

MTA Budget Overview

Transit Choices

April 11, 2024

MDOT
MARYLAND DEPARTMENT
OF TRANSPORTATION

MARYLAND TRANSIT
ADMINISTRATION

MTA Budget 101

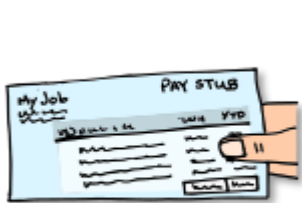
Operating Budget

Developed on an annual basis for one year at a time

Funds are appropriated and expended in the same fiscal year (July 1 – June 30)

Generally short term in nature

Expenses related to daily operations such as labor, utilities, fuel, supplies and materials, repair parts, contracted services, rent, etc.



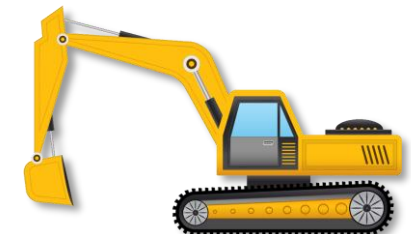
Capital Budget

Six-year program (CTP) updated on an annual basis

Funds can be moved within the 6-year window

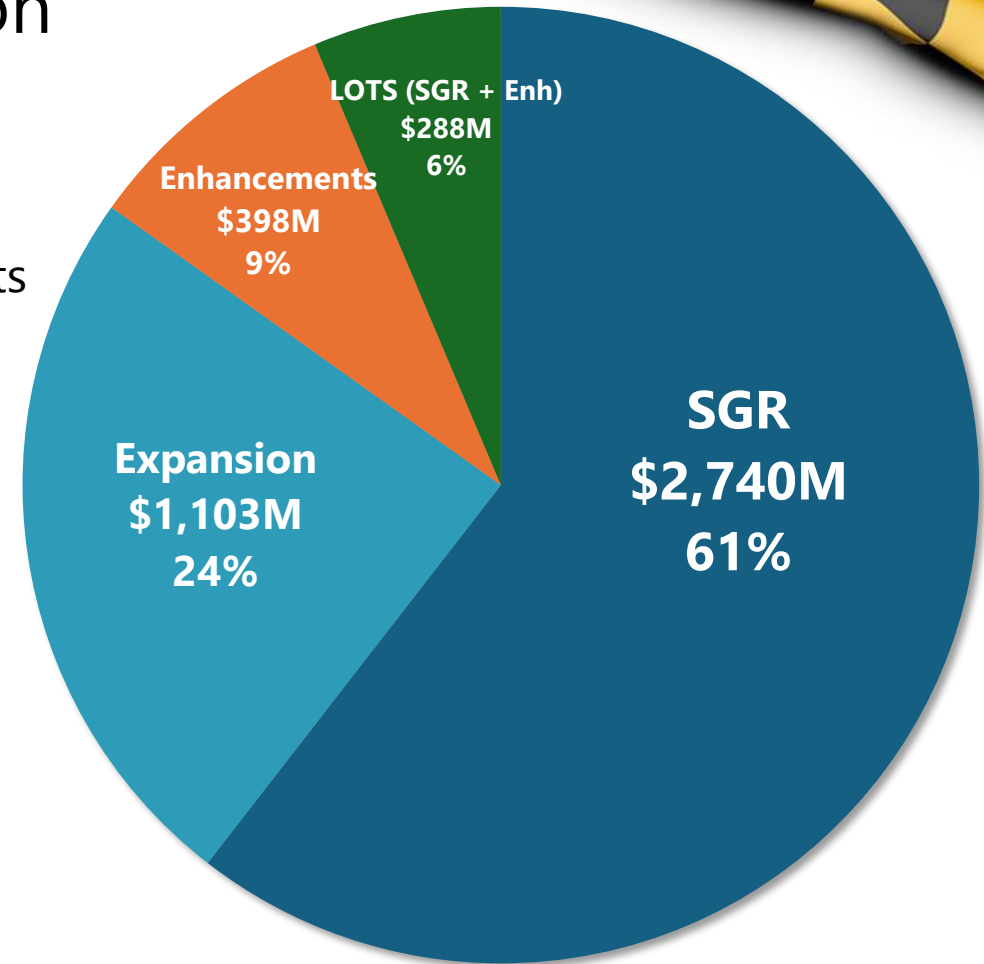
Generally longer term in nature

Expenses used to fund capital assets which have a useful life of more than 2 years; major asset categories include Vehicles, Guideways, Systems, Facilities, and Stations



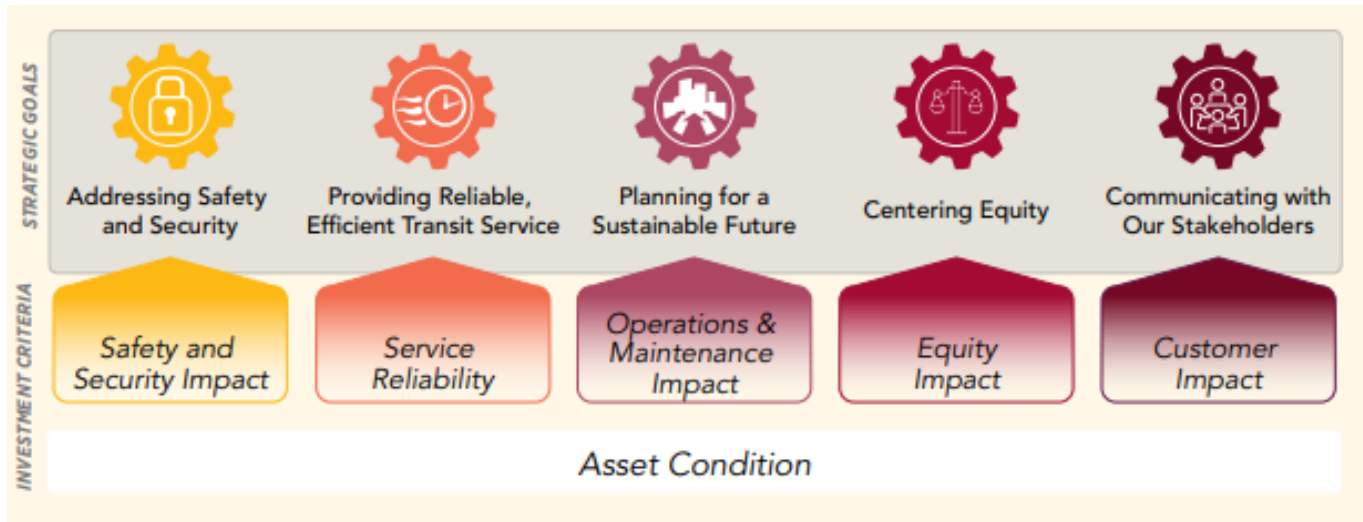
MTA's FY24-FY29 Capital Budget

- Total 6-year capital program = \$4.53 billion
 - Over 850 projects
 - Over 60% toward State of Good Repair
 - State of Good Repair (SGR) refers to keeping capital assets in a condition sufficient for the asset to operate at a full level of performance
 - Expansions include Purple Line and Red Line
 - Enhancements include Frederick Douglass Tunnel



Capital Needs Inventory (CNI)

