



**BOARD BUDGET AND FINANCE COMMITTEE MEETING  
WEDNESDAY, OCTOBER 2, 2013, 2:00 P.M.  
RIVERSIDE TRANSIT AGENCY BOARD ROOM  
1825 THIRD STREET  
RIVERSIDE, CA 92507**

<u>ITEM</u>	<u>RECOMMENDATION</u>
1. <u>CALL TO ORDER</u>	
2. <u>SELF-INTRODUCTIONS</u>	
3. <u>PUBLIC COMMENTS – NON-AGENDA ITEMS</u> Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to matters not listed on the agenda. Members of the public may comment on any matter listed on the agenda at the time that the Board considers that matter. Each person's presentation is limited to a maximum of three (3) minutes.	RECEIVE COMMENTS
4. <u>APPROVAL OF MINUTES – SEPTEMBER 4, 2013 COMMITTEE MEETING (P.3)</u>	APPROVE
5. <u>CASH FLOW PROJECTIONS (P.7)</u>	RECEIVE AND FILE
6. <u>AUTHORIZATION TO OBTAIN A MERIT OIL COMPANY CREDIT CARD TO FUEL AGENCY UNLEADED VEHICLES (P.9)</u>	APPROVE
7. <u>AUTHORIZATION TO AWARD AGREEMENT NO. 13-036 TO ND ELECTRICAL CONSTRUCTION, INC. FOR BUS STOP IMPROVEMENTS AND PASSENGER AMENITIES IN THE CITY OF SAN JACINTO (P. 11)</u>	APPROVE

*Any person with a disability who requires a modification or accommodation in order to participate in this meeting or any person with limited English proficiency (LEP) who requires language assistance to communicate with the RTA Board during the meeting should contact the RTA Clerk of the Board, telephone number (951) 565-5044, no fewer than two business days prior to this meeting to enable RTA to make reasonable arrangements to assure accessibility or language assistance for this meeting.*

*Agenda related writings or documents provided to the Board of Directors are available for public inspection in the office of the Clerk of the Board and at the reception desk while the meeting is in session.*

<u>ITEM</u>	<u>RECOMMENDATION</u>
8. <a href="#"><u>AUTHORIZATION TO AWARD AGREEMENT NO. 13-026 TO VEOLIA TRANSPORTATION (VEOLIA) FOR ADA/DIAL-A-RIDE TRANSPORTATION AND CALL CENTER SERVICES (P.14)</u></a>	APPROVE
9. <u>BOARD MEMBER COMMENTS AND REMARKS</u>	
10. <u>OTHER BUSINESS</u>	
11. <u>NEXT MEETING</u> Board Budget and Finance Committee Meeting Wednesday, November 6, 2013 2:00 p.m. RTA Headquarters 1825 Third Street Riverside, CA 92507	
12. <u>ADJOURN</u>	

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING  
Minutes  
September 4, 2013

1. CALL TO ORDER

Committee Chair Edgerton called the Board Budget and Finance Committee meeting to order at 2:00 p.m., on September 4, 2013, in the RTA Board Room.

2. SELF-INTRODUCTIONS

Self-introductions of those in attendance took place.

Committee Members Attending

1. Committee Chair, Wallace Edgerton, City of Menifee, Deputy Mayor
2. Director Randy Bonner, City of Canyon Lake, Mayor Pro Tem
3. Director Linda Krupa, City of Hemet, Councilmember
4. Director Frank Johnston, City of Jurupa Valley, Mayor Pro Tem
5. Director Alan Long, City of Murrieta, Councilmember
6. Director Andrew Kotyuk, City of San Jacinto, Councilmember
7. Director Jeff Comerchero, City of Temecula, Councilmember
8. Director Andy Melendrez, City of Riverside, Councilmember
9. Alternate Donna Johnston, County of Riverside, District II
10. Alternate Jaime Hurtado, County of Riverside, District V

