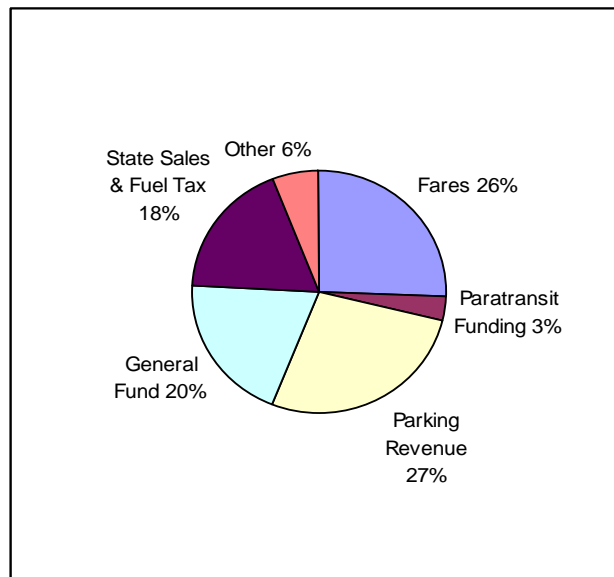


Chapter 6: Operating Financial Plan

Overview of Operating Budget

Muni's operating budget in FY05 was \$487 million, and the projected budget for FY06 is \$511 million. Of the FY06 budget, approximately 26% is covered by fares (regular and paratransit). Another 27% comes from parking revenues and fines. The General Fund provides 20% of this operating budget.

Figure 26: FY2006 Operating Revenue Sources



In terms of costs, the largest single item is salaries and fringe benefits, which accounts for 71% of the expenditures. Materials and supplies, including fuels, account for 6% of the budget.

Figure 27: FY2006 Operating Expenditures

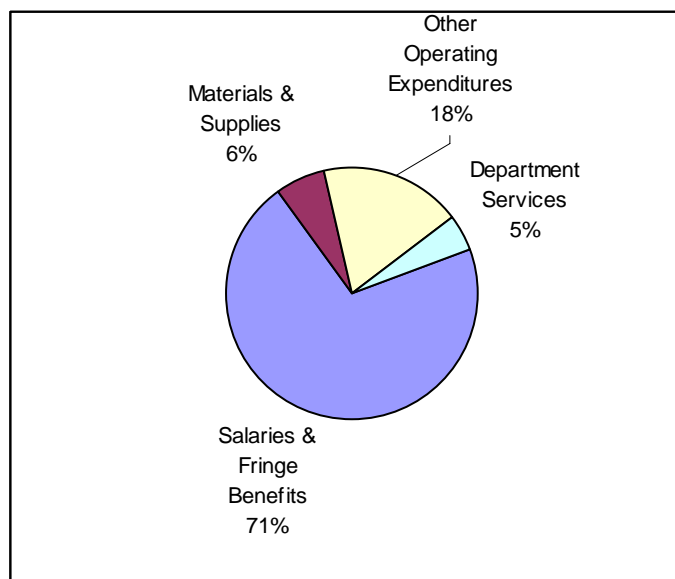


Figure 28 shows the operating budget history since 1985.

Figure 28: Historical Operating Budget, 1985-2004

	FY1985	FY1986	FY1987	FY1988	FY1989	FY1990	FY1991	FY1992	FY1993
OPERATING REVENUES									
Fare Revenues (fixed route and paratransit)	55,262	62,129	68,315	69,551	76,766	78,168	79,844	82,494	90,337
Parking Revenues	NA	NA	NA	NA	NA	NA	NA	62,163	56,605
State sales tax and fuel tax assistance	36,360	39,764	37,471	32,955	35,000	38,523	49,141	49,477	39,504
Dedicated Paratransit Funding	51	51	192	187	182	200	321	300	580
Transit Impact Development Fund	NA	NA	NA	5,289	500	1,211	1,942	2,420	25,371
General Fund Contribution	101,061	99,464	98,523	112,183	108,057	117,935	119,723	131,581	105,245
All other operating revenues	16,180	15,358	15,348	13,699	14,824	14,332	16,386	-46,403	-36,708
TOTAL OPERATING REVENUES	208,914	216,766	219,849	233,864	235,329	250,369	267,357	282,032	280,934
OPERATING EXPENDITURES									
Employee Salaries	115,557	121,769	124,292	131,723	128,425	140,215	149,600	150,491	151,886
Fringe Benefits	33,743	36,956	38,673	43,479	40,681	43,920	46,712	45,294	44,695
Judgements & claims	5,979	5,179	5,752	5,516	5,284	9,340	4,743	6,530	7,736
Paratransit contract	1,909	2,054	2,946	3,224	3,228	3,390	5,647	6,832	7,981
Materials and supplies, including fuel & tires	19,965	17,429	15,600	15,360	15,251	15,592	16,559	17,014	17,148
Workers' compensation	2,596	2,900	4,020	3,389	4,000	4,733	5,191	6,758	6,692
Other Operating Expenditures	29,165	30,477	28,565	31,172	34,223	37,074	38,208	36,463	34,796
TOTAL OPERATING EXPENDITURES	208,914	216,764	219,848	233,863	231,092	254,264	266,660	269,382	270,934

All Numbers in \$000's

[1] Compound annual growth rate = (Last Year/First Year) ^ (1/# years) - 1

[2] Includes STA, AB1107, and TDA

The SRTP Operating Financial Plan is a planning tool that is used to project long-term operating expenses (including expenses from capital projects) and revenues. Its purpose is to highlight the long-term implications of current trends in spending and revenue policy. This update includes a forecast through FY2025.

Because the Operating Financial Plan is based on estimates of long-term trends, it is not intended to project the operating budget for any given year. Short-term economic factors and the impact of the business cycle will have effects on annual operating revenues and expenses that are not captured in this Financial Plan. Instead, the Financial Plan generally uses simplifying assumptions that smooth out those cyclical factors over a 20-year period.

What's New and Different

Budget Shortfalls

Since the last SRTP was published, the financial situation has worsened for the City and both Muni and DPT. Muni had a \$13 million shortfall in FY04, which was covered with a fare increase, parking fee and fine increases, and staff reductions.

In FY05, Muni's expenditures ran higher than budget because the service reductions that were approved as part of the FY05 budget were not implemented. The MTA eliminated about 270 positions in FY05 that resulted in approximately 100 layoffs. There is little opportunity to achieve additional savings through layoffs without substantially sacrificing service.

Figure 28: Historical Operating Budget, 1985-2004 CONTINUED

FY1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY85 - FY2004 Annual [1]
97,266	93,447	94,603	98,026	97,909	97,649	102,103	100,716	98,181	97,369	115,547	3.4%
64,666	71,408	78,971	79,898	83,598	91,962	103,635	104,174	114,254	113,094	131,339	6.3%
43,527	42,017	50,358	58,309	58,773	69,234	67,916	65,232	87,034	70,307	67,245	5.3%
1,348	2,071	1,691	5,318	5,572	6,624	8,514	14,562	14,790	15,162	19,193	39.6%
5,586	6,518	4,501	12,085	4,536	4,552	5,043	9,410	10,886	10,737	9,881	n/a
106,379	40,089	34,598	29,573	52,110	64,265	82,780	100,411	94,305	100,792	99,264	-0.4%
-40,679	23,234	19,882	5,202	6,811	4,475	9,085	21,752	19,781	34,075	31,174	1.2%
278,093	278,784	284,604	288,411	309,309	338,761	379,076	416,257	439,231	441,536	473,643	4.5%
156,800	162,226	167,230	175,004	185,659	194,178	213,506	230,639	254,876	259,134	274,103	4.8%
39,700	39,905	42,686	39,273	46,087	48,951	54,196	60,005	62,779	72,946	71,226	3.7%
9,500	9,051	9,050	7,385	9,283	9,719	3,657	7,783	10,638	6,867	6,212	3.4%
10,100	9,346	9,763	9,799	10,234	10,969	13,691	15,176	17,889	18,581	18,202	14.1%
20,000	21,294	23,646	20,869	22,518	27,361	35,030	34,682	31,619	26,097	26,846	2.7%
7,500	9,448	12,344	14,458	16,417	20,199	19,155	18,800	19,422	19,608	20,060	12.6%
35,417	25,327	19,803	20,623	19,111	27,384	39,841	49,172	42,008	38,303	56,994	2.2%
279,017	276,597	284,522	287,411	309,309	338,761	379,076	416,257	439,231	441,536	473,643	4.5%

The MTA budget was impacted in FY05 and FY06 by the failure to achieve voter approval of the tax measures on the November 2004 ballot. Moreover, projections for the FY06 operating budget show a sizeable anticipated deficit, with costs expected to increase and revenues to remain fairly flat.

