

# Ministry of Education Effectiveness & Efficiency Review

Phase 2 Review

Chatham-Kent Lambton Administrative School Services Consortium

January 2009

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

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

# Executive Summary

## Introduction

This report details the findings and recommendations of an Effectiveness and Efficiency review (E&E Review) of Chatham-Kent Lambton Administrative School Services Consortium ("CLASS" 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, 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 St. Clair Catholic District School Board (SCCDSB) and Lambton Kent District School Board (LKDSB) have a combined enrolment of approximately 36,000 students and provide daily transportation service to approximately 19,000 students with a budget in excess of \$17 million. The district covers approximately 5,460 square kilometres and is comprised of two major counties, Sarnia-Lambton and Chatham-Kent with the closest major urban centers being London and Windsor. CLASS utilizes contracted school bus services for the transportation of over 95% of eligible Consortium school students with buses travelling 50,731 kilometres daily in 2007-08.

CLASS has accomplished several of the key steps necessary in order to fulfil its mandate as a student transportation Consortium. Notable achievements include:

- *Separate legal entity* - Establishment of an operation that is physically and legally separated from the Partner Boards. The Consortium has clearly defined relationships, cost sharing mechanisms and oversight roles and responsibilities. The Board of Directors that oversee the Consortium has equal representation from each Partner Board which promotes fairness and equal participation in decision making and ensures the rights of the stakeholders are considered equally. There is a clear delineation, demonstrated both in formally documented terms and as observed operationally, between the roles executed by those in a governance capacity versus those considered management of the Consortium; this is a key element in effective governance and management;
- *Access to information* - The Consortium's implementation of a fully functional transportation management information system and the extension of this system through the use of web-based communication tools. In addition, the Consortium has recognized the value and importance of the data through well documented and comprehensive data backup and disaster recovery protocols to ensure continuity of operations and maximum staff effectiveness;

- *Bell time management* - The Consortium's clear mandate to recommend bell times and affect school hour modifications is well executed enabling cost efficiency and service effectiveness;
- *Strategic planning* - Strategic planning process that is effectively linked to staff performance, evaluation, training and management. These processes contribute to a corporate culture of continuous self-assessment and improvement. The Consortium's planning process allows it to remain focused on goal-oriented initiatives aimed at improving service levels, operational procedures and accountability frameworks;
- *Key performance indicators* - CLASS makes extensive use of available data in both the course of the annual transportation planning project as well as a tool for operational efficiency assessments;
- *Operator Contracts* - Standardized contracts for all operators are signed.

Based on our findings from the E&E review, the primary opportunities for improvements are:

- *Competitive procurement process* – A competitive procurement process brings fairness, impartiality, and transparency to any procurement exercise and will allow the Consortium to purchase services from Operators that are able to meet specific requirements. Using a competitive procurement process, in particular in urban centres, will provide the Consortium with the opportunity to obtain the best value for their money and set service level expectations. Furthermore, this process will reflect market prices as it allows Operators to submit proposals based on achievable operational efficiency and an appropriate return on investment, with full knowledge of the service level requirements as specified by the Consortium. Additionally, it provides a fair and measurable basis for evaluating Operator performance and allows the Consortium to utilize financial incentives to meet desired service levels. In areas where this process may not be appropriate, the Consortium can use the competitively procured contracts as a proxy for service levels and costs negotiated with the Operators.
- *Purchase of service agreement/Support Services* - There are no contracts between CLASS and the Partner Boards nor CSDSB for the provision of transportation services. It is recommended that all of the services which the Consortium procures or provides are established via agreement or contract where the mutual interests of the Consortium and each school board are documented and agreed upon;
- *Courtesy riders* - CLASS provides service to a significant number of students based on its courtesy rider program. While the management of these riders is accomplished in an effective manner, the volume of the students is a cause for concern. Consideration should be given to the incremental administrative costs associated with managing courtesy students and the appropriate apportioning of cost between the member boards;
- *Monitoring* - Ongoing monitoring of compliance and performance of contracted service is an important and valuable practice to enhance service levels. Monitoring should be performed proactively on a regular and ongoing basis in order to be effective. While CLASS does undertake some monitoring activities, a more extensive monitoring regime would better ensure that contractors are providing the level of services that were agreed upon.

The policies and practices that CLASS has established are indicative of a strong working relationship with the Partner Boards, effective management and administrative structures and routing practices that consider the balance between the level of service to be provided and costs. Implementation of the proposed recommendations and the ongoing use of the best practices identified throughout the body of the report will facilitate the continued evolution of CLASS to a consortium that is highly effective and efficient.

## Funding Adjustment

As a result of this review, CLASS has been rated as a **Moderate-High** Consortium. Based on this evaluation, the Ministry will provide additional transportation funding that will narrow the 2008-09 transportation funding gap for and Conseil Scolaire de District du Centre Sud-Ouest while the transportation allocation for Lambton Kent District School Board and St. Clair Catholic District School Board will remain unchanged in the 2008-09 school year.

The funding adjustments to be received are detailed below<sup>1</sup>:

Lambton Kent District School Board	Nil
St. Clair Catholic District School Board	Nil
Conseil Scolaire de District du Centre Sud-Ouest	\$853

(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 used to complement services acquired through contracted private Operators.

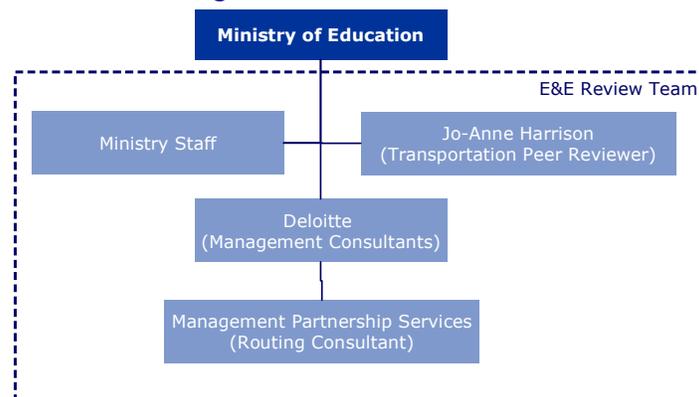
#### 1.1.4 Effectiveness and Efficiency Review

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. The Transportation Peer Reviewer has provided the E&E Review Team with valuable insight into student transportation delivery in Ontario.

**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:

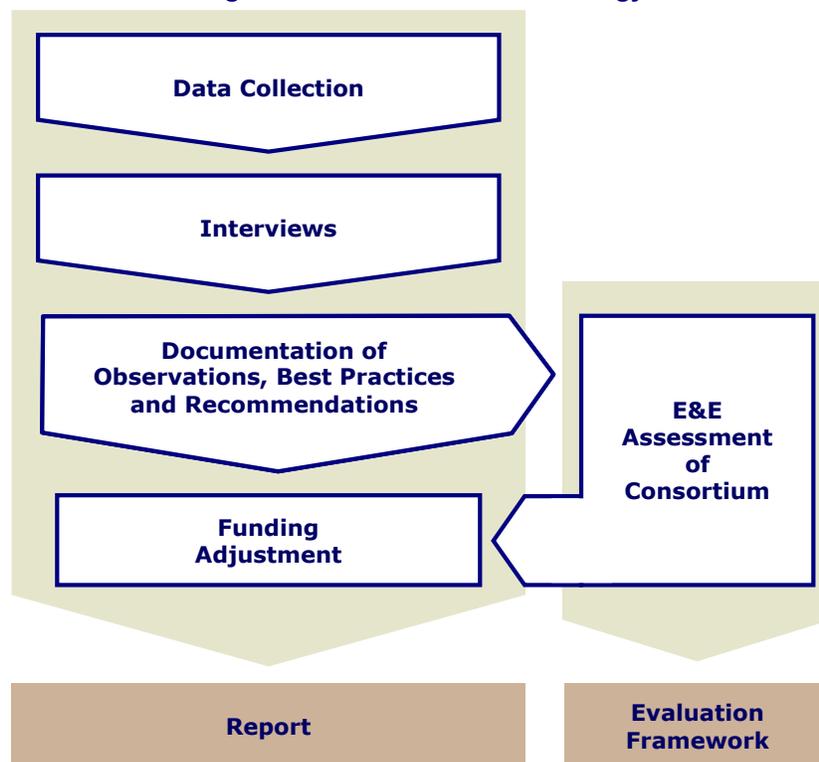
- Lead the E&E Review for each of the first five (5) transportation Consortium to be reviewed in Phase Two (refer to Section 1.1.4);

- 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 Management Partnership Services (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.

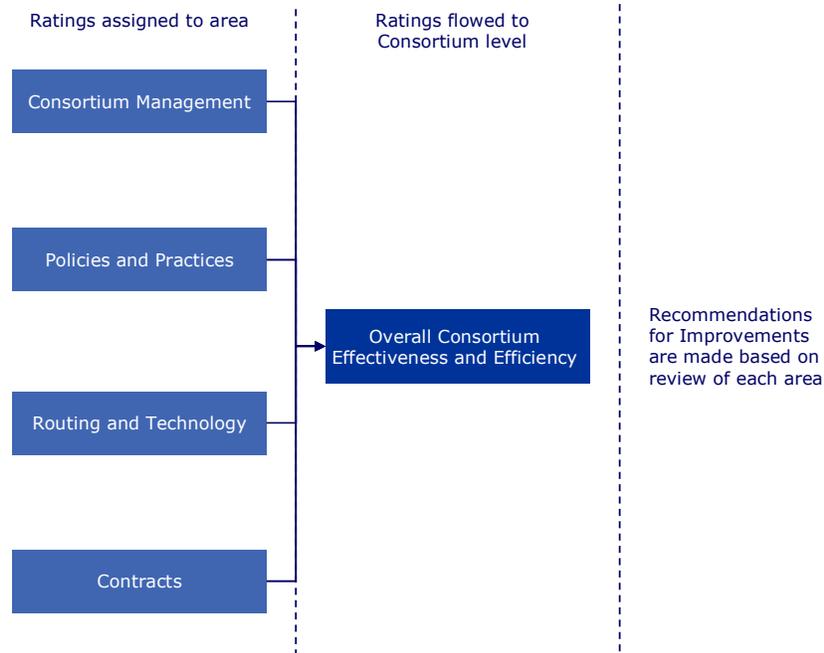
**Figure 3: Criteria of an Effective and Efficient Consortium**

	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 CLASS 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 CLASS. 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 CLASS

The St. Clair Catholic District School Board (SCCDSB) and Lambton Kent District School Board (LKDSB) are the Partner Boards of CLASS. Conseil Scolaire de District du Centre Sud-Ouest (CSDCCS) purchases services from CLASS.

SCCDSB and LKDSB have a combined enrolment of approximately 36,000 students and provide daily transportation service to approximately 19,000 students with a budget in excess of \$17 million. CLASS utilizes contracted school bus services for the transportation of over 95% of eligible Consortium school students with buses travelling 50,731 kilometres daily in 2007-08.

Tables 1 and 2 below provide a summary of key statistics and financial data of each member Board. As CSDCCS purchases services from CLASS, its cost and count information is reflected in the data presented below:

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

Item	LKDSB	SCCDSB
<b>Number of schools served</b>	<b>68</b>	<b>33</b>
<b>Total students transported daily</b>	<b>12,888</b>	<b>6,947</b>
Total general transported students	9150	5383
Total special needs <sup>3</sup> transported students	448	45
Total riders requiring wheelchair accessible transportation	43	7
Total specialized program <sup>4</sup> transportation	1487	547
Total courtesy riders	827	198
Total hazard riders <sup>5</sup>	933	767
Total Public Transit Riders	0	0
<b>Total Number of Contracted Vehicles</b>	<b>210</b>	<b>107</b>
Total contracted full- and mid-sized buses <sup>6</sup>	181	98
Total contracted mini-buses	29	8
Total contracted school purpose vehicles <sup>7</sup>	0	1
Total contracted physically disabled passenger vehicles (PDPV)	0	0
Total contracted taxis	0	0

<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	LKDSB	SCCDSB	CSDCCS
2007/2008 Transportation Allocation	11,041,993	5,924,349	\$9,716,823
2007/2008 Transportation Expenditure	10,942,729	5,691,454	\$10,206,730
2007/2008 Transportation Surplus (Deficit)	99,264	232,895	(489,907)
Percentage of transportation expenditure attributed to CLASS Student Services Consortium	100%	100%	0.19%

The geographic area served by CLASS stretches from Grand Bend to Wheatley and Sarnia to Duart. There are two primary urban centers in the district – Sarnia (72,125) and Chatham (45,282). Combined they represent approximately 50% of the 236,281 total population of the district. The district is adjacent to Lake Huron, Lake St. Clair, Lake Erie and the St. Clair River.

