

NORTHBROOK SCHOOL DISTRICT 28

Business Office

Jessica Donato, CSBO

TO: Members of the Board of Education

Dr. Larry A. Hewitt

DATE: March 13, 2020

RE: First Student Contract Approval

Northbrook School District 28 in completing the third year of a three-year joint student transportation contract with First Student and our neighboring districts: Northbrook School District 27, Northbrook/Glenview School District 30, West Northfield School District 31, and Glenbrook High School District 225. The current contract was awarded on February 28, 2017, after completing two separate bid processes:

- **Bid 1 (January 12, 2017)**

First Student was the only responsive bidder with rates approximately 30% higher than the then-current rates. They shared a variety of reasons for the increase, including increased driver wages, strict specifications on the average age of the fleet, current market rates, and the inability to pair township routes while maintaining quality service. First Student advised that if the school district revised the fleet requirements, the increase would be reduced.

- **Bid 2 (February 10, 2017)**

In response to the feedback received and advice from legal counsel, a second bid process was conducted, which included changes to the fleet requirements (e.g., the average age of 8 years, no bus older than 12 years). Once again, First Student was the only responsive bidder. The rates presented in the second bid were approximately 17% higher than the District's then-current rates. The Board of Education took action on February 28, 2017, to reject the first bid, and accept the second bid, establishing a three-year agreement for service between July 1, 2017, and June 30, 2020.

In Fall 2019, District 28 and the neighboring districts started conversations about re-bidding the services for next year and the service challenges that had been faced for the past two years. After conversations with our current vendor and other transportation vendors in the area, it was determined that each district would independently bid services in order to increase competition. As a group, we decided to conduct the individual bids concurrently and hold group meetings and bid openings.

Bid Timeline:

- October 31, 2019 - bid opportunity advertised in local paper and specifications made available;
- November 7, 2019 - mandatory pre-bid meeting that was attended by twelve vendors;
- November 21, 2019 at 10:00am - independent bids due and publicly opened.

The following bids were received for each school district:

- Northbrook School District 27
 - Cook-Illinois Corporation
 - First Student, Inc.
- Northbrook School District 28

- First Student, Inc.
- Northbrook/Glenview School District 30
 - First Student, Inc.
- West Northfield School District 31
 - Cook-Illinois Corporation
 - First Student, Inc.
- Glenbrook High School District 225
 - First Student, Inc.

Bid Results

The following compares the District’s current contract to the rates received in the bid.

	Current Contract	Proposed Contract	\$ Difference	% Difference
Regular Transportation <ul style="list-style-type: none"> • 20 AM Routes • 20 PM Routes 	\$816,570 (\$115.99/route)	\$1,123,443 (\$159.58/route)	\$306,874	38%
Midday Route <ul style="list-style-type: none"> • 3 AM Routes • 3 PM Routes 	\$70,699 (\$66.95/route)	\$89,760 (\$85.00/route)	\$19,061	27%
Band Shuttle <ul style="list-style-type: none"> • 4 Daily Routes <i>(estimated based on 19-20 usage @ 160 days)</i>	\$50,925 (\$79.57/route)	\$57,600 (\$90.00/route)	\$6,675	13%
TOTAL	\$938,194	\$1,270,803	\$332,610	35%

The proposed agreement includes a rate increase of 3.0% for each consecutive year. The contractor and district also retain the right to terminate the contract by April 1st of each year.

As part of the bid specifications, the school district also established a series of performance expectations enforced through financial penalties. These include:

- 50% of Route Cost Credit
 - If a morning route is completed more than fifteen minutes after the school starting time;
 - If an afternoon route is started more than fifteen minutes after the scheduled departure time.
- 100% of Daily Vehicle Rate
 - If a morning or afternoon route is not serviced.
- \$100 per Occurrence
 - If a charter is started more than fifteen minutes after the scheduled departure time;
 - If a charter is started more than fifteen minutes after the scheduled pick-up time;
 - If an activity bus route is started more than fifteen minutes after the scheduled departure time.

- \$500 per Occurrence
 - If the camera system is not operational.
- \$10,000 per Occurrence
 - Leaving a child on a bus after the last stop has been completed.

We have met multiple times with First Student to better understand why the proposed contract includes such a large increase. The feedback we received is as follows:

- Over the life of the current agreement, the hourly driver rate has increased considerably (currently \$21.00 for new drivers, and up to \$24.00 for experienced drivers, along with a signing bonus of \$3,000 and a guaranteed 5-hour day). It is anticipated that driver expenses will only continue to increase and that more drivers will leverage First Student's health insurance program, resulting in additional expenses.
- The majority of drivers that service the Northbrook location are shuttled from urban centers across the Northern Illinois region. There is an expense for the shuttle service, and for paying several of the drivers while they are being shuttled to the worksite.
- The current maintenance facility located on Old Willow Road is in need of significant maintenance and repair. First Student shared that they have invested a considerable amount of capital into addressing drainage challenges, and substantially overhauling the parking lot.

Recognizing the current position of First Student and their pricing model, we are not confident that a re-bid would result in receiving lower prices, nor would we receive competing bid responses.

Recommendation

It is recommended that the Board of Education:

- Award a bid for general education student transportation to First Student, Inc. for service between July 1, 2020, and June 30, 2023.

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