



SFMTA

San Francisco Municipal Transportation Agency

SFMTA Budget and Local Revenue Measure Update

Transportation Authority Board - Agenda Item 12

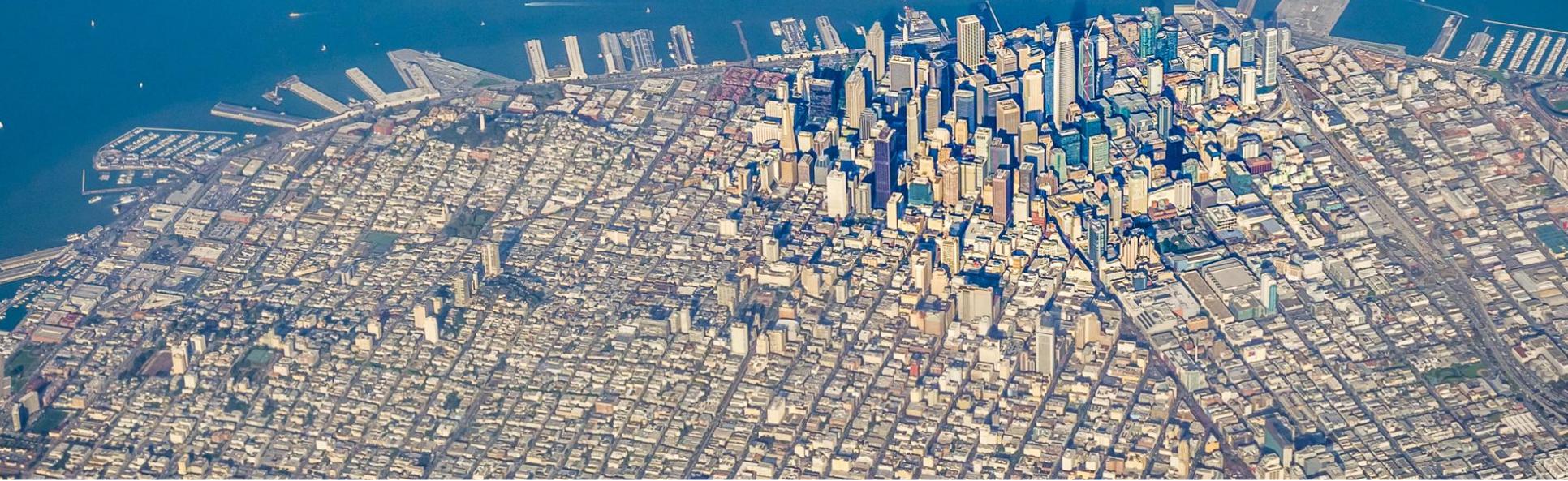
February 24, 2026

Muni is vital to San Francisco



- Muni gets over 500,000 riders every day to jobs, medical appointments and grocery stores
- Approximately 27% of SFUSD students, roughly 14,000, take Muni to get to and from school
- Almost 50% of transit ridership across the nine-county Bay Area is on Muni

Muni is core to San Francisco's economy



In 2019, San Francisco's daytime population was more than 1.1 million people.

About 270,000 people commuted into the city for work.

Our economic recovery relies on moving large numbers of people around the city on public transit.

Transit funding is a local responsibility

- In other countries with great transit, the national government pays for transit service



