



**THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF TRANSPORTATION**



DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

JAMES A. ALOISI JR.
SECRETARY

October 29, 2009

The Honorable Deval Patrick
Commonwealth of Massachusetts
Office of the Governor, Room 360
State House
Boston, MA 02133

Dear Governor Patrick:

By way of this letter, I am providing you with a “close-out” report on my tenure as the Commonwealth’s Transportation Secretary. My tenure has been focused on establishing an ambitious and transformative agenda of change in our state’s transportation system. Such a task would be challenging in the best of times. In 2009, in the middle of the worst economy since the Great Depression, and in the face of serious financial crises at the Turnpike Authority and the MBTA, the task was exceptionally daunting.

Despite formidable obstacles, a strong platform for meaningful change has been built during my time in office – one that will serve your administration and the people of Massachusetts well. I have established both a new way of doing business – one that is more transparent and forward-looking -- and a new way of thinking about our state’s transportation needs. Priorities during my tenure have been driven by regional and modal equity, and targeted to improve mobility on corridors that will grow or sustain jobs and access to home, work, school and health care.

As EOT becomes MassDOT on November 1, observers may be misled into thinking that many of the more superficial changes of the 2009 Transportation Reform Legislation qualify as meaningful change. That is not the case. I have introduced meaningful change to our transportation system, but that change isn’t found in the Reform Legislation’s abolition or re-arrangement of boards and agencies. The meaningful change I have talked about, and that I am proud to leave as a legacy, is best described as the introduction of a culture of true modal equity, innovation, candor and decision-making in our transportation secretariat. Dealing squarely with these issues requires political courage, a quality I have tried to bring to my performance as Secretary. Although I have come to realize that true political courage, and support for those who exercise it, is in short supply, I have never departed from my commitment to bring integrity to my advice to you, and to my decision making.



What follows in this report is a candid appraisal of what I inherited in January of 2009, and what I have accomplished in the past ten months.

1. What I Inherited

The EOT I walked into in January 2009 was a place desirous of transformation but stuck in a culture that encouraged delay rather than decision-making. It was a culture reluctant to deal directly or candidly with the truth about costs and transportation priorities and the heavy price we pay for incurring debt. I inherited a system that pays over 80% of our highway employees from our capital budget, using borrowed money, a wasteful and duplicitous practice designed to hide the real cost of our workforce while seriously shortchanging our statewide road and bridge program. The Legislature's decision to defer this issue, together with today's harsh economic realities, means that this practice will continue and likely worsen. Likewise, the well-intentioned Accelerated Bridge Program, initiated prior to my tenure, contributes to the practice of borrowing against future federal funding – a practice that masks the urgent need for net new revenue left unresolved by this year's sales tax revenue "solution."

I inherited a ticking time bomb in the failure to have an approved Regional Transportation Plan for the Boston Metropolitan Area – a failure that threatened to have catastrophic consequences with regard to our ability to move federal aid projects forward. I leave office with an approved and credible RTP – an important foundation for building the region's transportation future.

I inherited a secretariat that chronically underfunded public transportation, bicycle and pedestrian-related initiatives. I leave with a record of substantial change in this area – flexing highway dollars to transit, increasing allotments to bicycle and pedestrian initiatives, and using the bully pulpit of my office to re-energize transit advocates.

I inherited a 511 phone service procurement that, if implemented, would have cost Commonwealth taxpayers millions without providing meaningful or improved customer service. I leave office with a state-of-the-art RFP out to the private sector marketplace, anticipating the delivery of higher quality customer service at a lower price.

I inherited a strained relationship with Regional Transit Authorities that arose from the creation of the new MetroWest RTA and a state contract assistance program that was neither rational nor predictable. I leave office having put into place a new formula-based system designed to bring fairness and objectivity to the process.

Finally, I inherited a lingering failure to develop a workable transportation reform plan. Within a month and a half of taking office, I had a powerful and groundbreaking reform bill on your desk – a bill that, once filed, became the spark that triggered the Transportation Revenue and Reform Legislation of 2009. While the final legislation is imperfect in certain respects, the effort remains an historic one.

