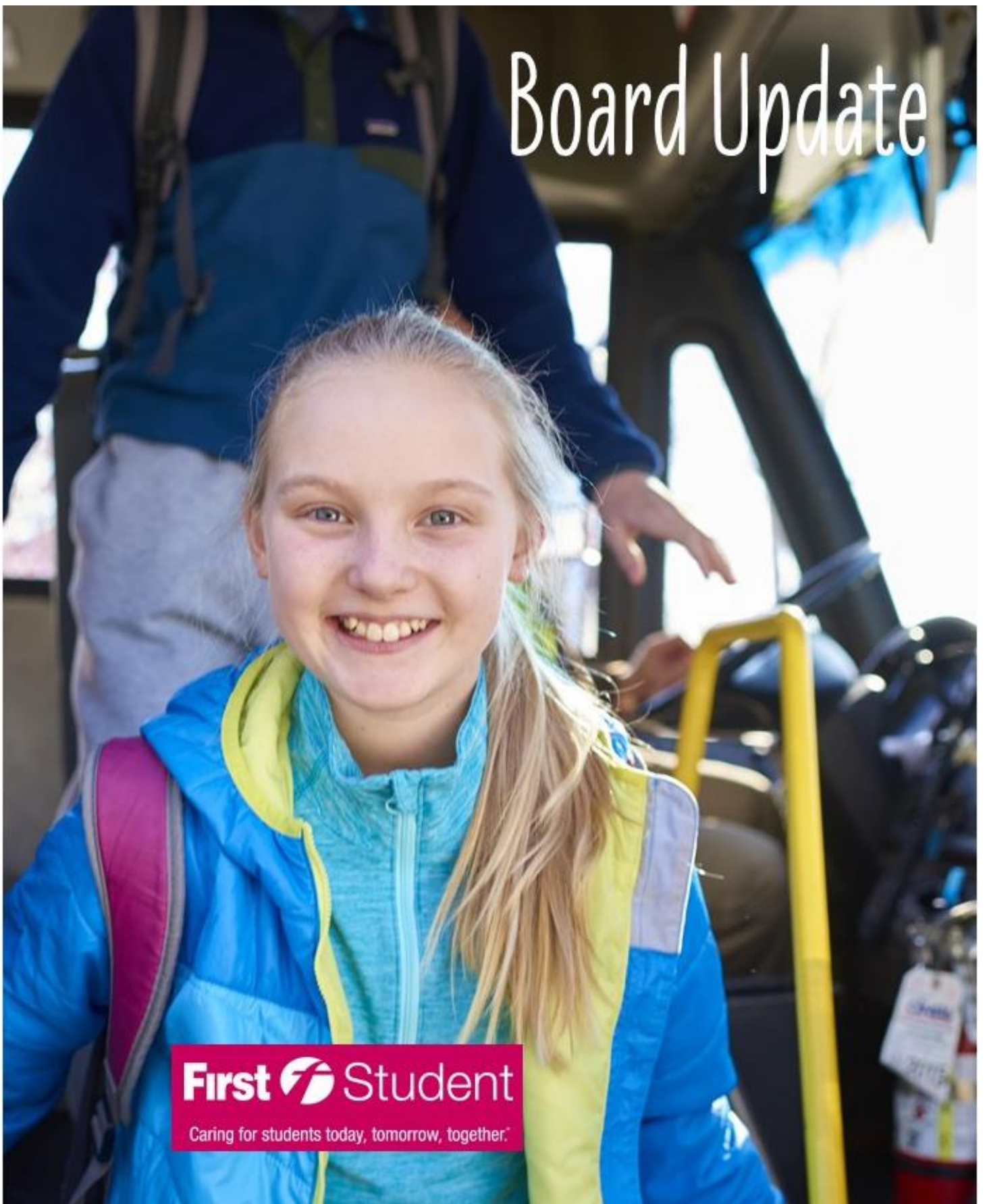


Board Update



First Student
Caring for students today, tomorrow, together.

