



**Massachusetts Bay
Transportation Authority**

Operating Budget Stability

FY18 Mar YTD Financial Update

Report to Fiscal and Management Control Board



Agenda

- **Executive Summary**
- **FY18 YTD Budget vs. FY18 YTD Actual Results**
- **FY17 YTD Actual Results vs. FY18 YTD Actual Results**
- **Appendix**
 - Revenue Detail: Own-Source and Fare Collection



Executive Summary

- FY18 YTD structural deficit of \$36.4M is 15% (\$6.2M) below budget YTD & 20% (\$6.0M) above end of year FY18 budget target deficit (\$30.5M)
- MBTA continues to manage expense growth
 - › Operating expense growth slightly higher (0.7% excluding debt service) compared to FY17 YTD
 - › Debt service increased with higher rates and new issuance, but expected to moderate through FY18
- Revenue solid, buoyed by one-off property sale
 - › Fare revenue 2.4% below budget, -\$12.0M in FY18 YTD
 - › Sales tax receipts unlikely to exceed Base Revenue Amount
 - › Own-source revenue 62% above FY17 YTD (\$24.6M) primarily due to long term lease and property rentals
- **Forward funding goal that dedicated revenues cover operating expense still not met, as indicated by \$36.4M structural deficit**



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Structural deficit 15% below budget (\$6.2M) YTD in FY18

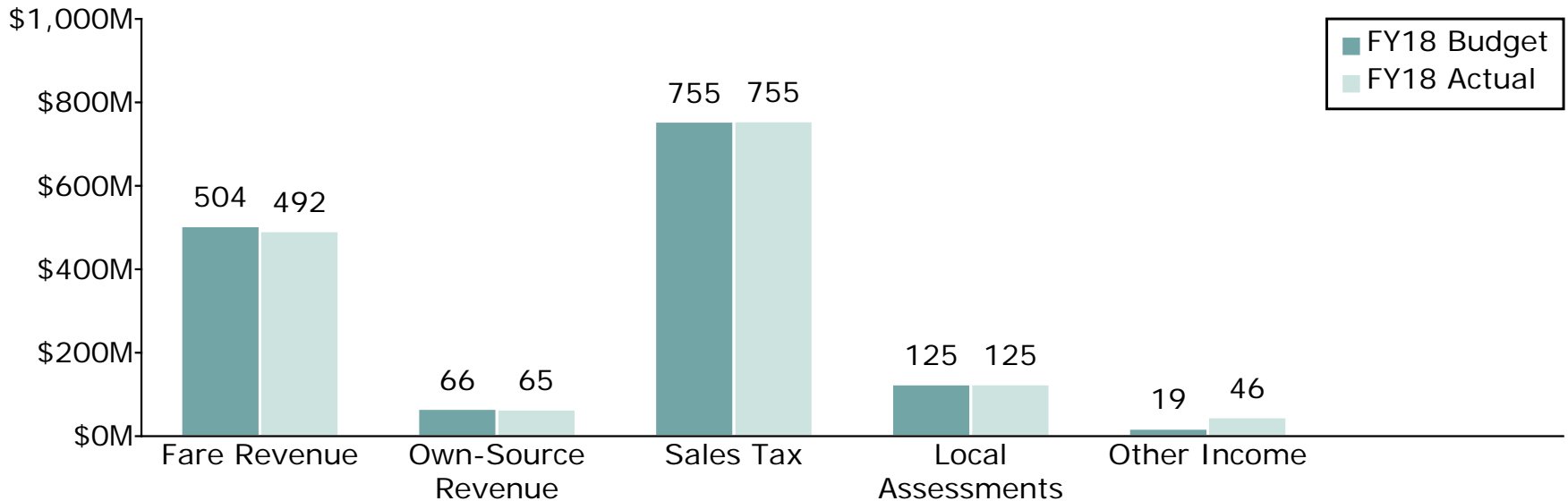
		FY18 YTD Budget vs. FY18 YTD Actual Results			
(\$M)		FY18 YTD BUDGET	FY18 YTD ACTUAL	\$ VARIANCE	NOTES
REVENUES	Operating Revenues	\$570.0	\$556.4	(\$13.6)	Advertising revenue stable
	Non-Operating Revenues	\$898.0	\$926.1	\$28.1	One-time real estate transactions
	Total Revenues	\$1,468.0	\$1,482.5	\$14.5	
EXPENSES	Wages, Benefits and Payroll Taxes	\$577.8	\$577.2	(\$0.6)	Active management of headcount despite vacancy challenges
	Non-Wage	\$594.2	\$585.1	(\$9.0)	Improved cost controls
	Operating Expenses	\$1,172.0	\$1,162.3	(\$9.7)	
	Debt Service	\$338.5	\$356.6	\$18.1	Increased w/ higher rates and new issuance; expected to moderate
	Total Expenses	\$1,510.6	\$1,518.9	\$8.4	
	Structural Deficit	(\$42.6)	(\$36.4)	\$6.2	
	Fare Recovery Ratio	43.0%	42.3%		
	Revenue Recovery Ratio	50.2%	51.8%		



