



Massachusetts Bay Transportation Authority

Budget Update: FY24 Q3 Results

MBTA Audit & Finance Committee
August 2024

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FY24 Q1 - Q3 Operating Budget Summary

- **FY24 YTD net revenues -\$134.0M**
 - \$1,790.4M in total revenues and \$1,924.3M in total expenses
- **Favorability to budget \$7.5M** means drawing down less Deficiency Fund reserves than budgeted, dedicated for future year budget gaps
- **Total revenues \$102.0M** below budget due primarily to Non-Operating revenue sources below expected levels
- **Total expenses \$109.5M** below budget largely driven by regular wages, and material and services favorability

(\$M) Category	FY24 Q1-Q3 Budget	FY24 Q1-Q3 Actuals	\$ Change	% Change	FAV/UNFAV
Fare Revenues	314.7	309.0	(5.7)	-2%	UNFAV
Own Source Revenue	57.7	54.1	(3.6)	-6%	UNFAV
Non-Operating Revenues	1,520.0	1,427.3	(92.6)	-6%	UNFAV
Total Revenues Subtotal	1,892.4	1,790.4	(102.0)	-5%	UNFAV
<i>Fare Recovery Ratio</i>	19%	20%	-	1%	FAV
Wages, Benefits and Payroll Taxes	780.2	754.7	(25.4)	-3%	FAV
Non-Wage	866.1	795.5	(70.6)	-8%	FAV
<i>Operating Expenses Subtotal</i>	1,646.2	1,550.2	(96.1)	-6%	FAV
Debt Service	387.6	374.2	(13.4)	-3%	FAV
Total Expenses Subtotal	2,033.9	1,924.3	(109.5)	-5%	FAV
Net Revenues Before Transfers	(141.5)	(134.0)	7.5	5%	FAV
Federal Relief Revenue (MEMA)	-	5.1	5.1	505%	FAV
Net Revenues Without Relief Revenue	(141.5)	(139.0)	2.5	2%	FAV



FY24 Q3 Operating Budget Summary

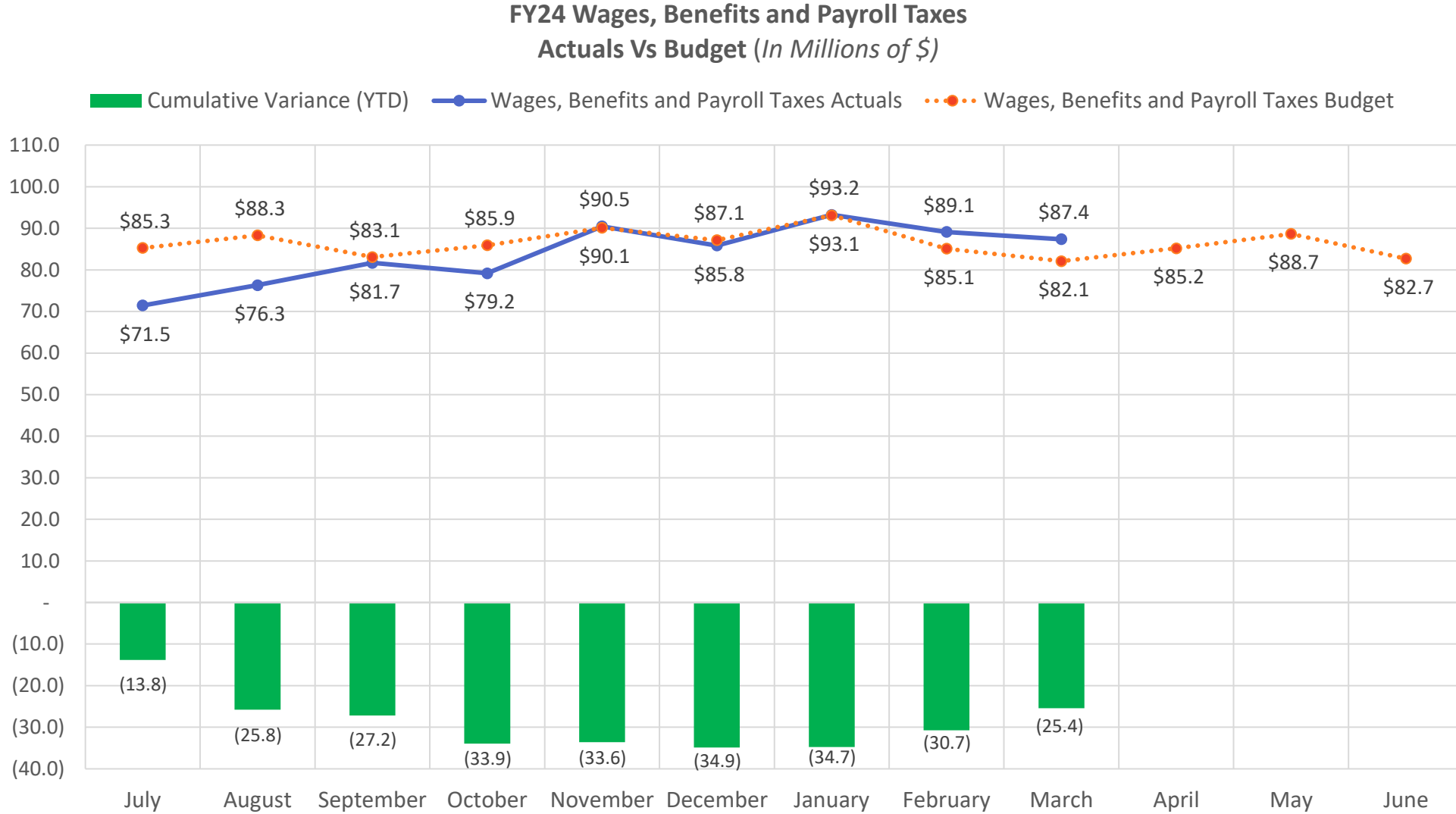
- Total revenues \$53.6M below budget due to unfavorable non-operating revenues including state sales tax and state assistance
- Total expenses \$21.4M below budget largely driven by material and services favorability as wage line items become unfavorable
- Fare revenue recovery ratio of 18.1% in Q3, below the 42% pre-pandemic (FY19) baseline and above the 17.8% budgeted

