

**Massachusetts Bay
Transportation Authority**

FY22 Budget Preview

Fiscal and Management Control Board

March 29, 2021

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FY22 Budget Preview Agenda

- Present revised March Pro Forma incorporating preliminary estimate of American Rescue Plan (ARP)
- Review policy topics for guidance and direction for FY22 preliminary budget (presentation planned for April 26, 2021)
 - Fare revenue scenario
 - Budget approach to service level planning
 - Investments in safety and transformational initiatives
- FY22 budget estimates remain in development subject to technical corrections and refinement until the preliminary presentation planned for April 26, 2021



American Rescue Plan & Impact on March Pro Forma

- \$1.9 trillion American Rescue Plan (ARP) Act signed on March 11, 2021
- Includes \$30.5 billion for grants to transit agencies for use for operating expenses, including payroll and personal protective equipment costs
 - Including \$26.1 billion for Urbanized Area Formula Grants to aid transit service in urbanized areas
- \$845M preliminary estimate for the MBTA subject to additional FTA guidance and eligibility detail and subject to approval of transit agencies within the region
- Applying sufficient ARP relief funds to operating expenses to balance the FY22 budget and projected FY23 budget, remaining balance of ARP funds available for ongoing budget priorities and/or FY24
- Applying ARP relief to the operating budget entirely avoids the need to reallocate \$281M in other funds from the capital budget

American Rescue Plan Impact:

***\$845M estimate**

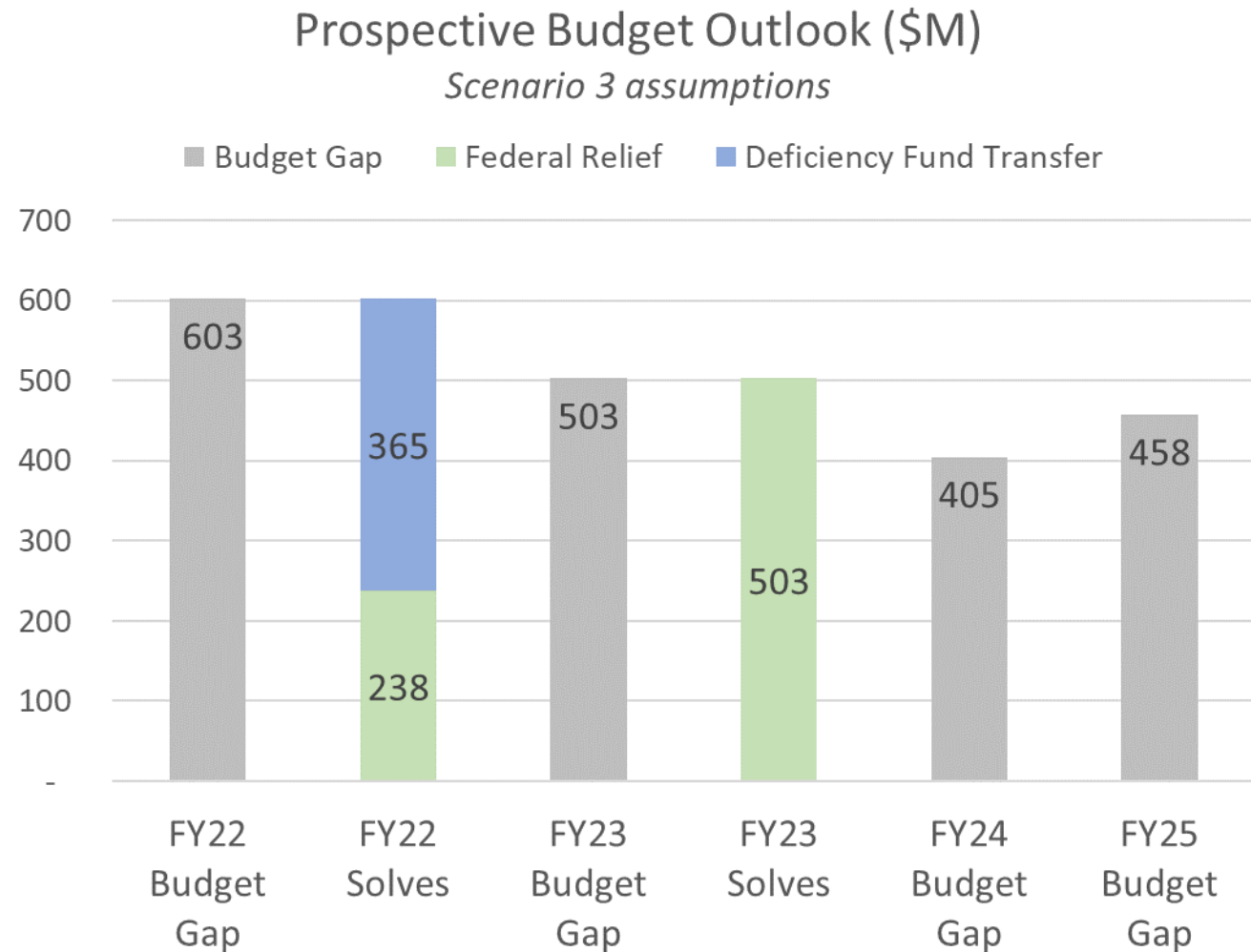
Scenario 3 assumptions

- \$139M balances FY22
- \$503M solves FY23 budget gap
- \$203M for ongoing budget priorities and/or FY24

**Preliminary estimate, not final*

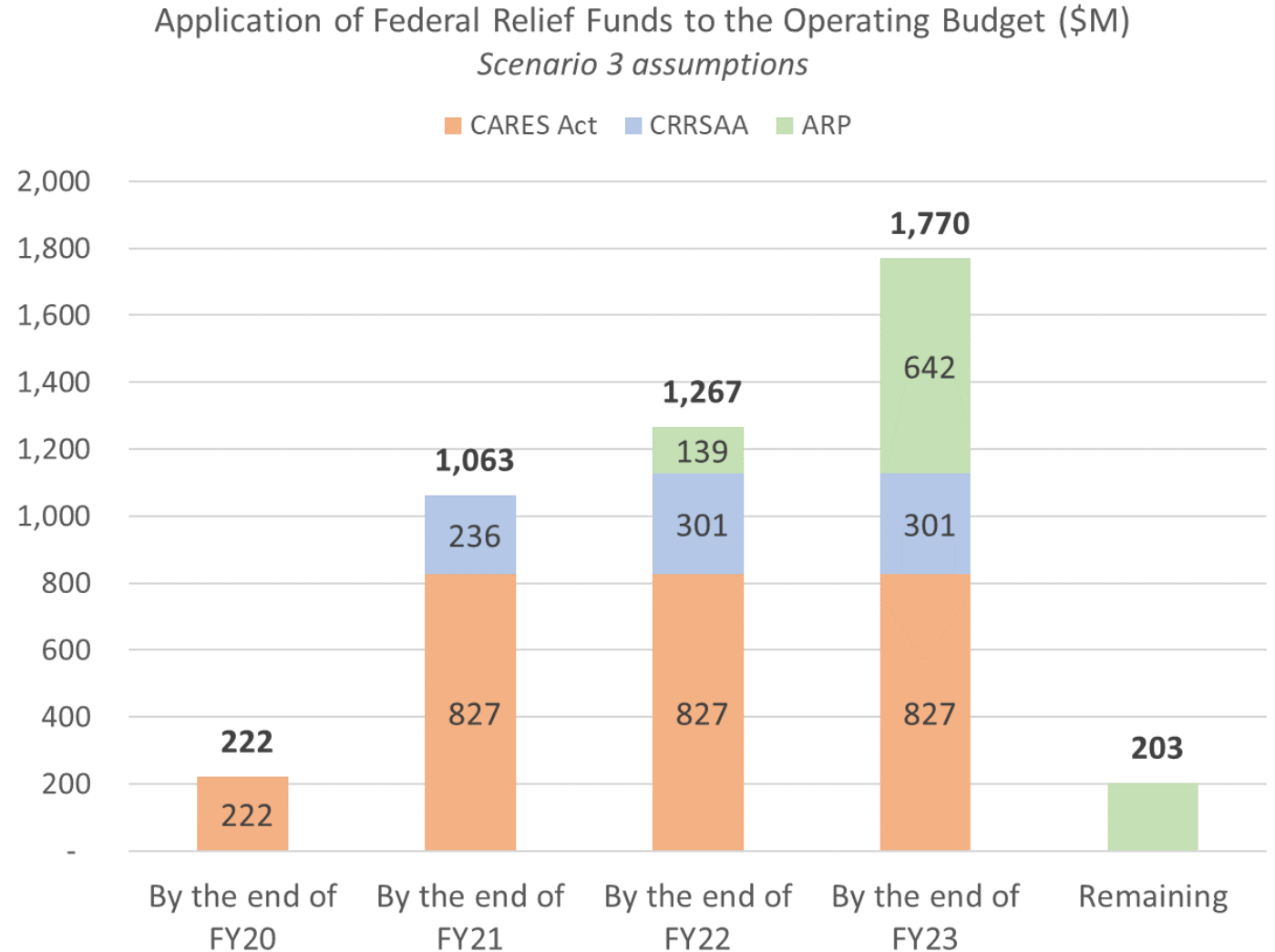
Maintaining a Prospective Budget Outlook

- **Maintaining a prospective budget outlook from FY21-FY22 to FY22-FY23 will create a more sustainable fiscal future**, given current dependency on one-time revenues
- Deficiency fund transfer from FY21 and applying ARP funds to the operating budget solve the FY22 and FY23 budget gaps under Scenario 3 assumptions
- **Applying \$238M of federal relief to the operating budget in FY22 and \$503M in FY23**
 - \$238M of federal relief in FY22 includes \$99M from FEMA reimbursement and CRRSAA funding
- **With \$642M in ARP funds applied to FY22-FY23, a \$203M balance remains for ongoing budget priorities and/or FY24**
 - Each additional expenditure of relief funds in FY22 increases the structural imbalance in FY23; increasing both the spending base in the short-term and future budget gaps in the longer-term



Application of Federal Relief Funds to the Operating Budget

- \$1,267M or 64% of estimated federal relief funds applied to the operating budget by the end of FY22 under Scenario 3 assumptions
 - \$1,770M or 90% by the end of FY23 after maintaining a prospective budget outlook
 - \$1,063M or 54% within the next few months by June 2021
- Estimates assume a total of \$1,973M in one-time federal relief
 - \$827M from CARES Act
 - \$301M from CRRSAA
 - \$845M from ARP, a preliminary estimate



