

Glassboro Public Schools



MEMO

To: Mark Silverstein

From: Lisa Ridgway

Date: June 2, 2022

Re: June Agenda Item

Recommend the board approval for the change order to the original purchase order (PO #201761) in the total amount of \$45,500. The increase in pricing is a supply chain surcharge from the manufacturer, Blue Bird, of \$6,500 per bus. Buses are anticipated to be in district in October.

The surcharge will be charged to the APR-ESSER (ESSER III) funds. (attachment)

Vendor: Hoover Truck and Bus Centers

ESCNJ Cooperative #ESCNJ 21/22-23

Amount not to Exceed: \$45,500



Hoover
Truck & Bus Centers
Robert H. Hoover & Sons, Inc.

Toms River, NJ 1704 Route 9 Toms River, NJ 08723 732-241-1120 F732-241-0834	Starhope, NJ 191 Starhope Sports Hill Starhope, NJ 07834 973-627-7502 F073-627-7508	Malling, NJ PO Box 719 Flanders, NJ 07838	Edgewater Park, NJ 6313 Mosler 130 S 13rd St Edgewater Park, NJ 08039 856-773-4800 F856-773-4610	Flanders, NJ 149 Owl Stone Road Flanders, NJ 07838 973-347-0170 F973-347-0170
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www.hoovertruckandbuscenters.com

May 25, 2022

Dear Valued Customer,

We have just received the attached letter from Blue Bird applying surcharges to all bus orders. Do to the significant raw material cost increases, ongoing war in Ukraine, increasing freight cost and unpredictable lockdowns in China, to name a few, this increase was inevitable.

Your buses will have a surcharge of \$6,500 per bus.

We at Robert H. Hoover and Sons, Inc. appreciate your business and look forward to better days ahead.

Thank you,



Robert C. Hoover

President

May 24, 2022



BLUE BIRD

From: Blue Bird Body Company
To: Dealer Principals
Subject: Customer Communication for Outstanding Orders/Supplemental Invoice Program

Dear Valued Partners,

As you are aware, we are in unprecedented times regarding various global conditions that have had a unique and cumulative impact on our Company and our ability to build and offer buses at pricing that was available at the time the original quotes were made.

These conditions, including but not limited to the ongoing war in Ukraine, the unpredictable lockdowns in China, significant raw material cost increases, increasing freight costs due to record diesel prices, and lingering impacts of the world-wide pandemic on the global supply chain, have made it impossible for us to obtain parts at costs within the parameters of existing orders in the backlog.

Over the last month, we have tried to be as open and transparent as possible in communicating with you about these orders. We recently identified and offered the ability to accept a shared Supplemental Invoice Program on bus orders that would still result in significant losses to Blue Bird on each bus manufactured, but would reasonably recognize the global circumstances beyond our control. We value our partnership with our dealer network, and appreciate your willingness to engage in these offerings.

Unfortunately, unless we have agreements regarding the price changes, we cannot access the parts at cost levels that enable us to build the buses ordered in the backlog. Accordingly, effective immediately, we will be sending invoices consistent with the program outlined during our call on May 16, 2022, as supplemental invoices for orders that fall within the program. Depending upon the price level at which a bus was ordered, **the supplemental invoice per bus could range from \$5,000 to \$10,000.** Participation in the program is the best opportunity for Blue Bird to secure production material at current market rates with the goal of fulfilling orders by end of CY22.

Regrettably, for those who do not participate in the program, you have the option to cancel the unit, as we can only build orders as parts become available at cost levels that permit us to honor the original order pricing. If you choose not to cancel at this time, we cannot provide a reasonable estimation as to when such opportunity will occur. As we have indicated before, we stand willing and able to approach your customers with you and explain the circumstance in more detail. We will support you and assist you in any way to re-submit bids on any such orders under current pricing.

We apologize for this unfortunate circumstance beyond our control. We appreciate our dealer partners and loyal customers and commit to working with you in every way possible to service your customers and to continue to provide the best and safest school bus in the world. If you have any questions, we will work with each of you individually to address and resolve any of your impacted orders.

Sincerely,

Tim Gordon

Executive Director, North America Sales