

Operations Memorandum

To: New Haven Board of Education Finance and Operations Committee

From: Michael J. Pinto, COO & Philip Penn, CFO

Date: June 29, 2020

Re: First Student Amendment (Covid-19)

Contractor Name: First Student

Contractor Address: 140 Middletown Ave., New Haven, CT 06513

Is the contractor a Minority or Women Owned Small Business? N/A

Renewal or Award of Contract/Agreement? Amendment

Total Amount of Contract/Agreement and the Hourly or Service Rate:

The invoices for the remainder of the 2020 fiscal year, shall be reduced by an aggregate amount of \$1,507,967.99

Contract or Agreement #:

21547 – Regular & Special Education Bus Transportation

21548 – Out of Town & Special Education Bus Transportation

Funding Source & Account #:

Regular & Special Education Bus Transportation Acct # 190-47100-56601

Out of Town & Special Education Bus Transportation

Acet # 190-49400-56602 Acet # 190-49400-56607

Key Questions: (Please have someone ready to discuss the details of each question during the Finance & Operations meeting or this proposal might not be advanced for consideration by the full Board of Education):

1. What specific service will the contractor provide:

The contractor provides transportation for students in and outside the district, to and from school.

2. How was the contractor selected? Quotes? RFP? Sealed Bid or Sole Source? <u>Please</u> describe the selection process including other sources considered and the rationale for selecting this method of selection:

N/A

3. If this is a renewal with a current vendor, has the vendor's performance been satisfactory under the existing contract or agreement?

First Student is the contract provider for student transportation. This amendment is made pursuant to the Governor's Executive Order 7R. The order requires the district to evaluate contracts to determine whether amendment is necessary to more accurately reflect the actual costs incurred by the contractor incurred during Covid-19 shutdown.

- 4. If this Contract/Agreement is a Renewal has cost increased? If yes, by how much? The contractor and the City entered into good faith negotiations regarding amendment to the contract due to the Executive Order 7R. This amendment, pursuant to Executive Order 7R, reduces the overall contract price by \$1,507,967.99. First Student has signed the attached amendment attesting that the costs reasonably reflect actual costs incurred.
- 5. If this Contractor is New has cost for service increased from previous years? If yes, by how much?

 N/A
- 6. Is this a service existing staff could provide? Why or why not? N/A

AMENDMENT NO.1 TO NHPS REGULAR AND SPECIAL ED BUSING AND NHPS SPECIAL ED AND OUT OF TOWN BUSING AGREEMENTS BY AND BETWEEN THE CITY OF NEW HAVEN AND FIRST STUDENT INC.

This agreement made this _____ day of June, 2020, is by and between First Student, Inc. (hereinafter referred to as the "Contractor"), and the City of New Haven (hereinafter referred to as the "City").

WHEREAS, the City and the Contractor entered in to two agreements for the provision of bus transportation services to the Department of Education of the City of New Haven (hereinafter referred to as "NHPS"), dated as of June 21, 2019: one contract name NHPS Regular and Special Ed Busing and one contract name NHPS Special Ed and Out of Town Busing (hereinafter referred to collectively as "Contract"); and

WHEREAS, the contract term for each agreement is from July 1, 2019 to June 30, 2023; and

WHEREAS, on March 10, 2020, Governor Ned Lamont issued a declaration of public health and civil preparedness emergencies, proclaiming a state of emergency throughout the State of Connecticut as a result of the coronavirus disease 2019 (COVID-19) outbreak; and

WHEREAS, as a result of the state of emergency, NHPS cancelled all classes and school related activities effective March 13, 2020; and WHEREAS, on March 31, 2020 the Governor issued Executive Order 7R regarding, in part, the preservation of student transportation services and special education providers; and

WHEREAS, on April 14, 2020 the State of Connecticut Department of Education, issued Frequently Asked Questions Regarding Executive Order 7R, providing additional guidance regarding the application of Executive Order 7R to existing agreements for the provision of student transportation services; and

