

The Commonwealth of Massachusetts
Massachusetts Department of Transportation (MassDOT)
Office of Transition Management

Quarterly Integration Report February 1, 2011

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Secretary & CEO

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1.0 Executive Summary

"It is the common commitment among all of us, not a chosen few, to pursue excellence consistently in all we do that will make our organization excellent. The rewards to all of us will be significant and are worthy of our pursuit." — *Jeffrey B. Mullan, Secretary & CEO*

After more than a year in existence, the Massachusetts Department of Transportation (MassDOT) is preparing to move into the next phase of reform. This will be accomplished by increasing the focus and expectations of the senior leadership on managing the business and leading transportation reform; concentrate on continued threats or issues that have yet to be addressed; and continue to align the program to the MassDOT goals. Nevertheless, work remains with respect to integration and continuing to improve the culture of the organization.

This sixth Quarterly Integration Report updates the ongoing efforts within the divisions and administrative departments of MassDOT. In the last three months:

- The Office of Labor Relations has finalized an agreement on labor issues that arose from the merger.
- The Office of Performance Management has submitted its first report to the Legislature on key measurements.
- The Registry of Motor Vehicles reduced the statewide average wait times in the branches from 28 minutes in May 2010 to 9 minutes in December 2010.
- The process improvement teams developed solutions for specific problems using continuous process improvement methods and presented them to the Secretary.
- Using innovative techniques, the Highway Division was able to complete the "heavy lift" bridge construction project in Phillipston and the first phase of the Craigie Drawbridge replacement project with minimal disruption to the traveling public.
- The Massachusetts Bay Transportation Authority continues its efforts to improve customer service with the operation of three-car train service on the Green Line and the "quiet car" pilot program.
- The Aeronautics Division was given authority by the Board of Directors to issue grants totaling \$20 million to three regional airports for safety improvements as well as terminal and runway enhancements.

These highlights are explained in further detail throughout the report, as well as, other new developments related to the integration of MassDOT.

2.0 Introduction and Background

In June 2009, Governor Deval Patrick signed Chapter 25 of the Acts of 2009, “An Act Modernizing the Transportation Systems of the Commonwealth of Massachusetts,” (as amended by Chapter 26 of the “Act.”)

The transportation reform legislation required that on November 1, 2009 the Commonwealth integrate the state’s former surface transportation agencies and authorities into the new Massachusetts Department of Transportation. As an independent authority and component organization of the Commonwealth, MassDOT has an appointed board and is organized as a body politic but is also governed by state laws, rules and policies. The organization now oversees four new divisions: Highway, Rail and Transit, Aeronautics and the Registry of Motor Vehicles (RMV), in addition to an Office of Planning and Programming housing executive and administrative functions. MassDOT is administered by a Secretary of Transportation, appointed by the Governor to serve as Chief Executive Officer. A five-member Board of Directors appointed by the Governor with expertise in transportation, finance and engineering oversees the organization, while serving as the governing body of both MassDOT and the Massachusetts Bay Transportation Authority (MBTA).

The Massachusetts Department of Transportation is a merger of the former Executive Office of Transportation and Public Works (EOT), the former Massachusetts Turnpike Authority (MTA), the former Massachusetts Highway Department (MHD), the RMV, the former Massachusetts Aeronautics Commission (MAC), and the Tobin Bridge, previously owned and operated by the Massachusetts Port Authority (MassPort). In addition, the MBTA and Regional Transit Authorities (RTA) are subject to oversight by the new organization. The new organization also assumed responsibility for many of the bridges and parkways previously operated by the Department of Conservation and Recreation (DCR) on November 1, 2009.

3.0 Summary of Reports

This report complies with Section 149 of the Act, which requires that, ninety days after the effective date of the Act and quarterly thereafter until the transition period is complete, a report to the Governor, the Secretary for Administration and Finance, the Joint Committee on Transportation, the Senate and House Committees on Ways and Means, and the Clerks of the Senate and the House of Representatives, shall be filed relative to the progression of the incorporation of the agencies and authorities into the new organization. The report shall include, but shall not be limited to, plans for the assignment and reassignment of resources including personnel, equipment and supplies into the Massachusetts Department of Transportation. The report shall also include the status of the transition of roads, bridges, designated parkways and any other transportation assets of the Massachusetts Turnpike Authority (MTA), Massachusetts Port Authority (MassPort), the Department of Conservation and Recreation (DCR), and the Massachusetts Highway Department (MHD) and shall further include approximate schedules for the completion of the transition.

This report is also being filed to comply with Section 8.5 (b) of the Act, which requires that the Secretary of MassDOT report on the progress made in implementing a single state agency including operating and capital expenditure and administrative savings to the Joint Committee on Transportation, House and Senate Committees on Bonding, Capital Expenditures and State Assets, and the House and Senate Committees on Ways and Means. This report provides an update to the 90 Day Report filed in August 2010 and outlines cost savings and efficiencies that have been achieved or are expected to be achieved in the future through the ongoing integration effort. Through other legislative required reports, MassDOT has provided updates on the operating and capital expenditures of the department since the August 2010 report.

To date, five integration reports have been filed with the Legislature, in addition to other reports required by the Act. This sixth report provides updates on MassDOT's efforts to create a unified organizational culture and the ongoing integration work of the divisions and administrative departments.

4.0 Organizational Updates

The Office of Planning and Programming, as required by the Act, consists of MassDOT's central offices that direct administrative functions of the organization. It includes the Office of the Secretary and CEO, Office of Transportation Planning, Office of the Chief Administrative Officer, Office of Public Affairs and Transition Management, Office of the Chief Financial Officer, Office of the Chief Information Officer, Office of the General Counsel, Office of Real Estate and Asset Development, and Office of Performance Management.

The organizational updates include progress made by the offices in supporting the day-to-day functioning of MassDOT.

4.1 Office of the Secretary/CEO

In January 2011, Governor Patrick re-appointed Jeffrey B. Mullan as the Secretary and CEO of the Massachusetts Department of Transportation.

The Office of the Secretary and CEO directs daily operations and the overall management of the organization, develops and administers state transportation policy, assigns and oversees operational responsibility of projects to various transportation divisions or departments, and coordinates interagency activities and long term state transportation planning.

Key positions within the Office include the Secretary, members of the Board of Directors, the Chief of Staff, the Deputy Secretary, and the Assistant Secretary. The expertise of this senior leadership team in core administrative functions and related fields leaves the Office of the Secretary well-positioned to manage transportation reform and develop strategies to address the short term and long term needs of the organization.

4.1.1 New England and New York Transportation Compact

The Massachusetts Department of Transportation (MassDOT), initiated the establishment of a new coalition with the transportation departments in the other New England states and New York to advocate for, and assist in the planning of, transportation projects of regional importance. This coalition would collaborate on multi-modal transportation issues of regional significance that support regional economic development, tourism, and environmental objectives.

The agreement, or Compact, defines the purpose and goals of the coalition that include:

- Share information about transportation projects and initiatives, to improve regional freight and passenger rail, highway access, overall regional mobility, and other critical transportation priorities.
- Advance high priority regional transportation projects, including but not limited to high-speed rail, inter-city passenger rail, commuter rail and other forms of mass transportation.

- Advocate in important policy areas and with various advocacy groups, to ensure the region benefits from federal programs and funding streams that will help preserve and enhance New England’s transportation systems and infrastructure.
- Coordinate other transportation related areas as new priorities and needs arise.

4.2 Office of Transportation Planning

The Office of Transportation Planning (OTP) is comprised of a team of over 40 professional and technical staff under the leadership of the Executive Director. The OTP serves as the primary source of transportation planning for MassDOT and develops transportation plans, programs, and projects to advance the policies and objectives of the Governor and the Secretary. The OTP also ensures compliance with federal and state transportation and environmental laws and regulations to ensure a continued stream of federal transportation funding to the Commonwealth.

4.2.1 Healthy Transportation Compact Award

The Federal Highway Administration gave a 2010 Exemplary Human Environment Initiative Award to the Healthy Transportation Compact for encouraging non-motorized transportation and a commitment to “creating and improving conditions for human activities while protecting the natural environment.”

The Healthy Transportation Compact created as part of the 2009 transportation reform legislation, signed by Governor Deval Patrick, is a multi-state agency collaboration to balance all transportation modes, expand mobility, improve health, support a cleaner environment, and create stronger communities.

This national recognition has provided MassDOT with a unique opportunity to highlight the initiative and encourage other DOTs to implement a similar effort.

