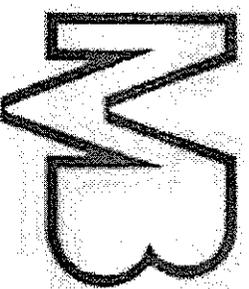


**State of Michigan  
Senate Committee on  
Transportation**



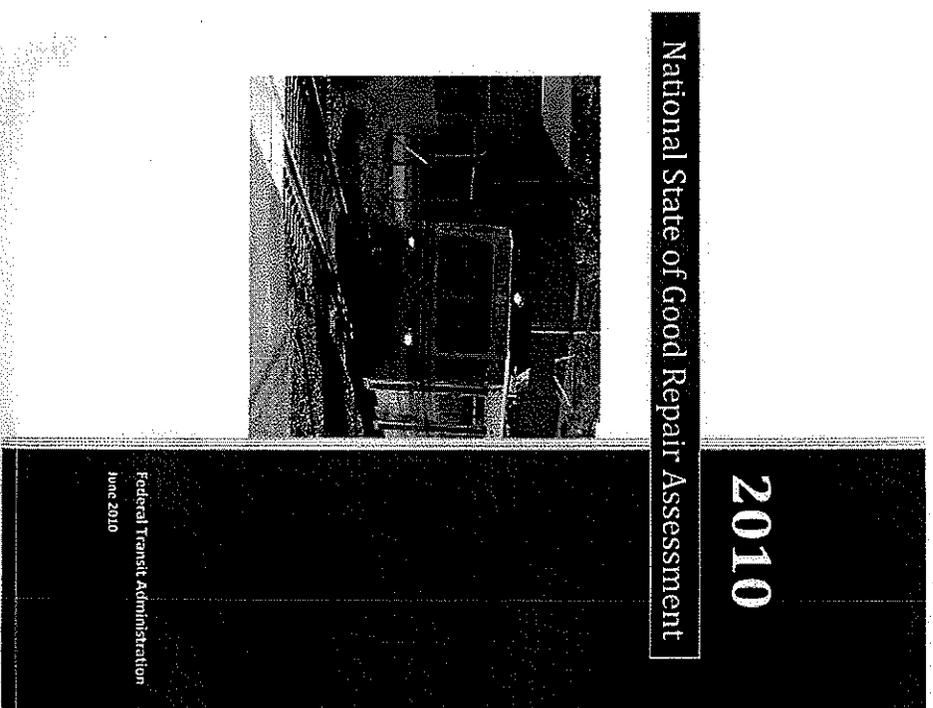
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# Industry Perspective

- Implications of policies set by - the Senate Committee on Transportation.
  - Preserving our public transportation and our legacy fleets.
  - Acting as stewards of the public purse.
  - Creating jobs in Michigan.

