

# Ministry of Education Effectiveness & Efficiency Review

Phase 2 Review

East of Thunder Bay Transportation Consortium

December 2008

# Table of contents

1.	Introduction .....	5
1.1	Background .....	5
1.2	Scope of Deloitte Engagement .....	6
1.3	Methodology Used to Complete E&E Review .....	7
2.	Overview of Consortium.....	12
2.1	Introduction to ETB .....	12
3.	Consortium Management .....	14
3.1	Introduction .....	14
3.2	Governance .....	14
3.3	Organizational Structure .....	16
3.4	Consortium Management.....	18
3.5	Financial Management .....	22
3.6	Results of E&E Review.....	23
4.	Policies and Practices .....	25
4.1	Introduction .....	25
4.2	Transportation Policies & Practices.....	25
4.3	Special Needs Transportation.....	28
4.4	Safety Policy .....	29
4.5	Results of E&E Review.....	29
5.	Routing and Technology .....	31
5.1	Introduction .....	31
5.2	Software and Technology Setup and Use .....	31
5.3	Transportation Planning and Routing .....	34
5.4	Results of E&E Review.....	36
6.	Contracts.....	37
6.1	Introduction .....	37
6.2	Contract Structure.....	37
6.3	Contract Negotiations .....	40
6.4	Contract Management.....	41
6.5	Results of E&E Review.....	42
7.	Funding Adjustment.....	43
	Appendix 1: Glossary of Terms .....	45
	Appendix 2: Financial Review – by School Board .....	47
	Appendix 3: Document List.....	49

# Executive Summary

## Introduction

This report details the findings and recommendations of an Effectiveness and Efficiency review (E&E Review) of East of Thunder Bay Transportation Consortium (“ETB” or the “Consortium”) conducted by a review team selected by the Ministry of Education. This review is the result of government initiatives to establish an equitable approach to reforming student transportation across the province and minimize the administrative burden for School Boards associated with providing safe, reliable, effective, and cost efficient transportation services. This section of the report is designed to provide an overall assessment of the Consortium and detail the findings and recommendations of the overall report that were particularly noteworthy. These major findings and recommendations are enhanced and supplemented by the specific findings and recommendations detailed in each section of the body of the report.

The E&E Review evaluated the Consortium’s performance in four specific areas of operation including Consortium management; policies and practices; routing and technology use; and contracting practices. The purpose of reviewing each of these areas was to evaluate current practices to determine if they are reasonable and appropriate; identify whether the Consortium has implemented any best practices; and provide recommendations on opportunities for improvement in each of the specific areas of operation. The evaluation of each area was then utilized to determine an overall rating for the Consortium that will be used by the Ministry to determine any in-year funding adjustments that may be provided.

## Effectiveness and Efficiency Review Summary

The ETB Consortium represents four coterminous School Boards – Superior Greenstone District School Board (SGDSB), Conseil scolaire public du Grand-Nord de L’Ontario (CSPGNO), Superior North Catholic District School Board (SNCDSD) and Conseil Scolaire de District Catholique des Aurores boréales (CSDCAB). Since 2001, these four School Boards have cooperated to provide shared transportation services under a Consortium Agreement for Shared Transportation Services. The Consortium is in the process of further formalizing the partnership in response to the Ministry of Education transportation reform initiative through a new partnership agreement. The Consortium is planning its full operational kick-off in September 2008.

ETB provides transportation services to approximately 1,600 daily riders on 36 routes. The geographic challenges that have a direct impact on routing include: winter and summer hazards such as extreme cold and bears, highway crossings, varying degrees of municipal road service and lack of infrastructure in some communities (sidewalks, house numbering etc.).

ETB faces two primary service-related challenges. The first is a large, sparsely populated area that must be serviced. The lack of density limits the ability of the ETB to make extensive use of some efficiency measures given the time required to traverse the large geographic area. The second challenge relates to the limited size of the transportation operation. Small transportation operations must oversee and manage the same legal, regulatory, and operational requirements as larger operations, but this is typically done with fewer people who have broader responsibilities, and in the case of ETB, with one part time person.

Despite their limited staffing (i.e. one person at 25 percent), ETB has accomplished several of the key steps necessary in order to fulfil its mandate as a student transportation

Consortium largely due to the considerable and diligent efforts on the part of the Transportation Manager and Board of Directors members. Notable achievements include:

- The Board of Directors, which is charged with oversight responsibilities for the Consortium, has equal representation from each School Board in terms of membership;
- Roles and responsibilities for the Board of Directors and Management team are clearly articulated. This ensures that there is no ambiguity in the function of the Board of Directors;
- The Consortium has standardized contracts in place for Operators which detail appropriate legal, safety, and other non-monetary terms; and
- The Consortium has used competitive procurement processes to retain Operators thereby helping to ensure value for money from the services being procured.

ETB should focus its near term efforts on dedicating enough resources to deal with data management, reporting, planning and documentation for the Consortium. Although management practices are functioning effectively at the current time, ETB lacks formal agreements between itself and the Partner Boards and other service providers for purchase of services. In addition, ETB should work to obtain the remaining signatures required to fully execute the consortium agreement between the Boards to ensure that the terms of service are mutually agreed upon and formally documented. The Consortium should review the accuracy and sufficiency of data available including run and route data and student information.

Consideration should be given to the cost benefit of acquiring a transportation management information system, scaled appropriately to the size of the ETB operation, to ensure the completeness, accuracy, and availability of critical transportation information. Access to these types of management tools would result in a reduced administrative workload for the Transportation Manager and allow for a greater focus on opportunities to improve service quality, cost effectiveness or safety.

The Transportation Manager and the coterminous Boards have demonstrated a commitment to performing the tasks required to provide effective and cost efficient services. Continued refinement of identified best practices and the implementation of the recommendations identified throughout the report will be required to ensure that service delivery practices continue to evolve in a manner that addresses the management and operational challenges of a small transportation program in a challenging geography.

## Funding Adjustment

As a result of this review, ETB has been rated as a **Moderate-Low** Consortium. Based on this evaluation, the Ministry will provide additional transportation funding that will narrow the 2008-09 transportation funding gap for Conseil scolaire public du Grand-Nord de L'Ontario while the transportation allocation for Superior-Greenstone District School Board, Superior North Catholic District School Board and Conseil Scolaire de District Catholique des Aurores Boréales will remain unchanged in the 2008-09 school year. The funding adjustments to be received are detailed below<sup>1</sup>:

- |  |          |
|--|----------|
| • Superior-Greenstone District School Board                    | Nil      |
| • Superior North Catholic District School Board                | Nil      |
| • Conseil scolaire public du Grand-Nord de L'Ontario           | \$ 4,550 |
| • Conseil Scolaire de District Catholique des Aurores Boréales | Nil      |

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

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<sup>1</sup> Refer to Section 7 for the calculation of funding adjustments.

# 1. Introduction

## 1.1 Background

### 1.1.1 Funding for Student Transportation in Ontario

The Ministry provides funding to Ontario's 72 School Boards for student transportation. Under Section 190 of the *Education Act* (Act), School Boards "may" provide transportation for pupils. If a School Board decides to provide transportation for pupils, the Ministry will provide funding to enable the School Boards to deliver the service. Although the Act does not require School Boards to provide transportation service, all School Boards in Ontario provide service to eligible elementary students and most provide service to eligible secondary students. It is a School Board's responsibility to develop and maintain its own transportation policies, including safety provisions.

In 1998-1999, a new education funding model was introduced in the Province of Ontario outlining a comprehensive approach to funding School Boards. From 1998-1999 to 2007-2008, an increase of over \$195 million in funding has been provided to address increasing costs for student transportation, such as fuel price increases, despite the fact that there has been a general decline in student enrolment in recent years.

### 1.1.2 Transportation Reform

In 2006-07, the government began implementing reforms for student transportation. The objectives of the reforms are to build capacity to deliver safe, effective, and efficient student transportation services, achieve an equitable approach to funding, and reduce the administrative burden of delivering transportation, thus allowing School Boards to focus on student learning and achievement.

The reforms include a requirement for Consortium delivery of student transportation services, effectiveness and efficiency reviews of transportation Consortia, and a study of the benchmark cost for a school bus incorporating standards for safe vehicles and trained drivers.

### 1.1.3 The Formation of School Transportation Consortia

Ontario's 72 School Boards operate within four independent systems:

- English public;
- English separate;
- French public; and
- French separate.

As a result, a geographic area of the province can have as many as four coterminous School Boards (i.e. Boards that have overlapping geographic areas) operating schools and their respective transportation systems. Opportunities exist for coterminous School Boards to form Consortia and therefore deliver transportation for two or more coterminous School Boards in a given region. The Ministry believes in the benefits of Consortia as a viable business model to realize efficiencies. This belief has been endorsed by the Education Improvement Commission in 2000 and proven by established Consortium sites in the province. Currently, the majority of School Boards cooperate to some degree in delivering transportation services. Cooperation between Boards occurs in various ways, including:

- One School Board purchasing transportation service from another in all or part of its jurisdiction;
- Two or more coterminous School Boards sharing transportation services on some or all of their routes; and
- Creation of a Consortium to plan and deliver transportation service to students of all partner School Boards.

Approximately 99% of student transportation service in Ontario is provided through contracts between School Boards or transportation Consortia and private transportation operators. The remaining 1% of service is provided using Board-owned vehicles to complement services acquired through contracted private operators.

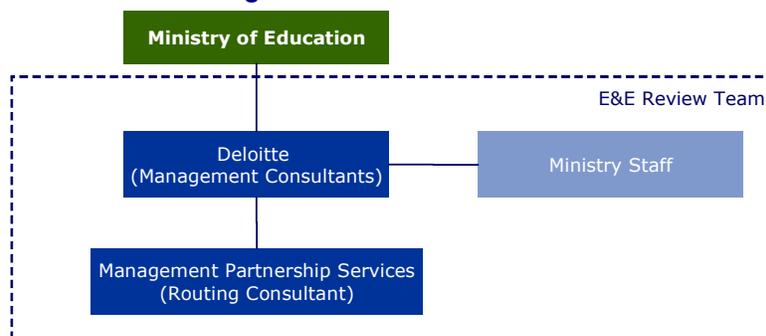
#### 1.1.4 Effectiveness and Efficiency Review

According to the Ministry Consortium guidelines, once a Consortium has met the requirements outlined in memorandum SB:13, dated July 11, 2006, it will be eligible for an E&E review. This review will be conducted by the E&E Review Team who will assist the Ministry in evaluating Consortium management, policies and practices, routing and technology, and contracts. These reviews will identify best practices and opportunities for improvement, and provide valuable information that can be used to inform future funding decisions. The Ministry has established a multi-phase approach to review the performance of Consortia (collectively the “E&E Reviews”) across the province.

#### 1.1.5 The E&E Review Team

To ensure that these reviews are conducted in an objective manner, the Ministry has formed a review team (the “E&E Review Team” as defined in Figure 1) to perform the E&E Reviews. The E&E Review Team was designed to leverage the expertise of industry professionals and consulting firms to evaluate specific aspects of each Consortium site. Management consultants were engaged to complete assessments on Consortium management, and contracts. Routing consultants were engaged to focus specifically on the acquisition, implementation, and use of routing software and related technologies and on policies and practices.

