

The Way Forward: A 21st-Century Transportation Plan



Our Transportation System Before Reform

- In 2007, the non-partisan Transportation Finance Commission issued a report revealing a \$15 billion to \$19 billion funding gap for the maintenance of our transportation system over 20 years.
 - Federal transportation funds were at risk
 - MassPike was facing a \$263 million “swaption” payment
 - Debt was crushing the MBTA and RTAs
- The transportation system was fragmented – managed by six different public and quasi-public agencies.

Immediate Actions

- The Administration and Legislature acted to address many of the issues we faced in 2007:
 - Launched \$3 billion Accelerated Bridge Program
 - Filed several Transportation Bond Bills, including Immediate Needs
 - Avoided toll increases with increased sales tax
 - Avoided transit service cuts with state assistance
 - Established the Mobility Compact
 - Tripled capital investment – from \$515M in 2007 to \$1.4B in 2013

Transportation Reform

- The Administration and Legislature enacted Transportation Reform in 2009:
 - Eliminated the Turnpike Authority and merged siloed agencies
 - Projects built faster – Fast 14, highway projects completed 35% faster
 - Benefit changes – elimination of “MBTA 23 and out,” GIC health care
 - Significantly reduced internal inefficiencies
 - In all, saved an estimated \$500M over first three years of Reform
 - Greater transparency
 - Improved customer service



Improved Customer Service

Subway Countdown Clocks



Improved Customer Service

Real Time Traffic Information



Improved Customer Service

Mobile Ticketing

Buy your ticket anywhere, anytime.



MBTA mTicket
for Commuter Rail and Ferry



Reform is Ongoing

- Through its public meeting process and stakeholder conversations, MassDOT has identified additional reforms it will pursue.
 - All Electronic Tolling – more efficient for the customer and reduces operating costs
 - RMV modernization – reduces cost and improves customer service
 - Performance management
 - Asset management
 - Further partnering with Massport

Our Vision - 21st Century Transportation

- We can't afford the system we have, let alone the one we want. The average unfunded operational need over the next ten years is approximately \$684 million per year.

Unfunded Operating Needs

- MassDOT needs \$284 million to properly fund annual operating costs – personnel, snow and ice, mowing, rent, utilities, etc.
- The MBTA needs on average over \$300 million per year to simply pay existing debt and operate the system we have today
- The RTAs need \$100 million annually - forward funding and enhanced service (night-time, weekends, improved frequency, etc.)

Our Vision - 21st Century Transportation

- High-quality infrastructure maintenance is one of our core responsibilities and the 21st-Century Transportation Plan addresses those needs.

Additional Investment to Maintain Infrastructure – the Next 10 Years

- \$5.2 billion will be invested in existing roadways, bridges, and bicycle and pedestrian infrastructure
- \$3.8 billion will be invested in existing transit infrastructure and services
- \$275 million will be invested in the Registry of Motor Vehicles and local airports

Our Vision - 21st Century Transportation

- Investing in our existing road, bridge and multi-use priorities for the next ten years will provide immediate customer benefits and cost savings.

Preserving and Modernizing our System – The Next 10 Years

- Bridge Program - \$1.175 billion modeled after the ABP
- Multi-modal Highway Program - \$1.25 billion for hundreds of local and regional projects to improve safety and decrease congestion
- Regional Priorities - \$930 million to fund three critical regional projects (I-91 in Springfield and I-93/I-95 in Canton and in Woburn)
- Bike/Ped Program - \$430 million to provide transportation options
- Facilities and Systems - \$400 million for facilities and technology
- Chapter 90 - \$1 billion more for local roadway needs



Our Vision - 21st Century Transportation

- Making long-needed investments in our existing public transportation system will improve the customer experience, allow for continued passenger growth and save money.