WHEREAS, in accordance with Executive Order 7R, the City with agreement of NHPS determined that the Contracts require amendment to more accurately reflect the actual costs incurred during the duration of the public health and civil preparedness emergencies; and

WHEREAS, the Contractor and the City entered into good faith negotiations regarding amendment to the Contract; and

WHEREAS, Contractor provided reasonable documentation of the fact that it is charging only the actual and reasonable cost of sustaining wage and health insurance payments for active employees and/or fleet while also engaging best efforts to avoid unnecessary costs, and such documentation is made exhibit A hereto and attested to herewith; and

WHEREAS, Contractor has represented, affirmed, and attested that (a) it has sustained wage and health insurance payments for all active employees, and (b) any employees furloughed, laid off, or otherwise separated from employment have been rehired or otherwise restored to active employment; and

WHEREAS, Contractor billing practice includes the issuance of multiple invoices each month for services rendered under the contracts;

NOW THEREFORE, It is hereby agreed:

- 1. Contractor's March invoices will be reduced by the agreed amount of \$178,688.56;
- 2. Contractor's invoices for the remainder of the 2020 fiscal year, ending June 30, 2020, shall be reduced by an aggregate amount of \$1,329,279.43; with said reductions applied pro rata to each of the invoices issued or to be issued for the months of April, May, and June 2020;
- 3. In the event Contractor receives any government payment or compensation, other than invoiced amounts under the Contract, whether under the CARES Act or any other existing or future government economic stimulus plan, such payment shall be applied to further reduce Contract billings in an amount to be separately negotiated and agreed, with the terms "government payment or compensation" and "government economic stimulus plan" used by way of example and description and not limitation;
- 4. In the event the Contractor receives any reduction in its premiums for liability insurance of any type, in place to cover liabilities relating to its operations for the New Haven Public Schools, the Contractor shall provide a credit to the New Haven Public Schools representing a pro rata share of the savings for its New Haven operations;
- 5. This amendment is limited to amounts contracted and billed for fiscal year 2020 and, in the event the public health and civil preparedness emergencies continue thereafter, into fiscal year 2021, into the 2020-2021 NHPS school year, and potentially longer, City and Contractor understand and agree that the Contract is subject to further amendment in accordance with Executive Order 7R;
- 6. All terms of the Contract remain in full force and effect, except for the express terms stated herein.

This Amendment, together with the Contract and all Contract Documents specified therein, constitute the entire agreement between the parties.

In witness whereof, the parties have executed two (2) counterparts of this Amendment as of the day and year first written above.

FIRST	STUDE	NT, INC.	
By	MICH	ALL IRUJIL	<u>~</u>
Its	AREA	GELALAL	Managin
Duly A	uthorize	d	

CITY OF NEW HAVEN By Yesenia Rivera President, New Haven Board of Education Duly Authorized

WITNESS:

V P

Attestation:
I, MICHAEL, , IROJINO, having been duly sworn, hereby attest, affirm, and swear to the accuracy of the representations herein and in the documentation provided and attached hereto as Exhibit A.
J-u
First Student,
By MICHAEL TRUINED
Its ACM
Duly Authorized
State of Connecticut:
County of New Haven:
On this the day of June, 2020, before me,, the undersigned officer, personally appeared, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.
In witness whereof I hereunto set my hand.
□ Notary Public Date My Commission Expires:
☐ Commissioner of the Superior Court

