

OFFICE OF THE SUPERINTENDENT

Millburn Public Schools

INFORMATION ITEM

January 19, 2010

To: Board of Education Members

From: Ellen E. Mauer, PhD

Subject: Bus Lease

Background

We have had some significant issues with 8 of our older busses. Many of the issues have to do with structural rust. As of next year, we will be spending more to service them than they are worth. We are doing major structural repairs such as welding stairs and 7 of them need new doors entirely. Larry feels we keep getting more surprise inspections because of the age of the busses. Before 2007, we never had these inspections. It is not to our advantage to keep them on the road and, if in an accident, may not hold as well as a newer bus. These older busses are more costly to repair and take lots of time to do so. They also break down more frequently than our newer busses and that causes inconvenience to the students/drivers when we have to send another bus to pick them up. For example, we have had to have two busses towed recently due to pressure lines blowing, belts breaking. In one of the cases, oil got onto the engine and the bus was smoking. Luckily, our kids know the bus evacuation drills well. We also continue to have numerous electrical problems.

You may remember that in October of 2008 there was a bus accident and the driver attributed her being unable to turn in her written statement to a locked steering wheel and then there were radio buttons missing when she went to use the radio. We ended up being sued and our insurance did a payout of \$157,628.98 not including anything we paid for our own employees and bus. This was only for the other vehicle and passengers. We were lucky the bus was empty of students. This is the sort of incident we really need

to avoid. Safety is the main concern for our students. We want them to have the safest busses that we can provide.

The other major factor in whether or not we lease busses is that of the maintenance. We have been very lucky in the past with our maintenance person also being a driver who could do this part-time on the side. Larry has his own welder and equipment and could do this when we needed. He is no longer able to do our maintenance due to a pension issue. He can still drive for us part-time, but cannot put in the hours doing the maintenance or he would lose his pension. As it stands, he will no longer be able to do this after June and we will need to hire a mechanic and get some tools and equipment. (unless whoever we hired happened to have all of this) We also have no place in which to do the maintenance so we would have to figure out how to find a covered area for this person to work. Larry has been doing this out in the open for several years. Previously, we had Noel. Noel had his own farm and barn in which to take the busses for repair. We cannot bank on the fact that the person we hire to do repair and maintenance will have their own covered area and equipment. Before we had Noel for maintenance, we used to pay Antioch to do the maintenance. Then they grew too large and could not do both fleets. Now they lease in the same manner from the same company that Woodland, Gurnee, and Warren do.

Attached please find Mary's list of options for us and the pros and cons of each. There may be more pros and cons that you think of once you have a good understanding of our situation. Feel free to add any on both sides during our discussion.

We are looking for the Board to have discussion and make a decision about one of the options. We can make any option work for us, but some will take much more time from our personnel to implement on a regular basis.

CURRENT FLEET - OWN 18 LARGE, 5 SMALL**REIMBURSABLE****ADVANTAGES****DISADVANTAGES**

COSTS PER YEAR - LEASE	\$83,000.00	\$34,500.00
REPAIRS	\$110,000.00	\$88,000.00
NEW RADIOS	\$12,000.00	\$9,600.00
SALARIES FOR REPAIR	\$15,000.00	\$12,000.00
	<u>\$220,000.00</u>	
REIMB. FROM STATE		\$144,100.00
DISTRICT COST		\$75,900.00

High repair costs
Safety issues (rust)
Will need to retrofit emissions
Will need a mechanic
No place to do maintenance
18 buses non-reimbursable

LEASE TOTAL FLEET - 16 LARGE, 2 WHEELCHAIR, 1 SMALL

COSTS PER YEAR - LEASE	\$212,100.00	\$139,142.00
REPAIRS (OIL CHANGE)	\$15,000.00	\$12,000.00
TOTAL	<u>\$227,100.00</u>	
REIMB FROM STATE		\$151,142.00
DISTRICT COST		\$75,958.00

Safety of new buses
No major repairs
Can change bus config./#'s from year to year
Less gas consumption
Higher reimb. From state
Reimb. For fleet \$299,400
Radio cost included
Meets future emissions stds.

PURCHASE 10 NEW BUSES

COSTS - LEASE TO OWN	\$144,122.00	\$68,630.00
REPAIRS	\$40,000.00	\$32,000.00
NEW RADIOS	\$12,000.00	\$9,600.00
SALARIES FOR REPAIRS	\$2,500.00	\$2,000.00
	<u>\$198,622.00</u>	
REIMB FROM STATE		\$112,230.00
DISTRICT COST		\$86,392.00

Get rid of most problem buses

Still have repair bills
Need someone to work on buses

7 buses non-reimb.
Need to retrofit emissions on older buses

LEASE 10 1 YR OLD BUSES

COST TO LEASE	\$185,500.00	\$108,120.00
REPAIRS	40000	32000
SALARIES FOR REPAIR	2500	2000
	<u>\$228,000.00</u>	
REIMB FROM STATE		\$142,120.00
DISTRICT COST		\$85,880.00

Get rid of most problem buses

Still have repair bills
Need someone to work on buses
7 buses non-reimb.
May be a price difference with
fewer busses
Need to retrofit emissions on older buses