



# **Preliminary Fiscal Year 2016 Budget Update**

## **Standing Committee on Finance & Audit**

### **February 5, 2015**

# Agenda

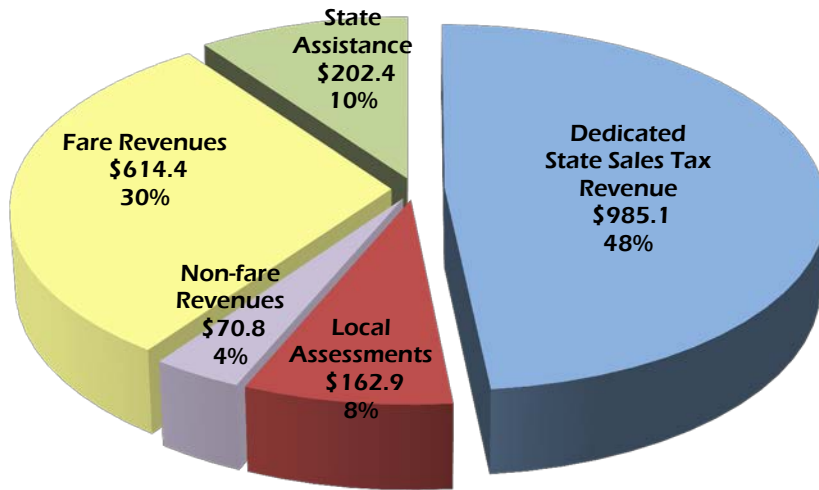
- **Statement of Revenue & Expenses - Departmental Budget Requests**
- **Revenue Overview**
  - Dedicated Revenue
  - Fare Revenue & Ridership
  - Non-Operating Revenue
  - Advertising Programs
- **Expenses Overview**
  - Headcount & Wages
  - Workers' Compensation
  - Materials & Services
  - Purchased Local Services
  - Commuter Rail
  - Financial Service Charges
  - Casualty & Liability
- **Debt Profile**
  - Principal, Interest and Lease Expenses
  - Prior Obligations Amortization
- **Initial Cuts to Budget Requests**
- **Draft Preliminary Budget - Aligning Revenues with Expenses**

# FY16 Statement of Revenue & Expenses – Departmental Budget Requests

MBTA FY16 SORE					FY 16 Financial Plan	
	FY15 Budget	FY16 Departmental Budget Request	FY16 % Incr/Decr over FY15 Budget	FY16 \$ Incr/Decr over FY15 Budget	FY16 Financial Plan	FY16 \$ Incr/(Dec) over Financial Plan
<b>REVENUE</b>						
<b>Operating Revenues</b>						
Revenue from Transportation	597,647,752	614,351,569	2.8%	16,703,817	597,647,752	16,703,817
Other Operating Revenue	48,527,035	48,068,060	-0.9%	(458,975)	50,988,672	(2,920,612)
<b>Total Operating Revenue</b>	<b>646,174,787</b>	<b>662,419,629</b>	<b>2.5%</b>	<b>16,244,842</b>	<b>648,636,424</b>	<b>13,783,205</b>
<b>Non-Operating Revenues</b>						
Dedicated Local Assessments	160,135,712	162,858,019	1.7%	2,722,307	163,338,426	(480,407)
Dedicated Sales Tax	970,637,174	985,077,246	1.5%	14,440,072	983,607,369	1,469,877
Other Income	31,045,029	22,767,700	-26.7%	(8,277,329)	45,857,983	(23,090,283)
<b>Total Non-Operating</b>	<b>1,161,817,915</b>	<b>1,170,702,965</b>	<b>0.8%</b>	<b>8,885,050</b>	<b>1,192,803,778</b>	<b>(22,100,813)</b>
<b>TOTAL REVENUES</b>	<b>1,807,992,703</b>	<b>1,833,122,594</b>	<b>1.4%</b>	<b>25,129,891</b>	<b>1,841,440,202</b>	<b>(8,317,608)</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
Wages	493,470,467	520,817,603	5.5%	27,347,136	533,883,485	(13,065,882)
Fringe Benefits						
Pensions	76,874,711	83,981,353	9.2%	7,106,642	79,243,035	4,738,318
Healthcare	110,187,626	110,483,780	0.3%	296,154	111,412,843	(929,063)
Group Life	584,316	600,679	2.8%	16,363	630,900	(30,221)
Disability Insurance	0	0	0.0%	0	0	0
Workers' Comp	11,170,527	11,077,679	-0.8%	(92,848)	11,614,852	(537,173)
Other Fringe Benefits	234,171	237,069	1.2%	2,898	232,317	4,752
<b>Total Fringe Benefits</b>	<b>199,051,351</b>	<b>206,380,560</b>	<b>3.7%</b>	<b>7,329,209</b>	<b>203,133,947</b>	<b>3,246,613</b>
Health & Welfare Fund	10,436,865	11,474,924	0.0%	1,038,059	10,701,144	773,780
Payroll Taxes						
FICA	37,750,491	39,637,846	5.0%	1,887,355	38,613,067	1,024,779
Unemployment	1,320,087	1,339,665	1.5%	19,578	1,300,974	38,691
<b>Total Payroll Taxes</b>	<b>39,070,578</b>	<b>40,977,511</b>	<b>4.9%</b>	<b>1,906,933</b>	<b>39,914,041</b>	<b>1,063,470</b>
Materials, Supplies and Services	237,872,565	276,110,805	16.1%	38,238,240	254,861,004	21,249,801
Casualty and Liability	16,566,513	16,810,409	1.5%	243,896	17,086,818	(276,409)
Purchased Commuter Rail Service	384,346,300	400,792,273	4.3%	16,445,973	400,058,624	733,649
Purchased Local Service Subsidy	122,116,771	126,512,940	3.6%	4,396,169	127,758,567	(1,245,627)
Financial Service Charges	5,990,000	6,490,000	8.3%	500,000	6,169,700	320,300
<b>Total Operating Expenses</b>	<b>1,508,921,410</b>	<b>1,606,367,024</b>	<b>6.5%</b>	<b>97,445,615</b>	<b>1,593,567,330</b>	<b>12,799,695</b>
<b>Debt Service Expenses</b>						
Interest	240,945,845	238,256,615	-1.1%	(2,689,230)	244,771,834	(6,515,219)
Principal Payments	178,695,803	209,277,065	17.1%	30,581,262	194,968,459	14,308,606
Lease Payments	4,296,777	4,575,488	6.5%	278,711	4,574,551	937
<b>Total Debt Service Expenses</b>	<b>423,938,425</b>	<b>452,109,168</b>	<b>6.6%</b>	<b>28,170,743</b>	<b>444,314,843</b>	<b>7,794,325</b>
<b>TOTAL EXPENSES</b>	<b>1,932,859,835</b>	<b>2,058,476,193</b>	<b>6.5%</b>	<b>125,616,358</b>	<b>2,037,882,173</b>	<b>20,594,020</b>
<b>Net Revenue</b>	<b>(124,867,132)</b>	<b>(225,353,599)</b>	<b>Recovery Ratios</b>		<b>(196,441,971)</b>	<b>(28,911,628)</b>
Additional Assistance	135,100,000	202,400,000	Revenue	33.29%	202,400,000	0
<b>NET Revenue after Additional Assistance</b>	<b>10,232,868</b>	<b>(22,953,599)</b>	Fare	29.84%	5,958,029	(28,911,628)
			MassDOT Projects FY16	33.25%		

# FY 2016 Revenue Overview

**State and Local Funding = \$1.35 Billion**  
**Total Revenue = \$2.03 Billion**



**State Contribution**  
**\$ Amount**      **% of Revenue**  
**\$1.2 Billion**      **58%**

Dedicated Sales Tax Revenue

Pursuant to MBTA’s enabling act, Dedicated Sales Tax receipts to MBTA are the greater of the base revenue amount (BRA) or the dedicated sales tax revenue amount, which is 16% of statewide sales tax excluding the meals tax. An additional \$160 million (previously a separate appropriation) was added to the BRA (\$810,637,174) commencing in FY2015 and resetting the BRA to the amount of \$970,637,174.

State Assistance

Additional assistance projected to be provided by the Commonwealth from Transportation Finance legislation.

