

Driving Innovation into School Transportation Operations A Briefing for the AAPS School Board

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TRANSPORTATION STRATEGIES
Releasing Potential



Our Three Teams

Routing

- Chris Frayer (Chelsea)
- Pam Hanson (Ann Arbor)
- Patti Henes (Saline)
- Mary Markgraff (Lincoln)
- Tammey Ranger (Willow Run)

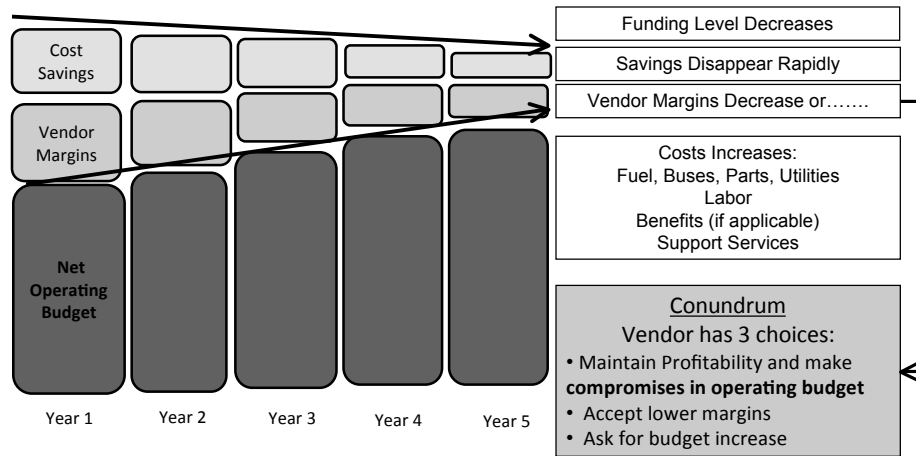
Maintenance

- Rick Knowles (Lincoln)
- Curt Lentz (Saline)
- John Nikolich (Ann Arbor)
- Steve Wolk (Whitmore Lake)
- Jim Zenz (Chelsea)

Admin

- Sean Burton (Dexter)
- Jeff Knasiak (Manchester)
- Cheryl Mayher (Milan)
- Brad Mellor (Ann Arbor)
- Kim Searcy (Ypsilanti)

Consolidated Transportation Design as an alternative to privatization and as a viable long-term solution

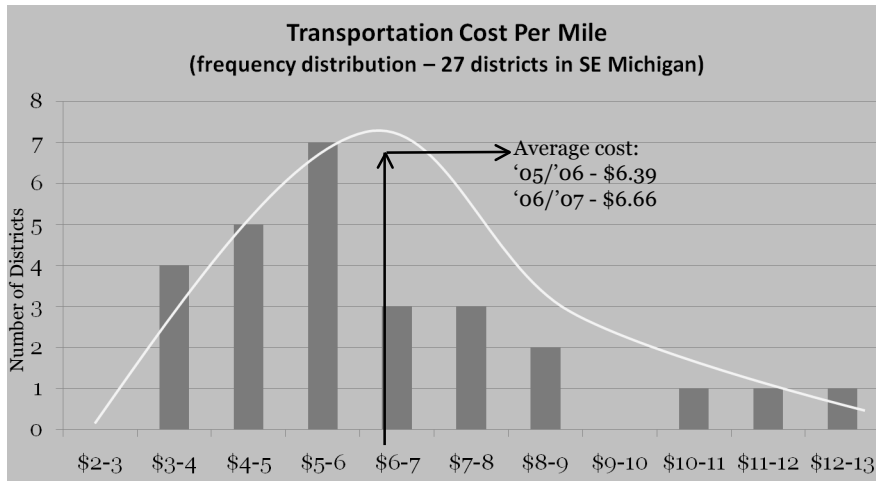


COLLABORATIVE Cost Reduction

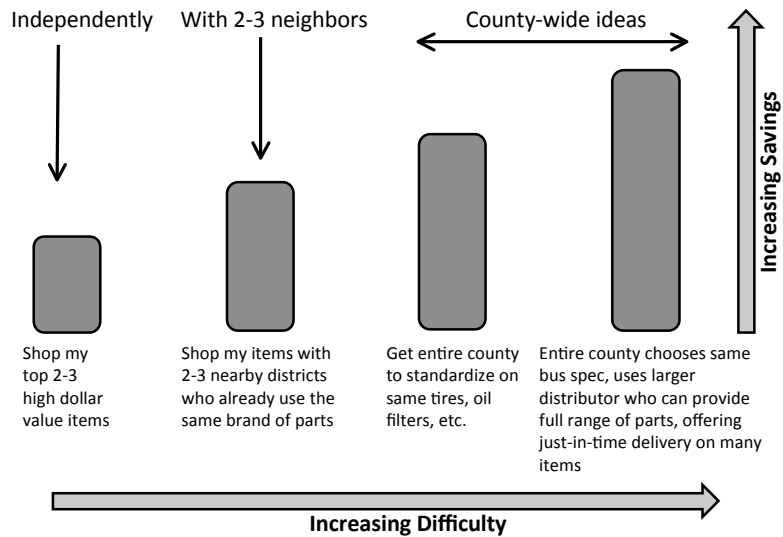


Some districts operate more efficiently than others

What can we learn from each other?



