

May 3, 2006

**1. CALL TO ORDER:**

Committee Chairman Comerchero called the meeting to order at 2:01 p.m., on May 3, 2006, in the RTA Conference Room with no quorum present. Committee Chairman Comerchero commented that items 9 through 12 require a vote, and if a legitimate vote cannot be taken due to lack of a quorum, then those items would be moved to the full Board without a recommendation.

**2. SELF-INTRODUCTIONS:**

Self-introductions of those in attendance took place.

**Board Committee Members:**

Committee Chairman Jeff Comerchero, City of Temecula Councilmember  
Director Bob Buster, County of Riverside Supervisor, District I  
Andrea Puga, Alternate, County of Riverside, District II

**RTA Staff:**

Larry Rubio, Chief Executive Officer  
Tom Franklin, Chief Operating Officer  
Craig Fajnor, Chief Financial Officer  
Vince Rouzaud, Director of Purchasing and Materials Management  
Rick Kaczerowski, Director of Information Technologies  
Laura Murillo, Director of Human Resources  
Mark Stanley, Director of Planning  
Scott Richardson, Director of Marketing  
Chris Gallanes, Manager, Performance Analysis and Reporting  
Beverly Smith, Controller  
Jiles Smith, Risk Manager  
Brad Weaver, Communications Specialist  
Maricela Hernandez, Executive Assistant/Clerk of the Board

**3. PUBLIC COMMENTS - NON-AGENDA ITEMS:**

None.

**4. APPROVAL OF MINUTES –APRIL 5, 2006, COMMITTEE MEETING:**

Because of no quorum present, the minutes were carried over to the next Committee meeting.

**5. CASH FLOW PROJECTIONS:**

Mr. Craig Fajnor, Chief Financial Officer, presented the Cash Flow Projections Report.

**6. PRODUCTIVITY IMPROVEMENT PROGRAM (PIP) REPORT:**

Mr. Fajnor presented the Productivity Improvement Program (PIP) report and commented that the information contained in the matrix is what was distributed to the Board at the April 27<sup>th</sup> meeting. This report shows that system wide the Agency is achieving or exceeding all eight targets.

**7. FAREBOX RECOVERY RATIO UPDATE:**

Mr. Fajnor presented an update of the Agency's farebox recovery ratio up to the month of April. At this point, it is projected that the year-end will be an 18.81 blended rate, which is 1.08 percent greater than the target of 17.73 percent.

Alternate Puga inquired what the term blended rate meant. Mr. Fajnor replied that an urban route by standard has to achieve a 20 percent farebox recovery ratio and a rural route has to achieve a ten percent ratio. Many of the RTA's routes cover both sections. An analysis by route indicates that the Agency has a blended farebox target of 17.73 percent for fiscal year 2006.

Ms. Puga inquired as to who decides the percentage of farebox recovery ratio imposed on transit agencies. Mr. Rubio replied that farebox recovery ratio is part of the Transportation Development Act (TDA) State Program administered by RCTC.

8. CAPITAL GRANTS' STATUS:

Mr. Fajnor presented an update on the status of Capital Grants.

Committee Chairman Comerchero inquired if there is a reason why the Federal Transit Administration (FTA) would not approve the reprogramming of grants' funds balances. Mr. Fajnor replied that staff has been in contact with FTA staff, and so far they have allowed the Agency to move forward with the reprogramming of funds.

Director Buster arrived at the meeting during discussion of item 8.

Committee Chairman Comerchero welcomed Director Buster to the meeting and explained that there was no quorum present.

9. REQUEST TO OPEN PUBLIC HEARING ON FISCAL YEAR 2007 OPERATING AND CAPITAL BUDGET AND SHORT RANGE TRANSIT PLAN:

Mr. Fajnor presented FY2007 Operating and Capital Budget and Short Range Transit Plan.

Director Buster inquired if farebox recovery ratio is affected by Capital Projects. Mr. Rubio replied that Capital Projects do not affect farebox recovery ratio.

Committee Chairman Comerchero requested a detailed explanation of the routes being proposed for elimination. Mr. Rubio replied that Route 204 is redundant service as Omnitrans runs an express service from Riverside to Montclair. Route 61 is a circulator in Sun City (Sun City Scooter), which is also served by Dial-A-Ride and Route 27.

Committee Chairman Comerchero inquired if outreach efforts would take place prior to eliminating any routes. Mr. Rubio replied that if the Budget and SRTP are approved, changes would not occur in July. Prior to any changes, a series of public hearings would be held, and the Board would have one more opportunity to make a decision on whether the routes are eliminated. Route 36 is a fixed route service in Calimesa, which is one of the lowest productive routes. The City of Calimesa received a donation of three paratransit vehicles from RTA. They also have Measure A money from RCTC. They have been trying to establish their own service with these funds. Perhaps the elimination of this route, would serve as an incentive for them to implement their own service. RTA would be willing to assist in any way possible. Director Buster inquired if Route 36 connects to Omnitrans routes. Mr. Rubio replied that Route 36 goes into Redlands.

Director Buster inquired about Route 18A. Mr. Rubio replied that this Route serves the North end of Moreno Valley around Sunnymead Ranch. This Route has a lot of unproductive hours as it serves some of the same places served by Routes 18 and 19.

