

Procurement & Logistics Department: Business Transformation

Flexible Contracting, Procurements & Operating Model

Draft v8.0

Confidential for Discussion Purposes Only

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Procurement & Logistics - Goals & Objectives



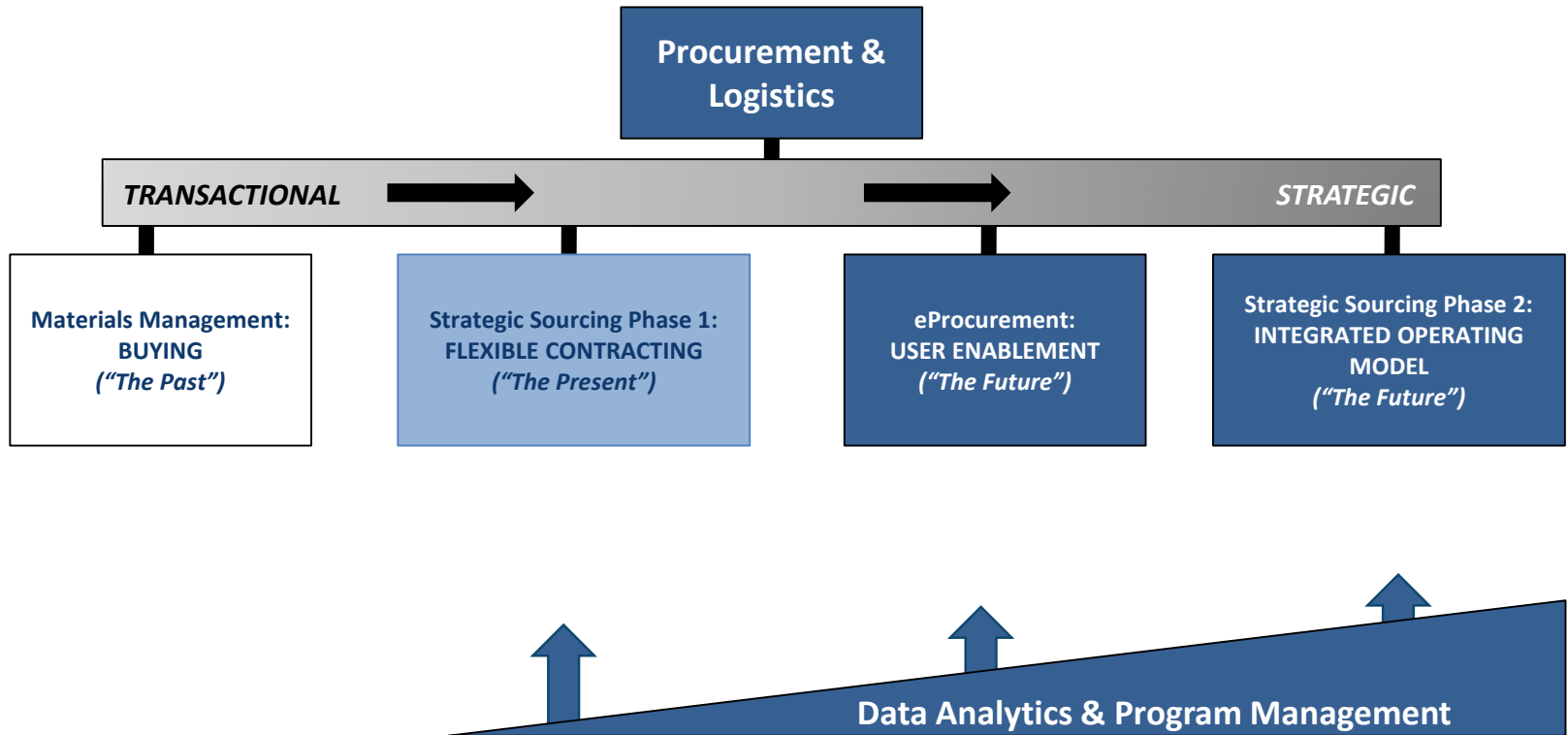
Strategic Sourcing and Flexible Contracting

- Improve Financial Performance.
- Serve Customers Better.
- Increase Organization's Responsiveness and Flexibility.
- Reduce and Control Risks.



