

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

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May 10, 2005

TO: Budget and Finance Committee
FROM: Budget Analyst
SUBJECT: May 12, 2005 11:00 a.m. Rescheduled Budget and Finance Committee Meeting

Item 2 – File 05-0793

Item: Hearing to consider the Annual Budget for the Municipal Transportation Agency (MTA) for Fiscal Year 2005-2006.

Description: The Budget and Finance Committee has directed the Budget Analyst to conduct a line item review of the proposed FY 2005-2006 budget for the Municipal Transportation Agency (MTA) and present a report with recommendations to the Committee.

The FY 2005-2006 proposed MTA budget was submitted to the Mayor and the Board of Supervisors on February 28, 2005. Since that time, numerous technical changes and system calculations have caused changes in the proposed budget. On May 2, 2005, the Mayor submitted a recommended FY 2005-2006 budget for selected departments (the May Budget) to the Board of Supervisors that included the MTA.

Memo to Budget and Finance Committee
 May 10, 2005 Budget and Finance Committee Meeting

Since the transmittal of the May Budget to the Board of Supervisors, the Controller has issued the Nine-Month Budget Status Report, which has resulted in changes to Baseline General Fund Support for the MTA as required under Charter Section 8A.

MTA's proposed FY 2005-06 budget is based on the assumption that the MTA needed to correct for a revenue shortfall of approximately \$57.4 million. Overall, MTA's net budget has increased by \$24,797,510. Increased revenues result from a proposed transit fare increase for Muni which is estimated to increase revenues in FY 2005-06 by approximately \$13.1 million. In addition, the MTA budget is balance based on increased Parking Garage revenues of approximately \$2.8 million, increased parking permit revenue, parking meter revenue and parking fine revenue of approximately \$17.6 million (which is partially offset by increased coin counting costs of approximately \$1.4 million) and an increase in the Administrative Tow Fee of approximately \$550,000.

The MTA also receives Baseline General Fund Support as required under Charter Section 8.A. The Controller's Six-Month Budget Status Report, issued in February of 2005 estimated that the FY 2004-05 current year Baseline General Fund Support for the MTA would decline by approximately \$930,000 from the original budget for the current year. The Table below provides a comparison of the Controller's six-month projection to the original budget for Baseline General Fund Support.

Decline in Baseline GFS in FY 2004-05 Based on Six-Month Report

	Original FY 2004-005 MTA Budget	Controller's Six- Month Report Estimates	Over / (Under) Original Budget
Muni	\$ 98,859,258	\$ 98,109,258	\$ (750,000)
Parking and Traffic	<u>35,106,000</u>	<u>34,926,000</u>	<u>(180,000)</u>
Total	\$ 133,965,258	\$ 133,035,258	\$ (930,000)

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 May 10, 2005 Budget and Finance Committee Meeting

Further, the MTA's proposed FY 2005-2006 budget includes reduced Baseline General Fund Support of approximately \$2.6 million for Muni, offset by an increase of \$513,000 for Parking and Traffic based on initial estimates provided by the Controller, as shown in the table below.

Baseline GFS in MTA's Proposed FY 2005-2006 Budget

Baseline GFS	FY 2004-2005 Proposed MTA Budget	FY 2005-2006 MTA Proposed Budget	Increase / (Decrease)
Muni	\$ 98,859,258	\$ 96,252,208	\$ (2,607,050)
Parking and Traffic	<u>35,106,000</u>	<u>35,619,000</u>	<u>513,000</u>
Total	\$ 133,965,258	\$ 131,871,208	\$ (2,094,050)

On May 3, 2005, well after the MTA's proposed FY 2005-06 budget was transmitted to the Mayor and the Board of Supervisors, the Controller issued the updated Nine-Month Budget Status Report which projected an overall improvement in FY 2004-2005 General Fund revenues. This revenue improvement resulted in increased estimated Baseline General Fund Support for the MTA in the current fiscal year as shown in the table below.

Nine-Month Report Improvement to MTA's FY 2004-2005 Baseline GFS

	Controller's Six- Month Report Estimates	Controller's Nine- Month Report Estimate	Over / (Under) Six- Month Estimate	Over / (Under) Original Budget
Muni	\$ 98,109,258	\$ 101,320,000	\$ 3,210,742	\$ 2,460,742
Parking and Traffic	<u>34,926,000</u>	<u>36,070,000</u>	<u>1,144,000</u>	<u>964,000</u>
Total	\$ 133,035,258	\$ 137,390,000	\$ 4,354,742	\$ 3,424,742

Overall, because of projected over-expenditures by the MTA for platform salaries for Transit Operators and fuel costs, partially offset by planned expenditure savings, and revenue weaknesses in transit fares the Controller is projecting that the MTA will end FY 2004-2005 with an operating surplus of approximately \$2.69 million due to the increased Baseline General Fund Support described above.

Memo to Budget and Finance Committee
 May 10, 2005 Budget and Finance Committee Meeting

The increased FY 2004-2005 General Fund revenues estimated in the nine-month report also results in increased Baseline General Fund support for FY 2005-2006. Based on the current projections for General Fund discretionary revenues, the Controller has revised the estimated Baseline General Fund Support for the MTA as shown in the table below.

