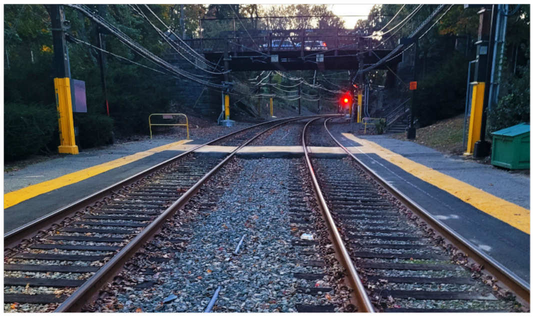
OFFICE OF THE INSPECTOR GENERAL
MASSACHUSETTS

MBTA Privatization Review #4

Customer Service Call Center Contracts with Global Contact Services (2017 – 2018) and Exela Technologies (2018 – 2024)



November 21, 2024

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Office of the Inspector General
Commonwealth of Massachusetts

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November 21, 2024

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Re: MBTA Privatization Review # 4: Customer Service Call Center Contracts with Global Contact Services (2017 – 2018) and Exela Technologies (2018 – 2024)

Dear Governor Healey and Commonwealth Leaders:

Pursuant to Section 196 of Chapter 46 of the Acts of 2015 (Chapter 46), enclosed please find a report entitled *MBTA Privatization Review #4: Customer Service Call Center Contracts with Global Contact Services (2017 – 2018) and Exela Technologies (2018 – 2024)*.

In 2015, for a three-year period, the Legislature temporarily exempted the MBTA from the provisions of the Taxpayer Protection Act when privatizing services "similar to or in lieu of" services delivered by the MBTA's own employees (privatization waiver). Pursuant to that waiver, the MBTA outsourced its customer service call center functions in 2016. The goals of the call center privatization were to (1) lower costs while improving services; (2) improve complaint resolution; (3) enhance access to information; and (4) upgrade call center technology.

To effectuate those goals, the MBTA contracted first with Global Contact Services (GCS) to provide services beginning in July 2017. When the GCS contract was terminated one year later, the MBTA re-bid the call center contract and executed a contract with Exela Technologies, Inc. (Exela) that ultimately ran from July 2018 to May 2024. During the six-year Exela engagement, the MBTA received numerous complaints about Exela's performance. The MBTA management authorized returning the call center services in-house beginning in June 2024.

Chapter 46 requires the Office of the Inspector General (OIG) to analyze and report on the MBTA's contracts executed under the privatization waiver. Upon the "complete performance" of such contracts, the OIG examines the fairness and competitiveness of the procurement process; the quality of the services provided by the contract; the expected and actual cost of the contract; and the costs and benefits derived from the contract. During the three-year waiver period, the MBTA outsourced seven services. This report on the customer service call center marks the fourth privatization review conducted by the OIG since October 2022. Unfortunately, as in the previous three reviews, the OIG found a concerning lack of basic business management practices.

Specifically, this report includes our analysis of the MBTA's procurement and management of both the GCS and Exela contracts, along with a review of each vendor's performance. It also outlines recommendations for ways in which the MBTA should improve its contract procurement process, its contract administration procedures, and its internal communications.

I remain deeply troubled by the MBTA's poor contract management practices, especially since the MBTA knew in advance that these contracts would face increased scrutiny by the OIG under the provisions of Chapter 46. It certainly raises questions about the state of hundreds of other routine MBTA procurements and contracts.

I understand that the three remaining contracts procured under the privatization waiver (pertaining to inventory, cash management, and automated fare collection) are already underway and that it is not possible to re-do the procurements. Although the contracts were procured under previous MBTA leadership, it is possible for the current leadership team to manage them appropriately. As such, current senior leadership must ensure that contract administrators, mid-managers, and staff are doing their jobs. It is critical that the MBTA hold vendors to performance standards.

In this report, the OIG found that the MBTA did not achieve all of the expected benefits of privatizing call center services because it did not effectively manage the contracts. For example, the MBTA misapplied contract penalties and incentives. It failed to collect $42,500 in penalty fees from Exela and overpaid Exela $30,000 in misapplied incentives. The MBTA also did not fully utilize a third-party quality assurance vendor procured to measure quality of services. The $185,000 paid to that vendor was a waste of public resources.

A disregard for the sanctity of public resources has been a recurring theme at the MBTA. While being a proper steward of these public funds would not have closed the financial gap facing the MBTA in the years ahead, it would give a better sense of confidence to those who need to make complex financial policy decisions related to the MBTA.

I strongly urge the MBTA senior management to closely review the recommendations in this report, as well as in the OIG's prior reports, and actively apply them to the three privatization contracts that remain open and to other MBTA procurements and contracts.

This report also evaluates the MBTA's decision to re-house call center services. After receiving numerous complaints about Exela's performance, the MBTA decided to move call center services back in-house in 2024. It is perplexing to think that the MBTA leadership would not have questioned the MBTA

Customer Experience Department's proposed staffing plan for bringing the call center in-house, which estimated the cost of in-house services at $2.25 million. The OIG's Internal Special Audit Unit (ISAU) believes that figure is too low and estimates in-house annual costs of $3.37 million – approximately triple the annual costs for services under Exela. The MBTA should also have questioned the reasons underlying Exela's poor performance or how its own poor contract administration impacted that performance. We will never know what Exela could have or would have done if strictly held to the contract terms. Additionally, the MBTA leadership could have explored other options, such as re-bidding the service with more realistic performance metrics, pricing, and staffing levels while also ensuring more effective contract management.

This troubling trend demands the attention and action of MBTA leadership and senior management. Proper contract administration, effective communication among internal MBTA staff and vendors, and correctly applying performance incentives and penalties are basic business functions that are essential to ensuring the government is getting the best value for the public's money. It is concerning that an entity of the MBTA's size and scope has trouble executing these basic functions.

The OIG team and I are available to answer any questions you may have regarding our report.

We are always working to make government work better tomorrow than it did today.

Sincerely,

Jeffrey S. Shapiro, Esq., CIG
Inspector General

cc (via email):

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EXECUTIVE SUMMARY

The Massachusetts Bay Transportation Authority's (MBTA or Authority) in-house customer service call center has historically been responsible for receiving calls, providing fare and service information, and taking complaints of MBTA riders. In 2016, in an effort to lower costs, improve customer access to information and complaint resolution, and improve call center technology, the MBTA decided to transition its call center services to an outside company.

The MBTA ultimately contracted with two companies to provide call center services: Global Contact Services, LLC (GCS) from June 2017 to June 2018, and Exela Technologies, Inc. (Exela) from June 2018 to May 2024. Following complaints regarding the quality of call center services under Exela, the MBTA resumed in-house operations of its call center in June 2024. The MBTA's privatization of call center services, its contracts with GCS and Exela, and its subsequent re-housing of call center services are the subjects of this report.

The Massachusetts Office of the Inspector General (OIG) has a legislative obligation to review the GCS and Exela contracts stemming from Section 196 of Chapter 46 of the Acts of 2015, which exempted the MBTA from the requirements of the Taxpayer Protection Act for a three-year period. The Taxpayer Protection Act, enacted in 1993, established a process that state agencies must follow in hiring a private company to perform services previously provided by employees of that agency.

As Chapter 46 specifies, the OIG's Internal Special Audit Unit (ISAU) evaluated four aspects of the MBTA's privatization of call center services:

1. The competitiveness and fairness of the procurement process resulting in the contract;
2. The quality of the services provided by the contract;
3. The expected and actual cost of the contract; and
4. Whether the costs of the contract exceeded the benefits derived from the contract.

This report analyzes the GCS and Exela contracts through these criteria and also makes recommendations for improvement in the MBTA's administration of vendor contracts.

The competitiveness and fairness of the procurement: While the MBTA's procurements were generally fair and competitive, the MBTA did not adhere to all of its own requirements. The ISAU determined that, while the MBTA provided clear specifications, required relevant qualifications from vendors, and advertised the call center solicitations for an appropriate amount of time, some aspects of the procurement processes impacted the fairness and competitiveness of the procurements for call center services. In the first solicitation advertised in 2016, the MBTA did not include geographic location as a determining factor. Yet it cited GCS's location in Massachusetts as one rationale for awarding GCS the contract, as opposed to other vendors located outside of the Commonwealth. In the 2018 solicitation, Exela twice failed to meet the submission deadline. Despite the solicitation's provision stating that noncompliant bids would not be considered, the MBTA ultimately awarded the contract to Exela. The

ISAU also found no evidence that the MBTA completed an independent cost estimate during either procurement.

The quality of GCS's and Exela's services: The MBTA failed to consistently exercise its contract oversight responsibilities to drive vendor performance. When the MBTA did provide oversight, Exela delivered mixed results. The MBTA included five service level agreements (SLAs) designed to measure vendor performance in both contracts: (1) average-speed-to-answer incoming calls; (2) the abandonment rate of customer calls; (3) a post-call customer survey; (4) a "secret shopper" or quality review score; and (5) a data entry quality score. Each measure carried a penalty target to be subtracted from vendor payments and an incentive target to be paid to the vendor as a bonus, depending on the vendor's ability to meet these targets. The MBTA enforced only two of these SLAs (average-speed-to-answer and abandonment rate) in the entirety of its one-year contract with GCS. The MBTA enforced these two SLAs throughout the Exela contract, but failed to enforce the quality review score and post-call survey SLAs for the first three years of the contract. The MBTA did not enforce the data entry quality SLA at any point during the GCS and Exela contracts. Both GCS and Exela generally exceeded the average-speed-to-answer and abandonment rate penalty targets for the length of their contracts. From March 2021 to the end of the contract, Exela always exceeded its post-call customer survey penalty target and generally exceeded its quality review score target, but never met its data entry quality target. The ISAU determined that the MBTA failed to use these contractual tools at its disposal to drive vendor performance.

The expected and actual cost of the contracts: While the actual costs of the contracts were lower than the maximum potential (expected) costs of the contracts, the MBTA wasted public funds by misapplying penalties and incentives. The ISAU determined the maximum potential costs of the GCS and Exela contracts by calculating the base contract rates with all possible incentives applied. By comparing the MBTA's actual expenses with the maximum potential costs over the lengths of both contracts, the ISAU determined that the actual costs for the GCS contract was $159,650 lower than the expected costs, and the Exela contract was $461,992 lower than the expected costs. However, the ISAU also determined that the MBTA failed to collect $42,500 in uncollected penalty fees from Exela, and overpaid Exela $30,000 in misapplied incentives. The ISAU also determined that the MBTA's engagement of a third-party quality assurance vendor did not fully utilize the $185,000 in public funds spent.

Cost-benefit analysis: The MBTA did not achieve all the expected benefits of privatizing call center services because it did not effectively manage the contracts. In justifying its decision to privatize call center services, the MBTA cited the following expected benefits: (1) achieve cost savings; (2) shift internal focus to complaint resolution; (3) improve access to information; and (4) improve call center technology. While the MBTA did achieve cost savings by privatizing services, it did not achieve its other three goals. The ISAU's review uncovered no apparent improvements driving overall accountability to MBTA ridership following privatization, and Exela consistently failed to meet its data entry quality performance metric. Both vendors continued to use the same data entry, phone, and IVR systems that the MBTA had used in the call center, and never implemented technological improvements. In addition to not properly managing the contracts via SLAs, the MBTA failed to take action to address evident shortcomings in contract performance or hold the vendor accountable to address them, such as high turnover rates among Exela employees and a lack of improvements in call center technologies, which would have helped the MBTA to achieve its privatization goals.

The ISAU also reviewed the MBTA's decision and the associated costs of returning the call center in-house.

The MBTA decided in fall 2023 to move call center services back in-house, internally citing concerns regarding Exela's performance and customer complaints. These complaints included a letter written by Greater Boston Legal Services (GBLS) to the judge overseeing a 2002 lawsuit that held the MBTA accountable for improving system accessibility. GBLS lawyers cited Exela's recurring inability to assist customer concerns.

The ISAU questions the MBTA's decision to move call center services back in-house at an estimated annual cost of $3.37 million – approximately triple the annual cost for services under Exela – when the MBTA failed to properly manage the contract. While the ISAU estimated that the MBTA may have achieved $14 million in savings from this privatization effort, the MBTA's decision to re-house the call center at a significantly increased operating cost means that it will likely "unrealize" those savings within a shorter timeframe. The MBTA should have considered and examined other options, such as re-bidding the service and improving vendor oversight. Perhaps greater internal diligence and collaboration between a broader group of stakeholders would drive better decision-making and outcomes, enabling the MBTA to lock in additional cost savings into the future while simultaneously improving customer service for transit riders.

Within Exela's first six months, the MBTA identified clear obstacles which prevented the Authority from maximizing its engagement. These included employee turnover and inconsistent training for Exela call agents. The MBTA and Exela did not address the issue of call agent pay until the last year of the contract. In Amendment No. 3 (signed February 2023), the MBTA included additional SLAs documenting minimum hourly contract rates to be paid to Exela call agents in an effort to reduce employee turnover and increase Exela's performance.

While this approach realized marginal gains in the level of customer service provided to riders, the MBTA should have been more proactive in addressing Exela's performance earlier in the contract term. The MBTA had actionable information and data to support decisions, but did not act.

As the OIG has highlighted in prior privatization reviews, the MBTA must be more proactive in its vendor oversight. It must establish clear internal lines of decision-making and vendor oversight responsibilities between the procuring business unit (Customer Experience), Procurement and Logistics, and Vendor Management. Together, these internal parties must adequately oversee service vendors that support the MBTA, and its riders, to ensure the MBTA receives the services taxpayers pay for and the high-quality services that the Authority should incentivize and expect.

The MBTA's delayed response to known issues with vendor engagements and the inconsistent oversight and enforcement of contractual SLAs does not give the taxpaying public confidence that the MBTA provides sufficient oversight and management of the Authority's other service contracts.

