



# Ministry of Education Effectiveness & Efficiency Follow-up Review

**Student Transportation of Eastern Ontario**

E&E Follow-up Review

June 2014

Final Report

## Table of Contents

Executive Summary .....	1
1 Introduction .....	5
1.1 Background .....	5
1.1.1 Transportation Reform .....	5
1.1.2 Follow-up Review .....	5
1.2 Scope of Deloitte Engagement.....	5
1.3 Methodology and team used to complete E&E Reviews .....	6
1.3.1 Team & Methodology.....	6
1.3.2 Funding adjustment .....	11
Table 1: Funding Adjustment Formula.....	11
1.3.3 Purpose of report .....	11
1.3.4 Material relied upon .....	11
1.3.5 Limitations on the use of this report .....	11
2 Consortium Management.....	13
2.1 Introduction.....	13
2.2 Governance.....	13
2.2.1 Original recommendations .....	14
2.2.2 Incremental progress .....	14
Figure 1: Current STEO Organizational Chart.....	15
2.2.3 Accomplishments.....	16
2.3 Organizational structure .....	17
2.3.1 Original recommendations .....	17
2.3.2 Incremental progress .....	19
2.3.3 Accomplishments.....	20
2.4 Consortium Management.....	20
2.4.1 Original recommendations .....	20
2.4.2 Incremental progress .....	23
2.4.3 Accomplishments.....	26
2.5 Financial Management .....	27

2.5.1	Original recommendations .....	27
2.5.2	Incremental progress .....	28
2.5.3	Accomplishments.....	29
2.6	Results of E&E Review.....	29
3	Policies and Practices .....	30
3.1	Introduction.....	30
3.2	Transportation Policies & Practices.....	30
3.2.1	Original recommendations .....	31
3.2.2	Incremental progress .....	31
3.3	Special Needs Transportation .....	32
3.3.1	Original recommendations .....	32
3.3.2	Incremental progress .....	32
3.4	Safety Policy.....	33
3.4.1	Original recommendations .....	33
3.4.2	Incremental progress .....	33
	Figure 2: Fleet Age Distribution .....	34
3.4.3	Opportunities for improvement.....	34
3.5	Results of the Follow-up E&E Review .....	35
4	Routing and Technology .....	36
4.1	Introduction.....	36
4.2	Software and Technology Setup and Use .....	36
4.2.1	Original recommendations .....	37
4.2.2	Incremental progress .....	37
4.3	Digital Map and Student Database Management .....	38
4.3.1	Original recommendations .....	38
4.3.2	Incremental progress .....	39
	Table 2: <i>MapNet</i> - Special Needs Codes.....	40
4.4	System Reporting.....	40
4.4.1	Original Recommendations.....	40
4.4.2	Incremental progress .....	41
4.5	Regular and special needs transportation planning and routing.....	41

4.5.1	Analysis of system effectiveness .....	41
	Figure 3: AM Ride Times .....	42
	Figure 4: PM Ride Times .....	43
	Figure 5: Capacity Utilization .....	44
4.5.2	Original Recommendations.....	44
4.5.3	Incremental progress .....	45
4.6	Results of the follow-up E&E review.....	46
5	Contracts.....	47
5.1	Introduction.....	47
5.2	Contract Structure .....	47
5.2.1	Original recommendations .....	48
5.2.2	Incremental progress .....	48
5.3	Goods and Services Procurement.....	49
5.3.1	Original recommendations .....	49
5.3.2	Incremental progress .....	50
5.4	Contract Management.....	50
5.4.1	Original recommendations .....	51
5.4.2	Incremental progress .....	51
5.4.3	Accomplishments.....	51
5.5	Results of E&E Review.....	52
6	Funding Adjustment .....	53
	Table 3: Funding Adjustment Formula .....	53
	Catholic District School Board of Eastern Ontario.....	54
	Upper Canada District School Board .....	54
7	Appendix 1: Glossary of Terms .....	55
8	Appendix 2: Transportation Allocation and Expenditure – by School Board .....	57
	Catholic District School Board of Eastern Ontario.....	57
	Upper Canada District School Board .....	57

The English version is the official version of this report. In the situation where there are differences between the English and French versions of this report, the English version prevails.

À noter que la version anglaise est la version officielle du présent rapport. En cas de divergences entre les versions anglaise et française du rapport, la version anglaise l'emporte.



## **Executive Summary**

This report details the findings and recommendations of an Effectiveness and Efficiency Follow-up Review (“E&E Review”) of the Student Transportation of Eastern Ontario (hereafter “STEO” or “the Consortium”) conducted by a review team selected by the Ministry of Education (hereafter the “Ministry”).

The first E&E Review report was issued in January 2011 (the original report) and this follow-up report is intended to document changes made by the Consortium to date. 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 any best practices and recommendations from the original report and to provide incremental recommendations on opportunities for improvement. 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 review summary**

The original review of Consortium Management found that while the Member Boards had established a Consortium, it was a Consortium in name only as the policies, practices and operations of the Member Boards had not been integrated in a manner conducive to the effective and efficient delivery of integrated transportation services. At the time of the Review, the Boards notified the E&E Review Team that a recent decision was made to ramp up efforts towards service delivery through a Consortium. Therefore, it was recommended that the Member Boards work together to support a Consortium that functions in the manner envisioned by the Consortium Agreement. The Member Boards had previous experience with the Consortia model for transportation service delivery and were aware of the increased operational effectiveness and efficiency that such a structure could bring. It was recommended that the Member Boards work to establish the Consortium as a separate legal entity with its own distinct operational structure and practices.

While STEO existed as an entity, there was no policy and practice infrastructure that was specific to the organization. Consequently, all guidance related to service expectations and how services were to be provided was given through individual Board policy statements and individual departmental operating procedures. The presence of two operations included a number of functional and administrative redundancies and

limited the opportunity to identify opportunities for efficiencies between the Boards. The original report stated that establishing a collection of harmonized policies and procedures would be a significant initiative which should be undertaken immediately.

At the time of the review, route planning activities were completely separate between the two organizations, as was the acquisition and management of transportation technology. Transportation staff at each Board made an effort to share resources where possible but the efforts were ad hoc and occurred only after each Board had maximized its individual utility of the assets. In order to develop routing schemes, the Boards used a number of common data systems, but each was used and managed independently. This resulted in administrative redundancies in the overall management of the software and technology, duplication of costs in that both Boards were paying for similar systems, and prevented the identification of efficiency opportunities that could improve the effectiveness and/ or efficiency of transportation. It was noted that creating a unified planning organization for STEO would allow for immediate organizational efficiencies in the management of technology and would begin the process of identifying routing efficiencies based on a unified routing structure between the Boards. Realizing these benefits would require significant efforts on the part of STEO staff, and would require that the Governance and Administrative committees establish constraints for the route design and evaluate the feasibility of key constraints such as bell times, student ride times, and integration of students from the Boards on a single bus. Accomplishing these goals could only occur if the route planning function had sufficient perspective on all demands, all of the assets, and all of the constraints for both Boards. Establishing a single planning organization would provide that needed perspective.

The transportation departments each had comprehensive operator contracts and required operators to adhere to clearly defined standards and expectations. In addition, the transportation departments had effective and efficient programs to monitor operator compliance and performance. However, it was recommended that contracting practices and policies be standardized and implemented on a Consortium- wide basis. In addition, it was highly recommended that the Consortium develop plans for the implementation of competitive procurement, for standard contracts for the Consortium, along with integrated monitoring practices. It was also recommended that the Consortium require that all drivers have appropriate safety training prior to beginning their routes.

As a result of the initial review, the Consortium was rated **Low**.

### **E&E Follow-up Review summary**

Based on the original E&E Review it was evident that the Consortium was not operating in an effective and efficient manner and that there was significant room for



improvement. Since that time, the Consortium has undergone significant changes in all four of the evaluated areas. Some of the more substantial changes are noted below:

- The Consortium signed an updated Consortium Agreement with the Member Boards;
- The Consortium has integrated all of its staff in a new physically separate office;
- The Consortium has developed comprehensive Human Resourcing policies and practices including training and performance evaluations;
- The Consortium has developed a long-term strategic plan for the Consortium;
- The Consortium has harmonized all of the former policies and practices of the Member Boards into Consortium specific policies and practices;
- The Consortium has harmonized its approach to special needs transportation;
- The Consortium has added an Information Technology Coordinators position to provide day-to-to technical support and strategic technology planning;
- The Consortium has fully harmonized and unified the route planning processes;
- The Consortium has developed a common approach to the analysis of data and reporting;
- The Consortium has developed a standard Consortium-wide operator contract;
- The Consortium has initiated a competitive procurement process for its transportation services; and
- The Consortium has standardized its operator performance monitoring policy and procedures.

The changes that the Consortium has made since the original review are significant. In approximately three years, the Consortium has gone from two independently operated transportation departments to a highly effective and efficient integrated Consortium. Through strong leadership and support of the governance committees the Consortium has not only addressed each of the original report's recommendations, but has also developed strategies, policies, and processes that are considered best practices in the industry and 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 review of current performance, the Consortium has been rated as **High**. Based on this evaluation, the Ministry will provide additional transportation funding to narrow the 2013-2014 transportation funding gap for the Catholic District School Board of Eastern Ontario (CDSBEO), and the Upper Canada District School Board (UCDSB) 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.