Revenue over budget by \$15M

Fare revenue shortfall offset by higher other income

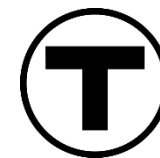
Total Revenues - FY18 YTD Budget vs. FY18 YTD Actual Comparison



						<u>Total</u>
\$ Variance	-\$12.0M	-\$1.6M	\$0.8M	\$0.0M	\$27.3M	\$14.5M
% Variance	-2.4%	-2.4%	0.1%	0.0%	147.2%	1.0%

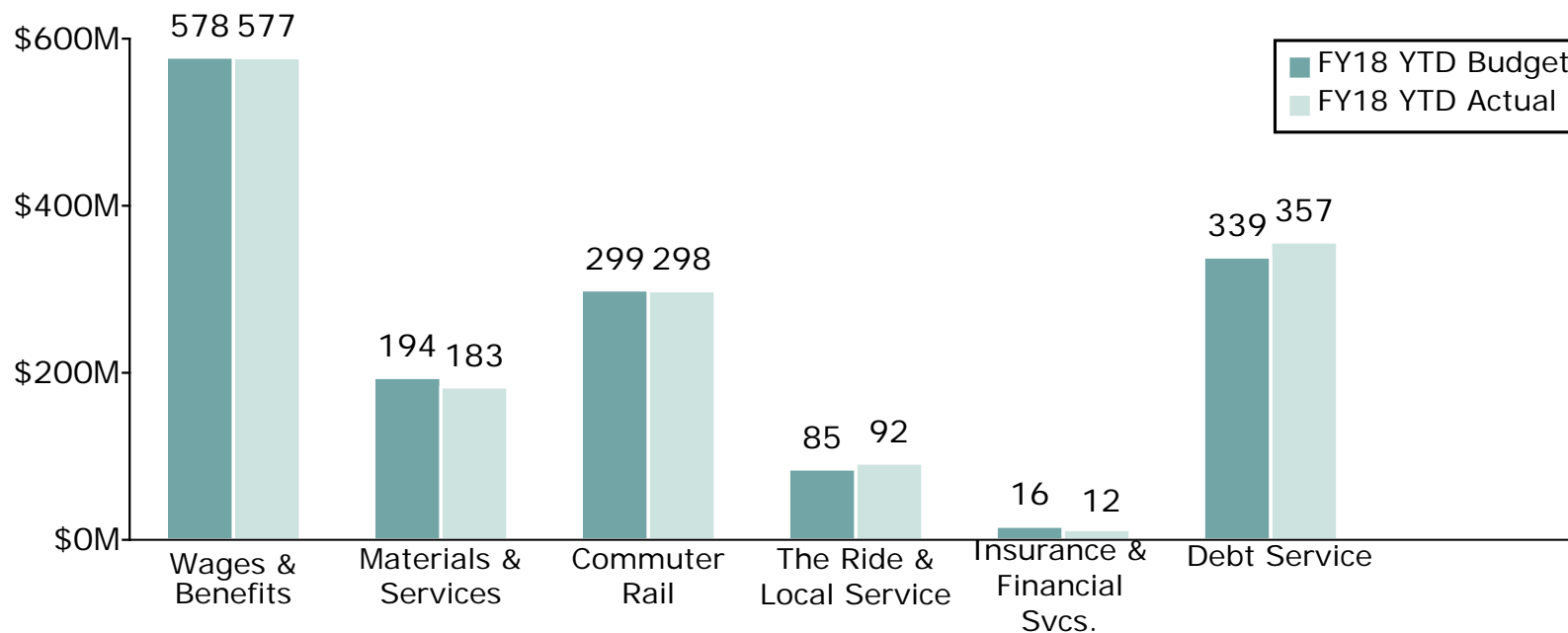
Source: MBTA Internal Data

Note: Other income increase over budget primarily due to \$6.8M from Lechmere transaction & \$7.9M from Blue Cross Blue Shield insurance rebate.



