



OFFICE OF THE INSPECTOR GENERAL
COMMONWEALTH OF MASSACHUSETTS

JEFFREY S. SHAPIRO
INSPECTOR GENERAL

**A Review of the MBTA's
Police Dispatch Services Contract
with IXP Corporation**

DECEMBER 23, 2022

INSPECTOR GENERAL COUNCIL

Christopher Walsh, Chair (Governor's appointee)

Susan Terrey, Vice Chair (Secretary of Public Safety and Security's designee)

Gina Kwon (Attorney General's designee)

Michael K. Leung-Tat (Auditor's designee)

Comptroller William McNamara

Michael Caira (Governor's appointee)

Rachel Ciocchi (Auditor's appointee)

James Morris (Attorney General's appointee)

TABLE OF CONTENTS

Executive Summary.....	1
Background	5
I. The Office of the Inspector General	5
II. The Massachusetts Bay Transportation Authority	5
III. The MBTA Transit Police Department.....	6
IV. The Taxpayer Protection Act and Waiver from Provisions of the Taxpayer Protection Act	6
V. History of TPD Police Dispatch	7
VI. The MBTA’s Decision to Privatize Police Dispatch Services	7
VII. The Contract with IXP for Police Dispatch Services.....	8
VIII. The ISAU’s Scope and Methodology	11
Evaluation of the MBTA’s Procurement Process	12
Analysis of the Quality of Services	17
The Expected and Actual Costs of the Contract.....	29
A Cost-Benefit Analysis	33
Areas for Improvement and Recommendations	38
I. Contract Development	38
II. Contract Administration and Vendor Oversight.....	40
III. Records and Information Retention.....	42
Conclusion.....	44

EXECUTIVE SUMMARY

The MBTA's Transit Police Department (TPD) patrols the MBTA transit system, which spans 175 cities and towns. TPD's workforce of approximately 270 employees includes police officers and administrative staff. Part of TPD's role includes answering calls and dispatching police officers to respond to incidents throughout the MBTA system. Until 2017, TPD police officers staffed the dispatch center and performed all dispatch functions for TPD. In September 2017, the MBTA contracted with IXP Corporation (IXP) to provide dispatch services. The MBTA's privatization of police dispatch services and its contract with IXP are the subjects of this report.

In 1993, the Massachusetts Legislature passed the Taxpayer Protection Act and waiver provisions of the Act to have a process for when state entities seek to hire a private entity to perform certain services, previously provided by the public entity. In 2015, the Legislature passed legislation – Section 196 of Chapter 46 of the Acts of 2015 (Chapter 46) – exempting the MBTA from the provisions of the Act for a three-year period.

This contract was awarded during this period of the exemption, which required that the Office of the Inspector General (Office) conduct this post-contract review within 60 days after the completion of the contract. Pursuant to the exemption, the Office's Internal Special Audit Unit (ISAU) reviewed four aspects of the MBTA's privatization of police dispatch services and its contract with IXP:

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.
4. An analysis of whether the cost of the contract exceeded the benefits derived from the contract.

The ISAU's review was limited because TPD, the MBTA and IXP did not maintain, or could not provide, many of the records and information necessary for the review. This included procurement files, records regarding TPD's in-house costs to operate the dispatch center, rosters of police officers who worked in the dispatch center and data relating to IXP's performance metrics.

Based upon the information and records that TPD, the MBTA and IXP were able to provide, this report addresses the four statutory criteria listed above, as well as areas for improvement and recommendations:

The competitiveness and fairness of the procurement. As discussed above, the ISAU had difficulty obtaining procurement documents from the MBTA, including a centralized procurement file, that were necessary for this review. Consequently, this report does not reach conclusions regarding the fairness and competitiveness of the process the MBTA followed. It must be noted that the MBTA provided additional materials two weeks before this statutory report was required to be issued. The

ISAU staff are currently reviewing the newly provided materials and if warranted will issue a supplemental report.

The quality of IXP's services. IXP performed the essential dispatch functions and many of the administrative tasks set out in the contract. IXP generally met the minimum staffing requirements for telecommunicators, who were the individuals who answered calls and dispatched services. Further, TPD employees who worked with IXP were generally pleased with IXP's performance, and during the five-year contract period, the company received only one written complaint regarding its services.¹

However, IXP did not track one of the four metrics in the contract: call-answer times. IXP also never met the call-dispatch metric, which required it to dispatch resources within 60 seconds for 90% of all calls. Further, IXP did not employ a lead telecommunicator for 685 days (37.53%) of the contract. It also did not meet several aspects of the performance metric for management and operations, including requirements related to certifications, advanced training and audits.

Throughout the ISAU's review, IXP asserted that TPD or the MBTA agreed that IXP did not need to comply with certain metrics, services and responsibilities in the contract. TPD did not produce a written contract amendment for these alleged agreements, which the contract required. The MBTA and IXP knew how to amend the contract, and they did, for example, to reduce TPD's minimum staffing levels. As discussed later in this report, the Office determined that it was appropriate to evaluate IXP using the requirements that the MBTA and IXP negotiated and agreed to in the contract.

The expected and actual cost of the contract. IXP billed the correct rates throughout the five-year contract. The final cost of the contract was \$5,513,712, which was \$688,592 (or 14.27%) more than expected at the time of the original contract execution. This occurred because the MBTA agreed to rate increases during the last two years of the contract. The MBTA also paid a consulting firm \$154,000 to assist with transition of the dispatch center from TPD to IXP.

An analysis of whether the cost of the contract exceeded the benefits derived from the contract. The MBTA indicated that it privatized dispatch services to save money and to achieve three operational goals: curbing overtime, reducing serious crimes on MBTA property and returning police officers to patrol duties. Due to a lack of records from the MBTA and TPD, the ISAU could not determine whether the MBTA saved money by privatizing dispatch services. The ISAU also could not correlate hiring IXP to the three stated operational goals.

¹ Having only one written complaint during this contract period raises other questions, nonetheless only one written complaint was received.

Areas for improvement and recommendations. Throughout this review, the ISAU identified weaknesses in the MBTA's contract development, contract administration and vendor oversight, as well as its records and information retention practices. For example, the IXP contract contained typographical errors and incomplete or unclear terms. Further, MBTA and TPD employees did not have a clear or consistent understanding of who was responsible for contract oversight and enforcement. As a result, neither party appropriately oversaw IXP's performance or tracked the company's performance against the contract terms. Further, the MBTA and TPD could not locate necessary documents and other data throughout this review.

Of particular note, in September 2022, the MBTA entered into a second contract with IXP for police dispatch services. The MBTA must improve its oversight and management of this new contract, including monitoring IXP's performance and holding IXP accountable if it does not meet requirements in the new contract.

Strong contract development, contract administration and record retention practices are essential to ensuring that the government receives the goods and services it needs at the agreed-upon price and quality. At a minimum, the Office recommends that on all future contracts, the MBTA and TPD:

1. Ensure that all contracts are clear, complete and do not contain errors.
2. Ensure that MBTA employees who draft contracts include all expected services. Include only relevant and desired services and obligations in the contract.
3. As applicable, include performance metrics in contracts to strengthen vendor oversight. Create metrics that are measurable and realistic. Ensure that the contract clearly outlines how to report performance against the metrics.
4. As applicable, include penalties for non-compliance with all performance metrics. When appropriate, include financial penalties for non-compliance.
5. Clearly designate which departments and employees are responsible for contract monitoring and enforcement.
6. Monitor vendor performance of all terms of the contract and require vendors to complete all obligations, including meeting all performance metrics.
7. Apply penalties to vendor payments, pursuant to the contract, should vendors fail to provide required services or meet performance metrics.
8. Use the contract amendment process to remove unnecessary or undesired contract obligations, including performance metrics. Consider contract price reductions if the parties agree that some contractual obligations are not necessary.
9. Treat record retention, procurement record retention and contract administration as the professional disciplines that they are. Thus, ensure that records are maintained and recallable, and that business continuity includes clear steps so that information is not lost, destroyed or non-recallable due to staff turnover. Develop record retention policies

and procedures. Train employees on effective record management and implement internal controls to ensure that employees comply with the policies and procedures.

Acknowledgements

Successful completion of a report requires hard work and assistance from many people. We would like to convey our sincere gratitude to all Office of the Inspector General staff who contributed to and helped prepare this report. We would also like to express our deepest thanks to the Internal Special Audit Team – Division Director Emily Pedersen, David Castelluccio, Nicholas O’Neill and Colin Long – who led the review and the report writing – and to First Assistant Inspector General Natalie Monroe. Thank you for your effort, expertise, dedication and hard work.

BACKGROUND

I. The Office of the Inspector General

The Office of the Inspector General for the Commonwealth of Massachusetts (Office) is an independent state agency charged with preventing and detecting fraud, waste and abuse in the use of public funds and public property. Created in 1981, it was the first state inspector general's office in the country. In keeping with its broad statutory mandate, the Office investigates allegations of fraud, waste and abuse at all levels of government; reviews programs and practices in state and local agencies to identify systemic vulnerabilities and opportunities for improvement; and assists both the public and private sectors to help prevent fraud, waste and abuse in government spending.

The Office's Internal Special Audit Unit (ISAU) monitors the quality, efficiency and integrity of the Massachusetts Department of Transportation's (MassDOT) and the Massachusetts Bay Transportation Authority's (MBTA) operating and capital programs. As part of its statutory mandate, the ISAU seeks to prevent, detect and correct fraud, waste and abuse in the expenditure of public and private transportation funds. The ISAU is also responsible for examining and evaluating the adequacy and effectiveness of MassDOT's and the MBTA's operations, including its governance, risk-management practices and internal processes.

II. The Massachusetts Bay Transportation Authority

Created in 1964 by a legislative act, the MBTA operates the Commonwealth's public transit system, providing subway, trolley, bus, commuter rail, ferry and paratransit services throughout eastern Massachusetts and parts of Rhode Island.² The MBTA is the fifth largest transit agency based on ridership in the United States and has an annual budget of \$2.55 billion for fiscal year 2023.

The MBTA currently serves 175 cities and towns in the greater Boston metropolitan area. With a workforce of roughly 6,500 employees, the MBTA operates 24-hours-per-day, 7-days-per-week. The majority of the MBTA's employees are members of one of 29 unions and work pursuant to one of 17 collective bargaining agreements.

Almost 90% of the MBTA's employees are engaged in operations, construction or maintenance functions; the remaining 10% perform police, security, safety or administrative functions. Operations employees are those who work, in some capacity, to transport riders throughout the MBTA's network, including those who work in light rail, heavy rail, commuter rail, bus, paratransit and ferry services.³

² M.G.L. c. 161A.

³ Light rail includes the MBTA's Green Line trains. Heavy rail is commonly referred to as a subway line, and includes the Orange, Red and Blue Lines.

III. The MBTA Transit Police Department

The MBTA maintains a Transit Police Department (TPD) to patrol the MBTA transit system, which spans 175 cities and towns.

TPD is a civil service police department with full police powers. TPD's workforce of approximately 270 employees includes police officers and administrative staff.⁴ The department is comprised of three divisions:

1. The **Patrol Operations** division includes officers and supervisors who work in the field and patrol MBTA stations, buses, subways, trains and special events.
2. The **Investigative Services** division investigates all crimes and incidents on MBTA properties, buses, subways and trains.
3. The **Administrative Services** division provides internal administrative support.

The department's police officers patrol 145 transit stations within the MBTA's five primary transit lines: the Blue, Orange and Red subway lines; the Green light rail line; and the Silver bus line. The department also responds to incidents on the 12 commuter rail lines that the MBTA owns, but which an outside vendor, Keolis Commuter Services, operates.

IV. The Taxpayer Protection Act and Waiver from Provisions of the Taxpayer Protection Act

In 1993, the Massachusetts Legislature passed the Act Providing for the Delivery of State Services in a Fiscally Responsible Manner (the Taxpayer Protection Act).⁵ The Taxpayer Protection Act establishes a process that state agencies and applicable authorities, such as the MBTA, must follow before hiring a private company to perform services that (1) are valued at \$500,000 or more; and (2) "are substantially similar to and in lieu of" services that employees of the agency already provide.⁶ Hiring a company to provide services that public employees had performed is commonly referred to as privatization.

