



Massachusetts Bay Transportation Authority

GM Remarks

FMCB

February 13, 2017



Overview

- **Hingham Ferry Terminal Opening**
- **Patriots Parade**
- **Winter Storm Preparation and Execution**
- **Capital Spending Trend – January Update**
- **FY18 Budget: Flexible Contracting**



Opening Of the New Hingham Ferry Terminal on 2.7.2017



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Tues: Patriots Parade: Record Day for Commuter Rail



Wednesday, February 08, 2017

Patriots parade record day for MBTA rail



Fans cheer the New England Patriots at a victory parade Feb. 7 in Boston following the team's victory over the Atlanta Falcons in Super Bowl LI.

The New England Patriots' record fifth Super Bowl win turned into a record-breaking day for the Massachusetts Bay Transportation Authority.

Keolis Commuter Services, operator of MBTA Commuter Rail, said Feb. 7 was the busiest day in the history of the system, as 215,000 passengers rode on the day of the Patriots' Super Bowl victory parade, a 60% increase in ridership compared with a typical weekday.



MBTA Team: All-Hands On Deck For Patriots Parade





Winter Storm Preparation (New Since Winter 2015): Emergency Operations Command and Storm Desk Reports Activated During NIKO

EOC at 45 High Street 6AM – Thurs. Morning



T MBTA SITUATIONAL AWARENESS

Report # 16 | Level 4 Storm Event | As of 02:00 AM on Friday, 10 February 2017
Issued by the MBTA Storm Desk (617-222-6250 or stormdesk@mbta.com)

SITUATION

- Snow has ended, and cold temperatures grip the region. Crews remain deployed throughout the system cleaning and clearing customer-facing areas. Clear and cold tomorrow.
- Revenue service has ended. Teams are actively working to prepare for the AM rush.
- Emergency training center employee shelter is activated and will remain open through tomorrow morning.

WEATHER	AIR TEMP	PRECIPITATION	ACCUMULATION	WIND SPEED	RAIL CONDITION
Currently	12°	None	10"	0 MPH	Wet
24 Hour Forecast	Low 15°, High 21°	None	0"	WNW 21MPH	Wet
Comments	Crews remain in the field clearing snow and salting/sanding platforms, busways, and other customer areas				

SERVICE IMPACT SUMMARY

NORMAL MODERATE SEVERE

LINE	SERVICE	STATIONS	MAINT FACILITIES	ROW INFRASTRUCTURE	REV VEHICLES
RED	Revenue service has ended. Snow trains are operating.				168/168
ORANGE	Revenue service has ended. Snow trains are operating. Snow fighting jet operating on the northern end of the line.				90/98
BLUE	Revenue service has ended. Snow trains are operating. Some switches are freezing even with functioning switch heaters. Crews responding.				84/72
GREEN	Revenue service has ended. Snow trains are operating. Some switches are freezing even with functioning switch heaters. Crews responding.				141/146 (HSL 7/7)
SILVER	Revenue service has ended. Regular service is expected in the morning.				See Bus
BUS	Revenue service has ended. Regular service is expected in the morning. Some garages are experiencing lack-of-heat issues. No impact on revenue service.				780/753 (incl Silver)
C FERRY	Revenue service has ended. Regular service is expected in the morning.				
RIDE	Revenue service has ended. Regular service is expected in the morning.				
PARKING	100% NORMAL	0% PARTIAL	0% CLOSED	Parking lot plowing is underway.	

LOOK AHEAD

- Snow trains will run overnight including on the Mattapan line. All possible trains will be stored indoors. Those vehicles stored outside will be frequently cycled and moved. All stations will be thoroughly inspected by officials prior to closing.



Thurs: Winter storm NIKO - first blizzard since 2015
New Gas Heating System for 50+ Priority Rails Kept Switches Clear and Functioning

Old Electric Heating



- Older electric heaters take longer to heat up and allow snow and ice to accumulate

