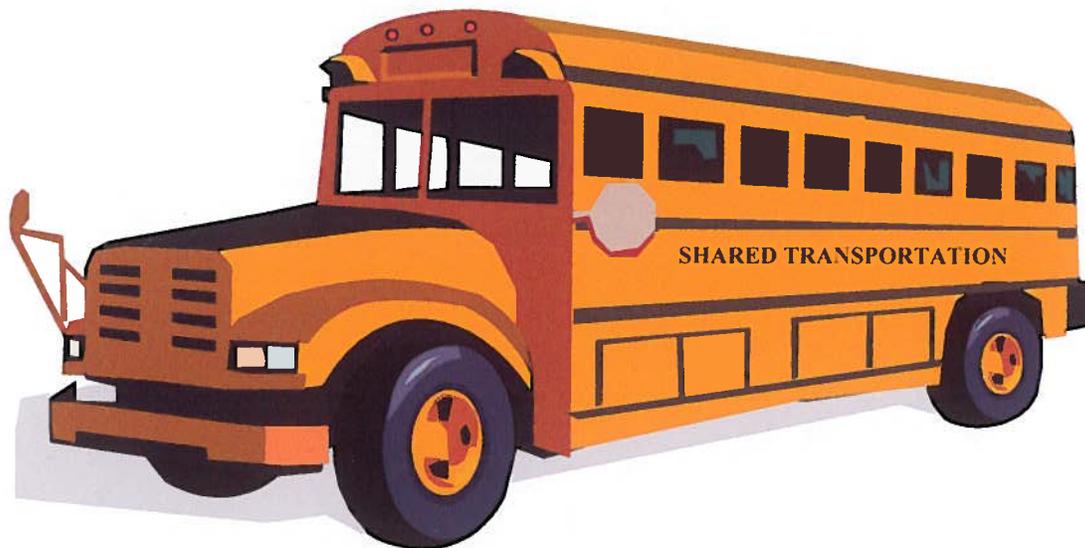


**OPPORTUNITIES FOR INCREASED
TRANSPORTATION SHARING**

FOR

**ELMIRA HEIGHTS CSD
&
HORSEHEADS CSD**



FINAL REPORT

Prepared by:
Mark A. Walsh, CMC
TRANSPORTATION ADVISORY SERVICES
3181 Valley Drive
Walworth, NY 14568
(800) 233-3251

March, 2013

INTRODUCTION

Transportation Advisory Services (TAS) was engaged to evaluate the feasibility of increased transportation sharing between the Elmira Heights Central School District (referred to as “Elmira Heights”) and the Horseheads Central School District (referred to as “Horseheads”) pursuant to guidelines established in our Proposal dated January 5, 2013. It should be noted that the two districts have a demonstrated history of sharing resources, including transportation services. School districts have increased their focus on the area of shared services over the past few years given the increasing financial demands that are being placed on them due to higher educational standards, coupled with increasing mandates in the face of static or declining revenue sources.

The Districts’ liaisons for the project were Mary Beth Fiore, Superintendent, Elmira Heights CSD, and Dr. Ralph Marino, Jr., Superintendent, Horseheads CSD. The TAS Consultant for this project is Mark A. Walsh, CMC.

We commend the Districts for their willingness to conduct a third-party review of the various sharing options. We often caution districts... *“Don’t ask the question if you don’t want to hear the answer”*. The Districts have been willing to be open and cooperative in our review of the various options, especially given the sensitivity that typically accompanies the potential of integrating services. Throughout this report we have provided insights and opinions based upon our experience and perspectives.

Everyone involved was extremely cooperative and provided us with everything we requested. We would like to thank those individuals for their assistance in this study process.

METHODOLOGY

TAS submitted a proposal to the Districts on January 5, 2013 based on a telephone conversation that was held with the Superintendents relative to the feasibility of exploring integrating the Elmira Heights CSD transportation program into the Horseheads CSD program. TAS was familiar with both districts given their participation in a regional sharing study that was performed under the auspices of the GST BOCES. Additionally, TAS had provided assistance to the Horseheads CSD on previous occasions.