Total Expenses (Including Debt Service) up \$8.4M

Total Expenses (Including Debt Service) - FY18 YTD Budget vs. FY18 YTD Actual



							Total
\$ Change	-\$0.6M	-\$11.4M	-\$0.9M	\$7.1M	-\$3.8M	\$18.1M	\$8.4M
% Change	-0.1%	-5.9%	-0.3%	8.4%	-23.9%	5.3%	0.6%

Source: MBTA Internal Data



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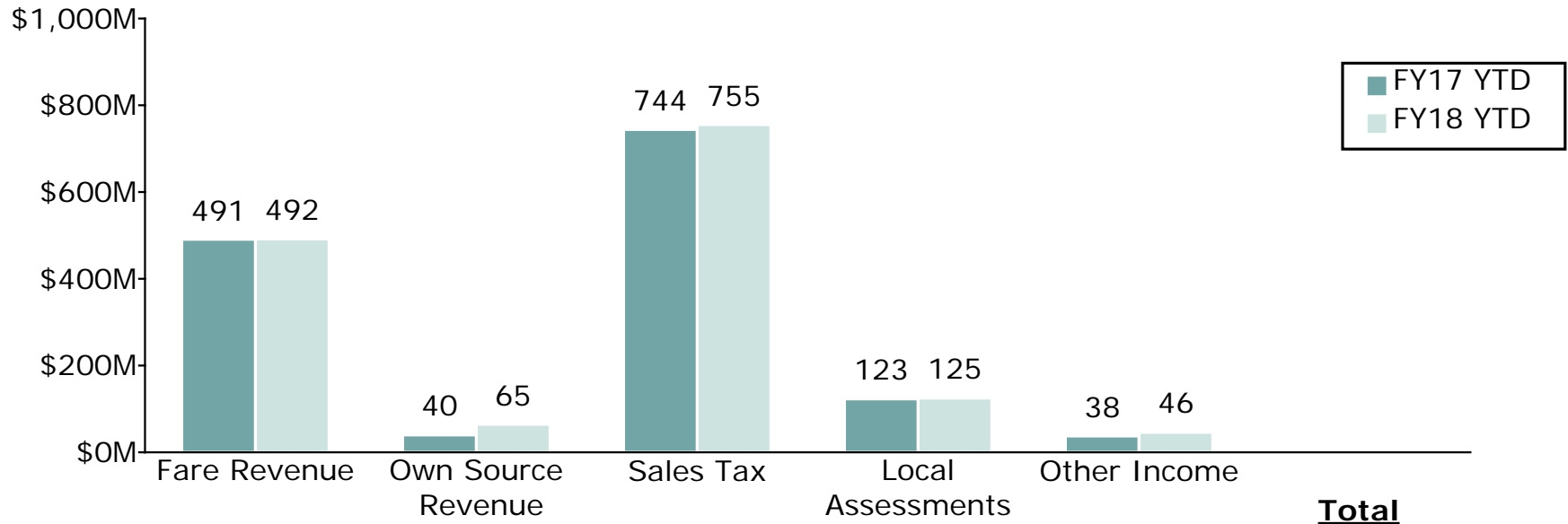
Structural deficit up 28% (\$8.1M) compared to FY17 YTD

	FY17 YTD Actual Results vs. FY18 YTD Actual Results			
(\$M)	FY17 YTD ACTUAL	FY18 YTD ACTUAL	\$ VARIANCE	NOTES
Operating Revenues	\$530.9	\$556.4	\$25.5	Favorable own source revenues
Non-Operating Revenues	\$904.7	\$926.1	\$21.4	Result of high one time revenues in FY17
Total Revenues	\$1,435.6	\$1,482.5	\$46.9	Favorable due to property sales/lease
Wages, Benefits and Payroll Taxes	\$585.1	\$577.2	(\$7.9)	Active headcount management
Non-Wage	\$569.1	\$585.1	\$16.0	Procurement process in FY18 has controlled spend
Operating Expenses	\$1,154.2	\$1,162.3	\$8.1	Rebidding of contracts and shift to capital for approved expenses
Debt Service	\$309.7	\$356.6	\$46.9	Consistent with debt policy requiring increased service payments
Total Expenses	\$1,463.9	\$1,518.9	\$55.0	Driven by higher debt service; operating expense lower YTD
Structural Deficit	(\$28.4)	(\$36.4)	(\$8.1)	
Fare Recovery Ratio	42.5%	42.3%		
Revenue Recovery Ratio	49.2%	51.8%		



