



BOSTON REGION METROPOLITAN PLANNING ORGANIZATION

Gina Fiandaca, MassDOT Secretary and CEO and MPO Chair
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WORK PROGRAM

MBTA SOURCES OF COMMUNITY VALUE

MAY 4, 2023

Proposed Motion

The Boston Region Metropolitan Planning Organization (MPO) votes to approve this work program.

Project Identification

Unified Planning Work Program (UPWP) Classification

Agency and Other Client Transportation Planning Studies and Technical Analyses

Project Number 11431

Client

Massachusetts Bay Transportation Authority

Client Supervisor: Elizabeth Winters Ronaldson

Project Supervisors

Principal: Rebecca Morgan

Manager: Paul Christner

Funding Source

MassDOT-Directed PL Funds

Schedule and Budget

Schedule: 7 months from notice to proceed

Budget: \$125,000

Schedule and budget details are shown in Exhibits 1 and 2, respectively. This project is scheduled to be started in federal fiscal year (FFY) 2023 and completed in FFY 2024.

The overhead rate used to calculate the budget is subject to change every July 1st based on the approved projected overhead rate for the state fiscal year.

Relationship to MPO Work

This study is supported in full with non-MPO funding. Committing MPO staff to this project will not impinge on the quality or timeliness of MPO-funded work.

Background

New and sustainable sources of funding to support the MBTA's operating and capital needs are vital to ensure that the MBTA can safely, sustainably, and equitably serve the transportation needs of the Commonwealth. Since March 2020, the MBTA has relied on one-time federal funding to cover its operating deficit and fund vital capital projects. As the Commonwealth emerges from the COVID-19 pandemic and farebox revenue has not returned to pre-pandemic levels, the revenue composition that supports the MBTA must evolve. Potential new revenues could come from updates to existing sources or from new sources, such as congestion charges, Transit Tax Increment Financing, or new taxing authority.¹

Across eastern Massachusetts, real estate values, development opportunities, and municipal revenues are at an all-time high. The MBTA is a large driver of increased value near its facilities, but the financial benefits derived from this value are limited by current local assessment approaches. To ensure the MBTA can continue to provide safe, sustainable, and equitable transportation services, it is important to explore mechanisms that increase the financial benefits that the MBTA can derive from the value it generates.

Furthermore, there is a need to establish more consistent frameworks for mitigating the impact of real estate development on transportation infrastructure as the current approach to developer mitigation is inconsistent from municipality to municipality and project to project. Achieving a more consistent framework would allow the MBTA to promote more transit-oriented development in the region, which will support the long-term financial sustainability of the region's transit system. This work can help inform state leadership about the variety of potential funding mechanisms to support transit service.

Objectives

Central Transportation Planning Staff (CTPS) will document and evaluate options for the Commonwealth to consider, including estimates of the revenue and other value that could accrue to the MBTA were any of these options to be implemented. This study will build on previous work by the MBTA, which focused on best practices globally for

¹ Transit Tax Increment Financing is a tool used to leverage future property tax revenues from new development to support transit infrastructure in a defined area.

funding models and sources of operating and capital funding. CTPS will identify, quantify, and propose mechanisms to accrue incremental sources of value and revenue for the MBTA outside of the existing developer mitigation framework. The results of the study would inform state leadership about funding options to support transit.

Work Description

CTPS will review the regional financial context in Massachusetts and assess advantages, drawbacks, and potential revenue impacts of various financial policies.

Task 1 Review Previous Work

CTPS will review previous studies and related work and summarize findings to establish the baseline for this work. Previous work includes a review of funding practices in peer agencies and scopes of work for a related developer mitigation study underway now through MassDOT's State Planning and Research Program.² CTPS will classify revenue sources by type, including those that currently fund the MBTA, those that currently exist in Massachusetts but do not fund the MBTA, those that do not currently exist in Massachusetts, and other categories as needed.

Products of Task 1

Summaries of previous work

Task 2 Evaluate the Massachusetts Context for Sources of Revenue

Based on the findings of Task 1, CTPS will assess the feasibility of modifying existing revenue streams and/or implementing new revenue streams to support the MBTA. CTPS will evaluate each potential revenue source by estimating a range of potential revenue that could accrue annually to the MBTA, predicting other benefits to the MBTA such as reduced operating costs or customer benefits, and documenting lessons learned from other jurisdictions. In consultation with the MBTA, CTPS will evaluate as many revenue streams as the schedule allows.