Fare Revenues

Revenue generated from transportation services provided by the Authority.

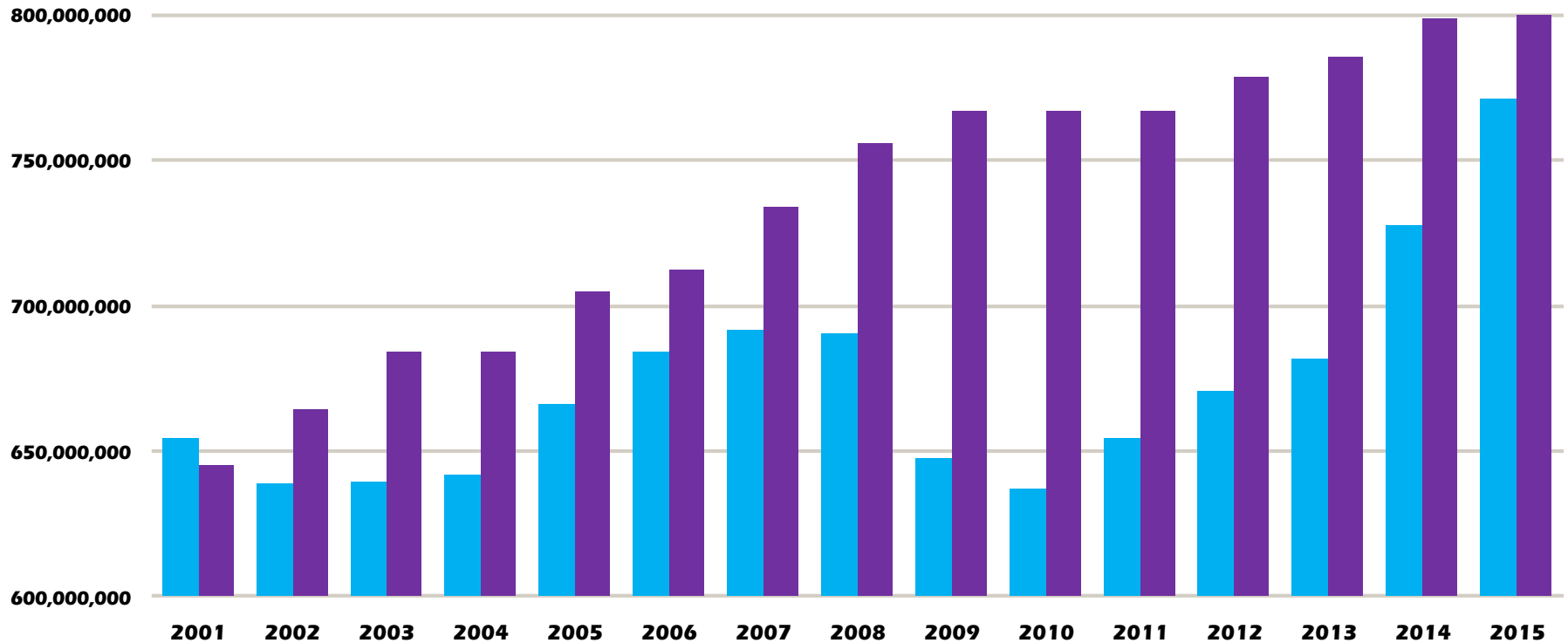
Non-fare Revenues

Revenue generated from advertising, parking and income from real estate operations.

Local Assessments

Revenue generated from the communities served by the MBTA. All communities associated with the Authority must contribute to the MBTA.

# FY 2016 Dedicated Sales Tax Revenue



\$ In Millions	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>BRA<sup>1</sup></b>	645	664	684	684	705	713	734	756	767	767	767	779	787	799	811
<b>Dedicated Sales Tax<sup>1</sup></b>	655	639	639	642	666	684	692	691	648	637	655	670	682	728	771 est. 2
<b>YOY % Change in Dedicated Sales Tax</b>	5.3%	-2.5%	0.1%	0.5%	3.6%	2.6%	1.1%	-0.1%	-6.6%	-1.7%	2.7%	2.4%	1.7%	6.7%	5.9% est.

1. Amounts are from POS; BRA for FY15 was confirmed February 28, 2014.  
 2. FY15 Dedicated Sales Tax is an estimate based upon Office of Comptroller report dated February 28, 2014.

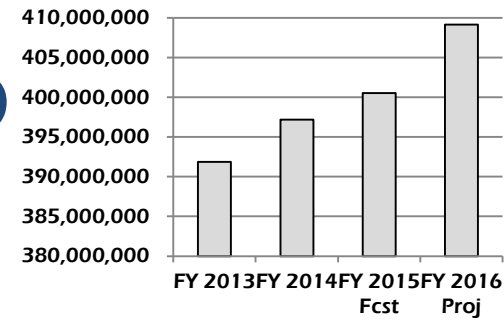
# FY 2016 Fare Revenue & Ridership

Total - All Modes				
Fiscal Year	Actual/Projection	Ridership	Average Fare	Fare Revenue
FY 2013	Actual	391,879,047	\$1.44	\$564,560,142
FY 2014	Actual	397,161,378	\$1.45	\$576,686,288
FY 2015	Forecast	400,527,210	\$1.51	\$606,007,645
FY 2016	Projection	409,123,337	\$1.51	\$617,848,214

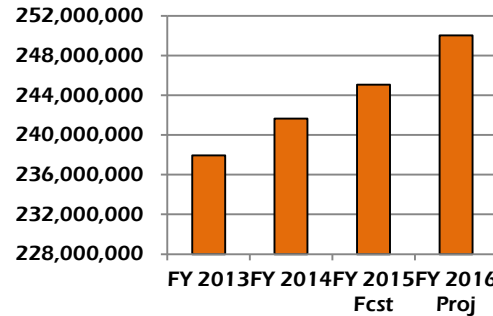
System-wide ridership from FY2013 to FY2014 increased by 1.3%. FY2015 is forecast to increase at more moderate levels—0.8%, which is lower than FY2014 due to impacts from the July 2014 fare increase. FY2016 is expected to see ridership growth at a rate of 2.1% if recent trends hold.

For most modes, the baseline ridership growth is sufficient to offset impacts of the 5% fare increase from July 2014. In the case of bus, growth rate from FY2013 to FY2014 was lower than other modes at 0.9%, and so when combined with the July 2014 fare increase, the FY2015 forecast is for a slight 0.7% decrease in ridership. Without a fare increase in FY2016 bus ridership is projected to grow by 2.6%.

