REPORT OF THE
PUBLIC SAFETY SUBCOMMITTEES OF THE SENATE FINANCE
AND HOUSE APPROPRIATIONS COMMITTEES

STUDY OF THE RENOVATION OF SCHOOL BUSES BY VIRGINIA'S CORRECTIONAL ENTERPRISES

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

SENATE DOCUMENT NO. 44

COMMONWEALTH OF VIRGINIA
RICHMOND
2000

SENATE JOINT RESOLUTION No. 471
STUDY OF THE RENOVATION OF SCHOOL BUSES BY VIRGINIA'S CORRECTIONAL INSTITUTIONS

From the Public Safety Subcommittee of the Senate Finance Committee

The Honorable Richard J. Holland, Chairman
The Honorable Joseph V. Gartlan, Jr.
The Honorable Madison E. Marye
The Honorable Richard L. Saslaw
The Honorable Walter A. Stosch
The Honorable Charles R. Hawkins
The Honorable Kenneth W. Stolle

From the Public Safety Subcommittee of the House Appropriations Committee

The Honorable Robert S. Bloxom, Chairman
The Honorable Glenn R. Croshaw
The Honorable William P. Robinson, Jr.
The Honorable Thomas M. Jackson, Jr.
The Honorable Clifton A. Woodrum
The Honorable Lacey E. Putney
The Honorable Raymond R. Guest, Jr.
The Honorable L. Preston Bryant, Jr.

Staff

Richard E. Hickman, Jr.
Senate Finance Committee Staff

Pamela A. Curry
Senate Finance Committee Staff

Clyde E. Cristman
House Appropriations Committee Staff

Teresa A. Atkinson
House Appropriations Committee Staff

EXECUTIVE SUMMARY

Senate Joint Resolution No. 471 directs the Public Safety Subcommittees of the Senate Committee on Finance and the House Committee on Appropriations to study the renovation of school buses by Virginia's correctional institutions. The Department of Corrections operated such a facility in the 1980's at Brunswick Correctional Center, but terminated the operation in 1992 due to a lack of profitability and support from local school divisions.

In view of the lack of positive support from the Department of Education for reestablishing such a facility, the many and complex policy concerns raised by DOE, and the experience of other states, it is difficult to envision how such a facility could be profitable today. It is likely that the General Assembly would have to mandate local school participation in this program in order to assure a sufficient workload to justify the start-up and operating costs.

The subcommittees conclude it is best not to dictate to VCE whether a specific product or service should be produced. The issues raised in this study regarding the life expectancy, safety and emissions standards of school buses are simply beyond the area of concern and expertise of the subcommittees. Furthermore, VCE would need to conduct a thorough market analysis to determine if there would be sufficient demand for this type of service and if such an operation fits within its mission and business plan.

AUTHORITY FOR THE STUDY

Senate Joint Resolution Number 471 of the 1999 General Assembly directed:

> *"The Subcommittees on Public Safety of the Senate Committee on Finance and the House Committee on Appropriations to study the renovation of school buses by Virginia's correctional institutions."*

In conducting the study, the subcommittees shall:

- Determine the number of school buses requiring repairs and renovation, and the types of repairs necessary;
- Identify the school divisions which may be interested in pursuing such a joint venture with the Department of Corrections;
- Estimate the costs to the state to seek repairs and renovation to school buses by private companies in comparison to the costs of repairs and renovations by correctional institutions;
- Determine the most appropriate way of pursuing contracts between local school divisions, and the Department of Corrections;
- Consider the position of the Department of Education, local school divisions, and the Department of Corrections regarding this approach for the repair, renovation, and maintenance of school buses;
- Review and consider a similar school bus repair program in Texas; and,
- Consider such related issues and programs as may be deemed necessary by the subcommittees.

