

State of Washington
Joint Legislative Audit and Review Committee



School Bus Bidding and
Purchasing Study

Report 05-5

February 8, 2005

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JLARC staff, under the direction of the Committee and the Legislative Auditor, conduct performance audits, program evaluations, sunset reviews, and other policy and fiscal studies. These studies assess the efficiency and effectiveness of agency operations, impacts and outcomes of state programs, and levels of compliance with legislative direction and intent. The Committee makes recommendations to improve state government performance and to correct problems it identifies. The Committee also follows up on these recommendations to determine how they have been implemented. JLARC has, in recent years, received national recognition for a number of its major studies.

SCHOOL BUS BIDDING AND PURCHASING STUDY

REPORT 05-5



REPORT DIGEST

FEBRUARY 8, 2005

STATE OF WASHINGTON

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This Joint Legislative Audit and Review Committee (JLARC) study reviews the current methods of bidding and purchasing school buses for home-to-school transportation for K-12 students. This study examines why bus prices vary from year to year and whether the state's bidding, purchasing and reimbursement system has an impact on the price variability. The study also assesses whether the state's reimbursement system should be changed to ensure the state pays a low price for school buses while still allowing districts maximum flexibility and choice in what buses they buy and when.

STUDENT TRANSPORTATION IN WASHINGTON

While school districts are responsible for maintaining and operating their respective bus fleets, the state of Washington, through the Office of Superintendent of Public Instruction (OSPI), pays for school buses districts purchase. Of the 296 school districts across the state, 275 operate their own fleet of school buses. These 275 districts choose what brand of buses to buy, how to operate and maintain their buses, and when to replace their buses. In the 2003-05 Biennium, OSPI paid school districts approximately \$65 million for their school bus purchases.

Bus Bidding and Purchasing

In order to determine the annual rates for payments to the districts, OSPI solicits competitive bids from the four school bus vendors licensed in the State of Washington. Although OSPI uses the lowest bid received to set the payment rate for school buses, districts are permitted to purchase a bus from a vendor other than the lowest-bid vendor. However, districts are responsible for paying the difference between the bus they purchase and the lowest-bid price of that bus. Districts also have the opportunity to buy various options for their buses, such as halogen headlights, luggage compartments, and tinted windows; the cost of these options is also the responsibility of the districts.

Prior to 2004, districts had the ability to purchase their buses through a non-profit purchasing cooperative. In 2004, however, the Legislature limited its payments only to buses bought through the state bid or as a result of a district's competitive bid process.

District Payment

Under the current system, OSPI pays districts for the buses they purchase based on an 8-year or 13-year depreciation schedule, depending on the size of the bus. That is, OSPI pays each district an annual amount for each bus over the entire "depreciated" life of the bus. The theory is that at the end of the life of a given bus, the state will have provided each district with enough funds to replace their old buses with new ones.

In practice, many districts use their depreciation payments to pay for local discretionary options and to purchase buses used to increase a fleet in addition to replacing old buses. This has led to a situation where many districts have inadequate funds available when they need to replace old buses. Some districts have turned to financing their bus purchases in order to purchase needed replacements, which perpetuates their shortfall by obligating funds to interest and principal payments.

Study Findings and Conclusions

As a result of this study, JLARC makes the following findings and conclusions:

- There are external factors that affect school bus prices, such as the national school bus dealership structure, the price of steel, and the U.S. Environmental Protection Agency's emissions requirements, over which the state has no influence.
- It is not possible to identify or quantify the affect that bus sales facilitated through the King County Director's Association (KCDA) may or may not have on the state's low-bid system.
- There are purchasing practices in some Washington school districts and in some other states that could improve the state's overall bus purchasing practices.
- Although it is difficult to compare bus prices between states, analysis shows that the prices Washington pays for school buses are in line with states using similar purchasing strategies.
- The wide variability in the state's annual payments to school districts is due more to the state payment process than to the bidding or purchasing processes. The variability could be reduced by switching to a financing system.

Recommendations

In response to the five primary findings indicated above, this report includes the following three recommendations:

Recommendation 1: The Legislature should make permanent the current school bus bidding, purchasing, and payment system that was created in a 2003-05 budget proviso.

Recommendation 2: OSPI should examine the promising practices identified in this report and determine whether and how to implement them on a statewide basis.

Recommendation 3: If predictable budget levels are important, the Legislature should ask OSPI to examine alternative funding approaches.

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CHAPTER ONE: INTRODUCTION AND BACKGROUND

CHAPTER OVERVIEW

In 2004, the Legislature asked the Joint Legislative Audit and Review Committee (JLARC) to study school bus bidding and purchasing. Lawmakers wanted to understand large and unpredictable fluctuations in annual appropriations. Schools were concerned about maintaining their freedom of choice of what types of buses to buy. This study examines the current bidding and purchasing system by surveying districts, examining state and national purchasing practices in bus acquisition, and reviewing historical expenditure information. The study offers alternatives in the bidding, purchasing, and reimbursement stages of the bus acquisition process.

BACKGROUND

Once a school district buys a school bus, the Office of Superintendent of Public Instruction (OSPI) begins paying the district to replace the bus by making annual depreciation payments. Of the state's 296 school districts, 275 operate their own school transportation programs using a total of 8,500 school buses. In 2003-05, OSPI reimbursed districts about \$65 million for school bus purchases.

STUDY ISSUES

Price Fluctuation

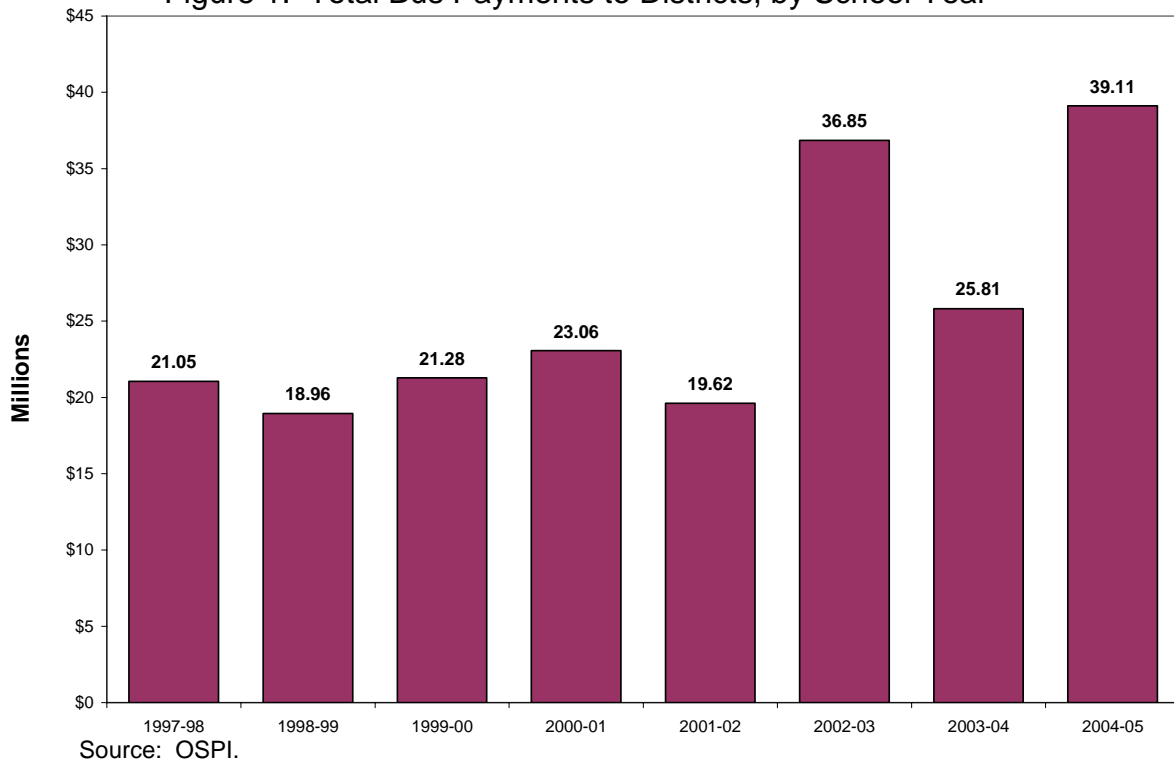
The state of Washington reimburses school districts for their school bus purchases each year. Due to the current structure of the school bus bidding, purchasing, and reimbursement system, which is discussed in Chapter 3, it is difficult to predict the approximate annual amount that the state is obligated to pay to school districts. As shown in **Figure 1** on the next page, the annual state obligation to fund school bus purchases has ranged from \$19 million to \$39 million in the past two biennia.¹ Legislators and legislative staff are interested to know what causes these wide fluctuations and whether the state can create a system to make the annual state obligations more predictable.

District Choice

Although Washington's constitution obliges the state to fund each district's student transportation program, the districts themselves determine how best to provide the transportation. Districts decide what routes to send school buses on, where and when to pick up students, and which students can ride the school bus. They also determine what types of buses best suit their local needs. Local district needs and bus preferences vary by the makeup of student population, weather and geographic factors, and fleet management philosophies.

¹ This report focuses on the school districts operating their own fleets, but the total payments shown in Figure 1 refer to payments made both to the 275 school districts operating their own fleets and to private contractors who provide services to 15 other districts.

Figure 1. Total Bus Payments to Districts, by School Year



In response to the wide fluctuations in annual payments shown above, the Legislature put restrictions on the basic bidding and purchasing process in 2003 with the intent of bringing down bus prices. One consequence of this policy change was to limit the ability of school districts to purchase their choice of school bus brand.

Specifically, the Legislature prohibited districts from purchasing school buses through the King County Director’s Association (KCDA), which is a non-profit purchasing cooperative for school districts, by restricting state payment to only buses purchased through the state low-bid or a district’s own competitive bid in 2003-04. Districts were frustrated by this lack of choice. Then, in 2004, the Legislature made an exception to the competitive bidding requirements by allowing OSPI to permit districts to buy buses from any dealer that submitted a quote to the state. KCDA’s role in the bidding and purchasing process is discussed in more detail in Chapter 4, “Menu-style Bid and KCDA.”

STUDY METHODOLOGY

In order to understand the current school bus bidding and purchasing system, and to recommend alternatives to that system, this study considers the following questions:

1. What are the historical patterns in bus prices paid over time, by major bus type, and by district?
2. What types of buses are local districts buying and why?
3. How do the price fluctuations in Washington compare with price variation in other states, and what are typical causes of the price variation?

4. What can Washington learn from other states to decrease the prices we pay for school buses?
5. What other options can Washington consider for paying school districts for their bus purchases?

To answer these questions, JLARC staff surveyed local districts about their school bus management and purchasing practices, hired a consultant to review other states' purchasing practices, analyzed OSPI data on past school bus purchases, and identified and analyzed alternatives.

STUDY ORGANIZATION

Chapter 2 of this report provides an overview of the structure and makeup of current school bus fleets that districts operate. Chapter 3 consists of the history of pupil transportation in Washington. The rest of the report then divides the school bus purchasing process into two primary stages: first, bidding and purchasing school buses, then paying for school buses. Chapter 4 describes the history and current structure of the state's school bus bidding and purchasing process and identifies other practices in that process. Chapter 5 then outlines and offers an alternative to the current process used to pay for buses. The report concludes with Chapter 6, which highlights the study findings and recommendations.

CHAPTER TWO: SCHOOL DISTRICT BUS FLEETS

CHAPTER OVERVIEW

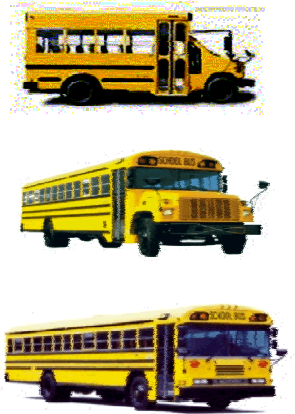
One objective of this review was to provide the Legislature, OSPI, and the school districts themselves with basic descriptive data on the school bus fleets that districts maintain. This chapter outlines the composition of district fleets and identifies what buses school districts purchase and why.

SCHOOL DISTRICTS AND THEIR TRANSPORTATION FLEETS

Of Washington's 296 school districts, 275 operate their own school bus fleets and 15 contract with private providers of pupil transportation services. Five belong to multi-district transportation cooperatives and one does not provide pupil transportation. School districts operate about 8,596 public school buses statewide.

Figure 2 below provides descriptive information on the buses currently operated in Washington.

Figure 2. Descriptive Data for Washington School Buses, as of June 2004

Number of Buses Statewide	8,596
Average Number of Buses per District Fleet	30 (min.=1, max.=486)
Number of Special-needs Buses	1,240
Average Age of Bus Fleet	8.9 years
Major Brands of Buses	Bluebird, International, Thomas, Carpenter, Crown, Gillig ²
Bus Type	 <p>A: van conversion or cut-away</p> <p>C: conventional bus body on a flat-back chassis with the engine in front of the windshield</p> <p>D: transit-style bus with the engine mounted under the front, rear, or mid-section</p>

Source: JLARC analysis and OSPI data.

² Carpenter, Crown, and Gillig buses are no longer manufactured, but many districts have buses from these manufacturers still in operation in their fleets.

School Bus Bidding and Purchasing Study

Using information from OSPI's statewide database of school buses and JLARC's survey of school districts, this study determined that a typical school district:

- Runs 30 buses, 12 of which are equipped for students with special needs;
- Operates a few A-type buses with the majority of its fleet comprised of conventional (C) or transit (D) buses;
- Operates a mixed fleet of buses (different brands of buses), dominated by Bluebird and International;³
- Purchases one or more new buses every two to three years; and
- Operates a fleet of buses that are, on average, nine years old.

No Two Districts Are Alike

Although the characteristics above give a general picture of school district bus fleets, one striking feature is that **no two districts are alike** in the buses they purchase, the options they choose, timing for replacing buses, or methods for maintaining and operating buses. One theme evident throughout this report is that the high degree of local control over pupil transportation makes generalizations or standardization difficult.