Restoring Funds for the Capital Budget

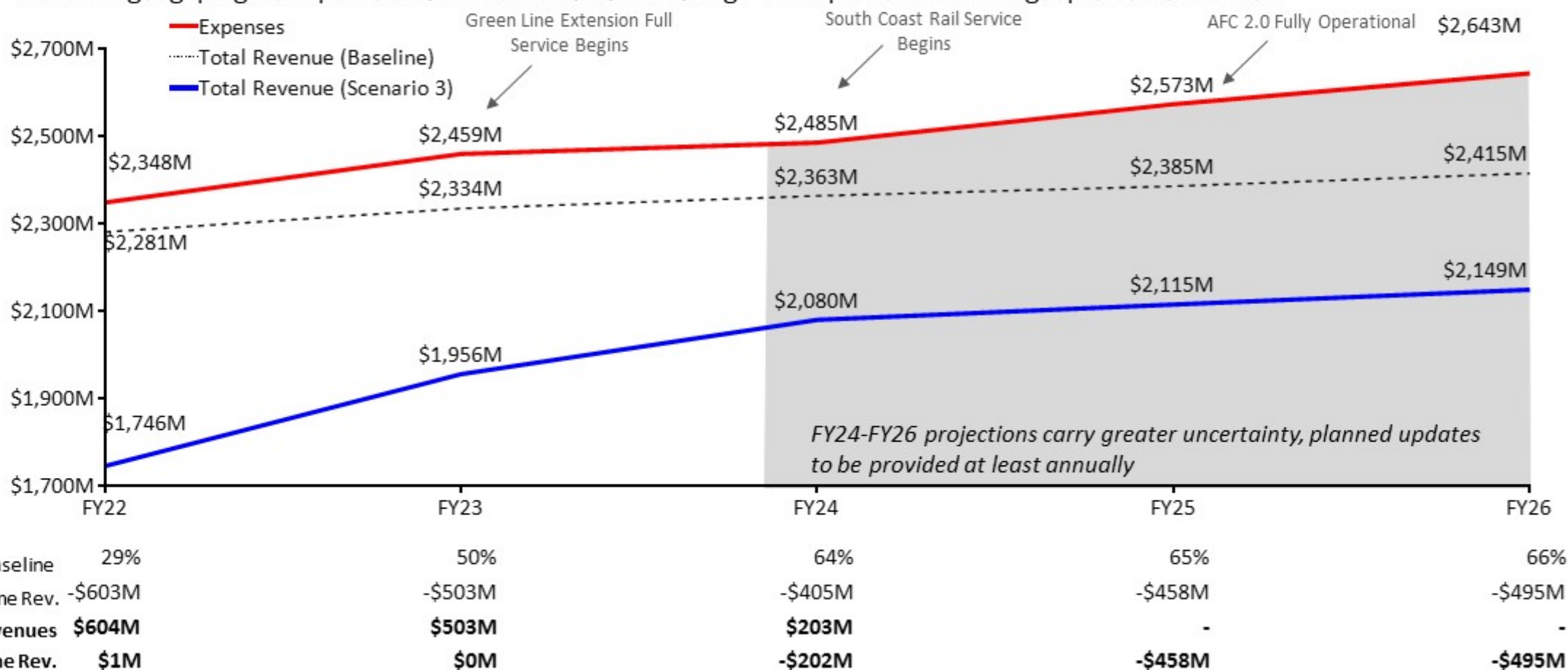
- **Applying CRRSAA and ARP funds to the operating budget** fully restores all previously planned transfers of preventative maintenance funds from the Capital Program to support much needed capital investments
- Initial reallocation of \$460M between FY21-FY23 in federal formula funds from the capital budget to the operating budget to resolve projected budget gaps is no longer needed
 - **Applying CRRSAA funds to the operating budget** meant \$179M returned to the capital budget for long-term system improvements and investments
 - **Applying ARP funds to the operating budget** means all \$460M returned to the capital budget for long-term system improvements and investments

Description (\$M)	SFY21	SFY22	SFY21+SFY22	SFY23	Total
Initial Capital Re-allocation	171	209	380	80	460
Post-CRRSAA Re-allocation	-	201	201	80	281
Post-ARP Re-allocation	-	-	-	-	-
Post-ARP Re-allocation vs. Initial	(171)	(209)	(380)	(80)	(460)

“SFY” for State Fiscal Year, which differs from “FFY” or Federal Fiscal Year often referenced for Capital Budget planning

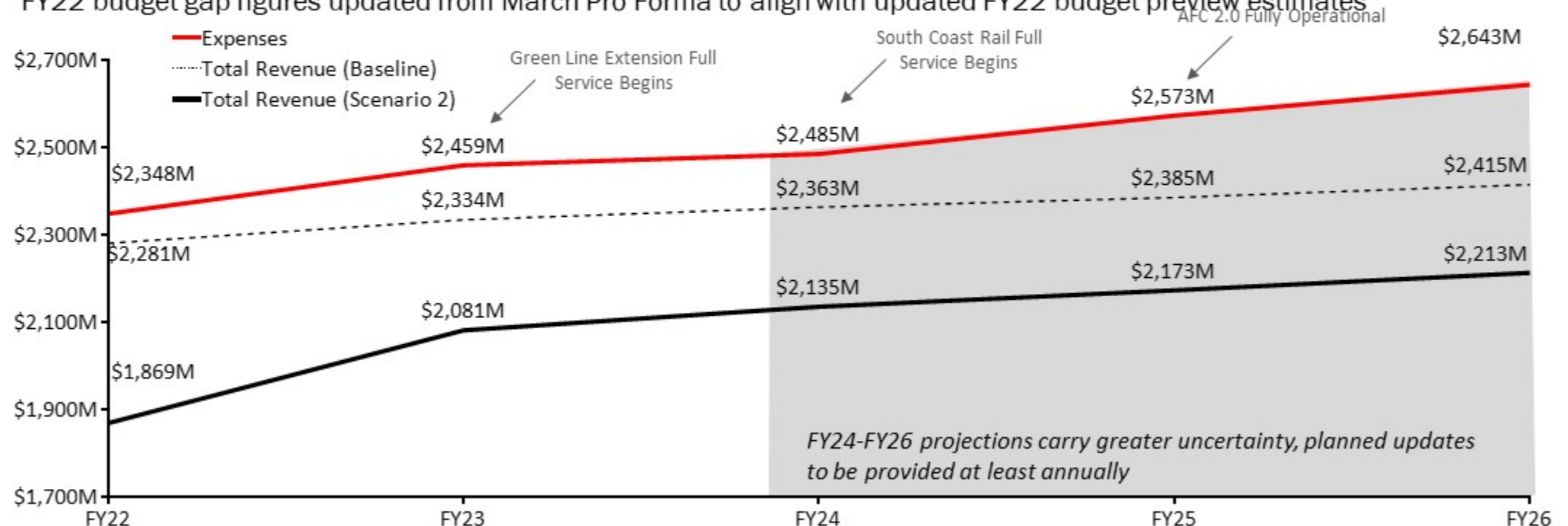
FY22-FY26 Budget Gap Outlook – Scenario 3

- In the modest scenario, applying ARP funds to the operating budget resolves budget gaps in FY22 and FY23
- Model assumes all ARP funds applied to mitigate projected budget gaps
- Future year ARP funds may be used to support FY22 operating budget priorities and initiatives
- FY22 budget gap figures updated from March Pro Forma to align with updated FY22 budget preview estimates



FY22-FY26 Budget Gap Outlook – Scenario 2

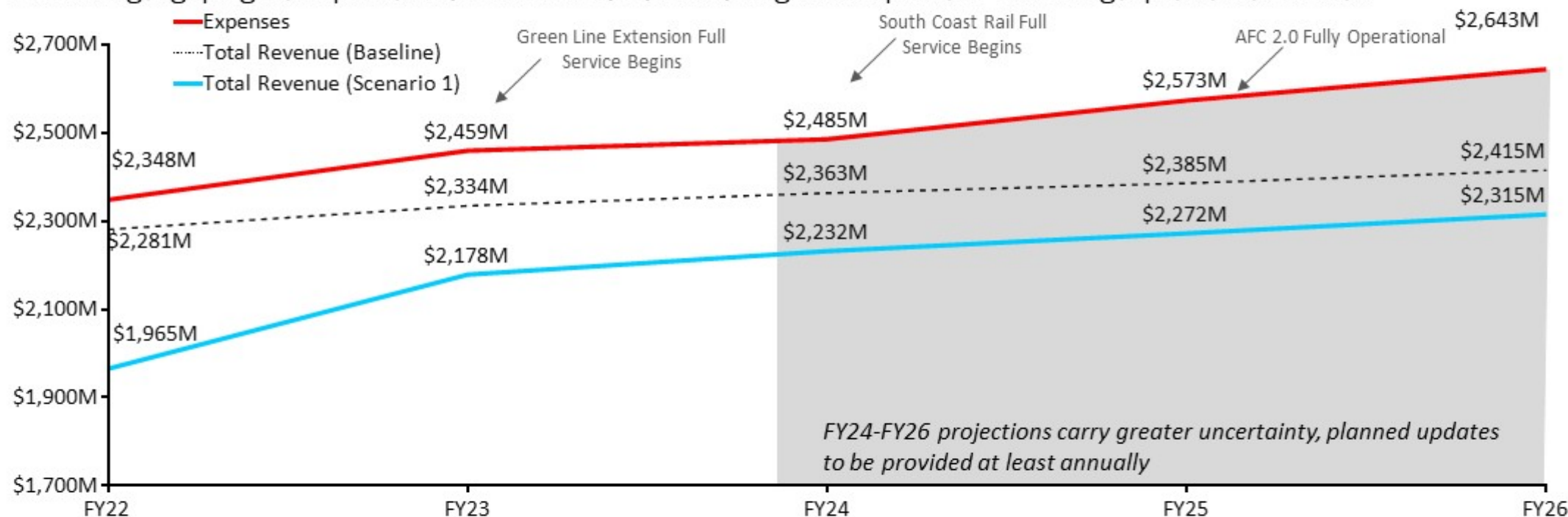
- In the middle scenario, applying ARP funds to the operating budget resolves budget gaps in FY22-FY24
- Model assumes all ARP funds applied to mitigate projected budget gaps
- Future year ARP funds may be used to support FY22 operating budget priorities and initiatives
- FY22 budget gap figures updated from March Pro Forma to align with updated FY22 budget preview estimates



Fare Revenue % of Baseline	47%	68%	72%	74%	75%
Balance Before One-Time Rev.	-\$479M	-\$377M	-\$349M	-\$400M	-\$430M
One-Time Revenues	\$479M	\$377M	\$349M	\$104M	\$0M
Balance Inc. One-Time Rev.	\$0M	\$0M	\$0M	-\$296M	-\$430M

FY22-FY26 Budget Gap Outlook – Scenario 1

- In the most optimistic scenario, applying ARP funds to the operating budget resolves budget gaps in FY22-FY25
- Model assumes all ARP funds applied to mitigate projected budget gaps
- Future year ARP funds may be used to support FY22 operating budget priorities and initiatives
- FY22 budget gap figures updated from March Pro Forma to align with updated FY22 budget preview estimates



FY24-FY26 projections carry greater uncertainty, planned updates to be provided at least annually

