

Massachusetts Bay Transportation Authority

Budget Update: FY24 Q1 Results

Finance Team

FY24 YTD Operating Budget Summary

- **FY24 YTD net revenues -\$22.9M**
 - \$586.4M in total revenues and \$609.3M in total expenses
- **Favorability to budget (\$50.3M)** means drawing down less Deficiency Fund reserves than budgeted, dedicated for future year budget gaps
- **Total revenues \$3.6M** below budget due to unfavorable fare revenue (average of 58% of baseline revenue for Q1)
- **Total expenses \$53.9M** below budget largely driven by regular wages, and material and services favorability

(\$M) Category	FY24 YTD Budget	FY24 YTD Actuals	\$ Change	% Change	FAV/UNFAV
Fare Revenues	110.3	103.6	(6.6)	-6%	UNFAV
Own Source Revenue	18.3	15.1	(3.1)	-17%	UNFAV
Non-Operating Revenues	461.5	467.7	6.2	1%	FAV
Total Revenues Subtotal	590.0	586.4	(3.6)	-1%	UNFAV
<i>Fare Recovery Ratio</i>	21%	21%	-	1%	FAV
Wages, Benefits and Payroll Taxes	256.6	229.5	(27.2)	-11%	FAV
Non-Wage	277.4	257.2	(20.2)	-7%	FAV
<i>Operating Expenses Subtotal</i>	534.0	486.7	(47.4)	-9%	FAV
Debt Service	129.2	122.7	(6.5)	-5%	FAV
Total Expenses Subtotal	663.2	609.3	(53.9)	-8%	FAV
Net Revenues Before Transfers	(73.2)	(22.9)	50.3	69%	FAV
Federal Relief Revenue	-	-	-	0%	
Net Revenues Without Relief Revenue	(73.2)	(22.9)	50.3	69%	FAV



FY24 Q1 Revenue Summary

- \$586.4M in total revenues were \$3.6M below budget in Q1
- Fare revenues \$6.6M below budget as ridership begins FY24 below budget for Q1
 - Primarily due to Sumner Tunnel Closure effective until 8/31/23
- Sales tax revenue \$7.2M below budget for the quarter as Sales Tax revenues fall below budget due to timing of collections
- State Assistance revenue \$9.4M above budget for the quarter as state safety directive funding is recorded to offset necessary FTA directive operating spending

Revenues (\$M)	FY24 Q1 Budget	FY24 Q1 Actuals	\$ Change	% Change	FAV/UNFAV
Fare Revenues	110.3	103.6	(6.6)	-6%	UNFAV
Advertising	5.6	4.3	(1.3)	-24%	UNFAV
Parking	7.8	6.3	(1.5)	-19%	UNFAV
Other	1.8	1.2	(0.6)	-32%	UNFAV
Real Estate	3.1	3.4	0.3	8%	FAV
<i>Own Source Revenue Subtotal</i>	<i>18.3</i>	<i>15.1</i>	<i>(3.1)</i>	<i>-17%</i>	<i>UNFAV</i>
<i>Operating Revenue Subtotal</i>	<i>128.5</i>	<i>118.8</i>	<i>(9.8)</i>	<i>-8%</i>	<i>UNFAV</i>
State Sales Tax Revenue	359.9	352.7	(7.2)	-2%	UNFAV
Federal Funds	-	-	-	0%	
Local Assessments Revenue	47.1	47.1	0.0	0%	FAV
Other Income	6.5	10.4	3.9	60%	FAV
State Assistance	48.0	57.4	9.4	20%	FAV
<i>Non-Operating Revenue Subtotal</i>	<i>461.5</i>	<i>467.7</i>	<i>6.2</i>	<i>1%</i>	<i>FAV</i>
<i>Total Revenue</i>	<i>590.0</i>	<i>586.4</i>	<i>(3.6)</i>	<i>-1%</i>	<i>UNFAV</i>

FY24 Q1 Spending Summary

- \$609.3M in total expenses were \$53.9M below budget for Q1
- Wages \$21.9M below budget for Q1 as hiring efforts look to fill positions in a tight labor market
 - Partially offset by Overtime \$7.1M above budget for Q1 due to vacancies, employees on leave, and FTA related safety work
- Materials and services \$18.5M below budget for Q1 consistent with historical trends for the quarter
- Debt service \$6.5M below budget for Q1 due to 2024 bond issuance not yet incurred

Expenses (\$M)	FY24 Q1 Budget	FY24 Q1 Actuals	\$ Change	% Change	FAV/UNFAV
Regular Wages	157.7	128.7	(29.0)	-18%	FAV
Overtime	11.2	18.3	7.1	64%	UNFAV
<i>Wages Subtotal</i>	<i>168.9</i>	<i>147.0</i>	<i>(21.9)</i>	<i>-13%</i>	<i>FAV</i>
Fringe Benefits	87.7	82.4	(5.3)	-6%	FAV
Materials & Services	102.4	83.9	(18.5)	-18%	FAV
Insurance	8.0	6.7	(1.2)	-15%	FAV
Commuter Rail	130.1	129.2	(1.0)	-1%	FAV
The RIDE	27.8	27.9	0.1	0%	UNFAV
Local Service & Ferry	6.7	7.6	0.9	14%	UNFAV
<i>Purchased Transit Subtotal</i>	<i>164.6</i>	<i>164.7</i>	<i>0.0</i>	<i>0%</i>	<i>UNFAV</i>
Financial Service Charge	2.4	1.9	(0.5)	-21%	FAV
<i>Operating Expenses Subtotal</i>	<i>534.0</i>	<i>486.7</i>	<i>(47.4)</i>	<i>-9%</i>	<i>FAV</i>
Debt Service	129.2	122.7	(6.5)	-5%	FAV
<i>Total Expenses</i>	<i>663.2</i>	<i>609.3</i>	<i>(53.9)</i>	<i>-8%</i>	<i>FAV</i>