The original partnership, dating back to 1999, between SCCDSB and LKDSB was established with a vision to assume shared business services for the SCCDSB and LKDSB starting with transportation. The Consortium operated as a partnership until its incorporation in 2006. The Consortium’s oversight body is a Board of Directors comprised of membership from the SCCDSB and LKDSB.

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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 CLASS Consortium, and from information collected during interviews with the Transportation Manager 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>High</b>
------------------------------------------------	-------------

### 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*

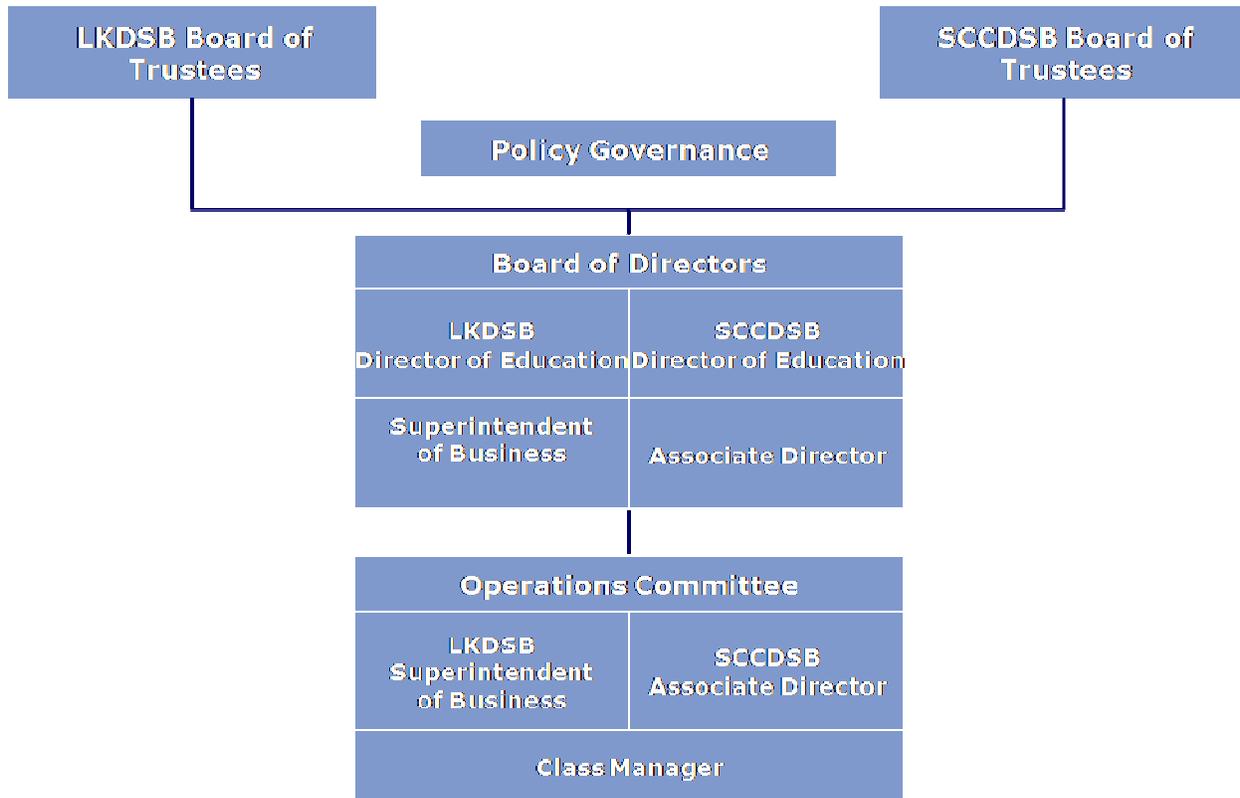
CLASS operations are overseen by a Board of Directors. The role of the Board of Directors is to review and approve CLASS policies and assist with the resolution of significant issues escalated by the Operations Committee. Details of the roles and responsibilities of the Board of Directors are outlined in Schedule A of the Corporate Membership Agreement. The Board of Directors has one annual meeting and approximately four additional meetings throughout the year. Agendas are set for each of the meetings. Minutes are taken and recorded for the annual meeting. Meeting minutes are not signed. The chair of the committee is currently the Director of Education for LKDSB. The chair serves a one year term and the position rotates between the two Directors. The Board of Directors are not involved in the day to day management of the Consortium.

The Board of Directors has equal representation from both SCCDSB and LKDSB and consists of four members:

- The Director of Education for LKDSB
- The Director of Education for SCCDSB

- The Superintendent of Business for LKDSB
- The Associate Director for SCCDSB

**Figure 6: Governance Organizational Chart**



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

The Corporate Membership Agreement outlines the dispute resolution policy. Any unresolved disputes are to be referred to a mediator who is jointly selected by the parties (SCCDSB and LKDSB). The mediation is to take place within 30 days of the referral. In the event the mediation is unsuccessful, the dispute will be referred to a single arbitrator. The award or determination of the arbitrator is final and binding with no appeals allowed. All costs for mediation and arbitration are to be shared on an equal basis by the Boards.

#### **3.2.2 Best Practices**

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

- The Board of Directors, which is charged with oversight responsibilities for the Consortium, has equal representation from each School Board in terms of membership. 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;
- The Operations Committee works closely with the Consortium Manager while at the same time respecting a clear delineation between the day to day management of the Consortium and high level policy and strategic matters that are handled at the Joint Board level. The positive working relationship between the two Boards and the Consortium allows for open communication amongst all parties;
- Roles and responsibilities for the Board of Directors and Operations Committee are clearly articulated. This ensures that there is no ambiguity in the function of the Board of

Directors. The Governance Committee focuses on establishing and driving a continuous improvement process for the operation, contributing to the long-term success of CLASS. This is a key element in effective and efficient governance and management;

- The Board of Directors meets five times a year (more if required) and requires both a formal agenda and minutes in a public forum, making the Consortium accountable and transparent to its stakeholders; and
- A board level dispute policy is in place between the Boards. The policy is an effective mechanism to protect the rights of both Boards. It ensures that the decisions made represent the best interests of both Boards.

### **3.2.3 Recommendations**

#### *Governance Committee Meetings*

Decisions made by the Board of Directors should be officially documented and communicated to the Operations Committee and Consortium management. This is generally accomplished through the documentation of minutes from the Board of Directors' meetings. It is understood that such documentation takes place, however there is no official signed copy of the minutes. It is recommended that in addition to ratification of the minutes during the following meeting, that a signature is obtained from the Board 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.

## **3.3 Organizational Structure**

An organizational structure can have the power to provide for 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 February 2006, the Consortium was incorporated. The articles of incorporation include a schedule of bylaws. The Consortium has an executed Corporate Membership Agreement dated September 1, 2007. Between 1999 and the date of incorporation in February 2006, the Consortium operated as a partnership. A partnership agreement was signed by both SCCDSB and LKDSB on August 26, 1999.

Each of SCCDSB and LKDSB continues to have their individual policies posted on their respective websites. CLASS has their policies posted on their website. The CLASS policies are in fact the policies implemented and followed. The CLASS management and the Board of Directors have been working on completing an updated set of transportation policies for CLASS that will include complete harmonization and replace the existing policies at the individual Boards.

CLASS offices are located at 600 Gillard Street, Wallaceburg in the municipality of Chatham-Kent. The offices are distinct from those of either member Board. The office space is leased from a third party under arm's length commercial terms. The office lease agreement has a term of five years and began in March 2006. The agreement is signed by representatives of both the SCCDSB and LKDSB: the Superintendent of Business from LKDSB and the Associate Director of Corporate Services from SCCDSB. There is an opportunity for renewal of the lease for a subsequent five year term.

### *Organization of Entity*

The organizational structure is outlined in the Corporate Membership Agreement.

### Operations Committee

The role of the Operations Committee is to approve major purchases, assist with the resolution of major service issues that could not be resolved by the management team, and participate in the negotiation process with the Operators. Details of the role and responsibilities of the Operations Committee are outlined in Schedule B of the Corporate Membership Agreement. The Operations Committee is not involved in the day to day management of the Consortium except as issues are escalated to them and in the authorization of expenses of the Transportation Manager or the approval of capital spending. As two members of the Operations Committee also sit on the Board of Directors, they provide a communication link between the Board and the management team. The Operations Committee meets approximately six times per year. No formal agenda is set and minutes are not kept.

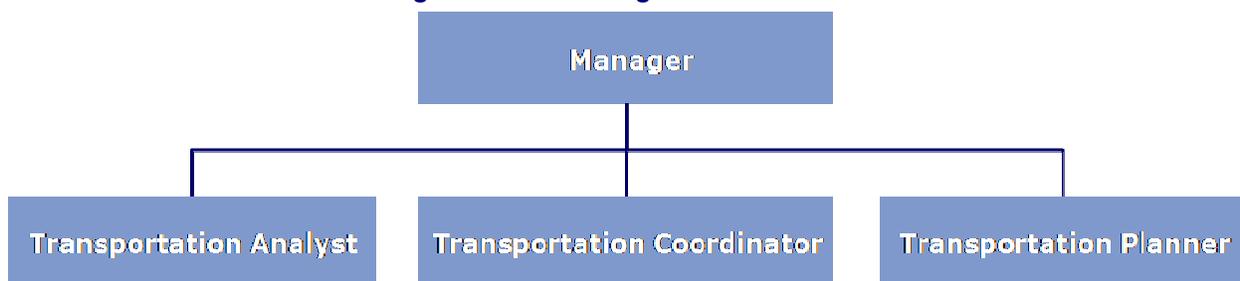
The Operations Committee consists of three members:

- The Superintendent of Business for LKDSB
- The Associate Director for SCCDSB
- CLASS Transportation Manager

### Management team

The major responsibilities and duties of each management team position are outlined in job posting/position profile documents along with required qualifications. No further documentation regarding roles, responsibilities or job descriptions is in place. Each of the employees are employed directly by CLASS and are not members of a collective bargaining unit. This team is responsible for all operational issues. The Transportation Analyst, Transportation Co-ordinator and Transportation Planner report to the Transportation Manager who in turn reports to the Superintendent of Business and the Associate Director. All team members are cross functionally trained.

**Figure 7: CLASS Organizational Chart**



### **3.3.2 Best Practices**

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

- CLASS is incorporated as a non-share capital corporation. This structure provides the Consortium with independence in terms of managing the daily operations and also provides contractual benefits. As a separate legal entity, the Consortium can enter into binding legal contracts, including bus operators, for all services purchased, and as such is limiting liability to the Consortium and in turn limiting liability to the school boards.

- The organizational structure reflects clear lines of reporting and functional areas of the Consortium. Support staff is effectively cross trained in operational functions to provide redundancy which is important given the small size of the management team.

### **3.3.3 Recommendations**

#### *Job descriptions*

Clear, detailed and updated 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.

## **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.

### **3.4.1 Observations**

#### *Consortium Formation and Agreement*

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 SCCDSB and LKDSB 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 SCCDSB and LKDSB.

An executed Corporate Membership Agreement dated September 1, 2007 as well as the articles of incorporation, executed on February 22, 2006, forms the legal and contractual foundation for the Consortium. The bylaws attached to the incorporation documentation outline the governance structure and membership of the incorporation. The Corporate Membership Agreement outlines in detail the governance and operating structures of the Consortium, the roles and responsibilities of each of the governance and operating parties and establishes some operating guidelines such as dispute resolution, confidentiality and indemnity.

