

Fair Share Financing and CTF Expansion

Establishing Programs of Funding
for MBTA Capital Priorities

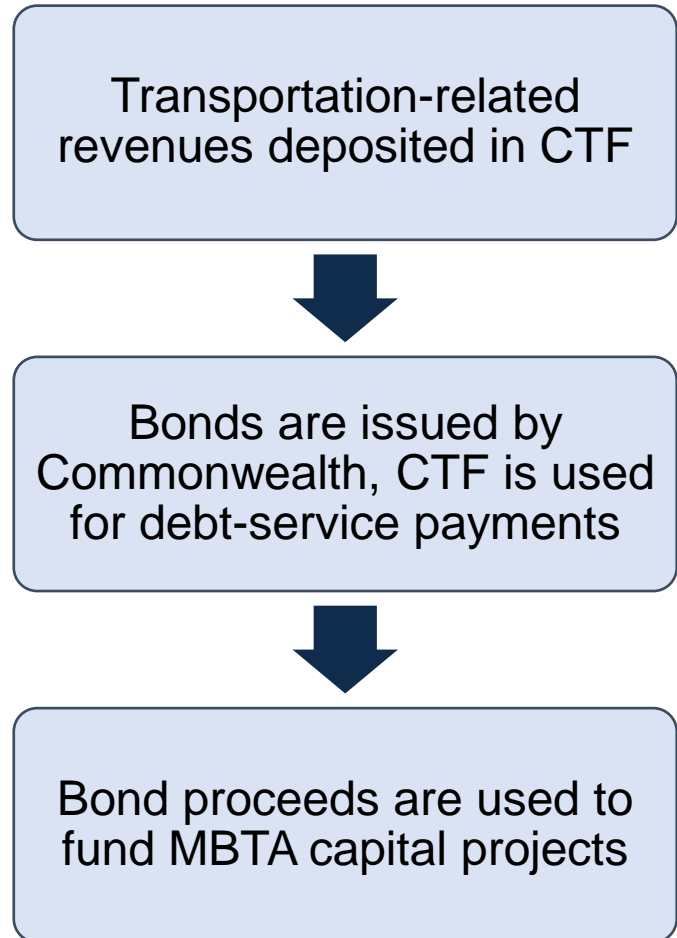
October 2024



Background: CTF Funding and the MBTA

- The Massachusetts state budget's primary source of transportation spending comes from funds collected through the Commonwealth Transportation Fund (CTF)
- The CTF includes revenues collected from various transportation-related taxes and fees, and helps fund MassDOT and MBTA operations, as well as debt-service
- The MBTA receives operating assistance directly from the CTF, and funds from CTF have also been used by the state to fund MBTA capital projects via the issuance of bonds under the Rail Enhancement Program (REP)
- The REP has helped to fund a number of major MBTA initiatives, including:
 - Green Line Extension
 - South Coast Rail
 - Red and Orange Line improvements, including new vehicles
 - Procurement of Commuter Rail Bi-Level Coaches

MBTA Capital Funding from CTF



Additional CTF Funding Through Fair Share

- While REP continues to be a critical source of funding for ongoing MBTA projects, many REP-funded projects have already been completed or are beginning to wind down
 - Building on the success of REP, the Commonwealth, with the support of Governor Healey and the Legislature, has dedicated significant recurring funding to the CTF to support increased borrowing capacity
 - This funding comes from revenues generated by the Fair Share amendment, which generates additional revenue for transportation and education
 - This new funding will result in an **increased borrowing capacity of \$1.25B over the next 5 years** to support capital projects at both the MBTA and MassDOT
 - The funding transfer being considered today, totaling \$601M, represents the first allocation of this funding to the MBTA to support ongoing major capital investments
- **Today's recommendation, in collaboration with the Executive Office of Administration and Finance (ANF), is to approve the creation of the Rail Reliability Program (RRP) and Station Accessibility and Resilience (STAR) program, unlocking an additional \$601M for the MBTA.**
 - **These programs would directly support ongoing and future capital investments that:**
 - Address critical asset needs;
 - Keep the T on a path to better safety, service, and sustainability;
 - Focus on our capital investment objectives of Safety, Reliability and Modernization; Accessibility; and Sustainability and Resilience.



