



# **Lassen County Office of Education**

## **Transportation Review**

December 1, 2009

Joel D. Montero  
Chief Executive Officer





**CSIS California School Information Services**

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December 1, 2009

Mr. Jud Jenson, Lassen County Superintendent of Schools  
Lassen County Office of Education  
427-013 Johnstonville Road, North  
Susanville CA 96130

Dear Superintendent Jenson:

In August 2009, the Lassen County Office of Education and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement to provide a review of the transportation services of Lassen Union High School district and contracting elementary school districts.

Specifically, the agreement states that FCMAT will perform the following:

1. Conduct a comprehensive review of the Lassen Union High School District transportation department including but not limited to internal controls, operating revenues and expenditures, staffing and routing to identify any operational efficiencies that could be instituted and make recommendations for improvements.
2. Evaluate the Lassen Union High School Cooperative Transportation Program for all five participating schools in Lassen County. Due to State budget reductions for home-to-school transportation services, the cooperative program is now requiring all participating districts to pay an administrative fee for management costs and make advance payments on a monthly basis. The team will review all aspects of the cooperative transportation program, including but not limited to operating revenues and expenditures, budget planning and development, sources and uses of funds, operating improvements, capital outlay, interagency funds, payment processes, routing and scheduling, vehicle maintenance, on-time performance and efficiency, equipment availability, ridership forecast by district, bus driver safety, communication plans to parents, transportation alternatives for all participating districts and make recommendations for cost savings, if any.

The attached final report contains the study team's findings and recommendations..


**FCMAT**

Joel D. Montero, Chief Executive Officer

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FCMAT appreciates the opportunity to serve you and thanks all the staff of the Lassen County Office of Education and the participating school districts for their cooperation and assistance during fieldwork.

Sincerely,



Joel D. Montero  
Chief Executive Officer

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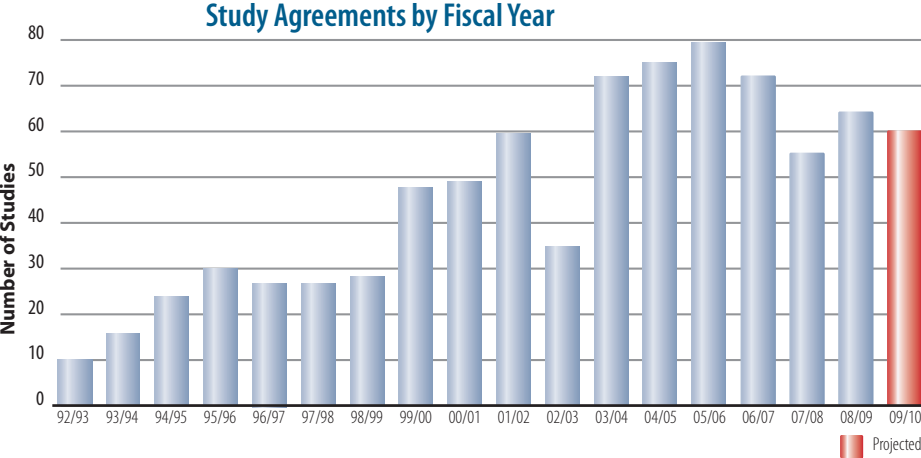
# Foreword - FCMAT Background

The Fiscal Crisis and Management Assistance Team (FCMAT) was created by legislation in accordance with Assembly Bill 1200 in 1992 as a service to assist local educational agencies (LEAs) in complying with fiscal accountability standards.

AB 1200 was established from a need to ensure that LEAs throughout California were adequately prepared to meet and sustain their financial obligations. AB 1200 is also a statewide plan for county offices of education and school districts to work together on a local level to improve fiscal procedures and accountability standards. The legislation expanded the role of the county office in monitoring school districts under certain fiscal constraints to ensure these districts could meet their financial commitments on a multiyear basis. AB 2756 provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans. These include comprehensive assessments in five major operational areas and periodic reports that identify the district’s progress on the improvement plans.

In January 2006, SB 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT’s services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform nearly 750 reviews for local educational agencies, including school districts, county offices of education, charter schools and community colleges. Services range from fiscal crisis intervention to management review and assistance. FCMAT also provides professional development training. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The agency is guided under the leadership of Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.



<b>Total Number of Studies.....</b>	<b>743</b>
<b>Total Number of Districts in CA.....</b>	<b>982</b>
● Management Assistance.....	705 (94.886%)
● Fiscal Crisis/Emergency .....	38 (5.114%)
Note: Some districts had multiple studies.	
● Districts (7) that have received emergency loans from the state.	
(Rev. 1/22/09)	





# Introduction

## *Background*

The Lassen County Office of Education is located in the town of Susanville, near where the Sierra Nevada and Cascade mountain ranges meet in northeastern California and close to the Lassen National Forest. The county office serves three unified school districts, six elementary schools, one single-school high school district and one charter school. The geography of the county is mountainous and remote with numerous small towns.

The Lassen County Office of Education contracted with FCMAT to conduct a comprehensive review of the Lassen Union High School District's transportation department and to evaluate the operational and fiscal effectiveness of the cooperative transportation arrangement between the high school district and five other local school districts.

