



DRAFT MINUTES

San Francisco County Transportation Authority

Tuesday, June 27, 2023

1. Roll Call

Chair Mandelman called the meeting to order at 10:02 a.m.

Present at Roll Call: Commissioners Dorsey, Engardio, Mandelman, Melgar, Preston, Peskin, Ronen, and Stefani (8)

Absent at Roll Call: Commissioners Chan, Safai (entered during Item 11), Walton (entered during item 10) (3)

2. Chair's Report - INFORMATION

Chair Mandelman discussed the I-80 Yerba Buena Island West Side Bridges Retrofit groundbreaking celebration where he was joined by Honorable Speaker Emerita Nancy Pelosi. The \$126 million project will seismically upgrade Treasure Island Road and ramps connecting to the San Francisco-Oakland Bay Bridge. He noted for drivers accessing the islands that the east-bound on- and off- ramps would be closed for the next three years during construction of the West Side Bridges project. To access the islands during this period, drivers should use the new Southgate off-ramp on the right side of the lower deck.

The Chair next thanked Senator Scott Wiener and members of the state legislature for their advocacy to restore critical transit funding to the state budget. While very helpful and appreciated, he observed that this would only partially address the transit operating shortfalls for Bay Area operators that were still facing reduced fare and other revenues following the pandemic. To help close the gap, Senator Wiener partnered with Assemblymembers Phil Ting, Matt Haney, and others to introduce Senate Bill 532 which would increase the toll on state owned Bay Area bridges by \$1.50 for five years. This additional funding would help BART, Muni, Caltrain, and other Bay Area transit agencies avoid cutting rail and bus service due to financial shortfalls. The Chair closed by inviting Vice Chair Melgar to report out on her recent trip to Paris to attend the Oliver Wyman Executive Mobility Forum.

Vice Chair Melgar presented her report and slide deck.

During public comment, a commenter made an inaudible comment.

Roland Lebrun congratulated the Transportation Authority on their bond rating. He then shared his excitement about the Paris Grand Express and the technology that would be used to bore around 60 miles of tunnels. Mr. Lebrun went on to state that the same technology could be used to deliver both the Downtown Extension and Pennsylvania Avenue Extension for a fraction of the current projected cost. He closed by advising that Caltrain should mirror some of the practices of the Paris regional train system.



Aleta Dupree stated that it was important to learn from other nations around the world.

3. Executive Director's Report - INFORMATION

Chair Mandelman announced that Tilly Chang, Executive Director had offered to forgo her report in the interest of time. The report was posted on the agency website at www.sfcta.org.

There was no public comment.

4. Approve the Minutes of the June 13, 2023 Meeting - ACTION

There was no public comment.

Commissioner Dorsey moved to approve the minutes, seconded by Commissioner Preston.

The minutes were approved without objection by the following vote:

Ayes: Commissioners Dorsey, Engardio, Mandelman, Melgar, Preston, Peskin, Ronen, and Stefani (8)

Absent: Commissioners Chan, Safai, and Walton (3)

Consent Agenda

5. [Final Approval] State and Federal Legislation Update -ACTION

6. [Final Approval] Adopt the Ocean Avenue Mobility Action Plan [NTIP Planning] - ACTION*

7. [Final Approval] Adopt the Octavia Improvements Study Final Report [NTIP Planning] - ACTION*

8. [Final Approval] Adopt the 2023 Prop L Strategic Plan Baseline - ACTION*

9. [Final Approval] Adopt Guidance for Development of the 2023 Prop L 5-Year Prioritization Programs - ACTION*

There was no public comment.

Vice Chair Melgar moved to approve the Consent Agenda, seconded by Commissioner Dorsey.

The Consent Agenda was approved without objection by the following vote:

Ayes: Commissioners Dorsey, Engardio, Mandelman, Melgar, Preston, Peskin, Ronen, and Stefani (8)

Absent: Commissioners Chan, Safai, and Walton (3)

End of Consent Agenda

10. [Final Approval on First Appearance] Adopt the Proposed Fiscal Year 2023/24 Budget and Work Program - ACTION*

Lily Yu, Principal Management Analyst, presented the item per the staff memorandum.



