



**Massachusetts Bay
Transportation Authority**

CA Remarks

January 29, 2018



Governor's Budget (House 2 FY19): Two key MBTA budget items included

1 ADDITIONAL STATE ASSISTANCE

- › \$127 million in operating budget support, in combination with \$60 million in capital funding that will be included in the FY19 capital budget
- › *Consistent with current budget year (FY18)*

2 OUTSIDE SECTION ON CAPITAL EMPLOYEE TRANSFER

- › MBTA permitted to keep the costs of employees who work on the design and construction of capital projects on the capital budget
- › *Consistent with government accounting standards and with federal reporting requirements for capital labor*
- › *Final transfer of remaining capital employees (~\$27M annual spend) to operating budget not required for FY19*



Executive Summary: Own Source Revenue Update

NOVEMBER 2015: Set strategy to maximize own source revenues, reach \$100M within 5 years

KEY ACHIEVEMENTS TO DATE

- **New advertising contract:** Focus on digital and improved revenue sharing
 - › Includes one of the highest transit advertising revenue shares in the country
- **New parking contract:** New vendor, Republic Parking, took over in 2017
 - › Enforced terms on previous vendor, LAZ, and received one-time \$4M settlement
 - › Future potential for dynamic pricing
- **Enforce real estate contracts:** Collected rent from station tenants and operating funds owed by Massport
- **South Station Lease:** Renegotiated agreement nets MBTA one million dollars in revenue per year



FISCAL YEAR 2018: 77% growth in own source revenues projected over 3 years



FMCB goal:

Deliver a balanced MBTA operating budget

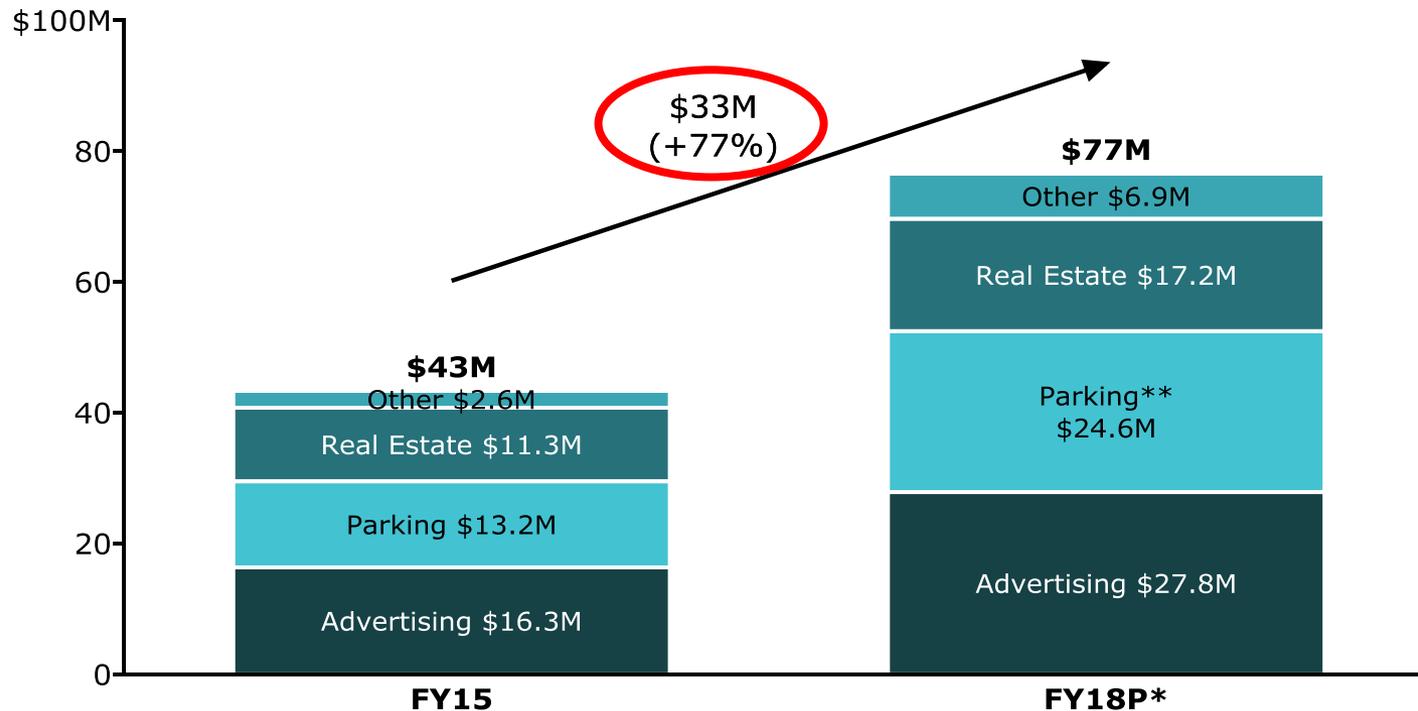
Under Section 203 of Chapter 46 of the Acts of 2015, the FMCB may:

