



Reformed. Restructured. Redefined.

Senator Steven A. Baddour

03.24.09



The Problem

- In 2007, the Transportation Finance Commission reports forced attention to the **gravity and seriousness** of the problem facing our transportation delivery system.
- The Commission concluded that Massachusetts surface transportation agencies collectively faced a **20-year funding shortfall of \$15 to \$19 billion**.



The Problem

- Virtually every transportation agency in the state is running **structural deficits** and resorting to short-term quick fixes that **hide systemic financial problems**.
- The **condition of our roads**, bridges and transit systems are all in broad decline.
- Revenue is being **squeezed** from all sides.
- We have **no money for transit or highway enhancements** or expansions without further sacrificing our existing systems and exacerbating our problems.



Media



TELEGRAM
& GAZETTE
BEVERLY, MASS., U.S.A.

“(This is) an opportunity to **move on the transportation restructuring** that has been talked about on Beacon Hill for decades.” (February 15, 2009)



BEVERLY CITIZEN

“This is an **opportunity to move the ball forward on reform** and to develop a plan that faces our transportation debt.” (February 25, 2009)



FRIDAY, DECEMBER 3, 2004
MALDEN OBSERVER
www.maldenobserver.com

“Doubling gas-tax would **throttle commerce**, working-class residents”
(February 12, 2009)



The Republican.

“Gas tax is **unfair** to western Mass drivers.”
(February 23, 2009)



Media

The Eagle-Tribune online

“Neither Governor Patrick nor our representatives in the Statehouse should be allowed to raise as much as a penny in taxes, fees, tolls etc. until they **do the responsible thing and get rid of the waste.**” (February 25, 2009)

THE RECORDER Serving the people of Franklin County and the North Quabbin Region recorder.com

“Once again, it would seem, the **Big Dig and the state are sticking it to western Massachusetts.** Residents here are being asked to dig deeper into their wallets to pay for ineptitude by those parties that were supposed to provide oversight to a project that turned into the nation’s most expensive.” (February 12, 2009)



“**Reform first** – A gas tax hike may be inevitable, but **Legislature must cut transportation bureaucracy**”
(February 12, 2009)



Media

The Boston Globe

“Reform before revenue is not a wild and crazy idea. It’s exactly what Massachusetts taxpayers deserve.” (March 12, 2009)



“As (Senate President Therese) Murray points out, until a more efficient and accountable system is in place, who can say **how much additional revenue is truly needed** to fend off Turnpike toll hikes, keep the MBTA up and running and patch up our crumbling highways and byways?” (March 16, 2009)



Chipping Away at Reforms: Accomplishments to date

- ✓ **Strengthened the Office of Secretary of Transportation** by moving toward a unified system to maximize efficiency, improve communication, and spend transportation dollars wisely.
 - Led to the creation of the Mass. Mobility Compact.
- ✓ **Created the Transportation Finance Commission** to force attention to the gravity and seriousness of the problem facing our transportation delivery system.
- ✓ **Changed MBTA health benefits** by requiring members to contribute 10% toward their co-pays – **saving the system millions** of dollars both now and in the future.

