Marlboro CSD
Transportation Bid Process & Analysis

April 9, 2015
Patrick M Witherow
Director of Business & Finance
Director of Transportation
Bid Timeline

October 2014 – Discuss transportation bid with Transportation Committee (Consists of 3 BOE members and 2 community members) and agree to hire consultant based on complexity and significant cost of transportation program.

October 2014 – Solicit proposals from transportation consultants.

November 2014 – Receive proposals and select TAS as the bid consultant based on firm experience, experience with mid-Hudson valley schools, and reference checks.

November-December 2014 – Transportation committee meets with consultant and develops bid specifications.

December 2014 – Bid specifications finalized and reviewed by transportation committee, attorney and NYSIR.
Bid Timeline

January 6, 2015 – Bid specifications formally issued to bidders.

January 20, 2015 – Pre-Bid conference meeting, 10 potential bidders attend meeting.

January 23, 2015 – Addendum #1 issued.

February 2, 2015 – Addendum #2 issued.

February 10, 2015 – Bid Opening. & Bids received

February 12, 2015 – Interviews and responsible bidder determinations.
Transportation Advisory Services

- Consulting Firm with national recognition.

- TAS has hundreds of school district clients in NY alone

- Consultant fees were just under $12,000, representing 0.08% of overall contract value.

- Highly recommended by Rhinebeck, Spackenkill, Pine Plains, Dover, Millbrook, and Putnam Valley.

- TAS designed bid specifications around transportation committee program design.

- Consultant fees are a sunk cost. District was required to go out for bid. Expert guidance is fiscally prudent for such an expensive and sensitive district operation.
Bid Overview

Bid specifications were designed to enhance student safety. Some of the enhanced features of this bid were:

- Bus fleet – average age of bus fleet had to be 7 years of age or less with no regularly used vehicle 10 years or older.
- Cameras – Cameras with voice recording and vehicle operation data on every bus. Two cameras on large buses (one forward, one backward) and one on small buses.
  - Cameras will reduce time spent on disciplinary activities.
  - Voice recording will document context of videos.
  - Video will display vehicle speed, hard braking, stop arm operation, and red flasher activation.
- Child check safety system – requires driver to walk to the back of the bus and silence an alarm after shutting off vehicle, effectively forcing driving to check bus for sleeping children prior to parking vehicle.
- Part-time safety director dedicated to the Marlboro operation.
- Three year average DOT inspection passing rate of 90% or better (Statewide average passing rate).
Bid Overview

A total of 7 bids were received.
- George M. Carroll
- Krapf
- Montauk
- Quality
- Rolling V
- Royal
- VW Trans

2 Bidders were deemed non-responsive, because they had material deficiencies in their bid submissions, and their bids were rejected.
- Krapf – No performance bond data provided
- GMC – No performance bond data, did not meet DOT inspection requirement, did not provide listing of proposed fleet (existing fleet not in compliance with bid specifications)
Bid Analysis

The Five responsive bids were analyzed for pricing.

The bid specifications provided a theoretical pricing matrix that would be used to analyze bidder pricing. The MCSD also compared bid pricing against the existing program profile to provide a reality check and ensure the district selected the true low bidder in terms of the current vehicle utilization profile.

Two bidders appeared to have problems with their bid pricing.

- Both Montauk and VW Trans had large anomalies between matrix pricing and current profile pricing.
  - Montauk’s matrix pricing appeared artificially high compared to their existing profile pricing which appeared to be much lower than all other bidders
  - VW’s matrix pricing appeared artificially low compared to their existing profile pricing which appeared higher than other responsive bidders

We’ll look at these issue more closely in a minute.
Bid Matrix Pricing

What is the bid matrix pricing? In the bid there is a hypothetical profile of bus utilization. This hypothetical allocation of buses is used to present a “fictional” transportation program by which all bids will be analyzed and compared.

The bid matrix pricing has no direct correlation to the MCSD actual transportation program. It is a method to objectively compare bid prices against each other and encompass pricing for a few potential runs.

The MCSD decided to not rely solely on the bid matrix pricing. We took bid pricing and applied it against our current transportation operation to determine what each vendor’s cost would actually be if they were running our current existing routes.

This is the TRUE representation of the cost the district would expect under each bidder’s pricing.

The bid matrix pricing total cost was for a hypothetical transportation program.

