

Draft Memorandum for the Record

Boston Region Metropolitan Planning Organization Meeting

September 15, 2016 Meeting

10:00 AM – 12:00 PM, State Transportation Building, Conference Rooms 2&3, 10 Park Plaza, Boston, MA

David Mohler, Chair, representing Stephanie Pollack, Secretary and Chief Executive Officer, Massachusetts Department of Transportation (MassDOT)

Decisions

The Boston Region Metropolitan Planning Organization (MPO) agreed to the following:

- approve the minutes of the meeting of August 18, 2016
- approve the work program for the *Section 405C Traffic Records Improvement* project

Meeting Agenda

1. Public Comments

Christopher Blackler, East Boston resident, remarked on the poor train service, noting that if customers pay to get good service they should get good service, instead of aggravation.

2. Chair's Report—*David Mohler, MassDOT*

D. Mohler reported that he gave a presentation to the Capital Program subcommittee of the MassDOT Board of Directors on the subject of developing a policy regarding project cost increases and municipal contributions to transportation projects.

3. Committee Chairs' Reports

There were none.

4. Regional Transportation Advisory Council Report—*Tegin Bennett, Advisory Council Chair*

T. Bennett reported that the Advisory Council met on September 14. David Anderson, Deputy Chief Engineer, Project Management, MassDOT Highway Division, gave an overview of MassDOT's process for estimating project costs.

The agenda topics of the next Advisory Council meeting are smart parking and business strategies.

The Advisory Council is accepting nominations for chair and vice chair for the coming year. T. Bennett has been nominated as chair, and Mike Gowing as vice chair. Elections will be held at the upcoming Advisory Council meeting on October 12.

5. Executive Director's Report—*Karl Quackenbush, MPO Executive Director*

There was no report.

6. Meeting Minutes—*Maureen Kelly, MPO Staff*

A motion to approve the minutes of the meeting of August 18 was made by the Metropolitan Area Planning Council (MAPC) (Eric Bourassa), and seconded by the City of Boston (Jim Gillooly). The motion carried. The North Shore Task Force (City of Beverly) (Aaron Clausen) and the North Suburban Planning Council (City of Woburn) (Tina Cassidy) abstained.

7. Work Program for Section 405C Traffic Records Improvement—*Karl Quackenbush, MPO Executive Director*

K. Quackenbush introduced the work program for the *Section 405C Traffic Records Improvement* project, which supports MassDOT's safety planning work.

States are required under federal transportation legislation to develop data-driven Strategic Highway Safety Plans for reducing injuries and fatalities on the transportation system. The Fixing America's Surface Transportation (FAST) Act requires states to improve their data collection of traffic elements critical to safety management by next year, and make that data available by 2026.

CTPS will test a tool that a MassDOT contractor is developing for this purpose and will populate the tool with intersection traffic control data. CTPS will also estimate the time and personnel required to fulfill the federal mandate. CTPS's work will be funded by a Traffic Information Systems Improvement Grant (Section 405C) provided through the Executive Office of Public Safety and Security.

Vote

A motion to approve the work program for the *Section 405C Traffic Records Improvement* project was made by the MAPC (E. Bourassa), and seconded by the City of Boston (J. Gillooly). The motion carried.

8. Discussion: Municipal (Local) Contributions to Transportation Project Costs—*Lourenço Dantas, Manager, MPO Certification Activities Group*

K. Quackenbush introduced the topic of municipal contributions to transportation project costs and discussed a memorandum that staff prepared to guide the MPO members' discussion. As the subject matter is broad, staff focused on questions relevant to the MPO's core issues pertaining to projects in the Transportation Improvement Program (TIP).

L. Dantas then outlined the issues that the MPO has been facing: project cost increases have forced delays in advertising TIP projects and limited the MPO's ability to program funds for new projects in a given year. Questions that have surfaced in the MPO's discussions about this issue relate to the role of municipalities in funding project cost overruns, cost changes, and project construction. (Currently, most projects programmed in the TIP are 80 percent funded by the federal government and 20 percent funded by the state fulfilling the local match requirement.)