Committee Members Absent

1. Director Jeff Stone, County of Riverside, District III

RTA Staff

1. Larry Rubio, Chief Executive Officer
2. Natalie Gomez, Clerk of the Board
3. Tom Franklin, Chief Operating Officer
4. Craig Fajnor, Chief Financial Officer
5. Vince Rouzaud, Chief Procurement and Logistics Officer
6. Jim Kneepkens, Director of Marketing
7. Natalie Zaragoza, Contracts Manager
8. Laura Camacho, Director of Human Resources
9. Lorelle Moe-Luna, Senior Planner
10. Brad Weaver, Marketing Manager
11. Virginia Werly, Director of Contract Operations
12. Bob Bach, Director of Marketing
13. Eric Ustation, Government Affairs Representative
14. Gordon Robinson, Director of Planning
15. Philip Kamhi, Senior Planner
16. Rick Kaczerowski, Director of Information Technologies
17. Kelly Bach, Performance Analysis and Reporting Manager

2. Other Attendees

None.

3. PUBLIC COMMENTS – NON-AGENDA ITEMS

None.

4. APPROVAL OF MINUTES – JULY 10, 2013 COMMITTEE MEETING

M/S/C (KOTYUK/BONNER) approving the July 10, 2013 committee meeting minutes.

The motion carried unanimously.

5. QUARTERLY CAPITAL STATUS

M/S/C (MELENDREZ/BONNER) approving the receipt and file of item 5.

The motion carried unanimously.

6. QUARTERLY INVESTMENT REPORT

M/S/C (BONNER/MELENDREZ) approving the receipt and file of item 6.

The motion carried unanimously.

7. CASH FLOW PROJECTIONS

M/S/C (HURTADO/JOHNSTON) approving the receipt and file of item 7.

The motion carried unanimously.

8. ANNUAL REPORT FOR PUBLIC AGENCIES SELF-INSURED FOR WORKERS' COMPENSATION BENEFITS

M/S/C (COMERCHERO/LONG) approving and recommending this item to the full Board of Directors for their consideration:

- Receive and file.

The motion carried unanimously.

9. AUTHORIZATION TO DEVELOP A SERVICE REDUCTION PLAN, WITH A PROPOSED EFFECTIVE DATE OF JULY 1, 2014, DUE TO THE CONTINUED HOLD OF FEDERAL GRANT FUNDING

M/S/C (BONNER/KRUPA) approving and recommending this item to the full Board of Directors for their consideration as follows:

- Authorize staff to develop a service reduction plan, with a proposed effective date of July 1, 2014, due to the continued hold of federal grant funding.
- Return to the Board in December 2013 with the service reduction plan and recommendations.

The motion carried unanimously.

10. BOARD MEMBER COMMENTS AND REMARKS

Director Kotyuk stated he met with Congressman Ruiz on September 3 and approached him with concerns for Central Valley and 13(c) issues.

11. OTHER BUSINESS

Mr. Rubio announced that congratulations were in order for Mr. Kneepkens and Mr. Weaver as RTA won the APTA AdWheel award for the Annual Report. Mr. Kneepkens will be traveling to Chicago at the end of September to collect the award. The Annual Report is also eligible for the grand prize.

Mr. Rubio stated that RTA won the South Coast Air Quality Management District (SCAQMD) Community Achievement Award for alternative fleet history, the Transportation NOW program, fleet projects, and the college pass program.

The SCAQMD 25<sup>th</sup> Annual Clean Air Awards event will be held on October 4 at the Biltmore Hotel in Los Angeles. Everyone is welcome to attend the event and celebrate with RTA.

12. NEXT MEETING

Board Administration and Operations Committee Meeting  
Wednesday, October 2, 2013  
1:00 p.m.  
RTA Headquarters  
1825 Third Street  
Riverside, CA 92507

13. MEETING ADJOURNMENT

The meeting was adjourned at 2:27 p.m.

DRAFT

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

October 2, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer

SUBJECT: Cash Flow Projections

Summary: The Agency develops cash flow projections for the entire fiscal year representing weekly increments. Due to the size of the report, it is difficult to portray the entire fiscal year.

The attached report represents actual cash performance through mid-September 2013 with projections through November 2013. This reporting period covers the first five months of FY14.

There are no cash flow issues anticipated during this reporting period. However, with an impending temporary resolution to the Federal 13(c) - State Public Employees' Pension Reform Act (PEPRA) issue, staff anticipates access to federal funding within the next couple of months. Until that time, staff expects tight cash flow. Staff will continue to monitor and manage the 13(c)/PEPRA situation, working proactively with Federal Transit Administration and Riverside County Transportation Commission staff to ensure positive cash flow throughout FY14.

