



**Massachusetts Bay
Transportation Authority**

Budget Update: FY23 Q4 Results

Finance Team

FY23 YTD Operating Budget Summary

- FY23 YTD net revenues \$14.0M
 - \$2,335.9M in total revenues and \$2,332.0M in total expenses
 - Less federal funding (FEMA) of \$10.3M, YTD net revenue would be \$3.7M
- \$270M (10%) variance to budget expected and previously accounted for within five-year projections from November 2022
- Net Revenues impact on Deficiency Fund balance to start FY24 remains consistent with expectations with sufficient resources to balance FY24 operating budget

(\$M) Category	FY23 YTD Budget	FY23 YTD Actuals	\$ Change	% Change
Fare Revenues	474.3	376.4	(98.0)	-21%
Own Source Revenue	82.6	69.6	(13.0)	-16%
Non-Operating Revenues	1,740.9	1,890.0	149.0	9%
Total Revenues Subtotal	2,297.8	2,335.9	38.1	2%
<i>Fare Recovery Ratio</i>	24%	21%	-	-3%
Wages, Benefits and Payroll Taxes	932.0	864.7	(67.3)	-7%
Non-Wage	1,055.1	966.7	(88.4)	-8%
<i>Operating Expenses Subtotal</i>	<i>1,987.1</i>	<i>1,831.4</i>	<i>(155.7)</i>	<i>-8%</i>
Debt Service	566.5	490.5	(75.9)	-13%
Total Expenses Subtotal	2,553.5	2,322.0	(231.6)	-9%
Net Revenues Before Transfers	(255.7)	14.0	269.7	105%
Federal Relief Revenue	32.0	10.3	(21.7)	-68%
Net Revenues Without Relief Revenue	(287.7)	3.7	291.4	101%

FY23 Q4 Operating Budget Summary

- Total revenues \$17.1M below budget due to unfavorable fare revenue
- Total expenses \$9.3M less than budget largely driven by regular wages, The RIDE, and debt service savings
- Fare revenue recovery ratio of 20% in Q4, below the 42% pre-pandemic and below the 25% budgeted

(\$M) Category	FY23 Q4 Budget	FY23 Q4 Actuals	FY23 Q4 \$ Change	FY23 Q4 % Change	FY19 Q4 Actuals	FY19 Q4 \$ Change	FY19 Q4 % Change	FY23 YTD % Change
Fare Revenues	122.7	100.0	(22.7)	-18%	172.7	(72.7)	-42%	-21%
Own Source Revenue	25.1	19.6	(5.5)	-22%	24.5	(4.9)	-20%	-16%
Non-Operating Revenues	462.8	473.9	11.0	2%	375.1	98.8	26%	9%
Total Revenues Subtotal	610.6	593.5	(17.1)	-3%	572.3	21.2	4%	2%
<i>Fare Recovery Ratio</i>	25%	20%	-	-5%	42%	-	-23%	-3%
Wages, Benefits and Payroll Taxes	230.2	234.3	4.0	2%	187.0	47.2	25%	-7%
Non-Wage	263.1	267.1	4.0	2%	219.5	47.6	22%	-8%
<i>Operating Expenses Subtotal</i>	<i>493.4</i>	<i>501.3</i>	<i>8.0</i>	<i>2%</i>	<i>406.5</i>	<i>94.9</i>	<i>23%</i>	<i>-8%</i>
Debt Service	142.0	124.8	(17.2)	-12%	127.7	(2.9)	-2%	-13%
Total Expenses Subtotal	635.4	626.1	(9.3)	-1%	534.1	92.0	17%	-9%
Net Revenues Before Transfers	(24.8)	(32.6)	(7.9)	-32%	38.1	(70.7)	-186%	105%
Federal Revenue (FEMA)	32.0	-	(32.0)	0%	-	-	0%	-68%
Net Revenues Without Relief Revenue	(56.8)	(32.6)	24.2	43%	38.1	(70.7)	-186%	101%

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 Q4, \$135.8M total 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

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	\$103.1M
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	\$15.5M
22-6	Address the pattern of safety incidents and interim safety findings related to actions within the Operations Control Center at MBTA	\$1.72M
22-7	Address the pattern of safety incidents and interim safety findings concerning lapsed training certifications of safety-sensitive rail personnel	\$1.97M
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	\$2.68M
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	\$0.18M
22-11	Improve MBTA's management of its safety committee process, employee safety reporting program, and safety promotion activities	\$0.18M
22-12	Improve MBTA's management of its operating and maintenance policies, monitoring of rail transit operations, <u>Quality Assurance/Quality Control</u> capabilities, and training and procedures	\$2.27M
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	\$8.13M