Once TAS was formally engaged by both districts, a request for background information was submitted to each District on February 1, 2013. Upon receipt of this information, TAS undertook a detailed review in order to identify potential areas of increased sharing, and hurdles to a full integration of the entire programs.

TAS met with the Superintendents on February 25, 2013 to discuss the information provided, options identified by TAS, and needs/interests of the two districts. Subsequent to this meeting, TAS met with the Transportation Supervisors of both districts to discuss various data elements, and to gain their insights into increased sharing options.

This document constitutes our written report to the Districts. A copy of this report is being provided to each Superintendent. This report is intended to serve as an advisory document and resource for the Districts, and as such it should be reviewed and evaluated by the Districts for its applicability to the circumstances at the time of review. Additionally, it is our understanding that the State Education Department has agreed to provide transportation aid for this review so a copy of this report should be submitted to SED to support the aid request.

The following information was utilized as a part of our analysis of the District's transportation programs:

- Detailed labor costs including wage and benefits
- Fleet lists with usage details
- Copies of all contracts
- Labor agreements for all positions
- Job descriptions
- Organization charts
- Bell times, schools, grades
- School calendars
- FYE 6/12 ST-3 Pupil Transportation data, including schedules G-L
- FYE 6/12 Line Item Budget Reconciliation Report
- Current lease between the two districts
- Transportation Aid Output Reports (TRA)

The scope of this engagement was to provide the Boards of Education and the Administration of each District with a third-party perspective on the potential of further integration of the two transportation programs. In order to make this report a useful tool, we have presented the information in a "bulleted" format, with recommendations in those sections where appropriate. We are not attorneys, but have reviewed the information and the programs from a transportation perspective. As always, consult with your legal counsel to evaluate the applicability of our recommendations.

TAS uses available information and its experience and knowledge to estimate the potential costs and/or savings of particular transportation service arrangements described in this study. Although past experience can be an excellent basis for projections, TAS does not warrant that the costs or savings estimated herein will be realized if implemented.

DISTRICT PROFILES

Included at the end of this report is a two page summary of pertinent data developed by TAS and used as the foundation for discussions held with the Districts. As with any summary document, clarification on any areas should be sought from the source documents, especially relative to labor agreement features and benefits.

Presently, each District is operating its own transportation program. However, Elmira Heights CSD leases space from the Horseheads CSD and bases their transportation operation in Horseheads. This location is approximately 3.3 miles from the Elmira Heights campus. Elmira Heights has their own Transportation Supervisor, Mechanic, and drivers. Routing is done by the Transportation Supervisor utilizing TransFinder routing software. Additionally, Elmira Heights contracts one run to Horseheads with vehicle, driver, and operating costs included in the contract.

FINDINGS AND RECOMMENDATIONS

OVERALL RECOMMENDATIONS

Although we have structured this report to provide details based on topic areas that we believe are pertinent, following is a summary of the general recommendations and direction that we believe the Districts should pursue. Explanations and clarifications of the recommendations can

be found in the topic areas.

- Program supervision should be merged with one Supervisor overseeing all transportation services
- Routing should be integrated using one software program
- Maintenance services should be provided by Horseheads CSD for all vehicles
- All “open” Elmira Heights routes should be operated by Horseheads on a contract basis
- Elmira Heights should move toward using Horseheads for trips
- As soon as possible, Horseheads should assume total responsibility for the Elmira Heights transportation program
- Elmira Heights drivers should become members of the Horseheads Transportation Department
- Strong conversations should be held with all out-of-district locations in an attempt to better coordinate bell times, thereby facilitating run sharing
- Elmira Heights should discontinue fleet replacement and move toward Horseheads-provided buses as fleet replacement is needed

FINANCIAL

In order to understand the impact to each district of sharing services, it is important to identify the transportation aid levels in each district (*under current transportation aid rules*). Transportation aid is payable to each district based on a formula established by the State that recognizes resident wealth, population sparsity, and other factors. There is nothing that a district can do to positively or negatively impact the gross transportation aid rate as determined by the State. Transportation aid is payable the year following the school year where the expenses are incurred. Therefore, the aid received during the current year (2012-2013) is based on expenses that occurred during the 2011-2012 school year.