4.2.2 MassDOT Facilities Planning Support

To assist in MassDOT’s integration efforts, the Office of Transportation Planning has recently undertaken several activities related to facilities planning. OTP researched and produced detailed maps of all MassDOT facilities, both statewide and by Highway Division district.¹ All types of MassDOT facilities were addressed, including maintenance buildings, salt sheds, radio towers, pump stations, rest areas, park-and-ride lots, storage lots, toll plazas, electrical substations, and numerous other assets. These maps are being used to help identify where duplication or overly-saturated coverage may exist and where improvements could be made for more efficient operations and is in response to the fact that the Director of Capital Asset Management and Maintenance no longer has jurisdiction over the assets of the former Highway Department.

¹ Staff is also working with the MBTA to compare facilities inventory databases.

OTP has also conducted various analyses specifically related to site planning, as the merging of transportation agencies has created opportunities to realize savings through combined and/or relocated buildings for maintenance and operations. For example, an analysis of new and/or shared sites was conducted for a potential relocation of the Highway Division's District 3 facilities. OTP is conducting another analysis on the potential impacts of the Boston Convention and Exhibition Center expansion on MassDOT's maintenance facilities.

Further updates will be included in future reports.

4.3 Office of the Chief Administrative Officer

The Office of the Chief Administrative Officer (CAO) manages all of the administrative functions of MassDOT and the CAO reports directly to the Secretary. This office is responsible for coordinating, overseeing and reviewing human resources, payroll, and other administrative operations and actions, ensuring that all employment policies, programs and procedures are in compliance with state and federal laws, regulations, and guidelines.

These Administrative Services programs include personnel management and administration, recruitment, human resource planning and development, training, employee assistance, performance appraisal, professional development, collective bargaining, benefits and payroll administration, absence management (workers' compensation, FMLA, etc), facilities management, vehicle management, civil rights, and security planning and emergency preparedness.

MassDOT continues to tackle its internal cultural issues through the Transportation Round Table, which is coordinated by Administrative Services as another component of its employee engagement strategy. The Round Table uses the knowledge, insights and experience of employees and managers to identify and recommend ways to work out the obstacles that are impeding MassDOT's ability to achieve and promote a diverse, engaged, and inclusive workforce.

During the last quarter, the Round Table was able to expand its reach and engage more employees through the use of WebEx, enabling employees to participate in meetings via video conference. The November and December Round Table topics were focused on identifying MassDOT's target culture and strategies for attaining it. In December, Round Table meetings were held in two locations, the Charlestown Bus Garage and the RMV Headquarters in Quincy. In an effort to accommodate interest in the Round Table, the meeting in Charlestown was held in 2 one hour sessions.

4.3.1 Human Resources

The Office of Human Resources (HR) is responsible for developing strategic plans to integrate human resource activities and services into one system. It provides a variety of services including: classification/compensation, benefits administration, absence management, human resource processing and payroll, employment law counseling,

hiring, strategy and succession planning, management, wages, occupational conditions and standards, and retirement.

Policy Development

HR continues to update, reconcile, and modernize its workplace and personnel policies. To date, the Policy Committee has identified 65 workplace and personnel policies and has finalized all but eight. Now that the Master Labor Integration Agreement has been signed, the Policy Committee is beginning the process of implementing all finalized policies.

Talent and Professional Development

Personal Development Series

MassDOT started a Personal Development training program, which includes the following classes: writing skills, stress management, presentation skills and time management. All of these classes were offered across the Commonwealth to all MassDOT employees. The classes are filled to capacity with approximately 800 participants.

Computer Training Program

Complementing the Personal Development Training Program was a state-wide comprehensive computer training program, which was tailored to the needs of the MassDOT's workforce before it was rolled out. Thirty-six computer training classes have been offered to date with over 350 participants. When the program is complete in the spring of 2011, it is estimated that over 2,300 MassDOT participants will have received specialized computer training.

Commonwealth Management Certificate Program

Nine MassDOT Managers began to participate in HRD's seven month Commonwealth Management Certificate Program. MassDOT is presently recruiting Supervisors to participate in the Commonwealth Supervisors Certificate Program.

Customer Service Training Program

The customer service training developed jointly by the MBTA and MassDOT entitled "How Can I Help You Today?" held its third and final pilot for front-line ambassador employees. Executive briefings of the training program were held for Union leadership and the Highway Division senior leadership team. The program was officially rolled out in January, 2011. Classes will continue for approximately 18 months, during which time it is expected that 5,000 employees will be trained.

Other Mandatory Training Programs

MassDOT and MBTA are also working jointly to combine their Workplace Violence and Diversity Training programs. A "Train the Trainer" class was held for Workplace Violence Training and the classes have been offered to additional MassDOT personnel. The Diversity train the trainer session was scheduled for the end of January, 2011. At the conclusion of the Train the Trainer class, it is expected that the new instructors will be conducting Diversity classes throughout the year.

Talent Acquisition & Staffing

Registry of Motor Vehicles Customer Service Representatives (CSR) Hiring

A total of 72 CSR Is were hired in response to the Wait Time Reduction Initiative. As a result of these hires, wait times at the RMV branches have been reduced from a state average of 28 minutes in May to less than 9 minutes in December. In addition, 25 CSR II and CSR III positions were created via an internal promotional posting. These additional supervisory personnel will allow 8 of the busiest RMV Branches to extend their hours.

Seasonal Toll Collectors Hiring

Over 175 Seasonal Toll Collectors have been hired in an effort to reduce overtime costs and provide an acceptable level of service. The seasonal program ran through January 15, 2011. When the seasonal program ended, 59 part-time positions were filled using a new salary chart. This program is projected to save an estimated \$1.3 million on an annual basis.

Cross-training

The Talent Acquisition & Staffing groups have been cross training in order to provide greater customer service. Staffing analysts have been attending college fairs, enabling them to have increased interaction with applicants. In an effort to expand their scope of abilities and to learn more about different functions within MassDOT Divisions, analysts have also been participating in job interviews for toll collection positions. Talent Acquisition personnel have begun working with the staffing analysts to further screen positions which will ensure a diverse, well qualified pool of candidates is forwarded to the hiring managers.

Employee Engagement

HR Open House

MassDOT's 1st Human Resources Open House was held in October and over 200 employees were in attendance. Personnel from each unit of Human Resources were present to answer questions relating to benefits, retirement, volunteerism, training, professional development and more. Two additional Open Houses have been held; one was held on November 4, 2010 at the Quincy RMV Headquarters and the other at District 3 Headquarters on December 15, 2010. HR plans to continue periodic open houses throughout the state as part of its ongoing customer service initiatives.

Employee Recognition Program

The Employee Recognition Program has recognized "outstanding" and "beyond the call of duty" performances by MassDOT and MBTA employees for the 9th consecutive month. The department is preparing for the Annual Employee Recognition Program sponsored by the Commonwealth's Human Resource Division. Employees, Managers and Supervisors were asked to submit their nominations for the Annual Employee Recognition Awards by February 4, 2011. All Annual and Monthly Winners will be recognized at an Employee Recognition Celebration to be held in May 2011.

Compensation and Benefits

HRCMS Reconfiguration

Now that Grand Bargaining is complete, the Processing Unit and Payroll is working with the respective HRD and IT staff to develop and reconfigure the processes and procedures that must be amended according to the Master Labor Integration Agreement.

4.3.2 Office of Labor Relations and Employment Law

MassDOT's Office of Labor Relations and Employment Law (OLEL) has finalized an agreement on labor issues that arose from the merger of the Executive Branch Transportation agencies, the Massachusetts Turnpike Authority, and Tobin Bridge transfer. The negotiating team included representatives from OLEL, HR, the Highway Division, the RMV, as well as representatives of eleven bargaining units and a mediator. The finalized agreement, known as the Master Labor Integration Agreement (MLIA), establishes a coherent bargaining unit structure for MassDOT and addresses a number of issues relating to the integration of this organization's workforce. OLEL is now in the process of disseminating the MLIA and training managers to understand and apply the provisions included in this agreement.

OLEL represents MassDOT in proceedings before various administrative forums such as The Civil Service Commission (CSC), Division of Labor Relations (DLR), Division of Unemployment Assistance (DUA), and the Massachusetts Commission Against Discrimination (MCAD) and at grievance arbitration before the American Arbitration Association, and before rotating arbitrations panels. OLEL also represents MassDOT in Superior Court and Appeals Court actions when designated as Special Assistant Attorney General by the Attorney General.

4.3.3 Office of Employee Relations

The MassDOT Office of Employee Relations, under the leadership of the Director, Robert Horacek, is staffed by a Deputy Director, two Employee Relations Managers, and an Employee Relations Specialist. It serves as a resource to Directors, Managers, Supervisors and Employees across MassDOT including the MBTA. It will help create and maintain employer-employee relationships that contribute to high levels of productivity, motivation and morale. It was also created to address issues for employees at an early stage.

