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OFFICERS & BOARD OF DIRECTORS

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UPCOMING EVENTS

BOARD OF DIRECTORS MEETING
August 9, 2023
7:30 a.m. - CIM Office
Norwood, MA

BOARD OF DIRECTORS MEETING
September 13, 2023
7:30 a.m. - CIM Office
Norwood, MA

BOARD OF DIRECTORS MEETING
Thursday, October 12, 2023
7:30 a.m. - CIM Office
Norwood, MA

NEW MEMBERS

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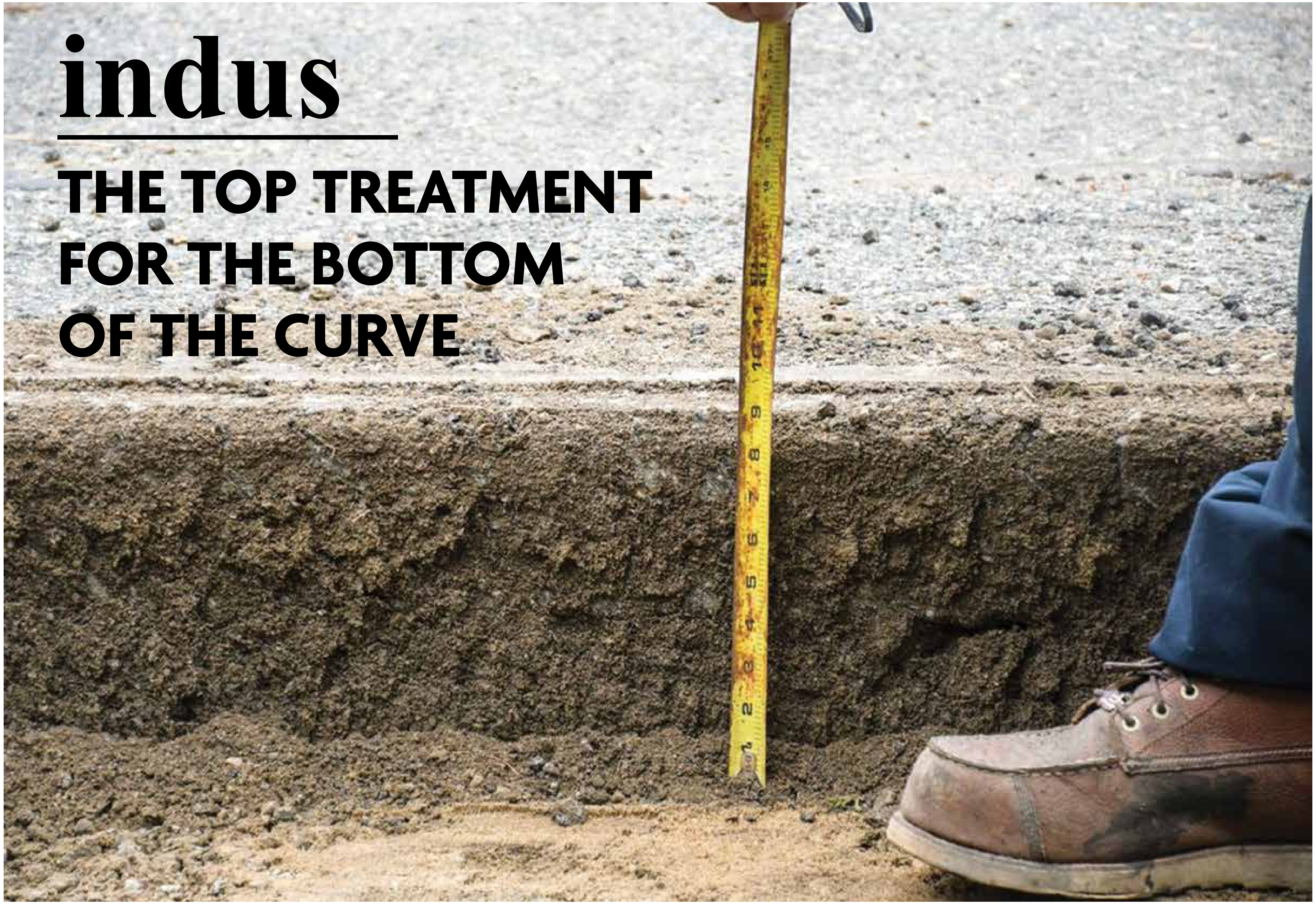
indus

THE TOP TREATMENT FOR THE BOTTOM OF THE CURVE



indus provides a wide variety of treatments specializing in three public infrastructure areas: roads, bridges, and airports.

It's latest treatment in their toolkit is Paver-placed Stabilized Full Depth Reclamation (PPSFDR). This unique and modern version of Full depth reclamation allows the firm to cater to clients across the full spectrum of the asphalt deterioration curve, providing a full range of support to road managers.

What does PPSFDR really mean?

- Paver-placed: The pavement is recycled and laid in one continuous motion using a self-propelled paver, with a minimum 10' and maximum 20' screed width. (This is the same process as Cold In-place Recycling)
- Stabilized: Foamed-liquid asphalt stabilizer is added to the pulverized existing material to create a long-lasting base which produces a structural benefit to the recycled layer.
- Full Depth Reclamation: A common and trusted treatment process for reclaiming roads in the range of 40 – 10 PCI.

indus felt there was a need to move in this direction to give their clients and partners another option. Cold In-place Recycling limited recycling only asphalt from 3 to 6 inches in depth. PPSFDR allows indus to recycle both subbase and asphalt as deep as 8 inches.

indus Client Services Manager, Art Baker stated "In 2022, we worked with selective partners to hone this process before offering PPSFDR to all our clients. Our first client was the town of Dartmouth Massachusetts. We performed PPSFDR on Woodcock Road. Similar to CIR, PPSFDR is an engineered process as well. Coring and mix design was completed prior to this 10,000 sy project. Structures were lowered prior to the recycling project and raised immediately after the project was completed. A 2" HMA wearing surface was then installed."

Commenting on the project, Paul Pacheco, Highway Superintendent of Dartmouth, MA said "After doing Paver-Placed Stabilized Full Depth Reclamation for the first time, it far exceeded my expectations. Similar to Cold-In-Place recycling, there was very little disturbance to the residents. Additionally, the cost was about 10% less than a traditional FDR project and we performed structural testing that proved the recycled layer met the design strength."

The major benefits of this process versus a traditional FDR?

- This is a fully engineered process to recycle and reinstall in one continuous pass.
- No windrows or motor graders are necessary.
- Greatly reduces time and disruptions commonly found with traditional FDR.
- Stabilizers add a structural benefit to the recycled layer.
- Reduces Greenhouse Gas Emissions by 60% compared to traditional FDR.

Baker added "The community benefit alone is a big reason to consider PPSFDR. Completing a project like this in half the time can be an easier lift on Public Works and have minimal impact on schools, hospitals, and all road users. Much like our Cold In-place Recycling (CIR), road users can quickly drive on the recycled surface. Owners should also consider Paver-placed Stabilized Full Depth Reclamation when the road has 4" or less of existing asphalt and CIR is not an option due to the road having an inadequate base."

"We were looking for an alternative to traditional FDR that was less disruptive to our clients' communities. We're excited to be able to offer PPSFDR with the same equipment used on our CIR process that has already proven to be successful for our clients."

For additional information regarding Paver-placed Stabilized Full Depth Reclamation, please reach out to Art Baker art.baker@indusinc.com
For more information on PPSFDR indusinc.com/roads/paver-placed-stabilized-full-depth-reclamation/

Thank You for Golfing with Us!

CIM's Annual Golf Outing was held at Pinehills Golf Club in Plymouth on Monday, June 5. We sold out both courses at Pinehills, necessitating use of Waverly Oaks Golf Club located a few miles down the road. We had 368 golfers!

With a 10:00 a.m. shotgun start at Pinehills (golfers at Waverly Oaks had tee-times), members congregated early to enjoy the very popular breakfast sandwiches and to make use of the driving range and putting green.

Despite the morning rain and chill, the weather cleared up and an enjoyable day of golf followed. CIM appreciates the support of our members who golfed with us and we express our great appreciation to ALL the sponsors. It truly is an amazing event each year and the record attendance is testament to that!

We thank the membership for attending and for your generous sponsorships. It truly was a great day. Mark your calendar for next year – Monday, June 3, 2024 – Pinehills Golf Club.

Pinehills Golf Club

COURSE WINNERS

JONES COURSE

FIRST PLACE
Milton CAT
Dan Coppenrath
Bob McDuffy
Dan Glennon
Mark Frongillo

SECOND PLACE
Milton CAT
Anthony Marzochi
Shane Murphy
Sean Rogers
Rocco DiVerdi

THIRD PLACE
Construction Risk Partners
Greg Steele
Kevin Cutillo
Brian Bettenhausen
Maria DiTommaso

LONGEST DRIVE - Men
Doug Cochrane – McCourt Company

LONGEST DRIVE - Women
Elizabeth Will – WTW

CLOSEST TO THE PIN
Anthony Marzochi – Milton CAT

NICKLAUS COURSE

FIRST PLACE
BSC Group
Steve Cammuso
Christine Mizioch
Dave Biancavilla
Taylor Dowdy

SECOND PLACE
CIM Labor Relations
David Shea
David Fantini
Christopher Carey
James Marenghi

THIRD PLACE
D.W. White Construction, Inc.
Peter Pavao
Tim Kelley
Ed Shaw
Manuel Roque

LONGEST DRIVE - Men
Dana Hanson – Darmody Merlino & Co., LLP

LONGEST DRIVE - Women
Christine Mizioch– BSC Group

CLOSEST TO THE PIN
Zach Mangelson – D.W. White Construction, Inc.

WAVERLY OAKS GOLF CLUB COURSE

FIRST PLACE
United Rentals
Brian Shumway
Kevin O'Brien
Camden Schade
Cedric Hilliard

RAFFLE WINNERS

TOP AMAZON GIFT CARD WINNERS

$300
Peter Rizzuto
J.F. White Contracting

$250
Jim Hurley
RoadSafe Traffic Systems, Inc.

$200
Patrick McCarthy
K.R. Rezendes, Inc.

$150
Randy Russ
Kiewit

$100 AMAZON GIFT CARD WINNERS

$100
Dave Patnaude
AECOM

$100
Gary Orlando
Barletta Heavy Division

$100
Tom Day
Barletta Heavy Division

$100
Tim Kelley
D.W. White Construction, Inc.