At MassPike, I inherited a fiscal mess and no plan to deal with it. The Authority faced the real prospect of defaulting on its bonds, a result that would have given Wall Street control over toll rates, and that could have had a seriously negative impact on the credit ratings of other state authorities. The twenty-five cent toll increase approved in 2007 was simply not sufficient to maintain either the required bond coverage test or the basic capital needs of the system.

As you know, I took decisive action promptly upon taking office. First, in an effort to test the private sector marketplace, I put all of the MassPike service areas out to bid. The Service Area RFP proved that there is not a marketplace under current economic conditions to leverage these public assets in a fiscally responsible manner. Second, I announced a brief moratorium on the pending toll increase vote – a moratorium that enabled the necessary and difficult legislative discussion about the need for new transportation revenue.

I also faced a difficult set of challenges at the MBTA. The month prior to my taking office as Secretary, the former General Manager discussed publicly a projected \$160 million operating deficit for FY2010. That deficit was projected to increase significantly in 2011 and 2012.

The only viable option presented to me for a multiple year solution was a fare increase. Service cuts, which I consistently and publicly opposed, were also considered. While the former General Manager purported to have presented a viable one year solution, that proposal, which would have required substantial layoffs of customer service agents, was barely viable and only so for one year. It was no solution, despite efforts to portray it as such in the press.

The top-to-bottom review initiated following the departure of the former General Manager may suggest that debt refinancing can hold off a fare increase for a short while. If that is the case, MassDOT must immediately engage in a collaborative effort with the new MBTA Legislative Caucus and transit advocates to fashion a structural solution (including significant debt relief) to a sustainable, long-term approach to funding for the MBTA beginning in 2011. As I think you will agree, this can has been kicked down the road too many times in the past. The time has come for all stakeholders to fashion a proper solution to a chronic public transportation funding challenge.

Finally, in addition to the MBTA fiscal situation, I had to manage through a deep-rooted mutual animus and mistrust between the Administration and the former General Manager. That fact made my efforts to improve public transportation, something I believe in passionately, more challenging than they needed to be. Regrettably, the former General Manager's separation from the MBTA was not of a time or approach of my choosing.

2. What I Stand For

A. A Culture of Decision-Making

Leadership must be about evaluating a problem, understanding the range of appropriate solutions, and then making a decision. Employees who believe that it is safer to delay, or to say “no,” must be encouraged to make informed decisions. This deceptively simple proposition is transformative: it takes us out of the era when people were fooled into believing that they could have all the transportation service they needed and wanted without having to deal with the harsh realities of actual costs and limited revenues and resources. The approval of the Boston Area Regional Transportation Plan, the revitalization of our approach to leveraging transportation real estate assets, and a new formula to allocate state contract assistance to Regional Transit Authorities provide three specific examples of how this new culture is reaping rewards for our citizens.

The Regional Transportation Plan (RTP) for the Boston Region MPO is a critical planning document that must reflect an honest appraisal of affordable transportation projects. Federal highway and transit funding are tied to an approved RTP. As I have mentioned, when I became Secretary I faced the unfortunate fact that federal funds for certain high priority projects, such as the Quincy Concourse project, were being held up because federal dollars were unavailable as we did not have an approved RTP. Federal approval of amendments to the State Implementation Plan in July 2008 required an amended RTP. Without completion and approval of an amended RTP, many worthy projects could not be given the go-ahead. I put a good deal of effort to bear to revise and re-submit an RTP that was fiscally credible. Projects that are aspirational, but lacking specific funding sources, are identified as such. This required making hard choices about high-profile projects that have powerful and persistent constituencies. This was not an easy task, but a necessary exercise of leadership. The new RTP is now an honest, credible assessment of transportation projects we can fund. FHWA and FTA approval of this planning document means that Massachusetts will not face a federal aid funding crisis. It also means that we can stop fooling people into believing that we can build everything we need or want without substantial, sustainable net new revenue. I am very pleased to have resolved this issue during my tenure, and I hope I have set a precedent for candor that will serve the Commonwealth well in the future.

Our success in leveraging the state’s transportation real estate assets is just starting to bear fruit. When I became Secretary, I was intent on establishing a new way of approaching how we leverage transportation real estate assets. For too long, transportation real estate assets owned by MassPike, the MBTA and the Commonwealth were left undeveloped, largely because there was no vision or commitment to bring a smart, business-oriented approach to the task.