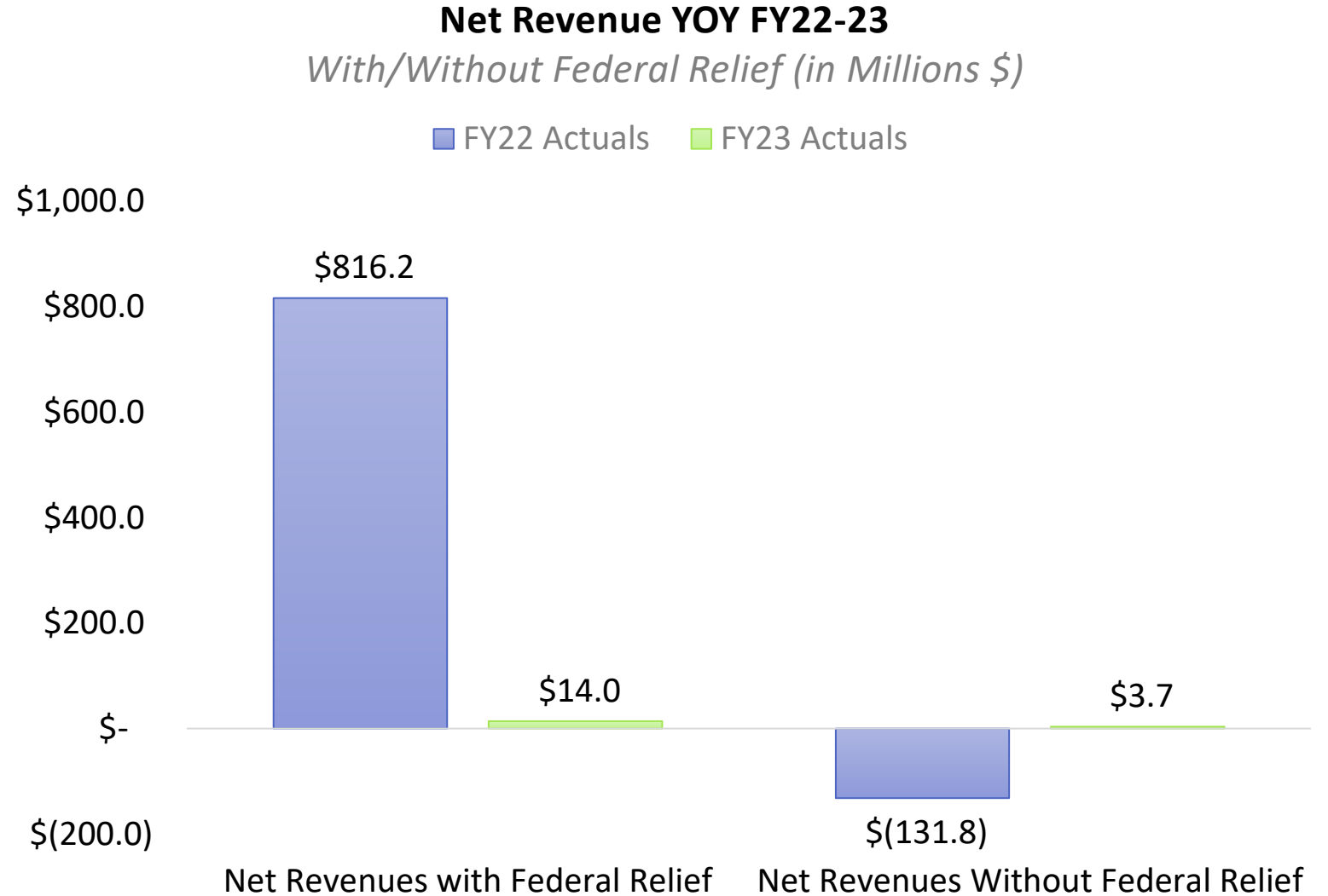
FY22-23 YOY Operating Budget Comparison

- Revenue decreased in FY23 by 23% as one-time federal revenues are exhausted
- 21% fare recovery ratio, moderately improved from FY22
- Expenses increased in FY23 by 5% across multiple categories including Commuter Rail, IT, HR, and Engineering

(\$M) Category	FY22 YTD Actuals	FY23 YTD Actuals	\$ Change	% Change
Fare Revenues	322.3	376.4	54.1	17%
Own Source Revenue	60.1	69.6	9.5	16%
Non-Operating Revenues	2,641.6	1,890.0	(751.6)	-28%
Total Revenues Subtotal	3,024.0	2,335.9	(688.0)	-23%
<i>Fare Recovery Ratio</i>	19%	21%	-	2%
Wages, Benefits and Payroll Taxes	837.6	864.7	27.1	3%
Non-Wage	896.4	966.7	70.4	8%
<i>Operating Expenses Subtotal</i>	<i>1,734.0</i>	<i>1,831.4</i>	<i>97.4</i>	<i>6%</i>
Debt Service	473.8	490.5	16.8	4%
Total Expenses Subtotal	2,207.8	2,322.0	114.2	5%
Net Revenues Before Transfers	816.2	14.0	(802.2)	-98%
Federal Relief Revenue	948.0	10.3	(937.8)	-99%
Net Revenues Without Relief Revenue	(131.8)	3.7	135.5	103%

