



# The Route to Growth

## *Capacity Investments Critical for Region's Future*

In light of our unprecedented winter season and the significant transit service disruptions that followed, there has been no shortage of commentary and analysis regarding the crisis facing the MBTA. This winter's events have made it crystal clear; whether you are an MBTA rider, or a driver who benefits from the congestion reduction provided by the MBTA, we all need a well-run transit system. **The MBTA is the engine that helps power our economy and future growth**, linking workers to jobs and creating new development all over the Commonwealth.

### The Economic Imperative for the Region

The crisis facing the MBTA has implications for the entire Commonwealth, not just the City of Boston and its immediate neighbors. **The MBTA's assessment area today comprises 175 communities and almost 4.7 million people, close to 70% of the Massachusetts population.<sup>1</sup> People from every corner of the Commonwealth rely on the system.**

The MBTA takes thousands of cars off the road each day; cars that would cause increased congestion on our already clogged and aging roadways.

### Maintenance Backlog

In diagnosing the problems plaguing the MBTA, much attention has rightly been given to the sobering State of Good Repair backlog number of \$6.7 billion that was recently announced by the MBTA<sup>2</sup>. It has been clear for some time that the agency's vehicles, signals and power systems and stations require a significant investment. Even in mild weather, the MBTA is frequently forced to take broken down vehicles out of service, or to send personnel to act in place of faulty signals. And, our transit system will only continue to face the challenges posed by severe weather events as they increase in both frequency and intensity. Maintaining the system in a State of Good Repair is essential, and adequate maintenance funding should be a priority of the MBTA's capital plan each year.

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<sup>1</sup> Northeastern University: Blue Ribbon Panel on Financing the MBTA

[http://www.northeastern.edu/dukakiscenter/wp-content/uploads/2011/12/BlueRibbon\\_Background.pdf](http://www.northeastern.edu/dukakiscenter/wp-content/uploads/2011/12/BlueRibbon_Background.pdf)

<sup>2</sup> *The Boston Globe*: <http://www.bostonglobe.com/metro/2015/03/03/some-transportation-board-members-skeptical-about-offering-storm-rebate-mbta-customers/jvoHrTeW33E4tAdEfEHgeN/story.html>

## Expansion Moratorium is the Wrong Prescription

However, as important as it is to effectively maintain our current system, it is insufficient if we are to meet the economic needs of the Greater Boston region and the entire Commonwealth. In light of the MBTA's enormous maintenance backlog, **some have called for a freeze or moratorium on so-called "expansion projects."** We strongly believe that it is misguided and that it would **handicap the region's economic growth and job creation potential if heeded.** It is true that every capital project should be subject to a rigorous analysis and our limited dollars should be prioritized. That does not mean, however, that allowing our current system to stand still is an acceptable option for the region and the Commonwealth.

## Growing Demand

Demand for reliable transit is only accelerating. The combined population of Boston, Cambridge, Quincy and Somerville has grown by more than 8% since 2000.<sup>3</sup> As Metro-Boston grows, so does transit demand. According to the Urban Land Institute's 2012 report, Hub and Spoke, if ridership continues to grow at its current pace, **the MBTA is likely to see an additional 367,000 riders each day by 2021.** Already, segments of the Green, Orange, Red, and Silver Lines currently exceed their



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**design capacity during peak periods of the average weekday.**<sup>4</sup> Meanwhile, contrary to what some have claimed, the MBTA as a whole has actually expanded service capacity and added new routes at a slower rate than many of its peers in recent years. According to the Frontier Group, the MBTA ranks 31<sup>st</sup> out of 45 peer transit agencies for new route-miles added in the last twenty years.<sup>5</sup> **In fact, many significant MBTA service expansions are more than twenty years behind us.** Simply maintaining and upgrading our existing fleet, while necessary, will not relieve the constraints that the system will face as ridership grows.

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<sup>3</sup> US Census Bureau: <http://www.census.gov/topics/population.html>

<sup>4</sup> Hub and Spoke, Urban Land Institute and Northeastern University, <http://www.northeastern.edu/dukakiscenter/wp-content/uploads/Final-Hub-and-Spoke-Report.pdf>