## *Study Guidelines*

FCMAT visited the district on September 21-23, 2009 to conduct interviews with district staff, collect data, review documents and inspect facilities and buses. This report is the result of those activities and is divided into the following sections:

- I. Cooperative Transportation Arrangement
- II. Cost Distribution and Accounting
- III. Tran Data
- IV. Buses, Vehicles, Equipment
- V. Facility
- VI. Service
- VII. Vehicle Maintenance and Parts Inventory
- VIII Driver Training and Safety
- IX. Routing
- X. Staffing

### *Study Team*

The study team was composed of the following members:

William P. Gillaspie, Ed.D.  
Chief Management Analyst  
Fiscal Crisis and Management Assistance Team  
Sacramento, CA

Timothy Purvis\*  
Director, Transportation  
Poway Unified School District

Michael Rea\*  
Executive Director  
West County Transportation Agency

John Lotze  
Public Information Specialist  
FCMAT

\*As members of this study team, these consultants were not representing their respective employers but were working solely as independent contractors for FCMAT.

## Executive Summary

### *Cooperative Transportation Arrangement*

Five local school districts (Fort Sage Unified, Janesville Union Elementary, Johnstonville Elementary, Shaffer Union Elementary and Susanville Elementary) have participated in a cooperative transportation arrangement with the Lassen Union High School District.

Many participating districts believe that they have responsibilities and a claim on the cooperative's assets should the high school district discontinue services by mutual termination. However, there are no written or legal documents relating to or defining a transportation cooperative. Instead, there are contracts between the high school district and each individual participating school district, with the high school district providing the service. The contracts do not refer to a cost allocation formula.

The high school district could continue contracting with each participating district individually, or the group could form a joint powers agreement. If contracts continue, each district's contract could differ based on shared routes and other factors to determine an equitable arrangement.

All participating districts praised the excellent transportation service they receive from the Lassen Union High School District.

### *Cost Distribution and Accounting*

The participating districts have used a formula to distribute the costs of the transportation cooperative, though FCMAT found no historical documents regarding the formula's development. The formula was changed a few years ago to a model under which the districts share equally in all costs based on their mileage. Prior to this change, each district paid for its own actual costs. The current formula charges districts an averaged and blended rate of \$5.15 per mile. Each year, the districts use the prior fiscal year's per-mile amount as a starting point and adjusts it at the end of the fiscal year based on actual miles driven.

The current formula includes a billing of \$0.15 per mile for bus replacement, which is not sufficient to cover replacement costs. Field trip costs are billed at the direct cost of the driver plus \$2.25 per mile, or \$2 per mile if the contracting district purchases the fuel.

Despite concern on the part of some participating districts, the high school district's plan to begin charging a 9.5% rate for indirect costs for the 2009-10 fiscal year is reasonable based on industry standard practices.

The cost allocation formula does not cover the high school district's full costs or exposure for liability insurance and worker's compensation premiums.

For a number of years, the high school district has tracked the transportation cooperative's costs using the 0500 program code, with transfers made from the 0500 program code to the 7230 resource code during the last budget cycle to reimburse itself with revenues from participating districts. This process makes project tracking and monitor-

ing cumbersome and potentially confusing. All costs should be routed through the 7230 resource code according to the California State Accounting Manual (CSAM).

#### *Buses, Vehicles and Equipment*

The 28 buses in the district's fleet have an average age of 16.67 years, including some buses that should have been replaced on grant programs many years ago. Older buses should be kept and stored until they can be replaced using the next replacement grant program.

Five of the high school district's non-bus vehicles are available for use by participating districts at a charge of \$1 per mile. This practice exposes the high school district to significant liability and should be discontinued. Non-bus vehicles used for student transport should be well maintained. The district should also provide defensive driver training for all non-bus drivers and consider placing them in DMV pull notice and drug and alcohol testing programs.

#### *Facility*

Participating districts have not made any capital investment in the high school district's bus facility, and the cost allocation formula include facility capital costs. The formula should include facilities capital costs to capture the total cost of providing transportation services.

Storm water and other industrial wastes could flow through the bus facility, into storm drains and directly into the Susan River. The district should ensure that the facility complies with all environmental rules.

The district has gasoline on site, and the capacity to store 1,000 gallons of diesel, but all diesel buses are fueled off site at a cardlock location. With an electric pump and a longer hose, the district could fuel the buses on site, saving the cost of travel to the cardlock station and likely reducing fuel costs by buying in bulk. The district should evaluate this option to determine if it is operationally and fiscally feasible.

#### *Vehicle Maintenance and Parts inventory*

The high school maintains its vehicles professionally and maintains complete documentation. The district consistently receives the highest rating of "satisfactory" on California Highway Patrol's annual inspection terminal grade. Vehicle parts are not directly expensed on work orders. Parts should be documented as going to inventory or to a specific repair.

#### *Driver Training and Safety*

Driver training records comply with all laws and regulations; however, driver instructors do not often ride along with drivers. Ride-alongs should occur at least annually based on industry standards. Annual behind-the-wheel training should also be provided. Driver training records and other sensitive documents are in unlocked files and the office is often unattended. The district should secure these documents.

