



Massachusetts Bay Transportation Authority

Budget Update: FY22 Q3 Results

MBTA Audit & Finance Committee

May 12, 2022

Finance Team

YTD Operating Budget Summary

- YTD net revenues were \$651.2M with \$2,285.1M in total revenues and \$1,633.9M in total expenses
 - Without one-time federal funding, the operating net revenue would be deficient \$114.3M
- Positive net revenues YTD add to the Operating Budget Deficiency Fund balance
 - Deficiency fund balance dedicated to mitigate the projected deficit in FY23 or FY24 and any other current or future obligations, per Board vote in June 2021

(\$M) Category	FY22 YTD Budget	FY22 YTD Actual	YTD Variance (\$)	YTD Variance (%)	FY22 Annual Budget
Fare Revenues	142.1	230.5	88.4	62%	200.2
Own Source Revenue	30.0	40.3	10.3	35%	45.5
Non-Operating Revenues	1,905.1	2,014.2	109.2	6%	2,525.8
Total Revenues	2,077.2	2,285.1	207.9	10%	2,771.5
<i>Fare Recovery Ratio</i>	<i>10%</i>	<i>18%</i>	<i>8%</i>	<i>-</i>	<i>11%</i>
Wages, Benefits and Payroll Taxes	676.1	626.9	49.2	8%	899.2
Non-Wage	741.8	648.3	93.5	14%	987.8
<i>Operating Expenses Subtotal</i>	<i>1,417.8</i>	<i>1,275.2</i>	<i>142.7</i>	<i>11%</i>	<i>1,887.0</i>
Debt Service	343.7	358.7	(15.0)	-4%	467.8
Total Expenses	1,761.5	1,633.9	127.6	8%	2,354.7
Net Revenues Before Transfers	315.7	651.2	335.5	52%	416.8
<i>Federal Relief Revenue</i>	<i>740.5</i>	<i>765.5</i>	<i>25.0</i>	<i>3%</i>	<i>959.2</i>
<i>Net Revenues Without Relief Revenue</i>	<i>(424.8)</i>	<i>(114.3)</i>	<i>310.5</i>	<i>-73%</i>	<i>(542.4)</i>

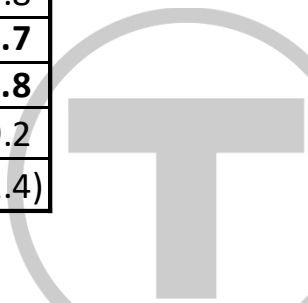
*YTD Numbers are through March 2022



Operating Budget Summary

- Q3 net revenues were \$138.3M with \$701.6M in total revenues and \$563.3M in total expenses
- Total revenues and expenses both 6% favorable for the quarter
- Fare revenue recovery ratio of 17% for the quarter, below the 42% ratio pre-pandemic but above the 9% from Q3 last year

(\$M) Category	FY22 Q3 Budget	FY22 Q3 Actual	Quarterly Variance (\$)	Quarterly Variance (%)	FY19 Q3 Actual	\$ Variance (Relative to FY19 Q3)	%Variance (Relative to FY19 Q3)	FY22 Annual Budget
Fare Revenues	50.8	74.9	24.2	48%	160.8	(85.8)	-53%	200.2
Own Source Revenue	10.9	14.7	3.8	35%	21.6	(7.0)	-32%	45.5
Non-Operating Revenues	600.3	612.1	11.8	2%	338.3	273.8	81%	2,525.8
Total Revenues	661.9	701.6	39.8	6%	520.7	180.9	35%	2,771.5
<i>Fare Recovery Ratio</i>	<i>11%</i>	<i>17%</i>	<i>7%</i>	<i>-</i>	<i>42%</i>	<i>-24%</i>	<i>-</i>	<i>11%</i>
Wages, Benefits and Payroll Taxes	222.5	210.2	12.3	6%	183.8	26.4	14%	899.2
Non-Wage	256.3	227.9	28.5	12%	202.9	24.9	12%	987.8
<i>Operating Expenses Subtotal</i>	<i>478.9</i>	<i>438.1</i>	<i>40.8</i>	<i>9%</i>	<i>386.7</i>	<i>51.4</i>	<i>13%</i>	<i>1,887.0</i>
Debt Service	120.4	125.2	(4.8)	-4%	119.9	5.3	4%	467.8
Total Expenses	599.2	563.3	35.9	6%	506.6	56.7	11%	2,354.7
Net Revenues Before Transfers	62.7	138.3	75.7	55%	14.1	124.3	884%	416.8
<i>Federal Relief Revenue</i>	<i>195.0</i>	<i>198.8</i>	<i>3.8</i>	<i>2%</i>	<i>(3.9)</i>	<i>202.7</i>	<i>-5144%</i>	<i>959.2</i>
<i>Net Revenues Without Relief Revenue</i>	<i>(132.3)</i>	<i>(60.4)</i>	<i>71.9</i>	<i>-54%</i>	<i>18.0</i>	<i>78.4</i>	<i>436%</i>	<i>(542.4)</i>



Revenue Summary

- **\$701.6M in total revenues** were \$39.8M favorable to budget for the quarter
 - 79% of favorability due to sales tax and fare revenue
- **Fare revenues favorable \$24.2M for the quarter** as ridership recovers and economy reopens
- **Sales tax revenue favorable \$7.1M for the quarter** as revenues outperform budget benchmarks
- **Own source revenues favorable \$3.8M for the quarter** primarily from parking revenue as the trend correlates with ridership increases and due to the timing of collections from Massport shuttle revenues
- **Federal Funds favorable \$3.8M for the quarter** based on actual reimbursable expenses

