

TO: Jeffrey P. Simons, Superintendent of Schools
FROM: Larry Edson, Assistant Superintendent for School Business Finance
MaryAnn Belmont, Transportation Supervisor
DATE: October 18, 2016
RE: **Status of Transportation Department School Bus Fleet**

During the annual budget process, there is a comprehensive review of the transportation department school bus fleet. The initial review is completed by Ms. Belmont, Transportation Supervisor, in conjunction with her staff. Subsequently, any proposals for new or replacement vehicles are considered by the Assistant Superintendent for School Business Finance and then the Superintendent of Schools. The Board of Education, after its own review, authorizes voter propositions for bus purchases by borrowing and from the bus purchase reserve. Residents have the opportunity to vote on bus purchase propositions at the annual budget vote in May.

FLEET OBJECTIVES

Please be advised of the following objectives with regard to the school bus fleet, steps being taken to fulfill those objectives, and other accomplishments:

1) Provide safe transportation to and from school for all students

Status: It is a continuous objective of the transportation department to provide safe transportation. The department strives to meet all federal and state regulations, hire the most qualified staff, and provide professional development to all drivers on a semi-annual basis.

2) Standardize fleet purchases for optimal maintenance and purchasing of replacement parts

Status: There are four manufacturers of the 103 school buses within the fleet as of October 18, 2016: International (71), Corbeil (11), Girardin (13), and TransTech (8). Newer buses are being purchased on New York State Contract or by a bid process. Blue Bird buses were phased out of the fleet during 2014-2015; Corbeil no longer manufactures buses for schools.

3) Track repair cost for each bus in the fleet

Status: The transportation department utilizes Bus Hive software to track all repairs made on each bus, including mileage, labor and inventory. The software information is used to determine trade-in points for buses, service timelines, and identify service issues.

4) *Work to attain a 100% NYS Department of Transportation safety inspection rate*

Status: For the last State reporting period of April 1, 2015 to March 31, 2016, the department achieved a 99.6% Department of Transportation pass rate. DOT reported that the District's commendable performance indicated a strong dedication to safety and a commitment to sound maintenance standards and practices.

5) *Review spare bus capacity in light of student transport needs and industry standards*

Status: By June 30, 2016, there were 25 spare buses in the 105 school bus fleet, a 23.8% ratio. However, the fleet will reduce by 2 spare buses during 2016-2017, resulting in a 22.3% ratio. This is only slightly higher than the 15% to 20% industry standard quoted in the recent Shared Services Study by Transportation Advisory Services. Over the past five years, the fleet has been reduced by 14 buses in order to reduce the spare capacity. There is no intention to further reduce the spare capacity.

6) *Evaluate replacement of buses in the fleet against industry standards*

Status: Several factors are taken into consideration for a proposal to replace buses, not just industry standards alone. Each bus must be evaluated in terms of body condition, total mileage, and repair expenses over time. Normally, small buses have an expected life of eight to ten years, while larger buses may last twelve to fifteen years. The transportation department also evaluates the benefits of newer buses in terms of fuel efficiency, lower emissions, engine control, and child and driver safety features.

7) *Timely apply for state aid reimbursement on bus purchases*

Status: Subsequent to each purchase of a school bus, the District files form SA-16 to claim state transportation aid. All SA-16 forms have been submitted to the State Education Department for buses purchased in 2015-2016 and 2016-2017.

8) *Utilize reserve funds whenever possible to avoid legal and interest expenses associated with borrowing*

Status: The voters of the District approved a proposition to establish a new bus purchase reserve fund on May 18, 2010. The District intends to utilize the new reserve fund as much as possible to avoid future borrowing costs. During 2017-2018, voters may be asked to increase the dollar limit on the existing reserve or establish a new reserve to comply with State regulations.

FLEET STATUS

At the end of the current fiscal year, June 30, 2017, the District is anticipated to have the following school buses on hand:

65-66 Passenger Buses	59
30 Passenger 4Wheel Drive Buses	6
28-30 Passenger Buses	24
22 Passenger Buses	6
Wheelchair Equipped Buses	8
 Total Buses in Fleet	 103

During the 2013-2014 year, the District completed plans to reduce the size of the fleet to 105 buses in consideration of overall declines in enrollment, reduction in regular transportation routes, and the need to adjust spare capacity. A reduction of two buses in the fleet size has occurred in 2016-2017; fleet size in the future may continue to decrease dependent upon enrollment and the anticipated number of regular routes.

