



**Massachusetts Bay
Transportation Authority**

FY19 Budget Process Kick-Off

January 22, 2017



FY19 Operating Budget Calendar

<u>MONTH</u>	<u>BOARD MEETING SCHEDULE</u>	
January	1/22: Today 1/29: FY18 Revenue Update	<i>Preliminary department budgets have been submitted and department heads engaged for meetings between Jan 17 and Jan 22</i>
February	2/5: FY19 Challenges—Full Update 2/12: Joint Board 2/26: Operating Expense Update	
March	3/5: Budget Choices 3/12: Preliminary Budget Presentation 3/19: Joint Board 3/26: Budget Update/Discussion	Deadline for FMCB to approve preliminary itemized budget (C161A, Sect. 20)
April	4/2: Budget Update/Discussion 4/9: Final FMCB Budget Vote	Deadline for FMCB to approve final itemized budget (C161A, Sect. 20)



FY19 Capital Budget Calendar

<u>MONTH</u>	<u>KEY MEETING SCHEDULE</u>
January	1/22: Today
February	2/6: CPC Meeting on CIP Sources and Program Sizing 2/26: FY18 Q2 Capital Program Update
March	• Initial CIP project list drafted
April	4/18: CPC Meeting on CIP sources/uses, project readiness, equity analysis, public engagement
May	TBD: FY18 Q3 Capital Program Update
June	

6/30

Projects intake, review, and scoring is ongoing. Programs are currently being sized and considered

Deadline for Joint Board to approve Final CIP



Strategic Priorities

- **Provide safe and reliable service for employees and riders**
 - › Adoption of OSHA requirements
 - › Focus on Customer Experience
 - › Implementation of Positive Train Control (PTC) for Commuter Rail
 - › Optimize Green Line interventions
 - › Continued investment in subway and bus safety initiatives/station refresh initiatives
- **Invest in MBTA infrastructure and accessibility**
 - › Expand capital delivery with a focus on achieving a State of Good Repair (15yrs)
 - › Focus on accessibility, asset management and life-cycle maintenance
 - › Green Line Extension, RIDE and Bus Maintenance Facilities
- **Transform MBTA business processes with investment in people, process and technology**
 - › Implement a new fare collection system (i.e., AFC 2.0) with expanded flexible fare options
 - › Update the Financial Management Information System (FMIS) – General Ledger
 - › Implement Project Management Information System (PMIS) - Capital Delivery
 - › Continue to improve HR, scheduling and timekeeping processes



FY19 Budget Guiding Principles

- **Maintain fiscal discipline established with creation of FMCB (Jul15)**
 - › Continue to reduce reliance on annual appropriation
 - › Implement LEAN initiatives with a focus on productivity and efficiency
 - › Invest operating efficiencies/savings in “Pay-Go” Capital
- **Continue to grow own-source revenues**
 - › Optimize new parking and advertising partnerships
 - » Advertising: Outfront Media
 - » Parking: Republic Parking System
 - › Invest in Transit Oriented Development Projects
 - › Explore and expand current fare products including “Corporate Pass”
- **Optimize balance between Operating and Capital Budgets**
 - › Increased capital investment to reduce operating costs/maintenance
 - › Utilize CIP to project and prioritize State of Good Repair Spending
 - › Utilize technology and process investments to improve operating budget efficiencies



FMCB goal:

Deliver a balanced MBTA operating budget

Under Section 203 of Chapter 46 of the Acts of 2015, the FMCB may:

"Establish 1-year and 5-year operating budgets beginning with fiscal year 2017, which are balanced primarily through a combination of internal cost controls and increased own-source revenues"



