



**BOARD BUDGET AND FINANCE COMMITTEE MEETING
WEDNESDAY, DECEMBER 4, 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 – NOVEMBER 6, 2013 COMMITTEE MEETING (P.3)</u>	APPROVE
5. <u>QUARTERLY CAPITAL STATUS (P.7)</u>	RECEIVE AND FILE
6. <u>CASH FLOW PROJECTIONS (P.8)</u>	RECEIVE AND FILE
7. <u>QUARTERLY NATURAL GAS PROCUREMENT STATUS REPORT (P.10)</u>	RECEIVE AND FILE
8. <u>AUTHORIZATION TO AWARD AGREEMENT NO. 13-047 TO BROWN ARMSTRONG FOR AUDITING SERVICES (P.17)</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.

ITEM

RECOMMENDATION

- | | |
|--|---------|
| 9. <u>AUTHORIZATION TO RENEW ANNUAL SOFTWARE LICENSING AND TECHNICAL SUPPORT SERVICES AGREEMENTS WITH INFOR PUBLIC SECTOR, INC., (INFOR) AND ORACLE USA, INC., (ORACLE) (P.20)</u> | APPROVE |
| 10. <u>BOARD MEMBER COMMENTS AND REMARKS</u> | |
| 11. <u>OTHER BUSINESS</u> | |
| 12. <u>NEXT MEETING</u>
BOARD BUDGET AND FINANCE COMMITTEE MEETING
WEDNESDAY, JANUARY 8, 2014
2:00 P.M.
RTA HEADQUARTERS
1825 THIRD STREET
RIVERSIDE, CA 92507 | |
| 13. <u>ADJOURN</u> | |

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING
Minutes
November 6, 2013

1. CALL TO ORDER

Committee Chair Edgerton called the Board Budget and Finance Committee meeting to order at 2:02 p.m., on November 6, 2013, in the RTA Board Room.

2. ROLL CALL

Committee Chair Edgerton requested the Clerk of the Board to conduct roll call.

Committee Members Attending

1. Chairman of the Board, Marion Ashley, County of Riverside, District V
2. Committee Chair, Wallace Edgerton, City of Menifee, Deputy Mayor
3. Director Randy Bonner, City of Canyon Lake, Mayor Pro Tem
4. Director Linda Krupa, City of Hemet, Councilmember
5. Director Frank Johnston, City of Jurupa Valley, Mayor Pro Tem
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 Andrea Puga, County of Riverside, District II
10. Alternate Ron Roberts, County of Riverside, District III

Committee Members Absent

1. Director Alan Long, City of Murrieta, Councilmember

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. Natalie Zaragoza, Contracts Manager
7. Laura Camacho, Director of Human Resources
8. Jim Kneepkens, Director of Marketing
9. Eric Ustation, Government Affairs Representative
10. Brad Weaver, Marketing Manager
11. Lorelle Moe-Luna, Senior Planner
12. Virginia Werly, Director of Contract Operations
13. Bob Bach, Director of Maintenance
14. Gordon Robinson, Director of Planning
15. Rick Kaczerowski, Director of Information Technologies
16. Charlie Ramirez, Controller

Other Attendees

1. Brenda Knight, City of Beaumont, Councilmember
2. Jerry Puga, Corona Resident
3. Ryan Nielsen, Partner, Brown Armstrong

3. PUBLIC COMMENTS – NON-AGENDA ITEMS

None.

4. APPROVAL OF MINUTES – OCTOBER 2, 2013 COMMITTEE MEETING

M/S/C (JOHNSTON/PUGA) approving the October 2, 2013 committee meeting minutes.

The motion carried unanimously.

Director Kotyuk arrived at the meeting at 2:05 p.m.

5. QUARTERLY INVESTMENT REPORT

M/S/C (KRUPA/ROBERTS) approving the receipt and file of item 5.

The motion carried unanimously.

6. CASH FLOW PROJECTIONS

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

The motion carried unanimously.

7. AUTHORIZATION TO AWARD AGREEMENT NO. 13-005 TO CLEVER DEVICES FOR THE PURCHASE AND INSTALLATION OF INTELLIGENT TRANSPORTATION SYSTEM (ITS) APPLICATIONS

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

- Authorize staff to award Agreement No. 13-005 to Clever Devices for the purchase and installation of ITS applications in the amount of \$4,966,150.66. The additional \$2,294,745.33 in operating expenses for software licensing and maintenance support services beginning in year three will be requested in future year budgets.

The motion carried unanimously.

8. FISCAL YEAR 2012/2013 (FY13) FINANCIAL AUDIT RESULTS

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

- Accept the Riverside Transit Agency's FY13 Audited Financial Statements and Single Audit Reports as submitted as final documents despite the delay in receipt of the annual CalPERS actuarial valuation update. If the actuarial results are received prior to the November Board of Directors meeting, they will be included in the audited FY13 financial statements.
- If the Agency's FY13 FTA grants are awarded prior to the November Board of Directors meeting, staff and Brown Armstrong will prepare and present modified audited financial statements and related reports reflective of the recognition of appropriate and eligible FTA funding.

