



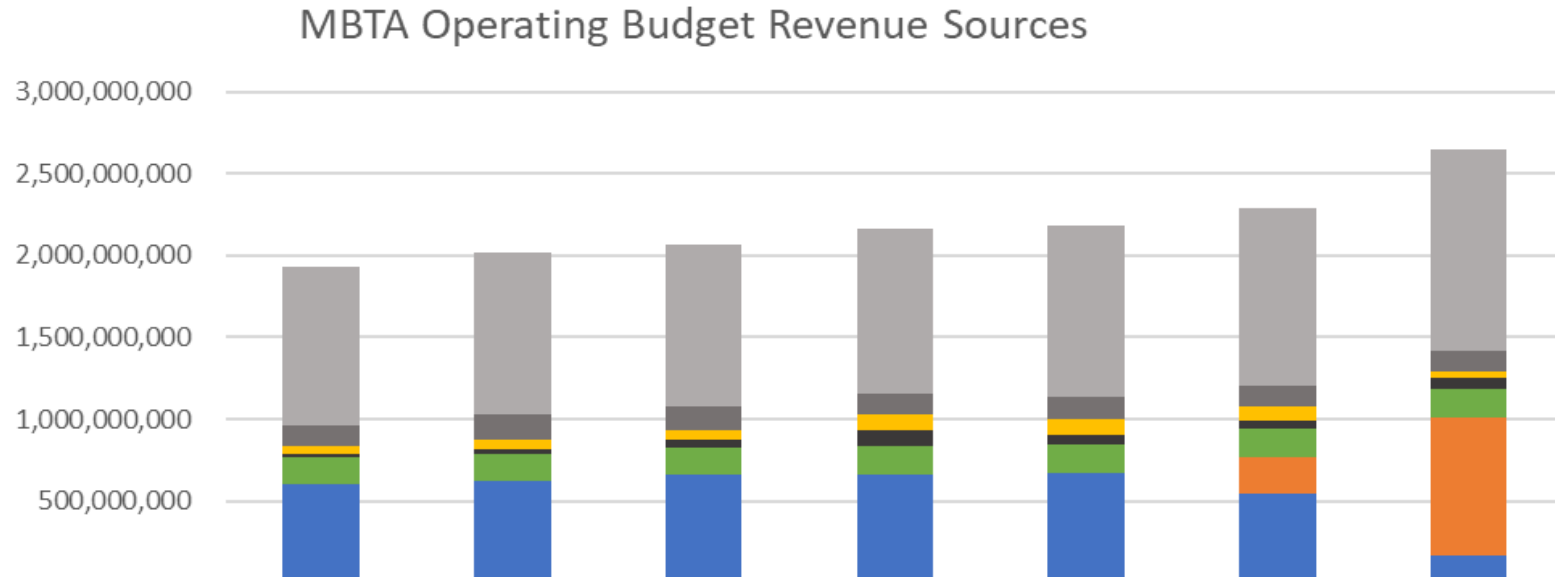
Massachusetts Bay Transportation Authority

Own Source Revenue

Elizabeth Winters Ronaldson, Chief Commercial Officer

Richard Henderson, Chief Real Estate Officer

MBTA Operating Budget Revenue Sources



	FY15 Actuals	FY16 Actuals	FY17 Actuals	FY18 Actuals	FY19 Actuals	FY20 Actuals	FY21 Actuals
State Sales Tax Revenue	970,637,173	986,274,139	992,191,784	1,006,806,769	1,053,201,141	1,077,308,223	1,227,933,066
State Assistance	125,352,620	155,833,334	140,250,001	127,000,000	126,999,998	127,000,006	126,999,989
Own Source	43,341,534	59,247,488	56,639,098	102,275,722	105,568,176	86,405,884	39,025,656
Other Income	26,110,505	30,496,660	53,333,804	96,290,481	57,204,215	52,206,850	66,522,912
Local Assessments Revenue	160,544,921	166,883,175	164,023,015	166,480,960	170,091,004	174,398,093	177,220,338
Federal Revenue	-	-	-	3,924,410	-	221,779,620	842,286,443
Fares	602,626,507	619,214,399	659,002,809	661,055,110	671,701,199	545,650,429	167,113,980

The MBTA's Operating Budget Revenue relies on:

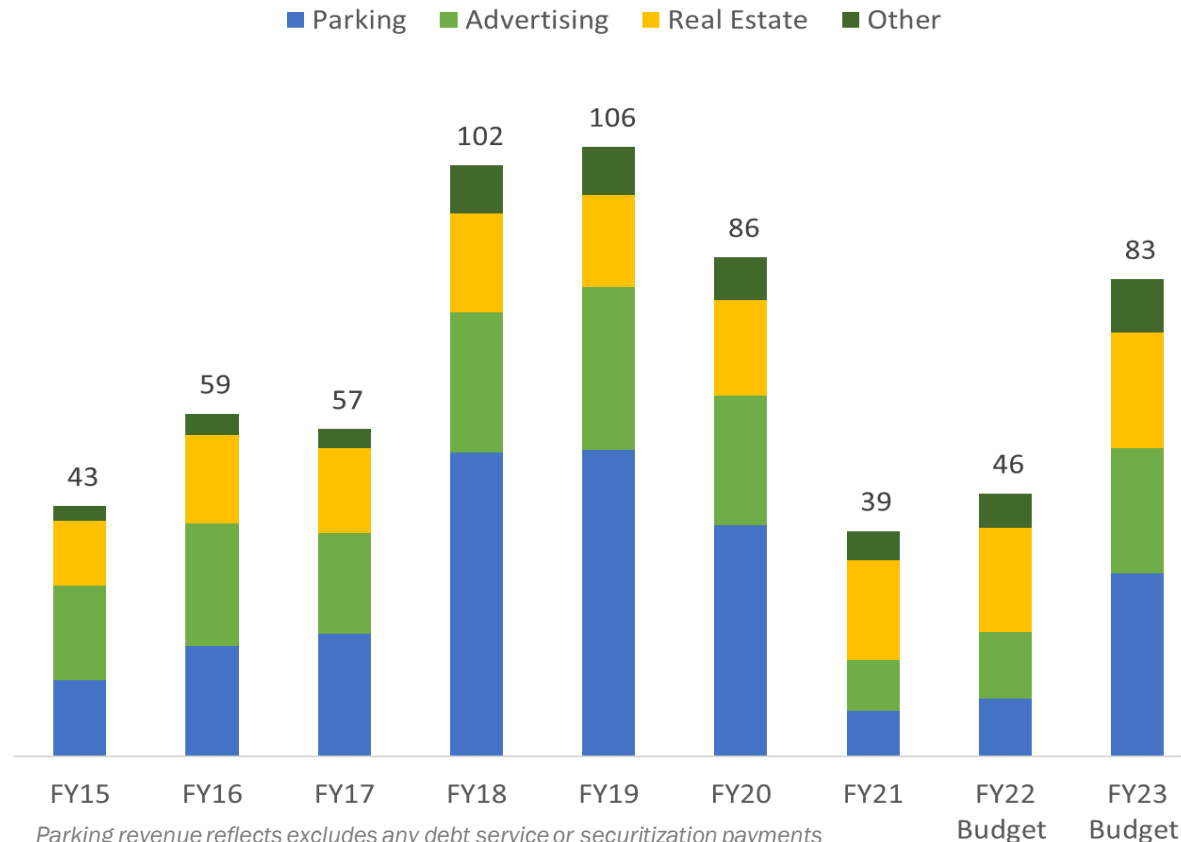
- Sales Tax
- State Assistance
- Local Assessments
- Fares
- Own Source Revenue
 - Parking
 - Advertising
 - Real Estate
 - Other Operating Revenue

