



**Massachusetts Bay
Transportation Authority**

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY (MBTA)

BLUE HILL AVENUE TRANSIT ACTION PLAN

Federal Transit Administration (FTA)
Capital Investment Grant (CIG)
Small Starts Streamlined Financial Plan

August 22, 2025



TABLE OF CONTENTS

1.	Introduction	1
1.1.	Purpose	1
1.2.	Project Description	2
1.3.	Project Schedule	5
1.4.	Project Sponsor	5
1.5.	Funding Partners	7
2.	Project Capital and Operating Plan	10
2.1.	Project Capital and Operating Plan	10
2.2.	Project Capital Funding Sources	10
2.3.	Project Operating & Maintenance Plan	14
3.	Performance Measures	15
3.1.	Current Financial Condition	15
3.2.	Commitment of Capital and Operating Funds	16
3.3.	Reasonableness of Capital and Operating Cost Estimates	16
4.	Risks & Mitigation Strategies	17
4.1.	Cost and Revenue Risk	17
4.2.	Mitigation Plan Summary	18
5.	Next Steps	19
6.	Appendices	20
6.1.	Appendix A – Financial Condition of Project Sponsor	20
6.2.	Appendix B – Planning Documents	20
6.3.	Appendix C – Non-Section 5309 Funding Commitments	21
6.4.	Appendix D – Local Financial Commitment Checklist	22



LIST OF TABLES

Table 1-1: Implementation Schedule.....	5
Table 1-2: MBTA Historic Service Statistics	7
Table 1-3: Blue Hill Avenue Action Plan Capital Funds (Millions)	7
Table 2-1: Sources of Funds: Federal and Local Percentage (YOE\$)	11
Table 2-2: Project Funding Sources – Committed vs. Budgeted/Planned (YOE\$)	13
Table 2-3: Blue Hill Avenue Transit Action Plan Summary (YOE\$, Millions).....	13
Table 2-4: Operating Costs (System vs. Project) (2025\$)	14
Table 3-1: MBTA Historic Operating Costs and Revenues (\$000s)	15
Table 3-2: MBTA Current Operating Ratio (\$000s)	16

LIST OF FIGURES

Figure 1-1 Blue Hill Ave Transit Action Plan Map.....	4
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1. INTRODUCTION

1.1. Purpose

The purpose of this Financial Plan is to document the financial capacity of the Massachusetts Bay Transportation Authority (MBTA) to construct, operate, and maintain the Blue Hill Avenue (BHA) Transit Action Plan (referred to in this Financial Plan as the BHA Transit Action Plan or the Project), utilizing funding from the Federal Transit Administration's (FTA) Section 5309 Capital Investment Grant (CIG) program. Specifically, this Financial Plan supports the MBTA's request for the BHA Transit Action Plan to be recommended for funding in FTA's fiscal year (FY) 2027 Annual Report on Funding Recommendations.

The Financial Plan will assist the MBTA, FTA, local officials, and the general public in understanding and evaluating the agency's financial capacity to implement the Project. Included in the Financial Plan is a review of the MBTA's recent financial history and current financial condition, documentation of the projected capital and operating costs and proposed revenue sources for the Blue Hill Avenue Transit Action Plan, and a review of the key assumptions underlying the cost and revenue projections.

The Financial Plan is a required component of FTA's CIG program, which provides discretionary federal funding for major fixed guideway transit projects. As a result, this Financial Plan has been written to meet the requirements of FTA's most recent ([December 2024](#)) Reporting Instructions for the Section 5309 CIG Program, Small Starts.

Streamlined Financial Evaluation

The Project qualifies for a streamlined financial evaluation (financial warrants) per FTA's guidance ([FY 2027 Small Starts Reporting Instructions, pg. 31](#)). To meet FTA requirements, the financial plan includes:

- A reasonable plan to secure funding for the non-CIG share of capital costs, as shown in Section 2.2.2 Committed, Budgeted, and Planned Revenues, that includes the sources, amount, and steps needed to secure funding commitments;
- A detailed operating and maintenance cost estimate of the proposed Small Starts project is less than ten percent of the project sponsor's current-year approved system-wide operating budget (as shown in Section 2.3.2 Operating Cost Overview);
- The project sponsor is in reasonably good financial condition, as demonstrated by the past three years of audited financial statements indicating a positive cash flow over the period, a reasonable current ratio, and limited material findings (as shown in Section 3.1 Current Financial Condition); and
- A completed Small Starts Finance Template.

The following sections are intended to demonstrate the project's financial viability, including projections of capital and operating needs, and potential ongoing operating funding.



All dollar figures in this Financial Plan are presented in Year of Expenditure dollars (YOE\$) unless stated otherwise. Additionally, unless stated otherwise, all figures are presented on the basis of the MBTA fiscal year (FY), which runs from July 1st through June 30th. The MBTA's fiscal year is different than the Federal Fiscal Year (FFY), which runs from October 1st through September 30th. Finally, the Project Financial Plan is based on 30 percent design as of August 2025.

1.2. Project Description

The MBTA proposes to implement a transit corridor along Blue Hill Avenue in the Mattapan, Roxbury, and Dorchester neighborhoods of Boston, Massachusetts, between Warren Street and Mattapan Square. The Project involves the construction of three miles of exclusive, center-running bus lanes using existing medians on Blue Hill Avenue, with implementation of transit signal priority along with other safety and accessibility improvements at the intersections along the corridor. The Project includes the construction of 10 stations with shelters, comfortable seating, real-time information, and improved lighting at each station. The MBTA intends to use the existing fleet inventory for this Project.

Despite being a high transit ridership corridor today, the high motor vehicle traffic on the roadway subjects buses along Blue Hill Avenue to substantial delays. The corridor lacks essential accessibility and safety features, putting transit riders, bicyclists, and pedestrians—those most vulnerable to hazardous conditions—at significant risk. The Project is expected to provide reliable and accessible transit along with improved safety to benefit all roadway users in the corridor. The Project will benefit all roadway users by providing reliable, accessible transit and improving safety along this corridor.