(\$M) Category	FY24 Q3 Budget	FY24 Q3 Actuals	FY24 Q3 \$ Change	FY24 Q3 % Change	FAV/UNFAV	FY24 YTD % Change
Fare Revenues	100.1	99.4	(0.7)	-1%	UNFAV	-2%
Own Source Revenue	18.8	19.0	0.2	1%	FAV	-6%
Non-Operating Revenues	534.0	480.8	(53.2)	-10%	UNFAV	-6%
Total Revenues Subtotal	652.9	599.2	(53.6)	-8%	UNFAV	-5%
<i>Fare Recovery Ratio</i>	<i>17.8%</i>	<i>18.1%</i>	<i>-</i>	<i>0.3%</i>	<i>FAV</i>	<i>1%</i>
Wages, Benefits and Payroll Taxes	260.3	269.7	9.4	4%	UNFAV	-3%
Non-Wage	303.2	280.4	(22.8)	-8%	FAV	-8%
<i>Operating Expenses Subtotal</i>	<i>563.6</i>	<i>550.2</i>	<i>(13.4)</i>	<i>-2%</i>	<i>FAV</i>	<i>-6%</i>
Debt Service	135.9	127.9	(8.0)	-6%	FAV	-3%
Total Expenses Subtotal	699.5	678.1	(21.4)	-3%	FAV	-5%
Net Revenues Before Transfers	(46.6)	(78.8)	(32.2)	-69%	UNFAV	5%
Federal Revenue (MEMA)	-	-	-	0%	-	505%
Net Revenues Without Relief Revenue	(46.6)	(78.8)	(32.2)	-69%	UNFAV	2%



Total Wages, Benefits and Payroll Taxes: FY24 Budget vs Actuals

- Wages, Benefits and Payroll Taxes \$25.4M under budget YTD, due to operating headcount at 84.3% of capacity as of March
- Hiring efforts are ramping up with over 1100 hires YTD, and a net change of over +700 employees
- Improved compensation (Collective Bargaining Increases), retention bonuses and longevity bonuses have decreased attrition and increased hiring
- As wages favorability wanes, FY24 net revenue will become unfavorable



FY24 Q3 Revenue Summary

- \$599.2M in total revenues were \$53.6M below budget in Q3
- Fare revenues \$0.7M below budget as ridership tracks closer to budget in Q3 with track work closures beginning to ramp up
- Sales tax revenue \$16.0M below budget for the quarter as Office of the State Comptroller revises down projections for FY24
- State Assistance revenue \$41.6M below budget for the quarter due to timing of FTA state safety directive funding
 - In Q4 FTA funding “True Up” will occur to recognize revenue with all corresponding expenses

Revenues (\$M)	FY24 Q3 Budget	FY24 Q3 Actuals	\$ Change	% Change	FAV/UNFAV
Fare Revenues	100.1	99.4	(0.7)	-1%	UNFAV
Advertising	4.6	4.5	(0.1)	-2%	UNFAV
Parking	7.9	6.8	(1.1)	-14%	UNFAV
Other	1.8	1.1	(0.8)	-41%	UNFAV
Real Estate	4.5	6.6	2.1	47%	FAV
<i>Own Source Revenue Subtotal</i>	<i>18.8</i>	<i>19.0</i>	<i>0.2</i>	<i>1%</i>	<i>FAV</i>
<i>Operating Revenue Subtotal</i>	<i>118.9</i>	<i>118.4</i>	<i>(0.4)</i>	<i>0%</i>	<i>UNFAV</i>
State Sales Tax Revenue	372.1	356.1	(16.0)	-4%	UNFAV
Federal Funds (MEMA)	-	-	-	0%	UNFAV
Local Assessments Revenue	47.1	47.1	0.0	0%	FAV
Other Income	4.5	8.8	4.3	97%	FAV
State Assistance	110.3	68.8	(41.6)	-38%	UNFAV
<i>Non-Operating Revenue Subtotal</i>	<i>534.0</i>	<i>480.8</i>	<i>(53.2)</i>	<i>-10%</i>	<i>UNFAV</i>
<i>Total Revenue</i>	<i>652.9</i>	<i>599.2</i>	<i>(53.6)</i>	<i>-8%</i>	<i>UNFAV</i>

FY24 Q3 Spending Summary

- **\$678.1M in total expenses** were \$21.4M below budget for Q3
- **Wages \$10.0M above budget for Q3** as hiring efforts make progress in filling vacancies
 - **Overtime \$9.4M above budget for Q3** due to vacancies, track surge work and FTA related work safety requirements
- **Materials and services \$25.8M below budget for Q3** due to utilities costs below expected levels, and services contracts delayed coming online
- **Debt service \$8.0M below budget for Q3** due to timing of interest expense on the FY24 bond issuance

Expenses (\$M)	FY24 Q3 Budget	FY24 Q3 Actuals	\$ Change	% Change	FAV/UNFAV
Regular Wages	159.1	159.7	0.6	0%	UNFAV
Overtime	12.3	21.8	9.4	77%	UNFAV
<i>Wages Subtotal</i>	<i>171.4</i>	<i>181.5</i>	<i>10.0</i>	<i>6%</i>	<i>UNFAV</i>
Fringe Benefits	88.9	88.3	(0.6)	-1%	FAV
Materials & Services	121.1	95.2	(25.8)	-21%	FAV
Insurance	8.8	9.6	0.9	10%	UNFAV
Commuter Rail	132.5	137.6	5.1	4%	UNFAV
The RIDE	32.9	30.4	(2.5)	-8%	FAV
Local Service & Ferry	6.0	6.2	0.2	3%	UNFAV
<i>Purchased Transit Subtotal</i>	<i>171.4</i>	<i>174.1</i>	<i>2.8</i>	<i>2%</i>	<i>UNFAV</i>
Financial Service Charge	2.0	1.4	(0.6)	-30%	FAV
<i>Operating Expenses Subtotal</i>	<i>563.6</i>	<i>550.2</i>	<i>(13.4)</i>	<i>-2%</i>	<i>FAV</i>
Debt Service	135.9	127.9	(8.0)	-6%	FAV
<i>Total Expenses</i>	<i>699.5</i>	<i>678.1</i>	<i>(21.4)</i>	<i>-3%</i>	<i>FAV</i>

FTA Special Directive Spending Update

- \$378M 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
- \$7.9M in additional committed FTA spending to be funded by MBTA as one time state funds are exhausted.
- As of Q3, \$268.3M was spent on FTA directives with \$385.9M committed or under contract for both operating and capital
 - Operating has spent \$120.7M with \$156.0M committed
 - Capital has spent \$147.6M with \$229.9M committed

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	\$186.3M	\$270.5M
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	\$30.6M	\$36.3M
22-6	Address the pattern of safety incidents and interim safety findings related to actions within the Operations Control Center at MBTA	\$7.52M	\$10.1M
22-7	Address the pattern of safety incidents and interim safety findings concerning lapsed training certifications of safety-sensitive rail personnel	\$7.03M	\$11.3M
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	\$9.51M	\$13.4M
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	\$1.57M	\$3.55M
22-11	Improve MBTA's management of its safety committee process, employee safety reporting program, and safety promotion activities	\$0.45M	\$0.59M
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	\$8.59M	\$17.6M
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	\$16.7M	\$22.7M
	Total	\$268.3M	\$385.9M

¹ Life to Date (LTD Expenses as of 3/31/24)