# Current Status - Buses



November 27, 2012

Michigan Senate Transportation Committee

# Current Status

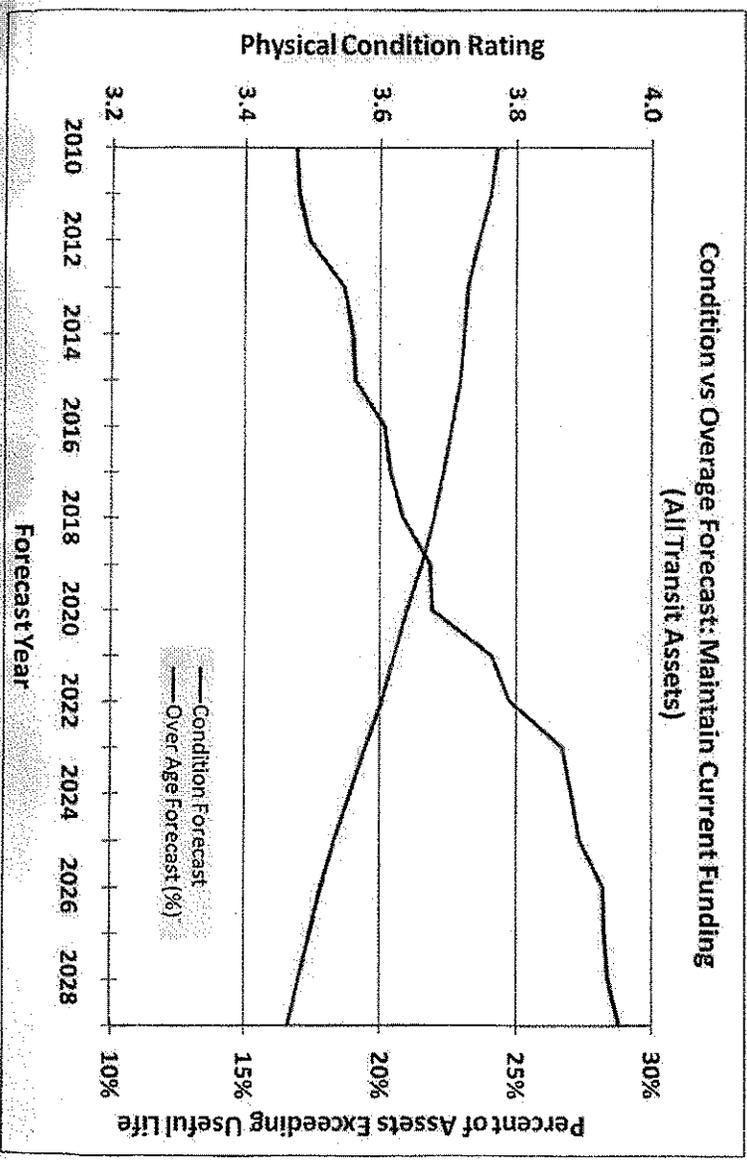
- Roughly one-third of the nation's transit assets (weighted by replacement value) are in either marginal or poor condition, implying that these assets are near or have already exceeded their useful life.
  - *State of Good Repair Assessment*, page 2.

