



Mt Diablo Unified School District

Office of General Counsel
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MEMORANDUM

DATE: November 4, 2010

TO: Steven Lawrence, Superintendent

FROM: Greg Rolen, General Counsel

RE: **Recommendation to Discontinue Participation in Contract with County Office of Education for the Provision of Limited Transportation Services: Request for Staffing, Buses and Transport Assistants Necessary to Assume the Provision of These Services Using In-District Resources**

Background

In a memorandum dated February 6, 2010 (attached), staff recommended that the District consider self-performing those transportation services for most, if not all of the larger special needs ridership which was, and is presently, being provided through a long-standing contract with the Contra Costa County Office of Education (CCCOE). Based on an analysis of projected staffing, bus acquisition and maintenance costs it was determined that, at that time, a predictable and persistent cost savings could be realized if the District elected to provide transportation to this specific special needs group using in-house resources. Based on the potential savings identified in this analysis, and the proposed self-performance proposal, the Special Education Department subsequently subsumed and incorporated these projected savings for Fiscal Year 2011-2012 in the most recent 2010 budget reduction exercise.

Since the February 6, 2010 recommendation, staff has worked to re-validate the savings which might be realized in an updated recommendation to self-perform these transportation services in the 2011-2012 School Year. Staff has collaborated with financial consultants in an effort to identify a viable funding mechanism for the acquisition of necessary buses, and has verified and updated all staffing costs through the Fiscal Services Department. Given the projected costs associated with the continued reliance on the existing 2010-11 contract with the CCCOE, staff has been determined that the District could indeed realize significant long-term cost reductions through discontinuance in the existing CCCOE contract and the in-house provision of those same services.

Discussion

Existing Contract Costs

On September 14, 2010 the Board of Education approved an agreement with the Contra Costa County Office of Education (CCCOE) to provide transportation services (through a contract with Durham School Services) for the 2010-11 school year. Total costs for the 2010-2011 School Year were projected to be \$1,560,300. However, assuming that CCCOE would receive 80% of its special education apportionment from the State, MDUSD's projected annual costs for 2010-2011 under this agreement would be reduced by approximated \$400,000. So assumed, the total CCCOE contract value was approved for \$1,160,300.

It is important to bear in mind that any future state special education apportionment, whatever it might eventually be, would be based on MDUSD ridership and as such would, eventually have the same application and economic effect on a MDUSD-administered program as it would on a CCCOE-administered program. However, because such apportionments are distributed 'in the rears', MDUSD would suffer one (1) transitional year absent the benefit of apportionment offsets in a transition to self-performance.

Estimated In-District Costs

Transportation:

A 2009 assessment of the ridership then serviced by Durham School Services indicated that nineteen (19) additional bus routes would need to have been established to accommodate the entire MDUSD ridership then serviced under the CCCOE contract. A recent, fall, 2010 in-house assessment of this same special needs population has again reconfirmed the need for nineteen (19) separate routes. Absent any appropriate vehicles or sufficient permanent staff, nineteen (19) vehicles would need to be procured and nineteen (19) additional, permanent School Bus Driver (.625 FTE) positions would need to be approved to establish the routes. Information provided by the Personnel Systems Manager reveals that the projected annual cost for nineteen (19) permanent, fully-benefited School Bus Drivers for the 2011-2012 School Year would be **\$721,865.00**. This number assumes no medical/dental increase. The present day cost of nineteen (19) new and appropriately equipped school buses would be approximately \$1,378,925. The annual debt service for a seven (7) year lease/purchase for these nineteen (19) buses would be approximately **\$209,992.00**. Using present-day vehicle maintenance and fuel costs, projected expenditures for regular maintenance and fuel for nineteen (19) additional buses would be approximately **\$137,750.00**. The total 2011-2012 annual cost then, for Mt. Diablo Unified to assume the transportation (exclusive of Bus Assistant costs) services currently provided by Durham through the CCCOE contract is estimated to be **\$1,069,607.00**

Assistants:

Included in the 2010-2011 cost of \$1,160,300 for the recently Board-approved CCCOE contract was the cost for the provision of seven (7) vendor-provided Bus Assistants assigned to seven (7) specific Durham routes. These Bus Assistants are assigned exclusively and unilaterally (absent input or involvement from the District) by Durham in response to special needs students or chronic behavior management situations. The District is charged a flat per diem rate for these Bus Assistants irrespective of the hours actually worked. Arguably then, it would seem as though in-house staffing alternatives might easily yield appreciable cost reductions here.

Using data, again provided by the District's Personnel Systems Manager, it has been projected that seven (7) Special Education Transport Assistants (.625 FTE) could be retained for a total annual cost of **\$247,538.00** for the 2011-2012 school year.

Recommendation

Absent any dramatic change in student ridership or prospective discounting in contract service costs it would be difficult not to once again reaffirm a recommendation that the District consider self-performing transportation service for at least a significant portion, if not all of that ridership currently served under contract with CCCOE. As such, we are respectfully requesting that in addition to approaching the Board for the procurement of nineteen (19) specialized school buses, that we be permitted to petition the Board for consideration of the creation of nineteen (19) School Bus Driver positions (.625) and seven (7) Special Education Transport Assistant (.625 FTE) positions. Using available data, and assuming the historically consistent level of ridership presently served under the CCCOE agreement, as well as the approximate cost of participation in the agreement, would continue into 2011-2012, the proposed self-performance of all transportation services heretofore provided for under the CCCOE agreement would total approximately **\$1,317,145.00** in 2011-2012. This represents a one year increase in operating cost of \$156,845.00 for the 2011-2012 as compared to the Board-approved 2010-2011 contract value of \$1,160,300.00. However, assuming the District would arguably begin receiving the state special education apportionment in all out years (2012 forward) the District would begin realizing appreciable annual cost savings relative to the conservative 2010-2011 contract costs. If, for example, one were to use the \$400,000.00 value (for the state Special Education apportionment offset) that Special Education used in requesting Board approval of the 2010-2011 CCCOE agreement, the District would enjoy a cost savings of approximately **\$243,174.00** in 2012-2013 through self-performance of the contracted transportation services (compared to the value of the 2010-2011 agreement).

Finally, should the Board elect to purchase the nineteen (19) buses as recommended they would become available in late 2010 or early 2011. As such, we are further proposing that the nineteen (19) School Bus Driver, and seven (7) Special Education Transport Assistant positions be created effective 1/1/2011, and activated as the buses become available. The revised contract with CCCOE allows the District to begin canceling student transportation (with appropriate notice) and savings can thereby be realized with each student removed from the CCCOE roster and transferred to MDUSD. By creating the necessary Bus Driver and Transport Assistant positions in early 2011 the District would then be able to strategically create routes and capture savings from the existing 2010-2011 contract. The Transportation Department would then be well poised and fully transitioned for full self-performance of all transportation services in the 2011-2012 school year.

Your review and consideration of this matter is appreciated.

cc:

Jeff McDaniel Bryan Richards