Fare Revenue % of Baseline 61%

82%

85%

88%

89%

Balance Before One-Time Rev. -\$383M

-\$281M

-\$253M

-\$301M

-\$329M

One-Time Revenues \$464M

\$281M

\$253M

\$301M

\$92M

Balance Inc. One-Time Rev. \$82M

\$0M

\$0M

\$0M

-\$237M

Ongoing Efforts and New Opportunities for Long-Term Fiscal Sustainability

- Notable efforts currently underway to improve the future budget outlook
 - Enhancing own-source revenue streams like real estate and advertising
 - Managing the debt profile to minimize year-to-year variability
 - Hedging fuel prices to reduce risks from market fluctuations
 - Renegotiating management consulting /professional service contracts to better align with needs and scope of work
 - Pursuing operational efficiencies across the authority to contain costs through cross-departmental working groups
 - Targeted overtime savings initiative to rein in spending within budget benchmarks
 - Maximizing the allocation of COVID-19 resources to adhere to the latest public health guidance at the best possible rates
- Exploring commuter rail productivity gains
 - More express and zonal express service, where feasible
 - Leveraging short turns for higher frequency (shorter headway) service on some corridors
 - Shorter trainsets result in costs reductions in fixed overhead (e.g. fuel, materials, staff)
- New opportunities that could further mitigate future budget challenges
 - Changes/updates to FEMA reimbursement guidance



FY22 Budget Preview Balance Overview

- Planned savings from FY21 has balanced a \$603M budget gap, under Scenario 3 assumptions
- \$604M in one-time sources applied to solve the budget gap
 - \$239M in federal relief, mostly from ARP relief funds
 - \$365M deficiency fund transfer from sequestered savings and revenue in FY21, now including \$236M in CRRSAA relief
- Available balance can be increased using ARP relief funds at the expense of creating or increasing FY23 and FY24 budget gaps
 - Total expenses already assume adding back full bus and rapid transit service as quickly as possible

Description	Amount (\$M)
Recurring Revenues	1,746
Total Expenses	2,348
FY22 Budget Gap	(603)
American Rescue Plan Relief	139
CRRSAA Relief Funds	65
FEMA Reimbursement	34
Net Revenue (before transfers)	(364)
Deficiency Fund Transfer	365
Available Balance	1

FY22 Budget Preview Topics

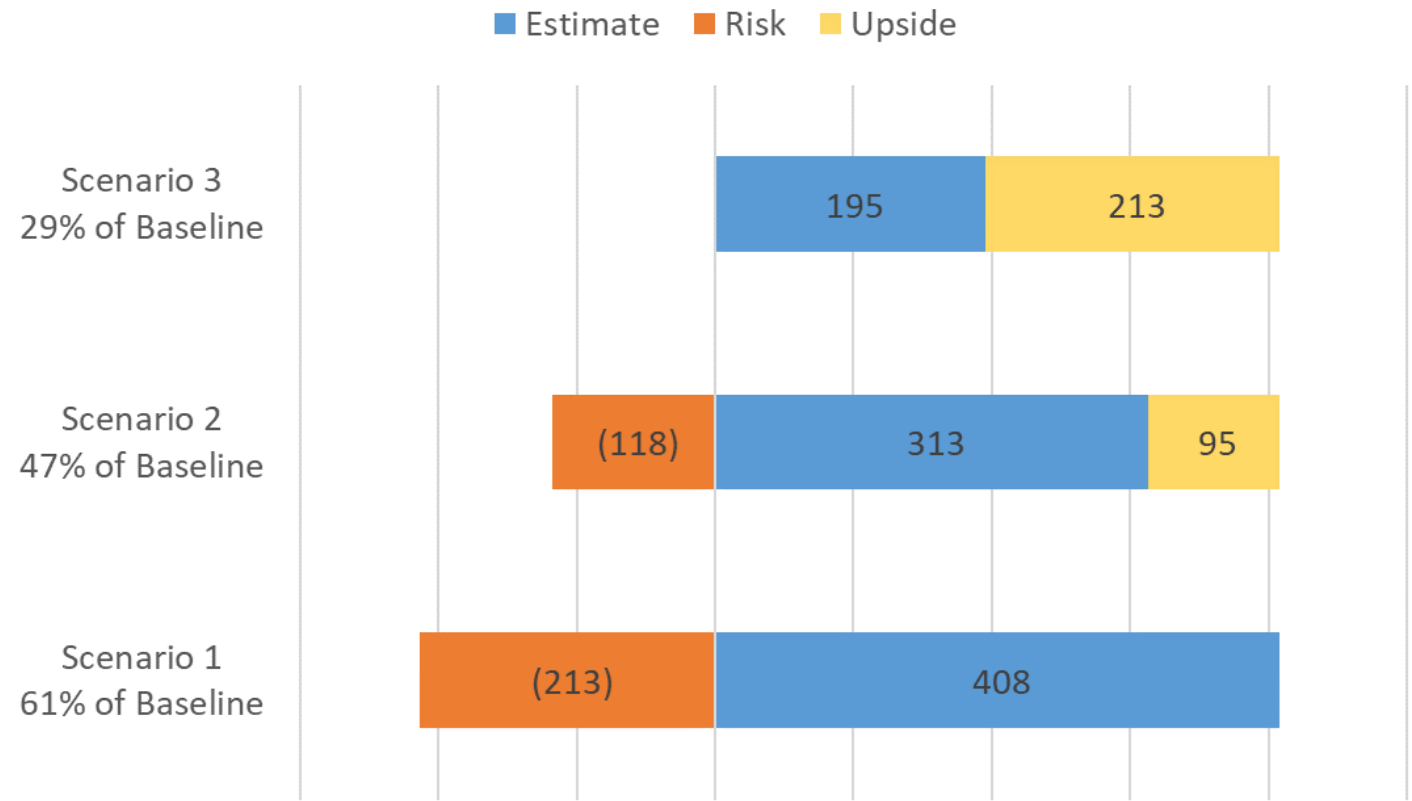
- After applying ARP relief funds to the operating budget to address COVID-19 budget gaps and preserving funds for the capital budget, key policy recommendations and assumptions for FY22 still remain
 - Finalizing scenario planning
 - *Given the uncertainty surrounding the size and type of ridership return, what is an acceptable level of budget risk for revenue estimates?*
 - Determining a budget approach to service level planning
 - *How should the budget approach service level planning for commuter rail and ferry service given ridership projections?*
 - Continuing to invest in safety and transformational initiatives
 - *Do we want to continue building on initiatives planned for FY21 and FY22 that were paused due to COVID-19?*



Finalizing a Fare Revenue Scenario

- Current Scenario 3 recommendation of \$195M in fare revenue
 - Maximum potential upside of up to \$213M compared to Scenario 1 estimate
 - Minimum budget risk/exposure
- Scenario 2 estimate adds \$95M in potential upside compared to Scenario 1, but \$118M in budget risk compared to Scenario 3
- Scenario 1 estimate adds limited potential upside and \$213M in budget risk compared to Scenario 3
- Realizing budget risk during FY22 translates into a need for mid-year spending cuts and/or drawing down on ARP funds

FY22 Fare Revenue Scenario Planning (\$M)



Scenario Planning Recommendation

- **Recommendation: Scenario 3 fare revenue estimates to assume modest growth and avoid significant budget risks or downward revision in the middle of the fiscal year, as was necessary in FY21**
 - Net fiscal change: None, consistent with current assumptions
- Other potential options
 - Scenario 2 option – \$118M increase in fare revenue relative to current assumptions, 47% of baseline, but introduces significant budget risk and uncertainty
 - Scenario 1 option – \$213M increase in fare revenue relative to current assumptions, 61% of baseline, but introduces even more budget risk and uncertainty

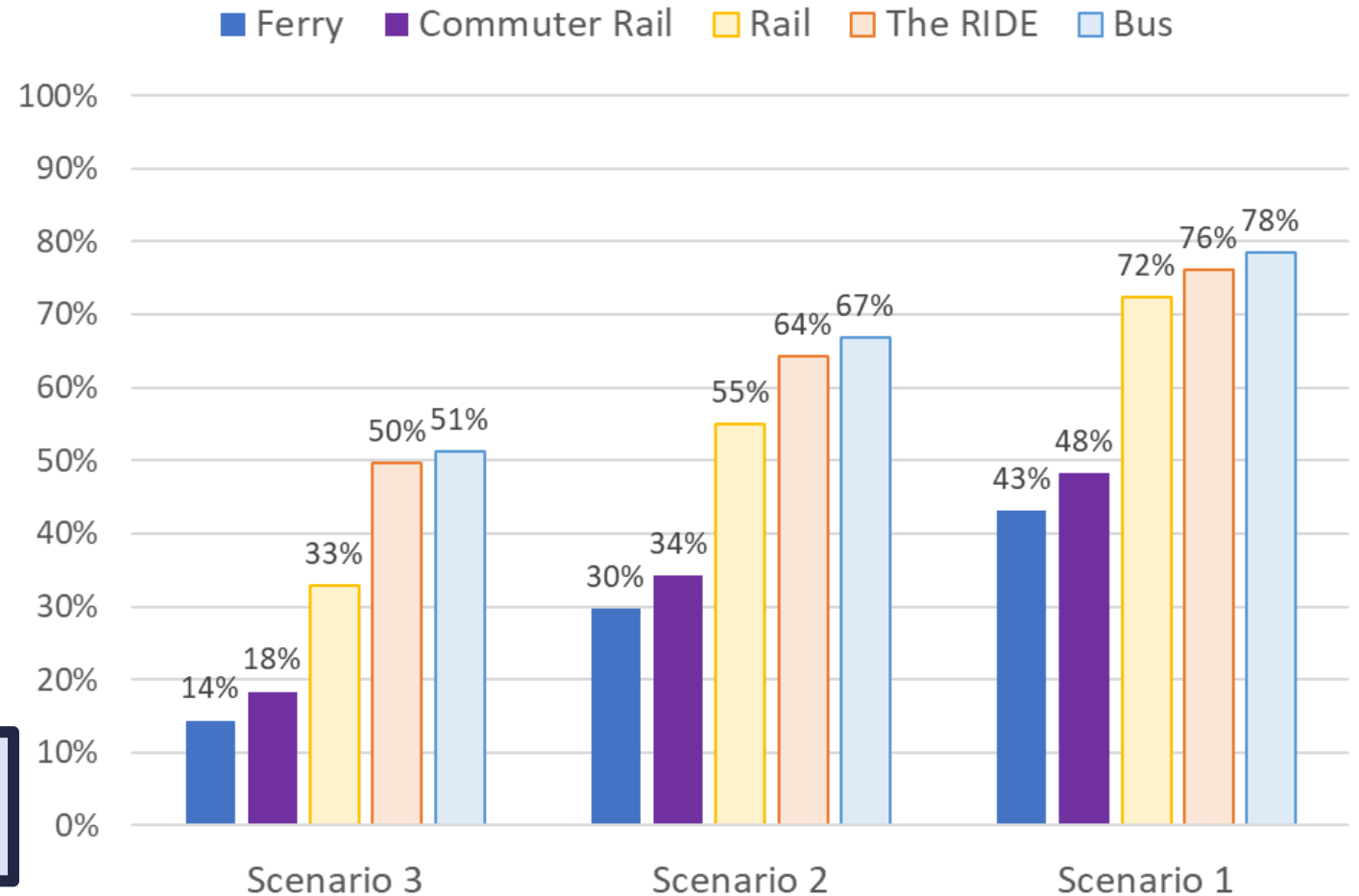


Budget Approach for Service Level Planning

- **Bus and rapid transit service funded for flexibility to add back full service as quickly as possible**, with attrition, hiring, and absences as the primary limiting factors
- **Commuter rail service** continues regional rail model started with April 2021 schedules
- **Ferry service** continues with January schedules with modifications as necessary to support ridership
- **The RIDE** projected to be consistent with Scenario 2 average ridership demand of 64% of baseline