The Office has addressed a number of issues and problems brought to its attention. It coordinates with other units within the Office of the Chief Administrative Officer to develop programs to address and correct the issues and problems identified.

The Office of Employee Relations' achievements to date include:

- Staffing and training to ensure adequate response to employee issues.
- Assigned responsibility for coordination of Roundtable activities and identified as a resource for Roundtable recommendations.

- Assigned responsibility for handling Workplace Violence matters and employee related Domestic Violence matters.
- Opened 41 new case files.
- 11 cases were fully resolved. 30 are in pending status and are being processed and managed.
- A SharePoint site has been developed for Intake and Case Tracking purposes.

4.3.4 Civil Rights

The Office of Civil Rights (OCR) ensures that MassDOT meets its obligations and commitments on equal opportunity and/or affirmative action in employment, contracting and within programs and activities. MassDOT's focus on diversity in its programs is based on the simple premise that the transportation system should mirror the diverse communities it employs and serves.

While this office is included as a part of the CAO and closely associated with those responsibilities, the head of the OCR reports directly to the Secretary.

DBE Goal Approval; DBE Program Modifications

MassDOT has received approval of its three-year goal for DBE participation from Federal Highway Administration (FHWA). MassDOT is the first program in the US to have received approval for its program under this new promulgation of a structure designed to reduce bureaucratic efforts in the management of this program. MassDOT has submitted a work plan to FHWA to address needed modifications across the Contract Compliance and DBE Program areas of our work, and are making needed modifications requested by the FHWA to finalize this plan. The final *ad hoc* Subcontractor Payment Committee report on MassDOT's prompt payment practices has been approved by Secretary Mullan and has directed the Highway Division to undertake remedial policy steps.

Affirmative Action Plan Conditionally Approved

MassDOT has received conditional approval for its Affirmative Action Plan from both the Federal Highway and Federal Transit Administrations and the Office of Civil Rights is working to address technical questions relating to state approval with the Commonwealth's Human Resources Division-Office of Diversity and Equal Opportunity. OCR has collaborated with Human Resources and IT to resolve outstanding questions on data accuracy and retrieval formats to address the goal of Federal Highway to have data that is available by job groups at a district level. OCR has begun the process of providing orientations on the Affirmative Action Plan within Human Resources and the Highway, Rail and Transit, Registry and Aeronautics Divisions, and will soon deepen these conversations on needed policy and practice changes that will result in both diverse candidate pools and selections, while continuing to expand awareness of the AAP across MassDOT.

MassDOT and MBTA Civil Rights Integration Moves Forward

MassDOT and the MBTA civil rights units have initiated conversations to focus on the best means for integrating civil rights operations in a manner that will allow for efficiencies and collaboration, while ensuring respect for the several state and federal funding sources that the office is accountable for reporting and compliance activities. MassDOT has hired a Deputy Civil Rights Director who is leading this effort, based on her 31 years of government service, primarily in the field of Affirmative Action and Equal Employment Opportunity endeavors.

Technical Assistance Request for Proposals to be Posted

MassDOT has drafted a new technical assistance grant scope of work for a Request for Proposals in support of women and minority contractors. This scope is focused on establishing a range of activities to support MassDOT contractors toward achieving certification, best practices, business development and technical business assistance. A critical goal is to ensure that MassDOT contractors, and particularly those run by women or minorities, have access opportunities that will further their efforts to secure and execute work on MassDOT construction projects. This RFP was issued in January 2011.

Certification Program MOU Signed By Secretary Mullan; DBE Supportive Services Program Builds Advisory Board

OCR has revised and Secretary Mullan has signed the Memorandum of Understanding with the Supplier Diversity Office (SDO) within the Operational Services Division of the Executive Office for Administration and Finance for the Massachusetts Unified Certification Program. The department is still collecting remaining signatories to this agreement. MassDOT continues its work with SDO on the DBE Supportive Services Program in order to provide technical and business development assistance to certified DBE firms and increase their ability and capacity to bid and perform on federally aided construction contracts. An advisory committee, comprised of industry and other stakeholders, has been formed to provide oversight and advice to this effort, and is meeting on a monthly basis to discuss ways to ensure that the DBE-SS Program can achieve its objectives.

4.3.5 Security Planning and Emergency Preparedness

The Office of Security Planning and Emergency Preparedness continues to ensure that the four divisions of MassDOT develop an ongoing emergency management program to mitigate, prepare for, respond to, and recover from natural and human-caused emergencies and disasters that could impact its jurisdiction and operations, and cooperates with other external entities as may be necessary to ensure the safety and well being of the public and property in the Commonwealth.

The Office of Security Planning and Emergency Preparedness continues to spearhead initiatives with all divisions for the conduct of vulnerability assessments, the development of mitigation strategies, the development of emergency management plans, response plans and procedures, and the design and conduct of training and exercise programs.

Operation Hermes; Training and Exercises

The Office continues to coordinate the design, development, and conduct of a multiple transportation agency/public safety drill and exercise program, funded by a grant from the Transit Security Grant Program. The Office recently worked with a multiple agency task force to conduct a Functional Exercise in September 2010, an Interoperable Communications Equipment Test in December 2010, and is planning for a Full Scale Exercise in March 2011. The Office is also working with the Massachusetts Emergency Management Agency to conduct Incident Command System training for MassDOT first responders and senior managers.

Interoperable Communications

The Office of Security Planning and Emergency Preparedness has successfully worked with the Executive Office of Public Safety and Security to secure grant funding for the for the Massachusetts Emergency Transportation Fiber Optic Network (METFON), under the Public Safety Interoperable Communications Grant Program, which will facilitate transportation and public safety agencies collaborating virtually through their operations control centers with real time video and information regarding escalating emergency incidents in different jurisdictions.

Civil Defense Operations

The Office also continues to coordinate how the four divisions of MassDOT interface with the Massachusetts Emergency Management Agency to ensure appropriate protocols are in place for requesting transportation resources during various emergency situations and to share critical incident information as events occur throughout the Commonwealth that could impact transportation operations.

Emergency Traffic Management Planning

The Office has also initiated a plan with the Executive Office of Public Safety and Security, and local cities and towns, to review and refine traffic management plans that would be activated in the event of an emergency in the Metropolitan Boston area. MassDOT has identified multiple traffic control points in the area at both local and state owned roads and has identified MassDOT resources that would need to be deployed to the control points activated in an emergency.

Vulnerability Assessments and Mitigation

In November 2010, the Office also worked with the Transportation Security Administration, the Army Corps of Engineers, and the Federal Highway Administration in the conduct of a vulnerability assessment of the Longfellow Bridge. The Office continues to coordinate with the four divisions of MassDOT the entering of information related to critical assets in the State's Automated Critical Asset Management System.

Other Projects

The Office also continues to work closely with the Executive Office of Public Safety and Security and the City of Boston on a Regional Catastrophic Planning Project and a feasibility study for a Unified Command Center.

In December, Boston was the location for a three day international conference regarding the latest developments in roadway tunnel operations, maintenance, security and technology. The Office was the primary point of contact in organizing MassDOT personnel involvement in the conference. MassDOT hosted multiple sessions during the conference including construction, inspection, maintenance, security planning and emergency preparedness, and also offered delegates the unique opportunity to visit the Highway Operations Center.

4.3.6 Facilities Management

The Office of Facilities Management (OFM) is responsible for many of the material resources utilized by MassDOT employees to get their jobs done in an efficient manner. This office oversees the delivery and distribution of mail, manages the use of administrative vehicles, and coordinates the storage of archived records. The staff of this office also support warehousing operations, print shop operations, and manage the use of office space and equipment.

In the most recent quarter, OFM standardized record retention procedures at the Concord Record Retention Centre by establishing electronic database for inventory, location, and content of 13,100 boxes of records for all departments within MassDOT. The next phase of this process is to provide limited access to document inventory to employees on the MassDOT intranet.

OFM initiated a departmental upgrade of static reprographic devices for MassDOT. This upgrade allows for the use of energy star devices decreasing our carbon footprint and also has allowed the department to renegotiate lease agreements saving \$50,000 per year on hardware costs. Additionally this implementation has provided the opportunity to decrease the number of standalone devices (personal printers and fax machines) as directed by MassDOT Green DOT policies.

OFM continued the ongoing task of departmental integration and reorganization to provide optimum use of space and resources. The department has planned, designed, and built an additional 45 seats through the month of December. As a result, both the Fiscal and the payroll departments have been consolidated.

