



Massachusetts Bay Transportation Authority

FY20 Revenue Impact

Fiscal and Management Control Board

Mary Ann O'Hara

April 13, 2020

Agenda

1. Problem Statement
2. Ridership Decline
3. Impact on Revenues for FY20
4. Revenue Scenario Assumptions
5. Options to Offset Revenue loss
6. Federal Assistance
7. Next Steps
8. Appendix



Problem Statement

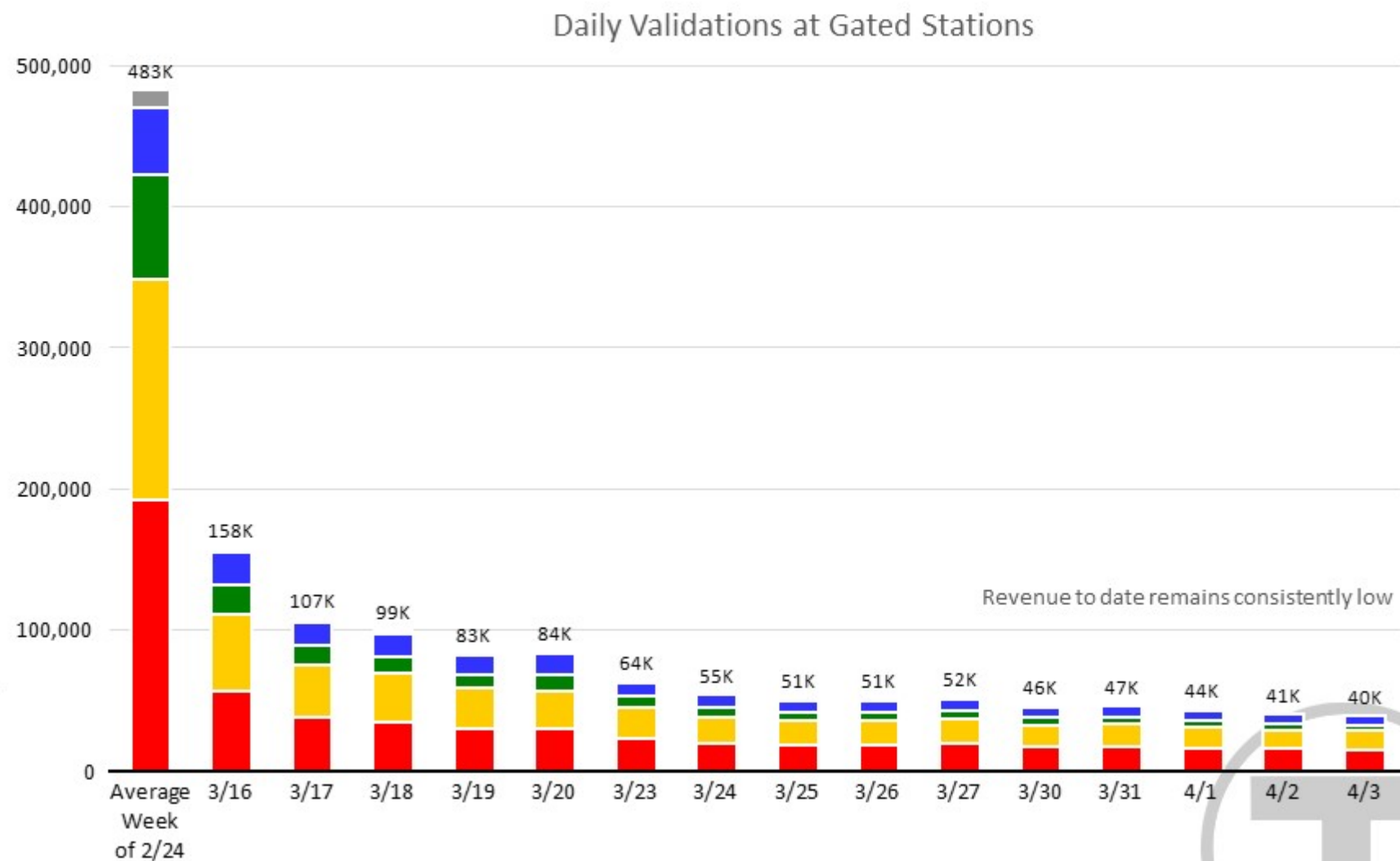
- COVID-19 pandemic resulting in shelter-in-place/stay-at-home mandates for certain states and social distancing for most of the US
- Governor Baker stay at home mandate effective March 24th – currently in place until May 4th
- Middle of March ridership dropped significantly and continues to trend downward
- Impact to fare revenue, own source revenue, and potentially sales tax revenue presented
- **Model** – COVID-19 event impact through end of FY20
 - Steep fare revenue drop from \$58M/month to \$3M/month through Q4
 - Ongoing steep fare revenue drop for 3-4 months (Q4 FY20)



