

School Bus Purchasing Handbook

Introduction

This booklet has been prepared to serve as a reference to help guide districts through school bus purchasing.

School bus purchase in Ohio is done by the local educational agency. The documentation here is provided to help guide districts through the entire process from start to finish.

Timeline

Typical production time for a school bus is about nine months. This is a benchmark, which can be influenced by several factors. Many school districts place bus orders in the spring, hoping for delivery of their new buses in the summer. Consequently, this is the busiest time for the factories, resulting in the longest delivery times. Bus orders placed in off-peak times such as fall or mid-winter can result in shorter production times. For districts that are willing to compromise on the options they order on a bus, dealers are beginning to stock what they call demo units, typically ordered to match the most popular specifications being purchased by regular customers. If one of these vehicles is close to your specifications, it is possible to eliminate the production time delay, and take delivery of a new school bus within weeks of the decision to purchase.

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.

The best solution to matching needs with bus styles is to meet with several vendors, present your district 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.

Vehicle capacity

Smaller buses are not necessarily cheaper to operate than larger buses, although their initial cost is usually less. An advantage of a smaller bus is that they are easier to maneuver in small streets and cul-de-sacs, and may be more appropriate for use in making door-to-door and driveway stops for special needs students. The disadvantage of buying a smaller bus is that it may not be useful to the district on larger routes, or for field trips with an entire class. Having only smaller buses available can place a district in a position of having to staff field trips with multiple buses and drivers as a result of small bus capacity.

School buses can be purchased with capacities as small as 15, and as large as 84. The primary advantage of a larger bus is that a single driver can transport more students. The disadvantages include a higher student to driver ratio, more difficulty in maneuvering the bus on many streets due to a larger turning radius, and the fact that it takes an equally large bus in the event of breakdown or disabling event.

An important factor in assessing bus size is to understand how passenger capacity is determined. Seating capacity is based upon three 13" seating spaces per seat-which only works for small children. Consequently, it is more practical to consider that the real capacity of a bus is one third less than the rated capacity-i.e. a bus rated at 66 passengers will really only seat 44 students.

Vehicle type

The classic conventional bus has served well for many years. This is usually the easiest bus for mechanics to maintain, and very familiar to most drivers as a result of the classic position of the front wheels in front of the driver.

Transit style buses are becoming more popular, although they tend to cost slightly more. A key advantage of the transit bus is that a shorter wheelbase is used as compared to the same capacity conventional bus. That shorter wheelbase results in increased maneuverability. Another advantage is that drivers have an increased field of vision in front of the bus, which is critical in the process of monitoring students as they load or unload from the bus. Transits are provided in two types—rear engine or front engine. The rear engine bus will be the most expensive, but provides the most unobstructed entrance, and is very quiet in the driver's compartment. Engine heat and engine noise are also significantly reduced inside the bus.

Engine size

In most cases, manufacturers will bid their buses with engines that will meet standard needs. It may be appropriate to specify more powerful engines in districts that have aggressive terrain, or for buses that spend a lot of time on highways. Differences in engine power can result from either horsepower rating or torque rating. Higher torque is generally more powerful and economical with respect to fuel use. With larger engines, the manufacturers will also install a larger capacity transmission to match. This can increase the power of the vehicle, but also increases purchase cost and can impact negatively on fuel economy.

Other differences in engines include in-line 6 cylinder or V-8 configurations and method of EPA compliance for clean exhaust.

Special equipment

Many optional items are available such as wheelchair lifts, am/fm radios, public address systems, luggage compartments, flat floor configurations, reflective marking packages, tinted windows, extra high headroom, low profile tires, and others. Prior to ordering options, buyers should make certain that the product is approved for use on an Ohio school bus. Districts that have specific needs should work closely with vendors and industry resources to determine what options are best for their district.

Special delivery dates

Sometimes districts need a new school bus in a hurry. Reasons for this include an unexpected increase in special education enrollments, additional wheelchair students, or a crash of an existing bus. In these cases, it is sometimes possible to purchase a bus that is already in inventory with a dealer. These buses may need very little modification to be viable for a district.

Specifications

All buses sold and delivered in Ohio must meet all federal standards and all Ohio construction standards. The Ohio standards are relatively detailed, and have been developed with the goal of guaranteeing a bus that will work for any school district in the state. Purchasing a basic Ohio bus without any local options will result in a bus that meets all the basic needs of safety and efficiency.

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

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

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

Bid Packet

Prior to releasing your legal ad, the district needs to put together a bid packet. Included in your packet should be the following:

1. Bid Instructions
 - Include contact names, directions of who to mail or submit bid to, special delivery instructions, payment terms, bid bond instructions, predelivery instructions, and any rights and privileges you guarantee yourself.
2. Chassis Specifications with compliance check sheet
3. Body Specifications with compliance check sheet
4. Property taxes affidavit
5. Bid bond instructions

Although the legal requirement for notification of vendors is served via the 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 (2) consecutive weeks, not later than fifteen days prior to the date specified by the board for receiving bids. Through an amendment in state law, districts now have the option of waiving the second legal ad by placing a notification on their district website.