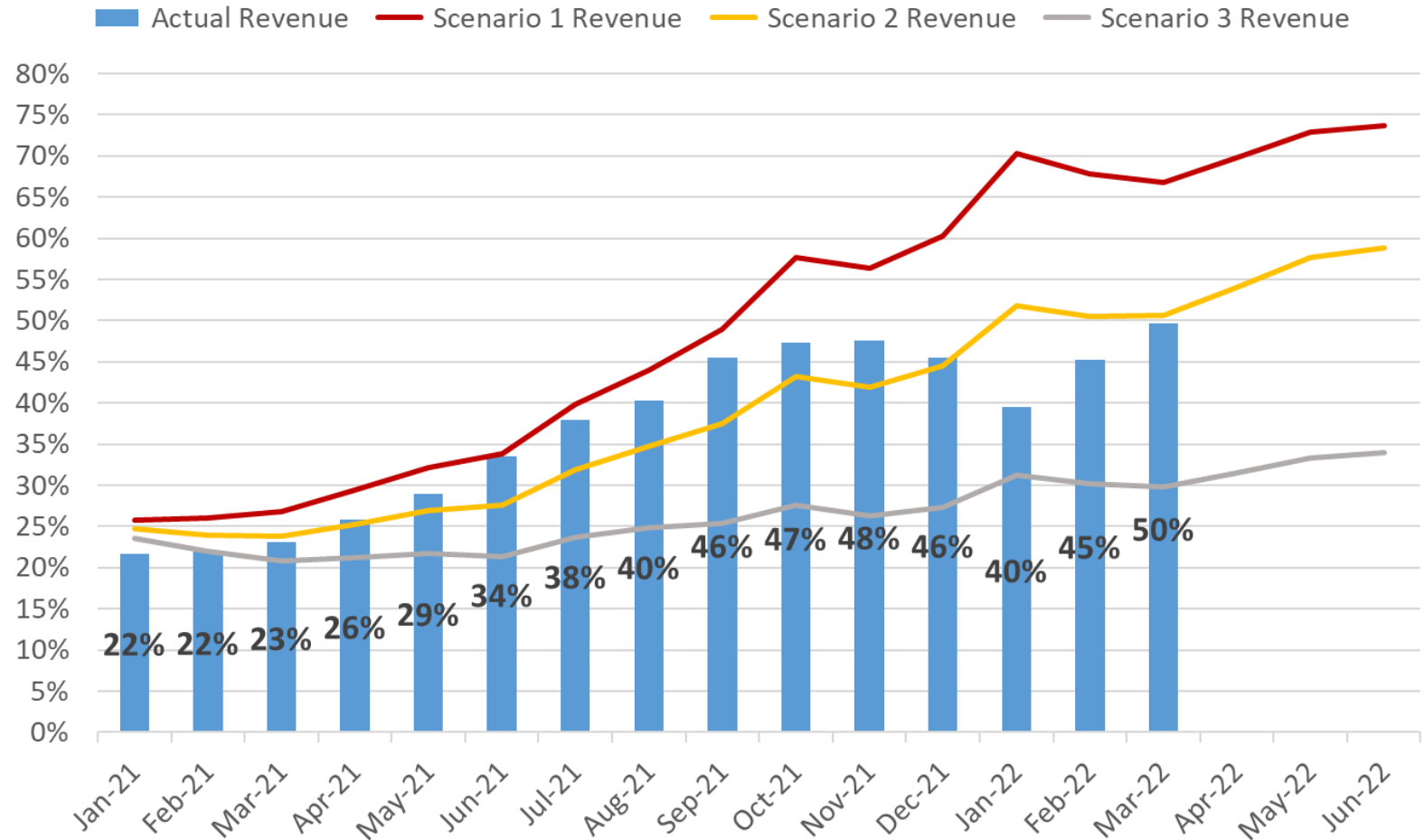
Revenue (\$M)	FY22 Q3 Budget	FY22 Q3 Actuals	Quarterly Variance (\$)	Quarterly Variance (%)	FY19 Q3 Actuals	\$ Variance (Relative to FY19 Q3)	% Variance (Relative to FY19 Q3)	FY22 Annual Budget
Fare Revenues	50.8	74.9	24.2	48%	160.8	(85.8)	-53%	200.2
Advertising	2.4	3.3	0.9	35%	5.7	(2.4)	-42%	11.5
Parking	2.7	3.9	1.2	46%	9.3	(5.4)	-58%	9.9
Other	1.5	2.8	1.3	85%	2.0	0.8	39%	6.0
Real Estate	4.2	4.6	0.4	10%	4.6	0.0	1%	18.0
<i>Own Source Revenue Subtotal</i>	10.9	14.7	3.8	35%	21.6	(7.0)	-32%	45.5
Total Oper. Revenues:	61.6	89.6	28.0	45%	182.4	(92.8)	-51%	245.7
State Sales Tax Revenue	322.8	329.9	7.1	2%	258.0	71.9	28%	1,235.9
Federal Funds	195.0	198.8	3.8	2%	(3.9)	202.7	-5144%	959.2
Local Assessments Revenue	44.8	44.8	0.0	0%	42.5	2.3	5%	179.3
Other Income	5.9	6.8	0.9	15%	10.0	(3.2)	-32%	24.5
State Assistance	31.8	31.7	(0.0)	0%	31.7	0.0	0%	127.0
Total Non-Oper. Revenues:	600.3	612.1	11.8	2%	338.3	273.8	81%	2,525.8
Total Revenues:	661.9	701.6	39.8	6%	520.7	180.9	35%	2,771.5



Fare Revenue Collection

- 50% of baseline revenue in March tracks closest to Scenario 2
 - Highest since the start of the pandemic impacts (March 2020)
 - Month over Month increase partially attributable to St. Patrick's Day parade along with milder weather compared to February
 - January decrease due to multiple factors including the Omicron variant and other external elements
- Since scenario modeling began, actuals have aligned with all three scenarios at different points in time
- Scenario 2 fare revenue for the year would yield \$123M in favorability or upside relative to budget
- Scenario 1 fare revenue for the year would yield \$222M in favorability or upside relative to budget

Fare Revenue Actuals & Projections as % of Baseline



Spending Summary

- **\$563.3M in total expenses** were \$35.9M favorable to budget for the quarter
- **Regular wages \$5.4M favorable for the quarter** as hiring efforts ramp up to fill vacancies and new budgeted positions in a difficult job market
- **Overtime unfavorable \$3.2M for the quarter** mostly due to weather related overtime during the winter months
- **Fringe benefits \$10.1M favorable for the quarter** as pension contribution rates remain level with last year, avoiding expected/budgeted increases
- **Materials and services \$17.7M favorable for the quarter** mostly in professional services, COVID-19 related spending and snow removal costs
- **Purchased transit services \$7.7M favorable for the quarter** due to commuter rail extra work and services along with trip demand for the RIDE
- **Debt service \$4.8M unfavorable for the quarter** due to timing of principal payments with budget favorability expected next quarter
- **Actual COVID-19 spend is \$7.2M for the quarter, \$22.1M YTD** including cleaning and PPE

