



Parkrose
School District
Portland, Oregon



Fleet Replacement Discussion

Sharie Lewis, CPA

Board Work Session 9/14/15



Fleet Replacement – Why do it?

- LIFE EXPECTANCY OF A BUS IS 10 TO 15 YEARS
- CURRENTLY PARKROSE HAS 24 BUSES IN THE FLEET – WITH **16 OR 67% OVER 10** YEARS OF AGE
- PURCHASE VEHICLES THAT ARE MORE FUEL EFFICIENT (HYBRID, PROPANE, ETC.)
- ABILITY TO USE QZAB – QUALIFIED ZONE ACADEMY BONDS AT 0% INTEREST – APPLICATION **\$2.2 MILLION**



DO WE GET TRANSPORTATION REVENUE?

YES -- IT IS PART OF THE
STATE SCHOOL FUND (SSF) REVENUE GRANT

- GENERAL PURPOSE GRANT (ADMw)
- TRANSPORTATION GRANT
 - TRANSPORTATION GRANT IS BASED ON 70% OF ALLOWABLE COSTS
 - DEPRECIATION SCHEDULE BASED ON 10% OF EQUIPMENT FOR 10 YEARS
 - DEPRECIATION AMOUNT MUST BE SPENT ON TRANSPORTATION EQUIPMENT

DISTRICT COST VS. CONTRACTOR

Parkrose School District Public Contracting Cost Analysis for Projects over \$250,000				
District's Estimate to Perform Services (ORS 279B.033 (1)(a) and OAR 137-047-0250(5)(b))		District's Estimate of Contractor's Costs (ORS 279B.033(1)(b) and OAR 137-047-0250(5)(c))		Estimated Savings
Salary and benefits: District	Adopted 2015-16 Expenditures	Salary and benefits: Contractor		
All Salaries				
2550 - Undesignated			\$0	
0100 - SALARIES				
0112 - Classified Salaries	\$424,533		\$424,533	
0114 - Managerial Salaries	\$76,163		\$76,163	
0122 - Substitute Classified	\$25,592		\$25,592	
0130 - Additional Salary	\$0		\$0	
0132 - Overtime	\$0		\$0	
	\$526,288		\$526,288	\$0
0200 - ASSOCIATED PAYROLL COSTS				
0211 - PERS Employer Contribution	\$95,677		N/A	
0212 - PERS Employee Pickup	\$28,504		N/A	
0221 - Social Security	\$40,245		\$40,245	
0231 - Workers Compensation	\$16,944		\$16,944	
0232 - Unemployment Compensation	\$1,920		\$1,920	
0241 - Contracted Insurances	\$195,290	401K for full-time employees	\$3,600	
0256 - HRA Contribution	\$696	Health Insurance	cost is \$250 month for 24 staff \$72,000	
	\$379,277			
	\$905,565		\$134,710	\$660,998
				\$244,567

DISTRICT COST VS. CONTRACTOR

(cont.)

Material Costs: District	Adopted 2015-16 Expenditures	Material Costs: Contractor		
Fund 100 Functions 2552, 2558		Materials having costs equal to District costs		
0300 - PURCHASED SERVICES				
0318 - Prof Impv/Non-Inst	\$2,500			
0322 - Repairs & Maintenance Services	\$60,000			
0341 - SPED Travel local in Dist	\$10,000			
0342 - Travel Out of Dist	\$1,000			
0343 - Travel, Student, Out Of Dist	\$313,000	Outsourced cost NA in cost sufficient drivers	\$0	
0351 - Telephone	\$500	Fuel	\$100,000	
0359 - Other Comm Svcs	\$11,000			
0389 - Other Noninst Prof/Tech Services	\$7,500	Telephone	\$500	
0390 - Other General Prof/Tech Services	\$5,000			
	\$283,396			
		Non-Personnel Costs		
0400 - SUPPLIES AND MATERIALS		119,000.00	\$107,100 90% of Dist Cost	
0410 - Consumable Supplies & Materials	\$30,000			
0412 - Food	\$1,000			
		All other materials/svcs <u>except</u> buses and students out of District estimated at a savings of 10%		
0413 - Gasoline	\$100,000	Facility Lease	\$1	
0417 - Copier Lease	\$0			
0461 - Nonconsumable Supplies	\$2,000			
	\$95,210			
	removed \$226k in budget			
0543 - Equipment/Vehicles	\$0			

DISTRICT COST VS. CONTRACTOR

(cont.)

