

**Massachusetts Bay
Transportation Authority**

FY20 Budget Update & Planning for FY21 Budget

Fiscal and Management Control Board

April 27, 2020

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Agenda

1. Problem Statement
2. Operating Budget Timeline
3. March Financials/FY20 Update
 - Ridership Decline
 - Revenue Projection
 - Federal Assistance
4. Developing the FY21 Operating Budget
 - Modeling Ridership and Recovery
5. Next Steps



Proposed Operating Budget Timeline

- ✓ **February 24:** Management introduces FY21 Preliminary Budget to FMCB
- ✓ **March 9:** FMCB vote to release FY21 Preliminary Itemized Budget to MBTA Advisory Board
- ✓ **March 24:** Stay at Home Order - All non-essential businesses directed to cease in person operation
- ✓ **April 27:** **Management presents updated FY20 Projection**
- May 4 - 7:** Request special FMCB meeting to review budget scenarios
- May 11:** FMCB vote to release the Approved Itemized Budget to MBTA Advisory Board
- May 18 - 22:** Request special FMCB meeting for Final Budget Vote
- May 28:** FMIS Upgrade goes live

*June 15: Statutory deadline for FMCB to approve FY21 Budget



Problem Statement

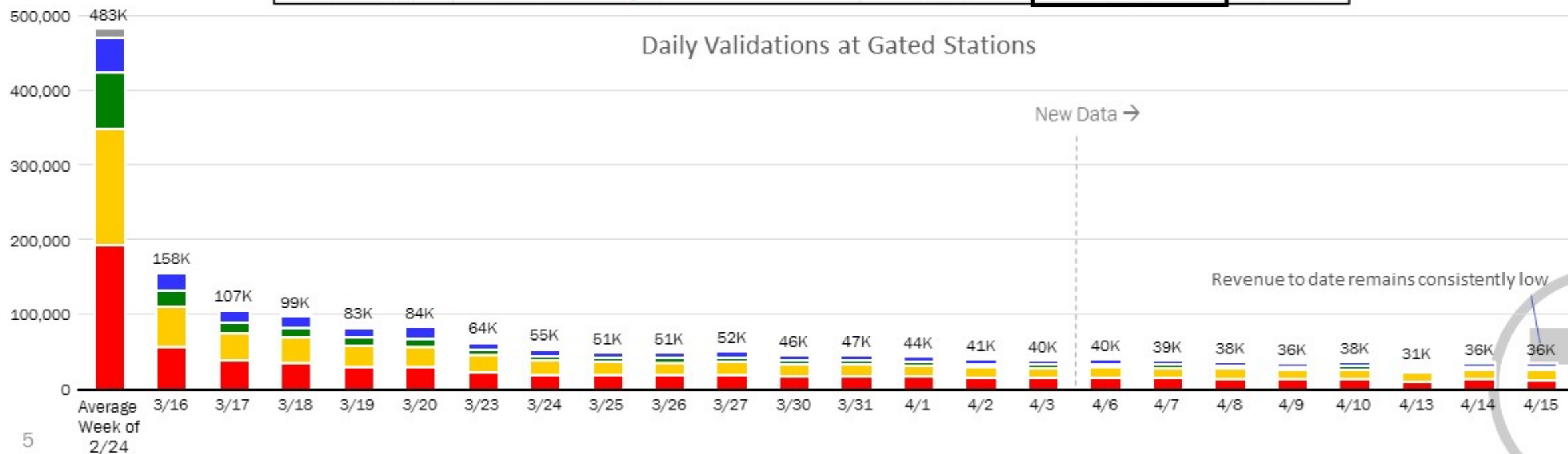
- COVID-19 pandemic resulting in shelter-in-place/stay-at-home advisories for certain states and social distancing for most of the US
- Governor Baker's stay-at-home advisory effective March 24th – currently in place until May 4th
- FY20 Update
 - Fare revenue has decreased 95% to \$3M/month (down from \$58M/month)
 - FTA CARES ACT Funding Letter with RTA's executed - MBTA to receive \$827M
 - Updated for March actual results
 - Increased Revenue/Less Expense compared to previous projection (+\$14.6M Favorable Revenue +\$10.7M Favorable Expenses relative to previous projection)
 - Increased COVID Response costs (\$25.5M through 4/24/20)
- **Challenge: Develop the FY21 Budget**