#### *Cost Sharing*

The Corporate Membership Agreement outlines the cost sharing mechanism for CLASS, the SCCDSB and LKDSB split all administration costs equally. Transportation costs are split based on SCCDSB and LKDSB percentage share of eligible riders on planned bus routes. No weighting is used for students in grades seven to 12. There is no allocation of cost to reflect courtesy riders.

#### *Purchase of service agreement*

There are no additional agreements between the SCCDSB and LKDSB and CLASS for purchase of services. Section 2 of the Corporate Membership Agreement outlines that the Consortium will manage and administer all home to school transportation, school to school transportation and special needs transportation. CLASS currently provides transportation services to both the SCCDSB and LKDSB and obtains accounting and payroll services from

the SCCDSB. As a result of the small number of staff involved and the limited services provided, the Boards have agreed that a contract outlining this relationship is not necessary.

CLASS currently provides limited transportation services to Conseil Scolaire de District du Centre Sud-Ouest. The 2007-08 school year transportation expenditures for this service were \$19,460 plus a 3% administration fee. This provision of service exists to assist the Board during its formation of a French consortium in the district. Once building construction has been completed for the remaining secondary students, the French board consortium will assume the transportation planning for the approximately 40 students. There is no contract in place governing this relationship.

### *Banking*

CLASS has a banking policy in place and separate banking facilities from SCCDSB and LKDSB. CLASS intends to bring banking functions in-house in the upcoming fiscal year. "SchoolCash" software is being considered for this function.

### *Insurance*

CLASS has obtained Liability, Crime, Property and Errors and Omissions Insurance from OSBIE (Ontario School Board Insurance Exchange). Current policies are effective from January 1, 2008 to January 1, 2009. OSBIE refers to the Consortium as a Joint Venture as per a letter dated March 1, 2008 from OSBIE. Joint Ventures are a different form of entity status compared to Corporations and/or Partnerships. The Transportation Manager believes that OSBIE refers to their coverage of transportation consortiums under their Joint Ventures program and are not referring to the legal status of the entity. As the Consortium applied for the insurance coverage after being incorporated and provided copies of incorporation documentation to the insurance company, the Transportation Manager is comfortable that their insurance coverage is appropriate.

Per the Corporate Membership Agreement, each of the SCCDSB and LKDSB is also required to obtain sufficient liability and all perils coverage as if they were operating separately.

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

A Performance review and plan (PR&P) is set up for each employee (transfer employees within eight weeks; new hires at 12 weeks and 24 weeks) and reviewed every three years. The objectives of the PR&P is to discuss and guide employee performance, ensure the employee meets the expectations of the job, promote the personal and professional growth of the staff and ensure the effective delivery of the programs and services to students. Employees complete a self assessment. A review meeting is then held with the Transportation Manager.

An Individual Development Plan will be set up by the Transportation Manager and each employee annually. The process is structured with two distinct components to promote both the success of the CLASS annual Business Plan as well as to drive individual professional development for the staff members. Individual Development Plans are completed following the completion of the CLASS Business Plan. Employees participate in the development of the Business Plan to foster buy-in and individual ownership that in turn directly drives each of their Individual Development Plans and thus performance evaluation criteria. Individual Development Plans have a shorter term focus than the PR&P's. Individual Development Plans are required to be set up within eight weeks if employees are transfers or at 12 weeks and 24 weeks if employees are new hires.

Once the documentation is completed, these documents are maintained on file and monthly meetings are conducted with employees to track progress.

### Long Term and Short Term Planning

The Transportation Manager has the delegated authority to set the strategic objectives for the Consortium. A strategic planning document, *Drivers of Change*, is drawn up annually that outlines the strategic initiatives for CLASS in four key business perspectives – Financial, Customer, Operations and Organizational Effectiveness. Each perspective contains a unique intent statement and supporting initiatives and tactics that are assigned to a lead and support employees. The Board of Directors provides feedback and suggests initiatives to be included in the strategic plan but is not required to approve it. The 06/07 and 07/08 strategic planning documents both reference the E&E Process as a strategic initiative.

Each year the Transportation Manager produces a report that goes to the Board of Directors, which documents the results achieved during the year against each of the annual strategic initiatives as well as any unscheduled accomplishments.

### Key Performance (Service) Indicators ("KPIs")

KPIs are statistics that can be reviewed or analyzed to evaluate the operation of the Consortium and are practical indicators to help identify areas for improvement. This is one method that an organization can use to monitor operations for performance and continuous improvement.

CLASS makes extensive use of available data in both the course of the annual transportation planning project as well as a tool for operations efficiency assessments. See the table below for a list of the KPI's and reports used for monitoring consortium performance:

**Table 3: Key Performance Indicators**

	Reviewed by	Details
2007-08 Student Transportation Planning Report	Operations Committee	Start-up results, annual planning document, end of year financial results. This KPI report is a summation of the planned transportation solution and presented prior to start up.
Operations Report Card Comparison	Board of Directors	Includes year over year analysis of buses, daily kms, monitors, regular seats, special education seats, riders, bus contract and taxi costs. This report is a "report card" of the Transportation Manager's performance in tangible KPI's presented as part of an annual report to Board of Directors
French Public Student and Cost Comparison 2005-2008	Operations Committee	Assessment used in the route optimization efforts to offset the impacts of the French Public Board leaving CLASS for service.
2007-08 FP Offset Worksheet	CLASS Manager and staff	Working scenario document outlining route optimization for French Public Board departure referenced above
2006-07 Cost Per Student Comparison	CLASS Manager and staff	This report incorporated into the annual planning process (on plan) and used to assess individual cost per rider implications
2007-08 CLASS Transportation Detailed Eligible Student Ridership Breakdown	Board of Directors	Year over year comparison of eligible riders broken down into North/South areas and by individual operators. Used as a validation of the annual transportation plan and submitted as part of an annual report to the Board of Directors
Route Utilization 2007-08 Planned	CLASS Manager and staff	This optimization report is used as part of the annual transportation plan to assess fleet utilization and efficiency opportunities by route

	Reviewed by	Details
Run Utilization Planned 2007-08	CLASS Manager and staff	This optimization report is used as part of the annual transportation plan to assess fleet utilization and efficiency opportunities by run
AM Run Efficiency By School	CLASS Manager and staff	This optimization report is used as part of the annual transportation plan to assess fleet utilization and efficiency opportunities at the school level in the AM
PM Run Efficiency By School	CLASS Manager and staff	This optimization report is used as part of the annual transportation plan to assess fleet utilization and efficiency opportunities at the school level in the PM
Invalid Postal Codes	CLASS Manager and staff	This data quality control report is used to identify Postal Code errors within student data as part of the planning process
Transportation Reform Plan Report (2004)	Joint Transportation Committee	This report outlined the plan for restructuring routes and walk policy harmonization for organization ('04). Results can easily be measured in consortium's current financial picture and routing efficiencies
2008 Operator CVOR Safety Rating Checks	CLASS Manager and staff	Annual tracking process introduced in 2008 to ensure contracted operators have a satisfactory rating with the MTO
2007-08 Monitor Tracking Report	CLASS Manager and staff	Annual tracking process introduced in 2008 to track/monitor student trends and assist with planning controls
2007-08 Harness Report	CLASS Manager and staff	Annual tracking process introduced in 2008 to track harness/student trends and assist with planning controls
2007-08 Non School Bus Seating Report	CLASS Manager and staff	Annual tracking process introduced in 2008 to track booster seats & car seats / student trends and assist with planning controls
Operator Route Profile Data Submission as of October 31, 2007	CLASS Manager and staff	Annual report pulled from CLASS website that is used as part of negotiations and for the Ministry of Education annual survey in addition to acting as a resource to operations throughout the year7

### *Audit*

A financial statement review was conducted for CLASS in 2007.

In addition, the financial results of the Consortium are included in the financial statements of the SCCDSB and LKDSB and, therefore, the Consortium is indirectly audited through each board.

There is no other internal audit that covers the Consortium.

### *Support Services*

Accounting and payroll services are provided to CLASS by SCCDSB. The Transportation Manager is responsible for the review and approval of all invoices and has the ability to pull the G/L reports from the system. (See details of AP process in subsequent section.) There are no service level agreements in place for the provision of these services.

CLASS outsources its website development/operations and integrated database management to EBTech. A contract for the provision of services has been executed with

EBTech. The contract does not include a confidentiality clause or a clause that establishes the ownership of the database. The Transportation Manager reports that an excellent working relationship has been established with this supplier.

In addition, CLASS outsources its telephone system support to Smiston's. The relationship between CLASS and Smistons does not include a contract or service level agreement.

Dell is the preferred supplier for IT hardware for SCCDSB and CLASS. This allows CLASS to take advantage of economies of scale when purchasing from Dell. Dell does not provide any ongoing maintenance or support or services to CLASS; they are purely a preferred vendor for hardware. All other large purchases follow an RFP or tender process. For example, the purchase of digital surveillance system equipment for buses followed an RFP process.

#### *Eligibility Appeal Process*

CLASS utilizes a defined application process for courtesy rider service. There are approximately 1,000 riders in the system and use is essentially proportional to the eligible ridership for the two Boards. All applications for courtesy rides must be made through the CLASS website. The approval process for all courtesy seat applications must be supported by the school Principal, fall within the defined criteria (including availability) and be endorsed by the bus operator. The entire process is managed through the CLASS website and approved riders appear on designated lists for both the school and bus operator; including the passenger lists for bus runs.

Courtesy riders are not used when determining route optimization; applications are not accepted prior to the completion of the regular bus route design. Applications will be approved in situations where space is available on existing routes. Space is calculated as number of bus seats less those required for eligible riders, less a margin of four or five seats for eligible riders. Applicants are requested to meet the bus on its existing route stop locations however; in some situations<sup>9</sup> stops will be created on existing routes to accommodate courtesy riders. Under no circumstance will a bus route be extended or re-routed to accommodate a courtesy rider. There is no process for appeals. CLASS will allow students to walk outside the walk zone to catch a bus but there are no bus stops within the walk zone.

There is no formal process to log parent or student complaints. Complaints are resolved on an as needed basis by Consortium staff. Any issues that cannot be resolved by the Consortium employees are escalated to the Transportation Manager.

#### *Confidentiality Agreements*

A confidentiality clause is outlined in the Corporate Membership Agreement.

#### *Employee Management*

All of the employees are directly employed by the Consortium and are not affiliated with a collective bargaining unit.

### **3.4.2 Best Practices**

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

- The Corporate Membership Agreement outlines the cost sharing mechanism for CLASS. A documented and 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.

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<sup>9</sup> A courtesy stop will only be added if it is along an existing bus route (providing there is room on the bus and time to add the stop), it must be outside of the walk boundary for the school and there are no existing stops within a reasonable distance.

- CLASS has obtained insurance coverage and the sufficiency of coverage need has been periodically reviewed. In addition, each school board carries its own insurance. Sufficient insurance coverage for both the Consortium and school Boards is essential to ensure each are suitably protected from potential liabilities.
- Staff performance evaluations are conducted on a regular basis with a clear, easily understood framework that is specific to the Consortium and its needs. The metrics which are used are supportive of the goals and objectives of the consortium. Likewise staff training is provided on a regular basis and is tracked internally; training goals are aligned with overall consortium strategy and objectives which is important to ensure alignment between efforts and goals.
- The *Drivers of Change* strategic planning document that is drawn up annually by the Transportation Manager outlines the strategic initiatives of the Consortium based on a balanced scorecard approach and drives continuous improvement within the consortium operations beyond “bussing” and gives the staff a broader view of the organization’s contributions to stakeholders. It also contributes to a corporate culture of continuous self-assessment and improvement. The Consortium’s planning process allows it to remain focused on goal-oriented initiatives aimed at improving service levels, operational procedures and accountability frameworks.
- CLASS makes extensive use of available data in both the course of the annual transportation planning process as well as a tool for operational efficiency assessments. Formally monitoring a relevant portfolio of KPIs allows the Consortium to quantify its performance and generate realistic business improvement plans.

