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Evaluation of Transport Canada's Operational Support Services (OSS) Centre and Warehouse

Evaluation & Advisory Services

Transport Canada

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Abbreviations and Acronyms

ADB	Aviation Document Booklet
ADMO	Associate Deputy Minister's Office
AME	Aircraft Maintenance Engineer
ASD	Aircraft Services Directorate
CADLIS	Client Address and Distribution List Information System
CBN	Canadian Bank Note Company
CBSA	Canadian Border Services Agency
CR	Comprehensive Review
DFO	Fisheries and Oceans Canada
DRAP	Deficit Reduction Action Plan
DSFM	Document Services and Forms Management
EAS	Evaluation and Advisory Services
FTE	Full-time Employee
MSPI	Multi modal Strategy and Program Integrity Unit
MSS	Marine Safety and Security
OSS	Operational Support Services
PPE	Personal Protective Equipment
SLA	Service Level Agreement
TC	Transport Canada

EXECUTIVE SUMMARY

In 2016-17, Transport Canada (TC) underwent a Comprehensive Review (CR). The Review made numerous recommendations for realizing savings in the Department including streamlining the services provided by the Operational Support Services Unit (OSS), closing the OSS Unit, transferring its employees within the organization and terminating the Department's lease with the Lancaster Warehouse.

The CR estimated that the changes could realize up to \$1.4M in savings (see Annex 5, Comprehensive Review, 11B, OSS). Savings identified in the CR, including the closure of the OSS, were to be reallocated to fund modernization initiatives.

In August of 2017, following the approval of Transport Canada's (TC) Transformation Treasury Board Submission, TC's Evaluation assessed short- and medium-term scenarios for realizing the \$1.4M in savings while ensuring the continuity of needed operational support services.

The assessment concluded that OSS are perceived by the client as a valued function with needed expertise and that there are sufficient reasons for maintaining and further centralizing the function within the organization so that it can provide the greatest benefit to the organization.

While the services provided by OSS could be provided by other TC groups or outsourced, in the short term, this approach would not yield significant savings. Transferring OSS functions and staff to other TC groups would be cost neutral and the likelihood of finding an alternative space in headquarters low. Outsourcing would require additional short-term investment of at least one year; cancelling the Lancaster lease would incur costs from penalties and liabilities associated with early termination of the lease (recently renewed to 2022) and require efforts to divest existing OSS assets and inventory; and, last, outsourcing would require efforts associated with the relocation of some OSS staff.

However, while Evaluation concluded that closing the OSS would not realize any significant short-term savings and that OSS's core services should be kept centralized within OSS, it did conclude that medium-term savings could be realized, namely, by streamlining or stopping some services while also consolidating and minimizing the Department's warehouse footprint.

Evaluation also concluded that the multi-modal dimension of the organization should be enhanced either by reorganizing and centralizing the reporting structure currently supporting OSS so that it would be better positioned to support all the modes within Safety and Security, either within ADMO or under the DG Multi Modal Integration to reinforce its multi-modal governance, should OSS stay with Aircraft Services Directorate (ASD).

BACKGROUND: Recommendations for the OSS Unit from the Budget 2012 Deficit Reduction Action Plan (DRAP) and 2016 Comprehensive Review (11B, OSS)

In the context of the Budget 2012 Deficit Reduction Action Plan (DRAP), TC determined that savings could be realized by centralizing services for producing and storing paper (printing and publication) and purchasing and warehousing equipment and uniforms. Specifically, at the time of DRAP, the OSS unit provided the following services:

- TC forms management and stock for national and international regulatory requirements;
- TC publications including envelopes and letterhead;
- TC inspector clothing and equipment;
- Inspector credentials and instruments;
- License printing, aviation and marine;
- Publication support services; and
- Distribution Centre and returned mail function.

DRAP also concluded that buying and storing in quantity would drive costs down.

The Comprehensive Review (CR) concluded differently; instead, the CR found that additional savings could be realized by ordering less, i.e., by purchasing Inspector clothing as required (reducing or eliminating the need for warehousing), and by streamlining services associated with producing paper.

Examples provided by the CR include using existing Civil Aviation resources to manage Client Address and Distribution List Information System (CADLIS), and, should a multi modal need arise, relying on CADLIS, which was designed to be multi-modal. The CR also concluded that the Department could realize savings by relying more on third party contracting for other less-used services currently provided by OSS such as studio usage and VHS tape conversion. For a full account of the recommendations made by the CR, see Annex 5 of this report.

EVALUATION FINDINGS

Following an assessment of the recommendations made by the Comprehensive Review, Evaluation made the following findings:

1. Inspector Clothing

In the short term, outsourcing of the Inspector Clothing and the PPE function are unlikely to yield savings. The current external supplier's base price approximates OSS' base cost plus overhead.

2. Document Services and Forms Management

The Document Services and Forms Management (DSFM) function is estimated to be approximately half of the total annual cost of OSS. Document Services and Forms Management includes activities such as the development, production, distribution and storage of forms currently required under aviation and marine regulations.

DSFM also includes similar activities for ministerial and departmental correspondence, promotional materials (i.e. not required by regulations) to external stakeholders and the management of large scale printing requirements of the Department.

