



# **Massport-MBTA Collaborations Fiscal Management Control Board**

**Thomas P. Glynn, PhD**

**April 23, 2018**

# **Agenda**

1. History of Massport – MBTA Collaborations
2. Massport – MBTA Collaborations under Baker – Polito Administration
3. Evolution of Massport Finances

# **HISTORY OF MASSPORT – MBTA COLLABORATIONS**

# Collaboration 1: Silver Line

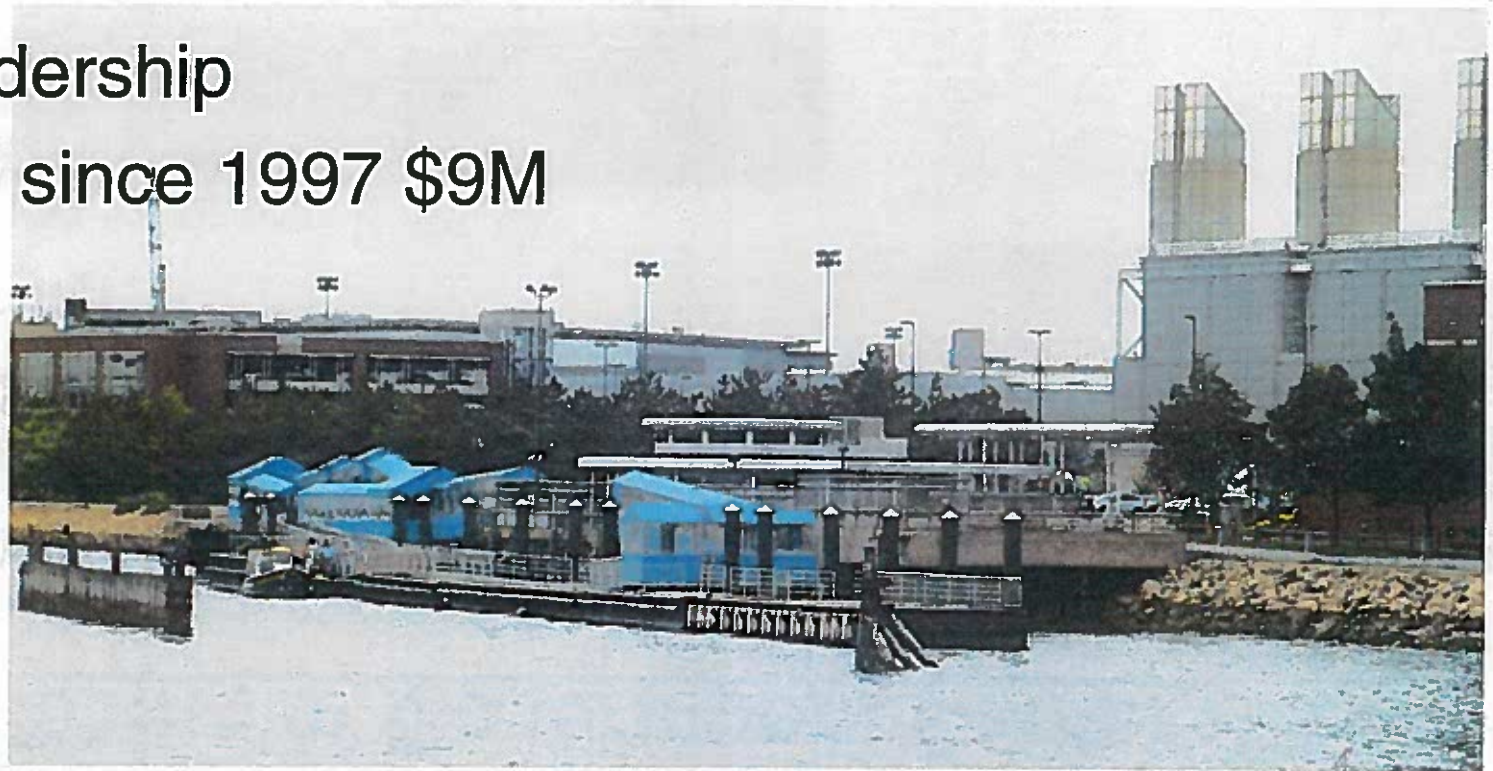
!

- \$13.3M purchase of 8 SL I buses in 2005
- \$2M to \$4M annually for SL I operating costs from last station to airport
- Total operating since inception is \$33 million
- \$6.1M for midlife rehab



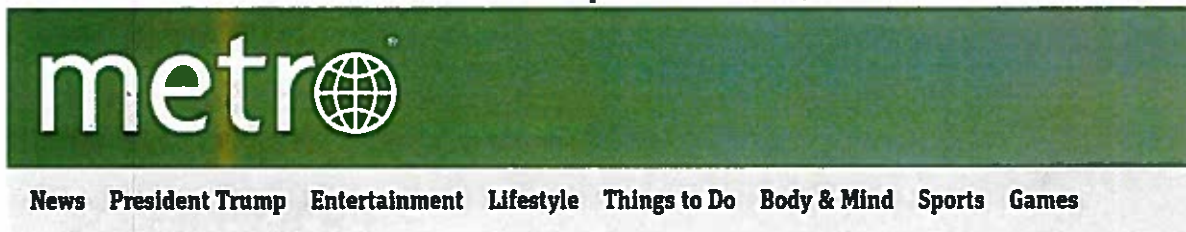
## **Collaboration 2: MBTA Water Ferry – Since 1997**

- \$850,000 per year for shuttle bus from water ferry dock of Hyatt Hotel to terminals
- Construction of ferry dock - approximately \$900,000
- Limited ridership
- Total cost since 1997 \$9M



# Collaboration 3: Back Bay Shuttle to Mitigate Closing of Government Center Station

- Started in 2014
- \$1.7M per year to run shuttle from Hynes Convention Center and Copley Square
- Limited ridership
- Total cost since inception is \$5.5M



LOCAL

## Massport launching shuttle from Logan Airport to Back Bay

"Logan Express service between the suburbs and Logan Airport is successful and the time is right with the closure of the Government Center T station for us to test that concept in the Back Bay where demand is high for direct airport service to accommodate the growing number of visitors and conventioners," Massport CEO Thomas P. Glynn said in prepared release.

