



Deval L. Patrick, Governor
Timothy P. Murray, Lt. Governor
Richard A. Davey, MassDOT Secretary & CEO
Jonathan R. Davis, Acting General Manager
and Rail & Transit Administrator



April 5, 2012

His Excellency Deval L. Patrick
Governor
Room 360
State House
Boston, Massachusetts 02133

Re: Net Operating Investment per Passenger Mile

Dear Governor Patrick:

Pursuant to subsection 11 of section 151 of chapter 127 of the acts of 1999 and the reporting requirements contained therein, the Authority is pleased to provide the net operating investment per passenger mile ratio for fiscal years 2010 through 2014. As stipulated by the legislation, the calculation uses the values of the variables reported each fiscal year to the Federal Transit Administration for the National Transit Database.

The ratios for fiscal years 2010 and 2011 are based on actual data. The current and next two fiscal years are projections. The attached report provides an explanation for the year-to-year changes in the ratio.

Sincerely,

Jonathan R. Davis
Acting General Manager and
Rail & Transit Administrator

Attachments (2)

Cc: Richard A. Davey
MassDOT Secretary & CEO

**REPORT OF THE
MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
“NET OPERATING INVESTMENT PER PASSENGER MILE”**

FY 2010- FY 2014

As required under the Authority’s enabling legislation, the enclosed report details the “net operating investment per passenger mile” for all public transportation operations. This statistic represents the ratio of net investment (expenses less fares and other income) to passenger miles (cumulative miles ridden by all passengers for all modes of service). This report, based on the Federal Transit Administration’s (FTA) “National Transit Database” statistics, is a 5-year trend analysis comparing the current year’s (FY 2012) estimated ratio with the prior 2 years actual and a subsequent 2 years projection.

As indicated in the analysis, the ratio is expected to continue to rise from FY 2012 (38.3 cents) through FY 2014 (40.8 cents). This rise is primarily due to contractual and statutory obligations which will cause an increase to operating costs. In addition, the anticipated fare increase for FY 2013 is expected to have a negative impact on the growth of ridership. For FY 2014, ridership is expected to show modest gains as economic conditions are predicted to improve.

Planning ahead, the Authority remains committed to rigorous cost control strategies to limit the growth of operating expenses, while simultaneously seeking to increase income from non-transportation related revenue sources. In addition, fare revenues will continue to be maximized with further enhancements to the new automated fare collection equipment particularly in the Commuter Rail mode. The goal will remain to increase ridership through effective, efficient public transportation services, while keeping expenses and fares at the most reasonable level possible.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
NET OPERATING INVESTMENT PER PASSENGER MILE

FY 2010-2011 Actual; FY 2012-2014 Projected
 (Per "National Transit Database" Report Methodology)

	<u>OPERATING EXPENSES</u>	<u>FARE REVENUE *</u>	<u>NON-TRANS-PORTATION INCOME</u>	<u>NET INVESTMENT</u>	<u>PASSENGER MILES</u>	<u>INVESTMENT RATIO</u>
FY 2010	\$1,179,805,066	\$481,684,788	\$31,338,787	\$666,781,491	1,704,706,344	\$0.391
FY 2011	\$1,222,769,952	\$491,567,973	\$37,231,177	\$693,970,802	1,826,691,501	\$0.380
FY 2012 (Est)	\$1,294,859,060	\$477,586,117	\$82,329,194	\$734,943,749	1,918,026,076	\$0.383
FY 2013 (Est)	\$1,330,346,641	\$559,836,481	\$35,764,942	\$734,745,218	1,814,452,668	\$0.405
FY 2014 (Est)	\$1,369,309,499	\$570,733,449	\$35,618,769	\$762,957,281	1,868,886,248	\$0.408

* Fare revenue includes parking lot proceeds.