Seeking FMCB input recognizing service level changes otherwise contained in December resolution likely require a formal vote as part of preliminary budget submission

FY22 Ridership by Mode and Scenario



Budgeting for Commuter Rail Service Level

- **\$19M in gross savings from maintaining FMCB approved service adjustments to increase efficiency and provide service consistent with projected demand**
 - April 2021 schedule implements regional rail model, maintains consistent service throughout the day, follows new ridership patterns (\$12M in FY22)
 - Eliminated Weekend Service on some lines (\$5M in FY22)
 - No Foxboro Pilot & Old Colony Late Night service (\$2M in FY22)
- Other options:
 - Restoring weekend service on 7 remaining lines: \$3M-\$5M in FY22
 - Assumptions already include weekend service on five busiest lines
 - Budget for 100% commuter rail ridership: \$19M in FY22
 - 18%-48% average projected commuter rail ridership in FY22



Budgeting for Ferry Service Level

- **\$6M in gross savings from ferry service based upon FMCB approved service changes after accounting for projected ridership return**
- Proposed budget provides sufficient funding to add Charlestown (F4) and the Hingham to Boston (F1) Service in Fall 2021
- Budgeting capacity to provide regular service for Summer 2022, depending on observed and projected ridership demand
- Other option:
 - Budget for 100% ferry ridership: \$6M in FY22
 - 14%-43% average projected ferry ridership in FY22



Investing in Operation and Safety Improvements

- **Recommend FY22 budget increase of \$10M for approximately 120 safety hires**
- FY22 resume progress towards additional safety hires
- These additional hires will support safety critical and system critical needs with a goal of continuing progress towards the recommendations identified by the Safety Review Panel in December 2019
- Additional positions will result in less reliance on overtime to conduct critical system maintenance and accelerate transition to scheduled preventative maintenance routines vs. current corrective maintenance
- FY21 budget initially planned for only a portion of safety hires curtailed due to COVID-19 and funding availability
- Other potential options
 - Identifying operations funds for transformational initiatives or other new policy initiatives or priorities as defined by the FMCB



Transformational Initiatives

- **Recommend up to \$750K for staffing to support Bus and Regional Rail transformational initiatives**
- Build a system that will better serve our riders and leverage strategic efforts like Bus Network Redesign and Regional Rail
- Initial steps to redesigning service for 2022 and beyond – envisioning a post-pandemic system
- **Create a staffed Bus Transformation Office to achieve a better, faster, lower emissions service that is more aligned with where riders live, work, and travel**
 - 3 new positions including a Senior Director of Bus Transformation and 2 additional Project Managers for a total of \$400K-\$420K, in addition to Bus Network Redesign implementation manager
 - Continue to stand up Project Management Organization to own vision, roadmap, and coordination
 - Already planning on fully funding the Transit Priority Team (piloted over past 2 years with support from Barr Foundation)
- **Create a staffed Regional Rail Transformation Office and specifically develop a Rail Transformation business case**
 - 2 new positions for a total of \$250K-\$320K
 - One position to lead the environmental and engineering planning aspects, including electrification phasing and fleet and facilities planning
 - One position to support the commercial and financial aspects, including developing the business case for investment and maximizing available federal funds
- Other potential options
 - Identifying operations funds for transformational initiatives or other new policy initiatives or priorities as defined by the FMCB



FY22 Initial Budget Policy Recommendations Summary

- **Selecting a fare revenue scenario**
 - Recommendation: Scenario 3 fare revenue estimates to assume modest growth and avoid significant budget risks or downward revision in the middle of the fiscal year, as was necessary in FY21
- **Determining a budget approach to service level planning**
 - Recommendation: Flexibly budget to add back bus and rail service as quickly as possible while providing ferry and commuter rail service consistent with projected ridership
- **Continuing to invest in safety and transformational initiatives**
 - Recommendation: \$10M for additional hires to improve the operational safety of the system and up to \$750K for transformational initiatives like bus and regional rail transformation

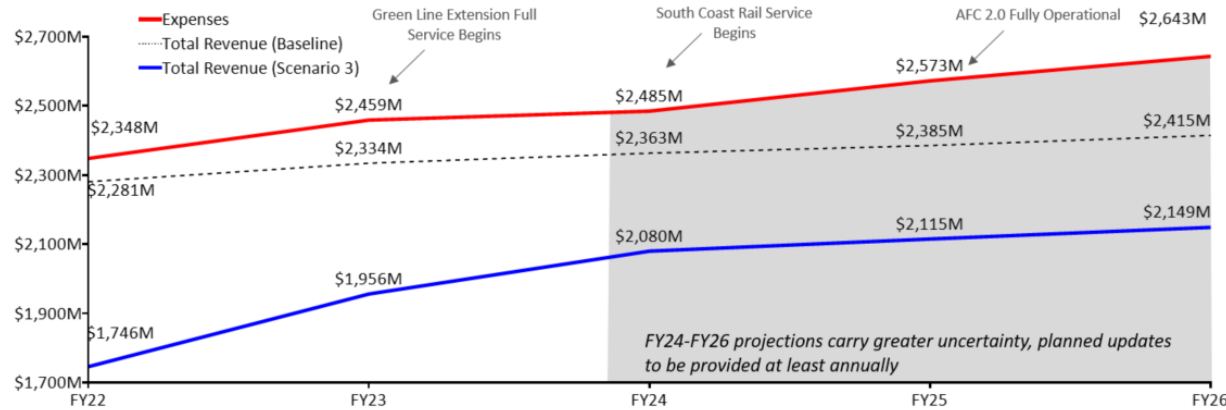


Appendix

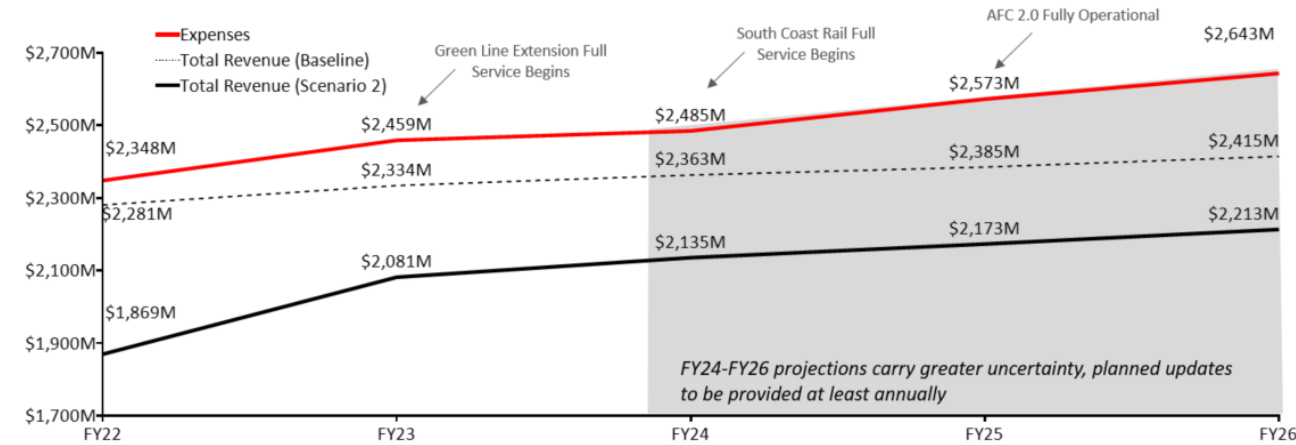


FY22-FY26 Budget Gap Outlook – All Scenarios

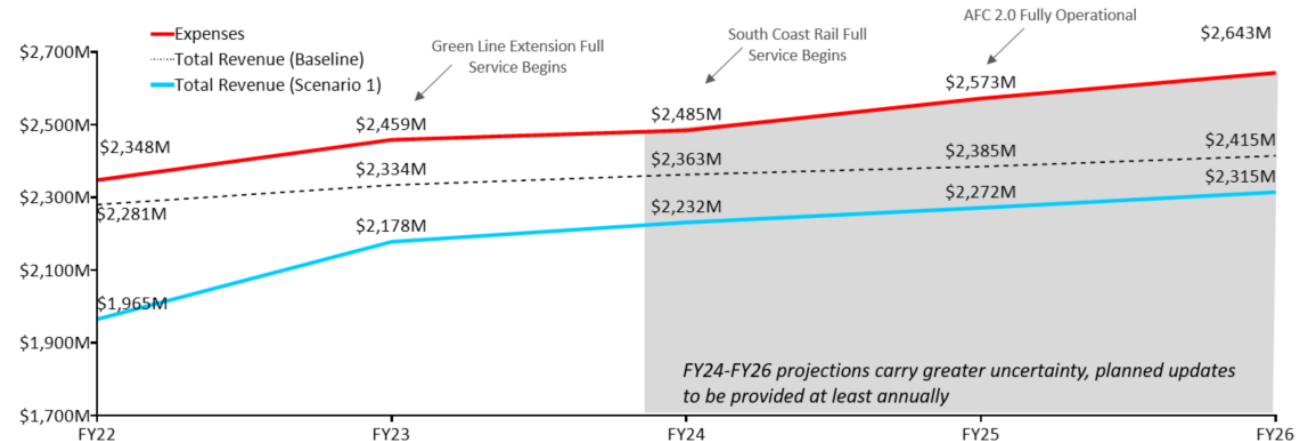
Scenario 3



Scenario 2



Scenario 1



- Scenario 3, applying ARP funds to the operating budget resolves budget gaps in FY22 and FY23
- Scenario 2, applying ARP funds to the operating budget resolves budget gaps in FY22-FY24
- Scenario 1, applying ARP funds to the operating budget resolves budget gaps in FY22-FY25

Revenue Summary & Assumptions: Preliminary

- **Fare revenue** increases to align with Scenario 3 assumptions for ridership and revenue return
- **Other operating revenue** (parking, advertising, real estate, etc.) also increases consistent with Scenario 3 assumptions
- **Sales tax revenue** at FY22 state estimate, \$79M above the certified base revenue amount of \$1,096M
 - Up to \$79M in budget risk in FY22 if state sales tax collections do not meet benchmarks
 - FY21 budget reflects base revenue amount of \$1,083M but projections fully incorporate \$92M upside from the state estimate of \$1,175M
- **Other income** reduction reflects the loss of Green Line Extension (GLX) mitigation revenue and one-time state supplemental operating assistance
- **One-time revenue captured through two revenue categories**
 - **Federal revenue** comprised of multiple categories including American Rescue Plan (ARP), Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), and FEMA reimbursement for COVID-19 expenses
 - **Transfers** in FY22 reflect one-time Deficiency Fund transfer from FY21 savings initiative approved by FMCB