Pavicad	5/8/2020	Daul
REVISEU	$\Delta I \cap I \subset U \subset U$	Paul

Total Expenses

11845 New Haven	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Apr	May	June	Total	Savings to city	Comments	
Direct Labor - Contract	769,972	1,006,651	828,421	191,490	86,216	1,036,760	895,016	926,740	866,955	780,911	762,584	1,155,928	9,307,643	645,679	909,554	917,535	2,472,768	-	Wages paid to drivers during the completion of home to school routes	
Direct Labor - Stu Cont OT	51,873	65,644	35,769	1,811	3,468	35,083	33,645	46,999	38,388	24,176	44,889	36,671	418,415	28,620	40,382	40,621	109,623	36,541	Wages paid to drives > 40 hrs. Sr. drivers bid long routes and additional tasks such as fueling etc	savings of 1/3rd due to OT
Direct Labor - Student Charter	24,077	32,984	19,667	-	285	15,179	21,264	24,591	20,560	20,253	16,579	8,453	203,892	28,761	38,562	13,879	81,202	81,202	Wages to drivers while completing athletic or field trip run	
Direct Labor - Outside Charter	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-			
Direct Labor - Paid Time	20,053	32,131	26,873	2,922	3,056	24,784	23,221	14,583	29,116	32,617	23,242	20,964	253,561	20,435	31,340	26,045	77,820		Wages paid to drivers for state mandated sick time accrual	
Direct Labor - Non Driving	19,436	22,525	28,051	31,695	61,358	38,117	28,003	34,314	30,042	25,572	30,874	30,424	380,411	19,825	22,976	28,612	71,412	-	Wages paid to drivers for conducting child checks, bus positioning, bus sanitising	
Direct Labor - Training	15,717	10,405	16,173	29,682	11,285	8,741	9,133	13,743	9,359	7,135	7,700	7,491	146,563	16,031	10,613	16,496	43,140		Wages paid to drivers for recieving state mandating training	
Direct Labor - Safety	5,427	2,367	1,893	2,935	23,566	1,218	6,710	8,882	1,662	1,013	1,328	1,266	58,266	5,535	2,414	1,931	9,880		Wages paid to drivers for receiving state mandated safety instruction	
Direct Labor - Holiday	49,993	(19)	51,894	(58)	-	44,173	54,235	46,641	94,715	45,295	43,418	591	430,878	47,000	-	47,000	94,000		Wages paid to drivers for paid holiday per CBA	
Direct Labor - Taxes	128,296	133,021	105,554	30,213	22,376	114,087	92,866	95,082	89,034	165,632	132,228	156,135	1,264,525	122,270	134,681	128,440	385,391		State and Federal Taxes	
Direct Labor - Bonus	-	-	-	-	-	-	-	1,000	1,000	(110)	-	-	1,890] -	-	-	-		Attendance and accident free bonus paid to drivers per CBA	
Direct Labor - Benefits	6,786	8,816	18,082	21,392	21,635	19,147	6,156	6,690	6,528	18,212	20,213	8,324	161,981	7,295	9,477	19,438	36,210		Medical benefits	
Total Driver Compensation	1,091,629	1,314,523	1,132,376	312,081	233,245	1,337,289	1,170,249	1,219,265	1,187,359	1,120,706	1,083,055	1,426,248	12,628,026	941,451	1,199,999	1,239,996	3,381,447			
Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Total Other Direct Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	1 -	-	-	-	1		
Unallocated Tech Labor	18,400	14,057	67,273	49,008	47,567	49,192	52,975	11,766	52,329	51,568	54,434	64,735	533,304	42,345	41,105	50,092	133,542	1	Wages paid to mechanics while performing repair labor	
Maintenance Admin Labor	32,054	32,825	32,643	21,321	19,168	23,766	16,889	14,471	21,413	20,655	21,242	26,619	283,065	30,789	30,789	38,487	100,065		Wages paid to mechanics while performing repair labor	
Repair Labor	49,478	48,036	61,595	42,954	39,329	42,152	39,573	41,374	44,581	38,550	47,064	47,836	542,522	34,065	34,959	44,870	113,895		Wages paid to mechanics while performing repair labor	
Traffic Labor Costs	466	130	-	75	4,851	5,312	1,030	71	139	104	382	-	12,559	321	95	-	416		Wages paid to mechanics while performing repair labor	
Maintenance Labor - Ben/Taxes	16,481	16,043	20,279	16,482	16,313	17,957	17,533	16,119	20,296	25,459	32,542	23,882	239,388	24,995	24,677	26,977	76,649		Benefits paid to mechanics	