$100
Howard Bourdelais
Dagle Electrical

$100
Alex Karakostas
Fischbach & Moore

$100
Mark Champagne
GeoEngineers

$100
Dimitrios Palantzas
GeoEngineers

$100
Bob Murphy
J.F. White Contracting

$100
Mary Ainsley
Jacobs

$100
Brett Franklin
MAS Building & Bridge

$100
Ryan Carroccino
McCourt Company

$100
Stephen Catalano
Prime Coatings, Inc.

$100
Mark Di Martino
RoadSafe Traffic Systems, Inc.

$100
Sean Cobelli
Skanska

$100
Mike Rieger
TranSystems

$100
Paul Brodeur
United Construction & Forestry

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Ryan MacVica
Walsh Construction

$100
Bill Vogel
Wes Construction Corp.

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Construction Industries of Massachusetts is pleased to share select pages from The Commonwealth of Massachusetts Five-Year Capital Investment Plan – June 2023.

The Commonwealth of Massachusetts

FIVE-YEAR CAPITAL INVESTMENT PLAN

Maura T. Healey, Governor
Kimberley Driscoll, Lt. Governor

Matthew J. Gorzkowicz, Secretary of Administration & Finance

FISCAL YEARS 2024-2028

JUNE 22, 2023
MASS.GOV/CAPITAL

OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
STATE HOUSE BOSTON, MA 02133
(617) 725-4000

MAURA T. HEALEY
GOVERNOR

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

June 22, 2023

To the people of Massachusetts,

Today, we are proud to release our Administration's first five-year capital plan, which invests more than $14 billion over five years in the future of our Commonwealth.

Our Administration is committed to celebrating and continuing Massachusetts' many successes. There is much to celebrate in our great state. Whether it's our leading life sciences and innovation economy, world-class education system from kindergarten through college, or highly ranked quality of life, Massachusetts is a beacon of success among our peers.

However, we know that purposeful investments and polices are required to ensure we keep improving the Commonwealth's affordability, economic competitiveness, and equity for people from all walks of life.

Our Administration's FY24-FY28 Capital Investment Plan (CIP) does just that. From record investments in developing affordable, high-quality housing in regions across the state to targeted resources that small businesses need to grow and thrive, our Administration is dedicated to doing what it takes to meet the moment and invest in the future for our Commonwealth.

The investments in the FY24-FY28 Capital Investment Plan complement and build on the funding we proposed in our inaugural operating budget, with a particular emphasis on advancing our housing, climate and economic development goals. Today, too many Massachusetts families are struggling with the burden of rising housing costs and limited availability. To meet these challenges, we must increase housing production and preserve our existing housing stock. Since taking office, our Administration has been laser focused on establishing the structure and resources needed to tackle this challenge head on, including establishing the new Executive Office of Housing and Livable Communities.

The capital plan continues these efforts through a historic investment in housing, with over $1.5 billion committed to housing initiatives, including programming to support the construction of hundreds of new, affordable housing opportunities each year. The CIP also dedicates $97 million in FY24 to establish a new HousingWorks program. Built on the successful model of the MassWorks grant program, HousingWorks injects new funding into the market and creates a flexible tool to support housing development, preservation, and rehabilitation, with the goal of enabling the construction of up to 300 new affordable housing units each year.

With billions more in investments across government, this capital plan also reflects our Administration's full commitment to meeting our climate goals. Through FY28, we are investing over $1.4 billion in our transportation systems to reduce emissions through electrification, create more sustainable modes of transportation, and build resilient infrastructure prepared to withstand the impacts of a changing climate. Over five years, we are funding more than 40 projects at our state buildings with a focus on decarbonization, with total project values over $1.6 billion. Decarbonization and climate-conscious features are a key component of all new investments, ensuring a sustainable approach to managing and maintaining the Commonwealth's assets.

Our plan is both bold in its investments and fiscally sustainable. We would like to thank the people across the Commonwealth whose ideas and passions come to life in this plan, and we look forward to realizing the impacts of this plan as we continue to invest in a more affordable, competitive, and equitable future for the Commonwealth.

Sincerely,

GOVERNOR MAURA T. HEALEY   LT. GOVERNOR KIMBERLEY DRISCOLL

INVESTING IN THE FUTURE OF MASSACHUSETTS

Massachusetts has long been a center of innovation. We sit on the cutting edge of health care, life sciences, research, and technology. We are leading the charge to combat climate change nationally, and we attract the brightest minds to our colleges, communities, and businesses. Massachusetts is a top-tier place to live, work, and visit because of the spirit of the seven million people who call our Commonwealth home.

But it is not enough to simply maintain the status quo. Instead, we must invest in the future of Massachusetts, in a Commonwealth that is more affordable, equitable and competitive and that meets the moment head on.

Governor Healey and Lieutenant Governor Driscoll's first capital investment plan does exactly that.

With over $14 billion in spending from FY24–FY28, the Administration's first capital plan makes historic investments in housing production and preservation, fully commits to meeting the Commonwealth's climate goals, provides essential resources to drive economic development, preserves and modernizes our state infrastructure, invests in cities and towns from Pittsfield to Provincetown, and makes government more efficient and effective for its residents.

FULLY COMMITTING TO OUR CLIMATE GOALS

The FY24–FY28 CIP represents a crucial milestone in our collective pursuit of a sustainable future. Achieving the Commonwealth's climate goals requires a whole of government approach, which is why record climate investments are woven throughout the entire capital plan. Through FY28, over $1.4 billion is committed to reducing emissions through transportation electrification, creating sustainable transportation alternatives, and building resilient infrastructure to withstand the impacts of a changing climate. Consistent with the requirements of Executive Order 594, the plan invests over $120 million toward a zero-carbon future by supporting the conversion of central plants and moving away from on-site fossil fuels in state buildings. Municipal climate-focused grants receive over $360 million in funding in the FY24–FY28 CIP, including nearly $125 million for the Municipal Vulnerability Preparedness (MVP) grant program. And land protection, another critical piece of the Commonwealth's climate and environmental strategy, receives over $176 million.

INVESTING HISTORIC LEVELS IN HOUSING PRODUCTION AND PRESERVATION

Too many Massachusetts families are struggling under the burden of rising housing costs and limited housing availability. The Healey-Driscoll Administration's capital investments represent concrete steps to drive housing production and affordability. The FY24–FY28 Capital Investment Plan represents an historic investment in housing, with over $1.5 billion committed to help finance the construction of hundreds of new, affordable housing opportunities per year and $308 million to preserve the Commonwealth's existing housing stock. The plan also launches a new HousingWorks program, a pioneering initiative from the new Executive Office of Housing and Livable Communities that leverages an injection of new funding and the successful model of the MassWorks grant program to create a flexible tool to support housing development, preservation, and rehabilitation. HousingWorks is funded with $97 million in its first year alone, providing record levels of investment in climate-resilient affordable housing and enabling 200 to 300 new units of affordable housing each year. On top of HousingWorks, the plan dedicates historic investments to the Affordable Housing Trust Fund, Housing Stabilization Fund, and public housing.

DRIVING ECONOMIC DEVELOPMENT IN ALL REGIONS

Capital funding plays an important role in advancing the Healey-Driscoll Administration's commitment to protecting the competitiveness of the Massachusetts economy. Through FY28, the Executive Office of Economic Development will invest $1.2 billion in capital funding throughout the Commonwealth. Among these investments is $163 million to strengthen communities across the state, including grant opportunities available through the Community One Stop for Growth application portal. Nearly $80 million will be invested in innovation, life sciences, and advanced manufacturing to maintain the Commonwealth's position as a leader in these key industries. This includes funding for the Massachusetts Life Sciences Center, Massachusetts Manufacturing Innovation Institute, and MassVentures START program. Additionally, Massachusetts will leverage investments to compete for generational federal funding opportunities to continue expanding economic opportunity in the Commonwealth.

PRESERVING AND MODERNIZING OUR ASSETS

Perhaps the most fundamental component of the capital investment plan is preserving and modernizing our Commonwealth assets. The FY24–FY28 Capital Investment Plan works to protect physical infrastructure, prioritizes critical deferred maintenance projects, and supports the climate adaptation plan. Notably, the plan dedicates $262 million towards assisting the federal government's efforts to replace the Cape Cod bridges, ultimately ramping up to a $700 million long-term commitment. The Healey-Driscoll Administration continues to work with our federal partners to ensure this critical project is funded and completed. To improve the level of service provided to citizens with business before the court, the Administration is committing to constructing a new, modern Hall of Justice in Springfield to replace the current aging infrastructure. In support of veterans across the Commonwealth, the Capital Investment Plan funds the construction of new veterans' homes in Chelsea and Holyoke, providing state-of-the-art facilities and services to those who have served our nation.

PARTNERING WITH OUR CITIES AND TOWNS

The Healey-Driscoll Administration strongly believes that statewide growth begins at the local level. The Capital Investment Plan reaffirms this administration's commitment to a strong state-local partnership by investing in municipalities throughout Massachusetts. Over $270 million is invested annually in local transportation programs, including $200 million for Chapter 90. The plan includes $134 million in library construction grants to support the renovation and expansion of municipal libraries across the Commonwealth, further enhancing the role these critical spaces play in the lives of residents. To support local tourism and the rich culture of Massachusetts, $50 million in Cultural Facilities Fund grants will be awarded through FY28. With an intentional focus on digital equity, the Healey-Driscoll Administration is committed to bringing access to work, education, and healthcare to families across the state regardless of income or geography. In addition to leveraging $275 million in federal funding to advance broadband equity across the Commonwealth, the FY24–FY28 Capital Investment Plan provides almost $74 million in local support for investments in technology through capital programs.

BUILDING EFFICIENT AND EFFECTIVE SERVICE DELIVERY

The FY24–FY28 Capital Investment Plan aims to directly improve the lives of constituents through robust investments that will improve our climate resiliency, health and safety, and government efficiency. The Capital Investment Plan includes $840 million in funding for modern, climate resilient higher education campuses across the state. This includes funding for critical repairs, deferred maintenance, and utilities improvements. The Administration is strengthening behavioral health infrastructure throughout the state with $550 million in funding to reimagine facilities no longer serving today's needs. This includes replacing the old Shattuck Hospital in Jamaica Plain with a newly renovated facility on the site of the former Boston Medical Center Hospital in Boston's South End. Technologically, the state is investing $421 million in IT upgrades in FY24 alone. Projects include upgrading electronic health records management at the Executive Office of Health and Human Services, interoperability upgrades at the Executive Office of Public Safety and Security, and an integrated and modernized data repository at the Executive Office of Education. A $10 million new initiative will launch the Executive Office of Technology Services and Security Digital Roadmap, improving access to all Commonwealth digital services.