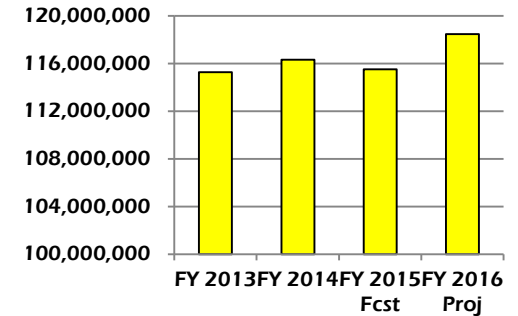
Total - All Modes



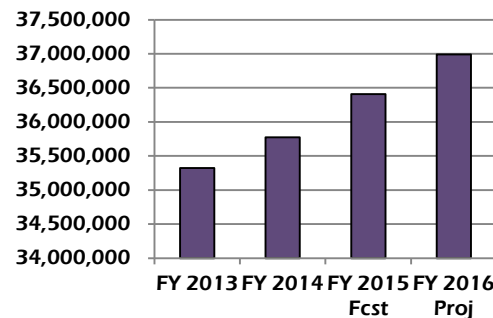
Rapid Transit



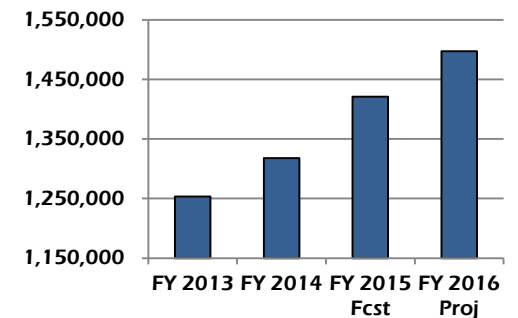
Bus



Commuter Rail



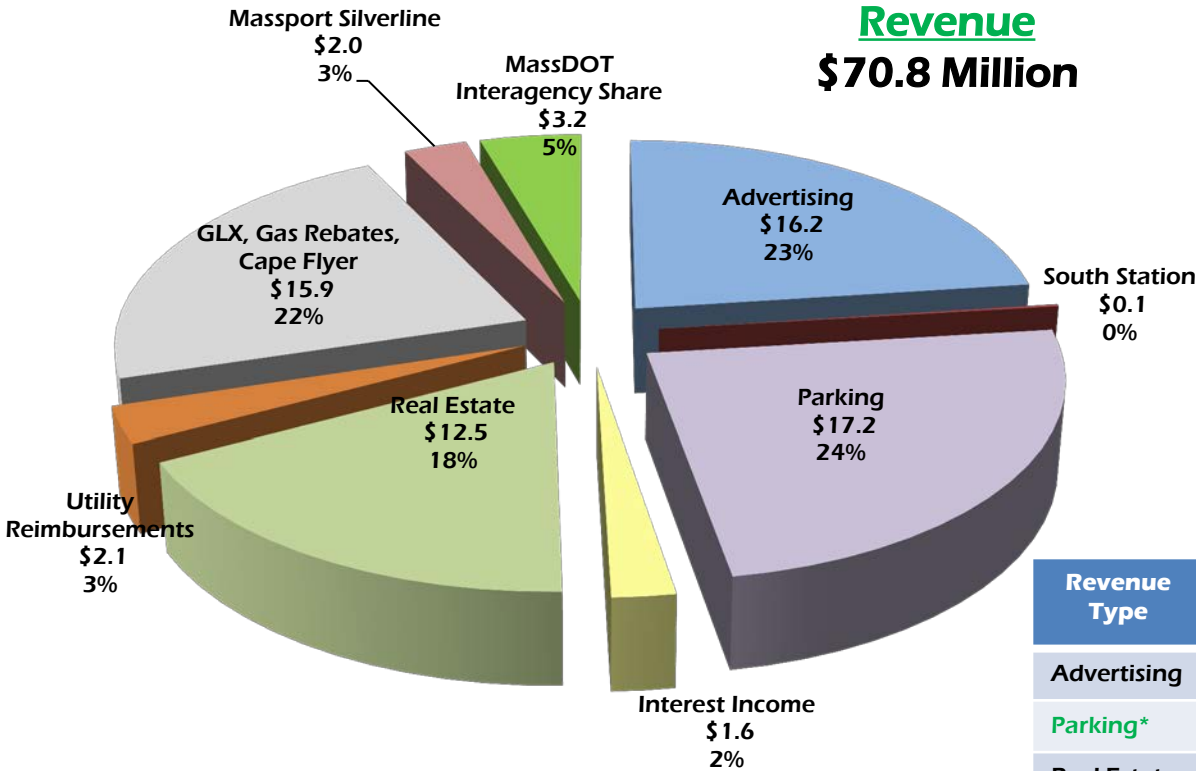
Commuter Boat



# FY 2016 Other Revenue

## Total Non-Operating Revenue

**\$70.8 Million**



Revenue Type	FY 12 Actual	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Budget
Advertising	\$11.4	\$13.5	\$14.9	\$16.2	\$16.2
Parking*	\$15.3	\$17.2	\$16.4	\$16.2	\$17.2
Real Estate	\$14.2	\$16.1	\$13.6	\$13.3	\$12.5
All Other	\$57.4	\$80.2	\$25.9	\$33.9	\$24.9

Operating Revenue*	\$31.1	\$32.6	\$31.8	\$31.6	\$32.6
Parking Securitization	(\$15.8)	(\$15.4)	(\$15.4)	(\$15.4)	(\$15.4)
<b>Parking Net Revenue</b>	<b>\$15.3</b>	<b>\$17.2</b>	<b>\$16.4</b>	<b>\$16.2</b>	<b>\$17.2</b>

\*Note: Operating Revenue is net of Operating Costs

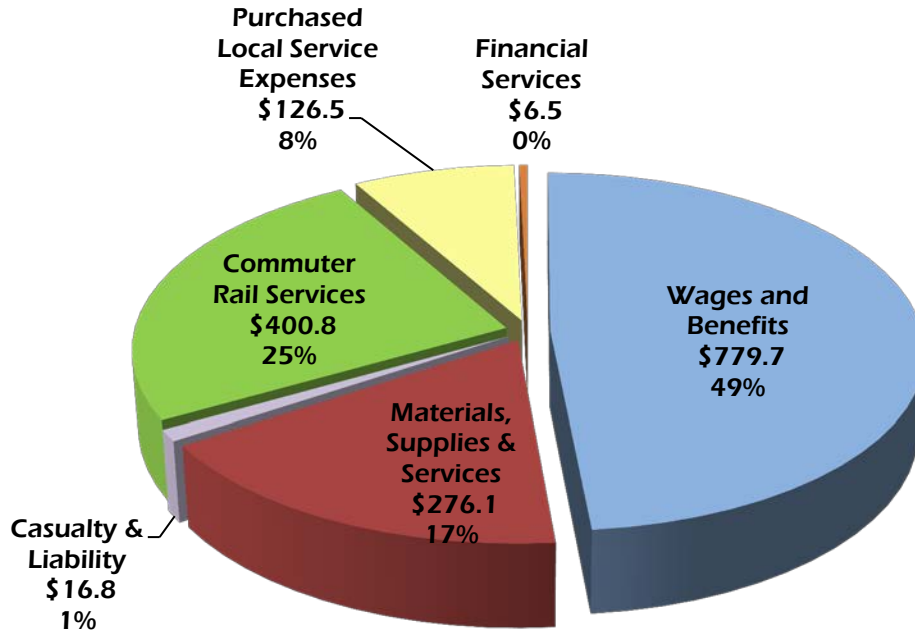
# FY 2016 Advertising Programs

	<b>Contractor</b>	<b>Type of Revenue</b>	<b>Description</b>
<b>Marketing</b>	<b>Titan</b>	<b>Systemwide advertising</b>	<b>Sells all advertising on all rapid transit, trolley, bus and commuter rail stations and platforms, both above and below ground. Includes carcards, bus kings, bus queens, vehicle wraps, digital.</b>
	<b>Clear Channel</b>	<b>Advertising in "New Stations" which includes Airport, Courthouse, World Trade Stations and display screen system of the South Station Kiosk system</b>	<b>Sells all advertising at the following stations: Airport, Courthouse, World Trade Stations and display screen system of the South Station Kiosk system</b>
	<b>Municipal Media Solutions</b>	<b>Web Advertising</b>	<b>License for all web advertising on mbta.com</b>
	<b>WardMaps</b>	<b>Merchandising sales</b>	<b>License to develop, manage, and market MBTA branded merchandise online and through third-party retailers</b>
	<b>Filming and Sampling</b>	<b>Systemwide</b>	<b>Includes revenue from films using MBTA property, and organizations that provide sample products to MBTA riders on the premises</b>
<b>MRG</b>	<b>Cemusa Inc.</b>	<b>Bus Shelters</b>	<b>License for 207 current bus shelters &amp; 25 freestanding panels at MBTA stops. An additional 35 bus shelters will be installed during FY16.</b>
	<b>Clear Channel</b>	<b>Billboards</b>	<b>License for 165 outdoor billboard locations (both static and digital).</b>
	<b>CBS Outdoor (Formerly known as Van Wagner Communication)</b>	<b>Sponsorship</b>	<b>License for advertising rights on 5 MBTA buildings/structure locations where there is a total of 8 outdoor advertising panels.</b>



# FY 2016 Operating Expenses

## Total Operating Expenses \$1.606 Billion



Wages & Benefits	FY 16 Budget	% of Total Budget
Wages	\$520.8M	32%
Healthcare	\$110.5M	7%
Pensions	\$84.0M	5%
Payroll Taxes	\$41.2M	3%
Health & Welfare Fund	\$11.5M	1%
Workers Comp	\$11.1M	1%
Group Life Insurance	\$0.6M	.07%
<b>Total</b>	<b>\$779.7M</b>	<b>49%</b>