INTRODUCTION

Senate Joint Resolution No. 471 was the result of a 1999 visit by several Virginia legislators and local school officials to Huntsville, Texas where they toured a school bus renovation and repair facility operated by Texas Correctional Industries. The delegation was impressed by the Texas operation and wanted to study the feasibility of establishing a similar program in Virginia. Local school officials were looking for ways to save the school divisions money in the repair and replacement of school buses. It should also be noted that a subcommittee, established as the result House Joint Resolution No. 606 of the 1999 Session, is performing a more comprehensive study of prison industries in Virginia and will be making recommendations to the 2000 Session of the General Assembly.

The Public Safety Subcommittees of the House Appropriations And Senate Finance Committees recognize the importance of Virginia Correctional Enterprises (VCE) in providing inmate work programs. These programs are designed to provide several benefits, including:

- Preparing prison inmates for life outside the institution by teaching good work habits and interpersonal skills;
- Providing opportunities for inmates to learn vocational skills;
- Contributing to inmates' sense of accomplishment and self-esteem;
- Reducing inmate idleness and thereby improving inmate morale and institutional security; and,
- Providing opportunities for inmates to earn minimal income for the purpose of paying fines, court cost and child/family support, contributing to the cost of their incarceration, making co-payments for medical services and purchasing personal hygiene items.

In accomplishing these primary goals, VCE faces challenges that are far different from those faced by private industries that manufacture similar products or provide similar services. The overriding mission of the security of prison operations is a major factor governing VCE operations. For example, production schedules are affected by prison lockdowns. Movement of inmate employees is restricted. Receiving of materials and supplies and delivery of finished products is slowed by security concerns.

VCE attempts to maximize employment opportunities for inmates by involving as many workers in a task as possible. This is contrary to efficiency standards utilized in private industry that minimize the number of employees needed to accomplish a given task. VCE must hire untrained workers and coordinate with the Department of Correctional Education to provide specific training. Private industry obviously prefers to hire workers who already posses required job skills.

VCE BUSINESS PLAN AND AUDIT

VCE developed a strategic business plan in 1998. Included in this plan is an analysis of the profitability of the various enterprise operations as well as the ability of VCE balance the mandate to maximize inmate employment with the need to be self-sufficient. While some VCE operations are not profitable, they employ significant numbers of inmates. Other more profitable operations, while not employing as many inmates, offset the losses incurred by the non-profitable ones. VCE has generated revenues in excess of expenses for FY 1998 and FY 1999. VCE will update its business plan on an annual basis.

According to the Auditor of Public Accounts in his FY 1998 Audit Status Report, "VCE has two conflicting missions. Section 53.1-54 of the *Code of Virginia* mandates VCE to be self-sufficient by offsetting all operating costs through the

sale of inmate manufactured goods and services. In addition, Section 53.1-41 of the *Code of Virginia* requires VCE to maximize job skill and wage earning opportunities for the Department of Corrections (DOC) inmates. These two missions contradict each other because many of VCE's industries that provide a large number of inmate jobs operate at a deficit."

The auditor concluded that the Secretary of Public Safety, DOC and VCE need to formally decide how VCE will operate in relation to the requirements to be self-sufficient and to maximize inmate training and work opportunities.

TEXAS BUS REPAIR PROGRAM

Texas initiated a school bus repair and renovation program in 1971 through the joint efforts of the Gulf Coast School Transportation Directors Association, the Texas Education Agency, the General Service Commission, and the Department of Public Safety. The program is currently housed in a 70,000 square foot facility located at the Ellis-1 Correctional Unit in Huntsville, Texas.

The program provides services for five school divisions located in close proximity to the Huntsville prison. The program employs 180 to 200 inmates and 12 full-time staff employees. The program services 40 to 50 buses per month, which equates to 500 to 600 per year. It should be noted that there are approximately 30,000 public school buses in Texas.

The annual operating budget of the Ellis Bus Barn is approximately $2 million. The program has fixed assets of $821,310, of which $325,961 represents the value of the steel-masonry bus barn building, and the remainder equipment and tools. The program strives to be self-sufficient in terms of generating revenues through charging the school divisions for services to cover the daily costs of operations. According to a Statement of Operations provided by Texas Correctional Industries, for the 12 months ending August 31, 1999, the program had a net loss of $57,672. For the 12 months ending August 31, 1998, the operation posted a net loss of $76,402. The program has been provided general fund support from the state in the past to cover the cost of major retooling and expansion of the operation.

