

**Testimony of Richard A. Dimino**  
**President & CEO**  
**Artery Business Committee**  
**May 3, 2000**

Mr. Chairman, thank you for the opportunity to testify before you and the Committee members today.

My name is Richard Dimino and I am the President of the Artery Business Committee (ABC), an organization established in 1988 to represent the Boston business community in its support of the Central Artery/Tunnel (CA/T) Project. The ABC, as it is known, was formed in recognition of a mutual interest among major Boston area businesses to focus corporate support and help manage the ongoing impact of the CA/T Project. Today, ABC's active membership includes more than sixty companies in the Greater Boston area that collectively employ over one hundred thousand people. Essentially, ABC exists as a means for the Greater Boston business community to articulate its interests to the CA/T Project's Management Team and ensure that they are represented throughout the duration of the Project. I am also testifying on behalf of the Greater Boston Chamber of Commerce of which we are affiliated.

Our organization provides business advocacy and leadership for the CA/T Project and other major transportation and development issues of regional and statewide significance. We speak with an independent voice about goals and priorities for the Project - both during and after construction. These goals include: preserving the City of Boston's thriving economic base, providing the infrastructure to accommodate growth in the region in the 21st century, facilitating the development/master planning efforts for the Central Artery corridor, and communicating a positive perspective on conducting business in the city through Project completion.

As many of you know, the elevated highway that runs through the center of downtown Boston was built in the 1950s to accommodate 75,000 vehicles. Commonly referred to as the "Central Artery", this highway was built using State highway funds only and does not meet interstate highway standards. By the time President Eisenhower and Congress instituted the Interstate Highway program that allocated federal dollars to states for infrastructure investment projects, the Central Artery was built and Massachusetts was not able to call on this federal subsidy to assist in its construction. More recently, in the mid to late 1980s, because Massachusetts was not prepared to make use of the funds allocated to the Project under the surface transportation act, the state returned this unused budget authority to the government in accordance with federal highway law. In fact, between 1983 and 1990, while \$3.3 billion was apportioned to Massachusetts from the Highway Trust Fund, only \$1.9 billion was used. The difference was returned to the Fund for use by other states. Thus, during those years, Massachusetts was a donor state to the Highway Trust Fund, supporting infrastructure investment in other states across the country receiving 80-90% federal assistance while our projects were still in the planning stages. Over the last decade, Massachusetts has been and continues to be in a position to receive and spend money allocated from the Highway Trust Fund. Based on the TEA-21 allocation formula, it is possible that Massachusetts will be contributing as much as 40% to the Project's final cost while, during the Interstate completion program, other states received a 90% federal contribution.

Today, the Central Artery is in a state of grave disrepair, carrying over 190,000 vehicles daily - more than double its capacity. Locally, more than thirty lanes of traffic converge onto this six-lane deteriorating structure that is one of the most congested, polluted, and accident-prone pieces of urban interstate in the country. The Sumner and Callahan tunnels crossing Boston's harbor to its airport, the nation's twelfth largest, have proven inadequate and have demanded a third harbor tunnel to accommodate need and expand capacity. The need for new infrastructure in Boston is inarguable. The option to repair the current elevated structure rather than rebuild and modernize, while less expensive, would completely immobilize our economy for years and would leave Boston with the same antiquated, invasive structure and chronic gridlock. The CA/T Project has found a way to bring our regional infrastructure into the 21<sup>st</sup> century while protecting the environment, the economy, and the interests of residents, commuters, and tourists at every stage.

Construction has been progressing and several important milestones have been achieved on the CA/T Project since construction began in 1991. Now, as the Project proceeds through its peak construction phase, it is critical that the state continues to receive its share of federal highway dollars. I want to emphasize that even a temporary cut off of funds will result in unrecoverable schedule delays and further cost increases.

That being said, I have read the Federal Highway Administration's Audit Report on the CA/T Project and believe it to be a comprehensive review of Project management and cost. Boston's business community was disappointed to learn of the Project's reported \$1.4 billion overrun and surprised at the audit's conclusion that Project officials had deliberately misled FHWA's overseers and the public. We were disappointed because the business community has been otherwise impressed by the Project's sound construction management, excellent safety record, and its success at keeping the city operational and economically viable during major construction. Our reaction is tempered by the knowledge that this Project is truly unprecedented, an engineering challenge like no other, and every cost adjustment is the rooted in the difficulties these challenges present.

By and large, the ABC supports the recommendations put forth in the Federal Audit report.

Specifically, we support:

new reporting, documentation, and monitoring protocols.

projection cost exposure and contingency budgeting.

the significant schedule trend report.

an annual bottom-up review of project costs.

requirements that relate to a balanced statewide program.

Project contingencies as high as \$480-500 million.

These recommendations and particularly those associated with financial reporting, monitoring, and communications procedures are essential to the immediate restoration of the Project's credibility and public confidence.