Approximately 20% of the forms required by current regulations are in hard copy; a digital strategy would allow for cost savings to be realized as it relates to the production, distribution and storage. Such a strategy would align with Transformation's regulatory modernization objectives.

Similarly, an opportunity exists to significantly downsize the printing, ordering and storage of departmental and ministerial correspondence as well as publications/promotional materials saving money on production and distribution costs as well as reducing the costs of maintaining an inventory at the Lancaster warehouse.

Certain miscellaneous services offered by OSS such as video/audio production and the procurement and/or storage of promotional material could likely be eliminated.

3. Inspector Credentials

There were no short-term savings identified. The current system operates effectively, however, there is no reason why this function needs to be performed at the Lancaster warehouse, other than, for the time being, there is no other space available. Medium-term savings could likely be realized by assessing the regulatory requirements for credentialing, but this would, of course, entail changes to the current requirements.

4. Personnel Licensing Activities

Civil Aviation Safety is currently working with OSS to repatriate **{ATIP REMOVED}** the externally produced Aviation Document Booklets. OSS will be able to reduce the cost to produce this booklet from \$70 to \$20 per unit representing a savings of approximately \$2.5 million over ten years.

Additional medium term savings could likely also be realized by revising the regulatory requirements for personnel licencing activities. There is no reason why this function needs to be performed at the Lancaster warehouse.

5. Warehouse at Lancaster Road

Given that the OSS does not use all of the space at Lancaster and given that other units within NHQ lease other warehouse space, significant opportunities exist to consolidate and streamline departmental costs associated with warehousing.

TC lends the Lancaster warehouse to other entities, including the {ATIP REMOVED} (241,920 - in 2018-19 and, going forward, plans to launch the {ATIP REMOVED} (for approximately \$190,000 a year).

Once the Department has determined its operational service needs, it should reassess its warehouse needs, consult PSPC on all options, including consolidating leasing across NHQ, maximizing the current footprint amongst all modes, leasing options for smaller spaces at a lower cost, or piggybacking on the lease of other organization's warehousing.

SUMMARY OF FINDINGS

The assessment concluded that closing the OSS would not yield any short-term savings. While services provided by OSS could be provided by other TC groups or outsourced, services provided by TC would have to be resourced at the same level and, in the short term, outsourcing would require additional short-term investment of at least one year; incur costs from penalties and liabilities associated with early termination of the recently renewed lease which expires in 2021; and, finally, would require efforts to divest of existing OSS assets, inventory and the reallocation of some OSS staff.

The OSS, has over time, been perceived by its client as adding value and expertise. Centralizing the function is the best means of exploiting this expertise for the maximum benefit of the organization.

While closing the OSS is unlikely to realize short-term savings, medium term-savings could likely be realized by implementing the following recommendations.

RECOMMENDATIONS

Recommendation #1 Reinforce the multi-modal dimension of OSS by either centralizing OOS reporting within Multi-Modal Strategy & Program Integrity Unit the Multi Modal Unit or ADMO S&S or enhance the multi-modal governance of OSS should it stay with ASD.

Reporting Structure: Currently, the OSS falls under the ASD. While ASD staff have operational and cost recovery experience, the unit is not integrated into the departmental, operational, and multimodal oversight functions the OSS is intended to support.

Recommendation #2 Develop an OSS business strategy which considers the following: The objectives, authorities and the governance of OSS; cost-recovery model; rationalization of forms and publications inventory and 5-year digitalization plan; closure of the video production studio; and, optimizing the Department’s storage (vs warehouse) footprint.

Service model: In the past ten years, based on urgent capacity gaps or resource reductions, the OSS has been subject to several reviews and reorganizations. This haphazard approach has resulted in inconsistent mandates (e.g. cost recovery versus no cost-recovery model; creation of a video production studio, etc.). As a result, the OSS has inherited or developed services based on entrepreneurial opportunities as opposed to departmental needs and requirements in support of its mandate and a strategic, evidence-based business model.

Recommendation #3 Assess the Department’s overall storage footprint and assess the benefits of consolidating needed storage.

Departmental warehouse footprint: The Lancaster Road warehouse is at least twice the size needed for OSS to perform its core functions. Additionally, TC Directorates use other departmental storage space and some directorates rent off-site storage spaces.

RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

Recommendation	Management Response	Timeframe	OPI
<p>Recommendation #1</p> <p>Reinforce the multi-modal dimension of OSS by either centralizing OOS reporting, within Multi-Modal Strategy & Program Integrity Unit the Multi Modal Unit or ADMO Safety & Security (S&S) or enhance the multi-modal governance of OSS should it stay with Aircraft Services Division (ASD).</p>	<p>Agreed.</p> <p>S&S will review reporting relationships over the coming three months to determine the best organizational model moving forward.</p>	<p>June 2018</p>	<p>ADM Safety & Security</p>
<p>Recommendation #2</p> <p>Develop an OSS business strategy which considers the following:</p> <ul style="list-style-type: none"> • The objectives, authorities and the governance of OSS; • Cost-recovery model; • Rationalization of forms and publications inventory and 5-year digitalization plan; • Closure of the video 	<p>Agreed</p> <p>S&S will develop a business plan which addresses these considerations and reflects the objectives, authorities and governance of OSS.</p> <p>A cost recovery model for OSS products already exists. It will be re-examined to ensure all costs are recovered.</p>	<p>March 2019</p>	<p>ADM Safety & Security</p>