VANCOUVER



ZURICH

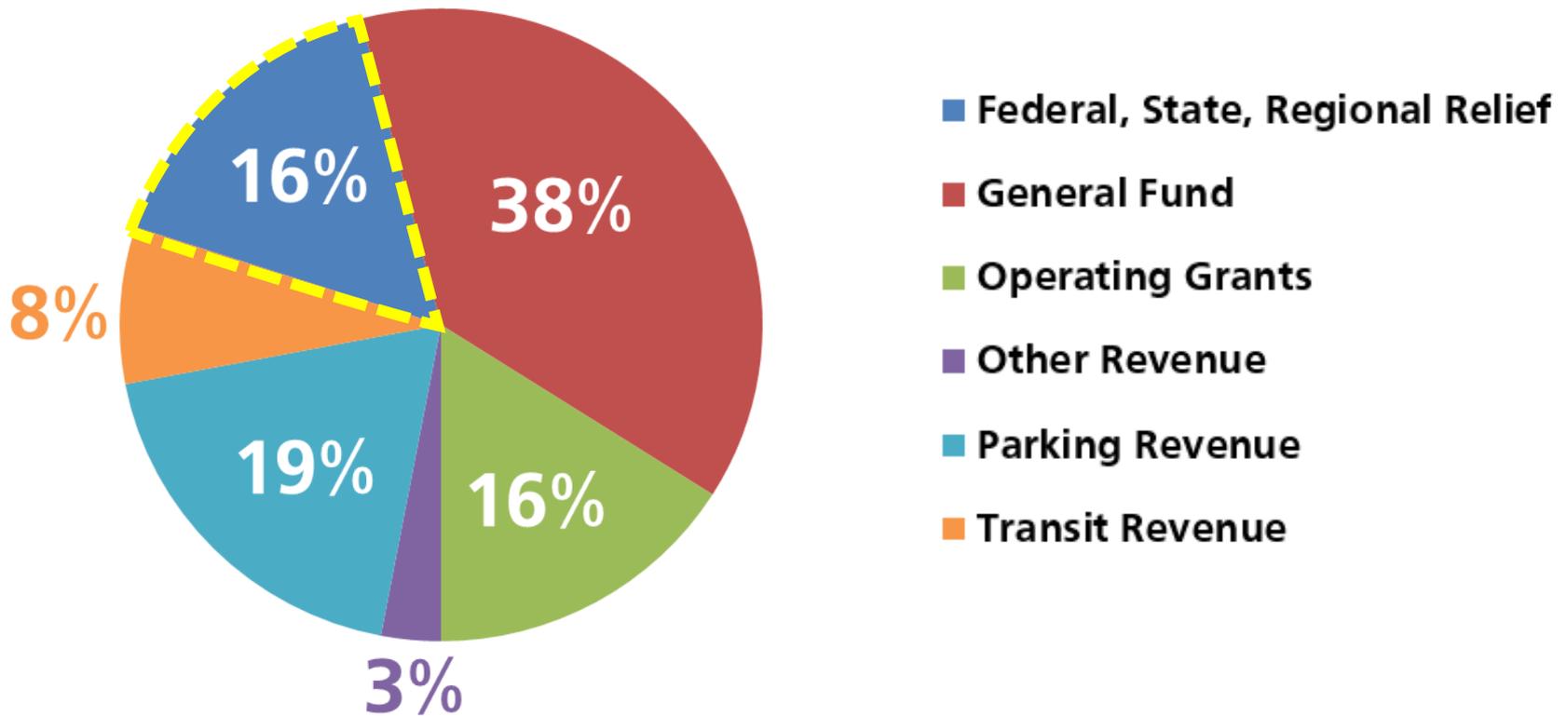


HONG KONG

- In other US states with great transit, the state government pays for a large portion of transit service
- In California, transit is funded primarily by local jurisdictions

Pandemic Relief Exhausted

Federal, state and regional pandemic relief protected Muni service throughout the pandemic; they run out summer 2026



Source: FY25-26 Original Budget (Final), August 2025.

5-Year Deficit Forecast

SFMTA's budget plan will address end of one-time pandemic resources and growing gap between revenues and expenditures

	FY26-27 (\$M)	FY27-28 (\$M)	FY28-29 (\$M)	FY29-30 (\$M)	FY30-31 (\$M)
Revenue	1,226	1,256	1,284	1,311	1,329
Expenditure	1,533	1,600	1,656	1,708	1,764
Surplus/ (Deficit)	(307)	(344)	(372)	(398)	(435)

To avoid cuts and achieve long-term financial stability, SFMTA must bring costs and revenue closer together by becoming more efficient, as well as increase revenues by identifying new sources.

