September 1, 2016

The Honorable William F. Welch
Clerk of the Senate
Office of the Clerk of the Senate
24 Beacon Street
State House Room 335
Boston, MA 02133

The Honorable Steven T. James
Clerk of the House
Office of the Clerk of the House
24 Beacon Street
State House Room 145
Boston, MA 02133

RE: Massachusetts Bay Transportation Authority Annual Report on
Waiver from Provisions of Sections 52-55 of Chapter 7 of
Massachusetts General Laws

Dear Mr. James and Mr. Welch:

Pursuant to Section 196 of Chapter 46 of the Acts of 2015, please find attached the
MBTA’s annual report on procurement.

Respectfully Submitted,

Joseph Aiello, Chair
Lisa A. Calise
Monica Tibbits-Nutt

Steven Poftak, Vice Chair
Brian Lang
Annual Report to the Legislature:

*Waiver from Provisions of Sections 52-55 of Chapter 7 of Massachusetts General Laws*

**Overview**

The 2015 Appropriations Act (Chapter 46 of the Acts of 2015) created a Fiscal and Management Control Board (FMCB) that was charged with securing the fiscal, operational, and managerial stability of the MBTA. Further provisions called for improved and innovative procurement tools, as well as long-term capital plans, asset management strategies, and performance metrics to improve workforce productivity. The MBTA was also granted a three-year exemption, from July 1, 2015 to July 1, 2018, from the requirements of sections 52 to 55 of Chapter 7 of the Massachusetts General Laws, commonly known as the Pacheco Law. This required annual report details the contracts executed pursuant to this exemption.

In its first 15 months, the FMCB has taken a range of actions to dramatically change the MBTA’s unsustainable cost structure, which undermines the ability of the T to serve its customers. The outsourcing flexibility the Legislature granted the MBTA is an important tool in the FMCB’s arsenal not just to save costs but to fix what is broken at the MBTA to help improve performance. But to succeed, strategic contracting, including out-sourcing some functions now performed by the T, must be properly developed, implemented, and managed. The FMCB has found that this has not always been the case in the past. Some previous contracts with private parties have not been properly designed and/or managed, such as the MBTA parking contracting. This report touches upon some steps taken to improve the MBTA’s underlying procurement and contract management processes to assure that any use of the waiver is well executed.

To date, the FMCB has used the waiver in only limited cases and only on corporate services, such as cash handling and warehouse operations. But with maintenance and operations accounting for about 85 percent of all T costs, management is beginning to actively examine those areas for savings. Transit agencies across the nation have adopted a number of models, including out-sourcing, for such services. More than 40 percent of U.S. public transit agencies currently contract out some or all of their bus systems in order to reduce costs. Indeed, all of Massachusetts’s Regional Transit Authorities out-source maintenance and most out-source operations to private companies.
Of course, as the MTBA looks to improve both cost and performance in operations and maintenance, it will continue to work with its employees and their unions to help identify and implement measures to improve productivity and performance.

Although the legislative mandate calls only for reporting on outsourcing contracts that utilize the temporary exemption, this first annual report covers some history and year one activities focused more broadly on improving procurement and contract management at the MBTA, steps that are essential to take advantage of the outsourcing flexibility granted by the legislation. The report therefore highlights the FMCB’s evolving approach to improving its underlying procurement and contract management while documenting the early steps the MBTA has taken to develop internal cost metrics and efforts to test the market for better, more cost-effective alternatives to improve both the bottom line and the performance of the MBTA. The FMCB’s Annual Report in December will discuss procurement and other contracting reforms in more depth.

Background

A series of legislative initiatives were enacted in the 2015 Appropriations Act to reform the MBTA, including creation of the FMCB. The FMCB was granted a three-year exemption from requirements that govern the privatization of services currently provided by public sector employees. The statute required an annual report detailing:

... [T]he number of service contracts and procurement contracts executed pursuant to this section. The report shall include, but not be limited to, the project or service contracted for, the term of the contract, the projected savings and any realized savings. The report shall be filed with the clerks of the House of Representatives and the Senate who shall forward the same to the House and Senate Committees on Ways and Means and the Joint Committee on Transportation. (Chapter 46 of the Acts of 2015, Section 196 (b))