Recommendation	Management Response	Timeframe	OPI
<p>production studio;</p> <ul style="list-style-type: none"> • Optimizing the Department's storage (vs warehouse) footprint. 	<p>The path forward for rationalization and digitization of forms will be presented to client groups to ensure a smooth transition.</p> <p>S&S will proceed with the closure of the video production centre in collaboration with TC Communications as an alternative to OSS managing this capability.</p> <p>S&S will build a plan in consultation with Corporate Services Accommodations which considers the Department's existing storage needs. OSS could become the first choice for warehousing at TC.</p>		
<p>Recommendation #3 Assess the Department's overall storage footprint and assess the benefits of consolidating needed storage.</p>	<p>Agreed.</p> <p>An analysis of the Department's overall storage footprint is planned for Q3 FY18/19.</p>	<p>December 2018</p>	<p>ADM Corporate Services</p>

ANNEX 1: DETAILED FINDINGS AND CONSIDERATIONS

Today, OSS occupies a total of 2,559 m2 of the 2655 Lancaster Road, including 1,959 m2 of special purpose space, including warehouse and production space, and approximately 600 m2 of non-reimbursing office space (i.e. rent being paid by TC). The current lease expires in 2021.

The facility is operated by OSS, which is currently composed of 11 TC full-time employees (FTEs). Current OSS staff are specialized in distribution, inventory management, contracting, credential issuance and work order coordination. OSS manages the operations of the warehouse and provides various services primarily to internal TC programs.

Among TC clients, the Safety and Security (S&S) group is OSS' largest client, in particular Civil Aviation (CivAv) and Marine Safety and Security (MSS). There is less support for the OSS within the regions and the other modes. While the OSS has also entered into agreements with Other Government Departments (OGDs) to maximize the use of the warehousing facility and create a source of revenue to offset its operational costs, streamlining the OSS' operations would likely be more cost effective for the organization.

OSS currently has the mandate to deliver the following key functions and services:

- **Inspector/Delegated Officer Clothing and Personal Protective Equipment (PPE)**

OSS services include the procurement and full life cycle management of standardized clothing and PPE items for TC inspectors/delegated officers, including product testing and compliance, inventory management, distribution and disposal. Fit testing is carried out by qualified OSS staff to ensure proper fit of hearing and respirator protection devices ensuring a maximum level of protection.

OSS also advises clients of any recalls of defective clothing or equipment through Product Safety Alerts posted on the Inspectors Resources TC intranet pages.

The Department also signs Interdepartmental Letters of Agreement (ILA) with other departments for OSS to make large volume purchases of clothing and PPE. These large purchases have enabled OSS to reduce the cost it charges internal clients.

- **Document Service and Forms Management**

OSS services include the management, design, contracting, production and distribution of all TC publications and forms valued above \$5,000, including TC envelopes and letterhead. OSS maintains a centralized database of TC publications and forms, and manages a number of standing offers held by TC for printing publications and forms. This understanding is detailed in a Service Level Agreement.

- **Inspector Credentials**

OSS is responsible for issuing biometric and non-biometric ID cards, certificates of designation, badges and stamps to TC inspectors/delegated officers and members of the RCMP's Canadian Air Carrier Protective Program (CACPP). OSS also provides services to the regional inspectors/delegated officers via annual mobile runs in the regions.

- **Personnel Licensing Activities**

Under a Service Level Agreement with Civil Aviation, OSS issues Aircraft Maintenance Engineer (AME) certificates.

In 2018-19, OSS will begin producing Aviation Document Booklets (ADB) containing license information and medical records for approximately 65,000 pilots. The ADBs are required by the International Civil Aviation Organization.

OSS is also responsible for the production of Marine Safety & Security's version of the ADB for approximately 50,000 seafarers.

Finally, the planned introduction of new regulations for unmanned air vehicles (drones) will require licensing for users. Civil Aviation's initial estimates indicate that approximately 30,000 licenses will be required for the first phase of the regulations, although not necessarily all in one year. Phase 2 will have additional licensing requirements. Numbers for phase 2 are not yet known.

Options should be considered for producing and storing certificates electronically.

- **Miscellaneous**

In addition to the four key service lines, OSS offers miscellaneous services such as large document scanning, large volume mail-outs, video production and studios rentals, client/records storage solutions, and distribution list and return mail management, paper shredding, production information services, and procurement of promotional materials.

- **Warehousing**

Lancaster is used by multiple groups. For example, the Aircraft Services Directorate has its own warehouse, but has run out of space, and so the ASD now uses Lancaster. As noted above, OSS is preparing to use the facility for **{ATIP REMOVED}** allocating 17% of the warehouse space to **{ATIP REMOVED}**.

