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October 8, 2025

Ms. Kathy Gavin, MS.ED, CSBO
Director of Finance & Facilities
Niles Township District for Special Education #807
8701 North Menard Avenue
Morton Grove, IL 60053-3052

Dear Kathy;

As a follow up to our conversation concerning your transportation contract, I wanted to provide you with a written proposal for contract pricing for FY27 and FY28. Below I have listed some of the areas in our business that are beyond the CPI numbers and have affected our costs since we last discussed pricing.

LABOR

We never stop trying to hire good quality school bus drivers. Besides creative ways to recruit new drivers, increasing wages is required to remain competitive for employees seeking those part-time positions. We expect to increase driver wages between 5.5-6.5% for FY27 and FY28.

Attracting and maintaining quality paraprofessionals is as challenging as hiring drivers. It is an entry-level position, and we are competing with fast food companies and the big box retail industry. We expect to increase their wages between 4.5-5.5% for FY27 and FY28.

We lose mechanics to the trucking industry and to the auto industry. We simply cannot afford to pay the same wages that they pay. We put a lot of training into our mechanics and as they become more and more ASE certified we need to increase their salaries. We expect to increase their wages between 5.5-6.5% for FY27 and FY28.

RISK INSURANCE

The renewal of our risk insurance (liability, auto, worker's compensation, SAM, etc.) is now February 1st. For the last 2 years we have received increases of 23% and 21%. We

expect a similar type of increase for February of 2026. Six to seven years ago, our risk insurance was about 3% of our overall cost, now it is about 7-8% of our overall cost.

COST OF VEHICLES

To keep our average age of our bus fleet at a manageable level, we replace about 7-10% of our fleet each year. For the past 6-7 years we have only purchased gas or propane engine buses. We do not purchase diesel engines. The cost of new buses continues to rise at alarming levels, and we are being told there is no slowdown to the rising prices. The last 2 years the cost of new buses has increased 12% for 2024 and 15% for 2025.

PAID LEAVE ACT

This on-going benefit (became law on 1/1/24) for our drivers/paras has become an operational nightmare for our locations. Drivers' absenteeism has increased substantially this year (especially Mondays and Fridays). We are trying to hire more drivers so we can create more sub-drivers that are available for these high absenteeism days. Besides the operational issues this creates it is also costing us an additional 2% of our overall cost.


Based on all of the above we are asking for a 5.5% increase for all price categories for FY27, and a 5.0% increase for all price categories for FY28. (see enclosed).

If this proposal meets with your approval, please indicate so by signing both copies, keeping one copy for your files, and returning the other copy to me.

Sincerely,

NORTH SHORE TRANSIT, INC.

NILES TOWNSHIP DISTRICT
FOR SPECIAL EDUCATION #807



Thomas M. O'Sullivan
Vice President, Contracts & Bids

TMO/mm

By: _____

Title: _____

Date: _____