Contributing to cost increases are significant growth rates for health care costs and employer retirement contributions. On the revenue side, the Muni once again will be able to close the revenue gap with capital funds allocated in FY06 to cover operating costs. This is not a permanent solution to budget and MTA is seeking various options to reduce expenses and raise revenues for the short and long term.

Merger with DPT

While Muni and DPT have merged into a single MTA, the two departments' budgets are still separate, though the budgeting processes have been coordinated. Further integration is expected as the two departments are more fully merged in the coming years.

Transit Impact Development Fee

In May 1981, the Board of Supervisors adopted an ordinance that created the Transit Impact Development Fee. The TIDF was designed to recover the transit capital and operating costs associated with new office construction in downtown San Francisco by assessing a per-square-foot fee at the time an office development is occupied. The revenues derived from the TIDF could only be used to pay for the cost of expanded transit service to and from the downtown area that was above the level of Muni service in 1981.

The TIDF ordinance set the fee at \$5.00 per square foot for office development within a defined downtown area. In annual studies conducted by the San Francisco Public Utilities Commission from 1984 through 1988, the cost of providing additional transit service was estimated to be from \$8.36 to \$11.67 per square foot, and the Bay Area Consumer Price Index has increased by 55% since 1988. However, the \$5.00 per square foot fee remained unchanged since passage of the TIDF.

Following litigation over the imposition of the development fee, fees began to be collected from developers in the mid-1980s. Since then, fees from approximately 200 office developments totaling just over \$100 million have been collected. The revenues are placed by the City Treasurer in an interest-bearing account and are appropriated by Muni in accord with the limitations described in the TIDF ordinance.

In 2004, the Board of Supervisors approved updated TIDF legislation that expanded the application of the fee with four main changes. First, it broadens types of development subject to the fee to include most non-residential land uses. This is consistent with Planning Department data showing that all non-residential developments have an impact on the transit system, both by generating additional riders on the transit system and by adding congestion to already busy streets. These impacts tend to slow transit services and require more resources to maintain existing service levels.

Second, the new TIDF broadens the geographic range of the fee area to cover new development throughout the City. Muni operates at capacity on many lines. Studies show that development outside of the downtown area may equally generate demand for new or expanded service.

Third, the new TIDF expands the use of revenues to fund capacity increases without limitation to a peak period. Muni is now able to expend fee revenue to increase the number of seats available during any time period to meet additional demand created by developments subject to the fee.

Finally, the new TIDF increased the fee schedule. The fee is now \$10.00 per square foot for all land use categories, except production, distribution and repair facilities, and visitor services (hotels/motels), for which the fee is \$8.00 a square foot.

Significant limitations remain as to the use of TIDF funds. Under California law, development fees may not be treated as general revenues, but rather must be used specifically to address the burdens imposed by the new development upon which they are levied. However, the new TIDF provides Muni additional revenue needed to expand transit services to meet the demand generated by new development.

Operating Budget Process

Proposition E created a Municipal Transportation Fund for the operation of the MTA, Muni, and the Department of Parking and Traffic (DPT). This fund establishes a stable minimum funding base for the MTA, 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 overall General Fund levels.

Proposition E also initiated a separate budget process for the MTA in which the roles of the Mayor and the Board of Supervisors are different than their roles in the City's regular budget process for other departments. In this process, the Mayor may not make changes to MTA's base budget before submitting it to the Board of Supervisors, as long as Muni's budget request seeks only the General Fund support determined by the Proposition E formula. Any requests from Muni over the base budget are subject to the normal budgetary process. The Board of Supervisors must then vote on the MTA's budget as a whole, including any fare or service changes proposed in the budget. The Supervisors may approve this budget, allow it to go into effect without a vote, or reject it in its entirety with a two-thirds vote. The Board of Supervisors may not modify the Agency's budget.

Under Proposition E, the MTA Board must approve and transmit a balanced budget to the Mayor and the Board of Supervisors by March 1. As a result, the MTA budget planning process begins in the fall. Divisions within the MTA are asked to submit any requests they have to reallocate or adjust funding. Depending on the fiscal situation at the time, they may or may not make requests for new funding. These requests are reviewed by senior management.

In January or February a proposed budget is submitted to the MTA Board. Generally it is not yet balanced, awaiting policy direction from the Board. The Board meetings in January and February are

customarily taken up with consideration of the budget. By the end of February, the Board has approved a balanced budget.

Fare Structure

Passenger fares are one of the largest operating revenue sources for Muni, accounting for approximately 26% of total operating revenues. Muni's first fare increase since 1992 went into effect on September 1, 2003. Fares increased again effective September 1, 2005. Under Proposition E, both the MTA Board of Directors and the Board of Supervisors must approve fare changes. The criteria to justify a fare increase are discussed later in this section.

Regular Fares

The basic adult fare is \$1.50 for regular service, which includes all bus and streetcar 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 during the month indicated on the pass. Seniors 65 or over and disabled persons with valid ID qualify for the discount fare. The Lifeline Monthly Pass is a new initiative that is administered by the Human Services Agency (HSA) and is available to San Francisco's working poor. HSA will use annual income eligibility requirements similar to that of other programs that it administers.

Other fare instruments currently available include tokens, weekly passes, 1, 3 and 7-day Passports, special fares for Candlestick Park sporting events and special event service, and regional passes, tickets, and transfers. Effective September 1, 2005, the Cable Car All Day Pass is only accepted on cable cars. A 1, 3, or 7-day Passport, or a monthly pass, is required for unlimited travel on both cable cars and regular service. Muni also participates in the CityPass program, which combines admission to several San Francisco attractions with a 7-day Muni passport.

Figure 29: Muni Passenger Fares as of September 1, 2005

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
Lifeline Monthly Pass	\$35.00
Weekly Pass	\$15.00
Cable Car Cash	\$5.00
Transfer	Free
Cable Car All-Day Pass	\$10.00
One-Day Passport	\$11.00
Three-Day Passport	\$18.00
Seven-Day Passport	\$24.00
Tokens (Pack of 10)	\$15.00
Weekly Pass cable car surcharge	\$1.00
Special cable car fare for seniors and disabled from 9:00PM to 7:00AM	\$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)

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, 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 lines. Each year, USF students and the Board reconsider the continuation of the program for the next year. The pilot program has proved to be extremely successful, and Muni has engaged in discussions of the possibility of launching the program at other San Francisco colleges and universities. Muni hopes to see the expansion of the Class Pass program in the near future, helping to strengthen the ties between Muni and the larger community.

To integrate Muni service into the regional transit system, a number of inter-operator fare and transfer agreements have been established. The primary inter-operator fare instrument in use at Muni is the Fast Pass, which may also be used on BART within San Francisco. Figure 30 outlines the major features of each inter-operator agreement in which Muni participates.

Figure 30: Inter-operator Transfer Agreements

Transfer Type	Uses
Muni Fast Pass	In addition to providing unlimited rides on all regular Muni services, the Adult Fast Pass is valid for trips taken within San Francisco on BART at no additional charge to passengers. Youth, senior, lifeline, and disabled passes are not 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 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 holders unlimited use of all regular Muni services, except cable cars. Effective September 1, 2005, all the agencies will pay Muni \$35.00 for each sticker.
Golden Gate Ferry Transfer, Harbor Bay Ferry Ticket, and Oakland/ Alameda Ferry Ticket	Provides ferry riders with a free trip on Muni away from and back to the ferry.
AC Transit	AC Transit purchases a demagnetized Fast Pass® instead of a sticker for unlimited use of all regular Muni services, except cable cars. Effective September 1, 2005, this pass will cost \$35.00.