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



Own-Source Revenue: Projected to grow by \$33M or 77% from FY15 to FY18P*

MBTA Own Source Revenue (FY15 - FY18P*)
(\$ in millions)



* FY18P comprised of 5 months (Jul – Nov) actual results and 7 months (Dec – Jun) budgeted results

** FY18P Parking revenue excludes one-time LAZ settlement of \$4.5M

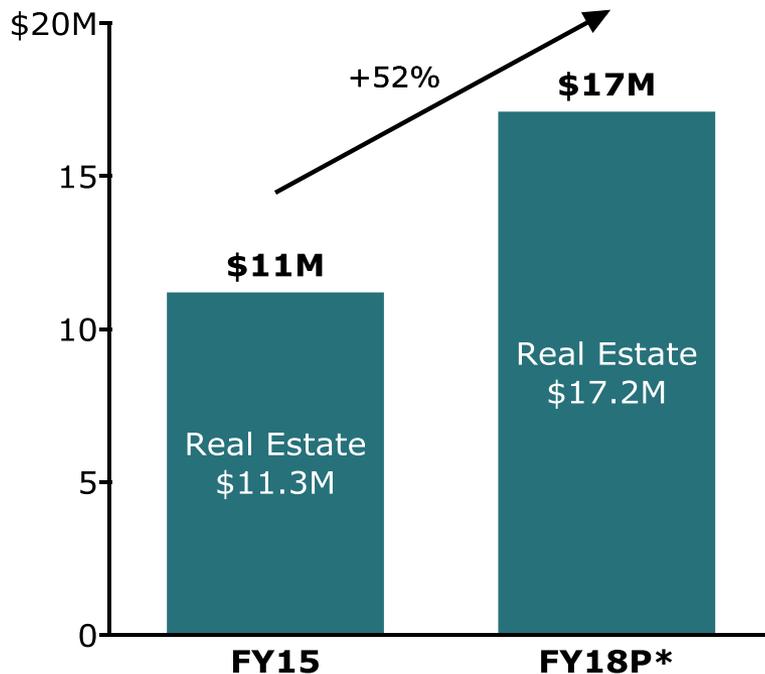
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Real Estate: Revenues projected to grow 52% over three years

REAL ESTATE FINANCIAL PERFORMANCE

MBTA Real Estate Revenue
(FY15 - FY18P*, \$M)



KEY ACHIEVEMENTS AND PROJECTS

Key Achievements:

- South Station Amended and Restated lease generating additional \$1M per year
- Increasing existing tenant rents to market rate generates an additional \$250K per year
- Approximately \$500K collected through audit and reconciliation of existing portfolio
- Increased short term licensing revenue by \$300K

What's Next:

- Government Center Green & Blue line retail concession leases generating \$160K per year once fully implemented
- Seven new Bank of America ATM's generating \$195K per year once fully implemented
- \$100K for North Quincy TOD. This project will generate \$244K per year at the completion of phase I and \$552K per year at the completion of phase II