Based on its review of the MBTA's customer service call center contracts with GCS and Exela, the OIG recommends that the MBTA:

1. Evaluate the in-house call center using the same data and performance metrics to ensure the MBTA's customer service standards do not decline and that the MBTA upholds its requirements to deliver high-quality services in accordance with the 2002 accessibility lawsuit.
2. Hold the MBTA's new in-house call center representatives to at least the same performance standards as the privatized employees to justify that the Authority's decision to re-house the call center and increase costs for this function was the best use of taxpayer funds as the MBTA faces a worrisome financial future.
3. Engage with all relevant MBTA departments – including Fiscal, Procurement and Logistics, and others – when making decisions that have a budgetary impact, especially when deciding to re-house previously outsourced functions.
4. Coordinate the request for proposal development process between the business unit (here, Customer Experience) and Procurement and Logistics to ensure that the business unit's desired service needs are adequately captured and defined. Ensure the winning vendor can achieve all service terms the parties agree to in the contract. Better integrate procurement and contract administration functions. Only include those tasks and deliverables that the business unit will need for the project and period. Include well-defined performance metrics and SLAs that the business unit develops for – or with – Procurement and Logistics.
5. Recover the $30,000 in incentive payments the MBTA incorrectly paid to Exela.
6. Comply with all procedures outlined in the MBTA's procurement manual, including the provisions on independent cost estimates and advertising in specialty media and trade publications.
7. Train personnel in best practices related to meeting minutes and the importance of documenting board decision-making.
8. Follow the rules and procedures set out in its solicitations and ensure that vendors are evaluated on the criteria outlined in the public solicitation. Train and support MBTA vendor selection committees.
9. Update the MBTA's procurement manual with specific guidance on when and how the MBTA may accept late or incomplete bids, if at all.
10. Continue to develop vendor service contracts that include performance measures that outline the expected levels of service and define specific performance standards. Further, continue to include the penalty targets and associated penalties (or incentives) that align with those performance standards. Understand that the MBTA contract administration staff will need to monitor and enforce performance standards.

11. Improve contract management practices. Motivate vendors to hit all incentive targets to improve services provided to the MBTA. Establish clear internal responsibility for monitoring and enforcing contracts. Monitor vendor performance and enforce the penalties and incentives that the MBTA includes in its vendor service contracts.
12. Appropriately capture all data and information necessary to calculate performance metrics. Use penalties and incentives to motivate vendor performance. Ensure that all contract parties understand the contract terms, including the penalty and incentive structures. Calculate and pay penalties and incentives correctly.
13. Engage third-party vendors only when those services are warranted and necessary. Develop appropriate scopes of work with detailed schedules of deliverables to ensure that the MBTA receives discernible benefits from the vendors it hires with public funds.

The Taxpayer Protection Act and Privatization Waiver

In 1993, the Massachusetts Legislature passed the Act Providing for the Delivery of State Services in a Fiscally Responsible Manner, or the **Taxpayer Protection Act**, which established a process that state agencies and applicable authorities must follow in privatizing any service valued at $500,000 or more.

In July 2015, as part of the Fiscal Year 2016 budget, then-Governor Charlie Baker signed the **MBTA privatization waiver** into law, which exempted the MBTA from the provisions of the Taxpayer Protection Act for three years, from July 1, 2015, to July 1, 2018. The privatization waiver also required the Office of the Inspector General's Internal Special Audit Unit (ISAU) to review all contracts which the MBTA executed pursuant to this exemption, and to issue a report within 90 days of the completion of each contract.

Seven Services Outsourced Under the Privatization Waiver and the Office of the Inspector General's Respective Reviews

Absence Management Contract with Workpartners
Report issued on October 17, 2022

Police Dispatch Contract with IXP Corporation
Reports issued on December 23, 2022, and December 27, 2023

In-Station Customer Service Contract with Block by Block
Report issued on July 26, 2023

Customer Service Call Center Contracts with Global Contact Services and Exela
Current report

Warehouse and Logistics Contract with Mancon, LLC
Report to be issued

Cash and Collection Processing Contract with Brink's, Inc.
Report to be issued

Automated Fare Collection Contract with Cubic Transportation Systems, Inc.
Report to be issued

Timeline of Key Events Related to the MBTA's Call Center Service Contracts with Global Contact Services (2017 – 2018) and Exela Technologies (2018 – 2024)

In-House Call Center Operations
MBTA Costs for Call Center Operations in FY16: $3.6 million

Feb 10, 2016
The MBTA identifies call center services as a candidate for outsourcing at a meeting with the Massachusetts Department of Transportation Board of Directors and the MBTA's Fiscal and Management Control Board.

Jul 1, 2016
Global Contact Services, LLC (GCS) enters a five-year contract with the MBTA for reservation, scheduling, and dispatch service for The RIDE, the MBTA's paratransit services.

Oct 24, 2016
The MBTA receives an innovation proposal for call center services from Ameridial, Inc.

Nov 11, 2016
The MBTA receives a second innovation proposal for call center services from GCS.

Dec 12, 2016
The MBTA posts a request for proposals (RFP) for call center services on COMMBUYS.

Jan 20, 2017
Response period closes, after the MBTA receives eight proposals.

Apr 19, 2017
The MBTA requests best and final offers from Maximus and GCS.

June 1, 2017
The MBTA signs a three-year contract with GCS for call center services with two one-year options, for a total potential value of $5.93 million.

Call Center Services Contract with GCS
MBTA Costs for Call Center Operations in FY18: $1.2 million

Sep 19, 2017
The MBTA enters a three-year contract with the Northridge Group, Inc., to perform quality assurance services.

Dec 15, 2017
The MBTA and GCS execute a vendor-transition agreement, agreeing to terminate GCS's contracts for call center services and The RIDE by June 1, 2018.

Feb 21, 2018
The MBTA issues a request for response (RFR) for call center services on COMMBUYS.

Mar 23, 2018
Response period closes. The MBTA receives two proposals from AnswerNet and OnBrand24 through COMMBUYS portal by noon deadline, and one incomplete proposal from Exela Technologies, Inc. (Exela) via email following noon deadline.

Mar 26, 2018
Exela submits two of its missing proposal documents via email.

Mar 28, 2018
Exela submits its signed terms and conditions, the last of its proposal documents.

May 7, 2018
The MBTA and Exela enter a three-year contract with two one-year options, with a total potential value of $4.9 million.

Call Center Services Contract with Exela
MBTA Costs for Call Center Operations in FY19: $1.05 million

Jun 1, 2018
Exela assumes call center operations.

Jul 1, 2020
The MBTA extends its agreement with Northridge for an additional six months, and continues to perform quality assurance services until year's end, when the MBTA moves this function in-house.

Mar 2021
The MBTA begins collecting data and enforcing service level agreements for call quality (post-call survey and quality assurance scoring).

Nov 3, 2021
Greater Boston Legal Services writes a letter to the federal judge overseeing the 2006 settlement agreement which held the MBTA accountable for improving system accessibility. The letter urges call center services to be brought back in-house citing numerous issues with Exela's performance.

Feb 1, 2023
The MBTA and Exela execute Amendment No. 3, extending the contract to May 31, 2024, past all contract terms.

Fall 2023
The MBTA's Customer Experience Department rates Exela's performance as one out of five stars, and proposes a staffing plan for moving call center services back in-house at an estimated annual cost of $2,247,480 (on a pre-fully loaded basis).

Nov 30, 2023
The MBTA informs Exela that it will terminate its contract after May 2024.

Jun 1, 2024
The MBTA begins in-house operations of its call center.

In-House Call Center Operations
ISAU-Estimated MBTA Costs for Call Center Operations in FY25: $3.37 million

BACKGROUND

I. The Office of the Inspector General

The Office of the Inspector General for the Commonwealth of Massachusetts (OIG) is an independent state agency charged with preventing and detecting fraud, waste, and abuse of public funds and assets. The OIG investigates allegations of fraud, waste, and abuse at all levels of government and reviews programs and practices in state agencies and municipalities to identify systemic vulnerabilities and opportunities for improvement. The OIG strives to enhance or restore public confidence in government, ensure accountability, and promote the best interests of the people of the Commonwealth in the use of public funds and property.

The Legislature established the OIG in 1980 as the first state-level inspector general's office in the country.[1] Today, the OIG has a budget of approximately $10 million and a staff of about 90 employees. The OIG has oversight of more than $120 billion in spending and the work of over 300,000 public employees across all state and municipal public entities throughout the Commonwealth, plus suppliers, vendors, contractors, and nonprofits that receive public funds.

The OIG's Internal Special Audit Unit (ISAU), created by the Legislature in 2009, monitors the quality, efficiency, and integrity of the Massachusetts Department of Transportation's (MassDOT) and the Massachusetts Bay Transportation Authority's (MBTA or Authority) operating and capital programs. The ISAU investigates claims of waste or misuse of transportation funds and works to identify potential cost savings. The Inspector General is statutorily required to appoint a director of the ISAU for a fixed term of six years. Emily Pedersen, who was named to the position in 2019, leads an 11-member ISAU team. With a Fiscal Year 2025 budget of $1,235,004, the ISAU oversees roughly $7.5 billion in spending by MassDOT and the MBTA, which have a combined workforce of approximately 13,300 employees.

II. The Massachusetts Bay Transportation Authority

The Legislature created the MBTA in 1964 to operate the Commonwealth's public transit system. It provides light rail, heavy rail, regional commuter rail, subway, trolley, bus, ferry, and paratransit services throughout eastern Massachusetts and parts of Rhode Island. The MBTA is the nation's fourth largest transit agency based on ridership. Its annual budget for Fiscal Year 2025 is $3.021 billion.

The MBTA currently serves 176 cities and towns in the greater Boston metropolitan area. While the exact hours of MBTA operation vary by mode, line, and day of the week, MBTA transportation generally runs from 5:00 a.m. to 1:00 a.m., seven days a week. The MBTA employs a workforce of approximately 7,800.

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[1] The Legislature created the OIG pursuant to the recommendation of the Special Commission Concerning State and County Buildings, a legislative commission that spent two years probing corruption in the construction of public buildings in Massachusetts.

III. The Taxpayer Protection Act and MBTA Waiver

In 1993, the Massachusetts Legislature passed the Act Providing for the Delivery of State Services in a Fiscally Responsible Manner (Taxpayer Protection Act).[2] The Taxpayer Protection Act established a process that state agencies and applicable authorities such as the MBTA must follow before contracting a private company to perform services valued at $500,000 or more that "are substantially similar to and in lieu of" services that employees of an agency provide. Contracting with a company to provide services that public employees had performed is commonly referred to as "privatization."

In July 2015, as part of the Fiscal Year 2016 budget, then-Governor Charlie Baker signed language into law that exempted the MBTA from the provisions of the Taxpayer Protection Act for service contracts it entered during a three-year period, from July 1, 2015, through July 1, 2018 (the privatization waiver).[3]

The privatization waiver also requires the OIG to review all contracts that the MBTA executed pursuant to the exemption and issue a report within 90 days after the "complete performance" of such contracts.[4] The analysis "shall include, but need not be limited to," a review of:

1. The competitiveness and fairness of the procurement process resulting in the contract;
2. The quality of the services provided by the contract;
3. The expected and actual cost of the contract; and
4. Whether the cost of the contract exceeded the benefits derived from the contract.

This report details the OIG's review of the MBTA's privatization of its customer service call center in accordance with the requirements of the privatization waiver.

IV. The MBTA's Customer Service Call Center

Prior to its privatization, the MBTA's customer service call center was an internally operated full-service customer contact center which provided fare and service information, supported customers with trip planning, took customer complaints, and handled all other customer inquiries.[5] The MBTA employed 28 call center staff members: 20 customer service representatives and 4 customer support supervisors responsible for answering calls, emails, web forms, letters, and other inquiries, in addition to 4 managers.

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[2] M.G.L. c. 7, §§ 52-55.

[3] Section 196 of Chapter 46 of the Acts of 2015 (Chapter 46). Between 2015 and 2018, the MBTA outsourced seven services pursuant to the privatization waiver.

[4] The OIG defines "complete performance" as the date of final payment under the contract, which occurs at the end of any options or amendments. The OIG's review of MBTA contracts entered pursuant to the privatization waiver therefore occurs many years after the original procurement for services.

[5] Although called a "call center," the MBTA and subsequent third-party vendors that the Authority hired through privatization received customer inquiries from methods other than telephone calls, including emails and web forms.

The call center operated Monday through Friday, 6:30 a.m. to 6:00 p.m., and offered services in English, Spanish, Haitian-French Creole, Cantonese, Mandarin, and Cape Verdean-Creole.[6]

The vast majority of calls were inquiries related to schedules, services, trip planning and directions, fare policies, and tickets and Charlie cards. The MBTA also received customer suggestions and commendations. The call center sent notifications to various MBTA departments to resolve customer complaints.

According to the MBTA's 2017 annual report to the Legislature, "From FY2013 to FY2016, the volume of inquiries to the MBTA's Customer Communications Center, which worked to record, communicate, and resolve customer complaints by working with other MBTA departments, fell by 25 percent."

V. The MBTA's Decision to Outsource Call Center Services

A. Goals for Privatizing Call Center Services

Call center services was the fourth of seven services that the MBTA would privatize under the privatization waiver. According to solicitations which the MBTA would issue in 2016 and 2018 for call center services, the MBTA had four main objectives in privatizing its call center, restated below from the solicitations:

1. <u>Achieve cost savings:</u> Industry partners could help the MBTA achieve cost savings by utilizing existing contact center infrastructure to share the costs of overhead with a larger customer base, and utilize industry best practices to manage productivity. The industry also has greater flexibility to expand contact center hours and dynamically staff operations to meet customer demand. Scaling capacity to meet current and future needs is a key advantage of third-party services.