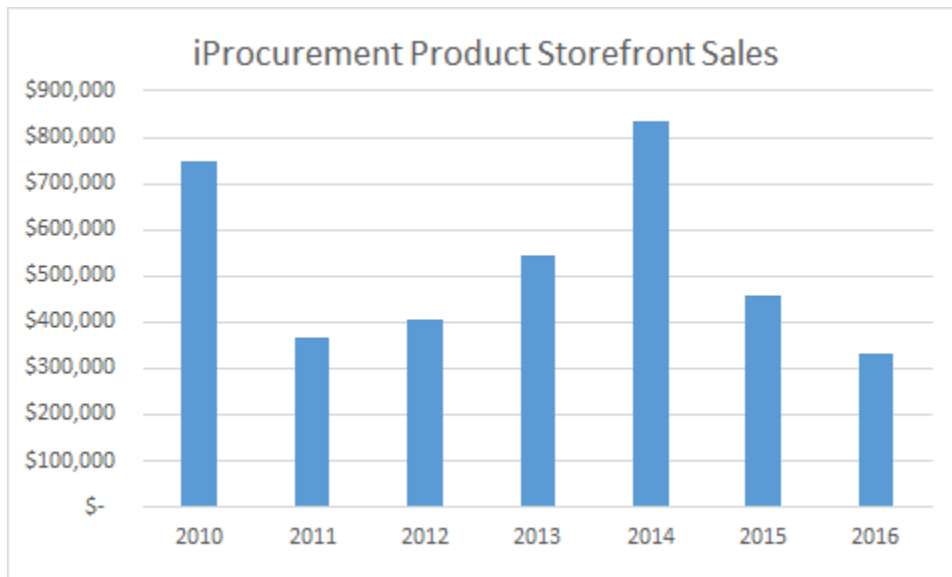
The following section describes the current usage of services within TC by division.

Table 1: TC Clients that have used OSS Services

OSS Clients	Clothing & PPE	Credentials	Personnel Licensing*	Printing/Publication	Miscellaneous
Civil Aviation (CivAv)	Yes	Yes	Yes	Yes	Yes
Aviation Security (AvSec)	Yes	Yes		Yes	Yes
Aircraft Services (ASD)	Yes	Yes		Yes	Yes
Marine Safety & Security (MSS)	Yes	Yes	Yes	Yes	Yes
Rail Safety (RS)	Yes	Yes		Yes	Yes
Motor Vehicle Safety (MVS)	Yes	Yes		Yes	Yes
Transportation of Dangerous Goods (TDG)	Yes	Yes		Yes	Yes
Surface and Intermodal Security (SIMS)	Yes	Yes			
Strategies and Programs Integration (MITT)				Yes	Yes
Air and Marine Programs (Wharfingers)					
Navigation Protection Program		Yes			

*Personnel Licensing (printing of secure documents) will be done internally at TC instead of the Canadian Bank Note Company for a predicted 71% cost savings.

Chart 1.



Real Cost of the OSS

The estimated cost of delivering OSS functions is \$1.6M per year including salaries, OOC¹ and rental cost for the warehousing and office space. Cost recovery revenue is not included in this estimate as this is a cost other TC organizations incur to deliver the functions. Expenditures are an average of the last four years, which account for the difference between EAS and Comprehensive Review estimates. Table 2 provides a breakdown of costs associated with each function (an expanded table with a more detailed breakdown of expenditures is available in Annex 2).

Table 2: EAS OSS Estimated Expenditure by Core Function

Function	Average OOC: 2013-14 to 2016-17*	m2	Rental Cost	\$ FTE by Function	Total: OOC + Rental + FTE
Inspector Clothing and PPE	\$297,863	325	\$56,549	\$109,783	\$464,195
Document Services and Forms Management	\$259,857	947	\$171,904	\$428,721	\$860,482
Inspector Credentials	\$56,087	141	\$22,010	\$82,232	\$160,329
Personnel Licensing Activities	\$2,423	141	\$6,480	\$77,049	\$85,952
Miscellaneous	\$1,281	143	\$26,149	\$25,573	\$53,003
Sub-total	\$617,511	1,698	\$283,092	\$723,358	\$1,623,961

Individual functions were assessed for whether there were any potential savings to be had in closing OSS or by transferring functions to other TC unit(s) or external third parties.

¹ OOC was averaged over 2013-14 to 2016-17 to smooth out large variations in expenditures during the SOR and DRAP government wide expenditure reduction initiatives.

Space usage above is based on OSS estimates of current footprint per function.

Current rental area total: 2,559m2 of reimbursing and non-reimbursing space; 1,959 m2 is reimbursing special purpose space.

Estimated Savings

Inspector Clothing and PPE (current net cost to OSS: \$464,196)

To identify possible savings, the following three options were assessed for delivering the Inspector Clothing and PPE function:

1. Transfer the function and number of FTEs to the Multimodal Strategies and Program Integration (MSPI) Directorate. Under this option, the current warehouse would be discontinued and a smaller, secured storage space would be needed to meet the needs of TC clients.

OSS staff who are involved in the procurement process would also need to be transferred. From the clients' perspective, there would be no change in the ordering process. The current ordering system, iProcurement, would continue to be used to process orders.

This option would incur the same costs as OSS incurs as it would simply be a straight function transfer as MSPI does not have the staff capacity to deliver the function nor the budget to absorb the costs.

The key to obtaining any savings from this option would be to ensure the correct amount of storage space (if any) has been or will be identified; however, given that the annual cost for warehouse requirements for this function stands at approximately \$56K, it is estimated that savings would be minimal.

2. Implement a just-in-time model through a private service provider such as Logistik, Unicorp or via the special operating agency of Corrections Canada, CORCAN a prison workshop that offers similar clothing products at similar prices.

