

GLX Municipal Contributions

Proposed Amendment to the Project
Participation Agreements with the
Cities of Cambridge and Somerville

November 2021



Background – GLX Project

- In Fall 2015, the Fiscal Management and Control Board paused the construction of the Green Line Extension due to a significant cost overrun
 - The project budget as defined in the FTA Full Funding Grant Agreement was \$1.992 billion
 - At the time of the pause, the budget estimate was approximately \$3 billion
- During the pause, a value engineering effort was undertaken that reduced the project budget to \$2.289 billion, leaving a funding gap of \$296.4 million

Sources of Funds to Fill Budget Gap

Source of Funding	Amount
Flexed Highway Funding (Boston MPO)	\$157,087,200
Somerville Contribution	\$50,000,000
Cambridge Contribution	\$25,000,000
Additional MassDOT/Commonwealth Contribution	\$64,269,800
Total Additional Funding	\$296,357,000

Municipal Contributions

- In December 2016 MassDOT and the MBTA entered into Project Participation Agreements with the City of Somerville and the City of Cambridge
 - Somerville agreed to contribute \$50 million in five annual installments of \$10 million
 - Cambridge agreed to contribute \$25 million in five annual installments of \$5 million
- Each city's contributions are held in an expendable trust and can only be spent on defined project elements within the respective city
- The agreements provide that if the project comes in at less than its \$2.3 billion budget, the cities are entitled to a pro rata refund of their contributions within three months of Project Close Out

Trust Funds Transactions To Date

- Somerville has made three contributions to the Trust Fund totaling \$30 million, with two more \$10 million contributions due in the fall of 2021 and 2022
 - Expenditures totaling \$20 million have been paid from the Trust
 - Accrued interest to date equals \$520,287.06
 - Leaving a current Trust Fund balance of \$10,520,287.06
- Cambridge has made three contributions to the Trust Fund totaling \$15 million, with two more \$5 million contributions due in the fall of 2021 and 2022
 - Expenditures totaling \$8,324,642 have been paid from the Trust
 - Accrued interest to date equals \$271,318.56
 - Leaving a current Trust Fund balance of \$6,946,676.56

Current State of Play

- Based on project costs to date and current estimates of to-go costs, the MBTA expects the GLX Project to come in sufficiently under budget to require that all municipal contributions be returned to the cities
- In addition, the GLX Project received \$103.6 million in earmarked funds from the American Rescue Plan
 - The funds are intended to reduce the non-federal share of eligible project costs
 - Assuming the payback of the \$45 million collected from the cities, leaves a surplus of \$58.6M
- We are therefore recommending that the Board authorize MassDOT and the MBTA to amend the Municipal Agreements and liquidate the trusts
 - The final two years of contributions would be waived
 - Funds currently held in trust, including accrued interest, would be returned to the cities
 - Funds previously expended from the trusts would be reimbursed to the cities as soon as possible using Commonwealth sources

American Rescue Plan Act (ARPA)

FTA Information and Guidance:

- *Program Requirements*

ARP Capital Investments funding is intended to supplant the non-Capital Investment Grant (CIG) share (local funds, state funds, non-CIG Federal funds) of the CIG project cost. These funds may be used to reimburse previously expended local funds used to match CIG program funds in an existing FFGA.