Ridership Decline (through 4/3)

Using week of 2/24-2/28 as a baseline, best available data indicates:

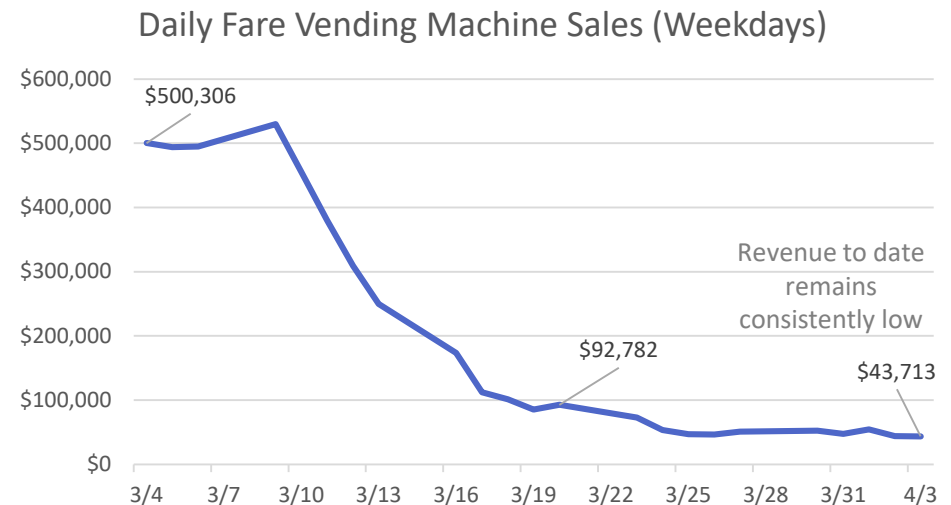
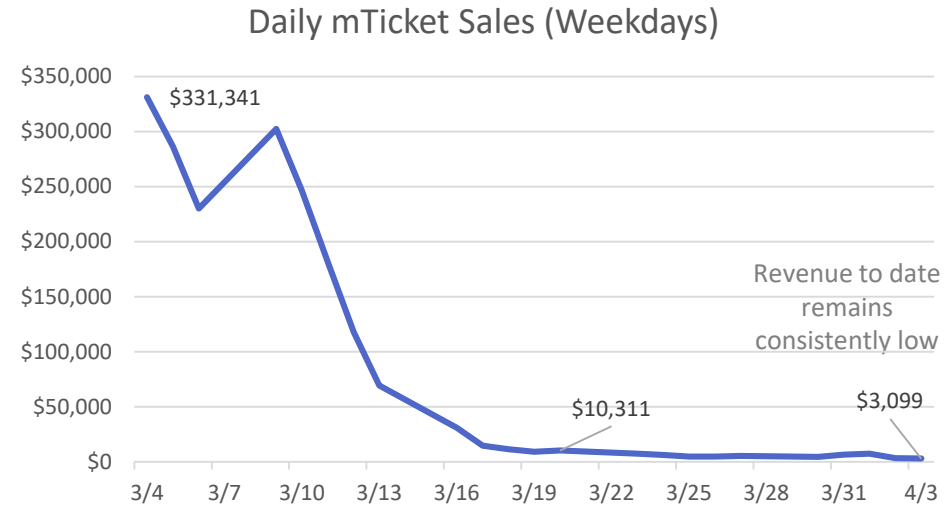
- **Rapid Transit:** 92% reduction in taps at gated stations
- **Bus:** 78% reduction in rider counts
- **Commuter Rail:** 99% reduction in mTicket activations
- **Parking:** 91% reduction in occupancy
- **The Ride:** 71% reduction in trips



Revenue Decline (through 4/3)