The motion carried unanimously.

9. BOARD MEMBER COMMENTS AND REMARKS

Alternate Knight thanked RTA for the wonderful Transportation NOW luncheon which was held on October 31. On a personal note she wanted to share that she was contacted by NBC Channel 4 for an investigative report on unsafe and dangerous tour buses that are on the road. A tour bus crash in February claimed the life of her uncle. Alternate Knight encouraged everyone to view the news video on the NBC Channel 4 website to be informed and aware of how this issue affects public transportation.

Director Bonner announced that November 11, is Veteran's Day. As a veteran of the Vietnam War, he invited everyone to Canyon Lake to celebrate the day. Special recognition will be given to veterans from the Korean War.

Director Krupa announced Hemet's annual Veteran's Day celebration will be held on November 11, in Gibbel Park. The Kiwanis will be placing 1,776 large flags in the park to commemorate the day. Director Krupa stated on November 11, she will be attending a ceremony at the General Patton Memorial Museum.

10. OTHER BUSINESS

Mr. Rubio presented award certificates to Director Kotyuk and Committee Chair Edgerton for their participation in the RTA Rodeo on November 2.

Mr. Rubio announced that on November 7, RTA will partner with Operation SafeHouse for Stuff-the-Bus to collect items for SafePlace which supports youth in crisis. Our bus will be at the County Administrative Center at 2 p.m., Riverside City Hall at 3 p.m. and Riverside Plaza from 4-7 p.m.

On November 8, RTA will have a booth at the 10th Annual Veterans Economic and Business Summit, at Grove Community Church, in Riverside from 10 a.m. - 3:30 p.m.

On November 9, RTA will participate in the Perris Veteran's Day Parade and the Murrieta Rod Run.

On November 11, RTA will participate in the Murrieta Veteran's Day Parade and the Canyon Lake Veteran's Day event.

11. NEXT MEETING

Board Budget and Finance Committee Meeting
Wednesday, December 4, 2013
1:00 p.m.
RTA Headquarters
1825 Third Street
Riverside, CA 92507

12. MEETING ADJOURNMENT

The meeting was adjourned at 2:51 p.m.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

December 4, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer

SUBJECT: Quarterly Capital Status

Summary: The Agency has, at any one time, a multitude of capital projects in progress or pending as circumstances and funding dictate. These capital projects are funded through a variety of funding sources including, but not limited to, Federal, State, and Local grants. Capital items funded with these grants include, but are not limited to, Revenue and Non-Revenue Vehicles, Public Transit Facilities, Operational Facility Improvements, and Information Systems.

Depending on the nature of the project, it can take multiple years to accumulate the required funding to complete the project. It can also take multiple years to complete the project once it has commenced. Examples of such a scenario are the heavy-duty CNG bus replacement and the various transit centers.

The Agency will always have capital needs due to replacement of retired assets, acquisition and/or maintenance of Agency infrastructure, and unique needs such as transit centers to serve the transportation needs of our customers. As such, the Agency should always have a backlog of open projects that preserve the future of the Agency.

A presentation will be given at the committee meeting which provides an update on the Agency's capital projects, focusing on the activities from September through November 2013. The Agency is required to provide quarterly reporting to the Federal Transportation Administration (FTA) and the Riverside County Transportation Commission (RCTC) one month after the end of each quarter. This reporting was submitted.

Recommendation:

Receive and file.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

December 4, 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-November 2013 with projections through January 2014. This reporting period covers the first seven months of FY14.

Recommendation:

Receive and file.

**Riverside Transit Agency
FY14 Cash Flow Projection**

	Actual												
1	General Account	11/15/2013	11/22/2013	11/29/2013	12/6/2013	12/13/2013	12/20/2013	12/27/2013	1/3/2014	1/10/2014	1/17/2014	1/24/2014	1/31/2014
2	Est. Cash, Beg Balance (Book)	1,716,841	10,715	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
3	Receipts:												
4	LTF Operating - recurring			3,627,777				3,627,777					2,104,289
5	LTF GASB 43/45			150,000				150,000					150,000
6	FET Credit			88,283				90,942				86,000	
7	RIN's Credit	9,584			6,619					5,000			
8	LCFS	58,918											
8	CalPERS CERBT Disbursement												
9	Farebox	227,402	135,000	135,000	145,000	145,000	145,000	135,000	145,000	145,000	145,000	145,000	145,000
10	Total Other Farebox		40,511	59,886	55,657	1,572	15,974	363,046	35,000	17,293	14,540	1,636	320,721
11	Total Other Local	367	1,000	1,000	1,000	68,386	1,000	76,000	1,000	1,000	1,000	4,750	1,000
12	FTA Operating		7,961,707		67,390		676,909			70,600		688,293	
13	Capital - Local, State		10,000	10,000	10,000	40,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
14	Echo - FTA Capital	1,288,855	422,594	30,000	1,990,708	1,624,362	1,447,379	457,551	30,000	30,000	30,000	30,000	30,000
15	Transfer from Investment to Gen Acct.	400,000			2,446,849	1,627,478	994,421		4,604,683	3,332,905	2,413,049	213,821	
16	Disbursements:												
17	Payroll = Net+Tax	(616,087)		(645,000)		(845,000)		(645,000)		(650,000)		(750,000)	
18	A/P Wires	(2,852,775)	(2,032,993)	(194,500)	(4,448,224)	(2,386,799)	(3,015,683)	(2,859,258)	(4,550,683)	(2,686,799)	(2,338,589)	(154,500)	(2,405,589)
19	A/P Checks	(190,864)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
20	Capital Expenditures	(31,526)	(398,920)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
21	Transfer to GASB Trust Acct.												
22	Actual Ending Book Balance / Targeted Minimum Balance	10,715	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