Molalla River School District
March 2019

FIRST STUDENT - BOARD UPDATE

As we get settled in the second half of the school year, we wanted to provide an update to the Board of the Molalla River School District (the “District”). Recently we met with members of the District and reviewed a list of topics that the District would like First Student to summarize and review. These topics include safety, personnel, equipment and communication. The following summary will speak to these topics in the areas of people, process and technology.

PEOPLE

Kim Worster was brought on board to First Student in late 2017 as the senior vice president of operations for the West Region. She brings extensive operational and financial experience and has spent a significant portion of her career in the school bus transportation industry. Kim has made substantial changes in how we engage with our teams and serve our customers. In January 2018, she brought in Mike Hamel as the new area general manager for Northern Oregon. Mike also has an extensive background in the school bus industry and brings a strong commitment to delivering world-class customer service where safety always comes first. Greg Rants was hired in December 2015 to lead our Molalla location, and he has already made a positive impact at the location. We are excited to have him on the team.

Kim Worster, CPA, CA **Senior Vice President, Operations** Kim.Worster@firstgroup.com



Kim has more than 25 years of experience in senior operational and financial roles, including leading operations, finance, accounting, insurance/risk, information technology, and mergers and acquisitions. Additionally, Kim has more than 20 years of project experience in regional, national and international transportation/logistics organizations. In her present role, she oversees 105 locations across 10 U.S. States and 5 Canadian Provinces.

Kim was Chief Operations Officer for Canada and Eastern US at National Express Corporation (Durham School Services and Stock Transportation), and held positions as Chief Financial Officer for NorthStar Passenger Services and Chief Financial Officer for Cole Integrated Systems. Kim began her career with KPMG and is a CPA with a Bachelor of Commerce degree from McMaster University.

Mike Hamel
AGM, Northern Oregon
Michael.Hamel@firstgroup.com



Mike joined First Student in 2018 to oversee the overall performance of 11 locations and 634 First Student buses in Northern Oregon. As area general manager, he works with our Northern Oregon location managers to ensure they have the guidance and resources they need to provide safe, dependable student transportation. He also represents First Student in all contract and labor negotiations for this area.

His 12+ years of experience in student transportation includes a strong background in customer service, safety, contract negotiations, human resources, community leadership and leadership development. He specializes in building strong management teams, performance excellence, putting solid processes in place and creating a culture of safety within his locations. Prior to First Student, Mike served as the area general manager at Durham School Services.

Greg Rants
Location Manager
Gregory.Rants@firstgroup.com



Greg joined the First Student Team in December 2015. He brings extensive experience in problem solving, team building and interpersonal skills at multiple levels of leadership from his years of service in transportation and logistics. He is extremely excited to build on the relationship with the Molalla River School District and outlying communities.

Prior to First Student, Greg spent many years improving KPI performance, creating a strong safety record and building cross functional teams during his time at the Safeway Distribution Center and Consolidated Freightways.

PROCESS

First Student continues to adopt and promote best practices that help our team achieve greater operational discipline. Additionally, we actively monitor and measure benchmarks that move us toward our high service standards and performance goals.

To help our Molalla team drive continuous improvement through data-driven decision making, we provide tools to help our location manager extract actionable insights from system reports. This allows our leadership to have focused and informed conversations with staff about safety and service performance. Here are some of the tools and programs that we have put in place to help our Molalla team improve their operational performance.

- **Daily Dispatch Report** - The Daily Dispatch is a tool developed by our central Performance Assurance Team and is reviewed by our local and regional managers. The report is sent to the location each morning and uses onboard GPS units to pull data linked to vehicle, route and driver. This information helps our leadership assess performance in areas that have the most immediate effect on operations such as swipe compliance, underutilized buses and overdue preventive maintenance actions. The Daily Dispatch is used to coach team members and change behaviors.

