

Public

TO: TSTG GOVERNANCE COMMITTEE
MAY 24TH, 2023

FROM: GENERAL MANAGER

SUBJECT: AWARDING OF TRANSPORTATION CONTRACTS

Origin:

Expiration of Transportation Contracts

Executive Summary

The Toronto Catholic District School Board and the Toronto District School Board concluded a five-year contract with our current bus operators plus two one-year extensions ending in August 2024. A Request for Tender (RFT) was released in March of 2023 to secure bids for student transportation services for a period of six years with two, two-year optional extensions starting in September 2024. Both Boards can secure contracts that provide fair market value to the districts in minimizing costs while maintaining a level of service required in the Toronto marketplace. A focus in the new contract was also to engage vendors to secure electric buses and infrastructure to meet both governmental requirements and School Board environmental stewardship goals. However, although the prices may be fair market value, they are considerably higher than current rates and will continue to apply pressure to the Transportation budget.

Comment(s):

1. In February of 2022 the TSTG approved the final option year of the current student transportation contract. Between February 2022 and February 2023, the TSTG has hosted Trustee town hall meetings, surveyed current school bus providers, shared procurement best practices with surrounding student transportation consortia, and reviewed staff concerns and suggestions all with the goal of ensuring a new procurement document that improved the level of service for our families and schools. A student transportation procurement committee was also formed with participation from several key stakeholders to review and revise clauses to be included in the new procurement document. A report to Governance in February 2023 highlighted many of those items that needed to be addressed in the new procurement documents with a goal of launching the RFT in the New Year.
2. The RFT was released on March 1st and was posted on the procurement site 'Bids and Tenders'. Four addendums were issued by the RFT Coordinator to provide answers to questions received from interested parties who submitted inquiries by the March 24th, 2023 deadline. Sixteen organizations downloaded a copy of the Toronto transportation

RFT. The RFT closed on April 14th, 2023 and proposals were received from the following 9 vendors:

- *Attridge Transportation
- *First Student Canada
- Landmark Transportation
- *McCluskey Transportation
- *Sharp Transportation
- *Stock Transportation
- *Switzer-Carty Transportation
- Voyago Transportation
- *Wheelchair Accessible Transit

* Operators currently providing service to the Toronto School Boards

3. The contract award process was designed in three stages. The first is a simple mandatory requirement stage whereby proponents had to submit material that met the very basic requirement of school bus transportation services. Any carrier that did not meet these requirements was eliminated from further review. The second stage involved a technical review of each of the interested parties to ensure that they could provide services that were requested by the TSTG. Any carrier not scoring higher than 60% at the technical stage was also eliminated from further review. The third stage was based on price for services. The final award was based on combining 50% of their technical score with 50% of their pricing score to determine an award rank. Contract awards were established by vehicle type and awarded to carriers starting from the highest ranking to that of the lowest. Purchasing Department members from both Boards and a Fairness Commissioner provided oversight to the evaluation process and team consisting of the following members:

General Manager - TSTG

Transportation Operations & Safety Manager - TDSB

Transportation Planning & Technology Manager - TCDSB

Assistant Manager -Transportation - TDSB

Superintendent of Planning & Development - TCDSB

4. Each of the proponents was asked as part of the technical review section to provide details in each of the following areas:
 - a) Driver education & training;
 - b) Driver retention/recruitment strategy;
 - c) External communication strategy;
 - d) Internal communication strategy;
 - e) Fleet maintenance & management;
 - f) Environmental Stewardship
 - g) Administrative and/or operations team;
 - h) Operational & administrative facilities;
 - i) Safety programs and accident reporting;

- j) School bus parking strategy
- k) References.

