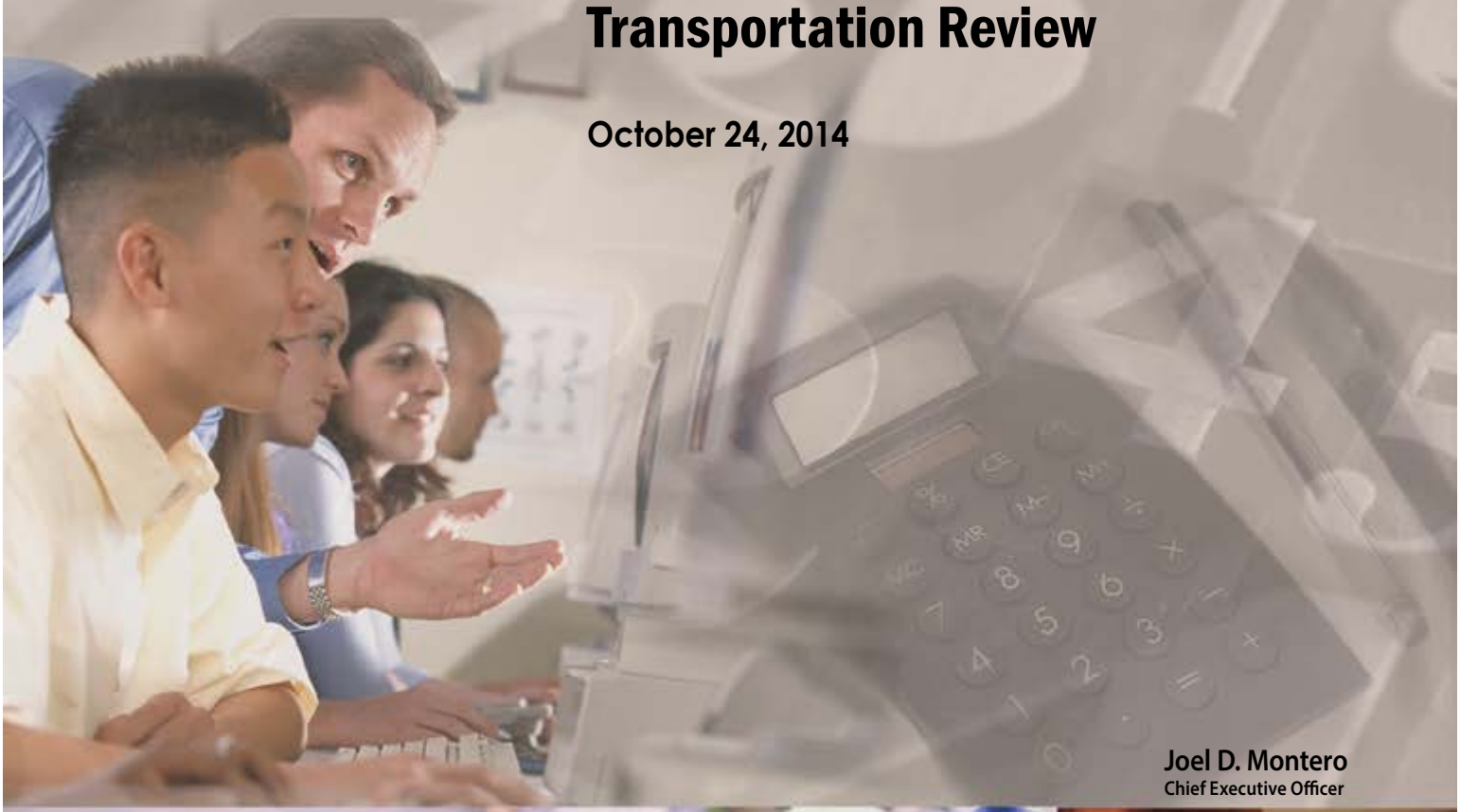
FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

Stockton Unified School District

Transportation Review

October 24, 2014



Joel D. Montero
Chief Executive Officer

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CSIS California School Information Services

October 24, 2014

Julie Penn, Interim Superintendent
Stockton Unified School District
701 N. Madison
Stockton, CA 95202

Dear Interim Superintendent Penn,

In March 2014, the Stockton Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement to provide a review of the district's transportation program and services. Specifically, the agreement states that FCMAT will perform the following:

1. Make recommendations on appropriate staffing levels and the organizational structure of the Transportation Department based on best practices for departmental operations of similar size and structure. This includes the following:

   a) A personnel summary by district position

   b) A review of job descriptions

   c) A review of customer service records or logs

   d) A review of support training by position

2. Review the operations of transportation services, including operations, routing, and scheduling, and make recommendations to improve the operational efficiency of home-to-school-and special education transportation. The FCMAT study team will review the following:

   a. Student demographic data

   b. Average weekly ridership by site, resource and district and forecast summary

   c. Routing methods, including the use of automated software

   d. The number of routes, including board polices on walking distances

   e. An on-time performance and efficiency review

   f. Vehicle maintenance and inspection reports

   g. Loading and student counts

h. A school bus inventory, school bus replacement schedule and equipment availability

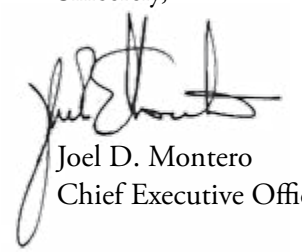
i. Field trips

j. Customer service or complaint logs

k. A review of the IEP process for student transportation

This final report contains the study team's findings and recommendations in the above areas of review. FCMAT appreciates the opportunity to serve the Stockton Unified School District and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,



Joel D. Montero
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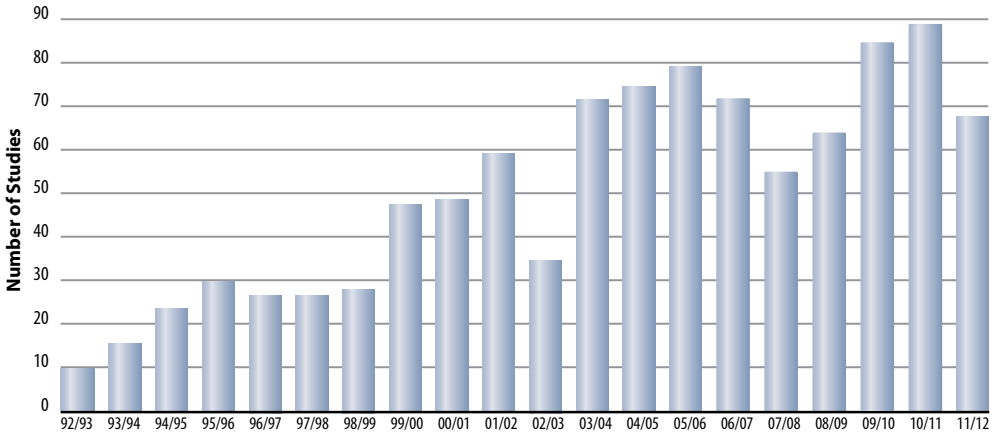
About FCMAT

FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices and efficient operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and share information.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the local education agency to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

Studies by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help local educational agencies operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) arm of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS) and also maintains DataGate, the FCMAT/CSIS software LEAs use for CSIS services. FCMAT was created by Assembly Bill 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. Assembly Bill 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. Assembly Bill 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

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 more than 1,000 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by 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.

