

# School Board Briefing/Proposed Action Report

**Informational** (no action required by Board)     **Action Report** (Board will be required to take action)



**DATE:** May 3, 2016  
**FROM:** Dr. Larry Nyland, Superintendent  
**LEAD STAFF:** Kathy Katterhagen, Director of Logistics, 206-252-0579  
Pegi McEvoy, Assistant Superintendent of Operations, 206-252-0243

## **I. TITLE**

Recommendation to approve contract extension for First Student for the 2016-2017 school year      For Introduction: May 18, 2016  
For Action: June 1, 2016

## **II. WHY BOARD ACTION IS NECESSARY**

Board Policy No. 6220, Procurement, requires all contracts for more than \$250,000 initial value, excluding sales tax and contingencies be approved by the Board. The proposed one-year contract extension with First Student totals \$26,881,371, and therefore requires School Board approval.

## **III. FISCAL IMPACT/REVENUE SOURCE**

Fiscal impact to this action will be \$26,881,337 for 2016-2017, including to-and-from transportation and field trip costs.

The revenue source for this motion is the General Fund in the amount of \$25,881,337 and the Capital Fund in the amount of \$1,000,000.

Expenditure:     One-time     Annual     Other Source

## **IV. POLICY IMPLICATION**

RCW 28A.160.010 declares that the operation of the student transportation program is the responsibility of the Board of Directors.

Board Policy No. 6220, Procurement, requires all contracts for more than \$250,000 initial value, excluding sales tax and contingencies, and changes or amendments of more than \$250,000, excluding sales tax and contingencies, to be approved by the School Board. It also states that District staff shall use sound business and financial practices that support the delivery of desired services and goods on time and within budget, while maximizing value and minimizing risk and cost to the District, and that the District shall promote fair competition to the extent practicable. The Transportation contract was awarded to First Student as a result of the District's competitive procurement process in 2012.

Board Policy H25.00, Natural Resources Conservation Policy, states that Seattle Public Schools will model environmental stewardship by instituting a resource conservation management plan to:

- Reduce the use of energy, water and other natural resources and encourage recycling
- Educate students, teachers, and staff about the importance of conserving natural resources
- Lessen environmental damage attributable to natural resources consumption

The contract with First Student supported Board Policy H25.00 by expanding the use of alternative fuel (propane) to 15% of the fleet.

Policy No. 6600, Student Transportation, states, “It is the policy of the Seattle School Board to provide transportation for eligible students, as determined by the Board-adopted Transportation Standards.”

#### **V. RECOMMENDED MOTION**

I move that the Superintendent be authorized to execute a contract extension with First Student with a 2.5% CPI increase, accepting the proposed fee structure and extending the contract by one year, in the form of the Draft Amendment dated May 18, 2016, and presented to the School Board, with any minor additions, deletions, and modifications deemed necessary by the Superintendent, and to take any necessary actions to implement the contract extension.

#### **VI. BOARD COMMITTEE RECOMMENDATION**

This motion was discussed at the Operations Committee meeting on May 3, 2016. The Committee reviewed the motion and moved it forward to the full Board with a recommendation for approval.

#### **VII. BACKGROUND INFORMATION**

The District’s contract with First Student (approved by the School Board in 2012) states:

The student transportation services under this contract shall be provided in the period beginning September 1, 2012 and ending August 31, 2015. The District reserves the option to extend the contract for two additional years, i.e., in 2015-2016 and 2016-2017. Extensions will be granted on a year-by-year basis only. The Contractor shall submit to the District its proposed rates for the next school year annually by December 15. The Contractor must specify justification for any change of rates from the current amounts charged to the District. The District reserves the right to:

- a. Accept the Contractor’s proposed rate structure for the following year and award a one-year extension, or
- b. Reject the Contractor’s proposed rate structure and select rates for the following year based upon an adjustment to the “core inflation rate” by using the then-current rates to reflect 100 percent of the October –October percentage change in the Consumer Price Index (CPI), Not Seasonally Adjusted, for Seattle-Tacoma-Bremerton, WA, All Items Less Food and Energy (Series Id: CUURA423SA0L1E, CUUSA0L1E), published by the Bureau of Labor Statistics, U.S. Department of Labor-Base Period 1982-1984 = 100 (e.g. the adjustment for the 2013-2014

school year would reflect 100 percent of the percentage change in this C.P.I. from reference period October 2012 to reference period October 2013).

c. Cancel the contract effective the following August 31.