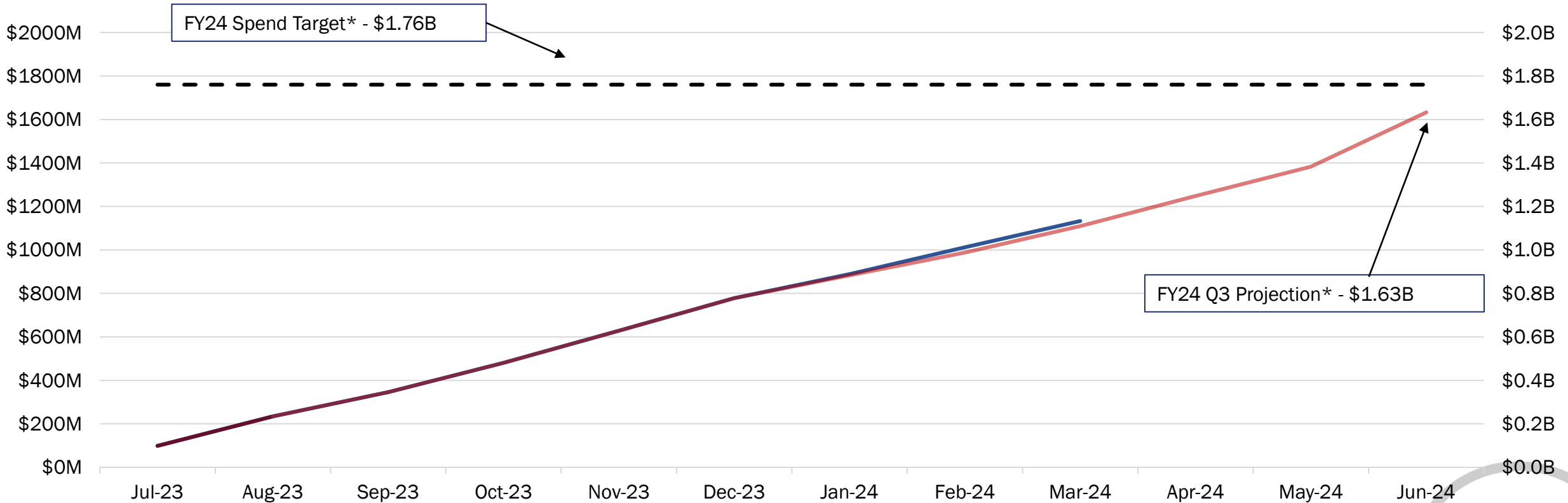
² Committed as of 5/9/24 represents total contracts and LTD spend
 Contains FY24 Budgeted headcount, but does not contain future years
The remaining funds are projected to be spent in FY25

Capital Program Review



Cumulative Spend Overview – FY24

Total spend through 3/31/24 is **\$1.133B** which is slightly above Q3 projections of **\$1.110B**. On a FY basis, Q3 cashflow projections of **\$1.63B** are slightly below the FY24 Spend Target of **\$1.76B**.



FYTD Spend	\$99.1M	\$135.3M	\$111.8M	\$134.1M	\$148.1M	\$150.2M	\$110.0M	\$123.4M	\$121.2M					\$1.13B
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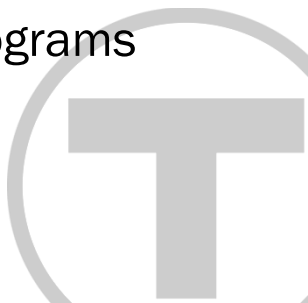
— FYTD Actual Spend — FY24 Q3 Cash Flows - - - FY24 CIP Spend Target

*Target represents annual spending goal. Cash flow projections provided by project managers (unadjusted).

FY24 FYTD March Capital Investment Update (\$M)

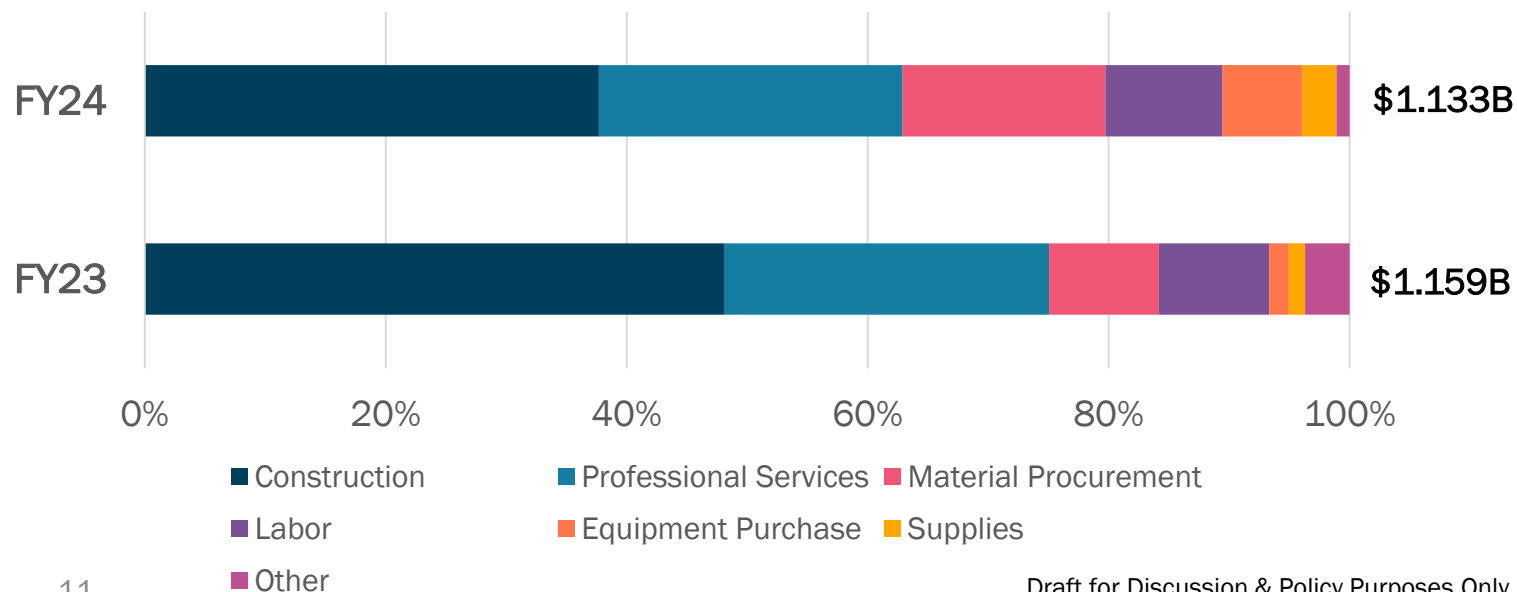
Major Department	FYTD Spend	% of Total Spend
Vehicle Engineering	\$248.5	22%
Engineering	\$49.6	4%
Total Engineering	\$298.1	26%
Capital Delivery	\$297.7	26%
Integrated Transit Programs	\$163.4	14%
South Coast Rail	\$91.8	8%
Green Line Extension	\$20.4	2%
Capital Support	\$3.8	0%
Engineering and Capital	\$875.2	77%
Railroad Operations	\$88.5	8%
Engineering & Maintenance	\$51.5	5%
Fare Transformation	\$29.0	3%
Vehicle Maintenance	\$26.4	2%
All Other	\$62.6	6%
Grand Total	\$1,133.2	100%

- Capital spend through Q3 is **\$1.13B, 64%** of the targeted spend goal of \$1.76B.
- FYTD spend is being largely driven by **Capital and Engineering (77%)**, which is comprised mainly of Capital Delivery (26% of total), Vehicle Engineering (22% of total), and Integrated Transit Programs (14% of total).
- FYTD spend includes **\$53.4M** in Track Improvement Program (TIP) costs split between Engineering & Maintenance (\$24.7M) and Integrated Transit Programs (\$28.7M).