Muni Funding Working Group Recommendation

The Muni Funding Working Group overwhelmingly supported **Strategy A: Big at the Ballot in 2026**

- **No Service Cuts**
- Further administrative efficiencies and expedite reductions
- A regional sales tax measure
- A local parcel tax measure

	Strategy	% Top Choice
A	Preserve Muni & Street Safety – Big at the Ballot in 2026	69%
B	Preserve Muni & Street Safety – Multiple Ballots over Time	19%
C	Protect Muni Service – Minimizing Cuts for Riders	6%
D	Find Revenues through Parking	6%
E	Cut Due to Less Opportunity at the Ballot	0%
F	Fewer Options, More Cuts	0%

FY26-27 and FY27-28 Budget Plan

Regional Revenue Measure: The Connect Bay Area Act allows San Francisco to pursue a one-cent sales tax increase to maintain Muni. If passed by voters, Muni will receive ~\$155M per year to address the structural deficit.

Local Revenue Measure: As the regional measure will not fully address the structural deficit, a local parcel tax will further reduce the gap. If passed by voters, the tax will generate ~\$150M annually to reduce the deficit and ~\$10M to make marginal service quality improvements.

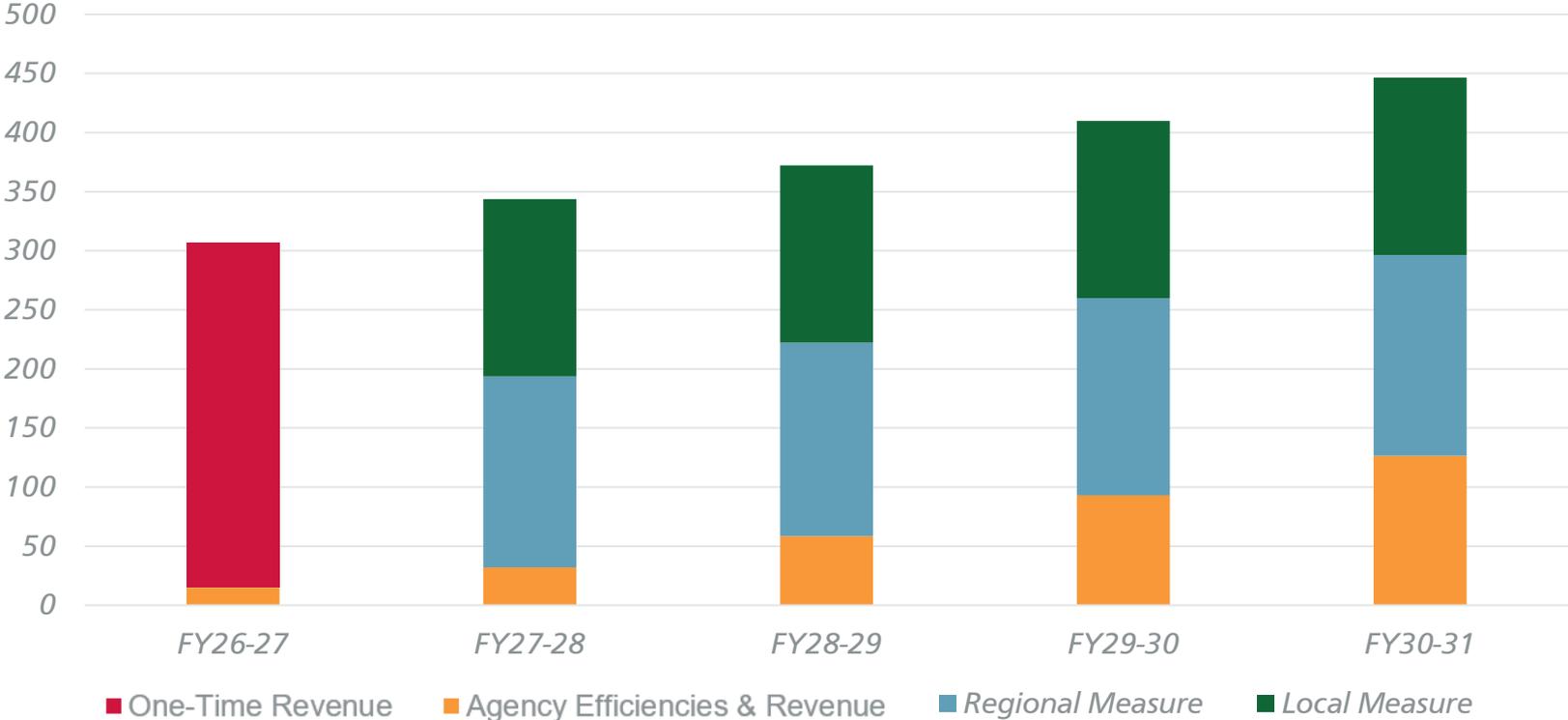
Agency Efficiencies & Revenue: Building an efficiency culture and identifying new enterprise revenues in the out years will close the remaining structural deficit.

