



CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT

BRIAN MURPHY
Assistant
City Manager for
Community Development

To: Robert W. Healy, City Manager

From: Brian P. Murphy, Assistant City Manager for Community Development Department

Date: February 8, 2012

Re: Council Order O-10 dated January 9, 2012 regarding proposed MBTA fare increase and service cuts; and
Council Order O-8 dated February 6, 2012 regarding attendance at the February 29, 2012 MBTA public meeting

BACKGROUND

The MBTA faces a \$161 million deficit next fiscal year, a problem not the fault of the MBTA but part of a larger structural problem with transportation financing across the Commonwealth. With the MBTA under legal obligation to balance its books, it has four options: (1) reduce costs, (2) reduce service, (3) increase fares, (4) increase revenues provided by the legislature. With cost cutting measures exhausted and a legislature unwilling to provide either debt relief or additional revenue, the MBTA has proposed two scenarios that offer a combination of fare increases and service cuts to achieve a balanced budget for next year.

Until 2000, the legislature funded MBTA deficits at the end of each year, which limited the incentive to innovate or find savings. Legislators developed a plan in 2000 to require the MBTA to have an annually balanced budget. The plan, called "Forward Funding," gave the MBTA dedicated sources of revenue and mandated reform. Forward Funding provided for one penny out of five collected from the sales tax to be allocated to transit. At the time, Forward Funding was designed as a quick fix and was not expected to provide adequate funding to the MBTA in the longer term. In the 1990s, sales tax revenues grew an average of 6.5 percent per year but since 2000, this growth has only averaged 1 percent, providing far less revenue to the MBTA than was anticipated as part of the Forward Funding plan. The financial problem is compounded by the MBTA's approximately \$5 billion in debt, the majority of which is from the Central Artery/Tunnel project (CA/T). Transit expansion projects were included in the CA/T project to mitigate the traffic growth and environmental impacts caused by the greater capacity of the tunnel, as compared with the former elevated expressway. One third of current MBTA operating expenses pay for this debt service, meaning investments that would keep the system in a state of good repair and running reliably are repeatedly postponed.

MBTA's means over the past decade to balance its budget are no longer available: restructuring debt, liquidating cash reserves, and selling land. In 2000, MBTA

fares were increased by 25%, the first time since 1991. Another 25% fare increase occurred in 2004 to generate an additional \$25 million annually. The last fare increase in 2007, which raised an additional \$70 million per year in revenue, was accompanied by a fare restructuring that introduced a single subway/bus pass and allowed free transfers between subway and bus. In 2009 Governor Patrick approved a state sales tax increase from 5 percent to 6.25 to cover deficits at the MBTA and Turnpike Authority, avoiding both a fare hike and toll increase.

Since 2000, the MBTA has implemented significant cost cutting measures, but some expenses (fuel, electricity, health insurance, federally mandated door-to-door service for the disabled) have far exceeded projections. In terms of controllable data measured by headcount and the automated fare collection system, the MBTA operates efficiently and compares favorably against peer agencies on benchmarks such as operating expense per passenger. In 2011, the MBTA achieved a record for ridership, providing 390 million trips.

Public transit is critical to making the City of Cambridge a livable city. Over 73% of the Massachusetts population lives within the MBTA service district, with over 1.3 million trips taken each day. According to the 2010 census, 27% of all Cambridge residents rely on transit as their primary means of commuting to work. Many more use transit as a secondary means to get to work and use it regularly for non-commuting purposes. The MBTA Red Line carries 250,000 riders per typical weekday. There are 26 bus routes that are in or pass through Cambridge (see route map in Attachment A), carrying about 85,000 riders per typical weekday. Of the 10 highest ridership bus routes in the entire MBTA system, four of them are in Cambridge (#66, #1, #77, and #70).

High demand is already stretching the entire system. Four of the bus routes that operate in Cambridge (#1, #47, #66, and #71), fail the “vehicle load standard,” meaning there is excessive crowding during peak times. The “vehicle load standard,” which is expressed as the ratio of passengers to the number of seats on the bus, is exceeded when more than 28% of passengers on a bus are standing without a seat.

