

## First Student Contract Amendment

### Explanation Item

The current contract was awarded through a formal RFP process. The term of the contract was July 1 2015 through June 30 2020 with an extension through June 30 2025. The current proposal would extend our current contract until June 30, 2030.

There are two cost elements. The overhead elements are identified as “fixed” and the annual amount is paid in twelve equal payments. The transportation services are paid monthly as they are provided.

The required increase in the 25/26 school year is attributed to the following:

- **New Bus Purchases:** First Student plans to purchase five (5) new buses in Year 1, two (2) in Year 2, two (2) in Year 3, and four (4) in Year 5. The cost of these buses has risen by over 40%.
- **Driver and Staff Wage Increases:** Due to higher inflation and the need to attract drivers, wages were increased. These costs have been distributed over the term of the contract to minimize the required increase in Year 1.

First Student completed a rate analysis. The rate analysis of contracted transportation pricing for surrounding school districts of comparable size clearly indicates that the Molalla River School District benefits from the lowest equalized route price. Specifically:

- The current equalized route price (before increase) for Molalla is \$608.33, one of the most competitive among similar-sized districts.
- The equalized route price (after the increase) for Molalla is \$627.11, again the most competitive among similar-sized districts.
- This competitive pricing is achieved while maintaining high standards in facility costs, vehicle depreciation, and driver benefits, demonstrating an efficient and cost-effective approach to managing transportation services.

These figures underscore First Student's commitment to providing quality services at competitive rates, ensuring optimal use of resources and taxpayer funds.

I recommend approval of the First Student Contract Extension.

Submitted by: Andy Campbell