Overall, the FY24–FY28 Capital Investment Plan lays the foundation for a more affordable, equitable and competitive future for our Commonwealth. With record investments across government, the Healey-Driscoll Administration is taking strides to demonstrate the positive impact government can have on the lives of residents and businesses alike. The plan is both impactful and fiscally prudent, making a down payment on the long-term prosperity of our Commonwealth.

DEBT AFFORDABILITY

A key objective of the Healey-Driscoll Administration is to build responsible and sustainable spending plans that invest thoughtfully in its people, its economy, and its future. To this end, the Administration's FY24 plan reflects careful management of Commonwealth's fixed financial obligations that balances the need to preserve future financial flexibility with the need to make critical investments that set the Commonwealth up for success.

The plan's primary source of funding is General Obligation (G.O.) bonds that are issued to investors who are repaid over time via the Commonwealth's operating budget. The amount of bonds the Commonwealth can issue in a year is subject to statutory and policy limits. The total amount of G.O. bonds budgeted in any given year is commonly referred to as "the bond cap."

For FY24, the Administration has budgeted $2.905 billion in bond cap spending, a financially disciplined amount that is informed by numerous factors including analysis by the Debt Affordability Committee (DAC). The DAC considers factors required by statute, including the amount of bonds that are and will be outstanding, Commonwealth bond ratings, pertinent debt ratios, interest rate outlooks, and revenue projections, among others. This year's bond cap enables the Commonwealth to make significant capital investments, while maintaining flexibility within the operating budget for core public services such as education, local aid, health care, and public safety.

The FY24 bond cap amount factors in projected long-term revenue growth and falls within the following established debt parameters:

- The projected amount of outstanding debt falls below the state's statutory debt limit;
- The projected annual debt service as a percent of budgeted revenues is less than 8% over the next 10 years; and
- The annual growth in the bond cap does not exceed the $125 million cap.

The capital plan leverages other funding sources in addition to bonded indebtedness. This approach allows the Commonwealth to make strategic funding decisions that maximize all available revenues.

FUNDING SOURCES

Funding for the Commonwealth's overall capital investment plan is sourced from a combination of funds totaling **$5.513 billion** in FY24. An overview of FY24 funding sources is provided below.

General Obligation Bonds ($2.905 billion): General Obligation (G.O.) Bonds backed by the full faith and credit of the Commonwealth represent the largest and most flexible funding source for the capital plan.

Federal Funds ($1.515 billion): Various federal programs support aspects of the capital plan, including collaborations with the Army Corps of Engineers, U.S. Department of Veterans Affairs, reimbursement for spending on qualified highways, support for the Clean Water Trust, and reimbursement for IT projects that support MassHealth and other human services agencies.

Special Obligation Bonds ($390 million): Special Obligation Bonds backed by dedicated transportation revenues – primarily gas excise tax and Registry fees – fund the Accelerated Bridge Program (ABP) and the Rail Enhancement Program (REP).

Other Sources ($229 million): Includes funding from partners such as municipalities, private sector contributors, higher education campuses, and other public authorities.

Pay-as-you-go ($345 million): Current year revenues may be used to fund capital projects, avoiding the need to issue debt. This is largely related to transportation investments funded with toll and other MassDOT revenues.

Project Revenue/Self-Funded ($130 million): Certain projects generate savings or revenue to cover the debt service on project capital costs, including the Clean Energy Investment Program, which uses energy savings to repay the Commonwealth for debt service associated with efficiency investments, and revenue-generating assets, such as the Lottery technology system.

Source	FY24 ($ millions)	FY24–FY28 ($ millions)
General Obligation (G.O.) Bonds	2,905	14,525
Federal Funds	1,515	8,013
Special Obligation Bonds	390	1,639
Other Contributions	229	1,034
Pay-as-you-go (PAYGO)	345	1,508
Project / Self-Funded	130	406
Capital Investment Plan Total (ALL SOURCES)	**5,513**	**27,125**

CAPITAL PLAN SUMMARY

Bond Cap Spending by Agency or Secretariat

Agency	FY24 ($ millions)	FY24–FY28 ($ millions)
Massachusetts Department of Transportation (MassDOT)	1,137	5,655
Division of Capital Asset Management and Maintenance (DCAMM)	614	3,143
Executive Office of Energy and Environmental Affairs (EOEEA)	313	1,513
Executive Office of Housing and Livable Communities (EOHLC)	308	1,547
Executive Office of Economic Development (EOED)	242	1,219
Executive Office of Technology Services and Security (EOTSS)	162	828
Executive Office for Administration and Finance (A&F)	72	341
Executive Office of Public Safety and Security (EOPSS)*	31	148
Executive Office of Education (EOE)**	26	129
Total	**2,905**	**14,525**

*Includes vehicles, equipment; does not include public safety facilities, which are funded by the Commonwealth through DCAMM.
**Does not include higher education facilities projects, which are funded by the Commonwealth through DCAMM.

TRANSPORTATION

The Massachusetts Department of Transportation's (MassDOT) Fiscal Year 2024–2028 Capital Investment Plan (CIP) reflects the Administration's commitment to an inclusive planning process to improve and create equitable, reliable, and safe transportation options for all residents across the Commonwealth. MassDOT's capital planning is centered around setting priorities for our system, developing programs to implement those priorities, and selecting projects that meet the goals of our programs.

The MassDOT CIP, including final project lists, is reviewed and approved by the MassDOT Board of Directors. The Massachusetts Bay Transportation Authority (MBTA) develops its own CIP, which is submitted for review and approval by the independent MBTA Board of Directors. The MassDOT CIP incorporates only the funding provided by the Commonwealth to the MBTA.

The MassDOT capital plan continues to center around three strategic priorities that define MassDOT's broadest goals: the safety and reliability of our system, the modernization of our assets, and the strategic expansion of transportation options throughout the Commonwealth. This plan also incorporates strategies and investments to align with the Commonwealth's goals to reduce greenhouse gas emissions to ensure a more resilient future.

The overarching strategic goals for MassDOT's CIP include:

- **Safety –** CIP investments support safety for all users and adoption of a safe-system approach, including by supporting the ongoing Strategic Highway Safety Plan (SHSP).
- **Climate stewardship –** CIP investments support the Commonwealth's commitment to decarbonizing mobility and adapting infrastructure to meet climate challenges.
- **Equity –** CIP investments support equalizing access to mobility options to serve all residents of the Commonwealth.
- **Responsible Asset Management –** The CIP prioritizes investments that support the preservation of assets while also modernizing and adapting those assets to new needs and challenges.

The MassDOT capital plan is funded from a variety of state and non-state sources, and totals approximately $15.7 billion in spending for FY24–FY28. The allocation of funding is consistent with MassDOT's asset management plans, multi-modal planning efforts and capital priorities. The priorities for the plan continue to be to improve the condition of MassDOT's roads and bridges, rail and transit facilities and network, and public use airports. MassDOT is focused on building capacity to support projects throughout the Commonwealth's transportation system and partnering with cities and towns to address the needs of municipally-owned transportation assets.

The MassDOT and MBTA capital plans are developed in alignment each year with the development of the five-year, State Transportation Improvement Program (STIP). The STIP will cover Federal Fiscal Years 2024–2028 (FFY24–28) and incorporate the federal formula funding levels and programs included in the surface transportation reauthorization legislation (the Bipartisan Infrastructure Law or BIL, which provides federal funding for transportation for FFY22–26). The CIP aligns with the STIP to maximize the federal highway and transit formula funding available to MassDOT and the MBTA as well as to the Commonwealth's Metropolitan Planning Organizations (MPOs) and Regional Transit Authorities (RTAs).

The BIL provided an additional $1.8 billion in federal highway formula funding for the Commonwealth. A significant portion of this BIL funding is programmed to improve the condition of the Commonwealth's bridges. BIL also provided formula funds to support climate change mitigation, (Carbon Reduction Program, $93.7 million) and to address the resiliency of our assets (PROTECT program, $106.6 million) as well as new formula funding ($63.5 million) to support the development of electric vehicle (EV) charging infrastructure.

MassDOT's EV Infrastructure Charging Plan was approved by the United States Department of Transportation (USDOT) in September 2022. Implementation plans are being developed in collaboration with the Commonwealth's Office of Climate Innovation and Resilience and the Executive Office of Energy and Environmental Affairs for use of the EV formula funds.

The transportation bond bill enacted in January 2021 and the MassTRAC legislation enacted in August 2022 authorized a number of programs that address asset conditions and congestion at the local level, improve transit access, and provide financing through Grant Anticipation Notes ("GANs") for the Commonwealth's extensive National Highway System bridges.

MASSDOT

MassDOT's Capital Investment Plan continues to be driven by targeting the performance of assets, preserving strategically important infrastructure, addressing the resiliency of our assets, and ensuring mobility and accessibility across all modes, including investments in bicycle and pedestrian infrastructure through new connections and facilities across the Commonwealth. The plan strives to align with the Administration's multi-modal planning efforts.

FY24 INVESTMENT HIGHLIGHTS:

Roadway/Pavement Condition: MassDOT's Highway Division continues to fund pavement investments at a level that maintains interstate highways within range of current federal targets and seeks to make progress toward condition targets for non-interstate pavement. MassDOT is responsible for nearly 75% of the National Highway System in the Commonwealth, and highway pavement investments support the condition of this multimodal and economically significant transportation network. The increase in federal formula funds for Massachusetts supports the additional capital investments MassDOT has programmed to improve our roadways and pavement condition over the next five years.

Bridge Condition: For FY24, MassDOT plans to spend approximately $714.8 million, which is a significant increase over prior plans, to focus on improving the condition of the state-owned bridges throughout the Commonwealth. The level of investment is supported by the Highway Infrastructure Program funding available under BIL ($743 million in federal formula bridge funds from FY24–FY28) and approximately $27.7 million in Next Generation Bridge bonds. Additionally, in FY24–FY28 MassDOT will invest $262.5 million of state bond cap for the replacement of the Sagamore and Bourne bridges to Cape Cod. These investments support preparation work necessary for the larger projects and the initial portion of a state commitment of up to $700 million to match federal funding for these essential structures.

