



Massachusetts Bay Transportation Authority

Budget Update: FY23 Q3 Results

Finance Team

FY23 YTD Operating Budget Summary

- FY23 YTD net revenues \$46.6M
 - \$1,742.4M in total revenues and \$1,695.8M in total expenses
 - Less federal funding (FEMA) of \$10.3M, YTD net revenue would be \$36.3M
- Net Revenue and favorability to budget means maintaining Deficiency Fund reserves for Q4 of FY23 and future year budget gaps

(\$M) Category	FY23 YTD Budget	FY23 YTD Actuals	\$ Change	% Change
Fare Revenues	351.6	276.3	(75.3)	-21%
Own Source Revenue	57.5	50.0	(7.5)	-13%
Non-Operating Revenues	1,278.1	1,416.1	138.0	11%
Total Revenues Subtotal	1,687.2	1,742.4	55.2	3%
<i>Fare Recovery Ratio</i>	24%	21%	-	-3%
Wages, Benefits and Payroll Taxes	701.7	630.4	(71.3)	-10%
Non-Wage	792.0	699.6	(92.4)	-12%
<i>Operating Expenses Subtotal</i>	<i>1,493.7</i>	<i>1,330.1</i>	<i>(163.6)</i>	<i>-11%</i>
Debt Service	424.4	365.8	(58.7)	-14%
Total Expenses Subtotal	1,918.2	1,695.8	(222.3)	-12%
Net Revenues Before Transfers	(231.0)	46.6	277.5	120%
Federal Relief Revenue	-	10.3	10.3	1029%
Net Revenues Without Relief Revenue	(231.0)	36.3	267.2	116%



FY23 Q3 Operating Budget Summary

- Total revenues \$46.6M favorable to budget as sales tax and state assistance revenue offsets fare revenue unfavorability
- Total expenses \$37.8M favorable to budget largely driven by materials, services and debt service savings
- Fare revenue recovery ratio of 19% in Q3, below the 42% pre-pandemic and below the 24% budgeted

(\$M) Category	FY23 Q3 Budget	FY23 Q3 Actuals	FY23 Q3 \$ Change	FY23 Q3 % Change	FY19 Q3 Actuals	FY19 Q3 \$ Change	FY19 Q3 % Change	FY23 YTD % Change
Fare Revenues	117.0	92.7	(24.3)	-21%	160.8	(68.0)	-42%	-21%
Own Source Revenue	19.6	16.9	(2.7)	-14%	21.6	(4.8)	-22%	-13%
Non-Operating Revenues	433.0	506.6	73.6	17%	338.3	168.3	50%	11%
Total Revenues Subtotal	569.6	616.2	46.6	8%	520.7	95.5	18%	3%
<i>Fare Recovery Ratio</i>	24%	19%	-	-4%	42%	-	-22%	-3%
Wages, Benefits and Payroll Taxes	223.9	239.0	15.0	7%	183.8	55.2	30%	-10%
Non-Wage	271.0	239.6	(31.4)	-12%	202.9	36.7	18%	-12%
<i>Operating Expenses Subtotal</i>	<i>494.9</i>	<i>478.6</i>	<i>(16.3)</i>	<i>-3%</i>	<i>386.7</i>	<i>91.9</i>	<i>24%</i>	<i>-11%</i>
Debt Service	141.8	120.3	(21.5)	-15%	119.9	0.4	0%	-14%
Total Expenses Subtotal	636.7	598.9	(37.8)	-6%	506.6	92.3	18%	-12%
Net Revenues Before Transfers	(67.1)	17.3	84.4	126%	14.1	3.2	23%	120%
Federal Relief Revenue	-	-	-	0%	(3.9)	3.9	394%	1029%
Net Revenues Without Relief Revenue	(67.1)	17.3	84.4	126%	18.0	(0.7)	-4%	116%

FTA Special Directive Spending Update

- \$378M in one-time state funds appropriated in FY23 to address ongoing safety related to FTA Special Directives
 - \$266M under Chapter 126 of the Acts of 2022
 - \$112M under Chapter 268 of the Acts of 2022
- As of Q3, \$102.6M in FTA directive spending
 - Includes new, unbudgeted spending associated with the FTA directives and does not include previously budgeted work, new positions posted but not yet hired, or encumbered contracts to be spent
- Does not include \$20M in supplemental funding in hiring and retention proposed by the Governor

Directive	Description	Amount Spent
22-4	Address deficiencies in personal protective equipment and right of way safety; to correct defective track conditions; and to address management practices that negatively impact track repair	\$81.99M
22-5	Address the pattern of safety incidents and interim safety findings concerning unintended and uncontrolled train movements by disabled trains in maintenance facilities and rail yards	\$11.34M
22-6	Address the pattern of safety incidents and interim safety findings related to actions within the Operations Control Center at MBTA	\$1.29M
22-7	Address the pattern of safety incidents and interim safety findings concerning lapsed training certifications of safety-sensitive rail personnel	\$0.89M
22-9	Assist the MBTA in focusing its attention on balancing demands from operations and capital projects with workforce capacity and capability to inform resource prioritization	\$0.54M
22-10	Enhance and expedite implementation of the agency's SMS, including the development of procedures, safety management training, safety risk assessment, and safety assurance activities to build the organization's capability to identify safety concerns and to prioritize action to mitigate safety risk	\$0.12M
22-11	Improve MBTA's management of its safety committee process, employee safety reporting program, and safety promotion activities	\$0.12M
22-12	Improve MBTA's management of its operating and maintenance policies, monitoring of rail transit operations, Quality Assurance/Quality Control capabilities, and training and procedures	\$0.99M
Directive support	Support services and resources necessary to facilitate the progress and completion of multiple directives, including human resources for hiring and retention along with quality compliance & oversight of FTA directives	\$5.32M