Expenses (\$M)	FY22 Q3 Budget	FY22 Q3 Actuals	Quarterly Variance (\$)	Quarterly Variance (%)	FY19 Q3 Actuals	\$ Variance (Relative to FY19 Q3)	% Variance (Relative to FY19 Q3)	FY22 Annual Budget
Regular Wages	128.0	122.6	5.4	4%	106.1	16.5	16%	520.0
Overtime	11.3	14.5	(3.2)	-22%	12.8	1.7	13%	43.2
Wages Subtotal	139.4	137.2	2.2	2%	118.9	18.2	15%	563.2
Fringe	83.2	73.1	10.1	14%	64.8	8.2	13%	336.0
Materials & Services	90.2	72.5	17.7	24%	65.0	7.6	12%	337.5
Insurance	6.4	4.0	2.4	59%	2.4	1.6	67%	25.7
Commuter Rail	122.6	120.6	2.0	2%	101.2	19.4	19%	481.3
RIDE	29.9	25.2	4.8	19%	20.9	4.3	21%	114.9
LSS & Ferry	5.3	4.4	0.9	20%	11.9	(7.5)	-63%	21.3
<i>Purchased Transit Services Subtotal</i>	157.8	150.2	7.7	5%	134.0	16.1	12%	617.5
Financial Service Charge	1.9	1.1	0.8	68%	1.5	(0.4)	-27%	7.1
Total Operating Expenses	478.9	438.1	40.8	9%	386.7	51.4	13%	1,887.0
Debt Service	120.4	125.2	(4.8)	-4%	119.9	5.3	4%	467.8
Total Expenses	599.2	563.3	35.9	6%	506.6	56.7	11%	2,354.7



Capital Program Review



FY22 Quarterly Spend Overview

- Q3 spend was **\$354.2M**, coming in below PM's Q3 projections of **\$419M** by **\$64.8M** or **15.5%** and trailing CIP Programmed amount of **\$598.4M** by **\$244.2M** or **40.8%**
- Project Managers' January FY22 Projection was **\$1.83B**, \$814.3M below or 30.7% less than FY22 CIP programmed amount of **\$2.65B**, and \$412.2M or 18.3% less than July FY22 Projections of **\$2.25B**, and \$281.3 or 13.3% less than October FY22 Projections of **\$2.11B**

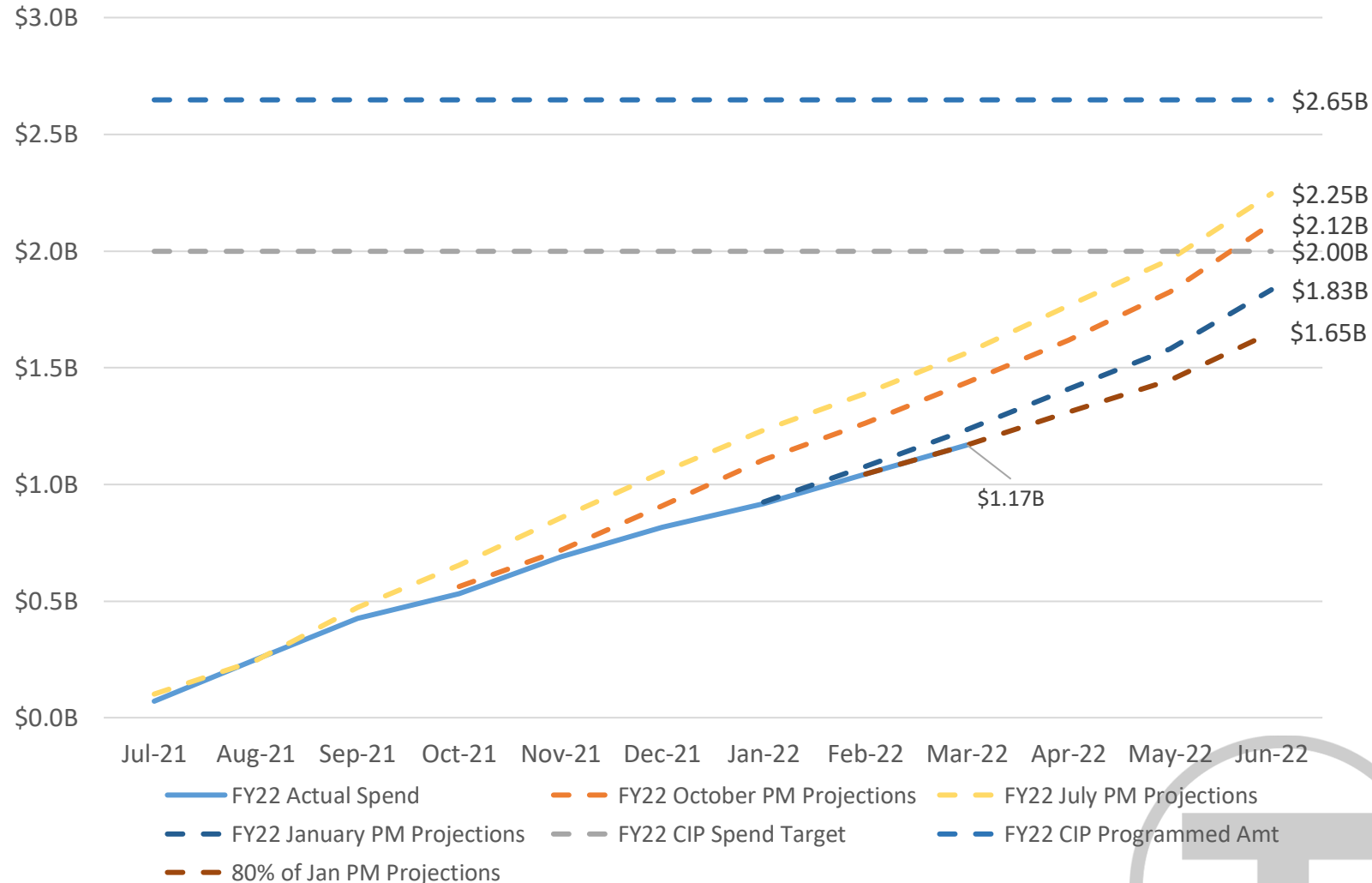
Quarterly FY22 Actuals vs. FY21 Actuals & FY22 Benchmarks



Note: CIP Programmed Amount converted from annual to monthly based on spread of July PM Projections.