FY24 FYTD March Capital Expense Category Trend (\$M)

Responsibility Code	FYTD Spend	% of Total Spend
Construction	\$427.1	38%
Professional Services	\$286.2	25%
Material Procurement	\$190.8	17%
Labor	\$110.0	10%
Equipment Purchase	\$75.3	7%
Supplies	\$32.0	3%
Other	\$12.1	1%
Grand Total	\$1,133.2	100%



- FYTD spend is led by **Construction** (45.2% for the quarter, 37.7% of FYTD spend). Professional Services spending followed at 23.6% in Q3 (25.2% of FYTD spend).
- FYTD spend includes **\$53.4M** in Track Improvement Program (TIP) costs; \$25.1M of construction, \$13.8M in bus diversion costs, \$11.2M in labor costs, and \$3.3M in material procurement.
- Year over Year (YoY) spend is trailing slightly behind by 2.3% (\$26.1M). Construction spend has decreased from FY23 largely due to SCR and GLX being substantially completed, however material procurements are up because of vehicle deliveries.

FY24 FYTD March Capital Program Type Trend (\$M)

Program	FYTD Spend	% of Total Spend
Vehicles	\$288.8	25%
Guideway, Signal, and Power	\$253.0	22%
Maintenance and Administrative Facilities	\$106.5	9%
South Coast Rail	\$103.6	9%
Passenger Facilities	\$102.7	9%
Business and Operational Support	\$74.2	7%
Bridge and Tunnel	\$71.4	6%
Technology and Innovation	\$53.7	5%
Track Improvement Program	\$53.4	5%
Green Line Extension	\$22.6	2%
Expansion Projects	\$3.2	0%
Grand Total	\$1,133.2	100%

- Nearly 50% of FYTD Capital Spend is driven by Vehicle expenditures, and spend on Guideway, Signal, and Power projects.
- Vehicle spend (\$288.8M)** is led by 40-foot Hybrid Buses (\$103.7M), Bi-Level Coaches (\$55.3M), and Red-Orange Line Cars (\$47.3M).
- Guideway, Signal, and Power (\$253.M)** spend is comprised mainly of ATC Implementation (\$47.7M), Fiber Optic Resiliency (\$23.1M), and the Red-Orange Line Signal Program (\$22.0M).



Q3 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 in use in the Commuter Rail Fleet. The other 16 coaches have been procured to support fleet expansion for South Coast Rail.
- The 4 Pilot Coaches were conditionally accepted in April of 2023. To date **68** Coaches have been delivered through 3/31/24 and are undergoing testing and commissioning. 44 of these have been Conditionally Accepted, resulting in expenditures of **\$53.5M** between 7/1/23 and 3/31/24.

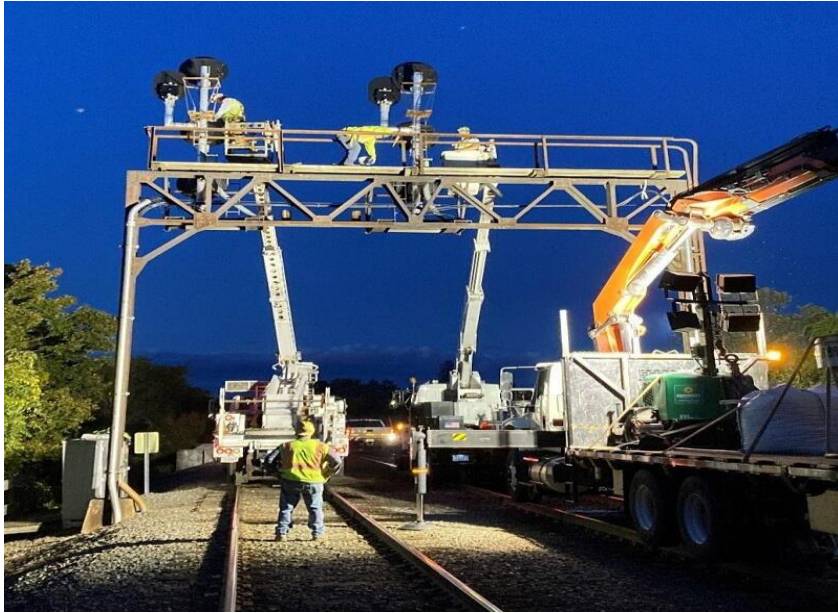


New Flyer 40-foot Enhanced Electric Hybrid

- This federally funded project allocated **\$128.6M** for the material procurement of these Buses. The SR2753 “160” Project of Enhanced Electric Hybrid Buses (EEH) replaced the Diesel Buses that were commissioned in 2006-2007. These new vehicles feature higher reliability, decreased maintenance costs, and significant improvements in fuel economy and emissions reduction technology.
- As of 3/31/24 **159 of 160 buses have been conditionally accepted** and are in passenger service. MBTA spent **\$101.3M** from 7/1/23 to 3/31/24.



Q3 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 Q3 FY24 the project completed PTC testing on the WJ to Foley segment of the Haverhill Line, as well as installation and initiation of pre-testing of the FX to Reading Junction segment of the Newburyport Line. At the end of Q3 FY24 the project **was 95% complete** (162 of 170 miles). Spend FYTD is **\$47.7M**.



Fiber Optic Resiliency

- This **\$120.6M** federally funded project will increase reliability, improve safety, and reduce maintenance costs. The project commenced in 2020 and is expected to complete by Q1 CY2025.
- The Fiber Optic Resiliency Project (Phase 1) is responsible for planning, designing, installing, and testing of approximately 75 miles of buried fiber optic cable to provide resilient infrastructure to support MBTA PTC vital systems currently operating on weather-exposed aerial infrastructure along the Fitchburg and Lowell Commuter Rail lines. In Q3 FY24 the project began plowing on the Lowell Line and continued conduit system installation on the Fitchburg Line. At the end of Q3 FY24 the project was **24% complete**. Spend FYTD is **\$23.1M**.



Q3 FY24 Capital Investment Highlights



New Quincy Bus Maintenance Facility

- This is a federally funded **\$476.1M** project to construct a new, 300,000 square foot, LEED-Certified bus facility with Battery Electric Bus (BEB) charging equipment, new sidewalk, roadway extension and signalized intersection, and an electrical switching station. This new facility will be the first MBTA garage to accommodate a full fleet of BEBs. These buses will provide cleaner, more reliable service to several bus routes serving southern Boston neighborhoods and communities.
- Work this quarter included the construction of Columbia Street Extension and related utility work, the beginning of installation of support of excavation (SOE) for fuel tanks, preparation, rebar, and concrete placement of footings and foundation walls resulting in expenditures of approx. **\$7.4M** between **1/1/24** and **3/31/24**.