Preserving and Modernizing our System – The Next 10 Years

- Subway Vehicles - \$2.4 billion to replace Red, Orange, and Green Line cars that are past their useful life and to overhaul the newest Red Line cars, which are 20 years old. Cars to be built in Mass.
- Bus Replacements - \$850 million to replace RTA and MBTA buses
- MBTA Power and Facilities - \$300 million to fund critical upgrades to track, power, signal, and other systems
- Modernization Pilot Projects - \$200 million to fund the piloting of Bus Rapid Transit and Diesel Multiple Unit services



Our Vision - 21st Century Transportation

- Our airports and the Registry also need investment to improve customer service and maintain our existing assets.

Preserving and Modernizing our System – The Next 10 Years

- Airport improvements - \$125 million to fund safety and operational improvements as identified in the Statewide Airport System Plan
- Registry of Motor Vehicles - \$150 million to consolidate existing Registry branches into regional super centers and develop self-service kiosks at retail and municipal centers to improve customer convenience

Our Vision - 21st Century Transportation

- In addition to maintaining what we have, we must make targeted expansion investments to unlock economic opportunity.

Planned and Ongoing Project Examples

- Assembly Square (Somerville) – New Orange Line station provided the foundation for a major mixed use development - 2,100 residences, 500,000 sf of retail, and 1.8 million sf of office space
- Exit 8B (Fall River) – A new exit on Route 24 provides improved access to the Fall River Business Park and the SouthCoast Life Science Technology Park
- Knowledge Corridor (Pioneer Valley) – 25-minute reduction in travel time, 24 percent gain in *Vermont* ridership, improved economic opportunity

Our Vision - 21st Century Transportation

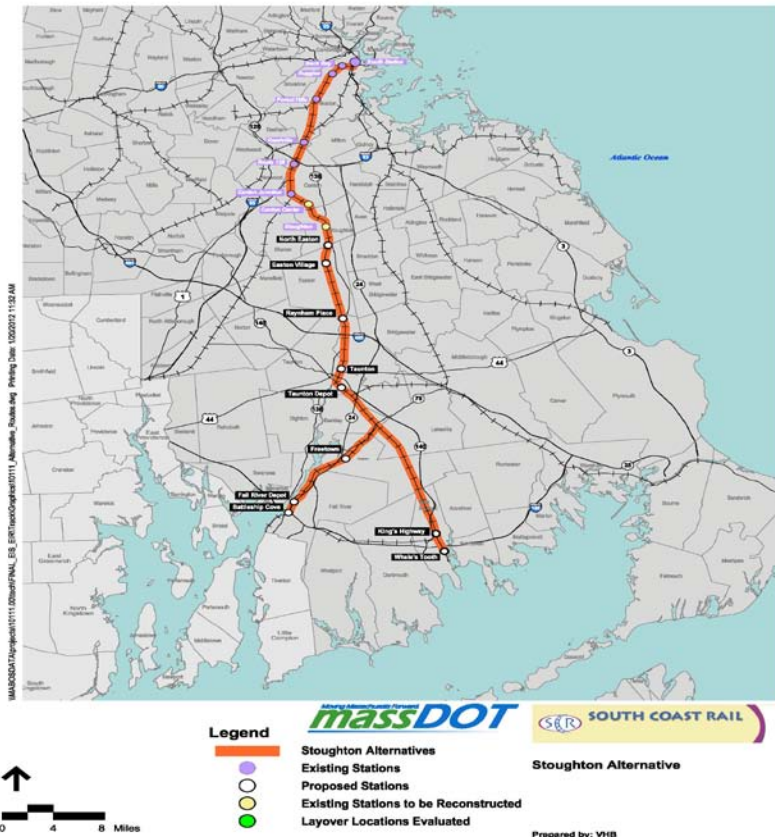
- We must use our transportation investments to continue to leverage economic development and expand opportunities across the Commonwealth.