This three-mile-long segment of Blue Hill Avenue is situated midway between two MBTA heavy rail rapid transit lines. This corridor is served by more than 1,250 MBTA buses each day across nine routes. It provides significant transportation connectivity to other transit lines, including MBTA's Commuter Rail Line and Mattapan Trolley Line, and connects the commercial nodes of Grove Hall in the north, Mattapan Square to the south, and residential and commercial uses in between, including two of the City's oldest and most significant parks. The Project's primary benefits—dramatically improved safety, access, travel times, and reliability—will accrue up to 40,000+ existing daily bus riders.

These tens of thousands of daily riders are subjected to substantial travel time variability and delays due to the high motor vehicle traffic on the roadway. Because of frequent double parking throughout the corridor, passengers with mobility disabilities are often unable to make use of accessibility features like wheelchair ramps. The existing corridor is exceptionally dangerous for all users: along the project corridor, there have been three fatal collisions between 2015-2020, with a non-fatal crash reported once every 2.5 days across all modes. Vulnerable road users experience non-fatal collisions once every 11 days.

This Project will repurpose Blue Hill Avenue's existing wide, concrete median island into a pair of exclusive, center-running bus lanes and will redesign Mattapan Square at the corridor's southern end to better accommodate bus movements in and out of the Mattapan Trolley station. The Project will also include improved pedestrian refuges, protected bicycle lanes, signal changes, and place-



making elements. Improvements will support the long-term vitality of the corridor, leveraging city-led economic development initiatives and two Opportunity Zones as identified through the Massachusetts Opportunity Zone Map.

The Project has undergone several years of community outreach and design development, leveraging a variety of event types and engagement formats. Moreover, the Project aligns with MBTA's strategic plans and is consistent with the needs identified in the following plans: [Destination 2050](#), [Focus 40](#), [City of Boston: Go Boston 2030](#), [Imagine Boston 2030](#), [MBTA Bus Network Redesign](#), [MBTA Bus Priority Toolkit](#), [City of Boston: Plan Mattapan](#), [Franklin Park Action Plan](#), [Cummins Highway Redesign](#) (construction ongoing), [Fairmount-Indigo Planning Initiative](#).

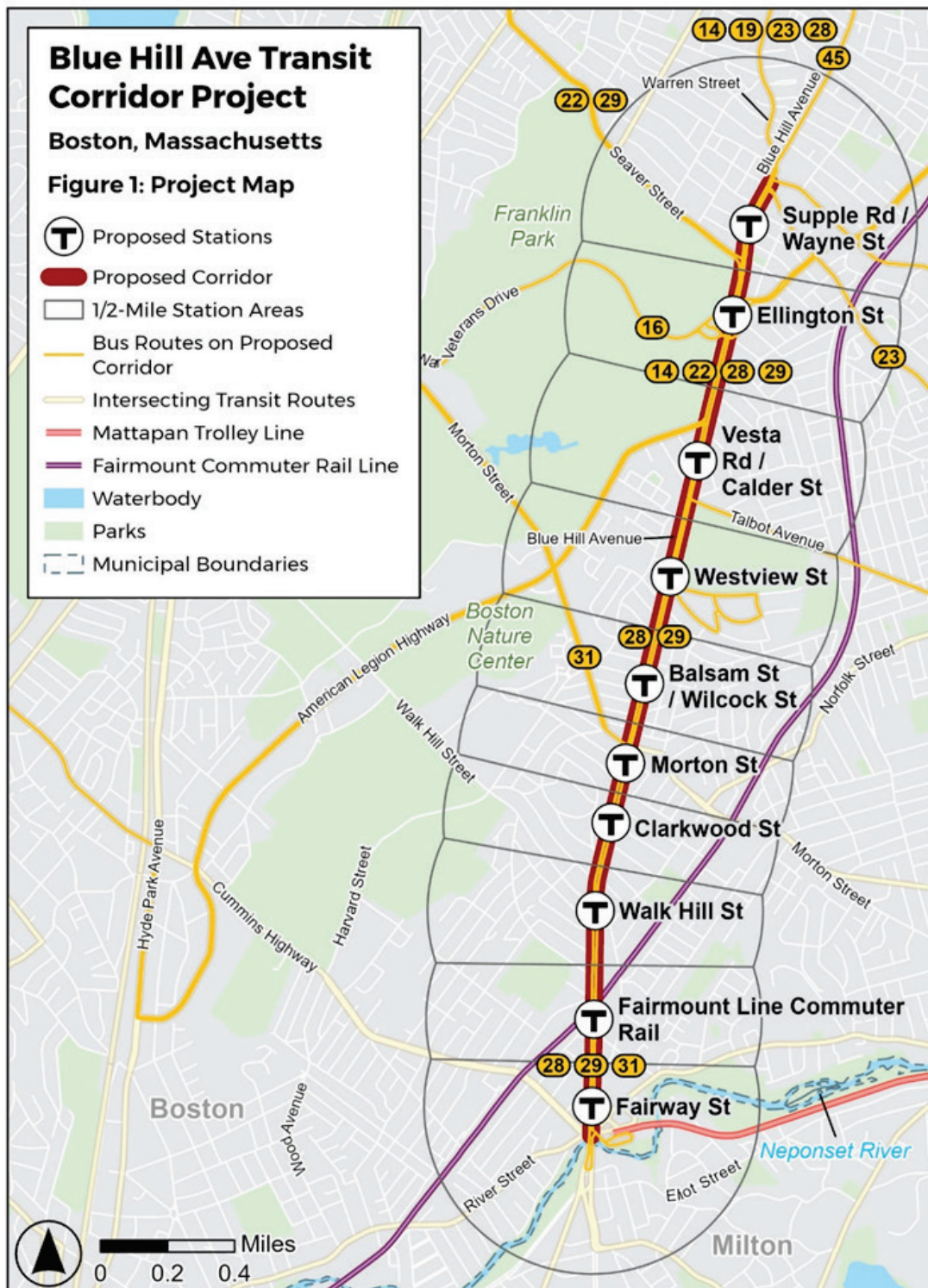
In summary, the Blue Hill Avenue Transit Action Plan will include the following:

