

COUNTY OF MILWAUKEE

INTER-OFFICE COMMUNICATION

DATE: December 26, 2011

TO: Michael Mayo, Sr., Chairman, Transportation Public Works
& Transit Committee

FROM: Frank Busalacchi, Acting Director, Department of Transportation
Lloyd Grant, Managing Director, MCTS

SUBJECT: MCTS Mechanic Training and Bus Warranty

POLICY

This report is in response to a request for information from the December 2011 cycle.

BACKGROUND

At the December 2011 Transportation, Public Works and Transit Meeting, a request was made to provide the committee with information regarding training for MCTS mechanics who repair buses and bus repair work performed under warranty.

Training

Budgetary constraints over the last decade have necessitated a gradual reduction in MCTS's workforce including three full-time technical trainers. Today, MCTS has only one full-time technical training instructor for training of more than 100 mechanical personnel. In order to maintain a reasonable level of skills and knowledge training for mechanics, MCTS partners with its bus manufacturer and equipment providers to provide classroom and practical training for its bus mechanics and maintenance personnel. Over the last three years, MCTS mechanics have been provided over 2200 hours of on-the-job mechanical training on buses including the brake system, door system, air conditioning system, air system, hydraulic system, and wheel chair system, for example. We expect that mechanic training will continue to be provided as needed. Given the current standardization of the bus fleet which is comprised of New Flyer buses only, we also attempt to avoid redundancy in training mechanics who have mastered the skills and knowledge required to effectively and efficiently service various bus components and systems.

Based on recent feedback from MCTS mechanics, and in order to achieve maximum advantage from training provided to mechanics, MCTS is looking into shifting its focus of training near the end of the warranty period rather than immediately after new buses are delivered.

Warranty Repair Work

Currently, MCTS bus warranty policy requires the bus manufacturer to guarantee the reliability of its product against defects in material and workmanship for a period of time. The bus manufacturer is required to provide a replacement or repair at no cost to the transit system if a defect occurs. MCTS does not subcontract or outsource warranty work. Rather, the costs of labor and materials provided by equipment manufacturers for repairs during the warranty period are covered 100% by the warranty.

The current warranty that MCTS specifies for new bus purchases requires the following:

1. The complete bus is warranted to be free from defects for a minimum of one (1) year or 50,000 miles, whichever comes first, beginning on the first day of revenue service.
2. Specific sub-systems and components are warranted to be free from defects for the minimum times, whichever comes first, specified below:

Engine Base	5 years, 300,000 miles
Engine Components	2 years, 100,000 miles
Transmission	2 years, 100,000 miles
Brake System	2 years, 50,000 miles
Drive Axle	2 years, 100,000 miles
Heat & Air Conditioning System	2 years, unlimited miles
Basic Body Structure	3 years, 150,000 miles
Structural Corrosion	12 years, 500,000 miles

Warranty repairs for major components such as the engine, transmission and air conditioning systems are done by a local representative of the bus or component manufacturer such as a sales and service outlet or distributor. It has been long standing experience of MCTS that using the bus manufacturer to perform warranty repairs is the most cost effective. Bus manufacturers and component suppliers also believe that the most cost effective means of warranty repair is through a local representative or distributor that specializes in such repairs and performs them on a frequent basis. Original equipment manufacturers (OEM's) provide estimates of Standard Repair Times (SRT) used in determining reimbursement for warranty repairs. If a MCTS mechanic takes 4 hours to do a repair for which the SRT is 1.2 hours, for example, MCTS is not reimbursed the additional 2.8 hours which results in a cost to MCTS. In addition, if the workmanship by MCTS does not correct the defect or creates another mechanical problem, the manufacturer will not cover the additional repair cost. The end result would be greater costs and a declining scale of cost efficiency for MCTS.

The Cummins Engine Company supplies the engine used in most MCTS buses today. According to Cummins, only establishments authorized to sell Cummins products may perform warranty service repair work. Also, it is extremely unusual for a user or customer in the heavy

duty engine industry to do warranty work. It is understood throughout the industry that generalists are capable of performing warranty work, but not able to diagnose and make repairs in the allotted SRT of a certified technician that performs the work on a frequent basis.

As such, whereas MTS seeks to operate the transit system in the most efficient manner possible, we are reasonably certain that the current manner in which warranty claims are being administered at the transit system accomplishes that goal.

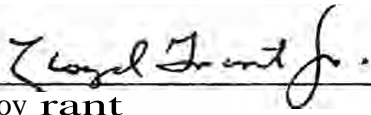
RECOMMENDATION

This report is for information purposes.

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Approved by:

Frank Busalacchi
Acting Director, Department of Transportation



Lloyd Grant
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