Toll Facilities (Metropolitan Highway System, Western Turnpike, Tobin Bridge): Supported by toll revenues, the Metropolitan Highway System (MHS) is the network of major roadways, bridges, and tunnels within and around Boston with components ranging in age from the Sumner Tunnel, which was completed in the 1930s, to the Thomas P.

"Tip" O'Neill Jr. Tunnel, which was completed in 2003. The Western Turnpike (I-90) extends from Route 128/I-95 in Weston to the New York border and the Tobin Bridge connects Chelsea to Boston. The FY24–FY28 capital plan includes several significant investments that will improve the condition of our toll facilities over the next five years, including the rehabilitation of the Sumner Tunnel and the interim preservation project for the Allston I-90 Viaduct, the replacement/reconstruction of the bridges/ramps and viaduct at the I-90/I-95 Interchange in Newton/Weston, the reconstruction of the I-495/I-90 Interchange in Hopkinton/Westborough, and the structural cleaning and painting, steel and concrete repairs on the Tobin Bridge among other investments.

Bicycle and Pedestrian Infrastructure: To provide healthy transportation options and help achieve carbon reduction goals, MassDOT plans to invest approximately $81.4 million in FY24 in bicycle and pedestrian infrastructure. MassDOT's capital plan includes four programs dedicated almost exclusively to bicycle and pedestrian infrastructure improvements, including $38.1 million for shared-use paths/multi-use trails development. Additionally, the plan includes $15.0 million for the Complete Streets Funding Program;

$14.5 million for investments geared toward implementing the recommendations in the bicycle and pedestrian modal plans; and $5.3 million in federal funding (with state match) to support the Safe Routes to School Program to fund investments that promote safe walking and bicycling for children to get to neighborhood schools. Also, the Shared Streets and Spaces Program, initially launched in June 2020 as part of the state's COVID-19 response, continues, and is funded at $8.5 million in the capital plan.

MBTA

The MBTA continues to sustain an unprecedented level of investment in the system's safety and reliability, the modernization of the existing assets, and the strategic expansion of the transit network. The MBTA continues to focus its capital efforts on core infrastructure improvements with the goal of expediting projects to increase safety, reliability, resiliency, and modernization of the system. The policy objectives of the MBTA's $9.7 billion 5-year capital plan are laid out below. Please note that some investments cover multiple policy objectives.

Prioritizing Safety and Reliability Investments: Safety and reliability investments are the MBTA's priority and account for roughly $7.9 billion or 80.9% of the programmed investments in the FY24–FY28 CIP. These projects are necessary to reduce safety risks, increase system reliability, lower maintenance costs, and improve system performance.

Building Toward Enhanced and Improved System Accessibility: System accessibility accounts for roughly $2.1 billion or 21.4% of the programmed investments with significant accessibility benefits in the FY24–FY28 CIP. These investments are instrumental in ensuring access for all when using the MBTA's transit system.

Promoting System Sustainability and Resiliency: Investments focused on system sustainability and resiliency account for roughly $3.76 billion or 38.7% of the programmed investments in the FY24–FY28 CIP. These investments promote electrification, resource efficiency, and harden the system against extreme weather events, including flooding and extreme heat.

FY24–FY28 Commonwealth-Funded Investments: The FY24–FY28 MBTA capital plan includes approximately $802 million in state-supported investments dedicated to modernization and expansion projects including the replacement of the Red and Orange Line vehicles, critical infrastructure investments on the Red and Orange Lines, the completion of the Green Line Extension and the South Coast Rail Project plus an additional $136 million of FTA directive costs funded under the Commonwealth operating budget.

Red and Orange Line Vehicles and Infrastructure Improvements ($248.2 million): The capital plan continues to support the delivery of new subway cars to completely replace the fleets and important infrastructure upgrades on the Red and Orange Lines. This FY24–FY28 total represents funding from the Commonwealth; in total approximately $469.7 million in funding from all sources is programmed to support these investments.

Green Line Extension ($6.0 million): This investment supports the Green Line Extension Project, which is extending service north to further serve the cities of Cambridge, Somerville, and Medford. The Union Square Branch opened for service in March 2022 and the Medford Branch opened in December 2022. The FY24–FY28 total represents remaining funding from the Commonwealth. A total of $240 million is programmed from all sources over FY24–FY28, which represents the closeout of the project.

South Coast Rail ($286.3 million): This investment funds Phase 1 of the South Coast Rail Project, which will provide passenger rail service between Boston and Southeastern Massachusetts including Taunton, Fall River, and New Bedford. This passenger rail service will support existing and future demand for public transportation, enhance regional mobility, and support smart-growth planning and development strategies in Southeastern Massachusetts. This investment also funds the procurement of additional commuter rail coaches to support the new service. Additional Commonwealth funding supports intersection improvements related to the South Coast Rail project completed by MassDOT's highway division.

Commuter Rail Bi-Level Coaches ($127.4 million): This investment supports the procurement of 67 new bi-level commuter rail coaches to be deployed through the commuter rail system.

MUNICIPALITIES

The Healey-Driscoll Administration is committed to supporting cities and towns as they improve and modernize their critical transportation assets. Several state-funded programs are specifically targeted for such municipal investment including Chapter 90, Complete Streets, Municipal Small Bridge, Municipal Pavement, Local Bottleneck Reduction and Shared Streets and Spaces programs. For FY24, MassDOT is launching a new program ($4.5 million) that will be focused on providing grant funding to municipalities and the state's 15 Regional Transit Authorities (RTA) for the integration of electric vehicles and equipment in communities. Overall, the FY24 CIP includes $274 million to support investments in our communities (including Chapter 90). In addition, substantial amounts of federal funding are directed to projects that rebuild and modernize locally owned assets.

FY24–FY28 INVESTMENT HIGHLIGHTS:

Chapter 90 Program ($200 million): This funding reimburses cities and towns for costs incurred for eligible local transportation capital improvement projects such as highway construction and transportation preservation projects.

Municipal Pavement Program ($25.0 million): This program, which was authorized in the 2021 transportation bond bill, provides funds through partnerships and/or grants to cities and towns to assist them in repairing and replacing municipal roadway pavement to improve the condition of municipally-owned routes throughout the Commonwealth.

Municipal Small Bridge Program ($15.0 million): Launched in FY17, the program assists municipalities in replacing and repairing municipally-owned bridges that are less than 20 feet long and are not eligible for federal funding. To date, a total of $63.5 million has been awarded for 178 municipal small bridge grants.

Complete Streets Funding Program ($15.0 million): The program provides funding and technical assistance to communities that demonstrate a commitment to providing safe and accessible options for all modes of travel. There have been 450 construction and technical assistance grants awarded as part of the program since its launch in 2016. A total of $83.7 million in funding grants has been awarded since inception.

Shared Streets and Spaces Program ($8.5 million): In June 2020, MassDOT launched the Shared Streets and Spaces Program, a municipal-focused program focused on quick-build projects to bring meaningful benefits to cities and towns as municipalities responded to the economic impacts and health concerns of COVID-19. This program allows cities and towns to quickly launch or expand improvements in support of public health, safe mobility, and renewed commerce in their communities. To date, a total of $49.3 million has been awarded for 494 Shared Streets and Spaces grants. The MassTRAC bill included authorization to continue this successful program.

Local Bottleneck Reduction Program ($6.0 million): The program provides new funding for cities and towns to address localized, operationally-influenced bottlenecks that negatively impact traffic flow. The program would fund moderate, cost-effective congestion relief such as redesign, re-striping, lane and shoulder width adjustments, signal improvements, ramp adjustments, signage, and other infrastructure improvements. To date a total of $7.5 million has been spent on 33 projects.

EXECUTIVE OFFICE OF ENERGY AND ENVIRONMENTAL AFFAIRS

The Healey-Driscoll Administration is committed to bold climate action. Protecting communities from the worst impacts of the extreme weather and rising seas while growing our clean energy economy is a cornerstone of the Administration's agenda. Not only will these investments shield our communities, businesses, and residents from harm – we will create high-paying jobs and position Massachusetts on the cutting edge of resiliency and clean technology. The FY24–FY28 Capital Investment Plan (CIP) for the Executive Office of Energy & Environmental Affairs (EEA) is representative of the Healey-Driscoll Administration's guiding principle – that the climate crisis is both our greatest threat and greatest opportunity, and that we can't afford to wait to address it.

RESILIENCY & RESTORATION

The climate crisis is here, and our communities are bearing the brunt of extreme weather. The Commonwealth is a national leader with its innovative resiliency programs, and the FY24 CIP builds on this important work. The FY24 CIP allocates over $70 million to climate mitigation and resilience projects.

EEA is dedicating $6.3 million to the State Hazard Mitigation and Climate Adaptation Program (SHMCAP), a critical down payment in the face of mounting weather-related threats. This 643% increase in funding will support Governor Healey's whole-of-government approach by funding resilience projects at state agencies.

The FY24 CIP also continues EEA's work to restore Massachusetts' most precious natural assets to a healthy, thriving state. The CIP dedicates new funds to ongoing ecological restoration projects, including the Herring River Estuary and cranberry bogs throughout the South Coast.

INVESTING IN COMMUNITIES

Withstanding the climate crisis and protecting our environment requires a strong partnership between the state and local communities. The FY24 CIP continues investments in EEA's programs that support communities as they plan for the future, including:

- **Clean Water Trust Revolving Fund ($41.2 million):** These funds help communities shift to modern wastewater infrastructure and ensure safe drinking water for their residents.
- **Municipal Vulnerability Program ($23.7 million):** Helps municipalities plan for and operationalize resilience projects such as green infrastructure, capacity building, land acquisition, and construction.
- **Community Investment Grants ($21 million):** This funding helps cities and towns preserve and expand greenspaces and conservation lands.

MAINTAINING SAFE AND ACCESSIBLE PUBLIC SPACES

Our public green spaces, waterfronts, and infrastructure are the backbone of Massachusetts' recreational economy, yet many of these structures and lands have fallen into disrepair due to years of disinvestment. The Healey-Driscoll Administration seeks to start a new chapter for our outdoor infrastructure, which is demonstrated in the CIP's investments. The FY24 CIP invests $32.4 million – a 12% increase over FY23 – in deferred maintenance and small repairs, as well as $31.3 million in parkway reconstruction and maintenance – a 16% increase. These investments can make all the difference for residents that are prevented from enjoying their local and statewide open spaces due to a lack of maintenance and investment needed to make them accessible and welcoming for all. The CIP also invests $12.6 million in inland dams and seawalls to assist numerous communities situated near aging water infrastructure. Finally, the CIP also proposes $19 million for MassTrails, Massachusetts' beautiful network of recreational pathways that promote a healthy outdoor lifestyle for people of all ages. Each of these investments incorporates climate resilience and mitigation measures so that capital projects reduce greenhouse gas emissions and help Massachusetts' people and places adapt to more extreme weather events.