The ability of our region’s economy to grow depends largely on the efficiency and effectiveness of our transportation system. Regional projections for mobility needs by the year 2035 indicate that there will be a 7% increase in demand for our roadways and a 30% increase in demand for transit service. The recent Global Warming Solutions Act had the Commonwealth set a goal of reducing GHG emissions by between 10% and 25% below 1990 levels by 2020, only achievable with more public transit.

FARE INCREASE PROPOSALS

The MBTA has prepared two scenarios to close the projected deficit. Scenario 1 raises the majority of the needed revenue through a fare increase, with the remainder of the deficit covered by reducing service. Scenario 2 is split approximately evenly between revenue gains from a fare increase and saved operating costs from service reductions. Scenario 2 recommends significant service cuts. Following is a summary of the two proposals:

	Scenario 1	Scenario 2
Overall Fare Increase (all fare media types)	43%	35%
Ridership Impact	34–48 million annual trips	53–64 million annual trips
% of total current ridership	9 to 13%	14 to 17%
Revenue	Gain \$161 million in annual revenue (+34%) \$123.2m increase in fare revenue \$38.3m net operating savings	Gain \$165 million in annual revenue (+35%) \$86.8m increase in fare revenue \$78.4m net operating savings

Scenario 1 is projected to raise annual fare revenue by \$123.2 million through increasing fares by approximately 43 percent and to save approximately \$38.3 million in operating costs through service reduction, for a total estimated gain in annual revenue of \$161 million. Scenario 1 is projected to result in a ridership loss of 34 to 48 million annual trips. Scenario 2 is projected to raise annual fare revenue by \$86.8 million through increasing fares by approximately 35 percent and to save approximately \$78.4 million in operating costs through service reduction, for a total estimated gain in annual revenue of \$165 million. Scenario 2 is projected to result in a ridership loss of 53 to 64 million annual trips.

The percentage increase in pass prices is generally less than that in the single-ride fares in both scenarios; 75% of all riders use passes. Both scenarios propose to increase the cash fares at a higher percentage than the CharlieCard single-ride fare to encourage the use of the smart card technology, which significantly reduces boarding times on buses. Few riders (mostly tourists and infrequent riders) currently pay the cash fare, since use of the CharlieCard provides a savings.

CharlieCard fares

	Subway	Bus
Existing	\$1.70	\$1.25
Scenario 1	\$2.40 (40% increase)	\$1.75 (32% increase)
Scenario 2	\$2.25 (32% increase)	\$1.50 (20% increase)

Pass prices

	Subway/Bus LinkPass	Bus Pass
Existing	\$59	\$40
Scenario 1	\$80 (36% increase)	\$55 (38% increase)
Scenario 2	\$78 (32% increase)	\$48 (20% increase)

Parking price increases are also included in both proposals.

Parking prices

	Alewife Station	Lechmere Station
Existing	\$7	\$5.50
Scenario 1	\$10 (43% increase)	\$7.50 (36% increase)
Scenario 2	\$9 (29% increase)	\$7.00 (27% increase)

THE RIDE, the T's paratransit program, provides door-to door transportation to eligible people who cannot use general public transportation all or some of the time because of a physical, cognitive or mental disability. Paratransit functions as a “safety net” for people whose disabilities prevent them from using the regular fixed-route (bus, train or trolley) system and is not intended to be a comprehensive transportation program that meets all the needs of persons with disabilities; it is distinct from medical or human services transportation. THE RIDE is operated in compliance with the federal Americans with Disabilities Act (ADA). Though the MBTA is required to provide paratransit service only within its service area, it currently services well beyond the area. THE RIDE base fare increases from \$2 to \$4.50 in scenario 1, and to \$3 in scenario 2. Both scenarios continue to provide THE RIDE service outside of the ADA-mandated service area, but charge a premium for providing such service. Premium fares are \$12 in scenario 1 and \$5 in scenario 2.