Total revenues increased 3% (\$47M) over same period last year

Total Revenue - FY17 YTD vs. FY18 YTD



\$ Variance	\$0.9M	\$24.6M	\$11.2M	\$1.8M	\$8.3M	\$46.9M
% Variance	0.2%	61.5%	1.5%	1.5%	22.2%	3.3%

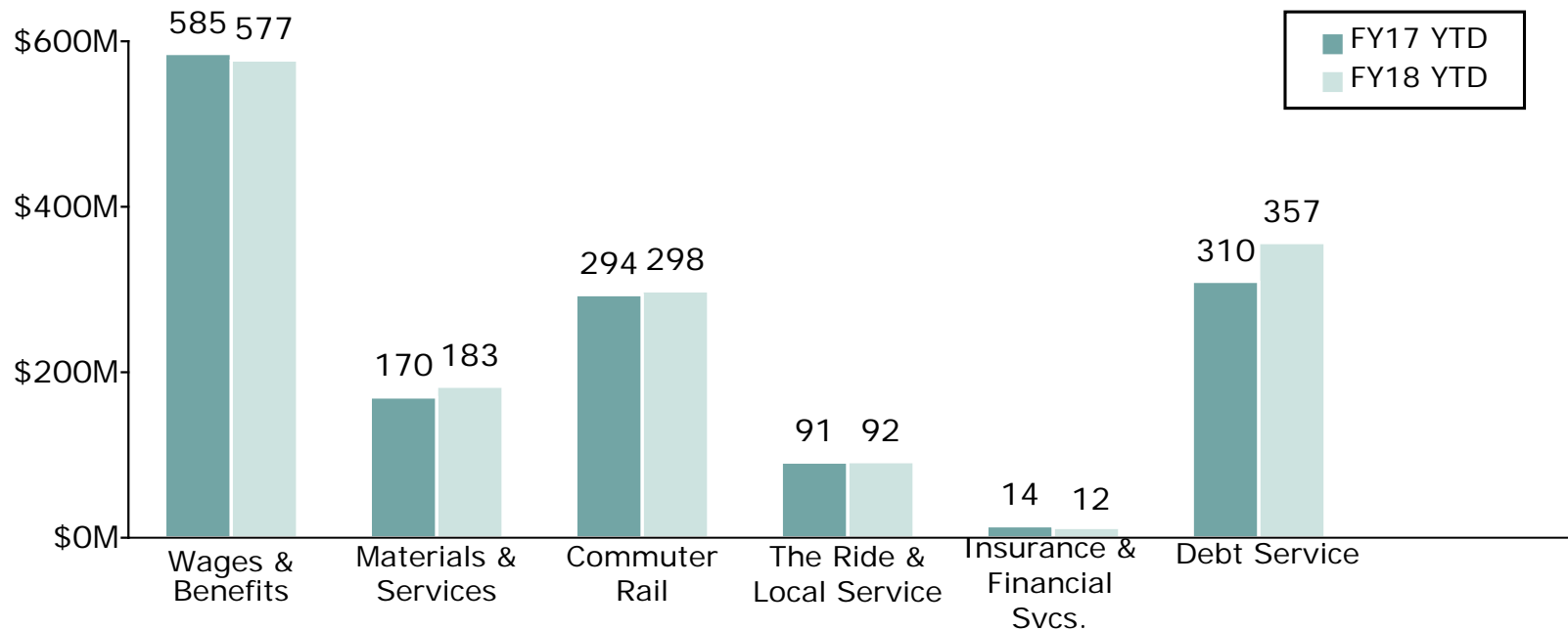
Source: MBTA Internal Data

Note: Own source revenue higher due to favorable transition to new ad/parking contract;



Total expenses up 4% (\$55M); Debt service increase is consistent with FMCB approved debt policy requiring additional payments in FY18

Total Expenses (Including Debt Service) - FY17 YTD vs. FY18 YTD



						Total
\$ Change	-\$7.9M	\$12.9M	\$4.6M	\$0.5M	-\$2.0M	\$46.9M
% Change	-1.4%	7.6%	1.6%	0.6%	-14.2%	3.8%