Inventoried Parts Expense	38,036	95,744	88,461	23,845	55,412	66,667	64,241	46,243	43,752	55,797	51,364	41,355	670,919	32,037	53,506	66,822	152,365	30,100	Parts for bus repair - Actual April 21,864.92 anticipated May 50,700 anticipated June 49,700 - 122,264.92	
Outside Service	1,648	2,355	745	-	1,392	1,410	110	3,926	4,961	2,005	8,253	4,603	31,409	1,124	1,697	537	3,359		oil, fluids, waste oil, etc	
Garage Expense		-	-	-	-	-	-	-	-	-	-	-	-]] -	-	-	-			
Traffic Parts Costs	2,417	9,958	838	2,900	5,699	6,441	731	2,356	1,978	-	1,964	1,003	36,284	- 1	-	-	-			
Physical Damage Labor	169	946	819	1,341	673	1,042	660	629	450	181	1,257	646	8,812		-	-	-			
Physical Damage Other	8,317	(11,851)	9,130	(141)	9,897	22,939	(30,623)	3,943	1,506	10,764	13,760	4,311	41,952	- 1	-	-	-			
Other Running Costs	65,550	62,311	60,811	54,129	68,353	59,838	62,412	58,675	61,863	63,783	85,598	89,847	793,170	86,295	84,978	83,630	254,903		Amortization of bus registration, cost of bus leases, property tax paid to New Haven	
Total Other Semi-Direct Costs	233,016	270,555	342,594	211,914	268,655	296,717	225,531	199,572	253,268	268,866	317,860	304,836	3,193,384	251,972	271,807	311,415	835,194	1		
Depreciation Revenue Equip	166,218	165,179	206,475	162,762	173,616	220,647	182,163	182,555	218,869	225,009	219,207	264,268	2,386,968	192,163	192,163	240,204	624,531	1	Monthly cost to depreciate the expense of the bus. Add 125 new buses last year and 85 new buses this year	
Depreciation Other FA	11,916	12,514	15,728	12,969	13,516	16,363	12,814	12,597	15,833	12,915	12,425	15,000	164,590	12,988	12,816	16,020	41,824			
Total Depreciation	178,134	177,693	222,203	175,731	187,132	237,010	194,977	195,152	234,702	237,924	231,632	279,269	2,551,557	205,152	204,979	256,224	666,355	1		
Workers Comp	32,212	32,212	32,212	32,212	32,212	35,279	35,279	35,279	35,279	35,279	35,279	35,279	408,013	35,049	35,049	35,049	105,148	1	Workers Comp premiums	
Liability Insurance Costs	103,058	103,058	103,058	103,058	103,058	111,088	111,088	111,088	104,072	105,932	104,702	101,235	1,264,496	155,272	155,272	155,272	465,816		Cost of insurance	
Total Insurance Costs	135,269	135,269	135,269	135,269	135,269	146,368	146,368	146,368	139,351	141,212	139,981	136,514	1,672,509	190,321	190,321	190,321	570,964	1		
Admin Comp - Salary	26,846	27,719	35,019	37,246	35,567	48,711	36,750	34,743	42,753	35,370	35,071	43,116	438,912	46,112	47,005	58,190	151,307	1	Wages paid to full time salaried employees	
Admin Comp - Hourly	42,377	41,819	49,488	40,457	42,203	62,575	51,823	47,807	55,754	52,481	50,312	56,728	593,824	36,890	38,646	45,589	121,125		Wages paid to full time hourly wages	
Admin Comp Benefits/Taxes	15,268	13,567	14,906	15,785	14,075	14,884	16,251	11,794	14,324	19,856	19,254	19,827	189,790	1 I	17,705	19,736	55,355		Benefits paid to admin staff	
Facilities Expense	50,319	47,718	49,064	96,612	51,456	56,080	64,110	49,990	58,672	62,784	53,025	64,878	704,710		50,980	51,875	154,493		Property Rent	
Travel Expense	74	868	(46)		(111)	1,282	495	(563)	300	(147)	24	331	2,479		-	-	-			
Safety Expense	3,294	3,142	4,960		3,111	6,479	4,268	3,372	5,781	6,094	4,567	4,744	52,920				-			
Recruit/Hire Expense	2,451	2,598	4,633	213	15,944	2,101	1,726	4,714	3,660	1,269	3,236	2,989	45,533	1 I			-			
Corp Overhead	114,168	149,725	120,921		11,443	169,324	148,874	151,579	140,830	125,389	128,790	195,467	1,486,352		152,323	152,799	414,070	_	Regional staff 1.4%, Cincinnati FS 2.4% and FGA 1.5%.	
Cash Admin/Bad Debt	1	0	-	-	(19)	45	-,	-	-	-	-	-	27	-	- ,	-	-			
Other Admin Exp	30,879	22,262	30,499	28,839	25,896	18,141	166	31,415	46,242	37,225	38,369	19,066	329,000	24,125	25,251	31,257	80,633		Payroll processing fees, copier leases, cell phones, local taxes	
·									368,317		332,650			1 				-1		1
Total Administrative Exp	285,676	309,419	309,445	252,072	199,565	379,623	324,464	334,851	368,317	340,320	332,650	407,146	3,843,548	285,625	331,911	359,446	976,982			