This temporary exemption provides the MBTA with an important tool to improve productivity through a careful, deliberative and transparent process to understand internal costs and test the market for more cost-effective alternatives to provide better serve T customers. Just the process of considering areas for possible outsourcing, including the contracts either implemented or in process that are described in this report, has enabled the T to fundamentally examine and rethink some of its operations in ways that it has rarely if ever done before, which is critical to moving the T toward a financially sustainable, more reliable transit system.
Improving Procurement and Contracting Processes

Overall, MBTA procurement practices and systems need to move toward strategic sourcing supported by analytics. This transformation means the T must better understand its internal unit costs and optimize industry outreach to ensure solid competition and encourage innovation. It also requires changing business processes to ensure that the terms of negotiated contracts are met.

To provide nearly 1.3 million trips per day to the Boston region, the MBTA performs a wide array of services to support operations, including human resources, financial management, procurement, information technology and communications, marketing and advertising, and real estate management. Several of these functions are managed through long-standing relationships with third-party private vendors whose focused industry expertise has been intended to result in better and more efficient operations. In some cases, including commuter rail, The RIDE, ferries and several bus routes, service delivery itself is contracted out. All Regional Transit Authorities contract out their bus operations and most out-source maintenance.
Contracting out services does not guarantee effectiveness. Contract terms must be carefully considered and services must be monitored and administered effectively. While the capacity to use outsourcing to address underperforming business processes is a valuable tool, it must be utilized correctly.

While maintenance of the MBTA’s elevators and escalators has been out-sourced to private companies for decades, for example, the current performance contract with KONE, Inc., has enabled the T to implement improvements that have enhanced escalator and elevator safety with less inconvenience to customers due to downtime for maintenance. System-wide elevator performance has steadily improved and now stands at about 99 percent. And these gains were achieved without increasing costs for the contract, which will soon be up for a new RFP.

The performance-based contracts for cleaning MBTA stations and facilities, however, are an example of what can happen when the MBTA does not correctly administer performance-based contracting. Under competitively bid contracts awarded in 2013, the cleaning firms were to be paid $36.5 million over the first three years and abide by performance-based standards. Instead, they were paid $53.1 million, mainly because the MBTA agreed to pay the contractors based on staffing levels rather than enforcing the contract’s performance-based component. As part of extending these contracts into their option years, the T has returned to the contract terms as originally written, using the outcome-based standards that are a common method for service contractors in the janitorial industry. Changes in the contract will save the MBTA nearly $8.1 million over the next two years while holding the cleaning vendors to the current high standards so that riders will continue to be provided with a clean and comfortable transit system.

In its April 2015 report, the Governor’s Special Panel to Review the MBTA found that the MBTA’s procurement process was inefficient and recommended that:

- Agency procurement and contracting should be centralized with a new professional office and;
- Internal processes should be re-engineered to implement industry best practices, to be nimble and flexible, and to greatly reduce inefficiency and delay.

The FMCB has worked with MBTA and MassDOT staff to thoroughly analyze MBTA procurement practices and a path to improvement has been developed consisting of stabilizing systems, repairing deficiencies, and transforming practices with a new operating model.
As part of this transformation, a methodology for flexible contracting tools has been developed that is driven by business purpose. The steps in this approach are:

- Defining objectives
- Assessing current status
- Establishing a business imperative
- Establishing internal cost metrics
- Testing the market for better alternatives through the Request for Interest (RFI)/Request for Proposals (RFP) process
- Determining whether services can be provided more cost effectively by contracting out

The goals of flexible contracting are to:

- Reduce operating expense
- Avoid capital expense
- Leverage capital already invested by the private sector
- Provide better service

As an initial focus, a careful and deliberative process has been applied to several areas of non-core services at the MBTA to assess whether private expertise can provide better services and potentially multiple levels of benefits to customers. In instances that could lead to a reduction
in the workforce, advance notification has been provided to the existing workforce through an agreement reached with union representatives.

**Case Study: Better Management of Absenteeism and Leaves**

The MBTA has already utilized the waiver to improve operation of its system.

The action was in the response to a key finding of the Governor’s Special Panel on the MBTA that excessive absenteeism was a prominent example of weak MBTA management, resulting in substantial overtime costs and tens of thousands of cancelled bus trips annually.

