Joint Committee on Ways and Means FY22 Budget Hearing

Massachusetts Department of Transportation

March 22, 2021

MassDOT Line Items

- 1595-6368 MassDOT Operating Account
- 1595-6369 MBTA Operating Account
- 1595-6370 RTA Operating Account
- 1595-6379 Merit Rating Board Operating Account

Budget Overview

MassDOT Budget Overview

MassDOT has two budgets:

- Operating: Funds the day to day operations of MassDOT; this presentation is focused on the operating budget
- Capital: Funds capital projects including roads and bridges, RTA capital, capital for non MBTA rail projects, aeronautics and transfers to cities and towns via Chapter 90 and grant programs

The MassDOT operating budget is comprised of two separate budgets with different funding sources:

- Toll: Funded by the revenue collected on the Western Turnpike, Metropolitan Highway System, and Tobin
- Non Toll: Funded by transfer from the Commonwealth Transportation Fund combined with MassDOT own source revenue

The proposed FY 22 H.1 CTF transfer of $628.4 million provides slightly over half of MassDOT's $1.15 billion FY 22 total operating budget

CTF Transfers

Commonwealth Transportation Fund	FY 17 Actual	FY 18 Actual	FY 19 Actual	FY 20 Actual	FY 21 GAA	FY 22 H.1	FY 22 H.1 vs FY 21 GAA	
MassDOT								
Operations (1595-6368)								
Non-Snow & Ice	267.0	244.9	288.5	292.5	291.0	306.6	15.5	5%
Snow & Ice	125.9	111.9	79.9	70.0	90.0	95.0	5.0	6%
Total Operations (1595-6368)	392.9	356.8	368.5	362.5	381.0	401.6	20.5	5%
Merit Rating Board (1595-6379)	9.7	9.4	9.8	10.2	11.0	11.3	0.3	3%
RTA Contract Assistance (1595-6370)	82.0	80.4	88.0	90.5	94.0	90.5	(3.5)	-4%
MassDOT Contract Assistance (Toll)	125.0	125.0	125.0	125.0	125.0	125.0	0.0	0%
Total MassDOT	609.6	571.6	591.2	588.2	611.0	628.4	17.3	3%
MBTA	187.0	127.0	127.0	127.0	127.0	127.0	0.0	0%
Total Transportation	796.6	698.6	718.2	715.2	738.0	755.4	17.3	2%

FY22 H.1 recommendation of $628.4 million for MassDOT is a $17.3 million (3%) net increase above FY21 General Appropriation Act (GAA):

- MassDOT operations, a $15.5 M (+5%) increase vs FY 21 GAA to offset anticipated reduction in non-toll reserves
- $95.0 M for snow and ice removal costs, $5.0 M (+6%) higher than FY21 GAA to be in line with 5-year average spending and reduce reliance on supplemental funding
- Merit Rating Board, a $299 K (+3%) increase vs. FY21 GAA
- $90.5 M for RTAs, $3.5 M lower than FY21 GAA and level to FY21 H.2 revised, in recognition of federal aid for RTAs

What H.1 FY22 Funding Supports

- $307 million for non-toll road operations and personnel at MassDOT, including roadway maintenance, planning and project management, Registry of Motor Vehicles, Aeronautics, as well as department-wide “enterprise services” (legal, human resources, procurement) that support MassDOT
- $95 million for snow and ice expenses
- $127 million in contract assistance to the MBTA, above the base revenue amount
- $91 million in funding to support operations of the 15 Regional Transit Authorities
- $11 million for the operations of the Merit Rating Board

Shared Streets

- Established in June of 2020 to help cities, towns, and public transit agencies to meet their individual needs for more and safer outdoor recreation, commerce, community activities, and mobility in the world of Covid-19.

- Has so far funded 192 projects – sponsored by 140 municipalities and three transit authorities – for a total of $21.1 million distributed in grants. Projects have been distributed across the Commonwealth.

- 60% of grants have gone to projects in designated Environmental Justice communities.
- Has supported cities and towns to produce meaningful quick-build improvements to sidewalks, curbs, streets, plazas,

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A+B Bidding

A + B Bidding: 'cost-plus-time' procurement method which allows time to complete to be considered in the bid evaluation and award.

- Under the A+B method, each bid submitted consists of two components:
- The "A" component is the price: a bid of the dollar amount for all contract work -- traditional "low" bid component.
- The "B" component is time: a bid of the total number of calendar days required to complete the project, as estimated by the bidder.
- Corridor Improvements on Route 79/Davol Street
- Reconstruction of I-90/I-495 Interchange

MBTA Outside Sections

- **MBTA Outside Sections**
  - MBTA Governance Board (Sections 59, 63, 96)
    - Proposes governance structure once the Fiscal Management Control Board, as currently established, sunsets at the end of June 2021, consistent with the recommendations of the current FMCB.
    - A seven-member board including the Secretary of Transportation, a representative from the communities who contribute revenue to the MBTA via assessments (selected by the MBTA Advisory Board), a safety expert, and various subject matter experts appointed by and accountable to the Governor.
  - MBTA Project Delivery (Sections 60, 61)
    - Provides the MBTA with authorization to utilize the Design, Build, Finance, Operate, Maintain project delivery method.

Registry of Motor Vehicles

Acting Registrar Colleen Ogilvie

RMV FY22 Budget Presentation -- Overview

The RMV continues to *prioritize and promote safety* on Massachusetts roadways and in how it serves the public.

- Safety-critical functions bolstered and supported throughout the organization to fulfill ongoing state and federal safety responsibilities.

- Implementing and building upon business process improvements and upgrades made during the pandemic to offer safer and longer-term more efficient service opportunities for customers and partners, including:

  - *Increasing Availability & Use of Online Transactions*
  - *Appointments & Reservation System for In-Person Needs*
  - *Drop-Off Services & Transactions with Central Fulfillment*
  - *Hearings by Phone*
  - *Direct Communication with Customers, Business Partners*

- Future Initiatives and Outlook: 2021 & Beyond

RMV's Safety-Critical Responsibilities

The RMV's safety-critical areas and functions continue to make enhancements and restructure as necessary in order to operate more effectively and efficiently.

- Functions have remained on track and seen improvements throughout the pandemic and with the introduction of remote or virtual work components.
- New leadership, safety, policy and compliance functions continue to provide additional oversight and accountability to fulfill state and federal safety responsibilities and implement various safety-related recommendations.
  - Ongoing assessment to identity and document needed policies and procedures for training and risk mitigation – nearly 100 in various stages of development, updating, review and implementation to date.
- Out-of-State (OOS) Unit & Merit Rating Board (MRB) remain on track with business goals of processing regular daily incoming citations, notifications and work items to ensure driver records are as up to date as possible.
  - 19-member OOS completed reprocessing of the paper "backlog" in November 2020 and continues to enhance future comprehensive NDR checks of all MA drivers; 4th iteration to begin this spring.
  - MRB processed just ~20,000 less traffic citations in 2020 than 2019, and updated driver records with over 251,000 paper warnings.

RMV's Safety-Critical Responsibilities (cont.)

The RMV's safety-critical areas and functions continue to make enhancements and restructure as necessary in order to operate more effectively and efficiently.

- Additional staff, policy and compliance resources supporting overall improvements to administration and licensure of passenger and commercial (CDL) drivers.
  - Supply chain & trucking industry supported throughout pandemic with CDL testing conducted by Massachusetts State Police (MSP) and dedicated commercial service locations.
- Implementation/improvement of various new & existing legislative mandates:
  - Facial recognition MOU finalized with MSP; Acting Registrar to participate in Legislative Commission.
  - Training, policies, leadership and structural changes to augment hearings and implement interlock ignition device (IID) requirements for 1st offenses.
  - MRB processed 31,905 total hands-free citations (including warnings) in first year of new law.
  - Introduced real-time, secure, electronic notifications to municipal police agencies for suspensions under Ch. 90, Sec. 62.

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RMV's Evolving Business Model

The RMV has leveraged opportunities presented by the pandemic to drastically change and enhance the ways it safely and flexibly meets the service demands of the general public, and our state / business partners.

- Delivering in-person service throughout the pandemic in accordance with all federal and state public health / COVID-19 guidelines, including:
  - Exposure, travel & temperature screenings for staff / customers.
  - Enhanced cleaning and disinfecting practices.
  - Dedicated service hours for older adults; partnership in place to provide outreach and intake for other senior services.
  - Social-distancing in workplaces and Service Centers.
  - Installation of Plexiglas, hand sanitizer dispensers, etc.
  - Availability of PPE including gloves, masks and wipes.
  - Use & cleaning of state fleet vehicles to more safely conduct Class D road tests.

RMV's Evolving Business Model (cont.)

- ***The RMV has leveraged opportunities presented by the pandemic to drastically change and enhance the ways it safely and flexibly meets the service demands of the general public, and our state / business partners.***

- Various credential, registration & inspection extensions granted and leveraged through ATLAS during pandemic outset to relieve immediate in-person demands – leveraged RMV records and ATLAS to directly communicate extensions with customers.

- Supporting state agency partners in implementing legislative mandates and identity verification to prevent fraud and fulfill critical services and benefits during the pandemic.
  - Department of Family & Medical Leave (DFML)
  - Department of Unemployment Assistance (DUA)
  - Aging Services Access Points (ASAPs)

RMV's Evolving Business Model (cont.)

The RMV has leveraged opportunities presented by the pandemic to drastically change and enhance the ways it safely and flexibly meets the service demands of the general public, and our state / business partners.

- **Increased Availability & Use of Online Transactions and Services**
  - Online Learner's Permit Exam & Practice Tests
  - Online Learning Capabilities for Professional Driving Schools and Driver Retraining Classes
  - Online Renewal Campaign with Future REAL ID Upgrade
  - Leveraging business partner service offerings (AAA, insurance agents, etc.)
  - Optimizing call center layout and volumes, and establishing dedicated back-office online review teams to support customers and increased demand for online services.

