.44	\$118.79	\$127.66	\$131.31	\$140.49	\$143.27	\$154.40	\$156.93
Parking Tax Revenue	\$38.77	\$39.70	\$42.94	\$43.80	\$47.07	\$48.42	\$51.81	\$52.83	\$56.94	\$57.87
Fines	\$143.08	\$146.49	\$158.45	\$161.65	\$173.72	\$178.68	\$191.18	\$194.96	\$210.11	\$213.55
Permits	\$8.80	\$9.01	\$9.75	\$9.94	\$10.69	\$10.99	\$11.76	\$11.99	\$12.93	\$13.14
Parking Fees	\$10.72	\$10.98	\$11.87	\$12.11	\$13.01	\$13.39	\$14.32	\$14.61	\$15.74	\$16.00
Other Operating Revenues										
Rental Income	\$2.65	\$2.71	\$2.80	\$2.85	\$2.92	\$3.01	\$3.07	\$3.13	\$3.22	\$3.27
Advertising	\$12.56	\$12.86	\$13.26	\$13.53	\$13.86	\$14.26	\$14.55	\$14.83	\$15.24	\$15.49
Muni Feeder to BART	\$3.03	\$3.11	\$3.20	\$3.27	\$3.35	\$3.45	\$3.51	\$3.58	\$3.68	\$3.74
Paratransit Revenue	\$1.79	\$1.83	\$1.89	\$1.93	\$1.97	\$2.03	\$2.07	\$2.11	\$2.17	\$2.21
Proof of Payment Revenue	\$0.20	\$0.20	\$0.21	\$0.21	\$0.22	\$0.23	\$0.23	\$0.23	\$0.24	\$0.25
Miscellaneous	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.05
Operating Assistance										
Transit Operating Assistance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FTA Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gas Tax Adjustment	\$4.39	\$4.49	\$4.63	\$4.73	\$4.84	\$4.98	\$5.08	\$5.18	\$5.33	\$5.41
State Sales Tax	\$43.54	\$44.57	\$45.98	\$46.91	\$48.07	\$49.44	\$50.43	\$51.43	\$52.85	\$53.72
Prop. 42 Gas Tax Revenue	\$7.72	\$7.91	\$8.16	\$8.32	\$8.53	\$8.77	\$8.95	\$9.12	\$9.38	\$9.53
TDA Sales Tax	\$45.30	\$46.38	\$47.85	\$48.81	\$50.02	\$51.45	\$52.47	\$53.51	\$54.99	\$55.89
S.F. Transportation Authority	\$12.23	\$12.52	\$12.91	\$13.17	\$13.50	\$13.88	\$14.16	\$14.44	\$14.84	\$15.08
BART ADA	\$1.58	\$1.62	\$1.67	\$1.70	\$1.74	\$1.79	\$1.83	\$1.87	\$1.92	\$1.95
Bridge Tolls	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
STA	\$23.78	\$24.35	\$25.12	\$25.63	\$26.26	\$27.01	\$27.55	\$28.09	\$28.87	\$29.34
Carryover Funds from FY06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Departmental Transfer Adjustment	\$44.58	\$45.65	\$47.09	\$48.04	\$49.22	\$50.63	\$51.64	\$52.66	\$54.12	\$55.01
General Fund Support	\$226.21	\$231.60	\$238.92	\$243.75	\$249.76	\$256.90	\$262.03	\$267.20	\$274.61	\$279.11
State and Local Assistance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FTA Sec 5307 Maintenance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$45.00	\$0.00	\$0.00	\$0.00
Interest on Capital Reserve	\$5.78	\$8.74	\$16.26	\$12.13	\$14.08	\$7.32	\$6.49	\$19.44	\$15.39	\$9.98
New Operating Revenue										
Incremental Parking Tax Revenue	\$38.55	\$39.47	\$42.69	\$43.56	\$46.81	\$48.15	\$51.52	\$52.53	\$56.62	\$57.54
Enhanced Parking Revenues	\$34.83	\$35.65	\$36.78	\$37.53	\$38.45	\$39.55	\$40.34	\$41.14	\$42.28	\$42.97
TOTAL OPERATING SOURCES OF FUNDS	\$1,048.84	\$1,074.86	\$1,144.37	\$1,160.49	\$1,206.67	\$1,245.94	\$1,333.34	\$1,323.54	\$1,391.01	\$1,405.63
OPERATING USES OF FUNDS										
<i>(Year of Expenditure Dollars in Millions)</i>	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Motor Coach	\$285.22	\$293.50	\$304.50	\$312.25	\$321.07	\$332.21	\$340.54	\$349.01	\$360.85	\$368.74
Trolley Coach	\$204.20	\$204.37	\$212.13	\$217.63	\$224.42	\$232.28	\$238.33	\$244.48	\$252.85	\$258.45
Demand Response	\$26.38	\$27.02	\$27.89	\$28.47	\$29.18	\$30.04	\$30.65	\$31.27	\$32.16	\$32.70
Light Rail Transit	\$175.17	\$185.50	\$192.81	\$198.30	\$204.88	\$212.11	\$217.75	\$223.49	\$231.18	\$236.51
Historic Street Car	\$12.30	\$12.67	\$13.14	\$13.49	\$13.91	\$14.39	\$14.75	\$15.11	\$15.61	\$15.96
Cable Car	\$50.90	\$52.45	\$54.48	\$55.92	\$57.68	\$59.73	\$61.29	\$62.87	\$65.05	\$66.49
Maintenance Facilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Parking	\$115.17	\$118.36	\$122.66	\$125.58	\$129.19	\$133.48	\$136.64	\$139.85	\$144.38	\$147.24
Transfer to Capital	\$179.50	\$180.99	\$216.75	\$208.85	\$226.31	\$231.71	\$293.40	\$257.44	\$288.93	\$279.53
Fixed Costs/Adjustments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL OPERATING USES OF FUNDS	\$1,048.84	\$1,074.86	\$1,144.37	\$1,160.49	\$1,206.67	\$1,245.94	\$1,333.34	\$1,323.54	\$1,391.01	\$1,405.63