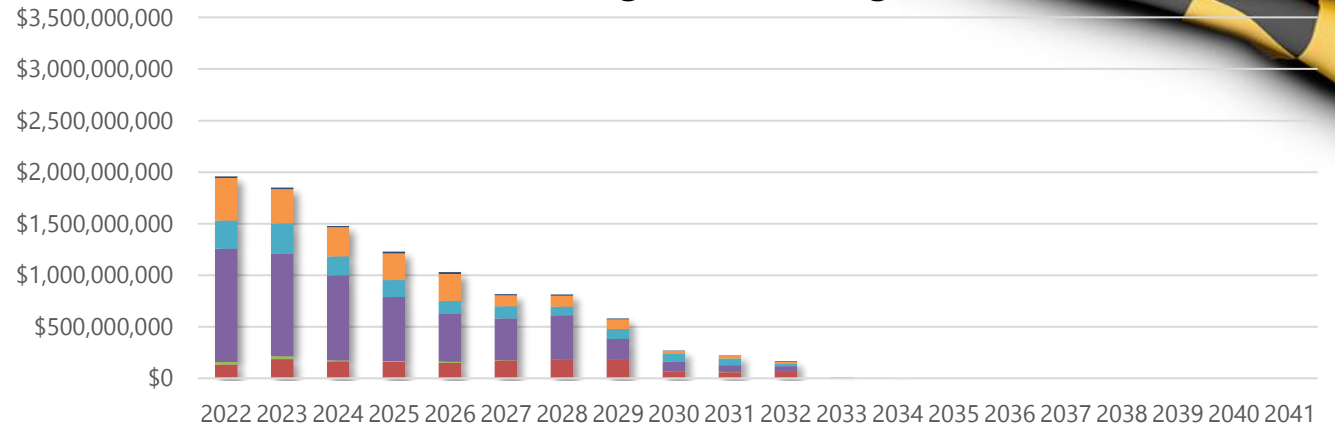
- Latest CNI published in July 2022, updated every three years
 - Covers 10 years of needs
 - Uses Transit Asset Management (TAM) framework to prioritize needs based on asset condition
 - Provides value of State of Good Repair (SGR) backlog
 - Excludes LOTS, Purple Line and system expansion
 - Shows investment level needed to address SGR and Enhancement needs



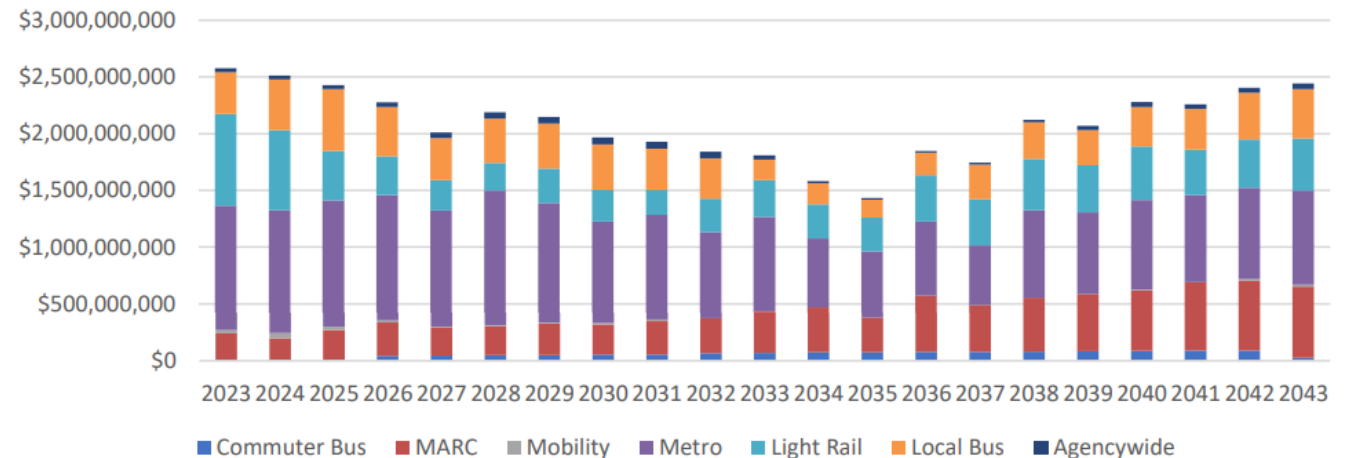
CNI Takeaways

- Predicts the condition of MTA's assets in future years, under different budget and spending conditions
- SGR backlog assumes achieving a safe, adequate, and industry standard state of good repair, not brand new conditions for all assets
- As of the 2022 CNI, the predicted amount of necessary annual SGR spending was \$512 million
 - This does not include costs for Purple Line, Red Line, Frederick Douglass Tunnel and other major initiatives

SGR Backlog by Mode, 2022 CNI Programmed Budget



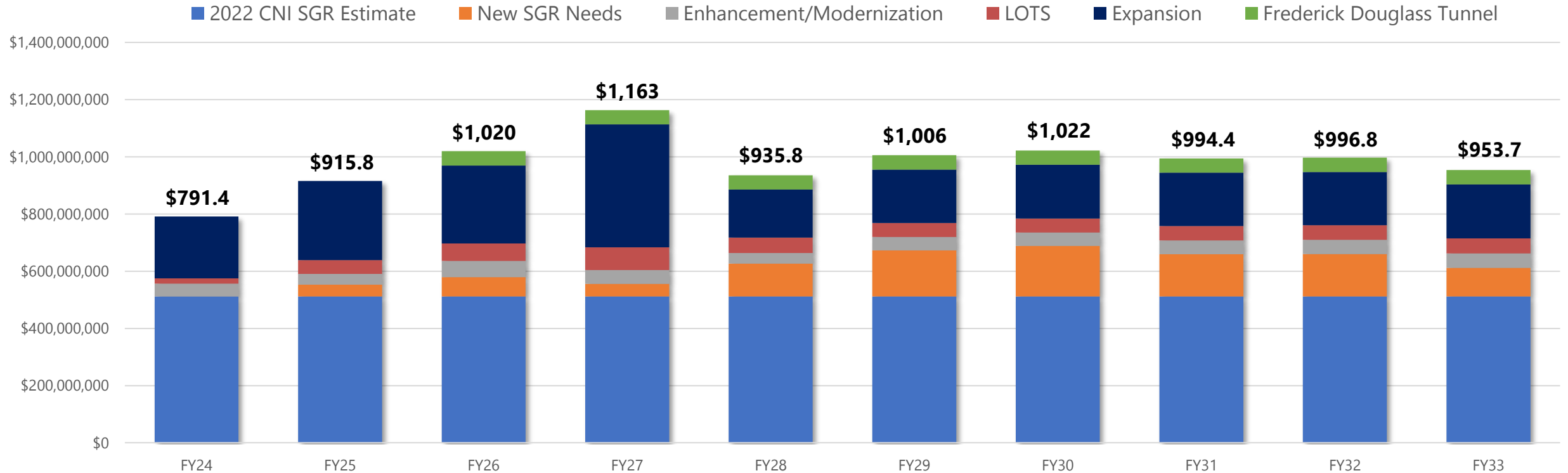
SGR Backlog by Mode, Current Budget



CNI Update

- 10-year capital expense to maintain existing system: \$9.8B
 - Annualized cost of \$980 million per year
 - Additional PINs needed