23	LAIF Account:												
24	Beginning balance	4,700,000	4,300,000	12,114,452	15,101,898	13,056,640	12,197,098	12,620,056	16,158,321	14,388,396	13,417,789	12,900,076	12,686,255
25	Quarterly Interest Income										5,496		
26	Transfers to/from Gen Acct.	(400,000)	5,924,613	2,987,446	(2,446,849)	(1,627,478)	(994,421)	1,131,058	(4,604,683)	(3,332,905)	(2,413,049)	(213,821)	80,421
27	Transfers to/from County Pool	-	1,889,839	-	401,591	767,937	1,417,379	2,407,207	2,834,758	2,362,299	1,889,839	-	1,889,839
28	Ending balance	4,300,000	12,114,452	15,101,898	13,056,640	12,197,098	12,620,056	16,158,321	14,388,396	13,417,789	12,900,076	12,686,255	14,656,515

29	County Pool Account:												
30	Beginning balance	49,166,707	49,166,707	47,276,868	47,276,868	46,892,347	46,124,410	44,707,031	42,299,824	39,465,065	37,102,767	35,220,169	35,220,169
31	Quarterly Interest Income				17,070						7,241		
32	Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-	-	-
33	Transfers to/from LAIF	-	(1,889,839)	-	(401,591)	(767,937)	(1,417,379)	(2,407,207)	(2,834,758)	(2,362,299)	(1,889,839)	-	(1,889,839)
34	Ending balance	49,166,707	47,276,868	47,276,868	46,892,347	46,124,410	44,707,031	42,299,824	39,465,065	37,102,767	35,220,169	35,220,169	33,330,330

Restricted	49,874,327	47,984,488	48,134,488	47,749,967	46,982,030	45,564,651	43,307,444	40,472,685	38,110,387	36,227,789	36,227,789	34,487,950
Available for Operating	3,603,095	11,456,832	14,294,278	12,249,019	11,389,478	11,812,436	15,200,701	13,430,776	12,460,169	11,942,456	11,728,635	13,548,895

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

December 4, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer
Vince Rouzaud, Chief Procurement and Logistics Officer

SUBJECT: Quarterly Natural Gas Procurement Status Report

Summary: Prior to August 1, 2013, the Agency had always purchased its natural gas (converted to compressed natural gas or CNG) requirements for fueling revenue and non-revenue vehicles from the southern California Gas Company (SoCal Gas). The cost of the gas from SoCal Gas included the commodity cost of the gas as well as the transmission costs and related taxes/fees.

At their May 2013 meeting, the Board authorized staff to enter into a multi-year contract with GHI LLC for the Agency's CNG commodity requirements. The highlights of the GHI contract are as follows:

- GHI provides a fixed 4% discount off the SoCal Gas commodity cost (in the contract base years; 1-3)
- GHI provides the Agency with 5% of the total Renewable Identification Number (RINs) Credit earned
- GHI will both opt-in on the Agency's behalf for the California Air Resources Board (CARB) Low Carbon Fuel Standards (LCFS) Credit program and financially administer the Agency's LCFS Credits
- GHI provides the Agency with 100% of the LCFS Credit value earned
- GHI will provide a fixed 6% discount off of the SoCal Gas commodity cost (in the contract option years; 4-5)

In January 2013, the Board approved and adopted the Agency's 2013 Investment Policy. A significant addition to the policy for the current year was the inclusion of language regarding the purchase of natural gas.

In summary, the natural gas purchase language outlines the acceptable ways staff can purchase natural gas requirements for use in fueling Agency vehicles, whether from SoCal Gas or an Energy Services Provider (ESP). The policy also includes language that describes the discipline to purchase a long-term fixed price-per-therm contract provided certain parameters are met. The policy also states that if the Agency buys its CNG requirements from an entity other than SoCal Gas, then staff would prepare a quarterly report for the Board regarding the performance results under the new purchase arrangement and provide a performance comparison to the prior purchase arrangement.

Attachment A to this staff report identifies the cost savings the Agency has experienced by purchasing natural gas for CNG from GHI versus purchasing from SoCal Gas. The savings are calculated for both a monthly and trailing quarter basis.

