



March 27, 2015

Dear Chair Katherine Lapp, Chair Brian McMorrow, Secretary Pollack, Jane Garvey, Robert Gittens, Jose Gomez-Ibanez, and Mayor Joe Sullivan,

On behalf of our members, Transportation for Massachusetts is pleased to provide the Governor's Special Panel to Review the MBTA our thoughts on the challenges the MBTA faces and some of the solutions we request you include in your recommendations.

This winter's MBTA debacle has focused attention on how the T does business. More information is coming to light everyday about the need to improve the efficiency and effectiveness of the agency. While this conversation unfolds, it is important not to lose sight of *why* the T does business: to ensure all our residents have access to educational and job opportunities, to spark and support economic development, to reduce congestion on our roads, to clean our air, and to help the state meet its statutory obligations to reduce carbon pollution.

The most pressing debate to have is about how we build a transit system that is worthy of our great region and capable of supporting its continued growth.

The T is a key contributor to the state's competitive advantage.

The MBTA is critical to today's economy, as the snowstorm so starkly illustrated. It is also critical to the future of our economy. Greater Boston is succeeding in the global competition for talent and investment in large part because we offer the kind of vibrant urban areas and walkable communities that are increasingly in demand. It is no surprise that Boston now has the largest proportion of 20 to 34 year-olds of any major American city, helping to attract firms from around the globe that are seeking young talent to set up shop in Massachusetts.

Our vibrant neighborhoods, downtowns and city centers – places made possible and made livable by generations of investments in public transportation – represent a key competitive advantage for Massachusetts.

Customer demand is high and is growing.

At the end of the 1970s, MBTA ridership was 300,000 daily riders. Today, ridership is around 1,300,000 daily riders. In 35 years, the MBTA's ridership has more than quadrupled. Since 2005, about 200,000 new people have started riding the T. In the next five years, we can expect up to another 400,000 to join. Boston is in the midst of what the *Boston Globe* recently called "a building spree whose enormity, pace, and geographic sweep are redefining the skyline faster than any period since the early Industrial



going up in Boston alone. Almost all of these new buildings are at or very near a T station. These developments, and the economic activity that they will house and generate, rely on public transit.

To ensure Massachusetts stays competitive, we need our transportation system to grow with the economy. MBTA ridership is projected to keep growing, so adding capacity is essential if we are to be competitive with cities like New York and Dallas and countries like China, that are expanding or building new systems.

But the MBTA is locked in a fiscal straitjacket.

The agency has virtually no control over its sources of revenue and only limited control of its expenses (which are, on an operating basis at least, on par with those of other major transit agencies, according to a recent *Boston Globe* [piece](#)). The ticking fiscal time bomb of so-called “forward funding” has exploded, leaving us with the unenviable choice between sacrificing the present for the sake of the future or sacrificing the future for the sake of the present.

Many transportation experts have written about the MBTA under many ominous titles: “Born Broke,” “Maxed Out,” and most recently, “The T: The End of Its Line.” All of these reports lay out the basic story of how the T came to be in such dire financial straits and failing to keep pace with our needs. Most recently, you have heard from our colleagues at the Massachusetts Taxpayers Foundation, the Metropolitan Area Planning Council, the Conservation Law Foundation and the Massachusetts Public Interest Research Group. Several points that are raised in these reports are worth emphasizing:

The MBTA is one of the most financially stressed transit systems in the country. It carries a debt burden of \$5.5 billion and a maintenance backlog of over \$6.7 billion.

Forward Funding was intended to help the T by actually providing a surplus to enable reinvestment in the system, but instead sales tax projections didn’t pan out, generating \$1.1 billion less than expected over the years, while costs grew more quickly than expected. The T is the largest consumer of electricity, CNG, and diesel in Massachusetts, and these costs have risen steeply, causing a further gap between revenue the T received and its expenses.