**Figure 1: E&E Review Team**



## 1.2 Scope of Deloitte Engagement

Deloitte was engaged to lead the Team and serve as the Management Consultants of the E&E Review Team. Deloitte’s overall role is as follows:

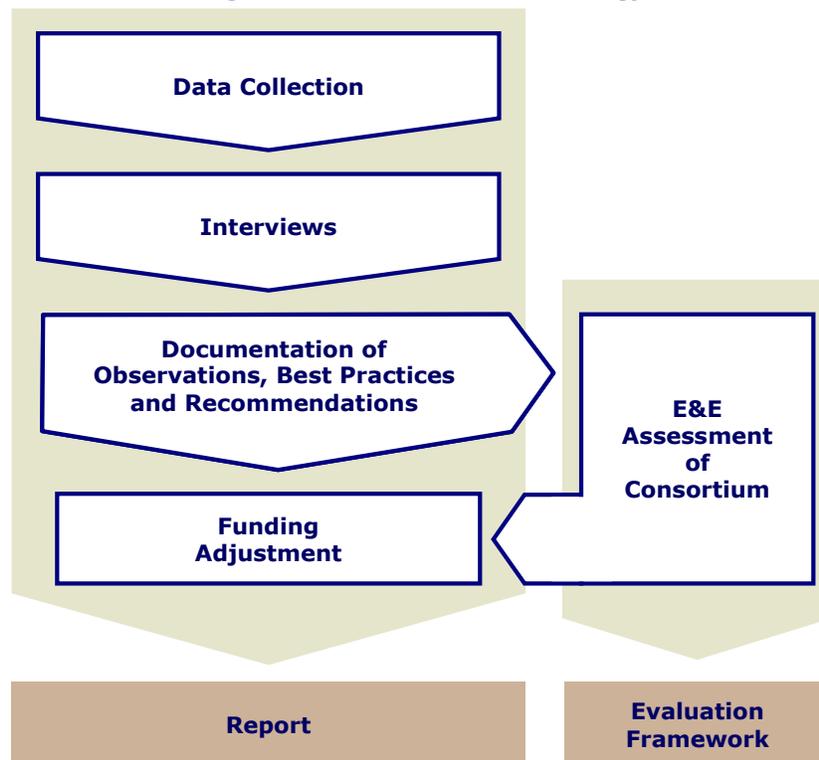
- Lead the E&E Review for each of the first five (5) transportation Consortium to be reviewed in Phase Two (refer to Section 1.1.4);
- At the beginning of each E&E Review, convene and moderate planning meetings to determine data required and availability prior to the review;

- Lead the execution of each E&E Review. The Ministry facilitated the process by providing the Consortium with information required in advance so that preparation and collection of information would be done prior to the on-site review;
- Review Consortium arrangement and governance structures, and contracting procedures;
- Incorporate the results of the routing and technology review in addition to the policies and practices review to be completed by MPS; and
- Prepare a report for each Consortium which has undergone an E&E Review in Phase Two. The target audience for the report will be the Ministry, the Consortium, and its Partner Boards. Once finalized, each report will be released to the Consortium and its Partner Boards.

### 1.3 Methodology Used to Complete E&E Review

The methodology for the E&E Review is based on a five step approach, as summarized in the following sections.

**Figure 2: E&E Review Methodology**



A site review Report which documents the observations, assessments and recommendations is produced at the end of a site review. The Evaluation Framework, which provides the details on how the Assessment Guide was applied to reach an Overall Rating of each review site, has been developed to provide consistency.

### **1.3.1 Step 1 – Data Collection**

Each Consortium under review was provided with the E&E Guide from the Ministry of Education. This guide provides details on the information and data needs that the E&E review team would require, and the E&E Guide will become the basis for the data collection.

Data is collected in four main areas:

1. Consortium Management;
2. Policies and Practices;
3. Routing and Technology; and
4. Contracts.

### **1.3.2 Step 2 – Interviews**

The E&E Review Team identified key Consortium staff, outside stakeholders and key policy makers with whom interviews would be conducted to further understand the operations and key issues impacting delivery of effective and efficient student transportation services.

### **1.3.3 Step 3 – Documentation of Observations, Best Practices and Recommendations**

Based on data collected and interviews conducted, the E&E Review Team documented their findings under three key areas:

- Observations which involved fact based findings of the review, including current practices and policies;
- Best Practices used by the Consortium under each area; and
- Recommendations for improvements based on the Assessment Guide. Figure 3 provides a summary of the key criteria used in the Assessment Guide to determine the effectiveness and efficiency of each Consortium.

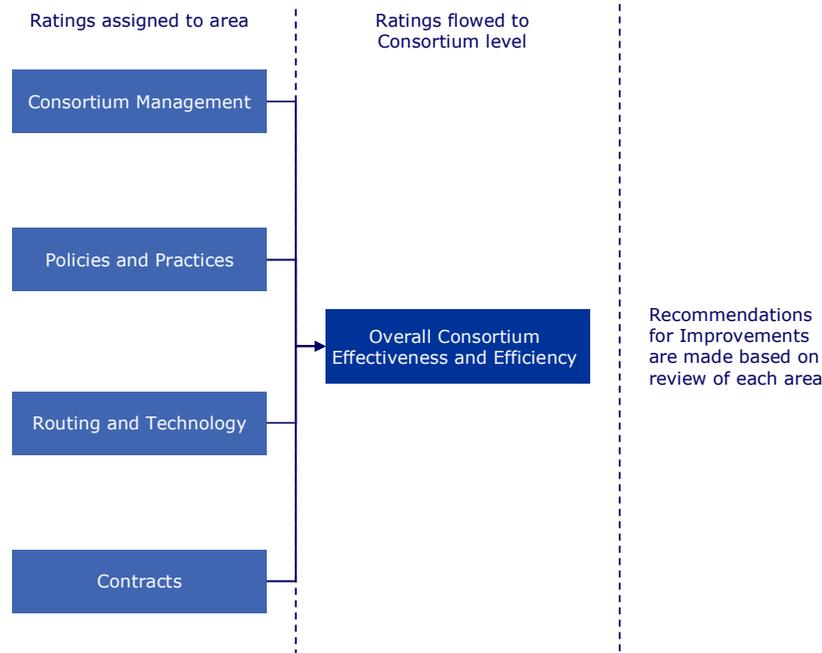
**Figure 3: Criteria of an Effective and Efficient Consortium**

	Consortium Management	Policies and Practices	Routing and Technology	Contracts
Effectiveness	<ul style="list-style-type: none"> <li>• Distinct entity focused on providing student transportation services for the partner boards</li> <li>• Well defined governance and organizational structure with clear roles and responsibilities</li> <li>• Oversight body exists with the mandate to provide strategic directions to the consortium management on the provision of safe, effective and efficient transportation service to support student learning</li> <li>• Management has communicated clear goals and objectives of the Consortium and these are reflected in the operational plan</li> <li>• Well established accountability framework reflected in the set up and operation of the consortium including documentation of terms in a Consortium Agreement</li> <li>• Operations are monitored for performance and continuous improvement</li> <li>• Financial processes ensure accountability and equity to Partner Boards</li> <li>• A budgeting process is in place which ensures timely preparation and monitoring of expenses</li> <li>• Key business relationships are defined in contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Development of policies is based on well defined parameters as set by strategic and operational plans to provide safe, effective and efficient transportation service to students of the partner boards; and               <ul style="list-style-type: none"> <li>◦ Policy decisions are made with due consideration to financial and service impacts to partner boards</li> <li>◦ Communication between the consortium and partner boards facilitates informed decision making on issues directly affecting student transportation</li> <li>◦ Consortium's policies and practices are adequate and in compliance with all relevant safety regulation and standards</li> <li>◦ Practices on the ground follow policies</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Advanced use of transportation management software to store student data, and create a routing solution.</li> <li>• Disaster recovery plans and back up procedures are in place and operating properly</li> <li>• Responsibility and accountability for student data management is clearly identified</li> <li>• Routing is reviewed regularly</li> <li>• Reporting tools are used effectively</li> <li>• Special needs routing is integrated with regular needs where reasonable</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive contracting practice is used</li> <li>• Contract negotiations are transparent, fair, and timely</li> <li>• Contracts are structured to ensure accountability and transparency between contracted parties</li> <li>• Contracts exist for all service providers</li> <li>• Ongoing compliance checks for safety, legal and service requirements are performed by the consortium</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>• Oversight committee focuses only on high level decisions</li> <li>• Organizational structure is efficient in utilization of staff</li> <li>• Streamlined financial and business processes</li> <li>• Cost sharing mechanisms are well defined and implemented</li> </ul>	<ul style="list-style-type: none"> <li>• Harmonized transportation policies between partner boards enable efficient planning</li> <li>• Proper level of authority delegated to consortium to enable the realization of potential efficiencies e.g. bell time setting</li> <li>• Best practices in planning are adopted e.g. utilize tiered runs and combination runs to maximize the use of available capacity</li> <li>• Public transit usage is optimized where available and efficient</li> <li>• Service levels are reasonable and comparable to common practices</li> </ul>	<ul style="list-style-type: none"> <li>• System can be restored quickly if database fails</li> <li>• Student data is accurate, requires little post processing verification</li> <li>• System functionalities are used to identify efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Contracts awarded are based on market prices and best value for money</li> <li>• Fair payment terms are included in contracts and implemented with clarity to both parties</li> </ul>

**1.3.4 Step 4 and 5 – E&E Assessment of Consortium and Site Report**

The Assessment Guide was developed to enable the E&E Review Team to provide each Consortium that undergoes an E&E Review with a consistent, fair, and transparent method of assessment. The Assessment Guide is broken down between the four main components of review (i.e. Consortium Management, Policies and Practices, Routing and Technology, and Contracts) and, for each, illustrates what would constitute a specific level of E&E (refer to Figure 4 for diagram of process).

**Figure 4: Assessment of Consortium – Diagram Flow**



The Evaluation Framework provides details on how the Assessment Guide was applied, including the use of the Evaluation Work Sheets, to arrive at the final Overall Rating. The E&E Review Team then compiled all findings and recommendations into an E&E Review Report (i.e. this document).

### 1.3.5 Funding Adjustment

The Ministry will use the results of the E&E reviews and the cost benchmark study to inform any future funding adjustments. Only Boards that have undergone E&E Reviews are eligible for a funding adjustment. Figure 5 illustrates how the Overall Rating will affect a Board’s transportation expenditure-allocation gap.

**Figure 5: Funding Adjustment Formula**

Overall Rating	Effect on deficit Boards <sup>2</sup>	Effect on surplus Boards <sup>1</sup>
High	Reduce the gap by 100% (i.e. eliminate the gap)	No in-year funding impact; out-year changes are to be determined
Moderate-High	Reduce the gap by 90%	Same as above
Moderate	Reduce the gap by 60%	Same as above
Moderate-Low	Reduce the gap by 30%	Same as above
Low	Reduce the gap in the range of 0% to 30%	Same as above

### 1.3.6 Purpose of Report

This Report serves as the deliverable for the E&E Review conducted on ETB by the E&E Review Team during the week of July 21, 2008.

<sup>2</sup> This refers to Boards that have a deficit/surplus on student transportation (see Section 7 – Funding Adjustments)

### **1.3.7 Material Relied Upon**

Refer to Appendix 3 for a list of documents that the E&E review team relied upon for their review. These documents were used in conjunction with interviews with key Consortium staff, outside stakeholders, and key policy makers.

### **1.3.8 Limitations on Use of This Report**

The purpose of this Report is to document the results of the E&E Review of ETB. 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. Overview of Consortium

### 2.1 Introduction to ETB

The catchment area served by the Consortium is approximately 17,000 sq. km. in size bordered by Lake Superior to the south. The student population served is spread over a large area and is disbursed in a number of small communities. As a result there are a number of geographic and demographic challenges that must be addressed through the management infrastructure and routing scheme in an effort to ensure both adequate service delivery and cost effectiveness. While these challenges are faced by nearly all Consortia, they are particularly acute in small operations that cannot achieve the economies of scale available to larger service providers.

Member School Boards in the Consortium include Superior-Greystone District School Board (SGDSB), Superior North Catholic District School Board (SNCDSB), Le Conseil scolaire public du Grand-Nord de L'Ontario (CSPGNO) and Le Conseil Scolaire de District Catholique des Aurores Boréales (CSDCAB). Transportation services are provided to approximately 1,600 daily riders on 36 buses.

Tables 1 and 2 provide a summary of key statistics and financial data of each member Board:

**Table 1: 2007-08 Transportation Survey Data**

Item	SGDSB	SNCDSB	CSDCAB	CSPGNO
<b>Number of schools served</b>	<b>15</b>	<b>8</b>	<b>4</b>	<b>4</b>
<b>Total students transported daily</b>	<b>970</b>	<b>483</b>	<b>183</b>	<b>47</b>
Total general transported students	936	422	183	45
Total special needs <sup>3</sup> transported students	<10	0	0	0
Total riders requiring wheelchair accessible transportation	<10	0	0	0
Total specialized program <sup>4</sup> transportation	0	0	0	0
Total courtesy riders	0	0	0	0
Total hazard riders <sup>5</sup>	28	61	0	2
Total Public Transit Riders	0	0	0	0
<b>Total Number of Contracted Vehicles</b>	<b>28</b>	<b>7</b>	<b>2</b>	<b>2</b>
Total contracted full- and mid-sized buses <sup>6</sup>	23	7	2	1
Total contracted mini-buses	2	0	0	0
Total contracted school purpose vehicles <sup>7</sup>	1	0	0	0
Total contracted physically disabled passenger vehicles (PDPV)	0	0	0	0
Total contracted taxis	2	0	0	1

<sup>3</sup> Includes students requiring special transportation such as congregated and integrated special education students who require dedicated routes and/or vehicles; students who must ride alone; students who require an attendant on the vehicle.

<sup>4</sup> Includes students transported to French immersion, magnet and gifted programs. Students with special needs who are transported to specialized programs are captured as special needs transported students.