Ridership Decline (through 4/15)

Ridership Decline by Mode: Week of 2/24-2/28 as a baseline

Mode	Metric	April 13th Presentation	Current (through 4/15)	Variance
Rapid Transit	Reduction in taps at gated stations	92%	92%	-
Bus	Reduction in rider counts	78%	80%	2%
Commuter Rail	Reduction in mTicket activations	99%	100%	1%
Parking	Reduction in occupancy	91%	93%	2%
the RIDE	Reduction in trips	71%	83%	12%



Revenue Decline (through 4/15)

Using week of 2/24 as a baseline, latest available data indicates:

➤ Transit Fare Vending Machine Purchases:

- Current – 92% Decrease
- April 13th – 82% Decrease

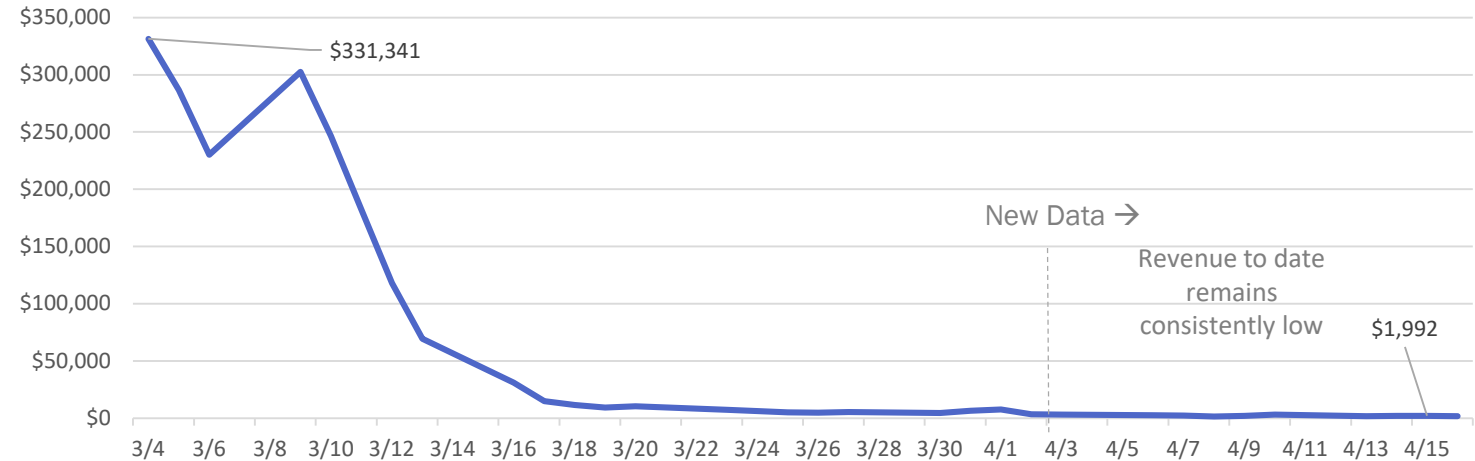
➤ Commuter Rail mTicket Purchases:

