

To: Dr. Mike Riggle
Board of Education

From: Dr. Kimberly Ptak
Dr. R.J. Gravel

Date: Monday, February 13, 2017

Re: Transportation Bid Update

Recommendation

It is recommended that the Board of Education:

- Award a bid to First Student for student transportation opened on Friday, February 10, 2017.
- Reject a bid from First Student for student transportation services opened on Thursday, January 12, 2017.

Background

On December 14, 2015, the Board of Education awarded a 3-year bid to First Student. As discussed when the bid was awarded, there was a desire for the District to enter into the same bidding cycle as the five Northfield Township elementary school districts (27, 28, 29, 30, and 31) with whom buses are shared (District 29 only participates in charter services). As such, the District decided to participate in a joint bid with the elementary school districts. This decision resulted in First Student canceling the District's current contract effective June 30, 2017.

First Bid - Opened on Thursday, January 12, 2017

On Thursday, January 12, 2017 one bid was received and opened from First Student. Rates were approximately 30.8% higher than the District's current contract and are described in detail within the attached historical memo. Reasons stated for the increase included increased driver wages, required capital investment to maintain a fleet of an average age of 5 years and no bus older than 8 years as specified in the bid, market rates, and the inability to share all routes while still maintaining acceptable level of service.

Second Bid - Opened on Friday, February 10, 2017

In an effort to reduce costs, a second joint bid was advertised that involved changing the fleet requirements to an average age of 8 years and no bus older than 12 years. These standards are more consistent in the industry. Bids were opened on Friday, February 10, 2017. The District received a single bid from First Student. Rates stated in the bid were approximately \$146,596, or 10.8% less than the first bid received from the contractor and are approximately 16.8% higher than the District's current contract.

Bid Results

The following compares the District's current contract to the rates received in the first and second bid.

	Current Contract	First Bid First Student	Second Bid First Student	Comparison of Bids
Regular Transportation <ul style="list-style-type: none"> • 10 GBN Routes • 16 GBS Routes 	\$550,568	\$755,938	\$724,467	\$31,471
Charter Transportation <ul style="list-style-type: none"> • Field trips • Athletics • Activities • Off Campus 	\$450,000 (estimate - actual based on number of trips) *	\$562,500 (estimate - actual based on number of trips) *	\$450,000 (estimate - actual based on number of trips) *	\$112,500
Other <ul style="list-style-type: none"> • Late Activity Buses • Inter-Campus Shuttle 	\$45,570	\$50,125	\$47,500	\$2,625
Totals	\$1,046,138	\$1,368,563	\$1,221,967	\$146,596

Comparison of Current / New Contract \$	⬆ \$322,425	⬆ \$175,829
Comparison of Current / New Contracts %	⬆ 30.8%	⬆ 16.8%

* In the historical memo attached dated January 24, 2017, we identified a charter transportation budget of \$525,185. After further reviewing actual charter transportation expenses, we determined that it is more accurate to use a budget of \$450,000 when comparing current contract expenses with estimated future expenses.

The bid submitted by First Student on February 10th presented a rate of \$65.00 per run for the 2017-2018 school year if the vehicle servicing a particular run is also used for a second run immediately after the first (eg. Route 1S picks students up in the morning from designated stops, and drops them off at Glenbrook South High School that same bus and driver then picks up students for a feeder district and drops them off at feeder school). However, First Student added the following condition, "Rate will be \$125 if the route cannot be paired with another route." This condition was outside of the bid specifications presented, as the bid required a single rate (regardless of pairing ratio) to be presented for all districts. Upon further discussion with legal counsel and First Student, we requested a blended rate to be provided (a single, per run charge that applies to all routes, regardless of pairing ratio). At the end of the business day on February 10th, we received a blended rate from First Student in the amount of \$78.27 per run for the 2017-2018 school year.

