

Comparing Way Forward and Leadership Proposal



Partnership

- Since 2007, the Legislature and Administration have:
 - Launched \$3 billion Accelerated Bridge Program
 - Filed several Transportation Bond Bills
 - Tripled capital investment from \$515M in 2007 to \$1.4B in 2013
 - Avoided toll increases with increased sales tax
 - Avoided transit service cuts with state assistance
 - 2009 Transportation Reform
 - 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
 - Saved an estimated \$500M over first three years of Reform
 - Greater transparency
 - Improved customer service



The Facts

- We can't afford the system we have, let alone the one we want
- Over 50 public meetings and events with 7,000 residents leads us all to the conclusion: –

They want more of our services – not less

- The average unfunded Highway, MBTA and RTA operational need over the next ten years is approximately \$684 million per year
- Billions of necessary state of good repair projects



The Way Forward – January 2013

- A 10-year investment program to eliminate large deficits caused by a significant debt burden, poor historical practices and shore up our roads, rails and bridges
- Transparent, honest accounting of a \$1B annual deficit
- Funding this deficit, as detailed in the plan:
 - Eliminated MBTA budget deficits for the next decade
 - Eliminated use of bonds for MassDOT operations over two years
 - Appropriately funded the annual cost of snow removal
 - Forward funded the RTAs; eliminating the need for arrear payments
 - Funded annual enhancements at MBTA (\$25M) and RTAs (\$100M)
 - \$9 billion capital investment to maintain our current system
 - \$4.4 billion for investments to unlock economic development



The Way Forward – How it is Funded

■ Transportation Funding

- Cutting the sales tax from 6.25% to 4.5% and dedicating the proceeds to transportation and infrastructure
- 5% bi-annual increases to tolls and MBTA fares in FY2015
- 10% increase to Registry fees every five years, starting in FY2016
- Gaming, Massport and Convention Center contributions

■ Governor's Tax Reform Proposal

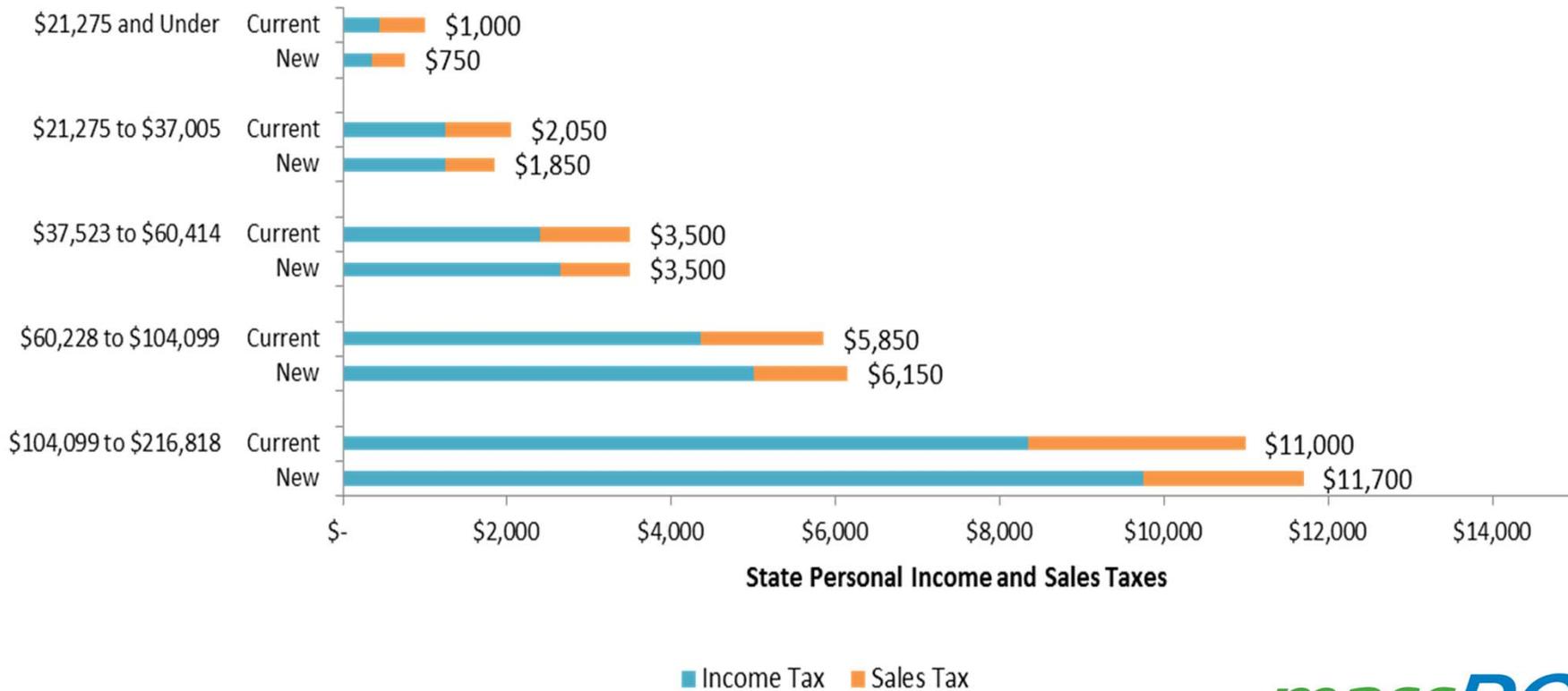
- Increasing the income rate by 1% to 6.25%
- Doubling personal exemptions
- Eliminating complicated tax deductions that only support select taxpayers



