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February 28, 2005

Commissioners of the Municipal Transportation Authority
401 Van Ness Avenue # 334
San Francisco, CA 94102

Re: The MTA's Fiscal Year 2006 Budget

Dear Commissioners:

As you know, SPUR is a strong supporter of San Francisco's "transit first" policy. We know that San Francisco's economic growth and accessibility depends upon an efficient transportation system. The only way we can make the city more livable and the only way we can accommodate the increased number of trips that will accompany growth is to capture a greater proportion of those trips with transit.

Therefore, as you tackle the difficult task of addressing the \$24.1 million FY 2005 shortfall and balancing the FY 2006 budget deficit of \$52.5 million, measures that preserve or increase transit ridership should be your foremost priority. Specifically, we suggest the following steps to balance the FY 2006 budget, *applied in this order*:

1. Cost savings due to service efficiencies – providing the same level of service with fewer service hours.
2. Increase revenue by increasing the cost of car use. This revenue source will also benefit Muni in a second way, by potentially decreasing the congestion that degrades the quality of transit service.
3. Increase revenue through fare increases, while mitigating the impacts on low-income residents.
4. Cost savings due to service cuts.

We are proud that voters reaffirmed our city's commitment to transit first with passage of Proposition E, and gave the MTA greater authority to manage transportation free from political influence. We encourage you to use that independence to fashion a budget that relies mainly on the first and second strategies mentioned above, limiting the need to raise fares and, if possible, eliminating the need for service cuts.

Steps to address FY2006 budget shortfall

To address the FY 2006 budget gap, the MTA Board is likely to have no choice but to reduce the number of service hours that Muni provides. **Muni can reduce the number of service hours it provides (and therefore costs) while maintaining or improving current levels of service.** This is a critical point. If service hours are reduced in the wrong way, ridership will decrease, which will increase the cost per rider and reduce Muni's ability to provide attractive transit service. If service hours are reduced in the right way, ridership can be maintained or increased, decreasing the cost per rider while continuing to provide the same or better transit service.

What is the right way to reduce service hours? In essence, basic transit service coverage is maintained while service frequency is focused on transit corridors that have the highest ridership by consolidating duplicative service. The efficiency of transit operating on these transit corridors can be quickly and inexpensively improved by taking steps to reduce transit delay. If efficiencies gained by consolidating service on core routes do not reduce costs enough, to reduce the impact of cuts to service frequency or span (eg, 6 am – 11 pm) further cuts should be focused on routes that have the lowest patronage and highest per rider costs

If Muni consolidates service in the name of efficiency and providing better service, it must be done in a manner that is effective, consistent, and fair. SPUR would support Muni in this effort if service efficiencies and improvements were pursued according to the following principles:

- Reduce transit service in a way that impacts as few *people* as possible, and does not disproportionately impact low income, senior, disabled, or youth riders.
- Maintain some transit service within a quarter mile of all residents.
- Maintain frequent, all-day, seven-day-a-week service within a half mile of all residents.
- Invest remaining service hours equitably by where people are, with more service in denser neighborhoods, with special consideration for disadvantaged residents.
- Consolidate duplicative routes and stops as necessary in order to maintain or *improve* service on the City's primary transit corridors as identified in the General Plan and Muni's Vision Plan. This would slightly increase the average walking distance for some Muni riders, but would offer more frequent service and lower trip time, the most important aspects of service quality.
- Provide quantitative analysis of how various service cut scenarios meet these principles and affect operating costs.

For service changes that will impact the upcoming fiscal year, in the next few months Muni could quickly do a comprehensive system-wide stop consolidation to improve service efficiency, the easiest and no-cost way to improve efficiency, and consolidate the most obviously duplicative routes. **If service hours must be reduced, we urge you to first consider how the Muni route network could be adjusted to increase the efficiency of the system, rather than make “across the board” cuts that would have an unnecessarily large and inequitable impact on transit service.**

For the FY 2006 budget, after these initial service efficiencies are taken into account, we believe that the MTA should next look to revenue enhancements from fees on automobile use, particularly those that impact transit efficiency. The MTA was created to manage the streets; using instruments to discourage the ownership and use of automobiles as a way to manage the impacts of automobile use on transit service quality and other modes is a crucial tool at the MTA's disposal. It is particularly effective as a means to increase transit's share of all trips made in the City, the only way San Francisco will be able to continue to grow.

If these measures are not enough to balance the FY 2006 budget, we would support fare increases as a way to avoid the option of last resort—service cuts that actually reduce ridership in areas that today have high ridership. Across the board service cuts, while appearing “fair,” are in fact a less equitable option that reduce transit service for those who depend upon it the most and move the City in a direction in which fewer people ride transit, which means we will provide less transit service for everyone.

Steps to increase Muni's long term efficiency: FYs 2007, 2008, and 2009

It has been over 25 years since Muni has comprehensively reevaluated its routings. Though reevaluating the system could be done relatively quickly, it is unlikely that the necessary analysis and approvals could happen quickly enough to significantly reduce FY 2006 costs. However, if pursued aggressively, a thorough reevaluation could be accomplished and implemented before the start of FY2007.

Muni should take steps to increase its long term financial viability so that in FY 2007 and FY 2008 the MTA Board does not face the same difficult decisions. To reduce the cost of operating Muni, the first priority should be to complete and implement a comprehensive reevaluation of Muni's transit network; how can the transit network be adjusted to provide the same or better service for less money? The principles outlined above could be used to guide this process.

Muni should also immediately and aggressively invest Prop. K Transit Preferential Street (TPS) funding to make TPS improvements on core Muni corridors. TPS improvements can simultaneously improve service while reducing operating costs. After route consolidations, TPS improvements offer the best opportunity to reduce Muni's annual operating costs. For example, as originally proposed the recent Inner Geary TPS project would have cost \$2.1 million in capital funding and saved Muni \$1.0 million annually in operating costs (approximately 7% of the annual cost of operating buses on Geary) while significantly improving service for riders.

Thank you for considering our comments on this important matter.

Sincerely,

Jim Chappell
President

cc: Mayor Gavin Newsom
Board of Supervisors President Aaron Peskin
Supervisor Michela Alioto-Pier
Supervisor Tom Ammiano
Supervisor Chris Daly
Supervisor Bevan Dufty
Supervisor Sean Elsbernd
Supervisor Fiona Ma
Supervisor Sophie Maxwell
Supervisor Jake McGoldrick
Supervisor Ross Mirkarimi
Supervisor Gerardo Sandoval
Michael Burns
Stuart Sunshine
Jose Luis Moscovich