



# Transportation Yellow Bus Vendor Contract

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# Systemic Change in Transportation

In order to better serve students, BPS transportation requires systemic change. Our complex system will require years of consistent progress with gains made each day.

The Council of Great City Schools report outlined several critical recommendations that require cross departmental and city collaboration, as well as robust community engagement.

The vendor contract proposed tonight is an important part of the consistent progress that is required. The contract has been entirely restructured to focus on vendor accountability tied to financial incentives based on outcomes for students.



# What is the yellow bus vendor contract?

*BPS Transportation contracts out yellow bus transportation to a vendor*

## **The vendor manages:**

- Bus maintenance
- Yard and bus operations
- Hiring, training, and management of bus drivers
- Bus safety personnel deployments

## **The district manages:**

- Routing
- Hiring, training, and management of bus monitors
- MBTA Passes
- Customer Service



# Summary Vendor Contract Language Changes

## Information for Bid vs. Request for Proposal (RFP)

Massachusetts Law requires districts to put an “Information for Bid” out when looking for a new vendor for school bus transportation.

- The main difference between an Information for Bid (IFB) and a Request for Proposal (RFP) is that an IFB requires you to select the **lowest** responsive and responsible bid.
- This is why it’s so important to be detailed in exactly what your needs are to ensure that the lowest bidder can actually meet contract expectations

## 2022 IFB

The district was very intentional about the language in our IFB to identify vendors who could manage our complex system. The language was targeted at making the contract more usable, enforceable and focused on what we want to incentivize from the next vendor to drive student oriented outcomes:

1. Create real financial incentives for good performance and cost savings
2. Shift more financial liability from BPS to Contractor
3. Make penalties and damages clearer and more consequential
4. Updated to reflect expanded scope and scale of the transportation operation
5. Facilitate shift to an EV fleet

# Financial liability shift from district to vendor

Under this new IFB structure, unlike the existing RFP, the vendor shares in the cost of both good and poor performance

- Certain costs no longer pass through from the vendor to the district, reestablishing a profit incentive for ongoing good management by the vendor
- Under the old RFP, the vendor had zero risk for poor performance because essentially all vendor costs were paid dollar-for-dollar by the district
- *Example: The vendor is now responsible for:*
  - *Facility costs such as utilities, maintenance and minor repairs, and snow removal.*
  - *Workers compensation premiums for the driver workforce*

# Incentives for good performance - shared cost savings

- Incentives are focused, achievable, and tiered
  - Focus on key outcomes (e.g., on time performance), rather than micro-management of vendor
  - Achievable to motivate vendor activity throughout the life of the contract
  - Tiered to encourage vendor to seek continued performance improvement
- Cost savings are shared between the vendor and the district to encourage collaborative problem solving
- *Example: The vendor can receive incentive payouts for:*
  - *First ten days on-time-performance greater than 85%*
  - *Monthly on-time performance greater than 95%*

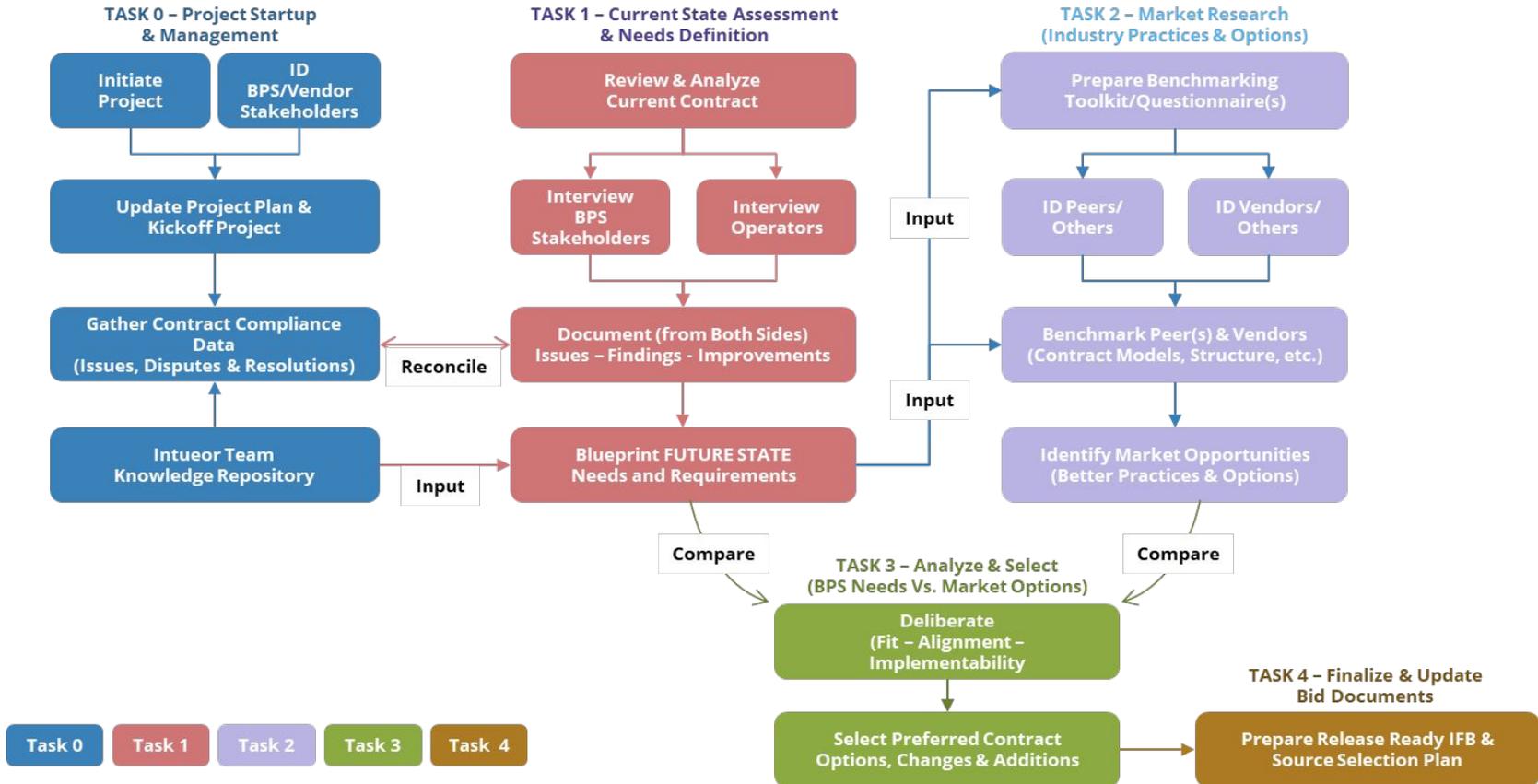
# Why a Five Year Contract?