### **3.4.3 Recommendations**

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

There is neither a contract between SCCDSB and the Consortium for services that the Board provides to the Consortium. Additionally, there are no contracts between SCCDSB, LKDSB or Conseil Scolaire de District du Centre Sud-Ouest 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 arrangements. It is recommended that all of the services which the Consortium procures or provides are established via agreement or contract where the mutual interests of the Consortium and each school board, are documented and agreed upon.

While a contract is in place pertaining to the provision of website services to CLASS by EBTech, the contract neither includes a confidentiality clause nor a clause that establishes the ownership of the database. CLASS should include a confidentiality clause in its contract as EBTech has access to confidential student information as the managers of the database. In addition CLASS should include a provision in their contract that establishes CLASS as the owners of the database so as to avoid the potential loss of data if the contract with EBTech is terminated.

We recommend that CLASS draw up a contract or service level agreement with Smiston’s for the provision of essential telephone services.

#### *Cost Sharing*

The Corporate Membership Agreement outlines the cost sharing mechanism for CLASS, however, there is no allocation of costs to reflect courtesy riders. We encourage CLASS to review this aspect of their cost sharing arrangement to avoid potential disputes about cost sharing for courtesy riders as one school board has proportionately more courtesy riders than the other. While no additional direct costs are incurred to accommodate courtesy riders as they are only permitted on existing routes with capacity, courtesy riders are still managed and accommodated by CLASS and therefore, do add to transportation expenses.

## *Consortium Formation and Agreement*

An executed Corporate Membership Agreement dated September 1, 2007 as well as the articles of incorporation (plus the bylaws), executed on February 22, 2006 form the legal and contractual foundation for the Consortium. We would recommend that CLASS consolidate the various documents that establish the consortium framework. This will help to avoid any possible confusion and/or the risk that the Corporate Membership Agreement, articles of incorporation or bylaws gets separated.

### **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 should support that a proper financial internal control system is in place for the Consortium.

#### **3.5.1 Observations**

##### *Budget planning and monitoring*

The responsibility for budgeting starts with the Transportation Manager. The Transportation Manager works with the Operations Committee to obtain funding amounts for the SCCDSB and LKDSB. The Transportation Manager then develops an annual balanced operating budget. The budget is submitted to the operating committee for approval. Budget to actual reconciliations are performed and tracked monthly on a spreadsheet by the CLASS Transportation Manager.

As documented in the Corporate Membership Agreement, each board agrees to advance funding, as invoiced monthly from September to June to CLASS based on 10% of its estimated operation and administration costs calculated during the establishment of the annual budget.

All variances from budget are discussed at the Operations Committee level when final year-end accounting takes place and billing adjustments to the boards are processed.

Rate negotiations with Operators commence in October. (See subsequent section for details on this process.)

##### *Accounting Practices and Management*

Accounting processes can be effective and efficient if the process is well defined and provides sufficient controls over assets. Invoices received by CLASS are first processed by the Transportation Co-ordinator. The Transportation Co-ordinator assigns a G/L code to each invoice, scans and saves the invoice. The Transportation Manager then reviews the invoice. The Transportation Manager ensures the G/L code is correct; the invoice amount is in line with expectation (for monthly recurring bills) or the invoice agrees to a Purchase Order and Receiving document. The invoice is then sent on to the SCCDSB for processing. An email is sent to SCCDSB to advise them that the invoice is on its way, is correct and has been approved for payment on purchases with a Purchase Order. The Transportation Manager can view G/L accounts in the SCCDSB financial information system to establish if payment has been made.

All capital purchases and large dollar value purchases are pre-approved by the Associate Director for SCCDSB and the Superintendent of Business for LKDSB and a Purchase Order is issued. CLASS follows the SCCDSB threshold for the requirement for a signed PO.

All taxi use is pre-quoted and must be approved by the respective Board prior to service commencement if the cost exceeds \$1,500. A standardized form is used for this process. Invoices are first processed by the Transportation Co-ordinator. The Transportation Co-ordinator assigns a G/L code to each invoice and tracks the invoice against the budget/quotes. A month by month tracking sheet is maintained. The Transportation Manager then reviews and approves the invoice. The invoice is then sent on to the SCCDSB for processing. The Transportation Manager can view G/L accounts in the SCCDSB financial information system to establish if payment has been made. Payments are processed by SCCDSB on a bi-weekly basis.

For bus operator payments, the approval process is in the rate negotiation. Once a rate agreement is reached with Operators, automatic recurring payments are set up with SCCDSB accounting. Payments are made on a bi-monthly basis via direct deposit within three days of the first and fifteenth day of the month.

The Transportation Manager reviews and approves all expenses for the Analyst, Planner and Co-ordinator. All Manager expenses are approved by the Associate Director for SCCDSB.

### **3.5.2 Best Practices**

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

- Financial management policies are in place to guide financial control, review and approval and communications with School Boards and transportation Operators.

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. We encourage CLASS to establish internal control policies and processes prior to bringing accounting services in-house so as to maintain effective controls and timely reporting.

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

Consortium Management at CLASS has been assessed as **High**. The Consortium has appropriate organizational and governance structures in place to ensure proper accountability and oversight to support operations. Appropriate dispute resolution mechanisms exist at key levels of the organization. The operator billing and invoice management system is robust and well executed.

The Consortium is independent from its Partner Boards and occupies a physically separate space. The support services provided to the Consortium should be formalized in terms of service levels via agreements.

## 4. Policies & Practices

### 4.1 Introduction

The policies and practices review area focuses on the Consortium and Partner Board's transportation policies that are in place as well as how they translate into practice on the ground. The analysis will focus on three key areas:

- Transportation Policies;
- Route Planning;
- Safety Programs; and
- Special Needs and Specialized Programs.

Each component has been analysed based on observations from fact (including interviews), together with an assessment of best practices leading to a set of recommendations. These results are then used to develop an overall E&E assessment of Policies and Practices as shown below:

<b>Policies and Practices – E&amp;E Rating:</b>	<b>High</b>
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### 4.2 Transportation Policies

Transportation planning policies establish the foundation for the provision of transportation services and establish the parameters for the overall effectiveness and efficiency of the system. The key areas of assessment in this section are the completeness of established policies and the degree of policy harmonization between the Boards.

#### 4.2.1 Observations

##### *Policy Development*

Transportation policies form the foundation of the operating structure of every transportation operation. Establishment of policies for the key aspects of the operation, including eligibility requirements; student rules and disciplinary procedures; bus stop location and review criteria; desired ride length; and special education transportation procedures is important because they provide a concise reference point for parents, Board staff, students, and bus company staff to reference as different situations arise. The development of a comprehensive policy manual was identified as a key task and CLASS managers utilized existing Board policies as a starting point. In addition to statements of policy, CLASS managers have supplemented the manual with a series of operational practice guidelines. CLASS has established a detailed policy and procedure manual that has been implemented in practice by the Consortium.

While the CLASS policy manual addresses an array of issues such as student eligibility for service, ride time considerations, and courtesy ridership each Partner Board continues to retain individual statements regarding the provision of transportation services. These statements are *generally* consistent between the Partner Boards, but there is opportunity for both confusion and conflict between historic Board adopted policies and the operating practices of CLASS. Establishing the CLASS manual, as adopted and approved by the Partner Boards, as the single point of reference would eliminate any source of confusion or divergence in policy interpretation.

### *Policy and Procedure Infrastructure*

The policy and procedure manual established by CLASS addresses a wide array of topics related to the management and administration of transportation services. Key topics include:

- Eligibility for transportation services and establishment of school bell times that promote efficient service delivery;
- Management of courtesy and hazard transportation;
- Establishment of alternative bus stop locations;
- Arrival and departure times from schools;
- Student ride lengths and seating guidelines;
- Addressing route changes for road closures;
- Inclement weather procedures; and
- Adding and removing school bus service.

These procedure statements are established using a standardized template that identifies the scope, rationale, and procedures required to implement the policy or procedure. In addition, CLASS managers have established a review process that will regularly evaluate the need for revisions to either policy or procedure. The established format is designed to ensure that the revision date is recorded and the review schedule can be simply and efficiently maintained. This format provides clear guidance to all transportation stakeholders and provides excellent guidance to both transportation and school-based staff on transportation related concerns.

### *Policy Enforcement*

The enforcement of established policy is a key element in ensuring that the services provided will meet the effectiveness and efficiency expectations of the Boards, students, and community at large. CLASS has established a number of data management process and quality assurance procedures that are designed to enforce existing practices or document the rationale for granting exceptions. Observations and data analysis indicate that significant efforts are made to fairly and equitably enforce established policies and practices.

#### **4.2.2 Best Practices**

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

- CLASS and its Partner Boards have developed and documented a full array of harmonized policies and operational practices to ensure that transportation is delivered safely and equitably to all users. In addition, administrative procedures have been established to regularly review and revise the statements as required.

#### **4.2.3 Recommendations**

##### *Policy Infrastructure*

CLASS and its Partner Boards should work to consolidate the existing policy manuals into the CLASS manual. Given that the existing manual developed by CLASS was based on and approved by the Boards, the Partner Boards could eliminate their specific policies and reference the CLASS manual.

### **4.3 Safety Programs**

The safety of transported students is paramount in any school transportation system. Developing a culture of safety requires that transportation managers work closely with students, schools, service providers, and the community to establish specialized programs

targeted to the needs of each specific group. Additionally, driver training and student management procedures must be aligned to reinforce behaviour expectations and consequences for failure to comply with the expectations.

### **4.3.1 Observations**

#### *Student training*

CLASS has established an inter-Board Joint Safety Committee that reviewed and analyzed all safety programs provided to students. A detailed report was provided back to the committee outlining a recommended training program and evaluating the costs associated with implementation. The current program was implemented beginning in 2007 for both eligible students and students who do not ride the bus. The current program uses age differentiated training tools and techniques including videos, evacuation drills, distribution of informational materials and structured discussions.

#### *Driver Training*

All Drivers participate in Emergency Site Management training, including First Aid/Cardiopulmonary Resuscitation (CPR) training, as a requirement for employment. A re-certification of this safety training is required every three years. Special needs drivers also receive specialized training to ensure they understand the likely behaviour of students with specific exceptionalities.

#### *Oversight*

CLASS has established an operating procedure that provides guidance on the training initiatives that will be used. Operators are required to ensure that information on the safety programs in which they have participated are properly recorded on the Operator Profiles CLASS maintains through its website. The Transportation Coordinator is responsible for managing and administering all safety training activities.

### **4.3.2 Best Practices**

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

- The implementation of a targeted safety program that is designed to ensure that students receive frequent, age appropriate training on topics that will promote their safety while riding the bus. In addition, the establishment of a recognized committee and the development of a procedural infrastructure to monitor and oversee the provision of safety training demonstrates a commitment to providing safe, reliable service.

## **4.4 Special Needs and Specialized Programs**

Effective school transportation includes transporting students with special needs (mobility restrictions or behavioural issues due to cognitive conditions, attachment requirements and such) as well as transportation to specialized programs, which often involves transporting students from diverse locations to centralized program schools. Both of these types of transportation can put pressure on the efficiency of the system since they involve longer distances, lower demand densities, longer passenger dwell times, and in the case of special needs transportation, accessible vehicles.

Transportation Consortia face a challenge in maximizing the efficiency of these systems in addition to attempts to integrate students and avoid having separate transportation systems. This section examines the policy approach to special needs and specialized transportation, and how well practice conforms to established policies.

#### 4.4.1 Observations

##### *Special Education Routing*

Board staff determine which specific programs students will attend through the IPRC process. CLASS is not a formal participant in the IPRC, however a formal “Exceptional Transportation Costing Approval” process has been established to ensure that there is a review and approval for transportation costs that will exceed \$1,500. The establishment of this type of procedure ensures that all participants in the process understand the full financial and operational implications of placement decisions.

CLASS also allows for special education students to ride existing home to school buses where appropriate. Mainstreaming students in this manner helps to control the overall cost of transportation services while being considerate of the needs and requirements of the student.

An extensive array of procedures related to the use of seat belts, harnesses, and other specialized devices have also been established. Drivers of special education students are required to be trained in the use of any specialized equipment and the affirmation by the contractor that this training was provided is recorded on the CLASS website.

