



Ministry of Education Effectiveness & Efficiency Follow-up Review

Durham Student Transportation Services

E&E Follow-up Review

August 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 Durham Student Transportation Services (hereafter “DSTS” 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 March 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 found that DSTS was a collaboration of the Durham Catholic District School Board (“DCDSB”) and the Durham District School Board (“DDSB”) resulting in the formation of an unincorporated entity operating under the guidance of both school boards by means of a governance committee. Formed by DCDSB and DDSB as an amalgamation of their two transportation departments,

DSTS had been operating as a Consortium since 2005. Its oversight board was a Governance Committee comprised of membership from the two respective school boards. DSTS had accomplished several of the key steps necessary in order to fulfil its mandate as a student transportation Consortium. Notable achievements included:

- The structure and composition of the Governance Committee that oversees the Consortium was appropriate to promote fairness and equal participation in decision making and ensure the rights of the stakeholders are considered equally;
- A robust billing and invoicing system was in place with well executed and appropriate internal controls to ensure the accuracy of the revenue/cost allocation between the two Boards. The Consortium agreement included a well

defined cost sharing agreement which supported the shared accountability and fiscal responsibility for transportation costs;

- A well documented organizational structure and clarity in reporting lines;
- There was excellent use of technology to improve the quality and timeliness of information available to users and stakeholders in the system. It was identified that this technology could be used to enhance the quality of service, and improve the effectiveness and efficiency of operations; and
- Standardized contracts for all operators were signed and were in place prior to the start of the 2007/2008 school year.

The original report also identified the following primary opportunities for improvements:

- Examine establishing a separate legal entity through incorporation;
- Ensure that proper financial system reporting is obtained from DCDSB to minimize the extent of manual intervention. The Consortium should persist in resolving this issue through their Purchase of Service Agreement.
- Work with the partner boards to develop a single policy document as a first step to begin moving the Consortium toward full harmonization of transportation policies;
- Review existing opportunities to make improvements to the overall effectiveness of the transportation system; and
- Use a competitive procurement process for procuring Operators.

At the time of the original review, DSTS was still in its infancy as a Consortium. It was however making positive strides toward establishing an effective and efficient Consortium through several initiatives including the migration of the DDSB and DCDSB legacy databases to an integrated third party solution.

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

E&E Follow-up Review summary

This follow-up review has found that the Consortium has undergone some significant changes since the original E&E Review including but not limited to:

- The Consortium has signed support service purchase agreements with its Member Boards;

- The Consortium has harmonized job descriptions for Consortium employees with each Member Board;
- The Consortium has developed a detailed strategic and operational planning document;
- The Consortium has harmonized its transportation policies into a DSTS policy, procedure, and guideline manual;
- The Consortium has assembled a comprehensive operations manual;
- The Consortium has developed a wide-ranging disaster recovery plan;
- The Consortium has established and utilized a hierarchal coding structure across the entire system;
- Revised its standard operator contract template; and
- Implementing random route audits for operators.

The Consortium has considered all of the recommendations made in the original E&E report and has taken steps to implement required changes. As a result, the E&E Review Team has identified several best practices that the Consortium has implemented in addition to the best practices outlined in the original report. The Consortium has demonstrated that it has been focused on improving all aspects of its operations, including Consortium Management, Policies and Practices, Routing and Technology, and Contract Management. It is evident that the Consortium has a strong foundation in place, and should continue to achieve successes moving forward.

Funding Adjustment

As a result of this review of current performance, the Consortium has been rated as **High**. Based on this evaluation, the Ministry will provide additional transportation funding to narrow the 2013-2014 transportation funding gap for the Durham Catholic District School Board (DCSDB) 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.

Durham Catholic District School Board	\$314,313
Durham District School Board	nil

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

1 Introduction

1.1 Background

1.1.1 Transportation Reform

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

1.1.2 Follow-up Review

The Ministry has established a multi-phase approach to review the performance of consortia (collectively the “E&E Reviews”) across the province. DSTS was reviewed originally in June 2008.

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 2008.

From 2006-07 to the end of 2012-13 school year, the Ministry has provided a total of \$39.5M in additional funding to the reviewed boards.

1.2 Scope of Deloitte Engagement

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

- Lead the planning and execution of E&E follow-up reviews for each of the transportation consortia to be reviewed in Phases five, six and seven (currently in phase seven);
- At the beginning of each review, convene and moderate E&E Review Team planning meetings to determine data required and availability prior to the review;

- Review Consortium arrangement, governance structures and contracting procedures;
- Incorporate the results of the routing and technology and policies and practices reviews completed by MPS into the final report; and
- Prepare report for each consortium that has been subject to an E&E Follow-up Review in Phases five, six and seven. The target audience for the report will be the Ministry, the Consortium, and its Member Boards. Once finalized, each report will be released to the Consortium and its Member Boards.

1.3 Methodology and team used to complete E&E Reviews

1.3.1 Team & Methodology

The composition of the team and the methodology used for this follow-up review is the same as in the initial 2008 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 2008 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 2008 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 2008 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 June 16, 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

Consortium Management – New E&E rating: High

2.2 Governance

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

2.2.1 Original recommendations

Governance Committee Role and Responsibilities

The Governance Committee's role related to oversight is clearly documented in the Consortium agreement; however, it is important to note that the role of the Governance Committee with respect to the development of policy direction, budget setting and financial reporting and controls is not clearly defined in the agreement. In terms of policy setting it should be made clear whether the Governance Committee has a role in policy harmonization or if the role of the Governance Committee is just to implement policies set independently by each school board. If the role of the Governance Committee is solely to implement the policies set independently by each board, there are likely significant efficiencies which can be gained by means of policy harmonization that should be guided through the Governance Committee of the Consortium.

Governance Committee Meetings

Decisions made by the Governance Committee should be officially documented and communicated to the administrative team and Consortium management after each meeting. This is generally accomplished through the documentation of minutes from the Governance Committee 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 Governance Committee chairperson and a record of the official minutes of the meeting continue to be retained by the CAO.

2.2.2 Incremental progress

Governance Committee Role and Responsibilities in setting policy

Schedule B of the Consortium Agreement specifies the roles and responsibilities of the Governance Committee, and includes:

- Reviewing and approving DSTS budgets;
- Interviewing and appointing the CAO;
- Reviewing reports (annual and regular KPI) prepared by the CAO;
- Providing input into the performance review of the CAO;
- Mediating and resolving any issues brought forward by the Administrative Committee; and

- Review and approve changes to the Consortium Agreement.

Following the original E&E review, a joint services committee was established that included the members of the Governance Committee, the Administrative Committee, as well as additional members from each respective Boards' Board of Trustees. The joint services committee was created to establish direction for one harmonized set of transportation policies for the two Member Boards. The agreed upon direction was then developed into policies by the Consortium, and approved by the Governance Committee and both Member Boards.

Governance Committee meeting minutes

The Governance Committee meets on a quarterly basis with additional meetings taking place as required. The meeting minutes of the previous meeting are approved at the start of each meeting, and signed by all four members of the Governance Committee, and a record of the official minutes is kept by the Consortium.

2.2.3 Accomplishments

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

Clarity in role of Governance Committee

The Consortium has clarified and documented the role of the Governance Committee in terms of budget setting and policy setting. In terms of budget setting, the Governance Committee is responsible for reviewing and approving a budget prepared by the CAO, and in terms of policy setting, the Governance Committee established a joint transportation committee to establish a harmonized set of transportation policies between the two Member Boards. The clarified roles ensure there is no ambiguity on the responsibilities of the Governance Committee.

2.3 Organizational structure

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

2.3.1 Original recommendations

Establishment of a Separate Legal Entity

The DDSB and DCDSB school boards have formed an unincorporated Consortium. While the risks associated with such a structure are different from those of a partnership or joint venture, an unincorporated consortium is less than an ideal structure for an organization charged with the provision of transportation services for students. In particular, an unincorporated organization does not exist as an entity under the law, separate from its school board owner; thereby all of the actions of the Consortium are considered actions of the school boards, subject to the several liability and indemnification clauses within the Consortium agreement. There are several risks of which the Consortium should be aware and take steps to actively manage and consider as further investigation of the establishment of a separate legal entity continues to take place:

- The risk that the actions of one Partner Board may be leaving the other Partner Board open to liability;*
- The risk that Partner Boards can be involved in litigation for issues involving students that are not part of their school board; and*
- The risk that financial liability, brought about through the consortium agreement, may exceed the existing insurable limits of the school boards. The consortium should, with the assistance of their insurance carrier, investigate their coverage related to, but not limited to, punitive damages, human rights complaints, and wrongful dismissal lawsuits. It is also recommended that the Consortium investigates, with its insurance carrier, the applicability of errors and omissions insurance.*

Based on these risks the 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 Partner 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 a member School Boards. Over the long term, changing political environments and potential disputes amongst the Partner Boards could cause the current structure to destabilize. The formalization of the Consortium as an incorporated entity would provide benefits from an organizational perspective in terms of corporate continuity, staff planning, liability, contracting and management.