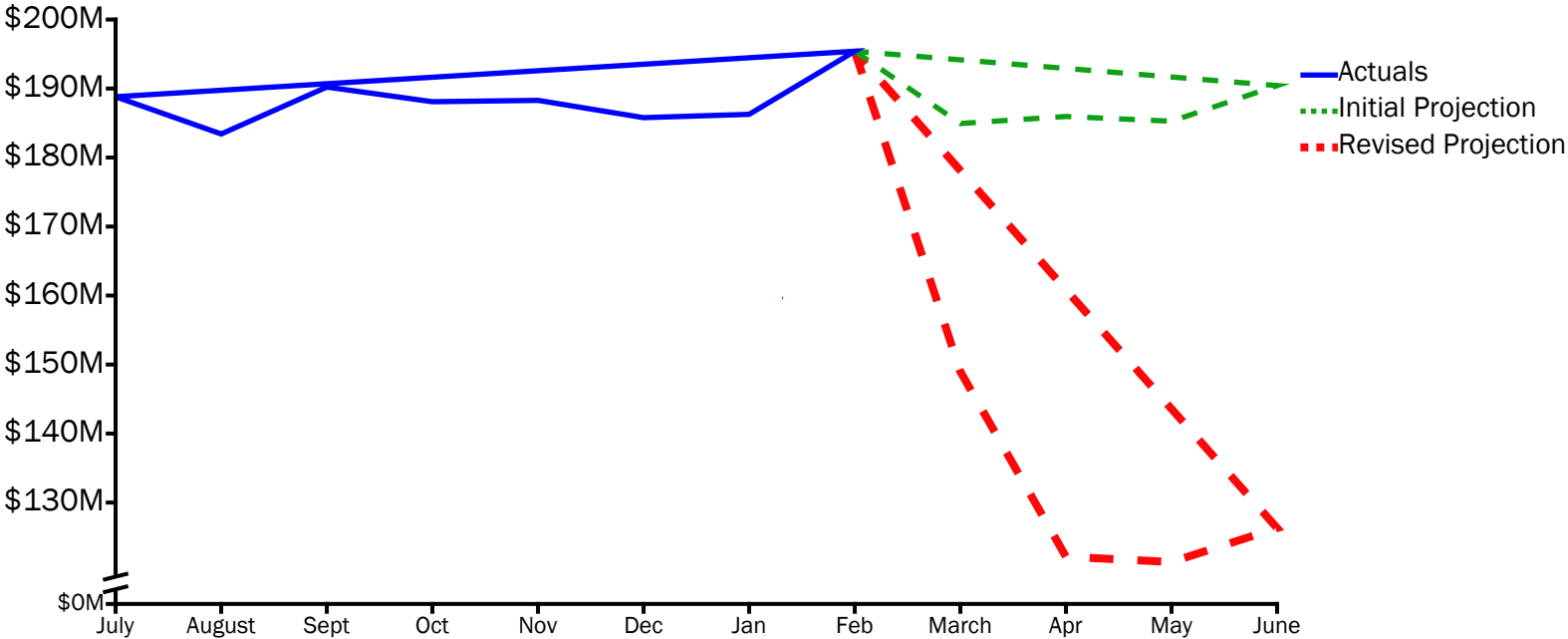
Using week of 2/24-2/28 as a baseline, best available data indicates:

- On Friday (4/3), revenue from transit fare vending machine purchases of transit value and 7-day passes was down 82% from normal
- Purchases on **Commuter Rail** mTicket (the most common method of buying single-use CR tickets) over that past few weekdays have shown a 99% decline vs. average weekdays in February
- **Parking** revenue was down 95% from a typical weekday.

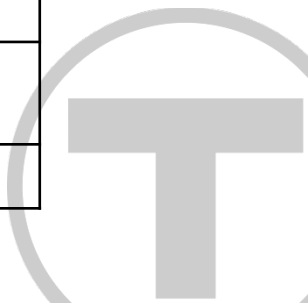


MBTA Total FY20 Revenue Projection

MBTA Total Revenue (\$M)



(\$M)	Total FY20		
	Actuals + Initial Projection	Actuals + Revised Projection	Variance
	Total Revenue		
	2,256.2	2,025.1	-231.1