In the short-term, one-time sources are needed to close the budget deficit until regional and local revenue measures are implemented.



Closing the Deficit

SFMTA plans to close the FY26-27 and FY27-28 budget deficit using one-time revenue, agency efficiencies and new revenue from regional and local ballot measures.



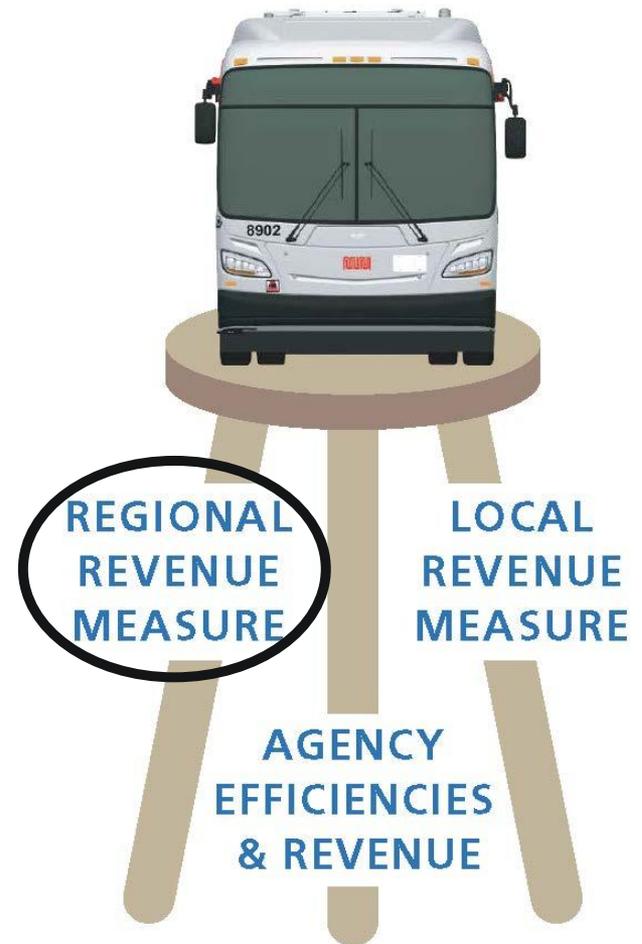
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Regional Revenue Measure, Nov. 2026



The Connect Bay Area Act authorizes a regional sales tax to be placed on the Nov. 2026 ballot in Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara counties. The regional sales tax would fund BART, Muni, Caltrain, AC Transit and other transit systems. Due to the density of transit operating in San Francisco, San Francisco voters will consider a 1% sales tax. Voters in the other counties will consider a 0.5% sales tax.

The Public Transit Revenue Measure District was established in accordance with SB 63 (Wiener) to authorize the placement of a sales tax measure on the ballot.

The District Board voted not to place the measure on the ballot themselves, and instead it is being advanced by a coalition of stakeholders and voters, the Connect Bay Area Transit Committee.

If successful, the regional revenue measure will raise about \$1 billion annually for transit agencies in the region.

Of this, Muni would receive approximately \$155 million per year.