Introduction

Background

The Stockton Unified School District is composed of 42 schools including 38 K-8 elementary schools and four comprehensive high schools. The district also has five specialty schools and has authorized seven charter schools. According to the district's 2014 data, its total enrollment is approximately 36,382 students according to the 2013-14 California Basic Educational Data System (CBEDS).

The district is in San Joaquin County in central California, along Interstate 5 and Highway 99, approximately 55 miles south of Sacramento. The district encompasses approximately 56 square miles and serves both suburban and urban areas, including most of the city of Stockton and some unincorporated areas in the communities of Manteca and Linden.

The district has a comprehensive internal transportation program that provides home-to-school transportation for general education and special education students, transport for extracurricular and co-curricular activities, and a large vehicle maintenance program. The district also contracts for additional special education transportation from an outside private vendor, Storer Transportation, which is based in Modesto and has a local office in Stockton.

As of the close of the 2013-14 school year, the district's transportation program was operating 59 daily school bus routes; these included 18 home-to-school routes for approximately 1,483 general education students, and 41 special education routes serving approximately 632 special education students. In addition, Storer Transportation operated 37 special education routes transporting approximately 511 students. During the 2013-14 school year the district scheduled approximately 986 extracurricular and co-curricular field trips, using district buses and drivers for nearly 85% of these trips.

Study and Report Guidelines

FCMAT visited the district on June 17-20, 2014 to conduct interviews with district staff, collect data, review documents and inspect facilities. This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Routing Methodology
- Transportation Department Staffing
- Safety and Training
- Vehicle Maintenance
- Transportation Facility
- Contract with Storer Transportation
- Potential to Operate Current Storer Transportation Routes
- Appendices

In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

Study Team

The study team was composed of the following members:

Eric D. Smith
FCMAT Fiscal Intervention Specialist
Bakersfield, CA

Tim Purvis *
Director of Transportation
Poway Unified School District
Poway, CA

Michael Rea*
Executive Director
West County Transportation Agency
Santa Rosa, CA

Larry Laxson
Transportation Director (retired)
Cajon Valley Elementary School District
El Cajon, CA

John Lotze
FCMAT Technical Writer
Bakersfield, CA

*As members of this study team, these consultants were not representing their respective employers but were working solely as independent contractors for FCMAT. Each team member reviewed the draft report to confirm accuracy and achieve consensus on the final recommendations.

Executive Summary

Routing Methodology

The district operated 59 school bus routes and contracted for an additional 37 special education routes during the 2013-14 school year. Eighteen of the district's routes serve general education students, and 41 of its routes serve special education students. In all cases, the district's bus routes transport a significantly higher average number of students per bus than is the case in districts recently reviewed by FCMAT. The district's external transportation contractor's routes serve special education students and also have a higher average number of students per bus than FCMAT has seen in recent reviews, though slightly less than district-operated routes.

District data identifying the number of special education students varies from 3,750 to 4,000 students. The district should assess its special education student data to ensure the accuracy of student identification.

The district is identifying approximately 30% of its special education students as requiring transportation, which is more than double the rate in other districts recently reviewed by FCMAT. The district may be operating approximately 20 more school buses than it would if it had a significantly lower identification rate for special education transportation. This suggests a liberal approach to identification by the district's Individualized Education Program (IEP) teams. The district should implement transportation guidelines and guiding questions for IEP team assessments, as well as staff training specific to transportation support.

Transportation Department Staffing

Transportation staffing is slightly lower than normal in most areas; staffing in vehicle maintenance and safety and training is marginally insufficient.

If the district significantly increases the number of school bus routes and drivers, a fourth transportation technician or dedicated transportation router position would help meet the added demand. If the district increases its routing to 90 or more daily routes, it would be also be prudent to consider adding a third transportation operations supervisor position.

Because of the size of its transportation program, it would benefit the district to have one more state-certified school bus driver instructor position.

The district's vehicle maintenance staffing is low. The district should assess workload and staffing to determine if additional staff are needed.

The transportation program has unusually high driver absenteeism, which is affecting operations. The district should investigate the high absenteeism rate to determine if there are deficiencies in its personnel procedures and/or staff attendance policies.

Safety and Training

The district has one state-certified school bus driver instructor position for 115 permanent and substitute school bus drivers, and eight maintenance staff who have California Commercial Class B licenses. This is a large number of commercial and school bus drivers for one permanent state-certified school bus driver instructor. The current driver instructor works overtime to meet the demands of the district's training program.

There was no evidence that the district met education code requirements for its annual evacuation drills and school bus safety education. The district must ensure that it meets the education code requirement by performing both evacuation drills of students from school buses and school bus safety education presentations at least once each school year.

Vehicle Maintenance

The district has a large and comprehensive vehicle maintenance program for its fleet of approximately 327 total vehicles and other items of equipment. Although the district has significantly modernized its school bus fleet, the average model year of the fleet is 2007. The district does not have a documented plan for fleet vehicle replacement. The district should develop such a plan.

The district has an industry-standard vehicle maintenance software program, but it is not fully used. Shop work orders and vehicle inspection reports are generated manually. The district is not adequately tracking vehicle parts or labor hours for repairs, so it lacks an accurate accounting of vehicle repairs and operating cost per mile.

All personnel have access to the parts storage area, and the district has no electronic or manual practice for tracking inventory parts and supplies. The district should assess and identify inventory, reduce levels to the volume needed, eliminate unneeded parts and supplies, and implement procedures for retrieving parts and supplies and tracking their use.

With the exception of the 45-day/3,000 mile school bus safety check required by Title 13 of the California Code of Regulations, there is no evidence that the district has a preventive maintenance program for its fleet. The district should immediately create and implement a preventive maintenance program that uses its vehicle maintenance software to track and account for maintenance.

Required school bus safety inspections are tracked manually by time interval using an Excel spreadsheet. Because the district's school buses seldom exceed 3,000 miles in a 45-day period, this usually meets the California Highway Patrol (CHP) Motor Carrier requirement. However, the district exceeded the prescribed intervals for school bus vehicle maintenance on two occasions, so it needs to monitor required safety inspections by both number of days and number of miles.

The ability of maintenance staff to diagnose vehicle issues is limited because they lack both the software needed for many of the newer engines in their fleet and training in diagnostics. The district should purchase diagnostic tools for newer vehicles and provide training.

Transportation Facility

The district's transportation facility and fleet parking are located on the same property as other district support facilities. The property is large enough; however, the buildings are old, the vehicle maintenance shop is in three different areas and has insufficient space and lacks well-equipped bays, and the administrative offices are too small for expansion. The fleet parking area is nearing capacity, but reconfiguring it may create more space.

The district lacks a long-range master plan to better organize and modernize its transportation facility. The vehicle maintenance areas, administrative offices and drivers' lounge are most in need of modernization.

Contract with Storer Transportation

Approximately two years ago, the district entered into a contract with Storer Transportation of Modesto, California to provide special education transportation. The district can assume oper-

ation of five or fewer of Storer's routes with 30 days' notice, or six or more routes with 60 days' notice.

The contract with Storer Transportation allows liquidated damages for late service or nonprovision of service, FCMAT found no evidence that the district has ever charged the contractor for these items. The contract requires Storer Transportation to perform routing and provide the district with a route map, but the district indicated that it has not received copies of routes from Storer. The contract also allows the district to establish the routes and make changes as needed. Storer Transportation should provide detailed route sheets to the district upon request.

If the district continues to contract for some special education transportation, it would be best to ensure that future contracts give the district full responsibility for all bus routing. Contracts with a per-bus, per-hour pricing arrangement provide no incentive for the contractor to maximize efficiency.

