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What a Little Dose of Privatization Could Do.

When an agency fails as spectacularly as the Boston region's transit system has, it's time for some competition.

Many conservatives hail privatization as the magic bullet to fix bloated government bureaucracies. Many liberals reflexively dismiss it as putting profits before people. The truth, of course, lies somewhere in the middle. And sometimes it takes a crisis to show exactly where privatization could work for taxpayers.

One of those places is the Greater Boston's region's transit agency. There can be little doubt that the Massachusetts Bay Transportation Authority (MBTA), is in crisis. Last year's record snow and cold, along with the damage inflicted by a \$7.3 billion maintenance backlog and huge payments to service the nearly \$9 billion it owes in debt and interest, finally brought the system to its knees.

Since that time, MBTA's leadership has been replaced, a winter resiliency program has been implemented, and the authority has won a three-year reprieve from Massachusetts anti-privatization law.

Government panels and think tanks are among the organizations that have focused on the MBTA in the wake of last winter's meltdown, and the data they have developed should guide MBTA policymakers as they try to emerge from what would be called bankruptcy in the private sector.

One idea that should be pursued is opening MBTA bus-maintenance services to private competition. A [study](#) by former Massachusetts Inspector General Greg Sullivan for the Pioneer Institute (I am affiliated with Pioneer as a senior fellow but was not involved in the preparation of the report) estimates that competitive procurement would save the MBTA about \$50 million annually.

Sullivan found that in 2013 the MBTA had the highest maintenance costs per hour of bus operations of any of the nation's 425 bus transit agencies. The costs are largely attributable to high staffing levels and labor hours per vehicle mile.

Sullivan's numbers mirrored federal data. According to the Federal Transit Administration-sponsored Integrated National Transit Database Analysis System, MBTA's total bus-maintenance costs were not only higher than any of its peers (Atlanta, Baltimore, Miami, Philadelphia and Washington, D.C.), but its maintenance cost per vehicle revenue mile was a stunning 92.2 percent higher than the average of the five agencies. Clearly, bus maintenance is a service that could benefit from competitive procurement.

Other privatization opportunities have also emerged. Last year, the MBTA reinstituted late-night service on weekends, running until 2:30 a.m. instead of 1 a.m. Businesses pledged to help support the service, which had been tried before and shut down in 2005 due to lack of riders, but their contributions have fallen short of promises. Like any transit agency, the MBTA also has a number of regular bus lines with lower ridership.

Rather than discontinuing low-ridership lines and late-night service, the authority could reduce its losses by using smaller buses to provide both. But the MBTA has only full-size buses, making these services two more candidates for competitive procurement.

When he won a three-year reprieve from Massachusetts' anti-privatization law, Gov. Charlie Baker said he had no interest in large-scale MBTA privatization, which could quickly turn into a political and substantive quagmire. But experience has taught us that less-ambitious forms of privatization, such as the targeted use of competitive procurement, can pay dividends that make it worth wading into the ideological waters.

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BY CHARLES CHIEPPO | OCTOBER 16, 2015

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