Why collaboration makes sense



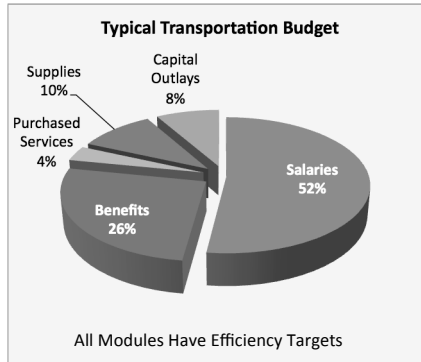
Improving operating performance first, creates better prospects for a more “humane” solution

Six (6) areas to look

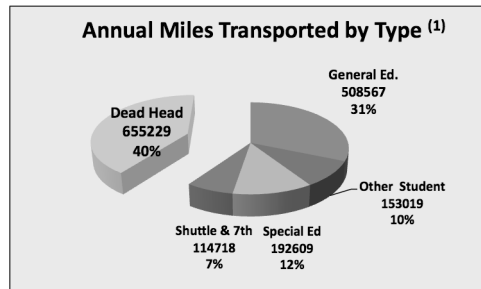


Basic Strategy:

- cut obvious inefficiencies
- reduce # of routes – which drops all other cost categories
 - route optimization
 - district policy changes



Operational savings: an example



⁽¹⁾ Actual data from Ann Arbor schools

What these Dead-Head Miles Cost

(Cost per year - in \$)

Fuel	\$ 191,307
Driver Labor	\$ 941,345
Maintenance	\$ 222,465
TOTAL	\$ 1,355,117

Dead-head Miles – Miles Without Students On The Bus

Ideas for improvement

- create remote parking locations or
- share facilities in neighboring districts
- optimize routes not bound by existing district boundaries

Possible Consolidated System Design



Case study – some sources of savings

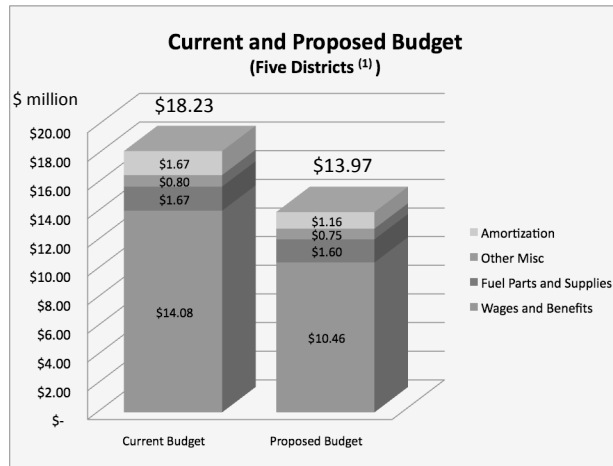
The savings that can come from:

• Remote Parking – Reduced Dead Head	4%
• Routing Guidelines (Reduces hours and miles)	2%
• 2+ Tier Wage Systems	3%
• Special Ed optimization	4%
• Lower Hourly Wages and/or Benefits Cost	5%

Additional Savings From partnering:

• Purchasing Economies of Scale – Common Vendors	1%
• Common Fleet and Bus Specification	1.5%
• Common Policies, Processes and Standards	.5%
• Centralized management	2%
	23%

We project saving \$4.25M (23.3%)



⁽¹⁾ Ann Arbor, Lincoln, Whitmore Lake, Willow Run, and Ypsilanti

For all 10 Districts,
projected savings are
\$5.91 mm (25%)

*Note – proposed budgets
are at “steady state” and
after implementation costs.*

Key Milestones

COMPLETE

- A common bus specification and purchasing via MSBO Program
- A WISD OEM parts purchasing program with common vendors
- A WISD Aftermarket parts purchasing program with common vendors
- A WISD Fuel purchasing plan with a common vendor
- Common Inventory Management software and a goal of \$250 of inventory per bus
- Common Routing Software
- Common routing guidelines
- Moving to the MAPT Preventative Maintenance Standards
- Organizational structure, and business model

IN PROCESS

- WISD Special Needs Transportation Network for both In and Inter-District Students
- Wage scales
- Refined benefits proposals
- GPS technology options
- Back office support system

Current and proposed headcount

Category	Current	Planned		
	All Washtenaw County	First 5 Districts	Second 5 Districts	All 10 Districts
Administrative and Supervisory	21	18	6	24
Drivers and Aides	525	310	156	466
Mechanics	27	13	4	17
Total Headcount	573	341	195	507