Category	FY19	FY22
Fares	31%	7%
Federal Revenue	0%	35%
Local Assessments Revenue	8%	6%
Other Income	3%	1%
Own Source	5%	2%
State Assistance	6%	5%
State Sales Tax Revenue	48%	45%

2 Parking revenue reflects excludes any debt service or securitization payments

Historic Own Source Revenue

Own Source Revenue History by Category (\$M)



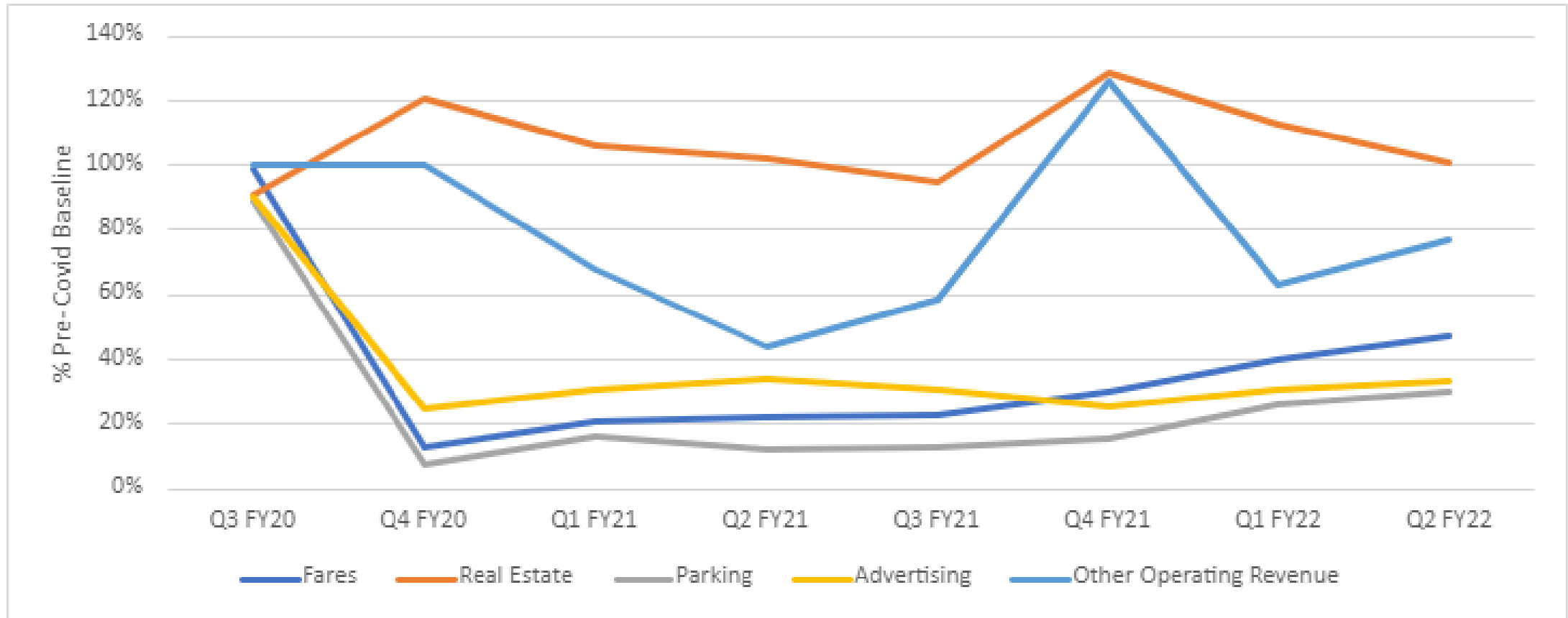
Other Operating Revenues include South Station and Massport Shuttle

Parking revenue reflects excludes any debt service or securitization payments
 FY18: Accounting method change for allocating Parking Revenues; MBTA implemented better revenue collection methods across parking facilities

- COVID-19 has impacted Own Source Revenue growth realized prior to the pandemic
- Operating Revenue (Own Source Revenue + Fares) pre-pandemic grew on average +4% annually and -49% since



