

SAN DIEGO CITY SCHOOLS

Office of School Site Support
Business Operations

SCHOOL BUS RENEWAL PROGRAM

May 25, 2004

Introductory Statement

Due to budget shortfalls over the past two years, school bus replacement has been on hold. Because vehicles have not been replaced on a scheduled cycle, there has been an increase in breakdowns/repair, maintenance costs have risen, warranty reimbursement to the district has decreased, transmission repair has begun, resale value has plummeted, increased number of spare buses are needed, and most importantly, the safety, reliability and service to customers, while still above minimum levels, has decreased. The department is not staffed for this increase in work, and is currently working 17 mechanics on 979 vehicles, a 56 vehicle-per-mechanic ratio (the national average is 20 vehicles per mechanic). A plan for replacement of at least 208 school buses should be implemented in budget year 2004-05.

Background

In 1989, the Board of Education reviewed and recommended a schedule for bus replacement. This plan included:

- Minimizing the cost of vehicle maintenance per mile
- Cutting staff by 50 percent and spare buses by 80 percent
- Doubling fleet and standardized vehicles
- Reducing inventory
- Creating a replacement cycle for Conventional buses (65 passenger) at ~120,000 miles and/or five years and a replacement cycle for Transit style buses (84 passenger) at ~175,000 miles and/or 10 years
- Becoming a national model for cost/operational efficiency

In addition, this program established a resale of newest/low mileage pre-owned buses available in the state to other school districts/organizations that in turn generated revenue that defrayed cost of new buses. The newer, more reliable vehicles were covered under warranty and since the warranty coverage on newer vehicles reduces costs, the Transportation Services Department was able to minimize staffing and reduce maintenance costs per mile by 75 percent.

Because a comprehensive bus replacement program is not currently in place, the Transportation Services Department is currently overextended:

1. All buses are currently utilized and run at least at 88 percent capacity daily.
2. The property at transportation, which was originally built for 400 buses, now houses over 500, making a facility expansion for repairs unrealistic.
3. Under the standardized plan, mechanics were hired for light repair with the intention of maintaining buses under warranty; there are not enough mechanics currently for the heavy work as now required.
4. There is neither local fleet maintenance nor driver contractors available in the Southern California area that are available for supplemental service.

5. Even with an exception to the hiring freeze for monthly drivers, our aging fleet requires private contractors; the cost for these contractors is 20 percent higher than in 2003, and very few private carriers are bidding on work in this area.
6. There are on-going maintenance expenses which are now being paid for through the district rather than through the warranty reimbursement process.

Instructional Implications

Already apparent this school year, there has been an increase in vehicle breakdown. When this occurs, there is a higher likelihood of service being delayed and students missing vital instructional minutes. There is also a disruption to other students' education when "bused" students arrive late.

Facilities Implications

The current transportation fleet maintenance facility is at capacity; if an older fleet is to continue to be maintained, then additional maintenance facilities would be needed offsite.

Budget Implication

In order to receive buses by 2005, an agreement to purchase must be established through a bid process not later than July 2004. Based on the attached table in the PowerPoint presentation, there are options to replace buses either on a five- or ten-year cycle. The five-year cycle is our recommendation due to a lower total cost. The total capital and operational cost of a five-year cycle renewal program over 10 years for the entire fleet is \$120M vs. \$156M for a ten-year cycle renewal program.

The procurement of 208 buses delivered over two years beginning in budget year 2004-05 commences the renewal cycle. Several financing options are under consideration by the Chief Financial Officer. Budget impact is approximately \$9M per year. The financing plan will include a combination of integration, Title I, and State School Facilities funds in proportion to programs served.

Although status quo is always an option, it is not a recommendation that should be moved forward. The department is not currently staffed to maintain the number of vehicles that will be out of warranty and facilities are inadequate. New guidelines within the state of California will make this the more costly option as seen in the following:

- The new California Air Resources Board (CARB) ruling disallows resale to districts in the South Coast Air Quality Management District (SCAQMD); this includes Los Angeles, Riverside, and Orange Counties, our prime resale customers.
- New lap/shoulder restraint system required by July 2005, will add \$12K+/bus and reduce capacity. It would therefore behoove us to make at least one purchase prior to this date.
- Increase in NCLB programs will result in more riders—yet vehicles, routes, and facility are at capacity; (currently only 17 mechanics for 979 vehicles) private contractors have not been bidding on our work—there is a concern that increased contracting will not be possible in a timely manner.

Over five years, the cost of status quo is estimated to be \$109M, after which point new buses still must be purchased.

Public Support and Engagement Implications

None.

Policy Implications

This report is consistent with Board of Education policy contained in G-5150 and requires no revision of such policy.

Recommendations

The superintendent recommends the Board of Education approve the procurement of 208 buses, delivered over two years, beginning in budget year 2004-05, and authorize planning for an on-going replacement cycle following the initial two-year period.

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Attachment: School Bus Renewal Program—PowerPoint Presentation