

On the Governor's Commission on the Future of Transportation

Pioneer Institute is grateful for the opportunity to share brief thoughts on the work of the Governor's Commission on the Future of Transportation. Our comments are focused on four issues: (1) governance, (2) budgeting and operations, (3) the role of public transportation at a time of rapid private market transformation, and (4) the need to set increasing ridership as the top strategic transit goal.

Governance

A principal lesson learned through the study and observation of the Massachusetts Department of Transportation's (MassDOT) governance is that the structures in place prior to 2015 were not working. Before the establishment of the Fiscal and Management Control Board (FMCB), governance of transportation agencies was often characterized by bodies with simultaneous, direct oversight of too many agencies. This governance was often superficial and ill-equipped to provide sufficiently detailed oversight and accountability. Exploration of ways to innovate or seek efficiencies was inconsistent at best.

In other areas of public policy, the governance model employed by MassDOT prior to the establishment of the FMCB might be called "loose." The FMCB is, by contrast, a "tight" structure: composed of experts who dedicate ample time and energy to the governance and operation of a single agency. The experience of the FMCB has taught us that focused, expert oversight and accountability can yield strong results. That said, the Commission's consideration of multi-decade strategic questions has underscored the need for MassDOT agencies to coordinate with and support broader statewide objectives related to environmental, housing, and energy policy. With that in mind, it may be prudent for the Commission to consider the creation of a "loose" coordinating structure that sits above or at least advises MassDOT's various "tight" governance structures.

"Loose" board structures are not equipped to implement data-driven management specific to an individual agency, but they can serve as appropriate loci for coordination among agencies — even those that extend beyond MassDOT. During the Romney administration, the Office for Commonwealth Development (OCD) was created to provide that coordinating function. OCD featured what was called a "Super-Secretary" who sat above the secretaries of housing, environment and energy, and transportation. OCD had its own staff and, in theory, the secretaries of the above-named agencies reported to the Super-Secretary. In many ways, OCD

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helped advance smarter policy ideas regarding development; on the other hand, its power was mostly fictitious, and its management structure was plagued by tenuous vertical reporting assumptions.

MassDOT should seek to recreate an effective version of OCD on a leaner budget, with more agency buy-in and a stronger emphasis on measurable results, by creating a “loose” oversight board that includes EOEEA and EOHED to review and revise periodically the performance metrics guiding the operations of MassDOT and its subsidiary agencies. Input from the “loose” structure would ensure that the “tight” leadership structures were implementing policies and seeking accountability on metrics that not only applied to the agencies’ transportation missions, but also took environmental, housing, and economic development priorities into consideration.

The Institute believes that the Commission should consider recommending a set of “loose–tight” governance structures, characterized by:

- “Tight” leadership and oversight structures that mirror the FMCB in power and approach for other specific MassDOT agencies. Without question, the FMCB should remain in place. Its success also suggests that the Department may want to employ similar “tight” structures where they are lacking.
- An overarching and coordinating “loose” board composed of the chairs of each of the “tight” boards to help inform and coordinate the missions and operations of the agencies.

Budgeting and Operations

We believe the Commission report should include three recommendations related to the operations of the public transportation agencies:

1. **The operating budgets of MassDOT agencies must be balanced at all times and agencies must be empowered to seek efficiencies and pursue innovation.** If public agencies are to be successful in competing with the radically evolving private market on performance and price, budget and operational efficiencies must be a top priority.
2. **Transportation agency budgets must prioritize maintenance.** The \$7 billion-plus backlog at the MBTA, not including the commuter rail (which would likely add another \$3 billion to the deferred maintenance backlog), must be addressed in order to retain and *build* ridership.
3. **All new projects must be competitive in an environment of radical private-sector innovation.** In an age of automated, on-demand transportation services, the transportation agencies must advance products and services that will be attractive to its customers.

The Role of Public Transportation at a Time of Rapid Private Market Transformation

In crafting recommendations on how to address future transportation needs, the Commission has thoughtfully established a strong baseline of demographic data and discussed likely technological advances. Given the rapidity of the private market’s evolution, in its recommendations the Commission must avoid the trap of thinking that government must provide most of the services people will seek in the future.

The major challenge to public transportation services is that the forces of the status quo will likely seek to limit competition and are unlikely to embrace the changes needed for public transportation to compete successfully for riders. To compete for customers, our public agencies will need to transform themselves as rapidly as private market services.

We suggest the following recommendations on the role of public and private services in transportation:

1. **Create regulatory frameworks that will allow private market options to be developed as quickly as possible, without undue restrictions.** State regulatory structures should facilitate, not block, private innovation.
2. **Public agencies must incorporate private innovation and be willing to test new ideas.** For example, in some cases, it may be most reasonable to replace direct operation of less popular routes with the subsidization of customers to use private options.
3. **Allow the performance benchmarking described in the Governance section of this public comment to guide changes in our public agencies.** To reiterate, we recommended in that section a marriage of “loose” and “tight” governance structures.