With a new state and federal leadership in place and new procedures established for financial reporting and communication, the business community is confident that the Project can move forward and put the recent controversy behind it. Over the last two months, State leaders have identified resources totaling up to \$2.7 billion to cover the Project overrun, project contingencies, and support our statewide program. At this time, Massachusetts has the wherewithal to move forward with a financing strategy that will meet with FHWA's approval and ease the minds of our critics. Our Legislature is examining various combinations of resources, including the reinstatement of our state's license and registry fees and use of the state's surplus that will address the gap in Project funding and establish a contingency fund to cover any future cost increases. The commitment of Massachusetts legislators is indicated in recent correspondence to Secretary Slater and is included with my testimony. We are committed to working with the Legislature and the Massachusetts Turnpike Authority to adopt a statewide transportation finance plan in accordance with FHWA's recommendations that will address the Project's overruns, support our statewide road and bridge program, and restore your confidence in the management of this remarkable project.

We must not forget that the Project is unprecedented in its scope and complexity. The Project requires that reconstruction of Boston's major and most congested highways must take place while keeping the city open and accessible for businesses, residents, and tourists. Shutting the city down during construction is clearly not an option. Maintaining Boston's infrastructure during what will total fourteen years of active construction reflects the engineering complexity of the Project's mitigation program. This

program makes up roughly one third of the CA/T's overall cost and is essential to the city's survival during construction that, in years past, would have wreaked havoc on every business, merchant, and resident in it's path. The Artery Business Committee has worked in concert with CA/T Project staff to ensure that construction is not detrimental to the community, the environment, or to maintaining traffic movement.

The Project has been a major catalyst for the Commonwealth's ongoing economic recovery in the region. In the short-term, billions of Project dollars are circulating through the local economy, creating thousands of jobs and generating business for hundreds of local companies. The Project is one of the region's largest employers, with more than 5,200 jobs currently attributable to construction and Project management. In addition, money spent on food, delivery, printing, and other support services is providing employment for another 4,000 individuals. That's more than 9,000 employed as a result of the Central Artery/Tunnel Project.

In the long-term, the Project will provide a more efficient and safer highway system to move people and goods throughout the Northeast. The CA/T Project is creating an intermodal transportation infrastructure, with links to air, sea, rail, bus, and subway that can support sustained economic growth well into the next century, helping to retain existing businesses and attract new companies to eastern Massachusetts.

Some of the Central Artery/Tunnel Project's significant and wide-ranging benefits can be measured by assessing the value of factors such as reduced travel times and greater accessibility, improvements to our utility infrastructure and reduced utility repair, environmental benefits, and improved economy in the region. In addition, the Project is creating more than 150 acres of new parks and open space, including 27 acres where the existing Central Artery stands, 105 acres at Spectacle Island, and 40 acres in the New Charles River Basin. This planned open space through the heart of downtown represents an exceptional urban amenity which will increase the value of abutting real estate dramatically and will create an attractive corridor for downtown. Project improvements to the Boston area infrastructure has and will continue to generate significant real estate development projects throughout the city, including planned development in the South Boston waterfront district and the proposed Convention Center. Development of approximately one thousand acres of waterfront property in this district has been made possible by the Project with the increased access and mobility brought on by the addition of the Seaport Access Road and Ted Williams Tunnel to Logan Airport.

The work is progressing in spite of the numerous construction and design challenges, and engineering "firsts" encountered by Project management that truly distinguish the CA/T from other large infrastructure projects. Despite doomsday predictions prevalent in the 1980s, the Project is proving that it is possible to modernize a city's transportation system without shutting down the city. To the contrary, Boston continues to flourish and traffic continues to flow around CA/T construction activity. The Financial District and its sub-markets are experiencing single digit office vacancy statistics. The overall office vacancy rate of 2.9% represents a historical low, tourism has grown, and the hotel occupancy rate in Boston at more than 80% is higher than most other metropolitan areas.

It is essential that immediate and bipartisan efforts are made to resolve the CA/T Project's fiscal challenges so that the it can successfully move forward. FHWA's audit report has made note of errors and omissions in the Project's financial reporting practices. Project leaders have appeared here today to assure you that they are committed to taking the actions necessary to repair their monitoring and communications protocol as well as their relationship with Congressional and federal leaders and the public. When all is said and done though, I believe the CA/T Project will serve as a model for other major cities across the country as each plans to rebuild its own highway infrastructure. The CA/T was the first mega-project to submit a finance plan to the Federal Highway Administration in 1995. This practice was later made statutory in TEA-21 legislation. This and other Project "firsts" and lessons learned will serve as important resources for other major infrastructure projects rebuilding in the middle of urban environments while trying to keep the city open for business and maintain economic vitality.

Speaking to you today on behalf of Boston's business leaders, I am confident that the Project's new state and federal leadership will restore the Project's integrity and reach consensus with the Legislature and the Governor on a financially feasible funding strategy that will see this Project through completion. We look forward to continuing our partnership with Congressional, federal, and state leaders to advance completion of this project in a timely and prudent fashion. In the interim, it is our hope that no federal action is taken that would be detrimental to the Project's progress and, therefore, our regional economy.

Thank you for the opportunity to testify today.