I recruited a smart Deputy Secretary to focus on economic development and charged him with bringing fresh ideas to the table. My philosophy was simple – if the Empire State Building could be completed and tenanted during the Great Depression, we

should be able to fashion principled real estate deals that enable progress on development sites in this economic downturn. By re-thinking old and unsuccessful assumptions, and by demanding decision-making rather than delay, we were able to recently announce an historic breakthrough in a major development in Kenmore Square – a development that will create significant construction jobs, net new permanent jobs, and build a new commuter rail station as a net zero energy facility.

Finally, I quickly realized that we needed to bring fairness and predictability to the way we disperse state contract assistance to our Regional Transit Authorities. With my encouragement and support, EOT has developed a new and transparent funding formula based largely on objective criteria that will establish fairness and predictability in the allocation of state funds to RTAs.

B. A Culture of Innovation

A culture that encourages decision-making will also encourage innovation. For me this has meant, in part, transforming the Registry into a modern, technology-driven agency that will enable Massachusetts to move quickly into a new, cost-effective era of mobility through creative use of inspection stickers and driver license technology. It also means providing transit riders with real-time information through iPhone applications and text messaging on cell phones or PDAs.

At my direction and with my encouragement, EOT has embarked on an ambitious and cutting-edge approach to providing Massachusetts' citizens with useful and accurate transportation information at little or no cost. Our multi-modal data set, hosted on the EOT Developers Page, is being used by smart, innovative software developers to build applications that benefit transportation users, travelers and riders. EOT has engaged these developers, holding developers' meetings and engaging the community through Twitter and Google Groups, and hopes to expand its data and incorporate more information in real-time.

Last month we announced the MassDOT Developers Conference, which will be held on November 14th at MIT. The Conference is free and open to the public, and will host transit officials, public stakeholders, and software developers from all corners of the state. EOT also announced the 2009 EOT Developers Challenge, which inspires developers to create web-based and mobile applications, to submit them to EOT, and to release them to the public. The top submission will receive a CharlieCard valid for one year of free travel on the MBTA, in addition to recognition at the Conference. The Conference and Challenge are opportunities to engage a community of entrepreneurs who are eager to work with us to turn data into an application that has impact in the real world.

These initiatives help position the new MassDOT as a wholesaler of transportation information, not a retailer. By hosting this data on the Developers' Page, we unlock the creativity and entrepreneurial spirit of private entrepreneurs and we permit

the creation of applications that are useful to our customers. MassDOT will be a national leader in this effort, and I am proud we have laid a solid foundation for this important effort to democratize the use of our data.

The transition to MassDOT on November 1 also provides opportunities to rethink the way we do business in delivering transportation services. One such opportunity is the 511 phone service that provides real-time traffic, transit, weather, construction, and event information for Eastern Massachusetts. Because of the substantial cost of operating the system, at my direction EOT scuttled its proposed procurement, performed a cost/benefit analysis and decided to solicit a “turn-key” service that will replace the existing 511 service. The move will save at least \$4 million compared with operating the system and will provide a high level of traveler-information while leveraging private-sector investment.

C. A Culture of Candor

For too long people have been reluctant to face the truth – and tell the truth— about the real cost of highway and transit expansion projects. I have learned first-hand that some truths are inconvenient, but when I took this job I was committed to doing it right, regardless of the personal price I would have to pay for my candor. I knew full well the perils of plain speaking and the danger of disappointing dedicated advocates of ambitious projects, but the consequences of my candor, including an approved RTP for the Boston MPO, will reap enormous future benefits for Massachusetts taxpayers. By filing a fiscally credible plan that has been approved by FHWA and FTA, I have averted a shut-off of federal funding and enabled an honest conversation about project costs and the need for net new revenue.

The 2009 transportation revenue “solution” is simply a stop-gap measure – a politically expedient effort to prevent or delay toll and fare increases while leaving unaddressed the urgent need to find a sustainable, robust and equitable source of transportation funding. I understand that the gas tax is not popular, but in the short-term it remains the sole reliable and fair method of raising needed transportation revenue. There is no net new revenue for maintenance, repair or reconstruction, no net new revenue to improve our state of good repair at the MBTA, no net new revenue to fulfill the promise of the Green Line expansion to Route 16 in Medford, the Blue Line Extension to Lynn, the Urban Ring or South Coast Rail a reality.

