

Exclusive: Top 50 Contractor Fleets

July 2010 Vol. 38 No. 4
www.schoolbusfleet.com

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SCHOOLBUS FLEET



A BENTLEY PUBLICATION • MANAGED BY BENTLEY SYSTEMS SOLUTIONS FOR SCHOOL TRANSPORTATION



2010 Contractor Survey

• RISING COSTS, BUDGET CUTS are top concerns

• Many also wary of HEALTHCARE OVERHAUL

CSA With Steve, Birthplace of Student Transportation

NCST Moves Industry Forward

Key developments of the top school bus operators

Why Won't They Come to Work?

How to fix problems with absenteeism



July 06, 2010 |

School Bus Contractor Has a Plan

Student Transportation Inc. head Denis Gallagher discusses his “Education Stimulus Plan,” which he says gives districts an immediate cash benefit. He also talks about the company’s recent name change and its growth.

by Thomas McMahon



“We cannot let teachers be laid off and have education programs cut while there is real money to save here,” says Denis Gallagher, chairman and CEO of Student Transportation Inc.

Student Transportation Inc. (STI) has been making headlines lately with some interesting moves.

In February, its U.S. operation, Student Transportation of America (STA), launched a \$100-million “Education Stimulus Plan,” designed to give school districts capital to invest back into education when they contract their transportation services to STA.

The company will pay cash for district-owned fleets and replace older buses with new ones. STA also said that it will hire existing and local drivers.

Regional School District 17 in Connecticut became one of the first to take STA up on its offer, with the contractor making an initial payment of \$830,000 to the district for its fleet.

In November, the company changed its corporate name from Student Transportation of America Ltd. to Student Transportation Inc. to better represent its North American footprint. The company retained the names Student Transportation of America for its U.S. subsidiary and Student Transportation of Canada (STC) for its Canadian operations.

Chairman and CEO Denis Gallagher discussed the name change, the stimulus plan and the company’s growth in an interview with *SBF* Executive Editor Thomas McMahon.

SBF: How did the Education Stimulus Plan come about?

DENIS GALLAGHER: The Education Stimulus Plan was something that I came up with to get the message out to the general public and to school boards who operate their own fleets that there is a better way to provide school bus service and that there is an immediate cash benefit.

What kind of response have you gotten to it?

Well, the response to date has been mixed. Some are very interested and some are just fact-finding. The fact is that taxpayers and school boards of 10,000 districts in the U.S. have continued to in-source this service for years. It's always been that way. While certain states have a higher concentration of contractors, there are quite a few that have none and haven't even thought about it. Those are the people that we are targeting.

I do believe that economic times such as we have now will finally force some school boards to do the right thing and evaluate the merits of our services, or at least just cost and compare. I believe that the public deserves that research. We cannot let teachers be laid off and have education programs cut while there is real money to save here and a better way to get our kids to school than running operations in-house.

Tell us about the role of alternative fuels, and "green" efforts in general, for the company.

While the "green" initiatives for our industry have a long way to go in my opinion, we have found certain customers who want their service provider to make an investment in a new fleet that benefits both the environment and their community. We believe the technology and infrastructure will be there eventually, and we want to be on the forefront of that change.

We currently use CNG [compressed natural gas] vehicles in parts of Southern California, propane vehicles in both Minnesota and with LAUSD [Los Angeles Unified School District] in California, and a variety of bio-fuels in Florida and Illinois. Of course, just about our entire fleet in Ontario, Canada, uses bio-fuel.

Ultimately, we care about our customers and we will work with them to find the best innovative solutions for their community in addition to helping lower fuel costs and emissions.

Tell us about how the company has grown since it was founded.

I started the company in 1997 with the goal of working with talented people in communities that value quality service. I realize we're not going to be everywhere. We are very selective of where we grow and how we grow. We are not chasing revenue or growing beyond our capabilities. We are a combination of over 100 different cultures from acquisitions, bid wins and conversions, which we call our ABC strategy.

We have evolved as a family business; not my family, but the thousands of families who work with us.

We have so many people who like to be in that family business environment. This makes it so enjoyable to interact and communicate directly with the people in our operations. And when we find folks that are struggling to understand that philosophy, we work harder to get them to understand that this is the difference between us and other large corporations.