### *Routing*

The high school district uses sound routing methods for its 14 routes. Seven routes serve the high school district's students and those of the Susanville Elementary School District. The remaining seven routes serve the other four participating districts. Travel times are satisfactory and student load counts are adequate. However, differing school dismissal schedules causes some loss of efficiency. All districts should consider reviewing their dismissal times and evaluate the feasibility of a single dismissal time.

In some cases, transportation is not provided in accord with the contracting school district's own board policies. Other districts lack board policies regarding the level of transportation service. All districts should review or implement appropriate school board transportation policies.

All participating districts have some level of general fund contribution to their regular education transportation. Each district will need to examine the feasibility of these general fund contributions and determine whether transportation service should be reduced to lower costs to the level of the state reimbursement. Major cost savings occur only when a driver position and a bus route are eliminated.

### *Staffing*

The high school district's transportation department is staffed at a minimal level. A full-time transportation director is assisted by a full time 11-month driver trainer/dispatcher. Maintenance shop staffing includes one full-time supervising mechanic and one full-time mechanic, both of whom also act as substitute school bus drivers when needed. There are also 14 regular and two permanent cover drivers, all of whom are guaranteed a minimum of two hours per day.

The transportation director will retire soon and the district is considering creating an assistant supervisor position reporting to the superintendent, who will assume transportation administration. This will reduce costs but may be challenging to implement because it means there will be no on-site manager. If this change is made, the district should develop a plan for another employee to take over supervisory responsibilities when the assistant supervisor is absent.

Because the district is in a remote area with little access to outside training resources, it will need to continue to ensure that at least one employee is a state-certified school bus driver instructor.



## Findings and Recommendations

### *Cooperative Transportation Arrangement*

Since the 1960s the Lassen Union High School District has provided home-to-school transportation for some of the local school districts that border it or are considered feeder districts. The districts that have participated in this arrangement are Lassen Union High School District, Fort Sage Unified School District, Janesville Union Elementary School District, Johnstonville Elementary School District, Shaffer Union Elementary School District and Susanville Elementary School District.

With the advent of the standard account code structure (SACS), districts ceased reporting their transportation costs to the state on the J-141 form. Instead, costs were automatically recorded on a new form called the Annual Report of Pupil Transportation, or TRAN report, which is now the standard state document for reporting ridership, mileage and costs. Districts were responsible for reporting the number of students transported and miles traveled, but must now report their transportation costs individually and independently.

No individual at any of the participating districts could recall or produce any historical written agreements, procedures, bylaws or governance documents regarding a transportation cooperative. FCMAT also found no legal or program definition of a cooperative.

The only formal documents are written contracts between the Lassen Union High School District and each individual participating school district. Each of these documents defines the relationship as an individual contract between the high school district and another specific district. The contracts do not refer to the formula used to distribute costs.

Nonetheless, because of the longstanding arrangement and past practices referenced above, the participating school districts believe they are operating cooperatively. The school districts meet one or more times per year, and over the years have modified the cost distribution formula. Participating school districts also have deliberated about the purchase of buses and other equipment as part of this perceived transportation cooperative.

Participating school districts believed that they have shared ownership of buses, specific automobiles and equipment. Although the formula provides for the collection of a modest fee for a bus replacement fund, the Lassen Union High School District holds the title to all buses and other vehicles. The facility and all of the parts and equipment also belong to the high school district. Other participating districts do not own any assets used in the cooperative arrangement.

Other school districts in California have similar cooperative arrangements for school transportation, and some have more formal contractual arrangements. If the schools above wish to continue in a cooperative arrangement, written agreements and operating rules would be beneficial to all participating districts.

Some California school districts have formed Joint Powers Agreements (JPAs) for school transportation services. A JPA is a formal arrangement, authorized by Title I, Division 7, Chapter 5, Article I (Sections 6500 and following) of the California Government Code, that allows public agencies to exercise jointly a power they have in common, such as the power to provide transportation services, and, if desired, to form a separate public agency to provide a common service to the members. While a JPA is a legal option, its formation involves a significant amount of work and thus it may not be the best option for such a small operation.

It is likely that the participating school districts would choose to continue contracting with the high school district, but with a contract that reflects the realities of the relationship as described in the following section. The relationship between the high school district and the other school districts is mutually beneficial and creates an operation large enough to benefit from the economies of scale. Any contracts will need to be structured in an equitable manner, with each district paying its fair share.

Future contracts with each of the five participating school districts might have similar general stipulations but would vary on specific points of service. For example, some of the districts share routes with the high school district while others have independent routes; other districts have two different dismissal times, requiring two nearly identical runs.

***Recommendations:***

*The participating school districts should:*

1. Either create a formal joint powers authority or ensure that the high school district continues contracting with each school district to provide transportation services.

*The high school district should:*

2. Continue contracting with each school district to provide transportation service and ensure that each contract includes language detailing the mutually agreed-upon cost formula.



