



# Massachusetts Bay Transportation Authority

## Budget Update FY25 Actual Q1 and Q2 Results

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MBTA Audit & Finance Committee

February 20, 2025

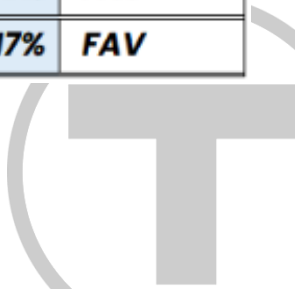
Finance Team

# FY25 Q1 and Q2 YTD Operating Budget Summary

- FY25 Q1 and Q2 net revenues (\$118.8M)**
  - \$1,285.3M in total revenues and \$1,404.2M in total expenses
- Net Revenue \$24M favorable to budget** reducing the need for withdrawals from the Deficiency Fund and positioning the MBTA more favorably for future financial challenges
- Total revenues \$53.5M below budget** despite higher fare and own source revenues, offset by the transfer of Federal Funds to the capital budget
- Total expenses \$77.5M better than budget** driven by significant savings in Non-Wage expenses (-\$69.7M, -11%) due to lower-than-expected costs for materials and services and deliberate cost savings efforts to reduce consulting and professional services costs. The savings were partially offset by Debt Service costs, which were \$10.2M (+4%) above budget

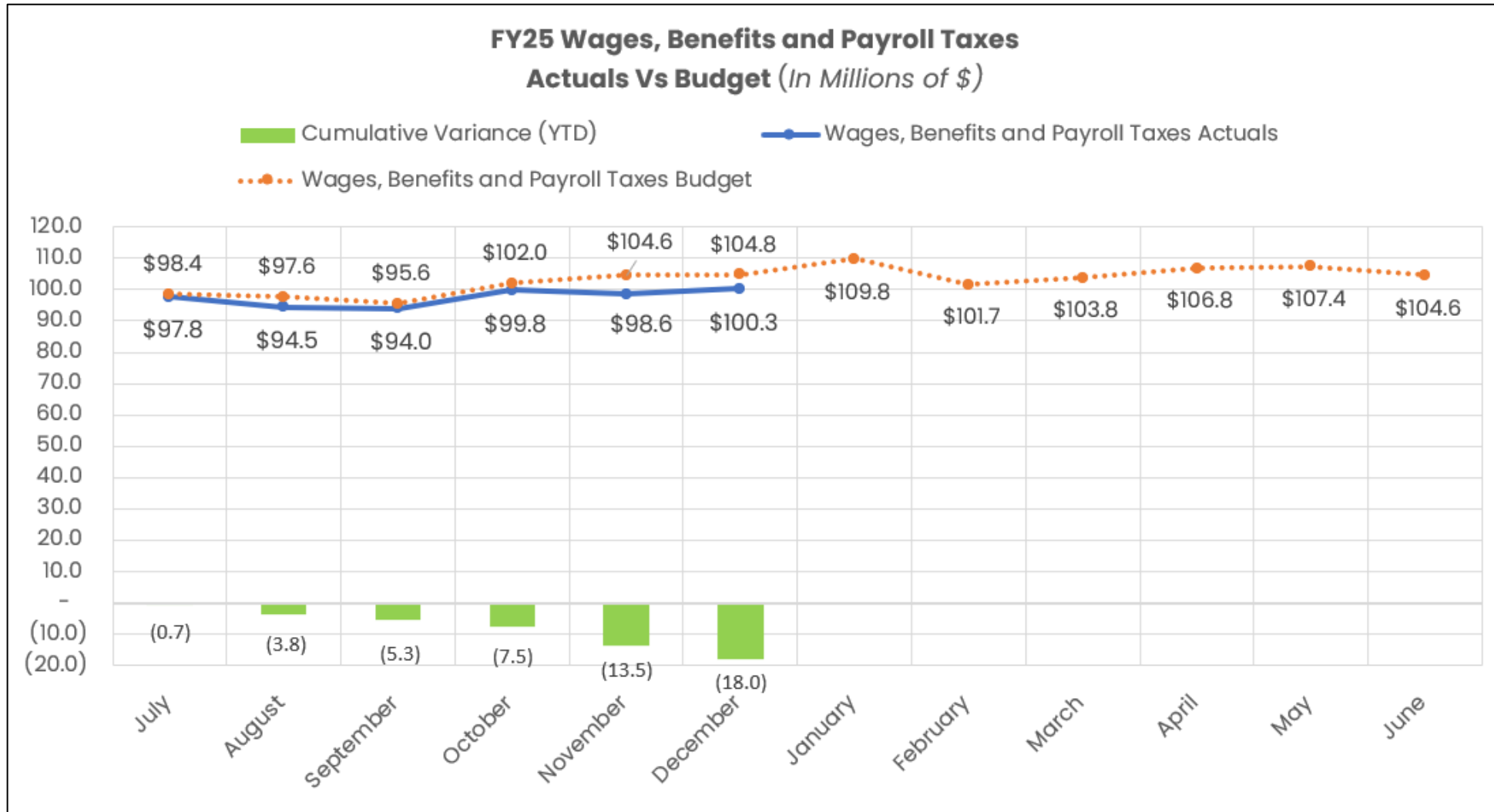
*Number in Millions*

(\$M) Category	FY25 Q1 & Q2 Budget	FY25 Q1 & Q2 Actuals	Variance \$	Variance %	FAV or UNFAV
Fare Revenues	203.8	219.0	15.2	7%	FAV
Own Source Revenue	32.6	40.8	8.2	25%	FAV
Non-Operating Revenues	1,102.4	1,025.5	(76.9)	-7%	UNFAV
<b>Total Revenues Subtotal</b>	<b>1,338.8</b>	<b>1,285.3</b>	<b>(53.5)</b>	<b>-4%</b>	<b>UNFAV</b>
<i>Fare Recovery Ratio</i>	16%	19%	-	3%	FAV
Wages, Benefits and Payroll Taxes	603.0	585.0	(18.0)	-3%	FAV
Non-Wage	645.4	575.6	(69.7)	-11%	FAV
<i>Operating Expenses Subtotal</i>	1,248.4	1,160.6	(87.7)	-7%	FAV
Debt Service	233.3	243.5	10.2	4%	UNFAV
<b>Total Expenses Subtotal</b>	<b>1,481.7</b>	<b>1,404.2</b>	<b>(77.5)</b>	<b>-5%</b>	<b>FAV</b>
<b>Net Revenues Before Transfers</b>	<b>(142.8)</b>	<b>(118.8)</b>	<b>24.0</b>	<b>17%</b>	<b>FAV</b>



# Total Wages, Benefits and Payroll Taxes: FY25 Q1 and Q2 YTD Budget vs Actuals

- Wages, Benefits, and Payroll Taxes for Q1 and Q2 actuals were \$585.0M, favorable to the budget by \$18M (-4%), reflecting improved vacancy management and controlled spending on payroll
- Improved compensation (Collective Bargaining Increases), retention bonuses and longevity bonuses have decreased attrition and increased hiring compared to prior fiscal years