Of the $53 million spent on overtime in FY2015, $11 million was the result of the need to cover vacant positions and unscheduled absences. More than one-third of unscheduled absences were attributable to employees’ use of Family and Medical Leave Act (FMLA) provisions to take leave for specified family and medical reasons.

The FMCB called for the MBTA to audit employees’ use of FMLA, focusing on:

- Employee eligibility
- Adequacy of medical documentation
- Expiration or exhaustion of approved leave
- Usage in excess of approved frequency and duration
- Need for medical recertification
- Accuracy of data tracking

After the audit, corrective steps were taken. Intensive management focus and employee training have been the main drivers of improvements in leave management at the T. However, the ability to outsource for expertise has been a critical component in the progress.

Some 1,000 employees were trained to more effectively manage employee absences. A new attendance policy became effective in January, 2016. And a Request for Proposals was issued for a Third Party Administrator to review and improve leave and attendance policies, manage leaves and operate an employee call center.
The MBTA signed a three-year contract with WorkPartners, with two one-year options at an annual cost of about $600,000, requiring, among other things:

- A centralized 24/7 Absence Call Center, providing easy self-service access for employees using multiple media and near-instant notification of employee’s supervisors;
- Detailed information collection and data management on attendance history and medical documentation;
- Rigorous absence case management.

The combination of improved internal performance and outside contracting with an experienced vendor has produced results. Through August 19, operator absences declined by 18 percent, gaining 10,000 productive work days over last year. Average daily overtime expense fell by 21 percent in FY2016 and, through the first fifty days of this fiscal year, average daily expenses are 18 percent below the prior year. FMLA usage greater than five days has dropped by 17 percent.

Beyond cost savings from overtime, this new approach to leave management has produced benefits for both employees and riders:

- Bus supervisors no longer have to field absence-related calls nor make uninformed determinations of eligibility on the spot;
- Employees have access to real time information on their leave balances;
- Trips canceled because of operator absence declined 31 percent in FY2016 and continue to decline further in FY2017.

**Case Study: Centralized Dispatching for Paratransit Services**

The RIDE is designed to provide federally mandated paratransit service complementary to the MBTA’s fixed route bus, light-rail, and subway services for those who qualify under the Americans with Disabilities Act. In FY2015, the RIDE provided 2.1 million trips. This service was already privately provided through contracts with three vendors who provide door-to-door, on-demand service for 60 communities in the metropolitan region.

At a cost of more than $104 million in FY2016, the RIDE is a heavily subsidized service, with an average one-way passenger trip cost (including fixed costs) of about $47.
Since 2013, a number of measures were taken to reduce the cost per trip of the RIDE, including an overhaul to the eligibility determination process, new vendor contracts and a taxi and ride-sharing program. Since 80 percent of RIDE customers do not require an accessible vehicle, taxis can provide an economical and more customer-responsive alternative for short-distance trips. Instead of the $31 average RIDE trip cost (excluding fixed costs), the T now pays up to $13 per privately provided taxi trip while the customer pays a reduced fare of $2. Advocates and customers of the service have welcomed this new option.

The MBTA plans to expand this program to a year-long pilot with several ride-sharing companies that will enable customers to use an app to order rides on demand for both standard and wheelchair accessible vehicles. All driver-partners will receive training materials on how to provide services to RIDE customers who may have accessibility needs. Driver-partners will undergo a safety screening conducted by a third part as well as vehicle and criminal record checks.

A further innovation is to centralize dispatching. Instead of multiple vendors dispatching ride requests, requiring customer transfers between service areas, the MBTA would contract out the dispatching function as one integrated service. While not requiring the legislative relief provided by Chapter 46, the Centralized Call and Control Center (CCCC) dispatching procurement, which has been underway over the past year, is another example of innovative contracting to reduce expense and provide better customer service.

The goals for centralized dispatch, known as the Centralized Call & Control Center (CCCC) are:

- Implement a new business model offering a suite of services to best meet customer needs using a variety of existing transportation resources
- Contain costs through reduced overhead, enhanced efficiency, and increased competition
- Sustain service and satisfaction levels by maintaining 97 percent on-time performance within a 30 minute window
- Leverage best practices in the industry

The CCCC contract was awarded in June 2016 to Global Contract Services LLC (GCS), one of four bidders who scored highest on technical qualifications and ranked second on cost. GCS currently provides call center, reservations, scheduling, and trip outsourcing services for the New York City Metropolitan Transit Authority. Costs were reduced further in the process of contract negotiations, ending 1.8 percent below the independent cost estimate for the contract. Operational savings are estimated at $12 million to $17 million annually in reduced
subsidy costs from more efficient routing of vehicles and elimination of service duplication among vendors.