School Bus Specifications

As directed by state law (RCW 46.61.380), OSPI determines the minimum specifications required for school buses operating in the state. These specifications are, by reference, included in the Washington Administrative Code (WAC) and are based on specifications set by both the National Highway Traffic Safety Administration and by the National Conference on School Transportation. Washington's school bus specifications indicate minimum requirements for the bus chassis and body, and for special needs buses. Specifications include requirements for transmission, engine, lights, and body color, among other things. The Washington State Patrol inspects all school buses yearly for compliance with state specifications. Buses must pass inspections before receiving an operating permit.

Other states establish unique, minimum specifications for local school buses. **These unique specifications make comparisons of bus costs between states difficult.**

"Base Bus" and District Options

The "base bus" specifications that OSPI uses to solicit price quotes from dealers are based on the minimum required specifications plus additional "options" the state has agreed to pay for, such as air-powered passenger loading doors and two-way radios. Districts can, and often do, purchase buses with additional options. OSPI also solicits quotes from the dealers for bus options districts regularly purchase, but the state does not fund them. Districts must pay for these options using local funds.

For the buses in our analysis, districts paid an average additional 10.3 percent above the base bus purchase price for district options. This indicates that, for a \$60,000 bus, districts spend, on

³ Only 48 districts (17 percent) purchased buses from a single bus manufacturer at least 90 percent of the time. For the districts operating single-brand fleets, Bluebird is most often the bus brand they purchase.

School Bus Bidding and Purchasing Study

average, an additional \$6180. Actual option costs ran from a high of 54.2 percent to -9.2 percent. This low cost was likely an instance where the district paid a price lower than the state bid by opting against some state-supported options, such as a two-way radio. All but 27 districts purchased local options on one or more of their buses. Virtually all (96 percent) of school bus purchases include some additional payment for local options.

According to a statewide school district survey conducted for this review, these are the five most common options that districts purchase:

- Acoustical ceilings,
- Air-ride suspension driver's seat,
- Larger engine size,
- Luggage compartments, and
- Tinted windows.

The cost of district options range from \$191 for acoustical ceilings to \$6605 for luggage compartments. Districts typically pay more for options on their larger buses, which is consistent with the fact that the cost of many options rise with the size of the bus.

Survey results indicate that the following are the most common reasons districts want these options:

- Bus safety,
- Driver comfort,
- Improved bus performance,
- Student comfort, and
- Increased bus life.

Here again, it is important to point out that these options and reasons for buying them are those most frequently reported by school districts. There is little agreement about which options are most important to a district's transportation program, and there is less agreement about why districts purchase the local options they do. **This study identifies what is most common and why, but these findings do not indicate consensus from local school districts about the local school bus options they purchase or why they purchase them.**

CHAPTER THREE: HISTORY OF PUPIL TRANSPORTATION FUNDING

CHAPTER OVERVIEW

This chapter provides a description of why and how the state of Washington provides funds to local school districts to pay for both the operating and capital costs of their pupil transportation programs. It concludes with a short overview of the school bus industry at the national level.

TRANSPORTATION FUNDING IN WASHINGTON

Under its constitutional obligation to fund K-12 education, the state of Washington is required to provide funding for the transport of children to and from school. To fulfill this obligation, the Office of the Superintendent for Public Instruction (OSPI) provides funding for districts' transportation **operations and maintenance** through a "per-weighted-mile" funding formula.

As indicated in **Figure 3** below, the state budgeted a total of **\$435 million** for K-12 pupil transportation during the 2003-05 Biennium: everything from bus driver salaries to fuel costs. Within the \$435 million, OSPI provides funding for the **capital acquisition** of school buses. This study focuses solely on capital acquisition.

Figure 3. State Budget for K-12 Pupil Transportation, 2003-05

	In Millions
Operations and Maintenance	385.52
Regional Transportation Coordinators	1.54
"Choice" Program Transportation	0.01
Passenger Car Reimbursement	2.25
School Bus Purchasing⁴	46.03
Total 2003-05 Budget	\$ 435.35

Source: Washington State Office of Financial Management (OFM).

Prior to 1983, the state funded districts' transportation operating and capital costs by reimbursing them at 65 to 90 percent of actual expenditures. In 1982, the Legislature enacted a formula-based system to fund the operations of pupil transportation programs and a reimbursement system to fund the capital side. The reimbursement system used from 1982 until 1995 was based on averages of the previous year's bus prices, which did not provide any incentive for districts to spend frugally or for dealers to charge competitive prices. Indeed, the published state-supported rates allowed dealers to set their prices at the state-supported rate, regardless of the actual cost of the bus.⁵

⁴ The figures in this table represent **budgeted** amounts; the actual expenditures for school bus purchases during the 2003-05 Biennium total **\$65 million**.

⁵ "Report on the Evaluation of Current and Alternative Methods of Purchasing School Buses," page 1, OSPI, December 1993.

Because of this lack of competition in the bidding and purchasing process, the state of Washington was “paying a premium” for buses, compared to bus expenditures of other states.⁶ For one bus type purchased in 1993-94, four other states paid 27 to 41 percent less than did Washington. In its 1993 report to the Legislature, OSPI asserted that this price discrepancy was due to the state’s school bus reimbursement practices.

1995-2003

In response to OSPI’s report, the Legislature passed ESSB 5408 in 1995, directing OSPI to solicit competitive bids from bus dealers and use those bids to establish an annual base rate to pay for school bus purchases. The low-bid system, described in more detail in “Current School Bus Bidding and Purchasing” in Chapter 4, has been in place since 1995. Over time, however, the total amount that the state was paying school districts grew from a low of \$19 million in the 1998-99 school year to a high of \$37 million in 2002-03. Concerned over the rising annual payment amounts, the Legislature again intervened.

2003-05 Budget Changes

During the 2003-05 Biennium, the Legislature made changes to the school bus bidding and purchasing process. First, in the 2003-05 Operating Budget (ESSB 5404), the Legislature asserted that districts would only be compensated for buses purchased through the state low-bid process or by using their own, OSPI-approved competitive bid process.

Next, in the 2004 Supplemental Budget (ESHB 2459), the Legislature allowed OSPI to adopt a menu-style bid that would allow districts to buy whatever brand of bus they chose from the dealers who submitted quotes to the state. OSPI still bases the payment rate on the lowest quote received.

The bid provisions in the 2003-05 budget bills are in effect only until the end of the biennium on June 30, 2005. **Unless the Legislature puts the bid changes into law in the 2005 session, the school bus purchasing process will revert to its 1995-2003 status.**

THE NATIONAL SCHOOL BUS MARKET

The structure of the national school bus market limits the ability of the state to affect prices of its school bus purchases. Major manufacturers **limit local dealerships** to one per “area of responsibility.” Sometimes this area of responsibility represents a state, other times it is a region within a state or comprises multiple states. In Washington, four school bus dealers represent three types of “area of responsibility:”

1. International buses are sold by a dealer whose territory is Washington only,
2. Bluebird buses are sold by two dealers with specific sub-state regions, and
3. Thomas buses are sold by a multi-state dealer who sells to Oregon as well.

Creating competition among multiple dealers selling the same brand is not possible. Washington prohibits school districts from purchasing buses from out-of-state dealers.⁷

⁶ Ibid.

⁷ RCW 46.70.023, requires dealers to have a permanent “established place of business” in Washington in order to be licensed to sell vehicles in the state.

Manufacturers have designed a market where dealers selling the same brand do not compete with one another.⁸

External Factors Exert Primary Influence on Bus Prices

Another point to consider regarding the national bus market is that, like all markets, there are **external factors** that influence annual prices. Two of the more recent and notable influences are the increase in **steel prices** and more stringent **emission standards**. The recent upsurge in the steel market stems from an increased global demand for steel, particularly in China. The increases are not stopping yet: cold-rolled steel — the kind vehicle manufacturers and their suppliers use — rose 66 percent (from \$440 to \$740 per ton) between January and October of 2004.

In 1998, the U.S. Environmental Protection Agency (EPA) issued a consent decree requiring engine manufacturers to comply with 2004 emissions standards by October 2002. The EPA issued the consent decree to settle a lawsuit in which the EPA contended that diesel engine manufacturers were altering their fuel control strategies during emissions testing, and the accelerated compliance deadline was intended to make up for past higher-than-allowed emissions.

The new requirements have a substantial, although unquantifiable, impact on bus prices. One manufacturer's website claims it "continues to invest hundreds of millions of dollars in research, development and manufacturing facilities to prepare our new and existing engine and chassis products for compliance with the...requirements." The EPA will change the allowed levels of emissions again in 2007 and 2010. **The state's bidding and purchasing practices cannot influence the effect these external influences have on bus prices.**

⁸ The one exception to this is the two Bluebird dealers licensed in Washington State. Although the manufacturer established distinct sub-state territories, some districts purchase their buses from the Bluebird dealer outside their area.

CHAPTER FOUR: BUS BIDDING AND PURCHASING IN WASHINGTON

CHAPTER OVERVIEW

This chapter details the current school bus bidding and purchasing processes and includes a discussion of the role of a third party, the King County Director's Association. It concludes with a section outlining promising practices that may improve the bidding and purchasing process. These other purchasing practices come from individual districts in Washington, the school bus purchasing efforts in other states, and other purchasing efforts in Washington.

CURRENT SCHOOL BUS BIDDING AND PURCHASING

Because OSPI pays school districts when they buy buses, the state has an interest in encouraging competitive prices. To do this, OSPI solicits competitive price quotes from the four school bus dealers licensed in Washington for the 20 different categories of school buses. The 20 different categories cover *fuel type* (gas or diesel), *bus type* (A, C, or D), *bus size* (8-84 passengers), and whether or not a vehicle is a special needs bus (equipped with a wheelchair lift).

OSPI uses the quotes it receives from dealers to establish the state's payment rates for buses and to allow districts to purchase buses. OSPI chooses the lowest bid in each category to set the state payment rate. But current budget language allows districts to buy from any dealer. It is the responsibility of the districts to use local funds to pay the difference if they buy a brand of bus that is more expensive than the state-determined purchase price. For the 2004-05 bid year, the difference in prices between the various vendors ranged from 4 to 30 percent. **Appendix 3** shows all of the bids received for each bus type for the current year.

Figure 4 on the following page shows the 2004-05 state-determined purchase price for each of 20 bus categories.

District Bidding

The Legislature bases the current bus bidding process on the assumption that competition will generate lower base bus prices than if individual districts (with limited purchasing power) solicited competitive bids. Therefore, lawmakers expect that buses purchased through the state bid process to be less expensive than buses purchased through a district bid process.

A comparison of state bid and district bid purchases from 1998 through 2003 confirms this expectation. For the five most commonly purchased bus types, prices on state bid purchases were an average of 6 percent lower than on district bid purchases. However, the benefits of the state bid process appear to have varied by year and by type of bus. **Over time, the state bid process has generated a savings of 3.6 percent compared to district bid purchases.**

School Bus Bidding and Purchasing Study

Figure 4. 2004-05 State Determined Purchase Prices

Bus Category			Vendor	Lowest Quote Including Sales Tax
Category	Configuration	Fuel		
A1G	18 passenger	Gas	Harlow's Bus Sales	\$38,545.03
A1GL	8 passenger w/lift	Gas	Schetky NW Sales	\$41,638.02
A1D	16 passenger	Diesel	Bryant Motors, Inc.	\$41,412.18
A1DL	10 - 24 passenger w/lift	Diesel	No Quotes Received	
A2G	30 passenger	Gas	Bryant Motors, Inc.	\$41,234.45
A2GL	12 passenger w/lift	Gas	Schetky NW Sales	\$44,264.05
A2D	30 passenger	Diesel	Bryant Motors, Inc.	\$45,297.23
A2DL	19 passenger w/lift	Diesel	Bryant Motors, Inc.	\$48,021.46
C48D	41 passenger	Diesel	Harlow's Bus Sales	\$57,705.17
C48DL	16 passenger w/lift	Diesel	Schetky NW Sales	\$60,474.13
C60D	53 passenger	Diesel	Schetky NW Sales	\$60,254.84
C60DL	22 passenger w/lift	Diesel	Schetky NW Sales	\$63,312.91
C77D	71 passenger	Diesel	Schetky NW Sales	\$64,449.73
C77DL	38 passenger w/lift	Diesel	Harlow's Bus Sales	\$69,232.68
D48D	42 passenger	Diesel	Schetky NW Sales	\$66,483.36
D48DL	26 passenger w/lift	Diesel	Schetky NW Sales	\$69,741.08
D60D	54 passenger	Diesel	Bryant Motors, Inc.	\$67,612.54
D60DL	28 passenger w/lift	Diesel	Schetky NW Sales	\$71,181.20
D84D	84 passenger	Diesel	Schetky NW Sales	\$72,321.30
D84DL	40 passenger w/lift	Diesel	Harlow's Bus Sales	\$76,701.66

Source: OSPI.