In response to excessive wait times, OFM planned, designed, and built out the RMV's new Express kiosk at the Watertown mall. The creative use of this space provided much needed relief with added value by having the ability to expedite simple transactions thereby decreasing the burden felt at the main counters.

As a result of a fault in the pre-action fire suppression system in the IT Server Room, noted by Facilities, the department was required to replace and upgrade the existing system with new equipment. Facilities coordinated all activities including design, specification and installation of the new devices. This action was taken in order to provide optimum fire protection and decrease any potential loss of data.

4.4 Office of Public Affairs and Transition Management

The Office of Public Affairs and Transition Management ensures transparency within the Secretariat through its communications with its internal and external stakeholders. The Office is responsible for developing and implementing a communications strategy for the Department of Transportation and advises officials within the Department on how best to communicate issues and priorities of public interest. It also promotes the participation of Massachusetts residents in an effort to enhance customer service. Lastly, the Office ensures all requirements of the Transportation Reform Act are met while driving transformation of the existing culture to align with MassDOT's vision and mission.

4.4.1 Public Affairs

The Public Affairs team is responsible for accurate and timely responses to all public and media inquiries and to communicate internally and externally the accomplishments and milestones of MassDOT.

The Civic Engagement team is focused on creating and maintaining a comprehensive internal program and public/community process for significant road and bridge projects such as the Charles River Basin, the I-93 Fast Fourteen Bridge Replacement Project and Fall River Route 79/I-195 Interchange Project. Their work provides a transparent public process that gives community stakeholders and citizens an opportunity to participate in the decision making process for a particular project.

Social Media

MassDOT initiated an aggressive social media presence in keeping with Governor Deval Patrick's top priorities of open government, transparency and MassDOT's focus on customer service. MassDOT's "Commonwealth Conversations" transportation blog is one of the most active and viewed in Massachusetts state government, with more than 780 separate blog posts and more than 353,000 views since its inception in 2009.

Secretary Mullan saw the potential in social media as a tool in reaching customers. The MassDOT Twitter account has more than 4,550 followers with Tweets about road and bridge projects, traffic, MassDOT in the news, and Tweet links to the blog. Among the more than 2,600 Tweets, many are from Secretary Mullan himself. Often times, they include a Twitpic attached of a bridge, road or gathering of transportation leaders. MassDOT also maintains a presence on YouTube and Flickr, where nearly 500 road and bridge construction and event photos have been posted since MassDOT's inception.

Civic Engagement

The Civic Engagement Team is taking a lead role with the roll-out of the community, government, and public outreach for the I-93 Fast Fourteen Bridge Replacement Project. Construction on the bridges will commence in June of 2011. In the months ahead the team, along with key highway and district staff, will meet with mayors, boards of selectmen and aldermen, city councils, police and fire chiefs, and stakeholders throughout the I-93 corridor between the New Hampshire and Rhode Island borders.

The project web site is underway, a traffic working group has been formed, and a major stakeholder working group is under formation. Major press initiatives and advisories will be developed.

4.4.2 Office of Transition Management

The Office of Transition Management (OTM) as mandated by the Act was organized in June 2009 to manage all transition activities. The day-to-day management of the OTM remains fully delegated by EOAF to MassDOT, with EOAF maintaining an oversight role through regular finance integration meetings with MassDOT and the Office of the Comptroller.

The Secretary intends to refocus and reposition the OTM in the coming year to help execute MassDOT's strategy as it moves into the next phase of reform. The OTM will continue to monitor the agency's progress on reform, report out the results and achievement of the first year, and assist with the design and implementation of the second phase of MassDOT with respect to transportation reform.

The Secretary along with the Senior Leadership spent a year to create the MassDOT Strategic Plan. The plan provides leadership with the 'big picture' of what they should be focusing on and helps employees understand how their work ties into what MassDOT hopes to accomplish. It identifies the vision, mission, values, critical success factors, and goals.

With the plan now completed, the senior leadership created division and department level operating plans. These plans align to the MassDOT strategic plan and integrate with the ongoing initiatives. The operating plans communicate what the divisions and departments intend to accomplish this year, the anticipated benefits for MassDOT, and when each objective will be completed. They also identify key strategic, operational, and personnel development efforts, and performance measures around them.

The process improvement teams worked diligently over the past six months to develop solutions for specific problems using continuous process improvement to create best practices, efficiencies and cost savings. The teams drafted possible solutions in the form of recommendations and presented them to the Secretary and Senior Leadership. These recommendations generated discussion among the senior leadership team. The teams will present the findings and recommendations to stakeholders to provide feedback. The Secretary will then review and decide which ones will be implemented. The Secretary expects continuous process improvement to be an integral part of how MassDOT is run on daily basis.

On November 15, 2010, the Transportation Advisory Committee held its second meeting. The group identified areas of interest for forming subcommittees. Committees will be formed at the TAC meeting on January 31, 2011.

The OTM continues to manage a cost savings database that validates reported savings. It continues to track compliance with the reform legislation. Lastly, the OTM continues

to submit periodic progress reports to the legislature and other stakeholders as required by statute.

4.5 Office of the Chief Financial Officer

The Office of the Chief Financial Officer is responsible for formalizing and implementing financial management and investment guidelines that enable all divisions and departments to achieve goals in a fiscally prudent manner, through the coordination of various activities, including the development of annual operating and capital budgets, financial management and accounting controls, long term capital plans, construction project finance plans, note and bond issuances, investor relations, procurement, and risk management. The Office oversees all of the fiscal-related functions for MassDOT and reviews all fiscal management, budget, and capital expenditure and program office functions and related operations. These programs include accounting, revenue operations, fiscal operations, federal grants, operating and capital budgets.

In November 2010, the Office of the Chief Financial Officer presented to the MassDOT Committee on Finance and Audit the first quarterly financial report, "Operating and Capital Budgets Quarter 1 Results FY 2011." The report included budget versus actuals for the Highway Division, including the Western Turnpike, Metropolitan Highway System, and the Statewide Road and Bridge, the Registry Division, the Aeronautics Division, the Rail & Transit Division, and the Planning & Programming Division. The report also includes operating and capital results for the MBTA.

On October 31, 2010, MassDOT submitted a report to the House and Senate Committees on Ways and Means and the Joint Committee on Transportation in compliance with Section 28 of the Transportation Reform law, as amended by Section 59 of Chapter 26 of the Acts of 2009. This report requires MassDOT to file a revenue and expenditure report for the state fiscal year 2010. The report presented operating and capital expenditures on a cash basis. The information as presented is the equivalent to the information presented in the Commonwealth's annual Statutory Basis Financial Report published by the Office of the State Comptroller. Both reports are available on the MassDOT website.²

The Office of the Chief Financial Officer released MassDOT's first audited financial statements for the period of November 1, 2009 to June 30, 2010 on January 10, 2011. These reports will provide consolidated information that includes MassDOT as well as the Regional Transit Authorities, the MBTA, and the Route 3 North project.

On January 10th, MassDOT released its first ever Comprehensive Annual Financial Report (CAFR) for fiscal year 2010. MassDOT's CAFR is meant to report the complete financial picture of several transportation agencies, including MassDOT, the MBTA and individual Regional Transit Authorities. The primary difference between a budget and the CAFR is that the budget is a plan for the next year primarily showing where tax, toll and other revenues are applied and the CAFR contains the results of the past fiscal year.

² <http://www.massdot.state.ma.us/main/MassDOTAccountabilityandTransparency.aspx>

As a separate authority, MassDOT's CAFR is designed to provide information about the respective financial position of governmental and business activities undertaken by the various component units of our transportation network, excluding MassPort. MassDOT's CAFR will be incorporated into the Commonwealth CAFR.

Lastly, at the request of Secretary Mullan, the Standing Committee on Budget and Efficiencies was established and is co-chaired by the CFOs of MassDOT and the MBTA. This committee is charged with identifying and realizing programmatic efficiencies and cost savings wherever possible. The primary purpose of the committee is to ensure that MassDOT and the MBTA are utilizing resources and personnel in the most productive and cost-effective manner possible.

4.6 Office of the Chief Information Officer

The Office of the Chief Information Officer is responsible for ensuring that MassDOT is equipped with advanced materials and technical resources to facilitate the accessibility, exchange, maintenance, and recovery of information and communication 24 hours a day, and plans for the acquisition and deployment of technological enhancements for MassDOT and its divisions to maximize organizational efficiencies. The Office manages the daily maintenance and operation of the new organization's network and telecommunications infrastructure. This includes business applications, networks, servers, architecture, telephones, mobile devices, and desktop computers, data on equipment, fiber, electronic mail, and Internet services. It also manages MassDOT's internal- and external-facing websites and various business applications, including financial and accounting systems, human resource management systems, payroll, time and attendance systems, project management systems, software development, database administration, recordkeeping and storage systems, reporting systems, quality assurance systems, and intelligent transportation systems.