Published: March 20, 2014

Follow Morgan Rousseau on Twitter: [@MetroMorgan](#)

Follow Metro Boston on Twitter: [@MetroBOS](#)

# **Collaboration 4: Free Inbound Silver Line from Airport to South Station**

- Created to incent visitors to use MBTA as soon as they arrive
- \$4.1M per year paid to MBTA by Massport to account for lost T revenue
- Solid ridership

## Collaboration 5: Re-prioritizing Silver Line and Blue Line Shuttle to Give Better Access to Transit Riders

- Silver Line and Blue Line Shuttle moved from most distant curb location to center of Terminal with real time information to give best access to transit riders and encourage ridership – (total cost \$7.5M)

Before

Blue Line  
Stop

Silver Line  
Stop

Terminal

After

Blue Line Stop   Silver Line Stop

Terminal



# Collaboration 6: Free Blue Line Airport Station Shuttle to Terminals

- Over 1.9M people took the free shuttle from the Blue Line to Logan Terminals in 2016
- Massport spends over \$12M a year on Airport Shuttles



# Collaboration 7: Sunrise Shuttle

## Employee Shuttle

### Sunrise Shuttle South

The Sunrise Shuttle South provides a convenient commuting option to Logan Airport employees residing in East Boston.

- Half hourly service from 3:00 am to 5:30 am, seven days per week
- Cost: \$1 per ride (exact change required). 20-ride ticket books may be purchased at the Logan Badge Office (Parking Violations Window).
- Employees will be dropped off at the arrivals level of all Logan Airport Passenger Terminals.

Please email any questions or comments to [LoganEmployeeCommute@massport.com](mailto:LoganEmployeeCommute@massport.com)



### Sunrise Shuttle North

Logan Sunrise Shuttle North Route Improvements, effective September 1, 2017

The schedule and routing of the Sunrise Shuttle North will change to provide improved commuting options to Logan Airport employees in East Boston, Winthrop, and Revere.

- MORE TRIPS and STOPS in Winthrop (5 stops)
- NEW SERVICE in Revere, in the vicinity of Beachmont Station (5 stops)
- Continued service in East Boston near Grant Heights and along Barnington Street (5 stops)
- Employees will be dropped off at the arrivals level of all Logan Airport Passenger terminals.
- 7 days per week, Cost: \$1 per ride (exact change required). 20-ride ticket books may be purchased at the Logan Badge Office.

For any questions or comments, please email [LoganEmployeeCommute@massport.com](mailto:LoganEmployeeCommute@massport.com)



- Since many employees have to be at work at airport before the start of T service, Massport started an **early bird** shuttle starting at 3:00 am from:

- East Boston
- Revere
- Winthrop
- Cost per year \$140,000 to \$550,000 since 2003
- Total Cost: \$2M

# Collaboration 8: Logan Express – the 7<sup>th</sup> Largest Transit System in Massachusetts



Massport started the Logan Express service in the 1980s to Logan Airport to further the Authority's commitment to environmentally-friendly and cost-effective transportation access to and from Logan. Since 1990 Massport has more than doubled the available seats - from 8,000 seats in 1990 to 20,450 seats in 2015. **As a result of this commitment 30% of all Logan Airport passengers use HOV options, one of the highest rates in the country.**

- Braintree - Purchased and renovated - \$44M
- Framingham - Doubled supply with new garage - \$33M
- Woburn & Peabody - Expanded service
- Back Bay Pilot - New service from Hynes / Copley
- Massport has committed to increasing the number of Logan Express seats by an additional 10%

# **MASSPORT-MBTA COLLABORATIONS UNDER BAKER-POLITO ADMINISTRATION**

# **Collaboration 9: Silver Line Coaches**

- Capital:

- Replace 8 existing SL1 buses \$17.5M
- Commit to 8 additional buses \$17.5M
- Total 16 buses \$35M

- Operating

- Increased annual operating cost to \$4M plus per year. This figure was renegotiated with the current Administration from the original 2003 operation formula and the increase was retroactive to 2003.



# Collaboration 10: Terminal E Blue Line Connection



- As part of the Terminal E project, Massport will build a connection to the MBTA Blue Line that will encourage passengers to use public transportation
  - \$85 to 100M

# **Collaboration 11: \$10M land purchase for Conley Terminal Expansion**

- Original legislation required transfer of land from MBTA to Massport at no cost
- Massport and MBTA worked together to amend legislation requiring fair market payment – based on appraisals
- Massport made \$10M Commitment
  - \$3M Environmental Mitigation(offset)
  - \$7M transfer to MBTA



# Conley Terminal Expansion



**Completed Designated  
Freight Corridor**

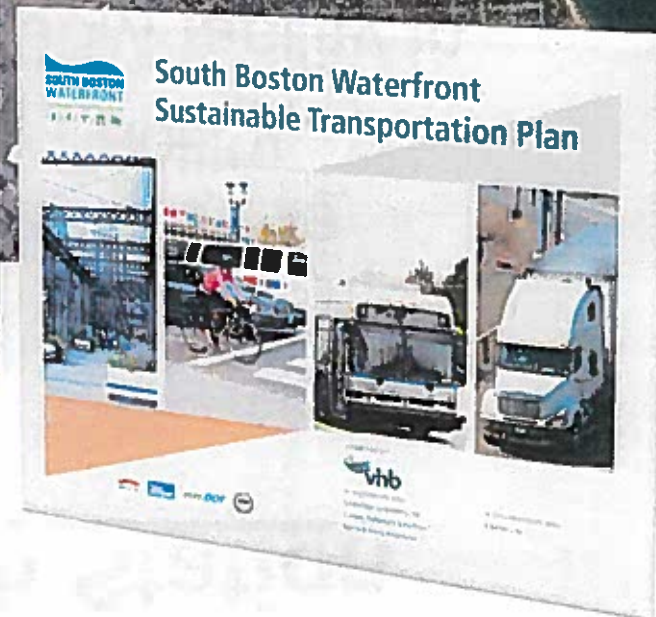
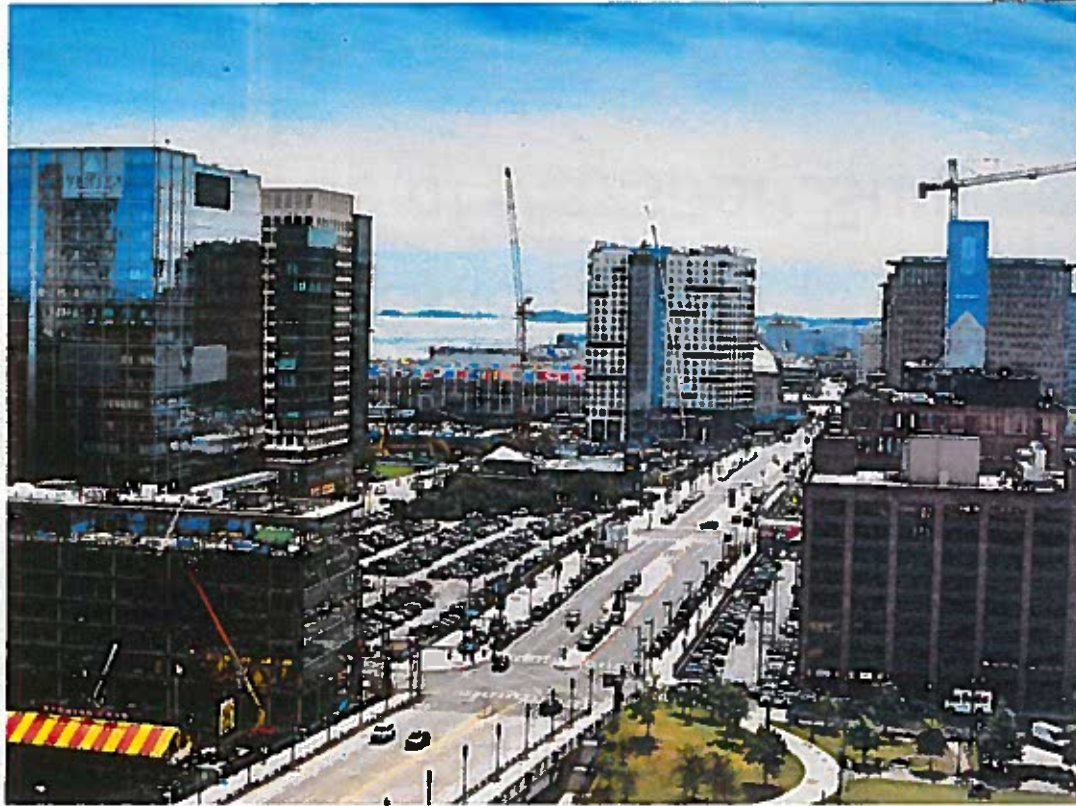
**New Berth With 3 New  
Cranes  
(\$107.5M from Economic  
Development Bill)**