# FY25 Q1 and Q2 YTD Revenue Summary

- **\$1,285MM in total revenues were \$53.5M below** budget in Q2
- **Fare revenues 15.2M above budget** supported by higher-than-anticipated ridership across key transit modes.
- **Sales tax revenue \$22.8M below budget for Q2**
- **Federal Funds are \$77.3M below budget**, due to reallocating 5307/5337 Preventative Maintenance Funds to the Capital Budget, under the assumption that the A&F will provide additional support to the MBTA rainy day fund (aka deficiency fund)

*Number in Millions*

Revenues (\$M)	FY25 Q1 & Q2 Budget	FY25 Q1 & Q2 Actuals	Variance \$	Variance %	FAV or UNFAV
Fare Revenues	203.8	219.0	15.2	7%	FAV
Advertising	7.9	9.4	1.5	19%	FAV
Parking	15.6	14.0	(1.7)	-11%	UNFAV
Other	2.3	4.0	1.7	71%	FAV
Real Estate	6.7	13.4	6.7	99%	FAV
<i>Own Source Revenue Subtotal</i>	32.6	40.8	8.2	25%	FAV
<b>Operating Revenue Subtotal</b>	<b>236.4</b>	<b>259.8</b>	<b>23.4</b>	<b>10%</b>	<b>FAV</b>
State Sales Tax Revenue	727.4	704.6	(22.8)	-3%	UNFAV
Federal Funds (FEMA/MEMA/5307)	86.8	9.5	(77.3)	-7732%	UNFAV
Local Assessments Revenue	96.5	96.5	0.0	0%	FAV
Other Income	12.2	19.2	7.0	57%	FAV
State Assistance	179.5	195.7	16.2	9%	FAV
<b>Non-Operating Revenue Subtotal</b>	<b>1,102.4</b>	<b>1,025.5</b>	<b>(76.9)</b>	<b>-7%</b>	<b>UNFAV</b>
<b>Total Revenue</b>	<b>1,338.8</b>	<b>1,285.3</b>	<b>(53.5)</b>	<b>-4%</b>	<b>UNFAV</b>

# FY25 Q1 and Q2 YTD Spending Summary

## Numbers in Millions

Expenses (\$M)	FY25 Q1 & Q2 Budget	FY25 Q1 & Q2 Actuals	Variance \$	Variance %	FAV or UNFAV
Regular Wages	355.7	355.7	0.1	0%	UNFAV
Overtime	28.6	36.5	7.9	27%	UNFAV
Fringe Benefits	218.7	192.7	(26.0)	-12%	FAV
<b>Wages &amp; Benefits Subtotal</b>	<b>603.0</b>	<b>585.0</b>	<b>(18.0)</b>	<b>-3%</b>	<b>FAV</b>
Materials, Services, Fuel, Utilities	241.9	182.8	(59.2)	-24%	FAV
Insurance	19.9	16.4	(3.6)	-18%	FAV
Financial Service Charge	6.6	5.1	(1.6)	-24%	FAV
<b>Materials &amp; Services Subtotal</b>	<b>268.5</b>	<b>204.2</b>	<b>(64.3)</b>	<b>-24%</b>	<b>FAV</b>
Commuter Rail	283.8	281.1	(2.7)	-1%	FAV
The RIDE	77.2	75.3	(1.9)	-2%	FAV
Local Service & Ferry	15.9	15.1	(0.8)	-5%	FAV
<b>Purchased Transit Subtotal</b>	<b>376.9</b>	<b>371.4</b>	<b>(5.4)</b>	<b>-1%</b>	<b>FAV</b>
<b>Operating Expenses Subtotal</b>	<b>1,248.4</b>	<b>1,160.6</b>	<b>(87.7)</b>	<b>-7%</b>	<b>FAV</b>
Debt Service	233.3	243.5	10.2	4%	UNFAV
<b>Total Expenses</b>	<b>1,481.7</b>	<b>1,404.2</b>	<b>(77.5)</b>	<b>-5%</b>	<b>FAV</b>

- **\$1,404.2Min total expenses** were \$77.5M below budget for Q2
- **Wages 18M** favorable to budget. Fringe benefit savings offset by unfavorable overtime spending (\$7.9M, 27%)
- **Materials and services \$59.2M (24%) below budget for Q2** due to lower-than-expected costs for materials and services and deliberate cost savings efforts to reduce consulting and professional services costs.
- **Debt service \$10.2M above budget for Q2** due to timing of capitalized interest expense savings



# FTA Special Directive Spending Update

- **\$467.4M in total committed** spending for FTA Special Directives on both the Capital and Operating Budget
- **\$359.6M total expenses incurred**, primarily in Directive 22-4 to support Track Repair
- To date, the MBTA has **received \$260M** of the total \$434M (\$398M + \$36M) appropriated
- **A&F has proposed \$400M** in additional FTA support in the FY25 Supplemental Budget Proposal (pending legislative approval). Funding is intended to be made available through FY28
- **Note:** MBTA operating spend exceeded FY24 funding appropriation by \$14.3M due to funding commitments on the capital budget

Directive	Description	Amount Spent <sup>1</sup>	Total Committed <sup>3</sup>
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	\$245.7M	\$291.3M
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	\$45.6M	\$69.0M
22-6	Address the pattern of safety incidents and interim safety findings related to actions within the Operations Control Center at MBTA	\$13.5M	\$19.8M
22-7	Address the pattern of safety incidents and interim safety findings concerning lapsed training certifications of safety-sensitive rail personnel	\$10.7M	\$16.9M
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	\$16.7M	\$23.3M
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	\$4.06M	\$7.96M
22-11	Improve MBTA's management of its safety committee process, employee safety reporting program, and safety promotion activities	\$0.98M	\$1.70M
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	\$13.3M	\$21.0M
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	\$23.4M	\$30.7M
	Additional FY24 FTA Operating spending funded by MBTA as one time state funds were exhausted <sup>2</sup>	(\$14.3M)	(\$14.3M)
	<b>Total</b>	<b>\$359.6M</b>	<b>\$467.4M</b>

<sup>1</sup> Life to Date (LTD Expenses as of 11/30/24)

<sup>2</sup> Unfunded FY24 Operating expenses removed

<sup>3</sup> Committed as of 1/6/25 represents LTD spend, projected Capital and Operating spend



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# Capital Program Review



# FY25 Capital Investment Plan at the MBTA

## To rebuild, restore, and reimagine our system

The CIP includes investments

- safety, service, and sustainability
- over 600 unique capital projects to modernize, expand, safety and reliability
- \$9.6 billion over the next five fiscal years.