Texas officials report that they renovate a school bus for one-third the cost of a new bus. Renovation of a bus is expected to extend the bus's life by eight years, depending on the amount of mileage the bus is driven annually. The actual renovation needed for each bus is individually assessed and an estimate of the cost of repairs is given to the school division for approval prior to the commencement of renovation. The following is list of services that are provided by the facility:

<u>New Engine Installation</u>

- Repower from gas to diesel
- Replace a variety of engine types
- Install remanufactured engines and transmissions fully trimmed

Interior

- Reupholster all seats, front and back
- Refinish seat frames
- Install new rubberized hair padding
- Install new floor mats in passenger section and replace metal moldings
- Install new step-well treads
- Install new safety glass as needed
- Repaint interior
- Rewire electrical systems

Painting

- Remove old paint and primer on exterior by media blasting
- Repair of dents or rust
- Tightening of structural component parts
- Replacement of body parts as need
- Repaint exterior, white roof, urethane, and lettering
- Undercoating

OTHER STATES EXPERIENCES

According to information received from VCE, Pennsylvania Correctional Industries operates a bus restoration program in Albion, Pennsylvania. This program has reportedly experienced financial problems since it first began several years ago. The program suffers from a lack of year-round work and high overhead costs. The program lost $635,000 during the most recent fiscal year.

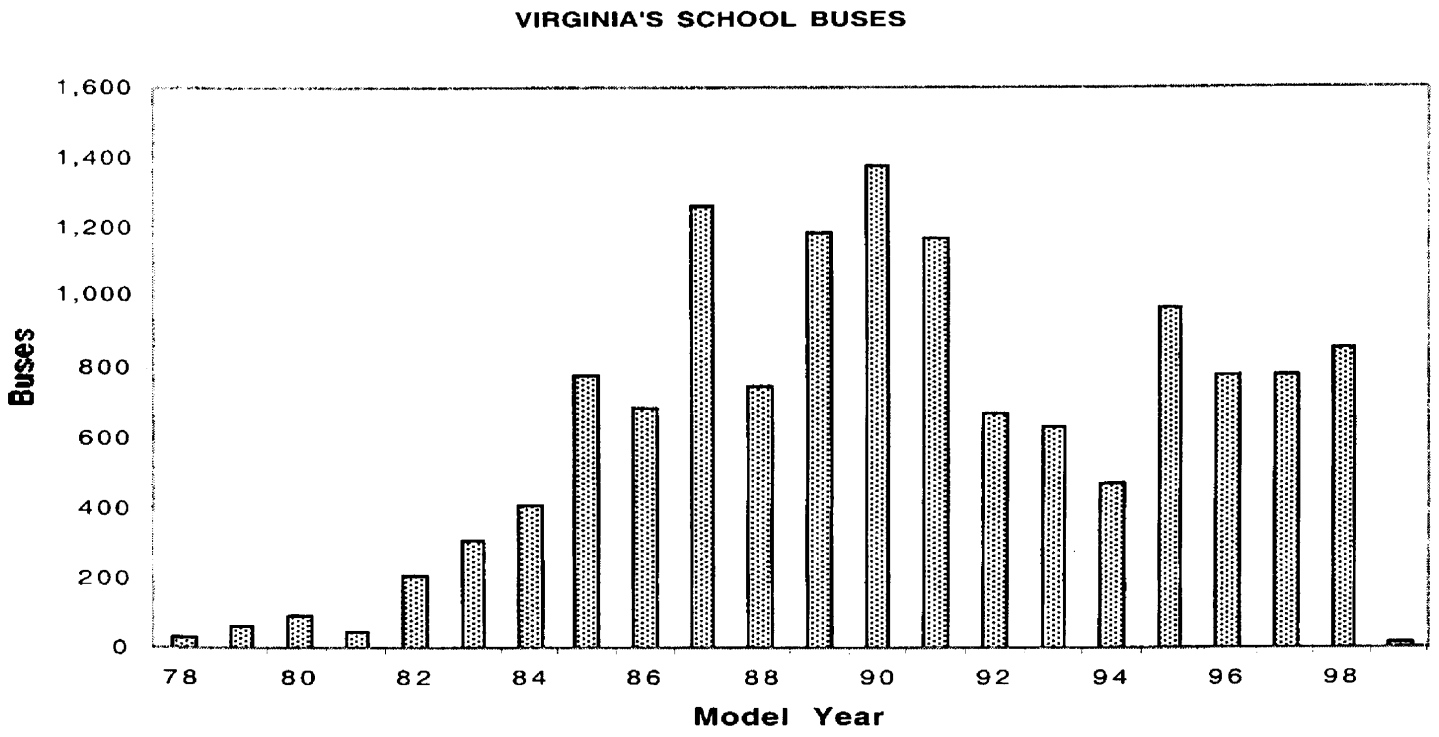
Rhode Island recently abandoned a modest state vehicle services program where they used inmates to provide oil changes, lubrication and minor repairs. The program was losing $80,000 annually. Massachusetts also operated a modest auto repair unit that was closed due to financial problems. New Hampshire abandoned an auto service program in the middle 1980's due to security concerns.