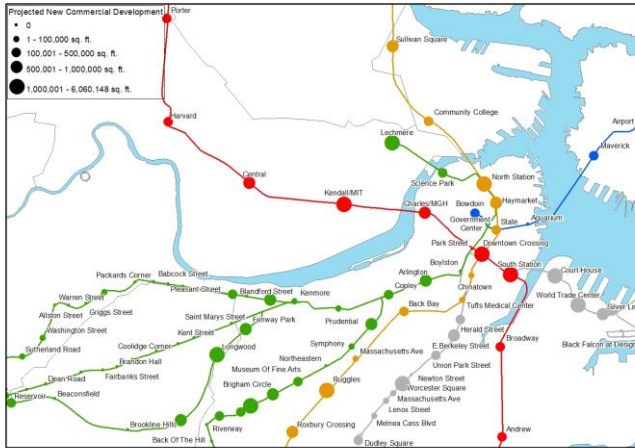
<sup>5</sup> Frontier Group: <http://www.frontiergroup.org/blogs/blog/fg/pioneer-institute-says-mbta-fastest-growing-transit-agency-its-not>

## Capacity Challenges

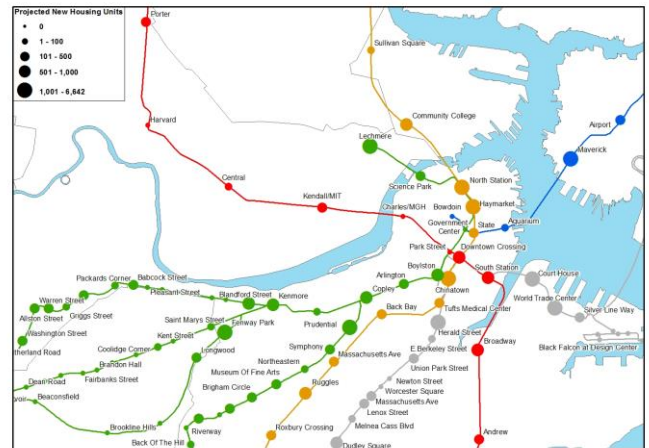
Jobs are being created in key economic centers across the region because they are connected to transportation infrastructure. There are many examples of the capacity issues our transit system is confronting as a result of this increased demand.

As is demonstrated in the figures below development near transit is only continuing to increase.<sup>6</sup>

COMMERCIAL DEVELOPMENT PIPELINE WITHIN ONE-HALF MILE OF MBTA STATIONS



RESIDENTIAL DEVELOPMENT PIPELINE WITHIN ONE-HALF MILE OF MBTA STATIONS



In Construction	Housing Units	8,213
	Commercial Square Feet	7,880,101
Planning/Permitting	Housing Units	41,078
	Commercial Square Feet	44,026,046

**Kendall Square** alone has added well over 4 million square feet of development growth between 2000 and 2010, supported by a Red Line station that serves more than 15,000 trips each weekday.<sup>7</sup> The City of Cambridge projects that an additional 8 million square feet could be developed by 2030, which is likely to increase the transit demand of the station by a minimum of 3,000 additional weekday riders just during the peak hour.

According to MASCO, there are over 100,000 daily trips into **the Longwood Medical and Academic Area**. 46,000 of these trips are made by area employees, and more than half of these

<sup>6</sup> Metropolitan Area Planning Council

<sup>7</sup> MBTA Ridership and Service Statistics

<http://www.mbta.com/uploadedfiles/documents/2014%20BLUEBOOK%2014th%20Edition.pdf>

**employee trips are on transit.** The LMA continues to grow, with an average of 800 new jobs added annually. The area's demand for robust transit service across all modes will only accelerate.

In the **South Boston Waterfront**, the Silver Line has supported the creation of 30 million square feet of new property and 7,700 new jobs since 1997. The waterfront is one of the fastest growing urban areas in the entire country, and by 2035, if we are able to adequately enhance the capacity of the transit system, an additional 17 million square feet of property could be developed and 23,000 new jobs generated there<sup>8</sup>.

### The Costs of Stalled Progress

It is easy to focus on the costs of new transportation projects and quickly deem them unaffordable. What is often not considered, though, is what the costs might be if we do not adequately invest in our future. **All of this growth in transit demand and development activity generates new commerce and economic**



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**activity. For instance, the City of Somerville is expecting that its development at Assembly Row, enabled by a brand-new stop on the Orange Line, will generate about \$20 million in new tax revenue annually and create thousands of permanent jobs.**<sup>9</sup> We simply cannot afford to forgo new tax revenue, new jobs and new opportunities. Rebuilding the system of yesterday will not be adequate if we want to meet the demands and seize the opportunities of tomorrow.

Meanwhile, our competitors are not resting on their laurels. Abroad, Mexico and India are building comprehensive rail networks. Here at home, cities such as Los Angeles, New York and Denver are pursuing significant transit expansions, recognizing that a static system is a recipe for a stagnant economy. **If we hit the pause button now, we will be stalling our progress as well as hurting our chance to compete for valuable and increasingly scarce federal transportation dollars.** Investing today in design and engineering for the future will better prepare us to seize new funding opportunities as they become available in the future.