Catholic District School Board of Eastern Ontario	\$331,608
Upper Canada District School Board	\$315,326

(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. STEO was reviewed originally in January 2011.

To encourage continuous improvement, the Ministry has decided to provide follow-up reviews. The follow-up review was triggered at the request of the Consortium as they communicated they had made significant progress since the original 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 original E&E Review conducted in 2011.

From 2006-07 to the end of 2012-13 school year, the Ministry has provided a total of \$39.5M 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 to be reviewed in Phases five, six and seven (currently in phase seven);
- 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 MPS into the final report; and
- Prepare report for each consortium that has been subject to an E&E Follow-up Review in Phases five, six and seven. 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 is the same as in the initial 2011 E&E 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 2011 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 2011 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 original report. The related recommendations from the 2011 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 below:

#### ***Consortium management***

- 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

### ***Policies and Practices***

- 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

### ***Routing and Technology***

- 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***

- 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 <sup>1</sup>	Effect on surplus Boards <sup>1</sup>
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.

### 1.3.3 Purpose of report

This Report serves as the deliverable for the E&E Review conducted on the Consortium by the E&E Review Team during the week of March 24, 2014.

### 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

---

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

The purpose of this Report is to document the results of the E&E 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: Low**

**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 Original recommendations**

#### ***Separate operations from governance***

*An effective governance structure calls for a clear line to be drawn between the Consortium's oversight structures and the management of the Consortium's operations. This line is less easily determined when there are operational functions being performed by one of the Consortium's governance structures (specifically the Administrative Committee). While it is recognized that the role of the Administrative Committee is to guide the development of the Consortium, it is recommended that its documented role be evaluated to ensure the effective delegation of operational tasks to Consortium management. By doing so, the Administrative Committee's role will be better defined as an oversight and approval function, while Consortium management will be sufficiently independent and empowered to perform its specialized transportation function. It is therefore recommended that the Member Boards consider amending the Consortium Agreement to clarify that the Administrative Committee will function in an oversight role and will not be involved in the day to day operations of the Consortium.*

#### ***Administrative Committee meetings should be documented and ratified***

*Decisions made by the Administrative Committee can have a significant impact on the operations of the Consortium, particularly because this committee deals with a number of the Consortium's most critical operational issues. These meetings should therefore be officially documented, ratified and minutes signed in a manner similar to that used for meetings of the Governance Committee.*

#### ***Simplify reporting channels***

*Both the Governance Committee and the Administrative Committee are responsible for reporting on transportation matters to the Member Boards, which can result in inefficiencies and duplication of efforts. The Consortium should consider simplifying the reporting channels by choosing to have a single conduit (e.g., Governance Committee) through which transportation matters can be reported on to the Member Boards.*

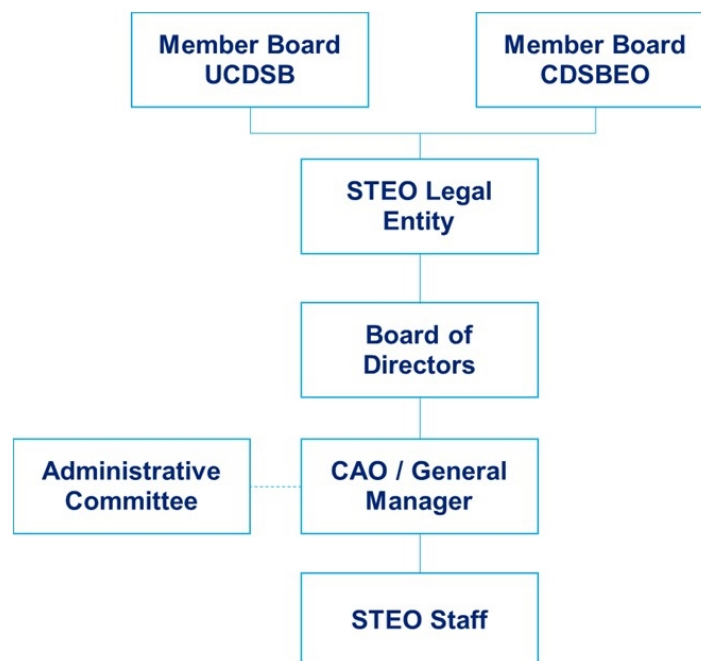
### **2.2.2 Incremental progress**

#### ***Separate operations from governance***

On February 1, 2012, the CDSBEO and UCDSB signed a revised membership agreement for the Student Transportation of Eastern Ontario Consortium. This agreement outlines the revised governance structure of the Consortium.

The governance structure still includes both a Board of Directors, as well as an Administrative Committee, however, the governance role each party plays is clearly defined. The Board of Directors are responsible for approving the strategic direction of the Consortium, fostering inter-Board co-operation, reviewing and approving Consortium budgets and policies, mediating any issues brought forward by the administrative team, and reporting to their respective School Boards. The Administrative Committee is responsible for hiring the General Manager/CAO and completing the annual performance review on the GM/CAO. In addition, the GM/CAO reports to the Administrative Committee on areas such as: operator contract issues; budget matters, policy, staffing concerns, etc. It is clear from the Consortium Agreement that both parties function in an oversight role and are not involved in the day to day operations of the Consortium. The Board of Directors, Administrative Committee, and the Consortium each confirmed that this was indeed case in practice. Figure 1 below illustrates the governance structure of the Consortium.

**Figure 1: Current STEO Organizational Chart**



### ***Governance manual***

While in the process of establishing the Consortium, the two Member Boards and transportation department staff completed a best practice review of governance operations of leading private sector businesses across North America (i.e. Coca-Cola, Wal-Mart, etc.). Based on their review, the Consortium developed a Governance Manual to help to ensure that the organization is governed as effectively and efficiently as possible. The manual outlines roles of both the Board of Directors and the

Administrative Committee, the expectations of a director or committee member, and the confidentiality requirements of directors and committee members.

***Administrative Committee meetings should be documented and ratified***

During the review the Administrative Committee, which is comprised of the Senior Business Officials from each of the Boards and the GM/CAO, indicated that it meets on a monthly basis, or more frequently as needed. Meeting minutes are signed by all three members of the Administrative Committee.

***Simplify reporting channels***

As per the Consortium Agreement, both the Board of Directors and the Administrative Committee are responsible for reporting on transportation matters to the Member Boards. The Board of Directors is responsible for reporting to the Member Boards' governance committees, and the Administrative Committee is responsible for reporting to the Member Boards' administration personnel.

**2.2.3 Accomplishments**

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

***Separation of operations from governance***

The Consortium has clearly defined roles and responsibilities for the Board of Directors and the Administrative Committee. In addition, there is a clear definition of responsibilities of the two governance bodies and GM/CAO who is responsible for the day-to-day operations. The separation of operations from governance was reflected in the documentation, and reaffirmed that it is the case in practice as well during the review.

***Governance Manual***

Beyond defining the roles and responsibilities of the governance committees within the Consortium Agreement, the Consortium went a step further and developed a Governance Manual based on a best practice review of leading North American private sector organizations. The initiative and innovative approach taken by the Consortium in developing a Governance Manual went a long way in gaining the support of the Consortium's governance committees.

## 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 Original recommendations

#### ***Establishment of a Separate Legal Entity***

*Generally speaking, all partners of a partnership are jointly liable for all debts and liabilities of that partnership. Similarly, any one partner can bind all other partners to matters involving the partnership. As a result, partnerships have several inherent risks which make them less than optimal entity structures for coordinating student transportation:*

- The risk that the actions of one Board may leave the other Board open to liability;*
- The risk that one Board could be involved in litigation for issues involving students that are not part of its Board; and*
- The risk that liability, brought about through the partnership, may exceed the existing insurable limits. With the assistance of its insurance carrier, the Consortium should investigate its coverage related to, but not limited to: punitive damages; human rights complaints; wrongful dismissal lawsuits; and errors and omissions.*

*Based on these risks the Member Boards should explore the establishment of the Consortium as a separate legal entity through incorporation to formalize and improve its current contracting practices to mitigate the risks mentioned above. The creation of a separate legal entity effectively limits risk to the Member Boards for activities related to the provision of student transportation. Thus, when an incorporated entity takes responsibility for student transportation services, this incorporated entity status is an effective safeguard against any third party establishing liability on the part of Member Boards. Over the long term, changing political environments and potential disputes between the Member Boards could destabilize the Consortium's structure. The formalization of the Consortium as a corporation would provide benefits from an*

*organizational perspective in terms of corporate continuity, staff planning, liability, contracting and management.*

### ***Integrate staff and sign secondment agreements***

*Each of the transportation departments operates separately. One of the first steps for the implementation of the Consortium will be to integrate the staff of both transportation departments under common leadership. It was brought to the E&E review team's attention that Member Boards have recently approved efforts to move forward with securing common leadership for the Consortium. While this is a positive step in integration, it is recommended that the Consortium sign appropriate secondment agreements with its Member Boards in order to document the relationship between the Member Boards and the Consortium and to provide additional clarity with respect to the terms on which Consortium staff will be seconded to the Consortium. Staff should also be given a letter of understanding that documents any changes in their employment or reporting relationships. The Consortium should also take this opportunity to update job descriptions and ensure that all job descriptions appropriately reflect the nature of the work.*

### ***Centralize operations in a physically separate office***

*Going forward, it is recommended that the Consortium investigate facility options and centralize its operations in a single office location separate from either of the Member Boards' head and satellite offices. This will facilitate integrated operations and increased effectiveness and efficiency, while ensuring that the Consortium's structure and mandate remain consistent despite potential changes at the Member Board level.*

### ***Discuss the ability to rotate staff out of the Consortium with collective bargaining units***

*It is recommended that the Consortium and Member Boards work with their collective bargaining units to determine solutions to existing agreements related to the collective bargaining unit's ability to move Consortium staff into and out of the organization. This is to ensure the retention of the investment made by the Consortium in specialized staff training and to foster the development of a cohesive, stable team. The Consortium and the Member Boards should also endeavour to inform their collective bargaining units of changes that are being implemented as the Member Boards move towards the Consortium model.*



### **2.3.2 Incremental progress**

#### ***Separate Legal Entity***

On October 25, 2011, the Consortium received its Letters Patent, officially incorporating the Student Transportation of Eastern Ontario as a separate legal entity. Since that time, the Member Boards have signed the Consortium Agreement and developed Consortium by-laws which govern the operations of the Consortium.