During public comment, a commenter made an inaudible comment.

Commissioner Safai moved to approve the item, seconded by Commissioner Ronen.

The motion was approved without objection by the following vote:

Ayes: Commissioners Dorsey, Engardio, Mandelman, Melgar, Preston, Peskin, Ronen, Safai, Stefani, and Walton (10)

Absent: Commissioners Chan (1)

11. Major Capital Project Update: Caltrain Modernization Program - INFORMATION*

Michelle Bouchard, Executive Director, Casey Fromson, Chief Communications Officer, and Pranaya Shrestha, Chief Officer for Caltrain Electrification, presented the item per the staff memorandum.

Chair Mandelman asked whether increased ridership would solve Caltrain's operating budget shortfall.

Casey Fromson responded that since Caltrain was very fare dependent for its revenue, increased ridership would solve its financial issues. However, she noted that post-pandemic ridership patterns with the prevalence of remote work were very different and therefore they were looking at other financial models.

Chair Mandelman asked what their models assumed about ridership.

Ms. Fromson responded that their models projected it would take 10 years to get back to 2019 ridership levels.

During public comment, Roland Lebrun thanked Transportation Authority staff for adding the Bayshore development to the multimodal study. He next commented that one of the reasons Caltrain lagged in recovery was due to the length of trips. He stated that if you were to map a trip from San Francisco to the San Jose Diridon Station, it would not only take twice as long as driving but would take longer than taking BART and then a bus. He stated that there was hope that Caltrain would address the issues with the governance changes that were being advanced.

Aleta Dupree stated that Caltrain should focus on the basics first and that she looked forward to Caltrain being electrified.

12. San Francisco Municipal Transportation Agency Financial Update - INFORMATION*

Bree Mawhorter, Chief Financial Officer, presented the item per the staff memorandum.

Commissioner Peskin commented that the presentation mostly covered the operating budget and asked for more information on the capital budget. He also noted that it would be helpful if the presentation included a pie chart that showed budget uses and sources. Commissioner Peskin asked how Ms. Mawhorter would reconcile SFMTA's \$300 million positive fund balance with the constant narrative about the transit fiscal cliff.

Ms. Mawhorter responded that the cost of transit, which included inflation and cost of living adjustments, would increase by 12% in five years, while revenues were not expected to increase by 5%. She said that the long-term structural deficit is due to



policies that supported equity, such as Free Muni For Youth, instead of revenue generation. She noted that the fund balance is a one-time savings because of significant staff vacancies.

Commissioner Peskin asked about how new ongoing sources of revenue, such as funding from the state or a potential bridge toll increase, would be factored in.

Ms. Mawhorter replied that the new state funds would cover an estimated one-third of the SFMTA's needs. She said that the funds would be allocated amongst metropolitan planning organizations and regional transit agencies, and that she did not know yet what amount would be allocated to the SFMTA. Ms. Mawhorter added that the capital budget would fund facilities, fleet electrification, and new train control systems. She said that these capital projects were anticipated to be implemented in the next 5-10 years, which would strain the capital budget.

Vice Chair Melgar asked whether SFMTA had a comprehensive revenue plan. She noted that the presentation only mentioned increased parking rates and receiving state funds as new sources of revenue. She suggested that SFMTA use its property to create revenue-generating activities. She also suggested adjusting the Muni system to support the post-pandemic change in ridership patterns.

Ms. Mawhorter replied that there was no comprehensive revenue plan. She added, however, that there was a long-term project called Transportation 2050, or T2050, to look at revenue measures to stabilize Muni. She said that SFMTA was also looking at long-term changes to parking policy. Regarding SFMTA property, she said that the Potrero Yard Modernization Project could provide long-term revenue in 5-10 years, but that that is outside the range of this financial update.