#### 4.4.2 Best Practices

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

- The development of a formal approach to cost recognition for the provision of special education transportation services. The use of the “exceptional Transportation Cost Approval Process” ensures that all consideration is given to the most appropriate and feasible mode of transport.
- The development of an array of operational policies that details the specific requirements associated with use of specialized equipment. Coupled with an excellent tracking system this approach provides an effective mechanism to promote quality service provision of specialized population.

#### 4.5 Results of E&E Review

CLASS has been rated as **High** for Policies and Practices. The Consortium has worked to establish a comprehensive and detailed policy manual that harmonizes the policies of both Boards and is reviewed, evaluated and updated on a regular basis. The documentation of a formal planning process and the implementation of a number of innovative routing strategies has promoted operational efficiency and effectiveness. The establishment of a formal costing mechanism relative to special education transportation is also a useful practice for recognizing and controlling the cost of these services.

## 5. Routing & 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 Use;
- Digital Map and Student Database Management;
- System Setup and Use;
- System Reporting; and
- Special Needs Transportation Planning and Routing.

Each component has been analysed based on observations from fact (including interviews) together with 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 and E&E assessment of Routing and Technical efficiency as shown below:

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

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

#### 5.2.1 Observations

##### *Routing and Related Software and Technology*

##### *Routing Software*

CLASS has fully implemented *EduLog* as its transportation management software. The software was originally acquired approximately seven years ago and has been regularly upgraded since then, with the most recent major upgrade occurring in 2007. The extensive history of using the software, in combination with an organizational structure that promotes efficient system management, has resulted in effective use of the system for both planning and analytical use. The establishment of a mandate by the CLASS manager to use data for decision making and a commitment by staff to use the data has encouraged full use of the software package.

##### *Phone System*

CLASS has started upgrades to their phone system. This phone upgrade has been part of a more general upgrade in technology by CLASS that included upgrades to *EduLog* and the

website. The system allows for calls to be efficiently routed and allows for expansion and contraction as needed throughout the school year (particularly at school start).

### *Website*

CLASS has established its website as the primary mechanism for managing student and operator data. The functionality established on the site provides for a highly effective mechanism to ensure both data quality and completeness. This is due primarily to the use of the site as the source for public information on stop locations, arrival status, eligibility queries, and request intake. The CLASS site is the most effective example reviewed to date of integrating both public and private transportation data.

The development of the site is clearly the result of a significant amount of consideration by CLASS managers and the Partner Boards. In its current form, the site is structured to provide both public access and password protected private access. The public information available includes:

- Student lookup information;
- Transportation policies;
- Current bus arrival and departure status updates;
- Stop information by school; and
- Information on school bus operators.

While the information available publicly is fairly common among many Consortia websites, the restricted access management aspects of the website are highly sophisticated. The management aspects of the site are parsed into school management, operator management, and overall consortium management. The school management portion of the site provides school-based staff with access to transportation information that allows schools to answer most basic questions regarding a student's service requirements. In addition, the site promotes complete and accurate student data by notifying schools of incorrect or unmatched student addresses that must be addressed prior to a student receiving service.

The operator section of the site allows for all aspects of runs to be managed through the site. The management tools include tracking of training, driver assignments, and the ability to print a wide variety of run reports. This aspect of the site represents the best practice example of how data can be efficiently and effectively managed and distributed in complex and decentralized organizations.

The website also serves as the primary mechanism to collect and manage requests for courtesy riders. The process provides for a chain of approval that allows the school principal to review and approve the request, the Transportation Coordinator to provide feedback on an appropriate stop assignment, and for the operator to concur or propose an alternate to the stop location. In addition, the site allows for retention of the response back to the parent indicating the approval or denial of the request.

### *School Bus Cameras*

CLASS has begun a long term plan to implement video surveillance equipment into all its buses. At the time of the review, digital cameras had been installed in 77 school buses. Continued implementation of the program is clearly dependent on future financial resources. Students are notified that surveillance cameras are in place and procedures have been established to ensure that only proper parties are allowed to review the video. The digital nature of the video has allowed CLASS to implement an editing process that transmits the necessary video clips to appropriate staff triple encrypted memory storage devices.

### *Maintenance and Service Agreements*

Maintenance and service agreements are in place to provide for customer service. Maintaining the currency of the system is critical to ensure that opportunities for efficiency can be identified and evaluated. CLASS' update process includes annual version upgrades and fixes when they become available. Interviews with staff reported vendor responsiveness to be excellent. System maintenance is generally managed by the Transportation Analyst or another cross trained staff member.

### *Training and System Use*

All CLASS staff have been cross trained in the use of *Edulog* to allow for coverage in the event of an absence of one individual. Given that all operations are managed by four individuals (including the Manager) it is critical that all staff be well versed in system use. This objective has been met through both formal on site and offsite training and informal staff providing in-service training on system use. CLASS has also extended the cross training to critical system management functions (e.g., student downloads, backup and recovery routines, posting data to the website) to ensure that operations can proceed relatively uninterrupted in the event of a staff absence. Given the limited size of the staff and the responsibility to manage over 18,000 students and nearly 900 bus runs, CLASS has established an effective ongoing training routine to promote staff competency in all of its software applications.

## **5.2.2 Best Practices**

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

- CLASS uses a fully implemented and functional transportation software application that allows for the development, review, and analysis of existing and alternative routing strategies. In addition, effective administrative and management practices have been implemented to ensure that upgrades and software enhancements have been installed. Staff have been trained in system use and cross trained in critical management functions in an effort to minimize the risk associated with the absence of a single staff member in a small organization.
- CLASS has developed web-based applications which have increased the availability and usefulness of transportation data. These applications provide a significant amount of information that allows for both general information and administrative management of nearly all transportation data in a simple to use and highly functional mechanism.

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

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

### **5.3.1 Observations**

#### *Digital Map*

The digital map in place is current and supports efficient routing. The current digital map is recalibrated periodically to ensure that it reflects changes in development over time. The map is reported to have nearly 100 percent valid addressing for transportation-related addresses, including both school and student locations and unmatched student reports verified this level of accuracy. CLASS has also established operational processes to utilize input from schools and operators to ensure map accuracy. CLASS has established the necessary relationships with local municipalities to ensure notice of expected changes with subdivision placement and road planning.

### *Default Values*

Default values are established by consensus of CLASS staff in conjunction with input from operators. The values are managed by the Transportation Analyst with backup provided by cross trained staff. Following the October counts, runs are reviewed with operators to determine if timing issues must be addressed at the map level. These changes are then made to the map by the Analyst as required. The majority of the digital map is calibrated to travel speeds.

### *Map Management*

Hazardous areas (of which there are few), no travel areas, and winter maintenance areas are all identified on the map via standard *Edulog* categorization functionality. The Analyst is responsible for keeping these items current in conjunction with input from operators and other stakeholders. The input is solicited through both formal and informal mechanisms, with the primary formal mechanism being a detailed review of each route following the October count period. This October review is designed to validate student counts and run distances. However, CLASS has appropriately chosen to also use this review as an opportunity to determine if any inconsistencies are the result of issues associated with system data.

### *Student Data*

One student database is maintained for all students. The data is updated on a daily basis using a series of batch processes that extract data from each Board's student information system and transform the data such that it will import into *Edulog*. Every student record from the two Partner Boards is downloaded on a daily basis and is evaluated for eligibility and stop assignment. In the event that incorrect or unknown student addresses exist, there is functionality built into the website that allows school to be notified when they have unmatched students that require address changes. This function was designed to promote complete and accurate student data and minimize the post editing requirements in transportation.

The verified student data is then extracted from the system using a series of batch update routines and third party databases to transform the data such that it can be updated to the website on a nightly basis. This process provides for public access to current student and route information on an approximately daily basis.

Courtesy riders are managed through the website and are not integrated into *Edulog*. The entire courtesy process from request to assignment to notification of the operator is all managed through the website in a way that also allows for a complete record of the transaction. This alternative approach is used in order to not disrupt the data update routines established by CLASS. Typically, the lack of integration would present a significant concern regarding access to ridership lists in the event of an accident or incident. However, the extensive use of the website as the primary method of distributing data greatly mitigates this risk. Schools, operators, and transportation staff all have access through the website to ridership lists that integrate eligible riders with courtesy riders. Therefore, this approach gives much greater and simpler access to the data to more possible parties in the event of an incident.

### *Backup and Data Recovery*

Daily, weekly, and monthly backup schedules have been established that include off site storage and a mirror of both routing software data and key administrative files. This process has been automated as part of the update to the website using established batch files and daily procedural requirements for CLASS staff. These backups would allow for a timely restoration of base coding structures given the limited changes that occur to these data elements. Data management procedures have also limited the exposure of CLASS in the event of a database failure because batch file scripts have been created to provide for daily

updates of all student records in the Partner Board systems. CLASS staff have also been cross trained to allow for the daily backup to occur if the primary analyst is out of the office.

### *Coding Structures*

The coding structure is fairly standard for *Edulog* implementations. However, the use of third party tools for analytical activities provides a significant degree of flexibility that enhances the existing coding scheme. Special needs coding structures have been established. In addition, enhancements to the website for the 2008 school year will highlight students with medical issues through the use of a medical flag in the student record.

### **5.3.2 Best Practices**

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

- CLASS has developed a rational process for backup and data recovery that considers the inherent value of the data, the time likely to be required to recreate the records and the immediacy of the restoration requirements and balances these elements against the cost of various backup mechanisms.
- CLASS has recognized the importance of an accurate map and complete and accurate student data through its organizational design by focusing accountability for each of the elements in specific positions that ensures that map data and student records are managed consistently and limits the potential for conflicting changes or overwriting of previous work due to miscommunications between staff. In addition, CLASS has implemented a process that utilizes regular input from drivers to validate the condition of the map and allows for the calibration of road speeds, travel times, and distances between stops.
- CLASS has developed a useful and logical coding structure that will adequately support both internal analytical requirements and external reporting requirements.

## **5.4 System Reporting**

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

### **5.4.1 Observations**

#### *Reporting*

An extensive reporting infrastructure is established through the use of third party tools and distributed through the website. These reports capture all run data, student data, courtesy student data, address change requirements, and school data cleanup requirements. This approach provides for a single point of access to data management and encourages the electronic transfer of information to all stakeholders. The reports related to operational efficiency are the most commonly used by the Consortium and student reports, as distributed via the website, are the most commonly used by schools and operators.

An extensive reporting program has been established that uses system data extracted and imported into issue specific databases using third party productivity software. The implementation of these types of analytical tools represents a commitment by management to utilize data for management decision making. Additionally, personnel decisions that provide CLASS with the necessary technical and analytical skills to produce and evaluate the data are also clearly evident.

### 5.4.2 Best Practices

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

- CLASS' approach to using transportation data both within and outside of the transportation management software to evaluate effectiveness and efficiency represents a model best practice. CLASS has developed an outstanding data distribution mechanism through its website and has created a number of data management tools using standard office productivity software. Development of batch files to extract data and analyze system performance and to distribute requests and responses are among a number of best operating practices that have been implemented.

## 5.5 Special Needs Transportation Planning and Routing

Special education presents unique challenges that often require operational strategies well outside the normal practices of any organization. This portion of the review is designed to evaluate the strategies and approaches used to provide transportation to special education students and the approaches used to minimize the cost and operational disruption associated with this type of transportation.

### 5.5.1 Observations

#### *Coding of Special Education Students*

Special education students are appropriately coded in the transportation database. Through the use of the program coding functionality in *EduLog*, CLASS has identified and categorized special education students in a manner that allows for identification and analysis of transportation modes including specific special needs and wheelchair run coding.

#### *Management of Routes*

The special needs coordinators at the Partner Boards coordinate with the Transportation Planner to ensure that services can be provided effectively and that the cost of providing services are understood by all participants. The Exceptional Transportation Costing Approval process ensures that CLASS can properly assign the needed equipment while allowing it to consider the most cost effective option. Given that one staff member is responsible for all regular and special needs routing, the procedures for developing special needs routes are generally the same as regular home to school routes and include mainstreaming of students where possible.

