



Ministry of Education Effectiveness & Efficiency Follow-up Review

Huron-Perth Student Transportation Services

E&E Follow-up Review

July 2014

Final Report

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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 Huron Perth Student Transportation Services (hereafter “HPSTS” 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 May 2009 (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 an effective governance structure was in place, there were effective and well documented cost sharing mechanisms, with appropriate financial management policies and practices, human resource management and planning procedures. The areas of improvement highlighted in Consortium management were the formation of a separate legal entity as well as the expansion of purchase of service agreements to include rates and the billing process.

The Consortium had a well-established policy and operational infrastructure that provided it with critical planning guidelines and operational procedures. Policies were harmonized between the boards and a mechanism had been established to ensure financial accountability for policy changes by the Member Boards. Items such as safety and training practices were found consistent with best practices and the Consortium had taken a lead role in the development of public safety video announcements which were offered to all school boards within the province. The most significant areas of improvement in this regard were the enhancement of policies and procedures, such as costing issues related to alternate transportation, and the documentation of monitoring practices during random audits.

At the time of the review, it was found that the Consortium had efficiently utilized routing strategies and technologies as well as staff assignments to establish effective systems management; route planning and data distribution tools. Suggested improvements in this area were primarily incremental, and included, continued efforts to complete technology implementation and to encourage the use of this technology for reporting and data distribution.

It was found that contracting practices used by the Consortium were in line with best practices seen in past E&E Reviews. Contracts were generally well managed and essential safety and training clauses were incorporated into the agreements. However, it was recommended that increasingly detailed clauses be included in agreements with parent drivers, formal signed contracts with taxi companies be developed, a formal monitoring regime be established and the Consortium commence planning for competitive procurement processes.

As a result of the initial review, the Consortium was rated **Moderate-High**.

E&E Follow-up Review summary

As part of the original E&E Review, several recommendations were made to help the Consortium deliver services more effectively and efficiently. Since then, the Consortium has undergone some changes including but not limited to:

- The Consortium has developed a Letter of Understanding that outlines the services to be provided by each Board to the Consortium.
- The Consortium has competitively procured a number of its services.
- The Consortium has implemented enhancements to its appeals policy and process.
- The Consortium has developed and implemented a procedure to guide the development of the transportation plans for students with special needs.
- The Consortium has developed a new hierarchical coding system based on eligibility and travel codes.
- The Consortium now demonstrates a best practice through the development of a comprehensive data back-up and recovery process.

The Consortium has considered the recommendations that were made in the original report and has taken the necessary steps to implement a number of the required changes. The Consortium has not chosen to incorporate for a number of reasons which

are summarized in this report. It is still the opinion of the E&E Review Team that establishment of the Consortium as a Separate Legal Entity would be most beneficial to the Consortium, as it mitigates the risks discussed in the original report without jeopardizing the benefits the Consortium enjoys under its current entity status.

In addition, it is recommended that the Consortium make an effort to keep up with best practices pertaining to strategic and operational long term planning, monitoring of staff performance and budgeting procedures.

Funding Adjustment

As a result of this review of current performance, the Consortium has been rated **High**. Based on this evaluation, the Ministry will provide additional transportation funding to narrow the 2013-2014 transportation funding gap for the Avon Maitland District School Board (“AMDSB”), and the Huron-Perth Catholic District School Board (“HPCDSB”) 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.

| | |
|--|-----------|
| Huron-Perth Catholic District School Board | \$64,651 |
| Avon Maitland District School Board | \$146,788 |

(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. HPSTS was reviewed originally in May 2009.

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 2009.

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 a 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 2009 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 2009 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 2009 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 2009 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 ¹ | Effect on surplus Boards ¹ |
|----------------|---|--|
| High | Reduce the gap by 100% (i.e. eliminate the gap) | No in-year funding impact; out-year changes are to be determined |
| Moderate-High | Reduce the gap by 90% | Same as above |
| Moderate | Reduce the gap by 60% | Same as above |
| Moderate-Low | Reduce the gap by 0% | Same as above |
| Low | Reduce the gap by 0% | Same as above |

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

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,

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

outside stakeholders, and key policy makers to arrive at the assessment and rating of the Consortium.

1.3.5 Limitations on the use of this report

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

2 Consortium Management

2.1 Introduction

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

- Governance;
- Organizational Structure;
- Consortium Management; and
- Financial Management.

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

Consortium Management – Original E&E Rating: Moderate-High

Consortium Management – New E&E rating: Moderate-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

Sign meeting minutes

Decisions made by the Steering Committee should be officially documented and communicated to the Consortium management. This is generally accomplished through the documentation of minutes from the Steering Committee's meetings. It is understood that such documentation takes place, however there is no official signed copy of the minutes. It is recommended that in addition to ratification of the minutes during the following meeting, that a signature is obtained from the Steering Committee chairperson and a record of the official minutes of the meeting be retained by the person acting in the role of secretary for the meetings.

2.2.2 Incremental progress

Meeting minutes

Decisions made by the Steering Committee are officially documented and communicated to Consortium management through the circulation of documented minutes from the Steering Committee's meetings. Each set of minutes is signed by a Committee representative from each Member Board and is ratified during the subsequent meeting.

Governance Structure

HPSTS operations are overseen by a Consortium Steering Committee ("CSC") which is comprised of the Superintendent of Business from each Board, two trustees from each Board, one Director of Education from each Board (non-voting), and the Consortium General Manager (non-voting), who serves as the Committee Meeting Chair.

The roles and responsibilities of the CSC include review and approval of annual budgets, procedures and policies, mediating and resolving Consortium issues or referring them to the Member Board through the HPSTS General Manager as required. Some of the information that is typically received from the Consortium Manager includes monthly reports on costing, budget updates and KPI reports. Based on these reports (as well as results of the last E&E review), goals and objectives are set for the Consortium.

The CSC is also responsible for reviewing and recommending improvements to the HPSTS agreement, especially with respect to strategic planning. At the time of the review, it was found that although strategic plan components are discussed regularly during meetings on an ongoing basis, the plan itself has not been formally approved. The General Manager indicated that the current process has worked very well for the HPSTS Consortium as concepts are discussed and direction is provided.

As far as annual budgets are concerned, an overall consortium budget is not reviewed and approved by the CSC. The adjusted rate schedule, associated cost impact for each of the Member Boards and administrative costs for HPSTS are approved each year by the CSC prior to transportation budgets being approved at each of the Member Boards. The SBO representative from each of the Boards on the CSC reviews and approves the budget for their respective Board.

The CSC's areas of focus over the next few years include closing the funding gap, reducing ride times, increased emphasis on safety, full integration of special needs students and dealing with higher costs resulting from school closures.

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

Attain separate legal entity status

All Member Boards that constitute the Consortium are jointly liable for all debts and liabilities of that partnership. As such, any one partner can bind all other partners to matters involving the Consortium. 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 Member Board may be leaving the other Member Boards open to liability;
- The risk that Member Boards can be involved in litigation for issues involving students that are not part of their School Board; and
- The risk that liability, brought about through the partnership, may exceed the existing insurable limits. The Consortium should investigate with the assistance of their insurance carrier their coverage related to, but not limited to, punitive damages, human rights complaints, and wrongful dismissal lawsuits. It is

recommended that the Consortium investigates, with its insurance carrier, the applicability of errors and omissions insurance.

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. 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 School Boards. Over the long term, changing political environments and potential disputes amongst the Member Boards could cause the current structure to destabilize. 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.