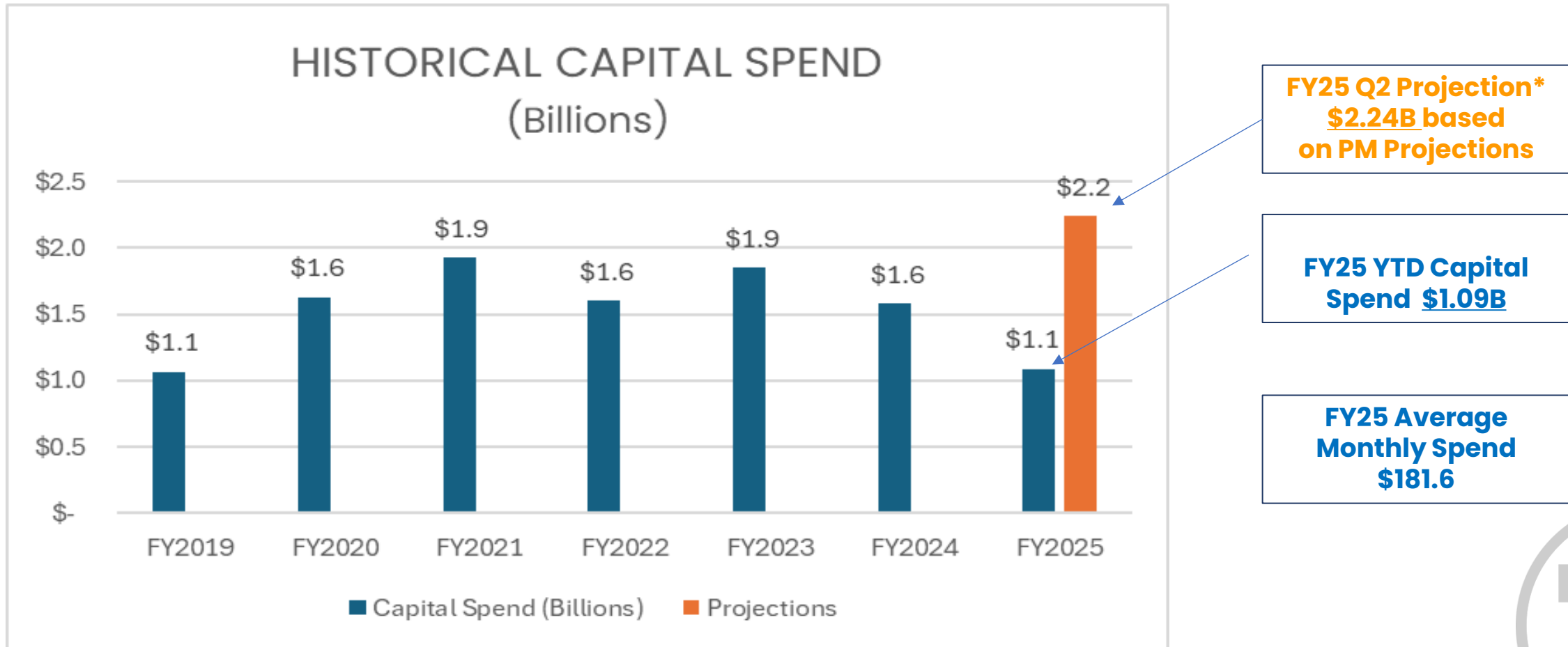
- **Safety, Reliability, and Modernization**: promote safety, improve connectivity, modernize assets
- **Accessibility** the advancement of accessible facilities and accessible vehicles and vessels
- **Sustainability and Resilience**: advancing the climate and mobility goals of the State
- **Equity and Diversity**: to attract, retain, and support our diverse ridership and workforce





# FY25 Historical Spend and FY25 Projections Overview

As of 12/31/24, **capital spend total is \$1.09B**. And Q2 cashflow projections of **\$2.24B for FY25** based on PM cash flows and projections



# FY25 Spend by Funding Source

## Actuals and Projections

Driven mostly by Federal, MBTA Bonds and State

**Actual plus Projections by Funding Source**

SOLID FILL = Q2 ACTUAL SPEND

GRADIENT FILL = FY25 PROJECTIONS



\$1200M

\$1000M

\$800M

\$600M

\$400M

\$200M

\$0M

\$946M

\$807M

\$285M

\$150M

\$58M

\$485M

\$389M

\$162M

\$11M

\$41M

Federal

Bond

State

Future Federal

Other  
(Pay-Go / Reimb.)

**Federal Funds**

Formula Funds

Discretionary Grants

Federal Loans

**MBTA Funds**

Bonds

CMF

**State Funds**

REP

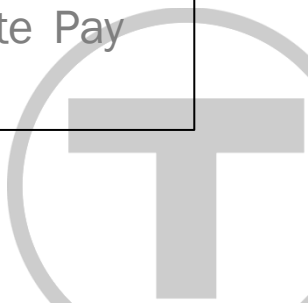
Fair Share

**Future Federal**

Bond until federalized

**Other**

Public and Private Pay  
Go/Lockbox



# FY25 FYTD Capital Program Type Trend (\$M)

Program	FYTD Spend	% Of Total Spend
Track Improvement Program	\$314.5M	28.9%
Vehicles	\$170.4M	15.7%
Technology and Innovation	\$134.4M	12.3%
Maintenance & Admin Facilities	\$127.6M	11.7%
Guideway, Signal, and Power	\$81.6M	7.5%
Passenger Facilities	\$75.7M	7.0%
Structures	\$54.3M	5.0%
South Coast Rail	\$53.3M	4.9%
Green Line Extension	\$48.8M	2.4%
Business and Operational Support	\$26.4M	4.5%
Expansion Projects	\$1.9M	0.2%
<b>Grand Total</b>	<b>\$1.09B</b>	<b>100%</b>

- **TIP Expenditures** are just under **30%** of FYTD Capital Spend.
- **Vehicle (\$170.4M)** spend is driven mostly by Bi-Level Coach Option (\$33.8M), RL/OL Cars (\$29.9M), and the GL Type 10 (\$28.9M)
- **Technology and Innovation (\$134.4M)** is driven exclusively by Fare Transformation (\$100.9M) which had an \$80M milestone payment this quarter



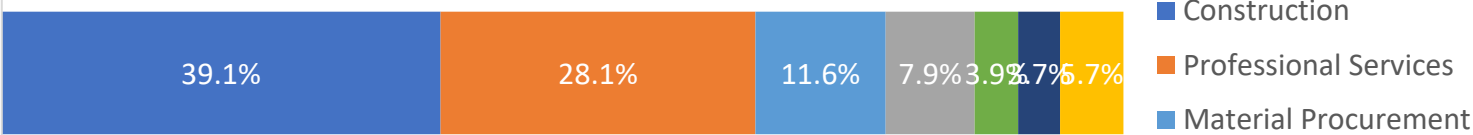
# FY25 Capital Expense Category Trend and YOY

Responsibility Code	FYTD Spend	% of Total Spend
Construction	\$425.9M	39%
Professional Services	\$305.8M	28%
Material Procurement	\$126.2M	12%
Labor	\$86.5M	8%
Equipment Purchase	\$42.2M	4%
Supplies	\$40.7M	4%
Other	\$61.6M	6%
<b>Grand Total</b>	<b>\$1.09B</b>	<b>100%</b>

- FYTD spend is led by **Construction**, followed by Professional Services. YOY, Construction spending is increased 37.3%
- FYTD spend includes **\$314.5M** in Track Improvement Program (TIP) costs; and includes construction, bus diversion costs, labor costs, and material procurement.