- **Appointments & Online Reservation System for In-Person Needs**
  - Available at 17 Service Centers; provides customers general guarantee of timeframe to arrive and be served.
  - Allows flexibility to dedicate service hours for older adults, certain transactions, etc.
  - Provides flexibility to respond to staffing levels and severe weather or other closures due to facility and emergency issues; allows for direct communication with impacted customers.

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RMV's Evolving Business Model (cont.)

The RMV has leveraged opportunities presented by the pandemic to drastically change and enhance the ways it safely and flexibly meets the service demands of the general public, and our state / business partners.

- **Drop-Off Services & Transactions and Central Fulfillment**
  - Available at 7 dedicated drop-off Service Centers for certain registration and title services; processed within 4 business days.
  - Customer drops paperwork at their leisure and receives online payment instructions.
  - Customer's transaction paperwork / plates are fulfilled and delivered via mail from 2 Service Centers serving as central fulfillment facilities.

- **Suspension Hearings Conducted by Phone**
  - Available through Contact Center or by request at 7 Service Centers; customer drops application / paper work, then contacted by phone.
  - Intake based on daily Hearing Officer availability / capacity.
  - Allowed for piloting use of on-demand translation services for Limited English Proficiency (LEP) customers.
  - Planning to introduce appointment-based system by summer.

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RMV Future Initiatives & Outlook

Other safety & service initiatives the RMV is pursuing into 2021.

- **Vehicle Inspections:** Partnering with law enforcement & MassDEP to encourage public update annual safety & emissions inspection stickers.

- **REAL ID Compliance – Current Start Date of October 1, 2021**
  - Sun-setting free REAL ID upgrade initiative and beginning to offer option for those who qualified and lack U.S. Passport.
  - Monitoring federal implementation guidance, including start date and allowance for electronic document acceptance / issuance.

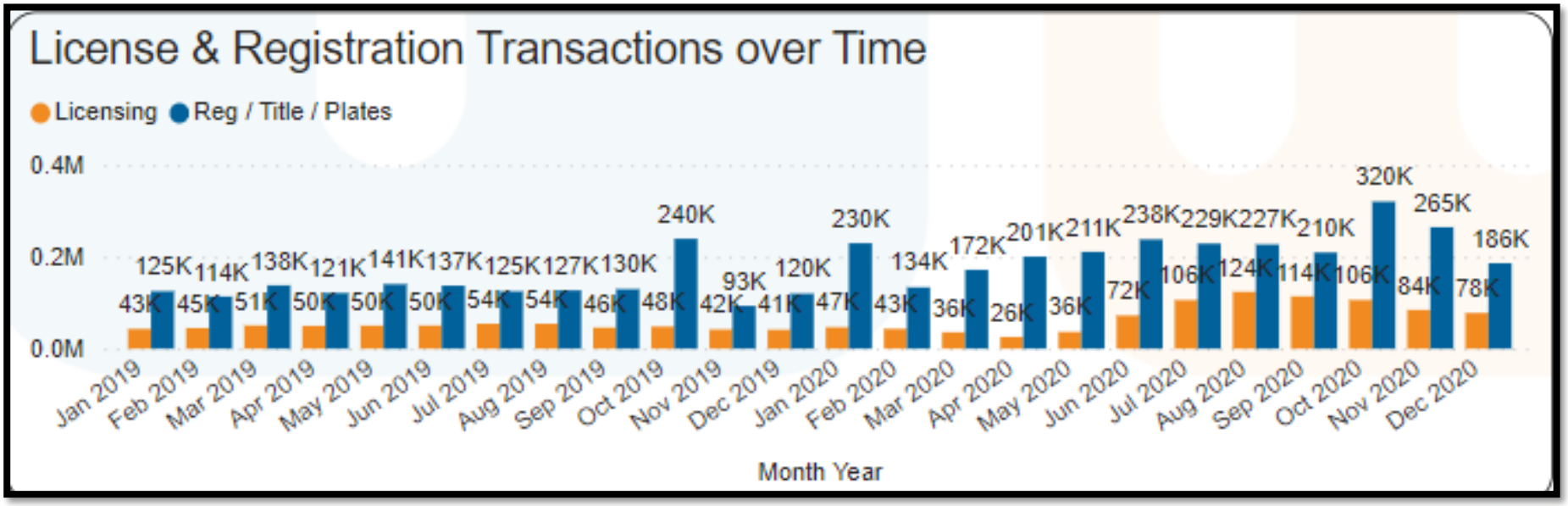
  - **Approx. Total MA Credentials: 5.84 Million**
    - Approx. Total REAL ID Credentials: 1.89 Million (32%)
    - Approx. Standard Credentials: 1.99 Million
    - Approx. Legacy Credentials: 1.96 Million

Growth in Online Transactions & Service

The RMV has made a substantial push to increase the availability and use of online transactions by customers and business partners.

Total Transactions Available Online: 49

- New Transactions Added in 2020: 5
- Enhancements made to Existing Transactions
- New Transactions Targeted in 2021: 4-7



Highway Division

Administrator Jonathan L. Gulliver

Year in Review

Completed Major Projects

- Ashuwillticook Rail Trail (Lanesborough/Cheshire/Adams)
- Kelley Square Reconstruction (Worcester)
- Route 44 bridge slide (Raynham)
- Parcel 12 (under construction)

Key Accomplishments

- Delivered 99.7% of the FY 2020 Capital Investment Plan
- Advertised 203 Projects with a total estimated contract value of $1.1 billion
- Awarded 251 Notice to Proceeds with a total estimated contract value of $1.2 billion
- Delivered 90% of the original 2020 STIP

Response to Covid-19

- Construction Guidance
- Accomplishing aggressive goals
- Restructured operations to safely perform in-person activities

2020 – The Basics

The most recognizable activities are:

Construction and Maintenance

- 563 active construction and maintenance contracts in 238 Massachusetts communities

Snow and Ice

- 429,137 Hours spent on snow and ice response by MassDOT staff and hired vendors.
- 334,124 tons of Snow and ice control materials (salt/sand) utilized.

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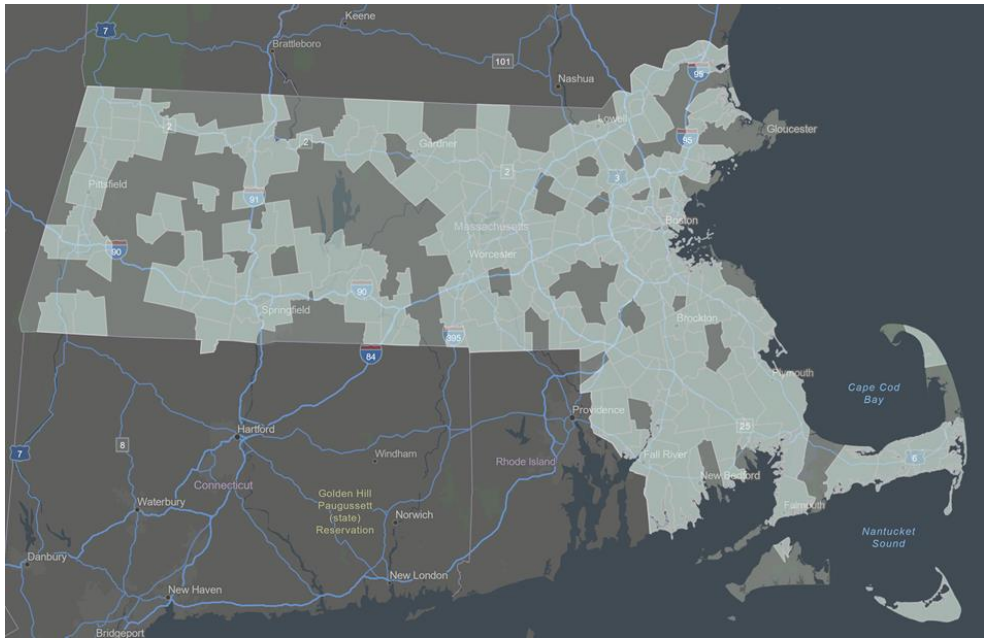
Active Construction Projects
In 223 Communities Across the Commonwealth

Capital Investment Program (CIP)	# Projects
Bridge	143
Roadway Reconstruction	85
Roadway Improvements	84
Non-Interstate Pavement	55
Safety Improvements	52
Intersection Improvements	32
Interstate Pavement	30
Facilities	19
Bicycle and Pedestrian	14
ADA Retrofits	10
Intelligent Transportation Systems	9
Tunnels	8
Capacity	6
Bicycle and Pedestrian Modal Implementation	1
South Coast Rail	1
	549



