

Operations Budget Stability Committee Report to FMCB YTD August 2015 (FY16) Financial Update

10/21/2015

Overview on YTD Performance Against Budget and Same Period Last Year

- Performance against August 2015 YTD (FY16) Budget including additional state assistance (forecast at \$187M per year or \$15.5M per month) – FAVORABLE
 - YTD performance (including \$31M additional state assistance) is \$19M ahead of Budget:
 - Total revenue was behind budget by \$2M
 - Operating expenses were \$21M lower than projected, due to open full-time positions

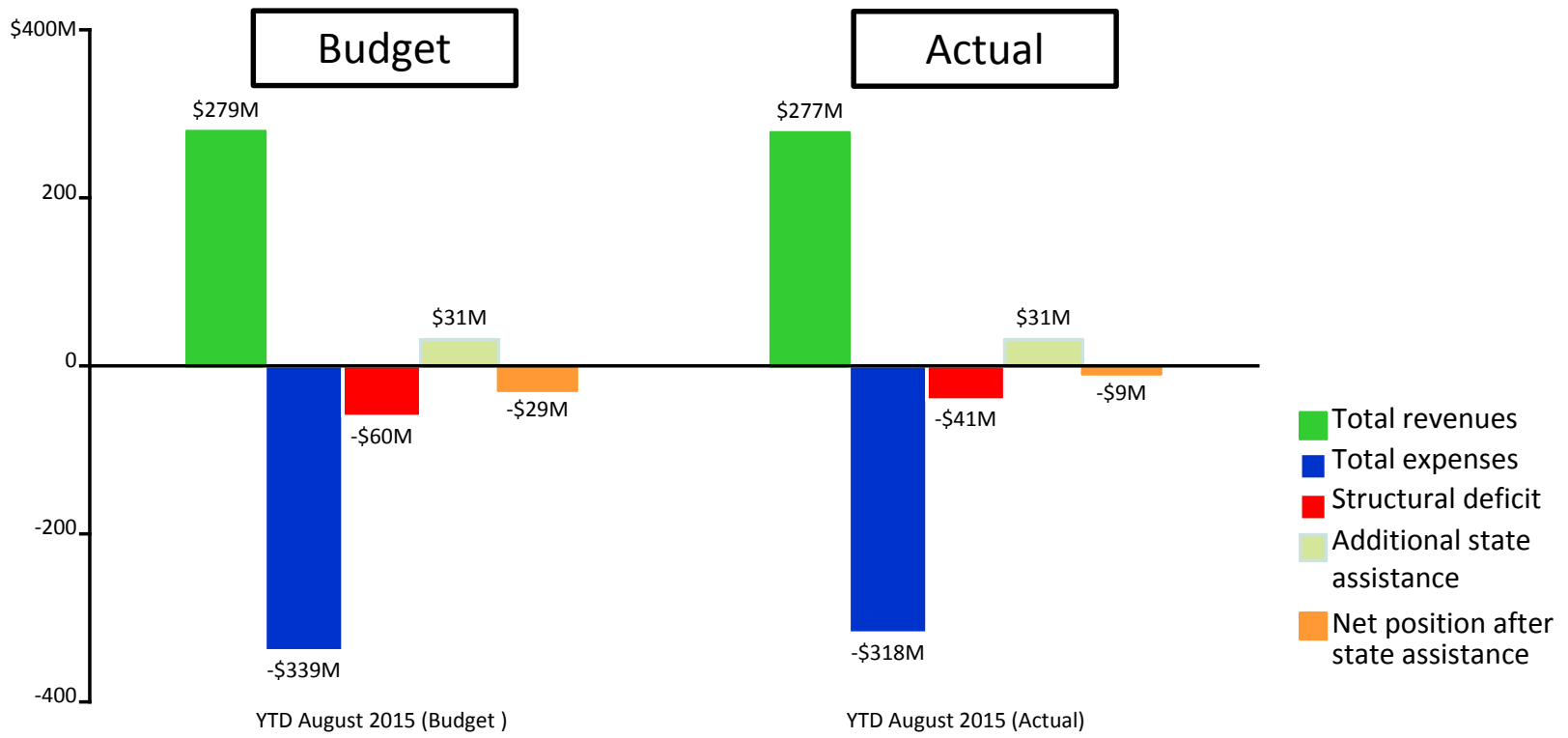
- Performance against August 2014 YTD (FY15) – UNFAVORABLE – Structural deficit expanded
 - Compared with YTD FY15 Actuals:
 - Core revenues (Base Revenue Amounts + Fares) grew at 1% year-on-year
 - Operating Expenses (including debt service) grew at 5.3% year-on-year
 - Structural deficit increased by \$19M year-on-year as a result of OPEX growth rate exceeding revenue growth rate
 - *Note: MBTA is on cash-accounting basis, and local-assessments come in after quarter end (next payment in Oct), so we this structural deficit figure should not be annualized*