FTA Special Directive Spending Update

- \$398M in one-time state funds appropriated 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
 - \$20M under Chapter 28 of the Acts of 2023
- As of Q1, \$170.7M was spent on FTA directives and already \$319.8M is committed or under contract.
 - The remaining funds are budgeted to be spent in FY25.

Directive	Description	Amount Spent ¹	Total Committed ²
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	\$121.4M	\$181.8M
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	\$20.1M	\$29.2M
22-6	Address the pattern of safety incidents and interim safety findings related to actions within the Operations Control Center at MBTA	\$4.21M	\$7.89M
22-7	Address the pattern of safety incidents and interim safety findings concerning lapsed training certifications of safety-sensitive rail personnel	\$4.08M	\$10.9M
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	\$4.54M	\$11.9M
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	\$0.35M	\$3.82M
22-11	Improve MBTA's management of its safety committee process, employee safety reporting program, and safety promotion activities	\$0.22M	\$0.58M
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	\$4.88M	\$16.9M
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	\$10.9M	\$18.3M
	Total	\$170.7M	\$319.8M³

¹ LTD Expenses as of 9/30/23

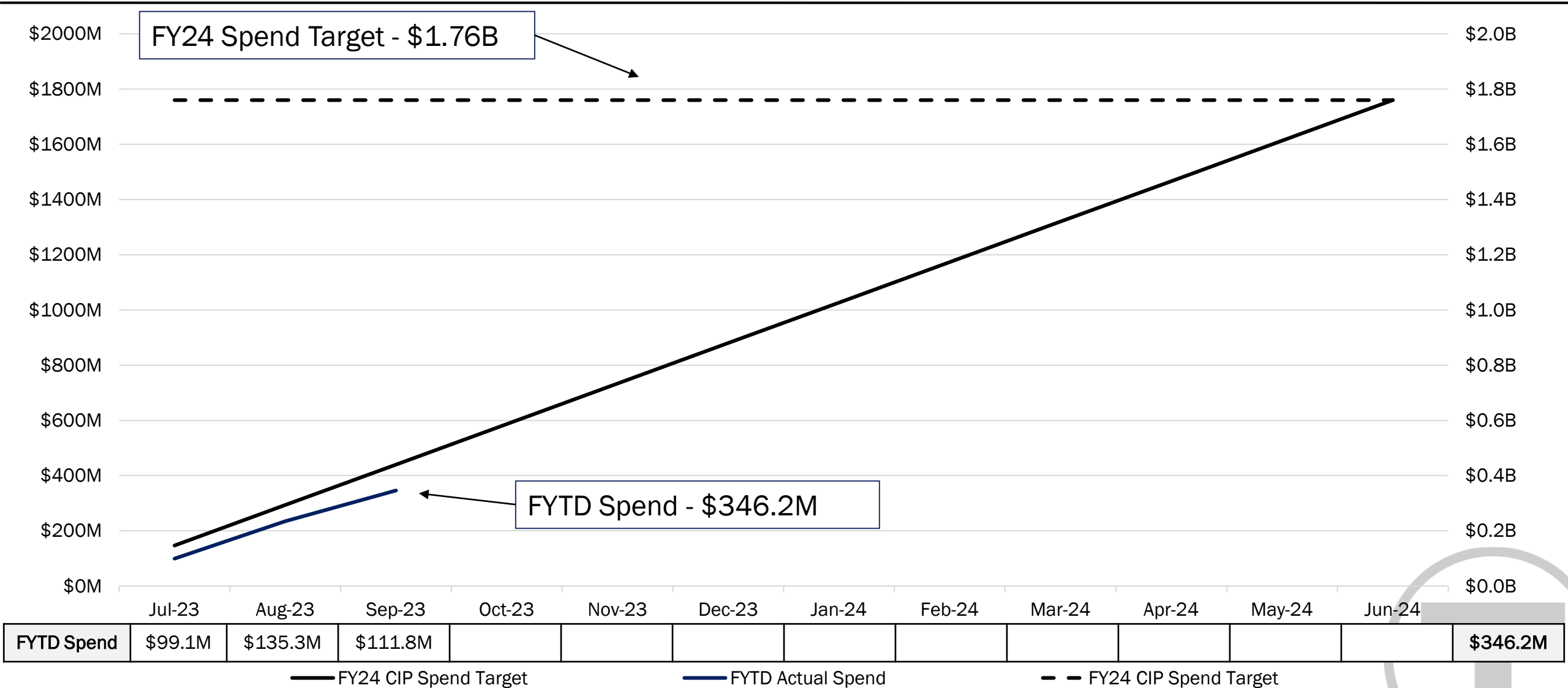
² Committed as of 10/26/23

³ Committed amount represents total contracts and LTD spend
Contains FY24 Budgeted HC, but does not contain future years

Capital Program Review



Cumulative Spend Overview – FY24



FY24 FYTD September Capital Investment Update (\$M)

Capital spending target is \$1.76B and actual spend for Q1 is 346.2M, 17% of the goal.