Increased MTA Baseline GFS for FY 2005-2006 over MTA's Proposed Budget

Baseline GFS	MTA Proposed FY 2005-06		Increase
	Budget	FY 2005-06 May 10 Controller's Projection	
Muni	\$ 96,252,208	\$ 101,814,000	\$ 5,561,792
Parking and Traffic	35,619,000	36,614,000	995,000
Total	\$ 131,871,208	\$ 138,428,000	\$ 6,556,792

Based on the changes to Baseline General Fund Support for the MTA in FY 2004-05 of \$4,354,732 over the six month projection described above and the increased Baseline General Fund Support estimated for the MTA's FY 2005-2006 proposed budget of \$6,556,792, the MTA will have \$10,911,534 more revenue than originally estimated in the preparation of the proposed FY 2005-2006 MTA budget. In addition, as noted above, the Controller now estimates that the MTA will finish the current FY 2004-05 with a surplus of \$2.69 million. This surplus of \$2,690,000 plus the increased Baseline General Fund Support for FY 2005-2006 of \$6,556,792 represents new sources of funds that totals an estimated \$9,246,792.

Our report also provides recommendations for expenditure savings resulting from our line item review as directed by the Budget and Finance Committee. Overall expenditure reductions identified in our review of the FY 2005-2006 MTA budget total \$2,888,963. The Budget Analyst notes however, that under Charter Section 8.A, the Board of Supervisors is not permitted to amend the MTA's proposed budget.

Memo to Budget and Finance Committee
May 10, 2005 Budget and Finance Committee Meeting

Harvey M. Rose

cc: Supervisor Ammiano
Supervisor Daly
Supervisor Elsbernd
Supervisor Ma
Supervisor McGoldrick
President Peskin
Supervisor Alioto-Pier
Supervisor Dufty
Supervisor Maxwell
Supervisor Mirkarimi
Supervisor Sandoval
Clerk of the Board
Controller
Erin McGrath
Ted Lakey
Cheryl

Adams

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

DEPARTMENT: **MTA – MUNICIPAL TRANSPORTATION AGENCY**

FINANCIAL DATA:

The Municipal Transportation Agency’s proposed \$584,681,030 budget for FY 2005-2006 is \$24,797,510, or 4.4 percent more than the original FY 2004-2005 budget of \$559,883,520.

SUMMARY OF PROGRAM EXPENDITURES:

Program	FY 2004-2005 Original Budget	FY 2005-2006 Proposed Budget	Proposed Increase (Decrease) vs. FY 2004-2005 Budget
Caltrain Joint Powers Board	\$6,337,070	\$6,337,070	\$0
Fast Pass on BART	9,437,653	9,437,653	0
Legal	15,898,811	16,148,811	250,000
Muni Capital Planning & External	1,656,949	1,735,645	78,696
Muni Construction	10,560,745	3,821,924	(6,738,821)
Muni Executive Office, Security, Safety	16,827,132	17,361,249	534,117
Muni Finance & Administration	16,730,039	16,159,276	(570,763)
Muni Human Resources	5,693,764	6,060,966	367,202
Muni Maintenance	121,012,670	126,799,105	5,786,435
Muni Service Operations & Schedules	26,890,523	26,524,501	(366,022)
Muni Transportation	183,000,259	198,057,408	15,057,149
Muni-wide Benefits	25,790,031	27,648,249	1,858,218
Muni-wide Services	2,682,968	6,756,373	4,073,405
Paratransit	20,073,976	20,073,976	0
Parking & Traffic Administration	5,377,496	5,483,846	106,350
Parking & Traffic Enforcement	30,422,343	28,180,220	(2,242,123)
Parking Citations	11,456,452	12,425,537	969,085
Parking Garages, Lots & Meters	22,196,416	22,064,375	(132,041)
Residential Permit Parking	1,017,165	1,336,490	319,325
Traffic Engineering & Operations	13,122,192	23,956,034	10,833,842
Workers Compensation	24,025,000	26,945,300	2,920,300
Departmental Transfer Adjustment	(10,326,134)	(18,632,978)	(8,306,844)
Total	\$559,883,520	\$584,681,030	\$24,797,510

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

Department: **Municipal Transportation Agency (continued)**

DEPARTMENT PERSONNEL SUMMARY:

Including all positions, the total number of full-time equivalent positions budgeted for FY 2005-2006 is 4,594.38 FTEs, which is 145.54 FTEs less than the 4,749.34 FTEs in the original FY 2004-2005 budget. The MTA FTE count decrease is reduced to 150.25 when subtracting non-operating and work order funded positions. The FTE allocations by program are as follows:

<u>Full-Time Equivalent Positions:</u>				
Program	FY 2004-2005 Original Budget	FY 2005-2006 Proposed Budget	Proposed Increase (Decrease) from 2004-2005 Original Budget	Proposed Increase (Decrease) from 2004-2005 Original Budget
Muni Finance & Administration	121.15	120.01	(1.14)	
Muni Executive Office, Security, Safety	126.55	147.49	20.94	
Muni Capital Planning & External	5.45	4.56	(0.89)	
Muni Human Resources	48.65	49.47	0.82	
Muni Transportation	2,178.32	2,032.62	(145.70)	
Muni Maintenance	1,111.33	1,106.51	(4.82)	
Muni Service Operations & Schedules	<u>258.95</u>	<u>246.00</u>	<u>(12.95)</u>	
Muni Subtotal	3,850.40	3,706.66	(143.74)	(143.74)
Parking & Traffic Administration	22.14	24.65	2.51	
Parking Garages, Lots & Meters	30.53	29.53	(1.00)	
Parking & Traffic Enforcement	327.03	325.70	(1.33)	
Traffic Engineering & Operations	66.87	67.99	1.12	
Residential Permit Parking	13.16	16.19	3.03	
Parking Citation	<u>44.94</u>	<u>44.84</u>	<u>(0.10)</u>	
Parking and Traffic Subtotal	504.67	508.90	4.23	4.23
Temporary Salaries	30.71	19.97	(10.74)	(10.74)
Total FTE	4,385.78	4,235.53	(150.25)	(150.25)
Non-Operating and Work Order Funded Positions	363.56	358.85	4.71	4.71
Net Total FTE	4,749.34	4,594.38	(154.96)	(154.96)