MTA Current Capital Spending Needs



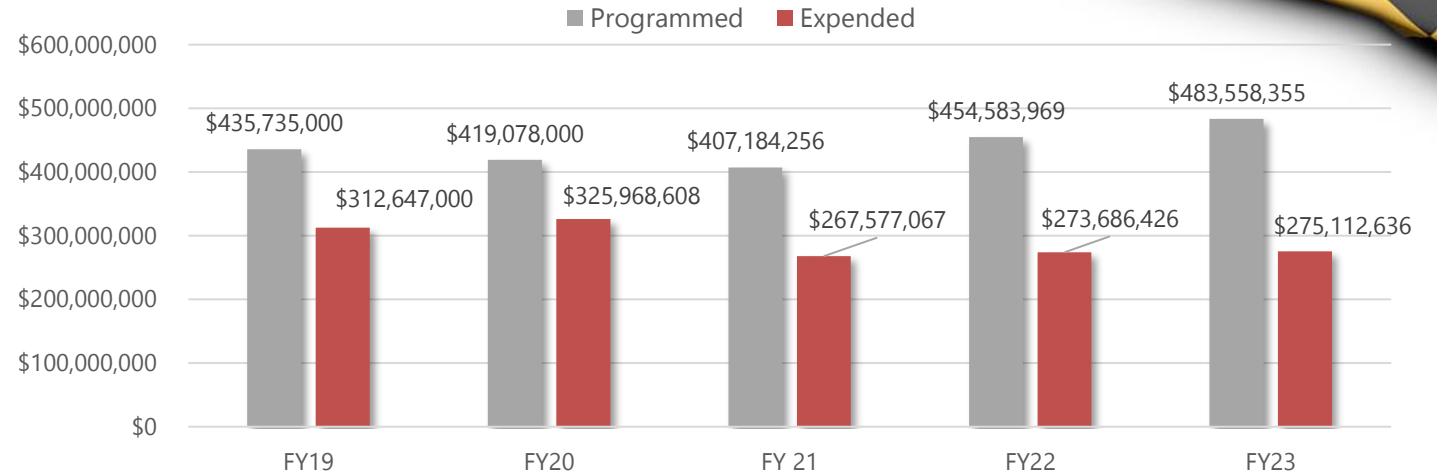
Note: Expansion category includes Red Line and Purple Line

Note: New SGR Needs category includes recent inflation, backlog growth since 2022, and more developed ZEB transition and Light Rail fleet replacement costs

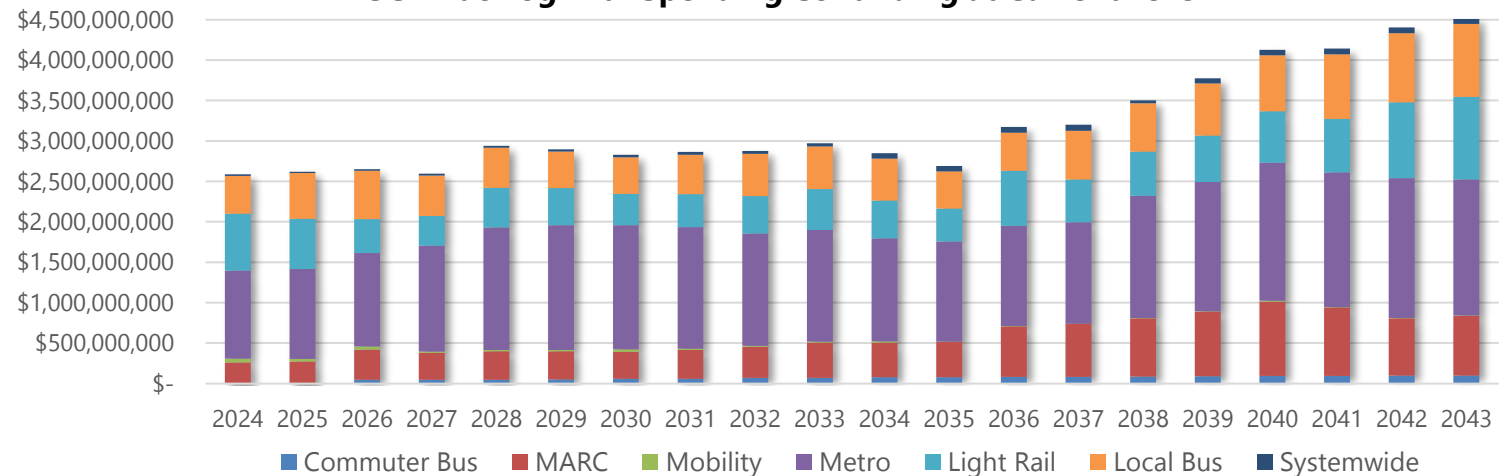
Capital Budget Delivery Challenges

- MTA is facing two simultaneous realities
 - Current funding is not sufficient to meet State of Good Repair needs
 - Capacity constraints limit ability of agency to spend programmed funds

SGR Spending by Year – Programmed vs Expended



SGR Backlog with Spending Continuing at Current Level



Capital Budget Delivery Challenges

- Undersized administrative workforce
 - Lower staffing levels create bottlenecks in key roles in engineering and asset maintenance as well as procurement, HR, and Legal
- Recruitment and retention challenges tied to compensation packages which lag behind industry

- Policies and regulations
 - Internal contract authority capped at \$200k
- Supply chain challenges