Broadband Projects

MassDOT continues in its efforts to make progress on Broadband projects. The Open Cape project is currently in the planning stage. The Open Cape project is a collaborative initiative between key commonwealth partners in conjunction with the Cape Cod business community that will allow the expansion of Transportation services from the Boston Metro region throughout the Cape Cod area. Both Transportation support and emergency first responders will have the ability to monitor real time traffic movement and roadway conditions. Based on roadway conditions services will be deployed to assist and improve roadway conditions throughout the Cape Cod region. The Open Cape project design envisions a core fiber optic backbone in Cape Cod extending into two regional connection centers located in Providence RI and Brockton MA. In January 2011, Open Cape selected a vendor to manage the project to completion. The final design and construction could start as early as February 2011.

The I-91 project is currently under construction and entails building a fiber-optic cable "backbone" along 62 miles of I-91 and I-291. The project includes the deployment of an Advanced Traffic Management System that includes variable message signs (VMS) and closed circuit television cameras (CCTV). The resulting upgrades will create a direct link

to the Highway Operations Center (HOC) in Boston. Information on roadway conditions will also be shared with the State Police barracks in Springfield, Northampton and Shelburne for incident management purposes. The initial testing fibers and implementation deployment of fiber optic nodes has begun. The deployment nodes will continue until final acceptance testing is completed. The METFON I-90 project has been awarded through final vendor selection. The I-90 component of METFON will permit the sharing of technology resources by interconnecting two key fiber optic networks, I-90 and I-91. Together the I-90 and 91 networks will provide public safety information services throughout the MassDOT's transportation network environment. Additional benefits include microwave voice and data radio overlay high speed services to local and municipal public safety organizations throughout Western Massachusetts.

MassDOT Citrix

The MassDOT Citrix server upgrade is currently in production. Citrix is a method of distributing desktop software solutions to remote locations efficiently. With the upgrade of the MassDOT Citrix environment patrons' services will be greatly improved. Newer interface application suites improve overall user efficiency offering users the rich experience of a combination of legacy and newer applications in support of evolving business requirements. The Citrix/Thin Client rollout to the RMV Headquarters and branch offices was completed at the end of January, 2011.

511

As of January 21, 2011, the 511 service has received over 2,989,129 calls and over 2,281 people have signed up for text message and email alerts. The MassDOT customer service team is in constant communication with Sendza to ensure all customer comments and questions are being addressed. Messages are logged and useable feedback is considered and prioritized. To date 44 improvements or additions have been made to the 511 system. The MassDOT/Sendza team will continue to make changes and improvements to ensure patrons are receiving accurate and timely travel information.

Process Improvement and Efficiencies

Improvements to the efficiency of the Highway Division's construction program continue. The new Online Construction Contract Bidding system was deployed in early October 2010. The new system is helping the MassDOT Highway Division to better manage the bidding process, ensure accuracy of submissions, reduce/eliminate the manual requirements of the current process, and lessen the time between a bid opening and contract award. The application was designed to allow bidders to receive proposal information from the Highway Division Contracts office including item schedules, DBE requirements, and affidavits. To date, five construction projects have gone through the process successfully. Bidders enter all information required for a valid proposal and submit item bids and other documentation to a secure third party website that serves as a lockbox until bids are ready to be opened.

MassDOT recognizes Web services are essential tools that have changed the way government operates. However, along with all the benefits of these services come new risks in areas such as employee productivity, legal liability, and security. Accordingly,

MassDOT has implemented a consolidated Websense Security Gateway. This implementation consolidates the different web filtering implementations of the former (EOT/MHD, RMV, and MTA) into a single MassDOT solution that enforces Internet usage policies approved by MassDOT management, classifies Web sites, identifies application threats, and provides real-time protection and reporting.

In addition, IT has taken steps to meet legislative requirements for the RMV. As a result of the IT team's work, RMV internet customers will now be able to contribute to a new Organ and Tissue Donor Registration Fund when they renew or request a duplicate of their license or Mass ID online.

The IT team was also integral in making the changes to ALARS necessary that enables the issuance of a Massachusetts ID to a customer of age 14 or older. Legislation passed in 2010 that implemented a change from the previous 16 year age limit for issuance of a Mass ID. This modification helps to enable Massachusetts residents that are age 14 or older to obtain identification for employment.

In an effort to promote self-service in our RMV branches and on the Internet, an additional transaction was implemented that enables customers to learn if a registration renewal transaction is completed successfully at the time the transaction is performed. This service improvement also enables customers at the Boston RMV branch to perform registration renewals at a self-service kiosk at that location.

4.7 Office of Performance Management & Innovation

The Office of Performance Management (OPM&I) at MassDOT is charged with developing mechanisms to assess performance of the new organization and to present that information to the public.

To date, OPM&I has worked with every division and department to establish key performance metrics that tie into MassDOT's strategic plan. These divisions and departments currently report data on a regular basis, in the form of a scorecard or quarterly report, to present on the themes of data collection methods, data validation methods, packaging data for reporting; and data reporting methods. Additionally, the office worked with each division and department within MassDOT to create data flow charts for each respective MassDOT office. Lastly, on December 30 2010, OPM submitted their first report to the legislature on the performance measurements as mandated by the Act.

Currently, the Office is working with all of the divisions and offices to produce a quarterly MassDOT Performance Management Scorecard, and a monthly MassDOT Performance Management Dashboard consistent with the Strategic Plan and Operating Plans.

In the coming months, OPM&I will be working on data warehousing and on a Business Information tool to automate the analyzing, reporting and presentation of MassDOT performance data; and will use Performance Management results as a management tool

to help drive the organization. Furthermore, OPM&I will work closely with the Executive Office for Administration and Finance as they seek to implement a statewide performance management program (MassGOALS).

5.0 Division Updates

Reform continues to remain the mantra for MassDOT. The four divisions are reorganized and recommitted to improving customer service, identifying cost efficiencies, and instilling an innovative spirit. With the spirit and intent of transportation reform feeding the new enterprise, the focus is shifting towards a more holistic environment where reform efforts and day-to-day operations operate uniformly.

5.1 Highway Division Update

The Highway Division includes the roadways, bridges, and tunnels of the former Massachusetts Highway Department (MHD), Massachusetts Turnpike Authority (MTA), Tobin Bridge and certain assets of the Department of Conservation and Recreation (DCR). The Highway Division is responsible for the design, construction and maintenance of the Commonwealth's state highways and bridges. The Division is also responsible for overseeing traffic safety, engineering activities and snow and ice removal to ensure safe road and travel conditions and for providing technical and financial assistance to all 351 Massachusetts cities and towns for design, construction and maintenance of locally-owned roads and bridges.

The Highway Division continues to embrace innovative approaches to project delivery and realized significant accomplishments in 2010. During a 4-week period in November and December, MassDOT closed all vehicular travel lanes inbound to Boston on McGrath Highway (Route 28) as part of the Craigie Drawbridge replacement project. This \$43 million project will be completed in just 6 months as part of the Accelerated Bridge Program. The 4-week closure allowed the contractor to install temporary bridges that will be used during the demolition phase of the project. Since McGrath Highway is a vital transportation corridor (carrying 45,000 vehicles per day in this area) MassDOT used broad public outreach and interagency coordination methods to lessen the impact of the roadway closure. Prior to the closure, MassDOT conducted many neighborhood meetings and met often with officials from all affected cities and agencies. During the closure, MassDOT used extensive signing and public notices to alert motorists to roadway conditions and employed police details at key intersections throughout the area to facilitate traffic movement. A command center was established at the City of Boston Traffic Management Center and the MassDOT Highway Operations Center also provided around-the-clock coordination to ensure all issues were addressed immediately. The massive effort involved the cities of Boston, Cambridge and Somerville, the Department of Conservation and Recreation, the MBTA and the State Police. In the end, the coordinated effort was a huge success, as the area experienced few travel delays and no major headaches. The inbound travel lanes will be closed again from January to April to allow for construction of the new drawbridge and MassDOT anticipates similar successful results during this phase. The success of this

project demonstrates the great things that can be accomplished with innovation and extraordinary attention to the public welfare.