Schoodic Explorer Ferry

- In February, the MV Schoodic Explorer was acquired for **\$7M**. The new vessel is intended to be used on the Lynn route. The current vessel used on the Lynn route is leased by the MBTA and the terms of the lease prohibit it being used from October 31 to May 1 every year. Having the Schoodic Explorer available allows the MBTA the potential to add year-round Lynn ferry service – pending operational funding and other considerations.
- There are some modifications necessary to improve accessibility on board the vessel; those are scheduled to be completed this summer / early fall. It's a 149-passenger catamaran ferry suitable for the longer distance routes the MBTA operates (Hingham, Hull, Lynn).



Q3 FY24 Capital Investment Highlights



Orange Line – North Station to Jackson Square – March 18th to 21st

Track Work

- 7 speed restrictions lifted.
- 5160 ft rail replaced.
- 27 cologne eggs replaced.
- 63 shoulders cored.
- 259 plates installed.
- 500 ft of stringer cable replaced.
- 2 direct fixation concrete pads installed.
- 1 weld completed.

Station Work

- Maintenance and repairs: painting, concrete repairs, floor/wall repairs, stair tread repairs/replacements, waste receptacle replacement, plumbing and HVAC repairs/maintenance, spider map replacements, new American flags installed.
- South Cove pump room clean out. Evaluated piping, electrical wiring and control valves for future upgrades. Track base in this area is concrete based; no ballast.
- 2.2 min. (RT) improved time.



Red Line – Alewife to Harvard – February 5th to 14th

Track Work

- 8 speed restrictions lifted.
- 27 ties replaced.
- 2002 ft rail replaced.
- 1360 ft track resurfaced/tamped.
- 6 switches replaced/rehabbed
- 30 thermite welds
- 28 primary pads & 61 secondary pads replaced(0 ft full depth track repairs)

Station Work

- Station enhancements – new flooring and lighting.
- Replaced dozens of signal bonds, reinstalled ~3,500 ft signal cable.
- Regauged 3rd rail and other rail work at Alewife crossover.
- Tunnel inspections/repairs along SB track between Harvard and Central stations.
- Davis station ceiling repairs.
- Signal modernization work at Alewife, Davis, Porter, Harvard stations.
- Installed a new standpipe at Kendall/MIT station.
- Improved security cameras at Alewife, Porter, Davis stations.



Appendix



FY24 Q2 Operating Budget Summary

- Total revenues \$44.7M below budget due to unfavorable non-operating revenues including state sales tax and state assistance
- Total expenses \$43.0M below budget largely driven by material and services, and regular wage favorability
- Fare revenue recovery ratio of 21% in Q2, below the 43% pre-pandemic (FY19) baseline and above the 19% budgeted

(\$M) Category	FY24 Q2 Budget	FY24 Q2 Actuals	FY24 Q2 \$ Change	FY24 Q2 % Change	FAV/UNFAV	FY24 YTD % Change
Fare Revenues	104.3	105.9	1.6	2%	FAV	-2%
Own Source Revenue	20.6	19.9	(0.7)	-3%	UNFAV	-10%
Non-Operating Revenues	524.5	478.9	(45.6)	-9%	UNFAV	-4%
Total Revenues Subtotal	649.5	604.7	(44.7)	-7%	UNFAV	-4%
<i>Fare Recovery Ratio</i>	19%	21%	-	2%	UNFAV	1%
Wages, Benefits and Payroll Taxes	263.5	255.5	(8.0)	-3%	FAV	-7%
Non-Wage	287.2	257.8	(29.4)	-10%	FAV	-9%
<i>Operating Expenses Subtotal</i>	<i>550.7</i>	<i>513.3</i>	<i>(37.4)</i>	<i>-7%</i>	<i>FAV</i>	<i>-8%</i>
Debt Service	129.2	123.6	(5.5)	-4%	FAV	-5%
Total Expenses Subtotal	679.9	637.0	(43.0)	-6%	FAV	-7%
Net Revenues Before Transfers	(30.5)	(32.2)	(1.8)	-6%	UNFAV	47%
Federal Revenue (MEMA)	-	5.1	5.1	505%	FAV	505%
Net Revenues Without Relief Revenue	(30.5)	(37.3)	(6.8)	-22%	UNFAV	42%



Q2 Capital Investment Update (\$M)

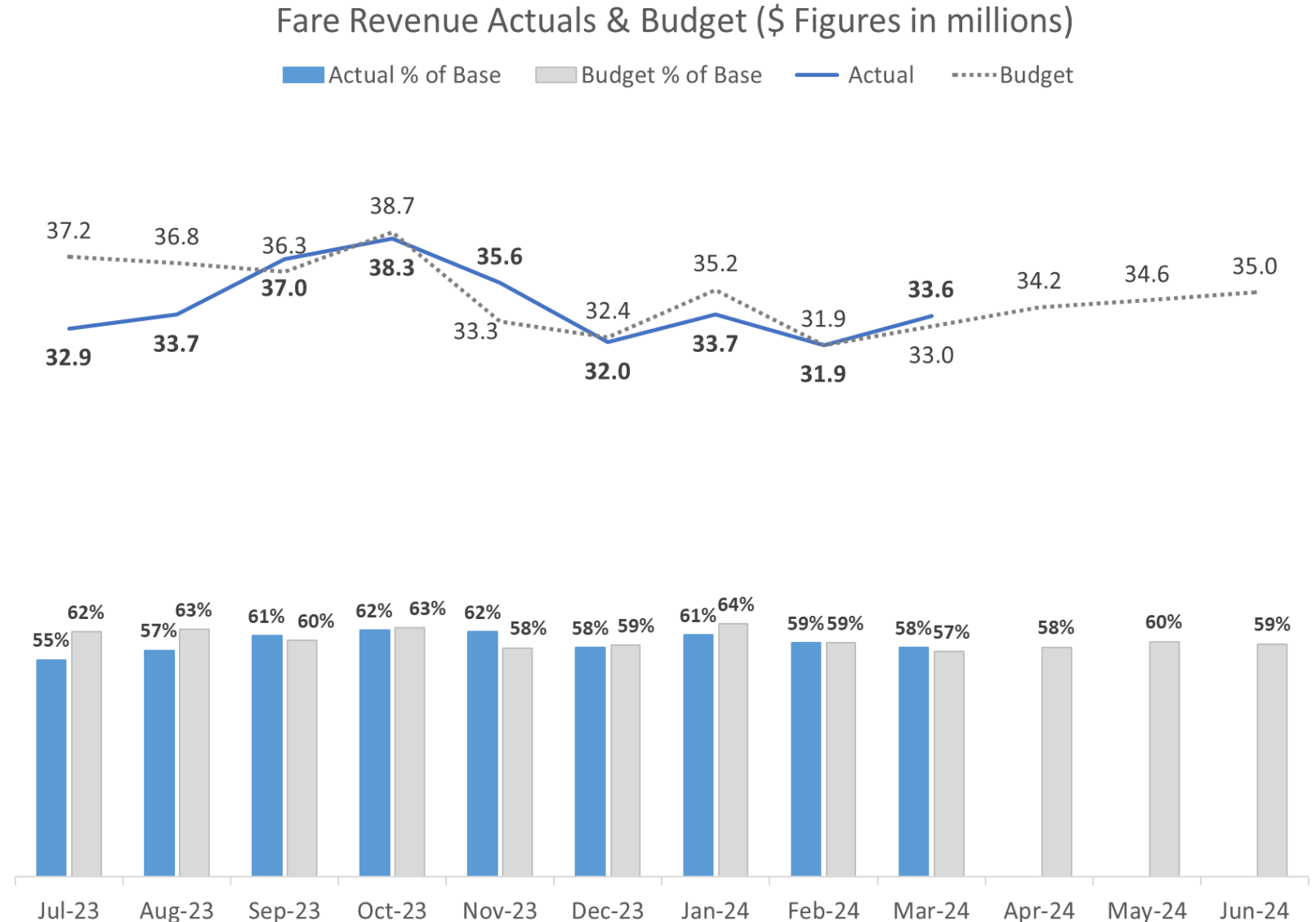
Capital spending target is \$1.76B and actual spend for Q2 is 778.6M, 44% of the goal.

