Boston area transit riders and workers imperiled by inadequate maintenance funding

John Marion
13 September 2017

The Massachusetts Bay Transportation Authority (MBTA), America's fifth largest public transportation system, continues to subject its riders and workers to delays and unsafe equipment caused by inadequate infrastructure maintenance, more than 2 1/2 years after record snowfalls caused the system to fail in February 2015. The unelected Financial and Management Control Board established by the Republican governor and Democratic legislature after the 2015 crisis has accelerated its plans for the privatization of public transportation, rather than providing safe transportation.

During the evening commute on September 6, the rear car on a commuter rail train carrying hundreds of workers from Boston to their homes on the North Shore decoupled from the rest of the train as it moved toward Lynn. While no passengers were on the car that broke off the train, neither the MBTA nor Keolis (the company that runs the rail), could explain what happened.

The day before, Red Line subway trains were delayed for hours after a sensor near the Kendall Square station malfunctioned. The sensor problem began at 6:20 AM, just before the morning commute. Farther up the Red Line, at Alewife station, a signal failure during the evening commute delayed trains again. Such delays from signal, switch, and train malfunctions have been commonplace on the MBTA for years.

Deputy General Manager Jeff Gonneville told the *Boston Globe* that the signaling system has "over 10,000 signal relays, and we have over 100 switches on the Red Line, as well," but he did not promise funds to fix the problem.

A public works program could hire and train the workers needed to upgrade all the signals and switches on the MBTA's four subway lines. Instead, more than $400 million per year is sucked out of the system in the form of debt service while the FMCB gloats that nearly 750 workers were "separated" during the first six months of this year, either through layoffs or early retirements.

In February 2015 the estimated cost to bring the subway's aging signals back to a State of Good Repair was more than $1.3 billion out of a total SGR backlog of at least $6.7 billion. According to the FMCB's second annual report, released nearly two years later, only $75 million of SGR contracts—not including those for vehicles—were awarded in the year ending June 30, 2015, $110 million in the following year, and a projected $300 million in the year ending June 30, 2017.

Two spare parts warehouses that are now run by a company called Macron were the first MBTA facilities privatized. The FMCB boasts that privatization of spare parts warehouses has reduced "the time it takes to respond and deliver parts by 85 percent to an average of ten hours." In fact, while workers at Macron are paid less than the unionized transit or "T" workers, they are not being given adequate resources to make the system safe.

Management incompetence, however, is rewarded. Daniel Grabauskus, a former MBTA General Manager and recipient of more than one sweetheart severance deal, has been rehired as a $30,000 per month consultant who will manage the T's relationship with Keolis, the private company that runs the commuter rail at a profit. Keolis' only explanation so far of the train decoupling is that "this is an exceptionally unusual incident."

Grabauskus negotiated a $327,000 severance deal for himself in 2009 when he was forced to leave the MBTA nine months before the end of his contract. He was general manager in 2008 when a Green Line train operator died and seven passengers were injured in an accident caused by signals with rusted wiring. The Green Line also had no positive train control (PTC) system when the accident occurred. This would have slowed and stopped the train automatically even if the train driver was incapacitated.

In August 2016, Grabauskus was forced to resign as president and CEO of the Honolulu Authority for Rapid Transportation after the estimated costs to construct an automated rail system on Oahu jumped from $5.2 billion to $8.3 billion. He received severance of more than $280,000.

Cost savings from privatization and the early retirement packages forced on MBTA workers are reflected in the operating budget. The average salary of the 746 who were "separated" during the first half of this year was $76,000, or less than three months of Grabauskus' consulting pay.

The total savings in the operating budget from the "separations" was less than $56.7 million. In comparison, nearly $500 million of principal and interest was paid to bondholders in FY 15, and $470 million in FY 16. While riders still haven't been given a functional system, bondholders had to wait only 2 1/2 months for the first interest payment on $358 million of sales tax bonds issued on October 14, 2015.

Of the nearly $500 million in debt service paid during FY15 only $240 million was principal, meaning that the MBTA paid more in bond interest that year than it spent on signal repairs during fiscal years 2015 and 2016. Total principal and interest owed to bondholders was nearly $8.4 billion at June 30, 2016.

Massachusetts law allocates one percent of revenues from the state sales tax to the MBTA every year. Not only is the tax itself regressive, but the funds are used to gamble in the bond markets because future sales tax revenues are used as collateral for capital investment bonds. In addition, more than a third of parking revenues from the subway, ferry, and commuter rail station lots go toward debt service.