The District will select one of the three alternatives by April 15.

### **VIII. STATEMENT OF ISSUE**

The District is proposing a contract extension with First Student based on Option b above. The change in the CPI is 2.5%, or \$665,643. This brings the contract total to \$26,881,371 for the 2016-2017 school year.

The current year cost projections for this contract extension have been forecast for 366 buses based on using 165 Type C general education buses and 201 special needs program buses. 14 of the Type C buses are funded by capital dollars for the interim transportation of students during school building construction.

### **IX. ALTERNATIVES**

1. The Board could choose to postpone a decision on a First Student contract extension until a later date. In order to ensure that student transportation is not interrupted for the 2016-2017 school year, this alternative is not recommended.
2. The Board could request staff to conduct a new competitive solicitation. A new solicitation is not recommended as the process is lengthy and would interrupt transportation for the 2016-2017 school year. This contract is the product of a competitive solicitation and the respondents bid with the knowledge of the terms as 3 years plus the option for two one-year renewals. It is not recommended to re-bid as pricing remains competitive and the district could encounter less competitive pricing in the future should future bid respondents not anticipate the district realizing full contract period of performance without reasonable justification.

### **X. RESEARCH AND DATA SOURCES / BENCHMARKS**

The District has historically benchmarked its cost for contractor-operated buses against the Council of Great City Schools (CGCS) Data. 2013-2014 is the latest data available from CGCS which the cost for contractor-operated buses range from \$51,458 to \$69,713 and is comparable to the District's 2013-2014 average cost of \$61,141.89 per contractor-operated bus.

### **XI. TIMELINE FOR IMPLEMENTATION / COMMUNITY ENGAGEMENT**

The contract extension will be executed following Board approval, and First Student will continue to provide student transportation services in September 2016.

There are no contract extensions remaining beyond the 2016-2017 school year. The District will conduct a competitive procurement process for bus transportation for the 2017-2018 school year.

## **XII. ATTACHMENTS**

- Amendment No. 2, extending contract with First Student, Inc.
- 2012 Board-approved Contract



## **SECOND AMENDMENT TO AGREEMENT BETWEEN SEATTLE SCHOOL DISTRICT NO. 1 AND FIRST STUDENT, INC.**

THIS SECOND AMENDMENT to Agreement between Seattle School District No. 1, a Washington state municipal corporation (“District”), and First Student, Inc., a division of FirstGroup America, Inc. (“Vendor”), regarding Contract No. RFP08156, Student Transportation Services for 2012-2015 and Succeeding School Years.

District and Vendor entered into a contract dated effective September 1, 2012 (the “Agreement”).

District and Vendor now desire to amend the terms of the Agreement as more particularly set forth below:

1. Section D. Equipment and Facilities. Item no 2. Condition and Maintenance is hereby amended and shall hereafter be read with the following additional language: “Vendor will ensure all Zonar is in optimal working order and receives regular maintenance. Vendor agrees to have equipment serviced prior to September 1<sup>st</sup>, 2016.”
2. Section D. Equipment and Facilities, Item no. 3, Bus Inspections is hereby amended and shall hereafter be read with the following additional language: “Vendor will ensure drivers have no loose items in the cab in violation of Washington state regulations. Effective September 1, 2016, a check for loose items in the bus cab will be added to the driver pre-trip inspection.”
3. Section D. Equipment and Facilities. Item no. 16. On Board Video is hereby amended by deleting “Vendor will provide District with a school bus camera system video recording within two business days” and inserting the following in lieu thereof: “Vendor will provide District with a school bus camera system video recording within one business day.” Further, this section shall hereafter be read with the following additional language: “Vendor will re-calibrate and update the bus camera systems and correct camera angles and date/time stamps for improved viewing.”
4. Section E. Personnel and Driver Requirements, Item no. 19. Human Relations Training is hereby amended and shall hereinafter be read with the following additional language: “Vendor will have drivers attend district-provided student management training prior to September 1, 2016.”
5. Section K. Contract Extension is hereby amended and shall hereinafter be read with the following additional language: “The parties agree to exercise the final option to extend this contract from September 1, 2016 to August 31, 2017. The District has received the Vendor’s proposed rate structure for the upcoming extension year for review and both parties intend to

exercise option K.b. and increase the contract dollar amount by two point five percent (2.5%) based upon the “core inflation rate” using the current rates to reflect 100% of the October-October percentage change in the Consumer Price Index (CPI), Not Seasonally Adjusted, for Seattle-Tacoma-Bremerton, Washington.”

6. Except as provided in this Agreement, all terms used in this Agreement that are not otherwise defined shall have the respective meanings ascribed to such terms in the Agreement.
7. This Amendment embodies the entire agreement between the District and the Vendor with respect to the amendment of the Agreement. In the event of any conflict or inconsistency between the provisions of the Agreement and this Amendment, the provisions of this Amendment shall control and govern.
8. Any of the other provisions of the subject contract not modified in writing shall remain in full force and effect. Except as otherwise expressly provided herein, the parties did not intend to, and the execution of this Amendment shall not, in any manner impair the Agreement, the purpose of this amendment being simply to amend and ratify the Agreement, as hereby amended and ratified, and to confirm and carry forward the Agreement, as hereby amended, in full force and effect.
9. THIS AMENDMENT SHALL BE CONSTRUED AND GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON.

IN WITNESS THEREOF, District and Vendor have executed and deliver this Amendment effective as of the Effective Date.

**FIRST STUDENT, INC.**

**SEATTLE SCHOOL DISTRICT NO. 1**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Vendor Representative)

\_\_\_\_\_  
Larry Nyland

\_\_\_\_\_  
Title

\_\_\_\_\_  
Superintendent  
Title

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Employer I.D. No. or Social Security No.

**CONTRACT AGREEMENT**  
**STUDENT TRANSPORTATION SERVICES FOR 2012 – 2015 AND SUCCEEDING**  
**SCHOOL YEARS**

This Agreement, Contract No. RFP08156, is made by and between Seattle School District No. 1, a Washington municipal corporation ("District"), and First Student, Inc. ("Contractor") with its national headquarters at FirstGroup America, 600 Vine St., Suite 1400, Cincinnati, OH 45202 and local business offices. District and Contractor agree as follows District and Contractor agree as follows:

**1. SCOPE OF WORK AND SCHEDULE**

Contractor shall provide professional and related services as described in Exhibit A hereto, on the schedule set forth therein ("Services") at the contractor's current location of 7400 8<sup>th</sup> Ave S #C, Seattle, WA 98108 or at another site approved by the District.

Contractor is authorized to proceed upon execution of the Contract by both parties.

The student transportation under this contract shall be provided in the period beginning September 1, 2012 and ending August 31, 2015. The District reserves the option to extend the contract for two additional years as specified in Exhibit A, Section K: Contract Extension. If the approved Consumer Price Index (CPI) is negative, the CPI shall be disregarded and District and contractor shall determine the rate for the extended terms.

**2. CONTRACT PRICE**

District agrees to pay Contractor, in year one, an amount not to exceed twenty-six million, eight hundred forty-two thousand and one hundred nineteen dollars (\$26,842,119) payable according to Contractor's schedule of fees and reimbursable expenses specified in Exhibit B hereto. This amount shall constitute complete compensation for all costs and fees incurred, including any expenses for labor, materials, equipment, rental, meals, travel, lodging and Washington State sales tax, if applicable. Additional services must be authorized in writing by District prior to performance.