Own Source Revenue During Covid-19

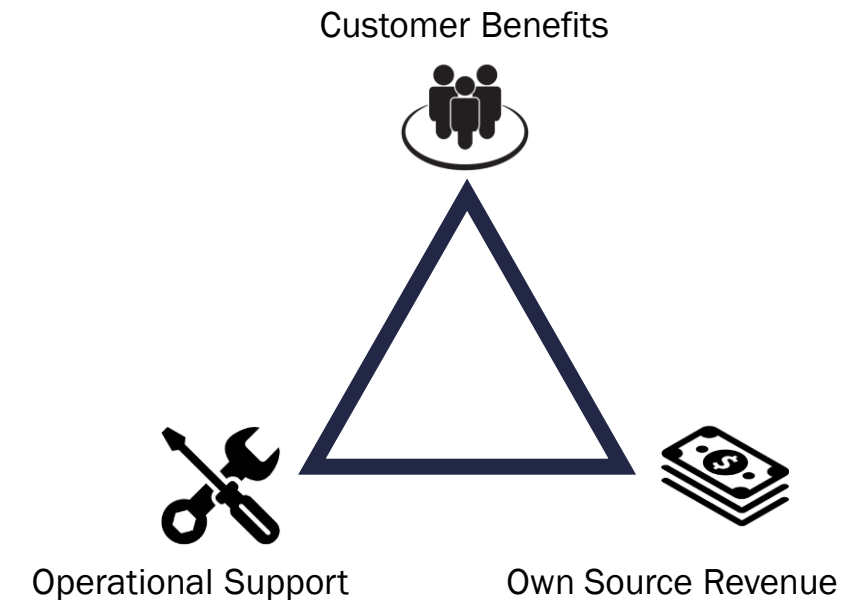


- Since March 2020, revenues from **Fares**, **Parking**, and **Advertising** have declined in line with ridership
- However, **Real Estate** and **Other Operating Revenues** have remained more stable



Capturing Value from Own Source Revenue Initiatives

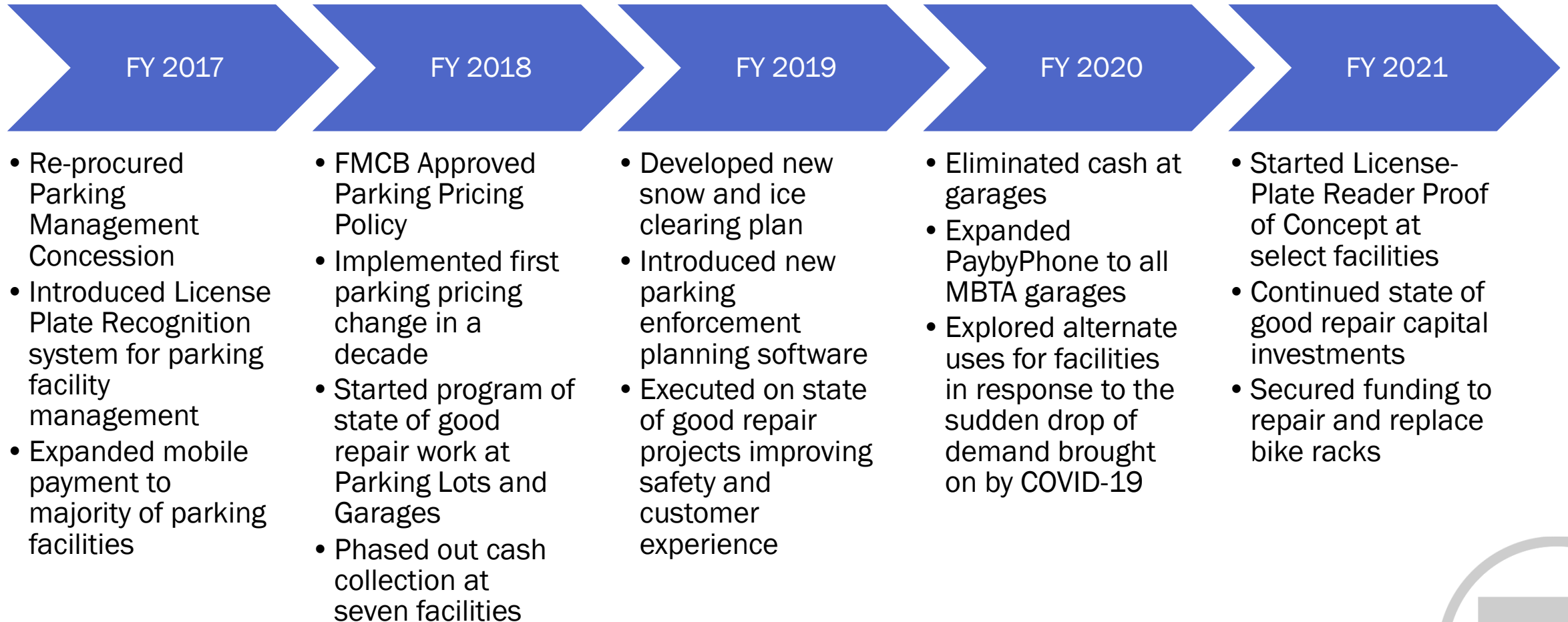
- Best sources of Own Source Revenue are **recurring** and require **active management** to maximize revenues
 - Advertising, Telecommunications, Parking, Concession Rent, and Utilities
- Many sources of Own Source Revenue also provide **value** to our riders and the Authority beyond revenue generation
 - Real-time Customer Information is provided by our digital advertising panels
 - First & Last Mile connections are provided by our parking lots and garages
 - Cell service is provided for our riders through the Telecommunication infrastructure in stations and tunnels
- Transit Oriented Developments (TODs) are key for creating **dense, safe, walkable** communities
 - The value created through TODs take many forms: housing, commercial real estate, parking, access improvements, operating cost avoidance, and revenue



