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School bus companies stay lean to turn profits in NOLA

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If you asked leadership at Apple Bus Co. to pinpoint the company’s potential growth markets a year ago, New Orleans wouldn’t have made the list.

Jay Uchtman, director of operations development for the Cleveland, Mo.-based school bus service, said the company had grown from a fleet of 500 buses to more than 900 in five years, serving mostly rural school districts in Illinois, Kansas and Missouri. The company often avoided urban districts where the emphasis on



pricing made it harder to compete against national providers.

That was until the company received a request for a proposal from FirstLine Schools in New Orleans earlier this year. Uchtman said FirstLine had a problem Apple Bus knew how to solve. It needed to get students scattered across a broad area to the five open-enrollment charter schools it operated on time without making sacrifices in quality drivers or equipment.

Apple Bus won the three-year FirstLine contract in May, beating out a handful of local and national competitors. It moved into the market with 85 buses and more than 100 employees this summer.

Uchtman said New Orleans and its system of independently run schools reflects a larger shift in the way schools view transportation.

“I think people are starting to realize transportation plays a big part in children’s education,” Uchtman said. “If we can provide quality transportation, more kids get to school. People are starting to really look at their options.”

Demand for efficient and affordable school transportation in New Orleans is booming as the number of open-enrollment schools in the city grows. Parents now have the option to send their children to the school of their choice, whether down the street or on the other side of town.

A 2013 report from the Tulane University Cowen Institute for Public Education Initiatives found students traveled an average of 3.4 miles from home to attend school during the 2011-12 school year. That’s up from 1.9 miles in 2004-05.

Tony Vidrine, area general manager for First Student Inc., a Cincinnati, Ohio-based operator that operates 1,000 buses in Louisiana and serves several New Orleans school networks, said the city is a tough market for his industry. Route planning, for example, requires more staff, especially considering most area schools are finalizing their enrollment well into the first weeks of school.

“It’s a different environment. Routes can be longer. We usually have fewer kids on a bus, so it can be less efficient and eventually it’s more expensive,” Vidrine said.

Vidrine said First Student encourages area charter networks to share contracts and implement tiered transportation schedules to improve efficiency. Under tiered systems, schools agree to have staggered start times so that a single bus can make multiple runs on the same route in a day rather than send multiple buses to the same area.

Because schools are charged per bus, the method can help charter operations save money as well. Vidrine said convincing schools to get on board is still a challenge.

“They’ve got to have flexibility on their schedule,” he said. “At the same time, every school wants to cater to the parents so that they can grow their enrollment.”

Michael Kurhajetz, director of school operations for KIPP New Orleans, which serves 3,800 students at four primary schools, four middle schools and one high school, said finding a bus operator that can keep up with the network’s rapid growth and maintain quality service has been difficult.

KIPP will spend \$3 million this year on transportation, not including special education or after-school activities. The network currently contracts Hammonds Transportation of New Orleans and Durham School Services, a national provider. Both companies did not respond to multiple interview requests.

Kurhajetz said KIPP has worked with both operators to implement tiered schedules at some of its schools, though he admits it’s a challenge to get school administrators and parents to “shift their mindset around what time the school day starts and ends.”

Kurhajetz said he would like to see more competition in the local transportation market, but he is unsure enrollment is increasing at a level that will attract new companies.

“Even though we’ve grown, the pool of public school students in New Orleans hasn’t necessarily,” Kurhajetz said. “We need providers to support our growing needs, but that doesn’t mean there’s a whole lot of new business for transportation companies.”

Joseph Neary, chief operating officer of FirstLine Schools, said the network was able to achieve the “critical mass” needed to attract Apple Bus this year by sharing its transportation contract with eight other Recovery School District schools, including Sarah T. Reed and G.W. Carver Senior high schools. The schools later worked with Apple Bus to arrange a tiered schedule.

The move is already having the desired effect, Neary said. Buses are running on time, and many drivers have positive relationships with students and families.

Although FirstLine added 200 students this year, it expects to spend \$1.9 million on transportation this school year, down from \$2.2 million last year.

Neary noted a home-to-school route costs between \$310 to \$342 per bus, more than last year. “But because of the way that Apple Bus is able to organize routes and the efficiency they can gain, the overall cost is significantly lower,” he said.

While tiered schedules and other innovations may be getting attention, Kerry Duskin, operations manager for Wells Transportation in Kenner, said cost, not scheduling expertise, will continue to be a deciding factor for most schools.

For that reason Duskin said small local transportation firms like Wells have to focus on staying lean and emphasize their local service to compete. Wells operates 50 buses and serves four New Orleans school networks.

“The larger companies that have a bigger fleet, their rates may be a little less than ours and that’s basically the real challenge for us,” Duskin said.

As for Apple Bus, Uchtman said the company is interested in adding more New Orleans schools next year, though its growth will be measured.

“We always try to focus on what we have. If new growth will affect those current customers then we don’t want to do that. As long as we can do it controlled and keep everyone happy we’re definitely interested.”•

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