- Design and Environmental Review
- Center-running dedicated bus lanes
- Ten pairs of fully accessible median bus stop platforms
- Parking-protected curbside bike lanes
- Redesign of Mattapan Square intersection
- Sidewalk and accessibility improvements
- Roadway repair and repaving
- Updated traffic signals and street lighting
- Enhanced public realm and green infrastructure

Full project details are included in the Small Starts Project Narrative file included in the overall CIG application submitted for this Project.



Figure 1-1 Blue Hill Ave Transit Action Plan Map





1.3. Project Schedule

The MBTA completed the environmental review process, including the receipt of a Documented Categorical Exclusion, in November 2022. The MBTA selected a locally preferred alternative (LPA) in December 2024 and anticipates adopting the LPA into the region's fiscally constrained long-range transportation plan in fall 2025. The MBTA anticipates receiving a Small Starts Grant Agreement (SSGA) for the project by June 2026 and opening the Blue Hill Avenue Transit Action Plan for revenue service in 2030. Table 1-1 summarizes in greater detail the Project's implementation schedule.

Table 1-1: Implementation Schedule

Implementation Phase	Date
NEPA Clearance (Categorical Exclusion)	November 2022
Selection of Locally Preferred Alternative (LPA)	December 2024
Entry into Project Development	March 2025
Adoption of LPA in Long Range Transportation Plan	Fall 2025
Anticipated SSGA/Construction Grant Award	June 2026
Construction	June 2026 - December 2029
Start of Revenue Service	January 2030

1.4. Project Sponsor

1.4.1. Organization

The Massachusetts Bay Transportation Authority (the Authority, Agency, or MBTA), a division of the Massachusetts Department of Transportation (MassDOT), was established under Massachusetts General Law Chapter 161A. The MBTA is responsible for providing public transportation services across eastern Massachusetts and parts of Rhode Island. These services include subway, bus, commuter rail, ferry, and paratransit operations. MassDOT, along with its 11-member Board, oversees all transportation-related issues in Massachusetts, with the Secretary of Transportation and Chief Executive Officer (CEO) serving as the chair of the MassDOT Board.

The MBTA was created in 1964 as a body politic and corporate and a political subdivision of the Commonwealth of Massachusetts (the Commonwealth) to finance and operate mass transportation facilities within, and, to a limited extent, outside of its territorial area within the greater Boston area of 178 cities and towns and is authorized to enter into agreements for providing mass transportation service by private companies, including railroads. The 178 cities and towns are grouped into three categories, based upon the weighting of each member's allocable percentage of population and assessments: (i) inner cities and towns; (ii) outer cities and towns; and (iii) other served communities.

The MBTA is governed by a Board of Directors and is led by the MBTA General Manager and CEO. The MBTA chief executive officer is a General Manager who is hired by, reports to, and serves at the pleasure of the Massachusetts Secretary of Transportation. The MBTA Board is authorized to delegate legislatively stipulated powers to the General Manager.



The MBTA Board of Directors consists of nine members, including the Secretary of Transportation, a member appointed by the Mayor of Boston, and one member with municipal government experience appointed by the MBTA Advisory Board, with the remainder appointed by the Governor.

The MBTA realizes revenue from a variety of different sources, including but not limited to dedicated statewide sales tax revenue; local non-operating assistance revenues, such as state contracted appropriated funds; fare revenue; and non-fare revenues, which can include real estate, parking, and advertising revenues. The dedicated sales tax revenue is equivalent to the base revenue as defined under the Enabling Act and the revenue collected from a one percent statewide sales tax, plus \$160.0 million annually. The annual dedicated revenues are obligated by the cities and towns within the greater Boston area that pay assessments for transportation services and benefits rendered. In 2009, the Transportation Reform Act established the Massachusetts Commonwealth Transportation Fund (CTF), a budgetary fund for transportation-related purposes, which includes revenues from gasoline tax receipts and registration fees. Additionally, under the Acts of 2022, the commonwealth imposed a four percent surtax on incomes over \$1 million. The revenues generated from this surtax are reserved for public education and public transportation.

The agency has 5,805 full-time employees as of the 2024 Annual Comprehensive Financial Report, and a FY2025 operating budget of approximately \$2,554.5 million.

The MBTA Board of Directors is responsible for approving the [MBTA Capital Investment Plan \(CIP\)](#), a financially constrained investment program that funds the planning, construction, and capital maintenance of assets across the MBTA. It is a rolling five-year plan, updated annually in coordination with the Massachusetts Department of Transportation (MassDOT) and the Boston Region Metropolitan Planning Organization. The CIP is informed by the Capital Needs Assessment and Inventory, the Strategic Planning Report, and long-term plans such as Focus40 and Rail Vision. As part of the five-year CIP, the MBTA has committed to '[Building a Better T](#)' which includes renovating stations, modernizing fare collection systems, upgrading services for buses, subways, and ferries, and improving the accessibility of the entire system.

The Boston Region Metropolitan Planning Organization (MPO) long-range transportation plan (LRTP), [Destination 2050](#), establishes a vision for the Boston region's transportation system and guides both capital investments and research studies to support that vision for the next two decades. Throughout the development of the LRTP, the MPO engaged various stakeholders, including but not limited to the Regional Transportation Advisory Council, MassDOT, and the MBTA. The LRTP guides the MPO's transportation planning and investments for the next two decades by prioritizing funds to address the system's existing and anticipated mobility needs.

