

A District's Guidebook to School Bus Purchasing in Ohio



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Introduction	3
Bus Purchase Timeline	3
Phase I: Needs Analysis and Funding Program	3
Needs Analysis.....	3
Vehicle Capacity.....	3
Vehicle Type.....	4
Engine size.....	4
Special equipment.....	4
Special Delivery dates.....	4
Funding Program	5
Public Buses.....	5
Nonpublic/Handicap Buses.....	6
Phase II: Bidding Process	6
Specifications	6
Bid Packet.....	7
Legal Ad.....	7
Bid Opening.....	7
Bid Analysis.....	7
Phase III: Purchasing and Delivery	8
Purchase Contract	8
Vehicle Delivery & Acceptance	8
Payment and Title Transfer.....	9
Inspection, Licensing, Insurance.....	9
Special Considerations.....	9
Contract Transportation and bus ownership	9
Used buses	10
Combination/Cooperative purchasing bids.....	10
Urgent Necessity.....	10
References	10
Forms	10
Bus Purchase Checklist	11

Introduction

This booklet is a guide to assist districts in the school bus purchasing process.

The Ohio Department of Education (ODE) has a school bus purchasing system that places the option and task of purchasing buses with the local educational agency. The documentation provided will guide districts through the process from start to finish. A bus purchase checklist is provided at the end of the publication to help track your progress during the actual process.

Bus Purchase Timeline

The typical time from purchase decision to bus delivery is nine months—circumstances may cause a variation in either direction. For example, if the purchase order is cut in the fall the vehicle construction time will include December and January, typically resulting in additional production time due to factory shutdowns. Conversely, if the district’s needs match common specifications, it is possible to purchase demo units in stock with Ohio dealers. This can eliminate the production time and reduce delivery time for a new school bus to two months from the time of purchase.

This booklet is divided into three phases in the bus purchasing process;

- Phase I: analyzing your needs and assessing available funding;
- Phase II: the bidding process; and
- Phase III: purchasing and delivery.

Phase I: Needs Analysis and Funding Assessment

Needs Analysis

The first step in buying a bus is to determine what will best meet the needs of the district. Factors to consider include:

- Capacity;
- Vehicle type;
- Engine size;
- Special equipment;
- Specific date needed.

Vehicle Capacity

Capacity	Advantages	Disadvantages
LARGE BUS <i>(up to 84 passengers)</i>	More students transported with one driver	Higher student-to-driver ratio
	Good for large routes and field trips	More difficult to maneuver
		An equally large bus is required in the event of a breakdown
SMALL BUS <i>(down to 15 passengers)</i>	Lower initial cost	Not compatible with large routes or sizeable field trips
	Easy to maneuver	More buses and drivers needed to accommodate large number of students
	More appropriate for door-to-door and driveway stops	

Vehicle Type

There are two basic model choices.

- 1) **Conventional** buses have served well for many years. Often, this is the easiest bus for mechanics to service, and the most familiar to drivers with its classic position of the front wheels in front of the driver, and the engine compartment and hood in front of the windshield.
- 2) **Transit style** buses are becoming more popular. Although they tend to cost slightly more, a transit bus built on the same length wheelbase as a conventional bus will have a larger seating capacity.

Transits also can be built on shorter wheelbases, which are more maneuverable. Another advantage of the transit is the increased field of vision in the front of the bus, which is critical in the process of monitoring students as they get on and off the bus.

Transits are designed in two types — *rear engine* and *front engine*.

The *rear engine* bus will be the most expensive, but provides the most unobstructed entranceway and a more comfortable environment for the driver as engine heat and noise are significantly reduced in the driver's compartment. A notable characteristic of a rear engine bus is the absence of a rear emergency door. Emergency exits are located instead on the side of the bus, which affects seating capacity.

Engine size

In most cases, manufacturers build their buses with engines that meet standard needs. Engines that are more powerful may be appropriate in districts that have aggressive terrain, or routes that are mostly highway. Most often, a larger engine that does not have to work as hard will last longer with less maintenance than a smaller engine that operates at its maximum capacity. Manufacturers will describe engine power in either horsepower or torque ratings. When increasing the size of an engine, it is not uncommon for the design capacity of the transmission also to be increased. Manufacturers will match appropriate transmissions to the engine bid as specified by their engineering staff. When requesting specific engines and transmissions, it is important to verify the compatibility of the equipment specified before entering the bidding process.

Special equipment

Additional features such as wheelchair lifts, am/fm radios, public address systems, luggage compartments, flat floor configurations, reflective marking packages, tinted windows, extra high headroom and low profile tires also are available. Districts with special needs should work closely with vendors to determine what options are available. Not all vendors will offer all options, complicating the bid analysis process.