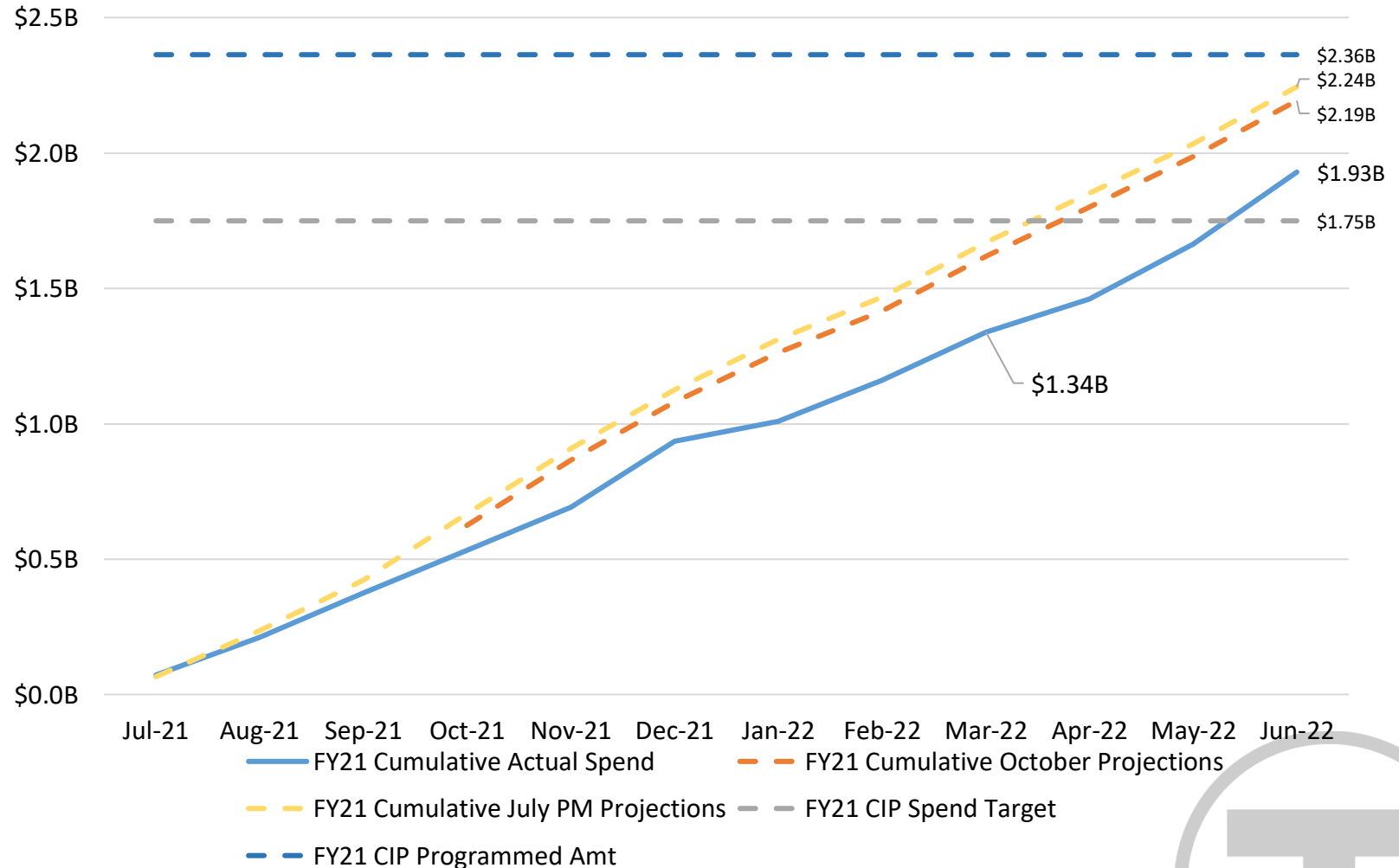
Cumulative Spend Overview FY22 YTD

- PM's January FY22 Projection was **\$1.83B**, \$817M below or 30.9% less than FY22 CIP programmed amount of **\$2.65B** (submitted in Q3 FY21) and \$284.1M or 13.4% less than October FY22 Projections of **\$2.12B**
- YTD spend through March is **\$1.17B**, which trails:
 - July PM Projections of **\$1.56B** by **\$394.8M** or **25.2%**;
 - October PM Projections of **\$1.44B** by **\$267.9M** or **18.6%**;
 - January PM Projections of **\$1.23B** by **\$64.8M** or **5.3%**,
 - and FY21 spend of **\$1.34B** by **\$168.6M** or **12.6%**
- January, February, and March actual spend was less than January PM Projections by 12.6%.
- Assuming a 20% negative variance to PM projections for last 3 months, FY22 spend would be ~ **\$1.65B**.
- If average spend for the last three months of the year matches average monthly spend YTD, FY22 spend will be **\$1.56B**

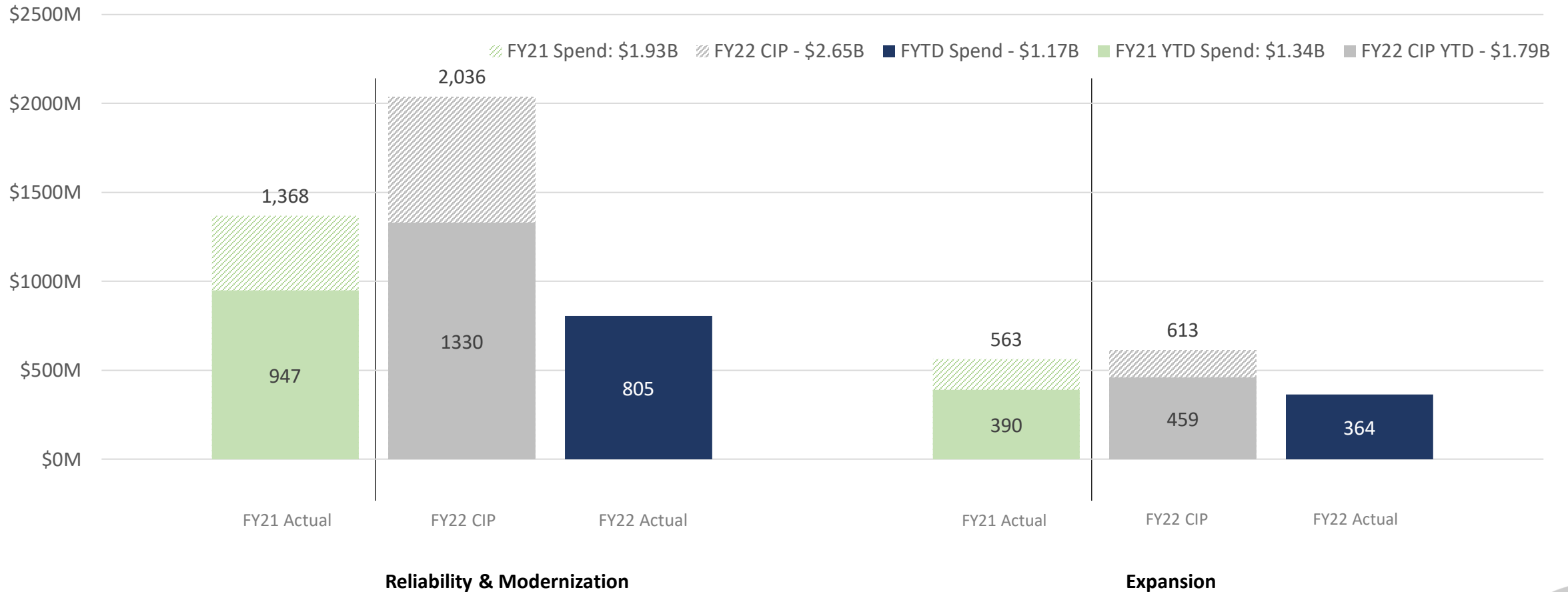


Cumulative Spend Overview – FY21

- Spend vs. the CIP followed a similar trend in FY21 as FY22
- FY21 spend was **\$1.93B**, which trailed the FY21 CIP programmed amount by **\$430M** or **22.2%**; July PM Projections by **\$310M** or **16%** and October PM Projections by **\$268M** or **13.9%**
- Cashflows received in Q2 FY21 that determined the CIP programmed amount were reduced by **\$119.1M** in July and another **\$50.1M** in October