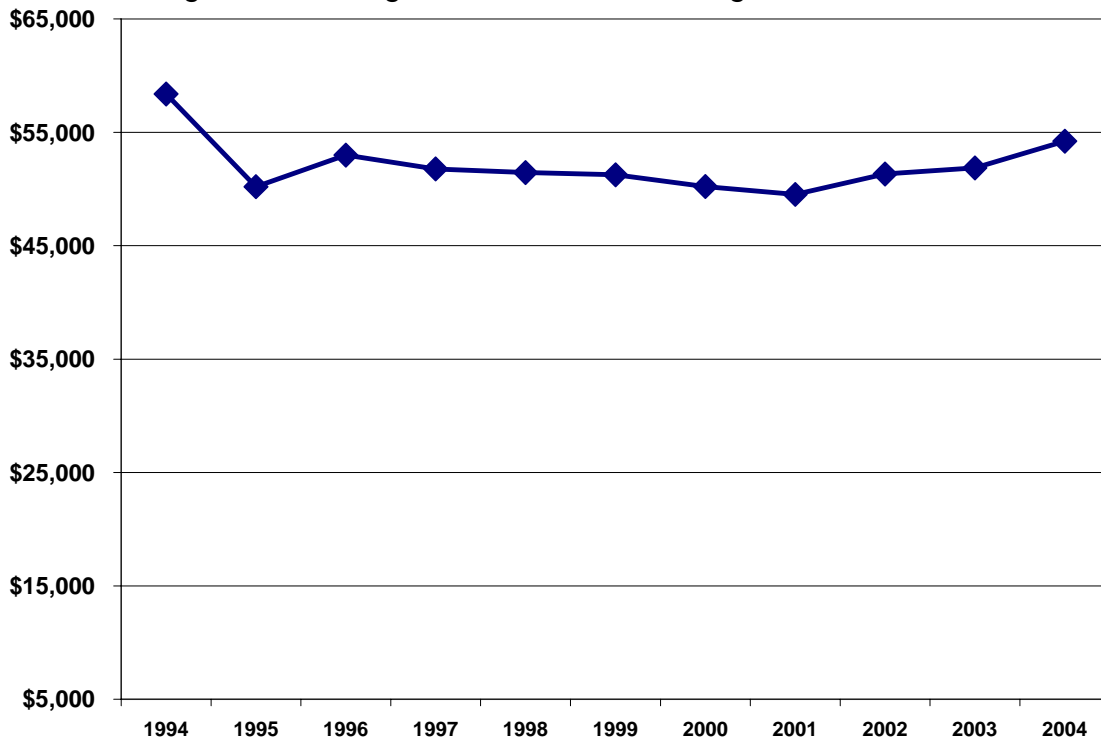
Annual Changes in Bus Price Bids

Although the source of concern over our state's bidding process focused on the annual state payment totals (as shown in Figure 1), a more accurate measure of the effectiveness of our state's school bus **bidding** process is individual bus prices and how they have changed over the past 11 years.

Figure 5, on the following page, shows the annual changes in price for an average of the 20 bus categories, from 1994 to 2004. Figure 5 gives a more accurate picture of the affect of the state's bidding system on prices and shows that prices have remained relatively constant since 1995. The drop in prices from 1994 to 1995 reflects Washington's initial adoption of the low-bid reimbursement system. Only in the past four years have prices increased noticeably. From 2002 to 2004, the average annual price increases for all buses ranged from 4.6 to 5.5 percent. Much of this higher growth in prices was due to drastic price increases in the "B" type buses, which increased between 13 and 17 percent from 2001 to 2002.

When compared with traditional growth factors, **the prices Washington pays for school buses are growing more slowly than inflation and only slightly faster than the Producer Price Index (PPI) for small and large buses.** From 1996 to 2004, the weighted average (by type of bus actually purchased) growth in state quotes was 13.2 percent. During this same time period, the growth in the PPI was 12.2 percent and inflation grew by 20.3 percent.

Figure 5. Average Bus Prices – All Categories 1994 - 2004



Source: JLARC analysis of OSPI data.

Appendix 4 indicates the actual annual prices and price changes for each type of school bus from 1994 to 2004.

Menu-style Bid and KCDA

The King County Director’s Association (KCDA) is a non-profit purchasing cooperative for school districts established by the King County school board in 1938. School districts throughout the state use KCDA as a source for purchasing school supplies, furniture, and other equipment. Due to its volume purchasing power, KCDA provides a competitive price advantage for all school districts. KCDA charges a nominal administrative fee to its district customers.

When KCDA added school buses to its product list in 1988, it charged an administrative fee between zero and 5 percent, depending on the volume of purchases made by the given district. From 1999 to 2004, districts paid a total of \$898,000 in fees to purchase 895 school buses through KCDA. KCDA was not able to provide the administrative fees charged for 179 buses sold in 1998, but based on an average of fees generated by other bus sales, the 1998 purchases likely generated an additional \$180,000 in fees. This adds up to a total fee amount paid to KCDA by individual school districts of **\$1.1 million** over seven years. The state does not reimburse school districts for these fees.

There are two primary reasons school districts bought their buses from KCDA. First, KCDA served as a facilitator between the districts and the dealers by writing bus specifications. This was especially helpful for districts that do not have the expertise or inclination to write specifications or negotiate competitive bids on their own.

Second, KCDA offered districts the opportunity to buy any bus brand they chose, regardless of the difference in price quotes. This was contrary to the state purchasing system in which the state awarded a quote only to the lowest bidder. Districts that wanted a bus other than the state low bid had two options: put out their own competitive bid, or purchase through KCDA. Between 1998 and 2003, school districts purchased a total of 2,119 buses; 51 percent (1,079) through KCDA.

Some contend that recent bus prices have increased because dealers know that most of their sales will occur through KCDA, and therefore have no incentive to submit a low bid to the state. Others argue there is in fact a disincentive: if the dealers provide a low bid to the state, then districts have less to spend through KCDA. Due in part to this suspicion, the Legislature removed KCDA from the school bus purchasing process in the 2003-05 Operating Budget by prohibiting OSPI from reimbursing any school bus purchases other than those made either through the state's low-bid process or through the districts' own competitive bid process.

There is no way to determine whether KCDA prices interfered with the state's low-bid system because KCDA specifications were for a base bus plus options, while the state process centered on specifications for only a base bus. **Providing choice to local districts is important, but a lack of data makes it impossible to identify how KCDA sales may have affected the state's low-bid process.**

In order to continue offering school districts the choice of which brand of bus to purchase, the Legislature allowed OSPI to bypass the state's competitive bidding requirements and adopt a "menu-style" purchasing process, as shown in **Appendix 3**. That is, OSPI allows districts to buy from any of the quotes received, regardless of which dealer submits the lowest bid. While it is not possible to determine the affect that KCDA sales had on the bid prices, it is certain that the state menu-style process will provide districts with the choices they sought through KCDA.

OTHER PRACTICES REVIEW

As the original study mandate directed, this section provides a review of purchasing practices of other bidding and purchasing efforts. It looks at practices of Washington school districts, of other states, and of other public-sector purchasing in Washington.

Washington School District Practices

In order to find out how local school districts manage their bus fleets, JLARC conducted site visits to 15 districts (5 percent of districts operating their own fleets). Staff also conducted an electronic survey of 123 districts (44 percent). From these efforts, staff found three practices occurring in isolated districts that, if adopted elsewhere in the state, could potentially result in lower costs or improved fleet replacement planning.

1. Having a written inventory and bus replacement plan. In order to manage their fleets, some districts maintain a **written inventory and bus replacement plan**. Districts that have written plans are able to project when they will need to replace buses and increase their fleet to respond to growth. They are able to predict when they will need local funds — and how much they will need — to supplement the annual state payments.

Of the 123 districts responding to the JLARC survey, 54 (44 percent) report having a written bus replacement plan. Without a written plan, it is unlikely that transportation staff are able to convey to other school district officials a long-term replacement plan and cost schedule. This

makes it difficult for school districts to plan for future transportation needs and the funding necessary to meet those needs. **Appendix 5** is the bus replacement schedule that the Lake Chelan School District uses.

2. Investing annual or one-time local funds into local Transportation Vehicle Funds. Few districts that we spoke with were able to put **annual or one-time local funds into their Transportation Vehicle Fund (TVF)**. The TVF is the dedicated account partially funded by annual state payments and maintained by the local county treasurer. The current state payment process pays for the “base” bus only, requiring school districts to contribute local funds when they buy a more expensive brand, order optional components, or purchase a new bus for growth. Some districts have a set amount (\$50,000, for example) going in to their TVF from the general fund each year. Others make special funding requests on an as-needed basis. Still other districts pass local levies that are, in whole or in part, dedicated to fund school bus purchases. If a district does not regularly adjust its TVF by annual or lump-sum deposits to accommodate its spending above the base bus, the district will end up with insufficient funds to replace buses in the future.

3. Requesting option prices from each dealer. A low-bid bus can be expensive if districts add high-priced options. To mitigate this effect, OSPI has begun to ask dealers to submit quotes on their most popular local options. School districts must use that price information or **request option prices from each dealer** to compare the **full cost** of any given bus.⁹ Currently, about 52 percent of responding districts report seeking quotes and comparing prices on local options in order to assess the full cost of a bus.

These notable practices are a few JLARC staff observed during the course of this review. The fact that these practices exist, but are not universal, indicates a more general need for transportation and school finance officials to share the expertise they have developed in buying school buses for their districts. Many individual districts are able to maintain mixed fleets, buy buses with fewer options, negotiate competitive prices from dealers, and maintain solvent TVF accounts. OSPI staff and the Regional Transportation Coordinators should encourage and facilitate increased sharing of various purchasing practices.

Practices In Other States

One objective of this review was to compare the prices Washington State pays for school buses to what other states pay. There are many reasons why this is a difficult proposition: unique state specifications, lack of centralized data, and varying state funding formulas.

JLARC staff, however, pursued two strategies to understand better what other states do. First, we contracted with a firm specializing in school bus-fleet management. A summary of their findings is included below, and the full “Findings and Conclusions” section of their report is included as **Appendix 6**.¹⁰ Second, we analyzed past purchase prices in West Virginia, which uses a bidding system similar to Washington’s.

⁹ Similarly, some districts also compare the **sales tax** totals they will have to pay for each school bus. Since the four dealers are located in different areas of the state, their local sales tax rates vary between 8.2 and 9.1 percent. OSPI’s reimbursement to school districts includes the highest tax rate that applies to the four bus dealers.

¹⁰ The consulting firm engaged for this effort is Management Partnership Services, which is based in Pennsylvania. A full copy of their report is available from JLARC upon request.

Consultant's Findings and Recommendations

As a result of a competitive bid process, JLARC hired a consulting firm to identify purchasing practices in other states and to compare Washington's bus purchase process with that of other states. The consultants and JLARC staff identified six comparison states: Idaho, Maine, Oregon, Pennsylvania, South Carolina, and Wyoming. Staff selected these states because they are similar to Washington in demographics and geography. They also represent a spectrum of school-bus purchasing strategies, from wholly centralized at the state level to largely decentralized at the district level.

The consultants spent over two months collecting data and analyzing the bus purchasing practices of the six states and comparing them to Washington's. From their review, the consultants identified the following comparative practices:

- **Rejecting dealer bids.** In Maine, state pupil transportation staff reserve the right to **reject dealer bids** for buses when the price increases substantially from one year to the next or when the price varies significantly from other dealers' bids in that bus category.
- **Reimbursement ceilings.** Wyoming sets a "**reimbursement ceiling**" for specific unit types, regardless of the quotes provided by bus dealers. Districts are obligated to pay any amount above the ceiling.¹¹
- **Extend contracts over three years.** In North Carolina, the school bus **contracts extend over three years**, rather than one. When manufacturers are assured of a significant volume of purchases over a longer period, they may be more inclined to price their buses lower.¹²

Two other conclusions made by the consultants deserve mention here:

- **State bidding and purchasing systems that achieve low bus prices** may have undesirable side effects. South Carolina is one state where pupil transportation is managed and operated centrally at the state level. Because of this, the state is able to purchase high volumes of buses at a given time. This allows South Carolina to purchase directly from the manufacturer and pay significantly less per bus (see **Appendix 6** for more details). However, because the state makes large purchases at the statewide level, the annual cost to replace buses can range from nothing (when they do not purchase any buses) to as much as \$104 million (when they replace a large portion of the statewide fleet). As a result of this volatility, the state's fleet replacement plan has been severely stretched and the state is currently studying the option of outsourcing its transportation needs.
- **The prices Washington State pays for school buses are relatively competitive.** It is possible to achieve lower bus prices, as indicated by the South Carolina example below, but lower prices come with a loss of local choice, among other things. Similarly, states can and do offer districts total control over the purchase process. But, districts in these states often pay more for school buses because they do not benefit from statewide coordination of

¹¹ While this practice does limit the amount Wyoming spends on buses, it might not work for Washington due to the state's obligation to pay the **full** actual cost of transporting children to and from school.

¹² Note, however, that an extended contract such as this may limit the ability of some dealers to stay in business. Due to the limited market for buses, dealers who do not get the low bid and are prevented from selling a certain bus for three years or more may not be able to maintain a profit and stay in business.

purchases. Within our approach of some centralization with a high degree of local autonomy, Washington prices compare favorably to other states.

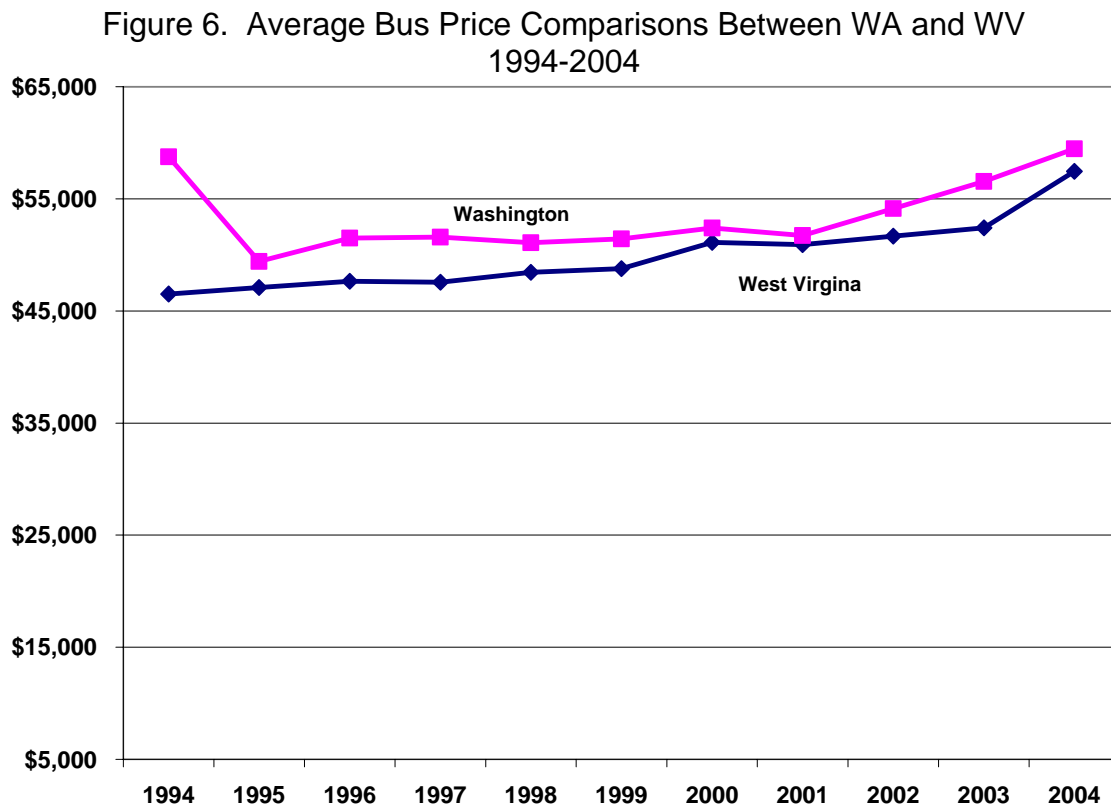
West Virginia's Menu-style Bidding

West Virginia was one of the states that agency and legislative staff looked to when creating our state's bus bidding process. The prices themselves cannot be compared to the prices quoted here in Washington due to the differences in state minimum bus specifications, travel distance from the bus manufacturing plants (which are all in the eastern United States), and volumes purchased. However, what we can examine is how prices quoted by dealers in West Virginia have changed over time and how that compares with the annual price fluctuations in Washington. Doing this comparison gives us yet another way to check the validity of the changes in prices over the years.