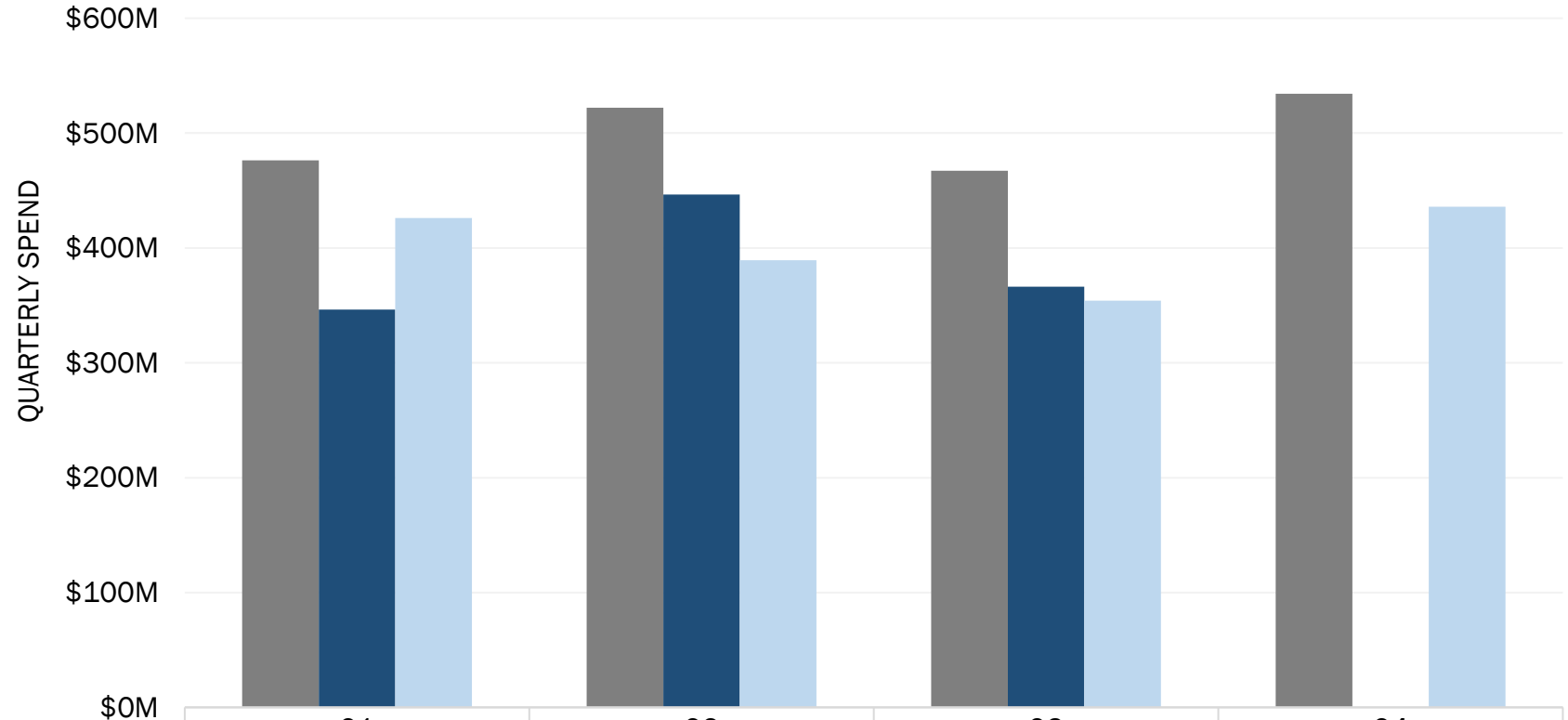
Capital Program Review



FY23 Quarterly Spend Overview

- Q3 spend of **\$366.3M**, trailed CIP Target of **\$467.4M** by **\$101.4M** (21.6%).
- YoY Q3 Spend was higher by **\$12.1M** or **3.3%**.
- On average (FY19-FY22), Q3 spend represents 23% of total FY spend. FY22 Q3 spend was \$354.2M, 22% of the total.
- Q3 is slightly lower than the two previous fiscal years due to Green Line Extension closeout and delays in vehicle delivery.

Quarterly FY23 Actuals vs. FY22 Actuals & FY23 Target

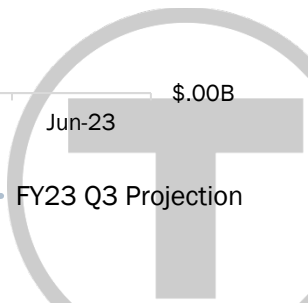
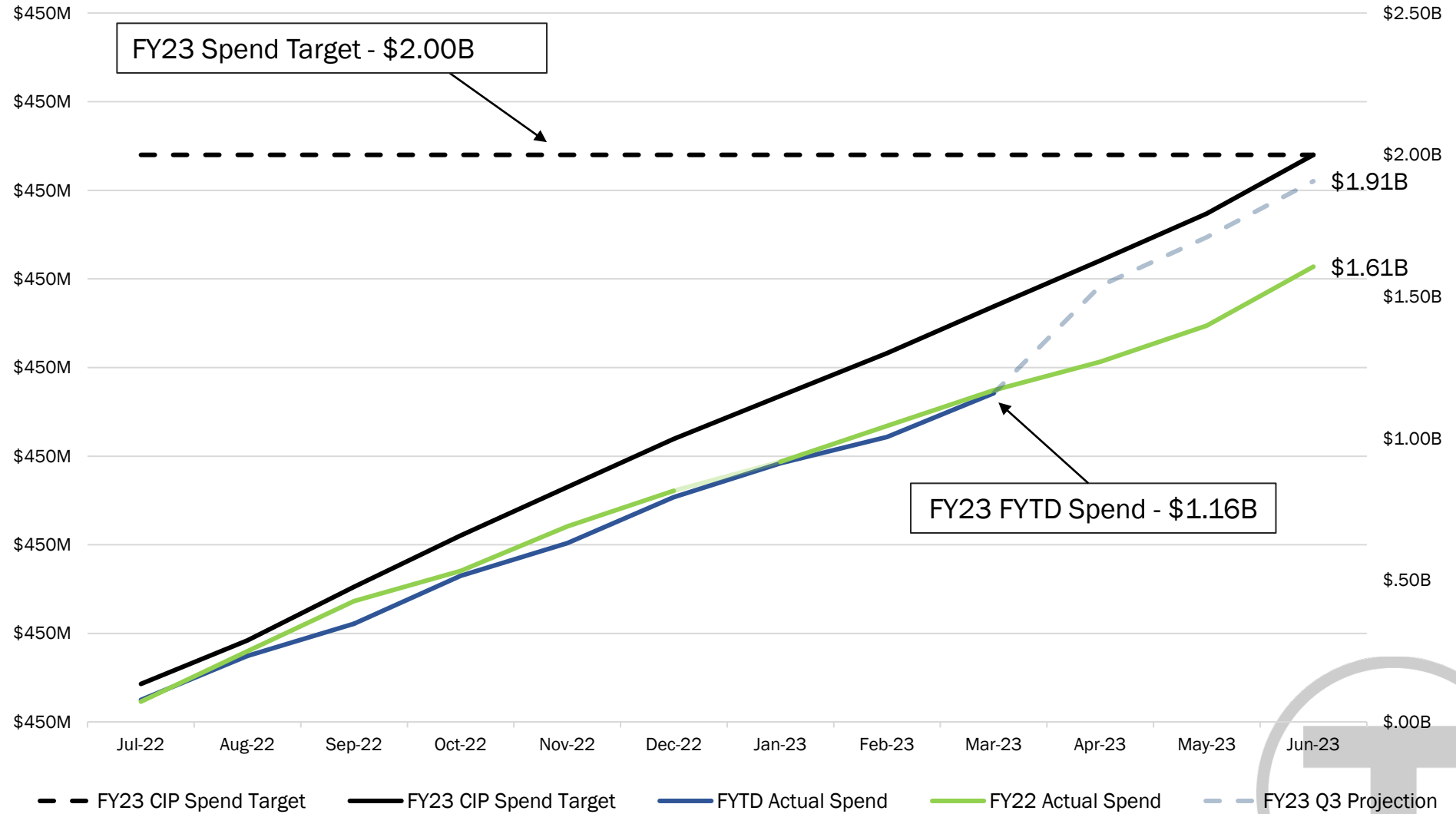


	Q1	Q2	Q3	Q4
■ FY23 CIP Spend Target	\$476.2	\$522.1	\$467.3	\$534.4
■ FY23 Actual Spend	\$346.4	\$446.7	\$366.3	
■ FY22 Actual Spend	\$426.2	\$389.3	\$354.2	\$436.0

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

Cumulative Spend Overview – FY23

- FY23 Spend projection of **\$1.91B** includes **\$255M** for the Widett land acquisition costs. Excluding this purchase, the FY23 projection is **\$1.65B**.
- The projected spend is **\$350M (18%)** below the FY23 spend target due to Green Line Extension closeout and delays in vehicle delivery.