Item (Figures in millions)	FY21 Budget	FY22 Budget	\$ Change	% Change
Fare Revenue	144	195	52	36%
Other Operating Revenue	27	45	18	68%
Subtotal Operating	171	241	70	41%
Sales Tax	1,083	1,174	91	8%
Local Assessment	178	179	1	1%
State Assistance	127	127	-	0%
Other Income	57	24	(32)	-57%
Federal (One-time revenue)	605	239	(367)	-61%
Subtotal Non-operating	2,050	1,744	(306)	-15%
Total Revenue	2,220	1,984	(236)	-11%
Transfers (Net)	20	365	345	1753%
Total Sources	2,240	2,349	109	5%
Subtotal One-time Sources	625	604	(21)	-3%



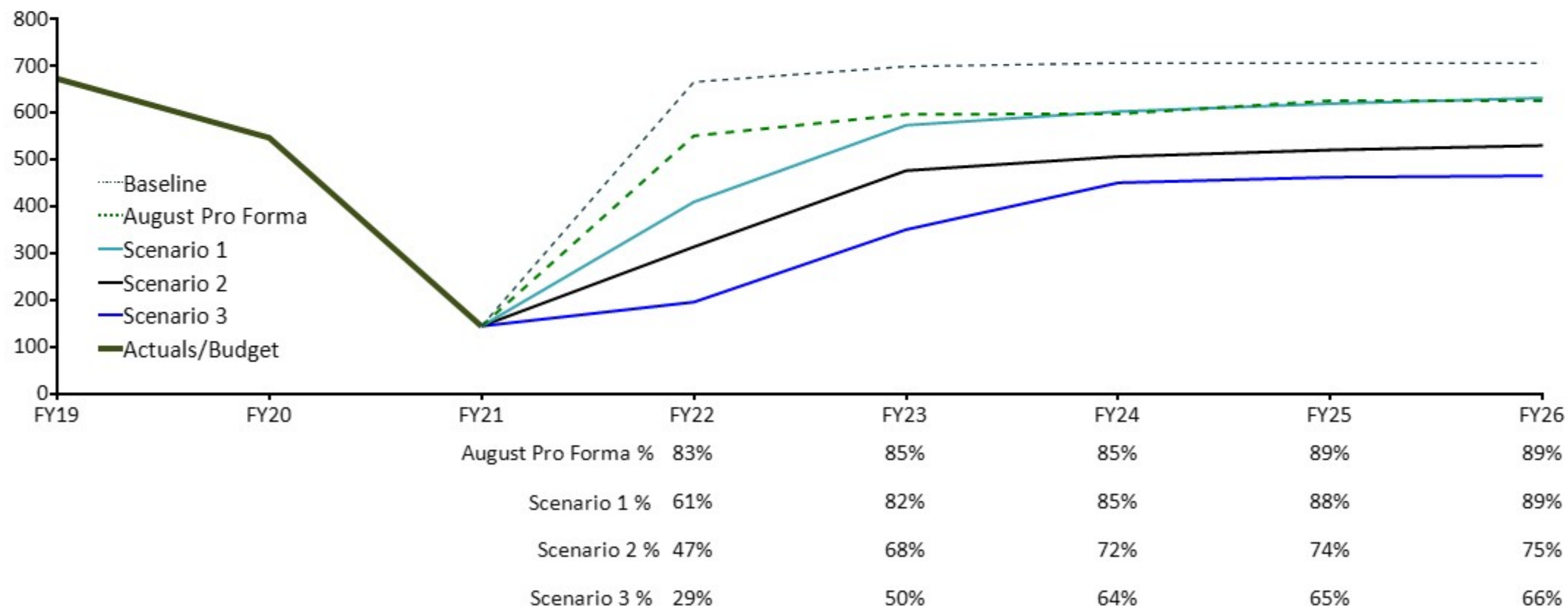
One-Time Sources in FY22

- \$604M in one-time sources from FY21 planning and federal funding creating a path to balance in FY22
- \$239M in federal funding through COVID-19 relief/reimbursement
 - \$139M from the American Rescue Plan with the remaining \$691M (\$845 estimated total not yet finalized) applied to the operating budget as needed to address long-term COVID-19 impacts
 - \$65M of the \$301M estimated in CRRSAA federal relief funds in FY22
 - \$34M in FEMA reimbursement for COVID-19 eligible expenses following an executive order in January 2021 increasing the reimbursement rate from 75% to 100%
- \$365M Deficiency Fund Transfer of FY21 savings
 - Combination of FY21 cost savings and revenue upside to budget after accounting for risks

Revenue Source	FY22 (\$M)
<i>American Rescue Plan Federal Relief</i>	\$139M
<i>CRRSAA Supplemental Federal Relief</i>	\$65M
<i>FEMA Reimbursement</i>	\$34M
Federal Revenues Subtotal	\$239M
Deficiency Fund Transfer of FY21 Savings	\$365M
One-time Sources Total	\$604M

Fare Revenue Scenario Planning Update

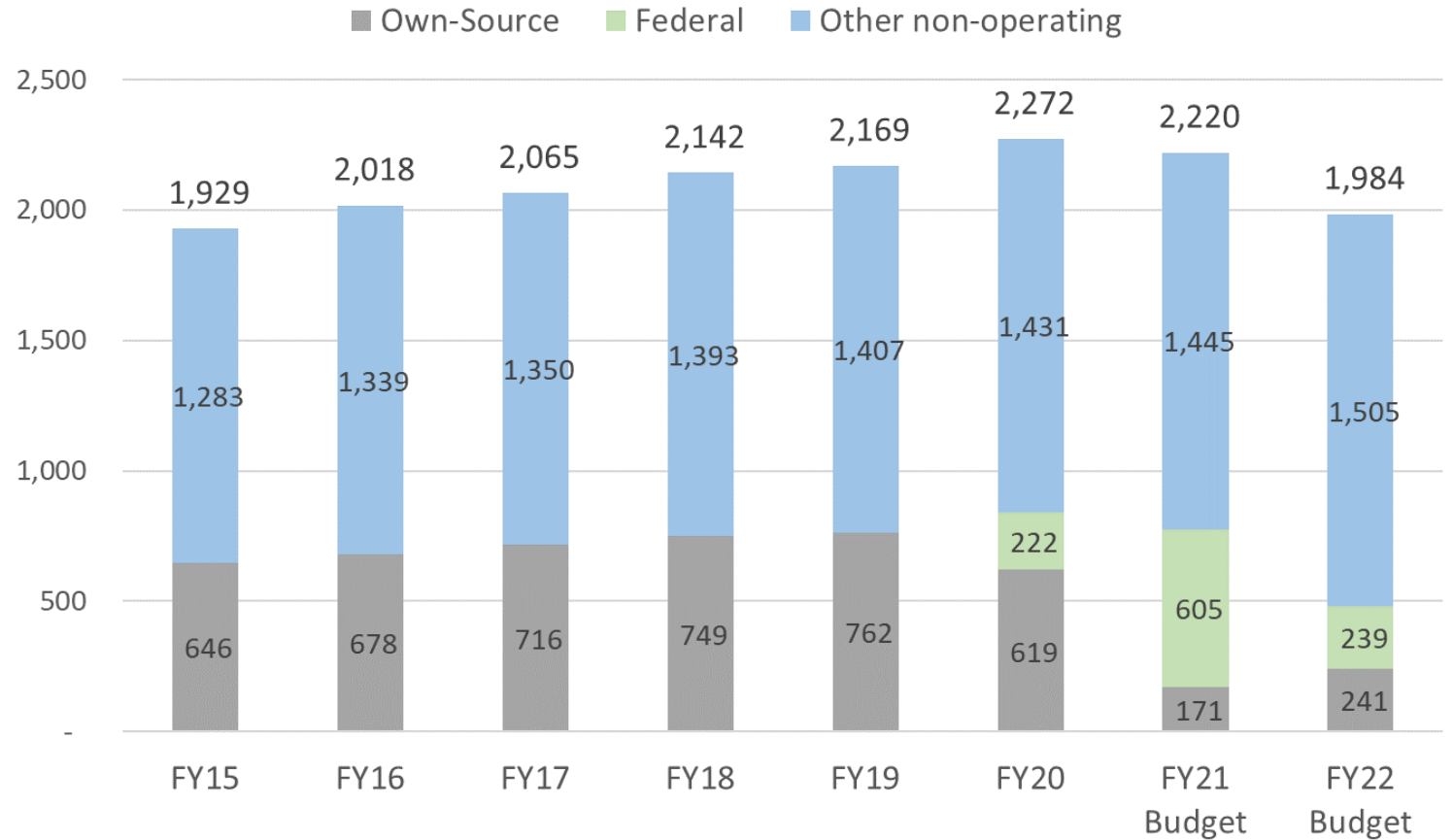
- Actual fare revenue has dropped 79% between FY19 and FY21 budget estimates
- Even in the most optimistic scenario, projected fare revenue in FY26 is still below FY19 actuals
- In FY23, fare revenue scenarios estimate a shortfall range of 18%-50% below baseline
- Baseline calculations use FY20 budget estimates and adjust for structural changes the completion of capital projects