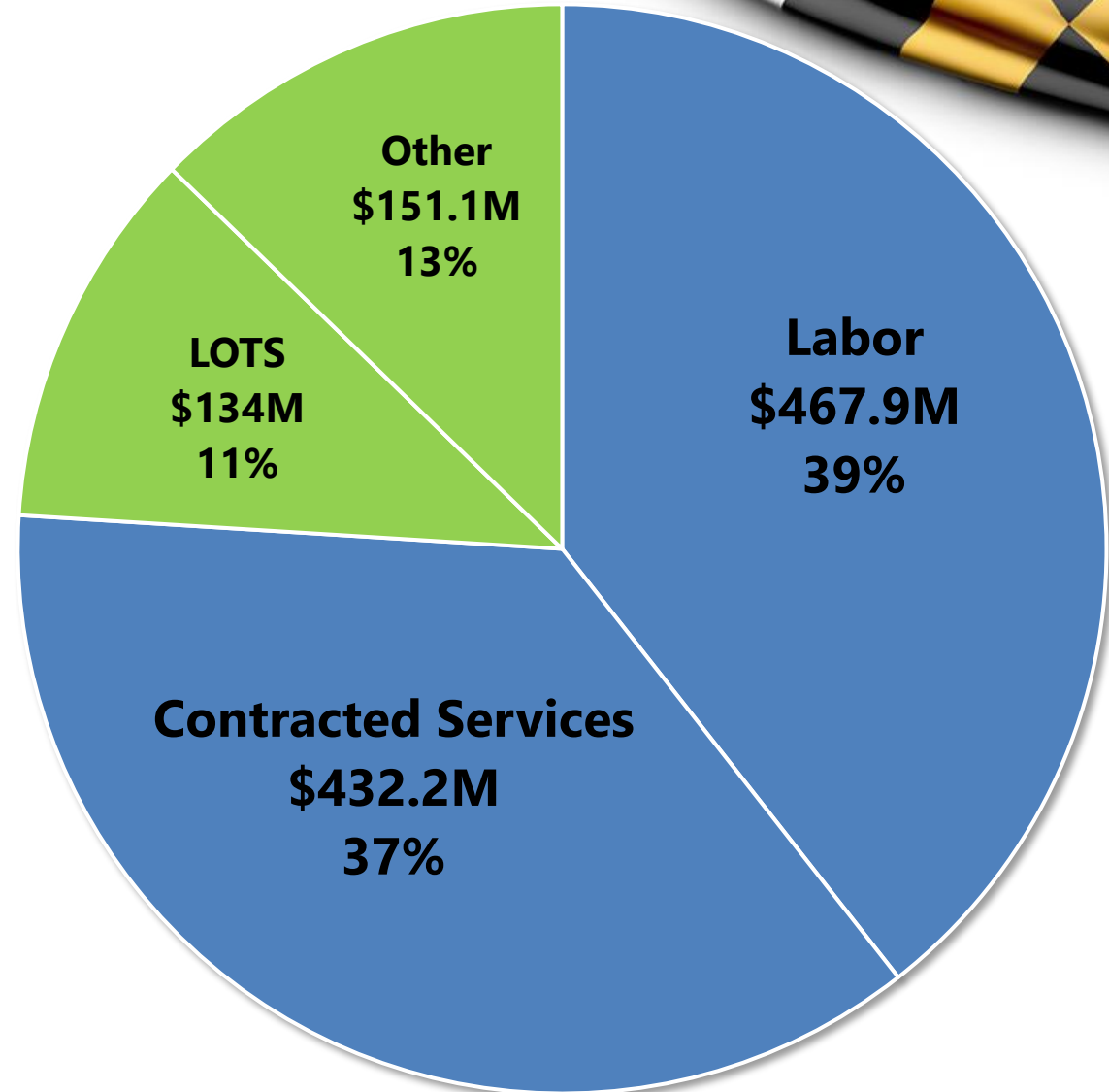
	<i>Agency Employee to Revenue Vehicle Ratio</i>
<i>MTA</i>	1.6: 1
<i>Greater Cleveland Regional Transit Authority (GCRTA)</i>	3.4: 1
<i>Metro Transit (Minneapolis)</i>	3.7: 1
<i>Pittsburgh Regional Transit (PRT)</i>	2.3: 1
<i>Regional Transportation District (RTD – Denver)</i>	1.5: 1
<i>Southeastern Pennsylvania Transportation Authority (SEPTA)</i>	3.4: 1
<i>Washington Metropolitan Area Transit Authority (WMATA)</i>	2.9: 1
<i>Peer Average</i>	2.3: 1

Ongoing Efforts to Increase MTA's Organizational Capacity

- Personnel efforts
 - Added 3 PINs to MTA's Procurement office
 - Added new Director of Capital Program and Asset Management position
 - Added Capital Program support staff to speed up funding approvals and provide more information to department managers and directors on spending progress
 - Hired additional Planning and Engineering consultants to drive projects
- Policy efforts
 - Established Program Management Oversight office that is responsible for ensuring projects are coordinated, bundled and prioritized to maintain schedules
 - Implemented process changes to reduce work order and funding approval bottlenecks
 - Improves agency's ability to deliver what we currently advertise
 - Engaging department directors in budget management
 - Building larger pipeline of planning and engineering efforts that provide flexibility to react to unanticipated project delays

MTA's FY25 Proposed Operating Budget

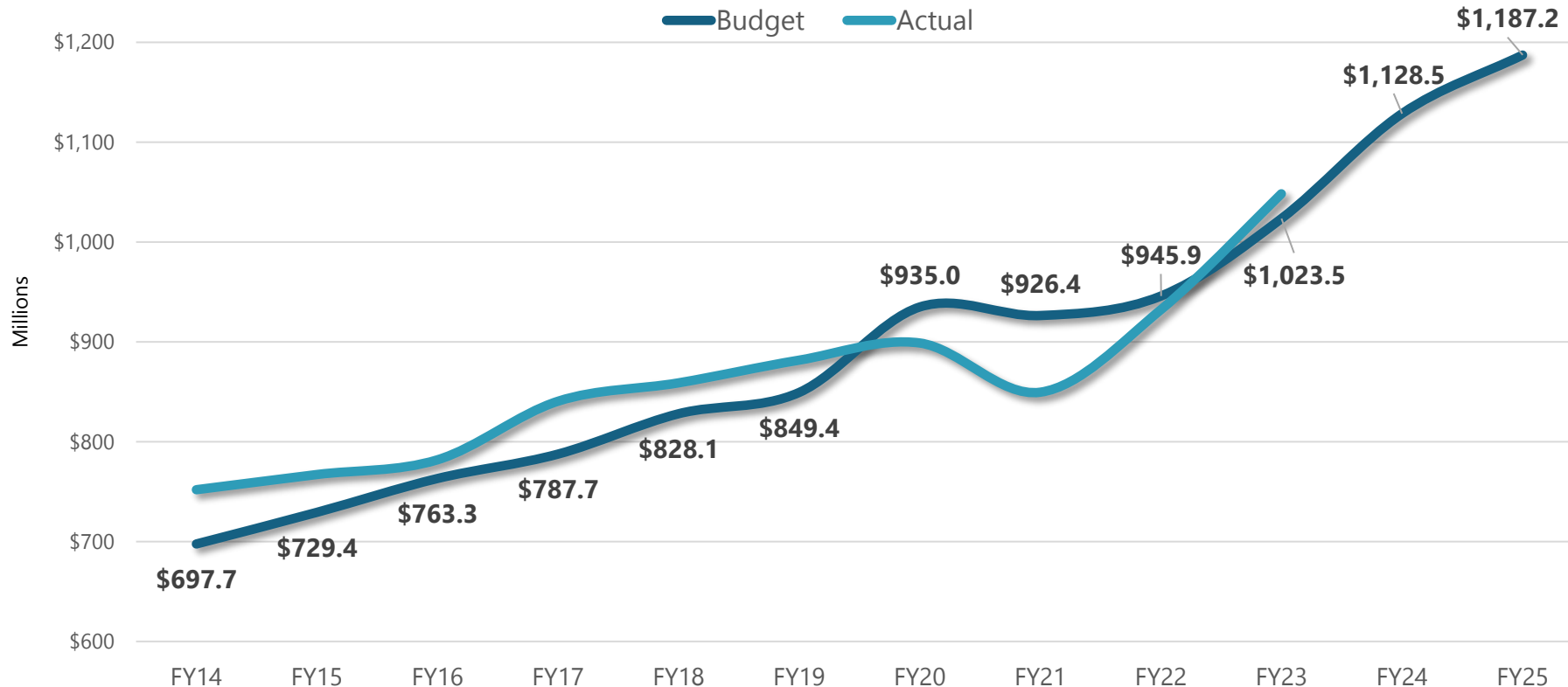
- Total for FY25 = \$1.19 billion
- 76% is labor and contracted services
- Other category includes:
 - Rent and utilities
 - Parts, inventory, and diesel
 - Supplies, equipment, and communications



MTA's Operating Budget Over Time

- MTA's operating costs have increased over time
- MTA has improved its budget management in recent years