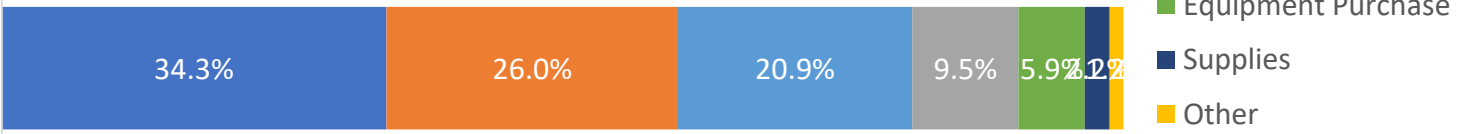
**\$1.09B YTD EXPENDITURES**

FY25



**\$778.6M YTD EXPENDITURES**

FY24



# Q2 FY25 Capital Investment Highlights

## P0893: Procurement of Bi-Level Commuter Rail Coaches

\$19.9M Spend through Q2.

### NOTABLE Achievements This Quarter

- This is a state funded **\$345.7M** 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.
- 4 Pilot Coaches were conditionally accepted in April of 2023. To date, all **83** Coaches have been delivered and have completed testing and commissioning. **80** of these have been Conditionally Accepted and placed into passenger service resulting in total expenditures of **\$288,517,748** through 12/31/24.
- The last 3 coaches are scheduled for acceptance in early 2025.
- Additional investments allocated to procure 80 more Bi-Level Coaches to replace the 35+ year old single level Commuter Rail Coaches currently in use





# Q2 FY25 Capital Investment Highlights

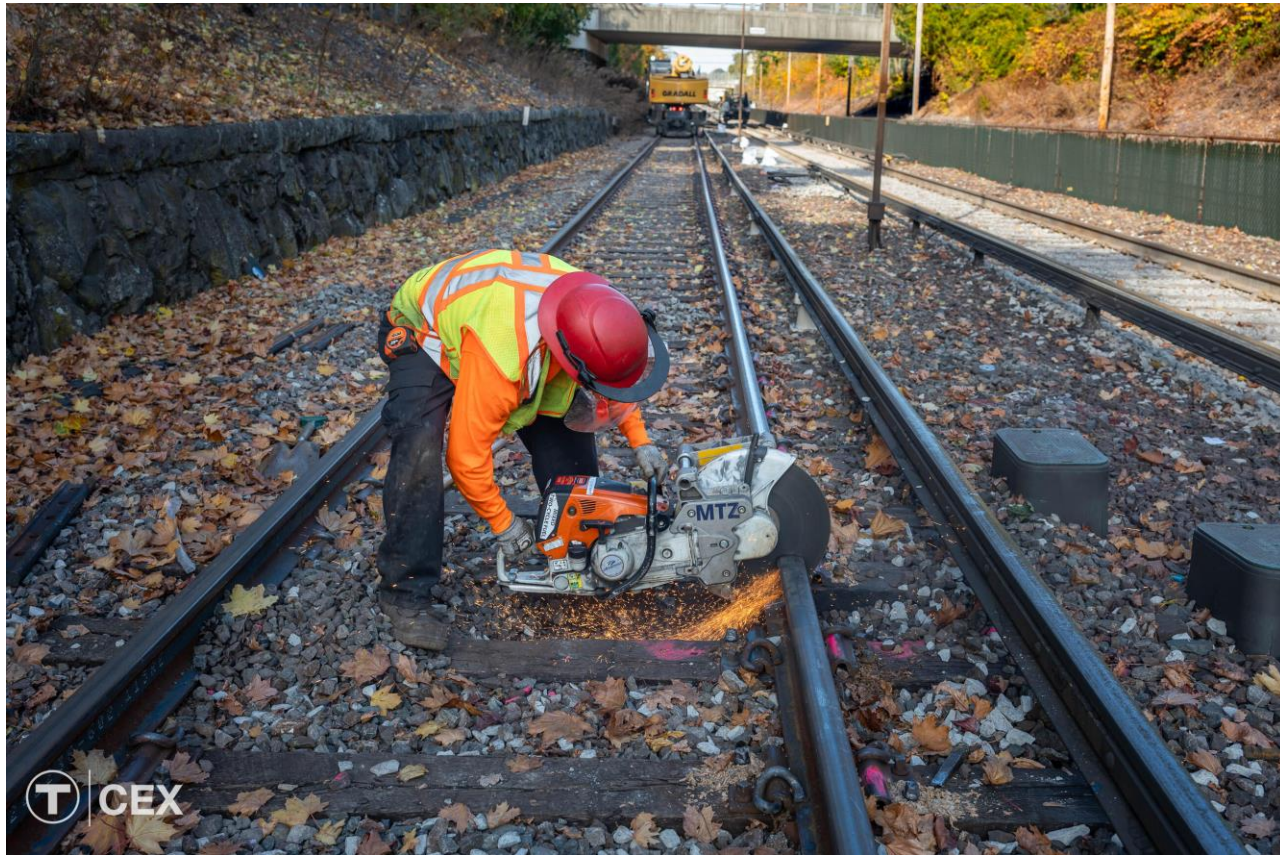
## **P1260: \$24.5M spend through Q2 Track Improvement Program – Orange Line NOTABLE ACCOMPLISHMENTS & BENEFITS**

### **Track Work**

- Completely free of all speed restrictions 9 speed restrictions lifted.
- 17,500 ft rail replaced.
- 2,600 ties replaced.
- 20,600 ft of track Resurfaced and tamped.
- Completed 180 feet of full depth track replacement

### **Additional Work of Note**

- Completion of replacement work of the roof at Sullivan Sq
- Installation of new lighting on both platforms at Tufts Medical Center
- Repaired stairs and other areas throughout Malden Center and at Wellington station to prevent leaks, fix trip hazards, and paint.
- Cleaned and power washed stations, drainage areas, replaced door frames, updated signage, repaired fencing, and replaced/repared benches throughout shutdown area
- Camera and Security Enhancements
- Multiple Bridge inspections and work (Wellington PedX Bridge, Bridge deck over I93, Gilmore bridge, and Cambridge St Bridge)