Attachment B to this staff report identifies the RINs Credit earned by the Agency under its natural gas purchase arrangement with GHI. RINs credits are earned and paid monthly. It should be noted that no such opportunity existed with SoCal Gas nor was it offered by the other responsible and responsive bidder during the formal procurement process.

Attachment C to this staff report identifies the LCFS Credits earned by the Agency under its natural gas purchase arrangement with GHI. LCFS credits are earned monthly but paid quarterly. It should be noted that no viable means to provide this credit to the Agency was offered by the other responsible and responsive bidder during the formal procurement process.

Attachment D to this staff report indicates the key statistics being measured and tracked to determine whether or not the Agency should convert from the current monthly floating index cost per therm purchase arrangement to a longer-term fixed price per therm purchase arrangement. The statistics are kept to follow the discipline installed as part of the annual investment policy.

As the transition from SoCal Gas to GHI unfolded, staff did discover that one element of its due diligence that did not materialize. During discussions with SoCal Gas, staff inquired whether the Agency would be subjected to either 1) a different rate structure in the future if we were not purchasing the natural gas commodity from SoCal Gas, or 2) any new costs or fees in the future if we were not purchasing the natural gas commodity from SoCal Gas.

In both cases, we were told “no.” This inquiry was further substantiated by GHI.

When the Agency received its first invoice from SoCal Gas after transitioning to GHI - an invoice that should have reflected only transmission costs and related fees - staff discovered that the Agency was, indeed, being charged a new fee never previously encountered. This fee, the Municipal Surcharge, was included and is equivalent to approximately \$.00565 per therm (or approximately \$15,000 per year based on 2.6 million therms per year).

Staff contacted SoCal Gas and inquired about the new fee. After getting conflicting information from the SoCal Gas customer service representative, staff communicated its concern to our local SoCal Gas representative about the applicability of the surcharge. This communication has taken place on multiple fronts (phone, email, U.S. Mail) both before and after consultation with Agency Counsel regarding the applicability of the surcharge. As of this writing, the issue is still unresolved with SoCal Gas.

It should be noted that GHI has agreed to make the Agency whole on this new fee in the event that SoCal Gas does not provide a credit retroactively and remove it prospectively. GHI made that offer to staff as they too were unaware of the new fee and do not think the Agency is required to pay it.

Fiscal Impact:

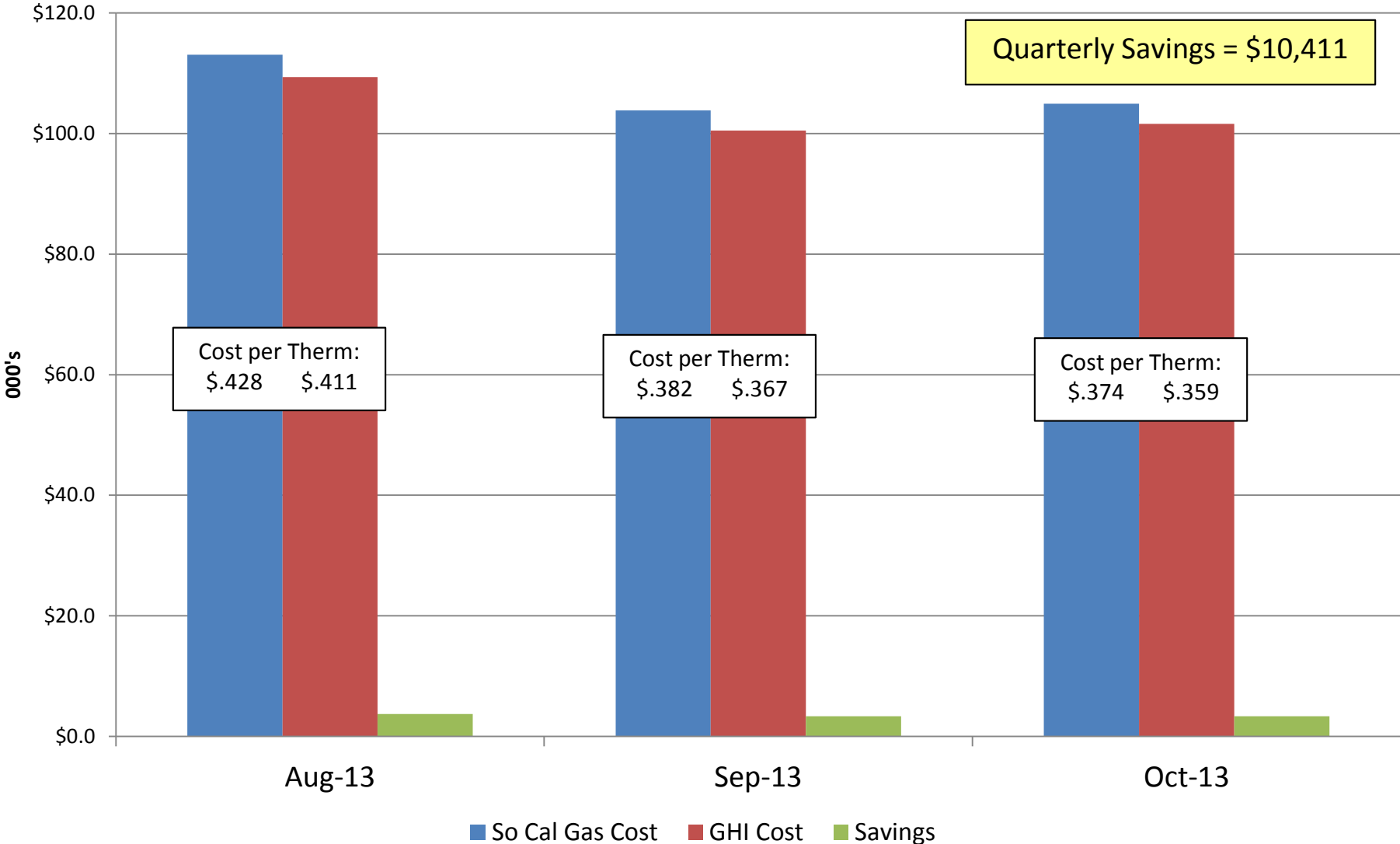
Under the current CNG purchase arrangement with GHI, the Agency has experienced \$6,682 of cost savings in the August-September-October 2013 quarter for its CNG commodity requirements (net of the Municipal Surcharge). Had the Agency not been charged this new fee, savings for the quarter would have been \$10,411. In addition, the Agency has earned a total of \$121,788 of revenue from the RINs and LCFS Credits’ programs. Further, for the same quarter period, the Agency earned \$267,075 in Federal Excise Tax (FET) Credits on Alternative Fuel Use for its use of CNG. However, it should be noted that the FET Credit is legislated to expire as of December 31, 2013.