MTA's Operating Budget vs Expended Over the Last 10 Years



- Primary operating cost drivers:
 - Increased labor costs
 - Inflation
 - Supply chain issues for repair parts & materials
 - Access fees for host railroads
 - Contract cost escalators

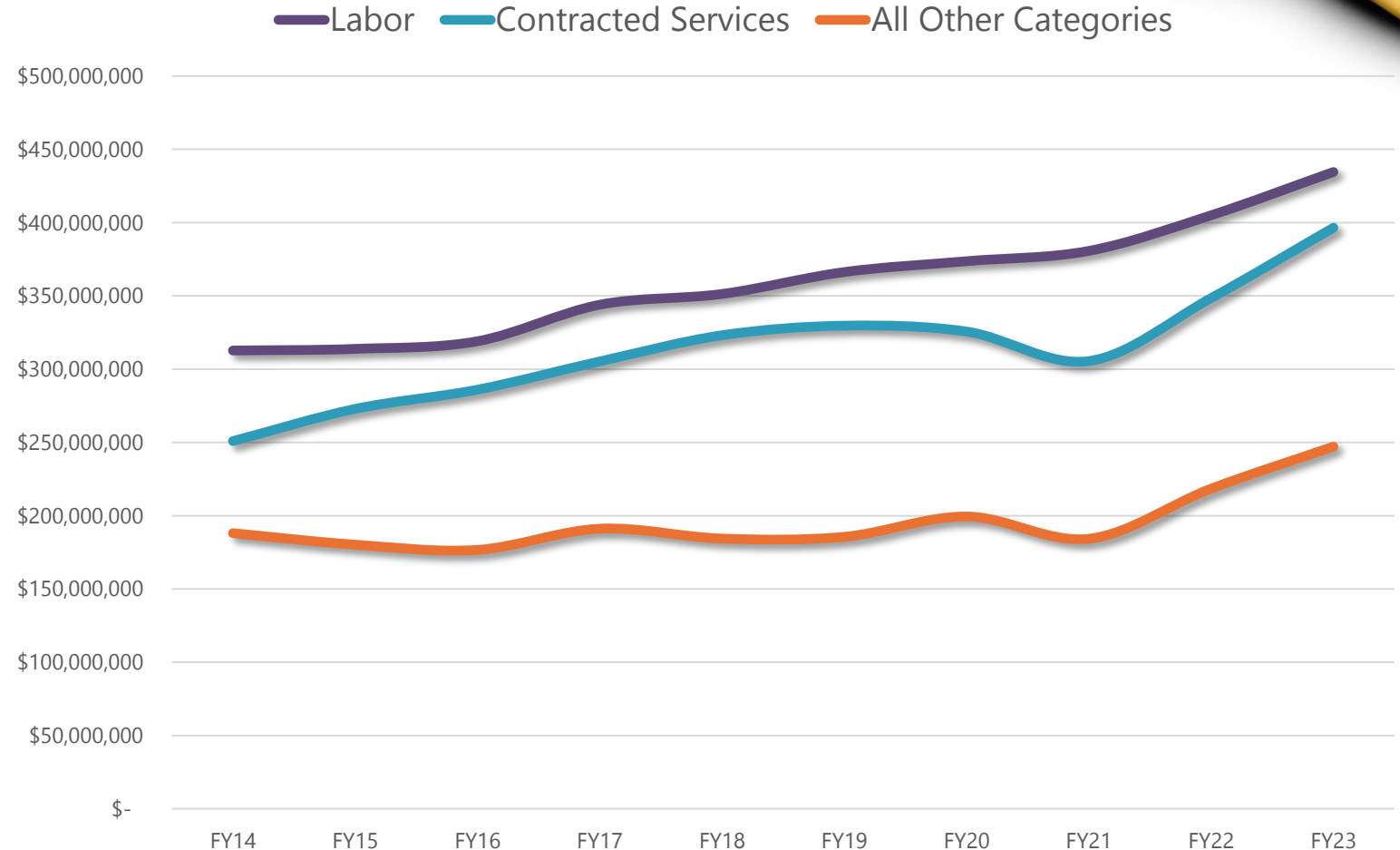
MTA's Operating Budget Over Time

- Since FY14...
 - MTA's labor costs have increased by 40%
 - Contracted services have increased by 60%, including a 30% jump between FY21 and FY23
 - Overall expenditures have increased by 43%

MTA's YOY Service and Labor Expenses

	FY19	FY20	FY21	FY22	FY23	FY24
Commuter Bus	2.8%	-0.8%	0.2%	2.3%	3.3%	3.6%
Mobility	6.4%	21.3%	3.0%	3.0%	30.2%	13.1%
MARC	4.0%	6.8%	3.0%	3.0%	5.4%	25.5%
Union Wages	3.0%	3.2%	3.2%	3.2%	8.6%	6.5%

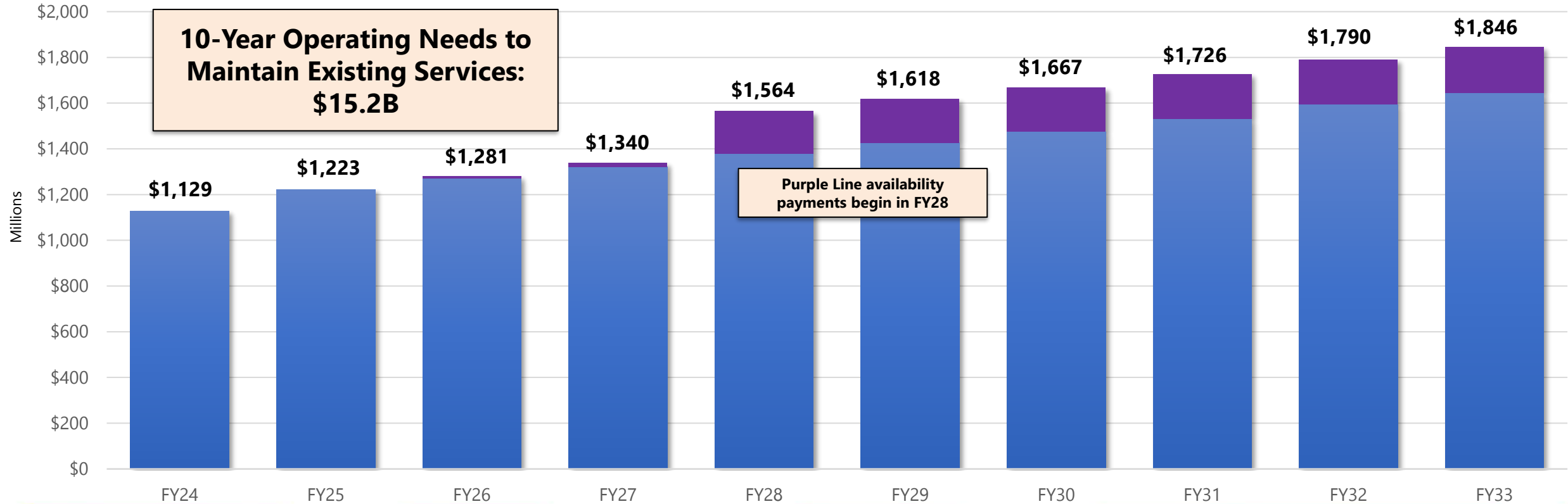
MTA's Operating Expenses by Major Category

