



**Massachusetts Bay
Transportation Authority**

General Manager Remarks

FMCB

10/31/2016



Agenda

- GM Safety Awards
- Contracts Oversight Update
- Peer Agency Experience Sharing – WMATA
- Bus Operator Training School



GM 2015 Safety Recognition Award Winner for Rail Presented to Cabot Carhouse – Area 432





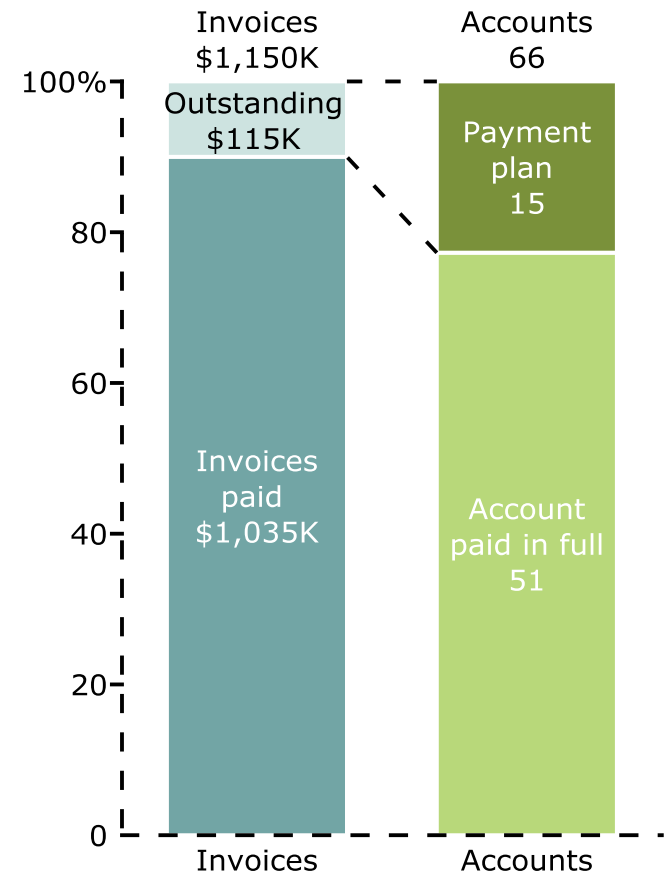
MBTA is in the early stages of an authority-wide contract review to identify opportunities to increase revenues and reduce operating expenses

- **MBTA has contracts with hundreds of public and private sector business partners**
 - It is the responsibility of the MBTA to enforce contract terms with our business partners
 - Last update we covered wireless, office supplies, station cleaning, and use of statewide contracts
- **This update focuses on opportunities in two categories:**
 - **Own-source revenue:**
 - Station tenant contract management (Utility billing)
 - Customer contract management (Massport Silver Line)
 - **Cost control:**
 - Data / financial services (Financial advisor)
 - Benefits administration (GIC)
- **MBTA implemented a policy to end the practice of paying vendors with cash vouchers on 7/1/16**
 - Historically, the majority of spending was done through cash vouchers, which made accountability and transparency difficult
 - Shift to purchase orders will enhance accountability and visibility into contracts
- **Effort is on-going, using internal and external resources; update on key findings will be provided**



MBTA Has Recovered \$1M By Invoicing Tenants For Utilities That Had Gone Uncollected For 20 Months

