

Fare-Free Muni



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Citizens Advisory Committee Agenda Item 11

May 26, 2021

Fare-Free Muni

**Supervisor Preston's Pilot
Program Proposal**

**Muni's Existing Free and
Discount Fare Programs**

Muni Budget and Funding Needs

**Fare-Free Muni for All:
What would it take?**



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Free Muni Pilot Program Proposal



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- Introduced by Supervisor Preston
- 3-Month Pilot (July 1 – September 30)
- Includes both fixed route and paratransit service
- Funded with \$12.5 million from the COVID Contingency Reserve Fund
- Requires the SFMTA to file written status reports with the Board of Supervisors
- ***Program requires SFMTA Board approval***

Free Muni Pilot Program Objectives



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Ridership

- To support essential workers riding transit
- To encourage transit ridership as part of a Welcome Back to Transit campaign

Collect Data

- Measure ridership levels, voluntary fares collected, and revenues foregone

Muni Full Fare Categories

Adult full-fare

- Single Ride:
\$2.50 Clipper / **\$3.00** Cash
- One-Day Pass:
\$5.00 (MuniMobile/Farebox Only)
- Muni-Only Monthly Pass:
\$81 (Clipper Only)
- Muni+BART within SF Monthly Pass:
\$98 (Clipper Only)



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Full Fare Monthly Pass Comparison



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CITY/AGENCY	FY20 ADULT RATE	SINGLE RIDES TO BREAK EVEN
SFMTA	\$81.00	33
AC Transit	\$84.60	38
Boston	\$90.00	38
Seattle	\$99.00	66
Chicago	\$105.00	47
Denver	\$114.00	41
Washington D.C.	\$126.00	63
New York City	\$127.00	46

Muni Ridership Demographics

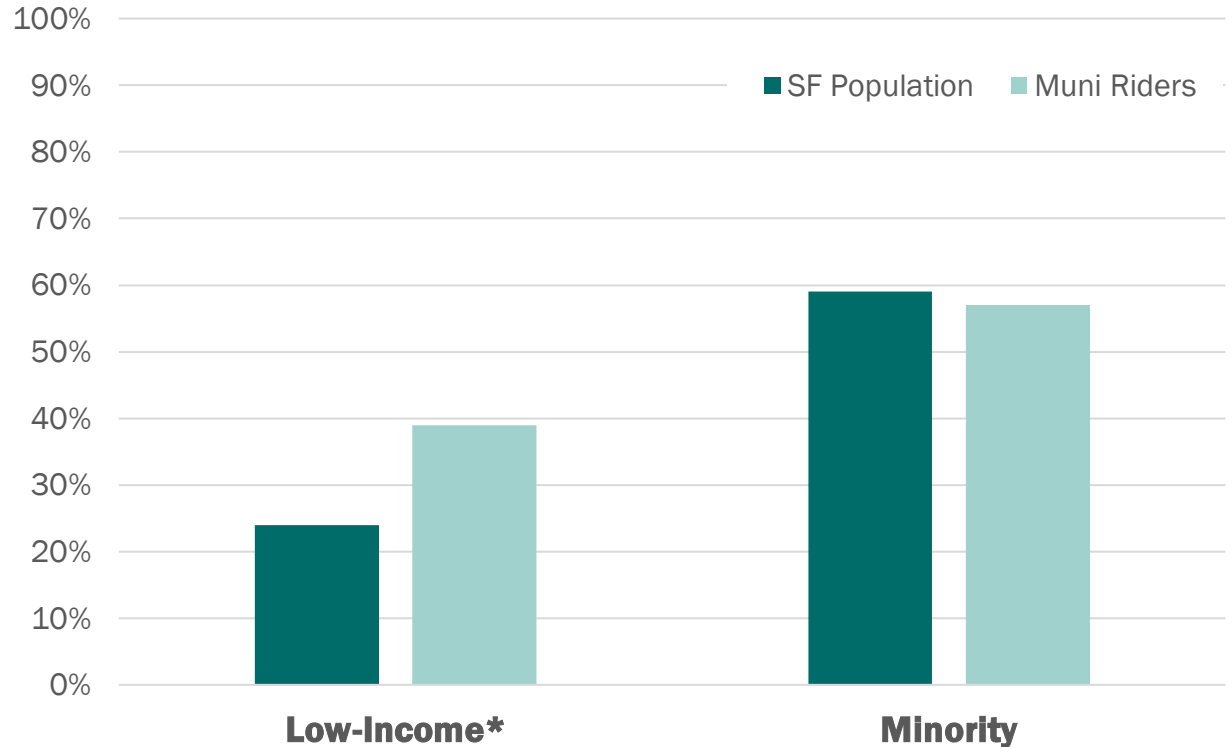
Source: SFMTA Title VI
Analysis FY 2021 & FY 2022
Proposed Fare Changes