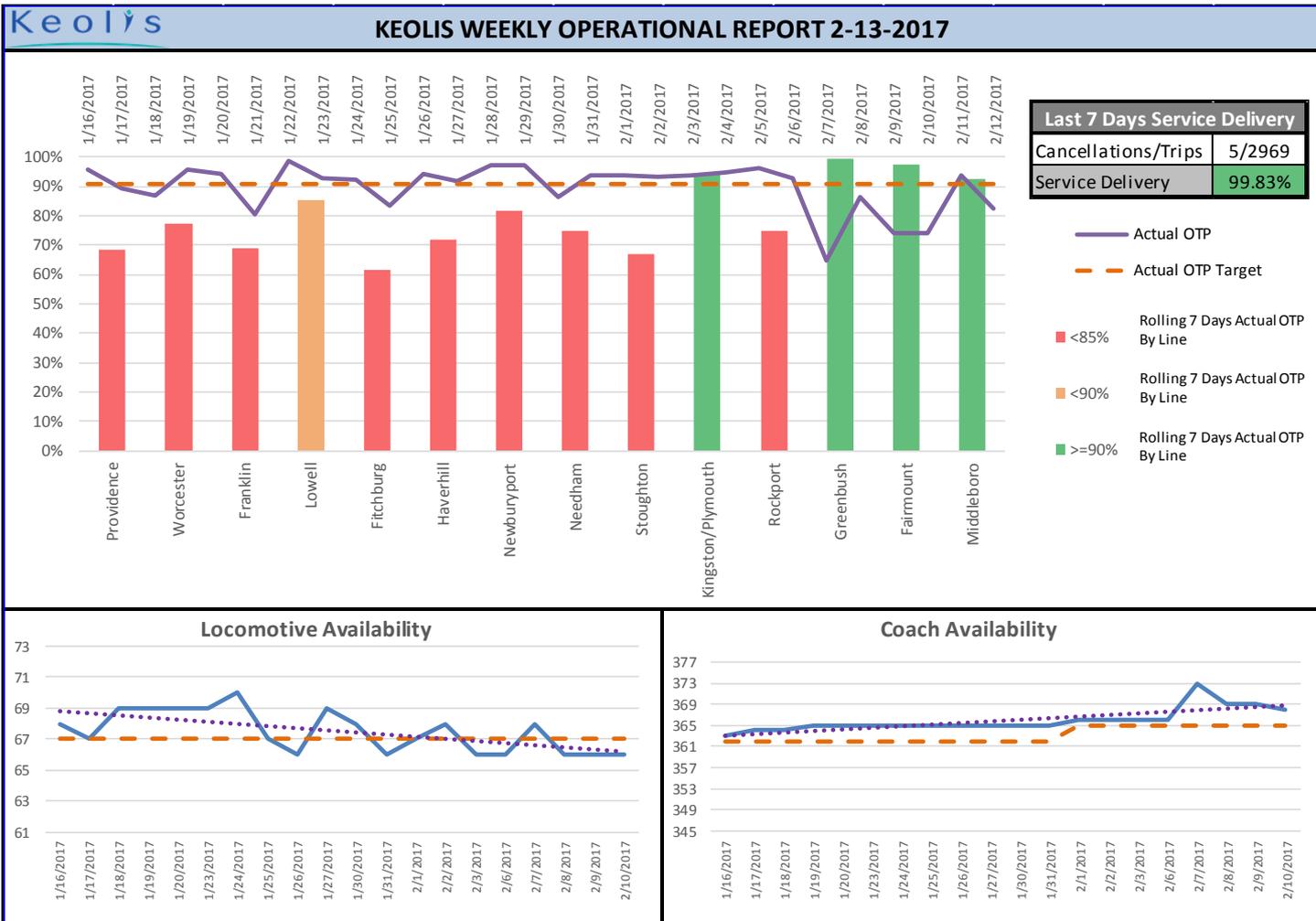
New Gas Heating



- New gas heaters blow warm air continuously keeping switches clear



Commuter Rail On-Time Performance Summary By Line & Equipment Availability



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Commuter Rail: Week ending Sunday February 12th 2017

A challenging week where OTP is an ineffective measure of service;