FY22-23 YOY Operating Budget Comparison

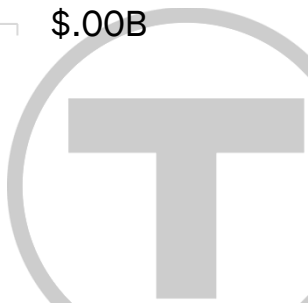
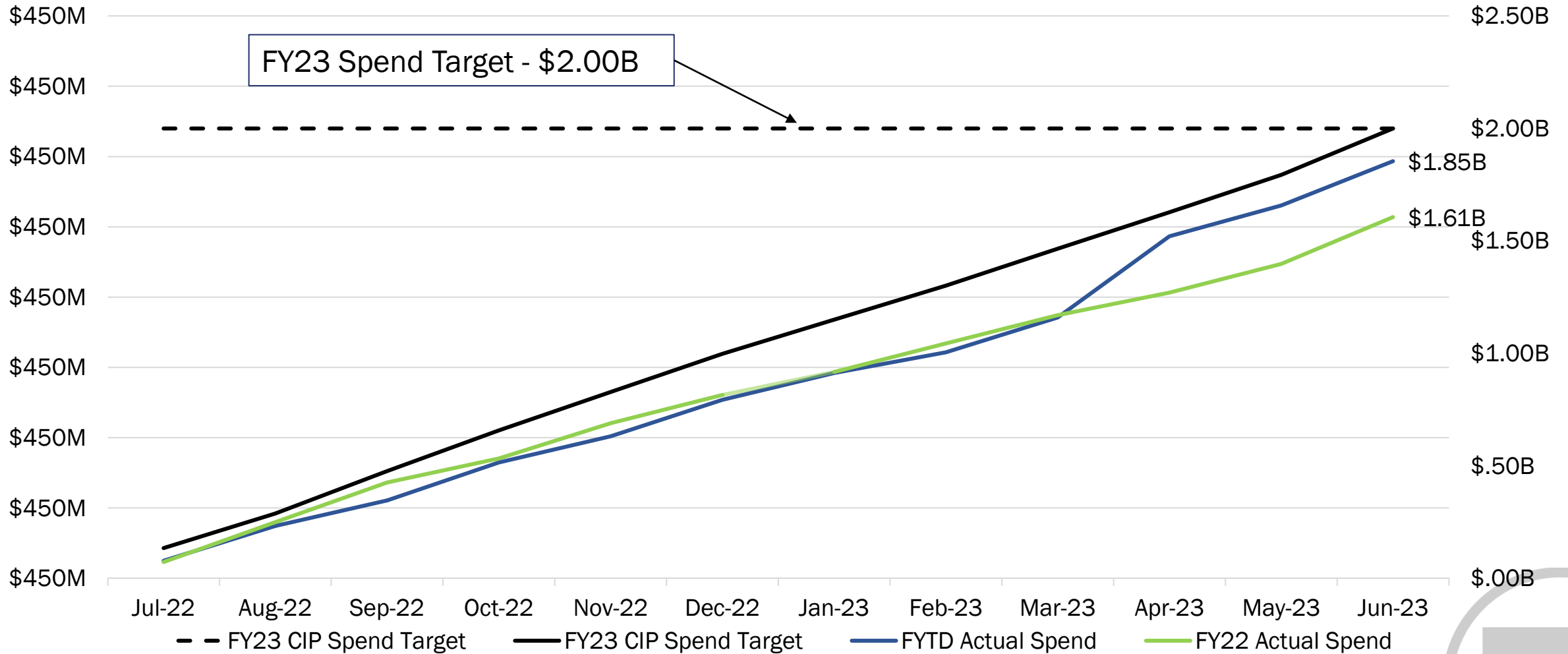
- Loss of significant one-time federal pandemic relief revenue from last year
- FY23 YTD net revenues \$802.2M less than FY22
 - \$816.2M in net revenues in FY22 and \$14.0M in net revenues in FY23
- Less Federal funding net revenues were:
 - \$3.7M in FY23 and \$-131.8M in FY22
 - Federal Funding in FY22 comprised mostly of ARPA funds (\$859M)



Capital Program Review



Cumulative Spend Overview – FY23



FY23 Capital Investment Update

Capital spending target was \$2.0B and the total actual spend for the year was \$1.85B, 93% of the goal.

Major Department	FY23 Spend	% of Total Spend
Capital Delivery	432,484,681	23%
Capital Transformation	231,054,624	12%
Capital Support	7,022,792	0%
Capital Programs Strategy & Innovation	676,004	0%
OCCP (Office of Chief of Capital Programs)	105,524	0%
Capital Programs	671,343,625	36%
General Manager*	258,324,370	14%
Office of Chief Engineer	78,851,993	4%
Vehicle Engineering	206,136,767	11%
Vehicle Maintenance	27,215,651	1%
Railroad Operations	138,911,820	7%
South Coast Rail	249,408,239	13%
Green Line Extension	63,777,589	3%
All Other	160,336,109	9%
Grand Total	1,854,306,164	100%

*General Manager spend includes Widett purchase and bond costs.



FY23 Capital Investment Highlights



Dorchester Avenue Bridge Project:

- The Dorchester Avenue Bridge carries local vehicular traffic and the MBTA no. 18 bus route over the MBTA's Red Line, the MBTA Old Colony Line, and three Red Line tracks servicing Cabot Yard. The Old Colony line is utilized by the Greenbush, Kingston/Plymouth, and Middleborough/Lakeville Commuter Rail lines as well as the seasonal weekend service to Cape Cod known as the Cape Flyer.
- This **\$37.1M** federally funded project will increase reliability and safety, reduce maintenance costs, and will have a 75-year design life at full completion. The project is fully designed and will start construction Spring 2024.



Worcester Union Station Accessibility Project:

- This **\$74.6M** federally funded project will improve asset condition and performance, operational reliability and flexibility, and accessibility for both MBTA commuter rail and Amtrak intercity passenger rail customers at Worcester Union Station
- Substantial completion is scheduled for April 2024



FY23 Capital Investment Highlights



Park Street Wayfinding Project:

- The Wayfinding project does the following:
 - Improve lighting, signage, flooring, and repairs to the Temple Place stairs.
 - Significantly improve the customer experience throughout the station.
- **\$25.4M** federally funded project addresses Accessibility Wayfinding and Station State of Good Repair Improvements for both RL and GL.
- Final completion is scheduled for March 2024.



Systemwide Radio Project:

- Communication is vital to operating a safe and reliable system. This is critically important. This **\$145.5M** project will upgrade the MBTA's existing two-way radio system used by MBTA Transit Police and operations personnel.
- Upgrades include infrastructure, mobile radios for heavy rail, light rail, bus vehicles and will include emergency alert functionality.