Appendix



FY23 Q3 Revenue Summary

- **\$616.2M** in total revenues were **\$46.6M** favorable to budget in Q3
- **Fare revenues unfavorable \$24.3M** as ridership continued below budget for Q3
 - As of March, FY23 budget based on 80% of baseline ridership, with current ridership at 68% of baseline
- **Sales tax revenue favorable \$25.7M for the quarter** as revenues outperform state budget benchmarks
- **State Assistance revenue favorable \$41.1M for the quarter** as state safety directive funding is recorded to offset necessary FTA directive operating spending
 - \$102.6M in FTA related spending for operating and capital through Q3
- **Other Income \$6.9M favorable** with higher interest rates than expected

Revenues (\$M)	FY23 Q3 Budget	FY23 Q3 Actuals	\$ Change	% Change	FY19 Q3 Actuals	\$ Change	% Change
Fare Revenues	117.0	92.7	(24.3)	-21%	160.8	(68.0)	-42%
Advertising	4.3	4.3	0.0	1%	5.7	(1.4)	-24%
Parking	8.4	5.8	(2.5)	-30%	9.3	(3.5)	-38%
Other	2.3	1.8	(0.5)	-21%	2.0	(0.2)	-10%
Real Estate	4.7	4.9	0.2	5%	4.6	0.3	6%
<i>Own Source Revenue Subtotal</i>	<i>19.6</i>	<i>16.9</i>	<i>(2.7)</i>	<i>-14%</i>	<i>21.6</i>	<i>(4.8)</i>	<i>-22%</i>
<i>Operating Revenue Subtotal</i>	<i>136.6</i>	<i>109.6</i>	<i>(27.0)</i>	<i>-20%</i>	<i>182.4</i>	<i>-72.8</i>	<i>-40%</i>
State Sales Tax Revenue	337.4	363.1	25.7	8%	258.0	105.1	41%
Federal Funds	0	0	-	0%	(3.9)	3.9	394%
Local Assessments Revenue	45.9	46.0	0.0	0%	42.5	3.4	8%
Other Income	2.9	9.7	6.9	239%	10.0	-0.2	-2%
State Assistance	46.7	87.8	41.1	88%	31.7	56.1	177%
<i>Non-Operating Revenue Subtotal</i>	<i>433.0</i>	<i>506.6</i>	<i>73.6</i>	<i>17%</i>	<i>338.3</i>	<i>168.3</i>	<i>50%</i>
<i>Total Revenue</i>	<i>569.6</i>	<i>616.2</i>	<i>46.6</i>	<i>8%</i>	<i>520.7</i>	<i>95.5</i>	<i>18%</i>



FY23 Q3 Spending Summary

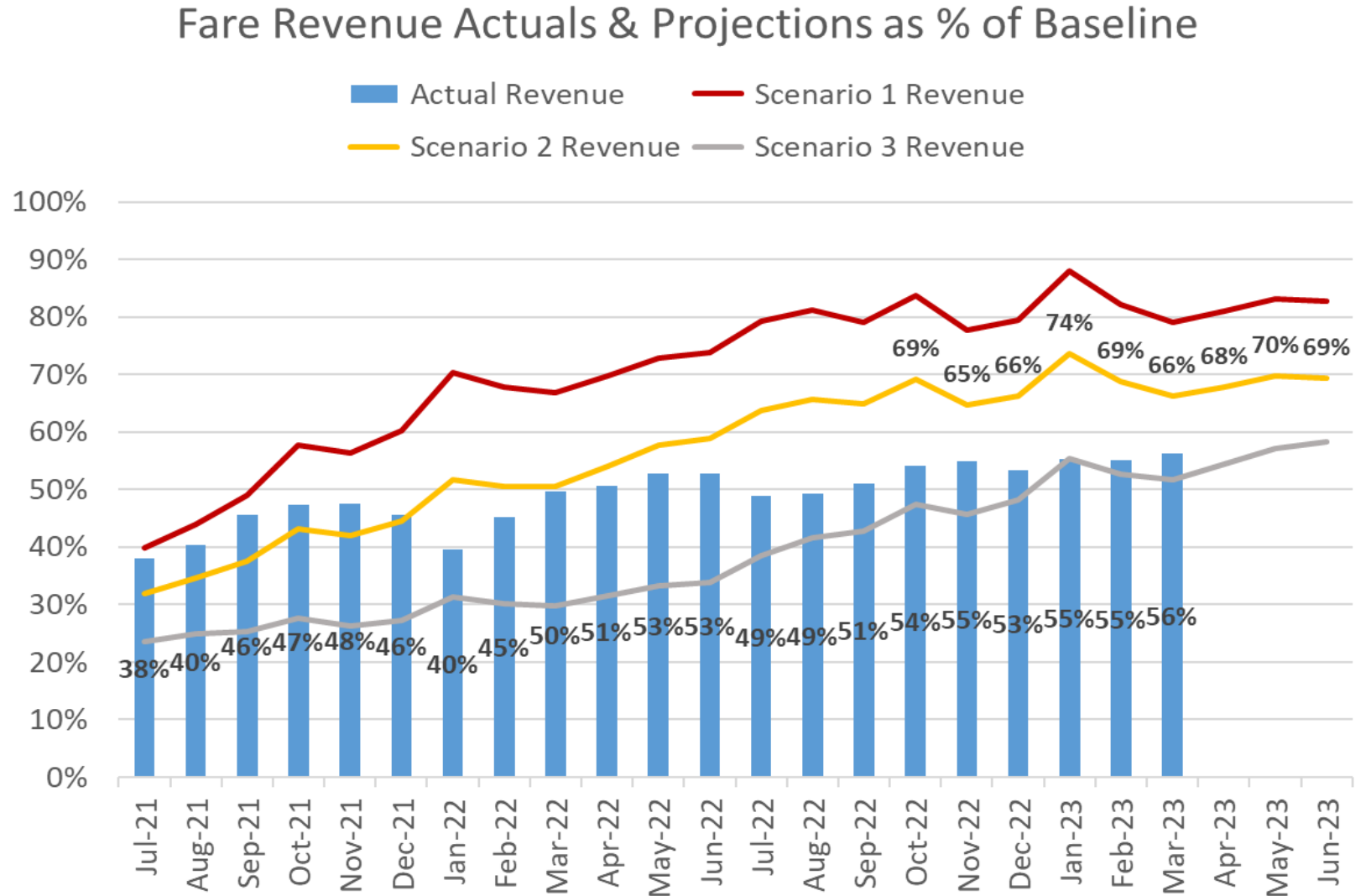
- **\$598.9M in total expenses** were \$37.8M favorable to budget for Q3
- **Regular wages \$6.7M unfavorable for Q3** to fully report on FTA related safety spending YTD
 - YTD spending fully reported in Q3 based on timing and availability of state supplemental funds
- **Overtime unfavorable \$6.0M for Q3** mostly due to vacancies, employees on leave, and FTA related safety work
- **Materials and services \$19.4M favorable for Q3** as COVID-19 related expenses normalized from peak pandemic levels, and a warm winter season provided wholesale electricity and snow removal services savings
- **Purchased transit services \$9.6M favorable for Q3** with RIDE trips below budgeted levels
- **Debt service \$21.5 favorable for Q3** due to multi-year active management of debt portfolio