APPENDIX



FY19 Budget Calendar: Operating and Capital

	OPERATING (FY19 BUDGET)	CAPITAL (FY19 – FY23 CIP)
JANUARY	<ul style="list-style-type: none">• January 3: Departments submit budget requests• January 22 (<i>proposed</i>): Budget Principles & Priorities• Budget meetings with departments to review requests	<ul style="list-style-type: none">• Project intake, review, and scoring• Proposed program changes and program sizing• January 16: CPC Meeting on CIP public engagement strategy
FEBRUARY	<ul style="list-style-type: none">• Budget meetings with departments to finalize budget adjustments in conformance with FY19 priorities• February 26 (<i>proposed</i>): FY19 preview with FMCB	<ul style="list-style-type: none">• Project scoring and selection• February 6: CPC Meeting on CIP Sources and Program Sizing• February 26: FY18 Q2 Capital Program Update
MARCH	<ul style="list-style-type: none">• March 12 (<i>proposed</i>): Submit preliminary itemized budget to FMCB for approval• ❖ March 15: Deadline for FMCB to approve preliminary itemized budget (C161A, Sect. 20)• Budget meetings with departments as needed	<ul style="list-style-type: none">• Review project readiness, resource requirements, and service impacts• Initial cash flows and obligations estimated; fiscal constraint applied• Initial CIP project list drafted
APRIL	<ul style="list-style-type: none">• April 9 (<i>proposed</i>): Submit final itemized budget to FMCB for approval• ❖ April 15: Deadline for FMCB to approve final itemized budget and submit same to Advisory Board (C161A, Sect. 20)	<ul style="list-style-type: none">• Finalized cash flow projections and coordination with MassDOT, A&F to approve plan• April 18: CPC Meeting on CIP sources/uses, project readiness, equity analysis, public engagement• ❖ April 30: Deadline to submit MBTA CIP to MassDOT and Legislature
MAY	<div>KEY<ul style="list-style-type: none">• : MBTA Process❖ : Statutory deadline</div>	<ul style="list-style-type: none">• Joint MassDOT Board releases Draft CIP for public comment; MassDOT conducts 10+ public meetings• May: FY18 Q3 Capital Program Update
JUNE		<ul style="list-style-type: none">• ❖ June 30: Deadline for Joint Board to approve Final CIP

Draft for Discussion & Policy Purposes Only



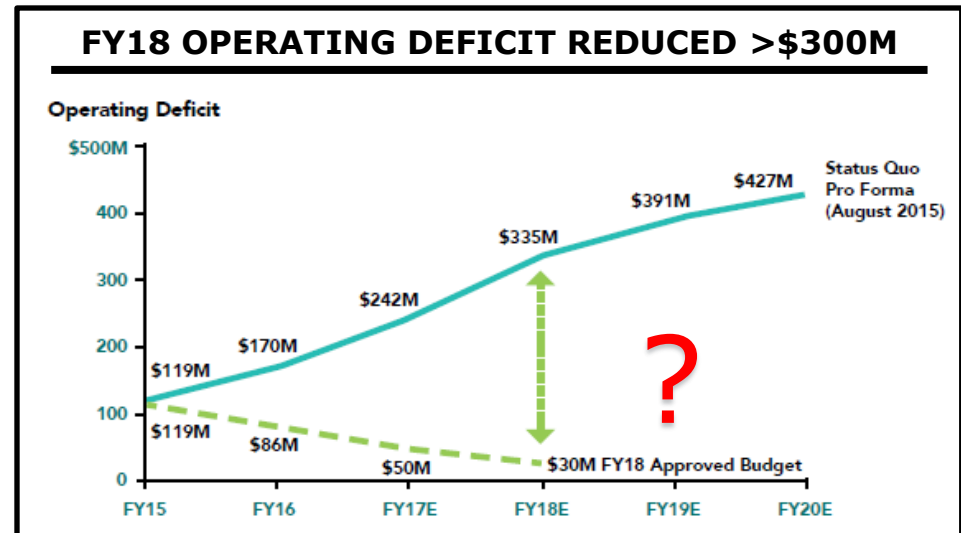
FY19 Operating Budget Calendar vs FY18

	FY19 OPERATING BUDGET	FY18
JANUARY	<ul style="list-style-type: none">• January 3: Departments submit budget requests• January 22 (<i>proposed</i>): Budget Principles & Priorities• Budget meetings with departments to review requests	<ul style="list-style-type: none">• Budget meetings with departments to review requests (initial requests submitted in December)• January 19-20: CFO review of initial budget requests• Budget meetings with departments to review requests
FEBRUARY	<ul style="list-style-type: none">• Budget meetings with departments to finalize budget adjustments in conformance with FY19 priorities• February 26 (<i>proposed</i>): FY19 preview with FMCB	<ul style="list-style-type: none">• Budget meetings with departments to review requests• Modifications of FY18 budget requests• CFO status review of FY18 budget requests
MARCH	<ul style="list-style-type: none">• March 12 (<i>proposed</i>): Submit preliminary itemized budget to FMCB for approval• March 15: Deadline for FMCB to approve preliminary itemized budget (C161A, Sect. 20)• Budget meetings with departments as needed	<ul style="list-style-type: none">• March 13: Submitted FY17 preliminary itemized budget and deck to FMCB• March 20: Discussed operating expense growth scenarios with FMCB• March 27: Discussed Critical Hire Recommendations with FMCB
APRIL	<ul style="list-style-type: none">• April 9 (<i>proposed</i>): Submit final itemized budget to FMCB for approval• April 15: Deadline for FMCB to approve final itemized budget and submit same to Advisory Board (C161A, Sect. 20)	<ul style="list-style-type: none">• April 4: Discussed Bus Maintenance strategy and The RIDE FY2018 options with the board• April 10: Discussed Budget Options with joint board• April 13: FMCB approved final itemized budget at deficit of \$30M
MAY	<div>KEY<ul style="list-style-type: none">• : MBTA Process❖ : Statutory deadline</div>	
JUNE		