## *Cost Distribution and Accounting*

The Lassen Union High School District provides participating school districts with a cost formula to distribute the costs of the transportation cooperative; however, staff members could not recall or produce any document indicating how the formula was developed. Staff members indicated that there was a major change to the formula a few years ago but could not provide the exact date. Prior to the change, the cost of the driver for a specific route for a district was assigned directly to that district. After the change, the driver costs were combined and the average cost divided among the participating districts. This effectively changed the formula from a direct cost model to an insurance model in which all participants share costs equally; a district with high costs had those costs mitigated by a district or districts with lower costs.

### *Cost Distribution Formula*

The cooperative's current cost allocation formula multiplies the prior year mileage by the prior year average cost per mile for each district to create an estimated cost at the beginning of each school year. In addition, each district is assessed \$0.15 per mile for a bus replacement fund.

Field trips and athletic trips are not included in the above formula but are billed separately at a rate of \$2.25 per mile plus the actual cost for the driver. Some school districts' per-mile cost is reduced by \$0.25 if they purchase their own fuel.

At the end of the school year, the actual costs are compared to the estimated costs and an adjustment is made. It is difficult for members to respond to changes during the year because all costs are not known until the end of the school year.

Early in the 2008-09 fiscal year, a mid-year adjustment was made based on a projection that costs would exceed the estimate. This was based on an employee salary adjustment and increases in other costs, including fuel. Participating districts were asked not to pay the amount until the end-of-year analysis and adjustment could be made, though one district did pay prior to that. At the end of the year, it was determined that the estimated assessment would be sufficient to cover costs and all of the participants would receive a refund.

The transportation department collects data to help produce the cost allocation formula. Drivers submit daily mileage reports and conduct student counts periodically. Drivers also record all of their own time, including time spent performing non-driving duties such as fueling and washing buses. Field trip data is recorded separately. All of the data is collected and sent to the Lassen Union High School District's business services department, which invoices member districts for field trips and transfers the high school district's costs to members accounts. A significant amount of time is spent collecting data and developing spreadsheets to create the formula; however, not all of the costs are captured in the formula.

For example, not all facility costs are shared in the formula. The high school district purchased the land and constructed the transportation facility without contributions from

other districts. Participating districts do share operating costs, including utilities, but not capital costs such as mandated and potentially costly fuel leakage mitigation and the costs for storm water and wastewater regulatory compliance. In addition, as detailed in the Transportation Facility section of this report, the facility's proximity to the Susan River means that the high school district could incur a higher risk of hazardous materials entering the waterway.

Until the 2009-10 fiscal year, the cost allocation formula did not recognize or reimburse the high school district for the additional administrative expenses it incurs related to transportation services. Administrative, clerical and legal expenses will be recognized and reimbursed this year by charging each participating district a 9.5% indirect cost rate. Although some of the participating districts are concerned about this charge, it is based on recognized industry standard practices.

School districts participating in the cooperative arrangement share in paying insurance premiums according to their percentage; however, school bus accidents affect the experience rate and premiums for all of the high school district's operations, not just transportation. For any school district, school transportation may carry some of the greatest potential for risk and exposure to liability. Among all school employees, bus drivers typically have one of the highest incidences of industrial accidents, and such accidents negatively affect the district's rate and premium for all employees.

The cost allocation formula uses employee salaries and benefits but does not include health and welfare benefits until the final adjustment is made at the end of the school year. This could account for a cost spike that participating districts see at the end of each fiscal year. The formula used for school bus drivers' salaries when billing for field trips does not include health and welfare benefits. These costs need to be included.

The \$2.25 per mile rate for field trips was created several years ago and set at approximately half the per-mile cost used in the cost allocation formula, thus it is not based on actual operating costs. Although the actual driver salary cost is also billed for field trips, as noted above it does not include health and welfare benefits. This yields less revenue than the normal bus route rate of \$5.15 per mile and could indicate that the billing for field trips and athletic trips is not covering the actual costs.

### ***Accounting***

A number of years ago, the Lassen Union High School District began accounting for the cooperative's costs under the 0500 program code. Regular home-to-school transportation expenses are normally accounted for in the 7230 program code. District staff indicated that the district was trying to separate the costs of the cooperative from its own costs. This became quite cumbersome and recently has been a source of confusion and questioning. For example, some revenue from the cooperative (0500) needs to be transferred to the high school district (7230) to mitigate the high school district's costs. Large transfers need to be made to the 7230 program so that they properly populate the Annual Report of Pupil Transportation (TRAN report). Although the attempt to separate costs was carried out with the best of intentions, it has created confusion.

It would benefit the district to report all transportation costs using the 7230 program code. Under this arrangement, the TRAN report for the high school district would include only the high school district's miles and students transported. All of the costs would be reported on the TRAN, but the revenue from the contracts with the participating districts would reduce the high school district's costs so that only the actual costs to the high school district are reported. This would make reporting simpler and more straightforward.

The charge of \$0.15 per mile for the bus replacement fund yields an annual total of approximately \$29,000 based on the reported mileage. This amount is not enough to pay for bus replacement; the cost of a single diesel coach is more than \$150,000. The current cost allocation formula also has a cost labeled "debt service" that is intended to pay for the remaining lease purchase payments that the \$0.15-per-mile charge cannot cover.