Operating & Non-operating Revenue Sources

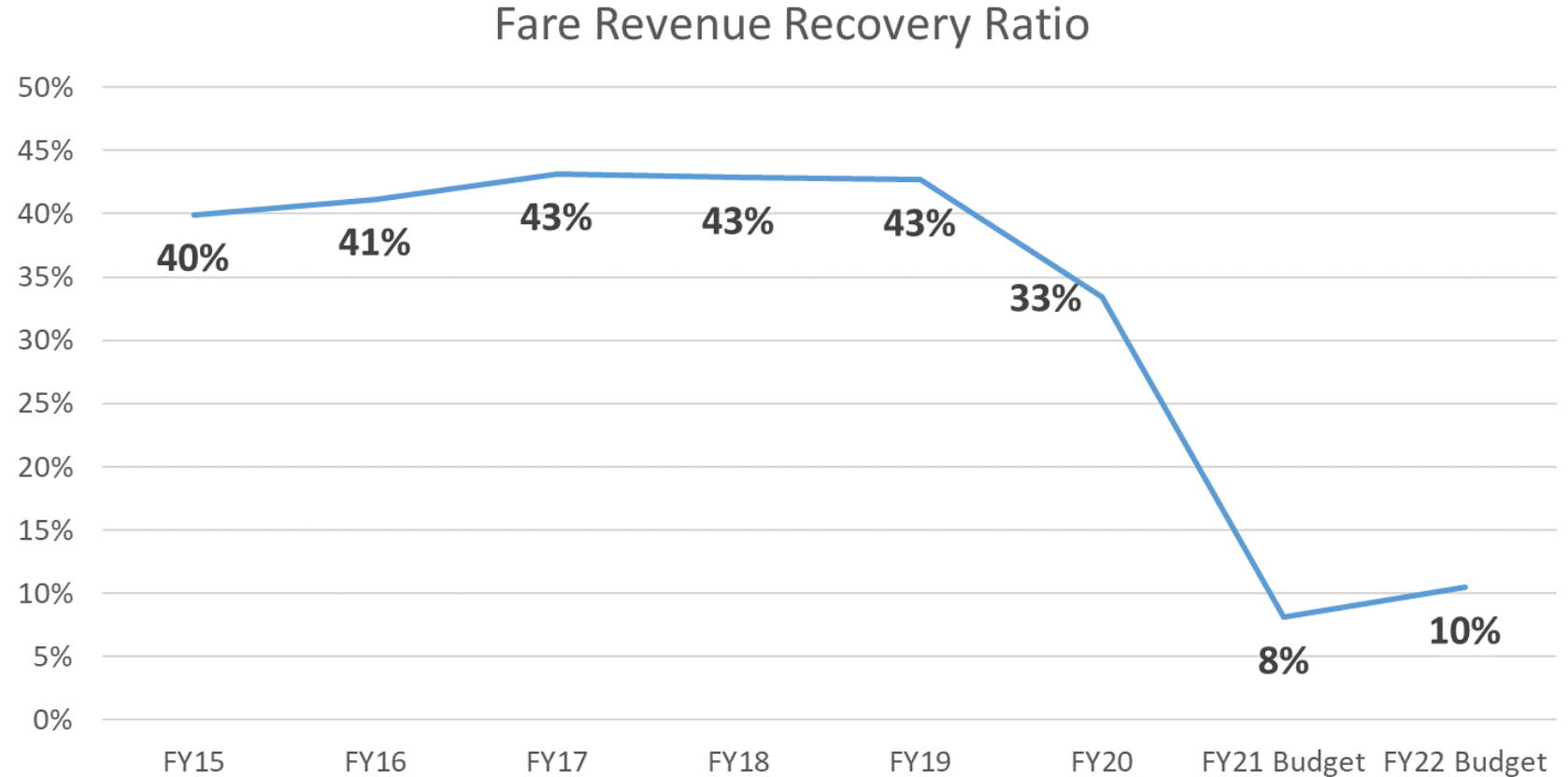
- \$1,744M in non-operating (subsidy) revenue in FY22 with \$239M in federal relief and \$1,505M in other non-operating revenue, primarily from sales tax
- 88% of total revenues are from sources subsidizing the cost to operate the system and maintain service
 - Prior to COVID-19, non-operating revenue made up approximately 66% of annual total revenues
- \$241M in own-source (operating) revenue down 68% from FY19 actuals of \$762M
- FY22 revenues do not include \$365M Deficiency Fund transfer from FY21 savings

Breakdown of Operating & Non-operating Revenue History (\$M)



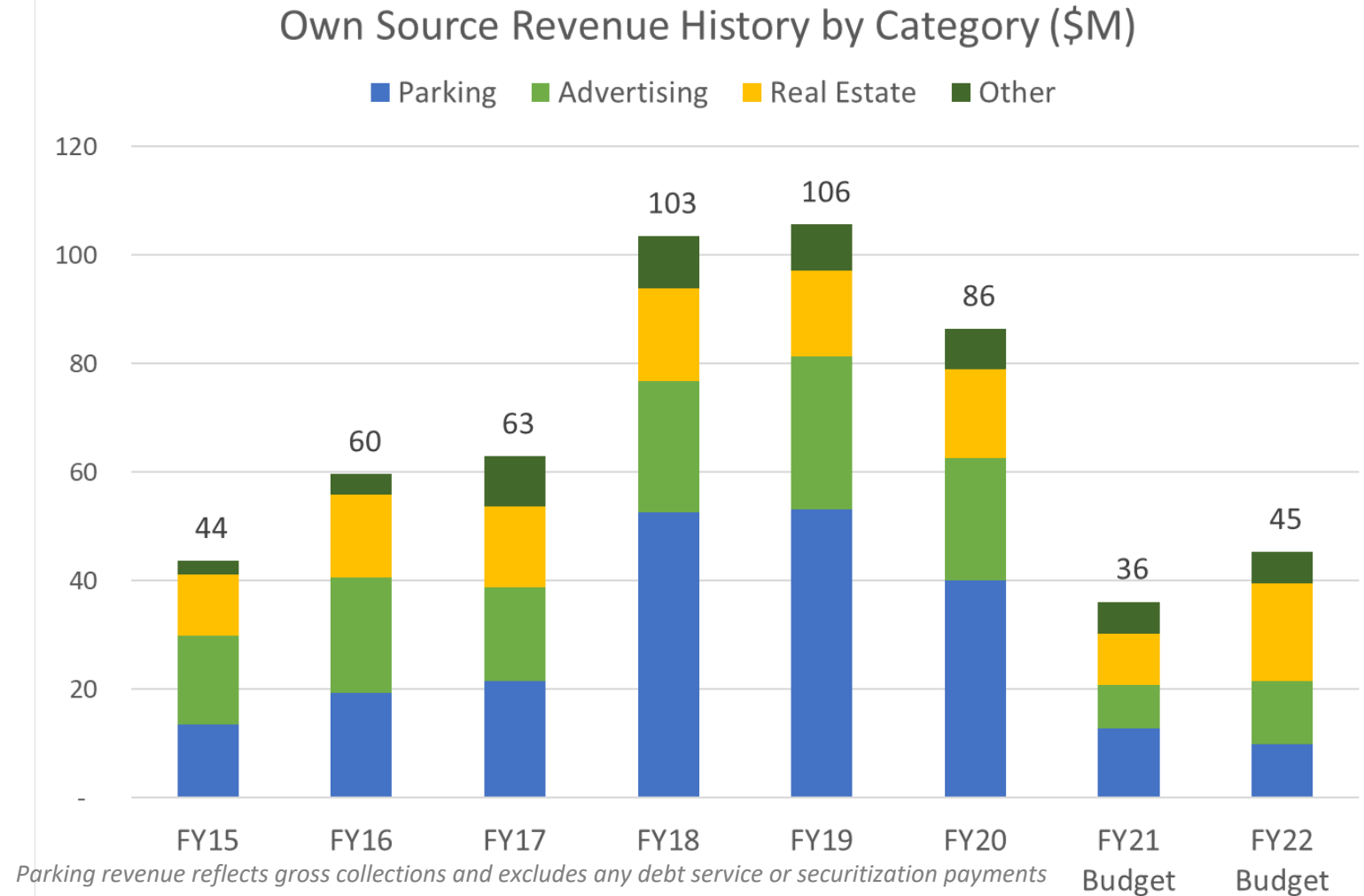
Fare Revenue Recovery Ratio

- 10% fare revenue recovery ratio in FY22 under Scenario 3 assumptions
- FY22 fare revenue recovery ratio means that fare revenue supports only 10% of operating expenses to maintain service
- Prior to COVID-19, fare revenue recovery ratio increased to 43% from FY15-FY19



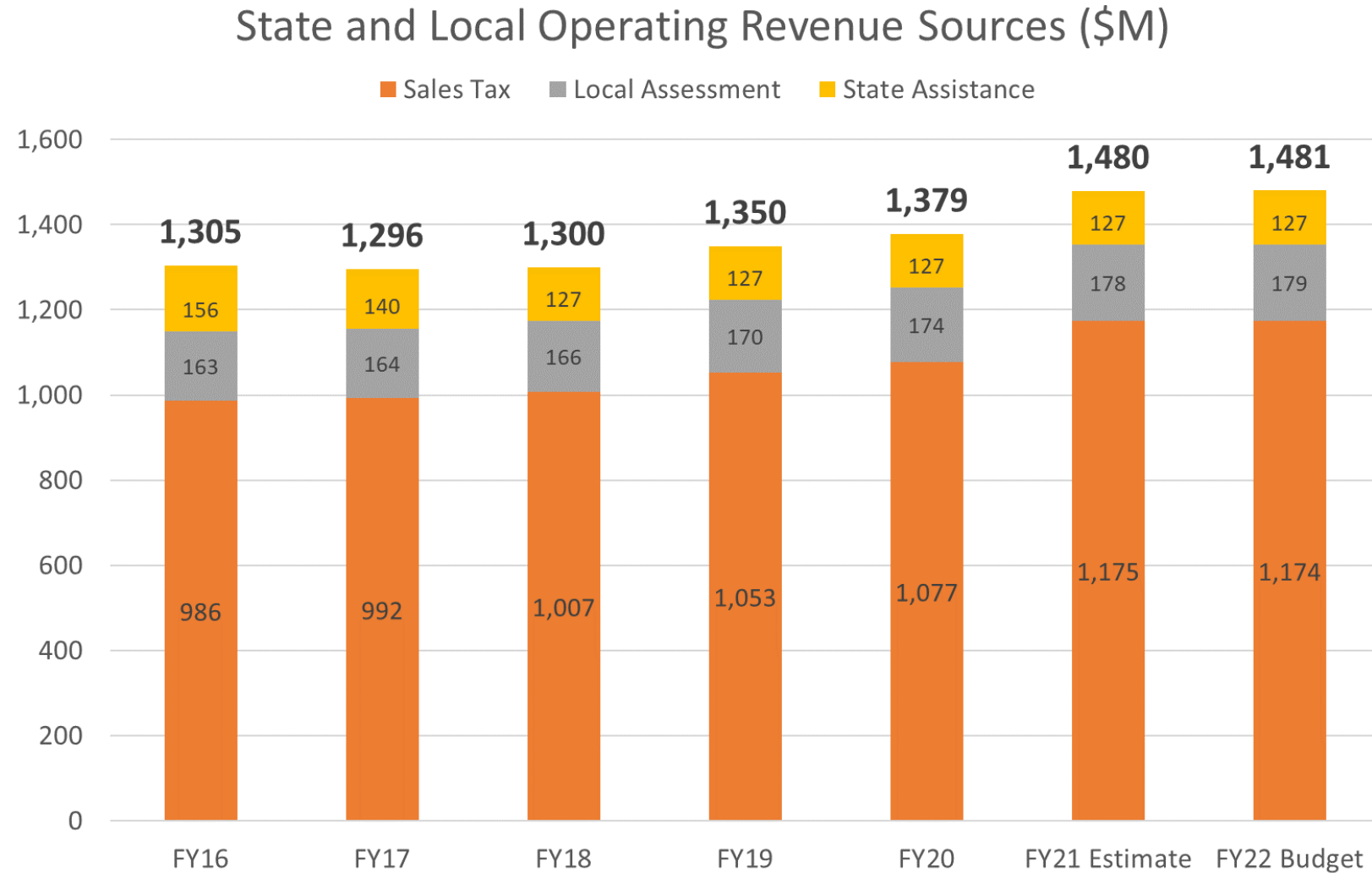
Own-Source Operating Revenue

- \$45M in own-source operating revenue in FY22, a 57% decrease below FY19 actuals
 - \$10M in parking revenue, a 81% decrease from FY19
 - \$12M in advertising revenue, a 59% decrease from FY19
 - \$18M in real estate revenue, a 14% increase from FY19
- Prior to COVID-19, own-source operating revenue realized 25% average annual growth from FY15-FY19
 - 41% increase in parking revenue
 - 15% increase in advertising revenue
 - 9% increase in real estate revenue



