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To: The Board of Education and Dr. Patrick Broncato, Superintendent
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date: February 21, 2025
Subject: Recommendation to Approve Regular Education Student Transportation Services Contract with First Student Incorporated

As you know, we (Woodridge School District 68) have been working with Downers Grove Elementary School District 58 (DG58) and Downers Grove High School District 99 (DG99) to complete a regular education student transportation services bid this winter, as required by law. We have been partnering with DG58 and DG99 for regular student transportation services for over 15 years in order to provide more efficient and effective student transportation in our immediate area. Not only do we gain efficiencies and garner better pricing and rates by having a larger collective account and more purchasing power, but we are also able to stagger start times and share buses in order to have our buses run double tier routes instead of single tier routes. Currently, this double tier route setup saves DG58 about \$1.5M per year, DG99 about \$1M per year and WSD68 about \$750K per year, by using less buses and drivers for our collective fleet needs. That is over \$3M in annual savings for our taxpayers!

A new State law, passed in 2023, now allows for a longer contract term and more flexible selection criteria when evaluating transportation providers (you don't simply have to take the low bidder and can now take into account past performance, references and other supplemental information when evaluating proposals). In the past you could prepare a contract for a maximum of five years, and thereafter you could do one year contract extensions unless/until you decided to go back out and do a formal bid (or if a competing/responsible service provider asked you to bid out the service after the original contract had expired, at the next reasonable and available opportunity). \

With the new law you can now contract for up to ten years (fifteen if you have a significant number of electric school buses in your fleet), but at the end of the contract period you can't do one year extensions any more, and you have to go out to bid. As we have been with First Student, our incumbent regular student transportation services provider, for over ten years (we had a five year contract and have now done seven one year extensions) we were required to go out to bid. We worked with DG58 and DG99 to prepare and release a regular education student transportation services bid on January 17th and we published notice of this bid in the



memo

newspaper on January 19th. We conducted a mandatory Pre-Bid Meeting on January 30th and held a bid opening on February 13th. The results of the bid process are included hereafter.

We have been very happy with the general service and overall pricing provided by First Student, and no other transportation services provider had requested that we go out to bid during the past twelve years, so we have been operating on year to year contract extensions with First Student, as allowed by the prior legislation. We were honestly not aware of any real, viable, or potentially better alternatives in our marketplace, and have therefore continued working with First Student to continually try to improve operations. However, with the new law being passed, this did give us an opportunity to reevaluate this service contract, see who might be out there and refocus our contract on the critical and essential success components of our program.

We have weathered severe bus driver and bus monitor shortages over the years (especially right after COVID), turnover of administrative/management staff, and the ongoing evolution of technology to hopefully make student transportation more efficient, safe and transparent for all. That said, we have had a little rougher time the past year and a half with new terminal management and operational challenges, as various new management and administrative staff at Westmont learn, grow and get more comfortable with their jobs. We are confident that things are moving in the right direction, and are agreeable to continuing on with First Student if they provided us with the best proposal and the best contract terms. However, we were willing to consider other options.

We had four interested service providers attend the mandatory Pre-Bid Meeting (First Student, Cook-Illinois, Central IL Bus and Positive Connections). We discussed the bid specifications, provided additional details and information about our collective account, and clarified information and data related to our student transportation needs. We collectively have about 140 regular routes between the three school districts, in addition to several midday routes, specialized routes, field trips, and after school activity, extracurricular and athletic routes. Our overall fleet (including spares) is about 80 buses and in a perfect world we would have that many regular, full-time bus drivers and another 10-15 sub drivers, if possible. During the past year we have had a full complement of regular drivers (minus the occasional opening if someone left and a new, regular driver was being on-boarded), but we have struggled to maintain an adequate fleet of sub drivers, despite increasing wages significantly for both categories of driver over the past 4-5 years. This is very common in the industry, and we have actually been in better shape than many of our neighboring school districts when it comes to bus driver staffing and contract performance. First Student manages our contract out of its Westmont Terminal, and our 80 buses and approximately 140 routes represent over 1/3 of their services out of that facility.



memo

We opened the bids on February 13th and had 2 proposals submitted by First Student and Central Illinois Bus. Additionally, Positive Connections and Cook-Illinois both declined to bid, but attended the bid opening to get pricing information, as available. Our belief is that neither Positive Connections nor Cook-Illinois had terminals in or near our district boundaries, as required in the bid specifications, and therefore declined to bid, but we are not sure of that fact. We evaluated the two proposals received and have followed up with the respondents to clarify information, certify conformance with our bid specs, and develop a solid understanding of the two proposals. In the end, after evaluating both proposals, and checking references and performance history with similar school district accounts in Illinois, we are recommending First Student to continue providing regular education student transportation services going forward.

Their proposal includes the best pricing with annual contract increases during the first five years at 4.25%, 4%, 4%, 4% and 4% (Central Illinois proposed an initial 18% rate increase and then four annual 4% renewal increases thereafter). In subsequent years of the contract First Student proposed negotiating year to year and mutually agreeable increases, similar to what we have done with them for the past seven years. Additionally, their proposal addressed the proactive implementation of new technology, through their Halo System, to improve efficiency, communication, transparency and hopefully minimize route disruptions and delays that can cause frustration and headaches for both parents and school administrators. They have committed to providing a Contract Manager exclusively for our group (a requirement of the bid) and also increasing driver and monitor wages and benefits over time to not only stay competitive for our area, but hopefully be a leader in recruiting and retaining top talent. Overall, First Student provided the best combination of pricing and services, to allow us to efficiently and effectively provide this service to our students and families.

With Board approval of the financial terms in February, we would move forward to finalize operational terms for a ten year contract (renewal annually unless a proper termination notice from either party is given) with five years of fixed pricing as outlined in their cost proposal and then five years to be determined on an annual basis based on future negotiations and the mutual agreement of both parties. Some key provisions of the new contract include the implementation of First Student's Halo System to improve routing and scheduling efficiency, parent communications, student onboarding, driver directions, and a host of other enhancements. As mentioned above, both parties will have the option of terminating the contract without cause by providing 180 days of notice, in addition to being able to terminate the contract with a 30 day notice in the event of a material breach of contract that is not cured by the breaching party. The details of the termination clause, the indemnification clause, the issues resolution clause, and several other operational clauses will be finalized and agreed to over the coming weeks. Pending the successful completion of these negotiations, and with proper legal review and sign off as



WOODRIDGE
SCHOOL DISTRICT 68

memo

needed, we are now asking the Board for approval to sign that contract when it is completed and begin planning for the 2025-2026 school year. As always, if you have any questions or need additional information, please let me know. Thanks!

RECOMMENDATION

It is the recommendation of the Administration that the Board approve a ten year contract with First Student/First Group of Cincinnati, OH, to be finalized and signed over the next few weeks, renewable annually upon successful completion and the agreement of all parties, for regular education student transportation services, with First Student Incorporated, with a terminal in Westmont, IL, per the attached information and the proposal provided. The financial terms include five years of fixed contract increases at 4.25%, 4%, 4%, 4% and 4% annually, and five years of increases to be negotiated and agreed to at a future date. With Board approval we would finalize the operational terms of the contract, and with legal review and sign off as needed, we would execute the contract to begin on July 1, 2025, and begin planning for the continuation and improvement of these transportation services for the 2025-26 school year. The school district expects to spend about \$4M for these services in FY2025-2026, with future contract increases, as presented, assuming the same number of buses and routes are needed. These services are paid for out of the Transportation Fund with monies provided from the State Pupil Transportation Reimbursement Claim Program (State funds) and the applicable Transportation Fund Property Tax Levy (Local dollars).