The CLASS website serves as the primary tool to transmit run information to operators and to the schools for special needs students. Functionality recently added to the website includes an icon that identifies a student with a medical or special condition. This allows both operators and schools to be aware that a student has a unique requirement.

### 5.5.2 Best Practices

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

- CLASS provides services only to students with specifically identified needs as determined by Board staff. Where appropriate, run integration strategies such as mainstreaming are considered in an effort to control transportation-related costs. These students are clearly identified in the run data and recent upgrades to the website reporting mechanism will increase awareness of the specific requirements of each exception.

## 5.6 Route Planning

The ability to maximize the use of each school bus is the foundation of effective and efficient transportation services. Proper consideration of all of the elements required to deliver high quality and cost effective services can only occur if the transportation operation has established a planning cycle that is sufficiently forward looking. During the planning cycle,

transportation managers are constantly trying to strike a balance between two opposing constraints, time required and distance to be travelled, to maximize asset utilization.

### **5.6.1 Observations**

#### *Planning Cycle*

CLASS has established a formal and detailed planning cycle for the development and management of bus runs and routes throughout any given school year. The process begins in April with the collection and verification of school and student data. This includes a process to review requests for bell time changes and the verification of school calendars at each Board. The process also includes a series of cost control and quality assurance processes designed to ensure that previously identified opportunities for efficiency are evaluated in the context of new student and run data sets. In addition, specific tasks designed to review run information with the operators and communicate this to schools and parents is established in the planning calendar.

The planning process is documented using standard project management software. Staff assignments and expected timelines are established for each task. This approach promotes both consistency and accountability by providing a source document against which progress can be measured. Formalizing, documenting, and measuring the progress against an established planning cycle is an excellent practice.

#### *Routing*

CLASS has incorporated a number of techniques designed to promote effective and efficient service delivery into its routing scheme. The goal of every student transportation operation is to design a routing scheme using the specific techniques that best match the wide variety of logistical challenges presented by geography, topography, and educational programming decisions. Common approaches include the use of tiered (where a bus is going to multiple schools at different points in the morning or afternoon), combination (where a bus services multiple schools on the same run), and shuttle and transfer runs (where a bus loads students arriving from other buses at a common collection point and takes them directly from that point to their destination). These approaches are designed to maximize the utility of the asset.

Responsibility for the development of regular and special education runs and routes is assigned to the Transportation Planner. Both the Transportation Analyst and Transportation Coordinator assist as required, particularly during the summer route development process for each school year. Historical stop locations and run directions form the basis for the routing scheme each year, but the annual planning process includes an evaluation of alternatives that address service and/or efficiency considerations that have been identified. Policies and operational procedures allow students from different schools and different Boards to ride the same bus. Analysis of morning run data indicates that 149 of 188 runs (79 percent) serving multiple schools include students from different boards. The Transportation Planner and Manager collaborate after the bus runs are developed to evaluate fleet composition and determine if alternative vehicle sizes would be financially or operationally advantageous to the Consortium and the Boards.

#### *Analysis of System Effectiveness*

CLASS provides service in an area that includes rural, suburban, and urban characteristics. Approximately 275 buses are used to service over 18,000 students daily on over 1,000 bus runs<sup>10</sup>. Services are provided from approximately 6:00 AM to 9:30 AM and 1:00 PM to 5:00 PM. The aforementioned procedure manual and operational practices coupled with the

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<sup>10</sup> All data reported in the this section of the report refers to data collected while the E&E team was on site. There may be inconsistencies with some previously reported Ministry data due to the different timing of the data collection.

technology tools to be discussed in the next section allow CLASS to operate an efficient system with a very limited staff of only four people.

CLASS has implemented a wide array of routing techniques in an effort to provide efficient service. Realizing transportation efficiencies requires the development of bus runs that maximize the use of each seat available on the bus (known as capacity use). Capacity use is impacted by how far a bus can travel in terms of both time and distance. More time allows for the pick up of more students which increases capacity use. Bell time, student ride time policies, and seating guidelines have a substantial impact on the ability of a transportation service provider to maximize seat use. In addition to maximizing seating capacity, it is also necessary to maximize asset utilization, or the number of times a bus is actually used during a given day. School start and end times and student ride lengths are again the key determinants of the ability to maximize asset utilization.

The policy and procedures manual previously discussed clearly defines the constraints that the Transportation Planner and other CLASS staff members must work within when designing bus runs and routes. Clear guidelines are provided regarding the number of students that can ride a bus, how long students should ride, and which students can ride together. The existing guidelines do not adversely constrain CLASS' ability to develop efficient bus runs and routes. Additionally, the significant role that CLASS plays in the setting of school start and dismissal times allows for the design of bus routes in a manner consistent with their requirement to develop efficient routes as per the established policy.

Analysis of ridership indicates that simple capacity use for regular education runs is 51 percent exclusive of courtesy riders and 55 percent when courtesy riders are included. This is calculated by taking an average of utilization on all runs, with each route calculated by dividing the rated capacity of the bus by the maximum student load. Capacity use on the basis of rated capacity of the bus is commonly lower than for planned capacity because a factor for student weighting has not been incorporated. Typically, secondary school students will receive weights that lower the effective capacity of a bus by allowing fewer than the rated capacity of three students per seat. This has an inverse impact by lowering the numerator of the equation.

While 55 percent simple capacity use is unremarkable for regular education home to school service, the impact of this is offset by an aggressive approach to maximizing asset utilization. CLASS has a service area that covers approximately 5,500 square kilometres. Within this service area, approximately 70 percent of all buses service multiple tiers. The following table summarizes the average number of schools serviced by each bus based on the number of runs it performs in the morning and the afternoon.

**Table 4: Run analysis**

Count of Runs Performed by a Given Bus	Total Buses in the Morning	Average Count of Schools Serviced in the Morning	Total Buses in the Afternoon	Average Count of Schools Serviced in the Afternoon
1	78	1.7	74	1.8
2	183	3.0	192	3.0
3	12	4.3	7	3.1

In evaluating the average count of school serviced in both the morning and afternoon panels, the additional technique of using combination runs to maximize asset utilization is evident. The use of combination runs can be determined by the average numbers of schools serviced being greater than the number of runs being performed by a given bus. For example, if the average bus were performing one run to one school the average number of schools serviced would be one. In the case of CLASS, the average number of schools serviced by buses performing only one morning run is 1.7. This indicates that nearly every bus that has only one run assigned is servicing multiple schools. Analysis of run level data indicates that nearly 40 percent of all runs in the system service multiple schools. The following table summarizes run level information by the number of schools serviced.

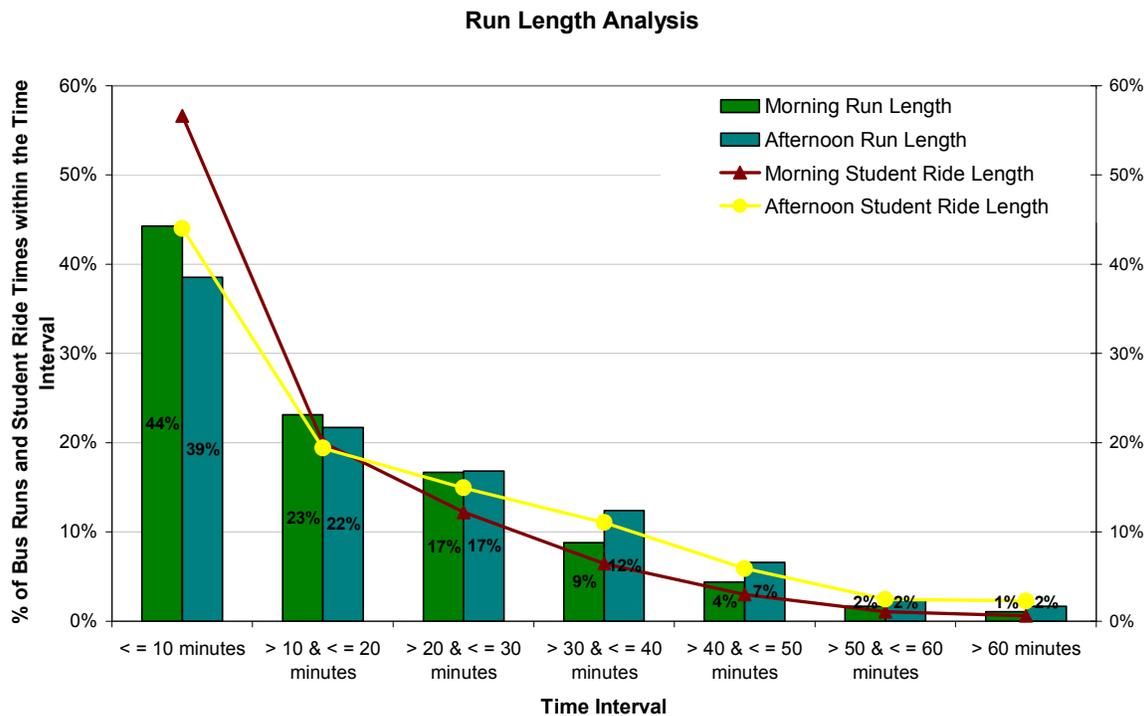
**Table 5: Run analysis by school**

Schools Serviced	Morning Run Count	Percent of Morning Runs	Afternoon Run Count	Percent of Afternoon Runs
1	292	61%	289	60%
2	130	27%	128	27%
3	53	11%	56	12%
4	5	1%	6	1%
<b>TOTAL</b>	<b>480</b>		<b>479</b>	

The combination of the routes per bus, capacity utilization, and number of schools serviced per bus indicates that CLASS has instituted a routing scheme that promotes efficient service delivery. The aggressive use of these routing best practices in combination with a policy infrastructure that provides the necessary flexibility to implement these techniques are the key enabling factors that allow for the service efficiency.

Analysis of the impact of these routing techniques indicates that the overwhelming majority of students are provided service that is well within the established ride time guidelines. Analysis of student ride length was performed by calculating the total time that each student was on the bus from their point of pick up to their point of departure. The following chart demonstrates the percent of student ride lengths and the percent of student bus runs within given intervals of times.

Figure 8: Run Length Analysis



An analysis of bus run length (shown in the horizontal bars) and student ride time (shown by the maroon and yellow lines) indicates that 50 percent of all student trips are 10 minutes or less. Additionally, nearly 84 percent of all student trips are less than 30 minutes in length. This would indicate that runs that are shorter in length also have high rates of capacity use and that the majority of students are receiving quality service as indicated by the reasonable short time spent on the bus. The short run lengths also provide the ability to use the aggressive asset reuse strategies that CLASS has implemented.

A final indicator of service effectiveness is the ability to provide on time service. Interviews with staff and a limited review of daily incident reports from the previous year did not indicate any significant or extraordinary concern regarding late arrivals.

The results of this analysis are indicative of a system that is providing effective and efficient service, but a concern regarding the provision of courtesy transportation deserves attention. As established in policy, students can receive courtesy transportation provided it does not add additional costs to a run. Operational practices result in courtesy students being added to any available seats following the allocation of resources to all other available eligible students prior to any placement of courtesy students on buses.

While this approach has not had any apparent adverse impacts on overall operational efficiency, there are aspects of the courtesy ridership program that warrant further consideration. The policy does not implicitly or explicitly address the calculation or influence that incremental administrative costs are factored into the decision to provide courtesy services. The overall proportion of courtesy riders is approximately seven percent of total ridership. However, approximately 6 percent of all runs have courtesy riders that total 25 percent or more of total ridership. Continued vigilance will be required to ensure that runs with significant proportions of courtesy students are not adding to the overall cost of providing service. Additionally, the current cost allocation approach between the Boards does not incorporate courtesy ridership. Therefore, if there is a disproportionate share of

courtesy riders from one Board over the other, there would be a concern that operational costs are not being properly allocated.

