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**Mass Transit outlook revised to stable
as funding and operations adapt to post-pandemic norms**

June 2024



Webinar Series



 Schedule & Materials

<https://live.moodys.io/us-public-finance-in-focus-channel>

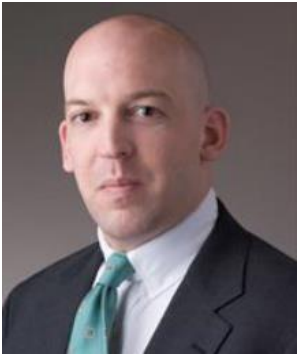
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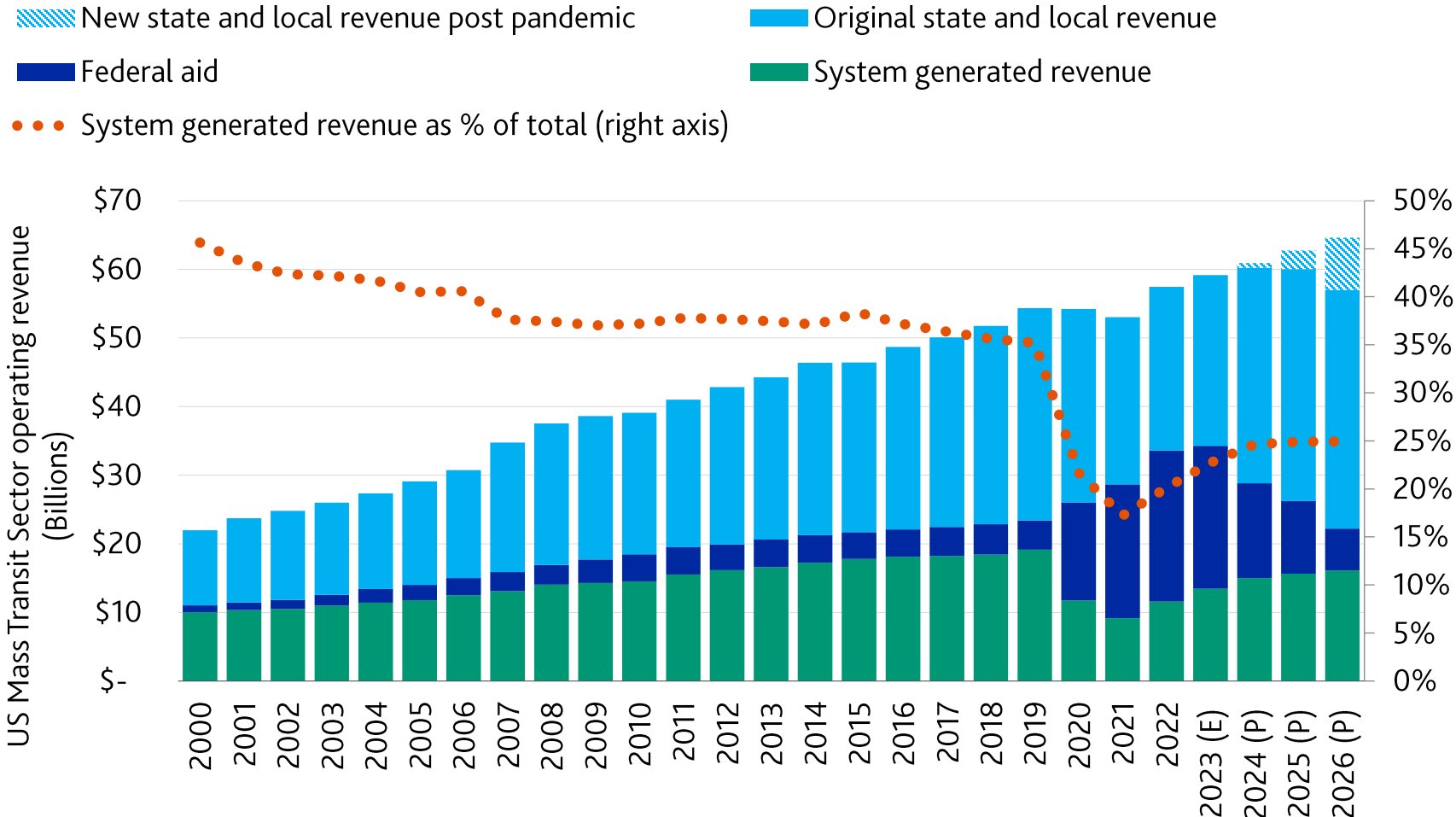
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2024 sector outlook revised to stable