Recommendation:

Receive and file.

**Riverside Transit Agency  
FY14 Cash Flow Projection**

	Actual											
1	General Account	9/20/2013	9/27/2013	10/4/2013	10/11/2013	10/18/2013	10/25/2013	11/1/2013	11/8/2013	11/15/2013	11/22/2013	11/29/2013
2	Est. Cash, Beg Balance (Book)	(70,834)	110,082	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
3	<b>Receipts:</b>											
4	LTF Operating - recurring		3,627,778				3,627,778					3,627,778
5	LTF GASB 43/45		150,000				150,000					150,000
6	FET Credit	86,113						85,053				87,850
7	CalPERS CERBT Disbursement		169,736									
8	Farebox	268,773	145,000	145,000	145,000	145,000	145,000	135,000	135,000	135,000	135,000	135,000
9	Total Other Farebox	1,798	74,968	1,027	119,841	2,675	300,994	20,814	46,956	1,251		299,683
10	Total Other Local	27,121	1,000	68,386	1,000	4,750	1,000	1,000	1,000	1,000	1,000	1,000
11	FTA Operating	9,602	3,647		70,600				70,600			
12	Capital - Local, State		10,000	29,421	10,000	10,000	64,961	12,423,919	106,302	106,302	106,302	10,000
13	Echo - FTA Capital	1,096	81,099		30,000	642,003	374,014	374,014	374,014	30,000	1,267,200	30,000
14	Transfer from Investment to Gen Acct.	600,000		859,666	2,266,458	517,534			1,900,921	669,947	926,423	1,476,889
15	<b>Disbursements:</b>											
16	Payroll = Net+Tax	(643,013)		(640,000)		(640,000)		(640,000)		(645,000)		(645,000)
17	A/P Wires	(25,512)	(251,084)	(188,500)	(1,909,100)	(106,500)	(403,600)	(188,500)	(1,919,100)	(23,500)	(276,925)	(188,500)
18	A/P Checks	(131,767)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
19	Capital Expenditures	(13,294)	(197,000)	(100,000)	(570,969)	(400,462)	(550,693)	(550,693)	(550,693)	(100,000)	(1,984,000)	(4,809,700)
20	Transfer to GASB Trust Acct.											
21	Actual Ending Book Balance / Targeted Minimum Balance	110,082	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

**22 LAIF Account:**

23	Beginning balance	3,000,000	2,400,000	6,100,227	5,240,561	3,007,503	2,529,745	6,064,199	5,203,463	3,302,543	2,632,596	2,352,863
24	Quarterly Interest Income					1,776						
25	Transfers to/from Gen Acct.	(600,000)	3,700,227	(859,666)	(2,266,458)	(517,534)	3,534,454	11,485,607	(1,900,921)	(669,947)	(926,423)	(1,476,889)
26	Transfers to/from County Pool	-	-	-	33,400	38,000	-	(12,346,343)	-	-	646,690	4,713,061
27	Ending balance	2,400,000	6,100,227	5,240,561	3,007,503	2,529,745	6,064,199	5,203,463	3,302,543	2,632,596	2,352,863	5,589,035

**28 County Pool Account:**

29	Beginning balance	38,516,383	38,516,383	38,516,383	38,516,383	38,489,000	38,451,000	38,451,000	50,797,343	50,797,343	50,797,343	50,150,653
30	Quarterly Interest Income				6,017							
31	Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-	-
32	Transfers to/from LAIF	-	-	-	(33,400)	(38,000)	-	12,346,343	-	-	(646,690)	(4,713,061)
33	Ending balance	38,516,383	38,516,383	38,516,383	38,489,000	38,451,000	38,451,000	50,797,343	50,797,343	50,797,343	50,150,653	45,437,592

<i>Restricted</i>	38,924,003	39,074,003	39,074,003	39,046,620	39,008,620	39,158,620	51,504,963	51,504,963	51,504,963	50,858,273	46,295,212
<i>Available for Operating</i>	2,102,462	5,592,607	4,732,941	2,499,883	2,022,125	5,406,579	4,545,843	2,644,923	1,974,976	1,695,243	4,781,415