5. Changes were made to these technical areas to better address the issues currently faced with our existing contract. School Bus Operators were required to submit along with their submissions, supplemental material that supported what they communicated in their bid. This ensured that these operators were not making promises or statements that could not be met. Environmental Stewardship and School Bus Parking strategy were added for this evaluation as both items significantly impact how services are delivered to our students and families. The driver retention and recruitment strategy section was also given higher weight as we have seen what happens when these contractors fail to supply sufficient drivers for all bus routes.
6. The evaluation team has identified the following school bus operators as providing the best value for service. The chart summarizes the number of buses by type recommended be awarded to each operator. A chart detailing the breakdown is included as Appendix A. All vendors have indicated as part of their bid that they would accept a six-year contract with a two, two-year optional extension based on the terms of the contract:

Company	Full-Size	Mini-Size	Mini-Van	WC	Total
Attridge	120	170	9	0	299
First Student	120	300	30	0	450
Landmark	0	0	20	0	20
McCluskey/PWT	0	0	0	0	0
Sharp	120	121	0	0	241
Stock	0	259	0	50	309
Switzer-Carty	96	80	0	0	176
Voyago	0	0	0	50	50
Wheelchair Accesible	0	165	0	0	165
Total	456	1095	59	100	1710

* 83 WC routes still to be awarded

7. Market conditions have negatively impacted on the school bus industry over the last number of years and rates are in most cases significantly higher than current pricing. Operators have indicated that driver wages are the number one influence in price determination and that higher wages are required to help ensure positive driver recruitment and retention. Companies are having to constantly advertise for drivers and the cost for recruitment and retention has increased as they compete with other part-time organizations for employees. Since most new buses are manufactured in the United States the cost to purchase new buses has increased due to value of the falling Canadian dollar. Companies have also indicated that the annual rate increases provided by the current contract (which is an increase/decrease of 85% of the Toronto Consumer Price Index) did not keep up with actual costs for operators, leaving some struggling financially at the end of the current contract. The contract award will have all carriers take a piece of the downtown core which is another reason why all rates may be higher in that no one operator wants to locate and operate vehicles in the downtown core as traffic is problematic and real estate costs are high adding to the carrier's calculations of transportation rates. The current contract capped vehicle age at 12 years. School buses

are often depreciated over a 10-to-12-year period so prices may be influenced with only a guarantee of the six (6) year contract as option years are at the sole discretion of the School Boards. Finally, a fuel escalator is included in the contract that should mitigate any risk aversion costs up front in submitted prices, but the Boards will have to pay for fuel cost throughout the term of the contract that exceed the fuel threshold.

8. School Bus Ontario recently launched a campaign to highlight how rising costs have impacted the school bus industry. They surveyed their membership across the province to identify the increase in costs from 2018 to present. They found that parking/rent increased 200% over that timeframe. Maintenance costs increased 30% and insurance rates 22%. The cost to purchase tires rose from \$750/tire to \$1500/tire. They also identified the cost of the bus to have risen from approximately \$103,000 in 2018 to \$140,000 in 2023.
9. In developing the new procurement document the intention was to improve the level of service by strengthening technical requirements and to mitigate large scale shifting of routes between companies that can lead to service-related issues early in the contract term. This strengthening of technical requirements also resulted in the possible loss of one of our long-standing contractors here in the city (McCluskey Transportation / PWT). We also saw some significant shifts between companies as a result of many companies primarily increasing pricing to address driver shortage situations. Transportation staff will have to review the process again to better understand what triggers make to improve the level of service while minimizing changes to the system overall.
10. As part of the tender document, a request was made for the bidders to submit costs for electric school buses. These vehicles provide significant improvement to the health of students as they do not generate harmful emissions. Both School Boards have adopted principles and charters to be a part of the system that promotes the healthy well-being of students and championing environmental stewardship. The City of Toronto has goals to reduce greenhouse gas (GHG) emissions by 65% of 1990 levels by 2030 and the federal government wants emissions cut by 40-45 percent below 2005 levels by 2030 ([*Canada's Climate Actions for a Healthy Environment and a Healthy Economy*](#)). With one of the largest student transportation fleets in the Country we feel the need to ensure that we start the process to convert the student transportation fleet into more environmentally friendly service. The cost of electric buses continues to far exceed the costs for gas/diesel buses even with federal grants available to operators and the reduced maintenance cost for these types of vehicles. One of the other factors is ensuring that each bus company is operating at sites that has the capacity to install electric charging stations to ensure that the fleet has the power necessary to provide the service. It is anticipated that in about 8-10 years' time the cost of electric school buses will be on par with that of gas/diesel school buses. It is somewhat imperative that we start this process of electrification now to not only meet GHG future reduction requirements but allow our Operators and the School Boards time to develop their own electrification strategies.
11. One of the aims in this contract was to help establish an electric school bus presence in the City of Toronto. By offering approximately 2% (40 bus routes) of the routes to all carriers to operate electric vehicles, the Boards will need to fund an additional \$925,000 per year to facilitate this service. This would allow all our school bus operators to get familiar with the obstacles, challenges and benefits of running an electric fleet and be in