Proposed Tax Reforms: Effects for People

Change in Total Tax Paid for Most Filers

Net Adjusted Gross Income



Legislative Transportation Finance Framework

- The leadership plan wants to accomplish the following:
 - Operating budget gaps must be closed
 - RTAs should be forward funded
 - Employees should not be paid with capital funds
 - Investment in infrastructure and other priority areas
 - Requiring MBTA and MassDOT to meet benchmarks for revenues, savings and reforms



What does the Framework Solve?

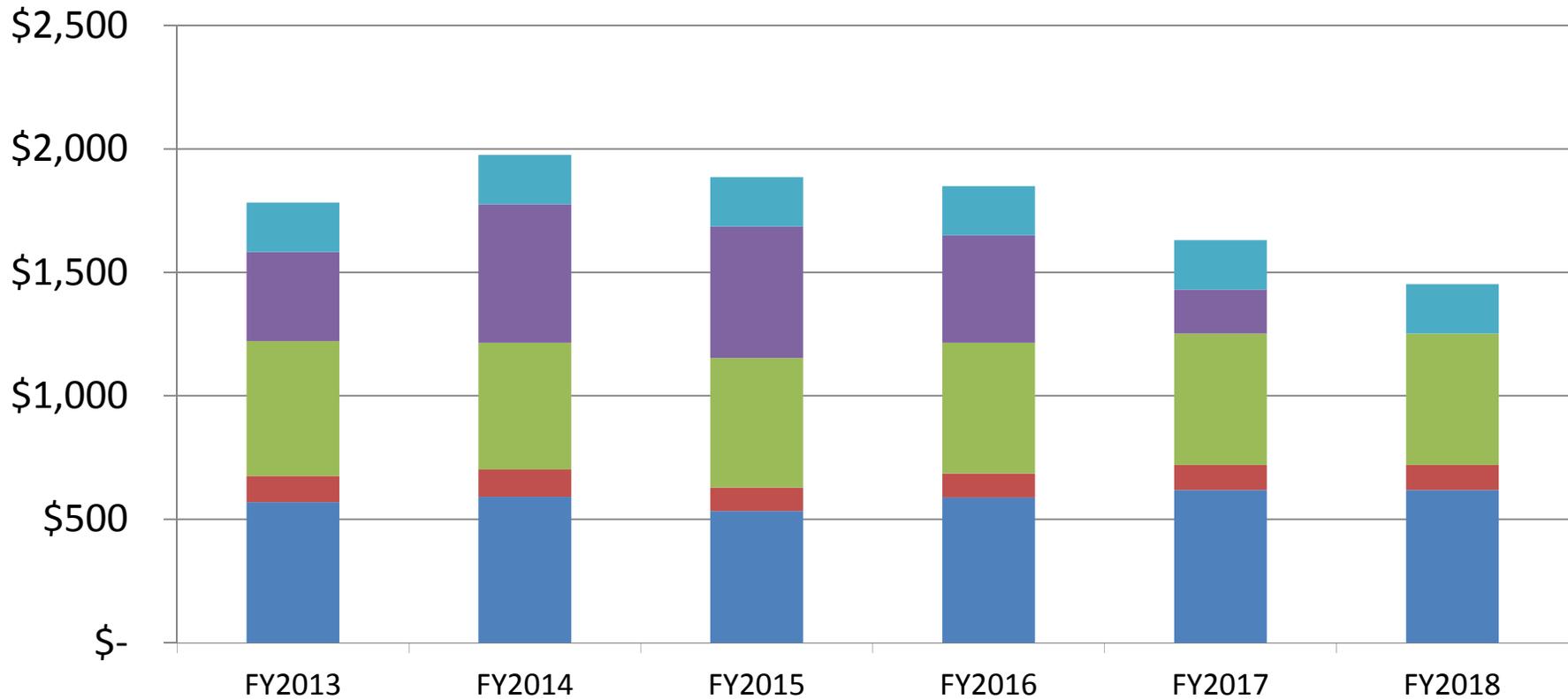
■ Areas of Agreement

- Forward funds the regional transit authorities
- Removes people from capital budget
- Frees \$234M in capacity within the capital plan by fiscal 2016 to fund safety and basic maintenance and increased chapter 90

■ Issues Not Addressed

- MBTA deficits continue unless we raise fares higher than proposed by Administration
- Bonds will still be used to fund non-capital expenses through FY2016
- Little if any service improvements for regional transit riders
- No capacity for additional capital investment beyond the existing published program and legal obligations

Projected Capital Expenditures (\$mm)



- Federal Funds & 4-year STIP (Committed)
- State/Federal Match (Committed)
- State Projects (Committed)
- ABP (Committed)
- Chapter 90



Unfunded Needs Competing for Limited Capacity

- Legislative plan spends the entire capacity it creates
 - Chapter 90 – Annual \$100 million increase
 - Legally obligated Green Line Extension - \$900 million unfunded cost
- As a result, the rest of the Commonwealth is left behind
 - South Coast Commuter Rail - \$1.8 billion capital cost
 - I-91 Viaduct - \$360 million capital cost
 - I-93/95 Canton Interchange - \$250 million capital cost
 - I-93/95 Woburn Interchange - \$320 million capital cost
 - Next Accelerated Bridge Program - \$1.1 billion capital cost
 - MBTA Red/Orange/Green Line cars - \$2.3 billion capital cost
 - RTA Bus Replacements - \$400 million capital cost
 - Other legislative or local priorities