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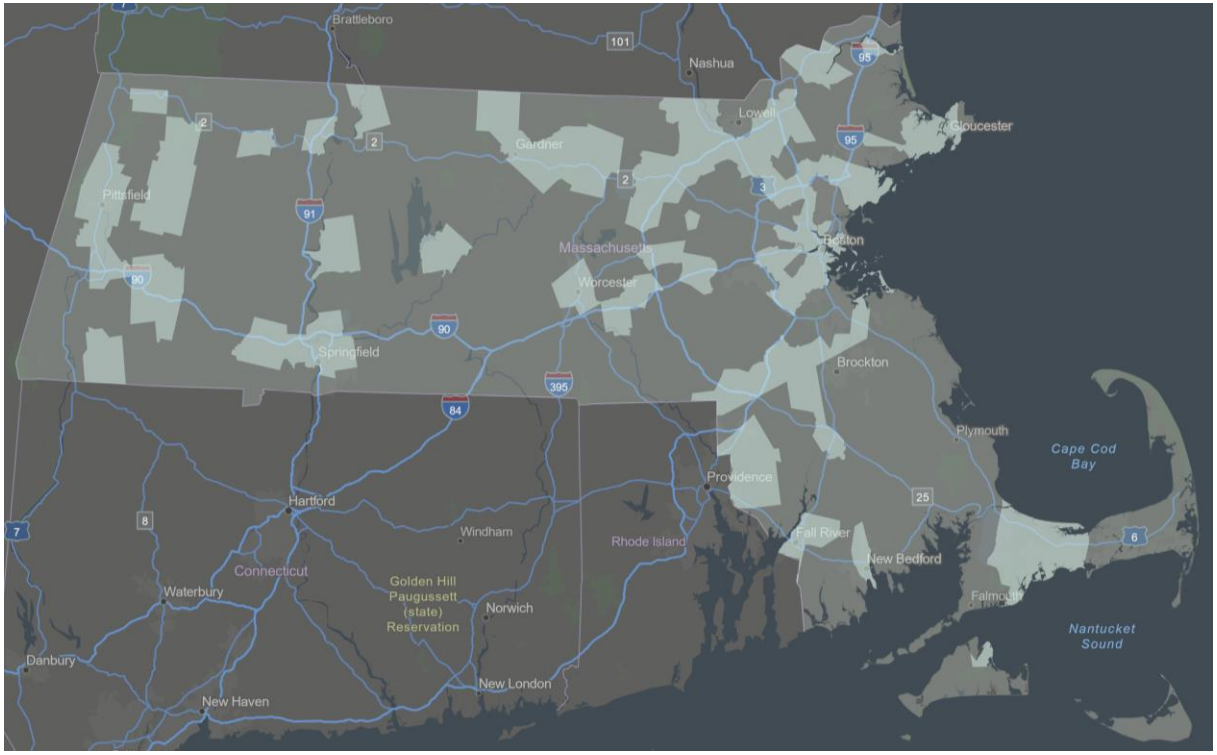
FFY 2021 Advertisement Plan

178 Projects planned for advertisement through September 2021

80 Federal-Aid (STIP) Projects

Site specific projects planned for **93 Cities/Towns**

24 Projects advertised to-date



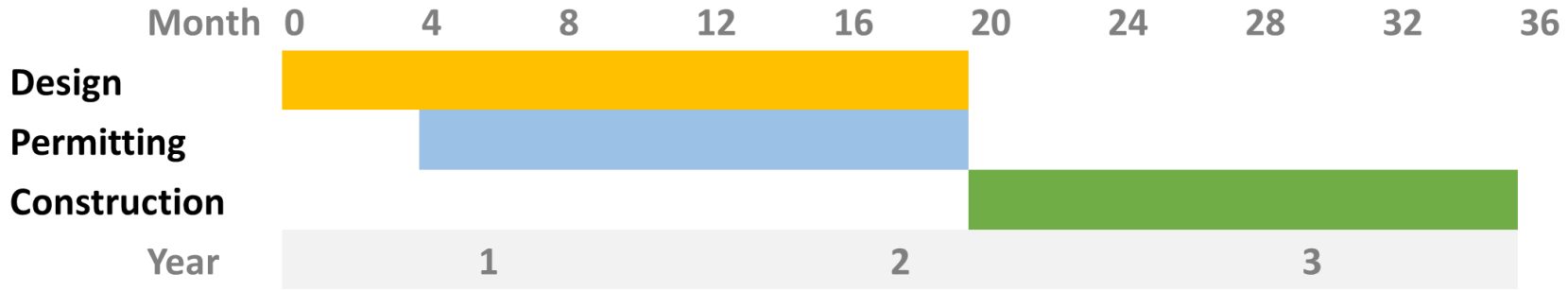
Municipal Small Bridge Program

- Since most bridge projects take three years to complete, completion of most projects will take place in 2021 and 2022
- Reauthorization is included in Transportation Bond Bill to continue program

Current Project Status

Total Funded Projects	Contracting	Design/Permit	Construction	Completed
117	9	42	39	27
% of Total	8%	36%	33%	23%

Project Completion Timeline



Project Time to Completion dependent on project type and permitting requirements

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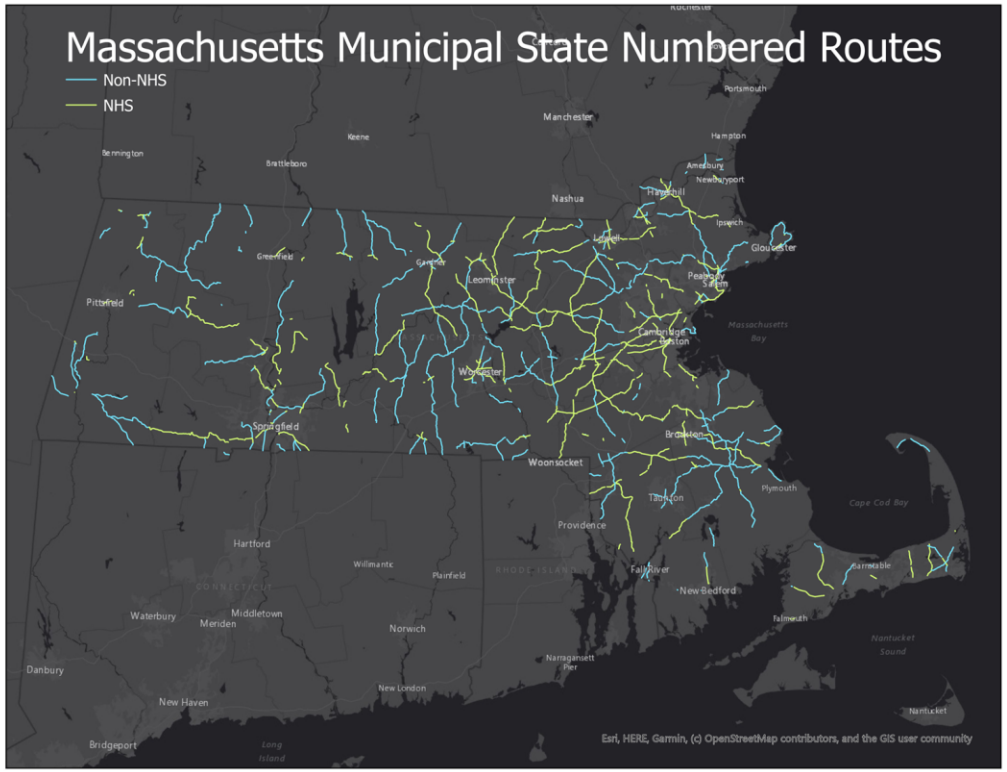
Municipal Pavement

Improved Pavement Condition on the Municipal State Numbered Route Network



Regional Share

District	NHS (MI)	Non-NHS (MI)	Total (MI)	*% of State*
1	44	136	180	*11%*
2	105	147	252	*15%*
3	274	254	528	*31%*
4	135	146	282	*17%*
5	146	205	351	*21%*
6	87	14	101	*6%*
			1,694	

- MassDOT collects pavement condition for all state numbered routes.
- Network assessment underway to determine state wide five-year priority list
- Potential segments will be screened for mobility opportunities and design effort and scheduled/assigned accordingly
- Community outreach/coordination major component

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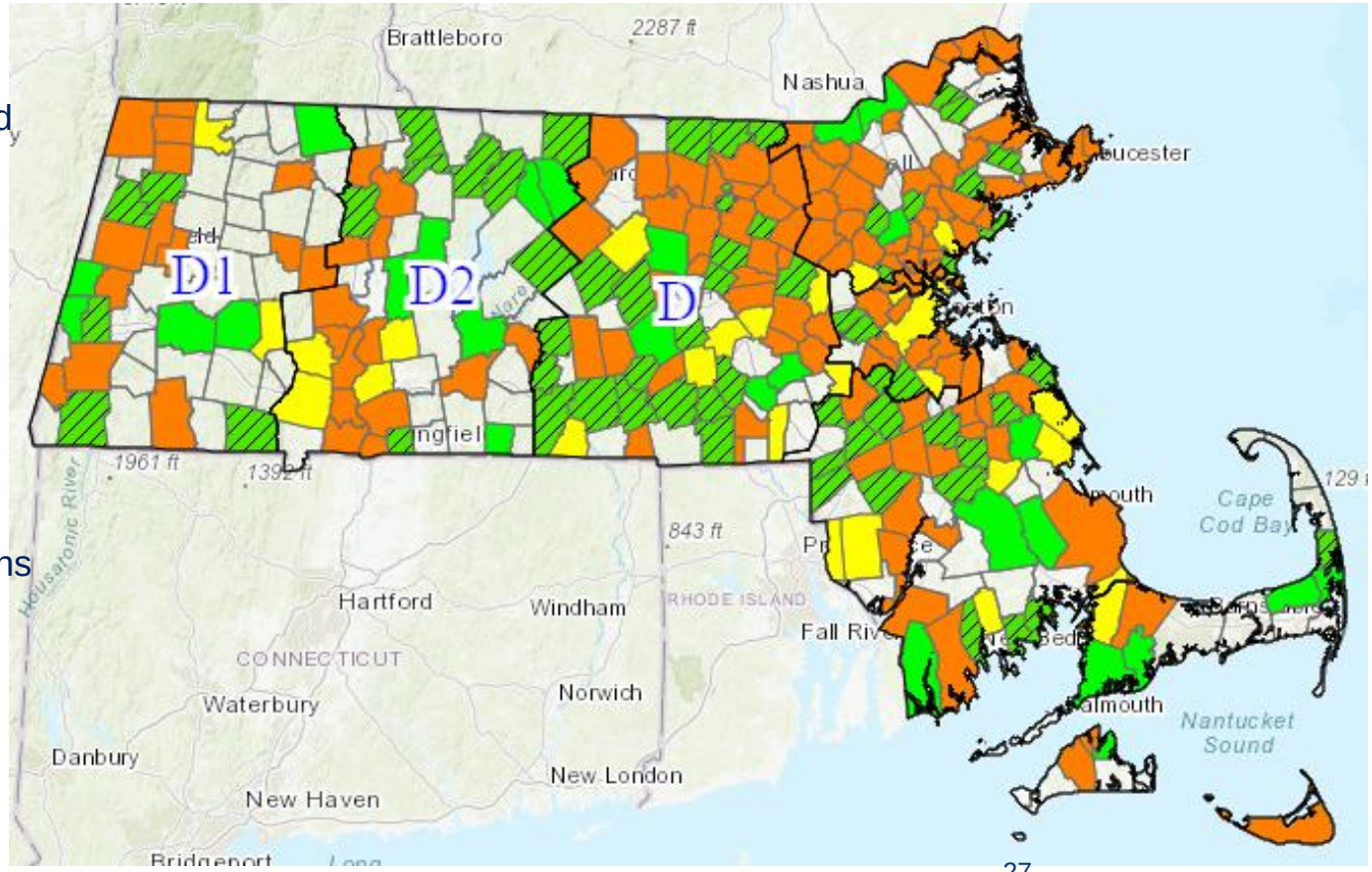
Complete Streets Funding Program