#### ***Integration of staff and secondment agreements***

Following the incorporation of the Consortium in October of 2011, all Member Board employees that were working with STEO became employees of the Consortium, negating the requirement for employee secondment agreements with the Member Boards. The Consortium has employment agreements with all staff members.

#### ***Physically separate office***

The Consortium physically relocated its staff to its current office in February of 2012. The office is leased by STEO from a third party, and is physically separate from each of the Member Boards.

#### ***Rotating staff as part of the collective bargaining agreement***

When the Consortium was formed, all Member Board employees that were working for STEO became employees of the Consortium. Prior to this, STEO employees who were also union members were represented by two different union locals and two separate collective agreements. STEO worked with the two distinct unions to develop a Memorandum of Agreement which became effective February 1<sup>st</sup>, 2012. The employees voted to select which union would be the exclusive bargaining agent of the unionized employees at STEO, and during the inaugural collective bargaining process at STEO, existing contracts were honoured. A new Collective Agreement was ratified in March 2013.

#### ***Consortium Vision, Mission, Philosophy, and Credo***

Following the establishment of the Consortium, and associated transfer of employees and relocation to the physically separate office, the Consortium developed and documented its Vision, Mission, Philosophy, and Credo. The process was facilitated through discussions with the governance committees and team building exercises, with the overall objective being to develop guiding principles for the purpose of the Consortium and how it would operate.

- **Vision:** The Consortium is committed to building a strong, efficient and integrated transportation system that will ensure safe, reliable transportation for students and communities. The Consortium will strive to improve customer service to all stakeholders by providing convenient service delivery systems.
- **Mission:** “Efficiency, Service, and Safety”
- **Philosophy:** To deliver safe, effective and efficient transportation and fleet maintenance services, while providing outstanding customer service to school personnel, parents, students, peers, employees and members of the community.
- **Credo:** STEO is respectful and responsive to the needs of the member boards, schools, families and students. The Consortium will operate in a seamless manner as if managed by the boards themselves.

### 2.3.3 Accomplishments

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

#### ***Consortium Visioning***

The Consortium has a vision, mission, philosophy and credo that was developed with and supported by the Consortium’s staff and governance committees. Although it is difficult to quantify the benefits of developing these types of high-level strategic concepts, it is evident from the substantial progress that the Consortium has made since the original E&E review that the Consortium staff is proud of the vision, mission, philosophy, and credo, and is accomplishing the objectives set forth in these statements.

## 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 Original recommendations

#### ***Develop and execute transportation service agreements***

*The Consortium should have agreements in place with all parties to whom it provides services, including Member Boards. The transportation service agreements should*

*include appropriate clauses – guidance on these clauses is provided in the Leading Practices Guide and in documentation available from the Ministry of Education.*

### ***Develop and execute purchase of service agreements / support services***

*The Consortium should have agreements in place with all parties from which it purchases services, including third party vendors and Member Boards. These agreements should have clear terms and conditions and should address how the Consortium will be charged for the services it is receiving. Additional guidance on these terms and conditions is provided in the Leading Practices Guide and in documentation available from the Ministry of Education.*

### ***Develop and implement procurement policies***

*The Consortium should have its own clear, documented, Governance Committee-approved procurement policies that define procurement methodologies with associated thresholds and approval requirements. These policies should be regularly reviewed by Consortium governance to ensure alignment with the Ministry of Finance Supply Chain Guideline, the Broader Public Sector Procurement Directive, and the Broader Public Sector Expenses Directive.*

### ***Insurance***

*The Consortium should carry its own insurance and should have a process in place to regularly review and assess its insurance needs.*

### ***Develop and implement staff performance evaluation, training and management***

*The Consortium should develop and implement clear, Governance Committee-approved HR policies that provide guidance on the Consortium's approach to staff management, training and evaluation.*

*Staff training initiatives should be planned, documented and tracked on a regular basis and should promote continuous learning and professional development.*

*Staff performance evaluations should also be conducted on a regular basis with a clear, easily understood framework that is specific to the STEO and its needs. The metrics used should be supportive of the goals and objectives of the Consortium and should be clearly communicated to staff.*

### ***Continue to implement long term and short term planning processes***

*The Consortium has developed a strategic plan. We encourage the Consortium to have the plan reviewed and approved by the Governance Committee. The plan should then*

*be expanded to delineate the key activities required to achieve the proposed objectives in the envisioned timelines as well as identify the individuals that will be responsible for the activities.*

*The Consortium should also develop a clearly defined and governance-approved policy that formally outlines the process, structure, individuals and principles associated with long term and short term planning. It is also recommended that the policy incorporate procedures to monitor and report on progress against strategic goals and objectives at regular intervals.*

### ***Continue to implement processes to measure performance***

*The Consortium should regularly track and report on the KPIs it has developed, in accordance with its performance measurement policies. Changes above a pre-determined threshold should be investigated and reported upon regularly, and the Consortium should also work to track results over time (i.e., trending analyses) to identify longer term trends and patterns. With the culture of performance tracking already established at both Member Boards and the indicators to be tracked already established, this recommendation should be fairly easy to implement once integrated operations are underway.*

### ***Develop and implement information management policies***

*The Consortium should develop and implement its own information management policies that are aligned with information and privacy legislation and leverage those currently used by the transportation departments. Compliance with such policies should be regularly monitored and procedures should be in place to manage situations of non-compliance. The Governance Committee should also regularly review legislation and industry information to ensure compliance with best practices.*

### ***Develop a strategy for declining enrolment***

*School enrolment across Ontario has been in steady decline over the last decade. Given that the Consortium currently serves some rural areas, and given the Ministry's notice that transportation funding is to be reduced in line with declining enrolment, it is recommended that the Consortium incorporate a strategy for the management of transportation costs into its long term planning process. In particular, this strategy should focus on the financial impact declining enrolment is expected to have on the Consortium and should present appropriate mitigation strategies. Developing such a plan or strategy will provide the Consortium with a framework that will help it address funding issues and will also signal a proactive approach to dealing with issues before they arise – a key element of effective long-term Consortium management.*

## **2.4.2 Incremental progress**

### ***Transportation Service Agreements***

As of September, 2013, STEO has signed transportation service agreements with its two Member Boards (CDSBEO and UCDSB). The agreements specify the term of the agreements, the payment requirements and schedules, and define both the scope of services and the quality of service standards.

### ***Purchase of Service Agreements***

The Consortium either has internal support services, or contracts these services out to a third party. No services are purchased from Member Boards. The Consortium has a signed agreement in place for each support service that is contracted to a third party, which has been procured according to the Consortium's purchasing and procurement policies. As an example, contracts are in place for third party services including, but not limited to: Banking, Payroll, janitorial services, answering services, etc.

### ***Procurement Policies***

The Consortium has developed an internal purchasing policy and procedure to ensure that all goods and services purchased by the Consortium are undertaken in a fair, open, and transparent manner. The policy and procedure outline the purchasing thresholds for approvals from different parties within the organization, including the GM/CAO and Board of Directors, as well as the purchasing thresholds for when a good or service can be sole-sourced, or require some type of competitive procurement.

### ***Insurance***

STEO Procedure #TSP 531 – STEO Insurance Requirements, stipulates the Consortium will review the litigation and claims environment across the country on a bi-annual basis and evaluate their current policy to ensure their clients are properly covered. The Consortium is insured through OSBIE.

### ***Staff Performance Evaluation, Training and Management***

Since the original E&E Review the Consortium has developed internal HR policies and procedures including employee performance evaluation, succession planning, and professional development and training, as well as various other HR policies on topics such as equal opportunities, workplace violence and harassment, and workplace injury and illness to name a few.

From a professional development and training perspective, the Consortium has organized regular staff training for both hard and soft skills, and has a tracking

document to record all Consortium training activities. In addition, the annual employee performance review process requires staff and management to outline developmental goals on an annual basis including required training activities.

The Consortium conducts performance evaluations on all staff on an annual basis. The performance evaluation looks at performance on job specific tasks, behavioural characteristics, supervisory capability (management positions only), and overall performance. In addition, it provides an opportunity for staff and supervisors to collaboratively set goals for the upcoming year, as well as identify any development objectives, such as training activities, that an employee would like to participate in.

The Administrative Committee conducts the annual performance review for the GM/CAO.