### 5.6.2 Best Practices

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

- CLASS has established a comprehensive planning calendar that establishes responsibility and accountability for ensuring that necessary tasks are completed prior to the school year. This timely process ensures that any necessary changes to be made are identified, minimizing service disruptions at the beginning of the school year.
- CLASS and its Partner Boards greatly enhance the overall effectiveness and efficiency of the system in their flexible and cooperative approach to the establishment of school bell times. The ability to achieve multiple routes in a single day is a key component to an efficient system.
- The use of a number of routing techniques such as combination runs and tiered routing within the base context of the bell time schedule combines to greatly improve the effectiveness and efficiency of the overall system. CLASS' aggressive approach to seeking routing solutions such as this is a key component to the success of the system.

### 5.6.3 Recommendations

#### *Courtesy Riders*

CLASS provides service to a significant number of students based on its courtesy rider program. While the management of these riders is accomplished in an effective manner, the volume of the students is a cause for concern. Even though the impact of a single student courtesy rider may be limited, there are some runs where more than 25 percent of the students assigned to a run are courtesy riders. This warrants an evaluation of the overall cost impact of allowing for courtesy services. Additionally, consideration must be given to the incremental administrative costs associated with managing courtesy students.

## 5.7 Results of E&E Review

Routing and Technology use has been rated as **High**. CLASS has done an outstanding job of acquiring and implementing an appropriate variety of technology tools and applications that will enhance the management of route data. CLASS has established operational processes designed to ensure that the data is used in a way that opportunities to achieve efficiencies are identified and capitalized on. Of particular note is the management functionality that has been designed into the CLASS website that represents a model practice.

## 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 from information provided by CLASS, including interviews with Consortium management and select Operators. The analysis comprises 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*

The Operators in Chatham-Kent have formed an association called Lambton Kent School Bus Operators' Association ("Association"). All Operators working with CLASS are members of the Association. The Association is not a legal entity. Membership in the Association is open to anybody wishing to join. The Association does not have any mandate beyond coordinating and optimizing operations amongst the various Operators and CLASS. The Association works directly with the CLASS Manager on the process of annual assignment of bus routes to each of the Operators who are members. Once the Transportation Manager has determined the annual fleet composition required for the district based on service needs, the Association's Executive team meets to review the plan. The Association then meets as a group and discusses the plan with their membership and reaches a consensus on how they believe route allocation should occur. Generally, their plan is based on the premise that the last operator to lose a route will be the first to gain a new route. The age of the operator's fleet is not considered a criteria for losing a bus route. The Association's Executive next meets with the CLASS Manager to discuss their suggested plan for route allocation and a final decision is reached by the CLASS Manager as to what the final solution will be for the upcoming year. This cooperative approach allows the operators to have feedback into the annual transportation planning process but reserves the control of route assignments for CLASS.

CLASS operators have an executed contract dated September 1, 2007 with a two year term.

Rate agreements (*Agreement for Student Transportation Services*) are signed by the Operators annually. Rates are negotiated annually between CLASS and the Operator's association. Rate negotiations commence in October with mileage reconciliations and rate negotiations are completed prior to end of December annually. The first draft of bus routes are available for Operators to review in detail and in person with CLASS staff before the end of June. Routes are finalized by August.

Per the Transportation Manager, the existing Agreement for Student Transportation Services will undergo a number of changes upon expiration in August, 2009 based on the legal opinion currently being obtained on the document, any templates from the CPAC group and any recommendations from the EE Review.

The operator's contract outlines the scope of work for Operators; contract price and rate negotiation procedures; payment terms; operator obligations; driver requirements; vehicle requirements; indemnification and liability insurance; Personal Information Protection Act and Electronic Documents Act requirements; by law codes and regulation compliance requirements; audit rights and requirements; confidentiality and dispute resolution clauses.

The contracts include provisions for lawful operation of school vehicles, driver training, safety requirement, vehicle age policy (15 years), and compliance with Federal and Provincial Regulations. In addition, the fee structure, contract term, renewal, and termination clauses are also included. There are no school board owned vehicles.

The vehicle spare ratio is currently not defined in the contracts.

#### *Bus Operator Compensation*

Operator compensation is based on eligible student riders as defined in the *Agreement for Student Transportation Services*. Per the 2007-2008 Agreement for Student Transportation Services, CLASS pays Operators daily variable amounts on reconciled routes.

All routes are paid a minimum number of kilometres daily. CLASS Operators are paid for inclement weather days. Additional funding, provided by the Ministry for fuel, flows through directly to Operators. There is no fuel escalator clause in the annual rate agreement.

For the last two years, CLASS has paid the Operators a lump sum capital allowance payment of approximately \$100,000. The money was split by percentage of fleet and paid directly to the Operators. The funds were intended for capital improvements. CLASS has not stipulated exactly how the money is to be spent, nor have they monitored how it did get spent. Based on the CLASS school bus fleet size at the time of enhancements, these two separate one-time payments totalled \$630.91 per bus. The funds used for the one-time enhancements were intentionally not included in the compensation variables to ensure they did not become incorporated into rate negotiations in future years. The Operations Committee approved the amount of the capital allowance prior to the negotiation process through the budget setting process.

As part of the annual negotiations process, CLASS and the Association have mutually agreed to implement additional service enhancements for the district as funds are available. Over the past two years, capital has been invested into digital surveillance equipment for buses. (This capital expenditure is over and above the \$100,000 detailed above). This initiative has resulted in CLASS implementing 77 units on their buses (24.4% of planned 2008-09 buses). Cameras are given to Operators to install on buses, however, remain the property of CLASS.

#### *Bus Operator Contract Management*

Operators have access to their route information and student lists through the CLASS website. The website also provides information on student discipline reports. A manual process is used to obtain medical data for students on the ridership lists. Medical condition information is provided by the schools. There is no standardization of codes that the schools use to indicate medical issues into the database. In the upcoming year, CLASS is working

to integrate medical information into the database and making this information available automatically on the ridership lists provided to Operators.

Prior to the commencement of the school year, CLASS requires all Operators to provide details on the fleet and drivers such as vehicle age, drivers licence and emergency preparedness training. These details are entered and tracked through the CLASS website.

CLASS and the operator's association developed a program in April 2007 for emergency preparedness training for Operators. The four hour program covers several topics including CPR, First Aid and EPI Pens. A certificate, valid for three years is provided to all who complete the program. The program is offered on a maintenance schedule for new drivers in August and in the winter or spring depending on need. CLASS pays for all components of the program including driver wages. CLASS maintains a list of all drivers who have completed the program and requires Operators to report on training status through their website.

CLASS works with Operators and schools to ensure evacuation training is provided for all students, Junior Kindergarten to Grade 8, prior to December.

CLASS also participates in the Great Lakes Transportation Association Public Awareness Safety Campaign which along with local television stations air safety related messages.

#### *Taxi Contracts*

No taxi contracts are in place however CLASS has reduced the use of taxis and reduced the number of taxi providers from four to three used compared to prior years. Taxis are primarily used for special education students.

#### *Parent drivers*

CLASS only has one parent driver. This grandparent transports their high needs granddaughter as well as two additional students daily to a Provincial School. A contract has been signed with the driver dated September 1, 2007 with a two year term. The grandparent has furnished proof annually of commercial insurance coverage (that inherently provides proof of a valid driver's licence) with \$5M liability coverage; exceeding the limits under the Public Vehicle Act; RRO, 1990, Reg. 982 s.14 (1).

### **6.2.2 Best Practices**

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

- The Consortium has contracts in place for both Operators and paid parent drivers 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.
- CLASS provides complete and timely information to the school bus operators with respect to the runs they are responsible for and in terms of student information for the operators to be able do a good job in ensuring safe and reliable student transportation. Route information is generally provided in June each year enabling bus drivers to complete dry-runs and communicate any route modifications for safety reasons well in advance of the start of the school year.
- Contracts are signed with parent drivers to comply with Board policies and regulations. The formalization of this type of arrangement through contracts and stipulated compliance requirements helps to limit the liability to the Consortium. Parent driver contracts meet the same burden in terms of appropriate contract clauses as bus operators.

### **6.2.3 Recommendations**

#### *Snow Day Compensation for Operators*

In cases where inclement weather prevents the buses from safely operating, or there is a school closure as a result of inclement weather, the school bus Operators will still receive payment of the fixed and variable components of the contract. It is recommended that only fixed cost should be paid to the Operators to compensate for their effort to ensure the fleet of buses are ready to resume duty when the inclement weather passes by. Variable costs such as per kilometre costs that are not incurred should not be paid by the Consortium. The Consortium may have to adjust their rate agreements to clearly specify fixed and variable components of operator remuneration to make this possible.

We acknowledge that driver attrition is a problem that affects all school bus operators and in turn Consortia across the province. Further, 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 should be 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.

#### *Fleet Age Requirement*

The Consortium has established a 15 year vehicle age policy for busses. Fifteen years is currently in excess of the provincial average of 12 years which is considered a best practice by the Ministry. It is understood that many of the busses never reach this age as the mileages they cover are high, however, the Consortium should consider lowering the fleet age requirement as there is higher risk that older vehicles will require more maintenance and will not include many of the safety features of newer buses. School buses that are older than the threshold determined by the Consortium may be retained by Operators as spare buses. Maintaining a healthy spare bus ratio can allow the Operators to adequately cover for buses that are out of service due to maintenance or breakdowns.

#### *Spare Ratio*

The Consortium should establish a standard spare bus ratios requirement based on their fleet age, effectiveness of the maintenance program, climate, operating condition and fleet mix.

#### *Route Allocations*

CLASS should review the methodology used when reducing or adding routes and their subsequent assignment to specific operators to ensure that CLASS is provided with the best service and equipment available to them. A rotational system for assigning and deducting routes may not be providing CLASS with the optimal equipment or service.

#### *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 pupils are in compliance with the Ministry of Transportation license, insurance and safety requirement, and the drivers have received all appropriate trainings that are mandatory to provide student transportation services.

### *Bus Operator Compensation*

For the last two years, CLASS has paid the Operators a lump sum capital allowance payment of approximately \$100,000. Should CLASS continue to make lump sum payments in future years, we would recommend that the Consortium provide specific recommendations and restrictions on appropriate use of the funds, distribute based on criteria such as age of fleet and monitor spending to ensure funds are used for their intended purpose.

CLASS should also monitor the number of routes with minimum distances to ensure excess payments are not needlessly made.

In addition, we would recommend that CLASS review the amounts currently paid to operators that constitute compensation for fuel costs prior to the disbursement of Ministry funds slated for fuel to ascertain whether a flow through of funds is necessary. The Ministry expects Boards to flow through money if operators are not paid at current rates - the intent being to ensure that operators are appropriately and adequately compensated.

## **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*

All Operators are represented at negotiations by the operator's association, and through this association have come to a common contractual agreement with the Consortium. The Association is currently comprised of eleven Operators and CLASS negotiates transportation contracts directly with the association. The Operations Committee is directly involved in the contract negotiation.

No competitive procurement process is followed, although membership in the Operator's association is not restricted, however, only operators under contract with CLASS, SCCDSB and/or LKDSB have ever been members. Traditionally the Operators have worked with CLASS to operate within funding limits.

From the operating budget, the Transportation Manager prepares all documentation and reconciliation amounts for the negotiation process. The Operations Committee conducts negotiations with Operators.

Operators review their tentative routes in June. Information is updated and operator feedback is incorporated throughout the summer. Routes are "locked" and finalized by August. Operators and CLASS perform mileage reconciliations in October. (There is usually little discrepancy in terms of mileage recorded between Operators and CLASS.) Following the reconciliation process, the Operator's association submits a rate proposal to the Transportation Manager at CLASS. The Operations Committee review the offer and draft a counter offer. Negotiation meetings then commence until a proposed rate agreement is reached. The proposed rate agreement is then provided to the operator's executives and the SCCDSB/LKDSB/Trustees for their respective approvals. Rates are finalized and a rate agreement signed by December. From September to December operator payments are based on the previous year's rate agreement. Payments as of January 1 are reflective of new rates plus adjustment for retroactive service.

The methodology of the budgeting / negotiations process ensures CLASS expenditures fall within the provisions of the transportation funding provided by the Ministry of Education for the Boards. The Operations Committee establishes what the annual budget will be for all operating expenditures outside of the bus operator contract before negotiations commence. This approach defines the maximum amount that will be available for negotiations with the

bus operators and limits the negotiation process to establishing where the increase will be applied and to the clarifications of CLASS expenditures. It also allows the Consortium to designate funds for capital purchases such as the digital surveillance systems and workstation computer hardware. The Operations Committee references the annual increase provided by the Ministry of Education and the 2007 Benchmark Cost Study as a reference point for validation of rate appropriateness.