a better position to make cost-effective bids in the next contract cycle. Alternatively, two bidders providing the most competitive electrical rates could be asked to operate up to 3% (52 electric buses) at a cost of an additional \$710,000. This would mitigate the benefit of preparing all carriers for a move to more electric buses in the future but does provide these two operators the advantage of pursuing Vehicle to Grid (V2G) and Vehicle to Building (V2B) solutions. These V2X solutions allow the buses to funnel energy from the bus to the grid or buildings, thereby reducing energy consumption or providing a ‘rolling battery’ to where that energy may be needed. The inclusion of the electric buses would support the School Board and Municipal, Provincial, and Federal directives to reduce carbon emissions over the next two decades.

12. The new student transportation funding formula is using new benchmarks to dictate transportation funding. Currently the funding only looks at supporting the purchase of school buses using gas/diesel as the benchmark. The Boards should consider lobbying the Ministry of Education to include an electric school bus costing benchmark as part of the formula. This would eliminate the need for the School Boards to take on additional costs associated with electric buses and encourage their implementation if there are no financial barriers.
13. The rate increases by vehicle type range from an average low of 12% to a high of 23% with an overall average increase of 16%. This is compared to an average of a 9% increase when the Boards went to the market in 2016. These increased rates will further exacerbate the transportation deficit as compared to Ministry grant. The estimated financial impact to the Consortium of the proposed rates is summarized below:

Type of Transportation		2023/2024 Estimates		2024/2025 New Projected Estimates	Increase (Decrease)	% Change
Full Size Buses	\$	29,042,875.46	\$	32,528,650.00	\$ 3,485,774.54	12%
Mini Size Buses	\$	55,394,981.14	\$	64,620,864.00	\$ 9,225,882.86	17%
Mini Vans	\$	2,505,580.05	\$	3,011,196.00	\$ 505,615.95	20%
WC Accessible Buses	\$	9,260,467.37	\$	11,382,272.00	\$ 13,217,273.36	23%
Total	\$	96,203,904.02	\$	111,542,982.00	\$ 26,434,546.71	16%

* Expenditure does not include utilization costs for bus routes exceeding base rate time, summer school, specialty programs, or taxi costs.

14. Given the number of legal challenges with student transportation procurements across the province over the last decade, a Fairness Commissioner was hired to monitor the procurement process. Staff from P1 Consulting were present at all consensus meetings and provided feedback and observations on the process to ensure that the process was conducted in a fair manner that was consistent with instructions outlined in the procurement document. Their report is attached as *Appendix B*.
15. New contracts inherently create serviceability issues since things are constantly moving. To mitigate these issues that we experienced at the start of the last contract the following

measures will be put in place to better address these concerns to ensure a steadier and more reliable start to the new contract.