Appendix



FY23 Q4 Revenue Summary

- **\$593.5M** in total revenues were **\$17.1M below** budget in Q4
- **Fare revenues \$22.7M below budget** as ridership continued below budget for Q4
 - As of June, FY23 budget based on 80% of baseline ridership, with current ridership at 65% of baseline
- **Sales tax revenue \$7.8M above budget for the quarter** as revenues outperform state budget benchmarks
- **State Assistance revenue \$24.7M above budget for the quarter** as state safety directive funding is recorded to offset necessary FTA directive operating spending
 - \$135.8M in FTA related spending for operating and capital through Q4
- **Federal Funds \$32.0M below budget** as FEMA reimbursement payments are delayed into FY24

Revenues (\$M)	FY23 Q4 Budget	FY23 Q4 Actuals	\$ Change	% Change	FY19 Q4 Actuals	\$ Change	% Change
Fare Revenues	122.7	100.0	(22.7)	-18%	172.7	(72.7)	-42%
Advertising	6.5	5.8	(0.7)	-11%	8.5	(2.7)	-32%
Parking	8.8	6.3	(2.5)	-28%	10.1	(3.8)	-37%
Other	2.3	1.9	(0.4)	-19%	2.1	(0.2)	-11%
Real Estate	7.5	5.6	(1.8)	-25%	3.8	1.8	49%
<i>Own Source Revenue Subtotal</i>	<i>25.1</i>	<i>19.6</i>	<i>(5.5)</i>	<i>-22%</i>	<i>24.5</i>	<i>(4.9)</i>	<i>-20%</i>
<i>Operating Revenue Subtotal</i>	<i>147.8</i>	<i>119.6</i>	<i>(28.2)</i>	<i>-19%</i>	<i>197.2</i>	<i>-77.6</i>	<i>-39%</i>
State Sales Tax Revenue	335.8	343.6	7.8	2%	279.2	64.5	23%
Federal Funds	32.0	0.0	(32.0)	-3202%	-	0.0	0%
Local Assessments Revenue	45.9	45.9	0.0	0%	42.5	3.4	8%
Other Income	2.3	12.9	10.6	461%	21.6	-8.7	-40%
State Assistance	46.7	71.4	24.7	53%	31.7	39.7	125%
<i>Non-Operating Revenue Subtotal</i>	<i>462.8</i>	<i>473.9</i>	<i>11.0</i>	<i>2%</i>	<i>375.1</i>	<i>98.8</i>	<i>26%</i>
<i>Total Revenue</i>	<i>610.6</i>	<i>593.5</i>	<i>(17.1)</i>	<i>-3%</i>	<i>572.3</i>	<i>21.2</i>	<i>4%</i>



FY23 Q4 Spending Summary

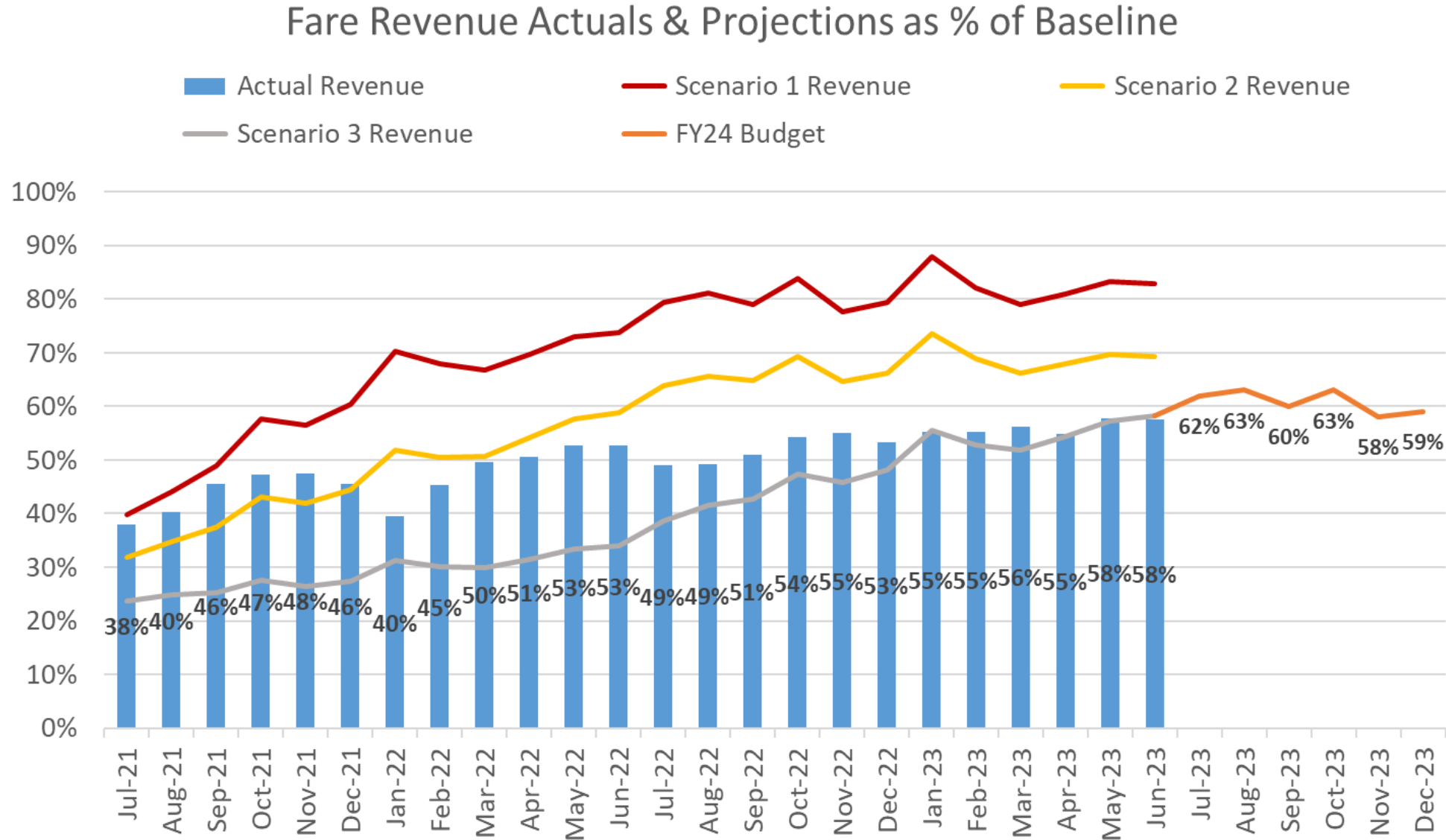
- \$626.1M in total expenses were \$9.3M below budget for Q4
- Regular wages \$4.7M below budget for Q4 as hiring efforts look to fill vacancies and new budgeted positions in a difficult job market
- Overtime \$8.0M above budget for Q4 due to vacancies, employees on leave, and FTA related safety work
- Materials and services \$5.7M above budget for Q4 consistent with historical trends for the quarter
- Purchased transit services \$1.2M below budget for Q4 with RIDE trips below budgeted levels
- Debt service \$17.2 below budget for Q4 due to multi-year active management of debt portfolio