As shown in the table above, the MTA's FY 2005-06 proposed budget includes a decrease of 150.25 FTEs. There is a decrease of 143.74 FTEs for MUNI and a 4.23 FTE increase for the Department of Parking and Traffic and a decrease in Temporary positions of 10.74 FTE. Overall, there is a reduction of 150.25 FTEs for MTA. This includes the FTEs associated with temporary salaries non-operating positions funded from capital Projects and workorder funded positions. Overall, there is a total FTE reduction of 10.74 in temporary positions in the proposed FY 05-06 MTA budget.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

Department: **Municipal Transportation Agency (continued)**

As shown in the table above, the Executive Office, Security, and Safety Division is the Division has an increase in the MTA FY 2005-06 budget with an increase of 20.94 FTEs. This is primarily due to the addition of 4.50 new FTE MA04 Division Safety Officer positions and the addition of 15.00 FTE 9916 Public Service Aide-Public Works and an addition of 3.00 FTE 9914 Public Service Aide-Administration positions. These positions are newly created, resulting partially from the filling of positions using Permanent Salaries substituted from temporary salaries as part of the MUNI Transit Assistant Program. The MTA FY 2005-06 budget includes an FTE increase of 19.00 FTE for the Transit Assistant Program, offset by a reduction of 10.30 FTE in temporary FTE positions.

DELETED POSITIONS

The FY 2005-2006 proposed Municipal Transportation Agency budget deletes a total of 172.00 FTEs, including approximately 22 vacant positions and approximately 150 anticipated layoffs. These deleted positions and their savings are detailed in the table below:

FY 2005-2006 Deleted Positions			
Class	Class Title	FTE	Total Reduction
9163	Transit Operator	145.50	\$6,103,101
9139	Transit Supervisor	19.00	1,338,930
8214	Parking Control Officer	6.50	288,744
1002	IS Operator-Journey	1.00	47,865
	Total	172.00	7,778,640
	Mandatory Fringe Benefits*		2,302,477
	TOTAL	172.00	\$10,081,117

* Estimated

As shown in the table above, 145.50 FTE position deletions are from Transit Operator positions. According to Ms. Deb Ward of the Municipal Transportation Agency (MTA), the MTA does not know the exact number of people that will be laid off resulting from the proposed FY 2005-06 budget. However, MTA reports that 150 notices were issued to MTA employees that they will be subject to a possible layoff. Ms. Ward advises that an additional 47 letters were sent to part-time operators stating that they must become full-time employees or possibly be laid off. Further, as of the writing of this report, the MTA is not sure if there will be any early retirements resulting from such layoffs since early retirements cannot occur until adoption of the budget.

Department: **Municipal Transportation Agency (continued)**

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

As identified above, the layoffs contained in the MTA's proposed FY 2005-06 budget includes approximately 145.5 transit operators. The FY 2005-06 budget includes zero layoffs of non-Transit Operator positions.

NEW POSITIONS

The FY 2005-2006 proposed Municipal Transportation Agency budget includes 13 new positions (9.50 FTEs due to partial year funding in FY 2005-06). These positions and their costs are detailed in the table below:

Class	Class Title	FTE	Salary	Annual Salary for Each Position
MA04	Division Safety Officer	4.50	\$424,171	\$94,260
1404	Clerk	2.25	\$95,642	42,507
1634	Principal Account Clerk	0.75	\$44,689	59,585
5207	Associate Engineer	0.75	\$65,322	87,096
7345	Electrician	0.75	\$56,024	74,698
8216	Sr. Parking Control Officer	0.50	\$26,531	53,062
	Total	9.50	\$712,379	\$411,208
	Mandatory Fringe Benefits*		\$210,864	
	TOTAL	9.50	\$923,243	

*Mandatory Fringe Benefits are estimated

As shown in the table above, the largest FTE increase is 4.50 FTEs for MA04 Division Safety Officer positions. These positions, located in the Executive Office Division are responsible for the coordination and investigation of transit vehicle accidents. The remaining new positions are all in the Parking and Traffic Division.

POSITION EXCHANGES

The Municipal Transportation Agency's proposed FY 2005-2006 budget includes 119.30 FTE position substitutions. Parking and Traffic has a total of 13.00 FTE substitutions. The Municipal Railway has a total of 106.30 FTE substitutions. These position exchanges result in an increased salary costs in the proposed FY 2005-2006 budget by a total of \$350,262, or approximately 0.13 percent of the overall MTA salaries.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

Department: **Municipal Transportation Agency (continued)**

The position exchanges can be classified into four categories as follows: a) New Management Classifications; b) Overhead Line Workers; c) Administrative Positions; and, d) the Transit Assistant Program. The new management classifications will be discussed in detail later in this report. The Overhead Line Workers, Administrative Positions, and Transit Assistant Program substitutions are discussed below.

Overhead Line Worker Substitutions

The MTA's FY 2005-06 budget includes the substitution of 25.0 FTE positions to 7366 Electronic Control System Technician positions. As shown in the table below, 24.0 FTE of the positions are being substituted from Electrical Line Worker positions for an increase in cost of \$131,746 in FY 2005-06. Further, there is one temporary position that would become a 7366 Electronic Control System Technician, with a minor cost savings. The substitutions are presented in the table below.