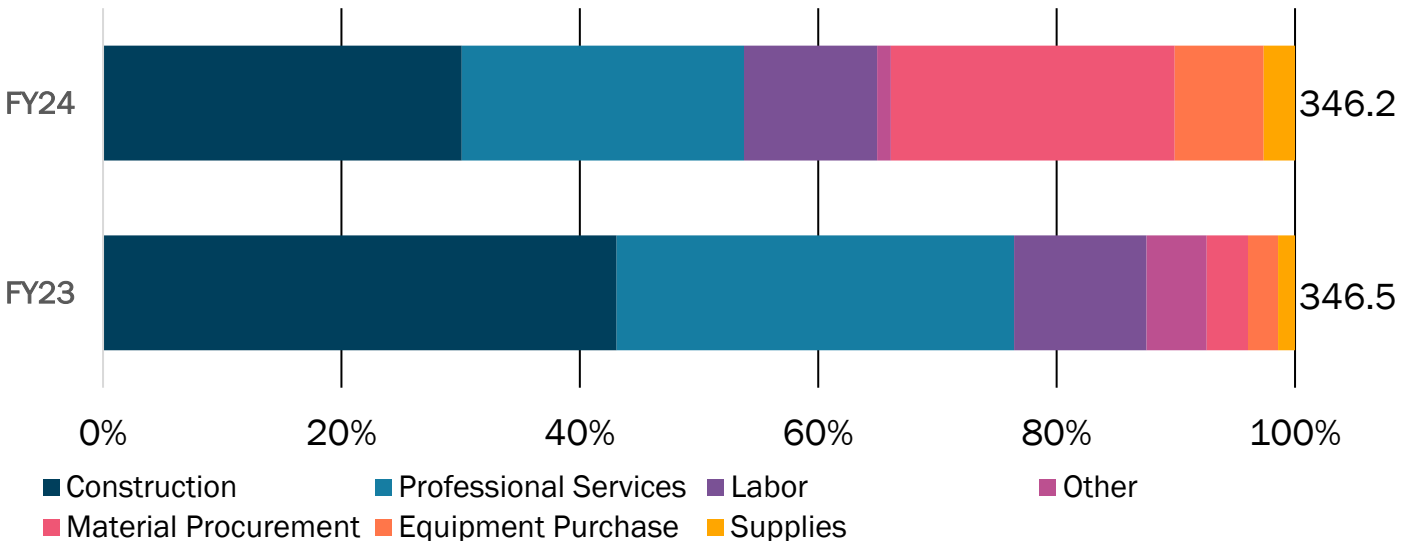
Major Department	FYTD Spend	% of Total Spend
Capital Delivery	73.4	21%
Capital Transformation	44.1	13%
Capital Support	1.4	0%
OCCP	0.4	0%
CPSI	0.2	0%
Total - Capital Programs	119.5	35%
Vehicle Engineering	103.3	30%
Railroad Operations	24.0	7%
South Coast Rail	17.1	5%
Fare Transformation	15.3	4%
Office of Chief Engineer	15.2	4%
E&M	13.1	4%
Vehicle Maintenance	11.1	3%
Green Line Extension	6.9	2%
All Other	20.8	6%
Grand Total	346.2	100%



FY24 FYTD September Capital Investment Update (\$M)

Responsibility Code	FYTD Spend	% of Total Spend
Construction	104.2	30%
Material Procurement	82.4	24%
Professional Services	82.0	24%
Labor	38.7	11%
Equipment Purchase	25.8	7%
Supplies	9.1	3%
Other	4.0	1%
Grand Total	346.2	100%

- Q1 spend was led by Construction spending (30% FYTD spend) followed by Material Procurement (vehicle purchases) and Professional Services spending at 24%.
- Year over Year (YoY) spend is inline; however, YoY Construction spend is down \$45.1M, a drop of 30.2%. This is offset by the increase in material procurement (vehicle purchases) which has increased by \$70.2M, a 587% jump.



Q1 FY24 Capital Investment Highlights



Bi-Level Coach Procurement

- This is a state funded **\$291.8M** project to procure **83** new Bi-Level Commuter Rail Coaches from Hyundai Rotem. 67 of these coaches are replacing 35–40-year-old single level coaches currently in use in the Commuter Rail Fleet. The other 16 coaches have been procured to support the needs of South Coast Rail.
- The 4 Pilot Coaches were conditionally accepted in April of this year. **48** Coaches have been delivered to the US through 9/30/23 and are undergoing testing and commissioning. 24 of those have been Conditionally Accepted, resulting in expenditures of **\$21.4M** between 7/1/23 and 9/30/23.



New Flyer 40-foot Enhanced Electric Hybrid (EEH) Bus

- This federally funded **\$128.6M** project will procure 160 Enhanced Electric Hybrid Buses (EEH) and replace the SR1105 Diesel Buses that were commissioned in 2006–2007. These new vehicles feature higher reliability, decreased maintenance costs, significant improvements in fuel economy, and emissions reduction technology.
- In FY24 the MBTA accepted **80** of the 160 Buses. The MBTA spent **\$57.3M** from July 1, 2023, to September 30, 2023.