<sup>5</sup> Hazard riders are not reported within this Transportation survey data as the Consortium reduces the walk boundaries for these specific students who would otherwise be hazard riders to show them as eligible within their reported data.

<sup>6</sup> Includes full-sized buses, mid-sized buses, full-sized buses adapted for wheelchair use and mid-sized buses adapted for wheelchair use; all vehicle counts are rounded to the nearest whole number

<sup>7</sup> Includes school-purpose vans, mini-vans and sedans

**Table 2: 2007-08 Financial Data<sup>8</sup>**

Item	SGDSB	SNCDSB	CSPGNO	CSDCAB
2007/2008 Transportation Allocation	1,687,842	431,497	\$1,496,886	692,401
2007/2008 Transportation Expenditure	1,530,191	408,226	1,880,928	622,285
2007/2008 Transportation Surplus (Deficit)	157,651	23,271	(207,823)	63,763
Percentage of transportation expenditure attributed to ETB Student Services Consortium	100%	100%	7.30%	29.12%

The geographic challenges that have a direct impact on routing include: narrow side roads, dead-end roads (leading to unsafe or impossible turnarounds for buses), lack of infrastructure in some communities (sidewalks, etc.), highway crossings, varying degrees of municipal road service, lack of safe pullover areas required to pick up students along the Trans-Canada Highway, CPR and CN railway corridors passing through communities, and wildlife. Developing a routing network that supports a highly dispersed population in remote, unconnected areas is a challenge for a small transportation operation.

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<sup>8</sup> Based on Ministry Data – see Appendix 2.

## 3. Consortium Management

### 3.1 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 analysed based on information provided by the ETB Consortium, and from information collected during interviews with Transportation Managers and selected Operators. The analysis included 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 Consortium Management as shown below:

<b>Consortium Management – E&amp;E Rating:</b>	<b>Moderate-Low</b>
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### 3.2 Governance

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

#### 3.2.1 Observations

##### *Governance Structure*

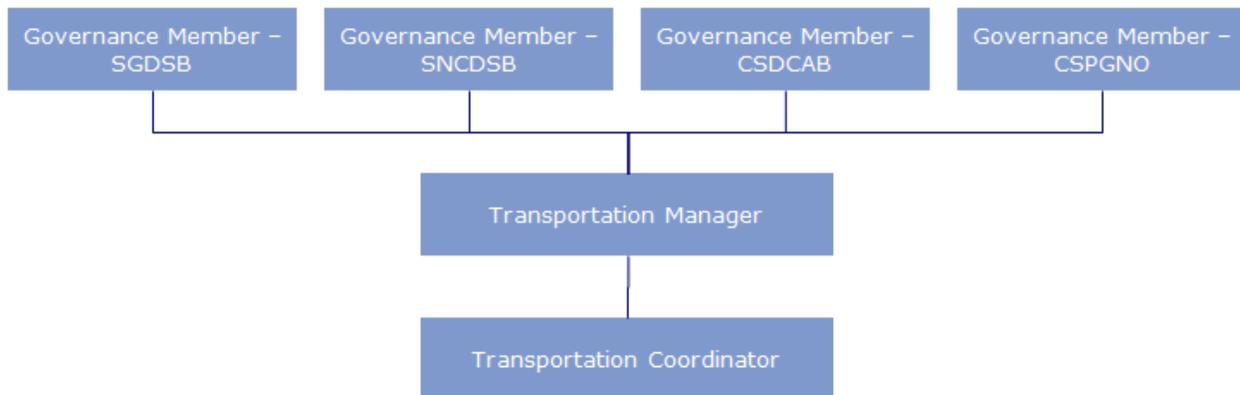
ETB operations are overseen by a Board of Directors. The Board of Directors has equal representation from all four coterminous School Boards. Each School Board is represented by a selected representative. The selected representative can remain on the Board of Directors indefinitely. Should a position become vacant, the respective School Board will select a successor. The Consortium Transportation Manager is also the Board of Directors' representative for the SGDSB and has the same voting rights as the other Board members.

The role of the Board of Directors is to set the strategic direction of the Consortium; establish all management and administration policies; hire employees of the Consortium; establish operating procedures in conjunction with the Transportation Manager; set budgets and program priorities; establish cost sharing formulae; facilitate communication with School Boards and ensure all services are provided based on common policies and equality to all member School Boards.

The Board of Directors meets approximately once every two months. The meeting is chaired by one of the members on a rotating basis. Establishment of the chair is not a formal position established within the ETB Transportation Consortium Agreement. Agendas are

established by the Transportation Manager and the actions of the meeting are recorded in notes made by the Transportation Manager and other members. However, notes are not formalized; distributed for review to Board Members or ratified.

**Figure 6: Governance Organizational Chart**



#### *Board Level Mediation and Arbitration Clause*

The ETB Transportation Consortium Agreement arbitration clause states that any issues that cannot be resolved to the satisfaction of each member are to be directed to the Director of Education. The agreement does not specify to which Director of Education, as each School Board has a Director of Education. As discussed in interviews with the Transportation Manager, the contract is interpreted to mean that any issue that cannot be resolved is to be referred to *each* of the Directors of Education at the respective School Boards. (Note – the Director of Education for SNCDSB is also the Board of Directors’ representative). In the event that the issue remains unresolved and two of the four School Boards request it, the matter will be referred to arbitration as per the Arbitration Act of Ontario.

### **3.2.2 Best Practices**

It is recognized that ETB has demonstrated best practices in the following areas:

- The Board of Directors, which is charged with oversight responsibilities for the Consortium, has equal representation and membership from each School Board. Equal representation promotes fairness and equal participation in decision making and ensures the rights of each Board are considered equally. This is a key element in effective governance and management;
- Roles and responsibilities for the Board of Directors and Management team are clearly articulated. This ensures that there is no ambiguity in the function of the Board of Directors. The Board of Directors can focus on establishing and driving a continuous improvement process for the operation and contributing to the long-term success of ETB. This is a key element in effective and efficient governance and management; and
- A Board level dispute policy is in place between the Boards. Notwithstanding the comments below, the policy is an effective mechanism to protect the rights of the Partner Boards. It ensures that the decisions made represent the best interests of the Boards.

### **3.2.3 Recommendations**

#### *Governance Committee Meetings*

Decisions made by the Governance Committee should be officially documented and ratified. This is generally accomplished through the documentation of minutes from the Board of Directors meetings. It is understood that informal 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 Board of Directors chairperson and a record of the official minutes of the meeting be retained by the person acting in the role of secretary for the meetings.

#### *Separation of operations from governance*

An effective governance structure calls for a clear line to be drawn between the governance committee and the management of the Consortium. This line is less easily determined when there is a management level position that executes both a monitoring function over, and management function within, the Consortium. It is recognized that the responsibilities that the office of the Transportation Manager executes are clearly required and value added and that the Consortium is small and as such there would be little value added by a level of management between the Transportation Manager and the Board of Directors, however, in terms of effective governance, it is recommended that these responsibilities be documented and a clear assignment of governance versus management tasks be implemented.

#### *Board level dispute policy*

We encourage ETB to review their Board level dispute resolution policy as the Director of Education for SNCDSB is also the Board of Directors Member for SNCDSB. Recognizing that the Consortium is small and many individuals have multiple roles, the effectiveness of the dispute resolution process could be jeopardised as SNCDSB is not able to escalate issues per the policy. In addition, it is recommended that the wording of the policy be clarified to state that unresolved issues are escalated to the Directors of Education at each School Board so as to avoid confusion and conflict in the event escalation of an issue is required.

### **3.3 Organizational Structure**

An organizational structure can be a good tool to promote effective communication and coordination which will enable operations to run 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 managing up the chain of command. Ideally the organization is divided functionally (by department and/or area) and all core business functions are identified.

#### **3.3.1 Observations**

##### *Entity Status*

In June 2008, the new ETB Transportation Consortium Agreement was circulated for approval by the coterminous School Boards. The Agreement establishes ETB as a partnership. At the time of the E&E review, only SGDSB and SNCDSB had signed the agreement. Per the Transportation Manager, the signatures of the remaining two School Boards are expected in the near future.

The ETB Transportation Consortium Agreement replaces the Consortium Agreement for Shared Transportation Services which was executed in 2001. The 2001 agreement expired in 2003 and while it has not been formally renewed the member School Boards conduct themselves as if the agreement was still in force.<sup>9</sup>

##### *Organization of Entity*

Per the ETB Transportation Consortium Agreement the management of the Consortium's operations shall be conducted by a Transportation Manager. The role of the Transportation Manager includes preparation of tender bids for services from Operators; creating and maintaining contracts with Operators; processing payments to Operators; calculating the

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<sup>9</sup> Based in discussions with the Transportation Manager i.e. there is no documentation to support this extension.

allocation of costs between School Boards; recovering costs from coterminous School Boards; co-ordinating Board of Director's Meetings and Consortium Meetings; determining transportation needs based on policy and communication and determining bus routes and stops. The Transportation Manager is an employee of SGDSB and spends approximately 25 percent of his time working for the Consortium. (See section 3.4.1 for a description on cost allocation for administrative charges.)

Reporting to the Manager, the Transportation Coordinator (currently being recruited) will undertake the day to day operations of the Consortium to ensure that transportation services are provided to eligible students on a fair and equitable basis, giving priority to safety and maximizing the efficiency of operations. The Coordinator will be an employee of SGDSB.

Any other required employees for the Consortium will be determined and hired by the Board of Directors.

### **3.3.2 Recommendations**

#### *Adequate resources*

ETB has a limited number of personnel assigned to it and have recognized the need to recruit a full time Transportation Coordinator. ETB should continue to actively recruit a Transportation Coordinator to assist the Transportation Manager with data management, reporting, planning, monitoring and documentation for the Consortium. A second, cross trained staff member will also help to ensure continuity of service and operations in the event the Transportation Manager leaves or is sick. Adequate staffing is essential to providing safe, efficient and effective transportation.

Clear, detailed and transportation specific job descriptions should be defined for all positions within the Consortium ensuring that staff can efficiently execute on their daily duties and help to ensure a smooth transition in the event of staff turnover. Job descriptions should make reference to actual operational responsibilities and support appropriate segregation of duties.

#### *Executed Contract*

An agreement that clearly articulates the expectations and obligations of each party is a fundamental requirement for an effective business relationship. The lack of current and complete contract documentation that established ETB as a consortium reduces the extent to which the School Boards and Consortium can ensure and enforce accountability related to the provision of student transportation. The Consortium should make every effort to ensure that the remaining signatures for the contract are obtained from each of the School Boards and that the contract is kept current. Signed contracts ensure that School Boards are bound to the agreed upon service levels. It is important, through the use of proper contracts, that accountability related to student transportation is properly shared between the School Boards, Consortium, and Operators.

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

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

- The risk that the actions of one Partner Board may be leaving the other Partner Boards 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 liability, brought about through the partnership, may exceed the existing insurable limits. The Consortium should investigate with the assistance of their insurance carrier their coverage related to, but not limited to, punitive damages, human rights complaints, and wrongful dismissal lawsuits. It is recommended that the Consortium investigates, with its insurance carrier, the applicability of errors and omissions insurance.

Based on these risks the Partner 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 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 a corporation would provide benefits from an organizational perspective in terms of corporate continuity, staff planning, liability, contracting and management.

It is however, recognized that while there are several advantages to being a separate entity, it may not be appropriate for ETB given the circumstances of this site. The Consortium consists of one part-time employee, with all the schools, principles and Boards performing transportation duties, as required. Given these facts, it appears to be appropriate to have the Transportation Manager as an employee of SGDSB and the Consortium physically located on SGDSB premises. This structure allows for the Transportation Manager to have easy access to various SGDSB resources.

A Consortia Entity Resource Guide available through the Ministry's student transportation website can provide further assistance with this planning and decision making process.

### **3.4 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.

A Consortium may exist in practice; however, it is only by defining the terms of the arrangement that a Consortium becomes truly effective. This is due to the fact that a large part of a Consortium's ability to function well is based on its members, both in terms of the School Boards themselves and the staff operating the Consortium. Personnel will absolutely affect the operation of a Consortium and as those personalities change over time it is essential that a Consortium be well defined in terms of structure and operation so that future personnel are guided by a common practice. A well defined Consortium Agreement will ensure that the operations will remain consistent and intact in the future. It also reduces the chances of a misunderstanding and/or conflict between the School Boards.

#### **3.4.1 Observations**

##### *Consortium Formation and Agreement*

Technically, with the expired Consortium Agreement for Shared Transportation Services and a not yet fully executed ETB Transportation Consortium Agreement there is no contract in place governing the Consortium or the relationship of the coterminous School Boards. The ETB Transportation Consortium Agreement, when executed by all member School Boards, will formalize the Consortiums' arrangement.