Aidable expenses are defined by the State and include most legitimate transportation expenses. However, the gross expenses are reduced by two key factors that the State determines are due to local taxpayer decisions, and therefore not the State’s responsibility. The first is called “other purpose miles” which is basically the cost of field and sports trips. This is calculated by establishing a ratio of trip miles to total miles, and then using this ratio (%) to reduce all legitimate expenses.

The second deduction is called the “non-allowable deduction” and this represents the level of transportation provided to students who live within 1.5 miles of their assigned schools. The basis for this is the State position that any transportation provided below the 1.5 mile threshold is a local decision, and therefore the State will not pay transportation aid to cover these costs. This is also based on a ratio calculation and this ratio is then used to reduce all legitimate expenses.

We have included a chart below that shows the gross transportation aid rate, the other purpose and non-allowable ratios, and the net transportation aid rates for both districts. It should be noted that the State uses a formula for capital expenses (bus purchases) that amortizes the expenses over a five year period, therefore this somewhat skews the aid calculation in any given year.

	Elmira Heights CSD	Horseheads CSD
Gross Aid Rate	90.0%	76.6%
Other Purpose Ratio	12.49%	4.19%
Non-Allowable Ratio	21.41%	5.76%
Net Aid Rate	56.6%	67.5%

As can be seen, Elmira Heights experiences significant transportation aid deductions due to the relatively disproportionate impact of trips (12,974 trip miles with 103,853 total miles), and the level of students transported that reside less than 1.5 miles from school. The two deduction ratios reduce allowable transportation expenses by 33.9% before the State applies the 90% transportation aid reimbursement. Therefore, based on total expenses of \$827,689 for the 2011-2012 school year (includes calculated capital cost of \$236,312), the District received \$468,090 in transportation aid.

Horsehead's deductions are far lower given the scope of their program, (31,981 trip miles with 761,962 total miles), and the lower impact of transporting students who live within 1.5 miles of their school building as compared to the total miles that are necessary to transport all the District students. The Horseheads CSD had a calculated total expense of \$4,104,550 and received \$2,771,557 in transportation aid.

It should be noted that any revenue (income) that a district generates is used to reduce their transportation expenses prior to the calculation of transportation aid. Therefore, the \$68,458 that Horseheads generated from providing services to others during the 2011-2012 school year was used to reduce their aidable expenses. Another way to look at this is to realize that the \$68,458 that the district generated resulted in actual revenue to the District of \$16,019.17 after consideration of the gross aid rate of 76.6%. Therefore, the generation of revenue by Horseheads positively impacted the District's taxpayers, but only at a rate of 23.4% of the dollars received.

A key element when looking at transportation aid and expenses that should be noted is the fact that the incremental cost of family benefits (cost in excess of the single premium) for transportation employees is not considered to be an aidable expense. The incremental family costs are not reported to the State, and the District does not receive any transportation aid on this cost. Therefore, 100% of the incremental cost of family benefits is considered a local taxpayer expense. As shown on the summary document attached to this report, both districts provide family benefits to transportation staff members, including part-time drivers and attendants.

Although we will discuss in the Labor section of this report the issue of existing labor agreements and the challenges facing the districts of changing the way that things have always operated, the Elmira Heights CSD might be well served by looking at Horseheads CSD to provide extra-curricular services on a contract basis. Although the entire cost of the payment to Horseheads would be considered "non-aidable", the significant reduction in trip miles would reduce or eliminate the "other purpose miles" ratio and therefore increase the net aid payable on the other expenses. Without knowing how many trips could be contracted to Horseheads, and the charges assessed by Horseheads, it is not possible to specifically calculate the actual aid impact. However, applying the 12.49% aid deduction for "other purpose miles" to the total expense of \$827,689 results in a reduction of allowable expenses of \$103,378 and an aid loss of \$93,040.52 at the 90% aid level. We recommend that the Districts look at this option... assuming that this becomes permissible under the Elmira Heights labor agreement.