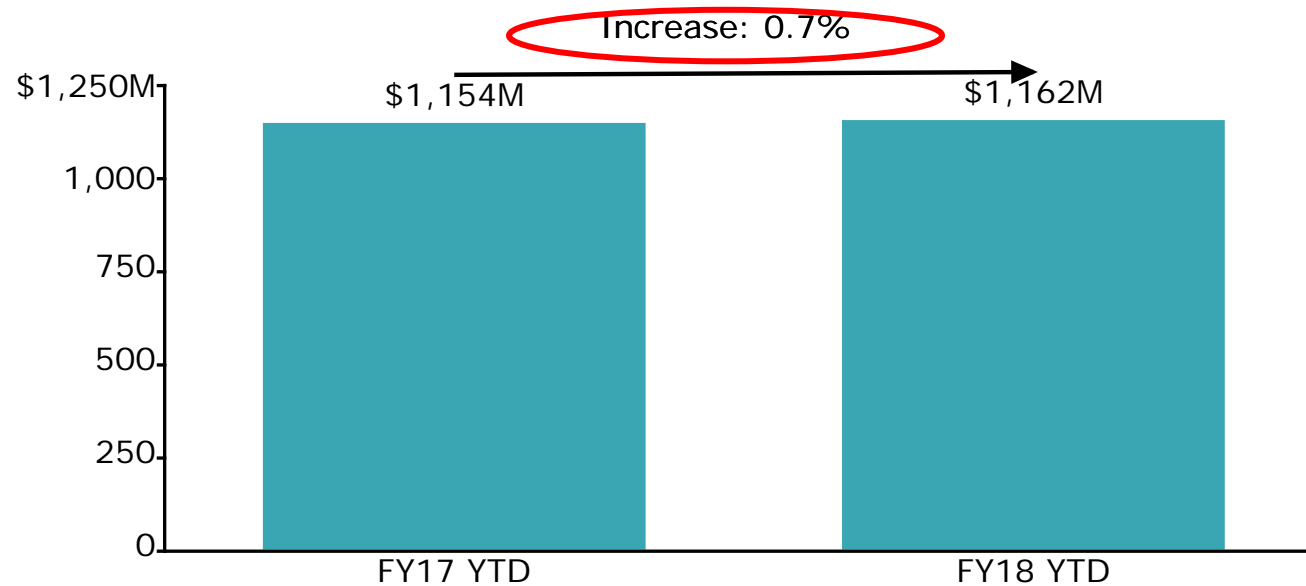
Source: MBTA Internal Data

Note: Debt service increase over FY17 is compliant with FMCB approved policy requiring additional debt service payments in FY18



Non debt operating expense slightly higher compared with FY17 YTD

Operating Expense (Excluding Debt Service)