Director Buster inquired about the Consumer Product Index (CPI) cost increase. Mr. Fajnor replied that the overall cost increase is 6.9 percent over what is projected for year-end. This is being brought up because the Productivity Improvement Program (PIP) targets that will be set for the

Agency that will be measured on an ongoing basis. Many of the targets escalate by the CPI factor provided by RCTC. Mr. Rubio commented that Dr. John Husing is in the process of crafting a CPI that would be unique to the transit industry.

Director Buster inquired if the Agency's safety records prevented the insurance rates from increasing. Mr. Rubio replied that there has been a reduction in claims and rates, however, coach operators' claims have recently increased.

Committee Chairman Comerchero inquired if there is a possibility that any numbers would be in jeopardy of being included in the formula for farebox recovery ratio. Mr. Rubio replied that some of the exceptions will sunset in 2008.

Director Buster commented that this area is urbanizing very rapidly and inquired if RTA's status would change from rural/urban as it relates to the determination of farebox recovery ratio. Mr. Fajnor replied that there are no specifics as to when the status would change, but when it takes place is going to make it difficult to meet the ratio. Mr. Rubio commented that the census determines the change, which is still two years away.

Director Buster inquired about the PIP targets. Mr. Fajnor replied that cost for revenue service hour and farebox recovery ratio factors are mandated by RCTC. A waiver from RCTC would be requested so that the targets can be achieved. Since the other service providers are experiencing the same issues, the waiver would most likely be adopted. Director Buster inquired as to the term revenue service hour. Mr. Fajnor replied that revenue hour is the time during which the buses operate; deadhead hours are not included.

10. AUTHORIZATION TO EXERCISE OPTION YEAR ONE OF AGREEMENT 5-007 WITH NETWORK PARATRANSIT SYSTEM, INC., (NETWORK PARATRANSIT) FOR THE AGENCY'S TAXI OVERFLOW SERVICES PROGRAM:

Mr. Rouzaud presented item 10 to the Committee members.

Alternate Puga inquired about the taxi cost for the current year and also if the cost is the same as Dial-A-Ride (DAR). Mr. Rouzaud replied that the cost is very similar. The contract with the prior provider of DAR was structured very inefficient as it incentivized them to move as many rides to the taxi operator. The cost for the last three months of their contract increased tremendously. In the month of February and prior to the new contractor taking over the taxi cost was \$53,000. Staff is confident that the new provider will average about \$23,000 in taxi services per month compared to the previous contractor who was operating at about \$42,000 per month.

Director Buster inquired about the primary incentives offered to the new contractor. Mr. Rouzaud replied that incentives include passengers per revenue hour, which encourages them to schedule as many passengers as they can in a bus. Mr. Rubio commented that there is an incentive to book group trips which reduces the amount of vehicles that are out at any given time, which in turn reduces the amount of taxis. Director Buster commented that a 40 percent reduction is not unrealistic. Alternate Puga commented that this would also prevent them from missing trips. Mr. Rouzaud commented that a list of performance incentives was offered to the new contractor, which includes complaints, missed trips, passengers per revenue hour, late trips, etc.

Committee Chairman Comerchero requested that the minutes for today's meeting indicate all the questions that were brought up, so the Board can know that the issues were addressed.

11. AUTHORIZATION TO AWARD AGREEMENT NO. 6-001 TO MARSH RISK & INSURANCE SERVICES (MARSH) FOR THE AGENCY'S INSURANCE BROKERAGE AND CONSULTING SERVICES:

Mr. Rouzaud presented item 11 to the Committee members.

Committee Chairman Comerchero requested that the staff report to the Board include a synopsis of how it was determined to award this contract to the highest bidder.

Mr. Rouzaud reported that the number of consulting hours that was being proposed by the lowest bidder, AON was almost one half of what A.J. Gallagher and Marsh were proposing, which meant that the level of effort that they were going to put into the project was about one half of the other two bidders. The other two bidders were pretty close. Over the five-year period, about \$20,000 separated the two bidders as they were really consistent on what they were proposing to provide.

Director Buster inquired if insurance services are called upon constantly during the year for risk related issues. Mr. Rouzaud replied that the Agency has a very small risk management department, so staff relies heavily on the insurance experts.

Committee Chairman Comerchero inquired if the scope of work for the RFP included all the specifications. Mr. Rouzaud replied that all the requirements were included in the RFP. It is unknown why the lowest bidder felt they could accomplish the scope of work with fewer hours. They were offering 170 consulting hours per year while the other two bidders were offering 300 and 290 consulting hours per year.

The Committee members emphasized the need for the staff report to the Board to include a detailed explanation as to why it is being recommended that the contract be awarded to the highest bidder.

12. AUTHORIZATION TO AWARD AGREEMENT NO. 6-003 TO SOUTHERN COUNTIES OIL COMPANY FOR THE AGENCY'S UNLEADED FUEL AND LUBRICANT REQUIREMENTS:

Mr. Rouzaud presented item 12 to the Committee members.

Discussion took place regarding volume purchases of fuel.

13. BOARD MEMBER COMMENTS AND REMARKS:

None.

14. OTHER BUSINESS:

None.

15. ADJOURNMENT:

The meeting was adjourned at 2:49 p.m.

Prepared by RTA staff on May 10, 2006.