MEETING OUR EMISSIONS LIMITS

Massachusetts is on an aggressive track to reduce our emissions on a legally mandated schedule over the next several decades. To reach these ambitious limits, the FY24 CIP strengthens programs that will help the state electrify and reduce its consumption of fossil fuels.

This is the first time that the Department of Energy Resources has been included in the CIP.

The CIP includes $1.4 million for new solar panels on state buildings and electric vehicle charging stations at state facilities throughout Massachusetts. This funding will help achieve the emissions reduction and minimum zero emission vehicles requirements for state facilities and state vehicle fleets that are part of Executive Order 594. It also includes $31 million to conserve forests and other lands that sequester carbon, which is necessary to meet mandated emissions limits.

EXECUTIVE OFFICE OF TECHNOLOGY SERVICES AND SECURITY

The Executive Office of Technology Services and Security (EOTSS) oversees the IT capital investment portfolio and related program management through its Office of Capital Planning. EOTSS' investment strategy promotes standardization and consistency across the executive branch. The strategy aims to deliver citizen-centric digital services, improve the performance of government technology, modernize IT infrastructure, protect our data, enhance the state's cybersecurity posture, and support our equity and accessibility goals.

BUSINESS APPLICATIONS MODERNIZATION ($58.7 MILLION):

Technology should make government services easier for the public to find and use. The FY24–FY28 CIP funds a number of projects to do just that. Employment Modernization and Transformation dedicates $22.5 million to develop and implement a new online unemployment solution, including the creation of policies and procedures, improved operations, and modernized technology systems. The program will improve the customer experience for employers and unemployed residents, and help the state deliver benefits payments more efficiently. The Massachusetts Health Insurance Exchange project invests $12 million in state resources, leveraging $44.7 million in federal funding, to the system that determines eligibility for Massachusetts' state-based marketplace ("Health Connector") and MassHealth's MAGI Medicaid population for needed upgrades. The state's Trial Courts are receiving $10 million in investments for IT upgrades, improving and modernizing the information technology infrastructure of the supreme judicial court, appeals court, trial court and departments of the trial court of the Commonwealth, by establishing digital courthouses and courtrooms, upgrading trial court case management systems, modernizing virtual access, and physical security for staff and citizens.

IMPROVING GOVERNMENT PERFORMANCE ($50.4 MILLION):

We can better deliver government services when we invest in tools and services that promote operational efficiencies. The Healey-Driscoll Administration will complete the implementation of an electronic medical records system (EMR) at the Executive Office of Veterans' Services. Veterans' Homes in Chelsea and Holyoke offer critical services to veterans in Massachusetts. The EMR will support data sharing and the efficient exchange of information, allowing patient data to move with the patient to improve access and continuity of care, enabling the Veterans' Homes to coordinate care across partner organizations, and comply with regulations requiring interoperability with Accountable Care Organizations (ACOs) and electronic prescribing. Another example of the Administration's investment is $13 million for integrated digital data services at the Executive Office of Education. The project both secures and aligns the education agencies' data stores and applications while creating a person-centric, constituent focus across agencies in the cloud. The platform will both enforce security and establish standards with technical rigor across our agencies' application portfolios.

FULLY COMMITTING TO OUR CLIMATE GOALS

Jackson Dyal, Anders Shropshire, Amelia Marceau, Laura Taronas, Sara Renkert – Fiscal Policy Analysts

INTRODUCTION

The FY24–FY28 Capital Investment Plan (CIP) represents a crucial milestone in our collective pursuit of a cleaner, healthier, and more resilient future. With an unwavering focus on balancing existing commitments to infrastructure maintenance and catalyzing innovative initiatives to combat climate change, the CIP dedicates $1.5 billion of bond cap to EEA's six agencies and the Clean Water Trust (CWT). Additional climate-focused investments are made throughout the FY24–FY28 CIP.

The CIP dedicates:

- Over $1.4 billion in state-funded capital investments to reduce emissions through electrification of transportation, creating and supporting more sustainable transportation options, and building resilient infrastructure prepared to withstand the impacts of a changing climate
- $121.5 million towards a zero-carbon future
- $363.1 million to local and municipal partners for climate-focused projects

MUNICIPAL AND LOCAL PARTNERSHIP & PROJECTS

A key aspect of achieving the Healey-Driscoll Administration's climate objectives is collaboration with municipal and local partners. The FY24–FY28 CIP includes $363.1 million for climate-focused municipal grants and local awards, allowing communities to achieve mutually desirable outcomes including land conservation, park creation, and facilities restoration. Key investments include:

- **MVP Planning and Action Grants ($125.2 million):** To provide technical assistance planning and implementation grants to cities and towns for community-led climate change vulnerability assessments.
- **Community Investment Grant Programs ($107.6 million):** Supports a portfolio of municipal grant programs, including Parkland Acquisitions and Renovations for Communities (PARC), Local Acquisitions for Natural Diversity (LAND), Gateway City Parks, and Municipal Drinking Water Protection.
- **Inland Dams and Seawalls ($63 million):** Supports the rebuilding and removal of failing infrastructure not covered by other state programs, ensuring dams, levees, and coastal protection structures function as intended throughout the Commonwealth.
- **MassTrails Grants to Municipalities ($13 million):** Supports longer-distance regional networks of multi-use pathways across the Commonwealth, fills in gaps to existing networks, and seeks to overcome current barriers to connectivity.

Another key component of supporting the Commonwealth's communities is responsible asset stewardship, both maintaining good repair and making accessibility and environmental improvements where possible. In FY23, DCR completed the restoration of 425 campsites as well as trail repairs to Mystic River Greenway, Charles River Greenway, Correllus State Forest, and more. DCR also completed a $5 million water distribution system at Salisbury Beach State Reservation Campground, as well as renovation of various pools, courts, and park amenities in Brockton, Lawrence, Watertown, Somerville, and Boston. These accomplishments are furthered by the almost $20 million awarded via the Inland Dams and Seawalls Program to 26 dams, levees, and other infrastructure projects critical to reducing flood risk and protecting property.

TARGETED INVESTMENTS IN CLIMATE AND CLEAN ENERGY

The FY24–FY28 CIP supports targeted investments in climate and clean energy, including $176 million for Land Protection, $41.6 million for priority actions to reduce state agency environmental impacts, and $4.1 million for new solar and EV charging initiatives at the Department of Energy Resources, increasing the viability of electric vehicles (EVs) for state agencies. Each of these initiatives is intended to reduce the barriers to adopting green technology throughout all Commonwealth agencies and ensure a whole-of-government approach to sustainability. These investments afford ongoing commitments to replacing outdated or aging infrastructure and equipment with climate-conscious alternatives.

FOCUS: CENTRAL PLAN CONVERSIONS AND ON-SITE FOSSIL FUEL REDUCTIONS

The FY24–FY28 CIP also reflects the continuing evolution of the state's 'best in nation' energy programs. This is reflected throughout the Division of Capital Asset Management and Maintenance's

(DCAMM) portion of the capital budget, with decarbonization and sustainability as a key focus of every major project. Specifically, there is a total of $121.5 million invested toward a zero-carbon future for the Commonwealth by converting central plants and moving away from on-site fossil fuels in state buildings, complementing a $50 million investment in residential decarbonization through the nation's first Green Bank, the Massachusetts Community Climate Bank. The CIP invests $36.5 million in DCAMM's Sustainability & Resiliency plan item, which funds energy projects at Greenfield Community College, Bridgewater State University, and Massachusetts Correctional Institution – Concord.

An additional $85 million is invested in DCAMM's Getting to Zero project, which goes toward performing studies at higher education and correctional campuses to determine how best to address the climate impacts of fossil-fueled heating plants on these campuses.

Many of DCAMM's decarbonization projects are taking place on higher education campuses around the Commonwealth, with $53.2 million allotted to Salem State University, $30 million allotted for Massachusetts Maritime Academy, and $3.6 million allotted for higher education decarbonization studies to develop roadmaps for future projects.

FOCUS: TRANSPORTATION SECTOR

The transportation sector is one of the largest sources of carbon and greenhouse gas emissions in the Commonwealth, as well as one of the most vulnerable to the impacts of climate change. MassDOT is committed to addressing both areas of need through approximately $1.4 billion in state-funded capital investments that reduce emissions through electrification, creating and supporting more sustainable transportation options, and building resilient infrastructure prepared to withstand the impacts of a changing climate.

MassDOT's CIP includes key investments in EV purchases and charging. Utilizing federal funding authorized under the Bipartisan Infrastructure Law (BIL), MassDOT is putting $21.6 million towards EV charging along major corridors. Combined with $86.4 million in investments from the federal government, $108 million over five years will be put towards making EV charging more accessible to Commonwealth travelers – transforming our primary corridors for EV usage.

Improving and electrifying transit in the Commonwealth is another priority addressed through the CIP. Transit systems are preparing to transform their operations with more EV buses and vans, introducing new technical, logistical, and budget challenges. In addition to providing guidance and technical assistance to the 15 Regional Transit Authorities (RTAs) to help them plan and execute investments in facilities to accommodate a wider adoption of electrification, MassDOT is providing funding for RTAs to purchase over 200 electric buses over five years, or an estimated 40% of planned purchases in total. Moving forward, the administration will explore all options to increase the purchases of EVs for RTAs and help them to meet statewide emission reduction goals and build capacity to operate and maintain EV fleets. In total, the FY24–FY28 CIP invests $240 million of state resources for transit systems for vehicles, facilities, and equipment to increase access and improve performance of our 15 RTAs. Additionally, MassDOT's new Municipal/RTA EV fleets grant program, investing $25 million over five years, will help bring local EV charging to communities across the Commonwealth, and create an additional pool of funds for RTAs and municipalities to purchase EVs to electrify the Commonwealth's transit systems and fleet vehicles.