### ***Long term and short term planning***

At the time of the original E&E Review, the Consortium had developed a strategic plan. However, the Consortium has since developed an updated planning document, which was completed in December of 2012. The plan documents the following six high level strategic objectives:

- Maximize efficiency and effectiveness in all key areas: Consortium Management, Policies and Practices, Routing and Technology and Contracts;
- Establish and maintain a culture of continuous improvement by setting performance standards, measuring results of activities and taking appropriate corrective action;
- Ensure value for money is prevalent in all financial decisions and activities;
- Ensure that all relationships between STEO and its stakeholders are based on appropriate communication, accountability and transparency, leading to increased trust;
- Proactively integrate safety measures in all activities of STEO; and
- Provide a superior customer service experience to key stakeholders at every opportunity.

For each strategic objective, a specific list of tasks has been developed, tasks have been assigned to individuals, and a timeline for completion has been completed. In addition, for each objective, performance measurement metrics are indicated, and the final desired outcome is noted.

Along with the strategic plan, the Consortium has developed a strategic planning policy which outlines that the plan will be reviewed on an annual basis, with a redevelopment taking place every five years. The policy also indicates who is responsible for developing the plan, updating the plan, and how progress in achieving the identified objectives is regularly reported to the Board of Directors.

### ***Performance measurement***

The Consortium has developed and implemented an administrative KPI policy that outlines that the following KPIs will be recorded and monitored on a monthly basis;

- Cost Per Student by vehicles type
- Costs per Route by vehicle type
- Cost per Month by vehicle type
- KM travelled Per Day by vehicle type
- Number of Routes by vehicle type
- Total Number of Courtesy & Hazard riders by panel
- Average Student Ride Times by panel
- Total Students Transported by panel, as a percentage of enrolment
- Student Data based on category; and
- Capacity by vehicle type
- Complaints
- Bus delays
- Working Capital Ratio
- Debt to Asset Ratio
- Accounts Payable Turnover Ratio

The Consortium reports on the performance metrics to the Administrative Committee on a monthly basis, and to the Board of Directors on a quarterly basis.

In addition, the Consortium reviews the tracked KPIs on a monthly basis to identify any trends on a year to year or month to month basis, and adjust budget projections for the upcoming school year. This process is completed using Excel spreadsheets that have been developed internally.

### ***Information management policies***

The Consortium has developed an internal Freedom of Information and Protection of Privacy policy, and associated procedural document which governs the use of confidential information. The policy and procedure cover the collection, storage, use, access, distribution and destruction of confidential information.

### ***Financial planning***

The Consortium analyses declining enrolment on an annual basis. In the short term, both Member Boards provide enrolment projections for the upcoming school year. Based on the Member Board projections, the Consortium reviews its routing system to determine if any operational efficiencies are possible using the updated numbers. In addition, the Consortium uses the enrolment projections in the development of the budget for the upcoming year.

From a long term planning basis, the Consortium has worked with the Member Boards to develop five- year enrolment projections for both Boards. The Consortium uses the five-year projections to estimate long term cost savings from routing that cannot be immediately realized, but will develop over time. In addition, the Consortium has developed a policy which outlines when boards should provide enrolment projections and how change information is provided from member boards to STEO, and the information required relating to transportation and funding in order for STEO to plan adequately.

## **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 report:

### ***Key performance indicators***

The Consortium KPI procedure clearly documents the specific KPIs that the Consortium records and monitors on a monthly basis, and what is to be communicated to the Administrative Committee and Board of Directors. Monitoring and tracking relevant KPIs allows the Consortium to identify areas of their service delivery model that require improvement, along with areas of achievement.



### ***Long-term financial planning***

The Consortium has developed a long-term financial planning process that coordinates five-year enrolment forecasts with each of the Member Boards. The process is documented in an internal policy which outlines when this type of information should be provided from the Member Boards on an annual basis. This process allows the Consortium to project what effect declining enrolment may have on Member Board funding, providing them with a better opportunity to adapt their operations.

## **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 Original recommendations**

#### ***Budget planning and monitoring***

*The Consortium's budgeting process should be documented, governance-approved, and should detail the process, methodologies and people used to develop the annual budget. The development of the annual budget should include appropriate checks, balances and people in order to ensure the integrity and accuracy of financial projections. Ideally, the Consortium should implement a "bottom-up" budgeting process that starts with the detail of expected or desired costs and derives the overall budget from the detail.*

*The Consortium's budget tracking process should be documented, governance-approved, and should detail the timelines and reporting responsibilities delegated to Consortium management. In turn, Consortium management should also follow up on unexpected or unexplained budget-to-actual variances.*

*The existing budget planning and monitoring processes at each of the transportation departments is strong. The Consortium should leverage these practices when developing its own.*

### ***Accounting practices and management***

*Appropriate internal controls, policies, responsibilities, authorization levels, and reporting requirements should be in place and complied with to ensure that the Consortium has a proper financial control system. The Consortium is encouraged to review the existing strengths and practices of its transportation departments with respect to financial management, and to then pick and implement those practices that will best meet the needs of all of its stakeholders.*

## **2.5.2 Incremental progress**

### ***Budget planning and monitoring***

The Consortium has developed and documented the procedure to develop the Consortium's annual budget. The budget is developed by the Consortium's Financial Coordinator and the GM/CAO, and presented to the Administrative Committee by March 31<sup>st</sup>, and the Board of Directors by April 30<sup>th</sup>. The budget is based on a bottom-up process that estimates the Home to School costs based on previous year expenditures adjusted for fuel and routing revisions, actual employee salaries and benefit costs, and estimated administrative costs by line item. The budget also includes any planned new initiatives for the new fiscal year recommended by the management team and initiatives that are in compliance with the approved strategic plan.

The Consortium provides budget updates to the Administrative Committee on a monthly basis. The monthly updates include original budgeted amounts, member board's revised estimate amounts, monthly expenditures, year to date expenditures, projected year end forecasts, fuel escalation/de-escalation amounts for each member board and a snapshot for each member board of their expected year-end financial position as compared to expected ministry funding levels. In addition, the monthly update includes a summary of any variances with a description of what events have led to the variances. The consortium has a procedure that clearly stipulates its reporting requirements including frequency to the Administration Committee and the Board of Directors.

### ***Accounting practices and management***

The Consortium has a policy in place for receiving and processing invoices from service providers. On a monthly basis, operators provide invoices with total payment based on the number of kilometres travelled and number of days of operation/service. The Financial Assistant verifies the kilometres travelled with the number projected from the routing software, along with other line values on the invoice. Once all reconciliations are made, invoices are reviewed and approved/signed in series by the Financial Coordinator and the GM/CAO in order to authorize the payment.

### **2.5.3 Accomplishments**

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

#### ***Budget Monitoring***

The Consortium has established a budget monitoring process that keeps the Administrative Committee and Board of Directors up to date through regular updates that includes monthly expenditures, year to date expenditures, projected year end forecasts, fuel escalation/de-escalation amounts for each member board and a snapshot for each member board of their expected year-end financial position as compared to expected ministry funding levels. This process ensures that the Consortium remains accountable and transparent to each of the Member Boards.

### **2.6 Results of E&E Review**

Consortium Management for STEO has been rated as **High**. The Consortium has made significant improvements since the original E&E review in Consortium Management to become a fully integrated entity, including developing a new Consortium Agreement, transferring all staff members to the Consortium from their respective Member Boards, and relocating to a new office space. In addition, the Consortium has been innovative in developing a Governance Manual and establishing a Consortium strategic vision, and has developed financial long-term forecasting and budget monitoring processes that are considered best practices.

## **3 Policies and Practices**

### **3.1 Introduction**

Policies and practices section of the E&E Review examines and evaluates the established policies, operational procedures, and documented daily practices that in combination establish the standards for 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.

A review of provided documents, the analysis of extracted data, and onsite interviews with Consortium staff provided the basis for the observations, findings, and recommendations documented in this section of the report. Best practices, as established by the E&E process and the original recommendations 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: Low**

**Policies & Practices – New E&E Rating: High**

### **3.2 Transportation Policies & Practices**

The goal of any transportation operation is to provide safe, effective and efficient services. For transportation consortia, it is equally important that service to each of the Member Boards is provided in a fair and equitable manner. To support this goal, it is essential that well defined policies, procedures, and daily practices are documented and supported. Well defined policies ensure that the levels of services to be provided are clearly established while documented procedures and consistent practices determine how services will actually be delivered within the constraints of each policy. To the degree that policies are harmonized along with 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.

### **3.2.1 Original recommendations**

#### ***Development of a harmonized policy manual***

*Establishing a unified approach to service delivery is a critical component in establishing a single identity for STEO. The unified approach to service as presented in the policy and procedure manual will become the key mechanism that will allow staff from the individual Boards to adapt to and adopt the expectations of STEO. Expectations and guidance are best expressed in a single set of clearly articulated policies and procedures. This manual should fully describe the expectations of the Member Boards (through the policy statements) and how the Consortium will implement the policies (through the procedure statements).*

*STEO must complete its previous efforts to establish its policy and procedure manual in order to fully realize the effectiveness and efficiency benefits presented by the Consortium.*

*As has been indicated throughout this section, many of the service requirements and procedures are nearly or fully identical between the Boards. This consistency provides the baseline necessary to harmonize critical planning policies (i.e., eligibility for services, walk to stop distances, student ride times, etc.) and organizational procedures (i.e., hazard area designations, bus stop locations, courtesy transportation, etc.) without significant disruption to either operation. Reconciling previous interpretations of policy and procedure and establishing a unified approach to implementation across the Consortium is likely to require the most significant effort in the short term.*

### **3.2.2 Incremental progress**

#### ***Policy harmonization***

Based on interviews with staff, STEO policies and procedures provide the sole source of guidance for both the annual planning process and the daily management and maintenance of routes and runs. The establishment of STEO as the sole point of reference for transportation planning and service delivery is reinforced by the Consortium's website. The website provides links directly to STEO policies and procedures and not to the individual Member Board policies.

