

South Coast Area Transit- Laidlaw Transit Services Inc. Contract

Background

This report is in response to a citizen's allegation that provisions of a contract between South Coast Area Transit (SCAT) and Laidlaw Transit Services Inc. (Laidlaw) have been violated. The complainant alleges that as a result of these violations, Laidlaw employees did not receive their fair share of the distribution of an employee incentive program. The complainant further alleges that written policies and contract provisions are difficult for Laidlaw employees to obtain.

Methodology

The Ventura County Grand Jury contacted SCAT in order to obtain a copy of the contract between SCAT and Laidlaw. After receiving and reading the contract, we also requested and received information regarding the amount of money that SCAT had awarded Laidlaw for exemplary service and for the manner in which those awards were distributed to the employees of Laidlaw.

Findings

- F-1. SCAT and Laidlaw have entered into a contract; part of which deals with incentives that may be earned by Laidlaw employees.
- F-2. The contract between SCAT and Laidlaw provides for two incentive plans under which employees of Laidlaw shall be compensated for service that exceeds performance standards and goals.
- F-3. The first incentive program describes how operators (bus drivers) who have no preventable accidents, no validated complaints, perfect attendance and conform to the uniform policy may receive as much as six hundred dollars (\$600) per year in bonuses. This plan is paid by Laidlaw and is intended to provide a strong recruitment program and retain drivers that are already employed.
- F-4. A second incentive program is funded by SCAT and paid to Laidlaw for service that exceeds performance standards and goals that are described in the contract.
- F-5. Proceeds from the second incentive program are distributed to Laidlaw non-managerial staff, and include reservationists, dispatchers, drivers, clerical and maintenance personnel.
- F-6. The performance incentives for the month of July 2001 were divided among 39 employees. Two of the 39 employees were managers and were not intended by the contract to be included in the distribution.

- F-7. As a result of the distribution error, each of the 37 operations personnel was given an additional distribution to compensate for the shortage that each had incurred.
- F-8. Some Laidlaw employees have asked for, but not received, a copy of contract provisions that deal with how incentives are earned and how those incentives are distributed.

Conclusions

- C-1. It is the Grand Jury's opinion that Laidlaw employees are not well informed of contract provisions that deal with bonuses. We also believe that well informed employees would work hard to earn extra money and that their improved morale and performance would provide better service to SCAT, their patrons and the citizens of Ventura County. (F-1, F-2, F-3, F-4, F-5, F-6, F-7)

Recommendations

The Ventura County Grand Jury recommends that SCAT monitor Laidlaw more closely in the following areas:

- R-1. Laidlaw employees should be well informed of all contract provisions that pertain to their wages and bonuses. (C-1)
- R-2. The manner in which Laidlaw distributes bonuses to its employees should be available to any interested employee. (C-1)
- R-3. Any contract violations by Laidlaw should be corrected immediately. (C-1)



Commendations

All contracts and documents requested of SCAT were provided in a timely manner.

Laidlaw corrected distribution errors in a timely manner.

Responses Required

South Coast Area Transit (R-1, R-2, R-3)

VENTURA SUPERIOR COURTS
FILED
MAR 8 2002
MICHAEL D. PLANET
Executive Officer and Clerk
BY: _____ Deputy

March 6, 2002

Honorable Bruce A. Clark
Presiding Judge of the Superior Court
Ventura County Hall of Justice
800 S. Victoria Avenue
Ventura, CA 93009

Dear Judge Clark:

In accordance with California Penal Code section 933.05, I am submitting the response to the 2001-2002 Ventura County Grand Jury report entitled, *South Coast Area Transit-Laidlaw Transit Services Inc. Contract*.

