Secretary's Remarks – House Post Audit Committee
July 10, 2012

- Good morning Chairman Linsky, members of the Committee. On behalf of Governor Patrick and Lt. Governor Murray, thank you for having me here today.

- I'd like to offer a few updates on the state of our transportation system today. Everyone in this room knows that a well financed, well functioning transportation system means jobs, economic development, prosperity and an excellent quality of life for the citizens of the Commonwealth. It is vital to our economic future, locally and statewide.

- Unfortunately, **the current transportation system we have today we cannot afford, and the kind of improved system we all want is one I can assure you that we cannot afford.**

- We at the DOT have worked to reduce costs and improve the customer experience since the Department of Transportation was born now three years ago, thanks to the leadership of the Governor and the legislature, including many of you in this room. Transportation reform gave us the tools and resources to make investments, to reduce costs and to become customer focused:

    - We've reformed benefits at the T and DOT like health care and pensions, bringing them in line with benefits comparable in the private sector;

    - We've had a heightened sense of urgency and been more creative in project delivery, from out nationally recognized Fast 14 project, heavy lift bridges and bridges in a backpack, we're completing some projects in days not years;

    - Our unprecendented Accelerated Bridge Program is a the largest statewide transportation investment program in the Commonwealth's history, reducing the number of structurally deficit bridges by almost 20% which will reduce our maintenance costs;

- The Administration has funded Chapter 90 at historically highest levels;

- More on-line Registry transactions, such we will eclipse 3M on-line transactions this year, a record. Less reliance on the bricks and mortar branches means reduced costs;

- All the while the MBTA's ridership surged to its highest since 1946, while we delivered on real time data, mobile solutions for commuter rail ticketing and parking lot payments, new buses and upgraded stations at State Street, Orient Heights, Ashmont, Wonderland and Science Park.

- And, we have much more coming, from subway countdown clocks, improved toll collections, real time traffic data on our highway signs and completion of our five mega bridge projects.

- I am proud of my team and what they have delivered in the way of customer improvements, project delivery innovations and cost reductions. We always can, and will continue push for more reform at the DOT.

- I know that the committee is gathered today to hear from our CFO Dana Levenson and the Comptroller's Office on financing and debt related to the Central Artery/Tunnel project. Before he delves into the details, I'd like to offer you a few updates on our approach to managing our tunnel system.

- This project, the Big Dig, which started long before any of us in the Administration were here, is ours to manage. And managing we are. We are out day and night throughout the tunnel system, doing routine maintenance, washing tunnel walls, replacing light bulbs, and monitoring activity.

- And we're shedding light on the CA/T in a way that has never been done before. The public has a right to know about any issues we face with the tunnel system. That is why we have made it a point to swiftly and publicly inform the MassDOT board and the public of issues any time they arise.

The same is true when we find a solution to any new challenges. As I said earlier, we did not build this but it is ours to manage.

- When I became secretary last year, one of the first things I did was instruct my team to launch the tunnel website, featured on our MassDOT homepage. Here, we publish weekly information on all maintenance activities related to the Big Dig. It's not sexy stuff by any means, but it's an important tool for communicating with the public.

- I am also proud of the fact that for the first time, we have published a 5-year Capital Investment Plan for the Metropolitan Highway System that lays out the work we will do today and in the years ahead.

- While the Big Dig project is now complete, we still have more work to do. We have an obligation to fund the Green Line Extension and a lack of resources to do it. As A&F Secretary Jay Gonzalez recently pointed out in a speech to the Boston Chamber, there has never been a plan for funding this project. When Governor Romney left office, the capital plan he left behind was a one-page Excel document. The Green Line Extension, which he reaffirmed the state's commitment to, was nowhere on that piece of paper.

- We are committed to building the Green Line Extension and were recently awarded Preliminary Engineering by the federal government, allowing us to move forward. However, we must over the course of the next year to 18 months demonstrate an ability to support our current system.

- **For transportation, we are at a crossroads in the Commonwealth where we so clearly see our choice: to tackle our transportation challenges head on and lay out a vision for the future of mobility OR to kick the can again and watch as the quality of life in the Commonwealth erodes.**

- I look forward to continuing this discuss with you and your colleagues and working together to ensure the Commonwealth can provide a high quality, safe and reliable transportation system for generations to come. .

- Thank you for having me here today.

