

NOTE: You should form teams of two for this assignment.

Contracted Services

There is increasing interest in the U.S. and elsewhere in having various types of public transport service provided under contract by the private sector. While there may be some financial advantage to this, there are also some difficulties, notably those of contract specification, performance monitoring, and transition management. This assignment deals with one such contract service, the MBTA Commuter Rail, which provides regional rail service into Boston. Currently the MBTA is in the process of negotiating a new contract with a consortium that will take over this service from Amtrak on July 1, 2003. Amtrak has operated this service since 1987.

Appendices A, B, and C (see SUPPORTING FILES) are sections taken from the Request for Proposals (RFP) to select the new contract service provider, specifically:

- A. Introduction to RFP, describing the scope of MBTA commuter rail services
- B. Mobilization Scope of Services
- C. Major sections from the proposed contract: specifically, pp. 13-18, 36-37, 41-52, and Exhibits 1, 2, 3 (sections 1-3 only), 7, 9, 10, 11, and 12.

The complete RFP measures 4 inches!

After reviewing the proposed contract, write the following:

1. A critical analysis of the proposed contract from the perspective of both the MBTA and the contract operator. Think about what objectives the MBTA and the operator are likely to have and examine the explicit and implicit incentives and penalties built into the contract. If there were the opportunity to change any of the proposed terms in the final contract negotiation, and if you were representing the MBTA, what terms would you seek to alter, and in what way? If you were the operator, what terms would you seek to alter? Provide appropriate supporting arguments.
2. Briefly discuss the difficulties the MBTA is likely to face in monitoring contractor performance.
3. An assessment of the likelihood of transitional difficulties facing the MBTA and the new operator. What specific steps has the MBTA taken to avoid such difficulties?