Because the legislature was confident that Forward Funding would provide enough revenue to fund the MBTA’s needs, the MBTA was saddled with the debt burden associated with the Big Dig mitigation projects. As structural deficits grew over the years, the MBTA engaged in the unsound financial practice of paying for debt with newly borrowed money, further ratcheting up its debt burden.

2013 Finance Act sought to address structural deficit by dedicating new revenue to transportation, projecting that the legislature would make continued investments in the MBTA as follows:



YEAR	FY14	FY15	FY16	FY17	FY18
AMOUNT	\$115M	\$135M	\$202M	\$261M	\$357M

The T is just the canary in the coal mine. The whole transportation system needs attention.

The winter exposed the fragility of the MBTA to hundreds of thousands of commuters, but our entire transportation network is unreliable and outdated. More than one out of every eight miles of road in the Commonwealth is in poor condition and over 400 bridges in need of attention in every corner of the Commonwealth. Our roads are some of the most heavily travelled in the nation, but least funded, according to recent *Boston Globe* [coverage](#). The state has 15 Regional Transit Authorities who aren't able to deliver the level of service the T provides, with limited hours and frequency. Comprehensive service assessments, which were required in the 2013 Transportation Finance Act and due to be published later this year, will provide recommendations for the investments needed to enhance bus service across the state.

Reforms are necessary.

To address the crisis at the T, we need to improve the efficiency and effectiveness of authority. Transportation for Massachusetts submitted recommendations for governance, operations, finances, and organizational structure to the Special Panel through the online survey. We will not repeat them in full here, but rather just provide our topline reform recommendations:

- Improve transparency and accountability.
- Improve the asset management system.
- Include municipal representation in the MBTA's governance.
- Prioritize on-time performance.
- Ensure customer communications are timely and accurate.
- Develop more accurate system for tracking commuter rail ridership.
- Issue regular, public reports on whether projects are being delivered on-time and on-budget.
- Enhance the capacity for bus maintenance.
- Merge the planning and design and construction functions of MBTA and MassDOT.

But reforms are not sufficient.

While we must help the MBTA deliver its services more efficiently, we also need to simultaneously secure the resources that will prevent service cuts, maintain equipment and infrastructure, and allow for the smart, strategic enhancements the system needs to compete in a 21st century economy. While the T can - and must - operate more efficiently, the truth is this: no amount of cost-trimming is going to be



enough to pay down the MBTA's gargantuan debt load, much less enable the T to rehabilitate its existing infrastructure and serve emerging needs.

New resources are needed.

The MBTA's maintenance backlog, which is estimated at \$6.7 billion - even absent a full assessment of assets and excluding commuter rail needs - is the most urgent target for reinvestment. Key improvements - such as the replacement of aging Red and Orange line cars - are already in the works thanks to the 2013 Transportation Finance Act. But the whole backlog needs to be in a timely way, otherwise the price tag will continue to go up and the T could be putting thousands of commuters at risk by failing to address critical safety issues.

But the Commonwealth must also be ready to undertake strategic investments in new vehicles and new capacity to improve the system's ability to serve the recent surge of new users and facilitate future growth.

Investments should improve today's system and get us ready for tomorrow.

We anticipate the Special Panel will acknowledge the collective wisdom of the dozens of reports over the last decade recommending new, significant resources to address not only the MBTA's needs, but also to repair bridges, highways, local roads, and improve regional transit throughout the state.

We must raise new revenue for the MBTA and invest it wisely. An improved asset management system should provide a guide for priority safety and other maintenance investments. The MBTA should also invest in enhancing the capacity of the core system to accommodate demand. Investments should include new vehicles, upgrades to the power systems and signals, signal prioritization and optimization for buses, and exploring the addition of DMUs to the existing system. MassDOT, and to the extent applicable, the MBTA should continue its planning and permitting activities, along with critical early action items, to keep other expansion projects, like South Station and South Coast Rail, moving forward. These are smart and strategic expansions that are needed to support a 21st century economy.

