

# INVEST NOW

A NEWSLETTER FOR RIDERS AND WORKERS

February 2017

## WHO WE ARE:

INVEST NOW is dedicated to ensuring investments in Massachusetts public transit. INVEST NOW includes riders, workers, community groups, non-profit organizations, businesses, elected leaders and municipalities that support public transit.

## WHAT WE STAND FOR:

Massachusetts workers and riders agree that the time to invest in public transit is now. The MBTA should continue to make improvements to its current operations, but that cannot distract from the greater need to invest in public transit for riders, workers, and our communities.

The long term costs of sweeping privatization are often higher than expected – as has been demonstrated in cities across the nation as well as internationally. Let's keep public transportation public – and invest in a stronger future for riders, workers, and the Massachusetts economy.



## Controversies Plague MBTA Privatization Push

Recent revelations about the MBTA under the Baker administration's control have hinted that the administration may be placing its philosophical views favoring privatization and austerity budgeting over the public interest. In October of last year, the Globe reported that the Green Line had the most derailments of any light rail in the nation in 2015. The audit identified lapses in maintenance and the use of poorly-designed, outdated cars as reasons for the derailments, issues that could stem from underinvestment and simultaneously cry out for deeper investments in public transit. The results and implications of the audit have rarely been discussed in public meetings and when they were, not all derailments were mentioned.

Up until this point, Baker and his appointed MBTA officials gave the impression that they engaged in transparent and open conversations concerning all matters related to the T. By failing to discuss the audit of the Green Line openly, the administration has kept the public in the dark about the magnitude of the derailments and decided on improvement plans behind closed doors. The derailments are clear evidence of the greater need for investment in an underfunded system.

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[info@investnowma.org](mailto:info@investnowma.org)

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The MBTA's contract with Keolis to operate its commuter lines has also been rife with underperformance, questionable management decisions, and potentially undue influence of private interests. In the near two years of operating the commuter lines, Keolis has been struggling to meet financial and performance benchmarks. Keolis attempted to mitigate delays and overcrowding with new train schedules, yet customers still complain of service that is increasingly worse than that experienced under municipal operation. Customers also experienced dramatic fare hikes since Keolis has come onboard. Across the country and the world, there are countless examples of privatization schemes backfiring at the expense of taxpayers, riders, and workers. The privatization deal with Keolis is increasingly becoming Boston's primary example of transit privatization gone wrong.

In order to keep services going, the MBTA recently announced that it had agreed to pay Keolis \$66M more in addition to their unprecedented \$2.68B contract. There is no guarantee that this bailout will lead to a more financially stable situation for Keolis, as they have exhibited increasingly poor financial performance throughout the contract. In its first year of operation, Keolis lost \$10M. The following year they lost an additional \$30M and are projecting net losses for this year as well.

This \$66M bailout in public dollars isn't the only break that the MBTA officials have cut Keolis. Over \$800,000 in fines were also quietly waived for unprecedented poor service during the winter storms of 2015. During that January, commuter lines experienced the first derailment in the entire state in years. Track failures along 30 miles of the Haverhill line caused three cars to run off the tracks. Disruptions in service included 10 cancelled trains during the morning commute.

The administration insists that these lapses occurred because of factors beyond Keolis' control. However, winter service under Keolis' control was the worst it had been in years. The percent of commuter trains operating on time during the winter months reached an all time low in 2015. From 2011 to 2014, when the MBTA last operated the commuter lines, the percent of on-time trains never decreased by more than 20%. During Keolis' first winter operating the trains, the percentage of on-time trains plummeted by more than 50%.

Perhaps the most unnerving of controversies related to Baker's relationship with Keolis is through a consulting firm hired by Keolis. The lobbying and media firm hired to help coordinate publicity for Baker's approval of a \$66M extension to their contract is headed by Baker's former campaign manager.

Despite poor performance and bailouts of the commuter rail contractor, Baker's administration insists on pursuing other ways to privatize parts of the MBTA, including spending significant amounts of public dollars on McKinsey, a firm that is notorious for recommending privatization. MBTA officials approved a \$1M contract with McKinsey to assess the viability of privatizing their other services beyond the cash counting department, including bus operations and maintenance.

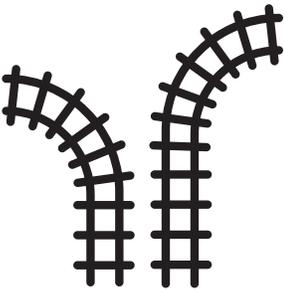
These controversies call in to question the administration's priorities, when it comes to public versus private interests. It's a pattern that riders, taxpayers, and workers should watch closely. There's no magic bullet for improving the MBTA, but transparency and open dialogue should be the foundation for driving innovative solutions that achieve better and safer performance, while maintaining good-quality jobs, and fair prices for riders.

