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## **Supply Chain Ontario**

### **Review of the Procurement Processes for Student Transportation Services**

#### **Background**

Supply Chain Ontario (SCO), Ministry of Government Services develops and implements an integrated corporate procurement strategy to: leverage and optimize government procurement of goods and services; identify and implement procurement process improvements; and support transformation of BPS supply chain activities.

SCO procures and manages commonly acquired goods and services through the enterprise Vendor of Record (VOR) Program; provides advisory and administrative support to ministries conducting procurements; manages the government's eTendering system; develops and implements approved procurement policies within the Ontario Public Service (OPS); supports the implementation of the Broader Public Sector (BPS) Procurement Directive by BPS entities; and manages a Lean Six Sigma-based continuous improvement program to drive efforts to streamline procurement processes to support vendors doing business with Ontario.

In fiscal year 2012/13, Supply Chain Ontario supported:

- \$6.34 billion OPS annual procurement spend
- Approximately 55,000 vendors annually
- 2,578 ministry procurements annually
- 65 enterprise Vendor of Record arrangements with annual spend valued at \$475M

Within this context, in August 2013, the Ministry of Education contacted Supply Chain Ontario regarding issues facing the acquisition of student transportation services by publicly funded school boards through various consortia. At the request of the Ministry, Supply Chain Ontario met with two school bus operator associations both of whom presented concerns with the open competitive procurement processes used by some school board transportation consortia.

The concerns focused on both policy considerations particularly the application of open competitive procurement processes to small school bus operators and process considerations regarding the actual RFPs issued by transportation consortia.

#### **Supply Chain Ontario Involvement**

Supply Chain Ontario has agreed, at the request of the Ministry of Education, to dedicate experienced supply chain resources from the division, as well as Ministry of the Attorney General legal counsel within their authority to assist, to undertake a procurement process review of the RFPs issued by transportation consortia to examine the issues raised by the school bus operator associations. At the same time, SCO will identify opportunities for transportation consortia, to apply best practices in the

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RFP design to streamline the procurement process. SCO will engage its new electronic tendering system vendor, BravoSolutions, to identify opportunities to apply technology solutions in the process.

SCO's review will be conducted objectively by subject matter experts in consideration of procurement best practices. In the course of this review, SCO may also engage other public sector procurement entities in Ontario and nationally to draw on their expertise.

The acquisition of student transportation services remains the sole responsibility of school boards. By conducting this review, SCO is not accepting any responsibility for the acquisition of student transportation services or providing legal advice to those entities. Instead, SCO is sharing its extensive procurement knowledge in support of MEDU and school boards.

### **Important Considerations**

Section 7.2.3 of the BPS Procurement Directive requires that broader public sector entities, including school boards '*must conduct an open competitive procurement process*' where the estimated value of goods/services is \$100,000 or more. While open competitive procurement process is not defined in the BPS Procurement Directive, it is generally interpreted to mean the method of procurement used to acquire the goods/services.

The OPS Procurement Directive notes that an open competitive procurement is achieved, at a minimum, by issuing procurement documents using Ontario's designated electronic tendering system.

Annex 502.4(G) of the Agreement on Internal Trade (AIT) has established provisions that extend to broader public sector entities and specifically identifies school boards. One of those provisions is that 'procurements covered by this Annex shall be subject to a tendering process'. 'Tendering process includes all methods of tendering such as requests for information, requests for quotations, requests for proposals, requests for qualifications, and calls for tender'. Collectively, SCO refers to these methods as RFX processes as depending on the goods/services being acquired one process may be more appropriate than another.

The purpose of these statements is to confirm that the Ontario government and other Ontario public sector entities almost exclusively use the issuance of procurement documents (ie – RFX) to satisfy policy and trade requirements.

As a result, SCO's review will focus on the continued use of the RFX process as the preferred method of procurement.

### **Process Review Activities**

Activities to be undertaken by SCO include, but are not limited to:

- Consultations with school bus operator associations as well as independent school bus operators
- Consultations with student transportation consortia from across the province

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- Jurisdictional scan of other public sector markets
  - Industry analysis
  - Needs analysis including safety considerations and route bundling
  - Issues/risk analysis and mitigation plan
  - Alternative open competitive procurement processes

To ensure the review is meaningful, SCO will seek out multiple points of view of the RFP process from all stakeholders.

In conducting the review, SCO will take advantage, where appropriate, of the significant body of work already undertaken by the Ministry of Education, school bus operator associations, consortia buyers, as well as other experts.

### **Anticipated Outcomes**

On conclusion of its review, SCO anticipates providing recommendations specific to the RFP document including scope, deliverables, performance requirements, evaluation criteria and methodology and also what opportunities may exist for co-ordinating student transportation services.

SCO will provide its recommendations to the Ministry of Education.

### **Anticipated Timeline**

Typically, for large complex procurements undertaken by the OPS, SCO can spend up to one year conducting procurement planning activities. SCO understands that work on this issue must be expedited and will conduct some activities concurrently.

Stakeholder consultations will take place early in the process, from February to April and then as required for the balance of the review term.

SCO anticipates being in a position to provide recommendations to the Ministry of Education, who in turn is expected to share the recommendations with student transportation consortia, no later than Summer 2014.