### *TRAN Data*

California school transportation has been underfunded for decades. Prior to 1977 the state fully reimbursed school districts for their reported transportation costs. From 1977 to 1982 the state slowly decreased the reimbursement, and in 1982-83 the state capped the reimbursement. Over the subsequent years, this allocation has received only occasional cost of living adjustments (COLAs). As a result, increases in school transportation costs have far outpaced revenues. The state currently funds a statewide average of 45% of the total reported school transportation costs; school districts must pay the balance from their general funds. In addition, for the 2009-10 school year, the state has further reduced this revenue by 19.84%.

Table 1 on the following page provides TRAN report data for 2007-08 and 2008-09 for the six districts that participate in the transportation cooperative.

**Table 1: 2007-08 and 2008-09 TRAN report data for participating districts**

	Fort Sage USD	Janesville UESD	Johnstonville ESD	Lassen UHSD	Shaffer UESD	Susanville ESD
<b>2007-08</b>						
Revenue	\$129,397	\$84,609	\$25,385	\$187,326	\$136,391	\$118,031
Approved Costs	\$169,213	\$137,968	\$47,136	\$326,887	\$174,717	\$150,144
Miles	34,220	26,777	9,807	51,499	36,038	30,839
# Pass	161	245	42	297	229	488
Cost per Mile	\$4.94	\$5.15	\$4.80	\$6.34	\$4.84	\$4.79
Cost per Student	\$1,051	\$563	\$1,122	\$1,100	\$762	\$303
% from General Fund Contributions	23.53%	38.67%	46.14%	42.69%	21.93%	21.38%
<b>2008-09</b>						
Revenues	\$129,397	\$84,609	\$25,385	\$187,326	\$136,391	\$118,031
Approved Costs	\$188,667	\$138,427	\$59,745	\$239,845	\$169,843	\$172,738
Miles	17,781	26,030	9,106	52,626	32,754	31,404
# Pass	96	233	67	239	196	408
Cost per Mile	\$10.61	\$5.31	\$6.56	\$4.02	\$5.18	\$5.41
Cost per Student	\$1,965	\$594	\$891	\$886	\$866	\$417
% From General Fund Contributions	31.41%	38.87%	57.51%	21.89%	19.69%	31.67%
<b>2009-10</b>						
Revenue (19.84% cut)	\$103,725	\$67,822	\$20,348	\$150,160	\$109,331	\$94,613

The data in Table 1 indicate that the participating districts' general fund contribution to transportation is low compared to the statewide average contribution of 55% of transportation costs. This is an indication either that the districts are operating an efficient transportation system, or that they had a relatively high state reimbursement amount when it was capped by the state. The cost per mile and cost per student are in line with industry standard averages for an operation of this size. High mileage routes and high student ridership usually significantly lower the per-student and per-mile costs.

**Recommendations**

*The high school district should:*

1. Report all transportation costs under the 7230 program code.
2. Ensure that future contracts with the other school districts are structured to include facility, insurance and workers compensation costs.
3. Ensure that future contracts with the other school districts include a more realistic bus replacement charge.
4. Revise rates for athletic and field trip transportation so that they more accurately reflect actual operating costs.

## *Buses, Other Vehicles and Equipment*

The high school district owns and holds title to all buses, automobiles and other equipment. Several participating school district administrators believed that the districts participating in the cooperative owned vehicles and equipment jointly. At cooperative meetings during the past few years, participants discussed and voted on purchasing vehicles, and participating districts contribute to a replacement fund as described above, so it is expected that the participating districts might assume that they had some claim to these assets. At the same time, the bus replacement fee that the high school district charges is equally understandable.

The high school district owns 28 buses. It operates 14 routes for all of the participating school districts, and has 14 spare buses. The bus fleet has an average age of 16.67 years and includes several buses that are quite old and could have been replaced many years ago using grant programs.

The high school district has more spare buses than are needed. However, it is not unusual for school districts to keep older buses and use them for the next bus replacement grant. Selling buses or declaring them as surplus wastes a valuable asset. If there is room to park spare older buses and wait for the next grant program, greater value can be realized because an old bus may sell for less than \$2,000, but a new grant will typically yield a bus that has a value of more than \$150,000. To qualify for grant programs, the older bus must be in continuous certification in accord with the California Highway Patrol Motor Carrier inspection program.

The high school district also has two Buick Century sedans, one pickup truck and two Ford Excursion SUVs, all of which are considered vehicles of the cooperative. Any participating district can reserve and use these vehicles at a charge of \$1 per mile. Although this practice has given districts access to smaller vehicles with lower passenger capacities, it exposes the high school district to significant risk and higher insurance premiums.

Students can be transported in a vehicle other than a school bus if the vehicle is designed for and carries no more than nine passengers and the driver. School buses are statistically the safest vehicles on the road. They must meet all federal motor vehicle safety standards and, and their drivers must receive training and certification. School bus drivers must be fingerprinted, participate in the DMV pull notice program, and are part of a drug and alcohol testing program. School bus maintenance standards are also strict, and the buses undergo annual CHP inspections. Other vehicles meet none of these standards and the drivers are usually not trained. The high school district is allowing use of these other vehicles without any detailed or specific contract, so when another district's employee is involved in a collision, the high school district's liability and insurance premiums will be affected.