2. <u>Internal focus on complaint resolution:</u> Instead of balancing complaint resolution with informational calls, MBTA internal staff will be able to focus their whole time and energy on ensuring that customers' issues are being addressed, are resolved, and do not become ongoing problems. The MBTA will work closely with the contact center to ensure that all complaints are being properly communicated to the organization so that they may be addressed. The MBTA hopes to improve overall accountability to its riders.

3. <u>Improve access to information:</u> A third-party contact center will focus on improving first call resolution and more efficient delivery of information to customers. Instead of balancing complaint resolution with improved call quality, a third-party operator will be able to focus its efforts on improving the information provided to customers. The

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[6] In September 2016, the MBTA ceased weekend call center operations due to budget constraints.

respondent will be expected to work closely with the MBTA to continuously improve the quality of information.

4. Technology and customer experience: Third-party contact centers may be able to provide technology more cost-effectively to customers because of their ability to spread out the cost of that technology between multiple clients. The MBTA would like to benefit from this technology to better provide information to our customers. Previous MBTA investments in technology have been successful in implementing better call routing and providing accurate automated information to customers. The MBTA is looking for vendors who are better positioned to manage future technological improvements. Technology will allow customer contact to occur on a variety of platforms (call, email, etc.), and in the future, third-party partners could efficiently make changes to allow customers to contact the MBTA on the best available platforms.[7]

As part of its goal of shifting its internal focus to complaint resolution, the MBTA planned to restructure its Customer Experience Department into the Complaint Resolution Department, a smaller organization with complete focus on resolving complaints and improving customer service. The MBTA planned to retain the call center's four customer support supervisors once it had engaged a third-party operator. It also sought to internally relocate the remaining 20 in-house customer service representatives. At the time of privatization, only three in-house customer service representatives took on other customer experience roles within the MBTA, while the remaining 17 associates were laid off.

As part of outsourcing call center services, the MBTA planned to restructure its internal Customer Experience Department into the Complaint Resolution Department, with a complete focus on resolving complaints and improving customer service.

B. The MBTA Advocates for Outsourcing Call Center Operations

The MBTA was considering outsourcing its call center services as early as February 2016. At a joint meeting with the MassDOT Board of Directors and the MBTA's Fiscal and Management Control Board (FMCB)[8] on February 10, 2016, MBTA representatives presented privatization goals as part of the Authority's overall mission to reduce costs. The MBTA identified "call centers" as a function that it could possibly outsource.

On October 24, 2016, the MBTA received an "innovation proposal" from Ameridial, Inc., expressing interest in providing call center services.[9] In response, the MBTA launched a review of internal operations

[7] MASS. BAY TRANSP. AUTH., *Request For Proposals 151-16: Contact Center Operations,* at 12 (2016).

[8] The MBTA's Fiscal and Management Control Board (FMCB) was replaced by the MBTA Board of Directors in 2021.

[9] The October 2016 "MBTA Innovation Proposals Policy" described an innovation proposal as "a written offer that is submitted to the MBTA on the initiative of the submitter for the purpose of developing a relationship, contract or partnership which is not in response to a currently open Invitation for Bids or Request for Proposals issued by the MBTA." The policy stated that an innovation proposal "uses innovative but efficient solutions to offer added value, lower operating expenses and/or avoid capital expenses" and distinguished such proposals from projects already included in the MBTA's long-term budget.

to evaluate the opportunity. Seven days later, at an October 31 board meeting, the MBTA presented the details of this proposal to the FMCB, and compared Ameridial's preliminary proposed costs of operating the call center with the costs the MBTA was then paying to operate the in-house call center.

On November 11, 2016, the MBTA received a second innovation proposal for call center services from Global Contact Services, LLC (GCS), a company that was already engaged in a five-year, $38.6 million contract with the MBTA to consolidate the reservation, scheduling, and dispatch services for The RIDE – the MBTA's paratransit services.

In a November 28, 2016 meeting with the FMCB, MBTA representatives delivered another presentation in which they recommended proceeding with a call center request for proposals (RFP) for a third-party service. They also recommended realigning internal resources around complaint resolution.

VI. The MBTA's Contract with Global Contact Services

A. Request for Proposals: Contact Center Operations

On December 12, 2016, the MBTA posted an RFP on the COMMBUYS website – the state's public-facing e-procurement platform – seeking bidders for "transitioning contact center and customer contact services currently provided by MBTA's Customer Communications Department to a third party provider."[10] The RFP stated that the creation of a new contact center "is in accordance with the MBTA's plan to restructure the Customer Communications Department to become more cost efficient, to provide higher quality customer service, and to provide more timely complaint resolution."[11]

> The MBTA's 2016 RFP for call center services did not specifically identify (1) prior experience working with transit authorities, or (2) geographic location as determining factors.

The MBTA's RFP for contact center operations outlined that the basis for award would be best value, stating that "all evaluation factors other than cost (to customer or MBTA), when combined, are more important than the lowest cost acceptable offer if it is determined that the additional technical merit offered is worth the additional cost relative to other proposals received."[12] The MBTA noted in the RFP that it would place emphasis on technical aspects of the proposals it received, including prior experience operating contact centers, and require companies to provide details about their project management capabilities, data integrity and information security protocols, service level agreement (SLA) management and approach, fair employment practices, and staffing plans. It did not specifically identify (1) prior experience working with transit authorities, or (2) geographic location as determining factors, except for requiring bidders to have a contact center in the United States. Specifically, the RFP stated, "Location in Massachusetts is not

[10] MASS. BAY TRANSP. AUTH., *Request For Proposals 151-16: Contact Center Operations,* at 2 (2016). The OIG believes that Alvarez & Marsal, a business consulting firm that the MBTA retained to assist in privatization efforts pursuant to the waiver, likely assisted in drafting the RFP for call center operations.

[11] *Id.*

[12] *Id.* at 27.

an obligation for meeting this criteria."[13] Because the MBTA sought to expand its call center's hours of operation, it requested proposals which included weekend call center hours.

The RFP was open for 25 business days. The MBTA received eight proposals by the time the period closed on January 20, 2017. The MBTA formed an evaluation and selection committee, which reviewed the proposals and interviewed the four bidders with the highest scores: AnswerNet, Maximus, SourceHOV, and GCS.[14]

Despite the absence of geographic location as a determining factor in the RFP, the evaluation committee noted in its review that it was disinclined to recommend Maximus due to the firm's location in Virginia, and that call center agents based in Massachusetts were preferable due to their familiarity with the MBTA's service area.

In early February, the selection committee finalized technical scoring of the proposals, with GCS and Maximus receiving the two highest scores. The committee then formally opened price proposals from all eight responsive companies. On April 19, the MBTA requested and received best and final offers from Maximus and GCS.

The MBTA recognized in a staff summary that "GCS provided a clear advantage." At the time, GCS was still engaged in its contract for The RIDE. In its response to the call center RFP, GCS proposed saving costs by consolidating contact center services for The RIDE and the MBTA-wide call center at a single location in Medford, Massachusetts. The evaluation committee noted in its review that it was disinclined to recommend Maximus for approval due to the firm's location in Virgina. Despite the absence of geographic location as a determining factor in the RFP, the committee noted that call center agents based in Massachusetts were preferable due to their familiarity with the MBTA's service area.

At the end of April 2017, the selection committee decided to recommend GCS to the FMCB for approval. In May, the MBTA's Chief Transformation Officer recommended to the FMCB that the Authority pursue final contract negotiations with GCS to run customer contact operations.

B. GCS Contract Provisions

1. Memorandum of Agreement

On June 1, 2017, the MBTA executed a memorandum of agreement (MoA) and a statement of work (SOW) with GCS. The MBTA's call center services contract with GCS was a three-year agreement with two one-year option periods. It included a one-time implementation fee of $90,200, as well as annual rates billed in equal monthly installments, for a total potential contract value of $5.93 million over five years.

The MBTA's call center services contract with GCS was a three-year agreement with two one-year option periods, for a total potential value of $5.93 million.

[13] *Id.* at 29.

[14] A month after submitting its proposal, SourceHOV merged with two other entities via a special purpose acquisition company and became Exela Technologies, Inc., which contracted to provide the MBTA with call center services following the GCS contract.

Per the MoA, the contract was comprised of the following documents, in order of precedence:

a. Any change orders or amendments, the most recent having precedence;

b. Section 7.0 of the RFP, which established terms and conditions;

c. The SOW;

d. GCS's best and final offer;

e. GCS's response to the RFP, including GCS's initial submission and all statements and certifications included therein; and

f. The RFP and all issued addenda, requests for clarifications, and written responses.

The SOW and Section 4.2.1 of the RFP established the roles and responsibilities that GCS was required to assume in undertaking call center operations.

2. Contract Rates

The SOW contained the yearly breakdown of the costs over the anticipated life of the contract. These yearly costs are shown in Figure 1 below. The OIG calculated the corresponding monthly costs.

GCS Contract Rates		
Implementation Cost (June 1, 2017)		$90,200.00
GCS Contract Year	**Monthly Installments**	**Yearly Cost**
Year 1 (July 1, 2017 – June 30, 2018)		$65,975[15]
	$94,250.00	$1,131,000
Year 2 (July 1, 2018 – June 30, 2019)	$95,192.50	$1,142,310
Year 3 (July 1, 2019 – June 30, 2020)	$96,144.42	$1,153,733
Year 4: Option Year 1 (July 1, 2020 – June 30, 2021)	$97,105.83	$1,165,270
Year 5: Option Year 2 (July 1, 2021 – June 30, 2022)	$98,076.92	$1,176,923
Total Contract Cost		**$5,925,411**

Figure 1. Contracted Rates for Anticipated Contract with GCS.

Beginning on July 1, 2017, the MBTA began paying the annual contract rate in equal monthly installments of $94,250 for the first year.

3. Service Level Agreements

The SOW included five performance metrics in the form of SLAs for the MBTA to monitor GCS's performance, along with associated penalties and incentives to drive vendor performance.

a. Average-speed-to-answer

According to the SOW, the MBTA would measure GCS's average-speed-to-answer incoming calls each day, including all hold time, which would result in a monthly cumulative service level. The MBTA

[15] The MBTA paid GCS a prorated amount of $65,975 for services provided during 21 days in June 2017.

expected GCS to answer calls in the order in which they received them. The SOW instituted an average-speed-to-answer penalty target of 45 seconds or less.

The maximum monthly penalty was $2,500 for failing to meet this target five days of the month.

b. Abandonment rate

The MBTA also monitored the abandonment rate of customer calls. The SOW instituted a penalty target of five percent or less of calls that customers abandoned after waiting for a response for 45 seconds or more.

The maximum monthly penalty was $2,500 for failing to meet this target five days of the month.

The SOW also instituted a monthly incentive of $5,000 for exceeding both the average-speed-to-answer and the abandonment rate for every day throughout the month.

c. Post-call survey

According to the SOW, the MBTA would measure customer satisfaction of call center services with a post-call survey available to all callers. The SOW instituted a target of 80% average customer satisfaction.

The monthly penalty for failing to meet this target was $500.

d. Third-party secret shopper

The MBTA would also measure customer satisfaction through a third-party secret shopper. The SOW gave the MBTA the right to engage a third-party quality assessment company to randomly select recordings and audit those recordings for quality and customer satisfaction scores. GCS would be responsible for providing the recordings to the third-party quality company as requested.

The monthly penalty for failing to achieve a satisfactory secret shopper determination was $500.

The SOW included a monthly incentive amount of $2,000 for achieving a 95% post-call survey satisfaction score and a secret shopper determination of "very satisfied."

e. Data entry monitoring

Prior to outsourcing call center services, the MBTA used an internally developed software system called HEAT to document call center information.

The SOW required GCS to accurately record data related to customer complaints in the MBTA's HEAT system, which the MBTA would monitor according to the following criteria: (1) all the information from a call should be collected by a GCS representative and recorded with readable and usable language; and (2) all fields should be accurately filled out by the call center. According to the SOW, the MBTA or a third-party representative would conduct random samplings of recorded calls and provide proof of calls where data was improperly recorded. The MBTA or its representative would monitor a minimum of 50 calls for accuracy in any month in which the survey was conducted. The SOW instituted a penalty target of 97% of calls with no errors in data entry.

The monthly penalty for failing to meet this target was $1,000.

4. Penalties for Outages and Late Delivery of Technology Transfer

The SOW allowed the MBTA to assess outage penalties for situations in which a system outage occurred within GCS's control which prevented customer service representatives from responding to the primary service channel. These included penalties of $250 per hour, not to exceed monthly fees, should the outage exceed one hour and take place during open hours. Outages which affected only the call center's interactive voice response (IVR) would incur hourly penalties of $100.

According to the SOW, pursuant to an agreed-upon schedule GCS would assume ownership and management of technologies associated with the running of the call center, which include the center's IVR, web chat platform, and telephony. The SOW provided that if GCS was late in assuming operation of these technologies, the MBTA would charge GCS the full cost of continuing to operate these technologies – amounting to $11,840.20 per month, according to the MBTA's network service contract with Verizon – until GCS assumed operations.

Despite the contract provision that GCS take full administrative responsibility for the call center's telephonic technology, including the center's IVR, the MBTA never passed on this responsibility to GCS, nor did it pass on the costs of operations. According to the MBTA's Procurement and Logistics Department, IVR functionality was linked to the MBTA's 1-800 number and 1-222 number. Transferring administrative responsibility to GCS would have given the vendor complete control over these numbers. The MBTA was unwilling to pass control of these numbers to GCS. It was further reluctant to entrust the vendor with additional responsibility over its IVR system, which was also the hub for Keolis, The RIDE, and other MBTA departments receiving customer service calls.

Despite the contract provision requiring that GCS take full administrative responsibility for call center telephonic technology, the MBTA never passed on this responsibility.