# Q2 FY25 Capital Investment Highlights

## **P1263: \$66.5M spend through Q2 Track Improvement Program – Red Line**

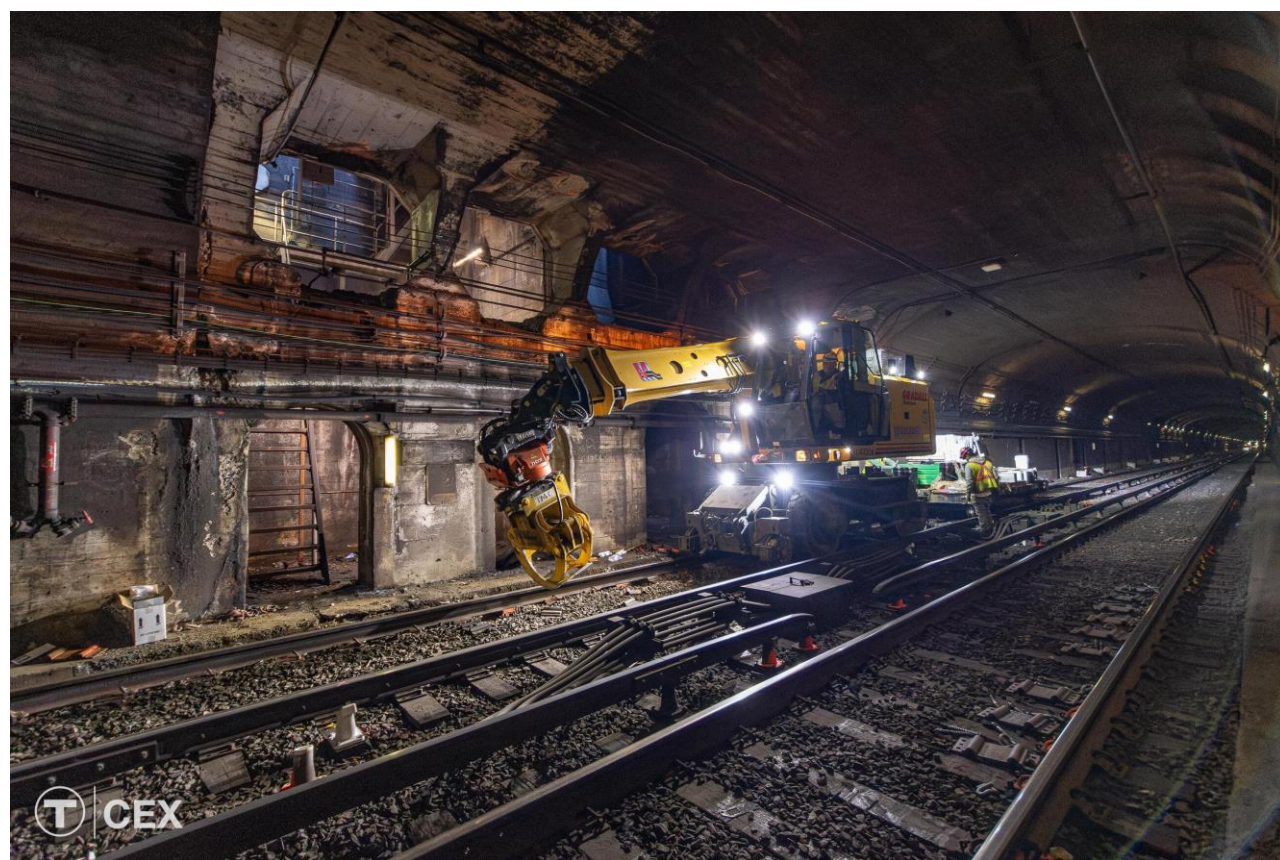
### **NOTABLE ACCOMPLISHMENTS & BENEFITS**

#### **Track Work**

- Completely free of all speed restrictions
- 2,230ft rail replaced.
- 177 ties and 3,350 plates replaced.
- 13,800ft of track Resurfaced and tamped.
- Completed 970ft of full depth track replacement

#### **Additional Work of Note**

- Kendall Sq Electrical Room repairs
- Repaired Tunnel joint at Kendall/MIT Station
- Repaired stairs and other areas throughout Kendall MIT and at Park St station to fix trip hazards.
- Signal modernization work, including the installation of wires and cable at Central's signal room, the removal and replacement of 15 WeeZee bonds, repairs and upgrades to additional bonds, switch and track circuit upgrades, and the installation of new switch infrastructure at the complicated area of crossover track at Park Street
- Removed over 1,200 Pandrol Panguard plates with the installation of over 1,200 new resilient RF-A fastener plates between Park Street and Charles/MGH, which will improve noise/vibration mitigation and provide better maintainability.





# Q2 FY25 Capital Investment Highlights



## Track Improvement Program:

\$314.5M through Q2

### NOTABLE ACCOMPLISHMENTS & BENEFITS

#### Track Work

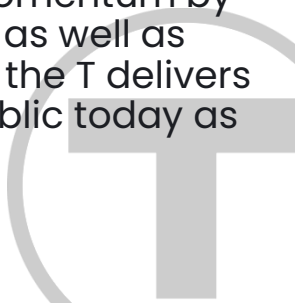
- 220 speed restrictions lifted. First time in 20 years
- 250,000 ft rail replaced.
- Work Accomplished since 2023

#### Additional information of Note

- Major increases in safety, efficiency, and consistency for riders
- Saves Riders 2.4Million minutes every weekday
- Generates nearly \$1Million in economic benefit daily

“Each of these 2.4 million minutes saved is time back to the people of Massachusetts to spend more time with their families, pick the kids up from school, make a doctors’ appointment that they’ve been putting off for too long, or make a stop in a local small business,”  
– **Lieutenant Governor Kim Driscoll.**

**What’s ahead:** “Our goal is to continue the positive momentum by focusing on accessibility and signal upgrades in 2025, as well as staying on top of preventative maintenance to ensure the T delivers safe, reliable and frequent service to best serve the public today as we build for future generations.” – **MBTA GM Phil Eng**