FCMAT found that vehicles 112, 113 and 119 are listed on the transportation department's vehicle list but not on the high school district's self-insurance inventory list, so may be uninsured. The district will need to check to ensure that these vehicles are insured.

**Recommendations**

*The high school district should:*

1. Apply for grant programs to replace the oldest buses as they qualify.
2. Cease the practice of loaning non-bus vehicles to participating districts, and implement a user fee.
3. Provide defensive driver training for all non-bus drivers, and consider placing all non-bus drivers in the DMV pull-notice program and in a separate drug and alcohol testing program.
4. Ensure that all vehicles are insured.

## *Transportation Facility*

The high school district purchased and developed the property for the transportation facility, and some capital costs of the facility are not shared by the participating school districts. Although the district reported that the facility is in compliance with storm water monitoring and mitigation regulations, there is no containment system for bus washing or other industrial wastes. Waste drainage in the bus yard flows to two drains along the bank of the Susan River. Soap, grease, oil and fuel can all harm this sensitive ecosystem, and the district needs to ensure that it is in compliance with applicable regulations. Transportation facilities are required to mitigate leakage in underground fuel tanks, monitor and mitigate storm water drainage, and comply with storm water and industrial waste regulations.

The transportation facility has an above-ground, double-wall split fuel tank with a capacity of 1,000 gallons on each side. One side is filled with gasoline and is regularly used for the automobiles and other gasoline equipment. The other side was originally filled with heating oil for the shop heaters but has been filled with diesel since new natural gas-fired heaters were installed. The diesel has not been used to fuel vehicles, but could be a very convenient fueling source that would reduce driver fueling time and possibly the cost of fuel because of the ability to purchase in bulk.

All of the high school district's school buses operate on diesel fuel. Each bus is currently issued a card that can be used at the local cardlock fueling station in Susanville. Because the cardlock station is not manned, the cost of fuel from this source should be lower than from a manned station ; however, the fuel cost still includes the cost of the tanks, pumps and upkeep. In addition, drivers are paid to drive to the cardlock station and fuel their buses, and the buses incur additional miles and wear from these trips. It is likely that having diesel fuel delivered in bulk to the school district site would result in lower costs.

The district's diesel fuel tank has only a hand-pump to dispense the fuel. This would not be convenient for bus fueling, so would need to be replaced with an electric pump. The location of the fuel tank would also require a longer hose on the pump side to reach the fuel filler on each type of bus.

Diesel fuel for school bus use is exempt from federal and state excise taxes. The high school district is currently receiving this exemption because the local cardlock fueling station does not charge the tax.

### ***Recommendations***

*The high school district should:*

1. Ensure that the transportation facility is in compliance with all applicable storm water and industrial waste regulations.
2. Make the changes needed to fuel diesel buses at the high school district's transportation facility. Begin using this facility for bus fueling as soon as the changes are complete.



## Service

Interviews with key administrative staff in each of the participating school districts revealed a high level of satisfaction with transportation service. There is a high regard for the high school district's drivers and their dedicated service to each of the contracting districts' students; administrators indicated that drivers treat other district's students as they do their own high school district students. Drivers were often referred to as personal employees of the school district for which they were transporting students. Some drivers are employed as classroom aides in the contracting districts for which they provide transportation services.

In interviews, staff indicated that it is challenging when last minute decisions are made to cancel transportation in the afternoon because of possible severe weather. Drivers and staff understand that student safety is paramount in all such decisions; however, they feel that clearer, more concise and earlier notice should be given. Specifically, when a decision is made to cancel transportation, it would be better communicated by the high school district's transportation office to ensure that such messages are consistent and official. Education Code section 34501 allows driver-operators to make on-the-spot decisions about continuing transportation when vision is compromised because of weather or other factors; however, when the potential for inclement weather results in a decision to cancel all transportation services, this decision needs to be made by appropriate district officials.

## Recommendations

*The high school district should:*

1. Review its current board policy and administrative procedures regarding decisions to cancel transportation service, and the communication procedures to be followed during in case of inclement weather.

## *Vehicle Maintenance, Records and Parts Inventory*

The director of transportation oversees the district's vehicle maintenance program. The shop has one full-time mechanic and one full-time supervising mechanic. The shop is clean and orderly. All required Title 13 and CHP motor carrier reports and documents were well organized, up to date and easily accessible. All maintenance records are maintained manually; no computer program is used. This is sufficient for an operation of the high school district's size.

The district's two most recent terminal reviews by the CHP show that the district received a ranking of satisfactory, which is the highest ranking achievable. All 45-day/3,000 mile required safety checks are thoroughly documented and current. Both shop personnel are skilled and resourceful, possessing the knowledge and experience to address many of the more challenging types of shop work that are often contracted out in larger operations or in locations closer to metropolitan areas with easier access to specialized services.

A review of work orders performed and vehicle maintenance files showed that parts used for repairs or purchased for inventory stock could not be traced to a specific work order. A manual or electronic tracking system would be easy to implement and would allow for better accountability of all parts purchased and a more accurate calculation of actual vehicle operating expenses.