In July 2015, the Legislature passed a law exempting the MBTA from the provisions of the Taxpayer Protection Act for three years, from July 1, 2015 through July 1, 2018 (the privatization waiver).^{7, 8}

⁴ MASS. BAY TRANSP. AUTH., *Request For Proposals 90-17: Public Safety Dispatch Services* (2017).

⁵ M.G.L. c. 7, §§ 52-55.

⁶ One part of this process, for example, requires the State Auditor to review all agency requests to privatize services.

⁷ Section 196 of Chapter 46 of the Acts of 2015.

⁸ Between 2015 and 2018 the MBTA used the privatization waiver to outsource seven services. This is the second contract that the ISAU has reviewed.

The privatization waiver also requires the Office to review all contracts that the MBTA entered into pursuant to this exemption and issue a report within 90 days after the complete performance of such a contract. Specifically, the Office must review:

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. An analysis of whether the cost of the contract exceeded the benefits derived from the contract.

In September 2017, the MBTA entered into a contract with IXP Corporation (IXP) to provide police dispatch services for TPD. The MBTA's contract with IXP concluded on September 24, 2022, and the MBTA issued the final payment to IXP on September 22, 2022. In accordance with the privatization waiver, this report sets out the Office's review of the MBTA's privatization of police dispatch services.

V. History of TPD Police Dispatch

Part of TPD's role included answering calls and dispatching TPD officers to respond to incidents throughout the MBTA system. Before hiring IXP to handle police dispatch services, TPD police officers staffed the dispatch center and performed all dispatch functions for the department.

The Transit Police Department operated its dispatch center at police headquarters in Boston. Police officers staffed three shifts per day. TPD staffed its two daytime shifts (7:00 a.m. to 3:00 p.m. and 3:00 p.m. to 11:00 p.m.) with at least three call takers or dispatchers, and it staffed the night shift (11:00 p.m. to 7:00 a.m.) with a minimum of two call takers or dispatchers. The ISAU could not determine exact staffing levels, however, because the TPD did not maintain records of which, or how many, officers worked in dispatch services.

"Police dispatch services" refers to answering and processing emergency and non-emergency calls that a police department receives. After call intake, the dispatcher directs the appropriate personnel (usually, police officers) and equipment as necessary.

VI. The MBTA's Decision to Privatize Police Dispatch Services

The MBTA reported to the Legislature that the goal of privatizing police dispatch services was to reduce operational costs, as well as return police officers to patrol duties and to their mission of protecting and assisting customers.⁹ In a September 2017 presentation to the Fiscal and Management

⁹ MASS. BAY TRANSP. AUTH., *Fiscal and Management Control Board Annual Report to the Legislature* (2017).

Control Board (FMCB), the MBTA reported that using civilian staff to handle dispatch services is standard for large police departments.¹⁰

The MBTA also indicated that privatizing police dispatch services would help the authority save money by reducing its reliance on overtime to fully staff its dispatch operations. Based on these factors, the MBTA determined that hiring a company to handle dispatch services was the best solution for the MBTA both financially and operationally.

On June 22, 2017, the MBTA issued a request for proposals (RFP), which ultimately resulted in hiring IXP to handle police dispatch services.¹¹ An RFP is a solicitation method used to source goods or services. An RFP should communicate the goods or services that the MBTA needs and the requirements a company needs to meet in order to be selected to provide the goods or services.

In this case, one company, IXP, submitted a proposal in response to the MBTA's RFP. After reviewing the single bid, the authority recommended to the FMCB that the MBTA hire IXP to provide police dispatch services. The FMCB approved hiring IXP to handle police dispatch services. The MBTA's procurement is discussed further in the [Evaluation of the MBTA's Procurement Process](#) section.

VII. The Contract with IXP for Police Dispatch Services

Following the procurement process, the MBTA entered into a contract with IXP, titled Memorandum of Agreement (contract). The original contract term was September 25, 2017 through September 24, 2020, with the option to extend the contract for up to two more years. The contract provided for a 60-day transition period, during which IXP was to hire and train staff, develop policies and prepare to take over the dispatch center.

On November 28, 2017, IXP reported that the company had adequate staff and it began training employees. By December 9, 2017, IXP integrated its employees into the dispatch center to work alongside TPD officers. On January 6, 2018, 103 days after the contract began, IXP fully assumed its role in the dispatch center.

A. Contract Period and Cost

While the contract was originally for three years, the MBTA exercised its option to extend the contract for an additional two years. The contract with IXP was a flat-rate contract. This means that the company provided all contract services at a fixed price for each month of service. For the first 36 months of the contract, the rate was \$80,418.67 per month. The parties agreed to increase the rates for option

¹⁰ The FMCB was the MBTA governing body between July 17, 2015 and June 30, 2021.

¹¹ MASS. BAY TRANSP. AUTH., *RFP 90-17: Public Safety Dispatch Services* (2017). The date on the RFP is June 19, 2016, but that is incorrect. The MBTA issued the RFP in June 2017.

years one and two to \$105,420 per month and \$112,800 per month, respectively. Figure 1 outlines the original contract period and two option years.

Contract Description	Contract Period	Services Added or Changed from Original Contract	Annual Contract Rates
Original Contract Period	September 25, 2017 – September 24, 2020 ¹²	February 1, 2018: Change request reduced minimum staffing requirements for overnight shift.	\$965,024
Option Year One	September 25, 2020 – September 24, 2021 ¹³	Updated staffing model to include on-site managerial personnel. Increased IXP employee pay rates.	\$1,265,040
Option Year Two	September 25, 2021 – September 24, 2022 ¹⁴	Updated the staffing model to include two training officers and a new regional project director. Provided for IXP employee bonuses and additional increased IXP employee pay rates.	\$1,353,600

Figure 1: IXP Contract Timeline.

B. IXP's Scope of Work

Under the contract, IXP was required to handle various aspects of the TPD dispatch center. This included answering both emergency and non-emergency calls, as well as other requests for service (altogether known as “intake calls”), and dispatching TPD police officers and resources as needed. Pursuant to the contract, IXP's essential functions were:

1. Answering telephones and monitoring other systems and radios to obtain information about emergencies;
2. Determining nature of response, calling in required personnel and dispatching appropriate fire, police and other resources to the scene;
3. Relaying messages to various department personnel regarding emergencies;
4. Calling in assistance from other communities in accordance with procedures and protocols;

¹² The Memorandum of Agreement stated that the contract would terminate on September 14, 2020. The MBTA confirmed that the termination date written in the contract was incorrect. The correct date of termination was September 24, 2020.

¹³ In Amendment No. 1 to the contract, the MBTA listed the end date for the option year as September 14, 2021. The MBTA confirmed that this termination date was a typographical error. The correct date of termination was September 24, 2021.

¹⁴ In Amendment No. 2 to the contract, the MBTA listed the end date for the option year as September 14, 2022. The MBTA confirmed that this termination date was a typographical error. The correct date of termination was September 24, 2022.

5. Operating emergency signaling devices, radios, telephones, related computers and other specialized equipment; and
6. Responding to non-emergency calls and providing assistance or referrals.

All IXP employees working at the TPD dispatch center had to be certified telecommunicators. For this contract, the term “telecommunicator” collectively refers to IXP employees who answered intake calls and dispatched resources from the TPD dispatch center. The required 40-hour basic telecommunicator course provided individuals with basic knowledge and skills to understand how a dispatch center operated, as well as their role within the center.

The contract originally required IXP to staff the dispatch center with at least three telecommunicators per shift. On February 1, 2018, TPD and IXP amended the contract to allow IXP to staff two telecommunicators for the third shift, which ran from 11:00 p.m. to 7:00 a.m.

The contract also included a penalty if IXP did not provide the minimum level of staffing for a work shift. The contract provided that IXP could have one understaffed shift in a month before the penalty took effect. After one instance of an understaffed shift, the contract allowed the MBTA to fine IXP \$1,000 for each subsequent understaffed shift that month.

Apart from changing the staffing model, as discussed above, IXP’s core responsibilities remained consistent throughout the duration of the contract.

C. TPD Responsibilities in the Dispatch Center

As discussed above, before hiring IXP, the Transit Police Department staffed the dispatch center with police officers. Under the contract with IXP, a lieutenant or sergeant continued to work in the dispatch center as the duty supervisor.¹⁵ TPD also continued to assign a police officer to work in the monitor room.¹⁶ These TPD employees continued to work alongside IXP employees, while IXP handled answering intake calls and dispatching police resources.

The contract outlined other Transit Police Department responsibilities. For example, TPD maintained and supported the dispatch center, including providing necessary software and technology. TPD also provided general operational oversight of IXP employees and appointed one individual, a contract administrator, to manage the contract.

¹⁵ The duty supervisor oversaw all dispatch operations, the monitor room and the booking of inmates. The duty supervisor had operational, but not administrative, oversight of IXP employees.

¹⁶ The monitor room is located within the TPD dispatch center. The room contains specialized equipment for communications and video surveillance. The monitor room operator conducted criminal records checks and warrant checks for officers in the field and observed the video surveillance system. When needed, the operator also answered intake calls.

VIII. The ISAU's Scope and Methodology

By statute, this Office must analyze all contracts that the MBTA entered into pursuant to its exemption from the Taxpayer Protection Act. Specifically, Section 196 of Chapter 46 of the Acts of 2015 requires the ISAU to review the following four topics:

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

The ISAU's review was extensive and included evaluating MBTA, TPD and IXP documents, including meeting minutes, contract documents and amendments, financial transactions, accounts payable data and invoices, and call-intake data. The ISAU met with 17 current and former MBTA employees, including employees from TPD and the MBTA's procurement and information technology departments. The ISAU also met with IXP senior management, on-site management and telecommunicators regarding the contract and services provided to TPD. The ISAU took several steps to assess the quality of IXP's services, including evaluating IXP monthly performance reports and data that IXP and TPD produced, such as the time taken to dispatch resources.

The ISAU reviewed presentations and minutes from FMCB meetings leading up to and following the privatization. The ISAU also read the MBTA's annual reports to the Legislature for 2016 through 2018, as well as the MBTA procurement manual and available documents the MBTA developed during the procurement process.

The MBTA and TPD were not always able to provide information or documents for the ISAU's review and analysis. Types of documents that they were not able to provide included records regarding staffing, including which police officers worked in the dispatch center before the MBTA's contract with IXP. The MBTA also could not provide numerous documents related to the procurement process. For example, the MBTA did not provide its internal summary and decision-making document that outlined the procurement process the MBTA followed.

EVALUATION OF THE MBTA'S PROCUREMENT PROCESS

As part of its review, the Office must evaluate the competitiveness and fairness of the MBTA's procurement of police dispatch services. As described above, the ISAU has been hampered in its review by the MBTA's inability to provide all documents from the procurement process. In an effort to capture all relevant information, the ISAU requested additional records covering the procurement period. The ISAU recently received, and is continuing to review, those records, which were produced two weeks before the statutory deadline for issuing this report. Accordingly, the ISAU is issuing this report based on the information it has reviewed to date. Once the ISAU has completed its review of the additional records, the ISAU will issue a supplemental report regarding the MBTA's procurement process, if such action is warranted.

Fair and competitive procurements create equal opportunity for companies seeking to do business with the government and produce better value to a government agency.¹⁷ The MBTA created its [procurement manual](#) to establish uniform procedures for the authority to use in its procurements of goods and services. The procurement manual is available on the MBTA's website. Therefore, when responding to an invitation for bids or a request for proposals (RFP) for goods and services, companies have access to the procurement rules and decision-making principles the MBTA uses. This establishes the procurement and evaluation expectations of the MBTA, as well as for those who bid for MBTA contracts, creating a fair and competitive process.