- **Business Review Meetings** – Mike Hamel holds weekly meetings with each of his location managers to go over their weekly performance. They fill out a business review agenda prior to the meeting, which consists of successes for the week, variances from the Daily Dispatch Report, customer concerns and barriers to productivity. We utilize this time to focus on the location and work through any challenges that the local leadership team is having. The team works together to ensure the location has everything needed to deliver exceptional customer service.
- **Performance Assurance Team** - The First Student Performance Assurance Team leads the development of policies and procedures that improve customer service while driving efficiency at the location level. The Molalla location has worked with members of the Performance Assurance Team which has allowed them to achieve success.
- **Regional Resource Team** - Our region and corporate support teams consist of dedicated safety, maintenance, human resources and finance professionals that are always available to support our local teams. This adds greater value and benefit to our operations.

Safety

At First Student safety is at the forefront of everything we do. We pride ourselves on putting our students, employees and customers first. We are continually improving the safety culture in Molalla by having ongoing training and great regional support. We are pleased to share that our Molalla location is trending slightly better than target and prior year regarding preventable accidents and injuries.

Safety Highlights

- Training – Extensive and ongoing training for all drivers and staff.
- Safety Audits – Yearly audits to ensure that the location is safe and compliant to all First Student and ODE standards. Molalla did very well on their recent safety audit.
- Safety Wellness Checks – Similar to a safety audit but can be done throughout the year. This is done by the Regional Safety Manager. Molalla did well on their latest wellness check.
- Safety Net – Driver meeting to help raise safety awareness. This is done by the Area General Manager and Regional Safety Manager
- Keeping Safety Relevant – We use FS Connect (employee app) and our safety board to help communicate success stories and incidents that occur around the region/country to help ensure that our employees are aware of the good and bad things that can happen around safety. An example of this is when we find a sleeping student on one of our buses while doing a child check search.

Operational KPIs

We measure a full suite of Key Performance Indicators (KPIs). The following table highlights 4 KPIs related to our Molalla operations:

Molalla Operational KPI Metrics 2018/2019 School Year							
	Goal	September	October	November	December	January	February
On-Time Performance	95.0%	96.63%	96.21%	96.29%	97.38%	97.34%	97.31%
PM Compliance	98%	95%	100%	100%	100%	100%	100%
GPS Health	95.0%	99.26%	99.27%	98.73%	97.35%	97.06%	97.68%
Speed	0.60%	0.75%	0.68%	0.59%	0.59%	0.57%	0.52%

On-time Performance - This KPI measures the number of runs that arrive to the school at their scheduled time divided by the total number of runs. Our reports give us the ability to analyze on-time performance by school and by driver. Our team pulls reports daily to find the root cause for any late bus occurrence and takes the appropriate action to correct the issue.

PM Compliance - This KPI measures the percentage of preventative maintenance inspections that were completed for each vehicle compared to a schedule that is produced for each vehicle. Each vehicle is set up on its own maintenance schedule which is determined by the type of vehicle and manufacturer specification.

GPS Health - This KPI measures the percentage of GPS units that are working properly. The team has daily visibility of non-functioning GPS units. Having all GPS units reporting properly is vital to improve completeness and accuracy of operations data that feeds many of the other KPIs.

Speed - This KPI measures the percentage of driving hours where the speed was above the stand over total operating hours. Speed is captured throughout the duration of the route, including when the bus is at the location.

Driver Staffing

There is a nationwide shortage of CDL drivers and Molalla is no exception to this challenge. As with almost all locations nationwide we have struggled with driver staffing levels but we are making strides to end the year in a better position. One of the ways that we do this is through employee retention. We are currently 4 drivers away from being at our goal of 110% staffing. We are working diligently towards this goal.

Recruiting actions that we undertook:

- A more hands on approach to recruiting and developed an action plan that has increased our applicant flow. Recruitment activities are strategically planned, with appropriate advertising and community outreach.
- We increased our starting driving rate by \$1 in the summer of 2018.
- We assist all new applicants throughout the training process by providing paid training, as well as, paying for the cost of the permit test, the permit fee and the cost of their CDL.
- We offer lucrative sign-on bonuses for all new hires that currently top out at \$3,500.
- We offer a referral bonus for current hires as well as new hires which is currently \$1,500.
- We added classes to help applicants obtain their CDL permit. We have dedicated classroom trainers who are measured by the trainee's success rate. This has allowed us to identify gaps in training and close those gaps to improve learning outcomes.
- We changed our driver onboarding process to help applicants move through their training more efficiently. This is accomplished by having drivers share a dedicated trainer for the entire program.
- We evaluated our staff that were involved in the recruiting and onboarding process to ensure that that are passionate about their job and were dedicated to performing at a high level every day.

