



**Massachusetts Bay
Transportation Authority**

Budget Update: FY24 Q2 Results

MBTA Audit & Finance Committee

February 2024

Finance Team

FY24 YTD Operating Budget Summary

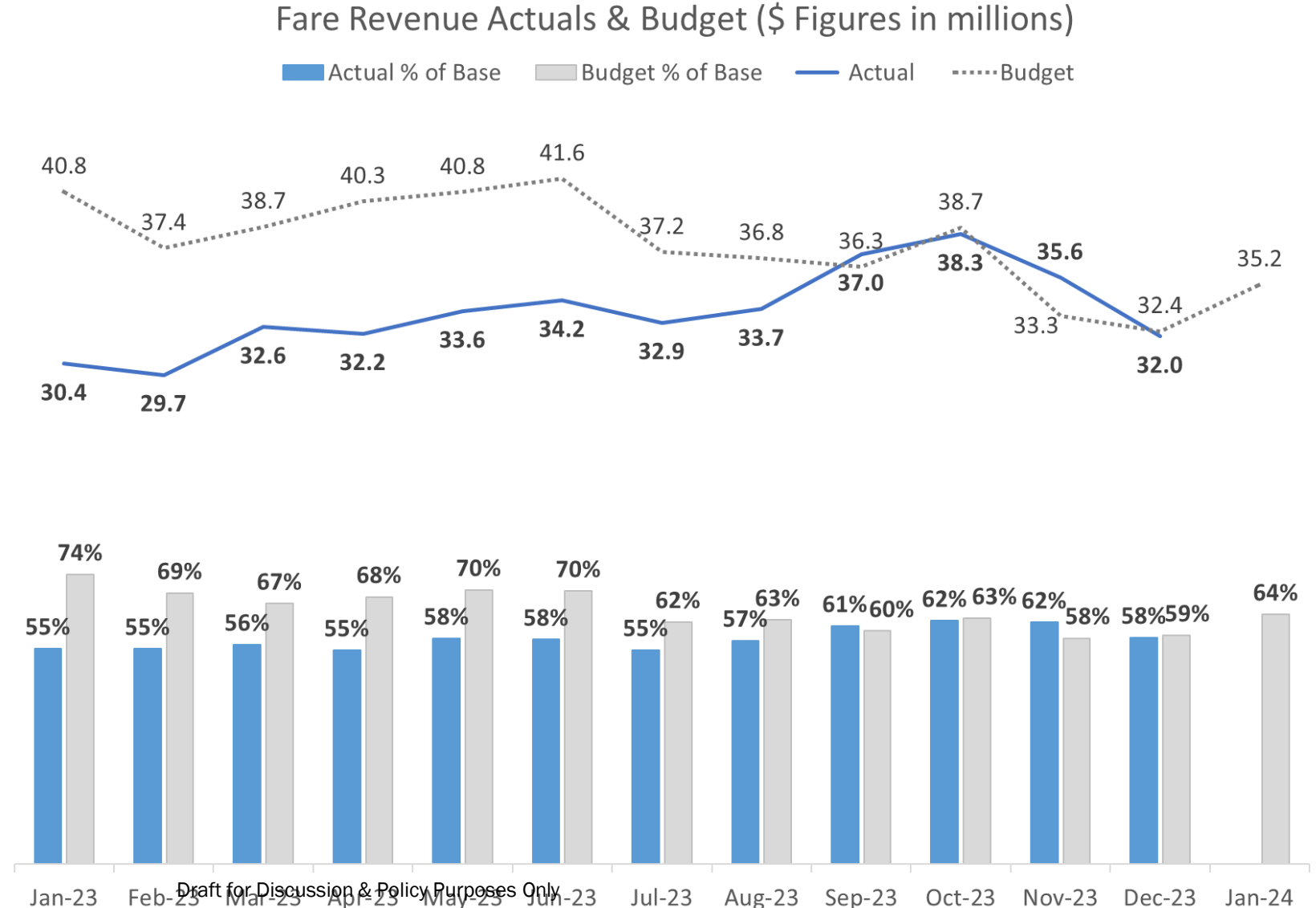
- FY24 YTD net revenues -\$55.1M
 - \$1,191.2M in total revenues and \$1,246M in total expenses
- Favorability to budget \$48.0M means drawing down less Deficiency Fund reserves than budgeted, dedicated for future year budget gaps
- Total revenues \$48.3M below budget due primarily to Non-Operating revenue sources below expected levels
- Total expenses \$96.3M below budget largely driven by regular wages, and material and services favorability

(\$M) Category	FY24 YTD Budget	FY24 YTD Actuals	\$ Change	% Change	FAV/UNFAV
Fare Revenues	214.6	209.5	(5.0)	-2%	UNFAV
Own Source Revenue	38.9	35.1	(3.8)	-10%	UNFAV
Non-Operating Revenues	986.0	946.6	(39.4)	-4%	UNFAV
Total Revenues Subtotal	1,239.5	1,191.2	(48.3)	-4%	UNFAV
<i>Fare Recovery Ratio</i>	<i>20%</i>	<i>21%</i>	<i>-</i>	<i>1%</i>	<i>FAV</i>
Wages, Benefits and Payroll Taxes	520.2	485.0	(35.2)	-7%	FAV
Non-Wage	564.1	515.0	(49.0)	-9%	FAV
<i>Operating Expenses Subtotal</i>	<i>1,084.2</i>	<i>1,000.0</i>	<i>(84.3)</i>	<i>-8%</i>	<i>FAV</i>
Debt Service	258.4	246.3	(12.1)	-5%	FAV
Total Expenses Subtotal	1,342.6	1,246.3	(96.3)	-7%	FAV
Net Revenues Before Transfers	(103.1)	(55.1)	48.0	47%	FAV
Federal Relief Revenue (MEMA)	-	5.1	5.1	505%	FAV
Net Revenues Without Relief Revenue	(103.1)	(60.2)	42.9	42%	FAV



Monthly Fare Revenue Collection

- Fare revenue collections in December were 58% of baseline and above the budgeted amount of 59%
- \$0.3M favorable for the month with \$32.0M in fare revenue compared to the \$32.4M budgeted
- FY24 budget is based on total fare revenue of \$419M or 60% of baseline



FY24 New Safety Positions Budgeted

- 644 new budgeted positions specifically designated for safety & training
- 455 positions for FTA safety directive response
 - 97 positions, including trackpersons, equipment operators, and engineers, addressing right of way safety, track repair, and consistent PPE requirements (Directive 22-04)
 - 153 positions, including motorpersons and repair forepersons, addressing rail yard and maintenance facility safety surrounding train movements (Directive 22-05)
 - 49 positions, including OCC staff and inspectors, enhancing staffing, capacity, and policies at Operations Control Center (Directive 22-06)
 - 38 positions, including instructors, ensuring proper certifications and training material for safety-sensitive rail personnel (Directive 22-07)
 - 37 positions, including HR recruiters and staff, coordinating and executing a workforce assessment to understand capacity along improved recruitment and hiring plan (Directive 22-09)
 - 16 positions, including analysts and specialists, enhancing safety communication, procedures, training, and safety assurance and mitigate risk (Directive 22-10)
 - 4 positions, including systems safety specialists, improving safety management, reporting, and process (Directive 22-11)
 - 28 positions, including engineers and quality control managers, developing operating and maintenance policies on rail transit operations, QA/QC, and procedures (Directive 22-12)
 - 33 positions, including the new Quality Compliance and Oversight Office (QCOO), supporting all directives including medical, diversity, technology, financial reporting, and purchasing
- 189 positions for additional safety and training for proper staffing levels, certification, and supervision including 38 positions for bus transportation, 67 positions for heavy and light rail, 31 for transit facilities maintenance, and 26 instructors more instructors and the newly created Training department

