

**SPECIAL MEETING OF THE
FINANCE SUBCOMMITTEE**

**Tuesday, September 3, 2013
6:00 PM**

**Spencer Borden Elementary School
1400 President Avenue
Fall River, MA 02720**

AGENDA

- Discussion: Transportation Contracts

MINUTES

At 6:00 PM Mr. Mark Costa, Chair of the subcommittee, called the meeting to order. A roll call for attendance showed Mr. Costa and Mr. Hart were present. Mr. Martins was absent.

Also present were Superintendent Mayo-Brown, Mr. Michael Saunders, Mr. Tom Coogan, Mr. Kevin Almeida, Mr. Richard Pavao, and members of the press.

1. Transportation Contracts

Mr. Costa said there was one agenda item which was to discuss the transportation contracts for the FY14-15 School Year and he turned it over to Mr. Coogan.

Mr. Coogan explained that they had gone out a little bit later than expected this year for transportation contracts. There is a package of different groups they put together for special needs which were sent out to the vendors. When they bids came in, they saw significant increases across the board in the neighborhood of 20-25% and in some cases higher depending on the route. This put them over \$1M higher than expected. As a result, those bids were not accepted. By that time a few items had been clarified such as start/end time for schools and ELT issues had been resolved so they put together a package with a couple of combinations of bids and went back out to bid and met again with all vendors in face to face meetings. The counter offers were for longer terms in the length of the contract if they would be willing to work with them somewhat on the pricing and to see if that might be a way to get the bids down. He said he wanted to make the Committee aware that special needs transportation is one of the areas that is exempt under Mass 30B Procurement Law so as a result it does not follow a typical RFP process. Once they had the second bid back out they did realize some savings but were still about \$900K over the expected amount budgeted. As a result they had series of one on one meetings with the vendors in which Mr. Cadime from the city side and the transportation coordinator joined him in. They explained that they hoped for one last round of negotiations with them and that they would appreciate any movement they could make in the pricing on their end. They would try to go out for a larger package with longer terms in hopes that a more serious commitment from the school department side would give them some financial stability as well as inducing better bidding on behalf of the vendors. At this point, they have negotiated three different times with the

vendors and are still \$825-\$850K over the anticipated budget amount of \$5.4M which is the number that has covered transportation for the last several years. They have offered a shorter term contract after getting legal counsel from Attorney Assad so that they don't exceed the budget amount which will give the Committee some time to maneuver and see if they can find some additional funding within the budget to cover the increase in transportation costs to get them through to the end of the year. This would get contracts in place for the start of the school year to transport students on time.

Mr. Costa stated that regular education has to go out for a 30B and typically they do those for three years.

Mr. Coogan said that was correct.

Mr. Costa reiterate that special education transportation is exempt from 30B and asked if it was more advantageous to go forward with the packages together or if it is more cost effective to give them separately.

Mr. Coogan said it has been to their advantage over the last four years to bid them separately and to go for shorter terms to keep the competitiveness working to their advantage. In conversations with some of the vendors, their comments were that if it were a longer term commitment they might be able to work with them more on the price and they would get some cost stability over the years if they were to do the same type of contract with the regular education transportation.

Mr. Costa asked if through conversations with the vendors if they gave any meaningful insight as to why they are 20-30% higher than they have been in years past. He didn't think that any school district would have anticipated when planning their budgets to incorporate that type of increase so he questioned why there was such a large increase from one year to the next. He understood that fuel had increased but did not understand how they got to where they are with the pricing.

Mr. Coogan responded that the consistent thing he has heard in his conversations with the vendors was that some are smaller and some are larger and they are nervous about the incorporation of the health care costs that they are facing which will have a significant payroll impact to them. He has also been told that they have benefited from underpricing in years past. Two-three of the companies said they worked with a consultant that has advised them on how to structure their bids to maintain profitability to stay in business for the future.

Transcriber's Note: Mr. Martins arrived at 6:07 PM.