MassDOT is also making investments to improve access to alternative modes of transportation including walking, biking, and transit to reduce reliance on passenger vehicles. Over $257 million of state investments will go to improving bike and pedestrian infrastructure in FY24–

FY28. Over $272 million in additional federal funding raises the total investment to approximately $529 million, including $78 million in FY24 alone. Encouraging Bay Staters to leave the car at home and commute through other modes is the easiest and fastest way to reduce emissions, and the Healey-Driscoll administration is committed to bringing more safe and convenient opportunities for individuals to make that switch. In addition, MassDOT will direct $335 million in state investments to support the Commonwealth's rail network and its ability to move passengers and freight.

In addition to mitigation, MassDOT recognizes that a changing climate requires a changing approach to capital planning and construction. There is need to build infrastructure to be resilient to the changing landscape ahead, and MassDOT's planning and design incorporate our knowledge of future needs to ensure assets will be resilient to heat and flooding from more intense storms and sea level rise. Approximately $495 million of the state investment in MassDOT is towards resilient infrastructure, including $425 million to improve National Highway System bridges. Looking to the future, MassDOT plans to respond to resiliency needs by addressing known issues, improving project screening, and identifying at-risk assets. These actions will ensure the assets we build today are prepared for the challenges of tomorrow.

FOCUS: LEVERAGING FEDERAL CLIMATE FUNDING

State matching funds are a historically high 13% of the EEA FY24–FY28 CIP, unlocking more than $220.2

EEA Historical State Match

million in federal funding in FY24 alone. The bulk of federal funding ($164.8 million in FY24) is dedicated to the Clean Water Trust and will be used to help communities build or replace water infrastructure that enhances ground and surface water resources. These low-interest loans and grants to cities, towns, and water utilities will directly improve the quality and availability of clean water to all of the Commonwealth's residents.

Additional FY24 federal funds are dedicated to:

- Remediation of abandoned Massachusetts Superfund sites ($30 million)
- Design and construction of new water infrastructure at the Herring River Estuary in Wellfleet –improvements necessary to restore tidal flow to Herring River ($15 million)
- Improved coverage of EEA's Ambient Air Monitoring network, complementing the FY24 House 1 investment in additional personnel ($4.1 million)

PARTNERING WITH CITIES AND TOWN

INTRODUCTION

The Healey-Driscoll Administration strongly believes that statewide growth begins at the local level. A strong partnership between the state and its cities and towns is crucial for the continued success of the Commonwealth. Through the FY24–FY28 Capital Investment Plan (CIP), this Administration reaffirms its commitment to this partnership, investing in capital programs that will benefit municipalities throughout Massachusetts.

MOVING MASSACHUSETTS FORWARD

Transportation infrastructure investments made by MassDOT are everywhere, with thousands of miles of municipally owned roadways, bike lanes, sidewalks, and other assets requiring maintenance and improvements. MassDOT has built extensive partnerships with the 351 cities and towns in the Commonwealth, providing technical assistance and over $270 million in funding opportunities for local investments each year through grant or reimbursement programs. The most substantial program, Chapter 90, annually offers cities and towns a combined $200 million of reimbursement for local transportation projects to address degraded infrastructure and make new investments. This essential program supports every community in addressing transportation infrastructure needs.

In addition to the Chapter 90 program, MassDOT administers several local competitive grant programs to support targeted community investments. Shared Streets and Complete Streets are two popular programs aimed at opening access to roadways in community centers. They enable improvements to accommodate alternate modes of transportation such as bicyclists, pedestrians, and transit to encourage alternative travel, outdoor recreation, and community gathering points. During the pandemic, the Shared Streets program was instrumental for communities' ability to expand outdoor dining opportunities and improve other outdoor spaces for gathering with friends, family, and the community. During FY24–FY28, these programs will offer a combined $110 million for projects across the Commonwealth.

Bridges are essential infrastructure often in need of upgrade and improvement. The Municipal Small Bridge program offers $15 million per year specifically for the replacement, preservation, and rehabilitation of municipally owned small bridges. A key feature of this program is that grants are awarded for design and technical assistance, providing municipalities capacity and expertise to carry out more complicated projects, including bridges.

Traffic and congested intersections are an annoyance for all road users, which is a reason MassDOT developed the Local Bottleneck Reduction program to help communities improve traffic flow at intersections or congested corridors through collaborative design and construction funding. Investments targeted by this program can include updating infrastructure like traffic signals to respond to real-time traffic demands, or re-envisioning the structure of intersections. Benefits of these investments extend beyond improved traffic flow by also improving safety for all roadway users. In FY24, this program will offer $6 million of grant opportunities and $25 million over five years.

The Municipal/Regional Transit Authority (RTA) Electric Vehicle (EV) Fleet program targets adoption of electric vehicles by supporting implementation of local charging infrastructure and the purchase of electric fleet vehicles by municipalities and RTAs. These investments will help provide local areas to charge EVs when traveling or if residents do not have access to a charger at home, as well as providing an avenue for municipalities or RTAs to begin or expand their fleet electrification efforts. This program will provide $4.5 million of investment in FY24, and $25 million through FY28.

The Municipal Pavement Program directs $25 million per year to municipally owned, state-numbered routes with poor pavement conditions to improve their state of repair, as well as to make safety and accessibility enhancements for all modes. This program provides a significant boost to addressing key roadways in need of improvement and expands mobility opportunities for all roadway users. MassDOT engages with municipal staff to ensure projects are meeting the needs and goals of communities throughout the process.

ENGAGING LOCAL ECONOMIES

The Healey-Driscoll Administration is committed to working with local leaders to build vibrant communities, revitalize downtowns, and create economic opportunity for all Massachusetts residents. Strong cities and towns are foundational to maintaining a competitive Massachusetts economy. In FY24, the Executive Office of Economic Development will invest $163.1 million to advance local economic development projects in Commonwealth communities, which includes grant opportunities available through the Community One Stop for Growth application portal. The CIP is a critically important funding source for several of these competitive grant programs, including:

- **MassWorks ($96 million):** provides the largest and most flexible source of funding to municipalities and other eligible public entities primarily for public infrastructure projects that can leverage private development, create jobs, and generate positive economic development outcomes
- **Revitalizing Underutilized Properties ($16.6 million):** seeks to improve, rehabilitate, or redevelop vacant or underutilized properties to eliminate blight and support economic development projects
- **Rural and Small Town Development Fund ($5 million):** provides funding for capital and community planning projects in rural and small towns. This competitive grant program awards funds based on the project's nexus with transportation, infrastructure, economic development, and community development as well as strategies important to rural and small towns.

Read more in the Driving Economic Development brief.

MUNICIPAL AND LOCAL CLIMATE PARTNERSHIP

A key aspect of achieving the Healey-Driscoll Administration's climate objectives is collaboration with municipal and local partners. The FY24–FY28 CIP includes $75.8 million for climate-focused municipal grants and local awards, allowing communities to achieve mutually desirable outcomes including land conservation, park creation, and facilities restoration. Key investments include:

- **MVP Planning and Action Grants ($23.7 million):** To provide technical assistance planning and implementation grants to cities and towns for community-led climate change vulnerability assessments.
- **Community Investment Grant Programs ($21 million):** Supports a portfolio of municipal grant programs, including Parkland Acquisitions and Renovations for Communities (PARC), Local Acquisitions for Natural Diversity (LAND), Gateway City Parks, and Municipal Drinking Water Protection.
- **Inland Dams and Seawalls ($12 million):** Supports the rebuilding and removal of failing infrastructure not covered by other state programs, ensuring dams, levees, and coastal protection structures function as intended throughout the Commonwealth.
- **MassTrails Grants to Municipalities ($10 million):** Supports longer-distance regional networks of multi-use pathways across the Commonwealth, fills in gaps to existing networks, and seeks to overcome current barriers to connectivity.

Read more about the Administration's climate investments in the Fully Committing to Our Climate Goals brief.

INVESTING IN AN INTERCONNECTED COMMONWEALTH

Ensuring that all municipalities have the necessary technological infrastructure is critical for growth throughout Massachusetts. No city, town, or population should be left behind as we continue towards an ever-interconnected economy. With an intentional focus on digital equity, the Healey-Driscoll Administration intends to make sure all families, regardless of income or geography, can easily access work, education, and healthcare. In addition to leveraging $275 million in federal ARPA and IIJA funding in a collaborative plan between the Executive Office of Economic Development and the Massachusetts Technology Collaborative to advance broadband equity across the Commonwealth, the FY24–FY28 CIP provides almost $74 million in local support for investments in technology through capital programs, including:

- **Broadband Last Mile ($2.1 million):** This funding supports the remaining state share of investments in broadband infrastructure for the "Last Mile" towns in western and central Massachusetts that were previously underserved.
- **Broadband Middle Mile ($12.9 million):** Supporting ongoing maintenance of network that stretches across 120+ cities and towns in central and western MA.
- **Municipal Fiber Grant Program ($34 million):** Providing grants to municipalities to connect remote municipal assets for the purpose of improving municipal operations and/or improving disaster recovery and resiliency within municipal government.
- **Community Compact Information Technology Grants ($24.8 million):** Driving transformation and innovation at the local level through investments in technology.