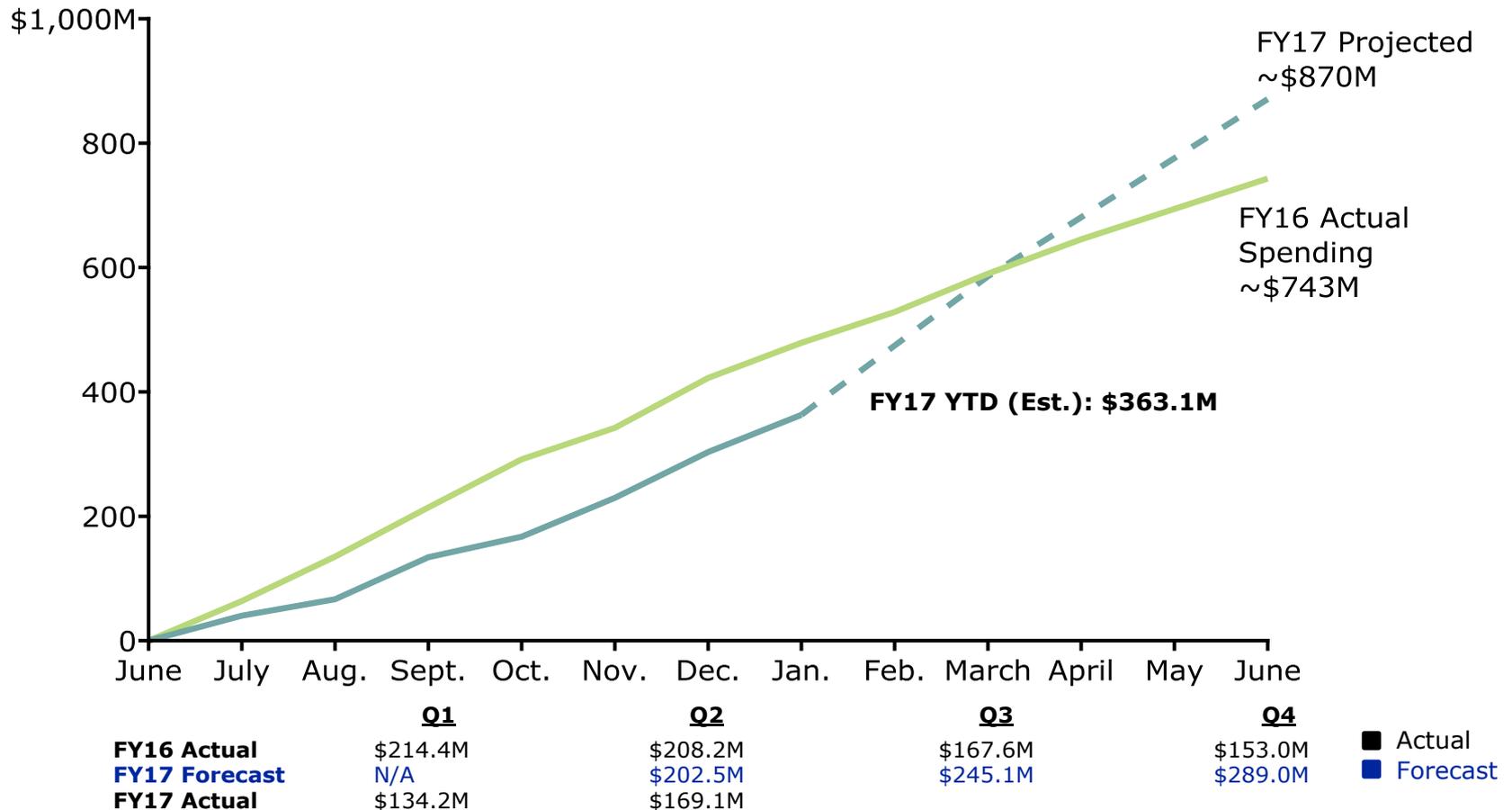
- Patriot's Parade on Tuesday saw highest ridership ever on Commuter Rail
 - 24 extra trains ran throughout the day
 - Highest level of equipment ever in service (373 coaches)
 - 0 cancellations all day
 - Low OTP because of high passenger volumes and holding trains to ensure all capacity used
- Unexpected freezing rain on Thursday caused a number of issues with slow boarding
- Snow storm on Friday presented a number of challenges, but only one cancellation for the entire day
- Snow storm Sunday, but significant work done between Friday & through Sunday to prepare network for further heavy snow and to operate full service this morning
- Just 5 cancellations in the entire week, despite all above issues



FY 2017 Capital Spending vs. FY16 Capital Spending (Includes spend on all projects)

MBTA Capital Spending (Actuals, FY 2017 Projected)