Two –way radios are required on all special education buses, and optional on other buses. Bus companies can offer this equipment, however most districts purchase and install these locally from their communications company.

Special Delivery dates

An unexpected increase in special education enrollments, additional students using wheelchairs or a catastrophic loss of an existing bus are some cases that may require a speedy purchase process. In these

cases, it is possible to purchase a pre-built bus that a dealer has in stock. These buses may need very little modification to be viable for a district.

The best solution to matching needs with bus styles is to meet with several vendors before publishing specifications—present the district’s needs and ask what options and vehicle configurations are available. Working with the vendors will help to ensure that you receive multiple bids that comply with the specifications that you develop.

Funding program

Public Bus Purchase Subsidy (current practice, remains unchanged)

This subsidy is calculated annually for all public school districts who provide pupil transportation on yellow buses. It is based upon a formula that includes the following data elements: number of yellow bus pupils reported on the T-1, number of yellow bus miles reported on the T-1, relative wealth of the district and number of miles traveled on rough roads. These factors are used to calculate a bus purchase aid amount for each district which is distributed in a one time payment through the statement of settlement.

Funds received through this bus purchase subsidy payment are restricted funds, and can only be used to purchase school buses or to pay for contracted yellow bus services. They may not be used for any other purpose. These funds can be carried over from year to year.

Nonpublic and Handicap Bus Purchase (new procedure in FY06)

There is a significant change in this program. In accordance with previous law reimbursement for nonpublic or handicap buses was required to be 100% of the net cost to purchase these buses. Since funding was not distributed to all districts, and was insufficient to meet all need, both law and rule required that these funding approvals be based upon a prioritization of need based upon data submitted to ODE.

Under the new law, distribution of funds for these buses is now shared among all school districts and boards of MRDD who provide pupil transportation by yellow bus. That distribution is calculated by determining a per pupil amount based upon the total number of eligible students riding school buses as reported on the T-1, and dividing that number of students into the amount of funds allocated for this purpose in the state budget. Eligible students for this calculation are only actual riders receiving yellow bus service as a special education or nonpublic student.

Funds received through this bus purchase subsidy payment are restricted funds, and can only be used to purchase school buses or to pay for contracted yellow bus services. They may not be used for any other purpose. These funds can be carried over from year to year. (Funds received through the nonpublic/handicap calculation may be used by a district for any bus purchase, and are not restricted to nonpublic or handicap bus purchase.)

Disposal and/or Use of Previously Funded Buses (new procedure)

As a result of the new funding process a new process was needed to allow districts to address disposition of previously funded buses, but still to safeguard the state’s legal authority to reassign buses previously funded but no longer needed by a given agency.

A new set of administrative rules has been developed to cover this process, and is moving through the legal process of adoption. While the rules will not be final until later this school year, [approximately

May 19], we will begin operating under their guidance immediately as a matter of practicality. This will allow school districts to begin liquidating older buses that can be considered to be fully depreciated in terms of both monetary and transportation value.

The language was adopted in rule 3301-85-01 as follows:

(C) Rules pertaining to buses previously funded for transportation of nonpublic pupils or pupils with disabilities.

(1) School districts that enter into an agreement with a licensed school bus contractor to provide pupil transportation services and that sell the board-owned school buses pursuant to section 3313.41 of the Revised Code shall return one hundred per cent of the proceeds to the state of Ohio, Ohio department of education, or make the buses available without charge to other school districts. Vehicle assignment will be overseen by the Ohio department of education. The return of proceeds or use by other districts applies only when the bus was funded by the Ohio department of education.

(2) School districts that enter into an agreement with a licensed school bus contractor to provide pupil transportation services may lease the board-owned school buses to the contractor.

(3) Pursuant to section 3317.07 of the Revised Code, the Ohio department of education may reassign a bus funded under the previous version of this rule if it determines that the county MR/DD board or school district no longer needs the bus to transport pupils to a nonpublic school or special education program.

(4) Districts and county boards of MR/DD with buses funded under the previous version of this rule who continue to transport nonpublic or special education pupils to eligible programs may trade or sell outright any vehicle in excess of ten years of age. All proceeds of that trade or sale shall be retained by the district or county board of MR/DD.

(5) Districts and county boards of MR/DD with buses funded under the previous version of this rule who continue to transport nonpublic or special education pupils to eligible programs who wish to trade or sell any vehicle ten years of age or less shall make that bus available without charge to other school districts. Vehicle assignment will be overseen by the Ohio department of education.