Recommendation:

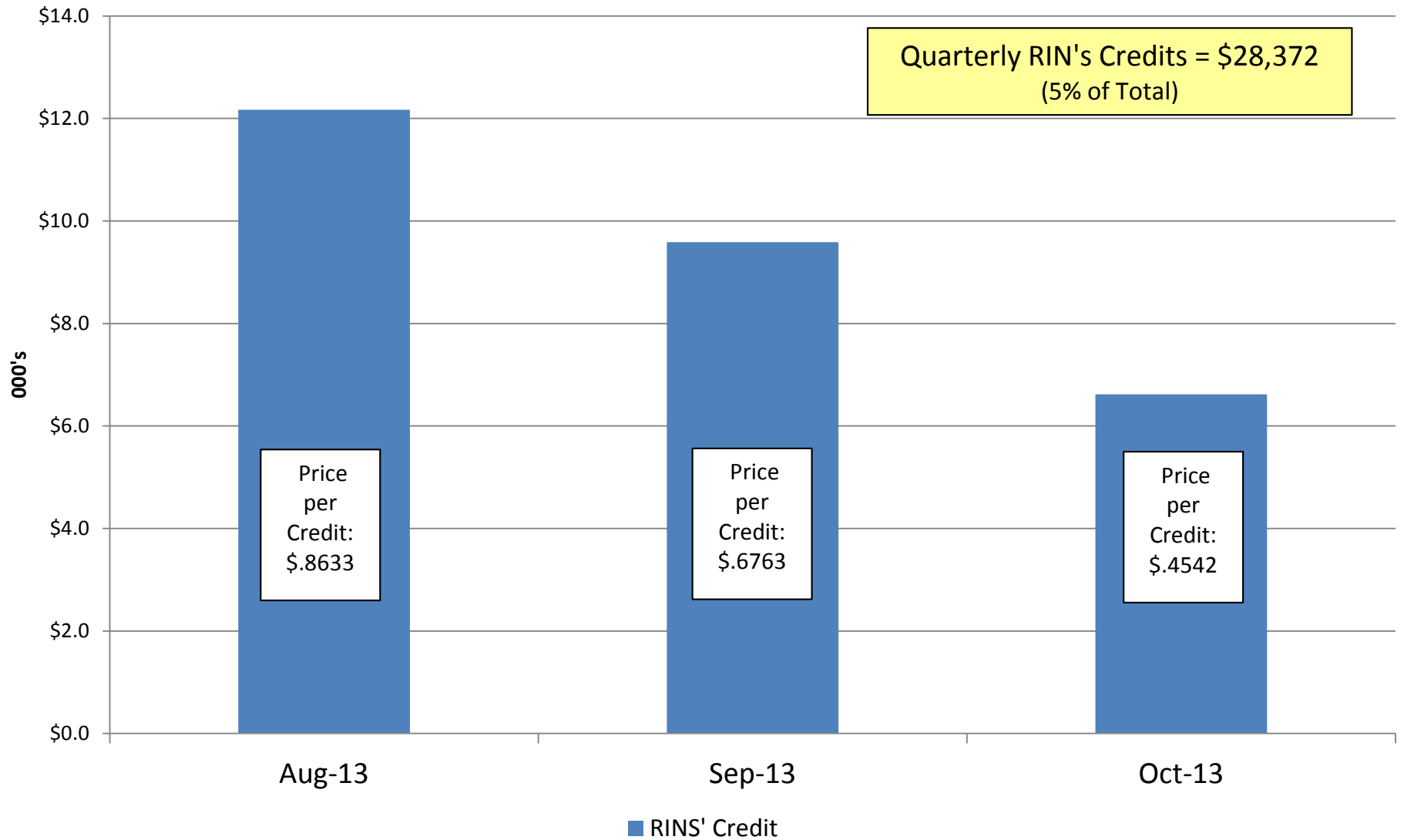
Receive and file.