2.3.2 Incremental progress

Separate legal entity status

The Consortium is currently not a separate legal entity. The Consortium is an arrangement between the two Member Boards which has been established to provide common administration for transportation services for the students within the Member Boards' respective jurisdictions. The Consortium agreement defines the relationship between the two Member Boards, and is clear that the relationship is not a legal partnership.

The issue of incorporating the Consortium as a separate legal entity is reviewed each year and discussed at a Governance Committee meeting on an annual basis. The review includes a report prepared by the Consortium on the pros and cons of establishing a separate legal entity from a variety of aspects including:

- Incorporation and legal liability;
- Insurance requirements;
- Staffing requirements;
- HST;
- Privacy;
- Support Services; and
- Technology.

As noted above the Consortium reviews and updates the previously developed report on an annual basis and the CAO noted during the review that the upcoming report would include an analysis on the pending Not for Profit Corporations Act.

Based on the report prepared by the Consortium, and the discussion during the Governance Committee meeting, the Governance Committee is of the opinion that the current arrangement best fits the needs of the two Member Boards, as the benefits of legal liability, and increased autonomy, do not yet outweigh the increased costs of insurance, developing new processes for areas such as Human Resources, and legal advice through the incorporation process. That being said, the Governance Committee has noted that they will continue to review the issue on an annual basis, and will be prepared to incorporate should their analysis indicate they should.

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. However, it is recognized that the Consortium completes a detailed analysis of the pros and cons of incorporation on an annual basis, and re-evaluates its decision to remain unincorporated at Governance Committee meetings each year. In a separate document, the Consortium has developed preliminary cost estimates for different aspects of incorporation based on actual costs from other Consortia. It is recommended that the Consortium include and revisit these estimated costs in the annual separate legal entity report, in order to ensure the Governance Committee has all the information available to support a decision.

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

Contracts for Support Services

There is no contract between either DDSB or DCDSB and the Consortium for services which either board provides to the Consortium. Therefore, services are obtained by the Consortium and paid without terms, conditions, and service levels normally associated with such an arrangement. It is recommended that all of the services which the Consortium procures are established via agreement or contract where the mutual interests of the Consortium and service provider, in this case each school board, are documented and agreed upon. For critical services such as IT support and accounting this need is paramount. For example, this concern is especially important in terms of the priority which DDSB would give to the Consortium in terms of fixing a significant system failure, or also the binding of the DDSB IT staff to confidentially agreements related to DCDSB student information which they can access through their roles in system and database support.

Insurance Requirements

As the Consortium continues to examine its move to establishing itself as a separate legal entity we encourage the Consortium to bear in mind its insurance requirements and review them on a periodic basis in consultation with its insurance provider. A change in entity status can have an impact on insurance requirements therefore active periodic monitoring is required.

Long and Short Term Planning

The management of the Consortium has developed several good planning documents which will no doubt work towards increasing the effectiveness of the Consortium. These documents could be considered elements of a comprehensive strategic plan reflecting the long and short term goals of the Consortium. It is not however apparent, based on the documentation reviewed and the minutes of the Consortium, whether these documents have been reviewed and approved by the Governance Committee. It is recommended that a formal process be put into place whereby the long and short term goals reflecting the strategic plans of the Consortium are developed and documented. The governance committee should be included within their oversight role and ultimately approve these planning documents. No doubt the efforts of the management of the Consortium have established some of the fundamental building blocks for this process. We encourage the Governance committee to provide input and ultimate approval for the execution of these plans.

Key Performance (Service) Indicators (“KPIs”)

DSTS management, with input and approval from the Governance Committee, should identify more extensive key service or performance indicators which would be beneficial to monitor to assess the performance of the organization and to monitor progress related to its short and long term strategic planning efforts. In addition to performance monitoring, KPIs can be used to inform management decision making and as a method to ensure that organizational goals and objectives are being met. Below is an illustrative list of KPIs which should be considered for formalized monitoring:

- *Eligible Unassigned Student Lists;*
- *Student Map Match Rates;*
- *Total Students Transported;*
- *Average Vehicle Statistics and other route statistics;*
- *Program Costs;*

- *Total vehicles in operation; and*
- *Student Ride Time.*

Formally monitoring a relevant portfolio of KPIs allows the Consortium to quantify its performance and track its progress over time. DSTS can use the results of the analysis to generate realistic business improvement plans or make policy recommendations to the member Boards based on current and relevant data obtained through the KPIs.

Municipal Transit Bus Passes for Secondary School Students

The Consortium, as directed by the Governance Committee and in conjunction with the school boards, are encouraged to take a comprehensive look at the costs involved in providing Municipal Transit passes to Secondary School Students. It is unclear from the working papers and documentation available whether this policy and its service and financial impacts have been carefully assessed through a study. It is understood and recognized that a simple comparison of the per student cost of school bus transportation (\$400 - \$800) per year versus a bus pass at \$410 per year results in a conclusion that \$410 for a municipal pass is cost efficient. However, this analysis does not take into consideration financial considerations around integrated routes and/ or other routing strategies that can produce increased cost efficiencies for transportation as a whole. It is further understood that school bus transportation may not be appropriate to all schools and that an analysis may show that municipal transit is the most efficient and effective method to provide transportation. The recommendation here is not to eliminate municipal transit but to encourage the Consortium to undertake a complete cost study, incorporating and considering the financial implications of effective routing strategies on the overall cost of all student transportation. A complete cost study would reconcile and establish this figure and properly refute or confirm that this policy provides the best service and value to its students. It is important for the School Boards to have complete and full information in order to make decisions.

Further, we encourage the Governance Committee and DCDSB to review its policy for the distribution of the Municipal Transit passes for Secondary School Students so that schools properly identify those who qualify for a transit pass.

2.4.2 Incremental progress

Support Service Agreements

The Consortium currently obtains all of its support services through the two Member Boards. DCDSB provides HR, payroll, financial, purchasing, and printing services for the Consortium, while DDSB provides IT, payroll, and HR services. As of September

2013, the Consortium has had signed agreements in place with each of the Member Boards that specify the services that will be provided, along with the required compensation and payment terms for the service. The agreements do not contain any performance requirement specifications.

The costs for the services are either an annual fee, or fee for service based on the type of service provided. The annual fees are calculated based on the most logical cost driver for the Member Board, whether it is the Consortium's share of DDSB's IT servers, or the estimated share of time DCDSB finance employees spend on items on behalf of the Consortium. The Consortium has benchmarked their service costs against third party services based on costs provided by other Consortia in the province, and are confident that their current arrangements provide greater value for money than can be provided through a third party. That being said, the Consortium has not undergone a pricing exercise using actual quotations from third party providers.

Insurance

The Consortium maintains its own insurance from OSBIE, registered under Durham Student Transportation Services. The Consortium reviews its insurance requirements on an annual basis, and discusses the results of the review with the Governance Committee.

Strategic Plan

The Consortium has developed a strategic planning statement that specifies the Consortium's requirements in terms of strategic planning, including how often the plan should be reviewed and updated, who is responsible for developing the plan, and what the plan is required to include.

Based on the strategic planning statement and a previously developed Consortium action plan, the Consortium has developed a five-year strategic plan that was approved by the Governance Committee in April 2014. The plan includes the Consortium's mission, vision, and value statements, priority strategic directional goals (customer service, fiscal responsibility, continuous improvement, and safety initiatives), short term and long term operational objectives and tasks, and general timelines to review the status of these objectives. The Consortium also has an associated operational plan which includes specific timelines for the completion of each of the individual objectives and tasks, as well as assigns responsibility for each objective and task to a specific individual or group of individuals.

Meeting minutes from a recent staff meetings confirmed that the Consortium communicated the contents of the strategic plan following the approval of the plan by the Governance Committee, and provided each staff member with a copy.

Key Performance Indicators

The Consortium tracks and reports on a whole suite of KPIs related to its performance. The list of KPI's monitored includes:

- Ridership (program, school, hazard, joint custody);
- Cost per student (regular, special education);
- Tiered and combination routes;
- Capacity utilization;
- Student ride times; and
- Bell time analysis.

These KPIs are reported to the Governance Committee on an annual basis, with the most recent results presented to the Governance Committee in April 2014.

In addition, the Consortium has developed a KPI statement which outlines the responsibilities of the Consortium to monitor and report on KPIs, as well as the Governance Committee's responsibilities to set performance standards for the Consortium. In addition the statement lists the KPIs that the Consortium intends to track. It should be noted that the KPIs included in the Governance report do not exactly align with the KPIs identified in the statement, during the review it was noted that the contents of the Governance Committee report has evolved to include the KPIs in which the Governance Committee is most interested.