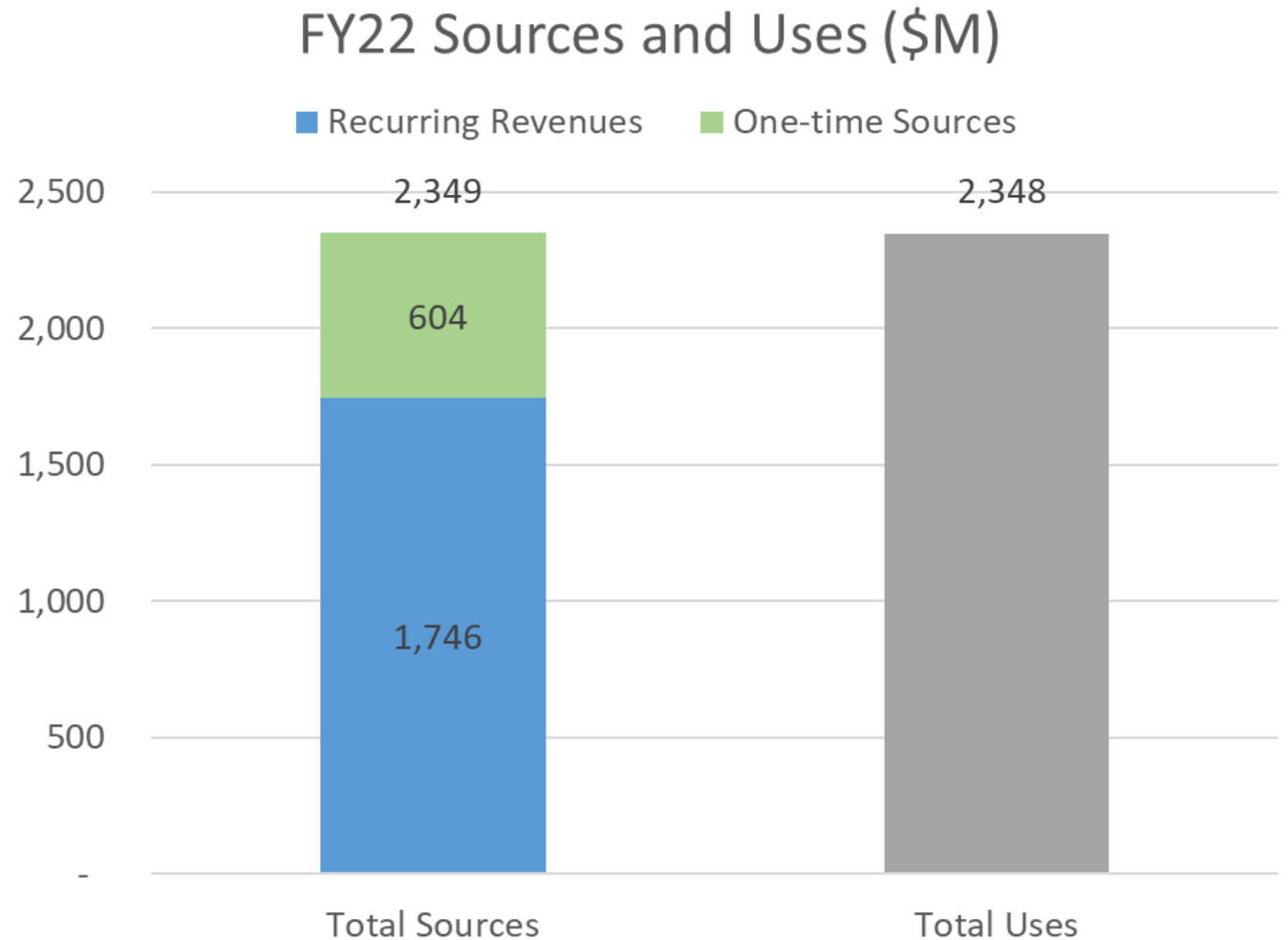
State and Local Operating Revenue Sources

- \$1,481M estimate for FY22 in state and local revenue, largely level to FY21 estimates
- FY21 sales tax estimate of \$1,175M is \$92M above the base revenue (floor) amount and includes \$40M in one-time sales tax acceleration revenue
- Sales tax revenue supports 50% of expenses
- State assistance supports 5% and local assessments support 8% of expenses



FY22 Balance Overview

- \$604M in one-time sources create the path to balance in FY22
- 26% of FY22 budgeted expenses (uses) would be supported with one-time sources
- One-time sources are a solution for one year but require maintaining a prospective budget outlook to avoid budget challenges moving forward
- Applying ARP funding to the budget as needed plans for the future and mitigates/delays future budget gaps from long-term COVID-19 impacts



American Rescue Plan Update to March Pro Forma

- American Rescue Plan (ARP) funds eliminate the need for reallocating formula funds from the capital budget and delay future budget gaps induced by COVID-19
- Applying preliminary estimate of \$845M in ARP to March Pro Forma budget gaps
 - Estimate is not final and based on prior federal relief apportionments from CARES Act and CRRSSAA
- Assumes that ARP funds would be entirely applied to the operating budget, restoring \$281M in capital funding between FY22 and FY23
- Assumes that the \$365M in FY21 savings and other federal relief would still be applied to the FY22 budget gap
 - \$99M in other federal relief includes \$34M FEMA reimbursement and \$65M for the FY22 portion of CRRSAA funding (\$301M total between FY21 and FY22)

Scenario 3 (\$M)	FY22	FY23	FY24	FY25	FY26	FY22-FY26 Total
Beginning Balance	365	0	(0)	-	-	365
Pro Forma Budget Gap	(603)	(503)	(405)	(458)	(495)	(2,464)
American Rescue Act Estimate	139	503	203	-	-	845
Capital Funding Reallocation	-	-	-	-	-	-
Other Federal Relief	99	-	-	-	-	99
Ending Balance	0	(0)	(202)	(458)	(495)	(1,155)

Scenario 2 (\$M)	FY22	FY23	FY24	FY25	FY26	FY22-FY26 Total
Beginning Balance	365	-	-	-	-	365
Pro Forma Budget Gap	(479)	(377)	(349)	(400)	(430)	(2,035)
American Rescue Act Estimate	15	377	349	104	-	845
Capital Funding Reallocation	-	-	-	-	-	-
Other Federal Relief	99	-	-	-	-	99
Ending Balance	-	-	-	(296)	(430)	(726)

Scenario 1 (\$M)	FY22	FY23	FY24	FY25	FY26	FY22-FY26 Total
Beginning Balance	365	81	-	-	-	446
Pro Forma Budget Gap	(383)	(281)	(253)	(301)	(329)	(1,547)
American Rescue Act Estimate	-	200	253	301	92	846
Capital Funding Reallocation	-	-	-	-	-	-
Other Federal Relief	99	-	-	-	-	99
Ending Balance	81	-	-	-	(237)	(156)

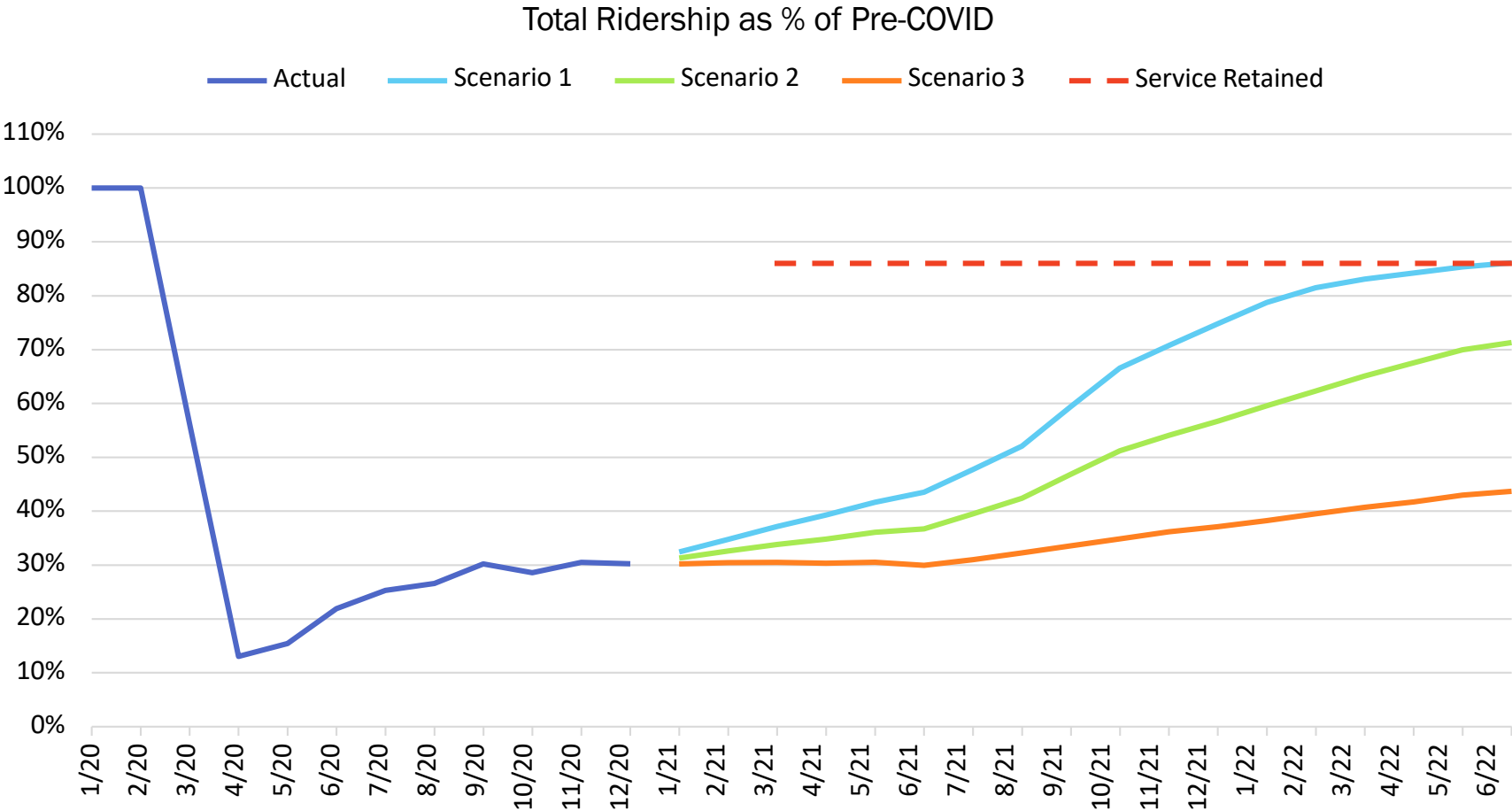
Projected Revenues: FY21 Carryover for FY22 Budget Gap