Figure 6 below shows the average annual prices for five different bus types in Washington and West Virginia, from 1994 to 2004.

The data in Figure 6 highlights two points:

- The average price of a school bus in Washington was much higher than that in West Virginia in 1994, before Washington implemented the low-bid reimbursement system. Once the low-bid process was in place, however, prices between the two states were fairly stable.
- Although the average price is consistently higher in Washington, the rate at which the prices change in both states is similar. Indeed, the significant price increases in Washington over the past four years are not unlike increases seen in West Virginia.



Source: JLARC analysis of OSPI and West Virginia data.

The prices Washington pays are comparable to a state with a similar bidding and purchasing strategies.

OTHER PURCHASING PRACTICES IN WASHINGTON

This report includes a review of the purchase practices of vehicles and other “big ticket” items that occur elsewhere in the state in order to learn if there were any strategies that could be adapted to the business of buying school buses. Following is a summary of JLARC findings:

- **General Administration’s Office of State Procurement (OSP).** Aside from school buses, most other vehicles purchased by the state are purchased through OSP. Its vehicle procurements include land-clearing equipment for the Department of Natural Resources, Department of Transportation highway maintenance vehicles, Department of Corrections’ inmate buses, and General Administration’s motor pool fleet. All of these vehicles are competitively bid according to the “customer’s” specifications. OSP conducts market analyses on the quoted prices to ensure they are in line with industry norms.

School districts have opposed past efforts to involve OSP in the process of buying school buses. OSP indicates that, under circumstances of limited competition, as exists with school buses, they merely document to their files that competition is limited before they award a bid. **OSP has no particular strategy to offer given the unique structure of the school bus industry.** However, one practice to note is that, when faced with similar prices for two or more brands of a particular vehicle, OSP does consider **major life-cycle costs**, such as fuel consumption, to make a final purchase decision. This is an additional factor OSPI or individual districts could consider when comparing prices between dealers.

- The Department of Information Services (DIS) negotiates bids for the state’s **information technology** needs much like OSPI bids school buses. DIS contracts directly with four manufacturers of desktop computers: Hewlett-Packard, Dell, Gateway, and IBM. Although DIS receives only one price from each manufacturer, staff assert that competition exists among the manufacturers. That is, state agencies may choose to switch from one brand to another if the price difference gets too large or cannot be justified. DIS also encourages state agencies to negotiate with local dealers for even lower prices, using the state contract as a negotiation tool. While these practices do not reflect a unique process, it is interesting that soliciting quotes and establishing contracts with multiple vendors does not appear to hinder competition for the state’s information technology purchases. **This shows that limited competition is not unique to school bus purchases.**

CHAPTER FIVE: PAYING FOR SCHOOL BUSES

CHAPTER OVERVIEW

This chapter outlines the process the state uses to pay school districts for the buses they purchase. It explains how the process creates wide annual fluctuations in state payment obligations. This chapter also offers an alternative process, should the Legislature decide that a more stable budget allocation is preferable to the current structure.

STATE FUNDING OF THE TRANSPORTATION VEHICLE FUND

The state does not actually “reimburse” school districts in the traditional sense of the word; the state makes “replacement payments.” Once a school district buys a bus, the state begins making annual payments to the school district for the vehicle that will replace the bus it just acquired. Payments are based on a payment schedule which stretches over eight years for small buses (types A and B) and 13 years for larger buses (types C and D).

The theory is that annual payments over the life of a bus should accrue to the point of allowing the school district to replace the bus. Therefore, OSPI adjusts the amount it pays to districts each year according to the current year’s school bus bids. As annual prices of school buses change, so do the amounts the state pays to the districts. Prices are not adjusted just for that year; all of the past payments made on a bus are adjusted retroactively to bring them up (or down) to the current price. Therefore, if a bus goes up in price by 5 percent and is in its tenth year of depreciation, the annual payment to the school district for that bus includes the current year’s depreciation amount, plus an additional amount to reflect that 5 percent increase from the past ten years-worth of annual depreciation payments.

Since the state is providing funds for the next bus in order to replace the current bus, the state assumes that local school districts are saving the annual state depreciation payments and earning interest on them. OSPI reduces annual payments to the districts by presumed interest earnings, which are based on the annual U.S. Treasury bill interest rate (between 1 and 5.3 percent over the past ten years).

Annual Fluctuations in Payments to Districts

The Legislature asked JLARC to conduct this study in part due to lawmakers' frustration over the wide fluctuations in annual payments to school districts (see Figure 1 in Chapter 1). Those amounts, however, do not necessarily reflect upon the effectiveness of the state’s **bidding** process. Many aspects of the state’s **payment** system contribute to the annual variation in total state payments to the districts:

- **Policy changes.** Occasionally, OSPI amends the bidding and payment process to reflect changes in policy direction. Two examples of policy changes that have influenced the

total state payment amounts are eliminating the reimbursement category for “heavy” buses,¹³ and implementing separate bids for buses with lifts.¹⁴

- **Bus type reclassifications.** At times, bus manufacturers sometimes stop making a particular style or size of bus. When this happens, the state gets few or no bids on the discontinued model. This lack of availability makes the market less competitive, and dealers have the opportunity to charge a premium for an otherwise hard-to-get bus. When this occurs, OSPI stops soliciting bids on that “expensive” bus and will reimburse districts for the current buses they own based on a substitution bus. For example, the entire “B” category of buses was eliminated when manufacturers stopped producing them. All B-type buses on depreciation were then reimbursed based on the price for a similarly sized A-type bus.
- **Fluctuations in interest rates.** As explained above, OSPI deducts assumed interest earnings from the annual bus payments it makes to school districts. This deduction is based on the presumption that districts are earning interest on their state payments while they save them to replace a bus in the future. OSPI uses the US T-bill rate to calculate the interest deductions, and that rate can fluctuate dramatically. From 1993-2002, the three-month T-bill rate ranged from 1.6 – 5.5 percent.

Because the state operates a replacement model, state payments to districts are adjusted through the life of a bus as bus prices change year to year. Any significant price fluctuation in a single bus category can cause a significant bow-wave effect on the total state reimbursement amount.

For example, OSPI staff estimate that three of the changes identified above (eliminating “heavies,” bidding lifts, and reclassifying “B” buses) resulted in a \$6.2 million savings to the state, which can also be seen as a reduction in the payments to districts, in 2003. This explains, in part, the drop in state bus payments between the 2002-03 and 2003-04 school years, as shown in Figure 1 (page 2).

DISTRICT MANAGEMENT OF THE TVF

One additional challenge with the current state payment structure is that it assumes, but does not require, districts to contribute additional local dollars to their Transportation Vehicle Fund (TVF). That is, for any amount they pay over the minimum base bus price (which is the state payment rate), the state assumes districts will make contributions to the TVF from local general operating funds or levy or bond revenue. Survey results indicate that, while districts are paying on average up to 10 percent (and sometimes up to 50 percent) above the base price for local options or a different bus, they most often use state-provided dollars to pay for them.

Given the fact that many districts use a portion of their state funds to pay for non-state-supported costs, some districts may reach a crisis where they do not have enough money “in the bank” to purchase a necessary replacement bus. In fact, less than one-quarter (24 percent) of responding

¹³ As technology improved over the years, so did bus components. OSPI determined that “heavy” buses, that is those with a heavy-duty suspension, no longer differed greatly from lighter buses and therefore did not justify a separate bidding category. All heavy buses in the depreciation system were or are being replaced with similar-sized buses that do not have the “heavy” designation.

¹⁴ OSPI suspected that dealers were submitting higher than necessary bids for the wheelchair lifts that districts requested, so it changed the state bidding process to include buses with lifts. Indeed, staff noted that the price of lifts were lower when folded into the base bus bid than when they were bid as separate components.

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districts report that their local TVF is solvent past the next three to five years. The remaining 76 percent will need somehow to supplement their TVF in order to pay for future replacement buses.

Some districts have indeed been in the circumstance of needing to replace a bus, or buses, and not having adequate cash funds to do so. In this situation, districts report turning to various financing tools to acquire buses, such as local bank loans, financing through the bus manufacturers, and the state's Local Option Capital Asset Lending (LOCAL) program. In fact, OSPI marketed the LOCAL program as one way for districts to replenish their fleets when they were required to retire all pre-1977 buses as of December 2004.

The LOCAL program is managed through the Office of the State Treasurer. The loans are not backed by the full faith and credit of the state, and are therefore not counted toward the overall state debt limit.¹⁵ They are, however, backed by the items purchased with the loans and are highly desirable on the financial market. Consequently, the Treasurer can offer very competitive terms to local jurisdictions. **Appendix 7** indicates the terms of all bus purchases made through the LOCAL program since 2001, which **Figure 7** summarizes below.

Figure 7. Buses Purchased Through the State's LOCAL Program, 2001-2004

Total number of school districts using LOCAL to buy buses	25
Total number of buses purchased 2001-2004	145
Average loan amount, by loan (some districts received more than one)	\$223,129
Average loan term	7.5 yrs. 3.9% APR
Total cost of buses purchased through LOCAL	\$9,016,088
Total interest paid on LOCAL bus loans	\$1,694,089

Source: JLARC analysis of Office of the State Treasurer's (OST) data.

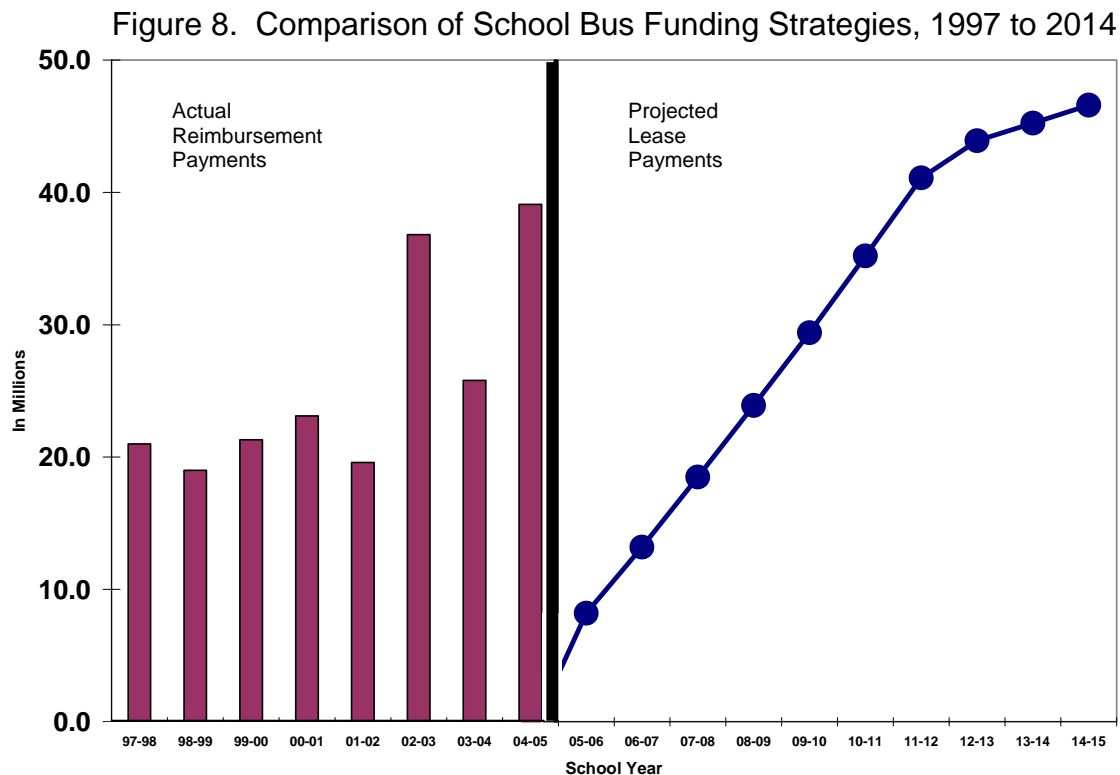
State "LOCAL" Program

By using a depreciation and replacement funding structure that assumes districts are saving their TVF funding, and then encouraging districts to finance their bus purchases, the state may inadvertently cause districts to experience future budget shortfalls. If the current structure of providing replacement funding does not serve school districts, the Legislature should consider an alternative funding structure. Districts have used the Treasurer's LOCAL program to fund school buses in the past; the state could move to fund all school bus purchases using this program.

¹⁵ LOCAL is a "certificate of participation" (COP) loan program. A COP is characterized as a short-term loan that entitles the loan holder to receive a share of the lease payments for a particular asset.

