

June 12, 2017

Casey Alderson
9-12 Director of Curriculum and Instruction,
Alternative Education, Athletics and Transportation
Three Rivers School District
8550 New Hope Road
Grants Pass, OR 97527

RE: Fuel cap

Dear Casey,

A fuel cap pegs the price of fuel at a known cost per gallon when developing the rates for a contract. The District benefits because the contractor sets the rates more aggressively without having to hedge against future price changes in fuel. Since the price per gallon is: 1) largely outside of the contractor's control; 2) Difficult to forecast; 3) Easy to measure, it makes sense to remove this from the rates and to charge separately for the changes in fuel prices. This tends to be fundamentally more fair, because the contractor should not get a windfall when the fuel price goes down.

The fuel cap is typically set near market at the beginning of a contract, and all rates are then set accordingly. If the cap amount is reset higher, then all rates must be adjusted higher to include the additional fuel cost. Similarly, if the fuel cap is reset lower, then all rates must be adjusted down to reflect the lower fuel cost. If there is no fuel cap at all, then all rates must be adjusted higher to reflect both the higher cost of fuel and to protect against future price changes over the term of the contract.

Attached are (3) three PDF files outlining the effects of the 1st year proposed rates we have already provided;

- 1. Change fuel peg to market rate** – New market rate peg of \$2.22 per gallon. If we change our fuel peg to \$2.22 per gallon, we would need an increase of 5.2% on top of our 2.5% increase, a total of 7.7% in the 1st year to absorb the additional \$1.17 per gallon in fuel expenses.
- 2. Change to customer supplied fuel** – If we changed all fuel to customer supplied fuel our price change would bring our proposed rates backwards 5%, or a net (2.5%) price change in the 1st year in exchange for the district paying for all the fuel.

3. **Change to contractor supplied fuel** – In this scenario First Student assumes all risk for fuel and would need to price accordingly. As such, we would need an additional 7.26% price increase on top of our 2.5% increase, or a total of 9.76% 1st year increase.

As to the request of examples of other contracts having a fuel peg; below is fuel information on (6) six contracts near the TRSD that we operate;

1. **Rogue River** - \$1.00 per gallon fuel cap. Same program as the current TRSD program.
2. **Central Point** – District provides all fuel.
3. **Medford** – Contractor provides all fuel. No fuel cap in agreement.
4. **Phoenix/Talent** - \$2.00 per gallon fuel cap. District and First Student split 50/50 the cost above the fuel cap.
5. **Roseburg** – Fuel paid for by the contractor, no fuel cap in agreement.
6. **Coos Bay** – District provides all fuel

If you have any questions regarding this information, please feel free to contact either Tanya or myself.

Sincerely,



Tony Hancuff
Area General Manager
First Student Inc.
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Mobile (925) 234-8212

Three Rivers School District



Transportation Rates

July 1, 2017 - June 30, 2018

Increase = 7.70%

	16/17	17/18
Home-To-School (72 + passenger)		
3 Hour Base Rate	253.74	273.28
Overage Rate (per hour)	28.40	30.59
Home-To-School (61-72 passenger)		
3 Hour Base Rate	207.55	223.53
Overage Rate (per hour)	26.32	28.35
Home-To-School (WC Vans)		
3 Hour Base Rate	212.60	228.97
Overage Rate (per hour)	25.34	27.29
Monitor Rate	21.84	23.52
Trips During School Hours		
Rate per hour	33.47	36.05
Activity & Field Trips		
Rate per mile	0.53	0.57
Activity & Field Trips		
Rate per hour	21.73	23.40
Overtime Rate (per hour)	8.27	8.91
Min Operating Days		
For Days Operated less than 163 days (per Bus per Day)		
Home-To-School Per route per day	175.93	189.48
Fuel Cap		
Price Per gallon	1.05	2.22
Other Contract Items		
Annual Scholarship to School	5,000	5,000
In-kind Athletic trips to School	125,000	125,000

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Three Rivers School District		
Transportation Rates - District Supplied Fuel		
July 1, 2017 - June 30, 2018		Increase = -2.50%
	16/17	17/18
Home-To-School (72 + passenger)		
3 Hour Base Rate	253.74	247.40
Overage Rate (per hour)	28.40	27.69
Home-To-School (61-72 passenger)		
3 Hour Base Rate	207.55	202.36
Overage Rate (per hour)	26.32	25.66
Home-To-School (WC Vans)		
3 Hour Base Rate	212.60	207.29
Overage Rate (per hour)	25.34	24.71
Monitor Rate	21.84	21.29
Trips During School Hours		
Rate per hour	33.47	32.63
Activity & Field Trips		
Rate per mile	0.53	0.52
Activity & Field Trips		
Rate per hour	21.73	21.19
Overtime Rate (per hour)	8.27	8.06
Min Operating Days		
For Days Operated less than 163 days (per Bus per Day)		
Home-To-School Per route per day	175.93	171.53
Fuel Cap		
Price Per gallon	1.05	Dist Supplied
Other Contract Items		
Annual Scholarship to School	5,000	5,000
In-kind Athletic trips to School	125,000	125,000

