

Add to
Jm file

Representative J. Moakley

3/4/99

1

Frederick P. Salvucci

6 Leicester Street

Brighton, MA 02135

Dear Congressman Moakley,

I am writing to you out of concern that somehow a new myth is being fabricated that the Massachusetts Delegation has somehow "failed" to deliver the federal money for the Big Dig. The fact is that the actual history of the project shows a tremendously strong performance by the Massachusetts Congressional Delegation which has brought billions of federal dollars to Massachusetts and made a substantial contribution to the financial surplus enjoyed by the commonwealth over the past several years.

Only an incredible amnesia concerning the facts of the financial history of the Big Dig permits the fabrication of a myth of a short fall in federal support. In the interest of providing an accurate summary of the financial history of the project over the past decades, I thought I should write to you, as an eye witness participating in these events.

The relevant federal financial history begins in the congressional action concerning the Surface Transportation Act of 1976, during the Ford Administration. The major visible priority for the state that year was to secure an inflation adjustment for the "interstate transfer" transit funds essential to the construction of the Red Line extension to Alewife, the relocation of the Orange Line in the Southwest Corridor, the purchase of new vehicles for the Orange Line and Blue Line, and the purchase and renovation of the entire commuter rail network. Fortunately this effort

Representative J. Moakley

3/4/99

2

succeeded bringing at least 3/4 billion 1976 dollars extra to the MBTA which secured the success of that investment program. Much less visible, in the same bill, the Federal Highway

Administration had provided essentially no money for the depression of the Central Artery and the related City Square project in Charlestown.

We had begun the Corridor program studies and environmental process, and, as secretary of Transportation for Massachusetts, I was very concerned that the low numbers in the Interstate Cost Estimate indicated a predisposition by FHWA to deprive Massachusetts of the 90% interstate funds we were entitled to, to rebuild the deficient Central Artery, a designated link of the interstate highway system. Though the intercession of the Massachusetts Congressional Delegation with Governor Thiemann, the FHWA administrator, a compromise number of several hundred million dollars was included to make clear that some major action was required.

Later in 1982, the next U.S. Surface Transportation Act, the intervention of the Massachusetts Congressional Delegation was again required to secure Interstate Highway (90%) federal funding for the City Square Charlestown project, because FHWA was unwilling to fund the project without congressional clarification.

In 1983, Federal Highway law had established an absolute deadline of September 30, 1983 for submittal of a final EIS of any Interstate Highway project. Failure to satisfy that deadline meant losing billions of Interstate Highway funds, and nearly certainly losing the ability to proceed with either the Central Artery depression or the third tunnel.


Representative J. Moakley


3/4/99

3

The challenges to meeting that deadline were immense. Given the complexity of the task of completing the required environmental document, absolute cooperation from FHWA was required to progress all of the environmental work, and FHWA had consistently made clear its lack of sympathy for the project. Moreover, because of the long history of adverse environmental impact on the East Boston and South Boston communities by Logan Airport, and the fear in those communities that the physical disruption of the tunnel construction would bring greater damage, and the improved access would facilitate further expansion of Logan, with still more severe environmental degradation, the tunnel had become very controversial, and Mayor White, Senators Kennedy and Tsongas, and Speaker O'Neill and yourself were all opposed to the tunnel.

I am sure that you remember the meeting in Speaker O'Neill's Office with you and Congressman Donnelly, where I asked you to give me a chance to resolve the community's concerns regarding the tunnel and Logan, and complete the environmental process in time for the September 30 deadline. You and Speaker O'Neill agreed to support the project with FHWA in order to make the deadline, and I agreed that if at any point in the project, I failed to deliver community support to each of you, the tunnel portion of the project would be dead. I also made similar comments to Senators Kennedy and Tsongas.

 You then intervened with the Reagan Administration FHWA, with the support of Representative Silvio Conte, to secure the full administration support for the environmental process to meet what everyone believed was an impossible deadline.



Representative J. Moakley

3/4/99

4

Pursuant to our agreement, I proceeded to revise the tunnel alignment, working closely with the South and East Boston communities, and directly with Gillette Engineers, to be sure we did not harm that major source of employment, or either community. I also worked to secure a good neighbor policy of Massport towards its neighbors, and I settled litigation initiated by my predecessor against the injunction the City of Boston had won against a Massport proposal to build runway 14-32 as a one-way runway. That is to say, I agreed to an injunction against that runway and other airfield expansion and secured policy commitments from Massport to live within the current airfield capacity, and focus on developing the best airport noise abatement program in the country, improved transit access to Logan, and modernization of Logan terminals.