VIRGINIA'S SCHOOL BUSES

There are approximately 13,000 school buses transporting students to and from public school across Virginia. Each year between 800 and 1,000 of these buses must be replaced as they reach their life expectancy. The Standards of Quality (SOQ) funding formula assumes that buses are replaced on a 12-year cycle, although the average replacement cycle of Virginia's buses is 14 years. The average cost for a new 64-passenger bus is approximately $40,000.

Department of Education (DOE) policies require that localities must inspect each bus every 30 days or 2,500 miles, whichever occurs first. Once each year, every bus must go through a comprehensive inspection. Approximately 25% of Virginia's school bus fleet is five years old or less, 56% is between six and twelve years old and 19% is older than twelve years. While age of a bus is an

important factor, the number of miles a bus is driven per year and the type of conditions in which the bus is driven significantly contribute to the life expectancy of a bus. The following graph shows the age range of school buses in Virginia.



SAFETY AND POLICY CONCERNS

According to DOE staff, there are many safety and policy issues that must be considered if VCE was to establish a program to renovate school buses:

- To what extent will buses be renovated?
- What will be the expected life of a bus after renovation?
- How will renovations of buses effect the current SOQ formula for funding a 12-year replacement cycle?
- Will older buses have to meet newer federal safety standards after renovation?
- Will older buses have to meet current emissions standards after renovation?
- Will parts for older buses still be available?
- What will warranty be on repairs made by VCE?

Attached to this report is a detailed response from Paul D. Stapleton, Superintendent of Public Instruction for the Department of Education to a request from staff as to the Department's position on establishing a VCE bus repair facility (attachment A).

HISTORY OF BUS REPAIR IN VIRGINIA'S DEPARTMENT OF CORRECTIONS

In 1983 the Department of Corrections (DOC) and Virginia Correctional Enterprises (VCE) opened a school bus repair facility at Brunswick Correctional Center in Lawrenceville, Virginia. While the main function of the facility was school bus refurbishing, the facility also refurbished vans, pickup trucks, tractors and mini-buses for local governments as well as DOC.

The 40,000 square foot facility employed over 100 inmates in the height of operations. The program installed new or rebuilt engines, performed brake work, reupholstered seats, performed body work and rewired electrical systems. The facility provided total interior and exterior painting of buses. The paint booth, which is still at Brunswick, required an initial investment of approximately $100,000 in 1983 dollars.

This program ceased operation in 1992. Initial interviews with DOC and VCE staff involved in this operation indicated that termination of the program resulted from changes in federal regulations that affected the type of renovations that could be performed by the facility.

However, further discussions revealed that the program was terminated because the operation was not profitable. There was a lack of support for the program by the Department of Education and local school divisions. The facility received adequate work in the summer months but during remaining nine months of the year the facility often sat idle. After 1992, the facility was converted to an office systems manufacturing operation, which continues to occupy the building.

