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# **FY2020-2024 CIP update**

## **Joint Boards presentation**

February 11, 2019

# Overview

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**The 2020-2024 CIP is the fourth rollover of the combined MassDOT/MBTA 5-year capital plan**

- **CIP Milestones**

- Schedule for revisions to CIP

- **MassDOT and MBTA Sources update**

- Preliminary sources and assumptions

- **CIP Program Sizes**

- Highlights of proposed program sizes
- Comparison to 2019-2023 program sizes
- Discussion and guidance

- **Discussion and Next Steps**

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# Milestones:

## How will the CIP be developed?



# January milestones

- **Program sizes**

- Divisions proposed program sizes/new programs

- **Project scoring**

- Divisions score projects

- **Funding sources**

- Develop preliminary sources
- ANF guidance on bond cap targets

- **Stakeholder Engagement**

- Phase 1 public outreach continues

## **Proposed Board engagement:**

- CPC meeting
- **Presentation on CIP milestones overview**

# February milestones

- **Project selection**

- Divisions fill programs with proposed projects

- **Project readiness**

- Divisions hold “Readiness Days” to help identify appropriate year(s) for project funding

- **Refine preliminary sources**

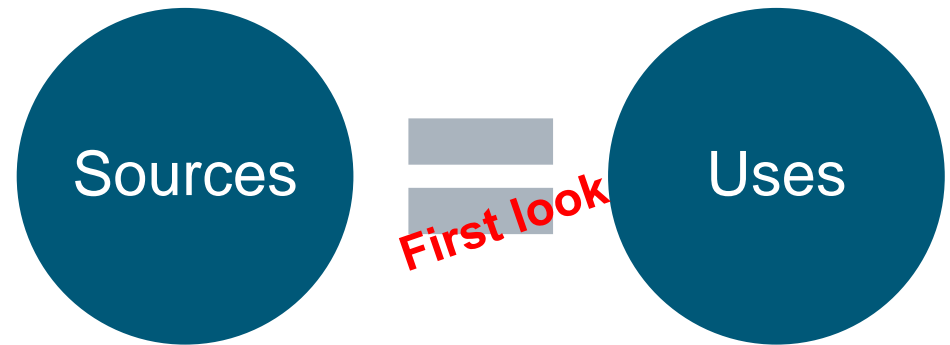
- **Stakeholder engagement continues**

**Proposed Board engagement:**

- CPC and Joint Boards meetings
- **Presentation on draft preliminary Sources and preliminary CIP Program sizes**

# March milestones

- **Obligations / Cash Flows**
  - Assess proposed programs and projects within context of fiscal constraints and cash flows
- **Finalize program sizes**
- **Initial drafting**
- **Stakeholder engagement continues**



# April milestones

- **Quality controls**

- QA/QC alignment of proposed projects / eligible funding to CIP programs
- Draft CIP document

- **Obligations / Cash Flows**

- Run final fiscal constraint check before draft CIP is sent to Board(s) in May
- A&F and MassDOT staff coordinate on bond cap and other cash equivalents

- **Draft TIPs released by MPOs**

- 21 day public comment period

## Proposed Board engagement:

- **CPC meeting**

- Sources & uses
- Engagement update
- Readiness update



# May milestones

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- Draft CIP targeted for release
  - Joint Boards consider the release of the CIP for public comment
  - Public meetings across state (Phase 2 public engagement)
- Draft STIP released
  - 21 day public comment period



# June milestone

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- TIPs and STIP are endorsed after public comment period
  - Final STIP sent to FHWA and FTA
- Final CIP consideration
  - Following public comment and revisions, Joint Boards consider CIP for approval

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# Proposed 2020-2024 CIP Preliminary Sources