Health & Welfare Fund	FY 16 Budget	Description
Medicare Part B	\$5.8 M	Arbitrator's Award
Dental	\$2.9M	Status Quo
Vision	\$1.1M	Status Quo
Life Insurance	\$1.6M	Status Quo
<b>Total</b>	<b>\$11.5M</b>	

Medical: Group Insurance Commission

Pensions: Grandfathered 23 years  
New Hires 25 years , Age 55

# FY 2016 Headcount & Wages

## Headcount Increases

Bus Transportation +71

Light Rail +62

Police +21

ITD +14

Transit Facility Maintenance +11

Vehicle Maintenance +19

Headcount	FY15 Budget	FY 16 Budget	Difference
Operating	6,046	6,285	239
Capital	532	532	0
<b>Total</b>	<b>6,578</b>	<b>6,817</b>	<b>239</b>

## Wage Increases

Collective Bargaining \$15.7M

Bus Transportation \$3.8M

Light Rail \$4.6M

Police \$1.7M

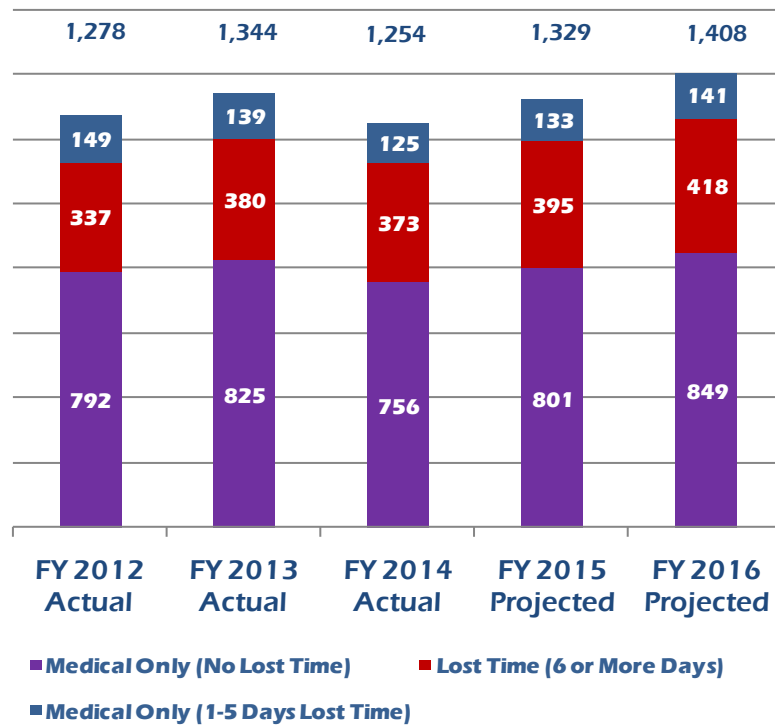
Bus Maintenance \$1.1M

Rail Maintenance \$653K

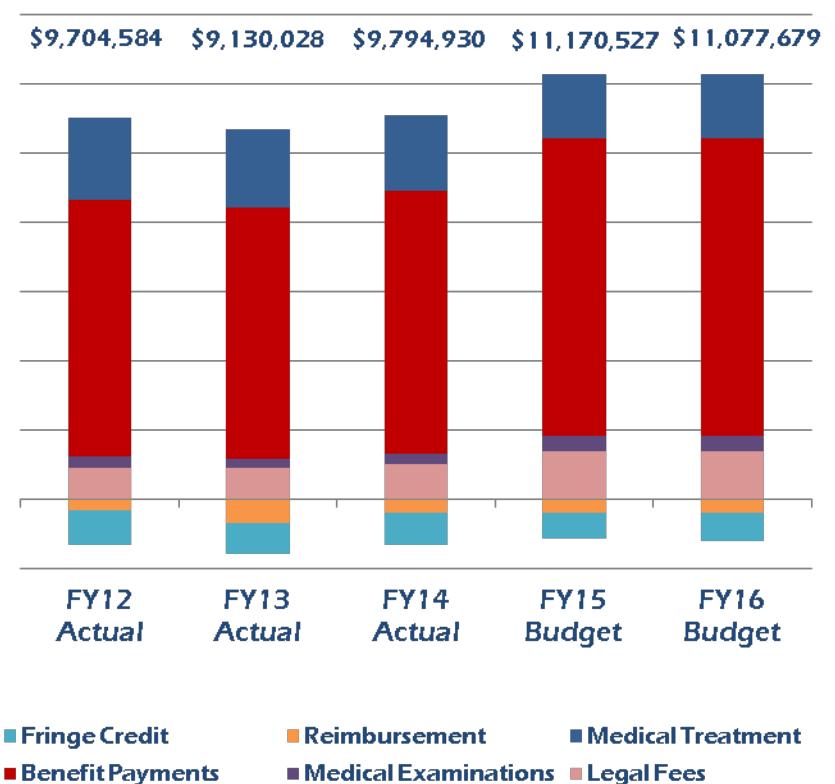
	FY15 Budget	FY 16 Budget	Difference
<b>Total Wages</b>	<b>\$493,470,467</b>	<b>\$520,817,603</b>	<b>\$27,347,136</b>