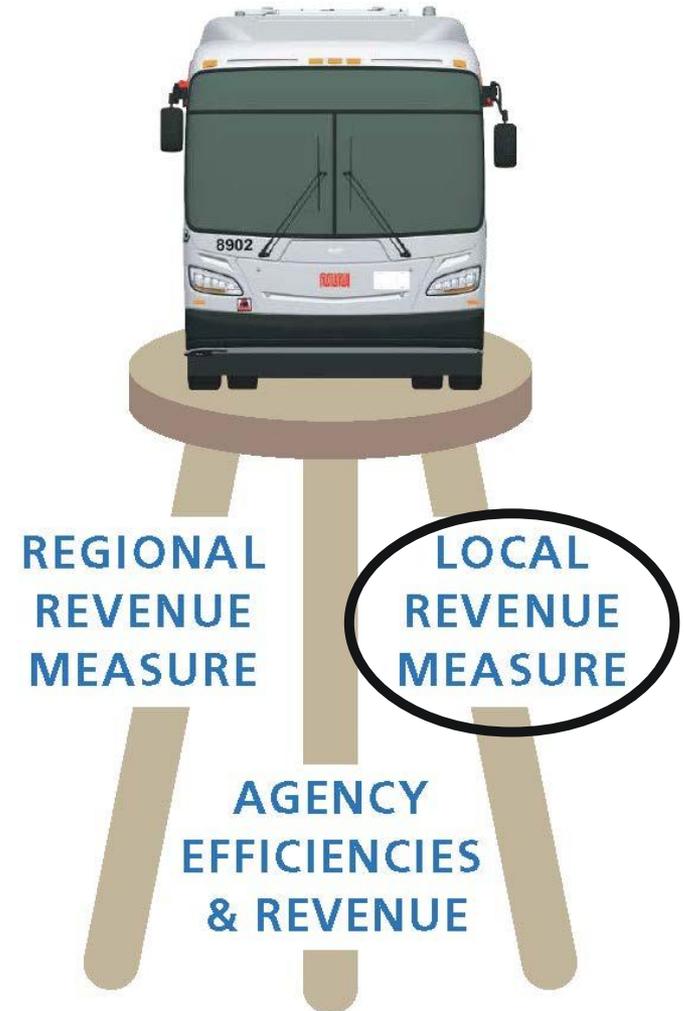
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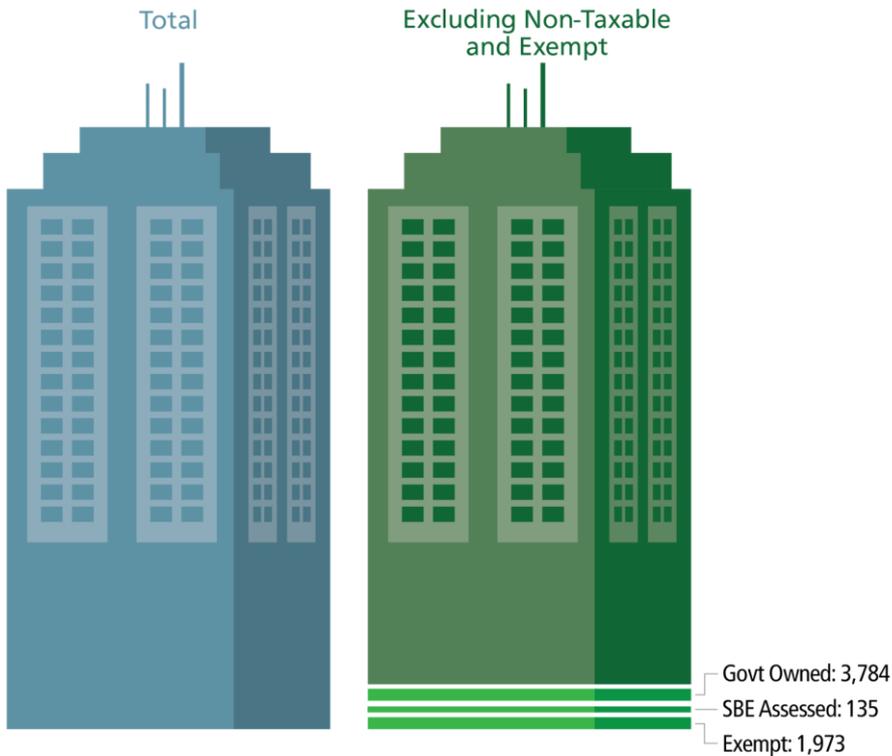
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San Francisco has 200,000+ parcels



