



Neepawa and District  
Disabled Persons Association Inc.  
Handi Transit Program

Efficiency Review– Confidential  
May 27, 2022

# Disclaimer

This written communication (the “Final Report”) has been prepared for Neepawa District and Disabled Persons Association Inc. – Handi Transit Program (“Neepawa Handi Transit” or “Handi Transit”) and the Government of Manitoba (“GoM”) per the terms of the Statement of Work, executed on November 30, 2021, between the Town of Neepawa (“Neepawa”) and Deloitte LLP (“Deloitte” or “we”). All financial and operational information in the Final Report was provided by the Neepawa Handi Transit as part of this review. Deloitte makes no representations about, nor has Deloitte verified or audited the accuracy or correctness of any information provided by Neepawa Handi Transit. Neepawa Handi Transit leadership maintains responsibility for verifying the accuracy or correctness of this information.

All analysis and recommendations outlined within the Final Report are based upon interviews with Neepawa Handi Transit and external groups, data collected from Neepawa Handi Transit and other additional information provided as at the date of this report. The Final Report is based on information collected and assessed over the course of this project and serves as a view of the opportunities identified and selected to date based on high-level financial, operational, and regulatory assumptions. Any insights and/or considerations on the opportunities presented are subject to further diligence and alignment with Neepawa Handi Transit’s management.

No opinion, counsel, or interpretation is intended in matters that require legal or other appropriate professional advice. It is assumed that such opinion, counsel, or interpretations have been, or will be, obtained from the appropriate professional sources. To the extent that there are legal issues relating to compliance with applicable laws, regulations, and policies, we assume no responsibility.

The data and Final Report are provided as of March 31, 2022, and we disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting this analysis, which may come or be brought to our attention after the date hereof. Without limiting the foregoing, if there is any material change in any fact or matter affecting the analyses after the date hereof, we reserve the right to change, modify or withdraw the analysis.

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# Executive summary



# Introduction and approach

We have been engaged to provide the Government of Manitoba an operational assessment of the Neepawa Handi Transit Program.

The objective of this engagement was to provide recommendations to the Handi Transit Program, to help support the organizational objectives of continuing to be viable, cost effective and self-sustaining with ridership fees and the applicable municipal and provincial grant funding. We understand that, in the last two years, Neepawa Handi Transit has not been financially sustainable, with rising costs and issues with cost recovery, recent changes to board composition with changing of members, and other challenges contributing to concerns around the long-term sustainability of the program.

We have undertaken the following to assist Neepawa Handi Transit with an assessment of the current program:

**Current state assessment:** We conducted a financial and operational assessment of Neepawa Handi Transit, including:

- Reviewing key governance, financial and operational documents;
- Conducting interviews with stakeholders;
- Obtaining relevant industry information and trends with the SME; and
- Discussing results with the SME.

**Jurisdictional scan, policy assessment, and governance assessment:** We identified similar operations in Manitoba and Alberta and leveraged a combination of publicly available data and confidential insights to highlight strengths, weaknesses, opportunities and challenges arising from the current governance and operational structures, including:

- Comparing Neepawa Handi Transit against similar operations in terms of hours of operations, service rates and booking methods;
- Assessing board governance compared to industry best practice; and
- Assessing current company policies to determine areas for improvement.

**Opportunities:** We have identified several opportunities to improve the financial sustainability and operational efficiency of Neepawa Handi Transit.

# Background

The Handi Transit program is a regional service, serving the Town of Neepawa and the Rural Municipalities (“RM”) of Rosedale, North Cypress-Langford, and Glenella-Lansdowne (with trips to Brandon, Manitoba). The purpose of the service is to provide seniors and disabled persons with accessible and reliable transportation.

Currently, there are three operating vehicles with one driver servicing the transportation needs of the residents. The total population in the areas serviced is estimated to be 11,351.

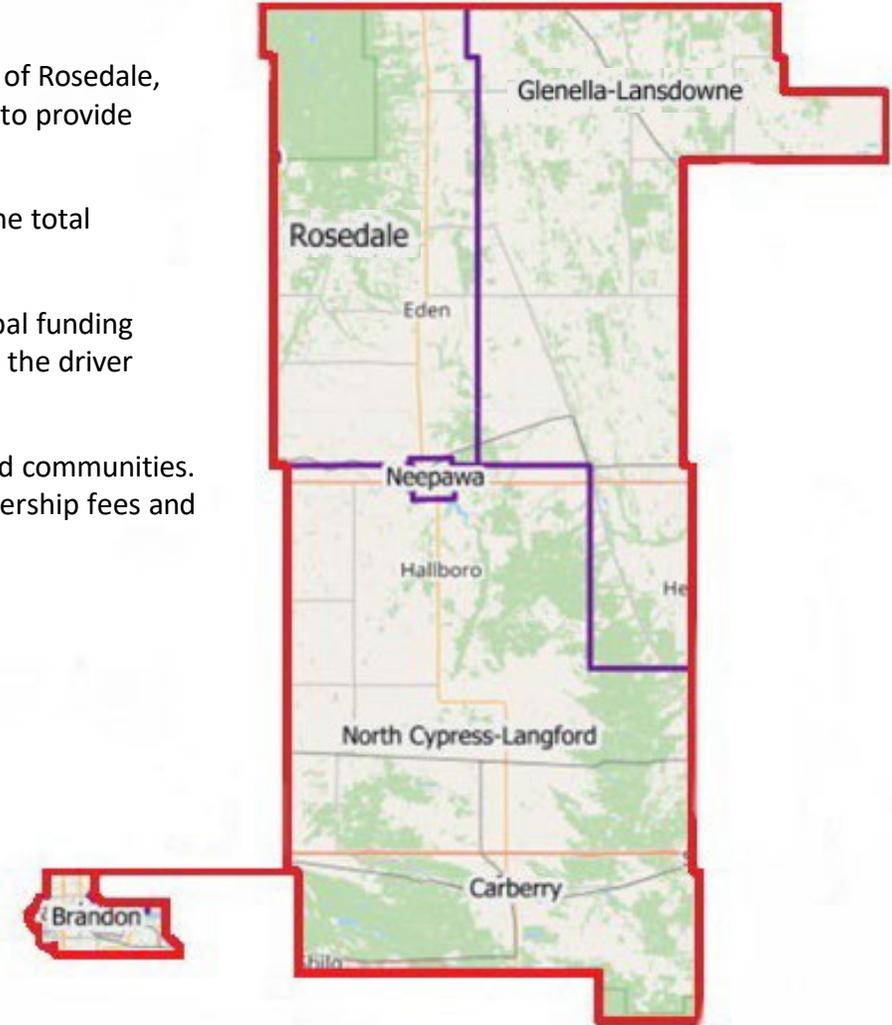
The Handi Transit program has identified rising costs; inefficiencies in programming; possible inequitable Municipal funding allocations; recent changes in the Board composition with changing of members; no current contract in place for the driver (since 2012); the program is struggling with cost recovery with the fees paid from ridership and grant programs.

The program requires a review to ensure the long-term sustainability of this valuable organization for the serviced communities. The objectives would be to ensure the program continues to be viable, cost effective, and self-sustaining with ridership fees and the applicable Municipal and Provincial grant funding.

**Table: Population data**

Municipality	Estimated Population in Area Served
Town of Neepawa	5,685
RM of North Cypress- Langford	3,011
RM of Glenella- Lansdowne	1,131
RM of Rosedale	1,524

Source: 2021 Canada Census Data – Statistics Canada



# Executive summary

## Key themes

During our review of the Handi Transit Program we identified four key themes in relation to the program's ability to be sustainable and to enable the board and those involved, to make informed decisions.

Over the course of our work, we identified four themes that were impacting the organization and were brought to light in part due to the disrupting events of COVID-19.

## Overview of themes and opportunities identified

### Operational control

#### Driver (independent contractor) has extensive operational control:

Currently there is limited information required from the operator to the board and historical/ current operations have left the operator to oversee most of the operations. This has limited the information passed to the board and their ability to make informed decisions. One example is the user feedback was never provided to the board but remained with the driver.

Opportunities identified relate to limiting driver's responsibilities, utilizing tools such as GPS tracking to monitor fleet movement and limiting driver's involvement in repairs of vehicle and collection of feedback from users.

### Board governance

#### Limited communication between board members and staff of the organization:

Infrequent board meetings, involvement, and information being readily available create obstacles to efficient operations of the board.

Lack of familiarity between the board and the driver, driver contract, and rider complaints affect the daily operations of the program.

Opportunities identified relate to ensuring consistent board oversight, regular communication through regularly scheduled board meetings.

### Process and controls

#### Limited process documentation of daily operations:

The operations have limited process documentation of operations and potential risk mitigation strategies. As a small operation there is limited segregation of duties where documentation would be expected to be enhanced to mitigate this risk. Such areas include fare collection and trip reporting – with enhanced trip and mileage reconciliations and emphasis placed on pre-paid vouchers could reduce the risk.

Another identified area is knowledge transfer and with limited documentation, this has proven challenging when new drivers come onboard.

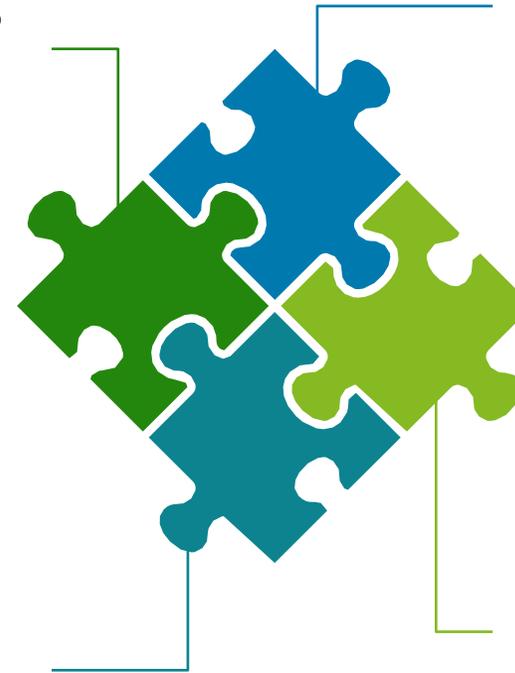
Opportunities identified relate to use of vouchers and limiting cash transactions, detailed documentation on trips taken and reconciliation with odometer reading, utilizing electronic tools to manage data over use of paper documentation.

### Revenue generation

#### Limited community awareness and understanding about services in areas where the service is provided:

Large portions of potential riders are unaware of the existence of the service. A portion of residents believed the van was a privately owned vehicle and were unaware that the vehicle is a publicly available vehicle. Fundraising efforts have been minimal for fundraising and increasing public awareness. The trip fee is quite nominal when similar operations are considered.