- Current – 100% Decrease
- April 13th – 99% Decrease

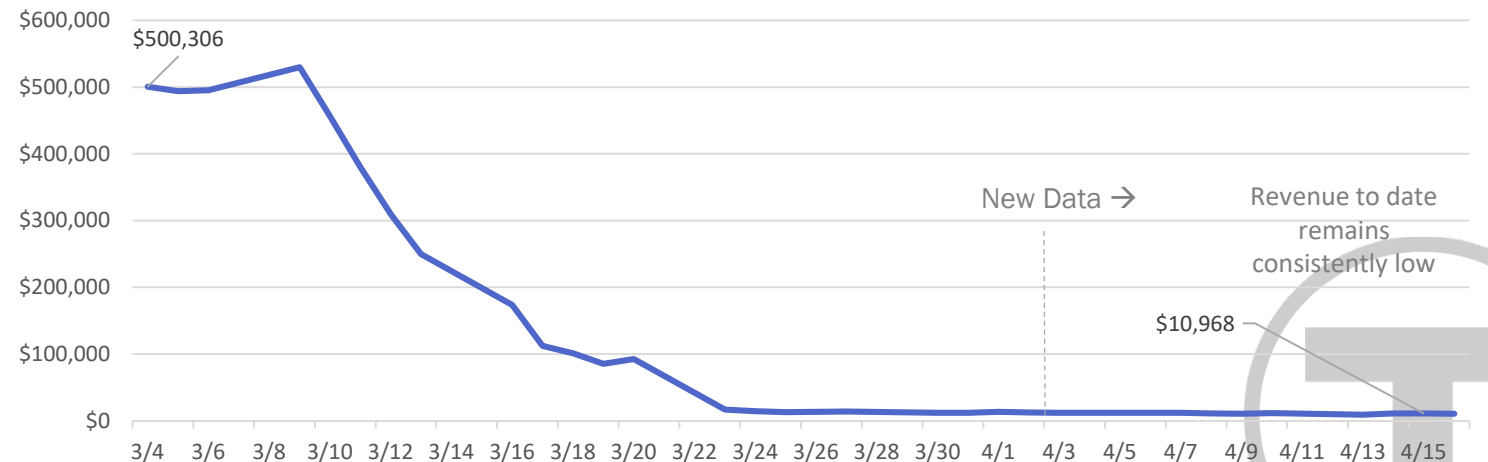
➤ Parking Revenue:

- Current – 93% Decrease
- April 13th – 95% Decrease

Daily mTicket Sales (Weekdays)



Daily Fare Vending Machine Sales (Weekdays)



Revenue Assumptions

- \$217.7M current projected revenue loss for FY20

Previous Presentation	Actuals + Initial Projection	Actuals + Revised Projection	Variance / Projected Revenue Loss
April 13th	2,256.2	2,025.1	-231.1
Current	2,256.2	2,038.5	-217.7
Variance	-	13.4	13.4

