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

Opportunity

Variable Costs

Operator hours, Power (fuel, electricity)

Constraint

Fixed Costs

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

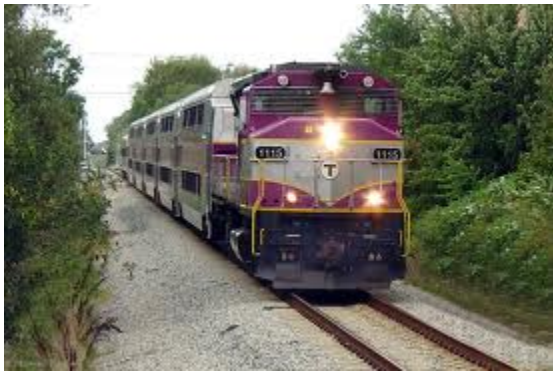
• Gross operating savings	$53m
• Lost fare revenue	($27.8m)
• Net Operating Savings	**$25.2m**
• Passenger trips	(25.2m) or 5.7%
• Revenue hours	(625k) or 7.6%
• Revenue miles	(7.2m) or 6.3%
• MBTA jobs	(368)

Service Reduction - Examples

Commuter Rail

- Eliminate
  - All weekend trains and customer service staff
  - Reduce conductors on board
  - Reduce weekday customer service hours

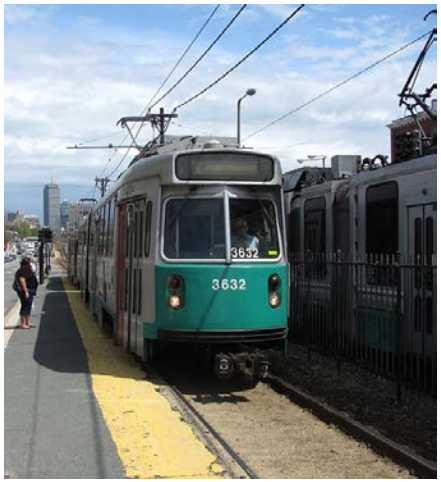
- Impact
  - Gross operating savings $5.7m
  - Staffing cost reduction $2m
  - Lost fare revenue ($12m)
  - Net Operating Savings **($4.3m)**
  - Passenger trips (2.4m)
  - Trains per weekend (270)



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

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