# Can We Maintain the Status Quo?

Federal Transit Administration

National State of Good Repair Assessment

Exhibit ES-3

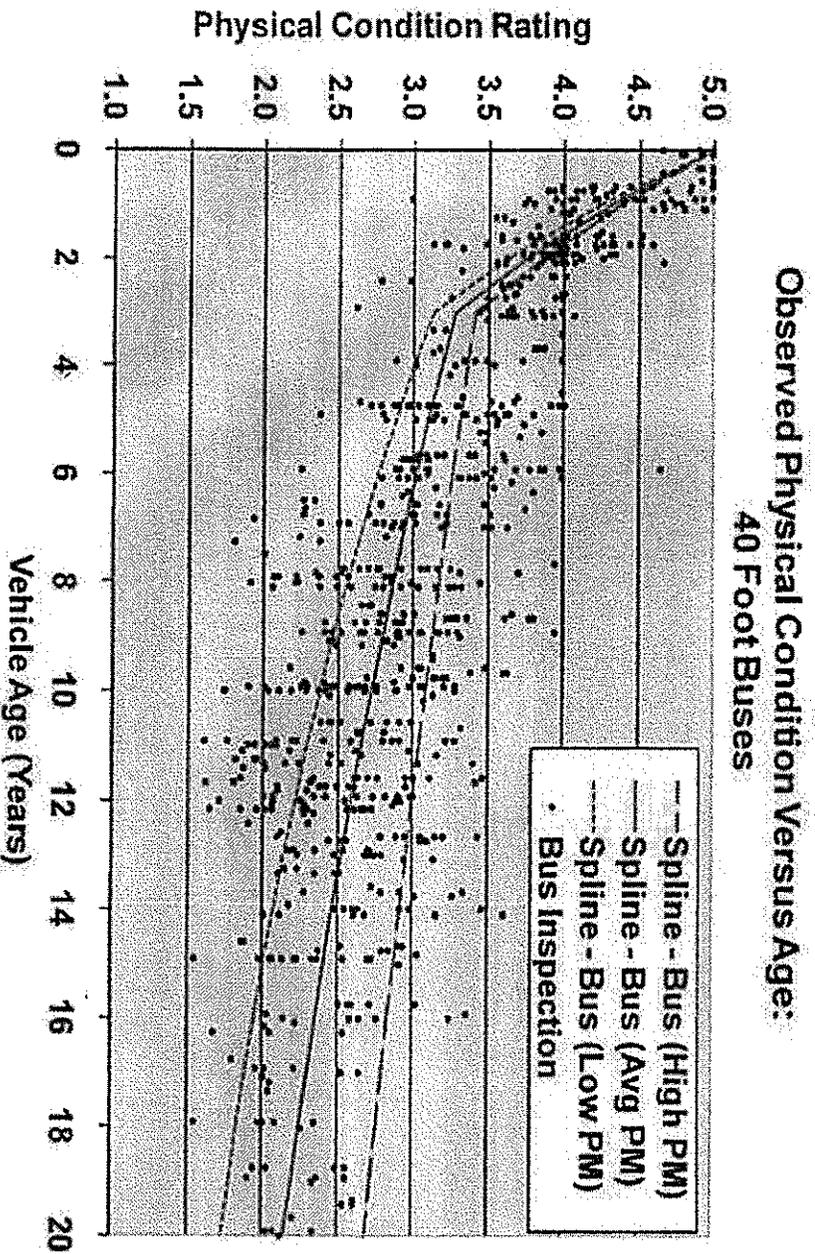


State of Good Repair Assessment, page 4.

November 27, 2012

Michigan Senate Transportation Committee

The downward slope of these deterioration schedules captures the ongoing decay of a transit asset as it passes through its total life cycle.



*State of Good Repair Assessment, page 15.*

# More Money or Other Options?

- **More Money?**
  - There is little reason to believe that significant increases in funding are around the corner.
  - Even if increases in funding are made available, the money must be used wisely.
- **Other Options**
  - Decrease our assets.
  - **Make our assets go further.**

# Making our Assets go Further.

- FTA studied this issue in 2007 and created a 199 page report.

November 27, 2012

Michigan Senate

The image shows the cover of a report titled "Useful Life of Transit Buses and Vans" published by the Federal Transit Administration. The cover features the U.S. Department of Transportation logo and the title in large, bold letters. Below the title, it specifies the report number "Report No. FTA VA-26-7229-07.1" and the date "April 2007". At the bottom of the cover, there are three small photographs: a white van, a white bus, and a white van with a wheelchair lift.

U.S. Department of Transportation  
Federal Transit Administration

Federal Transit Administration

**Useful Life of  
Transit Buses  
and Vans**

Report No. FTA VA-26-7229-07.1

April 2007

# Executive Summary of FTA Report

- The clear **goal** of this policy is to ensure that vehicles procured using federal funds remain in service for a substantial portion of their service life, thus **ensuring that federal taxpayers obtain an adequate return on their investment.**
- Over time, **perception** of these requirements has **become less as a minimum service-life requirement (to ensure a reasonable return on federal dollars invested) and more as the actual useful life (a point at which the asset should be retired).**
  - *Useful Life of Transit Buses and Vans*, page iv.

# Recommendations of the FTA Study

- **Minimum Useful Life should not Mean Expected useful Life**
  - “Few buses and vans are currently retired right at FTA’s current service-life minimums. Rather, the vast majority of these vehicles are retained in service for at least one year (4- and 5- years vehicles) and as many as three or more years (e.g., for 12-year vehicles) after the minimum service requirements have been met, indicating that these vehicles have some service life remaining beyond the minimums.”
  - “In this sense, the current service-life minimums really are just that, the *minimum ages at which vehicles can be retired—not a recommended retirement age or a measure of actual expected useful life.*”

*Useful Life of Transit Buses and Vans, page xiii.*

## FTA Findings for Buses in Canada

- *“The practice of extending vehicle useful life to 18 years or more through enhanced initial design and materials specifications, improved maintenance practices, and application of more extensive and frequent vehicle rebuild programs has spread throughout Canada due to the lack of national capital funding for bus replacement.”*

*Useful Life of Transit Buses and Vans, page 112.*

# Annualized Savings - Increasing the Minimum Life to 14 Years

| Cost Element  | Annualized Cost for Retirement at: |                 |                 |
|---|------------------------------------|-----------------|-----------------|
|   | Age 12                             | Age 14          | Change          |
| Capital Costs and Major Component Replacement Costs | \$60,700                           | \$55,700        | -\$5,000        |
| Operating and Maintenance Costs                     | \$27,000                           | \$29,200        | \$2,100         |
| <b>Total</b>  | <b>\$87,700</b>                    | <b>\$84,900</b> | <b>-\$2,800</b> |