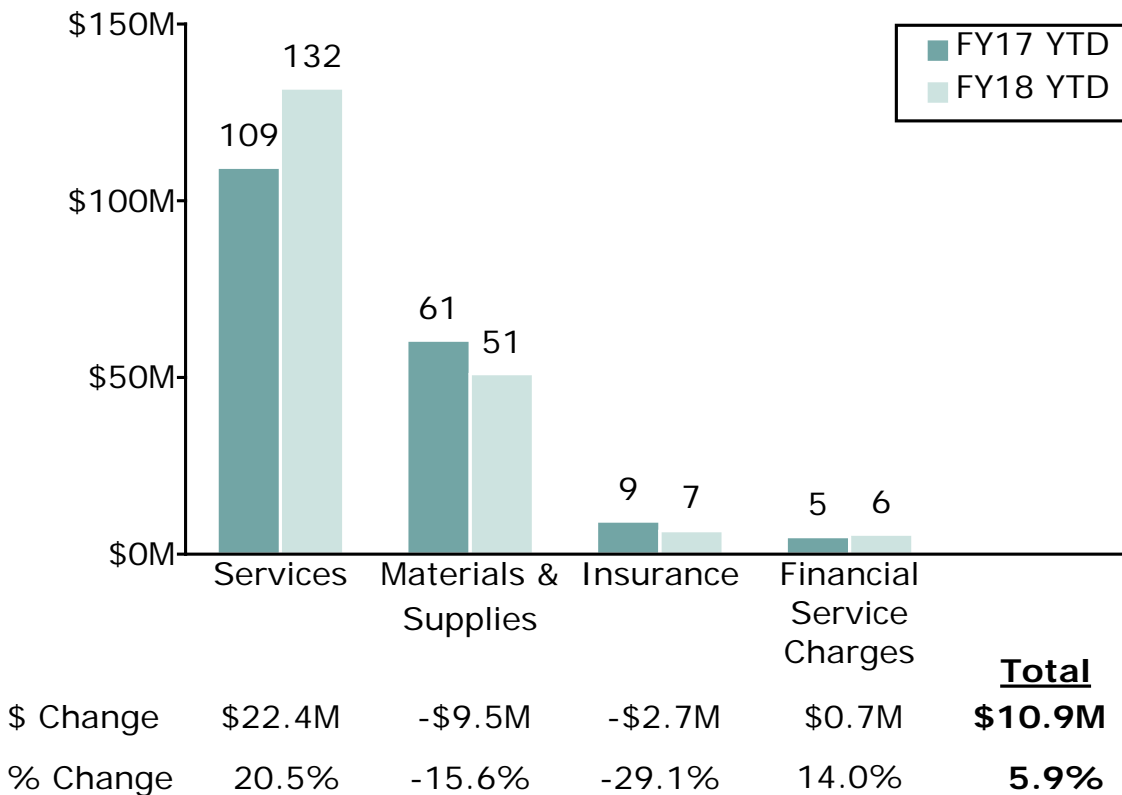


Source: MBTA Internal Data



Materials, services, insurance and financial costs up 5.9% (\$10.9M)

Materials and Services - FY17 YTD vs. FY18 YTD



Change in Materials and Services	\$12.9
Services	\$22.4
Computer services	\$0.4
Contract cleaning	\$2.1
Engineering	\$0.6
Utilities	\$3.4
Temporary help	(\$1.6)
Other services	\$17.5
Materials and Supplies	(\$9.5)
Equipment components	(\$4.6)
Fuel	(\$0.6)
Inventory Adjustment	(\$0.6)
Maint. Supplies/other materials	(\$3.7)
Insurance	(\$2.7)
Financial Services	\$0.7

Source: MBTA Internal Data
Fiscal and Management Control Board

Draft for Discussion & Policy Purposes Only



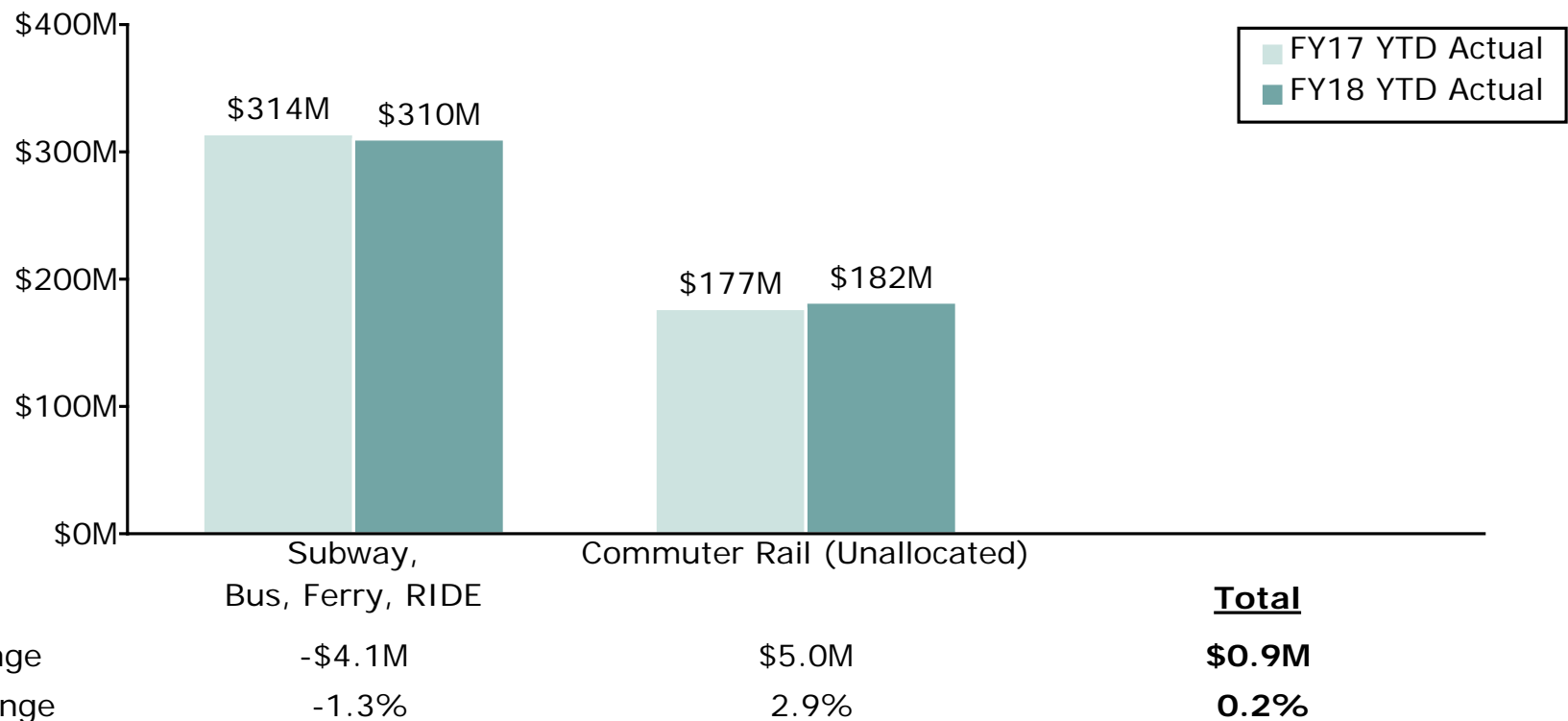
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Fare revenue is up 0.2% (\$0.9M) YTD