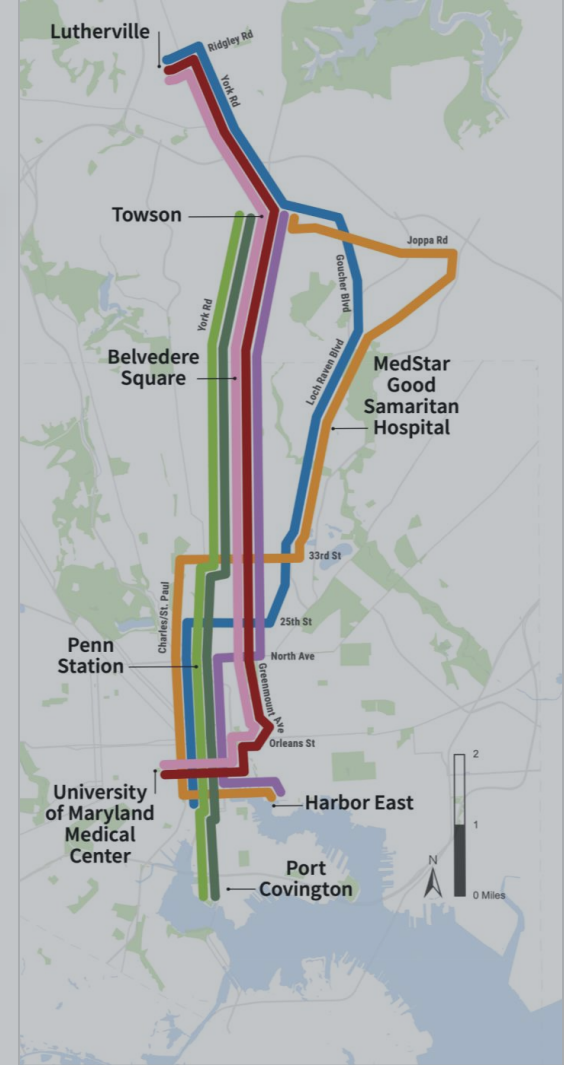
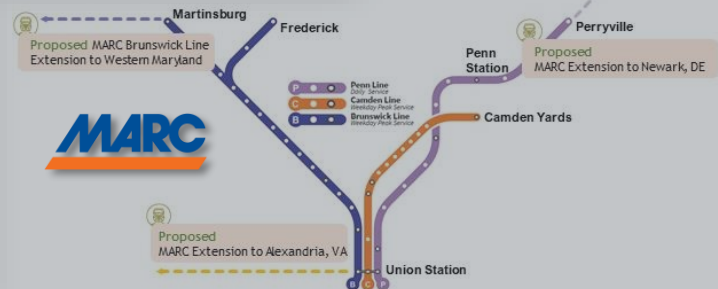
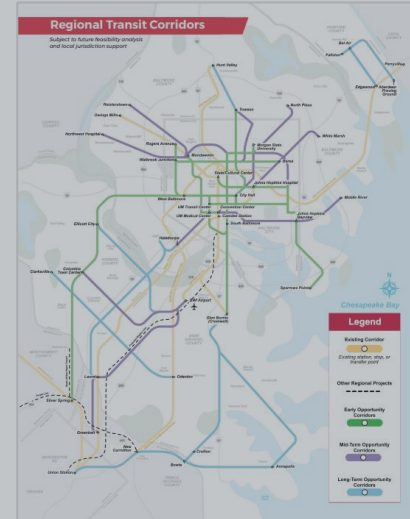
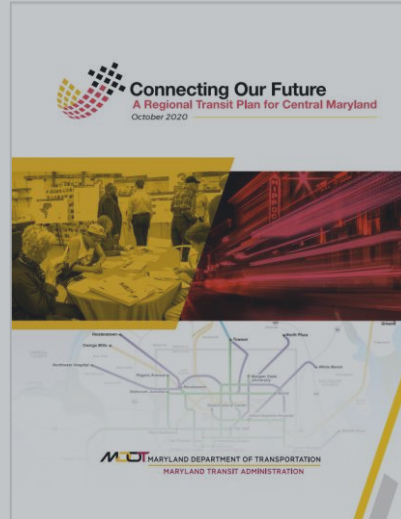
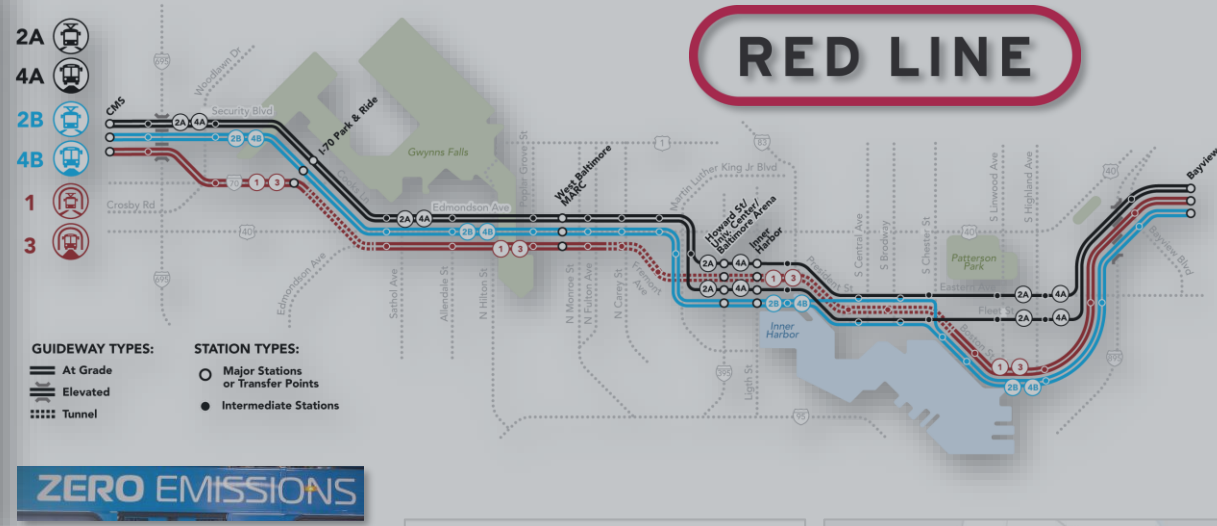


MTA's Operating Funding Needs

- 10-year operating expense to maintain existing services: \$15.2B
 - Includes no additional service increases with the exception of the Purple Line
 - Includes current levels of Commuter Bus

Expected 10-Year MTA Operating Budget to Maintain Existing Services





Looking Ahead

A Better Transit System is Possible

With additional investment, in 10-years, we can have:

- A transit system that is **frequent, reliable, and easy to use**
- Transit that **expands to meet the region's and State's growth** and **supports economic development**
- A transit experience that is **pleasant and dignified**
- A system where buses and trains are **so frequent that you don't need a schedule**

What Does That Mean in 3 Years?

Within the next 3 years, with additional PINs and funding, we can have:



**30-minute
minimum bus
standard on all
routes**

**Increased
Sunday Light
Rail service**

**A reimagined
Commuter Bus
system with all
day service**

**6-minute
Metro
headways**

**Transit
ambassadors,
restroom
attendants, and an
overall improved
experience for
riders**

**Increased capital
and operating
funding for LOTS**



Note: Would require an additional \$260 million in operating expenses and ~400 PINs

What Does That Mean in 10 Years?