FEASIBILITY OF RE-ESTABLISHING A BUS RENOVATION FACILITY IN VIRGINIA

VCE Proposal

At the request of staff, VCE prepared a proposal and cost estimate to establish a Bus Renovation Center at the Brunswick Correctional Center. Brunswick was determined as the most appropriate facility due to security level of and the fact that some of the infrastructure needed for a bus repair operation currently exists there. However, it is important to note that this would require moving the office systems manufacturing operation from Brunswick to another facility, most likely Indian Creek Correctional Center, located in the City of Chesapeake. VCE estimates that it would cost approximately $500,000 to move the operation and another $500,000 in loss of production while moving.

The existing 40,000 square foot building would be used for painting, lettering and final preparation. VCE estimates it would cost $98,269 for tooling this facility. In addition, based on current industry standards, the VCE proposal indicates that three additional buildings would be needed--a preparation

building, a pressure washing building, and a media blasting building. The estimated cost to construct these buildings is $1,788,000. Additional machinery for the operation is estimated at $250,000. Total start-up costs, including moving the office systems operation, are estimated at $3,136,269. Staffing for supervisory administration and security for the Bus Renovation Center is estimated at $391,483 per year.

The VCE proposal is to perform only interior and exterior painting, and replacing step treads and floor mats. VCE staff felt that these types of operations, which are highly labor intensive, would employ the most inmates. The proposal does not include reupholstering of seats, replacement of engines, rewiring of electrical systems, or any major mechanical work. These types of repairs would be less labor intensive and VCE staff feel they would be more likely to involve potential liability issues. VCE staff pointed out that the Texas operation replaces engines and transmissions that are fully trimmed and therefore involve very limited labor.

VCE calculations indicate that they would have to repair a minimum of 362 buses per year in order to break even. If VCE could repair 400 buses per year, the operation could show a small profit after the fifth year of operation. These calculations include payback of the cost of tooling and machinery but do not include payback of the $1.8 million for construction of the building or the $1 million cost of moving the furniture operation.

Number of Buses Requiring Repair or Renovation

DOE could not determine the number of school buses requiring repairs and renovation, or the types of repairs necessary because school divisions do not keep cumulative data. While school divisions do maintain information on numbers of individual repairs made, they cannot identify the repair work completed by year, model or mileage of the bus. As previously noted, Virginia's local school divisions replace between 800 and 1,000 buses per year. DOE officials were not aware of any school division that currently performs major renovations to extend the life of its buses.

Cost Comparison

VCE estimates that it would cost $2,024 for their operation to paint a bus inside and out, $345 to replace step treads and $748 replace floor mats, for a total cost of $3,117. According to an estimate received by a private vendor that provides similar services for Portsmouth Public Schools, the private vendor would charge $4,500 for interior and exterior painting and $700 for step treads and floor mats, for a total of $5,200. A similar estimate received from a private vendor by DOE came to a total of approximately $4180. Therefore, it is estimated that VCE could perform similar services at a cost of from 25% to 40% less than private industries.

School Divisions' Interest and Support

In order to determine the level of interest of local school divisions in procuring bus renovation services, it is first necessary to determine many issues that were unable to be answered in the scope of this study. These issues include the questions of safety and emissions standards, the policy of extending the life expectancy of buses, and issues of warranty of repairs and liability.

If VCE were to move forward in reestablishing a Bus Renovation Center, they would need to do a thorough market analysis to determine if there is adequate demand in the marketplace to warrant the initiation of such a program. VCE would also need to determine how such an operation fits with its overall mission.

Method of Procurement

In order to determine the most appropriate way of pursuing contracts between local school divisions and VCE, the assistance of the Office of the Attorney General was requested to determine whether local school divisions would be able to contract directly with VCE for school bus renovation without competitive bidding. According to the informal opinion of the Attorney General (attachment B), local school divisions, subject to their local purchasing ordinances and rules, may contract directly with VCE without competitive bidding. Standard service contracts between the localities and DOC, supplemented by individual service orders would be sufficient to set up a working relationship between the parties.