The Administration should work with the legislature to have the Commonwealth assume the Big Dig mitigation-related debt. In addition, the MBTA should aggressively explore alternative sources of revenue, including value capture and continued exploration of public-private partnerships. Regional and local option taxes could provide local investments supported by municipalities in the MBTA service area, and innovative fare pass programs like the UPass program could increase off-peak ridership and provide critical revenue for the MBTA.

We simply must raise additional funds to fix the MBTA and our bridges, roads, sidewalks, and regional bus systems. While we recognize the MBTA cannot raise new revenues, we urge the administration to



partner with the legislature ensure the long-term viability of the MBTA and secure the revenues needed to build the system we need for the future.

“Too rapid an expansion” is a misdiagnosis of the problem.

Massachusetts is at a moment of tremendous promise and economic opportunity. Investments in public transportation have helped spur economic growth over the last decade while reducing the impacts of that growth on our highways and our environment.

There have been suggestions that the state institute a moratorium on all new expansion. In recent years, comparatively little true expansion has taken place. In fact, most improvements have focused on getting the most out of the aging system that we have, with upgrades to address accessibility issues or replace aging infrastructure.

A recent review by the Frontier Group noted that the MBTA trailed behind commuter rail systems in Albuquerque, Salt Lake City, Seattle and Silicon Valley in the number of route-miles it added in the last 15 years. And beyond commuter rail, the MBTA has added no new heavy or light rail in the last 20 years, and fewer scheduled bus trips than it did in 2000.⁴

To halt all progress on important projects would be a mistake that would choke the Commonwealth’s economic growth. Putting a moratorium on expansion is akin to putting a moratorium on economic development.

While much must be done to make the MBTA operate more efficiently and effectively, the Commonwealth must continue to plan for future population and economic growth. As we strengthen the core system, we also need to extend its reach. In the 1980s and 1990s, we expanded the system to Alewife, Braintree, Newburyport, Worcester, Forest Hills and Oak Grove. It is impossible to imagine the Boston area now, without those improvements.

We need a transit system that will support the state’s economy for the future. Several projects, like GLX, is partially funded by the federal government and must continue. Others like South Station expansion are needed for the future. Extending the Silver Line past Logan Airport into Chelsea and Everett will connect workers to economic opportunity in the South Boston Waterfront. Expanding South Station is crucial not only for improving commuter rail service but also to lay the groundwork for high speed and intercity rail. And South Coast Rail will reconnect a region and labor market that has been cut off from Boston’s economic engine, while supporting a smart growth blueprint for development along the way. All of these projects are decades in the making, and require relatively small amounts of funding to advance at this time. While the MBTA gets its house in order, this planning can ensure that critical projects are ready when the resources are available.

⁴ <http://www.frontiergroup.org/blogs/blog/fg/pioneer-institute-says-mbta-fastest-growing-transit-agency-its-not>



Our recommendation is to adequately fund the MBTA and make the needed investments to enhance core capacity and keep longer-term projects alive.

We request the Special Panel include three recommendations in its final report:

- 1. Reforms must be accompanied by a plan for adequately funding the MBTA.**
- 2. Make the investments that are needed to expand the core capacity of the MBTA in order to meet present and future demand.**
- 3. Continue to advance planning and permitting for key projects that will expand the system to support our future economy.**

In short, without significant capital investment to expand the core MBTA system, we will fail the employers and employees of today as well as those of the future.

On behalf of our members and the people who depend on the T, we thank the Special Panel for its important work to diagnose the problems and put the T back on track.

We also thank our member organizations, who have contributed to the this letter, and offer special thanks to Tony Dutzik and Rafael Mares.

Governor Baker and the Legislature have tough decisions ahead that will determine the future of the MBTA. A great city like Boston needs great public transportation. A great state like Massachusetts needs and deserves a first class transportation network. Our economy depends on it. For the sake of the Commonwealth's future, we must all remember that the T is more than just a cost center – it is the center of a transportation system that serves a vibrant, growing region. We need it to succeed.

Sincerely yours,

Kristina Egan
Director

cc: Kate Fichter
Joel Barrera