Upon attainment of separate legal entity status, the Consortium should execute a transportation service agreement that, where possible, is jointly signed by all participating Boards. This document should outline all clauses that are relevant to the provision of transportation services such as the scope of services to be provided, fees, insurance/liabilities, quality of service, and dispute resolution. The Consortium Agreement should also be amended by the Member Boards to only outline the scope of services and cost sharing arrangements in general terms. The Consortium Agreement would thus become an agreement among School Boards that acts as the founding document for the Consortium while the transportation service agreement would be a contractual document that outlines the nature and scope of the services being provided by the Consortium to its Member Boards.

Develop a succession plan

We acknowledge that in the opinion of the Transportation Manager, the Consortium staff has experience and can keep the Consortium running should he be absent, however, we would encourage the Consortium to develop a formal succession plan to ensure the continued smooth operation of the Consortium should the Transportation Manager leave or be absent from the Consortium.

Address Consortium staffing needs

To ensure adequate staffing capacity, sound succession plans and consistency in Consortium operations, the Consortium should consider converting the part time temporary position to a full time permanent position. Providing some financial management training to staff will ensure the Consortium is equipped to address financial management and reporting requirements of the current Consortium and future

increased financial management requirements that will be required of the Consortium should it establish itself as a separate legal entity.

2.3.2 Incremental progress

Consideration of Separate legal entity status

After exploring the establishment of the Consortium as a Separate Legal Entity through incorporation, HPSTS and the CSC concluded that remaining unincorporated is the most effective and efficient way to meet the Consortium's organizational requirements. They based their decision on the factors summarized below:

- Commonality of policies and procedures, as well as an appeals process that allows for Board and Consortium specific issues to be addressed.
- Leveraging the size and available resources of the boards, the Consortium believes it is currently able to utilize the following services under a cost structure that is well below market value:
 - **IT:** HPSTS has the support of the Communications and website design department of the AMDSB. Through a long experience with the HPSTS systems and software, the team is able to provide expertise that isn't available to the Consortium from third parties. The IT agreement provides for 24 hour service (if required) and preferred queuing for jobs.
 - **Human Resources:** Employees are seconded to HPSTS from the Member School Boards and have access to benefits and HR staff through their respective Boards. The Boards have assisted with the hiring process in the past at no additional cost to HPSTS.
 - **Banker Board:** The AMDSB Financial Team acts as Banker Board and provides all accounting services required between the two Member Boards. Moving to a separate legal entity would result in additional HPSTS audit time, resources and costs.
 - **Facilities:** The agreement includes maintenance of heat, light, snow removal, fixture replacement. There are no additional charges associated with these services.
 - **Purchasing:** The Consortium is allowed to share in the Member Boards' group buying ability for computers, peripherals, stationery, furniture and other items.

The Consortium plans to review and evaluate their decision to remain unincorporated on an annual basis.

Insurance

The Consortium maintains insurance coverage in its own name to provide sufficient liability and all perils coverage. The Consortium has provided documentation that its insurance requirements are assessed on a regular basis.

Develop a succession plan

The Consortium has developed a formal succession plan which includes:

- The temporary staffing strategy to be followed in the event of a temporary absence of the General Manager and a Route Planner.
- The recruitment and hiring process to be followed in order to replace the General Manager and other key consortium positions in the event of a permanent vacancy.

Since the original E&E Review, specific duties of Route Planners have been standardized and are outlined in the procedure manual. In addition, each of the Route Planners is responsible for a core region as well as other general duties such as addressing care for students with special needs, coordination of safety programs and website development.

Although there's no formal cross training document, the Training Requirement document states that cross training commences once an employee reaches a high level of proficiency in his or her position.

Address Consortium staffing needs

The General Manager (in collaboration with the AMDSB Financial Team) is responsible for financial management and reporting requirements of the Consortium.

Although the current staffing distribution is adequate for carrying out the current day to day tasks of the organization, the Consortium contracts a Member Board employee to conduct facility and route audits on the Consortium's behalf. During the review, the Consortium indicated that consideration of additional resources in the form of a Safety Officer role would allow the Consortium to increase its level of service to the Member Boards.

2.3.3 Opportunities for improvement

Entity Status

It continues to be the opinion of the E&E Review Team that the formalization of the Consortium as a Separate Legal Entity would provide benefits from an organizational perspective in terms of corporate continuity, staff planning, liability, contracting and management; and need not impact on the benefits the Consortium enjoys under its current structure. The commonality of policies and procedures, as well as an appeals process that allows for Board and Consortium specific issues to be addressed need not be impacted by the Consortium's entity status. Additionally, a separate legal entity will remain able to leverage the size and available resources of the boards as the terms of the purchase of services agreements currently in place would not need to be altered solely because of a change in entity status.

We would encourage the Consortium to re-evaluate the benefits and decision on establishing the Consortium as a Separate Legal Entity.

Formalize cross training process

The Consortium should expand its succession plan to include its cross training process or formally document it in a separate policy, and review and update this policy regularly. Documenting the cross training policy will ensure the continued smooth operation of the Consortium should anything unexpected happen.

Safety Officer

In order for the Consortium to increase the level of service as per its mission statement, and provide a level of service to the Member Boards comparable to what is being provided by leading Consortia in the province, it is recommended that the Consortium consider an additional resource in the role of Safety Officer.

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

Sign Purchase of Service agreements

The Consortium has purchase of service agreements in place that outline the services to be provided by each Board to the Consortium. The agreements do not, however outline how these services will be charged to the Consortium. We recommended that the agreements be expanded to include the rates and billing process for the services to be provided.

2.4.2 Incremental progress

Purchase of Service Agreements

The Consortium has a purchase of service agreement with AMDSB to provide Banker Board services, as well as a lease agreement with AMDSB for use of its facility.

For the remaining support services, there is a Letter of Understanding between the Consortium and the Member Boards that outlines the services each Board is responsible for providing to the Consortium. The Letter of Understanding also outlines the billing process for the services to be provided. It states that, "The charges will be quantified annually in the HPSTS administrative budget as approved by the HPSTS Steering Committee and reconciled at year-end by the Superintendents of Business of the two Boards." It is noted that some of these services are provided at either no cost, or at minimal cost, to the Consortium, and are not based on the cost recovery of the respective Member Board.

Staff Performance Evaluation, Training and Management

A formalized review procedure is in the process of being recreated by the Member Board from which the General Manager is seconded. There is currently no formal performance review process for the General Manager.

In terms of Consortium staff evaluations, a process has been established which outlines the objectives and requirements of performance evaluations, and during the review the General Manager noted that a performance review can be initiated by either the General Manager or the individual staff member at any time. At the time of the review, no formal staff performance evaluations had taken place, however, it was indicated that informal performance feedback was being provided.

The Consortium does create professional development plans for each of its employees.

Staff Meetings

Although the Consortium conducts informal meeting with staff, it was noted that it does not hold any formal staff meetings with documented minutes of proceedings. Impromptu meetings are held regularly to discuss any issues that have been identified, new strategic direction, as well as new and/or revised policies and guidelines.

Strategic and Operational Long Term Planning

Discussions with the Consortium management and members of the Consortium's steering committee indicated that the original E&E report had been used to provide strategic direction to the Consortium over the past several years.

While the Consortium does not have a formal, documented strategic plan that articulates the Consortium's overall strategic direction, including the organization's mission, vision, and short and long term strategic goals and objectives, in terms of operational planning, the Consortium has developed, and updated a planning matrix, which outlines specific operational objectives with associated tasks to be completed on a multiple year basis, which are discussed during CSC meetings. Operational objectives regarding accommodation reviews, policies and procedures, service delivery, and safety are broken down into specific projects such as evaluating current staffing levels and service regions, expanding safety programs including the Green Tag program, ensuring staff and operator training on the new AODA standards, and reviewing the current entity status of the Consortium. Delegation of responsibilities for undertaking each project lies with the HPSTS General Manager who incorporates operational projects within the formally documented professional development plans of HPSTS staff on an annual basis. The planning matrix and the individual development plans do not currently include projected timelines; however, there is evidence that the completion status of the assigned tasks is reviewed on a regular basis.