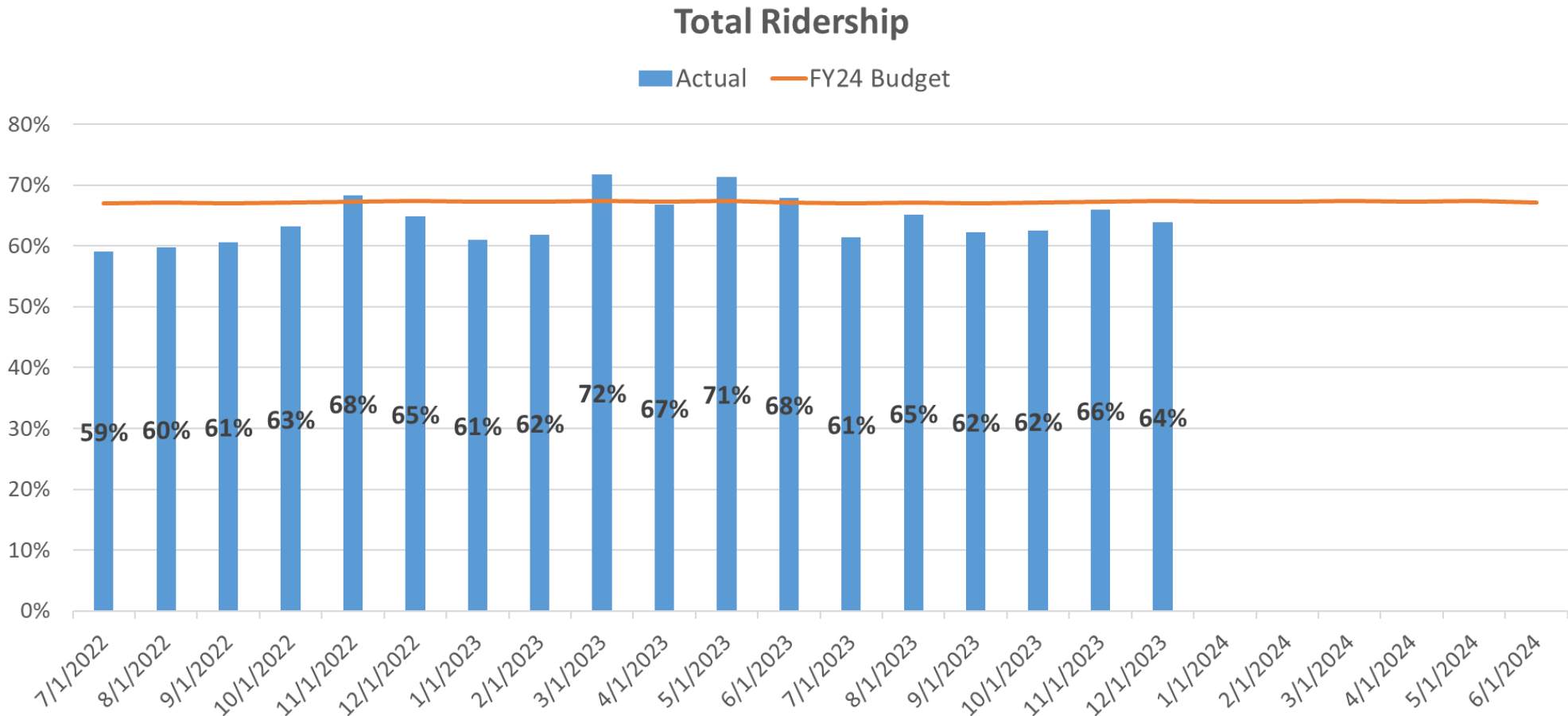
Operations
Safety

644
positions

\$63M in
annual
wages

Total Ridership

- Total ridership decreased to 64%, below FY24 Budget projections



FY24 Q2 Operating Budget Summary

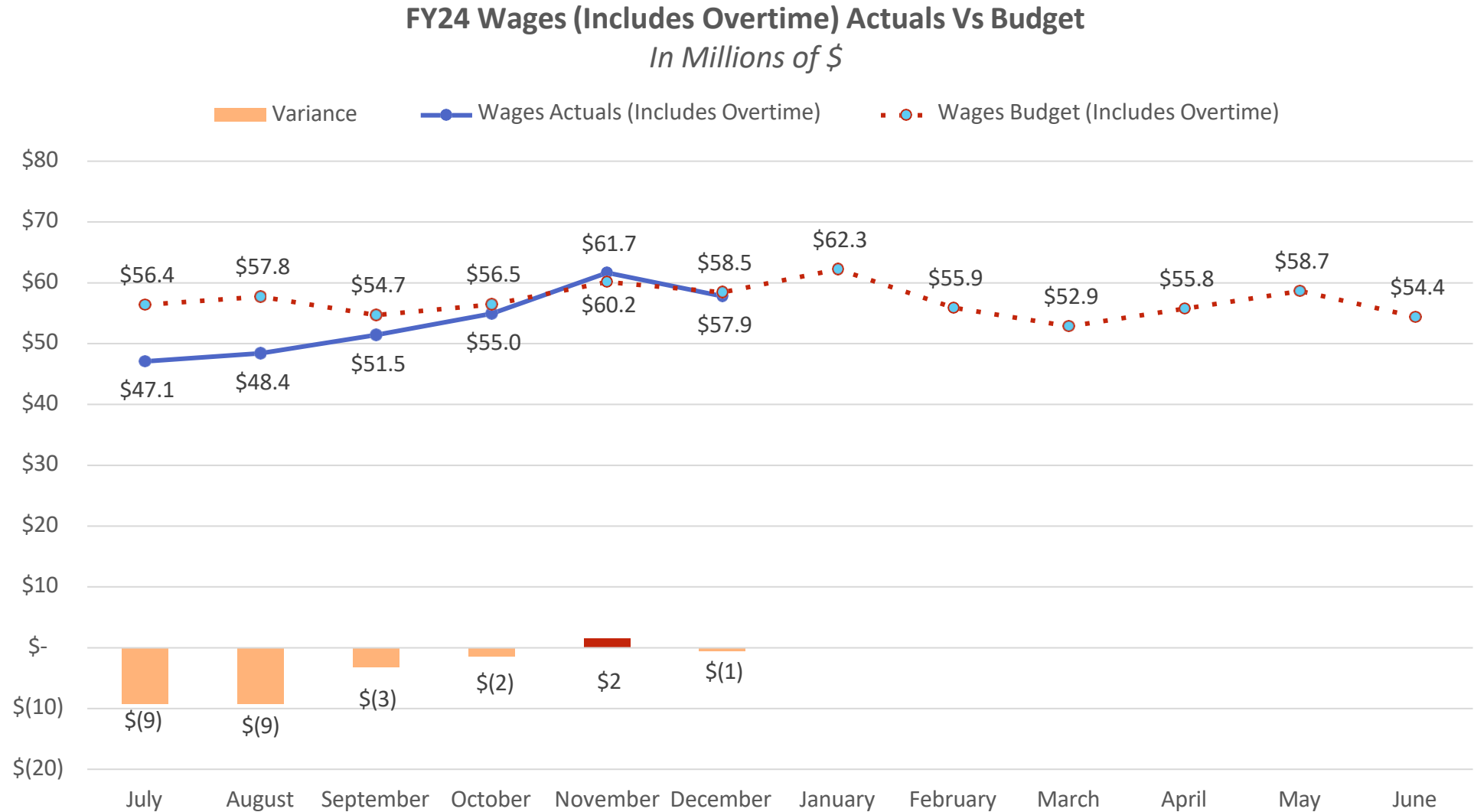
- Total revenues \$44.7M below budget due to unfavorable non-operating revenues including state sales tax and state assistance
- Total expenses \$43.0M below budget largely driven by material and services, and regular wage favorability
- Fare revenue recovery ratio of 21% in Q2, below the 43% pre-pandemic (FY19) baseline and above the 19% budgeted

