

STUDENT *TRANSIT*

A S o d r e l T r a n s p o r t a t i o n C o m p a n y

Prepared for:

**Region IV
East Central ESC
Connersville**

May 2nd, 2007



GENERATING VALUE FOR STUDENT LEARNING

Purpose:

To provide introductory information on a new approach to school transport

Product:

Possible commitment to a preliminary analysis program

Process:

Review the Core Elements:

The catalyst – HB 1006, and need

The founder

Stakeholder requirements

The scope

The idea

The program overview

The program: Parts 1, 2 and 3

Risks and Benefits

Formation

Summary

The core of Indiana HB 1006:

- To maximize the allocation and use of taxpayer provided resources by school districts and schools for student instruction and learning.
- To confirm the authority of school districts to use a variety of methods to reduce the costs of acquisition of products and services.
- To instruct the state board to oversee the consideration of statewide means to acquire products and services.
- To recognize school districts that achieve effective allocation of resources to student instruction and learning.

- A school corporation individually, in collaboration with other school corporations, and through the educational services centers may undertake action to reduce non-instructional expenditures and allocate the resulting savings to student instruction and learning. Actions taken under this section include the following.....transportation management

State	State Avg. Operating Expenditures Allocated to Instruction (%)	Total Number of Districts*	Percentage of Districts Spending Less than 65% on Instruction
Illinois	59.8	880	76%
Indiana	61.2	292	93%
Kentucky	61.0	174	91%
Michigan	57.0	553	n/a
Ohio	57.4	608	95%

Source: S&P School Matters, “65 Percent Solution”

STUDENTTRANSIT

A Sodrel Transportation Company

The Founder

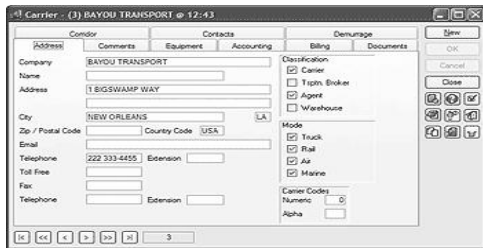
The Sodrel Group

(partial list)

Sodrel Logistics

4th Generation Family Business

Transportation Strategies



Sodrel Truck Lines

Free Enterprise System

Star of America





HB 1006 Compliant



Generate significant cost savings w/guarantees



Create new sources of revenue



Manage a non-core activity



Control over the process and stability



Stability and little if any negative economic impact

The Transportation Asset Management Program includes:

- To & From School, Sport Team, Field Trip & Event Transport
- Special Need Student Transport
- Pedestrian Student Support Services (crossing guards)
- Student Safety, Technology & Security and Communication Services (routing, schedules, alert systems, GPS tracking..)
- Vehicle Maintenance Facility Management and Services
- Fleet Management, Quality, Safety & Operational Mgt.
- Procurement and Vendor Management
- District, School, Student and Parent Relationship Mgt.
- Administrative and Support Functions (Finance, HR, IT....)

STUDENT *TRANSIT* started with a clean sheet of paper and designed a Transportation Asset Management Program.