The Program for Mass Transportation (PMT) or [Focus40](#), is the MBTA's long-range investment plan which guides the MBTA's future capital investments through the year 2040. The PMT ensures the MBTA will become the reliable, robust, and resilient transit system the region will require in the future.



1.4.2. Services Provided

The MBTA provides fixed-route and paratransit services across the greater Boston region. Nearly 98.8 million passenger trips were recorded on the MBTA transit system in FY2024, which is the highest level the agency has recorded in recent years. Ridership has experienced a positive year-over-year increase from FY2022 through FY2024. The MBTA fixed route bus service is comprised of 150+ routes that serve nearly 6,500+ bus stops.

Table 1-2 summarizes the MBTA's historic ridership levels (as reported to the National Transit Database (NTD) for Bus and Bus Rapid Transit Annual Unlinked Trips) and revenue service hours from FY2022 through FY2024.

Table 1-2: MBTA Historic Service Statistics

	FY2022	FY2023	FY2024
Total Passengers	76,590,854	88,396,466	98,778,283
Annual Vehicle Miles	22,606,308	22,725,235	22,026,580
Annual Vehicle Hours	2,426,259	2,420,971	2,334,578

Source: NTD (Includes the sum of bus and BRT ridership)

1.5. Funding Partners

The MBTA serves as the Blue Hill Avenue Transit Action Plan project sponsor. The MBTA will deliver the project in partnership with the City of Boston, which owns the right of way on which the facility will operate. MassDOT and the Massachusetts Department of Conservation and Recreation (DCR) will serve as key project partners, as respective vehicles will operate and/or interact with key roadways or facilities owned by each entity.

Table 1-3 summarizes the Blue Hill Avenue Transit Action Plan's capital cost estimate and planned funding sources and levels. A brief description of the capital funding partners is provided after the table and additional details on the capital cost estimate and funding strategy are provided in Section 2.

Table 1-3: Blue Hill Avenue Action Plan Capital Funds (Millions)

Revenues (YOE\$)	Total
FTA Section 5309 Small Starts Funds	\$80.3 M
Federal Other	
RAISE Grant (FY2021)	\$14.9 M
State Funds	
Commonwealth Federal Matching and Debt Reduction Fund	\$38.4 M
Local Funds	
City of Boston General Fund Transfer	\$18.2 M
MBTA Capital Revenues and Bond Expenses	\$10.7 M
Total Revenues	\$162.5 M



1.5.1. Federal – US Department of Transportation (USDOT)

Federal Transit Administration (FTA)

The Federal Transit Administration (FTA) is the proposed primary funding partner for the Blue Hill Avenue Transit Action Plan. Approximately \$80.3 million YOES in FTA Section 5309 Small Starts funding is anticipated to implement the Project.

Office of the Secretary (OST)

The United States Department of Transportation's (USDOT) Office of the Secretary (OST) is a funding partner for the Project. Approximately \$14.9 million in Rebuilding American Infrastructure with Sustainability and Equity (RAISE 2021) Grant funding, now referred to as the Better Utilizing Investments to Leverage Development (BUILD) grant program, is committed to implementing the Project.

1.5.2. State – Commonwealth of Massachusetts

Executive Office for Administration and Finance – Federal Funds & Infrastructure Office (A&F – FFIO)

The Commonwealth of Massachusetts is a planned funding partner for the Blue Hill Avenue Transit Action Plan. The Massachusetts Executive Office for Administration and Finance administers funds for projects seeking a competitive match for federal funding applications.

The Acts of 2024 Chapter 214 established a new fund titled the Commonwealth Federal Matching and Debt Reduction Fund ("Match Fund"). This fund was created to strengthen the commonwealth's fiscal resilience and support competitiveness in securing federal infrastructure investments. The Match Fund is funded by interest earned on the state's Stabilization Fund, non-budgeted, and is administered by the Massachusetts Secretary of Administration and Finance. The Stabilization Fund balance includes interest earned by the Stabilization Fund, excess capital gains taxes above the annual threshold, income tax withholding on certain transfers of Lottery prizes, and 10 percent of the tax on the gaming profits generated by the MGM Springfield and Encore Boston Harbor casinos.

Funds from the Match Fund may be provided to eligible entities, including state agencies, independent governmental state or public entities (quasi-governmental entities), municipalities, tribes, regional planning agencies, community development corporations, and other development authorities or agencies, to satisfy non-federal cost share requirements for federal grants and other grant programs. This includes helping eligible entities, like the MBTA, to satisfy non-federal cost-share requirements for discretionary grant programs.

The MBTA has requested approximately \$38.4 million from the Commonwealth Federal Matching and Debt Reduction Fund to support the non-CIG funding portion of the Project.



1.5.3. Local – Massachusetts Bay Transportation Authority (MBTA)

The MBTA is overseeing the planning, design, and construction of the Project and will continue to provide transportation services within the corridor upon project completion. In addition to serving as the sponsor for the project, the MBTA has committed \$10.7 million for the Project. Specifically, the revenue committed for the Project is directly from the statewide sales tax revenue, which is dedicated to transit projects. Additionally, revenue bonds secured by dedicated assessment revenues will serve as a source of project financing. These bonds would be secured by the existing revenue stream.

1.5.4. Local – City of Boston

The MBTA will deliver the Project in partnership with the City of Boston, which owns the right of way where the facility will operate. Further, the City of Boston is a committed funding partner for the Blue Hill Avenue Transit Action Plan. A Memorandum of Understanding (MOU) outlining the Project's cost-sharing responsibilities and funding obligations for both the City and the MBTA was signed with all parties reaching an agreement in March 2025 (C.04. Blue Hill Avenue – MOU). Under this MOU, the City has committed funding for construction costs required to complete the following infrastructure items:

- Civil engineering (roadway reconstruction, utility relocation, curb relocation, etc.)
- Sidewalk reconstruction and curb ramps
- Bike lanes and bike facilities
- Landscaping, trees, and green infrastructure as defined by the City of Boston's Green Infrastructure Standards and the Urban Forestry Plan
- Public art
- Public realm improvements and activations
- Parking-related infrastructure (parking meters, signage, striping, etc.)