Opportunities identified include assessing potential for fare increases, expanding fundraising efforts and improving awareness within the community.



# Executive summary

Through the course of our review, with insights from a Transportation Subject Matter Advisor and other Subject Matter Specialists; and in line with the four themes identified we noted the following areas of improvement which are further summarized in this report:

<p><b>Fee structure</b> <span>R</span> <span>P</span></p> <p>How payment for service is collected and the cost of service to align better to cost recovery.</p>	<p><b>Internal control systems</b> <span>P</span></p> <p>Segregation of duties, authority delegations, or inclusion of mitigating tools and documentation.</p>	<p><b>Booking process and systems</b> <span>P</span></p> <p>The ability to enable electronic/online booking.</p>
<p><b>Driver contract structure</b> <span>B</span> <span>O</span></p> <p>Review of the contract to ensure terms are beneficial around expected levels of work and disruptive events.</p>	<p><b>Communication channels</b> <span>B</span></p> <p>Established communication (required) from the contractor to the board, and expectations from the board to the driver.</p>	<p><b>Revenue streams</b> <span>R</span></p> <p>Exploring the opportunity to generate more revenue through fundraising, advertising or other available alternatives.</p>
<p><b>Governance and oversight</b> <span>B</span></p> <p>Enhancements to documented policies and procedures. Improvements to governance processes and communication.</p>	<p><b>Program awareness</b> <span>P</span> <span>B</span></p> <p>Increasing the signage on the vehicles and promoting the service through various channels.</p>	<p><b>Fleet tracking</b> <span>O</span> <span>P</span></p> <p>Inclusion of GPS to analyze driving habits and usage patterns to optimize utilization.</p>

O Operational Control

B Board Governance

P Process and Controls

R Revenue Generation

# Current state assessment



# Governance structure

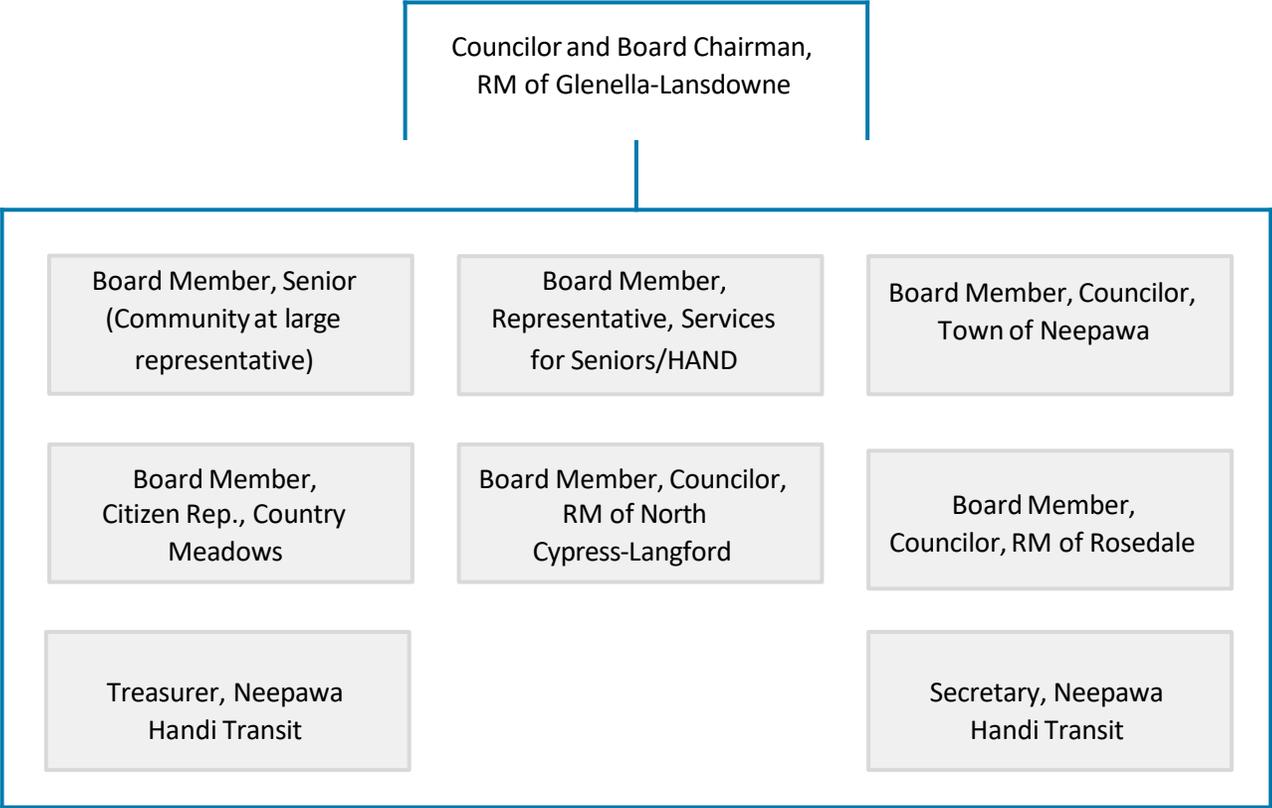
## Board

Neepawa Handi Transit program is governed by a board of directors that is composed of seven voting members. The Treasurer and Secretary are non voting members. A summary of the board structure is outlined on the right side of this page. In the prior years to the COVID-19 pandemic, the board was inactive, with board meetings held infrequently. Recently, new members have been appointed to the board, and active efforts are being made to hold board meetings on a monthly basis.

The treasurer currently commits to approximately 5 hours in a month to the program. They are responsible for bookkeeping, preparing annual reports about the business operations in order to apply for the government grant, and ensuring that all financial documents are ready for the auditors.

The vehicles are operated by an independent contractor who is paid a monthly rate by the organization. Other than trip fulfillment, the contractor is responsible for managing bookings, creating invoices, accepting cash payments, logging and reporting on all the trips taken in any given day. Based on information acquired through the interview process, key issues raised by members of the board include the procedures relating to driver payment collection and the process of addressing customer complaints. Other issues raised during the interview process by the board include the current organizational structure and cost allocation between the Town of Neepawa and the various municipalities.

## Board Structure



Source: 2021 Canada Census Data – Statistics Canada

# Operational model

## Operations and users

Transit operates Mondays through Fridays from 8:00am to 5:00pm. During these hours, users are required to call the driver for bookings. The service is also available on weekends by appointment only. Most of the users are seniors and some disabled persons located in the Town of Neepawa and the rural municipalities. Most of these users require service on a reoccurring scheduled basis. Priority is given to seniors and persons with disabilities who book transit to go to medical appointments and is prioritized by date booked. Service is available to the public for recreational reasons if the vehicle is idle. There are two vans and a bus in the program. The vans are used to fulfill regular booking appointments within the Town of Neepawa and the rural municipalities. The bus is primarily used for the transportation of children with disabilities to and from school. The school subsidizes the costs of the service by paying a flat rate to Neepawa Handi Transit.

**Table: The last three years of bookings by purpose of the trip for seniors and disabled persons**

Year	Medical	Employment	Adult Day Care	School	Shopping/Business	Recreation	Other	Total
2019	1,576	231	1,267	2,624	1,928	1,176	925	9,727
2020	954	256	183	74	538	132	285	3,092
2021	1,025	309	-	487	896	156	449	3,322

Source: Information provided by Neepawa Handi Transit

# Usage

Prior to the COVID-19 pandemic, the Handi Transit vehicles accumulated a total of 51,404km's at full operating capacity. This data reflects the total km's per users in each municipality.

Most of the users were based in the Town of Neepawa with over 92% of km's of the total trips logged.

Due to the Town's population, size, and access to amenities, it is common practice for most seniors in the rural municipalities to migrate to Neepawa to retire and live in senior homes. The constituents of the surrounding municipalities are regular users of the Handi Transit service. Usage data by municipality is not tracked on a regular basis. In 2019 some usage data was collected for a special purpose relating to grant funding and is highlighted below. The board chair and members of the board have identified that individuals who live in Neepawa account for most of the rider usage.

**Table: km's driven by location of the household**

Municipality	Trip km's in 2019
Town of Neepawa	47,361
RM of North Cypress- Langford	190
RM of Glenella- Lansdowne	3,007
RM of Rosedale	156

Source: Information provided by Neepawa Handi Transit



# Handi Transit operator



## Independent Contractor

The Handi Transit is operated by an independent contractor who is on a three-year term with an average allowance of \$50,000 a year to operate the association's owned vehicle. The independent contractor is the primary driver; however, he/she can subcontract to another driver for additional rides. The driver's contract currently outlines a scope of responsibilities beyond trip fulfillment. During our interviews with the stakeholders, it was identified that any complaints or issues with the service were submitted to the independent contractor or operator. As a result, operational or other challenges/ complaints were never brought to the board's attention. It was reported that community members were unaware as to whether the service was a community program or an independent contractor's for-profit business. There is an opportunity for the association to solicit community feedback that will enable the board to understand and address any short comings in the service.

## Subcontracted Drivers

A key responsibility of the contractor included hiring other qualified drivers to fulfill bookings on busy days when the driver is servicing out of town trips, the subcontractor is to service the scheduled in town trips. The requirements of the subcontractor's license validity and background check were at the independent contractor's discretion. There is currently no discussion in the driver requirement policy regarding subcontractors (see discussion of policy issues in policy assessment section). Currently, the independent contractor is provided an allowance of \$4,500 per month to operate the service. From that amount, the contractor paid the subcontracted driver an agreed upon rate. This allowance is for trips within the Town of Neepawa and rural municipalities. When the contract with the association allowed for a standby fee of \$16 an hour, this was additionally paid to the driver on top of the monthly allowance. This fee is for long distance bookings out of the Neepawa area and trips outside mandated operational hours. Based on the current contract, this could potentially lead to instances where the independent contractor could accept trips that qualify for the standby fee but, is within the normal operating hours and no other services are required to be performed at the same time (essentially fulfilling requirements under the allowance payments).

# User fees

Most user fees are paid from the purchase of vouchers. In 2019, the cost of a cash trip increased to \$4 from \$3.50. At the same time, vouchers were introduced at the old rate of \$3.50 for seniors and other users who could not afford the new cash rate.

Most users of the service purchase the pre-paid vouchers. On average, the driver collects 20 vouchers a week, and \$100 in cash payments. The vouchers provide data to track revenues coming in. Vouchers provide greater internal controls and segregation of duties as they are pre-purchased whereas cash is collected by the driver who also logs the trips.