250
Municipalities Registered

226
Municipal Policies

198
Project Prioritization Plans

160
Municipalities received Construction Funding



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Aeronautics

Administrator Jeffrey DeCarlo

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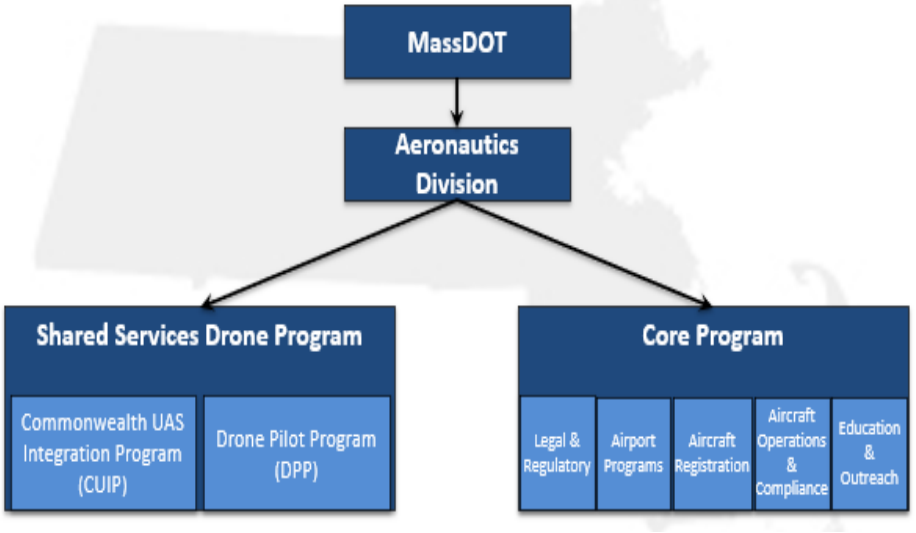
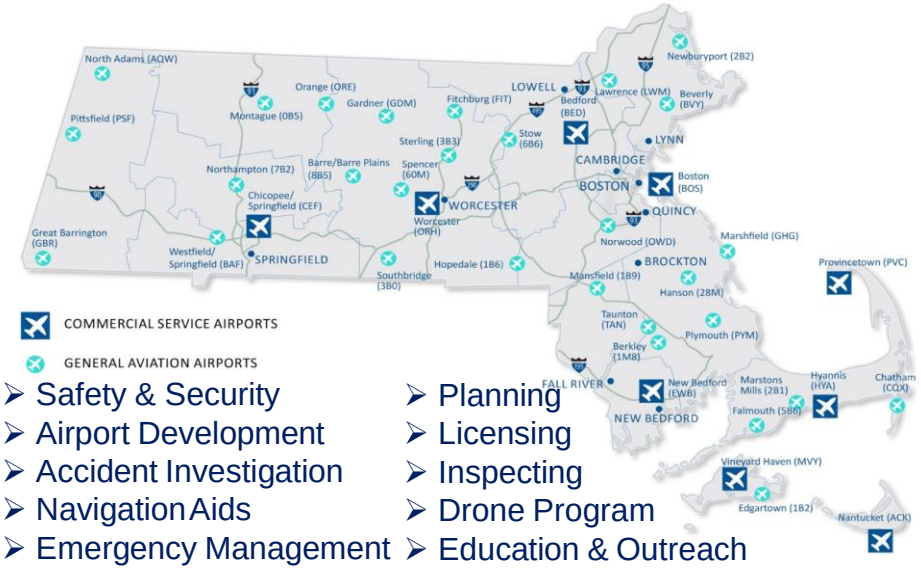
Aeronautics Division – Mission & Overview





- Safety & Security
- Airport Development
- Accident Investigation
- Navigation Aids
- Emergency Management
- Planning
- Licensing
- Inspecting
- Drone Program
- Education & Outreach

- The division is a regulatory agency that oversees the 35 public-use general aviation airports throughout MA (Massport has 3 airports).

- Promote aviation throughout the Commonwealth while establishing an efficient integrated airport system that will enhance safety, customer service, economic development, and environmental stewardship.
- Drone Program – Cross-agency shared services

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Airport Capital Programs

FAA Airport Improvement Program (AIP)

- Typically awarded to publicly-owned public use airports in the NPIAS at a 90%/5%/5% Federal, state, and local airport split
- Aeronautics manages between $30M-$75M each year from the FAA for AIP eligible projects

Airport Safety and Maintenance Program

- State Capital Improvement Program (CIP)
- Leverages funds for safety, maintenance and security projects for airports that are not eligible for AIP funds. Typically funded at 80% state & 20% local share
- Aeronautics manages upwards of $8-20M of MA funds each year

- 2010 & 2021 MA Airport System Plan
- 2011 & 2014 & 2019 - MA Airport Economic Impact Studies
- 2013 & 2017 & 2021 MA Airport Pavement Management System Report

- Pavement-Runways,Taxiways & Aprons and…
  - Pavement Markings Program
  - Crack Sealing/Repair Program
  - Pavement Maintenance System Program
- Roadway Signage Project
- Vegetation Management Program: DOER LBE
- Security Camera Program
- State Airport Administration Program
- Aviation Education Outreach
- Drone Program

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Airport Infrastructure Projects

Harriman and West Airport, North Adams Administration Building

Former Doctor's Office

New Administration Building

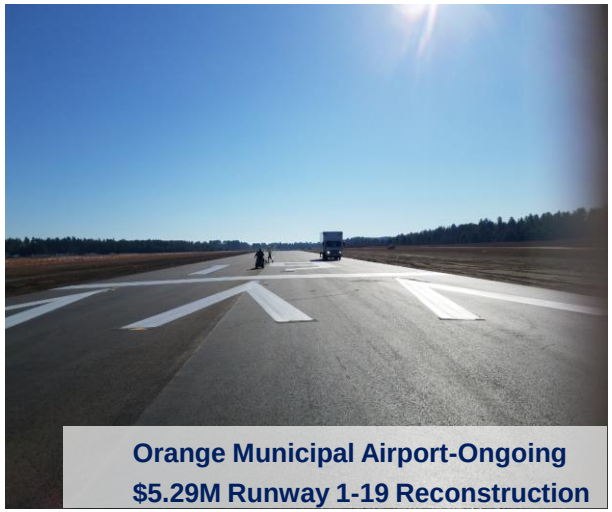
Northern Berkshire EOC Center

Plymouth Municipal Airport
$3.99M Taxiway S Reconstruct

Provincetown Municipal Airport
$2.25M Taxiway B Reconstruct

Nantucket Memorial Airport-Ongoing
$19.99M Taxiway E Reconstruct

Fitchburg Municipal Airport
$15.37M Runway 14-32/Taxiway A



Orange Municipal Airport-Ongoing
$5.29M Runway 1-19 Reconstruction

- Airports represent 34 miles of paved runways. Runways, taxiways, aprons, T-hangars, & helipads surfaces total >42 million Sq. Ft. of pavement

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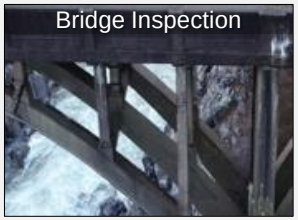
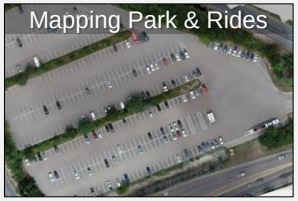
Drone Program Meeting a Variety of Transportation Use Cases

HIGHWAY

- Infrastructure Inspection
- Mapping and surveying





RAIL & TRANSIT + MBTA

- Rail inspection
- Subway tunnel inspection

AERONAUTICS

- Airport inspection
- Accident investigation

EMERGENCY MANAGEMENT

- Incident response
- Exercise support

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STEM Education Update

MassDOT forms Partnership with Madison Park High School

- The Aeronautics Division established a partnership with Madison Park Technical Vocational High School to help develop a pipeline to Aviation Science Technology Engineering and Applied Mathematics (STEAM) technology

- This alliance will benefit low-income disadvantaged/minority students by helping them to close skill gaps while supporting workforce development for the Aviation sector in Massachusetts

As a participating member of the Madison Park Program Advisory Board, MassDOT goals are to:

- Strengthen the talent pipeline for our Aviation Industry within Massachusetts and the New England region
- Work to develop and strengthen talents and skills of young people who may become our employees one day
- Offer students access to new and powerful social networks via high-performance aviation industry workplaces
- Help the Boston community improve its only career technical vocational high school, as well as to enhance its college and career readiness for all its students

Rail and Transit Division

Administrator Astrid Glynn

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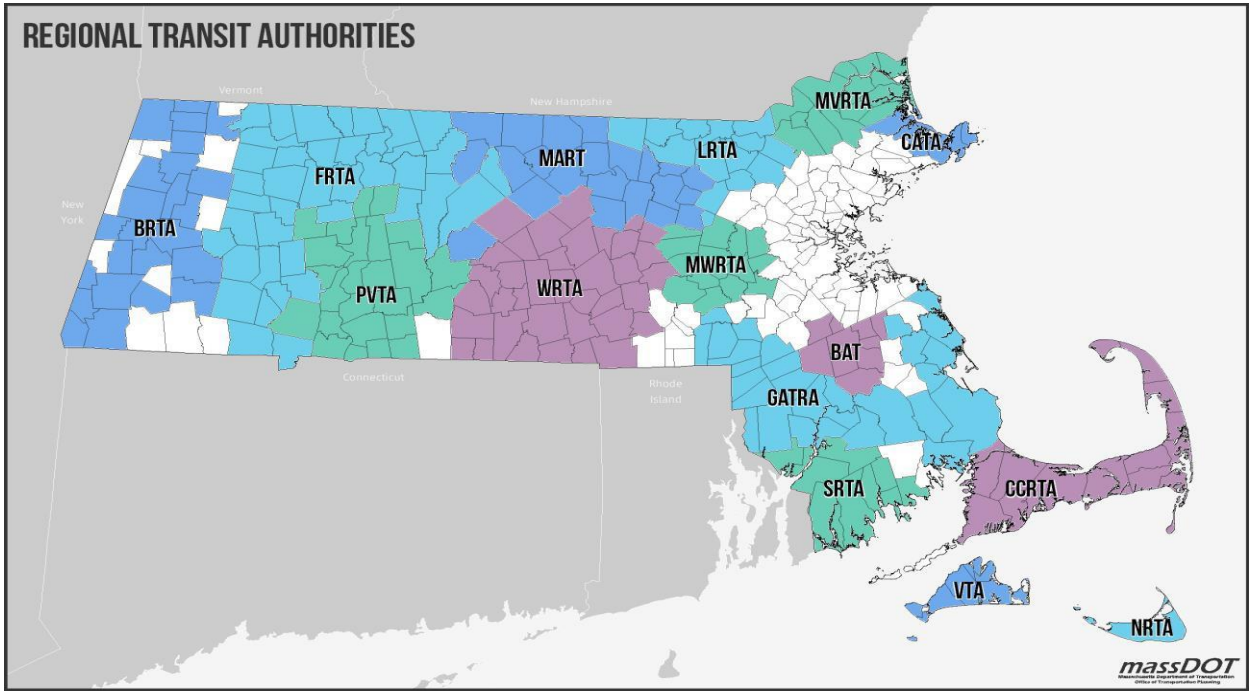
Regional Transit Authorities

$90.5 million in state operating assistance

- $87 million of the $90.5 million by formula among the RTAs based on clearly established metrics and principles agreed to by each RTA and MassDOT to advance goals and targets in an updated FY22 bilateral MOU which shall consider each RTA's comprehensive regional transit plan
- $3.5 million distributed as performance grants distributed to RTAs that best demonstrate commitment to the service decisions, quality of service, and environmental sustainability recommendations from the Task Force report
- The department may require each transit authority to provide data on ridership, customer service and satisfaction, asset management and financial performance, including farebox recovery, and shall compile any collected data in a performance report and include each authority's progress toward meeting the performance metrics established in the MOU
- Annual performance report shared with the legislature due December 31

Rail and Transit Division – Overview

- Collaborates with and supports Regional Transit Authorities (RTAs)
  - State Contract Assistance accompanied by individual performance-based Memoranda of Understanding
  - RTA Council held quarterly
  - $3.5 million in Regional Transit Authority Innovation Grants
  - Capital funding and technical assistance also provided
  - RTAs compete successfully for Community Transit Grants offered by MassDOT and rely on MassDOT to support their pursuit of Federal discretionary grants



RTA Quick Facts

- 273 municipalities are members of an RTA; 114 are also in the MBTA service district
- 23,351,598 passenger trips made on RTA fixed route and demand response systems in FY20
- Locally governed
- Fixed route bus and demand response van service

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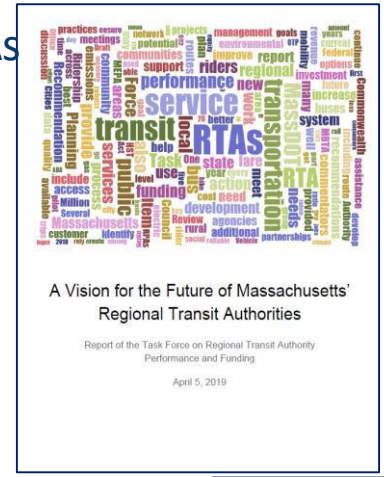
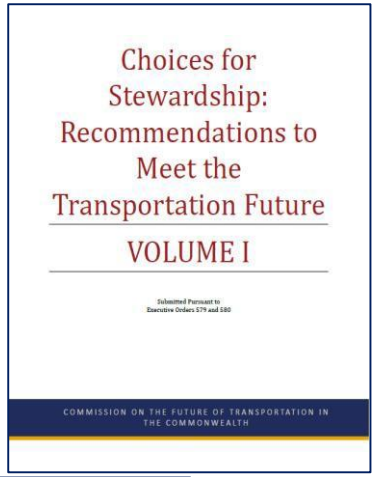
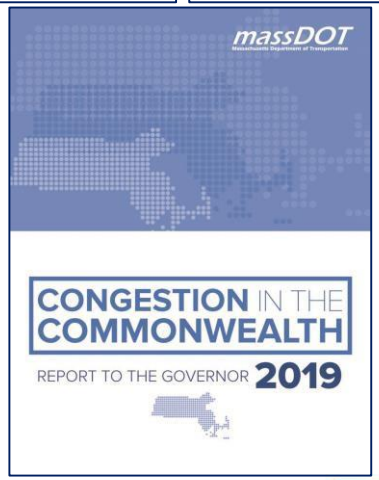
Governor's Proposed FY22 Budget for Regional Transit Authorities (RTAs)

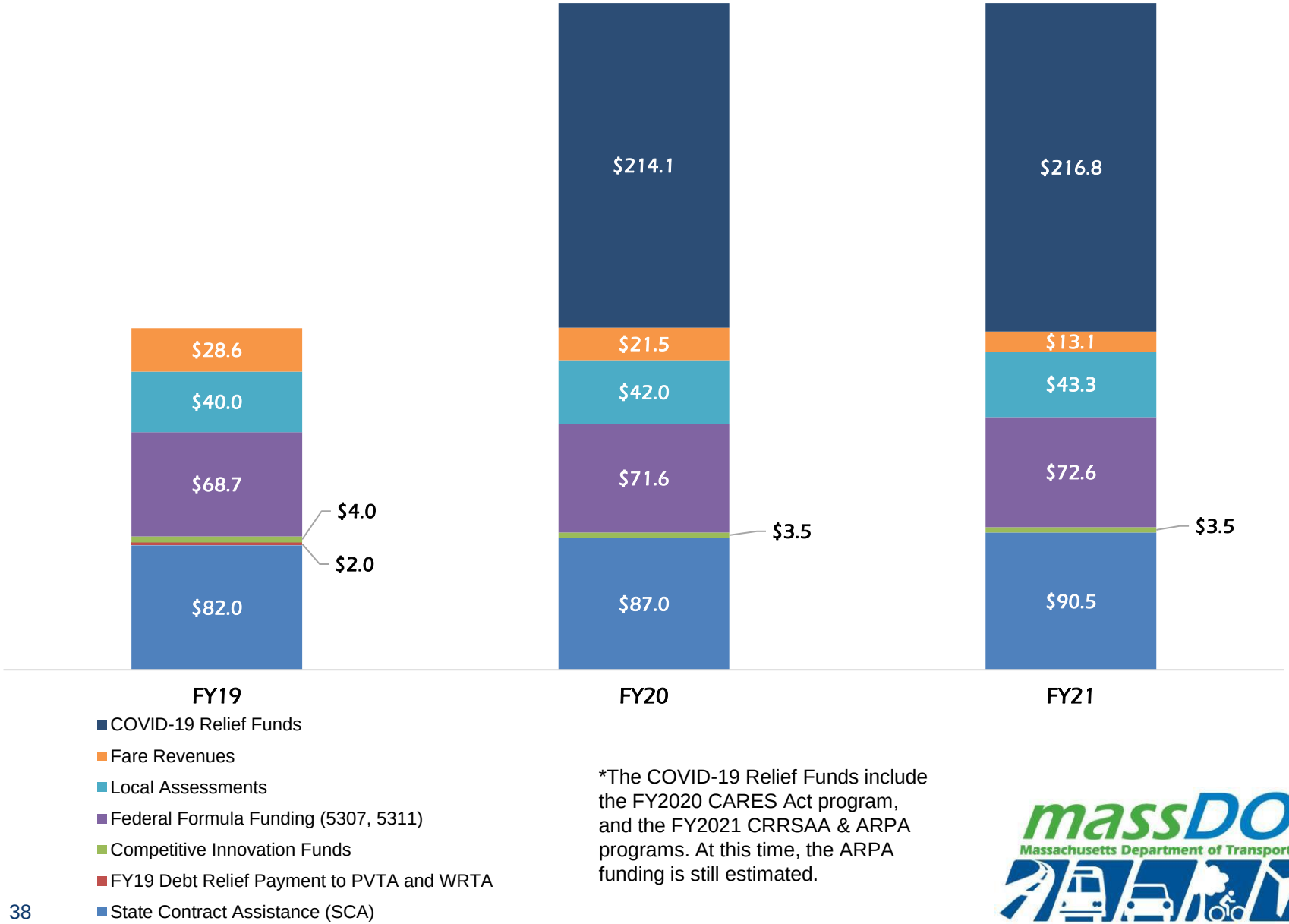
- $90.5 million in State Operating Assistance to RTAs
  - Base Revenue Amount $87M
    - Federal COVID-19 relief funds, through the CARES and CRRSAA Acts, provide additional stability for RTAs
    - Potential for additional COVID-19 relief funding via the Biden Administration
  - $3.5M to continue the competitive RTA Innovation Grant program
    - Continued promotion of innovative ways to increase service effectiveness
    - Follows recommendations of the RTA Task Force report, the Commission on the Future of Transportation report, and the Congestion Mitigation report
- Complements capital support that MassDOT provides
  - Leverages Federal funds
  - RTA fleets in generally good condition
  - Average age well within useful life
  - RTAs do not carry capital debt