After collecting customer input, GCS intends to retain and use the existing dispatch workforce (a unionized workforce employed by the current service providers) to maintain relationships with customers and reduce implementation risks.

**Next Steps in Procurement Reform: In-Sourcing**

Outsourcing is one tool available to the MBTA to address unsustainable cost structures and improve productivity and customer service at lower cost. Another is in-sourcing, the use of alternative public (rather than private) agencies to provide core services. This process actually began in 2009 with the creation of shared or enterprise services at MassDOT, many of which directly benefit the MBTA (such as joint legal, IT and human resources departments).

To maximize available resources for transit-specific purchasing, the MBTA is in the process of adopting the Commonwealth’s regulations for procurement (801 CMR 21.0) for non-federal procurements. This is a critical step toward aligning the MBTA with statewide contracts, procurements, and purchasing programs and will allow the MBTA to utilize the COMMBUYS procurement system to deliver best value and achieve efficiencies and cost savings. By consolidating procurements with the Commonwealth, better volume discounts can be negotiated and MBTA procurement functions can move from buying to better sourcing of transit contracts.

There are a number of opportunities to consolidate and utilize services provided centrally for all other state agencies, including transfer of MBTA payroll processing functions, which is currently in development.
Using the Waiver: Methodology and Examples

I. Cash Collection and Reconciliation

Serious problems with the MBTA’s cash collection and counting operations have long been documented. In September 2012, for example, the State Auditor released a report on the MBTA’s automated fare collection (AFC) system that found, among other things, that actual cash fare box receipts deposited between July 1, 2006 to June 30, 2011 were $123.8 million while the system software recorded $225.5 million in fare box cash receipts, resulting in a variance of $101.7 million.

In FY2015, the MBTA counted $119 million in cash from more than 1,400 fare boxes on buses and Green Line vehicles and 332 fare vending machines at 91 stations and other locations that accept cash. This year, the MBTA retained industry experts to analyze the process of moving this cash to the Charlestown MBTA Money Room and the process of counting and depositing it.

Cash and coin from Fare Boxes and Fare Vending Machines are collected, transported, counted, and deposited using different processes:

1. Cash & Coin Enters Fare box
2. Wireless Probe
3. Cashbox Removed
4. Cash Enters Cash Receiving System (CRS) and Mobile Vaulting Unit (MVU)
5. Mobile Vault Unit Enters Truck
6. Counted in Money Room
7. Deposited

An attempt to audit MBTA fare boxes resulted in troubling findings, including:
Issues also existed with the fare vending machines, with more than 5,000 transmission errors recorded over a one-year period, resulting in an inability to tie out cash recorded as collected with actual cash received.

In short, the MBTA was unable to reconcile the amounts of cash reported to the amounts deposited. While some corrective steps have been taken, issues are not yet fully remedied.

The MBTA retained private sector experts to assess MBTA cash operations. They identified immediate risks and vulnerabilities to facilities and employees that led to an intensive security review in cooperation with the MBTA’s security department. Immediate actions were taken and management changes were made to secure the money counting facility and the safety of employees. The MBTA released a Request for Proposals on July 22, 2016 to leaders in the
business of cash collection address issues of reconciliation and to identify opportunities for cost savings.

Proposals are expected in September from companies representing leaders in the cash handling and logistics industry.

II. Warehouse and Logistics Restructuring

An internal bus maintenance efficiency study in February 2016 found that the MBTA’s vehicle maintenance cost per mile was $5.99, about double that of peer agencies, though some of this disparity is attributable to the age of the bus fleet, which, at 9.3 years on average, is the oldest of any of the peer agencies.