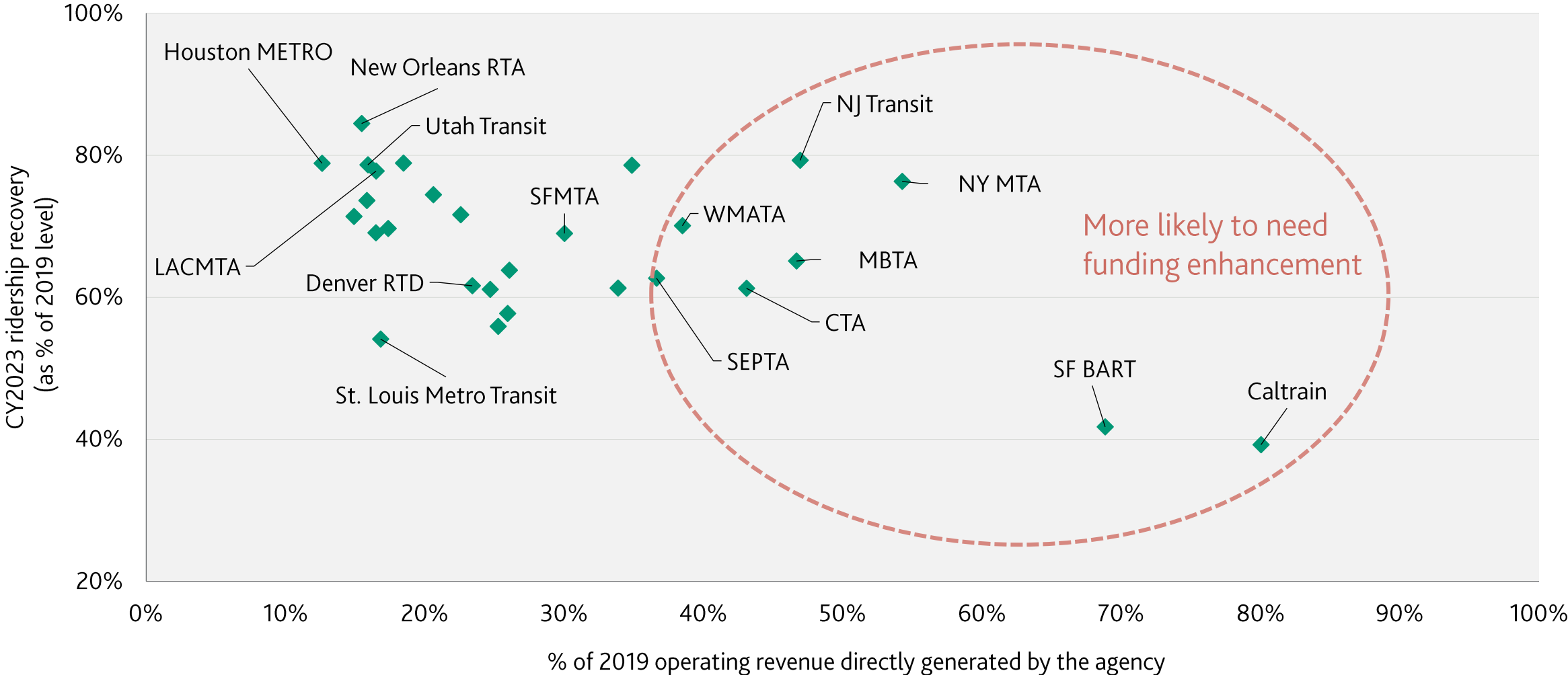
Transits will continue to be less farebox reliant and benefit from increasing government support and tax subsidies



This trend is supported by the essential role transits serve in bolstering economic vitality, promoting social cohesion and environmental sustainability

MOODY'S RATINGS Note: (E) estimates and (P) projections by Moody's Sources: Federal Transit Administration and Moody's Ratings