* defined as 200% of federal
poverty level, \$25,520 for
individuals or \$52,400 for a
household of four per 2020
federal guidelines



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San Francisco and Muni Rider Demographics (pre-COVID)



Muni Fare Discount Programs



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	FREE MUNI	MUNI LIFELINE	CLIPPER START	50% DISCOUNT
Start year	2013	2005	2020	2013 (revised to 50%)
Eligible Populations	<ul style="list-style-type: none"> Youth (<18) Seniors (65 and over) People with disabilities People experiencing homelessness 	Other Adults* (age 18-64)	Other Adults* (age 18-64)	<ul style="list-style-type: none"> Youth (<18) Seniors (65 and over) People with disabilities
Income Requirement	100% Bay Area Median Income**	200% Federal Poverty Level**	200% Federal Poverty Level**	none
Discount	Free fare on all Muni vehicles	50% discount on Muni Monthly Pass (\$40)	50% discount on Muni single ride fare (\$1.25)	50% discount on Muni Monthly Pass (\$40) and single rider fare (\$1.25)

* Adults without disabilities, not experiencing homelessness

** 100% Bay Area Median Income: \$89,650 for individuals or \$128,100 for a household of four
200% Federal Poverty Level: \$25,520 for individuals or \$52,400 for a household of four

Muni Fare Discount Programs



Who in San Francisco is eligible for free fare and discount programs?

30% of San Franciscans are eligible for discounted fares

18% of San Franciscans are eligible for free fares

15%

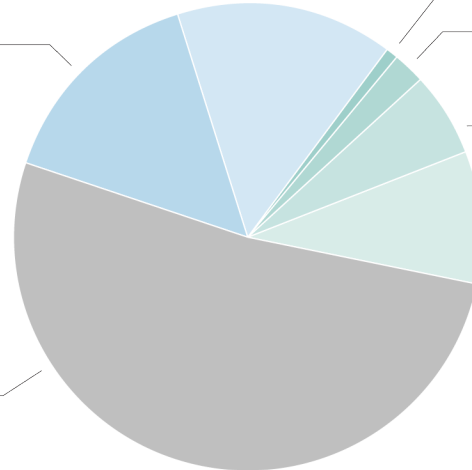
50% DISCOUNT: LIFELINE AND CLIPPER START

15%

50% DISCOUNT: YOUTH, SENIORS, PEOPLE WITH DISABILITIES

52%

FULL FARE: OTHER ADULTS WITH INCOMES > 200% FEDERAL POVERTY LEVEL *



1%

FREE MUNI FOR PEOPLE EXPERIENCING HOMELESSNESS

2%

FREE MUNI FOR PEOPLE WITH DISABILITIES

6%

FREE MUNI FOR YOUTH

9%

FREE MUNI FOR SENIORS

* 200% Federal Poverty Level: , \$25,520 for individuals or \$52,400 for a household of four

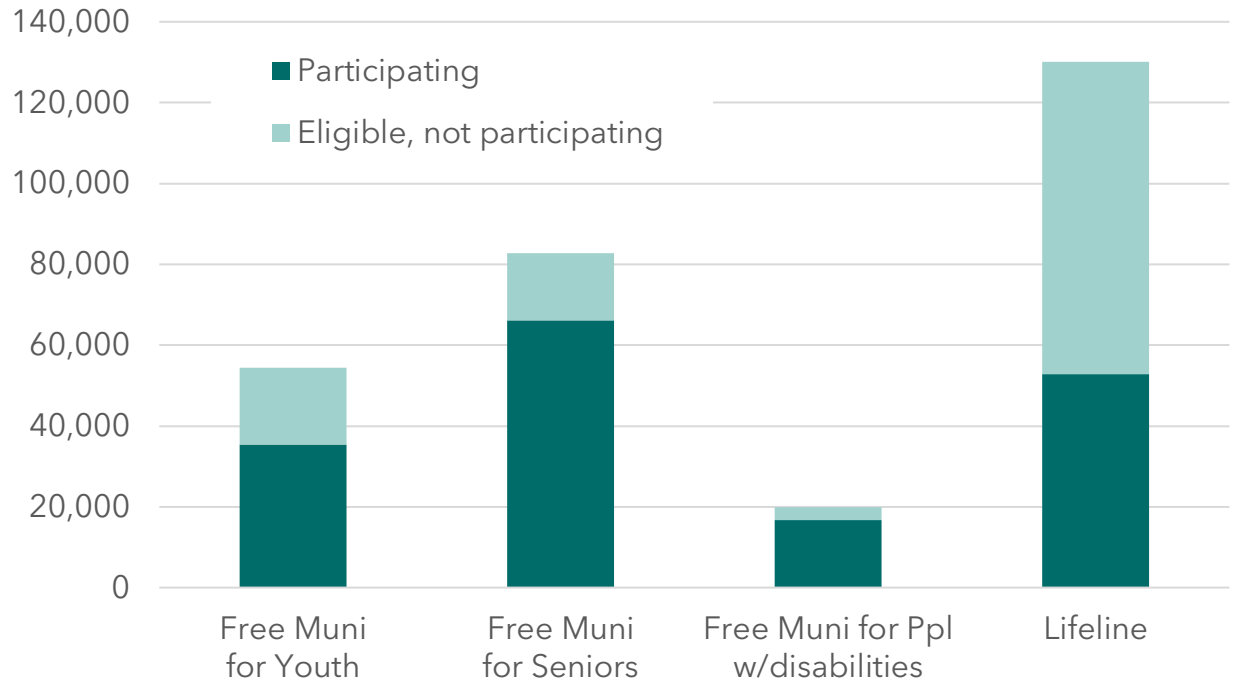
Muni Fare Discount Program Participation