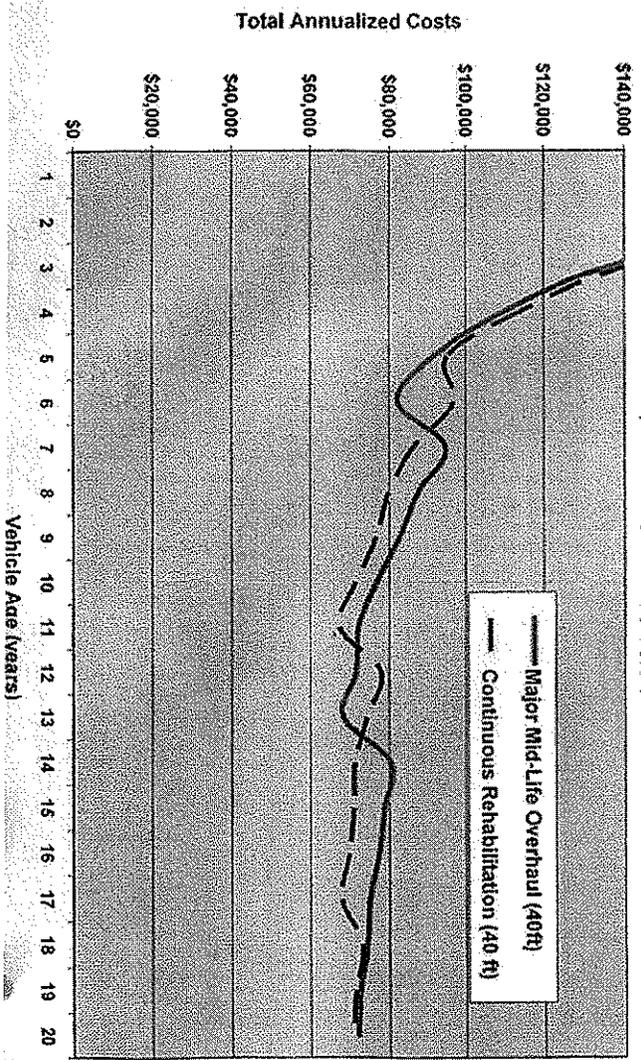
\*With approximately 45,000 buses in service, \$2,800 of annualized cost savings per bus can create a national saving of approximately \$126,000,000.00.

In Michigan and the RTA corridor, DDOT has approximately 250 full size buses, SMART has 230 Gilligs and Ann Arbor has approximately 100 full size buses. Between these three agencies, Michigan could save approximately \$1,624,000.00 annually.

# Annualized Savings - Overhauls

Figure E-4

Life Cycle Cost Profiles: Vehicle Acquisition, Major Component Replacements and Overhaul Costs (excludes O&M costs)  
 (Assumes 35,000 miles per year)



\* Annualized cost rises after 14 years based upon assumption that a 14 year overhaul is conducted. Second overhaul only conducted if planning to keep in service for 18 years.