Performance Metrics Comparison

<table>
<thead>
<tr>
<th>Agencies</th>
<th>Total Fleet Size</th>
<th>Fleet Spare Ratio</th>
<th>MMBF or MDBF</th>
<th>Avg. Fleet Age</th>
<th>Average Operating Speed (mph)</th>
<th>Vehicle Maintenance Cost per Mile</th>
<th>Have Work Standards?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MBTA</strong></td>
<td>955</td>
<td>17.8%</td>
<td>12,946</td>
<td>9.3</td>
<td>10</td>
<td>$5.99</td>
<td>Initial Implementation Phase</td>
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<tr>
<td><strong>Ranking Among Peers below</strong></td>
<td>6th</td>
<td>4th</td>
<td>1st</td>
<td>7th</td>
<td>3rd (tie)</td>
<td>6th</td>
<td></td>
</tr>
<tr>
<td>Relevant Peer Agencies in North America</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baltimore MTA</td>
<td>729</td>
<td>20%</td>
<td>7,226</td>
<td>7.2</td>
<td>12</td>
<td>$2.13</td>
<td>Partial</td>
</tr>
<tr>
<td>CTA - Chicago Transit Authority</td>
<td>1,872</td>
<td>13%</td>
<td>3,008</td>
<td>7.0</td>
<td>9</td>
<td>$2.38</td>
<td>Yes</td>
</tr>
<tr>
<td>NJIT - New Jersey Transit</td>
<td>2,413</td>
<td>19%</td>
<td>6,821</td>
<td>6.8</td>
<td>14</td>
<td>$2.34</td>
<td>TBD</td>
</tr>
<tr>
<td>NYCT - New York City Transit</td>
<td>3,840</td>
<td>16%</td>
<td>5,696</td>
<td>7.5</td>
<td>7</td>
<td>$6.13</td>
<td>Yes</td>
</tr>
<tr>
<td>SEPTA - Southern Pennsylvania Transportation Authority</td>
<td>1,389</td>
<td>19%</td>
<td>4,128</td>
<td>8.7</td>
<td>10</td>
<td>$2.96</td>
<td>Yes</td>
</tr>
<tr>
<td>WMATA - Washington Metropolitan Area Transportation Authority</td>
<td>1,541</td>
<td>15%</td>
<td>6,390</td>
<td>6.8</td>
<td>10</td>
<td>$2.96</td>
<td>Yes</td>
</tr>
</tbody>
</table>
But another component of comparatively poor bus maintenance performance is inefficient parts warehousing and provisioning to the garages. A detailed analysis of the MBTA’s warehousing and logistics systems identified numerous shortcomings, including:

- Inventory is not accurately accounted for
- No measurement of inventory stock outs/part not available
- Unreliable measurement of time for delivery
- Warehouse productivity is ten times below industry standard
- Limited management of parts warranties
- Different processes for parts inventory management in different carhouses

The analysis found that it took 82 hours to move a part from the central warehouse to a maintenance garage, which reduces maintenance productivity and bus availability for service. It also found nearly $23 million in excess inventory. This results in excessive cost for a system that delivers poor performance and does not effectively support vehicle maintenance, which is critical for optimal transit performance for riders.
This is another area where far broader expertise is available in the private sector, where companies such as Honda, Ford, Caterpillar, and General Electric all outsource their warehousing and logistics to third party vendors, for whom 95 percent delivery accuracy and overnight delivery are industry-standard practice.

The MBTA has issued an RFP to partner with an outside firm that can leverage materials management expertise, reduce operating costs, redeploy current capital invested in excess inventory, and, most importantly, improve availability of correct parts to mechanics. The focus of the new services will be to manage inventory, inventory storage, transportation, and assist in planning at central stores in Everett and Charlestown and base inventory locations at eight rail carhouses and ten bus garages.

III. Automated Fare Collection (AFC) 2.0

In order to improve customer experience with standardized payments across all modes, improve service, and reduce vehicle dwell time by allowing all-door boarding, the T is planning a complete overhaul of its fare collection system.
On July 18, 2016, a Request for Qualifications was issued anticipating an innovative procurement for a fare collection system that would greatly expand ways to pay fares with mobile phones, T cards and credit cards. The new system will expand the physical payment network by partnering with retail sales locations to utilize and expand major gift card at retail outlets.

The new system will be procured through a contract with a Systems Integrator in a two-step competitive process beginning with the RFQ, followed with a formal Request for Proposals process with pre-qualified vendors with selection based upon best value to the MBTA. The Systems Integrator will be responsible for the core functions of design, implementation, financing, operations and maintenance of AFC 2.0 including:

- All fare collection hardware and software;
- System integration, testing, implementation and transition to full AFC 2.0 operations;
- Card manufacture, supply, retail network, and vending;
- Bank interfaces;
- System operations and maintenance for not less than ten years.