Figure 6-15: 20-Year Operating Financial Plan (Continued)

OPERATING SOURCES OF FUNDS <i>(Year of Expenditure Dollars in Millions) Fiscal Year</i>	2027
Passenger Revenue	\$308.09
Parking Revenues	
Parking Revenues	\$168.38
Parking Tax Revenue	\$62.09
Fines	\$229.14
Permits	\$14.10
Parking Fees	\$17.17
Other Operating Revenues	
Rental Income	\$3.34
Advertising	\$15.85
Muni Feeder to BART	\$3.83
Paratransit Revenue	\$2.26
Proof of Payment Revenue	\$0.25
Miscellaneous	\$0.05
Operating Assistance	
Transit Operating Assistance	\$0.00
FTA Grants	\$0.00
Gas Tax Adjustment	\$5.54
State Sales Tax	\$54.95
Prop. 42 Gas Tax Revenue	\$9.75
TDA Sales Tax	\$57.18
S.F. Transportation Authority	\$15.43
BART ADA	\$1.99
Bridge Tolls	\$2.50
STA	\$30.02
Carryover Funds from FY06	\$0.00
Departmental Transfer Adjustment	\$56.27
General Fund Support	\$285.52
State and Local Assistance	\$0.00
FTA Sec 5307 Maintenance	\$0.00
Interest on Capital Reserve	\$8.77
New Operating Revenue	
Incremental Parking Tax Revenue	\$61.74
Enhanced Parking Revenues	\$43.96
TOTAL OPERATING SOURCES OF FUNDS	\$1,458.16
OPERATING USES OF FUNDS <i>(Year of Expenditure Dollars in Millions) Fiscal Year</i>	2027
Motor Coach	\$379.64
Trolley Coach	\$266.18
Demand Response	\$33.47
Light Rail Transit	\$243.79
Historic Street Car	\$16.43
Cable Car	\$68.48
Maintenance Facilities	\$0.00
Parking	\$151.25
Transfer to Capital	\$298.93
Fixed Costs/Adjustments	\$0.00
TOTAL OPERATING USES OF FUNDS	\$1,458.16

EXHIBIT A: Risk Variables

Although the OFP has defined a most likely scenario based on the funding and cost assumptions presented above, there are a number of risks that could influence the OFP. These risk variables are as follows

- *Fares, fare policy, and cost recovery:* Changes in fare level and structure affect ridership, fare revenue, and cost recovery. Changes in ridership affect the level of service required which, in turn, affects capital and operating costs.
- *Service levels:* The frequency of service and hours of operation affect ridership and fare revenue and capital and operating costs.
- *Operating costs:* Differences in operating costs (including labor, fringes, insurance and liabilities) may occur because of 1) differences among the requirements of the technologies, or 2) variations in labor productivity and unit cost.
- *Real inflation:* The rate of real inflation (i.e., the difference between the rate of inflation for a specific commodity or service and the baseline rate of inflation) may vary. These variations in the real rate of inflation are particularly important for certain commodities or services which constitute a significant element of the capital and operations and maintenance cost structure of the transit system (e.g., labor, electricity, fuel and parts).
- *Dedicated revenues:* Variations in dedicated revenues such as General Fund Transfers and Grants to fund operating needs.
- *Capital funding availability:* The availability of capital funds from various sources (e.g., Federal funding and non-Federal match from state and local sources) may pressure the operating funds.
- *Interest rates:* Variations in interest rates impact the level of working capital and the ability to both operate existing service and undertake new initiatives.

Figure 6-16 summarizes the possible risk values.

**Figure 6-16.
Summary of Risk Uncertainty Variables**

Parameter	Low Value	Mean Value	High Value
<i>Inflation and Interest Rates (Above/Below Baseline)</i>			
Consumer Inflation	-0.72%	0.00%	2.16%
Petroleum Products	-3.02%	0.00%	0.61%
Electricity	-4.61%	0.00%	4.29%
Construction	-0.52%	0.00%	1.52%
<i>Fare and Service Elasticity</i>			
Fare Elasticity	-0.05	-0.15	-0.20
Service Elasticity	0.30	0.40	0.50
Ridership	75%	100%	105%

THIS PAGE INTENTIONALLY BLANK