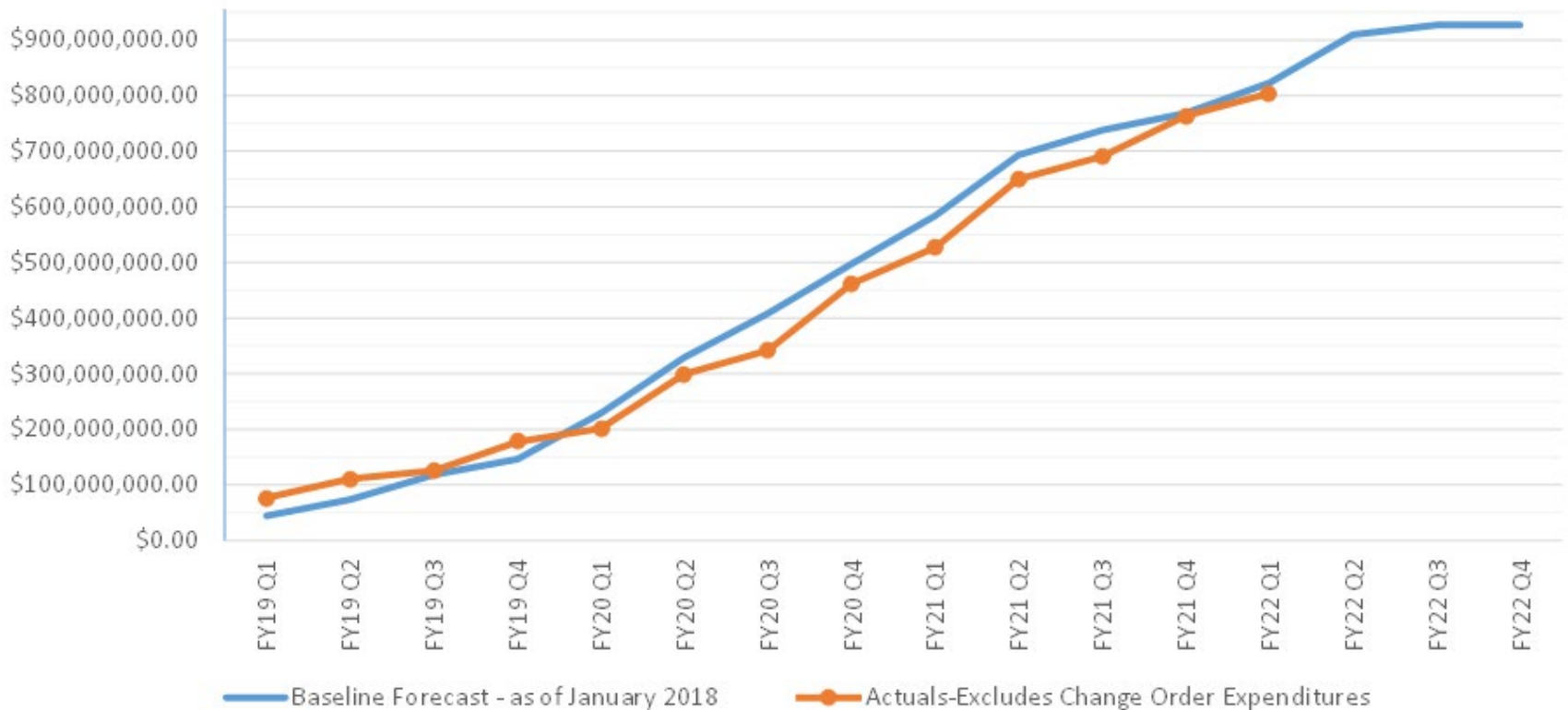
GLX is an FTA CIG Program Project identified as being eligible for this funding.

GLX Risk Profile (current)

- All of the project's largest risk exposures have been avoided, transferred, mitigated, or absorbed.
- The project is presently 85% complete with all significant, risk-exposing milestones having been achieved:
 - The GLX Vehicle Maintenance Facility is complete and ready for service
 - All underground structures have been installed: station foundations, drainage facilities, retaining walls, bridge foundations, OCS poles, etc.
 - 95% of all new Green Line tracks are installed
 - Branch 1 (Union Square Branch) is fully constructed
 - Branch 2 (Medford Branch) is nearing construction completion
 - Pre-Revenue service Testing & Commissioning is well underway
- Significant contingency funds remain in the overall program budget

Plan vs Actual Baseline Spending Curve

DB Entity Contract Cash Flow Performance



Board Vote

VOTED:

to authorize the Secretary, or his designee, to execute an amendment to the Project Participation Agreement, in a form approved by the General Counsel with the City of Somerville and an amendment to the Project Participation Agreement, in a form approved by the General Counsel with the City of Cambridge for the Green Line Extension Project whereby the funds currently held in trust by MassDOT, including accrued interest, shall be returned to Somerville and to Cambridge and previous expenditures from the trusts shall be reimbursed to Somerville and to Cambridge using Commonwealth sources.