- The RFT was issued (and hopefully awarded) 6 months earlier than normal to allow the school bus operators more time to prepare for the start of the new contract.
- Instead of providing carriers 'mock routes', the specific routes will be provided to all carriers so they can better prepare and recruit drivers for specific routes.
- This also creates a clear line of movement as some drivers will follow 'their' routes to other companies.
- Carriers will be required to meet with TSTG staff and Committees prior to the conclusion of the current contract to spell out their plans to meet the contract requirements.
- Bus Operators will be required to provide their driver status numbers on a weekly basis over the summer in preparation for September start.
- Any Operator that indicates insufficient driver pool two weeks prior to school start will have their routes removed and moved to other carriers that have sufficient drivers to take on new service.
- TSTG staff will visit each operator two weeks prior to school start to confirm Operator readiness.
- A trail run for bus drivers has been replaced with a simulation day prior to school start so that drivers not only perform their routes, but school bus division staff are also practicing and identifying issues or concerns prior to the first day of school.
- For our special need's transportation population, Operators will be instructed to ensure all parents are contacted prior to the first day of school with a live call to conform time, location, and any special instructions/needs for their children, messages being left on answering machines will not be satisfactory.
- School Bus Operators are also required to meet with a variety of School Principals to identify their issues and concerns with student transportation prior to the start of the school year.

Recommendation:

1. That the Toronto Student Transportation Group recommend member School Boards enter into contracts for the provision of transportation services for a six-year period with two, two-year optional extensions based on terms and conditions set out in the Request for Tender commencing September 1, 2024, with the following School Bus Operators:

Attridge Transportation
First Student Canada
Landmark Transportation
Sharp Transportation
Stock Transportation
Switzer-Carty Transportation
Voyago Transportation
Wheelchair Accessible Transit

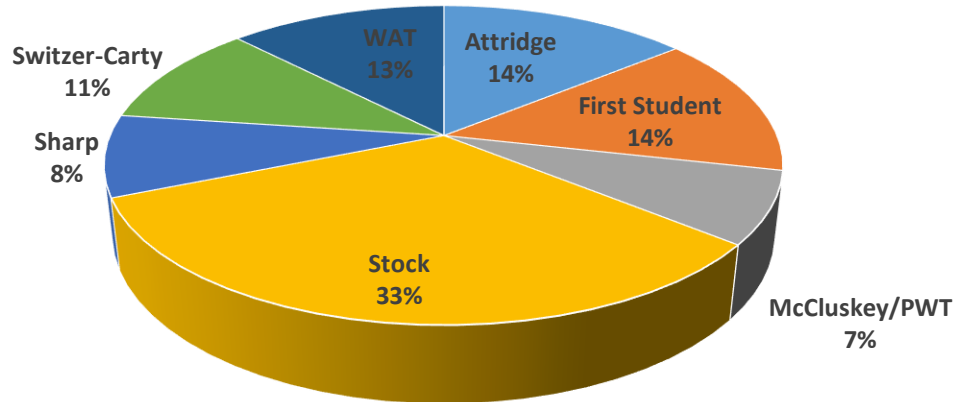
2. That the School Boards consider the introduction of Electric School buses for all Operators at 2% of their award to support environmental stewardship goals, meet government targets on the reduction of greenhouse gas emissions, and the overall health of students using this service.
3. That the School Boards lobby the Ministry of Education to amend the student transportation funding formula to include a mechanism to address the higher costs of supporting electric school buses.