Capital Spend by CIP Priority

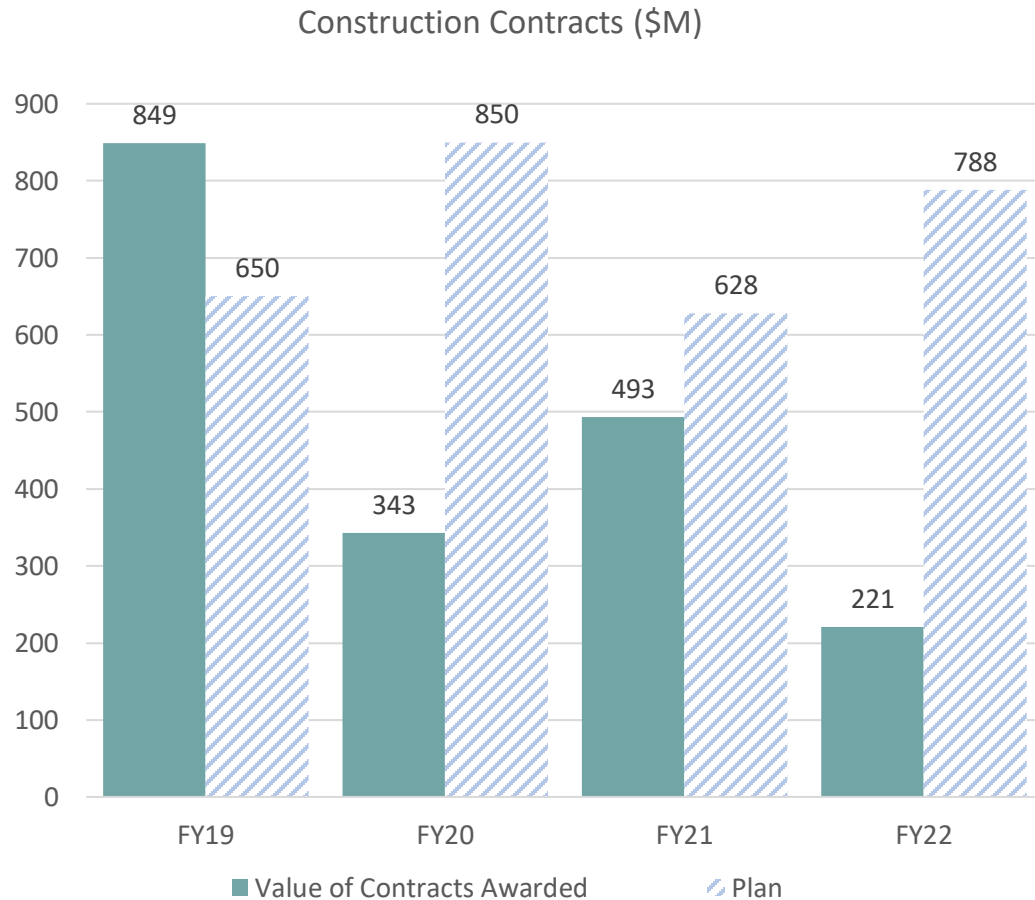


- YTD Reliability & Modernization spending totals **\$805M** and lags YTD CIP by **\$525M** or **39.5%**.
- YTD spend for Expansion projects (GLX, SCR) totals **\$364M** and lags YTD CIP by **\$95M** or **20.7%**.



Planned FY22 Construction Contract Awards

MBTA set an aggressive contract award plan for FY22 totaling \$788M



Awarded Construction Contracts – through 4/30/22	
Contract Description	Value (M)
Winchester Station Improvements	\$47
Worcester Union Commuter Rail Station	\$44
Dorchester Ave. Bridge	\$22
Alewife Garage Infrastructure/ Access Improvement	\$7
Quincy Bus Maintenance Facility- Early Action Demo	\$7
On- Call Track Repairs, III (RL/OL- Systemwide Modernization)	\$38
On- Call Roofing Transit Facilities	\$23
SCR- Offsite Traffic Improvements	\$8
Green Line Train Protection System Wayside Installation	\$14
On-Call Structures Repairs, III	\$11
Total	\$221

Planned Construction Contracts FY22	
Contract Description	Est. Value (M)
AFC 2.0 Transformation Phase 1 (Added Jan 2022)	\$19
Quincy Bus Maintenance Facility	\$280
Fiber Optic Resiliency (CR) - (Design Build)	\$75
South Station Tower 1	\$56
Radio Upgrades (Design Build)	\$55
Duct Bank Repairs	\$7
Red Line Wayfinding	\$3
Long Wharf Emergency Egress & Maverick Comm Room(Added Jan 2022)	\$8
Codman Yard Expansion & Improvements (Added Jan 2022 \$ TBD)	\$65
Symphony Station Accessibility Improvements (Modified to Enabling/Utility-*Moved to FY23 @ \$20M)	\$0
Newton Highlands (*Moved to FY23 @ \$18M)	\$0
Back Bay Stair Pressurization Phase - II (*Moved to FY23 @ \$10M)	\$0
Route 18 Pedestrian Bridge (*Moved to FY23 @ \$10M)	\$0
D Branch Platform Accessibility (*Moved to FY23 @ \$9M)	\$0
Green Line Overhead Catenary System SGR (*Moved to FY23 @ \$7.7M)	\$0
Worcester Side Platform & Waterproofing (Added Jan 2022 - Moved to FY23 @ \$3M)	\$0
South Elm Street Bridge (Moved to FY23 @ \$11M)	\$0
Lynn Parking Garage Demo (Moved to FY23 @ \$9M)	\$0
SCR - Rte 18 Pedestrian Bridge (Added Jan 2022 - Moved to FY23 @ \$10M)	\$0
Total	\$567

