Boston area transit privatization plan goes forward amid allegations of corruption/mismanagement

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The privatization of the Massachusetts Bay Transportation Authority (MBTA) serving greater Boston is moving forward, amidst allegations of mismanagement and corruption on the part of state officials. This has included the hiring of a General Executive to head the system with no previous transportation experience and conflicts of interest in the hiring of contractors.

After record snowfalls in February 2015 caused the near-collapse of Boston's public transportation system, the administration of Massachusetts Governor Charlie Baker jumped at the opportunity to use the crisis as an excuse for the privatization of the system. The MBTA — including buses, subways, trolleys, and heavy commuter rail — had been a public agency for more than 50 years.

Baker created an unelected Fiscal and Management Control Board (FMCB), which has attacked workers' benefits while privatizing cash handling, spare parts warehouses, customer service jobs, and now three of the system's bus maintenance yards. In December 2016 the FMCB used the threat of privatization to force Boston Carmen's Union Local 589, the largest MBTA union, into a deal which slashed raises in a contract that wasn't set to expire for another two years.

A Human Resources Workforce & Strategy update, summarizing the first six months of this year and available on the FMCB's web site, states that 746 workers have been "separated," through being either fired or goaded into early retirement agreements. The average yearly salary of these workers is $76,000; the average salary of the 348 new hires during this period is $60,900. The report boasts that 65 workers were fired during the first six months of this year for attendance violations.

However, neither price nor quality is being considered in the hiring of executives, who are euphemistically referred to as "talent." On August 15 the MBTA announced that Luis Manuel Ramírez, a former Siemens and General Electric executive with no public transportation experience, has been hired as the system's General Manager.

The MBTA paid Lochlin Partners, a recruiting firm, $93,000 for the hire and will be paying Ramírez more than $300,000 per year plus bonuses.

After his GE career, Ramírez was President and CEO of Global Power Equipment Group from 2012 to 2015. Accounting and audit controls at the company were so bad that in March 2017 it submitted a filing to the SEC admitting that its financial statements from 2011-2015 could "'not be relied on.'" Its stock value has dropped by nearly 75 percent since then, according to a report aired on radio station WBUR.

On May 6 2015, less than two months after Ramírez left the company, Global Power issued a press release admitting that it had understated the cost of sales in its 2014 financial statements, the effect of which was to inflate the profits shown on its income statement. One week later a class action lawsuit against Global Power was filed by stockholders stating that the company's financial statements had been "materially false and misleading." Ramírez had signed off on the 2014 financial statements.

Transportation Secretary Stephanie Pollack, who made the decision without public input, told WBUR that she "'selected Luis Ramírez based on his long and successful career of transforming and turning around complex organizations." In other words, she hired a

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financial con man to accelerate the privatization of the MBTA and clamp down on workers.

After the February 2015 winter crisis, the Massachusetts legislature — both houses of which were controlled by Democrats — passed a measure sought by Governor Baker to exempt the MBTA from an existing law that limited the privatization of government services. The 2015 measure also gave the Transportation Secretary authority to hire a General Manager without the public input that was previously part of the process.

Pollack appointed a five-member "advisory committee" for the selection process, and it included two members of the FMCB. One of them, Monica Tibbits-Nutt, was interviewed by WBUR after the scandal broke.

Claiming that "'our job was to give the potential candidates a really thorough understanding of what the MBTA needs,'" Tibbits-Nutt told the interviewer that she had only two meetings with Ramírez and the second was "'just a handshake.'" She defended the hire with the excuse that "'a lot of litigation happens in the corporate world,'" and admitted that she had been told nothing about the lawsuit, the SEC investigation, or the financial restatements.

This combination of corporate plunder and irrationality is not limited to the hiring of a public transportation General Manager with no public transportation experience. On Tuesday the *Boston Globe* reported that a contract to CH2M Hill Companies to manage the construction of a 4.7-mile Green Line trolley extension has been canceled because an engineering company it would have managed on the project has bought CH2M Hill.

The MBTA plans to hire another contractor and is claiming that the project schedule will not change, but this development adds to 27 years of delays. The construction, which would extend trolley service from Lechmere station in Cambridge to Somerville and Medford, was first approved by the state legislature in 1990.

The project was almost cancelled at the end of 2015 because cost estimates had increased by more than $1 billion. An Interim Project Management Team was appointed and released its final report in May 2016, stating that not enough MBTA staff were working on the project to handle "the dozens of consultants," and "too much autonomy and authority was ceded to consultants who took full advantage by charging too much."

Money also would have been siphoned off by bond investors after then-Governor Deval Patrick, a Democrat, signed a law authorizing the issuance of $1.3 billion worth of capital bonds.

A cheaper construction plan was then devised which would eliminate escalators and toilets and reduce shelter at stops to open-air roofs over the platforms. The Medford Street and School Street bridges in Somerville, which would have been replaced to provide a better right-of-way, will instead have tunnels dug under their abutments.

The Democratic Party has enabled these schemes while working with the unions to contain workers' anger. US Senator Edward Markey spoke at an August 11 picket at the Lynn bus maintenance facility, one of the three facing privatization.

However, all sides agree that the maintenance jobs must be "saved" at the expense of the workers. Indeed, the mechanics union has offered some $29 million in concessions in ongoing contract talks. The unions main concern is not workers jobs and benefits, but their right to continue the collection of dues payments.

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