It is clear, however, that there exists a relationship of cooperation and strong commitment to working together between the School Boards.

## *Cost Sharing*

### Administration costs

The expired Consortium Agreement for Shared Transportation Services outlines the administrative cost sharing formula for the four School Boards. The amounts were calculated when the Consortium Agreement for Shared Transportation Services was executed and have remained unchanged.

The ETB Transportation Consortium Agreement refers to Schedule 1 of the Consortium Agreement for Shared Transportation Services and states that the amounts will be amended based on ridership on or about October 31. The agreement also states that the formula to be used for the sharing of administrative expenses will be approved by the Board of Directors.

### Transportation costs

The expired Consortium Agreement for Shared Transportation Services and the Transportation Consortium Agreement outlines the transportation cost sharing formula for the four School Boards. Costs are shared based on ridership with JK to Grade 6 weighted as 1.0 per direction of travel and Grade 7 – 12 as 1.5 per direction of travel.

The ETB Transportation Consortium Agreement does not outline the formula by which transportation cost sharing will be determined, however, an unsigned process document outlines the ridership calculation procedure for cost sharing. The process starts with the Transportation Manager collecting route, stop, student name, address and grade information from Transportation Officers at each coterminous School Board. Those students that are "Winter riders" (those permitted transportation from November 1- April 1) or "Summer hazard riders" (those permitted transportation from April – June) are identified as such.

The Transportation Manager also collects ridership list information from the bus Operators and reconciles to the information received from the School Boards. Where there are differences between the School Board data and Operator data, the Operator data is taken to be correct.

Once the rider data is reconciled by the Transportation Manager, the information is entered into an Excel spreadsheet. The schedule contains a formula for calculating weighted Ridership using a factor of 1.0 for students in JK to Grade 6 and 1.5 from Grade 7 to 12. The spreadsheet calculates the cost percentage of each route. The ratio is applied against the total cost of the route and results in the calculation of costs for each School Board.

Winter riders and Summer hazard riders are manually factored against the cost of the route for the appropriate timeframe.

The final cost of the sharing of routes is not known until the final fuel invoices are entered in late June. An adjustment is processed to credit or debit the cost depending on actual fuel prices.

It is the responsibility of each School Board to ensure only authorized riders are using the bus service.

### *Purchase of service agreement*

SGDSB is the largest of the four School Boards and as such acts as the Administrating Board. ETB shares office space with SGDSB. All contracts with bus Operators are signed with SGDSB. All accounting, HR, payroll, contracting and IT functions are fulfilled by SGDSB. Each of CSPGNO, SNCDSB and CSDCAB pay SGDSB a fixed administration fee as reimbursement to SGDSB.

Conversely, there is no contract between ETB and SGDSB that outlines the terms and conditions for the provision of services such as payroll, accounting and IT.

The expired Consortium Agreement for Shared Transportation Services and the ETB Transportation Consortium Agreement outlines the terms of the shared services between the four School Boards. Schedule 1 of the contract outlines the fixed administrative fee to be reimbursed by CSPGNO, SNCDSB and CSDCAB to SGDSB.

All banking for ETB is done by SGDSB. The financial statements of SGDSB are subject to an annual audit. There is no other internal audit that covers the Consortium.

ETB has not purchased insurance. Each of the School Boards carries its own insurance.

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

The Transportation Manager is employed by SGDSB. When the Transportation Coordinator is hired, they too will be an employee of SGDSB. Per the Transportation Manager, should the Consortium become a separate legal entity, it is the intention of the Boards that all staff become employees of the Consortium.

There is no formal paper driven evaluation process and no formal training programs in use. As the Consortium is small and has only one Transportation Manager, there has not been a need to develop specific training or evaluation agendas. The policies and processes for training and staff evaluation for SGDSB have been applied to the Transportation Manager as he also functions as Manager of Plant Services for SGDSB. The training and evaluations are more general in nature and do not focus on Transportation services.

#### *Long Term and Short Term Planning*

We did not note any evidence of strategic planning for the ETB Consortium during the review, except for the approved budget for the upcoming year that budgets funds for transportation routing software. The budget has a one year timeframe therefore, the Transportation Manager expects implementation of the routing software within one year. Per discussion with the Transportation Manager, when the Consortium commences operations formally in September, more detailed objectives for ETB will be established.

#### *Eligibility Appeal Process*

Each School Board determines and monitors eligibility separately. Each School Board has differing policies. Eligibility appeals are dealt with by school principals. Hazards are assessed separately by each School Board and are most often driven by the location of a given school and proximity to the identified hazard.

#### *Confidentiality Agreements*

There is no confidentiality clause in the ETB Transportation Consortium Agreement nor the Consortium Agreement for Shared Transportation Services.

The School Boards that work together in the Consortium are required under the Education Act and the Freedom of Information Act to adhere to certain confidentiality requirements for the protection of privacy.

### **3.4.2 Best Practices**

It is recognized that ETB has demonstrated best practices in the following areas:

#### *Documented Cost Sharing Agreement*

Notwithstanding the comments below, the expired Consortium Agreement for Shared Transportation outlines the cost sharing mechanism for ETB. A documented fair methodology for cost sharing is a best practice to ensure accountability over costs and appropriate operational cash flow for the financial obligations of the Consortium.

### 3.4.3 Recommendations

#### *Cost Sharing*

The expired Consortium Agreement for Shared Transportation outlines the cost sharing mechanism for administrative costs for ETB. The amounts were calculated when the Consortium Agreement for Shared Transportation Services was executed and have remained unchanged since. We encourage ETB to review this aspect of their cost sharing arrangement so as to avoid potential disputes about cost sharing for administrative costs as the costs as outlined per the agreement may not accurately reflect current costs or cost allocations.

Furthermore, it is recommended that ETB revisit their provision of support services to ensure it is equitable and fairly captured as an administrative and operational cost of providing student transportation. In particular, expenses would include accounting, payroll administrative costs, IT support, HR support, insurance and the time of those individuals working at each of the schools and School Boards on transportation matters. By not allocating a cost for these services to the transportation administrative budget, the true cost of providing transportation services is being understated. Additionally, these actual expenses are not being charged to Partner Boards and therefore, true administrative costs may not be fully recovered.

#### *Purchase of service agreement/Support Services*

There is no contract between ETB and SGDSB for services which the School Board provides to the Consortium nor are there contracts between ETB and each of the School Boards for the provision of transportation services. Therefore, services are obtained by the Consortium/Boards and paid without terms, conditions, and service levels normally associated with such an arrangement. ETB should establish formal contracts with all Service Purchasing Boards as soon as possible. Formal contracts protect the Consortium by ensuring that scope of services and fees, insurance / liabilities, quality of service, dispute resolutions and term are clearly articulated and agreed upon prior to the delivery of service. Without a contract in place, there is a higher risk that disputes could arise over misunderstandings.

#### *Consolidation of documents*

Cost sharing formulas and agreements are documented in the ETB Transportation Consortium Agreement, the Consortium Agreement for Shared Transportation Services and in several unsigned process documents. We would recommend that ETB consolidate the various documents that establish the cost sharing arrangements in a formal, executed contract. This will help avoid any possible confusion and/or the risk that the various agreements and documents get separated.

#### *Insurance*

The School Boards are protected from potential liabilities by the general insurance purchased at the Board level. The Consortium does not carry separate insurance specifically for student transportation services. It is recommended that the Consortium investigate, with its insurance carrier, the applicability of, and need for, insurance for the Consortium.

#### *Monitoring of Key Performance Indicators ("KPIs")*

ETB management, with guidance and approval from the Board of Directors, should identify KPI's which would be beneficial to monitor and assess the performance of the organization. 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. ETB can use the results of the analysis to generate realistic business improvement plans or make policy recommendations to the Partner Boards based on current and relevant data obtained through the KPIs. Acquisition and implementation of a transportation management information system would greatly enhance the ability of the Consortium to provide performance data to the Partner Boards.

#### *Operational Plans*

Although management and the Board of Directors have already taken steps to formally develop the goals and objectives of the Consortium, the process should be extended to include development of both short (less than 1 year) and long term (3-5 years) formal goals, objectives and implementation plans. The formalized operational plan should include clearly identified steps that the Consortium will take to achieve both the short term and long term goals. The implementation plans should also be defined to help differentiate the issues that need immediate attention from those which can be implemented over a longer term. It is also essential that the Board of Directors review and approve the Plan annually to make sure that it reflects the strategic direction of the Consortium. A sound operational plan will not only formally identify goals and objectives for the Consortium, it will also describe how these goals and objectives will be achieved and allow the Consortium to measure its performance against tangible steps and stages of progress.

#### *Eligibility Appeal Process*

To ensure consistency in the application of eligibility policies and procedures, the Consortium should be involved in the determination of eligibility concurrently with school principles.

### **3.5 Financial Management**

A sound financial management process ensures the integrity and accuracy of financial information. This includes the internal controls that exist within the accounting function and ensures that a robust budgeting process is in place which provides for accountability in decision making.

Financial management policies capture roles and responsibilities, authorization levels, and reporting requirements. The planning calendar refers to key dates for compliance, monitoring policies, or specifics to ensure proper segregation of duties. The policies support that a proper financial internal control system is in place for the Consortium.

#### **3.5.1 Observations**

##### *Budget planning and monitoring*

The process of developing the Annual Transportation Budget follows the budget procedures in place at the SGDSB. The budget estimates are submitted to the Superintendent Business Operations (SBO) of SGDSB for the entire cost of the services in March/April. An off-set credit is identified in the revenue section of the budget that represents the reimbursement that will be received from CSPGNO, SNCDSB and CSDCAB.

For the next upcoming budget process (Sept 1, 2009- Aug 31, 2010), a change in the process is expected. The Consortium will draft a complete budget and once approved by the Board of Directors of the Consortium would submit the entire budget to the SBO of SGDSB for inclusion in the School Board's budget setting process. Monthly statements would then be generated from the SGDSB accounting system that will be shared with each of the coterminous Boards. The Transportation Manager and SGDSB Accounting Manager would cooperatively undertake the year-end financial processing. If the Consortium ends in a deficit position, the Board of Directors of the Consortium will determine the method to resolve.

#### *Accounting Practices and Management*

Accounting processes can be effective and efficient if the process is well defined and provides sufficient controls over assets.

All accounting services are provided by SGDSB. All expenses of the Transportation Manager are reviewed and approved as per the SGDSB policies. No accounting is performed by the Consortium. Two G/L accounts are maintained by SGDSB that track direct transportation costs only, i.e. payments to Operators.

A monthly statement is generated by the accounting system. The Transportation Manager reviews it and determines if the monthly spending is in line with projections. The Transportation Manager reviews the charges or credits to the account if there are discrepancies against the projections. If errors or omissions are identified a reconciliation to the hardcopy invoices is performed and follow up action taken.

The Accounts Payable cycle is managed by the Transportation Manager and Manager of Accounting for SGDSB and follows the policies and procedures in place at the School Board. As far as payments to Operators are concerned, the Transportation Manager calculates the amounts owing to Operators. These have been Board approved as the Board approves the execution of the contracts with Operators. Once the amounts are determined, automatic payments to the Operators are set up in the accounting system. Similarly the fuel escalator payment amounts are calculated by the Transportation Manager and provided to the Manager of Accounting for payment. The Transportation Manager is a manager within the SGDSB and as such has a high level of approval and is bound to follow SGDSB purchasing and authorization requirements.

### **3.5.2 Best Practices**

It is recognized that ETB has demonstrated best practices in the following areas:

#### *Accounting Practices and Management*

The financial management system implemented by the Consortium and SCCDSB demonstrates sufficient internal controls and timely reporting. Checks and reconciliations are conducted by the Transportation Manager that protect against accounting errors.

## **3.6 Results of E&E Review**

This Consortium has been assessed as **Moderate-Low**. The structure of the Governance Committee provides sufficient oversight to the Consortium and ensures that the Consortium is operating under the best interests of all Partner Boards and the key stakeholders.

It is recommended that the Consortium, as a first step, execute the ETB Consortium Agreement so there a contract governing the relationship and then examine its entity status and the merits of establishing itself as a separate legal entity. Additionally, it is important that a clear line between governance and management responsibilities be drawn to enable effective governance. It is also important to establish methods to monitor the performance

of the Consortium through key performance indicators and to establish service level agreements with all providers of service including SGDSB.