Proof of Payment

Proof-of-Payment (POP) is a fare inspection and verification system in wide use throughout the United States on light rail systems, such as Muni Metro. Muni first began POP on October 23, 1993, at the M-Ocean View line platforms on 19th Avenue at San Francisco State University (SFSU) and the Stonestown Shopping Center. POP was expanded in January 1998 to the temporary E-Embarcadero shuttle line that operated between the Embarcadero Station and the Caltrain Depot. Muni extended POP on August 22,

1998 to include all Muni Metro subway stations and the entire N-Judah line, which replaced the E-Embarcadero shuttle. On June 10, 2000, Muni expanded POP to all Metro lines.

Passengers with a pass, transfer or fare receipt can now board through any door of any car. Except at subway stations, those passengers paying cash fares are required to enter at the front door of the lead car where the operator issues a fare receipt to each paying passenger. Muni Fare Inspectors, working in tandem, perform random fare inspections on board trains in the Metro system. A fine of up to \$250 can be issued to any passenger not possessing valid proof-of-payment.

The primary benefits of POP are reduced dwell times at stops and reduction in operating costs by eliminating the need for an operator in the second car of multi-car trains. Another benefit is improved system security through the presence of fare inspectors. The initial experience with POP has been positive, with fare evasion rates ranging from 1.5% to 2.5% per month. This relatively low fare evasion rate is typical of agencies that base evasion rates on inspection procedures. Other agencies that rely on independent audits and surveys have fare evasion rates higher than 5%. Additionally, higher staffing ratios and periodic targeted fare inspections tend to result in lower evasion rates; the former simply due to the proportional increase in the number of passenger/Fare Inspector contacts (inspections) as the number of Inspectors rises, and the latter attributable to the surprise element in concentrating fare inspection officers in known areas - and periods - of passenger evasion activities.

Currently, Muni employs 16 inspectors and 2 supervisors to cover the entire Metro system. In FY2004, POP generated about \$56,000 in revenue.

Many POP systems have barrier-free subway stations, unlike Muni Metro subway stations. As part of an investigation of options for conducting fare collection in the subway, Muni completed a preliminary analysis of the Wayside Fare Collection Equipment in the Muni Metro subway stations. Muni investigated issues related to the replacement of Muni's 25-year-old faregates and explored the potential cost implications of a barrier free system. Muni is recommending installation of new faregates and new Ticket Vending Machines (TVMs) in the subway. These gates will be compatible with TransLink®, described below.

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 through the use of a single fare instrument for multiple operators. Procurement is proceeding for a contactless "smart card" system, which the user will simply place in proximity to a card reader either onboard a vehicle or at a rail station.

A demonstration project using the smart card technology was completed in the fall of 2002, though passengers can still use the system. Muni and five other regional transit operators participated in the demonstration, which was sponsored by the Metropolitan Transportation Commission. Passengers participating in the demonstration project were able to use TransLink® cards on Muni's N-Judah line. Fare equipment to read the smart cards was placed at all Muni Metro Stations, and on-board all Breda LRVs. In addition to the benefits gained by riders, benefits to Muni of the TransLink® program could include

- Provide a widely available substitute for cash and tokens
- Reduce the number of fare instruments used on Muni
- Reduce cash handling
- Provide ability to verify monthly Fast Passes
- Reduce fraudulent use of paper transfers
- Reduce operator involvement in fare collection
- Facilitate or be compatible with a proof-of-payment system

- Improve collection of ridership data
- Speed boarding times
- Minimize fare collection equipment maintenance

MTC completed a thorough analysis of the TransLink[®] program based on the demonstration project. System-wide rollout is planned to occur beginning in 2005. TransLink[®] could have significant operating cost impacts for Muni in the future, though some savings are expected as well. Muni will need to pay for a portion of the administrative costs associated with the program based on the number of TransLink[®] transactions that occur on a Muni vehicle or in a Muni station. The financial impact of this is not known at this time but will be examined as part of the program evaluation.

Paratransit Fare Information

The paratransit fare structure was amended as part of Muni’s FY05 budget process. See chart below for a comparison.

There were no paratransit fare change recommendations in the FY06 budget. The Executive Committee of the Paratransit Coordinating Council has recommended as part of its White Paper analysis that the Lift Van fare increases to \$1.65 so that it will be equitable with the other van (ADA Access) service fare. Because of historical differences in the service development, the lift van fare has been much less than the ADA Access van fare. The increase of the lift van fare to \$1.00 per trip was a step in the direction of fare equity with ADA Access. It is anticipated that Muni’s FY06-07 budget proposal will include a proposal to increase the lift van fares to \$1.65 per trip and thereby achieve full fare equity with ADA Access.

Figure 31: Paratransit Fares

Mode	Old Fare	Fare as of September 1, 2004
Lift Van	\$10.00 for monthly pass or \$0.40 per trip	\$1.00 per trip [If customer purchases 10 one-way ride coupons per month they will also receive upon request a \$10 Muni fixed-route disabled sticker]
Group Van	\$10.00 per month per average daily attendee	\$1.00 per trip [\$0.75 per trip for trips provided using agency supplied vehicles]
Taxi	\$4.00 per \$30 book of scrip	\$4.00 per \$30 book of scrip
ADA Access/ Intercounty Service	\$1.65	\$1.65

FY2006 Operating Budget

Revenues

Revenues include the following categories:

- Fares, including farebox receipts, pass sales, paratransit fares and BART feeder revenue
- Parking revenue, including parking taxes, fines, meter revenue, and revenue from City-owned garages
- Intergovernmental revenue, which includes Federal Transit Operating Assistance (5307); State Sales Tax (AB1107); TDA Sales Tax – Operating; and State Transit Assistance – Operating. In the FY06 budget are Regional Measure 2 Funds and Federal Job Access-Reverse Commute funding
- Appropriated fund balance includes Breda lease-leaseback funds in FY05, but not in FY06
- Miscellaneous revenue includes property rentals, transit advertising, miscellaneous transit operating revenues

Expenditures

The largest percentage of expenditures is salaries, which includes salaries and fringe benefits. Other operating expenditures include

- Materials and supplies
- Services of other departments
- Other non personal services
- Workers' Compensation
- Paratransit expenses

New expenditures in FY06 include service adjustments and efficiencies (savings) and Third Street operations.

Figure 32: FY06 Operating Budget (Adopted by MTA Feb. 2005)

Revenue	FY2005 Approved	FY2006 Projected
Unrestricted Revenue		
Fares	\$121,927,059	\$131,322,465
Parking	132,349,556	138,085,000
Local and Regional Taxes	81,554,815	93,200,937
Miscellaneous	4,492,154	5,748,455
General Fund Contribution	98,859,258	102,401,000
Appropriated Fund Balance	13,620,000	0
Interdepartmental Recoveries	5,173,734	5,214,475
TOTAL Unrestricted Revenue	457,976,576	475,972,332
Restricted Revenue & Fund Transfers		
Paratransit	\$15,543,328	\$15,599,714
Special Revenue Funds	13,097,686	10,368,366
Fund Transfers	0	8,854,641
TOTAL Restricted & Fund Transfers	28,641,014	34,822,721
TOTAL REVENUE	\$486,617,590	\$510,795,053
Expenditures	FY2005 Approved	FY2006 Projected
Salaries	\$249,089,575	\$256,841,679
Mandatory Fringe Benefits	93,364,555	105,130,937
Service Adjustments & Efficiencies	0	0
3rd Street	0	0
Non Personal Services	84,860,460	92,804,795
Materials & Supplies	29,112,922	33,317,237
Capital Outlay	1,959,525	1,613,361
Capital Projects	6,205,683	0
Facilities Maintenance	1,175,000	175,000
Allocated Charges	-6,175,798	-4,696,231
Services Of Other Departments	24,437,622	24,925,463
Operating Transfers Out	2,588,046	0
Cash Reserves	0	682,812
TOTAL EXPENDITURES	\$486,617,590	\$510,795,053
Projected Deficit		\$0

Forecast Methodology

The 20-year Operating Financial Plan is based on a number of forecasts of revenues and expenditures. It utilizes Muni's adopted budget for FY06 as a baseline. Each line item is then adjusted in future years, based on assumptions described below and detailed in Figure 33.