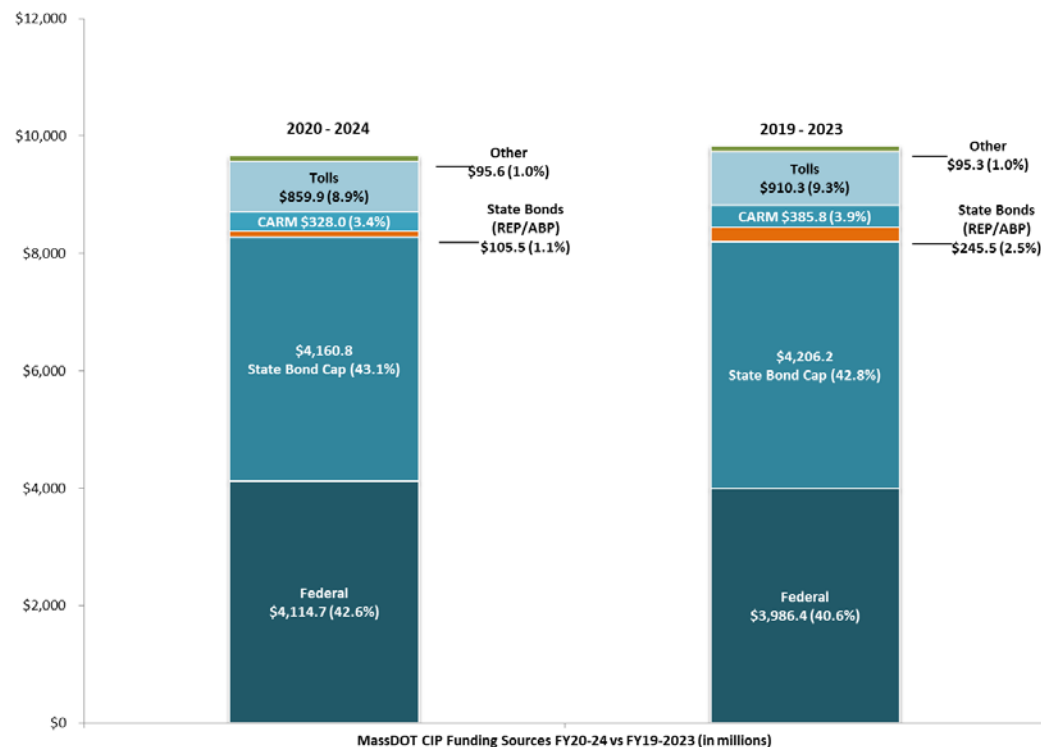
MassDOT

MBTA



# 2020-2024 CIP Estimated Funding Sources for MassDOT

**FY20-24 CIP Funding Sources: Estimated ~\$9.7B available for the next five year plan, compared to \$9.8B in FY19-23 plan**



- **Sources highlights:**
- **Federal funds** continue to be the largest funding source for MassDOT capital
  - Assumes Fast Act funding levels continue for 2023 and 2024 and reflects anticipated federal reimbursements
- **State Bond Cap** is the second largest funding source and estimates are based on preliminary guidance from ANF
  - Bond cap funds for Harbor Dredging (same as last plan)
  - Funding available for SCR pending finance plan development
- **Accelerated Bridge Program (ABP)** funds trailing off reflecting completion of program
- **Rail Enhancement Program (REP)** funds tied to legacy projects nearing completion
- **Toll** pay-go capital funds based on post AET performance, projected revenues/expenses (tied to operating budget) and available reserves
- **Other** funding sources include local and private (railroads) contributions, and third party reimbursements

# 2020-2024 CIP Funding Sources for MassDOT: Risks

- **Federal Funds**

- Current surface transportation authorization (“FAST Act”) expires on September 30, 2020
- CIP sources assume FAST Act funding levels continue and incorporates an increase of 2.2% for FFY 2023 and FFY 2024 for FHWA funds
- CIP sources assume Congress will reauthorize funding for FHWA and FTA

- **Pay-Go Capital Funds**

- Preliminary estimates on funds available after operating expenses and may be adjusted during the development of the final operating budget for FY 2020
- Toll revenues based on projections provided by traffic revenue consultant with projected adjustment for accounts receivable collections