**Existing  
Terminal  
(\$42M  
FASTLANE  
Grant)**

**Completed Buffer  
Open Space**



# Collaboration 12: South Boston Waterfront Transportation Plan and Implementation Group

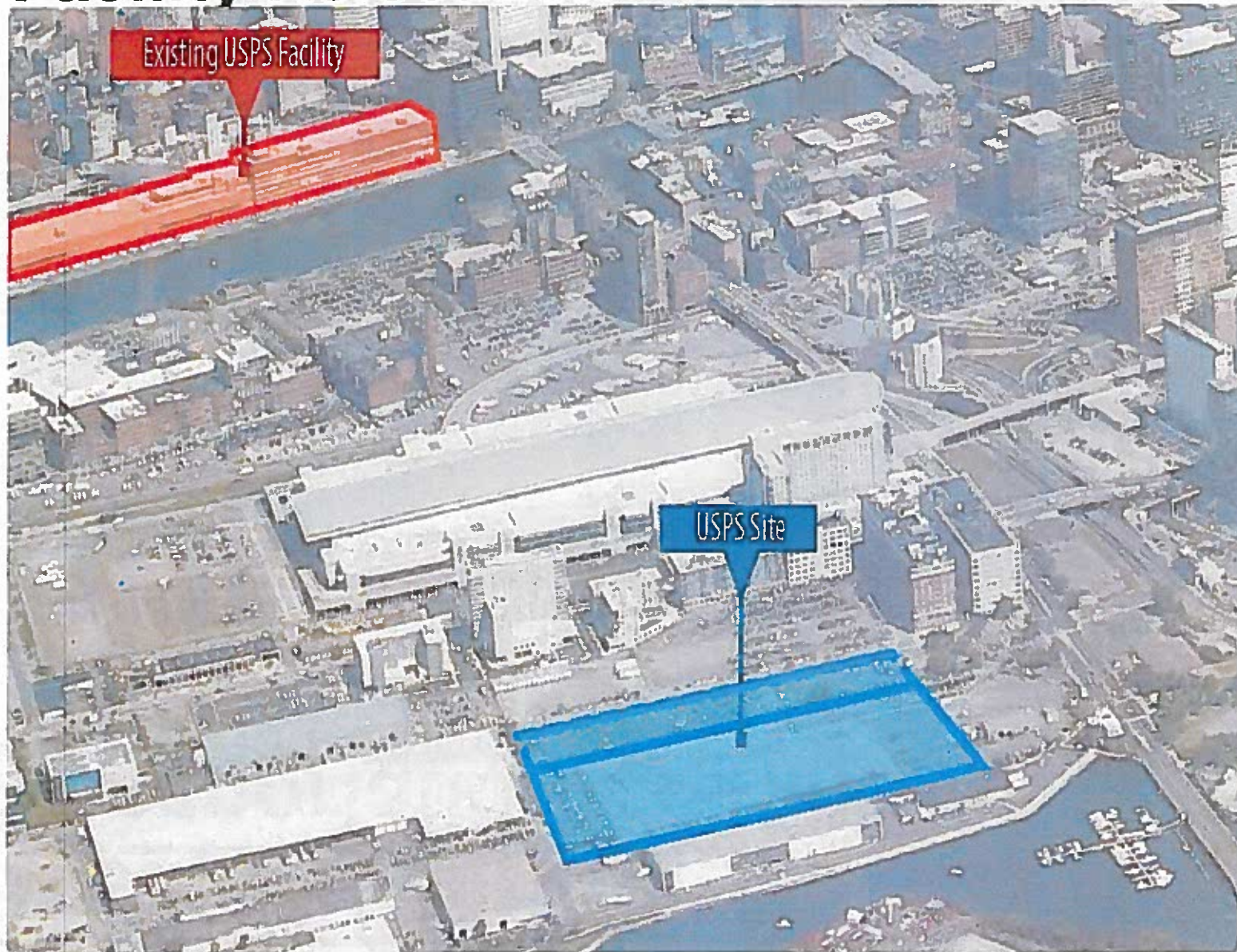


# **Collaboration 13: South Station Expansion**

- South Station expansion may require relocation of US Post Office Facility
- State offered to build a ~\$300M facility in exchange for land swap between Massport and Post Office
- Value of Massport Summer Street Relocation Site
  - \$50 million (under current use restrictions)



