



To: Dr. Charles Johns
Board of Education

From: Dr. R.J. Gravel

Date: Monday, January 13, 2020

Re: Award a Bid for General Education Student Transportation for Service Between July 1, 2020 and June 30, 2023

Recommendation

It is recommended that the Board of Education award a bid for general education student transportation to First Student, Inc. for service between July 1, 2020, and June 30, 2023.

Background

The school district is completing its third year of a three-year joint student transportation contract with its feeder elementary districts: Northbrook School District 27, Northbrook School District 28, Northbrook/Glenview School District 30, and West Northfield School District 31. The current contract was awarded on February 14, 2017, after completing two separate bid processes:

- **Bid 1 (January 12, 2017)**

After an extensive bid process, a single bid was received from First Student. The rates presented within the bid were approximately 30.8% higher than the school district's then-current rates. After reviewing the results with First Student, they shared a variety of reasons for the increase, including increased driver wages, specifications that required a significant 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, current market rates, and the inability to share all routes while still maintaining an acceptable level of service. First Student advised that if the school district revised the fleet requirements, the increase would be reduced.

- **Bid 2 (February 10, 2017)**

In response to the feedback received from the sole bidder, First Student, and advice from legal counsel, a second bid process was facilitated. Included in the revised bid were changes to the fleet requirements (e.g., the average age of 8 years, no bus older than 12 years). In response to the bid, the District again received a single bid from First Student. The rates presented in the bid were approximately 16.8% higher than the school district's then-current rates. The Board of Education took action on February 14, 2017, to reject the first bid, and accept the second bid, establishing a three-year agreement for service between July 1, 2017, and June 30, 2020.

Recognizing the current transportation agreement was entering its final year, the Business Services department initiated conversations with the four feeder elementary districts that participate in the joint contract. As conversations with the school districts evolved, an emphasis was placed on the need for each school district to receive consistent, quality service which has been a growing challenge over the past two

school years. With this in mind, we met with our current provider, as well as other providers within the northern Illinois region to discuss our current and future transportation needs. Our goal in facilitating these conversations was to gain insight into how to make our bid opportunity competitive in the marketplace. The feedback we received included:

- The current township transportation requires 73 buses, which is a large account. If the account was broken into small groups of buses, it would be more feasible for smaller companies to provide service.
- Given the ongoing nationwide driver shortage, enabling a single vehicle to complete multiple routes (e.g. high school, middle school, elementary) is desirable. As a result, allowing buses to pick-up students as early as possible in the morning (e.g. 7:00 AM as opposed to 7:15 AM), would facilitate more pairing opportunities, and would reduce the challenge of a provider finding as many drivers.
- Securing a facility and necessary property within the Glenview/Northbrook community for a school bus depot is challenging. Allowing a bus maintenance facility to be in a neighboring community, with a plan should a bus experience mechanical issues, would enable more companies to compete.

Taking this feedback into consideration, a bid specifications document was drafted and provided to all school districts. In an effort to make the bid opportunity more competitive, Glenbrook and the other school districts agreed that it would be mutually beneficial for the 2020-2023 bid cycle to facilitate an independent bid process for each school district, as opposed to a single, joint bid process.

Bid Results

The bid opportunity was advertised in *The Glenview Lantern* and *The Northbrook Tower* on Thursday, October 31, 2019, and materials were made available on the same day. A mandatory pre-bid meeting was subsequently held on Thursday, November 7, 2019. At that meeting, all of the school districts were present and offered a review of service needs for the 2020-2023 school years. Twelve vendors participated in the mandatory pre-bid meeting and five expressed an interest in providing service to Glenbrook.

Bids were due for all school districts on Thursday, November 21, 2019, and were publicly opened at 10:00 AM. The following bids were received for each school district:

- **Northbrook School District 27**
 - Cook-Illinois Corporation
 - First Student, Inc.
- **Northbrook School District 28**
 - First Student, Inc.
- **Northbrook/Glenview School District 30**
 - First Student, Inc.
- **West Northfield School District 31**
 - Cook-Illinois Corporation
 - First Student, Inc.
- **Glenbrook High School District 225**
 - First Student, Inc.