C. Contract Termination

A year into its contract for The RIDE, the MBTA elected to terminate GCS's contract for paratransit services, in response to its continued inability to meet performance standards and the issues this was causing in customer service. Without The RIDE contract, GCS determined that its operating model made continued operation of the call center unsustainable. The MBTA and GCS mutually agreed to terminate the contract for call center operations after the first year of the contract. On December 15, 2017, the MBTA and GCS executed a vendor transition agreement whereby GCS's contracts for The RIDE services and call center services would both terminate as of June 1, 2018.

VII. The MBTA's Contract with Exela Technologies

A. Request for Response: Contact Center Operations

The MBTA posted a request for response (RFR) on COMMBUYS on February 21, 2018, seeking bidders to take over operation of the call center from GCS. The COMMBUYS system sent notifications to 32 companies interested in solicitations for customer contact center operations, including four companies that had previously responded to the 2016 RFP: AnswerNet, Carousel, OnBrand24, and Exela Technologies, Inc. (Exela).

The RFR's language mirrored the language from the 2016 RFP. Like the 2016 RFP, the RFR outlined that the basis of award would be best value. Unlike the 2016 RFP, however, the RFR required the call center to be located "in the MBTA greater service area."[16] The MBTA's Customer Experience Department stated separately that it preferred a call center based in Massachusetts.

> Exela sent its bid documents via email to the MBTA's sourcing executive after the noon deadline had passed.

The MBTA's RFR for contact center operations was open for 23 business days and closed at noon on March 23, 2018. The MBTA received two proposals from AnswerNet and OnBrand24 by the deadline. A third company, Exela, sent its bid documents via email to the MBTA's sourcing executive after the noon deadline had passed, with an explanation that the COMMBUYS site had reportedly crashed as it was submitting its documents. At 2:31 p.m. on March 23, the MBTA's sourcing executive responded by email to Exela, stating that the bid had been accepted as a late bid and the documents had been uploaded manually to COMMBUYS.

Three days later, on March 26, the MBTA's sourcing executive again reached out to Exela by email stating that the bid it had submitted on March 23 did not include three required documents: a document entitled "Schedule T-3 Bidder Experience and Performance: Current and Future Workload," a copy of an insurance certificate, and a signed standard contract terms and conditions form. The MBTA sourcing executive requested that Exela submit these documents by 3 p.m. that same day.

At 2:59 p.m. that same day, an Exela representative sent the first two documents via email to the MBTA, but withheld the signed contract terms and conditions form, stating, "My firm is reserving the right to negotiate the terms and conditions of the service agreement post award. This is primarily due to the performance bond requirements and liability limits."

The MBTA's sourcing executive responded to Exela the following day, stating, "The MBTA does not negotiate Terms and Conditions after the Contract is signed. It is required that all redlines be submitted with the Bidders Response. Therefore, Section C-II Standard Terms and Conditions must be signed back by the end of day tomorrow, if not HOVG, LLC [Exela] will be deemed unresponsive." Exela sent the signed terms and conditions form the next day, March 28.

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[16] MASS. BAY TRANSP. AUTH., *Request For Responses No. 16-18: Contact Center Operations,* Section C-III, at 10 (2018).

After receiving all completed documents, the MBTA formed a new evaluation and selection committee to review the three proposals. The committee interviewed the three firms and completed scoring evaluation matrices for the three technical proposals prior to reviewing the accompanying price proposals. After reviewing both the technical and price proposals, the committee recommended that the MBTA award the contact center operations contract to Exela, which had submitted the lowest price proposal by a considerable margin.

On May 7, the MBTA signed a $4.9 million agreement with Exela.

B. Exela Contract Provisions

1. Memorandum of Agreement

On May 7, 2018, the MBTA and Exela entered into an MoA pursuant to which Exela would provide call center services. The agreement was for three years with two one-year option periods. It included a one-time implementation fee of $79,167, as well as annual rates billed in monthly installments, for a total potential contract value of $4.9 million over the full five-year term.

The MoA and RFR established the roles and responsibilities Exela was required to assume in taking over operations of the call center.

Exela assumed operation of the call center on June 1, 2018.

2. Contract Rates

The MoA set forth the yearly costs of the anticipated life of the contract. Figure 2 below lays out these costs, as well as the costs for Amendment No. 3, executed in February 2023 and extending the contract for an additional year. The OIG calculated the corresponding monthly costs.

Exela Contract Rates		
Implementation Cost		$79,167
Exela Contract Year	**Monthly Installments**	**Yearly Cost**
Year 1	$79,167.00	$950,000
Year 2	$79,167.00	$950,000
Year 3	$79,167.00	$950,000
Year 4: Option Year 1	$81,250.00	$975,000
Year 5: Option Year 2	$83,333.33	$1,000,000
Year 6: Amendment No. 3	$113,766.00	$1,365,192
Total Contract Cost		**$6,269,359**

Figure 2. Rates for Contract with Exela.

3. Service Level Agreements

Similar to the contract with GCS, the MBTA's MoA with Exela included five performance metrics in the form of SLAs. The SLAs enabled the MBTA to monitor the quality of customer service and the quality of data provided to the MBTA under the contract. The MoA also included penalties and incentives associated with these metrics to drive vendor performance.

The SLAs for the Exela contract were the same as those for the contract with GCS in terms of their measurements and penalty targets. The penalty targets included an average-speed-to-answer of 45 seconds, an abandonment rate of five percent or less after 45 seconds, a post-call survey satisfaction rate of 80%, a quality review determination of satisfactory performance (referred to as "secret shopper" in the GCS contract), and an error-free data entry rate of 97%.

The Exela and GCS agreements differed, however, in terms of how the vendors could earn incentive payments. While the agreement with GCS awarded monthly incentive payments for exceeding the SLAs in each performance category, the agreement with Exela required that Exela exceed all five of the SLA targets by five percent in order to be eligible for a quarterly incentive payment of $15,000.

Section 2.5 of the MoA included an overall incentive structure in lieu of monthly incentive targets, providing:

> Contractor shall be eligible for an incentive bonus of $15,000 a quarter, if contractor exceeds the current quarter overall performance goals by at least 5%, for all defined SLA.
>
> The performance goals shall be raised every 3 months (every 1 Quarter). If Contractor performs above the goal/target performance, the next 3 month period shall reflect this performance by raising the target beyond demonstrated performance. In this way, performance targets are "sticky." For example, if Contractor performs an average speed of answer of 40 seconds for the first measurement period (beyond the 45 seconds target), the next 3 month target shall be at minimum 40 seconds speed.[17]

Amendment No. 3 to the MoA, executed in 2023, added to the existing SLAs by including monthly incentive payments and penalties where individual Exela customer service representatives exceeded or fell short of monthly targets. Amendment No. 3 modified Section 2.5 of the MoA to include the following:

> Any rewarded fees paid by the MBTA to CSR's [customer service representatives] . . . will be deducted from any incentive bonuses earned and paid out under section 2.5.[18]

Additionally, Amendment No. 3 increased the contract rate paid to Exela, along with required staffing levels and hourly rates payable to Exela's call agents. Amendment No. 3 also provided that Exela would:

a. Keep the customer service representative staffing level between 16 and 17 representatives;

b. Compensate customer service representatives on a group average no less than $21 per hour for monolingual agents;

c. Compensate customer service representatives on a group average no less than $22 per hour for bilingual agents; and

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[17] MASS. BAY TRANSP. AUTH., *Request For Responses No. 16-18: Contact Center Operations,* Section C-IV, at 4 (2018).

[18] MASS. BAY TRANSP. AUTH., *Request For Responses No. 16-18: Contact Center Operations,* Amendment No. 3 to the Memorandum of Agreement (2023).

d. Compensate supervisors on a group average no less than $24 per hour.

4. Outage Penalties

Mirroring the GCS contract, the MoA with Exela allowed the MBTA to assess penalties for situations in which a system outage within Exela's control prevented customer service representatives from responding to the primary service channel. These included penalties of $250 per hour during open hours, not to exceed monthly fees, and hourly penalties of $100 if the outage only affected the call center's interactive voice response.

C. Northridge Engagement

On September 19, 2017, the MBTA entered into a contract with the Northridge Group, Inc. (Northridge) to perform third-party quality assurance services, intended to monitor GCS's compliance with the agreed upon contract terms and SLAs. The initial contract with Northridge was for a one-year term with two one-year extensions.

Although the MBTA paid the annual costs under the Northridge contract, the Authority did not put a quality assurance program in place during the one-year GCS contract. From the beginning of the Exela contract on July 1, 2018, Northridge provided quality assurance services by auditing a selection of customer calls handled by customer service representatives on a monthly basis. Northridge employees would score each call, which ultimately provided the data needed to generate the monthly overall satisfaction scores, the quality monitoring scores, and the data entry scores. The MBTA used the data collected by Northridge to monitor the behavioral skills of Exela's customer service representatives, but the MBTA reported that Northridge was unable to satisfactorily meet the MBTA's needs in terms of accurately capturing call quality and data entry metrics.

Although the MBTA was not receiving what it wanted from the contract, it extended the original agreement with Northridge from July 1, 2020, through December 31, 2020. The MBTA did not extend the agreement past 2020, electing to conduct quality assurance services in-house until the end of the Exela contract.

D. Extension of Exela Contract – Amendment No. 3

On February 1, 2023, the MBTA executed Amendment No. 3 with Exela, which extended the contract for call center services for an additional year, from June 1, 2023, through May 31, 2024. Per the MBTA procurement manual, the MBTA drafted a Sole Source Justification and Determination document in lieu of pursuing a competitive bidding process for the one-year extension.[19]

[19] Evaluating the justification for the sole source procurement was not included as part of the ISAU's review for this report.

VIII. The MBTA's Decision to Re-House Call Center Operations

A. Termination of Exela Contract

In the fall of 2023, the MBTA's Customer Experience Department delivered a presentation to MBTA leadership recommending that call center functions return in-house at the end of the Exela contract's Amendment No. 3. The department stated that "the MBTA has made two attempts to outsource the Call Center without success." The Customer Experience Department rated Exela's performance under the contract as one out of five "stars." Among other issues, the division cited several factors contributing to Exela's overall poor performance: missed SLAs, unresolved technology issues, noncompetitive pay and benefits, poor management and scheduling, persistent phone outages, quality assurance problems, and a lack of formal training teams.

According to the director of the Customer Experience Department, the outsourcing of call center services coincided with an increase in complaints regarding the service offered by customer service representatives. The ISAU reviewed all 264 logged customer complaints regarding Exela's performance from 2018 to 2024.[20] The analysis revealed recurring complaints concerning customer service representatives' inability to assist with such services as Blind Access CharlieCards or Transportation Access Pass CharlieCards, which provide reduced fares to Massachusetts residents with disabilities. Some complaints stated that representatives were rude to callers and disregarded their comments.

On November 30, 2023, the MBTA informed Exela that it would terminate its contract for call center services at the end of Amendment No. 3 and return the function in-house beginning in June 2024.

B. Staffing Challenges

Exela's contract outlined minimal staffing requirements, including one manager, one supervisor, an IT lead, and two dedicated customer service representatives. However, the contract did not include a specific staffing plan. Nevertheless, in its presentation materials to support the re-housing of the call center, the MBTA stated that the call center under Exela had not been fully staffed since the beginning of the contract on June 1, 2018. A 100% turnover rate in Exela staff had reportedly led to poor intake quality. Exela was consequently unable to scale call center staff to handle outages or emergencies. In addition, by 2023 all Exela employees who had been trained at the beginning of the contract by the MBTA and who were, in turn, tasked with training Exela employees had left the company. The MBTA was therefore training Exela employees once again.

The Customer Experience Department's recommendation for bringing the call center back in-house included details for a staffing plan of MBTA employees with an estimated annual cost of $2,247,480. The new call center staffing would include a manager, 22 associates, 2 team lead supervisors, a quality assurance manager and trainer, and a report analyst. Although the projected annual cost of approximately

[20] The ISAU's review revealed that the call center received 1,001,661 incoming calls during Exela's six-year contract period. The ISAU determined that the call center received one customer complaint regarding Exela's performance for every 3,794 calls received – or on average 44 complaints per year, which would appear to be a low number.

$2.25 million included estimated prices for laptops, phones, and other office costs, it did not account for the new employees' pension and benefits payments that would be the MBTA's responsibility.[21]

C. Boston Center for Independent Living Lawsuit

The division also asserted in its fall 2023 presentation that the MBTA's settlement agreement with the Boston Center for Independent Living was in jeopardy due to the complaints received during Exela's tenure.

That settlement had its genesis in 2002, when 11 riders and the Boston Center for Independent Living filed a class-action lawsuit alleging that the MBTA offered limited customer service and unreliable elevator access in the stations. In April 2006, the MBTA and the plaintiffs entered a comprehensive settlement agreement that outlined 111 provisions for the MBTA to improve accessibility throughout its system. The settlement required that the MBTA maintain a system to receive complaints and provide effective remedies for persons with disabilities. In late 2018, the MBTA signed an amended agreement with the plaintiffs. The amended agreement updated goals and outlined a plan for reaching compliance and expanding customer assistance.

In 2021, in response to plaintiff complaints that the lawsuit's provisions were not being upheld, an attorney representing Greater Boston Legal Services sent a letter to the judge overseeing the original class-action lawsuit. The letter urged the judge to review the MBTA's call center and request that its services move back in-house, with increased training and oversight by the MBTA's Department of System-Wide Accessibility. The letter cited a list of recurring problems with call center services, including incorrect or incomplete documentation of customer complaints and customer service representatives' inability to adequately assist customer concerns.

[21] Finding 13 presents the ISAU's estimate of the fully-loaded cost of in-house operations at $3.37 million.

FINDINGS

I. Competitiveness and Fairness of Procurements

As required by the privatization waiver, Section 196 of Chapter 46 of the Acts of 2015, the ISAU evaluated the competitiveness and fairness of the MBTA's procurement for call center operations. Fair, competitive, and open bidding procedures create equal opportunities for companies that seek to do business with the Commonwealth and are designed to produce better value for government agencies.