The MCSD wanted to know potential actual cost and make the award based on our realistic analysis using our current bus routing.
## Bid Matrix Pricing

<table>
<thead>
<tr>
<th>Rank</th>
<th>Bidder</th>
<th>5 Year Total</th>
<th>3 Year Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>VW</td>
<td>$15,539,842</td>
<td>$9,339,397</td>
</tr>
<tr>
<td>2</td>
<td>Montauk</td>
<td>$15,725,365</td>
<td>$9,370,201</td>
</tr>
<tr>
<td>3</td>
<td>Quality</td>
<td>$16,095,481</td>
<td>$9,545,893</td>
</tr>
<tr>
<td>4</td>
<td>Rolling V</td>
<td>$18,896,238</td>
<td>$11,689,505</td>
</tr>
<tr>
<td>5</td>
<td>Royal</td>
<td>$19,333,413</td>
<td>$11,416,701</td>
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</tbody>
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# Actual Profile Pricing

<table>
<thead>
<tr>
<th>Rank</th>
<th>Bidder</th>
<th>5 Yr Total</th>
<th>3 Yr Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Montauk</td>
<td>$12,661,609</td>
<td>$7,565,537</td>
</tr>
<tr>
<td>2</td>
<td>Quality</td>
<td>$16,673,783</td>
<td>$9,887,462</td>
</tr>
<tr>
<td>3</td>
<td>Rolling V</td>
<td>$18,296,450</td>
<td>$11,220,788</td>
</tr>
<tr>
<td>4</td>
<td>VW</td>
<td>$18,345,443</td>
<td>$10,689,651</td>
</tr>
<tr>
<td>5</td>
<td>Royal</td>
<td>$19,104,053</td>
<td>$11,284,488</td>
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## Montauk Pricing

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Actual Profile</strong></td>
<td>$12,661,609</td>
<td>$7,565,537</td>
</tr>
<tr>
<td><strong>Bid Matrix</strong></td>
<td>$15,725,365</td>
<td>$9,370,201</td>
</tr>
<tr>
<td><strong>Price Differential</strong></td>
<td>-$3,063,756</td>
<td>-$1,804,664</td>
</tr>
</tbody>
</table>

There is a difference in excess of $4,000,000 between the lowest and second to lowest bidders when examining the actual vehicle profile, and a difference in excess of $5,600,000 between the lowest and third lowest bidders.

**THIS IS A RED FLAG**
VW Pricing

<table>
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<tbody>
<tr>
<td>Actual Profile</td>
<td>$18,345,443</td>
<td>$10,689,651</td>
</tr>
<tr>
<td>Bid Matrix</td>
<td>$15,539,842</td>
<td>$9,339,397</td>
</tr>
<tr>
<td>Price Differential</td>
<td>$2,805,601</td>
<td>$1,350,254</td>
</tr>
</tbody>
</table>

While VW appears to be the second to lowest bidder using the bid matrix pricing they are actually the second highest bidder when applying bid prices against our actual vehicle profile. The price differential between existing profile and bid pricing is of the same magnitude as Montauk’s, but in the other direction. VW’s actual profile price is considerably more than their bid matrix pricing.

THIS TOO IS A RED FLAG
Pricing Evaluation

Montauk:

In discussions with Montauk bus they revealed a grievous error had been made in their pricing. They were unable to provide service to the MCSD for the pricing submitted with their bid. They asked to negotiate higher live hour pricing. Negotiating an increase in bid prices is illegal. Montauk requested their bid be withdrawn. The MCSD honored the request and allowed the bid to be withdrawn.

VW Trans:

We discussed with VW their pricing anomaly. We felt we could not, in good conscience, award VW the bid based on the matrix pricing when doing so would result in an additional cost to district taxpayers in excess of $1.6 million over a five year period. This is the difference between the Quality Bus existing profile pricing (the lowest existing profile bidder after Montauk withdrew) and VW’s existing profile pricing (the #4 bidder based on existing profile pricing analysis). VW understood our position and agreed to withdraw their bid as long as the district returned their bid bond. We agreed to this request.
Pricing Evaluation

Quality:

Quality bus was brought in to discuss their pricing submission. Quality assured the district they were confident in their pricing. The district conducted a financial analysis of quality bus to determine the financial risk, if any, of entering into a multi-year contract. This analysis was performed by Ray Presusser, the district’s financial auditor. The district was provided a clean opinion regarding Quality’s financial health. Quality bus then proceeded to provide a transition plan which was satisfactory to the district.

On March 5, 2015 the MCSD BOE awarded a five year contract to Quality Bus Service, LLC.