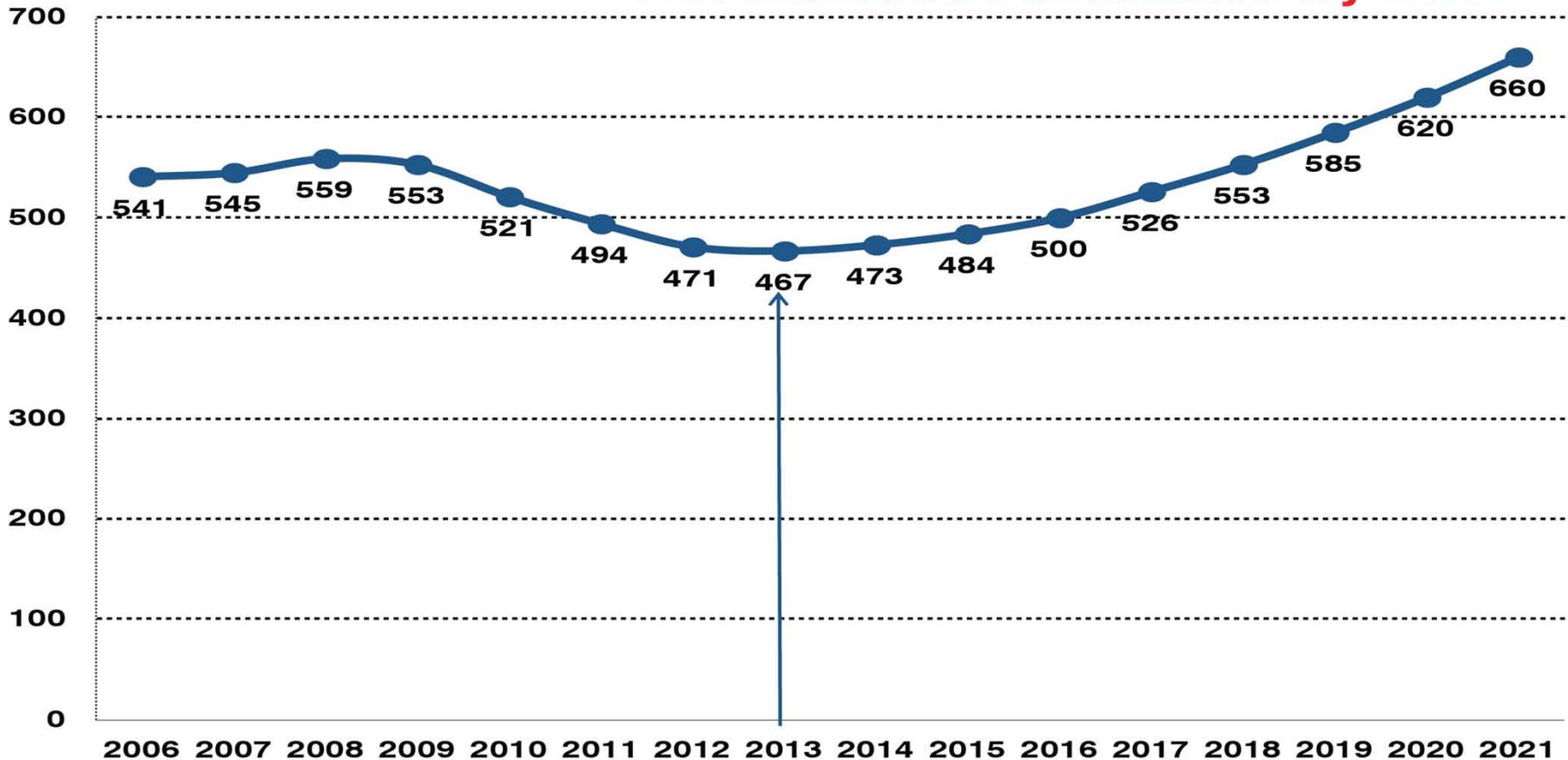
Forthcoming Bond Bill Will Not Help

- Legislative plan to fund capital projects relies on future bond bill
- Traditionally, transportation bond bill has been a statement of legislative priorities, but must have revenue to implement
 - Commonwealth currently has about \$19B in authorized *but* unfunded projects, dating back to the 1980s
 - Last year's bond bill contained hundreds of millions in earmarks without funding to implement
- Unless the future bond bill contains new revenue, MassDOT will have no capital capacity to fund legislative priority projects