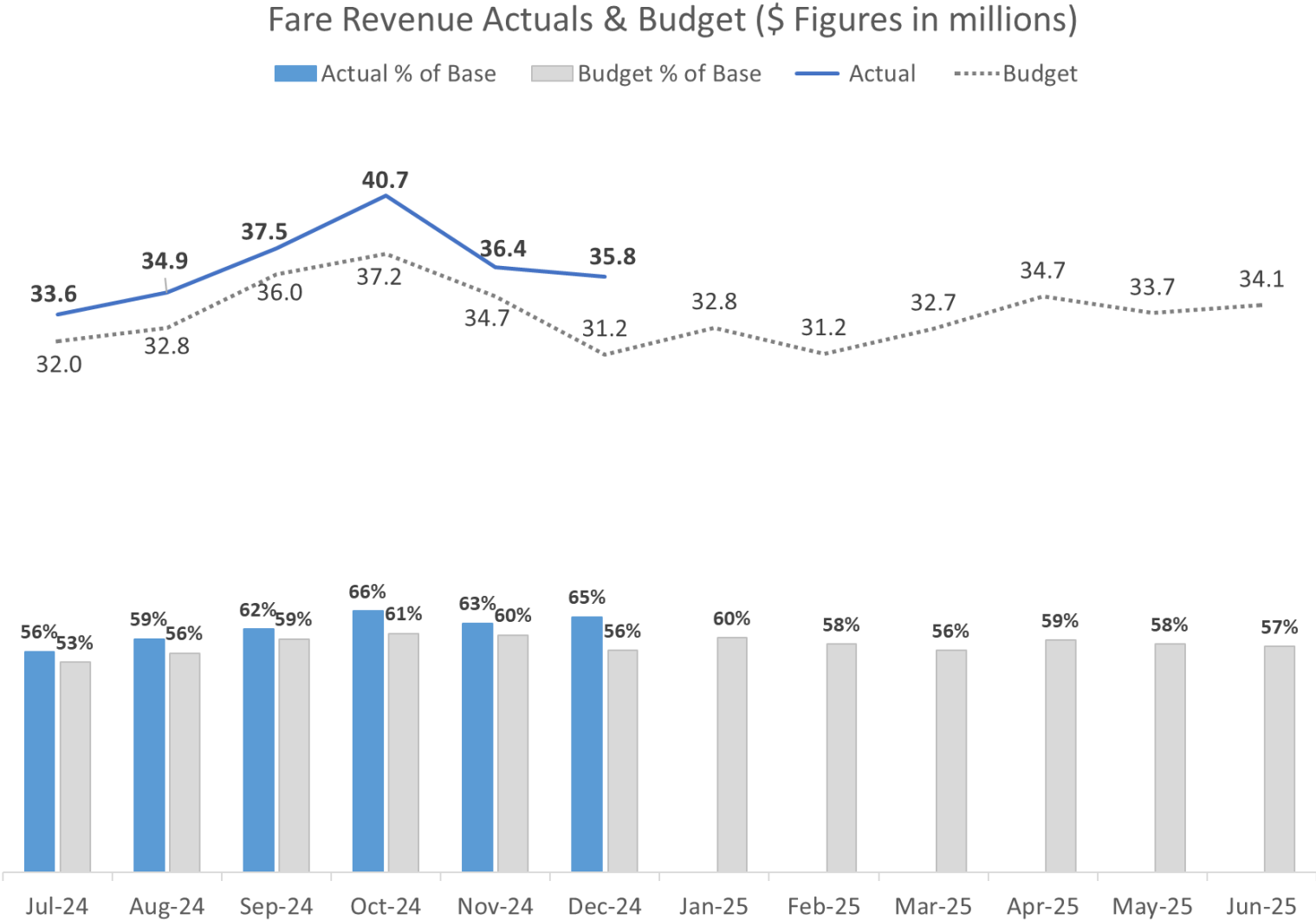
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# Appendix



# Fare Revenue Collection

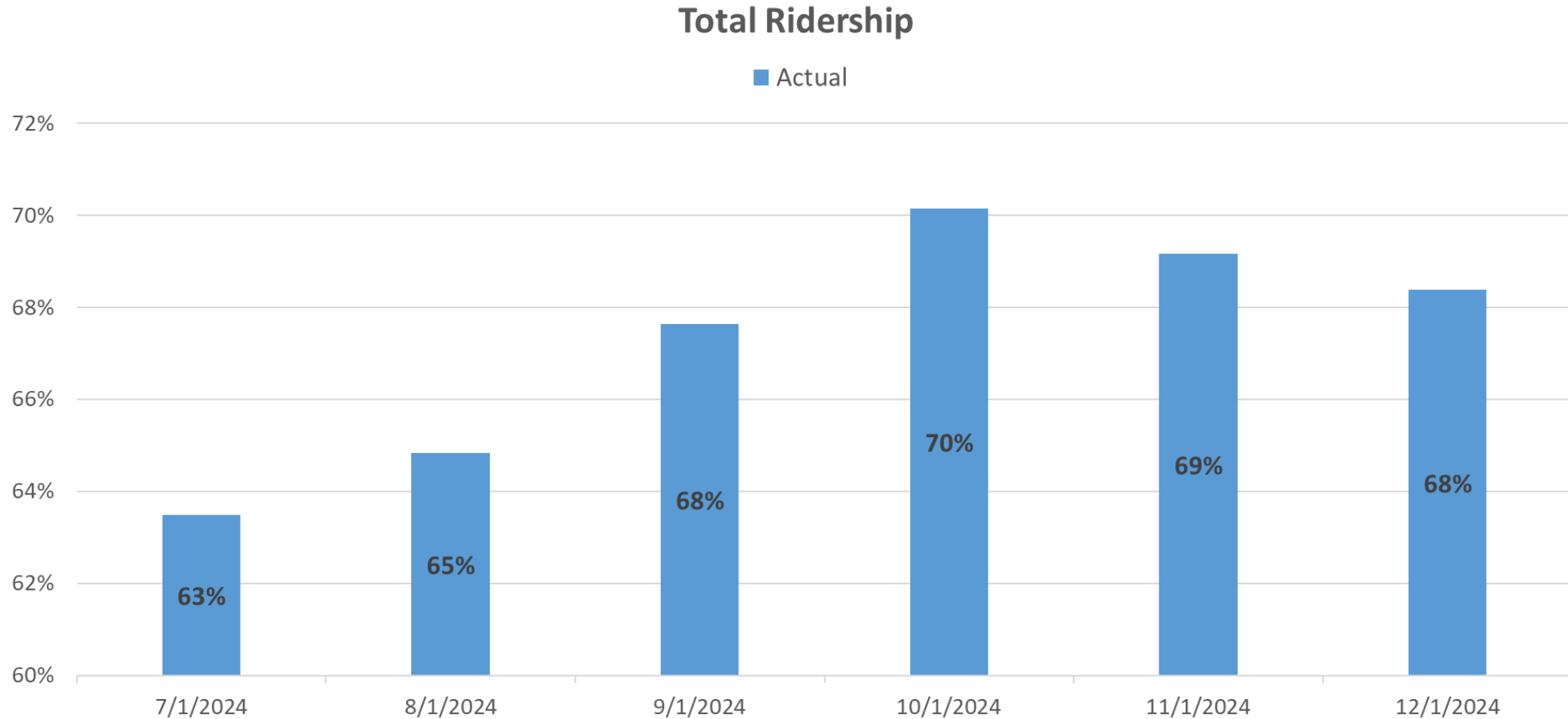
- Fare revenues continue to trend above budget, with \$219M in actual revenue collected compared to \$203.8M budgeted (\$15.2, 7% favorable variance)
- Higher than expected ridership on Commuter Rail, as well as lower than expected losses from the Track Improvement Program drive fare revenues above budget