Long Term Financial Planning

While, the Consortium does not currently have a formal long term financial planning process in which long term (five year) funding projections are compared to projected operational costs to identify potential funding shortfalls, the Consortium plans for areas of changing enrolment based on enrolment projections (both one year and/or multiple year projections) provided by the respective boards, by developing strategies to optimize vehicle deployment while recognizing the associated costs and implementing appropriate strategies to deal with them. In addition, it is recognized that the Consortium supports Member Board discussions regarding boundary changes and accommodation reviews by providing costing and student information for different scenarios. Although the Consortium reviews and plans for changing enrolment as noted above, the process is not formally documented in a Consortium policy which outlines the requirements of

the Consortium to undertake the analysis, or the obligations of the Member Boards to provide enrolment projections.

2.4.3 Opportunities for improvement

Costs of Member Board provided services

It is recommended that the Consortium revisit their provision of support services to ensure they are equitable and fairly captured as an administrative cost of providing student transportation. In particular, these expenses would include the IT services, human resources, banker board, and facility costs. By not allocating the full cost for these services to the transportation administrative budget, the true cost of providing transportation services is being understated, which means the Consortium is: a) at a disadvantage should one of the Boards stop providing services at a discount; and b) not in a position to adequately determine where efficiencies can be found.

Staff Performance Evaluation

The Consortium should revise its performance review policy to stipulate that an annual (at least) performance appraisal be conducted for all staff members. The review process should identify if the staff member has met expectations in areas such as job knowledge and understanding, productivity and health & safety. The performance appraisal should also serve as an opportunity to discuss the staff member's goals and objectives for the coming year and any resources required in order to meet those goals.

Staff Meetings

It is recommended that the Consortium conduct regularly scheduled, formal meetings with Consortium staff. Items discussed during staff meetings should be officially documented using minutes.

Strategic Long Term Planning

While it is acknowledged the Consortium has developed a planning matrix which identifies operational goals and objectives and associated projects or tasks on a multiple year basis, a full strategic plan has not been developed.

A strategic plan should outline the overall strategic direction of the Consortium and include the Consortium's mission, vision and strategic short and long term objectives and goals. The goals and objectives and the process used to develop them should be specific, clear, documented, and governance approved. In addition, a full strategic plan would assess the drivers of the business environment and how the organization is going to be successful in the context of this environment.

In addition, it is recommended that the planning matrix be expanded into an operational plan that incorporates (a) the allocation of projects to Consortium staff (that are currently reflected in the individual development plans), and (b) timelines to which each of the operational tasks and projects is projected to be completed.

There should be a clear and direct flow of tasks and projects from the strategic plan to the operational plan to the work assigned to individual staff members.

Long Term Financial Planning

It is recommended that the Consortium develop a formal long term financial plan that takes into account long term enrolment projections provided by the Member Boards, and their associated effect on the Consortium's funding compared to the Consortium's long-term cost projections. Long term financial planning will allow the Consortium to identify financial issues, such as gaps between funding and costs, before they arise, providing the Consortium an opportunity to address these issues ahead of time. The requirement to develop, update and maintain a long term financial forecast should also be set in policy.

Changing enrolment policy

Although the Consortium takes steps to account for changing enrolment and takes part in Member Board discussions on boundary changes and accommodation reviews, it is recommended that the Consortium develop a formal policy regarding changing enrolment which specifies the requirements of the Boards to provide regular long-term enrolment forecasts, as well as the responsibilities of the Consortium to input these projections into their long term financial and operational planning processes, and develop strategies to pro-actively mitigate the effect of changing enrolment on the Consortium's 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

The Consortium did not have any recommendations in this area in the original E&E Review completed in May 2009.

2.5.2 Incremental progress

Budget planning and monitoring

The annual budgeting process for HPSTS begins in February for the upcoming year beginning in September with the first step of the General Manager completing a route payment reconciliation. Once this is completed, the General Manager develops the operational and administrative budgets based on current year transactional listings and trends.

Upon finalization of the budget, the appropriate share for each Member Board is calculated based on ridership and distributed to each Board individually for input on their respective employee's benefits and payroll costs. Once the numbers are finalized, the respective budgets are presented to each Board's SBO for approval, and subsequently included in their individual budgeting process.

Children's Aid Society

The Consortium has an agreement in place with the Children's Aid Society (CAS) for an initiative known as the Children's Aid Accommodation Program (CAAP). The program provides support to children placed in Foster Homes outside of their current school attendance boundary by transporting them from their Foster Homes to their original schools as available through the existing transportation network. This allows the students to remain in the same school and maintain some level of stability for the student as their homes are changed around. This relationship allows CAS to improve service levels, provides an opportunity for the Member Boards to support educational outcomes for children and youth in care, and allows the Consortium to recover its costs.

Operator invoicing

The General Manager develops an invoicing spreadsheet using mileage and rate information from the *BusPlanner* software and the calculation of paid distance and rates specified in the operator contract. The information is verified by the operators as part of the Route payment reconciliation which takes place in February of each school year. Any route modifications are confirmed by the operator and HPSTS General Manager and an adjustment is made for the following month.

The fuel allowance for each operator is calculated as an average of fuel prices provided by two of the operators. The fuel reconciliation, as well as a summary of the invoice by contractor and region is then sent to each of the Member Boards for review. Once reviewed and finalized, the payment amounts go to Boards separately to be settled.

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:

Children's Aid Accommodation Program

The Consortium's arrangement with CAS for the Children's Aid Accommodation Program is an example of where a Consortium, by thinking innovatively, has been able to increase the level of service it provides to the community as a whole.

2.5.4 Opportunities for improvement

Budget oversight

It is recommended that the budgeting process be revised to ensure that the CSC is responsible for reviewing and approving the Consortium's overall annual budget. All information pertaining to the Consortium's costs, including transportation and administrative costs should be made available to all members of the CSC, as they cannot effectively govern and make appropriate governance decisions if the overall budget is not made available. Should the CSC wish to maintain the current practice whereby the SBO members of the CSC have the delegated review and approval responsibility for budgets and other items, the Consortium should consider the establishment of an administrative committee to formalize the practice.

Operator Payment Process

Since operators are not required to submit monthly invoices, the Consortium runs a risk of miscalculating the mileage, rate information, or fuel adjustment values resulting in the Consortium over/underpaying the operators. In order to mitigate this risk, an operator payment process that includes either (a) a requirement for operators to submit their own invoices, or (b) a requirements that operators confirm invoices developed by the Consortium prior to payment is recommended.

2.6 Results of Follow-up E&E Review

This Consortium has been assessed as **Moderate-High** in Consortium Management. The Consortium has addressed a number of recommendations from the original E&E

Review such as ensuring there is a separation between decision making authority and day to day operational governance, developed a succession plan, and signed purchase of service agreements with its Member Boards.

However, the Consortium has not kept up with industry/provincial best practices as they have evolved since the original E&E review. Areas of improvement include expanding the duties of the CSC to include review and approval of the overall Consortium budget on an annual basis and conducting a performance review for the Consortium manager, formalizing cross training policies, documenting regular staff meetings, and adding an operator checkpoint to the invoicing process. The Consortium is also encouraged to develop a strategic plan articulating the overall strategy for HPSTS and, to consider establishing itself as a separate legal entity. Lastly, the Consortium should ensure that it accounts for true costs of operations in order to position itself to find efficiencies.

