



Charles D. Baker, Governor
Karyn E. Polito, Lieutenant Governor
Stephanie Pollack, MassDOT Secretary & CEO
Frank DePaola, General Manager
Brian Shortsleeve, Chief Administrator



April 1, 2016

His Excellency Charles D. Baker
Governor
Office of the Governor
Room 280
Massachusetts State House
Boston, Massachusetts 02133

The Honorable Steven T. James
House Clerk
Office of the Clerk of the House
24 Beacon Street
Room 145—State House
Boston, Massachusetts 02133

The Honorable William F. Welch
Senate Clerk
Office of the Clerk of the Senate
24 Beacon Street
Room 335—State House
Boston, Massachusetts 02133

Thomas P. Koch, Chairman
MBTA Advisory Board
177 Tremont Street
Boston, MA 02111

Re: **Net Operating Investment per Passenger Mile**

Pursuant to Section 11 of Chapter 161A, the MBTA is providing the net operating investment per passenger mile ratio for fiscal years 2014 through 2018. As stipulated by the legislation, the calculation uses the values of the variables reported each fiscal year to the Federal Transit Administration for the National Transit Database.

The ratios for fiscal years 2014 and 2015 are based on actual data. The current and next two fiscal years are projections. The attached report provides an explanation for the year-to-year changes in the ratio.

Sincerely,

Michael Abramo
Acting Chief Financial Officer

Attachments (2)

Cc: Stephanie Pollack
MassDOT Secretary & CEO

**REPORT OF THE
MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
NET OPERATING INVESTMENT PER PASSENGER MILE**

FY 2014—FY 2018

As required under the MBTA's enabling legislation, the enclosed report details the "net operating investment per passenger mile" for all public transportation operations. This statistic represents the ratio of net investment (expenses less fares and other income) to passenger miles (cumulative miles ridden by all passengers for all modes of service). This report, based on the Federal Transit Administration's (FTA) "National Transit Database" statistics, is a 5-year trend analysis comparing the current year's (FY16) estimated ratio with the prior 2 years actual and a subsequent 2 years projection.

As indicated in the analysis, the 46.3 cents ratio for FY16 is projected to decline from the FY15 ratio of \$46.7 cents. Amounts are projected to increase in FY17 because of increases to operating costs associated with transferring capital employees to the operating budget and contractual obligations, combined with a decline in miles of service associated with the elimination of late night service. We have carried forward these FY17 numbers into FY18 as a best conservative estimate at this time, however, in both FY17 and FY18, our efforts to increase ridership and own-source revenue while decreasing operating costs will continue.

Massachusetts Bay Transportation Authority
Net Operating Investment per Passenger Mile

FY 2014-FY 2015 Actual; FY 2016-FY 2018 Projected

(Per "National Transit Database" Reporting Methodology)

	Operating Expenses	Fare Revenue*	Non-Transportation Income	Net Investment	Passenger Miles	Investment Ratio
FY 2014 (Actual)	\$1,430,423,586	\$593,989,088	\$37,876,919	\$798,557,579	1,847,714,947	\$0.432
FY 2015 (Actual)	\$1,490,330,937	\$616,548,635	\$41,748,834	\$832,033,468	1,780,107,621	\$0.467
FY 2016 (Projected)	\$1,496,848,071	\$633,440,382	\$43,330,328	\$820,077,361	1,769,426,975	\$0.463
FY 2017 (Budget Request)	\$1,560,147,159	\$677,574,782	\$51,705,384	\$830,866,994	1,742,885,571	\$0.477
FY 2018 (Projected) **	\$1,560,147,159	\$677,574,782	\$51,705,384	\$830,866,994	1,742,885,571	\$0.477

Note:

* Fare revenue includes parking lot proceeds

** FY 2018 revenue and expense projections are currently under development. For this report they are initially assumed to be equal to the FY 2017 Budget Request presented to the FMCB on March 16, 2016.

Section 11 of Chapter 161A of Massachusetts General Laws instructs the Authority to calculate the Investment Ratio using for the values of the variables the data reported each year to the Federal Transit Administration for the National Transit Database. As such, the data in the above chart differs slightly from the Authority's Statement of Revenue and Expenses.