The contract between the MBTA and the Systems Integrator will be performance-based, with payments commencing only upon systems operations and subject to compliance with key performance indicators. In a separate process, equipment installation will be bid in a similar best-value competitive process resulting in a single, performance-based design build contract for all station installation work.

This integrated project delivery will combine the core, long-term functions of the project under a single contract in order to provide for:

- A single point of responsibility
- Expedited project delivery
- A life-cycle cost approach to project decision making

Selection of the Systems Integrator is scheduled for the spring of 2017, with the AFC 2.0 set to go live within 24 months later.
Conclusion and Next Steps

As part of its overall effort to improve MBTA performance, the FMCB and MBTA were granted a three-year exemption from the so-called Pacheco Law. While actual use of this waiver has been limited to date, legislative relief from sections 52 to 55 of Chapter 7 of the Massachusetts General Laws has helped trigger a comprehensive review of procurement, contract, and other MBTA services. Indeed, in some cases, this is the first time such internal operations have been assessed for cost effectiveness and performance.

The MBTA is taking other forward steps to improve performance. Consistent with industry best practices, for example, the MBTA will formalize over the next month a process for accepting unsolicited bids for innovative approaches to supporting and providing transit services.

The result of changes in procurement and service delivery to date has already been improved customer service, including:

- Fewer dropped trips from reduced absenteeism;
- More efficient and responsive dispatching for para-transit services;
- An ability to ensure all riders that their cash fares are properly deposited in a manner that protects the safety of employees;
- Better support to fleet maintenance facilities to get service on the street every day;
- An ability to use industry experts in non-mission central areas to provide the best and most cost effective support services.

Contracts Executed or In Process under Section 196 of Chapter 46 of the Acts of 2015

<table>
<thead>
<tr>
<th>Contract</th>
<th>Union Notified</th>
<th>RFQ/RFI Issued</th>
<th>RFP Issued/Anticipated</th>
<th>Contract Awarded/Anticipated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third Party Leave Management</td>
<td>Not Required</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>RIDE-UBER/LYFT Pilot</td>
<td>Not Required</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>RIDE Centralized Call and Control Center</td>
<td>Not Required</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Cash Collection and Reconciliation</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>November 1, 2016</td>
</tr>
<tr>
<td>Automated Fare Collection</td>
<td>Yes</td>
<td>Yes</td>
<td>November 1, 2016</td>
<td>Winter 2016/2017</td>
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<tr>
<td>Warehouse and Logistics Restructuring</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>November 7, 2016</td>
</tr>
</tbody>
</table>
The Board’s focus to date has been on contracting corporate services, such as cash handling and warehouse operations. But these account for only a small portion of total operating costs. If the T is to continue the progress it has made in improving performance, reducing operating costs and shifting operating funds to meet critical capital needs, the FMCB must also address those areas that make up about 85 percent of all costs, namely operations and maintenance.

The MBTA spends $500 million a year on maintenance and another $375 million annually on operations. Many transit systems in the United States and overseas have moved aggressively to partner with private companies to perform a wide range of maintenance and operating functions. An example of an area of opportunity, it currently cost the MBTA $169 per hour to operate its internal bus system while private carriers with whom the T contracts on select routes delivered bus service for 30 percent less. The Board will also analyze the variety of models in the marketplace, which range from partnering with train and bus manufacturers for heavy maintenance work, to full-lease models, where the transit agency operates but does not maintain a fleet of vehicles.

During this second year of the waiver, the FMCB and management team will continue to analyze the total savings opportunity that could be realized through leveraging flexible contracting in maintenance and operations. The Board will do this while simultaneously working with our management and labor forces to seek significant productivity gains. The Board will share with all stakeholders, including MBTA employees and their unions, proposals to utilize the management tools provided by the Legislature in ways that can help lead to both fiscal stability and improved performance for the people, communities, and regional economy that depend upon a reliable, well-functioning MBTA.

Note: Not all FMCB members agree on all board decisions and differing views are a natural part of the process as we collaborate together. While he does endorse the rest of the report, Director Lang does not endorse all of the language on this page.