(\$M) Category	FY24 Q2 Budget	FY24 Q2 Actuals	FY24 Q2 \$ Change	FY24 Q2 % Change	FAV/UNFAV	FY24 YTD % Change
Fare Revenues	104.3	105.9	1.6	2%	FAV	-2%
Own Source Revenue	20.6	19.9	(0.7)	-3%	UNFAV	-10%
Non-Operating Revenues	524.5	478.9	(45.6)	-9%	UNFAV	-4%
Total Revenues Subtotal	649.5	604.7	(44.7)	-7%	UNFAV	-4%
<i>Fare Recovery Ratio</i>	<i>19%</i>	<i>21%</i>	<i>-</i>	<i>2%</i>	<i>UNFAV</i>	<i>1%</i>
Wages, Benefits and Payroll Taxes	263.5	255.5	(8.0)	-3%	FAV	-7%
Non-Wage	287.2	257.8	(29.4)	-10%	FAV	-9%
<i>Operating Expenses Subtotal</i>	<i>550.7</i>	<i>513.3</i>	<i>(37.4)</i>	<i>-7%</i>	<i>FAV</i>	<i>-8%</i>
Debt Service	129.2	123.6	(5.5)	-4%	FAV	-5%
Total Expenses Subtotal	679.9	637.0	(43.0)	-6%	FAV	-7%
Net Revenues Before Transfers	(30.5)	(32.2)	(1.8)	-6%	UNFAV	47%
Federal Revenue (MEMA)	-	5.1	5.1	505%	FAV	505%
Net Revenues Without Relief Revenue	(30.5)	(37.3)	(6.8)	-22%	UNFAV	42%



Total Wages (Includes Overtime) FY24: Budget vs Actuals

- Wages \$22.5M under budget YTD, due to operating headcount at 79% of capacity as of December
- Hiring efforts are ramping up with over 1000 hires YTD, and a net change of almost +500 employees
- Improved compensation (Collective Bargaining Increases), retention bonuses and longevity bonuses have decreased attrition and increased hiring
- As wages favorability wanes, FY24 net revenue will decrease



FY24 Q2 Revenue Summary

- \$604.7M in total revenues were \$44.7M below budget in Q2
- Fare revenues \$1.6M above budget as ridership tracks closer to budget in Q2 post Sumner Tunnel closure mitigation
- Sales tax revenue \$15.8M below budget for the quarter as collections are below the Department of Revenue's expected levels for FY24
- State Assistance revenue \$41.1M below budget for the quarter due to timing of FTA state safety directive funding, and subsequent recording of revenue for FTA spending

Revenues (\$M)	FY24 Q2 Budget	FY24 Q2 Actuals	\$ Change	% Change	FAV/UNFAV
Fare Revenues	104.3	105.9	1.6	2%	FAV
Advertising	6.6	4.9	(1.7)	-26%	UNFAV
Parking	7.7	6.7	(1.0)	-13%	UNFAV
Other	1.8	1.2	(0.6)	-35%	UNFAV
Real Estate	4.5	7.1	2.7	60%	FAV
<i>Own Source Revenue Subtotal</i>	<i>20.6</i>	<i>19.9</i>	<i>(0.7)</i>	<i>-3%</i>	<i>UNFAV</i>
Operating Revenue Subtotal	125.0	125.9	0.9	1%	FAV
State Sales Tax Revenue	362.7	347.0	(15.8)	-4%	UNFAV
Federal Funds (MEMA)	-	5.1	5.1	505%	FAV
Local Assessments Revenue	47.1	47.1	0.0	0%	FAV
Other Income	4.4	10.6	6.2	143%	FAV
State Assistance	110.3	69.2	(41.1)	-37%	UNFAV
Non-Operating Revenue Subtotal	524.5	478.9	(45.6)	-9%	UNFAV
Total Revenue	649.5	604.7	(44.7)	-7%	UNFAV

FY24 Q2 Spending Summary

- \$637.0M in total expenses were \$43.0M below budget for Q2
- Regular Wages \$9.0M below budget for Q2 as hiring efforts make progress in filling vacancies
 - Partially offset by Overtime \$8.4M above budget for Q2 due to vacancies, and FTA related work safety requirements
- Materials and services \$30.2M below budget for Q2 due to utilities costs below expected levels, and services contract delays in ramping up
- Debt service \$5.5M below budget for Q2 due to 2024 bond issuance not yet incurred

Expenses (\$M)	FY24 Q2 Budget	FY24 Q2 Actuals	\$ Change	% Change	FAV/UNFAV
Regular Wages	163.9	154.9	(9.0)	-5%	FAV
Overtime	11.3	19.7	8.4	74%	UNFAV
<i>Wages Subtotal</i>	<i>175.1</i>	<i>174.5</i>	<i>(0.6)</i>	<i>0%</i>	<i>FAV</i>
Fringe Benefits	88.4	81.0	(7.4)	-8%	FAV
Materials & Services	107.4	77.2	(30.2)	-28%	FAV
Insurance	8.7	9.6	0.9	10%	UNFAV
Commuter Rail	131.2	133.7	2.5	2%	UNFAV
The RIDE	31.5	28.7	(2.8)	-9%	FAV
Local Service & Ferry	6.3	6.6	0.4	6%	UNFAV
<i>Purchased Transit Subtotal</i>	<i>169.0</i>	<i>169.1</i>	<i>0.1</i>	<i>0%</i>	<i>UNFAV</i>
Financial Service Charge	2.1	1.9	(0.2)	-8%	FAV
<i>Operating Expenses Subtotal</i>	<i>550.7</i>	<i>513.3</i>	<i>(37.4)</i>	<i>-7%</i>	<i>FAV</i>
Debt Service	129.2	123.6	(5.5)	-4%	FAV
<i>Total Expenses</i>	<i>679.9</i>	<i>637.0</i>	<i>(43.0)</i>	<i>-6%</i>	<i>FAV</i>

