

Slide 1: Operations Budget Stability Committee Report to FMCB

In the left top corner is the MassDOT logo (mass is green and in lower case, DOT is in capital letters and in blue. Part of this logo includes the phrase "Massachusetts Department of Transportation" in green. In the top right corner is the MBTA logo (black T in a black circle) to the left of the phrase "Massachusetts Bay Transportation Authority" in black. There is a thin green straight line beneath these logos stretching across the top of the slide below the logos.

The term "Operations Budget Stability Committee Report to FMCB" is in black text in the center of the slide beneath the green line.

Under this is a second phrase, also centered on the slide and in black reading "FY16 Operating Budget Recast"

Under this is the date "2/22/2016 in gray.

At the bottom of the slide is a note stating "Draft for discussion and Policy Purposes Only" in the center of the slide. In the right corner is the slide number "1." These are in gray.

Slide 2: Statutory Mandate: Focus on Internal Cost Control and Own-Source Revenues

In the top right corner is the MBTA logo (black T in a black circle) to the left of the phrase "Massachusetts Bay Transportation Authority" in black. There is a thin green straight line beneath these logos stretching across the top of the slide below the logos.

This slide consists of text with 1 bullet.

The first bullet states Under Section 5 of Chapter 46 of the Acts of 2015, the FMCB is directed to:

"Establish 1- and 5-year operating budgets under section 20 of chapter 161A, beginning in fiscal year 2017, which are balanced primarily through a combination of internal cost controls and increase in own-source revenues." This sentence is italicized, and the words "internal cost controls" and "own-source revenues" are underlined.

In the bottom right corner of the slide is the number 2.

Slide 3: Recasting the FY16 Operating Budget

In the top right corner is the MBTA logo (black T in a black circle) to the left of the phrase "Massachusetts Bay Transportation Authority" in black. There is a thin green straight line beneath these logos stretching across the top of the slide below the logos.

There are three bullets on this slide:

Bullet 1: Every MBTA department involved

Bullet 2: Process included:

Sub-bullet 1: Reviewing 1H FY16 and FY15 actual results

Sub-bullet 2: Cross departmental collaboration to develop FY16 recast

Bullet 3: Hiring

Sub bullet 1: Recast reflects hiring of over 90 bus operators in the past 90 days

Sub bullet 2: Budget team, HR, GM and CA working closely with E&M to expedite filing of key managerial positions and develop plan to recruit and retain top-tier talent for these critical positions

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In the bottom center is the phrase "Draft for Discussion and Policy Purposes Only" and in the right corner of the slide is the number 3. These are in gray text.

Slide 4: Recast: Estimated deficit of \$95M (\$75M better than expected)

In the top right corner is the MBTA logo (black T in a black circle) to the left of the phrase "Massachusetts Bay Transportation Authority" in black. There is a thin green straight line beneath these logos stretching across the top of the slide below the logos.

The slide consists of a chart entitled "FY16 Recast Structural Deficit"

The Y axis ranges from \$0 to \$200M in increments of \$50 million.

The X axis consists of 6 bars that are proportionately sized.

The first bar, closest to the Y axis is labeled "FY16 Structural Deficit (Approved Budget)" on the bottom and "\$170M" on the top.

The next bar is blue and labeled "FY16 Opex Cost Containment (+)" on the X axis and "\$-69M" below the box.

The next box is black and labeled "Debt Service (+)" on the X axis and "\$-6M" below the box/

The fourth box is labeled "Own Source Revs (-)" on the X axis and "\$-4M" under the box.

The fifth box is brown and labeled "Fare and Other Revenue (-)" on the X axis, and "\$4M" above the box.

The final box is red and labeled "FY16 structural deficit (budget Recasts)" on the X axis, and "\$95" above the box.

There are two text boxes to the right of the chart. The top box states "NOTE: \$75M in new expenses enter the operating budget in FY17:" This text is in all capital letters.

This is followed by 3 bullets.

Bullet 1: \$52M of capital employees transferred to the operating budget. The words "capital employees" are underlined.

Bullet 2: \$12.5m of union wage increases under CBA. The words "wage increases" are underlined.

Bullet 3: \$10M of higher debt service payments. The words "debt service" is underlined.

In the bottom right corner of the slide is the number 3. These are in gray text.

The second box, near the bottom of the slide, is labeled "Impacts". This word is underlined.

There are two phrases in the box. The first phrase notes:

(+) favorable to budget

(-) unfavorable to budget

Under the chart are three notes.

Note 1 states recasts forecasts favorable \$4M own-source revenue; \$2M unfavorable on fare revenue and \$2M unfavorable on other income for a net impact of zero.

Note 2 states For the 1H of FY16 (6 month period) lower energy costs contributed \$12.5M positive variance against budget (\$4.0M CR fuel; \$2.4M bus fuel; \$6.1M power)

The final note states Source: MBTA Internal Data. Analysis above excludes revenue from additional state assistance payments

In the bottom right corner of the slide is the number 4 in gray.

Slide 5: FY16 recast operating expenses are \$69M lower than original budget

In the top right corner is the MBTA logo (black T in a black circle) to the left of the phrase

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In the top right corner is the MBTA logo (black T in a black circle) to the left of the phrase "Massachusetts Bay Transportation Authority" in black. There is a thin green straight line beneath these logos stretching across the top of the slide below the logos.