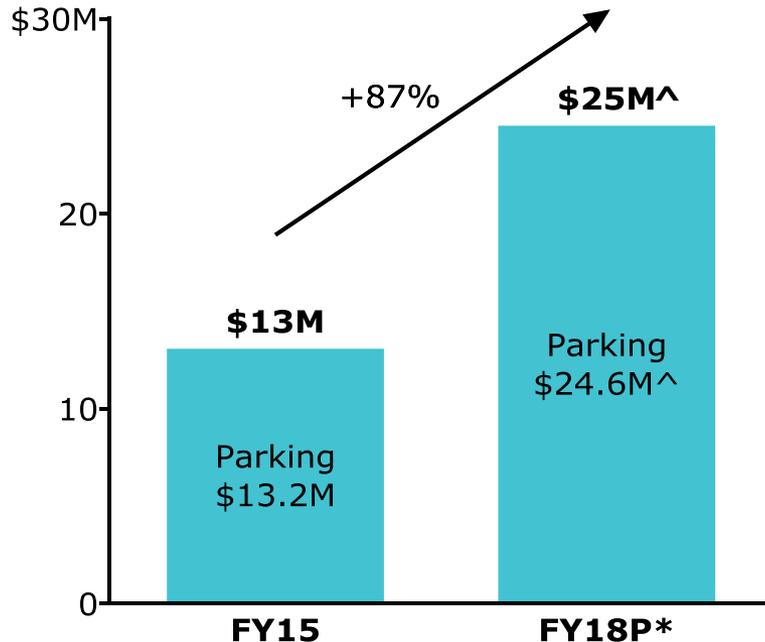
* FY18P comprised of 5 months (Jul – Nov) actual results and 7 months (Dec – Jun) budgeted results



Parking: Revenues projected to grow 87% over three years

PARKING FINANCIAL PERFORMANCE

MBTA Parking Revenue
(FY15 - FY18P*, \$M)



KEY ACHIEVEMENTS AND PROJECTS

Key Achievements:

- \$4.5M[^] recovered from LAZ parking settlement
- New parking vendor contract implemented in 2017 with Republic Parking
- Revenues at record highs, and FYTD 18 Republic expenses remain on budget
- Completed three surface lot facility reconstructions in Fall 2017 (Montserrat, Campello, and Norwood Central)

What's Next:

- › Greater facility automation and technology implementation (IT, collection, etc.)
- › Fees have not been raised since 2008
- › Technology allows dynamic pricing options
- › Continue with capital improvements to transform the customer experience
 - » Quincy Adams and Braintree (South Shore Garages)
 - » Continued surface facility reconstructions

* FY18P comprised of 5 months (Jul – Nov) actual results and 7 months (Dec – Jun) budgeted results

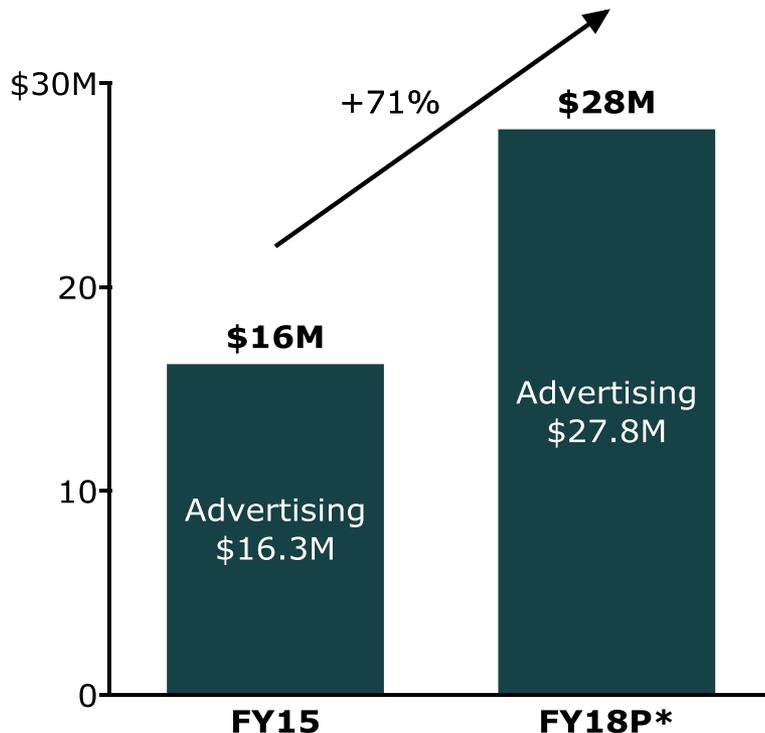
[^] FY18P Parking revenue excludes one-time LAZ settlement of \$4.5M