Overall, the user fees per ride are low when compared to similar services in other municipalities.

See page 23 for an analysis and comparison to similar operations from various communities.



# Vehicle usage

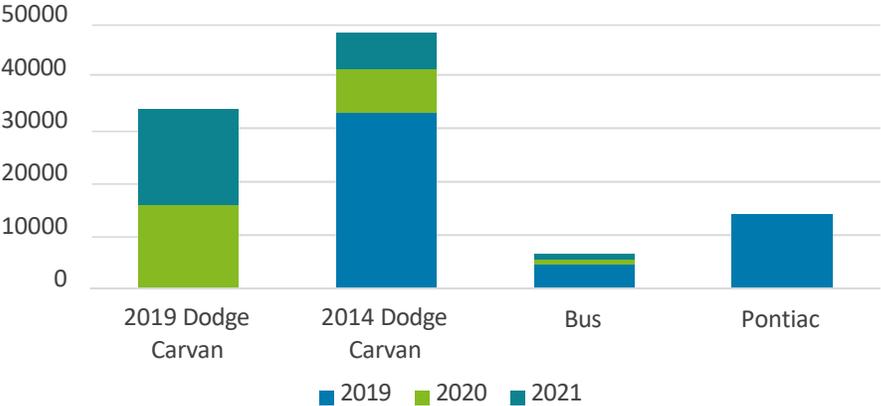
The Handi Transit vehicles include a 2014 Dodge Caravan, a 2019 Dodge Caravan, and a 2006 Ford Bus. The vehicles are used on a regular basis for bookings when there is overlap in requested trip timing. Usually, one van is used to provide services within the Neepawa area, while the other is used for trips to the rural municipalities or when there is a requirement for two vans to operate to fulfil the demand within the Town area. Previously, the 2014 van and a 2007 Pontiac were used until a new van was purchased in 2019, using a one-time capital grant provided by the Neepawa Handi Transit Vehicle Replacement Program. The Pontiac was later disposed of at the end of its useful life in 2020. The larger vehicle, the 2006 Ford bus, is used mostly for group charters and large requests requiring the additional seating capacity.

Most common trips are transporting seniors around Town and students to and from school. In previous years, the bus was booked for events involving transporting large groups on rare occasions. Due to COVID-19, the van was parked most of the time in 2020 and 2021 and was used to provide space when transporting small groups. The chart and table below show a breakdown of the total vehicle usage from 2019 to 2021. As shown, the total km's driven decreased by approximately 50% in 2020 and 2021 when compared to the total km's driven in 2019. The vehicle usage is what drives the ability for the organization to be sustainable because they need the revenues from user fees to supplement funding received from provincial grants (considering total km's as a product of total trips).

**Table: Total mileage for each year\***

Vehicle Milage (km)	2019 Dodge Caravan (4 seats)	2014 Dodge Caravan (4 seats)	2006 Ford Bus (18 seats)	Pontiac (7 seats) (disposed)	Total km Driven for the year
2019	n/a	32,954	4,525	13,925	51,404
2020	15,587	8,187	933	100 (sold)	24,807
2021	17,925	6,746	1,065	sold	25,786

**Vehicle usage by year in kms**



\*Source: Information provided by Neepawa Handi Transit

Source: Information provided by Neepawa Handi Transit

# Vehicle usage

A ride analysis was completed to determine the usage of each vehicle and average distance of a single trip. While the total usage declined significantly (as a result of COVID and restrictions), the average kilometer per ride for each vehicle increased by 1.6 km in 2020, and 2.5 km 2021 when compared to 2019. Due to the lack of vehicle monitoring data, it is difficult to assess the capacity utilization of these vehicles.

In 2019, the bus was used for a total of 1,875 trips with the majority of those for transportation of children to and from the school. The total mileage used on the bus for that year was 4,525 km, and the average distance per ride was 2.4 km. Looking at 2020, the total rides dropped to 119 and the total mileage used for the year was 933 kilometers. This resulted in an average distance per ride of 7.8 km, approximately a 208% increase from the previous year. In 2021, the average distance per ride dropped to 6.3 km but was still significantly higher than the 2019 average. During COVID it became apparent the bus was replaced by the vans to support school needs and recreational needs.

For the 2014 Dodge Caravan the average distance per ride is consistent, with 7.9 km 2019 and 6.1 km in 2020. However, it increases to 51.5 km per ride in 2021 which is significantly higher than the prior years and appears to be an outlier. It is important to note that the total usage of the 2014 Dodge Caravan declined in 2020 and 2021 after the purchase of the new 2019 Dodge Caravan. The 2019 Dodge had the most usage in 2020 and 2021. The total mileage increased from 15,587 in 2020 to 17,975 in 2021. The average distance per ride in 2020 was 7.7 km and in 2021 it decreased to 5.9 km.

**Table: Average km's per ride\***

		2019				2020				2021				
		Bus	Pontiac	2014Dodge	Total	2019Dodge	Bus	Pontiac	2014Dodge	Total	2019Dodge	Bus	2014Dodge	Total
<b>Total km's</b>		<b>4,525</b>	<b>13,925</b>	<b>32,954</b>	<b>51,404</b>	<b>15,587</b>	<b>933</b>	<b>100</b>	<b>8,187</b>	<b>24,807</b>	<b>17,975</b>	<b>1,065</b>	<b>6,746</b>	<b>25,786</b>
<b>Purpose and Number of Trips</b>	<b>Medical</b>	9	673	894	1,576	699	0	8	247	954	912	0	113	1,025
	<b>Employment</b>	0	125	106	231	228	0	2	26	256	309	0	0	309
	<b>Shopping</b>	238	787	903	1,928	318	0	26	195	539	882	12	2	896
	<b>Recreation</b>	655	261	260	1,176	45	30	2	55	132	0	156	0	156
	<b>Adult Day Care</b>	5	591	671	1,267	98	6	16	63	183	0	0	0	0
	<b>Other</b>	4	422	499	925	217	4	11	553	785	433	0	16	449
	<b>School</b>	964	800	860	2,624	431	79	20	213	743	487	0	0	487
<b>Total</b>		<b>1,875</b>	<b>3,659</b>	<b>4,193</b>	<b>9,727</b>	<b>2,036</b>	<b>119</b>	<b>85</b>	<b>1,352</b>	<b>3,592</b>	<b>3,023</b>	<b>168</b>	<b>131</b>	<b>3,322</b>
<b>Avg km/Ride</b>		<b>2.4</b>	<b>3.8</b>	<b>7.9</b>	<b>5.3</b>	<b>7.7</b>	<b>7.8</b>	<b>1.2</b>	<b>6.1</b>	<b>6.9</b>	<b>5.9</b>	<b>6.3</b>	<b>51.5*</b>	<b>7.8</b>

\*Source: Information provided by Neepawa Handi Transit

# Vehicle cost analysis

We assessed the fuel tank capacity and fuel economy of each vehicle and multiplied that by the average gas prices in Manitoba from 2019 to 2021 to determine the expected total average cost per full tank of gas.

The 2019 Dodge Caravan has a fuel tank capacity of 75.7 liters with an estimated fuel economy of 11.1 liters for every 100 km. This means that the van can be driven for around 682.1 km before refill. Multiplying the total fuel capacity by the average cost per liter each year, the cost to fill the 2019 Dodge Caravan was \$71.17 in 2020, and \$95.39 in 2021.

The 2014 Dodge Caravan has almost identical performance to the 2019 vehicle. The only difference is the fuel economy being 1.1 liters higher for every 100 km, resulting in a lower total distance before refill of 620.60 km. The total cost to fill up the 2014 Dodge caravan was \$82.52 in 2019, \$71.17 in 2020, and \$95.39 in 2021.

The expected fuel economy for the bus is 13.1 liters for every 100 km. With estimated fuel capacity of 132.5 liters, the total distance before refill is approximately 1,011.4 km. This means the bus can be used for longest amount of time before the refill. Based on the estimated fuel tank capacity, the average cost to fill up the bus was \$144.41 in 2019, \$124.54 in 2020, and \$166.94 in 2021. This put the bus at a relatively higher operating cost compared to both the vans however, it is worth noting that the bus generally has a higher rider capacity.

Given that the 2009 Pontiac was disposed of, no further analysis was completed.

**Table: Fuel economy of each vehicle**

Car Type	Fuel Economy (L/100km)	Fuel Tank Capacity (L)	Total km/ Full Tank of Gas
2019 Dodge	11.1	75.7	682.1
2014 Dodge	12.2	75.7	620.6
2006 Ford Bus	13.1	132.5	1,011.4
2009 Pontiac	15.8	13.1	83.2

Source: <https://www.fueleconomy.gov/feg/noframes/40508.shtml>

**Table: Average cost of full gas tank for each vehicle**

Year	2019	2020	2021	
<b>Avg Gas Prices (\$/L)</b>	<b>1.09</b>	<b>0.94</b>	<b>1.26</b>	
Vehicle	Fuel Tank Capacity (L)	Cost to fill 2019	Cost to fill 2020	Cost to fill 2021
2019 Dodge	75.71	N/A	71.17	95.39
2014 Dodge	75.71	82.52	71.17	95.39
2006 Ford Bus	132.49	144.41	124.54	166.94
2009 Pontiac	13.1	14.28	12.31	N/A

Source: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000101>

# Vehicle cost analysis

To determine the estimated total cost of gas for each vehicle per year, we divided the total mileage for the year by the estimated total distance per full tank of gas in order to arrive at the total number of full tanks used in the year. Then that number was multiplied by the average gas price per full tank in order to arrive at the total cost of gas per vehicle for the year.

The 2014 Dodge had the highest estimated total cost at \$4,382 in 2019. In 2020, the 2019 Dodge had the highest estimated cost at \$1,626. In 2021, the trend remained similar with the 2019 Dodge having estimated costing of \$2,514, the 2014 Dodge at \$1,037 and the Ford bus at \$176.

In the year 2019, the total estimated total amount spent on gas was \$7,419. This amount significantly decreased in 2020 by about 64% to \$2,695 and then slightly increased in 2021 to \$3,726. Comparing these to the audited financial statements, the actual amount spent on gas in 2019 was \$9,313, the amount increased to \$10,511 in 2020 and declined in 2021 to \$4,151. The variance between the estimated total and the actual is significantly high, especially in 2020 where the variance is \$2,284.