YTD “Net Position After Additional State Assistance” is \$20M favorable to budget (\$-9M vs. budget of \$-29)



YTD August 2015 (FY16) Actual vs. Budget Notes:

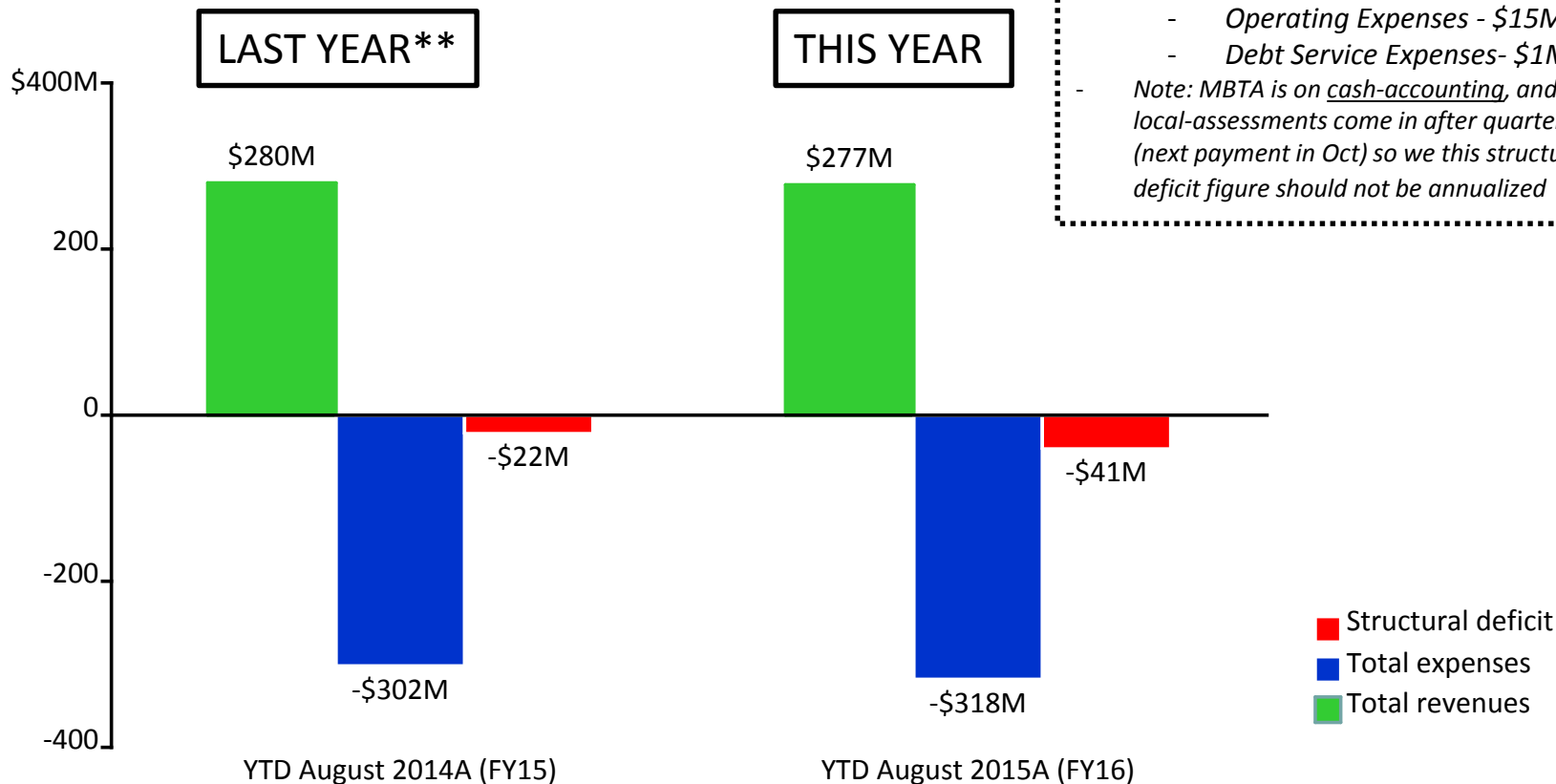
- Total Revenue fell short by \$2M
- Operating Expenses ran \$21M less than expected
- Debt Service came in under budget by \$2M