Massachusetts, and the nation, faces an enormous challenge in the generation of dedicated, sustainable revenue for transportation purposes. We face both a challenge and an opportunity. As automobiles become more fuel efficient and greener, the importance and viability of the gas tax will sharply decline. This is as inevitable as night following day. We are unprepared for that day. We should be investing now in technologies that enable us to generate substantial revenue while empowering people to make better and more informed mobility choices – mode choices, time-of-day trip choices, and the like.

VMT is a proven method of collecting transportation revenue as a user fee, without violating personal privacy concerns. VMT allows the use of pricing to bring fairness – both regional and modal equity – to the process of assessing and collecting revenue. For example, it allows for pricing differently in rural areas where people are required to drive longer distances. It enables pricing to manage congestion, to reduce greenhouse gas emissions and to establish peak hour premiums – premiums that would directly help fund public transportation. Massachusetts can and should promptly undertake a VMT pilot program to assess the utility and acceptance of this approach.

VMT technology can bring fairness and coherence to a transportation funding approach that has become too reliant on a politically convenient sales tax, an approach with no principled link to transportation and one that has a disproportionately harmful impact on the poor and middle-class.

A culture of candor also means talking honestly with people about proposed new projects. The Green Line expansion is a lost opportunity without a clear and unequivocal commitment to extending the line to Route 16. The Green Line project must also be approached with the clear acknowledgment that prior assumptions regarding the source of funding the relocation of Lechmere Station no longer are valid, and may not be for a long time.

Finally, I have made an effort to introduce a new way of thinking about how we can improve mobility in the short term by adopting early action initiatives. For example, the recently inaugurated and highly successful “Direct Connect” Silver Line service to South Station is an early action item that improves people’s lives today, while demonstrating the need for the full promise of a completed Silver Line Project. Similar early action initiatives related to the Urban Ring Project can and should be advanced with funding from Massport (for the “Haul Road” connecting the Airport Blue Line Station with the Chelsea Commuter Rail Station) and the Accelerated Bridge Program (for transit improvements that also serve as mitigation for the reconstruction of the Charles River Bridge crossings). At my direction, we also have filed a federal “TIGER” grant for rail bridge reconstruction in New Bedford, as well as the relocation and development of a new Intermodal Transit Center at Whale’s Tooth. This will be a meaningful early action for the South Coast rail project.

3. A Culture of True Modal Equity

As Secretary, I adopted a policy protocol that ties transportation spending to: (i) economic growth and development, (ii) regional equity, (iii) social justice, (iv) environmental sustainability, and (v) innovation. This protocol favors investments that trigger economic growth and development in targeted areas, investments that are fairly allocated among all regions of the Commonwealth, and investments that are eco-friendly in their approach to non-vehicular travel. For too long public transportation and other non-vehicular modes have taken a back seat. This inequity is a serious and growing problem. In Fiscal 2009, Massachusetts had the largest highway and bridge program in

history, spending \$770 million. That figure is on track to increase to \$974 million for FY10 and \$1.3 billion in FY11. This auto-centric spending is fiscally untenable and modally unfair. That is why, in addition to moving forward with your vision for an expanded commuter rail system that will connect the South Coast to Boston, I have taken specific steps to improve travel times from Fitchburg to Boston, open up the “Knowledge Corridor” in the Pioneer Valley, improve and expand rail service between Boston and Worcester from both South Station and North Station, provide an important passenger rail link between Boston and T. F. Green Airport, and improve safety and travel time between Boston and Portland on the “Downeaster.” Finally, I have championed a transportation policy that takes alternative modes, specifically bicycling and walking, seriously, as an effective way to encourage a less costly, healthier and more environmentally sensible approach to mobility, particularly within dense urban corridors.

