Ministry of Education Effectiveness & Efficiency Follow-up Review

Ottawa Student Transportation Authority

E&E Follow-up Review

April 2016

Final Report

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Executive Summary

This report details the findings and recommendations of an Effectiveness and Efficiency Follow-up Review ("E&E Review") of the Ottawa Student Transportation Authority (hereafter "OSTA" or "the Consortium") conducted by a review team selected by the Ministry of Education (hereafter the "Ministry") in February 2016 .

The first E&E Review report was issued in November 2010 (the original report) and the interim report was issued in February 2013. This report is designed to provide an overall assessment of the Consortium and outline the incremental findings and recommendations that were particularly noteworthy.

The E&E Review evaluates four areas of performance – Consortium Management, Policies and Practices, Routing and Technology use and Contracting Practices – to identify whether the Consortium has implemented recommendations and any best practices from the original and interim report. The evaluation of each area is then used to determine an overall rating for the Consortium that will be used by the Ministry to determine any in-year funding adjustments that are to be provided.

Original and interim review summary

The original review of Consortium Management found that the Consortium was established as a separate legal entity and had set up a governance structure to ensure the accountability, transparency and responsiveness of the governance body to stakeholder needs. While the Consortium had taken a number of significant positive steps, improvements were necessary in various areas under Consortium Management. In particular, the Consortium was to ensure a clear separation between oversight and operational responsibilities and appropriate delegation of authority to empower the Consortium to facilitate, manage and communicate to employees the changes necessary to transition the Consortium to the level expected of a highly effective and efficient body. The filling of the Assistant General Manager's position was highly recommended. The interim review found that the Consortium has a new General Manager and Assistant General Manager in place, had undertaken a detailed Governance Review to identify issues and recommendations with respect to governance and the role of the Board of Directors, and had shifted its accounting services and budgeting services in-house through the addition of a new resource.

The original review of the Consortium's Policies and Practices found that while the Consortium had made progress on developing policy and practice documentation, much of this was only recently adopted and actual operating practices were not in full compliance. Effectiveness and efficiency could have been improved by providing Consortium staff with a more clearly defined operational framework, which required thoroughly documented and clearly articulated standards of service. Implementing a robust framework could have facilitated the consistent application of policies, reduced exceptions, and improved the coordination and standardization of operational practices. By the time of the interim review, the Consortium had combined the separate Member Board Policies and procedures into a single set of Consortium policies.

The original review of the Consortium's Routing and Technology found that there were many positive elements to the Consortium's transportation network and the routing and technology backbone from which it was managed, including the quality of the digital map in the routing software and the competence of the users. The system was effective, and capacity and asset utilization levels were appropriate. However, improvements could have been made through reorganization of the special needs routing function and approach, judicious bell time realignments, re-evaluation of the policy justification for courtesy riders, and pursuit of further run and route integration between the Member Boards. The interim review found that the Consortium had refined its coding structure to support improved analysis and

reporting, and undertaken a major initiative in its review of hazard areas for all schools and their attendance areas.

The Consortium's Contracting practices had some positive elements at the time of the original review, such as standardized contracts. However, changes were required and the primary areas for improvement include the modification of its contracts to incorporate relevant clauses and complete driver safety training, the implementation of competitive procurement processes for Operator services, and the implementation of a comprehensive, documented, governance-approved process for ensuring Operator compliance and on-the-road safety and service monitoring. Prior to the interim review, the Consortium significantly updated its standard Operators' Contract to cover all key areas such as the treatment of confidential information, driver first-aid and EpiPen training requirements, dispute resolution, routing allocation and discretion of the Consortium in routing allocation etc.

As a result of the review of the performance during the original review, the Consortium had been rated Moderate-Low overall. During the interim review, it was determined that the Consortium had implemented many recommendations made in the original report and had made a number of improvements since the original E&E review. Although progress had been made, the interim review still identified a number of areas for improvements and the Consortium had been rated Moderate overall.

E&E Follow-up Review summary

The interim E&E review identified several areas in which the Consortium could improve its effectiveness and efficiency. This follow-up review has found that the Consortium has made significant improvements since that time, with the more substantial changes highlighted below:

- The Consortium's Governance Committee has delegated an appropriate level of authority to the Consortium;

- The Consortium has enhanced its key performance indicator program to more accurately measure and report on both contractor and Consortium performance;

- The Consortium has developed a comprehensive short and long-term financial planning/forecasting approach;

- The Consortium has, working with various partners throughout the City, contributed to a School Active Transportation program to plan preferred walk routes to schools and help coordinate Walking School buses in a select number of neighbourhoods;

- The Consortium's enhanced monitoring of the empty seat transportation process has resulted in a reduction of empty seat approvals to approximately 6.8 percent of the total students transported compared to the 10 percent noted in the original review;

- The Consortium has approved a comprehensive bell time management policy, and implemented bell time changes resulting in better utilization of the fleet with 24 percent of the fleet performing 6 runs per day;

- The Consortium has increased its overall capacity utilization (non-weighted) from 61 to 68 percent;

- The Consortium has enacted an Operator portal which allows the operators to be able to directly enter fleet information into an online form, and the Consortium to readily extract fleet data for route analysis and reporting; and

- The Consortium has completed a competitive procurement process for over 50% of its transportation routes.

The Consortium has considered all of the recommendations that were made in the interim report and has taken the required steps in order to implement changes. In doing so, the Consortium has kept up with best practices in the sector, and developed processes and practices that could be emulated across the Province. It was evident from the review that the Consortium is focused on being one of the leading Consortia in the Province.

Funding Adjustment

As a result of this follow-up review of current performance, the Consortium has been rated **High**. Based on this evaluation, the Ministry will provide additional transportation funding to narrow the 2015-2016 transportation funding gap for the Ottawa-Carleton District School Board as determined by the formula in Table 1. The detailed estimated calculations of disbursements are outlined in section six of this report and summarized below.

Ottawa-Carleton District School Board $5,838,278

Ottawa Catholic School Board $nil

 (Numbers will be finalized once regulatory approval has been obtained.)

1 Introduction

1.1 Background

1.1.1 Transportation Reform

The Ontario Ministry of Education has introduced significant education reforms over the past seven years. One of the focuses of their reforms is in support of school board management processes and a systematic review of school board business operations. Student transportation was the first "line of business" to undergo such a reform since 2006-07.

1.1.2 Follow-up Review

The Ministry has established a multi-phase approach to review the performance of consortia (collectively the "E&E Reviews") across the province. OSTA was reviewed originally in November 2010, and an interim review was completed in February 2013.

To encourage continuous improvement, the Ministry has decided to provide follow up reviews. The follow-up review is triggered at the request of the Consortium when they feel they had made significant progress since the original review, and in the case of OSTA, the interim review. The purpose of the follow-up E&E Review is to assess the extent of the Consortium's progress and review evidentiary working papers to support that progress. The report therefore focuses on the incremental changes from the interim E&E Review completed in 2013.

From 2006-07 to the end of 2014-15 school year, the Ministry has provided a total of $41M in additional funding to the reviewed Boards.

1.2 Scope of Deloitte Engagement

Deloitte was engaged to lead the E&E Review Team and serve as the management consultants on the E&E Review Team. Deloitte's overall role is as follows:

- Lead the planning and execution of E&E follow-up reviews for each of the transportation consortia;

- At the beginning of each review, convene and moderate E&E Review Team planning meetings to determine data required and availability prior to the review;

- Review Consortium arrangement, governance structures and contracting procedures;

- Incorporate the results of the routing and technology and policies and practices reviews completed by SBC into the final report; and

- Prepare report for each Consortium that has been subject to an E&E follow-up Review. The target audience for the report will be the Ministry, the Consortium, and its Member Boards. Once finalized, each report will be released to the Consortium and its Member Boards.