FY19-FY21 Sources of Operating (in millions)



*The COVID-19 Relief Funds include the FY2020 CARES Act program, and the FY2021 CRRSAA & ARPA programs. At this time, the ARPA funding is still estimated.

State Operating Support for RTAs: Bilaterally Negotiated MOUs

- Initial MOU period ends June 30, 2021; MassDOT and RTAs developing the next round of MOUs for FY22 and FY23
- The new MOUs will incorporate lessons learned to standardize data collection and draw on Comprehensive Regional Transit Plans to foster innovation
- The MOUs will include timelines for implementation and reporting
- Targets will continue to be measured against agreed upon baselines
  - Annual targets (FY22 and FY23) for financial performance and asset management metrics
  - Interim milestones (FY22) and two-year targets (FY23) for ridership and customer service metrics
- If an RTA consistently does not meet targets, MassDOT and the RTA will develop a Performance Improvement Plan

What's Next for RTAs

- MassDOT and RTA continued collaboration to meet the challenges of change
  - Continuation of quarterly meetings of RTA Council
  - Monitoring of RTA recovery following the COVID-19 pandemic
- Continued encouragement of innovative service decisions
  - Microtransit pilot programs and other innovative service designs
  - Data-driven decision making
- Exploring improved productivity
  - Right sized fleets; transition to smaller, more cost-efficient vehicles
  - Investment in GTFS (real-time schedule data)
- Maintain a State of Good Repair for current fleets
  - Asset management to improve RTA choices and inform the CIP process
  - Update of MassDOT supported study on Battery Electric Bus (BEB) implementation

MBTA

General Manager Steve Poftak

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MassDOT & the MBTA Work To:

- **Ensure** the safety of all transportation system users
- **Maintain** and modernize assets, investing capital strategically
- **Manage** roadway operations, actively and safely
- **Improve** customer service and experience
- **Expand** transportation options throughout the Commonwealth
- **Reduce** greenhouse gas emissions and increase resiliency
- **Partner** with cities and towns and the private sector
- **Plan** for and implement a multimodal transportation system
- **Use** data to shape decisions and improve performance
- **Anticipate** and prepare for a disruptive future

Operating Budget

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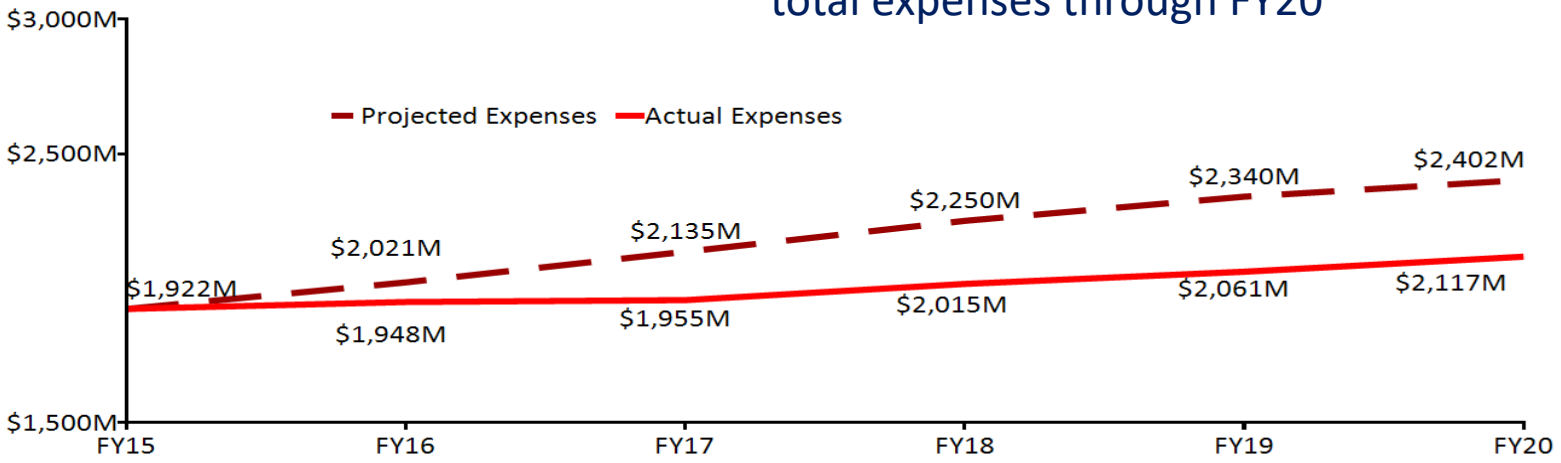
H.1 Budget Provisions

- Total of $1.36 billion in total operating budget transfers
  - Includes **$127 million** total operating transfer
  - Sales tax transfer of **$1,174 million** consistent with Consensus Tax Revenue forecast
- **MBTA Outside Sections**
  - MBTA Governance Board (Sections 59, 63, 96)
    - Proposes governance structure once the Fiscal Management Control Board, as currently established, sunsets at the end of June 2021, consistent with the recommendations of the current FMCB.
    - A seven-member board including the Secretary of Transportation, a representative from the communities who contribute revenue to the MBTA via assessments (selected by the MBTA Advisory Board), a safety expert, and various subject matter experts appointed by and accountable to the Governor.
  - Transit Oriented Development (Sections 5, 62)
    - Gives the MBTA and MassDOT the authority to enter into competitively procured real estate deals or other projects with private parties that include mitigation and the private construction of facilities that will be owned by the agency. This will expedite the provision of the public benefits of these types of projects.
  - MBTA Project Delivery (Sections 60, 61)
    - Provides the MBTA with authorization to utilize the Design, Build, Finance, Operate, Maintain project delivery method.

Results of Fiscal Management Since FY15

- Since FY15, with the guidance of the FMCB, $1,052M in cumulative cost savings
- Actual annual cost growth of 2% since FY15, compared to the 5% projected

$1,052M cumulative savings between projected total expenses (as of August 2015) and actual total expenses through FY20



FY20 actual expenses do not adjust for additional COVID-19 related spending or savings from temporary service adjustments

Operating Budget Timeline

- Under state law passed in April 2020, finalized budget deadline pushed from April to June
- Budget updates on FY21 and FY22 routinely presented, shared, and available publicly: mbta.com/events
  - Monthly actuals to budget results presented and shared publicly since July
  - Fare revenue scenario planning and future year budget outlooks presented publicly since August
- FY22 budget development ongoing with key presentations over the next few months
  - March 8: FY23-FY26 outlook to demonstrate the potential long-term impacts of COVID-19 on the operating budget
  - March 29: FY22 budget preview of balance position and assumptions
  - April 26: Preliminary budget proposal, prior to the statutory deadline of May 15
  - June 7: Final budget approval presentation, prior to the statutory deadline of June 15

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MBTA Operating Budget Overview: Before COVID-19

- Total operating budget for the MBTA approximately $2,210M, using FY20 budget estimates as a baseline prior to COVID-19 impacts to spending and revenue
- Nearly $700M in fare revenue
- Over $110M in other operating revenue from parking, advertising, and real estate
- Over $1,400M in non-operating revenue including state sales tax, state assistance, and local assessments from MBTA communities
- Over $1,625M for operating expenses to support service for riders, including approximately 6,000 operating budget employees
- Nearly $500M in annual debt service payments for the borrowing costs of capital investments
- Target $90M to supplement funding to the capital budget for long-term system and service improvements

Item (Figures in millions)	Pre-COVID Baseline (FY20 Budget)
Fare Revenue	696.8
Other Operating Revenue	111.3
Operating Revenue Subtotal	*808.1*
Non-operating Revenue	1,401.8
Total Revenue	**2,209.9**
Operating Expenses	1,628.5
Debt Service	490.9
Total Expenses	**2,119.4**
Available for Capital (Net Revenue)	**90.5**