0600 - OTHER OBJECTS					
0641 - Dues and Fees		\$5,000	Facility: Maintenance and Repair	\$2,500	50% of Dist Cost
0651 - Liability Insurance		\$80,000	Liability Insurance	\$72,000	90% of Dist Cost
		\$96,277			\$282,101
			PROFIT MARGIN (20%)	\$94,157	\$94,157
			Total Non Personnel Prior to Profit Calculation	\$470,783	
			Fleet Purchase amortized over 10 years	\$188,682	\$188,682
(amount of Debt Svc Payment will be above value of deprec received from ODE)					
Object 710 Bus Pmt (new)10 yr amortization		\$65,952			
2 Year planned compliance for ORS 468A.796					\$282,839
District Subtotal: Materials		\$540,835	Contractor Subtotal: Materials	\$564,940	-\$24,105
Miscellaneous Costs: District			Miscellaneous Costs: Contractor		
					Total Estimated Savings:
Total Estimated District Costs		\$1,446,400	Total Estimated Contractor Costs	\$1,225,938	\$220,462
					Total Estimated Loss when Excluding Personnel
Total Estimated District Costs Excluding Personnel		\$540,835	Total Estimated Contractor Costs Excluding Personnel	\$564,940	-24,105

QZAB Debt Payment Options

7 yr payoff on QZAB DEBT			
<u># buses</u>	<u>Per Veh Cost</u>	<u>Yrly Cost</u>	<u>Total Cost</u>
9	\$ 20,300	\$ 182,697	\$ 1,278,879
7	\$ 12,407	\$ 86,849	\$ 607,941
16	\$ 32,707	\$ 269,546	\$ 1,886,820
	includes interest		
	Projected Debt Cost	\$ 269,546	
	Estimated Deprec Value	\$ 203,594	used 1st 3 yr avg
	Additional Cost to GF	\$ 65,952	

(equals .70 teacher or approximately .6 of one day in cost)

10 yr payoff on QZAB DEBT			
<u>Per Veh Cost</u>	<u>Yrly Cost</u>	<u>Total Cost</u>	
\$ 14,210	\$ 127,888	\$ 1,278,879	
\$ 8,685	\$ 60,794	\$ 607,941	
\$ 22,895	\$ 188,682	\$ 1,886,820	
includes interest			
	\$ 188,682		
	\$ 203,594	used 1st 3 yr avg	
	\$ (14,912)		

((the amt. of deprec will be sufficient to pay debt))

QZAB – SPENDING PLAN

- The Parkrose School District intends, over the next 24 to 36 months, replace 16 of the current 24 vehicles. This project will include security cameras on all buses and GPS radios. The District also intends to pursue / evaluate multiple vehicle types /options to include natural gas powered buses.
- Parkrose considers the buses the most critical piece of education equipment because large majorities of our students ride use this mode of transportation. This is our primary project for our QZAB funds.
- However, if funds are available after our fleet replacement project, our District intends to spend QZAB proceeds on general building repair and maintenance, as well as some equipment replacement or other needed qualified projects.
- The Total Estimated Cost of our project is two million two hundred thousand dollars.

- \$2,200,000.00



Why Should we move forward?

Note 1)) What does the District Cost vs. Contractor tell us? -- When just looking at the Non -Personnel cost of the District would loss \$24k in funding by moving to an out sourced service - Fleet Svc.

Note 2)) By utilizing the QZAB option the District will be able to replace 16 of 24 vehicles within the next 3 years. The method that will be used to pay for the Debt payment will be the yearly depreciation allocation from ODE based on vehicles cost spread over 10 years (interest not included).

Note 3)) Another option in this evaluation is the District will look at Propane option for buses currently the IRS provides rebates based on usage. By doing this the amount we receive will assist in the future debt payments and establishing a capital replacement fund for future fleet replacement needs.

Note 4)) Another option in this evaluation - Are the costs of placing GPS radios and camera's in the buses eligible for E-Rate reimbursements. - by doing this the amount we receive will assist in the future debt payments and establishing a capital replacement fund for future fleet replacement needs.

Note 5)) In FY 15/16 Budget we currently have \$226,000 budgeted for vehicle/equipment - we can use this to pay the shortage we have in year 1 for debt \$65,952 leaving the difference of \$130,048 to place radios and GPS in the remaining 8 vehicles.