# Collaboration 13: USPS General Mail Facility Relocation





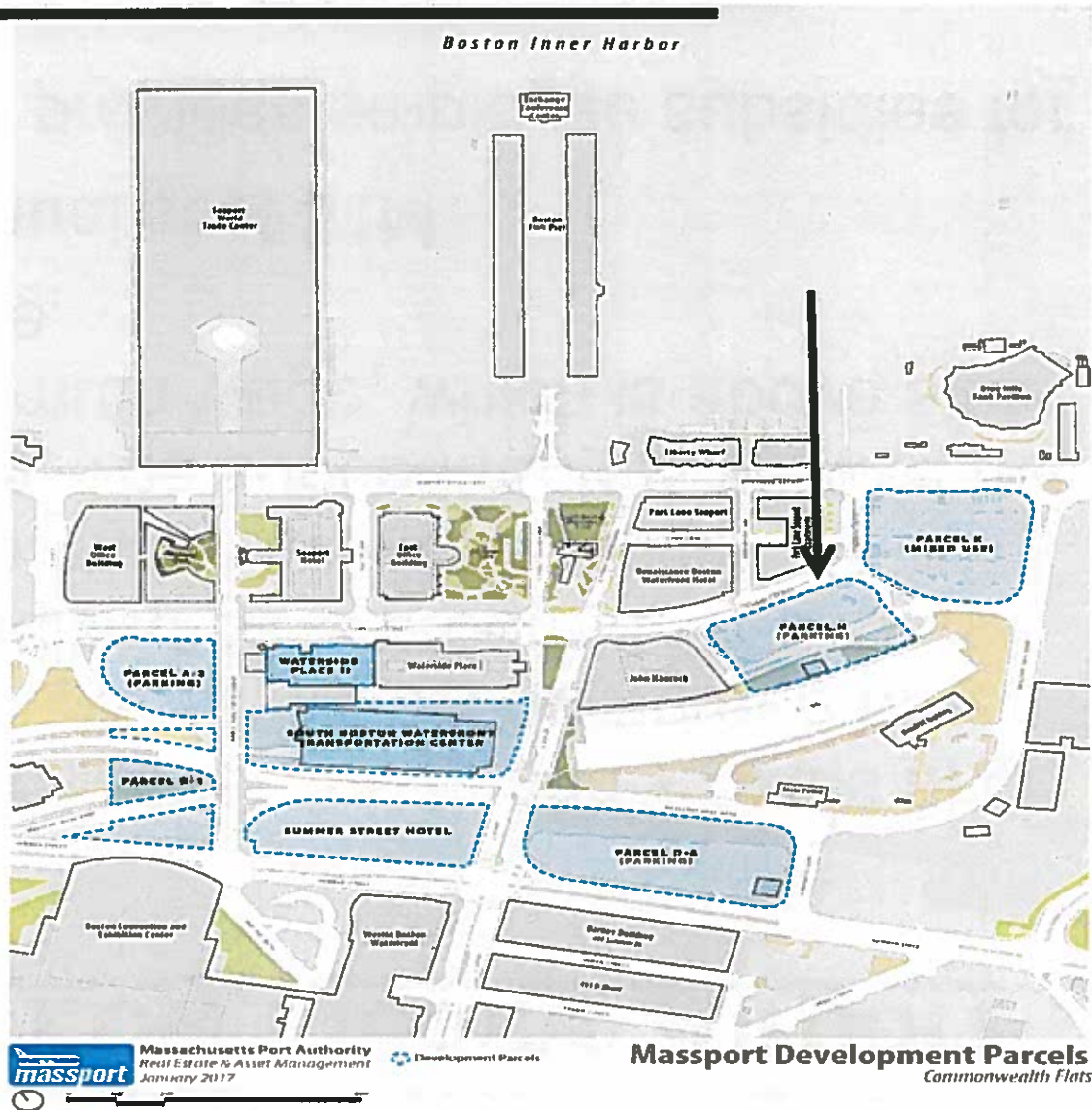
# Collaboration 14: South Boston Waterfront Transportation Center

- Designed to permit bus stops for:
  - MBTA
  - Seaport TMA Shuttles



# Station

- When Massport releases an RFP for Parcel H in the Seaport, it will require the construction of an enclosed station for the MBTA Silver Line



# **Collaboration 16: MBTA Pass** **Subsidy for Low Income Airport** **Workers**

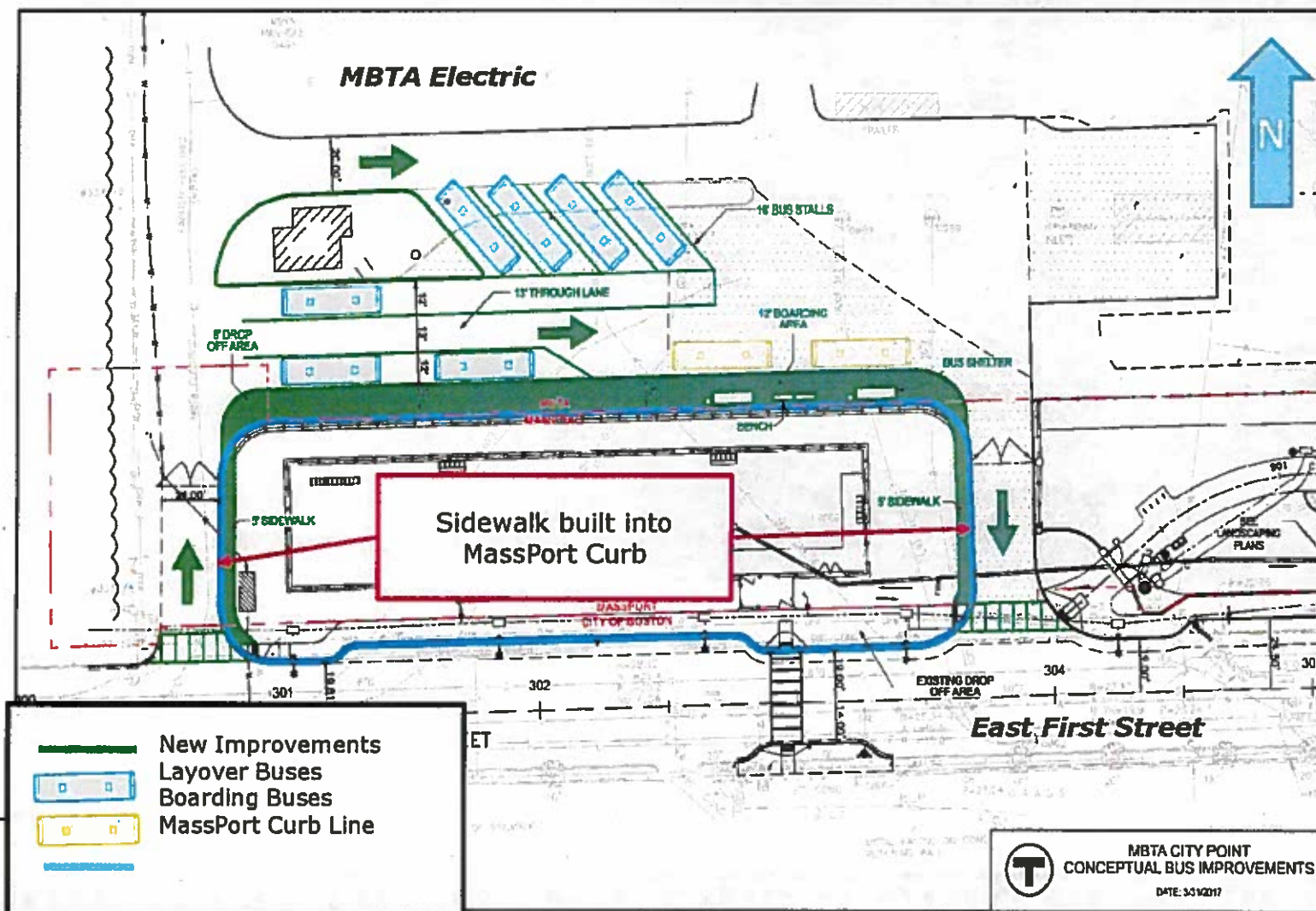
- As part of the negotiations to add 7 gates and 5,000 parking spaces, Massport agreed to create a subsidized pass program for airport workers who primarily work for airline subcontractors. The subcontractors work at the Massport minimum wage, which is above state minimum wage.
- Estimated Annual cost \$1M
- Massport also provides employee subsidies for T passes