Municipal Transit Bus Passes

Following the original E&E review, Durham Region Transit (DRT) communicated to the Consortium that the "school routes" currently carried out by DRT would be phased out, and that students would need to start taking non-school specific routes if they wanted to continue to use DRT. In addition, in January of 2013, DRT notified the Consortium, that as of July 2013, the current fare structure of DRT was changing and the "Restricted Student Pass" that was available to students and school boards for \$49.50 would be eliminated. The "Unrestricted Student Pass" fare as of July 2013 would be \$86.50. As a result the Consortium conducted an analysis to determine whether providing service using yellow buses would be preferred over using public transit. The analysis looked at who was responsible for the students at certain points of their travel to and from school, who had control of setting bus stops, differences in the design of school bus versus transit buses, the training provided to drivers, and the design of routes (DRT routes required transfers), as well as the overall costs. As a result of the analysis, a decision

was made that DRT would no longer be used, and these students would be transported using yellow buses.

Transportation Service Agreements

A transportation service agreement has been prepared and signed by the Administrative Committee. The agreement outlines the length of term of the agreement, the payment schedule, and the Consortium's mandate. In addition, the agreement defines the services that are required to be provided by the Consortium.

Staffing & Job Descriptions

Consortium job descriptions have been developed for all positions within the Consortium. The job descriptions include a summary, description of the position's major responsibilities, and its required qualifications. As employees are directly employed by either of the two Member Boards, the job descriptions have been developed for and approved by each of the individual Member Boards, but are consistent for Consortium employees.

Employee Performance Evaluations

The Consortium has developed a Human Resources – Performance Management statement which outlines the process used for employee performance evaluations and development plans. The process stipulates that an employee prepares a development plan and reviews it with his/her supervisor on an annual basis, with a performance evaluation completed every three years. As Member Board employees, the process is consistent with the performance evaluation process used by each of the Member Boards.

Financial Forecasting

The Consortium has developed a long-term (five-year) financial forecast that estimates the Consortium's costs, in terms of transportation costs and administrative costs, over a five year period. The Consortium compares these forecasts against ridership projections over the same period of time. It is noted that the Consortium does not have a policy that outlines its financial forecasting requirements.

Procurement Policy

The Consortium has developed an internal procurement statement to outline the process used for all goods and services purchased by the Consortium. The statement includes purchasing thresholds for approvals from different parties within the organization, as well as the purchasing thresholds for when a good or service can be sole-sourced, or require a competitive procurement process.

2.4.3 Accomplishments

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

Strategic and Operational Planning

The Consortium's strategic plan outlines the strategic initiatives of the Consortium, while the operational plan incorporates the initiatives of the strategic plan into specific tasks, with defined responsibilities and timelines. The Consortium's planning process allows it to remain focused on goal-oriented initiatives aimed at improving service levels and operational procedures, while also contributing to a culture of continuous self-assessment and improvement by outlining how individual staff contributions relate to the overall objectives of the Consortium.

Public Transit Study

The Consortium's study to determine whether providing service using yellow buses would be preferred over using public transit was comprehensive in scope and looked at both the quantitative and qualitative pros and cons of each option. As a result, the Governance Committee was able to make a fully informed decision as to what option should be pursued moving forward.

2.4.4 Opportunities for improvement

Key Performance Indicators Reporting

It is recognized that the Consortium reports a full suite of KPIs to its Governance Committee on a regular basis and has a KPI statement in place which outlines the responsibilities of the Consortium to monitor and report on KPIs. However, as noted above, the KPIs included in the Governance report do not exactly align with the KPIs identified in the statement. As the Governance Committee report has evolved to include the KPIs in which the Governance Committee is most interested, it is recommended that the KPI statement be updated to match. A policy statement that is consistent with Consortium practices ensures that the Consortium's requirements are clear to all parties, and ensures continuity in the event of Governance Committee, and Consortium staff turnover.

Employee Performance Evaluations

It is recommended that the Consortium update its employee performance review policy to require that employee performance appraisals take place, at minimum, on an annual basis. It is recognized that the current process of conducting appraisals every three

years is consistent with the Member Boards and their respective policies, however, conducting performance reviews on a more frequent basis ensures employees receive formal feedback on their performance so that they can be recognized for their contributions and make improvements in areas when necessary.

Formalize financial forecasting

Although it is recognized that the Consortium has developed a long term financial forecast, it is recommended that moving forward the Consortium develop a formal policy or statement that outlines the Consortium's financial forecasting requirements, along with what information is required from the Member Boards, such as enrolment projections, in order for the Consortium to sufficiently develop a long-term financial forecast.

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

Financial System Reporting and Features

The financial system reporting that is available to the Consortium is not appropriate for the Consortium to be able to efficiently execute its obligations and support decision making. The current financial reports are not consolidated and require considerable manual intervention and replication within a spreadsheet in order to derive meaningful analysis to conduct business and support decision making. The situation is compounded by a one month timing lag in the financial results. While consolidation of the 5 cost centres which contain the general ledgers of the Consortium is not appropriate given the budgeting procedures and requirements at the school board level, this does not preclude the implementation of report writing software that would properly satisfy the financial reporting requirements of the Consortium. The Consortium should be provided with access to period reports (at minimum monthly) which are up to date

(using accrual accounting to reflect proper period cut off) reflecting the current income statement of the entire operations in a single consolidated report with corresponding budget line items and prior period comparators. Reporting options should be in place to eliminate the need for manual computation of the total transportation cost for a given period. It is understood that these concerns were raised by the Consortium through formal and informal communication to DCDSB however steps have not been taken to resolve these concerns to a satisfactory level. The Consortium should persist in resolving this issue through their Purchase of Service Agreement. Should DCDSB not have the capacity to do so, the Consortium may need to explore alternative options to meet their needs in order to reduce the administrative burden of the current process.

Budgeting Process

Although a budgeting process is in place for DSTS, it does not provide a precise timeline for drafting and approval. It is recommended that a timeline be documented and board approved providing a rough timeframe for management to abide by. Flexibility can be built into the timeline to accommodate any unforeseen circumstances. As the financial reports provided to the management of the Consortium improve no doubt will there will be meaningful improvements on the analysis and support which the management of the Consortium is able to provide to the Administrative Team and in turn the Governance Committee.

2.5.2 Incremental progress

Financial Reporting

Following the original E&E review, the Consortium worked with the DCDSB to ensure that the DCDSB accounting system included the line items required by the Consortium to effectively monitor its own finances. In addition, the Consortium now has the ability to pull its own financial information from the DCDSB's system.

Budget Process

The Consortium's administration statement includes a procedure for the development and submission of the Consortium budget. The CAO is responsible for developing the budget and presenting it to the Governance Committee in April of each year. The budget is based on a bottom up approach with the past year's actuals used as a starting point, and adjustments made based on new rates, changes to the administration of the Consortium, and any project initiatives that are being undertaken. The SBOs then present the approved Consortium budget to their respective Boards and receive approval in June.

The statement also outlines that the CAO is required to present revised budget estimates to the Governance Committee in November based on reconciled cost sharing distribution on October 31st ridership numbers.

In addition, the Consortium compares the budget to actuals on a monthly basis, and reconciles any variances. The results of this analysis are presented to the Governance Committee at the quarterly meetings, and any material variances are highlighted.

2.6 Results of E&E Review

Consortium Management for DSTS has been assessed as **High**. Since the original E&E Review, the Consortium has clarified the responsibilities of the Governance Committee in terms of budget and policy setting, signed service purchasing agreements with its service providing Member Boards, harmonized job descriptions between the two Member Boards, and developed a detailed strategic and operational plan. In addition, the Consortium formalized the budgeting process timeline, developed a procurement policy statement, and simplified its financial reporting requirements. That being said, opportunities for improvement still exist, such as formalizing the Consortium's financial forecasting practices, and harmonizing its KPI policy to its practices.

3 Policies and Practices

3.1 Introduction

Policies and practices section of the E&E Review examines and evaluates the established policies, operational procedures, and documented daily practices that in combination establish the standards for student transportation services. The analysis for this area focused on the following three key areas:

- General Transportation Policies & Practices;
- Special Needs Policy Development; and
- Safety and Training Programs.

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

Policies & Practices – Original E&E Rating: Moderate

Policies & Practices – New E&E Rating: High

3.2 Transportation Policies & Practices

The development of clear policies and enforceable practices are vital components of an effective and efficient transportation operation. Policies establish the parameters that define the level of service that ultimately will be provided by the Consortium. Equally important are well defined and documented procedures, operational practices, protocols, and the actual application by staff that determine how services are delivered. Policy harmonization between the Partner Boards and the equal application of practices help to ensure that service is delivered safely and equitably to the Partner Boards. This section will evaluate the established policies and practices and their impact on the effective and efficient operation of the Consortium.