Appendix



Ridership Scenario Planning and Assumptions

- Three scenarios developed by MassDOT planning & OPMI contemplating ridership growth, the current public health pandemic, and employer operations
 - Scenarios 1 and 2 assume a “boost” in ridership in Fall 2021; while Scenario 3 sees a longer span of growth
- Modeled projections consistent with McKinsey & Company Future of Work report from July 2021 and APTA report by EBP US, Inc. from January 2021 on vehicle miles traveled (VMT)
- Initial modeling completed in October 2020 with an update in February 2021
- Actuals observed since March 2021 have remained within the projected scenario ranges
- **FMCB approved FY22 budget based on Scenario 3 projections due to actual observed data at the time of FY22 budget development**

Scenario 1

Economic, demographic, and mobility patterns gradually return to mostly pre-COVID-19 conditions with slight increases in the number of teleworkers

Scenario 2

Travel patterns diverge as consumers and employees adopt to a new normal, especially in light of new and emerging remote meeting and e-commerce technologies

Scenario 3

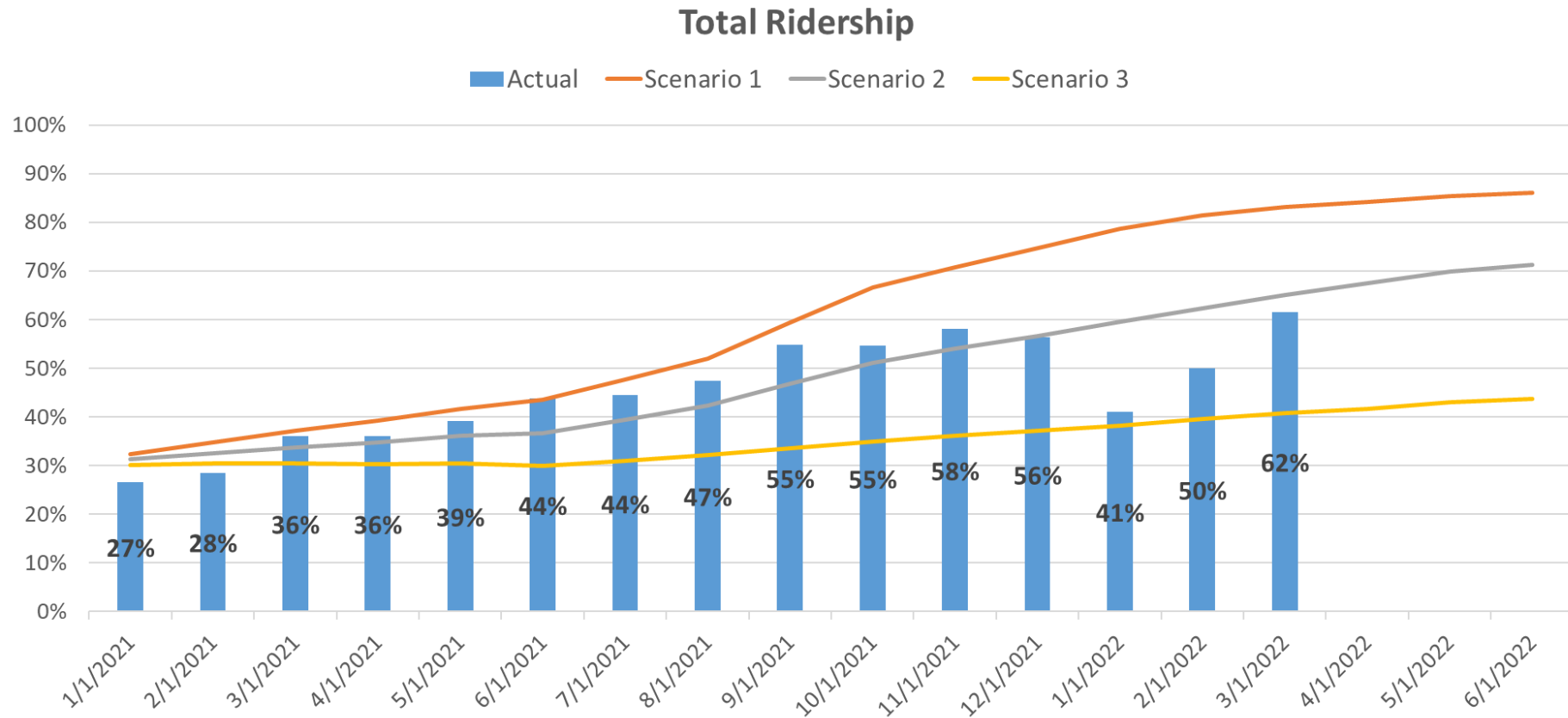
The economic impacts of COVID-19 have depressed travel and mobility, especially on the MBTA, and telecommuting is standard practice

**Fare revenue scenario projections to be updated as needed if actual observed ridership consistently deviates outside the projected range*