**Table: Average amount spent on gas each year.**

	km/ Full Gas Tank	2019				2020				2021			
		Total Actual km	No. of Full Tanks	Avg. Gas Price (\$)	Total(\$)	Total Actual km	No. of Full Tanks	Avg. Gas Price (\$)	Total(\$)	Total Actual km	No. of Full Tanks	Avg. Gas Price (\$)	Total(\$)
2019 Dodge	682	0	0	83	0	15,587	23	71	1,626	17,975	26	95	2,514
2014 Dodge	621	32,954	53	83	4,382	8,187	13	71	939	6,746	11	95	1,037
2006 Ford Bus	1,011	4,525	4	144	646	933	1	125	115	1,065	1	167	176
2009 Pontiac	83	13,925	167	14	2,391	100	1	12	14.81	0	0	17	0
<b>Estimated Total</b>		51,404	225	324	<b>7,419</b>	24,807	38	279	<b>2,695</b>	25,786	38	374	<b>3,727</b>
<b>Actual Total Cost</b>					<b>10,511</b>				<b>4,151</b>				<b>5,373</b>

Source: Information provided by Neepawa Handi Transit

As outlined above, the actual fuel cost exceeds the expected costs. This could potentially be caused by the vehicle idling. This highlights the potential benefit of leveraging GPS monitoring to be able to account for the vans fuel consumption and related expenses.

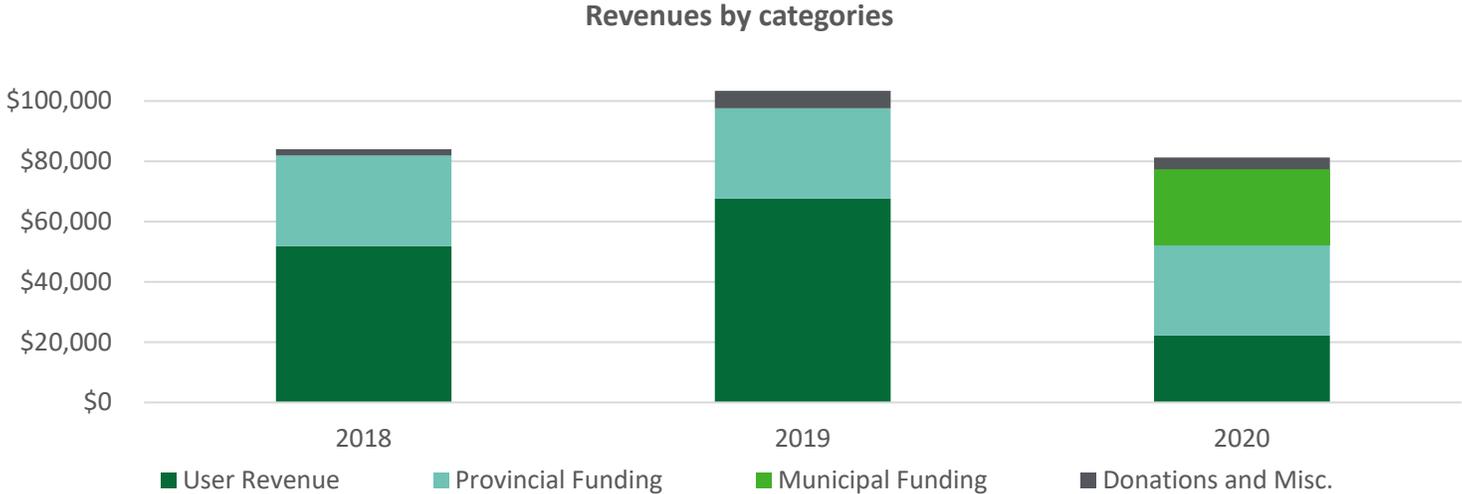
# Revenues

The annual revenues are made up of user fees, an annual government grant, and donations from the community. The grant amount is awarded based on the total number of trips taken in a year up to a limit of \$30,000. Currently, Neepawa receives the maximum amount of funding from the provincial government. In order to receive the grant from the provincial government, the Handi Transit cannot apply for grants from other private organizations and the organization must operate within its current mandate. Donations are usually made by seniors in the community who use the service, or those who have passed away. There have been some fundraising attempts made however, they have been limited. Due to the COVID-19 pandemic, the Handi Transit program saw a significant decline in revenues from user fees. During 2020 the deficit observed due to lower ridership was offset through the municipalities providing funding for the year.

**Table: Breakdown of revenues by categories\***

Year	User Revenue	Provincial Funding	Municipal Funding	Donations and Misc.	Total revenues
2018	\$51,889	\$30,000	N/A	\$2,164	\$84,053
2019	\$67,568	\$30,000	N/A	\$5,774	\$103,342
2020	\$22,164	\$30,000	\$25,201	\$3,941	\$81,306

\*Source: Information provided by Neepawa Handi Transit

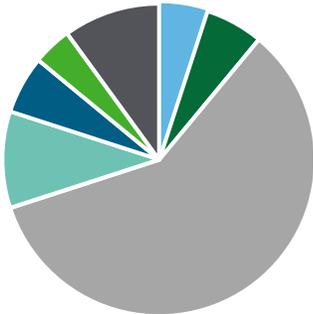


Source: Information provided by Neepawa Handi Transit

# Expenditures

We assessed the organization's annual expenses to determine the areas where majority of the expenses are incurred. Referencing the pie chart below, about 59% of the total expenses were the independent contractor's allowance, 10% was fuel, 6% was insurance, another 6% was charter trips, 5% was bad debts, 4% was repairs and maintenance and the remaining was related to administrative expenses. This indicates that a significant portion of the organization's expenses are related to the driver's allowance.

Expense by Category



- Bad Debts
- Charter Trips
- Independent Contractor Allowance
- Fuel
- Insurance
- Repairs And Maintenance
- Other

Source: Information provided by Neepawa Handi Transit

## Farebox Recovery Ratio

To measure the profitability of the Neepawa Handi Transit Program, we calculated the farebox recovery ratio. The ratio was calculated by dividing the total revenues from user fees by the total operating expenses for the year. A ratio of 100% or more indicates that more user fees are collected than the operating expenses, and the organization is profitable. A ratio less than 100% indicates that the organization relies on subsidized funds to cover expenses. As indicated in the recovery ranking diagram, the extent to which the organization relies on subsidies increases as the total ratio decreases. In 2018, the farebox recovery ratio for the Handi Transit program was 52%. In 2019 the user fees covered 69% of the total expenses, and in 2020 only 27% of total expenses were covered by user fees. The low recovery ratio in 2020 highlighted in red, was due to COVID-19 pandemic. Under normal circumstances, the user fees sits at an average point in the recovery ratio ranking. This means that although the organization receives subsidies in the form of grants, it does not rely heavily on the subsidies to cover expenses for operations. Given that regular public transportation services operate at a recovery around 30% - 50%, and specialized transit services usually operate at recovery ratios that require high level of subsidy, Neepawa Handi Transit appears to have been operating efficiently prior to the COVID-19 pandemic.

Year	Recovery Ratio
2018	52%
2019	69%
2020	27%

Source: <https://transportgeography.org/contents/chapter8/urban-transport-challenges/world-farebox-ratio/>

**Recovery Ranking**

- Less than 25%
- 25% - 50%
- 50% - 75%
- 75% - 100%
- More than 100%
- Highly Subsidized
- Not Subsidized

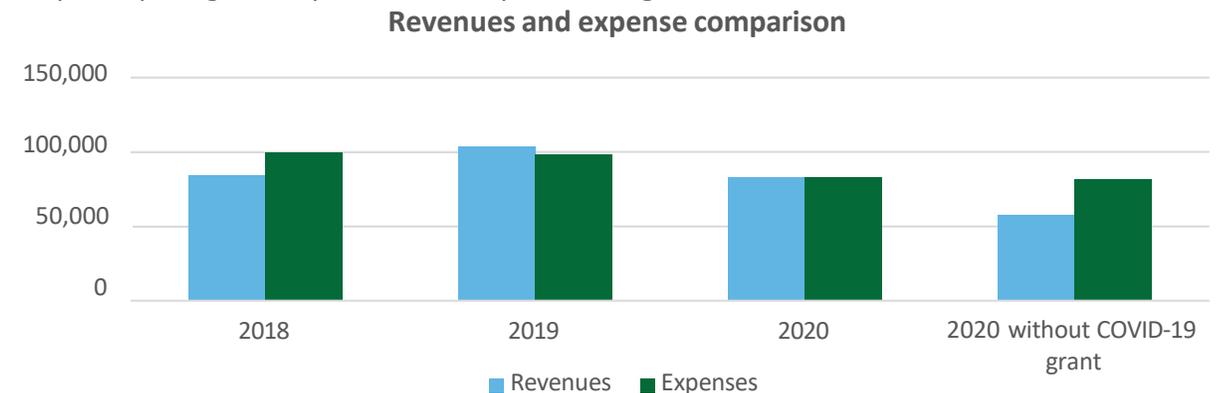
# Revenues and expenditures

## Based on 2018 – 2020 audited financial statements

Revenues (\$)	2018	2019	2020
Grants	\$30,000	\$30,000	\$55,201
Donations	1,583	1,861	3,029
User Fees	51,889	67,568	22,164
Gain on sale of assets	-	-	1,500
Miscellaneous	581	3,913	912
<b>Total Revenues</b>	<b>84,053</b>	<b>103,342</b>	<b>82,806</b>
<b>Total Expenses</b>	<b>99,659</b>	<b>98,455</b>	<b>82,943</b>
<b>Excess (Deficit)</b>	<b>(15,606)</b>	<b>4,887</b>	<b>(137)</b>
<b>Net assets, beginning of year</b>	<b>46,441</b>	<b>30,835</b>	<b>35,722</b>
<b>Net assets, end of year</b>	<b>30,835</b>	<b>35,722</b>	<b>35,585</b>

The bar chart below outlines the breakdown of revenues and expenses from 2018 to 2020. In the year 2018, Neepawa Handi Transit had an operating deficit of \$15,606. This took a turn in 2019 where operations became profitable with an operating surplus of \$4,887 resulting from an increase in user fees. In 2020, there was a decline in total revenues from user fees by over 50% due to the COVID-19 pandemic. However, the organization received a one-time support payment from all the municipalities involved based on the allocation percentages to help subsidize the cost of operations.

Based on interviews with members of the board, the organization had been operating at essentially break-even up until 2020 where ridership decreased due to the impact of COVID-19. The participating municipalities had to provide a “grant” to offset this loss.