FY 2004-05 Original Budget				FY 2005-06 Mayor's Proposed Budget				
Job Class	Job Title	FTE	Salary*	Job Class	Job Title	FTE	Salary*	Difference
7338	Electrical Line Worker	24.00	\$1,754,455	7366	Electronic Control System Technician	24.0	\$1,887,753	\$133,298
MA03	MTA Overhead Line Worker	1.00	80,415	7366	Electronic Control System Technician	1.0	78,863	(1,552)
		25.00	\$1,834,870			25.0	\$1,966,616	\$131,746

* Budgeted Salaries at top Step

The February 28, 2005 budget document presented to the MTA Board of Directors by MTA management stated that these positions maintain the electrical equipment and infrastructure required to operate trolley, bus, light rail, and historic streetcar vehicles. Staff indicated that the current pay scale for the 7338 Electrical Line Worker positions is low and that MUNI was unable to retain more experienced employees in these positions. Thus, MTA created a classification that increased qualifications and increased the salary rate.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

Department: **Municipal Transportation Agency (continued)**

Administrative Position Substitutions

The MTA FY 2005-06 proposed budget includes numerous other substitutions. Many of the substitutions are related to administrative functions, such as Human Resources and Finance activities. The table below lists all administrative position substitutions for the MTA.

FY 2004-05 Original Budget				FY 2005-06 Mayor's Proposed Budget				
Job Class	Job Title	FTE	Salary	Job Class	Job Title	FTE	Salary	Difference
1241	Personnel Analyst	2.00	\$139,217	1244	Senior Personnel Analyst	2.00	\$162,924	\$23,707
1406	Senior Clerk	1.00	44,072	1408	Principal Clerk	1.00	58,179	14,107
1426	Senior Clerk Typist	1.00	48,448	1408	Principal Clerk	1.00	58,179	9,731
1842	Management Assistant	1.00	63,191	1241	Personnel Analyst	1.00	69,609	6,418
1404	Clerk	2.00	85,014	1424	Clerk Typist	2.00	88,358	3,344
1218	Payroll Supervisor	1.00	76,424	1226	Chief Payroll and Personnel Clerk	1.00	69,317	(7,107)
1446	Secretary II	1.00	53,406	1202	Personnel Clerk	1.00	47,254	(6,152)
1426	Senior Clerk Typist	1.00	48,448	1202	Personnel Clerk	1.00	47,254	(1,194)
		10.00	\$558,220			10.00	\$601,074	\$42,854

* Budgeted Salaries at top Step

Overall, the administrative position substitutions represent an increase in the MTA's FY 2005-06 budget of \$42,854.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

Department: **Municipal Transportation Agency (continued)**

Transit Assistant Program

As discussed previously, the MTA's FY 2005-06 proposed budget includes the creation of 19.00 new full-time positions in the Executive Office, Security, Safety Division. These new positions are part of the Transit Assistant Program operated by MTA. This program provides community based staff to ride buses to provide a sense of community and provide a community and security presence on buses, especially in areas of high incidents of crime.

FY 2004-05 Original Budget				FY 2005-06 Mayor's Proposed Budget				
Job Class	Job Title	FTE	Salary	Job Class	Job Title	FTE	Salary	Difference
TEMP	Temporary Positions	10.30	\$687,643	9910	Public Service Trainee	1.00	\$35,374	
				9914	Public Service Aide - Administration	3.00	93,530	
				9916	Public Service Aide - Public Works	15.00	341,510	
		10.30	\$687,643			19.00	\$470,414	(\$217,229)

While there is a savings based on salaries, there are associated costs from mandatory fringe benefits. We estimate these costs at approximately \$84,919 in the MTA FY 2005-06 budget. Inclusion of fringe benefits reduces the savings of this substitution from \$217,229 to approximately \$132,310.

ATTRITION SAVINGS

As part of the Budget Analyst's analysis for the Municipal Transportation Agency's proposed FY 2005-2006 budget, we reviewed the Agency's attrition savings. The overall MTA attrition rate is 8.70 percent. The attrition savings rate for the Municipal Railway is 7.68 percent, while the attrition savings rate for the Department of Parking and Traffic is 12.88 percent.

DEPARTMENT REVENUES

MTA's proposed FY 2005-06 budget is based on the assumption that the MTA needed to correct for a revenue shortfall of approximately \$57.4 million. Overall, MTA's net budget has increased by \$24,797,510. Increased revenues result from a proposed transit fare increase for Muni, which is expected to increase revenues in FY 2005-06 by approximately \$13.1 million as described in Comment 1 below. In addition, the MTA budget is balance based on increased Parking Garage revenues of approximately \$2.8 million, increased parking permit revenue, parking meter revenue and parking fine revenue of approximately \$17.6 million (which is offset by increased coin counting costs of approximately \$1.4 million) and an increase in the Administrative Tow Fee of approximately \$550,000. Each of these revenue increases are more fully described in Comment 1, below.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

Department: **Municipal Transportation Agency (continued)**

The MTA also receives Baseline General Fund Support as required under Charter Section 8.A. The Controller's Six-Month Budget Status Report, issued in February of 2005 estimated that the FY 2004-05 current year Baseline General Fund Support for the MTA would decline by approximately \$930,000 from the original budget for the current year. The Table below provides a comparison of the Controller's six-month projection to the original budget for Baseline General Fund Support.

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Total	\$ 133,965,258	\$ 133,035,258	\$ (930,000)

Further, the MTA's proposed Department: **Municipal Transportation Agency (continued)** FY 2005-2006 budget includes reduced Baseline General Fund Support of approximately \$2.6 million for Muni, offset by an increase of \$513,000 for Parking and Traffic based on initial estimates provided by the Controller, as shown in the table below.