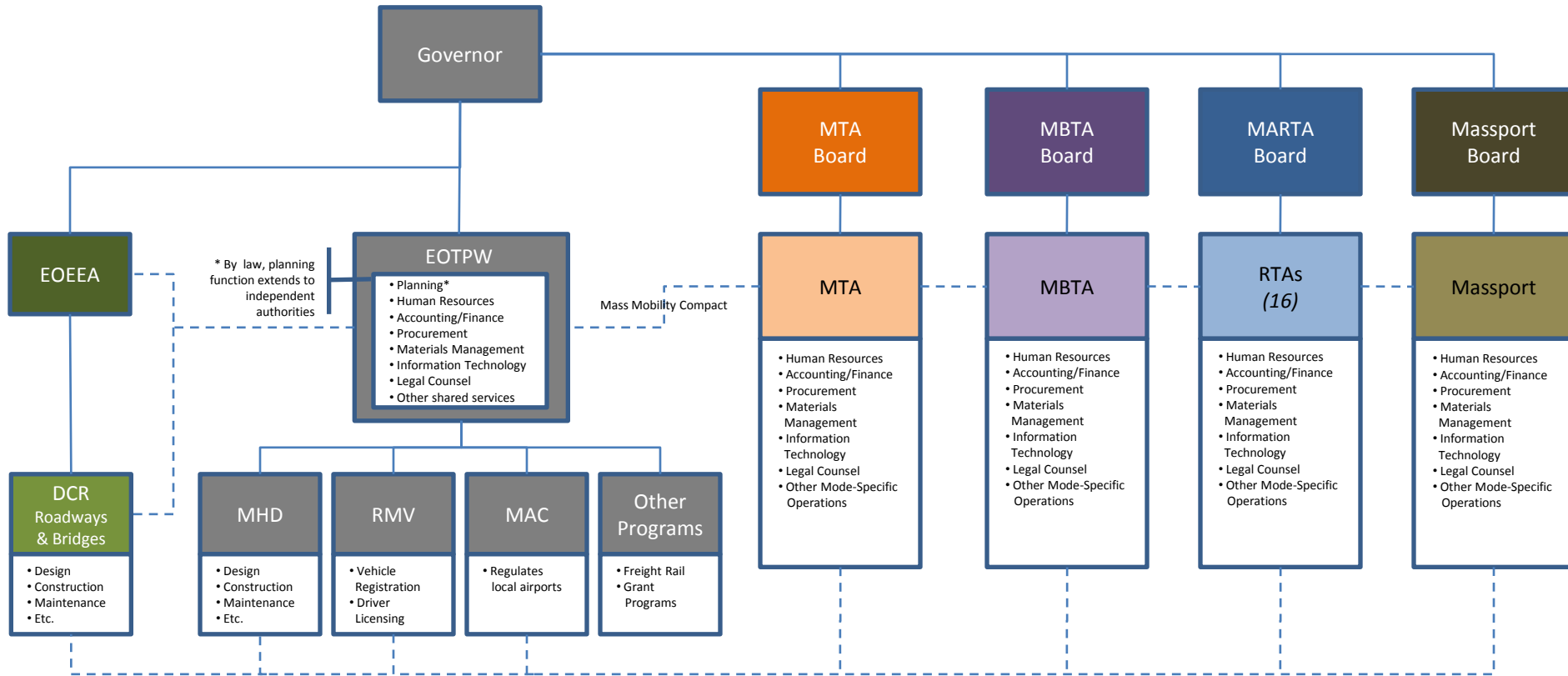


Chipping Away at Reforms: Accomplishments to date

- ✓ **Civilian Flaggers** used to replace expensive police details at all state road and bridge projects, a controversial issue that could save the Commonwealth millions.
- ✓ **40% Faster Project Delivery** at MassHighway.
- ✓ **Greater Transparency** established at MassHighway through the Online Scorecard so citizens can see project process and cost.