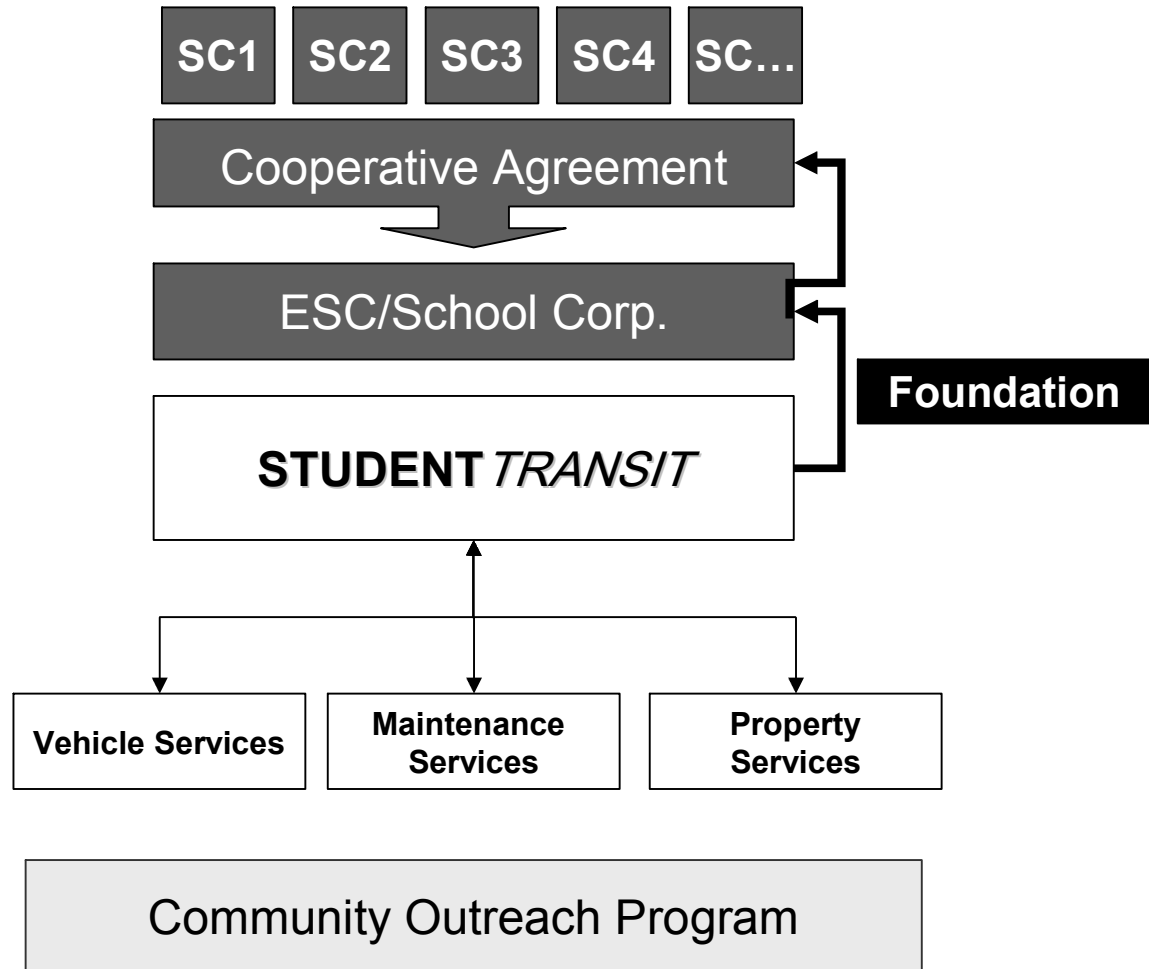
There are 4 key elements:

1. Facilitation of collaborative transportation agreements designed by participating school corporations to optimize transportation asset performance
2. Use of existing transportation assets to generate new streams of revenue
3. Use cost savings and new revenue to fund instructional services
4. **STUDENT *TRANSIT*** operates as “social corporation” and charges a flat management fee to optimize contribution to school districts

Part 1:
Service
Configuration
Design

Part 2:
Optimize Asset
Performance
To Save Costs

Part 3:
Leverage
Assets:
To Generate
Revenue



The Start: School Corporations design their program and determine the balance between desired control and the desired savings.

The School Corporation, the ESC and **STUDENT*****TRANSIT*** jointly collaborate on an effective design and management structure for the desired configuration of transportation services.*

This is done by:

- creating a matrix of all student transportation activities (see next page)
- determining where that activity will be performed
- determining the value impact of desired configurations - if the value of a configuration is not sufficient to meet the objectives, it is edited until a satisfactory balance is achieved
- developing a tailored program based on the results

** School Corporations may do this independently as well*

STUDENTTRANSIT

A S o d r e l T r a n s p o r t a t i o n C o m p a n y

		School	ESC	STRANS
Operations	Strategy and Business Planning	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Vehicle Procurement and Strategic Sourcing	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Admin: Human Resources, Finance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Fleet and Facility Management	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Student Safety and Communication	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Performance, Audits and Reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Scheduling	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Routing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Fleet Utilization	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Fleet Inspections and Maintenance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Driver Training and Certification	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SAMPLE	Managed Network Services	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Managed Security Services (Vehicle, Passenger)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Vehicle Healthcheck	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Vehicle Location and Route Performance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Student Ridership	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Capacity Planning & Performance Management	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	R&D and Benchmark Student Mobility and Safety	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Services	School District Service Portfolio	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	School Based, Sport Teams, Field Trips & Events	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Student Service Portfolio	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Public Service, Personalization, Student Mgt.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Parent Service Portfolio	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Driver, Performance, CSC & Safety Communication	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Support Service Portfolio	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Police, Criminal Justice, Security Interface	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Part 1: Design

The school districts collaboratively determine where the control and management of each student mobility and safety activity will lie.