# Collaboration 17. City Point Bus Terminal



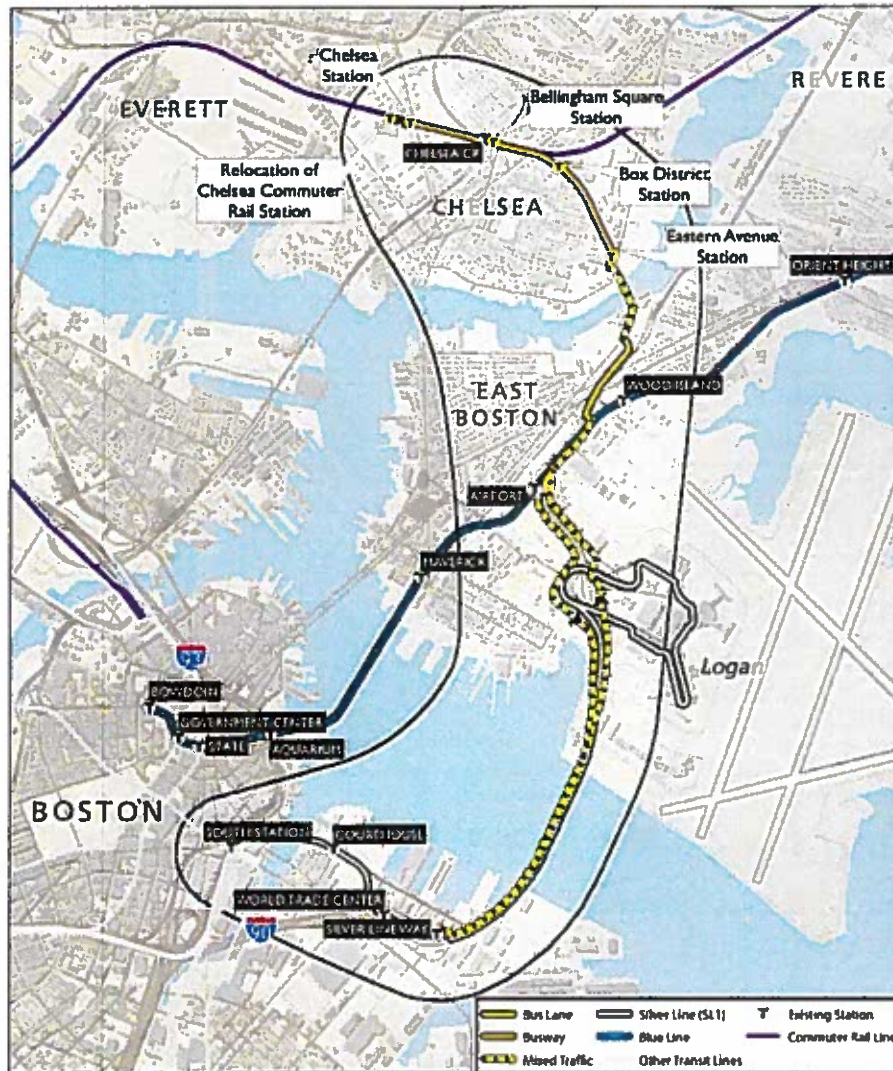
## City Point Bus Layover Facility: Proposed Plan





# Collaboration 18: Silver Line 3 Stop at Airport Station

- Massport and MBTA negotiated MOU for service
- New service started Saturday 4/21/18





## **Other Collaborations:**

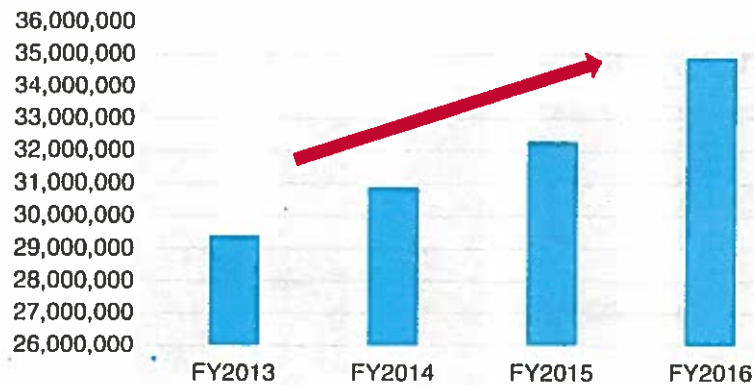
- Construction of the Coughlin Bypass Road
- T bus stop for the 459 at Terminal C
- Flight information signs and countdown clocks for the Silver Line at South Station