Mr. Costa said that hearing the shortfall, he had sent an email to Mr. Saunders and the Superintendent because it is a large amount of money to have to begin to plan for that wasn't anticipated initially. There was some discussion in getting the first couple of payrolls paid out so that they can get a better sense of where they are in terms of professional salaries. He noted that there are lines within their current budget that they cannot simply transfer that amount of money from so it will have to come from recommendations from the administration and the subcommittee on how they can try to come up with the necessary money.

Mr. Costa then updated Mr. Martins on some of the conversation that had been had.

Mr. Coogan explained that there is typically a process at the beginning of the year where the bus routes "shake out" in terms of numbers and will give them a better idea of what is needed.

Mr. Hart stated that in the past the vendors have underpriced their budget in order to get the business and wonder how they all came up very high with their bidding for this year. He also questioned how a company could low bid in years past and then realistically give that type of increase and expect to get it.

Mr. Coogan said he has met with the vendors three times and he does believe they have their last, best offer.

Mr. Hart asked when they were low bidding their costs, if all five companies came in low.

Mr. Coogan said within a small percentage and explained that there is also a lot of transience action with employees within those companies depending on who gets the bid and explained that process. He explained that the school department had been a beneficiary of that competition over the past few years but unfortunately this year, they were faced with a significant increase. He noted that New Bedford saw a large increase as well but some of the other local communities did not see as large an increase but that could be based on what their specific needs were from one year to the next.

Mr. Martins asked what they are currently short.

Mr. Coogan said that currently, it is in the neighborhood of \$850K but that figure would come more into focus when they get the actual number of vehicles sorted out.

Mr. Martins said the intent of the special education law and not having to go out for bid was in cases of an emergency situation where they had to provide transportation to a student on very short notice. The law does not prevent them from going out for bid. He said it has bothered him for quite some time that they know from year to year approximately how much they have expended on special education transportation and their routes/changes to routes so he does not think there is any reason why the special education cannot go out to bid and have competitive bidding in conjunction with the regular education transportation. He felt they could have two separate titles within the same bid package.

Mr. Costa said he may have forgotten to mention in his briefing but he did ask that question and explained that they have in the past bid the packages together and Mr. Coogan indicated that they separated them over the last four years because of cost effectiveness.

Mr. Martins questioned if that was still the case. He added that he would like to have local bidders receive the jobs but they are \$850K over budget and it is competition. He felt it was their decision to under bid in years past and not the district's. The large increase because of their underbidding is them trying to recoup past losses and wondered if there was discussion between the vendors since they all showed a large increase. He said he has spoken with Mr. Coogan about going to larger student transportation companies such as First Student. He said that Mr. Coogan did email back in regards to them not having a repair facility in the area.

Mr. Coogan said that was correct. In order for them to make an investment and recoup the investment over a number of years, they would need a longer term contract to be able to attract a larger vendor or to get a better deal with one of the local vendors.

Mr. Martins said another argument that he brought forward was that they were doing one year contracts and felt that that did not work for anyone because the companies do not know what they will have from one year to the next to pay for the loans on the buses, etc. He believes in 3-5 year

contracts. He admitted that there were some disadvantages to the local bidders in that the other bidders do not have another opportunity for that business for 3-5 years. He said it is competition but they are talking about \$850K of tax payer's money. He asked if it was only for regular student transportation and did not take into account any other transportation such as additional busing for moving Henry Lord students.

Mr. Coogan said that was correct.

Mr. Martins said that they would then be over that amount and he would revisit it when they discussed that. He added that he found it difficult to understand not wanting to use First Student when they provide transportation for Tiverton students.

Mr. Coogan said they provide to Tiverton and Aquidneck Island.

Mr. Martins said that was not that far from Fall River for repair facilities if necessary.

Mr. Hart and Mr. Costa asked Mr. Martins if First Student has a repair site in Rhode Island.

Mr. Martins said he was not sure but that they were providing transportation in the area. If the concern is a repair facility, they must have one somewhere local.

Mr. Coogan said they have one in Warren, Rhode Island and a site on Aquidneck Island as well.

Mr. Martins said it would be nice to have a site close by but did not feel those locations were that far away. He said he would highly recommend that additional contact with First Student be made to see what their options are. He said he would like to keep the business local but when they are talking about that amount of an increase they need to explore other options.