Updated through January 2017

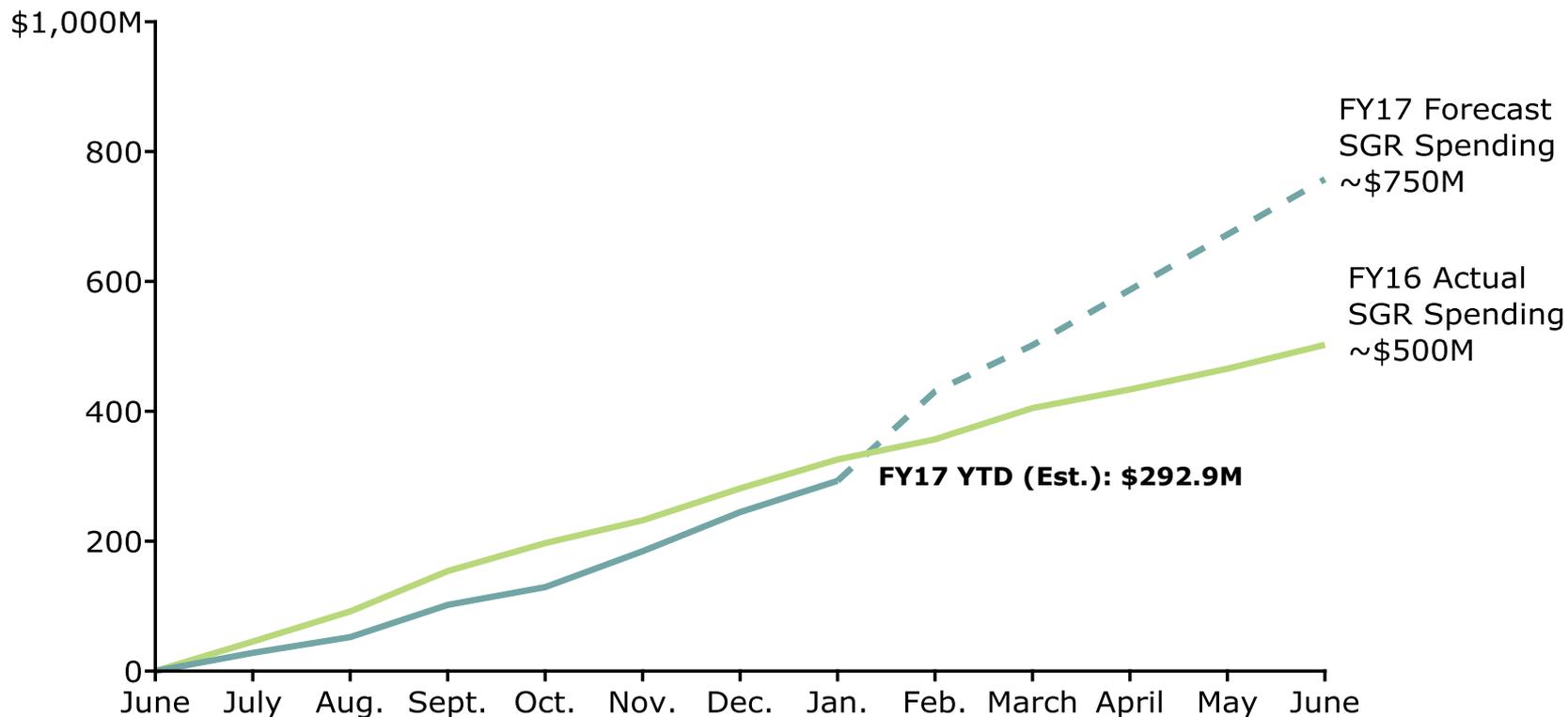




FY 2017 SGR (not including expansion projects) Spending Forecast vs. FY 2016 SGR Spend

MBTA Capital Spending (Actuals, FY 2017 Forecast)