K Hodgkinson
General Manger

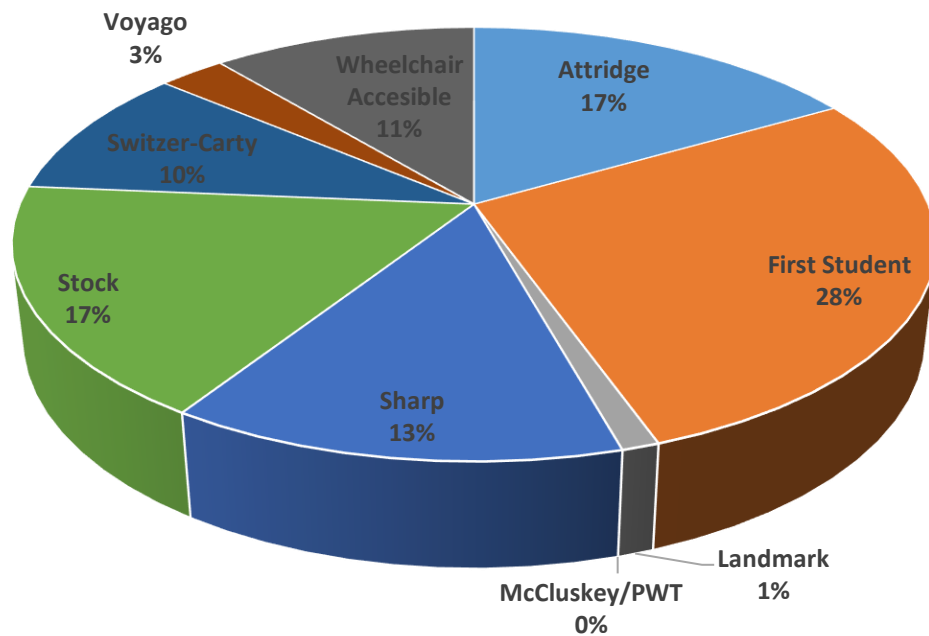
Appendix A

Breakdown of Current Vehicle Allocation (Company, % of total)

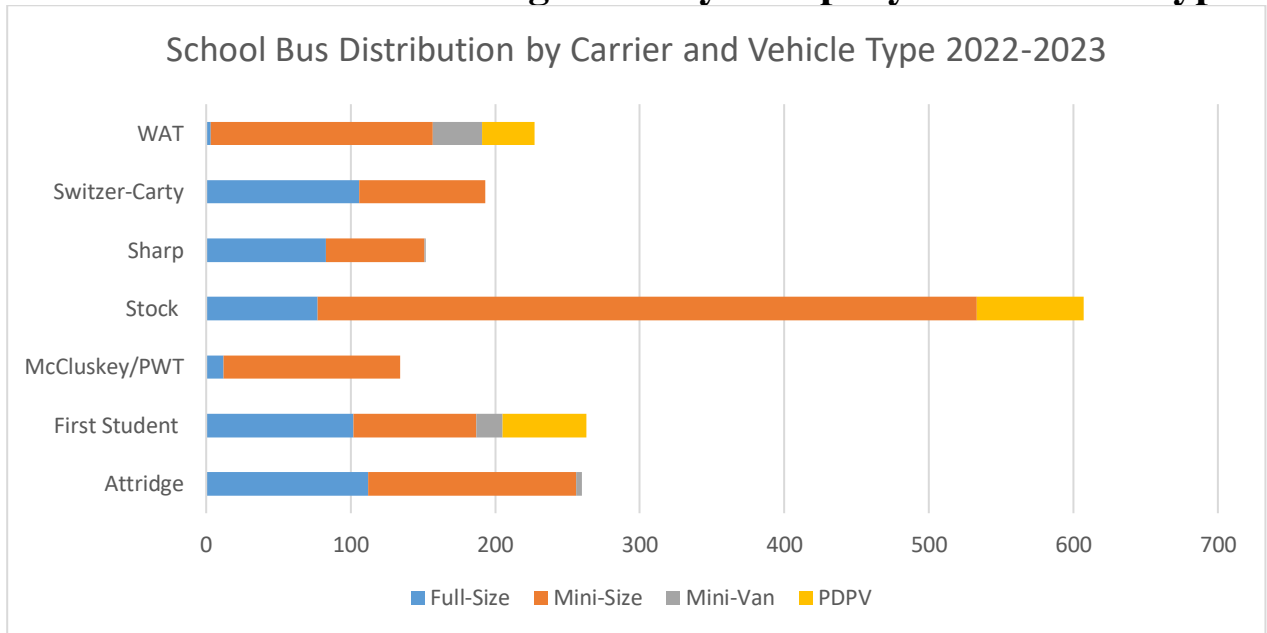
School Bus Operator Distribution 2022-2023