Within the next 10 years, with appropriate investments across the system, we can have:

Red Line open

3 to 5-minute average wait time on bus FTN

Increased MARC service on all lines

Regional Transit Hubs enabling better connections with LOTS

A pipeline of New Starts projects underway including Southern Maryland Rapid Transit, North-South, and Baltimore East Side Access

7-minute Light Rail headways and new vehicles

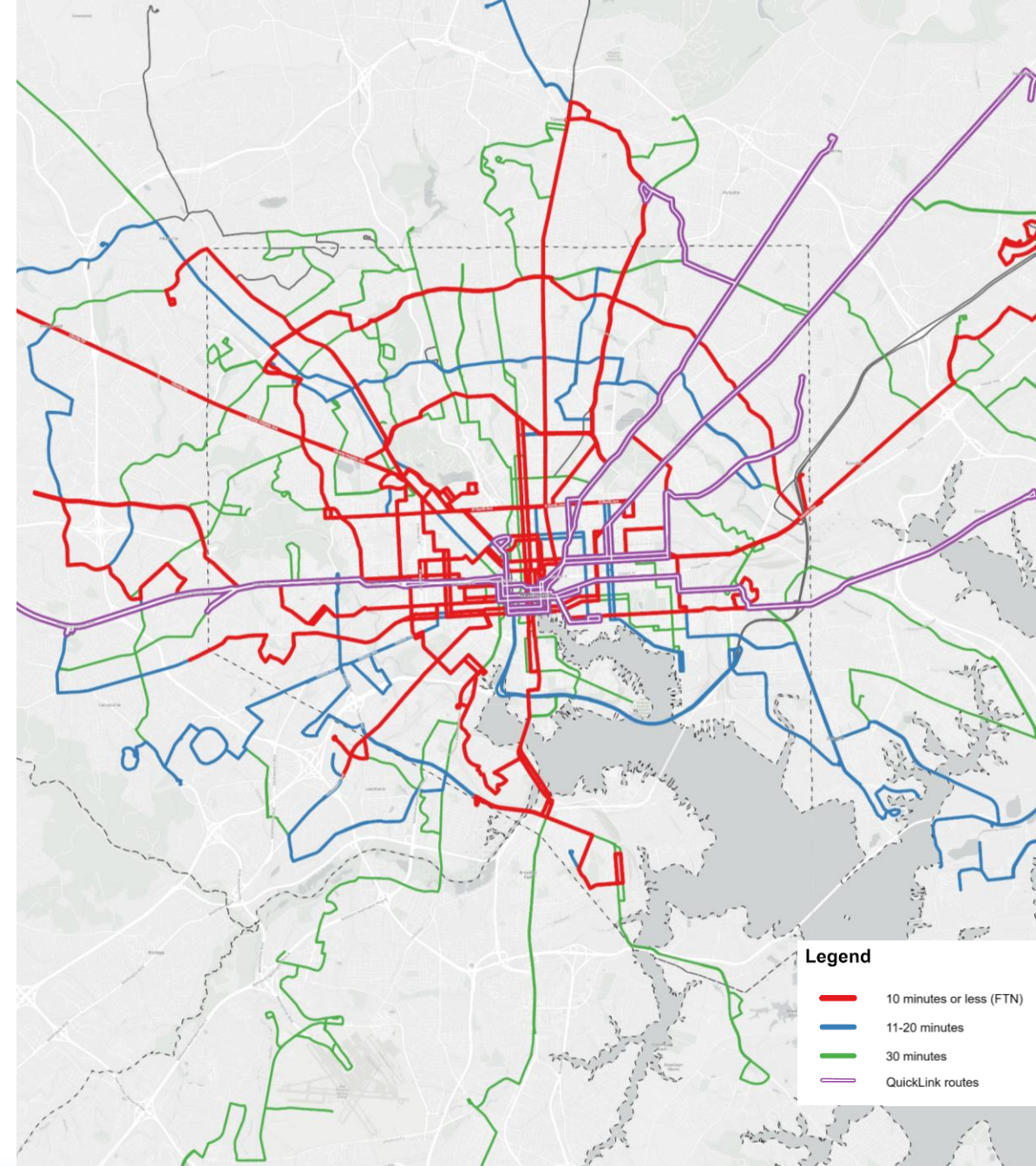
An expanded Mobility fleet

Upgraded Metro, Light Rail, and MARC stations

A state of good repair backlog that is fully eliminated

10-Year Bus Vision

- Frequent Transit Network expanded to 20 routes
 - Average wait time of 3-5 minutes
- 5-route QuickLink network
 - Leverages existing dedicated bus lanes and RAISE E-W improvements
- 10 additional LocalLink routes with average wait times of 7-10 minutes
- 28 remaining routes on minimum 30-minute standard or better



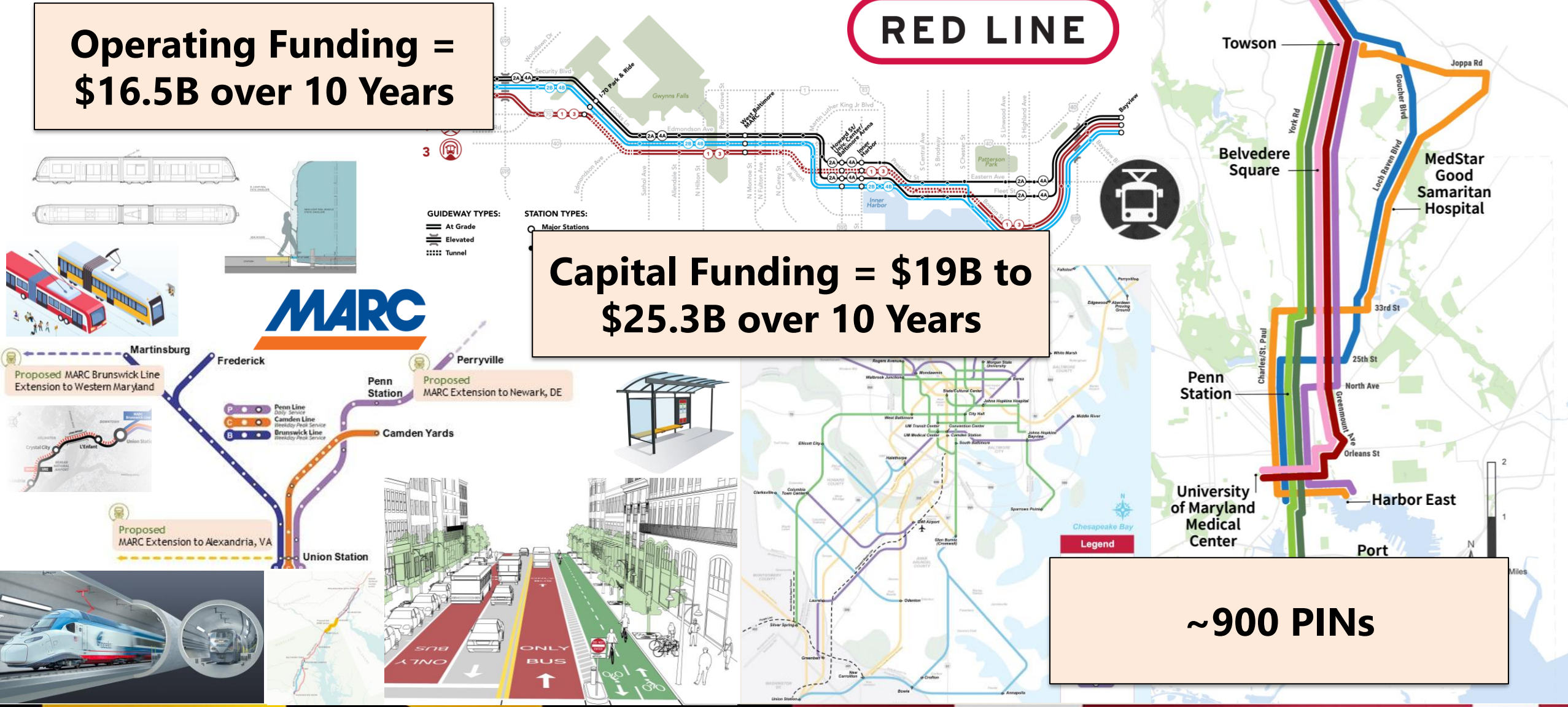
What Does it Take to Get There?