FINDINGS

The following is a summary of findings developed as a result of this study:

- The Auditor of Public Accounts has identified a conflict between two missions of VCE, which are employing and training inmates and producing sufficient revenue to be self-sufficient.

- The General Assembly has not previously dictated the types of products and services VCE should provide.

- DOE did not endorse the proposal for VCE to renovate school buses but instead has raised several questions about the proposal that can not be answered by this study.

- Start up costs for VCE to establish a bus repair facility are estimated at over $3.1 million and the facility would have to repair at least 362 buses per year to break even. However, VCE could paint buses and replace step treads and floor mats for 25% to 40% less than compared to private companies.

- A bus repair program operated by VCE from 1983 to 1992 was terminated because it was not profitable and it was not well supported by local school divisions.

- Bus and vehicle repair programs operated in other states' prisons, including Texas, have not produced sufficient revenues to cover the costs of their operations.

- In order for the facility to break even in five years, it probably would be necessary for the General Assembly to mandate participation by local school divisions.

- A proposal prepared by VCE at the request of staff for this study indicates that VCE would not recommend performing major mechanical or structural renovation but only cosmetic repairs, which may not extend the useful life of a bus.

- VCE would need to conduct a thorough market analysis to determine if the demand for these services would be sufficient to sustain the operation and if this program fits with VCE's overall mission.

CONCLUSIONS

The purpose of this study was to assess the feasibility of establishing a Virginia Correctional Enterprise facility to renovate and repair school buses. In view of the lack of positive support from the Department of Education for reestablishing such a facility, the many and complex policy concerns raised by DOE, and the experience of other states, it is difficult to envision how such a facility could be profitable today.

The subcommittees conclude that the most important mission of VCE is to provide job training and work opportunities for inmates. At the same time, it is also important for VCE to continue to be self-supporting to the greatest extent possible. In achieving these objectives, the General Assembly should grant VCE the flexibility to determine which mix of products and services can best accomplish these missions.

For this reason, the subcommittees conclude it is best not to dictate to VCE whether a specific product or service should be produced. Moreover, the issues raised in this study regarding the life expectancy, safety and emissions standards of school buses are simply beyond the area of concern and expertise of the subcommittees. Furthermore, VCE would need to conduct a thorough market analysis to determine if there would be sufficient demand for this type of service and if such an operation fits within its mission and business plan.

Appendix A

Letter from Paul D. Stapleton, Department of Education

COMMONWEALTH of VIRGINIA

DEPARTMENT OF EDUCATION
P. O. Box 2120
Richmond, Virginia 23218-2120

PAUL D. STAPLETON
Superintendent of Public Instruction

Office: (804) 225-2023
Fax: (804) 371-2099
pstaplet@pen.k12.va.us

July 19, 1999

Pamela A. Currey
Legislative Fiscal Analyst
Senate Finance Committee
910 Capitol Street
Richmond, VA 23219

Dear Pam:

I am writing in response to your May 21, 1999, request for information from the Department of Education regarding Senate Joint Resolution Number 471 (SJR 471), which directs the Public Safety Subcommittees of the Senate Finance and House Appropriations Committees to study the renovation of school buses by Virginia's correctional institutions. In this request, you also asked me to provide the Department's position on this proposal.

For several reasons that will be outlined in this response and because certain questions must be answered regarding the scope of the renovations, I am not able to give the Department's position at this time. I hope that the information that follows is informative and useful to the subcommittees' review. Once a more clearly defined program has been determined, I will respond with the Department's position. In the meantime, let me address the questions you asked and provide you with information that may help narrow the issues.

One question the Department believes is critical to this project is the determination of what refurbishing and renovating mean and what the processes entail. In 1987, Dr. Ernest Farmer, State Director of Pupil Transportation in Tennessee wrote to the National Highway Traffic Safety Administration (NHTSA) asking for interpretations of a series of questions, including NHTSA's position, manufacturer's original certification, and responsibility and/or liability assumed by the Department of Education. The response from NHTSA becomes very important information to Virginia. In fact, Dr. Barbara V. Goodman received this information via FAX in April and has asked for a response in writing about whether this 1987 interpretation still is being used. Dr. Farmer's letter, NHTSA's response to Dr. Farmer, and Dr. Goodman's letter to NHTSA can be found at Attachment A. When we receive a response to Dr. Goodman's request, we will forward it to you.