FTA Special Directive Spending Update

- \$398M in one-time state funds appropriated to address ongoing safety related to FTA Special Directives
 - \$266M under Chapter 126 of the Acts of 2022
 - \$112M under Chapter 268 of the Acts of 2022
 - \$20M under Chapter 28 of the Acts of 2023
- As of Q2, \$215.5M was spent on FTA directives and already \$388.7M is committed or under contract
 - The remaining funds are budgeted to be spent in FY24

Directive	Description	Amount Spent ¹	Total Committed ²
22-4	Address deficiencies in personal protective equipment and right of way safety; to correct defective track conditions; and to address management practices that negatively impact track repair	\$149.5M	\$287.4M
22-5	Address the pattern of safety incidents and interim safety findings concerning unintended and uncontrolled train movements by disabled trains in maintenance facilities and rail yards	\$25.6M	\$29.5M
22-6	Address the pattern of safety incidents and interim safety findings related to actions within the Operations Control Center at MBTA	\$6.02M	\$8.10M
22-7	Address the pattern of safety incidents and interim safety findings concerning lapsed training certifications of safety-sensitive rail personnel	\$5.80M	\$11.2M
22-9	Assist the MBTA in focusing its attention on balancing demands from operations and capital projects with workforce capacity and capability to inform resource prioritization	\$7.44M	\$12.0M
22-10	Enhance and expedite implementation of the agency's SMS, including the development of procedures, safety management training, safety risk assessment, and safety assurance activities to build the organization's capability to identify safety concerns and to prioritize action to mitigate safety risk	\$0.98M	\$3.83M
22-11	Improve MBTA's management of its safety committee process, employee safety reporting program, and safety promotion activities	\$0.33M	\$0.58M
22-12	Improve MBTA's management of its operating and maintenance policies, monitoring of rail transit operations, Quality Assurance/Quality Control capabilities, and training and procedures	\$6.50M	\$17.5M
Directive Support	Support services and resources necessary to facilitate the progress and completion of multiple directives, including human resources for hiring and retention along with quality compliance & oversight of FTA directives	\$13.3M	\$18.6M
	Total	\$215.5M	\$388.7M

¹ Life to Date (LTD Expenses as of 12/31/23)

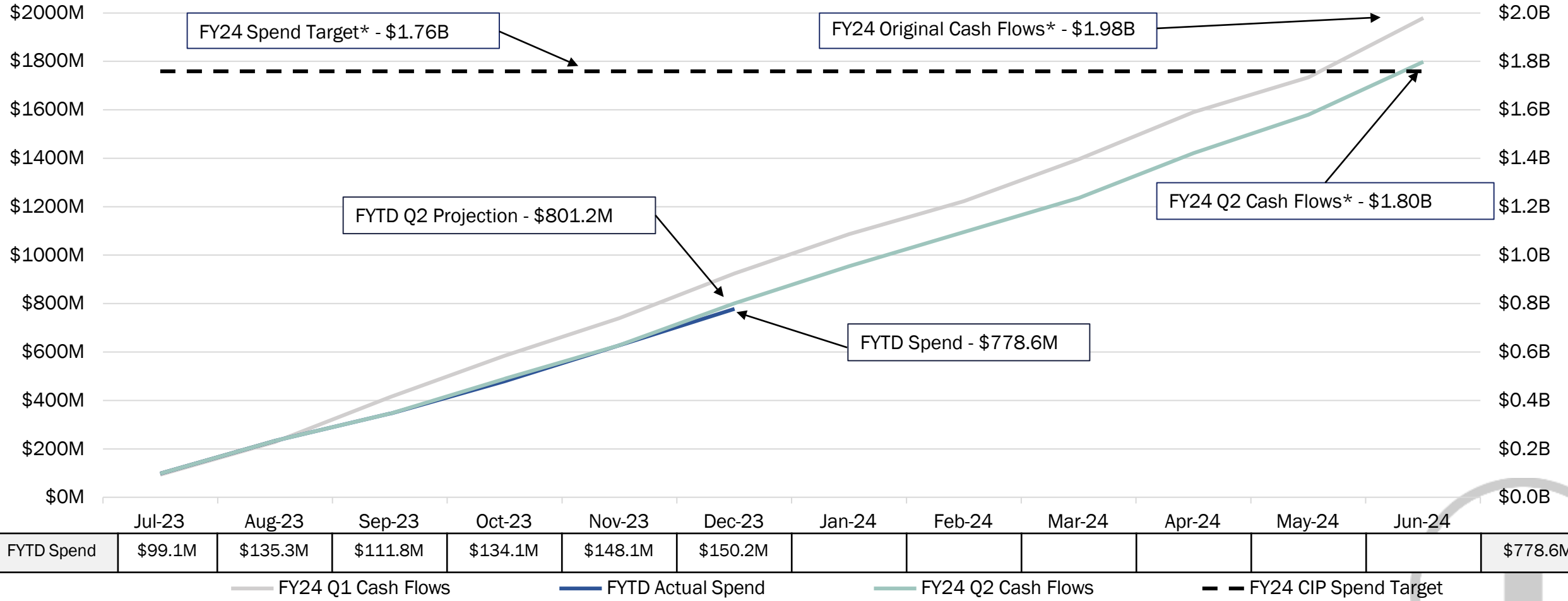
² Committed as of 1/30/24 represents total contracts and LTD spend
 Contains FY24 Budgeted headcount, but does not contain future years
 The remaining funds are budgeted to be spent in **FY25**

Capital Program Review



Cumulative Spend Overview – FY24

Total spend through 12/31/23 \$778.6M. Q2 cashflow projections adjusted the FY24 total spend to \$1.80B, slightly above the FY24 Spend Target of \$1.76B and a decline of \$180M from the original FY24 Cash Flow Projections.



*Target represents annual spending goal. Cash flow projections provided by project managers (unadjusted).

FY24 FYTD December Capital Investment Update (\$M)

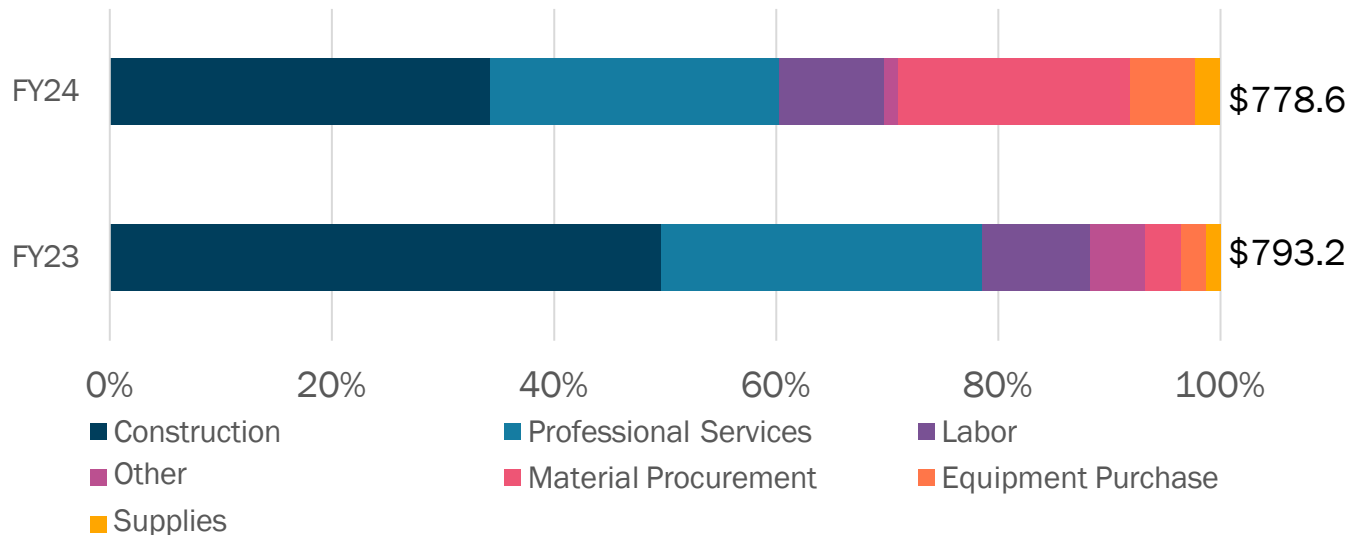
Capital spending target is \$1.76B and actual spend for Q2 is 778.6M, 44% of the goal.