MBTA Investments and Additional CTF Funds

Additional sustainable funding, leveraged through the CTF, supports key ongoing and next up capital investments addressing the MBTA's critical State of Good Repair and asset needs, while also providing key customer-facing investments to modernize our system, improve service reliability, and improve accessibility.

Recommended CTF-based investment programs are:

Rail Reliability Program (RRP)



Track work between Alewife & Porter during Red Line surge

Red Line vehicle at Park Street

- Ongoing implementation of the Track Improvement Program and future upgrades to, power, track and signal infrastructure
- Continued investment in fleet replacement, including projects funded through the Rail Enhancement Program

Station Accessibility and Resilience (STAR)



Entrance to Park Street Station

Elevator at Quincy Adams Station

- Continued funding for accessibility and resiliency improvements at passenger facilities across the system

RRP: Track Improvement Plan & Related Investments

- The MBTA launched the **Track improvement Program (TIP)** in November 2023 to eliminate speed restrictions and bring all tracks into a five-year State of Good Repair on the Red, Green, Blue, and Orange Lines
- RRP CTF funding would be used to cover the MBTA's portion of TIP-related costs, freeing up those funds for other major capital priorities, including projects that were re-sequenced to support the TIP
- RRP CTF funding would also be leveraged for future investments in our track, signal, and power infrastructure to improve the safety and reliability of our rapid transit service



Green Line track work at Park St. Station during January 2024 TIP surge

RRP: Investments in Fleet Replacement

- The FY25-29 CIP includes funding for new revenue vehicles across rapid transit and Commuter Rail modes
- RRP CTF funding would provide MBTA with needed additional funding to continue existing priority projects successfully funded through the Rail Enhancement Program
- Examples include:
 - Funding to support the production of **new Red and Orange Line vehicles** through completion, replacing new and repurposed funding in the FY25-29 CIP
 - **Red and Orange Line vehicles** continue to be delivered on time after the contractual schedule reset earlier this year
 - Funding to procure an additional **39 additional bi-level Commuter Rail coaches**, allowing for replacement of all existing single-level coaches



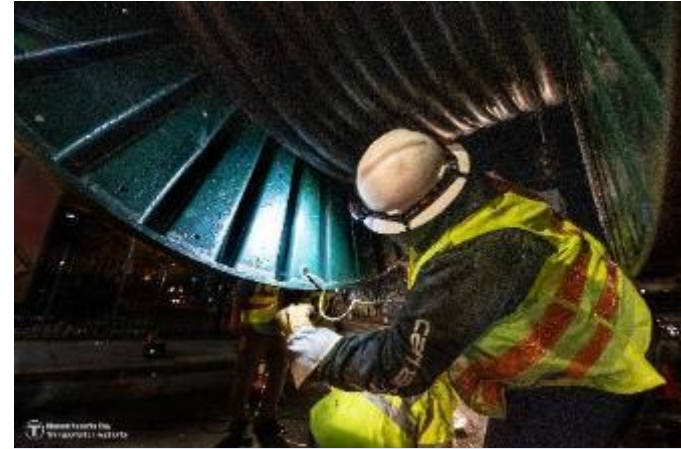
A new Orange Line train at North Station in 2021



Commuter Rail Bi-Level Coaches

RRP: Power System Resiliency Investments

- The 2023 Capital Needs Assessment and Inventory (CNAI) showed that 76% of our power assets were out of a State of Good Repair
- RRP CTF funding would allow the MBTA to increase investments in the reliability and resiliency of our power infrastructure across the system, including critical projects identified in our ongoing **power master planning effort**
- Examples of potential power infrastructure improvements include upgrades to **traction power substations** on the rapid transit system, **duct bank and cable replacements**, and the repair and replacement of **generators and emergency power systems** to improve system reliability for our riders



MBTA Power Department crews at work



South Boston Power Plant

STAR: Station Accessibility Improvements

- The FY25-29 CIP includes funding for increased and improved accessibility across the MBTA system, including upgrades to passenger facilities, vehicles, and wayfinding
- STAR CTF funding would be used to fund additional **accessibility improvements at rapid transit and Commuter Rail stations and other passenger facilities**, supporting projects that are often challenging to fund with currently available funding given their size and complexity
- Examples of projects that could benefit from STAR CTF funding include:
 - The **construction of new elevators and other accessibility upgrades** at rapid transit stations
 - **Accessibility upgrades to currently inaccessible surface-level stations** on the Green Line



Elevator at Ruggles Station on the Orange Line



A Green Line train at Saint Paul Street station on the Green Line C Branch

Request of the MassDOT Board of Directors

VOTED:

To authorize the Secretary, or her designee, to approve and execute an Agreement with the Massachusetts Bay Transportation Authority (MBTA)

to transfer \$601,000,000.00 to the MBTA in order to fund certain transit and transit related investments as determined by the General Manager of the MBTA.