The MBTA did not use federal funds for the procurement of police dispatch services. However, since the MBTA sometimes uses federal funds for procurements, the MBTA's procurement manual incorporates a variety of the Federal Transit Administration's (FTA) procurement rules and methods. Notably, the manual states that:

Because MBTA procurements can involve the use of FTA grant funds, these procedures adhere to the FTA Circular 4220.1F.¹⁸ For convenience, the MBTA has also opted to use the FTA Circular 4220.1F for procurements not involving FTA grant funds (*i.e.*, procurements solely using state funds) and, therefore, another goal of these procedures is to provide contracting guidance to all personnel throughout the MBTA when these procedures apply.¹⁹

¹⁷ For simplicity, the ISAU uses the term "company" in this section broadly to refer to all entities interested in MBTA procurements, including government agencies, county governments and nonprofit organizations.

¹⁸ FTA Circular 4220.1F provides contracting guidance for recipients of FTA funds when recipients use those funds to finance their procurements.

¹⁹ MASS. BAY TRANSP. AUTH., *MBTA Procurement Manual*, Chapter 1, at 3 (2019).

The MBTA conducted two procurements for police dispatch services, one in 2016 and the second in 2017. As discussed in the next section, the MBTA canceled the first RFP it issued. The second procurement resulted in the contract with IXP.

As previously stated, the ISAU's review of the MBTA's procurement of police dispatch services is ongoing. The following sections reflect the information reviewed by ISAU, which was provided by the MBTA by the production deadline.

A. First Procurement, February 2016

The MBTA issued the first RFP for police dispatch services on the authority's [Business Center website](#) on February 16, 2016. This is a public website where prospective bidders may view open MBTA procurement requests. MBTA employees stated that in 2016, whenever it advertised a new RFP on the Business Center, it sent a notification to every company that had signed up to receive information about MBTA procurement opportunities. Therefore, for the first RFP, the MBTA alerted 1,199 companies that the MBTA sought a third party to handle police dispatch services.²⁰

The original deadline for responding to the RFP was March 15, 2016. The authority extended the deadline twice through addenda to the RFP, resulting in a final submission deadline of April 14, 2016.

IXP, G4S Secure Solutions (G4S) and the Essex County Regional Emergency Communications Center (ECRECC) responded to the RFP, submitting proposals to the MBTA. The MBTA formed an evaluation and selection committee (committee) to review and evaluate the three proposals. The committee consisted of one employee from the Transit Police Department and two employees from the MBTA's procurement department.

The committee deemed G4S's and IXP's proposals to comply with the technical criteria in the RFP. The committee considered ECRECC's proposal to be non-responsive and as a result, disqualified ECRECC from the procurement.²¹ After the technical evaluation of the proposals, MBTA employees reviewed the accompanying price proposals from IXP and G4S. MBTA procurement documents provided to the ISAU do not contain the companies' price proposals. According to one MBTA document, G4S's proposed cost was \$1,128,941 per year of the contract.²²

Following the price evaluations, MBTA employees met with IXP in May 2016 and requested a best and final offer for the company's price proposal.²³ The ISAU received no documentation

²⁰ Because companies across numerous industries requested to learn about open MBTA procurements, not all the companies the MBTA notified provided similar services. For example, the list of companies the MBTA notified included providers of office furniture and other office supplies.

²¹ The ISAU could not verify the justification for disqualification. The MBTA did not retain the proposals that G4S and ECRECC submitted.

²² MASS. BAY TRANSP. AUTH., *Staff Summary*, at 4 (July 18, 2016). The MBTA did not retain the actual bid or price proposal.

²³ A best and final offer is the lowest price a company is willing to offer for the proposed services.

demonstrating that the MBTA requested a best and final offer from G4S. IXP's final proposed cost for the contract was \$2,039,076 for each of the first three years of the contract.²⁴

After receiving IXP's best and final offer, the committee selected IXP to recommend to the FMCB for approval. The committee noted that IXP's proposal was not the lowest-priced, technically acceptable offer. The committee reported, however, that it determined IXP's proposal offered additional technical merit that justified the higher cost and that the proposal was the "most advantageous to the MBTA, with price and other factors considered."²⁵ This reasoning for awarding the contract mirrors language included in the RFP.²⁶

On July 18, 2016, MBTA procurement and Transit Police Department employees recommended to the FMCB that the board approve hiring IXP to handle police dispatch services for a three-year period, with two additional one-year option periods. However, board members expressed concerns related to the contract's cost and requested information regarding the public process that the procurement department had followed. Therefore, the FMCB deferred action on the proposed contract and requested the employees return to the FMCB to address the board's concerns. Ultimately, the MBTA and TPD decided not to proceed with the 2016 RFP and, instead, issued a new, revised RFP.

B. Second Procurement, June 2017

The MBTA issued a second RFP for police dispatch services on June 22, 2017. The authority posted this RFP on [COMMBUYS](#), which is the official procurement system for the Commonwealth of Massachusetts. The state's Operational Services Division manages COMMBUYS. Companies interested in doing business with state agencies can view open bids on the public website and sign up for electronic notifications when agencies post bid opportunities for goods or services. When the MBTA posted the second RFP on COMMBUYS, the system sent email notifications about the RFP to 33 companies interested in solicitations for police services. The recipients included IXP but did not include G4S and ECRECC. MBTA employees stated that, to their knowledge, the MBTA did not notify G4S and ECRECC by other means outside of the COMMBUYS system.

The second RFP differed from the first RFP in a few notable ways, including a smaller scope of work, reduced minimum staffing levels, elimination of on-site management, enhanced reporting and removal of a performance bond.²⁷ In the first RFP, for example, the MBTA stated that it was seeking a

²⁴ In its best and final offer, submitted to the MBTA on May 20, 2016, IXP stated that its final price proposal was \$2,039,076 per year. On July 18, 2016, MBTA employees presented an annual cost of \$2,029,476 to the FMCB for approval. Because a lack of records, the ISAU could not determine whether this was an intentional change due to further negotiation, or an error.

²⁵ MASS. BAY TRANSP. AUTH., *Staff Summary*, at 4-5 (July 18, 2016).

²⁶ MASS. BAY TRANSP. AUTH., *RFP 21-16: Public Safety Dispatch Services*, at 13 (2016) ("For purposes of this procurement, all evaluation factors other than price, when combined, are more important than the lowest price. Therefore, the MBTA may select other than the lowest price, technically acceptable offer if it is determined that the additional technical merit offered is worth the additional cost relative to other proposals received.")

²⁷ A performance bond is a financial guarantee obtained from a contractor to ensure completion of all contract obligations.

company to handle all call-taking and dispatch functions of the police dispatch center. To that end, the RFP required minimum staffing of five telecommunicators during two daytime shifts, with one of those telecommunicators serving as a working supervisor, and three telecommunicators during the overnight shift. Additionally, the first RFP required the company to staff the monitor room with one of the telecommunicators.

In the second RFP, the MBTA indicated that it was seeking a company to handle a smaller portion of police dispatch functions in the dispatch center. Therefore, the second RFP reduced the overall staffing requirement. Specifically, the RFP removed the monitor-room duties from the scope of work and only required the company to provide three telecommunicators for each of the three shifts. Further, the RFP no longer required an on-site working supervisor. Instead, the second RFP only required an on-call manager available 24-hours-per-day, 7-days-per-week. In the second RFP, the MBTA also required enhanced reporting to the MBTA on staffing levels and employee training certifications. Lastly, the second RFP no longer required companies to provide a performance bond.

The deadline for responding to the second RFP was July 14, 2017, or 22 days from the date the MBTA posted the RFP on COMMBUYS. The MBTA stated that IXP was the only company to submit a proposal.

The MBTA formed a new evaluation and selection committee (committee) to review and evaluate IXP's proposal. The committee again consisted of one employee from the Transit Police Department and two employees from the procurement department, although the TPD employee and one of the two procurement department employees were different individuals from those on the 2016 committee. The MBTA reported it was unable to provide the ISAU with many of the records of the evaluation and subsequent contract negotiations.

On September 11, 2017, the MBTA's chief transformation officer and a Transit Police Department employee presented a recommendation to the FMCB that the board approve hiring IXP to provide police dispatch services. The recommendation presentation noted that IXP's proposal was the sole submission for the procurement, that the proposal met the technical criteria of the RFP and the committee's recommendation was unanimous. The same day, the FMCB voted to authorize the MBTA to execute a five-year contract with IXP for police dispatch services.

In its response to the RFP, IXP had proposed a fixed-price annual rate of \$999,000 for each of the five years of the contract period (the three-year original contract period and two potential option years).²⁸ The MBTA and IXP negotiated a lower annual rate of \$965,024, however. The FMCB approved this rate of \$965,024 for the five years, with a total contract amount not to exceed \$4,825,120.

²⁸ In its price proposal, IXP stated that the "MBTA's cost will be the same in month #60 as it is in month #1." IXP CORPORATION, *Public Safety Dispatch Services Proposal – Price Proposal*, at 2 (July 14, 2017).

The contract officially commenced on September 25, 2017.²⁹ After a transition period, IXP fully assumed its duties in the police dispatch center on January 6, 2018.

As noted above, the ISAU recently received documents, and it continues to review additional records covering the procurement period. The ISAU will issue a supplemental report once it completes this analysis, should the content of the material warrant such action.

²⁹ The signed contract states that the contract commenced on September 25, 2017. However, correspondence from the MBTA to IXP titled "Notice to Proceed," which notified IXP that it should proceed with work pursuant to the contract, is dated October 4, 2017.

ANALYSIS OF THE QUALITY OF SERVICES

The Legislature required the Office to evaluate the quality of the services provided under the IXP contract. Despite knowing the criteria in advance due to the inclusion of the criteria of the original legislation, the ISAU could not fully evaluate the quality of IXP's services because IXP, TPD and the MBTA did not maintain records of the company's performance. Based on the available records, the ISAU found that IXP performed its essential job functions and partially met two of the four performance metrics in the contract. IXP also performed some, but not all, of the additional services in the contract. Furthermore, TPD employees familiar with IXP's services were generally satisfied with IXP's performance.

As set out in the contract, IXP's primary services included answering intake calls to the TPD dispatch center and dispatching police officers and equipment as needed. The ISAU found that throughout the five-year contract period, the company received only one complaint regarding its dispatching services.³⁰ Also, IXP performed its essential job functions throughout the contract, as outlined in the statement of work. These included:

1. Answering telephones and monitoring other systems and radios to obtain information about emergencies;
2. Determining nature of response, calling in required personnel and dispatching appropriate fire, police and other resources to the scene;
3. Relaying messages to various department personnel regarding emergencies;
4. Calling in assistance from other communities in accordance with procedures and protocols;
5. Operating emergency signaling devices, radios, telephones, related computers and other specialized equipment; and
6. Responding to non-emergency calls and providing assistance or referrals.

The ISAU could not fully evaluate the quality of IXP's services because IXP, TPD and the MBTA did not maintain adequate records of the company's performance. In addition, the contract did not include metrics sufficient to track and evaluate IXP's full performance.

The ISAU therefore evaluated IXP's services in six ways. First, the contract between the MBTA and IXP established four areas in which TPD would measure and evaluate IXP: call-answer time; dispatch time; minimum staffing levels for telecommunicators; and general managerial and operational performance. The ISAU reviewed each of these performance metrics, as well as additional staffing

³⁰ Having only one written complaint during this contract period raises other questions, nonetheless only one written complaint was received.

requirements. Next, the ISAU evaluated whether IXP fulfilled other, administrative tasks and deliverables in its contract. Lastly, the ISAU interviewed TPD staff who regularly interacted with IXP regarding IXP's services.

Based on its review, the ISAU found that IXP:

1. Did not calculate or report on the call-answering metric;
2. Did not meet the call-dispatch metric;
3. Did provide the agreed-upon staffing levels for the dispatch center over 98% of the time, based on a sample of months the ISAU reviewed, and employed a center manager as required;
4. Did not employ a lead telecommunicator for 685 days (37.53%) of the contract;
5. Did not meet general managerial and operational requirements;
6. Did complete some, but not all, services outlined in the contract, including administrative tasks and reports; and
7. Did receive favorable views from TPD staff.