4) Claims for previously funded buses

While the funding mechanism for 100% funded buses has changed, there are still a substantial number of buses that have been approved in previous fiscal years and not claimed. At the time of approval of each of these buses, letters were sent to district staff by ODE area coordinators, notifying them of the pending approval. A current list of unclaimed bus funds is posted on the pupil transportation website. Districts included on the list should make contact with their area coordinator or the Pupil Transportation office at ODE immediately to pursue the use of those funds. These funds will not remain available for an indefinite period of time.

Phase II: Bidding Process

Specifications

A good bid specification is one that can be met by several manufacturers, one that is easily understood and one that will attract multiple bidders.

All buses sold and delivered in Ohio must meet federal and Ohio construction standards. The Ohio standards are part of the Ohio Administrative Code (OAC), under the authority of the Ohio State Highway Patrol. These standards can be downloaded from the Ohio Department of Education Pupil Transportation website.* The Ohio standards are relatively detailed, and have been developed with the goal of designing a bus that will work for any school district in the state, meeting all the basic needs. Buses that meet all Ohio standards will meet federal standards by default.

Many districts have unique items that they choose to add to their vehicles to meet local needs. These items are considered options, and may be purchased providing that they are listed as approved in the Ohio Construction Standards. Items that are not listed in the standards are not approved for purchase or installation on an Ohio school bus. New items may be considered through a testing process by application to the Ohio State Highway Patrol.

Items listed in federal or state specifications need not be reiterated in a district specification. The only items that need to be listed in detail are district-specific items.

Bid Packet

Bid packets should be prepared before releasing your legal ad. Include in your packet:

- Bid instructions** should include contact names, directions for mailing or submitting bid, special delivery instructions, payment terms, bid bond instructions, pre-delivery instructions, and any rights and privileges you guarantee yourself.
- Chassis specifications** with compliance check sheet
- Body specifications** with compliance check sheet
- State bid form**

Although the legal requirement for notification of vendors is served by placing a legal ad, the only certain way to get your bid packet to vendors within the bid period is to mail to dealers directly.

Legal Ad

An advertisement for bids must be placed in a newspaper of general circulation for a period of two consecutive weeks, no later than 15 days prior to the date specified by the board for receiving bids.

The majority of dealers and vendors subscribe to clipping services and rely upon their notification of these ads. The two-week period is commonly too short for all vendors to receive notice of the open bid. It is advisable to notify directly any vendors to whom you want to submit bids, to allow them enough time to work with their manufacturers to respond effectively to the details listed in your bid specifications.

Bid Opening

Bids must be opened at the time and place specified in the ad. Bids should not be accepted or changed after the time of the opening.

Bid Analysis

When evaluating bids, the requirement is to determine the lowest, but most responsible bid. Carefully evaluate if the bidding instructions were followed, if all the requested options have been identified and

* See Reference section for link

supplied, and whether the delivery terms requested (if any) were met. Bids may be submitted with exceptions noted. These exceptions must be carefully evaluated to determine if they provide a price advantage for the vendor taking the exception. If they do, then a true bid comparison cannot be made between the competing vendors.

When analyzing responsible bids, consider:

- Quality of work previously done;
- Equipment and facilities;
- General ability and capacity to fulfill the bid;
- Competence, integrity, and judgment (Baker, Section 6.25).

The following procedures are identified in the Ohio Revised Code (ORC) 3313.46:

- In the event two bids are equal and lower than any other bids, either may be accepted, but the work cannot be divided between the two bidders;
- If there is reason to believe that there is collusion or combination among the bidders, the bids of those concerned shall be rejected.

Vendors may ask for a bid analysis that shows all prices of items bid.

Phase III: Purchasing and Delivery

Purchase Contract

Following the bid analysis, you will need to issue the purchase order contract with the winning bidder.

Included in this contract should be a copy of the bid specifications and a definition of the payment terms and schedule to be used. It is advisable to establish payment procedures up front, in the event of incomplete filling of the bid.

Vendor Notification

It is important to notify the vendor who will receive the purchase contract as soon as possible. In nearly all cases, the vendor will not initiate a build order with their factory until they have received their purchase order contract from you. Regular communication with the vendor at this point will help you to plan on the anticipated delivery date of the vehicle ordered.

Vehicle Delivery & Acceptance

Someone who is familiar with the local and state specifications should inspect the vehicle immediately upon delivery. Make certain that all specifications have been met and that there are no defects or missing items. In the event of a problem, immediately contact your vendor for resolution.

The district must then determine if all local terms and conditions have been met, and decide whether payment should be released to obtain the title.