Expenses (\$M)	FY23 Q3 Budget	FY23 Q3 Actuals	\$ Change	% Change	FY19 Q3 Actuals	\$ Change	% Change
Regular Wages	128.4	135.1	6.7	5%	106.1	29.0	27%
Overtime	11.8	17.9	6.0	51%	12.8	5.1	39%
<i>Wages Subtotal</i>	<i>140.2</i>	<i>153.0</i>	<i>12.7</i>	<i>9%</i>	<i>118.9</i>	<i>34.0</i>	<i>29%</i>
Fringe Benefits	83.7	86.0	2.3	3%	64.8	21.2	33%
Materials & Services	96.9	77.5	(19.4)	-20%	65.0	12.5	19%
Insurance	7.2	4.7	(2.5)	-35%	2.4	2.3	93%
Commuter Rail	127.3	124.8	(2.5)	-2%	101.2	23.5	23%
The RIDE	32.6	25.7	(7.0)	-21%	20.9	4.8	23%
Local Service & Ferry	5.5	5.4	(0.1)	-2%	11.9	-6.6	-55%
<i>Purchased Transit Subtotal</i>	<i>165.4</i>	<i>155.8</i>	<i>(9.6)</i>	<i>-6%</i>	<i>134.0</i>	<i>21.8</i>	<i>16%</i>
Financial Service Charge	1.5	1.7	0.2	11%	1.5	0.2	11%
<i>Operating Expenses Subtotal</i>	<i>494.9</i>	<i>478.6</i>	<i>(16.3)</i>	<i>-3%</i>	<i>386.7</i>	<i>91.9</i>	<i>24%</i>
Debt Service	141.8	120.3	(21.5)	-15%	119.9	0.4	0%
<i>Total Expenses</i>	<i>636.7</i>	<i>598.9</i>	<i>(37.8)</i>	<i>-6%</i>	<i>506.6</i>	<i>92.3</i>	<i>18%</i>



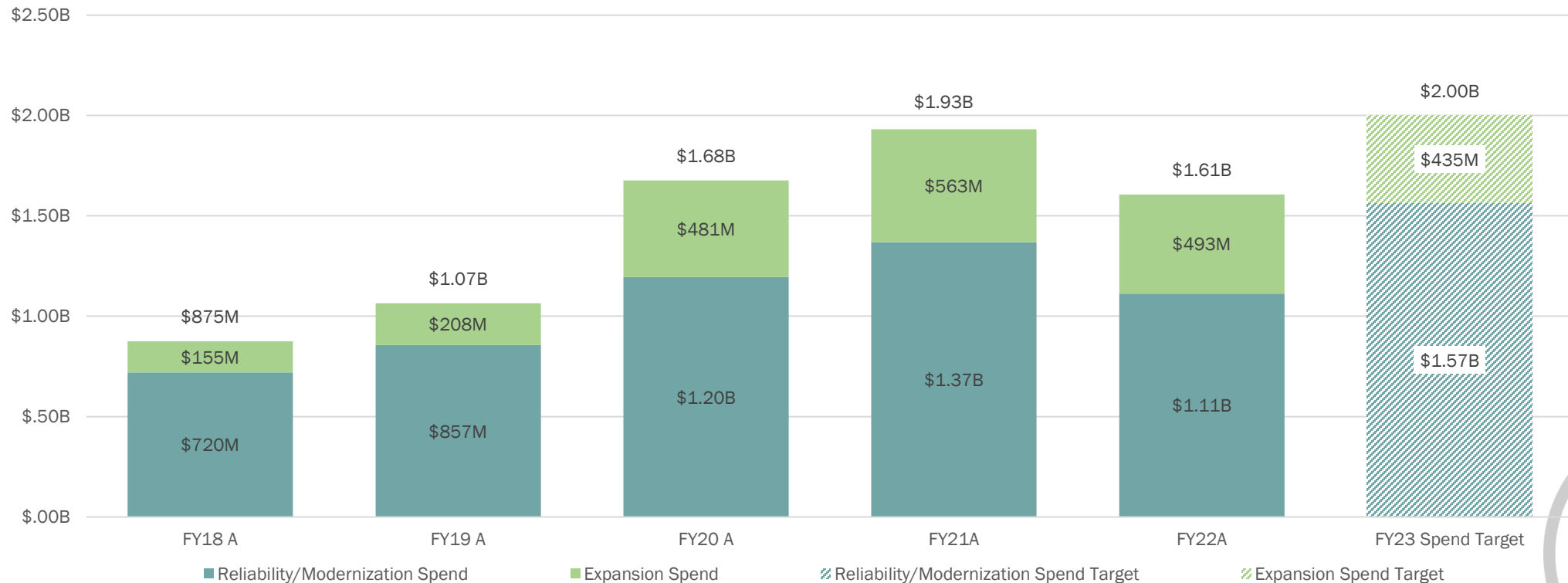
Fare Revenue Collection

- 56% of baseline revenue in March
- Since October 2022, actual fare revenue has remained stable within 53% to 56%
- FY23 budget based on Scenario 2 revenue projections
- FY24 preliminary budget provides an updated estimate from scenario model



MBTA Capital Investment by Fiscal Year

- The MBTA set a Spend Target of \$2.0B for FY23
- FY23 YTD spend through March 31, 2023, is \$1.16B.
- Comparatively, FY23 spending, through the same period in FY22, is \$11M (.9%) lower and \$179M (13.4%) lower than FY21.
- Annual spending continues to be impacted by labor shortages, price increases and supply chain issues.



Capital Spend by CIP Priority

- Q3 FYTD Reliability & Modernization spending of **\$909.0M** is higher than FY22 spend of \$805.5M by \$103.5M (12.8%) but lags FYTD CIP Spend Target of **\$1.121B** by **\$211.4M (18.9%)**
- Q3 FYTD spend for Expansion projects (GLX, SCR) of **\$250.4M** is lower than FYTD CIP Spend Target of \$345.2M by **\$94.7M (27.4%)**. YOY Spend was lower than FY22 of \$364.5M by **\$114.1M or 31.3%** due to the expected wind down of spend on GLX.
- Q3 FYTD spend mix for Reliability/Modernization and Expansion is **78.4%** and **21.6%** respectively as compared to programmed mix of **78.8%** and **21.1%**.



FY24 New Safety Positions Budgeted

- 644 new budgeted positions specifically designated for safety & training
- 455 positions for FTA safety directive response
 - 97 positions, including trackpersons, equipment operators, and engineers, addressing right of way safety, track repair, and consistent PPE requirements (Directive 22-04)
 - 153 positions, including motorpersons and repair forepersons, addressing rail yard and maintenance facility safety surrounding train movements (Directive 22-05)
 - 49 positions, including OCC staff and inspectors, enhancing staffing, capacity, and policies at Operations Control Center (Directive 22-06)
 - 38 positions, including instructors, ensuring proper certifications and training material for safety-sensitive rail personnel (Directive 22-07)
 - 37 positions, including HR recruiters and staff, coordinating and executing a workforce assessment to understand capacity along improved recruitment and hiring plan (Directive 22-09)
 - 16 positions, including analysts and specialists, enhancing safety communication, procedures, training, and safety assurance and mitigate risk (Directive 22-10)
 - 4 positions, including systems safety specialists, improving safety management, reporting, and process (Directive 22-11)
 - 28 positions, including engineers and quality control managers, developing operating and maintenance policies on rail transit operations, QA/QC, and procedures (Directive 22-12)
 - 33 positions, including the new Quality Compliance and Oversight Office (QCOO), supporting all directives including medical, diversity, technology, financial reporting, and purchasing
- **189 positions for additional safety and training** for proper staffing levels, certification, and supervision including 38 positions for bus transportation, 67 positions for heavy and light rail, 31 for transit facilities maintenance, and 26 instructors more instructors and the newly created Training department