# FY 2016 Workers' Compensation

## Workers' Compensation Caseload FY 2012 – FY 2016



## Workers' Compensation Budget FY 2012 – FY 2016

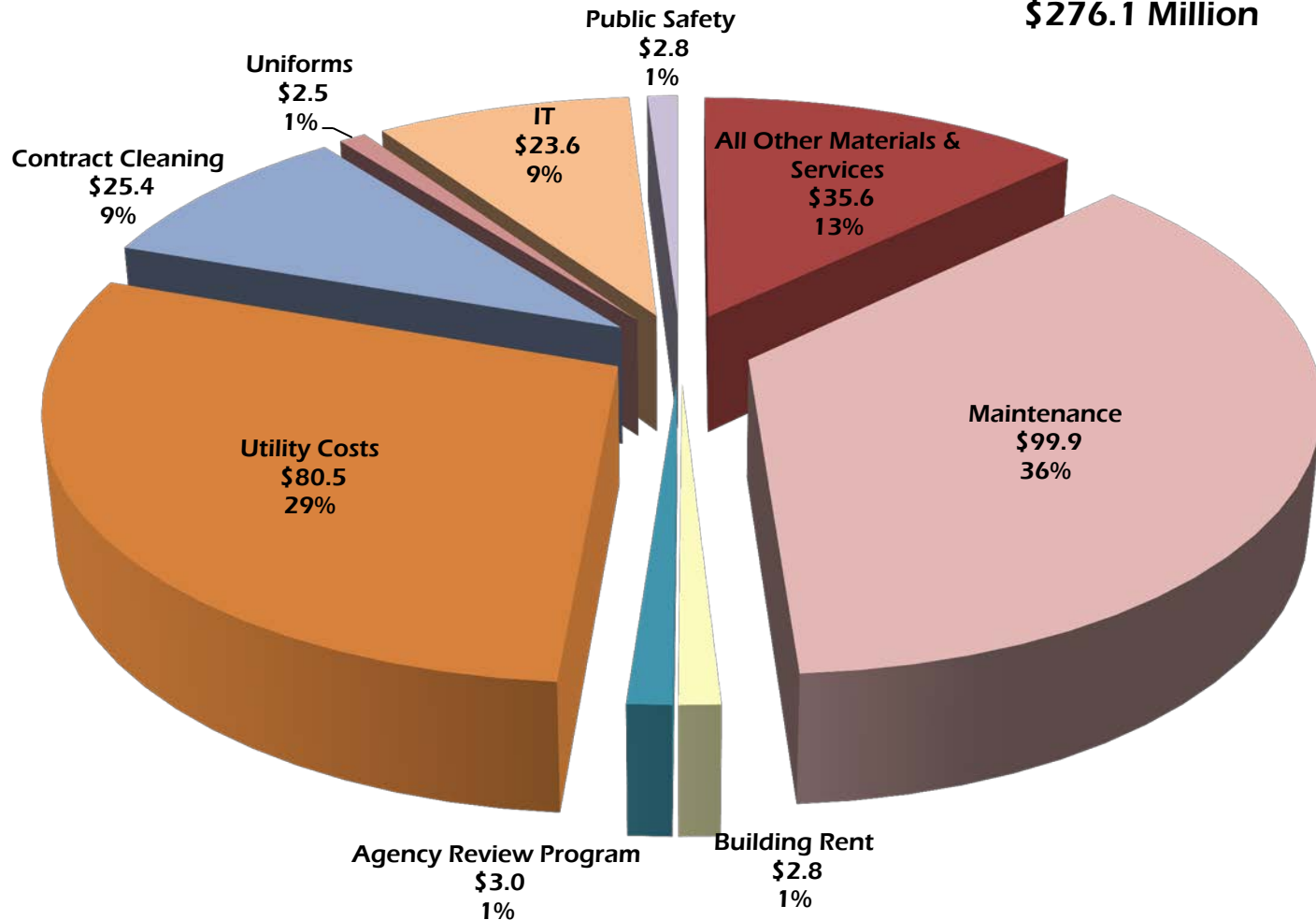


# FY 2016 Materials & Services

## By Spending Category

### Total Materials & Services Expenses

\$276.1 Million



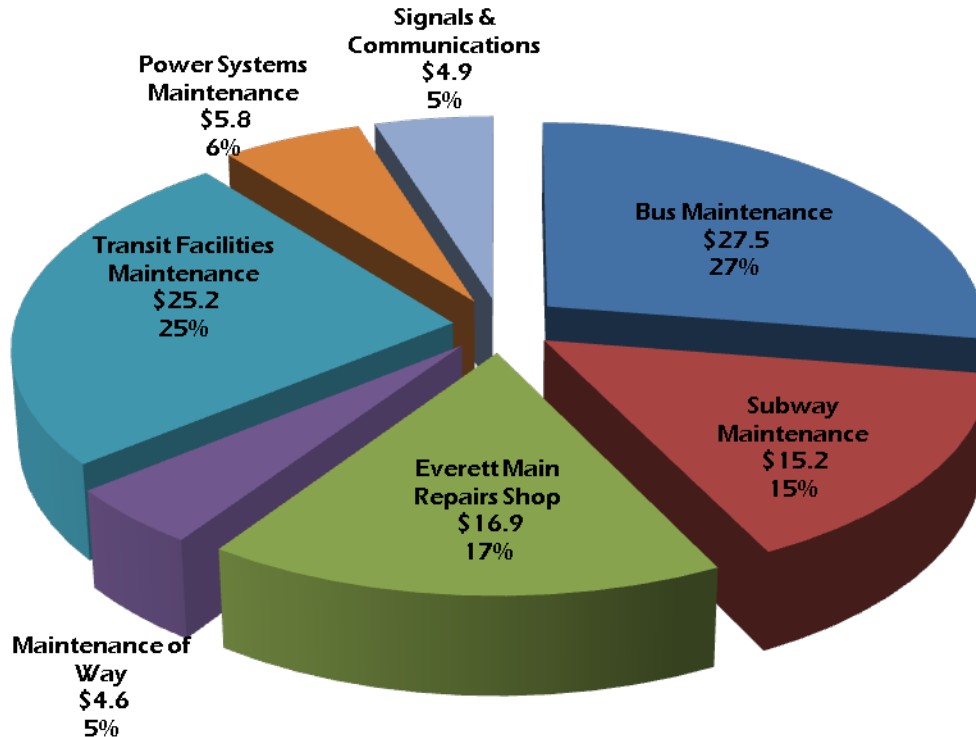
# FY 2016 Materials & Services

## By Department and Category

Department	E&M Maintenance	Utilities	Uniforms	Contract Cleaning	Agency Review Program	Rent	IT	Public Safety	Other Materials & Services	Total
Operations	99,894,655	22,758,086	2,044,730	25,384,702	0	0	0	0	6,668,625	156,750,798
Environment	0	53,821,301	0	0	0	0	0	0	1,238,544	55,059,845
Information Technology	0	3,823,272	0	0	0	0	23,551,339	0	0	27,374,612
Strategic Innovation	0	0	0	0	0	0	0	0	6,967,708	6,967,708
Finance	0	10,200	25,000	0	3,000,000	0	0	0	2,810,761	5,845,961
Legal	0	0	0	0	0	0	0	0	4,623,572	4,623,572
Interagency	0	0	0	0	0	0	0	0	3,711,345	3,711,345
Public Safety	0	107,820	436,532	8,556	0	0	0	2,807,632	0	3,360,540
Real Estate	0	0	0	0	0	2,813,894	0	0	33,428	2,847,322
Design & Construction	0	0	0	0	0	0	0	0	2,107,410	2,107,410
System-Wide Accessibility	0	0	0	0	0	0	0	0	1,832,620	1,832,620
Materials	0	2,500	3,800	0	0	0	0	0	1,604,304	1,610,604
Human Resources	0	1,200	0	0	0	0	0	0	1,589,438	1,590,638
Diversity	0	0	0	0	0	0	0	0	857,223	857,223
Public Affairs/Customer Service	0	0	5,000	0	0	0	0	0	779,678	784,678
General Manager	0	600	0	0	0	0	0	0	565,700	566,300
OCC & Training	0	0	0	0	0	0	0	0	219,630	219,630
<b>Total</b>	<b>99,894,655</b>	<b>80,524,980</b>	<b>2,515,062</b>	<b>25,393,258</b>	<b>3,000,000</b>	<b>2,813,894</b>	<b>23,551,339</b>	<b>2,807,632</b>	<b>35,609,986</b>	<b>276,110,805</b>

# FY 2016 Materials & Services

## Maintenance Costs - \$99.9 Million



**Bus Maintenance - \$27.5M**

Preventive & Corrective Maintenance for Bus Fleet, Tires, Rims, Lubricants

**Subway Maintenance - \$15.1M**

**Red Line**

Spin Slide Unit, Floor Blower, Door Locks

**Orange Line**

Door Locks, Propulsion Relay, HVAC, Air Compressors

**Blue Line**

Door Monitoring System, Tread Brakes

**Green Line**

Air Compressor Assemblies, Battery Replacement, ASI Control Boards

**Everett Main Repairs Shop - \$16.8M**

Replace and Repair Truck Motors, Painting and Body Repair on 200 Buses, Brakes, Suspensions, Axels, A/C & Heating Supplies

**Maintenance of Way - \$4.5M**

Rail Grinding, Platform Gap Analysis, Ties, Tree Service, Rubbish Removal

**Transit Facilities Maintenance - \$25.2M**

Roof Repairs, Emergency Environmental Services, Ventilation, Hazardous Material Transport & Disposal, Support for Fareboxes and Sales Devices

**Power Systems Maintenance - \$5.8M**

Distribution Cables, Duct Bank Repair, Manhole Repairs, Gas Turbine Repairs

**Signals & Communications - \$4.9M**

Signal Bungalows Upgrade, Tunnel Lighting, Rewiring Woodland, Waban, Eliot, Newton Highlands, Newton Centre and Chestnut Hill, Signal Cutover at Reservoir and Beaconsfield Stations, System-Wide Upgrades for Vent Fans, Elevators, Escalators and Controls

# FY 2016 Materials & Services

## FY16 Other Materials & Services by Department

Department	Professional Services	Training	Interns	Office Supplies & Equipment	Other Expenses*	Printing & Postage	Temp Help	Total
Operations	4,856,947	134,160	191,016	1,208,751	0	172,751	105,000	6,668,625
Public Safety	0	0	0	0	0	0	0	0
Public Affairs/Customer Service	288,786	14,684	19,560	179,108	0	153,540	124,000	779,678
Finance	854,299	75,400	43,200	1,683,463	0	2,200	152,199	2,810,761
Human Resources	1,146,989	115,100	112,337	81,498	0	121,010	12,505	1,589,439
Interagency	0	0	0	2,000	3,706,345	3,000	0	3,711,345
Legal	4,547,462	16,150	12,500	31,960	0	10,500	5,000	4,623,572
Environment	855,644	155,600	43,300	84,000	0	0	100,000	1,238,544
Strategic Innovation	6,400,644	18,875	227,200	47,700	0	273,289	0	6,967,708
Design & Construction	134,300	50,750	196,360	35,000	1,680,000	11,000	0	2,107,410
Real Estate	2,915	10,200	15,600	4,713	0	0	0	33,428
Materials	828,907	10,150	67,360	160,400	0	537,487	0	1,604,304
General Manager	225,000	60,600	148,000	22,100	0	10,000	100,000	565,700
Diversity	665,800	59,753	26,700	32,970	0	22,000	50,000	857,223
Information Technology	0	0	0	0	0	0	0	0
System-Wide Accessibility	1,506,000	257,600	36,300	26,720	0	6,000	0	1,832,620
OCC & Training	119,630	5,000	0	90,000	0	5,000	0	219,630
<b>Total</b>	<b>22,433,323</b>	<b>984,022</b>	<b>1,139,433</b>	<b>3,690,383</b>	<b>5,386,345</b>	<b>1,327,777</b>	<b>648,704</b>	<b>35,609,987</b>

\*Note: \$5.3M in "Other Expenses" consists of \$3.2M MassDOT Cost-Sharing ISA, \$406K agreement with MBTA Advisory Board and \$1.6M lease payment for 100 Summer St.