In October, MassDOT completed its first ever “heavy lift” bridge construction project in the Town of Phillipston. This innovative design-build project involving incentives and disincentives for the contractor allowed MassDOT to replace an entire bridge in just 5 days. The new bridge, which carries Route 2 over Route 2A (State Road), was constructed on temporary abutments next to the existing bridge allowing both roads to remain open to traffic during the construction period. After the new bridge was completed in the temporary location, work crews began demolishing the existing bridge on October 25. Then, on October 28, the new bridge was lifted from its temporary abutments, carried to its permanent location, and placed on the existing abutments. The entire move occurred during one night. Route 2 was reopened to traffic on October 30. The bridge was closed for only 121 hours, about 80 hours faster than the time limit specified in the contract. This process reduced potential traffic impacts by 14 months and avoided potential costs of \$2.5 million. The heavy lift process is currently planned for 4 other locations, including a bridge in Wellesley that is scheduled to be lifted into place on July 4, 2011.

The Highway Division is also pursuing innovative business solutions to streamline operations and to save money. During the past quarter, MassDOT completed its first test applications for online bidding of construction contracts. This process allows contractors to submit sealed, secure bids to MassDOT electronically. Because all of the information is in electronic format, contractors are then able to monitor bid openings from their offices, eliminating the need to drive to downtown Boston. This is particularly important for contractors located in the western part of the state. MassDOT will also realize savings by eliminating the need to handle paper documents and by eliminating data entry costs (and errors) since the electronic bids can be downloaded directly into MassDOT databases for processing. During November and December, the Highway Division tested this procedure on 5 projects. Preliminary results are very encouraging. Testing will continue during the first quarter of 2011. If all goes well, this electronic process will fully replace the current paper process during 2011.

Construction Spending Totals through December 31, 2010 (end of accounts payable period):

Construction Program	Total Spent (in millions)
Statewide Road and Bridge Program	\$241.0
Accelerated Bridge Program	\$65.3
American Recovery and Reinvestment Act Program	\$86.1
Toll Road Program	\$8.5
Grand Total	\$400.9

5.2 Rail and Transit Division Update

The Rail & Transit Division is responsible for directing all transit and Commonwealth-controlled freight initiatives, overseeing the Massachusetts Bay Transportation Authority (MBTA), and funding programs for all fifteen independent Regional Transit Authorities in the Commonwealth.

5.2.1 Connecting with the Customer

The MBTA ridership has grown during the first months (January to October) in CY10. In October 2010, the MBTA's average weekday ridership totaled 1.306 million unlinked passenger trips, which is a slight increase during the same month in 2009. The change in ridership could be contributed to modest improvements in employment growth and economic trends.

At the direction of General Manager Davey, the MBTA began operating three-car train service on two branches ("D" Line - Riverside and "B" Line - Boston College) of the Light Rail system. To implement this service, which relieves congestion, the Light Rail Division had to revise operating rules, monitor the power system, and modify infrastructure. The Light Rail Division is currently investigating extending three-car train service to the other branches ("C" Line - Cleveland Circle and "E" Line - Heath Street). Some infrastructure concerns, along with coordination with the City of Boston and Town of Brookline, will need to be resolved before implementing this service remaining Light Rail branches.

The MBTA surveyed online more than 4,000 Commuter Rail customers about having a "quiet car" - a specific car where customers are asked to refrain from cell phone use; keep pagers, cell phones, laptop and PDA sounds off; and speak quietly. Due to the overwhelmingly positive response to the survey, a "quiet car" pilot program began running on the Franklin and Fitchburg Lines at peak travel times in January 2011. During the "quiet car" pilot, the MBTA will be surveying riders to see what they think about the "quiet car" experience. If it is positive, the Authority will consider expanding the "quiet car" service to all commuter rail lines in the spring of 2011.

In addition, the MBTA conducted another online customer survey about the effectiveness of "Big Red" - a high occupancy (or standing only) Red Line train car. Nearly half of the one thousand respondents opined that "Big Red" would be more successful if ceiling straps were installed. In quick response, the MBTA installed the straps and, as a result, customers are utilizing "Big Red" more than ever before.

Since implementing "T Parking Made Simple", 13,500 parking customers have registered to use the system. This user-friendly system for parking payment accounts for 35% of all parking revenue collected by the MBTA. In 2011, the MBTA will work with local cities and towns to get them to use the pay by phone system for municipally owned parking facilities.

General Manager Davey has set of goal of answering 95% of the complaints within 5 days. To achieve this goal, the MBTA upgraded systems in the Customer Communications Department, as well as the Operations Department, to improve tracking and response time to complaints. The technology being rolled out will upgrade the "HEAT" system that will allow for the first time an electronic tracking interface between the Customer Communications and Operations Departments. It will also monitor the response time. In addition, to technological enhancements, monthly meetings among various departments will take place to monitor and facilitate adherence to our collective goal of "95 in 5".

General Manager Davey continues to reach out through the "Join the GM" sessions to promote transparency and accountability throughout every aspect of the day-to-day operations of the Authority. In 2010, seventeen stations were visited, including four stations (Malden, Anderson, Alewife, and Braintree) in the last quarter. To date, MBTA personnel talked to a total 1071 customers and received 263 commendations, 753 complaints, 130 suggestions, and 10 inquiries.

Lastly, the Americans with Disabilities Act (ADA) requires certain key MBTA stations be made accessible. In late October 2010, the MBTA completed accessibility upgrades to Copley Station, which included two new surface-to-platform level elevators, one on each side of Boylston Street and the train platforms being raised to accommodate the new low-floor Green Line vehicles. All improvements conform to the requirements of the latest state and federal accessibility guidelines. With the work at Copley completed, seventy-eight of the eighty key MBTA stations are in compliance with the ADA mandate.

5.2.2 Managing through Engagement

In consultation with senior staff members, General Manager Davey launched several new initiatives to bring more efficiency to the MBTA. In November, the American Public Transportation Association (APTA) conducted a Rail Safety Audit, which consisted of site visits to all rail lines and shops, interviews with all departments, and a detailed review of maintenance records and safety audits. The audit is not compliance based but rather concentrates on industry effective practices. These practices may be items where the MBTA is an industry leader or may be identified as an area where the MBTA can learn from another transit agency.

In mid-December, APTA issued a draft Preliminary Audit Report, which the MBTA has 45 days to respond. Additionally, APTA also provided a draft Management Letter that identified effective practices. Overall, the Preliminary Report suggested that the MBTA has programs considered industry leading effective practices while other areas may need further refinement. As part of the audit process, APTA will re-visit the MBTA in approximately 18 months to review the progress the Authority has made since the audit.

Per Executive Order 511, the MBTA worked diligently to complete the 13 hazard assessment forms by the deadline of December 1, 2010. The MBTA established eight committees [general (general driving, general electrical, emergency action planning, life

safety, and workplace violence), revenue driving, chemical, confined space & trench safety, electrical for electricians, lock out/ tag out, fall from height, and right of way safety] based on the various hazards or grouping of hazards noted in the Executive Order. Each committee has two co-chairs, one from management and the other from a represented union. Additionally, the MBTA Safety Department staffed each committee.

Through the 511 exercise, the committees identified and raised awareness of the various employee hazards that exist throughout the MBTA. The committees plan to take on the safety challenges to make the MBTA a safer place for all. Furthermore, a 511 Safety Summit is being planned for May 2011.

The MBTA has reorganized its vehicle maintenance divisions (light rail, heavy rail, and bus) by consolidating each division into a single department reporting to a Chief Mechanical Officer. This consolidation efficiently establishes a team of maintenance staff focused on improving vehicle maintenance and reliability through shared best practices, pooling of resources, and the standardization of technical procedures and protocols.

5.2.3 Being Fiscally Responsible

Recently, the MBTA began prioritizing and maximizing non-fare revenue. During 4th quarter of CY10, the MBTA Real Estate Department entered into 20 new Licenses for Entry, 28 Licenses and Leases, and completed two land sales, which generated \$4.5million in non-fare revenue. In the last half of CY10, the MBTA estimates total non-fare revenue from real estate, including parking, to be \$11million. The MBTA also estimates \$3 million in revenue from billboards and sponsorship advertising during the same period.

The MBTA also completed a 15-month renegotiation of its contract with Titan Worldwide, a major transit advertising contractor. Because of the economic downturn over the last couple of years, Titan was unable to meet its Minimum Annual Guarantee (MAG) with several major transit authorities and faced bankruptcy. The MBTA choose to renegotiate its contract with Titan, as did five other large transit agencies. The new financial terms maintain and continue to take full advantage of the multimillion-dollar non-fare revenue the MBTA receives annually by eliminating the MAG and providing the MBTA with 62.5% of Titan's annual net revenues and 70% of net revenues over \$13 million, which is estimated to be \$2.7 million in the last two quarters of CY10.

