

## FY 13 Bus Purchase

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# Memo

**TO:** Members of the Board of Education  
**FROM:** Nick Armelagos, Administrator of Finance  
**DATE:** May 28, 2013  
**SUBJECT:** Bus Purchase

We are prepared with a recommendation to purchase buses under the newly approved bond issue. We plan to purchase 20 buses in this first round of purchases. As you will recall, our plan is to phase in the bus purchase over the five years of the bond.

We received bids through the Michigan School Business Officials bus purchasing program. They have provided this service to local districts for many years. Through their efforts, districts are able to purchase buses utilizing the purchasing power of the entire state through the MSBO bid procedures.

Attached is an analysis of our work. I would highlight the following:

- We bid propane buses versus diesel buses, based on the request to look at new propane technology. In our eyes, the decision comes down to whether:  
1) the district wishes to go with this new technology, which is clean technology with a lower operating cost, versus 2) the added up-front cost to purchase the buses, as they range on average about \$10,000 more per bus.
- Since we are working within an allotted budget in the bond issue, our recommendation is to go with the diesel buses. We want to buy as many buses as possible and the difference in price for the propane model is in excess of \$600,000 over the life of the bond. Thus, we would be able to buy less than the 61 buses we had originally planned for and still stay within budget.
- If it wasn't for this fact, we do like the new propane technology and were very impressed with our visit to the local plant that builds them.

Again, attached is an analysis of the bids received. We look forward to discussing this with you on Monday night.