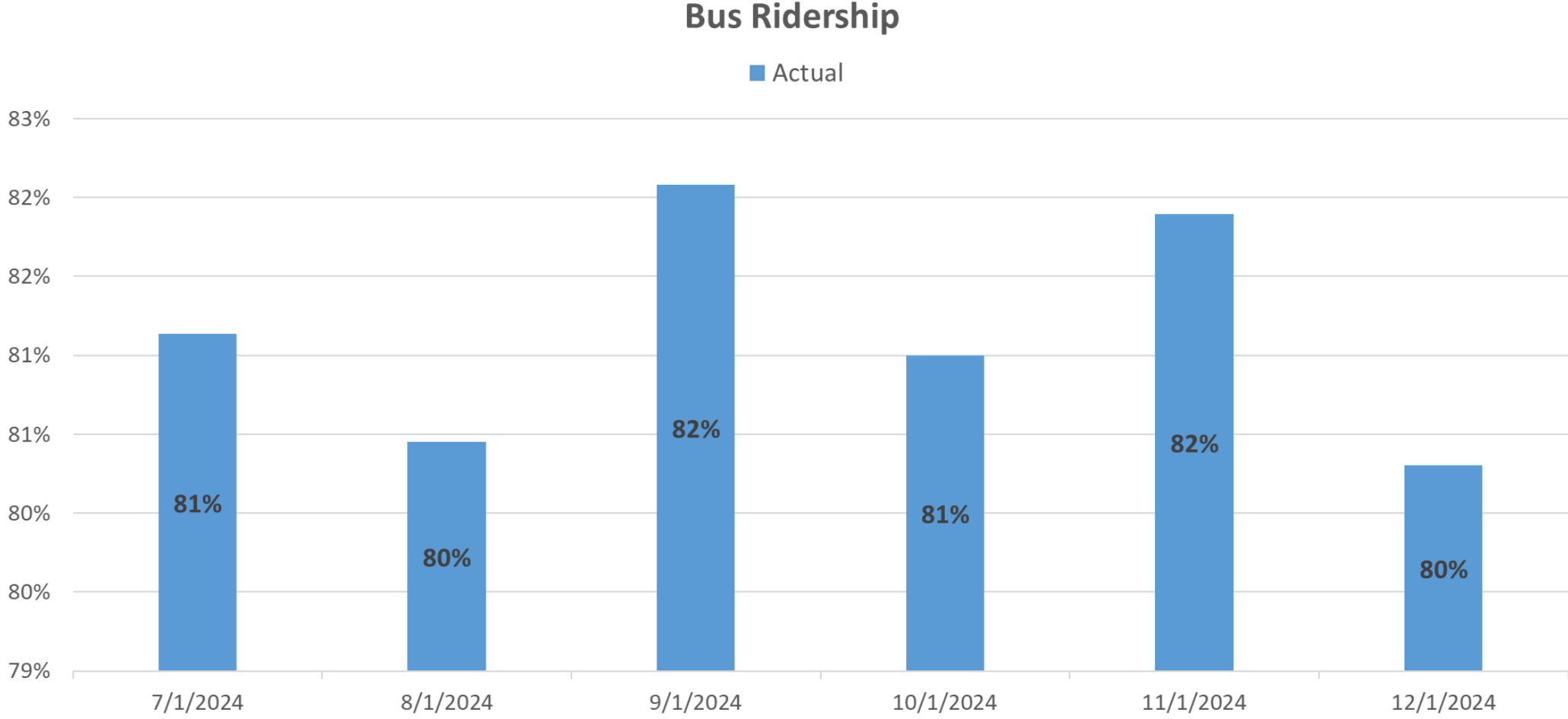
# Total Ridership

- Total Ridership for December is 68% Pre-Pandemic Baseline



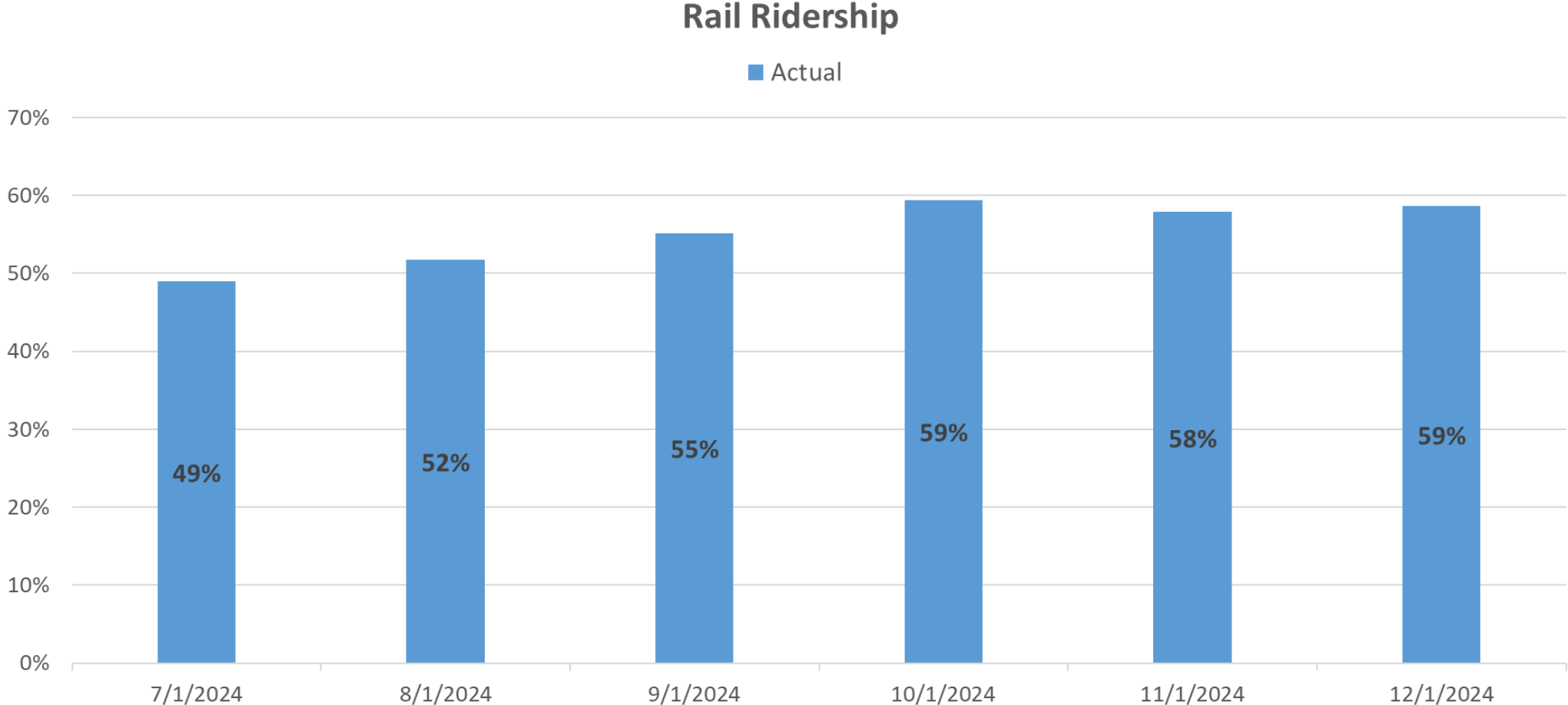
# Bus Ridership

- Bus Ridership for December is 80% Pre-Pandemic Baseline



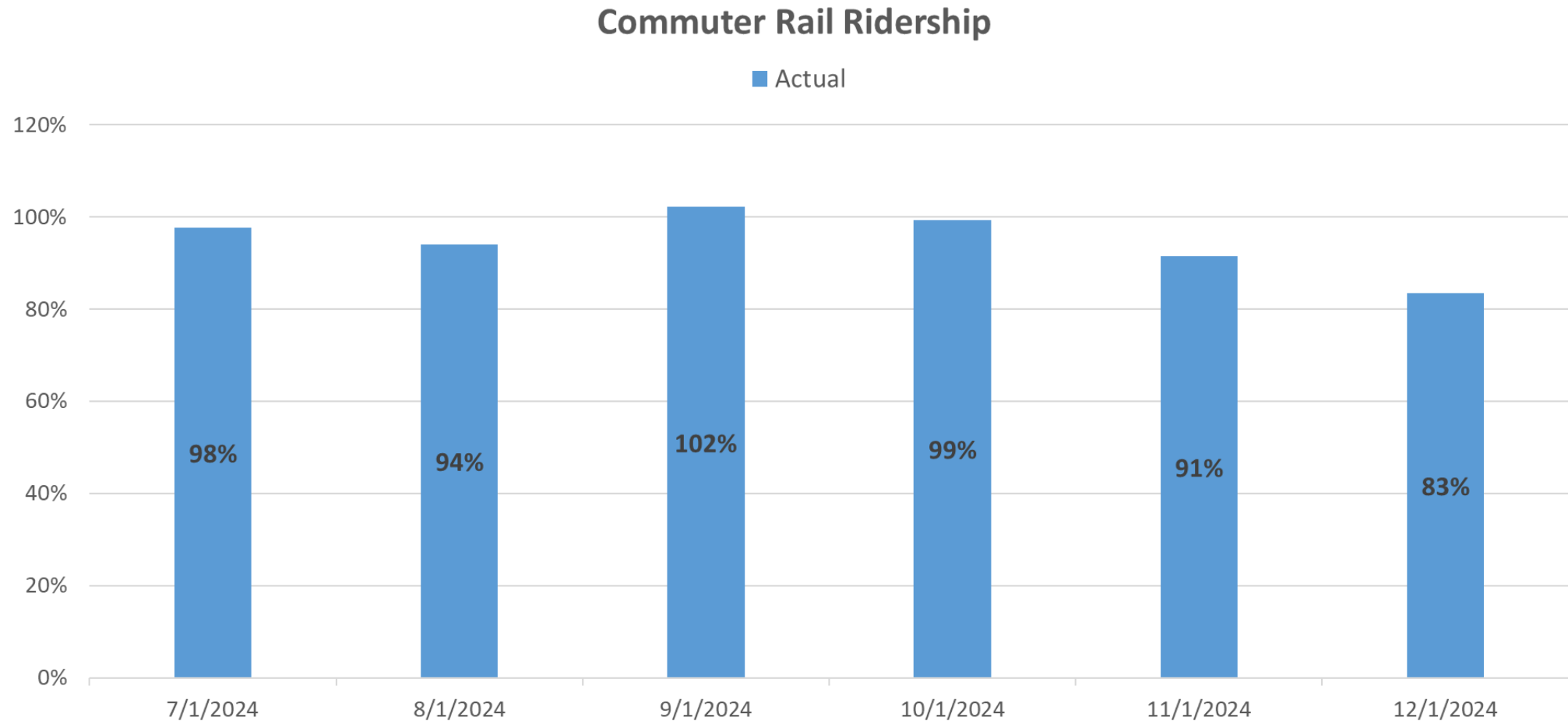
# Rail Ridership

- Rail Ridership for December is 59% Pre-Pandemic Baseline