Advertising: Revenues projected to grow 71% over three years

ADVERTISING FINANCIAL PERFORMANCE

MBTA Advertising Revenue
(FY15 - FY18P*, \$M)



KEY ACHIEVEMENTS AND PROJECTS

Key Achievements:

- New advertising contract implemented in 2016 with Outfront Media
 - › Includes one of the highest transit advertising revenue shares in the country
 - › Focus on digital media, with 700 panels to be installed by December 2018 (~\$10M+ in capital at no cost to MBTA)
 - › 225 digital panels (in-station and urban) installed to date at no cost to MBTA
 - › Digital currently accounts for over 30% of revenue and growing
 - › New analog formats like Ultra Super King (bus and train wraps) introduced
- FY18 monthly revenues are at historic peaks

What's Next:

- › Implementation of revised advertising policy (out in market)
- › Continue build-out of digital advertising network
- › Aggressively pursue market-leading terms for other advertising programs (billboards, bus shelters)

* FY18P comprised of 5 months (Jul – Nov) actual results and 7 months (Dec – Jun) budgeted results



Advertising:

Digital panels provide MBTA customers with service updates

MBTA can update digital panels across system to share critical information and updates for riders

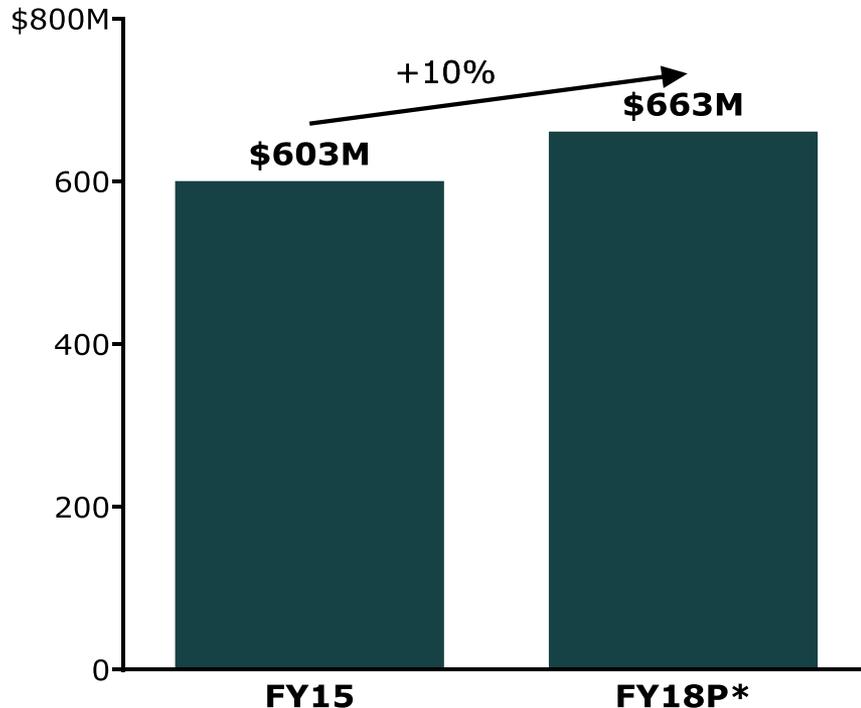




Fare Revenue: 10% Growth from FY15 – FY18

FARE FINANCIAL PERFORMANCE

MBTA Fare Revenue
(FY15 - FY18P*, \$M)



KEY ACHIEVEMENTS AND PROJECTS

Key Achievements:

- Fare increase at beginning of FY17 contributed to revenue increase
- Corporate Pass Program subscriptions continue to grow (revenue +16% FY15-18P)
- Commuter Rail revenue is strong (+21% FY15-18P), especially mTicket
- Non-subscription sales show less growth

What's Next:

- Staff exploring ways to market and further improve the Corporate Pass program
- Staff examining new fare products and sales channels as we look towards AFC2
- Continued commitment to State of Good Repair investment in order to improve service

* FY18P comprised of 6 months (Jul17 – Dec17) actual results and 6 months (Jan18 – Jun) projected results

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