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The state funding of school buses would be quite different under a financing system. In the short term, annual payments on the loans would be much lower than the past state payments based on the depreciation schedule. The state would only be financing new buses as they were purchased, so the first few years would represent only a portion of the school bus fleets statewide. Over time, however, the payments would cover a greater number of buses and the annual cost of financing would likely stabilize at or above the levels they are today. However, when the annual payments do come back up to the current levels, one advantage they will have over the current system is the predictability. Although we were not able to predict future state payments under the current system, we were able to project future payments under a financing system. **Figure 8** below compares the actual past reimbursement payments to projected future lease payments. Note that the financing payments are based on estimates of future bus prices, district purchases, interest rates, and loan terms. While the numbers themselves are only estimates, this figure provides a general picture of the funding trend.



Source: JLARC analysis of OSPI and State Treasurer data.

Following are some issues to consider if the state were to finance all future school district buses through the LOCAL program:

Pros

- Districts and the state could establish, at time of the purchase, **predictable payment obligations** that would be fixed over the entire life of the loan.
- Each district's share of the loan (that part above the base price that covers a more expensive bus and/or additional options) would be explicit and would be the responsibility of the

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district for the full term of the loan. Since OSPI will pay the part of the loan covering only the base bus, districts would be forced to **identify local funding** each time they choose to purchase more than a base bus.

- The Office of the State Treasurer has significant experience packaging loans and negotiating rates and, with the potential volume of buses purchased each year, could achieve more **favorable loan terms** than the districts can receive from local banks or from the manufacturers.
- Although financing may result in marginally higher total acquisition costs, they might be offset by a **reduction in operating and maintenance costs** associated with more frequent vehicle replacement and newer assets.

Cons

- This option might **cost more** in the long run. First, the state would not be able to deduct assumed interest earned by the districts on their state reimbursement payments. Second, it would have to pay out interest over the term of the loan. For an 84-passenger transit bus, the acquisition cost difference between the state's current replacement system and a centralized financing system is **\$12,800 more** over the life of the bus (the figure is **\$6,700 more** for a 22-passenger, "A" bus under the same circumstances).
- Because the state would be financing school buses as they are purchased, districts could be inclined to replace buses at a faster rate, therefore driving up costs to the state. OSPI would have to identify a way to **monitor school districts' replacement practices**, such as requiring districts to maintain an average age of their fleet.
- Fifteen districts contract with private companies that provide all or part of the pupil transportation needs. OSPI uses the current reimbursement calculations to pay **contracting districts**, who in turn pay their providers, for the school buses they operate. OSPI would have to continue the current reimbursement method, or devise a new method, for compensating districts that contract out their bus service.
- This new financing system could lead to expectations that the state would **pay for the "first" bus** in addition to all the replacement buses. Currently, OSPI only begins giving money to a district once the district has a bus to replace. It expects districts to purchase the initial bus. Again, OSPI would have to devise a system (based on student population growth, for example) for determining when districts would be justified in purchasing buses to increase the size of their fleets.

One final note about switching from one process to the other centers around the funds that have already been given to school districts to replace the buses they currently have in the depreciation schedule. Depending on how many buses districts have on depreciation and how districts manage the funds in their TVF, districts have replacement funds in the \$100-\$1,000,000 range. It would be a challenge to recover this money because some districts may have spent some or all of their state TVF dollars.

Other Funding Options for School Bus Purchases

A second alternative to the current payment system is for the state to reimburse districts with **cash** for the full base bus price as they purchase buses. This option would save the state the

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interest cost of financing bus purchases, so the payments would be lower than those projected in Figure 8 in the long term (though higher in the first 7-9 years).

Additionally, one alternative that OSPI has considered in the past is to base reimbursement amounts on a **rolling average** of bus prices from the past 3-5 years. This is yet another option that merits further scrutiny and consideration if the Legislature is interested in making a more stable and predictable funding process for future school bus purchases.

CHAPTER SIX: STUDY CONCLUSIONS

CHAPTER OVERVIEW

This chapter summarizes the findings of this review. It separates the findings into two areas: bidding and purchasing and state payment. The chapter concludes by offering three recommendations to improve the state's current bus bidding, purchasing, and payment process.

BIDDING AND PURCHASING

This report makes findings in the following areas related to the state's school bus bidding and purchasing practices:

District Fleet Composition and Options

There are 275 school districts that operate their own transportation programs, and there are about as many different philosophies about how best to do that. Districts vary in what type of buses they purchase, what options they purchase, and when they replace buses. This study can identify what bus types and district options are most common and why, but these findings do not indicate consensus from local school districts about what they purchase or why.

Differences in district's purchasing practices are driven by local choice – and there is no consensus on types of bus or what options are necessary. The current bidding and purchasing system is appropriate in an environment driven by choice, because it provides state funding for a basic bus while allowing districts to configure that bus as they see fit.

State Bidding and Purchasing Practices

Washington school bus prices are affected by external factors, which the state is not able to influence. The school bus industry is a fairly closed market and state purchasing practices cannot change the fact that there are few dealers selling buses to the state. Additionally, the state cannot lessen the impact that national cost increases (due to steel shortages or emission requirements) have on state bus prices.

The King County Director's Association (KCDA) solicited school bus bids from 1988-2004. **A lack of comparable data makes it impossible to identify the real effect KCDA sales may have had on the state's low-bid process. We do know, however, that KCDA's bus sales resulted in districts paying over \$1 million in administrative fees from 1996-2004.** Providing districts with choices in bus brands and options is a key feature of our state's school bus-procurement system. But as long as the Legislature allows OSPI to continue the menu-style bid, the need for choice that KCDA provided is being met. Since the menu-style bid has been in effect only a few months, it is difficult to determine the effect this new approach may or may not have on bus prices.

If the Legislature does not pass new legislation or carry forward the current budget proviso, the school bus purchasing process will revert to its 1995-2003 status. That is, OSPI will no longer offer a menu-style bid and will only make available the lowest-bid bus and KCDA will again be

allowed to sell school buses. There is no data to determine which process results in lower costs to the state, but allowing OSPI to offer districts choice in the purchasing process does save districts the fees they would have otherwise paid to KCDA for the same choice.

Recommendation 1

The Legislature should make permanent the current bidding and purchasing practice, which allows districts to buy buses from any dealer who submits a quote to the state and which does not pay for buses purchased through any other entity.

Legislation Required:	Yes
Fiscal Impact:	Potential savings to school districts
Reporting Date:	N/A

Purchasing Practices

JLARC identified the following notable practices in Washington school districts and in other states' bus purchasing practices:

1. In order to manage their fleets, some districts maintain a **written inventory and bus replacement plan**. Without a written plan, it is unlikely that transportation staff are able to convey to other school district officials a long-term replacement schedule and cost requirements.
2. **Investing annual or one-time local funds into Transportation Vehicle Fund (TVF)** is a practice few districts are able to perform. If a district's TVF is not regularly supplemented by annual or lump-sum transfers to accommodate its spending above the base bus, the district will end up with insufficient funds to replace buses in the future.
3. Districts must **request option prices from each dealer** in order to examine and compare the **full cost** of a bus. A low-bid bus can end up more expensive overall if the options a district wants are priced high.
4. In Maine, state pupil transportation staff reserve the right to **reject dealer bids** for buses when the price increases substantially from one year to the next or when the price varies significantly from other dealers' bids in that bus category.
5. Wyoming sets a "**reimbursement ceiling**" for specific unit types, regardless of the quotes provided by bus dealers. Districts are obligated to pay any amount above the ceiling.
6. In North Carolina, the school bus **contracts extend over three years**, rather than one. When manufacturers are assured of a significant volume of purchases over a longer time horizon, they may be more inclined to price their buses lower.

Recommendation 2

OSPI should examine the six purchasing practices identified in this report and determine whether and how to implement them in the state's school bus bidding and purchasing process.

Legislation Required: No
Fiscal Impact: Potential savings to the state
Reporting Date: July 2005

State Comparisons

The combination of our state's minimum specifications and the wide variety of additional features that districts purchase make comparing our state's bus costs to those of other states difficult. However, our consultants' review of six other states and JLARC analysis of West Virginia indicate that, given the state's dual purpose of controlling prices and offering district choice, the prices paid for buses in Washington are within range of other states. In fact, analysis of the state quotes compared to inflation and the Producer Price Index (PPI) for small and large buses show that **the prices Washington pays for school buses are growing more slowly than inflation and only slightly faster than the PPI.** The state comparison further highlights that it is possible to pay less, but the consequences (wide variability in state obligations, increases maintenance and operation costs) may be undesirable.

STATE PAYMENT

The cause of the wide annual fluctuations in the state's school bus reimbursement process is not how the state **bids** buses, but rather how the state **pays** school districts over the course of a bus's useful life. One funding alternative, establishing a school bus financing system, may smooth out the budget fluctuations in the reimbursement process. The Office of the State Treasurer's LOCAL program is well-suited to finance bus purchases, and has been used for this purpose in the past. Other alternatives include the state making cash payments to school districts for the full cost of each base bus they purchase or using a rolling average to set payment rates.

Recommendation 3

If predictable budget levels are important, the Legislature should consider alternative funding approaches for future school bus purchases, such as financing buses using the LOCAL program, paying cash, or other methods. The Legislature should ask OSPI and the Office of the State Treasurer to explore these and other options that will make annual bus purchase payments more stable and predictable. After identifying alternatives, OSPI shall develop a proposed implementation plan for each one.

Legislation Required: No
Fiscal Impact: Potential short-term savings to the state
Reporting Date: July 2005

AGENCY RESPONSES

Written responses from the Office of Superintendent of Public Instruction (OSPI), the Office of Financial Management (OFM), and the King County Director's Association (KCDA) are included in Appendix 2. An "auditor's response" from JLARC staff follows the three agency letters.

ACKNOWLEDGEMENTS

We would like to thank OSPI staff, the ESD Regional Transportation Coordinators, and the pupil transportation officials at the local school districts for their willingness to answer questions, provide data, and explain their work. Thank you especially to the following school districts and transportation staff for meeting with JLARC staff and explaining their fleet operations, local needs, and bus replacement strategies:

Auburn School District – Jim Denton

Burlington-Edison School District – Dan VerMulm and John Leander

Central Valley School District – Jeff Hanley

Chehalis/Centralia School Districts (Transportation Cooperative) – Tom Prigmore

Chelan School District – Scott Logan

Edmonds School District – Reg Clark

Evergreen School District No. 114– Gary Thomsen

Kent School District – Don Walkup

Longview School District– Rick Lecker

Medical Lake School District – Dan Cools and Del Hayes

Mt. Vernon School District – Sherrie Gates and Joe Whetnall

North Kitsap School District – Ron Lee

Spokane School District – Cheryl Wheeler, Neil Sullivan, and Bob VanGelden

Walla Walla School District – Tom Head

Yakima School District – Alta Micone

Staff would also like to acknowledge the input and support given by Dan Payne (Washington Association of Pupil Transportation), Mitch Denning (Alliance of Education Association), and Jim Borrows (King County Director's Association). Thank you.

Cindi Yates
Legislative Auditor

On February 8, 2005, this report was approved for distribution by the Joint Legislative Audit and Review Committee.

Senator Debbie Regala
Chair

APPENDIX 1 – SCOPE AND OBJECTIVES

Review of School Bus Bidding and Purchasing

SCOPE AND OBJECTIVES

SEPTEMBER 2004



STATE OF WASHINGTON
JOINT LEGISLATIVE AUDIT
AND REVIEW COMMITTEE

STUDY TEAM

Heather Moss
Research Analyst

LEGISLATIVE AUDITOR

Cindi Yates

Joint Legislative Audit & Review
Committee
506 16th Avenue SE
Olympia, WA 98501-2323
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This Joint Legislative Audit and Review Committee (JLARC) study will look at current and potential methods of bidding and purchasing school buses for home-to-school transportation in order to recommend alternative methods and systems for district bus purchasing. The purpose of the state's current school bus reimbursement process is to minimize the per-bus cost to the state while at the same time allowing local school districts control over decisions concerning the management of their pupil transportation systems.

BACKGROUND

While school districts are responsible for maintaining and operating their respective bus fleets, the state of Washington, through the Office of the Superintendent of Public Instruction (OSPI), reimburses school districts for school buses they purchase. The current school bus bidding and reimbursement system was initiated by OSPI and established in statute in 1995. Prior to 1995, reimbursement amounts were based on the average purchase price from the previous fiscal year, which created a disincentive to purchase low. In fact, the reimbursement rates dropped once OSPI began soliciting statewide bids from bus vendors and using those bids to set reimbursement rates. After the bid-based reimbursement system was in operation for 5-6 years, legislative staff noticed that school bus prices were increasing again. This study will examine why bus prices are again rising and whether and how the state's reimbursement system can be improved.

STUDY SCOPE

In the 2003-05 biennium, the operating budget for pupil transportation is just under \$412 million. Of that total, school bus reimbursement represents roughly \$46 million, or 11 percent. OSPI and the Legislature want to know how to revise the state's reimbursement system to ensure that school districts (and the state's taxpayers) are buying buses for the lowest possible price while still allowing districts maximum flexibility and choice.

STUDY OBJECTIVES

This JLARC study will answer the following questions:

1. What are the historical patterns in bus prices paid over time, by major bus type, and by district?
2. What types of buses are local districts buying and why?
3. How do the price fluctuations in Washington compare with price variation in other states, and what are typical causes of the price variation?
4. What can Washington learn from other states to decrease the prices we pay for school buses?
5. What other strategies can Washington consider to pay for school district bus purchases?

Study Approach

To answer these questions, JLARC staff will take the following steps:

- Conduct a **fiscal review** of bus purchasing costs for 1993-2003 that examines annual changes over time and by major bus category.
- Identify state policy changes and company or product changes that affect prices.
- Make a **national comparison** between Washington and three to five other states to determine if other states pay lower prices and, if so, how they achieve those prices.
- Compare the purchasing practices and prices paid at the **district level** to determine if **best practices** can be identified and applied statewide.
- Identify **other statewide purchasing processes** to determine if there are additional best practices to adopt.