# MASSPORT FINANCES

# Business Line Activity

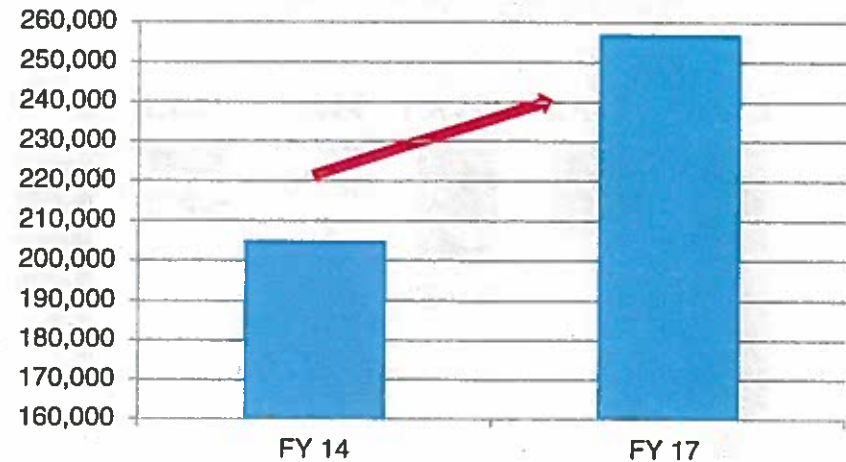
## Aviation (Logan)