Under this option, the current warehouse space dedicated to uniforms would no longer be required nor would the employees working to provide this service internally. If using a private sector service provider, TC would need to negotiate a contract to manage the process and system. PSPC would need to be involved as the contracting authority. Alternatively, TC could sign an inter-departmental MoU with CORCAN.

As a point of reference, the third party model is being used by the Canadian Border Services Agency (CBSA) while the Canadian Coast Guard (CCG) and Fisheries and Oceans Canada (DFO) are using CORCAN. Based on these arrangements, the expected contracting costs would be the material costs plus a 35-40% management fee. In addition, this option would require a transition time of a minimum of one year. Given the management fee is comparable to the estimated administrative cost that OSS incorporates into its catalogue prices, no savings are predicted. In addition, transition costs would likely increase costs.

3. Implement an off-the-shelf model

The Canadian Food Inspection Agency (CFIA) adopted the off-the-shelf model. Based on the CFIA's approach, it requires a centralized departmental committee composed of 1 to 3 as well as approximately 1 to 3 regional employees. The committee would pre-identify clothing and PPE options procured in the regions at pre-identified retail stores. TC inspectors would then be responsible for purchasing their own clothing and PPE.

Based on a small sample of products currently available through the TC catalogue, the off-the-shelf model would likely increase prices by approximately 15% to 25% compared to current OSS catalogue prices.

Proper disposal in accordance with asset disposal requirements for the Government of Canada would become the responsibility of the regions to avoid management and shipping costs. In addition to increased costs of clothing and PPE, there are potentially significant hidden costs (duplication associated with decentralization, non-compliance with TC policies, and management and warehousing costs absorbed by regions).

Table 3 outlines the mechanism for purchasing employee clothing equipment used by other government departments. It compares the number of officers or inspectors clothed, the suppliers and prices. Transport Canada's inspectorate is approximately 1400, and falls within the middle in terms of size. Note that OSS estimates that less than one full FTE is used for the provision of clothing, although at least eight OSS staff play a role for this function.

Table 3: TC and Other Government Departments and the Provision of Clothing

Department	Number of Officers / Inspectors	Clothing Provision	FTE Effort	Duty/ Pants Cost / Service
CSC	9000	Logistik (“just-in – time”) Contract is handled by PSPC	Use only 2 FTEs to manage Logistik contract. They are overwhelmed with the work of still inputting items for order into the system. There are 93 specifications that are followed for each item inputted into system. Risk: Logistik is the owner of the catalogue: a large investment for CSC should they desire to change providers in the future	{ATIP REMOVED} Items that can be ordered: 133
CBSA	8000	Logistik (“just-in – time”) Contract is handled by PSPC	From signing contract to functional: 6 months; Ordering system automatically controls employee purchases and prevents fraud. Substantial workload for CBSA to implement system, currently requiring 17 FTE (previously CBSA had 11 warehouse staff and 15 non-warehouse staff responsible for clothing and equipment).	{ATIP REMOVED} {ATIP REMOVED} Service: 5 business days for standard orders
Transport	1400	Operational Support Services	It is estimated that there is less than one fulltime FTE, though, 7 FTEs plus the chief, are involved in various tasks for clothing.	{ATIP REMOVED} {ATIP REMOVED} Service: clients stated service was good.
DFO	600	CORCAN (they make to order: trying to become “just-in-time”)	Initial Delays: long learning curve.	{ATIP REMOVED} {ATIP REMOVED} Service: initially orders took months, but improving.

Document Services and Forms Management (current net cost: \$860,482)

Currently, OSS manages the following three types of printed products:

- publications including design, formatting and printed products such as posters used in outreach activities with a value above \$5,000;
- forms, including all the paper forms used by TC; and
- TC envelopes and letterhead. These are printed in bulk, stored at the OSS warehouse and distributed to TC offices.

Despite the Department's move to have forms available electronically, some forms must be available in paper format. For example, Civil Aviation must meet requirements from ICAO regulations as well as its own regulations, Civil Aviation Regulations (CARs), which requires the continued use of paper forms. Motor Vehicle Safety (MVS) must also meet requirements to maintain an inventory of certain paper forms, specifically for importation authorizations purposes. These forms are shipped to approximately 200 CBSA border stations and vehicle brokers in Canada.

Until regulatory changes take place, the specific timelines for which are unknown, these paper forms will continue to be required along with their respective inventories. OSS is also responsible for designing the forms, whether on paper or electronically. The forms must comply with Treasury Board's *Policy on Communications and Federal Identity* which requires that 1) communications are cost-effective and achieve savings through standardization 2) the Government of Canada's identity is applied consistently, projected equally in both official languages, and has primacy over the identity of individual departments or other logos. If this service were to be contracted out, it would have to be contracted to a company familiar with these requirements.

EAS looked at the possibility of transferring this function to the Communications Group; however, it does not appear that this would create any efficiency as it would simply result in transferring OSS staff to the Communications Group. Given that S&S is the OPI for the majority of forms, keeping this function within S&S allows the function to benefit from the expertise of its oversight and operational staff who could inform on form design with respect to what works in the field and for clients of TC.

Approximately 20% of the forms required by current regulations are in hard copy. A digital strategy would allow for cost savings to be realized as it relates to the production, distribution and storage. While changes to regulations would be required and take time, in the interim, a just-in-time system could be employed which would reduce the storage costs of the function.