Expenses (\$M)	FY23 Q4 Budget	FY23 Q4 Actuals	\$ Change	% Change	FY19 Q4 Actuals	\$ Change	% Change
Regular Wages	136.9	132.2	(4.7)	-3%	109.2	23.0	21%
Overtime	9.4	17.4	8.0	85%	12.1	5.3	44%
<i>Wages Subtotal</i>	<i>146.4</i>	<i>149.6</i>	<i>3.2</i>	<i>2%</i>	<i>121.3</i>	<i>28.3</i>	<i>23%</i>
Fringe Benefits	83.9	84.7	0.8	1%	65.7	18.9	29%
Materials & Services	89.6	95.3	5.7	6%	69.2	26.2	38%
Insurance	7.2	6.2	(1.0)	-14%	7.3	-1.1	-15%
Commuter Rail	124.9	128.7	3.9	3%	101.6	27.1	27%
The RIDE	34.7	28.8	(6.0)	-17%	23.8	4.9	21%
Local Service & Ferry	5.5	6.4	0.9	16%	15.6	-9.2	-59%
<i>Purchased Transit Subtotal</i>	<i>165.1</i>	<i>163.9</i>	<i>(1.2)</i>	<i>-1%</i>	<i>141.1</i>	<i>22.8</i>	<i>16%</i>
Financial Service Charge	1.2	1.7	0.5	43%	2.0	-0.3	-13%
<i>Operating Expenses Subtotal</i>	<i>493.4</i>	<i>501.3</i>	<i>8.0</i>	<i>2%</i>	<i>406.5</i>	<i>94.9</i>	<i>23%</i>
Debt Service	142.0	124.8	(17.2)	-12%	127.7	-2.9	-2%
<i>Total Expenses</i>	<i>635.4</i>	<i>626.1</i>	<i>(9.3)</i>	<i>-1%</i>	<i>534.1</i>	<i>92.0</i>	<i>17%</i>



Fare Revenue Collection

- 58% of baseline revenue in June
- Since October 2022, actual fare revenue has remained stable within 53% to 58%
- FY24 budget Q1 and Q2 assumptions range from 58%-63%



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

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

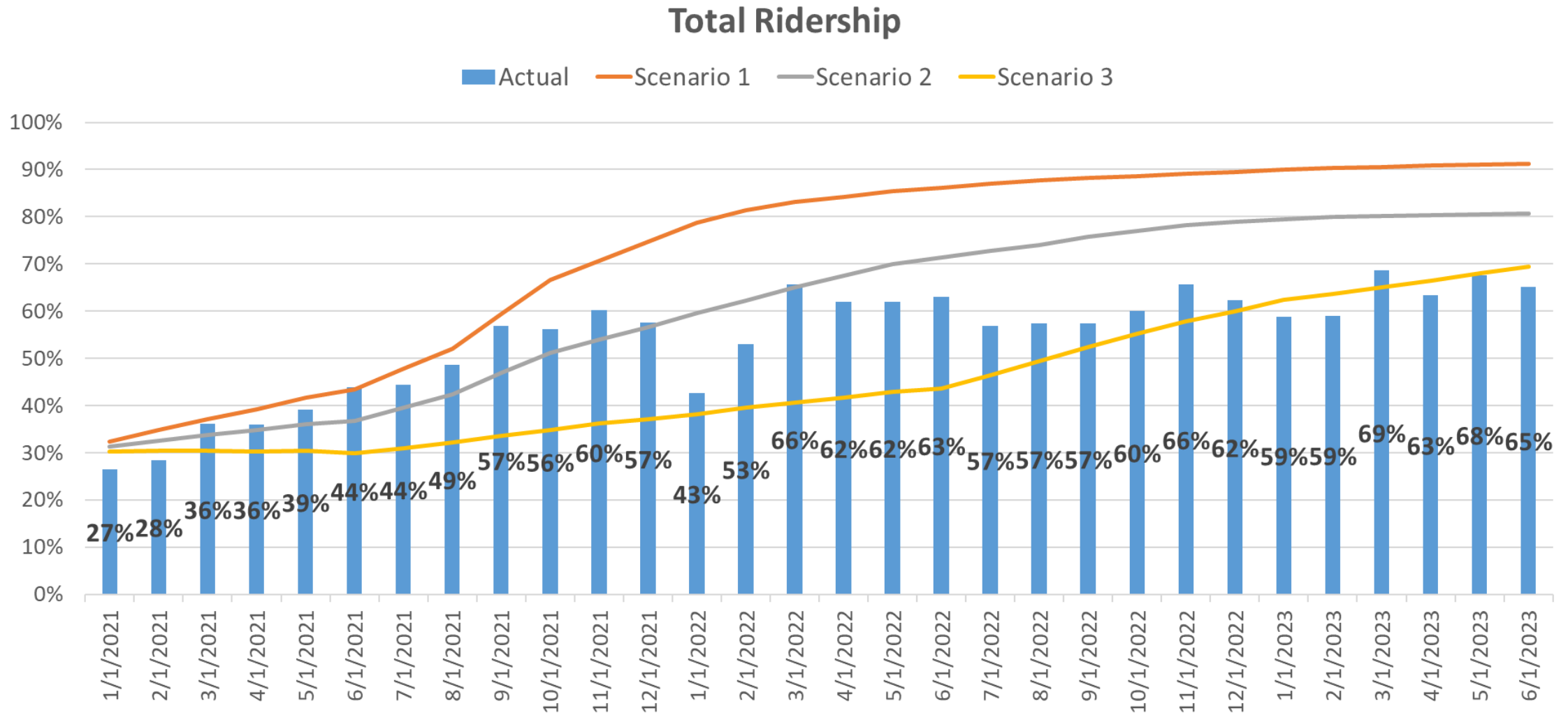
The economic impacts of COVID-19 have depressed travel and mobility, especially on the MBTA, and telecommuting is standard practice

