

MassDOT/FMCB

Green Line Extension Project
City of Somerville Contribution

December 12, 2016



Background

- On May 5, the City of Somerville provided a Letter of Intent agreeing in principal to contribute \$50 million toward closing the funding gap for the Green Line Extension, subject to certain stipulations, including:
 - Funds can only be spent on the Somerville portion of the project;
 - The City would work with the Administration regarding support for potential legislative action on borrowing and other items and on establishing a new policy with respect to this form of municipal support; and
 - Should the City's contribution not be required, the City would be entitled to a reimbursement of some or all of its contribution.
- Over approximately six months of negotiation, MassDOT and the City have arrived at an agreement, which was unanimously approved by the Somerville Board of Alderman on December 8th and which we seek Board approval for today.

The Contribution

- The City will make a contribution of \$10 million per year for a period of five years beginning on March 1, 2018 or 30 days after the issuance of a Notice to Proceed to the design/build entity, whichever occurs later; or, if legislation permitting it to borrow the funds is not approved, \$3,069,000 per year for 30 years.
- The funds will be deposited into a MassDOT-controlled expendable trust, the proceeds of which can only be spent on certain drainage facilities that are a part of the GLX project located in the City of Somerville.

City Protections

- In the event that GLX is not placed into revenue service within 10 years of the issuance of a Notice to Proceed to the design/build, the City will be entitled to a full reimbursement of its contribution.
- Similarly, if progress on the Project is delayed for more than six months from the date specified in the Initial Project Schedule established by the design/build entity, the City may suspend its annual payments for a period of time corresponding to such delay.
- Finally, if the project ultimately costs less than \$2.3 billion, the City will be entitled to a pro rata reimbursement of its contribution.

MassDOT Protections

- Should the City fail to make its annual contribution, MassDOT is entitled to have the funding deducted from the Local Aid amounts paid by the Commonwealth to the City, excluding Chapter 70 education funding (a so-called “Cherry Sheet deduction”).
- Over the last three fiscal years, the City’s Local Aid amounts, excluding Chapter 70, have averaged approximately \$23.3 million per year and last year the amount exceeded \$24 million.

Additional Items

In addition to the Project Participation Agreement, staff has negotiated three side letters with the City, as follows:

- A letter from Secretary Pollack pertaining to potential legislation and municipal contribution policy;
- A joint letter on the outline of a “Drainage Interconnection Connection Agreement” to be negotiated permitting the City to tie into the drainage facilities that comprise the “Somerville Portion of the Project”; and
- A joint letter setting forth several Project-specific matters that are proposed for a Memorandum of Agreement between the parties.

Recommendation

A copy of the Agreement and the proposed side letters are provided in your packet.

- Staff recommends that the MassDOT Board of Directors authorize the Secretary to execute the Project Participation Agreement with the City of Somerville as presented today.
- Staff recommends that the Fiscal Management and Control Board authorize the General Manager to execute the Project Participation Agreement with the City of Somerville as presented today.
- Staff recommends that the Fiscal Management and Control Board authorize the General Manager to execute the corresponding MOA and Interconnection Agreement with the City of Somerville as presented today.