1.3 Methodology and team used to complete E&E Reviews

1.3.1 Team & Methodology

The composition of the team and the methodology used for this follow-up review are the same as in both the initial 2010 E&E Review and the 2013 interim review. Please refer to the first report for a detailed description of the team and methodology. The same Evaluation Framework and Assessment Guide were also applied in the follow-up review to ensure consistency in evaluation. For each of the four sections examined in terms of Effectiveness and Efficiency, the existing operations have been analysed based on observations from fact (including interviews) in order to document progress incremental to the 2013 interim E&E Review. Observations which have been assessed as best practice are documented as

accomplishments of the Consortium. Areas for additional improvement have also been noted. In situations where there has been no incremental progress related to the recommendations from the 2013 interim E&E Review, those topics remain unaddressed in this report i.e., we have not reported on items that have remained at the same level of effectiveness and efficiency as the interim report. The related recommendations from the 2013 report continue to be valid. Incremental accomplishments or areas for improvement are used to revise, as appropriate, the E&E assessment for each of the four sections. The criteria of an effective and efficient Consortium are summarized in the following figure:

Figure 1: Criteria for an Effective and efficient Consortium

Consortium management	Policies and Practices	Routing and Technology	Contracts
• Distinct entity focused on providing student transportation services for member boards • Well defined governance and organizational structure with clear roles and responsibilities • Oversight body exists with the mandate to provide strategic directions to Consortium management on the provision of safe, effective and efficient transportation service to support student learning • Management has communicated clear goals and objectives of the Consortium and these are reflected in the operational plan • The Consortium takes a comprehensive approach to managing human resources • Well established accountability framework reflected in the set up and operation of the Consortium including documentation of terms in a Consortium Agreement • Operations are regularly monitored and performance continually improved • Financial processes ensure accountability and transparency to member boards • A budgeting process is in place ensuring timely preparation and monitoring of expenses • All of the Consortium's key business relationships are defined and documented in contracts • Governance committee focuses only on high level decisions • Organizational structure is efficient and utilizes staff appropriately • Streamlined financial and business processes • Cost sharing mechanism is well defined and implemented • The Consortium has appropriate, documented procedures and confidentiality agreements in place governing the use of student data and ensuring compliance with *Freedom of Information and Privacy* legislation	• Safety programs are established for all students using age appropriate training tools • Development of policies is based on well defined parameters dictated by the strategic goals of the governance structure and Consortium Management operating plans • A mechanism is defined to allow for regular review and consideration of policy and practice changes to address environmental changes • Established procedures allow for regular feedback on the impact that current and proposed policy and procedural changes would have on costs, safety and service levels • Regular monitoring and evaluation of policy expectations is conducted to ensure their continued relevancy and service impacts • Enforcement procedures are well defined and regularly executed with timely follow–up • Harmonized transportation policies incorporate safety, operational and cost considerations • Position-appropriate delegation of decisions to ensure the efficiency of decision making • Operational alternatives to traditional practices are considered and implemented where reasonable and appropriate • Service levels are well defined, considerate of local conditions, and understood by all participating stakeholders • Policy and practice modifications for students with special needs are considered in terms of both the exceptionality and its service and cost impacts	• Transportation management software has been implemented and integrated into the operational environment • Key underlying data sets (e.g., student and map data) are regularly updated: • Responsibility and accountability for the updates is clearly defined and performance is regularly reviewed • Coding structures are established to facilitate scenario modeling and operational analysis of designated subgroups of students, runs, schools, etc. • Procedures are in place to use software functionality to regularly evaluate operational performance and model alternatives to traditional practices • Disaster recovery plans and back up procedures are established, performed regularly, and tested • Operational performance is regularly monitored through KPI and reporting tools are used to distribute results to appropriate parties • Technology tools are used to reduce or eliminate manual production and distribution activities where possible in order to increase productivity • Training programs are established in order to increase proficiency with existing tools • Route planning activities utilize system functionality within the defined plan established by Consortium management	• Contracts exist for all service providers, including taxi, boat and/or municipal transit services and parent drivers • Contracts are structured to ensure accountability and transparency between contracted parties • All operator contracts are complete with respect to recommended clauses • Compensation formulae are clear • Operator contracts are in place prior to the start of the school year • Procurement processes are conducted in line with the Consortium's procurement policies and procurement calendar • The Consortium has laid the groundwork for, or is actively using, competitive procurement processes • Proactive efforts are made to ensure operator contract compliance and legal compliance • The Consortium collects and verifies information required from operators in contracts • The Consortium actively monitors and follows up on operator on-the-road performance using random, documented route audits or their equivalent • The Consortium avoids using School Board owned vehicles

1.3.2 Funding adjustment

The Ministry will use the results of the E&E Reviews and Follow-up Reviews to inform any future funding adjustments. Only School Boards that have undergone E&E Reviews are eligible for a funding adjustment. Table 1 below illustrates how the Overall Rating will affect a Board's transportation expenditure-allocation gap.

Table 1: Funding Adjustment Formula

Overall Rating	Effect on deficit Boards[1]	Effect on surplus Boards[1]
High	Reduce the gap by 100% (i.e. eliminate the gap)	No in-year funding impact; out-year changes are to be determined
Moderate-High	Reduce the gap by 90%	Same as above
Moderate	Reduce the gap by 60%	Same as above
Moderate-Low	Reduce the gap by 0%	Same as above
Low	Reduce the gap by 0%	Same as above

As indicated in the Ministry's numbered memorandum 2010:SB14, the Ministry will only recommend further funding adjustments if the findings of the return visit show positive movement and support a higher overall rating than the previous review.

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[1] This refers to Boards that have a deficit/surplus on student transportation (see Section 6 – Funding Adjustments)

1.3.3 Purpose of report

This Report serves as the deliverable for the E&E Follow-up Review conducted on the Consortium by the E&E Review Team during the week of February 8, 2016.

1.3.4 Material relied upon

The Consortium provided a number of documents to the review team prior to the review. These documents were used in conjunction with interviews with key Consortium staff, outside stakeholders, and key policy makers to arrive at the assessment and rating of the Consortium.

1.3.5 Limitations on the use of this report

The purpose of this Report is to document the results of the E&E Follow-up Review of the Consortium. The E&E Review is not of the nature or scope so as to constitute an audit made in accordance with generally accepted auditing standards. Therefore, as part of this E&E Review, Deloitte has not expressed an opinion on any financial statements, elements, or accounts to be referred to when reporting any findings to the Ministry. Additionally, procedures used by the E&E Review Team are not intended to disclose defalcations, system deficiencies, or other irregularities.

2   Consortium Management

2.1   Introduction

Consortium Management encompasses the management of the entire organization providing student transportation services. The analysis stems from a review of the four key components of Consortium Management:

- Governance;

- Organizational Structure;

- Consortium Management; and

- Financial Management.

Each component has been analyzed based on information provided by the Consortium and from information collected during interviews. The analysis included an assessment of areas requiring improvement that were informed by a set of known best practices identified during previous E&E Reviews. These results are then used to develop an E&E assessment for each component. The E&E assessment of Consortium Management for the Consortium is as follows:

Consortium Management – Original E&E Rating:	Moderate - Low
Consortium Management – Interim E&E rating	Moderate
Consortium Management – New E&E rating	High

2.2   Governance

Governance refers to the way in which an organization is directed and controlled. Establishing administrative structures and processes that facilitate, monitor, measure and improve effective business management are primary responsibilities of an organization's governing body. Three key principles for an effective governance structure are: accountability, transparency, and the recognition of stakeholders. In order to respect these three principles, it is important that the governance body of the organization be independent of the team responsible for the day-to-day operations of the organization.

2.2.1   Interim recommendations

2.2.1.1 Delegation of authority

With less than six months since the Governance Review report was issued, the Consortium has made progress in developing the relationship between OSTA and its Member Boards and Board of Directors. We encourage all stakeholders to continue to build trust as this is the foundation on which all future success will be built. The Consortium is encouraged to keep striving for separation of governance from operations, to refine communication/reporting/consultation processes to achieve maximum efficiency and to establish the policies and practices that will allow for OSTA to function as an independent student transportation organization.

2.2.2   Incremental progress

2.2.2.1 Delegation of Authority

Since the interim E&E Review report, the Board of Directors has increased its delegation of operational duties to the Consortium so that the Board could focus on its oversight responsibilities. In order to formalize this relationship, the Consortium developed a Governance Manual which outlines the roles and responsibilities of both the Board of Directors and the Consortium's General Manager/Chief Administrative Officer ("GM/CAO"). The Board of Directors is responsible for governing the organization, including hiring the GM/CAO, approving policy, establishing strategic direction for the Consortium,

approving budgets, and advocating on behalf of the Consortium, while the GM/CAO is operational leader and responsible for all operational issues and staff.

Each Member School Board has two Trustee representatives on the Consortium's Board of Directors and two Senior Staff representatives for a total of eight Directors. Full delegated authority was given from each Member School Board to their respective OSTA directors, and has rescinded its transportation policies, such that decision-making is now centered entirely at the OSTA Board of Directors.

In order to support a more prompt and transparent decision-making process, the Consortium and Member School Boards have agreed on two annual Governance Meetings, which are open to the public, for reviewing OSTA's budget, strategic plan and policies. The Board may hold other general business meetings throughout the year, as required. These are not open to the public.

2.3   Organizational structure

An optimized organizational structure can promote effective communication and coordination which will enable operations to run more efficiently. The roles and responsibilities within the organization should be well defined. This will lead to operational efficiencies by ensuring tasks are not being duplicated and issues raised can be addressed effectively by consortium management. Ideally, the organization is divided functionally (by department and/or area); all core business functions are identified; and there is an appropriate allocation of general management and operational responsibility.

2.3.1   Interim recommendations

The Consortium did not have any recommendations in this area in the interim E&E Review completed in February 2013.

2.4   Consortium Management

Consortium Management focuses on the operational aspects of the organization. This includes ensuring accountability of staff, focusing on continual improvement through operational planning, and risk management by having appropriate contracts and agreements in place to clearly define business relationships.