Throughout this review, IXP represented that TPD or the MBTA agreed that IXP did not need to comply with certain metrics, services and responsibilities in the contract, including dispatch times, certifications for telecommunicators, and certain operational and management services. TPD did not produce written amendments that supported these assertions, and the contract required all contract changes to be executed in writing. By contrast, the parties in fact executed an amendment to reduce TPD's minimum staffing levels. The Office determined that it was appropriate to evaluate IXP using the metrics, services and other requirements in the contract. First, the MBTA's RFP explicitly stated that the vendor had to meet most of these requirements and, in its response to the RFP, IXP represented that it could meet them. IXP's price proposal was based on the entire scope of services in the MBTA's RFP.³¹

Second, following the procurement, IXP and the MBTA negotiated a detailed, 49-page contract that included the metrics, services and requirements used in this review. IXP promotes its business as a market leader for public safety services and it operates in several states across the country. According to its website, IXP has "decades of expertise in emergency call center management."³² As stated above, the company agreed to the provisions used in this review. The agreed-upon contract rate reflected that IXP would perform all required tasks outlined throughout the contract.

Finally, the parties knew how to modify the contract, as demonstrated by the amendment reducing IXP's minimum staffing requirement for the third shift. By contrast, the parties never amended

³¹ IXP CORPORATION, *Public Safety Dispatch Services Proposal – Price Proposal*, at 1 (July 14, 2017).

³² IXP CORPORATION, *What We Do*, available at <https://www.ixpcorp.com/services/> (last visited 12/22/2022).

the contract to remove or modify these other contract provisions. Nor did the parties reduce the monthly rate to account for any services that IXP was not providing or requirements it did not have to meet.

Finding 1: TPD did not monitor the call-answering metric outlined in the contract. Instead, TPD and IXP tracked average call-answering times.

The contract required IXP to answer intake calls within 10 seconds for at least 90% of all calls. IXP needed to meet this metric within 60 days following the cutover date.³³ However, IXP did not track or report how long it took to answer intake calls. The ISAU could not independently calculate IXP's performance for this metric because TPD did not maintain all necessary data. Although TPD retains call-answer data for 25 months, the ISAU found the data incomplete and unusable to perform an analysis.

As a result, the ISAU could not evaluate whether IXP met this metric.

Finding 2: IXP did not meet the call-dispatch metric outlined in the contract.

The contract required IXP to dispatch police officers and other appropriate resources within 60 seconds of receiving either a non-emergency call or an emergency call. IXP needed to meet this metric for 90% of all calls. This metric went into effect following the cutover date.

TPD maintained call-dispatch data for all years of the contract. To evaluate whether IXP met this performance metric, the ISAU reviewed dispatch data for the period of January 6, 2018 through September 24, 2022.³⁴ The ISAU began its evaluation on January 6, 2018 because IXP began operating the dispatch services on this date.

The ISAU calculated the length of time between the IXP telecommunicator answering a call and the time when the telecommunicator dispatched the applicable resources. Based on this analysis, the ISAU found that IXP failed to meet the metric. As shown in Figure 2 below, IXP did not dispatch resources for emergency and non-emergency calls within 60 seconds, at least 90% of the time, during the contract. The ISAU aggregated IXP's dispatch performance for each year.³⁵

³³ The "cutover date" is a term mentioned throughout the contract. Although the contract defines the term "cutover date" and includes a placeholder within the definition for the parties to finalize a date, the date field was blank in the contract. The ISAU was unable to determine the actual cutover date and, subsequently, when the MBTA should have begun holding IXP to the metric.

³⁴ The data contained blank entries for approximately 4% of the dispatched calls. The ISAU omitted from its analysis all calls that had a blank dispatch time.

³⁵ IXP does not assert that it met this metric. To the contrary, the company's monthly reports to TPD reflected that it did not. Shortly before the Office's report deadline, however, IXP management stated to the ISAU that TPD had separate call-answer and dispatch systems that were not interconnected and, therefore, did not capture the full length of time between call answer and call dispatch. Therefore, IXP asserted that the metric could not be tracked. The ISAU was unable to confirm IXP's assertion. Further, IXP specifically stated in its response to the RFP that it would meet this performance metric.

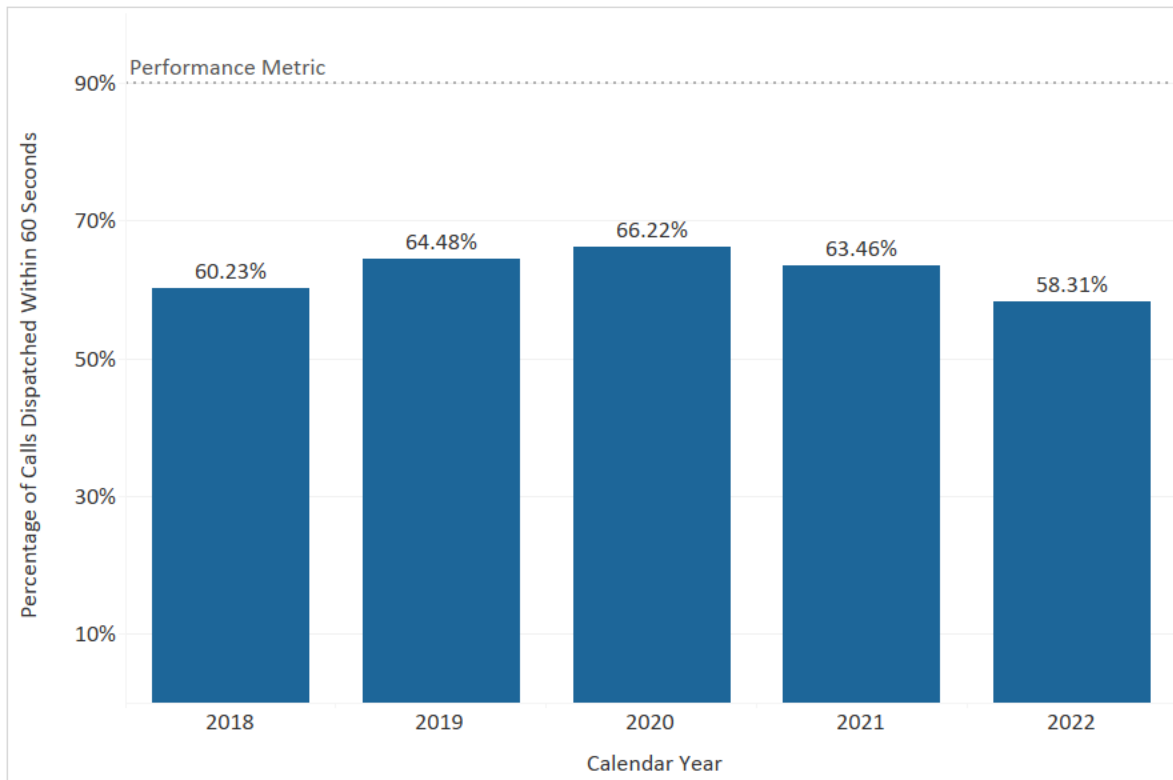


Figure 2: Percentage of Calls Dispatched Within 60 Seconds.

The ISAU also used the TPD's dispatch data to calculate the company's average annual dispatch time. Figure 3 below outlines IXP's average dispatch time for calendar years 2018 through 2022.³⁶

Calendar Year	Total Calls	Average Dispatch Time
2018 ³⁷	48,940	1 minute, 27 seconds
2019	63,500	1 minute, 21 seconds
2020	57,577	1 minute, 14 seconds
2021	57,194	1 minute, 23 seconds
2022 ³⁸	36,638	1 minute, 45 seconds

Figure 3: Average Dispatch Time by Year.

³⁶ The data contained blank entries for approximately 4% of the dispatched calls. The ISAU omitted from its analysis all calls that had a blank dispatch time.

³⁷ Data for 2018 includes January 6 through December 31.

³⁸ Data for 2022 includes January 1 through September 24.

Finding 3: IXP did not meet the requirements in the contract relating to management and operations.

The contract provided that TPD would measure and evaluate IXP's general managerial and operational performance. Specifically, the contract outlined three areas for review: certifications, internal training and audit, and a continuous quality improvement program. The ISAU found that IXP did not fully achieve any of the three performance requirements. Therefore, the ISAU found that IXP did not meet the requirements in the contract relating to management and operations.

A. Certifications

According to the contract, each IXP telecommunicator was required to maintain applicable certifications.^{39,40} Section 4.2 of the contract also outlined required trainings for IXP telecommunicators who worked in the dispatch center. The required trainings and certifications included:

1. 40-hour basic telecommunicator training via a state-approved agency;
2. Cardiopulmonary resuscitation (CPR)/Automated external defibrillator (AED) certification (required every two years);
3. Emergency medical dispatch certification (required every two years);
4. 9-1-1/PALLAS/VESTA, which is a call-handling system for managing critical response.
5. An additional 16 hours of advanced training each year.

The ISAU reviewed IXP's training records for telecommunicators who worked at the TPD dispatch center. Of the 75 telecommunicators who worked over the course of the contract, the ISAU identified one employee that should have had the 40-hour basic telecommunicator certification and did not. IXP reported that this certification was in progress. IXP and TPD did not enforce the remaining certification requirements for telecommunicators. Further, IXP could not provide records for 18 employees, but 17 were employed for less than four months. Finally, neither IXP nor TPD tracked whether employees met the 16-hour advanced training requirement. IXP could not verify to the ISAU that any employee took the additional 16 hours of advanced training each year.

Basic telecommunicator certification. All IXP employees working at the TPD dispatch center had to be certified telecommunicators. The required 40-hour basic telecommunicator course provided individuals with basic knowledge and skills to understand how a dispatch center operated, as well as their role within the center. IXP required employees to complete the 40-hour basic telecommunicator training within four months of an employee's hiring.

³⁹ MASS. BAY TRANSP. AUTH., *MBTA Executed Agreement* (2017), Statement of Work, Section 6.2, at 20.

⁴⁰ The center manager was also required to have certain certifications.

The ISAU reviewed IXP's training records to evaluate whether all telecommunicators who worked at the TPD dispatch center attended the 40-hour basic telecommunicator course. Of the 75 IXP employees reviewed, IXP did not provide certifications for 18 current and former employees. Of those 18 employees, only one was with the company for more than four months. IXP hired this employee in March 2022 and, at the time of reporting, was still an IXP employee. When the ISAU inquired about this employee's certification status, IXP reported that the training was pending.

All other certifications. The IXP employees who worked at the dispatch center did not have the remaining certifications.

Training. IXP reported that telecommunicators attended ongoing trainings, which included topics such as active shooter, hostage and crisis negotiation, advanced fire service, critical incidents, suicide intervention, domestic violence and legal issues. However, neither IXP nor TPD tracked whether employees met the 16-hour requirement.

The ISAU analyzed IXP's training records and found that 19 current and former employees attended some relevant courses offered by the Federal Emergency Management Agency. It is possible that some employees met the 16-hour training requirement. IXP's records did not show that any IXP employee took 16 hours of advanced training every year, however.

B. Internal Training and Audit

The contract required IXP to develop a program to identify and correct staff training deficiencies. The contract required that the program would include assisting staff to correct those deficiencies and meet recertification requirements. IXP asserted that the company used its random call sample review, as described in more detail in the next section, to identify telecommunicators' deficiencies and necessary corrective training. As discussed below, IXP provided documentation that it performed call-sampling for 18 months of the five-year contract. IXP provided no other records regarding the internal training program and instead indicated the company combined it with the quality assurance program discussed below.

The contract also required IXP to audit MBTA technology and dispatch center-related business processes once a year at no additional cost to the MBTA. Related to the annual technology and dispatch-center-related business process audit, IXP confirmed that the company did not perform this audit.

C. Quality Assurance Program

The MBTA required IXP to have a quality assurance program (also called a continuous quality improvement program) to evaluate IXP employees' call-answering and dispatch skills and improve the services provided in the dispatch center. Part of the program, for example, was supposed to include IXP's routine review of a sample of calls.

