



MEMORANDUM

November 30, 2021
Regular Board Meeting

TO Board of Trustees

FROM Shauna Boyce, Superintendent

ORIGINATOR Scott McFadyen, Associate Superintendent

RESOURCE John Blood, Director of Transportation

GOVERNANCE POLICY Board Policy 5: Role of the Board
Board Policy 17: Student Transportation Services
Board Policy 12: Role of the Superintendent

ADDITIONAL REFERENCE BP 2: Resource Stewardship
AP 580: Transportation Services
Education Act

SUBJECT **TRANSPORTATION FUNDING ENVELOPE**

PURPOSE

For approval. Recommendation required.

RECOMMENDATION

That the Board of Trustees approve the Transportation Department be allowed to operate outside its funding envelope for the 2021-2022 fiscal year.

BACKGROUND

The Board of Trustees is responsible to ensure effective stewardship and wise use of the Board resources. This recommendation is in response to this responsibility.

REPORT SUMMARY

The Transportation Department is funded through Alberta Education's Transportation grant and user fees. During the budget process, the budget assumptions are approved by the Board. The Board approved that Transportation would live within its funding envelope (grant and user fees) for the 2021-2022 year.

Inflation has placed increasing pressures on Contract Bus Operators (CBO's) and raised concerns that these increases may not be viable for our CBO operators.

Parkland School Division (PSD) would be significantly impacted, particularly in the rural areas, as we cover a large geographic area and the local contractors in these areas deliver bus service to students. The Alberta Risk Management Consortium (ARMIC), School Transportation Association of Alberta and other Boards have raised these concerns to the Alberta Government and have advocated for additional funding. To date, no additional funding has been announced by the Alberta Government.

Transportation Services has signed five-year contracts with several contractors after the competitive bid process. The insurance increase costs have not been factored into these contracts as these increases were unknown at the time and, have increased significantly above normal inflation which has put several contractors in a difficult situation, which includes the consideration of terminating their contracts with PSD. This situation will put transportation for PSD students in jeopardy. PSD may need to provide financial support for this 2021-2022 fiscal year to prevent this type of situation from occurring.

Administration will be pleased to answer any questions.

SM:rg



Transportation Funding Envelope

November 30, 2021

Presented to the Board of Trustees, November 30, 2021

Associate Superintendent Scott McFadyen

Resource: John Blood, Transportation Director

Our Students Possess the confidence, resilience, insight and skills required to thrive in, and positively impact, the world.

BACKGROUND

The Transportation Department is funded through Alberta Education's Transportation grant and user fees. During the budget process, the budget assumptions are approved by the Board. One of the assumptions that was approved by the Board is that Transportation would live within its funding envelope (Transportation grant and user fees).

Parkland School Division (PSD) employs contractors to provide school bus transportation to the students of PSD. Along with supplying transportation to PSD students we have agreements with other school divisions to provide cooperative transportation services. In the last several years, Contracted Bus Operators (CBO's) have seen significant increases in the cost of providing these services to PSD.

Since 2019-2020 the cost of insurance for contractors has dramatically increased from a yearly premium of approximately \$1,100 in 2019-2020 to the current level of roughly \$6,500 in 2021-2022, that is an increase of approximately 590%. Along with the premium increases the policy deductible has increased from \$1,000 to \$10,000 putting additional pressure on the CBO's as they are paying out of pocket for costs that used to be covered under their insurance.

Along with the insurance increases the cost of diesel fuel has increased over the last year by 42%. To further compound things, due to COVID the cost of spare parts has increased by approximately 73%.

REPORT

Inflationary pressures on CBO's has raised the concern that some of our operators, especially our smaller operators may not be viable. This would have a significant impact on PSD as our rural runs are predominantly operated by small operators who live out in the remote communities. Several organizations have raised this concern (Alberta Risked Managed Insurance Consortium, School Transportation Association of Alberta, several Boards) to the Alberta Government to advocate for additional transportation funding. At this time no additional funding has been announced.

Due to the large geographic area PSD covers, we need the local contractors in the rural areas to deliver the bus service for the students. The local smaller contractors have a better track record in the smaller rural areas as they typically live in those communities and can secure local drivers' easier than the larger CBO's.

Transportation services are secured through a competitive bid process and once successful the CBO signs a five-year contract. The significant increases in insurance costs would not have been factored in as these would not have been known at the time and the increases are substantially above the rate of normal inflation. Some smaller CBO's are in a dire situation and are considering terminating their contracts with PSD. PSD will be

challenged to replace these rural CBO's if they close their business, jeopardizing transportation for our students. Therefore, PSD may have to provide some financial support to assist CBO's this fiscal year.

RECOMMENDATION

Administration is recommending that the Transportation Department be allowed to operate outside its funding envelope for the 2021-2022 fiscal year.

Administration will be pleased to answer questions.