



Massachusetts Bay Transportation Authority

Commuter Rail Operating Agreement

Keolis One-Year Extension Option

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April 25, 2024

Commuter Rail Operating Contract: One-Year Extension

Current Contract Expires June 30, 2026

- 8-year operating contract was signed in 2014
- MBTA previously exercised options for a 4-year extension of the Keolis contract, from the original expiration date of June 30, 2022 to June 30, 2026.
- Contract includes an option for one additional extension year specifically for the purposes of procuring and mobilizing a successor contract.
- MBTA has started the re-procurement process for the successor contract.

Contract Extension Language

SCHEDULE 16

EXTENSION OF TERM

1. EXTENSION OF TERM

The initial Term may be extended, at the option of the MBTA, subject to the following provisions.

1.2 *The MBTA may give a Continuation Notice to the Operator, extending the Term of this Agreement, as it previously may have been extended in accordance with the provisions of Section 1.1 of this Schedule 16 (Extension of Term), for a period of not less than six months and not more than 12 months, in order to provide sufficient time for the transfer of the provision of the Agreement Services (or any part thereof as may be determined by the MBTA), in accordance with the provisions of Schedule 15.1 (Re-Procurement Provisions).*



Successor Contract Procurement Underway

Contract Procurement Activities

- Issued Request for Information (RFI) on March 15, 2024
 - Responses due April 19
 - Will inform business model and key contract terms and be used to develop the RFP and contract
- Assembled team of technical advisors (internal and external)
- Engaged industry expert legal advisors
- In the process of hiring commercial advisors

Anticipated Procurement Timeline

| | |
|--------------------|----------------------------|
| April 2024 | RFI responses due |
| Oct 2024 | Decision on contract model |
| Oct 2024 | RFQ issued |
| December 2024 | Shortlist Bidders |
| Spring 2025 | Dialogue with Bidders |
| Late Fall 2025 | Final RFP issued |
| Summer 2026 | Proposals due |
| Fall 2026 | Selection |
| First half of 2027 | Mobilize |



Costs of One-Year Extension Agreement

- The one-year extension is a mutual option, subject to the acceptance of both MBTA and Keolis.
- As part of the one-year extension agreement, the MBTA will increase the annual fee paid to Keolis by \$5 million per year, for four years, subject to the annual escalation rates in the contract:
 - \$5.00M in FY 2024
 - \$5.13M in FY 2025, based on contractual escalation of 2.5%
 - \$5.25M in FY 2026, based on contractual escalation of 2.5%
 - \$5.44M* in FY 2027 – *Per the terms of the contract, the FY 2027 escalation rate will be the blended inflation rate calculated using actual rates during the extension year. Since the 2027 rates are currently unknown, this estimate is a placeholder for planning purposes.*

| Contract Year | Fiscal Year | Start Date | Annual Fee | Fee Increase | Net Annual Fee |
|---------------|-------------|------------|----------------|--------------|----------------|
| 10 | 2024 | 7/1/2023 | \$ 364,533,385 | \$ 5,000,000 | \$ 369,533,385 |
| 11 | 2025 | 7/1/2024 | \$ 373,646,719 | \$ 5,125,000 | \$ 378,771,719 |
| 12 | 2026 | 7/1/2025 | \$ 382,987,887 | \$ 5,253,125 | \$ 388,241,012 |
| 13 | 2027 | 7/1/2026 | \$ 401,829,447 | \$ 5,436,984 | \$ 407,266,432 |



Recommendation

- MBTA staff recommends that the MBTA Board of Directors approve the one-year extension agreement with Keolis, including the increased annual fee.
- This one-year extension option allows for sufficient time to develop a new, modern contract structure, procure the new operator, and mobilize operations before Keolis' contract ends.
- The increased fee is needed to mitigate increasing operating and maintenance costs in fiscal years 2024 to 2027



Vote Language

VOTED:

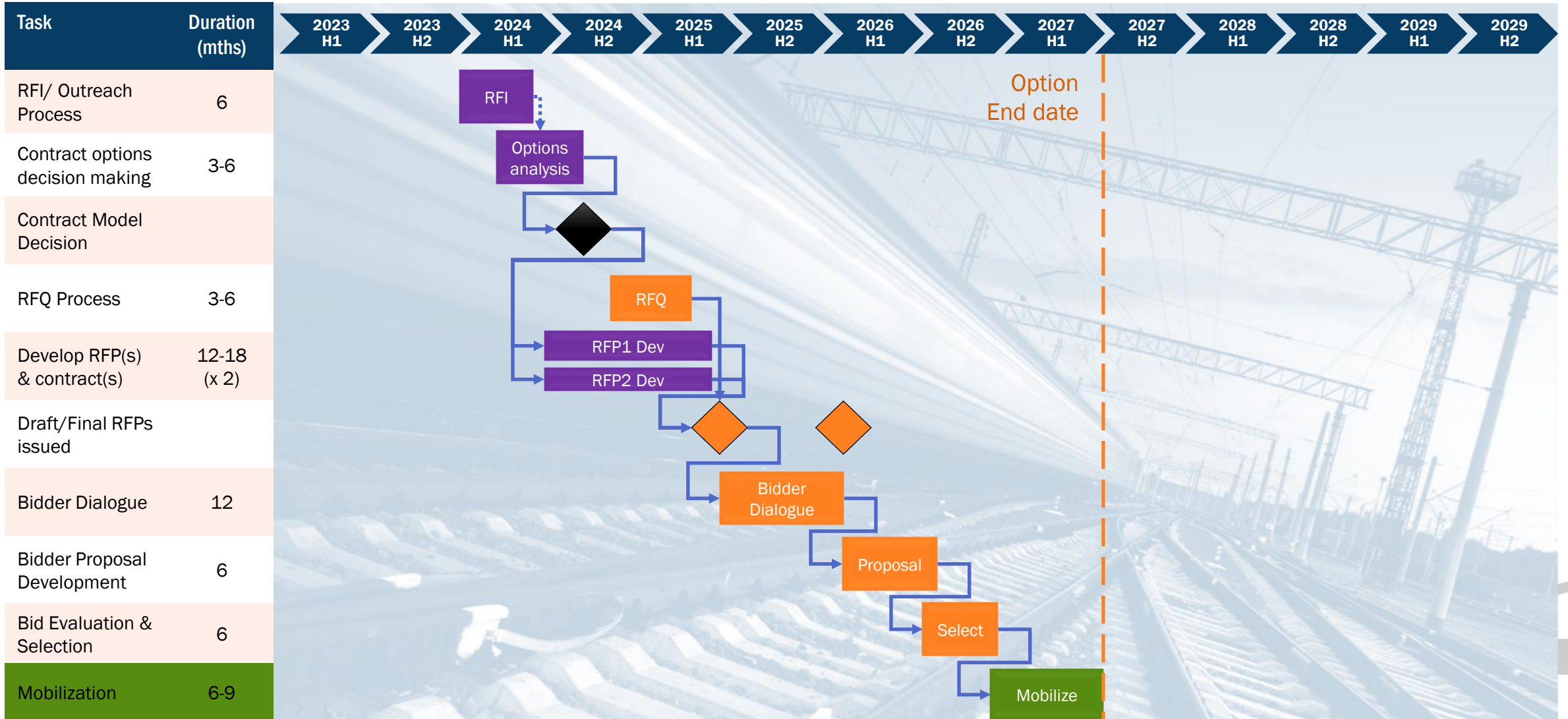
To authorize the General Manager, or his designee, to exercise an Extension of Term option in the Commuter Rail Operating Agreement, Contract No. 159-12, between the Massachusetts Bay Transportation Authority and Keolis Commuter Services, LLC., for a one (1) year period, and to increase the annual fee paid to Keolis by \$5 million per year, for four years, subject to the annual escalation rates in the contract; and to execute any necessary or ancillary documents in the name and on behalf of the Massachusetts Bay Transportation Authority to effectuate this Agreement.



Appendix



Successor Operator Procurement Timeline: 1-Year Option



Operating Agreement – Schedule 16

1. EXTENSION OF TERM

The initial Term may be extended, at the option of the MBTA, subject to the following provisions.

1.1 The MBTA may give notice to the Operator (a “Continuation Notice”) not less than 12 months before the Expiration Date, of its intention to continue this Agreement after such Expiration Date on the terms set forth herein, for a period of not less than 24 months and not more than 48 months, subject to the provisions of Sections 1.3 and 1.5 of this Schedule 16 (Extension of Term). The MBTA may extend the Term through the issuance of one or two Continuation Notices, at its option, so long as the aggregate of the extensions does not exceed 48 months, subject to the provisions of Section 1.2 of this Schedule 16 (Extension of Term).