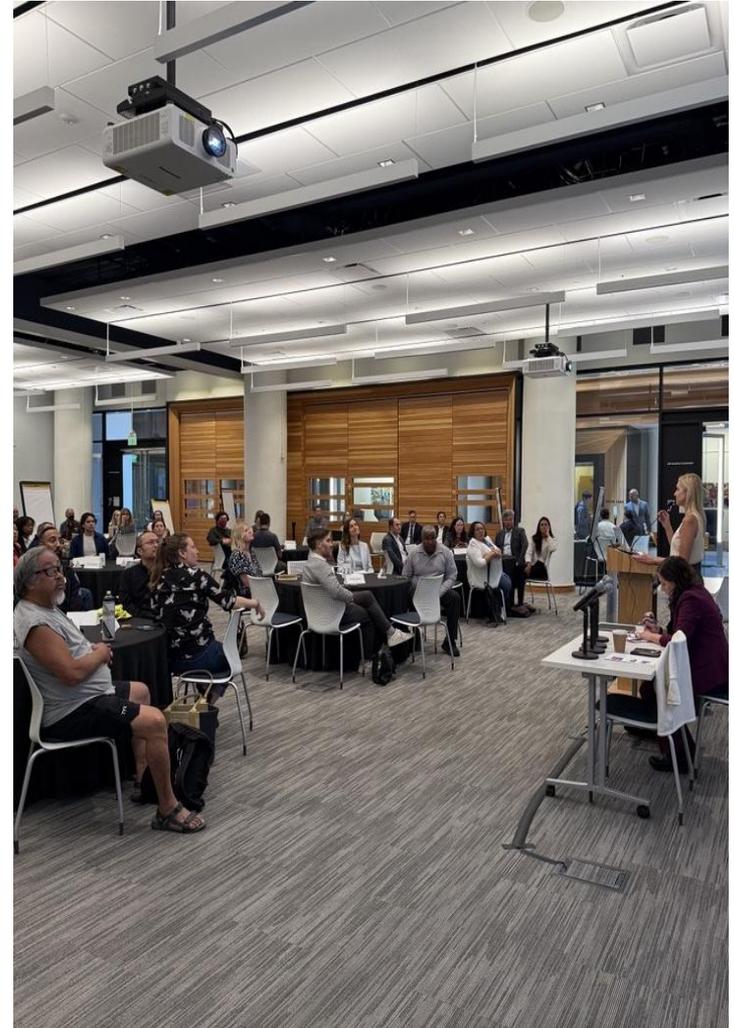
According to the 2023-24 public tax rolls, there are 212,206 total property tax parcels in San Francisco.

After excluding non-taxable parcels (e.g. government-owned) and exempt parcels, there are 206,314 taxable parcels, accounting for 97% of all parcels.

92% of San Francisco's taxable parcels are residential and about 75% are single-family residences.

Community Input was Central to the Design of the Parcel Tax

Staff collaborated with labor partners, real estate and business leaders, community organizations, small business owners, transportation advocates, housing and tenant stakeholders, and local elected officials.



Proposed Parcel Tax Structure

Category	Square Footage Tiers	Rate
Single Family Residential Parcels (SFR): <i>Parcel Tax = Base Rate + Marginal Rate(s)</i>		
SFR Base Rate: <i>Applies to first 3,000 SF</i>	0 - 3,000 SF	\$129
SFR, Marginal Rate 1: <i>Applies to any building square footage from 3,001 SF to 5,000 SF</i>	3,001 - 5,000 SF	\$0.42 per SF
SFR, Marginal Rate 2: <i>Applies to any building square footage above 5,000 SF</i>	5,001+ SF	\$1.99 per SF
Multifamily Parcels (MF): <i>Parcel Tax = Base Rate + Marginal Rate(s)</i>		
MF Base Rate: <i>Applies to first 5,000 SF</i>	0 - 5,000 SF	\$249
MF, Marginal Rate 1: <i>Applies to any building square footage above 5,000 SF</i>	5,001+ SF	\$0.195 per SF
MF Cap		\$50,000
Non-Residential Parcels (Non-Resi): <i>Parcel Tax = Base Rate + Marginal Rate(s)</i>		
Non-Resi Base Rate: <i>Applies to first 5,000 SF</i>	0 - 5,000 SF	\$799
Non-Resi Marginal, Rate 1: <i>Applies to any building square footage from 5,001 SF to 50,000 SF</i>	5,001 - 50,000 SF	\$0.76 per SF
Non-Resi Marginal, Rate 2: <i>Applies to any building square footage from 50,001 SF to 250,000 SF</i>	50,001 - 250,000 SF	\$0.84 per SF
Non-Resi Marginal, Rate 3: <i>Applies to any building square footage over 250,000 SF</i>	250,001+ SF	\$0.99 per SF
Non-Resi Cap		\$400,000

If successful, the local revenue measure will raise approximately \$150 million annually for existing transit operations, plus approximately \$10 million for service quality improvements.