*Based on total population, not just Muni transit-riders
Data source: SFMTA tracking*



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Who in San Francisco is participating in free fare and discount programs?



Muni Fare Discount Programs: Costs



EXISTING PROGRAM COSTS	FREE MUNI FOR YOUTHS, SENIORS AND PPL W/DISABILITIES	MUNI LIFELINE	CLIPPER START
Administrative Costs (Annual)	<p>\$295,000</p> <p>Includes staff time, printing, and postage</p>	<p>\$820,220</p> <p>Includes staff time, printer maintenance, HSA agreement, vendor commissions, and monthly pass stickers</p>	<p>Negligible</p> <p>This program is run by MTC and requires minimal consulting and outreach by the SFMTA</p>
Fare Revenue Impact (Annual)	<p>\$21,216,750</p> <p>Assumes a percentage of users would purchase a monthly pass and the remainder of the riders would purchase single ride fares.</p>	<p>\$4,120,716</p> <p>Based on the assumption that 50% of those who purchase a discount pass would purchase a full price pass in the absence of the discount</p>	<p>\$720,000</p> <p>Current average of 4,000 trips per month with \$1.25 discount for each ride</p>

Based on pre-pandemic ridership and FY 2019 costs

Table does not include information on the 50% discount available to all youth, seniors and people with disabilities regardless of income

SFMTA Operating Budget – Pre-COVID



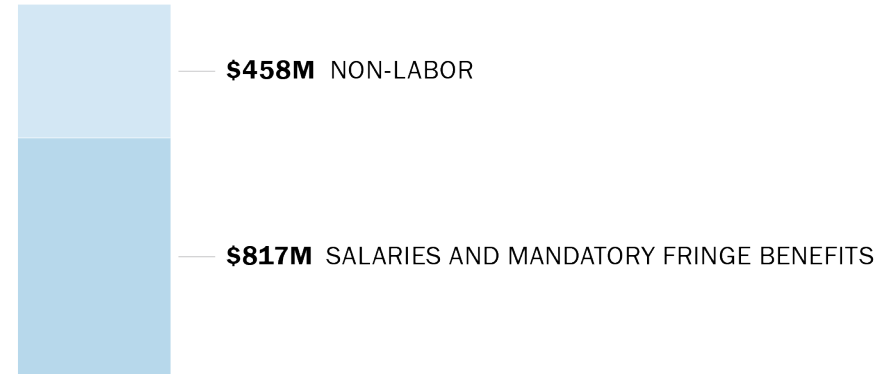
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ITEM, MILLIONS OF \$	FY 21	FY 22
Revenue – Projection	\$1,209	\$1,225
Expenditures – Base	\$1,275	\$1,302
Base Operating Gap (January 28, 2020)	(\$66)	(\$77)

FY 21 OPERATING BUDGET REVENUE PROJECTIONS



FY 21 ADJUSTED BASE OPERATING EXPENDITURES



SFMTA Operating Budget – Pre-COVID



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Structural Deficit as of January 28, 2020

Board Workshop

- No fund balance applied
- No shifts of capital to operating



OPERATING BUDGET, MILLIONS OF \$	FY 21	FY 22	FY 23	FY 24	FY 25
Revenue Ongoing (base)	\$1,209	\$1,225	\$1,245	\$1,258	\$1,265
Expenditures	\$1,275	\$1,302	\$1,332	\$1,381	\$1,432
Revenue Less Expenditures	(\$66)	(\$77)	(\$87)	(\$123)	(\$154)