- \$605M in CARES Act relief in FY21 has been mitigating the budget challenge in FY21 to \$79M
- \$365M projected to be available for FY22, a \$51M increase from \$314M in December 2020
 - Added \$236M in CRRSAA relief funds in FY21
 - \$21M estimate for residual service level savings based on 12/14 FMCB decision
 - Added \$35M in budget risks and potential deficiencies
- \$35M in additional risks and potential deficiencies in FY21
 - Similar to COVID-19 spending and overtime, other potential spending risks have been identified
 - These new risks been for previously unexpected costs or places where demand has exceeded initial estimates
 - These items are dynamic and are being routinely tracked and monitored, likely changing month to month

Description Figures in \$M	FY21
Budget Gap without CARES Act Relief	-659
<i>CARES Act Relief</i>	605
Budget Gap (October Revision with transfers)	-54
<i>COVID-19 Spending</i>	-13
<i>Overtime</i>	-12
Subtotal of Initial Risks	-25
Budget Challenge (Gap + Initial Risks)	-79
<i>***Capital Reallocation of Federal Formula Funds</i>	0
<i>Capital Salaries</i>	66
<i>Department/Programmatic</i>	64
<i>Residual Service Level Planning (Net)</i>	21
Subtotal of Forging Ahead Solves	151
<i>COVID Relief (CRRSAA)</i>	236
<i>Sales Tax Upside & Acceleration Proposal</i>	92
<i>Additional risks and potential deficiencies</i>	-35
Reserved Funds for FY22	365

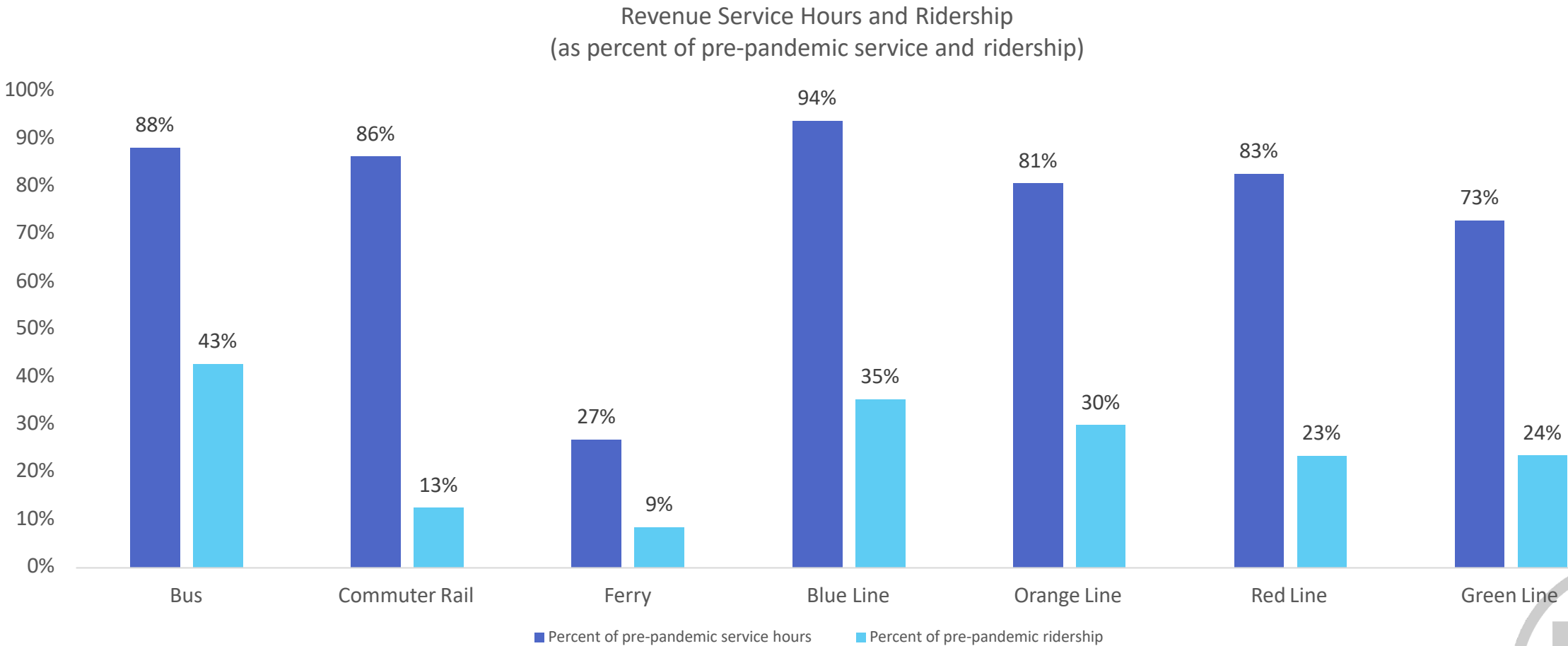
***Capital funding reallocation no longer recommended in FY21 or FY22

Spring 2021 retains 86% of pre-pandemic service level



At the Spring 2021 service level, we would be able to serve ridership demand even in the most optimistic scenario through FY22 (assuming the service is well matched to the demand by mode, service, and time of day) once social distancing is relaxed (consistent with public health guidance)

Spring 2021 Service Retention by Mode



Spring 2021 “Regional Rail” Schedule

- New regional rail schedule **beginning on April 5, 2021**
 - **Maintains 86% of pre-pandemic service hours** (including weekends)
 - **92% of pre-pandemic weekday service hours**
 - **Redefines the service** to support post-COVID travel needs
 - **Reduces journey times** for many riders
 - **Continues evening service** on all lines
 - **Reduces operating costs** to the MBTA
- Estimated annual gross spending savings of \$24M in FY22



How the Regional Rail Schedule Changes Service

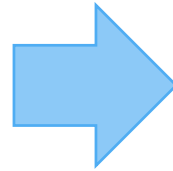
- **Serves new demand:**
 - Less focused on traditional “peak” service; schedules built to maximize consistent “clock face” service throughout the entire weekday
- **Increased efficiency:**
 - As many trips as possible at the lowest overall cost
 - More “short-turns”, i.e., not every train runs to the end of the line = fewer train sets and miles
 - Late night connections/transfers for more efficient use of crews and equipment
- **Spring 2021 compared to Fall 2019 (per week changes):**
 - 18% improvement in rolling stock utilization
 - 11% fewer trains
 - 24% fewer vehicle miles
 - 20% less operator hours

FY21 Safety Panel Hiring Plan (From Spring 2020)

FY21 Hiring Plan could add up to 301 additional initiative specific hires, including 150 safety hires, if legislative authorization to fund capital positions through bond issuance is enacted

FY21 Budget

Initiative Description (ordered in terms of priority)	FY21 Budget		
	FY20 Hires	FY21 Hires	Total FY21 Initiative Headcount
Budget Priorities			
Safety Panel Recommendations	30	151	181
Other Operational Initiatives	6	-	6
PFML	-	-	-
Total Budget Priorities	36	151	187
Policy Choices Made			
Peak Bus Expansion	3	-	3
Light/Heavy Rail	-	-	-
Rail Transformation	5	-	5
Fare Transformation	9	-	9
Policy Choices Made Total	17	-	17
Policy Choices to be Made			
Bus Transformation	5	-	5
Service Enhancements	-	-	-
Bus/Network Redesign	1	-	1
Weekend Pilots	-	-	-
Policy Choices to be Made Total	6	-	6
Initiatives Total Headcount	59	151	210



Potential FY21 Budget with Legislative Action

Initiative Description (ordered in terms of priority)	Initiative Headcount if Legislative Action is Enacted			
	FY20 Hires	FY21 Hires	Total FY21 Initiative Headcount	Variance - Additional Hires over FY21 Budget
Budget Priorities				
Safety Panel Recommendations	30	303	333	152
Other Operational Initiatives	6	31	37	31
PFML	-	-	-	-
Total Budget Priorities	36	334	370	183
Policy Choices Made				
Peak Bus Expansion	3	80	83	80
Light/Heavy Rail	-	38	38	38
Rail Transformation	5	-	5	-
Fare Transformation	9	-	9	-
Policy Choices Made Total	17	118	135	118
Policy Choices to be Made				
Bus Transformation	5	-	5	-
Service Enhancements	-	-	-	-
Bus/Network Redesign	1	-	1	-
Weekend Pilots	-	-	-	-
Policy Choices to be Made Total	6	-	6	-
Initiatives Total Headcount	59	452	511	301

Proposed Initiatives Supplemental Budget Request (From Spring 2020)

November Budget Amendment Summary		FY 20 Oper Headcount		FY21 Oper Headcount	
<u>Initiatives</u>		FY20		FY21	
	EHS/Safety Panel	21	-\$2,797,205		-\$3,886,791
	QA/QC/E&M inspections	9	-\$7,346,053		-\$8,228,378
	Fare transformation (AFC)	9	-\$1,369,274	28	-\$8,697,211
	Rail Vision	5	-\$650,549		-\$1,283,983
	Bus Transformation	12	-\$579,467	34	-\$6,957,670
	Peak Bus Expansion	3	-\$208,619		-\$10,275,031
	Off peak bus pilots	14	-\$423,187		-\$1,984,014
	Network Redesign	1	-\$54,187	22	-\$5,193,862
	Other - PM / Specialized contracts	6	-\$1,058,267		-\$1,736,631
	Initiatives Sub total	80	-\$14,486,810	164	-\$48,243,570



Rail Vision & Bus Transformation (From Spring 2020)

Rail Vision

\$0.7M Cost in FY20

\$1.9M Cost in FY21

To begin to develop Rail Vision per the FMCB's resolution, the new staff will:

- Start and manage the various planning processes (e.g., how to electrify portions of the system, what are the new fleet/facilities needs)
- Identify/prioritize capital projects (start programming into the CIP)
- Develop long-term staffing plan
- Develop contract structures to deliver projects

Bus Transformation

\$1.2M Cost in FY20

\$25.7M Cost in FY21

Define and deliver a transformed Bus experience to new and existing riders, including:

- Stand up Project Management Organization to own vision, roadmap & coordination
- Internal capacity building to enable implementation of Network Redesign & operational process improvements
- Pilot new service approaches
 - Network Redesign Demonstration Projects
 - Weekend / Off-peak pilots
- Increase peak service resources to support meeting Service Delivery Policy

*Assumes External Contract for Preliminary Peak Expansion. Peak Bus Service Revenue Impacts Under Review



Safety, Specialized Hiring/Training and QA/QC (From Spring 2020)

Safety & Specialized Hiring/Training

\$3.9M Cost in FY20

\$5.6M Cost in FY21

Specialized staff and training to perform industry best practice in the focus areas listed below:

- Safety Oversight of Operations
- Incident Response and Investigations
- Oversight Corrective Action Plans Authority Wide
- Audits, Inspections, Observations
- Safety Certifications & Construction Safety
- SMS and Related Safety Training Programs
- Ensuring an effective hazard identification, tracking and resolution process

QA/QC/E&M

\$7.3M Cost in FY20

\$15.6M Cost in FY21

Independent checks on system wide inspections and maintenance:

- Asset Inspection and Improved Lifecycle Management
- Enhanced Preventative Maintenance
- Corrective Maintenance
- Configuration Management
- Drive Improved Quality Control