2.4.1   Interim recommendations

2.4.1.1 Transportation service agreement

The original recommendation in this regard continues to apply as transportation service agreements have not been developed as recommended in the original E&E review in November 2010.

2.4.1.2 Confidential agreements with third-party service providers

The Consortium has executed confidentiality agreements with Operators, Staff and Member School Boards. We encourage the Consortium to ensure there are confidentiality agreements in place with all appropriate third-party service providers which handle confidential information during their period of services.

2.4.1.3 Finalize policy on confidential information storage/usage etc.

The Consortium has performed a commendable task in developing policies and processes for treating confidential information. The Consortium should finalize and obtain the Board's approval for the draft policy on the use of confidential information which addresses all issues related to the collection, storage, use, access, distribution and destruction of information.

2.4.1.4 Succession Planning

The Consortium has developed a limited succession planning document. Consortium management has a good grasp of the succession planning process however the documentation does not fully support the process. A good succession plan should clearly describe the roles and responsibility for each position at the Consortium, key skills required for the position and training available to acquire the required skills. It also provides a snapshot of the progress of the prospective employees currently being trained for the position in addition to the current documentation identifying the position and employees interested in the position. It is recommended that the Consortium review and enhance its succession plan. Succession

planning and cross-training provides staff additional opportunities for growth and development, and prepares them for an acting or full-time transition into a new role with greater responsibility should the case arise. A policy around succession planning should be in place to guide the development of the initial succession plan and the continuous updating thereof.

2.4.1.5 Monitoring of Key Performance Indicators (KPIs)

We appreciate the Consortium's intention to keep the number of KPIs they track at a minimum, however, the KPIs tracked and formally reported should be adequate enough to provide a sufficient picture of Operators' performance as well as the Consortium performance over a comparison period.

The KPIs selected by the Consortium sufficiently address the tracking and reporting of Operator's performance. The Consortium should also consider additional KPIs to monitor and report the Consortium's performance. The KPIs tracked and monitored by the Consortium should allow the Consortium to report on:

- *The quality and equity of service to each Member Board. For example what are the actual walk to stop distances for each Board, what are ride times for each Board, etc.*

- *Costs per student by Board, by program and by eligibility code. For example, the Consortium should be able to report on the costs per transported student for each Board, for special education, for hazard, courtesy, transit etc.*

- *Its own performance. On an annual and long term basis, how will the Consortium know if it is doing a better job this year versus last year?*

An enhanced set of KPI's will give stakeholders better insight into Consortium operations thus further building trust between stakeholders and will also help the Consortium to identify specific areas of concern as they arise that can then be addressed.

We acknowledge that the KPI policy was only approved by the Board in Oct 2012 (shortly before the review) and the Consortium has reported initial KPI measures to the Board of Directors. There has not been sufficient time to demonstrate implementation of the policy. The Consortium should continue to develop its KPI database to analyze trends over an extended period and, as time evolves, should continue to look at the measures being tracked to ensure they are allowing for the Consortium to measure its own performance (not just that of its operators) and are meeting the information requirements of stakeholders.

2.4.1.6 Make all efforts necessary to comply with signing authority policies

The Consortium has developed well documented procurement policies which provide adequate guidance on planning, procuring and approval processes. The Consortium has established clear levels of approval and signing authority. It is recommended that the Consortium ensure that each invoice is reviewed and approved (with such things as dates and signatures on all invoices) prior to a cheque being issued and that the cheque signing process be separate from the invoice approval process, even when the two processes are undertaken by the same person. This will help to ensure the appropriate sequence of events (i.e. invoice approved for payment before a cheque is issued), that the implementation of the policies matches the intent of the policies and ensure that the processes established will continue to reflect best practice should the people currently undertaking the processes change.

2.4.1.7 Financial planning/forecasting

While the Consortium has not experienced declining enrolment, it is nevertheless recommended that the Consortium incorporate a process and strategy to forecast changes in the enrolment/ programming/ accommodations etc. and develop adequate capabilities to assess the related financial impact on its operations. This strategy should allow the Consortium to configure a sound financial plan/ forecast and assist the Consortium to manage the associated changes in funding availability. Understanding the future of operational requirements will allow the Consortium to proactively implement changes to address the requirements.

2.4.2 Incremental progress

2.4.2.1 Transportation Service Agreement

The Consortium has a Transportation Service Level Agreement with the OCDSB and OCSB. The agreement was executed on November 9, 2015. The agreement specifies the provisions of transportation services to be provided by the Consortium. According to the specific requirements established by each member board, OSTA shall provide the Boards with the following transportation services:

- Operational services which include management of services, procurement, and compliance monitoring;
- Policies/procedure services, which includes development of transportation policies, and procedures and guidelines;
- Financial services including annual budgeting and forecasting;
- Communication services, which include communicating information to stakeholders and attendance of board and committee meetings; and
- Reporting services, which involve developing, tracking and acting upon contractor and consortium KPIs.

In addition, the agreement:

- States the requirement for notification of service disruption;
- Outlines the insurance, and confidentiality requirements of the Consortium;
- Details the payment terms and fees;
- Specifies the term of the agreement; and
- Includes standard terms and conditions regarding amendments, dispute resolution, governing law, and agreement survival.

2.4.2.2 Confidential agreements with third-party service providers

The Consortium has executed confidentiality agreements with staff and Member School Boards. In addition, the Consortium has agreements, including confidentiality requirements, in place with all appropriate third-party service providers, including Operators, which handle confidential information during their period of services, such as its third-party HR support provider.

2.4.2.3 Finalize policy on confidential information storage/usage etc.

The Consortium has a governance approved policy related to information collection, storage, use, access, distribution and destruction of student information which takes into account school board policies. The Records Management policy was approved by the Board on December 7, 2015.

2.4.2.4 Succession planning

The Consortium has developed a succession planning policy and a succession plan for both Board of Directors and staff. The Succession Planning Policy was approved by the Board of Directors on October 26, 2015, and outlines the requirements of the succession plan, as well as the requirements to review and update the plan on an annual basis.

The succession plan for Board of Directors of the Consortium:

- Provides a strategy for unexpected absences;
- Includes an orientation program to describe roles and responsibilities for each position;
- Identifies potential replacements; and
- Ensures continuity of representation with Directors having alternating terms on the Board.

The succession plan for staff:

- Provides a strategy for unexpected absences;
- Includes a cross-training program for each position to describe roles and responsibilities, and allow employee growth and development for acquiring leadership skills to prepare for unexpected vacancies;
- Describes employee interest and competency to perform roles, which includes review on progress of prospective employees being trained; and

- Identifies potential internal replacements for positions.

2.4.2.5 Monitoring of Key Performance Indicators (KPIs)

The Consortium has developed an enhanced set of KPIs in order to provide better insight into Consortium Operations. The Consortium has policies on monitoring the following KPIs:

- Average Cost per Student;
- Expenditures (transit and non-transit) for programs: Courtesy, French Immersion, General Transportation, Gifted Programs, Hazard, Magnet Programs, Special Transportation Needs, and Wheelchair Accessible;
- Number of Students (transit and non-transit) per program: Courtesy, French Immersion, General Transportation, Gifted Programs, Hazard, Magnet Programs, Special Transportation Needs, and Wheelchair Accessible;
- Percent Complaints per Student;
- Percent Delays per daily Routes;
- Accidents/Injuries per Student;
- System-wide Capacity Utilization;
- Student Ride Times;
- Starting Bell Times; and
- Run-Tiering.

A formal KPI report is prepared by the Consortium on an annual basis and presented to the Board of Directors. Updates to the Board of Directors on KPIs are provided by the Consortium during Board of Director Meetings as required.

2.4.2.6 Make all efforts necessary to comply with signing authority policies

The Consortium has developed policies and processes for invoice processing, payment and reconciliation. The following highlights the invoice process:

- Invoices and cheques are approved and signed by various personnel according to Levels of Authorization and by the GM/CAO;
- The President/Chair of the Governance Committee signs the cheque register on a quarterly basis; and
- On a monthly basis, the Controller prepares a bank reconciliation. The GM/CAO review the bank reconciliation to ensure accuracy.

2.4.2.7 Financial planning/forecasting

The Consortium completes both short-term and long-term financial forecasting on an annual basis. In the short term, the Consortium develops its budget based on the current year financials making adjustments for enrolment forecasts provided by each of the Member Boards, operator contract requirements such as inflationary conditions, preliminary routing analysis, and any one-off projects the Consortium has planned.

From a long term planning basis, the Member Boards provide the Consortium with long-term enrolment forecasts, as well any long term capital planning information regarding closing/opening of schools. The Consortium also accounts for any new subdivisions, or major construction projects within the City that will have a significant impact on routing, equipment and software. By combining this information with the operator contract costing information and forecasted capital expenditures on its IT Roadmap, the Consortium is able to develop financial forecasts for three to five years into the future.