Baseline GFS in MTA's Proposed FY 2005-2006 Budget

Baseline GFS	FY 2004-2005 Proposed MTA Budget	FY 2005-2006 MTA Proposed Budget	Increase / (Decrease)
Muni	\$ 98,859,258	\$ 96,252,208	\$ (2,607,050)
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Total	\$ 133,965,258	\$ 131,871,208	\$ (2,094,050)

On May 3, 2005, well after the submittal of the MTA's proposed FY 2005-06 budget to the Mayor and the Board of Supervisors, the Controller issued the updated Nine-Month Budget Status Report which projected an overall improvement in FY 2004-2005 General Fund Revenue. This revenue improvement resulted in increased estimated Baseline General Fund Support for the MTA in the current fiscal year as shown in the table below.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

Department: **Municipal Transportation Agency (continued)**

Nine-Month Report Improvement to MTA's FY 2004-2005 Baseline GFS

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Muni	\$ 98,109,258	\$ 101,320,000	\$ 3,210,742	\$ 2,460,742
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Total	\$ 133,035,258	\$ 137,390,000	\$ 4,354,742	\$ 3,424,742

Overall, because of projected over-expenditures by the MTA for platform salaries for Transit Operators and fuel costs, partially offset by planned expenditure savings, and revenue weaknesses in transit fares the Controller is projecting that the MTA will end FY 2004-2005 with an operating surplus of approximately \$2.69 million due to the increased Baseline General Fund Support described above.

The increased FY 2004-2005 General Fund revenues estimated in the nine-month report also results in increased Baseline General Fund support for FY 2005-2006. Based on the current revenue projections, the Controller has revised the estimated Baseline General Fund Support for the MTA as shown in the table below.

Increased MTA Baseline GFS for FY 2005-2006 over MTA's Proposed Budget

Baseline GFS	MTA Proposed FY 2005-06 Budget	FY 2005-06 May 10 Controller's Projection	Increase
Muni	\$ 96,252,208	\$ 101,814,000	\$ 5,561,792
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Total	\$ 131,871,208	\$ 138,428,000	\$ 6,556,792

Based on the changes to Baseline General Fund Support for the MTA in FY 2004-05 of \$4,354,732 over the six month projection described above and the increased Baseline General Fund Support estimated for the MTA's FY 2005-2006 proposed budget of \$6,556,792, the MTA will have \$10,911,534 more revenue than originally estimated in the preparation of the proposed FY 2005-06 MTA budget. In addition, as noted above, the Controller now estimates that the MTA will finish the current FY 2004-05 with a surplus of \$2.69 million. This surplus of \$2.690,000 plus the increased Baseline General Fund Support for FY 2005-2006 of \$6,556,792 represents new sources of funds that totals an estimated \$9,246,792.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

Department: **Municipal Transportation Agency (continued)**

Comments:

1. Fare Increases

To partially fund MTA's projected \$57.4 million shortfall, the FY 2005-06 MTA budget proposes a fare increase for the Municipal Railway and increases to Parking and Traffic parking meter fees parking fines, garage parking rates, and residential parking permits.

MUNI Fare Increases

The FY 2005-06 proposed MTA budget includes fare increases for MUNI buses and light rail vehicles. The fare increases included in the proposed budget and the increased revenue are shown in the table below.

Fare Type	Current Fare	Proposed Fare	Increase	Percent Increase	Budgeted Revenue Increase
Adult Cash	\$1.25	\$1.50	\$0.25	20.0%	\$4,424,167
Senior/Disabled Cash	\$0.35	\$0.50	\$0.15	42.9%	767,500
Youth Cash	\$0.35	\$0.50	\$0.15	42.9%	405,833
Cable Car Cash	\$3.00	\$5.00	\$2.00	66.7%	2,653,223
Cable Car Souvenir	\$3.00	\$5.00	\$2.00	66.7%	1,077,983
FastPass (Adult)	\$45.00	\$50.00	\$5.00	11.1%	3,076,242
Discount Monthly Fast Pass - Senior, Disabled	\$10.00	\$12.00	\$2.00	20.0%	471,114
Discount Monthly Fast Pass - Youth	\$10.00	\$12.00	\$2.00	20.0%	249,403
Weekly Pass	\$12.00	\$15.00	\$3.00	25.0%	148,870
1 Day Passport	\$9.00	\$11.00	\$2.00	22.2%	245,253
3 Day Passport	\$15.00	\$18.00	\$3.00	20.0%	226,660
7 Day Passport	\$20.00	\$24.00	\$4.00	20.0%	101,133
Class Pass	\$15.00	\$18.00	\$3.00	20.0%	26,667
Tokens	\$10.50	\$15.00	\$4.50	42.9%	819,744
Other Fares	various	various	N/A	N/A	427,495
New Lifeline FastPass Program					(2,000,000)
Total Increased Fare Revenue					\$13,121,287

As shown in the table above, MUNI anticipates generating an additional \$15 million in revenue. This is offset by a loss of \$2 million dollars from implementation of the new Lifeline FastPass Program.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
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2005-2006**

Department: **Municipal Transportation Agency (continued)**

Lifeline FastPass Program

The FY 2005-06 proposed MTA budget includes funding for a new Lifeline FastPass Program. The Lifeline FastPass Program is a program that will be administered by the Department of Human Services to provide subsidized FastPasses to low income residents of the City of San Francisco at a reduced cost of \$35.00. DHS will develop income eligibility standards to determine if residents qualify and will distribute the FastPasses to eligible recipients. The FY 2005-06 MTA budget assumes a reduction in fare revenue of \$2,000,000 to provide subsidized Lifeline FastPasses. Further, the budget contains a new work order to DHS for \$250,000 to administer the program.

Parking and Traffic Parking Garage Rate Increases

The proposed FY 2005-06 budget includes increases in parking rates for various garages operated by MTA. The MTA Board of Directors approved increases to Parking Garages on February 28, 2005. Ms. Diana Hammons of the MTA reports that the increased rates for parking garages were effective on April 1, 2005. The FY 2005-06 proposed budget is balanced based on the increased revenue from the increased parking rates for a full year in FY 2005-06. The MTA's FY 2005-06 budget includes an increase of \$2,836,000 in revenue from the increased rates at parking garages. MTA is using the increased revenue to offset the \$57 million projected revenue shortfall in their FY 2005-06 budget.