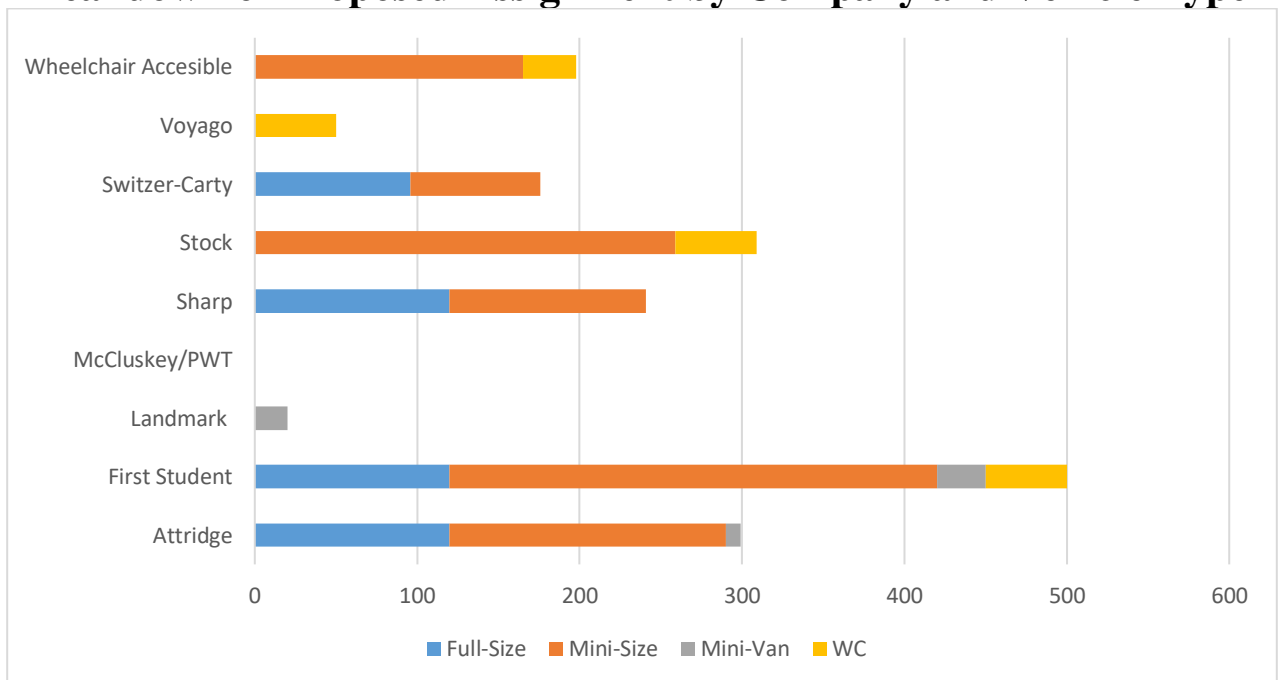
Breakdown of Proposed Vehicle Allocation (Company, % of total)



Breakdown of Current Assignment by Company and Vehicle Type



Breakdown of Proposed Assignment by Company and Vehicle Type



**Toronto Student Transportation Group on
behalf of the Toronto District School Board
and Toronto Catholic District School Board
Request for Tenders
for
Student Transportation Services in the
City of Toronto**

Fairness Monitor's Report

May 19, 2023

FINAL





Table of Contents

1. Project Highlights.....	3
1.1 Introduction and Project Background	3
1.2 Scope of the Fairness Monitor Engagement	3
2. Request for Tenders Process	5
2.1 Development of the Request for Proposals	5
2.2 RFT Open Period Process.....	5
2.3 Evaluation Preparation	5
2.4 Proposal Receipt.....	5
2.5 Mandatory Requirements Review.....	6
2.6 Technical Requirement Evaluation	6
2.7 Pricing, Ranking and Award Recommendation	6
2.10 Debriefing	7
3. Conclusion	8



1. Project Highlights

1.1 Introduction and Project Background

The Toronto Student Transportation Group (the Consortium), comprised of the Toronto District School Board and the Toronto Catholic District School Board (Boards) facilitates the Boards' delivery of student transportation services to students of the Boards who attend schools in the Consortium of Toronto.