3.2.1 Original recommendations

Revise Policy Documentation

While many policies are already harmonized, the Consortium should consider working with the partner boards to develop a single policy document. Existing policies written by each board vary in level of detail and use of administrative procedures, but also share many common characteristics. Combining the existing policy documents into a single statement, while still maintaining the integrity of the current policies for each Board, would constitute a positive step toward full harmonization. With the combined policy statement as a starting point, the Consortium should begin discussions with the member boards to establish uniform service parameters over a mutually agreeable timeline.

Document Standard Operating Practices

The consortium should consider developing a comprehensive operation manual. This manual should incorporate the existing documentation, and should develop new documentation for those procedures, processes, and practices that have been established by management. The format and approach should be consistent throughout the document, and new procedures and practices should be added as they are developed in future years.

3.2.2 Incremental progress

Policy review and harmonization

With the exception of the walk distance parameters for the secondary students, the guiding policies and procedures have been harmonized and assembled into a DSTS policy, procedure, and guideline manual. The role of the Consortium as the provider of transportation services is reinforced by each of the Member Board's websites, which provide direct links to the Consortium's website. The DSTS website provides ready access to the policies and guidelines that determine student eligibility, as well as the required level of service.

The exception to full harmonization is the walk distance parameters for secondary students. Currently, the walk distance for DCDSB students is 3.2 km while the distance for DDSB students is 4.0 km. The decision to maintain a 4.0 km walk distance for DDSB was based on a comprehensive analysis of costs necessitated by the transition to yellow bus transportation after multiple fare increases by the regional transit system. The analyses and modeling determined that a reduction in walk distance would result in approximately 2,060 additional DDSB students being eligible for transportation which would have resulted in a funding deficit.

The Governance Committee and the DDSB Board supported DCDSB maintaining the current 3.2 km walk distance, as it was agreed that DDSB's inability to decrease its walk distance from 4.0 km to 3.2 km due to the costs required to transport the additional 2,060 students should not have a negative impact on DCDSB's ability to maintain the prior level of service.

Standard operating procedures

DSTS and its Member Boards have assembled a comprehensive Operations Manual that serves as the sole point of reference for the planning and management of transportation services. The operating procedures and guidelines are fully indexed, supporting ready access by both DSTS staff and other stakeholders as questions or concern arise. The websites of each of the Member Boards' provide direct links to DSTS which serves to reinforce the role of the Consortium as the point of contact and reference for transportation services.

Interviews with the Route Coordinators and Managers indicate that the Operations Manual has become an integral component for the planning and management of transportation services. The Manual was developed with input from all DSTS staff, and staff continue to participate in modifications of procedures as changes or enhancements are required. The Manual has been especially beneficial to new or temporary staff, as it provides them with access to the policies, procedures, and guidelines that determine the level of transportation service and how those services are to be delivered.

The enhancements and harmonization of the guiding policies, procedures, and guidelines in conjunction with the creation of the Operations Manual fully meet the intent of the original recommendations and the expectations of the E&E process.

3.2.3 Accomplishments

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

Board collaboration

A high level of collaboration and respect between the Member Boards is a hallmark of a highly effective and efficient consortium. DSTS and its Member Boards fully demonstrated this trait as they collaboratively sought the best solution in providing secondary transportation for the students that they collectively serve.

3.3 Special Needs Transportation

For a transportation operation to be fully effective, the needs of all students, including students with special needs and those attending special programs, must be considered. Special education transportation must consider the mobility of the student, behavioural issues, special equipment operation and attachments, medical conditions, administration of medication, and the time and distance tolerance of the student. Specialized transportation, while less complex in the specific requirements for each student, is faced with similar pressures as transportation is often required from remote areas to centralized or distant programs. While both of these programs create service and cost demands on the system, opportunities do exist for the inclusion of these students on regular education routes to utilize the entire fleet to the highest degree possible.

3.3.1 Original recommendations

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

3.3.2 Incremental progress

Special needs planning

Special needs planning and management has been enhanced since the original E&E Review and continues to meet the needs of students, as well as the requirements of the Accessibility for Ontarians with Disabilities Act (AODA). Travel Plans are developed in conjunction with the Member Boards' Special Education Departments with solutions that may include the integration of special needs students on regular buses.

Forms that detail the specific equipment or medical needs of a student are digitized and attached to the student's record to ensure that DSTS staff, the operators, and the drivers understand the unique needs of each student. The data provided to the operators can be filtered to ensure the privacy of the students and parents.

3.4 Safety Policy

The safe transportation of students is the overriding goal in any school transportation system. With the complexity of a Consortium model serving multiple boards and utilizing a variety of operators developing clear and concise safety policies, practices, and regular training programs serve to promote a culture of safety within the education, and local communities.

3.4.1 Original recommendations

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

3.4.2 Incremental progress

Safety and training

DSTS continues to administer a variety of safety and training programs including:

- The Rider Role Model Program;
- School bus evacuation training;
- Young rider program; and
- Buster the bus.

In addition, the DSTS website provides links to additional safety related information including:

- Student Safety Guide;
- Parent Guide;
- Community Safety Information; and
- Bus Safety Video.

To help ensure that DSTS has the ability to coordinate and administer safety and training initiatives and programs, the oversight of the area has been assigned to a route coordinator whose area is primarily static, enabling a focus on the Consortium's safety initiatives. To further enhance the Consortium's ability to stay abreast of current safety initiatives, the Safety/Route Coordinator participates in regular safety discussions with other Consortia in the region. The Safety/Route Coordinator is also responsible for providing training and support to other DSTS and Member Board staff as necessary.

3.5 Results of the Follow-up E&E Review

Policies and Practices for the Durham Student Transportation Services Consortium has been assessed as a **High**. It is evident that DSTS and its Member Boards were determined to meet or exceed the original recommendations. The harmonization and documentation of policies and procedures, and the enhancements to the area of safety

and training will serve to ensure that DSTS is able to continue to provide a high level of safe, effective, and efficient transportation to the students and its Member Boards that it serves. The exhibited high level of cooperation between the Member Boards provides an excellent example for other consortia to follow.

4 Routing and Technology

4.1 Introduction

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

- Software and Technology Setup and Use;
- Digital Map and Student Database Management;
- System Reporting; and
- Regular and Special Needs Transportation Planning and Routing.

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

Routing & Technology – Original E&E Rating: Moderate

Routing & Technology – New E&E Rating: High

4.2 Software and Technology Setup and Use

Large and complex transportation operations can benefit greatly from the use of modern student transportation routing and integrated communication systems. These systems are capable of storing and tracking large volumes of student and route data to support effective planning resulting in the most effective use of the available resources. Web based communication tools provide stakeholders with real-time access to current information regarding student's transportation services. While the benefit of these systems is without question, thoughtful implementation is imperative to derive the greatest operational and analytical value from any routing and student data system. 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

Disaster Recovery

The consortium should consider developing and documenting new processes and procedures to define how the Consortium would recover operations in the event of a major disaster and loss of its current office location. These processes would complement those currently in place for data recovery of the consortium's information systems.

Ineligible Student Transportation

The consortium should evaluate its existing operating practices to determine the rationale for the proportion of otherwise ineligible students being provided transportation services. Changes to existing policies may be warranted to ensure that the service expectations sufficiently match the actual services provided. In addition, it may also be necessary to reevaluate the criteria used to determine when an otherwise ineligible student is provided service.

System Coding

The consortium should consider modifications to the student coding structure by following the following steps:

- Establish a rigid hierarchy between the PG1 and PG2 codes to facilitate ease of reporting and analysis; limit these codes in such a way that the first code describes a broad category related to transportation service, and the second code serves to refine the coding within each of these broad categories;*
- Establish separate coding using existing and available fields in MapNet to clearly identify courtesy riders, if applicable, and those being transported due to hazardous walking conditions; and*
- Transfer the key information currently stored in free-form text fields into fields established for the purpose within MapNet. In particular, this applies to specialized coding related to equipment and handling of special needs students.*

4.2.2 Incremental progress

Disaster recovery planning

To ensure the continuity of DSTS operations in the event of a catastrophe or the loss of the current operational center, a comprehensive disaster recovery plan has been developed and documented. The stated objectives of the plan include:

- The ability to quickly and effectively recover from an unforeseen disaster or emergency;
- The assurance that all employees understand their role and duties;
- That documented policies are followed;
- That the proposed contingency plans are cost effective; and
- That disaster recovery capabilities are applicable to the key stakeholders of transportation services, including the schools and the operators.

Key elements of the plan include:

- Recovery plans are to be fully tested; and
- Key scenarios have been developed based on the severity incidents, including response requirements.