The 5 year transportation contract will be included as a line item in the budget along with a footnote explaining the first year expense of a five year contract is included in the 2015-2016 budget.
Fuel Facility

Why is it beneficial to have the school district purchase fuel?

- The district can purchase from state contracts, a private vendor cannot.

- A state contract means the NYS Office of General Services (OGS) has competitively bid a product or service and the bid pricing is available to all governmental agencies.

- By purchasing from OGS contract the district gets the benefit of volume bid pricing and does not pay any taxes. The bus company does not get those benefits.

- By purchasing our own fuel there is no vendor profit added to the price nor is the district charged for market uncertainty.
Fuel Facility

Current OGS Fuel prices

Ultra Low Sulfur Diesel - $1.8626/gal
Regular Gasoline - $1.8401/gal

- The expenditure for fuel utilized per the bid will be aided at our transportation aid ratio – currently 48.5%
  - This means if we spend $100,000 on fuel for the transportation contract it really only costs us $51,500. (51.5% of expenditure)

- The lease payment the district will make to the Town may also be aidable, further reducing the cost of the cooperative arrangement.

- The district only pays for fuel consumed during “live hours” of student transportation.
Fuel Facility

- Cooperative arrangement with the Town of Marlborough will save taxpayers money. There is no duplication of services.

- The TOM, MCSD, MPD, MFD, and Quality Bus will all fuel at the location. Sophisticated fuel monitoring software will be used to track agency usages. Cost of software is included in the estimated construction cost.

- The MCSD and the TOM have an agreement in theory presently. We are continuing to develop cooperative agreement.

- No new TOM or MCSD employees due to shared fueling station. Town will maintain, District will manage.

- Estimated cost of construction is $250,000 all inclusive.
Fuel

- At current market and OGS fuel prices we estimate the MCSD would spend approx. $70,000 on Fuel and a private company would spend approx. $105,000 on Fuel. We would save approximately $35,000 by purchasing our own fuel.

- We are discussing a 10 year lease with an automatic 10 year renewal (same as TOM’s lease at Milton School). We would look to spend approx. $25,000 per year for the first 10 years and then $0 per year for the second 10 year period. Net savings of approx. $10,000 per year for the first 10 years and $35,000 per year for the second 10 year period – Overall expected savings of approx. $450,000 over the 20 year possible lease period. This is EXCLUSIVE of transportation aid received in the first 10 years.

- Savings is EXCLUSIVE of additional cost if we did not enter into a cooperative agreement.
Comparison of Costs

- Current projected average yearly savings is approx. $6,600.

- Normalized GMC 2013-2014 cost was increased 1.9%, the actual CPI increase applied to GMC’s contract for 2014-2015, to determine 2014-2015 pricing.

- The 2014-2015 price was increased 1% to get 2015-2016 costs (1/2 of projected 2% increase in CPI)

- Each successive year was increased at the CPI increases contained in GMC’s bid submission.

- All 5 years worth of pricing was averaged (15-16 through 19-20) to get an average cost per year price.

- This was our reference for comparison of Quality Bus pricing against cost of the existing transportation program.
Comparison of Costs

- Quality bus has identified areas where they can combine out of district routes to reduce expected expenditures. Those reductions were made in their 15-16 expected pricing.

- Each successive year’s pricing was increased by the CPI increases specified in Quality’s bid submission.

- All five year’s worth of costs were averaged to get an average yearly cost for the five year contract with Quality.

- At this point there is an expected average annual savings of $131,652. $100,000 per year for fuel expenditures (current market estimate for fuel expenditures is $70,000 – allowing for potential fuel price increase of 43%) is deducted from average annual savings.

- Expected annual savings is now $31,652, not including state aid expected to be received against the fuel expenditure.

- The projected $25,000 per year fuel station lease expense is deducted leaving an average annual savings of $6,652.

- This does not account for state aid received against the fueling station lease expenditure.
## Comparison of Costs