# FY 2016 Materials & Services

## FY16 Professional Services by Department

Department	Engineering Services	Project Support	Background Checks	Trade Organization Memberships	Audit Services	Legal Services	Advertising	Maintaining Property/ Equipment	Security	Total
Operations	527,818	2,617,923	0	0	0	0	29,500	1,606,706	75,000	4,856,947
Public Safety	0	0	0	0	0	0	0	0	0	0
Public Affairs/Customer Service	0	212,500	120	4,500	0	0	40,000	31,666	0	288,786
Finance	0	308,932	0	13,200	494,865	0	12,000	16,302	9,000	854,299
Human Resources	0	1,013,264	1,000	6,500	0	0	5,500	120,725	0	1,146,989
Interagency	0	0	0	0	0	0	0	0	0	0
Legal	0	827,562	0	21,800	0	3,698,100	0	0	0	4,547,462
Environment	0	50,000	0	0	0	134,144	0	671,500	0	855,644
Strategic Innovation	0	4,146,489	0	232,670	0	0	8,000	2,013,485	0	6,400,644
Design & Construction	0	134,300	0	0	0	0	0	0	0	134,300
Real Estate	0	0	0	0	0	0	0	2,915	0	2,915
Materials	0	806,000	0	8,500	0	0	0	14,407	0	828,907
General Manager	0	168,500	1,000	25,000	0	10,000	15,000	5,500	0	225,000
Diversity	0	635,500	0	15,300	0	15,000	0	0	0	665,800
Information Technology	0	0	0	0	0	0	0	0	0	0
System-Wide Accessibility	0	1,429,000	0	0	0	75,000	1,000	1,000	0	1,506,000
OCC & Training	0	119,630	0	0	0	0	0	0	0	119,630
<b>Total</b>	<b>527,818</b>	<b>12,469,600</b>	<b>2,120</b>	<b>327,470</b>	<b>494,865</b>	<b>3,932,244</b>	<b>111,000</b>	<b>4,484,206</b>	<b>84,000</b>	<b>22,433,323</b>



# FY 2016 Materials & Services

Department	Project Support Costs
Operations	Sign Language Interpreters (\$150K OTA), RIDE In-Person Assessments (\$1.7M OTA), Field Studies & Drainage Issues (\$500K Commuter Rail), Contract for Staffing Agency (\$70K Bus Transportation)
Public Affairs	Annual Customer Satisfaction Survey (\$205K Marketing)
Finance	Corporate Pass Program (\$300K Treasurer's Office), Psychological Testing (\$10K Treasurer's Office)
Human Resources	Hiring Lottery Services (\$265K HR), Workforce Development Initiatives (\$238K HR), Medical Services (\$320K OHS), Retirement Plan Actuarial Services (\$100K HR), Health and Welfare Trust Reviews (\$30K HR)
Legal	Various Medical Services, Actuarial Services, Labor Negotiation Services & Appraisal Services (\$800K Law & Labor Relations)
Environment	3 <sup>rd</sup> Party Audit (\$50K Environment)
Innovation	On-Board Passenger Survey (\$1.2M SBI), Title VI Ridecheck (\$225K OPSS), Datawarehousing (\$2M SBI), Evaluation Services (\$500K), Section 15 FTA Requirement Studies (\$205K OPSS)
Design & Construction	Certifications, SSPP Tracking System (\$168K D&C)
Materials	Business Analysis of Purchasing Specialists (\$320K Materials), IT Consulting (\$350K Materials), Supplier Diversity Web Portal - How to Do Business with MBTA (\$135K Supplier Diversity)
General Manager	Workforce Recruitment (\$115K)
Diversity	Telephonic Interpreting (\$98K Diversity), Translation Services at Public Meetings (\$50K Diversity), DBE & Small Business Development (\$480K Diversity)
System-Wide Accessibility	DRS Technologies Monitors (\$250K SWA), Testing of Applications to Meet Accessibility Standards (\$170K SWA), Sign Language Services (\$50K SWA), Boston Center for Independent Living Coordinator (\$30K SWA), Design Guide to Website Access (\$500K SWA),
OCC & Training	Automated External Defibrillator Services (\$44K OCC), Bus Simulator Warranty (\$46K OCC), All Traffic Solutions (\$6K OCC), BP Logix (\$10K OCC), AlterSense (\$13K OCC)

# FY 2016 Purchased Local Services

DRAFT



Service	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Budget	\$ Increase over prior year	% Increase over prior year
THE RIDE	\$100,730,091	\$105,923,101	\$105,373,056	\$110,936,812	\$5,563,756	5.28%
Commuter Boat	\$10,003,730	\$12,854,128	\$14,282,703	\$13,072,639	(\$1,210,064)	-8.47%
Private Carrier Bus	\$2,082,554	\$2,217,765	\$2,261,600	\$2,296,100	\$34,500	1.53%
Suburban Bus	\$199,119	\$184,413	\$199,412	\$207,390	\$7,978	4.00%
Total Subsidy	\$113,015,494	\$121,179,407	\$122,116,771	\$126,512,941	\$4,396,170	3.60%

## THE RIDE

Provides door-to-door, shared-ride transportation to eligible people who cannot use fixed-route transit all or some of the time because of a physical or cognitive disability. By combining an innovative Request for Proposals process, and in-depth and rigorous procurement process, and strategic policy changes, the MBTA secured three contracts to provide RIDE services through 2019.

## Commuter Boat

The MBTA's ferry services are provided by a contract operator and governed by operating agreements administered by the MBTA Railroad Operations & Water Transportation Department. The service is comprised of three routes and seven docks categorized into two service types: Inner Harbor Ferry (Charlestown Navy Yard to Long Wharf) & Commuter Boats (serve Hingham, Rowes Wharf, Long Wharf, Hull, and Logan Airport).

## Private Carrier Bus

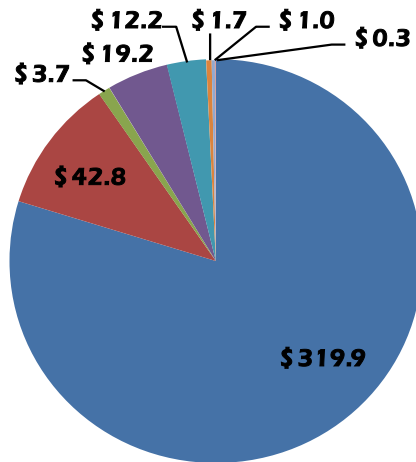
Consists of MBTA-funded bus routes which were taken over by the MBTA when previous operators were no longer able to continue. These routes are operated by private contractors (Paul Revere & Joseph's Transportation currently) and were awarded through a bidding process. The Winthrop routes are operated using 35-foot transit buses, while the others are operated with smaller vehicles.

## Suburban Bus

A subsidy program that provides partial support to municipalities that contract to provide transportation services, typically in areas which are not extensively served by MBTA transit services.