Parking and Traffic Parking Meter, Parking Fine, and Residential Parking Permit Fee Increases

The proposed MTA FY 2005-06 Budget includes (a) an increase in parking meter rates (File No. 05-0370) for all four of the on-street Meter Rate Areas, and all off-street parking meter areas, by \$1.00 per hour; (b) an increase of \$5 to \$50 for parking fines (File No. 05-0372) for 107 parking violations, and a decrease in three other parking fines of \$3 for each violation; and (c) an increase for Residential Parking Permit (RPP) fees (File Nos. 05-0329 & 05-0371). The proposed MTA FY 2005-06 Budget includes a total of \$17,574,628 in new revenues as a result of these subject parking meter, parking fine, and RPP fee increases, for a total of \$129,974,416 of revenues from these subject revenue sources.

The Budget Analyst's report on the proposed ordinances to increase parking meter rates, parking fines, and RPP fees notes that more recent revenue projections by the MTA show a total increase of \$16,693,042 of revenues in FY 2005-06 as a result of the proposed ordinances, for a total of \$129,092,830 from these subject revenue sources. The total difference in projections for these subject proposed ordinances, as shown below, is \$881,586 less projected in total parking meter, parking fine, and RPP fee revenues for the MTA in FY 2005-06 than the MTA has included in the proposed FY 2005-06 Budget. The table below shows a summary of the changes based on current projections compared to the budgeted revenues included in the MTA budget.

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Legislative Items Budgeted vs. Updated Projected Revenue Increase				
File No.	Subject	MTA Proposed FY 2005-2006 Budget Projected Increase	Updated Projected Increase	Difference
05-0329 05-0371	Residential Parking Permits	\$2,637,896	\$2,091,492	(\$546,404)
05-0370*	Parking Meters	6,006,314	7,440,940	\$1,434,626
05-0372**	Parking Fines	7,605,844	5,836,036	(\$1,769,808)
Total		\$16,250,054	\$15,368,468	(\$881,586)
<p>*As noted in the Budget Analyst's report on Item 05-0370, the proposed hourly parking meter rate increase would result in additional coin collection and counting costs of \$1,324,574 in FY 2005-2006. The values above are net projected revenue increases, after subtracting the additional costs from the gross projected revenues.</p>				
<p>**As noted in the Budget Analyst's report on Item 05-0372, parking fine revenues owed by DPT to the Port are likely to increase in FY 2005-2006, although the amount by which such revenues owed will increase has not been determined by the Port and the MTA, and the payment of such additional revenues will have a further negative impact on the MTA's Budget.</p>				

The MTA has stated this revenue shortfall will be absorbed within the FY 2005-06 budget through expenditure reductions. As of the writing of this report, the MTA has not provided the Budget Analyst with specific details regarding the nature of how this shortfall will be absorbed.

Parking and Traffic Administrative Tow Fee Increase

The proposed MTA FY 2005-06 budget includes an increase in the administrative tow fee from \$50 to \$60, which is budgeted to achieve increased revenues of \$553,855. The overall increase in the Administrative Tow Fee is \$937,555. However, \$553,855, of the \$937,555 increase in revenue, is associated with the increased fee.

Current Fee	Proposed Fee	Increase	Percent Increase	Budgeted Revenue Increase
\$50	\$60	\$10.00	20.0%	\$553,855

Section 170.1 (Administrative Fee) of the Traffic Code permits a "fee to reimburse the City and County for costs incurred in the administration of the procedures for removing vehicles." Section 170.1 further states that the "Director of the Department of Parking and Traffic or his or her duly authorized representative is authorized to establish the fee to be so charged or collected, provided however that the fee shall not exceed an amount reasonably calculated to cover the actual costs incurred by the City and County in the exercise and administration" of the program. Thus, the MTA's proposed FY 2005-06 includes the increase of the Administrative Tow Fee from \$50 to \$60.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

Department: **Municipal Transportation Agency (continued)**

2. Municipal Railway Service Adjustments and Line Restructuring

In order to achieve cost savings in the MTA's proposed FY 2005-06 Budget, the MTA has proposed a series of service adjustments (lengthening of headway times between bus runs and train runs by one to two minutes) and line restructuring for 35 bus lines and all five Metro rail lines. Further, Muni has proposed labor savings by reducing scheduled overtime for runs and eliminating stand-by runs and other non-driving assignments. The MTA estimates total savings from such proposals in FY 2005-06 as \$15,034,074, all from reduced labor costs (\$15,034,074 includes (a) a reduction in permanent platform salaries of \$6,103,101, (b) a reduction in scheduled overtime of \$6,130,973, and (c) a reduction in unscheduled overtime of \$2,800,000).

An April 14, 2005 Memorandum to the MTA Board of Directors states that the MTA plans to submit proposed service adjustments and line restructuring for approval in May of 2005. The April 14, 2005 Memorandum to the MTA Board of Directors further states that Muni is required by Proposition E to maintain a load factor (the number of passengers per transit vehicle in relation to vehicle capacity) of no more than 85 percent during peak periods and 65 percent during off-peak periods and that the proposed services adjustments will not violate that standard.

The Budget Analyst notes that the MTA's proposed FY 2005-06 Budget does not include fuel, maintenance, and other administrative savings that result from the proposed. Further, the MTA has not estimated a ridership reduction as a result of the reduced service, as the agency estimated for the proposed fare increase. Ms. Taylor Emerson of the MTA advises that the MTA did not estimate ridership reductions that would result from service adjustments and line restructuring because the MTA considers such changes to be relatively minor and not resulting in a noticeable decline in service. The Budget Analyst notes that the MTA has not finalized the proposed service reductions for the FY 2005-06 budget. Attachment I to this report is the Memo presented to the MTA Board of Directors on April 14, 2005 that shows potential service changes in the MTA FY 2005-06 budget.

