

Managing the Transportation Bid Process

By Mark A. Walsh, President, TAS

It's now Spring, budgets have been completed, contracts are in place, and the last thing you want to think about is your transportation contract. However, now is the time that districts should begin the process of specification and contract development for transportation contracts that expire in June, 2008.

Based on our work with a number of Connecticut school districts, and our 20 years of consulting experience with bid/RFP process management in multiple states, we have found a number of key elements that districts should consider as they enter the contracting process. For ease of review, we have presented information in a categorical format. It is important to note that this article is intended to be an overview of key issues that would apply with most school districts. However, every school district is different with varied requirements, municipal mandates, unique circumstances, and varying market dynamics.

Transportation Contracts

Nothing in this article should be perceived as a recommendation to rebid any contract as opposed to renegotiating with the current contractor. A determination on the pro's and con's of renegotiating should be made prior to entering into the somewhat arduous task of developing and managing a transportation bid/RFP.

Should renegotiating be a viable direction for the District, it may be advisable to adjust certain terms and conditions of the contract during the negotiations process.

As you consider a future transportation contract, it is important to focus on the need to formalize your relationship with the contractor. All elements of the operating system should be included in the contract, and the District's needs should be clearly defined. Although you may have an "understanding" with the Contractor, you should not assume that the Contractor will operate the contract for the full term. Contractors go out of business. Contracts are sold by one contractor to another. Contractors sell their companies to other contractors. Local managers move on to other locations.

In most cases a multi-year transportation contract represents a financial arrangement worth millions of dollars. This is a document and process that should be thorough and one which should survive personnel changes at either the Contractor or the District level.

Given the critical performance and regulatory issues involved in transportation contracts, it is important that

any renegotiated contract, or any specification, receive proper review by both legal counsel and your risk manager.

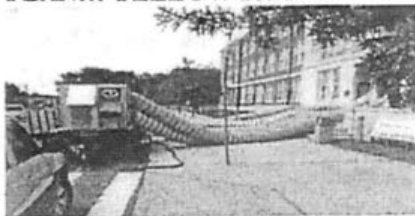
Bid vs. Request for Proposal (RFP)

It is important to understand the difference between a bid and an RFP. A bid results in an award to the contractor submitting the lowest price as long as the bidder meets the criteria established in the specifications. A RFP is designed to allow the District to evaluate proposals on more than a cost basis. For example: value added services offered by the Contractor; references; experience with similar programs; fleet profiles; knowledge of the local market; and more.

In some cases in Connecticut, the local municipality specifies either a bid or RFP. It is important to explore options with your local purchasing department. It is also important to evaluate what you are attempting to achieve with the contracting process, and to understand the dynamics of the local competitive marketplace. As

Continued on page 4

WHAT'S YOUR EMERGENCY PLAN... YELLOW PAGES?



WHAT DO OVER 20 SCHOOL SYSTEMS KNOW THAT YOU DON'T? BECOME A "TIER ONE CLIENT" AND FIND OUT FOR EMERGENCIES CALL : 1-800-B0ARDUP OFFICE CALL 1-800-233-8220 WWW.JPMAGUIRE.COM

SCHOOL & LIBRARY MOVING SPECIALISTS

OVER 60,000 STUDENTS MOVED
1,000'S OF PRINCIPALS, STAFF & TEACHERS MOVED...HAPPILY!
OVER 1,000,000 BOOKS MOVED, STORED AND REPLACED...CORRECTLY
.... AND THAT'S JUST IN THE LAST 3 YEARS

MOVING & STORAGE
LIBRARY RELOCATIONS
RECORDS MANAGEMENT

FURNITURE INSTALLATIONS
WAREHOUSING & DISTRIBUTION
LOGISTICS CONSULTANTS



"White Glove Movers"

AMODIO
MOVING & STORAGE

AWARD WINNING SERVICE SINCE 1919
www.amodio.com 800-326-6346

Managing the Transportation Bid Process

Continued from page 2

you make your determination on the best direction to go, consider whether or not you can expect a competitive process, whether potential contractors are likely to offer different services and features, and whether you will have the ability to make an award to a contractor who may not be the lowest bidder.

Timelines

Whether you are renegotiating with your current contractor, or developing specifications for a new contract, it is very important to maintain your competitive options. You need to be able to provide competing contractors with a realistic opportunity to evaluate your program, explore operating locations, and secure the necessary vehicles and drivers.

For a contract that will begin in July, 2008, we recommend that your specification work be conducted during the fall of 2007 to allow the specifications to be released to the market in late fall or winter (November - January). This will vary somewhat depending on the size of your contract, and the need for contractors to develop an infrastructure to operate your program.

Although every situation needs to be customized to the District's specific needs, a good rule of thumb would be to have the contract in place approximately 5 to 6 months before the start date. This provides sufficient time for the contractor to order vehicles, and to develop an operating program. This should allow a realistic opportunity for competing contractors to submit qualified proposals, while facilitating the development of your upcoming budget.

Key Contract Elements

A quality set of specifications, customized to reflect your program needs, will run 30 pages or more. It is unrealistic to detail every element of the specifications in this article, but some issues that should be addressed are: a specific contract term, including the provision for summer services; specific information describing your program and your expectations; a pricing methodology that meets your current needs while preserving your options to adjust the program operation in the future; non-performance damages in the event that issues should arise; facility requirements including either the use of a district facility or a contractor facility (keep in mind that if you mandate a contractor facility in the district boundaries, you may restrict competition); a fuel provision; performance bonds; alternates for additional services; the use of alternative contractors; and much more.

As you develop the specifications, keep in mind that these become the future contract. Be clear and specific with your needs, and minimize providing any recitations of regulations and laws that the contractor is required to meet. Stipulating general compliance with laws and regulations is more efficient, and provides greater flexibility should requirements change in the future.

The specifications will need to include a clear method of evaluating the cost of the proposals. We strongly recommend pricing that is based on a price per vehicle, per day. This allows the district to pay for what you use, and not pay for what you don't use. However, you will need to provide some type of activity matrix to allow a non-subjective evaluation of the proposed prices. As you develop your pricing, keep in mind the need for program flexibility while ensuring that you are being fair to the contractor.

Contractors

The specifications need to reflect an understanding of the legitimate needs and challenges of the contractors. The requirements that you impose on the contractors must allow them to provide the district with a quality, consistent service at a pricing

level that allows them to make money and continually reinvest in your operation. They must be able to find, attract and retain qualified drivers; they need to meet market demands for guaranteed time schedules for their employees; they must understand the program requirements that you will expect them to meet; and they must be able to employ qualified management personnel.

It will be important during the bid/RFP process to hold a prebid meeting to allow the district to explain your program and expectations, and to allow the contractors to ask questions about the system and your specifications. In almost all cases, issues will arise at the prebid meeting that necessitate the development and issuance of an addendum to the specifications. We believe this is a positive element of the process as it demonstrates the district's ability and interest in developing a responsive and fair program.

Summary

The contract development process is a key aspect of establishing a solid foundation for a multi-year relationship with an outside vendor. Anyone who has lived through this process can attest that it requires a significant amount of work, and a detailed review of what you do in transportation, and why you do it.

Mark A. Walsh is a Certified Management Consultant, and President of Transportation Advisory Services (TAS). TAS is a vendor member of CASBO. More information about TAS can be found on their website: www.TransportationConsultants.com.