



CSIS California School Information Services

Fullerton Joint Union High School District

Management Review

February 23, 2011

Joel D. Montero
Chief Executive Officer







CSIS California School Information Services

February 23, 2011

George Giokaris, Ed. D., Superintendent
Fullerton Joint Union High School District
1051 W Bastanchury Rd
Fullerton, CA 92833

Dear Superintendent Giokaris:

In December 2010, the Fullerton Joint Union High School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to perform the following:

1. Conduct a review of the home to school and special education transportation programs, athletic and other trips and Plummer Auditorium Community Theater utilizing two years of Audited Financial Statements to provide a comparative cost analysis with the 2009-10 fiscal year budget that will include the following components. The objective is to determine district trends for revenues and expenditures and make recommendation, if any.
 - a. Budget planning and development process
 - b. Budget amendment procedures
 - c. Budget assumptions for 2009-10
 - d. Budget to Actuals comparison for two historical years
 - e. 2009-10 operating budget
 - f. Operating revenues and expenditures as a percent of the budget
 - g. Operating revenue
 - h. Revenue line item explanations
 - i. Operating expenditures
 - j. Expenditure line item explanations
 - k. Sources and uses of funds
 - l. Debt obligations
 - m. Operating improvements
 - n. Capital Improvements
 - o. Capital Contingency Fund
 - p. Capital asset distribution
 - q. Interagency transfer of funds

2. Provide recommendations for appropriate staffing levels and organizational structure for the transportation department using comparative school districts. Comparisons should be made to school district departmental operations regarding productivity and efficiency models and shall include the following components:
 - a. Personnel summary by district
 - b. Review customer service records or logs

FCMAT

Joel D. Montero, Chief Executive Officer

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Administrative Agent: Christine L. Frazier - Office of Kern County Superintendent of Schools

3. Review specifically the operations of transportation services which shall include the following:
 - a. Review revenues and expenses both in transportation and auditorium which support other districts and community functions.
 - b. Management
 - i. Compliance with laws
 - ii. Care and supervision
 - iii. Compensation and annual billing
 - iv. Contract and bidding process
 - c. Operations, Routing, and Scheduling
 - i. Demographic data
 - ii. Vehicle ownership summary
 - iii. Average weekly ridership by summary and district
 - iv. Routing and bidding methodologies
 - v. Number of routes
 - vi. On time performance and efficiency review
 - vii. Vehicle Maintenance and Inspection reports
 - viii. Loading and student counts
 - ix. School bus inventory
 - x. School bus replacement schedule
 - xi. Equipment availability
 - xii. Field trips
 - xiii. Customer service or complaint logs
 - xiv. Ridership forecast summary
 - xv. Dispatch
 1. Assigned buses per contract
 2. Drivers possess appropriate licenses
4. The district currently operates Plummer Auditorium community theatre and is requesting that the FCMAT team conduct a review of the total operation including the scope of work listed above inclusive of the staffing, scheduling, rate structure and make recommendations for improvement, if any.

This report contains the study team's findings and recommendations. We trust that this information will be beneficial to all concerned.

We appreciate the opportunity to serve you and we extend our thanks to all the staff of the Fullerton Joint Union High School District for their cooperation and assistance during fieldwork.

Sincerely,



Joel D. Montero
Chief Executive Officer

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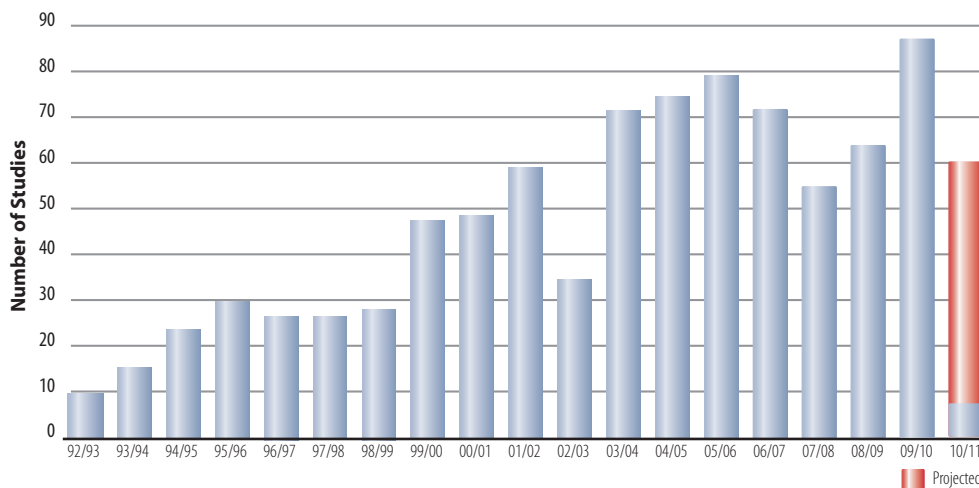
About FCMAT

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.

Study Agreements 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 office 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 nearly 850 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 Fullerton Joint Union High School District is located in northwestern Orange County and has a student enrollment of more than 14,200. The district is approximately 50 square miles in size and serves students from the cities of Buena Park, Fullerton, La Habra, La Habra Heights, La Palma, Brea, Whittier, Anaheim, La Mirada and a small unincorporated area of Los Angeles and Orange counties that is parallel to the western boundary of the city of La Habra.

The district operates six comprehensive high schools, one continuation and one alternative high school. The district provides special education and alternative school transportation services for the following schools.

- Buena Park High School
- Fullerton Union High School
- La Habra High School
- La Sierra High School
- La Vista High School
- Sonora High School
- Sunny Hills High School
- Troy High School

The district also provides transportation services to the Lowell Joint School District through a separate contract.

On April 22, 2002, FCMAT issued a report on the district transportation program, and many recommendations have since been implemented. Because the district has eliminated home-to-school transportation services and made many program changes since the previous study, it has requested another review to provide recommendations that will help control increased program encroachment. The district also operates a community auditorium that encroaches on the general fund and has requested recommendations for more cost-effective community services. Several factors influence the auditorium's cost of operations, but primarily the district's ability to secure consistent revenue sources to offset fixed expenses, and this issue will be critical in evaluating the program.