In conducting research to develop a response to SJR 471, the Department analyzed its data base to determine the total number of school buses operating on regular runs, the total number of spares, and the percent of school buses over 12 and 15 years old. For the 1997-98 school year, pupil transportation units reported to the Department that of the approximate 13,582 school buses, including spares, operating in the public schools, a total of 19.39 percent are over 12 years old -- approximately 13.8 percent are between 12 years and 15 years old and approximately 6.59 percent are over 15 years old. Year model 1999 is not included in this analysis. The detail of all school buses operated by each local school division, by year model, is contained in Attachment B.

Unfortunately, the Department cannot determine the number of school buses requiring repairs and renovation, or the types of repairs necessary. We contacted Fairfax County to see if they have this type of data since they are the largest school division; however, Ernie Greene, director of Fleet Maintenance for the county indicated he was doubtful the information could be provided. He can provide the total number of transmissions, radiators, tires, belts, hoses, fluids, filters, or other such materials used, but cannot identify by year model, chassis type, mileage at time of repair, or age of the vehicle when the repair was made. Individual work orders contain this information, but Fairfax cannot provide the analyses in a summary fashion.

Next, Wanda Curtis, Specifications Engineer for Thomas Built Buses, Inc. was contacted to provide an analyses of Federal Motor Vehicle Safety Standards (FMVSSs) that have been amended or added since 1990. Additionally, the Department has listed the State Board Regulations, as well as chassis and body specifications, that have changed or been amended, since that period. Several major federal changes involve wheelchair positions and securement, emergency exits, and mirrors. State changes include roof-mounted strobe lights, retro-reflective tape, additional roof exits, and back-up alarms, to name a few. This information is contained in Attachment C.

During this research, Dr. Goodman solicited information, through group e-mail, from the state directors of pupil transportation in all 50 states. The question was asked, "Does your state allow refurbishing of school buses to extend the useful life of the school bus?" Following the e-mail responses, Dr. Goodman followed with a telephone inquiry to determine what the refurbishing entailed. Of the 15 states responding, nine permit refurbishing; however, participation by the local school divisions is limited or non-existent, except for Texas. In most cases, National Minimum Standards (1995), state specifications, and current FMVSSs must be met in order for the school bus to transport students. The responses are contained in Attachment D.

One of the areas that might be considered for Department of Corrections' work would be seat cushion foam and cover repair. However, many of the school divisions have a private contractor come onto the school grounds, after hours and on weekends, to perform needed repairs. This eliminates the need to take the bus to a facility or to take the bus out of service. The work is scheduled around school calendars and can be performed around the school division's programs and schedules. This flexibility is critical to the school division.

As Dr. Farmer mentioned in his 1987 letter, there is not a problem with the Department of Corrections assisting public schools with a project such as this; however, it must be noted that school buses are unlike any other vehicle on the highway in that their construction is designed to afford the maximum safety for the student passengers. As a result of this, the school bus is the safest form of transportation. In most cases, the chassis is not the major area of concern, but instead it is the school bus body. The school bus is designed to "take a major hit" and still protect the children inside.

Much of this ability to protect passengers is based on placing seats above the impact zone of standard passenger vehicles. Seat frames stay intact and windows are designed to prevent passenger ejection, as was seen in the recent tour bus crash in Louisiana. Metal fatigue and joint strength deterioration, which develops in aging buses, can compromise the "compartmentalization," rollover protection, and ability to withstand impacts. This is referred to as the vehicle's "crashworthiness." Refurbishing an older school bus is not likely to address these issues. In fact, the question has been raised about whether refurbishing should be done to the body to address this concern.