As stated in First Student's response to our request for a single, per run charge that applies to all routes, "This [blended rate] cost is contingent on current pairings. We will meet at least twice a year to review the pairings so as to identify any additional impact and act upon it at that time if necessary." Should the current pairing ratio change as a result of service needs identified by a school district or the contractor, it might result in an increased rate per run. To budget for these potential situations, we have prepared several impact scenarios which are attached.

The proposed agreement includes a rate increase of 3.0% for the 2018-2019 school year, and an increase of 3.0% for the 2019-2020 school year. The contractor, and each school district retain the right to terminate the contract by April 1st of each year.

Long Term Options

At the January 30, 2017 finance committee meeting, the following long-term options were discussed. These options deserve careful consideration and would not be practical to implement for the 2017-2018 school year. The administration will review various options and bring information forward at a fall finance committee meeting.

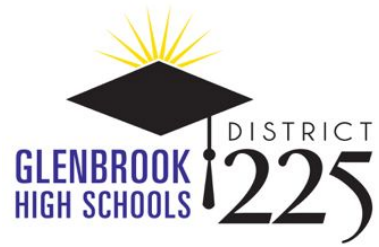
Long Term Options Options to Evaluate, Price and Implement for the 2018-2019 School Year and Beyond		
<p><u>Option 1: Hybrid Model</u></p> <ul style="list-style-type: none"> ● Purchase Fleet ● Outsource Drivers, Vehicle Maintenance, Routing, Oversight <p><i>Niles 219 model</i></p>	<p><u>Option 2: Operate In-House</u></p> <ul style="list-style-type: none"> ● Purchase Fleet ● Recruit and Retain Drivers ● Recruit and Retain Mechanics ● Recruit and Retain Administrator ● Build/Lease a Maintenance Facility ● Build/Lease a Bus Storage Lot <p><i>Highland Park/Deerfield 113 model</i></p>	<p><u>Option 3: Partial In-House for Charter Services</u></p> <ul style="list-style-type: none"> ● Purchase 2-4 Buses ● Recruit and Retain Drivers ● Potentially Establish a Stipend for a Scheduler / Liaison ● Establish Service with Local Provider
<p><u>Option 4: Review Route Options</u></p> <ul style="list-style-type: none"> ● Transition to a “Loop” Model ● Public Transportation Options <p><i>Evanston 202, Maine 207, and Stevenson 125 models</i></p>	<p><u>Option 5: Continue to Outsource All Services</u></p> <ul style="list-style-type: none"> ● Have Deeper Conversations with Vendors ● Evaluate Current User Fees (Athletics, Activities, Field Trips) ● Evaluate Current Trip Practices 	<p><u>Option 6: Consortium</u></p> <ul style="list-style-type: none"> ● Consortium for School Bus Transportation

**Joint Transportation Services Bid for 2017-2018 School Year
Estimated Impact Scenarios for Glenbrook High School District 225**

	Regular To/From School Budget			Annual Rate for 178 Days	Charter Budget	Late Activity Buses and Inter-Campus Shuttles	Total Transportation Budget
	Total Routes	Shared Routes	Standalone Routes				
Bid 1		75%	25%				
75% Shared	26	\$81.67	\$81.67	\$755,938	\$562,500	\$50,125	\$1,368,563
Blended Rate		\$2,123					
Bid 2		75%	25%				
75% Shared	26	\$78.27	\$78.27	\$724,467	\$450,000	\$47,500	\$1,221,967
Blended Rate		\$2,035					
					<i>Difference between Bid 1 and Bid 2:</i>		\$146,596
Bid 2		60%	40%				
60% Shared	26	15.6	10.4	\$823,784	\$450,000	\$47,500	\$1,321,284
Separate Rate		\$65	\$125				
		\$2,314					
Bid 2		50%	50%				
50% Shared	26	13	13	\$879,320	\$450,000	\$47,500	\$1,376,820
Separate Rate		\$65	\$125				
		\$2,470					
Bid 2		25%	75%				
25% Shared	26	6.5	19.5	\$1,018,160	\$450,000	\$47,500	\$1,515,660
Separate Rate		\$65	\$125				
		\$2,860					
Bid 2		0%	100%				
0% Shared	26	0	26	\$1,157,000	\$450,000	\$47,500	\$1,654,500
Separate Rate		\$65	\$125				
		\$3,250					
Bid 2		31%	69%				
GBN Time Chg.	26	8	18	\$986,120	\$450,000	\$47,500	\$1,483,620
Separate Rate		\$65	\$125				
		\$2,770					
					<i>Estimated impact of time change:</i>		\$261,653