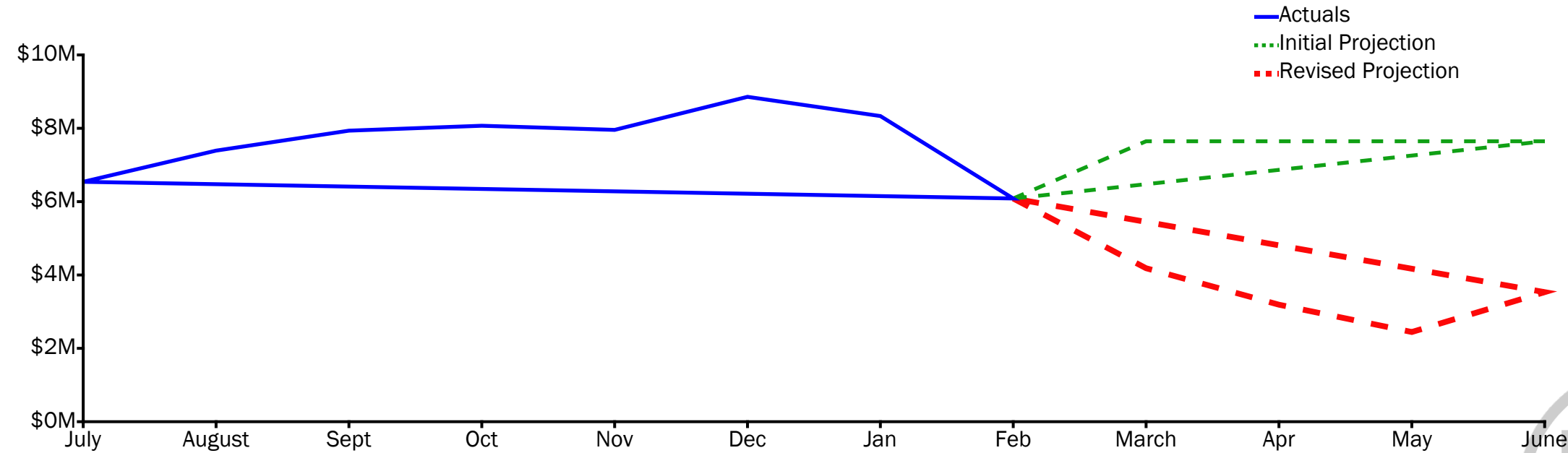
MBTA Total FY20 Revenue Projection

Numbers in \$M	Total FY20			
	Actuals + Initial Projection	Actuals + Revised Projection	Variance	Revised Projection Assumptions
Fare Revenue	712.9	516.3	(196.5)	50% fare loss in March FY20, 95% fare loss in April, May, June FY20
State Sales Tax	1,105.0	1,091.0	(14.0)	Risk to drop down to BRA amount of \$1,063M
Own Source Revenue	91.8	74.5	(17.3)	Advertising drop of 23%, Parking drop of 90% and Real Estate Drop of 62% from initial projections
Local Assessments	174.4	174.4	0.0	
Investment/Other Income	45.1	41.8	(3.3)	Investment/other income through Q4 reduced by 50%
Additional State Assistance	127.0	127.0	0.0	
Total	2,256.2	2,025.1	(231.1)	

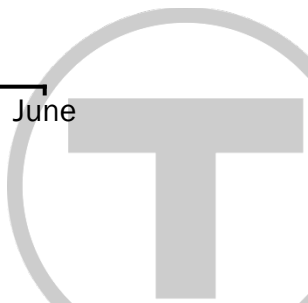
MBTA FY20 Own Source Revenue Projection

% of Expected Collections	FY20				Total
	March	April	May	June	
Advertising	86%	78%	74%	69%	77%
Parking	35%	-8%	-10%	23%	10%
Other	100%	100%	100%	100%	100%
Real Estate	25%	68%	26%	34%	38%
Total	55%	42%	32%	46%	44%

MBTA Own Source Revenue (\$M)



Note: Drop in OSR revenue from Jan to Feb FY20 primarily a result of lower telecom (Real Estate) revenue - \$1.1M.



Revenue Assumptions

- Financial models developed to solve for revenue loss given COVID-19 event

Model – COVID19 event impact thru June 30, 2020

- Operating costs
 - Wages assumed at payroll for first 2 weeks of March
 - Material & Services at average prior 8 month run-rate
 - COVID-19 \$12M for 20 weeks
- Note: % is percentage of run rate/budget (e.g. 10% of fare revenue in October means actual collections that month are expected to come in at 10% of Oct. Run Rate)

Revenue Source	FY 2020			
	Q3	Q4		
Fare Revenue Collections	50%	5%	5%	5%
Sales Taxes	BRA+	BRA+	BRA+	BRA+
Own Source Revenue Collections	55%	42%	32%	46%
Local Assessments	NC	NC	NC	NC
Investment Income Collections	50%	50%	50%	50%