SFMTA Operating Budget

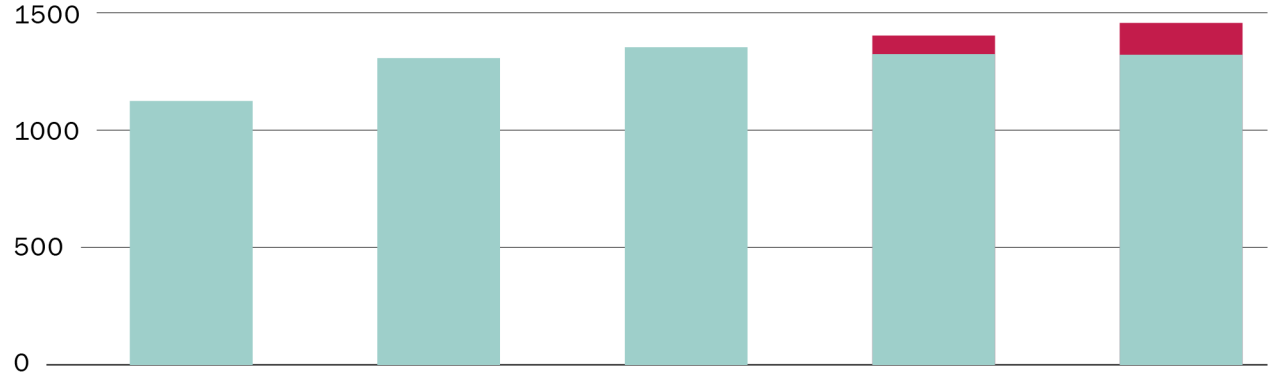


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Structural Deficit as of April 20, 2021

Board Update (2nd Wave)

- Additional Federal relief from H.R. 133 and H.R. 1319 assumed



OPERATING BUDGET, MILLIONS OF \$	FY 21	FY 22	FY 23	FY 24	FY 25
Revenue	\$1,124	\$1,305	\$1,353	\$1,324	\$1,321
Expenditures	\$1,124	\$1,305	\$1,353	\$1,403	\$1,457
<i>One-time funds (incl. in Revenue)</i>	\$379	\$382	\$153	\$43	\$-
Revenue Less Expenditures	(-)	(-)	(-)	(\$79)	(\$136)

Muni Service, 2019



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COVID Core Service, May 2021



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Transportation 2050 Funding Requirement Analysis

Service Sustainability

Close the structural deficit. Pre-pandemic SFMTA service Streets and Transit

Close pre-pandemic structural deficit. SFMTA services sustained at pre-pandemic levels through FY 30.

\$155 million annually

“Right Size” Transit Service

Equity & Growth

Implement the Muni Equity Strategy and recommendations for service increase by Muni Reliability Working Group. Includes 20% service increase, maintenance and vehicles. Considers cost and growth levels through FY 30.

\$105 million annually

Infrastructure Resiliency

Transportation Infrastructure Replaced On-Time

Replaces transportation infrastructure (rail, overhead, signals, transit fleet) and completes major overhauls on-time.

\$225 million annually

Remove Infrastructure Vulnerabilities

Transportation Infrastructure Backlog Closed

Eliminates major transportation system vulnerabilities and current infrastructure backlog (overhead, systems, facilities, signals). Long term funds can pivot to system resiliency and allowing for expansion after backlog is closed.

\$185 million annually

Revenue Generation Potential



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There is no single revenue source that can cover all the city's transportation needs.

EXAMPLE REVENUE SOURCE	REVENUE GENERATION POTENTIAL (ANNUAL UNLESS NOTED)
GO Bond (only capital projects are eligible)	\$400 million (one-time only)
New ½ Cent Sales Tax	\$110 million
Vehicle License Fee	\$70 million
Community Facilities District (Mello-Roos) (assumes a varied rate structure)	Up to \$180 million
Parking Tax Reform (pending further SFMTA analysis)	\$75 – \$500 million
Parcel Tax (assumes \$50 – \$250 per parcel)	\$10 – \$50 million

* Table based on San Francisco T2045 estimates (2017) and SFMTA Board Presentation (February 2021)

Fare-Free Muni for All



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FARE-FREE MUNI COMPONENTS	ANNUAL COST/SAVINGS	NOTES
Transit Fare Revenues Impact	(\$214.0 million)	Annual loss of farebox revenues
Program Administration Savings	\$1.1 million	Annual free/discount Muni administration costs
Fare Collection Savings	\$49.3 million	Includes labor (185 full-time employees) and non-labor costs
Increase in transit service to meet increased demand*	(\$105.0 million +)	Estimated annual cost of service and capital costs to meet anticipated demand
TOTAL ANNUAL COST	(\$268.6 million +)	

The estimate here represents the cost of providing 20% additional transit service over a pre-COVID service baseline as a likely-low or conservative estimate of increased ridership resulting from Fare-Free Muni.

Thank you.
Any Questions?

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