Historical Memo (from January 24, 2017 Meeting)

Agenda Item #7



To: Dr. Mike Riggle
Board of Education

From: Dr. Kimberly Ptak
Dr. R.J. Gravel

Date: Tuesday, January 24, 2017

Re: Transportation Bid Update

Background

On December 14, 2015, the Board of Education awarded a 3-year bid to First Student. As discussed when the bid was awarded, there was a desire for the District to enter into the same bidding cycle as the other Northfield Township elementary school districts (27, 28, 29, 30, and 31) with whom buses are shared. The shared benefits of being on the same cycle included:

- Establishing continuity of service for our families in both the elementary and high school grades in terms of drop-off and pick-up windows, and to build flexibility within the agreement should school schedule changes change;
- Maximizing the purchasing power of 6 independent school districts, as opposed to as single district;
- Creating an opportunity for competition within the transportation services marketplace as a result of the historically successful shared routing approach.

Due to the elementary school district's contract scheduled to end on June 30, 2017, the elementary districts were in a position to offer a new bidding opportunity for services beginning with FY2018. Upon further consideration of the benefits of being on the same cycle for transportation services with our feeder schools, District 225 opted to participate in the joint bid. In response to our District's intention to participate in a joint bid, First Student exercised its right under their contract to terminate the December 2015 agreement effective June 30, 2017, with the intention of submitting a new bid for services that encompassed all Northfield Township school districts.

The bid specification document was prepared through a collaborative process with each school District's representatives, taking into considerations current service experiences, demonstrated needs, and desired expectations (ex. pickup and drop-off windows). Our District was represented by Kim Ptak, Lisa Wall, and R.J. Gravel. The bid was made available on Thursday, December 15, 2016 to all interested parties. In addition, the school districts facilitated a mandatory pre-bid meeting with all interested parties on Tuesday, December 20, 2016. After the pre-bid meeting three separate addendum were published to provide further clarification of the bid specifications, as a result of inquiries from one or more vendors. The bids were due to the Glenbrook District Office for opening on Thursday, January 12, 2017 at 10:00 AM. Based on the mandatory pre-bid meeting, there were a total of 6 vendors eligible to submit bids. Out

of those eligible to submit a bid, we received 5 notices from vendors respectfully declining to submit a bid, and 1 formal bid from First Student.

Bid Results

The following represents the bid received from First Student, based on the bid specifications identified:

	Current Contract	First Student's Bid	Increase
Regular Transportation <ul style="list-style-type: none"> • 10 GBN Routes • 16 GBS Routes 	\$550,568	\$760,184	\$209,616
Charter Transportation <ul style="list-style-type: none"> • Field trips • Athletics • Activities • Off Campus 	\$525,185 (estimate - actual based on number of trips)	\$656,481 (estimate - actual based on number of trips)	\$131,296
Other <ul style="list-style-type: none"> • Late Activity Buses • Inter-Campus Shuttle 	\$45,570	\$50,125	\$4,555
Totals	\$1,121,323	\$1,466,790	\$345,467 (31%)

Current Transportation Route Pairing

	AM Routes		PM Routes	
	% Single Routes	% Paired Routes	% Single Routes	% Paired Routes
District 27	12.5%	87.5%	33%	67%
District 28	30%	70%	35%	65%
District 29				
District 30	25%	75%	16.6%	83.4%
District 31	0%	100%	0%	100%
District 225	23%	77%	21.4%	78.6%

