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MEMORANDUM TO: Directors of Education
Secretary/Treasurers of School Authorities

FROM: Gabriel F. Sékaly
Assistant Deputy Minister
Financial Policy and Business Division

DATE: **March 29, 2012**

SUBJECT: **Moving Forward with Student Transportation
Competitive Procurement**

On January 25, 2012, the Transportation Task Force, chaired by the Honourable Coulter Osborne, submitted its report to the Minister. Further to the Minister's letter of March 29, 2012 to chairs of school boards, I am writing to provide additional information for school boards to assist them in proceeding with full adoption of competitive procurement policies and practices for student transportation services.

First of all, I would like to thank all school boards and consortia for supporting the work of the Task Force, especially those that participated as Task Force members. We appreciate the effort you invested into the process. The Chair of the Task Force clearly indicated that though the Task Force sought consensus, it was unable to achieve this goal in many cases. He also confirmed that there was no unanimous support for any proposed recommendation.

The Chair of the Task Force did state, however, that in student transportation "competitive procurement is required by law and even if it was not, it is desirable because almost \$1 billion of taxpayers' money is on the line." This is in keeping with the recommendation in the Commission on the Reform of Ontario's Public Services' report that school boards adopt competitive procurement for student transportation services in the 2012-13 school year. It is also in keeping with Tuesday's budget announcement.

School boards are applicable Broader Public Sector organizations and must comply with the *Broader Public Sector (BPS) Procurement Directive*. As with procurement of all

goods and services, student transportation procurement decisions are a board's responsibility, subject to compliance with the *BPS Procurement Directive*. School boards must develop a strategic and well-managed approach for implementing competitive procurement which includes establishing clear business goals, having a comprehensive understanding of the local market situations, and being aware of the associated risks and opportunities that the competitive process provides them.

School board and transportation consortium staff should understand and have a working knowledge of the *BPS Procurement Directive* and their organization's procurement policies and practices prior to initiating any procurement activity. It is also important that school board and consortium staff are familiar with best business practices in order to plan and execute a well-managed process. It is imperative that all procurement initiatives are compliant with the *BPS Procurement Directive*, and are aligned with the board's/consortium's business objectives.

The Task Force report provides a summary of diverse views, opinions and issues in competitive procurement for student transportation. It is the ministry's position that the majority of these recommendations have already been recognized and adopted by the sector as standard practices.

We expect school boards and consortia to adopt the following best practices when developing any competitive procurement strategy for student transportation:

- Advance Planning
 - Identify the "procurement team."
 - Determine the appropriate procurement option (RFP, RFSQ, RFQ, RFT, etc.).
 - Identify if additional resources are required (legal, Fairness Commissioner, Procurement Advisor).
 - Develop the business case and seek approval to proceed.
 - Consider providing advance notice of upcoming procurement activities to the operator community.
- Procurement Strategy
 - Establish appropriate contract caps to ensure a viable, sustainable competitive market place and reduce the potential for monopoly situations.
 - Provide clear route information that is suitable for your local market conditions including appropriate bundling or route distribution strategy.
 - Provide operator information sessions as part of an effective communication plan.

- Ensure that there is a comprehensive communication strategy in place for responding to proponent questions.
- Allow sufficient proponent response time in your procurement cycle and consider extending submission deadlines if an addendum impacts the initiative in a material way.

School boards, transportation consortia and the Government of Ontario have invested significant resources into developing the resources and tools to build competitive procurement capacity for student transportation. The work of the Contracting Practices Advisory Committee (CPAC), the RFP pilots, the two-stage pilots, and the Task Force were all designed to provide school boards and consortia with the resources and information they require to support an effective competitive procurement process. With the release of the *BPS Procurement Directive*, the BPS Supply Chain Secretariat of the Ministry of Finance has provided significant support to all BPS organizations, including webinars, province-wide full-day procurement training sessions, and the release of the *BPS Procurement Directive Implementation Guidebook* and the *BPS Procurement Directive Toolkit*. School boards' participation and use of all of these resources has been significant. School boards and consortia are ready to move forward with competitive procurement.

The Ministry is committed to assisting school boards in achieving full compliance with the *BPS Procurement Directive*. In addition to the best practices outlined above, please review the attached "BPS Procurement Directive Working Committee Checklist for Student Transportation" that leverages best business practices, lessons learned in both pilot projects, and complies with the *BPS Procurement Directive*. I would strongly encourage all school board and consortium staff to review this checklist when planning their procurement activities.

The Ministry does understand and appreciate the challenges school boards have had in implementing a competitive procurement strategy for student transportation. To provide support for those school boards and consortia that have not yet competitively procured student transportation services, the Ministry will be providing funding assistance to support the services of a Fairness Commissioner or procurement advisor. We believe that the oversight and guidance that a Fairness Commissioner can bring to a competitive procurement process, especially for consortia that have not undertaken this type of activity before, is valuable. Funding will be provided to the Council of Senior Business Officials' Effectiveness and Efficiency (E&E) Advisory Committee. Any consortium that has not yet competitively procured student transportation services will be able to access one-time funding assistance of \$10,000 to help offset the costs of these types of services. Consortia interested in accessing this funding are required to complete the attached application form. Only one funding application will be considered for each consortium. The request, once validated by Ministry staff, will be forwarded to the E&E Advisory Committee for endorsement and release of funds.

While school boards and transportation consortia must take the necessary steps to comply with the *BPS Procurement Directive* for the acquisition of student transportation

services, it should be understood that the *BPS Procurement Directive* does not require any BPS organizations to sever existing contracts, or cancel the option of exercising extension clauses in existing contracts.

Bus operators are strongly encouraged to acquire the knowledge and understanding of current legislation, the existing trade environment, and competitive procurement processes to prepare themselves well for participation in the competitive processes. The ministry is appreciative of the training that the Ontario School Bus Association (OSBA) has provided operators in the past. To ensure that additional training opportunities are available, we will be providing OSBA with funding support to continue the training program for Ontario school bus operators.


Finally, I am providing for your reference the CPAC resource package, the two-stage resource package developed from the 2010-11 pilots; the report from the consulting firm that undertook the process; the reports of the Fairness Commissioner for each site; and the Task Force report.

Please follow this link to access the above-mentioned materials and information:
http://faab.edu.gov.on.ca/B_Memos_2012_B8_Attach.htm

If you have any questions or comments please contact Cheri Hayward, Director, School Business Support Branch at (416) 327-7503, or cheri.hayward@ontario.ca.

Original Signed By

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