There is no question that without the intervention of the Massachusetts Delegation with FHWA, we would have failed to meet September 30 deadline and lost eligibility for the 90% Interstate highway funds. As it was, the necessary environmental documents were filed on September 30, the last possible day. Any delay imposed by FHWA review periods would have killed the project, and your intervention with FHWA, at the bureaucratic level literally saved the project.

After succeeding in meeting the environmental deadline, we entered a period of extreme politicization of the public works strategy by the Reagan Administration, with delayed approval of the Environmental Impact Statement for over two years, imposition of requirements for new "supplemental" environmental studies, and insistence on congressional "Clarification" of eligibility for interstate funds.


Representative J. Moakley

3/4/99

5

 The congressional "Clarification" took place in Spring 1987, with the next Surface Transportation Act. This time President Reagan took the unprecedented step of vetoing the Surface Transportation Act, which included our clarifying language which had been agreed to by FHWA. By this time Speaker O'Neill had retired and you as the leader of the Massachusetts House Delegation were successful in fighting to keep our language in the bill, and secure a 2/3 majority to overcome the veto. In the senate, Senator Kerry and Kennedy faced a similar effort and ultimately succeeded in achieving the override by one vote, the swing vote by senator Terry Sanford was personally convinced by Senator Kennedy, his long time friend, to vote to override.

Once again, an outstanding performance by the Massachusetts Congressional Team saved the project, and billions of federal dollars for the state.

 In the passage of time imposed by the FHWA insistence on more environmental process and the 1987 congressional action, the cost of the project went up. In 1983, the cost estimate was approximately 2.5 billion, in 1983 dollars. Substantial inflation in construction costs during the 80's added cost. In addition new environmental issues which arose in the supplemental environmental process also added mitigation cost. For example, FHWA staff encouraged the reconstruction of part of the Southeast Expressway from Herald street to the incinerator which had not been included in the original project; the South Boston bypass road to keep trucks off of local streets; the conversion of Spectacle Island from a contaminated dump to a Harbor Island Park using Big Dig excavate to cap the dump; River Bank Parks extending the Esplanade on both banks of the Charles River, and the provision of an upgraded bus connection from airport terminals to the Blue Line airport transit station, and a buffer park along Bremen Street, East

Representative J. Moakley

3/4/99

6

Boston were among the most important environmental additions to the project. In addition, in a separate agreement with the Conservation Law Foundation, the continued investment and improvement of the MBTA which was an underlying assumption of the Environmental Impact Statement was contracted and agreed to.

In view of the fact that these are all legitimate environmental mitigation items, and the fact that under interstate highway federal law at the time, 90% of the project was to be federal money, and the cost estimate was updated for inflation every two years, the primary problem of the delay was the delay itself. From a financial point of view, Massachusetts was protected because the cost would be updated to account for inflation and the environmental mitigation, so fully 90% of the cost would be provided by Federal funds not otherwise available to Massachusetts. (The only exceptions to this were the central section of the artery between High Street and Causeway Street, which the 1987 statute provided would be funded by federal funds other than interstate, that is coming from Massachusetts formula funds, and not eligible for automatic inflation adjustments, and the continuation of transit invested, which is financially separate from the Big Dig.)

In 1990, as the end of the environmental process was in sight, and the beginning of construction at hand, FHWA made another effort to stymie the project, by approaching Chairman Minetta of the Public Works Committee and suggesting that if the Central Artery/Tunnel project were cancelled, there would be more money for everyone else. Again the Massachusetts Congressional Delegation saved the project. Chairman Minetta let the Massachusetts Delegation

Representative J. Moakley

3/4/99

7

know of the danger, and Silvio Conte ranking member of the Transportation Appropriation Subcommittee confronted the FHWA appointees, who dropped the idea.

During 1990, preparations were underway for the 1991 Surface Transportation Bill, (called "Istea"). This was to be the last authorization for Interstate Highway funding, so it was a particularly important bill for Massachusetts, as there would no longer be periodic updates for inflation or other cost increases, which had been a central feature of the interstate highway program since 1956, assuring states that the federal government would pick up 90% of actual cost of interstate projects, including inflation and "mitigation". Since the 1991 act would be the last interstate authorization, it was necessary to estimate the fully inflated cost of the project and include the total in the authorization bill, with the risk of any delay related or other cost increases falling on Massachusetts.

The financing of the artery received an unusual amount of scrutiny during 1990 because of an understanding of the new environment in the congress with most states having completed their interstate network. We conducted The Lazard-Freres Financial study to be sure there was enough money to both build and maintain the Big Dig, with participation by a committee of the Chamber of Commerce and the "Vault". The Massachusetts legislature passed a major gasoline tax increase to be certain that both the Big Dig and the state wide program would be adequately funded, and to make clear to the congress that Massachusetts was financially prepared to manage the Big Dig.