Updated through January 2016

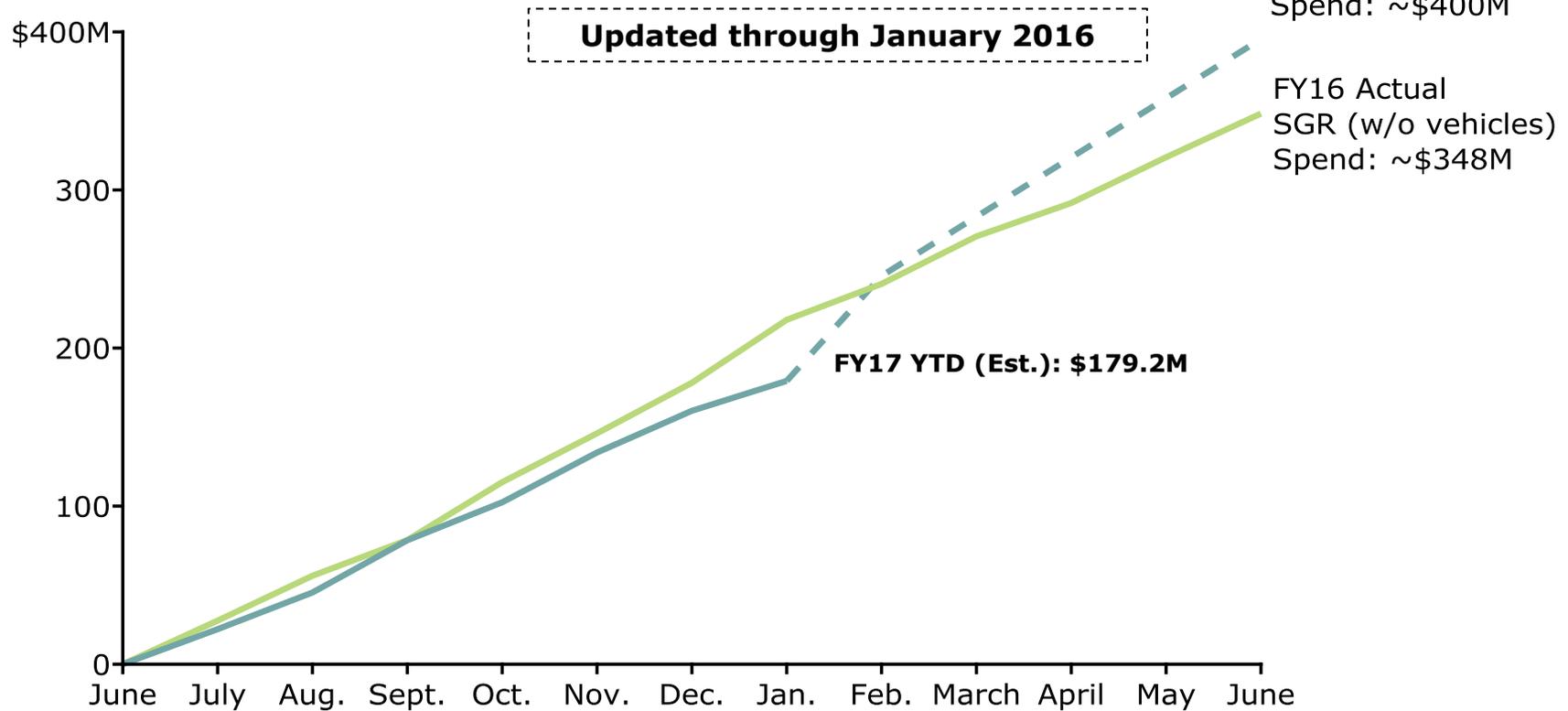


	Q1	Q2	Q3	Q4	
FY16 Actual	\$154.0M	\$127.3M	\$123.7M	\$97.5M	■ Actual
FY17 Forecast	N/A	\$186.5M	\$213.5M	\$255.6M	■ Forecast
FY17 Actual	\$101.8M	\$143.0M			



SGR Spending Forecast (Not including expansion projects or vehicle projects)

MBTA Capital Spending (Actuals, FY 2017 Forecast)



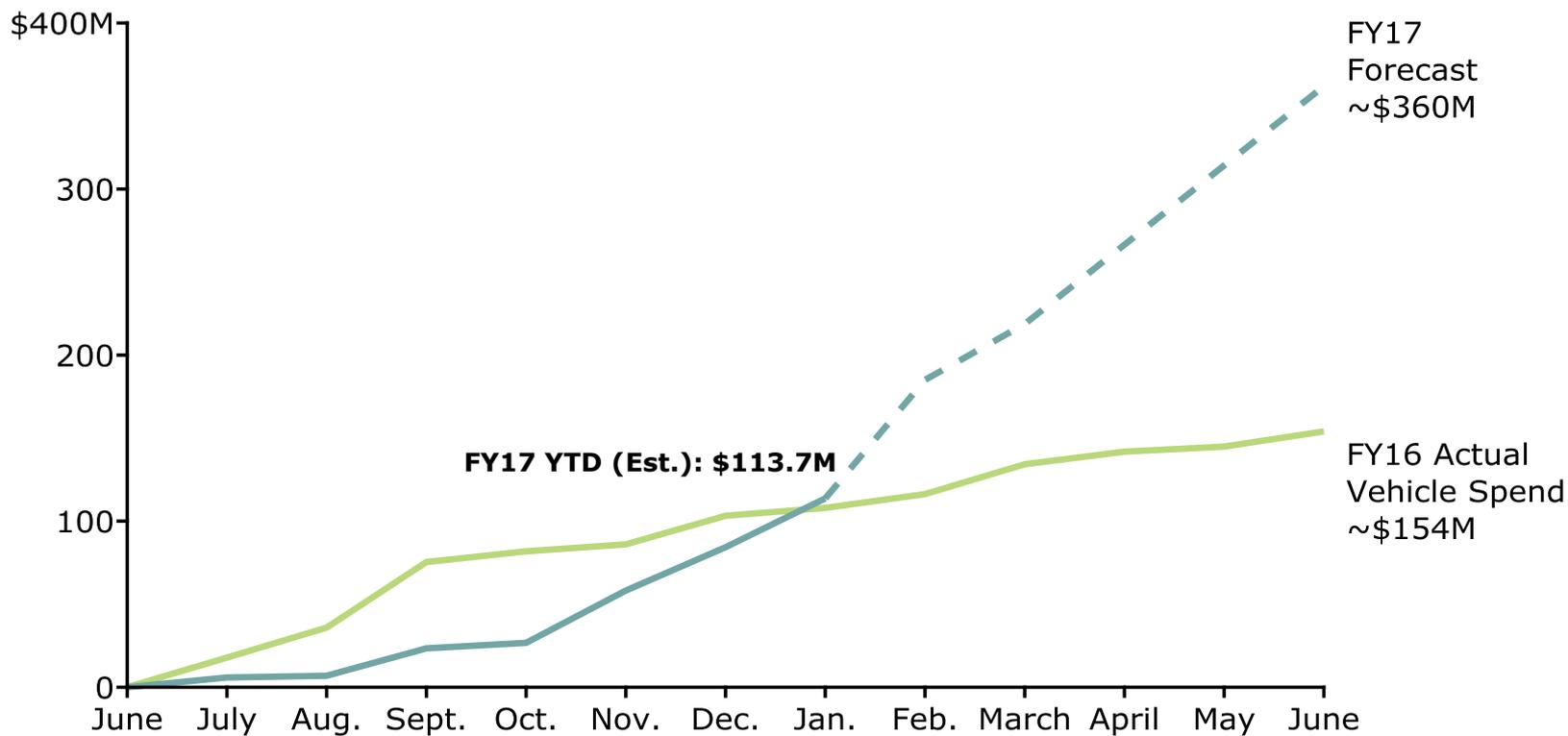
	Q1	Q2	Q3	Q4	
FY16 Actual	\$78.6M	\$99.5M	\$92.6M	\$77.7M	■ Actual
FY17 Forecast	N/A	\$92.3M	\$112.4M	\$112.4M	■ Forecast
FY17 Actual	\$78.5M	\$81.9M			