The MBTA requires that all procurements comply with the policies and procedures outlined in its procurement manual.[22] The procurement manual, which is publicly available on the MBTA's website, sets out the MBTA's policies and procedures for obtaining goods and services. It provides vendors with the MBTA's decision-making principles underlying its invitations for bids or requests for proposals (RFP). The manual sets forth six "procurement elements" that require the MBTA to (1) develop clear, accurate, and complete specifications; (2) ensure adequate competition; (3) avoid unreasonable qualifications and excessive bonding requirements; (4) complete an independent cost estimate; (5) advertise and publicize the solicitation effectively; and (6) solicit an adequate number of sources.

The MBTA issued two solicitations for call center services. A 2016 RFP resulted in a contract with Global Contact Services, LLC (GCS) that ran from July 1, 2017, through May 31, 2018. A 2018 request for response (RFR) resulted in the contract with Exela Technologies, Inc. (Exela), that extended from June 1, 2018, through May 31, 2024. The ISAU used the six elements set out in the MBTA's procurement manual to evaluate the fairness, openness, and competitiveness of each procurement for call center services. It also reviewed the MBTA's adherence to the provisions set forth in its solicitations.

Finding 1: The MBTA substantially complied with the requirements of its procurement manual.

The ISAU found that the MBTA satisfied five of the six elements set out in its manual for both procurements. The MBTA could not provide evidence that it completed an independent cost estimate for either the 2016 or 2018 procurements.

(1) According to the ISAU's review, both solicitations **provided clear and adequate vendor specifications**.[23] The ISAU found no evidence that bidders were unclear on service expectations. Nor was there evidence that bidders asked extensive clarifying questions for either solicitation.

(2) The ISAU examines the number of bidders that respond to a solicitation as one factor to gauge adequate competition. The ISAU also considers whether the specifications included any restrictive requirements that may have inhibited participation. The 2016 RFP received 8 responses, while the 2018

[22] MASS. BAY TRANSP. AUTH., *MBTA Procurement Manual*, Chapter 1, Section 6 (2015). The MBTA's January 2015 procurement manual was in effect at the time of the subject procurements and therefore serves as the basis of the ISAU's analysis.

[23] Although the ISAU found that the stated specifications in the 2016 RFP were clear, the MBTA's selection committee used geographic preferences in evaluating the 2016 proposals. That evaluation factor was not listed in the RFP. *See* Finding 3.

RFR reached 32 vendors and garnered 2 timely responses and 1 late response that was improperly accepted. Although the OIG finds that Exela's late bid in the second procurement should not have been accepted, the ISAU concluded that the number of responses in both cases **demonstrated adequate competition**.

An independent cost estimate would have provided the MBTA with information to assess the fairness and competitiveness of the bid process.

(3) The ISAU further determined that **the MBTA did not ask for unreasonable qualifications or unnecessary experience in either solicitation**. Neither solicitation stated that an amount of experience below a certain threshold would be disqualifying. Both solicitations stated that the MBTA would put great emphasis on the technical aspects of each proposal. These included prior experience operating contact centers. Given the importance of successful customer-focused call center services, the ISAU concluded that the emphasis placed on prior contact center experience was not unreasonable.

(4) According to the MBTA's procurement manual, an independent cost estimate provides the "essential information for procurement planning" to ensure that the MBTA receives the necessary services at a reasonable price.[24] An independent cost estimate would have provided the MBTA with information to assess the fairness and competitiveness of the bid responses. In procuring call center services, the MBTA could have obtained independent cost estimates by contacting other comparable transit agencies for information about such services and their costs. **The MBTA could not demonstrate that it conducted an independent price proposal for either procurement**. For the 2016 RFP, the procurement file contained only a side-by-side comparison of price proposals submitted by GCS and a competitor. For the 2018 RFR, the procurement contained only a side-by-side comparison of price proposals submitted by Exela and two competitors. Without independent cost estimates, the MBTA may have missed crucial information for its evaluation and decision.

The experience with GCS should have informed the MBTA that the Exela proposal was too low for the vendor to effectively deliver the requested services.

The ISAU acknowledges that for the 2018 RFR, the MBTA had the benefit of the 2016 procurement's pricing information for comparison. The experience with GCS should have informed the MBTA that the Exela proposal was too low for the vendor to effectively deliver the requested services.

(5) Although the MBTA's procurement manual does not establish a length of time that procurements must be advertised in order to be competitive, it does state that "common sense dictates that a procurement opportunity should be advertised long enough to give the vendor community sufficient time to prepare and submit well considered proposals or bids."[25] The 2016 procurement period opened on December 12, 2016, and closed on January 20, 2017, giving vendors 32 calendar days and 25 business days to submit proposals. The 2018 procurement period opened on February 21, 2018, and

[24] Mass. Bay Transp. Auth., *MBTA Procurement Manual*, Chapter 1, Sec. 6-7 (2015).

[25] Mass. Bay Transp. Auth., *MBTA Procurement Manual*, Chapter 3 at 6 (2015).

closed on March 23, 2018, giving vendors 30 calendar days and 23 business days to submit their proposals. **The ISAU found no evidence that prospective companies had trouble meeting either deadline.**[26]

(6) The MBTA posted both solicitations exclusively on COMMBUYS. Although the MBTA may have generated more responses, and more competition, by also advertising in specialty media and trade publications, the ISAU found that **the number of responses demonstrated adequate competition**.

Finding 2: The MBTA's meeting minutes did not adequately document senior management's decision to privatize call center operations.

> The MBTA's meeting minutes should have given a more detailed account of FMCB meetings to provide insight into why the MBTA's senior management decided to privatize call center functions.

Minutes could have given a more detailed account of Fiscal and Management Control Board (FMCB) meetings.

Although the MBTA recommended privatizing call center operations as early as February 2016, efforts to outsource call center functions began in earnest in October 2016 upon the MBTA's receipt of Ameridial's innovation proposal. In presenting that proposal to the FMCB on October 31, 2016, MBTA officials reviewed the anticipated benefits of privatization and gave an overview of call center operations and the actual and fully-loaded costs to operate the call center at that time.[27] At that meeting, two members of the public commented on the innovation proposal and another witness spoke against it. None of this testimony was detailed in the meeting minutes. Further, the minutes did not reflect the substance of the board's ensuing discussion on the privatization proposal.

Meeting minutes for a November 28, 2016 presentation to the FMCB – an apparent follow-up to the October presentation – noted that the then-FMCB Vice Chair Monica Tibbits-Nutt[28] "discussed the progress and plans to improve MBTA customer experience" and that "[d]iscussion ensued." The minutes did not provide a record of what the discussion actually entailed, nor did they demonstrate that a vote was taken to proceed with an RFP. Nonetheless, 14 days later on December 12, 2016, the MBTA issued the initial RFP seeking proposals from vendors interested in "transitioning contact center and customer contact services currently provided by MBTA's Customer Communications Department to a third party provider."

The ISAU's review of more recent FMCB meeting minutes indicates that the MBTA is improving in this respect, but the MBTA needs to do more work to ensure that minutes fully capture the topic and context of meetings for future reference. While the minutes as drafted may meet the requirements for meeting minutes, they are not sufficient to provide oversight agencies with sufficient clarity for review.

[26] As discussed in Finding 4, Exela, the successful bidder for the 2018 procurement, missed the March 23 deadline. The ISAU did not find that Exela's late submission could be attributed to the timeframe the MBTA allowed for submitting proposals.

[27] "Fully-loaded" refers to the actual total costs incurred by the MBTA to pay its employees, including wages, overtime, and benefit expenses such as sick leave, vacation, healthcare, and pension costs.

[28] Tibbits-Nutt is currently the Secretary of Transportation and the Massachusetts Department of Transportation Chief Executive Officer.

Finding 3: The MBTA's selection committee used geographic preferences as a factor in awarding the GCS contract, even though the RFP did not state that criteria.

The 2016 RFP did not identify geographic location as a determining factor. In fact, the RFP stated, "Location in Massachusetts is not an obligation for meeting this criteria." Nevertheless, after receiving best and final offers from GCS and Maximus, the MBTA's evaluation committee used geographic location when recommending that the FMCB approve GCS for the call center services contract. The MBTA's evaluation committee noted that Maximus represented a disadvantage because the firm was located in Virginia. The MBTA's Customer Experience Department later said that it wanted customer service representatives based in Massachusetts so that they would be familiar with the area, the MBTA system, and landmarks around the system. This statement was at odds with the RFP specifications.

The MBTA added a geographic preference to the 2018 RFR. Bidders were required to have a call center location in the MBTA greater service area.

Finding 4: The MBTA erroneously accepted Exela's late and incomplete bid, even though the 2018 RFR stated that noncompliant bids would not be considered.

The 2018 RFR's deadline for responses was noon on March 23, 2018. While two competing bidders, AnswerNet and OnBrand24, made timely submissions, Exela missed the deadline. Exela explained that the COMMBUYS site had crashed as it was attempting to submit its proposal. Exela then submitted the majority of its bid documents to the MBTA's sourcing executive via email on the deadline date, but later than the noon cutoff. Exela did not submit two of its required documents – a copy of its insurance certificate and a document entitled "Schedule T-3 Bidder Experience and Performance" – until March 26, three days after the deadline. It submitted a signed standard terms and conditions form on March 28, five days past the deadline, after receiving word from the MBTA that terms and conditions could not be negotiated. The MBTA improperly accepted Exela's late bid and ultimately awarded Exela the contract. This was at odds with the RFR, which stated that noncompliant bids would not be considered.[29]

Exela's late and noncompliant submissions amounted to more than an "unsubstantial" technical problem that could be remedied with "minor corrections." The MBTA selection committee should not have accepted Exela's late, nonconforming bid.

[29] While the MBTA's procurement manual does not address the process for accepting or rejecting late or incomplete bids, the 2018 RFR included language offering guidance for responses not adhering to the response requirements: "Any Response which materially fails to meet the Response requirements of the RFR will be found non-responsive without further evaluation unless the evaluation team, at its discretion, determines that the non-compliance is unsubstantial and can be corrected. In these cases, the evaluation team may allow the Bidder to make minor corrections to the Response. If Bidder does not fully comply with this RFR, or if the Response is incomplete or vague, the Response may not be considered, unless the MBTA in its absolute direction decides otherwise."

II. Quality of Services

The GCS and Exela contracts envisioned customer service representatives to be the initial points of contact for MBTA customers, via inbound telephone calls, web form submissions, emails, chat, text, and via social media. The contracts required customer service representatives to respond to customer inquiries, record customers' complaints and feedback, provide data from customer calls to the MBTA, and work with the MBTA to resolve outstanding customer complaints. Customer service representatives were also responsible for documenting customer interactions and complaints in the MBTA's HEAT system.

Both contracts included performance metrics. Performance metrics hold companies accountable for the services established in a contract and allow a purchasing entity to measure the benefits it receives. The MBTA developed five performance metrics in the form of service level agreements (SLA) in order to track and evaluate the services provided under each contract. These included two "call metric" SLAs – average-speed-to-answer and abandonment rate. These call metric SLAs allowed the MBTA to monitor how quickly customer service representatives answered customer inquiries. The contracts also contained three "call quality" SLAs – a post-call survey, quality review, and data entry monitoring. The post-call surveys and quality review SLAs allowed the MBTA to measure customer satisfaction. The data entry quality metric measured how accurately customer service representatives recorded customer concerns.[30]

For every SLA, the contracts established penalties for failing to meet performance targets and incentives for exceeding performance targets. The GCS and Exela contracts contained identical SLAs, penalty targets, and penalty amounts. However, the contracts' incentive targets and incentive payments differed. The GCS contract offered one monthly incentive if the vendor met the call metric targets and another monthly incentive if it met the survey and secret shopper (or quality review) targets. The Exela contract offered a single quarterly incentive should the vendor exceed all five SLA targets by five percent.

[30] The MoA did not specify the percentage of survey or "secret shopper" (or quality review) responses that would be necessary to have statistical value.

Figure 3 below shows the SLAs, penalty targets, and incentive targets for the GCS contract.

Measure	Penalty Target	Monthly Penalty	Incentive Target	Monthly Incentive
Average-Speed-to-Answer	45 Second Average-Speed-to-Answer	1 Day: -$0 2 Days: -$1,000 3 Days: -$1,500 4 Days: -$2,000 5 Days: -$2,500 (Max)	Meets 45 Second Average-Speed-to-Answer **AND** 5% or Less of Calls Abandoned Every Day of Month	$5,000 (Max of $60,000 Per Year)
Abandonment Rate	5% or Less of Calls Abandoned After 45 seconds	1 Day: -$0 2 Days: -$1,000 3 Days: -$1,500 4 Days: -$2,000 5 Days: -$2,500 (Max)		
Post-Call Survey	80% Customer Satisfaction	$500	**95% or Greater** Customer Satisfaction **AND** Secret Shopper Determination of "Very Satisfied"	$2,000 (Max of $24,000 Per Year)
Secret Shopper Score	Secret Shopper Determination of "OK" (80%) or Better	$500		
Data Entry Accuracy	97% of Calls Error-Free	$1,000	N/A	N/A

Figure 3. SLAs, Penalty Targets, and Incentive Targets for GCS Contract.

Figure 4 below shows the SLAs, penalty targets, and incentive targets for the Exela contract.

