

**Testimony before the Highways, Transit and Pipelines  
Subcommittee of the House Transportation and  
Infrastructure Committee**

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Respectfully Submitted:  
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Authority

Thank you Chairman Petri, Ranking Members Oberstar and DeFazio and Members of the Committee for the opportunity to appear before the Subcommittee on Highways, Transit and Pipelines to speak about the South Station Intermodal Transportation Center in Boston, Massachusetts.

I would like to thank the Committee for your interest in this important area. At the Massachusetts Bay Transportation Authority (MBTA), we appreciate the value of a strong intermodal network. Intermodalism means providing more connections to transit riders to get to where they want to go – thereby delivering more choices and hopefully increasing ridership as a result.

South Station has a long, rich history in Boston. It opened on January 1, 1899 as the largest train station in the world. It was initially conceived when the five railway companies that served Boston realized it was no longer efficient for each to have their own depot. With the turn of the century fast approaching, Boston decided to build the newest, most efficient and architecturally grand station in the nation. And with an act of the state legislature and \$14.5 million in bond funds, the project was realized.

By 1913, 38 million passengers were using South Station annually, more than New York City's Grand Central Station. By 1945, swollen by GI's returning from World War II, South Station made history when over 135,000 visitors passed through it each day. However, this unfortunately was to be the grand station's apex. Over the next 15 years, it began to deteriorate with shrinking train passengers, which was likely due to the growth of automobile use. In 1965, the Boston Redevelopment Authority (BRA) purchased the struggling property for \$6.95 million. In 1970, the BRA decided to demolish the historic headhouse and began removing tracks. Outraged at the loss of such a landmark, a group of concerned citizens succeeded in having South Station placed on the National Register of Historic Places. Demolition was halted with most of the headhouse and grand waiting room still intact. Finally, in 1978, the BRA sold the facility to the MBTA for \$6.1 million. Six years later, the MBTA embarked on a project to restore the former glory of South Station at a cost of \$198 million. The rehabilitation of South Station included the restoration of the head house, reconstruction of 11 tracks to accommodate the growing commuter rail service, and the construction of a new bus terminal and parking garage over the tracks. That project was completed in 1996.

South Station is now once again the hub of transportation activity in Boston and serves as a model for intermodalism. More than 152,000 passengers pass through South Station daily, where six different modes of transportation inter-connect. There, you will find the subway's Red Line, MBTA public bus service, multi-carrier private bus service, the terminus for 10 commuter rail lines, AMTRAK and the ACELA high speed trains, and the newest service to the MBTA, the Silver Line Phase II, Boston's first Bus Rapid Transit system, which opened in December 2004. The facility, easily accessible by automobile with a direct connection to Interstate 93, also provides 200 parking spaces in the newly constructed garage as part of the intercity bus terminal.

Silver Line Phase II, the first new service added to the MBTA in decades, now connects the financial district of Boston to the South Boston waterfront and Logan International Airport. The connection into South Boston opens up a potential additional 30 million square feet of development that has traditionally been restricted by state and federal permitting authorities due to parking limitations. Because of the availability of public transportation throughout the area, these authorities will now allow further development to move forward.

Also, for the first time, transit riders in Boston can now arrive into South Station by their mode of choice and take a one-seat ride on Silver Line that will take them underground, beneath the city's congested streets, to each of Logan's Airport terminals. The ridership numbers on the new service to date have out-paced even our most optimistic projections. While still in the design phase, Silver Line was expected to have 14,000 daily riders after three years. Instead, the line, which has only been open for 18 months, already sees an average of 15,100 daily passengers. It has been an unqualified success. For that, I would like to take this opportunity to recognize and thank Congressman Capuano, this Subcommittee, the Transportation and Infrastructure Committee and the Federal Transit Administration for the extensive federal support the project received through "New Starts" funding.