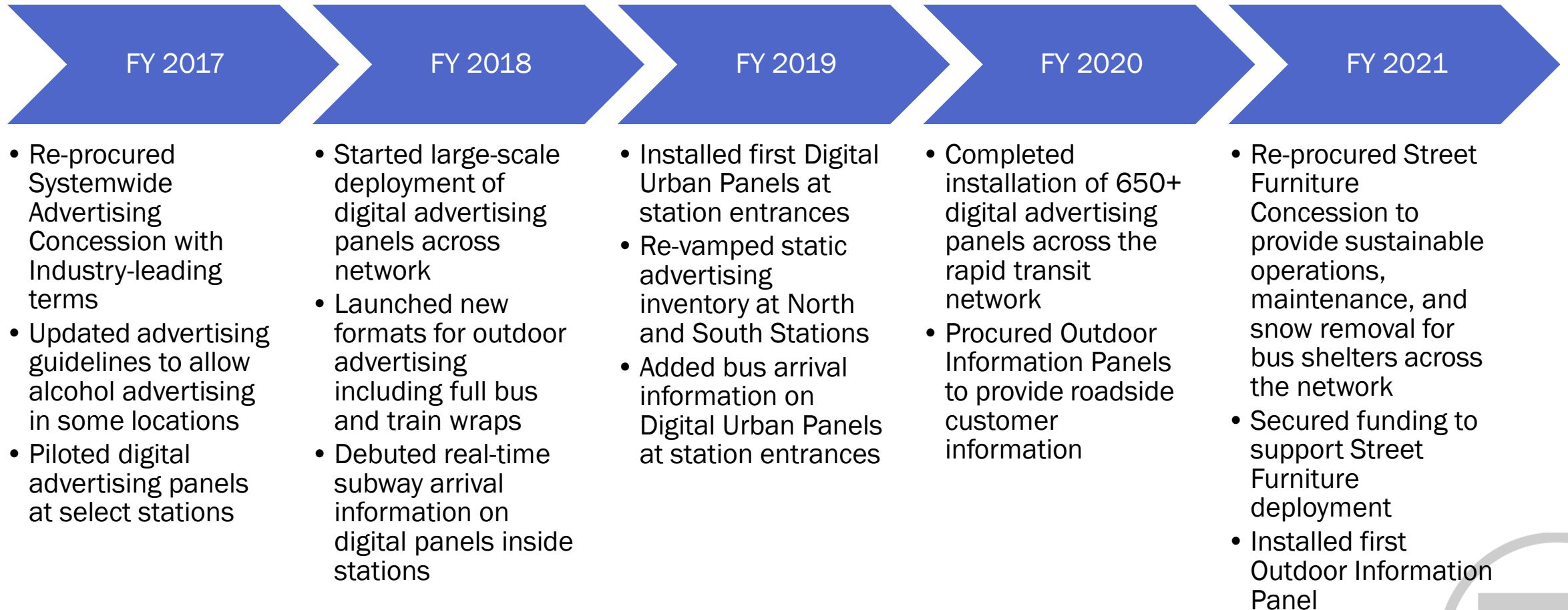
Internal Resources (people, funding, attention, capacity) are focused on Safety, Service, and State of Good Repair