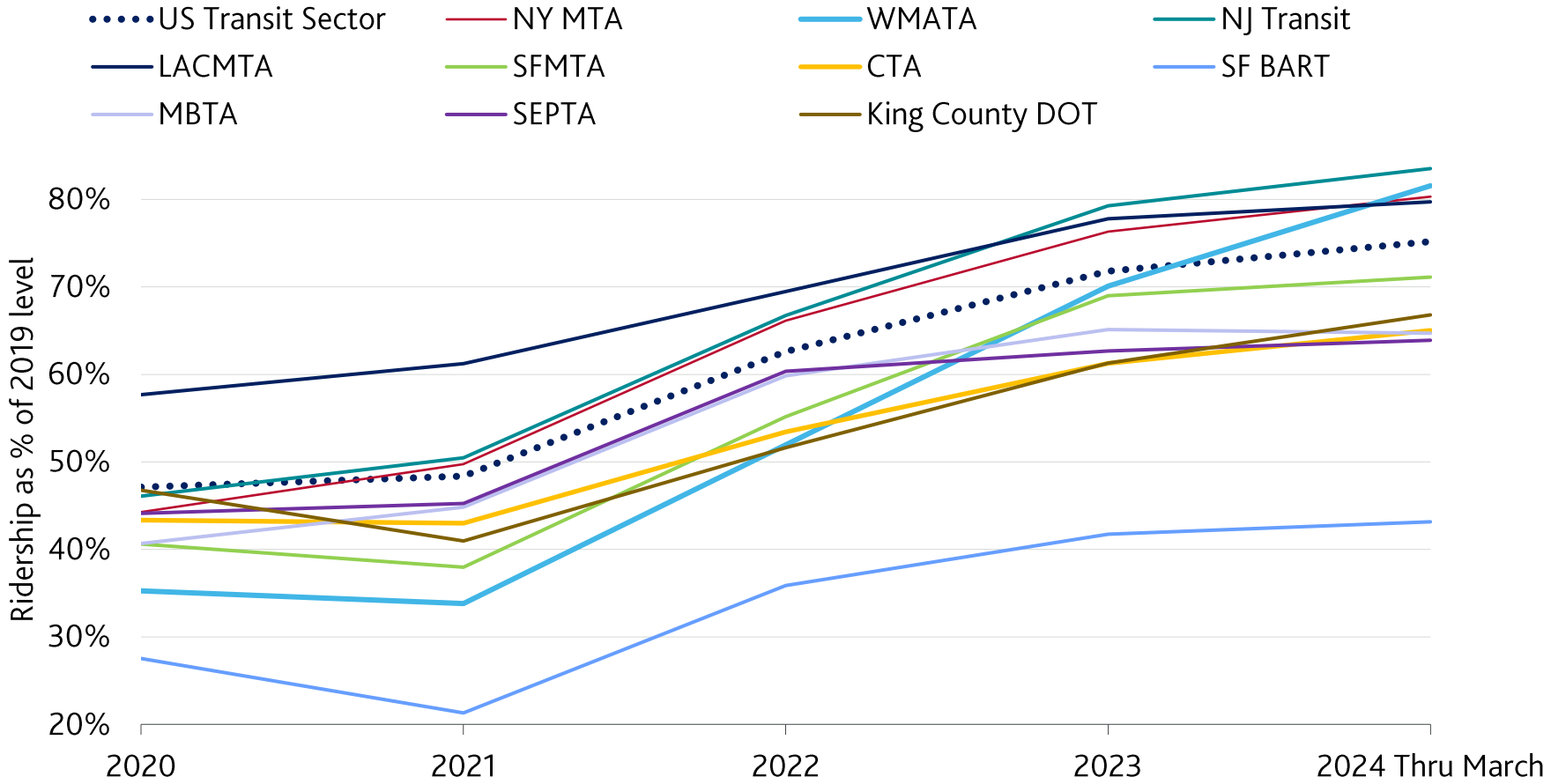
Transits' reliance on system generated revenue vary



Several states and local governments have recently committed or proposed additional assistance to transits