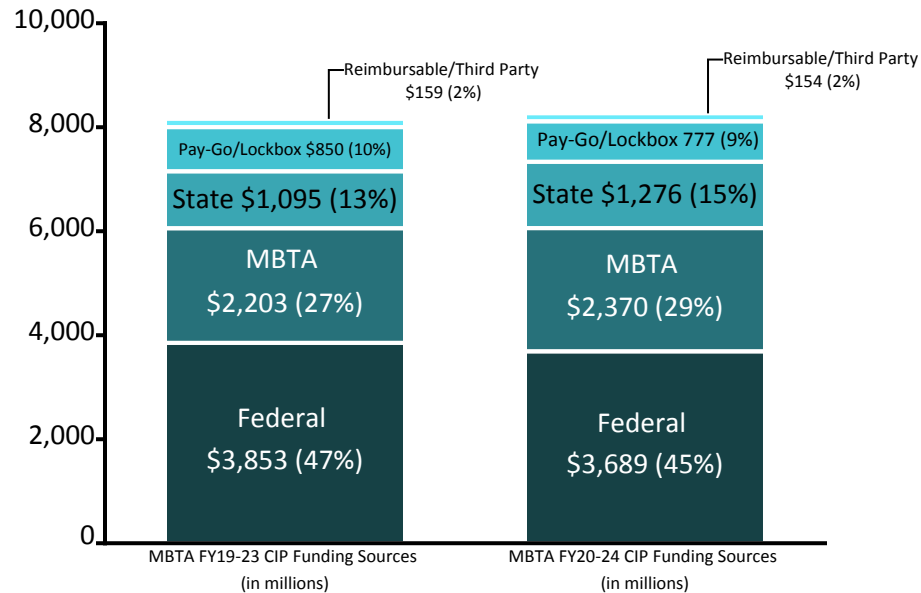
- **Bond Cap Funds**

- Bond cap sources based on preliminary estimates provided by the Executive Office of Administration and Finance and are subject to change pending finalization of the Commonwealth’s capital plan for 2020-2024

# 2020-2024 CIP Estimated Funding Sources for MBTA

**FY20-24 CIP Funding Sources: Estimated ~\$8.3B available for the next five year plan, compared to \$8.2B in FY19-23 plan**

*(NOTE: not all available funds expended in 5-year plan because of project contingency and other post-FY24 costs)*



## Sources highlights:

- **Federal** funds continue to be the single largest source of capital for the MBTA
  - GLX Full Funding Grant Agreement: \$996M overall; \$872M in FY20-24
  - FTA Funds: \$2.7B in FY20-24 assumes annual increases in formula allotment
- **MBTA Bonds**, including Sustainability Bonds, support the 20% match for Federal projects, as well as MBTA-only funded projects
- **State** funds include Rail Enhancement Program special obligation bonds for GLX, Red Line/Orange Line improvements, and other projects
- **Pay-Go/Lockbox** reflects an assumption of \$150M/year, plus prior year carryover. Includes state assistance via bond cap and MBTA funds
- **Other** funding sources include municipal contributions and other reimbursements

# 2020-2024 CIP Funding Sources for MBTA: Risks

- **Federal Funds**

- Current surface transportation authorization (“FAST Act”) expires on September 30, 2020
- Recent Congressional Budget Office report estimates that the transit account within the Highway Trust Fund (HTF) will be exhausted by 2021
- CIP sources assume Congress will take action to reauthorize and replenish HTF

- **MBTA Bonds**

- Assumes substantial revenue bond issuance to support the capital program
- Contingent on operating budget ability to support debt service
- Market variables (interest rates, credit spreads, etc.) will impact the cost of new debt

- **Pay-Go/Lockbox**

- Assumes continued operating budget discipline to reinvest savings in capital
- Assumes continued State support via \$60 million in bond cap (in lieu of operating assistance)