As we looked at program integration, based on our review of the 2011-2012 aid filing for Elmira Heights, we identified approximately \$5,000 of expenditures that we believe would be eliminated if the two transportation programs did not have duplicated services. There certainly could be much greater savings through the benefits of economies of scale, however these were defined items that we believe would be eliminated.

FLEET

Both districts are operating their own fleets with Elmira Heights reporting a total of 16 DOT vehicles while Horseheads shows a total fleet of 77 vehicles. 11 of the Elmira Heights vehicles are used on a daily basis (route vehicles), leaving 5 vehicles technically defined as spare vehicles. However, two of the vehicles are small 6 passenger vans that are not used for student transportation.

The Elmira Heights CSD has been on an aggressive vehicle replacement program which is demonstrated by their average fleet mileage of 24,851 and an average fleet age of 3.3 years. Horseheads' fleet shows an average mileage of 55,419 and an average age of 4.2 years. Horseheads shows 55 buses dedicated to route use on a daily basis with 22 vehicles considered as spares.

Given the negative aid impact to Elmira Heights from any premature sale of buses, we recommend that Elmira Heights maintain ownership of their fleet until such time as buses require replacement. At that point, Elmira Heights should begin to use Horseheads' buses on a contract basis. Therefore, for route services provided by Horseheads, there would need to be two major cost categories – one for routes using Elmira Heights supplied buses, and one for Horseheads provided buses.

In order to facilitate the use of a single fleet of buses, controlled by one Transportation Office, we recommend that the districts move toward a single radio frequency. Depending on radio coverage, this should reduce or eliminate the need for Elmira Heights to rent space on a radio tower (\$720 per year).

LABOR

As shown on the summary report attached, the two districts have different labor unions representing the drivers and mechanics, with different labor rates and benefits.

We believe that long-term, Elmira Heights CSD will benefit from having transportation services provided by the Horseheads CSD. In a similar fashion, we believe that Horseheads CSD will benefit from using their resources to provide contract services to Elmira Heights CSD. We would like to see this integration of services occur in the near future, however it is our understanding that this requires negotiations with at least the Elmira Heights CSD labor unit which is represented by NYSUT. We strongly recommend that experienced labor counsel be consulted to address this issue.

Although the process for achieving the goals that we identify may be challenging given the labor negotiations mandates in New York State, it is our position that achieving the financial savings and benefits in transportation during these very difficult financial times is a “must” for the districts. There is no reason for two separate transportation programs, 3.3 miles apart. There is

no reason that both districts should attempt to hire drivers, conduct separate training, employ sub drivers, and carry spare vehicles when one integrated program can be more cost effective while generating transportation aid.

We recommend that on a near-term basis, any drivers who leave Elmira Heights should be replaced by a run operated by Horseheads under the terms of contract payments negotiated by the two districts. Additionally, the Elmira Heights mechanic should become part of the Horseheads staff with work done for the Elmira Heights CSD charged on a time and materials basis.

MANAGEMENT

Both Districts are fortunate to have highly qualified and experienced Transportation Supervisors. As part of the program integration that we are recommending, we believe that the Districts should pursue a single Supervisor to oversee the entire transportation operation. It is logical that this should be based at the Horseheads program site, utilizing the support staff at the Horseheads Transportation Center. Additionally, the two districts should merge their routing software functions with a determination on which program to use made by the new Supervisor. This would reduce the annual software fees while facilitating the potential integration of routes.

The result of this sharing should be a more focused look at integrating services while reducing the overall supervisory costs.

POLICY

The integration of services does not mean that the two districts must provide services based on the same policies (walker distances). In fact, State law requires each district to have policy and services levels identified in their Board Policies, and that any changes to the walker distances must be approved by the taxpayers. Therefore, the Elmira Heights walker distances do not need to correspond to the walker distances in Horseheads.

That does not mean that the two districts should not discuss *practices* in attempt to make them as consistent as possible. This is especially true if the drivers may be providing services to both districts. Therefore, issues such as food on buses during trips, bus conduct reports for discipline, seat assignments, training mandates, and more should be coordinated.