Proposed Expansion Projects

- South Coast Rail
- Green Line Extension
- South Station Expansion
- Rail service between Springfield and Boston
- Rail service between Boston and Hyannis
- Rail service between Pittsfield and New York City Rail

Our Vision - 21st Century Transportation

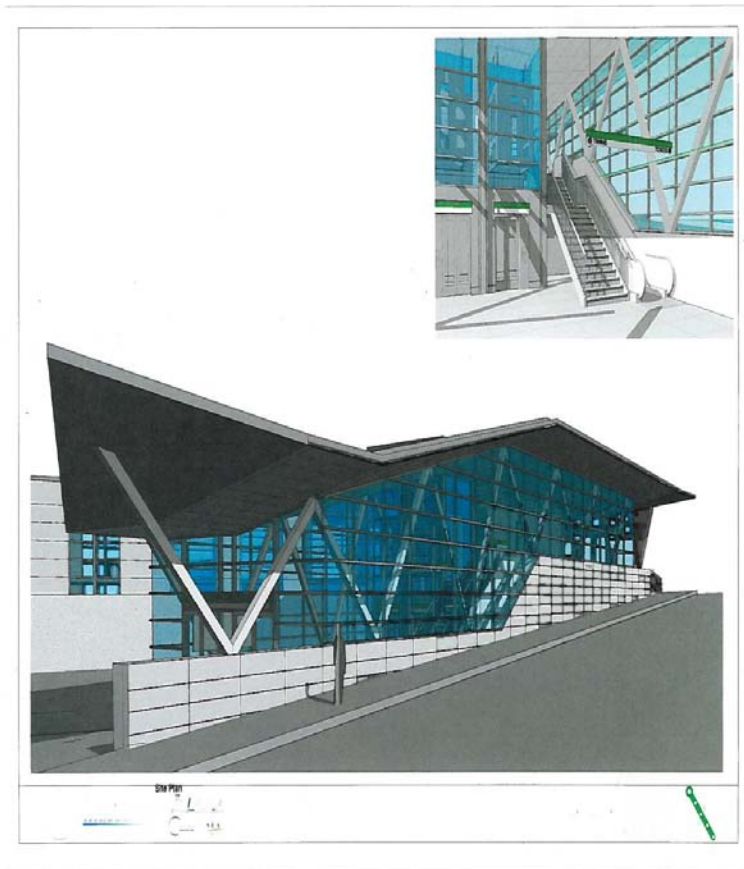
South Coast Rail



- \$1.8 billion capital cost
- Provides commuter rail service to six municipalities, including Fall River and New Bedford, the fourth and fifth largest cities in the Commonwealth
- Projected to create 3,800 jobs and generate nearly \$500 million in new economic activity each year