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



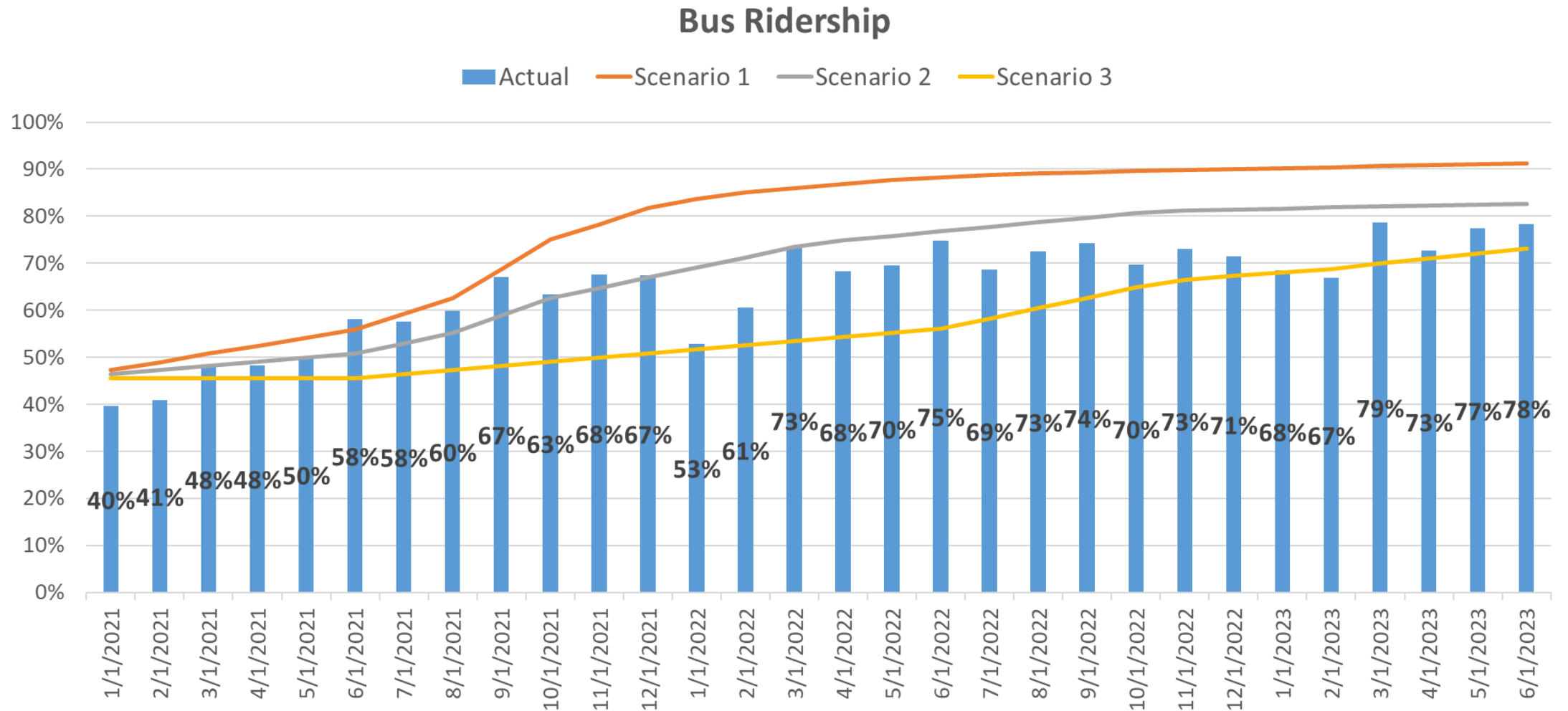
Total Ridership

- Total ridership decreased to 65%, below Scenario 3 projections



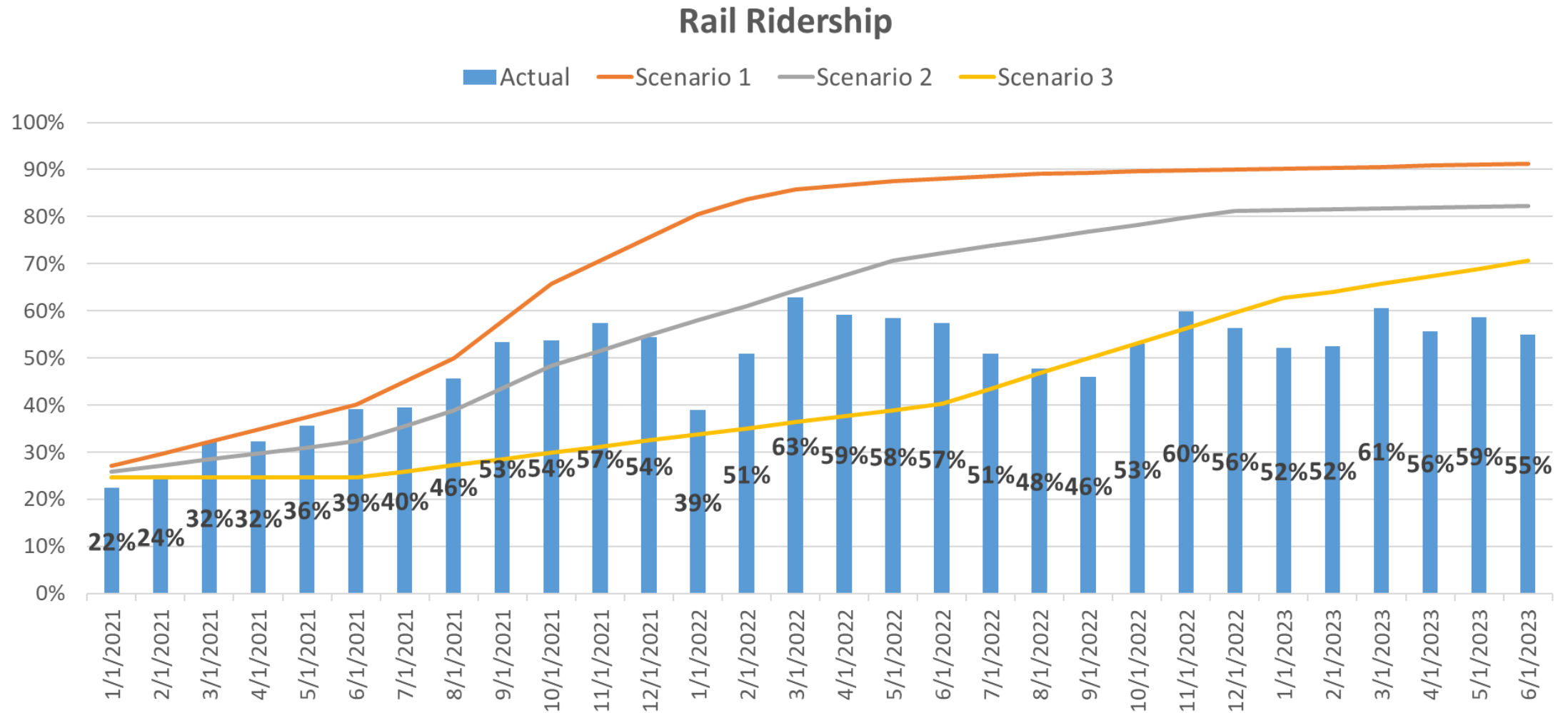
Bus Ridership