The contract with Storer Transportation requires Storer to submit information and reports, and establish a legal fleet of school buses and a certain number of spare buses. It also gives the district the right to receive drivers' DMV records and other items. FCMAT found no evidence that the district is monitoring Storer Transportation's adherence to these requirements.

There is no provision in the contract for Storer Transportation to provide communication between buses and its offices, or for the district to monitor that communication. The district may wish to also consider requiring global positioning system (GPS) units or video monitoring on buses operated by transportation contractors in the future.

Potential to Operate Current Storer Transportation Routes

The 2013-14 fiscal year was the final year of the district's contract with Storer Transportation. The district had until August 6, 2014 to renew the contract for the 2014-15 fiscal year.

In 2013-14, Storer Transportation operated 37 routes that transported approximately 511 students. As with any special education transportation service, the number of students fluctuates frequently.

FCMAT's analysis indicates an annual estimated cost of $3,302,965.36 (in 2013-14 dollars) for the district to operate the special education transportation now provided by Storer Transportation. This is approximately $128,615 more than the current contract. Thus, based on cost alone, it does not appear advantageous for the district to operate this service. However, the added cost is relatively small and it may benefit the district in other ways to take responsibility for all of its transportation.

FCMAT's analysis did not include any consolidation of routes or reductions in bus aides. These are both likely but would require a full routing analysis. Consolidating just two bus routes would save enough to change the above cost analysis in the district's favor. Reducing the number of special education students identified for transportation would also help decrease routes and costs.

If the district chooses not to operate the routes currently operated by Storer Transportation, it will need to determine what should be done with the 31 buses it purchased. Before making any decision, however, the district should consult legal counsel and an individual with financial expertise to ensure that its action will not have unintended negative effects.

In recent years, the district took over some special education routes from its contractors. This may have slightly increased the district's costs over time. The district may find it beneficial to evaluate these actions.

Moving all special education transportation to either a contract arrangement or to district-provided service includes considerations related to classified employees. The law does not prohibit contracting, but requires a district that moves duties from its classified staff to a contracted provider to prove that this saves money. This statute may make it difficult for the district to move more of its transportation to a contractor. In the same fashion, if the district chooses to take over the work currently performed by Storer Transportation, it may be difficult for the district to move that work back to a contractor in the future.

Findings and Recommendations

Routing Methodology

Documents from 2013-14 supplied by the district's transportation program indicate that the district operated 59 school bus routes, and that it contracted with Storer Transportation for an additional 37 special education routes during 2013-14. The district operated 18 home-to-school bus routes, serving approximately 1,483 general education students, for an average of 82.39 students per bus. This is significantly higher than the average of 67 students per bus in districts most recently reviewed by FCMAT.

The district also operates 41 special education routes for severely disabled/orthopedically impaired (SD/OI) students. These bus routes transport approximately 632 students and thus average 15.4 students per bus, which is significantly more than the average of 10 students per bus in districts recently reviewed by FCMAT. The map in Appendix A uses colored pushpin symbols to identify the district's special education students receiving transportation: blue push-pins represent students transported on district buses, and yellow pushpins represent students being transported for the district by Storer Transportation. The map shows that the district's and Storer's special education bus routes are geographically commingled, with buses from both entities covering the district's entire geographic area.

The district uses industry-standard routing software, VersaTrans, to help design its routes and optimize its use of resources. Based on the ridership load ratios identified above, the district's transportation staff are doing an effective job of optimizing bus routes to transport students most efficiently.

Storer transports 511 of the district's special education students on its 37 routes, for an average load of 13.8 students per bus, which is also more than the average observed in FCMAT's recent reviews and slightly less than the district-operated average of 15.4 students per bus.

The district's California Special Education Management Information System (CASEMIS) data is inconsistent. District documentation identifying the number of special education students varies from 3,750 to 4,000 students. An audit of both the district's and Storer's transportation routing indicates that the district is transporting approximately 1,143 students who have Individualized Education Programs (IEPs) identifying transportation as a related service. However, data from the district's special education program suggests that approximately 1,037 students are identified as requiring transportation as a related service. This is a difference of approximately 106 students.

Based on the district's current student enrollment of approximately 36,382, the district is identifying approximately 11% of its students as needing special education services. This is slightly higher than the state average. However, the district is identifying approximately 1,143, or approximately 30%, of these special education students as requiring transportation, which is more than double the rate in other districts most recently reviewed by FCMAT. A high rate of identification of special education students as requiring transportation as a related service suggests a liberal approach to identification by the district's IEP team.

The high rate of identification results in the use of additional transportation resources. The district needs to aggressively review its internal identification process by fully implementing both the decision tree (transportation guiding questions for the IEP team) and the special education transportation guidelines shared with FCMAT during fieldwork.

Staff indicated that implementing transportation guidelines and guiding questions for the IEP assessment team was being finalized and would be introduced in the coming school year. A decision tree for identifying transportation as a reasonable related support service to be provided in the least restrictive manner, and training for IEP assessment staff, are core to ensuring a free and appropriate public education (F.A.P.E.) in the least restrictive environment. Reducing the district's identification rate and ensuring ongoing assessment will help significantly reduce special education transportation expenses. It would benefit the district to implement the transportation guidelines and guiding questions for IEP team assessments along with staff training specific to transportation support. In addition, the district will need to assess its special education student data to ensure the accuracy of student identification.

Based on the number of special education students receiving IEP-directed transportation support, the district may be operating approximately 20 more school buses than it would if it had a significantly lower identification rate for special education transportation. With the annual cost for a bus and labor averaging approximately $60,000, the potential annual savings of a lower identification rate may be $1.2 million. It would benefit the district to critically examine both the percentage of special education students being identified as requiring transportation service, and the costs for this added service.

District data for the 2013-14 school year indicates that the district's transportation program coordinates and schedules approximately 986 trips for extracurricular and co-curricular activities annually. The district's transportation staff schedule approximately 838 of these trips, or approximately 85%, on district buses. The district contracts with charter buses for approximately 148, or approximately 15%, of these trips. The district's transportation program staff are successfully using the district's own buses for as many trips as possible without interfering with the primary mission of providing home-to-school and special education transportation.

Recommendations

The district should:

1. Implement the transportation guidelines and guiding questions for IEP team assessments, as well as staff training specific to transportation support.
2. Assess its special education student data to ensure the accuracy of student identification.
3. Critically examine its total identification rate of special education students as requiring transportation services to determine if it is overidentifying transportation as a related support and to identify the additional transportation expense that it may be incurring for this.

Transportation Department Staffing

The district's transportation program staffing is slightly lower than average compared to similarly sized programs in most areas, and staffing is marginally insufficient in the areas of vehicle maintenance and safety and training. The district's transportation program is a stand-alone department within the district's business services division. This arrangement is appropriate because of the transportation program's size and is common in FCMAT's experience.

As indicated earlier, the district has a large and comprehensive transportation program. The district operates 59 daily school bus routes during the traditional school year. Eighteen school bus routes provide home-to-school transportation for approximately 1,438 general education students, and 41 of the district's own daily routes and 37 daily routes operated by Storer Transportation serve approximately 632 and 511 special education students, respectively.

The district employs approximately 67 school bus drivers, including four bus attendants (called riders) and two drivers similar to permanent substitutes (called rovers). In addition, the district has approximately 35 nonpermanent substitute school bus drivers.