"Getting to Good"

Building a Strategic Sourcing Capability at the MBTA



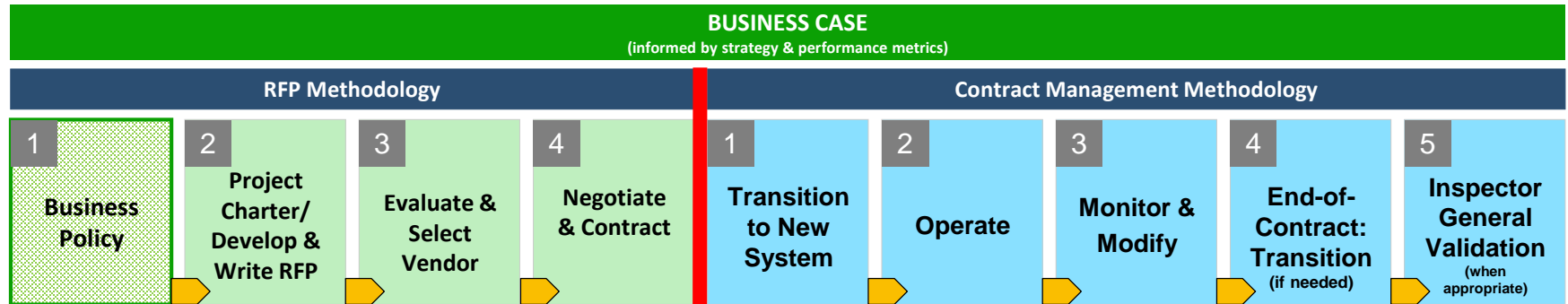
CRITICAL ENABLERS:

1. Taxonomy
2. "Spend Cubes"
3. Strong, Collaborative Team -- skills, staffing, training



The Methodology

RFP Development & Contract Management: DRIVEN BY BUSINESS POLICY



Business cases (template)

- Track & report
- Maintain alignment with business policy
- Update regularly/consistently (same categories)
- Demand accountability for changes (no “moving goalposts”)

❖ Detailed cost analysis refined as information assembled & validated.

❖ **NOTE:** Business strategy will be detailed in a standardized business case template and specific performance metrics. These will be applied consistently across all procurements.

Public Sector Comparator (initial)

Public Sector Comparators (PSC) allow comparison across sectors

❖ A PSC is a common tool used to assess the financial viability of public-private partnerships. A PSC provides a hypothetical risk-adjusted cost if a project were to be financed, built, and operated by the public sector.

Typical PSC Inputs	Rationale
Capital	Private costs of carry
Operating	Efficiency/Innovation gains
Projected Revenues	New project risk
Asset values	When transferring asset
Risk Matrix	Always
Sensitivity Analysis	Sometimes
DCF	When revenues produced
Bid Comparison	Always

Business case for: *Cell Collection and Recirculation* Date for Discussion Purpose Only 2012/04 11

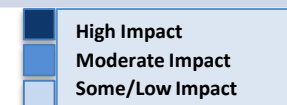


Priority Projects Currently in Procurement & Logistics Dept.

Agenda Set By FMCB, Senior Management / Evolving Business Cases

F = Improve Financial Performance
S = Serve Customers Better
O = Increase Organization Response/Flex.
R = Reduce & Control Risk

PROJECT (selected subset)	STATUS & COMMENTS	F	S	O	R
Orange Line & Red Line Replacement Cars	Contract operating and under management for scheduled deliveries 2018-2022.	High	High	High	High
Red Line #3 Car Fleet Overhaul	In development.	High	High	High	High
Green Line Type #9 Car Development & Delivery	Contract operating.	High	High	Moderate	Moderate
Centralized RIDE Call Center	Evaluating responses.	High	High	High	Some/Low
Positive Train Control (PTC)	Contract operating and under management.	Some/Low	High	Some/Low	High
Green Line Train Protection	In development towards Proof-of-Concept RFP Process.	Some/Low	High	Some/Low	High
Money Room RFP (Cash Collection/Reconciliation)	RFP in development, scheduled to be issued in April.	High	Some/Low	Moderate	High
Automated Fare Collection 1.5 RFP	RFP in development.	Some/Low	High	Some/Low	Moderate
Automated Fare Collection 2.0 RFP	RFP in development, release coordinated with AFC 1.5.	High	High	Moderate	High
Ridesharing Pilot RFP (ParaTransit)	RFP issued, vendor discussions held, awaiting responses.	High	High	High	Some/Low
Multiple Bus Fleet Procurements & Overhauls	Contracts operating and under management.	High	High	Moderate	High
Taxonomy Development & Implementation	In development.	High	Moderate	High	High
Warehouse & Logistics Restructuring	Work underway, assessing performance/developing options.	High	High	High	High
Human Capital Management System RFI	RFI issued, awaiting responses.	Some/Low	High	High	Moderate
Cleaning & Facilities Services RFI	RFI issued, awaiting responses.	High	High	Moderate	Some/Low