The City of Boston has committed a total of \$18.2 million in construction cost funding for the Project.



2. PROJECT CAPITAL AND OPERATING PLAN

This section provides an overview of the capital and operating costs and revenue estimates for the BHA Transit Action Plan. The Capital Plan reflects the estimated cost and implementation schedule for the project and summarizes the anticipated timing and level of FTA Section 5309 Capital Investment Grant (CIG) funds and the timing, amount, and commitment of the Non-Section 5309 CIG funds.

The Operating Plan reflects current assumptions on costs associated with the proposed schedule and service levels to meet ridership demand and proposed operating and non-operating revenue sources to cover annual expenses.

2.1. Project Capital and Operating Plan

2.1.1. Project Capital Cost Methodology

The Project Capital Cost Methodology is detailed in the Basis of Capital Cost document, which can be found in Folder E of this Small Starts Ratings Package. The Basis of Capital Cost document outlines the methodology used to develop the capital cost estimate.

The current version of the estimate reflects the 30 percent design level and assumes a design-bid-build project delivery method. The costs are organized and presented using FTA's Standard Cost Categories (SCC).

2.2. Project Capital Funding Sources

The proposed capital sources of funds for the BHA Transit Action Plan are summarized in Table 2-1. The current project funding plan relies on the following sources of funds:

- Federal 5309 Small Starts
 - \$80.3 million in FTA Section 5309 Small Starts funds
- Federal Other
 - \$14.9 million in USDOT RAISE/BUILD funds
- Local
 - \$10.7 million from the MBTA
 - \$18.2 million in funds from the City of Boston
 - \$38.4 million planned in state funds from the Massachusetts Commonwealth Federal Matching and Debt Reduction Fund



Table 2-1: Sources of Funds: Federal and Local Percentage (YOE\$)

Sources of Funds	Total	%
FTA Section 5309 Small Starts Funds		
Section 5309 Small Starts Funding	\$80.3 M	49.4%
Federal Other Funds		
RAISE Grant (FY2021)	\$14.9 M	9.1%
State Funds		
Commonwealth Federal Matching and Debt Reduction Fund	\$38.4 M	23.6%
Local Funds		
MBTA Capital Revenues and Bond Expenses	\$10.7 M	6.6%
City of Boston General Fund Transfer	\$18.2 M	11.2%
Total Local Funds	\$28.9 M	17.8%
Total Funds	\$162.5 M	

2.2.1. Description of Sources

The proposed sources of funds, by year, for the Project are summarized in Table 2-3. Supporting documentation for the non-CIG funding can be found in Appendix C (Non-Section 5309 Funding Commitments).

FTA Section 5309 Small Starts Capital Investment Grant (CIG) Program

The Blue Hill Avenue Transit Action Plan is a fixed guideway BRT project that represents a substantial investment in a critical corridor within the City of Boston. The MBTA is seeking to be awarded \$80.3 million in Small Starts funding from the Section 5309 Capital Investment Grant program, representing approximately 49.4 percent of total project costs.

USDOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) FY2021 Grant

In the FY 2021 award cycle, the MBTA received a \$15.0 million RAISE grant—formerly known as BUILD—to support lane reconfigurations, dedicated bus rapid transit lanes, upgraded sidewalks and crossings, ADA-compliant curb ramps, signage and wayfinding, transit signal priority, and new traffic signals. Approximately \$14.9 million (9.1 percent of total project costs) will be applied to the Project (supporting documentation: C.01. Blue Hill Avenue RAISE Discretionary Grant Paper Grant Agreement (PGA)). Since \$149,295.13 in RAISE funds was expended prior to entry into Project Development (3/24/2025), \$14.9 million remains eligible for CIG match.

Massachusetts Commonwealth Federal Matching and Debt Reduction Fund

The new Commonwealth Federal Matching and Debt Reduction Fund, established under Chapter 214 of the Acts of 2024, unlocks up to \$750.0 million for Massachusetts to pursue federal funding opportunities. The new Commonwealth Federal Matching and Debt Reduction Fund is funded



with interest earnings on the Stabilization Fund balance and may be used for the purpose of pursuing federal funds until December 1, 2026.¹

The MBTA has requested \$38.4 million, or 23.6 percent of the total project costs, to support the Project. The MBTA engaged in preliminary discussions with the Commonwealth regarding the Project and submitted a formal funding request through the Federal Funds and Infrastructure Office (FFIO) of the Executive Office of Administration and Finance in early August 2025. Throughout the project development process, the MBTA is committed to maintaining close coordination with the Commonwealth to ensure alignment.

City of Boston General Fund Transfer

The City of Boston has included funding for the BHA Transit Action Plan in its five-year Capital Plan (FY2026-2030). A total of \$18.2 million, or 11.2 percent of the total project costs, are committed towards the Project (supporting documentation: C.01 City of Boston FY26 Full Budget Document pg. 1130, C.03. 2025 06 06 CIP Detail Report, C.04 Blue Hill Ave – MOU).

Massachusetts Bay Transportation Authority (MBTA) Capital Revenues and Bond Expenses

The Massachusetts Bay Transportation Authority has committed \$10.7 million, or 6.6 percent of the total project costs, through capital revenue sources. Of the \$11.0 million pledged as the MBTA match for the RAISE grant (supporting documentation: C.01. Blue Hill Avenue RAISE Discretionary Grant Paper Grant Agreement (PGA)), \$290,843.82 was expended from the MBTA Capital Revenues and Bond Expenses prior to entry into Project Development (3/24/2025). Accordingly, \$10.7 million remains available in MBTA funds eligible for CIG match.