FY 2017 SGR Vehicle Engineering Spending Forecast is double FY 2016 Actual Spending

MBTA Capital Spending (Actuals, FY 2017 Forecast)

Updated through January 2016

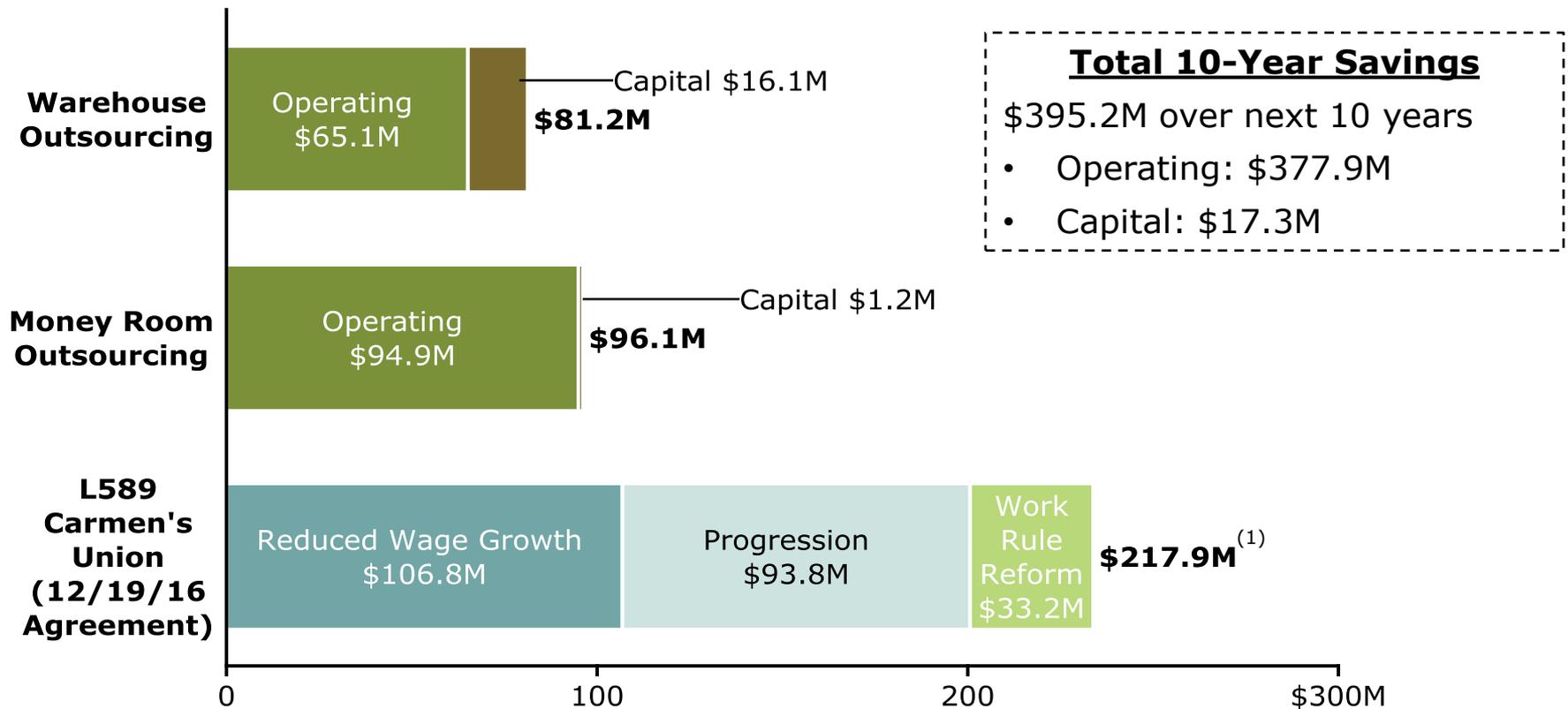


	Q1	Q2	Q3	Q4	
FY16 Actual	\$75.4M	\$27.8M	\$31.1M	\$19.8M	■ Actual
FY17 Forecast	N/A	\$94.2M	\$101.1M	\$143.2M	■ Forecast
FY17 Actual	\$23.4M	\$61.1M			



FY17 Recap on flexible contracting: Significant savings through both outsourcing and negotiated labor/productivity