Representative J. Moakley

3/4/99

8

The voters turned down by a more than 60% margin an anti tax referendum that would have repealed this gasoline tax, and an anti consultant referendum that would have dismantled the engineering and construction management support of Bechtel-Parsons used to support the project. The Lazard-Freres report concluded that the financial strength of Massachusetts was adequate to build and maintain the project because of the combination of federal fund, toll capacity, registration fees and the newly passed and upheld gasoline taxes. We did everything possible in 1990 at the state level to provide support to the Massachusetts congressional delegation in what we all knew would be a formidable task, so there was absolutely no question in the 1991 Congress that Massachusetts was financially prepared for carve out its role in the project, financially and managerially..

The fully inflated cost estimate was \$5.9 billion, and the remaining required interstate portion, with inflation, was included in the Bush Administration proposal for the bill. The Weld-Cellucci Administration had begun in Massachusetts, with an internal discussion of whether and how to continue with the project. Policy decisions were announced to go forward with the project and to honor all of the environmental commitments including the transit commitments in the Conservation Law Foundation Agreement".

In the congressional dynamic that year, the Massachusetts Delegation had to defend the unusually high interstate number. This was the first time an interstate authorization had included full cost including inflation to the actual point of construction of what was estimated to be a 10-year project. In the past, with every state having a stake in an ongoing interstate program, the authorization would only include authorization of the period of the authorization, typically four

Representative J. Moakley

3/4/99

9

years, but this time most states were close to completion of or already had completed their interstate network, so the interstate authorization was disproportionately for Massachusetts and included all the money to complete a 10 year project including inflation, making it extremely visible, and without the alliance of states which had supported continuing authorization for the interstate programs throughout the earlier history of the program.

Once again the Massachusetts Congressional Delegation, (led by congressman Moakley on the house side) delivered superbly on a formidable task. With the clear understanding that this was the last interstate authorization and it would not be possible to go back to the congress for more money for the project, the Massachusetts Delegation delivered a bill with the entire authorization for the Big Dig, slightly more than had been initially proposed by the Bush administration.

In addition, Senator Moynihan succeeded in adding a one-time equity adjustment to provide added formula funds for those states (primarily in the northeast) which had built parts of the interstate systems before availability of the interstate program, using local gas taxes and tolls. Because of the Mass Pike and Route 128 (both built without federal funds, and now part of the interstate system), Massachusetts received an additional one half billion dollars, which was viewed as providing some substantial comfort against the risks of the new situation.

When President Bush signed the Istea legislation in 1991, everyone celebrated another outstanding performance by the Massachusetts Congressional Delegation.

Representative J. Moakley

3/4/99

10

As the project proceeded into full construction of the Ted Williams Tunnel, substantial schedule slippage occurred as the Weld Administration re-opened the environmental process on the Charles River Crossing, (against the advice of then-Commissioner Kerasiotis, and the Bechtel-Parsons support team). Three years later, the issue was settled with a very similar River Crossing, but the three year delay had held up all engineering on a major part of the project, creating substantial delay, and adding over a billion dollars in cost to the River Crossing, not counting the cost of delay to the rest of the project. Revisions to ramifications and problems with soil samples in the Fort Point Channel Area led to re-engineering of the connection between the turnpike and the Ted Williams Tunnel, which caused further substantial delay and cost increases. Major changes in personnel during the period may have increased the difficulty of keeping to schedule. Whatever the causes, the large increase in cost, with the project estimate now at \$10.7 billion (and the GAO estimates higher), are in no way attributable to the Massachusetts Congressional Delegation which has continued to perform superbly.

As the 1998 re-authorization bill approached, the delays and cost increases as the project were very visible, and during political campaigns, the Weld-Cellucci Administration had eliminated registration fees that were a major financial underpinning of the project, and very visibly supported the elimination of tolls. At the same time Massachusetts was enjoying budget surpluses, in part a result of the economic stimulus of billions of federal dollars coming into the state in excess of Massachusetts' contribution to federal funds, provided substantial increase in economic activity with resultant increases in the tax receipts. From a national perspective strong pressures were emerging for federal highway distributions to each state to approximately equal the contribution from each state, so that with the strong commitments in the 1991 law that there


Representative J. Moakley

3/4/99

11

would not be further interstate authorizations, there was no basis for Massachusetts to receive more than its contribution to the federal funds, and the very visible surplus, tax reductions and toll reductions in Massachusetts certainly were not conducive to any argument that Massachusetts needed special help.