As a result of this approach, there is no potential for a planned surplus for CLASS at time of budgeting / negotiations. In the same manner, the Consortium would not plan for a deficit situation. Any surplus that the consortium may achieve would occur as a result of operating efficiencies attained by CLASS in the course of operations and would be retained by the appropriate Board(s).

#### *Special Needs Transportation*

Some CLASS students with special needs are transported to programs on vehicles operated by taxi companies. The list of taxi service providers utilized by CLASS is based on precedent and operating territories. There was no competitive short-listing method (request for qualifications) used to develop this list. All taxi services are pre-quoted and approved by the appropriate Board.

### **6.3.2 Recommendations**

#### *Competitive Procurement Process*

Contracts for school bus transportation services are currently not competitively awarded. By not engaging in a competitive process, the Consortium will not know whether it is paying best rates for services provided. If a competitive process is used to procure contracted services, the Consortium can clearly state all service requirements in the procurement document. In addition, the Consortium can be sure that it will obtain the best value for its money as Operators will compete to provide the required service levels at prices that ensure they earn an appropriate return on investment. This may not mean that rates will decline; however, the concern for the Consortium should be to obtain best value for money expended.

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

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

### *Bus Operator Contract Negotiation Process*

The contract / negotiation process ensures CLASS expenditures fall within the provisions of the transportation funding provided by the Ministry of Education for the Boards. The approach defines the maximum amount that will be available for negotiations with the bus operators and limits the negotiation process to establishing where the increase will be applied and to the clarifications of CLASS expenditures. The process works well to ensure that CLASS has designate funds for capital purchases such as the digital surveillance systems and workstation computer hardware and a balanced budget. However, the approach is not driven by need thereby, making it difficult to assess if value for money has been obtained.

## **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**

Compliance with contract terms is monitored informally. The process of contract monitoring primarily addresses safety and regulatory requirements. All incidents on buses are investigated and documented by Consortium staff.

CLASS employees conduct school and operator visits during the year to monitor operations. Visits are both random and scheduled. The checklist working form is completed for all visits and a record kept of all visits made. CLASS employees do not ride on buses nor do they follow buses to check for stop times or unscheduled stops. The students, parents and school act as monitors to ensure schedules are being followed.

Fifty-seven CLASS buses currently have fully operational surveillance systems. Cameras capture both sound and colour video with infrared capabilities for early morning/late nights. Specific Terms of Use for the equipment; including data storage, logs and destruction are defined in a form signed by operators as they receive equipment. Cameras that have been installed on buses however, remain the property of CLASS and are identified on the route profile section of the website. The driver does not have access to or knowledge of taping. Footage from buses is not reviewed unless an incident is reported. 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.

Operators are required to keep details on their fleet and drivers such as vehicle age, drivers licence and emergency preparedness training updated on the CLASS website. The CLASS management team monitors the completeness and status of this information and it must be updated prior to the commencement of the annual negotiations process as part of reconciliations.

### *Dispute Policy*

No formal dispute resolution policy is in place between CLASS and the Operator's association. Monthly meetings are held between CLASS and the Association to discuss any issues or optimization opportunities. While no contract exists between CLASS and the Operator's association, CLASS works with the Operator's association to resolve any issues.

The Operator's contract stipulates that in the event that disputes cannot be resolved, CLASS can submit the matter to arbitration or if CLASS does not exercise this right, then either party can refer the matter to an appropriate Tribunal in Ontario.

### 6.4.2 Best Practices

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

- CLASS requires operators to demonstrate that they have provided their Drivers appropriate safety and first aid training prior to start of the school year in addition to demonstrating they have met insurance requirements. All information is tracked on the CLASS website.

### 6.4.3 Recommendations

#### *Monitoring*

CLASS employees conduct school and operator visits during the year to monitor operations. Visits are both random and scheduled. The checklist working form is completed for all visits and a record kept of all visits made.

A more extensive 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 October 31 count of students which is used to determine cost sharing.

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 to self regulate and 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 CLASS negotiates, structures, and manages its contracts for transportation services has been assessed as **Moderate**. We are pleased to see standardized contracts in place with complete terms to appropriately share accountability related to student transportation with the school bus operators and that school bus operators are provided accurate and timely route and student information. CLASS 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 route audits and we have recommended that the vehicle age requirements be revised. We believe that these recommended changes can be quickly and easily remedied by the Consortium.

By not engaging in a competitive procurement process, the Consortium does not know whether the best value for money is being provided. If a competitive process is used to procure services, the Consortium can clearly state all service requirements in its procurement document. In addition, the Consortium can be sure that it will obtain the best value for its money as Operators will compete to provide the required service levels at prices that ensure 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.

## 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:

### *St. Clair Catholic District School Board*

Item	2007/2008
2007-08 Transportation Surplus (Deficit)	232,895
% of Surplus (Deficit) attributed to the Consortium (rounded)	100.00%
Revised amount to be assessed under the Consortium	232,895
E&E Rating	Moderate-High
Funding Adjustment based on Ministry's Funding Adjustment Formula	No adjustment
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

*Lambton Kent District School Board*

<b>Item</b>	<b>2007/2008</b>
2007-08 Transportation Surplus (Deficit)	99,264
% of Surplus (Deficit) attributed to the Consortium (rounded)	100.00%
Revised amount to be assessed under the Consortium	99,264
E&E Rating	Moderate-High
Funding Adjustment based on Ministry's Funding Adjustment Formula	No adjustment
Total Funding adjustment	N/A

*Conseil Scolaire de district du Centre-Sud Ouest*

<b>Item</b>	<b>2007/2008</b>
2007-08 Transportation Surplus (Deficit)	(489,907)
% of Surplus (Deficit) attributed to the Consortium (rounded)	0.19%
Revised amount to be assessed under the Consortium	(947)
E&E Rating	Moderate-High
Funding Adjustment based on Ministry's Funding Adjustment Formula	90%
Total Funding adjustment	\$853

# 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 CLASS	Chatham-Kent Lambton Administrative School Services Consortium
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 CLASS 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
LKDSB	Lambton Kent District School Board
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
Transportation Analyst	As shown in Figure 7
Transportation Coordinator	As shown in Figure 7
Transportation Planner	As shown in Figure 7

## Appendix 2: Financial Review – by School Board

### *St. Clair Catholic District School Board (SCCDSB)*

Item	2004/2005	2005/2006	2006/2007	2007/2008
Allocation <sup>13</sup>	5,577,372	5,791,174	5,834,491	5,924,349
Expenditure <sup>14</sup>	5,589,995	5,559,420	5,600,255	5,691,454
Transportation Surplus (Deficit)	(12,623)	231,754	234,236	232,895
Total Expenditures paid to CLASS	5,589,995	5,559,420	5,600,255	5,691,454
As % of total Expenditures of Board	100%	100%	100%	100%

### *Lambton Kent District School Board (LKDSB)*

Item	2004/2005	2005/2006	2006/2007	2007/2008
Allocation	10,404,969	10,822,355	10,808,310	11,041,993
Expenditure	10,424,170	10,895,917	10,832,340	10,942,729
Transportation Surplus (Deficit)	(19,201)	(73,562)	(24,030)	99,264
Total Expenditures paid to CLASS	10,424,170	10,895,917	10,832,340	10,942,729
As % of total Expenditures of Board	100%	100%	100%	100%

### *Conseil Scolaire de District du Centre-Sud Ouest*

Item	2004/2005	2005/2006	2006/2007	2007/2008
Allocation	7,785,949	8,497,859	8,595,680	9,716,823
Expenditure	8,675,037	9,003,618	9,226,665	10,206,730
Transportation Surplus (Deficit)	(889,088)	(505,759)	(630,985)	(489,907)
Total Expenditures paid to CLASS	N/A	104,642	147,122	19,737
As % of total Expenditures of Board	N/A	1.16%	1.59%	0.19%

<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)

## Appendix 3: Document List

1	Administrative Fees for School Bus Planning Invoice
2	Administrative School Services Financial Review
3	Agreement for Provision of Student Transportation Services: Draft
4	Agreement for Student Transportation Services
5	Agreement for Transportation
6	Application for Incorporation
7	Board of Directors Meeting Agenda: February 23, 2006
8	Board of Directors Meeting Minutes: June 19, 2007
9	Board of Directors Meeting Minutes: June 9, 2008
10	Bus Driver License Status Check
11	Chatham Daily News Bus Articles: September 2006 - May 2008
12	CLASS Operator CVOR Safety Rating Checks
13	Confidentiality Agreement
14	Consortia Development Timeline
15	Consortia Plan Re-Submission
16	Consortium Agreement for Shared Transportation Services
17	Contact Information: Governance & Operations Committees
18	Corporate Governance Structure
19	Corporate Membership Agreement
20	E&E Review Itinerary 2008
21	E&E Review Locations
22	Employee Evaluation Form
23	Financial Overview: FY 2006
24	Financial Statements: FY 2007
25	First Aid Session
26	Fiscal Budget: FY 2007
27	Fiscal Budget: FY 2008
28	General Banking Resolution
29	Job Profiles: Transportation Manager, Transportation Analyst, Transportation Planner, Transportation Coordinator
30	Land/Building Lease
31	Memorandum of Agreement
32	Monitors: 2007-2008
33	Non School Bus Seating
34	Non-School Bus Seating

35	Offense Declaration
36	Operational Procedures
37	Operator Route Profile Data Submission
38	Organizational Chart
39	OSBIE Membership Form
40	Partnership Agreement
41	Rate Schedule
42	Site Review Orientation Presentation
43	SmartDriver for School Bus
44	Staff Visits to Schools
45	Strategic Plan: 2007-2008
46	The Observer: Board Taps Into Reserves: August 30, 2006
47	Transportation Services Invoices (Sep '07, Jan '08)

## Appendix 4: Common Practices

	JK/SK	Elementary Gr. 1 - 3	Gr. 4 - 8	Secondary GR. 9 - 12
<b>Home to School Distance</b>				
Common Practice	0.8 km	1.2 km	1.6 km	3.2 km
Policy - LKDSB	1.6	1.6	1.6	3.2
Policy - SCCDSB	1.6	1.6	1.6	3.2
Practice	1.6	1.6	1.6	3.2
<b>Home to Bus Stop Distance</b>				
Common Practice	0.5 km	0.8 km	0.8 km	0.8 km
Policy - LKDSB	1.6 km	0.8 km	0.8 km	1.6 km
Policy - SCCDSB	1.6 km	0.8 km	0.8 km	1.6 km
Practice	1.6 km	0.8 km	0.8 km	1.6 km
A policy of 0.8 kilometers is in place for rural students				
<b>Arrival Window</b>				
Common Practice	18	18	18	25
Policy - LKDSB	10	10	10	10
Policy - SCCDSB	10	10	10	10
Practice	10	10	10	10
<b>Departure Window</b>				
Common Practice	16	16	16	18
Policy - LKDSB	10	10	10	10
Policy - SCCDSB	10	10	10	10
Practice	10	10	10	10
<b>Earliest Pick Up Time</b>				
Common Practice	6:30	6:30	6:30	6:00
Policy - LKDSB				
Policy - SCCDSB				
Practice				5:59
<b>Latest Drop Off Time</b>				
Common Practice	5:30	5:30	5:30	6:00
Policy - LKDSB				
Policy - SCCDSB				
Practice	9:25	9:25	9:25	
<b>Maximum Ride Time</b>				
Common Practice	75	75	75	90
Policy - LKDSB	60	60	60	75
Policy - SCCDSB	60	60	60	75
Practice	60	60	60	75
<b>Seated Students Per Vehicle</b>				
	JK/SK	Gr. 1 - 6	Gr. 7 - 8	GR. 9 - 12
Common Practice	69	69	69	52
Policy - LKDSB	72	72	48	48
Policy - SCCDSB	72	72	48	48
Practice	72	72	48	48



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