Q1 FY24 Capital Investment Highlights



North Side ATC Project:

- This **\$466.75M** federally funded project will modernize the signal system, increase reliability, improve safety, and reduce maintenance costs. The project commenced in 2019 and is expected to complete by year end 2024.
- North Side ATC is a federally mandated Commuter Rail signal upgrade that is an extension to the Commuter Rail Positive Train Control (PTC) project. This project is implementing Automatic Train Control (ATC, aka cab-signals) on the North Side commuter rail lines. In Q1 FY24 the project started a 58-day outage to implement ATC on a 16-mile segment of the Haverhill Line which was completed on November 5th. The project is currently 93% complete (158 of 170 miles).



South Coast Rail

- South Coast Rail is a **\$1.1B** Commonwealth-funded project that will expand MBTA commuter rail service from Boston to the cities of Taunton, Fall River, New Bedford, and the Southeastern region. The project includes 36 miles of right of way work including; new track, installation of modern signals and communication systems, traffic signal, crosswalks, and road work at station entrances.
- Pictured is the new Middleborough commuter rail station, substantially completed in Q1, one of the six new passenger stations being built under this project.

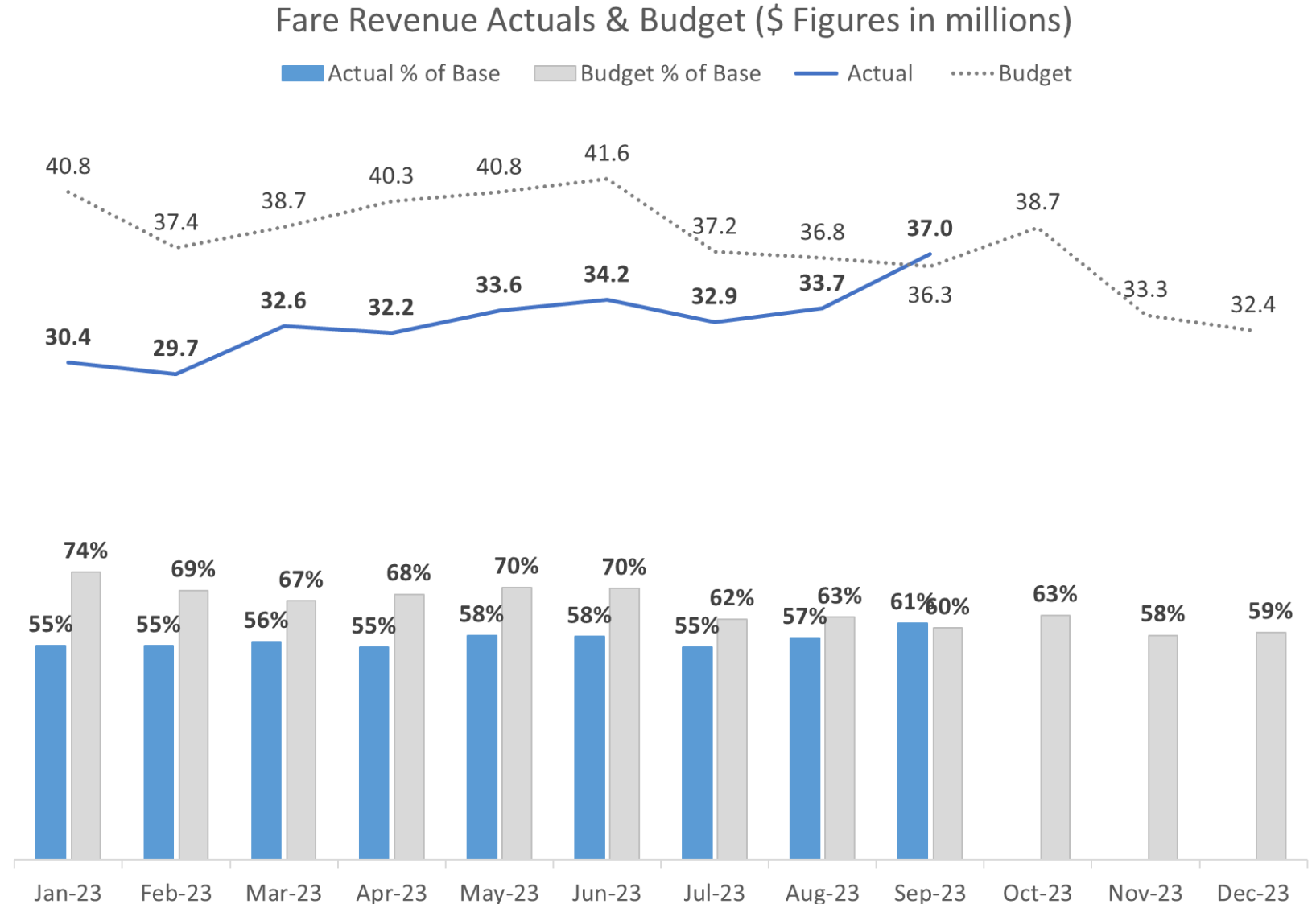


Appendix



Monthly Fare Revenue Collection

- Fare revenue collections in September were 61% of baseline and above the budgeted amount of 60%
 - \$0.8M favorable for the month with \$37.0M in fare revenue compared to the \$36.3M budgeted
- FY24 budget is based on total fare revenue of \$419M or 60% of baseline