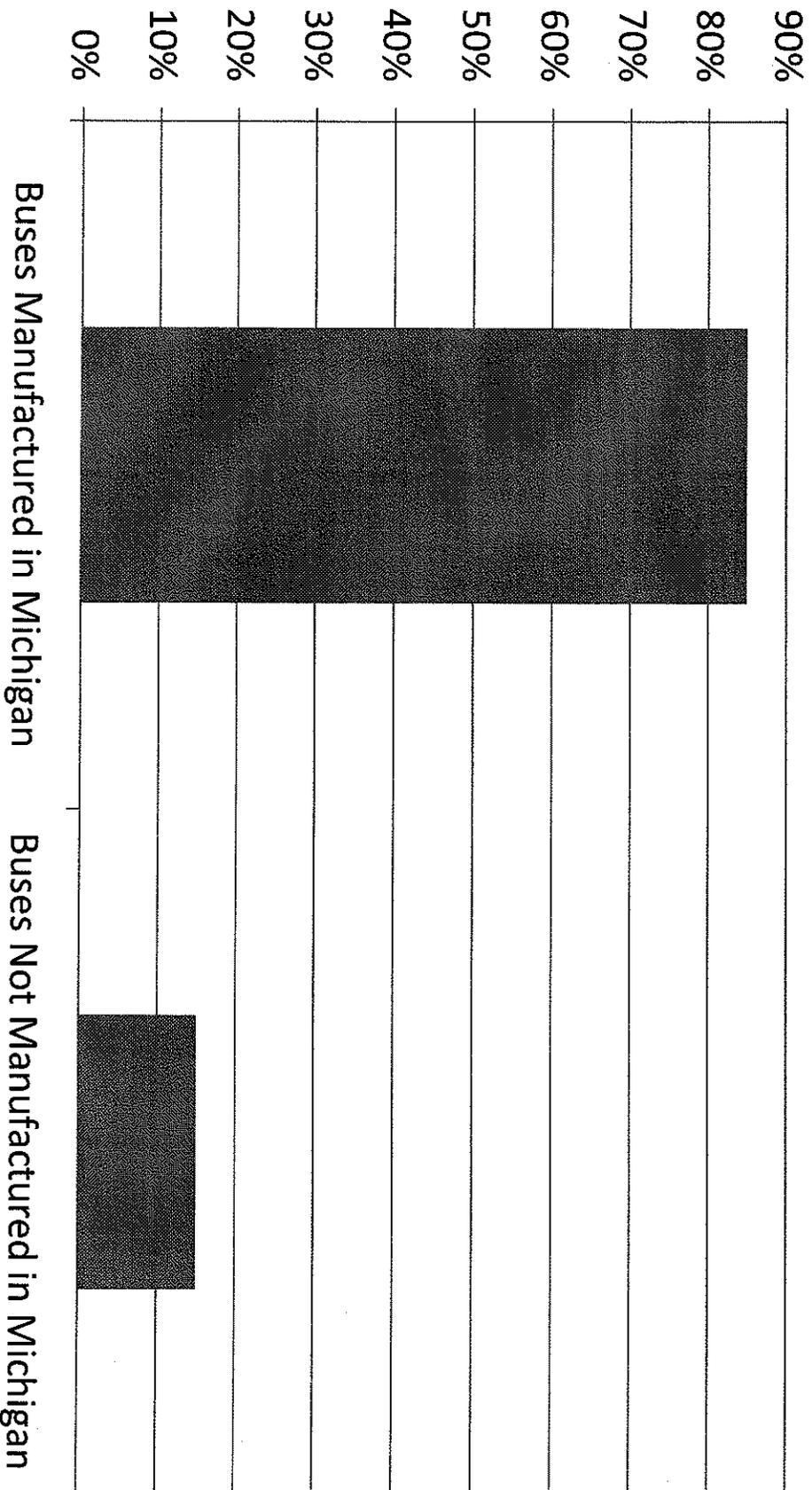
# Jobs

- An overhaul project for 150 buses would create 60 to 80 direct manufacturing jobs if completed in Michigan.
- A recent University of Michigan study concluded that more than 6.5 “spin off” jobs (including trade, service, and indirect manufacturing) were created in 1998 for every direct automotive manufacturing job.
  - *Manufacturing Journal – November 4, 2005.*

# Sample Spin Off Jobs

| Escanaba                    | EMP   |
|-----------------------------|---|
| White Lake (Oakland County) | Altair Engineering  |
| Port Huron                  | Blue Water Area Transit (CNG) /<br>UPS Freight  |
| Hart (Oceana County)        | Nichols (3M ceiling Tape)   |
| Flint                       | Mott Community College /<br>Midstate Bolt   |
| Dearborn/Detroit            | Micro Rim / William Detroit Diesel  |
| Others                      | American Seating / Cummins<br>Bridgeway / American<br>Fabricators/Turnkey Fabrication |