	Systems	Funding enhancement	Effective	Ann. Revenue (\$ million)	
Approved	NY MTA	State authorized increase to mobility tax	Jul 23'	\$ 1,100	Ongoing One-time
		MTA Board approved congestion pricing	Jun 24'	\$ 1,000	
	Met Council*	State enacted 0.75% sales tax	Oct 23'	\$ 450	
	MBTA	State millionaires' tax allocation	Jan 23'	\$ 200	
	Caltrain	Local voter-approved 0.125% sales tax	Jul 21'	\$ 120	
	Denver RTD	State enacted fees on oil & gas production	Jul 25'	\$ 110	
	WMATA	Add 'l investments from DC, MD and VI	FY25	\$ 463	
	SFMTA	State approved temporary relief	FY25	\$ 150	
	SF BART	State approved temporary relief	FY25	\$ 176	
Proposed	NJ Transit	State considering dedicated tax	TBD	\$ 1,000	
	SEPTA	State considering add 'l sales tax allocation	TBD	\$ 161	
	MBTA	State considering add 'l subsidy	TBD	\$ 127	
	CTA, RTA, Metra, Pace	Lawmakers considering appropriation to proposed consolidated system	TBD	\$ 1,500	
	SF Bay Area transits	State considering regional ballot measure (dedicated tax revenue)	TBD	\$ 1,000	
				Total with proposed	\$ 7,557
			Total approved	\$ 3,769	

Systems are luring back riders, crucial for gaining political support for additional funding



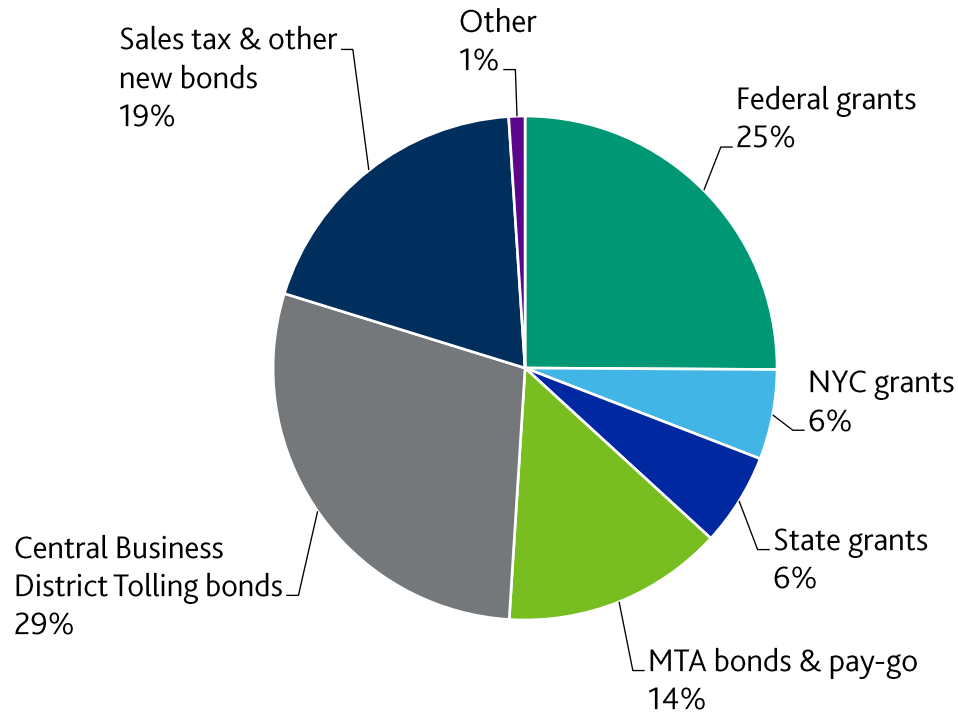
- Realigning services to attract non-commuters
- Improving user experiences
- Innovating with technology

Case Studies



Congestion pricing delayed; MTA and NYS will find alternative funding for transit projects