2.4.2.8 Strategic Planning

The Consortium originally developed a three-year strategic plan for the organization in 2011. This plan was subsequently updated in 2014 to reflect the progress the Consortium has made, and to extend strategic priorities as required. The updated plan has a timeline ending in the 2015-16 school year, and as a result the Consortium is currently in the process of updating the plan once again. The updated plan is still in its initial stages, with the Consortium having identified four key strategic priorities for the Consortium in the coming years:

- Broadening the Consortium's approach to align with OSTA's expanded mandate of getting students to school, as opposed to solely providing school bus transportation;
- Focusing on Customer Service, such as improving response times; and
- Improving safety around the school site by looking at ways to better manage vehicle traffic around schools.
- Complying with the government's procurement directives while responding to Ottawa's unique market conditions and contractual requirements.

2.4.2.9 School Active Transportation

The Consortium has partnered with the City of Ottawa's Public Health, Public Works, By-Law, Ottawa Police Services, school boards and other community partners, to implement a school active transportation program in which the Consortium plans preferred walk routes to schools and helps coordinate Walking School buses in a select number of neighbourhoods. The Walking School Bus program includes eight routes for the 2015/16 school year, and has received funding from external sources for an additional four routes for the upcoming year. Through its partnership with Green Communities Canada, OSTA also offers School Travel Planning facilitation to schools to promote and assist schools in developing their own School Active Transportation programs. OSTA participates in the Ottawa School Active Transportation Network at the operational and steering committee level.

2.4.3   Accomplishments

It is recognized that the Consortium now demonstrates the following best practices in addition to the best practices outlined in the original and interim reports:

2.4.3.1 Succession Planning

The interim E&E Review recognized that the Consortium had developed a succession planning document, however, the document included only limited details. Since that time, the Consortium has developed a comprehensive succession plan which is reviewed annually by Management. By documenting the succession plan, the Consortium has taken steps to ensure the continued smooth operation of the Consortium should anything unexpected happen.

2.4.3.2 Monitoring of Key performance indicators

The Consortium has fully documented a key performance measurement procedure which reviews, tracks, and benchmarks key performance metrics, and outlines the procedure for communicating the results with stakeholders. By monitoring and tracking relevant KPIs the Consortium has the ability to identify areas of its operations that need attention or improvement, along with areas of achievement.

2.4.3.3 Financial planning/forecasting

The Consortium has developed a financial planning/forecasting process that incorporates long-term enrollment forecasts, capital plans of each of the Boards, new residential developments throughout the jurisdiction, operating cost trends, and expenditures from the Consortium's IT roadmap. This process allows the Consortium to project what effect certain variables, such as changing enrolment may have on Member Board funding, providing them with a better opportunity to adapt their operations.

2.4.3.4 School Active Transportation

The Consortium's partnership with the City of Ottawa's Public Health, Public Works, By-Law, Ottawa Police Services, school boards and other community partners, is an example of where a Consortium, by thinking innovatively, has been able to increase the level of service it provides to the community as a whole.

2.4.4   Opportunities for improvement

2.4.4.1 Strategic Plan

The Consortium is encouraged to move forward with the process of updating its strategic plan based on its newly developed strategic priorities. An updated plan that includes new objectives and priorities, and an associated implementation strategy will help the Consortium continue to build on its outstanding accomplishments and inspire a culture of continuous improvement.

2.5   Financial Management

Sound financial management ensures the optimal use of public funds and also ensures the integrity and accuracy of financial information. This includes appropriate internal controls and a robust budgeting process that has a clearly defined planning and review calendar that promotes accountability and sound decision making.

Financial management policies capture roles and responsibilities, authorization levels, and reporting requirements to ensure that a proper internal financial control system is in place for the Consortium. These policies should also clearly define the financial processes of the Consortium in a way that ensures appropriate oversight without impinging on efficiency.

2.5.1   Interim recommendations

2.5.1.1 Data handling capability

We acknowledge that the Consortium has identified the need for advanced software capability to handle large volumes of data especially related to invoices and billing information. We recommend that the Consortium proceed with acquisition and implementation of such software. Use of appropriate software will provide the Consortium with the flexibility to organize the data for a variety of uses including variance analysis and reconciliations. It will also assist in identifying trends and scenarios for cost management functions.

2.5.2   Incremental progress

2.5.2.1 Data handling capability

Since the interim E&E Review, the Consortium has implemented a comprehensive integrated transportation planning software which includes a financial management platform. The Consortium has incorporated all of its Large Vehicle operator contract information into financial management platform, providing the Consortium with the ability to easily run financial reports, create operator invoices, and run costing scenarios and sensitivity analysis on key cost components such as fuel prices. As a result, the Consortium uses only a limited number of independent spreadsheets from a financial management perspective.

2.6   Results of the Follow-up E&E Review

Consortium Management for OSTA has been assessed as **High**. Since the interim E&E Review, the Consortium's Governance Committee has delegated an appropriate level of authority to the Consortium, and the Consortium has executed transportation services agreements with both of the member Boards, enhanced its key performance indicator program, and enhanced its succession plan. In addition, the Consortium has finalized its policy on confidential information storage and use, developed a comprehensive short and long-term financial planning process, and implemented a financial data management system to enhance its financial analytics and reporting capabilities. As the Consortium's strategic plan is set to expire at the end of the year, the Consortium is encouraged to move forward with the process of updating its strategic plan based on its newly developed strategic priorities.

3 Policies and Practices

3.1 Introduction

Policies and practices examined and evaluated the adopted and implemented policies, operational procedures, and documented daily practices that in combination establish the standards of student transportation services. The analysis for this area focused on the following three key areas:

- General Transportation Policies & Practices;

- Special Needs Policy Development; and

- Safety and Training Programs.

The observations, findings, and recommendations documented in this section of the report are based on the review of provided documents and information, onsite interviews with consortium staff, and the analysis of extracted data. Best practices, as established by the E&E process and the original recommendations from the 2013 Interim Review provided the source of comparison for each of these key areas. The results were used to develop an E&E assessment for each of the key components and to determine the overall effectiveness of the Consortium's Policies and Practices as shown below:

Policies & Practices – Original E&E Rating:	Moderate - Low
Policies & Practices – Interim E&E Rating:	Moderate - High
Policies & Practices – Follow-up E&E Rating:	High

3.2 Transportation Policies & Practices

The development and enforcement of clear and concise policies, practices, and procedures are essential elements of an effective and efficient transportation system. Policies establish the parameters that define and determine the *level* of service that ultimately will be provided while practices and procedures determine *how* services will actually be delivered within the constraints of each policy. The harmonization of polices and the consistent application of all policies, procedures, and practices ensures that service will be delivered safely and equitably to each of the Member Boards.

This section evaluated the established policies and practices and their impact on the effective and efficient operation of the Consortium.

3.2.4 Interim recommendations

3.2.4.1 Continue to monitor the empty seat process

The enhancement of the policy provides the foundation to ensure that current "empty seat" students do not influence the annual planning process and the overall impact to the system, however, it does not appear to be fully enforced. The Consortium should continue to monitor this service offering to ensure that approvals do not become a cost burden or an impact to service effectiveness and that the parameters set by policy are followed and fully enforced.

3.2.4.2 Bell time management

The pending approval of the bell time management policy and the implementation of strategic bell time initiatives will support the Consortium in its goal of providing services that are both effective and efficient. This will be discussed in additional detail in the Routing and Technology section.

3.2.5   Incremental progress

3.2.5.1   Empty seat process

As noted during the 2013 Interim Review, a single OSTA – *Access to Empty Seat* policy guides the consideration and approval of access to empty seats on contracted school bus vehicles. The key planning parameters that help to ensure that the granting of empty seats do not influence the annual planning process and ultimately the overall effectiveness of the routing network include:

- As a component of the annual planning process, all students previously granted empty seat transportation have their stop and run assignments deleted from the system. This process helps to support a planning process that is based on eligible students without the influence or consideration of providing service for ineligible students;

- The weighted load[2] count in *BusPlanner* is being used to more readily provide an accurate count of empty seats. This process helps to ensure that buses are not overloaded and has resulted in a more efficient use of staff time in management of the process;

- For empty seat eligibility to be considered, a request must be submitted on an annual basis. If approved, eligibility is granted only for the current school year;

- Empty seat applications are not considered until after October 1st of each school year. This process also ensures that the empty seat approval process does not influence the planning process;

- OSTA staff are solely responsible for determining the availability of empty seats;

- Only valid bus stops that are currently being accessed by eligible students will be available; and

- Routes will not be altered to accommodate empty seat students.

3.2.5.2   Evaluation of empty seat transportation policies

The analysis of current student and stop data indicates that approximately 3,430 (or 6.8 percent) of the 50,768 students receiving transportation are being provided "empty seat" transportation. In comparison with the original E&E and the interim Reviews, the number of empty seat students continues to decline compared to the previous percentages of 10 and 7.5 percent, respectively. Additionally, the percentage of students being provided empty seat transportation is fairly close between the Boards. Approximately 1,947 OCDSB students or 6.4 percent have been granted empty seat transportation compared to 1,484 OCSB students or 7.2 percent.

