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Has the school made any payments to Sun Coach since March 2020?

*Yes, the School District has made full payment to Sun Coach for all school bus transportation services **that have actually been provided**. Specifically, the School District has paid Sun Coach approximately \$250,000.00 since March of 2020 for the times when they have provided school bus transportation services.*

Has the School District spent the money budgeted to pay Sun Coach on other things?

No, the money that would have been paid to Sun Coach, had transportation services actually been provided, remains in the School District's account. If an Arbitrator or Judge orders the School District to pay Mr. Sunstein the amount he claims he is owed, the money is there to pay him. However, the money would be much better spent on unexpected COVID-19 related expenses, such as technology and educational expenses due to remote learning and deep cleaning expenses to comply with CDC requirements.

Why didn't the School District just pay Sun Coach the amount stated in the Transportation Agreement?

First, the School District has a duty to its taxpayers to be responsible stewards of public money and paying a company several hundred thousand dollars for not performing services is not a responsible use of that money, especially when the Agreement gives the District the right to negotiate a lower rate. Second, the Agreement clearly states that the contract price can be re-negotiated if certain events, as more fully described below, occurred. Third, despite Mr. Sunstein's misstatement of the law, the School District was under no mandate to simply pay Sun Coach the full contract price without verifying that Sun Coach continued to keep all of its school bus drivers and aides on the payroll throughout the remainder of the 2019-2020 School Year. Fourth, South Allegheny, like many other school districts in Pennsylvania, receives a transportation subsidy from the state. However, unless Sun Coach was able to show that it kept all of its school bus drivers and aides on the payroll, the School District would still not be reimbursed by the state.

What are the events that occurred which would allow the School District to re-negotiate the contract?

*First, the contract states that the School District has the right to re-negotiate the rate owed to Sun Coach if the number of students provided transportation by the School District increases or decreases **at any time** by five percent of the amount of students transported as of August 24, 2016. Second, the contract states that the School District has the right to re-negotiate the rate owed to Sun Coach if the School District discontinues bus services **for whatever reason** beyond the 2016-2017 school year.*

As the parents and guardians in our District are painfully aware, the School District was forced by Governor Wolf's Closure Orders to completely shut down in the middle of March 2020. As such, no students were being transported at that time, and no transportation services were provided in those months. When the School District resumed instruction in the 2020-2021 school year, it did so on a reduced live in-person instruction schedule, necessitating far fewer transportation services during that time.

Is South Allegheny asking Sun Coach to transport its students for free?

Absolutely not. The School District has paid Sun Coach 100% of the amount owed for the bus services or bus runs that were actually provided. As stated in the previous answer, the School District has, from the beginning, merely exercised its right to re-negotiate the monthly rate, which Sun Coach refers to as the "bulk rate," in the transportation agreement for the periods when no bus transportation services were provided or for periods when a drastically reduced number of bus runs were required. The clear language of the agreement gives the School District the right to re-negotiate the rate in these circumstances to one that is more in line with the actual level of transportation services provided.

What is Sun Coach's position?

Sun Coach has refused to re-negotiate, insisting that it is entitled to the full "bulk rate," regardless of the fact that no service was provided during the end of the 2019-2020 school year and only drastically reduced service have been provided since the beginning of this school year.

Does the District owe Sun Coach \$800,000?

No. Sun Coach is well aware of the payments made by the District, but to purposefully mislead the public, claimed that it was owed the full \$800,000 which is the amount of money that the District would have paid to Sun Coach between March of 2020 and the present had schools not been closed and full transportation services been provided. The School District has paid Sun Coach approximately \$250,000 over that time period for services actually rendered, In Court, Sun Coach has agreed that it received those payments and actually filed a Motion with the Court, which the School District did not oppose, to permit it to deposit those payments without conceding its position that it is owed more.

What is "SB 1216" that Sun Coach referenced in its press release?

SB 1216 is a Pennsylvania law that went into effect in November of 2020 that would permit the School District to receive its transportation subsidy if it continued to pay its transportation provider, so long as the transportation provider certified certain "variable costs" (which are non re-imbursable, such as costs for labor, fuel, tolls, maintenance, etc.) to the School District. This Act was not in effect at the end of the 2019-2020 school year. Although the School District has repeatedly requested this information, Sun Coach has refused to provide or certify those costs, meaning that the School District would never have been reimbursed its subsidy even if it continued to pay Sun Coach. Sun Coach refused to provide that information, claiming that it was "proprietary," meaning that it was concerned that the information would be shared with its competitors. To address those concerns, the School District offered to enter into a confidentiality agreement or have the Judge issue a Protective Order to protect the information. Sun Coach has still refused to provide it.

Does Sun Coach have enough drivers to service the School District's bus runs?

The School District is not sure. On numerous occasions, Mr. Sunstein has claimed that he never furloughed any of his bus drivers. However, in his January 29 press release, he claims that Sun Coach has "lost drivers who had to seek other employment." Therefore, based on these conflicting statements and Sun Coach's failure to provide recent bus route/bus run information to the School District this past month for the District to transport its elementary students to return to a four day a week instruction model as of February 1, the District questions whether enough drivers remain employed by Sun Coach to service the District's needs.