Figure 33: Projected Growth Rates

		FY2007	FY2008	FY2009	FY2010	FY2011
Consumer Price Index Forecast for Bay Area (CPIBA) [1]		3.2%	3.2%	3.2%	3.2%	3.2%
Three Year Budget Projection		2.3%				
REVENUES						
Growth Rate based on						
Fare Revenues (fixed route)	Fare increases every three years, starting in 2010, at least equal to 3.2%/year	0.0%	0.0%	0.0%	12.8%	0.0%
Paratransit Fare Revenue	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Muni Feeder to BART	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Parking Revenues	CPIBA, CPIBA+1 every 3 years	3.2%	3.2%	4.2%	3.2%	3.2%
Parking Tax Increase to 35% in 2009	CPIBA	-	-	-	3.2%	3.2%
New Congestion Mgmt Fee in 2008	CPIBA			3.2%	3.2%	3.2%
Intergovernmental Revenue [2]	From MTC through FY2015 then CPIBA	-	-	-	-	-
Misc. Operating Revenues	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Prop E - General Fund Formula	5.7% in 07 from Joint Report, then CPIBA	5.7%	3.2%	3.2%	3.2%	3.2%
Fund Balance	---	-	-	-	-	-
Breda Lease/Leaseback Fund	---	-	-	-	-	-
Interdepartmental Recoveries	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Dedicated Paratransit Funding	TA funding is fixed; other paratransit revenues increase CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Special Revenue - TIDF, etc	No growth until 2011, then CPIBA	-	-	-	-	3.2%
Capital Project Funds	---	-	-	-	-	-
Transfers In [3]	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
EXPENDITURES						
Growth Rate based on						
Salaries & Fringe Benefits						
Platform Salaries	4% based on six year historical average	4.0%	4.0%	4.0%	4.0%	4.0%
Other Salaries	2.7% in 07 and 08, then CPIBA	2.7%	2.7%	3.2%	3.2%	3.2%
Fringe Benefits	CPIBA+1%	4.2%	4.2%	4.2%	4.2%	4.2%
Other Operating Expenditures						
Paratransit expenses	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Muni Fast Passes on BART	no growth	-	-	-	-	-
Contribution to Peninsula JPB (Caltrain)	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Workers' compensation	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Other nonpersonal services	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Materials and supplies, including fuel	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Capital/Facilities Expenditures	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Services of other departments	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%
Allocated Charges	CPIBA	3.2%	3.2%	3.2%	3.2%	3.2%

[1] CPI Forecast: the US Congressional Budget Office long-range CPI forecast for the US estimates CPI growth at 2.2% per year from FY07 through FY15. The Bay Area CPI growth rate has historically been one percentage point higher than that of the US.

[2] Incorporates TDA, AB 1107 and STA operating funding (revenue-based and Proposition 42). MTC expects STA Prop.42 funding to increase in FY2009 after the "off the top" contribution to Traffic Congestion Relief Program ends.

[3] Transfers In. Merger with DPT

Figure 33: Projected Growth Rates CONTINUED

FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
0.0%	9.6%	0.0%	0.0%	9.6%	0.0%	0.0%	9.6%	0.0%	0.0%	9.6%	0.0%	0.0%	9.6%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
4.2%	3.2%	3.2%	4.2%	3.2%	3.2%	4.2%	3.2%	3.2%	4.2%	3.2%	3.2%	4.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
-	-	-	-	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%

Given the long time horizon involved, and the sensitivity of the forecast to changes in assumptions, the out-year projections should be utilized as indicative of possible trends, rather than precise estimates of future year budgets.

The results of a long-range financial forecast depend heavily on the assumptions used in building the forecast. To the extent that these assumptions are changed, the results of the forecast can vary dramatically.

Growth Assumptions

Unless otherwise noted, all growth rates are Bay Area CPI (CPIBA) of 3.2 percent, which has historically been one percentage point higher than that of the U.S. rate of 2.2 percent.

Fare Revenues: From FY06 forward, the revenues are derived from a revised version of the fare model developed for the SRTP, with the first fare increase assumed in FY10 and occurring every three years thereafter. The model assumes that all fares, except for cash discount fares, will be increased in an amount equal to the cumulative growth rate during the three-year period (i.e., $1.032 \times 1.032 \times 1.032$). The model also assumes a 2.4 percent drop in ridership for every 10 percent increase in fares. It is notable that following the fare increase in FY04, analysis of fare revenue receipts show the actual decline in ridership was 1.4% and was wholly recovered within one year.

Parking Revenues: The model assumes that parking revenues will increase by CPIBA each year, and by CPIBA plus one percentage point every three years. This is to account for changes in parking policy, including implementation of a parking meter debit card program, which will significantly increase meter collections, and various parking citation, rate and fee increases.

Parking Tax Increase: The model assumes that the parking tax will be increased 10 percent, from 25 to 35 percent in FY08, yielding revenue in FY09. Such revenue is assumed to grow by CPIBA thereafter.

States Sales Tax and Fuel Tax Assistance: MTC provided revenue projections for the SRTP for years FY07 through FY25.

Other Revenue Transfers and Non Operating Revenue: TIDF proceeds are assumed to grow by 3.2% annually, beginning in FY11.

Proposition K: The figures used were provided by SFCTA as part of the FY05 Prop K application process, and are offset by expenditures.

RM-2 Bridge Tolls: This is capped at \$2.5 million per year per statute, with no inflator.

General Fund Contribution: The analysis assumes a 5.7 percent increase in the General Fund transfer in FY07, based on projections in the Joint Report, published annually by the Controller, Mayor, and Budget Analyst. Thereafter, the growth rate is assumed to be 3.2 percent, the CPIBA.

Fund Balance: It is assumed that there are no additional uses of fund balances after FY05.

Platform Salaries: FY07 forward assumes 4.0% annual growth.

Other Salaries: For FY07 and FY08, other salaries are assumed to increase by 2.7%. For the remainder of the forecast, the expenditure increases by 3.2% annually.

Fringe Benefits: Fringe benefits for FY06 and FY07 are calculated on the known increases per the recent MOUs to the Employer Retirement Contribution and the Employer pickup of the Employee Retirement Contribution. For FY08 forward, the report assumes fringe benefits will increase by CPI plus 1 percent.

Paratransit Contract: Paratransit expenses have been growing beyond the rate of inflation. For FY06 through FY09, the report assumes that Paratransit costs will increase by inflation plus 2 percent. Then the report assumes they will grow by the rate of inflation.

Fast Pass on BART: Expenditures for the Fast Pass on BART are assumed to be constant, with the assumption that the advent of Translink® and the demand for the extension of Fast Pass use on BART to seniors and disabled will result in a restructuring of the agreement between BART and the MTA.

Net Service Changes: These figures only include expenses for the Third Street LRT Project, both phases, including associated bus changes.

Expenses Supported by Prop K: These expenses offset the Prop K revenues, as provided by SFCTA.

Future Service Levels

Planned future service for the next 20 years is detailed in Figure 34, which shows the revenue hours for Third Street IOS, Central Subway, Mission Bay service, E-line, and F-line service increase. Figure 33 shows the corresponding revenue miles, hours and vehicles by mode.

20-year Operating Budget

The revenue and expenditure forecasts and future service data feed into the 20-year Operating Budget. The budget shows a shortfall in every year from FY07 through FY25, except in FY10.

