

CENTRAL ARTERY/THIRD HARBOR TUNNEL PROJECT

Date: 21 June 1989
To: Massachusetts Congressional aides
From: William V. Twomey, MDPW project director
Central Artery/Tunnel
Re: Briefing on federal-aid funds for CA/T

Background:

The federal-aid highway program, of which the Central Artery/Tunnel project is a part, is mostly funded by dedicated gasoline taxes collected at gas pumps and deposited in the Federal Highway Trust Fund. Congress authorizes the Federal Highway Administration to allocate funds to states from the Trust Fund for eligible highway and mass transit projects via multi-year highway authorization legislation. In April 1987, Congress passed the Surface Transportation and Uniform Relocation Act (Public Law 100-17) which contained a provision that specifically included the Central Artery/Tunnel project, making it eligible for federal funding. Passage of the 1987 Act was a victory for Massachusetts which the entire delegation worked solidly for.

The 1987 Act made four-fifths of the project eligible for reimbursement from Interstate Construction funds, which covers inflation and is available until project completion. The remaining fifth of the project, that portion of the Central Artery between High and Causeway Streets, is eligible for other federal-aid funding, such as Interstate Reconstruction, Interstate Reconstruction Discretionary, Interstate Transfer, and Bridge Replacement Discretionary Funds. The 1987 Act did not say, as has been locally reported, that the Commonwealth would have to pay the entire cost of this portion of the project.

Future Funding:

Since the Interstate Highway System is nearly complete, it is expected that federal-aid funding will change in the next bill. For example, both state and federal transportation officials expect to see a substantial increase in the amount of available Interstate Reconstruction funding when much of the money now used for interstate construction is shifted to pay for the repair of existing roads.

The 1987 Act expires at the end of FY91, therefore Congress is expected to begin working on the new authorization bill in early 1990. There is strong bipartisan support for continuation of a federal highway program. Massachusetts has worked successfully with other states on this issue in the past and will continue to do so.

Very little is expected to happen on this issue during this calendar year. The major Congressional battle for this project was fought, and won, in 1987 when eligibility was established.



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PROJECT FUNDING

In April 1987, Congress passed a federal transportation appropriations bill which made the new Central Artery and third harbor tunnel project eligible for 90 percent reimbursement.

The federal share will come from the federal highway trust fund, which is financed primarily by gasoline taxes. Massachusetts motorists have been making deposits to the fund for years and are now going to make a much-needed withdrawal.

The project is eligible for reimbursement from two highway funding categories available for Interstate Programs:

- o 80 percent of the Central Artery/Tunnel is eligible for reimbursement from interstate completion funds. This 90 percent federal funding category is structured to cover inflation's effects on project costs and will be available until the project is completed, giving Massachusetts unprecedented financial security on the project.
- o A portion of the project, the section of the Central Artery between High Street and North Station, is eligible for 90 percent federal funding from two other sources: interstate reconstruction apportioned funds and interstate reconstruction discretionary funds, money made available to states for large reconstruction projects on the interstate system. The Central Artery meets the criteria established for this program to the letter.

Federal and state transportation officials expect to see a substantial increase in the amount of interstate reconstruction funding available to Massachusetts to pay for the new Central Artery. It is almost certain that the billions of dollars now used for new interstate completion will be shifted to pay for the repair of existing roads when the Congress passes a new authorization bill in 1991.

* It is the Commonwealth's position that the entire project can be funded from these two funding sources. However, other categories of federal-aid funding are available for the project, including interstate transfer and special bridge replacement discretionary funds.

Federal highway funding has been a stable and strongly supported part of the nation's budget for decades, and it is not uncommon for a major transportation project to span more than one federal appropriations bill. In Massachusetts, for example, the Southwest Corridor Orange Line project and the Red Line extension to Alewife both passed through multiple federal funding acts.

The most important precedent to remember is that no approved interstate highway project has ever been left incomplete due to lack of funds in the history of the US Interstate Highway Program.

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Stability of funds for CA/T:

Federal highway funding has been a stable and strongly supported part of the nation's budget for decades, and it is not uncommon for a major transportation project to span more than one federal appropriations bill. Massachusetts is following a strong precedent -- in the history of the Interstate Highway Program, dating from the 1950s, no approved project has ever been left incomplete for lack of federal funds. Winning eligibility historically amounts to a Congressional commitment to fund a project through completion.

The Commonwealth is approaching this project in a traditional manner in the context of state/federal financing of highways. The validity of our approach was confirmed by the head of the Federal Highway Administration who, in a press interview, stated that Massachusetts "...was on the right track..." for securing the funds necessary to finish this project.

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