



Working through Transit's Changing Business Model

San Francisco Municipal Transportation Agency
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The baseline of most U.S. transit systems are based on a “**subsidy**” ↔ “**fare**” model.

Subsidy for the purposes of this discussion is a government based source that comes from taxes - property, sales, tax, etc. These sources come from federal, state, regional and local governments. A component of the subsidy covers a transit agency's fixed costs.

Fares are the “fee for service.” It is *not true fee for service*, due to the subsidy part. These two factors fluctuate among different transit agencies within the U.S. and within the Bay Area Region.

The Municipal Railway (Muni) is the Bay Area's largest transit agency in terms of ridership and total revenue hours of service.

The agency has one of the **most diverse set of funding sources** within the Bay Area with operating support coming from:

Fares	Transit Fare Revenues (cash fare + passes)
	Parking Revenues
Subsidy	General Fund Fixed Set-Aside (local taxes)
	Operating Grants (largely state operating support)

Subsidy as a revenue source is largely dependent on a political process i.e. decisions by elected officials or voters.

Fares are based on *market based economics* (supply and demand), policy priorities (equity and access) and technology (offered products).

The COVID-19 pandemic resulted in *rapid reductions in transit demand*, which in turn impacted transit fares - in such a scenario, your only option is **to re-balance between subsidy and fares**. To restore fare revenue, you need to restore ridership. *You must generate demand.*

Prior to the pandemic - employment, travel time and reliability were key components of demand and mobility competitiveness (i.e. transit versus car trip).

**Trip demand for employment is reduced with work from home.
This impacts transit fare revenues.**

Fiscal pressures impact travel time and reliability.

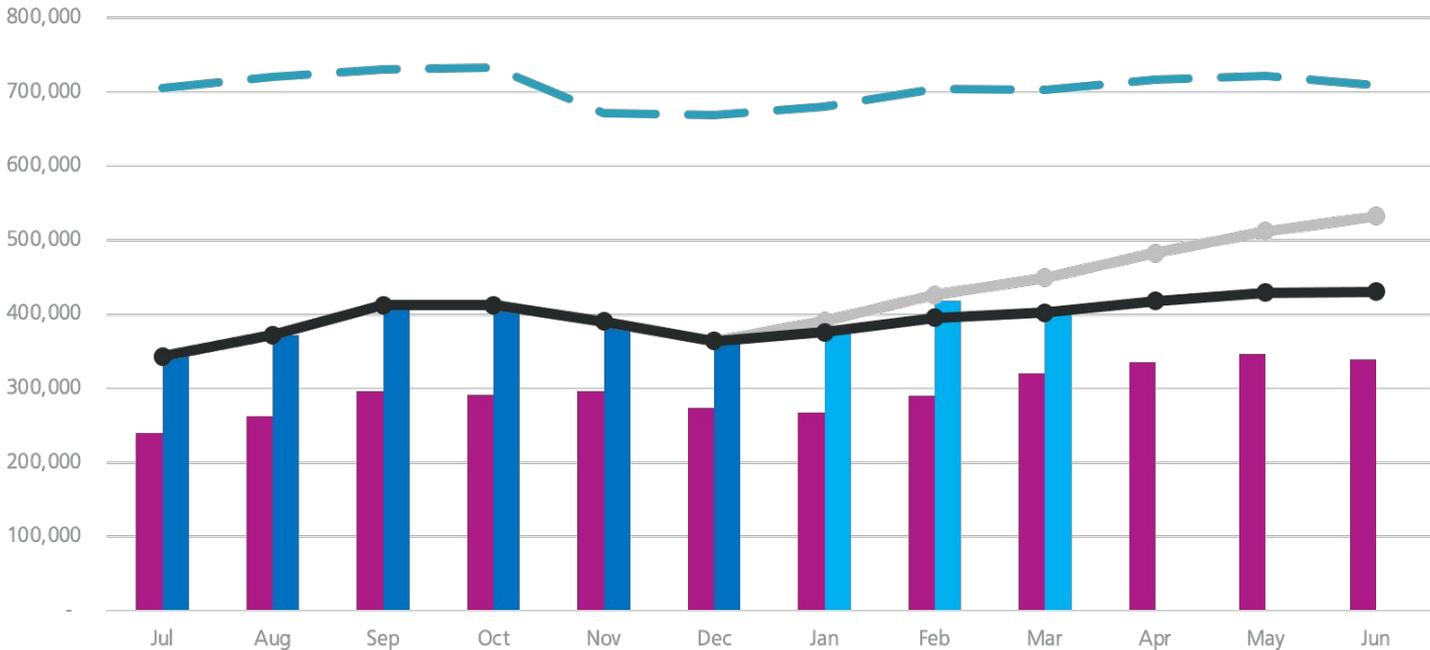
Poor transit service reduces demand.

In the worst case scenario - *transit death spiral*.

Muni Ridership Projection Updated

- FY 2022 Actual
- FY 2023 Actual
- Baseline (FY 2019)
- Projection Original
- Projection Updated

Ridership continues to show a year over year recovery; however, updated projections show a slowing of the recovery to less than originally projected for the FY 2023 budget.



The post-pandemic world is becoming a bit more clear. What we think we know is:

Think more broadly about trips beyond work/commute trips
Destinations and access is key (lesson learned from the pandemic)
Focus limited resources on the quality of the service and **remain flexible and dynamic** based on demand.

- Transit-Only Lanes
- Investment in the Customer Information System
- Focus on safe, clean and reliable transit
- Reliability focused on investment in core infrastructure
- Constant evaluation of the service based on changing conditions

The National Transit Adaptation Strategy



In a post COVID-19 world, how might we recapture old and new riders on public transportation?

San Francisco TRANSPORTATION 2050



Introduction

To continue being a vital part of the community, you've told us your **priorities** are:

Investing Equitably Fast and Convenient Transit More Repairs and Maintenance Improving Safety and Access

SFMTA Transportation 2050

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San Francisco Municipal Transportation Agency
2023 Community and Rider Data & Insights
SFMTA Board of Directors
May 2, 2023