In a September 2017 presentation to the FMCB, the MBTA promoted this quality assurance program as an important aspect and benefit of privatizing police dispatch services. Specifically, the MBTA conveyed that the quality assurance program would improve customer service for 9-1-1 and non-emergency callers.⁴¹

First, IXP was supposed to work with the MBTA leading up to the cutover date to define a quality assurance program. The ISAU confirmed that IXP documented its quality assurance program within its standard operating procedures

Second, the contract required the quality assurance program to include, at a minimum, quality assurance record (QAR) forms, QAR standardized rating guidelines and QAR operating procedures. The contract also required IXP to review a minimum number of dispatch calls per month to ensure dispatchers performed services correctly. For the first two months after IXP assumed police dispatch services, IXP was supposed to review 30 calls per month. Thereafter, IXP was supposed to review 15 calls per month.

The ISAU found that IXP did follow the program with respect to creating QAR forms, QAR standardized rating guidelines and QAR operating procedures. The ISAU could not conclude that IXP reviewed the required number of dispatch calls per month. IXP's on-site center manager reported to the ISAU that she reviewed a random sample of dispatcher calls daily. IXP management reported that the center manager gave feedback to the telecommunicators. Further, the company noted that it reported on the call sampling review in some monthly performance reports to TPD.

The ISAU reviewed all 57 monthly reports that IXP prepared for TPD during the contract period. Only two monthly reports (June 2022 and July 2022) included records of IXP's internal review of random dispatch calls. IXP provided internal reports showing it performed random call-sampling reviews for an additional 16 months, which IXP did not report to TPD. Based on IXP's records, the ISAU found that IXP completed the random call review for 18 months of the contract period.

Finding 4: IXP met the minimum staffing requirements for telecommunicators for 98.4% of the shifts reviewed. IXP also employed a center manager during the option years as required. However, IXP did not employ a lead telecommunicator for 685 days (37.53%) of the contract.

The contract included a performance metric that required IXP to provide a minimum number of telecommunicators for each shift. In addition to this performance metric, the contract required IXP to employ a lead telecommunicator. Furthermore, starting in option year one, IXP was required to provide a center manager for the dispatch center.⁴²

⁴¹ MASS. BAY TRANSP. AUTH., *Transit Police Dispatch Update: Proposed Third Party Provider* (September 11, 2017).

⁴² The contract performance metric only required the minimum number of telecommunicators per shift.

The ISAU analyzed IXP's staffing for 1,188 shifts (21.70% of all shifts) and concluded that the company nearly always provided the minimum number of telecommunicators. However, the ISAU found that, based on the company's employment records, IXP did not employ a lead telecommunicator for 685 days (37.53%) of the contract. IXP did employ a center manager during the two option years, as required.⁴³

A. Telecommunicators

The contract originally required IXP to staff the dispatch center with a minimum of three telecommunicators per shift. On February 1, 2018, TPD and IXP amended the contract to allow IXP to staff two telecommunicators for the third shift, which ran from 11:00 p.m. to 7:00 a.m. Figure 4 outlines the minimum staffing requirements for each dispatch shift after the contract amendment went into effect. These requirements remained in effect until the contract ended in 2022.

Shift Name	Shift Hours	Minimum Staffing Requirements
First (A) Shift	7:00 a.m. to 3:00 p.m.	Three Telecommunicators
Second (B) Shift	3:00 p.m. to 11:00 p.m.	Three Telecommunicators
Third (C) Shift	11:00 p.m. to 7:00 a.m.	Two Telecommunicators

Figure 4: Minimum Staffing Requirements by Dispatch Center Shift.

The ISAU pulled a randomized sample of 13 months of IXP's shifts worked to review shift coverage throughout the contract. These 13 months accounted for 1,188 shifts, or 21.70% of all shifts, over the five-year contract period. The ISAU compared how many telecommunicators IXP reported having staffed for each shift compared to the minimum staffing requirements in the amended contract.

IXP met the minimum staffing requirements for 1,169 of the 1,188 shifts, or 98.40% of the time. During its analysis, the ISAU found that the company:

1. Did not meet the minimum staffing requirements for nine overnight, third shifts. On these shifts, IXP only provided one telecommunicator.
2. Did not meet the minimum staffing requirements for ten daytime shifts. On these shifts, IXP only provided two telecommunicators.

B. Lead Telecommunicator Role

The contract required IXP to staff a lead telecommunicator. IXP's on-site lead telecommunicator was supposed to manage day-to-day operational issues and administrative functions at the TPD dispatch center. Further, the lead telecommunicator was supposed to be a senior employee who assisted IXP management with recruiting, training, developing policies and procedures, and handling quality control.

⁴³ The ISAU reviewed IXP's employment records of who the company employed during the contract period with the position title of lead telecommunicator and center manager. The ISAU did not evaluate how often the individual was on-site.

As with telecommunicators, the lead telecommunicator had to be fully trained to answer calls and dispatch TPD officers and equipment.

The ISAU found that IXP did not employ a lead communicator for 685 days of the five-year contract.

1. Original Contract Period

In the first three years of the contract, the scope of work required that IXP employ a lead telecommunicator on site. However, the scope of work did not expressly define what hours, or shifts, the lead telecommunicator had to be at the TPD dispatch center.

The company did not have a lead telecommunicator for the entirety of the original contract period. However, the company hired a center manager on June 14, 2018.⁴⁴ The center manager's primary responsibilities included scheduling, hiring, training, discipline and coordinating all the resources needed for IXP staff to operate efficiently. IXP stated to the ISAU that the center manager could fulfill the role of the lead telecommunicator. Given the overlapping functions of the two positions, the ISAU treated the center manager position as equivalent to the lead telecommunicator role for purposes of reviewing the original contract period.⁴⁵

The ISAU analyzed IXP's employment records to understand when the company employed either a lead telecommunicator or center manager on staff to satisfy the role of lead telecommunicator. Based on IXP's employee roster, the company did not employ a lead telecommunicator or a center manager for 70 days during the first three years of the contract. Specifically, IXP did not employ a lead communicator from January 6, 2018 to February 25, 2018, and from May 26, 2018 to June 13, 2018. Therefore, IXP failed to meet this contract responsibility for 7.05% of the time after IXP fully assumed its responsibilities in the dispatch center.

2. Option Years 1 and 2

As discussed above, the MBTA and IXP agreed to extend the contract by executing option years one and two on September 25, 2020, and September 25, 2021, respectively. In the amendment to the contract to execute the first option year, IXP formalized the position of center manager and assigned the lead telecommunicator to the second shift. This change drew a clear distinction between the two positions. In the amendment to the contract to execute the second option year, IXP continued this changed staffing structure.

Given these formalized staffing changes, the ISAU reviewed IXP's employee records to understand when the company employed both a lead telecommunicator and a center manager. The

⁴⁴ IXP and the MBTA did not include the center manager position in the original contract. IXP hired a center manager on its own volition.

⁴⁵ In addition, the center manager was a certified telecommunicator, which was consistent with the role of a lead telecommunicator.

ISAU found that IXP did not employ a lead telecommunicator between January 17, 2021, and September 24, 2022 (or for 615 days across the two option years). Therefore, IXP failed to employ a lead telecommunicator for 84.25% of the two-year period.

C. Center Manager

IXP employed a center manager during the two option years and it therefore met that contract responsibility.

Finding 5: IXP performed some but not all additional services the contract required.

In addition to the services and tasks discussed in Findings 3 and 4, the contract required IXP to perform additional, administrative tasks. The ISAU found that IXP performed several of these additional services well, some were partially performed, and some were not performed at all. The ISAU based its assessment on interviews with both TPD and IXP management, as well as a review of related documents that IXP and TPD provided. Below highlights the ISAU's findings related to these additional contract services:

Additional Services Performed

1. IXP properly developed operational policies. For example, the company had documented organizational policies and standard operating procedures that TPD approved.
2. IXP also had a written directives system to help guide, inform, direct, clarify and document procedures and activities.
3. IXP appropriately handled all hiring and recruitment.
4. IXP developed a multi-week training plan specific to TPD operations and delivered a robust new-hire training program.

Additional Services Partially Performed

1. Neither IXP nor TPD initiated a formal schedule of bi-weekly or monthly meetings, as required by the contract. Instead, the parties reported that they interacted almost daily and discussed issues and deficiencies as they arose.
2. Although IXP submitted monthly and annual performance reports to TPD, they did not contain all required information. For example, the monthly reports did not contain staffing levels or the call-answering metric outlined in the contract.
3. IXP provided the ISAU with a sample feedback form the company created for TPD. IXP informed the ISAU that TPD chose to not use this form.

Additional Services Not Performed

1. IXP did not provide staffing reports to TPD.
2. IXP did not supply copies of its Equal Employment Opportunity and Affirmative Action Plan annually.
3. IXP did not conduct a bi-annual on-site evaluation.

Finding 6: TPD employees reported that, generally, IXP performed police dispatch services well.

The ISAU interviewed all current Transit Police Department employees who interacted with IXP telecommunicators on a regular basis and who had TPD dispatch experience. The TPD employees reported that, generally, IXP employees performed dispatch services well; in their opinion, however, IXP employees were not overly familiar with the MBTA transit system, and thus, sometimes, relied upon TPD personnel. Those interviewed conveyed that IXP should improve telecommunicators' knowledge of the MBTA system, and the locations and layouts of the stations in Greater Boston, which would have improved their ability to dispatch police officers to certain sites more efficiently.

TPD employees also expressed concern that IXP had a high employee turnover rate, which, at times, was disruptive to the dispatch center. Specifically, IXP's hiring of new employees required the company to train new telecommunicators often.

Quality of Services: Conclusion

As mentioned above, the ISAU could not fully evaluate the quality of IXP's services because IXP, TPD and the MBTA did not maintain records of the company's performance. Furthermore, the contract did not include metrics sufficient to track and evaluate IXP's full performance.

Based on the available information, the ISAU found that IXP performed the essential dispatch functions outlined in the contract. In addition, based on the ISAU's sampling, IXP met the minimum staffing requirements for telecommunicators over 98% of the time. Minimum staffing was critical to providing dispatch services. IXP also performed some administrative tasks well, including developing policies and training new employees. Moreover, TPD employees who worked with IXP were generally pleased with IXP's performance. Further, during the five-year contract period, the company received only one complaint regarding its dispatching services.⁴⁶

⁴⁶ Having only one written complaint during this contract period raises other questions, nonetheless only one written complaint was received.

On the other hand, IXP did not track one of the four metrics in the contract: call-answer times.⁴⁷ According to the MBTA, call-answer time was a key metric in evaluating the responsiveness and effectiveness of a dispatch center. IXP also never met the call-dispatch metric, which required it to dispatch resources within 60 seconds for 90% of all calls. Further, IXP did not employ a lead telecommunicator for 685 days (37.53%) of the contract. It also did not meet several aspects of the performance metric for management and operations, including requirements related to certifications, advanced training and audits.

The ISAU discusses improvements and recommendations for the MBTA's contract administration and vendor oversight in the [Areas for Improvement and Recommendations](#) section. See Recommendations 5 through 8.

⁴⁷ In its monthly and annual reports to TPD, IXP reported that its average call-answer time was 5.2 seconds or faster across all years of the contract. The ISAU could not independently verify IXP's reporting because (1) TPD only maintained call-answer data for 25 months; and (2) the data TPD could provide was incomplete and did not include all calls that IXP handled.

THE EXPECTED AND ACTUAL COSTS OF THE CONTRACT

In the 2015 legislation, the Legislature charged the Office with reviewing the expected and actual costs of the contract. The actual cost of the police dispatch services contract, and the final amount that the MBTA paid, was \$5,513,712, which exceeded the MBTA's expected cost by \$688,592 (or 14.27% of the total contract cost). The ISAU also identified additional administrative expenses that the MBTA incurred related to the contract. First, the MBTA paid \$154,000 to hire a consultant to assist with the transition from TPD to IXP. Second, TPD police officers trained IXP employees; the ISAU was not able to quantify personnel training costs due to a lack of records.