He then outlined a few questions, which were raised in the memorandum, to begin the conversation:

- At which design stage (i.e., cost-estimate level) should a project be considered for programming by the MPO?
- Once programmed in the TIP, should the MPO review the project scope with each subsequent project design submittal (and relative to a revised cost estimate)? Should the MPO reconsider programming a project with significant changes to its design or scope (that may affect the anticipated benefits and impacts of the project) once it is re-evaluated and re-scored in the TIP project evaluation process? Should the MPO assess a cost/benefit ratio?
- Once programmed in the TIP, what changes (i.e., increases) to a project cost will the MPO agree to fund? Should the MPO set limits to changes to project cost estimates? What metric should the MPO use to set these limits? Should the MPO accept only certain reasons for cost increases?
- What is the MPO's expectation in regard to the local (project proponent) contribution to construction costs? If any, would this contribution be in the form of a portion of the local match or perhaps an overmatch (i.e., contributions in addition to MassDOT's 20 percent)?
- As a conclusion to these (and other discussions), should the MPO consider formalizing a set of policies related to TIP programming?

The floor was then opened to members for their discussion.

Discussion

The members' conversation began by defining the question at hand. D. Mohler framed the question as whether the issue is the need to reduce the frequency of project cost increases, or whether municipalities should be required to contribute to the local match portion of the funding for projects on the TIP (i.e. to the 20 percent state match of federal dollars).

E. Bourassa noted that there are two distinct issues: 1) whether municipalities should have to pay for project cost increases when they occur, and 2) whether there should be a policy about municipal contributions to transportation projects (all projects or certain types).

The idea had been raised that there could be fewer incidences of cost increases if the MPO waited to program projects on the TIP when they are farther along in the design process – for e.g., at the 75-percent design stage rather than at a 25-percent design stage. To this point, Dennis Giombetti, MetroWest Regional Collaborative (Town of Framingham), stated that if municipalities have to wait to engage in the TIP process until their projects are at the 75-percent design stage, they will have to invest more in the projects' design without the certainty that their projects would eventually get federal funding for construction. [Municipalities, as a project proponent, pay for the costs of engineering design.] D. Giombetti noted that additional cost and uncertainty could result in fewer TIP projects. He explained that there would be benefits to both the municipalities and MassDOT's review process if municipalities engage in the TIP process early.

D. Giombetti suggested parsing out the drivers of cost overruns. If, for example, a cost increase is due to a request by the municipal project proponent to change the design, there is a rationale for requiring the municipality to contribute to the overrun. Or, if the overrun is caused by market conditions beyond the proponent's control, the state [and MPO] might cover the costs. This would be fair to both parties, in his view.

T. Cassidy expressed support for having a written MPO policy regarding municipal contributions. She also expressed that the MPO may be programming projects in the TIP at too early a design stage. She suggested that a more appropriate point for programming—in order to program more accurate cost estimates—may be somewhere between the development of the Functional Design Report and the 75 percent design plans. She also suggested that municipalities should be responsible for the costs of design changes that are proponent driven. Regarding the question of whether municipalities should be asked to contribute more to project costs, she noted that there

may be few other options because of the lack of support for a state gas tax as a mechanism to generate revenue.

D. Mohler posed the question to members of whether municipalities should contribute to construction costs on municipally sponsored projects.

Dennis Crowley, South West Advisory Planning Committee (Town of Medway), suggested that the MPO form a steering committee to address the issues being raised. He discussed the need to determine at what stage to program projects on the TIP – noting that closer to the 75-percent design stage would produce more reliable cost estimates than at the conceptual or 25-percent design stages – and the question of building in higher contingencies. Regarding the latter point, he stated that the MPO should get a better understanding for the factors that go into cost estimations, such as inflation, soft costs, and utility relocation costs.

D. Anderson reported that the MassDOT Highway Division is working on institutionalizing a process for developing better project cost estimates at the time that projects come before MassDOT's Project Review Committee (PRC). The estimates should include every cost that the federal government will be asked to pay (i.e., office construction estimate, contingencies, traffic management and policing, utility force accounts, etc.). He also discussed the need to include a design contingency that would evolve as a project progresses through design – i.e. the contingency would be high when the project is in an early design stage, and lessen as it moves from 25-percent to 75-percent to 100-percent design completion.

Jim Gillooly, City of Boston, discussed the complex environment in which projects are developed that can result in changes to project designs between the time they are programmed in the TIP and advertisement. He expressed concern that if municipalities are required to contribute more to project costs [increases in cost estimates], they may end up tapping into their Chapter 90 funds to pay those costs. This practice would reduce their ability to use Chapter 90 funds for their intended purposes [of roadway maintenance]. He expressed support for including design contingencies for projects, which collectively could provide a contingency within each TIP programming year. He expressed a preference for better balancing the accounting in the TIP, rather than for requiring additional contributions from municipalities.