I have been an outspoken advocate for public transportation and passenger rail across the Commonwealth. As you know, I have made significant efforts to level the playing field and establish a new approach to ensuring modal equity in connection with how we allocate our scarce transportation resources. I am particularly proud of my decision to flex \$75 million from our Highway Department account to the MBTA in order to match a federal earmark and commence work on significant improvements to the Fitchburg commuter line. I am also proud of several initiatives that will significantly improve MBTA service, including:

- The new “Direct Connect” Silver Line service to South Station – providing riders on the Silver Line with important mobility choices and connecting, for the first time and at modest cost, the previously unconnected Silver Line 1 and Silver Line 2 systems. We often hear that we should do “more with less”; well, Direct Connect is a perfect example of having done more with less and I’m proud that it is part of my legacy.
- The Key Bus Initiative that will use \$10 million of federal stimulus money to provide some of the MBTA’s best customers with the kind of reliable, safe service they are entitled to.
- A sustained program to upgrade our rapid transit maps – maps that in some cases haven’t been upgraded in 40 years. It is astounding to me that this type of basic customer service was allowed to deteriorate to such an unacceptable level. At my direction we are changing that to ensure that MBTA riders have accurate information available to them at all times.
- Extending the MBTA Student Pass to 11:00 p.m. in order to ensure that students studying or working late can get home safely. I have also directed a study of the cost and social justice implications of a Youth Pass.

- Improving the poorly designed Mattapan Station. The new station design failed to provide effective heating in bus shelters, and provided no shelter at all for riders of the 28, 29 and 31 buses. In my last week as Secretary, I was proud to open a public meeting and announce our program to keep faith with the users of Mattapan Station by getting those design issues fixed.
- A new approach to the Urban Ring, focused on phasing and early action items. The Urban Ring project is another in a line of laudable urban projects that will be challenging (to say the least) to design, construct and fund. Rather than acquiesce to the same old game of dribbling money to consultants to keep hope alive, I have chosen to identify specific early actions that are affordable, and that will provide people with significant short-term mobility benefits. I attach to this report my recent letters to Secretary Bowles, outlining the framework for this game-changing approach.
- Filing a DEIR for the Green Line extension to Route 16 that includes a new “Alternative L” as a logical and community-friendly alternative to the prior “Yard 8” and “Mirror H” proposals for a necessary maintenance facility.

Until I became Secretary, there was no official place at the transportation table for the hard-working advocates for public transportation and other non-vehicular modes. I have changed that – I hope permanently – by giving representatives of groups like ACE, On The Move, REEP, BYOP and TRU a meaningful role in influencing policy. By helping to give a voice to those whose voices are often unheard or ignored, I have tried to bring true justice and equality to the transportation policy arena that historically has been dominated by well-heeled interests whose idea of advocacy is generally limited to promoting more bond offerings, more debt and disproportionate investment to support our auto-centric society. MassDOT will establish an office of civic engagement, which is a good way to ensure a continued meaningful dialogue. It is critical, however, for MassDOT leadership to devote time to meeting directly with these advocates in order to ensure access to those who have previously been locked out of the highest levels of decision making.

Finally, I devoted considerable time to fashioning a groundbreaking Regional Rail Plan for New England – a plan that has been embraced by each of the New England states and that will transform mobility in the region.

The Regional Rail Plan will connect every capital city (except Augusta), most major cities and most important regional airports in New England. We have submitted several grant applications under the President’s rail stimulus program that, if approved, will jump start several of the regional projects. We have also entered into a historic

agreement with Rhode Island to provide passenger rail service from Boston to T. F. Green Airport.

These initiatives embody a bold, forward-looking approach to establishing a multi-modal regional transportation system. They will trigger future economic growth and they will provide people with real mobility choices – choices that over time will fundamentally improve the quality of life for citizens throughout our region.

Massport

Through the exercise of persistent leadership, I was able to persuade Massport officials to make a significant change in the proposed Consolidated Rent-A-Car facility (CONRAC) – a change evidenced by their recently filed NPC. Specifically, CONRAC had previously been a good idea gone bad. Consolidating the rental car facilities under one roof and reducing bus circulation at Logan Airport is a good thing. The original Massport idea of adding 3,000 new commercial parking spaces was not. Massport has now eliminated these parking spaces and developed a more transit-friendly and environmentally-friendly project that will be a strong candidate for a TIFIA loan. The recent Notice of Project Change filed by Massport is an important positive step forward.

I have advocated for a significantly larger Massport role in public transportation. Specifically, Massport ought to be a financial participant in getting people to and from Logan Airport via public transportation. There are three major components to that plan – extending the Blue Line to Lynn, building elements of the Urban Ring and improving the Silver Line at D Street.

