

## **Appendix F Bus Replacement Options for KUOW**

There are several options available to the City and University to replace existing buses, but the highest priority for bus replacement is the KUOW buses, which exceed 20 years in age and do not comply with the requirements and specifications of the Americans with Disabilities Act (ADA). Vehicle replacement options for KUOW include:

- Purchase new buses
- Purchase of used buses (assumed in the financial plan)
- Leasing buses

Each of these options was examined and the following was the issues considered.

### **PURCHASE NEW BUSES**

- Unit cost is \$325,000 equating to an immediate total cost of \$5.85 million.
- With student fees, this would require \$120.45 per semester over two semesters per student currently registered at KU.
- In about 12 years, the system would then again have to purchase 18 new buses, and there would not be a phased capital replacement plan in place.
- Phased vehicle replacement over a 7-year period would take \$10.74 per student each semester.

### **PURCHASE USED BUSES**

- Used and refurbished buses are available from several companies, but for planning purposes, a recent purchase from Transit Sales International, Inc. in Riverside, Ca. was used as a reference (contact is Mark Lien at 800-287-7253).
- The Lakeland Area Mass Transit District purchased six 1989, 40' Gillig buses, refurbished in 2001, at the cost \$322,409 or \$53,734 each. Shipping was about \$11,000 total, plus minor costs were incurred to repaint and prepare the vehicles for service in Lakeland. Another example is an option to lease or purchase 15 1995-96 40' Gillig buses previously owned by Hertz and in good condition at an estimated cost of \$75,000.
- These options were used in the proposed financial plan and each bus was budgeted at a unit cost of \$75,000 (includes delivery). With 18 buses to replace, the purchase of used buses is projected to be \$1.35 million.
- This would be about \$17.33 per student for two semesters, and would drop to \$10.74 to initiate a phased vehicle replacement program with new buses.
- The buses can be sold as new ones are delivered at a cost of \$5,000-\$20,000 each, or retained and used for expansion of services or spare vehicles.

## **LEASE BUSES**

- There is a lease program where each bus costs \$3,850 per month. For 12 months, this would come to \$46,200. With 18 buses to replace, this would be an annual cost of about \$831,600.
- This would cost about \$17.12 per student each semester.
- This would cost \$554,400 per bus over the 12 year life cycle of each bus.
- At some point, when the lease is over, there is a need to lease buses again, or go ahead and buy new buses.

## **VEHICLE REPLACEMENT RECOMMENDATION**

Consistent with the proposed financial plan, it is recommended that KUOW pursue the purchase of used buses in the near-term to address the aging vehicle problem. This option is the most cost effective and provides the time to implement a phased vehicle replacement program with new buses over a longer period of time.