Fiscal Sustainability: Continue to reduce reliance on annual appropriation

- **Improve productivity and cost effectiveness through a combination of changing internal business practices and work rules, and using private sector contracts and partnerships**
- **Link resources to strategic planning and results**
- **Generate \$100 million in non-fare, own-source revenue by FY2021**
 - › Drive up advertising income using technology
 - › Aggressively pursue real estate projects to drive both ridership (through Transit Oriented Development), and revenue
 - › Increase parking revenue by optimizing both supply and pricing
- **Continue to develop a procurement process that serves Operations**
 - › Implement strategic sourcing initiatives
 - › Implement flexible contracting
- **Continue to develop capital financing analytical capacity**





Safety Improvement: Employees, Riders and Infrastructure

- **Implement positive train control (PTC) for the Commuter Rail system by the end of 2020**
- **Provide safe and reliable transit service while preparing for the delivery of new Red and Orange Line vehicles beginning in 2019**
- **Optimize the safety of the Green Line with proactive interventions**
- **Ensure the safety of passengers, operators, and the general public through ongoing improvements in bus operations**
 - › Develop a program for collision reduction and ensuring the safety of pedestrian traffic at modal stations and crosswalks through vehicle engineering improvements, technology solutions, and continued emphasis on driver training
 - › Develop interventions to prevent bus operator assault
- **Provide a safe environment for the MBTA workforce**
 - › Develop an Occupational Health & Safety Plan
 - › Meet OSHA requirements
 - › Develop and implement targeted programs in electrical safety, excavation, fall protection, power tool safety, and personal protective equipment
 - › Ensure contractors are held to the same workplace standards, and are provided the same protections, as employees
 - › Incorporate safety improvements in capital project design

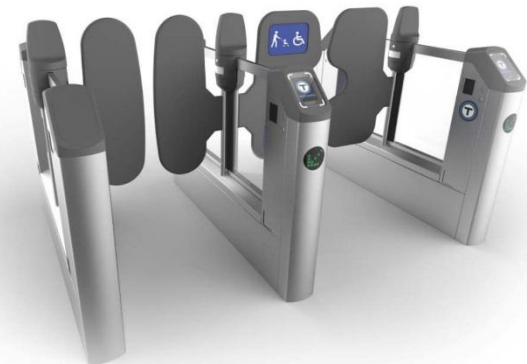




Customer Experience: Service, Fare Collection, AFC 2.0, and Real-Time Information

- **Improve service delivery and the customer experience, focusing first on the bus system**
 - › Tactical toolbox for bus service improvements
 - » Pilot all door boarding and faster fare collection
 - » Improved dispatching tools and processes
 - › Partnerships with municipalities with four in place by 2019
 - » Bus lanes, Signal priority and queue jumps
 - › Provide customer amenities on high demand, high frequency corridors
- **Implement a new fare collection system and expand flexible fare options**
 - › AFC 2.0 live and AFC 1.0 decommissioned Winter 2021
- **Reinvent the bus system moving from comprehensive service planning to network-wide redesign**
 - › Network-wide plan to address changing demographics and land use patterns by 2019
- **Provide accurate and real-time customer information**
- **Provide a clean, comfortable environment in our stations**

AFC 2.0 WILL OVERHAUL FARE COLLECTION AT MBTA

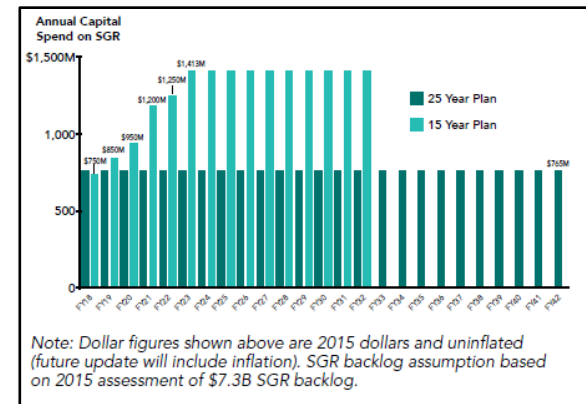




Infrastructure Investment: SGR, Eliminating the Repair Backlog, and upgrades to meet PTC goals

- **Expand capital delivery capacity to achieve a minimum of \$1 billion in annual State of Good Repair spending within four years and eliminate the backlog in 15 years**
 - › Implement Project Management Information System (PMIS) by the end of 2018
 - › Build an inventory of SGR projects through the CIP process, utilizing asset management and SGR databases
 - › Develop capacity to project future needs, backlog reduction, and impact of inflation on State of Good Repair spending
- **Create and effectively manage capital delivery capacity**
- **Implement asset management and life-cycle maintenance for all current and future MBTA assets**
 - › Fully implement system-wide asset management information system by December 2020
- **Recognize and address the SGR needs of business processes and information management**

