

May 14, 2024

Ms. Lisa Rider
Director of Finance and Operations
Red Wing Public Schools
2451 Eagle Ridge Drive
Red Wing, MN 55066

Dear Ms. Rider:

First Student appreciates the opportunity to offer an adjusted proposal to Red Wing Public Schools. Our proposal includes extending the contract for an additional two years, matching the state contract length requirement of 10 years in total. As always, providing safe, reliable and efficient transportation will remain our goal each day.

To meet the challenge of the industry-wide school bus driver shortage, First Student has developed comprehensive approaches to recruiting and retaining drivers at our locations. In addition, to maintain an adequate driver workforce for Red Wing Public Schools, First Student's proposal includes an increase of over \$2.00 per hour to current driver pay rates with a top rate of \$28.50 per hour. All new drivers will start at \$25.00 per hour for the 2024-25 school year. Drivers will also be guaranteed 5 hours per day for AM and PM routes for all operating days and paid holidays. This is a 1 hour increase over the current guarantee of 4 hours per day. With current market rate studies for the area, we believe these increases should make us competitive. We also plan to continue to offer hiring bonuses up to \$3,000.

As many school districts have seen their operating costs rise over the last two years, First Student has also incurred higher costs in insurance, facilities, maintenance, staff/technician wages, fuel, unemployment insurance, earned safe and sick time pay and other running costs.

To help offset the increased costs, First Student has already initiated savings in the 2023-24 school year by reducing 6 routes for a savings of over \$400,000 annually. We believe this reduction of 6 routes should continue provided there is not a change in routing structure or a significant increase in enrollment within the district. With that, our proposal is based on 33 total home to school routes. The new rates are listed in Appendix A.

With the adjustment or guaranteed hours from our original proposal, the following two items will be added. All other terms of the current contract would remain in effect including the FirstView bus tracking app at no additional charge.

Activity and Field Trip Charges

In the event an outside carrier is utilized to cover Activity or Field Trips due to driver shortages, the District shall be responsible for all costs incurred.

First Right of Refusal

Contractor will have first right of refusal on all work. If Contractor is unable to provide the service requested, the District may utilize another vendor.

First Student takes pride in transporting Red Wing Public Schools most precious cargo, its students. We understand the needs of the District and look forward to extending our long relationship while providing world-class transportation to the Red Wing community. Please feel free to contact me with any questions you may have.

Respectfully,



Phil O'Donnell
Area General Manager