Three Rivers School District



Transportation Rates

July 1, 2017 - June 30, 2018

Increase = 9.76%

	16/17	17/18
Home-To-School (72 + passenger)		
3 Hour Base Rate	253.74	278.51
Overage Rate (per hour)	28.40	31.17
Home-To-School (61-72 passenger)		
3 Hour Base Rate	207.55	227.81
Overage Rate (per hour)	26.32	28.89
Home-To-School (WC Vans)		
3 Hour Base Rate	212.60	233.35
Overage Rate (per hour)	25.34	27.81
Monitor Rate	21.84	23.97
Trips During School Hours		
Rate per hour	33.47	36.74
Activity & Field Trips		
Rate per mile	0.53	0.58
Activity & Field Trips		
Rate per hour	21.73	23.85
Overtime Rate (per hour)	8.27	9.08
Min Operating Days		
For Days Operated less than 163 days (per Bus per Day)		
Home-To-School Per route per day	175.93	193.10
Fuel Cap		
Price Per gallon	1.05	Contractor Supplied
Other Contract Items		
Annual Scholarship to School	5,000	5,000
In-kind Athletic trips to School	125,000	125,000

#	Unit #	Year	Type A,B,C or D	Vehicle Capacity	Replacement based on contract Type	Ending Odometer reading May-17	MPG
1	60298	2007	Conventional	71	N/A	132889	7.95
2	208215	2005	Conventional	71	YR 2	151147	8.83
3	208225	2005	Conventional	71	YR 2	155206	8.15
4	208805	2006	Conventional	71	YR 2	161109	7.98
5	208815	2006	Conventional	71	YR 2	154684	8.55
6	208205	2005	Conventional	71	YR 2	158692	7.95
7	80425	2009	Type A	12wc	N/A	154775	11.90
8	80426	2009	Type A	12wc	N/A	195132	0.00
9	80429	2009	Type A	12wc	N/A	191935	12.70
10	80430	2009	Type A	12wc	N/A	147390	11.95
11	143193	2016	Type A	14WC	N/A	62634	13.25
12	209781	2001	Type A	2WC/8	YR 1	222864	12.50
13	221302	2002	Type A	22px	YR 1	245104	13.98
14	227542	2002	Type A	24	YR 1	212473	10.93
15	227953	2003	Type A	2W/12	YR 1	302800	11.50
16	229687	2007	Type A	2W12	N/A	253970	13.33
17	229707	2007	Type A	2W12	N/A	209709	12.12
18	230237	2007	Type A	2W12	N/A	239959	13.92
19	237040	2000	Type A	19	YR 1	365048	10.76
20	224611	2001	Type A	22	YR 1	243964	13.50
21	70473	2007	Type A	29	N/A	174977	12.85
22	71207	2011	Type A	2wc/12	N/A	131477	13.25
23	71208	2011	Type A	2wc/12	N/A	127619	12.75
24	71209	2011	Type A	2wc/12	N/A	109944	11.75
25	229467	2007	Type A	2wc/12	N/A	147492	11.50
26	21006	2002	Type D	84	N/A	97275	8.53
27	208758	2008	Type D	84	N/A	215020	7.21
28	208768	2008	Type D	84	N/A	196699	8.40
29	208778	2008	Type D	84	N/A	184417	8.38
30	208818	2008	Type D	84	N/A	213097	6.45
31	208828	2008	Type D	84	N/A	279254	8.74
32	208838	2008	Type D	84	N/A	204225	7.52
33	208848	2008	Type D	84	N/A	190451	8.50
34	208858	2008	Type D	84	N/A	195049	7.90
35	208868	2008	Type D	84	N/A	201200	8.32
36	208878	2008	Type D	84	N/A	202910	7.25
37	210880	2000	Type D	47	White Coach	246998	7.50
38	903457	1997	Type D	66	YR 1	392589	0.00
39	903467	1997	Type D	66	YR 1	259995	8.24
40	903487	1997	Type D	66	YR 1	414907	8.65
41	903497	1997	Type D	66	YR 1	354071	8.76
42	903507	1997	Type D	66	YR 1	341481	8.15
43	903517	1997	Type D	66	YR 1	378871	8.38
44	903537	1997	Type D	66	YR 1	420806	7.78
45	903557	1997	Type D	66	YR 1	331767	6.32
46	903567	1997	Type D	66	YR 1	373340	8.10
47	903597	1997	Type D	66	YR 1	315674	6.95
48	903607	1997	Type D	66	YR 1	411226	7.95
49	903617	1997	Type D	66	YR 1	398586	8.51
50	903627	1997	Type D	66	YR 1	326433	8.10
51	903637	1997	Type D	66	YR 1	369287	8.74
52	903667	1997	Type D	66	YR 1	348605	7.18
53	903727	1997	Type D	84	YR 1	314750	7.42
54	907657	1997	Type D	22	YR 1	283631	12.70
55	925618	2000	Type D	2wc/10	YR 1	414854	11.25
56	103621	2016	Type D	84	N/A	41750	8.30
57	103622	2016	Type D	84	N/A	28392	6.66
58	103623	2016	Type D	84	N/A	23141	7.50
59	103624	2017	Type D	84	N/A	24707	6.60
60	103625	2017	Type D	84	N/A	41589	6.75
61	103626	2017	Type D	84	N/A	35619	7.90
62	103627	2017	Type D	84	N/A	36899	7.20
63	103628	2017	Type D	84	N/A	32299	6.46
64	103629	2017	Type D	84	N/A	56350	8.50

#	Unit #	Year	Type A,B,C or D	Vehicle Capacity	Replacement based on contract Type	Ending Odometer reading May-17	MPG
65	103630	2017	Type D	84	N/A	47214	7.32
66	204455	2005	Type D	84	N/A	155425	7.20
67	204535	2005	Type D	84	N/A	148067	8.20
68	204555	2005	Type D	84	N/A	141834	6.95
69	204575	2005	Type D	84	N/A	156176	8.92
70	204615	2005	Type D	84	N/A	146300	7.45
71	206225	2005	Type D	84	N/A	242440	7.50
72	208448	2008	Type D	84	N/A	251619	9.20
73	200106	2006	Type D	78	N/A	160149	7.28
						MPG	8.99