MTA's 2020-24 capital program



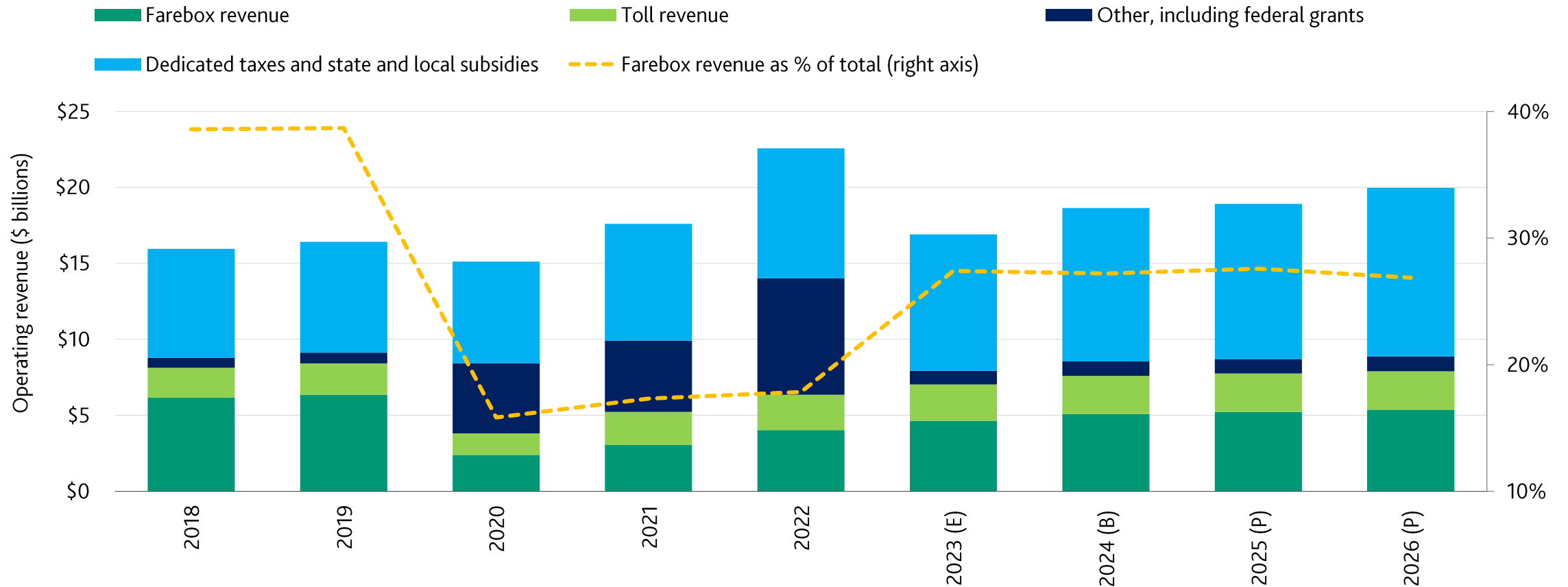
Central Business District Tolling program is also known as the congestion pricing program; PMT stands for payroll mobility tax; TRB stands for transportation revenue bonds.

Source: MTA 2020-24 Capital Program

Potential funding alternatives:

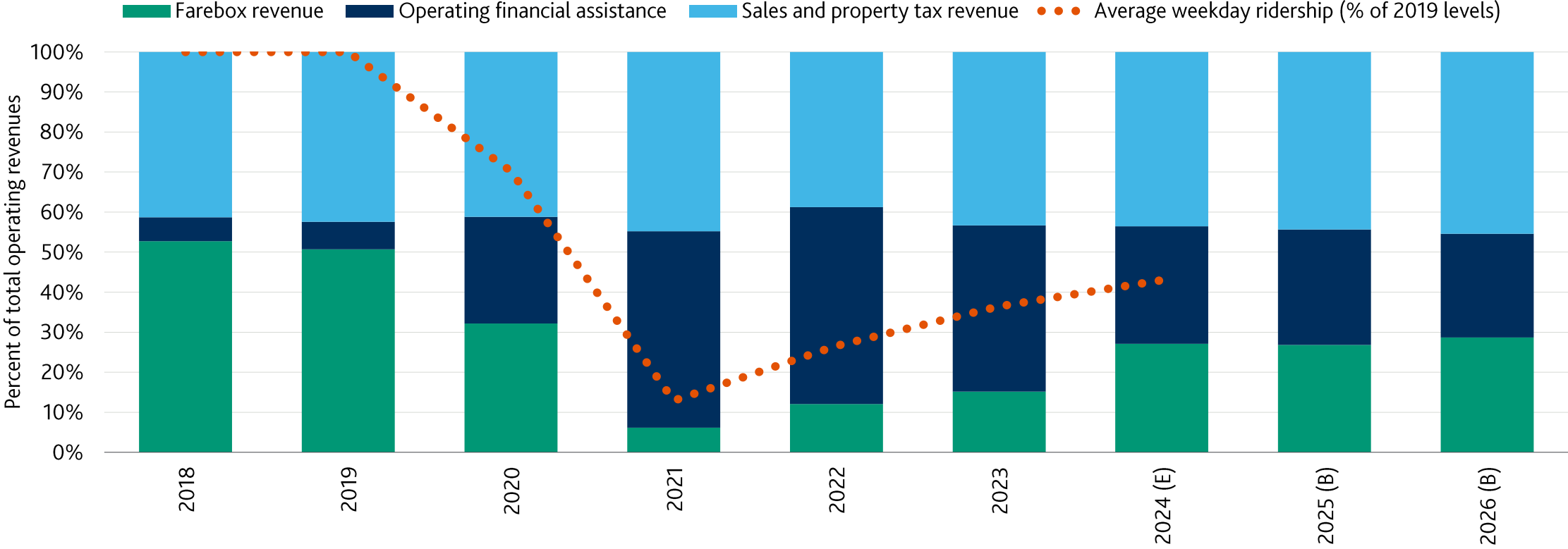
- MTA debt repaid with operating revenue
- New tax revenue for MTA
- Additional direct state funding, including state debt
- Defer capital projects