In December 2010, the district entered into a study agreement with FCMAT to perform the following:

1. Conduct a review of the home to school and special education transportation programs, athletic and other trips and Plummer Auditorium Community Theater utilizing two years of Audited Financial Statements to provide a comparative cost analysis with the 2009-10 fiscal year budget that will include the following components. The objective is to determine district trends for revenues and expenditures and make recommendation, if any.

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 - p. Capital asset distribution
 - q. Interagency transfer of funds
2. Provide recommendations for appropriate staffing levels and organizational structure for the transportation department using comparative school districts. Comparisons should be made to school district departmental operations regarding productivity and efficiency models and shall include the following components:
- a. Personnel summary by district
 - b. Review customer service records or logs
3. Review specifically the operations of transportation services which shall include the following:
- a. Review revenues and expenses both in transportation and auditorium which support other districts and community functions.
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Study Guidelines

FCMAT visited the district on December 15-16, 2010 to conduct interviews, collect data, review documents and inspect facilities. This report is the result of those activities and is divided into the following sections:

- I. Finance
- II. Staffing and Organizational Structure
- III. Transportation Services
- IV. Plummer Auditorium

Study Team

The study team was composed of the following members:

Debi Deal, CFE

FCMAT Fiscal Intervention Specialist
Los Angeles, CA

Leonel Martínez

FCMAT Public Information 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

*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

The Fullerton Joint Union High School District's transportation program operates 18 special education and four regular education, home-to-school bus routes that transport 410 district students daily, according to the district's 2009-10 state Form TRAN or TRAN report.

At the beginning of the 2008-09 fiscal year, the district eliminated all home-to-school services except four home-to-school routes for students attending the continuation and alternative education high schools, and the special education transition program. As a result, 15 home-to-school regular education school bus routes and 15 driver positions were eliminated. The drivers were offered employment transporting students for field trips and other school events during the 2008-09 fiscal year, providing them with one full year of transition because of the reduction in force.

During the 2009-10 fiscal year, the district experienced a shortage of drivers because of the volume of trip requests and was forced to contract for these services. As a result, the California School Employees Association (CSEA) bargaining unit filed an unfair labor practice grievance to stop the district from contracting for these services. To resolve the disagreement, the parties agreed to create a list of laid-off drivers that can drive for field trips, including extracurricular programs. However, only seven of the original 15 drivers remain on the field trip list a year later, and the district will soon face another shortage of drivers for this function unless the list is expanded or an alternative arrangement is made to create field trip or flex driver positions.

Finance

FCMAT prepared a fiscal analysis of revenues, expenditures and program encroachment based on the prior two years' state-approved transportation report and the audited financial records. The most significant variance is the revenue decline, which increases encroachment, requiring a contribution from the unrestricted general fund. The level of encroachment has grown each year while revenues were reduced by an ongoing 19.84% in 2009-10.

As the district transitioned to servicing primarily special education students in 2008-09, it retained the cost of the 15 displaced drivers for one year. This transition cost and a severe decline in state revenue are the major causes of this exponential increase in contributions from the general fund.

The district has identified some areas for cost reduction, most of which will require negotiating with the CSEA bargaining unit. One area that can be addressed immediately is the contract between the district and Lowell Joint School District. An analysis of this contract shows that the contracted cost per student has not kept pace with actual program costs.

Staffing and Organizational Structure

The transportation operations supervisor and vehicle maintenance supervisor positions are vacant, creating an opportunity for the district to realign the Transportation Department's organizational structure to better serve changing needs since the number of routes was reduced from 37 to 22.

The district should consider a consolidated administrative oversight structure that combines the Maintenance and Operations Department with the Transportations Department, a model most districts utilize for a transportation program of less than 25 routes.

Transportation Services

Daily bus operational data is collected and entered in the Microsoft Access program. However, the Transportation Department does not use this information to determine operational efficiency and develop an effective separation of program cost between the home-to-school regular education and special education program. This information could be utilized to determine an accurate bus operational cost per mile and develop a field trip charge-back formula based on the most current and accurate data.

The district operates 22 school buses daily. Four buses provide transportation for the district's transition students attending continuation school, students involved in community work experience programs, and the Endeavor School program with an average ridership of 52.5 students. The district has one bus dedicated solely to Lowell Joint School District, leaving 17 buses that support the district's special education students. Four of these buses are jointly used by the district and Lowell to transport special education students. Coupled with one dedicated bus, this makes the ridership for Lowell students 6.8.

The average ridership varies by program, and because the district combines Lowell students with district students on some buses, the analysis by average ridership is misleading. Some Lowell students are transported to specialized programs, a few over large geographical distances, and this skews the average ridership. Without the Lowell Joint School District contract, the district could eliminate three bus routes, bringing the average ratio to 10.5.

The Lowell contract charges an amount per student per day. Based on the current contract agreement with Lowell and the number of Lowell students transported, the district charges approximately \$5,712 per student per year, yet its cost per student on the 2009-10 TRAN report is \$12,616 per student per year.

The current rate structure was based on transporting both home-to-school and special education students; however, this rate no longer covers the cost of transporting Lowell Joint School District students. Based on this information, the district subsidizes the contract by as much as \$235,000 per year. The district should immediately consider renegotiating or terminating the transportation contract with the Lowell Joint School District, which expires June 30, 2012.

The district's driver training program is satisfactory with records that are current and in good order. The district provides sufficient in-service training for the driving staff to meet the annual requirements. The driver trainer is accessible to the staff and provides telephone and two-way radio coverage in the office during normal operating hours.

A review of vehicle maintenance records indicates that title 13 required safety checks are performed within 45 days or 3,000 miles, whichever occurs first. Work orders are generated for vehicle discrepancies and effective parts tracking by work order. The vehicle service worker enters maintenance data into the vehicle maintenance software system daily.