Fare Revenue - FY17 YTD vs. FY18 YTD



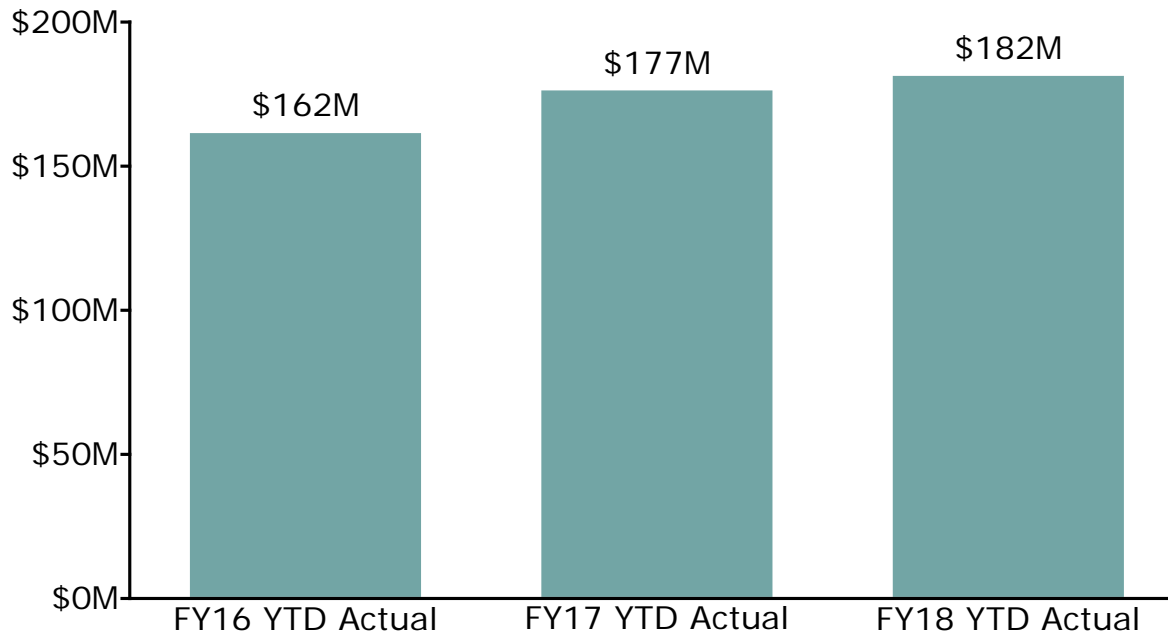
Note: Chart above shows “unallocated” commuter rail revenue, prior to CTPS allocation for linked trips to other modes; Subway, Bus, Ferry RIDE Revenue includes adjustments to total fare revenue