Major Department	FYTD Spend	% of Total Spend
Vehicle Engineering	\$200.0	26%
EPAM* excl. Vehicle Engineering	\$32.0	4%
EPAM Total	\$232.0	30%
Capital Delivery	\$197.6	25%
Integrated Transit Programs	\$92.0	12%
South Coast Rail	\$71.5	9%
Green Line Extension	\$14.6	2%
Capital Support	\$5.3	1%
Engineering and Capital	\$613.0	79%
Railroad Operations	\$49.8	6%
E&M	\$35.4	5%
Fare Transformation	\$23.0	3%
Vehicle Maintenance	\$17.8	2%
All Other	\$39.6	5%
Grand Total	\$778.6	100%



FY24 FYTD December Capital Investment Update (\$M)

Responsibility Code	FYTD Spend	% of Total Spend
Construction	\$266.9	34%
Professional Services	\$202.3	26%
Material Procurement	\$162.5	21%
Labor	\$73.8	9%
Equipment Purchase	\$46.1	6%
Supplies	\$17.5	2%
Other	\$9.5	1%
Grand Total	\$778.6	100%



- Q2 spend was led by Construction spending (38% of Q2 spend, 34% FYTD spend) followed by Material Procurement (vehicle purchases) and Professional Services spending at 28% and 21% of quarterly spend.
- Year over Year (YoY) spend is slightly behind; however, YoY Construction spend is down \$135.1M, a drop of 33.6%. This is partially offset by the increase in material procurement (vehicle purchases) which has increased by \$118.5M, a 269% jump.



Q2 FY24 Capital Investment Highlights



New Quincy Bus Maintenance Facility

- This is a federally funded \$476.1M project to construct a new, 300,000 square foot, LEED-Certified bus facility with Battery Electric Bus (BEB) charging equipment, new sidewalk, roadway extension and signalized intersection, and an electrical switching station. This new facility will be the first MBTA garage to accommodate a full fleet of BEBs. These buses will provide cleaner, more reliable service to several bus routes serving southern Boston neighborhoods and communities.
- Work this quarter included the construction of Columbia Street Extension and related utility work, the installation of support of excavation (SOE) for the new electrical switching station, the installation of SOE for the new retaining wall along Burgin Parkway, and the demolition of the existing retaining wall and sidewalk along Burgin Parkway. Expenditures between 10/1/23 and 12/31/23 total \$10.6M.



Ashmont Branch and Mattapan Line

- The MBTA successfully completed critical track work on the Red Line's Ashmont Branch between JFK/UMass and Ashmont Stations and the Mattapan Line. This diversion allowed crews to replace nearly 5,000 feet of rail and 1,174 ties on the Ashmont Branch and nearly 4,700 feet of rail and 1,380 ties on the Mattapan Line, improving reliability and reducing maintenance needs.
- With the completion of this work, all speed restrictions that were in place prior to the shutdown have been alleviated in this area, improving travel times by over 10 minutes for Ashmont Branch and Mattapan Line riders.



Appendix



FY24 Q1 Operating Budget Summary

- FY24 YTD net revenues -\$22.9M
 - \$586.4M in total revenues and \$609.3M in total expenses
- Favorability to budget (\$50.3M) means drawing down less Deficiency Fund reserves than budgeted, dedicated for future year budget gaps
- Total revenues \$3.6M below budget due to unfavorable fare revenue (average of 58% of baseline revenue for Q1)
- Total expenses \$53.9M below budget largely driven by regular wages, and material and services favorability

(\$M) Category	FY24 YTD Budget	FY24 YTD Actuals	\$ Change	% Change	FAV/UNFAV
Fare Revenues	110.3	103.6	(6.6)	-6%	UNFAV
Own Source Revenue	18.3	15.1	(3.1)	-17%	UNFAV
Non-Operating Revenues	461.5	467.7	6.2	1%	FAV
Total Revenues Subtotal	590.0	586.4	(3.6)	-1%	UNFAV
<i>Fare Recovery Ratio</i>	<i>21%</i>	<i>21%</i>	-	1%	FAV
Wages, Benefits and Payroll Taxes	256.6	229.5	(27.2)	-11%	FAV
Non-Wage	277.4	257.2	(20.2)	-7%	FAV
<i>Operating Expenses Subtotal</i>	<i>534.0</i>	<i>486.7</i>	<i>(47.4)</i>	<i>-9%</i>	<i>FAV</i>
Debt Service	129.2	122.7	(6.5)	-5%	FAV
Total Expenses Subtotal	663.2	609.3	(53.9)	-8%	FAV
Net Revenues Before Transfers	(73.2)	(22.9)	50.3	69%	FAV
Federal Relief Revenue	-	-	-	0%	
Net Revenues Without Relief Revenue	(73.2)	(22.9)	50.3	69%	FAV