It is wise to notify directly any vendors you want to submit bids, and to do so soon enough to allow them to work with their manufacturers to properly respond 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 legal requirement is to determine the lowest, but most responsible bid. This is different from identifying the lowest bid. Carefully evaluate if the bidding instructions were followed, if all the requested options have been identified and supplied, and whether the delivery terms requested (if any) were met. It is not uncommon to have bids submitted with exceptions noted. 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 if the bid is responsible, the following items may be considered:

- Quality of work previously done by the vendor
- History of similar equipment purchased previously
- Equipment and facilities of the vendor
- General ability and capacity to fulfill the bid
- Competence, integrity, and judgement (Baker, Section 6.25)

Certain procedures are identified in Ohio Revised Code (RC) 3313.46 as follows:

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.

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. Establish the understanding up front with the vendor whether you will issue partial payment in the event of incomplete filling of the bid.

School buses can be purchased outright, or can be purchased on a lease-purchase contract. School districts qualify for municipal interest rates, and may be able to fund the purchase of buses at very reasonable rates for periods of five to eight years. These lease purchase contracts typically involve a single payment per year and have no balloon payment at the end of the term – the district will receive a clear title at that time.

Vehicle Delivery and Acceptance

Someone who is familiar with the local specifications 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, contact your vendor immediately for resolution.

It is not incumbent on the state patrol MVI team to clear a bus for district payment-in fact, the MVI team will not inspect the bus until you hold the title. The inspection that the MVI team performs is a safety inspection only, and is intended to make certain that the bus meets Ohio specifications.

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

Payment and Title Transfer

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

In the event that payment is not prompt upon delivery of the vehicle, and the title transfer does not occur, it will not be possible to have an inspection of

the vehicle completed by the State Patrol. The vehicle title must be on hand for the inspection to occur.

Inspection, Licensing, Insurance

Upon receipt of a new bus, the vehicle must be inspected carefully for the following:

- All items included as specified
- Buses meet all Ohio specifications
- Buses are clean and in useable condition
- Lettering and fleet numbers are correct

Typical items to be alert for:

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

Following inspection by the vehicle owner, and correction of any problems, the MVI team should be contacted for a new vehicle inspection. The district must have the vehicle title in hand prior to the MVI team inspection.

After the MVI team completes their inspection, they will fill out an HP32 form to register the bus and apply for the school bus license number. The bus can be operated for 30 days on a temporary basis until the ID number is assigned and the HP32 form returned to the district. The vehicle inspection document performed by the MVI team must be carried on the bus during this period.

While the MVI will fill out the HP32 form, the district must verify that the information recorded is correct.

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.

Funding

Funding is not provided for assistance with school bus purchase under the current state budget. There is bus purchase assistance funding available through EPA diesel emission reduction grants (DERG), which can be used to replace older buses with cleaner engines or alternative fuels.

Checklist

- Establish vehicle needs
- 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 'apples with apples'
- 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
- Notify insurance company
- MVI inspection
- Label bus with license number

Special Considerations

Contract transportation and bus ownership

Districts that enter into contracts with licensed school bus contractors to provide pupil transportation service, and sell their board-owned funded school buses are required to return 100% of the proceeds to the Ohio Department of Education. Alternatively they may be directed to make the buses available without charge to other school districts.

Districts who enter into these contracts should give consideration to their options with regard to bus ownership. Districts can retain ownership of their buses and contract only for the management and operation of the vehicles instead of liquidating their fleet and allowing the contractor to provide the vehicles.

Used buses

The purchase of used buses should be considered carefully. The purchase of older buses may reduce initial capital investment, but will invariably result in immediate higher maintenance costs. Industry data has shown that annual operating cost of buses increases with higher age and mileage.

The more significant issue with used buses is to ensure that they comply with Ohio's school bus construction standards. Many buses owned and operated in other states do not meet Ohio's standards and will need to be upgraded or modified to be used here.

Combination/Cooperative purchasing bids

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

Urgent Necessity

In certain cases, in accordance with RC 3313.46, districts may deviate from the bidding process in cases of urgent necessity, or for the security and protection of school property.

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 153.54 – Bid guaranty
 Ohio Revised Code 3313.172 – Purchase, lease, or lease-purchase
 Ohio Revised Code 3313.41 Disposal of property
 Ohio Revised Code 3313.46 Bidding rules
 Ohio Revised Code 3327.08 Competitive bidding and centralized purchasing
 Ohio Administrative Code 4501-05-01 through 4501-05-04
 Ohio State Highway Patrol School Bus Inspection Manual

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