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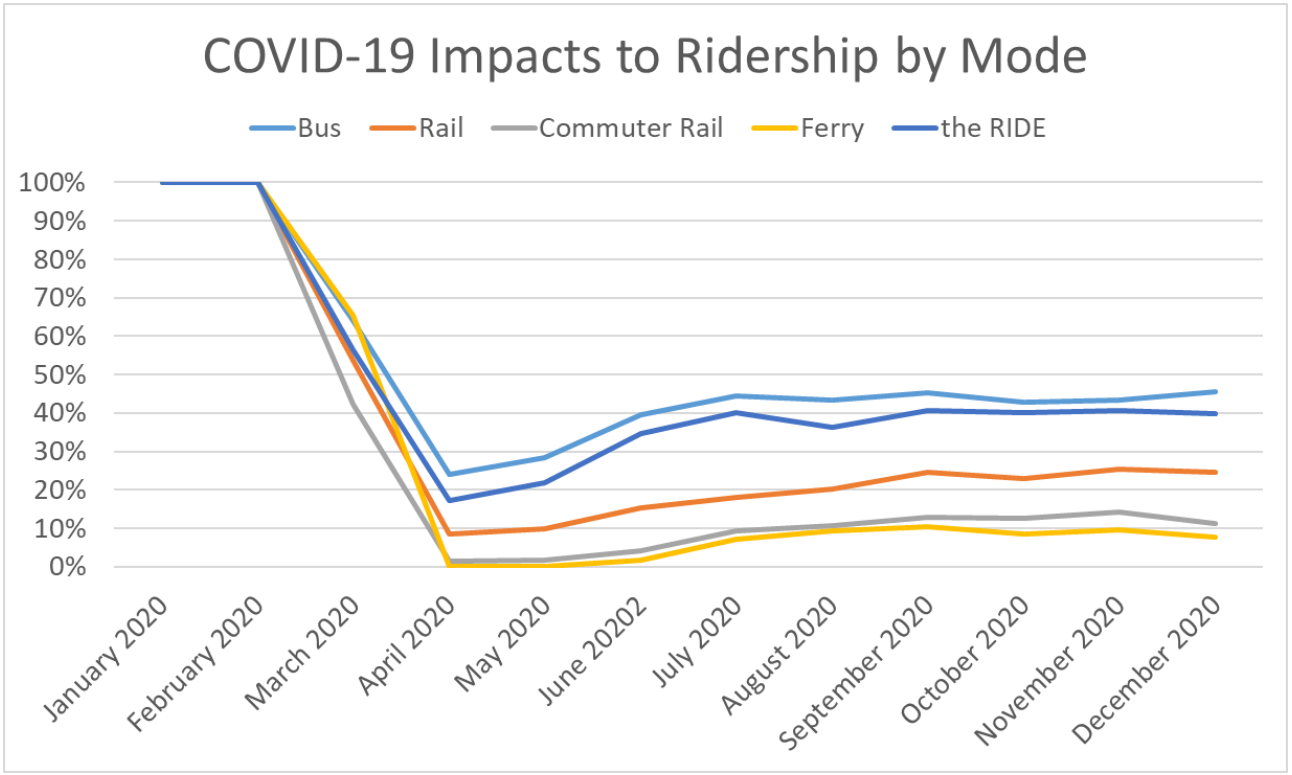
COVID-19 Impacts to Ridership

- At its peak, COVID-19 reduced total ridership 85%
- Since July, total ridership has grown only 2%
- Commuter rail and ferry ridership around 10% of baseline
- Rail ridership around 25% of baseline
- Bus and the RIDE below 50% of baseline



**Ridership reflects unlinked passenger trip data as a percentage of FY20 baseline*

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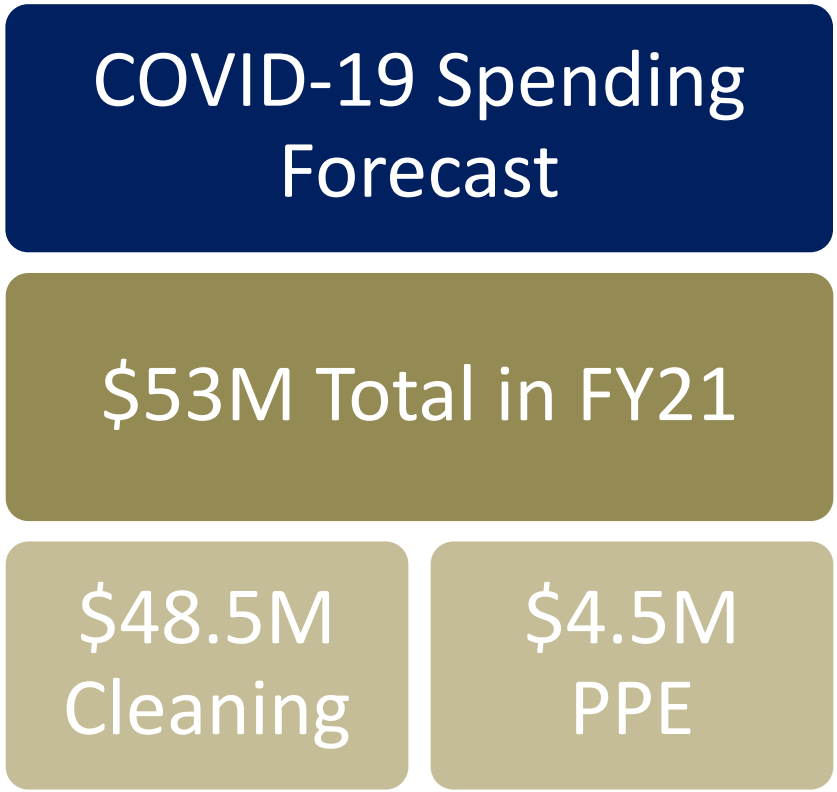
Spending Impact of COVID-19

- At least $53M in additional spending directly related to COVID-19
- $48.5M in cleaning costs with 75% for bus, rail, and commuter rail and 25% for facilities
- $4.5M in PPE costs, which are routinely updated to account for usage/consumption of current inventory
- Working towards the best possible rates that comply with the latest public health guidance
- Pursuing maximum FEMA reimbursement for all eligible costs to minimize the negative budget impact



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Federal Relief Funding Summary

- Three major federal relief packages totaling $1,973M in expected reimbursement for operating expenses to make up for lost fare revenues
  - Coronavirus Aid, Relief, and Economic Security (CARES) Act from March 27, 2020
  - Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) from December 27, 2020
- All $827M in CARES Act funding fully claimed for reimbursement between FY20 and FY21
- All $301M in CRRSAA funding expected to be fully claimed as early as Q1 of FY22
- $845M preliminary estimate from ARP to be applied to the operating budget in FY22 and beyond to maintains service given the projected long-term impacts of COVID-19

Estimated Federal Relief: *$1,973M

$827M from CARES Act	$301M from CRRSAA	*$845M from ARP

**ARP relief is an estimate to be determined, final number may vary*

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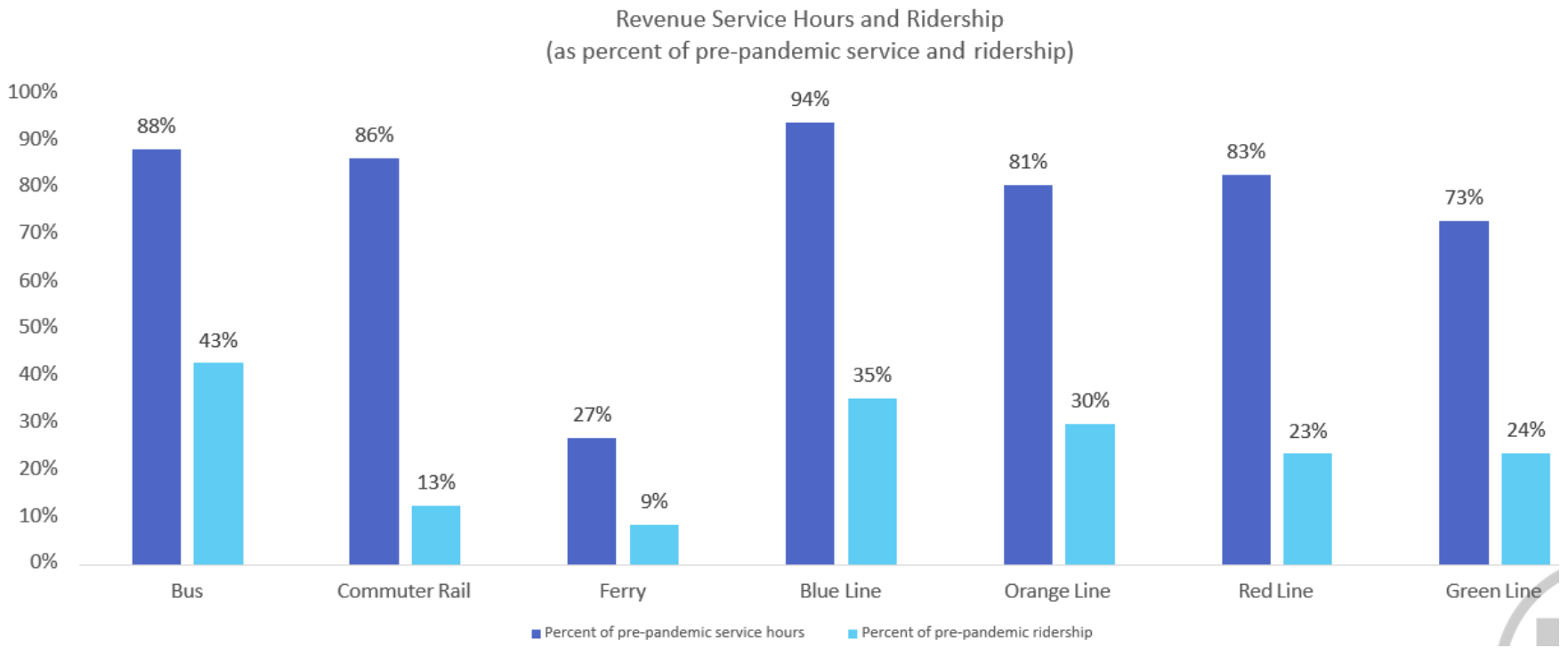
American Rescue Plan