## 4. Policies and Practices

### 4.1 Introduction

Policies and practices encompass the evaluation of the guiding policies, operational procedures, and the daily practices that determine transportation standards of service. The analysis for this area focused on the following three key areas:

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

Interviews with the Transportation Manager and an analysis of supplied documents and data provides the basis for the findings and recommendations found in this section of the report. Best practices, as established by the E&E process, 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 and Practices – E&E Rating:**

**Moderate-Low**

### 4.2 Transportation Policies & Practices

Clear and concise policies, procedures, and enforceable practices are fundamental elements 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 is the application of policies through well defined and documented procedures, operational practices and protocols all of which determines *how* services are actually delivered. Policy harmonization between the Partner Boards and the application of practices helps to ensure that service is delivered safely and equitably to each of the Partner and Service Purchasing Boards. This section will evaluate the established policies and practices and their impact on the effective and efficient operation of the Consortium.

#### 4.2.1 Observations

The ETB Consortium operates under the direction of policies developed by each of the Partner Boards and by practices developed over time as administered by the Transportation Manager. Evidence of cooperation exists in the development of policies as the majority of operational policies and guidelines are either identical or share similar language. A Joint Policy document has been developed with expected approval by each of the Partner Boards by December 2008. As the Consortium serves multiple Boards across a large geographical area, it is imperative that transportation services are planned and delivered in a fair and consistent manner to ensure equitable service and that each Board contributes fairly to the costs of the services that are received.

##### *General Policy Development and Harmonization:*

Annual planning and daily operations are guided mainly by the separate (although similar) policy documents of each of the Partner Boards and by established practices. The approval of the Joint Policy would provide the Consortium with a single source document that provides decision guidance for both planning and daily operations ensuring equitable service

between the Partner Boards. While there are many instances of harmonization and similarities in service parameters and language, each Board's separate policy statements are currently the determining factor in an instance where the Joint Policy is silent or in circumstances where the authority of the Consortium or the Joint Policy is questioned. Interviews with the Transportation Manager indicate that in general the majority of service parameters are, in fact, determined by the Joint Policy and other accepted practices.

Analysis of existing policy documentation indicates there are opportunities to clarify requirements to ensure consistency in service delivery. Examples include:

*General Transportation Eligibility:* Identifying which students are eligible for service is the foundation for planning and helps to ensure equitable service. The following table lists the walk distances that have been established and illustrates that while there are differences between the Board policies, in practice eligibility requirements are applied equally. The adoption of the Joint Policy will eliminate any inconsistencies in both planning and service delivery.

**Table 3: Joint versus individual policy eligibility criteria**

Eligibility by Grade Level	JK and SK	Grades 1 to 3	Grades 4 to 8	Grades 9 to 12
Joint Policy/Current Practice	0.2 km	1.2 km	1.6 km	3.2 km
SGDSB	0.2 km	1.2 km	1.6 km	3.2 km
SNCDSB	0.2 km	1.2 km	1.6 km	3.2 km
CSPGNO	0.5 km	1.0	1.6 km	2.4 km
CSDCAB	0.2 km	1.0 km	1.6 km	N/A

*Stop Placement and Walk to Stop Distances* – Bus stops are located where deemed appropriate by the Transportation Manager in consultation with the Partner Boards and the Operators. The practice for students residing in rural areas is a maximum of 1.0 km walk distance to a stop for all Grade 1 to Grade 12 students. JK/SK walking distances remain at 0.2 km. Supporting policies and practices have been established including line of sight requirements, waiting area criteria, and distance between stops requirements. Other considerations that could be included in the Joint Policy that are not detailed currently could include concerns regarding traffic volume, maximum students assigned per stop, and issues of winter safety. Questions regarding the safety of a stop placement may involve consulting with outside agencies, however, the final decisions rest with the Consortium or Partner Board.

*Student Ride Times* – The analysis of student ride times is a key indicator of overall service levels being provided by the Operators serving the Consortium. The Joint Policy states that, “As much as it is possible, a student travel time shall not exceed one hour”. This language is again supported by SNCDSB and SGDSB policies while the other Board’s policies are silent. Route and run data is currently recorded on forms supplied by the Consortium which is later transferred into a spreadsheet. While the purpose of the spreadsheet is primarily for the purpose of allocating expenditures by Board and for reporting it can also support a limited analysis of operational performance.

*Courtesy Transportation* – Courtesy transportation varies as it is not granted in general by SGDSB but may be granted by the other Boards. While the cost for courtesy transportation services are all charged back to each of the respective Boards, a clarification in policy would help to ensure consistency in eligibility and approval.

*Hazardous Transportation* – Hazardous transportation is supported in policy by the Joint Policy and within policy statements from each of the Partner Boards with the exception of specific language from CSDCAB. In practice, the granting of hazardous transportation varies by Board with the most notable being areas determined to be hazardous based on wildlife populations and winter bussing schedules. While the cost for these services is allocated to each of the respective Boards, the inconsistency of what determines a hazard should be considered and harmonized to ensure student safety and consistent application.

*Student Discipline* - The language in the Joint Policy and each of the Board's separate policy statements are nearly identical and clearly state that conduct detrimental to the safe operation of the bus or to other students will not be tolerated. In the event of a breach in conduct, the driver is responsible for notifying the principal. It is the principal's responsibility for determining the appropriate disciplinary action and for providing written documentation. "A Guide to Student Transportation" provided by SGDSB further defines expectations and expected behaviours of students, parents and administrators.

*Dispute Resolution* – While the Joint Policy does not provide specific guidance to satisfy disputes concerning the transportation of students, in practice, the Transportation Dispute Resolution Process developed by SGDSB is utilized in the event that a concern is raised regarding a student's transportation. Every attempt is made to satisfy the concern at the school and Consortium level first before progressing to the involvement of the Transportation Officer or Committee of each individual Board.

*Bell Time Management* – In practice, a change in bell times may be suggested by the Operator to improve service and efficiency. No specific language regarding bell time management and change procedures are covered by either the Joint Policy or individual Board policies.

#### *Policy Enforcement*

Observations and interviews indicate that a uniform enforcement of Consortium policies and practices is in place throughout the system. The anticipated approval of the Joint Policy will serve to further support the consistent application and enforcement of guiding policies and procedures by eliminating the limited technical difference between existing Board policies and actual practices.

### **4.2.2 Recommendations**

#### *Joint Policy and Policy statements*

A review the proposed Joint Policy and current policy statements and practices is recommended to ensure that they clearly provide the necessary operational guidance to ensure consistency in operation. A primary example of where additional clarification is needed is the determination of what constitutes a hazardous condition under which transportation would be granted. Currently, wildlife populations of bears and wolves have created a reasonable concern causing SNCDSB to grant hazardous transportation to impacted students while the other Boards have not been compelled to grant the same consideration. While the Joint Policy and individual policy statements supports a Board's right to transport students based on hazardous conditions, adding clarity to include localized conditions would help to ensure consistency in services provided. Another example is dispute resolution. Although a common practice may exist, incorporating this into the Joint Policy will again provide clarity and ensure consistency in practice. Finally, formal bell time management procedures should be developed recognizing the importance of bell time

management and change procedures in an effective transportation system. All of these items should be remedied prior to final approval of the document.

#### *Single Source Document*

ETB and the School Boards should recognize the Joint Policy as the single guiding source of planning and operational practices and procedures. It is evident that much effort has been expended to harmonize the individual Board policies and in the development of the Joint Policy. When approved, the Joint Policy will serve to ensure that service is delivered fairly and equitably to the Partner Boards. The approval of the Joint Policy will eliminate any inconsistency that may arise from the interpretation of conflicting statements or in cases when one or more of the Partner Board's policies are silent.

### **4.3 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 needs of each student including the mobility of the student, behavioural issues, special equipment operation and attachments, medical conditions, administration of medication, space availability for aids and attendants, and the time and distance tolerance of the student.

#### **4.3.1 Observations**

Each of the Partner Boards has established procedures to determine the transportation needs of students with special needs or accessibility requirements. Once the needs of a student are determined and communicated to the Transportation Manager, transportation is provided to fully accommodate the needs of the student. Routing strategies include special needs students and regular education on both regular education and special needs routes when appropriate. The inclusion of special needs students on regular education routes allows for greater utilization of the entire fleet helping to control the overall cost of providing service.

Supporting procedures have been developed to address the following issues and concerns:

- Epi-Pen use, training, and administration;
- The provision of special restraints, seat belts, and lift buses will be provided as needed;
- Cost allocation and cost sharing procedures; and
- Communication and planning responsibilities of principals to ensure a clear understanding of what services will be provided.

While each Boards' policy statement reflects a commitment to provide for special needs students, many of the elements that would be expected to be exhibited do not either appear to be well documented or assembled into an all encompassing manual that clearly delineates the responsibilities of parents, students, school staff, drivers, and Operators. Examples of this include:

- Policies specific to the individual medical or emotional conditions of students;
- Wheelchair loading and unloading;
- The use of securing devices;
- Lift operation; and
- Driver training to meet the specific needs of special needs students.

### 4.3.2 Recommendations

#### *Special Education Transportation Policy Development*

The development of a set of comprehensive written policies and operational procedures that govern every aspect of special needs transportation is necessary to ensure that a high level of service is delivered regardless of the Operator or in the event of a change in Consortium management.

### 4.4 Safety Policy

Student safety is the paramount goal of any school transportation system. Serving a large, mostly rural geographical area with multiple Operators, it is imperative that there are clear and concise safety policies, practices, and regular training programs to promote a culture of safety and communicate the responsibility of students, parents, drivers, and the general community.

#### 4.4.1 Observations

The Consortium supports the First Rider program for JK students at multiple sites within the service area. Local police departments also attend to provide additional training support. The Consortium Manager and the Operators work collectively to schedule, coordinate, and advertise the event in each area.

Evacuation drills are required to be performed by the Operators for all students receiving transportation. Scheduling of these activities involves coordination between the Operators and the school site locations. The Consortium monitors compliance with the training requirements by requiring written confirmation of completed training.

The contract holds the Operator responsible for providing drivers with First Aid and CPR training, how to recognize anaphylactic emergencies and the use of Epi-Pen medication. While the contract does require that the Operator ensures that its “drivers are properly licensed, trained, and authorized by the Ministry of Transportation” it does not specifically mandate additional driver training such as student management techniques, training specific to the transportation of special needs students, specific skills improvement training or defensive driving techniques.

#### 4.4.2 Recommendation

##### *Safety Training Policy Development*

While the Consortium has demonstrated a commitment to the development and support of ongoing safety training it is recommended that a comprehensive Safety and Training Policy Manual (as a component of the Joint Policy) be developed that fully encompasses all safety and training elements required by the Consortium including:

- Student behaviour management;
- Training specific to the transportation of special needs students;
- Skills improvement and defensive driving training; and
- The identification of opportunities to promote school bus safety to the general community by active participation on area traffic and safety committees.

### 4.5 Results of E&E Review

Policies and Procedures development and implementation has been rated as **Moderate-Low**. The exact or similar language in each Board’s policy document is evidence of the cooperation that exists between the Partner Boards. The development of the Joint Policy is further evidence of the Consortium’s and the Partner Board’s recognition of the importance

of consistent policies and practices and their impact on fair and equitable service, but this manual was not approved for implementation at the time of the review.

Although the Consortium's Joint Policy has not been fully adopted by the Partner Boards, its expected approval will help to ensure consistency in service between the Partner Boards and serves as a solid foundation on which the Consortium can build as it progresses into a fully independent operating Consortium. The development and inclusion of additional policies and operational procedures specific to the transportation of special needs students and driver and student training will help to ensure each of these critical components are fully considered as the Consortium strives to operate as efficiently and effectively as possible.

## 5. Routing and Technology

### 5.1 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.

As the Consortium does not currently use a routing software package, the majority of observations are based on information obtained from interviews and presented materials with the analysis of data limited to information entered into *Excel*.

Best practices, as established by the E&E process, provided the source of comparison for each of these components. The results were then used to develop an E&E assessment for each of the key areas, and to determine the overall effectiveness of the Consortium's Routing and Technical as summarized below:

<b>Routing and Technology – E&amp;E Rating:</b>	<b>Low</b>
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### 5.2 Software and Technology Setup and Use

The review of routing procedures includes the management, administration, and use of technology for the purpose of managing student transportation services to achieve the most effective and efficient routing structure possible.

#### 5.2.1 Observations

##### *Bus Route Management Procedures*

ETB currently uses a combination of manual processes and a third party spreadsheet application for managing bus run and route data. All routes are developed manually by each Operator for their respective service areas. Given the mostly rural attributes of the service area, routes are generally static in nature with adjustments as required to compensate for incoming kindergarten, new students, and students graduating or leaving the area. All routes are submitted to the Transportation Manager for a review that includes route length, bus utilization, ride times, and total route kilometres. While the data is not recorded in a manner that facilitates the calculation of basic performance measures, it does provide the Consortium Manager with overall total route times and route lengths with aids in the determination of which runs may be combined to eliminate routes or to improve service. After routes are adjusted and finalized, route data is entered into an Excel spreadsheet for the purpose of ongoing expenditure allocation and other reporting requirements, such as the annual Ministry survey, Operator payment calculations, reporting, and Operator monitoring. The data that is collected and entered into Excel is backed-up to SGDSB's onsite server and onto the Consortium's portable computer and on a portable storage device.