Plummer Auditorium

Plummer Auditorium hosts numerous community events and is the focal point for events such as musicals, high school productions, community college activities, and social and civic group gatherings since 1930. The district owns the facility and rents it through a use permit in accordance with the Civic Center Act. The primary user is the Fullerton Civic Light Opera, a music theatre that has four major productions each year in Plummer Auditorium and is in its 40th season.

Five full-time district staff members and a half-time clerical support employee are dedicated to Plummer Auditorium. The facility does not generate sufficient income to support the cost of operations and has encroached on the unrestricted general fund by more than of \$300,000 in each of the last three fiscal years. Coupled with the loss of income from the Fullerton Civic Light Opera, it is projected that the district's encroachment will increase to \$485,000 by 2011-12.

Findings and Recommendations

Finance

California school transportation has been greatly underfunded for many years. Before 1977, the state fully reimbursed school districts for their reported school transportation costs, but the state slowly decreased funding from 1977 to 1982. In the 1982-83 school year, the state capped the reimbursement amount, and that allocation has sporadically received a cost-of-living adjustment (COLA). As school transportation costs have increased and the revenue that supports the program decreased, school districts have experienced larger general fund encroachments year after year. The state now funds the school transportation program at approximately 45% of reported annual costs on average.

The current budget crisis has severely decreased funding for education, with the transportation categorical program receiving the greatest program reduction. The state reduced transportation funding by approximately 20% from 2009-10 to 2010-11. During this time, the cost of fuel, supplies and parts increased along with the cost of health and welfare benefits. As program costs increase and the revenue to support the program decreases, the district will continue to experience substantial contributions from the unrestricted general fund.

To report transportation cost information to the state, districts are required to use the Standardized Account Code Structure (SACS). This reporting software has several different reports that are issued to the California Department of Education (CDE) annually. The transportation report (Form TRAN) is automatically generated using the district's financial data and unique district information on the number of school buses and mileage.

The information reported on the TRAN reports for 2008-09 and 2009-10 is summarized in the table below:

TRAN Data, Home-to-School, 2008-09 and 2009-10

TRANS Actual Data Reported	2008-09 Home-to-School	2009-10 Home-to-School
Number of Buses	4	4
Number of Students	119	210
Number of Miles	46,317	77,673
Cost Per Mile	\$11.29	\$5.32
Cost Per Student	\$4,396	\$1,971
Revenues	\$228,440	\$183,184
Expenditures	\$648,696	\$494,085
Encroachment	\$420,256	\$310,901
Percentage of Expenditures to Revenues	64.78%	62.92%

TRAN Data, Special Education, 2008-09 and 2009-10

TRANS Actual Data Reported	2008-09 Special Education	2009-10 Special Education
Number of Buses	18	18
Number of Students	151	157
Number of Miles	230,020	203,365
Cost Per Mile	\$6.26	\$9.74
Cost Per Student	\$9,544	\$12,616
Revenues	\$571,163	\$458,011
Expenditures	\$1,467,500	\$1,982,911
Encroachment	\$895,737	\$1,524,900
Percentage of Expenditures to Revenues	61.03%	76.90%

Encroachment for home-to-school transportation decreased, but increased by 30% for special education. Yet the number of students increased by only 97 according to TRAN data.

The TRAN indicates that 119 students are transported on four home-to-school bus routes. The form also indicates that 151 students required transportation as a related service of their IEPs and were transported on 18 school bus routes.

The district has a general fund encroachment that is equivalent to 67% for both home-to-school and special education transportation approved expenditures. A review of data prepared for the 2009-10 state TRAN report identifies a 23% increase in the general fund encroachment over the preceding fiscal year. The district's reported cost per student and cost per mile are significantly greater than the state averages reviewed.

The TRAN report does not consider other factors that may affect the cost per mile. For example, Fullerton Joint Union is a suburban school district and therefore buses travel fewer miles compared to a rural district. This means program costs are distributed over fewer miles, increasing the average cost per mile. Although daily bus operational data is collected, the cost per mile could not be calculated because the district lacks current operational reports. The district should utilize daily operational data to develop accurate internal bus operational information for cost analysis.

The TRAN report extracts the transportation program's direct costs, but these costs do not include those that are supervisory or indirect and charged by the district. The team analyzed program costs in the table below for a period of three fiscal years.

Audited Financial Information, Home-to-School Transportation Program, 2007-08 through 2009-10

Actual Audited Financial Data	2007-08	2008-09	2009-10
Revenue:			
State Apportionments	\$228,400	\$228,440	\$206,028
Categorical Transfers	30,971	0	0
Interagency Fees – Lowell	126,584	74,872	65,577
Total Revenue	\$385,995	\$303,312	\$271,605
Expenditures:			
Payroll & Benefits	\$1,922,212	\$773,595	\$732,395
Books & Supplies	418,876	320,188	127,075
Other Operating/Services	73,118	192,005	98,454
Transfer – Interprogram Direct Costs	(952,276)	(597,899)	(426,330)
Non-Capitalized Equipment	2,846	0	0
Indirect Costs	75,290	35,678	28,068
Site Development	0	26,923	0
Total Expenditures	\$1,540,066	\$750,491	\$559,662
Contributions – General Fund Encroachment	\$1,154,071	\$447,179	\$288,058
One-Time Cost to Eliminate Home-to-School	0	\$98,473	0