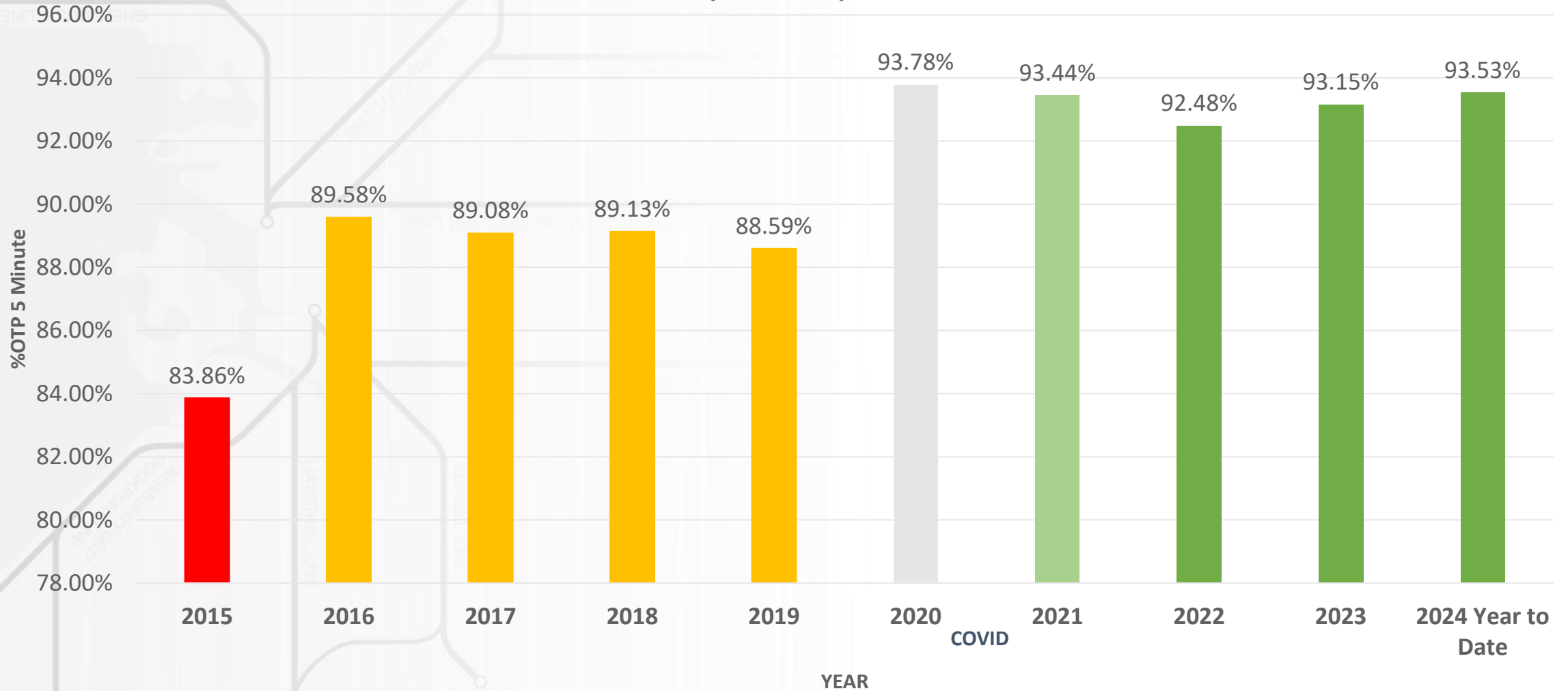
1.2 The MBTA may give a Continuation Notice to the Operator, extending the Term of this Agreement, as it previously may have been extended in accordance with the provisions of Section 1.1 of this Schedule 16 (Extension of Term), for a period of not less than six months and not more than 12 months, in order to provide sufficient time for the transfer of the provision of the Agreement Services (or any part thereof as may be determined by the MBTA), in accordance with the provisions of Schedule 15.1 (Re-Procurement Provisions).