Our Vision - 21st Century Transportation

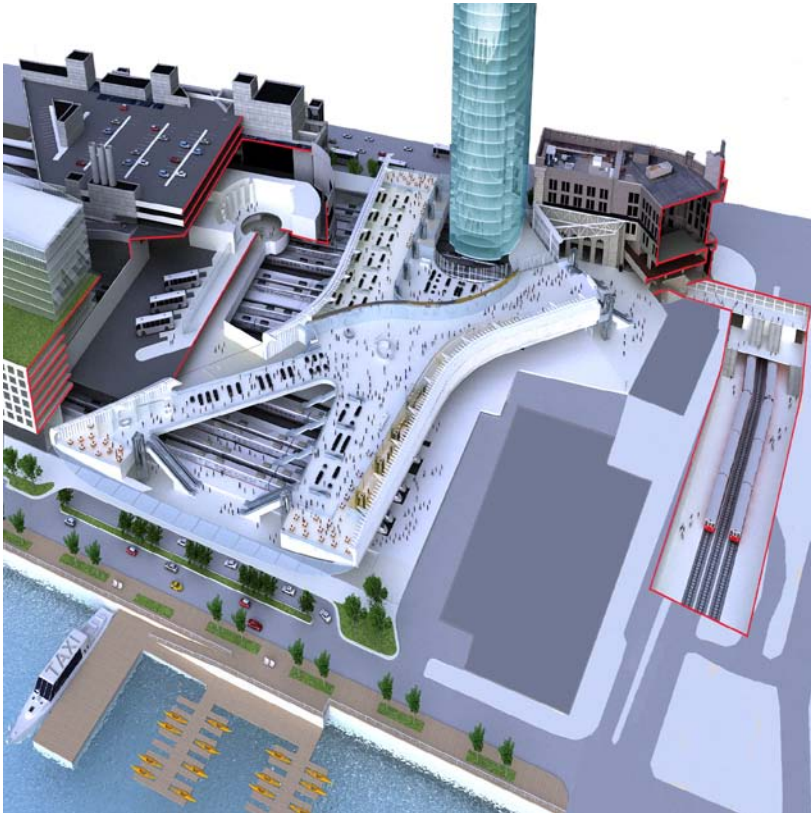
Green Line Extension



- \$674 million state cost will be matched by federal funds
- Extends the Green Line to Somerville and Medford – six neighborhood stations
- Will enable the revitalization of Union Square and the Inner Belt neighborhood, providing much needed transit-oriented economic development
- Central Artery commitment

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South Station Expansion



- \$850 million capital cost
- Adds 7 new tracks to accommodate future growth
- Regional equity
- More rush hour train service
- Potential to provide 2.5 million sf of air rights development
- Will re-open Dorchester Avenue and help reconnect Boston to its waterfront

Our Vision - 21st Century Transportation

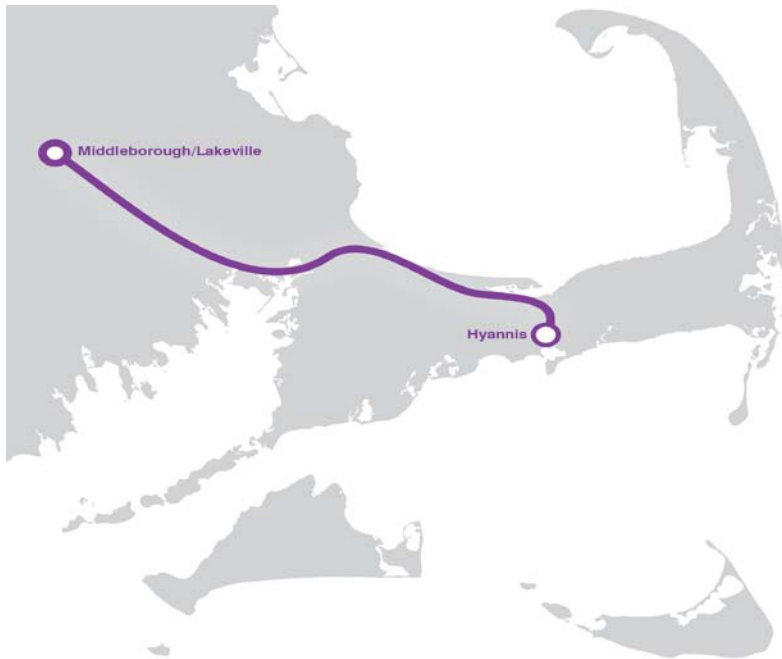
Rail Service Between Springfield and Boston



- \$362.4 million capital cost
- The project includes creating a continuous second track, widening bridges, updating track and signal systems, constructing or rehabilitating stations, and purchasing passenger equipment
- Will support economic development along the route and a high-speed rail connection to New York City

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Rail Service Between Boston and Hyannis



- \$20.8 million capital cost
- Funding will support weekend summer service from Boston to Hyannis, supporting the Cape's vibrant tourist economy and providing an alternative to car travel
- Capital improvements include track, grade crossings, bridges, drainage, and station accessibility

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Rail Service Between Pittsfield and New York City



- \$113.8 million capital cost
- This funding will rehabilitate track signals and stations between Pittsfield and the Connecticut state line.
- Reliable rail service between the Berkshires and New York City would increase the tourist economy of the Berkshires and unlock development potential in Western Massachusetts.