The Transportation Manager for the East of Thunder Bay Consortium (whose duties also include serving as Superior Greenstone's Transportation Officer) serves as the primary liaison between the Operators and the Transportation Officers for each of the Partner

Boards. The primary responsibility for the Transportation Officers is to provide information to parents served by their respective boards and to relay service concerns to the Transportation Manager. In conjunction with the Consortium's Transportation Manager, the Transportation Officers also work to resolve transportation eligibility issues, determine safe stop locations, and recommend changes in policies. The Transportation Officers are also responsible for providing accurate student data to the Transportation Manager for route planning and cost sharing allocations. The Transportation Manager is ultimately responsible for resolving service or operator issues and for the accurate calculation of the actual transportation cost for each of the Boards including administrative fees.

Management of transportation is limited due to the lack of dedicated staff with a sole focus on transportation operations. Currently, the designated Transportation Manager is also responsible for Plant Services as the Director of Plant Services/Transportation for SGDSB. The resulting time available for the direct management of the Consortium is estimated at approximately 25 percent with some additional support received from office professionals employed by SGDSB. The impact that this has on the operation is most evident in the way data is reported for the tracking of Operator payments and performance. The collected data satisfies the Consortium's current need for reporting and Operator payment but in some cases lacks detailed information that would enable further analysis of system or Operator performance.

An example of this is the tracking of live running time for routes and in particular routes with two or more runs. Currently, data is collected in a manner that prohibits a comprehensive analysis of basic performance indicators such as ride times and capacity utilization. The Consortium is aware of these obstacles and is considering the hiring of a full time Transportation Coordinator to assist the Transportation Manager in the oversight of the day to day operations. In addition to full time personnel, the Consortium is also considering the purchasing and implementation of routing software. The use of software, as a routing tool and information retrieval system, would aid the Consortium in both route planning and the analysis of data for both reporting and performance measurements. To obtain the greatest benefit possible from any routing software solution, it is imperative that the system implementation considers the service parameters and reporting needs of the Consortium. Examples of elements that should be considered include training for basic use and reporting, effective set-up of coding structures to enable data retrieval and analysis, and the availability of a correct digital map with support for updates and maintenance.

#### *Management of Regular Bus Routes*

The Transportation Manager has developed a monthly planning calendar requiring all routes to be established and confirmed within the month of August. As the routes are primarily historic in nature, route planning consists mainly of additions for SK/JK and newly enrolled students and deletions for graduated or students leaving the area. As there is no route planning software in use by either the Consortium or the Operators, all routes are manually produced by writing out route directions including lefts, rights, and stop locations. Written directions are supported by line drawings of the routes on local maps. While the routes are generally static, the Boards reserve the right to initiate changes within an area and may substitute an alternate route for an existing route, match loading to bus size, and extend route coverage to ensure loading efficiency.

#### *Student Data Management*

Each of the Boards are responsible for providing student data as requested for route planning. Student data for SGDSB is extracted from its *Trillium* student data base with the remainder of the Boards providing lists exported into *Excel* although they also use *Trillium* for student accounting. The common use of *Trillium* would enable the Consortium to implement a consistent process for the uploading student data in the event that routing software is acquired for route planning.

### *Route Analysis*

Route times and route lengths are monitored for opportunities to reduce the number of buses and the corresponding costs. Routes with short ride times or low capacity may be combined with other runs or routes or double run when time permits. While the data collected does provide the Transportation Manager with baseline information on which to base these observations, additional "coding" on each student's record would be required to further refine the analysis of the overall performance of the system. An example of this includes courtesy and hazardous riders. Expanding the coding structure to include the specific reason eligibility is granted such as indentifying "highway crossing" in a student's record would allow for greater analysis of what types of service are being provided and how it impacts both service levels and costs.

### *Information Dissemination*

The majority of information to parents and students originates from the student's school of attendance. SGDSB's web site briefly explains operations under a coterminous sharing agreement and posts links to each of the Board's Transportation Officers. Links are also provided to the Board's transportation policy and the student transportation brochure.

## **5.2.2 Recommendations**

### *Routing Software*

The Consortium has established a budget for the acquisition of transportation management software. Serious consideration should be given to this purchase because it would provide for much greater data availability and would greatly improve existing manual processes related to data collection and Operator monitoring procedures. There are a number of large and small market transportation management software applications available. Given the availability of full featured software products for less than \$10,000 (or approximately 0.2 percent of expenditures) it is highly likely that the administrative and operational efficiencies that could be realized would be sufficiently timely to make the investment worthwhile. Even if the acquisition of routing software only had marginal benefits in improving the efficiency of operations, it would have significant benefits for operational effectiveness. Operational benefits would include:

- Minimizing the risks associated with manual systems with limited documentation in the event of a long term absence or loss of key staff members;
- Improving the availability of data to model alternatives to current routing or cost allocation methodologies;
- Minimizing the non-functional time spent by transportation staff responding to basic inquiries from schools, operators, and parents. This is a particularly important concern when transportation staff resources are limited.

As all of the Partner Boards use *Trillium* as their student data base, an automated interfacing with routing software should be a major consideration in choosing the software package. Minimizing manual entry will help promote the accuracy of student data and reduce Consortium workload. The interface should include all students served by each of the Boards regardless of transportation eligibility.

### *Performance Data Tracking and Analysis*

The availability of accurate data is of paramount importance providing the basis for all Operator and system analysis. Regardless of whether the Consortium continues with its current manual process of route development and data reporting or it transitions to a software solution, it is imperative that comprehensive data is available for each run and route to enable a full analysis. Therefore, the existing data collection mechanism should be revised in order to allow for run level analysis of performance. Consideration should be

given to additional discrete data sets that each of the Partner Boards may be interested in reviewing and a proper coding structure should be established to facilitate that analysis. The addition of a dedicated staff member should provide the Consortium with the necessary support needed to monitor Operator reports and to assist in the collection and analysis of data.

#### *Information Dissemination*

As the Consortium progresses in its implementation, a separate, East of Thunder Bay Transportation Consortium web site should be implemented to serve as a source of information to parents and to reinforce the existence of the Consortium. At a minimum, transportation policies and FAQs, current weather conditions, school closings, and Consortium contact information should be available as a ready source of information to parents and students.

### **5.3 Transportation Planning and Routing**

Effective route planning is paramount to ensure the efficient delivery of transportation services for both regular and special needs transportation. While route planning for regular education students is largely based on the parameters set by policies and established practices, route planning strategies for special needs transportation must consider the needs of the students first and operate as efficiently within those needs as possible. This section of the review will evaluate the strategies, tactics, and processes used to design both regular and special education students and the strategies used to minimize the cost while providing the highest level of service possible.

#### **5.3.1 Observations**

##### *Special Education Route Planning*

A student's specific transportation needs are determined through the IPRC process used to determine the special needs of a student and communicated to the parents and the Consortium for implementation. The Consortium is responsible for determining the best mode of transportation which may include the use of regular education buses when appropriate. Special needs routing is finalized during the month of September with confirmation in writing to the parents.

##### *Analysis of System Effectiveness*

Services are provided to approximately 1,600 daily riders on 36 buses.<sup>10</sup> The Consortium contracts with six Operators with fleet sizes ranging from a single bus to the largest with 12 buses. The service area is primarily rural in nature with the schools located in towns approximately 100 km apart. This section will provide an analysis (to the degree supported by available data) and comments on the effectiveness of the current routing structure.

##### *Utilization of the Fleet*

Vehicles in the combined fleet range from capacities of 9 to 72 passengers. Approximately 75 percent of the buses are 72 passenger buses as illustrated in the following table:

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<sup>10</sup> The data presented in this section was collected at the time of the review. Due to the timing of the data collection, these values may not match the values presented in the Ministry survey.

**Table 4: Fleet capacity**

Vehicle Capacity	Total by Size	Percentage of Fleet
9 to 60 seats	9	25%
72 seats	27	75%
<b>Total Number of Vehicles</b>	<b>36</b>	<b>100.00%</b>

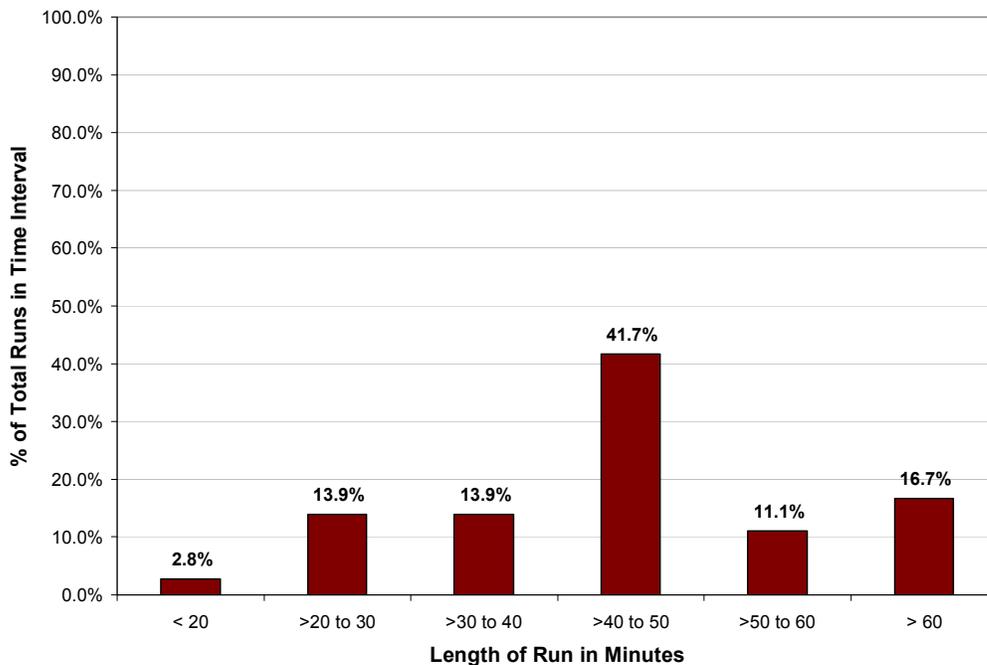
A limited number of strategies to increase the overall utilization of the fleet have been implemented throughout the routing scheme. Approximately 31 percent of buses are able to perform double runs in the morning and 28 percent in the afternoon. Of the 36 bus routes, approximately 86 percent are combination routes serving 2 or more schools.

*Student Ride Times*

The Joint Policy and the individual Board policies limit student ride time to a maximum of 60 minutes whenever possible. The data presented for analysis provides the *total* time that the bus is in use on any given route which in some cases may include the “dead head” or time that the bus is traveling without students. On routes with more than one run, run start and stop times are not clearly delineated for each individual run. Typically, live running time (with students on the bus) is measured by taking the sum of route length in minutes for all runs, from first stop to last stop, and dividing by the number of runs.

While the data presented limits a full analysis of each individual run, an analysis of the raw data indicates that on average, total running time on all routes is approximately 45 minutes and well within policy guidelines. Further analysis indicates that approximately 83 percent of total route times from start to finish are less than one hour allowing a reasonable conclusion that routes are being planned within policy guidelines. As illustrated in the following chart, the frequency at which total route times are above the planning parameters of one hour is approximately 17 percent or 6 routes. Without a clear delineation of both live running time and run start and stop times, it is difficult to conclude whether these routes in fact exceed the planning parameters.

**Figure 7: Run characteristics**



The limited availability of data and the difficulty of extracting run specific information from the data currently available do not allow for definitive conclusions on the performance of the Consortium. However, it is clear that a significant portion of the runs are worthy of further analysis to determine if alternative routing techniques can be used in an effort to ensure that student ride times remain within guidelines.

#### *Capacity Utilization*

Capacity utilization is an important indicator of both routing efficiency and service levels. The Consortium's planning parameters includes a weighting factor of 1.5 for students in grades 7 to 12 with a factor of 1.0 for the JK/SK to grade 6. Regardless of whether the planning parameter for student loading is at the legal capacity of the bus (72 passengers assigned to a 72 passenger bus as an example) or a weighted capacity (72 passenger bus reduced to a planned capacity of 48) the goal is to fill each bus to the extent possible to reduce the number of buses needed. The analysis of capacity utilization is an effective tool to determine the overall effectiveness of the routing architecture.