Measure	Penalty Target	Monthly Penalty	Incentive Target	Quarterly Incentive
Average-Speed-to-Answer	45 Second Average-Speed-to-Answer	1 Day: -$0 2 Days: -$1,000 3 Days: -$1,500 4 Days: -$2,000 5 Days: -$2,500 (Max)	Exceeds All Five SLAs by 5% for Every Month of the Quarter	$15,000
Abandonment Rate	5% or Less of Calls Abandoned After 45 seconds	1 Day: -$0 2 Days: -$1,000 3 Days: -$1,500 4 Days: -$2,000 5 Days: -$2,500 (Max)		
Post-Call Survey	80% Customer Satisfaction	$500		
Quality Review	Determination by Quality Reviewer of “OK” (80%) or Better	$500		
Data Entry Accuracy	97% of Calls Error-Free	$1,000		

Figure 4. SLAs, Penalty Targets, and Incentive Targets for Exela Contract.

In the last year of the Exela contract, the parties through Amendment No. 3 changed targets for customer satisfaction and data entry quality and added targets related to staff turnover. These new targets are outlined in Figure 5 below.

Measure	Penalty Target	Monthly Penalty	Incentive Target	Monthly Incentive
Staffing Level at 16 Call Agents	Any Position Not Staffed and Failing to Provide Service Taking Calls	Position Not Staffed After 45 Days Carries Daily Penalty of $120 until Position is Filled, Trained, and Providing Service	N/A	N/A
Customer Satisfaction Score	Customer Service Representatives (CSR) with Scores Below 95%	$175 for Each CSR with Score Below 95%	CSRs with Scores Over 95%	$175 for Each CSR with Score Over 95%
Data Entry Accuracy	CSRs with Scores Below 95%	$175 for Each CSR with Score Below 95%	CSRs with Scores Over 95%	$175 for Each CSR with Score Over 95%

Figure 5. Changes in Exela Targets Made Through Amendment No. 3.

Notwithstanding the SLAs delineated in the contracts, the ISAU found that **the MBTA did not use the tools at its disposal, *i.e.*, the SLAs, to drive and enforce vendor performance**. While the procurement team clearly spent time considering, developing, and including the SLAs in the contract, the MBTA's contract administrators did not monitor or enforce the SLAs with any measure of effectiveness, as discussed in Finding 7.

Finding 5: GCS and Exela generally delivered on the average-speed-to-answer and abandonment rate SLAs, which the MBTA monitored for the duration of both contracts.

A. GCS

The ISAU's review revealed that the call center received 213,923 incoming calls during GCS's one-year contract period.

The MBTA measured GCS's average-speed-to-answer each day throughout the contract, including all hold time. The MBTA used these measurements to derive a monthly cumulative service level. GCS's average for the contract period was 17 seconds – well below the 45-second penalty threshold – ranging from a high of 37 seconds in July 2017, the first month of the contract, to a low of 9 seconds in November 2017, February 2018, and March 2018. The MBTA penalized GCS a total of $6,000 for missing the average-speed-to-answer metric across the contract period.

The MBTA also monitored the abandonment rate throughout the contract. The average abandonment rate across the GCS contract period was 1.3% – well below the 5% penalty threshold –

ranging from a high of 3.97% in July 2017 to a low of 0.4% in February 2018. The MBTA penalized GCS a total of $5,000 for missing the abandonment rate metric, with all instances occurring in the first three months of the contract. From October 2017 to the end of the contract, GCS did not miss the abandonment rate target.[31]

Altogether, the MBTA penalized GCS $11,000 for missing call metric targets across the contract period. It also awarded GCS $35,000 in service level performance bonuses for meeting the incentive targets in the last seven months of the engagement.

B. Exela

The ISAU's review revealed that the call center received 1,001,661 incoming calls during Exela's six-year contract period.

The MBTA measured Exela's average-speed-to-answer each day throughout the contract. Exela's average for the entire contract period was 19.4 seconds – well below the penalty threshold. Its average-speed-to-answer ranged from a high of 84 seconds in September 2022 to a low of less than 1 second in December 2020 and February 2021 – times which coincided with the COVID pandemic when the volume of calls had fallen considerably. The MBTA penalized Exela a total of $55,000 for missing the average-speed-to-answer metric across Exela's six-year contract period.

The MBTA's contract with Exela lasted 2,161 calendar days. Exela exceeded the metric on 89.5% of those calendar days.

The MBTA also monitored the abandonment rate throughout the contract. The average abandonment rate during Exela's contract was 1.79% – well below the penalty threshold. The abandonment rate ranged from a high of 6.71% in September 2022 to a low of 0.07% in April 2020, at the height of the COVID pandemic when the number of calls had fallen considerably. The MBTA penalized Exela a total of $44,500 for missing the abandonment rate metric across its six-year contract period.

Exela exceeded the daily abandonment rate metric on 91.5% of the calendar days throughout the contract period.

Altogether, the MBTA penalized Exela $99,500 for missing call metric targets across the contract period, and awarded Exela $30,000 in service level performance bonuses for meeting incentive targets for average-speed-to-answer and abandonment rates.

Finding 6: Exela delivered mixed results on the three call quality SLAs.

The MBTA was not able to produce call quality data for the life of the GCS contract or the first years of the Exela contract. Because the MBTA did not consistently monitor these metrics, the ISAU was unable to perform a complete analysis of the quality SLAs. The ISAU's findings on the available data are presented below.

[31] As discussed in Findings 6 and 7, the MBTA did not measure the GCS contract's quality SLAs.

A. When the MBTA measured performance, Exela always met the post-call survey SLA metric.

The MBTA tracked Exela's post-call survey scores for only part of the six-year engagement. As reflected in Figure 6 below, Exela achieved an overall average monthly customer satisfaction score of 89% from March 2021 to May 2024. It managed to exceed the 80% post-call survey score target for all months of this period. However, the monthly survey scores declined across the three-year period, ranging from a high of 97% in May 2021 to a low of 81% in May 2024. Due to its ability to consistently meet the metric, the MBTA never penalized Exela for its post-call survey performance.[32]

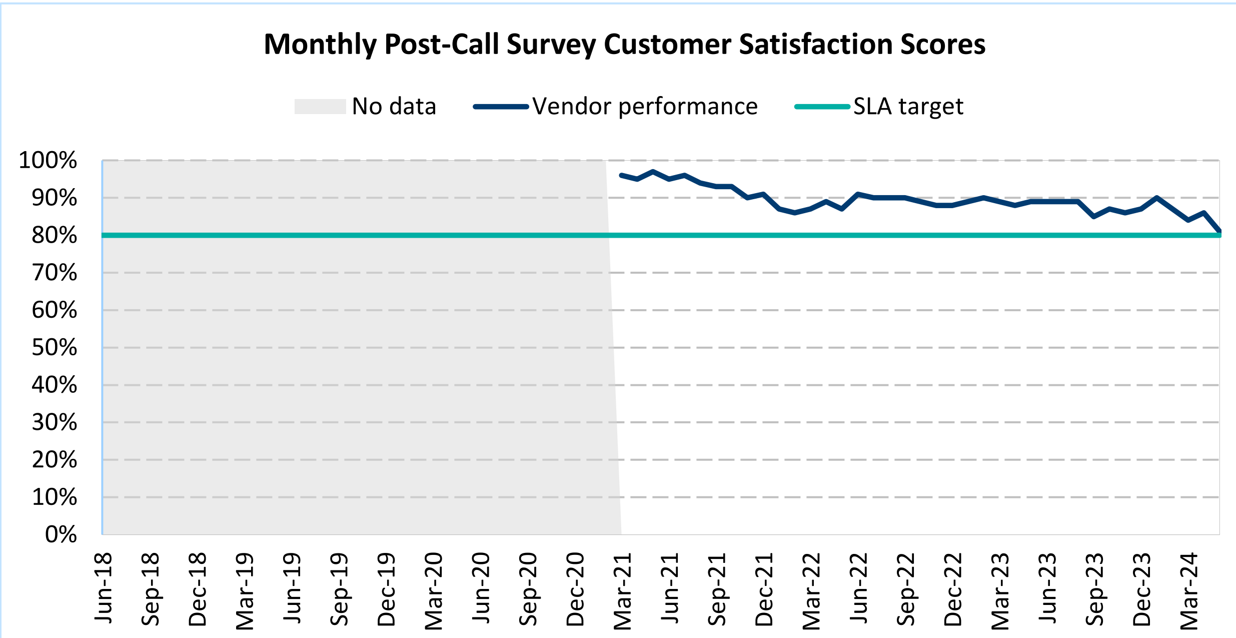

Figure 6. Monthly Post-Call Survey Customer Satisfaction Scores.

B. When the MBTA measured performance, Exela largely met the quality review SLA metric.

The MBTA did not enforce the quality review metric for Exela's call center services until March 2021, despite hiring Northridge to conduct a quality assurance program. During the engagement with Northridge, the firm collected data on calls and assigned call quality scores for the MBTA to view in an online database. However, the MBTA did not fully assess the individual call quality documentation from Northridge. The MBTA failed to leverage available data, which could have been used to improve vendor performance.

At the end of the Northridge contract, the MBTA elected to bring quality review assessments in-house. The MBTA began its internal monitoring of Exela's quality performance metrics in March 2021. The MBTA also began conducting in-house quality review assessments in March 2021 and continued those

[32] The ISAU does not have information on the number of post-call surveys actually conducted.

activities through May 2024. As reflected in Figure 7, during that time Exela's quality review scores ranged from a high of 96% in May 2021 to a low of 61% in December 2022.[33]

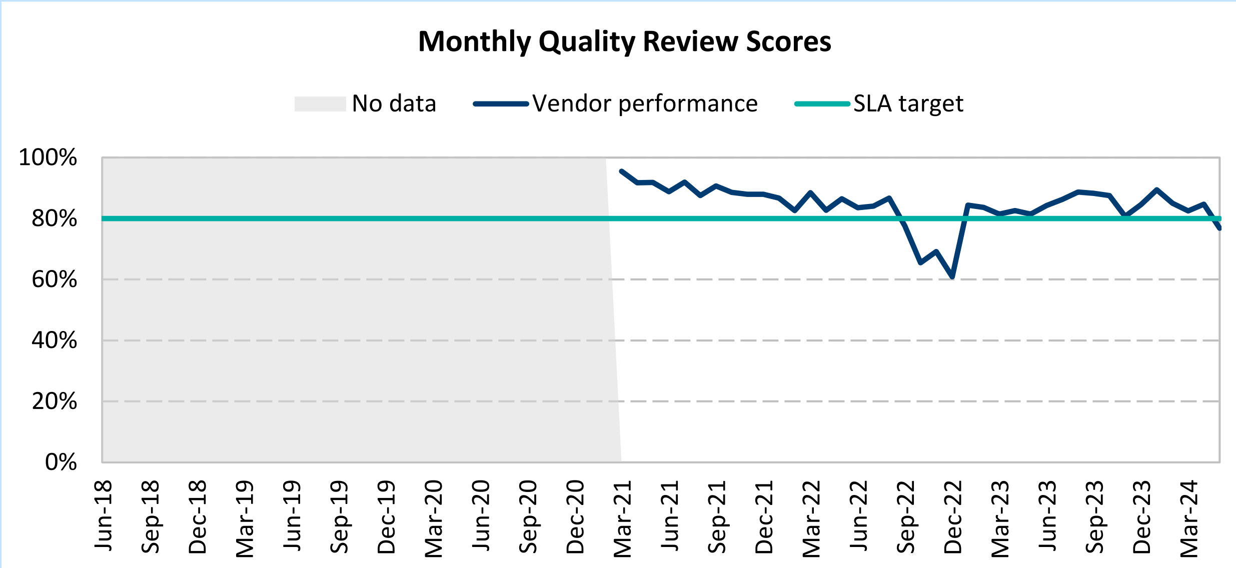

Figure 7. Monthly Quality Review Scores.

Although Exela scored below the 80% target for five months out of the three-year period, the MBTA only penalized the vendor for one month and failed to use this metric to drive Exela's performance for the other four.

C. When the MBTA measured performance, Exela did not meet the data entry SLA metric.

The data entry SLA measured the accuracy with which customer service representatives recorded information from customer calls into the MBTA's HEAT system. The SLA carried an accuracy target of 97%. As reflected in Figure 8, Exela did not reach the target in any month from March 2021 to May 2024. The overall average monthly data entry score for the 39-month period was 84%, ranging from a high of 96% in March 2021 to a low of 60% in December 2022.

> The MBTA did not enforce the post-call survey and quality review metrics for nearly the first three years of Exela's contract, from June 2018 to March 2021. The MBTA never enforced the data entry quality metric at any time during the contract with Exela.

[33] The MBTA selected a random sample of Exela's answered calls to review each month. This sample represented a very small percentage of the total calls Exela received. This lowest monthly percentage of reviewed calls was 0.38% in September 2021, 64 reviewed calls out of a total of 16,739 calls that Exela received. The highest percentage was 1.30% in March 2021, 141 reviewed calls out of 10,837 total calls.