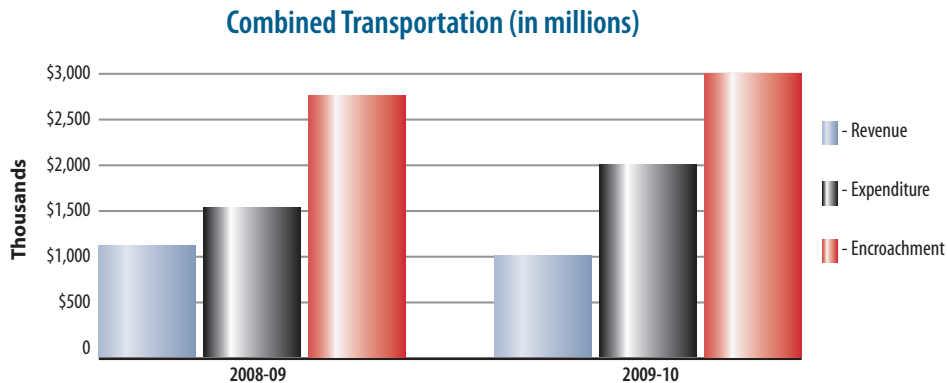
Audited Financial Information, Special Education Transportation Program, 2007-08 through 2009-10

Actual Audited Financial Data	2007-08	2008-09	2009-10
Revenue:			
State Apportionments	\$571,163	\$571,163	\$514,951
Interagency Fees – Lowell	241,283	291,203	182,967
Total Revenue	\$812,446	\$862,366	\$697,918
Expenditures:			
Payroll & Benefits	\$1,275,639	\$1,549,281	\$1,839,693
Books & Supplies	87,522	45,200	199,784
Other Operating/Services	16,963	62,296	17,778
Capitalized Equipment	76,080	22,451	0
Indirect Costs	70,938	79,476	108,623
Interdistrict Attendance Agreement-Payments to County	194,496	195,721	234,874
Total Expenditures	\$1,721,639	\$1,954,425	\$2,400,752
Contributions – General Fund Encroachment	\$909,192	\$1,092,059	\$1,702,834

Year over year trends are an important analytical tool that management can use to identify key problem areas and make necessary adjustments in a timely manner.

The two tables above show that the combined effect on both programs was net loss of \$78,624 in state apportionments with an overall encroachment of \$1,990,892 to the general fund. A closer analysis indicates substantial increases in program costs for payroll, benefits, supplies and interdistrict payments for county-office- run programs. Expenditures clearly outpace revenues. Management should develop the tools necessary to analyze trend data during the fiscal year and perform a comparative analysis from year to year. The bar graph below combines home-to-school and special education transportation revenues, expenditures and encroachment.

Actual Revenues, Expenditures and Encroachment, Combined Transportation Program, 2008-09 through 2009-10



The largest expense in the transportation program is for salaries and benefit compensation, representing 87% of expenditures in 2009-10. Monitoring costs for salaries and benefits is the most important element in controlling the encroachment.

The contract agreement with Lowell Joint School District indicates that the district charges approximately \$5,712 per student per year, and the cost is \$12,616 per student per year according to the 2009-10 TRAN report. The current rate structure was based on transporting both home-to-school and special education students; however, this rate no longer covers the cost for the district to transport Lowell Joint School District students. Based on this information, the district subsidizes the contract by as much as \$235,000 per year. The district should immediately consider renegotiating or terminating the transportation contract with the Lowell Joint School District, which expires June 30, 2012.

Recommendations

The district should:

1. Assign management to develop the tools necessary to analyze trend data during the fiscal year and perform comparative analysis from year to year.
2. Monitor the cost of salaries and benefits during the fiscal year.
3. Consider renegotiating or terminating the transportation contract with the Lowell Joint School District, which expires June 30, 2012.

Staffing and Organizational Structure

The district's transportation program is staffed by one director, one scheduler/dispatcher, one driver trainer, three vehicle mechanics, one vehicle service worker, 21 school bus drivers and approximately seven reductions in force (RIF) school bus drivers. Two temporary substitute drivers fill in during driver vacancies or leaves. All drivers are guaranteed at least six hours daily, and five drivers have a guaranteed eight hours per day under a contractual grandfather clause. Drivers fulfill their guaranteed contract assignment by completing nondriving responsibilities such as fueling and washing buses, driving for field trips, entering data, and covering the two-way radio in the office as needed to assist the scheduler/dispatcher.

At the beginning of the 2008-09 fiscal year, the district eliminated all home-to-school services except four home-to-school routes that transport students attending the continuation and alternative education high schools. The reduction in home-to-school regular education transportation services affected 15 of the district's school bus drivers. The district continued to provide employment for these drivers for one year, giving them an opportunity to transition and find other employment. At the end of the 2008-09 fiscal year, the 15 drivers were placed on the RIF list. In the 2009-10 school year, the classified bargaining unit filed an unfair labor practice grievance protesting the district's decision to contract heavily with private transportation companies for athletic events and general field trips. Through a bargaining unit grievance resolution, it was mutually agreed that drivers on the district's transportation RIF list could be utilized for these field trips, but not as substitute drivers.

Before 2008-09, the district operated 34 daily routes, five for the Lowell Joint School District. The five Lowell routes covered regular and special education transportation. Data collected by FCMAT shows that the district operates 22 daily school bus routes, 18 dedicated to special education. The district staff indicated that the district transports 250 special education students and utilizes 18 buses for the district and Lowell Joint School District contract. However, examination of the most recently posted state TRAN reports for both districts indicates that 151 district special education students and 38 Lowell Joint School District special education students were transported in the 2008-09 school year. Data supplied for the filing of the 2009-10 state TRAN report indicates that 191 special education students were transported for both districts.

Based on the number of special education students transported and the number of buses reported on the 2008-09 and 2009-10 state TRAN reports, the district operates at a ratio of 10.6 when the 157 district special education students and 34 Lowell Joint School District students are combined. Further analysis of the five school buses that are used to transport the 34 Lowell Joint School District special education students yields a far lower ratio of only 6.8 students per bus. This average is significantly lower than the districtwide average. The district could operate the transportation program without three of the five buses and yield far greater efficiencies in routing and program costs. If the district operated 15 buses for its 157 special education students, the average ratio would improve to 10.5 students per bus.

The transportation operations supervisor and vehicle maintenance supervisor positions are vacant, creating an opportunity for the district to realign the Transportation Department's organizational structure to better serve changing needs since the number of routes was reduced from 37 to 22. Transportation programs with less than 25 routes can be effectively supervised with one administrator.