Proposed Solutions for Long Term Financial Stability

As shown in Figure 37, the 20-year Muni operating plan will require new sources of revenue to keep the budget balanced, ranging from \$4.5 million in FY11 to \$53.4 in FY24. The Operating Plan indicates that Muni must implement significant financial policy changes in order to keep its budget balanced during the forecast period, while still meeting the resource requirements of the existing service plan and proposed major service additions. Possible policy options for increasing revenues are described below.

Sales Tax

The MTA could place a measure directly on the ballot, which could add a sales tax in the County of San Francisco in support of MTA transportation expenses. Because it would be a special tax for transportation, as opposed to a general tax, it would require two-thirds voter approval. A general tax that was placed on the November 2004 ballot, and which required a simple majority, failed.

Vehicle Environmental Impact Fee

The MTA could propose a local vehicle environmental impact fee (VEIF) based on an assessment of the cost to the City of private vehicle use. Currently, no such fee exists. Implementation of such a fee would require a citywide planning process and authorization from the state legislature. In Spring 2005 a bill was introduced in the State Assembly to authorize San Francisco to implement a VEIF. As of publication, the bill is still pending. It is estimated that this process would take approximately two years for approval and up to six months for implementation through the Department of Motor Vehicles. Any revenue generated through such a fee would not likely be realized until FY08. In addition, it is likely that any fees generated would have to be shared with the City.

Increasing Parking Tax Rate

Currently, the City and County of San Francisco levies a 25% parking tax on all parking facilities. Until this year, an amount equal to approximately 40% of the parking tax revenues was allocated to Muni (another 40% goes to the City's General Fund, and 20% to a Senior Citizens Fund). A recent court decision regarding the distribution of taxes has thrown this allocation into question and it may change in future years.

In FY2005, the parking tax is expected to yield approximately \$21 million in operating revenues to Muni, and approximately \$54 million in total revenue for the City. Revenue changes for Muni depend on the

scale of a rate increase. For instance, if the City's parking tax was increased to 35%, and parking demand were not reduced significantly as a result, then the total increase in annual revenue would be approximately \$21 million at current parking rates. Under the current revenue allocation formula, Muni would receive an additional \$8.6 million in annual revenue from the increase. However, under the Charter, an increase in the parking tax would require a reduction in the MTA's General Fund transfer equal to half the amount of the increase. For example, were a parking tax increase to generate \$8.4 million in additional revenue, the MTA's General Fund transfer would be reduced by \$4.3 million.

Any proposal to increase the parking tax with revenues directed to Muni would require two-thirds voter approval. The next scheduled election is in November 2005. If approved, the parking tax rate increase would become effective ten days after the Board of Supervisors certified the results of the election. A transition period would then be required to implement any necessary administrative changes related to collection of the tax. Taking into consideration these process requirements, it is currently estimated that a parking tax increase approved by the voters in November 2007 would generate revenue for FY09.

Imposition of a "Congestion Fee" on Vehicles Entering Specified Downtown Area

MTA may not impose a charge on private cars entering specified downtown areas. California cities have no authority over vehicle traffic except as expressly authorized by the Legislature. Moreover, charging a fee for use of certain streets would likely make those streets into toll roads as defined in Vehicle Code §611. The state Department of Transportation has exclusive jurisdiction over toll roads (Streets & Highways Code §§30800 et seq.). Thus, if the MTA were interested in pursuing this option, it would require action by the Legislature and/or coordination with, and approval from, the Department of Transportation. The MTA will cooperate with the San Francisco County Transportation Authority on their study of this concept.

Establishing a Transit Assessment District

The City could establish a "Transit Assessment District" in order to assess property owners for their share of the cost of providing transit service. Such a district would be a type of special benefit assessment district. The use of revenues from the district could be used only to cover the costs of providing transit service to properties in the subject area, and the assessment imposed on each property could not exceed that property's proportional share of the special benefit received. There are six key steps required to form an assessment district. First, the Board of Supervisors may need to pass implementing procedural legislation. Second, the MTA would need to have an analysis prepared to quantify the cost of the special benefit that Muni services give to the affected property (as contrasted to the general benefit to the City and the public), and break down that cost on a per-parcel basis. Third, the Board of Supervisors would need to pass a resolution of intent to form the district. Fourth, property owners who would be subject to the assessment would have to be mailed a notice of the proposed assessment and a ballot to approve or disapprove establishment of the assessment district. Fifth, the Board of Supervisors would have to hold a public hearing on the proposed district. Finally, if the district were approved by property owners responsible for a majority of the assessment, the Board of Supervisors would adopt legislation creating the district.

Citywide Parcel Tax

The MTA Board could place a citywide parcel tax on the ballot for the purpose of supporting Muni improvements, maintenance, and operations. Such a measure would be a special tax and require two-thirds voter approval. Parcel taxes are typically allocated among properties based on a factor such as the size of the parcel, the number of units on the parcel, or the total square feet of improvements on the parcel. A parcel tax may not be imposed based on the value of the property. Such a measure must be submitted to the Department of Elections at least 90 days before an election. If approved by the voters, the tax would go into effect ten days after the Board of Supervisors certified the results of the election. However, it is not clear when the Tax Collector could begin to collect this tax, or at what point revenue generated by the tax could be distributed to the MTA. In addition, the parcel tax would need to provide

for a credit for amounts paid under the City's Transit Impact Development Fee. Unless the measure provided otherwise, in order to pass the cost of such an assessment on to tenants of property subject to the City's Residential Rent Stabilization and Arbitration Ordinance ("Rent Ordinance"), a landlord would need to submit a request for an arbitration hearing under §37.8 of the San Francisco Administrative Code.

Downtown Parcel Tax Approved by Voters Citywide

Alternatively, the MTA Board could consider a parcel tax on downtown property. The MTA Board may as an alternative also consider a parcel tax on buildings that could be presumed to have a significant effect on transit use because of their size and use. As with a citywide parcel tax, the tax would need to provide for a credit for amounts paid under the City's Transit Impact Development Fee.

Similarly, unless the measure provided otherwise, in order to pass the cost of such an assessment on to tenants of property subject to the City's Rent Ordinance, a landlord would need to submit a request for an arbitration hearing under §37.8 of the Administrative Code. As with a regular parcel tax, such a measure would be a special tax and require two-thirds voter approval.

Transit Impact Fee Imposed on Downtown Businesses

The MTA Board could place a fee measure on the ballot to impose a fee on business owners located in the downtown area. Such a fee would need to be justified by a nexus study establishing the benefit provided to business owners by Muni service, and the costs incurred in providing that service (adjusted for any payments that may have been made pursuant to the Transit Impact Development Fee). Imposition of such a fee raises enforcement concerns because delinquent fees could not be collected via liens on real property. The City would have limited leverage against individual business owners. Alternatively, property owners could be required to collect the fee from their tenants, in which case nonpayment could be enforced through lien proceedings. In order to avoid delay, the MTA Board may wish to consider putting forward a ballot measure that authorizes imposition of a fee not to exceed a specified amount, subject to the completion of a nexus study that would support such a fee. Approval of the ballot measure would be subject to a simple majority vote.

State-Level Initiatives

In terms of longer-term revenue measures being pursued, the MTA will actively work to support proposals that enhance transportation funding. In Sacramento, there are several new bills that directly address our funding needs:

- SB 1020 (Migden) would enable counties to place a measure on the local ballot to double Transportation Development Act funding. This measure alone would generate an additional \$30M per year in operating funds for the MTA by increasing from 0.25% to 0.5% the state sales tax on the sale of all goods in San Francisco.
- AB 1208 (Yee) is a vehicle registration fee bill that would be directed to maintenance, operation and construction of local streets and roads; this measure will aid in funding activities of the MTA as well as the Department of Public Works.

These new proposals combined with the MTA's support to allow Proposition 42 funds to flow to transportation have the potential to produce a steady and permanent funding stream.

