

KSTEP Governance Document

FINAL – 2/7/2019

1. INTRODUCTION

This document shall serve as the governance document that enables the work of the Kendall Square Transit Enhancement Program (KSTEP) as established by the KSTEP Memorandum of Understanding (MOU) as executed on 5/9/2017.

The goal of the KSTEP is to implement measurable improvement to transit service (bus and rail) serving the Kendall Square area utilizing funds from private commercial development. The KSTEP program seeks to create a fair, balanced, transparent, and technically informed method for making substantial transit investments in Kendall Square. The MOU established the Working Group (defined further below) to develop recommendations for funding allocation toward transit capital improvements, expanded service, or other programs (collectively referred to as Projects). The MOU also established general language regarding disbursing funds at the direction of the CRA Board, with approval by the Cambridge City Manager.

2. PARTICIPATION DEFINITIONS

Working Group: The Working Group includes all Parties and Concurring Parties to the MOU executed in 2017. Each entity shall have representation on the Working Group:

- Cambridge Redevelopment Authority (CRA)
- City of Cambridge (City)
- Massachusetts Bay Transportation Authority (MBTA)
- Massachusetts Department of Transportation (MassDOT)
- Boston Properties (BxP)

While Working Group Members may send multiple representatives to meetings, each Working Group Member is considered to have a single vote toward funding recommendations. The CRA will set draft agendas for Working Group Meetings with input from other members. Within three months of the date of this Governance Document, Working Group Members shall name a position in their organization as their representative voting designee.

Implementing Partners: An Implementing Partner is an entity, other than the MBTA or MassDOT, that owns, operates, or maintains a transportation service to be considered for funding by the KSTEP. While Implementing Partners are non-voting, they are invited from time to time to be involved in decision-making conversations in order to provide information for planning decisions, to accept funding from KSTEP for a service, and reporting of implementation progress. An Implementing Partner must agree in writing to receive and utilize funds from the KSTEP before the Working Group can recommend an investment.

Affiliated Stakeholders: An Affiliated Stakeholder may be invited by the Working Group from time to time to specifically represent an entity with an interest in the KSTEP program due to its presence in Kendall Square or due to its work to improve public transportation in Cambridge. Stakeholders may include but not be limited to the City of Cambridge Transit Advisory Committee, Kendall Square Association, neighborhood groups, major employers, land-owners, local business owners, academic institutions, transportation focused service providers, and regional interest groups. These representatives may be invited to actively participate in meetings of the Working Group.

3. MEETINGS & ADMINISTRATION

Working Group Meetings: It is expected that twice annually (unless changed by the Working Group) the Working Group Members will meet to discuss investment prioritization and recommendations for funding. These

meetings will recommend Projects to move forward, outline details of Projects, and approve them (see Section 5). These meetings may also be used to provide updates on Projects already underway. Relevant Implementing Partners and Affiliated Stakeholders may be invited to such meetings and given an opportunity to engage in the discussion.

Meeting Administration: The CRA will provide staff to the KSTEP Working Group. The CRA will schedule, facilitate and maintain records of Working Group meetings. CRA staff will engage with all Working Group Members to set agendas and invite Stakeholders, collaborate on and co-produce meeting materials, analyses, presentations and establish meeting times and frequency.

Other Presentations: The Working Group will make at least one annual public presentation to the CRA Board at a noticed public meeting. The Working Group may also present to the City Manager and designees and other City Advisory Committees as requested.

4. KSTEP FUND MANAGEMENT

Informed by the general language of KSTEP MOU Sections 6 - 9, the allocation of funding is broken down as follows:

Immediate / Short Term Investments: The first year of the Working Group will be focused on determining immediate short-term investment opportunities for up to one-third (1/3rd) of the Initial Payment. The 2017 Kendall Square Mobility Task Force Report will provide the initial set of potential immediate investment opportunities.

Long Term Investments: The Working Group should discuss and evaluate longer-term investment opportunities. The CRA Board and the City Manager may choose to reserve up to two-thirds (2/3^{ds}) of the Initial Payment or otherwise place limits on the usage of funds for up to five (5) years from the date of the Initial Payment, in order to preserve a tangible link between the development investment in Kendall Square that generated the funds and the subsequent supporting investment in transit, especially related to the percentage of funds that may be used for capital expenditures, operational/maintenance expenditures or planning expenditures.

Capital, Operations, Planning/Design: KSTEP funds are intended to be primarily reserved for capital projects that could have a permanent impact on transit service capacity, efficiency, or reliability. It is not intended to be used for maintenance or operational funding for existing service; however, the KSTEP could utilize funding on pilot program or planning/design studies. Pilots are time limited (under one year) and provide a way to test out transit service improvements that benefits transit operations through increased capacity, or involve planning/design studies that facilitate the implementation of permanent capital Projects that meet KSTEP priorities listed in Section 5.

Administrative Costs: CRA Staff will track time and expenses dedicated to administering the KSTEP. This includes time related to scheduling, preparing, and facilitating meetings; preparing analyses, presentations, assembling data and information; defining scoping and managing KSTEP Projects and consultants and account management expenses. This administrative cost may be charged against any interest gained by the initial KSTEP fund contribution, but will not draw down the principal of the dedicated account. The administrative costs and use of accrued interest will be accounted for in the CRA budget and reported to the Working Group and CRA Board.