# FY 2016 Commuter Rail Expenses

## FY 16 Budget



- Contracted Services
- Fuel
- Service Changes
- Capital Maintenance
- Equipment Maintenance
- Claims Run-Out
- Litigation
- Other

Description	FY 2016 Budget
Contracted Services	\$319.9M
Fuel	\$42.8M
Service Changes	\$3.7M
Capital Maintenance	\$19.2M
Equipment Maintenance	\$12.2M
Claims Run-Out	\$1.7M
Litigation Contingency	\$1.0M
Other	\$0.3M
<b>Total</b>	<b>\$400.8M</b>

**Service Changes**

New Service	\$1.0M
Cape Flyer Weekend Summer Service	\$0.3M
Worcester Layover Facility	\$0.2M
Wachusett Layover Facility	\$0.5M
Fairmount Weekend Service	\$0.5M
Old Colony Weekend Service	\$1.2M
<b>Total</b>	<b>\$3.7M</b>

**Capital Maintenance**

Amtrak Northeast Corridor	\$1.3M
MBTA Capital Support Costs	\$12.7M
Mansfield Secondary Line	\$2.0M
CSX – Annual Trackage Rights	\$1.2M
Other	\$2.0M
<b>Total</b>	<b>\$19.2M</b>

**Equipment Maintenance**

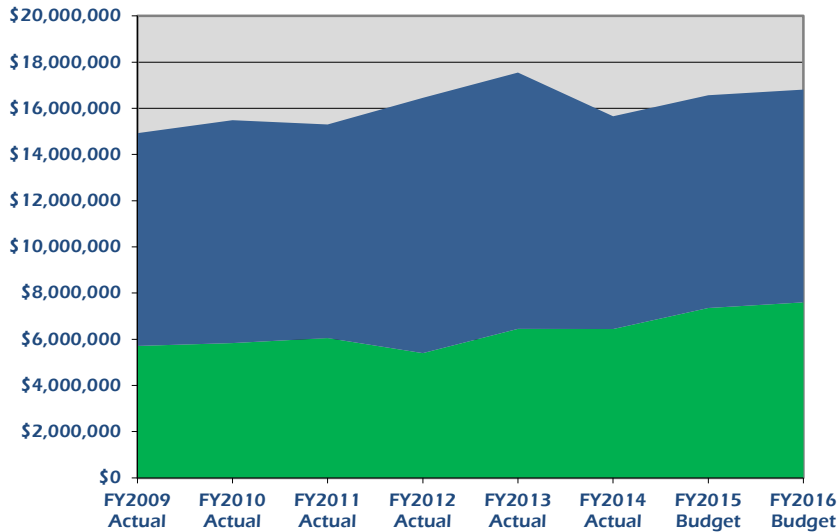
15 Locomotives	\$3.5M
65 Coaches	\$8.7M
<b>Total</b>	<b>\$12.2M</b>

# FY 2016 Financial Service Charges

Account Description	FY 2015 Budget	Increase / (Decrease)	FY 2016 Budget
Remarketing Fees	\$170,000	-	\$170,000
Liquidity Fees	\$470,000	-	\$470,000
Bond Counsel	\$700,000	-	\$700,000
Credit Card Processing Fees	\$4,400,000	\$500,000	\$4,900,000
Other Finance Service Charges Fees	\$250,000	-	\$250,000
<b>Total</b>	<b>\$5,990,000</b>	<b>\$500,000</b>	<b>\$6,490,000</b>

# FY 2016 Casualty & Liability

**Casualty and Liability  
FY 2009 – FY 2016 Budget**



■ Risk Insurance ■ Injuries & Damages

**Transportation Reform legislation  
Punitive Damages & Interest**

Pursuant to Transportation Reform legislation enacted in 2009 and subsequent amendments, the MBTA is no longer liable at all for punitive damages or any interest pre-judgement or post-judgement and is capped at \$100,000. There is no limitation on compensatory damages involving serious bodily injury.

FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Budget	FY2016 Budget
\$5,709,821	\$5,833,874	\$6,050,194	\$5,398,695	\$6,449,139	\$6,441,889	\$7,352,900	\$7,596,795
\$9,213,614	\$9,651,830	\$9,250,211	\$11,054,631	\$11,099,298	\$9,213,614	\$9,213,613	\$9,213,613
\$14,923,435	\$15,485,704	\$15,300,405	\$16,453,326	\$17,548,437	\$15,655,503	\$16,566,513	\$16,810,408

# FY 2016 Risk Insurance

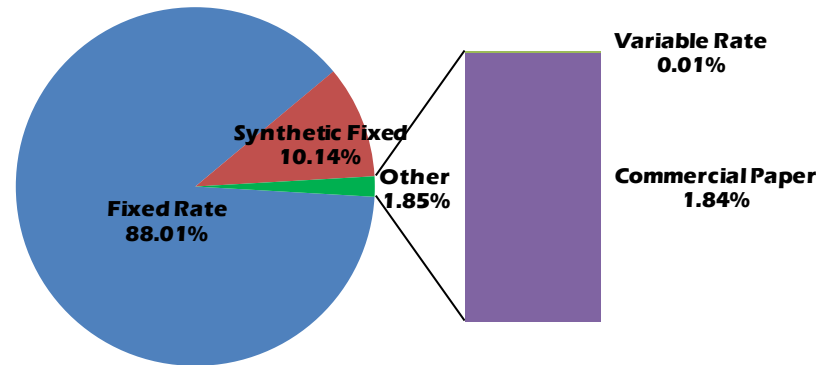
Account Description	FY 2015 Budget	Increase / (Decrease)	FY 2016 Budget
Terrorism Property Supplement	\$321,701	\$(46,701)	\$275,000
Property Insurance	\$1,197,800	\$35,934	\$1,233,734
Travel and Accident Insurance	\$25,535	-	\$25,535
Director and Officer Insurance	\$50,380	-	\$50,380
Claims Administration	\$160,000	\$15,000	\$175,000
Crime Designated Employee	\$31,276	\$10,724	\$42,000
Liability*	\$5,515,197	\$228,909	\$5,744,106
Miscellaneous Insurance	\$51,010	\$30	\$51,040
<b>Total</b>	<b>\$7,352,899</b>	<b>\$243,896</b>	<b>\$7,596,795</b>

**\*Note: The increase in liability costs are related to added MBTA exposure (ridership going up and services added). Future liability insurance increases anticipated are due to limited rail/transit markets, anticipated claims/losses due to greater exposure and continued expansion of services and ridership. Based on market conditions over the past few years other rail/transit systems have experienced premium increases between 8-10% over expiring premiums. The MBTA has been able to negotiate with underwriters to keep premiums within 3-5% increase.**

# FY 2016 Debt Profile

- MBTA currently has approximately \$5.5 Billion in outstanding debt
- \$4.8 Billion fixed
- \$659.18 Million variable including \$101.03 Commercial Paper
- \$557.55 Million swapped to fixed

**Outstanding Debt as of June 30, 2014**



Fiscal Year	Principal Outstanding	Additional CIP New Money Bonds*	Principal Payments	CP Amortization Payments	FYE 6/30 Principal Outstanding	Accumulative Net Change
2014	5,475,648	200,000	177,815	6,350	5,499,989	24,341
2015	5,499,989	-	173,620	6,675	5,319,694	(155,954)
2016	5,319,694	200,000	150,520	7,050	5,362,124	(113,524)

# FY 2016 Debt Profile

## Massachusetts Bay Transportation Authority

### Debt Service Budget Fiscal Year 2016

<u>Debt</u>	<u>Principal</u>	<u>Interest</u>	<u>Leases &amp; Fees</u>	<u>Total</u>
Prior Obligations	18,843,333	15,364,932	-	34,208,265
Assessment Bonds	1,985,000	39,881,293	-	41,866,293
Sales Tax Bonds	179,997,584	163,533,084	-	343,530,667
New Money Issue	1,159,484	5,500,000	-	6,659,484
Commercial Paper	7,291,667	100,000	-	7,391,667
Synthetic Fixed Interest Expense	-	10,103,699	-	10,103,699
Operating Leases	-	-	4,575,488	4,575,488
Liquidity Facility/Remarketing Fees	-	3,360,707	-	3,360,707
Rebate Liability	-	412,900	-	412,900
<b>Total</b>	<b>209,277,068</b>	<b>238,256,615</b>	<b>4,575,488</b>	<b>447,533,683</b>