Current Transportation Model



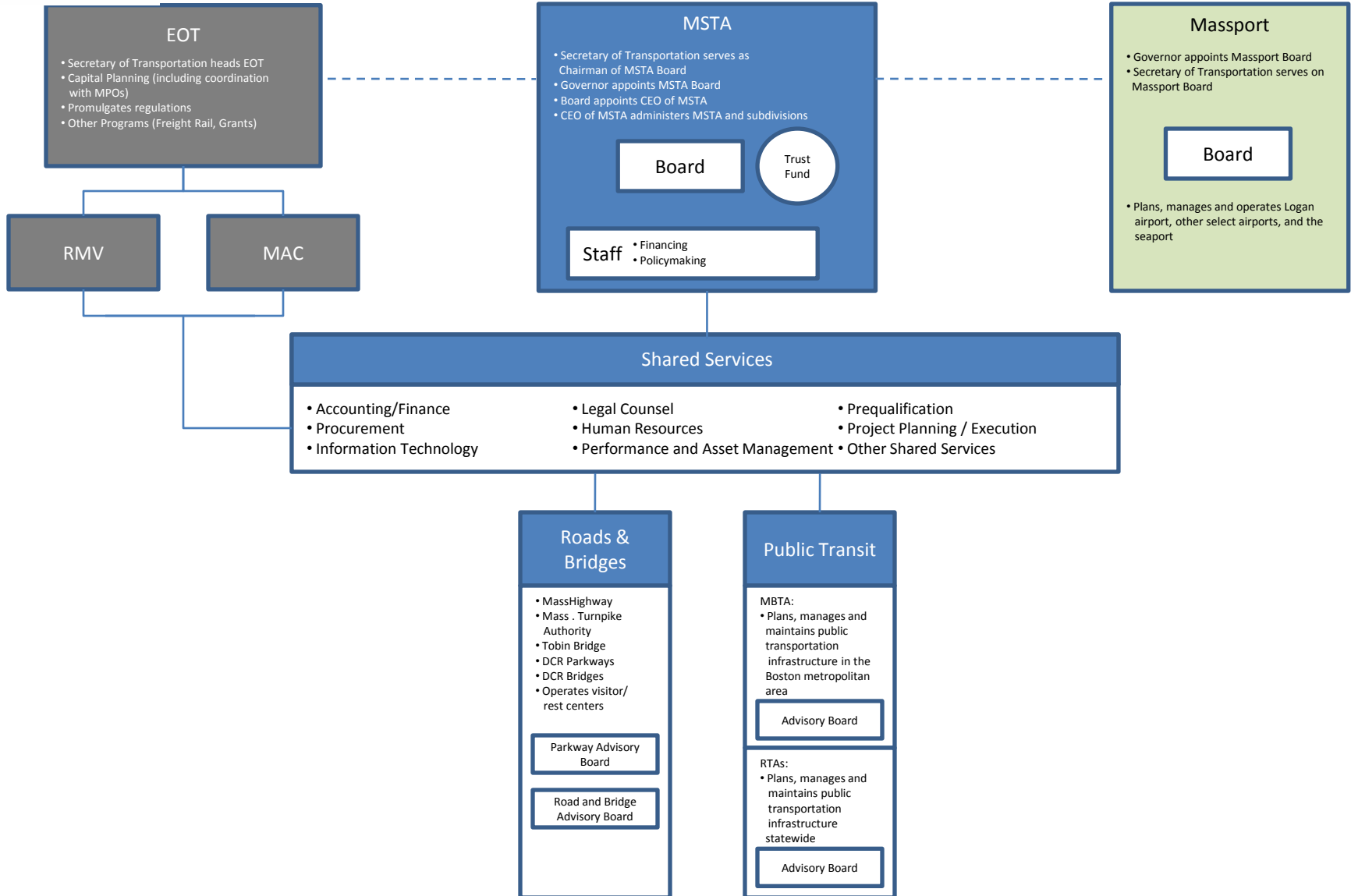


Reform, Restructure, Redefine

- Creating a **single, unified, independent** surface transportation authority, the Massachusetts Surface Transportation Authority (MSTA) to **streamline operations, share services and reduce costs**.
 - With the creation of the MSTA, this bill will **streamline transportation planning** and communications and create a **more efficient and cost-effective system** by consolidating the many layers of bureaucracy in the current system.
- Adopting the **reform recommendations** of the Transportation Finance Commission.
 - Recommendation are included in various forms.



Reform, Restructure, Redefine: Massachusetts Surface Transportation Agency





Reform, Restructure, Redefine: Executive Office of Transportation



- Redefines the mission of EOT to **improve transportation planning**.
- EOT is now the **single source of developing** all transportation plans for all modes of surface transportation: all roads, all bridges, all transit.
- EOT remains the primary interface between the MPOs and the Federal Government.
- The RMV and MAC remain within EOT.
- **Enhanced fiscal scrutiny** for major capital expansion projects requiring sufficient revenues will exist to operate the project.



Reform, Restructure, Redefine: MSTA

- Responsible for **financing, building, operating and maintaining** all roads, bridges, and transit in the Commonwealth:
 - 11 member professional board appointed by the Governor.
 - CEO responsible for coordinating all divisions and programs.
 - Division Administrators handle day-to-day operations.
- **Shared Services** houses all back-office functions of all former agencies and authorities.
- **Consolidates funding** sources that are currently segregated, allowing cross-subsidization of modes.
- Creates an **Office of Performance Measurement** to impose **stringent accountability and performance measurements** on the new Authority.



Reform, Restructure, Redefine: Division of Roads and Bridges

- The Division of Roads and Bridges will operate and maintain **all roads and bridges** in the Commonwealth:
 - The Massachusetts Turnpike Authority: Western Turnpike System and Metropolitan Highway System
 - DCR Parkways and Bridges
 - Tobin Bridge from Massport
- Creates **Road and Bridge Advisory Board** to coordinate and share information and best practices in matters of the operation and maintenance of roads and bridges.
- Transitions to a **single Asset Management System** to track road and bridge maintenance needs.



Reform, Restructure, Redefine: Mass. Turnpike Authority



- **Eliminates the Turnpike Authority** and consolidates with the other road and bridge agencies in the Commonwealth:
 - Merges the Western Turnpike into the new Authority on July 1, 2009.
 - Merges the Metropolitan Highway System into the new Authority on July 1, 2010.
 - Big Dig debt held by the Turnpike becomes debt of the new Authority.
 - Requires the new Authority to use the state fiscal year and the **state's accounting system**, to pierce the lack of transparency for which the Turnpike has been faulted.