Central Artery/Tunnel Project

Summary
DRAFT - The Cost of Financing
(As of 1 May 2012)

	($000s=hundreds) Principal Borrowed	Principal Repaid	Principal Currently Outstanding to be Repaid	Interest Paid	Remaining Interest to be Paid	($000s=billions) Summary Total Interest	Total Principal	Total
MassDOT	$ 2,186,701,617	$ 234,485,000	$ 1,952,216,617	$ 1,442,591,538	$ 1,817,276,795	$ 3.3	$ 2.2	$ 5.4
Commonwealth of MA Debt	$ 4,542,649,138	$ 1,936,612,034	$ 2,606,037,104	$ 2,347,192,487	$ 952,213,537	$ 3.3	$ 4.5	$ 7.8
Other Funding**	$ 698,018,762	N/A	N/A	N/A	N/A	N/A	$ 0.7	$ 0.7
FHWA*	$ 7,031,000,000	N/A	N/A	N/A	N/A	N/A	$ 7.0	$ 7.0
Total Excluding MBTA	**$ 14,458,369,517**	**$ 2,171,097,034**	**$ 4,558,253,721**	**$ 3,789,784,025**	**$ 2,769,490,332**	**$ 6.6**	**$ 14.5**	**$ 21.0**
MBTA	$ 1,670,396,223	$ 400,186,171	$ 1,270,210,052	$ 903,753,886	$ 685,700,035	$ 1.6	$ 1.7	$ 3.3
Total Including MBTA	**$ 16,128,765,740**	**$ 2,571,283,205**	**$ 5,828,463,773**	**$ 4,693,537,911**	**$ 3,455,190,367**	**$ 8.1**	**$ 16.1**	**$ 24.3**

*Contribution
**Contribution from Massport, OCIP, etc.

		Remaining Outstanding
FHWA Contribution*	**$ 7,031,000,000**	
Other Funding**	**$ 698,018,762**	
Total Prinicpal Borrowed	**$ 8,399,746,978**	
Principal Repaid	**$ 2,571,283,205**	
Principal Remaining to be Repaid	**$ 5,828,463,773**	**$ 5,828,463,773**
Interest Paid	**$ 4,693,537,911**	
Interest Remaining to be Paid	**$ 3,455,190,367**	**$ 3,455,190,367**
Total	*** **$ 24,277,494,018**	**$ 9,283,654,139**

*** FHWA Contribution plus Other Funding plus Total Principal Borrowed plus Interest Paid and Interest Remaining to be Paid

Timeline of MassDOT/Turnpike "Big Dig" Financing 1996 to Present

Issuance Date	Bond Series	Final Maturity Date	Status	Financing Instrument	Amount Related to Big Dig	Major Uses of Bond Proceeds
1/18/1996	1996 Series A	N/A	Refunded	Guaranteed Bond Anticipation Notes (Total Note $259,315,000)	$152,000,000	$100 million As mandated by the 1995 Act Includes $32 million for Ted Williams Tunnel Start up costs Includes $20 million to pay interest costs thru 12/1/1998.
9/24/1997	1997 Series A	N/A	Refunded	Senior MHS Revenue Bonds	$1,141,040,000	Refunded 1996 GBAN's - Above
9/24/1997	1997 Series A	1/1/2029	*Open*	Senior MHS Revenue Bonds - Capital Appreciation Bonds	$42,006,617	$700 million - Chapter 11 of Acts of 1997 required MTA to contribute to CA/T Project
9/24/1997	1997 Series B	N/A	Refunded	Subordinated MHS Revenue Bonds	$194,680,000	$246 million to pay interest costs thru 7/1/2004.
					$1,377,726,617	$109 million to set up Senior and Subordinated Debt Service Reserve Funds
3/11/1999	1999 Series A	N/A	Refunded	MHS Revenue Bonds - Subordinated	$808,975,000	$400 million - Turnpike MOU agreed to pay additional $400 million for CA/T Project $105 million to pay interest costs thru 1/1/2003 $65 million to set up Subordinated Debt Service Reserve Fund
				Total 1997 & 1999 Bond Issue	$2,186,701,617	
5/19/2010	2010 Series A&B	1/1/2037	*Open*	MHS Revenue Bonds Senior	$1,089,975,000	Refunded 1997 A Senior Bonds - Above (Not CABS - CABS are not callable)
		1/1/2039	*Open*	MHS Revenue Bonds Subordinated	$853,555,000	Refunded 1997 B and 1999 A Subordinated Bonds -Above
				Total 2010 Refunding	$1,943,530,000	
				Total MHS Bonds Still Open	$1,985,536,617	
				MassDOT Principal Paid to Date	$33,320,000	
				MassDOT Outstanding Principal	$1,952,216,617	

More Projects Requiring Completion

Green Line Extension	$1.3 Billion
Fairmount Extension and Enhancement	$165 Million (Est.)
Central Artery Exit Covering	$75 million (Est.)