10-Year Projected Savings

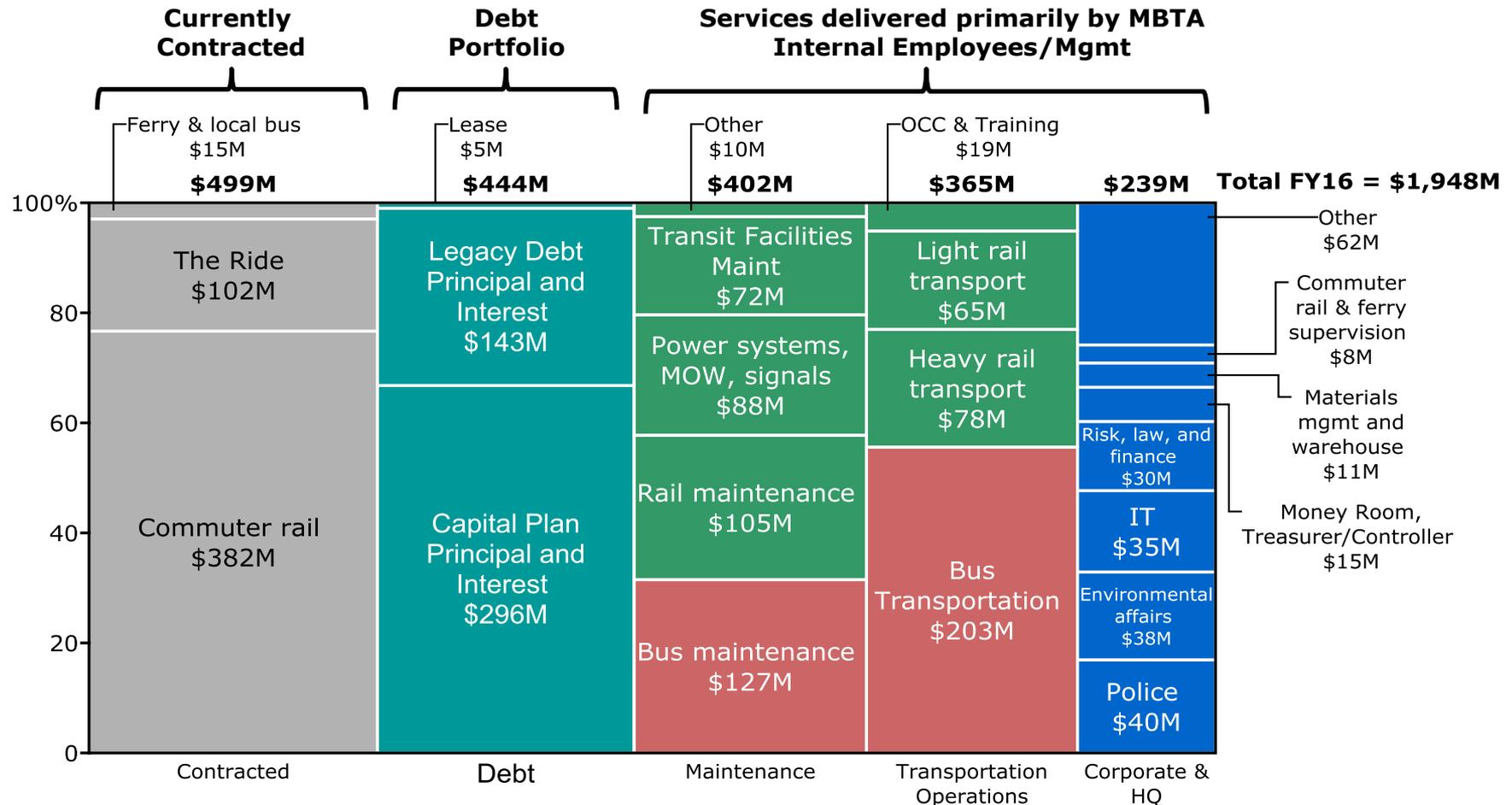


(1) Total L589 Carmen's Union savings net of \$16.0M in MBTA contributions to Health & Welfare Trust over next ten years.

Note: Warehouse and Logistics savings excludes \$22.7M in potential revenues from sale of excess inventory. Money Room savings excludes \$3.2M in potential revenues from sale of current money room facility and vehicle fleet.



Operating cost drivers: Maintenance is largest internal cost at \$400M per annum



*Includes allocated cost of Everett: Bus (\$19.6M) and Subway (\$32.2M)

Note: Includes allocation of fringe



FY18 Focus: Controlling Costs and Improving Service In Transportation and Maintenance



FY18 Focus

CONTROLLING COSTS AND IMPROVING SERVICE
IN TRANSPORTATION AND MAINTENANCE

FEBRUARY 2017

PROPRIETARY AND CONFIDENTIAL



**Massachusetts Bay
Transportation Authority**



FY18 Flexible Contracting Areas Of Focus

- Despite progress, FMCB will have to make tough decisions to bring the FY18 and 5 year operating budgets into balance
- Flexible contracting and/or negotiated labor productivity can reduce operating expenses and improve service
- Focus areas for RFI/RFP:
 - Bus maintenance (system-wide or garage-specific)
 - In-station customer experience (CSAs)
 - Consistent with L589 12/19 agreement:
 - › Contract out future expansion of bus service
 - › Contract out bus diversion due to capital improvement projects
 - Call center RFP evaluation committee will recommend vendor by 3/1/17