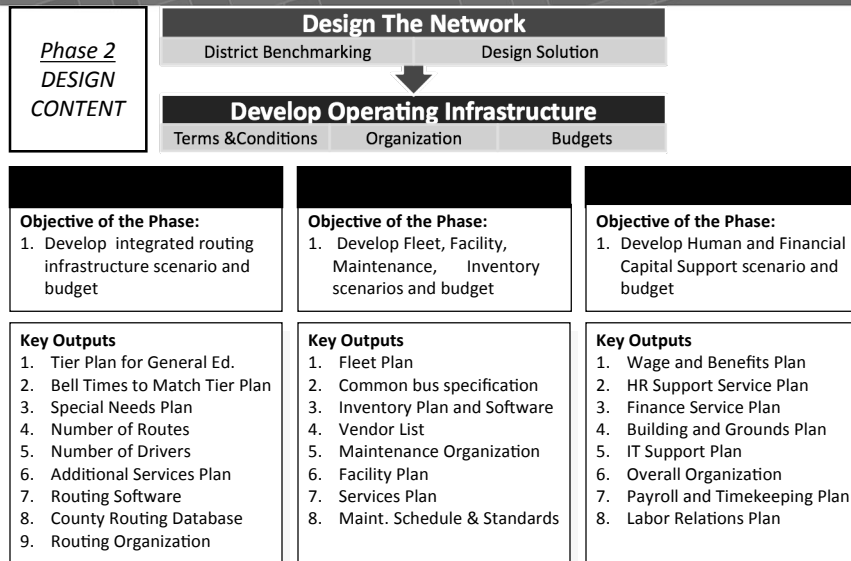
Some issues behind these numbers:

- Central organization created around first 5 districts
 - complete consolidation
 - create county-wide infrastructure
- Need to increase driver trainer-supervision (for safety)
- Need to increase leadership capacity for
 - implementation tasks
 - continuing process improvement
 - organizational development
- “Back office” services provided mainly by the WISD

WORK PLAN



Phase 2 summary



April 22, 2010

Workshop information for Washtenaw School Boards Assn.

Implementation Strategy

Special Ed, Common Procurement for all 10 districts

Form County-wide transportation entity

Complete consolidation of core participating districts

Add remaining districts in phased fashion over next year

April 22, 2010

Workshop information for Washtenaw School Boards Assn.

16

AAPS comparisons

April 22, 2010

Workshop information for Washtenaw School Boards Assn.

Transportation Options: Comparisons

FINANCE Based on Durham Alternative Bid and WISD Numbers for 5 Participating Districts

Base Cost – Labor & Benefits	\$ 4,743,200	\$ 4,716,304	\$ 6,710,720
Summer School	\$ 48,960	Included in Cost	Included in Cost
Field Trips. Extra Curricular & Sports	\$ 466,728	Included in Cost	Included in Cost
Bus Aide Costs	\$ 670,173	Included in Cost	Included in Cost
Add'l Maint. Cost	\$ 28,604	Included in Cost	Included in Cost
Fuel. Parts and Supply Costs	\$ 801,549	\$ 771,082	\$ 801,549
Other Transport Costs (taxis....)	\$ 260,000	\$ 235,192	\$ 344,017
Non-Vehicle Exp.	Included in cost	\$ 138,667	\$ 145,354
Bus Amortization	Included in cost	\$ 717,029	\$ 717,029
TOTAL COST	\$7,019,214	\$ 6,578,274	\$ 8,718,669

April 22, 2010

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Transportation Options: Comparisons

MANGEMENT

Fuel Management	AAPS	WISD Collaborative	AAPS
Parts Management	Vendor	AAPS via WISD BID SHEET	AAPS
Fleet Management	AAPS	AAPS via WISD BID SHEET	AAPS
Staff Management	Vendor	WISD Mgt. Team	AAPS
Route Management	Vendor	WISD Collaborative	AAPS
Facility Management	AAPS	WISD Collaborative	AAPS
Safety Management	Vendor	WISD Collaborative	AAPS
Back Office Mgt,	Vendor	WISD Collaborative	AAPS

Transportation Options: Comparisons

WAGES and BENEFITS

Mechanics (Average)	\$ 23.08	\$21.00	\$21.00
Drivers (Average)	\$ 16.60	\$14.70	\$16.55
Bus Aides (Average)	\$ 12.55	\$11.46	\$11.78
Pension	0	-\$238,806 from reduced wages	19.41% of wages
Benefits	Offer Full Program Emp. Contribution \$0 to \$5000	To Be Determined	Offer Full Program Emp. Contribution \$0-\$920

Transportation Options: Comparisons

SUMMARY

PRIVATIZATION	<ul style="list-style-type: none"> - Low Cost - Established Program 	<ul style="list-style-type: none"> -Employees lose pension -Contract has built in annual price increases - No opportunities for new services 	<ul style="list-style-type: none"> -Permanent structural change - Can assume contract at end of the term 	<ul style="list-style-type: none"> - Loss of long term employees - Public perception
WISD PROGRAM	<ul style="list-style-type: none"> - Lowest Cost - Pension Retention - Cost efficient using economies of scale - Voice in its Mgt. = Shareholder - Program adaptable - Meets taxpayer requirements 	<ul style="list-style-type: none"> -Timeline is Challenging 	<ul style="list-style-type: none"> -Room for continued Improvement -Adjust with Lansing initiatives - Allows for future collaboration with other entities 	<ul style="list-style-type: none"> -New Program - WISD ability to make transition
LABOR OFFER				