Similarly, an opportunity exists to significantly downsize the print ordering and storage of departmental and ministerial correspondence as well as publications/promotional materials. Not only would this save money on production and distribution costs, but also would eliminate the footprint associated with maintaining an inventory of these items.

Inspector Credentials (current net cost to OSS: \$160,329)

EAS explored the following two options to transfer this function as a whole to maintain a consistent product while also taking advantage of the efficiency of scale from using a single supplier:

- 1) Transfer the function to an existing TC group such as the Security Screening group or the Multi-Modal Strategy & Program Integrity Unit.

Under this option, existing equipment and personnel would need to be transferred to either the Security Screening group or to Multi-Modal Strategy & Program Integrity Unit. Security Screening provides similar services and expertise in the issuance of credentials; however, it was raised that timely issuance of inspector credentials is important and the backlog of regular security screening requests may pose challenges unless adequate FTEs are transferred specifically for collecting biometric information and the issuance of credentials.

It should be noted that collection of biometric information and accreditation of inspectors could not be synchronized immediately after the completion of training as the information can be collected only after approvals have been processed which generally take one to two weeks after the training is completed. Therefore, mobile runs would thus continue to be necessary. The only potential cost saving for this option would be the rental cost of the space which is estimated at \$22,010 annually for this function. The option also assumes that free space is available in secured areas to relocate the function; however, this could not be demonstrated.

- 2) Transfer as a standalone function.

Under this option, existing equipment and personnel would be transferred to a secure location within an existing or new TC facility and would operate independently. Cost of securing the location could hinder the anticipated savings. The cost of setting up security, including cameras, monitoring, and a card system is estimated at \$160K.

Neither option is expected to generate material cost savings. It should be noted that a third party alternative service delivery was not explored given the security related nature of this function and that TC is committed to delivering this service for free to the RCMP. A private provider would likely exist; however, it is expected the cost of delivery would be much higher given that the inherent security risk in providing such a service could mean expensive insurance coverage for a private company.

Personnel Licensing Activities (Current net cost to OSS: \$85,952)

OSS's Personnel Licensing function is being solicited for the implementation of the Marine Personnel Document Issuance System (MPDIS), a departmental multi-year, multi-million dollar initiative designed to integrate the specialized certificate production done by both Civil Aviation and Marine Safety and Security (MSS). MSS has entered into a SLA with OSS to produce approximately 100,000 passport-style certificate books for Certificates of Competency and Certificates of Proficiency as well as unknown numbers for new seafarers on an on-going annual basis, in addition to approximately 25,000 specialized stickers that will need to be affixed to these passports and produced annually.

It is estimated that by leveraging TC assets, the production will cost the Department one incremental FTE; however, if MSS were required to deliver this function, the production would cost the Department two FTEs. This estimation does not include the additional time and effort that would be required by MSS to find the significant space required for the equipment and storage of consumables

needed to undertake the printing of the passports. The space that is not currently available within Marine Personnel Standards and Pilotage. The estimated rental cost for this function at OSS is \$6,480.

Contracting out the production of passports would likely be more expensive than keeping it with OSS. For the production of its ADBs, Civil Aviation originally contracted the service out to the Canadian Bank Note Company (CBN), a specialized security printer; however, to save costs, CivAv is in the process of transitioning the printing of the ADBs to OSS and discontinuing its contract with CBN. This transition, initiated in 2016 prior to the CR's recommendation to close the OSS, would see the ADBs printed at a fraction of the CBN costs (from \$70 per unit to \$20 per unit).

Alternative delivery of this function, whether it be outsourced or downloaded to individual modes, would increase costs rather than provide any savings to TC.

Use of OSS by Modes, Regions

Although it would appear that CivAv and MSS are making use of OSS, there is less support for OSS within the regions as well as by other modes. Streamlining the OSS' operations could result in a more cost effective operation. The following opportunities should be considered:

Forms and Publications

A more detailed review of the requirements to support the production, printing and storage of all forms, publications and promotional materials is required. This would include an assessment to identify which types of documents could benefit from a digital solution and what steps are required to go digital. The review should also consider whether any of these printed documents could be made available online via vendors such as Amazon.ca which may be more timely and cost-effective.

Video and Audio Production Capabilities

Senior management gave Communications approval to establish a studio with video/audio production capabilities in Tower C. In creating this capacity, Communications has not made use of the available equipment at OSS. The remainder, which appears to be obsolete, should be declared surplus and disposed. According to OSS documents, video production accounted for 4.4% of OSS office and special purpose space at the Lancaster facility. One of the rooms previously allocated to this function will remain as a secure storage room while the other space will be repurposed or become surplus.

OSS Warehousing Space

As of April 2018, the OSS reports that warehouse space is at 82.8% utilization, with the caveat that this includes lending from other government departments. OSS is in the midst of working on an agreement **{ATIP REMOVED}** to rent out the remaining 17.2% on a cost recovery basis that would generate revenue of \$241,920 in 2018-19; however, the noted rate of utilization is based on an outdated business model. The majority of the space is used to store forms, publications and promotional materials. The space is not being maximized and is most likely not required.

