

MEMORANDUM

October 22, 2013

TO: Members of the Mid-Valley Executive Advisory Board
FROM: Carla Cumblad, Executive Director
Nancy Sporer, Director of Business and Human Resources
RE: New Directions/Safe Schools Internal Travel Needs

Vans have been requested for two programs, the SAIL Program and the New Directions/Safe Schools Programs. The original proposal indicated a need for the purchase of two vans (one for each program) this year and two vans next year from ALOP funds. These vans are necessary to meet the needs for internal travel during the day for the students in the programs. We believe that the purchase of vans will ultimately be a cost-savings for the district not only during the purchase years, but in the future as well.

The New Directions/Safe Schools Program Transportation Costs

The New Directions/Safe Schools students travel for four different reasons and are outlined below:

- A. CAEEL (interscholastic sports: Volleyball, basketball, bowling)
Currently, D303 arranges for and transports the students with an estimate of \$175/per run. Generally, 8-10 students per event, one small bus.
- Volleyball, 6-8 trips X 175 = 1,050-1,400
 - Basketball, 6-8 trips X 175 = 1,050-1,400
 - Bowling, 14 trips X 175 = 2,450
 - **Total costs: 4,550-5,250**
(Student fees and gym fees are paid from field trip budget line items.)
- B. Vocational Training/On-site Job Support
This is a new service for this program. No cost comparisons are available from previous years. *(If we only have one van, we would set the priority for the van to be used for this program due to the negative stigma of arriving at a work site in a small bus. An alternative that has been considered for this year would be to use cabs. Those estimates are \$30/ride which would be approximately 3,000.)*
- If a small bus is used, estimate 2-3 students per day (in one bus) in vocational settings X 5 days a week X 24 weeks X 175 per trip = **21,000**
- C. Community Service (Required for Safe Schools Students)
- 1 trip per month X 8 months X 175 = **1,400**
- D. Classroom Educational Field Trips
- 7 classrooms X 3 trips X 175 = **3,675**

Total internal transportation for New Directions/Safe Schools only: 31,325

The SAIL Program Transportation Costs

The SAIL students travel for community outings, to volunteer locations and to vocational settings. These schedules vary to meet the needs of the 65 students in the program. The costs would be similar to the estimated amounts in (B) vocational above, but the multiplier is greater (219) because the distances are farther.

Total internal transportation for the SAIL Program only:	36,000	
Total transportation costs for both programs:	73,325	
Total transportation costs for both programs for two years:	146,650	
Total transportation costs for both programs for three years:	219,975	
Total per member district transportation costs for both programs by formula (one year):		
	D101	15,545
	D301	8,212
	D302	12,612
	D303	25,810
	D304	11,145

Option One: Vehicle Purchasing (Two Vans per Year):

In order to reduce costs and improve program flexibility, it was recommended to purchase two vans a year with ALOP funds for the next two years. The ALOP estimated budget for the purchase of two vans for the 2013-14 and 2014-15 school years was 80,000 per year or a total of 160,000 over two years. (We will only need one lift van in year one. The other vans will be 10-passenger vehicles.) Insurance costs of approximately 800 per year, commencing in 2014-15 are not included in the figures presented below.

The actual purchasing costs are as follows:

2013-14	2014-15	Two-Year Costs
1 lift van: 34,000	-----	
1 10 passenger: 26,500	2 10 passenger: 53,000	
Total annual purchasing cost: 60,500	Total annual purchasing cost: 53,000	Total two-year cost: 113,500

After a two-year period, it is anticipated that the 73,325 (year one) transportation costs will no longer be an annual cost to the districts (with the possible exception of field trips, depending on the size of the group). Regular mileage, maintenance and insurance would be the only on-going costs for an estimated 8 years. This represents a potential savings of approximately 500,000 (without any substantial program changes.)

Option Two: Vehicle Leasing (4 vans in year one, with a two-year lease, third year purchasing):

After discussing the transportation needs with the program coordinators, it became apparent that if we purchased four vehicles in one year, it may afford even greater cost savings and program flexibility. We are presenting a two-year leasing option for comparability. Three year leases are slightly less costly.

2013-14 (Year one of lease)	2014-15 (Year two of lease)	Two year costs	2015-16 (Year three purchase costs)
1 lift van: 7,500	7,500	15,000	24,000*
3 10 passenger: 41,000	3 10 passenger: 41,000	82,000	3.00**
Total annual leasing cost: 48,500	Total annual leasing cost: 48,500	Total two-year leasing cost: 97,000	Total three year purchase/lease costs: 121,000

*For the lift van, after a two-year lease, the vehicle must be returned or it may be purchased for approximately 24,000.

**At the end of the lease period, each of the 10-passenger vehicles may be purchased for \$1 each.

Option Three: Vehicle Purchasing/Leasing Combination (4 vans in year one, over two years):

Another option is to buy the lift van outright in 2013-14 and lease the 3 10-passenger vehicles for two-years. For year one, the amount necessary would be within the anticipated budget.

2013-14	2014-15	Two Year Costs
1 lift van: 34,000	-----	
3 10 passenger: 41,000	3 10 passenger: 41,000	82,000
Total annual cost: 74,000	Total annual cost: 41,000	Total two-year cost: 115,000

Recommendation:

It is recommended that Mid-Valley pursue Option Three, a purchase/lease combination. It appears that this option gives the programs the most flexibility. It is also cost-effective during the two purchasing years and allows us to maximize greater savings in years 3-10 (or the life of the vehicles).