

# STUDENT *TRANSIT*

A S o d r e l G r o u p C o m p a n y

**Prepared for:**

**NW Indiana Educational  
Service Center**

**May 17th, 2007**



**GENERATING VALUE FOR STUDENT LEARNING**

**65%**

65% Instructional Spending Goal: State of the State

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%
<b>Indiana</b>	<b>61.2</b>	<b>292</b>	<b>93%</b>
Kentucky	61.0	174	91%
Michigan	57.0	553	n/a
Ohio	57.4	608	95%

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

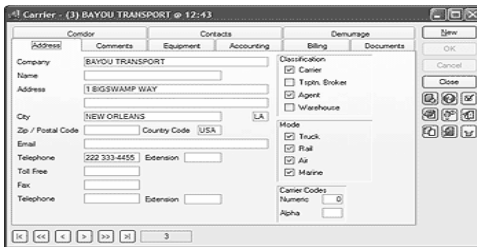
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## The Catalyst: Indiana HB 1006

- 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.
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- 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

## Program Designer: The Sodrel Group

Sodrel Logistics



4<sup>th</sup> Generation  
Family Business



Transportation Strategies



Sodrel Truck Lines



Free Enterprise System



Star of America





HB 1006 and  
legally compliant



Generate significant cost  
savings w/guarantees



Create new sources  
of revenue



Manage a non-core activity  
at a higher standard



Local control over the process



Stability and a positive  
economic impact



No Privatization

**Transportation Asset Management Program** includes:

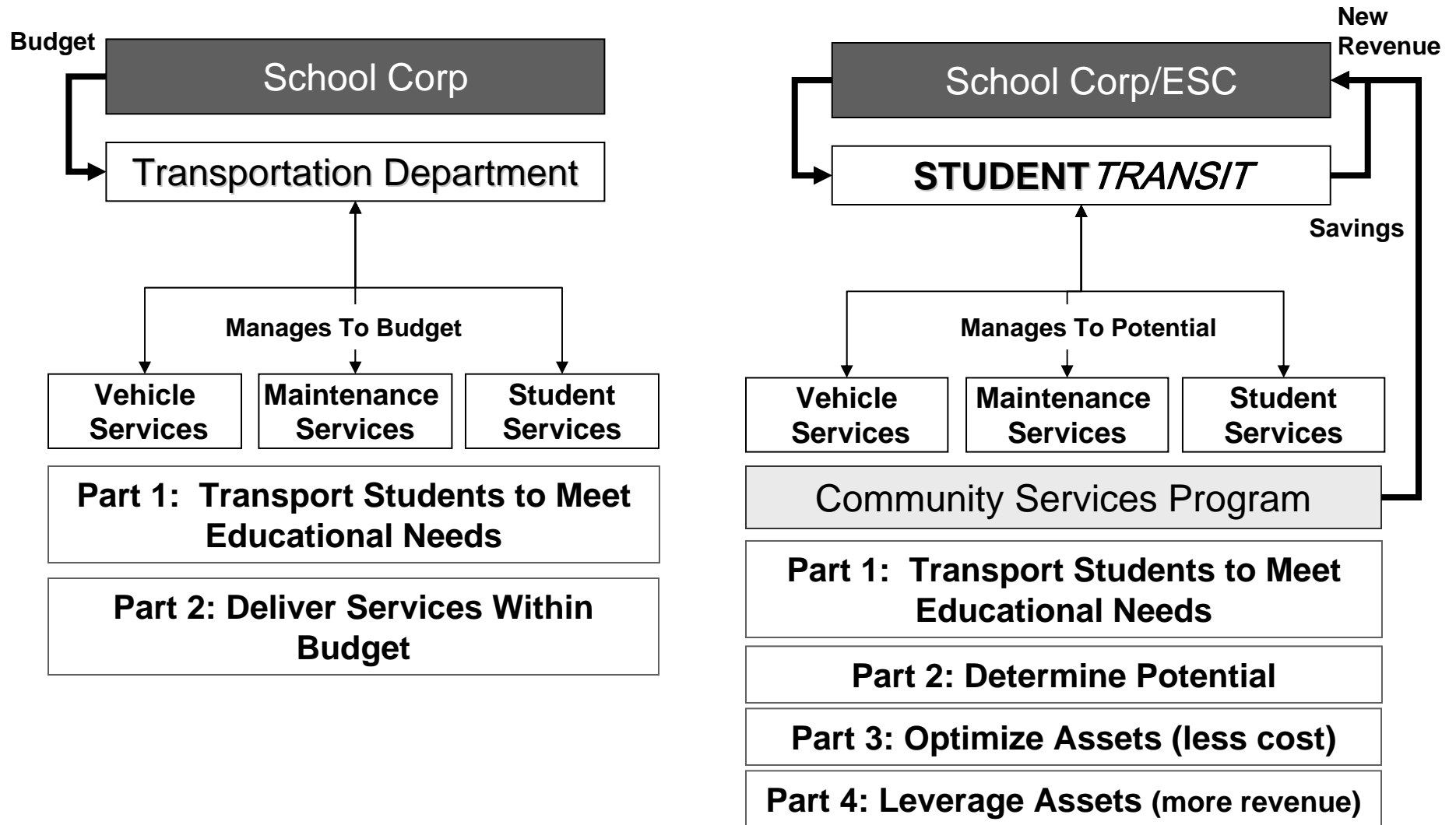
- To & From School, Sport Team, Field Trip & Event Transport
- Special Need Student Transport
- Pedestrian Student Support Services (crossing guards)
- Student Safety, Technology & Security and Communication Services (routing, schedules, alert systems, GPS tracking..)
- Vehicle Maintenance Facility Management 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.