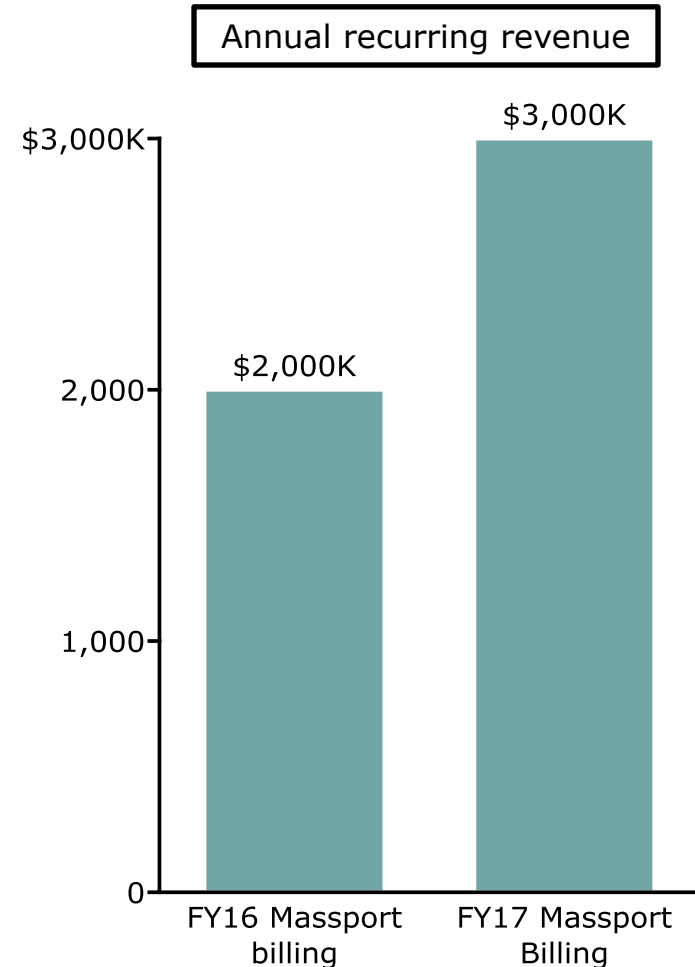
- The MBTA leases space across the subway system and should bill for utilities
 - Leases generally require tenants to pay electricity
- MBTA recently concluded the first systematic review of utility billing in over 15 years, led by Energy and Environment Department (E&E)
 - Review identified found that 66 of 78 total accounts had not been invoiced for electricity in more that 20 months
 - The other 12 accounts had never been billed
- To date, MBTA has recovered \$1M through invoice reconciliation
- Going forward recurring revenue from utility billing to increase by 40%





Better Contract Management Produces Results – Massport (Silver Line)

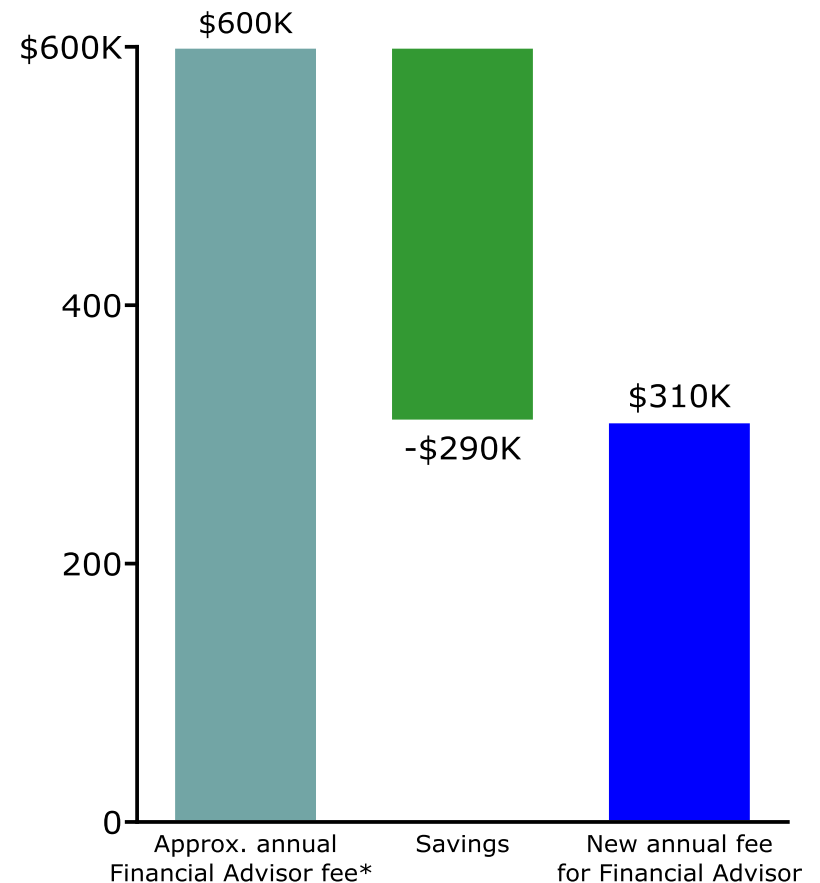
- In December 2004, MBTA and Massport executed an agreement for Silver Line service between South Station and Logan International Airport
- For more than 10 years, the MBTA did not accurately bill Massport
- Current review identified \$7.8M owed to the MBTA
- In August 2016, Massport paid \$1.6 million to the MBTA for FY05-FY12 and its share of the mid-life overhaul cost for 3 buses
- In October 2016, Massport paid another \$2.6 million to the MBTA to reconcile FY13-FY15
- The MBTA expects another \$3.6 million, which includes \$1.0 million for FY16 costs plus \$2.6 million for overhaul of the remaining 5 buses
- The MBTA forecasts future annual revenue of \$3 million from Massport
- Massport has been a great and cooperative partner in this effort