NY MTA's operating budget will be less farebox reliant, helped by increase in state-authorized dedicated taxes in 2023



Sources: NY MTA and Moody's Ratings

SF BART continues to see steady farebox recovery, however out-year budget gaps remain absent additional funding



Sources: SF BART and Moody's Ratings

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Challenges for the sector

Remaining challenges for the sector

- Upstream governments' budget risks or changes in policy priorities
- Meeting additional requirements and expectations from government partners
- Rising labor costs and labor shortage
- Escalating construction costs
- Climate related resilience planning and adaptation costs

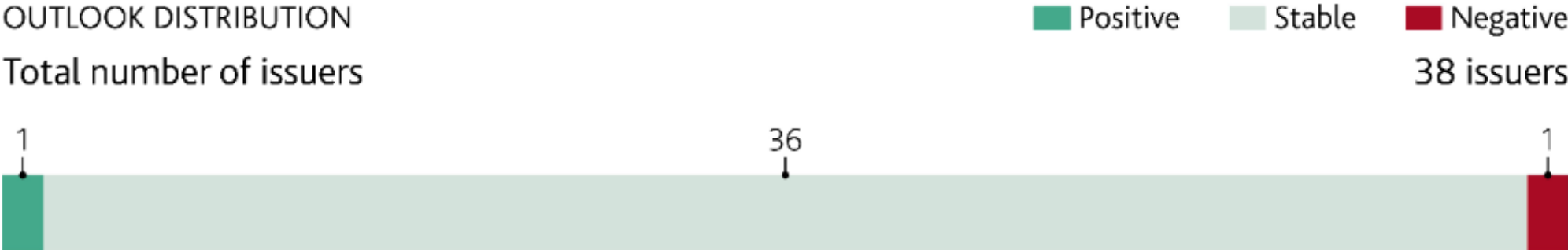
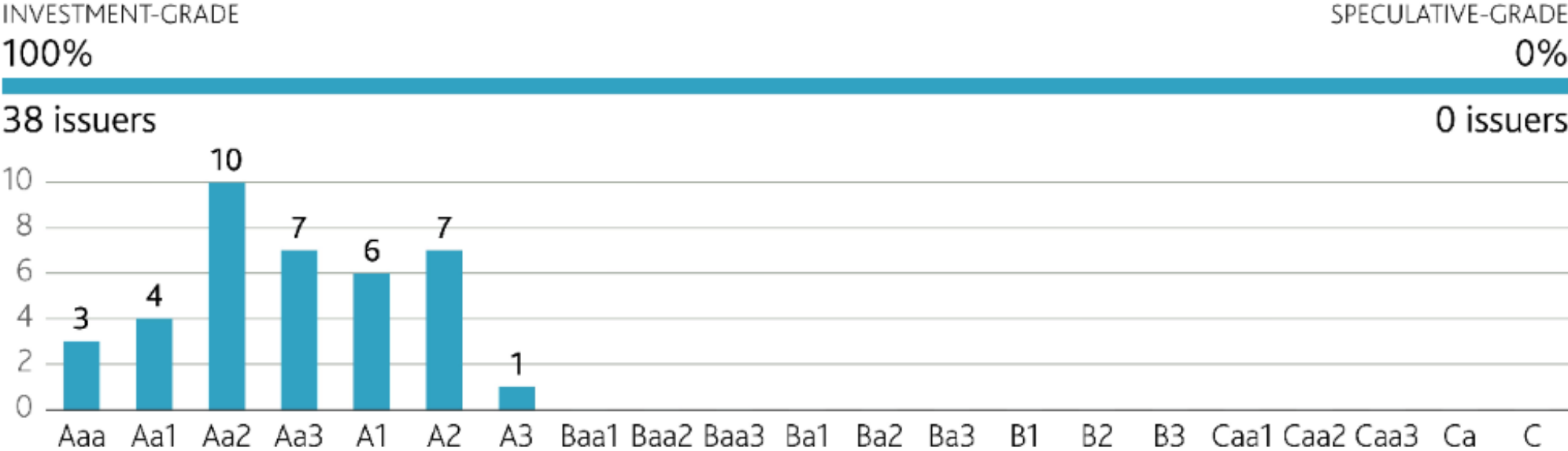
Audience Q&A



