



PORTLAND PUBLIC SCHOOLS

OFFICE OF Student Transportation

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To: Claire Hertz, Deputy Superintendent of Business and Operations

From: Dan Jung, COO
Teri Brady, Director of Student Transportation

Subject: Update on Request for Proposal (RFP) for Home to School Contractor

BACKGROUND

Portland Public Schools has had a long history of employing both a District owned and operated fleet and utilizing a contractor to provide the rest of the operational support for transportation services for its students. Over the years, the types of services and number of routes assigned to each organization has changed, as well as the name and parent company behind the contractor. Major players within contracted school transportation have merged or been bought out resulting in changes to management and structure, but the look of the contracted operations has remained fairly stable.

ANALYSIS OF SITUATION

With the last few decades, the Portland Metro area has seen a large increase in population density, escalating wages and benefits and a powerful technologies delivered to individuals in the palm of their hand. Each of these shifts have had an impact on transportation delivery and the expectations from families and schools. Student Transportation has largely been stagnant and reactive to these changes, resulting in a system that is inefficient and struggling to be effective. These issues are pillars that are driving the reshaping of Student Transportation through the procurement of new contracts for services.

1. With the increase in population, traffic has become a major factor in the ability to move across the city in a timely and predictable manner. This along with the geography of the District has made planned operations and response to incidents a daily concern. With the current single location of the contractor's bus yard in the NE corner of the district, it is increasingly difficult and costlier to support our Westside schools and families.

The new RFP calls for two contractors to service the District as opposed to one. It specifies that there must be a bus yard location on the west side of the Willamette River. This change will reduce miles traveled by empty buses, reduce response time for incidents of breakdowns or failures, reduce costs through these efficiencies, and result in higher customer service for families and schools.

2. PPS has traditionally had a partnership with a single contractor to provide services. This worked fairly well in times when the pool of candidates for part-time work was larger and

the cost of living allowed for a bus driver salary to be supplemental income. With the increase in the economy and low unemployment rate, the candidate pool dwindled as the time demands of the job increased. Wages needed to shift to attract and maintain full time workers who could support a family in the metro area.

Requiring two contractors will increase the responsiveness of employers to ensure competitive wages and benefits for drivers. It will also increase the expectation for high customer service. Should a contractor be unable to provide the service as required, the work will be assigned to another provider.

3. Technology and the availability of data have increase exponentially over the past years. Utilizing software and tools means greater ability to track and assess performance and again ensure high quality customer service.

The RFP requires brand new propane fueled buses for the home to school routes. The news buses will include safety technologies that are becoming standard equipment on buses, such as assisted braking, stability controls and internet connected systems for predictive maintenance and tracking.

New digital camera systems and radios will also provide greater support and safety for our students.

4. The last primary pillar of the RFP is to ensure there is language within the new contracts for clear expectations, monitoring and corrections as needed. The new contracts will have specific key metrics to be met and have withholdings and/or the ability to reassign work to another vendor if the contractor fails to perform.

FISCAL IMPACT

The RFP has outlined language for a 6 year initial term plus 2 additional 2 year extensions. The ten year timeframe will allow vendors to plan expenses based on a standard depreciation schedule for vehicles. We have planned for a 2% cost escalation year to year.

With our most current route needs, cost escalations and assumed trip needs, our fiscal impact estimation is \$140 mil over the first 6 years of the contract period.

Our contracts and invoicing will be based on a fixed plus variable rate model. Vendors will receive a fixed rate of 70% for ongoing costs for the contract. (Keeping the lights on) We will then pay them the variable rate of the remaining 30% for each day they provide routing services. By guaranteeing payment, we will ensure that our vendors feel like partners in the organization and reduce the likelihood of them using higher daily rates to mitigate their risk in a contract in the current environment. COVID has seen the downfall and collapse of vendors across the nation as services and payments were eliminated with the closures of in-person instruction.

TIMELINE FOR IMPLEMENTATION / EVALUATION

With this new RFP and the intent to award two contractors with work, the District has planned for a long lead time for implementation. This lead time is necessary in order to ensure the acquisition of property and new vehicles for those receiving the contracts. The intent of this procurement process is to have awarded and negotiated contracts prior to June of 2021. As PPS has a current contract with First Student that expires on June 30, 2022, this allows a full year for lease or purchase of land for bus yards and for the purchase of new vehicles and equipment needed to service the contracts.

With that date in mind, the projected schedule for the procurement process milestones is:

Issue the RFP: Early December 2020
Proposal due date: February 2021
Evaluation: March 2021
Award and negotiations: April-May 2021
Board Approval: May 2021

The RFP is currently with the Procurement Department for review. It is expected that the RFP will be issued the first week of December on PlanetBids. We have identified seven (7) possible vendors who may choose to respond to the RFP. Part of our procurement process will be to hold a mandatory pre-proposal conference to identify interest in the RFP.

ATTACHMENTS

- A. Expense forecast
- B. RFP Schedule