3. Management Reclassification Plan

The FY 2005-2006 Budget for the Municipal Transportation Agency (MTA) includes reclassifications for 63.0 FTE positions into a new Management classification series. Of these reclassified positions, 44.0 were management positions in FY 2004-2005. The remaining 19.0 positions were not management positions but were reclassified upward into management classes. MTA initially participated in the Department of Human Resources' Management Classification and Compensation Plan (MCCP) of management positions, but opted not to participate in February of 2004 and conducted the management reclassification study internally. DHR began an initial review of the management positions in MTA, but did not complete the process.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
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Department: **Municipal Transportation Agency (continued)**

Under Charter Section VIIIA.104, the MTA is authorized to "create new classifications and positions in those classifications exempt from the civil service system for managerial employees." Thus, to comply with the Charter, the MTA created new Agency-specific job classifications for exempt management positions, rather than use existing citywide job classes. The new MTA management job classifications were created in October of 2004.

The Budget Analyst notes that the new management reclassification system does not contain cost increases in the MTA FY 2005-2006 proposed budget when budgeted at the top step because adjustments are made for below top step salaries. However, the proposed reclassification of these 63 positions could result in increased salary costs of \$319,363 annually without these adjustments in future years.

The Management reclassifications are shown in the table below.

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Department: **Municipal Transportation Agency (continued)**

FY 2004-05 Original Budget				FY 2005-06 Mayor's Proposed Budget				Difference
Job Class	Job Title	FTE	Salary	Job Class	Job Title	FTE	Salary	
1675	Supervising Fiscal Officer	4.0	\$422,900	9179	Manager V, MTA	4.0	\$462,916	\$40,016
7228	Automotive Transit Shop Supervisor I	1.0	90,985	9180	Manager VI, MTA	1.0	124,572	33,587
1071	Information Services Manager	3.0	400,728	9182	Manager VIII, MTA	3.0	429,360	28,632
9184	Deputy General Manager, DPT	3.0	460,431	9187	Deputy Director II, MTA	3.0	487,524	27,093
1454	Executive Secretary	1.0	68,999	9172	Manager II, MTA	1.0	92,935	23,936
1272	Senior Departmental Personnel Director	3.0	324,963	9179	Manager V, MTA	3.0	347,187	22,224
7283	Track Maintenance Supt, Muni Railway	1.0	80,497	9177	Manager III, MTA	1.0	99,993	19,496
9146	Manager, Elderly & Handicapped, Muni	1.0	81,606	9177	Manager III, MTA	1.0	99,993	18,387
9184	Deputy General Manager, DPT	2.0	296,288	9187	Deputy Director II, MTA	2.0	313,722	17,434
9143	Senior Operations Manager	10.0	1,230,570	9180	Manager VI, MTA	10.0	1,245,720	15,150
1248	Assistant Division Manager, Personnel	2.0	216,642	9179	Manager V, MTA	2.0	231,458	14,816
7329	Electronics Maintenance Tech Asst. Supv.	1.0	89,419	9174	Manager IV, MTA	1.0	103,852	14,433
9160	Transit Operations Specialist	1.0	86,835	9177	Manager III, MTA	1.0	99,993	13,158
1270	Departmental Personnel Officer	1.0	96,424	9174	Manager IV, MTA	1.0	107,591	11,167
9184	Deputy General Manager, DPT	1.0	153,477	9187	Deputy Director II, MTA	1.0	162,508	9,031
0931	Manager III	1.0	107,591	9179	Manager V, MTA	1.0	115,729	8,138
9160	Transit Operations Specialist	1.0	86,835	9172	Manager II, MTA	1.0	92,935	6,100
5212	Principal Engineer	1.0	132,849	9182	Manager VIII, MTA	1.0	138,147	5,298
1276	Departmental Personnel Director	1.0	119,407	9180	Manager VI, MTA	1.0	124,572	5,165
9143	Senior Operations Manager	1.0	123,057	9180	Manager VI, MTA	1.0	124,572	1,515
9189	Director of Planning, Muni Railway	1.0	114,351	9179	Manager V, MTA	1.0	115,729	1,378
8221	Chief of Protective Services, Transportation Comm.	1.0	106,293	9174	Manager IV, MTA	1.0	107,591	1,298
6141	Manager, Office of Health & Safety	1.0	107,239	9174	Manager IV, MTA	1.0	107,591	352
0942	Manager VII	1.0	138,147	9182	Manager VIII, MTA	1.0	138,147	0
0941	Manager VI	1.0	129,299	9181	Manager VII, MTA	1.0	129,299	0
0933	Manager V	1.0	124,572	9180	Manager VI, MTA	1.0	124,572	0
0932	Manager IV	4.0	450,853	9179	Manager V, MTA	4.0	450,853	0
0931	Manager III	3.0	322,773	9174	Manager IV, MTA	3.0	322,773	0
0922	Manager I	6.0	557,610	9172	Manager II, MTA	6.0	557,610	0
MA01	MTA Manager I	1.0	86,337	9175	Manager I, MTA	1.0	86,337	0
MA02	MTA Board Secretary	1.0	115,729	9190	Board Secretary, MTA	1.0	115,729	0
0922	Manager I	1.0	92,935	9175	Manager I, MTA	1.0	86,337	(6,598)
5504	Project Manager II	1.0	111,836	9177	Manager III, MTA	1.0	99,993	(11,843)
TOTAL		63.0	\$7,128,477			63.0	\$7,447,840	\$319,363

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
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Department: **Municipal Transportation Agency (continued)**

4. Employee Badges for MUNI Services

MUNI allows employees to show their employee badge in lieu of paying transit fares. Transit operators have the same privileges, but that privilege is incorporated into their MOU. However, for non-Platform employees the ability to use an employee ID and not pay is a perk and is costing the MTA revenue. This employee benefit, not available to employees of the Department of Parking and Traffic, is potentially costing MTA revenue because employees who would otherwise travel to work and for personal business are travelling for free.