The district should consider a consolidated administrative oversight structure that combines the Maintenance and Operations Department with the Transportations Department, a model most

districts utilize for a transportation program of less than 25 routes. Under this structure, both programs would operate under one central administrator with experience in both areas.

The vehicle maintenance team consists of one service worker and three mechanics. Most of the service worker's time is dedicated to data entry and work-repair order generation. The service worker generates all the required vehicle safety checks, preventative maintenance work orders, and general repair work orders, orders parts, batches accounts payables and performs some data entry specific to vehicle data. Three mechanics perform most of the district's vehicle maintenance tasks.

The district has one scheduler/dispatcher and one driver trainer, which is sufficient for the program's size. The district meets the Department of Education School Transportation Unit's recommended ratio of one driver trainer to 25 to school bus drivers. The driver trainer and one school bus driver (fulfilling their guaranteed work assignment) augment and assist the scheduler/dispatcher in the late afternoon and early evening with two-way radio communications.

Recommendations

The district should:

1. Consider implementing a consolidated administrative oversight structure that combines the Maintenance and Operations and Transportations departments without filling the transportation operations supervisor and vehicle maintenance supervisor positions, instead creating one MO&T director and one transportation supervisor position.

Transportation Services

Revenue and Expense Analysis of Support Services

Support to Other Districts

The district and Lowell Joint School District entered into an agreement to transport students on July 1, 2002. The contract was repeatedly extended, and the current extension remains in effect through June 30, 2012.

The contract initially covered home-to-school and special education transportation services. Since the original document was signed, both districts have ceased home-to-school transportation and Fullerton Joint Union now transports only 34 special education students on five routes. Four of these routes are combined, transporting other district students, which provides greater efficiency in use of resources, and only one route is dedicated to Lowell Joint School District.

According to the number of special education students transported and the number of buses reported on the 2008-09 and 2009-10 state TRAN reports, the district operates at a ratio of 10.6 when the 157 district special education students and the 34 Lowell Joint students are combined. The district should generally experience an average ratio of 10 special education students per bus.

However, analysis of the five school buses used to transport the 34 Lowell Joint special education students yields a far lower ratio of only 6.8 students per bus. This average is significantly lower than the districtwide average and lower than the average expected ratio. Because of the large geographical distances involved, the district is unable to improve these ratios to achieve acceptable ride times for the students involved. The district could operate the transportation program without three of the five buses and yield far greater efficiencies in routing and program costs. If the district operated 15 buses for its 157 special education students, the average ratio would improve to 10.5 students per bus.

The 2010-11 transportation rate schedule attached as an addendum to the Lowell contract charges Lowell \$28.56 per student per day for the service. For a 180-day school year, this amounts to \$5,140.80 per student. If a student attends an additional 20 days for Extended School Year, the total annual cost per student would be \$5,712. Fullerton Joint Union reported an annual cost of \$12,616 per special education student on its 2009-10 TRAN. As previously stated, this information indicates that the district subsidizes the cost of transporting Lowell's special education students by as much as \$235,000 annually.

With the elimination of Lowell home-to-school transportation, the per-student, per-day rate no longer covers the cost of transporting that district's special education students.

The district also provides transportation services for Lowell field trips. The rate sheet lists a regular field trip rate that varies depending on the length of the trip and excess mileage over a stated amount. The highest base rate is a two-hour rate of \$156.14 for locations that are within 40 miles. This amounts to a trip rate of \$78.07 per hour, less than the base rate of \$100 per hour that the district charges its own schools. Based on the current rate schedule, the district also subsidizes Lowell's field trip transportation.

The chart below illustrates the revenues collected over the last two fiscal years for special education transportation and field trips.

Contract Revenue from Lowell Joint School District For Fiscal Years 2008-09 and 2009-10

Fiscal Year	2008-09	2009-10
Special Education Transportation Services	\$291,203	\$182,967
Field Trips	\$74,872	\$65,577

The agreement also stipulates that Lowell will reimburse the district for providing bus evacuation drills and training in safe riding practices and for the cost of operating the two-way radio system when only Lowell buses are in operation. No stated prices for these items are stipulated on the rate sheet, and there is no indication that these services were invoiced to Lowell.

The current contract expires June 30, 2012, however Article 6.1 stipulates that:

Upon the mutual agreement in writing of the parties hereto this Agreement may be terminated for any reason.

The district should immediately enter negotiations with the Lowell district to either increase rates so that they adequately cover the district's costs, or notify Lowell that the contract will terminate at the end of this fiscal year. This would allow ample time for Lowell to consider options for mandatory special education transportation services.

Transportation Management

FCMAT observed full compliance with existing laws and regulations. For example, a sample review of driver training records showed that all training and proficiency records were current and properly signed by drivers. Management ensures that there are regular driver training safety in-service programs to assist the driving staff in meeting the minimum requirement of 10 hours of in-service safety training per year.

A random sample of vehicle maintenance records indicated that Title 13 required school bus safety checks are performed every 45 days or 3,000 miles, whichever occurs first. There is a preventative maintenance program for all district fleet vehicles, and repair orders are properly generated and tracked. Repair parts are appropriately tracked by usage on repair orders.

The California Highway Patrol Motor Carrier Safety Unit performs annual inspections of all school buses as required by Title 13. This is a rigorous and comprehensive annual review that includes the following:

- An inspection of district vehicle maintenance records to ensure appropriate documentation of school bus repairs
- An examination of records to determine that mandated safety checks are performed
- A review of the district's Department of Transportation required preemployment and random substance and alcohol testing program to ensure all district commercial drivers are tested for substance and alcohol before employment and participate in random testing
- Verification that the Department of Motor Vehicles Employee Pull Notice process is in order and all commercial and district drivers operating district vehicles that transport students have a satisfactory driving record.

A review of the most recent two Motor Carrier terminal inspections demonstrates that the district's terminal grade is satisfactory, the highest grade provided.