Commissioner Preston agreed that there was a revenue loss for equity measures but emphasized that equity measures were not driving the deficit. He asked Ms. Mawhorter for a projection of the deficit based on the recent news of state funding. He also asked what specific deficit amount SFMTA considered a "fiscal cliff". He said that he is concerned that the "transit fiscal cliff" terminology has been used to justify cuts in transit service.

Ms. Mawhorter answered that Fiscal Year (FY) 2024/25 would be the first year with a deficit, and that the state funding would cover one-third of the deficit, with a \$60 million remaining deficit. She said that SFMTA projected that the following two fiscal years would have a \$130 million deficit per year. Ms. Mawhorter said that SFMTA viewed themselves in a "survive" mode, with concerns that providing less service would move them into a transit death spiral. She explained that using the fund balance in the short-term would necessitate cuts in the long-term if there were no increases in revenue. She posited that SFMTA would need small incremental changes to close the deficit.

Commissioner Preston asked for clarity around potential Muni service reductions and the positions that SFMTA was prioritizing for hiring. He said that the freeze in hiring during the pandemic was a mistake and that the slow return to hiring had affected the restoration of transit lines.

Ms. Mawhorter confirmed that the previously alluded service reductions would not be occurring this calendar year, in light of new state funding. She said that the Muni improvements for this calendar year would be revenue-neutral. She said that the job



positions being prioritized included operators, overhead line workers, long-term maintenance, revenue-generating positions, and positions that build trust with the community through outreach.

Commissioner Safai brought up the recent civil grand jury report on how the City's hiring processes affected City services. He added that the budget shortfall includes fare evasion, which was estimated at a loss of \$20 million per year. He said that addressing the fare evasion issue, such as having enforcement officers on board Muni vehicles, could also increase passengers' sense of safety. He said that Muni has proven that high-quality service will lead to higher ridership, as evidenced in the 22 Fillmore and 49 Van Ness lines. He asked for more information on service decisions that could help raise revenue.

Chair Mandelman also asked Ms. Mawhorter about the status of fixing the hiring process.

Ms. Mawhorter replied that she was partnering with the Director of Human Resources and Information Technology to improve the way they queue and track requisition approvals, to move positions through the pipeline quicker.

Chair Mandelman mentioned Measure A, the "Muni Reliability and Street Safety Bond" that failed to pass in 2022. He asked whether the loss of that potential bond money had affected projections on the operating budget.

Ms. Mawhorter said that if SFMTA could not achieve a state of good repair, that would create operating challenges. She said that the failed bond measure mostly affected facilities and large capital investments.

During public comment, Aleta Dupree noted that the City owns Muni and asked why money couldn't be appropriated from the General Fund to SFMTA.

Roland Lebrun echoed Commissioner Safai's comment on fare evasion. He suggested improving farebox recovery through requiring proof of payment at exit gates and capturing discrepancies between fare payments and passenger counters on Muni vehicles, as examples.

Francisco Da Costa suggested that the Transportation Authority hold a hearing on this item. They said that SFMTA had opportunities to save money but wasted them.

13. BART Update - INFORMATION*

Pam Herhold, Assistant General Manager, presented the item.

During public comment, Aleta Dupree expressed how important BART was to her and asked that the commissioners support BART as it was a people system.

Janice Li, BART Board President, thanked the Commissioners and the Transportation Authority for the invitation to present an update. She stated that she understood the update was at a very high level and offered to meet with Commissioner's offices individually after the August recess. She also said that BART staff would be available to conduct a round of outreach to the commissioners' offices.

14. Internal Accounting Report, Investment Report, and Debt Expenditure Report for the Nine Months Ending March 31, 2023 - INFORMATION*

This item was continued due to time constraints.



Other Items

15. Introduction of New Items - INFORMATION

There were no new items introduced.

16. Public Comment

There was no public comment.

17. Adjournment

The meeting was adjourned at 12:17 a.m.