The extraordinary surplus of federal highway funds coming into Massachusetts, over and above Massachusetts contribution were necessarily ended with the elimination of the interstate program. In the new congressional dynamic focused on rough equality of highway tax contribution and distribution, Massachusetts could expect to get between 360 and 450 million per year out of the new bill. Nonetheless, once again the Massachusetts Congressional Delegation delivered more than any reasonable level of expectation, Congressman McGovern at great personal political risk got onto the authorization committee and the conference committee in order to advocate for the state. Extraordinary work in the senate by both Kennedy and Kerry, with assistance from the Clinton Administration secured by yourself and the senators resulted in an estimated nearly \$530 million per year for the state, well in excess of the Massachusetts contribution, and well in excess of any reasonable expectation. The fact that the media focus is on the decrease in surplus that the congressional delegation had delivered for a decade can only be attributable to amnesia and lots of "spin."



The state financial plan, rather than dealing with the financial support the state has removed from the table, such as the repeal of tolls and registration fees, or looking to major project beneficiaries such as Massport for a realistic funding base, has chosen to use both "Grant Anticipation Notes" pledging approximately half of future federal funds for the next 15 years

Representative J. Moakley

3/4/99

12

(funds not yet authorized by congress) to pay for construction cost now being incurred. This practice deprives the state of the financial capacity to invest in new transportation initiatives to support continued economic growth, and will saddle taxpayers with unnecessary and excessive interest payments.

The failure to deal with the financial situation at the state level is producing other disturbing effects. Essential transportation and environmental features of the project are being eliminated in pennywise/pound foolish "economies". For example, the ramp exit to allow vehicles from the Ted Williams Tunnel to access the Back Bay was deleted to "save" \$60 million, without even a full public environmental review. Now there is pressure to correct that mistake at much greater cost. The replacement parking garage at Haymarket built with federal funds as mitigation for the impact of the project on North End businesses caused by removal of the under-artery parking was supposed to provide discount parking in perpetuity to those businesses, but the project attempted to treat the garage as a cash cow with no provisions for the merchants, and only after protest did the merchants get a temporary merchant discount program. In East Boston the state has proposed to eliminate the airport to the Blue Line transit improvement and replace ramps that were to be depressed adjacent to parks, with roadways over 50' and 35' high in the name of "saving" cost (by eliminating promised benefits).

Most ironically, Massport has put back on the table the same runway 14-32 expansion program that was shelved to secure community support for the Tunnel in East and South Boston.

Representative J. Moakley

3/4/99

13

I believe that any accurate view of the history of this project shows that the Massachusetts Congressional Delegation, and you in particular, have "delivered" beyond any reasonable prediction billions of dollars beyond what the state is contributing to the federal highway funds in order to secure the Massachusetts completion of the Interstate system consistent with federal environmental law, a legitimate federal purpose in the historic context that the federal interstate program made major disproportionate investment in the South and West in the early days of the program, but nonetheless an incredible political achievement during a period of short term political vision and weakening sense of federal role.

I also believe that to maintain the credibility of government in general and the federal transportation programs in particular, it is essential that the US DOT take vigorous action to enforce the environmental commitments that were fundamental to this project going forward, including the commitments to the East Boston community regarding the transit improvements, Bremen Street Buffer Park and depressed roadways near airport station on the Blue Line, and the commitments to support the injunction against the runway expansion Massport is once again proposing.

Further the US DOT needs to be more vigilant in the review of the Massachusetts financial plan, which has been characterized by the removal of major state revenue streams without replacement, and increasing levels of borrowing against the future. If there are any added federal funding possibilities in the area of discretionary of transit funds to bring real federal money to the table they should be vigorously pursued, but only in the context of full honoring of the commitments made by the state to secure the 1983, 1987, 1991 and other essential approvals

Representative J. Moakley

3/4/99

14

without which the project could not have happened. Obviously keeping the construction moving forward is essential, but Massachusetts has the responsibility to put a realistic game plan on the table.

The current situation has elements of a massive game of "Bait and Switch", with the primary losers being the communities surrounding Logan who will suffer environmental degradation and future residents of the Boston area whose future capacity for transportation investment is being mortgaged, and the Massachusetts Congressional Delegation which is being manipulated into an impossible expectation - to deliver even more massive surpluses of federal funding over Massachusetts' contribution, while the state reduces its financial and environmental commitments.

In short, I believe that a fair review of the history shows that you personally and the entire Massachusetts delegation has "delivered" federal funds above and beyond any reasonable expectations, and you are entitled to fairly shift your energy to insisting that US DOT require the state to deliver on the environmental commitments it made in order to secure the project.

In closing, let me say I have enormous respect for the incredible, sustained commitment you have personally shown to the project, and the incredible success you and the delegation have achieved in delivering billions of dollars into this project. I encourage you to seek the assistance of the federal administration, as well as Massachusetts and Massport to honor the commitments that made it possible.

Frederick P. Salvucci