Operations, Routing and Scheduling

Each school bus driver collects daily bus operational data and documents it on a daily bus report. Drivers also enter the data collected from the reports and field trips into a district's Microsoft Access program.

Tracking and tabulating school bus operational data is pertinent and useful in many ways. Because the information is in an Access program, various reports can be generated to provide management with timely information. This includes the cost of vehicle maintenance, the cost per mile for district buses, and an accurate mileage and hourly rate to charge for field trips and other school events.

These reports can be generated to separate and track the individual costs of the district's home-to-school regular education and special education bus transportation, facilitating completion of the annual state TRAN report.

Requests for various cost reports generated from the Access program were nonexistent. Some data was provided by the Transportation Department but it was outdated. The department does not utilize the information in Access to generate and develop periodic cost reports and analysis of departmental costs. However, the team obtained some vehicle maintenance information from the vehicle service worker who enters vehicle fleet data into a separate vehicle maintenance software system. The director should prepare periodic reports and have complete knowledge of information regarding vehicle, labor and operational cost data that is available in the Access program.

The district has an industry recognized electronic fuel tracking system called GasBoy that tracks fuel usage by the type of vehicle for internal program tracking. Although the system operates independently from the district's vehicle maintenance software system, it can produce the necessary reports to appropriately identify fuel usage for individual district program tracking.

The district uses Access 97, which is an older version of the program. The district should consider updating to a more current Microsoft version that is compatible with other district departments and to ensure that it can be supported by the district's technology staff.

The driver's handbook should be reviewed and updated to reflect current staffing, federal drug and alcohol preemployment and random drug testing rules as well as current practices and contract language.

Recommendations

The district should:

1. Utilize the daily bus data that is collected and entered into the districts Microsoft Access file for report generation and cost analysis.
2. Merge the vehicle maintenance fleet data that is collected with the daily bus operational data to estimate an accurate bus cost per mile and total operational cost per mile.
3. Update to a more current Microsoft Access version that is compatible with other district departments and ensure that it can be supported by the district's technology staff.
4. Review and update the Transportation Department handbook to ensure the content reflects all current practices and industry standards as well as current laws and regulations.

Average Ridership

The district's average ridership is 52.5 for home-to-school regular education and 10.6 for special education, both of which are within the normal ranges as compared with other California school districts. The average ridership for Lowell students decreases to 6.8 when the 34 special education students transported under the Lowell contract are calculated separately based on the five buses the district uses to transport them. It is difficult to incorporate any other efficiencies because of the geographical disparity of the students and programs.

Number of Routes/Route Scheduling/On-Time Performance and Efficiency

Eighteen of the district's 22 bus routes are for special education students, including those from the Lowell Joint School District.

The Lowell district is located at the district's furthest northwest boundary, with most Lowell students attending programs in the Lowell district. The four routes predominantly dedicated to the Lowell contract should be evaluated to ensure the most efficient use of vehicles. The district should ensure that operational costs are sufficiently covered under the terms of the Lowell transportation contract.

During FCMAT's 2002 management review, the Lowell contract included home-to-school regular and special education transportation services. The contract's per-pupil cost covered expenses because student load ratios were far greater on home-to-school routes. Fewer students are transported on special education routes because of the nature of door-to-door individual student routing from their homes or corner stops to individual program sites. To maintain satisfactory ride times, fewer students are transported.

A review of individual route sheets found that the district generates school bus stop locations, and drivers create driving directions based on these locations. This information is typed into a Word document. The district does not use automated routing software to help with routing requirements.

The 2002 study recommended that the district research industry standard routing software programs to assist with the routing. However, now that the district operates only 22 routes, it should consider routing software programs designed for smaller programs. Many industry standard software programs are available at reasonable costs that would optimize the district's routing and provide other integrated modules to manage vehicle maintenance, driver training records, and field trips. The district should consider using an industry standard transportation package that would help gather data regarding the vehicle maintenance program, driver instruction and field trip assignment.

The Transportation Department does not maintain logs or have a system that tracks on-time performance and efficiency. The district should develop these logs, and management should utilize this information to make adjustments to maximize efficiency in operations.

Recommendations

The district should:

1. Evaluate the five Lowell special education routes to ensure full costs are covered.
2. Consider using an industry standard transportation package that would help gather data on the vehicle maintenance program, driver instruction and field trip assignment.

School Bus and Vehicle Inventory/Vehicle Replacement Schedule

The vehicle maintenance staff consists of three mechanics and one vehicle service worker who perform preventative maintenance service and safety checks for school buses and repair all district vehicles. Staffing is adequate for the fleet size of 162 vehicles. The table below lists the district's fleet inventory:

Inventory of District-Owned Vehicles

Vehicle Type	Number of Vehicles
Large school buses	25
Small school buses	25
Agriculture Support Vehicles	14
Golf Carts	24
Passenger Vans	9
Grounds and Maintenance Vehicles	65
Total Fleet	162

Half the 50 school buses are the larger coach-type vehicles generally used for home-to-school routes and field trips. The South Coast Air Quality Management District awarded Fullerton Joint Union with replacement and retrofit grants to replace vehicles that did not meet current air quality regulations. As a result, several of the district's large school buses are relatively new. The remaining 25 school buses are smaller and used primarily for the district's special education transportation requirements. Several of these buses have mileage in excess of 225,000 miles and therefore would not be economical to repair. Many support vehicles also need to be replaced. The district should establish funding plan to replace aged vehicles that have been driven more than 200,000 miles.

Recommendations

The district should:

1. Develop and fund a school bus replacement program with special emphasis on replacing aged special education vehicles that have been driven more than 200,000 miles.
2. Create a replacement plan and fund the replacement of the most aged grounds and trades vehicles that are beyond economical repair.

Field Trips/Field Trip Rates

The district schedules more than 1,700 field trips annually. With the elimination of 15 home-to-school routes, the district has 22 drivers, 18 working special education routes that consume the majority of the school day. This leaves four district permanent drivers who have sufficient time to perform field trips at the required times.