Eligibility remains the final area to be fully harmonized. STEO and its Member Boards strategically delayed the harmonization of eligibility distances to the end of the process due to its anticipated sensitivity. The current eligibility policy is set to expire at the end of the current school year with a fully harmonized policy effective for the start of the 2014/15 school year. Interviews with staff indicate that the new eligibility distances have

been fully communicated with stakeholders and have been implemented as the planning value for the 2014/15 school year.

The harmonization of all policies and procedures and the establishment of STEO policies as the sole source of guidance fully meet the intent of the original recommendation and the expectations of the E&E process.

### **3.3 Special Needs Transportation**

Planning transportation for special needs students presents additional complexities and challenges as planners must consider the physical and emotional needs of each individual student within each student's individual time and distance constraints. Additional factors to consider include equipment needs such as wheelchair lifts, special restraints or harnesses, and medically fragile students who require assistance or medical intervention. Policies specific to the transportation of special needs students are essential to ensure that transportation meets each individual student's needs and is provided in the safest manner possible.

#### **3.3.1 Original recommendations**

##### ***Establish a harmonized approach to special needs planning and management***

*While many of the processes used by the individual departments are similar, the continuation of Board specific planning activities is preventing each Board from realizing efficiencies in routing practices.*

*Establishment of a unified planning structure under STEO would allow special needs planners to evaluate opportunities to share resources between programs that are currently not available to Board planners. In addition, a unified planning approach would allow each Board to consider planning constraints such as program times in the context of improvements to effectiveness related concerns such as student ride times. The unified planning approach is likely to result in both a reduction in the number of resources required and opportunities to improve services to students.*

#### **3.3.2 Incremental progress**

##### ***Special needs planning and management***

To provide effective and efficient service to all students and both Boards, the responsibility for special needs planning has been assigned to a single transportation planner for the entire service area. The Board specific and manual processes for requesting special needs services has been replaced with an online form and a process that is in use by both of the Boards. Students are enrolled via the use of an electronic

form which is sent to the individual Boards for approval. Once approved, STEO receives an email and the information is automatically uploaded into the *VEOSPED* routing software. The process to route the student is able to commence the next business day reducing the amount of time that it takes to implement services for special needs students. Additionally, interviews indicate that there is a cooperative effort to integrate special needs students onto regular education buses within the limits of their individualized education and transportation plans.

The enhancements to the special needs planning and management processes fully meet the intent of the original recommendation and the expectations of the E&E process.

### **3.4 Safety Policy**

Ensuring student safety is the foremost goal of any transportation organization. In support of providing safe transportation, it is imperative that clear and concise policies, procedures, training requirements, and contractual agreements are developed, documented, monitored, and enforced to ensure that safety standards are understood and followed without exception.

#### **3.4.1 Original recommendations**

##### ***Vehicle age reconciliation***

*As part of a broader effort associated with creating a single contract for STEO differences in maximum and average vehicle ages should be reconciled. This will ensure that operators have consistent expectations for vehicles used within the same service area.*

#### **3.4.2 Incremental progress**

##### ***Vehicle age reconciliation and monitoring***

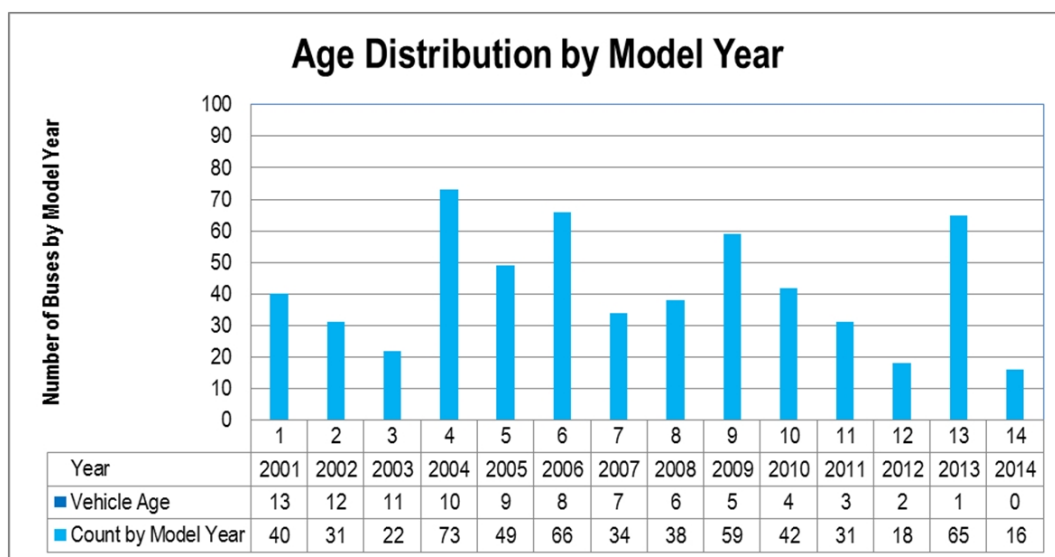
The concern expressed during the original E&E process was that there were different expectations regarding the maximum vehicle age between the Member Boards and that by default the lowest common age requirement would have to be enforced. Vehicle age limits have been reconciled and are defined in Section 13.4 of the unified operator contract. All active and spare buses are not to exceed 12 years of age (as of August 1<sup>st</sup> for the start of the school year) with an operator's fleet limited to an average age of 7 years. While the average age maximum for a fleet of fewer than 10 buses does not apply, the maximum age limit of 12 years is still enforced. Minivans and automobiles have a maximum age of nine years.

Based on the analysis of the current fleet, 544 out of 583 buses are 12 years of age or less with 40 buses age 13. The average age of the fleet is 6.8 years and within the contractual average limit. While 40 buses are over the maximum age of 12 years, they were within the contractual limit of 12 years for the start of the 2013/14 school year.

Of the 162 vans or cars, 151 are age nine or less while 10 vehicles are age 10 with one vehicle at age 11. Provided information indicates that a one year exception was provided for a van that has a unique design and meets a student's specific physical requirements. This exception was made in consultation with stakeholders and in accordance with the requirements of the Accessibility for Ontarians with Disabilities Act (AODA).

The age analysis for route and spare buses are illustrated in Figure 2 below. As the figure also helps to illustrate, spikes in the number of buses in model years 2004, 2005, 2006, 2009, and 2013 will require monitoring to ensure ongoing contractual compliance as these vehicles become due for replacement.

**Figure 2: Fleet Age Distribution**



### 3.4.3 Opportunities for improvement

#### ***Contractual or policy enhancement***

While the enhancements to the contract and the harmonization of vehicle age meet the intent of the original recommendation and the expectations of the E&E process, modifications to the contract or the development of a policy regarding the granting of an exception to the maximum vehicle age needs to be established. The STEO General Manager has recognized the need to have a policy allowing for the use of a vehicle



beyond the established age limit (for special circumstances) and is the process of developing a draft for consideration by the Board of Directors.

### **3.5 Results of the Follow-up E&E Review**

Policies and Practices for STEO has been rated as **High**. It is evident that the Consortium and its Member Boards were determined to meet or exceed the original recommendations. The full harmonization of all policies and procedures in conjunction with the unified approach for the planning and management of special needs transportation is evidence of this commitment. These enhancements helps to ensure that the Consortium is able to meet its goal of providing a high level of safe, effective, and efficient transportation to the students and Member Boards that it serves.

## **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 following analysis 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 in the original E&E, 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: Low**

**Routing & Technology – New E&E Rating: High**

### **4.2 Software and Technology Setup and Use**

Any large and complex transportation organization requires the use of a modern routing and student data management system 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 of the evaluation evaluates the acquisition, setup, installation, and management of transportation related software.

#### **4.2.1 Original recommendations**

##### ***Establish a unified technology plan for STEO***

*A critical initial task for STEO will be the assessment and reconciliation of the various technologies used by the individual departments into a unified technology plan. The commonality of the base routing software will certainly ease the transition, but considerable deliberation must be given to the use of related technologies and software such as the AVL, TRACS, MapNetWeb, and VEO. Given that there is clear redundancy in some of the products, eliminating some of the products will result in marginal cost reductions but these reductions will not come without short term investments required in training. While each product has been brought into the individual departments because of a perceived benefit, it will be necessary for STEO to determine if the unified organization would benefit from one, some combination, or all of the available products.*

#### **4.2.2 Incremental progress**

##### ***Technology integration and planning***

STEO used a comprehensive approach to determine both the long and short term benefit of each type of technology that was in use and how the continued use of any one type of technology would best support

STEO's future goals and objectives. The analyses included stakeholder involvement from STEO staff, Operators, IT and programming consultants, the Member Boards, and the school communities. Additional considerations included the ability to integrate the various systems and costs. Based on the results of the technology review, route planning and management continues to be supported by technologies and software that was in use as the departments were transitioning into a full Consortium model. Regular Education planners use *AVL*, *TRACS* and *MapNet Web* while route planning and management for special needs is supported by *VEOSPED*.

