

MBTA FY2014 Deficit Reduction

Board Of Directors Finance Subcommittee

Discussion

March 19, 2013



Status

- Initial deficit: \$140m
- March 5, 2013: Board approved preliminary budget, with TBD for \$118m
- Identified \$21m revenue enhancement and cost containment measures
- Identified \$75m in one-time gap funding for FY14
 - Capital project deferral (i.e. T-GAPS)
- Current challenge: **\$42m** deficit



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

Short Term Bridge

FY14 deficit reduction

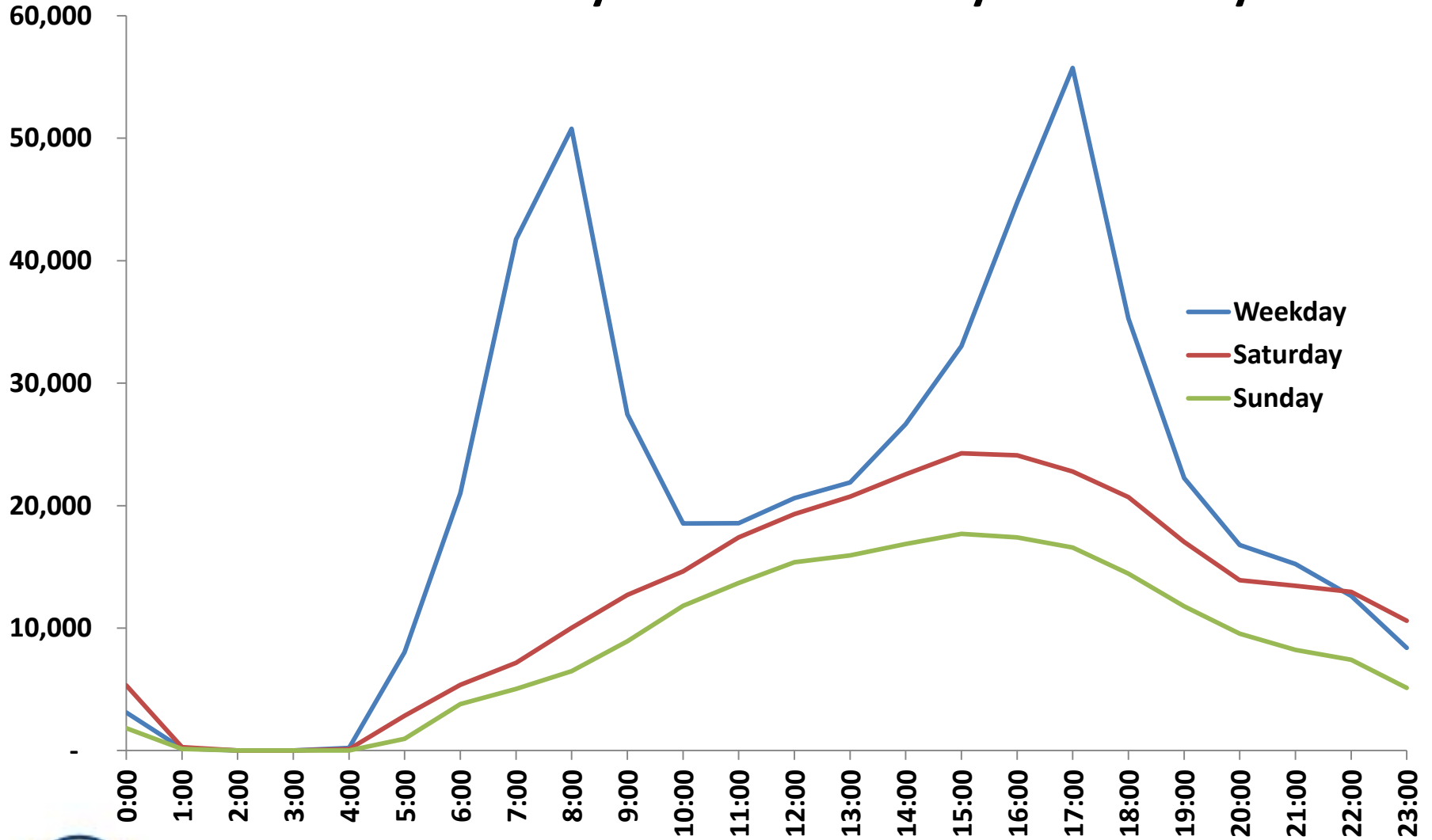
- Continued cost containment
- Revenue enhancements
- One-time gap funding
(capital project deferral)
- Service reductions to affect
fewest customers
- Reversible changes
 - Two-year plan

Next Steps

- Re-Size MBTA
 - Reduce peak service
- Closure of facilities
- Fleet, facility disposal
- Workforce reduction
- Ridership / revenue loss



FY2012 MBTA Subway Station Entries by Time of Day



Income	Bus	Subway	Commuter Rail	Ferry	THE RIDE
Under \$30,000	30%	17%	4%	1%	84%
\$30,000-\$59,999	30%	24%	13%	8%	12%
\$60,000-\$99,999	23%	28%	29%	18%	4%
\$100,000 or more	17%	31%	54%	73%	0%

Race/ethnicity	Bus	Subway	Commuter Rail	Ferry	THE RIDE
Black or African-American	26%	10%	4%	0%	9%
Asian	8%	9%	5%	2%	1%
White	57%	76%	87%	95%	86%
Other	12%	7%	4%	2%	3%
Hispanic/Latino	Bus	Subway	Commuter Rail	Ferry	THE RIDE
Hispanic/Latino	12%	7%	3%	1%	2%
Not Hispanic/Latino	88%	93%	97%	99%	98%

Useable Vehicles Per Household	Bus	Subway	Commuter Rail	Ferry
None	40%	27%	6%	3%
One	39%	42%	27%	21%
Two	16%	24%	50%	55%
Three or More	5%	7%	17%	21%



Service Reduction Examples



Reduction	Ops Savings	Fare Revenue Impact	Annual Net Savings	Annual Passenger Trips Lost	% of Passengers
41 weekday bus routes	\$6.5m	(\$2.2m)	\$4.1m	1.3m	0.5%
All bus service after 8pm	\$22.9m	(\$14.4)	\$8.5m	14.3m	3.8%
RIDE service after 8pm	\$2m	(\$200k)	\$1.8m	~40k	~1.9%
Suburban and contracted bus	\$2.5m	n/a	\$2.5m	<25k	<0.1%
All Ferry subsidy	\$13.2m	(\$6.3m)	\$6.8m	(740k)	0.5%
Raise bus fare to Subway fare	n/a	\$4m	\$4.0m	~1.5m	1.6%
Commuter Rail			TBD		
Subway and Light Rail			TBD		
Total			\$27.7m		



Fare Scenarios

A. Generate ~\$130m in new fare revenue

	Medium Elasticity	Low Elasticity
Fare Increase	33%	27%
Passenger Trips Lost	29.3m	15m
% of Ridership	8%	4%

B. Generate ~\$65m in new fare revenue

	Medium Elasticity	Low Elasticity
Fare Increase	15%	13%
Passenger Trips Lost	13m	7.4m
% of Ridership	3.4%	2%



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: ~6 Months

Example: April decision = November fare / service changes