The contract for police dispatch services was a fixed-price contract, meaning that the company provided all services for a fixed cost. As explained below, the expected cost of the contract was \$4,825,120. The ISAU found that because of cost increases that the MBTA agreed to in the last two years of the contract, the actual cost of the contract was \$5,513,712. This was \$688,592 (or 14.27%) more than the expected cost. The Office has concerns that the approved increases to the cost of a fixed-price contract and the required metrics, as previously reported, that were not measured suggests poor contract management by both IXP and the MBTA.

The ISAU also identified administrative costs that TPD and the MBTA incurred in connection with the contract. These costs included additional time that police officers spent in the dispatch center training IXP telecommunicators, as well as an external consultant that worked on-site with IXP and TPD.

Furthermore, as discussed in Finding 3, the contract required IXP to provide minimum staffing levels for each shift. On February 1, 2018, TPD and IXP amended the contract to reduce IXP's minimum required staffing on the overnight shift from three telecommunicators to two. Although the parties agreed to reduce staffing on the overnight shift, the MBTA did not negotiate a proportional reduction in the contract rate. This too suggests poor contract management.

Based on its review, the ISAU found that the MBTA:

1. Exceeded the expected cost of the contract by 14.27%;
2. Did not receive FMCB authorization to expend the additional costs;
3. Incurred additional administrative expenses, which were not all quantifiable due to MBTA record keeping, to execute the contract; and
4. Poorly managed the contract.

Finding 7: The actual contract costs exceeded the expected cost by \$688,592, or 14.27%.

As discussed above, the FMCB authorized the MBTA to execute a contract with IXP for a maximum cost of \$4,825,120. Following the FMCB's contract authorization, the MBTA developed its contract with IXP, which stated that "the total fixed price fee for this project is \$965,024 each year

payable in 12 monthly installments for a maximum of \$4,825,120 over five years.”⁴⁸ For purposes of this review, therefore, the expected contract cost was \$4,825,120 over five years.

For the first three years of the contract, IXP charged the MBTA the original flat-rate of \$965,024 a year. When the parties exercised the first option year in 2020, however, they agreed to increase the annual rate to \$1,265,040.⁴⁹ A year later, the MBTA and IXP exercised the second option year and again agreed to a new annual cost of \$1,353,600.⁵⁰ Based upon information provided, it is not clear that the MBTA received enhanced service levels – notably for call-answer and call-dispatch times – for each of the two years that it agreed to increase the fixed-rate contract rate.

As displayed in Figure 5 below, therefore, the actual cost exceeded the expected cost by \$688,592, or 14.27% of the original contract cost.

	Expected Costs	Actual Costs		Amount Over Expected Annual Cost
	Annual Contract Rates	Amended Annual Contract Rates	IXP’s Billed Services	
Year 1	\$965,024		\$965,024	\$0
Year 2	\$965,024		\$965,024	\$0
Year 3	\$965,024		\$965,024	\$0
Year 4 (Option Year 1)	\$965,024	\$1,265,040	\$1,265,040	\$300,016
Year 5 (Option Year 2)	\$965,024	\$1,353,600	\$1,353,600	\$388,576
Total	\$4,825,120		\$5,513,712	\$688,592

Figure 5: Expected and Actual Costs of Police Dispatch Services for All Years.

Finding 8: The MBTA incurred administrative expenses in connection with the police dispatch services contract.

The ISAU also considered costs that the MBTA incurred related to the contract that were unexpected and in addition to the expected costs. The ISAU found that TPD had to pay employees to train IXP employees, as well as to operate the dispatch center for 34 additional days because IXP was

⁴⁸ MASS. BAY TRANSP. AUTH., *MBTA Executed Agreement*, Memorandum of Agreement, at 1 (2017).

⁴⁹ Even though the contract contained a maximum cost that the parties were not to exceed, the contract also allowed IXP to increase its rates in each of the two option years. See MASS. BAY TRANSP. AUTH., *MBTA Executed Agreement*, MBTA Terms and Conditions, Section 3, at 1 (2017) (“Contractor may increase fees for any Renewal Term (as defined in the Contractor’s Statement of Work) of the Contract upon written notice to the MBTA prior to the end of the then current term. Contractor guarantees its rates for three (3) years from the effective date of the initial Contract.”).

⁵⁰ The MBTA did not seek approval from the FMCB to pay IXP more than the contract’s not-to-exceed amount.

not prepared to take over full operations within the expected timeframe. The ISAU also found that the MBTA paid \$154,000 to hire a consultant to assist with transitioning dispatch services from TPD to IXP.

First, the contract included a 60-day transition period to give IXP time to recruit, hire and train employees, as well as to develop policies and procedures. After the 60-day transition period, IXP was supposed to fully assume its role in the dispatch center. The 60-day transition started on the notice-to-proceed date, which was October 4, 2017. Using this date, IXP should have assumed its full operations in the dispatch center on December 3, 2017.

IXP reported to the ISAU that the company did not assume full operations until January 6, 2018. Yet there was no reduction to the cost of the contract price that the MBTA paid to IXP due to this delayed date for IXP to take on full responsibility. Therefore, TPD officers worked in the dispatch center 34 days longer than anticipated. During this time period, TPD officers worked alongside IXP employees.⁵¹ Specifically, IXP telecommunicators shadowed TPD officers while they answered calls and dispatched resources. This resulted in additional payroll costs for TPD to handle police dispatch services after the anticipated transition date of December 3, 2017. The ISAU could not calculate the additional payroll costs because the TPD could not provide records of which officers worked in the dispatch center during this 34-day time period.

The contract also provided that IXP would train its employees to handle police dispatch services in the TPD dispatch center. The ISAU learned that TPD officers provided training to IXP employees both

Computer-Aided Dispatch (CAD) is a computer software system that dispatchers, call takers and 9-1-1 operators use to prioritize and record incident calls and dispatch responder personnel. Law enforcement uses CAD to facilitate incident response and communication in the field. Typical CAD system functions include resource management, call taking, location verification, dispatching, unit status management and call disposition. Call takers, dispatchers and their supervisors are primary users of CAD. Units in the field may interact via mobile computers.

(Source: U.S. Department of Justice's Bureau of Justice Assistance)

during and after the transition period. This was an unexpected cost to the MBTA. The training during the transition included teaching IXP employees how to use the CAD system, which was a fundamental skill for IXP telecommunicators. TPD and IXP employees also reported that police officers occasionally took new IXP employees to various MBTA stations as part of their training. These trips provided IXP employees with exposure to the MBTA system and the many different locations they would need to dispatch resources to. After the transition, TPD officers continued to train IXP telecommunicators on how to use the CAD

system. The ISAU could not calculate the additional payroll costs because TPD did not track the time its officers spent training IXP employees. The Office was surprised to find that, during and after the

⁵¹ TPD could not provide scheduling or staffing records to show which officers, or how many, worked alongside IXP during this period.

transition period, TPD officers provided dispatch training in addition to teaching IXP hires how to use TPD-specific systems when the contract provided that IXP would train its employees.

Finally, the MBTA hired a consulting company, Accenture, to serve as a transition manager for ten weeks at the beginning of the contract period. The transition manager's role was to develop a project plan, provide status updates, perform risk and management resolution, communicate with stakeholders and provide overall leadership to complete the transition. Over the course of the engagement, the MBTA paid Accenture \$154,000. The Office questions the need for the MBTA to hire a consulting company to assist with the transition period because in its response to the MBTA's RFP, IXP noted its success in transitioning multiple past clients to its services.

The Expected and Actual Costs of the Contract: Conclusion

IXP charged the original contract rate for the first three years of the contract. The MBTA agreed to rate increases for each of the two option years of the contract. These two amendments increased the total cost of the contract to \$5,513,712 over five years. This amount exceeded the expected cost of the contract by \$688,592 (or a 14.27% increase).

As noted earlier, shortly after IXP assumed its role in the TPD dispatch center, TPD and IXP agreed to reduce the minimum staffing requirement for the overnight shift from three telecommunicators to two. At that time, IXP reduced its services and the MBTA did not decrease IXP's monthly rate to reflect that reduction. At a minimum the MBTA should have documented its rationale for agreeing to this change, but more appropriately, the MBTA should have negotiated a corresponding rate reduction.

Finally, the Transit Police Department also incurred extra costs related to the contract. Specifically, TPD officers provided training and extra staffing in the dispatch center alongside IXP employees for longer than the anticipated 60-day transition period, which resulted in additional payroll costs. Lastly, the MBTA hired a consultant to serve as a transition manager during the early months of the contract. The transition manager worked at the TPD dispatch center alongside TPD and IXP employees. The MBTA paid \$154,000 for these services. Again, the MBTA and IXP should have documented issues about IXP's inability to be ready on day one, the incurred additional MBTA costs, the changes to day one readiness for IXP hires and the impact on all of this on the contract rate.

A COST-BENEFIT ANALYSIS

The Legislature charged the Office with reviewing whether the actual contract cost exceeded the benefits derived from the contract. The MBTA indicated that it privatized dispatch services to save money and to achieve three operational goals: curbing overtime, reducing serious crimes on MBTA property and returning police officers to patrol duties. Due to a lack of records from the MBTA and TPD, the ISAU could not determine whether the MBTA saved money by privatizing police dispatch services. The ISAU also could not correlate hiring IXP to the three stated operational goals. Additionally, the ISAU also compared TPD's dispatch times before privatization to IXP's performance. The ISAU found that the TPD's dispatch times were better before hiring IXP.

Due to a lack of records from the MBTA and TPD, the ISAU could not determine whether the MBTA saved money by privatizing police dispatch services.

First, as discussed below, the ISAU attempted to evaluate whether the MBTA realized cost savings by hiring IXP to handle police dispatch services. However, the MBTA and TPD could not provide records of its in-house costs to operate the dispatch center, which prevented the ISAU's ability to complete this cost evaluation.

Second, the ISAU found that TPD had already achieved two of its three stated goals – curbing overtime and reducing serious offenses on MBTA property – before hiring IXP. Further, while TPD reported that a number of police officers returned to patrol duties after IXP took over dispatch services, the ISAU could not confirm that these officers now perform patrols due to TPD's lack of records.

Lastly, the ISAU found that dispatch times were faster when TPD officers handled dispatch services.

Finding 9: Due to an absence of records, the ISAU could not determine whether hiring IXP saved the MBTA money.

The ISAU was not able to evaluate the MBTA's pre-privatization costs to determine whether hiring IXP saved the authority money. This is because the MBTA did not retain records regarding its in-house costs for operating the TPD dispatch center.

During the first procurement process, the MBTA reported that the projected annual in-house cost for dispatch operations was \$2.037 million.⁵² During the second procurement process, the MBTA stated that the costs for in-house police dispatching was \$2.42 million, which included \$385,000 in overtime.⁵³

The MBTA could not provide the information and documentation necessary for the ISAU to verify the MBTA's costs to operate the TPD dispatch center in-house. Specifically, the ISAU requested

⁵² MASS. BAY TRANSP. AUTH., *Flexible Contracting: Police Dispatch Services, Recommendation for Approval* (July 18, 2016).

⁵³ MASS. BAY TRANSP. AUTH., *Transit Police Dispatch Updated: Proposed Third Party Provider* (September 11, 2017).

the data that the MBTA used to calculate the figures from the first and second procurements. The MBTA did not retain the documentation and employees could not explain the methodology or basis for the figures.

Further, TPD reported to the ISAU that, before hiring IXP, it staffed the dispatch center with a combination of full-time police officers and overtime by other police officers who worked in patrol. However, the MBTA gave inconsistent reports on the number of officers who worked in the TPD dispatch center and who would return to patrol duties after privatization. For example, the MBTA procurement department reported in its 2016 procurement summary that 20 uniformed officers staffed the dispatch center.⁵⁴ In July 2016, the MBTA stated it would redeploy 15 officers back to the MBTA system for patrol.⁵⁵ Then, in September 2017, the MBTA indicated it would redeploy 14 officers.⁵⁶ Lastly, in its 2018 annual report to the Legislature – after IXP assumed full operations – the MBTA stated it had returned 11 TPD officers to patrol.