In calculating the cost of the proposed contract compared to the current contract, we looked at the per run or per hour cost of our two general education transportation services: to/from bus routes, charter service. Below is a summary of the rates for our current and future conditions:

Table 1
Contract Comparison by Type of Work

		Current Contract	Proposed Contract	\$ Difference	% Difference
To/From Bus Routes*	Per Run	\$83.04	\$117.91	+ \$34.87	+ 41.9%
Charter Service**	Per Hour	\$42.00	\$43.48	+ \$1.48	+ 3.5%
Annual Increase	Per Year	3%	3%		0%

* Includes all Glenbrook North, Glenbrook South, Off Campus to/from routes, intercampus daily shuttles, late activity buses and two daily shuttles to off campus locations.

**Current contract: minimum of (3) hours per charter. New contract: minimum of (2) hours per charter.

In looking at the costs on an annual basis, below is a summary of our anticipated expenses for the current fiscal year and the 2020-21 fiscal year:

Table 2
Contract Comparison by Type of Work and Annual Expense Estimate

		Current Contract	Proposed Contract	\$ Difference	% Difference
To/From Bus Routes*	Per Run	\$990,335	\$1,406,194	+ \$415,859	+ 41.9%
Charter Service**	Per Hour	\$475,000	\$491,625	+ \$16,625	+ 3.5%
Annual Increase	Per Year	3%	3%		0%

* Includes all Glenbrook North, Glenbrook South, Off Campus to/from routes, intercampus daily shuttles, late activity buses and two daily shuttles to off campus locations.

** Current contract: minimum of (3) hours per charter. New contract: minimum of (2) hours per charter.

As part of the bid specifications, the school district also established a series of performance expectations enforced through financial penalties. These include:

- 50% of Route Cost Credit
 - If a morning route is completed more than fifteen minutes after the school starting time;
 - If an afternoon route is started more than fifteen minutes after the scheduled departure time.
- 100% of Daily Vehicle Rate
 - If a morning or afternoon route is not serviced.
- \$100 per Occurrence
 - If a charter is started more than fifteen minutes after the scheduled departure time;
 - If a charter is started more than fifteen minutes after the scheduled pick-up time;
 - If an activity bus route is started more than fifteen minutes after the scheduled departure time.

- \$500 per Occurrence
 - If the camera system is not operational.
- \$10,000 per Occurrence
 - Leaving a child on a bus after the last stop has been completed.

We have met multiple times with the leadership team at First Student to better understand why the proposed contract includes such a large increase. The feedback we received is as follows:

- The current maintenance facility located on Old Willow Road is in need of significant maintenance and repair. First Student shared that they have invested a considerable amount of capital into addressing drainage challenges, and substantially overhauling the parking lot.
- Over the life of the current agreement the hourly driver rate has increased considerably (currently \$21.00 for new drivers, and up to \$24.00 for experienced drivers), along with a signing bonus of \$3,000, and a guaranteed 5 hour day. It is anticipated that driver expenses will only continue to increase and that more drivers will leverage First Student's health insurance program, resulting in additional expenses.
- The majority of drivers that service the Northbrook location are shuttled from urban centers across the northern Illinois region. There is an expense for the shuttle service, and for paying several of the drivers while they are being shuttled to the worksite.

First Student further explained that these factors should have triggered a renegotiation at some point during the current contract. However, for a variety of reasons, First Student elected to absorb the expenses into the location's operating budget for the short term, in favor of addressing the expenses through the bidding process. In addition to our conversations with First Student, we have also met with several area school districts that have recently gone out to bid or extended their current agreement. After reviewing their rates, we found that the rate of \$117.91 per run is still under the price being assessed to other school districts with single runs (e.g., one morning route, one afternoon route) with rates at other districts ranging from \$123 - \$156.

Recognizing the current position of First Student, we are not confident that a re-bid will result in prices lower than our current proposal. We have worked with First Student to negotiate price, and was successful in reducing the original proposal from a proposed 69% increase to 41.9%. However, First Student has shared that their financial model limits any additional movement on price, without increasing the overall amount of work performed. As a result, it is recommended that the Board of Education award the bid for general education student transportation for service between July 1, 2020, and June 30, 2023, to First Student, Inc. It should be noted that the terms of the agreement permit either party to terminate the contract early with advance notice should conditions or needs change.