Procurement & Logistics Workload

RFIs, RFPs, and Major Initiatives With Staffing and Business Partners

RFIs	STATUS	PROCUREMENT & LOGISTICS LEAD	BUSINESS LEAD OWNER
Cleaning & Facilities Services	Issued	Takary Connor	Walter Reed
Parking Management Services	Awaiting Resources	-	Ron Ross
Parking Services - License Plate Technology	Awaiting Resources	-	Ron Ross
Human Capital Management System (HCMS)	In Development	Nick Palmer	Luella Wong
RFPs			
Mobile Ticketing RFP	In Development	Beth Tetreault	Maryellen Moran
Third Party Absence Management	Issued	Nick Palmer	Ruth Galvin
VRIP (Voluntary Retirement Incentive Program)	Issued	Takary Connor	Paul Andruszkiewicz
The Ride/Call Center	Evaluating Responses	Beth Tetreault	Carol Joyce-Harrington
Police Dispatch	Issued	Dan Smith	Richard Sullivan
Deferred Comp Admin.	In Development	Nick Palmer	Nancy Short
Ridesharing Pilot (Para Transit)	Issued	Nick Easley	Mike Lambert
RFX Development Assistance	Issued	Brenda Haas	Nick Palmer
Money Room (Cash Collection & Reconciliation)	In Development	Nick Easley	-
Automated Fare Collection 1.5	In Development	Nick Easley	-
Automated Fare Collection 2.0	In Development	Nick Easley	David Block-Schachter
Advertising, Marketing & Digital Media	In Development	Joe Flynn	Bryan Gubbins
Telecom Expense Management RFP	Awaiting Resources	-	-
Customer Call Center	Awaiting Resources	-	Rose Yates
Charlie Card Store	Awaiting Resources	-	Rose Yates
Non-Revenue Fleet Management	Awaiting Resources	-	-
Health & Welfare Fund Trust	In Development	Nick Palmer	Kim Poirier
PROJECTS			
Taxonomy Development & Implementation (KPMG)	In Development	Jerry Polcari	Brenda Haas
Red Line #3 Fleet Replacement (CRRC)	In Development	Jerry Polcari	Bill Wolfgang
Green Line Automatic Train Protection (ATP)	In Development	Ron Hollander	Jun Lee
Positive Train Control (PTC)	Contract Operating	Ron Hollander	Mo Sekkat
Procurement & Logistics Hiring	In Development	Takary Connor	Maryanne Sz
MBTA Capital Delivery Transformation Initiative (Ascent/PgM Services)	In Development	Jamey Tesler	Ed Hunter
MBTA Small Business Initiative	Issued	Brenda Haas	Jabes Rojas
Gladding-Hearn Ferry's (2)	Issued/Contract Operating	Joe Flynn	Bill Wolfgang
FLEET PROCUREMENTS			
Midwest Overhaul: 192 Buses	Issued/Contract Operating	Michelle Barry	Bill Wolfgang (or designee)
Maine Military Midlife Overhaul: 32 DMA Buses	Issued/Contract Operating	Michelle Barry	Bill Wolfgang (or designee)
New Flyer: 325 New 40ft Buses	Issued/Contract Operating	Michelle Barry	Bill Wolfgang (or designee)
New Flyer: 44 60ft Bus Procurement	Issued/Contract Operating	Michelle Barry	Bill Wolfgang (or designee)
Midlife Overhaul: 155 Buses	In Development	Michelle Barry	Bill Wolfgang (or designee)
Hyundai Rotem Coaches	Issued/Contract Operating	Joe Flynn	Bill Wolfgang (or designee)
Green Line Type 9 Development & Delivery	In Development	Kevin Ahern	Bill Wolfgang (or designee)
Red Line & Orange Line Cars	Issued/Contract Operating	Kevin Ahern	Bill Wolfgang (or designee)
MPI Locomotives	Issued/Contract Operating	Ron Hollander	Bill Wolfgang (or designee)



Example Business Case: Element #1 Metrics

Current Metrics Measuring Cash Collection and Reconciliation Performance

Key performance measures	Current tracking?	Current baseline	Details
Operating expense (annual)	✓	\$x M	Wages, benefits (50%), overtime, services
Operating expense (long-term)	✓	\$x M / year	Long-term costs of pension, healthcare, benefits
Capital expense	✓	\$x M (expended)	Building, building improvements, cameras, and armored trucks
Auditability (Y/N)	✓	None (system unable to reconcile)	
Daily reconciliation (Y/N)	✓	None (system unable to reconcile)	

Example Business Case: Element #2 Business Imperatives

Business Imperatives to RFP Cash Collection and Reconciliation Services