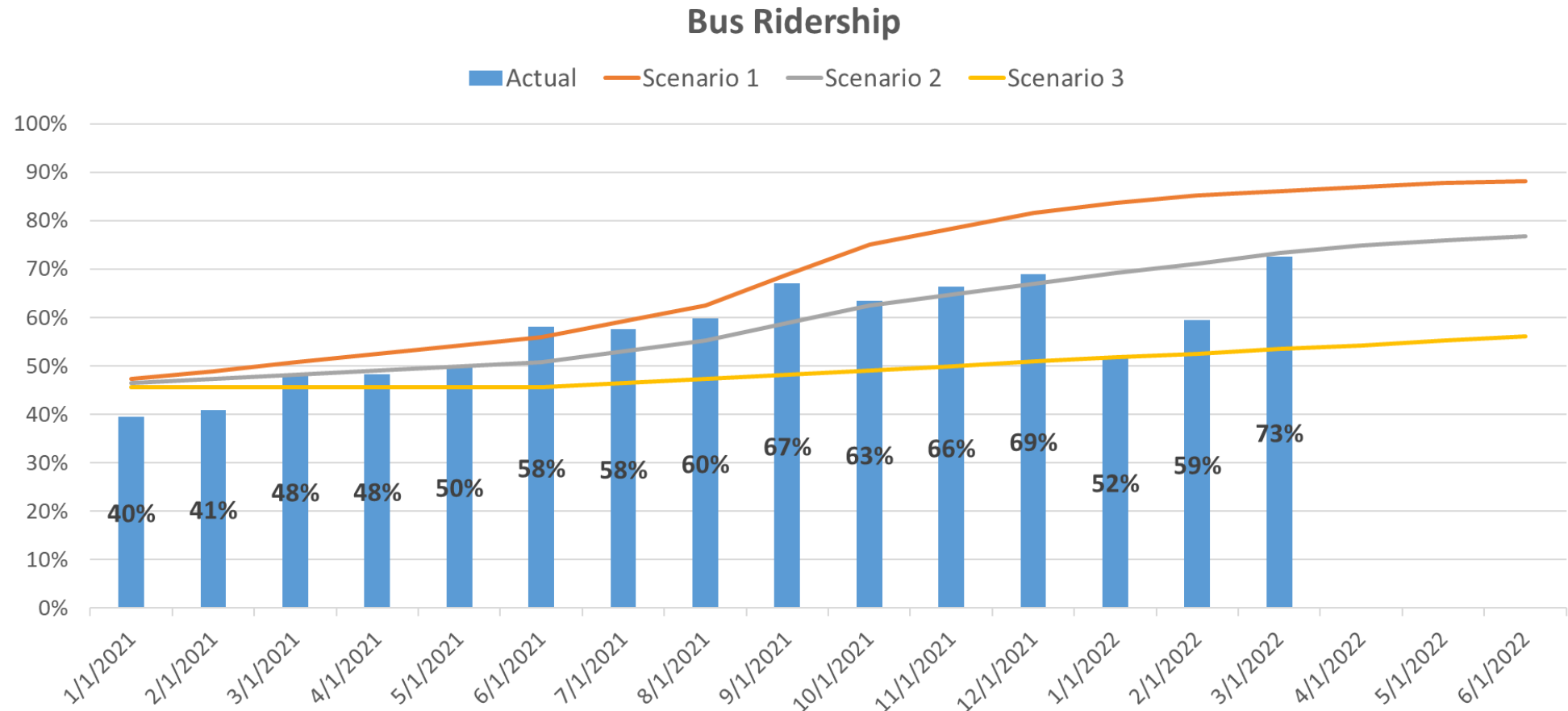
Total Ridership

- Total ridership increased to 62%, between Scenario 2 and Scenario 3



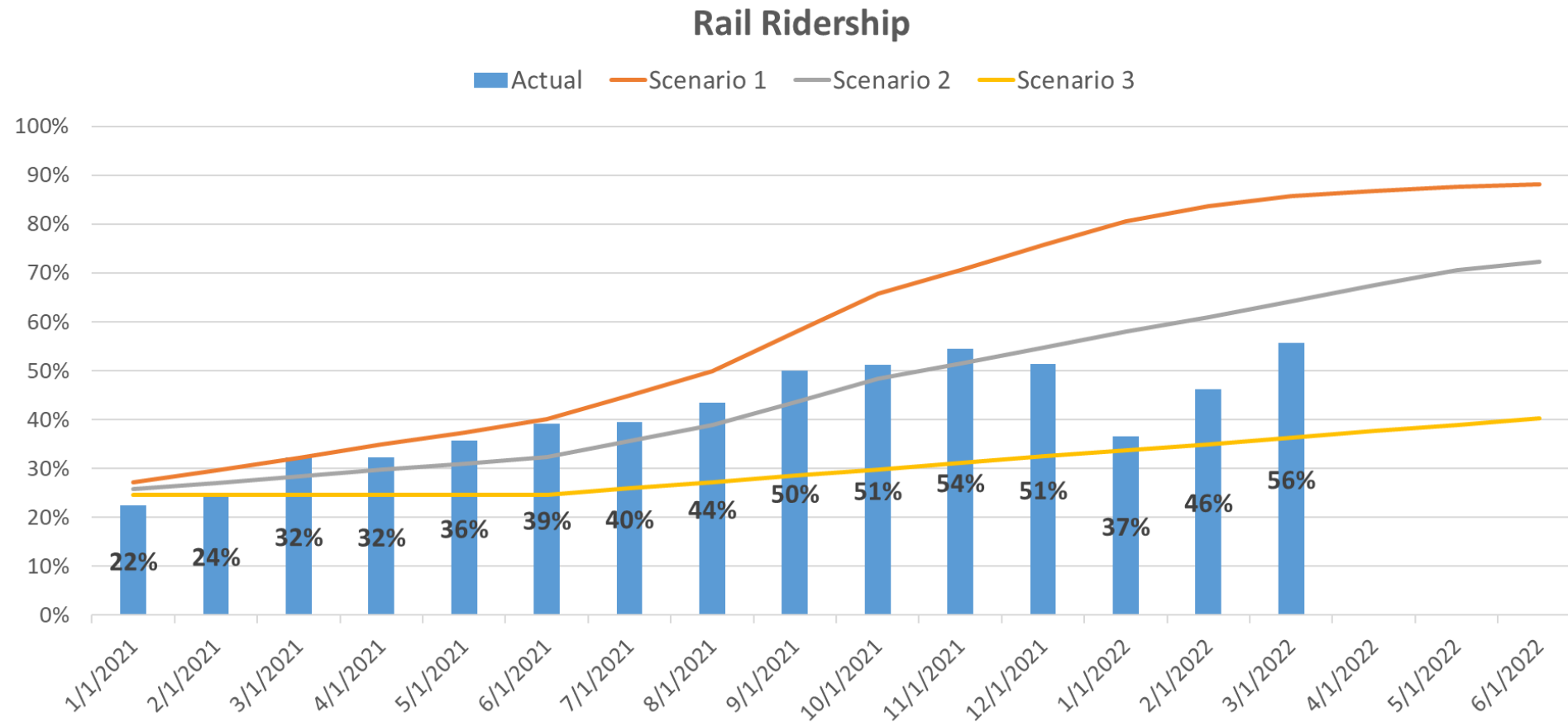
Bus Ridership

- Bus ridership increased to 73%, closest to Scenario 2



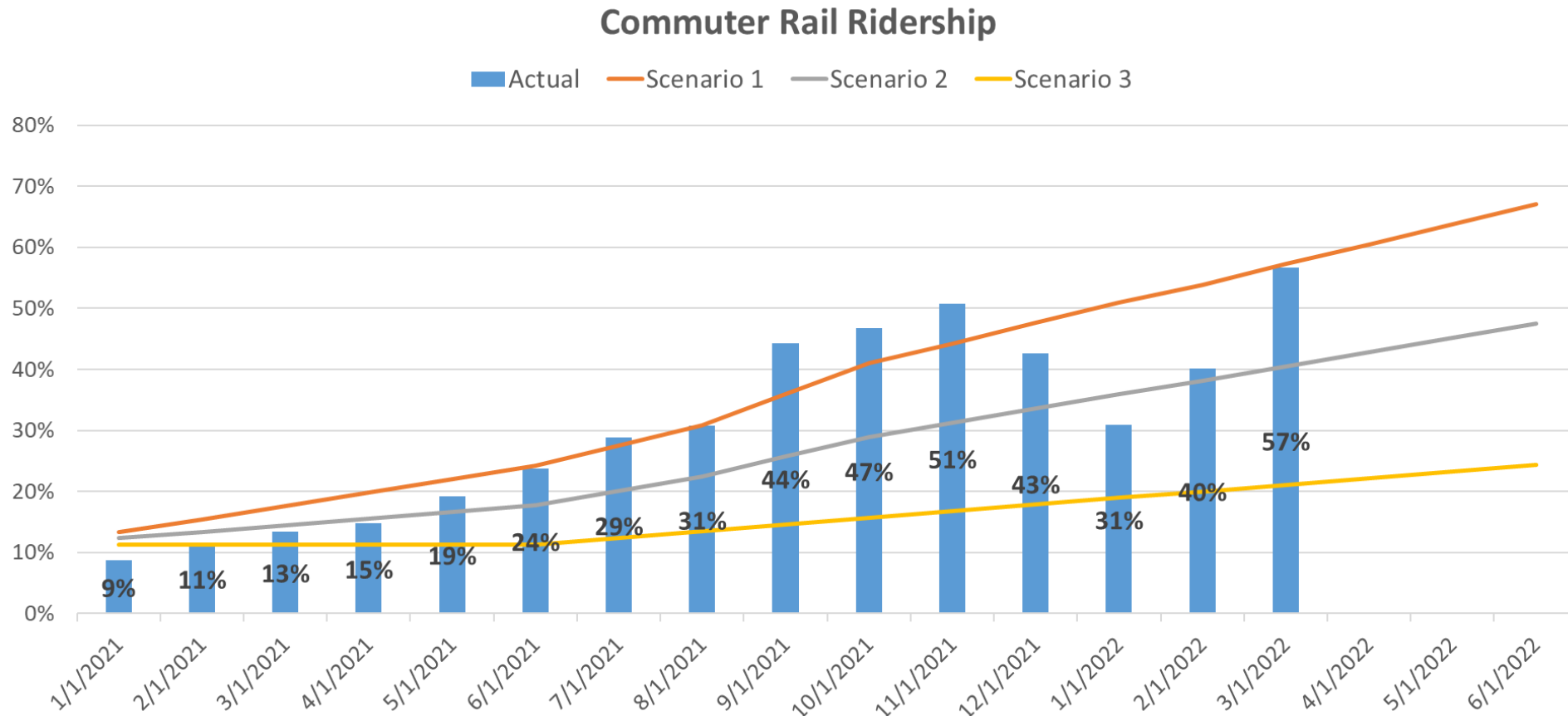
Rail Ridership

- Rail ridership increased to 56%, between Scenario 2 and Scenario 3



