



January 22, 2013

Thomas Built Buses, Inc.
PO Box 2450 (27261)
1408 Courtesy Road
High Point, NC 27260
(336) 889-4871 Phone
(336) 889-2589 Fax

To Whom It May Concern:

As a member of the School Transportation Decentralization Study Committee, I would like to give my opinion on the Study Committee and its final report.

As background I was appointed to serve on the School Transportation Decentralization Study Committee by Governor Nicki Haley. It has been my pleasure to serve on the Committee.

Also as background Thomas Built Buses is a High Point, North Carolina company and a wholly owned subsidiary of Daimler Trucks North America. Our sister company Freightliner Custom Chassis Corporation is headquartered in Gaffney, South Carolina. In the fall of 2012 our South Carolina dealer was awarded the contract for the purchase of 342 Type C, lift equipped buses by the State of South Carolina.

In my role as president of Thomas I have seen a huge variation in the way that school busing is accomplished across the US and Canada. Regardless of whether the bus transportation is provided by a private contractor or public body there can be wide variations in the cost to deliver the service. As such it is very difficult to say what is the "most cost effective way" to provide school transportation. Let me provide some examples to illustrate the point:

- 1) Vehicle replacement cycles – If buses are replaced every 5 years the cost will be higher than if they are allowed to run for 10 years. At some point, increased maintenance costs will exceed the cost of purchasing new vehicles. That point varies based on mileage, duty cycle and preventative maintenance program.
- 2) Drivers – If drivers work full time and are provided full health and retirement benefits they are generally more expensive than part time drivers without benefits. Union representation may also impact the cost. In both cases the cost is independent of whether the drivers work for a private company or a public entity.
- 3) Levels of service – If school bell times are staggered so that one bus/driver can run multiple routes during the day then you have better utilization of assets. Likewise if bus stops are consolidated to increase the density of kids on the bus it drives cost down. Costs are also impacted by how many kids are transported and whether they go only to a local school or schools across a wide geographic area. Rural or urban districts also have basic differences for transportation costs.

4) Organizational structure – Arizona has over 400 school districts and Nevada has 17. Regardless of the number of students, there will be significantly more administrative costs and less efficient busing in Arizona than in Nevada because of the way they have chosen to organize their system. Examples can also be found where consolidating districts increases, rather than decreases the cost of transportation.

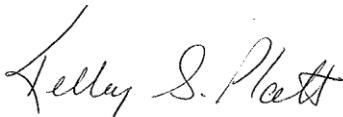
5) Purchasing practices – Generally, but not always, the larger the organizational unit doing the purchasing the more cost effective they are. Likewise if public bids are held, costs tend to be lower all other things being equal. North Carolina purchases all replacement buses for its districts. The state puts out a bid and all OEMs who are within 4% of the lowest purchase price are authorized sellers. Districts can order from any qualifying OEM and the state will fund the full cost. Other models exist where the state takes bids from all OEMs and districts can buy off the state bid or they can do their own bidding. There are many variations to this process and no one is clearly the least expensive over the long run. If the full operating cost over the vehicles life cycle is not considered than a short term “low cost” option may prove very expensive in the long run.

6) Funding – Sometimes how bus purchases are funded drives up or down the total cost of providing transportation. In California the state authorizes a funding amount for “a bus”. All buses the state pays for will automatically cost near the maximum amount as there is no incentive to leave off any options, use a smaller bus, or compete for the best price. The Maritime Provincial Bid is a “winner take all” bid and it tends to drive down the price of the bus. Again this is not necessarily the best option.

With all of these variables it is hard to say “what’s the most cost effective” way to provide the service you are receiving today. Rather than spend another year trying to answer this question I think the children of South Carolina would be better served trying to identify how the State moves forward from where it is today. The key questions are how will transportation be funded in the long run and at what level of organization (State, county, district, etc.) will the responsibility be housed. These are two separate questions which deserve the attention and study of the legislature.

Thank you for allowing me the opportunity to serve on the Commission and to present my opinion.

Best regards,



Kelley S. Platt
President & CEO
Thomas Built Buses, Inc.