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**

FY24 Programmatic Investments

- Investments in multiple priority initiatives for safety and service add to the operating budgeted headcount
- Adding new positions allows the MBTA to continue to aggressively post, recruit, and hire new positions to meet safety and service goals
- Given current labor market challenges, adding new positions will also likely maintain or increase the number of budgeted vacancies in the short-term, despite enhanced HR efforts
- Consistent with Board direction during Budget Preview Presentation in March 2023 and Preliminary Budget Presentation in April 2023

FTA directive response

- Response to August 2022 FTA report issuing special directives and individual action items on areas including right of way safety, rail yard train movements, Operations Control Center, safety certifications, workforce capacity, mitigating safety risks, safety promotion, and quality control/assurance – 455 new positions

Safety & Training beyond FTA directive scope

- Further investments in safety and training beyond the scope of the FTA’s safety management inspection (SMI), including bus transportation, preventative and corrective maintenance at facilities and stations, and enhanced capacity to train and hire new staff – 189 new positions

Bus Network Redesign

- Adding 126 new positions to continue the goal of phasing in a 25% increase in service over several years across the network to prioritize equity and add more frequent service (subject to bus operator shortages and hiring)

Green Line Extension

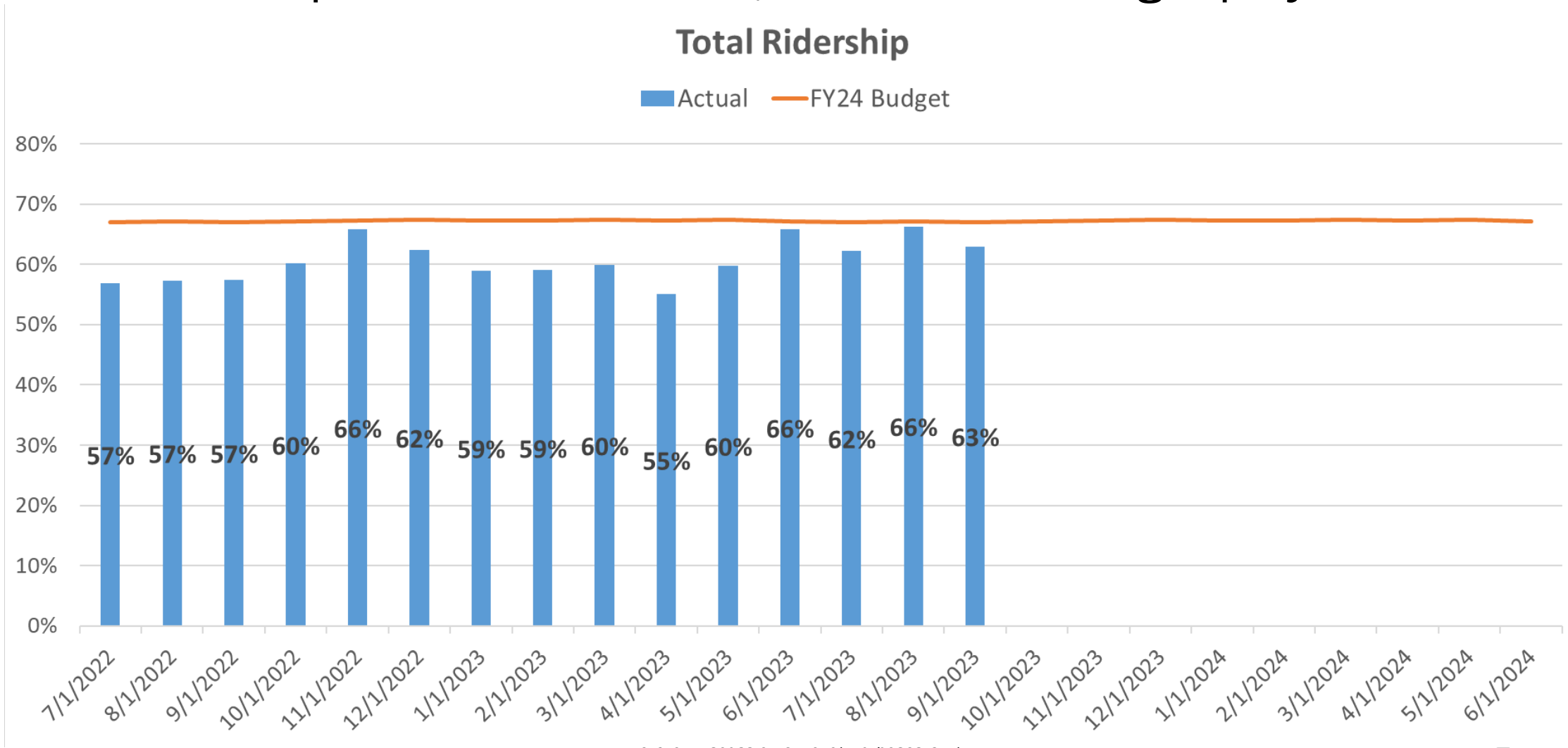
- Adding 54 new positions to fully operate and maintain the expanded light rail service, which opened for full service in December 2022