<table>
<thead>
<tr>
<th></th>
<th>GMC</th>
<th>CPI Adjustments</th>
<th>QBS</th>
<th>CPI Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-2015 Expected Cost</td>
<td>$3,067,796</td>
<td>1.00%</td>
<td>2015-2016 Expected Cost</td>
<td>$2,974,905</td>
</tr>
<tr>
<td>2015-2016 Expected Cost</td>
<td>$3,098,474</td>
<td>1.00%</td>
<td>2016-2017 Expected Cost</td>
<td>$3,026,783</td>
</tr>
<tr>
<td>2016-2017 Expected Cost</td>
<td>$3,129,459</td>
<td>2.00%</td>
<td>2017-2018 Expected Cost</td>
<td>$3,079,751</td>
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<tr>
<td>2017-2018 Expected Cost</td>
<td>$3,192,048</td>
<td>2.50%</td>
<td>2018-2019 Expected Cost</td>
<td>$3,133,647</td>
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<tr>
<td>2018-2019 Expected Cost</td>
<td>$3,271,849</td>
<td>3.00%</td>
<td></td>
<td>$3,188,486</td>
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<tr>
<td>2018-2019 Expected Cost</td>
<td>$3,370,004</td>
<td></td>
<td></td>
<td>$15,403,572</td>
</tr>
<tr>
<td>Total 5 Year Cost</td>
<td>$16,061,834</td>
<td></td>
<td></td>
<td>$3,080,714</td>
</tr>
<tr>
<td>Total Avg Yearly Cost</td>
<td>$3,212,366.77</td>
<td></td>
<td></td>
<td>-$6,652</td>
</tr>
<tr>
<td>Annual Fuel Expenditure</td>
<td>$100,000</td>
<td></td>
<td></td>
<td>$3,205,714</td>
</tr>
<tr>
<td>Yearly fuel station lease</td>
<td>-$31,652</td>
<td></td>
<td></td>
<td>(10 year lease, 11+ years = $0 cost)</td>
</tr>
<tr>
<td>Per Year Avg Differential</td>
<td>-$131,652</td>
<td></td>
<td></td>
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</tbody>
</table>
Comparison of Costs

- The anticipated $6,652 in average annual savings is extremely conservative. This level of savings assumes:

  - We receive no state aid on fuel purchases, a KNOWN aid generating expenditure.

  - We receive no state aid on the fueling station lease, an expected aid generating expenditure.

  - We spend $100,000 per year on fuel. (we estimate expenditure of approx. $70,000 per year at current market prices.)

  - Quality identifies no additional routing efficiencies

  - The district is unable to find any route combinations to take advantage of the higher hour daily live hours pricing schedule (which results in a lower cost per hour overall)
MCSD Transportation Cost Driver

Because of our location we must provide transportation to private/parochial schools in Newburgh area and the Poughkeepsie area, making us unique compared to other local districts who mostly are required to service one location or the other – not both like Marlboro.

The cost of Marlboro’s transportation program has been determined through competitive market forces. These forces operate independent of what any one person or group of people “think” the program should cost. This is what the program costs!

Neighboring school districts cannot be compared to Marlboro.
- New Paltz does not send children to Newburgh area private/parochial schools because it is outside their 15 mile radius.
- Cornwall does not transport to Poughkeepsie area private/parochial schools because it is outside their 15 mile radius.
- This effect is REAL and is mandated by law. You cannot draw comparisons of Marlboro’s transportation program cost against those of neighboring districts because of this unique geographical attribute.
MCSD Transportation Cost Driver
MCSD Transportation Cost Driver

Poughkeepsie Area Schools:
- Faith Christian
- Holy Trinity
- Oakwood Friends
- Our Lady of Lourdes
- Poughkeepsie Day
- Poughkeepsie 7th Day
- St. Martin DePorres
- St. Peter’s
- Tabernacle Christian
- Hagan School

Miscellaneous Area Schools:
- Mt. Laurel Waldorf – New Paltz
- Randolph School – Wappingers Falls
- Regina Coeli – Hyde Park
- St. Mary’s – Wappingers Falls
- St. Mary’s - Fishkill
- Storm King – Cornwall on Hudson
- NYMA – Cornwall on Hudson

Newburgh Area Schools:
- Bishop Dunn
- Hudson Hills Academy
- Leptondale Christian
- Sacred Heart
- San Miguel
- Newburgh Preparatory

Special Education Schools:
- Abilities First– Red Hook
- Arlington high School - Arlington
- Astor Day - Poughkeepsie
- Center for Discovery - Monticello
- Center for Spectrum Svcs- Kingston
- Center for Spectrum Svcs- Ellenville
- Devereux – Red Hook
- Dutchess BOCES – Poughkeepsie
- Highland Elementary – Highland
- Highland High School – Highland
- Jean Black – Newburgh
- OU Boces – Goshen
- OU Boces – Chester
- Ostrander Elementary – Wallkill
- Otisville Elementary – Otisville
- Ulster BOCES – Port Ewen

We have 39 potential out of district transportation runs.
We currently have 36 OOD runs in service.
QUESTIONS????