



August 30, 2011

The Honorable Katherine Feinstein  
Presiding Judge  
Superior Court of California, County of San Francisco  
400 McAllister Street  
San Francisco, CA 94102

Dear Judge Feinstein:

The following is in response to the 2010-2011 Civil Grand Jury report, "Central Subway Too Much Money For Too Little Benefit." The Central Subway project is a product of extensive community feedback and planning. When it is completed, the Central Subway will carry an estimated 43,900 passengers every day and serve as a vital transit link to an under-served area of the City that continues to experience significant growth in its commercial and residential sectors. The Central Subway will also reduce travel times from Chinatown to the Caltrain station at Fourth Street and King Street considerably from approximately 20 minutes to eight minutes.

While I appreciate the Civil Grand Jury's interest in the Central Subway project, I do not believe that the Civil Grand Jury's recommendations to alter or halt construction of this vital transit line at this time are warranted or reasonable. The San Francisco County Transportation Authority (SFCTA) identified the Third Street Corridor with an extension to Chinatown as a priority in the late 1980s. The need to better serve the Chinatown neighborhood was further necessitated by the 1989 Loma Prieta Earthquake. Since then, the City and the San Francisco Municipal Transportation Agency (SFMTA) have explored numerous alignment options for the Central Subway, conducted comprehensive public outreach and planning, and have coordinated with land use planning in conjunction with the City's General Plan, the Downtown Plan, the Chinatown Area Plan, the East SoMa Area Plan, and the pending Western SoMa Area Plan.

The Central Subway project solicited community feedback prior to the adoption of the current route alignment by the SFMTA Board in 2005. The route alignment selected was based on the public feedback, engineering analysis and a 24-month long supplemental Impact Study/Environmental Impact Report (EIS/EIR), which concluded in 2008.

The Civil Grand Jury's assertion that the SFMTA has developed a poor financial plan that will lead to cost overruns for the Central Subway project is inaccurate. The Central Subway project has a significant level of federal and local oversight and review. The project's cost projections are subject to independent review. The Federal Transit Administration's (FTA) Financial Management Oversight Consultant (FMOC) reviews the project as well as the SFMTA's financial plans. Additionally, the FTA reviews the SFMTA's federal grant management process, which helps the SFMTA properly receive all available federal funds. Furthermore, the City provides additional oversight with regular financial and performance audits conducted by the Controller's Office. The SFCTA provides continuous oversight of the project as well.

Moreover, the Central Subway project is important to the recovering local economy. The Central Subway project provides thousands of jobs and job training opportunities for those in the construction trades, which has faced significant challenges over the last several years. Also, the Central Subway will run through the heart of our tourism and convention centers as well as a vibrant shopping and entertainment district, and provide a convenient system for visitors to use and provide a benefit for our City's largest industry. With the Central Subway, the City will help revitalize our local businesses and services in the communities the project supports by adding a new public transportation option to those areas.

It would be imprudent and not in the public's interest to re-route or delay the Central Subway project. However, the City and the SFMTA will continue to monitor the project and look at areas that may need improvement. Furthermore, the SFMTA will look at how it can improve its services system-wide by finding operational efficiencies, reducing operating costs and better maintaining its fleet.

**The Mayor's Office responses to the Civil Grand Jury's findings are as follows:**

**Finding 3:** Muni is not providing adequate service to its customers.

**Response:** Partially Disagree. The San Francisco Municipal Railway (Muni) has an average weekday boarding of over 705,000 passengers on its rail lines, motor coaches, and cable cars. As the eighth largest transit system in the United States operating in one of the most densely populated regions in the country, Muni faces many challenges as it provides its services to its customers. In the last several years, Muni has improved communications to its customers, informing them in real-time the location of the next vehicle.

Additionally, Muni has made improvements and it continues to make improvements on the most congested and heavily traveled routes in the system. Through better enforcement of roadway rules to limit double parking, Muni is able to remove obstructions to motor coach routes and speed up travel times. Muni is also working to ensure all of its customers are safe on its routes through increased patrol by the San Francisco Police Department (SFPD) and the Community Ambassadors Program (CAP).