Means-tested Fares

- Low-Income Fares expands fare affordability across modes, addressing an existing gap for the low-income population ages 26-64, supported through the Governor’s budget recommendation of \$5M in one-time start-up costs

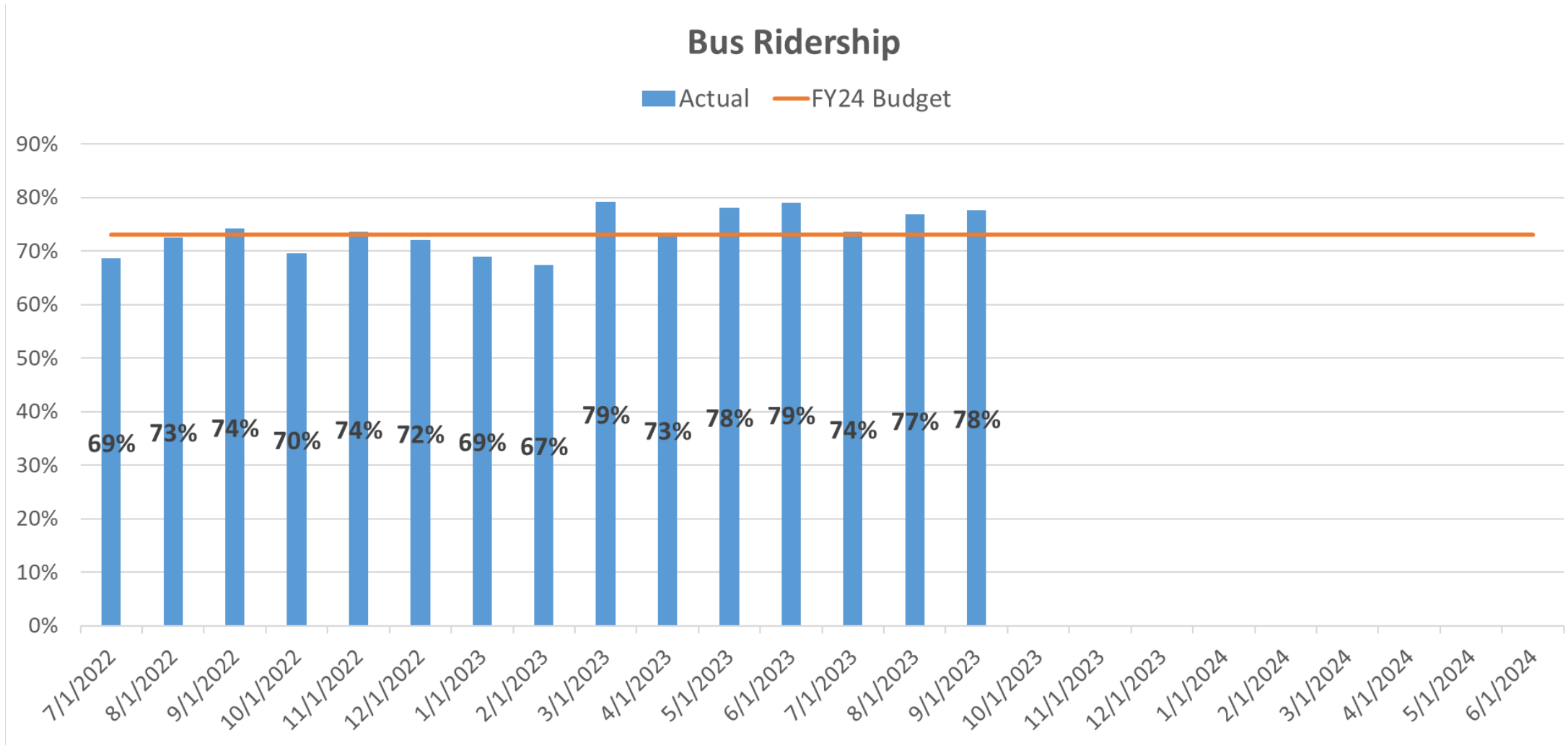
Total Ridership