Proposed Parcel Tax Structure

- **Exemptions and Deductions**
 - Parcels or units owned by a senior property owner (65+) who occupies that parcel or unit as their primary residence
 - Square footage of Single Room Occupancy (SRO) units
 - Existing exemptions for property taxes would apply to this parcel tax (nonprofits, hospitals, museums, govt land, etc.)
- **Sunset Date** - 15 years
- **Inflation Factor** - Adjusted annually in accordance with CPI
- **Pass-through** - up to 50% of parcel tax, with a cap of \$65 (half of the \$129 single family residential base rate), for leases of rent-controlled units with the initial base rent set before June 1, 2027

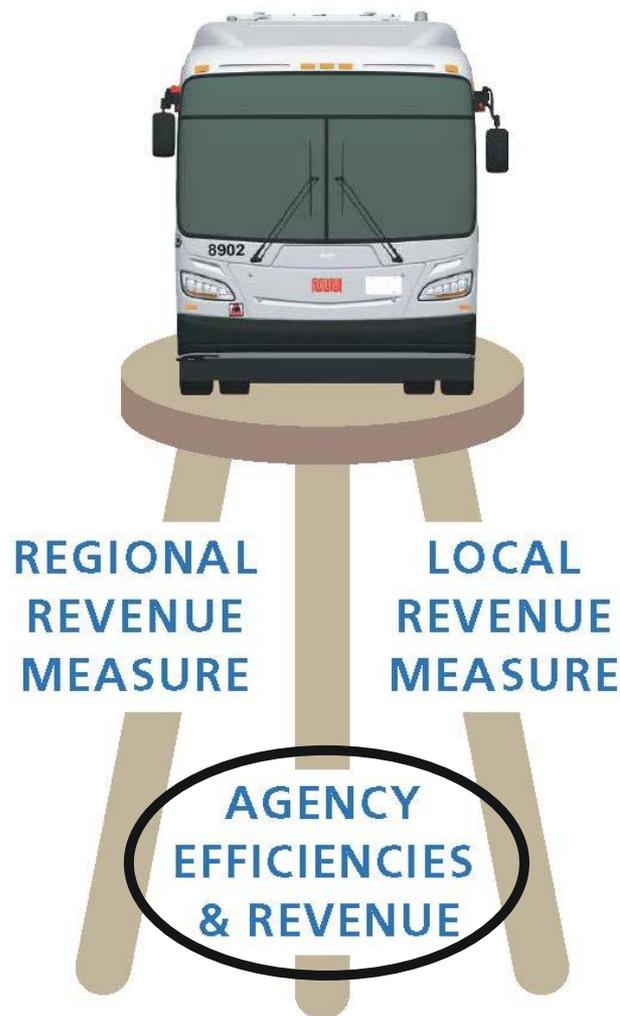
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Examples of Efficiency Work Completed



Accountability and Fiscal Management

\$120M/year personnel savings through a hiring slowdown, consolidating functions, and trimming management.



Improved Parking Program Efficiency

\$18M/year generated by updating outdated parking policies and upgrading technology.



Investments that Pay for Themselves

\$10M annual savings starting FY25 thanks to transit priority and reliability upgrades.

Summary of Efficiency Proposals

New efficiency proposals estimated to generate \$15 - \$25M

Category	Proposal
Organizing People	Optimize maintenance yard shifts to reduce premium pay
	Scale back work requested of other City departments
	Implement further staffing efficiencies – refine Operator schedules, cut vacant positions, reclassify senior level vacancies, and more
Changing Service Delivery	Decommission low utilization ticket vending machines
	Defer non-revenue vehicle purchases by reassigning under-utilized vehicles
	Upgrade aging infrastructure and vehicles to reduce maintenance work
	Continue to design and deliver Muni Forward projects