During the ISAU’s review, TPD could not provide staffing or scheduling rosters to show how many, and which, officers worked in the dispatch center. Without this information, the ISAU could not confirm TPD’s in-house costs.

Due to the lack of supporting documentation for in-house costs, including support for operational costs and records of staff who worked in the dispatch center, the ISAU could not independently calculate whether the MBTA achieved cost savings by hiring IXP.

Finding 10: The ISAU could not link hiring IXP to the MBTA’s operational goals for privatization.

In its annual reports to the Legislature, the MBTA stated that the authority privatized police dispatch services to:

1. Reduce overtime costs;
2. Reduce serious offenses on MBTA property, such as homicides, rape and burglary; and⁵⁷
3. Return police officers to full-time patrol duties, rather than performing dispatch services.

Before hiring IXP in September 2017, the MBTA reported that it had already made progress toward meeting the above goals. In March 2016, the Transit Police Department initiated a new patrol plan and reported that the plan achieved significant benefits. The plan incorporated a set of strategies

⁵⁴ MASS. BAY TRANSP. AUTH., *Staff Summary*, at 4 (July 18, 2016).

⁵⁵ MASS. BAY TRANSP. AUTH., *Flexible Contracting: Police Dispatch Services, Recommendation for Approval* (July 18, 2016).

⁵⁶ MASS. BAY TRANSP. AUTH., *Transit Police Dispatch Updated: Proposed Third Party Provider* (September 11, 2017).

⁵⁷ Specifically, the MBTA reported that it sought to reduce “part one crimes,” which include serious offenses such as homicide, rape, assault to rape, robbery, aggravated assault, burglary, larceny, automobile theft and arson.

to reduce crime, put more police officers on patrol throughout the MBTA system and reduce operating expenses, including overtime.⁵⁸ One aspect of the new patrol plan, for example, included aligning patrols with ridership patterns and focusing patrols on stations with documented heightened criminal activity.

As a result of TPD introducing its new patrol plan and seeking to privatize police dispatch services simultaneously, the ISAU could not directly link TPD's hiring of IXP to a reduction in overtime

The ISAU could not directly link TPD's hiring of IXP to a reduction in overtime costs and serious crimes. TPD achieved these benefits before hiring IXP to handle police dispatch services.

costs and serious crimes. In fact, in a July 2016 presentation to the FMCB, TPD reported that after only a few months with the new patrol plan, the Transit Police Department saw a 31% reduction in serious crimes and a 26% (or \$1.1 million) reduction in overtime. TPD achieved these benefits before hiring IXP to handle police dispatch services.

The Transit Police Department's third operational objective was to return police officers to full-time patrol duties throughout the MBTA system. Given the specialized, rigorous training TPD employees go through to become a police officer, the MBTA wanted to return officers to patrol duties rather than police dispatch services. As noted in Finding 9, the MBTA gave inconsistent reports on the number of police officers who would return to patrol operations after the contract began.

While police officers no longer perform dispatch functions, the ISAU could not confirm that officers returned to patrol schedules. This is because TPD could not provide a roster of the police officers that formerly worked in the TPD dispatch center. Due to the lack of scheduling and staffing records, the ISAU could not confirm that those officers who formerly worked in the dispatch center currently work in patrol roles.

TPD could not provide a roster of the police officers that formerly worked in the TPD dispatch center.

Finding 11: Dispatch times were faster when TPD officers handled dispatch services.

To evaluate the benefits of hiring IXP, the ISAU also considered the four performance metrics in the IXP contract: (1) call-answer times; (2) dispatch times; (3) minimum staffing levels; and (4) management tasks such as training and auditing. The ISAU's goal was to compare TPD's and IXP's performance of each metric. Ultimately, the ISAU could only evaluate one metric: dispatch times. As discussed above, the contract required IXP to answer intake calls within 10 seconds, at least 90% of the time. IXP did not report on this metric, however. Further, because the TPD could not provide a roster for dispatch operations, the ISAU could not compare IXP's and the TPD's minimum staffing levels. Lastly, the ISAU deemed the last metric inapplicable.

Turning to dispatch times, the contract required IXP to dispatch resources for emergency and non-emergency calls within 60 seconds, at least 90% of the time. See Finding 2. TPD maintained call-

⁵⁸ MASS. BAY TRANSP. AUTH., *Flexible Contracting: Police Dispatch Services Recommendation for Approval* (July 18, 2016).

dispatch data for the four years before the contract began. The ISAU analyzed this data to evaluate TPD officers' performance under this metric. The period of review was January 1, 2014, to January 5, 2018.

As shown in Figure 6 below, the ISAU determined that TPD officers dispatched a higher percentage of calls within 60 seconds when compared to IXP's performance.

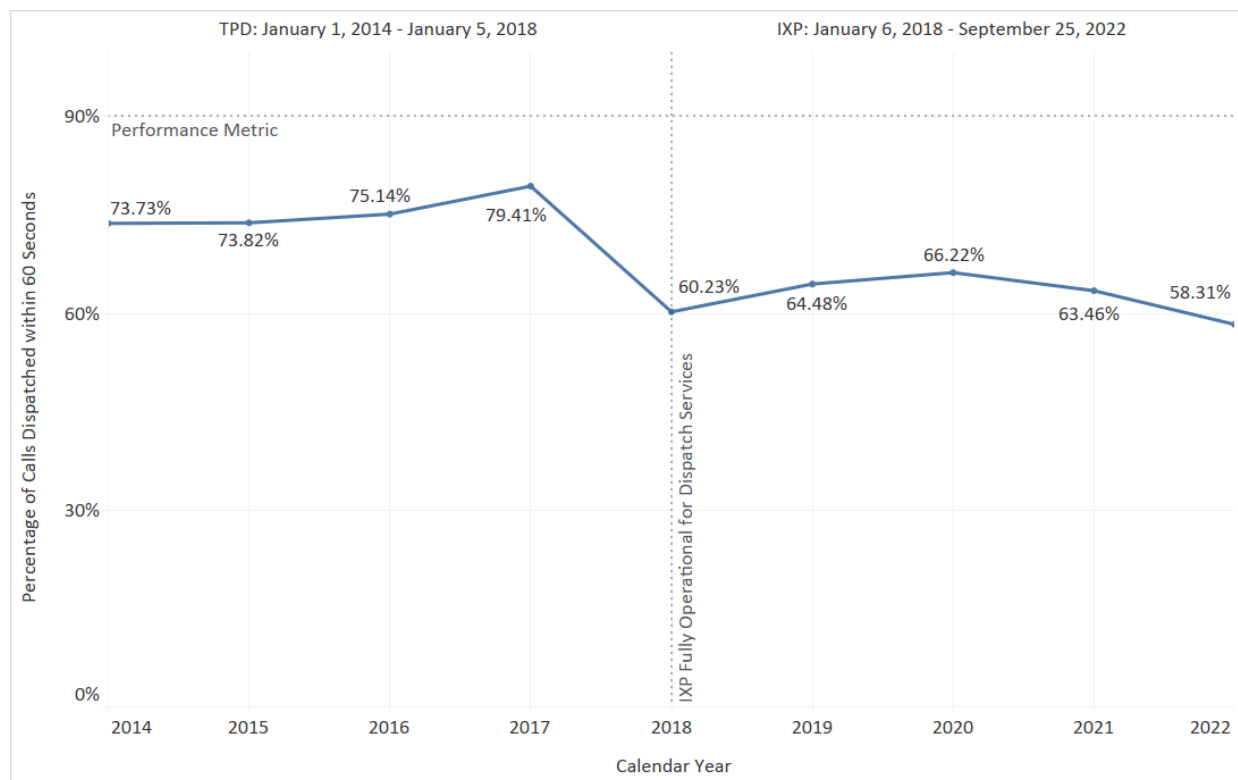


Figure 6: Percentage of Calls Dispatched within 60 Seconds: TPD and IXP.

A Cost-Benefit Analysis: Conclusion

The ISAU was not able to perform a cost review due to the MBTA's and TPD's lack of records. Therefore, the ISAU could not determine whether privatizing the service realized cost savings for the MBTA.

Although the MBTA stated in its 2018 annual report to the Legislature that hiring IXP resulted in significant benefits to the MBTA and the public, the ISAU could not directly link TPD's hiring of IXP to its goals of reducing overtime costs and serious crimes. To a degree, TPD gained these benefits before hiring IXP to handle police dispatch services.

The ISAU could not determine whether the MBTA realized cost savings by privatizing the services.

The MBTA's third goal of privatization was to return police officers to patrolling the MBTA system. TPD did not maintain scheduling and staffing records of which police officers worked in the

dispatch center before privatization. Therefore, the ISAU was unable to confirm whether officers returned to full-time system patrol and if so, how many.

The ISAU also reviewed how well IXP employees performed call-dispatching functions. The ISAU also analyzed how well TPD officers performed call-dispatching functions before hiring IXP. According to the contract's performance metric, the service level of dispatched calls declined after the MBTA hired IXP. TPD officers dispatched more calls within 60 seconds than IXP did every year.

Primarily due to a lack of records and information, as well as achievements realized before hiring IXP, the ISAU found that it could not:

1. Determine whether the MBTA achieved costs savings;
2. Correlate the MBTA's hiring IXP to its operational goals of privatization; or
3. Conclude that hiring IXP enhanced police dispatch service performance.

AREAS FOR IMPROVEMENT AND RECOMMENDATIONS

Throughout this review, the ISAU identified opportunities for the MBTA to strengthen its contract development, contract administration and vendor oversight, as well as its record and information retention practices. While this review focused on one MBTA contract, its recommendations are applicable to all MBTA departments that conduct procurements, that negotiate or draft contracts, that are responsible for ensuring the MBTA receives the goods and services it has contracted for and for those that have responsibility for contract management.

I. Contract Development

The MBTA needs to improve its contract development. It must draft complete, well-defined contracts that both contain all necessary terms and ensure that the authority receives the goods or services it needs for the agreed-upon price. This includes creating clear, comprehensive and well-defined scopes of work, deliverables, milestones, pricing and performance metrics. As the authority stated in its 2016 report to the Legislature regarding the privatization waiver, “[c]ontracting out services does not guarantee effectiveness. Contract terms must be carefully considered, and services must be monitored and administered effectively.”⁵⁹ The ISAU agrees; the MBTA must effectively manage contract development from beginning to end. Additionally, the type of contract, fixed or variable price, for instance should be thoughtfully arrived at and, once decided, should be understood to be a key contract term.

A. Clear, Accurate and Complete Contract Terms

As noted earlier in this report, the final contract with IXP and its amendments included numerous typographical errors and omissions, as well as areas where the agreed-upon terms of the contract were not clear.

For example, the initial contract contained the incorrect termination date, which made the period of performance unclear. The MBTA did not correct this error for either option year and, instead, duplicated it. The authority repeated this error again in its 2022 contract with IXP.

Additionally, the MBTA appropriately included a list of definitions within the contract. Among those definitions was a service “cutover date,” intended to be the date that IXP would take over operations at the dispatch center. However, the cutover date was left blank in the contract. This meant that the contract did not define a key date in determining when IXP’s full responsibilities began under the contract, as well as when the MBTA could hold IXP to certain performance standards.

⁵⁹ MASS. BAY TRANSP. AUTH., *Fiscal and Management Control Board Annual Report to the Legislature*, at 4 (2016).

The MBTA also appropriately included a section in the contract (Section 6) outlining IXP's expected performance levels.⁶⁰ However, in addition to providing expected performance standards, Section 6 stated that IXP's services would need to meet the performance standards in Section 9. The contract did not contain a Section 9. This likely was a typographical error but as the contract was written, it was unclear whether there were additional, missing standards.

In other areas of the contract, the parties did not clearly draft terms. For example, in Amendment 1 to the contract, the parties agreed to increase the contract price but they did not specifically state the changes to the scope of work that accompanied the price increase. Instead, the parties attached a chart which they described as an "updated organization structure."⁶¹ This chart formalized the center manager position. However, the amendment provided no additional information regarding the requirements of the new center manager, such as working hours or duties.