- Total ridership decreased to 63%, below FY24 Budget projections



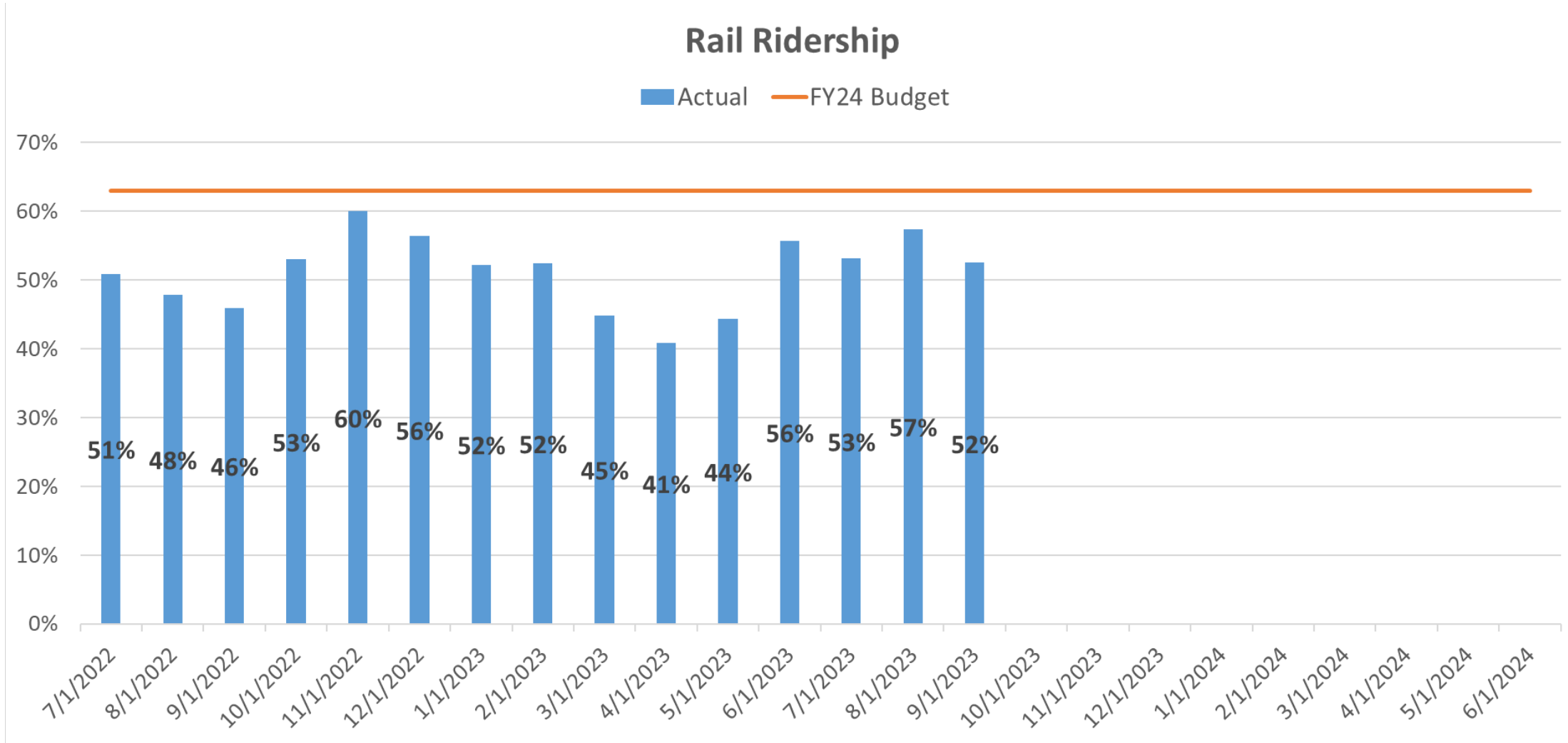
Bus Ridership

- Bus ridership increased to 78%, above with FY24 Budget projections



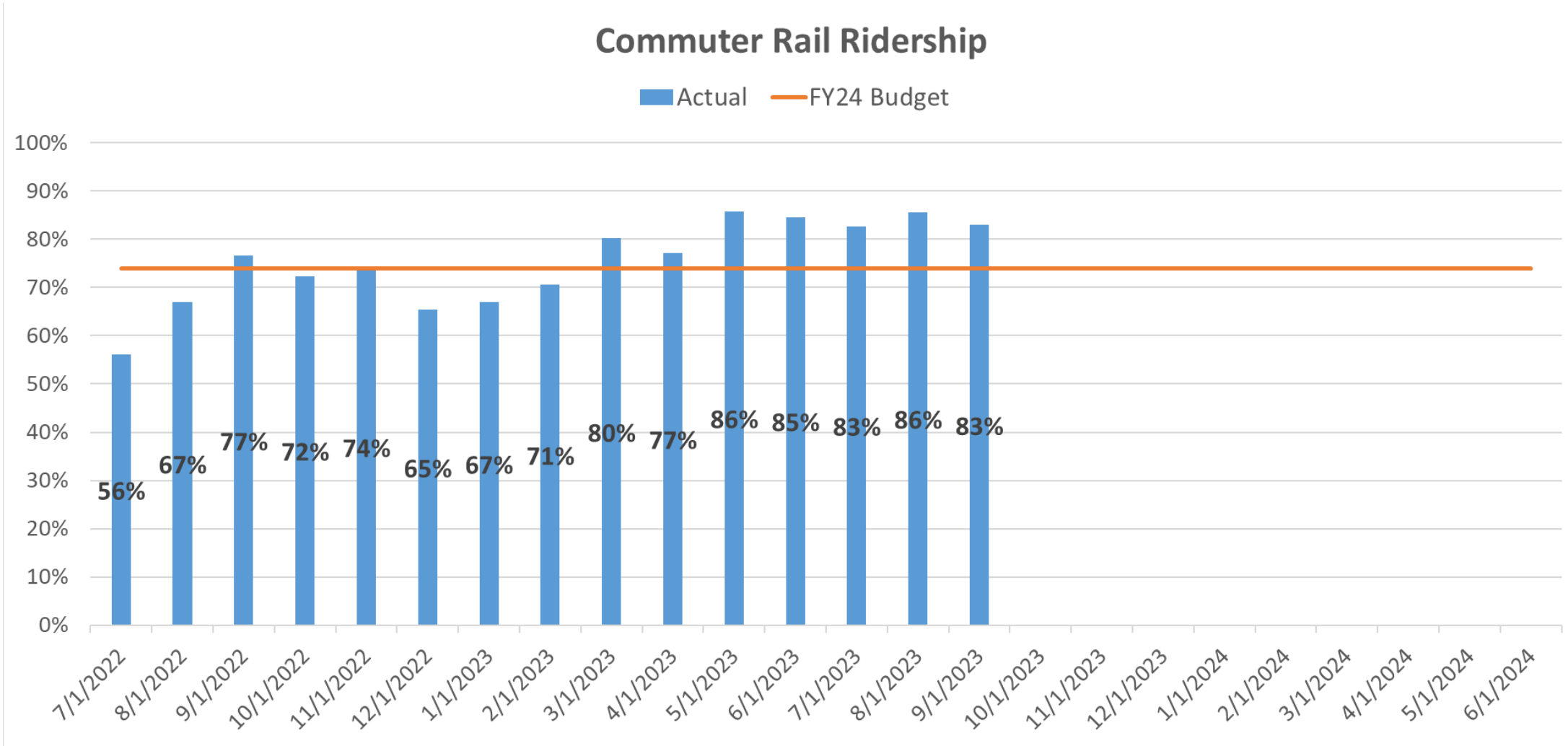
Rail Ridership

- Rail ridership decreased to 52%, below FY24 Budget projections