**Total Passengers at Logan International Airport**

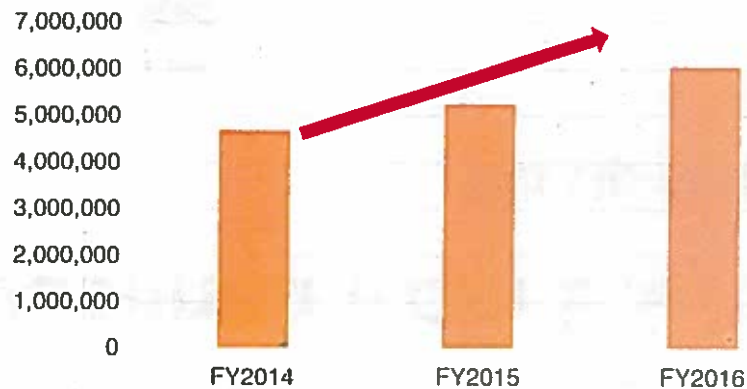


## Maritime (Container/Cruise)

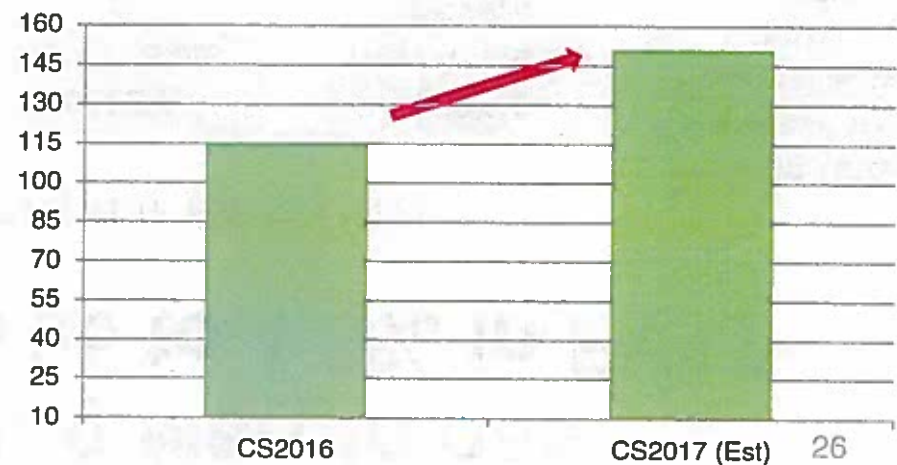
**Total TEUs at Conley Terminal**



**Total International Passengers at Logan International Airport**

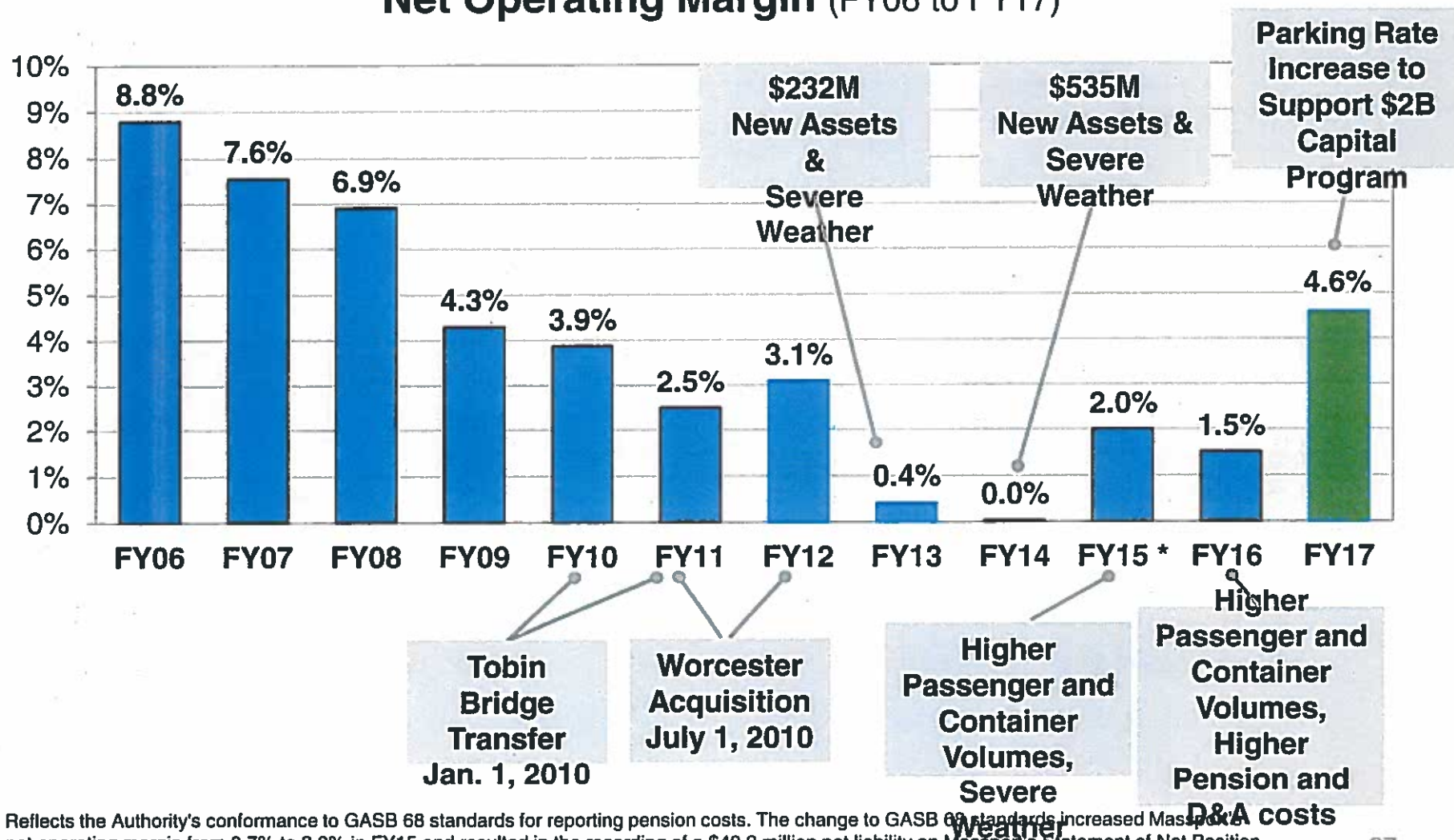


**Total Ship Calls at Flynn Cruiseport Boston**



# Massport's Net Operating Margin has Declined from 9% in FY06 to 4.6% in FY17

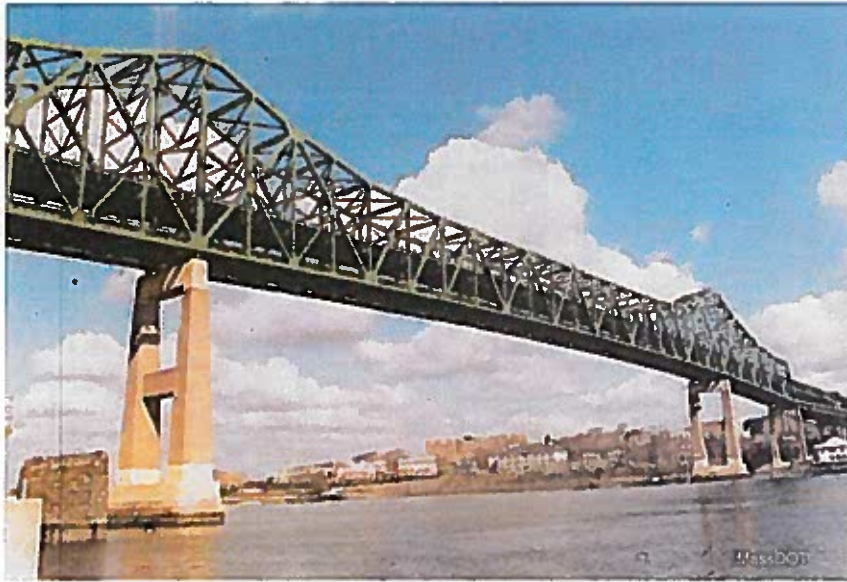
Net Operating Margin (FY06 to FY17)



\* Reflects the Authority's conformance to GASB 68 standards for reporting pension costs. The change to GASB 68 standards increased Massport's net operating margin from 0.7% to 2.0% in FY15 and resulted in the recording of a \$40.2 million net liability on Massport's Statement of Net Position.

Source: Massport, Comprehensive Annual Financial Reports, 2006 to 2016.

# Capital Contributions to MassDOT through the Tobin Bridge Transfer: \$340M



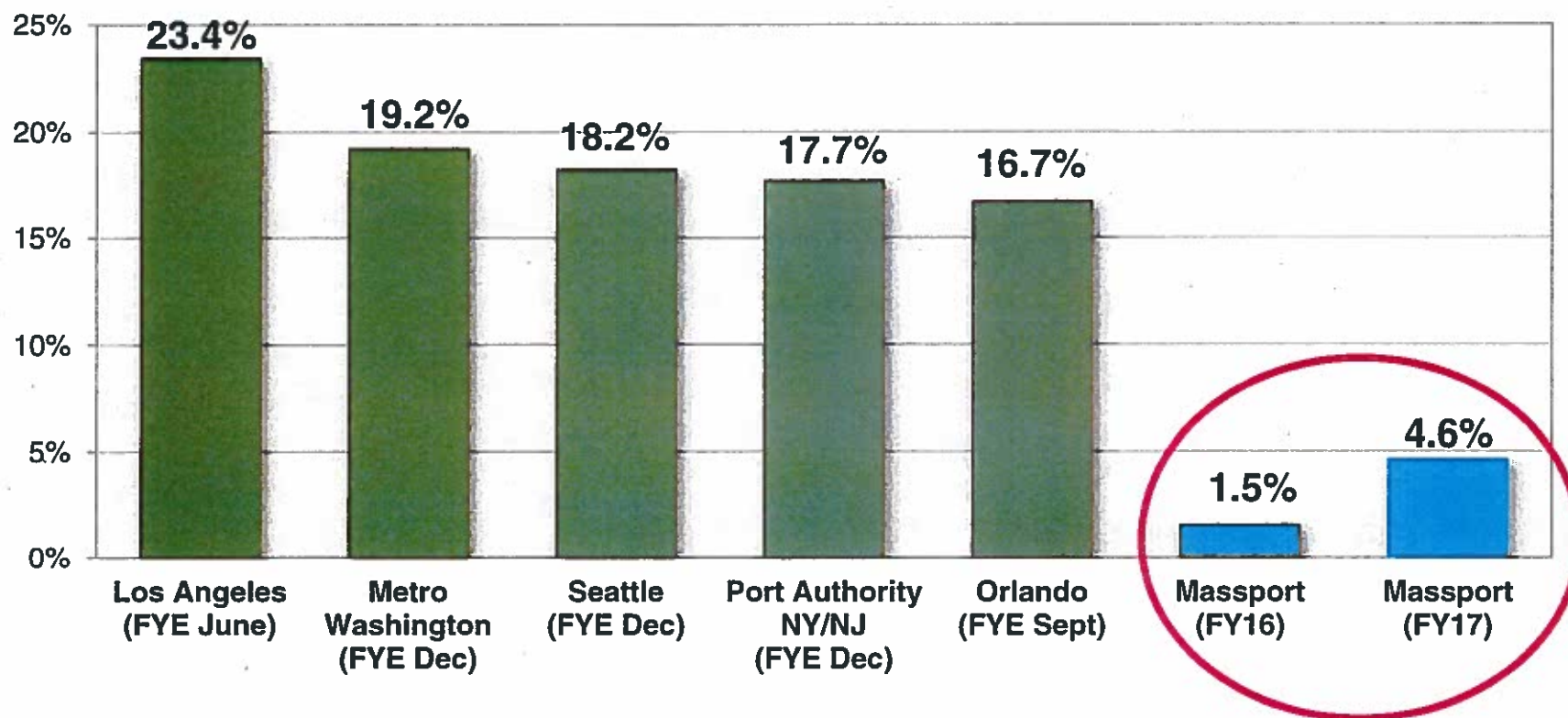
FY 2009	Amount
Operating Revenue	\$29 M
Operating Expenses	<u>\$12 M</u>
Operating Margin	\$17 M