ROUTING/BELL TIMES

Given the current bell times in each district, it does not appear feasible for home-to-school buses to transport students for both districts. As can be seen on the program summary chart, the AM and PM bell times for the two districts are basically concurrent. However, based on our review of bell times for out-of-district locations, and our discussions with the Supervisors of both districts, there would appear to be the potential for greater coordination if the bell times for some non-public locations could be adjusted. To this end, we recommend that the Supervisors identify each such location, the bell time change that would be necessary, and the potential savings if such a change could be made.

As mentioned elsewhere, we also recommend that the Districts move toward the use of an integrated routing software program, including detailed mapping to meet the needs of both

districts. This should facilitate the operation using the Horseheads-based office staff while potentially decreasing the annual software cost for the program that is not used by the integrated entity.

SUMMARY

The Districts should be commended for the sharing that they already do, and for their willingness to look at increasing the integration of transportation services. As shown in this report, sharing services must consider a number of factors including transportation aid, labor agreements, existing resources, and service levels at each district.

We are aware that the Districts are exploring a number of options, including a possible study of merging. Should this occur, there would be significant impact to transportation aid calculations due to building assignment issues, aid deducts, and more. This report is not designed to evaluate that potential option.

The integration of services described in this report is not necessarily easy, but we do believe that it would be financially and operationally beneficial. From our interviews, the Superintendents and Transportation Supervisors at both districts have the pragmatic perspectives necessary to make this a success. Overall, if we had the opportunity to “start over”, would we have two separate and distinct transportation systems within 3.3 miles of each other? We don’t believe so. Therefore, why not move toward creating a system that would benefit from the economies of scale while using the proven skills of all parties?

**ELMIRA HEIGHTS - HORSEHEADS
SHARED TRANSPORTATION REVIEW
FEBRUARY, 2013**

	<u>ELMIRA HEIGHTS</u>	<u>HORSEHEADS</u>
LABOR:		
	NYSUT 7/1/12-6/30/15	CSEA 7/1/10-6/30/14
Drivers:		
Top Hourly Rate:	\$18.96	\$15.99
Avg Rate of current drivers:	\$15.63	\$13.99
Sub Driver	\$12.01	\$10.96
Daily Guarantee:	4 hours	4 hours
BENEFITS:		
Health Insurance - employee contribution	12% this year; 13% next; 14%; 15%	10% health & dental; 12% next year
Retiree health	10 yrs - same cont level	15 yrs - same cont level
Holidays	10* (defined in labor agreement)	0
Bereavement	3	5
Personal days	2	2
Sick days	10	10
Snow days	Paid	Paid
Flexible Benefit Cont	\$200/yr	0
Vacation	0	10* (defined in labor agreement)
	13-14 - 2.6%	
Increases	14-15 - 2.8%	13-14 - \$200 + 2.5%
	10 yrs - \$312.50	10 yrs - \$1125
Longevity	15 yrs - \$312.50	15 yrs & each 5 yrs - \$1125
Trips	1 hour guarantee	Actual time
	Drvs receive their normal hourly rate. Extra \$8 for day	
Trip rate	\$12 for evening to cover meals	\$10.70/hr
FLEET:		
Route	11	55
Spare	5 (2 are small vehicles not used)	22
Total	16	77
Make/Model	International	Blue Bird
Average Mileage	24,851	55,419
Average Age	3.3 yrs	4.2 yrs
STAFFING:		
Trans Supv	1	1
Asst Supv/Safety		Shared with Elmira
Dispatcher		2
Discipline Monitor		1
Secretary		1
Head Mechanic	1	1
Mechanics		5