The FY 2005-06 MTA budget includes 1,756 FTE non-Platform positions that potentially could use a MUNI ID badge in lieu of paying fares. Thus, under the current rate structure for a monthly FastPass of \$45, if every possible employee purchased a FastPass for the entire year an additional \$948,240 could be generated. With the proposed FastPass increase of \$50 and additional \$1,053,600 could be generated. The Budget Analyst notes that it is unlikely that every MUNI employee would purchase a monthly FastPass, however, some MUNI employees would purchase FastPasses or pay the Adult Cash fare which would generate additional revenue for the MTA. The estimated revenue generated from ending the practices of non-Platform employees riding MUNI free is between \$0 (no employees would ride MUNI) to \$1,053,600 (all employees would purchase FastPasses).

Ms. Deb Ward advises that employees of the Police, Fire and Sheriff's Department also can show their badge in order to ride the system to and from work or while performing the functions of their job.

5. Move to 1 South Van Ness

The FY 2005-06 MTA budget includes plans to consolidate MTA administrative functions into one location at One South Van Ness. The MTA would enter into a lease for building at One South Van Ness and plans to move into this facility in early FY 2005-06. The lease includes an option to purchase the building for \$71,500,000, or approximately \$145 per square foot of rentable area. The current plans are for the Real Estate Division to seek purchase of the building at One South Van Ness around June of 2006. Costs Included in the MTA's proposed FY 2005-06 budget associated with the potential move to One South Van Ness are shown in the table below.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
AMENDMENT OF BUDGET ITEMS
2005-2006**

Department: **Municipal Transportation Agency (continued)**

Rent Paid by MTA in Associate with One South Van Ness in FY 2005-06 Budget			
Program	FY 2004-05 Budget Amount	FY 2005-06 Budget Amount	Difference
MUNI Construction	\$2,124,265	\$2,124,265	0
Capital Planning & External Affairs	492,812	492,812	0
MUNI Wide Services	0	200,000	200,000
Human Resources	139,011	139,011	0
TOTAL	\$2,756,088	\$2,956,088	\$200,000

* This includes the MUNI Operating Fund and the MUNI Railway Personnel Fund.

The FY 2005-06 MTA budget includes \$200,000 of costs associated with the move to One South Van Ness. As shown above, there is no decrease in the amounts for building leases and rentals in the FY 2005-06 MTA budget associated with the consolidation of MTA offices to One South Van Ness. The Budget Analyst's Office received a memo from the Real Estate Division stating that the new lease will result in savings for the MTA. However, the Budget Analyst notes that the MTA FY 2005-06 budget includes a reduction of only \$94,912 for Rents & Leases-Buildings & Structures. Ms. Taylor Emerson advises that MTA will realize savings in future years related to the move to One South Van Ness. The proposed resolution authorizing the lease (File No. 05-0763) is currently pending before the Finance Committee and will receive detailed analysis by the Budget Analyst's Office.

6. Transit Operators Salaries

Under Charter Section 8A.404, the MTA will determine the wages for Transit Operators by taking the average of the two highest wage schedules for Transit Operators in comparable jurisdictions. According to MTA, the two comparable jurisdictions with the highest wage schedules are the Massachusetts Bay Transportation Authority (MBTA) and the Santa Clara County Valley Transportation Authority (VTA). Thus, any changes in the MOU for Transit Operators at these organizations will impact the salary schedule of Transit Operators for the MTA. Staff report that the MOUs for these organizations do not end in the FY 2005-06. The MOU for the MBTA expires on June 30, 2006 and the MOU for the VTA expires on June 30, 2007. The Platform Salaries included in the FY 2005-06 budget includes anticipated cost of living allowance of 3.65%. The FY 2005-06 MTA budget does not include a set-aside of funds in anticipation of increased Transit Operators salaries.

**RECOMMENDATIONS OF THE BUDGET ANALYST FOR
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Department: **Municipal Transportation Agency (continued)**

7. Proposed Contract with AutoReturn

As part of the FY 2005-06 budget, MTA seeks to enter into a contract with AutoReturn for (a) the dispatching of tow trucks, (b) the storage of towed vehicles, (c) the staffing of a customer service center, and (d) the disposal of unclaimed vehicles pursuant to the California Vehicle Code through auctions or dismantling centers. The Controller's Office has determined that the proposed contract with AutoReturn satisfies the requirements of Charter Section 10.104.15, which requires that "services can be practically performed under private contract at a lesser cost than similar work performed by employees of the City and County of San Francisco."

The Controller has determined that contracting with AutoReturn for the purposes stated above for the MTA for FY 2005-06 would result in estimated savings as shown in the following chart:

City-Operated Service Costs	Highest Salary Step
Salaries	\$9,117,997
Fringe Benefits	4,133,058
Operating Costs	3,144,563
Capital Costs	<u>1,295,000</u>
Total	\$17,690,619
Contractual Services Cost	<u>14,067,386</u>
Estimated Savings	\$3,623,232

Source: Controller's Office

According to Ms. Diana Hammons of DPT, the proposed contract with AutoReturn is revenue generating and includes an increase in the contractor's per tow fee paid to the MTA of \$4.97 from \$15.03 to \$20.00 per vehicle towed, which the MTA estimates will result in additional revenues in FY 2005-06 of \$187,711.