Source: MBTA Internal Data

Structural Deficit* Increased from \$22M to \$41M in YTD August 2015 (FY16) Two Month Period (as Compared to Last Year)

Structural Deficit Analysis Excluded Additional State Assistance Payments



YTD August 15 (FY16) Y-o-Y Performance:

- Total Revenue: Decreased by \$3M
- Total Expenses: Increased by \$16M
 - *Operating Expenses* - \$15M
 - *Debt Service Expenses* - \$1M
- *Note: MBTA is on cash-accounting, and local-assessments come in after quarter end (next payment in Oct) so we this structural deficit figure should not be annualized*

* Structural deficit excludes additional state assistance of \$25M in YTD FY15 and \$31M in YTD FY16

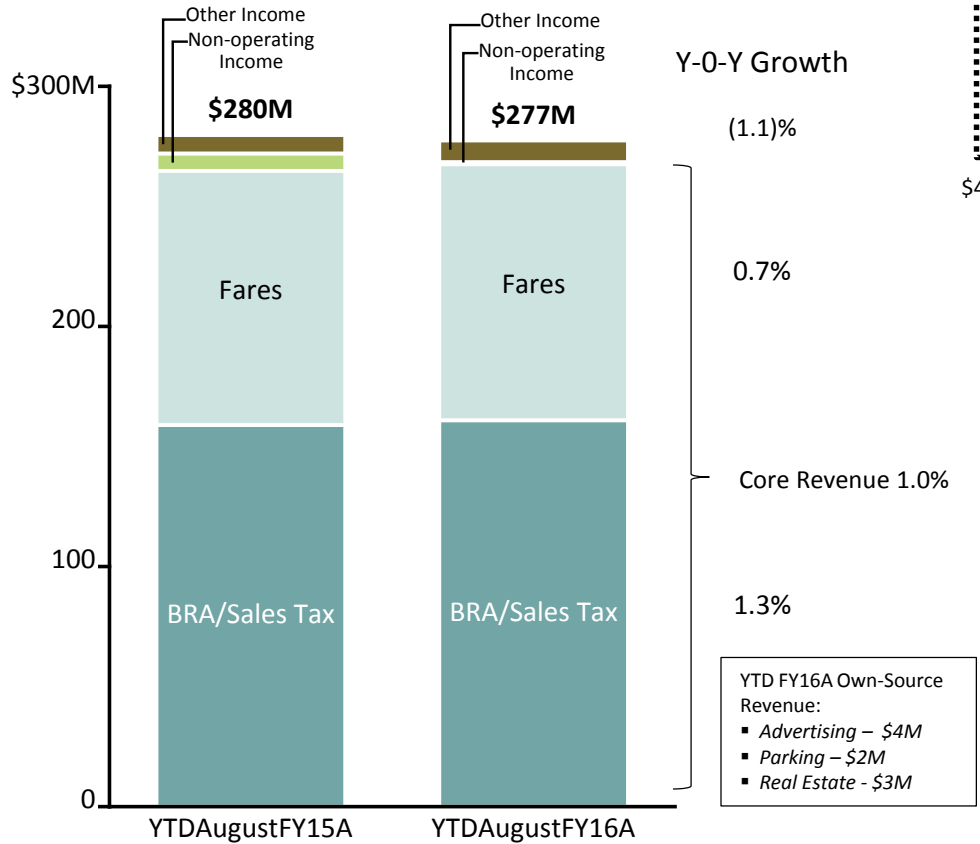
** Adjusted for BRA/sales tax allocation and local assessment timing differences that were recorded on the cash basis in FY15

Source: MBTA Internal Data

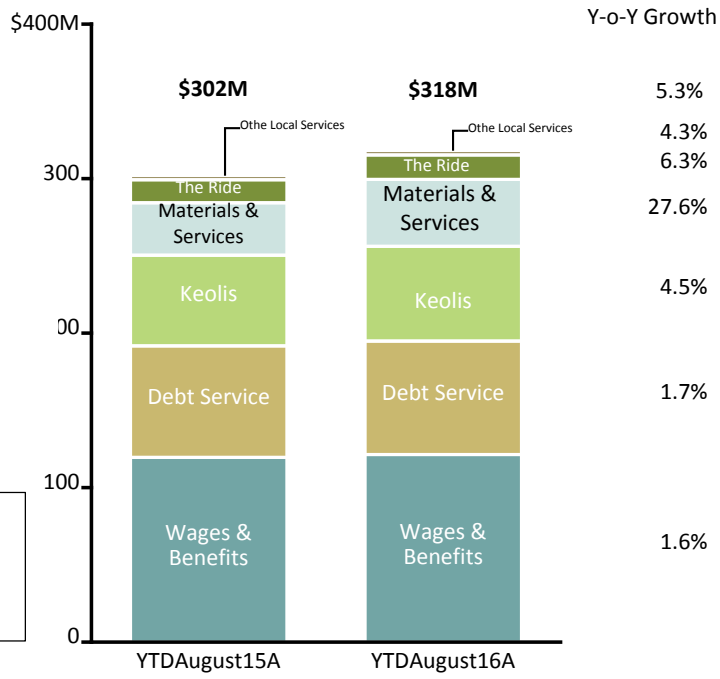
Year-on-Year Core* Revenues Increased Approximately 1.0% offset by a 5.3% Increase in Total Expenses