**ELMIRA HEIGHTS - HORSEHEADS
SHARED TRANSPORTATION REVIEW
FEBRUARY, 2013**

PROGRAM PROFILE:		
Routing Software	Transfinder	Bus Star (BOCES)
Gross Trans Aid	90%	76.60%
DOT	100%	99.40%
Distance	~ 4 miles	
Annual Mileage	103,853	761,962
Students on Dist buses	750	4292
Student on Cont buses	95	0
Non-pubs transported	28	126
Variable cost per mile (fuel; oil; lubricants; tires; parts)	80.3 cents	62.4 cents
BOCES training	\$1,740	0
Facilities lease	\$20,617	
BELL TIMES:(bus arr & dep)		
High School	8:15 - 3:30 (Edison - 9-12)	7:45 - 3:20 (High - 9-12)
Middle	8:10 - 3:25 (Cohen - 6-8)	7:45 - 3:20 (Middle - 7-8)
		8:20 - 2:30 (Intermediate - 5-6)
Elementary	7:45 - 2:45 (Cohen - K-5)	8:20 - 2:30 (Big Flats - K-4)
		8:20 - 2:30 (Center St - K-4)
		8:20 - 2:30 (Gardner - K-4)
		8:20 - 2:30 (Ridge - K-4)
Other		8:00 - 2:55 (Twin Tiers - 7-12)
		8:15 - 3:05 (HH Christian - K-6)
		8:15 - 3:00 (St. Marys - K-6)
		7:55 - 1:55 (Montessori - K-6)

APPENDIX A – SALARY SCHEDULES

AIDE			
Step	2012-2013	2013-2014	2014-2015
1	\$9.33	\$9.35	\$9.39
2	\$9.55	\$9.57	\$9.61
3	\$9.78	\$9.80	\$9.84
4	\$10.03	\$10.03	\$10.07
5	\$10.35	\$10.36	\$10.37
6	\$10.64	\$10.65	\$10.66
7	\$10.95	\$10.96	\$10.97
8	\$11.21	\$11.22	\$11.25
9	\$11.46	\$11.50	\$11.53
10	\$11.69	\$11.76	\$11.82
11	\$11.94	\$11.99	\$12.09

BUILDING MAINTENANCE MECHANIC			
Step	2012-2013	2013-2014	2014-2015
1	\$18.26	\$18.54	\$18.76
2	\$18.56	\$18.73	\$19.06
3	\$18.87	\$19.04	\$19.26
4	\$19.20	\$19.36	\$19.58
5	\$19.53	\$19.70	\$19.90
6	\$19.88	\$20.04	\$20.25
7	\$20.24	\$20.40	\$20.60

BUS DRIVER			
Step	2012-2013	2013-2014	2014-2015
1	\$12.31	\$12.45	\$12.62
2	\$12.49	\$12.63	\$12.80
3	\$12.87	\$12.81	\$12.98
4	\$13.16	\$13.20	\$13.21
5	\$13.46	\$13.50	\$13.57
6	\$13.76	\$13.81	\$13.88
7	\$14.06	\$14.12	\$14.20
8	\$14.35	\$14.43	\$14.51
9	\$14.64	\$14.72	\$14.83

BUS MECHANIC			
Step	2012-2013	2013-2014	2014-2015
1	\$18.66	\$18.78	\$18.93
2	\$19.03	\$19.15	\$19.30
3	\$19.41	\$19.52	\$19.68
4	\$19.80	\$19.91	\$20.07
5	\$20.20	\$20.31	\$20.47
6	\$20.58	\$20.73	\$20.88
7	\$20.99	\$21.12	\$21.31

STEP	2010-11	2011-12	2012-13	2013-14
1	\$ 10.69	\$ 10.83	\$ 10.96	\$ 11.10
2	\$ 10.82	\$ 11.23	\$ 11.41	\$ 11.50
3	\$ 11.03	\$ 11.36	\$ 11.83	\$ 11.97
4	\$ 11.20	\$ 11.57	\$ 11.97	\$ 12.39
5	\$ 11.57	\$ 11.75	\$ 12.18	\$ 12.53
6	\$ 12.01	\$ 12.13	\$ 12.36	\$ 12.76
7	\$ 12.46	\$ 12.58	\$ 12.75	\$ 12.94
8	\$ 12.92	\$ 13.05	\$ 13.21	\$ 13.34
9	\$ 13.34	\$ 13.51	\$ 13.69	\$ 13.81
10	\$ 13.71	\$ 13.94	\$ 14.16	\$ 14.30