Jay Monty, At-Large City of Everett, expressed agreement with J. Gillooly's comments. He suggested having a design contingency based on the complexity of the project and assumed risk. D. Anderson reported that MassDOT Highway Division is considering a risk-based approach (rather than formula-based) for estimating contingencies.

MassDOT District Offices would perform a risk assessment at the outset of a project and revise as the project design proceeds.

T. Bennett expressed support for incorporating design contingencies that are re-evaluated over time. She also suggested that the MPO develop a policy that defines thresholds for determining when the MPO will discuss cost increases on projects and reassess the benefits of a project in light of cost increases.

Laura Gilmore O'Connor, Massachusetts Port Authority, expressed agreement about having a policy for discussing cost increases. She noted that the MPO should discuss what has been done to control costs and how costs have change over the project's lifecycle.

Laura Weiner, At-Large Town of Arlington, remarked that in other states municipalities have the ability to raise funds for transportation projects. She referenced a recently proposed bill in the Massachusetts state legislature that aimed to give authority for raising transportation funds [via regional ballot initiatives].

Richard Canale, At-Large Town of Lexington, pointed out the need to keep the following factors in mind when developing policies: transparency, predictability, and fairness. He suggested outlining the various factors that contribute to cost increases, considering incentives to proponents to develop projects that succeed, and ensuring fairness for all stakeholders.

Brad Rawson, Inner Core Committee (City of Somerville), remarked on the importance of transparency, noting that it will be important to avoid situations, such as in the case of the Green Line Extension project, in which municipalities are subjected to paying costs that were unanticipated early in the process. He noted that it will be difficult to get private sector buy-in without written policies at the state or MPO level. He also suggested that the MPO discuss municipal contributions in the context of project type, such as projects that unlock economic development potential.

J. Monty added that the MPO's discussion needs to include the municipality's role in contributing to design and other project costs.

D. Giombetti indicated that he opposes requiring municipalities to pay more costs up-front. Regarding how to address cost increases, he suggested that the MPO wait to weigh in until MassDOT can present its new cost estimation program. D. Mohler, however, advised against delaying because there is a need to tell proponents of projects that are coming before MassDOT's Project Review Committee (PRC) if there will be new expectations for local contributions.

D. Crowley expressed that the MPO needs to have a sense of how MassDOT is planning to build in contingencies. D. Anderson offered to report to the MPO about MassDOT's progress on developing the new cost estimation procedures and to get members' feedback.

Richard Reed, Minuteman Advisory Group on Interlocal Coordination (Town of Bedford), suggested using non-participation agreements [related to costs not eligible for federal funding] as a way to hold down costs on proponent -driven changes to projects. He suggested a position that the MPO program projects on the TIP at the 75-percent design stage when there is a more accurate cost estimate. On the other hand, he noted that costs would be higher to municipalities if they had to develop projects to the 75-percent design stage themselves [without confirmation of TIP programming]. As such, he suggested that the MPO implement a preliminary gate-keeping process for projects that have reached the 25-percent design stage; the MPO would review projects and agree to program them on the TIP when they reach the 75-percent design stage, thereby giving municipalities the assurance to proceed. He also noted that municipalities are legally constrained as to what project costs they can pay for; towns, for example, would need town meeting approval for additional spending on a project.

T. Bennett expressed concern about a MassDOT policy that would apply contingencies to all projects because it would significantly affect the ability of the MPO to accomplish its goals; such a policy would only be justifiable if the contingencies were derived based on trends seen in historical cost overages. Further, she expressed concern about the MPO agreeing to pay for costs up to the full contingency amounts on projects. She also expressed concern that adding contingencies could result in a bias against programming riskier projects in the TIP.

D. Anderson reported that MassDOT is looking at historical information to guide its development of a policy on contingencies.

B. Rawson provided some figures from a Somerville project [Beacon Street] that illustrated the amount of municipal contributions that go into smaller projects (not only mega-projects).

Remarking on the MPO's interest in being able to program more projects on the TIP, D. Crowley suggested that the MPO have further discussion about the issue of municipal contributions to projects—as the focus to this point had been mainly on cost increases. However, Tom Kadzis, City of Boston, noted that the primary issue affecting TIP programming is cost increases and that the issue of municipal contributions sparked by the Green Line Extension project is sidelining the discussion of the first issue.