Once a configuration is agreed, the value implications are determined.

SAMPLE DATA

Financial :

- Currently operates at \$50+ per driver hour
- Target is <\$40 per hour (= 20%+ efficiency)
- Paths to reduced capital spending identified

Fleet Analysis

- Fuel MPG about 50% of potential (reduction of fuel cost by 40%+)
- Move insurance from vehicle to mileage based (30% ins. cost savings)
- Plan to make fleet common (5% in bus purchase savings)

Maintenance Analysis

- Move from fixed cost basis to pro-rated cost per hour (20% savings)
- Inspection readiness moved from summer activity to: all vehicle always ready program
- Maintenance schedule changes and Working Team Model (5% savings)
- National Fleet procurement program (5-7% savings on parts and tires)

SAMPLE DATA

Drivers

- Employees with more than “x” years of experience maintained in the existing pension program until vested or retired
- Create opportunity for cross training for motor coaches or trucks
- Testing, training, and assessing existing staff:
- Federal background (and sex offender) screening to Federal Standards
- Conduct licensing and road tests

For new drivers:

- Institute a 2nd tier salary and benefit package for new drivers
- Offer cash in lieu of benefits for those already under family coverage
- Institute a program where after 1000 hrs annually drivers qualify for pension benefits on a defined contribution basis
- Institute a program where after 2000 hrs annually drivers qualify for health benefits

SAMPLE DATA

Maintenance Staff

- Testing, training, and certifying existing staff
- Implementing a variable schedule
- Offer STUDENT **TRANSIT** benefits
- Offer STUDENT **TRANSIT** pension program - defined contribution
- Senior person is a managing working foreman

Support Staff

- A review of administrative roles and responsibilities
- Determining which roles can be done by SODREL Central staff ops.
- Expand dispatcher and expand their job responsibilities
- Train for Community Outreach Program or new student support roles

Management

- The use of one General Manager with all other supervisor/foremen having operational responsibility.

SAMPLE DATA

Utilizing Fleet Assets: Private Charter

Revenue potential is based on the following:

Average Cost for School Bus Charter for an 8 hour day: \$60 per hour

Fully loaded costs: \$35 per hour (estimated)

Revenue Contribution to the School: \$25 per hour (estimated)

Research indicates that 10% of a fleet can be utilized for private charter.

Example:

Fleet: 60 buses.

Potential revenue is calculated on 10% Fleet: 6 buses.

Average number of days for charter services: 75 per bus.

Unrestricted potential for the revenue and contribution:

Revenue: $6 \text{ buses} \times 75 \text{ days} \times 8 \text{ hours} \times \$60 \text{ per hour} = \$288,000$

Contribution: $6 \text{ buses} \times 75 \text{ days} \times 8 \text{ hours} \times \$25 \text{ per hour} = \$90,000$

SAMPLE DATA

Utilizing Facility and Maintenance Assets: Private Maintenance

Revenue potential is based on the following:

Commercial Rate for Maintenance Services: \$69 per hour

Fully loaded costs: \$44 per hour

Revenue Contribution to the School Board: \$25 per hour

Example

A maintenance facility with 3 bays

Capacity = 3 bays x 8 hours per day x 200 days = 4,800 available hours

The unrestricted potential for facility based revenue and contribution:

Revenue: 4800 x \$69 per hour = \$331,200

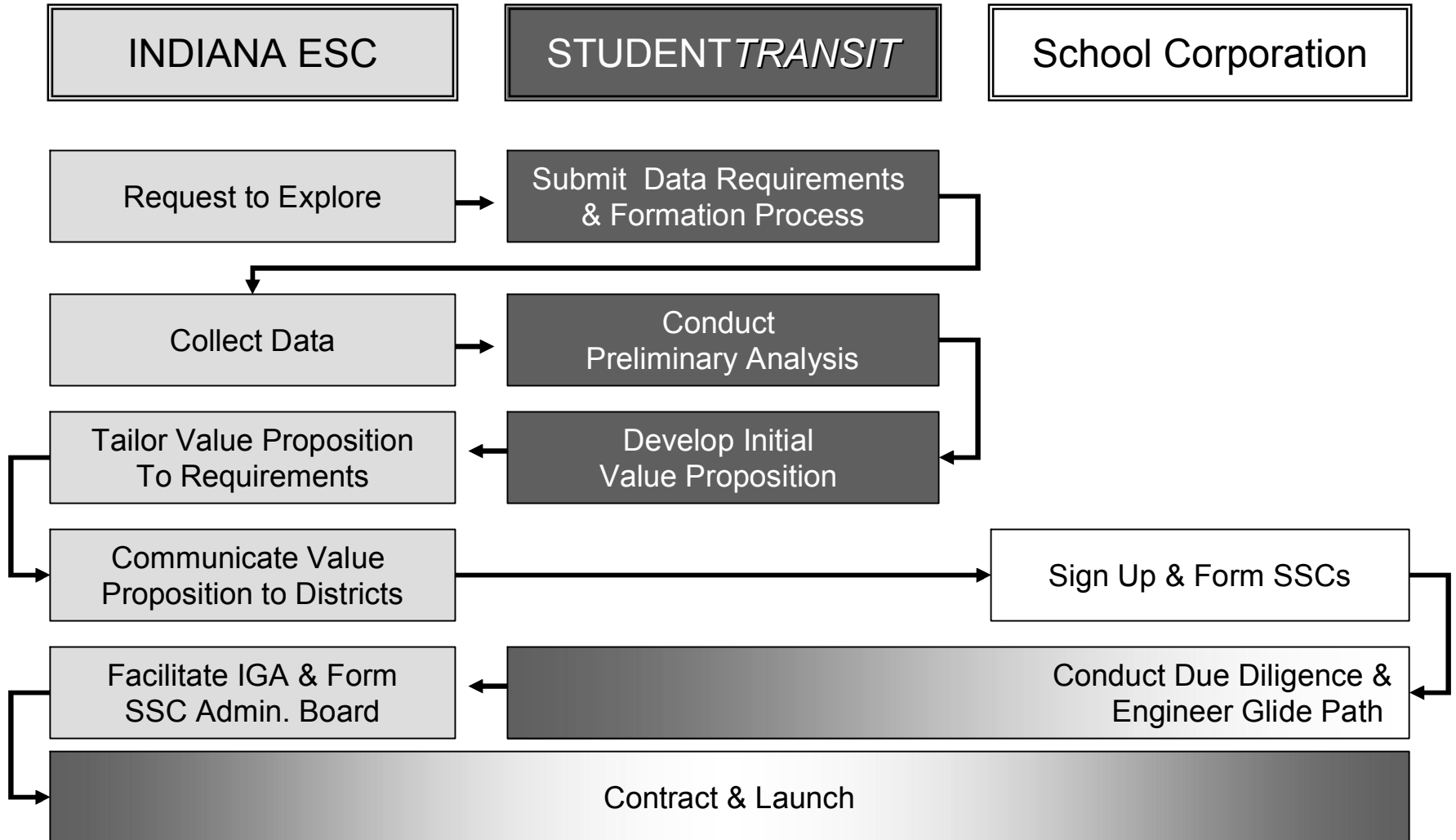
Contribution: 4800 x \$25 per hour = \$120,000

Risks

- Balancing Control in Exchange for Value Creation and Savings
- Achieving Asset Management Performance Goals
- Introducing Significant Change to Business Operations
- Managing Economic Impact to the Community

Benefits

- Increases Funds for Student Instruction
- Leverages Assets to Generate Value
- Increases Job Opportunities and Security for Existing Workers
- Contributes to Local Economy with Potential New Jobs
- High Degree of Local Control
- High Levels of Flexibility and Agility
- Increased Levels of Safety



Working collaboratively, Indiana School Corporations,
ESCs and **STUDENT*TRANSIT***
have the unique and optimal combination of capabilities
to achieve a **value break-through**
and fulfill the demands and requirements of a
school's many stakeholders.