Figure 34: Planned Service Levels FY06-FY25

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
CURRENT SERVICE LEVEL [1]	3,102,491							
Third Street LRT								
Phase 1 IOS - LRV changes [2]	-	30,400	30,400	30,400	30,400	30,400	30,400	30,400
Phase 1 IOS - MC changes [2]	-	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)
Phase 2 - LRV changes (vs. IOS) [3]	-	-	-	-	-	-	-	-
Phase 2 - TC changes (vs. IOS) [4]	-	-	-	-	-	-	-	-
F-Line Service Increase	-	1,453	1,937	3,874	3,874	3,874	3,874	3,874
E-Line Service	-	16,013	21,350	42,700	42,700	42,700	42,700	42,700
Mission Bay TC Extension	-	-	-	-	-	-	29,490	29,490
Total Change in Revenue Vehicle Hours	-	17,765	23,587	46,874	46,874	46,874	76,364	76,364
TOTAL REVENUE HOURS	3,102,491	3,120,256	3,126,078	3,149,365	3,149,365	3,149,365	3,178,855	3,178,855

[1] Third Street costs incurred in FY06 are included in base figure.

[2] From Third Street IOS Operating Plan (March 2005), p. 5.5. LRV = Car hours

[3] From Central Subway Draft Operating Plan. Includes long line and short line each with one car at 5 minute headways. LRV = Car hours

[4] TC changes have not been established for Central Subway operating plan. This figure is from previous SRTP.

Figure 34: Planned Service Levels FY06-FY25 CONTINUED

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
30,400	30,400	30,400	30,400	30,400	30,400	30,400	30,400	30,400	30,400	30,400	30,400
(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)
		22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400
		(31,100)	(31,100)	(31,100)	(31,100)	(31,100)	(31,100)	(31,100)	(31,100)	(31,100)	(31,100)
3,874	3,874	3,874	3,874	3,874	3,874	3,874	3,874	3,874	3,874	3,874	3,874
42,700	42,700	42,700	42,700	42,700	42,700	42,700	42,700	42,700	42,700	42,700	42,700
29,490	29,490	29,490	29,490	29,490	29,490	29,490	29,490	29,490	29,490	29,490	29,490
76,364	76,364	67,664	67,664	67,664	67,664	67,664	67,664	67,664	67,664	67,664	67,664
3,178,855	3,178,855	3,170,155	3,170,155	3,170,155	3,170,155	3,170,155	3,170,155	3,170,155	3,170,155	3,170,155	3,170,155

Figure 35: Projected Operating Data FY06-FY25

	FY2002 Actual	FY2003 Actual	FY2004 actual	FY2005 sched	FY2006	FY2007 [1, 2]	FY2008 [3]	FY2009 [4]	FY2010	FY2011	FY2012 [5]
MOTOR COACH											
Revenue Miles	13,427,575	15,463,236	15,006,779	14,025,145	14,025,145	13,761,469	13,761,469	13,761,469	13,761,469	13,761,469	13,761,469
Revenue Hours	1,544,416	1,661,644	1,601,044	1,601,044	1,601,044	1,570,944	1,570,944	1,570,944	1,570,944	1,570,944	1,570,944
Peak Vehicles	410	389	397	397	397	382	382	382	382	382	382
TROLLEY COACH											
Revenue Miles	7,281,249	7,367,759	7,537,161	7,467,549	7,467,549	7,467,549	7,467,549	7,467,549	7,467,549	7,467,549	7,669,261
Revenue Hours	1,056,197	1,070,371	1,091,747	1,091,747	1,091,747	1,091,747	1,091,747	1,091,747	1,091,747	1,091,747	1,121,237
Peak Vehicles	258	263	264	264	264	264	264	264	264	264	270
LIGHT RAIL (LRV + HISTORIC)											
Revenue Miles	5,463,509	5,531,119	5,647,597	5,647,787	5,647,787	6,107,772	6,163,719	6,387,508	6,387,508	6,387,508	6,387,508
Revenue Hours	571,349	577,016	587,699	587,699	587,699	635,564	641,386	664,673	664,673	664,673	664,673
Peak Vehicles	128	130	130	127	127	138	139	142	142	142	142
Peak - LRV	110	110	110	107	107	115	115	115	115	115	115
Peak - Historic	18	20	20	20	20	23	24	27	27	27	27
CABLE CAR											
Revenue Miles	441,265	405,091	451,366	450,433	450,433	450,433	450,433	450,433	450,433	450,433	450,433
Revenue Hours	135,581	125,373	139,453	139,453	139,453	139,453	139,453	139,453	139,453	139,453	139,453
Peak Vehicles	26	30	30	30	30	30	30	30	30	30	30
TOTAL											
Revenue Miles	26,613,598	28,767,205	28,642,903	27,590,916	27,590,916	27,787,225	27,843,172	28,066,960	28,066,960	28,066,960	28,268,671
Revenue Hours	3,307,543	3,434,404	3,419,943	3,419,943	3,419,943	3,437,708	3,443,530	3,466,817	3,466,817	3,466,817	3,496,307
Peak Vehicles	822	812	821	818	818	814	815	818	818	818	824
Revenue Miles and Hours in 000s											

- [1] Third Street (+LRV, -MC)
- [2] F-line phase 1, E-line phase 1
- [3] F-line phase 2, E-line phase 2
- [4] F-line phase 3, E-line phase 2
- [5] Mission Bay TC Extension
- [6] Third Street CS (+LRV, -TC)

Figure 35: Projected Operating Data FY06-FY25 CONTINUED

FY2013	FY2014	FY2015	FY2016 [6]	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
13,761,469	13,761,469	13,761,469	13,761,469	13,761,469	13,761,469	13,761,469	13,761,469	13,761,469	13,761,469	13,761,469	13,761,469	13,761,469
1,570,944	1,570,944	1,570,944	1,570,944	1,570,944	1,570,944	1,570,944	1,570,944	1,570,944	1,570,944	1,570,944	1,570,944	1,570,944
382	382	382	382	382	382	382	382	382	382	382	382	382
7,669,261	7,669,261	7,669,261	7,456,537	7,456,537	7,456,537	7,456,537	7,456,537	7,456,537	7,456,537	7,456,537	7,456,537	7,456,537
1,121,237	1,121,237	1,121,237	1,090,137	1,090,137	1,090,137	1,090,137	1,090,137	1,090,137	1,090,137	1,090,137	1,090,137	1,090,137
270	270	270	259	259	259	259	259	259	259	259	259	259
6,387,508	6,387,508	6,387,508	6,602,772	6,602,772	6,602,772	6,602,772	6,602,772	6,602,772	6,602,772	6,602,772	6,602,772	6,602,772
664,673	664,673	664,673	687,073	687,073	687,073	687,073	687,073	687,073	687,073	687,073	687,073	687,073
142	142	150	161	161	161	161	161	161	161	161	161	161
115	115	123	134	134	134	134	134	134	134	134	134	134
27	27	27	27	27	27	27	27	27	27	27	27	27
450,433	450,433	450,433	450,433	450,433	450,433	450,433	450,433	450,433	450,433	450,433	450,433	450,433
139,453	139,453	139,453	139,453	139,453	139,453	139,453	139,453	139,453	139,453	139,453	139,453	139,453
30	30	30	30	30	30	30	30	30	30	30	30	30
28,268,671	28,268,671	28,268,671	28,271,211	28,271,211	28,271,211	28,271,211	28,271,211	28,271,211	28,271,211	28,271,211	28,271,211	28,271,211
3,496,307	3,496,307	3,496,307	3,487,607	3,487,607	3,487,607	3,487,607	3,487,607	3,487,607	3,487,607	3,487,607	3,487,607	3,487,607
824	824	832	832	832	832	832	832	832	832	832	832	832