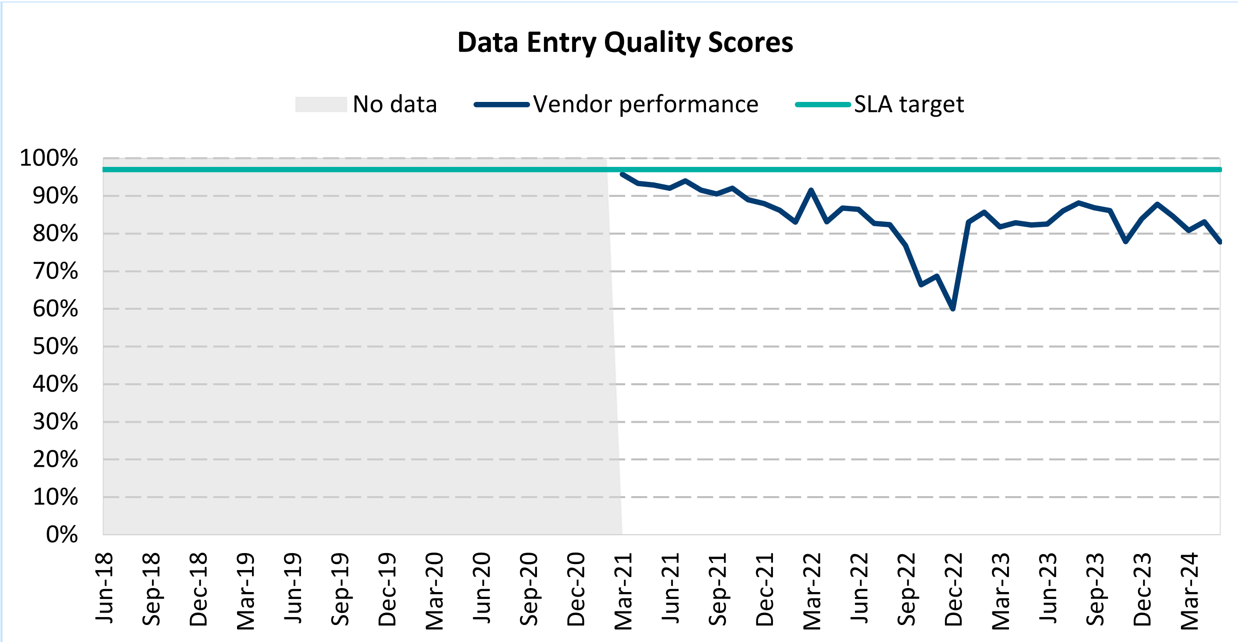

Figure 8. Monthly Data Entry Quality Scores.

Despite the $1,000 monthly penalty established in the contract for failing to meet this target, the MBTA did not penalize Exela for a single month.

Finding 7: The MBTA did not leverage the contractual tools at its disposal to drive vendor performance.

As discussed in Finding 5, the MBTA appropriately monitored the speed-to-answer and abandonment rate SLAs for both vendors. Significantly, however, the MBTA did not leverage the call quality SLAs to drive vendor performance.

The MBTA did not capture or monitor call quality metrics during GCS's one-year agreement. It did not enforce the post-call survey or data entry accuracy thresholds, nor did it engage its third-party quality assurance company, Northridge, prior to GCS's termination. The quality of call center services offered by GCS went essentially unchecked, unpenalized, and unmotivated by incentives for the entirety of the contract.

Similarly, as discussed in Finding 6, between June 2018 and March 2021, the MBTA did not drive Exela's performance against the same quality metrics of post-call surveys, quality review, and data entry scores. The MBTA penalized and paid incentives according to the quality metric targets in Exela's contract only from March 2021 to May 2024 – the last three years of the six-year engagement.

The MBTA's failure to completely capture call quality data is one indication that the MBTA did not effectively manage the call center contracts.

Another indication of weak contract management practices can be seen in the fact that the MBTA incorrectly paid Exela two $15,000 quarterly incentives. Exela's contract established the quarterly incentives to motivate enhanced performance. To achieve this incentive, Exela needed to exceed the targets for all five SLAs by five percent for three consecutive months. Exela failed to reach those data entry targets. It was therefore ineligible for the quarterly incentives.

In failing to measure call quality metrics during its contract with GCS, failing to measure quality metrics for the first three years of the Exela contract, and incorrectly applying penalties and incentives to Exela in the years that were measured, the MBTA failed to use the contract tools at its disposal to drive and improve vendor performance throughout both of its call center contracts. As discussed in Finding 12, the MBTA's failure to leverage the quality SLAs made it difficult to assess if the call center functions should have returned in-house.

III. Expected and Actual Costs

As required by the privatization waiver, the ISAU analyzed the maximum potential (expected) costs against the actual costs of each contract. To measure maximum potential costs, the ISAU used the maximum allowable rates that would be paid in the event that the vendors earned all available performance incentives under the contracts without incurring penalties. To measure actual costs, the ISAU requested information from the MBTA Fiscal Department on financial payments the MBTA made to the vendors, reviewed actual invoices, and reviewed related expenditures the MBTA made in support of the contracts. The ISAU also reviewed costs of the third-party quality assurance vendor.

Finding 8: Actual costs were lower than maximum potential costs because the vendors did not hit performance targets.

The ISAU determined that the actual cost of the GCS contract was $159,650 less than the maximum potential cost. Figure 9 shows this differential.

Contract Period	EXPECTED COST		ACTUAL COST	Difference between Max Contract Rate and Paid Amount
	Base Contract Rate	Max Contract Rate	MBTA Invoices	
Implementation Costs	$90,200	$90,200	$90,200	$0
Prorated June Payment	$65,975	$70,875	$65,975	$4,900
Year One (Jul 2017 – Jun 2018)	$1,131,000	$1,215,000	$1,060,250	$154,750
TOTAL	**$1,287,175**	**$1,376,075**	**$1,216,425**	***$159,650***

Figure 9. Maximum Potential Cost and Actual Cost of GCS Contract.

As Figure 9 reflects, the ISAU calculated the maximum potential costs of the GCS contract by combining implementation costs, the prorated June 2017 cost, and the first year contract costs, with all possible incentives applied.

Over the course of the GCS contract, the MBTA penalized GCS $11,000 for missing average-speed-to-answer and abandonment rate SLAs. During the same period, the MBTA awarded GCS $35,000 in incentives. Because the MBTA and GCS terminated the agreement in May 2018, the MBTA did not pay GCS for the final month of the first contractual year, resulting in an actual cost in Year One that was less than the expected base contract rate. The MBTA did not assess call quality metrics during the GCS engagement, and the costs of the contract may have been different had the MBTA correctly applied incentives and penalties.

The ISAU determined that the actual cost of the Exela contract was $461,992 less than the maximum potential cost. Figure 10 shows this differential.

Contract Period	EXPECTED COST		ACTUAL COST	Difference between Max Contract Rate and Paid Amount
	Base Contract Rate	Max Contract Rate	MBTA Invoices	
Implementation Costs	$79,167	$79,167	$79,167	$0
Year One (Jun 2018 – May 2019)	$950,000	$1,010,000	$929,629	$80,371
Year Two (Jun 2019 – May 2020)	$950,000	$1,010,000	$930,504	$79,496
Year Three (Jun 2020 – May 2021)	$950,000	$1,010,000	$949,754	$60,246
Year Four (Opt Yr 1) (Jun 2021 – May 2022)	$975,000	$1,035,000	$945,900	$89,100
Year Five (Opt Yr 2) (Jun 2022 – May 2023)	$1,000,000	$1,060,000	$988,996	$71,004
Year Six (Amend No. 3) (Jun 2023 – May 2024)	$1,365,192	$1,425,192	$1,343,417	$81,775
TOTAL	**$6,269,359**	**$6,629,359**	**$6,167,367**	***$461,992***

Figure 10. Maximum Potential Cost and Actual Cost of Exela Contract.

As Figure 10 reflects, the ISAU calculated the maximum potential cost of the Exela contract by combining implementation costs, the set costs of the first five years of the contract, plus the costs of the sixth year of the contract as specified in Amendment No. 3, with all possible incentives applied.

Over the course of the Exela contract, the MBTA penalized Exela $132,000 for missing SLAs, including $3,475 in penalties for phone system outages.

The MBTA did not assess call quality metrics for the first three years of the six-year contract, and the costs of the contract for these years may have been different had the MBTA correctly applied penalties and incentives.

The ISAU's review of the call quality metrics for the last three years of the contract, from March 2021 to May 2024, reveals that the MBTA failed to collect penalty fees totaling $42,500. This figure includes $39,000 in uncollected penalties for Exela's failure to meet the 97% data entry penalty target for all 39 months for which the metric was evaluated, each with a monthly penalty of $1,000. Additionally, Exela was unable to meet the 80% quality review score penalty target for five months of the contract, with each month carrying a penalty of $500. The MBTA collected this penalty for one of the five months, but did not for the remaining four, resulting in $2,000 in uncollected penalties. The MBTA also did not collect $1,500 in penalties for Exela's failure to meet call metric SLAs.

The ISAU also found that the MBTA erroneously paid Exela two $15,000 quarterly incentive payments. The MoA with Exela offered $15,000 quarterly incentives should the vendor exceed all five SLA targets by at least five percent for three consecutive months. Exela never exceeded all SLA targets in a month and was therefore ineligible for the quarterly incentive. The MBTA overpaid $30,000 in quarterly incentives to Exela.

Finding 9: The MBTA wasted $185,000 through a contract for quality assurance services it never fully utilized.

Fiscal Year	MBTA Payment Records	Expected Contract Value	Percentage of Expected Contract Value
2017	$15,000	$15,000	100%
2018	$50,000	$50,000	100%
2019	$60,000	$60,000	100%
2020	$60,000	$60,000	100%
Total	**$185,000**	**$185,000**	**100%**

Figure 11. Northridge Contract Expected and Actual Costs.

The MBTA's contract with Northridge began on September 19, 2017. The contract ran for a one-year term and two one-year extensions. The MBTA then entered another extension with Northridge that ran from July 1, 2020, to December 31, 2020. At the end of that six-month extension, the MBTA moved the quality assurance services in-house. The total cost for the MBTA's Northridge engagement was $185,000.

Although the annual costs of the Northridge engagement matched the expected costs, the MBTA did not fully utilize the services provided by Northridge. Conversations with MBTA personnel reveal that the MBTA was not in agreement on whether to outsource quality assurance services. MBTA personnel also reported that Northridge's feedback during the period it conducted quality assurance activities did not capture the information the MBTA was seeking.

According to the MBTA's Customer Experience Department, Northridge adequately rated Exela representatives on behavioral skills, but did not sufficiently rate representatives on their ability to provide customers with accurate and complete information. The MBTA did not retain copies of quality assurance documentation prepared by Northridge, and there is no evidence that suggests that the MBTA attempted to properly manage the Northridge contract to improve the quality of information the company provided. Instead, at the end of the Northridge contract, the MBTA's Customer Experience Department developed its own processes and measures to conduct quality assurance reviews without adopting anything from Northridge's process.

MBTA personnel were not on the same page in engaging the vendor and did not manage the contract while the "meter was running." The engagement with Northridge to provide quality assurance services yielded no discernible benefits and wasted $185,000 in public funds.

IV. Cost-Benefit Analysis

In accordance with the privatization waiver, the ISAU completed an analysis of whether the costs of the contract exceeded the benefits derived from the contract. The analysis involved a review of the MBTA's main goals for hiring a third-party vendor to conduct call center services. As outlined by the RFPs, the MBTA sought the following benefits:

1. Achieve cost savings;
2. Allow MBTA staff to focus on complaint resolution;
3. Improve access to information; and
4. Improve call center technology and customer experience.

The MBTA achieved one of the four expected benefits. Although outsourcing call center services achieved the goal of cost savings, the MBTA was unsuccessful in achieving its other privatization goals, including a quality customer service experience.

Were Expected Benefits Realized?	
Cost Savings	**Yes**
MBTA Focus on Complaint Resolution	**No**
Improved Access to Information	**No**
Improved Technology and Customer Experience	**No**

Figure 12. Realized and Unrealized Expected Benefits of Privatization.

(1) By comparing what the MBTA paid for the privatized call center services – including costs paid to Northridge – with the costs the MBTA is projected to have paid for operating the call center itself during the same period, the ISAU determined that **the MBTA saved around $14 million**. To determine the projected amount for in-house operations during the seven-year period from the beginning of the GCS contract to the end of the Exela contract, the ISAU calculated annual costs by applying the Consumer Price Index (CPI) to the MBTA's reported actual operating expenses in Fiscal Year 2016.[34]

[34] The MBTA's projected in-house costs may be greater than those estimated due to collective bargaining agreements.

Figure 13 below shows the MBTA's **cost savings** by comparing the MBTA's actual expenses to what it would have paid for in-house operations.

Contract Period	Actual Costs	In-House CPI-Adjusted Operating Costs	Approximate Savings
Year One – GCS (Jul 2017 – Jun 2018)	$1,246,425	$2,763,622	$1,517,197
Year Two – Exela (Jun 2018 – May 2019)	$1,048,796	$2,806,851	$1,758,055
Year Three – Exela (Jun 2019 – May 2020)	$1,005,504	$2,871,456	$1,865,952
Year Four – Exela (Jun 2020 – May 2021)	$989,754	$3,077,413	$2,087,659
Year Five – Exela (Jun 2021 – May 2022)	$945,900	$3,270,113	$2,324,213
Year Six – Exela (Jun 2022 – May 2023)	$988,996	$3,377,977	$2,388,981
Year Seven – Exela (Jun 2023 – May 2024)	$1,343,417	$3,432,208	$2,088,791
TOTAL	**$7,568,792**	**$21,599,641**	***$14,030,849***

Figure 13. Actual Cost Savings for Call Center Services through Privatization for FY18 – FY24.

(2) The solicitations stated that privatization would allow MBTA internal staff to "focus their whole time and energy on ensuring that customers' issues are being addressed, are resolved, and do not become ongoing problems." The metrics that the ISAU reviewed as well as conversations with MBTA personnel show no evidence of improvements driving overall accountability to MBTA ridership. Additionally, while the MBTA planned to retain its 4 in-house customer support supervisors and relocate its 20 customer service representatives at the time of privatization, the MBTA ended up laying off the majority of these employees. While the MBTA's Customer Experience Department did assert that it shifted its focus to complaint resolution following privatization of the call center, ultimately the MBTA was not able to demonstrate how it successfully met its goal of internally shifting the focus of its staff to **more effectively address customer complaints**.

(3) In terms of access to information for customers and the MBTA, a study of the SLAs showed that both vendors did meet call response targets and extended call center hours to weekends. However, Exela significantly underperformed in its data entry scores, the one metric that specifically evaluated the quality of information provided to the MBTA. This, combined with complaints the MBTA's Customer Experience Department recorded regarding the quality of information customers received from customer service representatives, suggests that the MBTA was not successful in **improving customer access to information**.