Major Department	FYTD Spend	% of Total Spend
Vehicle Engineering	\$200.0	26%
EPAM* excl. Vehicle Engineering	\$32.0	4%
EPAM Total	\$232.0	30%
Capital Delivery	\$197.6	25%
Integrated Transit Programs	\$92.0	12%
South Coast Rail	\$71.5	9%
Green Line Extension	\$14.6	2%
Capital Support	\$5.3	1%
Engineering and Capital	\$613.0	79%
Railroad Operations	\$49.8	6%
E&M	\$35.4	5%
Fare Transformation	\$23.0	3%
Vehicle Maintenance	\$17.8	2%
All Other	\$39.6	5%
Grand Total	\$778.6	100%



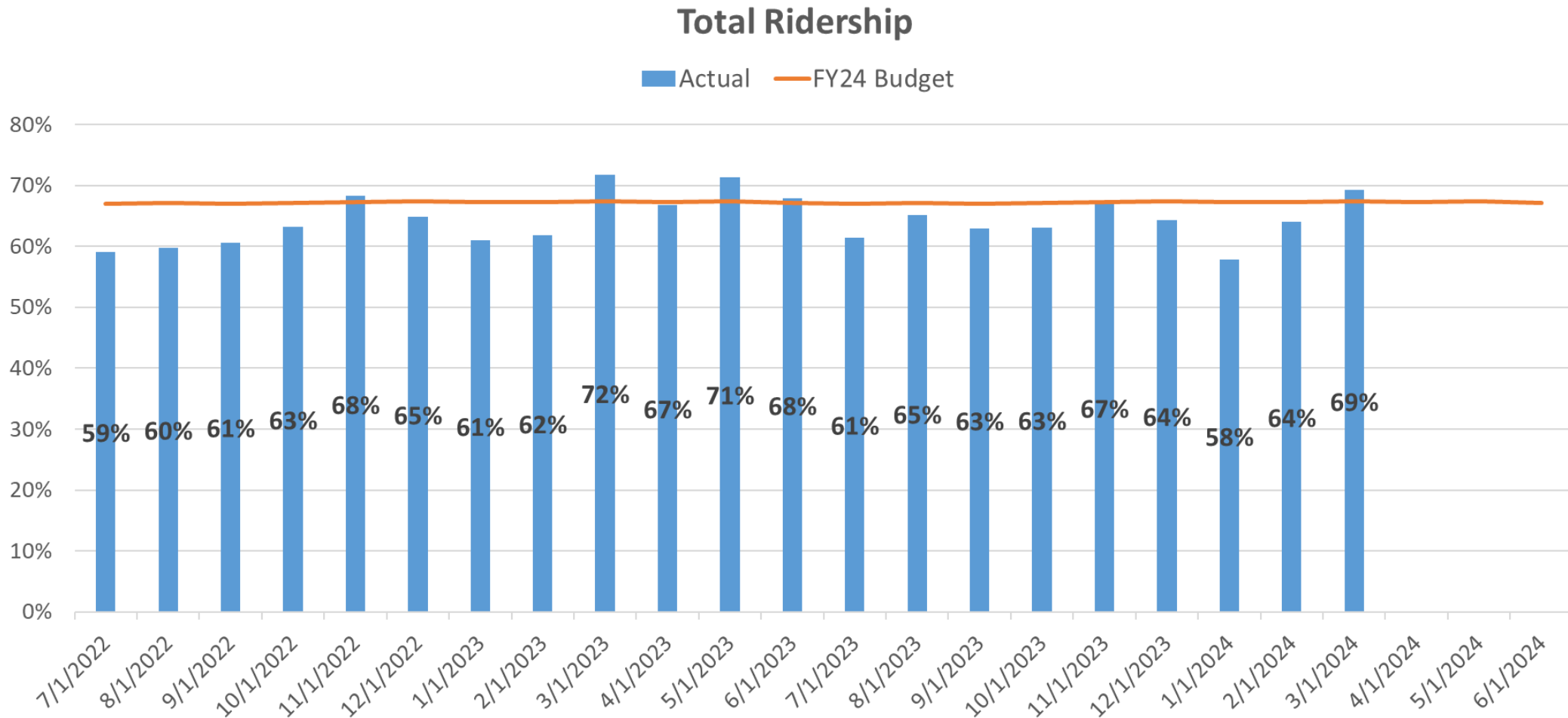
Monthly Fare Revenue Collection

- Fare revenue collections in March were 58% of baseline and above the budgeted amount of 57%
- \$0.6M favorable for the month with \$33.6M in fare revenue compared to the \$33.0M budgeted
- FY24 budget is based on total fare revenue of \$419M or 60% of baseline