ANNEX 2: OSS EXPENDITURE BY CORE FUNCTION (Table)

	Average OOC: 2013-14 to 2016-17	m2	Rental Cost	\$ FTE by function	Total: OOC + Rental + FTE
Inspector Clothing and Equipment	\$297,863	325.4	\$56,549.73	\$109,783	\$464,196
80D3 - TC INSPECTOR CLOTHING & EQUIPMENT	\$281,930	58.9	\$10,143.52	\$28,893	\$320,966
806U - SHIPPING&HANDLING COST RECOV PUBLICATN- I- STORE	-5936.7875 (cost recov'd)	71.3	\$13,074	\$12,786	\$25,861
80H4 - POSTAGE FREIGHT & COURIER SERVICES	\$5,744	35.6	\$6,537	\$4,567	\$16,847
80H6 - SHREDDING & DISPOSAL SERVICES	\$1,848	142.6	\$26,149	\$18,266	\$46,263
80J1 - SERVICE LEVEL AGREEMENTS (SLA)	-39266.745 (cost recov'd)	9.7	\$368.86	\$35,334	\$35,702.58
82AM - MPS REQUIREMENTS – OTHER	\$8,342	2.4	\$92.22	\$4,417	\$12,851.02
82B8 - JOB TRACKING SYSTEM (JTS)	\$0	2.4	\$92.22	\$2,208	\$2,300.57
82B9 - FACILITIES MGMT	double count	2.4	\$92.22	\$3,313	\$3,404.75
Document Services and Forms Management	\$259,857	947.4	\$171,904.12	\$428,721	\$860,482.34
80CK - PRINT-ON-DEMAND SERV	\$0	12.2	\$2,092	\$34,673	\$36,766
80H5 - DOCUMENT SERVICES	\$386	12.2	\$2,092	\$39,626	\$42,105
82AB - PRODUCTN SUPPRT SERV	\$63,305	12.2	\$2,092	\$49,533	\$114,930
82AD - FORMS MANAGEMENT - CIVIL AVIATION	\$56,310	12.2	\$2,092	\$44,580	\$102,982
82AF - WORK ORDERS - CIVIL AVIATION	-30200.89 (cost recov'd)	12.2	\$2,092	\$49,533	\$51,625
82AG - WRK ORDRS – OTHR	\$22,581	12.2	\$2,092	\$49,533	\$74,207
806T - COST RECOVERY PUBLICATIONS CIVIL AVIATION	-135515.735 (cost recov'd)	142.6	\$26,149	\$29,226	\$55,375
806U - SHIPPING&HANDLING COST RECOV PUBLICATN- I- STORE	-5936.7875 (cost recov'd)	71.3	\$13,074	\$12,786	\$25,861
80H2 - AVIATION DOCUMENT BOOKLET	\$1,926	47.5	\$8,716	\$6,089	\$16,731
80H4 - POSTAGE FREIGHT & COURIER SERVICES	\$5,744	35.6	\$6,537	\$4,567	\$16,847
80H7 - BUSINESS REPLY MAIL (BRM)	\$1,736	142.6	\$26,149	\$14,613	\$42,498
80H8 - ASCENT OPERATIONS	\$4,170	142.6	\$26,149	\$14,613	\$44,932
82AH - DISTRIBUTION CENTRE - CIVIL AVIATION	\$9,505	142.6	\$26,149	\$36,532	\$72,186
82AK - COST RECOVERY PUBLICATIONS	\$85,853	142.6	\$26,149	\$32,879	\$144,881

	Average OOC: 2013-14 to 2016-17	m2	Rental Cost	\$ FTE by function	Total: OOC + Rental + FTE
82AM - MPS REQUIREMENTS - OTHER	\$8,342	2.4	\$92.22	\$4,417	\$12,851.02
82B8 - JOB TRACKING SYSTEM (JTS)	\$0	2.4	\$92.22	\$2,208	\$2,300.57
82B9 - FACILITIES MGMT	double count	2.4	\$92.22	\$3,313	\$3,404.75
Inspector Credentials	\$56,087	141.4	\$22,010	\$82,232	\$160,329.86
80J6 - TC INSPECTOR CREDENTIALS ISSUING AUTH	\$40,076	51.0	\$6,480	\$61,639	\$108,195.36
80H2 - AVIATION DOCUMENT BOOKLET	\$1,926	47.5	\$8,716	\$6,089	\$16,730.79
80H4 - POSTAGE FREIGHT & COURIER SERVICES	\$5,744	35.6	\$6,537	\$4,567	\$16,847
82AM - MPS REQUIREMENTS - OTHER	\$8,342	2.4	\$92.22	\$4,417	\$12,851.02
82B8 - JOB TRACKING SYSTEM (JTS)	\$0	2.4	\$92.22	\$2,208	\$2,300.57
82B9 - FACILITIES MGMT	double count	2.4	\$92.22	\$3,313	\$3,404.75
Personnel Licensing Activities	\$2,423	141.4	\$6,480	\$77,049	\$85,952.64
80CH - SEC PRINTNG SERV	\$2,423	51.0	\$6,480	\$77,049	\$85,952.64
80H2 - AVIATION DOCUMENT BOOKLET	\$1,926	47.5	\$8,716	\$6,089	
80H4 - POSTAGE FREIGHT & COURIER SERVICES	\$5,744	35.6	\$6,537	\$4,567	\$16,847
82AM - MPS REQUIREMENTS - OTHER	\$8,342	2.4	\$92.22	\$4,417	\$12,851.02
82B8 - JOB TRACKING SYSTEM (JTS)	\$0	2.4	\$92.22	\$2,208	\$2,300.57
82B9 - FACILITIES MGMT	double count	2.4	\$92.22	\$3,313	\$3,404.75
Miscellaneous					
82AJ - PROMOTIONAL ITEMS & AWARDS	\$1,281	142.6	\$26,149	\$25,573	\$53,002
Sub-total	\$617,512	1,698.2	\$283,093	\$723,358	\$1,623,963