Operations
Safety

644
positions

\$63M in
annual
wages

FY23 New Safety Positions Budgeted

- At least 424 budgeted safety positions added since the FY20 budget
- 148 new budgeted positions specifically designated for safety in FY23
- 28 positions for transit facilities maintenance for mechanical and station inspections to avoid potential interruptions
- 26 positions for heavy rail to support rail yard safety, along with the additional training and testing of new Red and Orange Line vehicles
- 18 positions for rail maintenance for proactive inspections, implement additional QA/QC functions, improved cleanliness, tool calibration, and defective part replacements
- 15 positions for light rail yard safety and to prepare and support vehicles for revenue service for the Green Line Extension
- 11 positions for power systems maintenance to increase supervisory capacity, including vertical transportation contracts like escalators and elevators
- 10 positions for signals and communication maintenance including engineers to address the movement towards more advanced, specialized, technical nature of equipment
- 7 positions for engineering to manage and improve quality on all modes, including signal and tracks
- 5 positions for bus transportation for additional inspectors and supervisors
- Remaining 22 positions support efforts in and across multiple departments including Chief Operating Officer, Security Department, Safety Department, OCC & Training, and Maintenance of Way

Operations
Safety

148
positions

\$15M in
annual
wages

FY22 Additional Safety Positions Budgeted

- **125 new budgeted positions for safety**
- 78 positions for system and vehicle maintenance, including system repairers and technicians
- 32 positions for transportation safety, including rapid transit motorpersons and bus supervisors
- 10 positions for operations planning and training, including dispatchers and supervisors
- 5 positions for security, including system administrators
- These additional positions improve transportation and system safety and reliability with the added benefit of reducing overtime

Operations Safety

125 positions

\$11M in
annual wages

FY21 Additional Safety Positions Budgeted

- **151 new budgeted positions for safety**
- New positions targeting three priorities:
 - Preventative maintenance inspections
 - Includes fire suppression systems, stand pipes, bridges, switch machines, catenary wires, and tracks
 - Overnight supervision
 - Respond to emergencies, manage overnight activities, and prepare for morning service
 - Training programs
 - Increase ride reports, employee training, performance reviews, audits, and course materials
- Full breakdown of positions by department/area:
 - 80 for system maintenance
 - 20 for transportation departments
 - 20 for safety department
 - 18 for vehicle maintenance
 - 13 among all other departments

**Operations
Safety**

151 positions

**\$12M in
annual wages**

FY23 New Safety Services Initiatives

- \$5.5M in new spending for the Quality Management System Program to establish quality control and quality assurance processes across an array of modes and assets to improve the safety and performance of service delivery

Elevator & Escalator Quality Assurance Program

- Site visits for observation, document review of existing assets, data analysis to identify issues, priorities, and opportunities

Systemwide Stair Inspections

- Establish asset management database requirements, review inspection procedure development and planning, assessment inspections, identify best practices, and prioritize repairs/replacement

Commuter Rail Safety Assessment

- Station walk-through and inspections, safety hazard review, and establishing asset management database requirements

Transit Infrastructure Inspections

- Complete visual inspections of revenue and non-revenue system, including up to 25 miles of commuter rail track, and capture issues across the system and prioritize findings

Rail and Bus Inspections

- Preventative maintenance audits on buses, light and heavy rail car data collection to capture, report, and analyze issues and trends

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

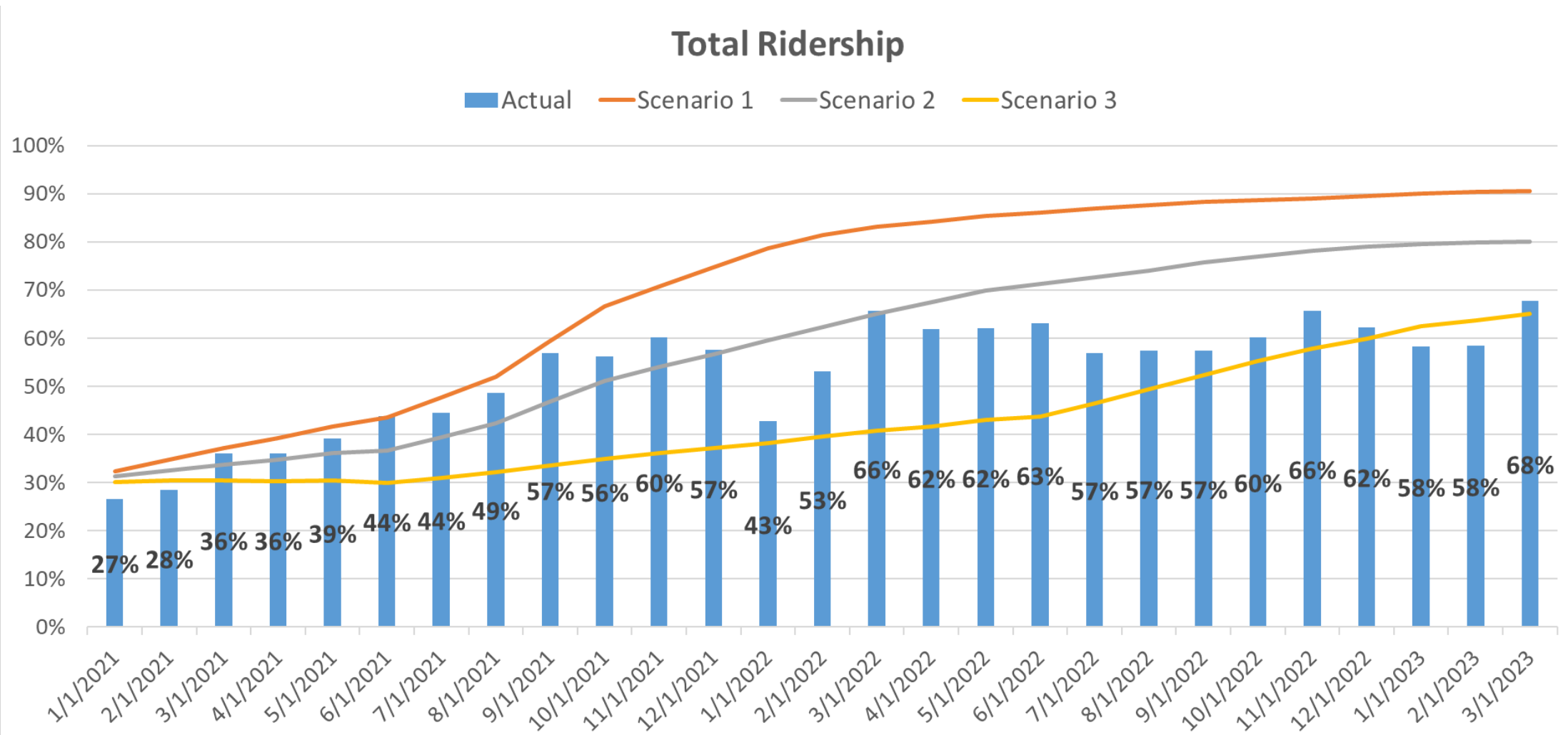
The economic impacts of COVID-19 have depressed travel and mobility, especially on the MBTA, and telecommuting is standard practice