1.3 If the MBTA delivers a Continuation Notice pursuant to Section 1.1 or 1.2 of this Schedule 16 (Extension of Term), the Net Annual Fee for each Agreement Year (or portion thereof) of the extended Term shall be equal to the Net Annual Fee for the eighth Agreement Year (or the last full Agreement Year of any extended Term), whichever is later, adjusted by a factor equal to the Blended Inflation Rate, in accordance with the provisions of Schedule 7 (Payments). For purposes of this Schedule 16 (Extension of Term), the “Blended Inflation Rate” shall mean the weighted average of the Indices set forth in Table 1 below, using the percent change in each Index over the 12-month period ending three months prior to the start of each Agreement Year (e.g., for the Agreement Year beginning on July 1, 2022, each Index will be calculated for the 12-month period ending March 31, 2022). Each Index rate will be weighted by the categories of costs identified in the Net Annual Fee for the eighth Agreement Year, as indicated in the FFP Form, including direct labor, service, materials, utilities, major maintenance/capital, and profit.

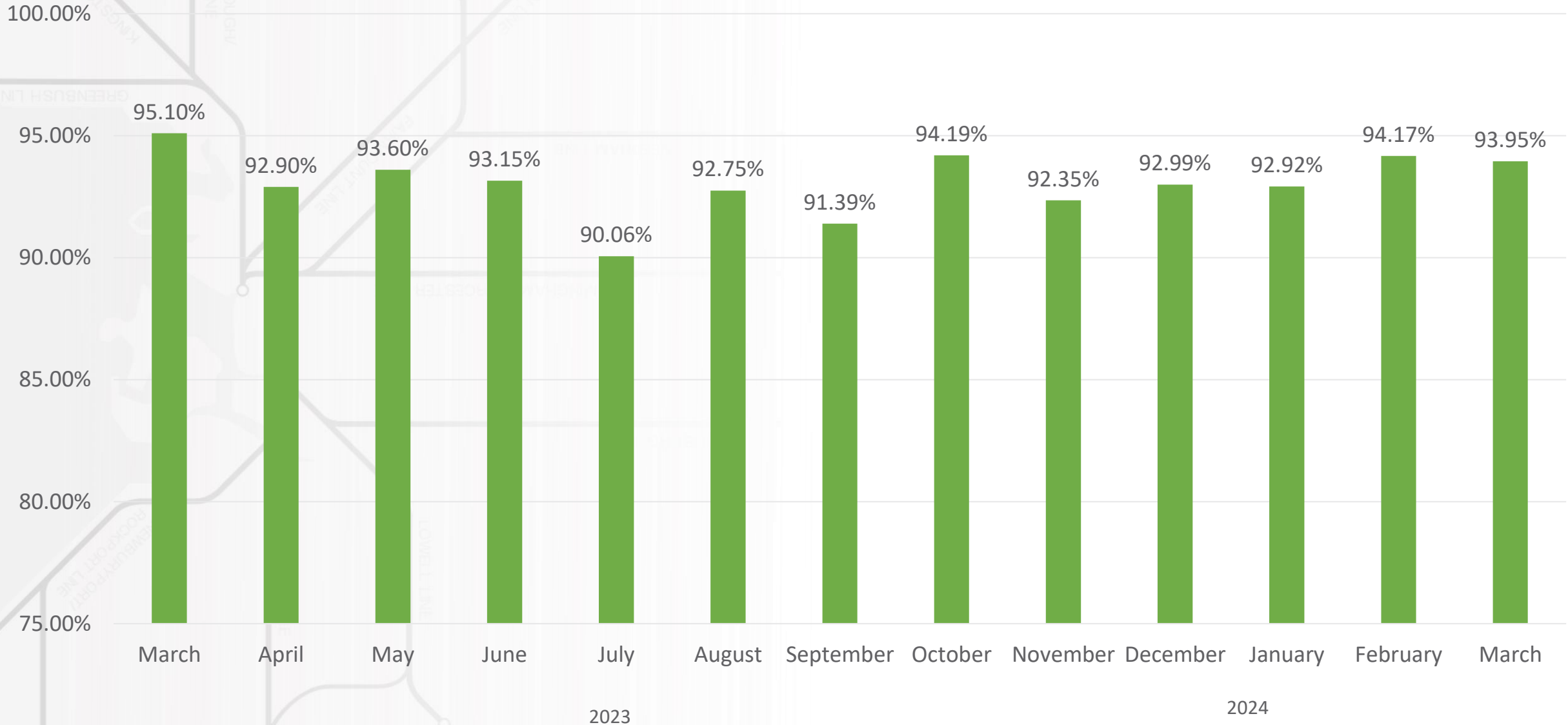


PERFORMANCE

On Time Performance (5 minute)



PERFORMANCE: ONE YEAR LOOK BACK



COMMUTER RAIL RIDERSHIP RECOVERY