RIVERSIDE TRANSIT AGENCY  
1825 Third St.  
Riverside, CA 92507

October 2, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics Officer

SUBJECT: Authorization to Obtain a Merit Oil Company Credit Card to Fuel Agency Unleaded Vehicles

Summary: At the May 2013 Board of Directors meeting, the Board authorized staff to obtain a Voyager credit card to fuel Agency support vehicles at the Merit Oil Company station (Merit) located at 1751 E. Third Street, Riverside. The Merit station is adjacent to the Agency's Third Street facility and would not increase the amount of time needed to fuel vehicles.

The decision to fuel support vehicles off-site was based on staff's analysis that determined off-site fueling was more cost effective than replacing its unleaded Underground Storage Tank (UST). The UST in Riverside has been underground since 1985 and is reaching the end of its useful life. The costs associated with insurance premiums and regulatory and environmental compliance is approximately \$18,000 annually. As such, in a previous Board action, the Board authorized the removal of the unleaded UST and directed staff to initiate off-site fueling.

It was also planned for the Voyager card to be used for emergency fueling of Compressed Natural Gas (CNG) vehicles if for any reason either of the Agency's CNG stations, in Riverside or Hemet, became inoperable. The Voyager card is accepted at local CNG fueling locations identified in the Agency's emergency fueling procedures.

Merit has introduced a new Merit commercial fueling credit card designed specifically for large commercial fleets. The new Merit card has many new security and control features that are not available with the Voyager card. Because the card is designed for large commercial fleets, the Merit card can be tailored to capture additional information such as vehicle number, fueling time, location, odometer reading, name of person fueling, number of gallons dispensed as well as track miles per-gallon (MPG) statistics.

The Merit system also includes reporting capabilities that can be tailored specifically to meet the needs of the individual organization. For example, the Agency can create and receive on a regular basis, via the internet, a customized report itemizing all fueling transactions that occurred the previous day/week/month etc. This report can be used by the maintenance department to monitor and reconcile fuel usage data. Once this information is reconciled, it can be uploaded directly into the Agency's fleet management system, thus, reducing the amount of staff time needed to manually input individual transactions.

Staff recommends, the Voyager card continue to be held as a back-up for CNG emergencies for both the Hemet and Riverside facilities. The cards will be secured in a safe within the maintenance and finance departments and will only be used for emergency fueling purposes.

If approved, staff will revise the Fleet Fueling Plan to incorporate the additional oversight and security features available with the new Merit credit card.

Fiscal Impact:

There is no fiscal impact associated with this action.

Recommendation:

Approve and recommend this item to the full Board of Directors for their consideration as follows:

- Authorize staff to obtain a Merit Oil Company credit card to fuel Agency owned vehicles.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

October 2, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE  
THRU: Larry Rubio, Chief Executive Officer  
FROM: Vince Rouzaud, Chief Procurement and Logistics Officer  
SUBJECT: Authorization to Award Agreement No. 13-036 to ND Electrical Construction, Inc. for Bus Stop Improvements and Passenger Amenities in the City of San Jacinto

Summary: At the November 14, 2012, Board of Directors meeting, the Board authorized the re-programming of Transportation Uniform Mitigation Fee (TUMF) funds to support bus stop improvements, including bus turnouts, at specific stops in the cities of Hemet and San Jacinto. The TUMF funds were originally allocated as local match for two congressional earmarks allocated to develop a transit center in the City of Hemet.

These earmarks were appropriated in FY04 and FY05 in the amounts of \$303,000 and \$340,000 respectively. In order to expend these federal funds to avoid potential de-obligation actions by the Federal Transit Administration, the Board directed staff to re-program this funding with an emphasis on delivering bus facility capital improvement projects within the cities of Hemet and San Jacinto.

Board member Krupa, City of Hemet, and Second Vice-Chairman Kotyuk, City of San Jacinto, provided staff with direction to advance bus stop improvements and passenger amenities in both cities. This region has experienced significant growth over the past several years.

Subsequently, staff worked closely with city staff to identify locations that would have the most positive impact on ridership. The sites identified for bus stop improvements include nine locations on two primary arterials in the City: State Street and San Jacinto Avenue.

