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INFRASTRUCTURE POLICY BRIEF: TRANSPORTATION

One in a series of policy briefs outlining the critical challenges facing Massachusetts's next governor — and ways to effectively address them.

Why is this important?

For over 350 years, Massachusetts has been at the forefront of transportation innovation by establishing North America's first water ferry service, the nation's first postal route and the first subway system in the Western Hemisphere. This tradition and investment philosophy continued through the end of the last century with "The Big Dig" - the largest, most complex and technologically challenging highway project in American history.

The gap between transportation needs and capital allotment over the next 5 years is nearly \$2 Billion. And with the Big Dig nearing completion, Massachusetts is lacking a transportation strategy and a clear set of priorities to support regional economic development and quality of life.

What are the challenges?

Massachusetts faces significant challenges in meeting its transportation obligations. The combination of the following factors shows how imperative a comprehensive transportation strategy is:

- **Who's In Charge? What's The Strategy?** The annual allotment within the bond cap is \$513 million, but authorized projects for the next five years exceed \$4.5 billion - and billions more have not yet been authorized. Everyone agrees that limited capital resources should be targeted at the most critical projects, but we have no overall economic development-focused strategy and few agree on a common, clear and strategic process for setting priorities. Transportation planning is fragmented by mode among state agencies and transportation authorities including: Executive Office of Transportation and Construction, Mass Highway (with 13 Metropolitan Planning Organizations), Massachusetts Turnpike Authority, MBTA, and Massport. No means exists to coordinate planning and budgets, nor is there a culture of collaboration. Increasing legislative and congressional earmarks exacerbate this planning challenge.
- **Massachusetts - Heavily Urbanized:** Massachusetts is one of the most urban states in the nation with more than 87% of the state's residents living within an urbanized area and owning more vehicles per person than the national average.
- **Traffic:** Traffic congestion on suburban highways, arterial roads and routes into Boston and around the state is increasing. Route 3's traffic volume (South of Boston), designed to carry 60,000 vehicles, is predicted to more than double over the next eight years to 115,000 vehicles daily. Also, the expansion of high tech businesses outside of Boston has created congestion on Routes 128 and 495, as well as on local roads. For example, Andover, a bedroom community of just 40,000 residents, now hosts 100,000 commuters every day.

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- **Aging Infrastructure. Almost 50% of Capital Funds Maintain What We Have:** Of the approximately 5,000 bridges in Massachusetts, almost half are either structurally deficient or are functionally obsolete. In fact, Massachusetts ranks fourth among states having the most deficient bridges. Also, 26% of the roads of the state-maintained highway system are either in fair or poor condition. Approximately half of state capital spending on non-Central Artery work is simply for replacement and repair and neither the state nor local government spend enough operating funds for maintenance.
- **Transit:** Major MBTA projects such as the urban ring and the New Bedford rail extension are unfunded. The MBTA may not be able to maintain its current infrastructure through its current operating funds, and Regional Transit Authorities may be facing the same challenge.
- **Our Hands Are Tied and Federal Funding is at Risk:** Use of Grant Anticipation Notes (GANs) enabled the state to meet its current obligations, but have reduced our ability to fund other necessary projects. Now, 50% of our federal highway aid from 2004 to 2015 will be dedicated to repaying the principal on the GANs. The interest on the GANs will have to be paid from general state revenues. In addition, federal transportation funding for Massachusetts could be cut in the next T-21 Reauthorization.
- **Logan: Delays a Problem for Business and Personal Travel:** Logan Airport is the 19th busiest airport in the U.S. and ranks 5th worst nationally for air traffic delays. The airport is facing the biggest challenge of its 75-year history. A \$1 billion modernization plan is well underway. The addition of a new runway - vital to reducing air traffic congestion - must be managed in conjunction with the expansion of regional airports. The governor also needs to adopt a regional air traffic plan in partnership with other New England states.

What are the next governor's options?

Establish an **internal task force** including agency and authority staff and convene business and community leaders to build support for a statewide transportation strategy and long-term financing plan. A long-term plan - closely tied to a finance plan - would ensure projects are completed in the most fiscally responsible way. The strategy should at a minimum address the following needs:

- **Protect Federal Funding Next Year: T-21 Re-Authorization:** The Governor should prepare a specific strategy for securing federal funds through the T-21 re-authorization process. Massachusetts can no longer count on significant earmarks due to the amount of funds drawn to the Big Dig, but we need to "hold our own" on federal funding in order to meet our transportation obligations. The bi-partisan Task Force encouraged by Mass Insight and our congressional delegation and established by Governor Swift should continue its advisory role.
- **Comprehensive Regional Approach:** The strategy should address all aspects of transportation: MBTA, transit, roads, air, and water. The Strategy should include stakeholders and experts from both within and outside government.
- **A 10-Year Financing Plan and New Revenue Sources:** The State needs a 10 Year Transportation Financing Plan and new sources of revenue will be needed to pay for future projects which will include some obvious, but politically difficult decisions such as whether to install new tolls or increase the gas tax. New revenue sources must be tied to a strategy and the prioritization of projects.
- **Better Project Oversight, Procurement Reform:** Coordinated environmental reviews and Design/Build/Operate construction contracts with penalties for cost overruns are examples of ways to reduce the price tag of transportation projects in the future. Public procurement inefficiencies cost the state millions of dollars each year.

"By investing in transportation today, we make possible the economic growth and prosperity of tomorrow."

— Kevin J. Sullivan
Former Secretary of
Transportation

Mass Insight convened several experts in the field of transportation to prepare this policy brief.

Mass Insight's 2002 Campaign Initiative is a first-of-its-kind briefing series for the media and statewide candidates and later the transition teams, focusing on critical competitive issues facing the Commonwealth. The issues that are the focus of the Initiative - Controlling Costs, Infrastructure (Transportation, Water, Energy, Telecommunications), Higher Education/Science, Health Care, and K-12 Education - have all been identified by business leaders as essential to creating new jobs and maintaining a positive business environment.