2.2.2. Committed, Budgeted, and Planned Revenues

As shown in Table 2-2, a total of \$43.8 million, or 53.3 percent, of the Project's non-CIG funds are committed or budgeted, with the remaining contributions from the Massachusetts Commonwealth Federal Matching and Debt Reduction Fund planned. Supporting documentation for committed and budgeted funding is provided in Appendix C (Non-Section 5309 Funding Commitments).

¹ Website: <https://www.mass.gov/info-details/massachusetts-federal-grant-matching-funds>



Table 2-2: Project Funding Sources – Committed vs. Budgeted/Planned (YOE\$)

Non-CIG Committed/Budgeted & Planned Funds	
Committed/Budgeted	
RAISE Grant (FY2021)	\$14.9 M
MBTA Capital Revenues and Bond Expenses	\$10.7 M
City of Boston General Fund Transfer	\$18.2 M
Total Committed/Budgeted	\$43.8 M
Planned	
Commonwealth Federal Matching and Debt Reduction Fund	\$38.4 M
Total Non-CIG Funds	\$82.2 M
Percent Committed/Budgeted of Non-Section 5309 Funds	53.3%

2.2.3. Project Capital Sources and Uses Summary

The proposed sources of funds, by year, for the Blue Hill Avenue Transit Action Plan are summarized in Table 2-3.

Table 2-3: Blue Hill Avenue Transit Action Plan Summary (YOE\$, Millions)

	2025	2026	2027	2028	2029
Federal 5309 Small Starts	\$0.0 M	\$9.0 M	\$32.6 M	\$28.4 M	\$10.2 M
Local	\$0.3 M	\$7.4 M	\$27.2 M	\$23.7 M	\$8.6 M
Federal Other	\$0.0 M	\$1.7 M	\$6.1 M	\$5.3 M	\$1.9 M
Total Project Cost	\$0.4 M	\$18.1 M	\$65.9 M	\$57.4 M	\$20.7 M



2.3. Project Operating & Maintenance Plan

This section provides an overview of the operating costs and revenue estimates for the Blue Hill Avenue Transit Action Plan. The full Operating and Maintenance Plan and Cost Development Documentation report can be found in Folder D of this Small Starts Ratings Package.

2.3.1. Operating Cost Methodology

The Operations and Maintenance Plan and Cost Estimation Development report describes the transit operating plan for the Project, including operating assumptions and net change in transit service. The information presented in the report is based on the development of a supporting operations plan in July and August 2025. The plan will be modified and refined before implementation of revenue service, which is currently anticipated to occur in early 2030.

2.3.2. Operating Cost Overview

As required by FTA, the project's additional operating and maintenance costs do not constitute more than ten percent of the current MBTA system-wide operating and maintenance costs, as shown in Table 2-4.

Table 2-4: Operating Costs (System vs. Project) (2025\$)

Streamlined Financial Evaluation - O&M Costs	
Blue Hill Avenue Corridor	
Total Operating Cost	\$33.4 M
Blue Hill Avenue Improvements	
Operating Cost	\$38.7 M
Net Operating Change / Cost Increase	\$5.3 M
Current System-Wide Operating Budget	
2025 Budget	\$2,554.5 M
Additional Cost as Percent of Current System-Wide Operating Budget	
Percent of 2025 Budget	0.2%

The cost to operate the Blue Hill Avenue Corridor is estimated at \$5.3 million, which is 0.2 percent of the current (2025) system-wide operating budget, and less than the ten percent required by FTA to submit a streamlined financial plan.



3. PERFORMANCE MEASURES

Although this Project qualifies for a streamlined financial evaluation, this Financial Plan demonstrates the MBTA's capacity to implement the Blue Hill Avenue Transit Action Plan. In line with FTA's Local Financial Commitment evaluation criteria, the following key measures were used to assess the MBTA's financial capacity to deliver the Project.

3.1. Current Financial Condition

To determine whether Broward County is “in reasonably good financial condition” and to demonstrate that the MBA qualifies for a streamlined financial evaluation, an analysis was conducted using the agency's performance, based on the past three years of audited financial statements (Appendix A, A.05 – A.07). The evaluation indicates that the MBTA is in a stable financial position, as evidenced by the following criteria:

- **Cash Flows**—Historically, the MBTA has shown positive cash flows, with no cash flow shortfalls in the past three years (FY22 – FY24), as shown in Table 3-1.
- **Current Ratio**— MBTA's FY2024 current operating ratio is 1.18 and the average current ratio for FY2022 through FY2024 is 1.64, as shown in Table 3-2. The current operating ratio of 1.18 demonstrates that MBTA has substantial liquidity, or items convertible to cash within one year, to meet liabilities coming due within one year.
- **Material Findings** – there were material findings (detailed in Section 3.1.3) in the MBTA's FY23 and FY24 audited financial statements.

3.1.1. Cash Flows

The MBTA's current financial condition included a review of the MBTA's historic costs and revenues. Table 3-1 summarizes the MBTA's system-wide operating costs and revenues since FY2022. As shown in Table 3-1, MBTA has maintained a balanced budget since FY2022 through the transfer of funds from non-operating revenue streams, including dedicated sales tax, local assessments, and additional state assistance.

Table 3-1: MBTA Historic Operating Costs and Revenues (\$000s)

	FY2022	FY2023	FY2024
Operating Expenses (\$000s)	\$2,275,419	\$2,353,230	\$2,755,041
Operating Revenues (\$000s)	\$386,857	\$452,973	\$520,627
Non-Operating Revenues (\$000s)	\$2,340,118	\$1,812,580	\$1,872,037
Change in Net Position (\$000s)	\$1,535,890	\$920,453	\$454,307

Source: ACFR

3.1.2. Current Ratio

The MBTA's current financial condition also included a review of the MBTA's current operating ratio (current assets divided by current liabilities). Table 3-2 summarizes MBTA's current operating ratio over the FY2022 to FY2024 period. Based on the most recent Annual Comprehensive



Financial Reports (ACFR), MBTA's current ratio has ranged between 1.18 and 2.06 over the last three years.