Conditions, such as climate and terrain, make it very difficult to determine definitively when a school bus should be replaced. The general consensus is that the life for a Type A-II school bus (under 10,000 pounds) is six to eight years, a Type A-I, B & C "conventional" school bus, 12 years, and Type D, transit-style school bus, 15 years. This assumes a good preventive maintenance program is in place, the school divisions follow manufacturer's and Department of Education's recommended practices, and driver pre-trips are performed according to accepted standards.

A number of studies have been conducted to determine cost efficiency related to bus replacement. As the average age of a bus fleet increases, it is normal for the cost of operation to increase accordingly. This includes an increase in the number of mechanics needed to make repairs and road calls required as the fleet ages. A Tennessee Department of Education study in 1994 recommended that the replacement should be made when the cost of repairs exceeds the annual depreciation schedule for new equipment.

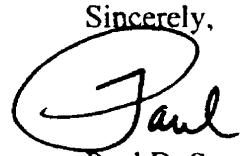
A school bus, or any vehicle for that matter, can be refurbished to look like a new vehicle; however, cosmetics do not extend the useful life of a school bus transporting Virginia's precious cargo. In fact, a project similar to what SJR 471 is addressing, was undertaken by the Mecklenburg Correctional Center in the mid to late 1980's, but the local school divisions did not support it because of the concerns about liability.

While I have concerns about this project, I am willing to consider all aspects. In order to provide the Department's position of support or opposition, answers to the following questions would be very helpful.

1. What is the expected work to be performed and the expected gain?
2. Who will establish the cost basis for the work and materials?
3. What provisions will be made for parts on older model school buses; divisions currently are having difficulty getting certain parts?
4. What are the considerations for emission standards?
5. What are the provisions for meeting current FMVSS, National Standards, and State Board Regulations, and chassis and body specifications?
6. What are the warranty provisions?
7. What will be the provisions for dealing with obsolete engines?
8. What are the provisions for diesel-conversion? Most models eligible for refurbishing are gasoline engines?
9. What are the provisions for conversion from standard transmission to automatic? The majority of the school buses over 12 years old are standard transmission, while new purchases are automatic?
10. Who will be responsible for delivery and return of vehicle?
11. How long can school divisions expect to be without the vehicle?
12. Who will inspect the work of the Department of Corrections?
13. Who will establish the criteria by which the work is performed and measured?
14. Who will determine the quality of the materials used? and,
15. Who will assume liability and responsibility for the work that is performed?

Thank you for giving the Department of Education the opportunity to respond to SJR 471. Ultimately, the Department's position will depend upon several factors that include cost effectiveness but most importantly, student safety. Before the Department can support any program of this sort, assurances must be in place to guarantee that student safety has not been compromised. If you need additional information or assistance, you may contact Dan Timberlake at 225-2025 or Barbara Goodman at 225-2037.

Sincerely,



Paul D. Stapleton

Appendix B

Letter from Rick R. Linker
Office of the Attorney General

COMMONWEALTH of VIRGINIA

Office of the Attorney General
Richmond 23219

Mark L. Earley
Attorney General

900 East Main Street
Richmond, Virginia 23219
804 - 786 - 2071
804 - 371 - 8946 TDD

June 18, 1999

VIA HAND DELIVERY

Richard E. Hickman, Jr.
Deputy Staff Director
Senate Finance Committee
10th Floor, General Assembly Building
910 Capitol Street
Richmond, Virginia 23219

Re: School Bus Renovation

Dear Dick:

I am in receipt of your letter requesting advice on whether local school divisions would be able to contract directly Virginia Correctional Enterprises for school bus renovation without competitive bidding. You also ask what form should such a contract for services take.

You are correct in stating that the Virginia Procurement Act does not apply to governmental purchases from other governmental agencies. Va. Code § 11-35(B). Accordingly, local school divisions, subject to their local purchasing ordinances and rules, if any, may directly contract with VCE without competitive bidding under the Act. Standard service contracts between the localities and the Department of Corrections, supplemented by individual service orders would be sufficient to set up a working relationship between the parties.

I hope that this answers your questions. If you have any comments or further questions, please do not hesitate to call. My direct number is (804) 786-7257.

Sincerely,

Rick R. Linker
Assistant Attorney General