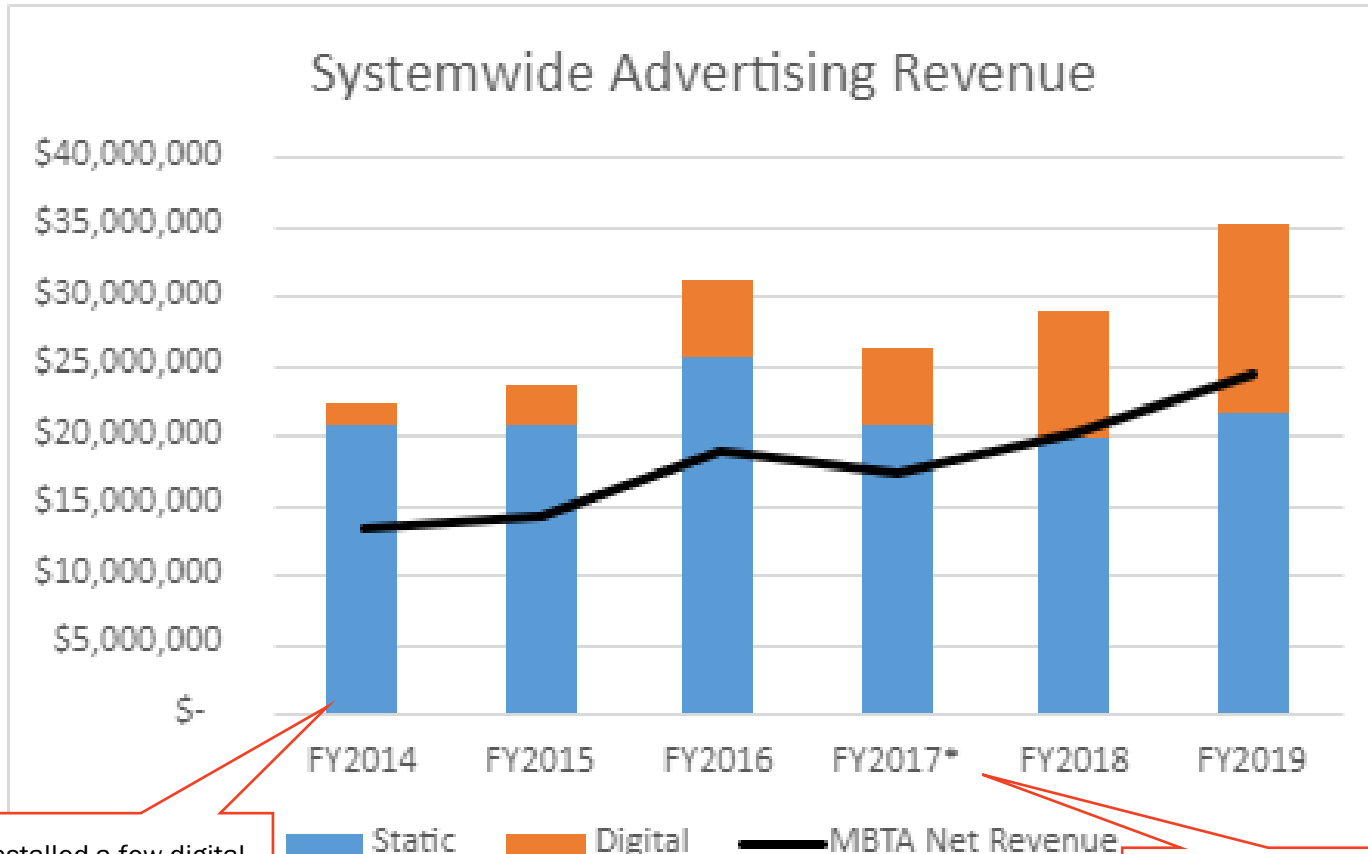
Parking and Station Access Initiatives



Advertising Initiatives



Systemwide Advertising Revenue

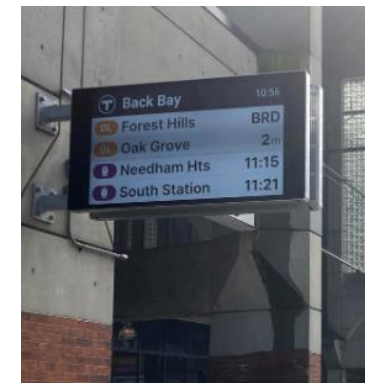


Installed a few digital advertising panels on the rapid transit network

Started larger scale deployment of digital advertising panels

Systemwide Advertising Revenue growth pre-pandemic was fueled by:

- Installing digital panels across the rapid transit network
- Diversifying and continuously refreshing portfolio with in-station and street-level assets



Digital Urban Panel displaying Real-Time Customer Information outside Back Bay Station



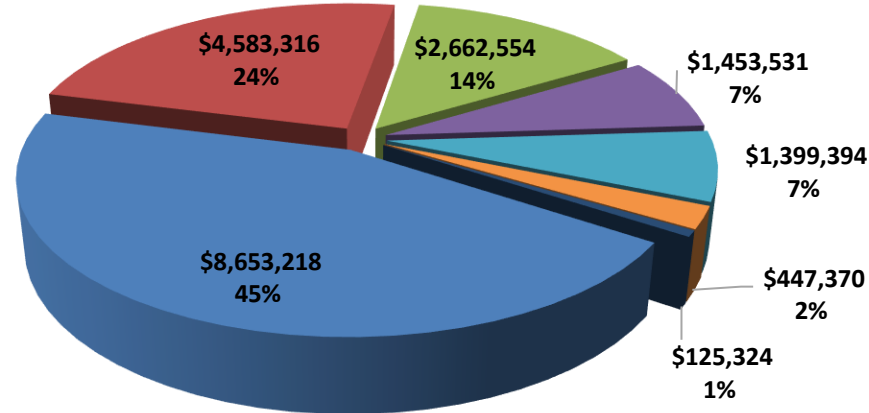
*FY17 Outfront took over as the MBTA's Systemwide Advertising Concessionaire

8 Systemwide Advertising Concession includes advertisements on and in MBTA stations, buses, trains
Additional advertising sources include Billboards, Bus Shelters, and Street Furniture (not included)

Real Estate Recurring Revenue

Current Rent Roll

\$19,324,706 Recurring Income (1,087 Agreements)



■ Telecommunications 117 Agreements	■ Land 246 Agreements	■ Concessions 67 Agreements	■ TOD 3 Agreements	■ Utilities 337 Agreements	■ Short Term Licenses 318 Agreements	■ Other 44 Agreements
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Note: above represents in place occupancy agreements, not inclusive of admin and other processing income.

Largest Rent Roll Contributors

Telecommunication

Agreement	Annual Revenue
InSite Wireless	\$1,559,081
Williams Comm.	\$1,060,989
Sprint	\$987,139

TOD, Land and Buildings

Agreement	Annual Revenue
North Station Garage	\$2,299,374
S.S. Headhouse	\$1,035,000
Riverside TOD	\$900,000*

Concessions

Agreement	Annual Revenue
Chase Bank	\$646,006
Citizens Bank	\$288,283
Bank of America	\$208,467

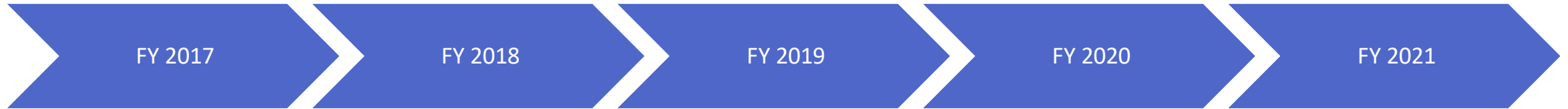
Utilities

Agreement	Annual Revenue
Boston Edison	\$274,562
Mass Electric	\$243,637
N.E. Power	\$169,891

*The Riverside revenue is option period rent that will end at the project closing.



Real Estate Revenue Highlights



- **\$12,000,000** payment for amended lease at South Station + **\$1,000,000** in annual lease payments.
- **\$2,208,858** for grant of multiple easements in connection with Encore Boston Harbor.
- **\$821,400** upfront payment for the lease of land at Beverly Depot Station.
- **\$782,175** for the sale of Parcel U at Forest Hills.

- **\$4,226,261** transaction fee at transfer of South Station lease.
- **\$4,900,000** for conversion of lease to sale of land in Revere.
- **\$1,020,000** for grant of easement to National Grid for a transmission line.
- **\$621,414** annually for Encore's lease of space at Everett Shops Bus Facility.
- **\$599,463** for grant of easement to New England Power.

- **\$1,799,000** for sale of Newburyport Station TOD site.
- **\$500,000** Forbearance Payment for Riverside Station Option.

- **\$2,019,604** for sale of Greenbush Station parking lot.
- **\$659,258** loss in annual revenue for termination of Encore lease at Everett Shops Bus Facility.
- **\$540,030** annually for lease of North Quincy Station TOD site.
- **\$250,000** Forbearance Payment for Riverside Station Option.
- **\$209,063** for grant of easement for grade crossing at Cordage Park.

