MBTA
Capital Delivery Assessment

Fiscal Control and Management Board
June 13, 2016
MBTA Capital Program Performance

Source: Updated from Back on Track An Action Plan to Transform the MBTA April 8, 2015
2017 to 2021 CIP

- Capital delivery is vital to our operations, services improvement and our commitment to our customers
- 2017-2021 CIP is different from previous CIP’s
- FY17 CIP requires a 54% increase over FY16 projected delivery
- MBTA charged consulting company Ascent with assessing capital delivery and make recommendations
Capital Delivery Transformation Initiative
Assessment Process

Over last 60 days:

• 80+ Interviews
• Data collection
• Document review
• SWOT analysis
• Observations
• Key Findings
• Recommendations
Findings and Recommendations

<table>
<thead>
<tr>
<th>Findings</th>
<th>Recommendations</th>
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</thead>
<tbody>
<tr>
<td>1. Capital delivery has historically not been a strategic imperative.</td>
<td>✓ Make Capital Delivery a goal in the MBTA strategic plan and within the organization.</td>
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</table>
| 2. Project development and budgeting processes inhibit effective program execution. | ✓ Strengthen Capital Budget leadership.  
 ✓ Create structures and processes to improve translation of CIP to delivery. |
| 3. Lack of data and a system of controls hinders effective decision-making. | ✓ Improve data management and implement an integrated program/project controls system. |
| 4. Cultural change is critical to the Capital Delivery transformation. | ✓ Integrate Operations and Capital Delivery seamlessly.  
 ✓ Adopt a Program Management approach to Capital Delivery. |

Without radical change, MBTA will not execute the full CIP

Start now!
Near Term Recommendations

1. Translate CIP to delivery:
   - Scrub the FY17 CIP projects to confirm deliverability and realistic cash flows
   - Strengthen the project development process for a deliverable FY18 CIP
   - Undertake near term process and delivery resource improvements

2. Set outcome based goals and key performance indicators:
   - FY17 – ramp-up year
   - FY18 – full execution
Near Term Recommendations

3. Establish a Capital Development Coordination Committee
   - Key MBTA leaders
   - Integrated with MassDOT planning
   - Timed with FY 18 CIP development
Near Term Recommendations

4. Strengthen Capital Program Management function and establish integrated program/project controls to support decision making
   - Expand the program reporting pilot initiative to entire portfolio
   - Convert approach from fund-based to project-based
   - Plan and budget for an integrated program management information system (PMIS)
5. Create program management teams to deliver key capital programs as
   - Identify transformation accelerators (pilot of better/best practices)
   - Candidates: Red/Orange Line Infrastructure, GLX
   - Create cross-functional teams with metrics and a culture of accountability
Near Term Recommendations

6. Begin the integration of capital delivery and operations:

- Develop an action plan to establish a Capital Delivery & Infrastructure Group integrating Design & Construction and Engineering & Maintenance
- Set a target to stand-up the Group in 6 months
- Develop the organization structure, positions, roles/responsibilities
- Conduct a national search for key leaders

<table>
<thead>
<tr>
<th>Capital Employees</th>
<th>Design &amp; Construction</th>
<th>Engineering &amp; Maintenance</th>
<th>Rail E&amp;M and Everett Vehicle Engineering</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Budgeted Headcount</td>
<td>220</td>
<td>199</td>
<td>113</td>
<td>532</td>
</tr>
<tr>
<td>Budgeted Payroll (millions)</td>
<td>$25.89</td>
<td>$32.86</td>
<td>$9.14</td>
<td>$67.89</td>
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</tbody>
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Note: ~23% vacancy rate