# FY 2016 Debt Profile

Debt Assumed on 7/1/2000 Under Forward Funding Legislation = \$3.6 Billion

Prior Obligations
-------------------

Date	Principal Amortization
March 1, 2015	66,725,000
March 1, 2016	23,450,000
March 1, 2017	9,630,000
March 1, 2018	17,315,000
March 1, 2019	18,840,000
March 1, 2020	19,095,000
March 1, 2021	20,420,000
March 1, 2022	10,955,000
March 1, 2023	10,740,000
March 1, 2024	11,495,000
March 1, 2025	12,300,000
March 1, 2026	13,160,000
March 1, 2027	14,080,000
March 1, 2028	15,065,000
March 1, 2029	16,120,000
March 1, 2030	17,250,000
<b>Total</b>	<b>296,640,000</b>

# FY16 Suggested Cuts

## Initial FY16 Budget Request - Departmental Requests Cut

Keep/Cut	Program	Department	as of 02/05/15			-
			Headcount			Amount
<b>Beginning Balances &gt;&gt;&gt;&gt;</b>			<b>239</b>			<b>\$ (22,953,600)</b>
			<b>Keep</b>	<b>Add</b>	<b>Cut</b>	<b>Savings</b>
<b>Keep</b>	GLX Service Mitigation	Operations - Bus & Light Rail	99			-
	Service Management	OCC Dispatchers	4			-
	Maintenance State of Good Repair	Power Systems Maintenance (E&M)		24		(2,255,925)
<b>Cut</b>	Cover List	Bus Transportation			-50	2,450,348
	Technology	ITD (14), Diversity (1), SBII (1)			-16	1,277,735
	Police	Police			-20	1,186,578
	Environmental	Environmental			-5	401,040
	Vehicle Maintenance	TFM (11), Everett (5), Rail Maint(1)			-17	1,355,700
	Asset Management	Everett main repair			-4	328,140
	Materials Management & Other	Bus Maintenance			-19	1,337,395
	Administrative	Diversity (2), MassDOT U (3)			-5	454,907
<b>Total Cut/add</b>			<b>103</b>	<b>24</b>	<b>-136</b>	<b>6,535,918</b>
<b>Fringe Cuts</b>	Healthcare average premium	\$13,000				1,456,000
	Pensions @	16.0511%				1,049,087
	FICA @	7.65%				499,998
<b>Total Fringe Cuts</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>3,005,084</b>
<b>Other</b>	Materials & Services	ITD/ITD Development				2,150,000
	Materials & Services	SBII				1,000,000
	Commuter Rail	Locomotive & Coach Maintenance				12,200,000
	Commuter Rail	Service Changes				1,000,000
	Commuter Rail	CSX				815,073
	Services to MassDOT U	Duplicate Request				100,000
<b>Total Other</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>17,265,073</b>
<b>Revenue</b>	Fare Revenue	Revised number based on ridership				3,496,645
	Advertising	Increase from TITAN				840,852
	Real Estate	Tenant Revenue				750,722
<b>Revenue Increases</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>5,088,219</b>
			<b>103</b>	<b>24</b>	<b>-136</b>	<b>\$ 31,894,294</b>
<b>Ending Balances&gt;&gt;&gt;&gt;&gt;</b>			<b>127</b>			<b>\$ 8,940,694</b>

# FY16 Draft Budget

MBTA FY16 SORE					FY 16 Financial Plan	
REVENUE	FY15 Budget	FY16 Draft Budget	FY16 % Incr/Decr over FY15 Budget	FY16 \$ Incr/Decr over FY15 Budget	FY16 Financial Plan	FY16 \$ Incr/(Dec) over Financial Plan
<b>Operating Revenues</b>						
Revenue from Transportation	597,647,752	617,848,214	3.4%	20,200,462	597,647,752	20,200,462
Other Operating Revenue	48,527,035	48,908,912	0.8%	381,877	50,988,672	(2,079,760)
<b>Total Operating Revenue</b>	<b>646,174,787</b>	<b>666,757,126</b>	<b>3.2%</b>	<b>20,582,339</b>	<b>648,636,424</b>	<b>18,120,702</b>
<b>Non-Operating Revenues</b>						
Dedicated Local Assessments	160,135,712	162,858,019	1.7%	2,722,307	163,338,426	(480,407)
Dedicated Sales Tax	970,637,174	985,077,246	1.5%	14,440,072	983,607,369	1,469,877
Other Income	31,045,029	23,518,422	-24.2%	(7,526,607)	45,857,983	(22,339,561)
<b>Total Non-Operating</b>	<b>1,161,817,915</b>	<b>1,171,453,687</b>	<b>0.8%</b>	<b>9,635,772</b>	<b>1,192,803,778</b>	<b>(21,350,091)</b>
<b>TOTAL REVENUES</b>	<b>1,807,992,703</b>	<b>1,838,210,813</b>	<b>1.7%</b>	<b>30,218,110</b>	<b>1,841,440,202</b>	<b>(3,229,389)</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
Wages	493,470,467	514,281,686	4.2%	20,811,219	533,883,485	(19,601,799)
Fringe Benefits						
Pensions	76,874,711	82,932,266	7.9%	6,057,555	79,243,035	3,689,231
Healthcare	110,187,626	109,027,780	-1.1%	(1,159,846)	111,412,843	(2,385,063)
Group Life	584,316	600,679	2.8%	16,363	630,900	(30,221)
Disability Insurance	0	0	0.0%	0	0	0
Workers' Comp	11,170,527	11,077,679	-0.8%	(92,848)	11,614,852	(537,173)
Other Fringe Benefits	234,171	237,069	1.2%	2,898	232,317	4,752
<b>Total Fringe Benefits</b>	<b>199,051,351</b>	<b>203,875,473</b>	<b>2.4%</b>	<b>4,824,122</b>	<b>203,133,947</b>	<b>741,526</b>
Health & Welfare Fund	10,436,865	11,474,924	9.9%	1,038,059	10,701,144	773,780
Payroll Taxes						
FICA	37,750,491	39,137,848	3.7%	1,387,357	38,613,067	524,781
Unemployment	1,320,087	1,339,665	1.5%	19,578	1,300,974	38,691
<b>Total Payroll Taxes</b>	<b>39,070,578</b>	<b>40,477,513</b>	<b>3.6%</b>	<b>1,406,935</b>	<b>39,914,041</b>	<b>563,472</b>
Materials, Supplies and Services	237,872,565	272,860,805	14.7%	34,988,240	254,861,004	17,999,801
Casualty and Liability	16,566,513	16,810,409	1.5%	243,896	17,086,818	(276,409)
Purchased Commuter Rail Service	384,346,300	386,777,200	0.6%	2,430,900	400,058,624	(13,281,424)
Purchased Local Service Subsidy	122,116,771	126,512,940	3.6%	4,396,169	127,758,567	(1,245,627)
Financial Service Charges	5,990,000	6,490,000	8.3%	500,000	6,169,700	320,300
<b>Total Operating Expenses</b>	<b>1,508,921,410</b>	<b>1,579,560,950</b>	<b>4.7%</b>	<b>70,639,540</b>	<b>1,593,567,330</b>	<b>(14,006,380)</b>
<b>Debt Service Expenses</b>						
Interest	240,945,845	238,256,615	-1.1%	(2,689,230)	244,771,834	(6,515,219)
Principal Payments	178,695,803	209,277,065	17.1%	30,581,262	194,968,459	14,308,606
Lease Payments	4,296,777	4,575,488	6.5%	278,711	4,574,551	937
<b>Total Debt Service Expenses</b>	<b>423,938,425</b>	<b>452,109,168</b>	<b>6.6%</b>	<b>28,170,743</b>	<b>444,314,843</b>	<b>7,794,325</b>
<b>TOTAL EXPENSES</b>	<b>1,932,859,835</b>	<b>2,031,670,118</b>	<b>5.1%</b>	<b>98,810,283</b>	<b>2,037,882,173</b>	<b>(6,212,055)</b>
<b>Net Revenue</b>	<b>(124,867,132)</b>	<b>(193,459,305)</b>	<b>Recovery Ratios</b>		<b>(196,441,971)</b>	<b>2,982,666</b>
Additional Assistance	135,100,000	202,400,000	Revenue	33.98%	202,400,000	0
<b>NET Revenue after Additional Assistance</b>	<b>10,232,868</b>	<b>8,940,695</b>	Fare	30.41%	5,958,029	2,982,666
			MassDOT Projects FY16	33.25%		