Compensation will be paid only to the extent that Contractor presents documented evidence of fees earned and expenses incurred during the period for which payment is requested. Contractor shall submit its invoices in the form and according to the schedule prescribed in the General Conditions, to the address listed in Article 3.

The District reserves the right to add or delete buses from the Scope of Work and Schedule described in Article 1 above, in accordance with the Contractor's schedule of fees and reimbursable expenses as specified in Exhibit B.

The District operates schools for 180 days per school year. All contractors were instructed to propose on 177 days pursuant to the District's Addendum No. 2, dated December 16, 2011. If the District operates fewer than 177 days, then the District agrees to pay the contractor a cost per-bus reimbursement to cover fixed costs for all operating days fewer than 177. This reimbursement recognizes that the contractor's proposal is based on covering its fixed costs, and that its cost model is based on 177 operating days. If the contractor operates fewer than 177 days, the contractor is unable to cover those fixed costs, which include facility rent, property taxes, bus depreciation, full-time staff salaries, and insurance costs. The reimbursement amount will be at the rate of 60% of the daily rate for the number of buses regularly scheduled to be operated.

**3. COMMUNICATIONS**

The District's representative for this contract is Tom Bishop, Transportation Manager. All correspondence, requests, notices and other communications to District, in relation to this Agreement, shall be in writing and shall be delivered to:

To the District:  
Tom Bishop  
Transportation Manager  
Seattle School District No. 1  
MS 23-169, P.O. Box 34165  
Seattle, WA 98124-1165

To the Contractor:  
Mark Elias  
Area General Manager  
First Student, Inc.  
201 NE Park Plaza Dr., Ste 240  
Vancouver, WA 98684

Either party may from time to time change such address by giving the other party notice of such change in accordance with the provisions of Article 3.

**4. CONTRACTOR'S REPORTS**

Contractor shall provide reports as requested by District in a format proposed by Contractor and approved by District.

**5. PERSONNEL**

Contractor shall assign the personnel listed below to the performance of the Work and shall not (for so long as they remain in Contractor's employ) reassign or remove any of them without the prior written consent of District.

Name: Mark Elias Title: Area General Manager, First Student

**6. ORDER OF PRECEDENCE**

In the event of a conflict between the provisions of one or more of the Contract Documents, the provisions will be interpreted so as to harmonize the conflicting provisions to the extent possible so as to give effect to each provision. If, notwithstanding the foregoing sentence, two or more provisions cannot be harmonized, the order of precedence among the conflicting provisions shall be the following:

1. Change Orders and Amendments to the Contract made by mutual agreement of the parties
2. This signed agreement between Owner and Contractor
3. Addenda (Later ones having precedence over earlier ones)
4. General Conditions
5. Scope of Work
6. Fees – Exhibit B
7. RFP08156
8. Advertisement for RFP08156
9. Signed and completed Form of Proposal, including attachments.

7. **THIS AGREEMENT INCLUDES THE FOLLOWING ATTACHMENTS:**

<b>Exhibit</b>	<b>Topic</b>
A	Scope of Work
B	Fees
C	General Conditions of Personal Services Contract (Short Form) dated March 1, 2001
D	Sample Safety Plan from First Student's response to RFP08156; Safety Assurance Plan from First Student due October 1, 2012
E	RFP08156, Addendum 1 dated December 14, 2011, and Addendum 2 dated December 16, 2011.

CONTRACTOR:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed Name (Above)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Employer I.D. No. or Social Security No.

DISTRICT:

\_\_\_\_\_  
Signature

Susan Enfield, Ed. D.

\_\_\_\_\_  
Typed Name (Above)

Interim Superintendent

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date Signed