Another key planning requirement examined is that only current valid stop locations are to be used for empty seat students and that more stops will not be added. The analysis of data under this criteria during the interim E&E Review found that out of the approximately 6,150 OCSB stops reviewed, 120 stops (or almost 2.0 percent) were for students approved as "empty seat" eligible with no other eligible riders assigned to the stop. A similar analysis of the OCDSB stops found that out of 10,399 stops reviewed, 82 stops (or just under 1.0 percent) were for students approved as "empty seat" eligible.

Using this same methodology, out of the combined number of 14,297 stops, approximately 75 stops (or 0.05 percent) are locations that appear to be solely for empty seat students. Additional discussions with consortium staff found that this is due to several factors including:

- Changes in attendance boundaries that have resulted in a change of eligibility that is in the process of being updated in the *BusPlanner* software;

- Students that have been receiving empty seat transportation that are in the process of being notified that service will no longer be available; and

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[2] Junior Kindergarten to Grade 6: 1 Weighted load factor per student
  Grades 7 to 12: 1.5 Weighted load factor per student

- A small number of simple coding errors that are typical for a large and complex system.

The enhancement to route planning practices for the monitoring of empty seat transportation supports an effective routing process and meets the intent of the original recommendation. As staff further implement best practices and build on their level of expertise with the new routing software, further refinements to the monitoring and management of the empty seat process should be expected.

3.2.5.3 Bell time management

A comprehensive bell time management policy was formally approved by both Member Boards on January 28, 2013. As noted in the Interim Review, the policy clearly establishes the necessity for strategic management of bell times in support of effective and efficient service delivery. The policy also establishes morning and afternoon start and ending time parameters, the process for stakeholder involvement, and parameters to ensure that the specific program or MOE educational instructional day requirements are met. The supporting procedure is detailed regarding communication and outreach requirements and timelines. For a change in bell times of less than 10 minutes, OSTA has full authority to make the changes without either consultation or Member Board approval, providing the school community is notified within the set timeline. Proposed changes to bell schedules greater than 10 minutes require review and approval by the trustees of the affected Board.

Interviews and documentation confirm that the planned comprehensive bell time study was undertaken and resulted in the change of bell times for 70 of the schools served. Bell times were standardized around the start times of 8:00, 8:30, and 9:15 AM. In conjunction, 700 walk zones were also evaluated to ensure that hazard conditions were still valid and also to ensure that distances were equalized across the service area. As reported by the Consortium, this process has resulted in an improved bus capacity utilization from a little over 60 percent in 2010 to a full 70 percent for the current school year.

While additional analysis will be performed and discussed in greater detail for the Routing and Technology section, approval of the bell time management policy with the subsequent analysis and implementation of an improved bell time schedule enhancement supports effective and efficient service delivery routing and meets the intent of the original recommendation.

3.2.6   Accomplishments

It is recognized that the Consortium now demonstrates the following best practices in addition to the best practices outlined in the original report:

3.2.6.1 Monitoring of empty seat eligibility

Transportation Coordinators closely monitor and record the number of routes and runs that are able to accommodate empty seats riders. This metric is used as an indication that buses assigned to the area may be underutilized. Using this data, attempts can be made to optimize runs to reduce the number of available empty seats and potentially reduce the number of buses serving any one particular school or area.

3.3   Special needs transportation

Planning transportation for special needs students can present additional challenges and must consider a multitude of factors including the unique physical and corresponding equipment needs of the students such as wheelchair lifts, special restraints, and harnesses. Additional factors include providing support for students with emotional needs or medically fragile students who require assistance or medical intervention. Training specific to serving these students and their unique needs is paramount to support a transportation plan for each student that is effective, efficient, and safe.

3.3.3   Interim recommendations

The Consortium did not have any recommendations in this area in the Interim Review completed in February 2013.

3.4 Safety policy

The foremost goal of any transportation operation is to provide safe student transportation. This goal is supported by safety related policies, practices, and procedures that are comprehensive and enforced. Equally important is that regular training is provided to drivers and attendants to ensure that onboard personnel have and maintain a high level of operational skill. The communication of responsibilities shared by students, parents, drivers, school staff, and the general community helps to promote a culture of safety across the community for all students.

3.4.3 Interim recommendations

The Consortium did not have any recommendations in this area in the Interim Review completed in February 2013.

3.5 Results of the Follow-up E&E Review

Policies and Practices for OSTA has been rated as **High.** It was noted in the interim E&E Review that OSTA had carefully considered each of the Policy and Practice recommendations from the original E&E and was committed to the approval of the bell time policy and the subsequent analysis of it bell schedule. The comprehensive review of the bell schedule including the review of walk zones and hazard areas demonstrates the commitment of OSTA and its Member Boards to meet or exceed the recommendations identified during the E&E process and their commitment to continuous improvement.

4 Routing and Technology

4.1 Introduction

Routing and Technology encompasses the management, administration, and use of technology for the purpose of student transportation management. The analysis for this area stems from a review of the four key components of:

- Software and Technology Setup and Use;

- Digital Map and Student Database Management;

- System Reporting; and

- Regular and Special Needs Transportation Planning and Routing.

Each component has been analysed based on observations from fact, comparison to recommendations from the 2013 Interim Review, and an assessment of best practices leading to a set of recommendations. These results are then used to develop an E&E assessment for each component, which is then summarized to determine an E&E assessment of Routing and Technical efficiency as shown below:

Routing & Technology – Original E&E Rating	Moderate
Routing & Technology – New E&E Rating:	Moderate
Routing & Technology - Follow-up E&E Rating:	High

4.2 Software and Technology Setup and Use

Large and complex transportation organizations require the use of a modern routing and student data management systems to support effective and efficient route planning. Effective route planning not only ensures that services are delivered within established parameters but also helps to predict and control operational costs. Modern software systems have the ability to integrate and synchronize with student accounting, communications, and productivity software. The integration of these software systems allow for more effective use of staff time and supports timely communications, data analysis and reporting. Web-based communication tools in particular can provide stakeholders with real time and current information regarding their student's transportation including service or weather delays, the cancellation of transportation, or school closings. To derive the greatest benefit from these systems, it is imperative that the implementation includes an examination of the desired expectations and outputs of the system to support comprehensive analysis and reporting. This section evaluates the acquisition, setup, installation, and management of transportation related software.

4.2.1 Interim recommendations

While the Consortium did not have any recommendations in this area in the Interim Review completed in February 2013, it is important to note that since the interim review, a conversion to Geo Ref's *BusPlanner* software was initiated and completed. While not directly related to recommendations in this area, it is noted that OSTA undertook the analysis of bell times and the implementation of revised bell schedules at the same time it was implementing new route planning software.

Additionally, although the follow-up E&E process did not require an evaluation of the proficiency of staff in the use of the new software, interviews and observations indicate that staff have a high level of comfort and confidence in the new system and the tools that are available to them for the management of routes and runs. Lastly, interviews indicated that once the decision was made to convert to *BusPlanner*, the process was to go "all in" and not to run parallel systems. It is evident that the success of the conversion

was due to multiple factors including, project planning, the leadership skills of Consortium management, technical staff, and the overall ability of the staff.

4.3 Digital map and student database management

For any electronic routing system to be fully effective, it must be supported not only by an accurate underlying map, but also by accurate student data. This aspect of the E&E process was designed to evaluate the processes and procedures in place to update and maintain the map and the student data that forms the foundation of any student transportation routing system.

4.3.1 Interim recommendations

The Consortium did not have any recommendations in this area in the Interim Review completed in February 2013.

4.4 System reporting

Reporting, performance measurement, and operational analysis allows for the early identification of trends that may be detrimental to operations, improves the analytical capacity of the organization, and allows for internal and external stakeholders to be more adequately informed about operations. The purpose of this aspect of the review was to evaluate what reports are typically generated, who receives these reports, what capabilities exist to develop ad hoc reports, and how the information and data is utilized to improve operations.

4.4.1 Interim Recommendations

The Consortium did not have any recommendations in this area in the Interim Review completed in February 2013.

4.4.2 Incremental progress

4.4.2.1 Issue Tracking

OSTA has implemented the *BusPlanner* Workflow Module issues tracker which enables OSTA to create electronic forms to be used by parents and schools to report concerns, request changes, apply for services and deal with other day-to-day operational requirements. OSTA staff is able to monitor issues and their timeline for resolution.

4.5 Regular and special needs transportation planning and routing

Effective and efficient route planning is the key element of any high performing transportation operation. This portion of the review discusses the recommendations from the Interim Review and the resulting incremental progress. Also discussed are the current findings regarding the overall effectiveness of the system.