The Consortium's backup strategies are well documented and include the full daily backup of key business processes, which are fully mirrored at the DDSB Administrative Office. Interviews with the Technical Coordinator indicate that several opportunities have occurred that have allowed for the testing of the backup procedures, which have resulted in very little, to no, disruption of services. These examples included the loss of heat in the current facility, requiring relocation and the loss of the application server.

Ineligible student transportation review

Interviews with staff indicate that with the harmonization and refinement of policies, along with the transition to *BusPlanner*, only a small number of students receive transportation based on special circumstance. Interviews indicate that the approval process for transportation of ineligible students is stringent and is granted based on the following rationale:

- Documentation must be provided;
- Approval is limited to three months; and
- Approval is on a case by case basis.

One example of this type of transportation that was provided during the review was the granting of transportation for students whose families are temporarily considered homeless. The analysis of the data provided finds that 59 or 0.2% of the students receive transportation under these requirements. Additional information provided by

DSTS explains that of the 59 students, 44 of the students will become fully eligible for transportation beginning in the 2014-2015 school year due to boundary changes for secondary students.

System coding

A hierarchical coding system has been established and is consistently utilized across the system. Interviews with staff indicate that they are well versed in the use of the coding structure for planning and analysis. Master codes determine a student's basic eligibility which is then further defined by supplementary codes that provide a greater level of detail. For example, a special needs student would be assigned a master code of SE, which may be supported by a supplementary code of WC, which identifies the need for a wheelchair. The identification of additional special equipment is accomplished by the use of the Extended Properties tab within the BusPlanner software. Special equipment can be selected from a pre-defined number of choices that corresponds to the same selection available to school staff.

The enhancements to the disaster recovery and ineligible student processes and procedures, along with the refinements to the coding structure fully meet the intent of the recommendations and of the E&E process.

4.3 Digital Map and Student Database Management

This aspect of the 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

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

4.3.2 Incremental progress

Map management

While there were no recommendations for this area during the original E&E review, it is apparent that DSTS remains determined to meet or exceed expectations in this area. The accuracy of the map continues to be at a high level due to continual improvements in the process including:

- Monthly updates and spatial data sharing from local planning departments; and

- Enhanced training and GIS certification for the Technology Coordinator.

These enhancements enable DSTS to provide a higher level of support to the Boards including:

- Population studies to understand the impact of boundary and program changes;
- The exchange of walk path information for the placement of crossing guards, and
- The assessment of hazard areas and stop placement.

4.4 System Reporting

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

4.4.1 Original Recommendations

Reporting and Performance Measurement

The consortium could garner significant benefits from the implementation of a structured performance measurement program. Specifically, we recommend that DSTS consider designing and implementing a program to calculate, report, and track over time several key indicators of performance. These include:

- *Count of Daily Routes per Bus – Capacity utilization (discussed next) measures how well each individual bus route is being loaded. Daily routes per bus measure how effectively each bus is being utilized over a period of time. The combination of these two measures captures the two key elements in establishing an efficient system – filling the bus, and reusing the bus. As with all measures, it should be calculated on a regular periodicity and tracked over time to reveal trends in performance. As with capacity utilization, it should be calculated for key subsets such as large and small buses, and for each operator.*
- *Capacity Utilization – Along with daily routes per bus this is a key measure that defines how effectively DSTS is utilizing its transportation vehicles. It should be regularly calculated for key subsets of the system (primary and secondary schools, regular and special needs buses, etc.). Tracking this measure over time*

will serve the dual purpose of enlightening management as to the effect of routing decisions, and illuminating the causes behind changes in per student costs (discussed below).

- *Average Ride Time – Filling and reusing the bus has a negative impact on service. As a rule, striving for higher levels of capacity utilization, for example, requires that each bus route be longer. Measuring ride times serves to illuminate these tradeoffs and provides further explanation for the causes behind trends in overall performance.*
- *Cost per Student – The end result of changes to the route structure should be its impact on overall cost. Higher capacity utilization and more daily routes per bus should, all else being equal, increase average ride times but lower the cost per student. Thus, a unit based measure of cost is a critical addition to the package of measures that should be routinely calculated and tracked over time.*
- *Daily Cost per Bus – This final measure compliments the understanding of cost impacts by establishing a second unit of measure, one that may move in opposition to cost per student and that lends additional clarity to the overall understanding of system performance.*

Many of these measures of performance are discussed in context in the Transportation Planning and Routing section below.

4.4.2 Incremental progress

Interviews with the Route Coordinators and Consortium Management indicate an understanding of the importance of regular analysis of performance in the day-to-day management of the system, as well as on a periodic and annual basis. Performance analysis and reporting practices have been enhanced by the use of *BusPlanner* planning software and its reporting abilities. Using the capabilities of the software, DSTS has developed a variety of ways to measure and/or benchmark service levels including:

- Year-to-year changes in the number of riders;
- Ridership by program or school;
- Run and student ride times;
- Capacity utilization;
- Cost per bus and student;

- On-time reports and delays;
- Accidents and incidents; and
- Customer surveys.

The results of these analyses are presented to the Governance Committee for review and comment on an annual basis but calculated on a weekly to monthly basis. The regular calculation of service or cost KPIs allows for the early identification of cost or service trends, which in turn, enables the Consortium to take corrective action before any major disruption in the level of service or an unexpected cost increases occur. To further enhance its capabilities, DSTS is in the process of implementing *BusPlanner's Dashboard* function which will assist the Route Coordinators in the monitoring of important KPIs as a component of their daily route and run management processes.

The enhancements to the reporting and performance management processes fully meet the intent of the recommendation and the E&E process.

4.5 Regular and special needs transportation planning and routing

Service is provided to approximately 27,500 students utilizing a fleet of over 665 vehicles. Route planning and management is the responsibility of six Route Coordinators with five of the six responsible for specific geographic areas of the service area with one of the Coordinators responsible for special needs planning within the region. Additionally one of the Coordinators is also responsible oversight of the safety and training initiatives for the DSTS.

This section evaluates the current level of service and effectiveness against the results noted in the original E&E.

4.5.1 Analysis of system effectiveness²

Transportation route planning is the key activity undertaken by DSTS. Special education in particular presents unique challenges that often require operational strategies well outside the normal practices of any organization. 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.

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.

4.5.2 Original Recommendations

System Effectiveness

An opportunity exists to make significant improvements to the overall effectiveness of the transportation system. Such improvements will require adjustments in the setting of school bell times, and the potential lengthening of some student ride times. This would be offset by potentially significant reductions in the overall number of buses required to operate the system, and hence in overall cost. The base assumption behind this recommendation is that the consortium can increase average capacity utilization by lengthening individual bus routes, and increase the average number of bus routes completed by each vehicle over the course of the day by clustering school start times around two distinct time tiers. The consortium should undertake an analysis to evaluate the feasibility of these changes and the likely results before undertaking the reengineering effort that would be required.

4.5.3 Incremental progress

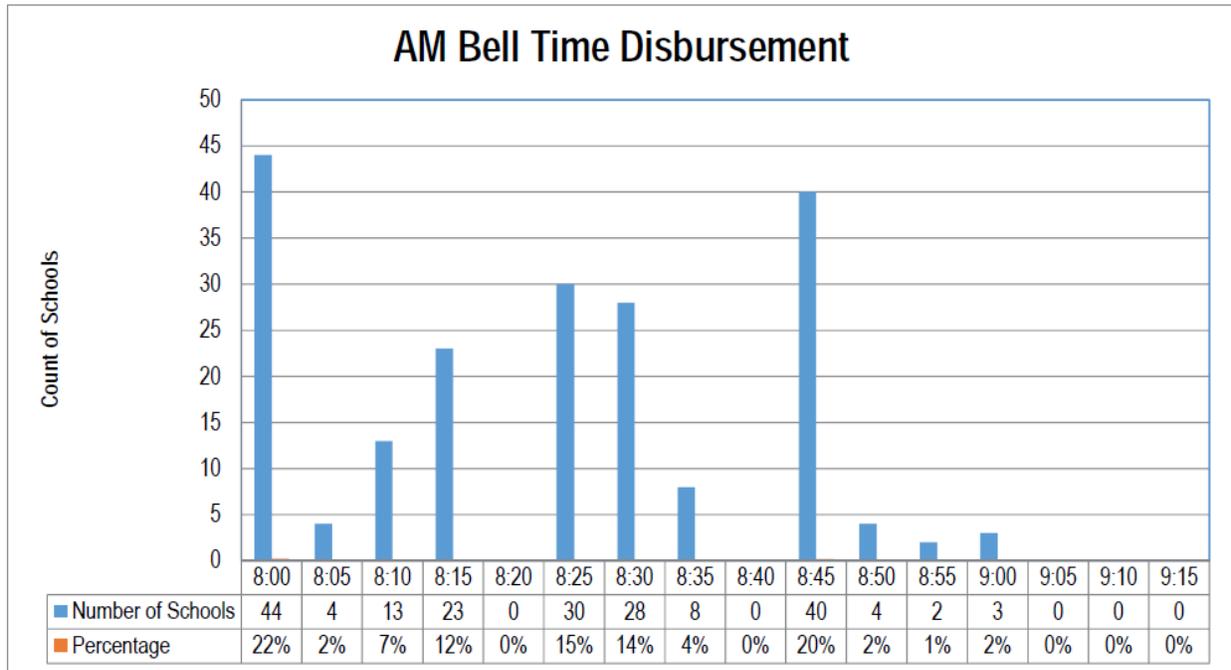
Bell time management

DSTS operating guidelines clearly establishes that DSTS is mandated to improve and maintain the efficiency of the routing network. The guideline further establishes that in maintaining or improving the system's cost efficiency and service effectiveness, alterations to bell times may be necessary. Information provided by DSTS indicates that the assessment of bell times is regular, and a key function of the Consortium and its planning staff.