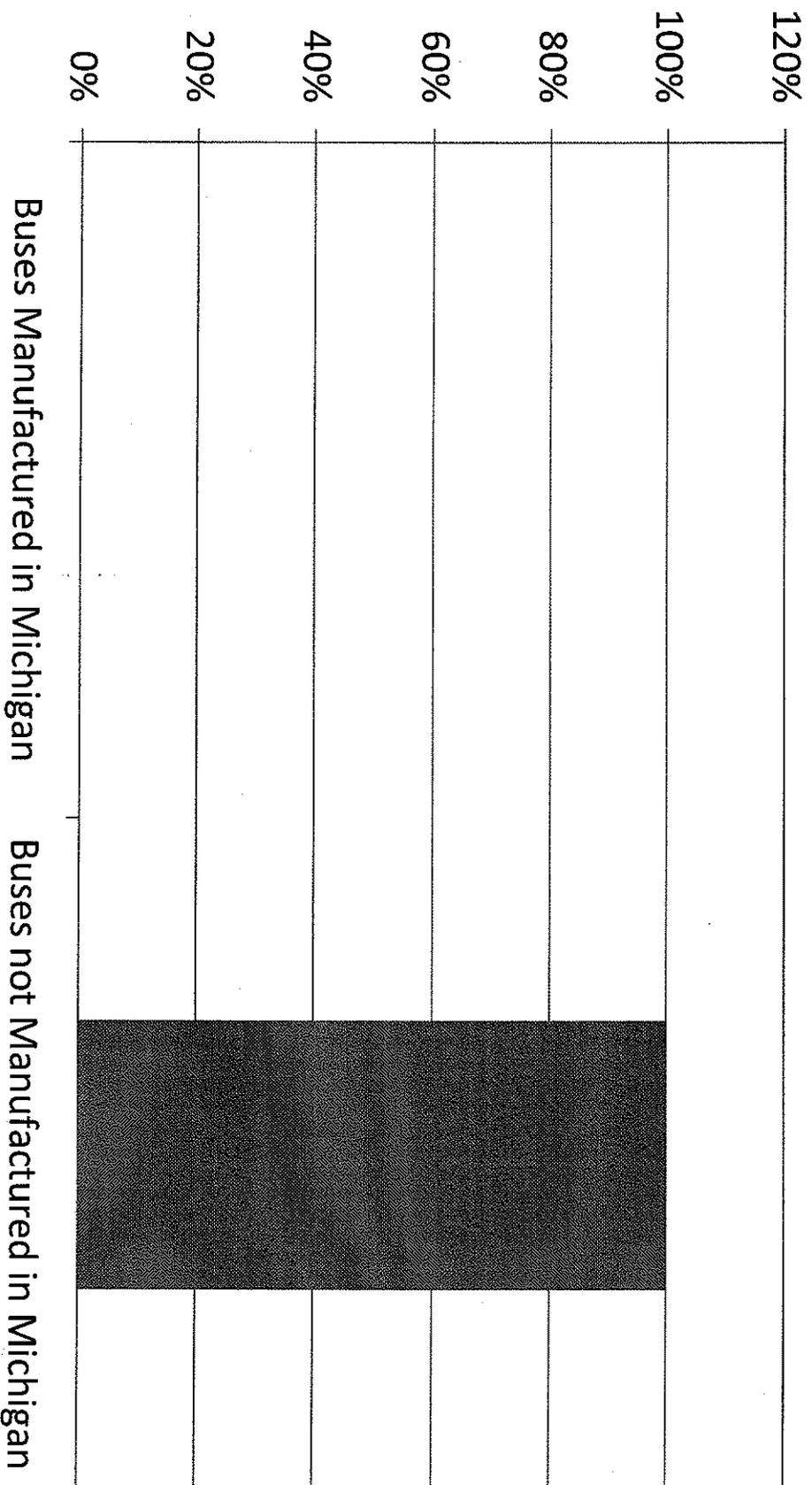
# New Bus Manufacture – Early 80's



November 27, 2012

Michigan Senate Transportation Committee

# New Bus Manufacture - Current



November 27, 2012

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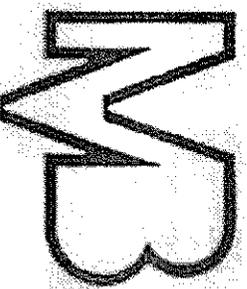
# Enrolled House Bill No. 5365,

## Article XVII

- Sec. 1001. In awarding grants to local public transit agencies with service populations greater than 50,000, from the 1-time general fund/general purpose appropriation in part 1, federal aid match for transit capital, the department shall give priority to the following:
  - (a) Projects for bus rehabilitation.

## We Stand Ready to Help

- 1) Preserve our Legacy Fleets;
- 2) Save Money and
- 3) Create Jobs



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