

Third-Party Contributions

Proposed Policy

Capital Programs Subcommittee
MassDOT Board

December 5, 2017



Overview

- MassDOT and the MBTA both invest hundreds of millions of capital dollars each year in modernizing their existing assets and constructing new infrastructure.
- The agencies have a pressing interest in making every capital dollar stretch as far as possible
- MassDOT/MBTA has increasingly been looking to third parties – municipalities, institutions, private entities, and others – to contribute resources to help accelerate implementation and close funding gaps on important projects.
- This presentation will present the current practices that guide third-party contributions to agency projects, and seek input from the Committee on whether/how to modify and codify those practices as policies.
- Staff is looking for input from the Committee on how to move forward with a third-party contribution policy and process.

Non-Commonwealth-Owned Roadway and Trail Projects

- **Current Practice:** For projects on municipally-owned facilities that are administered by the MassDOT Highway Division, municipalities are currently responsible for funding all design and right-of-way acquisition costs.
 - Municipalities are also required to sign a '110% agreement,' in which they commit to fund most construction costs overruns above 10% that can be attributed to the design and right-of-way acquisition processes.
- **Potential Modification:** MassDOT could aggressively pursue third-party contributions – including from local land-owners and institutions, as well as additional contributions from municipalities (perhaps in the form of District Improvement Financing) – to support project costs and other needs.

Commonwealth- and MBTA-Owned Roadway, Trail, and Transit Projects

- **Current Practice:** MassDOT/MBTA do not require third-party contributions of any sort for state-and federally-funded projects on Commonwealth- and MBTA-owned facilities.
- **Current Practice:** In some instances, MassDOT/MBTA negotiate directly with land owners and other institutions for the construction of new infrastructure, often as part of the MEPA or Section 61 processes.
- **Potential Modification:** MassDOT/MBTA could explore more consistently requiring third-party contributions to project costs and other needs for roadway, trail, and transit projects on Commonwealth- and MBTA-owned facilities.

Bridges

- **Current Practice:** Regardless of ownership, MassDOT/MBTA do not require third-party contributions for any elements of bridge projects.
 - Does the Board we want to consider changing this?
 - How to define what constitutes a bridge?

Questions

- For which CIP categories would the agencies want to expect or require third-party contributions?
 - Reliability, Modernization, Expansion
- At what point in the process of project development would third-party contributions need to be locked in?
 - Cost estimates generally not at all reliable until 25% design
- In a world in MassDOT/MBTA expect third-party contributions for capital projects, how would the agencies address the question of equity?
 - What about municipalities and stakeholders without the resources to contribute?
- How do third-party contributions work with the PSAC process?
 - Do contributions become a scoring criterion?