As noted in the original E&E Review, only 37 percent of the total fleet of vehicles were able to perform two or more runs during the morning time panel. While the requisite one hour existed between the earliest start time (8:00 AM) and the latest (9:10 AM), the number of school start times that were concentrated in the middle of the time range, rather than a clustering around the first and last bell time precluded the tiering of the majority of vehicles.

The analysis of the current bell structure finds that based on the planned morning drop off times, a clear clustering of drop-off times around 8:00 and 8:45 AM has been established. The current morning drop-off schedule is illustrated in Figure 1. As Figure 1 helps illustrate, approximately 22 and 20 percent of the schools have drop-off times centered around 8:00 and 8:45 AM respectively. This disbursement is more conducive to run tiering, resulting in approximately 50 percent of all vehicles able to perform two or more morning runs.

Figure 1: Morning Bell Time Disbursement



The improved bell time structure has a direct impact on the overall utilization of the fleet assets as discussed below.

Asset Utilization

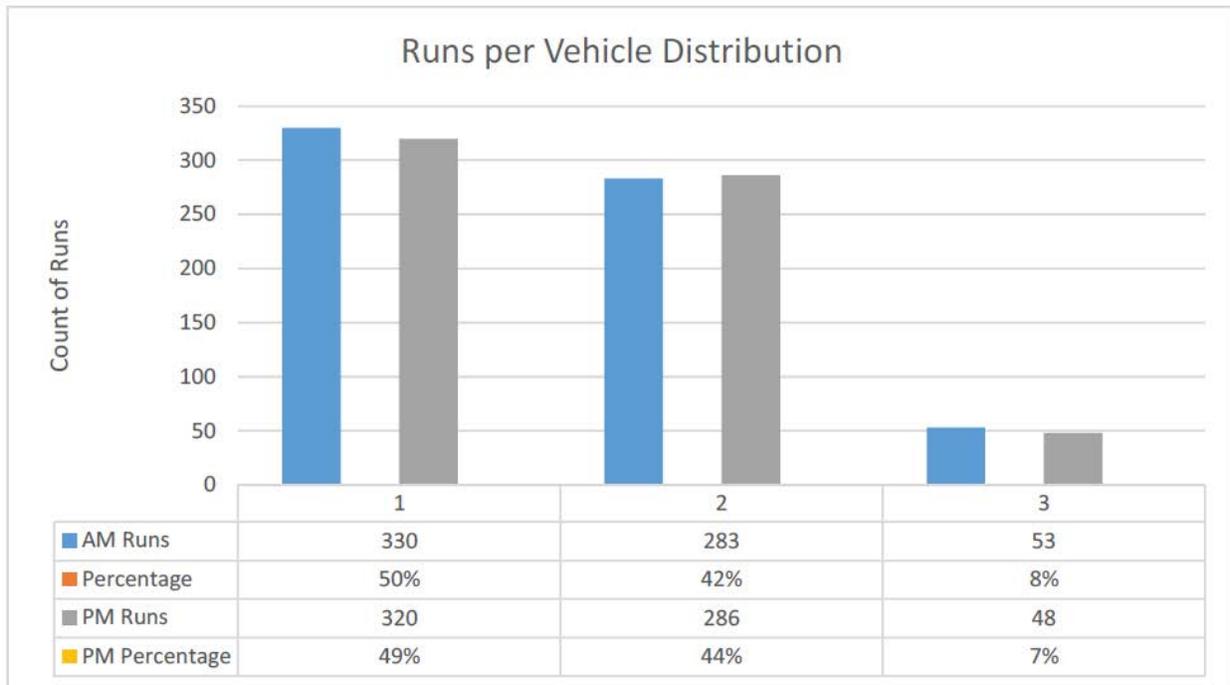
It was noted during the original E&E process that a mix of routing techniques were in use including, run tiering, combination runs, and the integration or routes between the Member Boards. The goal of effective route planning is to be able to use each bus as many times as possible throughout the operational day.

Focusing on buses with capacities ranging from 18 to 72 passengers, it was found that on average, the number of runs per bus was 1.45 for the morning panel and that only 37 percent of the buses were running two or more runs each morning. While the results improved for the larger capacity 60 to 72 passenger regular education buses to 1.65 morning runs per bus, the results were still lower than expected for an area whose characteristics include both large urban and suburban components.

The analysis of current route data finds that for all vehicles in the system, or for vehicles ranging from 18 to 70 passengers, the average number of morning runs per vehicle has increased to 1.58, with approximately 50 percent of vehicles in the system able to provide two or more runs per the morning time panel. The analysis for the afternoon time panel indicates a similar result with an average of 1.58 runs per vehicle and 51

percent of the vehicles performing two or more runs in the afternoon. These results are illustrated in Figure 2 below:

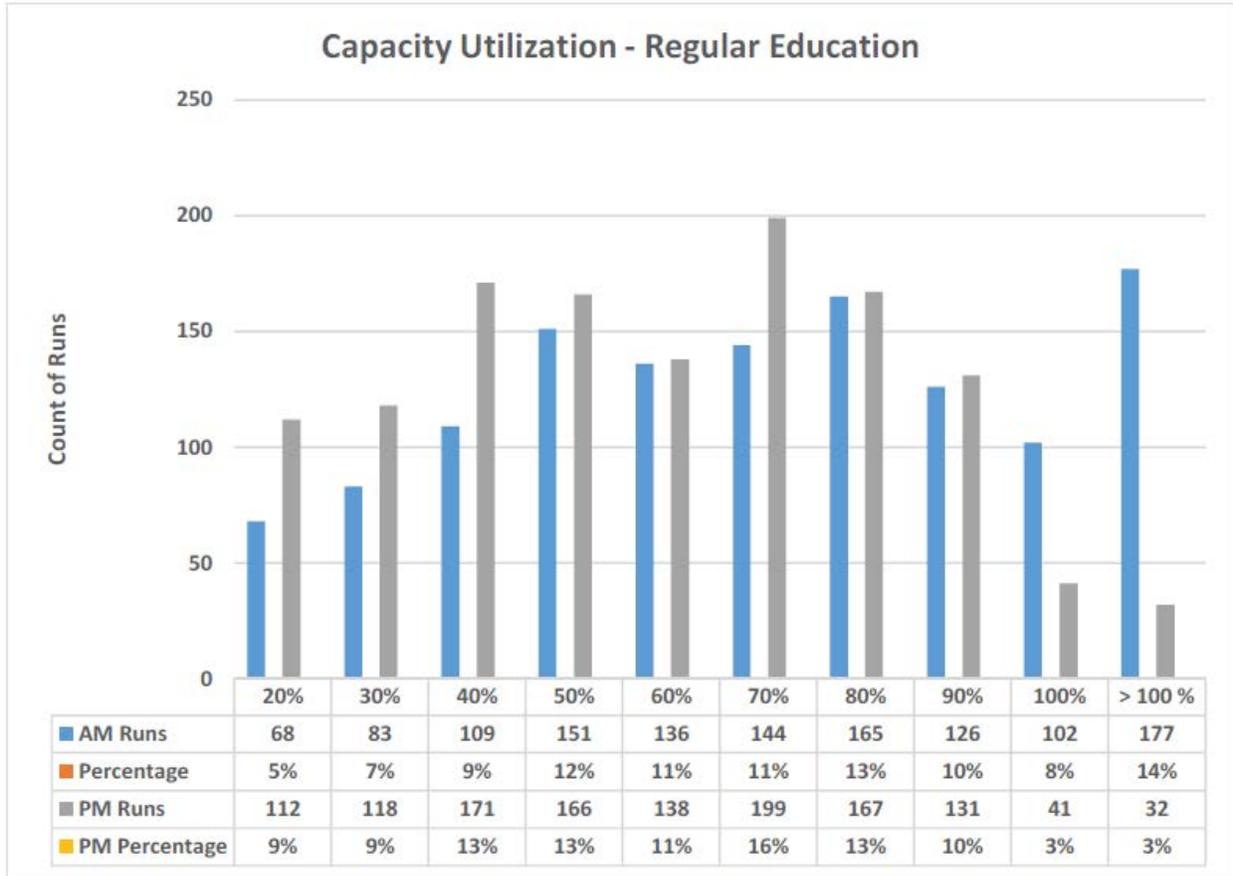
Figure 2: Runs per Vehicle Distribution



Capacity utilization

In conjunction with asset 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. Focusing on regular runs with buses with a capacity of 18 or 70 passengers, the planned capacity utilization (calculated as total planned riders divided by total available seats based on the legal capacity of the bus) is approximately 67 percent, while the capacity utilization based on the number of actual riders is approximately 56 percent. It should be noted that the 56 percent is based on a non-weighted average (no additional weighting factor for secondary students) which indicates that the actual capacity utilization is higher and within expected industry ranges. These results are illustrated in Figure 3 below:

Figure 3: Capacity Utilization



Student ride times

The analysis of student ride times provides a key indication of the overall level of service provided by any transportation organization. Currently ride times for all students average approximately 18 and 19 minutes for the morning and afternoon time panels. Approximately 63 percent of the students in the morning time panel and 66 percent in the afternoon have ride times less than 20 minutes in length. These results are illustrated in Figure 4 and Figure 5 below:

Figure 4 : Student Ride Times - AM Panel

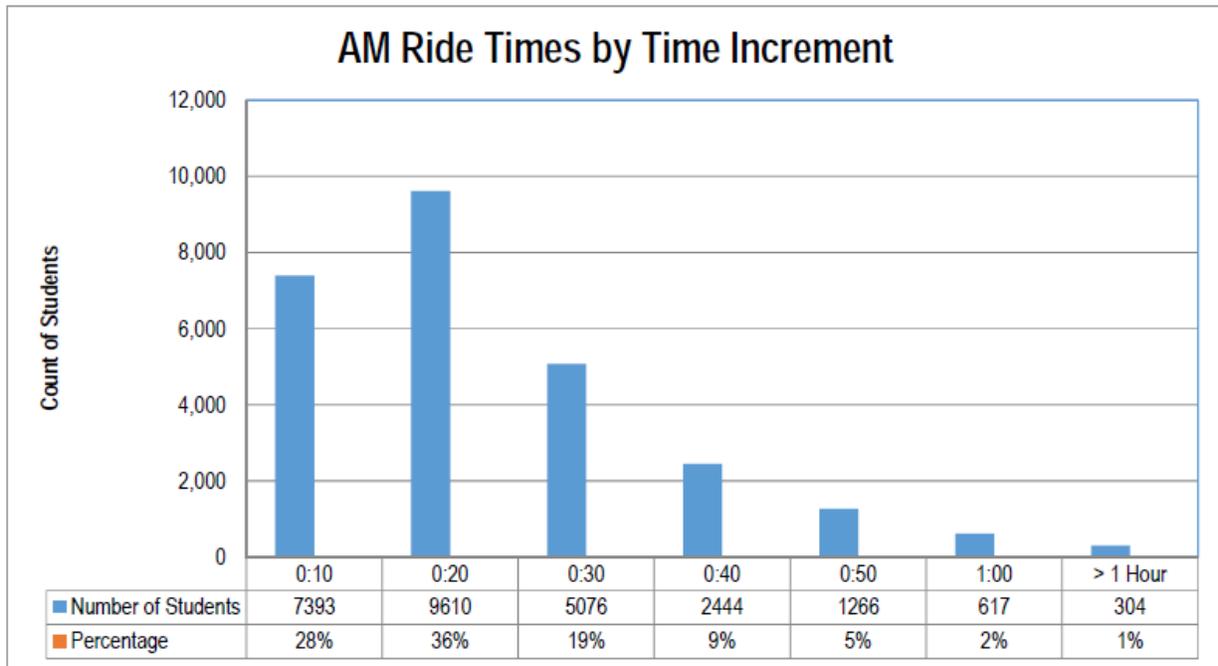
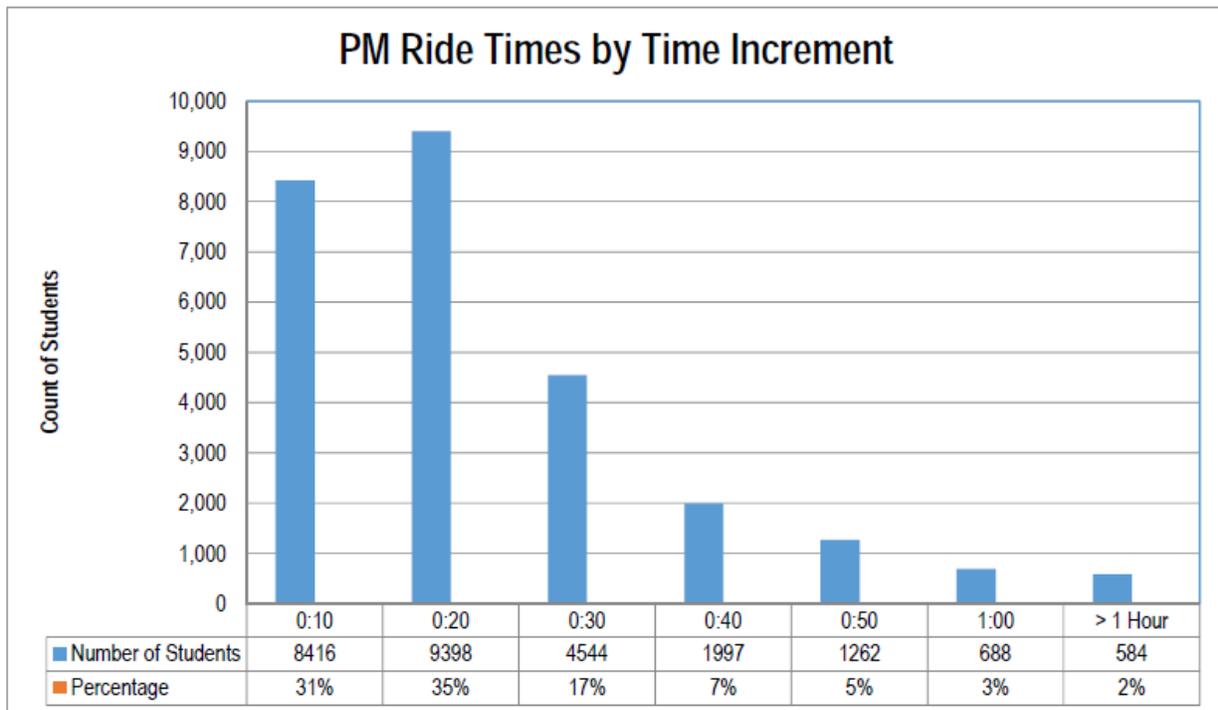


Figure 5: Student Ride Times - PM Panel



4.5.4 Opportunities for improvement

The enhancements to the bell time schedule has resulted in the ability to increase the overall asset utilization of the fleet while still providing a high level of service to the students. While these enhancements meet the intent of the original recommendation and the E&E process overall, additional opportunities appear to exist given that the majority of ride times are 30 minutes or less in length. Given that the conversion to the *BusPlanner* planning software is relatively new with the 2013-14 school year being the first full year of use, additional opportunities for the identification of efficiencies are likely as staff become more proficient in the use of the system.

4.6 Results of the follow-up E&E review

Routing and Technology for DSTS has been assessed as **High**. It is evident that DSTS and its Member Boards were committed to meeting or exceeding the recommendations as presented in the original E&E report. The enhancements to system coding structure and the management of the student map support the Consortium's goal of providing a high level of effective and efficient service. The development and documentation of disaster recovery processes helps to ensure that Consortium activities can continue to operate effectively in the event of a catastrophic event.

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

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

Contract Terms

The Consortium should review key terms within the contract and ensure that the language properly reflects the objectives and requirements of the Consortium. Specific items or terms which require review and/or consideration in the contract include: vehicle spare ratio, the picking up of students at non- scheduled bus stops during the first 10 days of school; emergency preparedness / evacuation training; specific reference to the operators requirement to obtain updated routing information from TRACS and/or email; specific reference to the timing and expectations of invoicing using TRACS; the identification of the business name of the operator on the signature page of the contracts, and completion of the notices section within the contract in order to define the official communication procedures between the Consortium and Operator. It is understood that the Consortium have reviewed the 10 day unscheduled stop pick up clause, the notices section contact signature page, and the lack of an emergency preparedness clause within the contract template and is taking steps to properly amend prior to the finalization of the 2008/2009 contract. We noted during the review one instance of the CAO signing a contract for Taxi services, however, we understand the authority for contract signing remains with the members of the Governance Committee who represent each school. The Consortium should reconfirm that controls are in place either to obtain the correct signature or ensure that proper authority has been delegated to those that can bind both of the school boards to a contract.