Attachment A

CNG Cost Savings - So Cal Gas vs. GHI

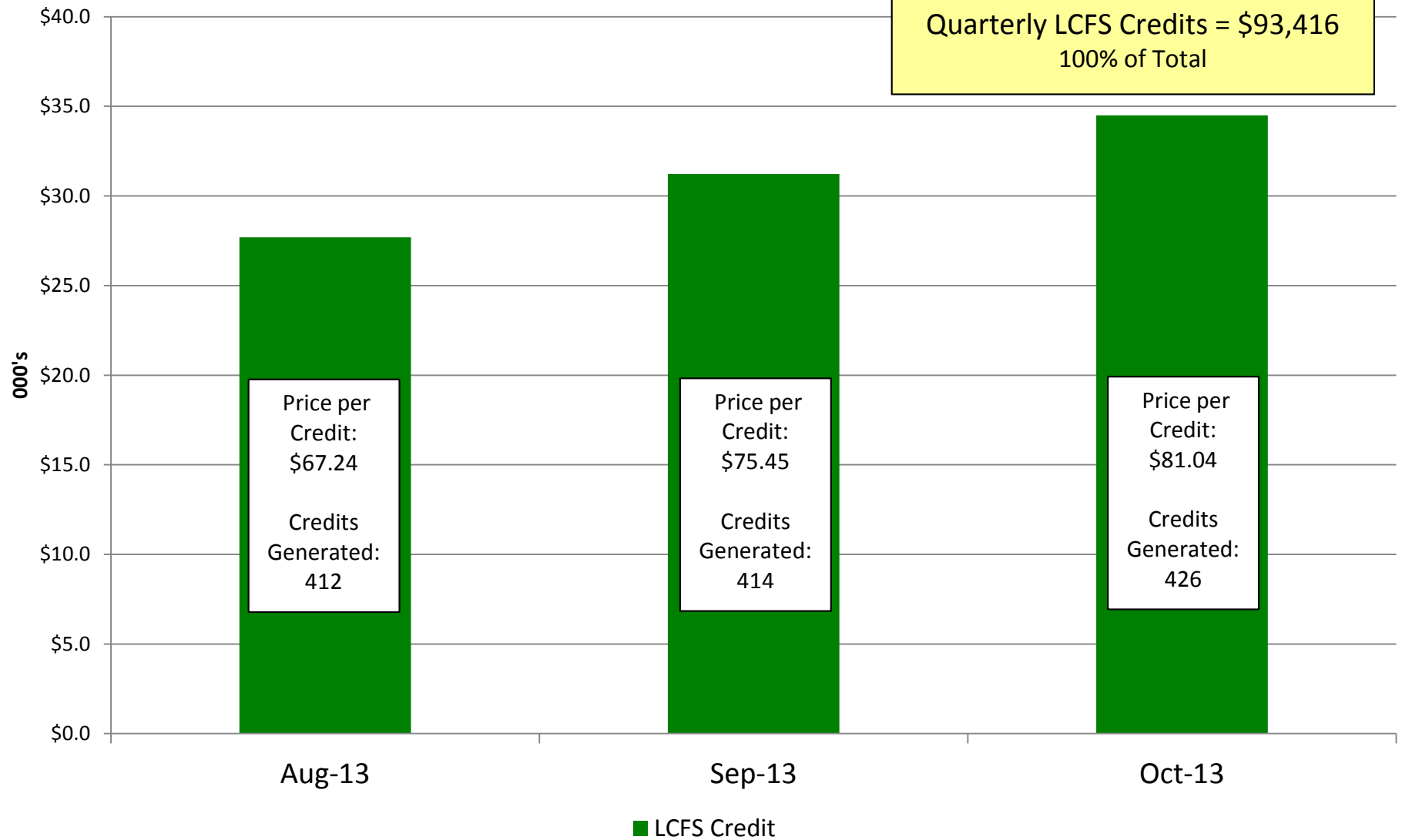


Attachment B Renewable Identification Number (RIN's) Credit



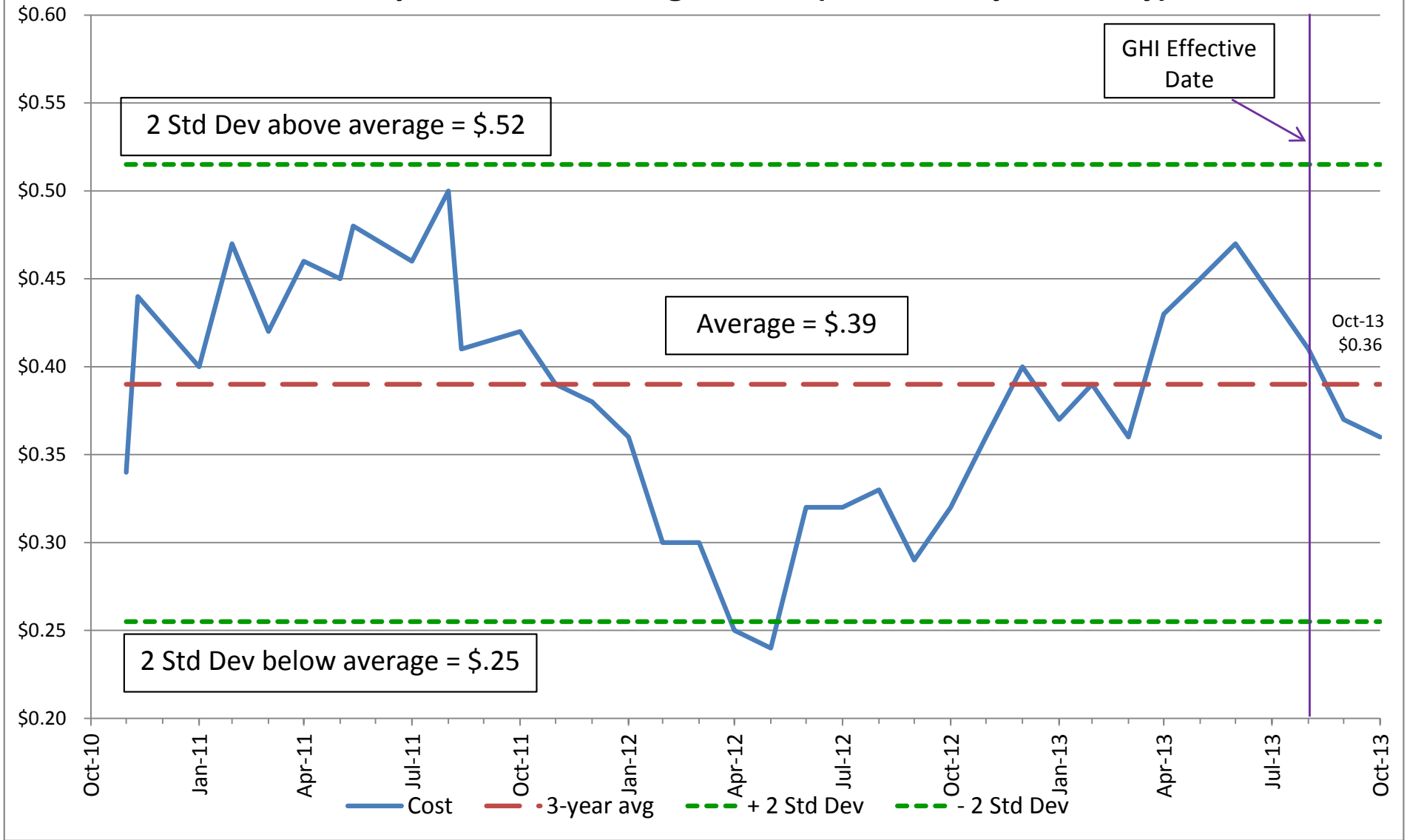
Attachment C Low Carbon Fuel Standards (LCFS) Credit

Quarterly LCFS Credits = \$93,416
100% of Total



Attachment D

CNG Cost per Therm Trailing 3 Years (commodity cost only)



RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

December 4, 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. 13-047 to Brown Armstrong for Auditing Services

Summary: The Agency utilizes the services of an accounting firm to conduct its annual financial and compliance audit. The annual audit determines if the Agency is in compliance with: Federal and State requirements; internal policies and procedures; and generally accepted accounting principles.

In December 2008, the Board of Directors authorized staff to enter into an agreement with Brown Armstrong for auditing services for a three-year base period with two, one-year options. The final option-year period is due to expire on December 31, 2013.

On September 26, 2013, the Agency issued Request for Proposals (RFP) 13-047. 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. The Agency also sent notices of the solicitation to the Chambers' of Commerce of those cities that are members of the Joint Powers Agreement (JPA) for distribution to their membership.