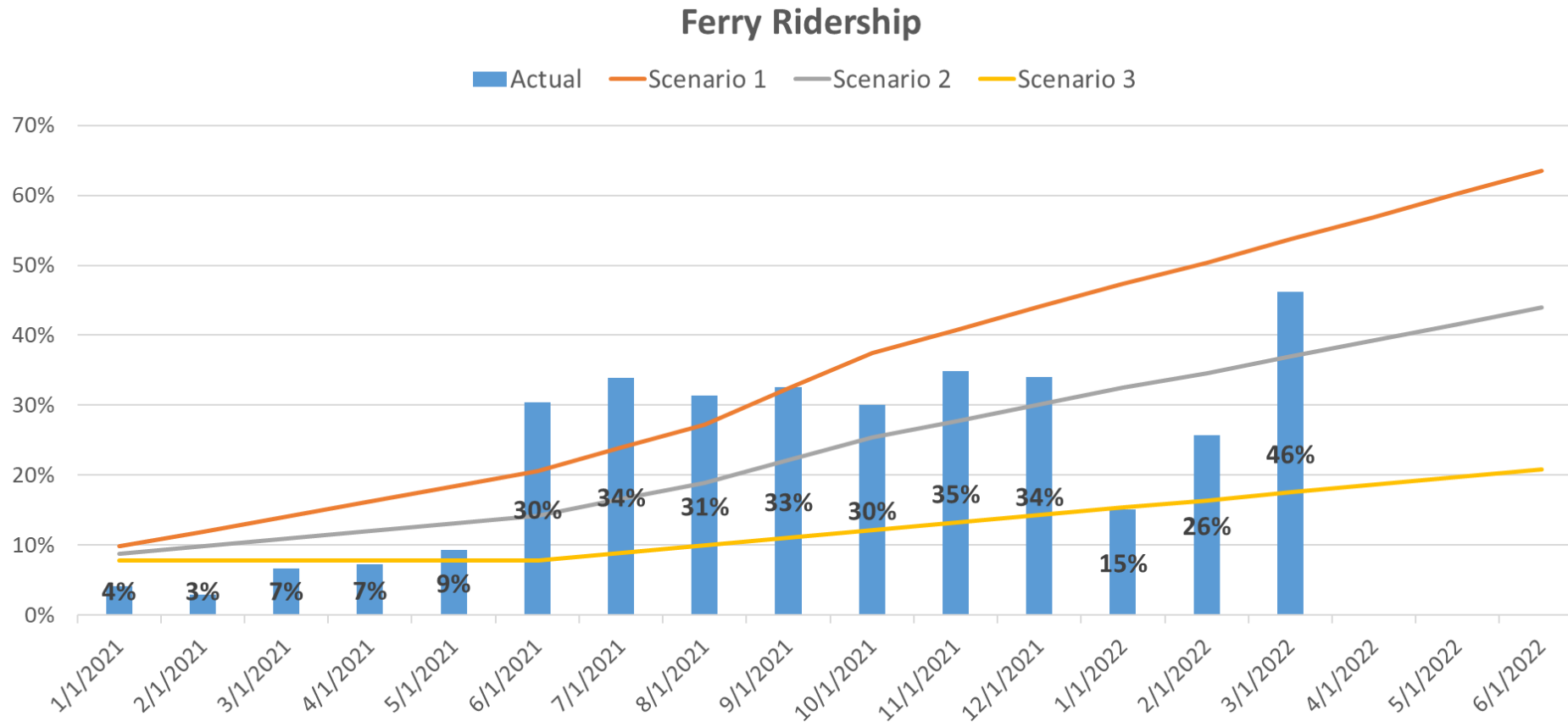
Commuter Rail Ridership

- Commuter rail ridership increased to 57%, closest to Scenario 1 projections



Ferry Ridership

- Ferry ridership increased to 46%, between Scenario 1 and Scenario 2 projections



The RIDE Ridership

- The RIDE ridership has increased to 70%, level with Scenario 2 projections