Contract Monitoring

The E&E review team noted that there were several different terms used on the insurance certificates provided to DSTS (umbrella, general, etc) which may or may not explicitly line up with the type and quantum of insurance requested of operators in the Operator's agreement. While we agree that the Operators are responsible for obtaining the correct type and quantum of insurance to meet the needs of the Consortium, the Consortium has obligations to monitor contract compliance. Compliance monitoring may require the input of in house legal counsel or consultation with a third party insurance specialist serving the needs of the School Boards.

Vehicle Age Policy Enforcement

The vehicle age policy is included in the standard contract and we understand that the Consortium notified, shortly after the E&E fieldwork, those Operators who are not in compliance with the vehicle age policy for resolution and clarification of their commitment to adhere to the stated contract terms. The Consortium may wish to consider inclusion of the reporting requirements in the standard contract terms. We

understand that the Consortium has contacted the TRACS developers and requested that vehicle age reporting be integrated within their system. There is a relationship between the vehicle age policy concerns and the operator compensation that doesn't take vehicle age into account. The need for active monitoring of vehicle vintages helps identify operator actions to service the DSTS with older vehicles and in turn enables DSTS to react with modifications to policies and/or more robust monitoring of vehicle quality such as monitoring of vehicle breakdowns, additional route audits, or monitoring of fleet maintenance schedules to demonstrate to operators the importance of quality and consistent service delivery.

5.2.2 Incremental progress

Contract Terms

Following the original E&E review, the Consortium has introduced a revised contract with all of its current operators. Specific revisions in the new contract include:

- Operators are required to have available spare vehicles for 10% of the routes for which it is contracted;
- The allowance for operators to make unscheduled stops for the first 10 days of the school year has been modified to operators being allowed to pick up students not on the manifest at scheduled stops for the first week of school only, provided the names are immediately communicated to the Consortium to be further investigated;
- Schedule G of the contract states the operator is required to obtain routing information and manifest from the online portal;
- Requirements of the operator in terms of what should be provided on each invoice, including route number, number of days of service, number of kilometres travelled, number of cancellations days (whether, labour, etc.), and business name and HST number; and
- Official communication procedures for delivering notices.

Vehicle Age

The operator contract specifies the maximum vehicle age of 13 years for 54-72 passenger buses, with an average age of seven. The inventory of all buses used by the Consortium's operators indicates that all buses are in compliance with the 13 years age limit.

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

Competitive Procurement Process

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, 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 value for money expended for service provided. A competitive procurement process may not be appropriate for all areas or routes under service depending on the available supply of service providers.

A competitive process should 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.

In areas where this process may not be appropriate, such as remote areas where there may not be many operators interested in providing the service to a particularly remote area, the current negotiation process may serve the needs of both the Operator and the Consortium. The Consortium, however, can use the competitively procured contracts as a proxy for service levels and costs negotiated with the more rural Operators. It is understood from discussion with the Consortium that they are waiting for the release of a sector resource guide on best procurement practices developed through a stakeholder committee before revising their own process.

We understand that DCDSB, with the assistance of the Consortium, recently issued (June 4, 2008) a Request for Tender for Transportation Service for JK/SK kindergarten students at midday. This document was examined and while we do note some features of the document which are incomplete compared to procurement best practices we applaud the efforts in moving towards competitive procurement. We understand that the tender document was posted on the DCDSB website and on the electronic tender network Biddingo. We look forward to continued efforts along this front and encourage the Consortium to continue the momentum towards competitive procurement of transportation services at DSTS.

5.3.2 Incremental progress

Competitive Procurement

The Consortium developed a Request for Proposal for all of its regular yellow bus routes that they had intended to issue during the 2013-2014 school year. However, due to the litigation surrounding the competitive procurement process for bus operators from other Consortia in Ontario, the Consortium has received advice from their legal counsel to postpone the RFP process until the litigation has been resolved. The Consortium is awaiting the outcome of the litigation before proceeding with competitive procurement.

As a result, the Consortium has been extending its current operator contracts with one-year extensions, and negotiating rates annually.

5.4 Contract Management

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

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

5.4.1 Original recommendations

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

5.4.2 Incremental progress

Route Audits

The Consortium has a comprehensive contract compliance and performance monitoring program in place to ensure operators are providing the level of service stipulated in the operator contract. The process includes a contract compliance check of all submitted documents in August prior to the start of the school year, compliance checks throughout the year on any documents that were set to expire during the school year, a facility audit at each operator's facility to check for fleet maintenance records, operators processes and procedures, etc., and route audits (both planned and random) to ensure drivers are following routes, not picking up students who are not on the manifest, and following the required safety procedures.

Following the audits, the Consortium provides feedback to the operators in the form of an audit report, and conducts in-person meetings with operators to discuss the audits as required.

5.5 Results of E&E Review

The process by which the Consortium establishes, structures, and manages its contracts for transportation services has been assessed as **High**. Since the original E&E Review, the Consortium has updated its standard operator contract to align with industry best practices, and begun to conduct random route audits on operators. In addition, the Consortium has developed a competitive procurement document, however, prior to issuance, they were advised by legal counsel to postpone the RFP process until the litigation surrounding the competitive procurement process for bus operators from other Consortia in Ontario has been resolved.

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 ⁴
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:

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

Durham Catholic District School Board

Item	Value
2012-2013 Transportation Surplus (Deficit)	(\$314,313)
% of Surplus (Deficit) attributed to the Consortium	100%
Revised amount to be assessed under the Consortium	(\$314,313)
E&E Rating	High
Funding Adjustment based on Ministry's Funding Adjustment Formula	100%
2013-2014 Total Funding adjustment	\$314,313

Durham District School Board

Item	Value
2012-2013 Transportation Surplus (Deficit)	\$1,066,664
% of Surplus (Deficit) attributed to the Consortium	100%
Revised amount to be assessed under the Consortium	\$1,066,664
E&E Rating	High
Funding Adjustment based on Ministry's Funding Adjustment Formula	No adjustment
2013-2014 Total Funding adjustment	\$0

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

7 Appendix 1: Glossary of Terms

Terms	Definitions
Act	Education Act
Assessment Guide	The guide prepared by the E&E Review Team and the Ministry of Education which will be used as the basis for determining the overall effectiveness and efficiency of each Consortium
Common Practice	Refers to a set of planning parameters that have been reported by Ontario school boards as the most commonly adopted planning policies and practices. These are used as references in the assessment of the relative level of service and efficiency.
Consortium, the; or DSTS	Durham Student Transportation Services
Deloitte	Deloitte & Touche LLP (Canada)
Driver	Refers to bus Drivers, see also operators
DCDSB	Durham Catholic District School Board
DDSB	Durham District School Board
E&E	Effectiveness and Efficiency
E&E Review Team	As defined in Section 1.3
E&E Reviews	As defined in Section 1.3
Effective	Having an intended or expected effect; the ability to deliver intended service
Efficient	Performing or functioning in the best possible manner with the least waste of time and effort; the ability to achieve cost savings without compromising safety
Evaluation Framework	The document, titled “Evaluation Framework for a Transportation Consortium” which supports the E&E Review Team’s Assessment; this document is not a public document
Funding Adjustment Formula	As described in Section 1.3.2
HR	Human Resources

Terms	Definitions
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 full partners or members in the Consortium.
Rating	The E&E Assessment score on a scale of High to Low, see Section 1.3
Report	The report prepared by the E&E Review Team for each Consortium that has undergone an E&E Review (i.e. this document)
Separate Legal Entity	Incorporation

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

Durham Catholic District School Board

Item	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014 ⁵
Allocation ⁶	\$8,577,551	\$8,659,482	\$8,718,864	\$8,534,666	\$8,442,567
Expenditure ⁷	\$8,572,515	\$8,810,744	\$8,857,483	\$8,848,979	\$8,194,824
Transportation Surplus (Deficit)	\$5,036	(\$151,262)	(\$138,619)	(\$314,313)	\$247,743

Durham District School Board

Item	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014 ⁵
Allocation	\$20,464,493	\$20,461,132	\$20,370,265	\$20,192,368	\$19,718,037
Expenditure	\$18,005,086	\$18,026,547	\$19,102,976	\$19,125,704	\$19,798,959
Transportation Surplus (Deficit)	\$2,459,407	\$2,434,585	\$1,267,289	\$1,066,664	(\$80,922)

⁵ 2013-2014 allocations and expenditures based on Ministry data – Revised Estimates for 2013-2014

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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