1,923,725 2,207,460 2,141,887 1,087,068 1,023,866 2,397,006 2,061,589 2,095,207 2,182,997 2,109,028 2,105,177 2,554,014 23,889,023 1,874,521 2,199,017 2,357,402 6,430,940

Budget Budget Budget Apr May Jun Total 1,985,978 2,798,949 2,827,450 7,612,377

1,181,436 \$1,329,279.43 Savings to the district Apr, May June \$178,688.56 March 10% off the 13 non operated days \$1,507,967.99 Total estimated savings revised 5/8/2020

147,843 Additional draft savings 5/8/2020



Paul DeMaio Senior Location Manager First Student 140 Middletown Avenue New Haven, CT 06513

Dear Mr. DeMaio:

As we discussed in our call yesterday, Governor Lamont's Executive Order 7R directs us to negotiate amendments to our agreements "to more accurately reflect the actual costs incurred during the duration of the public health and civil preparedness emergencies." We are required to negotiate amendments promptly, and "with terms that are consistent with the goals of:

- (a) sustaining continuity of service when school resumes;
- (b) making payments to transportation providers so that they may compensate their active employees and provide them health insurance; and
- (c) requiring the contracted company to attest and provide reasonable documentation of the fact that it is charging only the actual and reasonable cost of sustaining wage and health insurance payments for active employees and/or fleet while also engaging best efforts to avoid unnecessary costs.

We understand that you have committed to providing us with information and documentation of your "actual and reasonable cost of sustaining wage and health insurance payments for active employees and/or fleet" as well as your "best efforts to avoid unnecessary costs."

We look forward to receiving your financial information, continuing to work with you during this unprecedented public health emergency, and to comply with Governor Lamont's order to promptly negotiate amendments.

Very truly yours,

Atty. Michael J. Pinto

Chief Operating Officer

Michael, J. Pinto

New Haven Public School



P: (475) 220-1591 F: (203) 946-7468

Relevant Text of Executive order 7R:

- "...the municipality with agreement from the board of education, determines that a contract related to student transportation... requires amendment to more accurately reflect the actual costs incurred during the duration of the public health and civil preparedness emergencies, all parties shall promptly negotiate amendments to such contracts with student transportation providers... with terms that are consistent with the goals of:
- (1) **sustaining continuity of service** when school resumes;
- (2)(b) to make **payments** to transportation providers so that they may **compensate their** active employees and provide them health insurance; and
- (3) requiring the contracted company to attest and provide reasonable documentation of the fact that it is charging only the actual and reasonable cost of sustaining wage and health insurance payments for active employees and/or fleet while also engaging best efforts to avoid unnecessary costs. Such continued compensation and health insurance for staff or others providing special education and transportation services and employees shall be continued to the greatest extent practicable whether full-time or part-time at rates commensurate to those paid and provided immediately prior to the declaration of these public health and civil preparedness emergencies, whether or not services are actually or immediately rendered. Nothing in this provision shall allow for contracted companies to be enriched beyond the actual and reasonable costs incurred for the purposes set forth above.