- $1.9 trillion American Rescue Plan (ARP) Act signed on March 11, 2021
- Includes $30.5 billion for grants to transit agencies for use for operating expenses, including payroll and personal protective equipment costs
  - Including $26.1 billion for Urbanized Area Formula Grants to aid transit service in urbanized areas
- $845M preliminary estimate for the MBTA subject to additional FTA guidance and eligibility detail and subject to approval of transit agencies within the region
- Applying sufficient ARP relief funds to operating expenses to balance budget gaps created by COVID-19
- Applying ARP relief to the operating budget also allows the restoration of capital funds to maintain and improve the system

Spring 2021 Service Retention by Mode



Budget Outlook - March Annual Pro Forma Summary

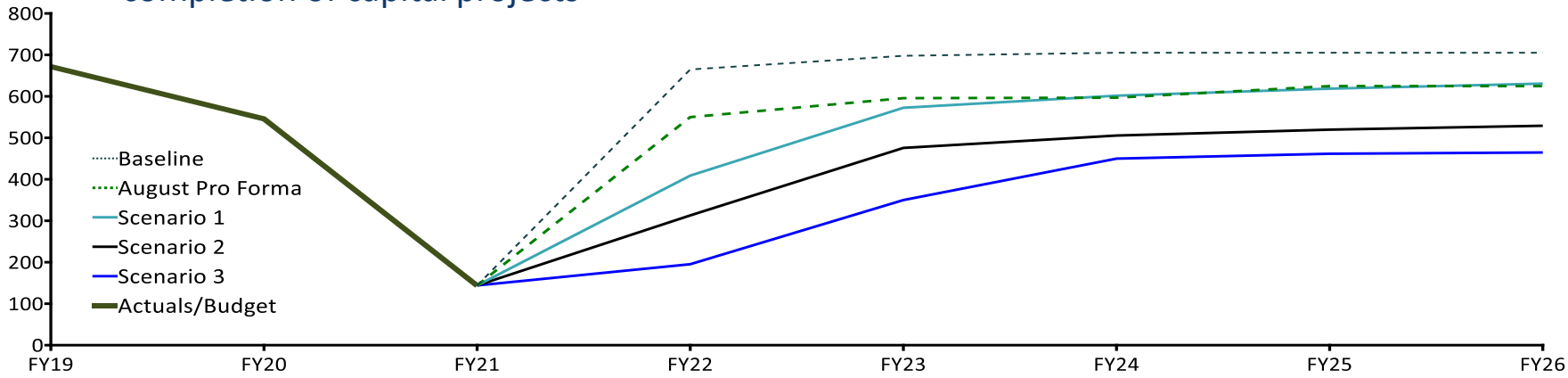
- **Fare revenue losses expected to continue going forward:** fare revenue losses realized since March 2020 due to the COVID-19 pandemic are projected to continue with a multi-year recovery of the economy towards ridership scenarios

- **COVID-19 has created significant budget gaps mitigated with one-time revenues in the short-term:** proactively planning in FY21 combined with an infusion of federal relief funds create only a short-term solution with one-time revenues in FY22

- **FY21 savings efforts have created a path to balance FY22, but COVID-19 has significantly increased future budget gaps:** continuing to manage our spending growth and plan ahead for a sustainable future mitigates the budget challenges

Fare Revenue Scenario Planning Update

- Actual fare revenue has dropped 79% between FY19 and FY21 budget estimates
- Even in the most optimistic scenario, projected fare revenue in FY26 is still below FY19 actuals
- In FY23, fare revenue scenarios estimate a shortfall range of 18%-50% below baseline
- Baseline calculations use FY20 budget estimates and adjust for structural changes the completion of capital projects



	FY22	FY23	FY24	FY25	FY26
August Pro Forma %	83%	85%	85%	89%	89%
Scenario 1 %	61%	82%	85%	88%	89%
Scenario 2 %	47%	68%	72%	74%	75%
Scenario 3 %	29%	50%	64%	65%	66%

Capital Planning

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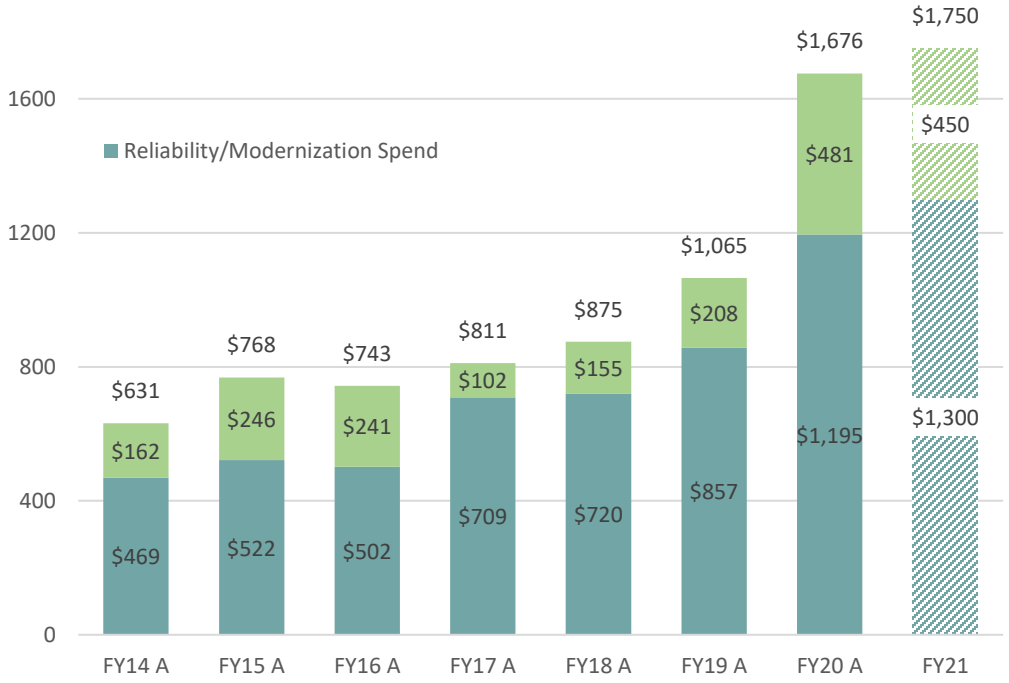
What We Accomplished in 2020

- MBTA's capital investment has dramatically increased – FY20 output was 2.5x FY14 – and reflects a much more mature program and organization.

- A number of major capital programs are on a trajectory for success and major transformation programs are in flight



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MBTA Capital Program Overview: Cumulative Spend

- During the five year period from FY16-FY20 the MBTA spent $5.2 billion
  - $4.0 billion was on reliability and modernization projects
  - $1.2 billion was on expansion projects (primarily GLX and SCR)

- Major accomplishments
  - Red Line/Orange Line improvements– vehicle replacement, signal upgrades, infrastructure, and facility projects all underway
  - Green Line Extension under construction and proceeding on budget
  - South Coast Rail under construction
  - Fare Transformation program underway
  - Reconstructed Wollaston Station made Red Line fully accessible
  - Positive Train Control completed ahead of statutory deadline
  - Commissioning over 250 new buses to replace aging diesel fleet with hybrids and purchased five battery electric buses to pilot new technologies

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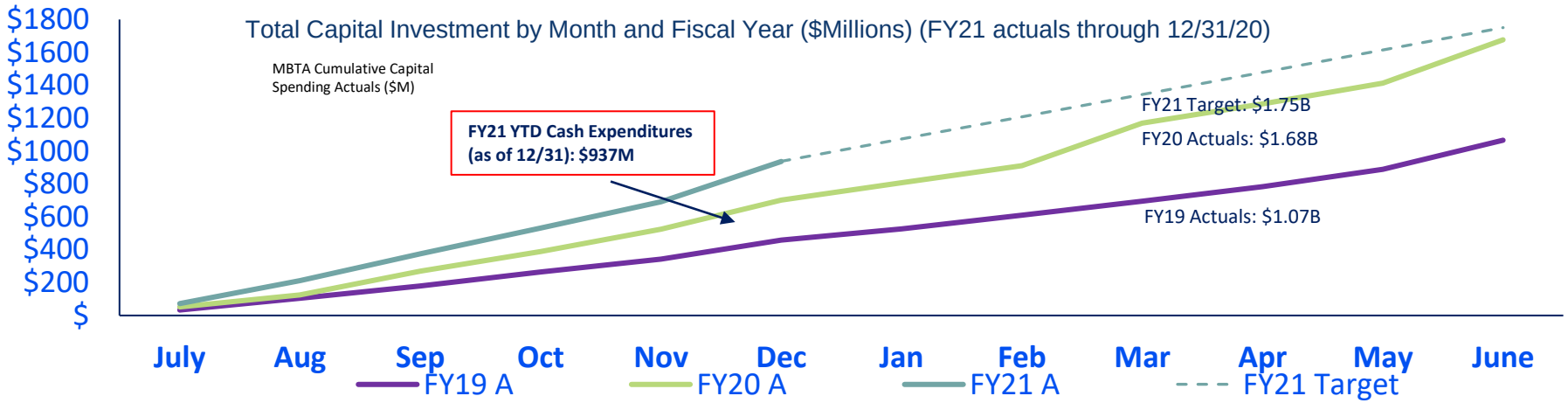
FY21 KPI: $1.75B Total Capital Investment YTD
Total Spending vs. Previous Years

MBTA is on track to achieve FY21 spend target



MBTA Cumulative Capital Spending Actuals ($M)

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
FY21 ($M)	$72	$211	$375	$532	$691	$937						
FY20 ($M)	$51	$125	$269	$388	$525	$702	$807	$911	$1,170	$1,288	$1,413	$1,676
FY19 ($M)	$33	$105	$180	$265	$343	$459	$527	$609	$694	$784	$889	$1,065

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THANK YOU

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