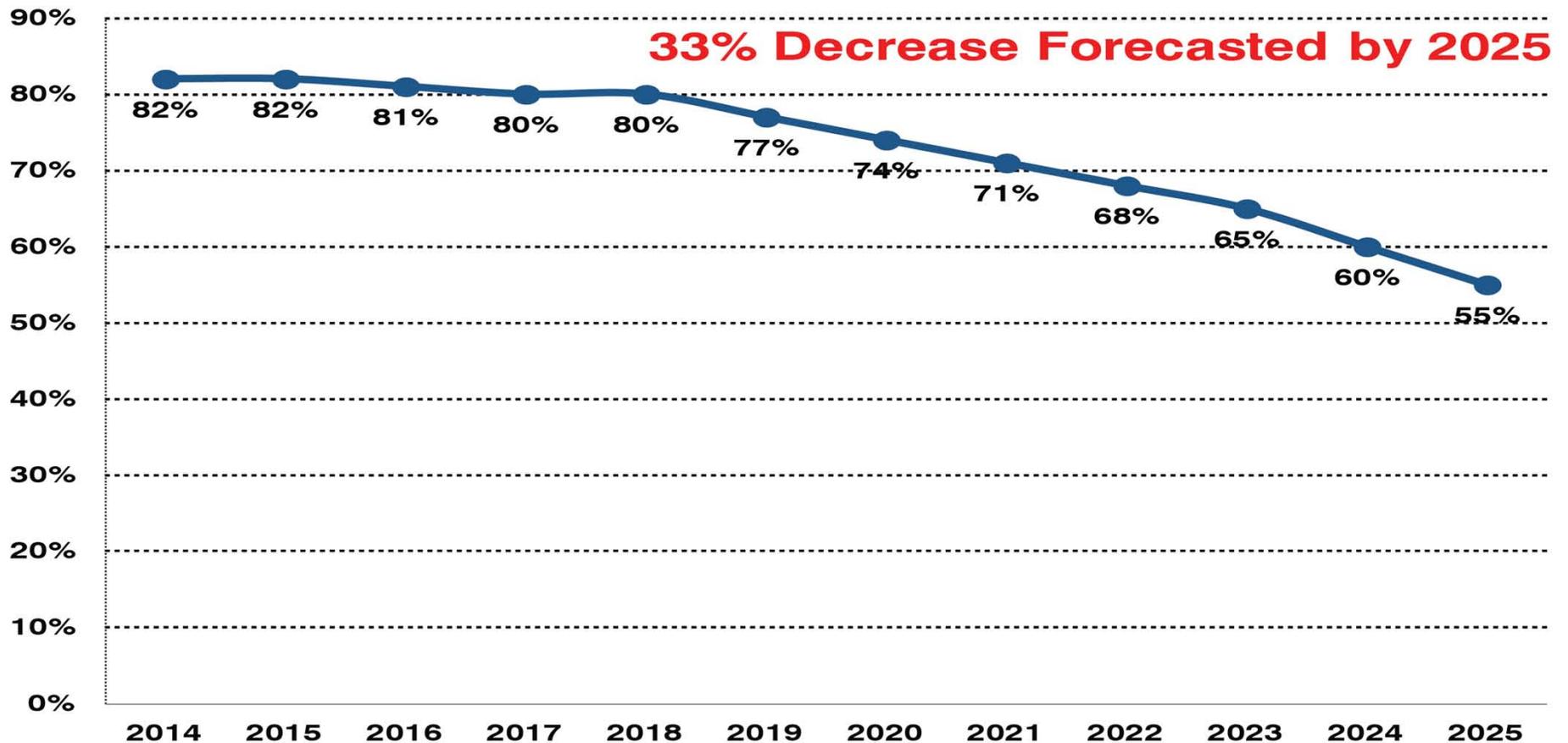
What is not funded - Bridges

Structurally Deficient Bridges **41% Increase Forecasted by 2021**



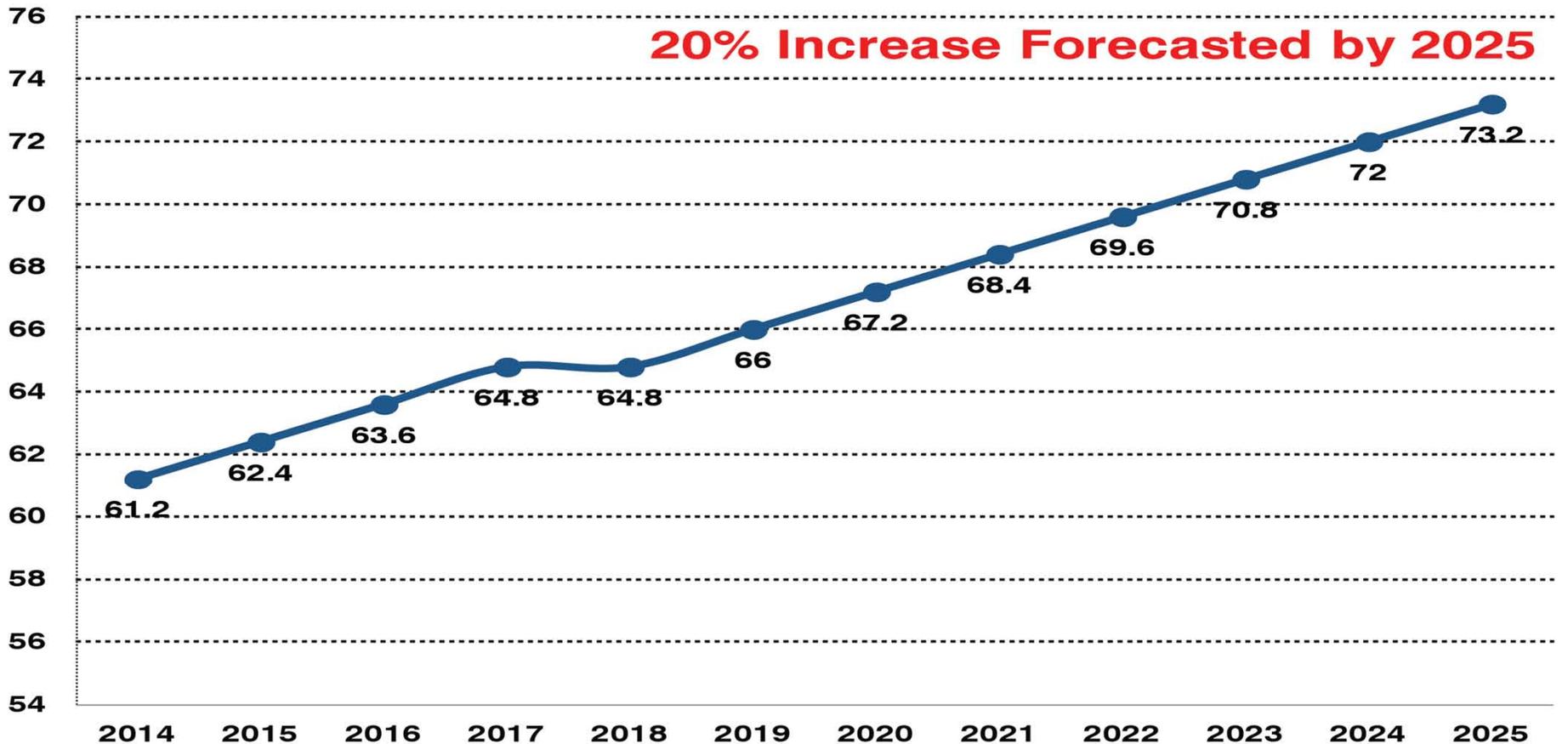
What is not funded - Pavement

Roadway Pavement in State of Good Repair



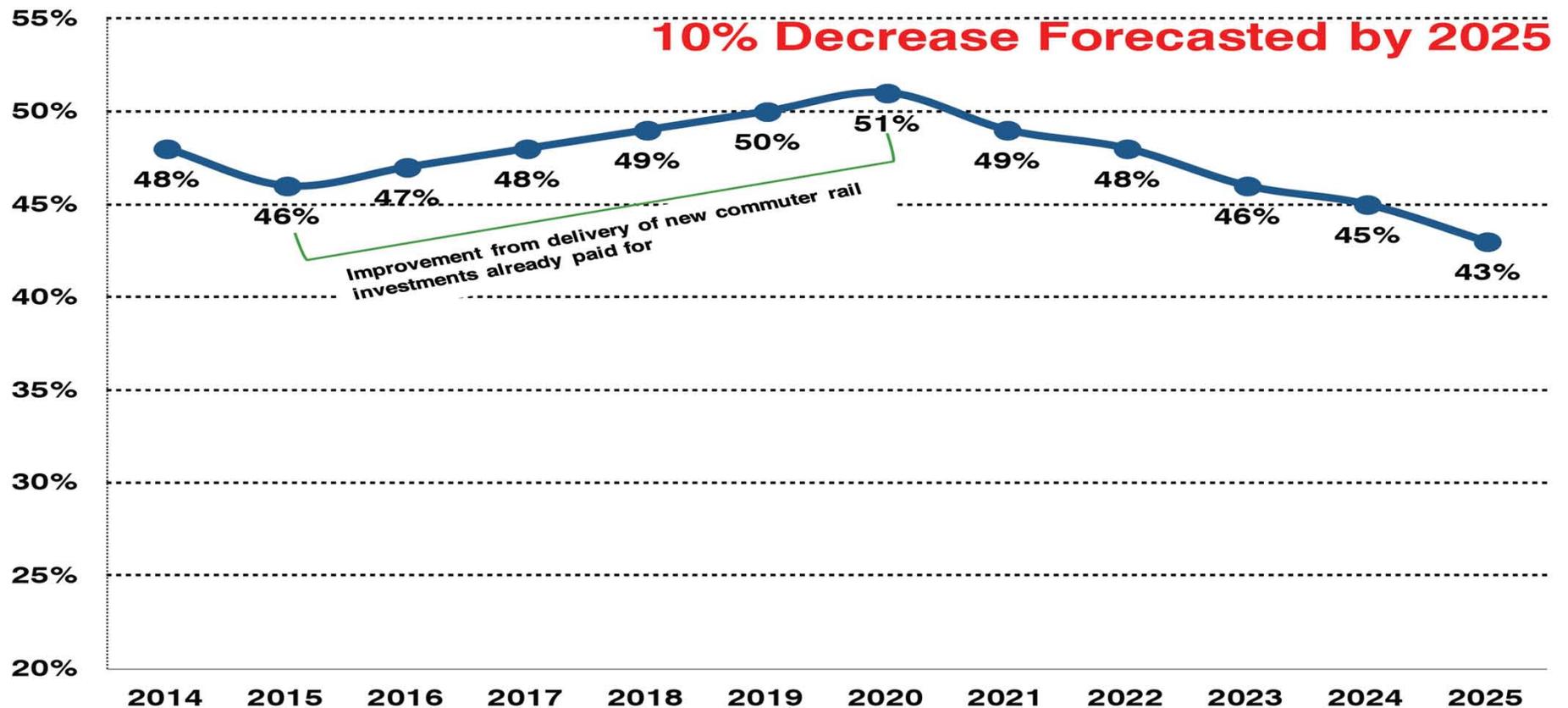