A director of transportation administers the transportation program; this position is vacant and the district is recruiting to fill it and operating with an interim director in the meantime. The transportation department has three supervisors, two of whom work in operations. Although both operations supervisors share in all duties, one supervisor usually concentrates on oversight of home-to-school scheduling and extracurricular and co-curricular field trips and oversight, and the other supervisor usually focuses on special education routing and coordinating the services of Storer Transportation. The third supervisor oversees vehicle maintenance.

The district employs three transportation technicians. These positions coordinate bus routing and field trips, and help open the program early each day and ensure route coverage. Although all three technician positions have the same job description and similar duties, each has specific assignments, and their shifts are designed to ensure coverage from 5 a.m. to 5:30 p.m. daily. The transportation department also has one accounting assistant II who helps complete payroll, processes all purchase orders, and is the sole support for entering a high volume of vehicle maintenance work orders into the vehicle maintenance system. The department also has one administrative assistant to the director, who supports the director and office personnel.

The district employs only one state-certified school bus driver instructor, and the individual in this position had submitted their resignation at the time of FCMAT's fieldwork and was to leave the district within the week. The district was identifying an internal candidate to be sent to the California Department of Education School Pupil Section for training and certification as a state-certified school bus driver instructor.

A comparison of the district's staffing with that of other districts operating 40 to 90 bus routes indicates that having two operations supervisors and three transportation technicians or schedulers is sufficient for the operation's size. However, if the district significantly expands the number of daily school bus routes and drivers, a fourth transportation technician or dedicated transportation router position would help meet the added scheduling demand. If the district expanded its routing to 90 or more daily bus routes, it would be prudent to consider adding a third transportation operations supervisor position.

Based on the size of its transportation program, it would benefit the district to have one more state-certified school bus driver instructor position. The added instructor could have an assignment that includes both driving and instructing; however, the size of the transportation program

easily merits an additional dedicated instructor position. Most pupil transportation programs reviewed by FCMAT that have more than 50 bus routes and more than 75 certified school bus drivers and commercial drivers also have two permanent state-certified school bus driver instructors.

The district's vehicle maintenance staffing is low. Based on the district's vehicles' need for immediate attention noted later in this report, it would benefit the district to assess the workload of vehicle maintenance staff to ensure that it is using staff effectively and efficiently. In addition, an examination of its shop staffing ratio would help the district determine if additional shop staff may be warranted to improve preventive maintenance. In FCMAT's experience, districts with adequate maintenance staffing commonly have one maintenance employee for every 20 to 25 district vehicles of all types.

The district's transportation program has unusually high driver absenteeism, which is affecting operations. Attendance records for the 24-school-day period of May 1 through June 5, 2014 indicate approximately 342 reports of absence by drivers. Based on the district's current staffing of 67 drivers to operate 59 daily school bus routes, this is equal to approximately 14 absences daily, or an absentee rate of approximately 21%. Nearly one quarter of the district's driving staff reported absent during the 24-day period reviewed. The district's staffing is sufficient to carry out its plan to provide special education transportation for its 2014 extended school year (ESY). However, the district had to return six of its 34 ESY routes to Storer Transportation, because of driver absenteeism, drivers relinquishing their summer route contract commitments, and an inability to secure a sufficient number of bus attendants. It would benefit the district to investigate this high absenteeism ratio to determine if there are deficiencies in district personnel procedures and/or staff attendance policies.

Recommendations

The district should:

1. If it significantly increases the number of daily school bus routes and drivers to meet added demand, consider increasing staffing by one transportation technician position, or creating a transportation router position.
2. If it expands its operations to 90 or more daily school bus routes, consider creating a third operations supervisor position.
3. Assess the benefits of creating a second state-certified school bus driver instructor position.
4. Examine its shop staffing to determine if additional shop staff may be warranted.
5. Investigate the transportation program's high absentee rate to determine if there may be deficiencies in district personnel procedures and/or staff attendance policies.

Safety and Training

At the time of FCMAT's fieldwork, the district was prepared to immediately begin recruiting for a full-time state-certified school bus driver instructor to replace the individual in this position who had recently announced their resignation.

The district employs approximately 115 permanent and substitute school bus drivers (this number includes staff who are certified bus drivers and receive training but whose primary job function is something other than driving). In addition, the district requires its eight vehicle maintenance staff to possess California commercial driver's licenses to operate the district's commercial vehicles for repairs, road call needs, and test driving. In addition to the district's 67 permanent school bus drivers, the district recently increased its substitute school bus drivers by 35 individuals to address severe absenteeism and in preparation for the possibility of providing the transportation now provided by Storer Transportation. Even without the additional 35 substitute drivers on staff, the 80 school bus drivers and commercial driver's license (CDL) drivers the district has is a large number for one permanent state-certified school bus driver instructor. The instructor is responsible for required ongoing renewal and in-service training as well as required medical, licensing and in-service records. The district's current state-certified school bus driver instructor devotes a substantial amount of time, including overtime, to meet the demands of the district's training program.

The district's safety and training program appears well organized and efficient, with a high level of original, renewal, and regular ongoing in-service opportunities for district staff. The district provides a high level of school bus driver and CDL driver training, exceeding what is mandated. The number of school bus accidents is low, indicating an effective school bus driver training program.

School transportation providers are required to have a copy of each driver's Department of Motor Vehicles (DMV) driving record and to keep the most recent annual record on file. This is known as the pull notice. In addition, certified school bus drivers must receive a minimum of 10 hours of in-service during each year of certificate validity; training must be current within each training period, and the driver must sign a form validating that in-service training was received. FCMAT verified that the district's school bus driver and CDL driver records accurately include the necessary annual in-service training, certificate validity, DMV pull notice, and state certificate of training (known as a T-01 card). The district's driver files are well organized, and driver certificates, CDL medical examinations and first aid training are efficiently monitored using electronic spreadsheets.

There was no evidence that the district met the requirements of Education Code 39831.5 for its annual evacuation drills and school bus safety education. Because of the aggressive expansion of recruitment and training of new bus driver candidates in preparation for the possibility of providing the services now provided by Storer Transportation, the evacuation schedule was postponed through the 2013-14 school year. As a result, the evacuation drill and school bus safety education requirement was not met. The district must ensure that it meets the education code requirement by performing both evacuation drills of students from school buses and school bus safety education presentations at least once each school year.

The district's school bus driver instructor oversees the annual notification and scheduling of pre-employment and random drug and alcohol testing, in compliance with legal requirements (Vehicle Code Section 34520.3 and Title 49 Code of Federal Regulations Part 382).

As indicated earlier, driver absenteeism is high. As a result, the school bus driver instructor and other qualified operations support staff occasionally drive bus routes. It is generally believed that driver absenteeism has worsened in the past year.

Recommendation

The district should:

1. Ensure that it meets the education code requirement to perform both evacuation drills of students from school buses and school bus safety education presentations at least once each school year.

Vehicle Maintenance

The district has a large, comprehensive vehicle maintenance program for its fleet of approximately 327 total vehicles and other items of equipment such as utility trailers, forklifts, custodial carts and turf mowers. The district's fleet is composed of the following types of vehicles and equipment:

- 132 school buses
  - 86 small school buses (usually special education buses)
  - 46 large school buses
- 195 support vehicles (includes various site support, utility trailers and turf equipment)

Although the district has significantly modernized its school bus fleet, the average model year of the fleet is 2007; this includes the recent lease-purchase of 31 special education school buses, without which the average model year of the fleet would be 2005. The average model year of the district's non-school-bus fleet is 2000. There is no evidence of a district vehicle replacement schedule or plan for modernizing the fleet. District general fund dollars are used to supplement state and federal grant funding for vehicle replacement, and funding for alternative fuel vehicle purchases all of which are regularly available. The district has an industry-standard vehicle maintenance software program, Trapeze, and has a Global Positioning System (GPS) and electronic daily pre-trip system, Zonar. However, there is minimal use of Zonar. The district is not generating electronic work orders, or using electronic vehicle pre-trip inspections or daily electronic repair requests from drivers to help generate work orders. The software allows for paperless driver pre-trip inspections and electronic transmittal of the pre-trip and any noted defects.