Rationale For Increase

Acknowledging the significant price increase presented by First Student, the District worked in partnership with our legal counsel to facilitate additional conversations with the company. The following were the considerations shared with the District regarding the increase in prices:

- The current fleet of buses servicing the District and feeder districts has aged considerably over the past several years, requiring a significant capital investment. Of the 61 buses approximately 30 need to be replaced in FY2018 and 27 in FY2019 and FY2020 based on the bid specifications requiring no bus be more than 8 years old, and the average age of the fleet be no more than 5 years old;
- Previous bids were structured assuming that 100% of routes were paired with multiple schools, further review of actual routing practices revealed that only 70% of routes are paired with multiple schools;
- The current Northfield Township route prices were determined to be outside of the current market range by those responsible for preparing a new agreement;
- The bid specifications identified acceptable ranges for drop-off and pickup times which required further analysis of routing conditions, slightly decreasing the ability for some districts to share buses;
- Overall wage increases due to driver shortage has increased from \$14 to \$17.50 which is a 25% increase (labor costs make-up approximately 50% of the company's overall expense).

Review of Market Data

Taking the provided rationale into consideration, we performed a review of market data for regular to/from school route costs and other transportation service costs. This information is shared in the following tables:

Regular To/From School Route Costs

District	Provider	Bus Capacity	2017-2018 Route Cost
District 113 (H.P./Deerfield)	District Operated		
District 115 (Lake Forest)	Olson	71	\$41.99 - \$88.98
District 203 (New Trier)	Alltown	71	\$114.50
District 207 (Maine)	PACE		
District 211	District Operated		
District 214	Cook Illinois / FS	71	\$135 - \$191.13
District 215 (Stevenson)	First Student	71	\$130.72 [^]
District 219 (Niles)	Hybrid - DO / FS	71	\$105
District 225 (Glenbrook)	First Student	71	\$81.76*

* Based on current sharing model; changes beyond 5% in pairing ability would require renegotiation of rates

[^] 2016-2017 rates currently displayed; currently negotiating with First Student

Additional Transportation Services

District	Provider	Bus Capacity	Per Hour Charter	8-Hr Daily Shuttle
District 113 (H.P./Deerfield)	District Operated	71		
District 115 (Lake Forest)	Olson	71	\$43.80 [^]	\$335.92
District 203 (New Trier)	Alltown	71	\$54.50 [*]	\$409.00
District 207 (Maine)	A&B Transportation	71	\$45	
District 211	District Operated	71		
District 214	Cook Illinois / FS	71	\$46- \$50+	
District 215 (Stevenson)	First Student	71	\$42	\$336.00
District 219 (Niles)	Hybrid - DO / FS	71		
District 225 (Glenbrook)	First Student	71	\$50.31 [^]	\$374.24

* 4 hour minimum; rate for trips on weekdays after 4:00 pm

[^] 3 hour minimum

+ 6 hour minimum

Options for the Moving Forward

The Board of Education has the ability to accept or decline the proposed bid from First Student. However, it should be noted that the proposed bid is conditional based on the acceptance of all school districts seeking transportation services. As a result, if one or more school districts decline the bid, it is likely that a new bid response would need to be solicited from all interested parties.

If the Board elects to accept the proposed bid from First Student, the District and school leadership teams would begin to review our existing transportation budgets and other revenue sources in order to account for the increase in costs. Given that a substantial amount of the transportation budget is funded through bus pass sales, we have estimated that bus passes could increase from a base price of \$700 this year, to \$900. However, it is possible to lessen the burden of bus pass expense by utilizing accumulated fund balance in our Transportation Fund (estimated to be \$1.0M at the conclusion of FY2017).

If the Board elects to decline the proposed bid from First Student, we would need to prepare a new bid independently, or jointly with Districts 27, 28, 29, 30, and 31. The bid would need to be advertised for 10 days, and then opened in a similar fashion as described previously.