Financial Advisor Contract Management – 50% savings through in-sourcing

- Historically, MBTA relied on a Financial Advisor for a variety of services:
 - Debt service reserve fund reporting
 - Investment management and reporting
 - Swap valuation and reporting
 - Build America Bond subsidy filings
 - One-off projects (i.e. FDA amendments / terminations)
- On October 1st, MBTA terminated investment management and reporting service relationship
- MBTA can perform function in-house with current staff and resources
 - Established trading relationship with 6 banks
 - Investing in line with Investment Policy
- New arrangement will save roughly \$290K per year or about 50% of current annual spend of about \$600K
- Financial Advisor will continue to perform key functions and work closely with MBTA staff



*Annual fee to Financial Advisor changes based on MBTA investable assets.



MBTA Has Corrected Benefits Errors; Shifting To Automated System

- GIC provides coverage to the MBTA, including 6,500 employees, 5,000 retirees and 400 survivors
- MBTA is an offline agency and transacts with the GIC via paper enrollment*
- After GIC raised reconciliation issue, MBTA conducted a review (12,000 hours of review by hand)
 - Team identified more than 4,000 errors, impacting 1,300 employees
- MBTA is actively correcting employee benefit files and ensuring paycheck deductions are appropriately applied
 - Employees that have been uncharged historically will not be back billed
 - Overcharged employees will be made whole for historical over deductions
- MBTA retains and will grow strategic elements of HR (Talent management, succession, hiring, etc.)
- MBTA will shift “transactional side” of HR to an automated, online benefit system. Options include:
 - Outsourcing to third party vendor
 - Insource to state government HRCMS, enables real time GIC reconciliation



*Stockpiled paper reconciliation packages



- GIC has been a great partner to the MBTA in this effort
- MBTA appreciates their cooperation and engagement



Washington Metropolitan Area Transit Authority

FY2018 Operating Budget Prep Session

Finance Committee
October 13, 2016



Closing the Gap: Extreme Options

- **Management Reductions:** 2000-2500 positions in addition to 500 in process – 20-23% of all employees
- **Fares:** 35% increase on all modes including Access and parking with no ridership loss
- **Service:** 20-25% elimination of service on all modes plus associated personnel reductions
- **Use FTA Grants:** Utilize over 70% of formula grant funding (including match) for PM
- **Subsidy:** Additional \$100+ million each for DC and MD, \$70 million for VA



Closing the Gap: Proportional Scenario

- **\$55 million from each option to generate \$275 million in total:**
 - ✓ **Management Reductions:** 300-400 positions in addition to 500 in process – 6-7% of all employees
 - ✓ **Fares:** 10% increase on all modes including Access and parking, loss of ~10 million trips
 - ✓ **Service:** 5-10% service reduction plus associated personnel reductions, loss of 15-30 million trips
 - ✓ **Use FTA Grants:** Utilize \$55 million of formula grant funding (including match) for PM
 - ✓ **Subsidy:** Additional \$20-21 million each for DC and MD, \$14 million for VA

Management Actions

- Actions already underway, fully realized in FY2018:
 - ✓ Elimination of 500 positions (\$25 million)
 - ✓ Changes to non-rep healthcare (\$3 million)
- Additional actions under consideration (\$12 million):
 - ✓ Staffing reductions
 - ✓ Parking privatization
 - ✓ Absenteeism and workers comp
 - ✓ Work consolidations and efficiencies
 - ✓ Contracting out