Currently, vehicle operators' requests for repair are generated manually on a paper vehicle repair request form. This form has fields for a description of the work needed, remarks, repairs completed by either a district mechanic or outside vendor, noted related invoices for parts or outside repairs, and labor hours committed to the repair. This form is also used when staff perform a school bus safety check required by Title 13 of the California Code of Regulations, or a scheduled preventive maintenance check. The vehicle maintenance supervisor delivers manually-generated requests by hand to the accounting assistant II in the transportation operations office for manual input into the software system.

A review of a sampling of district vehicle repair orders indicates a lack of regular and accurate identification of labor hours and of parts and supplies in inventory. Because the district is not accurately capturing its complete parts and labor expenses, it cannot accurately calculate the costs for each vehicle or an accurate cost per mile of operation.

Vehicle parts and inventory are not efficiently tracked. The district lacks internal inventory control measures to identify the most commonly used parts and supplies based on work orders or a preventive maintenance schedule. All shop personnel have access to the parts storage area; there is no identified procedure for staff to electronically or manually document supplies retrieved by staff.

The district's vehicle maintenance software has an electronic inventory tracking module for both shelf inventory amounts and usage; however, the module is not being used. The inventory storage area is not secured and lacks organization, making it cumbersome to quickly identify parts needed. There are many parts for vehicles the district no longer owns or operates. The lack of organization can result in parts being ordered that the district may already have in inventory

but that are not easily located. The district needs to assess and identify current inventory, reduce levels to the volume needed for its fleet, and eliminate parts and supplies that are no longer needed. Organizing the storage area would help accomplish this, as would securing the area and implementing procedures for staff to retrieve parts and supplies, including identifying items pulled and the work order and vehicle for which they are used.

With the exception of the 45-day/3,000 mile school bus safety check required by Title 13 of the California Code of Regulations, there is no evidence that the district has a preventive maintenance program for its fleet. An efficient, robust preventive maintenance schedule would include oil, lube and safety inspections of all district vehicles at set mileage intervals. In addition, a strong vehicle maintenance program would identify industry-standard A, B, C and possibly D checks. Often, the A check would be the routine oil, lube and safety inspection with the B, C and possibly D checks occurring at higher mileage intervals and including inspection of major vehicle components including cooling system, differential, transmission, exhaust and electronic controls.

A review of the district's vehicle maintenance documents indicates that preventive maintenance schedules exist; however, there is little documentation to indicate that the scheduled preventive maintenance is being carried out except in the case of school buses. Several vehicle files reviewed noted that the most recent oil, lube and inspection was in 2008, and many other files indicated that it had been from one to three years since the last service was performed. To identify district support vehicles for service, district staff place a service interval sticker in the vehicle and expect the vehicle operators to monitor the sticker and communicate with the vehicle maintenance staff for service when it is needed. Vehicle repair documents indicate that the repair routine for a non-bus vehicle is generated when the vehicle operator brings their assigned vehicle to the shop for repair or general service. The model for repairs appears to be that when a vehicle fails, shop staff perform the repair or arrange for the vehicle to be sent to an outside vendor for repair. The district's system for identifying and scheduling vehicle service is failing because a functional and dependable preventive maintenance program for non-school-bus fleet vehicles does not exist. The district needs to immediately create and implement a preventive maintenance program that uses its vehicle maintenance software to identify progressive maintenance schedules and that tracks mileage intervals; the latter could be accomplished through the district's electronic fuel management system.

The California Highway Patrol's (CHP's) Motor Carrier Safety Division inspects buses, school bus maintenance records, driver records and federal drug and alcohol testing records, and provides an annual report commonly referred to as the Terminal Grade. The district received a grade of satisfactory after its last annual inspection; this is the highest possible grade and indicates compliance with laws and regulations. Previously, the district had received specific notations from the CHP identifying areas for improvement; it appears that the district has addressed the areas noted to the inspector's satisfaction. This does not necessarily mean that the district's students were at risk during that time; if the CHP had any such concern, it would place vehicles out of service or force the closure of the operation.

The school bus safety inspections mandated by Title 13 of the California Code of Regulations are being tracked manually using an Excel spreadsheet. Because the district's school buses seldom exceed 3,000 miles in a 45-day period, a manual monitoring system for these inspections based on a 35- to 42-day interval usually meets the CHP Motor Carrier requirement. However, FCMAT's random review of vehicle files revealed that the district did exceed the prescribed intervals for school bus vehicle maintenance on two occasions. FCMAT is not aware of whether the CHP made a similar determination. The district needs to monitor the required school bus safety

inspections by both number of days and number of miles to ensure that inspections occur within 45 days or 3,000 miles, whichever comes first.

The district's vehicle maintenance staff are limited in their ability to effectively diagnose vehicle issues because they lack the software needed for many of the newer engines in their fleet. The district also lacks specific on-site shop staff training in various vehicle diagnostics and components. The district will need to purchase diagnostic software and hardware to support newer vehicles, and regularly schedule various on-site training programs. Local vehicle vendors and parts suppliers will often provide this type of training on site. Diagnostic software will not reduce the need for adequate staffing.

The district has on-site diesel and unleaded gasoline fueling. The fueling facility appears to comply with all best practices and with state and county requirements. The district can store up to 20,000 gallons of diesel fuel and 15,000 gallons of unleaded fuel, and it has an electronic fuel management system (PetroVen) that authorized district staff can access using a system key. The fuel management system is capable of providing reports of fuel usage by vehicle, by employee, and by each external customer such as maintenance and operations, food service, employee pool use vehicles, and others. The system should allow users to archive and retrieve past reports.

The district has an automated vehicle wash system that drivers can use as needed. The district's school bus fleet is clean and represents the district well.

The district's vehicle maintenance staff consists of one vehicle maintenance supervisor, one lead mechanic, one equipment service worker, and five mechanics. The vehicle maintenance shop is open from 5 a.m. to 6:30 p.m., with staff assigned in shifts. With total fleet of 327 vehicles and support equipment, the district has a ratio of 46 vehicles per mechanic, not including the supervisor. For its fleet of 132 school buses only (including the new 31 buses not in operation), the ratio is approximately 18 vehicles per mechanic, not including the supervisor. This ratio of vehicles to mechanic positions is slightly higher than what FCMAT commonly observes and may contribute to the challenges the district experiences in implementing an effective preventive maintenance schedule and program. It may benefit the district to examine its shop staffing ratio to determine if additional staff are warranted.

FCMAT observed that one mechanic is assigned solely to tire maintenance. Although tire management in a fleet the size of the district's is a major item, many school district vehicle maintenance programs use outside vendors for tire rotation, replacement and mounting, while maintaining an inventory of ready-to-use tires to meet any needs outside of the normal servicing by the contractor.

Recommendations

The district should:

1. Develop both a school bus and support fleet vehicle replacement schedule.
2. Fully implement its vehicle maintenance software system to help process work orders, schedule and carry out preventive maintenance, and accurately track parts, supplies and labor.
3. Implement electronic tracking of both parts used from stock and parts purchased for specific repairs.