4.5.1 Interim recommendations

4.5.1.1 Regular program of regular and special needs route efficiency reviews

While both of the processes described above are necessary and beneficial, the absence of regular and comprehensive efficiency analyses system-wide and for special needs limits the Consortium's ability to fully benefit from the opportunities that may exist. Regular routing efficiency reviews should not only be developed and included both as a component for routine route and run maintenance, but also as a major consideration during the annual planning process.

4.5.2 Incremental progress

4.5.2.1 Regular and special needs transportation planning and routing

As noted in the Policies and Practices section, interviews and presented documents confirm that as the Consortium had planned, a comprehensive bell time study was undertaken that began during the 2013/14 school year and was fully implemented for the start of the 2015/16 school year. This process included an extensive community outreach process that included meeting with stakeholders during the spring of 2014. These meetings were scheduled for evenings and on Saturdays to ensure that interested stakeholders could participate.

OSTA used the input garnered from these meetings to perform a system-wide analysis of the bell time architecture which resulted with a change of bell times for 77 of the schools served. Bell times were standardized around the start times of 8:00, 8:30, and 9:15 AM. Of the schools whose bell times changed, 28 schools, or 36 percent, were changed by less than 10 minutes while 49 schools, or 64 percent were changed by 10 minutes or more. Subsequent to the implementation of the new bell time structure, the Consortium reported that only one school has requested a change in their bell schedule.

The process also included a sensitivity to schools that serve a student population with a high proportion of lower income families. Consideration was given to these areas as a change of bell times for these schools may have had undue consequences on these students and families within the community. While changes in these areas was avoided or minimalized to the degree possible, the route planning process has been able to accommodate these schedules absent a negative impact to the system.

In addition to the system-wide analysis of bell times and the implementation of an enhanced bell time structure, the Transportation Coordinators, Safety and Accessible Transportation Coordinator, and the Assistant General Manager regularly meet to discuss opportunities for routing efficiencies for both yellow bus and small vans (special needs). Examples of the outcomes from these meetings includes the re-pairing of runs to meet service needs such as accommodating bell times for "breakfast clubs", a reduction in mileage, improved ride times, and the reduction in the number of buses. As per the policy, stakeholders are notified when there are changes to a student's stop or run assignment.

The Consortium is cognizant that for the system to remain effective and efficient year-to-year, there must be an ongoing process for both the optimization of routes/runs within the current bell structure and also where there may yet be opportunities for additional efficiencies through additional changes in bell times. To support continuous improvement, OSTA is committed to the system-wide evaluation of bell times every three years or as conditions change. One such example that was provided is that additional changes are being contemplated for the Barrhaven area. This area is currently experiencing growth, requiring major changes to the road network that are currently underway. As is appropriate, OSTA has delayed the analysis of this area until road construction is completed and fully operational.

Another example of the annual processes that are used to ensure effectiveness of the routing network is the annual review of travel mode on a student by student basis. A student's transportation mode is reviewed and may include large, small, or wheelchair buses, and or public transit. The decision points include, the needs of the students, time and distance, cost, and the capability of the site. In all cases, the decision rests with OSTA to make the determination of the mode that is most beneficial.

Concurrent to the analysis of bell times, 700 walk zones were also evaluated to ensure that hazard conditions were still valid and also to ensure that distances were equalized across the service area. This process resulted in 1,900 students no longer being eligible for transportation due to removal of hazards or insertion of pathways for distance measurement harmonization. Approximately 500 students also became eligible due to harmonization of hazards or new hazards being implemented. This process provided equity of services across the system while re-distributing resources to the appropriate areas. The evaluation of walk zones and hazard conditions has been assigned as a routine task and responsibility of the Safety and Accessible Transportation Coordinator. This assignment results in the regular review of unique, new, and unassessed areas in response to trustee, school administration, or parent requests throughout the school year. The results of these evaluations can sometimes affect eligibility and may require amendments to the walk zones.

One additional note is that the PRESTO Card system has been implemented in a manner that results in cost reductions to OSTA. OC Transpo and PRESTO created a special continuous student pass from September 1 to June 30 specifically for OSTA. OC Transpo bills OSTA on a monthly basis, only for those students who have used the Presto card on a bus during any given month. OSTA receives a usage report where the monthly invoice and usage is compared to student information in our software, prior to paying the invoice. OSTA's Auditors have verified the process and tested for accuracy.
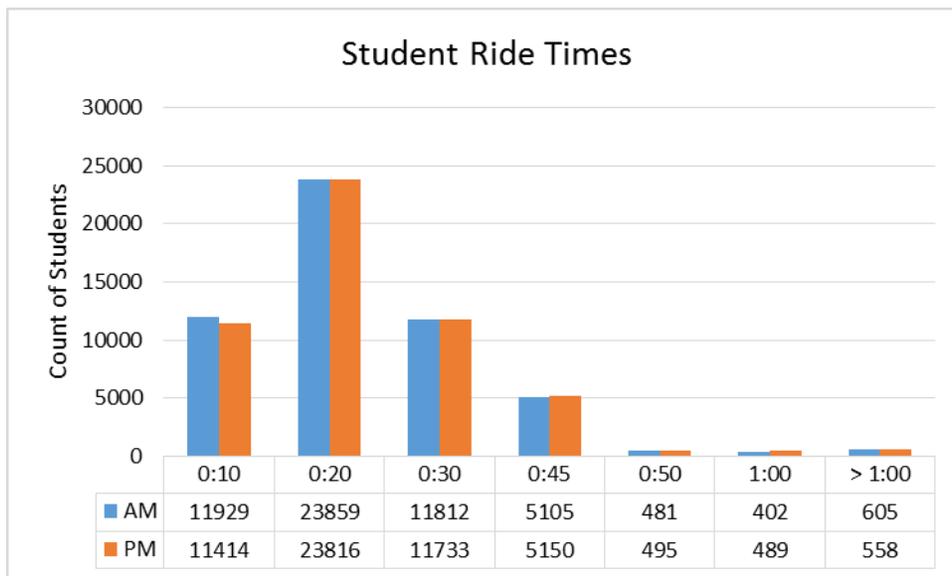
The adoption and implementation of the bell time change policy supports effective and efficient service delivery and fully meets the intent of the original recommendation.

4.5.2.2 Analysis of system effectiveness

The analysis for this section begins with the understanding of average capacity utilization across the system. The results are based on recently extracted route, run, and student data[3] from the *Bus Planner* routing system. This first measure is a key indicator of system-wide effectiveness as it illustrates how well the available seating capacity is utilized on individual bus runs. The overall (non-weighted) current capacity utilization of the fleet is approximately 66 percent compared to the 2013 results of 61 percent. Considering just secondary students based on a "weighting" factor of 1.5 per student or two students per seat (e.g., seating secondary students two per seat reduces the legal capacity of a 72 passenger bus to 48 seats), capacity utilization has improved to approximately 71 percent compared to the 68 percent observed in 2013. This result validates the Consortium's reported 70 percent capacity utilization as discussed in Section 3.2.5.3.

Student ride times represent another key factor in determining whether a system is effective and that the desired level of services is being provided. As observed during the original E&E review, and the interim review, the level of service provided continues to be high and within the guidelines of the ride time policy. The current average student ride time is approximately 18 minutes compared to the planning goal of 45 minutes. This compares with the 17 minute average as previously noted in the original E&E review. Approximately 97 percent of the morning rides and afternoon rides are at 45 minutes or below. Almost 99 percent of all regular and special needs rides are at or below one hour in length. The morning and afternoon ride times are illustrated in the following chart:

Figure 2: Student Ride Times

|	0:10	0:20	0:30	0:45	0:50	1:00	> 1:00
AM	11929	23859	11812	5105	481	402	605
PM	11414	23816	11733	5150	495	489	558

Another key indication of efficiency is how well the system is able to reuse each bus over the course of the service day. It was noted during the original E&E review that the system was able to achieve a fairly high degree of run tiering. At that time, approximately 83 percent of the regular education fleet was able to perform at least four daily runs (two in the morning, and two in the afternoon).

Based on the analysis of current data, approximately 82 percent of the fleet of 541 full size buses are able to perform at least four daily runs (two in the morning, and two in the afternoon) with six percent of the buses able to complete five runs per day and 24 percent of the buses able to perform six runs per day. These metrics are illustrated in Figure 3 below:

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[3] All data reported in this section of the report refers to data collected while the E&E team was on site. There may be inconsistencies with some previously reported Ministry data due to the different timing of the data collection.