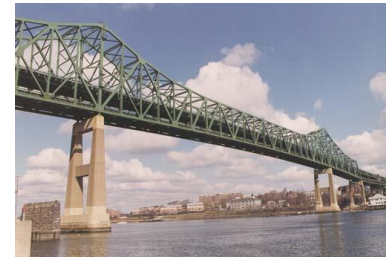
Reform, Restructure, Redefine: DCR Parkways and Bridges



- Parkway are **inherently different than highways**, and thus require distinct treatment:
 - The Division of Roads and Bridges of the MSTA will have a **Bureau of Parkways** that will treat the parkways differently than highways.
 - The Division of Roads and Bridges of will also have a **Parkway Advisory Board**, made up of environmental groups from inside and outside the Greater Boston Area and will make recommendations on the operation and maintenance of the parkways using **Historical Parkway Preservation Treatment Guidelines**.
 - DCR employees will still work on former DCR assets within the MSTA.



Reform, Restructure, Redefine: Tobin Bridge



- Massport remains an independent authority under the Senate plan.
- Tobin Bridge operation and maintenance transfers to the MSTA on July 1, 2009.
- Revenues collected on the Tobin Bridge transfer to the MSTA on July 1, 2010.



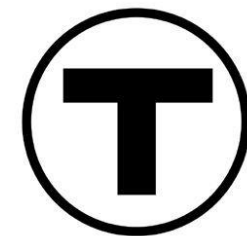
Reform, Restructure, Redefine: Division of Public Transit

- The Division of Public Transit will contain:
 - MBTA
 - All the Regional Transit Authorities (RTAs)





Reform, Restructure, Redefine: MBTA



- **Consolidate the MBTA** into the new Division of Public Transit of the MSTA on July 1, 2011.
- **Absorb** the MBTA debt in to the MSTA.
- **Dedicate revenues** from local assessments and sales tax to fund the MSTA.
- **MBTA Retirement Fund** continues to serve MBTA employees and retirees.
- **Eliminate “23 and out”** by adopting vesting requirements including a minimum retiree age of 55 years.
- The cost of **MBTA health care benefits** will be no greater than those provided under the GIC. Employees will be required to participate in the GIC if an actuarial study shows it to be more cost effective.



Reform, Restructure, Redefine: RTAs

- **Preserve the RTA's continued independent existence**, while improving central oversight and funding through MSTA.
- RTA's will be **forward funded** by the MSTA.
- Can **exceed the 2.5% budget growth cap** through MSTA waiver process.
- **Regional Transit Advisory Board** created to represent the needs of all RTAs to the Division Administrator and the CEO of the Authority.



Reform, Restructure, Redefine: Additional Reforms...

- **Break down current silos** of funding by reconstituting the Highway Fund as the Surface Transportation Trust Fund managed by MSTA.
- **Requiring forensic accounting** to examine the finances of all Agencies transitioning to the new Authority to assure the public that there are **no financial secrets** as we go forward.
- Reduce reliance on **outside consultants** and eliminates “revolving door” for transportation employees.
- Rigorous **transparency** and **mandatory reporting** requirements.
- **Tort reform** to reduce costs.
- **Comprehensive study of particulate matter** to determine public health effects of air pollution from the transportation sector and adopts “**Buy Green**” and “**Build Green**” initiatives.
- Prohibits use of **Owner Controlled Insurance Programs** – lesson learned from the Big Dig.
- Establishes an **internal special audit unit** to route out fraud, waste, and abuse in Authority spending.



Reform, Restructure, Redefine: Public-Private Partnerships

- **Does not** repeal the Pacheco Law.
- Establishes a detailed process by which the new Authority and the Commonwealth can **solicit and evaluate opportunities** for public-private partnerships to help fund investment in our transportation system.
 - The state cannot pay for all the commitments it has, either on the operating budget side or the capital budget side.
 - If private ventures are willing to commit their money to help the state fulfill its myriad obligations, we should be willing to consider those opportunities.
- Includes review by a **7-member oversight commission** that includes representation by M.O.S.E.S., the AFL-CIO, and the State Treasurer.
- The findings of the Commission are ultimately **subject to review** by the State Auditor, using existing Pacheco Law processes.