3 Policies and Practices

3.1 Introduction

The policies and practices section of the E&E Review examined and evaluated 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 key staff members 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: Moderate-High

Policies & Practices – New E&E Rating: High

3.2 Transportation Policies & Practices

The development of clear, concise, and enforceable policies, practices, and procedures are essential elements of an effective and efficient transportation system. Well defined and enforced policies establish the level of services that are to be provided while practices and procedures determine *how* services will be delivered within the constraints of each policy. The harmonization of policies and 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

Review the current appeals process

The current appeal process allows for the Superintendent at each school Board to be the authority for final determination on issues related to service delivery. The rationale for this process is that each Superintendent will be best able to make determinations consistent with the philosophy of their Board. This approach could lead to inconsistencies in decision making between Boards. The Steering Committee should consider a revision to the appeal process that establishes a joint committee to evaluate appeal requests to ensure consistency in evaluating allowances for service that inconsistent with established policy guidance.

Revisit the current appeals policy

The Steering Committee should revisit the current policy differences that underlie Procedure A-3 to clarify and synchronize these requirements where possible. Specifically, the apparent AMDSB allowance for the addition of bus stops for students receiving alternate transportation should be clarified. In the event that differences in the policy remain, procedures should be in place to ensure that any additional costs associated with the allowance of alternative transportation attributable to the policy difference should be the sole and continuing responsibility of the designated Board.

3.2.2 Incremental progress

Appeal process

Interviews with the planning staff and the General Manager verify that the enhancements to the policy and process have been implemented and institutionalized. The route planners make every effort to satisfy concerns or complaints within the parameters of HPSTS policies and procedures at their level of authority. In the event that they are not able to resolve an issue, the appeal is forwarded to the GM for resolution. While the involvement of Member Board superintendents remains as a step in the appeal process, these situations are limited to those issues that only impact their respective Board. Global issues that are not resolved by either the planners or the General Manager are forwarded to HPSTS Steering Committee for a final resolution. Additionally, the Steering Committee is provided with correspondence regarding an appeal during the various stages of the escalation process (in the event that an issue has not been resolved) and may intercede at any point that an issue appears to have a global impact. The HPSTS General Manager also monitors the process to ensure that global issues are resolved either directly by the Consortium or ultimately by the Steering Committee. An example was provided where an issue was presented to the HPCDSB

Board for resolution. It was recognized that the issue had global implications and was forwarded to the Steering Committee for a decision. This process resulted in the reaffirmation of the policy and the denial of the appeal.

Appeal policy

A review of the established procedure (Procedure A-3) and interviews with staff indicated that no separate AMDSB allowance for adding additional stops remains or is considered. Interviews with staff indicated that the planning parameters have been fully harmonized and include:

- Stops may be added (both Boards) providing the stop is on the current route path;
- The route remains under the 60 min. maximum route time;
- Adding a stop does not increase the route by more than 8 km;
- No increase in the size of the vehicle (currently serving the route) will be considered;
- No additional stop locations will be added in urban areas;
- Service cannot be provided for social activities such as birthday parties;
- No service will be provided outside of a student's school attendance boundary; and
- No more than two designated stop locations will be considered.

The enhancement and harmonization of the appeal process and the planning parameters fully meets the intent of the original recommendation and the expectations of the E&E process.

3.3 Special Needs Transportation

Route planning for special needs students and students in specialized programs is challenging to provide without placing undue pressure on the entire system. Special needs transportation in particular must consider a student's individual physical and or emotional needs, time or distance constraints, mobility assistance including lifts and restraints, medical condition awareness and medication administration, and student management for students with behavioral issues. Given the complexity of providing both safe and effective special needs transportation, it is imperative that clear and concise

policies and documented practices are established and followed to ensure that the unique needs of the students are met without unduly impacting the entire routing network.

3.3.1 Original recommendation

Establish a formal mechanism to assess transportation mode decisions

HPSTS should enhance its existing assignment procedures by establishing a formal cost mechanism that details the rationale for transportation mode decisions. A formalized process will ensure that each case is considered in a consistent manner and that decisions are made in an equitable manner.

3.3.2 Incremental progress

Special needs planning and management

A procedure has been developed and implemented to guide the development of the transportation plans for students with special needs. The procedure defines the roles of the stakeholders including the statement that all stakeholders must be involved in the development of the plan. HPSTS is specifically tasked with providing guidance, oversight, and training. HPSTS has developed a systematic approach to determine the mode of special needs transportation that is both effective and efficient. As a student is identified as needing special needs transportation by the Board's evaluation teams, HPSTS uses a guideline or decision tree to determine the best transportation solution. The parameters that are considered include:

1. Whether a student's educational needs can be met at their designated school of attendance;
2. Can the student be accommodated on current routes?; and
3. Can transportation be provided by specialized vehicles currently providing service?

In the event that services cannot be provided within the current cost structure, the HPSTS General Manager presents a transportation plan that meets the student's individualized need. This includes the expected cost impact to the student's Member Board of attendance.

The enhancements to the special needs planning and management processes with a goal of providing effective and efficient services within the specific needs of the student

fully meet the intent of the original recommendation and the expectations of the E&E process.

3.4 Safety Policy

Clear and concise safety policies, practices, and procedures and training are essential to ensure safe student transportation. Given the Consortiums' responsibility for managing services over a large geographical area with multiple operators, it is paramount that safety related initiatives are well defined and documented to ensure system wide compliance. Equally important is an understanding of the responsibilities for safety that is shared by parents, students, bus drivers, and each community in the provision of safe transportation.

3.4.1 Original recommendations

The Consortium did not have any recommendations in this area in the original E&E Review completed in May 2009.

3.5 Results of the Follow-up E&E Review

Policies and Practices for the Huron-Perth Student Transportation Services Consortium have been assessed 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, procedures, and the appeal processes in conjunction with the unified approach for the planning and management of special needs transportation is evidence of this commitment. These enhancements serve to ensure that HPSTS 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 Review, and an assessment of best practices leading to a set of recommendations. These results are then used to develop an E&E assessment for each component, which is then summarized to determine an E&E assessment of Routing and Technical efficiency as shown below:

Routing & Technology – Original E&E Rating: Moderate-High

Routing & Technology – New E&E Rating: High

4.2 Software and Technology Setup and Use

Modern student transportation routing systems allow transportation managers to make more effective use of the resources at their disposal. These systems allow for improvements in the management and administration of large volumes of student and route data. However, the systems must be fully implemented with well-designed coding structures and effective mechanisms to extract and report data to all stakeholder groups. This section of the evaluation was designed to evaluate the baseline acquisition, setup, installation, and management of transportation related software.

4.2.1 Original recommendations

Formalize data recovery procedures and agreements

While the Consortium has taken the correct initial steps on recovery and backup procedures, this process should be formalized including documented responsibilities for each Consortium staff member. The current agreement with AMDSB for technology

support should be modified to include the use of an alternative space, an agreement on the number of staff that will be made available to the Consortium, and finally the timeline expected for both the establishment of the alternative work space and for the restoration of data and systems as required.

4.2.2 Incremental progress

Data recovery and procedures

A comprehensive data recovery process has been implemented and tested. The process includes multiple back-up and recovery methodologies. Data is backed-up to both onsite and offsite locations throughout the operational day. This ensures that current data is available to the HPSTS in the event of a loss of the current operations center. Virtualized workstations can be brought back online in approximately 15 minutes with a current data base being available in as little as 15 minutes to under two hours.

A mock “disaster” drill was conducted in November 2013. The recovery plan was tested based on a simulated loss of the General Manager’s workstation. From the time the “event” was reported and the recovery plan was activated, a work station was activated within 22 minutes giving the General Manager full access to the HPSTS databases and software. Future testing is planned that will include other members of the HPSTS staff and will include a combination of scheduled and “surprise” scenarios.