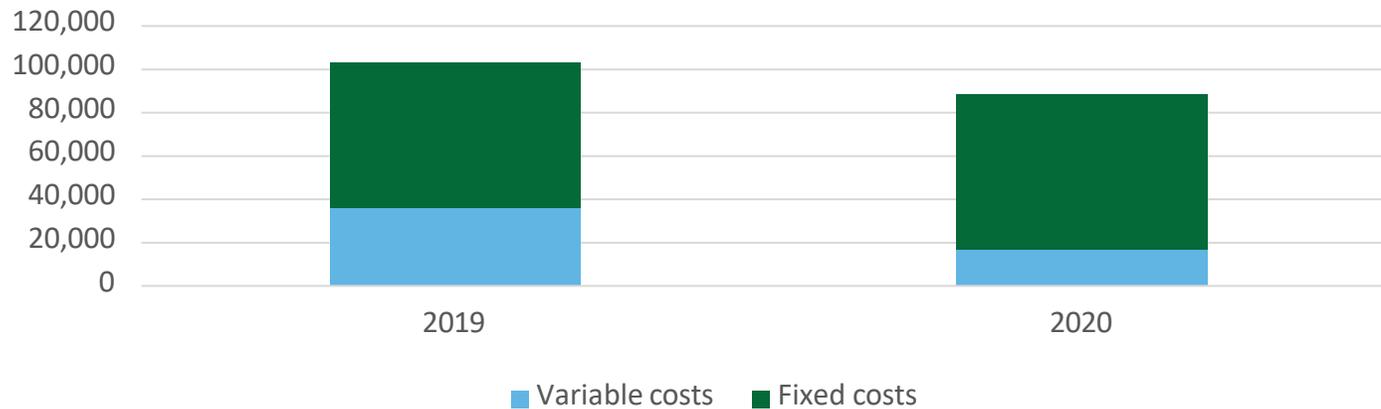


Source: Information provided by Neepawa Handi Transit

# Fixed and variable costs

The below chart outlines the breakdown of fixed and variable costs in 2019 and 2020. Overall, the fixed costs are significantly higher than the variable costs due to the contracted driver’s salary. The total fixed costs also increased by about 6% in 2020 due to the purchase of a new vehicle. In 2019, the variable cost per ride was \$3.71 and variable cost per km was \$0.70. The fixed cost per ride was \$6.91 and the fixed cost per km was \$1.31. In 2020, the fixed cost per ride increased significantly to \$19.92 and the variable cost per ride increased to \$4.72. This is due to the decline in total rides resulting from the pandemic while operating costs remained relatively the same. The variable cost per km decreased to \$0.68 resulting from the decline in total km's driven. However, the fixed cost per km increased to \$2.88 resulting from the 6% increase in fixed costs from 2019 to 2020. Given this analysis, effective cost allocation for each municipality would be an equal split of the fixed costs, and the variable cost is prorated based on individual users from each municipality.

Fixed vs Variable costs



Source: Information provided by Neepawa Handi Transit

## Based on 2018 – 2020 audited financial statements

\*2020 was the year of Covid-19 pandemic resulting in higher costs versus revenues

	2019	2020
<b>Total rides</b>	<b>9,727</b>	<b>3,592</b>
<b>Total km travelled</b>	<b>51,404</b>	<b>24,807</b>
<b>Variable costs (\$)</b>		
Bad Debts	610	222
Charter Trips	14,318	2,854
Fuel	10,511	4,151
Office supplies & sundry	168	343
Repairs and maintenance	10,493	9,379
<b>Total variable costs</b>	<b>36,100</b>	<b>16,949</b>
<b>Variable cost per ride</b>	<b>3.71</b>	<b>4.72</b>
<b>Variable cost per km</b>	<b>0.70</b>	<b>0.68</b>
<b>Fixed costs (\$)</b>		
Contract work	52,890	52,890
Insurance	5,254	5,884
Interest on Long term debt	179	1,285
Professional Fees	4,032	4,259
Amortization	4,887	7,231
<b>Total fixed costs</b>	<b>67,242</b>	<b>71,549</b>
<b>Fixed cost per ride</b>	<b>6.91</b>	<b>19.92</b>
<b>Fixed cost per km</b>	<b>1.31</b>	<b>2.88</b>
<b>Total cost per ride</b>	<b>10.62</b>	<b>7.60</b>
<b>Total revenue per ride</b>	<b>4.00</b>	<b>4.00</b>
<b>(Deficit) per ride</b>	<b>(6.62)</b>	<b>(3.60)</b>

Source: Information provided by Neepawa Handi Transit

# Similar operations

Handi transit services in other rural municipalities within Manitoba, and some privately owned services in Canada were analyzed. These organizations are comparable in terms of services offered:

We found that Neepawa Handi Transit's prices are significantly lower than other municipality owned Handi Transit services in Manitoba, and privately owned services in Canada. We inferred that this reflects the organizations focus of providing an accessible and inclusive service to community members.

Although the prices are lower in comparison to other services, they are mostly in-line, in terms of providing tiered rates.

Based on comparators for services similar in nature, it is recommended that Neepawa Handi Transit should consider **increasing current prices** in order to increase the revenues generated from user fees.

Neepawa Handi Transit		Similar Operations			
		Case 2			
Monday – Friday	8:00am - 5:00pm	8:00am - 5:00pm	Appointment	24-hour service	7:00am - 6:00pm
Saturday	8:00am - 5:00pm	8:00am - 5:00pm	Appointment	24-hour service	12:30pm - 5:30pm
Sunday	Appointment	8:00am - 5:00pm	Appointment	24-hour service	No service
<b>Booking Methods</b>					
Phone call	●	●	●	✘	●
Email	✘	✘	●	✘	●
Online	✘	✘	✘	●	✘
Mobile App	✘	✘	✘	●	✘
<b>Service Rates</b>					
Flat rate - round trip	N/A	\$ 12.00	\$ 30.00	\$ 4.60	\$ 50.00
Flat rate - one way	Cash \$4/Voucher \$3.50		N/A	N/A	N/A
Per KM	\$ 0.65	\$ 0.55	\$ 0.85	\$ 1.50	\$ 1.00
Standby rate per hour	\$ 16.00	N/A	N/A	\$ 21.95	N/A
<b>Boundary limits</b>		Information was not provided	Trips include within city limits, however, out of city trips can be arranged	Boundary is within city limits and 3 surrounding cities within a 30km radius	Boundary includes a 75km radius from the city's limits

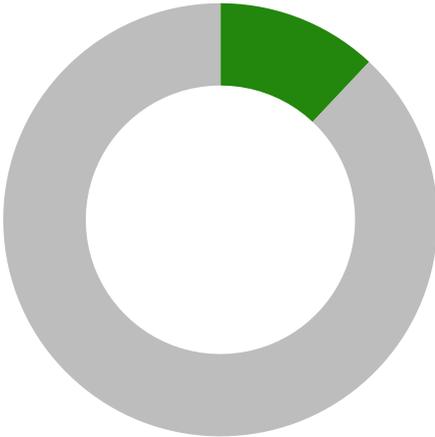


Not Comparable

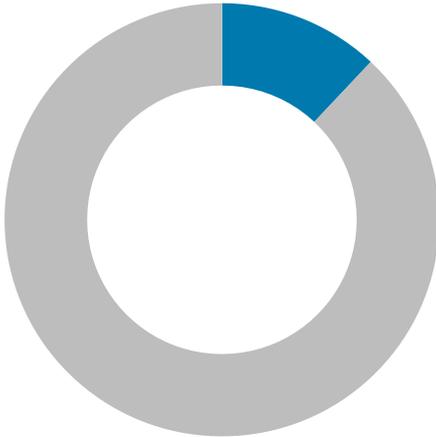
Highly Comparable

# Cost allocation

During the pandemic year, the program incurred a substantial loss as it was not able to recover expenses through ridership fares. As a result, the municipalities were required to supplement the operations to cover the shortage for 2019 and 2020. The percentage of cost allocation of the annual deficit incurred between the participating parties was:



**Glenella - Lansdowne**



**North Cypress - Langford**



**Rosedale**



**Town of Neepawa**

Although Neepawa residents use most of the service (92% - based on km's tracked in the 2019 operation year), the method used to allocate the amounts that each municipality had to pay was based on the breakdown of residents over 65 (typical users of the service) by municipality.

# Policy assessment



# Maturity model

The Deloitte maturity model was the framework used to determine the maturity of the Handi-Transit service's current policies and procedures. Below are high level illustrative attributes of the various maturity levels within the model.

## Developing

- Basic strategy and competency definitions exist but are not governed by formal policies and or frameworks
- Procedures are partially defined and highly manual; based on understanding of employees, rather than documented policies
- Processes are mostly manual and revolve around one individual having autonomy

## Defined

- Defined strategy exists with detailed descriptions, governed by basic policies and or frameworks
- Procedures integrate system capabilities allowing employees to focus on operations
- Ad Hoc consideration for changing business needs, however there is no structured process for periodically reviewing/updating policies

## Leading

- Policies clearly define policies, are aligned with the business strategy and there is a standardized process in place that enables current and future business requirements to be reflected in the policy manual
- Decision trees as well as roles and responsibilities are clearly defined, which enable streamlined efforts
- Standardized procedures and documented policies with control measures embedded within the policies relating to the finance function

**We have identified gaps and opportunities to strengthen the operational policies of Neepawa Handi Transit.**

# Current policies

Deloitte reviewed the current policy documents provided by Neepawa Handi Transit. The following provides summary of the contents in each document.



## Accident report policy

This document highlights the steps to be followed by the driver in the event of an accident, and the steps to be taken by the chairman of the board when deciding whether the incident warrants a suspension. The appropriate forms are attached within the policy document explaining the context, conditions, and parties involved in the accident.



## Driver agreement checklist

This document outlines the parameters the driver must adhere to when operating the service including offering transparency to driving records, license status/ changes, and driving habits as well as abiding by the safety guidelines which includes prohibiting driving under the influence, distracted driving, and unsafe driving habits.



## Discipline guide

This document elaborates on advantages of using progressive discipline as management tool, and the goals of the progressive discipline approach. The document also highlights procedures required when taking disciplinary action, and other important notes to consider.



## Confidentiality

The document highlights the procedures all employees must adhere to regarding the security of confidential information. This includes policies related to use, collection, disclosure, storage, and destruction of information.

