

To: John Grant
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From: Mark Rondinelli

Subject: Fuel Costs

Date: September 9, 2005

The 2005-2006 school year is the final year of the School/Van contract. As we are all aware, the cost of fuel has increased each year and significantly this year. The following represents the costs (pump price) of diesel fuel at the start of the last 3 years as well as today's cost.

September 2002	\$1.48
September 2003	\$1.60
September 2004	\$1.96
July 2005	\$2.49
September 2005	\$2.89

Since we do pay for gasoline, I do not have the costs but as we all know gasoline costs have followed a similar trend.

At this time, we receive approximately 70% reimbursement from the state for pupil transportation. This reimbursement is based on the state formula which allows districts to include fuel costs.

The gasoline for vans is not paid by the district. The vans are also on the last year of the contract, but van contracts go year to year due to the changing nature of special education. Because of this, the fuel costs are causing contractors to question whether they can continue to provide this service with gasoline continuing to rise.

The van payment rate for the current contract is as follows:

2002-2003	\$1.25/mile
2003-2004	\$1.30
2004-2005	\$1.35
2005-2006	\$1.40

Vans transport between 300-400 special education, non-public and alternative education students yearly traveling approximately 800,000 miles. The cost for this transportation at \$1.40 per mile will be approximately \$1,120,000 for the 2005-2006 school year.

Because of the increased cost of gasoline and the possibility that contractors may find that is not economically feasible for them to transport students. I am proposing that the district increase the transportation rate by \$.01 per mile for every \$.10 increase in fuel

costs. Using a starting cost of \$2.28, if the price of fuel increases to \$2.38 the district would increase the rate the district would pay to \$1.41 per mile. If fuel goes to \$2.48, we would pay \$1.42 etc... This adjustment would take place 11 times per year. We will review fuel costs on the 15th of every month starting in August and concluding in June. The pump price at the 15th of every month would then correlate to the adjustment table provided below and would be the reimbursement rate for that given month. E.g. If the price of gas on September 15th was \$2.99 then the \$1.47 reimbursement rate would apply for the entire month of September.

If fuel costs decrease below \$2.28 per gallon, the contract cost of \$1.40 will prevail.

Using the \$1,120,000 projected cost from above, the following illustrates the cost to the district. These costs also show the yearly cost if the rate was followed for the entire year. **Assuming the price of gas on the first adjustment date of September 15th, 2005 was \$2.99, the \$1.47 per mile contract rate would be utilized until reassessment on October 15th, 2005.**

Pump Price of Gasoline	Contract Rate Per Mile	2005-2006 Total Cost	Increase Over 2005-2006 Budget
\$2.28	\$1.40	\$1,120,000	\$0
\$2.38	\$1.41	\$1,128,000	\$8,000
\$2.48	\$1.42	\$1,136,000	\$16,000
\$2.58	\$1.43	\$1,144,000	\$24,000
\$2.68	\$1.44	\$1,152,000	\$32,000
\$2.78	\$1.45	\$1,160,000	\$40,000
\$2.88	\$1.46	\$1,168,000	\$48,000
\$2.98	\$1.47	\$1,176,000	\$56,000
\$3.08	\$1.48	\$1,184,000	\$64,000
\$3.18	\$1.49	\$1,192,000	\$72,000
\$3.28	\$1.50	\$1,200,000	\$80,000
\$3.38	\$1.51	\$1,208,000	\$88,000
\$3.48	\$1.52	\$1,216,000	\$96,000
\$3.58	\$1.53	\$1,224,000	\$104,000
\$3.68	\$1.54	\$1,232,000	\$112,000
\$3.78	\$1.55	\$1,240,000	\$120,000
\$3.88	\$1.56	\$1,248,000	\$128,000
\$3.98	\$1.57	\$1,256,000	\$136,000