

Lamorinda School Bus Transportation Agency
RFP Subcommittee AGENDA
DATE: June 12, 2018 TIME: 12:15 p.m.
City of Lafayette, 3675 Mt. Diablo Blvd., Lafayette CA
Conference Room 240 (Second Floor)

- 1) CALL TO ORDER
- 2) ADOPTION OF AGENDA
- 3) PUBLIC COMMENT – items not on the agenda
- 4) NEW BUSINESS
 - a. Request for Proposal for Transportation Services Starting 2019
- 5) CHAIR AND BOARD MEMBERS' REPORTS
- 6) WRITTEN COMMUNICATIONS
 - a. Submittal by Serge Millman, Sourcing Advisors Group
- 7) NEXT MEETING DATE
- 8) ADJOURNMENT

I, Juliet Hansen, declare under penalty of perjury, that this agenda has been posted at least 24 hours in advance in the following locations: City of Lafayette Offices, 3675 Mt. Diablo Blvd., in the glass case downstairs, Lafayette, CA.

Juliet Hansen, Program Manager

*Any writings or documents pertaining to an open session item provided to a majority of the LSBTA less than 72 hours prior to the meeting shall be made available for public inspection at the Lamorinda School Bus Program office at 3675 Mt. Diablo Blvd., Suite 255, Lafayette CA during normal business hours. Agendas and packets are available for review by the public during regular Monday – Friday work hours at the Lamorinda School Bus Program office at 3675 Mt. Diablo Blvd., Suite 255, Lafayette CA and on the website at www.lamorindaschoolbus.org. Agendas and packets shall be made available at least 72 hours in advance of each meeting. Upon request this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the ADA Act of 1990 (42 U.S.D. Sec. 12132). Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Juliet Hansen, Program Manager, at 925-299-3216 at least 48 hours before the meeting if possible.



Lamorinda School Bus RFP

Background

1. Status quo will bankrupt the program within 2-3 years
 - FY16/17 generated \$125k loss, with \$551k in available reserves
 - FY17/18 generated \$132k loss, with \$419k in available reserves
 - FY18/19f forecasts \$150k loss, with \$270k in available reserves

2. FY18/19 funding gap would have required >25% price increase
 - Parent Contribution is currently about 33% of total funding and is the only revenue source that can be increased
 - A minimum of 25% Parent Contribution increase would have been required to meet FY18/19 forecasted funding gap (see xls), assuming that no parent drops the service

3. FY19/20 will require >100% price increase based on \$575k in additional annual costs
 - Restoring the 3 Orinda routes is estimated to increase operating losses by \$165k (see xls)
 - \$410k additional costs based on anticipated price increase in First Student contract renewal (based on San Ramon's 20% price increase experience)
 - 100% increase in Parent Contribution will be required to fund \$575k in additional costs (see xls). A much higher price increase will be required if significant number of parents drop the service (which could reasonably be expected with a 100% price increase)

RFP Objective

- Maintain / improve service quality
- Cost reduction from current state; or at least minimize expected 20% price increase
- Ensure that LSBTA continues as a going-concern

RFP Observations & Recommendations

- 1) RFP size
the total scope of the opportunity - \$1.8 million annual contract - is far too small to interest multi-billion-dollar entities. Even at a 5/10-yr term, is unlikely to create enough interest to drive aggressive bidding (pricing and SLAs). Prime evidence of this is the recent San Ramon Valley SD (aka TRAFFIX) school bus bid: slightly largely opportunity than LSB but only 2 bidders and 20%+ price increase

Objective:

- a) Increase size of RFP scope to enhance the attractiveness of the opportunity to vendors



- b) Create material incentive for incumbent vendors to protect their business with aggressive bids

Recommendations:

- a) partner with San Ramon and / or CCCOE spec ed bus service
- b) explore partnerships with other School Bus Transportation Agencies in the Bay Area

- 2) One vs multiple RFPs? To include 3 Orinda routes or not?