YTD August FY15A** vs. YTD FY16A FINANCIALS



- YTD August Y-o-Y Notes:
- Total Revenue decreased by \$3M or 1.1%
 - Decrease driven by “one-time” items (i.e., settlement and interest income) received in YTD FY15A (non-operating)
 - Total Expenses increased by 5.3%:
 - Operating Expenses increased by \$15M
 - Debt Service costs increased by \$1M



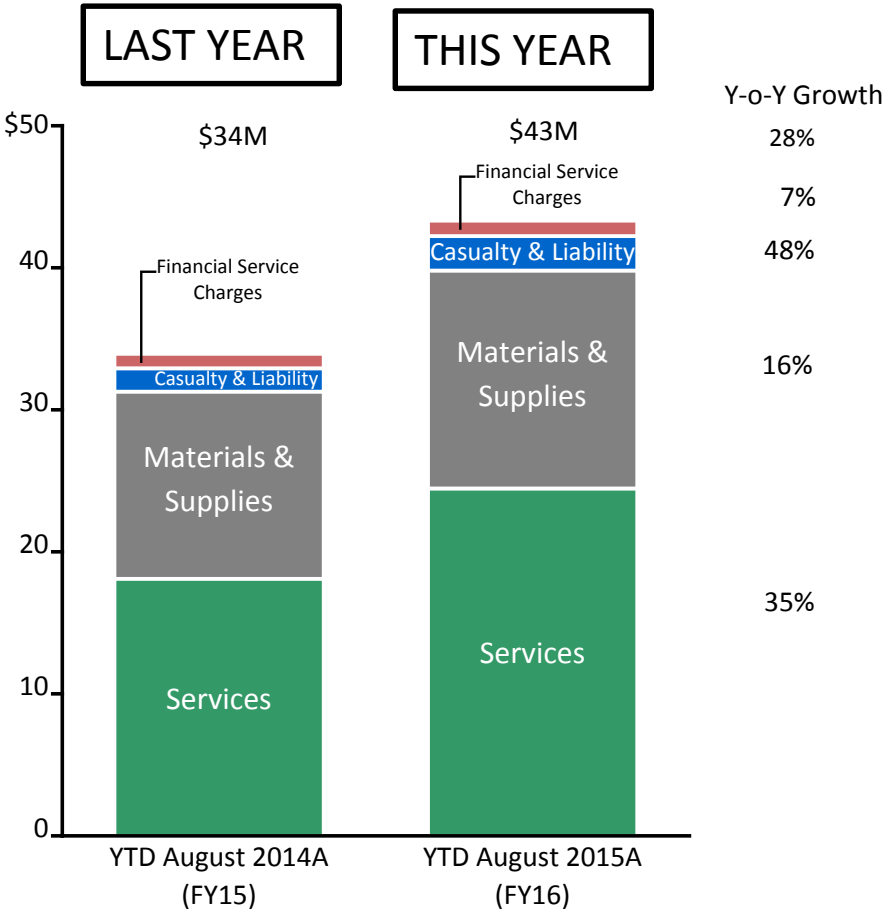
* Core revenues include: fares and dedicated base revenue amount/sale tax allocation

** Adjusted for BRA/sales tax allocation and local assessment timing differences that were recorded on the cash basis in FY15

Materials and Services Increased Approximately \$9M or 28% in YTD FY16 Compared to YTD FY15



YTD August FY15A vs. YTD FY16A FINANCIALS



Summary of Materials & Services

- YTD August Y-o-Y Notes:
- Total Materials & Services increased \$9M or 28%
 - Services increased by \$6M or 35%
 - Consulting services increased by \$1M
 - Contract cleaning increased by \$1M
 - Engineering increased by \$1M
 - Property & Equipment Maintenance increased by \$2M
 - Temporary help increased by \$2M
 - Other services increased by \$1M
 - Utilities decreased by \$2M
 - Materials and Supplies increased by \$2M or 16%
 - Primarily driven by an increase to maintenance supplies
 - Casualty and Liability expense increased by \$1M or 48%
 - Primarily driven by timing of settlement payments

