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**Date:** March 8, 2021

**To:** Fiscal and Management Control Board

**From:** Jillian Linnell, Director of Capital Program Planning

**Re:** CIP Update: Initial Sources and Program Preview

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## OVERVIEW

The Massachusetts Department of Transportation (MassDOT) and the MBTA Capital Investment Plan (CIP) programs federal, state and MBTA sources to pay for long-term capital improvements to the transportation system. The CIP is typically a five-year plan that is updated on an annual basis. In fiscal year 2021, as a result of the COVID-19 pandemic, MassDOT published a one-year plan that focused on investments that were currently underway, along with targeted investments in maintaining the safety and reliability of our transportation network. With the on-going challenges presented by COVID-19, including unknown future travel patterns and uncertainty over federal legislation, the MBTA and MassDOT plan to produce a “maintenance of effort” CIP that focuses on continuing projects that are already underway and making a limited amount of targeted investments for the future.

The MBTA is currently in the process of updating the CIP for the period starting in fiscal year 2022. Staff has developed initial estimates of capital funding sources, set initial CIP program sizes, and is working to refine anticipated sources and project sequencing in order to produce a fiscally constrained CIP. The current update focuses on overall source assumptions and the existing portfolio of in-flight capital projects. Staff will continue to provide monthly updates to the Capital Programs Committee (a subcommittee of the MassDOT Board), which is the forum for monthly MassDOT CIP updates and decisions. The FMCB will continue to be updated concurrently and upon request.

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## FUNDING SOURCES

During the development of the CIP, MBTA staff assemble reasonable assumptions to inform future funding source projections. The most recent update to the CIP reflects source assumptions for Federal, State, MBTA and reimbursable sources that are consistent with previous years. One notable difference is Pay-Go/Lockbox, which will no longer reflect contributions. Instead the \$60M a year in state assistance via bond cap is now included under state sources, and the projected bond issuance has been increased, for a net zero impact to the CIP. In fiscal year 2022, the MBTA expects to have \$1,908M in sources available, which does not include roughly \$1,514M in carryover funds that are programmed to existing projects in fiscal year 2022 and beyond.

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## PROGRAMS

The MBTA's CIP is aligned with the Priorities and Program structure developed by MassDOT. The highest level of organization is the Priority. The Priorities in the CIP are Reliability, Modernization, and Expansion. The next level of organization is the Program. The upcoming CIP will include eighteen Programs, largely consistent with the fiscal year 2021 CIP programs. One change from previous updates is the merging of the previously defined *Expansion Project Development* Program with the *Expansion Project* Program. Both of these Programs previously resided in the Expansion Priority and will remain there.

The MBTA has a diverse and robust portfolio of in-flight projects. Many of these projects were previously included in the fiscal year 2021 CIP and will be included in this update as they reflect on-going investments that extend into future years.

With an upcoming "maintenance of effort" CIP, the MBTA expects to focus on projects that are already underway, with targeted investments for the future. The MBTA has identified a number of initial key priorities and goals for the upcoming update. They include (1) continuing to prioritize and invest in steady-state asset replacement and modernization, (2) continuing to invest in and support through completion a number of in-flight capital programs and (3) making targeted investments in the next round of transformation programs, while establishing a strong foundation for future funding opportunities.

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## NEXT STEPS

Over the coming months, MBTA staff will continue to facilitate the development of the CIP in advance of providing a draft project list to MassDOT. The Capital Planning and Capital Program Oversight (CPO) departments are simultaneously working to develop the MBTA's five-year, fiscally constrained Transportation Improvement Program (TIP), which will be presented to the Boston Region Metropolitan Planning Organization (MPO) in April.

MassDOT staff will continue to provide the Capital Programs Committee (CPC), a subcommittee of the MassDOT Board, with monthly updates on the CIP. The next meeting of the Capital Programs Committee is scheduled for March 17, during which MassDOT and the MBTA will present preliminary source assumptions. The next update to the Joint Board is planned for April 26<sup>th</sup> when MassDOT and the MBTA plan to present final draft sources and uses, initial project lists and changed from the FY21 CIP.