FURTHER VOTED:

That the Secretary, is hereby authorized to execute any necessary or ancillary documents to effectuate the transfer of \$601,000,000.00 to the MBTA in accordance with the terms of the Agreement.

Request of the MBTA Board of Directors

VOTED:

To authorize the General Manager, or his designee, to approve and execute an Agreement with the Massachusetts Department of Transportation (MassDOT) to transfer \$601,000,000.00 from MassDOT, to the MBTA in order to fund certain transit and transit related investments as determined by the General Manager.

FURTHER VOTED:

That the General Manager, is hereby authorized to execute any necessary or ancillary documents to effectuate the transfer of \$601,000,000.00 from MassDOT, to the MBTA, in accordance with the terms of the Agreement.



Appendix



Acronyms

Acronym	Name	Description
CTF	Commonwealth Transportation Fund	The Massachusetts state budget's primary source of transportation spending, funded largely through taxes on fuel and motor vehicle sales and registry fees.
REP	Rail Enhancement Program	Legacy state program that helped fund major MBTA initiatives, including South Coast Rail, Green Line Extension, Commuter Rail Bi-Level Coaches, and Red and Orange Line improvements and vehicles
RRP	Rail Reliability Program	Proposed new program to invest in track, vehicle, and facilities upgrades
STAR	Station Accessibility and Resilience	Proposed new program to fund accessible and resilient passenger facilities
SGR	State of Good Repair	State of Good Repair (SGR) indicates an asset is operating at an expected level of performance. Assets out of SGR represent a higher risk of breakdown and/or higher costs to operate.
CNAI	Capital Needs Assessment and Inventory	The 2022 Capital Needs Assessment and Inventory (CNAI) is a data-driven, risk-informed approach to identifying the magnitude of the MBTA's capital asset needs. First initiated in 1999, this analysis is typically updated every 3-4 years.
TIP	Track Improvement Program	The Track Improvement Program is a major track repair and replacement initiative to eliminate 191 speed restrictions, as of November 2023, and bring all tracks into a five-year state of good repair by the end of 2024.



Balancing Safety, Reliability, and Modernization

To prioritize the safety of our riders, the reliability of our service, and the modernization of our assets, the Authority has made difficult decisions, grounded both in asset criticality and our ability to deliver, to repurpose and allocate new or additional funding to:

Track Improvement Program (resequencing of funds)



Track work during Red Line diversion as part of the Track Improvement Program.

- SGR initiative to remove all rapid transit slow zones.
- Funds allocated to Longfellow's viaduct rehabilitation, a new Commuter Rail maintenance facility in Billerica, and track and signal upgrades on the Green Line's Central Tunnel were **resequenced** to support the near-term needs of the Track Improvement Program. To stay on timelines, these projects will need to be refunded at the appropriate time in the future.

Red and Orange Line Vehicles (new and repurposed funds)



New Red Line vehicle providing service to riders at Park Station.

- Replacement of the aging Red and Orange Line fleets. The new vehicles are 4x more reliable.
- New funding available in FY25-29 CIP and funding **repurposed** from Arborway Bus Facility design funding, Copley to Arlington Track Replacement, and other projects will support CRRC's contract "reset" for new fleet delivery by the end of 2027. Ongoing project activities will not be impacted.

Funding sources for capital projects are declining

The MBTA has increased capital spend significantly, growing from \$631M in FY14 to a record-high \$1.9B in FY22. However, in future CIPs, our funding sources are expected to decline:

- Uncertainty regarding Federal funding levels beyond FY26 (when BIL expires), and the continued draw-down of State sources tied to specific projects and initiatives, indicate future capital plans may be half the size of the \$9.6B FY25-29 CIP.
- The chart below does not account for potential Fair Share tax revenue, or other state sources, that could be made available in future years
- These projections account for a relatively flat annual MBTA revenue bond issuance

MBTA Sources When Available - FY25-34*