# Policy review

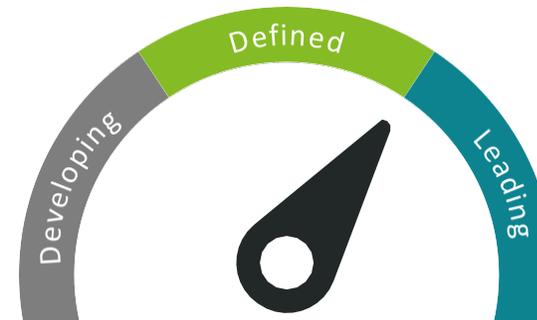
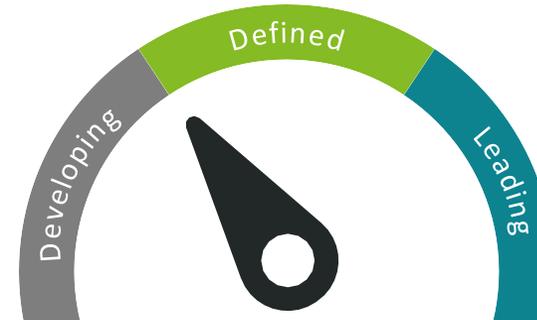
We conducted a review regarding the operating policies listed below against policies of similar services in other jurisdictions. Based on best practice, the policies have been ranked to identify the degree of maturity based on a standard maturity model. Below are identified gaps and areas of improvement:

## Confidentiality

The existing confidentiality policy states that employees of Neepawa Handi Transit are to practice confidentiality and only disclose information on a need-to-know basis. The policy also highlights disciplinary actions if an employee fails to do so. According to best practices, there is a need to define the type of information the confidentiality policy refers to. This includes names, numbers, addresses, emails, photographs, conditions, financial information, and anything pertaining to the users of the service. Internal information such as proprietary information regarding the service including business affairs, methods, forms, policies, development plans, advertising programs, operational and financial data, and any information that is not publicly known falls under the confidentiality policy.

## Disciplinary guide

The discipline guide identifies the philosophy of the type of disciplining to be used and the goals the disciplining is to achieve. The discipline guide highlights the procedures in detail describing what constitutes as a complaint and which entity is responsible for addressing the complaint. The policy states the progressive steps to be taken in detail when addressing a complaint including the disciplinary meeting notification forms A and B.



**What's Missing?**

- Examples of confidential and proprietary information
- Confidentiality measures
- Exceptions
- Disciplinary consequences

- Employee's right to appeal a decision
- Statement of at will employment
- Legal protections of the organization
- Taking actions on the policy

# Policy review

We conducted a review regarding the operating policies listed below against policies of similar services in surrounding jurisdiction. Based on best practice, the policies have been ranked to identify the degree of maturity based on a standard maturity model. Below are identified gaps and areas of improvement:

## Accident report policy

The accident report policy highlights the immediate steps to be taken by the driver at the time of an accident and the steps to be taken by the chairman and/or board designate to consider the consequences and reparative measures to be taken. The appropriate forms are attached explaining the context, conditions, and parties involved in the accident. According to best practices, if the driver is found at fault, the driver is subject to a drug and alcohol test, post-accident to ensure driver was at full capacity when the accident occurred. In the immediate steps to be undertaken by the driver, a clause should be included stating “the driver is to ensure all the disabled passengers do not require immediate assistance as a result of the accident” and that “if there is a life-threatening injury to call emergency services immediately.” A copy of the RCMP report is to be included with the accident report.

## Driver agreement/ checklist

The driver agreement guidelines states the parameters the driver must adhere to when operating the service. The Driver Checklist is to be filled out before every shift to ensure the driver has done a safety inspection of the vehicle prior to picking up passengers. According to best practice, the Driver Agreement should indicate that the vehicle is only to be used during business hours and for the sole purpose of providing transportation service to the clients.



**What's Missing?**

- Disclosure about drivers right to drug and alcohol post-accident test.
- List of workplace accidents employees are required to report.
- Disciplinary consequences

- Indication that vehicle can only be operated during business hours and for sole purpose of providing transit service.
- Indication that personal use of vehicle is prohibited

# Best practices

We reviewed policies relating to the governance and control functions of other similar sized entities. Based on our research, we would expect Neepawa Handi Transit to have policies documented in the governance, control and service areas listed to the right.

As depicted below, Neepawa Handi Transit has some of the policies expected from an entity of its size and nature, however, there are several policies that are non-existent in the current policy manual.

Existing Policies	
Confidentiality policy	✓
Accident report policy	✓
Discipline guide	✓
Driver agreement checklist	✓



Adopting these best practice policies will help to provide guidance and consistency, promote organizational efficiency, and will provide clarity in ambiguous situations that may arise in regular day-to-day operations and finances.

Best practice		
Governance and Oversight	Records and Control	Service
Segregation of duties	✗	Budget
Proportional representation	✗	Document Retention
Fundraising	✗	Financial Records and Reports
Cost recovery	✗	Debt / Spending
Gift acceptance / Restricted gifts	✗	Revenue / Expenditures
Roles and Responsibilities	✗	Accountability
Cost share	✗	Purchases
Signing Authorities	✗	
Board member qualifications and Duties	✗	
Code of ethics/ Whistle blower Policy	✗	
		Emergency
		On Board
		Booking
		Cancellation

# Board Governance



# Board governance



Under the current governance structure, the board oversees the Handi Transit operations. Under this structure, the provincial government provides a \$30,000 grant to subsidize the service. The board has also previously applied for additional grants to purchase a new vehicle, and a one-time municipal grant in 2020 to help further subsidize the operations when ridership and revenues were especially low due to the COVID-19 pandemic.

The current governance model has the following benefits:

- The current board is dedicated and passionate about the Handi Transit program.
- The board is committed to improving the program, and to help realize its strategic objectives.
- The board is made up of representatives from each of the rural municipalities, the Town of Neepawa, and representatives from institutions where a significant number of the service users reside.

Risks identified under this model:

- Changes in board members, including the appointment of ineffective board members can introduce financial and operational risks to the organization as there is no succession plan or process in place.
- Enforcement of contract terms and organization's policies when the board is inactive can be difficult.
- Innovation, profit driven initiatives, and responsiveness are less likely to come to fruition with this current model.

# Assessment of board governance

Element of leading practice	Leading practice	Current state at Neepawa Handi Transit
<b>Oversight and responsibilities</b>	<ul style="list-style-type: none"> <li>Identifying and assessing key performance and risk areas.</li> <li>Collaborating to set financial goals.</li> <li>Actively reviewing the annual operating and financial plans designed to achieve the organization’s strategic objectives.</li> <li>Planning for board succession.</li> <li>Overseeing that appropriate systems and policies for efficient day to day operations are implemented.</li> <li>Approve general direction and plans of the organization.</li> <li>Ensure that approved plans are effectively implemented.</li> <li>Ensure that appropriate internal and external monitoring systems are in place.</li> </ul>	<ul style="list-style-type: none"> <li>Roles and responsibilities for each of the board members have yet to be defined.</li> <li>Support provided does not indicate a formal approval process of operational budgets.</li> <li>Insufficient documentation and planning for succession.</li> <li>Within the last two years, the board has introduced and implemented policies relating to confidentiality and pledge agreements, drivers' agreement, accident report, and progressive discipline guidelines.</li> <li>Board discusses and approves organizational plans.</li> <li>Support provided does not indicate a requirement to frequently follow up on plans approved by board members.</li> <li>Internal and external monitoring systems are absent.</li> </ul>
<b>Meeting frequency, duration and agendas</b>	<ul style="list-style-type: none"> <li>The board should meet at a frequency or duration that is sufficient to fulfill its mandate.</li> </ul>	<ul style="list-style-type: none"> <li>Prior to 2022, the board meetings were infrequent and happened once or twice a year. Effective March 8<sup>th</sup>, 2022, the board meetings are set to take place on the 2nd Tuesday of each month.</li> </ul>
<b>Board approval</b>	<ul style="list-style-type: none"> <li>The board should approve all financial information in a timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>Support provided does not indicate formal approval process for financial information.</li> </ul>
<b>Skills of board members</b>	<ul style="list-style-type: none"> <li>The board members should have the requisite experience and judgement to fulfill the organization’s mandate.</li> </ul>	<ul style="list-style-type: none"> <li>Support provided does not indicate that experience and qualifications are required for board members.</li> </ul>

# Assessment of board governance

Based on our review of board materials, understanding of leading practices, and discussions with select Board members, we make the following observations:

1

## Key responsibilities

The key responsibilities of the Neepawa Handi Transit board are not clearly defined. The board is currently fulfilling the mandated responsibilities based on what has been done historically.

3

## Board approval

The board should be informed of annual operating budgets and other relevant financial information. Internal timelines should align to board meetings to support appropriate approval functions.

2

## Meeting frequencies, duration, and agendas

Previously, the board meetings were held infrequently without a structured agenda. The current board plans to meet starting in March 2022. It is recommended that there should be a structured agenda that includes important topics to be addressed at each meeting.

4

## Board membership

The board members should have the requisite experience and training to fulfill the organization's mandate. Documentation of experience is required.

# Improvement themes



# Operational control

Area	Current approach	Issues identified	Ideal approach
<p>Currently the contract bestows responsibility away from the board. This can potentially lead to issues relating to efficiency of the operations and day-to-day activities. With the current operational control environment, there is some unmitigated risks relating to limited segregation of duties for internal control purposes.</p>	<p>The driver is responsible for:</p> <ul style="list-style-type: none"> <li>• Accepting and managing bookings</li> <li>• Processing service transactions</li> <li>• Logging all trips taken</li> <li>• Hiring other drivers (as needed)</li> <li>• Fulfilling booking requirements</li> <li>• Managing customer reviews and or complaints about service</li> <li>• Scheduling maintenance services on all vehicles</li> <li>• Completing maintenance expense reports.</li> </ul>	<ul style="list-style-type: none"> <li>• Only trips paid for by voucher can be reviewed for completeness in reconciliations. Limited ways to substantiate cash trips outside of trip logs.</li> <li>• Limited information provided upward to the board and limited meaningful information captured.</li> <li>• Lack of documentation of employment, qualifications, and rates paid to subcontracted drivers.</li> <li>• Total annual mileage on vehicles does not align with daily average km per trip, and service hours based on yearly comparison.</li> <li>• Limited documentation for long- distance trips.</li> <li>• The board did not handle nor was aware of any customer complaints.</li> <li>• Potential for services to be denied based on driver preference/history with customer.</li> </ul>	<ul style="list-style-type: none"> <li>• Segregation in the collection of cash and scheduling of trips (emphasis on the use of vouchers only unless emergency trips)</li> <li>• Driver should be allowed to process transactions, but all amounts should be reconciled by to total bookings at the end of each day.</li> <li>• The contract should establish minimum requirements of sub- drivers.</li> <li>• GPS tracking device could be used in all vehicles to log trips and total km's driven for the day.</li> <li>• Responsibility of vehicle maintenance should be delegated to another member of staff within the organization.</li> <li>• Increased data collection/electronic format to enable performance measurement and reporting.</li> </ul>