The development of comprehensive data back-up and recovery process to ensure the continuance of Consortium operations in the event of the loss of its current base of operation fully meets the intent of the original recommendation and the expectations of the E&E process.

4.2.3 Accomplishments

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

Disaster planning and testing

The testing and evaluation of its data back-up and recovery procedures helps to ensure that Consortium activities can be rapidly re-established in the event of a catastrophic event. These refinements and enhancements represent a best practice for other consortia to follow.

4.3 Digital Map and Student Database Management

This aspect of an E&E Review was designed to evaluate the processes and procedures in place to update and maintain the student data and map data that forms the foundation of any student transportation routing system.

4.3.1 Original recommendations

Review the Current Coding Structure

It is recognized that the use of BusPlanner and the establishment of the coding structure is an ongoing process within the Consortium. To obtain the greatest benefit from the use of the software, it is recommended that a hierarchical system based on codes and the use of the grouping functionality be expanded to facilitate the extraction of data and reporting.

4.3.2 Incremental progress

Coding structure enhancement

A reasonable coding system has been developed based on an Eligibility and Travel code hierarchical system. A review of the data indicates that the current coding structure is developed in a manner that facilitates the extraction of data for reporting purposes. Interviews with staff indicated that the coding structure is implemented consistently between the planners and for both Member Boards.

The enhancement to the coding structure fully meets the expectations of the original recommendations and the E&E process.

4.4 System reporting

Adequate reporting allows for the early identification of trends that may be detrimental to operations, improves the analytical capacity of the organization, and allows for internal and external stakeholders to be more adequately informed about operations. The purpose of this aspect of the review was to evaluate what reports are typically generated, who receives these reports, and what capabilities exist to develop ad hoc reports.

4.4.1 Original recommendations

Reporting and data analysis

While staff has reached a level of proficiency in using BusPlanner for the extraction of reports for the routine management of routes and runs, a greater use of the system for the extraction of data for reporting to the Member Boards is recommended. Currently, in answer to a Member Board's question on a change in program location or schools sites, the answer would primarily consist of a projection on the number of students and the cost of providing service. With additional training on route optimization, the Consortium can more readily present multiple examples on site (when they exist) and program locations that would indicate the most effective and efficient routing scenarios.

4.4.2 Incremental progress

Data analysis and reporting

Training has been provided to staff to support effective planning, and reporting and data analysis. Examples include:

- Introduction to BusPlanner Optimization;
- Special Education Planning; and
- Effective Data Analysis.

Interviews indicated that the planners use the capabilities of the system for both the ongoing management of the routes and runs, as well as during the annual planning process. Examples include zero load, no travel code, and eligibility queries. The optimization feature is used during the annual planning processes and has been used to help develop options as schools have been closed. Separate databases are created using current student address data. The separate databases allow for the examined include strategies such as “one bus-one road” and tiered options depending the geographic characteristics of the area and the ability to adjust bell times. Once an option is identified, the General Manager is responsible for completing the analysis ensuring that both service and cost parameters are met.

These enhancements to data analysis and reporting fully meet the expectations of the original recommendations and the E&E process.

4.5 Regular and special needs transportation planning and routing

Transportation route planning is the key activity undertaken by the Consortium. This portion of the review was designed to evaluate the strategies, tactics, and processes used to provide transportation to regular and special education students and the approaches used to minimize the cost and operational disruption associated with both types of transportation.

4.5.1 Analysis of system effectiveness²

Transportation is provided to approximately 12,000 students on a fleet of over 340 vehicles to 65 schools. The combined service area is approximately 5,900 square kilometres. This section evaluates the current level of service and effectiveness against the results noted in the original E&E report.

Student ride times

The analysis and understanding of student ride times provides a key indication of the overall level of service provided by any transportation organization. Currently, ride times average 22 minutes for all students for both the morning and afternoon time panels. Further analysis finds that approximately 99 percent of all riders have ride times less than one hour in length or well within the maximum ride time planning parameter of 75 minutes or less. These results compare very favorably against the results noted during the original E&E report which noted an average of 26 minutes for all riders. This provides an indication that service levels remain well within the policy guidelines and that a high level of service is being provided for the majority of students. These results are illustrated in the following figures:

² 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.

Figure 3: AM Ride Times

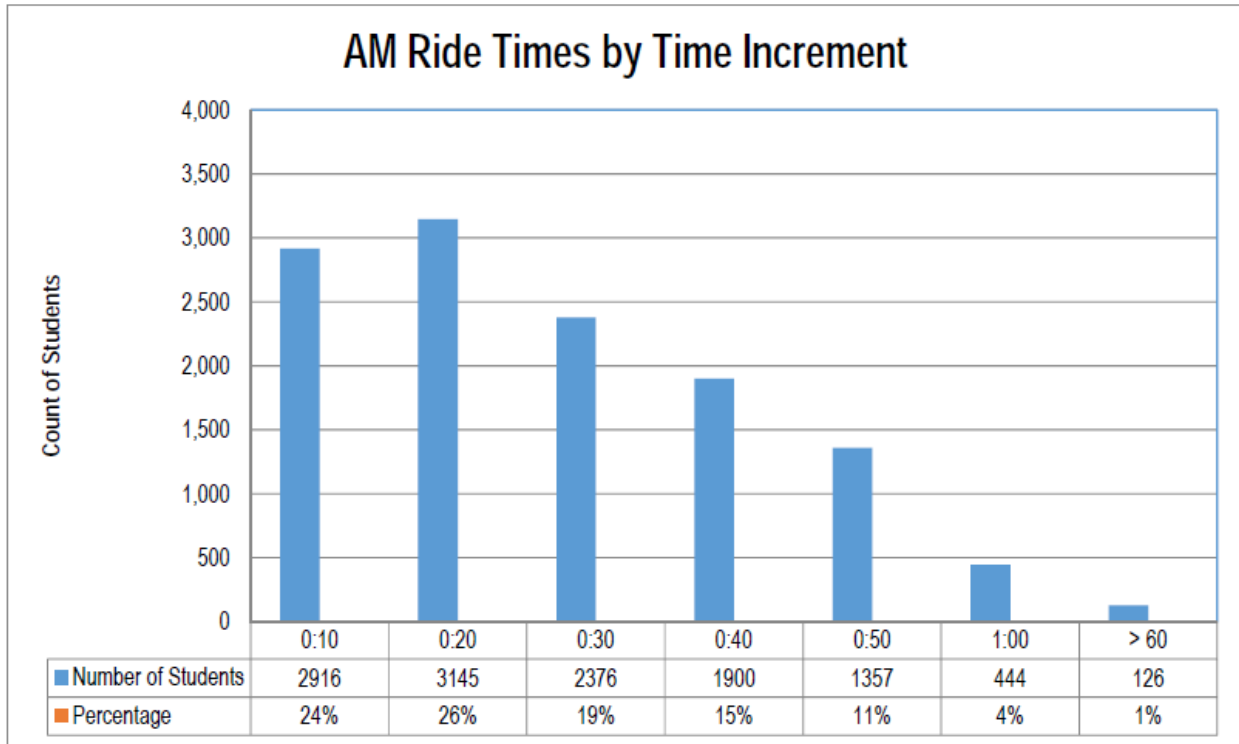
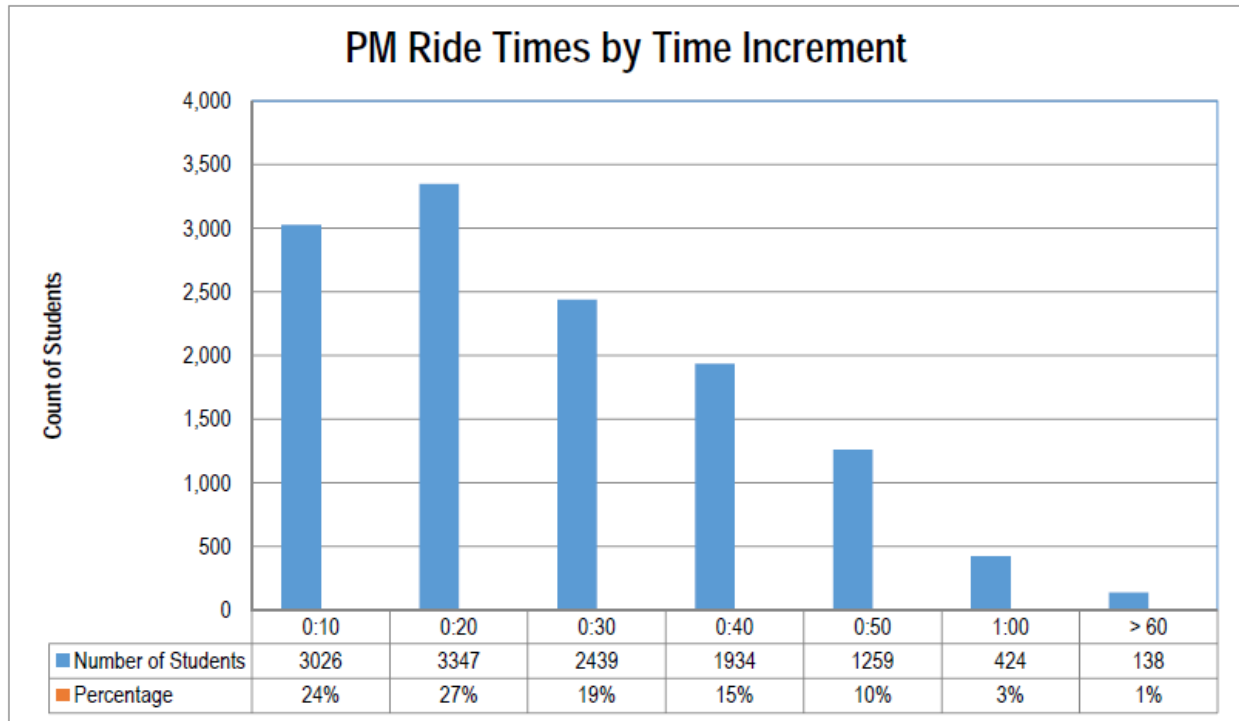