- Bus ridership increased to 78%, between Scenario 2 and 3 projections



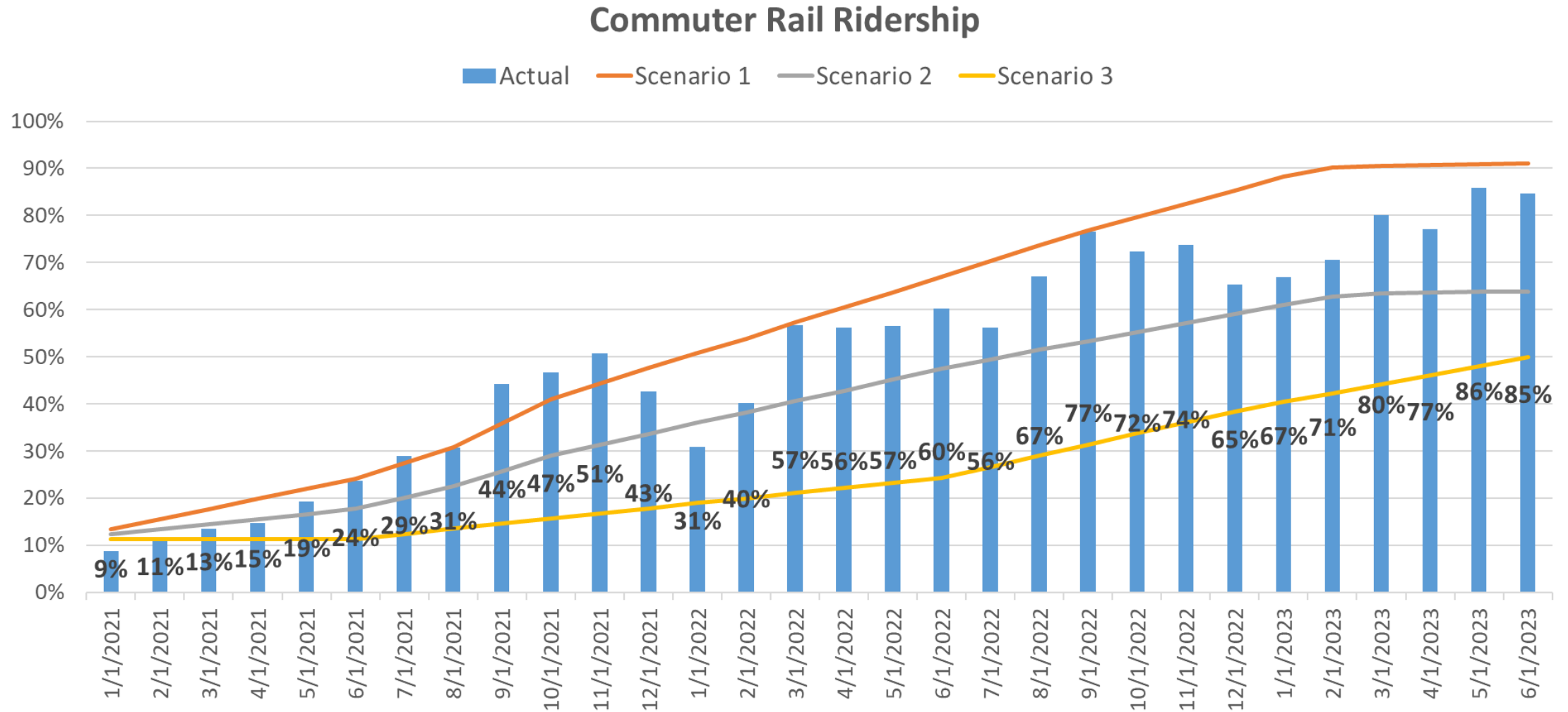
Rail Ridership

- Rail ridership decreased to 55%, below Scenario 3 projections



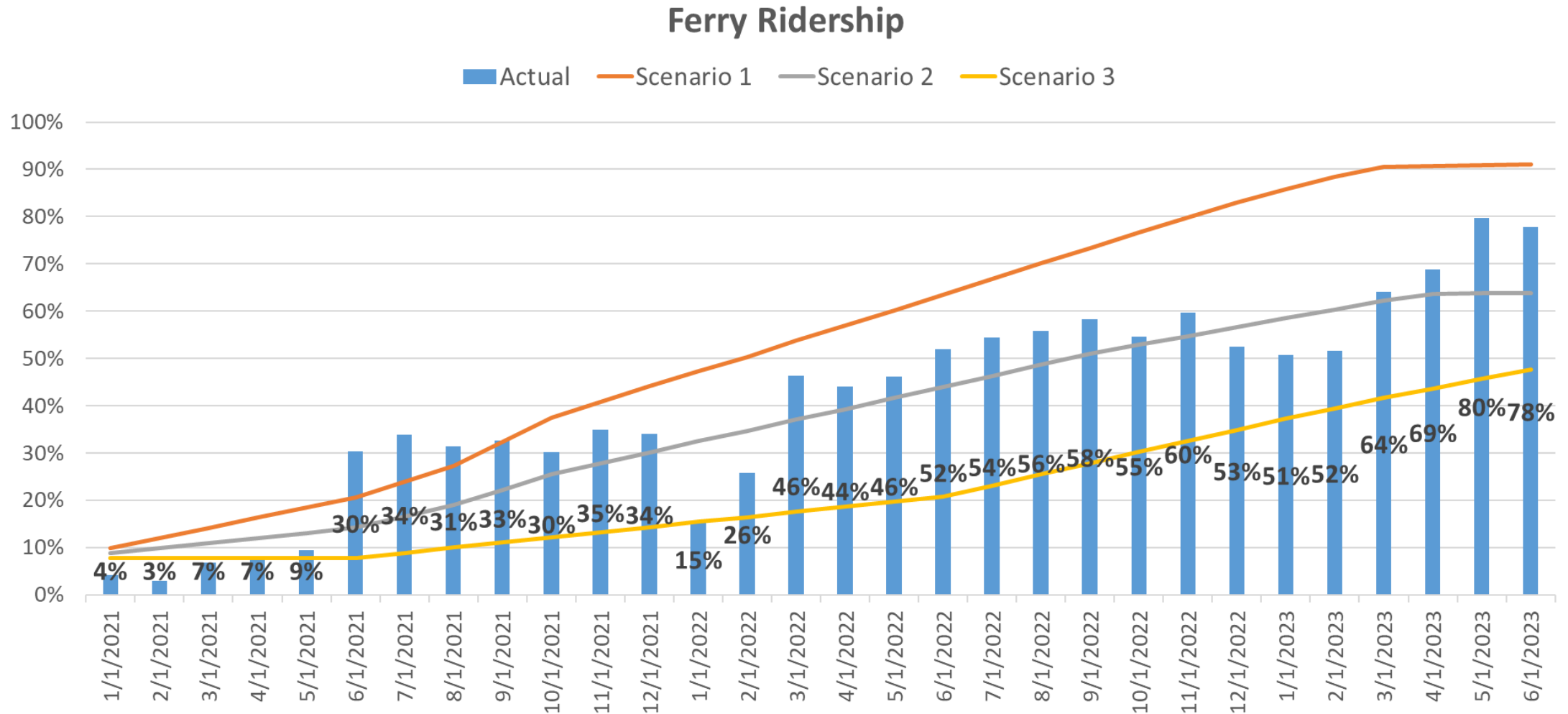
Commuter Rail Ridership

- Commuter rail ridership decreased to 85%, between Scenario 1 and 2 projections



Ferry Ridership

- Ferry ridership decreased to 78%, between Scenario 1 and Scenario 2 projections



The RIDE Ridership

- The RIDE ridership has increased to 84%, aligned with Scenario 2 projections

