

To: Joint Committee on Transportation  
Senator Baddour, Chairman  
Senator Joyce  
Senator Petruccelli  
Senator McGee  
Senator Montigny  
Senator Timilty  
Senator Hedlund

Representative Wagner, Chairman  
Representative Fennell  
Representative Timilty  
Representative Canessa  
Representative Flanagan  
Representative Natale  
Representative Sciortino  
Representative Fernandes  
Representative Sandlin  
Representative Smith  
Representative Loscocco  
Representative Humason

Cc: Governor Deval L. Patrick

From: Bernard Cohen  
Secretary of Transportation and Public Works

Date: January 22, 2008

Re: Testimony on An Act Financing Improvements to the Commonwealth's  
Transportation System

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Chairman Baddour

Chairman Wagner

Distinguished Members of the Joint Committee

Thank you for the opportunity to provide testimony on AN ACT FINANCING IMPROVEMENTS TO THE COMMONWEALTH'S TRANSPORTATION SYSTEM, the Transportation Bond Bill. I appreciate the committee's swift action to give this bill a hearing early in the new year.

Massachusetts is fortunate to have an extensive transportation network. The coverage, capacity and condition of that system all directly affect the mobility of our citizens and the overall economic vitality of the Commonwealth. However, sustained capital investment in our aging transportation system is vital to ensure that it meets the needs of our residents and businesses.

Governor Patrick filed this bond bill at the end of last year as part of his steadfast efforts to address and reverse the Commonwealth's chronic underinvestment in our transportation infrastructure. The state's transportation network shows the consequences of decades of neglect. From Pittsfield to Provincetown, too many of our bridges are deficient, and too many lane-miles and track-miles are in fair or poor condition because they are under-funded and under-maintained.

The past year exposed this reality. Last March, the Transportation Finance Commission, an independent, non-partisan panel, released a report that catalogued and documented a \$15-19 billion transportation funding gap over the next twenty years, just to maintain the transportation infrastructure that we have today. As you know, that \$15-19 billion figure does not include the cost of important transportation expansion projects that will help fuel and nurture our economy in the decades ahead.

On December 5, 2007, the Division Administrator for the Federal Highway Administration (FHWA) and the Regional Administrator for the Federal Transit Administration (FTA) jointly signed a letter to the Executive Office of Transportation informing us that the FFY 2008 – 2011 Statewide Transportation Improvement Plan, the STIP, cannot be approved because of insufficient state funding. Without a new funding authorization at the state level, the Commonwealth is prohibited from advertising new federally-funded highway construction projects and could potentially forfeit about \$400 million in federal funding.

This bond bill addresses those concerns by fully-funding the STIP, a balanced transportation program that identifies priority and regionally significant transportation projects based on extensive planning done on the state and local level. When it is passed, it will ensure that we are not sending money back to Washington, D.C. – in fact, this bond bill will leverage billions of dollars in Federal matching funds.

This bill is consistent with Governor Patrick's Capital Plan, a document published in August, 2007, that proposed significantly increasing the Commonwealth's capital investment in roads, bridges and mass transit. That plan raised the state's bond cap in a prudent and sensible way – decreasing the Commonwealth's debt service as a percentage of its overall budget, while increasing net investment. The Governor's plan was examined by the leading bond rating agencies to make certain that we are maximizing the Commonwealth's investment capacity in a responsible manner. This bond bill is a smart investment in our future.

Governor Patrick has laid out an ambitious agenda to grow jobs, strengthen our communities, invest in education, and foster smart growth and smart energy. This bond bill supports all of those things. It will allow us to: better-connect our businesses,

industries, schools, and hospitals with the homes of our talented citizens; shorten commute times while expanding opportunities for affordable housing; and expand energy-efficient transportation modes. In the long run, we can only do those things if we are smart about our land-use decisions, and about how and where we invest our transportation dollars. As part of that effort, the Patrick Administration has begun work on a Long Range Transportation Plan that will develop this vision, and which we hope to have substantially complete by the end of 2008.

There are important maintenance and expansion projects that we know we need to do today. To fund these projects, this \$2.9 billion transportation bond bill leverages federal funding that will result in a total transportation investment of \$4.8 billion. In anticipation of the broader reform of the way in which we finance and manage our transportation system being implemented within the next few years, this bond bill is only intended to cover the costs of transportation infrastructure projects that the Commonwealth can afford to start within the next three years. A limited amount of additional borrowing authorization is included in case the Administration determines that there is additional capacity within the bond cap to address our transportation capital needs.

The bond bill includes authorization for the following important transportation investments:

Approximately \$1.3 billion to fund improvements to roads and bridges under the statewide road and bridge program, leveraging federal funding that will result in \$3.2 billion of total investment. This money will fully fund construction ads for federal fiscal years 2008, 2009, and 2010. We invest more than half a billion dollars each year in highway repair and construction, and this bond bill will allow us to increase that amount while maintaining the flexibility needed to deal with unexpected and external expenses such as rising commodity costs.

To sustain the construction program, MHD has hired 37 new employees in engineering or construction positions, with an additional 79 positions to be filled – a net increase of almost 100 engineering and construction positions compared with last year.

This bill authorizes \$500 million over three years to fund Chapter 90 grants to cities and towns for improvements to local roads and bridges. As you know, Chapter 90 is the lifeblood of local road construction and maintenance – money that is used to fix potholes on Main Streets and repave backroads in each and every city and town in the Commonwealth. Last April, the Patrick Administration made a commitment to fund this program at \$150 M a year – a significant increase over prior years - and this bond bill continues that commitment.

\$100 million for rail and mass transit planning projects targeted at supporting economic growth and promoting geographic equity, including planning efforts for the South Coast Rail extension to Fall River and New Bedford, the Urban Ring project and the Blue Line extension to Lynn.