Another integral part of the success of the South Station Transportation Center is the intercity bus terminal, opened in 1996, that offers vital transportation services by private bus carriers. The intercity bus terminal has 29 gates and 11 privately-owned intercity, regional and commuter bus companies which, in 2005, operated 170,000 trips in and out of the terminal, carrying 4.2 million passengers throughout New England and beyond. The terminal, which has its own food court and retail services, enables bus passengers to link with all the other modes located at South Station.

The intercity bus terminal has been a major success. The bus carriers indicate that their ridership is up significantly. Furthermore, those riders make a significant contribution to Boston's economy. In 2000, Greyhound Lines did a survey of the economic impact of bus passengers arriving on Greyhound, Peter Pan, and Vermont Transit bus service. The study found that the annual direct spending of those visitors in Boston was \$132 million. And that spending represents just 3 of the 11 carriers serving the terminal.

Despite this activity, South Station has limitations that we are working to address. Currently, the new intercity bus terminal is not directly connected to South Station and the platforms for the commuter rail lines leave customers outside in the elements. We need to make further improvements, but, as is the case at most transit agencies across the country, financial constraints are a reality. Nevertheless, like Rumpelstiltskin was able to spin straw into gold, the MBTA is turning air into cash.

In recently striking a unique deal that will realize further improvements to South Station, the MBTA has finalized a partnership with Hines Development Corp. who will lease the air rights over South Station for the development of offices, a hotel and residences. In

exchange for this \$26 million in development rights, Hines Development will fund the following improvements:

- Design and build a weather protected Bus Terminal connection. This initiative is already underway and is expected to be completed this summer;
- Design and build Bus Terminal expansion, which will nearly double the number of bus gates provided for intercity private carrier service while also adding 700 new parking spaces;
- Provide new rail yard ventilation for both facilities;
- Make significant track and signal modifications;
- Provide a full upgrade of the power center; and
- Make significant improvements to the Bus Terminal rotunda.

In addition, as part of the deal, Hines will pay to MBTA the following:

- an annual payment of \$100,000 commencing upon the effective date of the Development Agreement and ending on the earlier of the conveyance of the MBTA Air Space to the BRA or the termination of the Development Agreement.
- a \$1,000,000 cash payment upon lease up of 85% of the office portion of the 40 story tower;
- reimbursement of the MBTA's costs associated with the pre-development activities and oversight of the Project such as engineering review, legal, real estate appraisal and consulting expenses; and
- guarantees of the existing net revenue levels of the MBTA from the existing Bus Terminal and Parking Garage during construction.

While the MBTA's appraisal of the air rights was \$26 million, the MBTA was able to leverage \$45 million in improvements to the entire complex, thus securing an additional \$19 million that is being used to further upgrade the facility.

Pending financing and final permitting by local authorities, Hines Development Corp. expects to begin construction in 2007. The MBTA's improvements will be completed within 36 months. The total projected will be phased with the office tower and expanded parking garage being completed shortly after completion of the expanded bus terminal.

The South Station air rights project is a perfect example of transit-oriented development and the MBTA's continuing effort to leverage its assets to help offset our budgetary pressures. The \$800 million dollar mixed-use project includes over 1.8 million square

feet of office, residential, and hotel space. It is expected to generate 2500 construction jobs, 5000 permanent jobs, \$12 million dollars in new property taxes, and \$10 million dollars in linkage payments to the City of Boston. These benefits are a direct result of our rich intermodal mix at South Station.

In addition, the MBTA is working with the adjacent landowner, the United States Postal Service, on an initiative to add four additional commuter rail tracks to South Station to accommodate new service and increasing ridership.

Intermodalism has been alive and well in Boston for over a hundred and fifty years. As the Nation's oldest subway authority we have been moving people by way of subway, commuter boats and trains since 1897. Our South Station Intermodal Transportation Center is where this rich history is meeting our promising future. I invite the members of the Committee and staff to visit Boston and to tour the facility that this Committee and the Federal Transit Authority helped us build, restore, enhance and operate.

I thank you for your support and this opportunity to speak with you today.