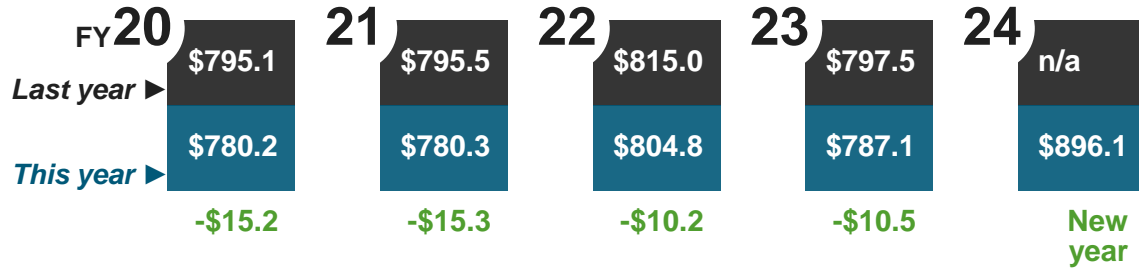


# Bond Cap Comparison (2020-2024 vs 2019-2023)

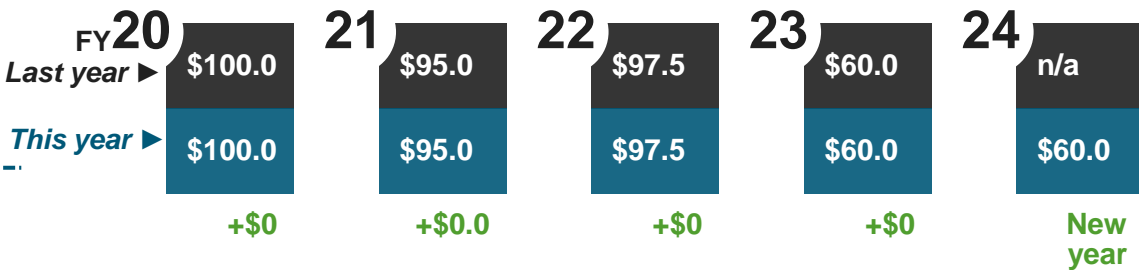
## Changes from year to year

- MassDOT Bond Cap
  - ANF has provided preliminary numbers but Commonwealth capital planning is still in early stages
  - Program sizes and available bond cap by fiscal year are under review for fiscal constraint
  - Adjustments likely needed to manage to annual ANF bond cap targets
  - Requests for funding to support existing programs (Aeronautics, Highway, & Transit) subject to further review and discussion and fiscal constraint analysis

## Year to year comparison – MassDOT Preliminary Bond Cap



## Year to year comparison – MBTA + Commonwealth



## FY2020 impacts on source

- Preliminary funding for MassDOT for 2020 less than last CIP
  - No additional funds available to allocate to requests to increase program sizes in 2020
  - Discuss program sizes and budgets by FY within context of funds available (i.e. bond cap targets provided by ANF)
- Funding for Commonwealth Projects reflects no change in FY20-FY24 funding levels from last plan
  - \$112.5 million allocated to Harbor Dredging
- MBTA funding remains at \$60 million/year
  - \$300 million total over 2020-2024

## Overall impacts on 2020-2024 update

- An additional \$68.6 million in bond cap allocated to MassDOT over the five years
  - Amounts in 2020–2023 are less than last year's bond cap targets which is offset by an increase in 2024
- Funding for SCR under discussion with ANF and will be carried separately from MassDOT target
- \$200 million/year included for Chapter 90



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# 2020-2024 CIP Proposed Program Sizes