The number of daily riders is recorded by route; however, ridership is not broken down by run which hampers a comprehensive analysis of actual capacity utilization per run. Based on actual riders by route (not by run) the average capacity utilization is approximately 80 percent.

In an effort to analyze the existing data, student loads on routes with two runs were equally divided per run which results in an estimated average capacity utilization of approximately 61 percent. Improvements in the availability, completeness, and accuracy of data will be necessary before it is possible to more fully establish what efficiency opportunities may actually exist.

### **5.3.2 Recommendations**

#### *Standardize the Reporting of Data*

The standardization of data reporting is recommended to enable the comprehensive analysis of routing effectiveness and Operator performance. As noted previously, each of the Operators is required to report route statistics via a form provided by the Consortium. While the Consortium has made good use of Excel, the quality of the information and the variability in the way Operators submit the reports limits the value of the data to primarily determining Partner Board cost allocations and Operator payments. Improved collection of data by run including live running time and actual student loads would provide the Transportation Manager with the data needed to assist in route planning decisions to maintain or increase service effectiveness.

### **5.4 Results of E&E Review**

Routing and Technology use has been rated as **Low**. While the Consortium has made good use of *Excel* for cost allocation and vendor payments, the availability of staff and the variability of data reported prohibit a comprehensive analysis of Operator performance and impacts the identification of routing inefficiencies. The hiring of a dedicated staff member, mandated conformity of data reporting by the Operators, and the implementation of the recommendations contained in this section will benefit the Consortium as it seeks to operate as effectively and efficiently as possible.

## 6. Contracts

### 6.1 Introduction

The Contracts section refers to the processes and practices by which the Consortium enters into and manages its transportation 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 analysed based on observations and information provided by ETB, including interviews with Consortium management and select Operators. The analysis is composed of 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 Contracting Practices as shown below:

**Contracts – E&E Rating:**

**Moderate**

### 6.2 Contract Structure

An effective transportation contract 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.

#### 6.2.1 Observations

##### *Bus Operator Contract Clauses*

All bus Operators with ETB have an executed contract with SGDSB (*Transportation Memorandum of Agreement*). The contract stipulates required insurance; compliance with Highway Traffic Act; indemnity; accident reporting; agreement termination clauses; payment processes; fuel escalator clauses; route determination procedures; obligations to transport; policy and regulations compliance clauses; and vehicle licence requirements. There is no explicit confidentiality clause included in the agreement; however, Operators are bound to follow the policies of the SGDSB that do include a confidentiality clause. Operators are not provided a copy of the SGDSB policies; they are expected to download them from the SGDSB website.

The vehicle age policy is stated as ten years. Per an unsigned policy, buses can be used for two additional years with permission from ETB and will only receive 50 percent of the depreciation credit.

The vehicle age policy does not apply to spare buses; however, these buses must meet all Ministry of Transportation mechanical requirements. Per an unsigned policy, replacement vehicles cannot exceed 15 years of age and cannot be used for more than three days. The Operators must have SGDSB approval before replacing any of their vehicles and all new busses must be 72 passenger vehicles. Operators are required to have spare buses but the spare ratio is not defined. As Operators are often geographically located several hours apart,

there are limited opportunities for one Operator to cover routes of another if such a situation should arise.

Operators are responsible for ensuring all drivers have appropriate First aid, CPR and EPI Pen training. Operators receive \$250 per route per year for safety training and \$150 per route per year for safety equipment.

#### *Bus Operator Compensation*

Operators are paid twice per month on the 15<sup>th</sup> and last day of the month. The amount of each payment equals 5 percent of the contract total. (2x10 months = 20 payments). A payment adjustment is made once the contract negotiations/acceptance and route designs are completed for the year.

If a route is cancelled with 24 hours notice, the variable component of the mileage charge is not payable to the Operator.

Operators can submit actual fuel receipts to invoke the fuel escalator clause. Receipts submitted will determine the fuel price to be paid to Operators until the next receipt is submitted. If fuel prices, monitored by ETB are \$0.02 less per litre than the currently invoked price, ETB can adjust the fuel rate. The SGDSB makes two fuel escalator adjustments per school year, one in September that last until the end of January and one in February that lasts until June. The amount due to the Operator for the first adjustment will be retroactive to the first instructional day of October and the adjustment payable at the end of January. The amount due to the Operator for the second adjustment will be retroactive to the first instructional day in February and payable to the Operator at the end of June. If the adjustments result in amounts owing to the SGDSB, the amount will be deducted from payments made to the Operators. The fuel component rate will be calculated using 2.9 kilometres per litre.

Operators are paid the variable and fixed amounts for inclement weather days; however, per the Transportation Manager, buses are usually rescheduled (i.e. they run later in the day rather than being cancelled altogether).

No monitoring is in place to ensure Operators spend the safety training and safety equipment funding appropriately. It is the opinion of the Transportation Manager that no monitoring is required as the Operators are bound under contract to carry out the requirements of the contract, and are further required to report that training has been completed. Operators are subject to random audit at the discretion of the Transportation Manager for such items.

#### *Bus Operator Contract Management*

Operator's routes and stops are fixed. Operators receive ridership lists directly from schools. At the beginning of the year bus drivers pick up all students waiting at a stop. There are few changes year to year but the school will contact the Operators if new students register and JK lists are provided to Operators by the schools in June. The school will determine which stop the students are to use. Medical condition information is also provided directly to Operators by the school. Drivers do not have access to emergency phone numbers for most students i.e. only for those with medical conditions. Drivers do have access through their radio or cell phone communication to their dispatch, or directly to the school or Transportation Manager at the school that carry cell phones.

#### *Taxi Contracts*

No taxi contracts are in place. Taxies are primarily used for special education students.

### **6.2.2 Best Practices**

It is recognized that ETB has demonstrated best practice in the following area:

- The Consortium has contracts in place for Operators which detail appropriate legal, safety and other non-monetary terms. This ensures the contractual relationship between transportation service providers and the Consortium is defined and enforceable. Bus contract wording automatically extends the contract into the next year based on the terms and conditions from the previous year. This ensures that a contract is in place at the start of the school year.

### **6.2.3 Recommendations**

#### *Taxi Contracts*

Written contracts should be established with taxi companies. The lack of contract documentation for these Operators increases risk exposure to the Consortium and the Partner Boards. It is important that all vehicles used to transport students are in compliance with the Ministry of Transportation license, insurance and safety requirement, and the drivers have received all appropriate training that is mandatory to provide student transportation services. As taxis are used primarily for the transportation of special education students it is especially important for the Consortium to ensure that taxis have the appropriate training and safety equipment to accommodate these special requirements.

#### *Bus Operator contract clauses*

It is imperative that ETB provides complete and timely student information to the school bus Operators for each of their runs. Operators are currently responsible for coordinating with individual schools to obtain rider lists and student data, including medical conditions, and ETB has little involvement in this process. ETB should consider increasing the role they play in providing or coordinating the provision of this information to Operators in order to ensure Operators have the necessary information in a timely manner and are able to do a good job in ensuring safe and reliable student transportation.

#### *Compensation for Operators*

We acknowledge that there are costs which are incurred in terms of ensuring the fleet of buses and drivers are ready to resume duty when the inclement weather passes by. However, these costs are fully captured within the fixed and driver wage components of the contract. It is important that we make this distinction because variable costs, those which are specifically derived from distance travelled, are not incurred by the Operators and Operators are not out of pocket for these expenses; as such, payment of these variable amounts on inclement weather days should not continue. Driver attrition should remain unchanged if drivers' wages continue to be paid on snow days and likewise proper fleet maintenance should continue given the continuation of the fixed component of remuneration.

ETB should consider also the necessity of paying 50 percent of the depreciation credit on vehicles used for the two years after the 10 year vehicle age policy. As the assets are fully depreciated at 10 years, it may not be necessary to pay this amount.

#### *Consolidation of documents*

As recommended in Section 3.4.3, ETB should consolidate the various documents that establish Operator compensation, policies and management into the Transportation Memorandum of Agreement that is signed by Operators. This will help to avoid any possible confusion and/or the risk that the various agreements and documents get separated.

#### *Operator Access to Student Information*

ETB should fully assess the completeness and reliability of its student information and provide sufficient information to Operators to enable effective policies with respect to identifying students en route to and from school, ineligible riders, medical support, and accurate information dissemination in the event of a major accident or incident. Under the

advisement of appropriate legal counsel and through stakeholder involvement, the implementation of appropriate confidentiality clauses in Operator contracts with respect to access to student information should be considered. At the least, Operators should be provided a copy of the SGDSB policy to which they are expected to comply.

### **6.3 Contract Negotiations**

Contract negotiations are intended to provide an avenue by 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 efficient market prices.

#### **6.3.1 Observations**

##### *Bus Operator Contract Negotiation Process*

An unsigned document outlines the process for negotiating and tendering bus contracts. The process begins in August of each year. The contract consists of two parts – the wording that contains the clauses under which the service is provided and a spreadsheet that calculates the amount that a bus Operator is to be paid for every route. All Operators are offered the same terms, conditions and rate factors.

School bus routes are generally negotiated with each bus line Operator rather than being tendered, however, when Operators do not accept the terms, conditions and rate factors stipulated by ETB, the routes are tendered.

Once agreement is achieved with each Operator, the draft contracts are submitted to the Board of Trustees for SGDSB for approval. Following approval, the contracts are finalized and executed by all parties. Contracts are usually processed by the spring and are for a one year period. ETB is working toward having contracts signed by August prior to the commencement of the school year.

When agreement with an Operator cannot be reached, a competitive procurement process is followed. In 2002, ETB competitively tendered the Beardmore area routes. A tender notification ran in *The Chronicle-Journal*, the Thunder Bay newspaper (the only regional paper available).

##### *Special Needs Transportation*

Some ETB students with special needs are transported to programs on vehicles operated by taxi companies. Recommendations made by the Special Education Committee are followed and implemented exactly as recommended.

#### **6.3.2 Best Practices**

It is recognized that ETB has demonstrated best practices in the following area:

- The RFP Process introduced the business opportunity to a competitive market. Based on the RFP submission, the Consortium was able to identify the most qualified transportation service Operators that offered the best prices for the level of services provided. This is a notable achievement as it is a fundamental step in ensuring that bus Operator services are contracted at competitive market rates. As ETB has only six operators, 17 percent of Operators have been retained through a competitive procurement process. We would encourage ETB to continue to use a competitive procurement process on a portion of their routes on a periodic basis to ensure that it will obtain the best value for its money as Operators will compete to provide the required service levels at prices that ensure an appropriate return on investment. A competitive procurement process should be used with certain safeguards in place to protect the standards of service and be sensitive to local market conditions. In areas where this process may not be appropriate due to limited service availability, the Consortium can

ensure that transparent and accountable processes are supported, by using the competitively procured contracts as a "proxy" for negotiating service levels and costs

### **6.3.3 Recommendations**

#### *RFP Evaluation Process*

Modifications to the existing RFP should include an adjustment to the evaluation methodology to ensure that the weighted scoring applied takes into account not only financial terms of proposals but also reflect the importance of service level standards which enable the goals and objectives of the Consortia to be achieved. This permits the evaluation to identify value for money in the procurement of transportation services.

#### *Operator Contract review*

It is understood that SGDSB enters into Operator contracts on behalf of all the School Boards; however, the Board of Directors of ETB should review and have the opportunity to comment on the contracts prior to their execution to avoid any misunderstandings or misinterpretations should questions or issues arise.

## **6.4 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 enhance service levels and ensure that contractors are providing the level of services that were agreed upon. Monitoring should be performed proactively and on a regular and ongoing basis in order to be effective.

### **6.4.1 Observations**

#### *Monitoring*

The Transportation Memorandum of Agreement gives ETB the rights to perform route audits and monitoring; however, only periodic and as needed route audits or monitoring activities are currently undertaken. ETB predominately relies on student, parent and school feedback to ensure bus operations are running smoothly. Monitoring and route audits form part of the duties performed by the Transportation Manager and are carried out and documented at his discretion. Due to the large geographic area covered by the Boards (5.5 hours drive one way), schools are also sometimes asked to record bus licence plate numbers and other identification information to ensure the correct buses are being used.

Child check units are not installed on all buses. Drivers have operating instructions to ensure all children are off the bus at the end of a route.

#### *Dispute Policy*

No formal dispute resolution policy is in place between ETB or SGDSB and the Operators. ETB relies on the robustness of their contract terms and, as a fall back, on contract law.

### **6.4.2 Best Practices**

It is recognized that ETB has demonstrated best practices in the following area:

- ETB requires Operators to demonstrate that they have provided their Drivers appropriate safety and first aid training prior to the start of the school year in addition to demonstrating they have met insurance requirements.