SGR SPEND TO ELIMINATE BACKLOG IN FIFTEEN YEARS



MBTA TO IMPLEMENT FULL LIFECYCLE ASSET MANAGEMENT





Accessibility: High quality RIDE, improve ADA compliance and access to fixed-route

- **Develop and begin implementation of strategy for expanding accessibility**
 - › Continue investment in the accessibility of the fixed-route system
 - › Take advantage of State of Good Repair work and Transit Oriented Development opportunities to improve accessibility wherever possible
 - › Develop clear design and maintenance guidelines to ensure compliance with the Americans with Disabilities Act, Massachusetts Architectural Access Board standards and other relevant regulations
- **Institutionalize accessibility improvements throughout the system**
 - › Continue efforts to achieve compliance with the Boston Center for Independent Living settlement
 - › Document current approach to elevator maintenance
 - › Assess operators' compliance with accessibility standards and share reports with the public
 - › Develop and implement systems to ensure a closed-loop complaint resolution system by spring 2019
- **Embrace a mobility management philosophy, provide education and incentives to customers to encourage use of fixed-route services whenever possible**
- **Improve the quality and cost-effectiveness of The RIDE**
 - › Develop a long-term plan with the disability and elder communities to improve the quality and cost-effectiveness of accessible paratransit service, including The Ride, across the MBTA service area



Workforce & Management Investment: Build a diverse, talented & motivated workforce, Attract & retain world-class management team

- **Workforce Management**

- › Transform the Human Resources organization from transactional processing to strategic human resource management
- › Develop a diverse and talented workforce through improved recruitment, training, and performance management
- › Engage and recognize the MBTA workforce

- **Management**

- › Attract and retain a world-class management team
- › Expand depth of management accountability
- › Develop internal career paths
- › Establish contract management capacity to ensure cost-effectiveness and quality of contracted and outsourced services



Environment: Minimize environmental impact, prepare for climate and weather stressors

- **Assess system-wide vulnerability to climate and weather stressors**
 - › Utilize new and existing data to assess vulnerability of assets and services
 - › Develop plan for targeted interventions for vulnerable services and assets
 - › Maximize return on investments by incorporating climate and weather resiliency in all T capital projects
 - › Proactively engage with the Executive Office of Energy & Environment, MassDOT, City of Boston, MWRA, MAPC, and other metropolitan organizations to align strategies and provide semi-annual reports to the Board and the public
- **Quantify and minimize environmental impacts**
 - › Implement continuous improvement and provide transparent environmental compliance information to external and internal stakeholders
 - › Implement technology to upgrade pollution prevention systems to avoid environmental damage
- **Inventory and mitigate GHG emissions**
 - › Complete an annual GHG inventory
 - › Identify priority GHG mitigation activities, including those that directly reduce emissions and encourage mode shift from passenger vehicles to public transit
 - › Implement and measure impact of GHG mitigation activities

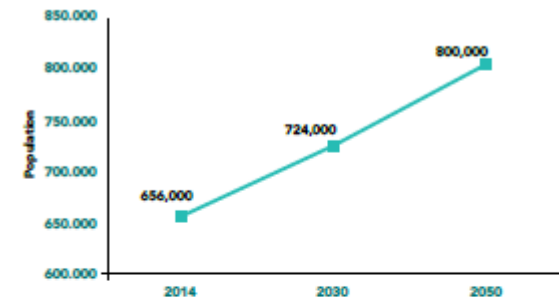


Capacity: Match growth of Boston with expansion

- **Modernize and increase the capacity of the system to accommodate increased ridership driven by population and job growth**
 - › Expand capacity on the Rapid Transit System to meet the capacity target
 - › Establish capacity plans for the Blue Line, Green Line, Silver Line, Commuter Rail, ferry and bus System
 - › Envision a Green Line capacity improvement program
 - › Develop MBTA Facility Plan to address bus maintenance garage and layover facilities modernization and expansion
- **Develop strategic vision for the future of Commuter Rail**
 - › Define scope and procurement plan for next Commuter Rail contract
- **Accelerate efforts to keep pace with economic growth**
 - › Meet need in new areas of growth: Seaport, Kendall, Dudley, Logan access, Allston Landing, the Longwood Medical Area and specific corridors of concern – I-93 N/S and I-90 to Logan

BUILD A SYSTEM THAT ACCOUNTS FOR FUTURE DEMOGRAPHIC CHANGES

BOSTON POPULATION GROWTH PROJECTIONS



BOSTON JOB GROWTH PROJECTIONS