(4) The MBTA did not succeed in **improving call center technology** through privatization. The MBTA used its intake and data entry system HEAT prior to privatization. GCS and Exela continued to use

the same system throughout the contract period, without implementing intake or data entry systems of their own. Similarly, both vendors used the MBTA's phone system and IVR system. Neither vendor introduced chat or text functions to the call center, although the MBTA had specifically cited these as technological improvements it hoped to bring to the call center through privatization.

Finding 10: The MBTA did not achieve the expected benefits of privatization because it did not effectively manage the contracts.

While the MBTA did achieve savings through privatization, it did not effectively manage the contracts with GCS and Exela to achieve its expected benefits of improving complaint resolution, improving customer access to information, and improving call center technology.

As described in Finding 6, the MBTA did not measure any quality SLAs for its contract with GCS or for half of its contract with Exela. It also failed to penalize and inappropriately paid incentives to Exela during the remainder of the contract. This had an especially significant impact on the quality of Exela's data entry, which it consistently underperformed but was never penalized for, and which crucially impacted the quality of information the MBTA received.

Overall, the MBTA failed to proactively address problems in Exela's performance which were evident from the beginning. Along with missed SLAs, the MBTA was aware of the high turnover rate among Exela employees from the first year of the contract. The MBTA's Customer Experience Department characterized the problem as a 100% turnover rate that was leading to poor intake quality. The MBTA did not pose solutions to Exela's low employee compensation and high turnover until the final year of the six-year contract term.

Finding 11: The MBTA did not achieve its goal of improving call center technology largely due to its own opposition to transferring technology administration to an outside vendor.

Through privatization, the MBTA sought a third party who could bring its own contemporary state-of-the-art technology and fresh perspectives. Notably, the MBTA hoped the technology would allow customers to contact the MBTA in new ways across a variety of platforms. The MBTA did not achieve its goal of improving call center technology largely due to its own opposition to transferring technology administration to an outside vendor and overall vendor performance concerns.

When the MBTA selected GCS, the 2016 contract established a technology transfer requirement which made GCS responsible for taking administrative responsibility of the MBTA call center's interactive voice response (IVR) by September 15, 2017. This technology transfer never occurred.

The contract provisions also gave the MBTA the right to charge GCS the full costs of IVR operations following this date should GCS be late in assuming this responsibility (at the rate of $11,840.20 per month, according to the MBTA's network service contract with Verizon). GCS never took administration of the IVR technology and the MBTA never charged GCS for these costs. Later conversations that the ISAU had with the MBTA's Procurement and Logistics Department revealed that it was the MBTA that opposed the transfer of IVR technology to GCS. The call center's IVR functionality was linked to the MBTA's 1-800 number and its 1-222 number. Turning over administrative responsibility of this functionality to GCS would have given the vendor complete control over these numbers.

> Due to the MBTA's unwillingness to take the steps necessary to transfer technology administration to the vendor, both GCS and Exela continued using the MBTA's call center systems throughout the contracts. The call center never implemented technological improvements.

The MBTA informed the ISAU that it was unwilling to pass control of these numbers to GCS. Nor did the MBTA want to entrust the vendor with additional responsibility over its IVR system, which was also the hub for Keolis, The RIDE, and other MBTA departments receiving customer service calls.

The MBTA's subsequent contract with Exela did not include the above contract provisions for Exela to administer the MBTA's IVR technology. The MBTA should only include those provisions in its RFPs and contracts that it intends to enforce, and should consult with the business units which will manage the contract and provisions therein to ensure all terms are appropriate and able to be implemented. The MBTA's Procurement and Logistics Department should work collaboratively with the business units when drafting RFPs for services.

In addition, according to the MBTA's Director of Customer Relations, while the MBTA's solicitations mentioned leveraging new technology as a major goal of privatization, the MBTA never initiated a conversation about new technology such as chat or text functions with either of its vendors. Due in part to vendor overall performance issues, the MBTA was unwilling to consider transferring technology administration to the vendor. Both GCS and Exela continued using the MBTA's call center systems throughout the contracts, and the call center never implemented technological improvements.

V. The MBTA's Decision to Re-House the Customer Service Call Center

In the fall of 2023, the MBTA decided to re-house call center operations when Amendment No. 3 concluded in May 2024. The ISAU estimates the annual cost for the MBTA's in-house call center operations to be $3.37 million – three times the annual cost of the Exela contract.

Finding 12: Although it did not effectively manage the contract, the MBTA cited Exela's underperformance to justify re-housing call center functions.

In justifying its decision to re-house the call center at an estimated annual cost to the Commonwealth of $2.25 million[35] – and at the exclusion of any cheaper options – the MBTA cited the many shortcomings of a contract that resulted at least partly from its own mismanagement. If properly managed, there may have been no need to re-house call center services at approximately triple the cost to the Commonwealth.

Many of the shortcomings which the MBTA presented as justifications for re-housing the call center, such as high turnover among Exela staff and incorrect assigning of complaints, were not properly addressed throughout the MBTA's contract with Exela.

[35] Finding 13 presents the ISAU's estimate of the fully-loaded cost of in-house operations at $3.37 million.

In support of its re-housing plan, the MBTA Customer Experience team made a presentation to MBTA leadership during which it rated Exela's performance as one out of five "stars."

According to the Customer Experience team, Exela's call center staffing plan – which stipulated a total of 21 employees, comprised of an account manager, two supervisors, one team lead, and 17 customer service representatives – was never realized. The MBTA explicitly stated that "the Exela Call Center has not been fully staffed since the beginning of the contract on June 1, 2018." The MBTA further stated that Exela's 100% staff turnover directly led to poor intake quality and that Exela was unable to scale call center staff to handle service outages or emergencies.

In justifying its decision to return call center services in-house, the MBTA cited a letter written by Greater Boston Legal Services in November 2021 which alleged numerous shortcomings in Exela's performance, including increased customer service representatives' inability to assist with customer complaints and incorrect or incomplete documentation of customer complaints, among other issues.

In attempting to validate these statements, the ISAU relied on conversations with MBTA staff, including the Customer Experience team and the Procurement and Logistics Department. Additionally, the ISAU reviewed Exela's contract, invoices, and personnel records.

The personnel records identified 90 employees who worked on the MBTA contract in various capacities during the contract period: 3 account managers, 9 call center supervisors, 1 call center team lead, and 77 customer service representatives. The ISAU's review showed that:

1. The average tenure for customer service representatives was 384 days.
2. The 10 customer service representatives with the longest tenure averaged 1,414 days, covering the majority of the contract period. If those 10 employees are removed from the analysis, the average tenure for the 67 remaining representatives was 230 days.
3. Thirteen representatives were employed by Exela for less than 30 days. Seven of those representatives were terminated prior to taking live phone calls.
4. The three account managers each spent a minimum of 18 months in their roles, with the last manager in her position for over four years.
5. At the beginning of the contract in 2018, Exela hired four call center supervisors. In calendar year 2019, Exela employed three supervisors. In 2020 and 2021, Exela employed two full-time supervisors. In 2022, Exela had two full-time supervisors and hired two additional supervisors in the fourth quarter. In 2023 and through the end of the contract in May 2024, Exela employed three full-time supervisors. The average tenure across all supervisors was 558 days.
6. Exela hired only one team lead, who worked from November 2022 through the end of the contract.

Amendment No. 3, effective February 1, 2023, increased amounts paid to Exela and required Exela to maintain a staffing level of between 16 and 17 customer service representatives.[36] The ISAU review did not identify any penalties assessed by the MBTA on Exela for failing to meet required staff numbers.

Beyond staffing problems, the MBTA's presentation described missed SLAs and "non-categorized and incorrect assigning of complaints, resulting in poor quality." As described in Findings 6 and 7, the MBTA did not appropriately apply penalties and incentives to drive vendor performance throughout much of the contract. For instance, it never penalized Exela for its consistent failure to meet the data entry quality SLA.

The MBTA cited a litany of additional problems in its experience with Exela. These included unresolved technology issues, uncompetitive pay and benefits, poor management scheduling, persistent phone outages, no staff scalability for outages or emergencies, and a lack of training capabilities.

The MBTA did not proactively manage the contract to maximize vendor performance, as evidenced by its failure to enforce the SLAs. Further, the MBTA should have worked more creatively, beyond the four corners of the contract, to address issues that impaired vendor performance, such as improving staff salaries to address turnover problems. The MBTA could have also re-bid the call center function, specifying higher performance expectations. By doing so, the MBTA could have still realized cost savings compared to the ISAU's estimated in-house annual costs of $3.37 million.

[36] Amendment No. 3 increased the annual contract rate and also, for the first time documented in the contract between the parties, established required minimum hourly rates for Exela's staff from the representative to supervisor level.

Finding 13: The MBTA underestimated the costs of re-housing call center services.

In its fall 2023 presentation to MBTA leadership regarding the future of the call center, the MBTA's Customer Experience Department presented a proposed staffing plan for bringing the call center back in-house, with estimated costs totaling $2.25 million annually, as shown in Figure 14 below.

Proposed Staff and Resources	Estimated Annual Expenses
1 Manager	Total **$105,000**
22 Associates	Per Associate $70,292
	Total **$1,546,424**
2 Team Lead Supervisors	Per Supervisor $94,409
	Total **$188,818**
1 Quality Assurance Manager/Trainer	Total **$92,250**
1 Report Analyst	Total **$87,049**
Laptops/Soft Phones	Total **$46,000**
Office Costs (Phone Tree Changes, Monitors, Etc.)	Total **$135,930**
Total	**$2,247,480**[37]

Figure 14. Proposed Staffing Plan and Estimated Expenses for In-House Call Center.

The total expense for the staffing plan was not fully-loaded,[38] however, and did not represent an accurate annual cost estimate for conducting in-house call center services. Using a multiple of 1.5, the expected fully-loaded cost to operate the call center in Fiscal Year 2025 is $3,371,220.[39]

[37] The OIG is aware of the apparent mathematical discrepancy with the estimated expenses and the estimated total that the MBTA provided in its proposed staffing plan. The actual sum of the cited expenses is $2,201,471.

[38] *See* Footnote 27 for an explanation of "fully-loaded" costs.

[39] During the MBTA's discussions on its decision to outsource MBTA positions in 2015 to 2017 (particularly for its warehouse employees), the MBTA used the multiplier of 1.5 when considering the "actual cost" or "fully loaded" employee costs to the Authority when considering salary, MBTA-paid salary contributions, and other benefits. The ISAU used the same multiplier when calculating in-house salary costs for MBTA services.

CONCLUSIONS AND RECOMMENDATIONS

The MBTA's customer call center contracts with Global Contact Services (GCS) and Exela Technologies (Exela) resulted in the MBTA making, in its own words, "two attempts to outsource the Call Center without success." The OIG's review of these contracts and the MBTA's subsequent re-housing of call center services revealed that the outcome had as much to do with the MBTA's own shortcomings as it did with those of the vendors. The MBTA's shortcomings included its failure to adhere to its own procurement requirements, enforce the provisions of the contracts, address known problems inhibiting vendor performance throughout the contracts, and effectively communicate among its internal units. The experience with both contracts has since resulted in the MBTA's decision to re-house its call center functions, with questionable justification, at three times the cost to the Commonwealth.

Based on its review of the MBTA's customer service call center contracts with GCS and Exela, the OIG recommends that the MBTA:

1. Evaluate the in-house call center using the same data and performance metrics to ensure the MBTA's customer service standards do not decline and that the MBTA upholds its requirements to deliver high-quality services in accordance with the 2002 accessibility lawsuit.
2. Hold the MBTA's new in-house call center representatives to at least the same performance standards as the privatized employees to justify that the Authority's decision to re-house the call center and increase costs for this function was the best use of taxpayer funds as the MBTA faces a worrisome financial future.
3. Engage with all relevant MBTA departments – including Fiscal, Procurement and Logistics, and others – when making decisions that have a budgetary impact, especially when deciding to re-house previously outsourced functions.
4. Coordinate the request for proposal development process between the business unit (here, Customer Experience) and Procurement and Logistics to ensure that the business unit's desired service needs are adequately captured and defined. Ensure the winning vendor can achieve all service terms the parties agree to in the contract. Better integrate procurement and contract administration functions. Only include those tasks and deliverables that the business unit will need for the project and period. Include well-defined performance metrics and SLAs that the business unit develops for – or with – Procurement and Logistics.
5. Recover the $30,000 in incentive payments the MBTA incorrectly paid to Exela.
6. Comply with all procedures outlined in the MBTA's procurement manual, including the provisions on independent cost estimates and advertising in specialty media and trade publications.
7. Train personnel in best practices related to meeting minutes and the importance of documenting board decision-making.

8. Follow the rules and procedures set out in its solicitations and ensure that vendors are evaluated on the criteria outlined in the public solicitation. Train and support MBTA vendor selection committees.
9. Update the MBTA's procurement manual with specific guidance on when and how the MBTA may accept late or incomplete bids, if at all.
10. Continue to develop vendor service contracts that include performance measures that outline the expected levels of service and define specific performance standards. Further, continue to include the penalty targets and associated penalties (or incentives) that align with those performance standards. Understand that the MBTA contract administration staff will need to monitor and enforce performance standards.
11. Improve contract management practices. Motivate vendors to hit all incentive targets to improve services provided to the MBTA. Establish clear internal responsibility for monitoring and enforcing contracts. Monitor vendor performance and enforce the penalties and incentives that the MBTA includes in its vendor service contracts.
12. Appropriately capture all data and information necessary to calculate performance metrics. Use penalties and incentives to motivate vendor performance. Ensure that all contract parties understand the contract terms, including the penalty and incentive structures. Calculate and pay penalties and incentives correctly.
13. Engage third-party vendors only when those services are warranted and necessary. Develop appropriate scopes of work with detailed schedules of deliverables to ensure that the MBTA receives discernible benefits from the vendors it hires with public funds.

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