MassDOT

MBTA



# Comparison of Program Sizes 2019-2023 vs 2020-2024 (\$millions)

Division	2019-2023*	2020-2024*	Increase / (Decrease)*
Aeronautics	\$294.3M	\$294.3M	\$ -
Highway**	\$6,602.6M	\$6,998.0M	\$395.5M
Information Technology	\$103.2M	\$102.0M	(\$1.2M)
MBTA	\$8,000.4M	\$8,085.0M	\$84.6M
Rail***	\$450.7M	\$452.2M	\$1.5M
Registry of Motor Vehicles	\$68.6M	\$47.2M	(\$21.4M)
Transit	\$212.6M	\$215.1M	\$2.6M
Chapter 90	\$1,000.0M	\$1,000.0M	\$ -
Commonwealth Projects	\$147.5M	\$112.5M	(\$35.0M)
<b>TOTAL</b>	<b>\$16,879.9M</b>	<b>\$17,306.3M</b>	<b>\$426.4M</b>

\* Totals may not add due to rounding

\*\* Highway program sizes include an allocation of 18% for program development/program management costs related to delivery of the capital program. Includes \$100 million for two regranting programs (Municipal Bridge and Complete Streets); includes Allston early action design only since finance plan is under development

\*\*\* Does not include SCR costs or funding; finance plan is under development.

# Draft program size highlights

## Aeronautics - no change

- **Reliability** – \$78.3 million additional for Airport Pavement & \$5.4 million additional for Airport Capital Improvement Programs (**additional requests to be discussed further**)
- **Modernization** - \$5.3 million additional for Airport Administration Buildings plus \$28.5 million proposed for new programs (two Drone programs & a weather technology program) (**additional requests to be discussed further**)

2019-2023 = \$294.3 million

2020-2024 = \$294.3 million

## IT - \$1.2M decrease

- **Reliability** –\$5.5 million increase for Cyber / Information Security and \$11.8 million decrease for Asset Management
- **Modernization** - \$5.6 million increase for Enterprise, BPR and Automation (includes Asset Management) and \$5.0 million increase for Workforce Productivity
- No significant changes to IT; resized programs to address Division needs, shifted resources among programs and EOTSS guidance on cyber/information security

2019-2023 = \$103.2 million

2020-2024 = \$102.0 million

## Highway\* - \$395.5M increase

- 2020-2024 Programs sizes based on 2019-2023 sizes plus an allocation of 18% to cover program management/project delivery costs (e.g. payroll, design, ROW, environmental, bridge inspection, etc.)
- Includes \$16M for Allston Multi-Modal Program early action design and permitting (finance plan under development and program size will be updated)
- Complete Streets & Municipal Bridge carried as regranting programs

2019-2023 = \$6,602.6 million

2020-2024 = \$6,998.0 million

## MBTA - \$84.7M increase

- Program sizes incorporate Transit Asset Management (TAM) plan data and findings and first set of Focus40 “next priorities”
- Prior CIP program sizes realigned/reallocated to fund new Green Line Transformation program (\$954M)

2019-2023 = \$8,000.4 million

2020-2024 = \$8,085.0 million

\*Chapter 90 included separately



## Rail - \$1.5M increase

- **No significant changes to existing Reliability & Modernization program sizes** - \$8.1 million decrease; new bridge modernization program proposed at \$9.6 million to address NECR commitments
- Final finance plan for SCR pending completion of independent review
  - SCR program (expansion) will increase to reflect final consensus on costs and finance plan

2019-2023 = \$450.7 million

2020-2024 = \$452.2 million

## Transit - \$2.0 million increase

- **Reliability** - \$9.875 million for a new Workforce Transportation Options grant program (replaces MassRides); \$10.7 million requested to support electrification of RTA fleet (**additional requests to be discussed further**)
- **Modernization** - \$10.2million to address modernization efforts to RTA facilities to accommodate electrification of fleet\*\* (**additional requests to be discussed further**)

2019-2023 = \$212.6 million

2020-2024 = \$215.1 million

\*\*Program size should be informed by Electric Fleet Vehicle Study which is expected to be complete by February 2019; pursuing the availability of other state funds to support this request.