On October 25, 2013, the Agency received proposals from the following nine vendors:

Firm	Location
Brown Armstrong	Bakersfield, CA
Hartley Moore	Anaheim, CA
Lance, Soll & Lunghard	Brea, CA
Macias, Gini & O'Connell	Newport Beach, CA
Moss Adams	Los Angeles, CA
Pun & McGeady	Irvine, CA
Simpson & Simpson	Los Angeles, CA
Vasquez & Company	Los Angeles, CA
Vavrinek, Trine, Day & Co	Rancho Cucamonga, CA

The technical proposals were evaluated by a committee representing staff from the Purchasing and Finance departments. Vendors were rated in four technical areas:

- Qualifications, Related Experience, and References;
- Staffing and Project Organization;
- Work Plan;
- Completeness of Response.

At the conclusion of the technical review, staff reviewed the price proposals (Table 1) for price reasonableness.

Table 1

Firm Name	Total Costs
Pun & McGeady	\$ 390,322.00
Simpson & Simpson, LLP	\$ 394,400.00
Brown Armstrong	\$ 400,000.00
Hartley Moor Accountancy Corporation	\$ 400,000.00
Vavrinek, Trine, Day & Co., LLP	\$ 404,800.00
Lance, Soll & Lunghard, LLP	\$ 443,920.00
Macias, Gini & O'Connell, LLP	\$ 489,330.00
Moss Adams, LLP	\$ 507,800.00

The price proposal rankings were then combined with the technical scores to determine the highest technically qualified firm offering the best value to the Agency.

The evaluation committee's decision to recommend the firm of Brown Armstrong is based upon the responsiveness of their technical proposal, their qualifications and industry reputation, their familiarity with and ability to meet the Agency's requirements and their price – a flat rate of \$80,000 annually.

In addition to being the incumbent vendor, the firm of Brown Armstrong provides auditing services for several other transit agencies and municipalities including Golden Empire Transit District, Santa Cruz Metropolitan Transit District, Solano County Transit and the County of Riverside.

Based upon the above, staff is recommending award of a three-year contract with two, one-year options to Brown Armstrong for a not-to-exceed amount of \$400,000 for the five years.

Fiscal Impact:

Sufficient funding is available in the Agency's FY14 operating budget for auditing services. Funding for future years will be requested in future year budgets.

Recommendation:

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

- Authorize staff to award Agreement No. 13-047 to Brown Armstrong for auditing services for an initial three-year base period with two, one-year options in an amount that will not exceed \$400,000.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

December 4, 2013

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics Officer

SUBJECT: Authorization to Renew Annual Software Licensing and Technical Support Services Agreements with Infor Public Sector, Inc., (Infor) and Oracle USA, Inc., (Oracle)

Summary: Staff is requesting authorization to renew its annual software licensing and technical support services agreements with Infor and Oracle for its Enterprise Resource Planning (ERP) information management systems. The current agreements are due to expire on January 31, 2014 and June 30, 2014, respectively.

Background

In 2000, the Board of Directors authorized the award of a competitively bid enterprise-wide information management system. The approximate \$2.5 million system is comprised of two fully integrated software platforms: Oracle financial applications used for the Agency's accounting, budgeting, payroll, fixed assets, purchasing and human resources and Infor (formerly Spear) used for materials and maintenance management. This system was expanded in FY03 with the addition of a grants management module to automate and improve the management of the Agency's various federal, state and local grants. Both Infor and Oracle software are proprietary and their use can only be licensed through Infor and Oracle.

Since all software is considered copyright protected, software developers will grant a third-party permission to use their software in ways that would otherwise be considered copyright infringement. In exchange for granting permission to use the software, the third-party is required to enter into a software license agreement with the developer. In addition to use and technical support, software licenses entitle the third-party to additional services such as software updates, bug fixes and other technical support services.

Staff solicited quotations from Infor and Oracle to continue to provide software licensing and technical support services. Infor responded with a

quote for the 12-month period commencing February 1, 2014, in the amount of \$55,432.63. Oracle responded with a quote for the 12-month period commencing July 1, 2014, in the amount of \$38,611.32. Staff reviewed Infor and Oracle's proposed pricing and determined it to be fair and reasonable.

If the Agency chose not to renew the annual license and support services agreements with Infor and Oracle, the alternative would be to re-procure a new ERP system. The initial capital investment for a new ERP system is estimated to be a minimum of \$3.5 million. Additional costs would likely be incurred for system customization, integration with other systems, training, and costs for the conversion of existing data.

However, after the initial software license expired, the Agency would be required to enter into an annual license and support services agreement with the new vendor for their proprietary software. Therefore, staff recommends this procurement be handled procedurally per the FTA's guidelines by renewing the existing software license agreements with both Infor and Oracle.

Fiscal Impact:

Funding in the amount of \$55,432.63 and \$38,611.32 for Infor and Oracle software licensing and technical support services has been included in the Agency's FY14 operating budget.

Recommendation:

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

- Authorize staff to renew annual software licensing and technical support services agreements with the following vendors:
 1. Infor Public Sector, Inc., for the period beginning February 1, 2014 through January 31, 2015 in an amount not to exceed \$55,432.63.
 2. Oracle USA, Inc., for the period beginning July 1, 2014 through June 30, 2015 in an amount not to exceed \$38,611.32.