Source: MBTA Internal Data



FY18 YTD Commuter rail revenue is up 2.9% over FY17, and up 12.3% over FY16

Commuter Rail Fare Revenue
(Unallocated) - 9 Months



Commuter Rail Revenue Growth	
FY18 / FY17:	2.9%
FY18 / FY16:	12.3%

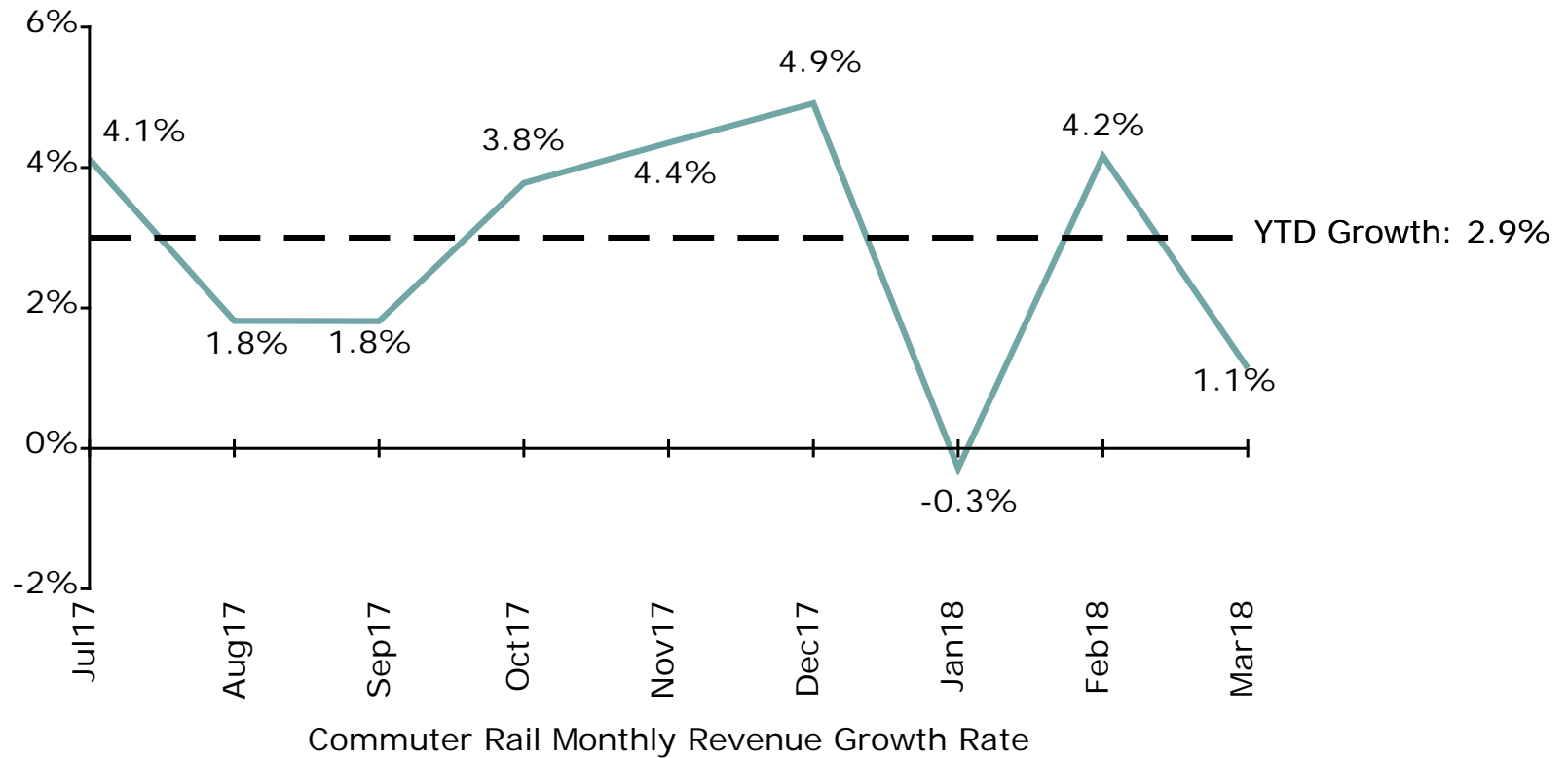
Note: Chart above shows “unallocated” commuter rail revenue, prior to CTPS allocation for linked trips to other modes.

Source: MBTA Internal Data



Commuter rail revenue up 2.9% YTD for FY18

Commuter Rail Fare Revenue (Unallocated)
Monthly Revenue Growth Rate over FY17



Note: Chart above shows "unallocated" commuter rail revenue, prior to CTPS allocation for linked trips to other modes
Source: MBTA Internal Data