D. Mohler then discussed the relevance of the municipal contributions issue as the MassDOT Board of Directors has begun discussing whether there should be a change in policy to require greater municipal contributions. Massachusetts is one of the few states that provide the full local match (with state funds) on federally funded projects.

T. Bennett remarked that if increased municipal contributions will be required, there will be a need to for mechanisms for local governments to raise revenues for transportation projects.

D. Mohler indicated that the Board would not adopt a policy of “pay for play” and that there would need to be recognition that smaller communities might not have the ability to contribute significantly. There could be benefits from requiring local contributions in that it would encourage municipalities to prioritize their projects, and there would be shared responsibility for cost increases.

A. Clausen noted that municipal-borne costs for designing projects is a barrier unto itself and that requiring greater local contributions would negatively affect many communities. For many communities, paying for the design costs of a project is an indication of priority.

L. Wiener drew a distinction between two issues: 1) addressing project cost overruns that can be mitigated by reducing a project’s scope, and 2) requiring municipalities to come up with a proportion of a project’s cost.

R. Canale stated that design and right-of-way costs are a factor that project outcomes should be considered. Regarding project outcomes, consideration should be given to whether a project will, through value capture, increase real estate values.

D. Giombetti pointed out that in other states, where there are higher local contributions to projects, there is the ability to generate revenues for projects through county or local systems. He urged caution when considering higher local contributions in Massachusetts because there are municipalities that already do not participate in the TIP process because of the already high cost of designing projects. He advocated against requiring municipalities to pay more upfront costs and thereby raising the bar on municipal participation in the TIP process.

D. Crowley raised a question about the effect that a potential new local contribution policy implemented by MassDOT would have on projects that are already programmed in the TIP. D. Mohler replied that municipalities or developers would have to contribute some of the matching funds now paid solely by the state. He noted that the MassDOT Board is only beginning its discussion of this matter.

Members discussed whether they should postpone their discussion until the MassDOT Board makes its determination. L. Wiener, however, expressed interest in continuing the discussion in order to inform the Board's discussions. B. Rawson also noted that there is an opportunity now to influence state policy and encourage legislative reform by highlighting that municipal governments currently lack the tools to generate revenue.

J. Gillooly reminded members that the project that initiated the discussion about municipal contributions—the Green Line Extension project—was awarded flexed highway funds from the MPO; as a result of the MPO's decision to flex funds from highway to transit, municipal highway projects were delayed or dropped from the TIP. He also expressed the City of Boston's position that municipalities are already contributing sufficiently to project costs by paying for design, non-participating costs, and right-of-way acquisition.

J. Monty and L. Wiener agreed that municipalities are already contributing enough, as municipalities do not have the tools to raise revenues.

D. Crowley suggested that the MPO convey to the MassDOT Board that municipalities already contribute to the cost of projects by designing projects and acquiring easements and right-of-way.

Paul Regan, MBTA Advisory Board, inquired about the conversations occurring at the MassDOT Board and whether the Board is discussing the factors that govern municipal participation (or lack thereof) in project costs, such as the lack of a mechanism in Massachusetts to raise revenue for transportation projects. D. Mohler explained that Chapter 90 funds are viewed as the source for municipal contributions now. He further discussed the impetus for the Board's discussion of this issue as stemming from a request from the cities of Somerville and Cambridge—which were asked to contribute to overruns on the Green Line Extension project—to develop a state policy addressing municipal contributions to projects.

E. Bourassa suggested that the MPO develop action steps to move forward on conversations about cost increases and municipal contributions. Regarding the issue of cost increases, he suggested that the MPO consider incorporating a cost/benefit analysis into the TIP project evaluation process and re-evaluating projects that increase in cost.

Members discussed the best way to inform the MassDOT Board of their views on the issue of municipal contributions. E. Bourassa suggested that staff prepare a comment from the MPO to the Board explaining that municipalities lack tools to raise

transportation funds, the differing abilities of cities and towns to raise revenue, and the MPO's opinion that municipalities are already contributing enough to project costs.

