

Methacton School District

Transportation Contract Extension

Presented 02/15/2023

Background

First Student Contract Extension

Back in September 2022, First Student proposed the idea of a 5 year extension to the existing contract. Their proposal included two different options. The first option was a straight five year extension and the second option was to phase in the costs by increasing the per route fee for the final year of the existing contract so the increase is not as much of a jump.

Currently Methacton School District has the lowest rate in the area by \$12.50 per route per day. Next year our rate will be \$16.88 lower than the lowest rate of the other schools in our area. Based on these numbers and the already established rates for the 2024 - 2025 at other districts, Methacton School District was estimating an increase between 20% - 25%. This would place our 2024 - 2025 rates somewhere between \$369.17 per route to \$384.55 per route.

Current Pricing

Current Pricing in the Area

School	Fuel Inc.	Provider	Fuel Type	22-23	23-24	24-25	25-26	26-27	27-28	28-29
Methacton	Yes	First Student	Diesel	\$302.50	\$307.64					
Abington	Yes	Abington Trans	Diesel	\$342.00	\$356.00	\$370.00	\$383.00	\$396.00		
Colonial	Yes	First Student	Diesel	\$337.98	\$347.44					
Lower Moreland	Yes	First Student	Diesel	\$369.57						
Perk Valley	Yes	STA	Diesel	\$316.79	\$324.71	\$332.82	\$341.14	\$341.15	\$349.67	
Springford	Yes	Custer's Garage	Diesel	\$315.00	\$330.75	\$347.29	\$364.65			
Wissahickon	Yes	First Student	Diesel	\$316.61	\$324.52	\$331.00	\$338.00			

Perk Valley and Springford are the only schools services by a committed company that serves no other school. This can be positive and negative. The control is better, but the ability to draw on other sites for help does not exist.

First Student pays rent to Colonial School District for the use of its transportation site. When removing this cost from the per route cost the figures are below and still higher than the proposed rates for Methacton School District.

24-25	25-26	26-27	27-28	28-29
\$339.96	\$354.41	\$369.44	\$385.07	\$401.33

Current Pricing For First Student Routes 2023-2024

Norristown Bus	FS	Regular	2023	\$398.33
Norristown Van	FS	Regular	2023	\$323.83
Central Bucks Bus	FS	Regular	2023	\$388.13
Central Bucks Mini	FS	Regular	2023	\$367.72
Central Bucks Van	FS	Regular	2023	\$315.59
North Penn	FS	Regular	2023	\$381.44
Pleasant Valley Bus	FS	Regular	2023	460.13
Pleasant Valley Mini	FS	Regular	2023	446.35
Lower Moreland		Regular	2023	414.84
New Hope SD		Regular	2023	379.23

PROPOSED 2023-2024 Rate for Methacton School District is \$326.70

Proposed Extension Terms

After numerous negotiations, we were able to work out the details on a five (5) year extension proposal. The proposal does include a rate change for the 2023-2024 fiscal year. The inclusion of the 2023-2024 School Year is so the costs ramp up over two years verses a larger onetime increase. By doing this we also received a lower rate on future years due to the time value of money.

Contract Propose Contract Terms:

A. Contract extended through June 30, 2029.

i. New rates will begin July 1, 2023.

Vehicle Type	22-23 Rate	23-24 Rate	24-25 Rate	25-26 Rate	26-27 Rate	27-28 Rate	28-29 Rate
Proposed Route Rate	\$302.50	\$326.70	\$352.84	\$367.84	\$383.47	\$399.77	\$416.76
Proposed Route Rate Increase %		8.00%	8.00%	4.25%	4.25%	4.25%	4.25%

Midday	\$66.05	\$72.09	\$74.79	\$77.59	\$80.50	\$83.52	\$86.65
Propose Route Rate Increase %		9.14%	3.75%	3.74%	3.75%	3.75%	3.75%

After School/Field Trips	\$42.04	\$72.09	\$74.79	\$77.59	\$80.50	\$83.52	\$86.65
Propose Route Rate Increase %		71.48%	3.75%	3.74%	3.75%	3.75%	3.75%

Box Truck	\$72.09	\$72.09	\$74.79	\$77.59	\$80.50	\$83.52	\$86.65
Propose Route Rate Increase %		0.00%	3.75%	3.74%	3.75%	3.75%	3.75%

ii. 8% the first 2 years and 4.25% each year thereafter.

Proposed Extension Terms

B. Rates

- i. Includes rate for electric vans.
 - Will be looking to change out expiring vans with electric vans once we are in a position to charge them.
 - Electric bus pricing is not included as the cost for the electric buses are significantly higher at this time. Phasing in vans will be the first stage in considering alternatives to diesel and regular fuel.
- ii. Includes the addition of a Box Truck to better support the athletic, musical and other programs run at Methacton School District.
- iii. Includes changes to the Midday and Extra-Curricular rates to make them more attractive to drivers.
- iv. Five (5) \$1,500 scholarships annually for Methacton Graduates.
- v. Annual routing cost is increased to \$75,000.00 per year.

Proposed Extension Terms

C. Impact

i. Drivers

- Starting rate for a driver increases \$2.00 per hour going from \$23.00 to \$25.00.
- The top rate increases to \$31.79 per hour. Highest in the area for First Student sites.
- The time to reach the top rate will be cut in half, going from 6 years to 3 years.
- Annual increases in pay will be set at 3.75%.

ii. Increased pay to the Router.

D. Intrinsic Value to Methacton School District

- i. Continuity of service as transportation is coming off its best start in the last 6 years.
- ii. The market place has changed and the proposed rates are reflective of the current market place. The concern would be if Methacton School District goes out to bid, the prices 18 months from now could be significantly higher.
- iii. Increase in the Driver rates should translate into First Student attracting drivers.
- iv. The agreement starts the process of looking to phase in hybrid plug-in or electric vans.
- v. By making the changes next year, we spread the increase out over 6 years, not 5 years.