

**GLENBROOK HIGH SCHOOLS
DISTRICT BUSINESS OFFICE**

To: Dr. Mike Riggle
From: Kimberly L. Ptak
Re: Purchase and Lease of Activity Buses
Date: May 23, 2016

Recommendation

It is recommended that the Board of Education

1. Purchase the 9 activity buses currently being leased by the district from Southern Bus and Mobility at a total cost of \$260,340 or \$28,927 per bus, with the option to sell the buses back after 5 years at a guaranteed price of \$5,500 per bus or a total price of \$49,500.
2. Finance the purchase of the buses with a 5-year \$1 buy-out lease from American Capital at an annual cost of \$54,097 or a total cost over 5-years of \$270,485.

Background

Since 2007, the district has been leasing activity buses in lieu of renting large 72 passenger school buses for athletic events and field trips. The district currently has a fleet of 9 buses, 4 at GBS, 3 at GBN and 2 at Off Campus. The buses are shared between campuses and are used almost on a daily basis to fill the needs of transporting students for field trips and evening/weekend athletic events.

The district has typically entered into 3-year Fair Market Value (FMV) leases. Under this model, every three years the buses are returned and new buses are leased for another 3 year period. The FMV lease on the current fleet of buses ends August 2016. Rather than returning the buses and receiving new buses under a new FMV lease, it is recommended that we continue using the current buses another 5 years. The milage on the buses average 6,500 miles/year and the buses will have two years left on the engine and transmission warranty.

The buses are required to have an Illinois State Safety Inspection twice a year. Districts in the area use their activity buses an average of 10 years.

Financial Comparison

<u>Option</u>	<u>Life Cycle</u>	<u>Description</u>	<u>5 year cost</u>	<u>Annual Cost</u>
Option 1 Recommended	8 years	<p>Purchase current 3 year old buses</p> <p>Finance the purchase through a 5-year \$1 buy lease Maintenance: New tires and brakes Sell back after 5 years at guaranteed price</p>	<p>\$270,485 \$14,400 (\$49,500) \$235,385</p>	\$47,077
Option 2	8 years	<p>Keep current 3 year old buses and enter into a new 5 year FMV lease w/bus company</p> <p>5 year FMV lease Maintenance: New tires and brakes</p>	<p>\$261,000 \$14,400 \$275,400</p>	\$55,080
Option 3	5 years	<p>Get new buses with a 5 year FMV lease</p> <p>5 year FMV lease</p>	\$310,500	\$62,100
Option 4 Current Model	3 years	<p>Get new buses with a 3 year FMV lease</p> <p>3 year FMV lease</p> <p>Recommended Model Savings Over Current Model:</p>	<p>\$332,500 (pro-rated for 5 years)</p> <p>\$97,115</p>	\$66,500

**GLENBROOK HIGH SCHOOLS
District Business Office**

HISTORICAL MEMO

**TO: Dr. Riggle
Hillarie Siena**

FROM: Kimberly Ptak

DATE: March 18, 2013

RE: APPROVAL OF ACTIVITY BUS LEASE

Recommendation

It is recommended that the Board of Education award a three-year, FMV lease for (9) 14-passenger activity buses to Southern Bus and Mobility at an annual cost of \$6,391.50/bus or a total cost of \$57,519 per year.

Three of the buses are used primarily for special education purposes so the district gets reimbursed approximately 75% of the lease cost on these buses by the State of Illinois.

The district's current lease ends June 30, 2013. The new lease is \$25,002 less than the current lease over the three year lease period. The lease comes with a 3-year/36,000 mile bumper-to-bumper warranty. Cost avoidance from not having to rent buses from First Student is estimated at \$106,794/year.

Background

In 2007, the board first approved leasing activity buses rather than renting large 72 passenger buses for athletic events and field trips. In addition to cost savings, other benefits include:

- Ease of use – eliminates the need to pick up vans or wait for school buses to arrive.
- Safety – the activity buses meet all federal school bus safety requirements. 12 passenger vans are no longer an option due to safety/insurance issue.
- A special license is not required to operate the activity bus. However all personnel driving a bus go through a training session.