\$700 million to fund the State Implementation Plan, or "SIP" commitments, which are legally-mandated projects intended to improve air quality and mitigate the environmental impacts of the Central Artery/Tunnel project. These SIP commitment projects include improvements to the Fairmount commuter rail, the Green Line extension to Somerville and Medford, the design and engineering for a Red Line-Blue Line connector between Government Center and the Charles/MGH Stations, and the creation of new commuter parking spaces at transit nodes. Although the Administration is optimistic we will receive federal funding for half of the estimated \$600 million cost of the Green Line project, the bond bill seeks authorization in an amount sufficient to cover the entire cost of the project in case federal funding is not approved.

\$75 million for the state's share of the Fitchburg Commuter Rail improvement project to improve safety and reduce commute times. This investment will leverage \$75 million of federal funding for the project.

\$50 million for public works grants to cities and towns that support economic development, known as "PWED" grants, a doubling of these funds from prior years.

\$15 million for transportation-related grants to communities with small populations, known as "STRAP" grants. Like the PWED program, funding for the STRAP program will be doubled. Just as importantly, we are expanding the number of towns eligible for these grants to communities.

\$20 million for grants to cities and towns that fund public infrastructure improvements and affordable housing that support transit-oriented development, known as the "TOD" program.

Approximately \$60 million for investments in regional transit authorities, mobility assistance programs, intermodal transportation improvements and water transportation.

And \$40 million for improvements at general aviation airports throughout the Commonwealth.

This bill is intermodal, it funds transportation projects in every corner of the state, and it invests our limited transportation dollars in the places we need it most.

Last March, the Legislature passed and the Governor signed a \$1.47 billion immediate needs bond bill to address a backlog in transportation funding authorizations. In just ten months, MassHighway has committed a billion dollars for 185 immediate-needs projects, the bulk of which have broken ground or will do so this construction season. In total, MassHighway spent \$501 million on construction in FY06 and \$515 million in FY07, and is projected to spend about \$540 million on construction this fiscal year. That money is important because it is used to improve our infrastructure, but it is also important because it is injected directly into the state's economy. This transportation bond bill is

expected to generate approximately 10,000 construction jobs across the Commonwealth – jobs that will help spark broader economic growth.

Passage of the pending bill will keep the pipeline flowing on a predictable, sustainable schedule and help us recover from the two-year funding hiatus in 2005-2006. Passing the bill soon will also enable us to unlock the federal hold on our projects, meet our April 1 legal responsibility to disburse Chapter 90 funding to cities and towns, and take advantage of the spring construction season. Because of this reality, I urge you to review, consider, and pass this bill as quickly as possible.

Over the past year, the Patrick Administration has been working to identify reform initiatives to better coordinate state-wide transportation policy, more effectively manage our transportation systems, and more efficiently utilize our transportation related resources.

As part of that effort, MassHighway has engaged in a major agency-wide initiative to streamline our project development process. This initiative includes: forming a task force with the construction industry to identify means of shortening construction timelines; developing a pilot program to expedite utility relocation (one of the major causes of construction delay); and streamlining some of the administrative procedures associated with design and construction, including consultant procurement and construction contract administration.

Over the past several years, MHD and DCR have been working cooperatively under an agreement calling for a sharing of responsibility for seven designated structures in the Charles River Basin area. The language in this bond bill continues that practice. Although the bill is specifically not intended to include the planned reconstruction of the Storrow Drive Tunnel, MassHighway continues to be involved in that important project. As specifically noted in the text, the bill does not authorize the transfer of responsibility for DCR's transportation infrastructure to MassHighway, an action which requires legislative approval.

Last July, Governor Patrick signed Executive Order 488, creating the Massachusetts Mobility Compact. The Compact brings the heads of all of the transportation agencies in the Commonwealth to the same table based on the principle that some things can only be accomplished by working together. The Compact focuses on initiatives in three areas: (1) mobility; (2) adopting best practices; and (3) working together on efficiencies and cost savings. Already, the Compact has identified cost-savings opportunities that will make the most of our limited resources.

We can no longer afford to ignore the crisis facing our transportation system. Just last week, trucks were banned from the inner roadways of the Longfellow Bridge to ensure safety. We need to adequately fund needed investments in our transportation system. The first step in that process is to stretch our existing transportation dollars further – by being smart about where and how we invest. Governor Patrick has also proposed that half of all new revenue from the Administration's gaming initiative be invested directly

in maintaining transportation infrastructure statewide – an investment that we estimate would shrink the TFC gap considerably.

This bond bill is just one part of a broader set of reforms that will change the way we govern and finance transportation in the Commonwealth. Another aspect of that reform will be included in the Governor's proposed budget, which will be filed tomorrow. That bill includes an important reform of the state's Highway Fund. For many years, funding the Commonwealth's transportation infrastructure and programs has been achieved through an antiquated system of confusing splits between different budgetary funds, making it difficult to identify transportation-related revenues and transportation-related expenses. The Governor's budget simplifies and clarifies this system by directing all transportation-related revenues to a Transportation Fund, and funding all transportation-related expenses, including debt-service on bonds issued for transportation purposes, from that Fund. This reform ensures that the gas tax, registry fees, and other transportation-related revenues will be appropriately dedicated to the care and maintenance of our highways, roads, bridges, and other parts of our transportation system.

Chairman Baddour and Chairman Wagner, it has been a pleasure to work with you over the last year. I hope to continue that productive relationship with you, other members of the joint committee and the legislature in the coming weeks and months as we craft changes that will strengthen our ability to provide needed transportation investments. This bond bill is an important step in that direction.

Thank you again for the opportunity to testify today and I would be happy to answer any questions you might have.

↓ part of reform