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



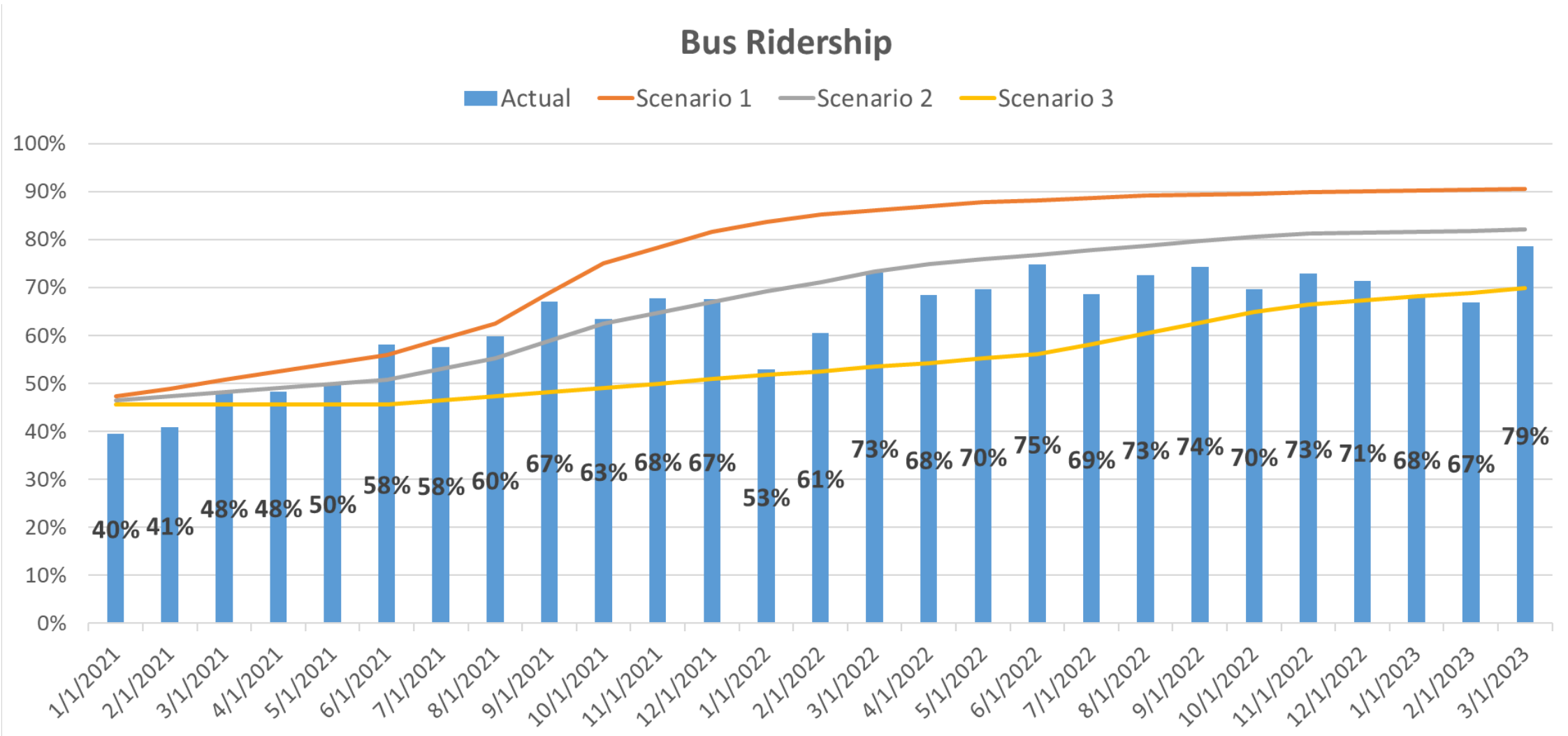
Total Ridership

- Total ridership increased to 68%, aligned with Scenario 3 projections



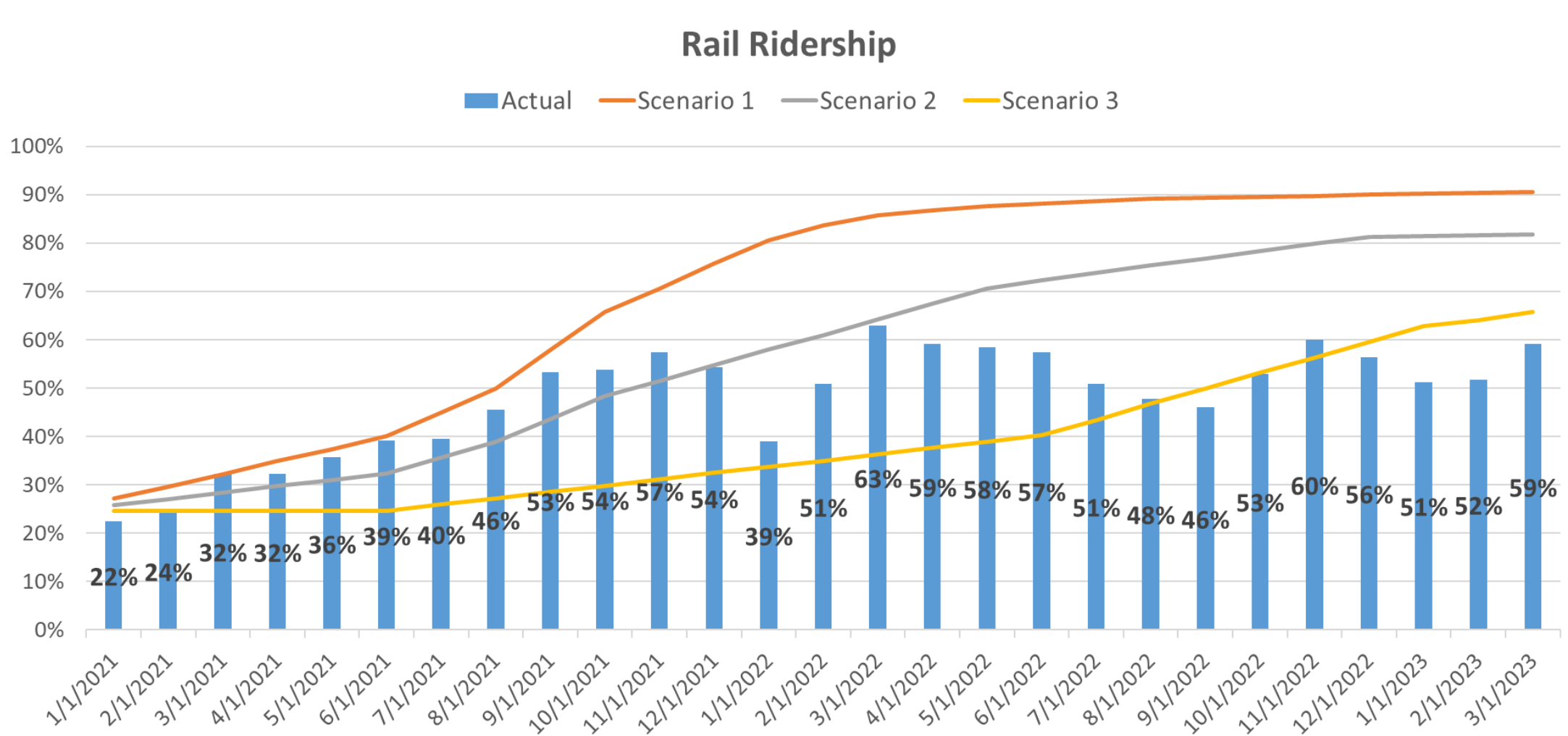
Bus Ridership

- Bus ridership increased to 79%, between Scenario 2 and 3 projections