### 6.4.3 Recommendations

#### *Monitoring*

A proactive monitoring system should be implemented by the Consortium to monitor Operator performance. Comprehensive route audits involve a trained and experienced individual riding along within a selected bus to monitor compliance with contractual requirements imposed by the Consortium such as adherence to the stated bus route, no unauthorized pickup or drop off points, and proper use of the student list. Proper route audits also provide the Consortium with a basis to determine the accuracy of the student numbers that the Operators report on the annual count of students.

Route audits should be conducted on a regular basis and be supported with appropriate documentation summarizing the results. This type of follow-up reporting can aid in the evaluation of Operators and be used as evidence of proper implementation of the stated monitoring policies. Efforts should be made to obtain a broad and representative sample of audit results which represent all of the Operators which serve the Consortium. Results of the route audit should be documented by the Consortium and later be communicated back to the Operators to assist them in managing their drivers and improving overall service quality. Passive monitoring or a reliance on the bus Operators, students or parents to self regulate and/or report instances of non-compliance with contract terms such as instance of unauthorized bus stops is not an effective method to detect, nor deter, actions which potentially impact the safety of students being transported.

### 6.5 Results of E&E Review

The process by which ETB negotiates, structures, and manages its contracts for transportation services has been assessed as **Moderate**. We are pleased to see the use of competitive procurement processes and to see standardized contracts, with complete terms, that help to appropriately share accountability related to student transportation with the school bus Operators. ETB processes also ensure that the Operators are in compliance with the Contracts to retain appropriate insurance, safety training and fleet maintenance and age requirements. There are some key shortcomings in the monitoring of contract compliance namely with respect to conducting documented and standardized route audits that we believe will be quickly and easily remedied with the addition of the Transportation Coordinator.

## 7. 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 in Phase 2. 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:

Overall Rating	Effect on deficit Boards <sup>11</sup>	Effect on surplus Boards <sup>12</sup>
High	Reduce the gap by 100% (i.e. eliminate the gap)	No in-year funding impact; out-year changes are to be determined
Moderate-High	Reduce the gap by 90%	Same as above
Moderate	Reduce the gap by 60%	Same as above
Moderate-Low	Reduce the gap by 30%	Same as above
Low	Reduce the gap in the range of 0% to 30%	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:

### SGDSB

Item	
2007-08 Transportation Surplus (Deficit)	157,651
% of Surplus/(Deficit) attributed to the Consortium (rounded)	100%
Revised amount to be assessed under the Consortium	157,651
E&E Rating	Moderate-Low
Funding Adjustment based on Ministry's Funding Adjustment Formula	N/A
Total Funding adjustment	N/A

<sup>11</sup> This refers to Boards that have a deficit/surplus on student transportation

<sup>12</sup> This refers to Boards that have a deficit/surplus on student transportation

*SNCD SB*

Item	
2007-08 Transportation Surplus (Deficit)	23,271
% of Surplus/(Deficit) attributed to the Consortium (rounded)	100%
Revised amount to be assessed under the Consortium	23,271
E&E Rating	Moderate-Low
Funding Adjustment based on Ministry's Funding Adjustment Formula	N/A
Total Funding adjustment	N/A

*CSDCAB*

Item	
2007-08 Transportation Surplus (Deficit)	63,763
% of Surplus attributed to the Consortium (rounded)	29.12%
Revised amount to be assessed under the Consortium	18,571
E&E Rating	Moderate-Low
Funding Adjustment based on Ministry's Funding Adjustment Formula	N/A
Total Funding adjustment	N/A

*CSPGNO*

Item	
2007-08 Transportation Surplus (Deficit)	(207,823)
% of Surplus attributed to the Consortium (rounded)	7.30%
Revised amount to be assessed under the Consortium	(15,168)
E&E Rating	Moderate-Low
Funding Adjustment based on Ministry's Funding Adjustment Formula	30%
Total Funding adjustment	\$4,550

# Appendix 1: Glossary of Terms

Act	<i>Education Act</i>
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 or ETB	East of Thunder Bay Transportation Consortium
CSPGNO	Conseil Scolaire public Du Grand-Nord De L'Ontario
CSDCAB	Conseil scolaire de district catholique des Aurores boréales
Deloitte	Deloitte & Touche LLP (Canada)
Driver	Refers to bus Drivers, see also Operators
E&E	Effectiveness and Efficiency
E&E Review Team	As defined in Section 1.1.5
E&E Reviews	As defined in Section 1.1.4
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 ETB Student Transportation Services " which supports the E&E Review Team's Assessment; this document is not a public document
Funding Adjustment Formula	As described in Section 1.3.6
HR	Human Resources
IT	Information Technology
JK/SK	Junior Kindergarten/Senior Kindergarten
KPI	Key Performance Indicators
Management Consultants	As defined in Section 1.1.5
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 1.1.5
MTO	The Ministry of Transportation of Ontario

Operators	Refers to companies that operate school buses and the individuals who run those companies. In some instances, an Operator may also be a Driver.
Overall Rating	As Defined in Section 3.2 of the Evaluation Framework
Partner Boards or Boards	The School Boards that have participated as full partners in the Consortium
Rating	The E&E Assessment score on a scale of High to Low, see Section 1.3.4
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
SGDSB	Superior-Greenstone District School Board
SNCDSB	Superior North Catholic District School Board
Transportation Manager	As shown in Figure 6
Transportation Coordinator	As shown in Figure 6

## Appendix 2: Financial Review – by School Board

### SGDSB

Item	2004/2005	2005/2006	2006/2007	2007/2008
Allocation <sup>13</sup>	1,653,149	1,705,449	1,654,747	1,687,842
Expenditure <sup>14</sup>	1,658,945	1,648,875	1,467,661	1,530,191
Transportation Surplus (Deficit)	(5,796)	56,574	187,086	157,651
Total Expenditures paid to East of Thunder Bay Transportation Consortium	1,658,945	1,648,875	1,467,661	1,687,842
As % of total Expenditures of Board	100%	100%	100%	100%

### SNCDDB

Item	2004/2005	2005/2006	2006/2007	2007/2008
Allocation	397,323	421,490	423,037	431,497
Expenditure	373,869	454,532	437,309	408,226
Transportation Surplus (Deficit)	23,454	(33,042)	(14,272)	23,271
Total Expenditures paid to East of Thunder Bay Transportation Consortium	373,869	454,532	437,309	408,226
As % of total Expenditures of Board	100%	100%	100%	100%

### CSDCAB

Item	2004/2005	2005/2006	2006/2007	2007/2008
Allocation	567,911	629,523	635,231	686,048
Expenditure	481,107	525,595	548,200	622,285
Transportation Surplus (Deficit)	86,804	103,928	87,031	63,763
Total Expenditures paid to East of Thunder Bay Transportation Consortium	172,429	163,460	160,677	181,236
As % of total Expenditures of Board	35.84%	31.10%	29.31%	29.12%

<sup>13</sup> Allocation based on Ministry data – includes all grant allocations for transportation (Section 9 0008C, Section 13 00006C, Section 13 000012C)

<sup>14</sup> Expenditure based on Ministry data – taken from Data Form D: 730C (Adjusted expenditures for compliance) – 212C (Other Revenues) + 798C (Capital expenditures funded from operating)

CSPGNO

Item	2004/2005	2005/2006	2006/2007	2007/2008
Allocation	1,407,587	1,466,825	1,467,536	1,673,105
Expenditure	1,702,318	1,648,704	1,692,421	1,880,928
Transportation Surplus (Deficit)	(294,731)	(181,879)	(224,885)	(207,823)
Total Expenditures paid to East of Thunder Bay Transportation Consortium	N/A	107,000	30,802	137,279
As % of total Expenditures of Board	N/A	6.49%	1.82%	7.30%

## Appendix 3: Document List

1	Ball Bus Transportation Agreement 2007-08
2	Beardmore School Bus Services Tender
3	Beaulieu Transportation Agreement 2007-08
4	Bring forward list
5	Bus Evacuations, CPR, and First Aid Training Forms
6	Bus Inventory
7	Bus Operators Contact Information
8	Confidentiality Agreements
9	Consortia Annual Expense Allocations
10	Consortia Plan Submission
11	Coterminous Agreement Draft B
12	E&E Review Guide: Data Needs
13	Employee List 2007
14	EOTB revised Transp Reg AR114 Draft
15	EOTB Sch 1 with budget
16	Final_07-08 Sch B_RidershipFa
17	Governance Organizational Chart
18	Greenstone Transportation Agreement 2007-08
19	Holt Bus Transportation Agreement 2007-08
20	Insurance for Consortia
21	Itinerary: E&E Meetings from July 23, 2008 – July 25, 2008
22	Job Description: Transportation Co-ordinator
23	Job Description: Transportation Manager
24	L'Autobus Roy Transportation Agreement 2007-08
25	Mgmt Guide Student Transportation SGDSB
26	Negotiation Tender 2002-03: Beardmore Area
27	Organizational Chart
28	Procedures for Negotiating and Tendering Bus Contracts
29	Ridership Calculation Procedure
30	Route design procedure
31	Route Review
32	School Bus Replacement Procedure
33	School Bus Safety Programs
34	SGDSB Agreement for Transportation 2002-03
35	SGDSB Certificate of Insurance

36	SGDSB Certificate of Insurance
37	SGDSB Consolidate Financial Statements: August 2007
38	SGDSB Evacuation Drills
39	SGDSB Mgmt Guide Emergency Procedures
40	Special Education in SGDSB
41	Special Needs Transportation
42	Specialized Programs Appendix 2
43	Student Transportation SGDSB
44	Transportation Budget Process
45	Transportation Consortium Agreement 2001
46	Transportation Consortium Agreement 2008
47	Transportation Policies
48	Trottier Transportation Agreement 2007-08

## Appendix 4: Common Practices

	JK/SK	Elementary		Secondary
		Gr. 1 - 3	Gr. 4 - 8	GR. 9 - 12
<b>Home to School Distance</b>				
Common Practice	0.8 km	1.2 km	1.6 km	3.2 km
Policy - SGDSB	0.2 km	1.2 km	1.6 km	3.2 km
Policy - SNCDSB	0.2 km	1.2 km	1.6 km	3.2 km
Policy - CSDGNO	0.5 km	1.0 km	1.6 km	3.2 km
Policy - CSDCAB	0.2 km	1.0 km	1.6 km	-
Practice	0.2 km	1.2 km	1.6 km	3.2 km
<b>Home to Bus Stop Distance</b>				
Common Practice	0.5 km	0.8 km	0.8 km	0.8 km
Policy - SGDSB	0.2 km	1.2 km	1.6 km	3.2 km
Policy - SNCDSB	0.2 km	1.2 km	1.6 km	3.2 km
Policy - CSDGNO	0.5 km	1.0 km	1.6 km	3.2 km
Policy - CSDCAB	-	-	-	-
Practice	0.2 km	1.0 km	1.0 km	1.0 km
<b>Arrival Window</b>				
Common Practice	18	18	18	25
Policy - SGDSB	15	15	15	15
Policy - SNCDSB	30	30	30	30
Policy - CSDGNO	-	-	-	-
Policy - CSDCAB	-	-	-	-
Practice	15	15	15	15
<b>Departure Window</b>				
Common Practice	16	16	16	18
Policy - SGDSB	15	15	15	15
Policy - SNCDSB	30	30	30	30
Policy - CSDGNO	-	-	-	-
Policy - CSDCAB	-	-	-	-
Practice	15	15	15	15
<b>Earliest Pick Up Time</b>				
Common Practice	6:30	6:30	6:30	6:00
Policy - SGDSB	-	-	-	-
Policy - SNCDSB	-	-	-	-
Policy - CSDGNO	-	-	-	-
Policy - CSDCAB	-	-	-	-
<b>Latest Drop Off Time</b>				
Common Practice	5:30	5:30	5:30	6:00
Policy - SGDSB	-	-	-	-
Policy - SNCDSB	-	-	-	-
Policy - CSDGNO	-	-	-	-
Policy - CSDCAB	-	-	-	-
<b>Maximum Ride Time</b>				
Common Practice	75	75	75	90
Policy - SGDSB	60	60	60	60
Policy - SNCDSB	60	60	60	60
Policy - CSDGNO	60	60	60	60
Policy - CSDCAB	60	60	60	60
Practice	60	60	60	6
<b>Seated Students Per Vehicle</b>				
	JK/SK	Gr. 1 - 6	Gr. 7 - 8	GR. 9 - 12
Common Practice	69	69	69	52
Policy - SGDSB	69	69	46	46
Policy - SNCDSB	69	69	46	46
Policy - CSDGNO	69	69	46	46
Policy - CSDCAB	69	69	46	46
Practice	69	69	46	46



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