



Charles D. Baker, Governor
Karyn E. Polito, Lieutenant Governor
Stephanie Pollack, MassDOT Secretary & CEO
Luis Manuel Ramírez, General Manager & CEO



March 15, 2018

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

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

RE: Massachusetts Bay Transportation Authority's Efforts to Maximize Non-Transportation Revenue for Fiscal Year 2017

Dear Mr. James and Mr. Welch:

Pursuant to Section 11 of Chapter 161A and the reporting requirements contained therein, the Massachusetts Bay Transportation Authority (the "MBTA" or the "Authority") is pleased to provide an update on the Authority's efforts to maximize non-transportation revenue.

Overall, the Authority collected \$110.0 million in non-transportation revenues in FY2017, versus \$93.7 million in FY2016.

MBTA non-transportation revenue is composed of revenue from four major sources:

- Advertising
- Parking
- Real Estate
- Other Income, including investment income, property sales, and inter-agency transfers

Advertising

The Authority earned \$17.4 million from advertising in FY2017 versus \$21.3 million in FY2016. The MBTA saw a slight decline in revenues year-over-year due to the transition of a new vendor, Outfront Media, in FY2017, but is poised for strong growth in FY2018 as new digital panels are rolled out across the system. The MBTA also receives guaranteed advertising revenue in the real estate line item from its outdoor billboard contracts with Clear Channel Outdoor and Outfront Media, and from advertising on bus shelters with JCDecaux. Going forward, the MBTA is making significant advances in converting its advertising plant to customer-centric digital panels, and in aggressively working to ensure that its contracts meet or exceed current market standards.

Parking

Parking revenues, net of bond payments and management fees, were \$21.1 million in FY2017 versus \$18.3 million in FY2016. The MBTA is one of the largest proprietors of off-street parking in the country with a total of 100 facilities serving commuters. In FY2017, the MBTA transitioned parking operations to a new firm, Republic Parking System, and implemented significant capital improvements in several of its facilities. In FY2018 and beyond, the MBTA will continue to make significant investments in its parking system to return assets to a state of good repair and improve the customer experience.

Real Estate

Real Estate revenue reached a total of \$18.1 million in FY2017 versus \$19.0 million in FY2016. Revenue generated by the use of MBTA-owned real estate includes: sales, lease, and grant of easements of surplus parcels; leasing of land and buildings such as concession/vendor space, advertising, abutter uses, and telecommunication facilities; curing of encroachments, and licensing for the use of land and buildings such as outdoor advertising (billboards) and underground utilities/fiber optics.

Other Income

Revenue from other mainly non-operating sources was a total of \$53.3 million in FY2017 versus \$34.5 million in FY2016. The main drivers of this increase were one-time income from the sale of South Station, payments from Massport for midlife overhauls of the Silver Line bus fleet, and

a significant increase in interest income. Other sources on non-operating revenues are investment income, Green Line Extension operating payments from MassDOT.

Conclusion

In the context of scarce public revenues, and significant modernization needs at the MBTA to support economic growth, we are actively engaged in identifying the full potential of our own-source revenue to reach our shared goal of providing adequate resources for public transportation in the Commonwealth.

Sincerely,

A handwritten signature in black ink, appearing to read 'MSA', is positioned above the printed name.

Michael S. Abramo
Chief Financial Officer
Massachusetts Bay Transportation Authority