Back Up



Outsourcing Warehouse Operations

\$65.1M in Operating Savings and \$16.1M in Capital Cost Avoidance Over 10 Years

Former In-House Operation: Operating cost of \$135.6M and \$16.1M of capital investments

- MBTA annual cost of \$12.1M was projected to grow at 2.5% annually for 10 years
 - Annual cost includes \$2.0M associated with fully-loaded cost of 2% of mechanic labor time devoted to searching for parts
- Required \$16.1M in capital expenditures to upgrade current warehouse facilities and software

Mancon Contract: Operating cost of \$70.5M and avoid capital costs of \$16.1M

- Average annual Mancon contract of \$5.5M over first 5 years, with next five year period projected to grow at an annual average of 2.9%
- MBTA inventory management team and implementation contingency funds projected to cost \$1.5M for first five years, \$1.2M for last 5 years
- Avoids \$16.1M of capital expenditures associated with upgrading MBTA warehouse and software



Outsourcing Money Room Operations

\$94.9M in Operating Savings and \$1.2M in Capital Cost Avoidance Over 10 Years

Former In-Operation: Operating cost of \$131.2M and \$1.2M of capital investments

- FY2016 cost budgeted at \$11.8M, projected to grow at 2.5% annually
- AFC 2.0 implementation in Year 5 eliminates need for 3 FTEs responsible for processing currency and 2 FTEs associated with collecting currency, saving MBTA \$800K over 5 years
- Requires \$1.2M in capital expenditures for equipment and vehicle upgrades

Brinks Contract: Operating cost of \$36.2M and avoid \$1.2M in capital investment

- Average annual Brinks contract of \$3.5M over next 5 years
 - Currency collection and counting costs projected to fall by \$1.3M based on AFC 2.0 implementation and elimination of mobile vaults in Year 5
 - Brinks collection and counting costs projected to grow at 2.5% annually starting in Year 5 through end of 10-year period
- Annual MBTA contract oversight staff projected to cost \$500K for next 10 years
- Avoids \$1.2M of capital expenditure for equipment and vehicle upgrades



12/19 Carmen's Union Deal: Over \$200M in Projected 10 Year Savings

TOTAL SAVINGS: 12/19/16 AGREEMENT				
	4 Years	10 Years	25 years	Notes
Reduced wage growth (all L589 members)	(\$48.7)	(\$106.8)	(\$331.1)	<ul style="list-style-type: none"> ➤ 7/1/17 - 0% ➤ 7/1/18 - 1.5% ➤ 7/1/19 - 1.5% ➤ 6/30/20 - 2.5% ➤ 12/1/20 - 1.5% ➤ Average growth over 4 years - 1.55%; ~40% below historic trend, and in line with revenue growth
New hire progression to top rate	(\$27.4)	(\$93.8)	(\$350.1)	<ul style="list-style-type: none"> ➤ 236 Hires assumed per year ➤ Steps: 55%/60%/65%/75%/100%
40-hour workweek before OT	(\$2.3)	(\$5.6)	(\$18.1)	➤ MBTA updated to Q1 FY17 (~\$0.6M p.a.)
Electronic roster picking (10-hour rule savings)	(\$2.6)	(\$7.5)	(\$26.4)	➤ Electronic roster picking pilot software eliminates 10hr exceedances
Spread pay phase out (Linked to 4-day workweek pilot)	(\$2.0)	(\$5.1)	(\$17.3)	➤ In garages where the 4-day workweek has been implemented (as of 11/2016), spread pay has been eliminated
Electronic Roster Picking (Inspector OT and differential pay)	(\$4.7)	(\$15.0)	(\$54.3)	<ul style="list-style-type: none"> ➤ Inspectors working on the Pick must be backfilled on OT, this spend goes to zero (\$1.6M pa) ➤ Inspectors working on the Pick currently receive \$30 per day as differential pay (\$0.1M pa)
MBTA contribution to Health & Welfare Trust	\$7.1	\$16.0	\$42.6	<ul style="list-style-type: none"> ➤ Medicare Part B reimbursement capped at Medicare base rate (no reimbursement for surcharge); MBTA will contribute \$400 per subscriber, per annum ➤ Payments to Health and Welfare do not require fringe, and are not creditable to pension
TOTAL SAVINGS, 12/19/16:	(\$80.7)	(\$217.9)	(\$754.7)	
AVG. ANNUAL:	(\$20.2)	(\$21.8)	(\$30.2)	

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Notes: 15 year average of L589 increases is 2.7%; Labor agreement would be in effect until 6/30/2021; Historic 5-year average hires is 236
Source: MBTA Internal Data / The Labor Bureau, Inc.