On behalf of the Boards, the Consortium issued a Request for Tenders (RFT), open to qualified providers of student transportation services to submit bids for the student transportation services. Each Board, as a result of the RFT intends to enter into separate Agreements with a maximum of 10 qualified providers of student transportation services to will service the Boards' needs for student transportation commencing August 1, 2024. The initial term of each Agreement will be from August 1, 2024 to August 31, 2030 and, subject to each Board's right to terminate or not extend, each Agreement will be extended automatically up to two (2) times, each time for a 2-year term.

1.2 Scope of the Fairness Monitor Engagement

P1 Consulting was retained in December 2022 to perform fairness monitoring services and provide an independent attestation on the RFT procurement process. Our mandate was to review and monitor the bid documents and communications, provide advice on best practices, review and monitor the evaluation and decision-making processes that are associated with the RFT to ensure fairness, equity, objectivity, transparency and adequate documentation throughout the evaluation process. We are also to attend, observe and provide guidance at Consortium meetings, as well as Bidder interactions. In particular, in our role as Fairness Monitor, we ascertained that the following steps were taken to ensure an open, fair and transparent process:

- **Review of the RFT and Addenda:**
P1 Consulting reviewed the RFT and addenda, as required, and all other documents related to the procurement process to confirm that they were fair, open and transparent.
- **Review of Evaluation Criteria and Procedures:**
P1 Consulting reviewed the evaluation criteria and procedures for the RFT to ensure that the requirements were met.
- **Advice on Best Practices:**
P1 Consulting attended a training session to ensure that all evaluation participants were provided with briefings on best practices including the principles and duties of fairness, care and protection of confidential information, avoidance and disclosure of conflict of interest, bias and undue influence, scoring procedures and sign-off on individual scoring sheets, preparation, treatment and retention of evaluation documents.



- **Evaluation Meetings:**

P1 Consulting observed evaluation meetings where the evaluation results were discussed. Additionally, during the evaluation process, we provided verbal and written advice with respect to fairness, objectivity, consistency of process, conflict of interest and confidentiality to ensure strict accordance with the specifications and criteria set out in the RFT documents.

- **Bidder Interaction:**

P1 Consulting attended and monitored the Bidder information session.

We confirm that all of the tasks above were completed in a manner that was fair, open and transparent by the Consortium.



2. Request for Tenders Process

2.1 Development of the Request for Proposals

P1 Consulting reviewed the RFT prior to it being posted to the Bidders and our comments related to fairness were satisfactorily addressed by Consortium. We confirm that, from a fairness perspective, the requirements were clear and the RFT provided the Bidders a fair process.

2.2 RFT Open Period Process

Throughout the RFT open period, the Consortium responded to the questions from the Bidders and issued addenda to provide greater clarity on the requirements and process. P1 Consulting reviewed all documents that were posted to confirm that they were acceptable from a fairness perspective. The Consortium held an Information Meeting with Bidders on March 9, 2023, P1 Consulting reviewed and commented on the presentation materials in advance, from a fairness perspective, and monitored the meeting.

2.3 Evaluation Preparation

All participants in the evaluation process were required to participate in a training session in preparation for their role in the process, which described roles and responsibilities and the approach to the evaluation, and a continued commitment to the avoidance of conflicts and respect of confidentiality commitments. Project participants were notified of the appointment of a Fairness Monitor. There were no conflicts identified of which we were aware, which prevented a party from participating in the RFT evaluation.