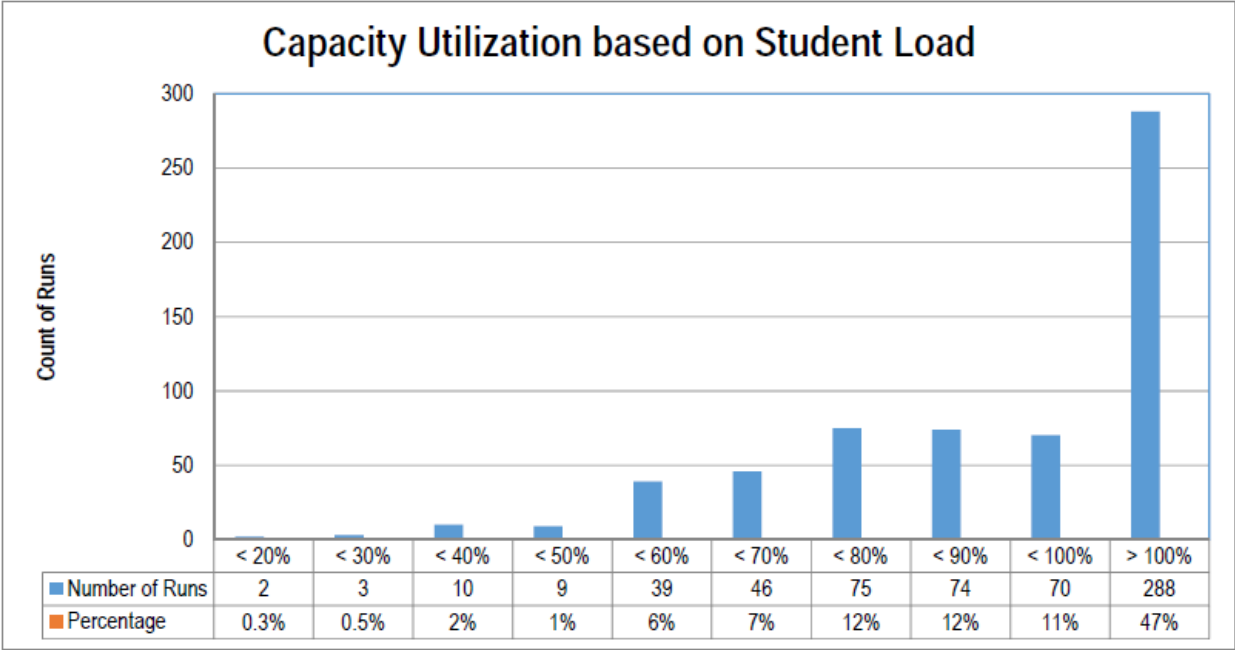
Figure 2: PM Ride Times



Capacity utilization

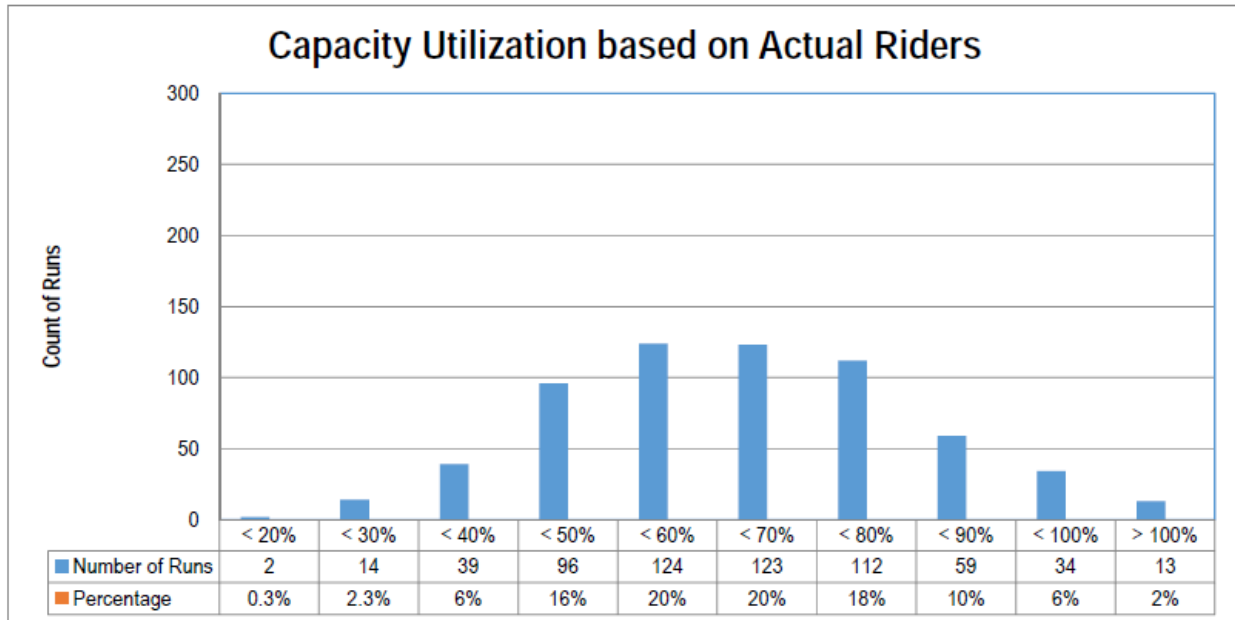
How effectively a system is able to use the available seating on individual bus runs is a prime indicator of the overall efficiency of a system. The analysis of current data for regular education buses with a legal capacity of 42 passengers or more finds that planned capacity utilization (calculated as total planned riders divided by total available seats based on the legal capacity of the bus) is approximately 98 percent across the service area. These results are illustrated in Figure 3:

Figure 3: Capacity Utilization based on Student Load



While a high planned capacity utilization rate provides an indication that while runs are *planned* for a high rate of utilization further analysis of utilization based on actual riders must be performed to understand the true efficiency of the system. Figure 4 helps to illustrate the number runs by capacity utilization increment based on actual riders:

Figure 4: Actual Capacity Utilization



Capacity utilization based on actual riders (regular education) is approximately 63 percent across the system based on the legal capacity of the bus compared to an expected range of 60 to 70 percent. This provides an indication that the Consortium continues to effectively use the available capacity of the fleet across the service area.