Products of Task 2

Estimates of revenues and other value from each potential source of revenue

² Ronaldson, Elizabeth Winters, and Richard Henderson, "Peer Agency Revenue Sources Comparison Value Capture Mechanisms and Case Studies" (2022), presented at the virtual MBTA Board Meeting, MBTA Audit and Finance Subcommittee, on September 15, 2022. https://cdn.mbta.com/sites/default/files/2022-09/MBTA_Funding%20Comparrison_vSent%20Board.pdf;
Massachusetts Department of Transportation, "2022 State Planning and Research Program I." (2021). <https://www.mass.gov/doc/download-the-2022-spr-work-program/download>.

Task 3 Documentation and Assessment

CTPS will document its findings and assess new funding streams. CTPS's assessment will consider political feasibility; technical and operational complexity of implementation and management; annual size of the revenue that might accrue to the MBTA; and impacts to livability, equity, competitiveness, and any other factors identified in Task 1.

Products of Task 3

A technical memorandum describing the findings of tasks 1 and 2

Exhibit 1
ESTIMATED SCHEDULE
MBTA Sources of Community Value

| Task | Month | | | | | | |
|--|-------|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. Review Previous Work | | | | | | | |
| 2. Evaluate Massachusetts Context for Sources of Revenue | | | | | | | |
| 3. Documentation and Assessment | | | | | | | A |

Products/Milestones

A: Technical memorandum

Exhibit 2
ESTIMATED COST
MBTA Sources of Community Value

| | |
|-----------------------------------|------------------|
| Direct Salary and Overhead | \$125,000 |
|-----------------------------------|------------------|

| Task | Person-Weeks | | | Direct Salary | Overhead (119.34%) | Total Cost |
|--|--------------|------|-------|---------------|-----------------------|------------|
| | M-1 | P-2 | Total | | | |
| 1. Review Previous Work | 1.5 | 3.0 | 4.5 | \$6,861 | \$8,187 | \$15,048 |
| 2. Evaluate Massachusetts Context for Sources of Revenue | 6.4 | 24.0 | 30.4 | \$42,787 | \$51,062 | \$93,850 |
| 3. Documentation and Assessment | 2.5 | 2.0 | 4.5 | \$7,341 | \$8,761 | \$16,102 |
| Total | 10.4 | 29.0 | 39.4 | \$56,989 | \$68,011 | \$125,000 |

| | |
|---------------------------|------------|
| Other Direct Costs | \$0 |
|---------------------------|------------|

| | |
|-------------------|------------------|
| TOTAL COST | \$125,000 |
|-------------------|------------------|

Funding

MassDOT-Directed PL Funds

The Boston Region Metropolitan Planning Organization (MPO) operates its programs, services, and activities in compliance with federal nondiscrimination laws including Title VI of the Civil Rights Act of 1964 (Title VI), the Civil Rights Restoration Act of 1987, and related statutes and regulations. Title VI prohibits discrimination in federally assisted programs and requires that no person in the United States of America shall, on the grounds of race, color, or national origin (including limited English proficiency), be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination under any program or activity that receives federal assistance. Related federal nondiscrimination laws administered by the Federal Highway Administration, Federal Transit Administration, or both, prohibit discrimination on the basis of age, sex, and disability. The Boston Region MPO considers these protected populations in its Title VI Programs, consistent with federal interpretation and administration. In addition, the Boston Region MPO provides meaningful access to its programs, services, and activities to individuals with limited English proficiency, in compliance with U.S. Department of Transportation policy and guidance on federal Executive Order 13166.

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Title VI Specialist
Boston Region MPO
10 Park Plaza, Suite 2150
Boston, MA 02116
civilrights@ctps.org

By Telephone:

857.702.3700 (voice)

For people with hearing or speaking difficulties, connect through the state MassRelay service:

- **Relay Using TTY or Hearing Carry-over:** 800.439.2370
- **Relay Using Voice Carry-over:** 866.887.6619
- **Relay Using Text to Speech:** 866.645.9870

For more information, including numbers for Spanish speakers, visit <https://www.mass.gov/massrelay>.