FLEET REPLACEMENT PLAN

The District has historically had a successful voter-supported replacement plan. The current year and proposed fleet replacement plan is as follows:

2016-2017 Budget Year

Actual Purchases:

- 6 – Sixty-six passenger buses, Actual Cost, Net of Trade-Ins \$670,652.38
(Reserve purchase: \$447,634.92, Borrowing: \$223,017.46)
- 2 – Twenty-eight passenger buses, Actual Cost, Net of Trade-Ins \$102,936.68
(Reserve purchase: \$0, Borrowing: \$102,936.68)
- 2 – Twenty-eight four-wheel drive passenger buses, Actual Cost, Net of Trade-Ins \$137,353.92
(Reserve purchase: \$137,353.92, Borrowing: \$0)

Actual Trade-Ins:

- 4 – 2003 Internationals, sixty-six passenger
- 3 – 2005 Internationals, sixty-six passenger
- 2 – 2004 Internationals, thirty passenger
- 1 – 2006 International, thirty passenger
- 2 – 2006 GMC, twenty-two passenger

Fleet Size:

- Beginning of Year – 105 buses, 3 service vehicles
- End of Year – 103 buses, 2 service vehicles

2017-2018 Budget Year

Planned Purchases:

- 4 – Sixty-six passenger buses, Total Estimated Cost \$458,052
(Reserve purchase: \$229,026, Borrowing: \$229,026)
- 4 – Twenty-eight passenger buses, Total Estimated Cost \$243,708
(Reserve purchase: \$243,708, Borrowing: \$0)
- 2 – Twenty-two passenger buses, Total Estimated Cost \$118,352
(Reserve purchase: \$118,352, Borrowing: \$0)

Planned Trade-Ins:

- 3 – 2005 Internationals, sixty-six passenger
- 1 – 2007 International, sixty-six passenger – high mileage
- 4 – 2007 GMC, twenty-eight passenger
- 2 – 2007 GMC, twenty-two passenger

Fleet Size:

Beginning of Year – 103 buses, 2 service vehicles
End of Year – 103 buses, 2 service vehicles

2018-2019 Budget Year

Planned Purchases:

- 4 – Sixty-six passenger buses, Total Estimated Cost \$471,792
(Reserve purchase: \$353,844, Borrowing: \$117,948)
- 4 – Twenty-eight passenger buses, Total Estimated Cost \$251,020
(Reserve purchase: \$125,510, Borrowing: \$125,510)
- 2 – Twenty-two passenger buses, Total Estimated Cost \$121,902
(Reserve purchase: \$121,902, Borrowing: \$0)

Planned Trade-Ins:

- 3 – 2005 International, sixty-six passenger
- 1 – 2006 International, sixty-six passenger
- 4 – 2007 GMC, twenty-eight passenger
- 1 – 2007 GMC, wheel-chair multiple-station bus
- 1 – 2009 GMC, thirty passenger

Fleet Size:

Beginning of Year – 103 buses, 2 service vehicles
End of Year – 103 buses, 2 service vehicles

2019-2020 Budget Year

Planned Purchases:

- 4 – Sixty-six passenger buses

- 4 – Twenty-eight passenger buses
- 2 – Twenty-two passenger buses, four-wheel drive

Planned Trade-Ins:

- 4 – 2006 International, sixty-six passenger
- 2 – 2009 GMC, thirty passenger four-wheel drive
- 1 – 2009 GMC, wheel-chair multiple-station bus
- 3 – 2009 GMC, thirty passenger

Fleet Size:

Beginning of Year – 103 buses, 2 service vehicles

End of Year – 103 buses, 2 service vehicles

SPARE CAPACITY

The District has calculated its spare capacity as follows:

	Total Buses (A)	Regular Routes (B)	Regular Trips (C)	Spares (D)	Spare Percent (D)/(A)
June 30, 2012	117	79	7	31	26.6%
June 30, 2013	117	79	7	31	26.6%
June 30, 2014	105	76	7	22	21.0%
June 30, 2015	105	76	7	22	21.0%
June 30, 2016	105	73	7	25	23.8%
June 30, 2017	103	73	7	23	22.3%
*June 30, 2018	103	73	7	23	22.3%

Note that buses under column (C) are used on a regular daily basis for trips to athletic competitions or approved educational field trips. Therefore, they are not technically available to be used as spare buses. An asterisk denotes projected spare percent calculations.

The August 2010 report issued by Transportation Advisory Services (TAS) for the Rensselaer Student Transportation Collective indicated that our spare capacity exceeded the industry standard of 15 to 20 percent. However, in questioning TAS, they note that the spare capacity is derived from their experience in consulting with school districts rather than a published industry standard. Despite this information, we reviewed the spare status in the District and believed their comments to have some merit. Accordingly, we made efforts over the past few years to reduce spares so the 22.3% ratio for 2016-2017 would be close to the TAS quoted industry standard.

