



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.