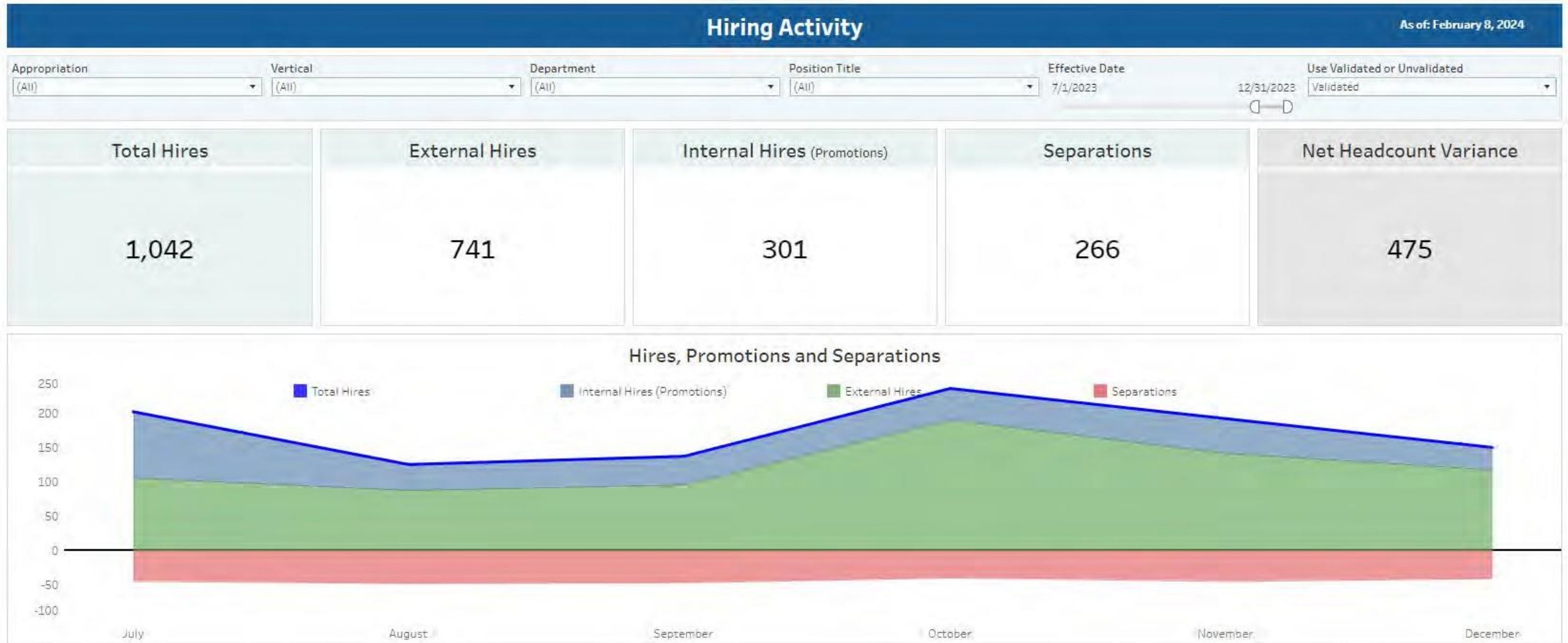
FY24 Q1 Capital Investment Update (\$M)

Capital spending target is \$1.76B and actual spend for Q1 is 346.2M, 17% of the goal.

Major Department	FYTD Spend	% of Total Spend
Capital Delivery	73.4	21%
Capital Transformation	44.1	13%
Capital Support	1.4	0%
OCCP	0.4	0%
CPSI	0.2	0%
Total - Capital Programs	119.5	35%
Vehicle Engineering	103.3	30%
Railroad Operations	24.0	7%
South Coast Rail	17.1	5%
Fare Transformation	15.3	4%
Office of Chief Engineer	15.2	4%
E&M	13.1	4%
Vehicle Maintenance	11.1	3%
Green Line Extension	6.9	2%
All Other	20.8	6%
Grand Total	346.2	100%



Hiring Activity YTD: FY24



FY23 New Safety Positions Budgeted

- At least 424 budgeted safety positions added since the FY20 budget
- 148 new budgeted positions specifically designated for safety in FY23
- 28 positions for transit facilities maintenance for mechanical and station inspections to avoid potential interruptions
- 26 positions for heavy rail to support rail yard safety, along with the additional training and testing of new Red and Orange Line vehicles
- 18 positions for rail maintenance for proactive inspections, implement additional QA/QC functions, improved cleanliness, tool calibration, and defective part replacements
- 15 positions for light rail yard safety and to prepare and support vehicles for revenue service for the Green Line Extension
- 11 positions for power systems maintenance to increase supervisory capacity, including vertical transportation contracts like escalators and elevators
- 10 positions for signals and communication maintenance including engineers to address the movement towards more advanced, specialized, technical nature of equipment
- 7 positions for engineering to manage and improve quality on all modes, including signal and tracks
- 5 positions for bus transportation for additional inspectors and supervisors
- Remaining 22 positions support efforts in and across multiple departments including Chief Operating Officer, Security Department, Safety Department, OCC & Training, and Maintenance of Way

Operations Safety

148
positions

\$15M in
annual
wages

FY22 Additional Safety Positions Budgeted

- 125 new budgeted positions for safety
- 78 positions for system and vehicle maintenance, including system repairers and technicians
- 32 positions for transportation safety, including rapid transit motorpersons and bus supervisors
- 10 positions for operations planning and training, including dispatchers and supervisors
- 5 positions for security, including system administrators
- These additional positions improve transportation and system safety and reliability with the added benefit of reducing overtime

**Operations
Safety**

125 positions

**\$11M in
annual wages**

FY21 Additional Safety Positions Budgeted

- 151 new budgeted positions for safety
- New positions targeting three priorities:
 - Preventative maintenance inspections
 - Includes fire suppression systems, stand pipes, bridges, switch machines, catenary wires, and tracks
 - Overnight supervision
 - Respond to emergencies, manage overnight activities, and prepare for morning service
 - Training programs
 - Increase ride reports, employee training, performance reviews, audits, and course materials
- Full breakdown of positions by department/area:
 - 80 for system maintenance
 - 20 for transportation departments
 - 20 for safety department
 - 18 for vehicle maintenance
 - 13 among all other departments

**Operations
Safety**

151 positions

**\$12M in
annual wages**

FY24 Programmatic Investments

- Investments in multiple priority initiatives for safety and service add to the operating budgeted headcount
- Adding new positions allows the MBTA to continue to aggressively post, recruit, and hire new positions to meet safety and service goals
- Given current labor market challenges, adding new positions will also likely maintain or increase the number of budgeted vacancies in the short-term, despite enhanced HR efforts
- Consistent with Board direction during Budget Preview Presentation in March 2023 and Preliminary Budget Presentation in April 2023

FTA directive response

- Response to August 2022 FTA report issuing special directives and individual action items on areas including right of way safety, rail yard train movements, Operations Control Center, safety certifications, workforce capacity, mitigating safety risks, safety promotion, and quality control/assurance – 455 new positions

Safety & Training beyond FTA directive scope

- Further investments in safety and training beyond the scope of the FTA's safety management inspection (SMI), including bus transportation, preventative and corrective maintenance at facilities and stations, and enhanced capacity to train and hire new staff – 189 new positions

Bus Network Redesign

- Adding 126 new positions to continue the goal of phasing in a 25% increase in service over several years across the network to prioritize equity and add more frequent service (subject to bus operator shortages and hiring)

