

# **2006-2007 GRAND JURY REPORT**

## **Moreno Valley Unified School District**

### **School Bus Contracts**

#### **Background**

Moreno Valley Unified School District (MVUSD) Administrative Offices are located at 25634 Alessandro Boulevard, Moreno Valley, California. There are twenty-three (23) elementary schools, five (5) middle schools, three (3) high schools, and five (5) alternative schools within the district. Out of a total enrollment of 37,361 students, the Average Daily Attendance (ADA) is 34,665. The annual revenue was \$319.1 million for the school year 2006, with expenses of \$286.9 million, and net assets of \$359 million. Student transportation cost for 2005 was \$4.8 million and was \$6.1 million for 2006.

MVUSD has its own school bus service consisting of 57 buses and 68 drivers who are employees of the school district. At the beginning of the 2006 school year, MVUSD reverted to a traditional school year schedule, which caused an increase in the number of school bus routes. The district did not have sufficient buses and drivers for the increase and went to Laidlaw Transportation Services to fill the shortages. MVUSD used a pre-existing charter bus service bid proposal document as a contract with Laidlaw to cover the shortfall in home-to-school bus service. Charter bus service is only for school field trips and special events. MVUSD plans to replace the Laidlaw drivers and buses with MVUSD drivers that they will hire and train. MVUSD has found it difficult to hire and retain qualified bus drivers and will continue to use Laidlaw drivers and buses.

#### **Findings**

1. MVUSD is operating 20-22 home-to-school bus routes with Laidlaw without a formal written contract signed by both parties. Instead, they are using a bid proposal document received from Laidlaw as an operational contractual agreement, which is outside the scope of the work to be performed exposing each party to substantial risk, litigation and unlimited cost. This agreement does not meet the requirements of California Public Contracts Codes (CPSS) §20111, §20112 and Moreno Valley Administrative Regulation (AR) §3310.

2. As of the end of January 2007, Laidlaw has been paid over \$700,000 for home-to-school bus service with MVUSD without a contract. MVUSD is non-compliant with state code and its own policy for not advertising for competitive bidding for home-to-school bus service. State code requires advertising for contracts over \$65,000 for school year 2006 and \$69,000 for 2007, and awarding the contract to the lowest qualified bidder, in accordance with CPPC §20112 and MVUSD Business Policy (BP) §3311.
3. MVUSD is not planning to follow the Education Code, as it pertains to contract extension. The code only allows a contract to be extended for a total period of five years. Special provision #3 of MVUSD bid proposal document for charter bus service of 2004 states their agreement ends on June 30, 2005. The time frame of the bid proposal includes an option to extend for up to two additional years; therefore, the duration of the service will end not later than June 30, 2007. MVUSD plans to extend the bid proposal document an additional five years beginning July 1, 2007. This extension will exceed the five-year limitation, in accordance with California Education Code (CEC) §17596.
4. Laidlaw was the low bidder for 84 passenger vehicles in the bid proposal document of 2004. The bid proposal document did not include 22-passenger vehicles, however, MVUSD is using eleven (11) Laidlaw 22-passenger vehicles. Therefore, the district is not in compliance with state code and district policy, CPPC §20111, §20112 and AR §3310.
5. In 2006, MVUSD's governing board (school board) approved the purchase of 10 buses at \$150,000 each, without a comprehensive plan, to replace Laidlaw as the bus service provider. As of January 2007, MVUSD has failed to hire a sufficient number of qualified drivers for the new buses; therefore, the governing board approved making this \$1.5 million expenditure while also paying for student transportation by Laidlaw.

## Recommendations

Riverside County Board of Supervisors  
Moreno Valley Unified School District  
Moreno Valley Unified School District, Board of Education  
Riverside County Office of Education

1. MVUSD comply with the California Code. Specifically, discontinue the practice of using a bid proposal document as a contract and enter into a written contract signed by both parties that defines the scope of the work or services to be performed, pursuant to CPPC §20111, §20112 and AR §3310.
2. MVUSD advertise for a home-to-school bus service and award a contract to the lowest qualified bidder in accordance with California Code, and MVUSD regulations in order to award contracts that ensure fair competition, pursuant to CPPC §20110 and §20111.
3. MVUSD review the requirements of CEC §17596 and consistently comply with the California Code as it applies to contract extensions. Consult with legal counsel before extending any contracts.
4. MVUSD proceed with the competitive bid process for 22-passenger vehicle for home-to-school service contract. The contract be awarded to the lowest qualified bidder, pursuant to CPCC §20111, §20112 and AR §3310.
5. MVUSD governing board must fully research and ensure there is a comprehensive plan for complete implementation for purchases of this magnitude to fulfill their fiduciary responsibilities to the taxpayers.

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