What is not funded – Congestion Relief

Personal Hours of Road Congestion Experienced Annually



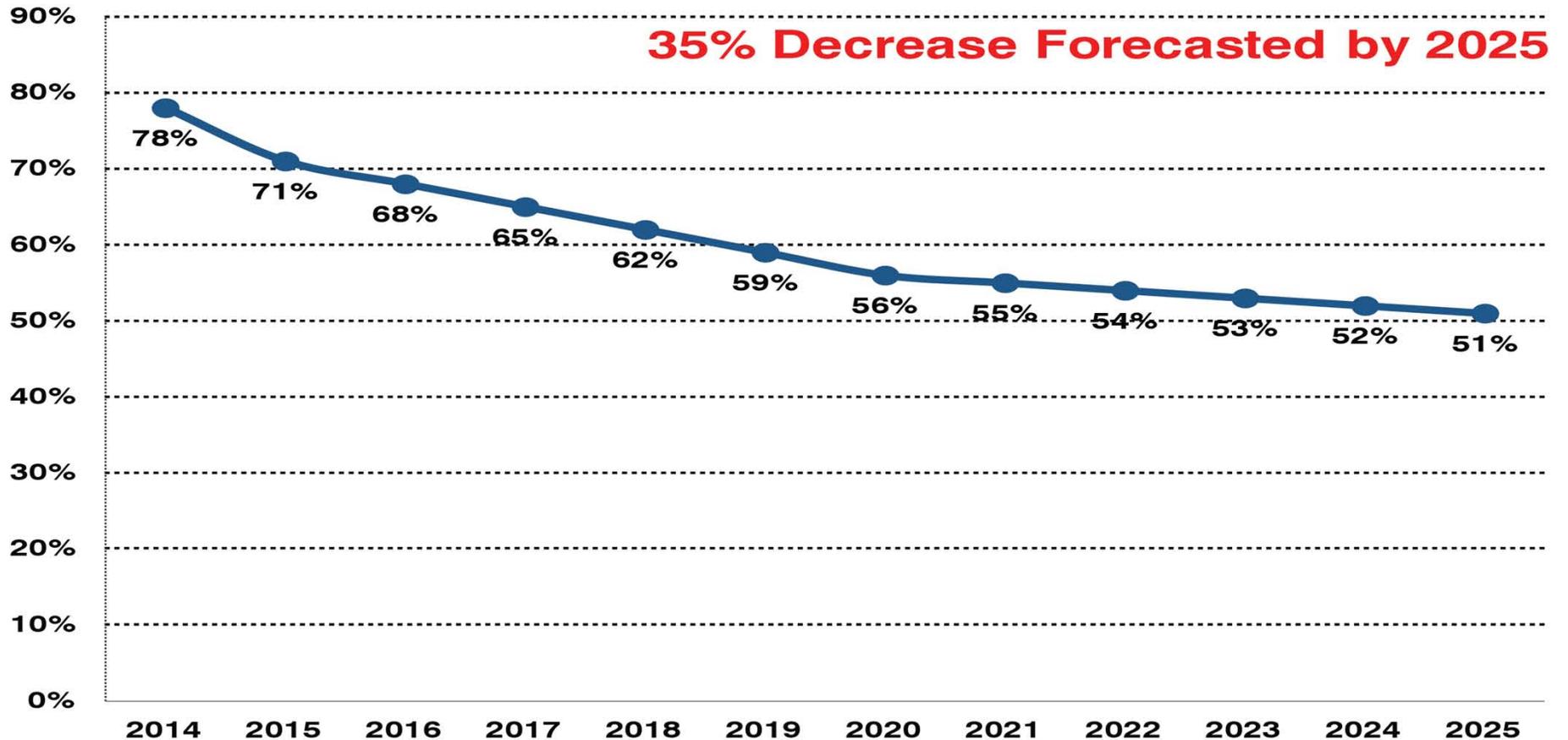
What is not funded – MBTA Vehicles

MBTA Buses, Subway Cars and Commuter Rail Coaches in State of Good Repair



What is not funded – Airport Runways

Airport Runway Pavement in State of Good Repair



The Framework – What it will cost residents

The Legislative Plan’s “Ownsource Revenue Targets” for MassDOT Equals Increases in Highway Tolls, MBTA Fares, and RMV Fees

Tolls *or* Fees Option

	2015	2016		New Cost <i>per year</i> in 2016?	Change in cost?
Highway Tolls	16% ↑	15% ↑	Framingham to Boston	\$1,857	\$465
			Harbor Tunnels	\$1,120	\$281
			Tobin Bridge	\$961	\$241
OR					
RMV Fees	10% ↑	9.3% ↑	Vehicle Registration	\$60	\$10
			License Renewal	\$60	\$10
AND					
MBTA Fares	6.7% ↑	12.5% ↑	Bus CharlieCard	\$1,570	\$178
			Subway LinkPass	\$1,008	\$168
			Commuter Rail Zone 4	\$3,284	\$548