Appendix

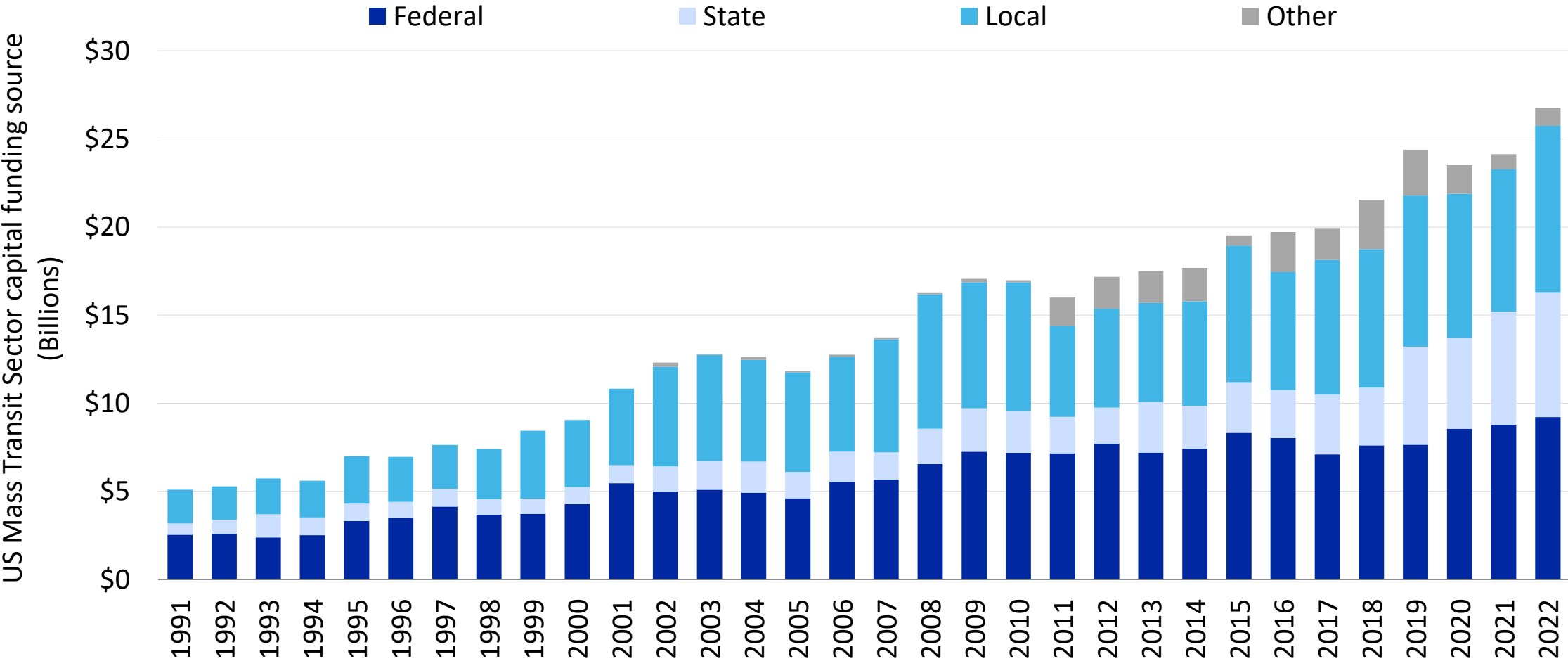


Moody's rating distribution by number of issuers



Number of issuers includes mass transit entities that issue either revenue bonds or special tax bonds. For issuers with multiple liens outstanding, only the highest rating is included in the rating distribution.

Capital funding source history



Thank you

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