Figure 3: Number of Buses by Run Increment

Number of Buses by Run Increment

	2	3	4	5	6
■ Number of Buses by Run Increment	51.00	48.00	278.00	32.00	132.00
■ Percentage	9%	9%	51%	6%	24%
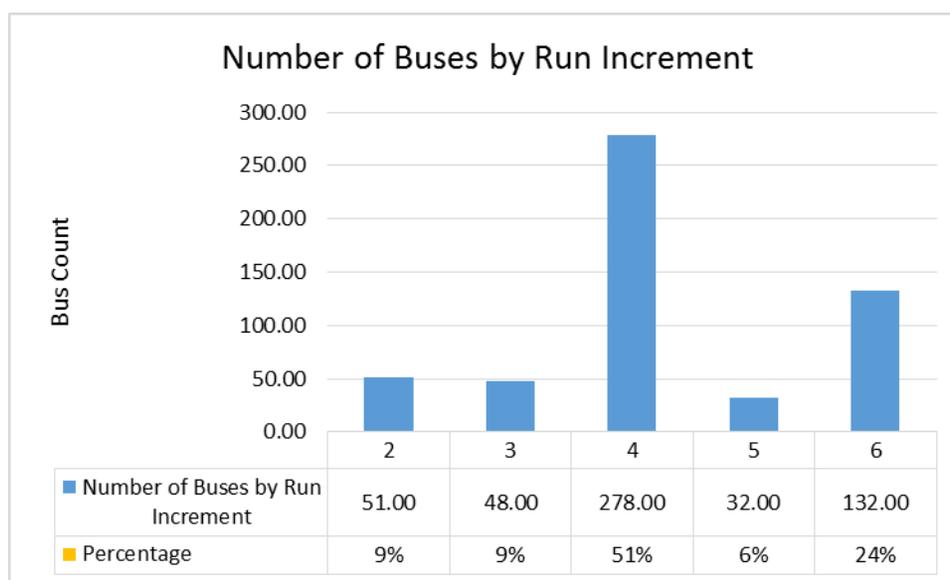
A key observation at the time of the interim E&E Review was that the Consortium did not receive data on the unique bus numbers servicing runs other than for the home to school routes. The absence of this data precluded a full understanding of the number of the home to school buses that were able to perform additional midday or shuttle runs. This situation resulted in the recommendation (as discussed in greater detail below) for the Consortium to be able to fully track operator performance and for the overall efficiency of the organization.

4.5.3 Interim recommendations

4.5.3.1 *Fleet and operational data*

To fully determine the performance level of a transportation system, data must be available to understand how well the fleet assets are able to be utilized. This includes a full understanding of run times, student ride times, number of students served, and the number of buses providing service. While the Consortium is able to, and currently measures, student rides time and capacity utilization, the way the operators are currently assigning buses to runs absent of bus number is limiting the accurate calculation of asset utilization. As the Consortium begins its process of bell time alignment in conjunction with its hazard zone review, it is important that operators be required to provide specific bus run information. Not only is this an important consideration for the measurement of asset utilization, it is important for the monitoring of operator compliance in general.

4.5.4 Incremental progress

4.5.4.1 Fleet and operational data

To assist in both the tracking of buses assigned to routes and to track vehicle age, a unique operator portal has been implemented which allows the operators to be able to directly enter fleet information into an online form. Both the operators and the Consortium are able to readily extract fleet data for route analysis and reporting and also for the tracking of fleet age and operator compliance. These enhancements in conjunction with the completion of the bell time study and ongoing evaluation fully meet the intention of the original recommendation.

4.6   Results of the Follow-up E&E review

The Ottawa Student Transportation Authority has been rated as **High** in Routing and Technology for the follow-up review. It is evident that the Consortium was determined to implement the necessary changes and enhancements to its route planning and management practices necessary to reach a high rating. The prime example of this is that OSTA was determined not only to reassess their bell schedule but to also implement new routing software. OSTA provides an excellent example for other Consortia to follow in the management of hazard zones and the identification of safe walk to school routes.

5 Contracts

5.1 Introduction

The Contracts section refers to the processes and practices by which the Consortium enters into and manages its transportation and other service contracts. The analysis stems from a review of the following three key components of Contracting Practices:

- Contract structure;

- Contract negotiations; and

- Contract management.

Each component has been analyzed based on observations from information provided by the Consortium, including information provided during interviews. The analysis included an assessment of areas requiring improvement that were informed by a set of known best practices identified during previous E&E Reviews. These results are then used to develop an E&E assessment for each component. The E&E assessment of contracting practices for the Consortium is as follows:

Contracts – Original E&E Rating:	Moderate - Low
Contracts – Interim E&E Rating:	Moderate
Contracts – New E&E Rating:	High

5.2 Contract Structure

An effective contract[4] establishes a clear point of reference that defines the roles, requirements, and expectations of each party involved and details the compensation for providing the designated service. Effective contracts also provide penalties for failure to meet established service parameters and may provide incentives for exceeding service requirements. Contract analysis includes a review of the clauses contained in the contract to ensure that the terms are clearly articulated, and a review of the fee structure is conducted to enable comparison of its components to best practice.

5.2.1 Interim recommendations

5.2.1.1 Special compensation

The Consortium should consider eliminating its specific additional compensation which is provided to buses on certain OCDB routes. Since the OSTA contract with Operators does not specify the Member School Board routes, it is expected that the compensation for bus routes should not differ on the basis of routes serving a particular Member School Board. Compensation should be structured using one compensation formula which is derived from the standard Operators' contract and no special consideration should be provided to operators serving one Member School Board or another.

5.2.1.2 Route allocation

We acknowledge the addition of route allocation clause in the Operator's contract which establishes the discretion of the Consortium to make changes to the route allocation. It is also commended that the Consortium now considers Operator's performance as one of the factors to decide existing route allocation. Discussions with Consortium management indicated that the Consortium allocates routes among Operators based primarily on historic allocations and occupancy rates. It is important to ensure

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[4] The word Contract in this context refers to detailed documents outlining the scope of services, rates and expected service levels. The phrase Purchase of Service agreement is used in this report to describe a less detailed document that only outlines the services to be provided and the rates at which they are to be provided.

that the Consortium is receiving the best service possible at the rates being paid and as such, it is recommended that the Consortium modify its route allocation methodology to ensure that route allocations are made based primarily on Operator performance (including price and service levels as factors).

5.2.1.3 Municipal transit cost-benefit analysis

OSTA completed a cost-benefit analysis of using public transit versus yellow bus service for the OCSB. We encourage the Consortium to act on the recommendations of the analysis.

5.2.1.4 Cost impact calculations

Knowing the cost impact of potential route changes is important to make decisions which are geared toward cost reduction. It is recommended that the current manual process of cost estimation be automated such that cost impact information can be assessed in conjunction with other operational and safety concerns when considering route changes/updates. OSTA should review current routing software to see if such functionality to calculate the costs is available.

5.2.2   Incremental progress

5.2.2.1 Special Compensation

The Consortium previously had additional compensation in the amount of $600 for Operators of High Visibility buses assigned on morning and afternoon services on OCSB routes only for vehicles model year 2004 and earlier. This additional compensation has been phased-out.

5.2.2.2 Route allocation

The Consortium's standard contract with Operators allows them to reallocate routes based on performance of the Operators, however the Consortium has implemented a system, that where possible, routes are bundled based on schools, limiting the number of Operators servicing each school. As a result, the Consortium does not reallocate routes based on minor Operator performance issues, but has done so in the past for more significant performance issues.

In the opinion of the Consortium, route allocation is just one of several tools that is part of the Consortium's performance management program, which includes providing feedback from route, site and facility audits, meetings and/or written confirmation of expectations for improvement, penalties such as payment deductions, re-allocation of route to another Operator, as well as incentives such as Driver Appreciation Day and Safe Driving Awards.

5.2.2.3 Municipal transit cost-benefit strategy

The Consortium amended its Public Transit Services policy and procedures on September 28, 2015. The policy and procedures outline how assignment of public transit occurs for eligible students, use of PRESTO passes and public transit tickets, and other related information. Under the policy, the Consortium seeks to deliver services in the most cost effective and/or operationally efficient way possible. For instance, when OCDSB made the decision to provide transportation to high school students within the Urban Transit Area, the Consortium analyzed which mode would be most cost-effective and operationally feasible at different schools. Some students were assigned to yellow bus, and many were assigned to public transit. This analysis is repeated on an annual basis.

5.2.2.4 Cost impact calculations

The Consortium has incorporated all of its Large Vehicle Contract information into Bus Planner, and as a result, Transportation Coordinators have the ability to view ride times and cost impacts of potential route changes and other operational inputs, ensuring that cost impact is considered as part of all routing exercises.

5.2.3   Accomplishments

It is recognized that the Consortium now demonstrates the following best practices in addition to the best practices outlined in the original and interim reports:

5.2.3.1 Public transit cost-benefit analysis

The Consortium completed a cost-benefit analysis to determine the most cost effective and/or operationally efficient way possible to provide services to eligible high school students. As the analysis is repeated on an annual basis, the Consortium continually ensures the most efficient delivery method is utilized.

5.3 Goods and Services Procurement

Procurement processes are intended to provide an avenue through which the Consortium, as a purchaser of services, can ultimately obtain the best value for money. The goal of the Consortium is to obtain high quality service at fair market prices.