## RMV - \$19.4M decrease

- **Major change is in Modernization** - \$3-\$5 million additional for Customer Service Modernization to accommodate potential new RMV facility on Cape Cod; \$26.4 million decrease for ATLAS (reflects progress towards project completion)

2019-2023 = \$68.6 million

2020-2024 = \$49.2 million

## Summary

### Reliability

49%

- 2019-2023 = \$8,864.8 million
- **2020-2024 = \$8,502.0**

### Modernization

33%

- 2019-2023 = \$4,955.8
- **2020-2024 = \$5,670.6**

### Expansion\*

12%

- 2019-2023 = \$1,913.7
- **2020-2024 = \$2,083.3**

### Total\*\* w/ Ch. 90 6%

- 2019-2023 = \$16,941.8
- **2020-2024 = \$17,368.5**

\*Includes Bicycle/Pedestrian Modal Implementation

\*\*Includes Chapter 90 and Commonwealth Projects but excludes Planning & Shared Services; totals may not add due to rounding.



# Municipal Partnership / Regranting Programs

- Five programs in 2020-2024 CIP

CIP Program	Program Size 2019-2023	Program Size 2020-2024	Increase / (Decrease)	Description
Highway / Complete Streets	\$50.0M	\$50.0M	\$ -	This program rewards communities that demonstrate a commitment to embedding Complete Streets in their policies and practices by providing them with technical assistance and funding. This program improves the condition and accessibility of state owned sidewalks.
Highway / Municipal Bridge	\$50.0M	\$50.0M	\$ -	This program assists municipalities in repairing and replacing town owned bridges with a span length of less than 20 feet.
Rail / Industrial Rail Access Program (IRAP)	\$15.0M	\$15.0M	\$ -	This program makes investments in private sector rail lines to leverage private investment that will increase freight rail usage or will modernize an active line to increase the utility to customers.
Transit / Mobility Assistance Program (MAP)	\$50.1M	\$49.5M	(\$0.6M)	This program purchases vans & related equipment used to provide transportation for elderly people and individuals with disabilities of all ages; uses funds from Councils on Aging, RTAs and non-profits along with FTA funds.
Transit / Workforce Transportation Options	\$0.0M	\$9.875M	\$9.875M	Competitive grant program that uses federal CMAQ funds to leverage private and other non-state funds to improve options for workforce transportation. Replaces MassRides program which ends at the end of FY19.
	\$165.1M	174.375M	\$9.275M	



# Allston Multi-Modal Program and South Coast Rail

- Allston Multi-Modal Program
  - Decision was made on the “Throat” section in January and key elements of the program
  - Current CIP program size only includes early action design and permitting costs
  - A cost estimate is under development for the key aspects of the program that will reflect timing of the program elements and procurement schedule
  - Draft program size for this CIP will be determined once a cost estimate is established
  - A finance plan will be developed that incorporates the program elements and eligible funding sources
- South Coast Rail
  - Independent cost and schedule evaluation is in process
    - Cost review will inform the finance plan development and discussions with ANF
    - Program size and funding will be established with development of a finance plan for 2020-2024 CIP
  - Phase 1 “Early Action” activities continue on track
    - Federal and state permitting/final design of Phase 1
    - Special trackwork procurement awarded in December 2018
    - Culvert contract – to be awarded pending Board approval on February 11, 2018
    - Early action bridges (Highway) advertised in December 2018; bids expected late March 2019
    - PM/CM procurement underway; RFP issued December 2018



# Discussion / Next steps

## • Discussion

- Feedback on new/refined/programs
- Input on proposed program sizes
  - Recognizing that this is an update of the CIP, but also an opportunity to make some changes, are there any areas that the CIP team should focus on with regard to policy based investments?
    - *Example:* last year we created new programs that encompass multi-modal investments e.g. Green Line Extension, Red Line/Orange Investment Programs
  - How do we incorporate funding requests to achieve desired performance outcomes

## • Next steps

- Submit program sizes to Administration and Finance
- Iterate based on available/confirmed sources
- Project readiness and spending analysis
- April CPC meeting
  - Discuss initial project list and fiscal constraint analysis
  - Update on stakeholder engagement