### Strategic and Targeted Investments

Fortunately, some of the MBTA's capacity challenges can be addressed with strategic **investments in efficiency and capacity enhancements that do not require the intensive construction**

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<sup>8</sup> South Boston Waterfront Transportation Plan, [http://sbwaterfrontmobility.org/documents/SBoston\\_Full\\_Report\\_PB.pdf](http://sbwaterfrontmobility.org/documents/SBoston_Full_Report_PB.pdf)

<sup>9</sup> *The Boston Globe*: <http://www.bostonglobe.com/metro/regionals/north/2012/12/27/assembly-square-development-taking-shape/3JJ7eIrogFMCXpNj7wApCL/story.html>

associated with the addition of new routes or the extension of lines on the subway system. For instance, the capacity challenges facing the Red and Orange Line will be mitigated with the pending delivery of new vehicles. To maximize their utility, however, a simultaneous investment in power and signal upgrades for the Red and Orange Lines is needed to ensure that the new vehicles are able to achieve their maximum potential for both speed and service frequency. Similarly, with upgraded power systems, the Green Line would be able to run three car trains more frequently and alleviate many of the crowding problems the Green Line central subway system and the branches currently face.<sup>10</sup>

Another example of an important intervention to tackle capacity issues throughout the Massachusetts transit network is the proposed expansion of South Station. At present, South Station operates above its design capacity for efficient train operations and orderly passenger queuing. When it first opened in 1899, South Station had 28 tracks; that number is now 13. This has imposed significant constraints for rail service throughout New England. In addition, South Station has insufficient vehicle storage capacity.<sup>11</sup> The proposed relocation of the postal service facility on Dorchester Avenue and the restoration of tracks would allow for enhanced Commuter Rail and Amtrak service, providing significant economic benefits throughout New England.

Allston's Beacon Park Yards also represents a tremendous opportunity for development, which will be constrained if additional transit connections are not incorporated into the realignment of the Allston Interchange.

We must continue to invest in capacity enhancements today in order to seize the economic opportunities of tomorrow.



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### **Regional Goals and Priorities**

The future of our transportation system must be viewed through the lens of our goals for the overall future of the region.

MAPC's population and household projections, developed to support the implementation of the regional plan *MetroFuture*, anticipate that **the region will need to accommodate more than half a new million new residents by 2040, and will need close to 435,000 new housing units to do so.** Those new residents will need a world-class transit system to access their jobs. Our highway capacity is limited and simply won't be able to accommodate all of those new commuters.

<sup>10</sup> MBTA Program for Mass Transportation: [http://www.ctps.org/Drupal/mbta\\_pmt](http://www.ctps.org/Drupal/mbta_pmt)

<sup>11</sup> MassDOT Office of Transportation Planning: <http://www.massdot.state.ma.us/southstationexpansion/Home.aspx>

## **Reform Necessary But Insufficient**

Ongoing work towards continued reforms is essential and something we enthusiastically support. In recent years, progress on this front has been made. Employees can no longer retire after just 25 years of service and now receive health insurance through the Group Insurance Commission. More can and should be done to streamline employee benefits, reform the procurement process and modify the governance structure of the agency. **These initiatives are all important and will help achieve significant savings. However, it has never been successfully demonstrated that these measures will address the entirety of the MBTA's financial constraints.**

## **New Funding Needed**

We will not be able to tackle this crisis with reforms and efficiencies alone. There is a demonstrated need for new revenue to support the MBTA and our entire transportation system.

As has been well-documented in a number of publications, many of the agency's revenue sources, including fares and local assessments, are statutorily capped and will not grow by nearly enough to allow the agency to accommodate increasing expenses, address its \$6.7 billion State of Good Repair backlog and make critical investments in capacity enhancement. In order to effectively manage the financial challenges facing the MBTA and the entire transportation network, creative and flexible approaches to the use of revenue will be required. These could include:

- Expanded tolling
- A modest gas tax increase
- Giving municipalities the authority to vote for new transportation revenue via referendum
- Value capture strategies that take advantage of the increased economic activity generated by transportation investments

**The funding mechanism is not as important as acknowledging and confronting head on the plain fact that reforms and efficiencies alone will not be enough to deliver the future our region needs and deserves.**

## **Rising to the Challenge**

As difficult as recent events have been for our region, the analysis we present in this report makes clear that our future is a bright one that we should embrace. More people want to live and work in Massachusetts and more businesses are choosing to locate here. We urge policymakers to seize this moment to make the investments we need to bring our transit system into the 21<sup>st</sup> century and help us reach our full economic potential. Now is not the time for a freeze or pause. Instead, we should be planning for and investing in the region's future, full speed ahead.

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