My experience suggests that issuing more than 1 RFP on the same scope will be very confusing to the vendors; furthermore, placing incremental requirements for a small subset of routes will likely result in no-bid on those routes. Finally, serious consideration should be paid to the effort and resource investment that is being asked for the vendors to respond to the RFP —as it stands, this is a very small deal for the large national vendors; asking for inordinate amount of investment is likely to result in a complete no-bid or bids with exorbitant pricing.

Recommendation:

- a) There ought to be a single RFP, which requires vendors to price each route individually (more discussion in pricing structure section)

- 3) Number and diversity of bidding vendors

It is a concern that there are only 4 anticipated vendors, including an incumbent and another high-price vendor. A concentrated effort can / should identify many other potential vendors.

Objective:

- a) Increasing the number of bidders will provide valuable price discovery, and create a credible threat of switching to the incumbent

Recommendations:

- a) Include Tier 1 school bus providers
 - a. First Student (Incumbent)
 - b. Student Transportation
 - c. National Express (aka Durham)
- b) Including niche/regional/local school bus providers
 - a. Michaels Transport Service
 - b. CYO Transportation
 - c. DeSoto
 - d. ... identify 5-10 other providers
- c) Determine if school districts with in-house School Bus service would act as a service provider to LSBTA (for example, Mt Diablo SD)



- d) Explore opportunity to use corporate transportation providers (eg. Corporate bus providers such as those used by Genentech, Google, Visa, etc.)

4) Pricing Structure

The pricing structure should be sufficiently detailed to compare service costs across vendor bids. Further, different service models should be priced. Back of the envelope cost estimate suggests that fair value of current contract should be \$1.5M – indicating a potential ~\$300k savings (see xls).

Recommendations:

- a) Pricing should be required for individual routes
- b) Pricing should be disaggregated to include specific pricing levels for factors including
 - a. Bus lease
 - b. Staff – bus drivers
 - c. Staff – maintenance staff allocation
 - d. Bus Repair parts and equipment allocation
 - e. Staff – customer support
 - f. Fuel
 - g. Insurance
 - h. Other (including profit)
- c) Pricing models to be bid could include:
 - a. Completely outsourced model (similar to current)
 - b. Service only (wherein buses are purchased by the LASBTA and leased to service provider)

5) Route and other key documentation

Best results occur when RFPs are explicit about requirements, which in this case should include routes, route stops, potential challenges.

Recommendation:

- a) Provide specific requirements that vendors are expected to follow (and price)

6) Service Level Agreements (SLAs)

It is obvious that there are current SLAs in place (there was a discussion about penalties related to late buses), but I did not see those spelled out explicitly in the RFP, and I don't recall seeing financial penalties identified with breaking these SLAs.

Objective:



- a) Provide crystal-clear expectations to vendors about service quality and other requirements
- b) Provide clarity of penalties associated with SLA breaks
- c) Ensure that SLAs reflect a material impact to the vendor's monthly fees
- d) Provide a mechanism for vendors to 'earn-back' accrued SLA penalties

Recommendations:

- a) Include at-risk amount (5%-10% of controllable fees; eg. excluding bus/fuel/insurance costs)
- b) Provide specific SLAs and SLA penalties (including bench drivers, contingency measures (eg. what happens if bus breaks-down; what happens if scheduled driver does not show up,), etc.)
- c) Define earn-back mechanisms

7) Governance Model

Explicitly define governance model, including day-to-day operations / communications, as well as contractual / financial discussions (usually different people on the vendors and buyer's side)

8) Other considerations

- a. Alternative fuel buses & various credits
(<http://www.energy.ca.gov/transportation/schoolbus/>,
<https://www.cde.ca.gov/fg/fo/r14/smschbus06result.asp>,
<https://www.cde.ca.gov/fg/aa/ca/smallschdistcoebus.asp>,
<https://www.cde.ca.gov/fg/fo/r14/ssdcoebr09rfa.asp>)
- b. Right-sizing buses to demand (# students riding on buses)
- c.

...

Other info:

- List of orgs: <https://www.cde.ca.gov/ls/tn/or/links.asp>
- CA Dept of Transportation- call with Questions: <https://www.cde.ca.gov/ls/tn/or/>
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