# Board governance

Area	Current approach	Issues identified	Ideal approach
<p>Historically, there has been limited communication between the contract driver and the board. This can potentially lead to a lack of clear expectations between the board and the contract driver. As a result, the board is making decisions with limited information and with minimal understanding of the current state of operations (based on the information that is provided by the contract driver).</p>	<ul style="list-style-type: none"> <li>• Board relies on information provided by staff without requiring further detail or obtaining other key data.</li> <li>• Based on discussions with board members, there is no communication within the organization about organization’s accomplishments or strategic goals.</li> <li>• Board has not established defined or clear expectations for staff and board members.</li> </ul>	<ul style="list-style-type: none"> <li>• Prior members did not attend board meetings.</li> <li>• Board was in the dark about organization’s current financial position and approved a large vehicle purchase that later required a loan to finance.</li> <li>• Information available on the organization's day to day operations is not sufficient to make informed decisions.</li> <li>• Board was surprised to hear about complaints from external sources.</li> <li>• Only positive reviews were reported to the board.</li> <li>• Expectations of the driver not clearly defined.</li> <li>• Board members are unfamiliar with the contract of the operator and the implications of the contract.</li> </ul>	<ul style="list-style-type: none"> <li>• Employee code of conduct and board expectations should be communicated throughout the organization.</li> <li>• Board should frequently seek out information and updates on operations.</li> <li>• Mandatory board meetings should be expected.</li> <li>• Established line of communication between staff and board members.</li> <li>• Reasons for board member inactivity should be documented.</li> <li>• Financial information and all other information relating to operations should be available for the board to review.</li> <li>• Board should be able to directly access customer reviews.</li> <li>• Board should establish meaningful Key Performance Indicators to assess performance at a determined frequency.</li> </ul>

# Process and controls

Area	Current approach	Issues identified	Ideal approach
<p>Except for a select few policies, there is limited documentation of daily operations. With complete and proper process documentation, the association can help to improve operational efficiency, create consistencies, and mitigate risk. This further can help knowledge transfer between the board and contract driver in the future.</p>	<ul style="list-style-type: none"> <li>• Payments are received in cash or pre-purchased vouchers.</li> <li>• Driver logs daily trips on paper using a trip log form.</li> <li>• Expense reports are filled out on paper.</li> <li>• Subcontracted driver information is not documented.</li> <li>• All documentation is stored in a paper binder.</li> </ul>	<ul style="list-style-type: none"> <li>• Only trips from pre-purchased vouchers can be assessed from a completeness perspective.</li> <li>• Potential for trips to go unlogged.</li> <li>• Lack of documentation of employment, qualifications, and wages paid to subcontracted drivers.</li> <li>• Total annual mileage on vehicles does not align with daily average km per trip, and service hours based on annual comparison.</li> <li>• Limited documentation of long- distance trips, including the need for a back up driver in Town or to take the long-distance trip.</li> <li>• Limited data is captured and the data that is captured is not in a format to easily analyze.</li> <li>• Inconsistent documentation.</li> <li>• Difficulty with training and knowledge transfer.</li> </ul>	<ul style="list-style-type: none"> <li>• Both cash and voucher transactions should be documented and reconciled to trip logs.</li> <li>• All trips should be logged in detail.</li> <li>• Information relating to qualifications and contracted wage of subcontractor should be documented.</li> <li>• Daily trip log should be reconciled to total km's driven.</li> <li>• Long distance trips should be logged.</li> <li>• Policies on documentation and trip tracking should be created to promote consistencies in documentation.</li> <li>• Documents should be backed up electronically.</li> <li>• Documentation will allow for accurate revenue tracking per ride and can allow for an asset disposal assessment of the bus as it costs more to maintain the bus than the revenue it generates.</li> </ul>

# Revenue generation

Area	Current approach	Issues identified	Ideal approach
<p>Currently there is a lack of community awareness and understanding about services in areas where the Handi service is provided. Spreading awareness can help to increase total ridership and increase revenues. As well, there are opportunities to review the fair structure and payment method to align the fee structure to cover costs.</p>	<ul style="list-style-type: none"> <li>• Service is not advertised in Neepawa and rural municipalities outside of some services targeted towards users or seniors' homes.</li> <li>• Vehicle signage only displays the name of the service and other information is not contained on the vehicles that could be useful for potential users.</li> <li>• No set goals or fundraising initiatives to spread awareness and increase revenues.</li> </ul>	<ul style="list-style-type: none"> <li>• A large portion of Town residents are expected to be unaware of the Handi Transit service.</li> <li>• Most residents and community members believed the van was owned by the independent contractor.</li> <li>• Fundraising efforts have been minimal.</li> </ul>	<ul style="list-style-type: none"> <li>• Creating advertising campaigns within the limitations listed in the terms and conditions of the provincial grant.</li> <li>• Signage on vehicle that shows business name, purpose, and booking information. Identification of the community provided service/on duty, hours of service, etc.</li> <li>• Engaging fundraising campaigns that are engaging to residents and will help to spread awareness and increase revenues.</li> </ul>

# Opportunities



# Opportunities



# Fee restructure

## Overview

It is recommended that the organization discontinue cash payments entirely except in emergency situations and introduce a system that is convenient for the main users of the service and ensures all user fees are accounted for.

An example would be monthly subscriptions for regular users that will provide a fixed number of rides on a monthly basis. This could be tiered based on user needs. Another example is the use of a payment terminal instead of accepting cash payments. Payment terminals can cost as low as \$200 per terminal, with average charges of 2.5% per transaction. Pre-paid vouchers should still be offered for single use riders, by the Neepawa Association Treasurer, in the Town Office.

Another recommendation is to increase the cost per ride. This can be tiered based on monthly subscription, service needs, and distance per ride.

## Operational Changes

- A terminal will be used by the Driver.
- Vouchers would still be sold by the Town and encouraged. The Senior Centre could potentially accept payments and deposit the money in Neepawa's account on a regular basis. Cash would be discouraged but still accepted on rare occasions.
- Accepted methods of payment should be communicated to users during the booking process.
- Policies should be created regarding proper documentation, tracking, and protection of user information.
- Policies should be created that highlight the handling of revenues from user fees.

## Moving Forward

If this alternative is to be pursued, it will be important to understand the impact of changes to the users of the service.

Expectations around handling of revenues, and user information will have to be communicated with all members of the organization.

Anticipate an increase in expenses from transaction fees related to payment terminal.

## Benefits

- Predictable revenues for the organization.
- Value added for users by adapting to their needs.
- Ease of revenue tracking and less room for high-risk activities.
- Increase in revenues from user fees.



## Challenges

- Potential increase in operating expenses resulting from costs associated with fee restructure.
- Negative feedback from users due to increase in user fees and/or new fee structure.



# Establish internal controls

## Overview

Neepawa Handi Transit should establish internal and external monitoring systems.

One key item is to segregate the duties of the contracted driver. Segregation of duties will help to minimize the occurrence of errors and decrease organizational inefficiencies. Duties that need to be segregated include booking and logging of trips, recording of transactions, reconciling of transactions, complaints, authorizations and approvals. The minimal, yet optimal, option is to have cash collection and trip recording separated (See fee structure and booking system pages).

Another key item is outlining in a terms of reference document who is responsible for what activities including the Board. Periodic review of financial and operational activities by the Board is also important to help enhance controls.

## Operational Changes

- Establish preventative and detective control policies and procedures that help promote best practices (see policy section starting on page 25).
- Controls around cash handling and recording transactions including physical safeguards such as security cash boxes (for the office, potentially the Senior association, and the driver), segregating duties in relation to collection of cash payments, recording and handling of cash transactions, expenses, reconciliations, and passenger complaints would be separated between the driver, the Treasurer and the Board.
- Thorough review of expense reports and required supporting documentation before reimbursement is authorized by the Treasurer and reported to the Board prior to payments being made.

## Moving Forward

Roles and responsibilities and terms of reference documents would be developed for each role to ensure segregation where practical. (Driver, Treasurer, Board) Accepting payments, booking trips, authorizing expenditures such as repairs, and reconciliation and reporting to the association.

Enhance existing policies and ensure there are clear terms of reference outlined for the board.

## Benefits

- Controls are only accessible to high-level and trusted personnel.
- Improves efficiencies within organization.
- Helps to detect and prevent errors.
- Mitigates associated risk.



## Challenges

- Potential for controls to be overridden.
- Issues with governance structure can make controls ineffective.
- Potential for human error and abuse of power.
- Potential increase in operating expenses due to costs associated with controls.



# Update booking process and system

## Overview

Neepawa Handi Transit should consider introducing a booking system that allows for data tracking and a level of service automation.

Understanding that many of the users are seniors, the booking system could be an application (“app”) that the driver or a seniors association inputs the trip information on. A SharePoint calendar could be utilized if an app is not practical.

The appointment scheduling system could store user data, trip data, reasons for trip, etc, to track usage trends. An app would provide an alternative booking method for users who would prefer an online booking system. Some scheduling systems also provide automated phone booking services.

## Operational Changes

- Driver will no longer be solely responsible for scheduling and managing bookings.
- A record of the booking would be maintained and could be reconciled to GPS data (by the Treasurer).
- All bookings will be managed and recorded through the new scheduling system.
- Policies and procedures will need to be introduced around managing user information.

## Moving Forward

If this alternative is pursued, proper research will be required to ensure that the booking system that is introduced includes features that are in line with organizations needs.

It is also important to consider the costs associated with automating the booking process to determine if the benefits outweigh the costs incurred.

Less expensive logging of the trip information and a shared schedule would be a low cost alternative.

## Benefits

- Helps to save time and resources.
- Helps keep track of trends and user data.
- Streamlines booking process for the organization.
- Allows for transparency relating to bookings within organization.



## Challenges

- Can be costly to implement.
- Potential to choose a system that does not meet organizations needs.
- Users might find it impersonal and complicated.



# Driver contract restructure

## Overview

Given that the role of the driver is essential to the organization, Neepawa Handi Transit should consider restructuring the driver contract. They should also assess the costs versus benefits of having the driver as an employee of the association. Either way, in the terms of reference the roles and responsibilities of the driver would be clearly outlined.

Another key item is to contract with a reliable part-time driver who would be available on call to fulfill long distance trips, and to help during peak service times. This would be done by the Association to ensure the second driver is qualified and accountable.