Table 3-2: MBTA Current Operating Ratio (\$000s)

	FY2022	FY2023	FY2024
Current Assets (\$000s)	\$2,071,972	\$1,768,718	\$1,605,718
Current Liabilities (\$000s)	\$1,005,076	\$1,060,137	\$1,355,092
Current Operating Ratio	2.06	1.67	1.18

Source: ACFR

3.1.3. Material Findings

The material weaknesses and significant deficiencies identified are summarized below:

- [FY23 Audit Report](#)
 - Preparation of the Schedule of Expenditures of Federal Awards (SEFA)
 - Grant Revenue Recognition – Significant Deficiency
- [FY24 Audit Report](#)
 - Schedule of Expenditures of Federal Awards (SEFA)
 - Lease Recognition – Significant Deficiency

While the FY2023 and FY2024 audited financial statements identified material weaknesses, these findings only represent one component of the broader financial warrant criteria. The MBTA demonstrates strong performance across several other key financial criteria, which supports the case for qualification under the streamlined financial plan.

3.2. Commitment of Capital and Operating Funds

As shown in Section 2.2.1, 53.3 percent of the Non-Section 5309 capital funds are committed or budgeted to the Project, which merits a Medium-High rating for commitment of capital and operating funds.

3.3. Reasonableness of Capital and Operating Cost Estimates

The Project's capital cost estimate is based on 30 percent design and includes a total contingency (allocated and unallocated) of approximately 30.2 percent. The sufficient contingency accounts for potential schedule and cost disruptions.

Finally, since the Project qualifies for a streamlined financial assessment, the local financial commitment rating is automatically a "Medium-High" rating.



4. RISKS & MITIGATION STRATEGIES

The Financial Plan identifies the primary risks and uncertainties surrounding key assumptions. As with any large infrastructure project in the planning stages, the Blue Hill Avenue Transit Action Plan includes several sources of risks and uncertainties that could potentially affect the capital and operating Financial Plan.

4.1. Cost and Revenue Risk

This financial plan reflects the Project's current cost estimate and cost contingency levels. From a capital cost perspective, major risks include potentially higher levels of inflation, delays to the project construction schedule, and unanticipated changes to the project scope. On the revenue side, the major risk is the availability and timing of FTA Section 5309 Capital Investment Grant funds.

The Operating Plan risks can also be broken down into cost and revenue categories. Key areas of risk from an O&M cost perspective are related to the annual cost escalation rate for O&M costs for the project or system upon completion. From a revenue perspective, areas of uncertainty include fare revenue forecasts and the economic impacts on sales tax.

4.1.1. Capital Cost Risks

Typical areas of capital cost risk for projects in construction include scope uncertainty; higher than expected inflation, which can increase year of expenditure costs; and schedule changes that impact the project's capital costs.

Scope Risk

The current cost estimate includes a conservative contingency level to cover scope uncertainties. The MBTA will begin work with FTA to prepare a Risk and Contingency Management Plan (RCMP) to include a Risk Register outlining all risks identified to date. The use of the Risk Register ensures that risks are reviewed and managed, and procedures are developed to reduce or eliminate their impacts on the Blue Hill Avenue Transit Action Plan. Risks that remain will be allocated in part or in whole through contractual arrangements and the bidding process, remaining conscious that risks should be assigned and owned by the party best able to manage that risk.

Inflation / Project Schedule

Inflation is a key risk for any capital investment with a multi-year construction schedule. A large part of cost inflation is driven by demand and supply at global, national, and regional levels, factors that are beyond the control of project sponsors.

Inflation rates for 2025 and 2026 are assumed to be 4.0 percent, while all years beyond 2026 are assumed to be 3.5 percent. The project contingency may be used if inflation increases over the assumed rate.



Operating Revenue Risk

Fare revenue is a key operating revenue source for the MBTA. Ridership and a continuation of current fare levels could change due to socioeconomic conditions, the local job market, population growth, or levels of traffic congestion on roads and major highways.

4.1.2. Operating Cost Risk

In general, O&M unit costs are subject to many macroeconomic factors, including fuel prices, commodity prices, and labor contracts. These factors are all subject to the macroeconomic environment and may have an impact on operating costs, either negative or positive. Some are out of the hands of the MBTA. The MBTA has estimated O&M costs as a function of revenue hours and revenue miles, and any increase in unit costs could lead to an increase in overall O&M costs.

4.1.3. Operating Revenue Risk

Fare revenue is the primary operating funding source for the MBTA. Ridership and a continuation of current fare levels could change due to socioeconomic conditions, the local job market, population growth, or levels of traffic congestion on roads and major highways.

4.2. Mitigation Plan Summary

In summary, if either the project or operating costs increased by 10 to 15 percent, the MBTA would reduce planned capital expenditures in 2028 and 2029 – after the Project is in operation – to cover any shortfalls. Additionally, if the Project were to require more capital funding, the MBTA would evaluate possible funding scenarios based on its cost-sharing MOU with the City of Boston. The MBTA plans to work to ensure funding is available as updated cost estimates emerge throughout the project's design and engineering phases.



5. NEXT STEPS

The Blue Hill Avenue Transit Action Plan has completed 30 percent design and will continue to review and revise the Financial Plan to account for cost and schedule changes, as well as local and federal funding opportunities. During Project Development, the MBTA looks forward to engaging in the risk assessment process with FTA and its PMOC, which will result in revised contingency levels and a detailed risk management plan to be implemented during final design and construction. As the project proceeds to grant approval and construction, MBTA will continue to monitor project costs and schedules and will revise the Financial Plan if necessary to reflect any changed circumstances, if requested by FTA.

