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To: Joint Education Interim Committee

From: Megan Degenfelder, Chief Policy Officer

Date: November 6, 2018

Subject: School Bus Procurement

Introduction

At the September 2018 Joint Education Interim Committee meeting, the committee requested the Wyoming Department of Education (WDE) provide an overview of the state's current procurement process for school buses, as established by statute, rules, and practice. The below memo includes the current procurement process in Wyoming as well as those regionally.

Wyoming Procurement Process

W.S. 21-13-320(f) requires the WDE to "establish a base price for each school bus type or other student transportation vehicle type for the applicable fiscal period that complies with minimum state standards for vehicle specifications and equipment. The department shall also establish a process including competitive bidding which guarantees the acquisition of school buses and other student transportation vehicles approved for reimbursement and complying with state minimum standards and district fleet size restrictions at the established base price for the applicable fiscal year."

WDE, Chapter 20, Rules for the Pupil Transportation Component within the Education Resource Block Grant Model, establishes the rules for developing and administering the state's school bus procurement process. Below is a summary of the current process and complete rules are attached as Appendix A. It should be noted that the WDE is currently working with stakeholders to update the WDE transportation rules, to create an even more competitive bidding process. Promulgation is expected to occur in the next several months.

1. The WDE, in coordination with transportation stakeholders, develops state specifications for student transportation vehicles, based on Chapter 2, Rules for Minimum Standards for the Wyoming School Buses.
2. The specifications are reviewed with manufacturers and then sent to the districts for a non-binding "straw poll" to determine the number of buses the districts are planning to purchase.
3. The specifications are put out for bid with an estimate of the number of buses that might be purchased statewide during the bid period. It has been reported from vendors that prices are determined based on the total statewide need, despite the unknown number to be purchased from their individual company.
4. The bids from the dealers are reviewed to determine whether they meet or exceed specifications. For those meeting specifications, the bids for each type of bus are averaged to establish the "base" price. The base price is the amount the state will reimburse districts if they purchase a bus. Options exceeding those that are state-approved must be approved by WDE to be eligible for reimbursement.
5. A district may sometimes purchase a bus that is not the lowest bid due to need for standardization of repairs or parts, better service from a particular dealer or, parts availability. However, the amount reimbursed for bus purchases is up to the established "base" price. Any amount exceeding the base price must be paid by the district from the block grant.

Regional Procurement Practices

Other states in the region utilize a variety of procurement processes for purchasing school buses. The Idaho State Department of Education (ISDE) uses a process similar to Wyoming's for establishing a maximum depreciation schedule, but individual districts are responsible for independently bidding and procuring vehicles for pupil transportation. The districts then apply for reimbursement from the ISDE based on the state-established depreciation schedule, which is currently 12 years. Regardless of what an Idaho district pays for buses, the state reimbursement is based on the average of quotes solicited by the state.

In Utah, the State Board of Education establishes a contract with the three major school bus manufacturers to provide buses to individual districts for a contracted price. The districts decide if they want to purchase buses at the state contracted price or if they want to independently let bids competitively in pursuit of better prices. In Colorado, districts are responsible for their own bidding of school buses.

Appendix A: Rules on Bus Procurement

Section 11. State Bid/District Buy Procurement.

(a) The Department will develop, with the input of the Wyoming Pupil Transportation Committee, a standard set of specifications based on Chapter 2, the Department of Education Rules for *Minimum Standards For Wyoming School Buses*.

(b) The specifications will be reviewed with the school bus manufacturers and changes made where appropriate.

(c) The specifications will be sent to the districts, for a non-binding straw poll as to the number of each type of bus the district is planning to purchase.

(d) The specifications will be put out for bid with an estimate of the number of each bus that might be purchased statewide during the bid period.

(e) The bids received will be analyzed to determine which bids meet or exceed the specifications. All of the bids for the Type A buses will be averaged to come up with the "base" price for a Type A bus. The same will be done with the other types of buses. The base price will be the amount the state reimburses districts if they purchase a bus. The options page of the accepted bids will include the approved pricing for all options sold by the individual vendors. Once accepted by the Department, these prices shall remain in effect for the duration of the accepted bid. Any changes to the accepted option prices must be approved by the Department.

(f) Districts will be sent the bid price for each type of bus they plan to purchase. Districts will complete an *Intent to Purchase* form and a WDE Vehicle *Form* for each bus they plan to purchase. Districts will have a window of time in which to order the bus directly from the dealer.

(g) A district may purchase a bus that is not the lowest bid bus due to:

- (i) standardization for repairs or parts,
- (ii) better service from a particular dealer or,
- (iii) parts availability.

(h) Districts will be reimbursed no more than the approved base price for the vehicles purchased. The dealer cannot deviate from the specifications of the base bus bid.

(i) If a district decides to purchase the lowest bid bus, the difference between its price and the base price will not be given to the district.

(ii) If a district decides to purchase the middle priced bus, the trade-in value of the bus being replaced shall be used to make up the difference between the base price and the middle bid price, if any.

(iii) If the district decides to purchase the highest bid bus, they can negotiate for a better price due to the trade-in price or quantity discounts. The district will be responsible for paying the difference in the price.

(i) Districts can apply to the Department for approval to add options to buses purchased.

(i) If an option is requested and approved, the Department will reimburse the district for the price of that option.

(ii) If the option is denied, a district can still purchase the option, the district will be responsible for paying for the option. A disapproved option cannot be claimed for reimbursement under the "parts" budget.

(iii) All buses purchased must still meet all sections of Chapter 2, the Department of Education Rules for *Minimum Standards for Wyoming School Buses*.