The MBTA must ensure that contracts are complete and accurate before execution.

B. Contract Obligations

As discussed throughout this report, most notably in Finding 5, IXP did not comply with several provisions in the contract, and neither TPD nor the MBTA required IXP to comply.

The MBTA procurement team should thoughtfully develop the terms that it determines appropriate for the contract at hand and the contract administration team must hold vendors accountable to those terms. Terms included in the contract should be known, understood and enforced by those tasked with managing the contract. Critical to this would be an understanding that removing a requirement in a fixed price contract is a benefit to the vendor and a detriment to the MBTA without a corresponding price reduction.

C. Performance Metrics

As a general practice, contracts should include truly measurable performance metrics, with both reporting requirements and penalties for nonperformance. Performance metrics outline the expectations for a company's deliverables and reporting enables agencies to evaluate companies through a measurable means. Furthermore, financial penalties hold vendors accountable for their performance. Also eliminating a metric, especially one with a financial penalty, should be clearly understood as a major contract change and must be (1) carefully negotiated for value; and (2) reduced to a written contract amendment.

⁶⁰ MASS. BAY TRANSP. AUTH., *MBTA Executed Agreement*, Statement of Work, Section 6, at 18 (2017).

⁶¹ MASS. BAY TRANSP. AUTH., *Amendment No. 1 to Memorandum of Agreement*, at 1 (2020).

The MBTA included performance metrics in its contract with IXP. For example, the MBTA's contract with IXP included a metric to measure IXP's call-answer times. The contract required IXP to answer intake calls within 10 seconds, at least 90% of the time. However, IXP reported its average call-answer times, rather than the percentage of all calls that met the 10-second threshold. While the two measures are related, they are not the same.

Further, the contract only included a penalty for failing to meet one of the contract's metrics: minimum staffing levels. The MBTA should include penalties for non-compliance with all performance metrics.

Recommendation 1: Ensure that all contracts are clear, complete and do not contain errors.

Recommendation 2: Ensure that MBTA employees who draft contracts include all expected services. Include only relevant and desired services and obligations in the contract.

Recommendation 3: As applicable, include performance metrics in contracts to strengthen vendor oversight. Create metrics that are measurable and realistic. Ensure that the contract clearly outlines how to report performance against the metrics.

Recommendation 4: As applicable, include penalties for non-compliance with all performance metrics. When appropriate, include financial penalties for non-compliance.

II. Contract Administration and Vendor Oversight

The Federal Transit Administration defines contract administration as the post-award administration of the contract to ensure compliance with the terms of the contract. An agency's responsibility to protect public funds extends past the procurement and contract award phases. Throughout the contract period, agencies must actively oversee and evaluate the company's performance and ensure that the government receives all goods and services at the agreed-upon price and quality. Staff charged with managing the contract must understand the various types of contracts, the benefit for the MBTA of one type over another and the specific terms of the contract being managed.

In its 2017 report to the Legislature, the MBTA recognized the importance of careful contract oversight. There, it stated that "[f]ailing to properly manage an outside vendor is as much of a failure as failing to properly manage an internal operation" and that "[i]t is critical that the MBTA continue to carefully monitor these [privatization] contracts for compliance and performance."^{62,63} The ISAU recommends the MBTA rebuild its efforts to ensure effective oversight, as the ISAU's review revealed significant failings in the MBTA's contract administration.

⁶² MASS. BAY TRANSP. AUTH., *Fiscal and Management Control Board Annual Report to the Legislature*, at 6 (2017).

⁶³ MASS. BAY TRANSP. AUTH., *Fiscal and Management Control Board Annual Report to the Legislature*, at 24 (2017).

A. Contract Oversight

It is essential that MBTA employees clearly understand who is responsible for monitoring and enforcing each contract. The ISAU's review revealed that MBTA and TPD employees did not have a clear or consistent understanding of who was responsible for contract oversight and enforcement.

The contract with IXP provided that the TPD's chief of police or his designee would be the contract administrator. When presenting to the FMCB in September 2017, the MBTA reported that TPD's deputy chief for the patrol operations division would be the MBTA's contract manager and primary point of contact for IXP.⁶⁴ While the deputy chief did serve as IXP's on-site point of contact, he did not administer all terms of the contract. For instance, no one at TPD played a role in enforcing the terms of the contract or in the financial aspects of the contract, yet TPD staff appear to have signed off on invoices prior to payment issuing.

Further, the MBTA reported that its vendor management department would monitor IXP's service levels and would handle billing. However, vendor management employees reported to the ISAU that they were not involved in overseeing IXP's performance or service levels, and they believed that TPD was responsible for all vendor oversight.

B. Enforcing Contract Terms

As discussed in Findings 1 through 4, the MBTA and TPD did not track performance metrics, nor require accurate reporting thereof, which highlights the need for designating oversight responsibilities. Such metrics are a key element of a service contract and the contract with IXP included numerous such metrics.

For example, IXP did not assume full operations until January 6, 2018, more than a month after it was required to do so. Yet there was no reduction to the cost of the contract price that the MBTA paid to IXP due to this delayed date for IXP to take on full responsibility.

Further, the performance metric for minimum staffing had an associated penalty for non-compliance. Specifically, the contract provided that IXP could have one understaffed shift in a month before the penalty took effect. After one instance of an understaffed shift, the contract allowed the MBTA to fine IXP \$1,000 for each subsequent understaffed shift that month. In the ISAU's review of 21.7% of all shifts during the contract period, the ISAU found 11 instances in which the MBTA should have assessed the \$1,000 penalty. However, the TPD did not impose any financial penalties against IXP for failing to provide the minimum staffing levels.

As described in the findings throughout this report, most notably Finding 5, IXP did not comply with several other requirements in the contract. The ISAU found no record that TPD or the MBTA took

⁶⁴ MASS. BAY TRANSP. AUTH., *Transit Police Dispatch Update: Proposed Third Party Provider* (September 11, 2017).

steps to enforce performance of those obligations. For example, IXP's monthly and annual reports did not include all required information, such as staffing information. Further, IXP's reporting on its metric performance was inaccurate – the reports included average call-answer times instead of reflecting what percentage of call-answer times were under 10 seconds. Neither the MBTA nor TPD corrected IXP's monthly and annual reports to include all required information throughout the contract.

Moreover, as described in Finding 4, TPD and IXP agreed to reduce the minimum required level of staffing for the third, overnight shift at the dispatch center. TPD did not, however, negotiate a reduction in contract price, nor did it ensure that those employees who no longer worked on the overnight shift would work another shift instead. MBTA or TPD employees responsible for contract oversight should have taken one of those two actions to protect the public dollars the MBTA spent on the contract.

For more effective contract administration, the MBTA and TPD need to clearly designate responsibilities for vendor oversight. This includes designating specific employees responsible for enforcing contract provisions, as well as measuring, monitoring and enforcing a vendor's performance against metrics.

The MBTA has made efforts to improve its contract administration efforts since the ISAU's review began, including adding performance metrics to new contracts. In September 2022, for example, the MBTA commenced a second contract with IXP for police dispatch services. The MBTA appropriately included revised performance metrics in this new contract with IXP, with some additional financial penalties for non-compliance. The MBTA must monitor IXP's performance against these metrics to better evaluate the company's services and apply the relevant financial penalties, as appropriate, to promote accountability.

Recommendation 5: Clearly designate which departments and employees are responsible for contract monitoring and enforcement.

Recommendation 6: Monitor vendor performance of all terms of the contract and require vendors to complete all obligations, including meeting all performance metrics.

Recommendation 7: Apply penalties to vendor payments, pursuant to the contract, should vendors fail to provide required services or meet performance metrics.

Recommendation 8: Use the contract amendment process to remove unnecessary or undesired contract obligations, including performance metrics. Consider contract price reductions if the parties agree that some contractual obligations are not necessary.

III. Record and Information Retention

The MBTA and TPD need to improve their management and retention of records. Throughout this review, the MBTA and TPD could not locate documents and other data, despite knowing the criteria for this review due to the inclusion of the criteria in the legislation exempting the MBTA from the Taxpayer Protection Act.

As discussed in Finding 9, for example, TPD was unable to provide scheduling and staffing records identifying which officers, and how many, worked in the dispatch center before the MBTA contracted with IXP. Similarly, in 2016 and 2017, the MBTA reported that it cost \$2.037 million and \$2.42 million, respectively, to operate the dispatch center. See Finding 9. However, the MBTA could not locate the data it used to make these calculations. Government agencies need these types of records – staffing levels, employee assignments, operating costs – for their business operations. The lack of records implicates, for example, TPD’s ability to draw meaningful comparisons between operating the TPD dispatch center using TPD officers and operating it with IXP employees. It also is essential that TPD tracks the work of its officers and can accurately report on that information for an established period of time.

Recommendation 9: Treat record retention, procurement record retention and contract administration as the professional disciplines that they are. Thus, ensure that records are maintained and recallable, and that business continuity includes clear steps so that information is not lost, destroyed or non-recallable due to staff turnover. Develop record retention policies and procedures. Train employees on effective record management and implement internal controls to ensure that employees comply with the policies and procedures.

CONCLUSION

By privatizing police dispatch services, the MBTA sought to save money, reduce overtime costs, reduce serious criminal offenses and return police officers to patrol duties. Due to a lack of records, the ISAU was unable to determine whether the MBTA realized cost savings by hiring IXP. Furthermore, the ISAU could not directly link the MBTA's hiring of IXP to a reduction in overtime costs and serious crimes. As TPD reported, it achieved these benefits before hiring IXP to handle police dispatch services. Furthermore, TPD did not maintain scheduling and staffing records of which police officers worked in the dispatch center before privatization. Therefore, the ISAU was unable to confirm whether officers returned to full-time system patrol and if so, how many officers did so.

Of particular note, in September 2022, the MBTA entered into a second contract with IXP for police dispatch services. The MBTA must improve its oversight and management of this new contract, including monitoring IXP's performance and holding IXP accountable if it does not meet requirements in the new contract.

While the high-level objective of privatizing police dispatch services was achieved with the hiring of IXP, many of the detailed requirements and metrics were not fully met or were not measured. The ISAU also found deficiencies among the MBTA, TPD and IXP's administration of the contract. Specifically, the MBTA and TPD should have performed better vendor oversight and had clarity among its various divisions for actual contract administration to ensure all terms and requirements were met. The MBTA and TPD must strengthen their vendor management with the new 2022 IXP contract and with all of its contracts system-wide. Equally concerning was that IXP, as a market leader in this space, should have more carefully adhered to the written requirements of the contract terms and more fully prepared for the day-one of its control of the dispatch function.

At a minimum, the Office recommends that on all future contracts, the MBTA and TPD:

1. Ensure that all contracts are clear, complete and do not contain errors.
2. Ensure that MBTA employees who draft contracts include all expected services. Include only relevant and desired services and obligations in the contract.
3. As applicable, include performance metrics in contracts to strengthen vendor oversight. Create metrics that are measurable and realistic. Ensure that the contract clearly outlines how to report performance against the metrics.
4. As applicable, include penalties for non-compliance with all performance metrics. When appropriate, include financial penalties for non-compliance.
5. Clearly designate which departments and employees are responsible for contract monitoring and enforcement.
6. Monitor vendor performance of all terms of the contract and require vendors to complete all obligations, including meeting all performance metrics.

7. Apply penalties to vendor payments, pursuant to the contract, should vendors fail to provide required services or meet performance metrics.
8. Use the contract amendment process to remove unnecessary or undesired contract obligations, including performance metrics. Consider contract price reductions if the parties agree that some contractual obligations are not necessary.
9. Treat records retention, procurement records retention and contract administration as the professional disciplines that they are. Thus, ensure that records are maintained and recallable, and that business continuity includes clear steps so that information is not lost, destroyed or non-recallable due to staff turnover. Develop record retention policies and procedures. Train employees on effective record management and implement internal controls to ensure that employees comply with the policies and procedures.