### *Recommendations*

*The high school district should:*

1. Implement a manual or computerized inventory control system to better track vehicle parts purchased, identify stock parts available and track parts used on each work order.

## ***Driver Training and Safety***

The high school district's driver training records are properly organized and retained, in accord with legal requirements and industry best practices. The driver training program indicates that there is an orientation and in-service at the beginning of the school year, and other classroom training is offered throughout the year. However, drivers could benefit from a variety of in-service offerings, including some that involve time behind the wheel. FCMAT could not find any indication that instructors or supervisors are riding along with drivers to evaluate their driving. Doing this at least once per year would be beneficial.

The transportation office area is often unlocked and unmanned. Sensitive driver training files and all other department files are unlocked and accessible. The office and file cabinets need to be locked.

### ***Recommendations***

*The high school district should:*

1. Ensure that instructors offer more behind-the-wheel training and at least one ride-along safety check per year.
2. Properly secure the transportation office and files.

## Routing

The district's 14 bus routes include the high school district's seven routes and another seven to serve the needs of the five participating contracted school districts. The high school district uses sound manual routing methods to ensure the best use of resources. This includes incorporating all but two of the contracting district's transportation needs into the seven routes for the high school district's own students. For example, the Susenville Elementary School District's transportation is successfully routed on the same seven buses used on the high school district's own seven routes by creating separate runs and in some cases combining elementary and high school students on the same run.

Distances traveled, and in some cases dual dismissal times, prevent the high school district's transportation program from achieving higher passenger counts on some routes. A single dismissal time for all students would allow for greater efficiency and might eliminate dual runs in the afternoon. The district encompasses a large and rural area with challenging winter weather. It is difficult to achieve high student load counts in this type of environment. School bus stops are positioned to eliminate long walking distances in most cases.

In the case of some contracting school districts, transportation services are not being implemented according to that district's board policy or administrative regulation. As a result, home-to-school transportation services not mandated by the state are being provided to more students than some districts have identified in their own transportation policies. In other cases, the contracting school district may not have adopted criteria for providing home-to-school transportation, but are simply basing current levels of service on historical practices.

The high school district also provides transportation services in some remote areas with few students, for whom the school bus may be the only transportation option.

The high school district and its five contracting school districts will need to review carefully the level of non-mandated regular education home-to-school transportation that they can provide. While some operating and labor costs can be reduced by curtailing routes to eliminate some school bus stops and reduce mileage, the district will achieve substantial savings only by fully eliminating routes and taking buses out of operation.

## Recommendations

*The high school district and the five contracting school districts should:*

1. Review dismissal times and evaluate the feasibility and transportation cost savings of implementing a single dismissal time for all grades.
2. Ensure that individual districts create clear eligibility guidelines for non-mandated home-to-school regular education transportation service. Consider allowing for some policy exceptions in case of hazardous situations.

3. Consider giving priority to transportation operations that serve the greatest number of students. Keep in mind that individual districts may have to reduce or eliminate transportation service to remote areas with few students, but that this should be a policy decision adopted by individual school boards.

## Staffing

The high school district's transportation department is staffed at a minimal level. The department is led by a full-time year-round director of transportation and has one 11-month per year, 8-hour per day driver trainer/dispatcher who is also a bus driver. In vehicle maintenance, there is one full-time year-round supervising mechanic and one full-time year-round mechanic, both of whom are also substitute school bus drivers. The department has 14 school bus route drivers and two permanent cover drivers, all of whom are guaranteed 2 hours of work per day. There is no bargaining unit contract that requires full-time employees; therefore, school bus driving staff work school bus routes and pre- and post-trip duties. Drivers can also work non-mandated activity trips or field trips and are paid additional time for mandated in-service training and for time spent on student conferences or discipline issues.

The district's director of transportation will retire soon. The district is considering not filling this position and instead creating an assistant supervisor position and giving the responsibility for transportation administration to the superintendent. Although the district's transportation program is relatively small, the superintendent could find it challenging to be without an on-site administrative level transportation manager who can address parent and community concerns and supervise administrative duties. However, FCMAT believes that the arrangement the district is considering could be feasible and that it would help reduce costs while retaining an experienced and resourceful workforce in these difficult economic times. If the district proceeds with this change in staffing and duties, it will need to have a plan that allows another individual to take on supervisory responsibilities when the assistant supervisor is absent.

Because the district is in a remote area without school bus driver instructors in neighboring communities, any change in staffing and duties will need to include a state-certified bus driver instructor. This does not need to be a staff or salaried position in itself, but someone on staff will need to be certified. It is not possible to operate an effective pupil transportation program without access to a certified school bus driver instructor.

## Recommendations

*The high school district should:*

1. If it proceeds with the proposed change in staffing and duties, the district should develop a plan for another individual or individuals to take over transportation department supervisory responsibilities when the assistant supervisor is absent.
2. When the economy improves and it becomes financially feasible, consider creating a supervisory position to oversee building and grounds maintenance, custodial services and transportation services, thus freeing the superintendent from these duties.
3. Ensure that at least one person on staff is a state-certified school bus driver instructor.