Green Line Extension

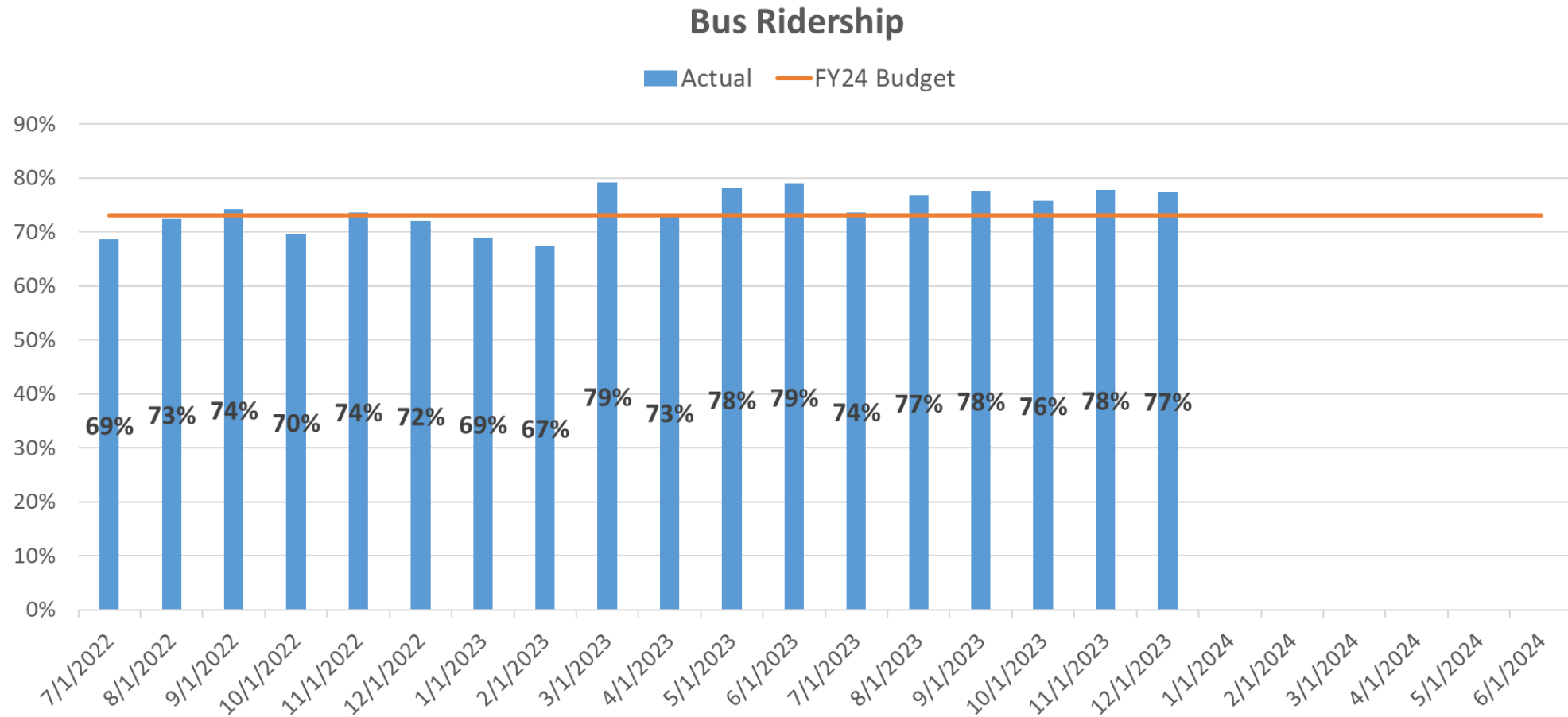
- Adding 54 new positions to fully operate and maintain the expanded light rail service, which opened for full service in December 2022

Means-tested Fares

- Low-Income Fares expands fare affordability across modes, addressing an existing gap for the low-income population ages 26-64, supported through the Governor's budget recommendation of \$5M in one-time start-up costs