FY20 Revenue Scenario

Scenario Assumptions
Steep fare revenue drop for remaining months of FY20

Revenue		Q3 - Loss	Q4 - Loss	Total Projected Revenue	FY20 Est. 8 Mos. Act. + 4 Mos. Bud.	Variance vs. Current Projection
	Operating Revenues					
	Revenue from Transportation	(29.0)	(167.5)	516.3	712.8	(196.5)
	Other Operating Revenues	(3.5)	(13.8)	74.5	91.7	(17.2)
	Total Operating Revenues:	(32.5)	(181.3)	590.9	804.5	(213.8)
	Total Non-Operating Revenues:					
	Dedicated Sales Tax Revenue	(3.5)	(10.5)	1,091.0	1105.0	(14.0)
	Dedicated Local Assessments	-	-	174.4	174.4	(0.0)
	Other Income	(0.8)	(2.5)	41.8	45.1	(3.3)
	Additional State Assistance	-	-	127.0	127.0	0.0
	Total Non-Operating Revenues:	(4.3)	(13.0)	1,434.2	1451.5	(17.3)
	Total Revenues:	(36.8)	(194.3)	2,025.1	2,256.0	(231.1)

CARES Act – Current Estimate of Federal Stimulus

- Feds passed the CARES (Coronavirus Aid, Relief and Economic Security) Act with \$25 billion in emergency grants available to mass transit agencies
- FTA is required to apportion the funds within 7 days of enactment - \$884M anticipated for Boston region
 - MBTA estimated to receive +/- \$840M for FY20 and FY21 COVID Impacts
- Statute covers loss of revenue and operating expenses including but not limited to:
 - Operating costs to maintain service
 - Lost revenue due to the coronavirus public health emergency
 - Purchase of personal protective equipment
 - Paying administrative leave of operations personnel due to reductions in service and payroll costs for staff staying home on administrative leave
- Grants are eligible for a 100% federal cost share; no local match required, timing receipt of grant funds 60+ days



FY20 Revenue Scenario with CARES Act Funding

Scenario Assumptions
Steep fare revenue drop for remaining months of FY20

Revenue		Q3 - Loss	Q4 - Loss	Total Projected Revenue	FY20 Est. 8 Mos. Act. + 4 Mos. Bud.	Variance vs. Current Projection
	Operating Revenues					
	Revenue from Transportation	(29.0)	(167.5)	516.3	712.8	(196.5)
	Other Operating Revenues	(3.5)	(13.8)	74.5	91.7	(17.2)
	Total Operating Revenues:	(32.5)	(181.3)	590.9	804.5	(213.8)
	Total Non-Operating Revenues:					
	Dedicated Sales Tax Revenue	(3.5)	(10.5)	1,091.0	1105.0	(14.0)
	Dedicated Local Assessments	-	-	174.4	174.4	(0.0)
	Other Income	(0.8)	(2.5)	41.6	45.1	(3.5)
	Additional State Assistance	-	-	127.0	127.0	0.0
	Total Non-Operating Revenues:	(4.3)	(13.0)	1,434.0	1451.5	(17.5)
	Total Revenues:	(36.8)	(194.3)	2,024.9	2,256.0	(231.3)
	FY20 Federal Assistance*	36.8	194.3	231.1	-	-
	Total Revenue After Federal Assistance	0.0	0.0	2,256.0	2,256.0	(0.0)

*Note: COVID-19 impacts such as PPE and safety expenses, revenue losses, subject to reimbursement from FTA through CARES Act (5307 & 5337) and FEMA

Options to Offset Projected Revenue Loss

	OPTION	DESCRIPTION	FY20 Impact Preserve Cash/Budget Shortfall
Projected Revenue Loss			\$231M
Revenue Opportunities	FY20 Federal Assistance*	CARES Act assistance to help cover expected revenue losses	\$231M
Total Revenue Opportunities			\$231M
Cost Cutting	Hiring Freeze	Not backfilling any positions, assumes normal attrition	\$3M
	Cost Freeze	Cost freeze due to service slowdown; includes large service contracts, ferry service, employee overtime	TBD
	Freezing All Outstanding Position Requisitions	Halt hiring all currently posted positions	\$2M
	Delay/Postpone Initiatives	Postpone FY21 initiatives including Bus/Rail Transformation & Flex Force/Safety Hires	\$0
Total Cost Cutting Opportunities			\$5M

Next Steps

- Continue to monitor ridership and all revenue sources
- Continue to engage FTA and seek funding as soon as available under CARES Act
- Identify across MBTA COVID-19 related expenses & apply for relief (FEMA, 5307 & 5337)
- Monitor overtime and hiring for financial impact
- Analyze and assess financial implications of service reductions
- Continue to estimate cash flow daily implications and longer term impacts
- Ensure federal funding is available to meet cash flow needs to close out FY20
- Prepare and submit FY21 budget prior to June 15th