ANNEX 3: DATABASES

- Client Address and Distribution List Information (CADLIS)

CADLIS was created to facilitate the management of the civil aviation clients/recipients distribution lists (publications vs. requestors). The system permitted the mailing of multiple products to the same addresses thus saving postage. It also helped reduce the amount of return mail. Whether mail was returned due to an incorrect address or postal code or the death of a recipient the information would be amended in the database. The use of the CADLIS system is limited to OSS staff. This function could be performed by any group. Should the system be decommissioned, there would be an increase in manual effort required to maintain distribution lists for pilots, engineers and owners.

- The Transport Canada Inspector Database (TCID)

This system was put in place to enable inspectors to submit application forms to request inspector credentials as well as issue badges and identification. It also provides functionality to manage the approval, distribution and retirement of the security items through the defined workflows. The system currently serves various modes: Civil Aviation, Marine Security, Marine Safety, Rail, Road Safety, Transportation of Dangerous Goods and Security and Emergency Preparedness. TCID is primarily used by TC inspectors, regional and headquarters issuing officers, and OSS.

- Other Licenses and Credentials Database Management – AME licenses and RCMP Air Marshalls ID cards

The AMES system was developed for use by TC Aviation, Aircraft Maintenance and Manufacturing. Licensing information is updated directly onto the TC web site and stored in a central database located in Ottawa. This system also generates the actual plastic AME licence cards and can be transferred to the group that will produce/print the ADB and seafarer documents.

- ISBN, ISSN and Government Catalogue Numbers Registration

The International Standard Book Number (ISBN) and the International Standard Serial Number (ISSN) are serial numbers used to uniquely identify a publication. Both, along with the Government Catalogue Numbers Registration should ideally remain centralized within the Communications group of TC.

- TP, MPS and TC Number Allocation.

The TP numbering system provides a method of identifying, cataloguing and retrieving information contained in Transport Canada publications and ensuring their accessibility to TC employees and others working in transportation-related areas.

ANNEX 4: OSS FOOTPRINT (Table)

Warehouse (OSS)	Current Footprint	Percentage TC Space	TC annual Expense \$
Paper Forms	21.7	0.7%	3,737
Paper Publications	25.6	0.8%	4,409
Envelopes	25.6	0.8%	4,409
DVD Titles	19.3	0.6%	3,324
Clothing/PPE	58.9	1.9%	10,144
Promotional	16.1	0.5%	2,773
Exhibits/Kiosks	3.9	0.1%	672
Aircraft Parts	13.0	0.4%	2,239
Personnel Licensing Consumables (Inspector, ADB, MSS, PCOC, Wharfinger, AME, Bridge Enforcement, etc.)	1.4	0.1%	241
OSS Material Handling Equipment (MHE), Shipping/Receiving, Inventory and Packing Functions	297.0	9.6%	56,933
Other/Misc.	42.1	1.4%	7,250
Empty Rack	47.9	1.5%	8,249
Swing Space	91.9	3.1%	15,827
Hallways, Egress Areas & Building Services	894.4	28.9%	164,224
A. SUB-TOTAL	1558.8	50.4%	284,429
Total needed in future	74.3	2.4%	12,796
Unneeded space (if warehouse operations are closed);	1484.5	48.0%	271,633
Workstations/Rooms (OSS)	Current	Percentage	TC Annual
Management & Support (1 x Office and 2 x WS)*	24.0	0.8%	0
Desktop Publishing and Forms Management (2 x WS)*	14.8	0.5%	1,475
Specialty Areas (1 WS and 3 x Rooms)	47.2	1.5%	4,706
Inventory, Order and Distribution Services (5 x WS and 2 x Rooms)	215.4	7.0%	10,408
Personnel Licensing (2 x WS and 3 x Rooms)*	67.6	2.2%	6,380
Inspector Credentials (2 x WS within the Room)*	33.0	1.0%	6,580
Common Areas to OSS and TIMSD Staff (4 x WS and 4 x Rooms)*	180.9	5.8%	0
Video Production (1 x WS and 4 x Rooms)	136.4	4.4%	26,151
Hallways, Egress Areas & Building Services*	281.1	9.1%	11,406
B. SUB-TOTAL	1000.4	32.2%	67,106
Total OSS Footprint (reimbursing and non-reimbursing are	2559.2	82.6%	351,535

Reimbursing Space not needed (if warehouse is closed)	399.0	12.9%	41,265
Total Savings (i.e. unneeded space)	1883.5	60.9%	312,898
Numbers are taken from OSS Facilities Management	601.4	19.4%	25,841
*Workstations/Rooms (coloured grey): non-reimbursing			
We assumed that the orange space will have to be replaced after closing the facility. The rest is either not needed, or is non-reimbursing (grey shaded)			