The importance of Massport playing an active funding and planning role in solving some of our key regional transportation issues – notably public transportation to and from Logan Airport – cannot be understated. Now that your Administration has effective control over the Massport Board, there is no reason why Massport should be left unintegrated into a comprehensive regional mobility plan. Moreover, a truly progressive transportation policy would ensure that issues in sections of East Boston, Chelsea and Cambridge related to noise levels associated with the use of runways following the construction of Runway 14/32, as well as airborne particulates associated with aircraft emissions, are addressed in a meaningful way. Massport spends hundreds of thousands of dollars needlessly each year defending against lawsuits brought by individuals and groups advocating for a higher quality of life in their neighborhoods. That money would be better spent on progressive programs that provide meaningful improvements to the quality of life and to mobility in the neighborhoods surrounding Logan Airport.

Stimulus

My approach to spending federal stimulus dollars has been carefully crafted to meet both short and long-term needs. We decided early on to find immediately “shovel ready” projects – mostly road repair and resurfacing projects – and to identify other projects that would provide a platform for the creation of permanent jobs in the long

term. Thus, we set aside funding for transportation infrastructure projects to support private sector investment in Assembly Square, Somerville, in Fall River, in Quincy and in Foxboro. We also identified projects that would enable us to spend stimulus dollars equitably on both a regional and modal basis. The \$12.8 million Greenfield ITC and the Lynn Blossom Street Ferry Terminal are centerpieces of that approach.

Finally, we resisted the temptation to spend stimulus dollars simply for the sake of meeting arbitrary schedule metrics handed down by observers with no specific understanding of Massachusetts or our strategic plan. One case in point deserves attention here. A good deal of pressure was put on me to approve a road project in Lanesboro – a project on a road not owned by the state. As presented to me, the Lanesboro connector project would have required us to force the taking of a local property owner's rights in land and would have prevented that local property owner from improving or developing his property. I spent hours of my time attempting to negotiate an agreement with the relevant local parties, to ensure that if we did spend stimulus dollars on the private road, it would nevertheless create an opportunity for future growth along the road. Absent such an agreement, the Commonwealth would be spending scarce stimulus funds to benefit a private road built and controlled by an out-of-state corporation, and we would be keeping a large local property owner landlocked and unable to develop his property. This would be the antithesis of our commitment to using stimulus spending to promote economic growth. If the Lanesboro connector project is ever to go forward, it must do so in a way that works for everyone in that region, not simply one community and one out-of-state special interest.

Conclusion

I have tried to take a generationally responsible approach to establishing transportation policy for the Commonwealth. For me, that has meant connecting the dots among mobility, climate change, energy security, social justice and public health. These issues are tied to a progressive transportation policy – one that alters in a fundamental way the auto-centric focus of the 20th Century by putting a larger funding and planning effort toward public transportation and other non-vehicular modes.

With the creation of MassDOT, and with your effective control of the Massport Board, your Administration is well positioned to fulfill this progressive transportation policy agenda. It will mean (among other things) maintaining a strong commitment to public transportation, making Massport an integral part of a regional public transportation plan, and implementing a VMT pilot program in the near future. The foundation I have built enables you to take bold, decisive and forward-looking actions that will truly embody transportation “reform.”

As I said in my letter to you of 8 September 2009, please accept my thanks for the opportunity to serve the people of Massachusetts. When I took this job, I did so reluctantly. I returned to public service because I wanted to make one more contribution to the larger good, to be a voice for the voiceless, and to chart a bold course for the future. I have done that, and remain content in the belief (as expressed by Theodore

The Honorable Deval Patrick

October 29, 2009

Page 12

Roosevelt) that "it is not the critic who counts; nor the man who points out how the strong man stumbles...the credit belongs to the man who is actually in the arena... who strives valiantly; who errs, because there is not effort without error and shortcoming; but who does actually strive to do the deeds; who knows the great enthusiasms, the great devotions; who spends himself in a worthy cause."

I believe I have sown the right seeds. History will determine whether they were given a chance to take root and flourish.

Very truly yours,

A handwritten signature in blue ink, appearing to read "James Aloisi, Jr.", written over the typed name.

James A. Aloisi, Jr.
Secretary

Attachment