To implement the integration process, STEO added an Information Technology (IT) Coordinators position that is responsible for both day-to-day technical support of the operation and for strategic technology planning. This position was responsible for integrating the technology array into a unified STEO approach to route management and analysis. The IT Coordinator has also played a key role in enhancing the functionality of the STEO website through the integration of web-based forms and a portal for bus contractors. Enhancements to the data transfer process that were led by

the IT Coordinator have allowed STEO to eliminate the manual work processes that were previously used. The IT Coordinator and GIS Administrator have also collaborated with operations staff to enhance the reporting capabilities of the organization through the expanded use of AVL and routing system data.

The integration of available technology into a unified approach that supports effective route management and analysis fully meets the intent of the original recommendation and the expectations of the E&E process.

### **4.3 Digital Map and Student Database Management**

An accurate digital map is paramount to support effective route planning and also the effectiveness of the staff and the efficient use of the fleet. This section of the report examines the responses to the recommendations from the original E&E to update and maintain the student data and map data that form the foundation of any student transportation routing system.

#### **4.3.1 Original recommendations**

##### ***Data management***

*The establishment of a single planning organization with STEO will require significant changes to current data management practices. Recognizing that each organization has established adequate practices to support their individual needs and that the staff of the organizations have made substantial efforts at formal and informal collaboration, creation of a single dataset to support all planning will be a fundamentally different operating paradigm. An assessment of current responsibilities and authority within the two organizations must occur to establish the scope of responsibility for each aspect of data management in the unified organization. Immediate requirements will include:*

- *Identification of the system or systems that will be used to manage route design and data distribution for all students.*
- *Delegation of all map management responsibilities including more detailed calibration of map characteristics.*
- *Creation of administrative procedures to address concerns regarding route timing and how those times are impacted by underlying map characteristics.*
- *Development of a unified approach to student data management.*
- *Establishment of a single coding structure associated with critical datasets such as students, schools, bus stops, bus routes, and bus trips.*

*Completion of these tasks is necessary before any effective use of a single planning system can be accomplished. Consequently, these efforts need to be an immediate focus for STEO management and governance.*

#### **4.3.2 Incremental progress**

##### ***Data management and planning***

*Planning:* The unification of technology and the harmonization of data management procedures and practices helped to support the establishment of a single planning organization. The planning processes have been harmonized with all planners responsible for planning for each Board within their assigned area of responsibility. The service area has been divided into an East and West area with three planners and one lead planner assigned to each of the areas. As discussed in *Section 3.3.2* special needs planning for the entire service has been assigned to a single transportation planner. Interviews indicate that a high level of support and communication exists between the area planners and planning for special needs students resulting in the establishment of a unified approach to the planning process.

*Map and data management:* A geographic information system (GIS) administrator's position was created to manage and maintain the operational efficiency of the various route planning and management systems with the management of the base map a key and critical responsibility of the position. The GIS Administrator is responsible for the overall management of the digitized map including the creation of new streets and corresponding address ranges. The management of the map is aided by data supplied by the Ministry of Natural Resources or local municipalities ensuring the ongoing accuracy of the base map. A high level of cross training has been provided enabling each planner to refine boundaries and adjust or "tune" road speeds (limited to their geographical area) to ensure accurate route times. In the event of an absence, the IT Coordinator serves as the back-up to the GIS Administrator along with support from the vendor.

*Coding Structures:* As observed during the original E&E, the *MapNet* and *VEOSPED* planning systems are based on a coding structure that is unique to each system. That being said, the coding structures within *MapNet* have been enhanced to readily identify special needs students and the type of transportation being provided. These codes are illustrated in the following table:

**Table 2: MapNet- Special Needs Codes**

MapNet Code	Explanation
VC	VEO Courtesy
VF	VEO Family Accommodation
VH	VEO Hazard
VL	VEO Location
VM	VEO Medical Short Term
VO	VEO Special Needs

Interviews indicate that the regular education planners have an understanding of the coding structure for special needs students and are able to address concerns or questions in the absence the special needs planner. Additionally, one of the area regular education planners serves as the back-up for special needs planning and management.

The establishment of a unified approach to planning process, map and data management, and the enhancement to the coding structure fully meets the expectations of the original recommendations and the E&E process.

## **4.4 System Reporting**

A key benefit of modern routing software is the ability to quickly gather, collate and analyze large data sets. These data sets can then be used to communicate a wide variety of operational and administrative performance indicators to all stakeholders. Actively using transportation data to identify trends that may negatively impact either costs or service and the subsequent communication of both expectations and performance is a key component of a continuous improvement model. This section will review how data is used to evaluate and communicate performance and assess organizational competencies in maximizing the use of data retained in the routing software and related systems.

### **4.4.1 Original Recommendations**

#### ***Establish a common approach to the analysis and distribution of data***

*Thematically, this recommendation is similar to others that have been in this section of the report. In order to reduce the redundancy in technology and effort that is currently present in the two departments, efforts must be made to create a unified approach to*

*the analysis and distribution of data. Implementation of this recommendation will require all components of STEO (governance, management and administration) to assess the variety of systems in place and determine which will best support the activities of a single organization. In addition, substantial effort will be required to detail the analytical expectations and capabilities of the operation to ensure that Board Trustees, Board administrators, parents, operators, STEO staff, and the Ministry of Education are able to access an appropriate array of transportation data.*

#### **4.4.2 Incremental progress**

##### ***Data analysis and reporting***

Supported by the unification of technologies, a common approach to the analysis of data and reporting has been developed. This includes the monthly calculation of key performance indicators such as cost per student, cost per route, total number of students transported, student ride time, and capacity utilization. The results of these analyses are reported monthly to the STEO Administrative Committee and quarterly to the Board of Directors.

These enhancements fully meet the expectations of the original recommendations and the E&E process.

#### **4.5 Regular and special needs transportation planning and routing**

Effective route planning is a key function of any high performing transportation operation. This section of the report evaluates the processes, strategies, and procedures that are used to maximise the use of the fleet, control costs while delivering a high level of service to students using each mode of transportation.

##### **4.5.1 Analysis of system effectiveness<sup>2</sup>**

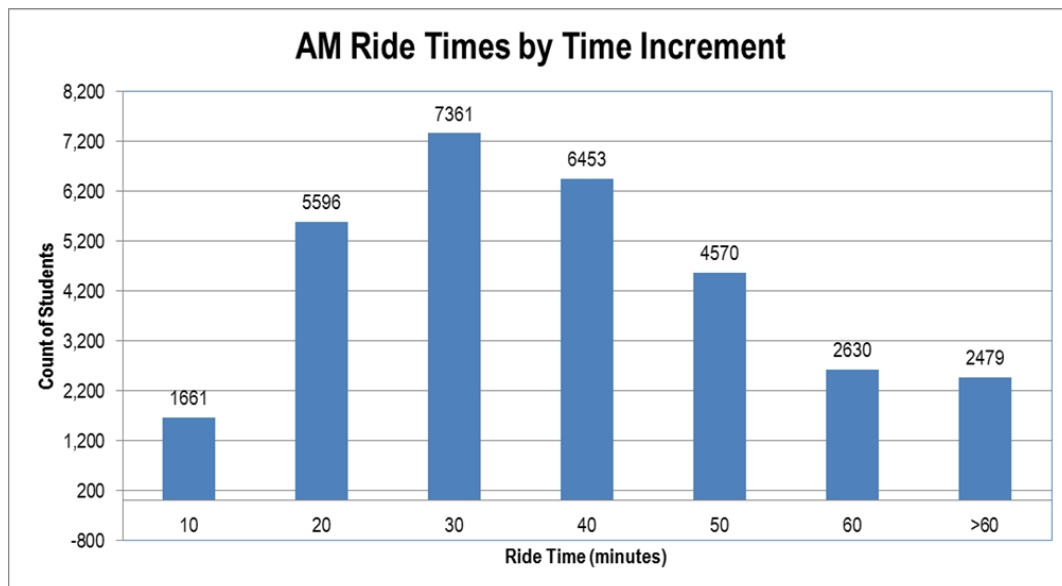
As noted during the original E&E evaluation, STEO's service area encompasses over 12,000 square kilometres. Service is provided to over 31,200 regular education students and 2,250 students who are provided specialized or special needs transportation. Transportation is provided using a fleet of just under 550 regular education buses and just under 200 special needs buses and school purpose vehicles.

---

<sup>2</sup> 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 differences in the timing of the data collection.