Our Vision - 21st Century Transportation

- We cannot afford to do all of the expansion projects people want. As such, there are some worthy projects for which we have not identified funding in this plan.

Expansion Projects Not Currently Funded

- The Urban Ring (\$2.4 billion)
- The North-South Rail Link (\$6 billion to \$8 billion)
- The Red-Blue Connector (\$748 million)

Revenues and Expenses Today

- It is important to understand how Transportation in the Commonwealth is funded today and how we invest the dollars we have.

Transportation Funding - Revenues

- MassDOT is funded from a diverse mix of revenues, including the gas tax, a portion of the sales tax, Registry fees, tolls, and other miscellaneous revenues.

FY 2013 Estimated Yields

- Gas Tax – 21 cents per gallon, yields \$662 million
- Sales Tax - .25% of the 6.25% sales tax, yields \$312 million
- Registry Fees – license, registration, vehicle inspection, and other fees yield \$658 million
- Tolls – on I-90, Tobin Bridge, and Harbor Tunnels yield \$334 million
- Miscellaneous Revenues – revenues from real estate, federal grants, and other sources yields \$115 million



Transportation Funding - Revenues

- The financial model (“the Proforma”) developed for this transportation plan assumes no changes in tax, fee, or toll rates, other than the continuation of tolls on the Western Turnpike after 2017.
 - Revenue growth is projected based on historic trends
 - Today, MassDOT estimates that it will collect \$22.6 billion over the next ten years
- The Proforma is limited to MassDOT revenues and does not include transit operating revenue or uses.



Transportation Funding – Expenses

- Transportation is a significant business with over 4,000 public sector employees and hundreds of thousands of private sector jobs funded through MassDOT operations.

FY 2013 Operating Costs

- Personnel costs – \$229 million
 - Materials and Services – \$197 million for rent, utilities, goods, and services
 - Office and Administration – \$87 million for back office services
 - Highway maintenance – \$159 million (includes snow and ice)
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- Does not include personnel and other operating costs paid for with borrowed funds



Transportation Funding – State Assistance

- The MassDOT budget includes funding for MBTA and RTA operations, as well as grants to other Commonwealth agencies for services related to transportation.

FY 2013 State Assistance

- MBTA Debt Relief - \$160 million from the 2009 sales tax increase
- MBTA State Assistance - \$54 million from the 2012 transfer of inspection revenues
- RTA State Assistance - \$68 million to assist in funding the net cost of RTA services
- Other Grants - \$24 million provided to other agencies (DEP, DCR, etc.) for transportation related services



Transportation Funding – Debt Service

- Much like a homeowner, MassDOT finances large-scale, long-term improvements over time. Debt service is the cost of that borrowing (annual principal and interest payments).

FY 2013 Debt Service

- Past Borrowings - \$1 billion for things we already built, bought, or services received
- Metropolitan Highway System - \$129 million for the eastern portion of the Turnpike
- Western Turnpike - \$21 million for the western portion of the Turnpike

Transportation Funding – Operating Deficit

- If we do nothing but operate and maintain the existing system, MassDOT will still face an operating deficit.
 - The normal inflationary cost of doing business exceeds our projected revenue growth
 - The MBTA has a systemic deficit caused in large part by debt from the Central Artery commitments
 - Based upon these facts, the current ten-year deficit for MassDOT is \$3.3 billion

Our Vision - 21st Century Transportation

- The total annual cost of funding our current system, ending the practice of borrowing to pay for operations, appropriately funding the RTAs and investing in our future through a \$13 billion 10-year capital program is \$1.02 billion per year.

Funding Our Plan

- To help fund our plan we will pursue additional cost savings and revenue.

Total Annual Savings/Revenues

- Gaming
 - Modest regular increases in fares, tolls and Registry fees
 - All Electronic Tolling cost savings
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- Even with these solutions, it is clear we will need new revenue to support this plan.