



Memorandum

To: Livingston County Board of Commissioners
From: Greg Kellogg, Transportation Director
Date: 08/29/2022
Re: Resolution Amending Resolution 2021-03-033 Authorizing Revised Capital Expenditure for the Purchase of Six Replacement Buses - LETS

Resolution 2021-03-033 authorized the purchase of six (6) replacement buses to be purchased from the State of Michigan Cooperative Transit Vehicle Purchasing Program for a cost not to exceed \$600,000. The buses were ordered from Hoekstra Transportation of Grand Rapids, MI in March 2021 for a total cost of \$587,267.

However, LETS was notified in late 2021 that new orders would be placed on hold until a contract price increase could be negotiated with the State as a result of large cost increases for bus chassis and components imposed on bus manufacturers. The State approved new contract pricing in August 2022 with a base price increase of 100%.

In anticipation of the price increase, LETS revised a subsequent order for replacement buses to full-size vans, and when those are delivered vans will comprise more than 1/3 of the LETS fleet. Although shifting a large portion of the fleet to smaller vehicles is consistent with our long-range plans, service capacity will be compromised if additional aging small buses are not replaced. Despite the significant cost increase, the State contract still represents the best value for small bus procurement.

LETS is therefore requesting authorization to proceed with the bus order and issue a Purchase Order Change Order for the revised total of \$1,007,040. LETS has grant funding available to fund the additional cost but a budget amendment will be necessary. The original and revised order forms are attached to this resolution for comparison.

As always I appreciate your consideration and support. Please contact me with any questions at 517-540-7843.