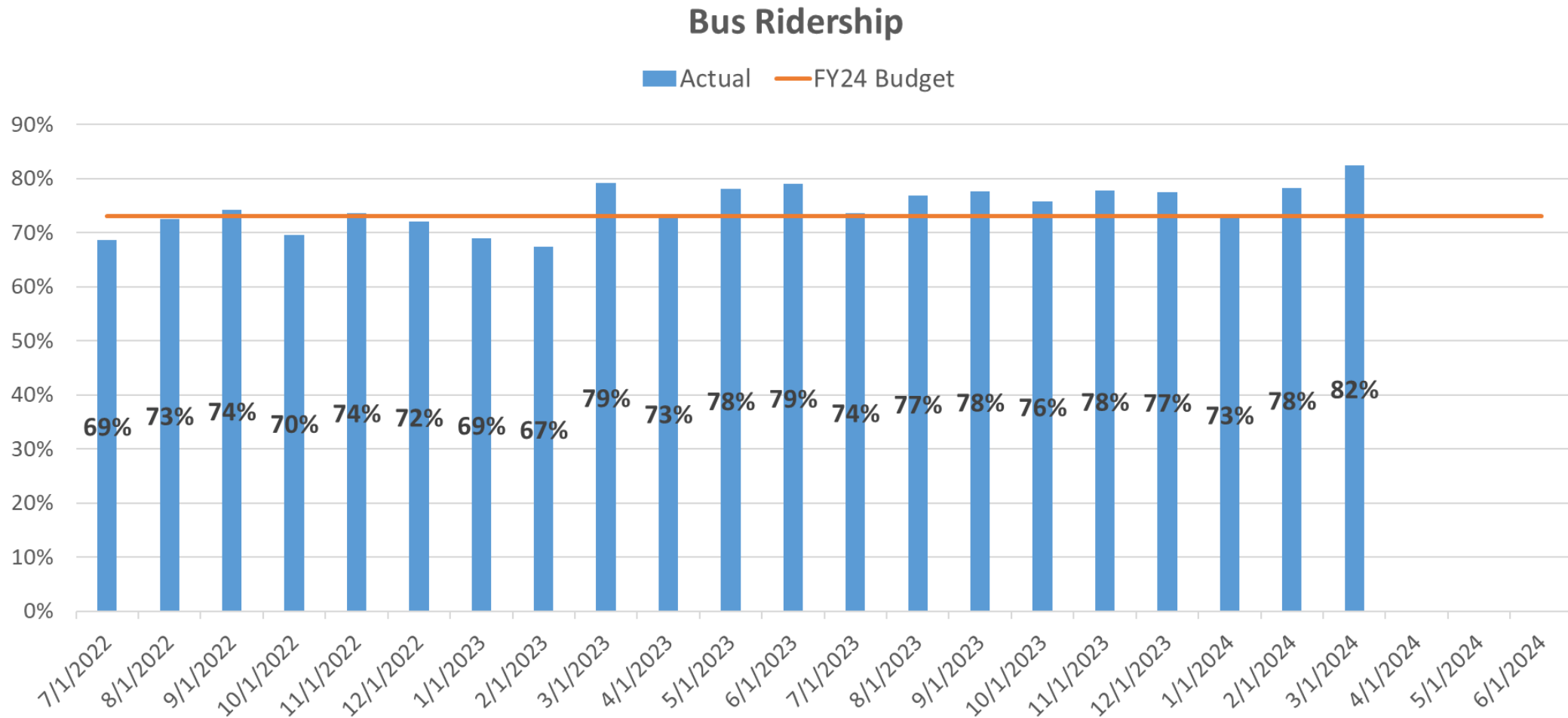
Total Ridership

- Total ridership increased to 69%, above FY24 Budget projections



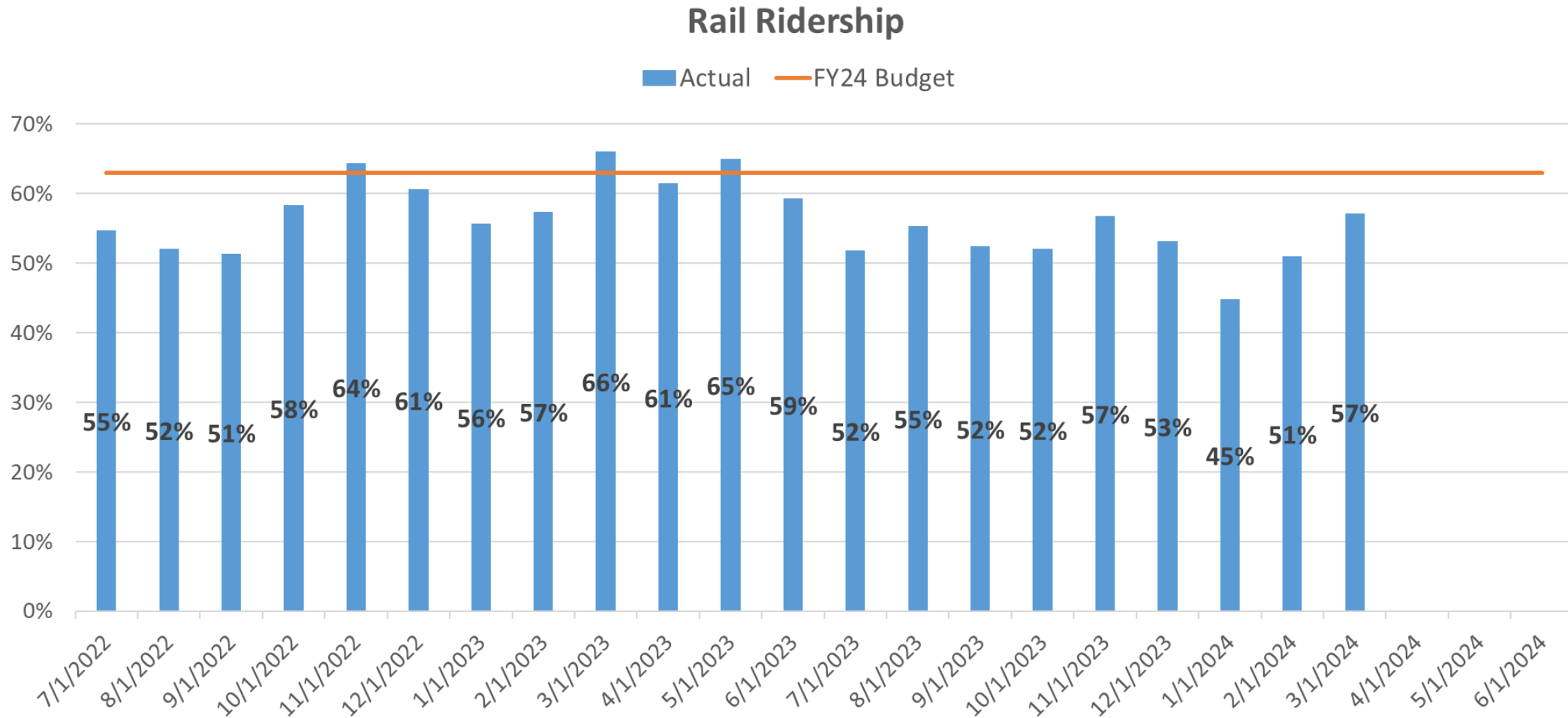
Bus Ridership

- Bus ridership increased to 82%, above FY24 Budget projections



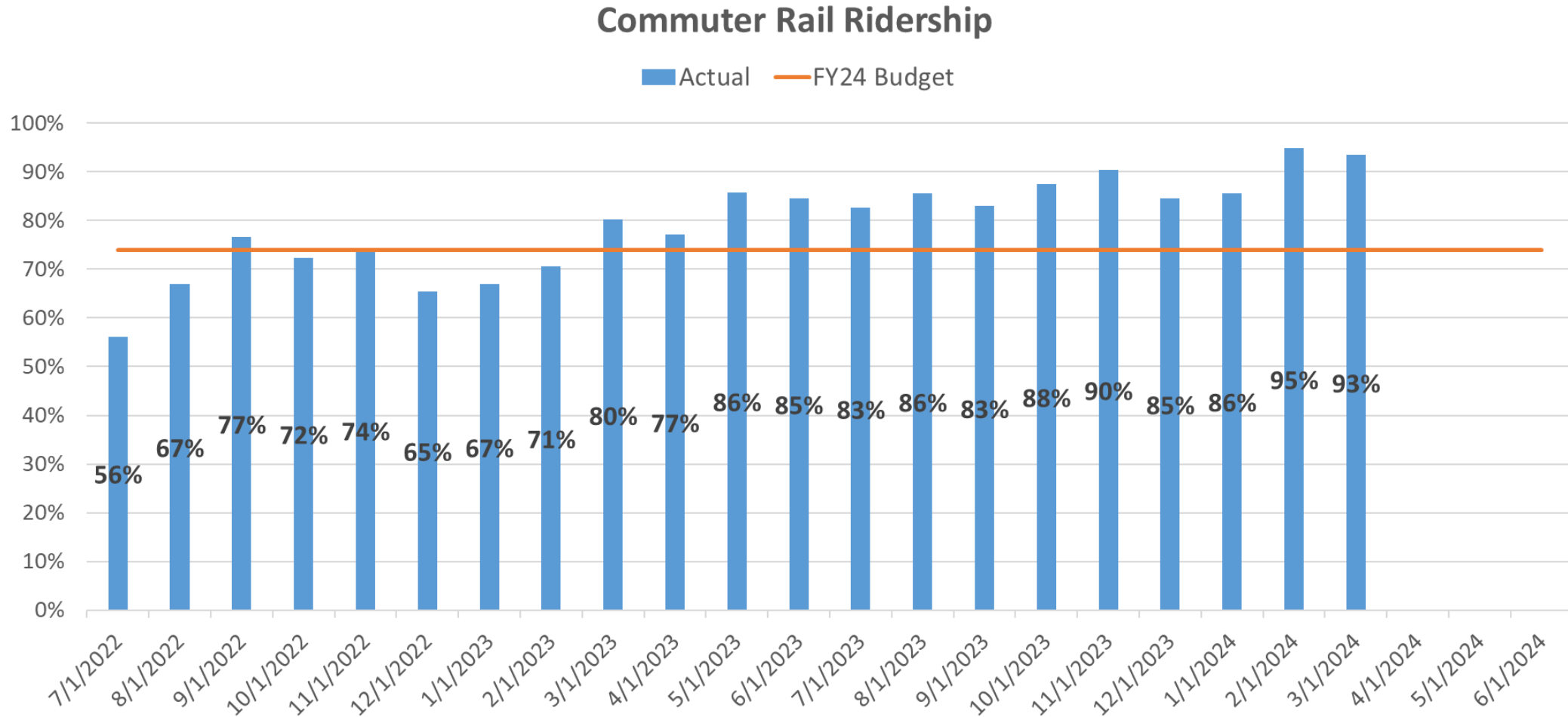
Rail Ridership

- Rail ridership increased to 57%, below FY24 Budget projections