In addition to improving its on-time performance, communicating with customers and keeping customers safe, the SFMTA is also working to improve its vehicle fleet and implement the City's Bicycle Plan to assist the bicycle riding public with safe and efficient bicycle routes. In all of these areas, Muni continues to review the needs of its customers and work towards ensuring it provides the most effective service to the customer.

However, we can do better, and it is a priority for my administration and for SFMTA's new Executive Director, Ed Reiskin, to improve the service Muni provides to its customers.

**Finding 4:** Muni has had financial troubles in recent years and, absent an unforeseen windfall, will continue to have financial troubles in the foreseeable future.

**Response:** Partially Disagree. I agree that in addition to prior funding needs, Muni has been severely impacted by reduced transit funding from the State and decreased support from the City's General Fund

due to the recent recession. However, the Agency has sought to mitigate the impact of this reduced funding by finding operational efficiencies, reducing operating costs, and raising other revenues.

**Finding 5:** Given the current and projected state of Muni's funding, difficult times lie ahead. This will impact the agency's ability to deliver the level of performance demanded by the charter.

**Response:** Partially Disagree. Although the SFMTA faces financial challenges, Muni is committed to delivering the highest level of performance and continues to work on ways to improve its performance. Recent changes to the Memorandum of Understanding between the SFMTA and the Transit Workers Union will allow the Agency to implement changes to improve performance and decrease operating costs. The SFMTA is also continuing its efforts to implement the recommendations of the Transit Effectiveness Project (TEP).

**Finding 6:** Raising passenger fares can only have a minimal impact on Muni's financial shortfalls.

**Response:** Agree. While passenger fares account for approximately 20% of the SFMTA's revenues, the Agency's shortfalls must also be addressed by increased local, state and federal funding, and by finding operational efficiencies and controlling costs.

**Finding 11:** Following the manufacturer's suggested preventative maintenance program is inadequate for maintaining Muni's fleet. This inadequate preventative maintenance negatively impacts Muni's ability to properly serve its riders.

**Response:** Agree. The SFMTA is aware of the risks of an inadequate preventative maintenance program and it has expanded its Preventative Maintenance Program beyond the manufacturer's recommendations.

**Finding 12:** Mid-life overhauls are not enough to properly maintain Muni's fleet. Targeted component rebuilds are essential to their maintenance.

**Response:** Agree. The SFMTA agrees that mid-life overhauls and targeted component rebuilds are essential to Muni's fleet maintenance and it has taken steps to properly maintain its fleet. The SFMTA has designed and implemented a Component Rebuild Program for key systems. The SFMTA has worked with its manufacturer of Light Rail Vehicles to complete an overhaul of key systems, such as doors and steps. The SFMTA's program works to improve reliability and extend the life of its vehicles.

**The Mayor's Office responses to the Civil Grand Jury's recommendations are as follows:**

**Recommendation 3:** Either the City and SFMTA need to increase Muni's funding, or the City and SFMTA need to lower their expectations for Muni's performance.

**Response:** Requires Further Analysis. I agree that decreased funding has presented a challenge to Muni's ability to meet its performance goals. The City expects the SFMTA to develop operational efficiencies and decrease costs while also looking at ways to increase revenues.

**Recommendation 4:** The SFMTA should hire an outside auditor to evaluate the potential gains in revenues brought by higher fares against the potential loss in total ridership due to such higher prices.

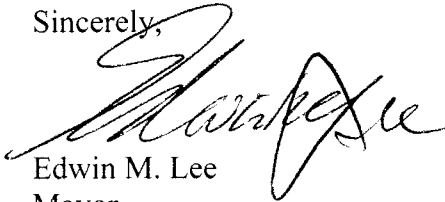
**Response:** Disagree; Will Not be Implemented. The SFMTA has indicated in its response that it has extensively researched scenarios that would allow it to maximize revenues and also identify the impacts of fare increases and service reductions. Therefore, this recommendation is not warranted.

**Recommendation 8:** The Board of Supervisors, SFCTA, and SFMTA should determine how to fund adequate preventative maintenance and a targeted component rebuild program on an ongoing basis.

**Response:** Disagree; Will Not be Implemented. The SFMTA will continue to work with its funding partners to meet its maintenance needs on an ongoing basis.

Thank you again for the opportunity to comment on this Civil Grand Jury report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Edwin M. Lee".

Edwin M. Lee  
Mayor