

**Glenbrook High Schools
District Business Office**

TO: Dr. Mike Riggle
FROM: Kimberly L. Ptak
DATE: April 13, 2015
RE: AWARD of BID FOR DRIVER EDUCATION VEHICLES

Recommendation

It is recommended that the Board of Education:

1. Approve the purchase of eight Toyota Prius 2 driver education vehicles from Toyota of Schaumburg for a total price of \$142,220.48. Toyota of Schaumburg is selling us six cars at a unit price of \$23,703.43 and donating two cars.
2. Trade-in the current seven driver education vehicles to Toyota of Schaumburg at a total price of \$48,500.

Why Now?

At the March 23, 2015 board meeting the Board requested additional information as to the overall timing of the purchase. Below are five main reasons to support a purchase for the FY 15/16 school year.

1. Estimated Maintenance Cost if Keep 3 More Years \$24,150

In talking to Toyota of Schaumburg, Bredemann Toyota and Clavey Auto, the following maintenance expenses are reasonable to expect if the cars are kept another three years:

Tire Replacement (4 of 7 have been replaced)	\$500/car	\$1,500
New Hybrid Battery	\$2,400/car	\$16,800
New Brakes	\$450/car	\$3,150
Coolant Converter (1 of 7 has been replaced)	\$450/car	<u>\$2,700</u>
		\$24,150

2. Decrease in Trade-in Value \$21,000

The trade-in value is expected to decrease over three years conservatively by \$3,000 per car for a total of \$21,000.

3. Donation \$40,000

Toyota of Schaumburg has offered to donate two Toyota Prius 2 vehicles to the district's driver education program at an estimated value to the district of \$40,000. It is uncertain whether or not this donation will be offered in three years.

4. Low Cost of Ownership with Continuing an 8 year cycle

Purchasing cars now and continuing with an 8-year vehicle cycle, makes the annual cost per car \$1,464, or \$122 per month.

5. Need to increase fleet by one vehicle for FY 15/16 – keeps all 8 on same cycle

An eighth car is needed to meet enrollment needs for FY 2015/16 at GBS. Unless the eighth car purchased is the same approximate age, it will be out of cycle with the other seven cars. Having all eight cars on the same cycle makes maintenance, warranties and safety inspections easier to manage. Estimated cost of a 2007 Prius with similar mileage is \$14,000 and installation of instructor brake is an additional \$500.

<u>Bid Results – Purchase</u>	<u>Toyota Prius Unit Cost</u>	<u>Total Cost for 8 Toyota Prius</u>
Toyota of Schaumburg	\$23,703.43	\$142,220.58
Bredemann Toyota	\$22,590.00	\$180,720.00

Bids were sent to five dealerships and only two responded.

Bid Results – Trade

Toyota of Schaumburg	\$48,500 (6 cars at \$7,000 and 1 car at \$6,500)
CarMax	\$35,000 (7 cars at \$5,000)
Bredemann Toyota	No Bid

Brake

A special brake needs to be installed in the passenger seat of each car. The cost for the brake and installation is \$500 per car or \$4,000 total.

Lease

At the March 23rd board meeting we discussed financing the vehicles with a 5-year \$1 buy-out lease. However, upon soliciting quotes, the interest rate is between 3.5% and 3.8%. The rate has been closer to 1.2%-1.8% over the last few years. With that said, we are recommending a straight cash purchase on the vehicles to avoid paying approximately \$5,000 in interest.