Annual Cost Justification

Cost avoidance	\$209,313 (1)
Cost of buses	(\$57,519)
Gas and general maintenance	(\$45,000)
Savings	\$106,794

(1) Schools track usage on every bus, amount represents what we would have paid First Student had we rented buses.

Utilization Info

GBS currently has four buses. One bus is used daily by special education in lieu of taking taxis. One bus is used Tuesdays and Fridays for the transition program. The other two are used almost daily for field trips. GBN has three buses which are in use approximately 65% of the time Monday - Thursday and almost 100% of the time Fridays – Sundays. Off campus has two buses which have taken the place of the daily off campus shuttle and 72-passenger buses for field trips. The off campus buses are used regularly by GBS and GBN on the weekends for athletics. In addition, GBN and GBS share buses as needed.

Bid Results

Southern Bus and Mobility	\$6,391.50/bus/year
Midwest Transit	\$6,599.00/bus/year
Central States Bus	\$8,109.49/bus/year
Midwest Bus Sales	\$8,800.00/bus/year

5,000 Mile / 6 month Maintenance and Inspection for Chevy G3500 Cutaway Commercial Buses

- 1. Test drive bus to check performance and operation.
- 2. Check operation of transmission and condition of fluid.
- 3. Inspect and adjust tire pressures.
- 4. Change engine oil and filter.
- 5. Inspect and lube steering linkage, drive-line and suspension.
- 6. Check and refill all fluid levels and check for leaks.
- 7. Check condition of all belts and hoses
- 8. Check operation of all lights and accessories.
- 9. Check operation of all doors, windows, locks, hold open devices and adjust and lube if necessary.
- 10. Check operation and condition of A/C system.
- 11. Inspect safety equipment for proper mounting and working condition.
- 12. Check interior and exterior for loose or missing trim, fasteners, etc.
- 13. Have IL State Inspection performed and new inspection sticker installed.
- 14. Test drive after service and inspection is completed.

Servicing Technician, Southern Bus and Mobility

Date

10,000 Mile / Annual (which ever comes 1st) Maintenance and Illinois State Inspection for new Type A School Buses

- 1. Test drive bus to check performance and operation.
- 2. Check operation of transmission and condition of fluid.
- 3. Check A/C operation and routing of A/C lines. Clean A/C condenser. Check & clean evaporator filter.
- 4. Pull wheels and Inspect: brake pads, hoses and all brake hardware. Fill out State of IL brake inspection form.
- 5. Inspect front sealed wheel bearings.
- 6. Inspect and adjust tire pressures.
- 7. Rotate tires if applicable
- 8. Change oil and filter.
- 9. Inspect and lube steering linkage, drive-line and suspension.
- 10. Check and refill all fluid levels and check for leaks.
- 11. Replace fuel filter.
- 12. Lubricate emergency brake cables.
- 13. Lubricate transmission linkage.
- 14. Lubricate pedal pivots.
- 15. Visually inspect fuel system and check for leaks.
- 16. Check exhaust for leaks and proper alignment.
- 17. Pressure test cooling system and check: for leaks, routing of hoses and antifreeze level.
- 18. Check condition of all belts and adjust if needed.
- 19. Check condition of air cleaner housing and filter.
- 20. Check charging system, battery condition and clean battery cables if needed.
- 21. Check operation of all accessories.
- 22. Replace wiper refills.
- 23. Check operation of all doors, windows, locks, hold open devices and adjust and lube if necessary.
- 24. Check condition of all seat foams, seat covers, seat belts and child safety restraint systems.
- 25. Inspect safety equipment for proper mounting and working condition.
- 26. Check interior and exterior for loose or missing trim, fasteners, etc.
- 27. Have IL State Inspection performed and new inspection sticker installed.
- 28. Test drive after service and inspection is completed.

Servicing Technician, Southern Bus and Mobility

Date