4.5.2 Original recommendation

Contractual Implications for Route Planning

Currently, contractual terms are not considered by Transportation Associates during the route planning process. While ultimately the Manager provides oversight when a new bus is required or during the annual review, it is recommended that Transportation Associates are provided with a greater understanding of how contractual terms may influence their planning decisions and impact costs.

4.5.3 Incremental progress

Contractual implications

Interviews with the planners indicated a full understanding of the contractual and cost implications based on the capacity of the bus assigned to a route or run. One example described the creation of a “hub and spoke” system where students were transported into the high school and transferred to smaller buses for final transportation to their

school of attendance. This resulted in a reduction in ride times and costs of approximately \$25,000 and also reduced the impact of having larger buses on the school site.

The inclusion of contractual implications in the planning process 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 HPSTS has been assessed as **High**. It is evident that HPSTS and its Member Boards were committed to meeting or exceeding the recommendations presented in the original E&E report. This commitment is best illustrated by comprehensive data back-up and recovery procedures that have not only been developed but have been tested and continue to be refined. The refinement to the coding structure and the consideration of contractual implications is further evidence of HPSTS' commitment to continual improvement and providing services that are both effective and efficient.

5 Contracts

5.1 Introduction

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

- Contract structure;
- Contract negotiations; and
- Contract management.

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

Contracts – Original E&E Rating: Moderate

Contracts – New E&E Rating: High

5.2 Contract Structure

An effective contract³ 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.

³ 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

Parent driver contracts

The current transportation agreement for parent drivers is signed between individual parents and the Consortium. The contract is an agreement where daily payment is stipulated and the name of the parents and the child transported are included. It is recommended that future transportation agreements include an increased amount of detail. The parent driver contract also needs to have a stipulation relating to insurance requirements, a valid driver's license and a mechanically sound vehicle for transporting a child to and from school.

Taxi Contracts

The Consortium does not have contracts with taxi operators. It is recommended that the Consortium execute contracts for taxi operators stipulating safety/legal requirements including clauses related to criminal record checks, licensing information, insurance, confidentiality, First Aid training, treatment of students with special needs, driver training and appropriate driver behavior. The contracts should also contain requirements of taxi operators including, vehicle specifications; and knowledge of appropriate Consortium policies such as pick-up instructions. Lastly, these specific contracts should include proper procedures outlining the methods by which taxis will be ordered and paid; and a dispute settlement mechanism.

Consolidation of documents

Due to the existence of the safety training and the fleet age requirements in the form of addenda to the Operators' contracts, we have recognized that these items are part of the Operators' contracts and have treated the separation of these clauses as a technicality. We would encourage the Consortium to consolidate these clauses into the body of the main contract to reduce the possibility that an agreement is missed and/or one of the documents gets separated or lost.

5.2.2 Incremental progress

Parent driver contracts

HPSTS currently contracts with five parents to provide transportation for their special needs students. Signed agreements stipulating payment terms, the length of service and the name of the student to be transported are in place. Since the original E&E Review, the contract has been expanded to include stipulations relating to insurance, car seats and other vehicle safety requirements.

Taxi contracts

The Consortium currently contracts with one taxi operator for the transportation of a special needs student. The Consortium does not have a formal contract with the operator due to the fact that the services are not required on a regular basis. The operator is currently not specifically trained to handle the requirements of children with special needs; however the Consortium anticipates that this will be addressed with the implementation of Accessibility for Ontarians with Disabilities Act policy.

Public transit contract

Approximately 250 students are transported to and from school using the City of Stratford public transit. The Consortium does not currently have a contract with public transit, and does not receive any discounts for the services it receives.

Contract Clauses

The clauses pertaining to safety training and vehicle fleet age requirements have been incorporated into the main body of the operator agreements, which no longer have addenda.

The standard operator contract provides an allowance for redundant equipment where operators are compensated the basic fixed rate for a period of time following notification that a route will be eliminated. The length of this time period varies throughout the year, but can extend up to six months. During the review it was noted that in practice, once a route is identified as redundant and the contractor notified, the Consortium typically continues to utilize the operator's services until the end of the redundant vehicle payment period.

The standard operator contract also includes a fuel escalator/de-escalator. The formula makes adjustments to the kilometric rate based on increases or decrease to the average price of a litre of diesel fuel as purchased by two of the Consortium's operators. The formula is vehicle specific, adjustments are made on a monthly basis, and there is no minimum increase/decrease threshold required before adjustments are made.

Student transfer locations

Majority of student transfers take place at school facilities, however it was noted during the review that there is a small percentage of routes where student transfers take place at bus operators' facilities.

5.2.3 Opportunities for improvement

Taxi Contracts

The Consortium needs to ensure that any taxi drivers transporting students receive the level of training, both for special needs and regular education that it requires. The requirements that should be considered and documented include student management techniques, special equipment use, emotional and medical awareness training, medicine administration, and taxi evacuation procedures.

Redundant Equipment

It is recommended that the Consortium review its contract clauses on operator compensation for redundant equipment in order to ensure fairness in compensation of operators while minimizing costs to the consortium for redundant equipment.

Student Transfers

It is recommended that, where possible, transfers take place at a Member Board school, and that when this is not an option that operators obtain the appropriate insurance coverage to protect against any potential liabilities that could arise from onsite (operator) student transfers.

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

Implement a competitive procurement process for bus Operators

Contracts for school bus transportation services are currently not competitively awarded. By not engaging in a competitive process, the Consortium will not know whether it is paying best rates for services provided. 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 at prices that ensure they earn an appropriate return on investment. 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 should continue to enforce limits placed on the amount of business any one Operator can hold to avoid a monopoly situation. 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.

As the Contracting Practices Resource Package has been released and pilot projects completed, the Consortium should start developing an implementation plan for competitive procurement. A plan should include a review of existing procurement policies, an analysis of the local supplier markets, strategies to help determine the RFP scope, processes, criteria and timeline to reasonably phase-in competitive procurement. The plan should also utilize the best practices and lessons learned that are available from the pilot Consortia and those that have already engaged in competitive procurement.

Cost benchmarking analysis

We understand and recognize the Consortium's intention to conduct transparent and neutral contract negotiations by undertaking an annual cost review of operator's financials. The Consortium should, however, consider the value of conducting a cost review exercise on an annual basis given that the amounts presented do not differ significantly from the cost benchmarking study conducted by the Ministry. Additionally, a competitive procurement process is a more effective method of identifying market price and a costing analysis should be in the realm of suppliers, not buyers.

5.3.2 Incremental progress

Competitive procurement

RFP #13-01, issued to procure transportation services for students with special needs, closed on March 22, 2013, and included the use of a fairness monitor. The Consortium intends to utilize lessons learned from the special needs procurement process during the procurement of regular yellow bus operators.