Some districts have stipulated that payment will be made after state patrol inspection. This practice is problematic. The inspection that the MVI team performs is a safety inspection only, making certain all Ohio specifications are met and that the bus is safe to operate. They will not check for the inclusion of local options. Their inspection should not be used as a basis for payment to the vehicle seller. An additional difficulty with this plan is that the MVI team will not inspect any bus that is not properly

titled. Since titles are only conveyed after payment, in most cases the MVI team will not inspect the bus prior to payment.

Payment and Title Transfer

Title conveyance to the buyer is not due until payment is made. Some vendors have offered early title transfer in the past, but a pattern of slow or late payments has caused this practice to become less common.

Purchasers must have the correct title in hand prior to proceeding with a request for inspection by the state patrol.

Inspection, Licensing, Insurance

Upon receipt of a new bus, the vehicle must be inspected carefully to ensure that:

- All specified items are included;
- Buses meet all state specifications;
- Buses are clean and in useable condition;
- Lettering and fleet numbers are correct.

Items needing additional scrutiny:

- Loose coolant hose connections;
- Loose fasteners on floor;
- Undercoating overspray;
- Glass condition;
- Mirror adjustment.

Following inspection by the vehicle owner, correction of any problems and receipt of the correct title, the MVI team should be contacted for a vehicle inspection. It is important to inform them that the inspection is for a new vehicle.

After the MVI team completes their inspection, they will fill out an HP-32 form to register the bus and apply for the school bus ID number. The bus can be operated for 30 days on a temporary basis until the ID number is assigned and the HP-32 form is returned to the district. The vehicle inspection document completed by the MVI team must be carried on the bus during this period.

Although the MVI team will fill out the HP-32 form, the district should verify that the information recorded is correct and the funding code is correctly designated. Incorrect funding codes can result in loss of future funding from ODE.

Districts must notify their insurance carrier upon receipt of a new bus as required by the terms of their fleet insurance. Many insurance carriers will not honor claims on new vehicles that have not been registered with the agent.

Special Considerations

Contract Transportation and bus ownership

Districts that enter into contracts with licensed school bus contractors to provide pupil transportation service, and which sell their board-owned funded school buses are required to return 100 percent of the proceeds to ODE, or to make the buses available without charge to other school districts.

Districts that enter into these contracts should consider their options in regard to bus ownership. Districts may retain ownership of their buses and contract only for the management and operation of the vehicles, or districts may consider liquidating their fleet and allowing the contractor to provide the vehicles.

Used buses

The purchase of used buses should be considered carefully. International, a bus manufacturing company, has studied and documented the increased operating cost for vehicles with higher age and mileage. The purchase of an older bus may reduce initial capital investment, but will invariably result in higher maintenance costs.

Combination/Cooperative purchasing bids

Districts that purchase through a consortium or cooperative system are exempt from bidding.

Urgent Necessity

Based upon language in ORC 3313.46, districts may deviate from the bidding process in cases of urgent necessity.

If these conditions exist, the board may elect to forego the bidding process, and call for quotes from several known providers.

References

Ohio Revised Code 3313.46 Bidding rules
Ohio Revised Code 3327.08 Competitive bidding and centralized purchasing
Ohio Revised Code 125.04 Cooperative purchase
Ohio Revised Code 713.23 Regional planning commission purchase
Ohio Administrative Code 3301-85-01 bus purchase rule
Ohio Administrative Code 4501-05-01 through 4501-05-10
Ohio State Highway Patrol School Bus Inspection Manual
Baker 6.25 and 6.23
WWW.ODE.STATE.OH.US/school_finance/transportation/

Forms

The T-4 Bid form can be downloaded from the ODE transportation website. The T-4 will be sent to the district along with instructions when bus purchase/replacement is approved.

T-4 Bid Form-- vendors bid form
T-4 ----- district cost certification for funding claim

Bus Purchase Checklist

- Establish vehicle needs
- (100 percent buses only) Receive approval to purchase
- Review specifications with multiple vendors
- Request permission to bid
- Develop bid package
 - Legal ad
 - Bid instructions
 - Body specifications
 - Chassis specifications
- Determine bid-opening date
- Place legal ad
- Notify vendors directly
- Public opening of bids
- Bid analysis
 - All required terms met
 - Bid bond/guarantee provided
 - Tax statement provided
 - Compare like items
- Determine 'lowest, most responsible bid'
- Recommend purchase to school board
- Issue purchase order
- Notify winning vendor
- Notify all other vendors
- Notify treasurer prior to delivery of vehicle
- Inspect vehicle
- Payment/title transfer
- Complete and submit T-4 for funding claim
- Notify insurance company
- MVI inspection
- Label bus with five-digit ID number