					FY 2024					
					Approved by Funding Source (in dollars)					
Capital Agency	Plan Item	Project Name	Location	Policy Area	Bond Cap	Non-Bond Cap	Operating Funds	Federal Funds	Other Funds	Total
State Government Infrastructure Total					**179,323,232**	**10,000,000**	**5,000,000**			**194,323,232**
EOEA	R079	Storrow Drive Tunnel	Boston	Transportation	2,500,000					2,500,000
EOEA	R080	Morrissey Boulevard Project	Boston	Transportation	1,000,000					1,000,000
EOEA	R142	Parkway Maintenance and Construction	Statewide	Transportation	31,300,000					31,300,000
EOEA	R145	Mystic River Crossing Bridge	Statewide	Transportation	10,300,000					10,300,000
EOTC	T003	Equipment	Statewide	Transportation	30,000,000		7,000,000			37,000,000
EOTC	T020	Transit - Mobility Assistance Program	Statewide	Transportation	7,225,000			8,392,005		15,617,005
EOTC	T025	Green Line Extension	Statewide	Transportation		1,427,953				1,427,953
EOTC	T027	South Coast Rail	Statewide	Transportation		201,881,606				201,881,606
EOTC	T047	Red and Orange Line Vehicles	Statewide	Transportation		47,759,453				47,759,453
EOTC	T051	Highway - Roadway Improvements	Statewide	Transportation	55,443,554		4,805,308	24,911,939		85,160,801
EOTC	T052	Highway - Safety Improvements	Statewide	Transportation	17,637,362		3,700,792	22,415,998		43,754,152
EOTC	T053	Highway - Facilities	Statewide	Transportation	32,499,778		14,196,989			46,696,767
EOTC	T055	Highway - Roadway Reconstruction	Statewide	Transportation	119,778,170		24,199,176	270,504,601		414,481,947
EOTC	T056	Highway - Intersection Improvements	Statewide	Transportation	13,823,961		774,853	38,347,549		52,946,363
EOTC	T057	Highway - Intelligent Transportation Systems	Statewide	Transportation	4,068,804		531,815	9,574,334		14,174,953
EOTC	T058	Highway - ADA Retrofits	Statewide	Transportation	4,011,381		497,009	6,944,401		11,452,791
EOTC	T060	Highway - Capacity	Statewide	Transportation	35,590,652			47,304,359		82,895,011
EOTC	T061	Highway - Shared Use Paths/Bicycle and Pedestrian	Statewide	Transportation	11,492,184			26,621,351		38,113,535
EOTC	T064	Rail - Grade Crossings	Statewide	Transportation	10,295,200			2,371,999		12,667,199
EOTC	T066	Rail Modernization - Facilities	Statewide	Transportation	50,000					50,000
EOTC	T067	Rail Expansion - Track and ROW	Statewide	Transportation	720,000					720,000
EOTC	T068	Highway - Interstate Pavement	Statewide	Transportation	9,200,038		56,341,737	38,618,768		104,160,543
EOTC	T069	Highway - Non-Interstate Pavement	Statewide	Transportation	62,039,627		4,042,800	68,027,002		134,109,429
EOTC	T070	Highway - Bridge	Statewide	Transportation	221,842,151	27,721,153	128,978,312	336,229,725		714,771,341
EOTC	T071	Transit - RTA Vehicle Replacement	Statewide	Transportation	14,202,012			4,000,000		18,202,012
EOTC	T072	Transit - RTA Facility and Vehicle Maintenance	Statewide	Transportation	9,322,064					9,322,064
EOTC	T073	Transit - MassDOT Technical Assistance	Statewide	Transportation	2,000,000					2,000,000
EOTC	T074	Transit - RTA Facility and System Modernization	Statewide	Transportation	9,746,011					9,746,011

					FY 2024					
					Approved by Funding Source (in dollars)					
Capital Agency	Plan Item	Project Name	Location	Policy Area	Bond Cap	Non-Bond Cap	Operating Funds	Federal Funds	Other Funds	Total
EOTC	T075	Transit - RTA Fleet Upgrades	Statewide	Transportation	8,931,890				3,000,000	11,931,890
EOTC	T076	Aeronautics - Airport Pavement Management	Statewide	Transportation	4,695,008			48,974,296	5,332,364	59,001,668
EOTC	T077	Aeronautics - Airport Capital Improvement Program	Statewide	Transportation	8,312,992			37,209,736	10,456,246	55,978,974
EOTC	T078	Aeronautics - Statewide Airport Administration and Terminal Building Program	Statewide	Transportation	2,700,000				36,000	2,736,000
EOTC	T084	Planning and Enterprise Services	Statewide	Transportation	24,759,026		500,000	37,176,104		62,435,130
EOTC	T086	MBTA - Rail Enhancement Projects	Statewide	Transportation		5,015,739			526,191	5,541,930
EOTC	T087	RMV - Capital Maintenance and Equipment	Statewide	Transportation	200,000					200,000
EOTC	T088	RMV - Customer Service Modernization	Statewide	Transportation	1,950,000					1,950,000
EOTC	T089	Planning and Enterprise Services - Pre-Apprenticeship Training Program	Statewide	Transportation	1,000,000					1,000,000
EOTC	T090	RMV - Alternative Service Channels/Kiosks	Statewide	Transportation	250,000					250,000
EOTC	T100	Highway - Tunnels	Boston	Transportation	14,305,899		56,821,015	46,149,507	19,630,274	136,906,695
EOTC	T101	Rail Reliability - Bridges	Statewide	Transportation	11,701,940					11,701,940
EOTC	T102	Rail Reliability - Facilities	Statewide	Transportation	750,000			2,800,000		3,550,000
EOTC	T103	Rail Reliability - Vehicles	Statewide	Transportation	1,300,000					1,300,000
EOTC	T104	Rail Reliability - Track and ROW	Statewide	Transportation	37,863,047					37,863,047
EOTC	T105	Rail Modernization - Track and ROW	Statewide	Transportation	3,050,000			3,050,000		6,100,000
EOTC	T109	Rail Expansion - Vehicles	Statewide	Transportation	3,500,000					3,500,000
EOTC	T112	Allston Multi-Modal Program	Boston	Transportation			28,500,000			28,500,000
EOTC	T113	Highway - Bicycle and Pedestrian Modal Implementation	Statewide	Transportation	14,541,125					14,541,125
EOTC	T136	Red Line/Orange Line Infrastructure Improvements	Statewide	Transportation		16,809,487				16,809,487
EOTC	T137	Commuter Rail Bi-Level Coach Procurement	Statewide	Transportation		60,360,036				60,360,036
EOTC	T139	Cape Cod Bridges	Statewide	Transportation	22,835,747					22,835,747
EOTC	T143	Planning/Highway - Federal EV Charging Infrastructure Program	Statewide	Transportation	9,110,676			36,442,702		45,553,378
EOTC	T145	MBTA - BIL Match	Statewide	Transportation		29,000,000				29,000,000
EOTC	T146	Highway - Safe Routes to School	Statewide	Transportation	1,157,529			4,140,467		5,297,996
Transportation Total					**878,597,835**	**389,975,427**	**330,889,806**	**1,120,206,843**	**38,981,075**	**2,758,650,986**
Grand Total					**2,905,000,000**	**519,932,921**	**344,658,700**	**1,514,744,391**	**228,671,444**	**5,513,007,456**

Site model of new Milton CAT location in North Syracuse, NY. Opening soon.

More is More When it Comes to Data for 3D Site Models

CHRIS CONSTANTINE
Tri-Point Construction Layout, a Division of Milton CAT

Thanks to the rapid advancement of machine automation and construction technology, so long are the days of hammering grade stakes and correcting costly mistakes. Implementing technology into your operation can help you increase safety, accuracy, efficiency, and competitiveness. To get the greatest return on your investment in automation, be sure you are using a high-quality 3D site model in conjunction with your machine's technology. When the 3D model is uploaded to your equipment's computer or data collector, your machine will precisely grade and excavate according to the model, making it easy for operators to stay on schedule and accurately follow the design plan with fewer passes. You can also avoid rework, optimize material usage, and reduce the need for physical labor. Prior to breaking ground, a model can help estimate costs and support the constructability review.

While there are several benefits to working with a quality, error-free model, keep in mind that not all models are the same. An inaccurate model can negatively impact your operation and does not allow your

A foundation design model uploaded to the Trimble Earthworks software in a CAT excavator.

machine's technology to work properly leading to rework and frustration. Creating an error-free model requires careful attention to detail and a model made quickly may not be made well so it is important to get referrals for reputable modelers from those you trust in the industry. Since models are used throughout the entire project lifecycle, your modeler should act as an extension of your team. The more familiar your modeler is with your project and machines, the better suited your model will be for your operation. Treating your modeling company as a partner rather than as a vendor can also increase ease of use. There is no standard color code that all modelers use. If you consistently use the same modeling service, your team will get accustomed to that modeler's codes enabling them to work even more efficiently.

Tri-Point Construction Layout New England Manager Curtis Marston reviewing a customer's 3D site model.

To create a detailed, quality model, more is more when it comes to data since accurate data is the foundation for an effective model. The model creation process begins by gathering the designer's CAD files and paper plans. If you want other features such as underground utilities, building footings, and landscaping outlined in your model, be sure to discuss that with your modeler during the data collection period. An experienced modeler will review and compare the files to ensure the CAD and paper plans match. Through the approval process, additional details are often added to the paper plans, but not the CAD files. The modeler then cleans the CAD files of any drafting errors, and the information is re-layered and color-coded so the linework can be easily seen and selected for stakeout in the field. After the CAD file is cleaned, a layout map and a 3D finish grade surface of the project is produced. The layout map and grading surface are then loaded into your equipment's machine control technology or data collector. Sub-grade surfaces can also be developed for roadways and other projects where the sub-grade doesn't mirror the finish grade. If the site needs to be modified or expanded, the model can be easily revised to meet the new plans.

CHRISTOPHER W. MOROG

ROBERT T. FERGUSON, JR.

The U.S. Supreme Court Addresses the 'Knowledge' Element of the Federal False Claims Act

As many of you are aware, the Federal False Claims Act (FCA) is a powerful tool that is often applied against construction contractors. Under the FCA, a person that "knowingly" presents to the government a false or fraudulent claim for payment faces liability. Liability under the FCA can also arise when a person "knowingly" makes a false statement that is material to a false or fraudulent claim. In these examples, knowledge is a key element to liability under the FCA.

The knowledge element has traditionally been construed to refer to one of three scenarios: (1) a person has actual knowledge of the falsity of information; (2) a person acts with deliberate ignorance of the truth or falsity of information; and (3) a person acts in reckless disregard of the truth or falsity of information. But what if the person acts in accordance with an objectively reasonable interpretation of a given legal requirement? Can liability still attach under the FCA?

These questions were the subject of a June 1, 2023 decision of the United States Supreme Court. Ultimately, the Supreme Court determined that what mattered in that case was what the defendant actually and subjectively knew, not what an objectively reasonable person may have known or believed.

The much anticipated decision arose in the context of federal reimbursement of prescription drug sales. In that case, whistleblowers had alleged that grocery store pharmacies regularly submitted false claims when seeking government reimbursement of prescription drugs under Medicare and Medicaid. Under those federal programs, reimbursement for covered prescription drugs is often capped at the pharmacy's "usual and customary" charges to the public.

According to the whistleblowers, the pharmacies would often sell drugs at discounted prices (as part of price-match programs). However, when seeking reimbursement from the government, the pharmacies reported their higher retail prices. In 2021, a Federal Court of Appeals concluded that although the pharmacies knew that they had submitted false claims, they were not liable under the FCA because their actions were consistent with an objectively reasonable interpretation of what constituted the pharmacies' "usual and customary" prices.