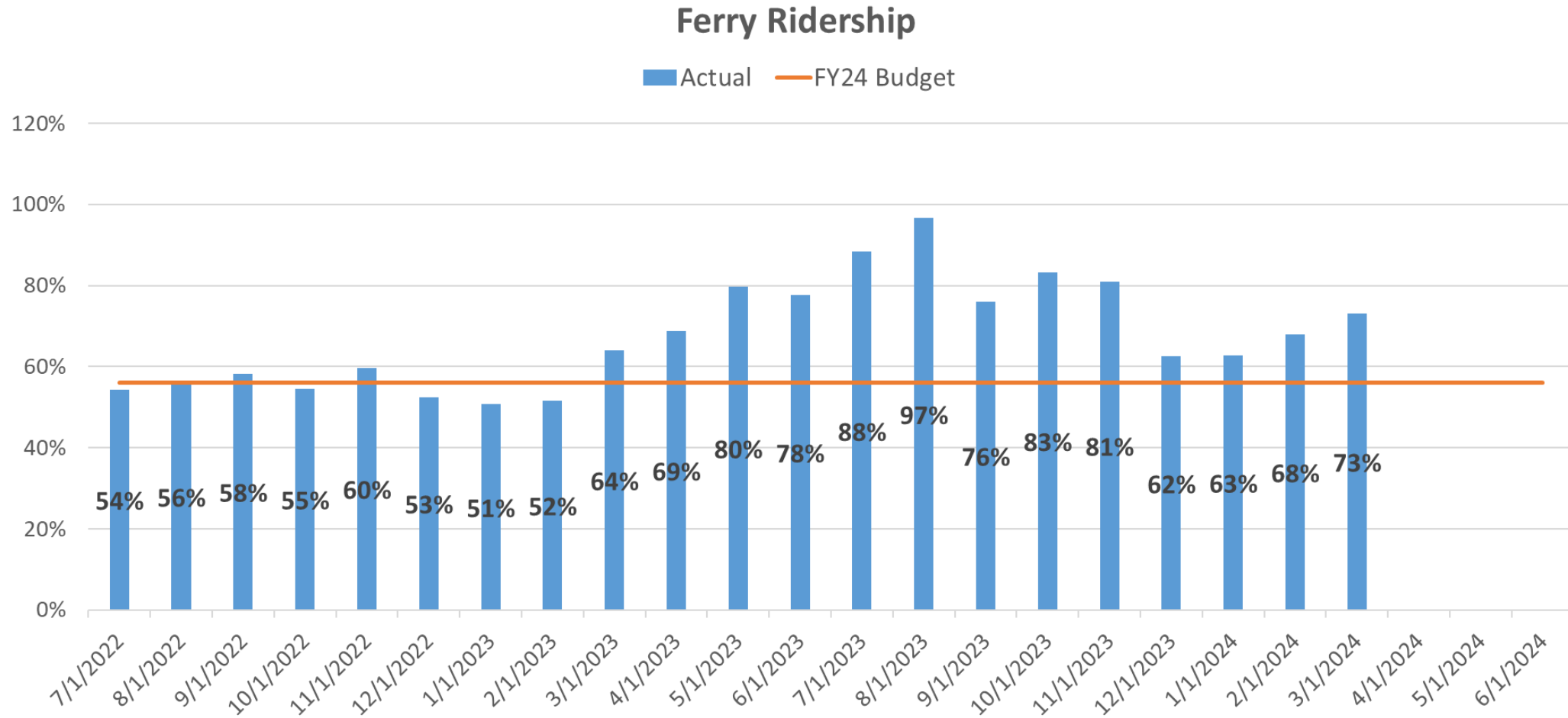
Commuter Rail Ridership

- Commuter Rail ridership decreased to 93%, above FY24 Budget projections



Ferry Ridership

- Ferry ridership increased to 73%, above FY24 Budget projections



The RIDE Ridership

- The RIDE ridership has increased to 94%, above FY24 Budget projections