4. Assess its current inventory to identify items, reduce levels to the amount needed, and eliminate outdated and unnecessary parts and supplies.

5. Organize the inventory storage area, ensure that the area is secured, and implement a process for staff to retrieve needed parts and supplies. Ensure that this process includes identifying items pulled for individual vehicle repair or work orders and tracking them by associating them with a specific repair or work order.

6. Immediately create and implement a preventive maintenance program that includes progressive maintenance schedules and uses the district's vehicle maintenance software to track mileage intervals.

7. Monitor required school bus safety inspections by both number of days and mileage to ensure that inspections are performed within 45 days or 3,000 miles, whichever occurs first.

8. Purchase the engine diagnostic software and hardware needed to service the vehicles in its fleet.

9. Schedule regular and various on-site training programs; explore the possibility of having local vehicle vendors and parts suppliers provide training on site.

10. Examine its shop staffing ratio to determine if additional shop staff may be warranted.

11. Assess the duties assigned to each mechanic to ensure that it is using its vehicle maintenance labor most efficiently.

12. Use an external provider for tire servicing.

Transportation Facility

The district's transportation facility and fleet parking are both located on the same property as other district support facilities. The property appears large enough to house the multiple support facilities. However, the buildings are old, with some dating prior to the 1950s; they include old military-style Quonset huts, wood and metal-sided buildings, and relocatable buildings.

The vehicle maintenance shop is divided into three different areas interspersed among other buildings. The in-ground lube and oil facility is separate from the repair shop. Lubricants are drained from both of these areas and physically moved to a separate location where the waste oil tank, filters and coolant are housed. Lighting in the facility is less than ideal for a large fleet vehicle repair facility. There are not enough large repair maintenance bays to allow multiple district vehicles to be serviced simultaneously. Tire inventory and installation is located in a third and separate area.

The transportation program administrative offices and drivers' lounge are in a different area of the support facility, which is approximately 100 yards from the vehicle maintenance areas. The administrative offices are in two connected relocatable buildings. The offices are well organized but have little space and would not easily accommodate an increase in staff. The drivers' lounge is in an old building close to but separate from the offices.

During FCMAT's fieldwork, the district's fleet parking area was being renovated in preparation for solar panel installation. District staff indicated that some resurfacing was to be done and additional security lighting added during construction. The fleet parking area appears to be nearing capacity; however, reconfiguration of the area may create space for more vehicles.

The district does not have a long-range master plan to better organize and modernize its transportation facility. Areas most in need of modernization include vehicle maintenance areas, administrative offices, and the drivers' lounge.

Recommendations

The district should:

1. Consider creating and implementing a long-range master plan to help modernize and better organize its transportation facility.
2. Modernize its transportation vehicle maintenance, administrative office and driver lounge areas.

Contract with Storer Transportation

The district entered into a contract with Storer Transportation of Modesto, California to provide special education transportation. The board approved the contract on May 8, 2012 and it took effect August 7, 2012 for a two-year term. Under the board-approved contract, this term can be extended annually for three additional one-year periods. The agreement indicated that the rate for year two of the contract would be increased by the Consumer Price Index (CPI) for "All Urban Wage Earners and Clerical Workers, Western Cities-Central Valley (1982-84=100) as of June of the expiring contract year 2014." The contract does not specify the rate increase for the additional one-year terms, so the district would need to negotiate this item with Storer.

The contract allows the district to assume operation of Storer routes as follows: to assume operation of five or fewer routes, the district is required to give 30 days' notice; to assume operation of six or more routes (up to and including all routes), the district is required to give 60 days' notice.

The contract includes a detailed and exhaustive clause regarding the district's right to charge the contractor liquidated damages for late service or nonprovision of service (Section 11.14). FCMAT found no evidence that the district has ever charged the contractor for these items. Although evidence indicates that Storer Transportation provides good service, it is unrealistic to presume that there has never been a late bus.

The district reported that it does not receive copies of routes from Storer Transportation. Section 11.26 of the contract requires Storer Transportation to perform the routing and provide the district with a route map. The language in this section also allows the district to establish the routes and make changes as needed. The routes constitute detailed documentation of the service required by this contract, and the district has the right to receive the routes when they are established and any time they are amended. Storer Transportation should provide detailed route sheets to the district upon request.

If the district continues to contract for some special education transportation, it would best serve the district's interests to ensure that future contracts give the district full responsibility for all bus routing. Contracts with a per-bus, per-hour pricing arrangement provide no incentive for the contractor to maximize efficiency. District-generated routing would ensure optimum efficiency. Storer Transportation's current routes appear relatively efficient based on the total number of students and number of routes; however, FCMAT did not conduct a comprehensive routing analysis.

Section 11.28 of the contract with Storer Transportation contains specific requirements regarding the scope of services to be provided, including the submission of information and reports, the establishment of a legal fleet of school buses and a stipulated number of spare buses, the right of the district to receive drivers' detailed DMV records, and other items. FCMAT found no evidence that the district is adequately monitoring Storer Transportation's adherence to these requirements.

Storer Transportation sends the district detailed invoices monthly for payment. FCMAT found no evidence of detailed inspection of these invoices by the transportation department prior to payment.

There is no provision in the contract for Storer Transportation to provide communication between buses and its offices, nor is there a requirement for the district to monitor that communication. These are important elements to consider including in future contracts The district may wish to also consider requirements for a global positioning system (GPS) or a video monitoring

system on the buses operated by Storer Transportation or other transportation contractors in the future. These technologies can help improve student safety and provide better monitoring of contractors' bus routes in order to calculate liquidated damages.

Recommendations

The district should:

1. Actively manage and oversee the contract with Storer Transportation, including monitoring late buses and charging liquidated damages; inspecting driver, bus and route records; and inspecting and approving monthly invoices.
2. Ensure that future contracts include a requirement for communication devices on contractor buses that the district can monitor. Consider also requiring GPS or video technology in future contracts.
3. Take full responsibility for bus routing for any contractor-provided transportation service in the future.

Potential to Operate Current Storer Transportation Routes

The 2013-14 fiscal year was the second and final year of the district's contract with Storer Transportation for special education transportation. The contract rate was increased by 1.4% for 2013-14 based on the CPI, in accord with the contract. The district renewed the contract for the 2014-15 fiscal year and negotiated a rate for the new term.

For the entire 2013-14 school year, Storer Transportation operated 37 routes that transported approximately 511 students (Storer provided its student list at the time of FCMAT's field-work). As with any special education transportation service, the number of students fluctuates frequently.

The district's transportation staff receive transportation requests from the district's special education department and determine which special education students will be transported on the district's bus routes; information on the remaining students is sent to Storer Transportation to route these students on its buses.

Monthly invoices from Storer Transportation for July 1, 2013 through May 31, 2014 (including three days of the regular school year in June 2014), totaled $3,174,350. This total includes all aspects of the service, and invoices include three main components:

- A base number of hours per route (four hours).
- Extra time in addition to the base, called extended hours.
- The cost of bus riders (attendants or monitors for specific students).

There will also be an invoice for three days service in June 2014 for one extended school year (ESY) special education route.

FCMAT's analysis of the feasibility of the district operating the transportation now provided by Storer Transportation makes certain assumptions about what costs the district would need to bear. These assumptions are as follows:

1. Employees (incremental positions solely related to this analysis):
    a. Thirty-seven regular bus drivers at an average work time of 6.56 hours per day (total hours per month, divided by the number of days, divided by the number of routes).
    b. Five substitute drivers at 6.56 hours per day.
    c. Twenty-two aides at an average work time of 4.71 hours per day.
    d. One school bus driver instructor.
    e. One school bus driver specialist (router).
    f. Two mechanics.
2. School year of 180 days. Currently Storer Transportation provides almost no transportation for ESY (subsequent to FCMAT's review, during the 2014 extended school year, the district gave four routes to Storer Transportation because of absenteeism).