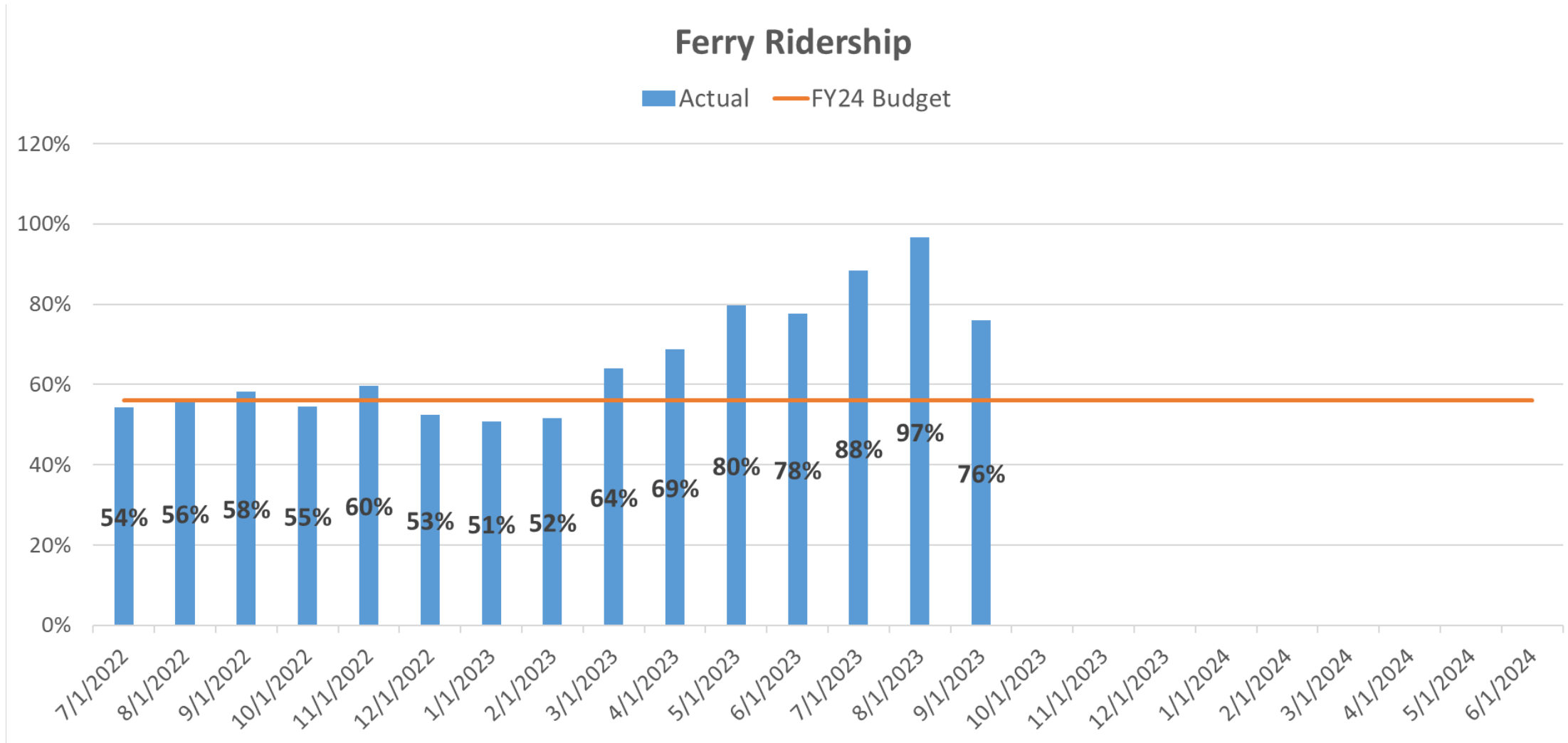
Commuter Rail Ridership

- Commuter rail ridership decreased to 83%, above FY24 Budget projections



Ferry Ridership

- Ferry ridership decreased to 76%, above FY24 Budget projections



The RIDE Ridership

- The RIDE ridership has increased to 83%, above FY24 Budget projections