In addition, to control costs and improve budget management, on November 2, 2010 the MBTA conducted a "reverse snow removal auction" for its 100+ parking lots. Using historical cost data, the Authority calculated a three-year average of snow removal costs to establish a maximum price for snow removal at the lots. The MBTA allowed snow removal contractors to bid below the maximum price during a timed on-line auction. At the conclusion of the reverse auction, the MBTA realized a savings equal to \$102,000 or 6.1% of the maximum price, rather than seeing a cost increase in snow removal.

5.2.4 Executing on the ARRA Projects

During the fourth quarter of CY 2010, the Federal Transit Administration (FTA) conducted a review of the MBTA's \$273.7 million ARRA Program. The objective of the review was for FTA to assess the MBTA's compliance with Federal requirements based on an examination of grant management practices and program implementation. The review administered by the FTA Regional Office and covered all aspects of the ARRA Program, including: financial and technical controls, procurement of materials and services, participation of disadvantaged business enterprise (DBE), Buy America Clause, Americans with Disabilities Act (ADA), project oversight and construction schedules. As part of the Audit, MBTA staff responded to questions, provided documentation, and attended sessions as part of a two-day site visit. In addition, FTA interviewed 18 MBTA employees and the Authority's CM/PM contractor for the ARRA program.

In November, the FTA issued a letter to the General Manager Davey that stated, "[n]o deficiencies were found" as part of their ARRA review. This positive finding was the result of a coordinated effort among all MBTA departments to ensure unprecedented accountability and transparency for all ARRA spending.

Overview - ARRA Activity during 4th Quarter of CY 2010:

- ARRA Executed Grants: 2 "TIGER" grants totaling \$75.5 million (\$20.0 million for Wonderland Transit Plaza and \$55.5 million for Fitchburg Line – Wachusett Extension)
- ARRA Commitments (e.g., Contracts, Purchase Orders): \$33.6 million (as of 11/30/10)
- ARRA Project Spending: \$13.9 million (as of 12/22/10)
- ARRA Job Hours: Over 76,800 job-hours (as of 11/30/10)

Overview - ARRA Activity during CY 2010:

- ARRA Grants Awarded: 11 ARRA-funded grants to date, totaling \$369.2 million, which includes the \$20.0 million New Bedford Bridges grant awarded to MassDOT but managed by the MBTA
- ARRA Commitments (e.g., through contracts, purchase orders): \$194.3 million committed to date (as of 11/30/10)
- ARRA Projects: 40 separate projects
- ARRA Project Spending: \$99.5 million expended to date (as of 12/31/10)
- ARRA Jobs Hours: More than 758,000 job-hours (as of 11/30/10)

5.2.5 Regional Transit Authority (RTA) Programs

Major progress continued during the fourth calendar quarter of CY10 as earlier investments in ARRA-funded capital projects began to reap significant benefits for the Commonwealth. Delivery of new state-of-the-art transit vehicles for Southeastern Regional Transit Authority (SRTA), Vineyard Transit Authority (VTA), Nantucket Regional

Transit Authority (NRTA) and Brockton Area Transit (BAT) now offers a “best-in-class” ride for customers, improved access to those with disabilities, and reduced operating costs and fleet emissions. Additionally, a substantial milestone was reached as the Franklin Regional Transit Authority’s (FRTA) Greenfield Intermodal Center entered its major construction phase of the \$12.8M project.

On October 22nd, Lt. Governor Timothy Murray, Secretary Jeffrey Mullan, Administrator Richard Davey and RTA Administrator Ed Carr welcomed “Charlie” aboard the RTAs as the MetroWest Regional Transit Authority launched its new automated fare collection system. Similar to the MBTA CharlieCard system, MetroWest customers can now tap and ride without having exact change. The MetroWest RTA is the first of 11 state-wide agencies that will leverage the significant investment and resource that the MBTA offers to the Rail and Transit Division family.

The Worcester Regional Transit Authority (WRTA) was awarded \$39 million for a new bus operations and maintenance facility through a Federal Transit Administration (FTA) State-of-Good Repair program grant. Stephen F. O’Neil, WRTA Administrator, collaborated closely with FTA and MassDOT to secure funding support, including use of MassDOT’s innovative highway toll credits. This in-kind match allows MassDOT to offer capital matching credits to Federally-funded transportation projects at no out-of-pocket cost to any MassDOT program or division. Building on this opportunity, WRTA is now working with MassDOT Highway Division District 3 to assess whether a new joint use facility could be developed.

Delivering on Administrator Richard Davey’s initiative to improve safety, optimize service delivery and manage operating costs, MassDOT and MBTA co-hosted a state-wide transit vehicle maintenance summit on December 2nd. Attended by over 100 of the state’s technical vehicle maintenance staff members, this first-ever technical summit provided a wide-ranging discussion of transit industry best practice and identified business challenges and their solutions facing all Massachusetts fleets. Building on this landmark event, MassDOT will continue to explore ways to better leverage the collective resources of the Massachusetts transit network for mutual benefit.

5.2.6 Rail Programs

Massachusetts and the New England States received more than \$160 million in Federal funding for rail expansion in the Commonwealth, including a \$32.5 million grant to support the design phase of the Boston South Station expansion project. Awarded through a competitive process, the Federal Railroad Administration High-Speed and Intercity Passenger Rail grant will fund the environmental permitting and design phase of the South Station expansion project, which includes constructing seven new tracks at South Station. The expansion will support a significant increase in Amtrak Acela Express High Speed Rail service to Boston along with planned MBTA commuter rail service expansion. \$120 million was awarded to the Connecticut Department of Transportation for the New Haven-Hartford-Springfield Corridor, including restoration of double track on the line to improve travel times, to serve western Massachusetts and provide a

foundation for increased service between Boston and New York via Springfield and Worcester on the Inland Route.

Hosted in Springfield on October 15th, MassDOT participated in the 2010 Northeast Rail Summit, which included U.S. Deputy Secretary of Transportation John Porcari, Federal Rail Administrator Joseph Szabo, several members of the Massachusetts and New England Congressional delegation and representatives from the six New England States, New York and the Province of Quebec. The New England states' have submitted coordinated applications for high-speed and intercity passenger rail grants under the Federal Railroad Administration's (FRA) High-Speed Intercity Passenger Rail (HSIPR) program. These grant applications are part of a multi-year strategy to implement the *Vision for New England High Speed and Intercity Passenger Rail Network* that was collectively developed by each New England state's Transportation Department.

CSX and MassDOT have continued to work toward the completion of the CSX-MassDOT transaction in 2012 and to collaborate on CSX's relocation of its freight facilities from Boston to West Springfield, Worcester and Westborough. In November, MassDOT, CSX and the City of Worcester concluded a Memorandum of Agreement addressing each party's commitments and obligations to support and invest in CSX's planned intermodal facility in Worcester.

5.3 Aeronautics Division Update

The Aeronautics Division has jurisdiction over the Commonwealth's public use airports, private use landing areas, and seaplane bases. It is responsible for airport development and improvements, aviation safety, aircraft accident investigation, navigational aids, and statewide aviation planning. The Division certifies airports and heliports, licenses airport managers, conducts annual airport inspections, and enforces safety and security regulations.

Below are updates on three projects initiated by the Division:

- At the September MassDOT Board Meeting, the Board of Directors authorized a state grant in an amount not to exceed \$13,383,381 to the Pittsfield Municipal Airport for the Runway 08/28 Extension and Safety Area Project. The project includes a runway extension of 790 feet and the installation of 1,000 foot safety areas on each end of the runway to meet applicable FAA regulations. In addition to state funding, the FAA will be allocating \$6,000,000 towards the project and the City of Pittsfield will be allocating \$3,051,360 towards the project. Phase I of the three phase project started in October 2010. Pittsfield Municipal Airport is an important transportation facility in Western Massachusetts. The airport plays a key role in tourism and is an essential economic development asset for the Berkshires. Currently, Pittsfield Municipal Airport has approximately 40 based aircraft which includes 7 based jets. The combination of enhanced runway safety areas with runway extension will result in an infrastructure that is better equipped to serve the businesses and aircraft that use Pittsfield Municipal Airport.