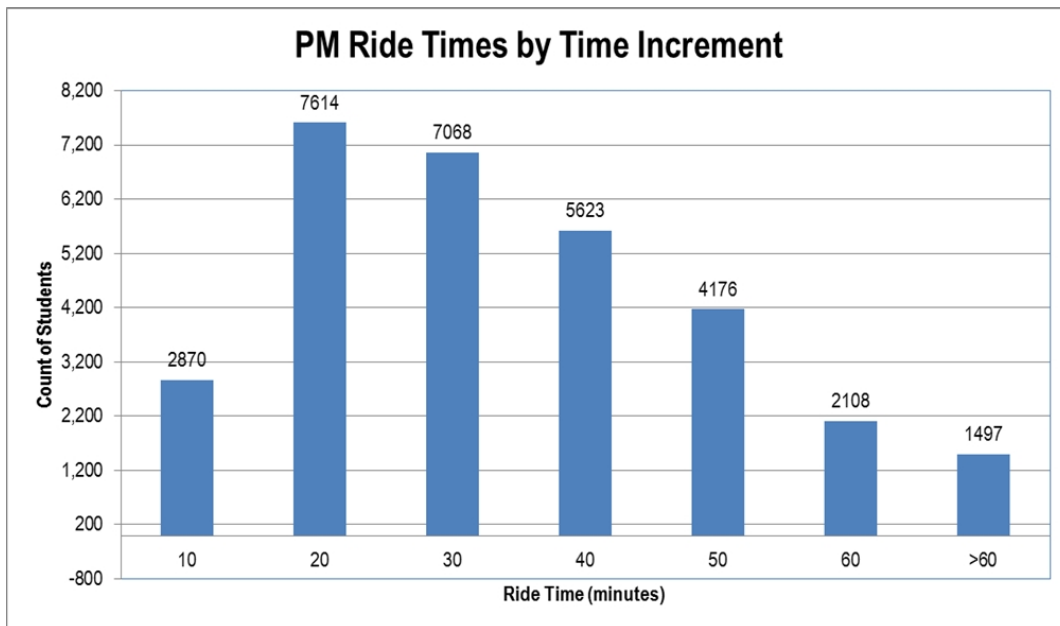
**Student Ride Times:** The amount of time that any one student spends on a bus is a key indicator of the overall level of service provided by any transportation organization. It was noted during the original E&E Review that 94 percent of all morning riders and 98 percent of afternoon riders had ride times less than the one hour guidelines and 75 percent of the morning riders and 81 percent of the afternoon riders had ride times of 40 minutes or less. The analysis of the current rider data finds that on average morning ride times (all regular education students) are approximately 33 minutes with an average of 29 minutes in the afternoon. Approximately 92 percent of the morning riders have a ride time under the 60 minute guideline while 95 percent of the afternoon rides are one hour or less. This is an indication that service levels remain well within the policy guidelines for the majority of students. These results are illustrated in the following figures.

**Figure 3: AM Ride Times**





**Figure 4: PM Ride Times**

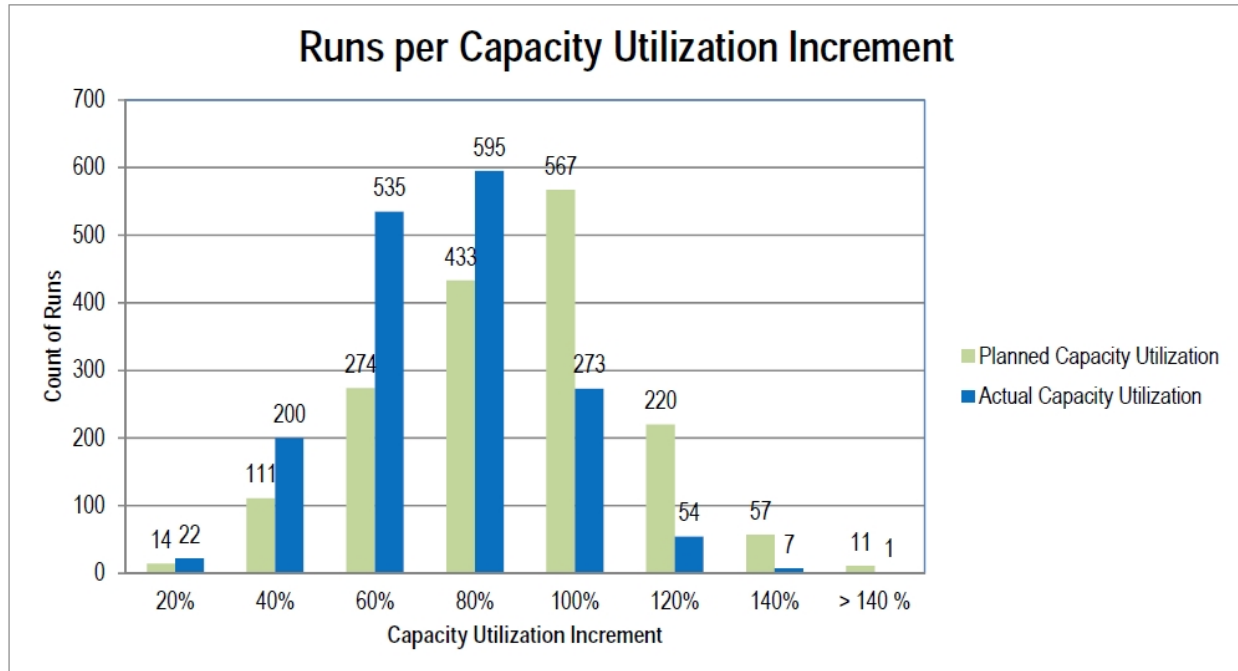


*Capacity utilization:* How effectively a system is able to use the available seating on individual bus runs is a prime indicator of the overall efficiency of a system. As noted during the original E&E the comparison of capacity utilization for STEO requires an understanding the contractual structure. For example, a 72 passenger vehicle being used on a route with 54 or fewer students is considered to have only 54 seats.

Dividing the number of students (54) by the number of “contractual seats” (54 seats) would result in a capacity utilization of 100 percent. A typical analysis of capacity would divide the number of students (54) by the legal capacity of the bus (72 passengers) which would result in a capacity utilization of 74 percent. As also noted, comparative analysis of the following results to other entities that do not use this methodology must be considered in arriving at “like to like” comparisons.

The analysis of current data finds that planned capacity utilization (calculated as total planned riders divided by total available seats based on the contractual capacity of the bus) is approximately 78 percent across the entire regular education fleet. Capacity utilization based on actual riders is approximately 63 percent across the system. These results are within the expected capacity ranges of 70 to 80 percent for planned capacity and 60 to 70 percent for actual riders. This provides an indication that planning continues to effectively use the available capacity based on the contractual structure. Figure 5 helps to illustrate the number of runs (planned and actual) by capacity utilization increment:

**Figure 5: Capacity Utilization**



*Asset utilization:* The ability to reuse a vehicle as many times as possible throughout the operational day is a key component of an efficient system. Based on the analysis of current data, approximately 37 percent of CDSBEO routes are tiered with 71 percent serving two or more schools per run or trip. This is a considerable improvement over the previously observed 20 percent of the routes being tiered with only 30 percent serving two or more schools. Approximately 61 percent of UCDSB routes are tiered compared to the previously observed 70 percent, however 87 percent of the runs or trips are able to serve two or more schools.

Additionally, approximately 17 percent of buses are shared between the Member Boards which is fully within the expectations of the E&E process.

#### **4.5.2 Original Recommendations**

##### ***Establish a unified planning operation for STEO***

*The goal of the consortium process across the Province has been to increase the effectiveness and efficiency of student transportation services by reducing organizational and operational redundancies. The development of a single planning operation within STEO is necessary for the benefits to be realized. In addition to the establishment of a common technology platform, it will be necessary to conduct a*

*comprehensive analysis of the opportunities presented by combining the two route networks.*

*While the specific tasks and timelines associated with a detailed routing analysis should be established by STEO management in conjunction with the Governance and Administrative committees, it is clear that a significant initial task will be an assessment of bell times and routing combinations. The analysis should be conducted which is consistent with the expectations of STEO policy and procedures that have previously been recommended for development (see Section 4.2.3 of this report). This analysis will provide insight into various routing options including the integration of routes between Boards, increased integration of trips between Boards, and the availability of alternative options such as transfers and shuttles that would result in the need to dedicate fewer resources to transportation. A consolidated planning organization is the only mechanism that will allow for these opportunities to be identified and analyzed in a systematic manner consistent with a single set of service expectations and procedures.*

#### **4.5.3 Incremental progress**

##### ***Planning***

*Regular education planning:* As discussed in Section 4.3.2, the planning processes have been harmonized with planners responsible for the planning and management of routes and runs within their assigned area of responsibility regardless of the student's board of attendance. The Operations Manager is responsible for the overall coordination of route planning activities.

*Special needs planning:* The Special Education Transportation Planner manages the transportation requests through a process that was developed in conjunction with the IT Coordinator. This process establishes a request and verification process that ensures that Board staff are aware of the transportation requirements for their Board. This process also ensures that the Planner has all of the service and program information required to schedule services. The Planner uses *VEOSPED* to initially identify existing routes where the student could be assigned before any route revisions are considered. STEO has established a procedure where the contractors are required to notify students on the route who may be impacted by a route change that would impact pickup times by more than five minutes.

The establishment of a unified planning approach for both regular and special needs meets the expectations of the original recommendation and the E&E process.

#### **4.6 Results of the follow-up E&E review**

Routing and Technology for STEO has been rated as **High**. The prime and underlying theme to this section was the necessity to fully unify the operation and the route planning and management processes. Based on interviews with staff, observations, and the review of data and information, it is evident that STEO and its Member Boards were committed to meeting or exceeding the recommendations presented in the original E&E report.

## **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: Low**

**Contracts – New E&E Rating: High**

### **5.2 Contract Structure**

An effective contract<sup>3</sup> 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.