- **\$702,190** annually for Chase Bank Lease of 28 ATM locations.
- **\$639,497** upfront payment for the Mattapan Station Ground Lease + **\$219,592** annually commencing in Nov. 2023.
- **\$250,000** Forbearance Payment for Riverside Station Option + **\$480,000** annually until closing.
- **\$2,478,689** in property sales.

Key

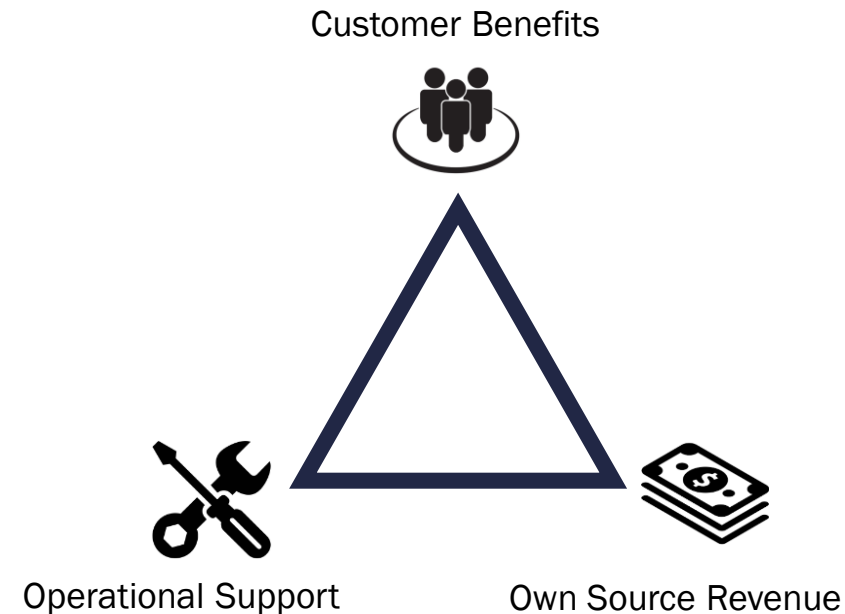
Recurring Revenue

One-Time Revenue



Maximizing Benefits from MBTA Assets

- The MBTA Own Source Revenue relies on reliable, recurring revenue sources
- TODs can provide value for the MBTA and customers, but that value can be realized in different ways. Existing examples include:
 - **Kendall:** New headhouse provides customer amenity, but no one-time or recurring revenue,
 - **North Quincy:** Surface lot redeveloped as a parking garage, 600 housing units and retail. Ground lease payments are partly offset by higher operating costs for the garage.
 - **Riverside:** MBTA receives new parking facility maintained by developer, but lease payment from developer reduced by costs related to build and maintain garage and highway ramps



National Comparison of Transit Agencies

The MBTA is a leader among transit agencies in the creation of housing and commercial square footage:

Transit Agency	Buildings Completed	Residential Units	Commercial SF
WMATA (Washington DC)	45	8,252	3,500,000
BART (Bay Area – California)	20	4,247	672,000
MBTA (Boston)	58	3,694	2,407,375
MARTA (Atlanta)	18	1,941	2,600,000
LA Metro (Los Angeles)	9	2,200	Unknown
RTD (Denver)	6	781	Unknown
Sound Transit (Seattle)	4	426	-
TriMet (Portland)	1	200	-
CTA (Chicago)	-	-	-
SEPTA (Philadelphia)	-	-	-

**NOTE: This list is only inclusive of projects that are under construction or completed on property leased or sold by the agency and include some aspect of transit facilities replacement or integration. Therefore, the numbers differ from the next slide, which used a broader definition.*



MBTA Transit Oriented Development Projects 2004-22

Project Status	Units	Affordable	Commercial SF	Value to MBTA	In Kind	Cash*
COMPLETED: 12 Projects	4,361	907	4,685,235	\$79,571,589	\$39,500,000	\$40,071,589
UNDER CONSTRUCTION: 11 Projects	1,471	545	1,193,140	\$194,938,329	\$170,000,000	\$14,156,504
IN PERMITTING: 2 Projects	1,182	193	1,248,000	\$62,584,106	\$37,000,000	\$25,584,106
GRAND TOTAL	7,014	1,645	7,126,375	\$337,094,024	\$246,500,000	\$90,769,801
* Actual one-time payment or net present value of rent stream						



Constraints and Initiatives: Real Estate TOD

- Past real estate dispositions sold 266 acres, earning only one-time revenue. Few existing projects pay annual ground rent.
- Virtually all **remaining TOD opportunities are actively used** by MBTA functions.
 - In order to initiate a real estate opportunity each property must be properly and extensively vetted with the operating departments to ensure all impacts are considered before an Invitation to Bid can be issued.
- **Market** is strong for MBTA sites, but potential income is impacted by operational needs and requirements to maintain parking, span active facilities; and as well by environmental conditions, community goals, and other considerations. As per prior slide in certain cases, development has provided value in the form of improved facilities rather than dollars.
- Most MBTA owned properties have not been zoned for development, impacting value and time to market. Host communities have local goals and expectations regarding density and needs that can result in non- or lower-revenue generating uses and development of MBTA land.



Constraints and Initiatives: Public-Private Partnerships

- **Additional legal authority is necessary** for MBTA to maximize real estate opportunities,
 - Currently MBTA has very **limited opportunity for creative Public-Private Partnerships**. Recent Administration efforts to encourage Public Private Partnerships (P3s) through legislative change remain have yet to be enacted by the Legislature.
 - Existing authority to dispose and/or leasing is best suited to dwindling supply of unused surplus property
- Substantial MBTA resources are devoted to reviewing and coordinating impacts of **adjacent construction and development projects**, often with little benefit to the T.
 - **A review of the opportunities to improve the** monetary benefit to the T is underway. Currently the MBTA is formally at the table for mitigation discussions only if project is subject to the State MEPA permitting process.