Operating Overtime Expense in YTD August 2015 was \$9M, Resulting in a \$3M Unfavorable Variance to Budget

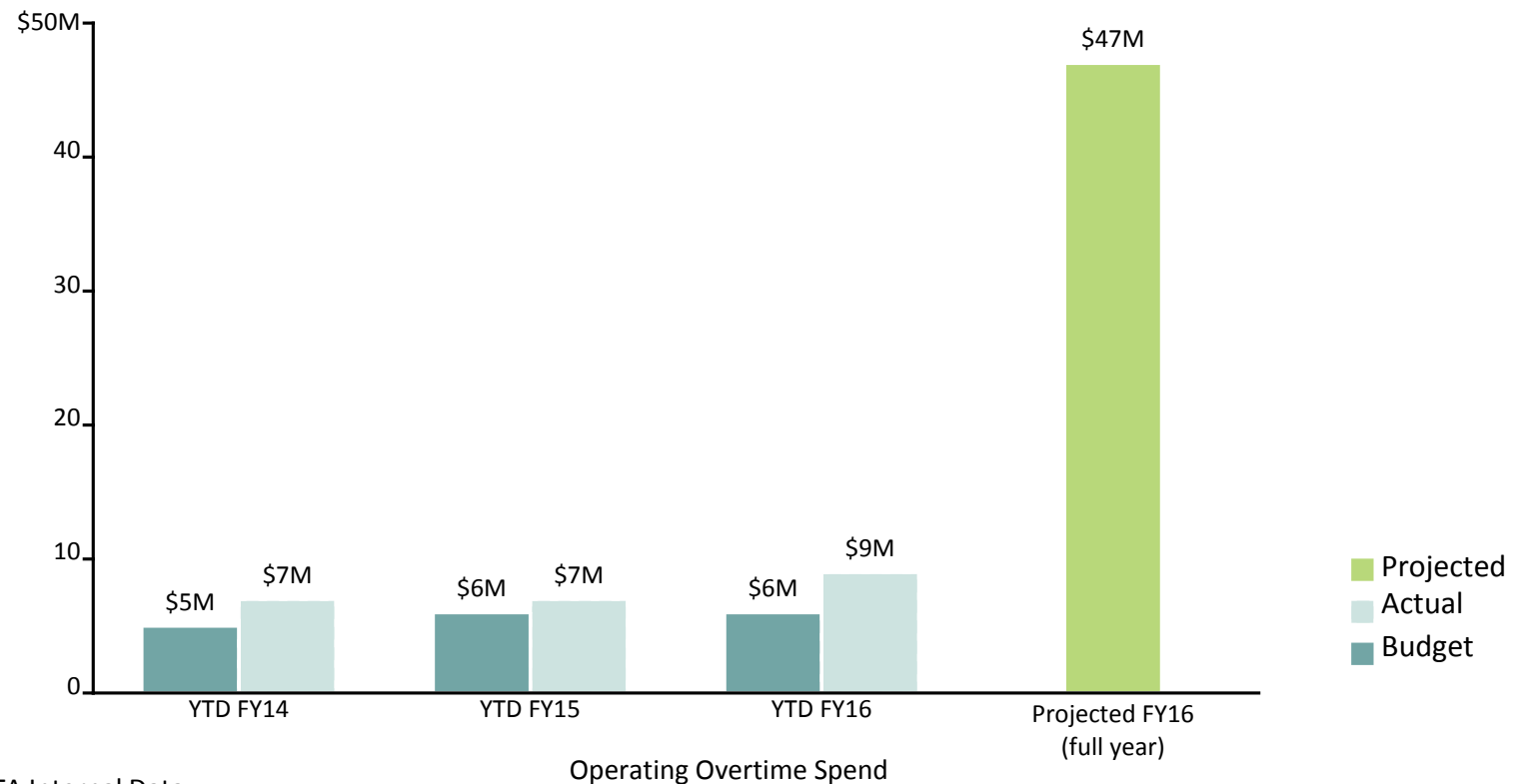


YTD AUGUST FY13 – FY16 OVERTIME EXPENSE TREND

Notes on Overtime:

- Total wage expense for the YTD period are below budget (higher overtime offset by vacant full-time positions)
- Total FY16 overtime is projected to be \$47M based on current trend

Millions (\$)



Source: MBTA Internal Data