E. Bourassa also suggested that the MassDOT Board may be interested to hear opinions about whether mega-projects that have the ability of generate economic development should be the kind of projects for which additional contributions are sought from municipalities or developers. P. Regan noted that it will be difficult for the MPO to predict the future pay-off in terms of economic development when a project is in its early stages. He noted that the private sector invests in build-out of project areas later in the project development process when they are assured of a state infrastructure investment.

D. Mohler suggested that if municipalities make a case to receive support on a project based on the project's economic development potential, they could be asked to contribute to the construction of that project.

D. Giombetti proposed a motion that would have staff prepare an executive summary (and Powerpoint slide) for delivery to the MassDOT Board; these materials should serve to capture the MPO's thinking on the matter of municipal contributions to TIP projects. Following more discussion, however, members decided that a motion was not necessary.

D. Mohler directed staff to prepare those materials and distribute the drafts to the members in advance of the next meeting. He noted that sharing the materials with the Board will conclude the MPO's discussion on municipal contributions, but that there will be further discussion about cost increases.

B. Rawson offered to share information and figures about Somerville's experience in contributing to project costs to assist staff in developing those materials.

In response to a member's question, Rafael Mares, of the Conservation Law Foundation, discussed the proposed legislation that would have created a regional ballot initiative for raising revenues for transportation projects, as exists elsewhere in the nation. He noted that the legislation did not pass out of the House, but may return in the next legislative session.

T. Bennett requested that the issue of project cost estimation be a discussion item on the MPO's next agenda. D. Anderson offered to make a presentation to the MPO at a future meeting.

9. State Implementation Plan Update—*Bryan Pounds, MassDOT Staff*

B. Pounds reported on the status of the State Implementation Plan (SIP). MassDOT submitted the annual SIP update to the Massachusetts Department of Environmental Protection (DEP) on June 30, 2016. MassDOT and DEP held two public meetings on September 6. Members of the public may still submit written testimony to Scott Hamway at MassDOT's Office of Transportation Planning.

A public meeting regarding the Blue Hill Avenue Station is scheduled for October 5 at the Mattapan Library. The Blue Hill Avenue Station project is expected to be advertised this November.

10. Members Items

There were none.

11. Adjourn

A motion to adjourn was made by the MBTA Advisory Board (P. Regan), and seconded by the MassDOT Highway Division (John Romano). The motion carried.

Attendance

Members

Representatives and Alternates

At-Large City (City of Everett)	Jay Monty
At-Large City (City of Newton)	David Koses
At-Large Town (Town of Arlington)	Laura Wiener
At-Large Town (Town of Lexington)	Richard Canale
City of Boston (Boston Transportation Department)	Jim Gillooly
	Tom Kadzis
Inner Core Committee (City of Somerville)	Brad Rawson
Massachusetts Department of Transportation	David Mohler
	David Anderson
MassDOT Highway Division	John Romano
Massachusetts Port Authority	Laura Gilmore
	O'Connor
MBTA	Eric Waaramaa
MBTA Advisory Board	Paul Regan
Metropolitan Area Planning Council	Eric Bourassa
MetroWest Regional Collaborative (Town of Framingham)	Dennis Giombetti
Minuteman Advisory Group on Interlocal Coordination (Town of Bedford)	Richard Reed
North Shore Task Force (City of Beverly)	Aaron Clausen
North Suburban Planning Council (City of Woburn)	Tina Cassidy
Regional Transportation Advisory Council	Tegin Bennett
South Shore Coalition (Town of Braintree)	Christine Stickney
South West Advisory Planning Committee (Town of Medway)	Dennis Crowley
Three Rivers Interlocal Council (Town of Norwood/Neponset Valley Chamber of Commerce)	Tom O'Rourke

Other Attendees

Affiliation

Christopher Blackler	East Boston resident
Sarah Bradbury	MassDOT District 3
Rafael Mares	Conservation Law Foundation
Bryan Pounds	MassDOT Office of Transportation Planning
Constance Raphael	MassDOT District 4

Ellie Spring

Office of State Representative Denise Garlick

MPO Staff/Central Transportation Planning Staff

Karl Quackenbush, Executive Director

Robin Mannion, Deputy Executive Director

Elizabeth Moore, Director of Policy and Planning

Scott Peterson, Director of Technical Services

Lourenço Dantas, Manager, MPO Certification
Activities Group

David Fargen

Maureen Kelly

Alexandra Kleyman

Ben Krepp

Anne McGahan

Jennifer Rowe