These arterials are served by Routes 31, 32, 42, 74, 212 and 217. Table 1 illustrates ridership growth on these routes from FY08 through FY13.

Table 1

Route	FY2008	FY2013	% Change
31	75,848	132,536	75%
32	72,615	121,130	67%
42	14,910	57,396	285%
74	55,610	151,053	172%
212	-	31,641	-
217	-	32,682	-
Total	218,983	526,438	140%

The proposed improvements include new Americans with Disabilities Act (ADA) accessible concrete pads, shelters, benches and trash receptacles. In addition, some locations will be upgraded with bus turnouts that will reduce the potential for vehicular conflicts with buses, improving overall safety. The nine locations identified for these improvements are shown in Table 2.

Table 2

Intersection	Direction	Nearside	Farside
State Street @ Community College Drive	NB	X	
State Street @ Community College Drive	SB		X
State Street @ Idyllwild Drive	SB	X	
San Jacinto Avenue @ 6th Street	SB		X
San Jacinto Avenue @ Esplanade Avenue	NB		X
San Jacinto Avenue @ Esplanade Avenue	SB	X	
San Jacinto Avenue @ Walmart	NB	X	
State Street @ Esplanade Avenue	NB		X
State Street @ Esplanade Avenue	SB	X	

On July 25, 2013, staff issued Invitation for Bid (IFB) No. 13-036. The procurement was publicly advertised in a newspaper of general circulation and a notice was posted on the Agency's website along with a copy of the IFB document. The Agency also sent notices of the contracting opportunity to the Chambers of Commerce of those cities that are members of the Agency's Joint Powers Agreement (JPA). On August 22, 2013, the Agency received seven responsive and responsible bids from the following vendors (Table 3):

Table 3

Firm Name / Location	Bid Amount
ND Electrical Construction, Inc.- Anaheim, CA	\$194,565.40
Unique Performance Construction, Inc. - Anaheim, CA	\$202,082.00
Humphrey Constructors - Diamond Bar, CA	\$218,800.00
Delt Builders - Rancho Cucamonga, CA	\$231,182.00
Ted Enterprises – San Clemente, CA	\$247,000.00
De La Riva Construction, Inc. – Fullerton, CA	\$270,441.46
PTM General Engineering Service, Inc. – Riverside, CA	\$387,800.00

Staff reviewed the low bidder’s submittal to ensure it complied with the requirements of the IFB. In addition, references were checked to ensure prior customers were satisfied with their performance and quality of work. Based on the above pricing, staff recommends awarding a contract to ND Electrical Construction, Inc., the lowest responsive and responsible bidder.

As with all public works construction projects, staff is also recommending approval of a 10 percent contingency amount of \$19,457 to be utilized in the event of unforeseen circumstances.

The Hemet Transit Center project is currently undergoing a site feasibility study that should be completed in the spring of 2014. Staff will return to the Board with an analysis and recommendation for capital improvements within the City of Hemet to fully utilize the federal earmark funds.

Fiscal Impact:

Funding allocated for this project is \$319,403. Total project cost, including contingency, is \$214,022. There are sufficient funds to complete this project.

Recommendation:

Approve and recommend this item to the full Board of Directors for their consideration as follows:

- Authorize staff to award Agreement No. 13-036 to ND Electrical Construction, Inc. for bus stop improvements and passenger amenities in the City of San Jacinto in the amount of \$194,565 with further authorization for an additional amount of \$19,457 as contingency for a total not to exceed amount of \$214,022.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

October 2, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics Officer

SUBJECT: Authorization to Award Agreement No. 13-026 to Veolia Transportation (Veolia) for ADA/Dial-A-Ride Transportation and Call Center Services

Summary: The Agency operates complementary paratransit services known as Dial-A-Ride (DAR), an advanced reservation transportation service for seniors and persons with disabilities. DAR is a curb-to-curb transportation service giving priority to individuals who are certified under the Americans with Disabilities Act (ADA). Service is provided within  $\frac{3}{4}$  of a mile of local fixed-route bus service during the same hours as fixed-route operations. The contract for this service has been operated by Southland Transit Inc. (STI) since March 2006.