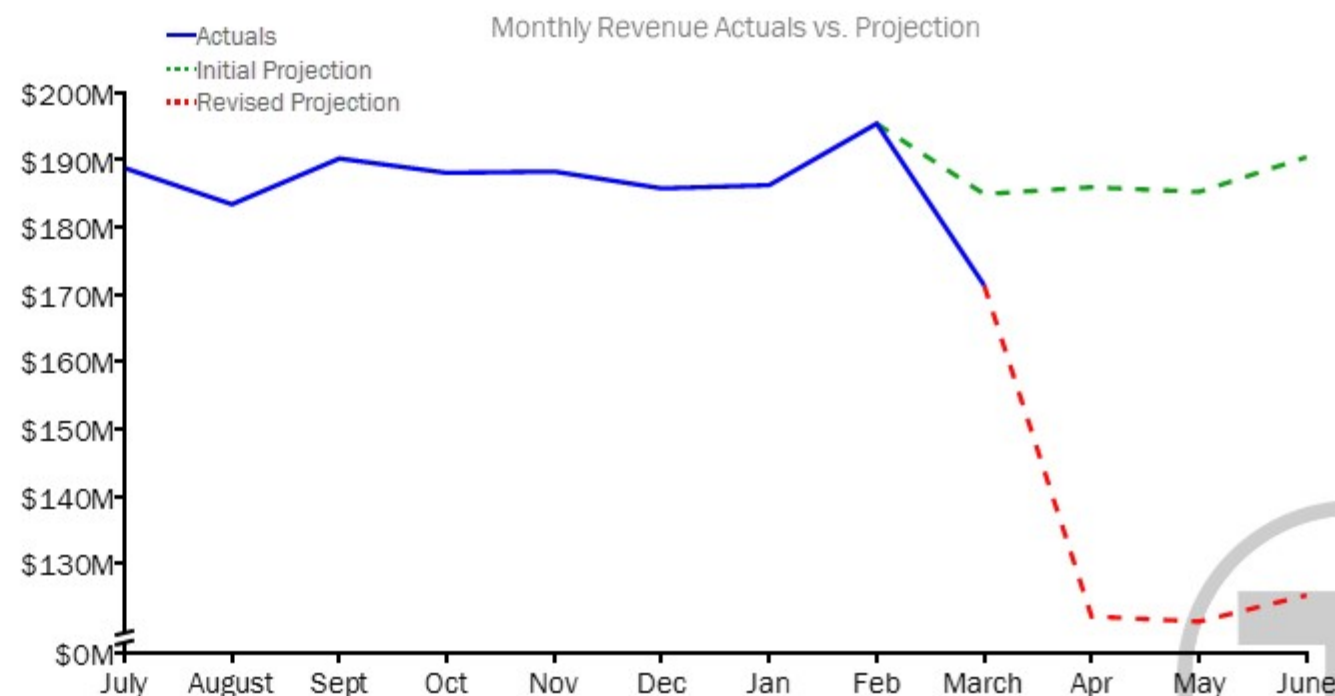
- Previously \$231.1M

- March actual results added to projection
- \$13.4M decrease due to delayed fare revenue decline

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

- COVID19 event impact through June 30, 2020
- COVID-19 \$20M for 20 weeks

Revenue Source	FY 2020			
	March Actuals	April Proj.	May Proj.	June Proj.
Fare Revenue Collections	76%	5%	5%	5%
Sales Taxes	BRA	BRA	BRA	BRA
Own Source Revenue Collections	57%	42%	31%	31%
Local Assessments	NC	NC	NC	NC
Investment Income Collections	62%	50%	50%	50%



MBTA Total FY20 Revenue Projection

Revenue Category	Actuals + Initial Projection	Actuals + Revised Projection	Variance	Revised Projection Assumptions
Fare Revenue	712.9	531.7	(181.2)	95% fare loss in April, May, June FY20
State Sales Tax	1,105.0	1,088.0	(17.0)	Risk to drop down to BRA amount of \$1,063M
Own Source Revenue	91.8	73.8	(18.0)	Advertising drop of 23%, Parking drop of 90% and Real Estate Drop of 62% from initial projections
Local Assessments	174.4	174.4	-	
Investment/Other Income	45.1	43.6	(1.5)	Investment/other income through Q4 reduced by 50%
Additional State Assistance	127.0	127.0	-	
Total	2,256.2	2,038.5	(217.7)	
Federal Assistance	0	217.7	217.7	Federal Assistance drawdown in FY20 projected to offset revenue losses
Total Including Fed Assistance	2,256.2	2,256.2	0	

Modeling Ridership & Recovery for the Budget

- Cross departmental planning work is underway
- Additional situational clarity will come with State and Federal (CDC) guidance
- Recovery and the new steady state will depend on variety of factors
- Identifying, and quantifying COVID-19 related factors is an ongoing exercise
 - Internal, Medical, Community and Economic
- Develop a baseline budget model that as recovery events transpire we can revisit and amend the FY21 Operating Budget
- Identifying any additional service costs (e.g. enhanced cleaning protocols)



Next Steps

- Continue to engage FTA and seek funding as soon as available under CARES Act
- Identify MBTA COVID-19 related expenses & apply for relief (FEMA, 5307 & 5337)
- Regularly monitor cash flow
- Complete supplemental financing actions (debt issuance and Line of Credit)
- Work with cross departmental teams to develop ridership and service models
- Monitor external events and related data tracking with cross departmental team
- Develop baseline draft FY21 budget
- Prepare and submit FY21 budget (and any legislative request(s) such as lifting capital labor constraint)



Appendix



CARES Act – Refresher 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 \$827M 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