Response to Findings:

- F-1 SCAT concurs that SCAT and Laidlaw have entered into a contract under which Laidlaw provides paratransit service for SCAT. The contract specifies incentives for exceeding performance standards and goals. Laidlaw stated in their proposal that "all incentive payments will be distributed to non-management staff."
- F-2 SCAT respectfully disagrees in part that the contract between SCAT and Laidlaw provides for two incentive plans under which employees of Laidlaw shall be compensated for service that exceeds performance standards and goals. The SCAT/Laidlaw contract provides for an incentive paid to Laidlaw for the specific performance standards and goals stated in the contract. The driver incentive program cited in the Laidlaw proposal is a corporate policy for employee performance intended to help in driver retention. It is not a requirement of the service contract but is a commitment by the Laidlaw corporate office.
- F-3 SCAT respectfully disagrees in part that the contract includes an incentive program for bus drivers who have no preventable accidents, no validated complaints, perfect attendance and who conform to the uniform policy to receive bonuses. This incentive program is a Laidlaw Transit Services corporate policy for driver retention that was included in the Laidlaw proposal.
- F-4 SCAT concurs that the SCAT/Laidlaw contract includes an incentive program funded by SCAT and paid to Laidlaw for service that exceeds performance standards and goals specifically described in the contract.

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- F-5 SCAT concurs that the performance incentive program, in accordance with the Laidlaw proposal, calls for distribution of any incentive paid to Laidlaw to non-managerial staff including reservationists, dispatchers, drivers, clerical and maintenance personnel.
- F-6 SCAT concurs, based on the information provided by Laidlaw, that the performance incentive for the month of July 2001 was divided among 39 employees. Two of the 39 employees were managers and were not intended by the contract to be included in the distribution. The distribution of incentive to Laidlaw employees is considered an internal human resources function of Laidlaw, a private contractor. SCAT did not review the method of distribution.
- F-7 SCAT concurs, based on the information provided by Laidlaw, that the distribution error was corrected to redistribute the portion of the incentive that was paid to two management employees to the other 37 non-management employees.
- F-8 SCAT respectfully disagrees in whole that some Laidlaw employees have asked for, but not received, a copy of contract provisions that deal with how incentives are earned and how those incentives are distributed. The SCAT/Laidlaw contract provision stating how incentives are earned was posted in three locations at the Laidlaw facility and placed in each employee's mailbox in February 2001. Additionally, the contract is a public document and any requests made to SCAT by Laidlaw employees were fulfilled by providing the requested information. The manner in which the incentive is divided among non-management Laidlaw employees was solely a determination by Laidlaw and was not a part of the contract terms. The new incentive program for employees was discussed at monthly employee meetings in December 2000, January 2001, February 2001 and May 2001. Margaret Heath, SCAT Paratransit Manager, was in attendance at the first three Laidlaw employee monthly meetings where the incentive program and distribution method was explained to insure the information provided was accurate and that employee questions were answered. Ms. Heath subsequently responded to questions from a dozen employees from December 2000 through July 2001 regarding the contract terms. Questions regarding the method of distribution of the incentive payment were directed to Laidlaw management. SCAT is unaware of any instance of a Laidlaw employee not receiving a copy of the requested information from Laidlaw.

Response to Recommendations:

- R-1 SCAT agrees that Laidlaw employees should be well-informed of all contract provisions that pertain to their wages and bonuses, as well as those that pertain to service standards. SCAT will monitor the information provided during new employee training regarding all contract terms and request that written information is given to all new Laidlaw employees that specifically explains the contract performance incentive program and Laidlaw's policy on distribution of an incentive earned. SCAT will also continue to monitor that the information is posted at the Laidlaw facility. Laidlaw was instructed to provide written materials to SCAT for approval by February 22, 2002 with

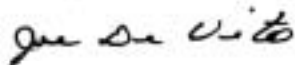
Response 1 - SCAT (continued)

implementation immediately following SCAT approval. This action has been taken and materials have been approved by SCAT.

- R-2 SCAT agrees that information describing the manner in which Laidlaw distributes bonuses to its employees should be available to any interested employee. Laidlaw and SCAT recognize that failure to fully disclose incentive programs undermines the purpose for offering the rewards. This will be monitored as stated in R-1.
- R-3 SCAT agrees that any contract violations by Laidlaw should be corrected immediately. SCAT will review the incentive distribution schedule prior to disbursement of bonuses to insure all non-management staff is included and that management staff is not included. There are numerous other contract terms that are routinely monitored to insure contract compliance. Laidlaw was instructed to provide a distribution schedule to SCAT when an incentive is earned so that SCAT can ensure all eligible employees are included prior to disbursement of bonuses. There have been no incentives earned since July 2001.

If you have any questions or need any additional information please feel free to contact Deborah Linehan, SCAT general manager, at 483-3959 extension 118.

Sincerely,



Joe DeVito
SCAT Board Chair