Earlier this year, STI citing unsustainable losses, formally requested the Agency not exercise the remaining option year periods of their agreement. At the May 23, 2013, Board of Directors meeting, the Board unanimously approved STI's request and directed staff to issue a formal Request for Proposal to reprocure these services.

On May 24, 2013, the Agency issued Request for Proposal (RFP) No. 13-026 for ADA/Dial-A-Ride Transportation and Call Center Services.

The RFP was publicly advertised in a newspaper of general circulation and a notice was posted on the Agency's website along with a copy of the RFP document. In addition, the Agency sent notices of the contracting opportunity to the Chambers of Commerce of those cities that are members of the Agency's Joint Powers Agreement (JPA) for distribution among their membership. Nine transit providers downloaded a copy of the RFP document from the Agency's website.

The Scope of Work for this RFP requires the selected contractor to partner with the Agency and provide all services necessary for a “turnkey operation” including but not limited to: facilities, management, operations, reservations, scheduling, dispatching, maintenance, fuel and insurance. Further, the contractor is responsible for providing these services throughout the Agency’s entire 2,500-square-mile service area. The services are provided using Agency-furnished vehicles; the current number of vehicles assigned to the DAR fleet, including spares, is 93. DAR service represents approximately 20 percent of the Agency’s annual operating budget, employing 175 contract employees in all aspects of operations including drivers, mechanics, reservationists, dispatchers and administrative support personnel.

On July 19, 2013, the Agency received proposals from the following four (4) vendors:

- First Transit, Inc., Cincinnati, OH
- Ride Right LLC, Lake St. Louis, MO
- SCR Medical Transportation, Chicago, IL
- Veolia Transportation Inc., Lombard, IL

The proposals were evaluated by a selection committee representing staff from the Purchasing, Operations and Maintenance departments. Vendors were rated in three technical areas: qualifications and related experience, staffing and project organization, and an understanding of the Agency’s requirements.

The next step in the evaluation process was to conduct a thorough price analysis comparing resources and individual cost elements for reasonableness. This comparative process highlights line item variances between vendors and ensures proposals are compared on an equitable basis. Based on this analysis, variances in key categories were identified, raising concerns that the selection committee felt needed further research.

In order to examine these concerns and to ensure the best possible vendor was selected, all four vendors were invited for in-person interviews. Specific areas of concern were discussed during the interview process with vendors given the opportunity to explain in further detail items such as proposed staffing levels, pay scales, fuel consumption rates, etc. As part of the interview process, each vendor was instructed to make available key project personnel so they could be interviewed directly by the committee. This process is designed to be challenging, with candidates presented with real operational scenarios requiring them to demonstrate their experience and critical thinking skills.

During this process, two of the proposed management teams were unable to demonstrate a level of expertise that met the Agency's expectations, while one vendor did not make the full team of management candidates available for interview. These key positions are the General Manager, Assistant General Manager, Maintenance Manager and the Safety and Training Manager.

After the technical review and results of the interview process, the overall technical rankings are shown in Table 1:

**Table 1 – Technical Rankings**

<b>Vendor Name</b>	<b>Technical Ranking</b>
Veolia	92.6
First Transit	82.5
Ride Right	33.3
SCR	31.6

The selection committee then reviewed the original price proposals and requested Best and Final Offers (BAFO's) from all four vendors. Vendors were asked to address specific issues that were raised during the interview process. Very low technical scores combined with pricing that was comparable to the much higher technically ranked vendors, eliminated Ride Right and SCR Medical Transportation from further consideration. BAFO pricing for all four vendors is shown in Table 2:

**Table 2 – BAFO Pricing**

	<b>First Transit</b>	<b>Ride Right</b>	<b>Veolia</b>	<b>SCR</b>
<b>Base Period</b>				
<b>First 3 Years</b>	\$ 42,343,423	\$ 41,787,545	\$ 41,362,666	\$ 38,851,236
Option Yr 1	\$ 14,504,581	\$ 14,100,970	\$ 14,325,137	\$ 12,475,703
Option Yr 2	\$ 15,591,663	\$ 14,930,715	\$ 15,267,737	\$ 13,285,116
<b>Grand Total</b>	\$ 72,439,667	\$ 70,819,231	\$ 70,955,540	\$ 64,612,055
% Difference	12%	10%	10%	0%

