

MEMORANDUM

To: Mr. Chuck Perry

From: Grant Moore

Date: November 7, 2022

Re: Holt Bus

SUBJECT

Discussion, motion, and vote to approve or disapprove the price increase submitted by Holt Truck Center, providing (4) four 12-passenger special needs buses. Bids were received on May 11, 2022. A price increase was announced on September 13, 2022. The total increase in cost to the District is \$26,820.00 and will be paid from 2015 Bond Funds. G. Moore

ENCLOSURES/ATTACHMENTS

Holt Letter

Collins Letter

SUMMARY

Bids for District school buses were received and opened on Tuesday, May 11, 2022, at the Education Service Center. The board approved the original request to purchase the buses at the total cost of \$998,320.00 on June 6, 2022. A price increase was sent from the manufacturer to the dealer in September and shared with buyers. The manufacturer is passing along an increase to the dealer of \$6,705.00 per Collins Bus. Substantial increases in steel, aluminum, glass, freight, and labor are fueling this increase. Options presented to Broken Arrow Public Schools were to cancel the order or pay the price increase. With the continued need for buses and the substantial production delays canceling the order would further delay the delivery, and the District would still be paying a higher price. Our recommendation is to pay the price increase.

FUNDING

2015 Bond Funds

RECOMMENDATION

Approve



Date: September 13, 2022

To Our Dealer Partners,

The Collins Bus Corporation team would like to thank you for your patience and understanding over the past several months regarding the industry challenges with pricing, chassis availability, and unit deliveries. We understand your frustration and the numerous difficulties this has caused over the months.

As you know, the ongoing inflation challenges in the marketplace continue to impact manufacturers in commodities and services. Material cost and transportation continue to increase and will likely do so for the foreseeable future. In full transparency and as we have advised previously, we have experienced a substantial net increase in our operating costs primarily related to the following areas that are simply beyond our control.

Component	Increase over Last year
Steel	127%
Aluminum	52%
Fiberglass	22%
Paint / Chemicals	9%
Door and Window Components	24%
Inbound Freight	73%
Floor rubber	7%
Windows	30%
Wire Harnesses	15%
Labor Wages and Benefits	25%
GM / Ford Chassis	\$4,800 - \$8,500

As a result of these continued operating increases, coupled with the many 22MY chassis availability /delay/cancellation challenges, Collins is left with no alternative but to reprice some previous quotes with updated pricing to include 23MY chassis cost estimates.

We will continue to work diligently to find ways to reduce the pricing pressures without impacting the quality of our products. Your partnership is important to us, particularly as we navigate these challenging times.

Sincerely,

COLLINS BUS CORPORATION

Todd Gibson
Director of Sales

Bryce Pfister
VP/General Manager



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To our customer,

As a valued partner, we wanted to make you aware of the following changes to your Collins school bus order. On 9/16/2022 we were officially notified of the Collins Bus and General Motors price increases. For full transparency, a copy of the letter from the manufacturer has been attached. We are aware of the challenges this will pose to your district and we are prepared to offer you the following options:

- Keep unit(s) on order and accept the manufacturer-imposed price increase.
 - Your new quoted unit price is: **\$104,035.00** per unit

- Cancellation of your Collins Bus order.

Please reach out to your Holt Truck Centers sales representative to discuss these options; Adam Markou (918) 261-3319

Sincerely,

David Carney

General Sales Manager-Oklahoma

HOLT Truck Centers