

AUTHORIZATION FOR CHAIRMAN AND SECRETARY TO EXECUTE INTENT TO PURCHASE SCHOOL BUSES ON STATE CONTRACT

BACKGROUND AND RATIONALE: Fayette County Public Schools operates a fleet of 250 buses. This fleet supports an active daily schedule of over 1,300 bus routes. The daily active bus requirement has increased steadily each year with a level of 215 for the 2015-2016 school year. The remaining buses are required to support normal preventive maintenance, mechanical repairs, and regularly scheduled monthly safety inspections.

The district presently is using a 13-year life cycle for school buses. The bus replacement plan has been aligned to provide a uniform annual replacement of 20 buses per year. Even though that number of buses may reach the age criteria by the time the buses purchased under this item arrive and can be placed in service, the accumulated mileage is not compelling replacement of all eligible buses at this time. Therefore, for this purchase year only, the number of buses to be purchased is being decreased to 18. This number of replacement buses is expected to maintain the desired fleet size of 250 buses and is expected to support the present and proposed numbers of schools for the next school year.

Although cash purchasing of buses is preferable due to the savings in interest, purchasing through Kentucky Inter-local School Transportation Association (KISTA) provides a reasonable alternative, especially during times of extremely low rates of interest. The time-value of money over the ten-year bond retirement period can also be a counterbalancing amount. The annual interest rate of the presently proposed bonding is expected to start at 2.0% and increase gradually over the next ten years to a high of 3.5%. Use of the bonding program spreads the procurement costs over the ten-year period covered by the state depreciation/reimbursement schedule. 702 KAR 5:020 outlines the state depreciation schedule for school buses and the manner in which local district reimbursement for transportation costs is affected.

In order to purchase school buses on the state bid contract a KDE SCHOOL BUS PURCHASE AUTHORIZATION (PA-1) must be signed by the Chairman and Secretary of the Board of Education. Further, in order to purchase the buses with bonds, which can be repaid over a ten-year period, the Board of Education must adopt a KISTA participation resolution. Options for these buses can be included on the bonding program, and will be, with the exception of Zonar.

Bus Replacement Cost:

Bus Type	Quantity	Unit Cost	Total Cost
Transit Buses (78)	11	\$101,814	\$1,119,954
Lift HDC (52)	7	100,238	701,666
Options:			
Storage Compartments	11 (2)	2,414	26,554
Zonar GPS	18	480	8,640
Seon Cameras	18 (4)	2,502	45,036
Total:			\$1,901,850*

*Does not include costs associated with arranging financing, or annual interest costs for the ten-year life of the bonding arrangement.

PROPOSAL:

ITEM	AMOUNT	FUNDING SOURCE	RECURRING/NON	MEASURABLE IMPACT AND TIMELINE
11 Transit Style (78 passenger)	\$1,119,954	KISTA	Non-Recurring	Supports School Bus Fleet for 13-year life cycle
7 Wheelchair Lift (52 Passenger)	\$701,666	KISTA	Non-Recurring	Supports School Bus Fleet for 13-year life cycle
OPTIONS	AMOUNT	FUNDING SOURCE	RECURRING/NON	MEASURABLE IMPACT AND TIMELINE
2 Storage Compartments on eleven buses	\$26,554	KISTA	Non-Recurring	Permits storage space on Transit Buses
18 Zonar GPS	\$8,640	General Fund	Non-Recurring	Permits Bus Location and Tracking
18 Seon Cameras	\$45,036	KISTA	Non-Recurring	Provides four cameras on each bus for safety monitoring.

STAFF CONTACT: Marcus Dobbs, Transportation Division

POLICY REFERENCE: 702 KAR 5:040

RECOMMENDATION: Motions are in order to:

1. "Authorize the Chairman and Secretary to execute a school bus purchase authorization with the Kentucky Department of Education, Division of Pupil Transportation for the acquisition of 18 buses as described above on the 2015 State Purchase Contract." and
2. "Authorize the Chairman and Secretary to execute an equipment and security agreement between the Kentucky Inter-local School Transportation Association (KISTA) and the Board to provide for the acquisition and leasing of 18 school buses with a total value of \$1,901,850 and approve generally the plan of financing the school buses for and on behalf of the Board."