At the conclusion of the evaluation process, it was the selection committee's determination that Veolia was the most technically responsive and responsible vendor and provided the best value to the Agency. However, in an effort to ensure the Agency was receiving the most competitive pricing, staff engaged Veolia in further negotiations that resulted in a reduction in pricing of approximately \$1.9 million over the entire contract period. A summary of the final negotiated pricing is illustrated in Table 3:



**Table 3 – Final Negotiated Pricing**

	<b>First Transit</b>	<b>Ride Right</b>	<b>Veolia</b>	<b>SCR</b>
<b>Base Period</b>				
<b>First 3 Years</b>	\$ 42,343,423	\$ 41,787,545	\$ 40,430,133	\$ 38,851,236
Option Yr 1	\$ 14,504,581	\$ 14,100,970	\$ 13,846,293	\$ 12,475,703
Option Yr 2	\$ 15,591,663	\$ 14,930,715	\$ 14,734,787	\$ 13,285,116
<b>Grand Total</b>	\$ 72,439,667	\$ 70,819,231	\$ 69,011,213	\$ 64,612,055
% Difference	12%	10%	7%	0%

Several important factors supported the selection committee's decision. Key highlights from the evaluation process include:

- Veolia Transportation is a large international provider of transportation services with a depth of resources to draw upon not available with smaller operators.
- Veolia demonstrated expertise in the use of Trapeze PASS software scheduling system (used in this contract), including several Veolia employees who helped develop the software while working for the software developer (Trapeze).
- Veolia's Innovative approach to "Where's My Ride" telephone calls ensures passengers would get accurate and timely information.
- Unique software tools are available through Veolia's proprietary Dashboard Management System, allowing greater transparency on key performance indicators in real time.
- Veolia proposed a well-seasoned staff that has worked together for years in Southern California and scored considerably higher during the interview process than the other proposing firms.
- Veolia has a formal progressive pay scale for employees ensuring equitable progression in pay over the term of the contract.
- Veolia has a comprehensive benefits plan designed to attract and retain employees.

The proposed agreement includes well-defined and measurable performance standards, specific performance incentives, and penalties for not meeting the minimum performance requirements. Lessons learned from previous agreements have been incorporated into the new agreement providing an even greater level of oversight capability.

The agreement will continue to emphasize the Agency's core values of Safety, Customer Service, Agency Image and Efficiency by more closely aligning the objectives of the Agency and the contractor. Under the proposed agreement, performance incentives and penalties are tied to specific metrics that are customer service oriented. For example, under the new incentives/penalties

structure, the contractor must maintain a minimum on-time performance standard of 90 percent and achieve a satisfactory California Highway Patrol (CHP) facility rating in order to be eligible for the Passenger Per Hour (PPH) productivity incentive. PPH has the most direct impact on cost to the Agency. By increasing the number of passengers per hour, the actual cost for providing the service decreases. The more efficient the contractor becomes, the greater the net savings to the Agency. Incentive payments would not begin until productivity exceeds the minimum incentive standard of 2.2 PPH. This standard has been increased from 2.0 PPH in our previous agreement with STI. Both parties benefit from improved efficiencies; the Agency from a reduction in revenue hours and the contractor through the incentive payments. There is no additional cost to the Agency for this incentive since payments are made to the contractor through the resulting reduction in operating expenses.

The following are additional customer service oriented incentives. These payments could amount to as much as \$56,000 per year if the vendor is able to achieve the following:

- On Time Performance >95% \$ 2,500/month
- Valid Complaints per Month <3 \$ 500/month
- Call Abandonment Rate/Month <3% \$ 500/month
- Avg. Fleet Miles Between Road Calls >17,500 \$ 500/month
- Avg. Fleet Miles Between Preventable Accidents in two or more Consecutive Quarters >150,000 \$2,000/quarter

Since fuel represents a major expense line item for a transportation services contract, vendors were instructed to use the Oil Price Information Service (OPIS) rack pricing for Colton, CA (in effect on 5/15/2013) as the index to establish the baseline for calculating fuel expenses. Using the OPIS rack pricing as the baseline put proposers on equal footing when developing their fuel projections. Moreover, the proposed agreement includes a fuel escalation/de-escalation clause. This clause either mitigates the successful contractor's expenses or provides a savings to the Agency should the cost of fuel increase or decrease by more than 10 percent during any three-month period.