The slide consists of a chart entitled "FY16 Opex (excluding debt): Approved Budget Compared to Revised Budget" The chart consists of 6 sets of boxes. There are two boxes in each set. One box refers to the FY16 approved budget (dark green), while the other refers to the FY16 budget recast (light green). Under each set of boxes are additional number in a row, labeled FY16 Budget Recast Variance to Approved Budget.

The Y axis ranges from \$0M to \$600M in increments of \$200M.

The first set of boxes, closet to the left is labeled wages and overtime on the bottom. Its FY16 approved budget box is labeled \$551M, while the FY16 Budget Recast box is labeled \$502M. The FY16 budget recast variance to approved budget for this category is \$9M.

The second set of boxes is labeled "Other Employee Costs" on the bottom. Its FY16 approved budget box is labeled \$255M, while the FY16 Budget Recast box is labeled \$238M. The FY16 budget recast variance to approved budget for this category is \$17M.

The third set of boxes is labeled "Materials, Supplies, and Services" on the bottom. Its FY16 approved budget box is labeled \$271M, while the FY16 Budget Recast box is labeled \$246M. The FY16 budget recast variance to approved budget for this category is \$25M.

The fourth set of boxes is labeled "Commuter Rail" on the bottom. Its FY16 approved budget box is labeled \$384M, while the FY16 Budget Recast box is labeled \$374M. The FY16 budget recast variance to approved budget for this category is \$7M.

The fifth set of boxes is labeled "The RIDE & Local Service" on the bottom. Its FY16 approved budget box is labeled \$127M, while the FY16 Budget Recast box is labeled \$120M. The FY16 budget recast variance to approved budget for this category is \$7M.

The sixth set of boxes is labeled "Financial & Insurance" on the bottom. Its FY16 approved budget box is labeled \$22M, while the FY16 Budget Recast box is labeled \$21M. The FY16 budget recast variance to approved budget for this category is \$1M. The total budget recast variance is \$69M.

At the bottom of the slide is a note stating " Note: For FY16 (12 month period) lower energy costs are forecast to contribute \$25M positive variance against budget (\$13M diesel and \$12M electricity/power)."

In the bottom center is the phrase "Draft for Discussion and Policy Purposes Only" and in the right corner of the slide is the number 5. These are in gray text.

Slide 6: FY16 recast revenue is consistent with original budget

In the top right corner is the MBTA logo (black T in a black circle) to the left of the phrase "Massachusetts Bay Transportation Authority" in black. There is a thin green straight line beneath these logos stretching across the top of the slide below the logos.

The slide consists of a chart entitled "Revenue: Budget to Actual Comparison" The chart consists of 5 sets of boxes. There are two boxes in each set. One box refers to the FY16 approved budget (dark green), while the other refers to the FY16 budget recast (light green). Under each set of boxes are additional number in a row, labeled FY16 Budget Recast Variance to Approved Budget.

The Y axis ranges from \$0M to \$1,000M in increments of \$200M.

The first set of boxes, closet to the left is labeled "Sales Tax" on the bottom. Its FY16 approved budget box is labeled \$986M, while the FY16 Budget Recast box is labeled \$986M. The FY16

The first set of boxes, closet to the left is labeled "Sales Tax" on the bottom. Its FY16 approved budget box is labeled \$986M, while the FY16 Budget Recast box is labeled \$986M. The FY16 budget recast variance to approved budget for this category is \$0M.

The second set of boxes is labeled "Transportation Revenue" on the bottom. Its FY16 approved budget box is labeled \$618M, while the FY16 Budget Recast box is labeled \$616M. The FY16 budget recast variance to approved budget for this category is -\$2M.

The third set of boxes is labeled "Local Assessments" on the bottom. Its FY16 approved budget box is labeled \$163M, while the FY16 Budget Recast box is labeled \$163M. The FY16 budget recast variance to approved budget for this category is \$0M.

The fourth set of boxes is labeled "Own-Source Revenue" on the bottom. Its FY16 approved budget box is labeled \$50M, while the FY16 Budget Recast box is labeled \$54M. The FY16 budget recast variance to approved budget for this category is \$4M.

The fifth set of boxes is labeled "Other Income" on the bottom. Its FY16 approved budget box is labeled \$34M, while the FY16 Budget Recast box is labeled \$32M. The FY16 budget recast variance to approved budget for this category is -\$2M.

The total budget recast variance is \$0M.

To the right of the chart is a box with a note stating "Total revenue did not change in the FY16 Budget Recast compared to the FY16 Approved Budget; however, there were updated estimates for individual revenue streams.

In the bottom center is the phrase "Draft for Discussion and Policy Purposes Only" and in the right corner of the slide is the number 6. These are in gray text.

Slide 7: Ongoing areas of focus and initiatives

In the top right corner is the MBTA logo (black T in a black circle) to the left of the phrase "Massachusetts Bay Transportation Authority" in black. There is a thin green straight line beneath these logos stretching across the top of the slide below the logos.

The slide consists of bullet points.

Bullet 1: Hiring

Sub-bullet 1 :Continue hiring operators (90 operators hired in past 3 mos)

Sub-bullet 2: Develop cross departmental strategy to fill key management vacancies

Bullet 2: Ongoing review of key drivers

Sub-bullet 1: Own-source revenue growth

Sub-bullet 2: Overtime management

Sub-bullet 3: Fuel and power costs

In the bottom center is the phrase "Draft for Discussion and Policy Purposes Only" and in the right corner of the slide is the number 7. These are in gray text.