---

<sup>3</sup> 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.

## **5.2.1 Original recommendations**

### ***Standardized contracts***

*It is recognized that within each Member Board, the operator and taxi contracts are standardized and executed. However, it is recommended that the Consortium work to standardize and execute contracts on a Consortium-wide basis (i.e., operators should not have different contracts depending on which Member Board is served). As a component within the standardized contract, differences in maximum and average vehicle ages should be reconciled. This will ensure that operators have consistent expectations for vehicles used within the same service area.*

### ***Mandate that EpiPen training be provided prior to the start of the school year***

*It is recognized that all drivers are to be trained in school bus safety programs, which incorporate First Aid, CPR and EpiPen training. However, there is no time limit specified and drivers are not required to be trained prior to beginning a bus route. All drivers must be qualified to manage emergency situations before they start transporting students.*

## **5.2.2 Incremental progress**

### ***Standardized contracts***

The Consortium implemented a standardized contract with all operators for the 2012-2013 school year. The standardized contracts harmonized the existing contracts in several areas, including vehicle age, where operators now have consistent fleet age requirements in all areas of the Consortium's jurisdiction.

Due to the current litigation that resulted from the issuance of RFP 12-01 in the fall of 2012, the Consortium has extended the existing contracts pending the results of the legal proceedings.

### ***EpiPen training***

The standard operator agreement requires that each operator provide service which shall, at a minimum, meet the standards that are included in the Consortium's Standards of Performance. The Standards of Performance stipulates that drivers must be trained in the use of an EpiPen before they are assigned to a route, and that re-training must be completed on an annual basis.

## **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 Original recommendations**

#### ***Develop plans for the implementation of competitive procurement***

*Contracts for school bus transportation services are currently not competitively awarded. This is not in keeping with either best practices or the Ministry of Finance Supply Chain Guideline and the Broader Public Sector Procurement Directive. By not engaging in a competitive process, it is not known whether services are being provided at the best rates. If a competitive process is used to procure contracted services, the Consortium can clearly state all service requirements in the procurement document. In addition, the Consortium can be sure that it will obtain the best value for its money as operators will compete to provide the required service levels. This may not mean that rates will decline; however, the concern for the Consortium should be to obtain best value for money expended.*

*A competitive process can be used with certain safeguards in place to protect the standards of service. The Consortium could enforce limits placed on the amount of business any one operator can hold to avoid a monopoly situation, and to encourage small operators' participation. Additionally, in evaluating the successful proponents, cost should not be the overriding factor as that will encourage low cost proponents to enter the market while not necessarily ensuring that the same or improved levels of service are being provided. Local market conditions should be considered at all points in the development and evaluation of any service proposal. For example, local operators can be encouraged to participate in this process by placing a value on having local experience as part of the evaluation criteria; however, this specific criterion for local experience should also not be an overriding factor in the proposal evaluation process.*

*If the current negotiation process is deemed to be the most appropriate for particular areas, such as remote areas where there may not be many operators interested in providing the service, the Consortium will be able to use the competitively procured contracts as a proxy for service levels and costs negotiated with the more rural operators. Established procurement policies should determine the process for service acquisition in these situations.*

*As a reference, the Consortium should start developing an implementation plan for competitive procurement using the Contracting Practices Resource Package and other*

*resources provided by the Ministry. A plan should include a review of existing procurement policies, an analysis of the local supplier market, strategies to help determine the RFP scope and processes, a criteria and timeline to phase-in competitive procurement, and development of a procurement calendar. The plan should also utilize the best practices and lessons learned that are available from the pilot consortia.*

*The Consortium must work to develop and implement a competitive procurement policy that is aligned with the Ministry of Finance Supply Chain Guideline and the Broader Public Sector Procurement Directive.*

### **5.3.2 Incremental progress**

#### ***Competitive procurement***

RFP12-01 was issued on September 24, 2012 to procure transportation services. During the RFP open period legal action was brought against the Consortium in regards to the RFP. As a result, the RFP was suspended pending the outcome of the legal proceedings. At the time of the review, legal proceedings were still in progress.

### **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 operate and maintain 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 Original recommendations**

##### ***Standardize Contract Management policies and practices***

*Each transportation department is independently strong in its contract management practices, but to reduce the duplication of efforts and to increase effectiveness and efficiency, it is recommended that the Consortium work to integrate these contract management policies and practices on a Consortium wide basis.*

#### **5.4.2 Incremental progress**

##### ***Contract Management***

With the integration of the two transportation departments and the establishment of the Consortium, the Consortium developed its own contract management practices.

The operator agreement used by the Consortium outlines the submission requirements from each operator that are required prior to the start of each school year, as well as indicating the Consortium's right to inspect operator facilities for proof of documentation. In addition, the operator agreement requires operators to comply with the Consortium's Standards of Performance document, which includes additional performance requirements.

The Consortium has also developed policies and procedures on conducting facility and route audits. Facility audits are conducted at each operator facility on an annual basis, and route audits (both scheduled, and spot checks) are conducted periodically throughout the year to ensure contract compliance. Approximately 10% of routes are audited on an annual basis. Following the completion of both facility and route audits, the Consortium provides feedback to the operators and identifies areas for improvement.

#### **5.4.3 Accomplishments**

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

##### ***Operator performance monitoring***

The Consortium has a comprehensive operator performance monitoring program which includes a pre- year contract compliance check in August, annual operator facility audits, and route audits for approximately 10% of the Consortium's routes, ensuring performance is aligned with the operator contract requirements. In addition, the

Consortium provides feedback on the results of the audits to the operators, which in turn provides them an opportunity to improve their performance.

## **5.5 Results of 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 original E&E review, the Consortium has harmonized the operator contracts to ensure a standard contract that aligns with industry best practices is in place on a Consortium wide basis. The Consortium has also standardized its contract compliance and monitoring process.

## 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 3: Funding Adjustment Formula**

Overall Rating	Effect on deficit Board <sup>4</sup>	Effect on surplus Board <sup>4</sup>
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:

---

<sup>4</sup> This refers to Boards that have a deficit/surplus on student transportation

## **Catholic District School Board of Eastern Ontario**

<b>Item</b>	<b>Values</b>
2012-2013 Transportation Surplus (Deficit)	(\$331,608)
% of Surplus (Deficit) attributed to the Consortium	100%
Revised amount to be assessed under the Consortium	(\$331,608)
E&E Rating	High
Funding Adjustment based on Ministry's Funding Adjustment Formula	100%
2013-2014 Total Funding adjustment	\$331,608

## **Upper Canada District School Board**

<b>Item</b>	<b>Values</b>
2012-2013 Transportation Surplus (Deficit)	(\$315,326)
% of Surplus (Deficit) attributed to the Consortium	100%
Revised amount to be assessed under the Consortium	(\$315,326)
E&E Rating	High
Funding Adjustment based on Ministry's Funding Adjustment Formula	100%
2013-2014 Total Funding adjustment	\$315,326

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

## 7 Appendix 1: Glossary of Terms

Terms	Definitions
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.
CDSBEO	Catholic District School Board of Eastern Ontario
Consortium, the; or STEO	Student Transportation of Eastern Ontario
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

<b>Terms</b>	<b>Definitions</b>
JK/SK	Junior Kindergarten/Senior Kindergarten
KPI	Key Performance Indicators
Management Consultants	As defined in Section 1.2
Memo	Memorandum 2006: SB13, dated July 11 issued by the Ministry
Ministry	The Ministry of Education of Ontario
MPS	Management Partnership Services Inc., the routing consultant, as defined in Section 1.2 and 1.3
MTO	The Ministry of Transportation of Ontario
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)
Separate Legal Entity	Incorporation
UCDSB	Upper Canada District School Board

## 8 Appendix 2: Transportation Allocation and Expenditure – by School Board

### Catholic District School Board of Eastern Ontario

Item	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014 <sup>5</sup>
Allocation <sup>6</sup>	\$13,511,113	\$13,421,313	\$13,321,693	\$12,935,780	\$12,697,941
Expenditure <sup>7</sup>	\$12,882,883	\$13,174,441	\$13,394,393	\$13,267,388	\$12,543,178
Transportation Surplus (Deficit)	\$628,230	\$246,872	(\$72,700)	(\$331,608)	\$154,763

### Upper Canada District School Board

Item	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014 <sup>5</sup>
Allocation	\$24,191,269	\$24,308,947	\$24,438,277	\$23,825,926	\$23,476,802
Expenditure	\$24,227,190	\$24,311,300	\$24,429,428	\$24,141,252	\$23,566,682
Transportation Surplus (Deficit)	(\$35,921)	(\$2,353)	\$8,849	(\$315,326)	(\$89,880)

---

<sup>5</sup> 2013-2014 allocations and expenditures based on Ministry data – Revised Estimates for 2013-2014

<sup>6</sup> Allocation based on Ministry data – includes all grant allocations for transportation (Section 9 00008C, Section 13 00006C, Section 13 00012C)

<sup>7</sup> Expenditure based on Ministry data – taken from Data Form D: 730C (Adjusted expenditures for compliance) – 212C (Other Revenues)

## **[www.deloitte.ca](http://www.deloitte.ca)**

Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting, and financial advisory services. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited.

Deloitte operates in Quebec as Deloitte s.e.n.c.r.l., a Quebec limited liability partnership.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

© Deloitte LLP and affiliated entities.