Senior fares increase by a larger percentage than other fares in both Scenario 1 and Scenario 2, while student pass fares increase by a larger percent only in Scenario 1. The maximum that the MBTA can charge for senior fares per federal regulation is half of the base cash fare. The MBTA has been charging less (currently senior fares for buses is \$0.40 which is only 27% of the current cash fare of \$1.50); both Scenario 1 and Scenario 2 increase this to the 50% maximum allowed. For example, the senior single-ride bus fare in Scenario 1 would increase from \$0.40 to \$1.10 (an increase of 175% which is equivalent to almost tripling the fare). Senior pass prices, however, only double in both scenarios.

Students can ride the MBTA for 50% off the price of standard fares and are eligible for a \$20/month Student T-Pass good for unlimited travel on Bus, Subway, Express Bus, and Commuter Rail Zones 1A, 1 and 2 until 11:00 p.m. on school days. Student passes are not valid on weekends or non-school days and are only available through high school; college students pay regular fares.. In 2009, Student Pass hours were extended from 8:00 P.M. to 11:00 P.M.

Student/Senior fares

	Subway	Bus
Existing cash fare	\$2.00	\$1.50
Existing senior	\$0.60	\$0.40
Existing student	\$0.85	\$0.60
Scenario 1 cash fare	\$3.00	\$2.25
Scenario 1 senior	\$1.50 (150% increase)	\$1.10 (175% increase)
Scenario 1 student	\$1.50 (76% increase)	\$1.10 (83% increase)
Scenario 2 cash fare	\$3.00	\$2.00
Scenario 2 senior	\$1.10 (83% increase)	\$0.75 (88% increase)
Scenario 2 student	\$1.10 (30% increase)	\$0.75 (25% increase)

Student/Senior pass prices

	Subway/Bus LinkPass
Existing student/senior	\$20
Scenario 1 student/senior	\$40 (100% increase)
Scenario 2 student/senior	\$39 (95% increase)

SERVICE REDUCTION PROPOSALS

Both scenarios include some level of service reductions or revisions. For both scenarios, all commuter rail service is eliminated after 10pm and all weekend commuter rail service is eliminated altogether (together, this represents about 12% of all annual trips on commuter rail). Both scenarios also eliminate Green Line E service on both Saturday and Sunday. Green line service would still run to Lechmere on Saturday and Sunday, but with fewer trains and therefore longer wait times by passengers.

For the bus network, Scenario 1 proposes the elimination of all routes that currently fail the net-cost-per-passenger standard. This standard is failed by any route with an average net cost (or subsidy) per passenger trip greater than three times the systemwide average. According to these standards, 23 weekday bus routes, 19 Saturday bus routes, and 18 Sunday bus routes fail, and these routes are thus eliminated under Scenario 1. The eliminated routes carry approximately 2.1 million trips annually, or 1.6 percent of all MBTA bus trips.

In Scenario 2, a much greater reduction in bus service is proposed with the objective of saving approximately \$60.0 million in net operating costs. To do this, routes totaling approximately \$71.7 million in operating costs are eliminated, with approximately \$13.5 million of that being reinvested in the remaining routes in order to improve their frequency by 10 percent. Instead of using the MBTA’s existing net-cost-per-passenger standard, a net cost per passenger of \$2.00 was used to generally determine which routes would be eliminated. However, given the greater number of routes that would be eliminated under a \$2.00 threshold if applied without exception, the proposed bus eliminations also take into account

the geographic locations of the proposed cuts and the overlap of routes. Therefore, some routes with an average net cost per passenger greater than \$2.00 are maintained, and some routes with an average net cost per passenger under \$2.00 are eliminated. Under Scenario 2, 101 weekday routes, 69 Saturday routes, and 50 Sunday routes are eliminated or revised. The routes proposed for elimination in Scenario 2 carry approximately 30.3 million trips annually, or 23.6 percent of all bus trips.

The table below summarizes proposed service cuts to bus routes in or through Cambridge. For example, the #78 bus currently runs on weekdays, Saturday, and Sunday. Scenario 1 would eliminate all Saturday and Sunday service, while Scenario 2 would eliminate the bus route altogether. Many of these routes are critical to maintaining the vibrancy of our neighborhoods and providing access to persons with disabilities and the elderly. The #68 bus, for example, is the only bus service reaching the main branch of the Cambridge Public Library. Without the #74, #75, and #78 buses on weekends, transit service between Huron Village and Harvard Square is severely limited.

