

Reforms:

1. **Suspend the Pacheco Law as it applies to the MBTA for the next two years** . A 2013 Pioneer Institute report identified a number of shortcomings, including maintenance costs far above national averages, far above transit agencies with similar performance, and far above Minneapolis-St. Paul Metro Transit, which grapples with the same weather conditions that we have experienced in recent weeks. The MTF report released this week also identified maintenance costs resulting from the Pacheco Law as a significant burden on the MBTA. Suspending the Pacheco law would provide critical, immediate relief for the MBTA's maintenance backlog.

This step would provide a number of significant benefits:

- It would give the MBTA immediate flexibility to add maintenance capacity;
- It would significantly increase the range of maintenance options available;
- It would provide incentives for more efficient work;
- It would free up funds, from greater efficiency, so that more services could be purchased and more work could be performed.
- It would open the door to creative new ways to procure, and deliver, MBTA services.

2. **Management rights that were eliminated under the Pacheco Law should be restored**. In 1980, the MBTA was facing a similar fiscal crisis resulting from overtime wages and work rules stemming from collective bargaining that prohibited management from making standard management decisions. The Legislature and Governor approved legislation proposed by then State Representative Barney Frank to define "management rights" for the MBTA. The granting of management rights resulted in significant savings to the MBTA. However, some of those rights were taken away by the Pacheco Law.

Prior to the Pacheco Law, the MBTA's management rights law preserved the traditional collective bargaining topics of wages, hours and working conditions, but allowed management to make decisions including the right to hire and fire on merit and to use temporary or part-time workers as needed to avoid overtime costs.

Restoring those management rights would allow the T to manage personnel more creatively and provide improved services at less cost.

3. **Slow expansion projects until the State of Good Repair (SGR) backlog is cleared up**. A report released by the MTF this week partly attributes the widening gap between the T's operating expenses and revenue to costly expansions. Until the MBTA is fully functional and able to significantly reduce the SGR backlog, further expansions (which

have not yet been funded) should be put on hold. *the green line extension has already been funded.

The backlog encompasses all those assets that are past their useful lives and in need of investment for replacement/renewal (e.g., vehicles, bridges, tracks, stations, facilities, power, signal and communication systems, etc.). According to the MTF report:

- An independent report in 2009 estimated the SGR backlog to be \$3 billion and estimated \$694 million is needed annually just to keep system from further deteriorating.
- Following the report, the T continued to underinvest in maintenance, spending \$500 million annually between 2009-2014. That underinvestment over that time period totaled \$1 billion less than recommended in the report.
- In March, the T raised the SGR backlog estimate to \$6.7 billion

Funding:

1. **Implement congestion pricing for peak commuting hours.** Advances in technology can be used to implement peak commuting time pricing for both the MBTA and tolls. Additional options for congestion pricing may include express lanes that drivers can choose to pay for (aka luxury lanes). While increased fares and tolls can be used to bring in more revenue, a reduction in “non-peak” travel may incentivize commuters to shift their schedule.
2. **Forge private/public partnerships to help fund MBTA projects as well as roadway enhancements.** This option can include privately funded express lanes, and additional MBTA stations similar to the New Balance station.
3. **Implement another one time increase in the gas tax.** The Chamber supported the 2013 Transportation Finance Law. The repeal of the indexing of the gas tax through the ballot question has resulted in a significant loss of funding. The 3 cent increase without future increase tied to inflation simply isn’t enough to get the MBTA back on track.