Summary of Efficiency Proposals

New efficiency proposals estimated to generate \$15 - \$25M

Category	Proposal
Using Technology	Implement inventory control in paint, sign, and meter shops
	Upgrade facility cameras and gates to realize security contract efficiencies
	Improve double-parking enforcement in transit-only lanes
	Retire MuniMobile
Negotiating with External Partners	Request savings from contractors on supply contracts
Increasing Financial Control, Transparency	Close purchase orders monthly
	Close aged, low balance multi-year projects to identify one-time savings

Summary of Enterprise Revenue and Cost Reduction Proposals

Enterprise revenue proposals generate \$8.8 - \$17.5M, annually

Recommendation	FY 26-27 (\$M)	FY 27-28 (\$M)
Parking Revenue: <ul style="list-style-type: none"> Increase citation late penalties by 10% Increase meter rates \$0.25 in FY27-28 Increased meter recovery construction/temp no-parking permits Pass-through on-line credit card fees Select fine reductions 	3.3	8.3
Tourism Revenue: <ul style="list-style-type: none"> Simplify Cable Car Ticket 	2.3	2.8
Daily Rider Revenue: <ul style="list-style-type: none"> Eliminate Clipper Discount/Index Year 2 Implement Fare Capping 	3.2	6.4
TOTAL	8.8	17.5

Building Efficiency Culture

- Participate in regional efficiency work, outlined in Connect Bay Area Act (SB 63 Wiener)
- Work with external efficiency experts to review best practices and implement structural changes (e.g., more efficient administrative tools)
- Track National Transit Database (NTD) financial performance measures and set goals for financial metrics
- Prioritize cost containment during upcoming labor contract negotiations for FY27-28 and beyond
- Continue to refine internal controls and forecasting tools

Scenario Planning for the Ballot if both initiatives pass

Connect Bay Area Act

- 1% sales tax in San Francisco
- ~\$155M/year for Muni

Local Revenue Measure

- Square footage-based parcel tax
- ~\$150M/year for Muni

Initiative Outcomes

Muni Service Benefits

Agency Benefits

Both Pass



- Maintain service levels
- Targeted service increases that address crowding and pass-ups
- Better positioned to respond to ridership growth

- Stabilized workforce
- Maintain focus on internal cost-cutting
- More resilient budget outlook for unforeseen conditions

Muni Service Options for Cutting Costs

if one or both ballot initiatives fail



Cut up to 20 Muni routes

Corridors with multiple routes, downtown express, hilltop & neighborhood connections

\$70-150M



Double Wait Times

Metro train service, Rapid and Frequent routes

\$30-80M



End Regular Service at 9 p.m.

Owl network only from 9 p.m. to 6 a.m.

\$30M



Reduce or Cut Historic Service

3 cable cars lines and F Market & Wharves

\$70-140M

Note: Estimated savings include reduction in administrative services (e.g., accounting, payroll, HR) in proportion to reduction in Muni service

Potential Citywide Impacts without New Transit Funding

Slower Downtown Recovery



Less Access & Opportunities for People Who Rely on Transit



Timeline for Muni Service Cuts

if one or both measures fail

Pre-Election

Present-November 2026

- Refine scenarios for Muni service cuts in the event one or both measures fail

Winter 2027

- Prepare service cut options for outreach
- Begin outreach and community briefings

Spring 2027

- Share final Muni service cut options with public
- SFMTA Board approval (w/ Title VI Analysis)
- BOS approval (Route Abandonments and/or Fare Changes)

Summer 2027

- Develop final service plan and schedule materials
- Conduct outreach to inform customers of coming service cuts

Fall 2027

- Implement approved Muni service cuts

Budget timeline

Fall

- Develop local revenue measure
- Begin gathering community feedback on budget priorities

December

- Present proposed budget revenue options to MTA Board
- Continue gathering community feedback

January

- Present proposed efficiency measures to MTA Board
- Continue gathering community feedback

Feb/March/April

- MTA Board Workshop on budget
- Continue gathering community feedback
- Budget hearings
- Budget action by MTA Board



**Submit balanced budget to Mayor
May 1**

June

- Mayor submits budget to Board of Supervisors
- Board of Supervisors reviews budget

July

- Action or no action by Board of Supervisors

August

- Mayor signs budget

Thank you! Questions?