2.4 Proposal Receipt

The RFT Closing Date was April 23, 2023, at 3pm (local time). As per the RFT, bids must have been submitted through the Consortium's online procurement system prior to the Submission Deadline for them to be compliant. Bids were received from the following nine Bidders in advance of the Submission Deadline through the Consortium's online procurement system:

- Attridge Transportation Inc
- FirstCanada ULC
- Landmark, 1940712 Ontario Inc.
- Pacific Western Transportation (McCluskey)
- Sharp Bus Lines Ltd
- Stock Transportation
- Switzer-Carty Transportation
- Voyago, 947465 Ontario
- Wheelchair Accessible Transit Inc.



2.5 Mandatory Requirements Review

Prior to releasing the proposals to the evaluators, the Consortium reviewed each Submission to confirm whether or not they complied with the mandatory requirements of the RFT. The Consortium confirmed that all nine Bidders met the mandatory requirements and proceeded to Technical Requirements evaluation stage.

2.6 Technical Requirement Evaluation

The members of the Evaluation Team each undertook an individual evaluation and scoring of the submissions against the criteria described in the RFT. Subsequent to completion of the individual evaluations, a consensus evaluation process was used to evaluate the using the established evaluation criteria. The participants engaged in a fulsome exchange of views leading to evaluation results, which were agreed to by the evaluators for each Bidder. All participants performed their roles diligently throughout the evaluation process.

P1 Consulting attended the consensus meeting and observed that the proceedings were in accordance with the RFT. P1 confirms that the process was fair, transparent and unbiased.

The nine Bidders met or exceeded the minimum threshold identified in the RFT for Technical Requirement Evaluation and proceeded to the Pricing Evaluation stage.

2.7 Pricing, Ranking and Award Recommendation

The Consortium reviewed the Pricing submitted from each of the Bidders, establishing their Evaluation Score in accordance with the RFT. P1 Consulting reviewed and validated the results Pricing and Evaluation Scores and confirms that it was undertaken in a fair manner and in accordance with the RFT.

As per the RFT Part 4, for each vehicle type, the Consortium established a ranked list of Bidders. The highest-ranked Bidder for each vehicle type is recommended for award the routes, taking into account the preferences of the Bidder's Bid and identified maximum routes specified in the RFT.

The Consortium evaluated the revised Proposals for each of the Bidders and, in accordance with the process described in the RFT Part 4, recommended the following Bidders for each vehicle type (# of routes for award recommendation in brackets).

	Full-Size - Type C	Mini-Size - Type A	Mini-Van	Wheelchair
Rank 1	Sharp Bus Lines Ltd (120)	FirstCanada ULC (300)	FirstCanada ULC (30)	Voyago, 947465 Ontario (50)
Rank 2	FirstCanada ULC (120)	Sharp Bus Lines Ltd (121)	Landmark, 1940712 Ontario Inc. (20)	Stock Transportation (50)

Appendix B



Toronto Student Transportation Group on behalf of the Toronto District School Board and Toronto Catholic District School Board RFT of Student Transportation Services in the City of Toronto Fairness Monitor's Report

Rank 3	Attridge Transportation Inc (120)	Attridge Transportation Inc (170)	Attridge Transportation Inc (9)	
Rank 4	Switzer-Carty Transportation (96)	Switzer-Carty Transportation (80)		
Rank 5		Wheelchair Accessible Transit Inc. (165)		
Rank 6		Stock Transportation (259)		

In addition to the above, Attridge Transportation Inc was the sole respondent and qualifying Bidder for the Island Transportation Services.

2.10 Debriefing

At the time of this report, no debriefings have been conducted related to this procurement.



3. Conclusion

Our fairness review was conducted without influence and as of the date of this report, we confirm that we are satisfied that, from a fairness perspective, the processes undertaken related to Toronto Student Transportation Group's Request for Tender of Student Transportation Services on behalf of the Toronto District School Board and Toronto Catholic District School Board have been conducted in a fair, open and transparent manner. As Fairness Monitor for this Project, we are satisfied that Consortium followed the procedures in accordance with the applicable RFT documentation and that the participants followed the procedures and fairly applied the evaluation criteria.

A handwritten signature in black ink that reads "Braithwaite".

Stephanie Braithwaite
Director of Fairness Services, P1 Consulting