Real Estate Leasing Constraints

- **Access to the system is limited** to overnight hours and by limited availability of staff to oversee third party work for installation or investigation of revenue-generating opportunities.
- Many of our Concession Spaces are need improvements, making them challenging to lease without significant investment.
- **Market** can be difficult for concession spaces inside stations. During Covid, several tenants closed their businesses. We currently have 67 concession leases.
- **MBTA-occupied space** had traditionally not been managed as a comprehensive Real Estate portfolio to maximize efficiencies, savings and/or revenue potential.



Growing Own Source Revenue



Growing Own Source Revenue

1. Advertising and Parking revenues growth relies upon and is tied to increases in systemwide ridership
2. Additional Outdoor Advertising will generate incremental revenue, but there are diminishing returns on new locations
3. Converting or installing new digital billboards, which materially increase revenue, has proved challenging
4. Legislation is being sought to authorize the MBTA to enter into Design-Build-Operate-Maintain Agreements to drive Public-Private Partnerships to spur economic development, support capital infrastructure improvements, and provide on-going revenue.
5. Advance planning relies on MBTA internal resources to support revenue growth recognizing MBTA priority is to support Safety, Service, and State of Good Repair efforts.



Growing Revenue: Parking and Station Access Initiatives

In order to **grow revenue, efficiently manage facilities, and encourage parking**, the MBTA is continuing:

- Upgrades to **parking enforcement technology** that will enable new parking products and revenue collection processes
- On-going data- and market-based review of **parking prices** to generate long-term, sustainable revenue and consistent parking utilization across the network
- **State of good repair work** at garages and parking lots



License Plate Reader Cameras at MBTA Parking Facility



Growing Revenue: Advertising Initiatives

With twin goals of **growing revenue** and **supporting customers**, the MBTA is expanding:

- Street Furniture at Bus Stops
- Digital Outdoor Information Panels
- Digital Advertising Screens at the entrances to Rapid Transit Stations

The MBTA continues to partner with and seek the support of Municipalities, Residents, and State Agencies to:

- Support and encourage the introduction of new advertising-supported customer amenities in their communities
- Review, provide feedback on, and approve plans for new locations
- Coordinate and communicate upcoming projects to identify impacts to and opportunities for new sites



Draft Design for future Bus Shelters



Proposed Information Kiosk at Maverick Station

Growing Revenue: Real Estate Leasing

In order to **grow revenues** and **customer experience**, the MBTA is:

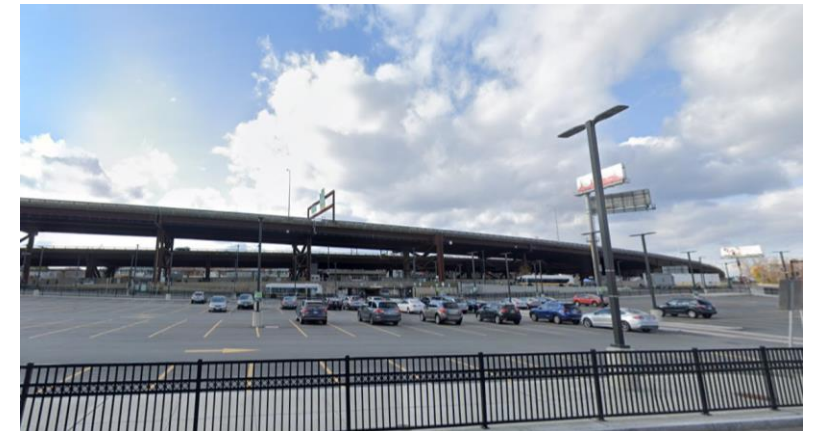
- Exploring potential of new technologies for additional **utility and telecommunications** use on MBTA infrastructure and land
- Reviewing the MBTA's portfolio of owned and leased facilities to ensure efficient size, function and utilization and **identify opportunities for cost savings or lease revenue**
- Investing in vacant **concession spaces** in stations that have potential to repay investment in a few years and/or improve accessibility and customer experience



Growing Revenue: Real Estate TOD

In order to build revenues and improve our facilities while promoting regional economic development and increasing ridership, the MBTA is:

- Moving forward with the next generation of **TOD Opportunities** (Sullivan, Watertown, Alewife, Quincy Center, Lynn)
- Exploring potential new opportunities related to MBTA Communities Act and P3 legislation
- Engaging in local permitting processes for nearby private development, and advocating for impact mitigation and mutually beneficial improvements



Sullivan Station Parking Lot

To do this, the MBTA relies on the support of internal MBTA/DOT resources and the partnership of Municipalities and State agencies.



Appendix



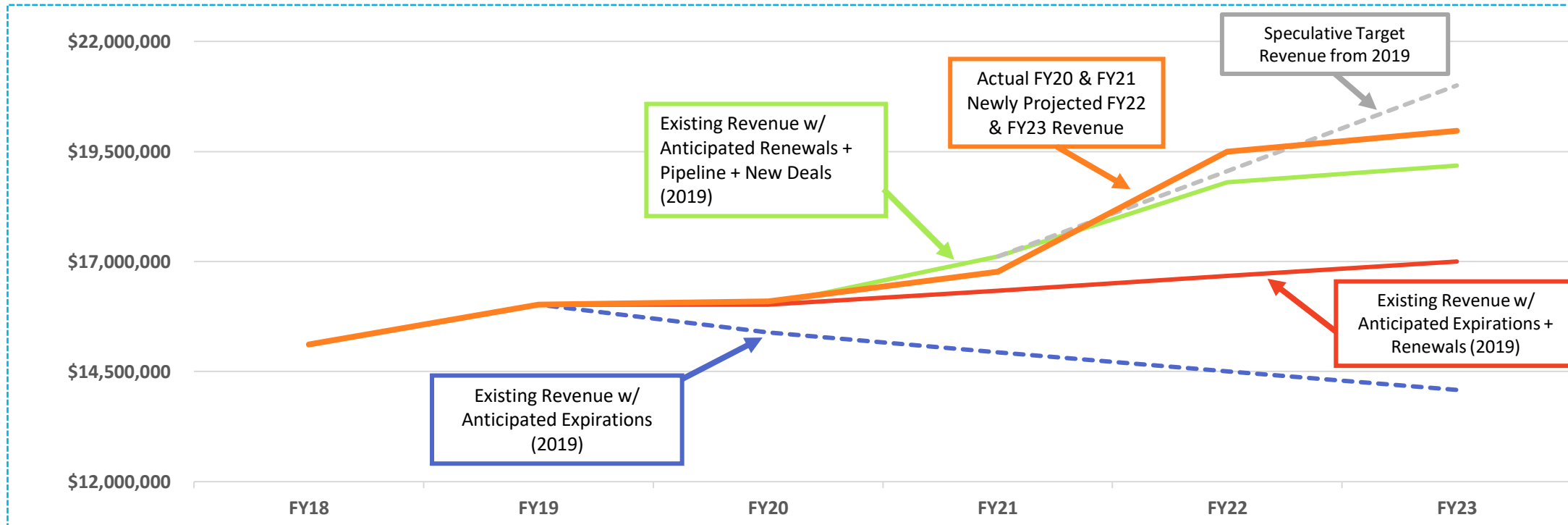
Historical Recurring Real Estate Revenue