- We trained our employees to conduct proper interviews to ensure that we are hiring qualified candidates.
- We have had and will continue to have retention events scheduled to keep our team engaged throughout the year so that we retain our current staff. Some of these events include employee BBQs, petting zoos with jump castles and celebrating their successes.

TECHNOLOGY

In our maintenance shops, we rolled out a new paperless system, Infor EAM. This system is tablet-based, which dramatically changes the way our technicians operate. This shift allows for greater service efficiency, visibility, quality control and team communication. It also raises productivity by automating elements of maintenance work processes.

- Data Supported Decisions- Infor provides real-time data so the team receives notice of bus issues as soon as the driver reports them in the system. This allows technicians to react quicker and resolve issues faster.
- Organized Work Processes- The technicians can place orders for parts and close out work orders without having to leave the shop floor.
- Improve Safety, Reliability and Efficiency- Each technician will use Wi-Fi enabled tablets pre-loaded with all required forms, work orders and detailed task assignments. This eliminates the need for technicians to return to the shop office to reference information.

AREAS OF FOCUS

The following areas of focus were shared with us by the District. Below is a summary of where we are today for each.

1. Student Management / Incidents
2. Radio Communications
3. Bus Fleet (Age & Reliability)
4. Public Communication

An overview of these areas of focus are:

1. Student Management / Incidents

- Training – All of our drivers go through extensive training which last 4 to 6 weeks. This training includes classroom training with a focus on student management and how to handle/track incidents. We also provide re-occurring training which includes monthly safety meetings, our annual kickoff meeting and individual coaching sessions as incidents occur. All of our drivers are trained to report what they hear, see or are told.
- Incident Tracking – Our drivers are trained to share the events of the incident with school staff. After speaking with the school staff should the event require documentation our driver will complete a bus referral for that incident. To date there have been 166 referrals that were submitted to the schools.
- FirstACTS – FirstACTS is a student ridership conduct tracking system that is new. This is a web-based tool which eliminates tedious and time-consuming paper-based reporting and trend analysis. FirstACTS helps everyone more easily communicate incidents for timely action and resolution.

2. Radio Communications

- Reliability – All of our buses have working radios. There are a few routes that go into “dead zones” that affect the quality of the transmission to no transmission at all. First Student owns a repeater that helps expand the signal of our current radio broadcast. This repeater is inspected on an annual basis.
- Equipment Review – We have reached out to our radio equipment provider and asked for a review of our current equipment as well as geographical coverage area. After this consultation, we will meet with the District and share our findings.

3. Bus Fleet (Age & Reliability)

- Age Requirements – All of our buses meet the contractual age requirements of our contract. The Area General Manager, VP of Maintenance and the Location Manager review the bus fleet requirements each year to ensure that we are contractually compliant. We have ordered new 6 buses for this upcoming school year and we may have the ability to order some more.
- Reliability – We take great pride in the maintenance of our bus fleet. There are over 55,000 parts on a school bus so we understand that there is an opportunity for a part to malfunction over time. To help prevent malfunctions from occurring our maintenance staff do a great job on preventative maintenance. We had a recent incident to where a heater did not work properly on a bus that was used for a school trip. Our charter center assisted our Molalla location on this trip and used one of their buses versus using a newer Molalla bus. As a preventative measure, we have instructed the charter center to use Molalla’s bus fleet for all MRSD trips.

4. Public Communication

- PTO (Parent Teacher Organization) – First Student is committed to attend and participate in PTO events at the school. This will allow First Student to become more engaged with the parents in our community.

CONCLUSION

We are pleased to have the opportunity to provide the Board with this report and hope that you agree that First Student has made significant strides to improve the service experience for the families and schools at Molalla River School District. First Student is honored and privileged to have served the District for the past 21 years. We look forward to continuing our partnership with the District, as well as, increasing our presence as a member of the Molalla community.