5.3.1 Interim recommendations

5.3.1.1 Competitive procurement

While it is acknowledged that the Consortium has used competitive procurement for some of its services from third-party service providers, Contracts for school bus transportation services have not yet been competitively procured. In order to keep with best practices and legislated requirements for BPS organizations under the Broader Public Sector Accountability Act and the BPS Procurement Directive, new contracts with a value of $100,000 or greater must be competitively procured.

The recommendation from the original E&E review continues to apply for competitive procurement for bus transportation services.

5.3.2 Incremental progress

5.3.2.1 Competitive procurement

In 2014, the Consortium conducted a competitive procurement process for school bus transportation services to procure more than 300 routes for 2015 and onwards. The competitive procurement process resulted in six successful proponents which has a balance of new entrants, existing Operators, large and small independent operations and national carriers. As part of the procurement process, the Consortium conducted a Request for Information ("RFI") process to garner input from Operators on key items such as contract terms, procurement concerns, and evaluation criteria.

OSTA has developed a procurement calendar for its remaining routes that currently have not been procured through a competitive process:

- The Consortium routes currently under contract with small independent Operators (approximately 15% of routes) expire at the end of this year. However, the Consortium intends to utilize a one-year extension, and plan for a competitive procurement process for these routes for contracts for the 2017-18 school years.
- The contracts for the remaining 28% percent of routes expire following the 2018-19 school year. The Consortium intends to competitively procure services for these routes at that time.

5.3.3 Accomplishments

It is recognized that the Consortium now demonstrates the following best practices in addition to the best practices outlined in the original and interim reports:

5.3.3.1 Competitive procurement

The Consortium has introduced a competitive procurement process for over 50% of its routes and has a staggered plan to move forward for the remaining routes.

5.4 Contract Management

Contracting practices do not end after a contract is signed. Ongoing monitoring of compliance and performance of contracted service is an important and valuable practice to ensure that contractors are providing the level of service that was previously agreed upon. Effective contract management practices focus on four key areas:

- Administrative contract compliance to ensure that operators meet the requirements set out in the contract;

- Operator facility and maintenance audits to ensure that operators keep their facilities and vehicles in line with the standards outlined in the contract;

- Service and safety monitoring to ensure that the on the road performance of drivers and operators reflects the expectations set out in the contract; and

- Performance monitoring to track the overall performance of operators over time.

5.4.1 Interim recommendations

The Consortium did not have any recommendations in this area in the Interim Review completed in February 2013.

5.5 Results of the Follow-up E&E Review

The process by which the Consortium establishes, structures, and manages its contracts for transportation services has been assessed as **High.** Since the interim E&E review, the Consortium has updated its standard contract to allow for the Consortium to reallocate routes based on performance, removed any special compensation from the contract, and completed a competitive procurement process for over 50% of the Consortium's routes and a staggered plan to move forward for the remaining routes.

6 Funding Adjustment

The Ministry has asked the E&E Review Team to apply their Funding Adjustment Formula to each Board that was subject to an E&E Review. Note that where Boards are incurring transportation expenses in multiple Consortium sites, the Board's adjustment will be prorated for the portion attributed to the Consortium under review. For example, if 90% of Board A's expenditures are attributed to Consortium A, and 10% of expenditures are attributed to Consortium B, the funding adjustment resulting from Consortium A's review will be applied to 90% of Board A's deficit or surplus position.

The Ministry's funding formula is as follows:

Table 2: Funding Adjustment Formula

Overall Rating	Effect on deficit Boards[5]	Effect on surplus Boards[5]
High	Reduce the gap by 100% (i.e. eliminate the gap)	No in-year funding impact; out-year changes are to be determined
Moderate-High	Reduce the gap by 90%	Same as above
Moderate	Reduce the gap by 60%	Same as above
Moderate-Low	Reduce the gap by 0%	Same as above
Low	Reduce the gap by 0%	Same as above

Based on the Ministry's funding formula, in conjunction with our E&E assessment of the Consortium, it is anticipated that the following funding adjustments will be made for each Board:

Ottawa-Carleton District School Board

Item	
2014-2015 Transportation Surplus (Deficit)	$ (5,838,278)
% of Surplus (Deficit) attributed to the Consortium	100%
Revised amount to be assessed under the Consortium	$(5,838,278)
E&E Rating	High
Funding Adjustment based on Ministry's Funding Adjustment Formula	100%
2015-2016 Total Funding adjustment	$5,838,278

(Numbers will be finalized once regulatory approval has been obtained.)

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[5] This refers to Boards that have a deficit/surplus on student transportation (see Section 6 – Funding Adjustments)

Ottawa Catholic School Board

Item	
2014-2015 Transportation Surplus (Deficit)	$ 1,186,762
% of Surplus (Deficit) attributed to the Consortium	100%
Revised amount to be assessed under the Consortium	$1,186,762
E&E Rating	High
Funding Adjustment based on Ministry's Funding Adjustment Formula	100%
2015-2016 Total Funding adjustment	$Nil

(Numbers will be finalized once regulatory approval has been obtained.)

Appendix 1: Glossary of Terms

Act	Education Act
Assessment Guide	The guide prepared by the E&E Review Team and the Ministry of Education which will be used as the basis for determining the overall effectiveness and efficiency of each Consortium
Common Practice	Refers to a set of planning parameters that have been reported by Ontario school boards as the most commonly adopted planning policies and practices. These are used as references in the assessment of the relative level of service and efficiency.
Consortium, the; or OSTA	Ottawa Student Transportation Authority
Deloitte	Deloitte & Touche LLP (Canada)
Driver	Refers to bus Drivers, see also operators
E&E	Effectiveness and Efficiency
E&E Review Team	As defined in Section 1.3
E&E Reviews	As defined in Section 1.3
Effective	Having an intended or expected effect; the ability to deliver intended service
Efficient	Performing or functioning in the best possible manner with the least waste of time and effort; the ability to achieve cost savings without compromising safety
Evaluation Framework	The document, titled "Evaluation Framework for a Transportation Consortium" which supports the E&E Review Team's Assessment; this document is not a public document
Funding Adjustment Formula	As described in Section 1.3.2
HR	Human Resources
IT	Information Technology
JK/SK	Junior Kindergarten/Senior Kindergarten
KPI	Key Performance Indicators
Memo	Memorandum 2006: SB13, dated July 11 issued by the Ministry

Ministry	The Ministry of Education of Ontario
MTO	The Ministry of Transportation of Ontario
OCDSB	Ottawa-Carleton District School Board
OCSB	Ottawa Catholic School Board
Operators	Refers to companies that operate school buses, boats or taxis and the individuals who run those companies. In some instances, an operator may also be a Driver.
Overall Rating	As Defined in Section 1.3.2 of the Evaluation Framework
Partner Boards, Member Boards, School Boards or Boards	The School Boards that have participated as full partners or members in the Consortium.
Rating	The E&E Assessment score on a scale of High to Low, see Section 1.3
Report	The report prepared by the E&E Review Team for each Consortium that has undergone an E&E Review (i.e. this document)
SBC	School Bus Consultants, as defined in Section 1.2
Separate Legal Entity	Incorporation

Appendix 2: Transportation Allocation and Expenditure – by School Board

Ottawa-Carleton District School Board

Item	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016[6]
Allocation[7]	$34,560,412	$36,883,420	$37,574,159	$37,339,533	$32,679,166
Expenditure[8]	$39,545,613	$39,354,481	$39,047,070	$43,177,811	$36,427,299
Transportation Surplus (Deficit)	(4,985,201)	(2,471,061)	(1,472,911)	(5,838,278)	(3,748,133)
Total Expenditures paid to the Consortium	$39,545,613	$39,354,481	$39,047,070	$43,177,811	$36,427,299
As % of total Expenditures of Board	100%	100%	100%	100%	100%

Ottawa Catholic School Board

Item	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016[9]
Allocation[7]	$23,295,421	$22,965,763	$23,418,852	$23,097,675	$23,213,470
Expenditure[8]	$22,198,081	$21,851,870	$21,893,642	$21,910,913	$20,532,000
Transportation Surplus (Deficit)	1,097,340	1,113,893	1,525,210	1,186,762	2,681,470
Total Expenditures paid to the Consortium	$22,198,081	$21,851,870	$21,893,642	$21,910,913	$20,532,000
As % of total Expenditures of Board	100%	100%	100%	100%	100%

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[6] 2015-2016 allocations and expenditures based on Ministry data – Revised Estimates for 2015-2016
[7] Allocation based on Ministry data – includes all grant allocations for transportation (Section 9 00008C, Section 13 00006C, Section 13 00012C)
[8] Expenditure based on Ministry data – taken from Data Form D: 730C (Adjusted expenditures for compliance) – 212C (Other Revenues)
[9] 2015-2016allocations and expenditures based on Ministry data – Revised Estimates for 2015-2016