Keep the T’s Focus on Increasing Ridership

Even with radical transformation in the private transportation market, **Pioneer believes that the MBTA has a unique and essential role to play well into the future.** As noted in the Institute’s 2017 public comment submission to the FMCB as part of their strategic planning deliberations, **Pioneer believes it is critical, in a time of dramatic transportation change, that the T have a singular and easily measured strategic goal: to increase ridership.**

The Secretary of Transportation, the MassDOT Board, and the FMCB have kept a sharp focus on improving and expanding the capacity of the Red and Orange Lines for good reason:

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according to the MBTA, after the \$2 billion improvement program is completed in 2024 – 2025, weekday capacity will increase on the Red Line by 50 percent and on the Orange Line by 40 percent. This adds up to nearly 200,000 additional riders, an increase large enough to put a dent in traffic congestion and improve air quality in Greater Boston. This project will certainly pay off.

Unfortunately, the solution that will work for the Red/Orange line project — modernizing the signal and power systems to facilitate more frequent service — isn't readily transferable to the commuter rail system, due to the fact that all of the MBTA's commuter rail lines feed into stub-end terminals at North Station and South Station. The proposed South Station Expansion project would partially alleviate the problem by adding seven tracks and four new platforms for a total of 20 tracks and 11 platforms, but even with these additions, the expected increase in capacity is not on the scale of the Red/Orange line project, and its cost per added rider is much higher.

According to the North South Rail Link Feasibility Reassessment presented by the MBTA in June 2018, the South Station Expansion project would increase commuter rail capacity system-wide from 150,000 to 195,000 (All Day – Peak Service) at a cost of \$4.7 billion (in 2028 dollars). This project would also accommodate increased ridership on rapid transit, local bus, and Silver Line bus service. The same presentation estimated that a 4-track North South Connector tunnel would increase commuter rail capacity from 150,000 to 250,000 (All Day – Peak Service) at a cost of \$21.5 billion (in 2028 dollars).

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Figure 1 demonstrates the relative value of the Red/Orange Line project in terms of increased ridership per capital dollar spent. This crude cost/benefit comparison of the Red/Orange

Line project, the South Station expansion project, and the 4-track North South Connector project makes clear that the Red/Orange Line project delivers the biggest bang for the buck by far, delivering a capacity increase of 200,000 per day at a cost of \$2 billion, or \$1.28 per added capacity (All Day – Peak Service), amortized over 30 years at 260 peak days per year. By the same measure, the South Station Expansion project translates to \$12.05 per added capacity and the North South Connector translates to \$27.56 per added capacity.

The challenge going forward is to find a way to replicate the same kind of efficient transportation improvements for suburban commuters travelling to and from Boston. Other cities around the world transport large numbers of commuters from the suburbs to the city by offering frequent service with short headways during heavy commuting hours. Some have begun to offer automated, self-operating transit rail vehicles with minimal staffing on-board. The MBTA's ability to do the same is limited by the stub-end configuration of its commuter rail system. Despite this limitation, however, the MBTA commuter rail system operates on 799 right-of-way miles. This valuable land resource was utilized in 2016 to provide 123,914 unlinked commuter rail passenger trips per day on a typical weekday, according to the National Transit database, translating to approximately 62,000 round-trip commuters. That is not many relative to the MBTA Red, Orange, and Blue line service that provided 563,246 unlinked passenger trips in 2016, translating to more than four times as many T commuters as commuter rail.

A key question, looking forward, is whether the commuter rail system rights of way could be used in another fashion that would boost total ridership beyond the current level of approximately 60,000 daily commuters. The MBTA should explore the possibility of a redesign — potentially in partnership with private transportation companies — to re-imagine the system so that it can serve more commuters.

Can the commuter rail system rights of way be used to boost total ridership?

Figure 1. Cost/benefit comparison of three MBTA capital projects

Project	Increased capacity (All Day–Peak Service)	Cost (in 2028 \$)	Cost per added capacity, amortized over 30 years
Red/Orange Line Improvement Project	200,000	\$2,000,000,000	\$1.28
South Station Expansion	50,000	\$4,700,000,000	\$12.05
North-South Connector	100,000	\$21,500,000,000	\$27.56

Figure 2 compares unlinked passenger trips by mode in 2002 and 2016 on the MBTA's seven modes. Heavy rail (Red/Orange/Blue lines) increased by over 40,000 unlinked passenger trips on a typical weekday from 2002 to 2016, and bus service increased by more than 70,000. Meanwhile, commuter rail trips declined by more than 17,000, light rail (Green Line) declined by over 28,000, and trolley declined by more than 7,000. Any long-term transportation strategy should be dedicated to restoring previous ridership levels on the commuter rail, trolley lines, and the Green Line.

Figure 2. MBTA Unlinked Passenger Trips, Typical Weekday, by Transit Mode (2002 and 2016)

Transit Mode	2002	2016
Commuter Rail	141,137	123,914
The RIDE	3,629	7,310
Ferry	5,034	5,180
Heavy Rail	523,050	563,246
Light Rail	226,253	198,180
Bus	359,667	413,399
Trolley	12,478	4,663
Total	1,271,248	1,315,892

Conclusion

Pioneer Institute recognizes the important work that the commissioners have done to contemplate long-term solutions to build on and improve our transportation services in the future. In addition, we are impressed with the input from a number of stakeholders during this process. Recognizing all of the work done by other parties, the Institute has chosen to focus on four finite issues — governance, budgeting and operations, the role of public transportation at a time of rapid market transformation, and the need to make increased ridership the top strategic goal for public transit — to hopefully add value to your deliberations. We are grateful for the opportunity to share these thoughts and look forward to the Commission's report.