What is an injunction? Did the District file one?

An injunction is a legal filing where a party asks a Court to order that the relationship between two parties who are engaged in a dispute remain status quo while the underlying dispute is resolved. In this case, the School District filed an Emergency Injunction with the Allegheny Court of Common Pleas on Friday, January 29, 2021 requesting that Sun Coach be required to continue providing transportation while the School District and Sun Coach either continue to try to resolve the dispute over payments through mediation or an Arbitrator or Judge makes a decision. The Court has scheduled a hearing on the injunction for Tuesday, February 2, 2021 at 1PM.

This injunction is actually the third one the School District has filed. Twice before Sun Coach threatened the School District, indicating that it would stop transporting students. Faced with these threats, the School District was forced to seek an injunction to prevent Sun Coach from halting bus service. In both cases, Mr. Sunstein and his attorney promised the Judge that an injunction was not necessary because Sun Coach would never stop transporting the District's students in the middle of the school year. The Judge believed those promises.

What steps has the District taken to work out this dispute?

The School District has maintained from the very beginning of this dispute that the Transportation Agreement between Sun Coach and the School District clearly states that the parties are to engage in mediation and, failing that, arbitration, if the parties cannot agree upon an appropriate reduction in the amount due if school bus services are discontinued or the number of students who are transported is significantly reduced. The School District has followed the terms of the Agreement and attempted to mediate and arbitrate the dispute with Sun Coach as early as last summer. Last summer, Sun Coach was willing to mediate the dispute and actually proposed Mediators who would be acceptable to them. However, on the eve of the beginning of the 2020-2021 school year, Sun Coach abruptly refused to participate in mediation. Instead, it attempted to use the threat of a bus stoppage as leverage or as part of its concerted effort to force the School District to pay the full amount for bus transportation service, even though Sun Coach clearly only provided a fraction of the services since March of last year due to the COVID-19 closures and switch to hybrid/remote instruction. This forced the School District to resort to taking legal action against Sun Coach through the Allegheny County Court of Common Pleas when it appeared that Sun Coach would refuse to transport students. Finally, after repeated requests and attempts by the School District over the last six months to begin the mediation/arbitration process, Sun Coach finally agreed just last month to mediate the dispute and an initial half-day Mediation session was scheduled and held less than two weeks ago. Despite the misstatements in Mr. Sunstein's January 29, 2021 press release, the School District had representatives at that Mediation session, who had authority to settle the dispute for a reasonable amount. Although the School District felt that progress was made during this mediation, the parties were not able to work out a settlement before the scheduled end of that session. However, the School District was optimistic that the parties were moving toward a resolution. The School District offered the full authorized settlement amount, which was rejected by Sun Coach. Rather than declaring the mediation unsuccessful and requesting the next step, arbitration, the School District was willing to meet with the full School Board to obtain additional settlement authority. A Special Workshop/Executive Session was called by the School Board President and held on January 28. The School District's legal counsel actually had sent Mr. Sunstein's legal counsel an email on the morning of January 29th to discuss availability for a second mediation session. Rather than confirm their willingness to participate in additional mediation, Mr. Sunstein unilaterally terminated the Transportation Agreement.

How will this impact my student?

Our staff is working diligently to obtain alternative transportation for in-District students, out-of-District placements, and extra-curricular activities. The School District will be providing virtual instruction on Monday, February 1, 2021. We will update parents and guardians via announcements on the Skylert system, the District's website, and via phone calls when we have additional information.

Where do I get accurate information?

The School District will continue to release updates on the District website and via Skylert messages.

Is this the same company that Elizabeth Forward School District had issues with?

Technically yes. Although the names of the companies are different, both bus companies are owned by David Sunstein.

Did Sun Coach want to be paid in full for the time there were no bus services being provided to any of our students?

Yes, and this is the core issue of the dispute. The Transportation Agreement clearly requires the School District and Sun Coach to re-negotiate the amount owed under the Agreement if: (1) school bus transportation services are discontinued for whatever reason; or (2) there is a significant reduction in the number of students who are transported. Governor Wolf's Orders (which mandated the closure of all schools in the State in the spring), and the School District's decision to transition to a remote and hybrid learning format in the 2020-2021 school year (based on the recommendations of the Department of Education) were triggering events, which entitled the School District to renegotiate or seek a reduction in the amount owed to Sun Coach for bus services during those periods. Sun Coach disagrees and has demanded the full amount stated in the Agreement despite providing no transportation services between March and June of 2020 and significantly reduced services for the 2020 – 2021 School Year.

Was the School District willing to negotiate with Sun Coach to continue transportation and be fair to their company?

Yes, the parties participated in a mediation session just a few weeks ago. Moreover, the School District's legal counsel contacted Sun Coach's legal counsel on January 29 to schedule a second mediation session. In addition, the School District has paid approximately \$250,000.00 to Sun Coach since March 2020 for transportation services that have actually been provided since that time. Despite the recent actions of Sun Coach, the District remains willing to schedule the second mediation session to work towards a settlement, and if mediation is unsuccessful, to immediately proceed to arbitration. However, to prevent future disruption to the education of the students while this process continues, the District will continue to pursue an Injunction from the Court.