

School Board Meeting: April 23, 2012
Subject: Transportation Contract Award
Presenter: Gary Kawlewski, Dir. of Finance & Operations

SUGGESTED SCHOOL BOARD ACTION:

Recommend board approval

DESCRIPTION:

On Tuesday, April 17, 2012, we took proposals for Transportation Services for 2012-13 and 2013-14 with an option to award an additional two years on the contract. You may recall that we went out for proposals after an unsuccessful contract negotiation with our current contractor. We retained the services of The Center for Efficient School Operations to assist us in this process.

Seven contractors were present for the proposal opening. We received six proposals and one contractor submitted a letter indicating that they had no proposal. The proposals were read aloud at that opening. After our initial analysis, it was determined that the total cost difference between the top two proposals over the 4-year contract period warranted further discussion with the top two contractors. The top two contractors, First Student and Vision Transportation, were each given an opportunity to recalibrate their proposal. First Student chose not to submit new numbers and Vision Transportation chose to re-submit their proposal. The final numbers from this process show a cost difference on a two-year basis of about \$197,000 with Vision's number being lower. Over four years, there is a difference of approximately \$485,000. In addition, Vision's proposal includes a guarantee of meeting our current fleet age specifications and guarantees ten new vehicles to the fleet each year of the contract. First Student's proposal did include a new fleet. Both proposals also included moving our current fuel clause from \$2.00 per gallon to \$3.00 per gallon for the duration of the contract. Comparing our 2010-11 actual costs against the proposal for 2012-13, our costs will be approximately \$142,000 lower in each of the first two years with the lower proposal. Vision has a 0% increase in Year 2 and a flat 2.5% per year increase for Years 3 and 4. First Student had a 2.5% increase in Years 2 through 4. Our savings estimate over the four-year contract is approximately \$329,000.

Vision Transportation currently operates in Elk River and in Big Lake. Vision Transportation is also affiliated with M&M Bus Service of Annandale and Maple Lake, Hicks Transportation and Truck Lines of Litchfield, Hoglund Bus of Monticello, and Hoglund Transportation of Monticello. Vision is highly respected in the industry and highly recommended by their current clients.

I recommend that you accept the 4-year proposal for transportation services from **Vision Transportation of Elk River**. I would also ask that you authorize the Director of Finance and Operations to enter into a four-year contract with Vision Transportation on behalf of the school district that reflects the terms and conditions of this proposal.

ATTACHMENT

- Transportation Contract Analysis 4.23.12
- Buffalo Recommendation letter