In the three-month period since release of the RFP, fuel has actually *decreased* from an OPIS average of \$3.16 to \$2.96 per gallon, a 6.3 percent decrease. Since this decrease is below the 10 percent threshold, there is no adjustment to fuel expected at this time. It should be noted that the new agreement is not scheduled to take effect until February 1, 2014, at which time the rate may need to be adjusted again if fuel moves up or down beyond the 10 percent threshold.

*Example:*

**Fuel Escalation Methodology**

	Threshold of Increase in Rate Per Gallon					10.01%
	Initial Billing Rate Per RSH (Provided by Contractor)					\$ 40.25
	Base Contract Fuel Rate per Gallon					\$ 3.16
	Fuel portion of Hourly Rate (Provided by Contractor)					\$ 11.52
FUEL INCREASE	<b>OPIS RACK Rate Per Gallon</b>					
	\$	3.16	\$ 3.48	\$ 3.63	\$ 3.79	\$ 3.95
						\$ 4.27
% Change in Fuel Rate		0.0%	10.00%	15.0%	20.0%	25.0%
						35.0%
Fuel portion of Hourly Rate	\$	7.52	\$ 7.52	\$ 7.52	\$ 7.52	\$ 7.52
Adjusted Fuel Rate/Hour	\$	11.52	\$ 12.67	\$ 13.25	\$ 13.82	\$ 14.40
Adjusted Billing Rate Per RSH	\$	40.25	\$ 41.40	\$ 41.98	\$ 42.55	\$ 43.13
						\$ 44.28

**Fuel De-escalator Methodology**

	Threshold of Increase in Rate Per Gallon					10.01%
	Initial Billing Rate Per RSH (Provided by Contractor)					\$ 40.25
	Base Contract Fuel Rate per Gallon					\$ 3.16
	Fuel portion of Hourly Rate (Provided by Contractor)					\$ 11.52
FUEL DECREASE	<b>OPIS RACK Rate Per Gallon</b>					
	\$	3.16	\$ 2.84	\$ 2.69	\$ 2.53	\$ 2.37
						\$ 2.05
% Change in Fuel Rate		0.0%	10.00%	15.0%	20.0%	25.0%
						35.0%
Fuel portion of Hourly Rate	\$	7.52	\$ 7.52	\$ 7.52	\$ 7.52	\$ 7.52
Adjusted Fuel Rate/Hour	\$	11.52	\$ 10.37	\$ 9.79	\$ 9.22	\$ 8.64
Adjusted Billing Rate Per RSH	\$	40.25	\$ 39.10	\$ 38.52	\$ 37.95	\$ 37.37
						\$ 36.22

Staff is therefore recommending this agreement be awarded to Veolia Transportation for a base period of three-years with two one-year options, as the best value provider for the ADA/Dial-a-Ride and Call Center services. It is important to note that the first year period is actually 17 months as our existing agreement with STI expires January 31, 2014.

Fiscal Impact:

Veolia Transportation has proposed \$40,430,133 to operate the services for the base period (41 months) and a total of \$69,011,213 for the full contract period.

By including the additional costs and estimated maximum amount for incentives, the base term not-to-exceed amount will be \$40,620,133. The total contract period, not-to-exceed amount will be \$69,313,213 should the Agency exercise both one-year options.

If approved, the current FY14 operating budget and SRTP will need to be amended to account for the new rates under the new agreement. The budgetary impact for FY14 for the period of February 1, 2014 through June 30, 2014 is projected to be \$505,162. Funding for these services beyond the current fiscal year will be included in future fiscal year budgets.

Recommendation:

Approve and recommend this item to the full Board of Directors for their consideration as follows:

- Authorize staff to enter into an agreement with Veolia Transportation for ADA/Dial-A-Ride Transportation and Call Center Services for a three-year base period with two one-year options in an amount that will not exceed \$69,313,213. Prior to exercising the option year periods, in accordance with FTA requirements, staff will conduct a thorough price analysis to determine if pricing in effect at that time is competitive and considered fair and reasonable.