In summary, the Blue Hill Avenue Transit Action Plan qualifies for a simplified financial evaluation as the MBTA can demonstrate the following (as presented in this Financial Plan):

- A reasonable plan to secure funding for the local share of capital costs or sufficient available funds for the local share;
- The additional operating and maintenance (O&M) cost of the proposed project represents less than 10 percent of the MBTA's most recently approved operating budget; and
- The MBTA is in reasonably good financial condition, as demonstrated by the past three years' audited financial statements indicating a positive cash flow over the period, a reasonable current ratio, and limited material findings.

Finally, since the Project qualifies for a streamlined financial assessment, the local financial commitment rating is automatically a "High" rating.



6. APPENDICES

6.1. Appendix A – Financial Condition of Project Sponsor

MBTA Budgets

- A.01. MBTA FY25 Itemized Budget
- A.02. MBTA FY24 Itemized Budget
- A.03. MBTA FY23 Itemized Budget
- A.04. MBTA FY22 Itemized Budget

MBTA Annual Financial Statement

- A.05. MBTA FY24 Audited Financial Statement
- A.06. MBTA FY23 Audited Financial Statement
- A.07. MBTA FY22 Audited Financial Statement

National Transit Database (NTD) Agency Profiles

- A.08. MBTA 2024 National Transit Database Data
- A.09. MBTA 2023 National Transit Database Data
- A.10. MBTA 2022 National Transit Database Data
- A.11. MBTA 2021 National Transit Database Data
- A.12. MBTA 2020 National Transit Database Data

MBTA Capital Improvement Program (CIP)

- A.13. MBTA Final FY26-FY30 CIP
- A.14. MBTA Final FY25-FY29 CIP

Bond Ratings Documentation

- A.15. MBTA Senior Sales Tax Rating – S&P
- A.16. MBTA Senior Sales Tax Rating – Fitch

6.2. Appendix B – Planning Documents

List of Supporting Documentation

- B.01. Boston Region MPO Long-Range Transportation Plan Destination 2050
- B.02. Blue Hill Avenue Transit Action Plan
- B.03. Go Boston 2030
- B.04. Imagine Boston 2030
- B.05. MBTA Bus Network Redesign
- B.06. Bus Priority Vision
- B.07. Plan Mattapan
- B.08. Franklin Park Action Plan
- B.09. Cummins Highway Final Design Plan



- B.10. Fairmount Indigo Planning Initiative Full Report
- B.11. MBTA Focus 40
- B.12. MBTA Enacting Legislation Excerpts
- B.13. MBTA Transit Asset Management Plan

6.3. Appendix C – Non-Section 5309 Funding Commitments

List of Supporting Documentation

- C.01. Blue Hill Avenue RAISE Discretionary Grant Paper Grant Agreement (PGA)
- C.02. City of Boston FY26 Full Budget Document
- C.03. 2025 06 06 CIP Detail Report
- C.04. Blue Hill Avenue – MOU
- C.05. Session Laws Act of 2024 Chapter 214



6.4. Appendix D – Local Financial Commitment Checklist

LOCAL FINANCIAL COMMITMENT CHECKLIST	Included (check one)		Reason Why Information Has Not Been Provided
	Yes	No	
20-year cash flow statement (in year of expenditure dollars) including capital and operating financial plans (provided both electronically and in hardcopy). The 20-year cash flow must begin with the current year, and clearly show: revenues and expenses for the project separated from those for the remainder of the transit system; level of service assumptions; and the debt service schedule for all existing and planned debt.		X	Project qualifies for a streamlined financial plan which does not require a 20-year cash flow statement
Detailed written description/discussion of all assumptions used in the financial plan including: Federal/state/local/debt proceeds funding assumptions Average fare assumption Average weekday ridership assumptions Debt coverage requirements/assumptions Assumptions used in the calculation of operating expenses for each mode (i.e. -- vehicle miles, vehicle hours of service provided, etc.)	X		
Project Description and Project Finance Template	X		
Capital cost estimate for the proposed project (in year of expenditure dollars) in the FTA standardized cost category worksheet format	X		
Sensitivity Analysis (spreadsheet calculations as well as narrative summary)		X	Narrative is included, but no spreadsheet calculations as this is a streamlined financial plan.
Supporting Documentation Including:			
Background information and description of the New Starts fixed guideway project, including project status	X		
Historical revenue and expense data (minimum of 5 years required for all data, at least 10 years required for major funding sources that comprise more than 25% of the capital funding for the project or the overall transit system operation)	X		
Commitment letters, contracts, agreements, legislative referendums or other documents demonstrating local share commitment of non-Federal funding partners	X		
Enacting legislative documents for tax referenda	X		
Joint development agreements, or description and supporting documentation of other innovative financing techniques, if applicable	X		
Annual Operating and Capital Budgets for the past 3 years	X		
Audited Financial Statements and Compliance Reports for the past 3 years	X		
Annual Reports/Comprehensive Annual Financial Reports (CAFR) for the past 3 years	X		
Background information and description of the transit agency, including organizational structure and grantee enabling legislation	X		
TIP, STIP, and Short Range Transit Plan (S RTP), if available (please provide only relevant pages of these documents)	X		
Regional Long Range Transportation Plan (please provide only relevant pages)	X		
Sponsoring Agency's Capital Improvement Program Document	X		
Bus and Rail Fleet Management Plans, including fleet replacement schedules	X		
Latest bonding prospectus/credit facility documents (credit lines, commercial paper, etc.)	X		
Local development, demographic, and economic studies used in preparing the financial plan, plus documentation supporting efficiency or productivity gain assumptions	X		
Transit Asset Management Plan	X		
Other materials (if any), please describe:			