



PORTLAND PUBLIC SCHOOLS

OFFICE OF OPERATIONS

DEPARTMENT OF STUDENT TRANSPORTATION

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To: School Board

From: Dan Jung, Chief Operations Officer
Teri Brady, Director of Student Transportation

Subject: Two Year Contract Extension with First Student, Inc. for Transportation Services

First Student provides student transportation services for all of the regular education buses and approximately half of the special education buses for home to school service, as well as the buses needed for field and athletic trips. The District Student Transportation Department provides and maintains the fleet for the remaining special education routes.

In July 2012, PPS and First Student agreed to a contract that included a 6-year initial term plus three 2-year renewals. In 2018, the first 2-year option was exercised with updated measurables and contract requirements.

In 2019 we began developing a Request For Proposal (RFP) to publicly compete the contracted transportation services with the goal of seeking a vendor (or vendors) that can provide multiple bus yard locations across the District for routing efficiencies, implement contract performance management processes and improve overall service.

In order for the RFP to provide a viable opportunity for potential new vendors, it is important to build in significant (and realistic) time in the RFP and contract “ramp up” schedules to account for the steps necessary to prepare new transportation services for a district the size of PPS. A few examples of long-lead items/tasks that need to be accounted for are:

- Purchasing property: the draft RFP emphasises providing multiple yard/site locations. A contractor will need time to locate, purchase and possibly develop property to house the buses and operational facilities to provide daily operations.
- Purchase of buses: the scope of services requires over 200 buses, all of which must meet PPS requirements including propane powered and be no older than 4 years of age.

- Hiring staff: the current contractor has a staff of over 200 drivers, plus more than 50 office and fleet maintenance staff. Should a new vendor be awarded, time will be needed to advertise, hire and train new staff.

We estimate it will take approximately 12 - 18 months for a new provider to be ready to take over transportation services that exceed 200 routes per day.

With this consideration, early this year we began negotiations with First Student to exercise the second 2-year option, while staff prepares the RFP for issuance later this year, for a new contract to begin in Fall 2022. The original intent was to have the amendment completed by the end of April, unfortunately the current COVID pandemic elongated the negotiating process.

The attached contract amendment extends First Student's service to June 2022, with a rate increase of 2% for the first year and 1.75% for the second. The original First Student contract authorized the total value at \$150,000,000. A second amendment for a driver wage agreement increased this authorization to \$176,207,000. To date we have expensed a total of \$92,550,557, leaving \$83,656,443 remaining. The estimated expenses for 2020-21 and 2021-22 are \$15,631,893 and \$15,905,451 respectively.