Operating Funding = \$16.5B over 10 Years

RED LINE

Capital Funding = \$19B to \$25.3B over 10 Years

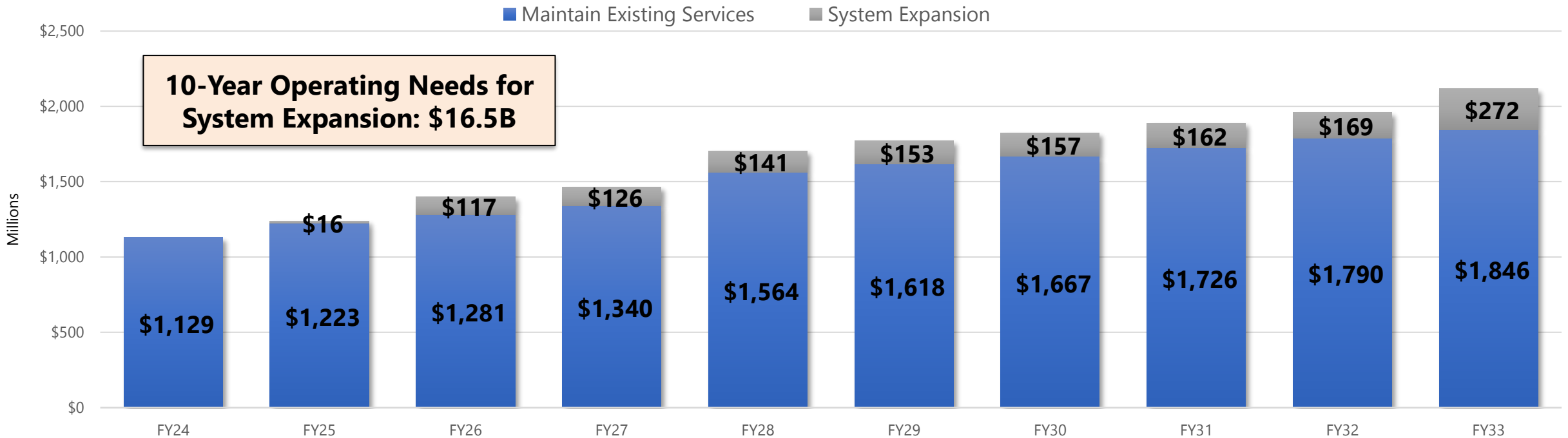
~900 PINs



MTA's Operating Funding Needs

- 10-year operating expense for system expansion: \$16.5B
 - Includes maintaining existing service, Purple Line, Red Line, MARC service expansion, 5th bus division, expanded Core Service frequency, expanded Mobility service, reimagined commuter bus system, increased LOTS operating funds

Expected 10-Year MTA Operating Budget for System Expansion

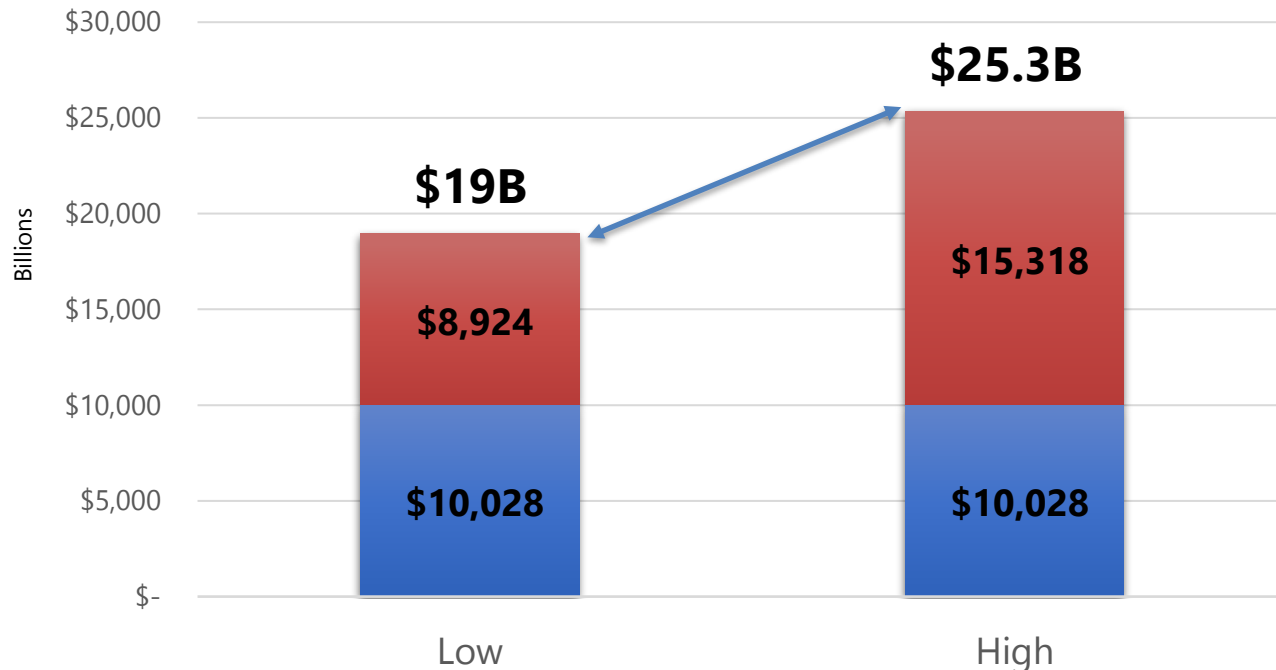


MTA's Capital Funding Needs

- 10-year capital needs for system expansion: \$19B to \$25.3B
 - Includes maintaining existing system, Purple Line, Red Line, MARC service expansion, 5th bus division, new Light Rail vehicles, increased LOTS capital funds, and a pipeline of New Starts projects underway including Southern Maryland Rapid Transit, North-South, and Baltimore East Side Access

MTA 10-Year Capital Needs

■ Maintain Existing Services ■ System Expansion



Low scenario assumes lowest cost estimates for Red Line, N-S, and SMRT

High scenario assumes highest cost estimates for Red Line, N-S, and SMRT