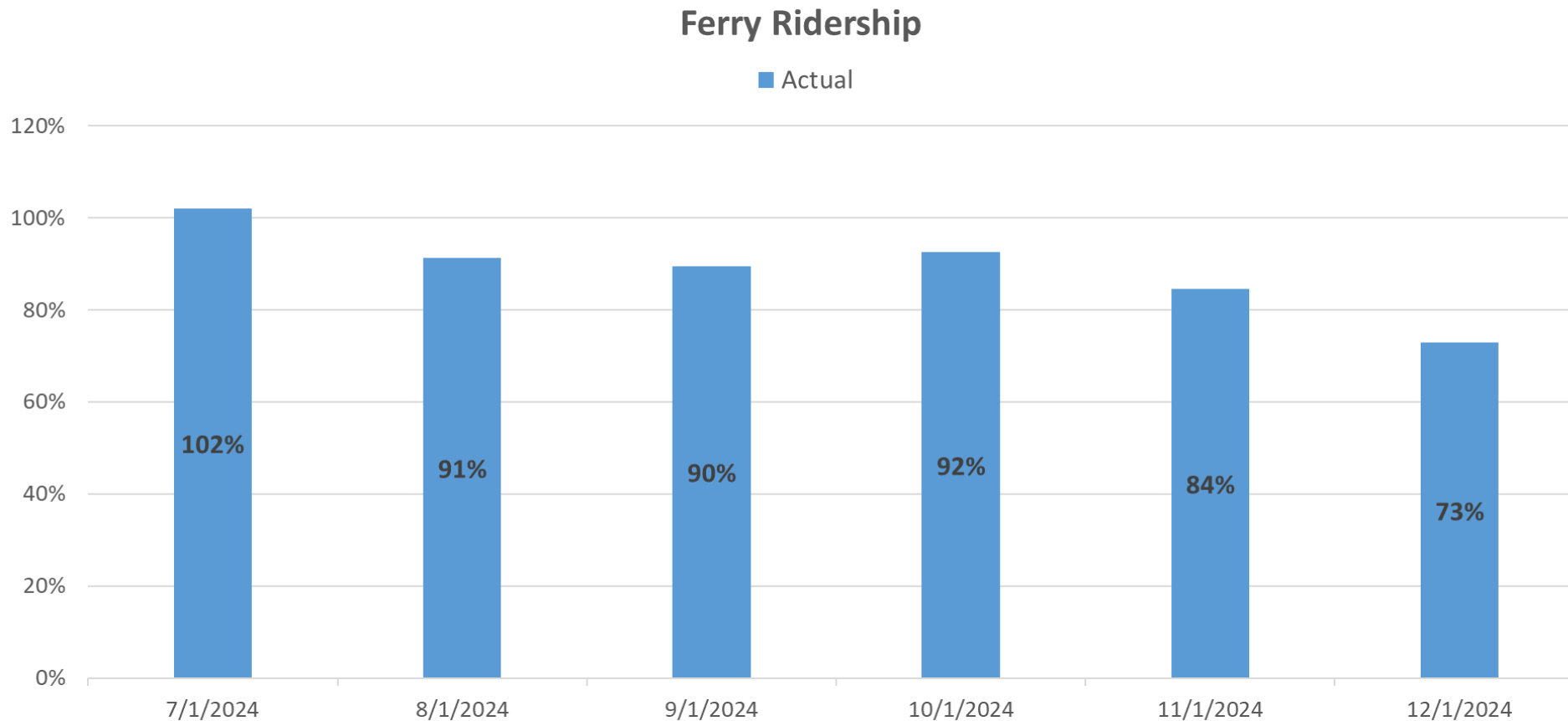
# Commuter Rail Ridership

- Commuter Rail Ridership for December is 83% Pre-Pandemic Baseline



# Ferry Ridership

- Ferry Ridership for December is 73% Pre-Pandemic Baseline





# The RIDE Ridership

- The RIDE Ridership for December is 99% Pre-Pandemic Baseline