Mr. Costa asked if they have notified the students that have been receiving transportation that there will be transportation starting Thursday. He is hearing from parents who are uneasy about the discussions they are hearing and he has told them that as far as he is aware, transportation will be uninterrupted and will begin on Thursday.

Mr. Coogan said that is accurate and vendors are in place.

Mr. Costa said he just wanted to be clear because often times the general public hears these discussions and they start to wonder if there are any changes. He reiterated that transportation is unaffected at this point and is in place and will continue beginning Thursday.

Mr. Costa then asked the Superintendent and Mr. Saunders to come back to the finance subcommittee in the near future.

Superintendent Mayo-Brown said early October would be a good time so that they can run through the first couple of payrolls and come back to the subcommittee with some figures.

Mr. Costa said that was fine. He did not want them rushing and scrambling to bring back information but he also did not want to prolong it too long so that their options are limited. He then asked Madame Secretary to poll the subcommittee and Superintendent and Mr. Saunders to get the meeting scheduled.

Mr. Hart thought that it might be a good idea that Mr. Martins suggested with looking into other vendor options such as First Student.

Mr. Costa asked Mr. Coogan and the Superintendent to explore other opportunities that may exist with other companies and asked that they send an update on any conversations that they have.

Mr. Martins said he is very happy that transportation for the start of the school year has been arranged but asked how the cost would be handled.

Mr. Coogan said it is on a per route basis and explained how some of the routes are determined. He added that there are contracts involved for the rates.

Mr. Martins asked if the contracts for rates and routes were part of the \$850K overage.

Mr. Coogan said it is bid that way but the proposal is that they do it for the first six months of the year so that they stay within the allotment that they have within the budget for transportation.

Mr. Costa explained that they have enough finances in their budget to cover at least six months of transportation so those bids will be before the Committee shortly to award those contracts. It will also give the Committee approximately six months to come up with an alternative approach to address the \$850K. Without that, it is his understanding that no bus contracts will be awarded.

Mr. Coogan said they cannot get paid without a contract.

Mr. Martins questioned why that was the case.

Mr. Coogan said they need a contract in place in order to get paid.

Mr. Martins said he ran into a problem where he hired buses on a per day basis depending on the number of buses needed and there was no contract.

Mr. Costa said that in that particular instance, that number may exceed what the Committee has in terms of policy for a contract to be developed and brought back for approval. He then asked Mr. Coogan what it would cost for a week's worth of transportation for the district.

Mr. Hart said it would probably be the same amount as what they are charging now or more.

Mr. Costa agreed and noted there is no stability and questioned if it would exceed the amount needed by the Committee to approve a contract.

Mr. Saunders said they are at the position where they have these proposals to provide that transportation and are breaking it down into six months so that they can actually put in place transportation for the students.

Mr. Costa questioned whether it was on a day by day or week by week basis if it would exceed \$10K and would need to come back before the Committee by way of contract in order to be approved.

Mr. Saunders said their intent is to go back through the budget and find out where they are at on the resources and come back with a proposal.

Superintendent Mayo-Brown added that their recommendation is that the Committee execute a contract for a six month time period.

Mr. Costa said they would then continue to work with the vendors and come up with a plan to address the remainder of the school year.

Mr. Coogan, Superintendent Mayo-Brown and Mr. Saunders were in agreement.

Mr. Martins said he did not feel that gave them too much leverage.

Mr. Hart suggest that maybe First Student might come up with something.

Mr. Martins said they would not know that until they find out.

Mr. Hart agreed that it was ironic that all vendors increased roughly the same percentage.

Mr. Costa agreed that it does not put them in a good position regardless. He thought the responsible thing to do is to secure transportation for the students beginning day one which this plan will do and to also go back and continue to work with the vendors who may be interested in working with the district while working on the numbers in the budget.

MOTION: Mr. Martins – Mr. Hart: To adjourn.

All were in favor

None were opposed

Meeting adjourned at 6:32 PM.

Respectfully submitted,



Interim Administrative Assistant for
School Committee Services

Please note: A videotape/DVD of this meeting is on file in the School Committee Office and is available for review by contacting the Interim Administrative Assistant for School Committee Services.