Revenue Category	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Concessions	\$ 2,673,733.00	\$ 2,285,000.89	\$ 2,266,808.66	\$ 2,196,142.87	\$ 1,953,420.58	\$ 2,002,265.55	\$ 1,439,208.23
Utilities	\$ 1,235,210.34	\$ 1,137,973.54	\$ 1,332,498.32	\$ 1,342,045.88	\$ 1,291,840.33	\$ 1,511,355.46	\$ 1,599,836.91
Rental/Land Building	\$ 1,476,674.17	\$ 1,345,673.34	\$ 1,200,853.07	\$ 2,137,455.55	\$ 2,039,749.99	\$ 1,265,441.18	\$ 1,302,683.46
Telecommunications	\$ 6,953,846.72	\$ 7,694,343.11	\$ 8,115,382.77	\$ 8,468,926.19	\$ 7,480,192.12	\$ 8,051,389.00	\$ 8,827,035.24
Long Term Agreements & Easements*	\$ 536,548.28	\$ 202,461.79	\$ 1,584,430.94	\$ 7,757,779.20	\$ 1,814,696.86	\$ 2,362,439.09	\$ 2,697,462.00
Licensing and Other Income	\$ 802,331.54	\$ 886,636.92	\$ 596,265.04	\$ 559,361.88	\$ 762,743.34	\$ 904,839.13	\$ 902,400.96
Total Income	\$ 14,214,892.33	\$ 13,687,884.66	\$ 15,630,669.80	\$ 22,642,166.49	\$ 15,957,340.16	\$ 16,210,576.35	\$ 16,882,954.38

**Note: This category represents payments associated with long term leases i.e. lease payments, extension fees, assignment and transfer fees.*



Recurring RE Revenue Trend Updated from 2019



Actual & Newly Projected Revenue

- This line represents the trend of where MBTA Real Estate expects its recurring revenue to be through FY23 based on historical run rate from the last 5 years + renewals.

Speculative Target Revenue from 2019

- This line represents the trend of where MBTA Real Estate in 2019 was targeting to grow its recurring revenue by FY23.

Existing Revenue w/ Anticipated Renewals + Pipeline + New Deals

- This line represents the trend of where MBTA Real Estate in 2019 was expecting its recurring revenue to be by FY23 with renewals, existing pipeline projects and new projects.

Existing Revenue w/ Anticipated Expirations

- This line represents the trend of where MBTA Real Estate would expect its recurring revenue to be by FY23 based on historical run rate from the last 5 years*.

Existing Revenue w/ Anticipated Expirations + Renewals (2019)

- This line represents the trend of where MBTA Real Estate would expect its recurring revenue to be by FY23 based on historical run rate from the last 5 years + renewals.

*FY20 includes reduction of \$640,056 for the Everett Warehouse lease. MBTA has opted to terminate the lease to utilize the space for operations. Draft for Discussion & Policy Purposes Only



MBTA Transit Oriented Development Projects

Project	Lessee/Developer	Units	Affordable	Commercial SF
Completed Projects				
Arborpoint at Woodland Station	National Development	180	45	N/A
The Carruth at Ashmont Station	Trinity Financial	116	74	38,000
Parcel 1A - Avenir at North Station	Trinity Financial	241	17	30,000
Hingham Shipyard	Samuels	479	24	240,000
225 Center Street at Jackson Square	JPNDC	438	291	60,000
Avalon North Station	Avalon Bay	503	54	3,575
Parcel U	Urbanica	102	78	2,660
Beverly Depot	Barnat Development	67	14	4,500
Boston Landing	NB Development Group	295	38	730,000
Assembly Row	Federal Realty	1843	230	3,385,000
Parcel 25 (Phase 1)	Mission Hill NHS	88	40	196,000
Newburyport	Minco	76	16	N/A
TOTALS		4,361	907	4,685,235
Projects Under Construction				
Parcel 25 (Phase 2)	Mission Hill NHS	46	46	N/A
Bartlett Place	Nuestra/Windale	323	194	54,000
Fenway Center	Meredith/IQHQ	312	47	228,000
Waterfront Square	Eurovest/Redgate	320	N/A	175,000
South Station Air Rights (Phase 1)	Hines	175	26	711,000
North Quincy Station	Bozzuto/Atlantic Development	610	*	55,000
25 Amory Street - Jackson Square	JPNDC	44	44	N/A
250 Centre Street - Jackson Square	The Community Builders	112	45	2,140
125 Amory Street - Jackson Square	Urban Edge	62	62	N/A
Mattapan Station	POAH/Nuestra	135	70	10,000
Scituate - Greenbush Station	Drew Company	77	11	13,000
TOTALS		1,471	545	1,193,140
Projects in Permitting/Design				
Riverside Station	Mark Development	582	103	594,000
Back Bay Station	Boston Properties	600	90	654,000
TOTALS		1,182	193	1,248,000
GRAND TOTAL		7,014	1,645	7,126,375

* \$5 million contribution to the City's Affordable Housing Fund