**Key elements:**

1. 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 a service company and charges a flat fee to optimize the contribution to school districts

The Process: Overview of As-is and To-be





## Service Configuration

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

The School Corporations 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
- determining where that activity will be performed
- determining the value impact of desired configurations
- developing a tailored program based on the results

		S-Corp	ESC	S-TRANS
Operations	Strategy and Planning	█	□	█
	Vehicle Procurement and Strategic Sourcing	█	█	□
	Admin: Human Resources, Finance ....	□	□	█
	Fleet and Facility Management	□	□	█
	Student Safety and Communication	█	□	█
	Performance Reporting	□	█	█
	Scheduling Staff	□	□	█
	Routing	█	□	█
	Fleet Utilization	□	□	█
	Fleet Inspections and Maintenance	□	□	█
	Driver Training and Certification	□	□	█
	Managed Technology Services	█	□	█
	Managed Security Services (Vehicle, Passenger)	□	□	█
	Vehicle Health check (MVR/DVR)	□	□	█
	Capital Spending and Facility Improvements	█	□	□
Services	School District Service Portfolio	█	█	█
	Sport Teams, Field Trips & Events	□	□	█
	Student Service Portfolio	█	█	█
	Public Service, Personalization, Student Mgt.	█	□	█
	Parent Service Portfolio	█	█	█
	Driver, Performance, & Safety Communication	□	□	█
	Support Service Portfolio	█	█	█
	Police, Criminal Justice, Security Interface	█	█	█

## **Asset Performance**

- Many School Corporations currently operate at \$50+ per driver hour.
- A program goal of \$40 per hour = 20% efficiency savings

## **Key Objectives**

- All drivers retained @ current compensation levels
- All mechanics retained with time pro-rated to existing services and the Community Service Program
- All support and management staff retained with time pro-rated to existing services and the Community Service Program
- Additional training and revenue opportunities available for staff
  
- Community Service Program will require new jobs
- The program will support Vocational Training Programs

## **Fleet Plan**

- Fuel management program to reduce cost 40+% - 3.29 mpg to 6 mpg
- Split coverage to blanket coverage for core fleet and mileage based for spares insurance resulting in additional cost savings.
- Recommend move to common fleet to save training and parts cost
- Annual review of routes and schedules
- Inspection readiness moved from summer activity to: all vehicle always ready program

## **Maintenance Plan**

- Introduce new time management program with time and costs prorated to support bus maintenance, school corporation maintenance and the Community Service Program
- Inspection readiness moved from summer activity to: all vehicle always ready program
- National fleet procurement program to generate savings on parts and tires

Savings in the range of 20-30%

## **Driver Program**

- Federal background drug and alcohol screening to Federal Standards
- Conduct licensing and road tests
- Offer cash in lieu of benefits
- Additional training offered to drive other commercial vehicles
  - Additional revenue opportunities from private charter services
  - Included in Sodrel Group job postings
  - Institute a seniority program that creates a tiered salary and benefit package for new drivers

## **Maintenance Program**

- Testing, training, and certifying of existing staff
- Additional training offered to maintain sister company vehicles
- New job opportunities to support private maintenance services under the Community Service Program
- Included in Sodrel Group job postings

## **Management and Support Staff Program**

- Operate transportation office and Community Service Program with existing staff
- Introduce Sodrel Group transportation systems and processes
- Migrate back office services to Sodrel Group

# STUDENT *TRANSIT*

A S o d r e l G r o u p C o m p a n y

## **Community Services Program**

- Maintenance Services
- Private Charter
- Training



GENERATING FUNDS FOR **STUDENT LEARNING**

## **Community Services Program**

This program is an innovation that enables to school corporation to generate new sources of funds, avoid privatization and generate new services for the community. It is a core element of the Asset Management Model.

The program uses the facility to offer maintenance services and uses the fleet to offer charter services.

The benefits:

- Leverages school assets to much needed generate funds
- Creates new revenue opportunities for the staff
- Creates additional part-time job opportunities
- Offsets any core transportation job losses
- Supports the existing vocational education program
- Provides a platform for career progression

Utilizing the Facility to conduct **Maintenance Services** on Commercial and Government Vehicles.

Revenue potential for a calendar year is based on the following:

A Commercial Rate of \$70 per hour, use of 3 bays, 20 days per month for 8 hours per day. Year 1 forecast:

403,200.00	1.00	Revenue Capacity
198,240.00	0.49	Targeted Revenue
78,984.00	0.40	Community Contribution (Cost)
19,824.00	0.10	Management Fee
78,984.00	0.40	Contribution

Utilizing Fleet Assets for Private Charter

Revenue potential for a calendar year is based on the following:

A charter rate of \$60 per hour, utilizing 10% of the fleet for 8 days per month during the school year and 20 days per month during the summer.

380,160.00	1.00	Revenue Capacity
239,040.00	0.63	Targeted Revenue
128,723.52	0.54	Community Contribution (Costs)
23,904.00	0.10	Management Fee
86,412.48	0.36	Contribution

**Capacity Utilization** is the result of collaboratively working with the local business community to develop maintenance service contracts for their commercial vehicles.

Local businesses can further support the schools by allocating a portion of their maintenance work to the facility.

Program Goals:

2007 Capacity Utilization for Maintenance Services beginning @ 20% and reaching 70%

2007 Capacity Utilization for Private Charter Services beginning @ 25% and reaching 75%



Working collaboratively, Indiana ESC's, School Corporations and **STUDENTTRANSIT** 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.