Illustrative: Eliminate Bus Routes with Highest Subsidy per Rider

Bus Line Descriptions				Performance Criteria Ranking					Annual Data	
Line Name	Route(s)	Regional/ Non-Regional	State	Weekday Daily Riders	Cost Recovery	Subsidy/ Rider	Riders per Rev Trip	Riders per Rev Mile	Riders	Subsidy
Springfield Circulator	S80,91	Non-Reg	VA	420	1.4%	\$14.11	5.7	0.9	106,804	\$1,506,757
George Mason Univ-Tysons Corner	15M	Reg	VA	267	8.2%	\$13.10	8.9	0.8	67,356	\$882,146
Pimmit Hills-Falls Church	3T	Reg	VA	616	8.2%	\$13.04	8.9	1.0	166,018	\$2,165,018
Arlington-Union Station	13Y	Reg	VA	0	8.4%	\$12.72	8.4	1.1	6,726	\$85,582
Indian Head Express	W19	Non-Reg	MD	311	20.5%	\$12.34	11.4	0.5	78,933	\$974,110
Kings Park	17A,B,F,M	Non-Reg	VA	417	20.6%	\$12.27	9.0	0.5	105,423	\$1,293,904
South Capitol St Limited	W9	Reg	DC	161	10.3%	\$10.18	8.9	2.0	40,512	\$412,346
Greenbelt-BWI Airport Express	B30	Non-Reg	MD	370	40.3%	\$9.14	7.6	0.3	132,250	\$1,209,160
Springfield	18E,F	Non-Reg	VA	200	26.0%	\$9.09	11.1	0.8	50,460	\$458,767
Tysons Corner-Dunn Loring	2T	Reg	VA	505	11.8%	\$8.78	9.9	1.2	161,831	\$1,421,585
I-270 Express	J7,9	Non-Reg	MD	326	26.8%	\$8.73	9.9	0.6	82,080	\$716,616
Burke Centre	18P,R,S	Non-Reg	VA	676	27.1%	\$8.58	11.2	0.9	170,709	\$1,464,804
Greenbelt-Prince George's Plaza	R3	Non-Reg	MD	235	12.8%	\$7.98	9.4	1.1	59,268	\$473,106
Metroway - Potomac Yard	MW1	Non-Reg	VA	1,633	13.1%	\$7.74	6.4	2.0	453,382	\$3,507,693
Wisconsin Avenue Limited	37	Reg	DC	599	13.7%	\$7.37	27.2	4.1	150,900	\$1,112,008
Bock Road	W13,14	Reg	MD	658	32.0%	\$6.77	19.2	1.3	167,541	\$1,133,613
Oxon Hill-Fort Washington	P17,18,19	Reg	MD	1,167	32.3%	\$6.68	21.3	1.3	296,228	\$1,977,655
Fair Oaks-Fairfax Blvd	1C	Reg	VA	973	15.1%	\$6.57	18.5	1.3	320,729	\$2,107,075
Chain Bridge Road	15K,L	Reg	VA	486	15.2%	\$6.51	16.8	1.3	122,580	\$798,091
Fair Oaks-Jermantown Rd	2B	Reg	VA	916	15.3%	\$6.48	18.0	1.3	257,612	\$1,668,943



MBTA Bus Driver School Opened to MassDOT Toll Collectors

As the MBTA and MassDOT streamline operations, we will continue to make training and/or transitional assistance available to impacted employees

MassDOT toll collectors will be given the ability to apply for Bus Operator positions

- MBTA hires a new class of bus drivers every 8 weeks

Joining the MBTA will require toll collectors to pass the following steps:

- BOSS customer service exam (scheduled for November 3rd), driving record review and position interview, workforce assessment (conditional offer extended after passing assessment), background and CORI check, drug and alcohol screening and obtaining CDL permit

Once a candidate has completed the above steps, they will join a new “class” of bus drivers and receive 7 weeks of training

- Upon successful completion of training, the candidate will receive their CDL and proper endorsements and officially join the MBTA as a Bus Operator

MBTA had a great meeting with L103 at their training center on Thursday morning

- L103 has developed a training course for power and signal technicians, specialized training focused on the MBTA system
- MBTA would like to expand this model for other MBTA employees who may be impacted by streamlining but who want to continue their careers at the MBTA