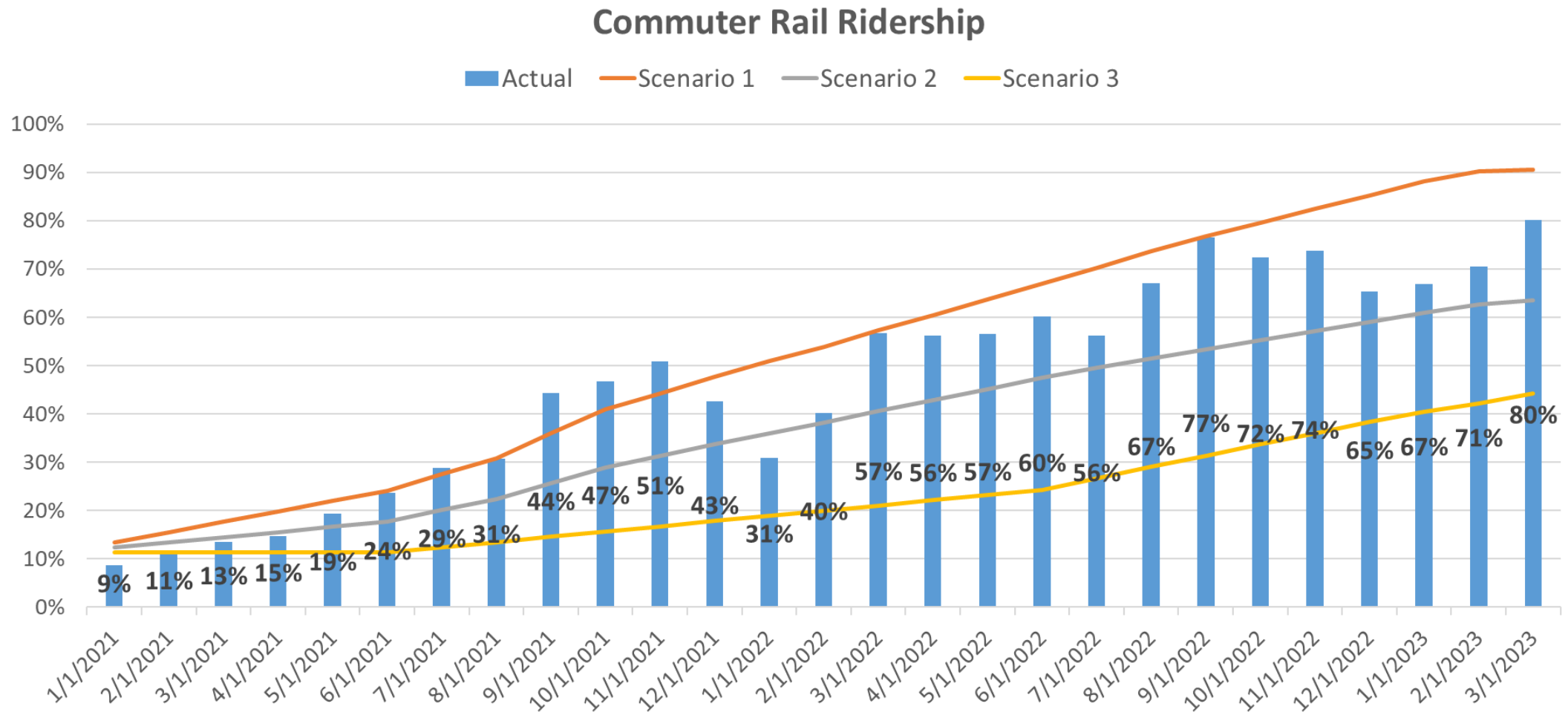
Rail Ridership

- Rail ridership increased to 59%, below Scenario 3 projections



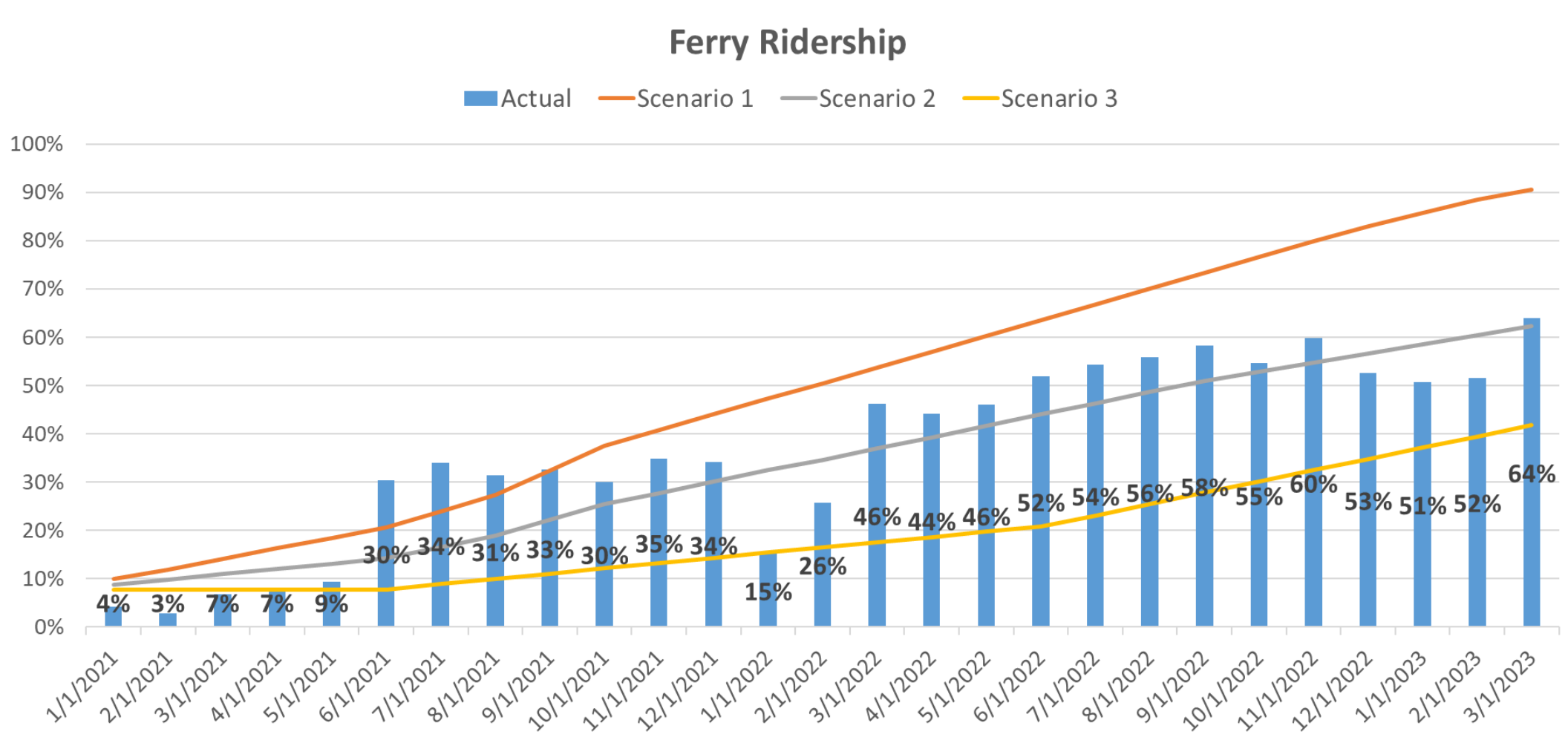
Commuter Rail Ridership

- Commuter rail ridership increased to 80%, between Scenario 1 and Scenario 2 projections