## Operational Changes

- Create a new driver agreement outlining the roles and responsibilities of driver, including a code of conduct.
- Part-time driver will only be required if the full-time driver is fully scheduled and unable to fulfil a booking.
- Contract would outline expectations around the internal controls over scheduling, trip recording, online payments, cash payments, repairs and maintenance costs, etc. to ensure segregation of duties.
- It would outline code of conduct and the user complaint process for fair and equitable resolution.

## Moving Forward

If this alternative is pursued, it is important to consider industry standards regarding policies around salaries and employee code of conduct.

It is also important to consider government regulations relating to employment benefits, overtime requirements, wages, salaries and taxes.

## Benefits

- Organization will have more control on daily operations.
- Ability for organization to terminate an employee in the event of misconduct without paying out the contract.



## Challenges

- Employee training will be required.
- Organization may have to provide benefits for full time employee.
- It could be challenging to find the right candidates.



# Establish open communication channels

## Overview

Neepawa Handi Transit should establish a communication channel that allows for transparency within the Association.

One key item is implementing an “open door” policy within the organization that allows for open and honest communication and promotes openness and transparency between staff and management.

Setting clear expectations for all members of the organization through terms of reference would provide clear instructions and expectations to all.

## Operational Changes

- New policies created surrounding transparency and honest communication.
- New policies around payroll, payment structure, employment benefits, and employee code of conduct should be created.
- Training sessions for new driver will be required.
- Expense reimbursement would be completed after board authorization.

## Moving Forward

If this alternative is pursued, it is important to provide regular feedback to the driver and treasurer, and to recognize and celebrate key achievements.

It is also important to decide what communication channels best work for the organization. This could include any combination of face-to-face communication, using digital platforms, or other virtual options.

## Benefits

- Promotes trust and transparency within the organization.
- Helps to boost productivity.
- Helps to keep staff and management aligned with organization’s mission and objectives.
- Improves ways in which conflicts are resolved.



## Challenges

- Potential for oversharing.
- Potential for indirect communication.
- Potential for employees to withhold negative information in fear of repercussions.
- Potential for employee disengagement due to over communication.



# Diversify revenue streams

## Overview

Neepawa Handi Transit should explore alternatives to generate new revenues.

A key item is to consider sponsorships and advertisements that align with the organization's objectives and values. The organization could partner up with local businesses or create advertising space on the vehicles to promote other businesses in exchange for advertising revenue.

Another key item is to use the vehicles as a charter service for social and community events.

A third alternative could be to host effective and engaging fundraising campaigns.

## Operational Changes

- Actively seek out sponsorships that align with organization's objectives.
- Consider fundraising campaigns that are low cost and engaging to the community.
- Policies around advertising campaigns that outline the rules regarding acceptable content, organizations, and marketing material.
- Policies around charter service outlining hours for charter use, and limitations for events that the vehicles can be used for.

## Moving Forward

If this alternative is pursued, it is important to approach local businesses with the opportunity to advertise.

It is also important to promote or advertise the additional services available to the community.

## Benefits

- Will help to increase revenues.
- Will help to increase community involvement.
- Will diversify the revenue streams and reduce dependence on revenues from users who are on fixed income.



## Challenges

- Might be difficult to find sponsorships that align with organizations objectives.
- Charter services could be limited due to fewer community events.
- Risk associated with partnerships.



# Spread awareness

## Overview

Neepawa Handi Transit should consider launching awareness campaigns that are designed to educate members of each community about the organization and its strategic objectives. Most stakeholders interviewed mentioned that there are currently no marketing and awareness campaigns for the Handi Transit program. As a result, there could be many Town residents that are not aware of the service. Creating a low cost and effective marketing campaign can help to increase ridership and maximize user revenue.

One key item is to include more information on the signage on the Handi Transit vehicles that show the organization's name, mission statement, hours of operations, and contact information. Create information templates in the form of brochures, business cards or pamphlets that can be posted on bulletin boards around the community and handed out at community events.

## Operational Changes

- Additional signs to be included on all vehicles showing organization's name, mission statement, hours of operations, and contact information.
- Create pamphlets, brochures and information cards to distribute at community events, and to attach to community bulletin boards.
- Utilize social media platforms such as Facebook to inform the community about fundraising initiatives and general information relating to Handi Transit services.
- Set up information booths regularly in community areas where people can stop by to ask questions and obtain information.
- Consider hosting contests at community events and participate in community giving days to keep people engaged and interested in service.

## Moving Forward

If this alternative is pursued, active effort should be made to constantly promote the Handi Transit service.

It is also important to consider the costs to incorporate promotional materials such as brochures and a more comprehensive vehicle signage.

## Benefits

- Will help to increase visibility of the organization.
- Will help to garner support from the communities.
- Will help to educate the communities on the value of the services provided by the organization.



## Challenges

- Promotional materials would be an additional cost for the organization.
- Potential challenges with delegating someone to organize campaigns.
- Efforts to raise awareness might not be met with as much support as anticipated.



# Governance and oversight

## Overview

Neepawa Handi Transit should implement a change in governance and oversight in order to ensure that the Association continues to operate efficiently into the foreseeable future.

Currently the Board representation does not align with the usage of the service or the cost sharing between the Municipality members and Neepawa. The board should consider restructuring into a more proportional representation to promote fair decision making for those most effected by the service.

The cost recovery policies will help determine the appropriate user fees that will ensure operational costs are covered and the organization is operating in a financially sustainable manner.

Another key item is to develop a succession plan that will assist with knowledge transfer when there is a change in board members or employees within the organization.

## Operational Changes

- Revisit organization objectives and develop a clear vision, terms of reference and role and responsibilities.
- Re-access the composition of the Board to make it most effective for users of the services.
- Create new policies that would benefit the organization moving forward.
- Open communication with all stakeholders regarding the changes being made.
- Make board meeting minutes public. This could help to ensure accountability and that board members attend meetings regularly.

## Moving Forward

If this alternative governance model is pursued, it is important to ensure that adequate planning and support is provided throughout the process.

Given that there are no formal policies in place on how finances should be handled and accounted for, it will be important to establish financial policies to make sure that there is a reference point for all those involved in handling and managing transactions in the organization.

## Benefits

- Will help to align daily operations with the organization's objectives.
- Will create consistency and efficiencies within the organization.
- Will help prepare the organization for future economic challenges.



## Challenges

- Change could be met with resistance from staff, board members or stakeholders.
- Potential to encounter issues with communicating changes to all members of interest.
- Inadequate support and resources available to implement changes.



# GPS fleet tracking system

## Overview

Neepawa Handi Transit should consider installing a GPS fleet tracking system in all vehicles to help monitor trips in real time, as well as to help provide accurate records of total km driven, time spent on a trip, total fuel consumed and other relevant data.

One key item is to consider implementing a tracking system that includes other features such as incident reporting, maintenance scheduling, cost tracking, dispatch management, scheduling, and fuel management.

## Operational Changes

- All bookings and trip logs will be documented and tracked using the fleet management system.
- Vehicle repairs and maintenance scheduling will be based on system prompts.
- New policies around tracking technology.
- Employee training might be required.

## Moving Forward

If this alternative is pursued, it is important to ensure the software is user friendly and easily accessible to authorized personnel.

It is also important that proper research is conducted on what management system best fits organizations needs in order to save costs and time.

Once GPS tracking is implemented, the procedure of tracking mileage and van usage can be closely monitored by the Treasurer and reported to the Board to ensure vehicles are used for their intended purposes.

## Further Exploration of GPS units

GPS units can range from a couple hundred to a few thousand dollars for the unit and anywhere from ten to eighty-five dollars per month for monitoring, per vehicle. Ensure at minimum that GPS route tracking and idle timing are features of the selected GPS. Other capabilities include speed detection, dash camera and maintenance.

## Benefits

- Will improve the safety of driver and passengers.
- May reduce operational costs relating to fuel, repairs and maintenance.
- Will improve productivity and operational efficiency as driver will no longer be manually required to log trips.



## Challenges

- Can be potentially costly to implement.
- Potential to implement a system that is too complicated and does not align with organization's needs.
- Still need to analyze data once captured.



# In summary



## In summary

The community members in the rural municipalities, as well as their representatives within the board of the Neepawa Handi Transit Service see the benefit and the value of the organization and the service it offers to the community. These members are willing to contribute to the program because they are aware that most of their senior citizens eventually move to the Town of Neepawa to retire in senior care home facilities. These senior citizens are the majority users of the Neepawa Handi Transit service. Based on the data provided, most of the users of the service are residents of Neepawa, including the retired constituents from the surrounding rural municipalities. Glenella-Lansdowne, North-Cypress Langford, and Rosedale contribute to the cost subsidies because they understand this factor. There is benefit to the current representatives on the board remaining consistent, as it provides an opportunity for each community to have a voice.

Where changes need to be made is in the board governance structure. As highlighted in the assessment above, proper governance is required to ensure that the organization continues to operate into the foreseeable future. Key changes that need to be made will include clearly defining roles and responsibilities of each board member, setting clear expectations, active communication within the board including regular board meetings, and obtaining complete and accurate operational and financial information before making strategic decisions for the organization.

Allocating costs between the participating parties based on ridership usage is not recommended in this case as it does not account for the factors mentioned above. We recommend that the cost allocations be split evenly based on fixed cost, and the variable costs be allocated on a prorated basis based on the total number of service users in each municipality, and the Town of Neepawa. This would help to ensure that the base cost of providing the service is equal across all benefitting parties.

Incorporating other changes including a fee restructure and diversification of revenue streams, establishing internal control systems including use of technology such as installation of GPS tracking on vehicles, updating operational processes, establishing open communication channels, implementing new governance policies, and spreading awareness in these communities, which will help mitigate the risks identified and reduce the possibility of a complete halt in operations in the event of a disruptive nature such as the COVID-19 pandemic which had a severe negative financial impact.

The opportunities presented are products of extensive research and analysis with the purpose of helping promote long-term sustainability of the Neepawa Handi Transit program. A valuable organization that was established to service these communities.

# Appendix



# Stakeholders

To complete our assessment, we conducted interviews, meetings and obtained information from the following individuals:

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<b>Participants</b>
<b>Board members</b>
John Pottinger – Rural Municipality of Glenella - Lansdowne
Michael Porrok – Rural Municipality of Rosedale
Ray Drayson – Rural Municipality of North Cypress – Langford
Judy Elgert – Board Treasurer
<b>Neepawa council members</b>
Jodi Baker
Collen Sychyshyn
Marjika Kosenchuk
Mayor Blake McCutcheon
Counsellor Murray Parrott
<b>Community member</b>
Genie Barnaby – Senior's program service delivery





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