3. Bus driver and aide positions calculated at 205 work days per year, including 12 paid vacation days and 13 paid holidays.
4. Estimated cost of $2,000 per new employee for miscellaneous items such as license fees, drug and alcohol testing, physical exams, utilities, water, custodial supplies, office furniture and office supplies, and bus washing and cleaning supplies.
5. Health and welfare benefits contribution of $898 per month from the district for 12 months for each additional permanent employee.
6. Bus lease-purchase cost of 31 buses that were purchased in 2013 in anticipation of this service.
7. Bus lease-purchase cost for additional buses sufficient for all routes (37 buses plus two spare buses, for a total of 39 buses).
8. Three wheelchair buses.
9. Five ambulatory buses.
10. Fuel for 37 buses based on 15,000 miles per year, $3.50 per gallon, and 10 mpg.
11. Parts, fluid and tires at $2,000 per year, per bus (mechanic labor time is included in the two mechanic positions listed above).

FCMAT's analysis, detailed in the table in Appendix B, indicates an annual estimated cost of $3,302,965.36 (in 2013-14 dollars) for the district to operate the special education transportation now provided by Storer Transportation. This is approximately $128,615 more expensive than the current contract. It does not appear advantageous for the district to operate this service, particularly given the challenges reported in the vehicle maintenance section of this report and the high rate of driver absenteeism.

If the district chooses not to operate the routes currently operated by Storer Transportation, it will need to determine what should be done with the 31 buses it purchased. As is the case with any government lease-purchase contract in California, the district's lease-purchase contract requires that the district forfeit the loan and the buses to the finance company if sufficient funds are not available for this commitment (Section 4.01 of the lease purchase agreement with Kansas State Bank of Manhattan, Kansas). The district could choose to not appropriate funds, and then return the buses. Before making any decision, however, the district should consult legal counsel and an individual with financial expertise financial counsel to ensure that its action will not have unintended negative effects. The district might also arrange to designate as surplus and sell the buses and pay off the debt, or keep the buses and use them to replace older buses.

Based on this analysis, the district may also consider evaluating its actions in recent years to take over some special education transportation from its contractors. It may be that this has slightly increased the cost to the district over time.

When deciding whether to move special education transportation to either a contract arrangement or to district-provided service, there are considerations related to classified employees. Senate Bill 1419 was chaptered into law in 2002 and is now codified as Education Code Section 45103.1. The law does not prohibit contracting, but requires that a district that moves duties

from its classified staff to a contracted provider must prove that savings accrue to the district. This statute may make it difficult for the district to move more of its transportation service to a contractor. In the same fashion, if in the future the district chooses to take over the work currently performed by Storer Transportation, it may be difficult for the district to subsequently move that work back to a contractor.

Recommendation

The district should:

1. Continue contracting with Storer Transportation or another comparable outside provider for the special education transportation that Storer currently provides.

Appendices

Appendix A

Map of District- and Storer-operated Special Education Bus Route Coverage

Appendix B

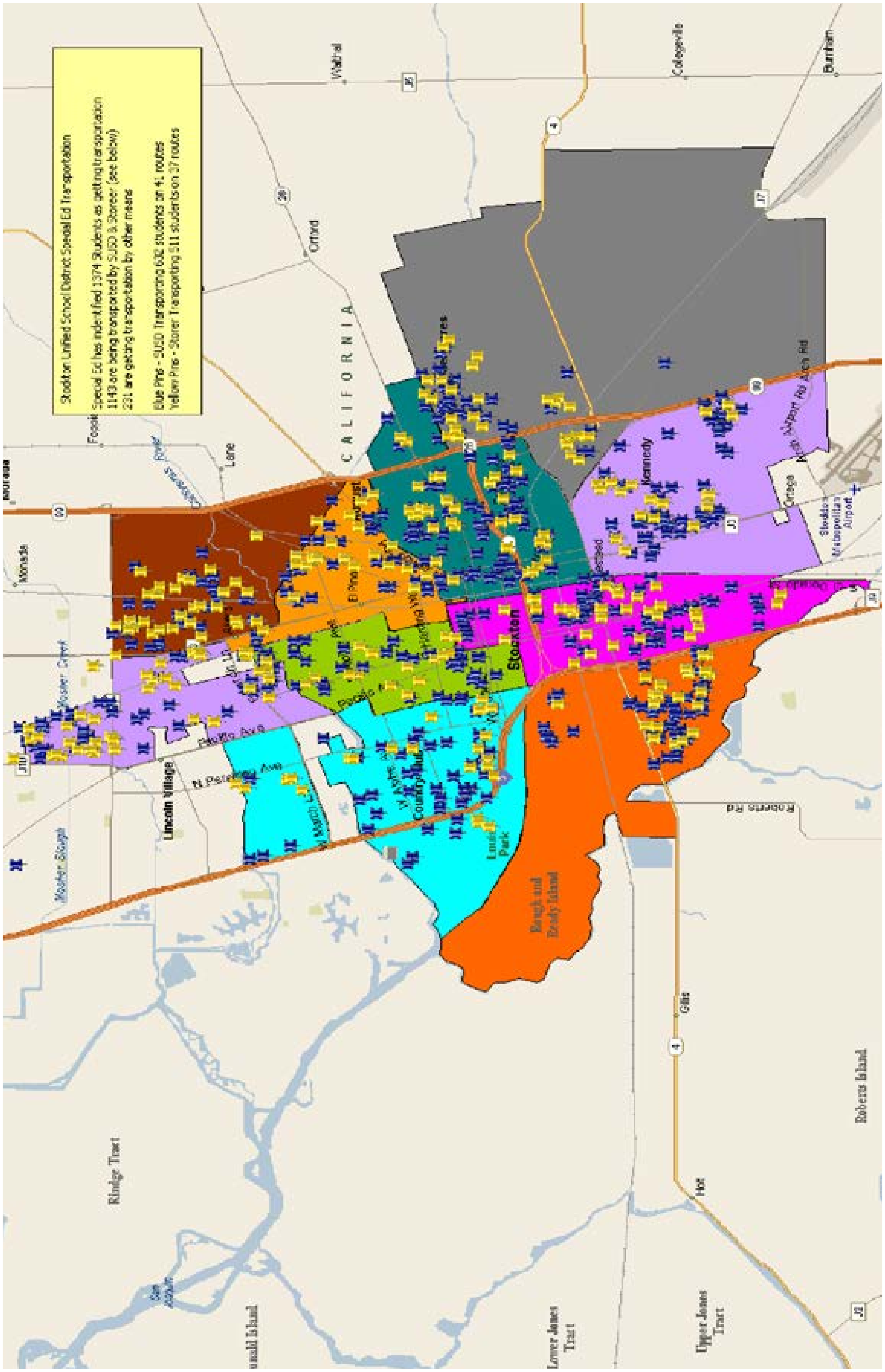
Costs for District to Operate all Transportation

