

MBTA FY2014 Deficit Reduction

Board Of Directors Finance Subcommittee

Fare and Service Discussion

March 5, 2013



Budget Deficit Reduction Measures



Transportation Reform / Transformation

- Internal productivity / cost containment
- New revenue sources
- Innovation and technology / business models



Transit Service Levels

- Reduced operating costs
- Reduced incoming fare revenue



Fares

- Increased fare revenue
- Reduced ridership

Rollback Approaches

**Fare
Increase**

**Service
Reductions**

Combination



Fare Scenario A

All Fare Approach

Assumes \$130m deficit

- 33% fare increase
- New fare revenue \$130m
- Passenger trips lost 29.3m or 8%

■ Sample Fares

	Current	New
Bus	\$1.50	\$2.00
Subway	\$2.00	\$2.60
RIDE	\$4.00	\$5.25
CR Z9 Mo	\$329	\$461



Fare Scenario B

Half Fare / Half Service Reduction Approach

Assumes \$65m in new fare revenue + \$65m in operating savings

- 15% fare increase
- New fare revenue \$65m
- Passenger trips lost 13m or 4%

Fare impact dependent on service reductions

■ Sample Fares

	Current	New
Bus	\$1.50	\$1.75
Subway	\$2.00	\$2.25
RIDE	\$4.00	\$4.50
CR Z9 Mo	\$329	\$389

Service Reduction: Discussion



**Operator hours,
Power
(fuel, electricity)**



**Fleet, maintenance of
facilities, track,
stations**



Variable Costs - Estimates

	Cost / VRH	Variable	% Variable
Heavy Rail	\$214	\$23	11%
Light Rail	\$229	\$90	39%
Bus	\$145	\$85	59%

- Total Cost per Vehicle Revenue Hour
 - Station, facility and right of way maintenance and materials

- Variable costs:
 - Wages, power / fuel, vehicle maintenance and parts



Service Reduction - Examples

Bus

- Eliminate
 - 30 least productive weekday and all weekend routes
 - All service after 11pm
 - MBTA subsidy to 6 municipally operated routes

- Impact

• Gross operating savings	\$53m
• Lost fare revenue	(\$27.8m)
• Net Operating Savings	\$25.2m
• Passenger trips	(25.2m) or 5.7%
• Revenue hours	(625k) or 7.6%
• Revenue miles	(7.2m) or 6.3%
• MBTA jobs	(368)



Service Reduction - Examples

Commuter Rail

- Eliminate
 - All weekend trains and customer service staff
 - Reduce conductors on board
 - Reduce weekday customer service hours
- Impact
 - Gross operating savings \$5.7m
 - Staffing cost reduction \$2m
 - Lost fare revenue (\$12m)
 - Net Operating Savings **(\$4.3m)**
 - Passenger trips (2.4m)
 - Trains per weekend (270)



Service Reduction - Examples

Heavy and Light Rail

- Eliminate
 - All weekday service after 11pm
 - All weekend service

- Impact

• Gross operating savings	\$30m
• Lost fare revenue	(\$75m)
• Net Operating Savings	(\$45m)

• Passenger trips	(45.6m) or 10.2%
• Revenue hours	(562k) or 6.8%
• Revenue miles	(8.3m) or 7.2%
• MBTA jobs	(217)



Deficit Reduction Discussion

Fare and Service Alternatives

- Fare vs. Service Mix

- Fares: Who pays?
 - Rates by mode
 - Student, Senior and RIDE discounts
 - Parking rates

- Service Considerations
 - Low ridership routes and time of day
 - Systemwide reductions – span of service, weekend
 - Ferry and Suburban bus subsidy, contracted bus
 - “Lifeline” service – medical, schools, employment
 - Paratransit service – territory, alternative providers



MBTA Board Policy and Process

Fare Policy and Public Process

- Multiple public meetings, depending on scope of service changes
 - 10% service reduction
 - 10% fare increase

Service Delivery Policy

- Minimum standards by mode for
 - Span of service, frequency, coverage
 - Schedule adherence
 - Crowding
 - Cost effectiveness



Federal Title VI Equity and Environmental Justice Analyses

- For all fare changes, for major (10%) service changes
- Demonstrate no disparate impact to low income, minority populations
 - Fare, wait time, walk access
 - Travel time, transfers
 - Highway congestion, air quality
 - Access to jobs, health care, higher education



Process and Timeline

From decision to implementation: 7-8 Months

Example: April decision = November fare / service changes