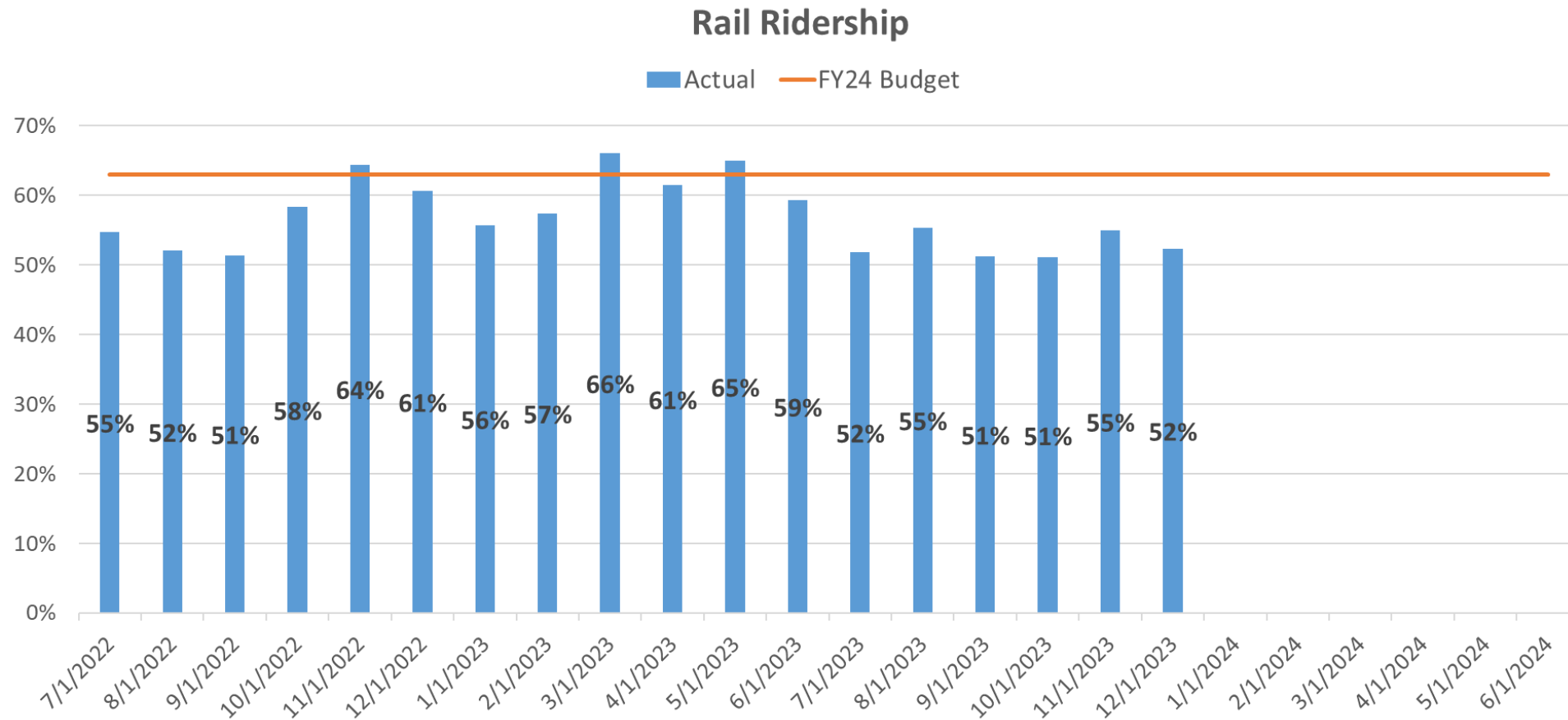
Bus Ridership

- Bus ridership decreased to 77%, above with FY24 Budget projections



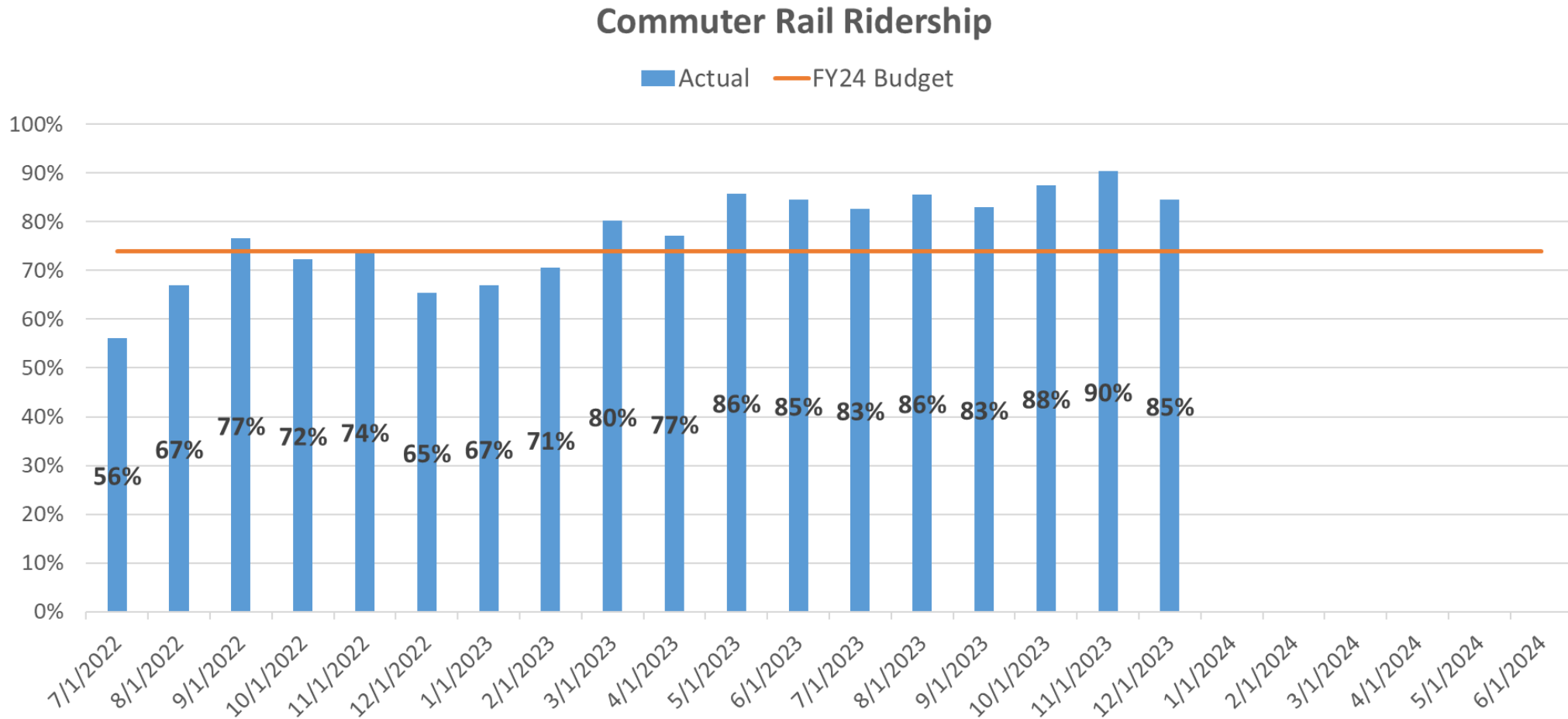
Rail Ridership

- Rail ridership decreased to 52%, below FY24 Budget projections



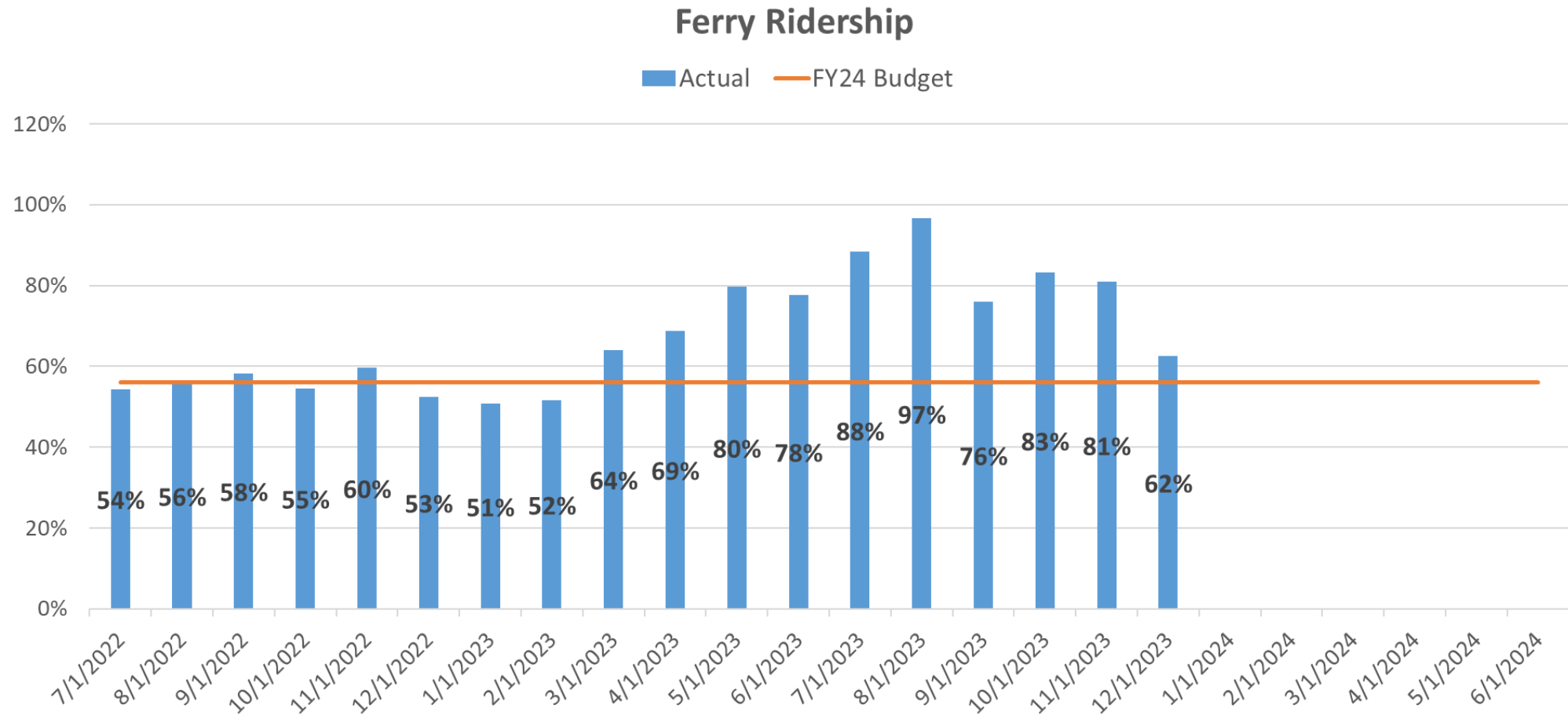
Commuter Rail Ridership

- Commuter rail ridership decreased to 85%, above FY24 Budget projections



Ferry Ridership

- Ferry ridership decreased to 62%, above FY24 Budget projections



The RIDE Ridership

- The RIDE ridership has remained at 86%, above FY24 Budget projections