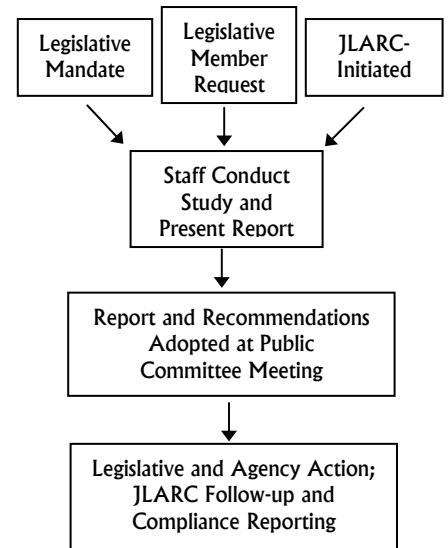
Timeframe for the Study

JLARC staff will present its preliminary report at the December 1, 2004, JLARC meeting, and the final report at the January 5, 2005, JLARC meeting.

JLARC Staff Contact for the Study

Heather Moss (360) 786-5174 moss.heather@leg.wa.gov

JLARC Study Process



Criteria for Establishing JLARC Work Program Priorities

- Is study consistent with JLARC mission? Is it mandated?
- Is this an area of significant fiscal or program impact, a major policy issue facing the state, or otherwise of compelling public interest?
- Will there likely be substantive findings and recommendations?
- Is this the best use of JLARC resources: For example:
- Is the JLARC the most appropriate agency to perform the work?
- Would the study be nonduplicating?
- Would this study be cost-effective compared to other projects (e.g., larger, more substantive studies take longer and cost more, but might also yield more useful results)?
- Is funding available to carry out the project?

APPENDIX 2 – AGENCY RESPONSES

- Office of Superintendent of Public Instruction
- Office of Financial Management
- King County Directors' Association



SUPERINTENDENT OF PUBLIC INSTRUCTION

DR. TERRY BERGESON OLD CAPITOL BUILDING • PO BOX 47200 • OLYMPIA WA 98504-7200 • <http://www.k12.wa.us>

December 8, 2004

RECEIVED

TO: Cindi Yates, Legislative Auditor

DEC 10 2004

FROM: Dr. Terry Bergeson
State Superintendent of Public Instruction

JLARC

RE: OSPI Response to JLARC's K-12 School Bus Bidding and Purchasing Study – Preliminary Report

The Office of Superintendent of Public Instruction (OSPI) has the following comments regarding the recommendations of the Joint Legislative Audit and Review Committee (JLARC) School Bus Bidding and Purchasing Study Preliminary Report:

Recommendation	Agency Position	Comments
Rec. 1	Concur	
Rec. 2	Partially Concur	Of the six practices identified, OSPI currently recommends numbers 1, 2, and 3 to school districts in frequently occurring training sessions. OSPI will continue to emphasize these practices. Practice number 4 (rejecting dealer bids when high) will be evaluated for incorporation in OSPI's request for bids. Practice number 5 (Wyoming's "reimbursement ceiling") may not meet with Washington's constitutional requirement for full funding. Practice number 6 (three year contract period) would likely result in higher prices at this time due to known increases in engine prices in the 2006-07 time period.
Rec. 3	Do Not Concur	It is OSPI's position that the current system provides appropriate reimbursement for school district bus purchases. Modification of the system resulting in long-term increased cost to the state for short term savings is not sound fiscal policy.

Additional Comments

Recommendation 1

OSPI agrees with the JLARC study's finding that the current menu-style bidding process seems to be keeping prices down and providing school districts with the flexibility necessary to standardize fleets and minimize operational costs. OSPI would suggest including the ability for OSPI to continue to ask for quotes on a rear-engine transit-style bus (while reimbursing at the front-engine price). This ability was granted during the 2004 legislative session on a one year basis and resulted in a significant reduction in the cost of rear-engine buses for school districts at no cost to the state.

Recommendation 2

Recommendation 2 lists six purchasing / bidding practices that the study indicates OSPI should examine.

- The first three practices are a written inventory and bus replacement plan, regular investing of local fund into the Transportation Vehicle Fund (TVF), and option price comparison. These are all practices that the Regional Transportation Coordinators and OSPI currently recommend to school districts. Training in school bus purchasing procedures and practices is provided on a regular basis at conference workshops (Washington Association of School Business Officials, Washington Association for Pupil Transportation, etc.), the Pupil Transportation Management Training Program at Central Washington University, plus individualized training sessions on a district-by-district basis. OSPI will evaluate these practices to determine if it would be appropriate to modify OSPI rules to encourage these practices.
- The fourth listed practice is reserving the right to reject vendor bids when the price increases substantially from one year to the next or when the price varies significantly from other vendor's bids in that bus category. OSPI will research this option to determine if such a practice would be allowed under current rules and regulations in Washington State.
- The fifth practice listed (Wyoming's "reimbursement ceiling") would negatively impact school districts if they were reimbursed less than the current replacement cost. This would be in conflict with the requirement for fully funding pupil transportation. From another perspective, Washington already provides a "reimbursement ceiling". School districts are not reimbursed for local options, but only on the base price plus tax as established by the state quote. Therefore, districts are obligated to pay any amount above the state quote.
- The sixth practice listed in Recommendation 2 (multiple year bids) on its surface seems to hold promise. However, due to the EPA emission

requirements that go into effect in 2007, engine prices are expected to increase by approximately \$4,000 at that time. Putting a multiple year bid in place at this time would likely result in higher prices immediately, in order for vendors to protect themselves against potential losses in the third year. There is another set of emission requirements that go into effect in 2010. This is expected to increase prices again. After that time, a multiple year bid process should be evaluated to determine if implementation is appropriate.

Recommendation 3

Recommendation 3 indicates that the Legislature should consider changing the school bus funding system from the current reimbursement model to a financing system. OSPI does not agree with this concept. OSPI feels that there may be other options available that reduce the variability of school bus reimbursement levels without significantly increasing long term costs.

- The Pros of this funding system proposal that are listed in the body of the study include one that indicates that higher total acquisition costs might be offset by a reduction in operating and maintenance costs associated with more frequent vehicle replacement and newer assets. Such savings would only be realized if a significant number of older vehicles were replaced. However, the replacement of a significant number of older vehicles would offset the short term savings associated with implementation of this system. The implementation would provide either lower short term costs to the Legislature or a reduction in operating and maintenance costs, but not both.
- The Cons of Recommendation 3 are significant. The first one listed is the fact that a centralized financing system would result in additional cost to the Legislature of at least \$12,800 over the life of each bus. Considering that there are over 8,000 buses in service in Washington, this additional cost would result in millions of dollars per year in additional cost to the Legislature.

Finally, OSPI wishes to thank the staff of JLARC for providing a thorough, informed study that addresses many concerns regarding the bidding and purchasing of school buses in Washington State.




RECEIVED
FEB 10 2005
JLARC

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
Insurance Building, PO Box 43113 · Olympia, Washington 98504-3113 · (360) 902-0555

February 4, 2005

TO: Cindi Yates, Legislative Auditor
Joint Legislative Audit and Review Committee

FROM: Victor Moore, Director 

SUBJECT: SCHOOL BUS BIDDING AND PURCHASING STUDY

Thank you for providing the Office of Financial Management (OFM) the opportunity to review JLARC's proposed final report on School Bus Bidding and Purchasing.

The information presented in this report will assist OFM in addressing questions about school bus bidding and purchasing. In addition, the study offers several recommendations regarding potential changes to school bus bidding and reimbursement, which could improve the system and offer greater stability for budget planning. OFM's responses to the specific recommendations are included below.

Recommendation	Agency Position
The Legislature should make permanent the current school bus bidding and purchasing practice, which allows districts to buy buses from any dealer who submits a quote to the state and which does not pay for buses purchased through any other entity.	Concur
OSPI should examine the six purchasing practices identified in this report and determine whether and how to implement them in the state's school bus bidding and purchasing process.	Concur
If predictable budget levels are important, the Legislature should consider alternative funding approaches for future school bus purchases, such as financing buses using the LOCAL program, paying cash, or other methods. The Legislature should ask OSPI and the Office of the State Treasurer to explore these and other options that will make annual bus purchase payments more stable and predictable. After identifying alternatives, OSPI shall develop a proposed implementation plan for each one.	Concur

If you have any questions regarding this information, please contact Julie Salvi of my staff at 902-0542.



December 20, 2004

TO: Cindi Yates, Legislative Auditor
JLARC

FROM: Jim Borrow, Executive Director
KCDA Purchasing Cooperative

BOARD OF
DIRECTORS

RE: Response to JLARC Recommendation

In answer to your request, KCDA is submitting a formal response to the JLARC preliminary report on the **K-12 School Bus Bidding and Purchasing Study**. I will attend the committee meeting on January 5, 2005, and I will be prepared to testify before the committee.

BILL
CLAUSMEYER
*Tahoma
School Dist. 409*

RECOMMENDATION
Recommendation #1

AGENCY POSITION
KCDA does not concur
with the recommendation.

COMMENTS
OSPI's process of awarding
contracts to all dealers that
submit quotes is not a
competitive bid process and
does not encourage lower prices.

DOUG
EGLINGTON
*Lake Washington
School Dist. 414*

DAVID
REED
*Snoqualmie Valley
School Dist. 410*

KCDA recommends a return to
the methods used prior to the 2003-
2005 biennium. OSPI's previous
method of awarding by low bid on
a base bus by type/size established
the lowest price for the base bus,
which is all that OSPI will reimburse
to a school district. KCDA's previous
method solicited sealed bids with
contracts awarded to the lowest
bidder for each brand of bus.
KCDA's bids included all options.

ED
BARNEY
*Federal Way
School Dist. 210*

RICH
BALDWIN
*Northshore
School Dist. 417*

King County Directors' Association (KCDA) is a non-profit public cooperative owned by the public schools of the State of Washington. KCDA was organized by School Boards of districts in King County in 1938, and has grown to include 294 school districts in Washington State as its owners. KCDA is a public association of school districts organized by statute (RCW28A.320.080) to form a cooperative for joint purchasing. KCDA is governed by a board of directors composed of current board members of school districts in King County. KCDA does not make a "profit." Any surplus earned by KCDA is used to reduce costs for school districts.

For bus purchasing, KCDA serves as purchasing agent for school districts and other public agencies. In all transactions, KCDA follows competitive bidding procedures required by RCW28A.335.190 and awards to the lowest responsible bidder. Although included in the same Request for Bids, each brand of bus is included in a separate section of the bid, and awards for each brand are made separately. KCDA is in compliance with all competitive bid law requirements, as verified annually by audits by the State Auditor's Office. Purchasers deal directly with bus vendors, and place purchase orders through KCDA at the low prices established through KCDA's competitive bid procedures, with a small service fee paid to KCDA on each purchase. Purchasers generally use KCDA because it is less costly overall, and provides the best value compared to buying through their own bids or the state contract.

APPENDIX 2A – AUDITOR’S COMMENTS TO AGENCY RESPONSES

Legislative Auditor’s Comments on Agency Responses

JLARC solicited comments from the four entities that would be directly affected by the recommendations made in JLARC’s “School Bus Bidding and Purchasing Study.” The comments provided below are in response to the letters received from the Office of Financial Management (OFM), the Office of Superintendent of Public Instruction (OSPI), and the King County Directors’ Association (KCDA). The Office of the State Treasurer (OST) declined to respond to this report.

Recommendation 1: Permanently adopt the current purchasing process.

OFM and OSPI concur. KCDA does not concur with this recommendation. OSPI and KCDA have different interpretations of what qualifies as a competitive bid under state law: OSPI awards a quote to the lowest bidder, regardless of brand, while KCDA awards a contract to the lowest bidder (which is often the only bidder) for each brand. State statute is not clear about which interpretation of the competitive bid laws applies to school buses purchased through KCDA. Regardless, the current bidding and purchasing structure, with OSPI offering the “menu-style” bid, provides districts with the choice they want, saves the districts from paying an administrative fee for bus purchases, and gives OSPI more control over dealer pricing and resulting state payment levels.

Recommendation 2: Analyze six identified practices for possible implementation.

OFM concurs, OST and KCDA did not comment, and OSPI partially concurs. In its formal response, OSPI notes that some of these practices are already being highlighted by the Regional Transportation Coordinators when they work with district staff. OSPI also notes how the other practices may or may not be suitable to Washington. JLARC is pleased with OSPI’s appropriate response to this recommendation and encourages OSPI staff to continue identifying, examining, and supporting promising practices such as these. JLARC will look forward to more detailed analysis and implementation strategies for these and other promising practices when the Committee asks OSPI for a follow-up to this review in July 2005.

Recommendation 3: Consider alternative ways to pay for school buses and develop implementation plans.

OST concurs, OFM partially concurs, and OSPI does not concur with this recommendation. OSPI bases its disagreement on the fact that this recommendation will cost “millions of dollars per year in additional cost,” which is not true. If the average additional cost over the life of a bus

is \$12,800, then the yearly cost to the state would be at most \$560,000 (\$12,800 in additional cost of the interest, divided by a bus life span of 13 years, and multiplied by 6,000, the average number buses on the payment schedule). Regarding OSPI's assertion that a financing structure would either reduce short term costs or reduce operating and maintenance fees, "but not both," also requires clarification. After adopting a financing or cash payment approach, short-term savings would exist for the first few years as OSPI builds up to a full cycle of financing new buses and paying off "old" buses.

JLARC encourages OSPI to work with the Office of the State Treasurer to investigate these options more thoroughly, as this recommendation states, before dismissing the concept. If the lease finance or cash payment approaches prove to not be appropriate, then JLARC further encourages OSPI to identify and propose the "other options available that reduce the variability of school bus reimbursement levels" referred to in its letter.