Figure 36: Estimated Cost of New Service FY06-FY25

	FY2004 NTD RATE	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Estimated Cost per Revenue Vehicle Hour [1]										
Light Rail	\$179.92	\$ 191.61	\$ 197.75	\$ 204.07	\$ 210.60	\$ 217.34	\$ 224.30	\$ 231.48	\$ 238.88	\$ 246.53
Motor Coach	\$111.74	\$ 119.01	\$ 122.82	\$ 126.75	\$ 130.80	\$ 134.99	\$ 139.31	\$ 143.77	\$ 148.37	\$ 153.12
Trolley Coach	\$112.38	\$ 119.69	\$ 123.52	\$ 127.47	\$ 131.55	\$ 135.76	\$ 140.11	\$ 144.59	\$ 149.22	\$ 153.99
Historic Streetcar	\$179.92	\$ 191.61	\$ 197.75	\$ 204.07	\$ 210.60	\$ 217.34	\$ 224.30	\$ 231.48	\$ 238.88	\$ 246.53
Est. Annual Cost of Service Changes										
Third Street LRT [2]										
Phase 1 (IOS) - LRV changes		\$0	\$6,011,500	\$6,203,800	\$6,402,400	\$6,607,200	\$6,818,700	\$7,036,900	\$7,262,100	\$7,494,400
Phase 1 (IOS) - MC changes		\$0	(\$3,696,800)	(\$3,815,100)	(\$3,937,200)	(\$4,063,200)	(\$4,193,200)	(\$4,327,400)	(\$4,465,900)	(\$4,608,800)
Phase 2 (CS) - LRV changes (vs. IOS)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Phase 2 (CS) - TC changes (vs. IOS)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
F-Line Service Increase		\$0	\$287,300	\$395,300	\$815,900	\$842,000	\$868,900	\$896,700	\$925,400	\$955,000
E-Line Service		\$0	\$3,166,400	\$4,357,000	\$8,992,800	\$9,280,600	\$9,577,500	\$9,884,000	\$10,200,300	\$10,526,700
Mission Bay TC Extension		\$0	\$0	\$0	\$0	\$0	\$0	\$4,264,000	\$4,400,400	\$4,541,200
Total Cost of Service Changes		\$0	\$5,768,400	\$7,141,000	\$12,273,900	\$12,666,600	\$13,071,900	\$17,754,200	\$18,322,300	\$18,908,500

[1] Cost of service changes estimated using data on operating cost per revenue hour by mode from Muni's FY2004 National Transit Database Report, inflated to FY2006 dollars at 3.2% per year

[2] Assumes service implementation in April 2006 (three months of service in FY2006).

Figure 36: Estimated Cost of New Service FY06-FY25 CONTINUED

FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
\$ 254.42	\$ 262.56	\$ 270.96	\$ 279.63	\$ 288.58	\$ 297.81	\$ 307.34	\$ 317.18	\$ 327.33	\$ 337.80	\$ 348.61
\$ 158.02	\$ 163.07	\$ 168.29	\$ 173.68	\$ 179.23	\$ 184.97	\$ 190.89	\$ 197.00	\$ 203.30	\$ 209.81	\$ 216.52
\$ 158.92	\$ 164.01	\$ 169.25	\$ 174.67	\$ 180.26	\$ 186.03	\$ 191.98	\$ 198.12	\$ 204.46	\$ 211.01	\$ 217.76
\$ 254.42	\$ 262.56	\$ 270.96	\$ 279.63	\$ 288.58	\$ 297.81	\$ 307.34	\$ 317.18	\$ 327.33	\$ 337.80	\$ 348.61
\$7,734,300	\$7,981,800	\$8,237,200	\$8,500,800	\$8,772,800	\$9,053,500	\$9,343,200	\$9,642,200	\$9,950,800	\$10,269,200	\$10,597,800
(\$4,756,300)	(\$4,908,500)	(\$5,065,600)	(\$5,227,700)	(\$5,394,900)	(\$5,567,600)	(\$5,745,700)	(\$5,929,600)	(\$6,119,400)	(\$6,315,200)	(\$6,517,300)
\$0	\$5,881,300	\$6,069,500	\$6,263,700	\$6,464,200	\$6,671,000	\$6,884,500	\$7,104,800	\$7,332,100	\$7,566,800	\$7,808,900
\$0	(\$5,100,600)	(\$5,263,800)	(\$5,432,200)	(\$5,606,100)	(\$5,785,400)	(\$5,970,600)	(\$6,161,600)	(\$6,358,800)	(\$6,562,300)	(\$6,772,300)
\$985,600	\$1,017,100	\$1,049,700	\$1,083,300	\$1,118,000	\$1,153,700	\$1,190,600	\$1,228,700	\$1,268,100	\$1,308,600	\$1,350,500
\$10,863,600	\$11,211,200	\$11,570,000	\$11,940,200	\$12,322,300	\$12,716,600	\$13,123,500	\$13,543,500	\$13,976,900	\$14,424,200	\$14,885,700
\$4,686,500	\$4,836,500	\$4,991,300	\$5,151,000	\$5,315,800	\$5,485,900	\$5,661,500	\$5,842,700	\$6,029,600	\$6,222,600	\$6,421,700
\$19,513,700	\$20,918,800	\$21,588,300	\$22,279,100	\$22,992,100	\$23,727,700	\$24,487,000	\$25,270,700	\$26,079,300	\$26,913,900	\$27,775,000

Figure 37: 20-Year Operating Budget

	Actual FY2004	Budget FY2005	Budget FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
REVENUES										
Fare Revenues (excluding Paratransit fares, Muni Fee)	111,875,813	117,797,033	127,121,561	127,121,561	127,121,561	127,121,561	143,393,121	143,393,121	143,393,121	157,158,860
Paratransit Fares	1,271,203	1,778,288	1,778,288	1,835,193	1,893,919	1,954,525	2,017,070	2,081,616	2,148,228	2,216,971
Muni Feeder to BART	2,399,733	2,351,738	2,422,290	2,499,803	2,579,797	2,662,350	2,747,546	2,835,467	2,926,202	3,019,841
Parking Revenues	131,338,568	132,349,556	138,085,000	142,503,720	147,063,839	153,240,520	158,144,217	163,204,832	170,059,435	175,501,337
Parking Tax Increase						8,946,202	9,232,480	9,527,920	9,832,813	10,147,463
New Congestion Mgmt Fee					20,000,000		21,300,480	21,982,095	22,685,522	23,411,459
Intergovernmental Revenue	77,272,471	81,554,815	93,200,937	81,282,972	81,156,843	91,102,318	95,190,752	99,497,831	103,932,524	108,493,976
Miscellaneous Revenue	11,802,222	4,492,154	5,748,455	5,932,406	6,122,243	6,318,154	6,520,335	6,728,986	6,944,314	7,166,532
General Fund Contribution - Prop E Formula	99,263,563	98,859,258	102,401,000	108,237,857	111,701,468	115,275,915	118,964,745	122,771,617	126,700,308	130,754,718
Fund Balance	8,353,562	13,620,000								
Interdepartmental Recoveries	5,165,986	5,173,734	5,214,475	5,381,338	5,553,541	5,731,254	5,914,654	6,103,923	6,299,249	6,500,825
Dedicated Paratransit Funding	19,193,703	15,543,328	15,599,714	15,937,708	16,138,274	16,345,259	16,558,867	16,779,311	17,006,809	17,241,587
Special Revenue - TIDF	9,880,743	10,362,003	10,368,692	10,368,366	10,368,366	10,368,366	10,368,366	10,368,366	10,700,154	11,042,559
Capital Project Funds	-	2,735,683								
Transfers In	992,000		8,854,641	12,137,990	9,421,338	9,722,821	10,033,951	10,355,038	10,686,399	11,028,364
TOTAL REVENUES	478,809,567	486,617,590	510,795,053	513,238,913	539,121,190	569,429,247	600,386,584	615,630,123	633,315,077	663,684,491
EXPENDITURES										
Salaries & Fringe Benefits										
Platform Salaries	136,770,805	122,065,824	128,196,821	133,324,694	138,657,682	144,203,989	149,972,148	155,971,034	162,209,876	168,698,271
Other Salaries	137,332,387	127,023,751	128,644,858	132,118,269	135,685,462	140,027,397	144,508,274	149,132,539	153,904,780	158,829,733
Fringe Benefits	71,226,979	93,364,555	105,130,937	109,546,436	114,147,387	118,941,577	123,937,123	129,142,482	134,566,467	140,218,258
Sub-total Salaries and Fringe Benefits	345,330,171	342,454,130	361,972,616	374,989,399	388,490,531	403,172,963	418,417,546	434,246,055	450,681,122	467,746,262
Other Operating Expenditures										
Paratransit expenses	18,202,765	20,073,976	20,073,976	20,716,343	21,379,266	22,063,403	22,769,432	23,498,053	24,249,991	25,025,991
Muni Fast Passes on BART	8,466,800	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653
Contribution to Peninsula Joint Powers Board (Caltra)	8,552,826	6,337,070	6,337,070	6,539,856	6,749,132	6,965,104	7,187,967	7,418,003	7,655,379	7,900,351
Workers' compensation	21,119,429	20,500,000	23,104,800	23,844,154	24,607,167	25,394,596	26,207,223	27,045,854	27,911,321	28,804,484
Other nonpersonal services	51,508,568	28,511,761	33,851,296	34,934,537	36,052,443	37,206,121	38,396,717	39,625,412	40,893,425	42,202,014
Materials and supplies, including fuel	26,846,528	29,112,922	33,317,237	34,383,389	35,483,657	36,619,134	37,790,946	39,000,257	40,248,265	41,536,209
Capital/Facilities Expenditures	1,638,959	9,340,208	1,788,361	4,845,589	1,902,816	1,963,706	2,026,545	2,091,394	2,158,319	2,227,385
Services of other departments	21,771,968	24,437,622	24,925,463	25,723,078	26,546,216	27,395,695	28,272,357	29,177,073	30,110,739	31,074,283
Operating Transfers Out	-	2,588,046	-	-	-	-	-	-	-	-
Allocated Charges	(5,055,600)	(6,175,798)	(4,696,231)	(4,846,510)	(5,001,599)	(5,161,650)	(5,326,823)	(5,497,281)	(5,673,194)	(5,854,736)
Cash Reserve			682,812							
Sub-total Other Operating Expenditures	153,052,243	144,163,460	148,822,437	155,578,088	157,156,751	161,883,762	166,762,037	171,796,418	176,991,898	182,353,634
Repay Breda Money				1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,300,000
Service Plan Changes				5,768,400	7,141,000	12,273,900	12,666,600	13,071,900	17,754,200	18,322,300
TOTAL OPERATING EXPENDITURES	498,382,414	486,617,590	510,795,053	537,335,887	553,788,281	578,330,625	598,846,183	620,114,373	646,427,220	669,722,196
Projected Operating Surplus (Deficit)		-	-	(24,096,974)	(14,667,092)	(8,901,378)	1,540,402	(4,484,251)	(13,112,143)	(6,037,705)