The spare capacity varies from year to year dependent on the number of regular routes established by the Transportation Supervisor. Over time, the number of regular routes has declined due to lower student enrollment and routing efficiencies. For example, when three

drivers took the state retirement incentive during the summer of 2010, their regular routes were discontinued and not replaced. Historically, the number of regular routes was between 88 and 91 from 2003 to 2009. However, there was only need for 73 regular routes this year and last year. The Transportation Department will continue to look for future efficiencies to control cost in this area in light of current economic conditions.

BUS PURCHASE RESERVE

The success of the replacement plan has been complemented with the use of funding from the capital reserve begun in 1994, which is now closed. Additionally, District voters approved establishment of a new reserve during the May 18, 2010 school vote.

The benefits of utilizing the capital reserve method to fund buses are as follows:

- 1) *Creation of a funding stream for future purchases:* State transportation aid received on prior bus purchases must be deposited in the capital reserve that can only be used to buy more buses.
- 2) *Save taxpayer dollars:* Borrowing is typically a costly alternative to using capital reserve funds. When the District borrows to purchase buses, it incurs legal and interest expenses.
- 3) *Voter control of funding:* Only the voters of the District can authorize deposits to the reserve (through state aid) and withdrawals from the reserve (as part of a proposition at the annual vote for bus purchases).
- 4) *Flexibility:* The new 2010 capital reserve allows additional funding of up to \$200,000 per year when financial conditions are favorable. The additional funding further offsets the need to borrow when purchases are made.

On May 18, 2010, the voters of the East Greenbush Central School District approved the following proposition #3:

RESOLVED: That the Board of Education of the East Greenbush Central School District is authorized to establish a reserve fund pursuant to Education Law Section 3651, to be known as the 2010 Bus Purchase Reserve Fund, for the purchase of school buses and related equipment and expense, in an ultimate amount not to exceed \$5,000,000 plus interest earnings and for a probable term of 15 years. The Board is authorized: to pay into the fund (1) in the 2010 – 2011 school year and annually thereafter available funds of the District in an amount determined by the Board not to exceed \$200,000 per year, (2) to the extent determined appropriate by the Board for the purposes of the fund, state aid reimbursement to the District on account of bus purchases and the proceeds of the sale of used buses, and (3) such other monies as the voters may direct.

The following is a summary of estimated bus purchase reserve activity beginning with the 2013-2014 school year:

<u>Year</u>	<u>Beginning Balance</u>	<u>Optional Funding (1)</u>	<u>State Aid (2)</u>	<u>Bus Purchases (3)</u>	<u>Ending Balance (4)</u>
2013-14	\$1,585,321	\$200,000	\$322,131	\$1,202,801	\$904,651
2014-15	\$904,651	\$200,000	\$364,884	\$903,820	\$565,715
2015-16	\$565,715	\$200,000	\$368,457	\$497,694	\$636,478
				\$403,123 budget purchase	
2016-17	\$636,478	\$200,000	\$354,817	\$584,989	\$606,306
				\$325,954 funded by borrowing	
2017-18	\$606,306	\$200,000	\$445,076	\$591,086	\$660,296
				\$229,026 funded by borrowing	
2018-19	\$660,296	\$200,000	\$437,779	\$601,256	\$696,819
				\$243,458 funded by borrowing	

Notes:

- (1) Optional funding is limited to \$200,000 per fiscal year. Subsequent year's optional funding is at the Board's discretion and dependent upon the District's overall financial condition.
- (2) State aid is paid over a five-year period based on a formula related to bus purchases. The state aid estimates above also includes interest generated on the reserve fund.
- (3) Bus purchases for 2017-2018 are conditional upon a positive vote on propositions #2 and #3 set for a resident vote on May 16, 2017. Bus purchases are estimated for 2018-2019 in accordance with the fleet replacement plan above.
- (4) The anticipated balance in the reserve at June 30, 2017 is \$606,306 which is insufficient for the total planned bus purchases during 2017-2018. The District is not allowed to fund all bus purchases from the reserve since (a) optional funding may not occur and (b) state aid is typically received ratably throughout the year beginning in December, which is usually after payment on the buses is due. Accordingly, a portion of total planned purchases will be funded using borrowed funds.
- (5) Total deposits (optional funding plus state aid, but exclusive of interest) to the bus purchase reserve through June 30, 2016 totaled \$3,240,793; the maximum deposits allowable under the 2010 voter proposition to the reserve are \$5,000,000. With the above projections, the reserve should be in compliance through June 30, 2018. In May 2018, voters may need to consider a proposition to increase the amount of allowable deposits or authorize a new bus purchase reserve.

If you have questions on this information, please contact Mr. Edson or Ms. Belmont for further clarification.