Buses in Cambridge

	Scenario 1	Scenario 2
68 : Harvard Sq – Kendall MIT Station	W	W
72 : Aberdeen & Mt. Auburn – Harvard Station	W Sa Su	W Sa Su
74 : Belmont Center – Harvard Station (via Concord Ave.)	W Sa	W Sa
75 : Belmont Center – Harvard Station (via Fresh Pond Pky)	W Sa	W Sa
78 : Arlmont Village – Harvard Station	W Sa Su	W Sa Su
67 : Alewife Station – Turkey Hill	W	W
76 : Alewife Station – Hanscom Airforce Base	W	W
79 : Alewife Station – Arlington Heights	W	W
350 : Alewife Station – North Burlington	W Sa Su	W Sa Su
351 : Alewife Station – Oak Park	W	W
80 : Lechmere Station – Arlington Center	W Sa Su	W Sa Su

W = Weekday Sa = Saturday Su = Sunday

The following table shows average daily ridership on bus routes in Cambridge that could be affected by proposed service cuts. For example, the #78 bus carries 1,550 passengers on a typical weekday and about 500 on Saturday and Sunday.

	Weekday	Saturday	Sunday
68 : Harvard Sq – Kendall MIT Station	491		
72 : Aberdeen & Mt. Auburn – Harvard Station	808	403	459
74 : Belmont Center – Harvard Station (via Concord Ave.)	1,144	303	
75 : Belmont Center – Harvard Station (via Fresh Pond Pky)	556	319	
78 : Arlmont Village – Harvard Station	1,550	476	491
67 : Alewife Station – Turkey Hill	666		
76 : Alewife Station – Hanscom Airforce Base	1,156		
79 : Alewife Station – Arlington Heights	1,054		
350 : Alewife Station – North Burlington	1,849	1,095	611
351 : Alewife Station – Oak Park	246		
80 : Lechmere Station – Arlington Center	1,932	1,383	785

PUBLIC PROCESS

In January 2012, the MBTA published *Potential MBTA Fare Increase and Service Reductions in 2012: Impact Analysis*. Between January 17 and March 6 of this year, the MBTA is holding 24 public meetings throughout the region to allow citizens to share comments and discuss suggestions with MBTA officials. Comments will be considered by MBTA staff members and the board of directors for further action. Cambridge staff attended the public hearing on January 23 at the Boston Transportation Building, where MassDOT stenographers were present to record public testimony.

The MBTA will hold a public meeting in Cambridge on February 29, 2012 from 6-8pm at the Cambridge Senior Center. Cambridge staff will attend and provide testimony on behalf of the City of Cambridge.

Written comments will also be accepted through March 6, 2012 and should be mailed to: MBTA, 10 Park Plaza, Boston, MA 02116, Attention: Fare Proposal Committee. Comments may also be submitted electronically at the MBTA website <http://www.mbta.com>, by email at fareproposal@mbta.com, or by phone at (617) 222-3200, TTY (617) 222-5146.

On January 31, 2012, the MBTA filed an Environmental Notification Form (ENF) with the Executive Office of Energy and Environment (EEA) for the MBTA's Potential Service Reductions in 2012. This has been done because the MBTA's

enabling legislation requires that “for a systemwide decrease in service of 10% or more, the decrease shall be the subject of an environmental notification form initiating review pursuant to sections 61 and 62H, inclusive of chapter 30.” MEPA will accept comments on this ENF prior to making its determination and issuing a certificate on its adequacy. Comments must be submitted to MEPA no later than Tuesday, February 28, 2012. Comments should be addressed to:

Secretary Richard K. Sullivan, Jr.
Executive Office of Energy and Environmental Affairs (EEA)
Attn: MEPA Office -- EEA No. 14861
100 Cambridge Street, Suite 900
Boston MA 02114

Attachment A: Current MBTA route map