Appendix C

Study Agreement

Appendix A

Map of District- and Storer-operated Special Education Bus Route Coverage


Stockton Unified School District Special Ed Transportation
Special Ed has indentified 1374 Students as getting transportation
1143 are being transported by SUSD & Storer (see below)
231 are getting transportation by other means
Blue Pins - SUSD Transporting 632 students on 41 routes
Yellow Pins - Storer Transporting 511 students on 37 routes
CALIFORNIA
Stockton
Lincoln Village
Rough and Ready Island
Stockton Metropolitan Airport
Roberts Island
Rindge Tract
Lower Jones Tract
Upper Jones Tract
Waterloo
Collegeville
Burnham
Morada
Linden
Holt
Pacific Ave
N Pershing Ave
El Pinal
Kennedy
Roberts Rd

Appendix B

Costs for District to Operate all Transportation

Analysis of Cost for SUSD to Take Over 37 Storer Transportation Routes

Element	Salary	Hours/Day	H&W	Days	# Positions	Annual Cost	Miles	MPG	Cost	# Buses	Total Annual Cost
37 Drivers	$21.05	6.56	$10,776.00	207.5	37						$1,458,882.60
5 Substitute Drivers	$17.30	6.56		180	5						$102,139.20
22 Aides	$15.11	4.71	$10,776.00	207.5	22						$561,954.36
1 Driver Instructor	$25.47	8	$10,776.00	260	1						$63,753.60
1 Specialist	$23.16	8	$10,776.00	260	1						$58,948.80
2 Mechanics	$26.86	8	$10,776.00	260	2						$133,289.60
Misc. Employee Cost					68				$2,000.00		$136,000.00
31 Bus Lease						$406,547.20				31	$406,547.20
8 additional bus lease						$109,200.00				8	$109,200.00
Fuel							15,000	10	$3.50	37	$194,250.00
Parts, Fluid, Tires									$2,000.00	39	$78,000.00
Grand Total											$3,302,965.36

Notes:

Salary includes hourly rate and salary driven benefits. All salaries calculated on Step C.

Bus driver and aide positions are 207.5 days including an estimated 12.5 days of vacation and 15 paid holidays.

Estimated miscellaneous cost of employee to include water, power, custodial, license, drug testing, office furniture, etc.: $2,000 per employee

Substitute salary calculated at Step 1. Substitute salary does not include CalPERS.

Health and Welfare cost includes district contribution of $898 per month for 12 months

Days: 260 for full time, 180 for part time

Approximate Average cost for 8 additional buses: $65,000 per bus, 5-year lease purchase at 5% interest rate.

Fuel use assumption of 15,000 miles per bus at 10 mpg at a cost of $3.50 per gallon

Appendix C

Study Agreement

FCMAT

CSIS California School Information Services

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
March 14, 2014

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Stockton Unified School District, hereinafter referred to as the district, 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 district has requested that the team assign professionals to study specific aspects of the district'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.

In keeping with the provisions of Assembly Bill 1200, the county superintendent will be notified of this agreement between the district and FCMAT and will receive a copy of the final report. The final report will also be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The Stockton Unified School District is requesting that FCMAT review regular home-to-school and special education transportation services. Following is the scope of work:

1) Make recommendations on appropriate staffing levels and the organizational structure of the Transportation Department based on best practices for departmental operations of similar size and structure. This includes the following:

a) A personnel summary by district position
b) A review job of descriptions
c) A review of customer service records or logs
d) A review of support training by position

2) Review the operations of transportation services, including operations, routing, and scheduling, and make recommendations to improve the operational efficiency of home-to-school and special education transportation. The FCMAT study team will review the following:

a. Student demographic data
b. Average weekly ridership by site, resource and district and forecast summary
c. Routing methods, including the use of automated software
d. The number of routes, including board policies on walking distances
e. An on-time performance and efficiency review
f. Vehicle maintenance and inspection reports
g. Loading and student counts
h. A school bus inventory, school bus replacement schedule and equipment availability
i. Field trips
j. Customer service or complaint logs
k. A review of the IEP process for student transportation

B. Services and Products to be Provided

1. Orientation Meeting - The team will conduct an orientation session at the district to brief district management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review - The team will conduct an on-site review at the district office and at school sites if necessary.
3. Exit Report - The team will hold an exit meeting at the conclusion of the on-site review to inform the district of significant findings and recommendations to that point.
4. Exit Letter - Approximately 10 days after the exit meeting, the team will issue an exit letter briefly summarizing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.
5. Draft Reports - Electronic copies of a preliminary draft report will be delivered to the district's administration for review and comment.
6. Final Report - Electronic copies of the final report will be delivered to the district's administration and to the county superintendent following completion of the review. Printed copies are available from FCMAT upon request.
7. Follow-Up Support - If requested, FCMAT will return to the district at no cost six months after completion of the study to assess the district's progress in implementing the recommendations included in the report. Progress in implementing the recommendations will be documented to the district in a FCMAT management letter.

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3. PROJECT PERSONNEL

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

A. Eric D. Smith	***Fiscal Intervention Specialist – Project Lead***
B. Timothy Purvis	***FCMAT Consultant***
C. Michael Rea	***FCMAT Consultant***
D. To be determined	***FCMAT Consultant***

Other equally qualified staff or consultants will be substituted if one of the above 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 as follows:

A. $500 per day for each staff member while on site, conducting fieldwork at other locations, preparing and presenting reports, or participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate.

B. All out-of-pocket expenses, including travel, meals and lodging.

C. The district 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 the district's acceptance of the final report.

Based on the elements noted in section 2 A, the total estimated cost of the study will be $24,000.

D Any change to the scope will affect the estimate of total cost.

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

5. RESPONSIBILITIES OF THE DISTRICT

A. The district will provide office and conference room space during on-site reviews.

B. The district will provide the following if requested:

1. Policies, regulations and prior reports that address the study scope.
2. Current or proposed organizational charts.
3. Current and two prior years' audit reports.

4. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the district and sent to FCMAT in electronic format.
5. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the district will upload all requested documents.

C The district's administration will review a preliminary draft copy of the report resulting from 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 pupils. The district shall take appropriate steps to comply with EC 45125.1(c).

6. PROJECT SCHEDULE

The following schedule outlines the planned completion dates for different phases of the study:

Orientation:	to be determined
Staff Interviews:	to be determined
Exit Meeting:	to be determined
Preliminary Report Submitted:	to be determined
Final Report Submitted:	to be determined
Board Presentation:	to be determined, if requested
Follow-Up Support:	if requested

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7. **CONTACT PERSON**

Name: Michele Huntoon
Telephone: (209) 933-7010 x2091
E-mail:

Steven Lowder, Superintendent — Date
Stockton Unified School District

March 14, 2014

Anthony L. Bridges, CFE, CICA — Date
Deputy Executive Officer
Fiscal Crisis and Management Assistance Team

BUSINESS SERVICES
Michele A. Huntoon, CPA
Chief Business Official
701 North Madison Street
Stockton, CA 95202-1687
(209) 933-7010 Ext. 2091
FAX (209) 933-7011

April 2, 2014

Ms. Hazel Fields, Executive Secretary II
FCMAT
1300 17th Street - CITY CENTRE
Bakersfield, CA 93301

Re: Fiscal Crisis & Management Assistance Team Study Agreement
With Stockton Unified School District

Dear Ms. Fields:

Enclosed please find the original, fully-executed Fiscal Crisis & Management Assistance Team Study Agreement with Stockton Unified School District.

Please have Eric D. Smith, the Project Lead for this study, contact me at (209) 933-7010, Ext. 2091, to discuss specifics as to the project schedule, on-site reviews, and documents requested.

Thank you.

Sincerely,

Michele A. Huntoon, CPA
Chief Business Official

MH:ddb

Enclosure