**“The T should not privatize core services and give up valuable in-house expertise... I don't want to see us get into that position with the operation of the bus lines, the heavy rail, light rail, or the maintenance. If we lose our expertise completely – and I think over the decades we have lost a fair amount – we're going to be beholden to the private sector. If that happens, I think that could be a disaster for the T.”**

Interview with Brian Lang, President of Unite Here Local 26, and member of the Fiscal and Management Control Board, on lessons learned from the contract with Keolis.

Source: <http://commonwealthmagazine.org/transportation/lang-keolis-was-on-verge-of-walking-away/>

## MBTA Officials continue to push privatization despite struggles



On Tuesday December 13th, state transportation Secretary Stephanie Pollack told the Boston Herald that “right now” the private sector could run the city’s bus service “better” than the MBTA. She praised the global consulting firm McKinsey & Co for their report promoting

outsourcing opportunities for the MBTA which has already cost taxpayers a whopping \$1 million dollars. That doesn’t even count what taxpayers may lose if the privatization schemes they recommend backfire — like the massive cost overruns experienced with Keolis.

In the MBTA’s Fiscal Management and Control Board Second Annual Report, they state that “Keolis continues to incur substantial fines for failing to meet contractual standards.” Ironically, many of those fines have been

waived by the administration.

So, it’s unclear in light of these recent events and evidence from a myriad of failed privatization schemes in other cities, how MBTA officials continue to make sweeping statements about the benefits of privatization. In fact, during recent major weather events, MBTA publicly operated bus service performance metrics have been superior to the privatized commuter rail services furnished by Keolis.

Boston has a checkered and dangerous history with privately operated bus transportation, including well documented safety problems and dangerous incidents involving major private bus providers such as Crystal Transport and Fung Wah. Riders, taxpayers, and workers all have plenty of reason to be skeptical of claims that handing control of MBTA busses to private interests would be in the public interest.

## Right Wing Think Tank Aims to Strip Benefits from MBTA Workers

The conservative think tank, the Pioneer Institute, recently recommended that Social Security benefits for MBTA employees be cut, despite evidence showing MBTA wage and benefit costs are on par or lower than those of transportation systems in comparable regions. Experienced, committed staff are key to ensuring the T

runs smoothly, safely, and on time. The MBTA should protect its comprehensive retirement benefits for their workers and set an example as a high-road employer that cares about the future of its employees and their families.

## Keolis Cancels Record Number of Commuter Rail Trains this Fall

A recent analysis by the Boston Globe reports a quadruple increase in cancelled commuter trains this fall as compared to last fall. Keolis, the for profit company contracted to operate the commuter rails, has notoriously struggled to keep up with maintenance and train schedules, however this fall marks the sharpest increase in cancellations since the winter of 2015.

The Fairmount Line, which services some of the system’s lowest income and most diverse communities, experienced twice as many cancellations compared to

any other line since Keolis took control of the commuter rails in 2014. Keolis admits it has a major backlog of federally required inspections and notes that many of their cars sustained substantial damage due to the record-breaking winter of 2015. However, almost a year later, cancellations seem only to have increased. With a spotty maintenance track record and disproportionate cancellations under Keolis, the promised advantages of allowing more private companies to operate our public transit are clearly yet to be seen.

# WE MUST INVEST NOW TO ACHIEVE:

**MODERN, RELIABLE PUBLIC TRANSPORTATION** that supports Boston's dynamic economy, growing workforce, and role as a world-class city.

**SAFE TRANSPORTATION** that riders and our communities can trust every time they stop on board without exceptions.

**EQUITABLE PUBLIC TRANSPORTATION ACCESS** to ensure that service expansions bring opportunity and economic development to under-served communities.

**QUALITY JOBS** that can sustain a family, contribute to our local economy, and help reduce the extreme levels of income inequality in our state.

**DEVELOPMENT** of MBTA land and property that benefit our communities, not just developers, by creating good jobs and affordable housing.

**TRANSPARENCY** for MBTA bidding and contracting, including restored taxpayer and worker protections under the Pacheco law to prevent wasteful privatization schemes and insider dealing.

## DID YOU KNOW?



Between 1977-2009,  
**Massachusetts has cut more taxes than any other state in the country.** That means **\$3 Billion less per year** for transportation and public services.

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## TAKE ACTION

### 1. CONTACT YOUR LEGISLATORS

Visit [investnowma.org/take-action/#letter](http://investnowma.org/take-action/#letter) to send a letter to your legislators telling them you support investing in public transit.

### 2. SHARE A TESTIMONIAL

Visit [investnowma.org/take-action/#story](http://investnowma.org/take-action/#story) to share your story, how public transit impacts your life and why you support investing in public transit.

### 3. VOLUNTEER

Visit [investnowma.org/take-action/#volunteer](http://investnowma.org/take-action/#volunteer) to sign up to volunteer with INVEST NOW. Help us build a movement for better transit through investment!

### 4. ENDORSE US!

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