APPENDIX 3 – STATE BIDS AS RECEIVED (2004)

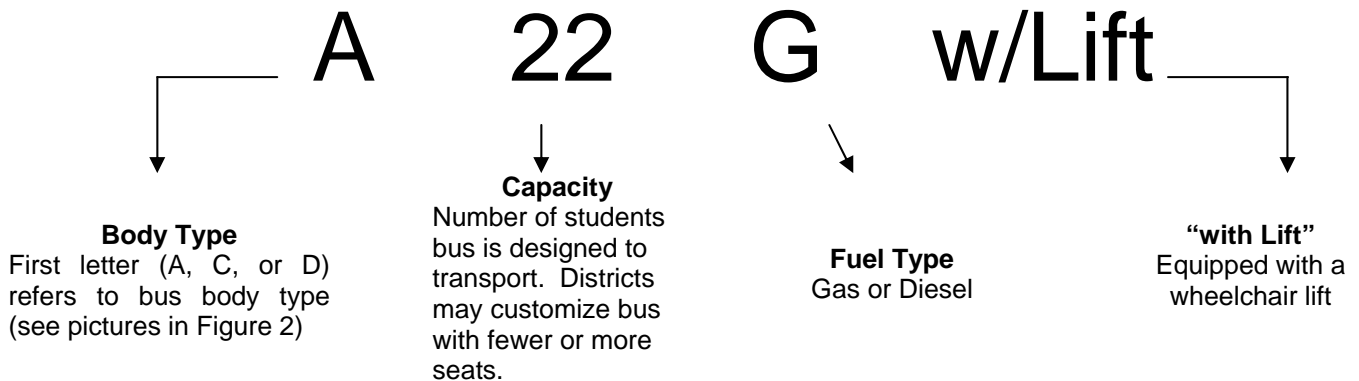
Category	Body	Bryant Motors	Harlow's Bus Sales	Schetky NW Sales	Western Bus Sales
A1 Gas	Blue Bird	36,953			37,709
	Collins		36,874		38,729
	Girardin				40,573
	Mid Bus		35,330		
	Thomas			35,539	
A1 Gas w/Lift	Blue Bird	43,494			42,847
	Collins		40,770		42,941
	Girardin				
	Mid Bus		39,430		
	Thomas			38,165	
A1 Diesel	Blue Bird	37,958			41,650
	Collins				42,390
	Girardin				44,544
	Mid Bus		39,174		
A2 Gas	Blue Bird	37,795			40,161
	Collins				42,437
	Girardin				47,494
	Mid Bus		38,203		
	Thomas			38,014	
A2 Gas w/Lift	Blue Bird	41,656			43,737
	Collins				45,447
	Girardin				54,313
	Mid Bus		41,469		
	Thomas			40,572	
A2 Diesel	Blue Bird	41,519			45,285
	Collins		44,826		47,468
	Girardin				51,819
	Thomas			43,359	
A2 Diesel w/Lift	Blue Bird	44,016			48,943
	Collins		48,421		49,832
	Girardin				57,521
	Thomas			45,833	

School Bus Bidding and Purchasing Study

Category	Body	Bryant	Harlow's	Schetky NW	Western Bus
C41		54,438	52,892	52,893	57,851
C41 w/Lift		Q	56,819	55,430	61,052
C53		56,908	55,536	55,229	59,223
C53 w/Lift		63,449	59,214	58,032	62,248
C71		64,665	60,729	59,074	65,968
C71 w/Lift		71,206	63,458	63,849	69,113
D42		61,756	62,509	60,938	64,342
D42 w/Lift		68,297	65,100	63,924	67,549
D54		61,973	63,475	62,556	64,691
D54 w/Lift		68,514	65,771	65,244	67,549
D78		69,861	67,341	66,289	73,183
D78 w/Lift		76,402	70,304	70,980	76,259
D84 RE		75,974	80,134	79,484	79,654

Key to Bus Types:

A22G w/Lift



APPENDIX 4 – SCHOOL BUS PRICE COMPARISON

Quotes Without Sales Tax											
	1,994	1,995	1,996	1,997	1,998	1,999	2,000	2,001	2,002	2,003	2,004
A22D	\$32,800	\$30,108	\$32,453	\$33,123	\$33,726	\$34,445	\$34,440	\$34,432	\$34,832	\$37,400	\$37,958
A22G	\$33,673	\$30,440	\$29,915	\$30,831	\$31,286	\$32,025	\$32,000	\$31,187	\$32,187	\$33,628	\$35,330
A34D	\$41,051	No Category	No Category	\$44,899	\$44,180	\$44,307	\$36,000	\$36,500	\$37,114	\$40,051	\$41,519
A34G	\$38,857	No Category	No Category	No Bid	No Bid	\$44,307	\$33,800	\$34,100	\$34,999	\$36,255	\$37,795
B34D	\$41,051	\$40,000	\$41,545	\$41,432	\$38,665	\$38,622	\$40,780	\$41,895	\$49,000	\$40,051	\$41,519
B34G	\$38,857	\$39,150	\$39,344	\$39,605	\$37,232	\$37,193	\$39,300	\$40,089	\$45,328	\$36,255	\$37,795
C48	\$51,520	\$42,515	\$44,785	\$45,056	\$45,222	\$46,063	\$46,411	\$45,784	\$48,028	\$49,998	\$52,892
C60	\$61,706	\$45,392	\$47,555	\$48,450	\$48,934	\$48,238	\$49,400	\$48,248	\$51,058	\$52,537	\$55,229
C77	\$67,279	\$51,090	\$52,998	\$56,200	\$55,715	\$54,661	\$56,989	\$55,128	\$57,228	\$56,604	\$59,074
D48	\$51,520	\$49,475	\$49,765	\$47,953	\$47,100	\$48,930	\$51,067	\$51,067	\$53,948	\$58,152	\$60,938
D60	\$61,706	\$51,128	\$53,074	\$54,595	\$53,105	\$53,808	\$53,928	\$53,474	\$55,206	\$59,426	\$61,973
D84	\$67,279	\$58,549	\$62,329	\$61,913	\$60,990	\$60,062	\$61,137	\$60,060	\$62,428	\$62,643	\$66,289
H84	\$83,492	\$61,024	\$64,135	\$62,683	\$62,672	\$62,800	\$62,517	\$61,471	\$65,051	\$62,643	\$66,289
D90	\$91,704	\$65,793	\$65,910	\$64,835	\$64,709	\$63,908	\$63,688	\$62,567	\$66,190	\$62,643	\$66,289
D84R											\$75,974

School Bus Bidding and Purchasing Study

Percent change per year per bus category ¹⁶												
Bus Type	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	
A22D	32,800.00	-8.21%	7.79%	2.06%	1.82%	2.13%	-0.01%	-0.02%	1.16%	7.37%	1.49%	A22D
A22G	33,673.00	-9.60%	-1.73%	3.06%	1.48%	2.36%	-0.08%	-2.54%	3.21%	4.48%	5.06%	A22G
A34D					-1.60%	0.29%	-18.75%	1.39%	1.68%	7.91%	3.67%	A34D
A34G							-23.71%	0.89%	2.64%	3.59%	4.25%	A34G
B34D	41,051.00	-2.56%	3.86%	-0.27%	-6.68%	-0.11%	5.59%	2.73%	16.96%	-18.26%	3.67%	B34D
B34G	38,857.00	0.75%	0.50%	0.66%	-5.99%	-0.10%	5.67%	2.01%	13.07%	-20.02%	4.25%	B34G
C 48	51,520.00	-17.48%	5.34%	0.61%	0.37%	1.86%	0.76%	-1.35%	4.90%	4.10%	5.79%	C 48
C 60	61,706.00	-26.44%	4.77%	1.88%	1.00%	-1.42%	2.41%	-2.33%	5.82%	2.90%	5.12%	C 60
C 77	67,279.00	-24.06%	3.73%	6.04%	-0.86%	-1.89%	4.26%	-3.27%	3.81%	-1.09%	4.36%	C 77
D 48	51,520.00	-3.97%	0.59%	-3.64%	-1.78%	3.89%	4.37%	0.00%	5.64%	7.79%	4.79%	D 48
D 60	61,706.00	-17.14%	3.81%	2.87%	-2.73%	1.32%	0.22%	-0.84%	3.24%	7.64%	4.29%	D 60
D 84	67,279.00	-12.98%	6.46%	-0.67%	-1.49%	-1.52%	1.79%	-1.76%	3.94%	0.34%	5.82%	D 84
H 84	83,492.00	-26.91%	5.10%	-2.26%	-0.02%	0.20%	-0.45%	-1.67%	5.82%	-3.70%	5.82%	H 84
D 90	91,704.00	-28.25%	0.18%	-1.63%	-0.19%	-1.24%	-0.34%	-1.76%	5.79%	-5.36%	5.82%	D 90
D84R											First year	D84R
Avg		-14.74%	3.37%	0.73%	-1.28%	0.44%	-1.31%	-0.61%	5.55%	-0.16%	4.59%	

¹⁶ Notes and Comments:

1994 - Last year of prices established by averaging purchase price paid. 1995 - First year of state quote system. 2002 - B34 categories were only available from one vendor. 2003 - B34 categories were not bid. Prices of A34's were assigned to B34's in the system. H84 and D90 were not bid. Price of D84 was assigned to H84's and D90's in the system. Lift buses were bid as separate categories (not displayed on this sheet). 2004 - First year for D84R category. D84R funded at D84 price. B34's, H84's and D90's continue to be funded as described in 2003.

APPENDIX 5 – LAKE CHELAN SCHOOL DISTRICT BUS INVENTORY AND REPLACEMENT SCHEDULE

11/12/2004 (\$75,000 transferred four years 2004-2007)

Bus model name and load capacity shown for school years. Bus is expected to be included in district inventory at the beginning of the year.

Model Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2015-17
66	GMC (73)	GMC (73)														
72	GMC (73)	GMC (73)	GMC (73)													
78	BLUE (72)	BLUE (72)	BLUE (72)	BLUE (72)												
81	INTL (59)	INTL (59)	INTL (59)	INTL (59)	INTL (59)											
83	INTL (65)	INTL (65)	INTL (65)	INTL (65)	INTL (65)	INTL (65)										
85	BLUE (78)	BLUE (78)	BLUE (78)	BLUE (78)	BLUE (78)	BLUE (78)	BLUE (78)									
87	INTL (35)	INTL (35)	INTL (35)	INTL (35)												
87	INTL (53)	INTL (53)	INTL (53)	INTL (53)	INTL (53)	INTL (53)	INTL (53)	INTL (53)								
88	CROWN (78)	CROWN (78)	CROWN (78)	CROWN (78)	CROWN (78)	CROWN (78)	CROWN (78)	CROWN (78)	CROWN (78)	CROWN (78)						
90	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)					
90	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)	GMC (72)			
92	CHEV (16)	CHEV (16)	CHEV (16)	CHEV (16)	CHEV (16)											
93	THOMAS (84)	THOMAS (84)	THOMAS (84)	THOMAS (84)	THOMAS (84)	THOMAS (84)	THOMAS (84)	THOMAS (84)	THOMAS (84)	THOMAS (84)	THOMAS (84)	THOMAS (84)	THOMAS (84)	THOMAS (84)		
95	INTL (77)	INTL (77)	INTL (77)	INTL (77)	INTL (77)	INTL (77)	INTL (77)	INTL (77)	INTL (77)	INTL (77)	INTL (77)	INTL (77)	INTL (77)	INTL (77)	INTL (77)	
90	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)										
90	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)								

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Model Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2015-17
90	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)						
90	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)							
90	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)	CHEV (21)				
98	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	THOMAS (78)	
2001	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	THOMAS (81)	
2003			NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)
2004				NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)
2004				NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)				
2005					SpEd (34)	SpEd (34)	SpEd (34)	SpEd (34)	SpEd (34)	SpEd (34)	SpEd (34)	SpEd (34)	SpEd (34)	SpEd (34)	SpEd (34)	
2005					NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)
2006						NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)
2007							NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)
2007							NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)
2008								NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)
2009									NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)
2009									NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)	NEW (34)
2010										NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)	NEW (72)
2011											NEW (34)					

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Model Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2015-17
2011											NEW (84)					
2012												NEW(72)	NEW(72)	NEW(72)	NEW(72)	NEW(72)
2013													NEW (34)	NEW (34)	NEW (34)	NEW (34)
2013													SpEd (34)	SpEd (34)	SpEd (34)	SpEd (34)
2014														NEW(72)	NEW(72)	NEW(72)
2015															NEW(72)	NEW(72)
2016																NEW(72)

Assumes M&O transfer and bus purchase will occur in July or August of designated school year and the bus will be added to the fleet and available for use at the beginning of the next school year.

Shaded cells represent buses on the state's depreciation payment schedule.

Transportation Vehicle Fund																
Beg. Bal.	3,009	18,042	62,844	55,110	47,196	99,065	110,976	99,198	44,924	41,775	-5,428	1,319	-15,295	-3,610	7,347	
Invest. Erng	333	1,144	1,786	1,808	1,864	2,921	3,357	3,126	2,241	2,276	1,467	1,602	1,380	1,615	1,834	
State Dep.	14,700	39,158	26,479	35,278	46,005	46,990	56,866	57,100	67,110	72,021	78,780	78,784	84,304	84,342	84,362	
Bus Exp.	0	70,500	111,000	120,000	71,000	113,000	72,000	114,500	72,500	121,500	73,500	97,000	74,000	75,000	75,500	
Transfer In	0	75,000	75,000	75,000	75,000	75,000			0		0		0		0	
End Bal.	18,042	62,844	55,110	47,196	99,065	110,976	99,198	44,924	41,775	-5,428	1,319	-15,295	-3,610	7,347	18,043	
# New Buses	0	0	1	2	2	1	2	1	2	1	2	1	2	1	1	
# in Fleet	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	
# on Schedule	8	5	6	8	10	10	12	12	14	15	15	15	16	16	16	

APPENDIX 6 – CONSULTANT’S FINDINGS AND CONCLUSIONS

*JLARC hired the consulting firm **Management Partnership Services (MPS)** to evaluate six other states’ school bus purchasing methods relative to the process here in Washington. MPS specializes in school bus fleet management. Based on the firm’s extensive experience with other states and its work for this review, MPS submitted a full report of its findings to JLARC staff. A copy of the full report is available upon request through JLARC. The conclusion section of the MPS report is provided below.*

CONCLUSION

In evaluating the various purchasing models represented in our sample states, it is important to focus on the primary goal of the acquisition and reimbursement process. Ultimately, the goal of the acquisition and reimbursement process is to ensure that the most appropriate vehicles are purchased for the lowest possible price on a schedule that minimizes the *total capital, maintenance, and operating* costs to each school district. Designing a reimbursement methodology and acquisition process that achieves these objectives will ensure that all stakeholders (school districts, the state, and taxpayers) are receiving the most value for the funds that are expended.