- At the September MassDOT Board Meeting, the Board of Directors authorized a state grant in an amount not to exceed \$13,383,381 to the Barnstable Municipal Airport for the construction phase of the new terminal building. The current terminal building at Barnstable Municipal Airport is approximately 23,000 sq ft and was constructed in the 1950's. The structure does not meet current ADA/building code requirements, is limited in regards to current TSA security screening requirements, and does not meet the needs of the traveling public. The new terminal building will be approximately 35,000 square feet. In addition to state funding, the Town of Barnstable will be funding \$3,800,000 toward the project. The construction phase of the projected started in November 2010 and will be completed 13 months. Currently, there are three airlines serving the Cape and Islands at Barnstable Municipal Airport. In CY 2009, the airport had approximately 131,000 passenger enplanements and is the 3rd busiest airport the state. Barnstable Municipal Airport is important gateway for tourism and economic development on the Cape. The airport plays a critical role in the success of the Massachusetts Airport System.
- At the November MassDOT Board Meeting, the Board of Directors authorized a state grant in an amount not to exceed \$7,000,000 to the New Regional Airport for the Runway 05/23 Safety Area Project. This project includes obstruction removal, wetland mitigation, and the installation of 1,000 foot safety areas on both ends of Runway 05/23 to meet applicable FAA regulations. In addition to state funding, the FAA will be allocating \$10,101,590 towards the project and the City of New Bedford will be allocating \$852,810 towards the project. Phase I of the three phase project started in December 2010. New Bedford Regional Airport is an important transportation facility in Southeastern Massachusetts. The airport plays a key role in our statewide system of airports and is an important economic engine for the region. Currently, New Bedford Regional Airport has approximately 150 based aircraft, 70,000 annual aircraft operations and 12,000 annual passenger enplanements. Over the past several years, aircraft operations have increased primarily due to the additional business aircraft activity and flight training activity. New Bedford Regional Airport is home to the aviation program at Bridgewater State University. In addition, Cape Air provides daily passenger service from New Bedford to Martha's Vineyard and Nantucket.

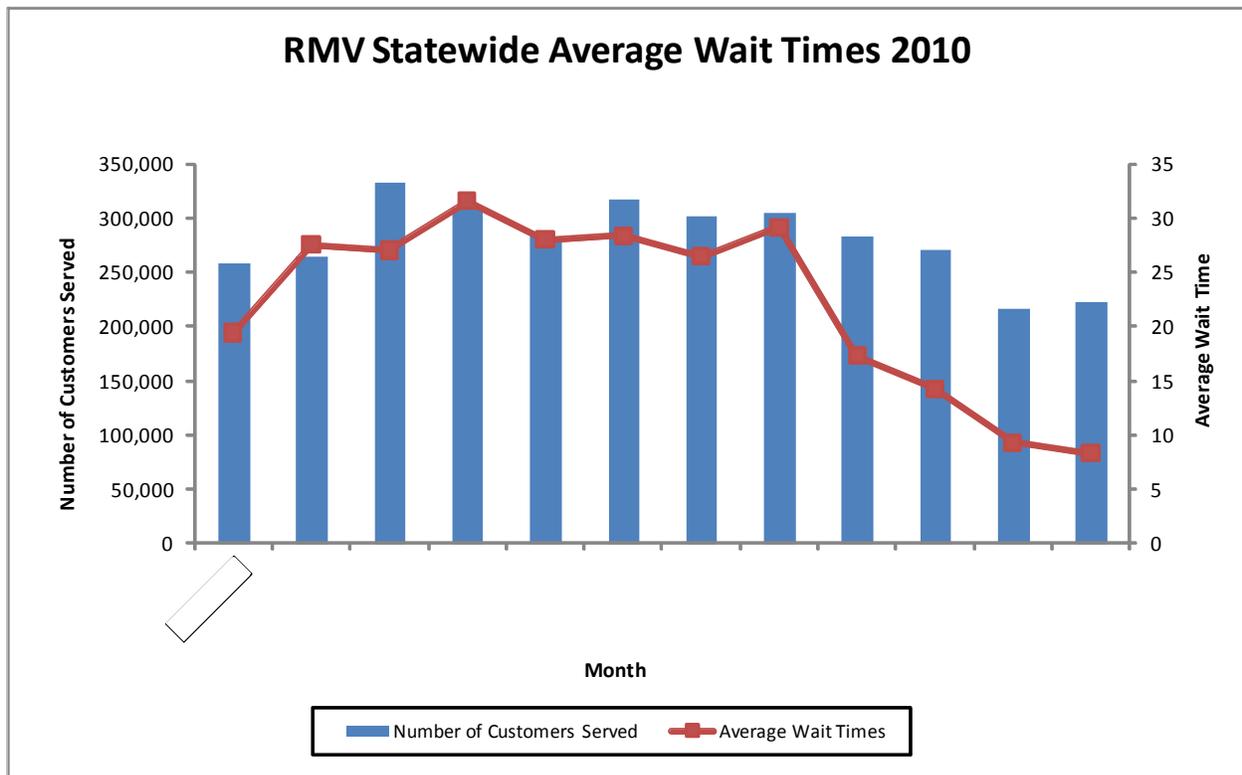
5.4 Registry Division Update

The Registry of Motor Vehicles (RMV) Division is responsible for vehicle operator licensing and vehicle and aircraft registration available both online and at branch offices across the Commonwealth. The RMV oversees commercial and non-commercial vehicle inspection stations.

Despite the innovative service avenues offered online the RMV currently offers customers, branch visits remain the most relied upon service option. For that reason, branch wait times continue to serve as the most significant performance metric for the division. Due to the cost savings achieved by transportation reform, the RMV has completed its effort to replace front line customer service positions in branch offices and

in the telephone center. Customer service provided by these business areas were the most significantly impacted due to budget constraints. Customer service has improved through this initiative. The statewide average wait time in branches for August 2010 was 29 minutes. The average wait time at the end of November decreased to 9 minutes and 33 seconds. The average wait time was 10 minutes or less in 15 of 30 branches in November 2010 and the average wait time was 15 minutes or less in 27 out of the 30 branches in that month.

The chart below depicts the RMV statewide average wait times for all branches in 2010.



In addition to staffing efforts to improve wait times, the RMV is working with MassDOT's Facilities and IT Departments to maximize the use of physical space in branch offices. The Watertown branch is the second busiest branch in the state. This site was modified in October 2010 to include an additional service counter to alleviate customer congestion and an additional station that can perform both license and registration transactions. In December 2010, an additional service kiosk was added in the Watertown location to increase customer service levels and reduce congestion in the main branch office. The facility improvement effort also includes reconfiguring space at the RMV's Boston office, which is the busiest location in the Commonwealth, to relocate the current permit testing area to the third floor of the building. These physical improvements will alleviate crowding and congestion that customers experience due to the high traffic at these offices.

The RMV partnership with AAA of Southern New England continues to provide a successful service alternative to RMV customers. In August 2010, three AAA sites in Worcester, Framingham and Plymouth, began offering license, registration, ID card, as well as, duplicate and renewal services. As of the end of November 2010, these sites combined have provided 8,334 AAA members with license and ID related services and an additional 2,151 members with registration renewal services. The AAA offices are serving an average of 812 more customers per month than under the previous pilot program that ended in March 2010.

The RMV has increased the services available to Massachusetts residents. In November 2010, the division implemented legislation lowering the eligibility age for a Massachusetts ID card from 16 years of age to 14. The RMV is now able to provide younger residents with a form of identification that will enable them to enter into the workforce. This service also promotes public safety by providing teenagers with a form of photo ID.

In December 2010, the RMV also implemented legislation intended to help the 2,945 residents in Massachusetts waiting for a life saving organ transplant. RMV customers that renew or request a duplicate driver's license or Mass ID via the Internet are now able to direct that a \$2 contribution be made to the newly established Organ and Tissue Donor Registration Fund. The Fund, created by legislation signed into law by Governor Patrick earlier in 2010, is designed to help increase donor registration rates and build greater awareness of the need for organ and tissue donations.

One of the goals of MassDOT is to build and preserve quality transportation systems. The most critical transportation system for the RMV is its technology infrastructure contained in the Automated License and Registration System (ALARS). The RMV, in collaboration with the MassDOT IT Department, is undertaking a major project to replace this aging technical infrastructure with capital funding being administered by the Commonwealth's Information Technology Division.

ALARS was implemented in 1986 and introduced a number of innovative concepts for the time including an integrated license and registration system, automated adjudication and cash accounting that was tied to the customer service representative and the transaction. The mission of the RMV has expanded in the past 22 years with the addition of many new requirements and programs, resulting in an increasingly complex application that is at the end of its useful life. In November 2010, the RMV completed a pivotal step in the ALARS modernization effort by selecting a vendor to update the division's current and future state documents originally created by CGI Group in 2007-2008. The RMV business and the MassDOT IT teams will work with the selected vendor to develop and issue a RFR to procure a vendor to replace the ALARS system with 21st century technology that will serve as the most significant transportation information resource.