The following items were not explicitly stated in the MOU, but are viewed as necessary to the management of the KSTEP fund and were recommended by staff from CRA, the City of Cambridge, and MassDOT/MBTA:

Allocation of Funds for Minor Planning Studies: For minor planning studies the Working Group may grant funding, up to a maximum of \$10,000 per unique project, as defined in Section 5, without requiring approval from the CRA Board and City Manager.

Fund Management: The CRA will manage KSTEP funds in a separate dedicated account. The account will be audited as an element of the CRA annual audit process. The CRA will be responsible for disbursing money related to an approved Project for the purposes of paying consultants for planning and design studies and implementing a project as designated by the Working Group.

The CRA may utilize the services of CRA's financial advisor to develop strategies to earn interest from the KSTEP fund through investment vehicles similar to that of other CRA funds. All earnings will stay within the KSTEP fund to be used for CRA administrative costs and/or to offset escalation of Project costs over time.

Project and Consultant Management: Consultants for planning efforts such as engineering studies or design work utilizing KSTEP funding will contract with the CRA, unless the Working Group agrees to utilize a contractor already under an ongoing contract agreement with another Working Group member. An ad-hoc project advisory group, designated by the Working Group, will collaboratively oversee the deliverables and performance of the scope of work outlined in the consultant contract.

5. RECOMMENDATIONS & APPROVAL PROCESS

Priorities: According to Section 4 of the MOU, the Working Group will give consideration to Projects with:

- A. a measurable improvement to transit service levels in the Kendall Square area (transit services that touch Kendall Square), including connections to and from transit service in the Kendall Square area;
- B. the ability to leverage multiple layers of available public and private funds and remain long-term economically sustainable from a capital and operational perspective; and
- C. a high level of utility from a broad mobility perspective.

Approval Process:

1. **Funding Proposal Form:** In order for a transit Project to be considered for funding the Working Group shall utilize a KSTEP Funding Proposal Form which outlines the Project purpose, goals, scope, budget and schedule among other items.
2. When Projects involve the assets or resources of MassDOT/MBTA, MassDOT/MBTA leadership approval will be required prior to the Working Group's vote. Before a project that involves MassDOT/MBTA assets or resources begins, a written agreement among the parties should also be reached, agreeing on what will occur in the event that services are terminated, including the cessation of services once funding is removed. Any such agreement should be mindful of obligations regarding the service imposed by local, state or federal law. **Working Group Approval:** Once a Funding Proposal Form is considered complete, the Working Group will vote to approve it. To be approved, a Funding Proposal must have the unanimous consent of the Working Group. Consent is defined as an affirmative vote or abstention. Members must give their consent either during a meeting of the working group or by written proxy, if the terms of the written proxy have the unanimous consent of the members during a meeting of the working group.
3. **CRA Board Approval:** If a Funding Proposal Form is unanimously approved by the Working Group, the Funding Proposal will be placed on the agenda at the next regularly scheduled CRA Board meeting. Representatives from the Working Group, selected in advance by the group, should be present to provide information on the Project under consideration. If approved by the CRA Board, the Funding Proposal Form will be signed by the CRA Board Chair. If not approved, the Funding Proposal Form will be returned to the Working Group with feedback and rescheduled for review by the CRA Board at a future date.

4. **City Manager Approval:** Upon request by the City Manager, a meeting to discuss the Funding Proposal Form for a given Project will be held to brief the City Manager on the Project. Funding Proposal Forms approved by the CRA Board will be transmitted to the City Manager for approval.

Projects will need to repeat the approval process if substantial modifications in the Project occur. A substantial modification is defined as a change in purpose and goals, significant modification to scope items, or the expansion of the approved budget.

If the Working Group is unable to provide a recommendation to the CRA Board and City Manager for funding within a timeline prescribed by the MOU, then the CRA Board or City Manager may request a briefing from members of the Working Group at a public meeting to solicit concepts for KSTEP funding.

6. IMPLEMENTATION, METRICS AND ANNUAL REPORTING

Execution Plan & Metrics: Once a Project is fully approved, the Working Group will collaborate with the Implementation Partner to refine the Project's execution plan, and create and approve performance metrics to measure the success of the KSTEP Project. The CRA will then administer funding.

Project Oversight: During project implementation, the CRA will be the Implementation Partner's primary point of contact. If any issues or changes with the Project arise, the Implementation Partner should contact the CRA. The CRA will provide regular updates to the Working Group.

Reporting: The Implementation Partner is required to provide Project updates when requested, and report on the approved performance metrics. CRA staff, with the assistance of Working Group members, will publish an annual report of the KSTEP program. The CRA reserves the right to make the KSTEP annual report part of the agency's CRA Annual Report.

Website: The CRA will maintain a webpage on the CRA's website or another site dedicated to Kendall transportation. This webpage will contain information about the MOU, this Governance Document, links to Projects, documents presented at public meetings, and important reference materials, among other items.

7. KSTEP FUNDING EXPANSION

Additional monies may be added to the KSTEP Fund via one-time payments by property owners or developers in Kendall Square, or through more consistent ways like special assessment district fees. Before additional funds may be accepted, an amendment to the KSTEP governance document, approved by the Working Group, is required.

8. AMENDMENTS TO KSTEP GOVERNANCE DOCUMENT

An amendment to this KSTEP Governance Document will be made if additional financial contributions are made to the KSTEP Fund, per Section 11 of the MOU. Other amendments may be proposed by Working Group members and brought for consideration to the Working Group. Modifications to the Funding Proposal Form do not require an amendment to this Governance Document.

9. DISSOLUTION

The Working Group may choose to dissolve itself once funds are expended.