- **Market Response:** Given Boston's challenging operating environment and the financial risks to a vendor inherent in this contract, our consultants advised that a contract shorter than five years was unlikely to attract bidders.
- **Systemic Improvements:** A five year contract provides the District with stability in our vendor and the time needed to focus on other necessary improvements that were highlighted in the Council of Great City Schools report
- **Planning Timelines:** BPS will need to begin planning for its next transportation contract three years prior to the end of this contract. A five year contract provides the time needed to gain necessary data and insights to inform the District's next steps.

**Planning for the IFB:** The Invitation for Bids was launched in September 2022 in order to have a new contract in place to start on July 1, 2023. Planning was nearly a 2-year process.

Task	Start Date	End Date
Finalize IFB Statement of Work	7/1/2022	7/22/2022
IFB Packaging for Release	7/1/2022	9/9/2022
Launch IFB	9/9/2022	9/9/2022
IFB Released to Vendor Community	9/9/2022	10/28/2022
Pre-Bid Conference Call	9/21/2022	9/21/2022
Mandatory Yard Walkthroughs	9/29/2022	9/29/2022
Vendor Written Q&A Submission Deadline	10/3/2022	10/3/2022
Vendor Written Q&A Responses from District	10/14/2022	10/14/2022
Receive Bids	10/28/2022	10/28/2022
Evaluate Bids	10/28/2022	11/9/2022
Contractor Selected	11/22/2022	11/22/2022
Contractor Negotiations re Implementation and Development of Integrated Contract	11/23/2022	3/14/2023
Submission to School Committee	3/15/2023	3/22/2023
Transition Work and Prepare for Contract Start	3/1/2023	6/30/2023
Development of Contract Administration Guide	3/1/2023	6/30/2023
Contractor in Place and Start	7/1/2023	7/1/2023

# Working with Industry Experts: The IFB was co-constructed along with industry expert consultants from Intueor and Transportation Advisory Services over a nearly 2-year period



# Vendor Landscape

- Our consultant's analysis showed that there are 3-4 vendors in North America large enough to support this contract
- All 4 are familiar with BPS operating environment
- When interviewed, they expressed concerns over the complexity of the operations. Some also expressed concern about the new contract structure and additional performance risk for the vendor
- All 4 engaged in the bid process
- Only one Vendor submitted a bid: Transdev
  - It was critical to BPS that a vendor accept this contract on our terms, including financial accountability tied to student outcomes
  - Other vendors participated in the IFB process but indicated that the contract risks were too great and therefore they decided against submitting a bid

# Bid Pricing

## Bid Price

- Consultants anticipated bids coming in between \$17.5 million and \$22.6 million, exclusive of pass through costs
- Transdev bid at \$17,497,554.19, exclusive of pass through costs

## Factors Impacting Prices

- Reduction in passed through costs, meaning more cost elements are included in the bid price than under the existing RFP
- Incentive payouts based ONLY on management fee
- 3% annual escalation to bid price

# School Bus Vendor: Transdev

## Transdev's Commitment

Although transportation service is not yet where it needs to be, Transdev has demonstrated a commitment to improvements in recent years.

- BPS has instituted a Monthly Performance Review process for the vendor, now codified in this proposed contract, to review performance and develop action plans for improvements
- We have seen notable improvements in vendor performance in recent years across bus operations, maintenance, safety, HR, and other functional areas
  - Hired 152 drivers since May '22; 92 new hires provided paid CDL training
  - Streamlined yard operations to improve communications and consistently reach 95%+ on-time yard departures
  - Significantly reduced the number of drivers on leave through improved workforce management
- Through their bid, Transdev has committed to continued improvement as well as taking on the financial risk associated with non-performance

# Appendix

# Change from RFP to IFB

- This change was required by Massachusetts procurement law
- An IFB requires the district to accept the lowest bid from a responsible and responsive bidder.
- Bidder metrics added on fleet size and experience requirements to ensure only bidders with sufficient expertise could bid
- Extensive market research to identify and invite potential bidders to participate

# Updated scope and scale

The new scope better represents the management skill, technical skills, and staffing levels required to for BPS Yellow Bus Transportation:

1. Year round service, on weekends, holidays, and over every school vacation, including the summer when ~60%+ of buses run
2. 225 schools, inclusive of 125 non-BPS schools that often run different schedules and school years than BPS
3. Data and technology expectations are significantly more robust and complicated

# Damages are fewer and more consequential

- Damages are limited to what is in the vendor's control
- Damages are focused on compensating for high negative impact events
- Damages help ensure the district has tools to seek redress for non-performance

# Shift to an electrified fleet

- BPS is electrifying its bus fleet by 2030
- Any incoming vendor is required to have sufficient mechanical and operational knowledge, as well as experience to support this shift