# Appendix A

## *Study Agreement*





# FCMAT

FISCAL CRISIS & MANAGEMENT  
ASSISTANCE TEAM

CSIS California School Information Services

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FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM  
STUDY AGREEMENT  
August 21, 2009

The FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT), hereinafter referred to as the Team, and the Lassen County Office of Education, hereinafter referred to as the COE, mutually agree as follows:

1. **BASIS OF AGREEMENT**

The Team provides a variety of services to school districts and county offices of education upon request. The COE has requested that the Team provide for the assignment of professionals to study specific aspects of the Lassen County Office of Education's operations. These professionals may include staff of the Team, County Offices of Education, the California State Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this Agreement.

2. **SCOPE OF THE WORK**

A. **Scope and Objectives of the Study**

1. **Transportation Review:**

- a) Conduct a comprehensive review of the Lassen Union High School District transportation department including but not limited to internal controls, operating revenues and expenditures, staffing and routing to identify any operational efficiencies that could be instituted and make recommendations for improvements.
- b) Evaluate the Lassen Union High School Co-Operative Transportation Program for all five participating schools in Lassen County. Due to State budget reductions for home-to-school transportation services, the co-operative program is now requiring all participating districts to pay an administrative fee for management costs and make advance payments on a monthly basis. The Team will review all aspects of the co-operative transportation program including but not limited to operating revenues and expenditures, budget planning and development, sources and uses of funds, operating improvements, capital outlay, interagency funds, payment processes, routing and scheduling, vehicle maintenance, on time performance and efficiency, equipment availability, ridership forecast by district, bus driver safety, communication plans to parents, transportation alternatives for all participating districts and make recommendations for cost savings, if any.

**B. Services and Products to be Provided**

- 1) Orientation Meeting - The Team will conduct an orientation session at the COE to brief COE management and supervisory personnel on the procedures of the Team and on the purpose and schedule of the study.
- 2) On-site Review - The Team will conduct an on-site review at the COE and Lassen Union High School offices and at school sites if necessary.
- 3) Exit Meeting - The Team will hold an exit meeting at the conclusion of the on-site review to inform the COE of significant findings and recommendations to that point.
- 4) Exit Letter - The Team will issue an exit letter approximately 10 days after the exit meeting detailing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.
- 5) Draft Reports - Sufficient copies of a preliminary draft report will be delivered to the COE administration for review and comment.
- 6) Final Report - Sufficient copies of the final study report will be delivered to the COE administration following completion of the review.
- 7) Follow-Up Support – Six months after the completion of the study, FCMAT will return to the COE, if requested, to confirm the COE progress in implementing the recommendations included in the report, at no cost. Status of the recommendations will be documented to the COE administration in a FCMAT Management Letter.

**3. PROJECT PERSONNEL**

The study team will be supervised by Anthony L. Bridges, Deputy Executive Officer Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

- A. Dr. William Gillaspie, FCMAT Chief Management Analyst
- B. Tim Purvis, FCMAT Transportation Consultant
- C. Michael Rea, FCMAT Transportation Consultant

Other equally qualified consultants will be substituted in the event one of the above noted individuals is unable to participate in the study.

**4. PROJECT COSTS**

The cost for studies requested pursuant to E.C. 42127.8(d) (1) shall be:

- A. \$500.00 per day for each Team Member while on site, conducting fieldwork at other locations, preparing and presenting reports, or participating in meetings.
- B. All out-of-pocket expenses, including travel, meals, lodging, etc. Based on the scope of work identified in section 2 A, estimated total cost is \$13,000. The COE will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon acceptance of the final report by the COE.
- C. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT services are payable to Kern County Superintendent of Schools-Administrative Agent.

**5. RESPONSIBILITIES OF THE COE**

- A. The COE will provide office and conference room space while on-site reviews are in progress.
- B. The COE will provide the following (if requested):
  - 1) A map of the local area
  - 2) Existing policies, regulations and prior reports addressing the study request
  - 3) Current organizational charts
  - 4) Current and four (4) prior year's audit reports
  - 5) Any documents requested on a supplemental listing
- C. The COE Administration will review a preliminary draft copy of the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the Team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with COE pupils. The COE shall take appropriate steps to comply with EC 45125.1(c).

6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for key study milestones:

Orientation:	September 21-23, 2009
Staff Interviews:	September 21-23, 2009
Exit Interviews:	September 23, 2009
Preliminary Report Submitted:	to be determined
Final Report Submitted:	to be determined
Board Presentation:	to be determined
Follow-Up Support:	If requested

7. **CONTACT PERSON**

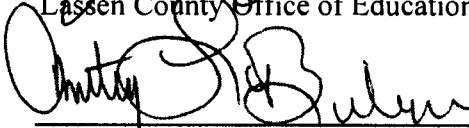
Please print name of contact person: Jud B. Jensen, Superintendent

Telephone 530-257-2196 FAX 530-257-2518

Internet Address jjensen@lassencoe.org

  
Jud B. Jensen, County Superintendent  
Lassen County Office of Education

8/21/09  
Date



Anthony Bridges, Deputy Executive Officer  
Fiscal Crisis and Management Assistance Team

August 21, 2009  
Date