

Testimony to the Senate Committee on Post Audit and Oversight

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Chair O'Connor-Ives, members of the committee, thank you for the opportunity to testify here today. My name is Charles Chieppo and I'm here to speak in favor of the MBTA's proposed outsourcing of bus maintenance in three of its nine garages.

Up to now, this proposal has been characterized as a union issue: Will bus maintenance continue to be performed by unionized T employees or will it be privatized? I understand why the media in particular would characterize it that way, but I believe it misses the point in this case. This proposal is really about bringing MBTA bus maintenance and management practices into the 21st century.

The fact is that if the MBTA outsources bus maintenance at three of its garages, most of the jobs impacted will be those of unionized supervisors and managers. The vast majority of mechanics servicing T buses will be the same people who do so today, and they will continue to be members of the Machinists' Union.

The problem the T is trying to solve is that MBTA bus maintenance practices are 30 years behind the times. The outsourcing proposal is about saving \$11 million annually by bringing state-of-the-art management to three of its garages and modernizing those practices.

Today, the MBTA's bus maintenance operation has no working software system and no standards for how long specific repairs should take. A 2016 bus maintenance efficiency study the T commissioned found that purchasing practices and supply chain management are also in need of improvement.

All but one of the supervisors belong to other unions with agreements that prohibit them from turning a wrench. Absent outsourcing, replacing them with working supervisors and managers who would bring operations up to standard is virtually impossible.

Getting needed parts in a timely manner was another problem identified in the bus efficiency study, but that has since addressed. In February, a private contractor took over the T's warehouse operations. Annual costs that were more than \$12 million are now on track to fall to just over \$7 million. In addition, the time it takes to fulfill parts requests has been reduced from an average of more than 68 hours to 10. When parts are ordered by 6:00 pm, the contractor has delivered them by 4:00 the following morning more than 99 percent of the time. Shipment accuracy has also improved dramatically.

Whether it's a public transit system, FedEx or UPS, operations that maintain fleets of vehicles generally have maintenance plans. They know how many miles various parts are likely to last before failure and schedule them to be replaced before reaching that point. The practice saves money and results in far better reliability. Every penny saved from these efficiencies is additional money that can be invested in the system.

The industry standard is for 80 percent of vehicle maintenance to be scheduled and 20 percent in response to failures. Those figures are reversed at the MBTA, according to the bus maintenance efficiency study.

Warehousing isn't the only function that has been successfully outsourced during the MBTA's three-year exemption from the commonwealth's anti-privatization law. Annual costs at the MBTA's money room are expected to fall from \$11.8 million to \$3.6 million and the time from collection to bank deposit has shrunk from more than 120 hours to 24 hours.

For all the controversy outsourcing bus maintenance has generated, the simple reality is that skilled diesel mechanics are in great demand. In a privatized operation, the vast majority of those who currently maintain MBTA buses would still be doing so. They would continue to be members of the Machinists' Union and continue to command among the highest wages in the industry. The new system would replicate one that has long been successful at regional transit authorities across Massachusetts.

The MBTA's bus maintenance operation has had 20 years to implement basic changes, but much to the detriment of its riders, it has failed to do so. What is clearly needed is improved management that modernizes business practices to drive productivity. The outsourcing proposal will provide exactly that.

Thank you for the opportunity to testify here today and I'd be happy to answer any questions.