Figure 37: 20-Year Operating Budget CONTINUED

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
157,158,860	157,158,860	172,246,111	172,246,111	172,246,111	188,781,738	188,781,738	188,781,738	206,904,784	206,904,784	206,904,784	226,767,644
2,287,914	2,361,127	2,436,683	2,514,657	2,595,126	2,678,170	2,763,872	2,852,315	2,943,590	3,037,784	3,134,994	3,235,313
3,116,475	3,216,203	3,319,121	3,425,333	3,534,944	3,648,062	3,764,800	3,885,273	4,009,602	4,137,910	4,270,323	4,406,973
181,117,379	188,724,309	194,763,487	200,995,919	209,437,748	216,139,755	223,056,228	232,424,589	239,862,176	247,537,766	257,934,352	266,188,251
10,472,182	10,807,292	11,153,125	11,510,025	11,878,346	12,258,453	12,650,724	13,055,547	13,473,324	13,904,471	14,349,414	14,808,595
24,160,626	24,933,766	25,731,646	26,555,059	27,404,821	28,281,775	29,186,792	30,120,769	31,084,634	32,079,342	33,105,881	34,165,269
113,247,773	118,069,050	121,847,260	125,746,372	129,770,256	133,922,904	138,208,437	142,631,107	147,195,302	151,905,552	156,766,530	161,783,059
7,395,861	7,632,528	7,876,769	8,128,826	8,388,948	8,657,394	8,934,431	9,220,333	9,515,383	9,819,876	10,134,112	10,458,403
134,938,869	139,256,913	143,713,134	148,311,954	153,057,937	157,955,791	163,010,376	168,226,708	173,609,963	179,165,482	184,898,777	190,815,538
6,708,851	6,923,535	7,145,088	7,373,730	7,609,690	7,853,200	8,104,502	8,363,846	8,631,489	8,907,697	9,192,743	9,486,911
17,483,878	17,733,922	17,991,967	18,258,270	18,533,095	18,816,714	19,109,409	19,411,470	19,723,197	20,044,899	20,376,896	20,719,517
11,395,921	11,760,590	12,136,929	12,525,311	12,926,121	13,339,756	13,766,629	14,207,161	14,661,790	15,130,967	15,615,158	16,114,843
11,381,271	11,745,472	12,121,327	12,509,209	12,909,504	13,322,608	13,748,932	14,188,897	14,642,942	15,111,516	15,595,085	16,094,128
680,865,861	700,323,567	732,482,648	750,100,777	770,292,646	805,656,321	825,086,868	847,369,755	886,258,178	907,688,046	932,279,049	975,044,444
175,446,202	182,464,050	189,762,612	197,353,116	205,247,241	213,457,130	221,995,416	230,875,232	240,110,241	249,714,651	259,703,237	270,091,367
163,912,284	169,157,477	174,570,517	180,156,773	185,921,790	191,871,287	198,011,168	204,347,526	210,886,647	217,635,019	224,599,340	231,786,519
146,107,425	152,243,937	158,638,182	165,300,986	172,243,627	179,477,860	187,015,930	194,870,599	203,055,164	211,583,481	220,469,987	229,729,726
485,465,911	503,865,464	522,971,311	542,810,875	563,412,658	584,806,277	607,022,514	630,093,357	654,052,052	678,933,151	704,772,564	731,607,612
25,826,823	26,653,281	27,506,186	28,386,384	29,294,748	30,232,180	31,199,610	32,197,997	33,228,333	34,291,640	35,388,972	36,521,419
9,437,653	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653	9,437,653
8,153,162	8,414,063	8,683,313	8,961,179	9,247,937	9,543,871	9,849,275	10,164,452	10,489,714	10,825,385	11,171,796	11,529,295
29,726,227	30,677,466	31,659,145	32,672,238	33,717,750	34,796,718	35,910,213	37,059,339	38,245,238	39,469,086	40,732,097	42,035,524
43,552,479	44,946,158	46,384,435	47,868,737	49,400,537	50,981,354	52,612,757	54,296,366	56,033,849	57,826,932	59,677,394	61,587,071
42,865,368	44,237,060	45,652,646	47,113,530	48,621,163	50,177,041	51,782,706	53,439,752	55,149,825	56,914,619	58,735,887	60,615,435
2,298,861	2,372,219	2,448,130	2,526,470	2,607,317	2,690,751	2,776,855	2,865,714	2,957,417	3,052,054	3,149,720	3,250,511
32,068,660	33,094,857	34,153,893	35,246,817	36,374,715	37,538,706	38,739,945	39,979,623	41,258,971	42,579,258	43,941,794	45,347,932
(6,042,088)	(6,235,435)	(6,434,968)	(6,640,887)	(6,853,396)	(7,072,705)	(7,299,031)	(7,532,600)	(7,773,643)	(8,022,400)	(8,279,117)	(8,544,048)
187,886,945	193,597,323	199,490,432	205,572,121	211,848,424	218,325,569	225,009,982	231,908,297	239,027,357	246,374,228	253,956,198	261,780,792
18,908,500	19,513,700	20,918,800	21,588,300	22,279,100	22,992,100	23,727,700	24,487,000	25,270,700	26,079,300	26,913,900	27,775,000
692,261,356	716,976,487	743,380,543	769,971,296	797,540,182	826,123,946	855,760,196	886,488,653	918,350,109	951,386,679	985,642,662	1,021,163,404
(11,395,496)	(16,652,920)	(10,897,895)	(19,870,519)	(27,247,536)	(20,467,625)	(30,673,328)	(39,118,899)	(32,091,931)	(43,698,633)	(53,363,614)	(46,118,959)

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