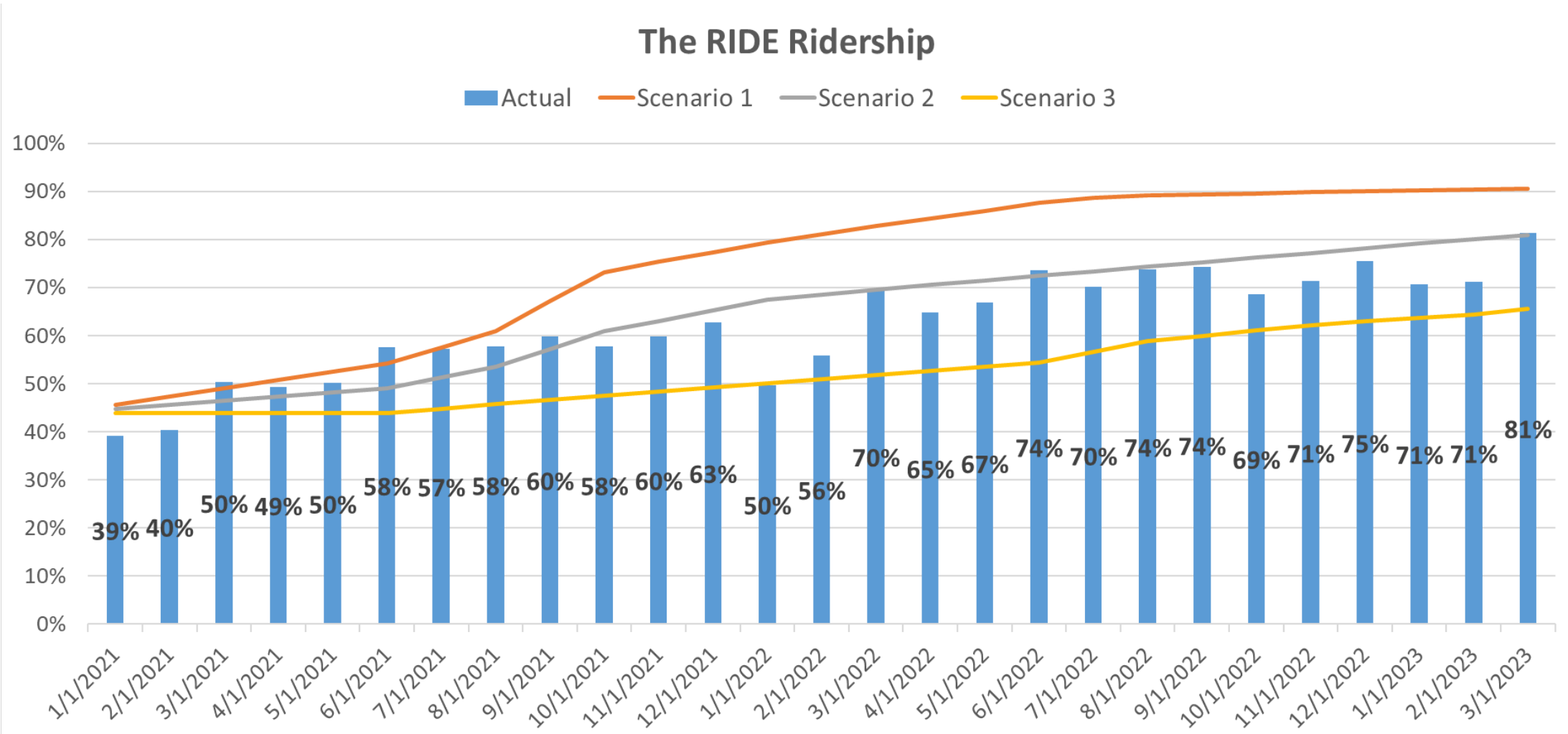
Ferry Ridership

- Ferry ridership increase to 64%, aligned with Scenario 2 projections



The RIDE Ridership

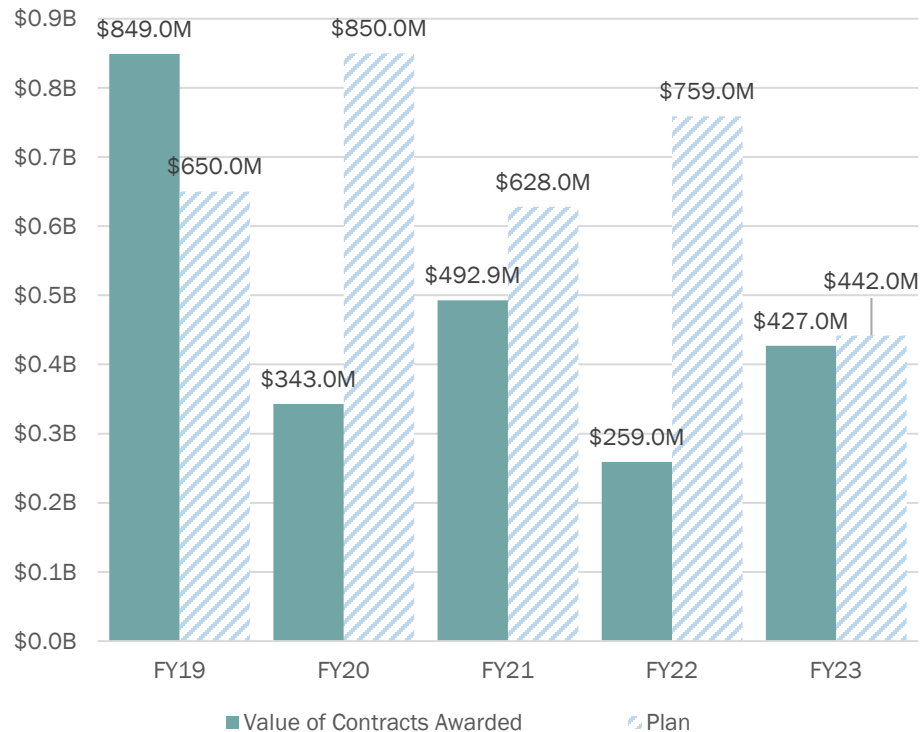
- The RIDE ridership has increased to 81%, aligned with Scenario 2



Planned FY23 Construction Contract Awards

MBTA set an ambitious contract award plan for FY23 totaling \$885M. FY23 contracts awarded to date total \$427M surpassing total FY22 awards.

Construction Contracts (\$M)



Planned Construction Contracts FY23				
Contract Description	Est. Award Date*	Est. Value (M)	Actual Award	Status
Codman Yard Improvements	07/27/22	\$86	\$86	Awarded
Systemwide Radio	10/12/22	\$55	\$98	Awarded
Bus Infrastructure - On Call	10/14/22	\$10	\$9	Awarded
Symphony Station Utility Relocation	10/14/22	\$20	\$14	Awarded
Fiberoptic Resiliency (CR) (Design Build)	11/2/22	\$75	\$83	Awarded
Systemwide Concrete Repairs (SBE)	1/11/23	\$1	\$1	Awarded
Station Standpipe Repair- Tufts Medical & Andrew Stations	1/4/23	\$5	\$1	Awarded
Quincy Bus Maintenance Facility - CM-at Risk (Pre-Construction)	2/2/23	\$1	\$0.5	Awarded
SCR Route 18 Pedestrian Bridge	2/6/23	\$20	\$21	Awarded
MBTA CNG Facility Upgrades	2/7/23	\$14	\$13	Awarded
On-Call Asphalt Repairs 2	3/1/23	\$0	\$1	Awarded
South Station Tower One	3/29/23	\$70	\$99	Awarded
Long Wharf Emergency Egress/Maverick Communication Room	4/3/23	\$11	\$13	Awarded
Lynn Bus Maintenance Repairs	1/11/23	\$4		Procurement Phase
On-Call Track IV - Transit	3/15/23	\$25		Procurement Phase
Everett Build No. 3 Office Renovations	3/22/23	\$5		Procurement Phase
Arborway Bus Facility Crew Quarters	4/26/23	\$3		Procurement Phase
D Branch Platform Accessibility	5/17/23	\$9		CIP Change Request
Blue Line Communication Rooms	6/14/23	\$6		FTA Review
Newton Highlands	6/21/23	\$18		Design Phase
Bus Maintenance Facility - North Cambridge	6/28/23	\$16		Design Phase
Total		\$442	\$427	