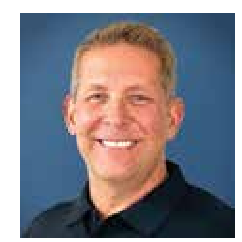
The Supreme Court disagreed. Relying on the text of the FCA and common law principles, the Supreme Court stated that "the FCA's [knowledge] element refers to [defendants'] knowledge and subjective beliefs – not to what an objectively reasonable person may have known or believed." The Court added that "[w]hat matters for an FCA case is whether the defendant knew the claim was false" at the time of submission – "not what the defendant may have thought after submitting it." In other words, "the focus is not . . . on [the defendants' after-the-fact] interpretations that might have rendered their claims accurate. It is instead on what the defendant knew when presenting the claim."

Although the case did not arise in the construction context, the Supreme Court's decision nevertheless applies to construction contractors working on projects involving federal funding. There are plenty of traps for the unwary and a risk of FCA liability can attach every time a contractor certifies an application for payment or submits a claim. Questions of interpretation frequently arise in construction contracts and there is often a fine line between recoverable and unrecoverable claims or requests for payment. Even where there may be interpretative arguments in the contractor's favor, the contractor could still face FCA liability if the contractor actually and subjectively believed that its request for payment or claim was false or was based on a false statement.

As the Supreme Court clarified, regardless of objectively reasonable interpretations of a given person's conduct, the person can be liable under the FCA if the person: (1) "actually knew" that the claim/statement was false; (2) was "aware of a substantial risk" regarding the accuracy of the claim/statement but "intentionally avoided learning whether" the claim/statement was accurate; or (3) was "aware of such a substantial and unjustifiable risk but submitted the claims anyway." Contractors can and should expect continued FCA scrutiny in light of the Supreme Court's decision.

HINCKLEY ALLEN

Why Contractors Should Take a Hard Look at Their Cultures



CARMINE CIMETTI
Vice President at
Hub International New England

It's been well over a year since an audit of reports on diversity hiring practices for Massachusetts' public construction projects found too many individual contractors weren't meeting mandated targets.

A survey of 127 projects during 2019 and 2020 of the state's Division of Capital Asset Management and Maintenance (DCAMM) found no people of color on over 25% of the projects; no female workers were employed by 60%.

It points to an ongoing concern among all firms, not necessarily just construction, especially given the industry's perpetual – and worsening – shortage of skilled and emotionally conditioned workers. The reality is that without the right leadership, culture, and collaborative approach, companies will not be able to develop the long sought after end result to attract a diverse mix of people; sweetening the pot with better pay and improved benefits is no longer enough to improve things. People need a sense of being, knowing their contributions matter, and their voices are heard. They require trust - from the front line to the top tier of management. To accomplish this is unbelievably difficult because it requires one to be cause driven in a world where all our pressures are short term, and it requires a specific discipline often confused in management.

Are you reliable i.e. can you check a box and execute a task, or are you trustworthy i.e. I know you got my back and I've got yours. We can get people to do all kinds of things using authority, but that doesn't make you a leader; a leader has people who believe in their purpose, their vision and volunteer to follow them. Some into the fire and others up to the fire. The question is do your leaders lead by inspiration or intimidation; do they manipulate through authority, or do they inspire you through their purpose and vision?

Construction firms that strengthen their cultures through leaders who inspire and share a vision will find that gives them not just a sharper lens for benefits that matter most to current and prospective employees but will also improve how they connect with them; employees will believe, take ownership, and have the courage to be what they imagine is the best version of themselves. A stronger culture, a higher purpose, combined with trust, smarter benefits and connected people all combine to create a Quality Employee Experience (QEX) that characterizes great companies.

WHY CULTURE COUNTS

The stereotypes about the construction business - blue collar, male dominated, hide-bound – are no longer the norm, and today come with an indirect price often unrecognized for that kind of culture. It doesn't foster engagement, trust, or inspiration, which is needed to attract new employees, and most importantly, breed loyalty. Further, over the course of time, unengaged workers cost companies more money, create more stress for the client and other team members, and worse, they pose a bigger safety risk to themselves and others on the job.

Those who still are unconvinced should take note:

- 32% of job candidates would take a 10% pay cut if a prospective employer had a culture that "fit."
- 15% of job seekers will decline a job because of the organization's culture.
- If they aren't satisfied with the culture, 24% of employees will quit.

Improving and strengthening a culture is an evolving process. That takes defining it. Is it "real" or aspirational? Further, an understanding must be developed of employees' emotional connections to the employer and the job, and how they are forged and strengthened.

Ultimately, employers must establish any disconnects between the culture, the connections and the organization's offer/rewards system that can hold it back.

UNDERSTANDING THE CONTEXT

What's important is understanding the underpinnings to a culture, and a community and how they align to leadership, the organization's values and business strategy. From there, alignment with the organization's benefits offerings can be most effectively established.

Some employers tout a certain type of culture but do little to reinforce it with employees. Take the "learning culture" that's not supported by professional development or consistent employee evaluations.

And sometimes the culture is built less on employees' emotional connection to the organization and more on an important facet of it. Many leaders mistakenly believe their employees love their work, the company and its brand, but a closer look reveals that it's their teams and teammates they're actually aligned to. Understanding the difference is important, and from there, focusing on strategies to either reinforce the connection or alter it with impactful benefits.

PULLING IT ALL TOGETHER

There is much to be learned from delving into an organization's culture and effectively leveraging it for recruitment and retention advantage.

Start by taking a hard look at the employee base, and all the demographics that comprise it – whether age/generations, cultural background and exposures, or persona, delving into where individuals are at professionally as well as personally. This should inform the nature and strength of their relationship with the company and its culture and point the way to benefits that make a difference.

- Focus teams can also be an important tool for more anecdotal input, especially when combined with surveys designed to gauge the pulse of workers.
- There's a place for benchmarking, but consider expanding the concept beyond the typical competitors/market/salary/benefits equation. Instead, benchmark other organizations that have fostered similar cultures – another way to pinpoint benefits that help move the relationship needle.

There's no silver bullet, especially in today's employment environment. But a more humanistic approach to crafting and reinforcing a culture, a stronger relationship with employees and benefits that support the entire package will have sustainable, long-term effect on the organization.

__About the author__ Carmine Cimetti is Vice President in the construction specialty group at insurance brokerage Hub International New England. He has over 25 years of experience in construction risk management, operations, planning and project management. His collaborative approach to construction and risk management has been associated with some of the largest nationally recognized projects in the heavy infrastructure, building, transportation, education and healthcare/life sciences sectors. He presently holds a CSP (Certified Safety Professional), CRIS (Construction Risk Insurance Specialist) and is an OSHA 500 Certified Construction Outreach Instructor. Carmine has a Bachelor of Science in Construction Management from Wentworth Institute of Technology, in addition to an Associate of Science in Building Construction.

Major Risks to Family Wealth

Protect your family assets for future generations.

All too often, family wealth fails to last. One generation builds a business—or even a fortune— lost in the ensuing decades. Why does it happen, again and again?

Often, families fall prey to serious money blunders, making classic mistakes, or not recognizing changing times.

This article is for informational purposes only and is not a replacement for real-life advice. Make sure to consult legal and tax professionals before modifying your overall estate strategy.

Procrastination. This is not just a matter of failing to create a strategy but also failing to respond to acknowledged financial weaknesses.

As a hypothetical example, say there is a multimillionaire named Alan. The designated beneficiary of Alan's six-figure savings account is no longer alive. He realizes he should name another beneficiary, but he never gets around to it. His schedule is busy, and updating that beneficiary form is inconvenient. Alan forgets about it and moves on with his life.

However, this can cause significant headaches for those left behind. If the account lacks a payable-on-death (POD) beneficiary, those assets may end up subject to probate. Using our example above, Alan's heirs may discover other lingering financial matters that required attention regarding his retirement accounts, real estate holdings, and other investment accounts.[1]

Minimal or absent estate management. Every year, some multimillionaires die without leaving any instructions for distributing their wealth. These people are not just rock stars and actors but also small business owners and entrepreneurs. According to a recent Caring.com survey, 58% of Americans have no estate preparations in place, not even a will.[2]

Anyone reliant on a will alone may risk handing the destiny of their wealth over to a probate judge. The multimillionaire who has a child with special needs, a family history of Alzheimer's or Parkinson's, or a former spouse or estranged children may need a greater degree of estate management. If they want to endow charities or give grandkids an excellent start in life, the same idea applies. Business ownership calls for coordinated estate management with consideration for business succession.

A finely crafted estate strategy has the potential to perpetuate and enhance family wealth for decades, and perhaps, generations. Without it, heirs may have to deal with probate and a painful opportunity cost—the lost potential for tax-advantaged growth and compounding of those assets.

The lack of a "family office." Decades ago, the wealthiest American households included offices: a staff of handpicked financial professionals who supervised a family's entire financial life. While traditional "family offices" have disappeared, the concept is as relevant as ever. Today, select wealth management firms emulate this model: in an ongoing relationship distinguished by personal and responsive service, they consult families about investments, provide reports, and assist in decision-making. If your financial picture has become far too complex to address on your own, this could be a wise choice for your family.

Technological flaws. Hackers can hijack email and social media accounts and send phony messages to banks, brokerages, and financial advisors to authorize asset transfers. Social media can help you build your business, but it can also expose you to identity thieves seeking to steal both digital and tangible assets.

Sometimes a business or family installs a security system that proves problematic—so much so that it's silenced half the time. Unscrupulous people have ways of learning about that, and they may be only one or two degrees separated from you.

No long-term strategy in place. When a family wants to sustain wealth for decades to come, heirs will want to understand the how and why, and be on the same page. If family communication about wealth tends to be more opaque than transparent, then that communication may adequately explain the mechanics and purpose of the strategy.

No decision-making process. In some high net worth families, financial decision-making is vertical and top-down. Parents or grandparents may make decisions in private, and it may be years before heirs learn about those decisions or fully understand them. When heirs do become decision-makers, it is usually upon the death of the elders.

Horizontal decision-making can help multiple generations commit to the guidance of family wealth. Financial professionals can help a family make these decisions with an awareness of different communication styles. In-depth conversations are essential; good estate managers recognize that silence does not necessarily mean agreement.

You may attempt to reduce these risks to family wealth (and others) in collaboration with financial and legal professionals. It is never too early to begin.

[1] SmartCapitalMind.com, February 4, 2022

[2] Yahoo.com, January 18, 2022

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