During the review the Consortium indicated that they have begun the process of developing an RFP for the procurement of bus operators for Non-Specialized

transportation routes and it is the Consortium's intention to be guided by the outcome of the litigation surrounding the competitive procurement process for bus operators from other Consortia in Ontario.

Contract extensions

The current contracts with the bus operators have been extended for a two year period ending in August 2015 with rates held constant.

5.3.3 Opportunities for improvement

Competitive Procurement for Non-Specialized routes

Recognizing that the Consortium has implemented a competitive procurement process for the procurement of special needs transportation services, it is recommended that the Consortium continue with the process of developing a competitive procurement process for Non-Specialized transportation routes. A competitive procurement process ensures that the Consortium obtains the best value for its money. In terms of implementation, the Consortium should be guided by the outcome of the litigation surrounding the competitive procurement process for bus operators from other Consortia in Ontario.

5.4 Contract Management

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

- Administrative contract compliance to ensure that operators meet the requirements set out in the contract;
- Operator facility and maintenance audits to ensure that operators keep their facilities and vehicles in line with the standards outlined in the contract;
- Service and safety monitoring to ensure that the on the road performance of drivers and operators reflects the expectations set out in the contract; and
- Performance monitoring to track the overall performance of operators over time.

5.4.1 Original recommendations

Develop a formal, random route monitoring program

The Consortium, through the Transportation Manager, performs periodic audits of Operators and drivers to ensure adequate provision of service levels to schools in terms of on-time service, route compliance and traffic regulation compliance by drivers. We encourage the Consortium to build on this audit plan to develop a formalized, random, route monitoring program. The program should include a standardized checklist that is completed by the auditor as well as specify the routes to be audited and timeframe for doing so. A formal review and follow up process should be established to follow up on audits conducted. Audits are a key component of contract management. They measure whether the Operators and drivers are complying with stated contract clauses and ultimately if they are providing safe and reliable service. The Consortium has recognized the need for a formalized process and the creation of such a monitoring process has been identified as a strategic priority in the Consortium strategic plan.

Establish a dispute resolution policy

The Consortium and the Operators currently do not have a standing agreement with regard to a dispute policy. In the event that a disagreement should arise between the Operators and the Consortium, there should be a formalized process that will determine the steps that must be taken in order to resolve the situation. A dispute resolution policy should be put into place to ensure disputes could be settled without a need for reduction in service levels and/or litigation. This process should be neutral and transparent.

5.4.2 Incremental progress

Operator safety and monitoring program

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. Some of the submission requirements include driver information, vehicle information and certificates of insurance. The Consortium also maintains a database of operator information and notifies the operators when renewal dates come up.

The Consortium has also developed an audit document that outlines a number of means through which operators can be monitored. These include GPS monitoring, scheduled or random route audits and site audits. Audits were completed in 2012-2013 for all seven Contracted Operators serving the Consortium and its Member School Boards. Audits for all five operators currently serving HPSTS will be completed by the end of May 2014.

Dispute resolution policy

The standard operator agreement used by the Consortium provides a reference that in the event of dispute between an operator and the Consortium that the Operator agrees to abide by the decision reached through the Consortium's dispute resolution policy process.

5.4.3 Opportunities for improvement

Operator safety and monitoring program

It is recommended that audits be conducted closer to the beginning of the school year so that adjustments can be made, if necessary, before the majority of the school year is completed. This will also help assure the Consortium that it is receiving the services it's paying for according to the required standards and specifications over the course of the school year.

5.5 Results of Follow-up E&E Review

The process by which the Consortium establishes, structures, and manages its contracts for transportation services has been assessed as **High**. Positive elements include the introduction of a competitive procurement process that included a fairness monitor to procure transportation services for students with special needs; and improvement of its operator contract to include a dispute resolution clause. Areas of improvement include the competitive procurement of Non-Specialized routes, the incorporation of training requirements in taxi contracts, and changes to operator audit timelines.

6 Funding Adjustment

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

The Ministry's funding formula is as follows:

Table 2: Funding Adjustment Formula

| Overall Rating | Effect on deficit Board ⁴ | Effect on surplus Board |
|----------------|---|--|
| 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:

Avon Maitland District School Board

| Item | Values |
|---|-------------|
| 2012-2013 Transportation Surplus (Deficit) | (\$146,788) |
| % of Surplus (Deficit) attributed to the Consortium | 100.00% |
| Revised amount to be assessed under the Consortium | (\$146,788) |

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

| Item | Values |
|---|---------------|
| E&E Rating | High |
| Funding Adjustment based on Ministry's Funding Adjustment Formula | 100% |
| 2013-2014 Total Funding adjustment | \$146,788 |

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

Huron-Perth Catholic District School Board

| Item | Values |
|---|---------------|
| 2012-2013 Transportation Surplus (Deficit) | (\$64,651) |
| % of Surplus (Deficit) attributed to the Consortium | 100.00% |
| Revised amount to be assessed under the Consortium | (\$64,651) |
| E&E Rating | High |
| Funding Adjustment based on Ministry's Funding Adjustment Formula | 100% |
| 2013-2014 Total Funding adjustment | \$64,651 |

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

7 Appendix 1: Glossary of Terms

| Terms | Definitions |
|----------------------------|---|
| Act | Education Act |
| AMDSB | Avon Maitland District School Board |
| Assessment Guide | The guide prepared by the E&E Review Team and the Ministry of Education which will be used as the basis for determining the overall effectiveness and efficiency of each Consortium |
| Common Practice | Refers to a set of planning parameters that have been reported by Ontario school boards as the most commonly adopted planning policies and practices. These are used as references in the assessment of the relative level of service and efficiency. |
| Consortium, the; or HPSTS | Huron Perth Student Transportation Services |
| 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 |
| HPCDSB | Huron-Perth Catholic District School Board |

| Terms | Definitions |
|--|---|
| HR | Human Resources |
| IT | Information Technology |
| 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 members in the Consortium; Huron-Perth Catholic District School Board and Avon Maitland District School Board. |
| 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 |

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

Avon Maitland District School Board

| Item | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 ⁵ |
|---|--------------|--------------|--------------|--------------|------------------------|
| Allocation ⁶ | \$10,375,974 | \$11,352,982 | \$11,404,471 | \$11,442,063 | \$11,158,945 |
| Expenditure ⁷ | \$11,322,880 | \$11,301,990 | \$11,546,801 | \$11,761,956 | \$11,305,733 |
| Transportation Surplus (Deficit) | (\$946,906) | \$50,992 | (\$142,330) | (\$319,893) | (\$146,788) |
| Total Expenditures paid to the Consortium | \$11,322,880 | \$11,301,990 | \$11,546,801 | \$11,761,956 | \$11,305,733 |
| As % of total Expenditures of Board | 100% | 100% | 100% | 100% | 100% |

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

Huron-Perth Catholic District School Board

| Item | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 ⁵ |
|---|-------------|-------------|-------------|-------------|------------------------|
| Allocation ⁶ | \$4,694,989 | \$4,972,442 | \$4,943,222 | \$5,009,552 | \$4,932,951 |
| Expenditure ⁷ | \$4,956,914 | \$4,906,499 | \$4,959,172 | \$5,130,652 | \$4,997,602 |
| Transportation Surplus (Deficit) | (\$261,925) | \$65,943 | (\$15,950) | (\$121,100) | (\$64,651) |
| Total Expenditures paid to the Consortium | \$4,956,914 | \$4,906,499 | \$4,959,172 | \$5,130,652 | \$4,997,602 |
| As % of total Expenditures of Board | 100% | 100% | 100% | 100% | 100% |

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

⁵ 2012-2013 allocations and expenditures based on Ministry data – Financials for 2012-2013

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

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

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