As previously stated, CSEA and management agreed to place the 15 laid-off drivers on a list for field trip duty. One year later, only seven drivers remain on the list. Combined with the four accessible regular education home-to-school drivers, the district has only 11 drivers available for field trips. Within a year, the district is expected to experience a severe driver shortage and will not be able to meet their field trip driver demands.

The district should immediately consider various alternatives to ensure appropriate staffing for field trips and other educational events. One option would be to develop driver positions that are permanent district employees. These drivers could have a separate classification as either “field trip driver” or “flexible use driver” and be guaranteed a set number of hours such as 20 hours per week. Contract language would be negotiated to ensure availability for assignment as needed weekly with a 20-hour minimum contract. This option would also provide additional drivers for daily route coverage when there are vacancies or employees are on leave.

The district charges internal school programs \$100 per hour for bus uses. This rate is greater than the average operational cost per mile or average hourly labor cost per driver charged by other districts. Field trip charge-back cost is based on the actual vehicle cost per mile and an average driver cost per hour. A minimum mileage charge such as 20 or 25 miles is often assessed and applied to all field trip billings to ensure nominal coverage for the high number of internal low-mileage district trips from one school to another. Internal field trip cost is typically not based on total transportation program expense cost, only bus and labor expense. Although the district field trip charge would be expected to be lower than that of a for-profit vendor, it is not as competitive as a local private charter company utilized for overflow trips. The district should develop an accurate average bus cost per mile and average driver cost per hour to create a more accurate field trip internal charge formula. The formula should also include some type of minimum mile and/or hourly usage to ensure coverage of short mileage or duration trips.

Recommendations

The district should:

1. Evaluate the possibility of creating permanent field trip or flexible use driver positions for the high volume of field trips annually.
2. Develop an accurate average school bus cost per mile and average driver cost per hour with a minimum mileage charge for a more competitive internal field trip charge-back formula.

Plummer Auditorium

Plummer Auditorium is named after Louis E. Plummer, superintendent of both Fullerton High School and Fullerton Junior College from 1919 to 1941, hosts numerous community events and has been a focal point of entertainment for musicals, high school productions, community college events, social and civic groups since 1930. The district owns the auditorium and rents the facility through a use permit in accordance with the Civic Center Act.

The Civic Center Act allows public schools to grant the use of school grounds and/or facilities under the terms and conditions deemed appropriate by the board, subject to the limitations and restrictions included in the Education Code. The act included different charges of nonprofit and profit groups and can be viewed at the following Web address:

<http://law.justia.com/california/codes/2009/edc/38130-38139.html>

In April 1989, the district entered into an agreement with the city of Fullerton to upgrade and retrofit the facility. The agreement established joint use terms for 10 years following the recording of the project’s notice of completion.

In consideration for improvements provided by the city, the rates paid were established at 90% of the group II, or nonprofit organization rates. The agreement stipulates the following:

At any time during the term of this Agreement, but at least annually, either the District Superintendent or the City Manager may call a meeting to review the terms and conditions of the Agreement toward the end of making mutually beneficial changes.

The district staff is unaware of any succeeding agreement since 1989.

Fullerton Civic Light Opera (FCLO) is in its 40th season and has a contract through the city for the use of Plummer Auditorium at reduced rates. The opera is a music theatre that has four major productions each year.

According to information posted on opera’s website on November 30, 2010, the yearly production costs of a four-show season total \$1.6 million, including a rental fee of \$180,000 to the district for facility use. However, rental fees over the last two fiscal years total slightly more than \$150,000 per year as demonstrated in the table below.

Fullerton Civic Light Opera Income for Fiscal Years 2008-09 through 2009-10

Plummer Auditorium	2008-09	2009-10
Leases/Rentals		
Contracts		
Leases/Rentals	\$ 64,505	
Contracts	\$ 84,892	
Leases/Rentals		\$ 63,891
Contracts		\$ 89,442
Total Income Per Year	\$ 153,617	\$ 157,653

During the current season, the opera had a substantial decrease in preseason ticket sales and will end its events at Plummer Auditorium, continuing productions in other venues as it reorganizes operations. In the meantime, the opera has reached an agreement with 3D Theatricals to produce the 2011 season and honor the tickets sold with no future commitment beyond the current year. The opera owes the district \$86,540 for the two current-year performances.

The district was experiencing substantial general fund encroachments because of Plummer Auditorium's costs of operations even before the opera decided to move operations. The chart below shows the last three fiscal years revenue and expenditures for Plummer Auditorium, which includes the fees collected from the FCLO.

Five full-time district staff members and a half-time clerical support employee are dedicated to Plummer Auditorium at a total cost of \$428,665 for salaries and benefits. The district spent another \$148,584 on other labor to support events and overtime in the 2009-10 fiscal year. Plummer Auditorium does not generate enough income to support the cost of operations. As demonstrated in the table below, the district's general fund has experienced an encroachment of more than \$300,000 in each of the last three fiscal years. Coupled with the loss of opera income, it is projected that the district's encroachment will increase to \$485,000 by 2011-12.

Financial Analysis for Plummer Auditorium for the Fiscal Years 2007-08 through 2009-10

Plummer Auditorium	2007-08	2008-09	2009-10
Revenue:			
Leases and Rentals	\$ 138,909	\$ 105,491	\$ 120,221
Other Fees & Contracts	\$ 180,728	\$ 139,372	\$ 140,779
Total Revenue	\$ 319,637	\$ 244,864	\$ 261,000
Expenditures:			
Payroll & Benefits	\$ 608,637	\$ 592,161	\$ 577,249
Books & Supplies	\$ 12,648	\$ 9,816	\$ 12,843
Other Operating/Services	\$ 2,015	\$ 2,400	\$ 460
Total Expenditures	\$ 623,299	\$ 604,377	\$ 590,552
Contributions – General Fund Encroachment	\$ 303,662	\$ 359,513	\$ 329,553

The district should consider various options to continue Plummer Auditorium services to minimize the encroachment on the general fund. An analysis of outside usage for the 2009-10 fiscal year shows the following activity according to the district's facility use records:

Plummer Auditorium – Usage, for Fiscal Year 2009-10 Month	Number of Days - Outside Usage Other than FCLO	FCLO Usage – Number of Days Included in Outside Usage	School Usage – Number of Days
July	0	21	0
August	0	0	0
September	6	0	0
October	0	23	4
November	5	0	4
December	5	0	11
January	4	0	4
February	1	23	2
March	0	0	28
April	8	0	11
May	1	23	4
June	10	0	7
Total	40	90	75

The records indicate that other entities use Plummer Auditorium 40 days a year, the opera uses it 90 days a year, and the various district school sites use it 75 days per year. Given the present usage, the district should reduce the staff to two full-time operational employees and retain the half-time clerical support. Because the current Plummer Auditorium staff members provide

custodial services, the district should reassign the custodial function to the campus maintenance and operations crew. All other personnel should be on an as-needed basis and utilized only during events.

A second option would be to increase usage by advertising and encouraging local community groups to use the facility. This option is difficult to implement because eligibility for use depends on adherence to district rules and regulations. According to district Administrative Regulation 1230.1(a), "...the subject matter of civic center meetings shall pertain to the recreational, educational, political, economic, artistic, or moral interests of the community."

A third option would be to consider a joint development and use agreement with partner entities to share the responsibility of managing, and maintaining the facility as well as making capital improvements. The district would retain ownership and legal responsibility, a foundation could be established to provide for ongoing capital improvements (or replacements), and an association would provide volunteer support services for events. This configuration would greatly reduce current operational costs.

Recommendations

The district should:

1. Review the contract with the city of Fullerton.
2. Consider various options presented above to reduce encroachment from Plummer Auditorium.

Appendix

A. Study Agreement



**FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
November 17, 2010**

The FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT), hereinafter referred to as the Team, and the Fullerton Joint Union High 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 provide for the assignment of professionals to study specific aspects of the Fullerton Joint Union High School District 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 AB1200, 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 be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The scope and objectives of this study are to:

- 1) Conduct a review of the home to school and special education transportation programs, athletic and other trips and Plummer Auditorium Community Theater utilizing two years of Audited Financial Statements to provide a comparative cost analysis with the 2009-10 fiscal year budget that will include the following components. The objective is to determine district trends for revenues and expenditures and make recommendations, if any
 - a) Budget Planning and Development Process
 - b) Budget Amendment Procedures
 - c) Budget Assumptions for 2009-10
 - d) Budget to Actuals comparison for two historical years
 - e) 2009-10 Operating Budget

- f) Operating Revenues and Expenditures as a percent of the total budget
 - g) Operating Revenue
 - h) Revenue Line Item Explanations
 - i) Operating Expenditures
 - j) Expenditure line item explanations
 - k) Sources and Uses of Funds
 - l) Debt Obligations
 - m) Operating Improvements
 - n) Capital Improvements
 - o) Capital Contingency Fund
 - p) Capital Asset Distribution
 - q) Interagency transfer of funds
- 2) Provide recommendations for appropriate staffing levels and organizational structure for the transportation department using comparative school districts. Comparisons should be made to school district departmental operations regarding productivity and efficiency models and shall include the following components:
- a) Personnel Summary by District
 - b) Review customer service records or logs
- 3) Review specifically the operations of transportation services which shall include the following:
- Review revenues and expenses both in transportation and auditorium which support other districts and community functions.
 - Management
 - a. Compliance with Laws
 - b. Care and Supervision
 - c. Compensation and annual billing
 - d. Contract and bidding process

- Operations, Routing, and Scheduling
 - a. Demographic Data
 - b. Vehicle Ownership Summary
 - c. Average Weekly Ridership by Summary & District
 - d. Routing and Bidding Methodologies
 - e. Number of Routes
 - f. On time Performance and Efficiency Review
 - g. Vehicle Maintenance and Inspection reports
 - h. Loading and student counts
 - i. School Bus Inventory
 - j. School Bus Replacement Schedule
 - k. Equipment Availability
 - l. Field Trips
 - m. Customer Service or Complaint Logs
 - n. Ridership Forecast Summary
 - o. Dispatch
 1. Assigned buses per contract
 2. Drivers possess appropriate licenses
- 4) The District currently operates Plummer Auditorium community theatre and is requesting that the FCMAT Team conduct a review of the total operation including the scope of work listed above inclusive of the staffing, scheduling, rate structure and make recommendations for improvement, if any.

B. Services and Products to be Provided

- 1) Orientation Meeting - The Team will conduct an orientation session at the School District to brief District 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 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 - 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 District administration for review and comment.
- 6) Final Report - Sufficient copies of the final study report will be delivered to the District administration following completion of the review.

- 7) Follow-Up Support – Six months after the completion of the study, FCMAT will return to the District, if requested, to confirm the District’s progress in implementing the recommendations included in the report, at no cost. Status of the recommendations will be documented to the District 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. Deborah Deal | FCMAT Fiscal Intervention Specialist |
| B. Timothy W. Purvis | FCMAT Consultant |
| C. Michael G. Rea | FCMAT 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. Cost per day for outside consultants will be billed at the actual daily rate.
- B. All out-of-pocket expenses, including travel, meals, lodging, etc. 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 acceptance of the final report by the District.

Based on the elements noted in section 2 A, the total cost of the study is estimated at \$15,000.

- 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 DISTRICT

- A. The District will provide office and conference room space while on-site reviews are in progress.
- B. The District 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 District 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 District 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 key study milestones:

<i>Orientation:</i>	<i>to be determined</i>
<i>Staff Interviews:</i>	<i>to be determined</i>
<i>Exit Interviews:</i>	<i>to be determined</i>
<i>Preliminary Report Submitted:</i>	<i>to be determined</i>
<i>Final Report Submitted:</i>	<i>to be determined</i>
<i>Board Presentation:</i>	<i>to be determined</i>
<i>Follow-Up Support:</i>	<i>If requested</i>