- Massport transferred the Tobin Bridge to MassDOT on January 1, 2010 as part of the Transportation Reform Act of 2009.
- The Tobin Bridge generated \$17 million in annual gross margin for Massport
- \$340 million of foregone revenue over 20 years (MW reverses<sup>28</sup>



# Massport has a Much Lower Net Operating Margin than Peer Airport Operators Due in Part to Massport's Contributions to Transportation Projects

Net Operating Margin (GAAP basis)



Source: Peer Airports- 2016 Comprehensive Annual Financial Reports.  
Massport- 2016 Comprehensive Annual Reports and 2017 Audited Financial Statements.

# Current Strategic Capital Plan Priorities

## Logan

Terminal E Mod Phases 1 & 2	\$743 M
5,000 Parking Spaces (two locations)	250 M
Terminal C Optimization & B-C Connector	175 M
Terminal B Optimization	152 M
Terminal C Roadways	149 M
All Other Logan	<u>780 M</u>

**Total Logan** **\$2.2 B**

---

## Maritime

New Berth 10 and Cranes	\$ 215 M
Boston Harbor Deepening	107 M
Conley FASTLANE Projects	101 M
All Other Maritime	<u>63 M</u>

**Total Maritime** **\$ 0.5 B**

---

**All Other** **\$ 0.3 B**

---

**Total Capital Program** **\$3.0 B**

# Airport Revenue Use Restrictions

- **1982 Airport and Airway Improvement Act (AAIA):**

Federal law prohibits airports from expending revenue on anything other than capital and operating costs of:

- a) the airport;
- b) the local airport system; or
- c) other facilities **owned or operated** by the airport owner or operator and **directly and substantially related** to the air transportation of passengers or property.

- **AIP Grant Assurance #25:**

Conditions Massport's receipt of federal funding on compliance and forbids revenue diversion.



# Grandfathered Airports

- Under federal law, revenue use restrictions do not apply, in certain circumstances, to “grandfathered” airport sponsors like Massport that had financing covenants or statutes in place as of September, 1982 that permitted airport revenues to be used for non-airport purposes.
- **FAA Revenue Use Policy (1999):**  
Clarifies that “grandfathered” provisions do not broadly exempt the Airport sponsor from the revenue use restrictions, but only exempts “the particular use” in effect as of September, 1982.

# **Recent FAA Revenue Diversion Enforcement**

- **Fort Lauderdale Executive Airport (2017)**
  - FAA ordered the City of Ft. Lauderdale to return \$5 million in fees improperly collected from Fort Lauderdale Executive Airport.
- **Los Angeles World Airports (2009)**
  - FAA ordered the City of Los Angeles to return \$20.1 million plus interest that was illegally diverted from LAX airport revenues to L.A. Inc., the city's convention and visitors bureau.
- **San Francisco International Airport (2004)**
  - FAA ordered the City of San Francisco to pay back \$4.5 million for revenue diversion. SFO had made excessive payments for services to city departments.

## L.A. to return \$21.2 million to LAX's operator

*The City Council acts after the FAA had accused Los Angeles World Airports of improperly diverting funds to L.A. Inc., the city's convention and visitors bureau.*

**December 17, 2009** | By Dan Weikel



Email



Share

G+



Tweet



Recommend 0

The Los Angeles City Council on Wednesday agreed to return more than \$21.2 million to the operator of LAX to settle legal claims that airport funds were misappropriated in violation of federal regulations.

On its last vote of the year, the council unanimously approved a plan for the city to repay \$18.1 million to Los Angeles World Airports, which had been accused by the Federal Aviation Administration of improperly diverting the funds to L.A. Inc., the city's convention and visitors bureau.

The other \$3.1 million is money the city kept from the sale of land at Los Angeles International Airport that Caltrans had acquired in the early 1990s as right-of-way for the Century Freeway project.

# Fort Lauderdale improperly collected millions from executive airport, FAA says

By **Larry Barszewski** • **Contact Reporter**

Sun Sentinel

APRIL 18, 2017, 2:40 PM

**T**he **Federal Aviation Administration** says Fort Lauderdale illegally used executive airport dollars to support the city's operating budget and it wants \$5 million paid back. (...)

"The FAA has made a preliminary finding that there has been unlawful diversion of airport revenues," the FAA's director of airport compliance, Kevin C. Willis, wrote in a March 31 letter to the city seeking repayment.

# Direct Contributions to the City of Boston

	<u>Annual Payment</u>
Jet Fuel Taxes	\$ 27.0 M
Property Taxes	25.5 M
PILOT Payments	18.2 M
Meals/Room Taxes	9.2 M
Rent to EDIC for MMT property	<u>1.0 M</u>
<b>Total Direct Contributions</b>	<b>\$80.9 M</b>

Sources: Property tax per City of Boston Property Database  
Meals and Room tax based on reports submitted by hotel owners.  
Payments to EDIC for MMT property per contract.



# Massport is the 3rd highest property tax payer in the City of Boston

Rank	Property Tax Payers*	FY16 Tax Bill**
1	BP Prucenter Acquisition LLC	\$27,077,725
2	BP Hancock LLC	21,427,397
<b>3</b>	<b>Massport***</b>	<b>18,225,008</b>
4	TST 125 High Street LLC	17,568,258
5	Dewey Square Tower Assoc	13,961,093
6	U I D C of Mass Inc	13,694,548
7	BP Federal Street LLC	13,478,728
8	Fort Hill Sq 1 Owner LLC	13,134,474
9	Lincoln Street Property	13,133,324
10	SNH Fan Pier Inc	12,894,109
11	Fifty Three State Street	12,446,114
12	One Federal LP	11,440,323
13	BP 111 Huntington Av Lessee	11,287,372
14	OBS Reit LLC	10,248,940
15	Two25 Franklin Owner LLC	10,204,047

\* Commercial property  
tax payers

\*\* Based on FY16 City  
of Boston Assessor's  
Property Database.

\*\*\* PILOT only. Does  
not include East  
Boston Foundation  
\$500K, jet fuel \$27M  
or property taxes on  
Massport ground  
leases of \$25.5M.

**Thank you**

**Questions?**