Our survey of six states indicated three primary models of purchasing and reimbursement: centralized, mixed, and decentralized. While most of the states utilize a mixed model, they exhibited certain tendencies towards either more or less decentralization. Regardless of the model, there are some fundamental aspects of purchasing that will determine the nature of the pricing to be received. The purchasing volume, the availability of vendors, and the technical vehicle specifications are the primary drivers of how bus vendors and manufacturers will price their bids for school buses. While the available data precluded the development of a clear statistical correlation of these factors, and despite the empirical limitations imposed by the data provided, some valuable inferences into the approaches that provide the greatest overall benefit to the state and the local districts can be drawn from the comparisons in our analysis.

The table below is designed to provide a comparative summary of the different states included in the survey using four basic characteristics we examined for this analysis.

Table 11: Comparative Summary of States in Survey

	← Smaller → Larger →						
Size of state fleet	WY	ID	ME	SC	OR	WA	PA
Number of students transported	WY	ID	ME	OR	SC	WA	PA
Degree of centralization	PA	OR	ID	WA	WY	ME	SC
Degree of local control over options	SC	WY	ME		WA		OR PA

Not surprisingly, the table shows that in most cases, the number of students transported is directly related to the size of the fleets in the state. The degree of centralization is also clearly, though inversely, related to the control that local districts have over the options placed on buses.

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However, the relationship between fleet size/students transported and the degree of centralization is more loosely related. This aspect of the survey supports the earlier statement that purchasing and reimbursement processes have generally evolved to reflect the unique demands, constituencies, and conditions that are unique to each state.

The following table compares the acquisition strategies in each of the states and the cost of the specific types of assets received from those approaches. It should be noted that the costs were derived from buses that had capacities between 48 and 84 passengers and that likely have varying specifications.

Table 12: Summary Comparison of Purchase Approaches (Average School Bus Purchase Price)

	Centralized Approach		Mixed Approach			Decentralized Approach	
	South Carolina	Maine	Wyoming	Washington	Idaho	Oregon	Pennsylvania
Type C	\$54,385	\$53,950	\$69,853	\$55,732	\$59,073	\$61,943	\$54,469
Type D	\$68,315	\$65,234	\$80,804	\$64,356	\$66,645	\$75,799	\$63,929

The data in the table indicates that there is no clear advantage to any one of the methodologies based on the 2004 prices listed above. As a result, analysis of the different approaches must focus on some subjective interpretation of the potential influence that certain aspects of the acquisition process will have on pricing and the influence that the reimbursement process has on district behavior.

As with any commodity being purchased, the larger the volume of similar items being purchased, the more likely it is that favorable pricing can be negotiated. Additionally, as the discussion with transportation personnel in South Carolina indicated, a longer contract term provides vendors with greater predictability of demand and increases the likelihood that favorable pricing can be realized. While these factors imply that a centralized purchasing model would be the most favorable from the standpoint of controlling price, it is equally as important to consider the local conditions that may make any standardized specification inadequate. The acquisition process must recognize that transporting students in mountainous regions is a much different challenge than transporting students in a rural environment. Providing flexibility to account for local conditions would favor significant decentralization in the purchasing process.

Maintaining some degree of local control over the purchasing process in Washington will likely continue to be a key element in the purchasing model. Therefore, the purchasing and reimbursement process must mix the best elements of decentralized purchasing with the economies of scale associated with centralized purchasing. The mixed model, with its wide range of specification types and the ability to expand the offerings as needed, has the most appropriate balance of centralization and decentralization. In particular, a mixed acquisition strategy with a “reimbursement ceiling” set through a competitive statewide bid process used in both Wyoming and Maine incorporates favorable aspects of centralization while still maintaining a degree of local control over purchasing decisions. It should be noted that both Wyoming and Maine are centralized to a greater degree than is probably feasible in Washington, but that the principles behind their approaches (centralized menu style bidding, significant local control over the selection and financing of specific options, an allowance for the most favorable financing terms) could be adopted in a way that would be acceptable to districts used to significant, if not complete, autonomy in their purchasing practices.

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Based on the results of purchase prices in the table above, it is clear that, despite the greater degree of decentralization in Washington, there has not been a significant impact on the average overall price of school buses.

While the purchasing process will have a major impact on the price that districts must pay for the acquisition of school buses, ensuring that the vehicles are replaced in a timely manner is much more influenced by the reimbursement methodologies and financing approaches available. The reimbursement methodologies across the states in our sample vary widely in how they treat specific aspects of acquisition costs. The following table summarizes five aspects of the reimbursement process across the states in our sample group.

Table 13: Comparative Summary of Reimbursement Characteristics

	WA	WY	SC ¹⁷	PA	OR	ME	ID
Leasing options are available to local districts	Y	Y	n/a	Y	Y	Y	N
Interest costs of leases are reimbursed	N	Y	n/a	N	Y	N	N
A defined maximum lease term is established	N	Y	n/a	N	N	Y	N
Depreciation periods are set by state guideline	Y	Y	n/a	N	Y	n/a ¹⁸	Y
State reimburses for full purchase price of asset	Y	Y	n/a	N	Y	N	N
Reimbursement funds are deposited in segregated accounts	Y	Y	n/a	N	N ¹⁹	N	Y

The results in the above tables indicate that there is only a limited correlation between the varying approaches to acquisition and the characteristics of the reimbursement methodologies. The table shows that only three of the six states reimburse local districts for the full acquisition cost of school buses. Additionally, while leasing is an option available in most states, there is no consistency on how to address the interest costs associated with the leases.

While several of the states require that funds received as reimbursement for the purchase of a bus be deposited in a segregated account designated for future purchases, our discussions with the states in the sample and our experience working with districts across the country indicate that many are still unable to replace their buses in accordance with their desired replacement criteria. This is a particularly acute problem for South Carolina with its totally centralized approach to purchasing. Therefore, in order to promote replacing buses in accordance with an established replacement schedule, it is advantageous to promote as many financing alternatives as is feasible. Wyoming and Maine, for example, have made the use of lease purchasing to finance bus purchases particularly attractive. While these states take different approaches to reimbursing interest and lease costs (Wyoming allows these costs to be reimbursed; Maine does not.), they both allow districts to take advantage of favorable financing terms that municipalities can receive. Our experience suggests that the ability to utilize this approach to financing makes sense both economically and operationally, particularly for districts that may have significant portions of their fleet that are at or beyond their desired replacement criteria.

¹⁷ Centralized purchasing in South Carolina eliminates the need for any reimbursement to local districts.

¹⁸ Any vehicle purchased with cash is reimbursed in the following year. Historically, reimbursement rates have been approximately 64 percent of acquisition cost according to state transportation staff.

¹⁹ While this is not a mandatory provision, many districts across the state have instituted segregated accounts due to the requirement to track the reimbursement funds received.

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In order to determine the most appropriate approach to school bus purchasing, it is necessary to return to the premise that the best approach is one where all stakeholders receive the best “value” for their money. While each of the stakeholders will have different motivations, it is clear that the goal should be to establish a process whereby the state can realize the most advantageous prices possible while not adversely impacting the district’s ability to operate their fleets. A mixed procurement model that provides for a set of standardized options combined with the ability of local districts to add options at their discretion and cost, in combination with a reimbursement process that promotes timely replacement and minimizes the “risk” to the state through a ceiling amount based on the state bid prices, is the most effective approach. Washington’s current bus procurement system already contains many of these elements and could be improved with only slight changes in the reimbursement process.

APPENDIX 7 – “LOCAL” LOAN INFORMATION ON SCHOOL BUS PURCHASES (FROM THE OFFICE OF THE STATE TREASURER)

School District	QTY	Interest	Total Debt Service	Term	Interest Rate	Issue Date	Final Maturity
Anacortes School District 103	2	\$17,316.88	\$120,205.91	8	3.820%	6/15/2004	6/1/2012
Anacortes School District 103	6	\$139,543.41	\$585,302.15	13	4.342%	6/15/2004	6/1/2017
Castle Rock School District 401	5	\$126,861.65	\$526,861.65	13	4.434%	6/15/2004	6/1/2017
Central Valley School District 356	3	\$13,385.67	\$223,385.67	4	3.371%	10/1/2001	6/1/2005
Centralia School Dist 401	4	\$23,823.92	\$358,823.92	4	3.161%	6/15/2004	6/1/2008
Centralia School Dist 401	8	\$14,234.10	\$189,234.10	4	3.597%	6/1/2002	6/1/2006
Chehalis School Dist 302	6	\$27,983.40	\$409,983.40	5	2.894%	9/1/2002	6/1/2007
Cle Elum Roslyn School District 404	1	\$2,684.09	\$45,684.09	5	2.510%	3/18/2004	12/1/2008
Cle Elum Roslyn School District 404	1	\$4,654.20	\$69,654.20	5	2.846%	9/10/2004	6/1/2009
Fife School District 417	9	\$138,152.87	\$823,916.46	10	3.851%	9/12/2003	6/1/2013
Great Northern School District 312	1	\$3,586.96	\$28,586.96	8	3.487%	9/12/2003	6/1/2011
Griffin School District 324	1	\$3,480.08	\$45,845.79	5	2.957%	12/12/2003	12/1/2008
Griffin School District 324	2	\$10,968.39	\$143,968.39	5	3.422%	10/1/2001	6/1/2006
Harrington School District 204	2	\$18,759.78	\$149,509.78	8	3.487%	9/12/2003	6/1/2011
Hood Canal School District 404	1	\$20,659.20	\$108,659.20	10	4.378%	2/1/2002	12/1/2011
Kelso School District 453	6	\$106,346.99	\$582,346.99	10	4.037%	6/15/2004	6/1/2014
Kelso School District 453	7	\$129,211.84	\$629,709.37	10	4.942%	12/1/2000	12/1/2010
Montesano School District 66	1	\$9,673.67	\$64,692.73	7	4.984%	4/1/2002	12/1/2008
Napavine School District 14	1	\$5,826.87	\$65,672.69	5	3.774%	8/1/2001	6/1/2006
Napavine School District 14	1	\$4,242.49	\$65,518.00	5	2.501%	6/12/2003	6/1/2008
N Franklin Jt School District 51 162	5	\$23,122.39	\$223,122.39	5	4.159%	6/1/2001	6/1/2006
N Franklin Jt School District 51 162	3	\$19,042.00	\$294,042.00	5	2.501%	6/12/2003	6/1/2008
Oak Harbor School District No 201	1	\$24,083.31	\$189,213.95	5	5.438%	2/1/2000	12/1/2004
Oak Harbor School District No 201	1	\$9,896.00	\$97,346.00	5	4.073%	12/1/2001	12/1/2006
Oak Harbor School District No 201	1	\$5,850.54	\$67,616.30	5	3.637%	2/1/2002	12/1/2006
Oak Harbor School District No 201	2	\$18,912.92	\$184,412.92	5	4.373%	2/1/2001	12/1/2005
Oak Harbor School District No 201	2	\$6,989.29	\$118,959.29	5	2.510%	3/18/2004	12/1/2008
Oak Harbor School District No 201	2	\$12,062.00	\$186,262.00	5	2.501%	6/12/2003	6/1/2008

School District	QTY	Interest	Total Debt Service	Term	Interest Rate	Issue Date	Final Maturity
Onalaska School District 300	1	\$11,311.61	\$99,249.37	5	4.854%	12/1/2000	12/1/2005
Onalaska School District 300	1	\$8,254.06	\$82,610.39	5	4.587%	4/1/2001	12/1/2005
Onalaska School District 300	1	\$8,024.83	\$55,704.80	8	3.820%	6/15/2004	6/1/2012
Onalaska School District 300	2	\$32,282.04	\$194,440.80	10	3.791%	9/1/2002	6/1/2012
Onalaska School District 300	4	\$96,165.51	\$399,379.50	13	4.344%	6/15/2004	6/1/2017
Orting School District 344	4	\$47,608.94	\$303,452.59	10	3.565%	9/10/2004	6/1/2014
Paterson School District 50	1	\$11,610.81	\$77,782.72	8	4.146%	2/1/2002	12/1/2009
Prosser School District 116	1	\$15,056.10	\$92,509.58	8	4.396%	6/1/2001	6/1/2009
Prosser School District 116	4	\$53,607.40	\$323,424.62	8	4.488%	12/1/2001	12/1/2009
Sequim School District 323	1	\$6,887.19	\$55,409.67	6	5.139%	10/1/2000	6/1/2006
Sequim School District 323	1	\$12,391.47	\$103,042.06	6	4.343%	2/1/2001	12/1/2006
Sequim School District 323	1	\$19,466.07	\$92,113.58	13	3.861%	9/10/2004	6/1/2017
Sequim School District 323	2	\$42,174.63	\$212,020.49	10	4.680%	4/1/2001	12/1/2010
Sequim School District 323	2	\$26,162.21	\$157,579.59	10	3.791%	9/1/2002	6/1/2012
Sequim School District 323	2	\$43,183.55	\$179,342.53	13	4.344%	6/15/2004	6/1/2017
Soap Lake School District 156	2	\$17,192.00	\$156,755.00	5	5.592%	4/1/2000	12/1/2004
Soap Lake School District 156	2	\$9,014.63	\$136,323.85	5	2.822%	9/12/2003	6/1/2008
Southside School District 42	1	\$10,279.11	\$53,517.83	10	4.433%	2/1/2001	12/1/2010
Toledo School District 237	1	\$10,544.59	\$52,155.61	10	4.556%	6/1/2001	6/1/2011
Yelm Community School Dist No 2	26	\$271,517.39	\$1,284,826.39	13	3.861%	9/10/2004	6/1/2017
25 School Districts	145	\$1,694,089.05		7.5	3.904%	5 years (2000-2004)	

